

## Driver Shortage? What Driver Shortage?

### For Now, Carriers and Private Fleets have the Advantage, as Surge in Applicants Changes the Balance; Con-Way Dramatically Pairs Back Recruitment Spend

SCDigest Editorial Staff

For many years, we have been hearing dire predictions about the current and future shortage of truck drivers, especially long haul truck load drivers.

In 2005, for example, a report by research firm Global Insight commissioned by the American Trucking Associations (ATA) predicted that the US market would see a driver shortage of 111,000 by 2014.

For many carriers, the problems associated with driver turnover and the constant need to replace those drivers was among the largest operational challenges they faced.

The predictions of even worse shortages, of course, were based on a set of predictions about both the growth in freight movement and the relative attractiveness of truck driving versus other occupations, especially construction.

For now, at least, truck driving is starting to look pretty good, and the extreme driver shortage is being pushed out for many years. Ultimately, that's good news for shippers, as a driver shortage forces carriers to increase wage rates, which in turn pushes up freight rates.

Now, however, many carriers have more applicants than jobs for drivers, a big change from the recent past.

The Wall Street Journal reported last week, for example, that LTL carrier Con-Way, which not long ago spent as much as \$500,000 per month in driver recruitment ads, is now spending less than half that amidst a surge in applicants, and a decline in the immediate need for drivers.

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The ATA says as many as 25,000 driver jobs were lost in January, on a pool of over 1 million total truck drivers in the US.

Swift Transportation VP **David Berry** is among many in the carrier business seeing the change, as he says his company has a waiting list of qualified drivers for the first time in decades.

The ATA is now saying that the level of driver turnover, which has been running over 100% for most trucking companies in recent years, is now at about 65%. As recently as 2005, that number was 130% (though that figure somewhat exaggerates the actual situation, as it reflects in part the large number of new drivers who wash out very rapidly.) Fewer drivers are leaving the industry altogether, given the lack of other options, especially in the construction field, which is generally considered the number 1 competitor to driving jobs.

The situation not only reduces the upward wage pressure on driver wages, but allows trucking companies to be more selective than in recent years. By pulling from a pool of more qualified and stable applicants, safety, productivity and other measures are also likely to improve.

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Of course, the relative driver shortage is not likely to be long lasting. The economic recovery, when it comes, will bring back the old dynamics, especially if it is led by a government-sponsored infrastructure spending spree, which would create many construction jobs.

The lifestyle challenges of long haul drivers will likely always create challenges in recruiting and keeping truck drivers, so carriers and shippers should enjoy the reprieve while they can.

