

KEEPING EMPLOYEES ON THE MOVE DURING AN INDUSTRY DRIVER SHORTAGE

GRAEBEL OVERCOMES CHALLENGES TO HELP CORPORATE CLIENTS MITIGATE RISKS.

The U.S. trucking industry appears to be embattled in a perfect storm. The recovering economy, aging workforce, and new federal safety regulations are contributing to what was already a shortage in long-haul truck drivers. The result could be the worst driver shortage in the history of the transportation industry.¹

For companies relocating their employees throughout the country, the shortage could mean delays and delivery issues. And these companies may experience higher costs if their relocation company is not prepared for the driver shortage.

THE NUMBERS BEHIND THE DRIVER SHORTAGE

The driver shortage should come as no surprise. In 2005, the American Trucking Association determined the U.S. trucking industry was facing an annual shortage of approximately 20,000 long-haul drivers – and the shortage was expected to grow to 111,000 by 2014.²

Enter the recession, and the transportation industry saw volumes drop by 25-percent between 2007 and mid-2009.³ This decrease in capacity resulted in the elimination of almost 150,000 driving jobs between January 2008 and mid-2009, as companies went out of business or downsized.⁴



Major factors also contributing to the shortage are an aging workforce – about one in six drivers are 55 or older⁵ – and fewer younger drivers are entering the market. As the economy rebounds, younger people are finding less physically demanding work opportunities that enable them to stay closer to home and enjoy a better work-life balance. People in this age group may have difficulty or be unable to raise start-up funds to lease or purchase tractors, and may remain tentative about the economy and the risk of being an independent contractor.

Rosalyn Wilson, author of a logistics report from the Council of Supply Chain Management Professionals, estimates that 1 million drivers will be needed in the next 15 years “just to deal with replacing retirees and the normal growth of freight.”⁶

THE SAFETY IMPACT

Government safety regulations such as CSA 2010 from the Federal Motor Carrier Safety Administration (FMCSA) may also attribute to the driver shortage in 2011 and beyond. Stricter safety requirements will remove unsafe drivers from the industry – a good thing for the country, but another hurdle companies must overcome. At a trucking conference in June 2010, participants estimated CSA 2010 would result in a driver attrition rate of 5- to 8-percent.⁷

Additional recommendations from the FMCSA could further impact the driver shortage, especially as the organization considers reducing shift lengths and on-duty times for drivers.⁸ These recommendations could reduce the overall miles that are driven at a time, thereby creating lengthier transit schedules. In relocation, longer transit schedules increase costs such as per diems for relocating employees, which in turn increase relocation budgets overall.

¹ Mark B. Solomon. “Worst-ever driver shortage looming, trucking executives warn.” DC Velocity, June 24, 2010.

² Erin Golden. “Trouble down the road?” The Omaha World-Herald, February 13, 2011.

³ Robin Goldwyn Blumenthal. “Driver Shortage Looms: Missing Road Warriors.” Barrons.com, January 29, 2011.

⁴ Chris Isidore. “Wanted: 400,000 truck drivers.” CNNMoney.com, June 9, 2010.

⁵ Ibid.

⁶ Ibid.

⁷ Mark B. Solomon. “Worst-ever driver shortage looming, trucking executives warn.” DC Velocity, June 24, 2010.

⁸ Erin Golden. “Trouble down the road?” The Omaha World-Herald, February 13, 2011.

A PROACTIVE APPROACH TO SAFETY

Among the benefits of wholly owning its van line and moving divisions versus being a stand-alone carrier with independent local moving agents, Graebel has a veteran safety and risk mitigation team that tracks and measures all drivers' safety performance and ensures that everyone has a clear understanding about the company's standards and legal requirements. These steps help ensure Graebel has safe and knowledgeable drivers at all times so commitments made are commitments kept to clients.

Prior to implementation of CSA 2010 in December of last year, Graebel led the moving industry with the best SafeStat six-month consecutive safety record. For more information on CSA 2010 and Graebel's safe driving practices, please ask your local Graebel representative for a copy of the Graebel white paper, "What CSA 2010 Means to People on the Move," available at www.graebel.com/Public/Media+Center.

AVOIDING ISSUES WITH RELOCATIONS

The growing difficulty of finding drivers could increase turnover rates as carriers compete by offering new onboarding incentives. Ultimately, these added expenses will escalate costs to consumers and companies transferring employees. And some movers may settle for less experienced drivers, which will directly impact service by way of claims prevention, and in the end drive up costs for everyone concerned.

With this situation in mind, employers that are relocating employees should fully investigate their relocation company's criteria for driver selection and retention today. If a transferee trusts and likes his/her driver, he/she will likely remain much more productive during the relocation process and be more satisfied with the move. Previous relocation experiences correlate directly to decisions about accepting or turning down future assignments that can immensely contribute to growing an employer's business.

"Graebel takes great care and pride in finding and retaining experienced household goods drivers whom our customers can trust to uphold our high companywide standards of excellence," stated Craig Broback, president of Graebel Van Lines, Inc. "Our drivers are extensively background-checked, and we insist that they have a minimum of three

years experience handling household goods before they come on board. With an average of 9.5 years with Graebel, our drivers have a thorough understanding of our processes and procedures that ensure the high-quality moving services our customers depend on and expect."

To keep drivers engaged, Graebel works to build long-term and successful partnerships with them, as well as provides a competitive package that includes pay for performance, local revenue sharing opportunities, linehaul rate protection, prompt 48-hour payment with completed paperwork, and during non-peak moving season, special commodity truckload opportunities. Additionally, Graebel:

- > Provides state-of-the-art, maintained equipment and experienced, qualified moving crews to support the household goods driver at the origin and destination.
- > Minimizes deadhead miles to keep costs and carbon footprints low through a strategic shipment dispatching process from one central location.
- > Treats each driver as a professional and an individual – identifying each by name and not a number in a carrier's dispatch system.
- > Listens to drivers to identify strengths and process gaps and takes appropriate and swift steps to ensure everyone is satisfied and performing optimally.
- > Conducts driver orientations and ongoing refresher sessions to ensure the entire team lives up to the promise Graebel has kept for more than 60 years – Commitments Made. Commitments Kept.[®]

As the trusted relocation provider for the Fortune 500, Graebel always places corporate clients first over residential cash-on-delivery shipments. In fact, 63-percent of Graebel's interstate household goods shipments are for corporate clients versus an industry average of only 35-percent.⁹



⁹ American Moving and Storage Association. "Monthly Data Study." October 2010.



"This commitment means Graebel moves more middle management and executives than small consumer shipments," continued Broback. "And this attracts drivers with exceptional household goods experience who possess clear objectives to optimize their opportunities through national accounts' shipment size and distance transported. With high-caliber drivers, clients realize cost-effective services and their employees experience best-in-class service and on-time delivery – so they remain productive and 100-percent satisfied with their moves."

NO SHORTAGE OF EXPERIENCE

In addition to employing the dependable Graebel moving service divisions, companies can also hedge their bets with Move Management, Inc., an autonomously operated Graebel division. It administers corporate and government employees' moving and storage needs, providing clients with cost and time savings. This team of experienced household goods moving veterans manages clients' moves through a network of proven suppliers based on performance. No mover or its driver automatically receives business based on a next-up rotation.

For customers who prefer certain companies, Move Management ensures that all services are measured and performance is reported in the same unbiased fashion.

Seamlessly, Move Management experts manage shipment booking; tracking of performance, estimates and approved exceptions to final invoice audit; and quality control – all while ensuring compliance to clients' relocation policies, budgets, and the company's world-class standards. For information on Move Management, please visit www.movemanagementinc.com.



FOR MORE INFORMATION, CONTACT THE LOCAL GRAEBEL SERVICE CENTER OR:

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