

PM COVER STORY



Isuzu FSR 140-260.

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EXECUTIVE **ACTION**

Successive investments in infrastructure and new equipment have set in motion a plan for major growth opportunities at Allied Express.





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Retail businesses that account for a vast majority of their financial gains in small, defined windows during the year rely heavily on Allied Express. The transport specialist executes the movement of goods for its retailer partners all over Australia and, in turn, must be prepared to ensure there are no hiccups involved in this task of product distribution despite the seismic changes felt across supply chains in recent times. Distribution, to its roots, must have continuous utility.

The business, whose new head office is in Sydney, caters primarily to two main markets. The first is a same day service for metropolitan deliveries in every capital city involving ad hoc courier or taxi truck work; the second is interstate deliveries moving

through depot networks across Australia. The resurgence of online retail that began in 2020 has failed to let up in the intervening years. That has brought with it, according to Allied Express Managing Director Michelle McDowell, real change to where and what the company delivers. "Delivering to the online retail market means we're delivering direct to customers in their homes," she says. "That brings with it a whole range of different challenges when compared to delivering into businesses whether that's warehouses or office places."

Some of these challenges made it necessary not only to know when people are home, but what those homes look like and where they are situated. It's all part of finding the best way to effect direct deliveries. Though

it might sound easy enough, Michelle insists it's clearly not the case.

"We often have competitors come in and out of our market thinking this home delivery gig is great given the online retail activity out there," she says. "But it is difficult particularly in our part of the market which tends to be the big and bulky items."

Getting the item to the address, it turns out, is only half the problem. The other half is making sure the intended recipient wants the delivery at the proposed time and how they want it delivered. Heavy investment in information technology platforms for the company has naturally ensued. All IT is developed and designed inhouse by Allied Express. None of it is handled offsite.

"That gives us a real competitive advantage



At nine metres a longer wheelbase on the Isuzu has allowed for greater payload.



At the Allied Express new facility at Bankstown Airport.



Chief Operating Officer Betty Zhang with Michelle McDowell.

because what we do is go to the market and with our customers imagine what services they want," says Michelle. "Then we use our software to really develop systems to make that seamless for our own customer. From the track and trace facilities and how we translate that into online portals so they can see the information and how we text message people when they are home to make sure those messages get to them quickly. That's valuable information. All that's key to making sure that those deliveries can be done effectively." COVID wrought many extraordinary protocols on the cost of doing business not in the least the nature of business itself. Contactless. Cashless. Decentralised. Though many freight carriers have since been able to scale back the protections

put in place judiciously for employees and customers, the memory certainly lingers. As the second quarter approached in 2020 many businesses were entering a void of uncertainty in which they were being asked to pit tried and tested operational integrity against a new challenge without an end in sight. Not least of all how they were going to handle different kinds of capacity including risk. For those businesses that got through, the period at present can be viewed as a belated moratorium. It was particularly tricky for Allied Express who found itself working at both ends of the market. "Half of our businesses are online retail, but the other half is spread across many different industries that were really strongly affected by COVID," Michelle recalls.

"While we really needed to look after our businesses that were booming, we equally needed to look after our businesses that really struggled during that period." Helping them to survive took on different guises. In some cases, it meant shifting into different markets, in others it required new business strategies and scrutinising their cost structures. "What was good for our business was our people in quick time recognised those threats and opportunities to do things differently," says Michelle. "And we had to react on those very fast. It was an interesting time to manage in the moment." Even in that very first week when a majority of the national workforce were suddenly uprooted and moved, with little notice, to a remote model, by about the third day,



when executives like Michelle were trying to grasp the magnitude of what was set to transpire, online retailing went through the roof.

“We had massive volumes, unprecedented volumes going through our network,” she recalls. “What was daunting was we had to handle that in what was really difficult circumstances. So we made the decision early on that we would work from the office. All our staff worked in the office the whole way through.”

It was interesting in the beginning and somewhat scary according to Michelle. “There was great camaraderie that came out of that and a great relief that people were actually getting into an office and in a circumstance where they can interact and do something that was really valuable for the community during that period of time,” she says. “Our business is built on being flexible and really variable so we can scale up very quickly.”

To be able to do so it needs to be resourced well enough, depending on the circumstances, to adapt to new challenges and to anticipate changes beyond its control. In road transport there are many. “Even during the course of a year those volumes change quite dramatically,” says Michelle. “We’re coming into a period of Black Friday and Christmas now where our volumes will increase significantly.”

Every driver at Allied Express is GPS-tracked through the personal digital assistant devices the company supplies to them. Location. Jobs completed. Workload throughout the day is monitored through a centralised system custom-built inhouse. As subcontractors constitute the entire fleet the drivers choose their own vehicles. Allied, however, will define what they will need for the work they have available. If a new contract is set to commence, requiring, as such, ten 10-pallet capacity vehicles they will go to the market and recruit for those roles. Whatever it needs in that fleet composition.

“We’ll do a lot of work on what that composition is and how we match the resources with the task at hand,” Michelle says. “We’re always happy to invest in ourselves to take the next challenge and that’s why we make sure every driver has

got enough in the PDAs and tools of the trade. It’s always to back ourselves to be growing and we want to make sure that we’re at the very forefront of what we do and for our customer base to make sure that their service is always as good as it possibly can be.”

Nationally the fleet sits around 1000 vehicles. On top of that there is the linehaul trucks and agency partners, whose presence may fluctuate seasonally, but represents around another 1000 vehicles across Australia.

Having come out the other side of the COVID state of affairs, the business is set to reap the benefits of a purple patch for investment and expansion whose foundations were first laid down some 18 months ago.

New facilities have been wheeled out across most of the mainland capital cities with a new head office in Sydney’s Bankstown now fully functional. Only Brisbane remains.

The new facility at the back of Bankstown Airport has doubled its depot size and provided it the capacity and footprint to install a new automated freight sortation system. At a cost of nearly \$10 million, it is the first of its kind in the world. The system will increase the accuracy and traceability of Allied’s freight, reduce handling, and improve the safety of its staff as the need to handle oversized and heavy items is significantly reduced.

“It has automated chutes with roller beds on them that will slow the flow and make sure we’re handling freight in a safe and manageable fashion,” explains Michelle. “We’ll understand exactly where the freight is going and the size of the freight. If it’s non compatible or not suitable to go over the line or there’s some reason why it can’t travel through the system, we can quickly get it off the line without stopping the line and rectify whatever we need to rectify to get it back on the line.”

Going from a flatbed circular system was necessary given the remit of this arm of the business is fragile and bulky items like trampolines and outdoor furniture. That can make it difficult to handle with physical labour often requiring two and three men lifts. Nor does it fit neatly in the

back of linehaul vehicles.

“The real challenge for us was to find a sortation system that would allow us to do a lot of that sort of stuff with the intervention of technology but in an environment where we looked everywhere around the world for a touch point and couldn’t find anything, at least publicly,” says Michelle. “We needed to go and develop a system ourselves and we did that with a partner in Beumer that has similar technology in different circumstances that they were able to adapt to the system our people had imagined.” In short, baggage handling machines. The machine is being turned on next week following a launch event in September to



showcase it to customers.

“We really wanted our customers to come in and understand on a minute level why this machine is going to make such a difference to the way we do business but also what we can do for their businesses,” says Michelle. “I suppose it’s like the ten minutes before you run on for the Grand Final. To see it in action over the next couple of months in our busiest timeframe of the year and when our customers rely on us the most is super exciting.”


Another automated freight sortation system next year will go into the new Broadmeadows facility in Melbourne, a market many of Allied Express’ retail

customers are based.

“To have both systems working in conjunction will be incredible,” says Michelle. “We’re really excited about the throughput with both of these systems.” By midyear 2024 it will have moved into the new branch in Brisbane. Allied has also moved facilities in Melbourne, Perth and Adelaide to accommodate the business growth trajectory over the next three to five years.

Freightways Group, which is the New Zealand group Allied Express is a part of, would appear equally enthralled by what the future holds for the Australian company. In September it listed on the Australian Stock Exchange. The dual

listing allows it to work with Australian fund managers that have a mandate to only invest in ASX-listed companies. This way Freightways broadens the investor base in line with current business activity. Whether those short-term growth opportunities come through organic growth, unlocking new markets or via acquisition are not yet known. Seeing what the critical mass size of the business can offer, however, is reason for excitement.

“Keeping with our systems right now to improve what we’re doing to make sure that we can get to our customers delivery points in a quicker, safer, damage-free way, that’s our key thing,” says Michelle. 



Michelle McDowell.