

Nearly 100% Turnover: both a Problem and a Solution

For those who have been watching the industry turnover trends, I assume you are as baffled as I am that the industry can actually SURVIVE with annual numbers such as 70, 80, or 95+%. That means the average trucking company hires almost one new driver for every driver employed.

Obviously not every driver switches every year. A certain percentage of drivers will stay for one or many years. Numerically, this means many of the "new hires" don't stay the entire year. If 50% of all the drivers are there the whole year that means the other 50% would have to stay no longer than 6 months. If 80% of the drivers stay the whole year that means 20% of the drivers can't stay longer than 2.4 months. The alternatives are infinite but the conclusion is the same. 100% turnover means paperwork, paperwork, paperwork... expenses, expenses, expenses.

Then the question is: how did they leave? Did they leave on good terms: two week notice, truck parked nicely against the fence, undamaged, load delivered, paperwork completed? The higher the turnover rate, the less chances professional courtesy was extended. These numbers cost trucking companies money! The costs are born by the company and the drop in potential profits mean less potential benefits for those who stay. Turnover is everyone's business.

But turnover is all a part of supply and demand, an integral part of the free market system. Without turnover the industry would treat drivers like they did in 2009. Those companies who pillaged drivers in the great recession and who openly endorsed their behavior with "...these are industry standards!" now reap what they previously sowed. Even those who were fair to drivers in 2009 may not be immune from turnover today. The free market is much like hauling hanging meat or a half filled, un-baffled tanker, the push/pull from sloshing can affect even the most seasoned veteran. It's not just gentleness of clutch and brake but perceived fairness that reduces sloshing.

The Pareto Principle (aka 80/20 rule) states that for many events roughly 80% of the effects come from 20% of the causes (Joseph Juran named it after Vilfredo Pareto, after Pareto found that 80% of the peas from his garden came from 20% of the pods). This infers that 80% of all the driver turnover problems come from 20% of the drivers, or 20% of all the companies (depending on how you focus your research). Logically it infers that to reduce turnover would mean correction/attention must be made to at least 20% of the companies (or drivers).

I have always made an assumption (right or wrong) that if the bottom 20% of the companies would employ only the bottom 20% of the drivers they would universally (and nearly immediately) go bankrupt. If the bottom 20% of companies would have to settle with only hauling the bottom 20% of the available freight they also would universally (and nearly immediately) go bankrupt.

Think how differently the trucking industry would look if the bottom 20% went bankrupt.

Turnover is the free market's answer to accomplish this end, but there are two major flaws. First neither drivers nor companies are willing to admit they belong to the bottom 20%. Second, each move needs to be based on an educated decision. Good drivers leave bad companies and bad drivers are released from good companies so they can only work for bad companies.

However, the "bad drivers" are constantly trying to drive for better companies than they deserve and "bad companies" are constantly trying to attract good drivers. Who knows who's telling the truth (or at least their version of it)?

But even if the world was suddenly transparent and we knew exactly what we were moving to, would that solve the problem perfectly? Not entirely because each driver may have their own standards as to what they will put up with. There needs to be a universal standard as to what is acceptable and what is not. There must be agreement among drivers (and companies) what is professional and what is irresponsible or abusive.

For those who have read my articles in the past you know I have been focusing on “choosing a trucking company” for over a year now. My articles, in one way or another, pinpoint an industry standard (such as never driving for a company that pays shortest route). Many good companies (and sometimes even bad) have defined a clear standard for their new hires... it is now time for drivers to develop a universal standard of their own, a standard that clearly excludes the bottom 20% of the pea pods.

The more educated each move is... the better the entire industry will be.