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One-stop solution

Logistics companies have had to rethink their business models over the last few years, as customer trends have moved away from the traditional long haul service to a one-stop solution. Abdool Tayob, chief executive of Bakers Transport, talks to Andrew Pelis about how the changes have benefited this family-run success story

Over the past few years, there has been a major shift in the manner in which companies approach their logistics requirements. The days when long haul was the preferred practice are long gone. Today, logistics companies have become one-stop-shops providing 3PL and 4PL solutions.

For family-run businesses like Bakers Transport, the change has injected fresh impetus. This South African business made its name as a long haul company, transporting fast moving consumer goods, packaging products and white goods across the sub-Saharan region. However, over the past few years, the company has diversified, firstly into distribution and then into warehousing.

This change in strategy has yielded an impressive annual growth rate, as chief executive Abdool Tayob explains: “At the moment, Bakers Transport has transformed itself into a fully fledged logistics company. We began investing in distribution about eight years ago—more for our clients’ needs—and later on we offered our own warehouse management. Today, we operate with over 65,000 square metres of warehousing space.”

The main reason for the changes, explains Tayob, was that the company realised its South African clients had joined the global trend of expecting a complete one-stop logistics function, and it recognised the need to move into these other service functions. “Without doubt, the growth we have enjoyed in recent years has come from meeting our customers’ demands (and therefore maintaining our long-term relationships), by diversifying into a fully-fledged logistics service provider, as well as revisiting our corporate culture,” he explains.

The cultural change was brought about by a buy-out of other family shareholders almost two years ago that saw two existing directors, Abdool Kader Tayob and Shabir Ahmed Tayob, take control of the company. Their father Aboobaker Suleman Tayob, who founded the business, is no longer operational, but is rather a strategic advisor for the group. “We have kept the business within the family,” Tayob affirms, “but my father is no longer involved in the day-to-day running of the company. Over the last two years we have made efforts to introduce a stronger management structure and corporate feel to operations,” he continues. “We have a forward thinking senior management team and executive board in place, to handle strategic and executive decisions.

This is all a far cry from the company’s beginnings in Pietermaritzburg, back in 1973. “We started from very humble beginnings when my father operated with one truck. For the first 15 years we had slow growth, and it has really been over the last 10 years that we have grown into a medium-sized operation. To give you an indication of our expansion, 15 years ago we had a relatively small fleet and workforce. Today we boast the largest independent fleet in South Africa and run 10 sites (including truck stops) across the country.” Bakers pays tribute to its dedicated employees and loyal clients for their hard work and support, and acknowledgement of success is to God Almighty.

By 1988 the company had grown sufficiently to relocate to its current larger premises in M’kondeni, as Bakers’ ever-growing fleet of Mercedes-Benz vehicles underwent further expansion. The relationship with the German supplier remains a focal point of the business. “Our ties with Mercedes-Benz have been in place since we purchased our first brand new truck back in 1980,” Tayob explains. “We have an ongoing vehicle replacement programme in place and over the last 36 months we have spent approximately R60 million on upgrading our fleet.





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“This has been a big plus for us as we chose the right product from the outset,” he continues. “In my opinion, we have the world’s best product and package available, thanks to the reliability of the vehicles, their flexibility for different applications—depending on terrain and the type of load—and for the aftersales support we receive. Crucially we also make savings over the longer period and vehicle costs have proven quite static.”

Cost savings are at a premium for a business that has to pass on rising fuel prices to customers. To counter this problem, Tayob says that Bakers has invested heavily in intensive driver training and high-tech software aimed at keeping fuel consumption to a bare minimum. “We spent around R4 million to create our Driver Training Academy

five years ago,” he states. “Our centre is accredited by Mercedes-Benz Germany. We took the courage to sign off the project and it has proved hugely successful in improving customer services and keeping costs down. We currently employ three full-time and two assistant trainers who provide ongoing training around the country.” Bakers now realises the return on investment of the decision.

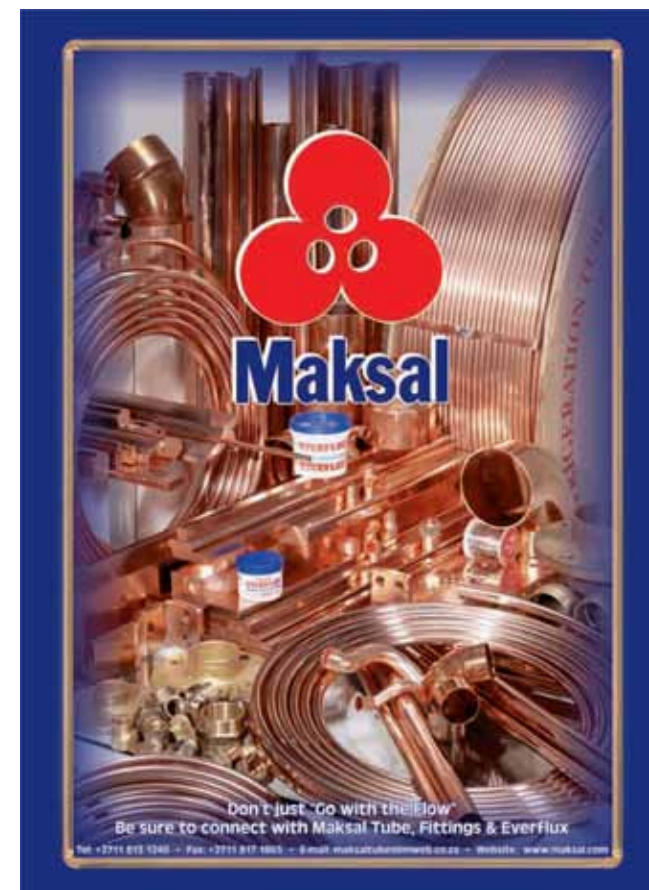
“We have also benefited from keeping abreast of IT trends with regards to our IT system. We run two systems: Opsi Plato provides us with routine scheduling that enables us to identify the shortest route for our drivers, reducing time and fuel costs. For fleet management and driver performance we also use Mix Telematics which provides live information on driver behaviour and route patterns. We run a

monthly incentive programme for our drivers and we are able to use this software to identify winners.” Bakers is currently implementing an integrated WMS system which is close to completion.

South African logistics companies are now facing a raft of legislative changes that impact on the issues of environment, quality and health and safety. Tayob welcomes the changes currently being implemented and feels these will help to clean up the industry. “It [legislation] is moving more towards international standards and is having a positive impact on our industry,” he asserts. “Prior to the mid 80s there was a lot of red tape and we operated under a permit system; but that has all changed, and anyone with cash has been able to buy a truck and start a business. This has resulted in a drop in industry standards and a “cowboy market” with poor road safety. Fortunately, this is all starting to change and the legislation will create a level playing field. Quality is very important to us—we are now working towards attaining ISO: 9001 accreditation in August 2011.”

Bakers Transport’s ISO: 9001 aspirations further underline its clear corporate structure, something Tayob feels will help win more big contracts without compromising family values. “We have to keep pace with human capital and recruit the right people and skills, but we must also keep the same flavour as we grow,” he says. “Infrastructure will present a challenge as volumes get bigger and we will need greater automation. These are the big challenges for the next couple of years which include quality of professional drivers and a diminishing workforce; we must make sure that we don’t let it run away from us.

“In the meantime, 2011 will be a year to review our strategy and consolidate our ‘Breather Strategy’. God willing we are confident and excited about the success that lies ahead. Our plan for 2011 is securing the foundation and setting the stage, as we move towards becoming a ‘World Class Company’ and ensuring the solid manifestation of ‘Performance Driven Logistics’ in every aspect and activity within the Bakers organisation”. www.bakerstransport.com



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