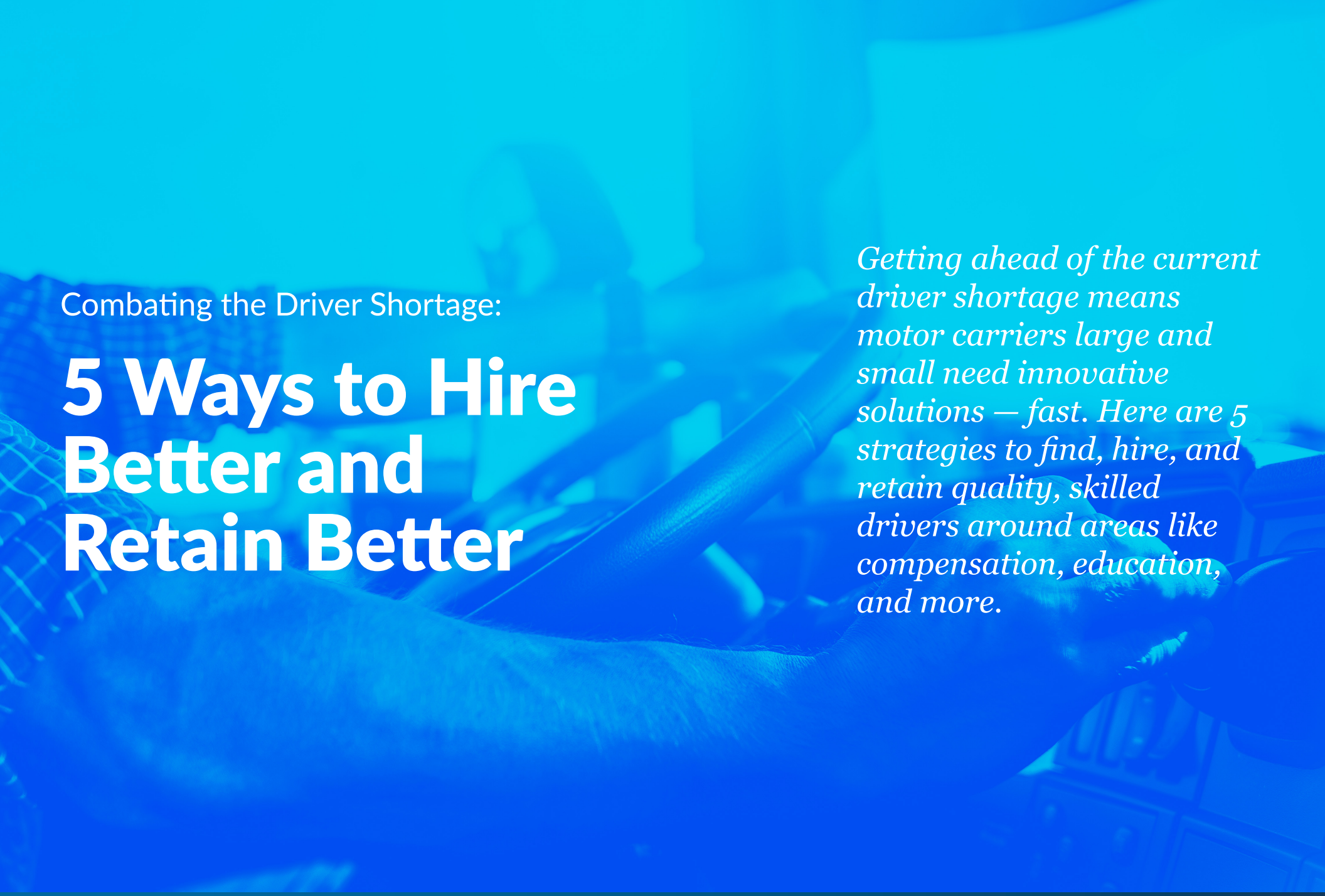
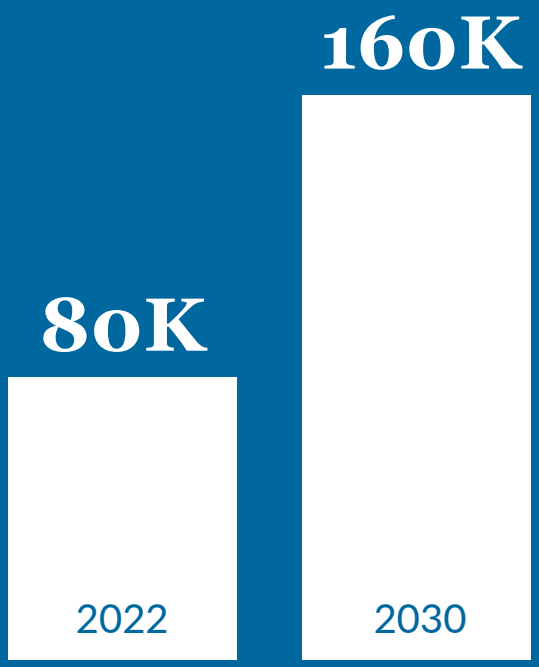


Combating the Driver Shortage:

5 Ways to Hire Better and Retain Better

Getting ahead of the current driver shortage means motor carriers large and small need innovative solutions — fast. Here are 5 strategies to find, hire, and retain quality, skilled drivers around areas like compensation, education, and more.

IAT Insurance Group



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Anyone who has been waiting — and waiting — for goods to be delivered, whether it's a consumer, a retailer, or a manufacturer knows the U.S. supply chain is in crisis. Nearly every link in the chain has been weakened and trucking is no exception. Legacy hiring and retention struggles were only exacerbated by the COVID-19 pandemic.

The American Trucking Associations estimates that the driver shortage hit a historic high of over 80,000 drivers last year and is estimated to reach 160,000 by 2030. For an individual fleet operator, the average cost to replace a driver is about $8,200. The lack of drivers is a huge cost to the trucking industry and the larger economy, affecting company profits, the stock market, and the costs of all goods for all of us.

The question is:

How can the industry repopulate itself and keep drivers on board?

Because there is no single cause of the driver shortage, there is no single solution. Here are IAT's 5 strategies to creating a successful hiring and retention strategy.

There's no one-size-fits-all solution when it comes to combating the driver shortage. Instead, each motor carrier will have to determine what works best for them based on their demographics, business size, loads run, customers, drivers, business goals. Your business may find success by employing more of these strategies, or by engaging them during different periods.

1 *Higher wages and increased benefits.*

As motor carriers scramble to fill jobs, sign-on bonuses are becoming the norm, and wages have risen in the past few years. But it will take more than that to find and keep truck drivers. In addition to traditional benefits like medical or retirement, an array of voluntary benefits may sweeten the deal — items like fuel card discount programs, telemedicine access (i.e. virtual doctor appointments), short- and long-term disability, critical illness, and life insurance. When truckers work as independent contractors (1099 paid), they don't have and often can't afford health insurance. A voluntary benefits package that would be portable and affordable could make the job more attractive to all workers.

Take telemedicine, for example, in which a trucker could organize routine medical assistance around their own schedule. This is a huge benefit to long-haul truckers who may suffer from health issues due to working long hours and lack of exercise.

According to the CDC, long-haul drivers are twice as likely to be considered obese as other U.S. workers. That increases risks for sleep apnea, heart disease and diabetes, among other illnesses. They also have higher rates of high blood pressure and are twice as likely as other workers to smoke.

Telemedicine, which is a relatively inexpensive benefit, may help drivers take better care of their health. In addition, this benefit could cut down on lost time for illness or treatments at urgent care centers.

> *"...each motor carrier will have to determine what works best for them based on their demographics, business size, loads run, customers, drivers, business goals."*

[1] American Trucking Associations, Inc. "Driver Shortage Update 2021," October 25, 2021.
[2] Truck Driver Shortage – Fast Guide to Truck Driver Jobs Turnover, TheTruckersReport.com.
[3] Centers for Disease Control and Prevention, National Institute for Occupational Safety and Health.
[4] Federal Motor Carrier Safety Administration.

2

Outcome-based incentive program.

Employees want to be recognized and appreciated. While benefits play a role in that, a reward tied to specific behavior can have even greater effects — and can help with employee retention.

For example, rather than (or in addition to) rewarding drivers for longevity, a reward tied to safety can increase driver motivation. The average cost of all large truck crashes is about $91,000 per crash. A safety reward system can help decrease the number of incidents and their often-devastating outcomes.

"The average cost of all large truck crashes is about $91,000 per crash."

When setting up an incentive system, include specific objectives such as identifying gaps in safety training or lowering collision costs. In order to get buy-in, work with employees at all levels as you roll out the program.

Listen to your drivers' challenges and interests. Choose rewards that your team will find valuable; it's not always cash. Set a schedule for when to offer the rewards. Yearly? Quarterly? You want drivers to see immediate benefits from their hard work.

Finally, find a way to track compliance that everyone agrees on. While many motor carriers have in-cab telematics and can track drivers and behaviors, many still don't. Anecdotal evidence indicates that the larger the company, the more organized and sophisticated these programs become.

Formal programs include safety recognition dinners and exclusive "million mile" clubs. More informal programs include driver meetings that highlight new company safety data or recognize an individual driver's efforts. Consider buying your owner-operators tires after a certain number of accident-free miles; build a driver's lounge; hold a driver appreciation BBQ; hire a safety manager to champion driver causes — and more.

It's a win-win when drivers are motivated to drive more safely — there will be fewer injuries and fatalities and less cost to employers.

[5] U.S. Bureau of Labor Statistics, Occupation Snapshot, Heavy and tractor-trailer truck drivers, 2015-2019, January 2021.
[6] National Safety Council Study: Comprehensive Approach Needed to Improve Trucking Safety. August 2019.

3

A culture of excellence: safety and maintenance.

Drivers want to work for companies that will keep them safe and won't skimp on doing so. The Bureau of Labor Statistics reported 843 trucker deaths in 2019. While not intuitive, creating higher standards around safety and maintenance will actually increase your popularity among drivers.

A company with high standards is going to attract the kind of employees that are motivated to meet those standards. If you demand close attention to detail, knowledge of current technology, a commitment to safety, quality, and security, focus on finding job candidates who do so as well. That may be easier said than done when the pool of qualified applicants in not very deep. But if you treat employees with respect, pay them well, keep them safe, and attend to their needs, they will let others know. Your pipeline will grow.

"...trucking companies that prioritize safety through management practices and technologies improve performance outcomes."

However, to reach that point, you may have to change your compensation package. Paying drivers on a per mile basis, which many fleet carriers do, adds stress to an already stressful profession. It may also upend safety protocols with drivers moving at unsafe speeds to make up for time and miles lost sitting in traffic, for example. Let prospects and existing employees know they will be well-compensated for their quality work.

The other way to grow a positive culture around safety and maintenance is to open the lines of communication and create a culture of feedback. Ask employees about their needs and wants — and listen. They know what will improve their job.

Ultimately, as the National Surface Transportation Safety Center for Excellence has documented in a recent study, trucking companies that prioritize safety through management practices and technologies improve performance outcomes.

All the carriers in the study that saw significant improvement attributed their results to a series of changes made in management practices, new technologies to improve driver training, and better hiring guidelines, scheduling and vehicle maintenance procedures

[10] Federal Motor Carrier Safety Administration, "Pre-Employment Screening Program".
[7] Federal Motor Carrier Safety Administration, "Pre-Employment Screening Program".

4 *Personal support program.*

Employee satisfaction is closely tied to initiatives that focus on the driver as an individual. Examples include trucking companies with targeted driver outreach programs that pair drivers with trainers, managers, ombudsmen, and even counselors. The goal is to provide immediate support and response to driver issues and concerns.

To help improve well-being and health, one company offers an app-based weight management program (MetaMyo) tailored specifically to their truck drivers. It offers truckers daily food and menu choices they can follow while on the road. It even tells them which truck stops and stores stock the items. Following this advice not only helps with illness prevention and absenteeism, but helps employees feel more positive about themselves, their employer, and their job. Feeling healthy means less stress, which in turn can affect concentration on the road.

The more your drivers are engaged and committed to the company, the more drivers you'll retain. Motor carriers are taking more of a supportive approach by creating a culture around their drivers, doing more to make the driver's life easier, including checking in with drivers regularly to address any issues and helping them find a place to park and rest, for example, all while compensating them well.

5

Hire better to retain better

This sounds simple, but it's not. The pressure of a driver shortage might lead some companies to abandon good hiring practices and fill the void with just any driver.

Resist this impulse and instead consider instituting the Federal Motor Carrier Safety Administration (FMCSA) Pre-Employment Screening Program (PSP), which isn't new but is gaining traction lately. We recently covered what you need to know here.

The FMCSA PSP has been providing easy access to commercial drivers' five-year crash and three-year inspection history for years. 10 While not mandatory, the program is considered a best practice because electrically accessing these records is more efficient than obtaining the information via the Freedom of Information Act or Privacy Act.

Companies using PSPs to screen job applicants have been documented to lower their crash rate an average of 8% and driver out-of-service rates by 17%. For mid-size carriers, the crash rate decrease was even more significant: 20.6% for motor carriers with six to 20 drivers and 12.1% for carriers with 21 to 100 drivers.

One 12-month study of a commercial fleet carrier revealed that actively using the PSP program prevented 863 crashes and more than 3,500 driver out-of-service incidents. Hiring drivers with a strong PSP record significantly lowers the risk of accidents and driver issues. With these strong performance credentials in hand, fleet carriers are optimally equipped to better ensure safety and quality among its drivers.

"The pressure of a driver shortage might lead some companies to abandon good hiring practices and fill the void with just any driver. Resist this impulse..."

8% lower crash rate

17% out-of-service rate

Action Needed Now

Each individual motor carrier has its own culture and its own needs. Maybe one strategy will do the trick, or maybe a combination of strategies will work for your fleet or independent contractors. But one thing is certain, trucking companies must put out every effort to find, hire and retain drivers or the industry may find itself literally wheels up.

Contact your IAT Transportation or Loss Control Specialist for more information about how our team can help yours optimize your driver hiring and retention.

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