GROWERTALKS

Features

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Trucking Best Practices

Jennifer Zurko & Bill Calkins

With the peak of spring comes the craziness of the shipping period, when your product is in a steady flow from the greenhouse to the shipping area to the truck to the garden center. But during the last 10 years, the perfect storm of a driver shortage, increasing freight costs and new regulations have made it difficult to have product shipped in a timely manner—especially when you have a seasonal business that needs 20 trucks for 12 weeks and only two trucks for the rest of the year.

“In my opinion, you can’t own enough trucks to just cover peak because the majority of the season you’d have trucks sitting,” said Dave Dickman. (And, as of press time, it remains to be seen how much COVID-19 impacts transportation and shipping.)

Cause & effect

Red Kennicott, who owns a distribution company and a cut flower growing business, said for the last 10 years there’s been a shortage of drivers at all levels.

“In general across the workforce, there’s a shortage of workers,” Red explained. “There are more jobs than there are people, so that’s why most segments are having a problem. And it’s a huge problem for the big trucking companies.”

Seasonality is really only one aspect that growers have had to contend with. You can hire “private” drivers, which are kind of like freelancers, but there aren’t as many left. You can lease your own trucks for a short time, but the costs can be high.

“It’s getting harder to find drivers,” said Mark Bailey, Traffic Manager for his family’s nursery business. “We’re a seasonal business and drivers like to drive. When they’re not driving, they might be in the warehouse and they might not particularly want to do that. So we’re finding it harder to keep drivers and hiring them as well.”

There are also many reasons that have caused a driver’s shortage, including changing demographics (many drivers aging out), the “stigma” of being a truck driver (driving very long distances is tiring and tedious, for instance) and the lack of inclusion of other groups of people (i.e., women), so there’s a smaller pool of workers to glean from. And some trucking companies have had their drivers unionizing, so that's an added layer of complexity to an already tenuous situation.

In an article by NPR, the American Trucking Association said that employers have had to increase pay for drivers in order to compete for workers with other industries. During the last few years, pay for truck drivers has increased 10%, bringing the average salary to $60,000 a year.

Drivers are also expecting more than just good pay—they want benefits, like healthcare, a 401(k) and paid time off, too. Some trucking companies are even offering sign-on and referral bonuses, and even free online college tuition.

Even if you have the drivers, wait times when they're delivering goods is a huge issue. Most drivers are paid by the mile, not by the hour, so long wait times to deliver product cuts into their pay. Because of this, many trucking companies have increased freight costs to their customers in order to make up the difference.

Some tips & tricks

A quick Google search for "plant truck drivers" shows openings at many greenhouse operations around the country on Indeed, Career Builder and Zip Recruiter, so we know you and your peers have been out there looking for drivers. Here are a few tips, advice and anecdotes from a few growers around the country on what they're doing to ensure their plants get out the door and to their customers in a timely (and damage-free) way as possible.

Try and keep the routes to a reasonable distance. "Keep drivers happy and make them part of the team," said Williee Armellini, one of the owners of Armellini Express, a transportation company based out of Palm City, Florida, that's been servicing the green industry since the 1970s. "The fact that the trips are limited to a long eight- to 10-hour day, that is a big plus for drivers who want to be home at night."

"We purposely run within a 400-mile radius, so the guys aren't that far away from home," said Dave Dickman, who has a young plant business in Auburn, New York. "They're not interested in being long-haul drivers; they want to be home at night."

"There are fewer people who want that lifestyle, who want to be away from home and their families for a long period of time," said Red.

Widen your pool. Jason Parks at Parks Brothers Greenhouses in Van Buren, Arkansas, started using smaller box trucks so that they could hire drivers that didn't have a commercial driver's license (CDL).

Use the "right" trucks. In 2019, Jason said they determined that when shipping mums longer distances, it was more cost-effective to use semi-trucks over small trucks at their average load-fill rates. The same applied to poinsettias, but to a lesser degree. "The cost differences were due to the types of runs we were having to make," he said.

Parks Brothers bought two smaller trucks and rent the rest that they need during peak. "This cut back on our driver costs since we used less lease drivers from a leasing company," said Jason.

Try to figure out where to cut costs without cheapening out. Parks Brothers also cut back on how many miles they ship. Jason said they do their best to stay within a predetermined distance to keep their freight costs down. "The cost per mile goes up faster the farther we go," he said.

Work with a third-party logistics company. Like Armellini Express, there are companies out there who are experts in shipping and delivery. If you have the resources, they can really be helpful. Michael Arisco of Michael's Greenhouses in Cheshire, Connecticut, said, "It takes the pressure off even if it costs a bit more."

Dickman Farms has partnered with three different logistics companies for the last seven years to handle the extra shipping needs—one supplies the truck and trailer, and the other two supply the power unit for their own trailers, including the drivers for these vehicles. “We use those folks when we’re at super peak and it works well,” explained Dave, who uses about 1,000 trailers a year.

During the winter, Bailey mainly uses their trucks for “inter-company transfers”—for instance, bareroot material between their farms in Oregon & Minnesota. Mark said that over 250 semi-trucks are sent for these types of shipments each year and they are handled by their own drivers. But, from February to October, it switches to shipping to their customers, from bareroot to finished containers, and most of these shipments are handled by a trucking broker. In 2019, Bailey used over 2,000 semis to send product to their customers.

Take advantage of shipping services if you can. Dave said he’s been using FedEx Zone Skipping for about 20% of the young plant side of his business. Dickman delivers to eight different FedEx Ground hubs, where the shipments are sorted and delivered directly to their customers around the country. This cuts down on damage to the plants during the shipping process. “Certainly, the Zone Skipping has been a big improvement from sending it overnight from an in-transit claim standpoint,” said Dave, who calls this system “GROEX” (a blend of the words” grower” and “FedEx”).

Pay attention to how other industries are affecting shipping costs in your area. Shipping out of their farm in Oregon means that Bailey is also competing for trucks and/or drivers at the same time with other industries like apple orchards and Christmas tree farms. And as demand goes up, so do freight costs. “Those two things can really bump up our prices on outbound loads from Oregon,” said Mark. “We might be paying $4,000 for a load from Oregon to Minnesota for one of our transfers, and that could double during the peak season.”

Keep logistics top of mind. “In perishables, logistics is king,” said Williee. “First, the grower must recognize that the logistics is a vital part of the business. Many growers I know have their fingers in the dirt and think about growing beautiful products, not when the last time the oil was changed in ol’ number 6.”

State of Trucking in D.C.

By Tal Coley, Director of Government Affairs, AmericanHort

What awaits the horticulture industry in the realm of transportation as we get further into 2020? In general, the previous year saw the trucking industry shed excess capacity generated in response to 2017 and 2018 demand, ultimately leading some to experience lower freight prices than the previous year. Rises in costs such as insurance, driver wages and equipment made it a difficult environment to do business for some trucking companies, resulting in almost 800 carriers going out of business. This year brings new and unexpected uncertainties; however, there are potential changes afoot in the regulatory realm, some of which could be highly beneficial.

AmericanHort’s recent efforts in this realm have focused on the agricultural commodity definition currently in use by the Federal Motor Carrier Safety Administration (FMCSA). The definition, significantly opaque as currently written, leads to interpretation issues and has provided plenty of confusion. The FMCSA admitted as much in recent actions—with the agency putting out an advanced notice for proposed rulemaking (the first step for a potential regulatory change) in July asking for input to help define what should be considered an agricultural commodity. On a positive note, public comments submitted by a multitude of industries, most notably the American Trucking Association, all advocated for a definition that explicitly includes horticulture and floriculture.

The critical importance of the agricultural commodity clarification centers around the full optimization of the agricultural exemption, an exemption currently in place associated with hours of service rules and the Electronic Logging Devices (ELD). This exemption allows for time accrued in a 150 air-mile radius from the source to not count toward daily and weekly totals. Even better, it can also apply on the end of a run as well, depending on the type of delivery location. Loading and unloading time, as well as whatever time is accrued in that radius, would be exempt. Some in the industry currently utilize the exemption while others still remain hesitant—a byproduct of the current confusion created by the FCMSA’s definition in use. The goal is to allow everyone in the industry involved in interstate commerce to utilize the exemption if they so please, as the industry is recognized as agriculture throughout the production cycle.

Most recently, a bipartisan letter spearheaded by Reps. Austin Scott (R-GA) and Kurt Schrader (D-OR), and signed by 31 other Congressional members, was sent on March 4 to the House Appropriations Transportation, and Housing, and Urban Development and Related Agencies Subcommittee asking for the agricultural commodity definition to be changed to specifically include horticulture and floriculture.

The main reasoning of the letter focuses on how numerous industries such as ours must endure another season of uncertainty with regard to utilization of the ag exemption. This isn’t their first effort on this issue, as both members introduced legislation in 2019, The Agricultural Trucking Relief Act, to fix the problem. It remains to be seen if Congress will act on this issue. Ultimately, a proposed rule on the agricultural commodity definition will be released in 2020 by the FMCSA, hopefully before summer.

Some broader reforms are underway, such as impending Hours of Service changes, which are in the final stage, currently awaiting signoff from the Office of Management & Budget (OMB). These changes—something FMCSA has focused on since the implementation of the ELD mandate on 2018—give drivers more flexibility in a variety of situations to include adverse weather conditions, the ability to split time and flexibility on mandatory breaks, among others.

Ultimately, there are potential changes coming that are beneficial. Clarity on the agricultural commodity definition will provide peace of mind to those utilizing the agricultural exemption and put the industry in a strong position in future rounds of regulation on America’s highways. **GT**