

BLUE RIDGE BUSINESS JOURNAL

Serving Roanoke Valley/Lynchburg/New River Valley

Vol. 17, No.13, July 11, 2005

bizjournal.com

50 cents

TRUCKING INDUSTRY SCRAMBLES TO FIND DRIVERS

BY DEBORAH NASON

Who'll drive your freight?

With fewer drivers entering the industry—it's a very hard job—and demand going up, companies are resorting to extreme means to hire and retain drivers



Fleetmaster's Linnie Gregory: 'We may be heading toward a catastrophe'

A severe shortage of long-haul heavy-duty truck drivers is around the corner. A report released last month by the American Trucking Association warns that the shortfall of long-distance, or over-the-road (OTR), truck drivers is growing dramatically: from 20,000 in 2004 to 45,000 in 2009 to 111,000 by 2014.

Contributing to the impending driver shortage is a combination of demographics, growing national demand for shipped goods, a sky-high turnover rate among truck drivers (120 percent nationally), erratic income, long stretches away from home, and a strong economy offering more attractive job opportuni-

See TRUCKS, Page 6

INSIDE



Region's Top 15 Buildings

Architects, contractors and real estate professionals assess the region's best buildings.

PAGE 14

Environmental Solutions

The region's environment continues to be a concern for all and especially for businesses, which are coming up with creative solutions.

PAGE 20

Of Note

Roanoke lawyer Doug Densmore has a new assignment with the state that deals with income and outgo of funds.

Trucks

From Page 1

ties.

What does that mean for Blue Ridge Region businesses? "You can't sell what you don't have," says Pam Osborne, driver



Osborne

recruiter for Mid-Atlantic Drivers, a truck driver temporary agency in Roanoke. "What good is a truck sitting in a parking lot without a driver?"

She adds a

sobering thought: "In years past, we've had truckers strike over pay issues." Indeed, one year ago, the Port of Miami was effectively shut down for two weeks as part of a nationwide truckers' strike.

This is an unlikely scenario locally, says Osborne, because drivers are in a Catch-22 situation.

Even though the economy depends on them, they cannot risk losing any income. "They're not in an industry where they can save a lot of money," she says.

"We may be heading toward a catastrophe," suggests Linnie Gregory, corporate secretary of Fleetmaster Express, a regional carrier with 275 OTR drivers with headquarters in Roanoke. "The truckload carriers have been hit the hardest."

The pressure to find drivers is intense because "we've become rolling warehouses—if we can't get [the trucks] rolling, [products] can't get there."

"I talk to members weekly who say they have trucks sitting at their terminals because they can't find qualified people to haul them," says Dale Bennett, executive director of the Virginia Trucking Association.

Gregory confirms this. "We sometimes have as many as 15 to 20 trucks sitting idle because we don't have the drivers."

"The recruiting wars are unbelievable between trucking companies," says Bennett.

"There's a joke going around that says, 'If a truck dealer could sell a truck with a driver,



Dan Smith

Howell's Tim Shepherd: 'When the economy is not doing well, we have plenty of drivers; when it's good, you lose the pool'

they'd make a killing."

Many factors

Tim Shepherd is vice-president for safety and risk management for Howell's Motor Freight in Cloverdale. His company employs 180 drivers. He says there are many factors contributing to the driver shortage:

Poor quality of life.

"Trucking is considered a third-choice job. The drivers are gone all week from their families, they eat fast food, they have irregular hours, and they often receive poor treatment from shippers and receivers."

Retiring drivers. "A lot of our guys are older." Shepherd estimates that about 25 percent of his drivers will retire in the next 10 years.

Fewer younger entrants.

"High school graduates can't come directly into the industry," because the minimum OTR driving age is 21. There's a three-year gap where they get sidetracked by other opportunities.

Weaker work ethic. He believes that the younger generation's attitude is: "We want it right now."

Razor-thin profit margins: "We're fortunate if we can make a nickel a mile," which makes it difficult to increase salaries and benefits.

Gregory adds some more reasons for driver shortages: "There's a very high percentage that just move around; some leave and come back, and some are leaving the trucking industry

[altogether]."

"We're between a rock and a hard place," adds Bennett. "When the economy is not doing well, we have plenty of drivers; when it's good, you lose the pool."

New anti-terrorism regulations are making the situation worse.

According to a recent article on TheTrucker.com, a trucking news site, "As of May 31 every hazardous materials hauler, even those who have hauled hazmat loads for as many as 30 years, must undergo a fingerprint-based background check." It is estimated that this requirement will affect 84 percent (2.7 million) of current hazmat drivers.

"It's going to affect us a tremendous amount," says Jim Doss, recruiting and safety manager for Harris Trucking Company in Madison Heights. The firm is a certified hazmat courier with about 170 drivers. "Some drivers will not be qualified [by an investigation], or they will be hindered by the additional expense and time [required by the process]."

Furthermore, he says, "There are only 12 offices where you can get the fingerprinting. The drivers must drive to Roanoke or Lynchburg."

Why it matters

"It hasn't reached the critical stage yet," says Shepherd. "There are still enough drivers to get product moved." But

change may be in the works. If the driver shortage increases, he says, "The carriers are going to have their choice of customers."

"The less desirable [shipping customers] won't be able to find a carrier," he says.

"Those shippers who pay a good rate, treat drivers well, pay their bills on time—carriers will want to do business with them."

What will happen, he says, is that "we'll rank them. This shipper—number one—he'll get all the trucks he wants; number 10 won't get any."

"It's happening already, to a limited degree," says Shepherd. "During our last safety meeting, for the first time, we took a poll of the drivers, and asked them 'Which shippers do you like best?'"

He also warns that consolidation within the shipping industry is going to decrease the availability of freight carriers.

"The major shippers, such as Hershey or M&M Mars, used to do business with dozens of carriers. Now they want to limit the number of carriers they use. Therefore, they'll be taking more driving assets off the streets."

"Potentially, the little guy down the street with one load may not be able to find a truck."

Shepherd describes how the situation will affect everyone: the shortage of drivers plus a shortage of trucks will result in higher demand, leading to higher compensation rates to attract drivers, followed by consumer price increases.

Doss describes it from another angle: "The shortage of truck drivers is like a shortage of labor anywhere—the more productivity you have, the more income you can have."

What to do

"The overall industry has been making changes," says Doss. His suggestions:

Insurance. Make insurance more affordable for carriers.

Regulations. Ease up on the new hazmat regulations—"It adds a deterrent." He says it takes an average of 90 days, plus an investment of \$90 to \$100, to get the necessary endorsements.

Benefits. Increase benefits such as more home time, or

Trucks

From Page 6

being home at a regular time; focus on driver quality of life.

• **Fuel costs.** These costs affect the profit margin, which means companies are unable to pay drivers more.

• **Training.** There needs to be a focus on good, qualified schools, with better screening of students.

Duncan Quicke is the coordinator for the truck driver training school of Southside Virginia Community College.

The program is offered in South Boston and Blackstone, locations where many are seeking retraining, he says.

But even with six training programs per year, the school graduates only about 100 drivers from the two sites combined.

"We keep our programs small [about a dozen students each] to be more quality-focused."

He has two suggestions for addressing the driver shortage:

• **Younger drivers.** "An 18-year-old can get a commercial drivers license, but can't leave the state or haul hazardous materials." He wishes there would be a pilot program, testing the use of drivers between the ages of 18 and 21.

• **Military experience.** "Retiring military have a hard time making the transition into the private sector because the Department of Motor Vehicles doesn't recognize their certifications."

Doss says Harris Trucking has responded to the situation by "increasing our mileage per unit—driving each truck more miles, and getting even more productivity out of our people—while still balancing driver quality of life."

The issue of quality of life comes up over and over again. "A lot of companies think pay is the primary issue," says Shepherd, "but in my opinion, the pay attracts people initially, but quality of life keeps them with you."

Yet, addressing quality-of-life issues makes the driver shortage even more acute.

He explains that in order to be home more regularly, freight

runs are shortened and set up as relays, with one driver handing the truck off to another.

But achieving this scenario would require an explosion in the number of truck drivers.

"We don't see it in sight," he says. "The bigger problem is making someone say 'I really want to be a truck driver.' I haven't met anyone who's figured out how to do that yet."

(Deborah Nason is a contributing editor for the *Business Journal*. She lives in Roanoke County.)

Roanoke's Truckers' Row

Driving up and down the length of Plantation Road in Roanoke, one gets the impression that the street is nothing but trucking companies and related businesses. Linnie Gregory laughs when asked about it: "We used to call it Truckers Row," says the 47-year veteran of the

trucking industry. "In the old days of the Interstate Commerce Commission, the distance restrictions for truckers required interlining of freight." For example, he says, truckers could not deliver a shipment all the way into West Virginia, so they had to find someone else to ship it the rest of the way. "Having everybody on Plantation Road made it convenient for shippers and truckers to find each other."

—Deborah Nason

The right lease. The right terms.
The right company.

At First Citizens Bank, we understand the financial and logistical challenges growing businesses face. You can trust us to provide expert, objective advice and offer a wide range of leasing options tailored to fit your unique needs.

For more information about how we can partner with you to provide the right leasing solutions for your business, call or stop by your local branch today.

MEDICAL EQUIPMENT | OFFICE EQUIPMENT | VEHICLE | TRAC

Serving the financial needs of area businesses for more than 100 years.



Member FDIC



PRIDE IN AMERICA

firstcitizens.com 1-888-FC DIRECT