


**Dominic Perry**
Deputy editor  
Motor Transport**Withstanding knocks**

While we wouldn't want to make the same mistake as a government minister and declare that we can see the "green shoots of recovery", MT has detected a note of cautious optimism in recent weeks.

This is not to underestimate the length and depth of any recession: no one doing business at the moment should be under any illusions about how bad things are likely to get.

However, speaking to a cross-section of the transport industry lately – from small operations in the express sector to sizeable logistics players running hundreds of trucks – it's been striking how many have made positive noises about their business prospects.

If there's a common thread linking these disparate businesses, then it is how well prepared they are for the lean times. As one said to us: "It all depends in what state you enter this recession. If you are in a reasonably strong position, you can withstand the knocks."

Recent events have rather borne this out, with the failure of Bulmers Logistics – apparently with debts of £10m – a case in point.

Without wanting to dig through its wreckage to prove our theory, it entered the recession with too many debts, too many vehicles on long leases, and in a sector that's crashed through the floor.

Banks may well be to blame for causing this crisis and then exacerbating it through a lack of lending to businesses, but those who kept a tight ship in the good times will be able to reap the rewards now.

There are opportunities out there for companies with the right skills and business offering. This industry also has a knack of survival.

After all, as one MD boasted to us this week: "This is my third recession..."

# Cash flow – the same old same old?

Understanding your customers' accounts systems is key to keeping the cash flowing, says **Kirsten Tisdale**

One of the advantages of a few grey hairs is the experience of having coped with something similar before... although I seem to remember that you used to go to the bank for advice rather than apologies!

My first experience of cash flow problems was while running an RDC for a 3PL and discovering that, suddenly, you couldn't use the best agency... because it didn't want your business – head office hadn't paid the bills. So, when an objective of my next role was to improve the whole company's cash flow by reducing the period of credit of just one customer (one that represented 15% of turnover and 25% of profit), I didn't need to have the benefits spelled out.

So, if I had several tips on cash flow, what would they be?

Plan for cash flow – it doesn't just happen. Work out when money will go into and out of your account – not just this month, but going forward... and definitely include your next peak. When will you need to pay staff and how much? When will you need to meet quarterly bills and so on, and when will you get paid by customers? What does this mean for your cash balance and how can you influence that?

A particular problem for my company was that the customer had 12 accounting months,



whereas we had 13 four-weekly periods. That said, lesson two remains the same: understand your customers' accounts department cycles. Sometimes we could be relaxed about the invoice, send it second class, and it would arrive, nicely timed, to be authorised and meet the next cheque run. On other occasions, by scurrying around to get our invoice prepared and hand-delivered, we just met that crucial cheque run. Periodically the solution would be different: I'd arrange to have the cheque couriered to a City bank, so it cleared immediately – the overnight interest paid for the courier. With modern technology, there's not the same need to have someone dashing around on a motorbike, but the requirement to meet your customer's BACS cycle and know how it fits with your own arrangements still stands.

Avoid disputed charges. That sounds silly – no one aims to get their invoices wrong, but ours were sometimes in the wrong pile because there was a query on some little extra. We agreed a separate invoice for 'specials' – the main contract, worth millions of pounds each month, could then be paid in a routine manner.

Never be shy of chasing invoices, but do make friends with your customers' accounts departments – make sure that if they're going to put themselves out for just one supplier (perhaps by chasing someone senior for authorisation), you're the one they're happy to help.

Don't over-commit. I met the owner of a courier firm at a networking event – he understood the risk of additional business: "If I get £1 of business today, I probably won't get paid that for 60 days, but I'll have to pay the driver on Friday." New business would be a welcome problem right now, but the concept remains important, particularly when your business pattern includes peaks – if you're distributing barbecues, you'll be doing extra work in the spring, paying drivers within a week, but not getting paid for another month or two. Which takes us back to the first tip – plan for cash flow.

And good luck – we're all going to need it!

**Kirsten Tisdale is a logistics consultant at Aricia.**

## MotorTransport

Weekly news for professional transport operators

Tel: 020 8652 3251

Fax: 020 8652 8957

Editor	Justin Stanton	020 8652 3285	justin.stanton@rbi.co.uk							
Deputy editor	Dominic Perry	020 8652 3679	dominic.perry@rbi.co.uk							
News editor	Laura Hailstone	020 8652 3714	laura.hailstone@rbi.co.uk							
Content editor	Roanna Avison	020 8652 3670	roanna.avison@rbi.co.uk							
Editorial team	Janna Bourke	joanna.bourke@rbi.co.uk	Roger Brown	roger.brown@rbi.co.uk	Julian Milnes	julian.milnes@rbi.co.uk	Kevin Swallow	kevin.swallow@rbi.co.uk	Ian Tonkin	ian.tonkin@rbi.co.uk
Group deputy production editor	Hayley Pink	020 8652 4748	hayley.pink@rbi.co.uk							
Group art and production desk	Phil Brooker, James Clark, Steve Gale, Tim Noonan, Rob Turner									
Head of sales	Vic Bunby	020 8652 4030	vic.bunby@rbi.co.uk							
Sales manager	David Smith	020 8652 3686	david.john.smith@rbi.co.uk							
Area sales manager	Steve Picker	01905 769833	steve.picker@rbi.co.uk							
Area sales manager	Andrew Smith	01922 497048	andrew.smith@rbi.co.uk							
Classified sales executive	Peter Collis	020 8652 4370	peter.collis@rbi.co.uk							
Recruitment	James Owen	020 8652 8646	james.owen@rbi.co.uk							
Advertisement production	Brian Bannister	020 8652 8716	brian.bannister@rbi.co.uk							
Publishing director	Roger Williams	020 8652 3304	roger.williams@rbi.co.uk							
Administration executive	Sandra Greaves	020 8652 3251	sandra.greaves@rbi.co.uk							
Conferences/events	Angela Jones	020 8652 3818	angela.jones@rbi.co.uk							

Contact us by phone on 020 8652 3251 or by fax on 020 8652 8957 or write to us at Motor Transport, Quadrant House, Sutton, Surrey SM2 5AS

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1 year: £114 a year (£146 overseas)

2 years: £207 UK (£284 overseas)

3 years: £294 UK (£370 overseas)

**Subscription address** Motor Transport Rockwood House, 9-17 Perrymount Road, Haywards Heath, West Sussex RH16 3DH

**Newstrade** Marketforce (UK) Ltd, The Blue Fin Building, 110 Southwark St, SE1 0SU.

Tel: 020 3148 3333 Fax: 020 7633 3577

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**Display prepress:** Colour Systems – part of the Fresh Media Group.com

**Classified advertising prepress:** ITM Publishing Services.

**Published by** Reed Business Information, Quadrant House, Sutton, Surrey, SM2 5AS. Tel 020 8652 3500. Registered at the Post Office as a newspaper. ©2009 Reed Business Information Limited. ISSN 0027-206 X



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Average net circulation per issue: 20,314

1 January 2007 to 31 December 2007

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