

By Joe White

# Too Much Freight, Not Enough Drivers?

**T**he fuel crisis in the trucking industry will soon pass. Regardless of whether and when diesel prices stabilize, carriers will work through this crisis as they continue to improve mileage performance, shed empty miles from their networks and pressure shippers to provide surcharges at levels that allow for profitability.

Unfortunately, another crisis is looming for the trucking industry that many carriers may not be able to work through — a national truck driver shortage. While currently in remission due to a soft economy, the driver shortage predicted by a Global Insight study may be far worse than originally forecast.

Commissioned by the American Trucking Associations and published in 2005, the study predicts by the year 2014 the long-haul sector of trucking will be short 111,000 drivers.

The study concluded growth of the overall labor force will slow sharply; from the then-1.4 percent annual rate to only .05 percent by 2012. At the time of the study, there were 1.3 million long-haul truck drivers and the sector was already short about 20,000 drivers. Among those drivers, 20 percent of the work force was age 55 or older.

But supply and demand could be the most important factor. The study predicts the supply of long-haul drivers will grow at an average annual rate of 1.6 percent, while increased freight levels will create a 2.2 percent annual average growth rate for driver demand.

**W**hat the study didn't include in its analysis are two important factors that will further increase the future shortage of long-haul drivers.

The first is traffic congestion. According to the American Transportation Research Institute, in 2004 drivers lost 243 million hours due to traffic congestion. Those lost hours equate to more than 88,000 full-time drivers each logging 2,750 driving hours per year. That level of lost productivity was in effect during the study.

However, ATRI predicts that congestion will worsen based on a forecasted 72 percent increase in trucking miles by the year 2025. Using simple math to peg increased congestion predictions to our driver shortage year of 2014 suggests a traffic and congestion increase of 32 percent. That would cost the industry an additional 77 million lost hours of driver productivity, the equivalent of 28,000 full-time drivers.

Also not included in the study is the negative impact of slower highway speeds on future driver demand. Most long-haul trucking companies have recently reduced governor settings to cap highway

speeds and increase fuel economy; many of those reducing top speed by 5 percent or more.

Although the impact of capped highway speeds is not quantified, a productivity drop as small as 2 percent will increase the 2014 truck driver shortage by 26,000, based on Global Insight's 2004 estimate of 1.3 million total long haul truck drivers.

Together, increased highway congestion and reduced highway speeds could increase the shortage by nearly 50 percent, from the original forecast of 111,000 drivers to 165,000.

While the study's focus was on the long-haul sector, LTL, couriers and private fleet operators should also be concerned. Global Insights' prediction that growth of the overall labor force will slow from 1.4 percent to 0.5 percent does not bode well for any fleet operating company. Retiring baby boomers will force strong labor competition in virtually every industry creating ample, well paying blue collar work opportunities outside of the stressful occupation of truck driver.

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**I**n trucking, escalating driver compensation will eventually reach some equilibrium, with long-haul carriers paying a premium to compensate drivers for time away from home. Paying

these higher wage levels will become a recruiting fundamental and then the real competition for drivers will take place in the retention arena — keeping existing drivers from leaving — an arena in which most companies are ill prepared to compete.

Historically, driver shortages have been addressed by increased funding to recruiting programs with retention efforts mainly focused on publicity campaigns explaining how 'driver-friendly' a company is. That approach won't work in the future. To successfully compete in a tighter labor market, carriers must develop and fund effective retention programs that assign high-level accountability at the corporate level.

The focus of retention programs must include analyzing turnover issues, developing retention solutions, providing continual communication to drivers and providing a culture that fosters driver respect, mentoring and builds company loyalty.

A driver shortage crisis is fast approaching and could be significantly worse than originally forecast. Trucking companies can't change demographics and stop baby boomers from retiring but those that prepare today by establishing and funding effective retention programs will be much better positioned to compete for the scarce driver labor resources of tomorrow.

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