Paul's Transport: Moving Beyond Organic Growth

Firm expands its physical footprint, client base

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Paul Bhangal launched Paul's Transport in 1989 with his wife and brother-in-law. "We will become a one-stop shop for our customers," he says.

Paul Bhangal emigrated to Canada from his native India when he was just 13-years-old. Like many new immigrants, his family chose Canada as a place to raise and educate their children and to work hard in order to make the most of the opportunities here. Their son did just that by building two successful businesses — one in Mississauga, Ont., and a wholly owned subsidiary in India — that are helping each other grow.

A little background: After working for five years as a courier transporting air-freight cargo throughout the GTA, Bhangal moved on to ocean-freight logistics. With that experience, together with his wife Jass and brother-in-law Karni Clair, Paul's Transport was launched in 1989. Initially, they provided Air, Ocean, Less than Truckload, and Full Truckload freight services. "We worked 14- hour days, seven days a week to get the business going," says Bhangal. That work ethic coupled with exceptional customer service continues to guide the business, which has grown to 85 employees.

Equally important: listening to customers and shifting focus as needed. In 1991, increasing demand led Paul's Transport to turn its attention on intermodal ocean containers and it became a container carrier, moving away completely from air freight.

Since then, the company has been in growth mode, expanding both its physical footprint with increasingly larger facilities and its client base and revenues. "We service any industry that ships goods to Ontario via ocean containers," says Bhangal. In 2000, it purchased a container storage terminal to help its clients achieve cost efficiencies. "At that time, the rail companies were running out of space and their daily container storage charges jumped from $25 to $200. Our customers and the industry needed a lowercost option, so we became that option," says Bhangal. In 2005, Paul's Transport became a Canada Customs Bonded Ocean Container Terminal.

In 2010, he purchased an additional 10-plus acres and container lifts to meet growing demand and to ensure his service level remains consistently high. In 2011, Paul's Transport opened a wholly owned subsidiary in New Delhi, India to handle back-end administration, including daily data entry and reporting. The strategy was the result of the company's growth and in support of its focus on customer service.

Bhangal launched the New Delhi office with five employees. There are now more than 50 employees, about 15 of whom are at their desks by 3 a.m. EST entering everything that transpired up to midnight the night before. "Without that office, we would not be able to provide the level of service we provide today."

Seeing how well the service is working, other logistics firms have come calling to have the New Delhi office handle their data entry, creating a new revenue stream that Bhangal had not anticipated. In fact, since 2011, the company has achieved 10 per cent revenue growth year over year.

"The question (is) how will this growing service area impact Paul's Transport's own business?" asks John Cho, national practice leader transaction services with KPMG. "If it is lucrative, they should look at building out the subsidiary and dedicating staff to Paul's Transport."

And that's what Bhangal has done. Overseas operation WorldwideBMO now operates as a separate entity from Paul's Transport, with Bhangal's son Parvinder at the helm. The plan is to start including other industry sectors such as financial and medical services.

The vision going forward: Paul's Transport will expand its ocean freight services into Montreal, and into U.S. ports in New York, Pennsylvania and Massachusetts. "We will become a one-stop shop for our customers," says Bhangal.

CIBC Tips: How to Expand Your Business with Acquisition

1. **Define your long term goals** Acquisition can offer significant growth opportunities, whether you're considering entering a new market, building in-house capability, or growing your market share. Start the process with a thorough assessment of your current state: goals, internal strengths and weaknesses. Ensure your business has the structure and resources in place to support the acquisition without interrupting the existing performance.

2. **Carefully evaluate targets** Once you've conducted an internal audit, look outside your business for opportunities and threats in the marketplace. Set yourself up for success by doing your research on potential companies to acquire. Assess how the target companies' corporate culture, talent, existing management, customers, products and geographic coverage complement your existing business. It's critical that the acquisition provide operational efficiencies, expansion opportunities and/or address current unmet needs in your customer base.

3. **Map out the integration process** Once a target is chosen, plan how and when you will incorporate the additional resources and skills into your company. Equally important is setting key performance indicators for the transition in advance. You will be able to measure the success of the integration; ensuring that you realize milestones while continuing to provide a seamless customer experience.

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