

How to Start a Haulage Company in the UK



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Starting any business is complicated and risky, but once you've made the decision to pursue it, it's vital to start organising both the tools you have available to you and the processes that you'll be using. Today, we're going to take a look at how you can do this when setting up a haulage company in the UK.

Obtaining Certification

Your immediate priority should be to either hire someone with a HGV license, or to obtain one yourself. No license, no business! Once this has been done, you'll also need to apply for an Operator's Licence. To obtain the Licence – which is a legal requirement – you'll need to either pass a CPC (Certificate of Professional Competence) test yourself, or hire a transport manager already in possession of one who can apply for the licence on your behalf.

Obtaining an operator's licence involves filling in several forms, and also producing bank statements showing that you have the necessary funds required to run a business in the haulage industry. It's therefore essential to ensure that you have your finances in perfect order before applying. Your application will be sent through to the Ministry of Transport, who will decide whether or not you're granted the License.

Risk and Reward

The capital cost for setting up a haulage company in the UK is fairly large. However, the industry is a huge one, and growth can be substantial for those companies that conduct their business in a professional, ethical and fiscally sensible way. It's worth remembering that if you wish to slightly reduce the initial costs, it's possible to lease all the necessary equipment rather than pay for it.

Choosing the Right Vehicle

Once you've obtained an Operator's License, you'll need to ensure that you choose the right vehicles. The choice is substantial, with rigid vehicles available ranging in size from 7.5 tons right the way up to 26. Of course, if you'd prefer to work with articulated lorries, then it's possible to find vehicles ranging right up to 44 tons.

Choosing which types of trailers you use is also a decision worth serious consideration, especially in that it will impact which vehicles you require. For instance, if you choose to only use trailers, then it will be necessary to lease or purchase a 44 ton articulated lorry: another vehicle simply won't be able to cope!

If, on the other hand, you'd prefer to enter the general haulage marketplace, then a curtain sided trailer would be more suitable. Trailers like this are extremely versatile, able to deal with everything from palletized products to long lengths of steel or timber: perfect for any business that's planning to cover a number of different bases.

Finding Work

So: you've got your vehicle ready and your trailer hooked up. Now comes the tough bit: actually finding work! Fortunately, the haulage industry is heavily price driven. As a result, companies are constantly looking for a competitive price. This means that even brand new firms can begin to compete straight away (as long as they do a good job, of course!). Offering lower rates is a great way to obtain business quickly, and you can then raise your costs once you've built up a good reputation.

As with any business, perseverance is vital. Rome wasn't built in a day, as they say. Have invested your own money into starting the company, it's essential that you knuckle down and do the hard yards needed to help build your company up.

A great way to attract business in the early days is to look for existing haulage companies that sub-contract. There are a number of firms out there that exist solely off sub-contracted drivers: that is, they don't even have a fleet of their own. Companies like this are always looking for reliable, dependable hauliers to work with. It's also possible to find work through haulage exchange sites (such as Returnloads) that earn their money by setting up reliable hauliers with work across the country.

Obtaining Your Own Customers

Once you've earned a good reputation and have some experience, you'll be in the position where you can start to branch out and contact customers directly. Good old fashioned advertising – whether in print, online or on TV – remains a highly effective way of doing this. It's also worth printing out some leaflets and then distributing them around relevant sites (such as factories or industrial estates). There is no right or wrong answer in terms of marketing, so take the time to discover which channel gets the best results.

How to finance your haulage business

On some occasions, it may be possible to obtain finance to help get your haulage business going. Leasing remains the most popular (and most heavily recommended) financing option. Equipment is regarded as a usage agreement between an equipment owner “**the lessor**” and a user of the equipment “**the lessee**”, whereby the lessee remits to the lessor a periodic rental fee as compensation for the usage of the equipment. How a lease is viewed and utilized varies considerably, although there are two major forms:

✓ **Operating Lease**

In an Operating lease, a substantial part of the risks and rewards incident to ownership are not transferred to the lessee. The term ‘Operating Lease’ encompasses the short-term hire of equipment such as Trailers, motorcars, barges or boats. Leasing provides the lessees the opportunity of payment over a longer period than with most other forms of financing. This allows the lessee the opportunity of reducing financial commitments particularly in times of stress.

✓ **Finance Lease**

A finance lease is more straight-forward. The finance company will finance the asset and you can then pay the lease over a set period as per the initial finance agreement. One thing to bear in mind is that when the vehicle or trailer which is on a finance lease is returned then the condition (less wear and tear) must be good otherwise you will be left with a large invoice for repairs to bring it back to the condition they expect.

Rules, regulations and insurance

As with any industry, the haulage sector has its own set of rules and regulations that you must adhere to. Indeed, the haulage industry's regulations are changed fairly regularly, so you must be prepared to constantly stay on top of issues such as truck maintenance procedures, vehicle weights, tachograph laws and many others.

The best way to be aware of the rules is simply to research them or, if you already know someone in the sector, to ask for assistance.

It is also essential to have insurance in place before you begin to look for work. Insurance will cover both your vehicles and the cost of the goods being transported. You will need to have both fleet policy insurance - which covers your vehicle – and goods in transit insurance to cover the loads you transport.

Getting the right staff

Of course, a major challenge is actually finding good drivers: without them, you don't have a business! Your drivers are the 'face' of your business, so it's vital to always check their references and background thoroughly to ensure that they have a reputation for doing a great job, and for always adhering to company policy.

Your management strategy

Last but by no means least, it's essential to have a management structure in place. A good management team is the key to running a successful company in absolutely any industry. You should only employ those with real experience of the sector, whether they're handling accounts, dealing with HR or managing the process itself. Experience is simply invaluable, and will always pay off further down the line.

Remember: the haulage industry can be a challenge to break into. But once you're there, it can be incredibly fulfilling, as well as very financially rewarding. Good luck!



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Thank you for reading

“How to start a haulage company in the UK” was written by Richard Newbold, Managing Partner of [Returnloads.net](https://returnloads.net), the UK’s leading road haulage marketplace. Richard Newbold has thirty years’ experience in the road haulage industry and runs several logistic related businesses advising haulage and logistic business throughout the UK on aspects of the transport industry. Richard Newbold also lectures regularly on business matters to colleges and Business schools within Essex. You can follow Richard on [Google+](https://plus.google.com/returnloads.net).