



WHAT'S IMPACTING TRANSPORT AND LOGISTICS?

Today's business owners in the transport and logistics sector face many challenges, which need to be managed successfully to build a strong and profitable business. Lower operating margins, tough competition, driver shortages and rising costs, including those linked to the introduction of Clean Air Zones across the UK, are making it harder for all businesses to make a profit.

We advise transport and logistics companies, from air and sea freight forwarders and hauliers, to domestic and international couriers. We work closely to find solutions to industry issues, utilising our experience in everything from business strategy and corporate finance, to audit and tax advice.

KEY CHALLENGES



PEOPLE

The Freight Transport Association has estimated that the UK has a current shortage of some 52,000 drivers. Warehouse operators in the logistics sector could also face significant staff shortages. To avoid a skills crisis, business owners must invest in driver training and aim to create a multi-skilled, flexible workforce, which can be deployed to meet shifts in market demand.



PRICE COMPETITION

Intense contract price competition continues to put pressure on operators, in some cases driving them to undercut competitors just to secure the busiest routes. Operators should avoid agreeing to unsustainably low rates just to remain operational. In this climate of price competition, it is vital that all business owners focus on margins and forecast to make sure they are operating within their means.



ENVIRONMENT

Air quality legislation has led to the introduction of Clean Air Zones and Ultra Clean Air Zones in towns and cities across the UK. For road hauliers and freight forwarders, the restrictions imposed are increasing costs and putting further pressure on operating margins and cash flow. Business owners in the sector should harness data and manage cash flow carefully. Strategic divestments could help to raise the funds needed to invest, which may in turn help to minimise corporate tax liabilities by creating an opportunity to claim R&D tax relief.



DIGITAL DISRUPTION

Digital technology and data science are driving disruptive changes in our towns and cities and encouraging investment in smart city innovation. As transport infrastructure continues to evolve, passengers increasingly have access to multi-modal transport information and comparative pricing. This disruption has created an opportunity for new entrants, therefore existing businesses may need to transform their business model to survive. Strategic vision and a clear understanding of the business is vital to enable business leaders to make the right decisions at the right time.



COST VOLATILITY

Volatile fuel prices continue to wreak havoc with margins, particularly as they account for a significant proportion of direct costs for many transport and logistics businesses. To counter this, operators are focusing on improving profitability via greater efficiencies by harnessing data to inform decisions, streamlining systems, focusing on customer retention, introducing value added services, diversifying to win new business and/or divesting to accumulate reserves.



DESTINATION PLANNING

A combination of challenging trading conditions and increasing market consolidation is leading some business owners in the transport and logistics sector to consider selling up in the not-too-distant future. To do so successfully, a clear and considered exit strategy is needed and business owners should plan ahead. For some, a sale or divestment may be the destination of choice, but changes may be needed to ensure they achieve the best value. Business owners should seek professional advice so that they can prepare the business to achieve the best possible outcome.

WHAT OUR CLIENTS SAY

CONTACT THE TEAM AT

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BRIGHTER THINKING

ACCOUNTANCY | FINANCE | BUSINESS



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK



Menzies have acted for the J F Hillebrand group in the UK for several years following an introduction via the HLB international network. We have found Menzies' strengths to be their pragmatic advice, ability to understand a complex fast-moving business and flexibility to cope with some very tight group reporting deadlines. Continuity of the team is important to us and Menzies have not let us down. The team have been in place for a number of years and this helps the audit process run smoothly.

Over the years Menzies have shown the technical expertise and professionalism we would expect in dealing with a group of our size, and this includes a range of experts outside of the core audit team. At the same time they have maintained the personal touch, ensuring a close working relationship and regular communication. We have benefitted from their expertise in the Transport and Logistics sector and have been impressed with their collaborative approach. For example they recently introduced us to contacts within the sector with which we have subsequently sought to work. We would highly recommend them to any companies in our industry.

Kevin Fry
Finance Director
TransOcean Bulk Logistics Limited



We have enjoyed a long standing relationship with Menzies LLP spanning over 20 years. The continuity of the Menzies team ensures they know our business extremely well and this level of knowledge enables them to provide relevant and timely advice to ensure they are continually adding value to our business.

We find the audit process is well managed from the initial planning of the timetable through to audit completion meeting. The tight management and strong communication throughout the audit ensures there are no late surprises. We utilise many of the Menzies specialist services and find their level of technical, tax and commercial expertise lives up to their brand of Brighter Thinking. We would highly recommend them to a third party.

As a business that's open 7 days a week and employing around 70 people across multiple locations, our people are vital to the success of our operation and the team at Menzies People Solutions has provided us with fantastic support in this area. They started by helping us implement new working arrangements via renewed employment contracts that improved our coverage and flexibility.

They didn't just provide the paperwork but worked hands-on with us during the consultation process. They help us and our people resolve tricky issues and are always practical and realistic about the challenges we face. They protect us and ensure that we can overcome obstacles as quickly as possible. They have also revolutionised the way we manage all of the admin that goes with employing lots of people and ensured that we have at our fingertips all of the data we need. This has saved a huge amount of management time and improved our ability to increase the workforce efficiently.

Keith Wright
Managing Director
Concordia International Forwarding Limited

