

Don't Start with the Truck



GPCP

BUSINESS LEADERSHIP
SUPPORT WITH SPECIALIST
EXPERTISE IN WASTE & RECYCLING.

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Introduction

So, you're thinking about starting a waste business. On your own, or maybe with a mate.

Excellent. It's a great industry.

But before you buy the truck, order the signwriting, build a website and announce on Facebook that you're now taking bookings, I'd suggest doing something considerably less exciting:

Work out why you're doing it, who you're doing it for, and what exactly your business is going to do.

Because buying a vehicle is easy. Getting registered is relatively easy. Finding somewhere willing to take your waste can be tricky... but manageable.

But building a waste business which consistently makes money is considerably harder.

And one of the most common mistakes I see is people starting with the equipment.

"I've got £10,000. What truck should I buy?"

Wrong first question.

Your first question absolutely must be:

Who is going to pay you, what are they going to pay you for, and why are they going to choose you?

Everything else comes afterwards.

1. Don't start with the truck

This applies whether you're considering a man-and-van clearance business, skip hire, grab hire, commercial waste collections or something more ambitious.

A truck is a tool. It isn't a business model.

So before deciding what vehicle you need, decide what work you want it to do.

Who are your customers?

Householders or businesses?

If the latter, landlords? Estate agents? Property managers? Shops?

Offices? Building Trades and Construction companies?

“Yeah, all of them” isn't the answer. You may see waste start-ups on TikTok turning their hand to anything and everything, but they will work incredibly hard to achieve the same return of someone working far smarter who has thought about who they are targeting.

Remember: not everyone shops at Tesco. Even huge companies are very clear about who ‘their target market’ is.

Next: What problem(s) are you solving for them? This will prompt further questions like:

How often will they need you?

How quickly will they expect you to respond?

How far will you need to travel? (And what will that cost you?)

What will you collect? And what problems might that material give you?

You'll also want to think quite hard about what they'll be willing to pay and how and when they will pay you? Cash flow - how quickly money comes in and out of your business – is absolutely fundamental to having a successful operation.

Only when you understand those things can you sensibly decide what equipment you need.

Otherwise you're doing things backwards. You're buying an asset and then going looking for enough customers to keep it busy.

2. Work backwards from the customer

‘Waste collection’ isn't really a proposition. That is what happens after a customer has chosen you. And there will already be people in your area collecting waste.

Some will be large established businesses; household names. Some will be excellent small operators who see their name mentioned first on every Facebook post asking for a local recommendation. And some will be a bloke with a 25-year-old Transit and an optimistic interpretation of the law.

You need to understand why somebody should choose you.

Because “good service” isn't enough.

Everybody says they provide a good service.

Likewise, being licensed and compliant isn't a competitive advantage. It's the minimum requirement for differentiating you from criminals.

So ask yourself a harder question:

What am I going to be better at than anyone else available to my customer?

It might be convenience. Speed. Reliability. Specialist knowledge.

Maybe a particular customer group. A particular waste stream. Geographic coverage.

Or the way you charge. The way customers book. What happens to materials after collection.

There are hundreds of possible answers.

But you need an answer.

Because if the only meaningful difference between you and everybody else is price, you've chosen a fairly unpleasant battleground that YOU. WILL. LOSE.

3. Before you collect waste... know where it's going

This is one of the most important bits.

Once somebody else's waste is on your vehicle, **it's your problem.**

And you need to have somewhere to take it.

Don't simply find the nearest waste transfer station and ask what they charge for mixed waste. Do some proper homework.

Find all the disposal and recovery outlets within a sensible travelling distance.

Speak to them. Get their current prices. Understand the industry lingo with regard to different waste types, and how transfer stations charge accordingly. e.g. mixed municipal waste and mixed construction waste.

Find out their site rules.

You'll need to present your Waste Carrier's Licence and set up an account with their weighbridge. Ask if they need any other forms completing both initially and on each visit.

Some may not want small vehicles which can't tip on-site at all, as they take too long to unload by hand.

What PPE do you need to access the site?

Find out about waste types and gate fees (the prices they charge):

What is charged by weight? e.g. mixed waste

What is charged per item? e.g. mattresses, fridges etc

Are there minimum charges? i.e. you may have to pay for a whole tonne even though you've only tipped half a tonne.

Which materials have to be separated before tipping? e.g. plasterboard, and which materials will you WANT to separate to keep disposal costs down?

What wastes cost considerably more?

What won't they accept at all?

What happens if a load contains something you weren't expecting?

And don't just think about today's price. Many transfer stations increase prices twice a year. More frequently if prices for certain materials change significantly for them.

So ask yourself what happens to your business if they increase their prices.

Because this is one of the peculiar economics of being a small waste collector.

You may set the price your customer pays you, but somebody else sets a substantial part of the cost of delivering the service.

You are exposed to their economics.

If your transfer station increases its gate fee for a particular material, you need another outlet. And if the next outlet is cheaper but 25 miles further away, is it actually cheaper once you've included fuel, vehicle time and the jobs you can't do while you're travelling there?

And if it stops accepting a particular material or your kind of service entirely... well, what's your contingency? How much time and money will it cost you to go somewhere new? The £50 profit you thought you'd made has vanished and so have enough hours in the day to get another job done.

So never look at disposal simply as £ per tonne.
Look at **the total disposal cost per job.**

4. Understand what you're carrying

Waste isn't a consistent product.

A cubic metre of broken concrete and a cubic metre of cardboard occupy the same volume. They certainly don't behave the same way commercially (or in the back of your truck).

You need to understand both **weight and volume**.

Your vehicle may look half empty and already be at its legal payload. Conversely, lightweight bulky material can fill your vehicle while representing relatively little tonnage.

Different materials also have different disposal economics. So before setting prices, build some imaginary jobs.

- A garage clearance.
- A garden clearance.
- A bathroom rip-out.
- A house clearance after an elderly resident dies.
- A builder with mixed refurbishment waste.
- A load containing plasterboard.
- A load with mattresses or upholstered furniture.

For each one, ask:

What am I likely to collect? What questions do I need to ask the customer?

For example: 'I've tidied and landscaped my garden'. You might think: soil, stones, turf etc. But when you arrive, most of the space is taken up with old, plastic toys and a trampoline that didn't survive last winter's storms.

How much vehicle space will it consume and how will I load it?

How is vehicle access to the property? Will it take more than one person to load the vehicle?

How much will it weigh?

Then:

Where will I take it?

Will they accept it 'as is' or do I need to sort it?

What will they charge me?

Now the commercial process starts to crystallise. You'll need to become hot at estimating:

How long will the entire job take, including disposal and all other costs?

Then ask the question that matters:

How much money do I charge to ensure there's money left for me?

Because turnover is not the same as making money.

It's surprisingly easy to build a busy waste business.

It's considerably harder to build a profitable one.

You can have the phone ringing, the truck moving all day and money coming into the bank while creating remarkably little value for yourself.

So don't start by asking:

"How many jobs can I get?"

Ask:

'What does a good job look like?'

Suppose a customer pays you £250.

Take away the disposal cost.

Then the fuel.

Then labour, including your own labour. Your time isn't free simply because you own the business.

Then vehicle finance or depreciation.

Insurance.

Maintenance.

Tyres.

Compliance.

Marketing.

Software.

Phones.

Accountancy.

... and all the other small costs which develop an irritating habit of becoming quite large when added together.

What's left? Enough for a rainy day?

Now compare different types of work.

You may discover that a certain £300 job isn't as attractive as another £200 job.

Now that's useful information!

5. Know how many jobs you need

Once you understand the economics of individual jobs, you can start building the economics of the business.

How much does the business cost simply to exist every month?

How much do you need to earn personally?

How much profit does the average job generate?

From there you can calculate roughly how many jobs you need each week.

Then make the calculation uncomfortable.

What happens if disposal costs increase by 10%? 20%?

What happens if fuel increases?

What happens if you end up charging 10% lower than expected?

What happens if only 50% of jobs you quote end up with a booking? And who's answering the phone while you're lugging a grand piano down the stairs?

What happens when the vehicle needs a significant repair?

A business plan which only works when everything goes right isn't much of a business plan.

6. Where are the customers actually coming from?

This question gets neglected surprisingly often.

Facebook? Google? Word of mouth?

Fine. But how?

Search Google for the services you're planning to provide, in the areas you're planning to cover. Look at who appears.

Look at the sponsored results.

Look at Google Maps. Look at Facebook.

Look at local competitors' reviews.

Pretend you're a customer. Who would you call? Why?

How quickly do they answer? What do they charge? How easy is it to book?

Do you want a brand name and logo? If so, who is going to make that for you and how much will that cost? Will your vehicles need to have signage with the brand on them?

Do you need a website? Who will build it for you? Can people book you through it? How often will it need to be updated?

Do you have any presence on social media? You need to think about whether or not you want to promote your business on Instagram, Facebook, TikTok etc. And if you do – how are you going to make that happen? Social media management can be more time-consuming than you think!

Then think about what it will cost you to appear online.

Your first hundred customers won't magically discover that you've bought a truck.

Customer acquisition is a real cost and needs to be part of the economics of the business.

7. Compliance is the entry ticket

Waste is regulated for good reason.

You need to understand your responsibilities **before** you start moving material, not after somebody asks to see your paperwork.

That means understanding the registrations, licences, documentation and duty-of-care requirements applying to what you intend to do.

It also means understanding the rules affecting the waste itself.

Don't rely on what somebody in a pub told you that they do.

And don't assume that because a flashy, new software app produces the right document, that the underlying activity is compliant.

Software can help you comply. It cannot make a non-compliant business compliant.

The regulatory requirements around waste are constantly changing, so check the current position with the relevant regulator rather than relying on an internet article written three years ago.

Don't confuse compliance with a sales proposition

Customers are entitled to expect you to operate legally.

Being properly registered, documenting waste correctly and using the appropriate systems are important.

But be careful about building your commercial proposition around the fact that you comply with rules your legitimate competitors also have to follow.

Regulation can change the competitive landscape.

It can make life harder for poor operators.

It can create opportunities for good ones.

But:

“We comply with the law” isn't much of a unique selling proposition.

Look for the commercial advantage created by compliance, rather than compliance itself.

8. Protect your cash

Cash is oxygen to every business, but it tends to be particularly critical when you're starting a new venture. So treat it with huge respect.

If you have £20,000 available, that doesn't necessarily mean you have £20,000 available to spend on your first vehicle.

Because every pound you put into an asset is a pound you no longer have available for something else.

Insurance.

Repairs.

Marketing.

Deposits.

Fuel.

Disposal accounts.

Unexpected bills.

And, rather inconveniently, living.

A shiny truck parked outside your house with £317 left in the bank really isn't working capital.

And remember this: **Buying capacity doesn't create demand.**

A bigger truck lets you carry more waste. A second truck lets you collect more waste. Neither gives you another customer. Add capacity when the business is constrained by the capacity it already has, not because you're hoping the extra capacity will somehow create the work to fill it.

So before buying anything significant, ask:

Does owning this make more commercial sense than hiring or leasing it until demand is proven?

Sometimes the answer will absolutely be yes.

But make the asset work for you. It has to earn the right to consume your capital.

9. Waste may be a resilient industry.

That doesn't automatically make your waste business resilient though.

People will always produce waste. They will continue producing waste during recessions. They made more than we knew what to do with during COVID. But that doesn't mean every waste business is recession-proof.

The construction industry has long cycles, with huge peaks and troughs.

Housing transactions change.

Consumers postpone expenditure.

Local businesses close.

Customers become more price-sensitive.

Different waste streams respond differently to economic conditions.

Governments and local authorities change their minds about regulations.

So don't base an investment decision on the comforting thought that "there will always be rubbish".

There probably will. But the relevant question is whether there will always be enough customers willing to pay **you enough money** to collect the particular rubbish your business depends upon.

Don't build the business around today's prices

You are going to make assumptions.

That's unavoidable.

The dangerous part is forgetting that they're assumptions.

Your disposal price can change.

Fuel can change. Insurance can change.

Competitors can cut prices. A major local waste outlet can close.

A regulation can change – these blindside so many businesses!

A larger competitor can enter your area.

Your best customer can disappear.

So stress-test the model.

Don't ask only: **"Does this work?"**

Ask: **"What needs to remain true for this to work?"**

That's a much more useful question.

10. Don't spend money... just because you've got it

Having £10,000, £20,000 or £50,000 available doesn't create an obligation to start a waste business.

In fact, your first objective isn't to get started at all.

It's to decide whether the opportunity deserves your money.

Your money has alternatives. And I see too many waste businesses working extraordinarily hard to generate returns that don't justify the capital they've got tied up.

So do the homework first.

- Talk to potential customers.
- Talk to disposal outlets.
- Understand your competitors.
- Model the jobs.
- Understand the regulations.
- Work out where customers will come from.
- Stress-test your assumptions.

And only then decide what vehicle, equipment and infrastructure the business actually needs.

Because the expensive mistakes in waste rarely begin with somebody doing something obviously stupid.

They usually begin with something that sounded perfectly reasonable:
“First, I'll buy a truck.”