



SMEGROWTH
SERVICES

2023

**3 KEYS
TO OVERCOME
CHALLENGES IN THE
TRANSPORT &
LOGISTICS INDUSTRY**

Do you want to see a revenue and profit shift in 2023?

Operating a profitable and growing Transport and Logistics business has never been harder. The Transport and Logistics Industry in Australia has faced multiple unique challenges over the last 3 and a half years. Starting with Covid-19, border restrictions, flooding, and more recently rising inflation and greater recruitment challenges.

Businesses in your industry were already operating in an extremely competitive environment, and constricted by tight margins. You have faced obstacles, such as rising fuel prices, higher operating costs, driver and labour shortages, as well as increased regulations and customer and consumer expectations.

The conditions have been far from ideal.

For over 30 years I have been transforming, re-energising and turning around businesses, operating in various situations and industries. I have helped businesses, large and small, emerge as profitable, growing and wealthy companies.



Don Robertson

Managing Director
SME Growth Services

As a team, we have strong expertise and proven success in this industry. We know what goes into building a sustainable and thriving Transport and Logistics business. So I'm sharing 3 important steps to help ensure that your business is primed for success.

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STEP 1:

Overcome the Industry Challenges

Some of the challenges currently faced by the Transport and Logistics industry are directly related to the impact of COVID-19 and likely to be temporary. However, there are indications of deeper structural shifts emerging with a longer-lasting impact on the industry. The Australian economy continues to struggle. We identified some of the top 5 challenges facing the industry players in 2023.

- 1. Increasing costs and a limited ability to increase rates
- 2. Navigating recruitment & driver shortages
- 3. Volume fluctuations and complex networks
- 4. Large investment required with low margins
- 5. Customer and consumer expectations

Industry Market Size Jan 2022

\$102 B

Projected Annual Growth

3.3%

Industry Employees

500,000



**MARKETS CHANGE AND MOVE.
KNOW YOUR MARKETPLACE.**

– Mark Bouris

2022/2023 INDUSTRY CHALLENGES AND SOLUTIONS

1. Increasing Costs and Limited Ability to Increase Rates

Segment revenue streams by profitability and focus on the bottom 20%. Deep dive and assess if your Transport and Logistics business is facing issues related to low margins, higher costs, inconsistent utilisation, or a mix of all three.

Avoid classifying your revenue streams and individual customers in a lump sum. Build a specific revenue, cost and operating plan for each. Adapt your margins, when possible, to changes in your fleet utilisation. Lower margins on unutilised capacity result often in a higher overall margin.

Be cost transparent with your customers on unprofitable jobs and work on re-negotiating. Consider exiting unprofitable contracts. "Shrink to grow" can be the right strategy in some occasions.

2. Navigating Recruitment & Driver Shortage

Your staff is your greatest asset. You need an "A" grade team to succeed. Implement a "Beyond the Wage" program to attract, develop and retain employees, including drivers. We recommend implementing a simple performance based incentive structure along with a professional development plan.

In addition to offering competitive rates, identify what other realistic benefits to offer your drivers, subcontractors and agents. Build a specific 12 month plan to proactively train and recruit drivers as well as to develop partnership with subcontractors and agents. Focus on internal networks and offer referral rewards.

Foster leadership and ensure high employee engagement across all levels. Build a culture focusing on excellence, safety, risk & compliance.

3. Volume Fluctuations and Complex Networks

Implement reliable and purpose built forecasting and planning processes, tools and reports to forecast and plan your Transport and Logistics operations.

Structure and plan your resources so you are able to quickly adapt to sudden demand changes with minimal impact on ongoing operations and deterioration of margins.

Strategically partner with external agents, subcontractors and other providers to absorb sudden volume changes. Ensure rigid prequalification based on viability, reliability and trust.

4. Large Investment Required with Low Margins

Monitor and manage your fleet based on clear performance KPIs. Include a 1-3 year purchasing and divestment plan to ensure fleet reliability and efficiency.

Develop an annual repair and maintenance plan with a proactive approach to avoid unplanned down times.

Choose the right asset financing and debt structure. This reduces financing costs and maximises cashflow.

5. Customer and Consumer Expectations

Technology: Real-time tracking, live updates and accurate data, are among the basic expectations in the industry. Market players can choose among multiple affordable systems to be up to date in this area. We advise our clients in the Transport and Logistics industry to build a rolling 1-3 year investment plan for IT and technology infrastructure.

Customer Service: Investing in this area can put your business ahead of your competitors. Solid account management systems, human resources along with customer feedback procedures and service analysis, are essential to excel.

Environmental, Social, and Governance (ESG): Businesses will continue to face pressure from customers, consumers and investors to take actions on ESG. Customers are increasingly applying these non-financial factors to tenders. Companies in this sector are operating in a context of rising energy costs, changing energy regulation, and the need to improve worker and passenger safety.

We recommend implementing a simple ESG action plan with focus on actively reducing empty kilometres, measuring and reducing emissions and adopting a waste management strategy. A serious approach to ESG will place your business ahead of your competitors.



**GROWTH IS NEVER BY MERE
CHANCE;
IT IS THE RESULT OF FORCES
WORKING TOGETHER**

— James Cash Penney

STEP 2:

Build on the 5 Pillars of a Healthy Business

Pillar 1 – Right Numbers

Accurate & timely bookkeeping with full accrual Accounting on a monthly basis (better still weekly) and correct sales and cost allocations for each month, with no cross over between months.

3 way budget – profit & loss, balance sheet, and cash flow.

Monthly Advisory Board Meetings.

Pillar 2 – Right People

Simple Organisation Structure with clear lines of authority and accountability.

Grading of all employees as “A”, “B” or “C” for their current roles.

Detailed job descriptions, KPI's and incentives.

Pillar 3 – Right Processes

Strong systems with fully integrated end to end processes.

Cutting edge technology.

Pillar 4 – Right Business Model

A big vision, clearly communicated and documented.

Simple, effective, adaptive and growth oriented business model.

Customised strategy for each business unit.

Pillar 5 – Strong Growth

20% annual organic growth.

Strong effective marketing strategy.

“A” grade sales team.

STEP 3:

Strengthen Your Weakest Links

**Every business is built on 3 linked foundations:
Sales and Marketing,
Operations, and Finance**

Identify which are the weakest links in your Transport and Logistics business. Deep dive when needed.

Prioritise what is urgent and focus your efforts there.

Build on your business strengths and seek assistance for weaknesses.



THE SALES AND MARKETING LINK

Each Social media platform has unique strengths when it comes to building your online presence

LinkedIn: For a Transport and Logistics company, this is an effective way to connect B2B. It is a way to connect with your current and potential business partners and current and prospective team members.

Facebook: Facebook is a popular and easy to use platform. It can be a powerful resource for connecting with potential customers and employees.

Instagram: Instagram is a highly visual platform and is a great place to display photography of your trucks, people and business culture.

YouTube: YouTube is designed to host videos. If you have videos about your trucks or logistics operations, this is the perfect platform to feature them.



THE OPERATIONS LINK - FOCUS ON DAILY EXCELLENCE



THE FINANCIAL LINK



Have accurate, timely, accrual-based Accounting Reports reviewed by the leadership team on a periodic basis, ideally weekly.

Transport and Logistics companies are high activity businesses. Frequent and accurate P&L reporting and review will allow issues to be identified and acted upon as early as possible.

Calculate the margins per customer, per job, per lane.

Given the highly competitive nature of this industry, margins can be razor thin and need to be analysed at a granular level. This ensures there are no holes in the business that are reducing profits or worse, causing losses.

Ensure that Operations and Accounts teams are working together and communicating regularly. This will guard against revenue leaks and runaway costs.



**“WORK HARD,
TAKE ACCOUNTABILITY
FOR EVERYTHING YOU DO
AND SURROUND YOURSELF WITH
GREAT PEOPLE. ”**

– Janine Allis

CASE STUDY

National Freight Transport and Logistics Provider

(Major Transport Depots and Warehouses in all capital cities, 150 staff + subcontractors)

80% GP
Improvement

300%
Higher NP

Strong Cashflow
Generation

Increased Team
Engagement &
Collaboration

600% ROI from
our fees

GROWTH

- Targeted and customised growth strategies by branches and separately for Warehouse & Transport business units
- Simplified business model focusing on growing Gross Profit and minimising unprofitable customers
- Standardised Sales Department, Sales Management, formal sales processes and CRM implementation. Implemented rebranding of the business, new website, use of videos and LinkedIn

FINANCIAL

- Established accurate financial accounting and reporting right numbers
- Separated Transport and Warehousing into 2 business units each with its own profit and loss reporting, for focused strategy and management
- Established weekly P&L with full accrual accounting by business unit and by branch
- Established standard pricing and costing processes

OPERATIONS

- Introduced productivity KPIs across the business, utilisation, load factor, and performance incentives
- Commenced fleet renewal program
- Overcame major lost pallet problem with enhanced processes and strict disciplined daily control
- Lifted DIFOT to industry leading service level
- Filled gaps in services across the country
- Ongoing inhouse software development

LEADERSHIP

- Strengthened the leadership team and fostered a spirit of collaboration
- Instituted weekly management meetings with all department heads with full financial transparency and training
- Developed strong accountability through all levels
- Implemented monthly Advisory Board meetings, quarterly strategy reviews and update sessions

ABOUT US

When you want to grow and improve your business, our 40 plus team of experts can help with the heavy lifting.

We are a national leading Business Consulting and Professional Services company. We provide a full range of professional services, such as Management Accounting, Operations Management, Bookkeeping, Administration, Software Development, Marketing and Sales.

We proudly execute up to 300 transformational Initiatives annually for our clients with the following outcomes:

Up to triple revenue growth within 12 months of engagement.

Quadruple Net Profit margin improvement within 24 months.

Reduction of direct and indirect costs up to 20%, within 12 months due to cost restructuring, solid cost management and higher productivity.

A current Transport client has a 600% ROI from our fees.



We partner with Small to Medium businesses, to provide practical and value adding expertise. This enables businesses to navigate difficult and competitive business environments, and thrive.

WHAT'S NEXT?

TALK TO US





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