



ARMSTRONG RELOCATION
& COMPANIES

INDUSTRY UPDATE

Driver Shortage

Reality

Among the trends affecting the household goods moving and storage industry today, none is more impacting than the shortage of qualified drivers. According to the American Trucking Association ("U.S. Truck Driver Shortage: Analysis and Forecasts," May 26, 2005):

- There is a driver shortage of 20,000 in the U.S.
- 1.3 million of the nation's 3.4 million truck drivers are long-haul
- Long-haul driver turnover is 121%
- 10-20% of trucks sit idle due to a lack of qualified drivers
- Top reasons identified for driver industry departure: 1) Average earnings decrease; 2) Extensive away-from-home time; 3) Unpredictable schedules
- Average earnings in long-haul trucking are 1.5% below average earnings in construction
- "It's critical that we find ways to tap a new labor pool, increase wages and recruit new people," Bill Graves, ATA President/CEO
- December 2006 tonnage grew 3.9%, the biggest growth in two years. "This trend is likely to continue in the years ahead," Bob Costello, ATA Chief Economist

Household goods drivers fall within the long-haul category referenced above. The driver shortage is particularly acute in the household goods sector, where the vast majority of professional drivers are Owner-Operators. As such, they realize the benefits of and bear the risks and expenses of servicing moves on a day-to-day basis:

- 60% of moves occur within a 110-day period, causing demand for services to far exceed supply during peak season
- Because of 9/11 and multiple natural disasters, the cost of insurance has skyrocketed
- For the same reasons, the cost of diesel fuel has skyrocketed
- Discounting off Tariff continues to rise
- In an effort to eke out a reasonable return, drivers tend to perform services with fewer helpers, reducing their manpower costs but lengthening the time required to service a given move and increasing the likelihood of claims
- The best drivers refuse to perform unreasonably-priced moves

Recommendations

Relative to its relocation policy and practices, in order to achieve goals of optimal employee productivity, recruiting and retention effectiveness, and cost-effectiveness, an employer is advised to:

- Select agent partner(s) with significant operating capability
- Select agent partner(s) with processes in place to ensure service superiority
- Measure agent partner(s) performance on a recurring basis
- Price services fairly so as to attract the industry's leading agents and Owner-Operators

For more discussion on the matter, contact an Armstrong Relocation representative.

About Armstrong Relocation

Founded in 1922 and under its current ownership since 1957, Armstrong Relocation is the leading household goods agent for United Van Lines. Through its 23 agency locations, Armstrong satisfies the moving and storage needs of discerning employers across town, across the country and around the world.