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Robins Tours

A case study in failure to take account of external factors



Donald Robins started Robins Transport in 1990. He had been working for a company which provided national road and rail services, but it had struggled to make a profit and so lost its franchise. Because of this, Donald lost his job and decided to set up his own business. He borrowed some money from his bank and took out a lease on a taxi and a minibus, which he planned to use for private journeys and airport transport in Hadford, a town of 150,000 people in central England.

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Over the next ten years, Robins gradually built up his company. In 1997, he gained a contract to provide school buses in Hadford, for which he borrowed £250,000 and purchased four second-hand coaches. This also allowed him to take on some local urban bus routes. In addition, he increased his taxis to 20 and his minibuses to 10. Next, he took a strategic decision to change the name to Robins Tours and invest in the long-distance coach market. In order to do this, Robins took out another loan of £500,000 to fund the cost of some luxury coaches. By the beginning of 2010, the company was achieving a turnover of more than £2 million and a pre-tax profit of around £250,000 a year. There were over 150 full- and part-time employees and several sites, including two large garages, where the vehicles were kept and maintained, and an office building.

Robins Tours prided itself on its customer service. As well as punctual and reliable transport services, it also offered cut-price travel for students, families, old people and the disabled. The company was a good employer: terms and conditions were some of the best in the sector. 'Our mission,' Donald Robins said, at a board meeting in 2012, 'is to provide a first-class service to the public and our employees.'

However, Donald Robins had been slow to realize a number of business opportunities. Although his business in Hadford was successful, he had missed the chance to bid for some new rural routes, and these had been snapped up by larger, national competitors. In addition, he had failed to win several other contracts in towns and cities elsewhere in England. Two other bus companies had set up operations in Hadford, both of which were bigger than Robins Tours and had more vehicles. One of these companies had gained a railway franchise, which had enabled it to diversify, operate on a national scale and, thus, grow significantly.

Robins Tours is now at critical point in its existence. In the next few weeks, the board of directors will have to make some serious decisions about the future of the company. After a recent cost-cutting war in Hadford, the company was forced to reduce its fares and cut some of its routes, as well as some jobs. Hence, it has now lost market share and customer care is deteriorating. Moreover, operational control is difficult as the staff is large and there are several sites. All the vehicles are old, so capital must be raised in order to replace them. Despite the fact that many of the vehicles are now owned outright by the company, there are still outstanding loans. Turnover has grown (it is now in excess of £3 million). However, net profits have remained more or less static at around £250,000 per year because recent increases in the cost of fuel have hit the company hard. Finally, Robins would like to bid for more franchises in different cities but cannot compete with the bigger players, some of whom have also moved into rail and air services.

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Source: Briggs, J. (2020). Robins Tours – A case study in failure to take account of external factors. *Transport Monthly*, 12, 57–58.