



Transport
Exchange Group

New to the Industry

Thinking about becoming a courier?

This short document is intended to give you an overview of the industry, and act as a starting point to help you to decide whether the courier business is right for you.

Courier Exchange has been in operation now for 10 years – in that time we have seen new starters come on board as owner-drivers and grow their businesses substantially. It isn't the right industry for everyone – you need patience and a willingness to provide a good service even when you've spent the last 3 hours sitting in a traffic jam on the M1! However, it does provide a good living for most, and gives you the freedom to be your own boss.

Contents:

- Definition of 'courier'
- Some of the main companies
- Where CX fits into the industry
- Charging & tariffs
- Vehicles
- Insurance
- Route planning
- Sat Nav & Tracking
- Communication during the job
- Proof of Delivery (POD)
- Jargon-Buster
- Paperwork
- Invoicing
- Terms of Payment
- Terms & Conditions of Carriage
- VAT registration
- The next step



We regret that we are unable to answer individual queries relating to the content of this document

What do we mean by the term 'courier'?

If you're considering starting a courier business, then you're probably rather confused by the word itself – which isn't surprising, as it means so many different things to different people!

The industry is **very diverse** and **fragmented**. *If you were to ask a business in central London whether they use couriers you will get a very different response from asking the same question in say, Manchester or Leeds.*

This document mainly deals with the '**sameday**' side of the business – however, you may find yourself working for a variety of courier, transport & freight companies, so here are the main classes of courier so you can navigate your way around the jungle!

Description

Sameday – owner-drivers and companies running dedicated vehicles on urgent deliveries, mostly '**point to point**'; some specialise in sectors such as hazardous freight, chilled and air freight

Multi-drop – a phrase used to describe multiple deliveries within a small-ish area. Many companies offer multi-drop as part of their portfolio of courier services.

Number & type of companies

Approx. 3000 UK companies
100,000 owner-drivers

Mostly small & medium sized independent companies. TNT, Target, DHL, City Sprint are some of the national players.

Domestic overnight

Specialise in delivering packages up to 30 kgs on a next day / 2-day service.

There are many overnight networks – Some of the majors are Parceline, ANC, Target, TNT, DHL (formerly Securicor Omega), Business Post. Some of the networks are franchised - the local depots who make the collections & deliveries are owned by local businesses and the overnight 'hub' and 'trunkers' are run by the national business.

International Express

Companies such as DHL, Fedex , TNT and a whole array of smaller companies offer a time-definite service for smaller packages worldwide.

Technical Courier

Retailers and suppliers of products that require site installation are increasingly using 'technical couriers' to carry out both the delivery and the work on-site.

'Lifestyle' Courier

Mainly employed by the big mail order catalogues (ie., Grattans), they are mostly self-employed owner-drivers delivering small packages to predominantly residential addresses. Major players in this market are Parcelnet, Redcats and Reality (formerly White Arrow)

You will also hear these terms used:

International Integrators

Basically the 'big four' global couriers - UPS, Fedex, DHL, TNT who operate their own equipment aircraft. They run scheduled international services with guaranteed delivery times. They mostly have their own infrastructure locally, but do work with domestic partners in some cases – ie., Fedex works with Business Post in the UK for some areas

International wholesale

Based at the main airports, especially Heathrow, these companies consolidate international express shipments so that independent couriers can offer a International service to their customers

On-board

Specialise in hand-carry jobs where time & security are absolutely essential. A premium service!

Where CX fits into the industry

Every industry needs a focal point. The courier industry is incredibly diverse and fragmented; furthermore, there is a huge amount of **sub-contracting** at every level. Courier Exchange provides the framework for the industry, bringing together the participants at every level (**owner drivers, local companies, national companies, freight forwarders**). Our members use the website to **trade loads, build up their contacts** and **service their customers**.

As an owner-driver, you'll receive notifications to your phone of relevant jobs. We also have a mobile data service (CX Mobile) which allows you to post information onto the website from your phone or PDA.

It is a 'trade only' site, open only to bona fide courier & transport companies.

Besides the 'matchmaking' features of the site, we also have a sophisticated order confirmation system. In practice, this means that as an owner-driver you will receive an online confirmation of every deal you make with another member; you can then input a POD and also raise your invoice if you wish.

The site can also be used to keep a diary and raise invoices for jobs you do on behalf of customers who aren't members – so for the owner-driver, you don't need any other system to run your business. Subscriptions start at £25 a month. See the Courier Exchange website for more information and case studies.

Charging & tariffs

Tariffs vary tremendously around the country, and it is virtually impossible to set a 'national' rate. *You will find the 'usual' rates in your area by asking around local owner-drivers and companies.* There are a number of ways that courier businesses price up their work, and these depend to some extent upon your location and customer-base.

Price per job - based on a one-way trip – DO NOT assume that there will be a load to bring back for this customer

Price per mile - specify if this is from "pick-up to drop-off", or "base to base". Be positive about the mileage you are charging.

On top of the mileage rate, you should pre-agree the following:

- **Waiting time** - the first 10 / 15 minutes is generally free of charge, charge in slots thereafter
- **Additional cost for en-route drops**
- **Minimum per job**
- **Tolls, congestion charge, ferries, parking** – you must advise any extras up front if you want to get paid; or get authorisation from the controller

Vehicles

You can now hire commercial vehicles on a very competitive basis, and it is worthwhile doing this in your first few months as an owner-driver, rather than purchasing a vehicle. This means that you can find which vehicle is going to be most suitable for your daily work. Contract hire often includes all maintenance (other than wear & tear), plus a replacement vehicle if yours is off the road for any reason.

Insurance

The insurance requirements for the industry are complex, and we strongly recommend that you contact our preferred partner for Courier Insurance, ONE Business Insurance Solutions to discuss your Insurance needs **0845 219 0460**. When you speak to any Insurer, they will ask you exactly what type of work you intend to do – this will affect which Courier Insurance policy is right for you.

There are a substantial number of 'grey' areas, not least because the insurance companies themselves do not have any agreed common standards and regularly change their terminology. Our preferred insurance industry specialist, ONE Business Insurance Solutions, has highlighted some key points which you should consider.

As a guideline, we expect Courier Exchange members to have:

- Valid Third Party or Comprehensive **vehicle insurance cover**, showing that they are permitted to carry 3rd party goods for **hire or reward**, including an indemnity in respect of loss or damage to property of *at least* £1,000,000 – your insurer **must** be aware of the nature of your business;*
- **Goods in Transit** ('GIT') to a *minimum* value of £5,000, and/or **CMR/** marine cover.

*freight forwarders – special conditions apply

In addition, it is very advisable to have:

- **Public Liability** to a minimum of £1,000,000 (especially if your organisation is not a limited company)
- **Employers Liability** insurance (note: this is required if you are a Limited company and whenever you have a 'Duty of Care' to an employee, whether they are regular full/part time or an occasional worker)

In broad terms, insurers class your risk according to whether the work is:

- (i) a planned / regular delivery
- (ii) an unplanned, 'panic' delivery

It is worth noting that what you *may* consider to be a '*planned*' (ie., pre-booked) delivery to an unknown or irregular location would normally still be classed as an *unplanned* delivery by insurers.

Comments on policies

We strongly recommend that you purchase your insurance through a specialist broker. Our preferred Insurance partner is ONE Business Insurance Solutions who are specialists in Courier Insurance. Most problems for couriers seem to arise when a policy has been purchased through a non-specialist broker or off the Internet. Unfortunately, many non-specialist brokers do not understand the subtle differences between the different classes of insurance available to transport operators, and may therefore sell an inappropriate policy. Also, we have found that although some insurance companies will state verbally that a policy is satisfactory, they are often unwilling to confirm that in writing. Therefore, we will always recommend using an Insurance specialist to find the best policy for your needs. You can contact ONE Business Insurance Solutions on:
0845 219 0460

How is 'courier' defined by the insurance industry?

Unfortunately, insurance companies have never satisfactorily agreed a definition over what they consider to be a courier, however, ONE Business Insurance Solutions has stated that they will generally consider an operator in this category if:

- there is a high level of multi-drop work in vehicles with a GVW less than 3.5T
- the work is not pre-planned
- you are working directly for another courier company

How is 'haulage' defined by the insurance industry?

ONE Business Insurance has advised that generally speaking, the term covers single drops (up to 3 per day), and the work must be carried out for:

- i) a direct customer
- ii) a 3rd party freight or transportation company (but *not* a courier)

Anything over 3 drops per day (in a vehicle less than 3.5T GVW) would be considered as multi-drop.

CMR v. GIT

CMR is a specific type of goods in transit policy, mainly used by freight forwarders. There are two types of CMR – international & domestic UK. As an example of how it applies, a full trailer load from Hamburg to Oxford could be covered by international CMR, but the onwards delivery of part of this load from Oxford to Glasgow would need to be separately covered by either domestic CMR or a GIT All Risks policy, RHA etc etc.

Note that a standard All Risks GIT policy may not cover you adequately for a continental delivery (as the maximum insurance for this is set by European law at £8/kg). If you are doing a delivery to the European mainland, the onus for insuring the goods fully should either be with the freight forwarder (under their 'Marine Policy') or with the owner of the goods (who should add you to their own policy as a registered carrier).

Sub-contracting

If you are sub-contracting deliveries, you should declare this to your Insurer as they will often have a special clause covering this.

Please note that we are unable to advise on specific questions relating to insurance and you should speak to a suitably qualified insurance broker to determine your requirements. Our preferred Courier Insurance Partner is: ONE Business Insurance Solutions and you can contact them directly on: 0845 219 0460.

Route planning

Planning your route is important – there are a number of websites which will help you with this. Remember that the company who you are working for may only pay you for the shortest route, which may not necessarily be the quickest!

If you're planning a journey to the Continent, remember to allow for tolls on the autoroutes and motorways in countries like France & Italy.

Sat Nav & Tracking

In the last few months there has been an explosion in affordable satellite navigation and vehicle tracking. You can now get a turn-by-turn sat nav system with voice instructions on a PDA for under £400. Similarly, the cost for tracking vehicles has come down with the advent of cheaper GPS modems and data.

This means that there is no reason to get lost, so companies are ever more expectant!

Communication during the job

Most people can drive a van – what makes a successful courier is the ability to communicate at all stages of a job, and be flexible to adapt to changes in circumstances. If you are sub-contracting for another courier company, you must remember that you are 'carrying' their reputation. They will expect regular updates, especially when the consignment is collected and delivered. Most importantly, if there is a problem such as a breakdown or traffic jams let them know ASAP.

Proof of Delivery (POD)

A vital piece of evidence that you must collect to show that you have successfully delivered the consignment. It should be time & date stamped, with the recipient's name clearly printed and signed. Some companies will not pay you without hard copy of this document! You should also phone through the POD info immediately to the company that you are working for, or use CX Mobile to send this data back.

Paperwork

Multi-part delivery dockets are the traditional way of despatching consignments, increasingly being replaced by paperless systems such as CX Mobile. Check with the company that you are working for to ensure what they will accept.

Invoicing

You should try and raise your invoice as soon as possible after completion of the job, and send your POD with it. Don't expect that you will be paid immediately for a job which has taken you three weeks to invoice!

There is a simple invoicing facility on CX, which you can use for either your own customers or other members of Courier Exchange

Terms of Payment

Agree this as soon as you accept a job, before you collect the consignment – it's no good arguing about it afterwards. Typically, you should expect to be paid on a *30 days net basis* – this generally means that you will be paid at the end of the month following your invoice date i.e., an invoice dated 14 September would be due for payment on 30 October. Some companies will pay on a 7 day basis or by credit card – check first.

VAT registration

It's likely that you will need to register for Vat once you're up & running seriously. There are numerous websites dedicated to this subject and other small business matters. You may also consider the joining the 'flat rate' scheme which is especially suitable for smaller businesses.

See <http://www.hmrc.gov.uk/startup/> for more information.

Terms & Conditions

You will need a set of "T & C's" to trade with – there are a model set of these available for Courier Exchange subscribers. You must send your customers these conditions prior to starting to trade and always refer to them on your documentation and quotes. Your Terms & Conditions should cover what happens in the eventuality of damage or loss to a consignment and late delivery, besides the usual trading conditions.

The next step

We hope that this short guide has been helpful and given you a reason to join the courier industry. There is a wealth of information on the web about general issues which affect small businesses and the Courier Exchange community is often a great source of 'self-help'. If you would like to join us, please visit the website at www.courierexchange.co.uk where you will find more specific information about subscriptions and the way we work. You can also call us on 0844 225 3500 **8.30 – 5.30pm Monday to Friday.**

Jargon-Buster

There's a lot of jargon in the industry – here's a selection:

DMR
POB
Waiting Time
POD

C & D
Hotshot
Backload
Return Journey
ETA
Open Circuit

Circuits
Wait & Return
Express / Solo
ADR

Deadline
'Booking in time'/delivery slot
GIT
Pre-Book
PB
Ambient
Time definite
Freight Forwarder
Level 4 Aviation Security
Track & Trace
On Board
Consignment
SLA
COD

CX Mobile
CX

Dead Mileage Return
Passenger / Parcel on Board
Generally, the first 15 minutes are free
Proof of Delivery, should be a clear time & date stamped signature
Collection & Delivery
An urgent job posted on Courier Exchange
A less urgent job posted on Courier Exchange
The run back to base posted on Courier Exchange
Estimated Time of Arrival
Controller calls out the job for the nearest/any driver to pick-up
designated work areas
2-way job, includes waiting at the drop-off point
dedicated vehicle
Hazardous Freight (needs a licence), several categories
Be there or else!
A timed delivery is required
Goods in Transit insurance
Advance notice of a job
'Pass By', for a daily collection
Regular, non-temp controlled delivery
Delivery required by a specific time
Use other companies to deliver their loads
Required to handle 'known' air freight
Ability to track consignments before delivery
Premium type of courier delivery, hand-carried
Industry term for a load
Service Level Agreement
'Cash on Delivery' – you could be collecting the delivery charge for your customer, or collecting cash for the goods that you are delivering for the end-customer (this would probably be a "Wait & Return" job)
The mobile data service for UK couriers
Courier Exchange!

Disclaimer

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