

THE FLIGHT CENTRE OF PARCEL DELIVERY

THERE ARE MANY WAYS TO OPERATE A TRANSPORT BUSINESS IN AUSTRALIA, BUT THE FRANCHISE MODEL IS STILL COMPARATIVELY RARE. MOOREBANK-BASED PACK & SEND HAS PERFECTED THE CONCEPT. Interview by Sebastian Grote

Starting off with a single office in Parramatta, NSW, Pack & Send has evolved into a national delivery heavyweight that can draw on more than 100 service centres Australia-wide and was recognised as the Australian Franchisor of the Year in 2007 by PricewaterhouseCoopers and the Franchise Council of Australia. Now also present in the United Kingdom and New Zealand, Pack & Send is considered a leading force in the transport franchise game. *Prime Mover* met founder Michael Paul, who has been serving as CEO of the company since its incorporation in February 1993.

Q: Pack & Send has been around for a while now. Is the 2016 business still comparable to the one 22 years ago – for example, is parcel delivery still the core of the business?

A: The Pack & Send business has changed tremendously since 1993. We started it before the notion of e-commerce, or even the Internet, was in the vernacular, so there has been a significant shift in the way we function. But our mission has always been the same – providing convenient access to a wide range of solutions when sending anything, anywhere.

The types of services we can offer are now more varied, though – from traditional

domestic and international import and export work to more modern services, like supporting eBay and online retailers in delivering their products to customers.

Q: How did the parcel delivery industry change since the early days? With Toll IPEC, Star Track and emerging online services like Sendle on the scene, the competition must be fierce.

A: The parcel delivery industry has evolved with the times. For example, customers today expect that a fundamental requirement of parcel delivery services is an online 'track and trace' function that provides a real time delivery status.

When we started in 1993, no parcel carrier in Australia had that capability as the technology wasn't yet in place. You had to phone the carrier to find out exactly where your parcel was – and you usually got a response the next day.

In the early days, deliveries were also primarily B2B and very few deliveries were made to households. The growth of e-commerce has changed that, with significantly more B2C deliveries.

In line with that, the competition has also changed – for example, where Pack & Send once relied either on customers walking in store or phoning us to send their goods, we are now developing new and

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According to Pack & Send CEO, Michael Paul, the company's franchise model is key to ensuring a 'premium service' experience. "Our franchisees are our movers and shakers. They're the faces of the overall business, and of their individual businesses too. As members of the communities they service, they play an integral role in the local marketing of Pack & Send," he says. In contrast, the role of the franchisor is to provide franchisees with a solid foundation of business systems, or "small business with the tools of a big business," as Michael puts it.





innovative ways, such as online booking and integration with customer IT systems, to capture the market. The competition now keeps us on our toes and drives us to remain a competitive force in the market. Still, we remain the only couriering and logistics company that offers the customer the choice of booking services through a retail service centre, phone or online.

Q: Which role does the franchise model play in that context?

A: As far as competition goes, we're in a unique position thanks to our business model. Franchising means that our staff are business owners who are personally and financially invested in the company. They are familiar faces in their communities, and that service is unparalleled. Bigger companies struggle to replicate our 'no limits' philosophy because they can't offer the same level of personal service that Pack & Send can. As a corporation, it means that we have enthusiastic people servicing customers who see their jobs as a lifestyle, and we want to keep it that way. We have always

been a franchising operation and have relied on our franchisees to play a major role in our success, [and we] see this as being incredibly important to the long-term future of our business.

Q: As a technically minded, forward-thinking business, you still advocate physical points-of-presence. Why? What's the advantage here?

A: The paradox in the logistics sector is that the more the world goes digital, the more valuable retail parcel centres are becoming to the supply chain. This is because physical points-of-presence are playing a big part in improving delivery services for e-commerce customers. Important e-commerce solutions like convenient product returns, alternate delivery points and convenient parcel drop-off points are all logistics services that are reliant on a national retail footprint.

Today's customers also want more choice and more solutions. The big winners in the future will be those companies that provide more options and let their

customers choose between higher-cost full service solutions and low-cost online self-service solutions (as circumstances dictate), all under one brand. That's what Pack & Send offers with our multi-channel business model – and based on our strong sales growth, customers are very much on board with what we are doing.

Q: Other companies struggle maintaining a physical footprint in the online age. Why don't you?

A: While it's true that most people have been keen adopters of the Internet, there's nothing like being able to walk into a store and have a conversation with someone. That's why travel agencies like Flight Centre do so well – because they give customers the best of both worlds with in-store and online solutions. Pack & Send is like the Flight Centre of the logistics sector.

Q: Despite that commitment to local communities and personal service, technology must have played a huge role in Pack & Send's development process.

From your point of view, what has been the most disruptive force to affect the company on its path?

A: We are very much in the age of the customer. Like all businesses, we've had to adapt to the disruptive force of the massive shift in control to the customer – a consequence of technology delivering the power of information to everyone. Today, customers know more, and expect more. They want more choices than ever before and more convenience across all types of sales channels.

Historically, logistics service providers were the ones in control. They controlled the customer experience – out of necessity really, because to efficiently deliver many millions of parcels a year requires an operation based on calibration and control. But all that's starting to change. Businesses need to understand the power has shifted and customers now hold the high ground.

With our business model positioned at the customer interface, we have the flexibility to really deliver on that. We've invested heavily in online booking solutions, improved our call centre operations and adapted our retail network to ensure we are giving customers more choice across all channels.

Q: What does the Toll/Japan Post deal mean for you in that context?

A: The recent deals and acquisitions in the logistics industry have highlighted just how significant the e-commerce shift

has been and how it is transforming this billion dollar industry.

The international strategy that Japan Post presented in its takeover of Toll Holdings indicated a transformation to their business model. The deal gives Japan Post even greater scope to hold a global logistics footprint and take advantage of the e-commerce wave. It made for an interesting case study of how global companies are continually being shaken up by the digital world.

For Pack & Send, changes like this are mostly positive, because we've built assets for primarily reselling the services of a wide range of parcel and freight carriers under our brand. These assets are strategically positioned for deployment at the customer interface through multiple sales channels – that's a key competitive advantage because it gives us the flexibility to provide complete solutions like no other.

Q: So companies like Pack & Send will end up benefitting from the move?

A: Correct. Toll is one of our supplier partners and values Pack & Send as a key customer. We believe the combined capabilities in operations and technology of Japan Post and Toll will result in more innovative solutions – which in turn will benefit us. Our supplier carriers, like Toll, have significant physical assets that are primarily deployed to move goods, and efficient utilisation of these assets requires them to have growing volumes of parcel freight.

FAST FACT

Pack & Send now also offers a removalist service. "We diversify into providing new solutions based on recognising gaps in the market and what our customers are telling us," says CEO, Michael Paul. "That's how the removalist service came about: people don't always need to move a whole house of furniture, but just a few pieces or a room. We very much keep focused on what we do best: adding value to our supplier freight services to ensure we give customers access to complete solutions for sending anything, anywhere."



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Our multi-channel positioning at the customer interface gives us the flexibility of servicing more customers across many more markets. That results in our highly intensive asset-based supplier carriers like Toll receiving more quality parcel volume from us. It's a win-win partnership – and such collaboration is important in the age of the e-commerce customer.

Q: Speaking of collaboration – how important is choosing the right truck for the job for you? Do you steer procurement centrally or do franchisees and partners like Toll make the call?

A: Our network has light commercial van vehicles that each franchisee owns and operates from their Pack & Send Service Centre. These vans perform flexible local pick-ups and deliveries when required of packed and unpacked goods. Franchisees have the flexibility to purchase their van models themselves within our specifications.

As we provide full solutions in sending anything anywhere, we outsource the line-haul component and most of our deliveries to our carrier supplier partners. Selecting the right carrier for the job is critical – and something we provide a lot of training for with our franchisees.

Q: Let's elaborate on that – which technical specifications are important for a business in the parcel delivery industry?

A: When it comes to the light commercial van vehicles that we operate throughout our network, the most important requirement is maximising cabin and load space to make for a practical work vehicle; they should be able to accommodate two pallets. Fuel efficiency is obviously also important. The vans we operate must be less than five years old and branded to our specifications.

Q: Did you ever consider alternative fuels as a viable option? Is that something you are planning to explore going forward?

A: We currently have not placed alternative fuels as a strategic priority, but do recognise that the rising cost of



conventional fuels, such as petrol, reflects the finite nature of those fuels. We will be keeping a watch on more sustainable transport options as they become increasingly available in the future.

Q: Given the ever-evolving nature of the Pack & Send business, where will we see the company 10 years from now? Will parcel delivery still be your core business?

A: We have always prided ourselves on never standing still, ensuring we adapt and evolve to build a stronger and more competitive company. This in itself is the reason we remain a strong, growing company after 22 years of trading. Our business will certainly have changed even further over the next 10 years – and this will primarily be in extending our touch points and sales channels so as to engage with more customers and leverage opportunities in more markets. However, the one thing that has remained unchanged since the company's inception is our business mission of providing customers with a wide range of solutions for sending anything, anywhere. That's always been our aspiration and what our brand stands for. Parcel and freight delivery will continue to form the core of our business.

Q: Which role will your international business play in that context?

A: The development of our international retail footprint is largely determined by customer demand. We initially expanded to the UK and New Zealand because that's where the bulk of our customer goods are exported, and our customers also wanted our value-added services in those markets. We offer a very popular service known as 'Store Connect' where our Service Centres in Australia, UK and New Zealand work seamlessly together to provide unique export and import solutions for international customers.

Our export shipments are experiencing phenomenal growth (over 50 per cent per annum) and customers are now telling us that they want our brand and network in Europe, Singapore and Canada. We are planning for this to occur under franchise arrangements over the next five to six years. What we have seen in recent years is that exporting is not for big companies anymore. The modern global economy now makes it possible for even the smallest of companies to compete and win internationally. Thanks to the Internet, small companies can now sell around the world almost as easily as they can sell around the corner. It will be important that we continue to provide more choice and solutions for these customers. 

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