



THE Bidvest GROUP LIMITED

Bidvest Logistics online sustainability report

Bidvest Logistics is a service and solutions company for clients with complex supply chains, catering in particular to businesses in the food, drink and hospitality industry.

MATERIAL ISSUES

- the need to reduce the average age of the delivery fleet
- maintaining success in an increasingly competitive environment
- difficulty of absorbing exceptional costs despite record sales
- increasing fuel prices and vehicle maintenance costs
- high warehouse costs in the first half

PERFORMANCE

Volumes were in line with our budget, but large variations in individual client performance and some exceptional costs resulted in a small loss. Abnormal items included Group management fees, restructuring costs relating to the closure of the Lichfield depot and exceptional costs relating to a major support services contract that has now been renegotiated.

Though sales were at a record high, they included food inflation of 4,1%. Higher volumes were achieved despite continued pressure from third-party logistics operators in an increasingly competitive environment. Results were lifted by second-half improvements in service and cost control.

Costs were significantly above budget as efficiency programmes either took longer than expected to deliver savings or proved ineffective. Our focus on exceptionally high service standards means rapid cost reduction methods are not usually an option due to the disruptive effect on customers. High fuel prices and warehouse costs were material factors and vehicle maintenance costs moved higher. Fleet utilisation levels fell below target.

IT restructuring costs were kept well within budget and the project was completed within the anticipated timeline with no disruption to the business. Full separation from 3663 systems has been achieved and all desktop software has been updated.

The cost of rebranding Bidvest Logistics was well below budget.

Renewal of our ageing fleet is a priority. An order for 108 new rigid vehicles was placed late in the period for delivery in the first half of the coming financial year. Competitive pressure is expected to remain intense, but the gain of a significant new contract will enable the business to achieve efficiencies and synergies.

PEOPLE, TRAINING AND SKILLS

Employee engagement and staff satisfaction

Ninety percent of our employees are UK citizens while 10% come from other EU member states. Many of our staff are unionised and we currently have a national recognition agreement with Unite and GMB for transport and warehouse staff. There has been no industrial action to date. Employee representatives are in place for various roles not covered by the recognition agreement. Consultation forums are held every six months to inform and consult all employee representatives on different aspects of the business.

Staff turnover was 19,6% (2010: 15,6%) and absenteeism was 3,8% (1,9% excluding long-term sickness), down from 4,1% last year (2,4% excluding long-term sickness). Stricter management of absenteeism has led to greater turnover of staff. We have no difficulty retaining good staff and the increase in turnover is more a result of our actions than those of staff.

In a recent people survey, 69% of employees were 'proud to work for Bidvest Logistics', compared to 55% last year, indicating a substantial improvement in staff satisfaction. This change is particularly pleasing as it occurs during the first year of our Bidvest Logistics branding. We believe the efforts we applied to improve communication across all levels of the business account for this improvement.

We pay more than the minimum wage for all roles in our company. Those in key operational roles, such as drivers, are paid above the market median.

There were no retrenchments or health and safety issues.

Developing talent

We support the development of our staff through a number of initiatives. We run a line manager development programme for warehouse and transport first-line managers. In addition, we help employees in finance, HR and transport gain professional qualifications. This year, we launched a talent development and succession-planning programme and introduced an appraisal process for staff and managers.

PRODUCT RESPONSIBILITY

We have a consistently high reputation for our services to customers. All the products we deliver are customer-bespoke products, for which we carry no liability or responsibility with regard to product quality. Our responsibilities are for correct and professional handling and storage.

CORPORATE SOCIAL INVESTMENT

We support the UK hospitality charity 'Hospitality Action' which assists members of the industry who find themselves in financial difficulty. In addition, staff at each depot support local charities.

ENVIRONMENTAL PERFORMANCE

We are committed to improving our environmental performance. Our efforts include:

- ISO 14001 accreditation
- All our vehicles run on fuel containing 30% biodiesel
- we collect used cooking oil from some customers for conversion back to biodiesel
- we have converted our trunking fleet to double-deck trailers, reducing trunking movements by 40%
- the number of cases transported per mile improved by 14% (radial distribution only, excluding trunking benefit). This is a measure of the increasing efficiency of our operations

