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Tom says it with flowers to clinch the deal!

By Richard Reed

Tom Allason is not someone who likes to take 'No' for an answer.

He desperately needed the help of one of the world's top IT experts to get his business off the ground.

But Dr Cynthia Barnard, of the prestigious Massachusetts Institute of Technology (or MIT as it's better known) was already in great demand.

So when she mentioned in their conversation that she was about to jet off to Hawaii for a holiday, Tom and business partner Jay Bregman had a brainwave.

'We realised we had learned more in 20 minutes on the phone with Cynthia than in all the previous months put together,' says Tom.

'She didn't tell us where she was staying or even which island she was on. We started phoning hotels, and after a couple of days we managed to track her down.

Gift baskets

'Then we started sending her gift baskets and sent her one every day for four or five days. She finally sent us an email saying, "Guys if you please stop sending these gift baskets I promise I will help you!"

'I guess she was endeared by what we were trying to do because it sounded like such a hare-brained scheme.'

That hare-brained scheme is now a fully-fledged courier business backed by some very high-flying City investors that has been doubling its number of customers every month.

eCourier made their first delivery in September 2004, completing 25 deliveries and billing less than £1,000 in their first month using just four couriers.

Just over a year later they are delivering 15,000 packages a month with a team of 70 couriers –



Tom Allason (seated) and Jay Bregman

and by the year-end, they expect to get that up to 40,000 deliveries a month.

So what makes eCourier so different from all the other operators in central London?

As Tom himself points out, there were already over 600 courier companies in London alone; 'Anyone that's got five mates can start a courier company – and history shows they have done just that,' says Tom.

But couriers can be notoriously unreliable – and, as with so many great business ideas, it was personal experience of a disastrous delivery that sparked the lightbulb moment.

Back in 2003, Tom had been given ten tickets for the tennis at Queen's that day. He couldn't go because he had a deal to close, so he offered them to friends. At 8am he phoned the usual courier company, with whom they did a lot of business, and requested a priority pick-up.

He came out of a meeting 45 minutes later and saw that the tickets were still there, so he called the courier company again. An hour or so later, and the tickets were still sitting there.

He phoned the couriers again and was told the same story – they couldn't contact the bike, ►

because it was out on the road – but it should be there in a few minutes.

Eventually the courier arrived, but half an hour later, Tom's friends were still ticketless. He phoned the company yet again – and again, they couldn't tell him where the bike had got to.

At midday, the company finally phoned back to say the tickets had been delivered – but that was news to his friends.

It eventually turned out the courier had left them with the janitor, who had gone to the pub, and the tickets didn't turn up until 8pm that evening – by which time, the tennis had finished.

Needless to say, Tom wasn't best pleased, and took it up with the boss at the courier firm.

'One thing led to another, and I might have told him I could do a better job, and he, in a round-about way, encouraged me somewhat,' says Tom. 'And that's how it got started.'

It wasn't an isolated example, and Tom realised there had to be a way to offer better service to customers – in particular, being able to track the location of couriers while they were out on the road and getting the name of the person who signed for the package.

'You are using a courier because you need to get something somewhere quickly, or that it is so valuable you cannot entrust it to the mail. In both those scenarios it seemed that the conventional courier company wasn't meeting expectations. In any service industry, the customer is king, so when we first started that was what we decided to focus on.'

Gap in the market

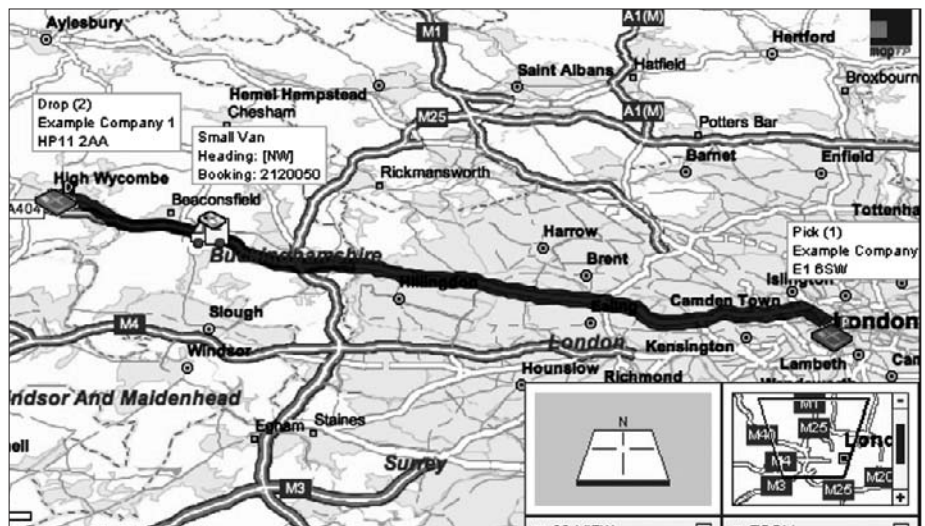
Tom and Jay started doing some research and realised just how fragmented the business was. The same-day courier industry is a £1bn market, yet the largest player had a market share of less than 3%.

They had discovered a gap in the market – but how to fulfil it and deliver, quite literally, on their promises?

They realised the solution lay in being able to not just keep track of the movement of couriers, but plan the best route and use the most suitable person for the job.

They were convinced the answer lay in designing some specialist software to do the job for them. The outlay would be expensive, but it would mean they could grow the business quickly and efficiently.

They also had big ambitions to roll out the service nationwide, and without the software, their service offering would have been a logistical nightmare.



The live tracking system shows the customer exactly where the courier is situated

'We thought that what we needed to do was give all our couriers hand-held computers, because from that we would know where they were all the time. We thought we would get a little bit of software developed that would enable us to work out who was the best courier for the delivery,' recalls Tom ruefully.

'We thought we could raise around £0.5m and allocated around £30,000 for the software.' Little did they know that software would end up costing around 20 times as much.

Raising the cash was the 'easy' part! They started pitching to everyone, and Tom managed to persuade his stepfather to advance £100,000 and raised another £300,000 from his former boss.

'Doorstepping' an investor

'With one of our investors, we literally turned up on his doorstep, knocked on the door and pitched right there, which he still finds quite amusing,' smiles Tom.

They had never written a business plan before, but put one together with the help of an American friend, Nathan Anderson, whom they had met while studying at Dartmouth College.

That helped them get a £100,000 loan from Lloyds TSB under the government's Small Firms Loan Guarantee Scheme.

They managed to get a great deal on some offices, because the previous tenants had been using it as an adult film studio without the landlord's permission!

'It was a horrible place. I don't know how they used it as a studio, because there was no proper electricity or lighting – we had extension cables everywhere and the concrete walls were covered with graffiti. But I got my little sister and her schoolfriends to come in and whitewash

the walls, and we got started.'

All the while they were looking for their elusive software solution. There was just nothing off the shelf that would do the job.

They approached an expert in the States, who came back and said it would take 18 months to build a basic version – at a cost of \$4.5m!

That was obviously out of the question, so they then came up with the idea of asking universities to help out.

Jay checked out everyone who was writing for logistics journals and tracked down 15 top academics.

Then they sat down, knocked up some official-looking letterheads, and wrote off asking them for research fund submissions – even though at this stage, they had no cash in the bank to pay them.

Everyone bar one responded, but Tom and Jay just didn't have the expertise to judge them apart. So they called up Dr Barnard, the leader in the field, to ask her to help out.

She initially said 'No' – but as we know, Tom and Jay can be persuasive!

They sent her the proposals they had received and she read them on the flight back from Hawaii. She thought one from an Italian university had real potential, and offered to oversee it for them in an informal capacity.

Of course, they still had to pay for the software – but they had plans for that. ▶▶ p14

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Software puts them ahead of the pack

Continued from page 2

They persuaded a top London law firm to take a gamble and work for them without paying anything up front.

They drew up a contract which was structured so that, apart from a deposit which they could just afford, payment was on delivery.

Then they flew out to Italy and got everyone working on the project to waive their intellectual property rights – no mean feat! Now the software is a sizeable financial asset for the business.

Doggedly pursuing that expensive dream of a software solution might have seemed unrealistic to some – but now eCourier are the leaders in their field and can fulfil their dream of going nationwide with an efficient, expandable system.

The program is capable of analysing all the traffic and weather information and predicting how long it will take a courier to get to a pick-up. It also knows what clients' service requirements are, and will work out who is the best courier for the job.

Artificial intelligence

Not only that, it also uses artificial intelligence to compare predicted time with actual time, looks at all the variables on the day, and uses that information to make an even better decision next time round.

All the couriers have hand-held computers with built-in GPRS phones that send back location information every 15 seconds or so.

And customers can log on to the website and track the movement of their package on a map in real time.

Tom and Jay have certainly used every trick in the book to get their business off the ground. When they started up, they phoned up a rival courier firm using a different name and asked to hire five of their couriers for a week!

They started 'soft' trading in September 2004, before the software was available, using friends and contacts to get the business bedded in.

The sales team consisted of just Tom and one other person initially, and it was very hard to start with. 'We just had to be persistent – once we got in front of people and we were able to show the system and what it did, the response was phenomenal,' says Tom.

Marketing investment

'The difficult thing is actually being able to get in front of people, which is why we are now investing in some marketing.'

The software went live in March 2005, with great success. 'Our aim was to get everyone booking online to reduce transaction cost. Our largest competitor aims to get 5% of their bookings online, but don't achieve that. We take 90% of our bookings online. The reason we have been able to achieve so much success is that we have made the website so simple to use it's easier than booking by phone.

'Customers can see the estimated time from pick-up and estimated time from delivery. The result is that we simply don't get incoming calls – less than half of 1%, compared with 20% with our competitors.'

Clients range from personal users – a new market for the same-day courier industry – to the largest corporates.

They now have extra investment on board and are planning to roll out a UK-wide service in the next 12-18 months.

Little wonder the big next-day courier firms are now showing an interest in their little baby! It just goes to show where a gift basket or two can get you... ❖

Editor's viewpoint

Revitalise your business

Are you feeling a little stale? Is your product or service looking a little tired? Running out of ways to boost sales?

Maybe it's time you had an injection of new ideas and enthusiasm – and there's no better place to do that than the Business Startup exhibition in London next month (see p22).

It's not just for 'wannabes' (though we were all at that stage once). Exhibitions like this offer the chance to meet fellow business owners, discuss ideas, learn best practice, and pick the brains of some of the UK's most successful entrepreneurs.

Running a small business can be a lonely affair – so give yourself the day off, get down there, have some fun and soak up the vibes.

You will not only learn – you'll be revitalised ❖

Moving to bigger offices

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prepared to pay for that.' Testament to that claim is a 100-year-old gentleman that Karen met recently.

'The waiting list in our area is 18 months. We can provide an excellent service and in three weeks' time I can sit him down

and help him make life more colourful.

'Of course, you've got to have value for money, there's no two ways about it. Hearing aids are expensive and the patient has to do that "Should I pay, should I wait?" thought process themselves.'

We all make mistakes in business – so what has Karen been able to learn from?

'I tried to run before I could walk,' admits Karen who, a few years into the business, pursued a new angle for the business and had to back-track.

'Apart from that, I wouldn't do anything differently with hindsight. Although, I'd like to change the amount of hours I work,' laughs Karen. 'But that will come.'

Seemingly not without some more hard work first. After Easter the two last remaining satellite centres surrounding Ipswich will open and Karen hopes to move their dedicated centre to larger offices.

'We are bursting at the seams,' she says. 'So the number one ambition is to move to larger premises, which will have the latest audiometry equipment, IT network, more consulting rooms and office space.'

Karen says the best decision she's made was start out on her own. 'It was scary at the time but now I realise it's the best decision ever!' ❖

