

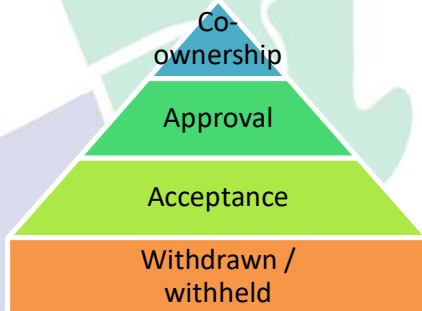
# Brand and Compliance

Compliance is often viewed by business and industry as the “stuff you should do”, so the activities that generate income can be undertaken. When priorities change, or budgets get tight, compliance is often one area that is considered an acceptable risk and let slip. What is the worst that can happen? A reprimand? A fine that, in reality, is an acceptable cost of doing business?

Actually, a lot worse can happen.

## The value of your brand

The brand of your business is an intangible asset and much, much more than the logo. It is the “thing” that steers people towards your business because of perceptions of your business quality, service, values, image, etc., that align with your potential customers. The brand of a business contributes to its social licence to operate (see the model below).



Having a brand that is trustworthy for providing a quality product / service while valuing safety, communities, and the environment, is likely to establish approval, or even co-ownership, with customers, and potentially with the broader community. But like trust, a social licence to operate is hard earned... and easily lost.

## The cautionary tale – Cootes Transport

Ian Cootes started his fuel transport business with a single truck in 1965. Through hard work and the reputation of being reliable, Cootes Transport grew to having 70 percent of the fuel tanker market by the year 2000, with a fleet including 106 LPG tankers, 250 prime movers and 160 fuel trailers. Ian also had a reputation in the transport industry for

being very particular about the maintenance of the company's fleet.

In early 2001, Cootes Transport was sold to Ion Group. In 2005, it was again sold to a private equity firm CHAMP for a reported \$190 million. In 2012, CHAMP sold the company to a transport company, McAleese, for a reported \$300 million.

Then, on 1 October 2013, a disaster occurred at Mona Vale where a Cootes Transport tanker lost control, crashed into other vehicles, and burst into flames. Two people lost their lives and a third seriously injured.

In the following months, the Cootes Transport brand was decimated.

Regulators across Australia identified systemic safety non-compliances with the entire fleet of Cootes Transport. Hundreds of defect notices were issued, and many vehicles were grounded. The company faced several prosecutions and was fined hundreds of thousands of dollars. The most damage was done over the following months. Customers of Cootes Transport distanced themselves from the damaged brand. BP, Shell, 7-Eleven and Caltex all moved their business to other transporters.

McAlesse's share price tanked, going from \$1.57 in November 2013 to \$0.02 in June 2016. McAleese went into voluntary administration in August 2019, with reported debts of over \$200 million

## Who can I talk to about my brand and compliance?

If you would like to help protect your brand with a healthy compliance culture, get in touch with JS Regulatory Services. We love making regulation work best, for everyone.



Phone: 02 6188 7700

Email: [mail@jsrs.com.au](mailto:mail@jsrs.com.au)

[www.jsrscom.au](http://www.jsrscom.au)