



HIRE & RENTAL INDUSTRY SENTIMENT BENCHMARK

2021



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ADVISORY AND ACCOUNTING

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TOGETHER WE MAKE IT HAPPEN

FOREWORD



James Oxenham

CEO Hire & Rental Industry Association and CEO Elevating Work Platform Association

The Hire & Rental Industry Association (HRIA) represents Australian hire companies, with 80% of our members made up of small, often family-owned businesses. With the hire industry worth \$8.8bn annually*, to better understand economic activity and industry sentiment since the COVID-19 pandemic began, the HRIA worked with business partners HLB Mann Judd to survey members on the challenges they faced.

The value the HRIA can provide its members is enhanced through partnerships with industry experts, such as HLB Mann Judd, who provide our members with Accounting and Business Advisory services. HRIA Members have access to a Business Help Line through HLB Mann Judd as part of their HRIA membership with enquires responded to within 24 hours. HLB Mann Judd provides telephone assistance or a complimentary meeting. Additional work will be quoted at a HRIA member rate.

The HRIA recently invited HLB Mann Judd to present findings from our Hire and Rental Industry sentiment benchmark report, by presenting at HIRE21 on the Gold Coast. Nicholas Guest provided analysis of the report and his colleagues were on hand in the HRIA's HIREZone to meet and advise members throughout the Convention.

Whilst financial transactions and reporting are an essential tool in business, for many small businesses these might be more of an operational function than a strategic one. With the volume of work and all the challenges running a hire company can present, taking time out to plan 3, 5 or even 10 years ahead is not always at the top of the 'to do list.' A well-documented strategic plan

will add value to the day-to-day operations as well as the overall value of the business. By getting to know our members over the past few years, HLB Mann Judd are well-placed to offer Association members a complimentary initial business review. The HRIA is confident that analysing the sentiment of members will lead to a greater understanding of the challenges the hire industry faces and allow our business partners to share their expertise when advising hire companies how they can best prepare and plan for challenges now and into the future.

The HRIA would like to thank the team at HLB Mann Judd for their work on this report. We hope that our members find the report helpful when benchmarking their business performance and would encourage them to take advantage of this expert advice, available through membership of the Association and its partnership with HLB Mann Judd.

*IBIS World L6631 Machinery and Scaffolding Rental in Australia May 2021



Nicholas Guest

Partner - Corporate Advisory
Sydney

We are excited to present you with the findings from Hire & Rental Industry Sentiment Benchmark was undertaken in April 2021 by HLB Mann Judd in collaboration with HRIA, EWPA and TSHA.

The benchmark was designed to allow members of the hire and rental industry to gain insight into and share feedback in relation to their experiences in responding to the opportunities and challenges in the Australian economy as a result of the COVID-19 pandemic and a range of natural disasters and operating outlook for the industry.

It is imperative that business owners and managers receive the most accurate and timely information to support their business decisions.

Some key observations from the sentiment benchmark included the following:

- Impact on business and responses to the COVID-19 pandemic
- Future outlook and sentiment
- Productivity and innovation barriers and opportunities
- Strategic planning initiatives
- Business systems and processes.

We observed that the COVID-19 pandemic and related government and community responses have had different impacts on members of the hire and rental industry. Some sectors and businesses have been devastated by the restrictions in travel/tourism and events, while other sectors have been able to adapt and benefit from increased stimulus support for the construction and infrastructure industries.

It appears that businesses that already had in place strong internal systems and processes and a defined business plan, were best placed to mitigate risks and take advantage of new opportunities as they presented.

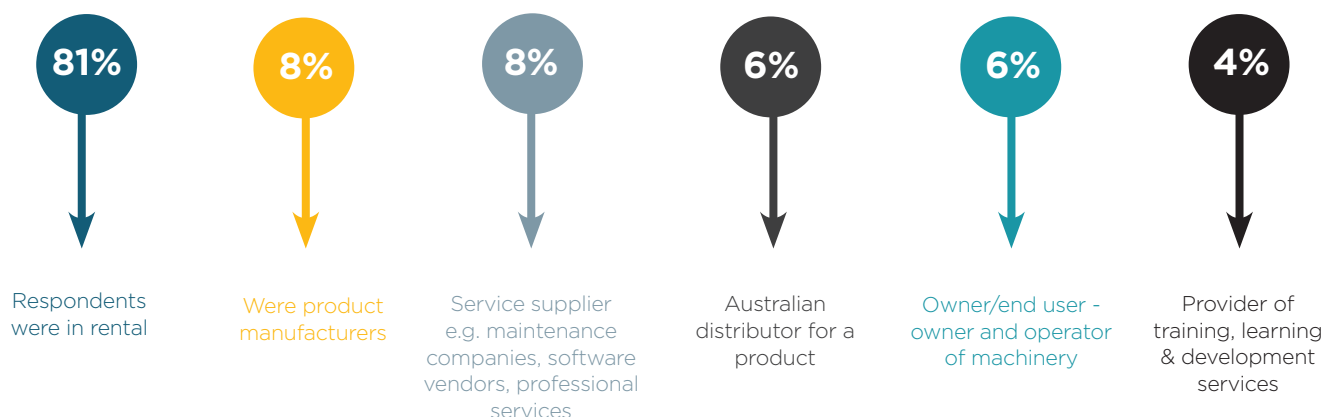
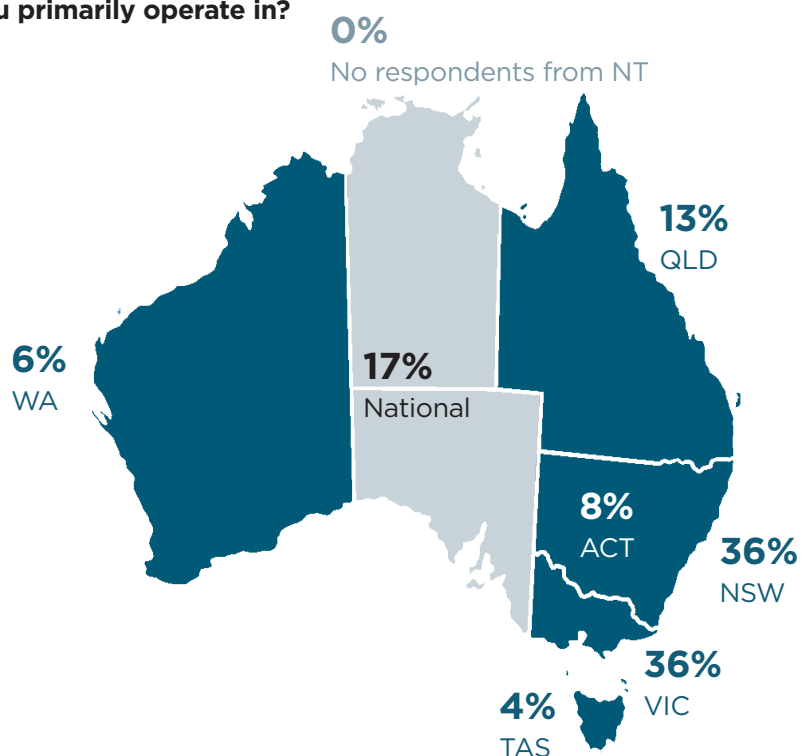
We thank all those who participated in this sentiment benchmark and we look forward to continuing to engage with and assist businesses within the hire and rental industries.

HLB Mann Judd are a national Advisory and Accounting firm dedicated to servicing the needs of members of the Hire and Rental industries. Please contact HLB Mann Judd for an obligation free discussion in relation to any of your accounting or business advisory needs. HRIA Member Hotline – 02 9020 4211.

“We observed that the COVID-19 pandemic and related government and community responses have had differently impacts on members of the hire and rental industry. ”

Survey respondents

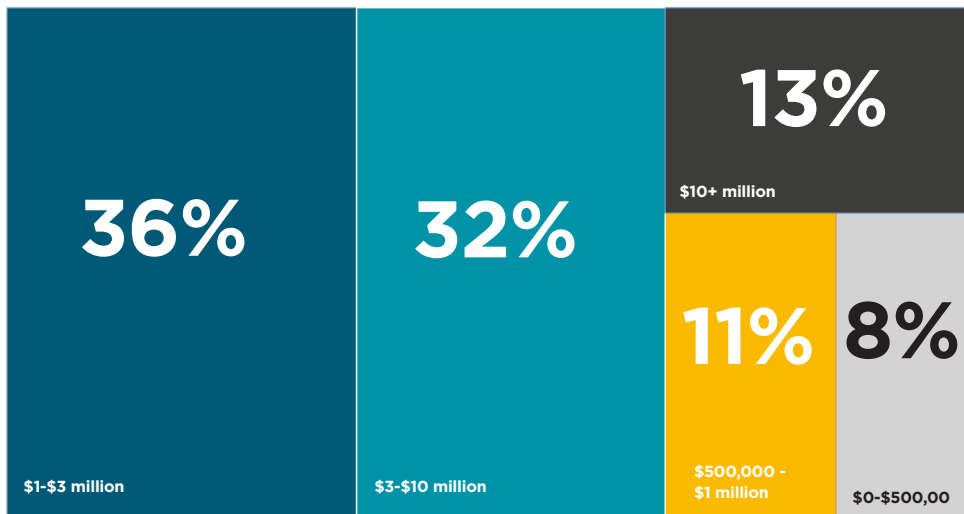
What state/s do you primarily operate in?



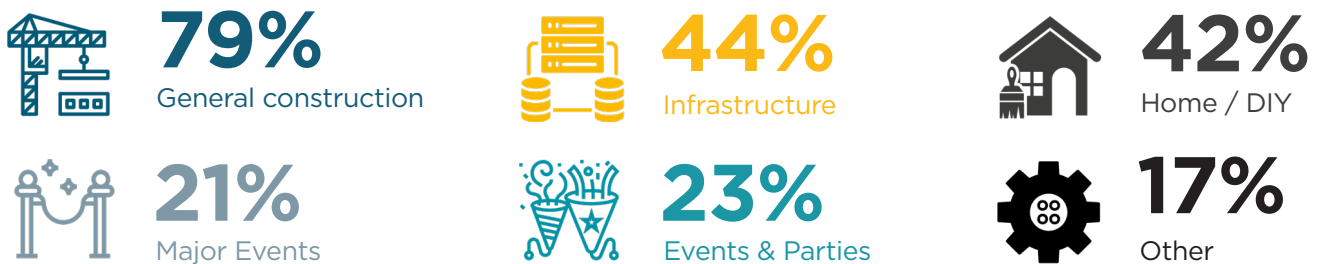
How many branches/ location sites does your business operate from?



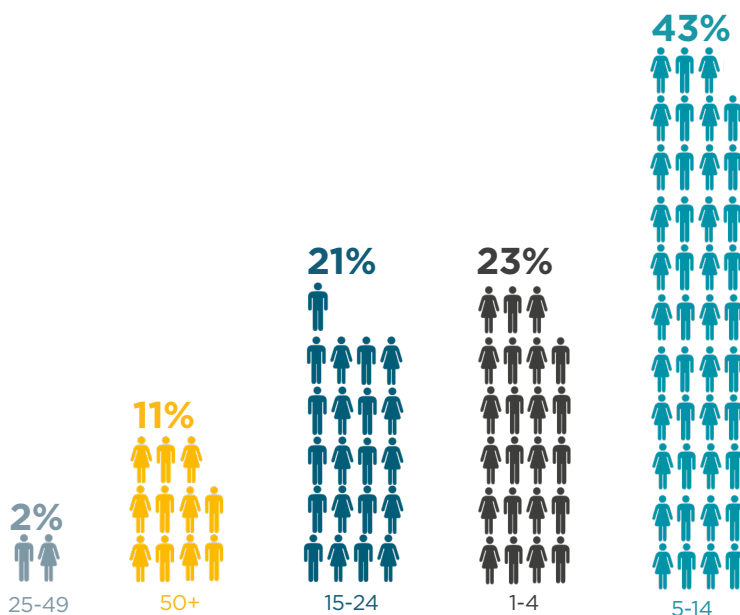
What was your last annual turnover?



In what industries do your clients/customers primarily operate?



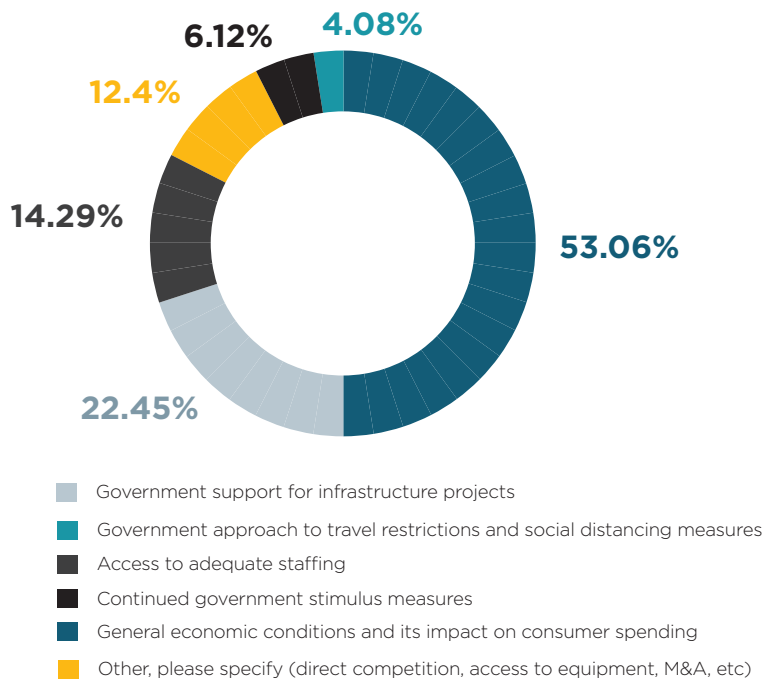
How many full-time equivalent employees does your organisation currently have? (Please provide the total including all branches and working owners)



The majority of the participants are small to medium businesses operating from 1 or 2 sites with a significant exposure to the rental of equipment to the general construction and infrastructure industries.

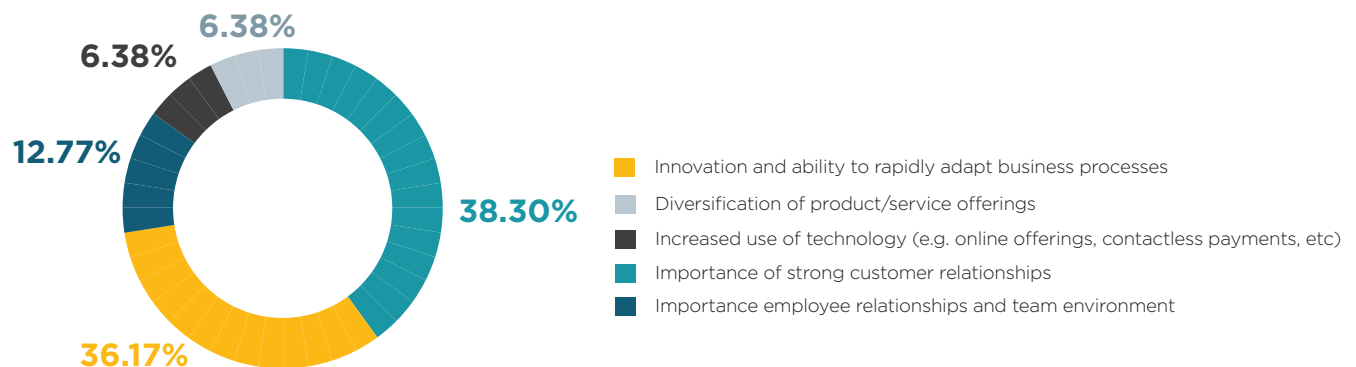
Business Outlook

What do you think is the greatest external factor that will impact your business over the next 12 months?



Not surprisingly the government's continued approach to travel restrictions and social distancing measures in response to the pandemic is expected to have the greatest external impact on business outlook over the coming 12 months.

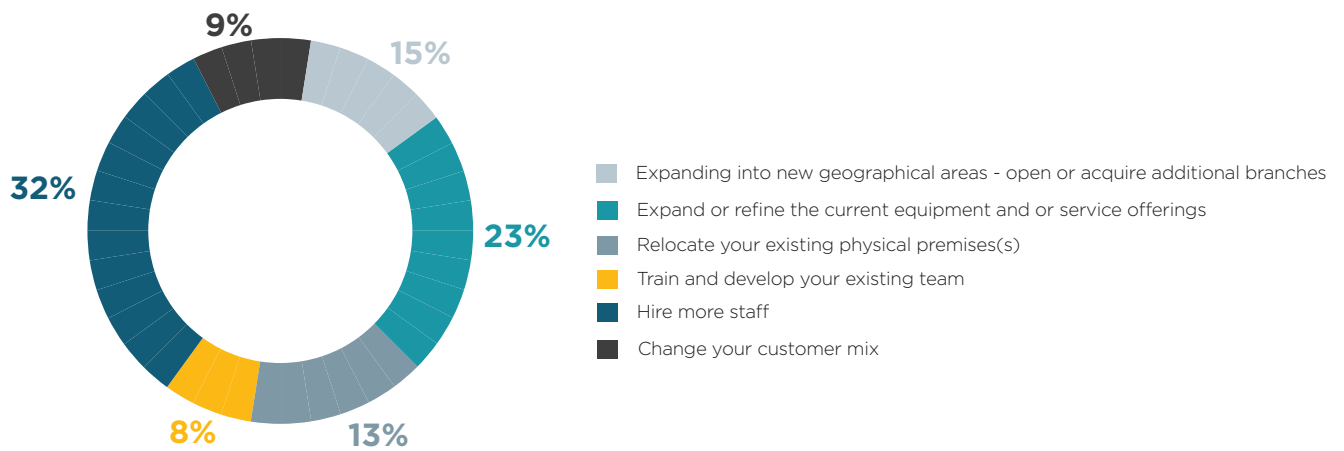
What has been the greatest learning for your business as it responded to the COVID-19 Pandemic over the past 12 months?



The pandemic has reinforced the importance of high quality staff and customer relationships along with the resilience of businesses to continue to innovate product offerings and service deliveries.

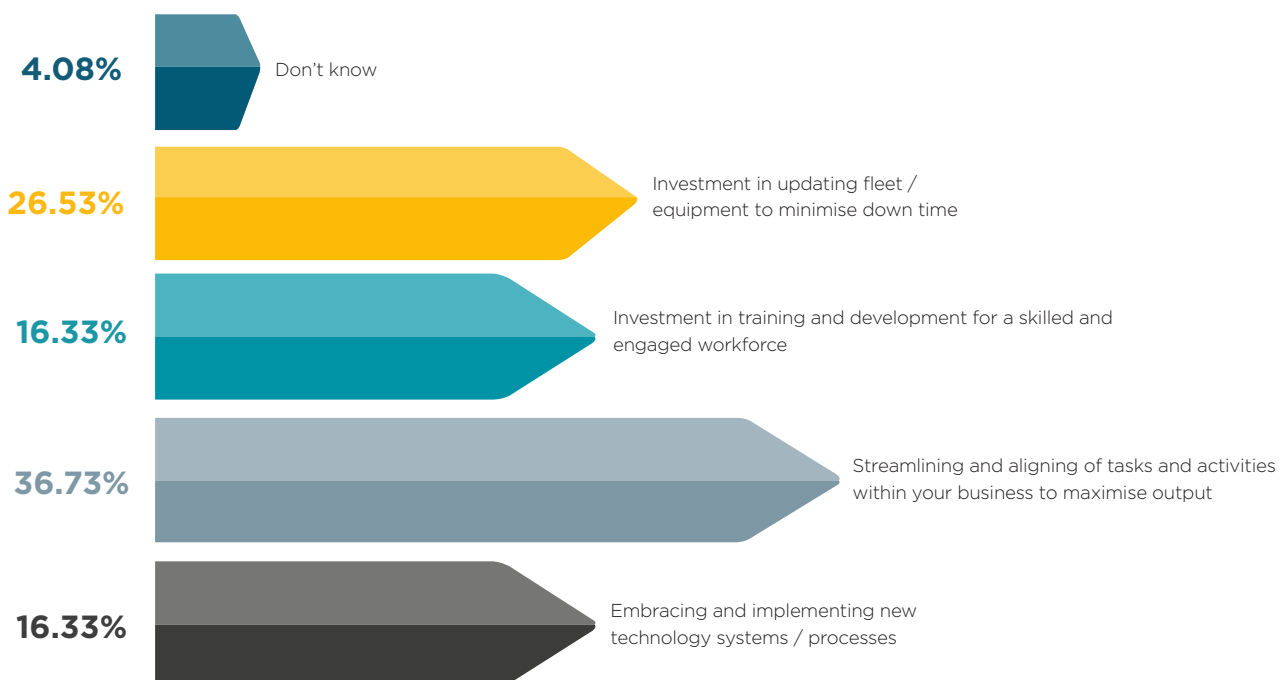
Business Outlook

If there was one area of your business you could improve/change immediately what would it be?



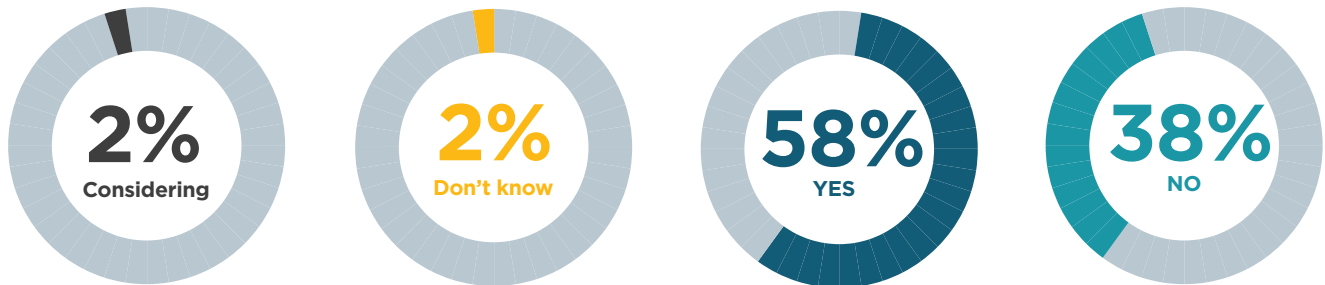
The recruitment and retention of qualified staff is proving a challenge across the industry and within many sector of the economy in general

Where do you see future productivity improvements for your business?



Business Performance

Do you have an annual budget/forecast process that is communicated to all key stakeholders within the organisation?



Do your internal systems provide accurate and timely financial information to make informed and timely business decisions?



Approximately 40% of businesses don't currently prepare or communicate an annual financial budget to internal stakeholders. It is regularly observed that high performing businesses have robust financial forecasting and internal reporting processes.

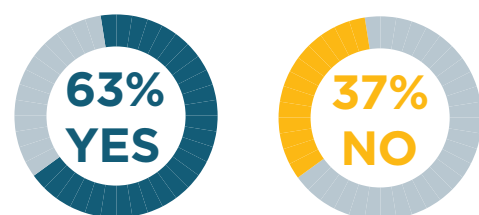
Staffing

What best describes your staff recruitment outlook?

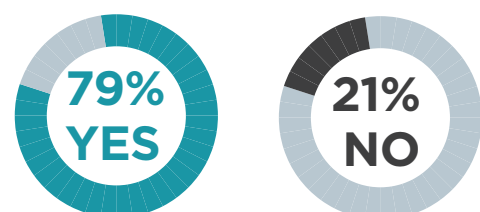


50% of participants are currently actively recruiting staff, with over 79% of responses indicating that it is challenging to recruit appropriate staff. This dynamic emphasises the importance of retaining and developing the existing staff within organisations.

Does your business engage contractors or sub-contractors to supplement your labour requirements on a regular basis?

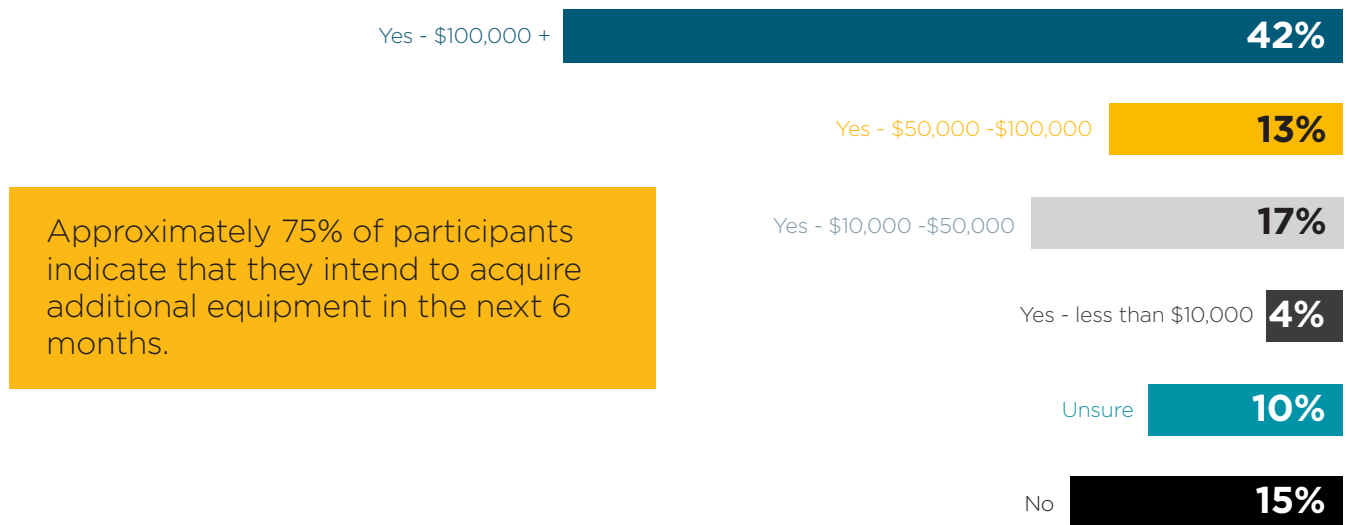


Do you find it challenging to recruit sufficient staff with the required experience and skill set for your requirements?

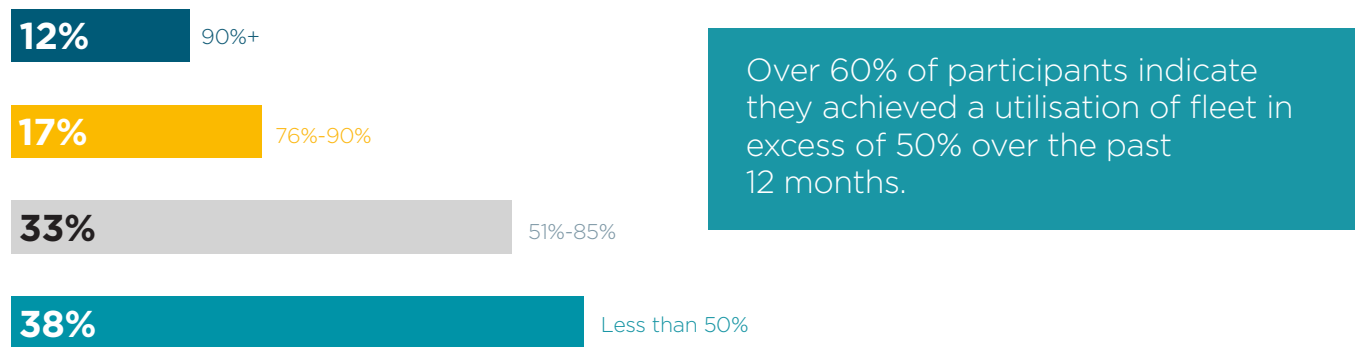


Equipment / Fleet

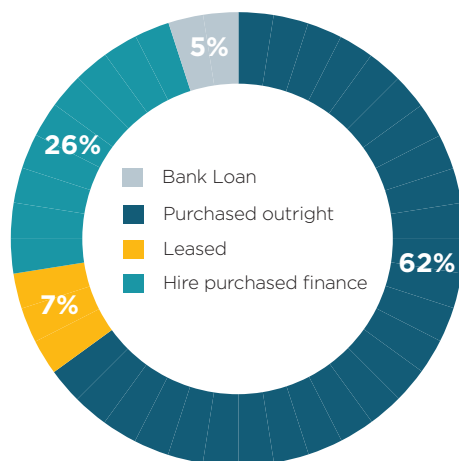
In the next 6 months do you plan to purchase new equipment?



What has been the overall utilisation rate of your fleet/equipment in the past 12 months?



In the past twelve months, how was the majority of your hire equipment acquired?



The majority of assets acquired over the past 12 months were funded by available cash on hand.

Business Strategy

Does the business have formal and documented:

27.50%



Asset Protection
Plan

22.50%



Business Interruption /
Continuity
Plan

37.50%



Succession
Plan

77.50%



Business
Plan

We recommend all business owners formulate a succession plan to provide them maximum optionality as to how they generate and extract value from their business.

Is business strategy and lifestyle stress a concern for the business owners?



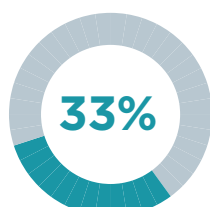
55%
YES

45%
No

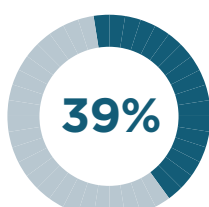


Over 55% of participants indicated that the level of stress associated with the existing business strategy and lifestyle was of concern.

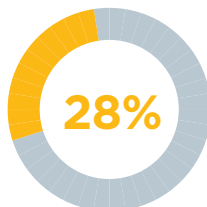
Does the business owner contemplate retirement or selling the business in the next five years?



YES



NO



UNSURE

Close to 60% of participants indicated they may consider selling their business or retiring within the next 5 years, while only 37.5% of participants had a formal succession plan in place.

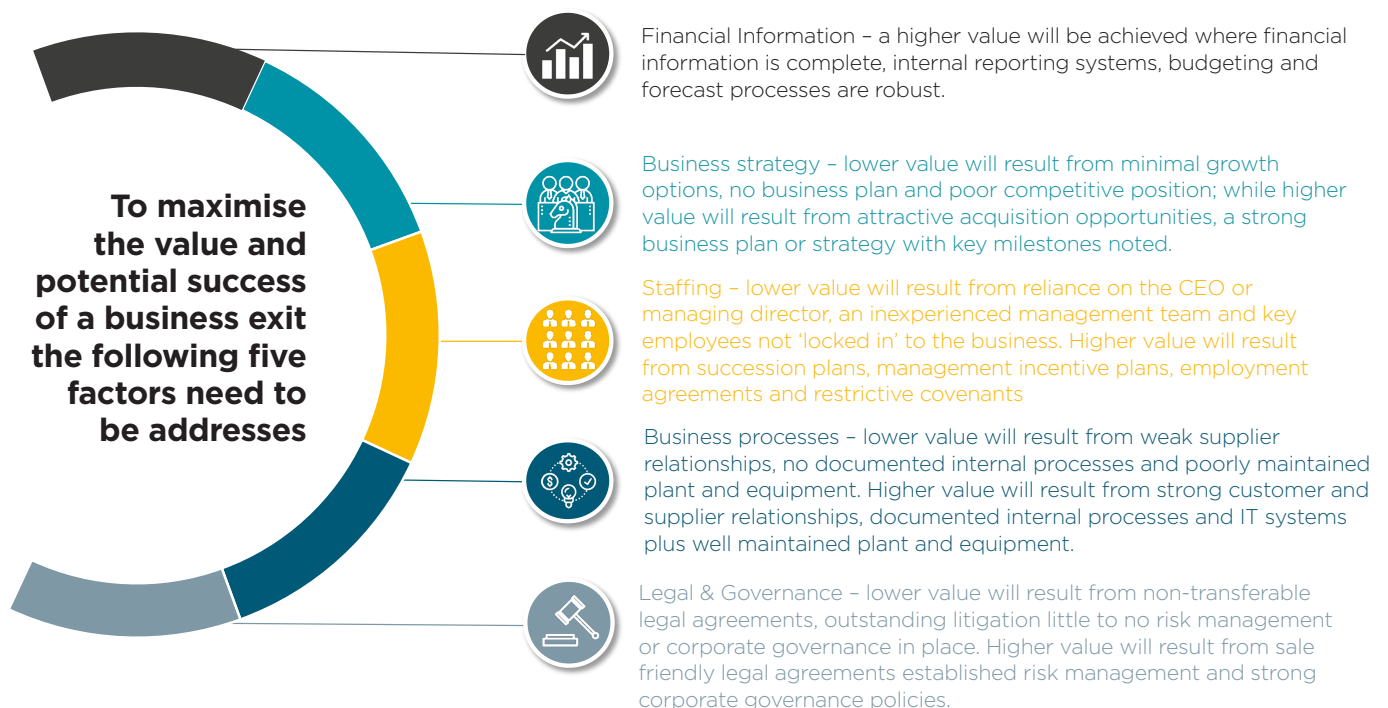
Business Strategy

Are you future ready?

Over 60% of participants indicated that they may contemplate exiting their business or retirement in the next five years. From our experience working with business owners and key stakeholders the best results from any succession planning are achieved by commencing the process as early as possible.

By being future ready allows stakeholders the flexibility in being able to plan and maximise the advantages in determining the timing of their eventual exit from a full time involvement in their business. The initial steps to consider include ensuring your business and strategic plan are up to date and reflect the current operations, the stakeholders personal goals, and consider the risks and strategic opportunities of the business.

Factors that influence the success of an ultimate sale or succession from a business include the businesses profitability, nature and quality of staff and customer relationships and culture, physical location and quality of assets, level of debt, internal business processes relating to legal and governance matters and the detailed staffing and succession plans of the business.



By having well documented strategic plans in place along with strong internal systems and staff succession plans you will add value to the day-to-day operations of the business as well as the overall value that may be achieved on the exit of the business.

Improve value

Improving value is all about improving cash flow and maintainable earnings of the business in a well documented and structured manner.

Let your systems do the work for you and they will help you maintain adequate cash reserves.

Understand your customer concentration. Make your marketing and business development investment go further and implement best practise customer management procedures.

Develop effective processes and procedures, protect yourself and your assets and seek advice when required.

Consider what tasks can be outsourced, identify what tasks can be automated and question where you get leverage.

HLB Mann Judd offer a complementary initial business review to all members of the HRIA, EWPA and TSHA. We'd welcome the opportunity to discuss your succession plans with you in greater detail.

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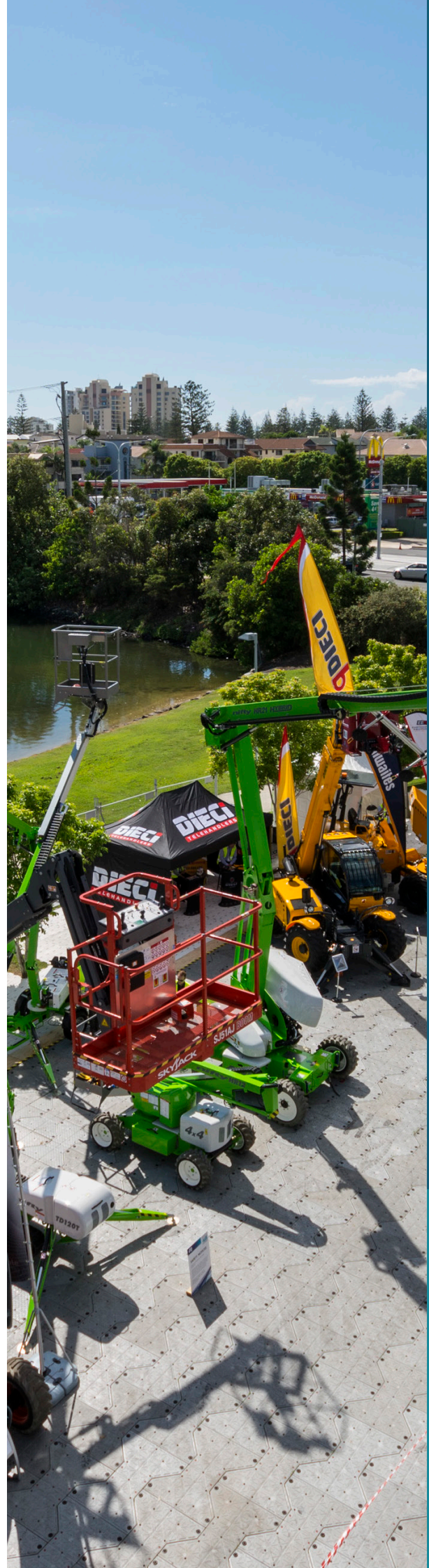
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