

The firm is still **growing steadily**

Buying into the future



After more than a decade of organic growth, Burnley-based transport company EFS Group is embarking on an acquisition programme to expand its business

Words: Kevin Swallow / Images: Tom Cunningham



This year has seen a healthy number of mergers and acquisitions in the sector.

Leading the way is Bibby Distribution, which bought TM Logistics for an undisclosed sum in October, marking its third large-scale acquisition in seven months – it bought some of the contracts of collapsed MRS Distribution in August, and took over Taygroup in April.

Burnley-based EFS Group is also on the acquisition trail. For more than a decade the business has grown organically from a courier franchise to a haulier with a 60-plus truck fleet (plus warehousing), but its next

phase of growth will come from acquisitions, says MD Mark Jones.

Sitting in the firm's transport office, surrounded by paperwork, family pictures and fish tanks, Jones discusses the acquisition of Winsford-based courier 747 Express Freight for an undisclosed six-figure sum in April.

Strategic locations

EFS Group has sites in Burnley, Manchester and now Winsford. Jones

believes the purchase of 747 makes sense because EFS can access 747's Winsford site from Burnley.

"If we are busy, they can send vehicles up from Winsford because it is close enough and, if they are busy, we can send vehicles down there."

"Both sites are close enough to share resources and far enough away to have work that pays both ways," he says.

▼ EFS MD Mark Jones



"If we are busy, they can send vehicles up from Winsford because it is close enough and, if they are busy, we can send vehicles down there"

The plan for EFS, a member of pallet network UK Pallets, is to collect pallets from the Winsford area to generate more business.

Steve Blackie, founder of 747 and now group business development director for EFS, says introducing pallet collections in Winsford opens the door to other work in the area.

"The pallet network attracts other business; once a company sees you can move a pallet for, let's say £40 to £50, they automatically think of you for doing other work rather than just being able to offer courier rates that can be matched or bettered by four or five other local couriers.

"We have customers all over the country," says Jones, "but, for pallets, we deliver to the BB-postcode area – Colne, Nelson, Accrington and Burnley – and, when [fellow UK Pallets member] McGregor Europe went bust, we took over the BL postcode as well." The firm added the CW postcode from 1 November.

"The biggest growth sector has been pallets. We realised we wanted to become a one-stop-shop, so a

salesman goes in to a potential customer and can say 'yes, we can do that'. We are very flexible, we go looking for opportunities and adapt to the opportunities that we find," he says.

And the numbers agree: the business had turnover of £4.5m in the 2008/9 financial year, with 72% net profit.

The projected target for 2009/10 is £5.6m turnover with 8.2% net profit, due to increased efficiencies and the acquisition.

"We are trying to grow through acquisition. With 747 it was a low-risk opportunity. It is a steep learning curve, but we have not had any surprises yet," he says.

THE HISTORY

Mark Jones started the company in 1996 as a courier franchise with Mercury Express UK. "One man and a van," he says. "I bought a franchise and, unfortunately, it was the franchise that failed."

But his experience held him in good stead, and he gradually began to develop the business from a fleet of vans carrying out courier work to buying a 7.5-tonne truck in 1998 and an 18-tonner in 2000. Jones soon realised

that courier work was too unpredictable.

"You could start the day with nothing and then the phone goes and you'd be flat out, but every morning you could start with nothing and that's scary," he says.

A desire for greater business security drove the inevitable shift towards more express haulage, rather than next-day and single-item deliveries.

"Once we got the 18-tonner, we found the

work was more stable, and then we got into artics. We bought our first one when we joined [network] UPN in 2001 as a founding member."

Getting involved with overnight pallet deliveries proved a turning point: it made freight the majority of EFS's work rather than courier work. In 2006, Jones joined UK Pallets, and today the courier work represents just 5% of its business.

The deal represents Jones' first foray into the market, but it won't be his last. He is already looking to his next, which has sites in Leeds and Birmingham.

"Basically, anything that is on the motorway and isn't too far away, means you are getting paid two-ways a lot more often; the key is sharing resources," he adds.

Pragmatism pays

The EFS Group fleet totals 63 vehicles, which includes 35 tractor units, 45 trailers, 10 18-tonners, 10 7.5-tonners and eight vans.

Jones takes a pragmatic approach to the vehicles he runs, especially tractor units.

Predominately DAF, they are all bought second-hand via Preston-based dealer Lancashire DAF, which is open 24 hours.

His main reason for buying used is the lower initial outlay and subsequent depreciation levels. "We look at tractor units that are older," he says.

"We bought an '06-reg DAF CF85 with 275,000km on it for £12,000, and we will run that for six years and then export it.

"In six years' time, it will still be worth £4,000.

"We look for the opportunities to buy; we just bought nine tractors in one sweep. We like the standard supermarket trucks: there are a lot of them and you get good prices on them."

However, Jones buys vans and trailers new because it works out cheaper in the long run.

"We like to buy new and keep them forever. If you buy a second-hand trailer, say three years old, the owner often hasn't depreciated it enough and they've had it for the best years of its life.

LINPAC ALLIBERT

EFS has strengthened its links with Winsford-based LINPAC Allibert, picking up additional work to distribute plastic containers and trays throughout the UK.

The company already forms part of the LINPAC Allibert supply chain: it collects from France and Spain when the manufacturer needs a quick turnaround, operates in LINPAC Allibert's 4PL network, and provides emergency transport and time-sensitive deliveries.

LINPAC Allibert produces returnable transit packaging products in Winsford, Cheshire, and exports to Europe and Scandinavia.

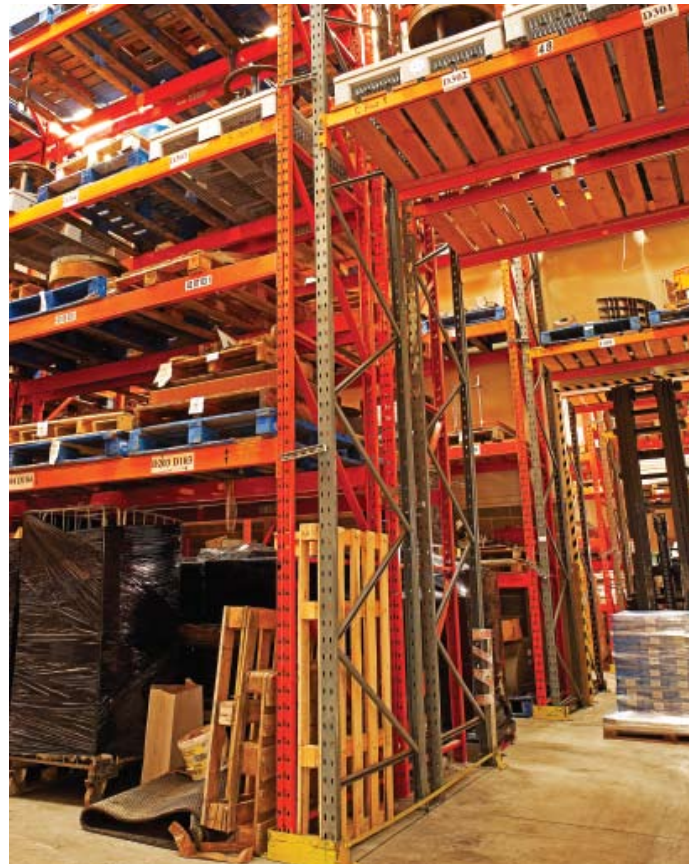
When a truck has delivered into mainland Europe, it is backloaded to the UK, bringing in products from LINPAC Allibert's sister sites across Europe for redistribution in the UK.

EFS is responsible for redistributing returning plastic containers and trays across the UK, and that additional work doubles volumes for EFS with LINPAC Allibert.

Key to winning the contract, says Steve Blackie, EFS group business development director, was the company's ability to deliver the products quickly. "For example, the last load from Barcelona was picked up on Friday. It travelled on the Santander-Portsmouth ferry over the weekend, it arrived Monday and will be delivered Tuesday," he explains.

"It's delivered two working days later. By using the ferry, we are saving five days' travelling on the road, cutting lead times for delivery. A majority of the pallets will be sent through the UK Pallets and distributed through the existing EFS fleet."

"Around 40% of our trailers are new. The newer ones keep up your image, and the older ones make you money"



"If we buy new, we get the best of it and run it when it's cheap. Around 40% of our trailers are new.

"The newer ones keep up your image, and the older ones make you money," he says.

▲ Jones says that getting involved with overnight pallet deliveries proved a turning point for the firm

Aerodynamics

EFS's latest trailer is from Yorkshire-based Wilson Trailers. It is a double-deck with a sloping front roof and the CurtainClear system at the back.

"The sloping front saves you about 7%-10% in fuel, while because the body is slightly curved at the rear [reducing drag] fuel saving is 2%-3%. It is all about being more efficient," explains Jones.

WAREHOUSING

At the heart of EFS's growth is its ability to be flexible and offer a one-stop-shop for clients. As well as same-day and next-day delivery, vehicle repair servicing, and vehicle reloads, it now offers 30,000ft² of warehousing.

Mark Jones says: "EFS is not going for the big contracts; we want customers who need a bit of warehousing.

"Since it has been available [for the past 18 months], EFS has been a lot busier. We are going out for work that we probably couldn't have coped with in the past. It's there to attract haulage work, not the other way around."

EFS Group

HQ location: Burnley, Lancashire

Website: www.expressfreightsolutions.co.uk

Main sector of operation: general haulage, pallets, courier, warehousing,

Turnover: £5.6m

Depots: Two – Burnley, Winsford, Cheshire

Vehicles: 63 vehicles – 35 tractor units, 10 18-tonners, 10 7.5-tonners and eight vans; mainly DAF product and Iveco vans

Trailers: 45, mixed

Staff/drivers: 80/63

"The four existing double-deck trailers will be converted to sloping front as well."

The Burnley site has a three-bay workshop, which employs seven technicians. In addition to looking after the EFS fleet, which represents 15% of its work, the workshop also carries out third-party servicing, repair and maintenance.

"We inspect every six weeks and we brake test each truck on every inspection. We try to keep our vehicles, mechanically, top notch.

"We do MoT prep and have a 92% success rate," says Jones. ■