

Risk Insights

TRANSPORTATION & HOUSING



Attracting and Retaining Commercial Drivers

Commercial fleets need to maintain a workforce of loyal, qualified drivers in order to succeed. But recently, increased demand for freight volume has highlighted an ongoing driver shortage that's left many motor carriers operating under capacity.

In order to ensure that your business is attracting and retaining talented drivers, you need to evaluate how the shortage may be affecting you and the steps you can take to make your workplace appealing.

What's Contributing to the Shortage?

The first step when attracting or retaining drivers should be to understand the underlying causes of the driver shortage:

- **Wages**—According to the National Transportation Institute, drivers' wages have lagged behind both inflation and minimum wage increases. Since 2006, for-hire drivers have seen wage increases of 6 percent compared to a 17 percent increase for private fleet drivers. However, inflation and the minimum wage have increased by 18 and 40 percent over that same period, respectively.
- **Age**—The average age for a commercial driver is 55, according to the Bureau of Labor Statistics. More drivers are retiring every day, and a federal law that prohibits drivers under the age of 21 from obtaining intrastate commercial driving licenses makes it difficult to attract

younger replacements before they enter another industry.

- **Lifestyle**—Commercial drivers often operate over long hours without breaks and are frequently away from home. Many motor carriers also assign new drivers to long or isolated routes, which can make open positions unappealing to prospects.
- **Growing economy**—As the U.S. economy continues to grow, increased demand from retailers has led to record demand for trucking capacity, putting a strain on available drivers.

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In-house Adjustments to Attract Drivers

Before you consider changing your pay models or workplace benefits, there may be some operational changes you can review to attract or retain drivers:

- **Offer flexible scheduling.** Many prospective drivers are afraid of being away from home for long periods of time, and giving them the option to work closer to home can make your business more appealing.
- **Consider new fleet management procedures or technology to help reduce your drivers' average length of haul.** Although you want to keep your drivers on the road frequently to increase your capacity, reducing the average length of haul can help drivers improve their health and manage the balance between their work and home lives.
- **Adjust training programs to target other departments or industries.** Prospective drivers may be intimidated by the amount of experience or legal requirements needed to obtain a commercial driver license. Simply adjusting your training programs can help your business integrate drivers from outside the industry.

Wage Considerations

One of the most effective ways to appeal to drivers is to increase wages. Although this can be done by simply giving drivers a set raise or bonus, there are alternative payment models and other considerations to keep in mind:

- **Bonuses**—Many carriers now offer staggered bonuses that incentivize retention, such as \$10,000 bonus that's split into payments after a

driver has worked for 30 days, 90 days and six months. However, some experts believe that these bonuses may also cause drivers to leave once they've collected all of their payments.

- **Hourly pay**—Drivers aren't frequently paid by the hour because it's hard to prove when they're on duty. But now, tracking technology like GPS and electronic logging devices can make it easy for carriers to know when their drivers are on the job.
- **Flexible models**—Many businesses have started to incorporate multiple pay models into their operations to accommodate drivers. For example, drivers who are paid by the mile earn very little when slowed by traffic or unloading. Now, tracking devices can detect legitimate delays and switch to a different pay model during that time in order to make long or congested routes more appealing.

When considering raises, bonuses or other pay models, keep in mind that your drivers' wages could impact your liability or workers' compensation rates. Contact us at 218.625.4224 for more help addressing your specific concerns.

Workplace Benefits

Another way to make your business appealing to talented drivers is to offer a competitive benefits package and create a positive work environment. Besides 401(k) investment matching and comprehensive medical coverage, you should consider the following:

- Paid time off to allow drivers to visit home or take a break while still making an income

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- In-house programs that reward successful drivers with priority at service stations, pay bonuses or new equipment
- New equipment and vehicles to make drivers' day-to-day operations easier and attract tech-savvy applicants

Additionally, an emphasis on respect can help your business attract and retain drivers. Experts believe that drivers may be turned away from the transportation industry due to a perceived lack of respect for the long hours they put into their jobs. Make sure to show drivers they're respected by paying attention to their feedback, recognizing their accomplishments and staying involved in their personal and professional lives.

Finding Consistent Success

The driver shortage isn't going away anytime soon, and you need to constantly review your operations to ensure you're attracting and retaining a talented workforce. Get in touch with Cartier Agency, Inc. today for more resources on driver training, legal requirements and transportation-specific news.

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