

A typical Success Gym true story.
This company was successfully sold for 4.7 Million dollars in
2001 to a corporate purchaser. The names of the business owners have
been changed.

Bins R Us

Business Plan

August 2000

Executive Summary

Vision/Mission

To become the market leader in the business of transporting waste and recyclables in Queensland. We currently operate in Brisbane, but will need to expand into areas such as the Sunshine Coast to the north and the Gold Coast to the south.

The market for waste management is a fast-growing market as it grows in line with the population. The population in South East Queensland is expected to double in the next 10 years which will put much bigger demands on our industry and open up many more opportunities.

There is also a natural upturn in the market for our type of product occurring at the moment as more householders become aware of the value of using a skip when renovating or spring-cleaning.

This natural growth, combined with our current sales drive, should see Bins R Us as the market leader in commercial and domestic skip bins by the end of 1999. Turnover by December 1999 will reach \$90,000 per week. By the end of the year 2000 we expect this figure to reach \$150,000 per week.

By focusing on what customers want, prompt delivery and pickup, careful placement of bins, as well as an emphasis on convenience, we will become recognised as the company to deal with in skip bins. During the next 12 months we will also be researching the transport of bulk commercial waste and recyclable products as a way to expand our business.

Company Overview

Bins R Us currently employs approximately 20 staff, some of whom have been with the company for several years.

Currently the company is divided into five operating areas.

- Administration
- Sales
- Dispatch
- Workshop
- Truck Operations

Bins R Us's growth rate has placed pressure on all of these functions. In order to maintain our high level of service we will need to look carefully at each area and how it operates.

Administration

In the past, administration has been handled by the people who also handle the sales area. This will need to be changed so that the people who handle sales are able to concentrate on this area with the administration of the company becoming a separate and dedicated function. A highly skilled financial person will be necessary in order to make sure that we are able to obtain clear and accurate financial information in a timely manner. With a growth rate that exceeds 100% per annum, careful monitoring of the financial area is critical to avoid any difficulties the company might face in funding. It is also important to continue to expedite customer invoices in order to maintain cashflow.

One area that would help take a lot of pressure off the administration area and also off our drivers is for our sales staff to collect payment by credit card over the phone. This needs to be built into our sales pitch. Increasing domestic collections via this method will:

- Decrease the possibility of bad debts
- Increase driver efficiency
- Reduce problems in Operations relative to driver delays and rescheduling

Sales

Telephone sales

Telephone sales is a highly specialised skill that can make enormous differences in areas such as return on advertising investment, difficulties in providing efficient fulfilment, and, in the case of Bins R Us, bad debts and scheduling.

There are four suggestions here;

- 1) Hire better quality and or dedicated telephone sales people who are high quality sales people and communicators.
- 2) Put a sales script in place that eliminates problems in fulfilment and provides for efficient collection of COD invoices.
- 3) Hold regular meetings with a sales motivation / sales training focus which could come up with new ideas to overcome objections etc.
- 4) Sales staff need to understand the conditions the drivers work in so that they can quickly and accurately quote for a successful job that doesn't require 'fixing' by dispatch or drivers. One suggestion is to put them on jobs with drivers to observe and be trained by drivers. A complementary method suggested is to create visual representations of truck capacities, turning circles, space requirements, etc. for the salesroom wall.

Rep Sales

Currently representative sales are handled by A and R. Sales can be increased in this area by a well thought out advertising campaign aimed at the company's commercial target market which is mainly builders, developers and shopfitters.

Dispatch

The movement of trucks and coordination of these operations is critical to the success of Bins R Us. While we have one operator in this area who is skilled in this task and another operator in training, it is recommended that we also start training a third operator.

It is also recommended that a dispatch operations manual be put together (R in sales would be a good candidate to oversee the compilation of this) so that there are standard procedures that are followed by every operator. This manual might be compiled over 3 to 6 months and contain information such as the special needs of very large customers, the idiosyncrasies of various trucks and the streets that cause problems in each suburb. This will take time to compile but is essential so that the company is not reliant on the information contained in an employees head to continue to operate.

We also recommend training in the following areas for dispatch staff.

- Time management
- Stress Management
- Multi-tasking

A further recommendation for this area is that the three Dispatch Operators are regularly rotated. This would result in BRU having a small, highly professional team who are interchangeable and not under personal pressure over time. This strategy would overcome the highly pressurised nature of the position which is a potential weak link in the organisation.

Workshop

The flow of work in the workshop also needs to be addressed. Maintenance is a critical part of keeping our trucks on the road and being able to keep up with the demands of our very fast growth. We need to look at ways to systemise this area of our business to make sure that we are consistent.

Currently it would appear that the workshop is understaffed by about one: another welder/maintenance person. This will need to be addressed quickly in order to keep up with daily truck maintenance while at the same time building enough 2, 3, 4 and 6 meter bins ourselves to keep up with demand.

A spreadsheet of bin production levels can be drawn up so that these can be properly scheduled. Thus, the company can see what is needed to keep up with sales demand. In order to do this, management need to time the building of bins so that we can properly estimate production times.

It is also advised to monitor wear and tear on the trucks and bins to take the random nature out of this function ie, BRU's maintenance strategy should predict and avoid equipment downtime. It is also important to conduct regular maintenance on the bins to keep up a good corporate image. While we know that bins will get a lot of wear and tear because of the nature of the business, a potential customer who sees the company's bins for the first time doesn't know this and first impressions are important in creating the right impact on potential clients.

Drivers

Our drivers are, in most cases, the public face of Bins R Us. For this reason it is important that they are always well dressed and as well groomed as possible considering the type of work they do. A uniform is suggested for drivers which might form part of an overall colour scheme and image redesign to take advantage of the fact that the company has nearly a dozen "moving billboards" in the form of their trucks moving around the city every day. Our trucks are also the largest single investment in equipment that we make and as such we need to make sure that our drivers are taking the best care they possibly can of them.

The way our drivers operate and how efficient they are with deliveries has an enormous bearing on our profitability. A bad or mediocre driver can cost us an extra 30% in time and maintenance expenses on our equipment.

It is critical, therefore, that a well thought out and thorough driver training program is both documented and introduced. This program would cover the following;

- Driver recruitment and induction.
- Communication, courtesy and customer service.
- A detailed understanding of the truck and how it operates as well as ways to keep maintenance costs down.
- Standard and emergency operating procedures

All of these should be detailed in a driver operations manual and training program.

Management Issues

Management Team

- AB
- JB
- PB

The current management team is made up of three family members. The workload created by Bins R Us's growth rate can currently justify all 3 brothers being involved in the company.

It is critical that the current managers create a communications policy that everyone in the company must abide by and then make sure this is incorporated into the company by example.

From the time we have spent with employees it would seem that there is pressure placed on staff by the increasing workload. The way staff members communicate with each other will change when we implement a basic communications training program.

Another management issue is clear delegation of jobs functions and setting of goals with staff. In order to get staff to take more ownership of their job, it would be wise to encourage them to have more input in designing their jobs. Job descriptions need to be provided to everyone who is currently working at Bins R Us and clear instruction about who they report also needs to be provided. This can be done by drawing up an organisational chart showing how the company is structured.

Product Strategy

Current Product

The current product is skips in various sizes that transport waste materials delivered to the customers address and then picked up when full but could grow into anything that revolves around transporting waste and recyclables. BRU also specialises in providing bins for asbestos.

Research and Development

Research into the waste and recyclable market and into the area of transporting and sorting recyclable will form most of Bins R Us's research and development time in the next 12 months. During this period we will investigate heavily areas such as roll-on roll-off bins and front end loaded bins in the commercial market.

Production

We are now producing our own 2, 3, 4 , and 6 meter bins to meet our rapidly increasing sales. A production schedule will be drawn up for this along with accurate costings.

Market Analysis

Market Definition

The market for Bins R Us's products and services is growing at a rapid rate. The market for these products in the Brisbane area alone amounted to \$15 million to \$20 million dollars in 1998 and is growing by a minimum of 20% per annum.

The area of biggest growth in the market is in the area of domestic use of skips. Currently, the market distribution is shared by as much as 20 smaller competitors and 2 major competitors, with Miniskips, a division of Cartaway considered the market leader.

Our two major competitors are enjoying growth along the lines of industry growth but their operations are stagnant and unimaginative with both companies having very conservative management teams.

The smaller competitors find it easy to start up and the barriers to market entry are very low. However, most of the smaller companies have trouble moving much beyond the half million dollar turnover mark. As competition increases in this market and council's new waste management laws come into effect, many of these companies will find it unprofitable to stay in the market and they will become ideal takeover targets. Bins R Us can use these companies to add market share and improve its customer base very quickly.

Customer Profile

Domestic Customers

Domestic customers are generally one-off users of our products and a majority of the decision making on which company they will use is made by ringing around from the Yellow Pages. The key decision makers here are generally housewives aged from 25 upwards. Their key issues when selecting a company to hire a bin from are promptness of delivery and professionalism, with price being some factor in the sales decision but not critical (see attached customer survey report). We need to concentrate on the issues that proved to be significant in the survey when we address our marketing.

While much of our business comes from Yellow Pages ads, we also generate sales from our bins which all have our name and phone number on them. We should investigate ways to increase the effectiveness of our bins to generate new business. Referrals are also important in generating new business and we need to look at promotions to increase the amount of referrals we generate. There are other ways to reach this customer including;

- Local newspapers
- Letterbox drops
- Outdoor Advertising
- Television

Commercial Customers

Commercial customers tend to prove more loyal as customers but they are sometimes harder to reach. We can use direct mail and telemarketing to target these people. Customer lists can be purchased from a list broker so that we can target these people. Our main target market is;

- Builders
- Developers
- Shopfitters
- Constructions companies
- Specialist asbestos removal companies
- (to be extended)

Marketing Plan

Advertising and Promotion

While Yellow Pages is the major method of BRU advertising, we need to investigate ways to increase our business through a concentrated and concerted marketing campaign. Advertising campaigns can be conducted around peak usage periods to generate the maximum response from these campaigns. We need to investigate ways to increase awareness and generate more sales through:

- Customer promotions
- Newspaper Advertising
- Billboards
- Letterbox Drops
- TV Advertising
- In the commercial market - direct mail.

Promotions

As mentioned earlier, every day, Bins R Us has a fleet of “moving billboards” in the form of trucks with the bins on the trays. In order to really capitalise on the enormous advertising opportunity that this affords the company the colour scheme of the trucks, bins and uniforms should be professionally co-ordinated. This process would maximise the promotional potential the trucks and bins afford the company.

Public Relations

In addition to advertising and marketing, we can also use a publicity campaign aimed at our target markets to increase awareness and customers.

Financial Plan

Our objective, at this time, is to propel the company into a prominent market position. We feel that within 2 to 3 years Bins R Us will be in a suitable position for an initial public offering or profitable acquisition.

Capital Requirements

The company will fund its growth through sales.

Exit / Payback

The intention at this point is to offer the company for sale through a public offering in two to three years time.

Conclusion

Bins R Us enjoys an established track-record of excellent service for our customers. Their expressions of satisfaction and encouragement are numerous, and we intend to continue our advances in the marketplace with more unique and effective products and services.

Action Plan

Sales and Administration

Separate sales from administration functions	AB and JB	Aug	Sept
Employ a highly skilled financial person	JB	*	*
Hire skillful, dedicated telephone sales people	AB	?	?
Put a sales script in place that eliminates problems in fulfillment and provides for efficient collection of COD invoices.	Sales Staff	August	Sept
Hold regular meetings with a sales motivation / sales training focus which could come up with new ideas to overcome objections etc.	AB and Sales	ongoing	ongoing
Train Sales staff in operational issues eg. send them out with trucks to observe and be trained			
Create Reps manual	Cathy		
Create visual representations of truck capacities, turning circles, space requirements	Sales Staff		

Dispatch and Maintenance

Train 3 Dispatch Operators	PB		
Systemise workshop paperwork	PB		
Assess workshop staff levels	PB		
Create bin production schedule	JB		
Monitor wear and tear on the trucks and bins systematically	PB		
Driver uniforms	BB		

All

Create an Operations Manual with sections detailing operations of each Department	All		
Training Plan for each department	Managers		
Clear delegation of jobs functions and lines of authority	BB		
Draw up job descriptions for every staff member	BB		

Marketing

Research into the waste and recyclable market	BB		
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Appendix 1 - Bins R Us Customer Survey Report

Industry Customers - Why does your company deal with Bins R Us?

- 21% Reliable
- 20% Referral from industry friend
- 14% History
- 8% Bin spotting
- Smaller company- personal service
- Price
- Deal with all companies
- Yellow Pages
- Availability Bin size

Domestic Customers - Why did you decide to deal with Bins R Us?

- 24% Location - convenient
- 24% Advertising
- 12% Builder referral
- 10% Daughter organised it
- 6% History
- Customer Service and sales
- Name catchy
- Price

Combined responses

- 23% Reliability
- 20% Wife/daughter found in Yellow Pages
- 13% History
- 10% Referral from industry friend
- 10% Smaller company- personal service
- 7% Bin spotting
- 7% Price
- Deal with all companies
- Yellow Pages
- Availability Bin size

Industry Customers - As a customer of bin suppliers, what are your three main issues?

- 38% Timely delivery and pickup
- 33% Customer Service/Accurate and careful placement of the bin when delivering so don't crack concrete
- 13% Price
- 8% Size
- 4% Availability
- 4% Convenience

Domestic Customers - As a customer of bin suppliers, what are your three main issues?

- 41% Timely delivery and pickup
- 24% Customer Service/Lack of damage to my property and council property (curbs)
- 14% Price
- 9% Convenience
- 8% Size
- 7% Time on the ground

Combined responses

- 40% Timely delivery and pickup
- 28% Customer Service/Accurate and careful placement of the bin when delivering so don't crack concrete
- 13% Price
- 8% Size
- 6% Convenience
- 4% Time on the ground
- 2% Availability

NOTE: It is significant that the two customer bases had identical priorities for 1st, 2nd and 3rd most important issues.

Who do you consider to be Bins R Us' competition in the market?

- 50% don't know
- 11% Cartaway - service
- 8% Pink Bins - price \$15, and nearby (quick)
- 6% Know all the others, prefer BinsRUs
- 3% Aussie Bins - on time
- Collex
- Didn't ring anyone else
- Green Bins
- Luck of the draw as to who I phoned first in the Yellow Pages
- Mini Skips
- Multiskips availability and speed, Mulitskip cheaper but inflexible with days
- Price all same

Do you have any suggestions as to how Bins R Us could improve its service to you?

- Bad response to request to pick up - took 3 days where 24 hours notice should be sufficient
- Cut the price - I'd use more of them
- yes - print the sizes on the bins
- Wasn't picked up on time then took stuff out because it was 'overfull' but they hadn't advised them about packing
- Get EFTPOS
- No suggestion, but am impressed that they are competitive, having the numbers on the side and keeping them well painted.
- Bins need drainage holes
- Communication - tell them three days, but they tried to collect it the next day!!