MAKING MOVES

Driver shortages persist

JENNIFER MORRIS

It is a well documented and researched fact that there has been an ongoing driver shortage in the transportation world. Currently there are approximately 20,000 truck driver positions vacant in Canada, which is nearly double the number from 2016. No one disagrees there is an issue, but where everyone diverges is the why and how to fix it. Whether looking for a driver to work direct for a shipper or to work for a larger for-hire carrier, the reasons and solutions can apply to both.

A shortage of drivers is due to the fact there are few women and young people in the role. Currently the average age of a driver in Canada is 55 years old, and only 15 per cent of drivers are under the age of 30. The largest and most diverse work-force in the market is not being engaged for these positions. It is estimated that only three per cent of truck drivers in Canada are women, regardless of women making up 48 per cent of the workforce. A study done by Abacus on millennial workers found that 16 per cent of men and seven per cent of women would strongly consider a career in trucking, while 29 per cent of men and 62 per cent of women would not even consider it. The big question is why are these people not interested in this position.

While some people think it's purely a perception issue, others suggest a systemic issue with how the transportation industry operates. Perhaps the answer is both.

Doing the same thing over and over and expecting new results is how the transportation industry has been trying to attract new and younger candidates. Clearly, this approach is not working. When recruiting for younger, more diverse talent, it is important to outline a company's intentions and purpose. Millennials specifically need to feel their career makes a difference and they crave specific feedback for growth. These things are not typically communicated by trucking companies or others that hire for truck driver positions. Ensuring that the role of truck driver has a positive brand image needs to be an industry effort.

Photo by Glenn Lowson

This brings us to the systemic issues in the transportation industry. The industry has a laundry list of issues and some of them contribute to turn-over and lack of interest in the industry as a career path. Driver pay is not regulated and therefore fluctuates heavily based on demand and drivers either need to run further from home or make less money. Also, there are policies at some shippers and receivers that negatively impact drivers -- everything from excessive fines to wait-times that border insane. Sadly, truck drivers don't get the respect they deserve. This contributes to drivers leaving the role and younger people not being interested.

Companies looking for people to fill these roles are competing with more attractive and better branded industries. Unless there are major changes to policy and how truck driving is sold to the next generation, shortages will continue to increase along with price and service failures.

How will your company adapt?

FOCUS: BUSINESS MANAGEMENT

Protecting the farm against volatile global markets

KAREN DAVIDSON

Focus on farming. And protect the business from global volatility.

That's the counsel of Karl Schamotta, chief market strategist for Cambridge Global Payments. He operates out of a downtown Toronto tower, but talk to him for five minutes and it's clear -- he still has boots on the ground. Fifteen years ago, his career started in Calgary working in foreign exchange and he still works with growers and agricultural producers across Canada.

Cambridge Global Payments is a specialist in foreign exchange, working with Canadian companies – some of them in the horticultural sector -- that do business across borders. Even if you're not an exporter, his perspective is valuable - many farm inputs come from outside Canadian borders and are ultimately priced in foreign currencies.

"If you look at the flow of agricultural commodities around the world, the map is being redrawn," says Schamotta. "Production and distribution technologies are evolving quickly, and the 'trade war' between the United States and China has spilled over to affect food supply chains. Rapidly-shift-ing tariff rules - imposed by both sides - are forcing buyers to look closer to home for some products - and much farther afield for others."

On the bright side, consumers in emerging markets are rapidly moving up the caloric consumption tables and demanding better quality all the time. But many traditionally safe and stable markets no longer exist. Soybeans for example, are now trapped within North American borders, and Brazil is stepping up to fill China's demand.

These sourcing changes are resulting in extreme swings in commodity prices. And they have reverberating effects on Canada.

"The vulnerability of the ag sector overall has deepened and horticultural producers are right there on the front lines," says Schamotta.

To make things more complicated, changes are afoot in the currency markets. "After almost two years of relative calm, exchange rates are beginning to move again. With the global economy slowing and business sentiment deteriorating, central banks are reversing direction and are beginning to cut interest rates."

The U.S. Federal Reserve will probably move first, but Schamotta notes that the Bank of Canada is likely to follow soon after. "If the gap between U.S. and Canadian rate expectations narrows, volatility will rise and the Canadian dollar could weaken further."

If you're a wild blueberry grower in Nova Scotia or a greenhouse vegetable grower in Ontario or a cherry grower in British Columbia, the question is how to act on this information. Here are three strategies:

1) Think ahead. Use tools such as forward contracts and currency options to lock in the value of your sales over time. This reduces exposure to exchange rate movements and brings predictability to your farm operations.

2) Harness volatility. Use market orders (bids) to target attractive levels in the currency markets. You may be buying equipment on 60-day payment terms, or selling to a U.S. buyer 90 days in advance. This gives you time to place an order that automatically triggers when your desired level is reached.

3) Keep it simple. Don't try to outperform the market every time you trade - instead, primarily look for ways to remove risk and protect your margins. Volatility is like rainfall - the right amount can help you grow, but too much can be devastating.

Building a stable financial foundation is the key to capitalizing on all the changes occurring in an increasingly turbulent global economy. An optimist, Schamotta predicts a bright future for Canadian growers who are positioned to cultivate new opportunities.