

## Reuters

By Lynn Adler, staff reporter

LODI, Ohio, Aug 10 (Reuters) - Truck stops are getting a makeover as companies add amenities to combat a growing shortage of a precious commodity: drivers.

On a blistering July afternoon, truckers at TA and Petro stops in Ohio played basketball, cooled off in a 60-seat theater showing Robert Downey Jr and Jude Law in "Sherlock Holmes" and had their blood pressure checked by nurse practitioners. TravelCenters of America, which runs TA and Petro rest stops, and other truck stop operators have spent millions of dollars over the last two years on jogging trails, gyms, clinics, private showers and healthier menus in a bid to enhance driver loyalty and keep the country's 3 million truckers on the road.

Trucking companies are conducting a parallel campaign. Worried they cannot afford pay hikes big enough to retain experienced drivers and entice new ones, Con-way Inc, Ryder System Inc, Swift Transportation Co and others offer perks and cushier sleeper cabs to improve the job's quality of life.

"Probably the number one thing is pay, but the showers and other amenities and restaurants are all fantastic," said Toney "ZZ" Murr of Brevard, North Carolina, who has been driving for more than 30 years.

Jobs in construction paid an average of about \$45,000 last year, and electrician salaries averaged \$53,000, compared with about \$40,000 for heavy- and tractor-trailer truck drivers, according to Bureau of Labor Statistics data. Average driver salaries, based on government data, rose 0.5 percent to 1.5 percent annually over the past three years.

Keeping enough drivers on the road is critical for the industry, which moves about two-thirds of all freight in the United States. But a shortage of drivers, already approaching 100,000 truckers, is deepening even with U.S. unemployment over 8 percent.

By the end of next year, the shortage could more than double to 250,000, according to Noel Perry, principal of research firm Transport Fundamentals in Cornwall, Pennsylvania.

"That would just put us on the edge where you would get occasional spot shortages where freight wouldn't move," Perry said.

Many older truckers, who stretched out their careers in the recession, will soon retire; and the grueling hours and isolation hold little appeal for a younger generation, who favor jobs close to home that often pay better.

"Driver pay hasn't kept up with the skills, long hours and less-than-ideal living conditions," said Todd Fowler, KeyBanc Capital Markets transport analyst in Cleveland. "The current generation is going to college to work at Google and Facebook, and going to trade school to become plumbers and electricians."

Some drivers will give up life on the road to return to higher-paying jobs in construction, or take jobs in technology or the trades. The boom in the hydraulic fracturing industry, which needs drivers to move heavy equipment to drilling sites, adds to the overall shortage.

Impending rules that weed out unsafe drivers and cut allowable driving hours will reduce productivity, forcing companies to hire more drivers to move the same amount of freight volume.

"Companies are trying to think ahead around how do they plan for this (shortage) and remain viable and not put themselves in a position where they cannot support their end customers and continue to grow," said Scott Perry, vice president of supply management with Ryder's Fleet Management Solutions division.

## **-THIN MARGINS**

Thousands of trucking companies folded during the recent recession, and most survivors are running razor-thin margins.

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The companies are eking out profits by pushing small rate hikes to shippers that offset higher costs, including gradual wage increases, fuel and new trucks. .

Over the past year, earnings for "truckload" carriers, which haul loads for a single customer from pick-up to the final drop-off, have increased 8 percent, but remain about 30 percent below the pre-recession peak, said Fowler. Trucking industry analysts say it would take double-digit pay increases to make a serious dent in the high turnover rates.

"Unless customers are willing to give us more money for carrying their freight, we can't give our drivers any more increase, because we have to make a profit in order to stay in business and recapitalize the business," said Bert Johnson, vice president of human resources at Con-way Truckload, a division of Con-way in Joplin, Missouri.

Con-way Inc shares skidded last week after the trucking company reported weaker-than-expected quarterly profits.

## **COMFORT CUTS TURNOVER**

Without significant wage hikes, perks that make long-haul truckers feel more at home and less likely to bail on their employer are essential, say drivers and industry experts.

More than 90 percent of truck drivers leave in their first year, either to go to a competitor, start another career, or are fired, according to Bob Costello, chief economist for the American Trucking Associations. If a driver makes it through the first year, the turnover rate falls by half, he said.

Weeks at a time on the road away from friends and family can make a long-haul trucking career a tough sell.

Long-haul truckers spent about 22 nights each month in their vehicles last year and drove 120,000 miles (193,121 kms) in 2011, on average, according to Readex Research.

Companies are starting to hire husband-and-wife teams and allow drivers to bring pets to ease the lonely time on the road. Women make up less than 5 percent of all drivers, according to the American Trucking Associations.

The sedentary lifestyle and fast-food culture also take a toll on truckers' health.

Mike Armstrong, a driver based in Camden, South Carolina who said he has borderline high blood pressure, stopped at the StatCare clinic in TA's Lodi rest-stop to have his pressure checked while his rig was being repaired.

"A lot of the guys are obese and they also need to get these checks done and don't realize the importance of it," he said. "My mom was a diabetic and had heart problems, so it runs in my family." He said he plans to make full use of the gyms, jogging trails and clinics.

Armstrong also likes the bigger cabs that truck companies are now buying for their fleets. "I just can't see staying out two or three weeks in those little-bitty cooped up things."

New trucks in the fleets of Con-way Truckload, Ryder and others are also sporting GPS, Sirius XM satellite radio, DVD players and satellite dishes.

Con-way Truckload for the first time is having drivers test trucks from various manufacturers and seeking feedback. It recruits in hard-hit cities like Detroit, reimburses tuition for new drivers who take training courses, and allows drivers who are farmers to resign during planting season and rejoin without losing seniority.

All of these initiatives are helping lower Con-way Truckload's turnover rate to about 60 percent from 70 percent a year ago, said Chief Operating Officer Saul Gonzalez.

Swift began a quarterly performance pay bonus in July to "retain and reward drivers" with up to 6 cents extra per mile.

Driving students are also hotly pursued. "Competition is so fierce that most of my students have between three and

eight job offers before they start class," said Kreigh Spahr, who runs the two-month program at Cuyahoga Community College in Euclid, Ohio.

### **CHICKEN FRIED STEAKS AND CLINICS**

Companies that dominate truck stop business all have invested in the past two years on extras.

Pilot spent \$135 million on upgrades to showers, restrooms, delis and restaurants after taking over Flying J in 2010, and plans to invest \$49 million more by the end of 2013.

TravelCenters, the only publicly traded truck stop operator, spent \$171 million in 2011 and \$40 million in the first quarter on upgrades.

"Don't get me wrong, we make a delicious Chicken Fried Steak and we sell as many candy bars as anybody," said TravelCenters Chief Executive Tom O'Brien. "But driver needs and demands are changing pretty rapidly in response to trends in health and awareness of wellness as well as regulatory issues."

TA does not break out revenue from new amenities, but the spending may be paying off. Total revenue rose to \$7.9 billion in 2011 from \$6 billion in 2010 and \$4.7 billion in 2009.