

Toll Delivers Under Pressure

March 2011

It is said that there is money in solving problems for people - and that was never more true than in the oil and gas sector, where even short production stoppages cost millions of dollars.

That's why Genesis Forwarding (recently acquired by Toll Global Forwarding as part of its UK expansion) set up a dedicated oil and gas operation in 2003 – based at Europe's oil and gas "capital", Aberdeen.

Although a small operation today, with three staff and a driver, it has a sizable turnover and contributes considerably to profits. Toll Aberdeen staff has a plethora of experience in the industry: Ops Manager John Binnie has been working in this business for 21 years.

Toll Aberdeen is a full-service forwarding operation: it handles the international sector for inbound and outbound shipments by air, ocean, road and rail. The real difference between this and "normal" Toll Global Forwarding offices is the nature of much of the traffic, and its extreme urgency.

Aberdeen is well-known for its role as the entrepot for all supplies for the huge North Sea oil and gas fields, which are located far from land, in one of the cruellest seas in the world. "Exports" cover everything from food and clothes, to machinery and spare parts for the rigs and support vessels. And there are pipes, cable and tooling as well. "Imports" are mostly drilling equipment going for repair.

Aberdeen is the gateway for all these shipments; but the final (or first) sector – the perilous North Sea – is handled by the supply companies themselves, using special vessels that leave from Aberdeen's ancient Quay. Crews, meanwhile, arrive and depart from the rigs in all weathers in an endless stream of helicopters. It's a dramatic sight on a cold winter's day, with a gale force wind and black skies. This is no business for the faint-hearted.

To compete in this sector, you need to know the oil and gas companies, their supply companies, and the special terminology of their industry (for example, the delightfully-named "Christmas Trees", which have nothing to do with fairies, as well as "Flotation Collars" and "Blowout preventors"). And there are some specific Customs regimes that are very much part of the Aberdeen dialect: such as Dual Use Goods, End Use Relief, Returned Goods

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Relief, Ships End Use, Inward Processing Relief (IPR), and Outward Processing Relief (OPR).

You also have to know how to handle, pack and route all kinds of heavy and out-of-gauge cargo. You need to understand air and ocean charter. And you have to be prepared to go the extra mile to get things moving and meet tight deadlines: 24/7, 365 days a year.

Competition is tough: there are over 30 other local companies offering much the same service as Toll; most of these are branches of the major players, but a few independents still survive. It's a close-knit community in which everyone knows everyone else.

Early in its life, Toll Aberdeen spawned a similar operation in Houston, USA. Although each office now has its own local customer base for which it provides a global gateway, there's also a surprising level of cargo flowing between the two – partly because many of the exploration companies have operations in both areas. Also, each area has grown its own community of specialised engineering and support industry – and these do business with other oil and gas regions around the world.

Happily, Toll Aberdeen has staged a full recovery after a long-time US partner set up in competition a year ago; the business it lost initially has come back, while the new competitor is now on the ropes! Toll Aberdeen now gets regular business from a substantial element of the area's top shippers, but, determined not to rest on their laurels, the ABZ team is mounting a sales drive for new business with the help of Regional Manager Alan Campbell.

Says John Binnie: "The oil and gas business has reached maturity. There is less of the "ship it at any price" mentality these days, and some would say the golden days are over.

Customers are certainly more sophisticated and plan further ahead. But this is still good business, and customers still recognise and reward those who have taken the trouble to learn their business, and who have the skills, experience and resources to solve their problems."

Toll Aberdeen looks forward to increased cooperation with its new fellow Toll locations around the world. The Nordics offers particular potential, with its own oil and gas industry and support services. Meanwhile, John and his team welcome contact from anyone within the Toll Global Forwarding system who wants to know more about the Aberdeen operation, or has ideas about exploiting mutual business opportunities. (email: exportsabe@genesis-forwarding.com, telephone 01224 796 640

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