



TRUCK DRIVER SHORTAGE ANALYSIS

Causes, Effects, Solutions

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“Most consumers fail to realize just how fragile is the system that delivers our daily bread. Our nation’s supply chain is reliant upon perfect conditions in order to operate. There is no backup plan...”



“there will likely be a severe supply chain disruption resulting in significant shipping delays, higher inventory costs, and perhaps shortages in stores.”

ATA Truck Driver Shortage Analysis 2015

IMPACT TIMELINE IF TRUCKS STOPPED ROLLING

The first 24 hours

- Delivery of medical supplies will cease, endangering the public health and welfare
- Manufacturers using just-in-time manufacturing will develop component shortages.
- U.S. mail and other package delivery will cease.

Within 48 hours

- Food shortages will begin to develop.
- Automobile fuel availability and delivery will dwindle, leading to skyrocketing prices and long lines at the gas pumps.
- Without manufacturing components and trucks for product delivery, assembly lines will shut down, putting thousands out of work.

IMPACT TIMELINE IF TRUCKS STOPPED ROLLING

Within 72 hours

- Shortages of food and supplies of essentials will escalate
- ATMs will run out of cash and banks will be unable to process transactions.
- Garbage will start piling up nationwide
- Container ships will sit idle in ports and rail transport will be disrupted, eventually coming to a standstill.

Within a week

- Automobile travel will cease due to the lack of fuel.
- Hospitals will begin to exhaust oxygen and medical supplies

Within two to four weeks

- The nation's clean water supply will begin to run dry

The math is simple;

Nearly 70% of all freight in the United States moves by truck.

“Without trucks, America stops.”



The background of the slide is a close-up, front-facing view of a red semi-truck. The truck's headlights are illuminated, casting a warm glow. The grille and upper part of the hood are visible, with the red paint appearing slightly darker in some areas due to shadows.

Of the 7.1 million people employed throughout the economy in jobs related to trucking activity, 3.4 million were truck drivers in 2014

Almost 1 in 4 jobs in the United States are in some way related to the transportation industry

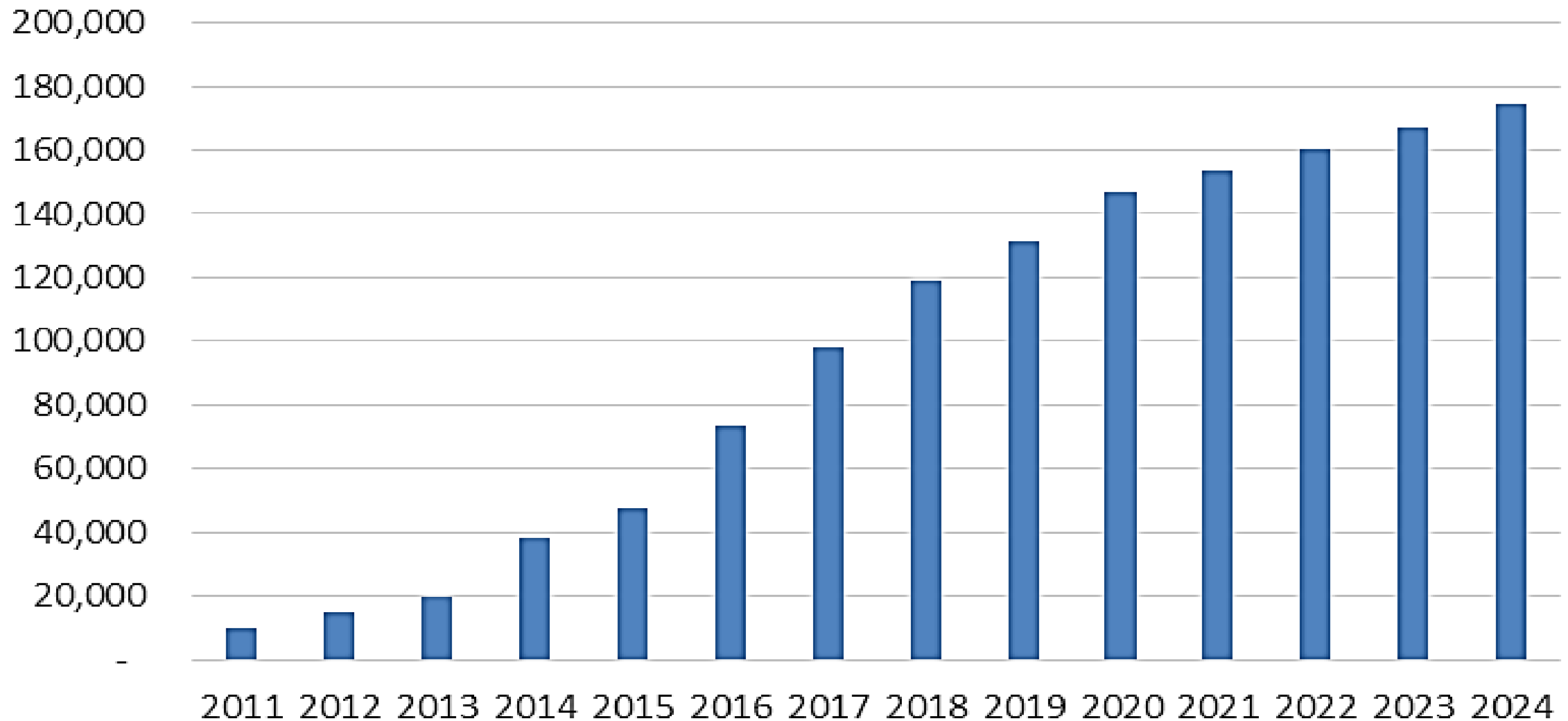
Nearly every business is in some way freight dependant

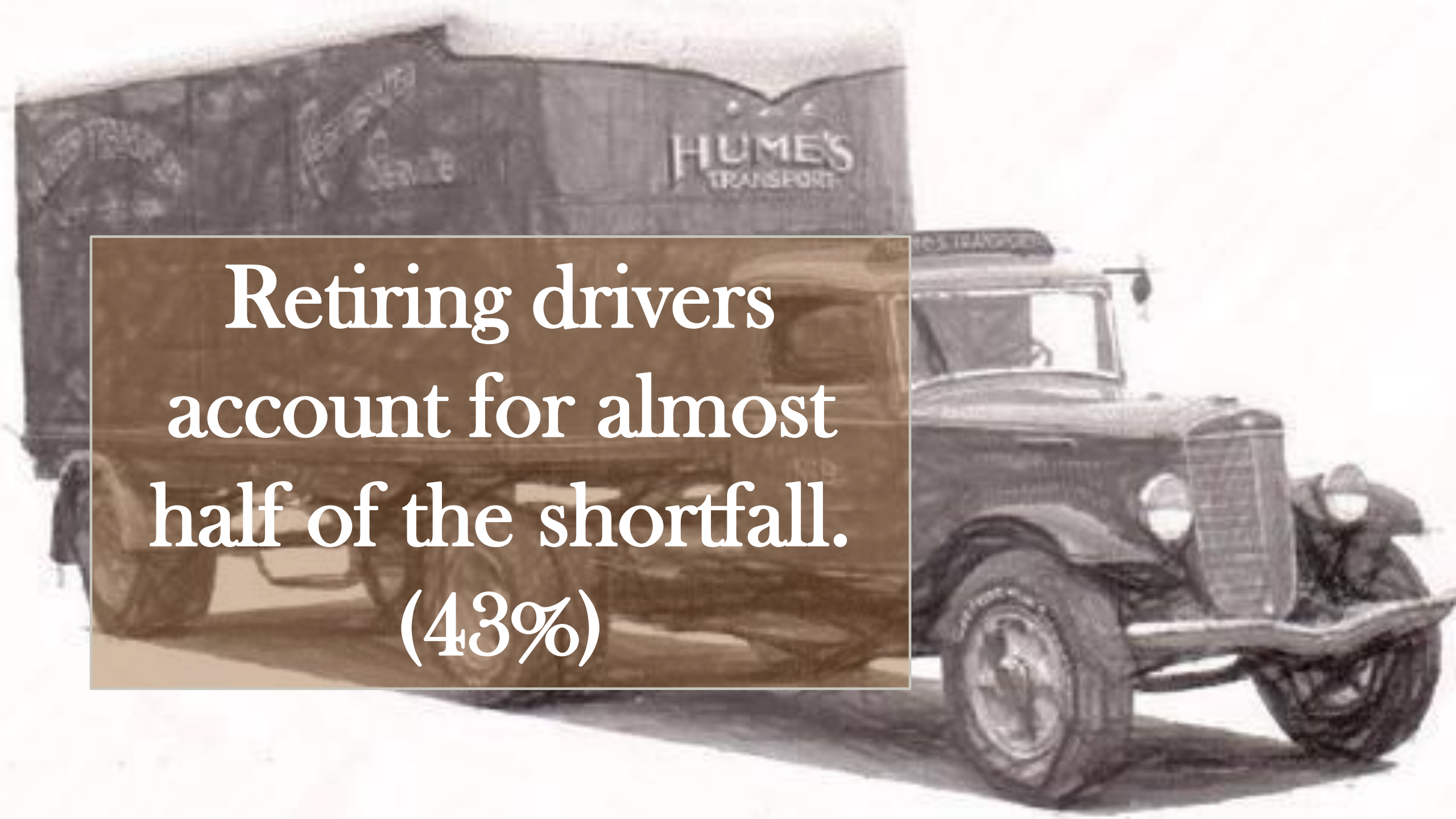


According to the ATA, over the next decade:

- The industry will need to hire **890,000** new drivers,
- Or, an average of **89,000** new drivers a year.

Truck Driver Shortage



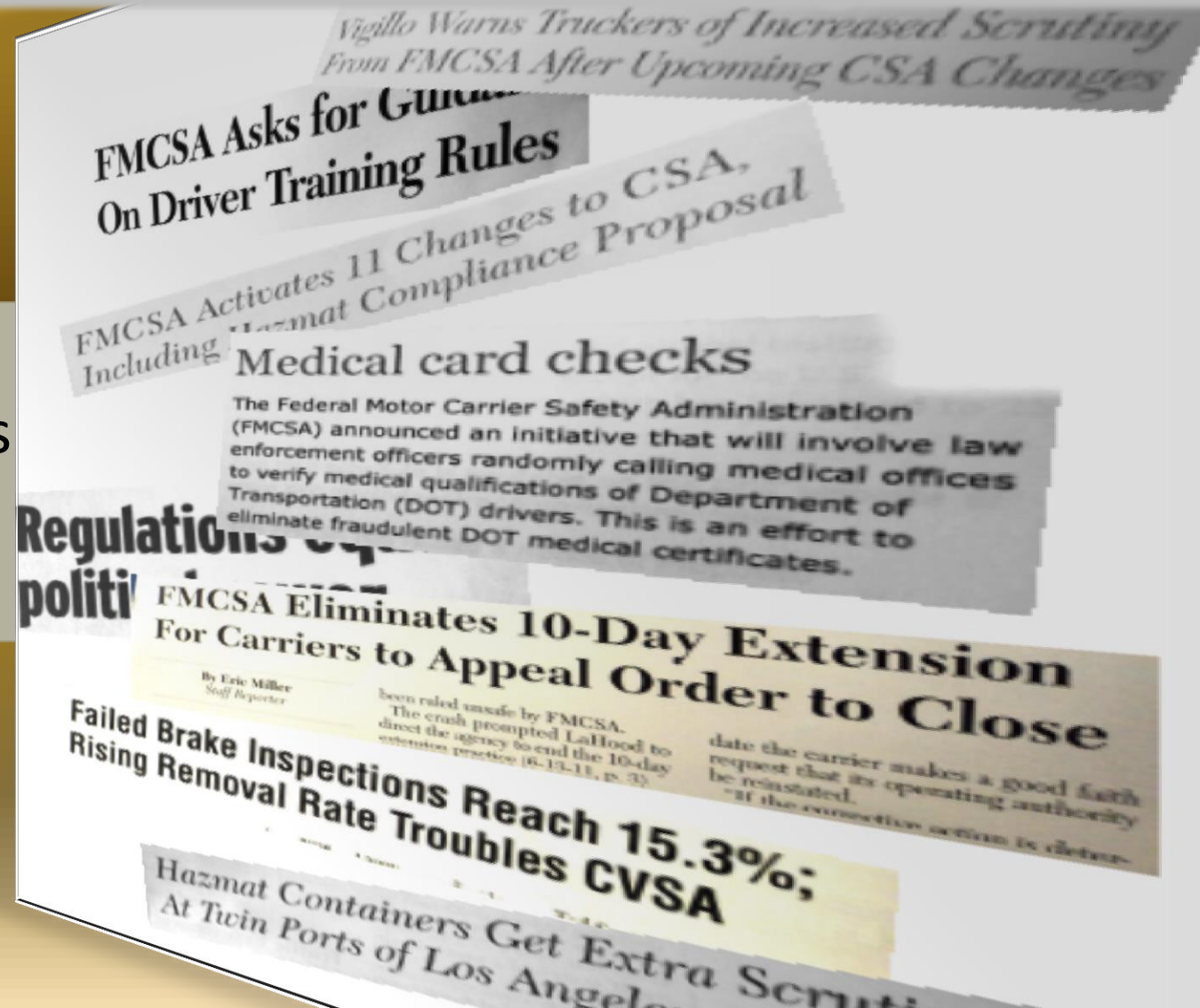
A vintage black and white photograph of a large transport truck. The truck has a large, boxy cargo area with "HUME'S TRANSPORT" written on its side. The cab is a separate unit with a prominent grille and round headlights. The truck is parked on a light-colored surface.

Retiring drivers
account for almost
half of the shortfall.
(43%)

The second major factor causing the shortage will be industry growth:
Accounting for 33% of all new driver hires needed.

Regulatory Burdens Also Have An Impact On The Driver Shortage

The
Complexities
Of
Compliance



OVERVIEW

MAJOR DEVELOPMENTS IN THE TRANSPORTATION INDUSTRY THAT HAVE CONTRIBUTED TO THE DRIVER SHORTAGE

- ☐ **Deregulation – Standardization of the industry**
Motor Carrier Act of 1980
- ☐ **CDL – (Commercial Driver's License)**
April 1st, 1992
- ☐ **CSA – Compliance, Safety and Accountability**
December, 2010

External Causes Of The Truck Driver Shortage

Critical reasons why the industry is suffering from a truck driver shortage

- **LACK OF ADEQUATE HOME TIME & DEMANDS OF AN OVER-THE-ROAD LIFESTYLE** – Rated as the #2 reason that drivers quit the industry. The occupational demands of a life on the road requires personal sacrifices that today's generation - one which tends to be a better educated, more technologically savvy generation - will not readily accept.
- **AGE AND DEMOGRAPHICS** – According to the U.S. Department of Labor, the average age for all U.S. workers is 42. The median age of the over-the-road truck driver is 49. For private fleets, the median age is 52 years old.
- **REGULATIONS** – Next to the airline industry, trucking ranks as among one the most heavily regulated industries in the world.

Internal Causes Of The Truck Driver Shortage

Critical reasons why the industry is suffering from a truck driver shortage

- **DRIVER WAGES** – In virtually every study, survey and analysis, drivers have characterized the issue of wages as the principal reason they have given up on the profession.
- **REGULATORY BURDENS ON DRIVERS** – Occupational requirements such as CSA; more stringent medical prerequisites; proposed sleep apnea testing; impractical Hours-of-Service rules; the patchwork of state and local regulations resulting in municipalities exploiting drivers as ‘rolling cash registers’ to help offset monetary shortfalls
- **UNREASONABLE EXPECTATIONS FROM DISPATCHERS** – Most often cited by drivers is that dispatchers will often lie about the nature of the load or will not disclose unfavorable aspects of a given load.
- **LACK OF POSITIVE INTERACTION BETWEEN THE COMPANY AND DRIVERS** - As noted in the shortage analysis, “people don’t leave companies. People leave people.”
- **THE INCREASED USE OF DRIVER-BEHAVIOUR MONITORING SYSTEMS** – Industry trends towards in-cab driver monitoring systems are cited as the #1 reason experienced drivers will chose to leave a trucking company that utilizes them.

Steps To Help Remedy The Shortage

Solutions suggested by the ATA

- **INCREASE PAY AND BENEFITS** – Fair pay for a tough job. Salaries and sign on bonuses have increased over the past 2 years; a trend that needs to be continued.
- **PROVIDE WAYS TO MAXIMIZE HOME TIME** – Examples of these might be increased hub and spoke operations, slip seating, relaying loads, etc.
- **IMPROVE DRIVER AND INDUSTRY IMAGE** – The trucking industry has been plagued by a mostly unwarranted negative image.
- **TRANSITION MORE VETERANS INTO THE INDUSTRY** - This can be a good source of drivers. The industry has committed to bringing in 100,000 veterans over the next two years.
- **LOWER THE DRIVER AGE TO 18** – Before younger members of the workforce choose another career.
- **FOCUS MORE ON RETENTION** – Recruiting management from within the ranks of drivers as a way of retaining talent.
- **GENDER AND DIVERSITY** – Although the trend is on the uptick, women truck drivers account for less than 6% of the workforce.

Steps To Help Remedy The Shortage

Internal Solutions suggested by the others in the industry

- **IDENTIFY THE DEMOGRAPHICS OF THE BEST DRIVERS** – The more a company knows about its drivers, the greater the advantage in attracting and retaining quality drivers.
- **INTRODUCE THE FLEET MANAGER PRIOR TO ORIENTATION** – One of the top reasons for driver turnover the first 6 months.
- **SET APPOINTMENTS WITH EVERY DEPARTMENT** – When new drivers are able to meet personnel in other departments, it helps them build rapport and feel like they are part of a team.
- **KEEP THE TALENT** - Having a forum where driver's opinions can be heard can have a positive impact on retention.
- **HAVE REGULAR NEW DRIVER CHECK-INS** – Have someone meet with each new driver weekly for the first month, then monthly, or check-ins on how well your mutual expectations are being met.



Comments and Questions?