



**Owner-Operator's Business
Association of Canada**

**Association professionnelle des
routiers autonomes du Canada**

*...from the
director's chair*

Show 'em the Money

What does it take to keep good drivers these days? That question comes up a lot in my conversations with fleet owners. It's ironic, but fleet owners seem to be having as much trouble finding good drivers as drivers and owner-operators have finding good carriers.

For owner-ops, it's the money. Our members repeatedly tell me they're being paid only a portion of the total cost of moving freight – what missing is the surcharges: fuel, delays, extra picks and drops, and the like. What's worse, drivers talk to customers who claim they're paying various surcharges; when owner-ops hear that shippers are paying for services provided by them, and they're not seeing the money passed through from the carrier, they're likely to get perturbed.

This situation creates a lot of ill will, and can easily translate into a high turnover rate. That serves nobody well.

Believe it or not, drivers and owner-ops don't switch carriers because they're looking for a change of scenery. Usually there is some real or perceived irritant that starts them looking around – like not being paid for services rendered.

Here's the downside: a driver in a bad relationship with a carrier is an easy one to lure away. Your competitors are happy to hire your driver rather than go to the bother and expense of training a new one. At the same time, you're probably busy trying to lure away their drivers. It's an endless circle, and a silly, expensive one at that.

The solution is pretty simple. Put retention ahead of recruiting: treat drivers like

professionals, be honest when it comes to rates and accessory charges. Above all, pay them for the service they provide.

If all that sounds a bit too fluffy and feel-good, consider this: with experienced drivers in short supply, the carrier with a competent and stable workforce is in a better position to serve the customers that are willing to pay for reliable, top-notch service.

You must invest in retaining experienced, top quality drivers and owner-ops if you want to keep the better shippers – the ones who understand the need to pay. You have to be willing to walk away from the customer who threatens to give the work to the carrier with the cheapest rate. The sooner you start firing that kind of customer, the sooner you can hire the driver who is going to move the freight when the cheap carrier can't deliver. It's a real chicken and egg question: which do you do first?

We'll leave educating the shippers up to you, but one of the things most owner-ops could really use, though many wouldn't admit it, is a lesson in understanding their costs. When it comes to rates, most owner-ops will tell you that they're not getting enough, but a goodly number of them can't tell you how much they really need. Is \$1.50 a mile enough? Will \$1.25 do?

In the grand scheme, they need an adequate mileage rate for the distance the truck covers, plus revenue to cover time lost to delays, extra picks and drops, material handling, Customs clearance, and more. It's high time everyone – carriers, shippers and the drivers themselves – started putting a value on drivers' time. All the time and effort

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drivers spend generating revenue should be compensated. That requires an overhaul of the driver/carrier/shipper relationship.

Most owner-ops will respond well to a carrier that involves them in discussion of what a reasonable cost structure is, shows a willingness to help them develop a business model that provides enough income to cover operating costs, and gives them a decent wage and modest profit for their efforts.

OBAC has developed a Business Skills workshop to address this issue. It's a half-day session, and we're encouraging carriers to host these seminars to illustrate the cost of doing business as an owner-op, and define what a realistic rate is.

There's a huge opportunity here for carriers that see the value in developing healthy partnerships. Remember, in today's competitive environment, it's not the carrier with the customer that wins; it's the carrier that has the drivers.