

\$150



2013

Texas Trucking Industry Study

Mapping the Texas Trucking Industry



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**Letter from TXTA President
John D. Esparza**

Dear Trucking Industry Professional:

As you know, TXTA is the unified voice of the Texas trucking industry. As an association, we are dedicated to enhancing the effectiveness our members by advocating sound public policies, providing excellence in education, training and information, and promoting a safe, dependable and cost-effective motor transportation system to serve the people of Texas.

In our diligence to support and better serve our members, and companies across the state, TXTA has partnered with the Texas Trucking Alliance, a group of private companies, and conducted a comprehensive industry survey of more than 20,000 Texas-based trucking companies.

This benchmark study investigated what issues are important to Texas owners and top executives and the techniques they employ to remain successful in our industry. The research topics included human resources and recruitment tactics, safety and other risk management information, as well as financial information and fleet planning strategies. Using this data, we identified best practices and specified tactics of highly successful subgroups that will enable all companies to enhance business operations. I am confident that this state-specific insight and data, only available through TXTA, will be an asset to your company.

In closing, I want to thank The Bassett Firm, Business Financial Group, Regions Insurance, SelecTransportation Resources, TravisWolff and the TXTA Foundation. Without the assistance and support of these companies, this trucking research specific to Texas would not have been made possible.

Regards,

A handwritten signature in black ink, appearing to read "J. D. Esparza".

John D. Esparza
President and CEO

Acknowledgments

This research study is the third annual Texas Trucking Industry Study underwritten by the Texas Trucking Alliance. The Alliance is a collaboration between the Texas Motor Transportation Association, the TMTA Foundation, and four companies that have made a commitment to strengthening the Texas trucking industry. The topics of study were shaped by input from TMTA Board of Directors, online surveys, 1-on-1 interviews, and reader comments. We appreciate their advice and counsel in this process. In addition to TMTA, the members of the Texas Trucking Alliance are:



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The **TMTA Foundation** is a nonprofit organization established in 1978. Governed by a 15-member board of trustees, the mission of this all volunteer organization is to work with TMTA member companies to fund educational and community service programs that increase the understanding of and image of the Texas trucking industry, with the ultimate goal of positioning trucking as the most vital and necessary industry in Texas.



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Highly Successful Subgroup

For 2013, the Texas Trucking Alliance opted to expand this report of statewide trucking activities to include new analysis of what is being referred to as the Highly Successful Subgroup (HSS) of Texas trucking companies. To qualify as an HSS, a company had to report revenue growth in 2012, a net profit margin of at least 10% in 2012, and a minimum of 11 drivers. Although this definition does exclude some small companies, as well as the large companies that reported smaller net profit margins, this definition seemed to isolate companies that were solidly profitable and that follow distinct practices - practices will present a picture of what could be the “prototype” Texas trucking company.

For 2012, 21 companies met all three HSS criteria. The Highly Successful

Subgroup makes up 15% of all large trucking companies.

In the 2013 Texas Trucking Industry Study, the HSS showed the following differences in comparison to all other companies that answered the revenue, net profit margin and size questions in the study (All Others). The HSS also often differs from many other large companies in the study.

HSS Profile: Who are in the HSS?

- ❖ Generally, HSS companies appear somewhat more likely to be members of TMTA and they are significantly more likely to be members of the ATA or the National Truckers Association than all other companies.

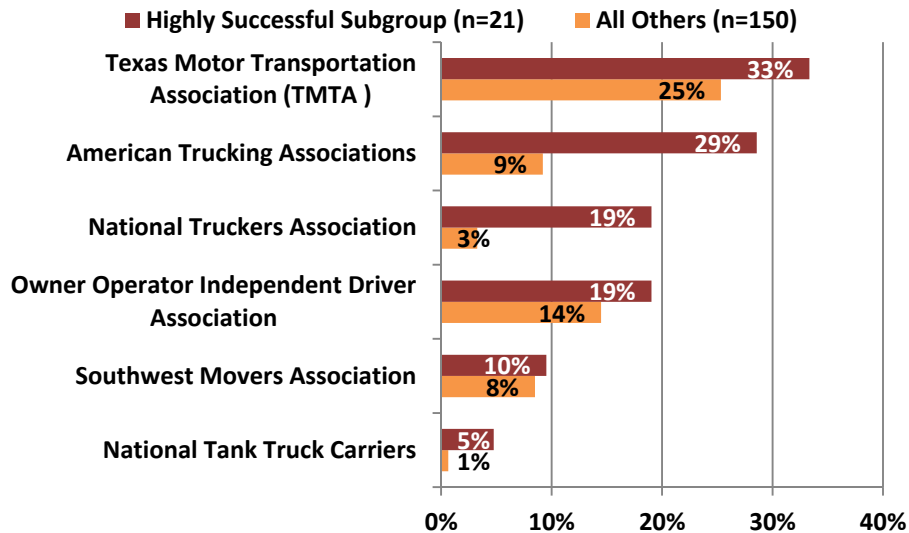


Figure 33. Trucking Association Membership

- ❖ Most HSS companies are not necessarily huge based on this study: 43% had between 11 and 50 drivers (vs. 25% for All Others).
- ❖ Half earned between \$2 million and \$10 million in revenues in 2012 (vs. 23% for All Others).
- ❖ Forty-three percent of HSS saw a revenue increase of between 10% and 19% in 2012 (vs. 30% for All Others).
- ❖ Similarly, 71% of HSS said net profits increased from 2011 to 2012 (vs. 38% for All Others).
- ❖ Almost half the HSS said net profits

- were more than 20% in 2012 (vs. 24% for All Others).
- ❖ The average net profit margin was 24% for the HSS (vs. 16%).
- ❖ More HSS companies than All Others expect to maintain or grow profits in 2013: 67% say they expect net profits to increase in 2013 (vs. 47%).
- ❖ Just 14% of the HSS are owner-operator companies, which is less than half the rate for all other companies.
- ❖ They are twice as likely to use contract drivers as all other companies.

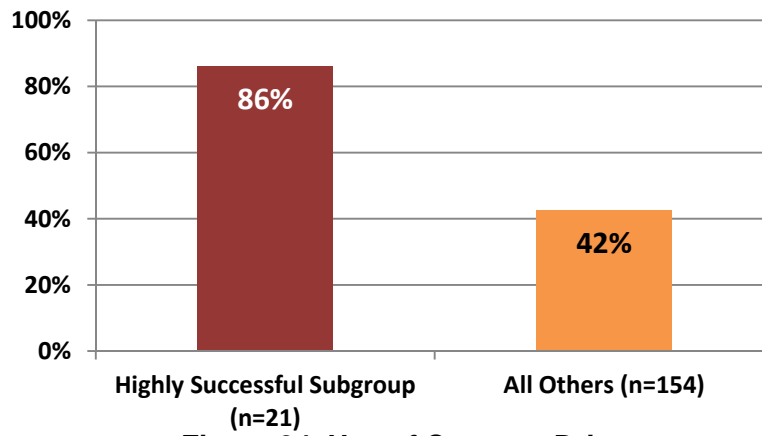


Figure 34. Use of Contract Drivers

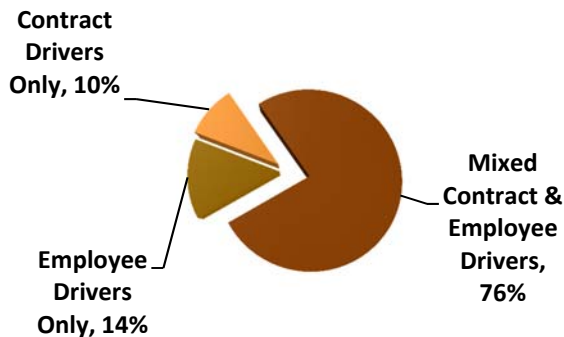


Figure 35. Driver Employment Type - HSS (n=21)

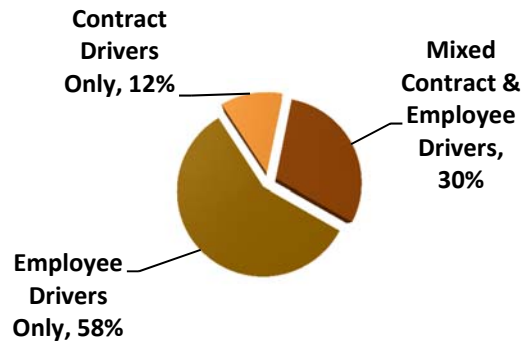


Figure 36. Driver Employment Type - All Others (n=154)