

ATN Business Sense
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Toll 2010

Barry Jenner is a Chartered Accountant and Management Consultant specialising in improving the profitability of road transport and associated businesses.

Having a look at the Toll 2010 annual report gives some interesting information.

Profitability as a percentage of sales has declined from 5.17% in 2004 to 4.02% in 2010. Dividends peaked at 32 cents a share in 2007 and are now running at 25 cents a share. The overall dividend payout ratio was 61.66%, down slightly from a peak of 65.8% in 2006. Gearing, net borrowings to equity, has dropped from almost 86% in 2006 to 34% a great improvement. Current assets to current liabilities improved from 1.22 in 2009 to 1.33 in 2010.

A great graph shows lost time injuries declining to about one tenth of what they were in 2001, a fantastic improvement.

Their Corporate Social Responsibility Report deals with: Our Values; Our people; Our Community; Our Environment; and Our Shareholders.

The report explains they operate a “distinct organisational model with 36 businesses empowered and enabled to run as true independent businesses making day to day commercial decisions with both the freedom and support from the Company.” “We balance this... with the day to day reality that we must and do combine, cooperate and join up our business offerings to provide our customers with integrated solutions and...add real commercial value to their business.”

Toll says this is done through their culture and people and speaks of “fully empowered management teams”. The culture involves: “devolved decision making down lines of authority, encouraging independence at all levels, reward and encouragement for initiative, accountability within corporate guidelines, ownership of the P&L and real contribution to business strategy.” If Toll is achieving that they are doing well. If you happen to meet a Toll manager or executive, why not ask for a practical comment about how it works? What actions do you have to take to improve accountability in your business?

The responsibility of Toll leaders is to: “care for their staff; value and build loyalty; behave with honesty, trust, and have a winning team mentality; always put safety first; espouse moral behaviour and ethics; comply with legislation both internal and external; enable our people to grow and develop individually; reward loyalty and performance; and are passionate and dedicated to assisting all stakeholders.”

The report talks about development of future managers and how it is creating a performance management system that “cascades and articulates clear requirements and standards for every role and person”.

Respecting each other is another feature. The company promotes physical and emotional safety and the right to participate in a non discriminative way. The Code of Practice sets out standards of appropriate behaviour and its zero tolerance of harassment. It even has a disclosure hotline operated independently by Deloitte to enable employees to raise their issues and concerns which is great food for thought for other operators.

Toll describes its extensive community contribution including ways it helps overcome drug addiction with its First Step Program. The Second Step program offers a supported employment opportunity to people “whose employment prospects are limited as a result of a history of addiction or criminal offences”.

Toll has helped over 240 people get their lives back on track and maintain satisfying and rewarding employment. Toll hopes their leading role in these initiatives will encourage other corporates to be involved in supporting people dealing with what would otherwise be insurmountable problems. Why not contact Toll and see how you can help with this program?

Barry Jenner is a profit and business improvement specialist. Email: bjenner@mindshop.com.au or phone 0418 821 183 any time.