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# SUCCESSFUL Simplicity

Built out of the family backyard in Perth and over 50 years on, Bayswater Car Rental is the largest independent car rental operator in Australia.

Images by Scott Ehler

**F**or Bayswater Car Rental, simplicity is key. It provides quality service with 'no birds' and aims to keep prices low for its customers. "What sets Bayswater apart is that we try to get a very simple, no-frills operation that is keenly priced," director Arnold Kluck says.

Started in the 1950s by Arnold's father, the business grew out of the family backyard in the suburb of Bayswater in Perth. "My father was a Dutch immigrant and he was driving taxis when he came to Australia. He saved up a bit of money and bought several taxis, but at that time there was a regulation that you could only own four taxis, so he got to his level of four and that was it."

Not being able to expand his business any further, he decided to use the skills he had learned from the taxi industry and move into rental cars. "So that's where the business came from: he grew it over the years, moved it out of the

family home, and eventually got rid of the taxis because he could see there was more scale in renting out cars," Arnold says.

Arnold studied engineering at university, and then decided that with four branches in Perth, it was time for Bayswater to expand to the other side of the country. "I said to my father that I really wanted to expand the brand on the eastern seaboard. That was in 1988. Then I moved to Sydney and set up an office, and it's worked out well."

Arnold and his brothers, both of whom also work for Bayswater, grew up working for the business doing all the odd jobs no-one else wanted. This, Arnold believes, means that they can run the company more efficiently and effectively because they know every level of the company and how it works.

"We did holiday work and part-time work growing up. We started off washing cars and

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- Arnold Kluck

changing oil and changing tyres. So we know the nuts and bolts from the ground up. It means the staff can talk to us about any issue or any problem they have. We haven't just been dropped in from a business-management school; we know what we're talking about."

One of the other factors to which Arnold attributes Bayswater's success is the 'no birds' philosophy the company has always had. "About 30 years ago, somebody came up with a slogan—rather than 'no frills', say 'no birds'. And it seemed to resonate and get a life of its own. So we've stuck with the 'no birds' slogan ever since."

'No birds' basically means that many of the extras that other car rental companies have aren't offered at Bayswater—making it much cheaper for the consumer. For example, Bayswater only uses a couple of different types of Toyota cars, in one colour, instead of many different brands and models. "We've been a little bit unique, and it comes down to the >





'no birds' philosophy—no frills, keeping it simple.

"All of cars at the moment are white Toyotas, so we keep the colour the same. We only have a couple of different models, and we've got our own workshop. Our workshop specialises in one paint, which is the only paint we offer. So we get efficiencies in the back end from servicing, maintaining, and repairing the cars ourselves. That also helps us when we go to sell them; we distribute them to the Toyota network of dealers, who are happy to deal with us."

The company also keeps costs down by not having an office in Perth or at the Sydney Airport, which is extremely expensive and also means being locked into a contract. "The multinationals, such

*"Our relationship with Bayswater is very strong. They trust us and we trust them. They tender most of their business out and their integrity has never been in question. They have never buckled and after 20 years of dealing with them you know they are very trustworthy guys." - Ashley Tory, Director, Illawarra Toyota*



as Avis and Hertz, have to pay licensing fees to use the brands. We don't have to do that. They operate in the airports, which is very expensive. So we gave up that segment of the market; we let it go because it's just too expensive for us to operate in.

"We're happy to forsake bits of the market and keep the 'no birds' philosophy, keep it simple. It's tempting to break that model to chase business, and every now and then we try new things. Sometimes

it works; sometimes it doesn't. We try to hold ourselves back by not trying to do everything."

Being able to source all vehicles from one supplier has its advantages too, and Arnold believes Bayswater has a good relationship with Toyota, which is part of the key to their success. "Toyota has the best product in the market for our needs. We forward-plan what we're going to buy. We negotiate our subsidies on the cars we're going to buy and we pre-set that in. So Toyota Australia has come on board with that.

"Sometimes we think they should be doing more for us, but we have robust conversations with them and we know where we stand. They treat us with respect and listen to what we say and they come to the party. But it's really getting to know the people who pull the levers."

There have been difficulties over the years for Arnold. Being a family



## Australia's Number 1 Selling Car\*

### Driving Bayswater Car Rental



Corolla Sedan



Corolla Hatch RZ



Oh what a feeling!

\*Source: VFacts 2014. Corolla hatch RZ in inferno and Corolla sedan SX in wildfire models shown.

business that was started in the 1950s, the move to the online era was a challenge. "In the past 10 years, we've evolved from a paper-based system into the internet age. The bookings systems—all those systems had to be moved online. Not everything was successful, so we had to keep our eye on the ball as to what was going on, and we had to tinker and move as we went"

An issue that frustrates Arnold is governments playing favourites. "Car share is a competitor to car rental. It is being propped up by local-government subsidies. The City of Sydney, in particular, charges \$2.50 per spot per day for 500 street car spaces that they make available exclusively for car-share companies. This is less

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than 10 per cent of the market value for that real estate. The local government's philosophy is to minimise private car ownership; but car rental companies have been doing this for years without sticking our snouts in the government trough. Interestingly, the state governments have the opposite tack on other share-economy players such as Uber and Airbnb, where they are actively obstructing their growth." Arnold's view on government regulation has always been 'Don't hinder us', but is now changing to 'Don't redistribute our taxes to competitors'.

Business is still booming for Bayswater, which has just opened another branch in Sydney and has

had ongoing profit increases for the last couple of years. "We opened up a branch in Artarmon in North Sydney just a few months ago. In Perth, our footprint is quite good: we've got four branches in Perth, so we're probably not looking to expand our footprint there. But we could use another two or three branches in Sydney if Artarmon works well. We have more than 2,000 vehicles in our fleet and plan to double that over the next five years.

"We still operate as a family company, all hands on deck. My brothers and I all have children, and we're quite happy to train up the next generation if they want to. If they don't, we're quite happy to retire in 15 or 20 years." •