Choosing a Trucking Company: the cause of all turnover

In the writing of my second book I analyzed most all the "reasons" people leave a carrier. Though there are many various details expressed they seem to all have one thing in common: disrespect. Operators and drivers tended to use various versions of one phrase: "I/nobody should be treated like that".

It didn't matter if the issue was money, time off, routing or cleanliness. When people perceive disrespect they find a reason to leave. They "find" a reason because they are right… nobody SHOULD be treated like that".

Carriers with low industry level turnover almost universally have a comprehensive culture of mutually respectful behavior. Everyone from the janitor to the president perpetuates respect. There is usually a swift response to anyone who dares to talk down to co-workers, the stronger the culture of mutual respect, the lower the Carrier turnover.

This is not to say performance standards are lax, in fact at carriers where mutual respect is high, performance is usually higher than industry norms. Respect enables trust. A culture of trust frees up people's talents to innovate, motivate and produce.

However, a culture of trust and respect doesn't just happen. There are many forces against it, every day. Nearly every daily choice a carrier or carrier employee makes either builds up trust or tares it down. The responsibility for which choice is made ultimately lies with management. Management determines the culture. The existing culture should never be accepted as "it is what it is" or "we will do the best with what we have". Management, whether they like it or not, is responsible

If a Carrier has operators on their fleet they have an insurance policy with specific deductibles and terms. Some carriers "self-ensure" to a certain dollar figure (say $25,000) and then are covered for anything above that by insurance companies. Other carriers have the insurance companies cover everything down to the deductible. Operators should understand what they are covered for and what they are not, it can make a significant difference in seeking financial survival.

Comparing deductibles is a separate issue from charting and comparing operator contracts. There is a separate formula that should be used to bring different deductibles to the same level. For instance: if one carrier contract provides a $5000 deductible for the truck, $5000 for trailer and $5000 for cargo ($15,000 max) while another carrier provides $2500 deductible (max) the operator risk is significantly higher in the former. To compare contractual apples to apples the operator must find a deductible buy-down policy and add that monthly operating cost to the $15,000 deductible carrier contract.

However, not all comparisons are this simple, or this extreme. Most deductibles are similar in figures, varying only a couple thousand dollars. Complicate this fact with the understanding that some operators use insurance much more than others. If an operator has driven 25 years without any incident at all, they may view insurance much differently than an operator who has driven at three carriers in five years and has three claims in the same time period.

I just talked with an operator who is working through an insurance claim. They were sent to a pickup where the shipper loaded the freight without the operator being present (it was not allowed). During the trip the load shifted and damaged a portion of the freight. At the destination the damaged freight was set aside and claimed at $3091 (the deductible was $3000). Though the damaged product obviously had market salvage value (due to its nature and who picked it up) the carrier refused to acknowledge any compensation regarding it.

Upon further research it became clear that this particular shipper was notorious for damaged freight (5-8% of shipments). The carrier never sent company trucks to the shipper, only lease/owner operators. There were several operators on the carrier who refused those loads but usually suffered some sort of consequences. The trucking company also hosts considerable driver turnover.

There is another carrier that had a $1000 deductible (a number of years ago) where an operator damaged a corner of a trailer. The operator confessed to the carrier his damage and left the repairs to his carrier. The trucking company had their own body shop and decided instead of replacing the whole corner panel (which is very expensive) patched the hole with a like piece of metal. After several months the operator returned to the manager and asked why he was not billed the cost. The manager (who was also the carrier owner (or partial) stated this time there would be no charge. At this carrier a small/medium size damage “missed” its billing approximately 25% of the time. It was not policy, it was done randomly at managers discretion. These two examples expose more than just a numerical contractual difference. It exposes the need for operators to evaluate much more than just the dollars and sense. Operators must weigh the ethics and operational “heart” of the carrier they plan on driving for. In the end it once again boils down to trust, is the carrier operations trustworthy? Do they deserve your effort and contribution to their bottom line?