

COURIER DRIVER BUSINESS START UP GUIDE

The UK postal & courier industry grows at around 5.5% each year and is projected to be worth £23.7 billion in 2015. In 2013, there were more than 500 million internet orders that needed delivering and 2014 saw online retail sales breach the £5 billion mark.

Subcontracting your services to an established company is the easiest way to get started in the industry. However, the area for profit and growth is through starting up and outright courier service. There are thousands of these across the UK and the opportunities are great.

If you can create a business that offers reliability combines with wonderful customer service then you will be halfway to earning long-term success. Competition is sure to be stiff but with a little help from the Insurance Revolution Courier Driver Business Start Up Guide you will get a head start.



1. DRAFT A BUSINESS PLAN

Many people think of business plans as elaborate documents that are labour-intensive to produce – this isn't the case.

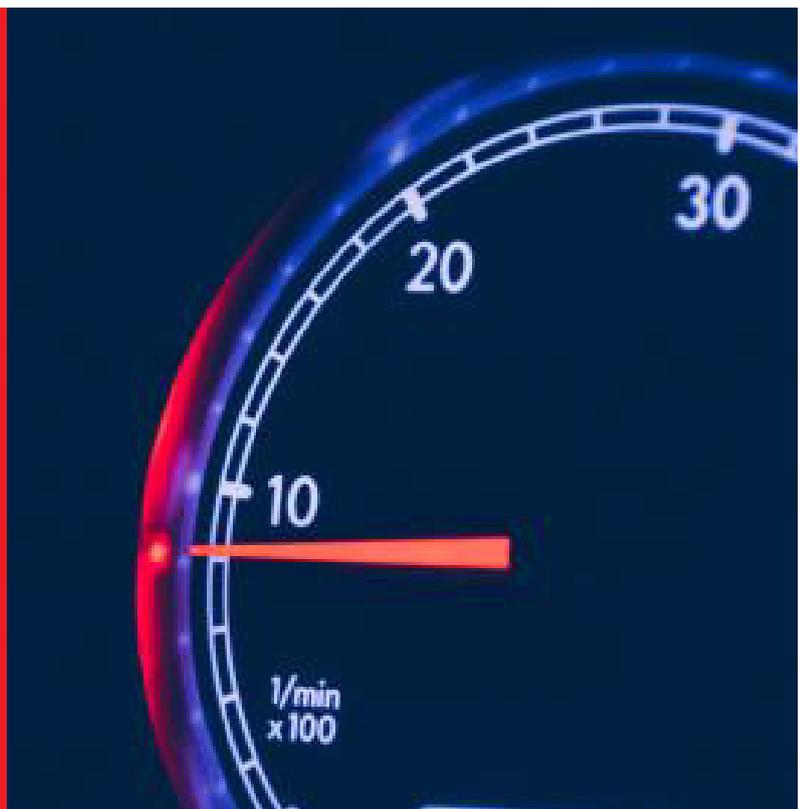
An action plan is the first thing that you will need but it needn't be a super-detailed document. A simple personal 'miniplan' will give you the tools needed to sketch out how the first 6-12 months of business will go. Usually up to 10 pages long, you need to touch on:

- Business concept – an executive summary with your business goals.
- The marketplace – the size the market, competitors, any industry problems/solutions.
- Financials – requirements to get your idea off the ground, a break-even point, operations and management system.

By focusing on these three basic parts, you can save time but also know that you have a route mapped out to reach your goals.

Short-term success for a long-term plan

Drafting a business plan will drive your short-term success and will be invaluable in helping you create a long-term strategy to scale your courier driver business. With so many of us buying items online today, package delivery is an exponentially growing market within the United Kingdom. From your local 'man with a van' to owner-drivers at big brands like DHL, the opportunities are out there.



2. LEASE OR PURCHASE A DELIVERY

A vehicle is imperative to creating a courier driver business, so the questions that need to be asked are whether you should lease or purchase a delivery vehicle and what size this vehicle should be.

Lease or purchase

The most important thing when choosing a vehicle is that it is reliable enough to use each day across a number of journeys. If you are looking for a used car then you can find an array of options online at websites like Auto Trader, Desperate Seller and eBay Motors.

Going for a lease tends to be the preferred option for courier driver businesses as it's a lower short-term investment and you can get good deals. All you need to do is choose the vehicle you wish to lease, find a dealer, choose your terms, apply for finance and order the vehicle. This is great if you are looking to add to continuously add to your fleet and allows you run these expenses through the business in your monthly outgoings.

How big should the vehicle(s) be?

You can get started in courier driving with a car of any size but if you invest in a van then you can transport larger loads that offer more profits. To start with, there is likely to be enough work even if you just use a hatchback car but you might find that there is a market for bigger loads. Certainly once you are growing, then medium to large size vehicles will be valuable to your business.

Fuel considerations

Make sure you do the right budgeting for fuel before you set off on this venture. Fuel costs will be a large portion of your expenses and figuring out how to keep them down will be vital in making a profit.

Consider that diesel is likely to be more efficient because despite costing more per litre, it also has a better consumption. Similarly, try to uncover tips and techniques that makes your driving more efficient – even something as simple as driving a bit slower can cut fuel costs by as much as a third.



3. INSURE YOUR COURIER DRIVERS OR VEHICLE(S)

You will need insurance to protect you, your vehicle(s) and you drivers in case of a situation. When starting up, there are four main types that you need to be aware of:

Vehicle Insurance

It is a legal requirement to insure any vehicle that is on the road. However, when you contact the insurance company, make sure that you note that it is for courier use. This is because saying business use may not cover the carrying of goods for others for profit. It might be more expensive but will mean any future claims will be valid.

If you are creating a fleet of vehicles to use for your business then you will have even more reason to speak to an expert. Having more than one vehicle, and numerous drivers, keeping track of the relevant paperwork is tricky. You can get a unique scheme for your needs through Insurance Revolution today.

Goods in Transit Insurance

Make sure you are protected against any loss and damage with this insurance – it isn't compulsory but usually covers up to a value of £10,000. To get this you may need to use a specialist courier insurance dealer as not all main insurance companies cover this. Having this on board will be an extra pull for new courier driver businesses, as you will be perceived to be more legitimate.

Public Liability

This might not be as crucial as the other insurance but you might want to consider being insured for any incidents involving you and customers. What this includes is any mishaps on the road, property damage or an injury to the member of the public whilst carrying out courier duties.

Employers Liability

Often bunched in with public liability, this insurance keeps you safe and covered in the event that one of your employees is injured whilst working for you.

4. GET MATERIALS/TOOLS AND RESOURCE THAT YOU WILL NEED TO RUN YOUR BUSINESS

Alongside a car, there are a few bits and pieces that you need to ensure that your services run quickly and efficiently. A great website for help and advice from those in the field is <http://www.codforum.org.uk/index.php>, where you can talk to couriers and research the business.

Mobile Phone

Chances are that you will be spending a fair portion of the day speaking to people. With this in mind, you need a reliable phone that comes with plenty of free minutes to use. This will cover all business call costs and can be registered in the name of your company to make it a tax efficient money saver.

Laptop (and computer software)

Having a computer is imperative for account keeping, finding jobs online, scheduling and detailing records of all completed work. This is essential for couriers so that they can plan daily routes for pick-up points and delivery addresses.

It might be effective to invest in software that makes this process that bit easier. You can do a lot of things with the right software – automation of pricing, invoicing and commissions amongst other things to streamline your activities.

Talk to an accountant

Running a business is all about financial control. As well as notifying the Inland Revenue and HMRC you should consider hiring, or at least speaking to, an accountant. They will be able to give you pointers on getting perks from running your own business and ensure that you are working within the law.

Qualifications and training

There are no formal qualifications needed for running a courier driver business, aside from having a driving licence, but being over 25 is often crucial for getting insured. You can aid development with NVQs in things like customer service and a Carry to Deliver Goods certificate.

5. PUT YOUR SERVICES TO MARKET - MARKETING SERVICES TO GAIN BUSINESS

As a new business owner, getting your name out there is going to be the hardest task you undertake. Consider these steps to giving yourself a platform to be known in your area:

Get listed in local directories

Adverts in the newspaper as well as spots in places like the Yellow Pages and Thomson Local (online and offline) will be useful for picking up early jobs.

Use the internet

A web presence is always going to be useful in today's digital age. It isn't a necessity though and all you really need is a simple landing page that shows your services and contact details for any web traffic. Although, if you do have grand plans then you will need to check websites like Parcel Monkey and Parcel2Go to see what sort of backend system you will need. Places like freight exchange websites are the key to online success as you can search for daily offers and find useful advice regarding the courier driver business.

Contact local couriers

Though these may one day be your rivals, in the early days it is worth touching base with fellow local couriers to see if they need help completing jobs. It is helpful for them because this ensures timely deliveries and happy customers and gives you the chance to keep the money coming in early.

Business cards

Word of mouth is going to be vital in the rise of your company. Help to make sure that people remember your name by creating a simple card with your name, address, phone number, email and business services. Leaflets are also useful if you want to try cold letters for companies.

Networking

Business cards will be useful and it is all about getting out there and putting your face in front of the right people. Do some research to see who potential customers could be and do your best to find and speak to them.

6. HIRE ONE OR MORE EMPLOYEES TO CARRY OUT THE COLLECTION/PICK UPS WHILE THE MANAGEMENT OF THE JOB IS LEFT TO YOU

Organisation and planning is imperative in establishing and holding a client base whilst adding more business to it.

Once you have sealed a decent contract with a company and have established a customer base, you can consider hiring employees or part-time drivers to complete more and more jobs. With them doing the collection and pick ups, you can spend time managing progress and bringing in more business.

From telephone calls to emails, there are a number of ways you can reach out to people. Plus, if someone is doing a lengthy job – like Manchester to London – you can spend time securing a job that will make the return journey even more profitable.

Some people like to bring people on board and make them full-time employees but many courier businesses actually ask drivers to be self-employed. This can take a lot of the risk away from you, as they will be responsible for their car/van and insurance.

When hiring staff be sure to look for:

- A clean licence
- Experience
- Flexibility
- Knowledge of the local area



7. DEVELOP A COMPETITIVE PRICING PLAN TO ALLOW FOR A NUMBER OF DIFFERENT SIZED DELIVERIES

Pricing is a tricky part of any business. Being a courier driver, the price you charge is going to depend on the region, vehicle size and the jobs you are doing.

Generally, a courier driver charges per mile for the journey to deliver with the return being covered at a discounted rate. The easiest way to get a handle on what you can charge is to research the cost of local rivals to go off.

Day rates for drivers tend to be anything from £150 to £350 per day based on size and weight of packages as well as distance travelled. On average, a parcel delivery is worth about £2 and you can charge around 60p per mile for long journeys.

Don't forget to incorporate any start-up costs into forming your price plan. You will need to recover these outgoings – van leasing, insurance etc – with your monthly income. Consider any demand variations as well. Thursdays are often the busiest day of the week as people look to meet deadlines and weekends are often the quietest. In terms of seasons, Christmas is likely to be the busiest time of the year but summer times, due to school holidays, can be slow.

Your pricing is likely to change based on:

- Weight
- Days until delivery
- Length/width
- Pick-up point
- Delivery address
- Any tracking software

Who are Insurance Revolution?

Insurance Revolution is a specialist insurance broker to couriers and those requiring non-standard vehicle insurances.

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