

# MARKING MILESTONES

Jerry Moyes looks back on the last quarter century



Jerry Moyes at Swift Transportation's corporate headquarters in Phoenix.

BY ERIC FRANCIS  
*Contributing Writer*

Jerry Moyes' trucking experience started early.

"My father was in the trucking business in Ogden, Utah, and as a young man, probably eight years old in 1952, I remember coming out and honking the horn of an England truck in our driveway," said Moyes.

As to whether he had permission to go out and blow the horn, well, Moyes smiles and says he doesn't recall. But there's no question that trucking was already in his blood at that early age, and his youthful fascination turned into a lifetime vocation—and that vocation into a long association with the Arizona Trucking Association, including serving as president during its 50<sup>th</sup> anniversary in 1987.

Today, Moyes has a clear view of just how far everyone has come—the industry, the association and his own **Swift Transportation**—as the ATA celebrates its 75<sup>th</sup> year.

"In 1987, we were just coming out of the deregulation days and were still getting accustomed to running without regulation—we were still a Western carrier," said Moyes during an interview in his office at Swift's Phoenix headquarters. "The equipment still had a lot of room for improvement, but by that time we'd moved from being a flatbed carrier into a van carrier, and we had a very small reefer division."

"What I remember," said Dave Berry, who is a vice president of Swift, "is everyone thought 1,000 trucks [in the truckload industry] was the sound barrier. Most people thought you couldn't manage a company bigger than 1,000 trucks."

But also during the mid-80s, technology started catching up with the

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◆ Moyes presides at the 1986 AMTA Convention.

needs of the industry. Swift started using Qualcomm for communications instead of waiting for drivers to find a pay phone; they switched from cab-over tractors to conventionals and from dispatch cards to a computerized system. Few things, though, had as much impact as the day a guy walked in the door with a new engine to sell Swift.

"In 1986, Roger Penske had just purchased Detroit Diesel from General Motors. Their market share had fallen to 5 percent. They had an engine called the Series 60 on the shelf, but they couldn't sell it because of their poor reputation," said Moyes. "Roger walked into our office one day with Jim Hebe—he was a salesman for Freightliner—and Roger says, 'I'll guarantee you these engines will run 500,000 miles and you'll get one mile to the gallon better fuel economy.' We were getting five and thought we were doing great at five.

"Roger went rolling out the door and I said to Bill Riley, my CFO at the time, 'Did we just buy some new engines?'"

They had, and what great engines they turned out to be!

"If it was not for Roger Penske's jamming it down our throat, his charisma, that engine would still be sitting on the shelf," Moyes said. "It delivered, plus. It changed the whole industry."

The political and regulatory environment in the state was changing, too, during the 80s. Arizona had actually deregulated trucking just ahead of the federal government, and some of the

changes proposed by then-Gov. Bruce Babbitt didn't sit well with the established industry leaders.

"Bruce Babbitt's idea was to replace the gross receipts tax, essentially a sales tax on all our revenue, with a weight-distance tax," recalled Berry. "His thinking was that we have all these trucks crossing the state, so we could export the tax to all the trucks travelling across the state. With that mileage tax, Arizona would win big-time and pay for a ton of roads by taxing all these out-of-state truckers. That was the theory."

What a disaster, deregulation coupled with the weight distance tax almost crushed the Arizona trucking industry. The reality was in the wake of weight-distance taxes being implemented in several states, other states took umbrage. Oklahoma, for instance, passed new taxes to charge trucks with Arizona plates the same rates Oklahoma trucks encountered in Arizona.

"That really started scrambling things up, these retaliatory taxes," said Berry.

Berry, who served as president of the ATA in 1982, says that deregulation also posed problems for the ATA itself. A number of members left because they didn't get what they wanted out of the new laws, and the association found itself facing some financial hard times.

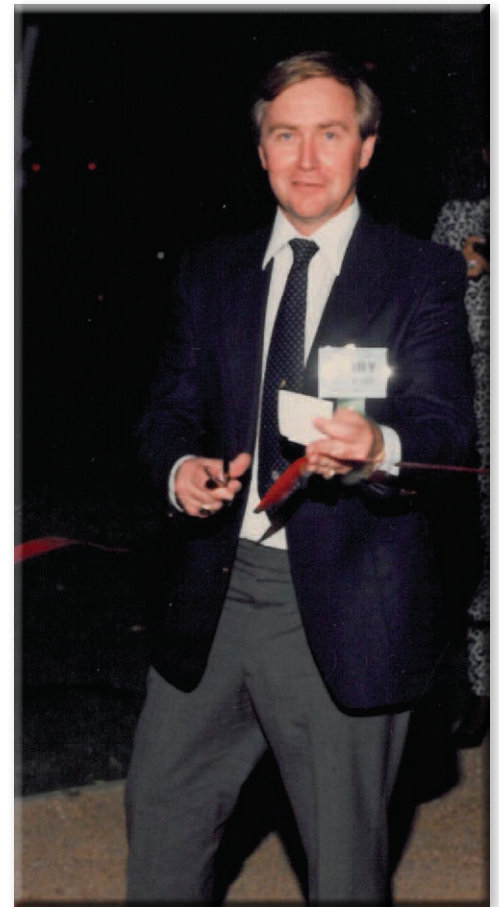
"To make it through the night, we had to sell the property behind our building [on McDowell Road]," he said. "That kept us going."

The growing pains after deregulation were often harsh, but there were some improvements during that time, too. And one of the most important was the expansion of the interstate highway system.

"Do you remember how excited we got every time the freeway [I-10] got closer to Phoenix, and we didn't have to go through Wickenburg to get to L.A.?" asked Berry.

"Despite what you hear about our roads and how bad they are," said Moyes, "these freeway systems made a huge difference for us. Unbelievable. Eisenhower did a great job when he came back, but it took him 50 years to do it."

Better and longer lasting tires and engines, better fuel economy, and cleaner emissions are all areas where the industry has made huge progress since 1987, noted Moyes. But there are also plenty of new issues coming down the pipe that the



◆ Moyes cuts the ribbon for the inaugural 1987 Truck Show.

industry will have to face, he said.

"I think the last year or two, and going forward, the regulatory industry has changed dramatically," said Moyes. "From our hours of service to the CSA to what is going to be next."

"We're just going to come under additional government regulations – look at the EPA and safety. Also, look at how clean these trucks are today compared to 1994," he said. "I jokingly say that California hires us to put a bunch of trucks over there and just idle them, because the air coming into the engine is much dirtier than what comes out."

As new issues come up in the industry, Moyes said, various carriers take the lead so that other companies can benefit from their findings. For instance, Schneider did a lot of research into sleep apnea, and J.B. Hunt into drug screening using hair. For its part, Swift is testing out engines that run on natural gas, which promise even cleaner emissions but haven't overcome their main drawbacks yet, cost and power. Swift is testing both straight natural gas motors and those that use a blend of natural gas and diesel. The

IFX 15-liter engine, which uses the blend, seems to have promise for the long term, he said, as does Cummins' planned 12-liter engine.

"This engine is not going to be on the market until the end of 2013, so natural gas is going to be a five-year project, at least," he said. "But the biggest problem we have to date is the cost of the equipment. It's chicken-and-egg until we start buying in volume, and they can't get their cost down until they have mass production."

Once that critical mass is reached, though, Moyes predicts it could cut fuel costs in half, even considering there's a 20 percent drop in efficiency.

"The predicate is natural gas has to remain cheap," said Berry.


Looking forward to the next 25 years, Moyes sees an industry that has broadened in ways unimaginable when he started out with one truck in 1966. But at the same time, it has also contracted in terms of the number of trucking companies and independent truckers out there.

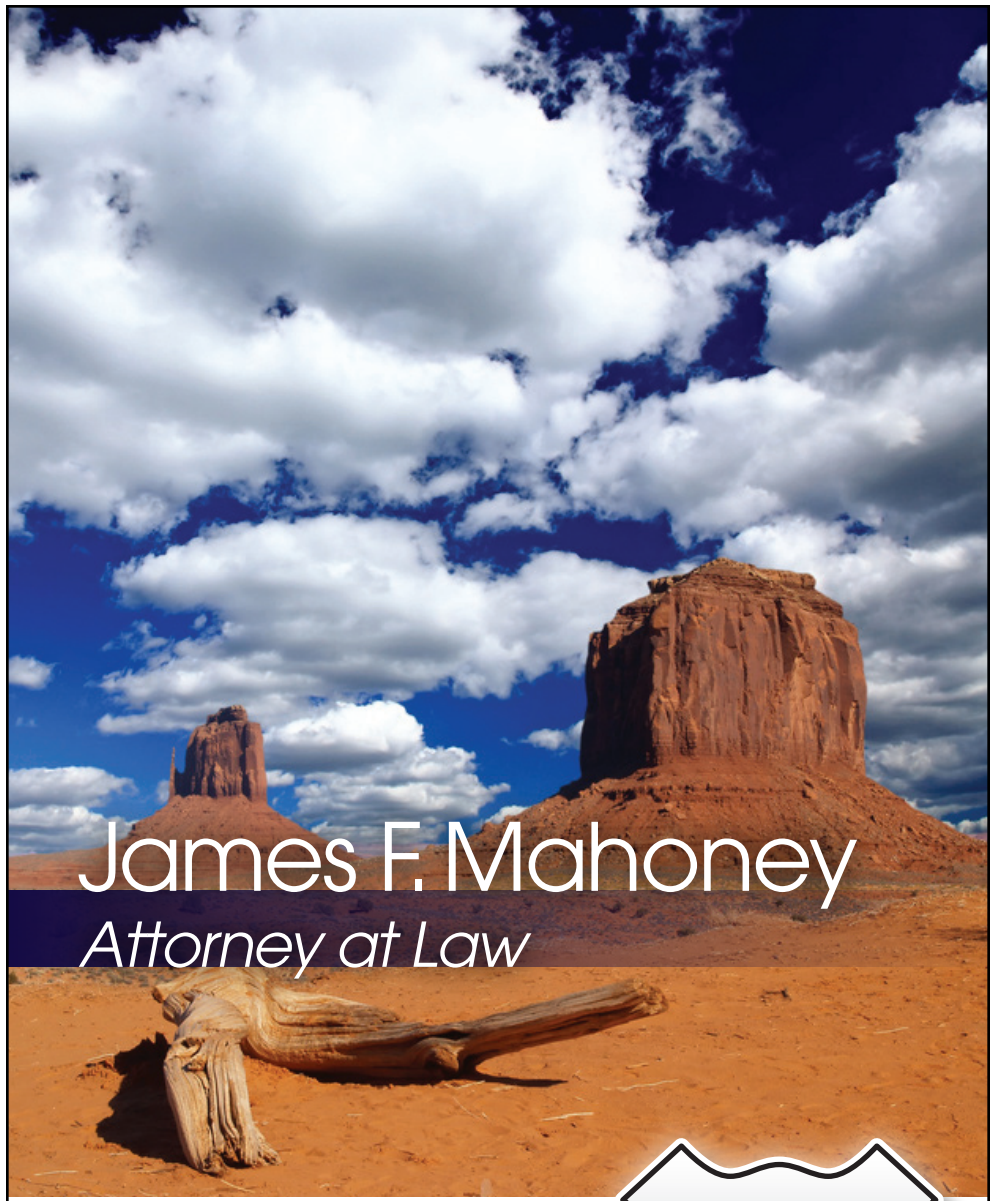
"If you go back, of your top major truckload carriers, Knight was the last one started in 1990," said Moyes. "This has been an extremely difficult business to get into. From '80 to '90, it was a free-for-all, and the last 20 years have really been 'the strong survive.' You went through an era of a tremendous amount of consolidation in the early 2000s, but it kind of died off with the recession. I think you're going to go through another huge period of consolidations—the big companies just have more advantages over the smaller companies."

And that doesn't bode well for the young up-and-comer who's out in the driveway today, blowing the horn on his dad's truck.

"I think it's impossible to enter this industry today," Moyes said of the environment that has developed in the post-regulation era.

"But we have 4,000 owner-operators that all have the potential to be the next Jerry," Berry quickly adds. "It's going to take courage and smarts, intelligence and street smarts. But it was hard then. It won't be easy now, but there will be another Jerry out there, no doubt."

Berry pauses, then qualifies his prediction: "Well, not another Jerry. Another almost Jerry." 



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