

# Guide to setting up as a courier

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## CONTENTS

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NTI Setting up a courier service – Basics	3
Budget	4
Vehicle	5
Insurance	8
Equipment	10
Who are Courier Exchange?	15

# NTI SETTING UP A COURIER SERVICE – BASICS

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In brief what I want to do with this guide is to give you a brief check-list and work-through of the things needed to investigate to set up a courier service running one vehicle.

What you will need to investigate to set up as a courier are:

- Budget
- Vehicle
- Insurance
- Equipment
- Paperwork and Administration

We've put this guide together to try and help you understand if it's right for you, once you're ready, give us a call, we are the biggest network in the UK and have nearly 6,000 loads a day coming on to the system for you to work on.

## BUDGET

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Really important when starting any new business is the understanding that it is an investment in the future, and to be realistic about what you will need money wise to start and run a courier venture.

Before you can start earning money from this business you will need to have (or have access to) funds enough to get a van, insure the van and then be able to run for approximately 30-60 days. This is to cover the invoice terms on work you will carry out for other businesses.

There are of course lots of options on this and we will run through this in more detail later.

# VEHICLE

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Naturally the first thing that you will need to have is a suitable commercial vehicle.

## Van or car?

In our experience, although certain work can be carried in a car, they are not suitable vehicles for courier work. The best vehicle for the job is a van and as a business Courier Exchange will only accept applications for membership from companies running a van.

### Why not a car?

In terms of professional courier work a car is not suitable for the following reasons, firstly the money equation doesn't stack up, carries too small a package, uses too much fuel. In addition, it does not project a professional image in the same way a van does. That is not to say it is impossible, but we wouldn't recommend using a car for courier work.

### Age?

One question we get asked all the time is how old can my van be? Does it have to be brand new or can I have an older vehicle. In truth there is no right or wrong answer to this as there are various pros and cons to both. Newer vehicles naturally cost more so couriers would then charge more for their services, whereas older vehicles would cost less, but not look so good or be reliable.

Personally, knowing what the courier companies on the system are looking for, as guidance you would need a good condition vehicle that is no older than 6 years old.

### Buying or renting? - Can I rent a van short term to get started?

In short. yes, you can! However, there are certain things to keep in mind when looking to rent courier vans. Areas of concern to look for when looking into renting a van for your business are...

## VEHICLE

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**Mileage:** Most vans you rent will have strict mileage limits and massive penalties written into the small print about excess miles! Keep this in mind as a busy same day courier working full time could easily do 8000 – 10000 miles a month on the rental firms know this and protect themselves.

**Insurance:** In short almost all rental agreements will come with built in insurance, this is not usually suitable or correct for courier work. Keep this in mind and be sure to ask for the correct cover. I will run through insurance in detail next....

Another thing to keep in mind is that renting costs more than buying a vehicle (even on finance) so may be suitable in the short term if you are not 100% committed to the long term, simply want to test the waters or for cash flow purposes then rental could be a sensible route to take, however if you are committed to the longer term and have a larger budget then purchasing a van is definitely the best way to go.

### Any size?

A question we get asked a lot is what size van is best? All our data and experience genuinely say that the difference in money earned between the different vans is marginal, so fortunately it doesn't really make much difference what van they will each have different pros and cons.

The main categories of vans to look at though would be:

- Small Van
- Transit
- X/LWB transit

The differences between them are that the small vans are cheaper to buy, run and insure, yet you charge less and can carry less loads. They are also the most requested and used vehicle so lots of choice of work but also lots of competition.

Transits are usually a good middle choice and the Long or Extra Long transit class vans tend to be ultimately the most expensive to buy and insure, however they are requested often and have less competition nationally, though that may vary in your area, and can carry a lot more items, gives you more flexibility and most importantly you can charge more for your services in these vans.

# VEHICLE

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## How about a Luton Van?

These are good vans in and of themselves and are unique, however they are designed to carry light bulky items such as furniture and tend to be ideal as removals vehicles. For courier work they tend to carry too little weight (less money in) and use much more in fuel (more money out) so commercially make little sense if you're a courier, especially if the van has a tail lift on the back so can carry even less weight!

Personally, I would look at getting a newer small van, than an older LWB van for the same money, though if I could afford a new LWB that would be the one for me! Though part of the fun of running your own business is that you get to choose these things for yourself.

# INSURANCE

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In order to do courier work legally and commercially you will need to insure yourself properly for courier work, to do this you will need:

- Commercial van insurance for the carriage of goods for Hire and Reward
- Goods in Transit insurance to a value that's suitable for the size vehicle you use.
- Public Liability insurance \* (optional)

## **When it comes to business insurance there are mainly two types of insurance:**

You can get insured to carry your own goods, which despite the name simply allows you to carry your own personal belongings or tools in your van. Alternatively, you can get insurance to carry other people's goods, as a transport company who gets paid to carry goods you will need this. Typical wording on the policy will state "carriage of goods for hire and reward".

In addition to this you will also need to get a "Goods in Transit" policy to cover the value of the goods that you are carrying.

We work closely with Business Choice Direct to get the very best deals for our members, or potential members, so we would recommend you reach out to them, mention you're from the courier exchange and they'll look after you:

## **What value goods in transit insurance do I need?**

When organising insurances a question you will be asked is what value goods in transit should I get cover for, again this is a question that has no right or wrong answer, just what is right for you. At the exchange we only accept applications from members who have more than £5000 cover, however almost everyone has £10k cover. If you are starting with a larger vehicle member with long or extra-long wheel base vans tend to have £20k + worth of cover.



# INSURANCE

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## What if I want to deliver to Europe?

Insurance for European work is similar, you will need the same types of insurance, but you will need to check the zonal coverage. In addition to being covered to drive commercially in Europe, your GIT policy will also need to include a clause covering your for CMR

## Public Liability

When running any business that would potentially deal with the public, then public liability insurance is something no company can afford to ignore. Put simply this insurance will cover your liability in the event of an accident that was your fault, and someone wanted to sue you / your business for compensation for death, injury, property damage etc.

# EQUIPMENT

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## What equipment will I need to be a courier?

The main piece of equipment you will need is your van, however don't forget about the other things that you will need to make a successful courier business. I will cover the main ones but there are literally an unlimited number of tools, gadgets and little extras that you could have, the idea is to start you thinking and to let your imagination and budget be your guide!

The main groups of things you may wish to consider are:

- Personal
- Van equipment
- Technology
- Paperwork and admin

### Personal equipment

These items are personal to you and your plans, but would cover items such as a uniform, protective clothing and equipment. For example, you may wish to get some smart casual polo shirts made up with your company logo or name on, or you may wish to invest in protective boots, Hi-Viz jackets etc... Also included in this is other equipment you may wish to have should for instance you may do a multi-day run, perhaps for food or drink, maybe items to help get some rest or sleep, often for European journeys couriers will invest in a van with a sleeper cabin or some form of sleeping arrangement.

### Van Equipment

This is to cover things that you may wish to have for your van to make your life easier and to help you secure the load better to avoid damage. For a start many couriers will consider ply-lining their van, you will also need to consider items such as cargo-nets, straps and blankets to ensure the items are securely fastened and protected, remember you may be carrying many thousands of pounds of delicate equipment or cargo on behalf of your client, and even though your insured is always better for them to arrive in one piece...! Also, many couriers, especially those with smaller vans that are carrying boxes and small parcels may wish to consider investing in a trolley or similar item to avoid as much as possible heavy / awkward lifting and carrying.

# EQUIPMENT

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## Technology

To me this is the most interesting and potentially lucrative equipment you can invest in, however likely to be the most expensive, although in many cases you will have some or all these things already.

## Navigation

Navigation products are essential tools for the modern courier, Sat-nav products are especially easy to get hold of and I would invest in one that not just shows you the way but also as advanced warning for traffic conditions, as you will use a sat-nav all the time it is probably best to have a separate one to your smart phone.

## Tracking and Telematics

Tracking and telematics are other products and services considered by many courier firms to give them an added advantage. These take advantage of the data being used by the navigation / tracking device to enable better communication, and analysis of data on what each van is doing day by day.

With the Courier Exchange, as part of your subscription you'll get access to our application, this is completely free, and will enable you to compete with the biggest companies, offering sign on glass/electronic PODs/ tracking and more.

## Paperwork and Administration

As a business owner, paperwork is vitally important to keep track and ensure you're doing things above board, however it can be fairly intimidating to keep on top of these things, however nowadays most of this stuff can be automated or organised electronically to help make things easier, quicker and more accurate. At the top end of the scale is the courier controller system which covers all of this, alternatively here is a breakdown of what you could get individually

# EQUIPMENT

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**The basics on the paperwork side of things are:**

- purchase orders
- proof of delivery
- invoices

**The basics on the administration side of things are:**

- customer relationship management systems
- online diary
- invoicing systems
- accounts packages

## **Purchase orders**

Purchase orders are essential when you are working for other companies as it is the document that proves that you have been booked to do a job, confirms the details of the job and lays out the terms for payment on the job as well. In theory if you did a job for someone without getting a booking confirmation or purchase order, what is to stop them from denying all knowledge of the transaction and refusing to pay?

## **Proof of Delivery (POD's)**

POD's are also essential documents that you will need to get for every job that you do, this is your proof and confirmation that you have carried out the job correctly and a signature from the client that the goods have been received and in good state. Again, in theory what is to stop a company from claiming that the goods you are carrying haven't been delivered when they have, leaving you liable for replacing the goods at your own cost, and delivering them again.

# EQUIPMENT

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## Digital or paper?

This again is a question I have been asked often, as far as I am aware a digital signature on a pod does not fully stand up as a legally binding signature, however legible, due to the issue of digital tampering. Due to this many of the providers of work would be happy to receive a digital pod so long as you also supply the hard-copy paper version as well, with the original signature. Having said that digital pods can be a very useful tool to create a good professional image, as it speeds up the communication side of the paperwork. It is also much easier to store a digital pod in a database than the original paper version, so could be handy for your own organisation.

## Do I need to supply the pod?

Where to get the pods from, will they be supplied with the job or will I need to supply my own. In this case the answer is often both, depending on the nature of the job. I.E. some jobs you will do will require you to complete and return specific paperwork that will be supplied to you, others will require you to use your own paperwork. Use your own common sense to determine what the best course of action is, but if in doubt double check with the provider of work to confirm.

## Where do I get pods from?

Pod booklets are easily available from any major stationers, personally I would use Amazon to order online, or go to your nearest Staples or Office World to get something locally. We will also send you a template of a POD for you to print yourself if you so wish.

## Invoices

This is perhaps the most important document that you have is the invoice, i.e. money! This is a form that details the job (in brief), how much you are going to charge them and when payment is due, it also breaks down the cost and specifies any vat etc. You will also be required for tax purposes to keep records of each job you do and the invoices themselves. This can be paper based though nowadays it is usually created and stored as part of a software package.

As part of your tools you get as a member of the exchange, you will have access to an online diary and accounts package to handle the basic tasks of documenting work, creating invoices and reporting,

## EQUIPMENT

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although if you prefer to use your own system you can do and there are a variety of software packages available in the wider market.

### **Getting paid on a job?**

Once you have completed the job, got the proof of delivery signed and created your invoice, you will need to send this to the company you are working for. They will then pay you in relation to the payment terms agreed on the purchase order / invoice. On Courier Exchange we will ensure that the companies you are dealing with have vetted in advance, and you will also have access to the payment performance feedback of the company you are doing the job for in advance of quoting for the work.

## WHO ARE COURIER EXCHANGE?

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Established in 2000, Transport Exchange Group creates and delivers real-time decision making solutions for logistics & transportation businesses around the world. We help them unlock operational business silos and provide the freight data aggregation & analysis tools relied upon to build businesses. With our public and private freight Exchanges we are now, by some distance, the leading provider of managed freight Exchange services for the UK road transport industry with successful Exchanges now established in 5 countries.

With over 36,245 active users running over 50,281 vehicles and trading over 1.3 million movements worldwide, Transport Exchange Group has a successful and proven track record of helping businesses to tackle some of the most common and difficult challenges facing the road transport industry today.

Courier Exchange is a division of Transport Exchange Group Ltd. The operator behind the busiest independent freight Exchanges in the UK market.

Our success owes much to the expertise and experience of the people responsible for the day-to-day running of the Exchange. They all have a real understanding of how the industry operates and fully appreciate the challenges facing today's haulage professionals.

So, when you contact us for advice or assistance, you'll be talking to experienced advisers – people who understand industry issues and can supply the advice and the answers you need.