

# Mark Westby Company

## Where did all the trucks go?

Although more pronounced during the recent streak of bad weather across the country, truck availability started falling short of demand in the Spring of 2020. As the country recovers from COVID, even a modest economic improvement spells out an increasing capacity crunch and higher freight costs.

First, it is important to remember how fragmented the trucking industry is. Ninety-nine percent of all trucking companies in the US have less than 50 trucks. Eighty-nine percent have less than five trucks. Secondly, many are companies that would be risky to work with due to safety concerns.

On March 1, there were 328,978 trucking companies with "Active Authority." Only 42,254 had a "Satisfactory" rating. 1,340 were declared "Unsatisfactory" and another 14,402 had received "Conditional" ratings. 11,121 carriers are "Pending Revocation." The remaining 259,861 carriers have no rating at all, and only time will tell how long it may take the FMCSA to catch up in issuing them. Trucking company closures have taken over 20,000 trucks off the road. In 2019, 795 carriers filed for bankruptcy. In 2020, that number tripled to 3,140. However, the bigger number is harder to know. How many small companies and owner-operators just parked their trucks and walked away?

2020 was also a historically weak year for all the truck manufacturers. For several months, the build and new order rates were down 90 percent. In April for example, only 983 trucks were built for use in the U.S. while only 1,680 new trucks were ordered. Such low numbers point to extended trade cycles and a reluctance to add any equipment going into 2021. Presently, new truck orders are healthy, but the build rates are being hampered by a shortage of critical parts including computer chips.

Driver hiring is as challenging as ever. Although fleets continue to increase driver pay and benefits, they consider it a win if they can keep turnover below 100 percent. The FMCSA's focus on substance abuse has also emptied some driver seats. 56,000 drivers were suspended last year for alcohol/drug-related violations. Of those, 45,000 were eligible for a return-to-work program that includes education and treatment. Only 13,000 applied for the program. The other 32,000 must have said, "forget truck driving." By the way, the largest number of violations were for marijuana use. Only 1,203 were for alcohol.

Finally, trucking liability underwriters are shying away from the industry as nuclear jury verdicts make it nearly impossible to charge and collect enough premium dollars from even medium-sized carriers. Insurance companies are increasingly involved in setting driver hiring standards and training while pressing the carriers to invest heavily in collision avoidance technology.

Most of us have been through this before...particularly in the past 10 years. What helps to get us through is quick thinking, excellent communication, and mutual trust.

**Be safe,  
Mark**

