



WHAT'S YOUR ROADMAP TO SUCCESS?

WHY YOUR BUSINESS NEEDS A
DESTINATION PLAN

NAVIGATING SUCCESS

The term 'plan' can frequently evoke eye-rolls, particularly in the fast-paced transport and logistics industry, where business owners are deeply engaged in daily operations and feel equipped to tackle challenges like Brexit and Covid. However, for business owners who aspire for more - those who are ambitious, focused on maximising potential and growth, and aim to make a significant impact in the industry - a 'plan' serves as the essential foundation.

Whether you are considering a potential exit or simply looking to enhance the value and performance of your business, having a destination plan is crucial. A carefully crafted and well-executed plan not only maximises the value of your business at your preferred destination but also ensures it performs better, has reduced risk, and remains "sale-ready." This means maintaining robust systems, comprehensive documentation, and consistent practices that ensure the business can operate efficiently and is attractive to potential buyers or investors.

Whether your goal is growth, expansion, or preparing for a sale, the journey demands diligent planning and precise execution. Let's embark on this journey together, with a clear destination in mind and a comprehensive way to reach it.



Mark Perrin, Partner

mperrin@menzies.co.uk
+44 (0)3309 129605



Scott Bright, Senior Manager

sbright@menzies.co.uk
+44 (0)3309 129670



SECTION ONE: WHERE ARE YOU NOW?

If you're starting to think about where you want to head as a business, it's important to start with evaluating your current position with a detailed business review.

This involves dissecting the business' operational, financial, and strategic components to identify both your value drivers and risk factors. Key areas to explore include operational efficiency, customer base, market positioning, staff resourcing, financial health, compliance with industry standards, and management team. This review can help to pinpoint areas where improvements can drive significant value and reduce risk.

The key here will be bringing in outside voices and advisors – those who don't spend the day-to-day in your business. An independent opinion can provide an honest and unbiased perspective when you need it the most.

WHAT ARE YOUR VALUE DRIVERS?

Value drivers are the elements of your business that boost its valuation and overall performance. In the transport and logistics sector, these can vary widely but a company might find that its key value drivers include a robust logistics network, advanced technologies, specialist services, excellent customer service reputation, a good spread of customers, and a strong management team.

Identifying what these drivers are can allow you to focus on enhancing these areas, but highlighting areas that need improvement, such as upgrading old systems or diversifying your customer base, can also help to manage risks.

Looking hard at where you currently stand can lay the groundwork for a well-defined destination plan. This assessment phase is not just about understanding where the business is today but also about setting the stage for where it can go in the future.

CASE STUDY

We undertook a detailed business review of a service provider in the transport and logistics sector. This helped identify some good systems and best practice areas, which were already in place. However, they were not consistently applied. Through interaction with members of staff and the Management Team, we agreed a range of inefficiencies which was costing the company time and money. The noncompliance with their own best practice was also heightening risk for the company. They implemented a range of changes resulting in improved performance and reduced business risk.

The approach we undertook was very collaborative, working with many members of staff and the management team. This created enhanced energy amongst the work force as they saw positive outcomes from recommendations they were making. It culminated in us presenting the impact of the overall project to all of the staff, which created further motivation, as they were key to the project.

WHAT TOOLS AND TECHNIQUES CAN YOU USE TO ASSESS YOUR BUSINESS?

SWOT ANALYSIS

SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is a fundamental tool that provides a snapshot of the business's internal and external environment.

By identifying your business' strengths and weaknesses, you can leverage and build on your core competencies while addressing any internal challenges. For your transport and logistics business, a strength might be your strong distribution network, while a weakness could be outdated technology.

Recognising opportunities and threats helps in anticipating market trends and preparing for potential challenges. For example, an opportunity could be expansion into emerging markets, while a threat could be rising fuel costs.

PESTEL ANALYSIS

PESTEL (Political, Economic, Social, Technological, Environmental, Legal) analysis expands on an external examination of the business environment.

This can be particularly valuable in the transport and logistics sector, where changes in regulations, technological advancements, and environmental concerns can significantly impact operations. For instance, new environmental regulations might require fleet upgrades, while technological advancements could present opportunities for operational efficiencies.

SECTION TWO: SETTING YOUR DESTINATION AND MAPPING YOUR ROUTE

1 SETTING YOUR VISION

The first step in creating a vision is to imagine where you want your business to be in the future. This involves more than just financial success; it encompasses all aspects of the business, including market position, operational capabilities, technology, customer satisfaction, management and people skills and structure, and corporate culture.

For your company, this might mean becoming the preferred logistics provider in your region, achieving top-tier efficiency in delivery times, or leading in technological innovation within the sector. Visualising this future state will help you to set a clear and compelling direction for the business. It will act as your north star, guiding your strategic decisions and actions. This vision should be ambitious yet achievable, enough to inspire your team while providing a realistic framework within which to operate.

2 SETTING TARGETS

Once your vision is established, it's crucial to break it down into specific, measurable targets - both financial and non-financial.

Financial targets might include revenue growth, profit margins, or cost reduction goals. Non-financial targets could involve customer satisfaction metrics, market share, employee engagement, or sustainability achievements. For instance, you might set a target to reduce carbon emissions by 20% over the next five years, aligning with broader industry trends towards sustainability. These targets will serve as concrete goals that you can aim for, helping to translate your broad vision into actionable objectives.

3 PLAN YOUR ROUTE

With your vision and targets in place, your next step is to outline the strategic plan - essentially the roadmap to your destination.

This plan should detail specific, actionable steps needed to achieve the vision and meet the targets you have set. This might involve investing in new technologies, expanding into new markets, improving supply chain efficiencies, or developing new service offerings.

Each step in the strategic plan should be well-defined, with clear milestones and deadlines. This detailed planning helps ensure that every action taken is purposeful and aligned with the overall strategy.

4 ESTABLISH YOUR CHECKPOINTS

Just as a road trip requires regular stops to check the route or fuel up, a business journey needs success targets or checkpoints to gauge progress. These are interim goals that help measure whether your business is on track to reach its ultimate destination. For example, if one of the goals is to enter a new market, a success target might be securing the first five major contracts in that region.

Success targets should be specific, measurable, achievable, relevant, and time-bound (SMART). They provide a way to monitor progress, celebrate successes, and adjust the course if necessary.

STRESS TESTING YOUR PLAN

An essential component of strategic planning is financial stress testing, using forecasting tools to simulate various financial scenarios and assess the potential impacts on the business. By modelling different revenue, cost, and cash flow scenarios, you can test the robustness of your chosen strategy against economic downturns, market fluctuations, or unexpected operational challenges.

SECTION THREE: IMPLEMENTING AND TRACKING YOUR PLAN

You've got your plan devised and stress-tested; now it needs to be implemented. Any good execution will ensure that the business not only sets off in the right direction, but also maintains its course towards its destination. This requires focus and accountability. The Senior Managers in the business will have to lead the execution of the destination plan and their time freed up to enable them to achieve this. An independent review of the management team structure can be valuable at this stage.

Allocating key tasks and responsibilities to the senior team, with regular tracking of progress, will help success rates.

DEVELOPING PRIORITISED ACTION TRACKERS

The regular tracking can be achieved through developing prioritised action trackers to keep the team focused and accountable on the most critical tasks. These trackers can act as evolving to-do lists, outlining the sequence of actions that need to be taken along with their respective timelines.

By prioritising these actions, you can allocate resources more efficiently and ensure that the most impactful tasks are addressed first.

MAKING PRACTICES CONSISTENT

A cornerstone of destination planning and ensuring your business is 'sale-ready' at any time is embedding quality systems and consistent practices that ensure efficiency, reliability, and compliance. This might include standardised procedures for inventory management, safety protocols, and customer service, for example.

By having robust systems in place, you can reduce variability, minimise errors, and improve overall performance. Quality systems also facilitate scalability, enabling your business to grow and adapt more easily to changing market conditions.

ENSURING ACCOUNTABILITY

A key component of successful implementation is clear assignment of responsibilities. Every task in the action tracker should have a designated owner, someone who is accountable for its execution and completion. This accountability ensures that tasks are not overlooked and that there is a clear point of contact for each action.

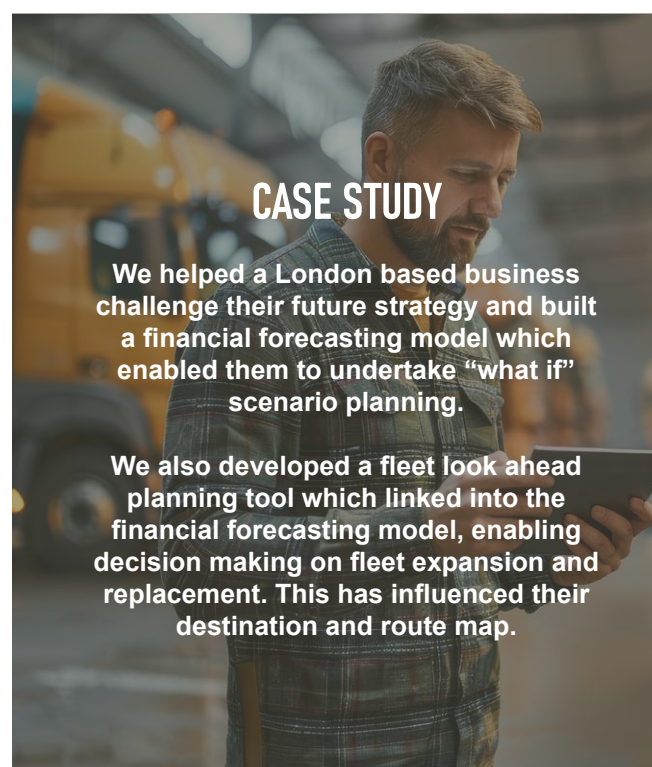
Responsibility for a task like 'improving warehouse efficiency' might be assigned to your operations manager, while 'expanding digital marketing efforts' could fall under the purview of the marketing lead. This clear delineation helps with monitoring progress and addressing any issues promptly.

THE BENEFITS OF INDEPENDENT CHALLENGE

To maintain focus on key priorities and encourage enhanced accountability, incorporating an independent voice into the process can be invaluable. An external advisor can provide objective insights, challenge your assumptions, and help you stay on track. This independent perspective can prevent internal biases from clouding decision-making and ensure that the plan remains aligned with your strategic goals.

In practice, this might involve regular check-ins where they review progress against the plan, ask challenging questions, provide constructive feedback, and provide new insights to improve performance and reduce risk.

This external input can be particularly beneficial in identifying your potential blind spots and for reinforcing a culture of accountability.



CASE STUDY

We helped a London based business challenge their future strategy and built a financial forecasting model which enabled them to undertake "what if" scenario planning.

We also developed a fleet look ahead planning tool which linked into the financial forecasting model, enabling decision making on fleet expansion and replacement. This has influenced their destination and route map.

SECTION FOUR: BUILDING A ROBUST MANAGEMENT STRUCTURE

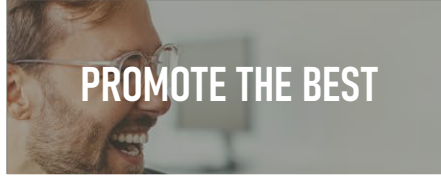
A solid management team in a structure that works is the backbone of any successful business, especially in the transport and logistics sector where quick decision-making and efficient execution are paramount.

How can you build the best possible team around you?



RECRUIT THE BEST

The first step in building a strong management team is recruiting the right talent at the senior level. Senior managers play a pivotal role in setting the strategic direction of the company, making key decisions, and leading the execution of the business plan. It is essential to identify individuals who not only have the necessary technical skills and industry knowledge, but also align with the company's culture and values.



PROMOTE THE BEST

Equally important as recruiting external talent is the development of internal talent. A business that invests in its people will cultivate a loyal and capable workforce that can grow alongside the company. Coaching and mentoring are vital tools in this process, providing employees with the guidance and support they need to excel in their roles and prepare for future leadership positions. Internal talent development can also include leadership training to prepare mid-level managers for senior roles, ensuring a smooth transition as the company evolves.



DEVELOP THE BEST

To effectively navigate the road ahead, employees must be equipped with the right skills and knowledge. This involves not only technical training but also fostering a mindset of adaptability and continuous improvement. For instance, training programs might focus on developing skills in areas like supply chain resilience, customer relationship management, and regulatory compliance.

Building a robust management structure is not a one-time effort but an ongoing journey. By focusing on recruiting and developing senior management, as well as coaching and nurturing internal talent, you can create a resilient and capable leadership team.

This foundation will not only support your current operations but also prepare your business to seize future opportunities and tackle challenges head-on.

CASE STUDY

We undertook a detailed business review, including a review of the future vision and strategy, of a logistics business which had a senior management team and some emerging talent who the Directors were looking to develop into the senior management team.

The existing Directors were entrepreneurs but recognised they were struggling to see the “wood from the trees”, using their analogy, on the way forward with their business.

They were surprised at the level of incremental points for improvement. This included tightening of processes, improvement in financial reporting, a new vision and strategy, financial forecasting model for “what if scenario planning”, structure for management meetings and a significant increase in energy, focus and engagement.

They valued the prioritised implementation plan, which we worked on and reviewed with them in monthly meetings. The approach provided them with more focus and accountability and the new Directors found it insightful and motivational.

The senior Directors were surprised at the level of combined outputs, particularly where we were “outside of the industry”. They recognised we were able to extract the niggles which existed in each of the Directors' minds, and became the catalyst for change.

SECTION FIVE: NAVIGATING BUMPS IN THE ROAD

Even the most well-laid plans can encounter unexpected roadblocks, but the ability to be flexible and quickly adjust in response to new circumstances is a defining characteristic of successful businesses.

One of the key advantages SMEs have over larger organisations is their agility. Unlike large corporations, which often have cumbersome decision-making processes, SMEs can make swift decisions, meaning they can respond promptly to changing market conditions.

This agility is crucial in the transport and logistics sector, where external factors such as fuel prices, regulatory changes, and customer demands can shift rapidly.

The ability to pivot not only helps in mitigating risks but also in capitalising on emerging opportunities. This might involve reallocating resources, redefining priorities, or even restructuring your business model.

Economic slowdowns and aggressive competitor actions can present significant challenges. During downturns, businesses may face reduced demand, tighter margins, and increased competition. Agile SMEs can navigate these challenges by exploring alternative revenue streams, adjusting pricing strategies, or enhancing service offerings to differentiate themselves from competitors.

HOW CAN YOU INCORPORATE TECHNOLOGY TO REMAIN AGILE?

Upgrading older systems



A critical component of agility is having the right technological infrastructure. Many businesses in the transport and logistics sector still rely on outdated systems that hinder their ability to access real-time data and make informed decisions. Upgrading these systems is essential for improving efficiency and responsiveness.

Modernising technology can include transitioning from manual processes to automated systems, integrating disparate systems to streamline operations, and adopting advanced analytics tools. These upgrades not only enhance operational efficiency but also provide a foundation for more strategic decision-making.

Implementing cloud-based and integrated systems for real-time data



Cloud-based and integrated systems offer the advantage of real-time data access and improved collaboration across different parts of your business. For example, cloud-based fleet management systems can provide real-time tracking and diagnostics, enabling more efficient route planning and maintenance scheduling.

These systems also facilitate better data sharing between departments, such as operations and finance, ensuring that all teams have up-to-date information. This holistic view is crucial for making quick, data-driven decisions and staying agile in a fast-paced environment.

CASE STUDY

We undertook a systems review for a freight forwarder client who was growing rapidly due to new business relationships in China. The director was concerned that he did not have visibility regarding cashflow as the operational and finance systems were very manual and the information was never as up to date as needed.

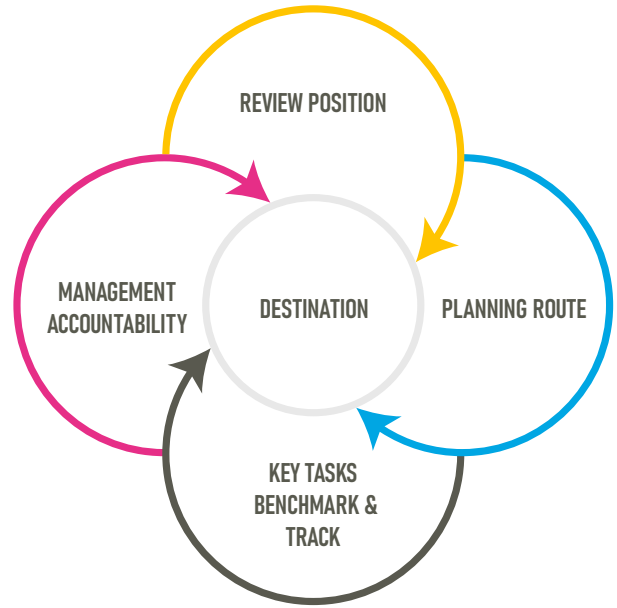
We researched more viable options for a new operational system and presented our suggested software to the director along with the suggestion that we migrate the current financial system to a cloud-based software and integrate it with the operational package. This would allow the company to automate a lot of the daily processing which would give more 'real time' information for the director to work with. We then integrated a separate piece of software with the finance system which allowed us to build a cash flow forecast model which updated automatically once the financial information was updated. This gave the director a look ahead into the company's cashflow and was able to make key business decisions to help grow the business.

CONTINUOUS PLANNING FOR SUCCESS

The journey of destination planning doesn't end with the implementation of a plan. It's a continuous process that requires regular evaluation and adjustment to stay on course and adapt to new circumstances. Periodically revisiting your business assessment, refining your vision, and updating your strategic plans is vital to ensure that your business remains on track to achieve its goals. Menzies advisors have key insights and will be able to develop your destination plan using their experience from working within the transport and logistics sector.

By anticipating challenges, staying agile, and continuously improving, your business can not only survive but thrive in this ever-changing environment. Embrace a forward-thinking mindset, invest in the right systems and talent, and remain vigilant to opportunities and threats. This proactive approach will position your business for long-term success and resilience.

Let's move forward with confidence, armed with a clear vision and a strategic roadmap. Your destination is within reach, and with diligent planning and execution, your transport and logistics business can achieve remarkable success.



MEET THE TRANSPORT AND LOGISTICS TEAM

If you would like to discuss any of the topics raised in this report, or other areas of advice you may wish to explore, please contact one of the team below, or at advice@menzies.co.uk.



SOPHIE SAID
PARTNER & SECTOR HEAD | AUDIT & ADVISORY
ssaid@menzies.co.uk



MARK PERRIN
PARTNER | BUSINESS ADVISORY
mperrin@menzies.co.uk



SEAN TURNER
SENIOR MANAGER | VAT
sturner@menzies.co.uk



SCOTT BRIGHT
SENIOR MANAGER | OUTSOURCING
sbright@menzies.co.uk

MENZIES
BRIGHTER THINKING



TRANSPORT & LOGISTICS INSIGHTS

Scan the QR code, or visit us at www.menzies.co.uk, to see further sector insights.