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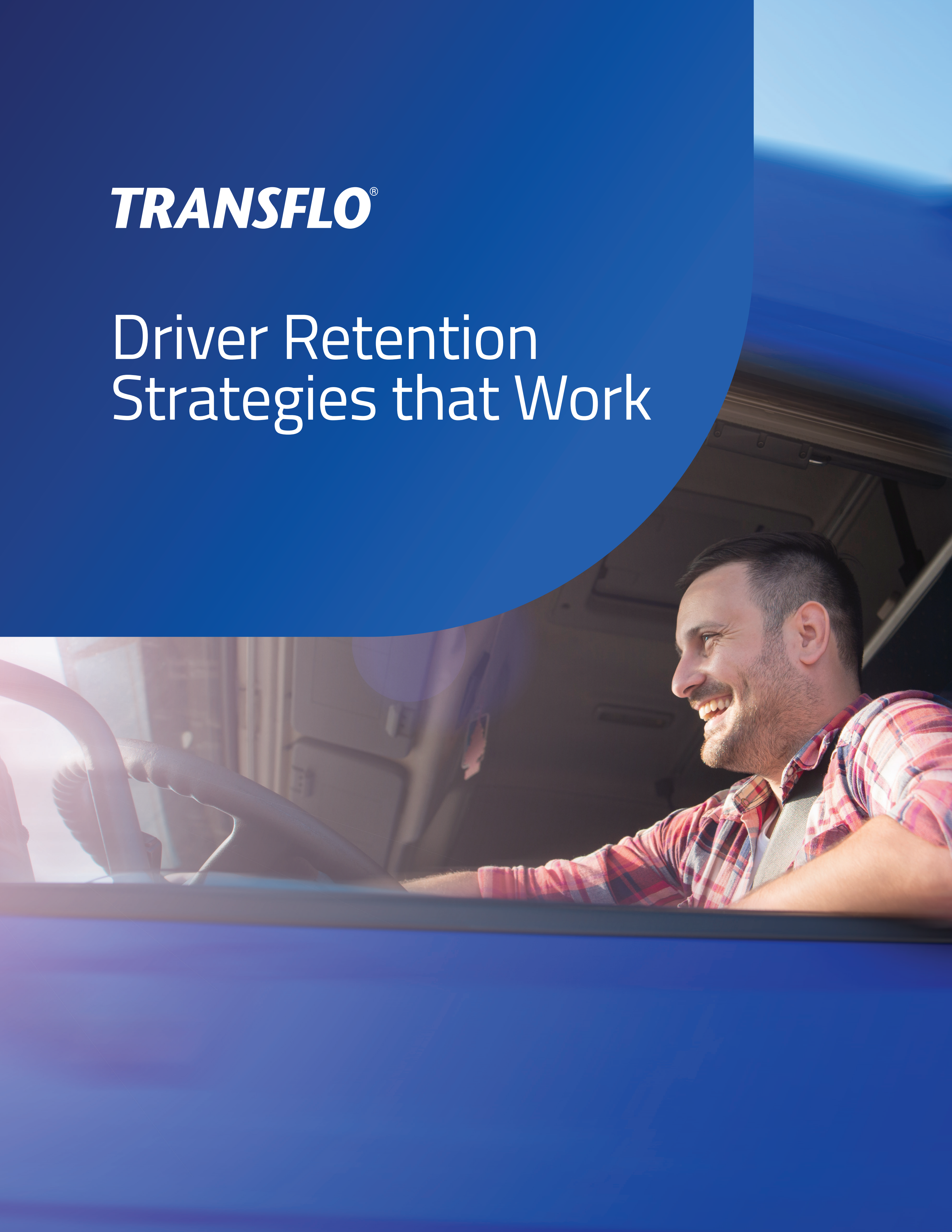
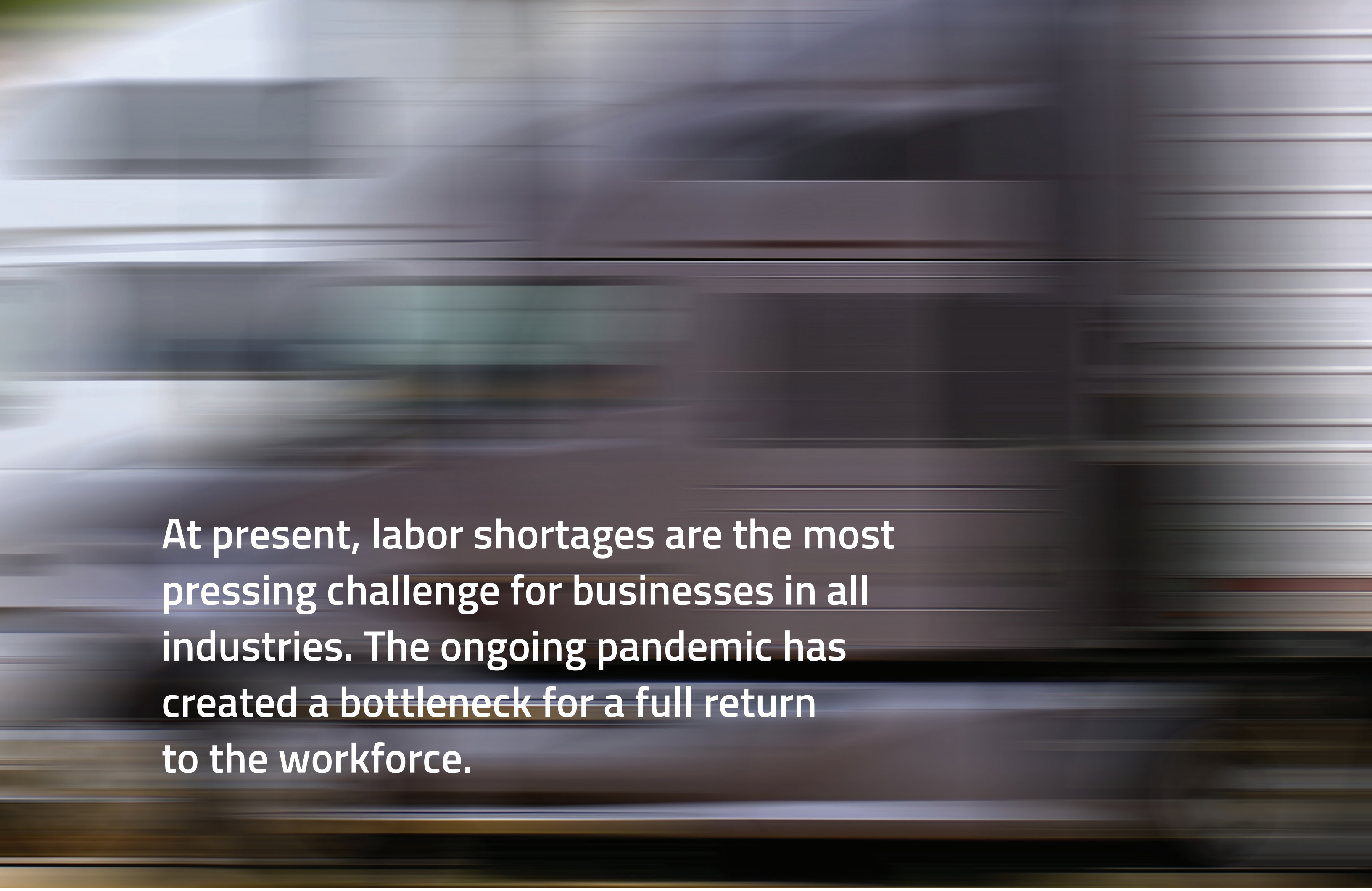
Driver Retention Strategies that Work





At present, labor shortages are the most pressing challenge for businesses in all industries. The ongoing pandemic has created a bottleneck for a full return to the workforce.

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In July 2021 the labor participation rate was **58.4%**, according to the Bureau of Labor Statistics (BLS). This was a significant increase from a low of **51.4%** in April 2020 but falls short of the pre-pandemic high in February 2020 of **61.1%**.

Labor shortages are especially acute for motor carriers. The most recent BLS employment data, from May 2020, show that 1,797,710 tractor-trailer drivers were on payrolls. **This was 58,420 less than May 2019.**

Motor carriers have an urgent need to hire more drivers to keep up with freight demand. The American Trucking Associations (ATA) projects the industry needs to hire an average of 110,000 new drivers every year to keep up with retirements and economic growth over the next decade.

70% of driver turnover occurs within the first year of starting a new job.

The real crisis, however, is that drivers are leaving carriers at an alarmingly high rate. On average, fleets with more than $30 million in annual revenue had a 90% turnover rate in 2020, according to the most recent ATA statistics. **Smaller truckload fleets (less than $30 million in revenue) had to replace 69% of their drivers in 2020.**

More than 70% of driver turnover occurs within the first year of starting a new job, and 35% happens in the first three months, according to ongoing research by Tenstreet, a software platform that carriers use for recruiting, hiring, and surveying drivers.

High turnover exacerbates the driver shortage and is a drain on fleet profitability. Each time a carrier must replace a driver, costs include maintenance to get trucks ready for new drivers, lost revenue from idle equipment, advertising, sign-on bonuses, recruiting and training spend, plus lost productivity while new drivers are brought up to speed.

90%

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Safety is another cost since newly hired drivers are statistically more prone to accidents from having to adjust to different equipment, technology, routes, and work processes. **Industry estimates peg total per-driver replacement cost between $8,200 and $11,500 on average.**

This whitepaper is a modern checklist of proven strategies that can effectively move the needle for driver recruiting and retention. As we move further down the list, the strategies require deployment of certain technologies that can help fleets simplify work for drivers and strengthen the all-important human connections that drivers often use as deciding factors to stay or leave.

The Opening Salvo

In an extremely tight labor market, carriers will need a full quiver of arrows to attract and retain the industry's safest and most productive drivers. Some approaches that never go out of style are to:

+ **Raise pay.** The results of driver surveys nearly always have pay as the top reason drivers change jobs. Offering competitive wages is a must, but carriers also must ensure the amounts of driver settlements are consistent.

  Compensating drivers for lost time is another way to provide more consistent pay. Shawn Kitchen, the founder and director of operations at True Load Time, sees demand increasing among fleets for a revenue-per-hour model for freight rates. Likewise, he sees the trucking industry moving towards an hourly or salary pay structure for drivers.

  Kitchen participated in a webinar hosted by Transflo on Thursday, Aug. 5, to share his perspective as a professional driver for more than 23 years. That experience led him to found True Load Time, which has compiled a database of arrival and departure times at shipping and receiving locations nationwide. Carriers use the data to more accurately structure freight rates based on the total completion time of loads.

+ **Offer a referral bonus.** Reward drivers for representing your brand to their peers. Consider paying drivers a recruiting bonus, preferably one that rewards them on a recurring basis such as for all miles their referrals run. This gives drivers an extra incentive to assist with retention.

+ **Upgrade equipment.** Drivers enjoy having creature comforts on the road and having more security from unexpected breakdowns that could directly impact their livelihoods.

+ **Driver-friendly freight.** Improve the customers, lanes, and freight in your network to get drivers more miles along their preferred routes. This will make work schedules and home time more predictable.

+ **Ramp up the amenities.** Items that make a difference include subscriptions to mobile entertainment options; company facilities with food; showers; laundry; paying for reserved truck parking at locations along routes; and other conveniences.

+ **Driver appreciation events**. Get all departments involved in planning events and expressing gratitude to drivers and their families. Go the extra mile during **National Truck Driver Appreciation Week (NTDAW) during September 12-18, 2021**.

Building and Sustaining Trust

The most outward and visible strategies, outlined above, will attract and retain more drivers but any strategy will be short-lived without having a sustainable, driver-centric workplace and culture. This will require having a continuous improvement process for building relationships of trust.

Broken promises are one of the root causes of turnover. Trust, once lost, is nearly impossible to rebuild with drivers, noted owner-operator Debra LaBree, president of Castle Transport, during the Transflo webinar. LaBree has 15 years of professional driving experience. The most important attributes she looks for are communication, honesty, and transparency from fleets.

Recruiters and fleet operators need to set realistic expectations with drivers from the start in critical areas such as pay and home time so that drivers are not taken by surprise during the first few days, weeks, and months on the job.

Using a regular cadence of driver surveys can help detect if expectations do not match the realities of the job, or if relationships are stressed or fractured. Giving drivers the option to submit anonymous responses can help to ensure that they feel comfortable sharing candid feedback on what is, or would, cause them to consider leaving.

Besides helping identify root causes of turnover, surveys give management a way to show drivers they genuinely care by making changes in direct response to the feedback received.

Three easy-to-implement strategies that will open the channels of communication and build stronger relationships based on trust are to:

Involve a driver's family.
During the recruiting and orientation process, set up a video call with drivers and their spouses to explain your company's pay, benefits, and other topics of interest. This will help set proper expectations and, perhaps more importantly, gain support from those who have the most influence on drivers.

Create a mobile feedback loop.
Mobile apps and text messaging services are a convenient way to survey drivers. Survey questions should be simple and open-ended, such as "How are we doing?" or "What's on your mind?"A successful driver survey program needs to be supported by the highest levels of leadership to ensure that feedback is responded to in a timely and purposeful manner for drivers to see that progress is being made.

Reward drivers.
An effective way to build loyalty is to reward drivers for going the extra mile. An easy opportunity to reward drivers is for sharing candid feedback on how the company is doing — good or bad — for meeting their job expectations. In these and other instances, give managers the flexibility to reward drivers with gift cards and other prizes. The value of giving on-the-spot rewards is not the amount of the prize, but the value of showing drivers that you care.

Strategy Execution

Professional truck drivers must account for many details for their work to be safe, productive, and compliant. Technology that simplifies the workflows can be a major reason why drivers choose to stay with carriers.

Many routine communications can be automated. Such as "check calls" made for location status and updates on arrivals and departures. Routine processes, such as capturing and submitting proof-of-delivery (POD) receipts, requesting cash advances, accessing payroll and settlement records, and scheduling time off, can also be digitized.

All of these and other automated functions are available in a driver-friendly mobile platform.

As a professional driver, Debra LaBree appreciates being leased to a carrier that uses the Transflo Mobile+ app and digital ecosystem. With the app, LaBree completes a variety of tasks digitally, from submitting receipts to managing electronic logs and completing pre- and post-trip inspections.

By improving operational efficiencies, motor carriers can apply time and cost savings toward strategies that will strengthen relationships with drivers.

LaBree said she captures and submits electronic proof-of-delivery (ePOD) images before leaving the customer's yard after completing deliveries.

The same technology that makes drivers' work more convenient and automated on the road has the same benefits within the office too. By improving operational efficiencies, motor carriers can apply time and cost savings toward strategies that will strengthen relationships with drivers. Plus, managers can free up time to make personal calls to drivers and recognize them for work achievements.

Savings from using technology to drive operational efficiencies can also be reinvested directly in pay and incentive programs that put more money in drivers' wallets. Five areas where mobile technologies can deliver fast paybacks to the bottom line while improving driver retention are:

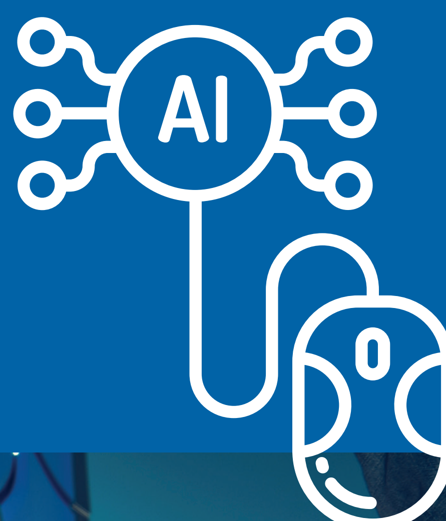
+ **Fuel efficiency.** Fleets can use real-time data from ELD and telematics systems to show drivers how their fuel results compare with their peers, and what they can improve upon.
+ **Truck-specific navigation.** With each dispatch, fleets can simplify trip planning for drivers, improve safety, and more accurately predict arrival times.
+ **Out of route Miles.** In addition to providing drivers with turn-by-turn navigation, mobile platforms can give drivers visibility of route deviations that cost the company money.
+ **Maintenance reporting.** Visibility of vehicle miles, engine hours, engine fault codes, and other data help fleets fine-tune their preventive maintenance schedules to reduce downtime and repair costs.
+ **Driver scorecards.** Fleets can save money and increase driver engagement with technology that automatically tracks performance to recognize and reward drivers.

  Driver scorecards are a powerful recruiting tool to showcase the top performers in company newsletters and on social media. Drivers appreciate the recognition and opportunities to be company ambassadors.

Putting Technology to Work

In the final analysis, driver turnover is a problem that requires human solutions. High turnover is not a given; it is a choice. Drivers, like customers, have the freedom to shop the market to find carriers who put the right pieces in place to create a long-term fit.

Increasingly, technology has become an essential part of effective, driver-centered strategies that increase job satisfaction and operational efficiencies. The savings from effective use of technology can be reinvested in the workforce to amplify results.



About the author: *Verlen Larsen is a Solutions Architect for Transflo, a provider of a mobile and cloud-based platform that drives connectivity, automation, and supply chain liquidity.*