



Building on luck and trust

Border Express

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Building on luck and trust

In 1981 – the year Max Luff turned 50 – he decided to start his own freight transport company.

It was a risk at his age, the former school teacher realised, but he knew the industry well. He'd already spent twenty years working as general manager of a transport business in Albury-Wodonga, New South Wales.

At first his own Albury-based company, Border Express, was modest in scale. Luff had six leased trucks, two drivers and just one customer. Now it's one of the largest freight transport businesses in Australia with over 550 employees, 230 full-time subcontractors, a blue-chip client list and revenue this year expected to top \$130 million. The company operates depots in every capital and owns property in each one except Perth and Canberra.

How did Max do it? "I was lucky," he says. And when pressed he adds he built on luck by being willing to take risks, having a vision and developing trust in his relationships with customers and staff.

Family has played a big part in his success. After gaining qualifications and experience independently, Luff's four sons joined him in Border Express one-by-one through the 1980s and '90s. Geoff, the eldest, manages the Albury head office while Grant handles administration for the group as well as accounting, IT, compliance and training. Mark oversees the national interstate business and the youngest, John, manages the Sydney operation.

They make a formidable team, having built a culture in which customers come first and growth is well managed. Clients range from paper and paint groups Norske Skog and Wattyl to automotive and hardware outfit Bosch and home storage company Willow.

"It's critical we stay in touch and have good relationships with customers, especially for the rare occasion a delivery goes astray," explains Luff. "We get feedback that our people have smiles in their voices and are quick to have a laugh, but most importantly that loads reach their destinations on time and in good order.



They're the basics for us: understanding what we do and doing it well."

This philosophy is complemented by a strong brand with impressive sites and well-maintained vehicles and equipment. The standard of the depots alone works effectively as a marketing force, Max says. These principles combine to ensure that the company thrives even in the face of heavyweight competition from organisations like Toll Express – the biggest competitor – and second-tier carriers like Bon McArthur.

Not averse to making a mistake, Luff has at times aggressively grown the business. In the mid '90s, for example, he realised that while its structure was sound, which gave him confidence, the family had become dependent on the company, which made him worried. "I decided then that the Albury market was too small for us," he says.

So in 1998 he took a calculated gamble, buying two transport companies in Victoria and Canberra. He applied his operating principles to these and their revenues are now three times that of Albury.

Willingness to take risks has paid off in other ways. In 1982 a friend asked Luff if he would put money into Finemores Transport, then coming out of receivership as a private company. Max did, though he couldn't really afford it at that time. His \$200,000 investment was repaid many times when Finemores was floated.

Growth has inevitably been accompanied by financial pressures. A recent investment in warehouse space in Sydney has burned a substantial amount of cash while last year Border Express completed a \$7-million purchase of four hectares of land for a warehouse alongside the new Woolworths Distribution Centre in Wodonga. The warehouse doesn't yet have a customer, but Max is confident it'll be a success because it's strategically placed.

Luff and his sons manage challenges through a strategy of "never betting the house" along with conservative gearing and good banking arrangements. At the same time seeking and listening to the input of stakeholders and colleagues

always results in more measured and considered risk, he says. "Consulting widely can affect the impact any decision will have on the business, immediately and over time."

Luff has consistently channelled resources into infrastructure, plant and equipment, IT systems, training and people.

Trust in customer and staff relationships has been crucial. In fact that's how Luff acquired his first customer. "In 1981 Moore Business Systems walked in my door to say they'd dealt with me for years and were happy with me. I went from no business to doing their national distribution overnight."

His management style is non-aggressive and inclusive and consensual rather than autocratic. He prefers the word 'colleagues' to 'staff' and can't remember a time his sons or the rest of the executive team argued in a heated way.

What of the future? Recently Max and his sons were approached by merchant bankers with a proposal to float the company, but rejected the idea. "Our balance sheet is strong and finance is readily available," Max says.

And the plan is to keep the company in family hands well into the future. Max concedes that in about 15 years time when his boys are in their late 50s to early 60s and their families are growing up, that may change. His grandchildren, the third generation, might decide to move on and do their own thing. "I'll be about 90 by then and you can't control it from the grave, but in the meantime we intend to run our own race."



The standard of the depots alone works effectively as a marketing force.

Transport company Border Express has grown exponentially thanks to:

- Willingness to take risks without "betting the house"
- Reinvesting in the business, especially in IT
- Consulting widely with stakeholders
- Consensual management. ■