

NEWS

FIVE KEYS TO MAKING NEW DELIVERY RUNS WORK IN AUTO PARTS

You may be thinking of expanding your auto parts business and taking on new delivery runs in 2017, but how can you ensure a new delivery run is profitable?

New delivery runs are a great opportunity for businesses which are flexible and efficient says Walter Scremin, General Manager at national delivery transport firm, Ontime Group - which has provided parts delivery solutions for more than 25 years.

"Parts businesses considering new runs need to set themselves up to maximise their chances of success, and minimise failure should it not work out," Walter said.

"It's important that the business doesn't become stretched when pursuing new opportunities. But there are ways to pursue new delivery runs without placing too much financial burden on your business."

Walter said he had seen auto parts businesses make two big mistakes when expanding into new runs.

"The first big mistake I've seen is the business going all-in and investing heavily in new vehicles and new drivers before they've made a single delivery," Walter said.

"Adding these big fixed costs is a risk. If the new run doesn't work out it can be devastating.

"The smart way is not to commit so much up front - many auto parts outsource some or all of their delivery transport.

"They need the flexibility to add resources when they need them, which means they can trial a new delivery run without a big financial commitment."

Walter says the second big mistake is when the boss or other staff trial the delivery run themselves.

"We've seen cases where the boss or another staff member is taken away from their other duties to trial a new run," Walter said.

"This only puts people under more stress. Even if the run is successful, you haven't yet solved the problem. It's much smarter to set yourself up properly first."

How does a parts business set itself up for new delivery routes? Walter outlines five keys to making it work:

1. Flexible transport resources

Whether you outsource part or all your transport, you need suppliers who can grow with you. "If you have genuine flexibility then you have a lot of power to make changes. You may put a driver on for just a month to trial a new delivery run. If it works, it may become permanent. But you need to know there's extra back-up available too," Walter said.

2. Have a handle on delivery costs

Transport is full of hidden costs, says Walter. "Transport costs can easily run away from you. Research suggests transport is often a top five business cost, but for those with poorly managed transport it can be higher. Understanding your complete costs will enable you to make better decisions on new delivery runs. It will also make those new runs more profitable," Walter said, adding that cost analysis software is available which can quickly reveal transport's true costs.

3. Understand growing customer expectations

There has recently been a rise in customer expectations as transport innovation has become more publicised. "Customers expect more, and expect to be better informed about their deliveries. Services such as delivery tracking, once a value-add, is now a minimum expectation. Parts businesses need to keep this in mind when trialling new runs as you want to impress new customers quickly," Walter said.



4. Use tech smartly

Using technology such as telematics systems can provide massive efficiency gains. "Often it's about the appropriate technology, rather than the latest thing - for example, 2D barcodes aren't exactly new, but are still under-utilised by many transport divisions," Walter said, adding that many were also missing the benefit of QR codes, which store a lot of information in a very small space: "When coupled with the appropriate technology QR codes can automatically update customers on their order status and provide real-time updated proof of deliveries."

5. Work smarter, not harder

Success in new delivery runs will come down to your efficiency. "It's about working smarter, not harder. There needs to be seamless operation between your fixed staff and your outsourced support. It comes down to partnerships, trusting your suppliers to treat your business as if it's their own. They will respond at short notice, and have the systems in place which can adapt to your business," Walter said.

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