

# Con-way Freight Raises Driver Pay Ahead of Union Votes in California

By Rip Watson  
Senior Reporter

Con-way Freight announced a driver pay increase Sept. 30, several weeks before scheduled union representation elections at three Southern California terminals.

Con-way, whose less-than-truckload unit is the third-largest in the United States, said the increase — and faster progression to the top rate — was tied to the driver shortage.

The union elections are scheduled for Oct. 23 at the Los Angeles, Santa Fe and San Fernando Valley terminals, said Randy Korgan, organizing director for Teamsters Joint Council 42. The elections follow six weeks after the first-ever union win in a Con-way Freight representation election at the terminals in Laredo, Texas.

"Today's announcement was not related to union activity," Con-way spokesman Gary Frantz told TRANSPORT TOPICS. "The wage adjustments announced today have been in the works for many months. With these efforts, we have completed an extensive process to simplify and streamline legacy pay structures, address inequities in driver pay programs that were creating retention issues and improve our ability to attract and retain quality drivers."



Con-way Inc.

Less-than-truckload company Con-way Freight said the pay increase was tied to the shortage of qualified drivers.

However, Korgan had a different opinion.

"It's obvious the pay increase just announced is an attempt to prevent the workers from organizing," he told TT.

"The company has violated the law by threatening workers, making promises and attempting to discourage the employees in the process," Korgan said. "As in Laredo, the workers in Southern California see through the company propaganda and are determined to see their

issues resolved in a contract."

Frantz maintained that "we can best meet their needs and the needs of our customers through a direct working relationship with our employees, without the interference of a union."

Douglas Stoßlar, CEO of Con-way Inc., parent of Con-way Freight, said the pay increase is supported by improved profitability at the LTL unit, where profit rose more

(See CON-WAY, p. 83)

## Con-way Unit Raises Pay

(Continued from p. 10)

than 50% in the second quarter. Higher LTL pay is expected to tack \$60 million onto Con-way's 2015 expenses, about double the wage-related increases this year.

Con-way, which ranks No. 4 on the TRANSPORT TOPICS Top 100 list of the largest U.S. and Canadian for-hire carriers, raised truckload driver pay in August.

The pay changes establish a common three-year progression to the top scale rate as well as rates tied to varying competitive conditions throughout Con-way's 273-terminal network. The new rates and other changes take effect Jan. 4.

"The wage increase is both defensive and offensive," BB&T Capital Markets analyst Thom Albrecht said in a report. "Defensive in

response to the early organizing efforts and the poaching issues with other carriers, and offensive in that we prefer Con-way to do this now after one lost union vote rather than waiting for eight, 10 or 15 service centers to organize."

"All nonunion carriers will be on high alert with the organizing attempts at Freight and also FedEx Freight," he added.

Separately, organizing activities are advancing at the largest LTL carrier, FedEx Freight.

The National Labor Relations Board shows election notices issued for terminals in Philadelphia and Cinnaminson, New Jersey.

The board didn't provide details of those two elections to TT, and neither did the union nor the company.

FedEx, No. 2 on the TT for-hire list, challenged an early September

NLRB decision that said only drivers could vote in those elections.

Petitions seeking representation elections at FedEx Freight have been filed for terminals in Louisville, Kentucky; Newark, New Jersey; Charlotte, North Carolina; Chester, Virginia; and Middletown, Pennsylvania, NLRB records show. No dates have been set for those elections.

Brian Anderson, a spokesman for FedEx Freight, told TT that "we believe a majority of our employees oppose third-party representation."

Con-way has been a nonunion carrier since it was created in 1983.

When it was formed as multiple regional companies, parent Consolidated Freightways Inc. also owned union carrier CF Motor Freight. Con-way later was consolidated into a single company, and CF Motor Freight was spun off. The unionized carrier failed in 2002 and was shut down. That event remains trucking's largest-ever bankruptcy.