2018 ROADBLOCKS: What’s Ahead for the Trucking Industry

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DRIVER SHORTAGE UPDATE

It’s no secret that the trucking industry is in the midst of a truck driver shortage. For the past 15 years, trucking companies have had a major struggle in hiring and retaining drivers. A report from the American Trucking Association (ATA) says that more than 70% of goods consumed in the U.S. are moved by truck, but the industry needs to hire almost 900,000 more drivers over the next decade (90,000 per year) to meet rising demand. ATA estimates that the 2015 shortage of drivers was 45,000 and at the current trends, the shortage could balloon to more than 175,000 by 2024.

HOW DID THIS HAPPEN?

There are multiple causes for the rising shortage, one of the largest factors being the relatively high average of age in the existing workforce. Studies show that the average driver age in the for-hire-over-the-road truckload industry is 49, and other trucking sectors have an even higher average age, like less-than-truckload and private carriers.

As these drivers retire, there is a struggle to replace them with younger drivers.


1. American Trucking Associations Strategic Policy and Advocacy Issues Summary, May 2017, pg. 6
2. ATA Truck Driver Shortage Report 2017 • 3. American Transportation Research Institute (ATRI) Driver Solutions’ State of Trucking 2017
Additionally, the trucking industry has struggled to attract all segments of the population.

In 2016 just 6% of truck drivers were women\(^1\) while 38.7% were minorities\(^1\).

Motor carriers today struggle to find qualified drivers, which strengthens the impact of the shortage even more. Many carriers struggle to hire drivers because they have set high standards of safety and professionalism.
WHAT'S THE IMPACT?

The impact is significant. The driver shortage affects the entire supply chain industry as 70.6% of all freight tonnage is moved on the nation’s highways. According to the American Transportation Research Institute, 43% of costs are carrier-related costs. (Call out box) As volumes increase, the existing driver pool is even more strained. That means an increase in hiring costs. As the competition increases for the limited pool of drivers, wages will increase too. Long term, an enduring driver shortage may also impede industry-wide freight volumes and result in a modal switch as shippers look for reliable ways to bring their goods to market.

WHAT CAN WE DO?

Better recruiting through smarter avenues is how we build more distance between us and the competition. Creative solutions, both in the short-term and long-term, are necessary to put drivers behind the wheel now.

1. ATRI, An Analysis of the Operational Costs of Trucking
SHORT-TERM
Recruiters must become selective and more aggressive with driver recruitment. Buying the same leads that every other carrier has is inefficient and confusing to job prospects. Everyone is cold-calling the same drivers, spending valuable recruiter time “warming” leads, rather than closing them. Tech-oriented recruiting tactics, like direct lead systems, bring drivers to your websites, warm them up and drive what you really need, more job applications. This honed strategy lets recruiters focus on the end game, closing the deal.

LONG-TERM (BUT STARTING TODAY!)
We cannot ignore the long game in recruiting new drivers. A long-term hiring pipeline is imperative. Much like we did when Chip Davis and Bill Fries created C.W. McCall and Mavis to tell the tale of truck drivers struggling against a then-flailing industry, we have to re-brand ourselves – and our industry – making trucking attractive to a new audience of potential drivers. With the vastly under-represented groups driving today – including Millennials, minorities and women – we have a unique opportunity to build out our industry in a new way. While looking to a younger audience of potential drivers may mean tweaks and changes to the way we hire, the benefits we offer, the ways we structure routes, our hours and our pay, we’re poised to rebuild a bigger, better, and more sustainable trucking industry.

The ATA has identified some ways to address the driver shortage as well, including:
1. Seeking federal funding for driver training programs and remove barriers to access federal financial aid for students to attend truck driving schools.
2. Seeking legislation to direct the Department of Labor to establish truck driving as a national in-demand occupation which would free up resources devoted to filling vacant truck driving jobs, and
3. Seeking legislation that would require the DOT to conduct a comprehensive study of the Federal Motor Carrier Safety Administration’s (FMCSA) DOD-CDL streamlining efforts, determining the effectiveness, flaws and areas for improvement.

That said, the ATA’s efforts are a long-term strategy and won’t help us with immediate needs. It’s up to individual carriers to forge the way NOW. Those who start now, will be rewarded with drivers first. The ones who wait, will be at a competitive disadvantage. At AMG Driver Recruitment, we specialize in direct lead management. Call or email us today for a free analysis of how direct lead management can help you | 205.325.2446 or cwebb@al.com.
ELD MANDATE

Driver shortages are only one of the roadblocks or disruptors affecting our industry. The ELD Mandate means the change-averse amongst us are in for wake-up call. Many believe the Electric Logging Device Mandate is a benefit to drivers, carrier and the public. The rule requires commercial truck drivers to record their hours of service electronically. Since its effective date in December 2017, the mandate has received mixed reviews.

Organizations such as the Owner-Operator Independent Drivers Association (OOIDA) pushed for a two-year mandate delay.

“The electronic logging device mandate is written so broadly that it has far-reaching applications well beyond the traditional trucking industry.”

– OOIDA’s executive vice president Todd Spencer

OOIDA’s coalition against the mandate includes industry trade groups representing agriculture, pyrotechnics, utility contractors and livestock groups which the Association says would be negatively impacted by the mandate.

On the other side, organizations like ATA, the Truckload Carriers Association and the Trucking Alliance are in favor of the mandate. “We firmly believe that America’s truck drivers – if they were operating legally within the hours-of-service rules before today – will see tremendous benefits in using an ELD. Whether in reduced crashes, less time spent on paperwork or in fewer errors in their logbooks,” ATA President and CEO Chris Spear said.

“The data, as well as our members’ experiences with this technology, tells us that ELDs reduce crashes, increase compliance with the hours rules and ultimately benefit our industry and the motoring public.”

– Chris Spear | CEO and President of ATA
**ELD MANDATE**

Despite significant pushback, organizations against the mandate were not successful in delaying the effective date. However, legislators in South Dakota, Missouri, Tennessee and Idaho have introduced legislation in recent weeks to prevent enforcement of the ELD mandate, either by suspending funds for enforcement within their state’s borders or by asking the federal government to reconsider the mandate. The bills mostly cite concern for small business truckers and the potential for the mandate to increase the price of goods for consumers.

**MANDATE EXEMPTIONS**

- **PRE-2000**
- **DRIVE/TOW-AWAY**
- **AGRICULTURAL**
- **< 8 DAYS PER MONTH**

Exemptions to the ELD mandate include pre-2000 model year trucks, drivers engaged in drive-away, tow-away operations, drivers engaged in agricultural operations within 150 air miles of their base and drivers who are required to keep a record of duty-status for no more than 8 days out of a 30-day period.

Until April 1, commercial motor vehicle inspectors will be issuing citations for any truck that isn't ELD compliant. Inspectors will start placing commercial motor drivers Out of Service (OOS) if their vehicle is not equipped with the required ELD on April 1.
In addition to the ELD Mandate, there are other legislative actions affecting our industry, including the Stop Underrides Act. The Stop Underrides Act was presented to lawmakers in Washington D.C. in December 2017 in an effort to prevent deadly underride crashes, which occur when a car slides under the body of a tractor-trailer during an accident. A car’s safety features are not able to protect passengers when these accidents happen because most of the car slides under the trailer. The impact on the trucking industry underride crashes is significant as it relates to both driver safety risks and crash damage to trucks and cargo.

According to *The Trucker*, the Stop Underrides Act would require underride guards on the sides and fronts of trucks and update the current standards for underride guards on the backs of trucks. (footnote?) This legislation would also ensure that the annual inspection for all large trucks includes underride guards inspection. It would also require the Department of Transportation to review underride standards every five years to evaluate the need for changes in response to advancements in technology.
Sen. Rubio (R-FL) stated that Florida is one of the states with the highest number of reported fatalities due to underride collisions.

The bill was referred to the Senate Commerce, Science and Transportation Committee.

“With hundreds of Americans losing their lives due to these crashes every year, the Stop Underrides Act seeks to prevent these kind of deaths, make our roads safer, and spare more families the grief of losing a loved one by implementing underride guards on trucks across the nation,” Rubio said. “I ask my colleagues in Congress to join me in advancing efforts to have hundreds of lives across the country.”

The bill was referred to the Senate Commerce, Science and Transportation Committee.

— Sen. Kirsten Gillibrand, who is spearheading the bill. 8

Sen. Rubio (R-FL) stated that Florida is one of the states with the highest number of reported fatalities due to underride collisions.

8. The Trucker Newspaper, Vol. 31, No. 1
Far from legislative impacts, we’re seeing new innovations in our industry that are surely paving the way for the future of trucking. The Shell Starship is one such innovation that includes significant improvements in:

- Operational efficiencies
- Advanced lubricants
- Auto-inflate tires
- Drivetrain Technologies
- Axle Radio

Global energy demand is expected to increase 25% by 2025, and trucks contribute to 35% of global transport-related CO2 emissions.9

Knowing this, Shell Rotella set out with a mission to jointly design, test and build an ultra-energy-efficient concept truck using only advanced technologies available today. The Shell Starship Initiative is a collaboration between Shell Lubricants and Airflow Truck Company, and designed to explore the future of what’s possible in truck design, fuel economy savings and CO2 reduction.

The long-awaited Shell Starship debuted in March 2018, and features a custom, aerodynamic design that seeks to demonstrate improvements in fuel economy for class eight trucks while lowering CO2 emissions. The Starship will run cross-country as it seeks to demonstrate improvements in fuel economy for class eight trucks versus existing on-highway trucks. Shell’s Starship also maximizes freight ton efficiency by emphasizing a lightweight, aerodynamic design, reducing rolling resistance.

According to Shell, The Starship Initiative will be optimized for maximum lubricant-driven fuel economy using top-tier, low viscosity synthetic Shell lubricants products. The company says it isn’t aiming for specific number goals and is treating the Starship initiative as “thought leadership on wheels.”
CONCLUSIONS

What does all of this mean for trucking companies? As the industry evolves, disruptors will continue to impact us – from federally mandated regulations like the ELD rule, to additional safety mandates like the Underride Act. Trucking has been around (in some form or another) since the birth of the internal combustion engine – and through that time, we’ve continued to remake ourselves to state relevant. There’s no doubt, we’re here for the long haul. But to stay in the race, we have to promote and embrace change, where change is due. It’s clear that driver shortages are our new normal. Reversing the mass exodus of older drivers and the low input of younger drivers will take a lot of work over many years. Millennials, women, minorities, and the up-and-coming Generation Z won’t respond to the same recruiting messages and tactics, or the same compensation and benefits packages, that have worked in the past. As an industry, we have to adjust our employment model to attract an emerging demographic, and reconsider what a driver looks like.

The future of trucking is here – and we are too. AMG Driver recruitment is a new kind of driver recruitment company. Forward-thinking companies can keep their competitive edge by staying abreast of trending technologies like Shell’s Starship Initiative. Recruiters too have an opportunity to become smarter, more selective and more aggressive with driver recruitment. Tech-oriented recruiting tactics, like a direct lead system, will ensure that recruiters can find the drivers they want, by meeting them where they are.
ABOUT AMG DRIVER RECRUITMENT:

At AMG Driver Recruitment, we specialize in targeting quality drivers through digital and print mediums. Our process is a four-step approach that delivers a higher quality DIRECT LEAD, ultimately allowing for higher conversion rates on applications. We attract and recruit truck drivers quickly and effectively, targeting them through multiple touch points. Our direct lead system allows us to draw in more qualified drivers and ultimately reduce recruiters’ cost-per-hire. In addition to managing direct leads, we can also analyze applicant tracking systems to maximize ROI.

CONTACT US TODAY TO LEARN MORE:

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