Don't Get Shut Out:

Protect Your Mobility Program from the Trucking Industry's Driver Shortage

Most of us cannot drive more than a mile on the highway without noticing a tractor-trailer in our rearview mirror. According to the American Trucking Association (ATA), last year the United States trucking industry hauled 69 percent of the total volume of freight transported in the United States.[1] Truck drivers are a valuable part of every supply chain, from food and electronics to automotive, medical supplies and household goods.

While it might not be evident on the road, the country is in the midst of a severe truck driver shortage, the affects of which can be felt across multiple industries, including the moving and corporate relocation sectors.

What is the cause of the shortage? Blame a variety of factors, including driver turnover — in large truckload fleets it is as high as 90 percent — and a pay rate that is below the U.S. average. Add to these factors more drivers retiring, fewer new drivers entering the workforce and increasing regulations that often require expensive upgrades to existing trucks — and you've got a perfect storm.

The good news is the number of truck drivers is now increasing. According to the Journal of Commerce, the number of tractor-trailer drivers increased 1.9 percent in 2013, after rising 3.2 percent in 2012 and 2.9 percent in 2011.[2] Even with these rising figures, there is still a drastic need for heavy-duty truck drivers and the demand greatly exceeds the supply. Some estimates claim the trucking industry is currently short 35,000 truck drivers and could be short 240,000 drivers by 2020.[3]

Ripple Effects on the Corporate Moving Industry

No industry has been immune to the driver shortage and the challenges it creates. The moving industry, and those companies who rely on movers to relocate employees, continues to be hit especially hard.

One significant difference between the truck drivers in the moving industry and those in other industries — such as freight, construction and oil and gas — is the moving industry requires its drivers to wear multiple hats. Drivers in the moving industry are responsible not only for hauling goods from the origin location to the destination location, also for correcting weight estimates, packing, loading, unloading and interacting directly with customers.

The current driver shortage has begun to have significant impacts on companies that relocate employees. These companies could face higher household goods moving costs, less van line capacity, poor customer service and even increased liability risks.

Rising Costs

Simple economics tells us that as the need for truck drivers increases and the availability of drivers decreases, the cost for moving services will rise substantially.

According to DAT Solutions, a company that provides data to the transportation sector, companies may very likely see price increases between 8 percent and 14 percent.[4] Many trucking companies are also offering onboarding incentives to drivers, including sign-on bonuses, some of which total $12,000 in certain regions. Trucking companies will pass these added expenses on to customers, which will increase rates even more.

Rate increases could significantly impact relocation budgets, especially as the cost to relocate a current employee homeowner already tops $90,000 per move, according to the Worldwide ERC.[5]

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Limited Van Line Capacity

As demand increases and capacity diminishes, van lines will not be able to take on as many corporate customers. There are a finite number of trucks on the road (dictated by the number of drivers available) and more companies

How Companies Can Reduce their Risk

While the driver shortage has created several new challenges for corporate relocation programs, there are several things companies can do to reduce their financial and operational risk.

1. **Ensure access to capacity with national, quality-oriented van lines.** Given space is at a minimum, it is important that companies have access to capacity with agents from multiple van lines. Having existing relationships with several van lines means companies will be less likely to be "shut out" as capacity diminishes.
2. **Leverage volume to get a fixed price.** Household goods shipping costs fluctuate based on current capacity, but many van lines offer fixed pricing in exchange for volume-based contracts. Companies, especially those that relocate a large number of employees annually, can benefit from volume pricing and can "lock in" lower rates.
3. **Explore small-shipment programs.** Some relocations may not require the capacity of a large tractor-trailer. For these employees, a small-shipment program might be a better solution. Small-shipment programs offer a full-service or do-it-yourself, container-like moving solution. These alternative moving solutions are not subject to the same capacity issues as with long-haul movers because no tractor-trailer is required at the relocating employee's home.
4. **Maintain strong relationships with van lines.** In today's highly competitive environment, van lines can prioritize what companies they want to work with and will likely work with those in which they share a strong relationship. Those companies that maintain strong relationships with van lines will be more likely to secure the much-desired space on trucks. Such relationships will be increasingly important in the summer months as van lines will take on fewer, if any, new clients during this peak period.
5. **Plan ahead and be flexible.** The driver shortage means companies must plan their relocations ahead of time. The more notice companies can provide van lines, the more likely they will be to secure space for their relocating employee's household goods. Further, because June, July and August are the busiest times for van lines, those companies who schedule relocations outside of peak season, will be more likely to secure space.

will fight for space on those trucks. Since there will not be enough space to go around, corporate customers will have to wait their turn in the van line queue, which could extend relocation timelines.

Declining Employee Satisfaction

Employee satisfaction is a primary gauge of a corporate relocation's success. Relocation service providers and their corporate clients demand high employee satisfaction scores, because a happy employee is a productive employee. If an employee is not satisfied with their relocation, they will be less likely to relocate again at the request of their employer.

As the number of truck drivers diminishes, van lines could be forced to lower hiring standards to fill more driver vacancies. This could lead to a drop in employee satisfaction and an increase in claims, resulting from damaged goods due to poor loading or packing. Given that employee satisfaction has a direct correlation on the success of a corporate relocation, any drop in employee satisfaction could jeopardize a company's ability to meet its business objectives.

Increased Liability Resulting from Self-Moves

One reaction to the driver shortage has been an increase in companies encouraging self-moves, in which the company compensates the relocating employee to manage the move on their own.

This can entail transferees finding and hiring a mover independently or renting, loading and driving a moving van themselves. Both of these situations expose the employer to increased liability risk.

For example, should a relocating employee sustain an injury while loading a moving truck or cause a traffic accident while driving a rented moving truck, their employer could also be held liable for any damages.

A Looming Problem

The current truck driver shortage could exist for some time. While industry associations and trucking companies are doing what they can to recruit and hire more drivers, there are still not enough truck drivers to support the overwhelming need.

As long as the shortage continues, those companies that rely on moving companies to relocate their ity, longer relocation time tables, more claims, employee satisfaction and increased liability risks.

Sources:

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5. Worldwide ERC. "U.S. Domestic Transfers: Relocation Statistics." [www.worldwideerc.org/resources/research/pages/facts-and-statistics.aspx]

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