# Margin Recovery in Waste Management

## A 7-Point Operational Strategy to Reverse the Gross Margin Deficit

**CONFIDENTIAL STRATEGIC BRIEFING**

# Bridging the gap to a 15%–20% EBITDA margin


### The Mandate

Aggressively control variable costs and execute strategic growth to hit profitability.

### The Timeline

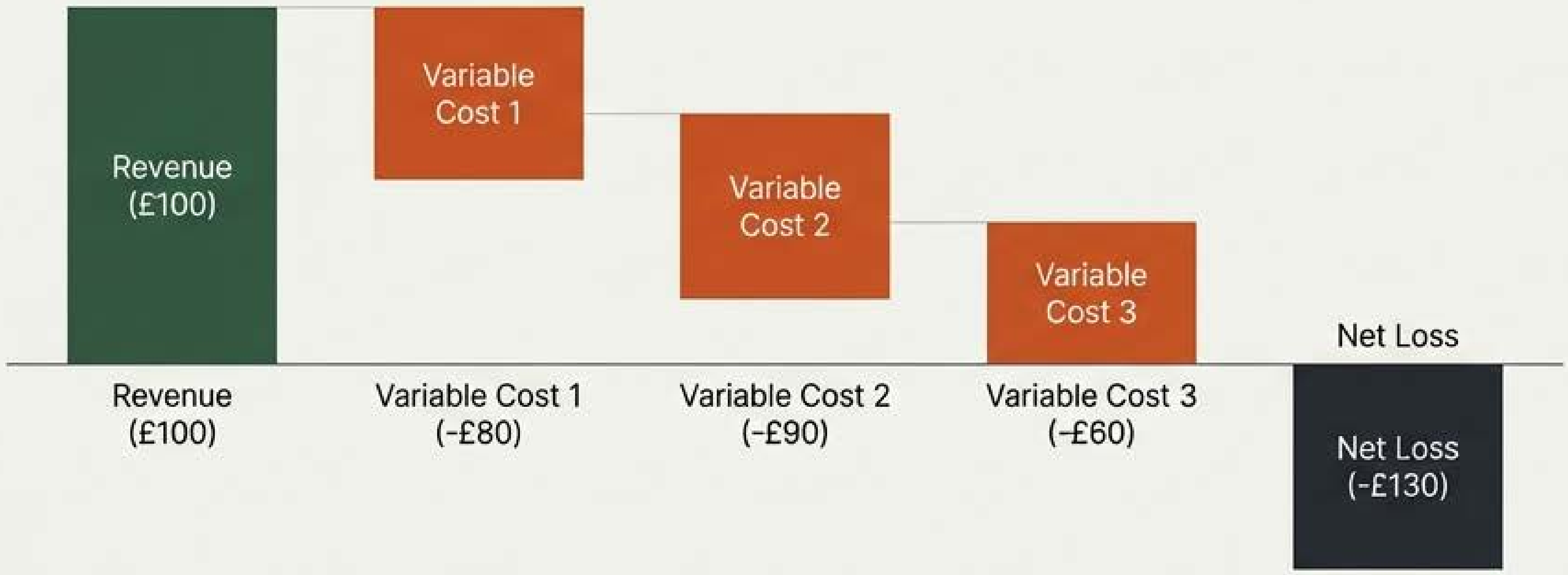
17 months to break-even.

### The Mechanism

7 data-backed operational levers addressing routing, fleet utilisation, pricing, and customer acquisition.

**Volume alone will not solve this crisis;**
**we must fundamentally repair our unit economics.**

# We are losing £130 for every £100 collected




**230%**

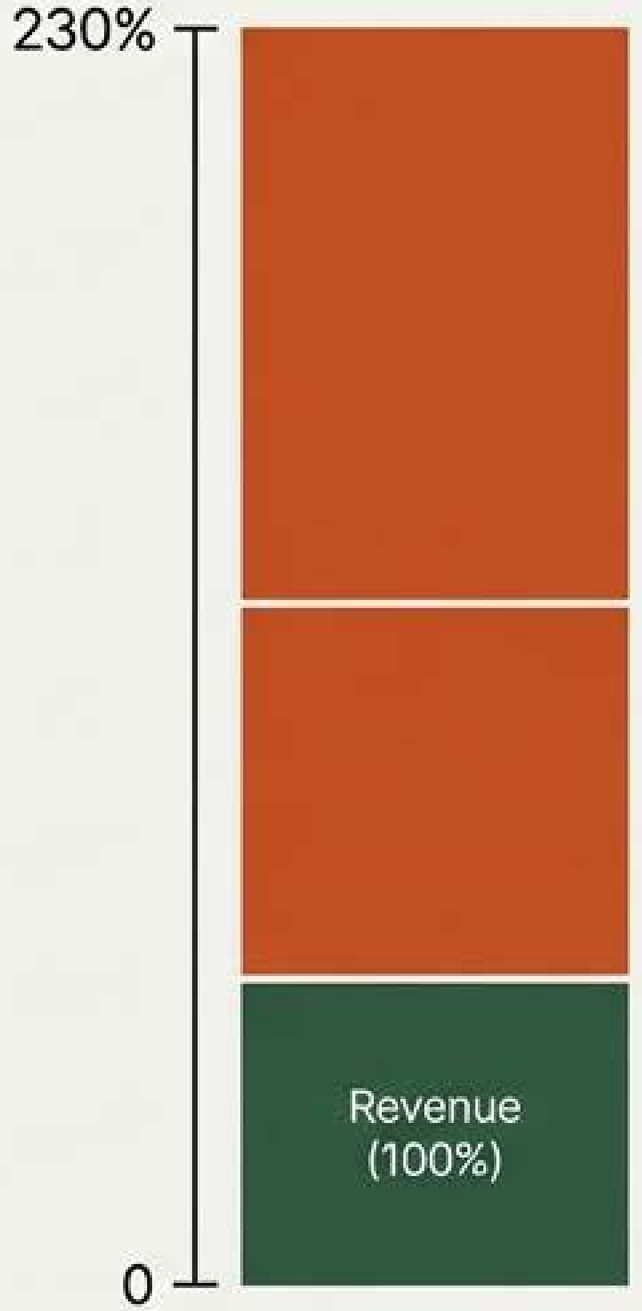
Variable costs as a percentage of revenue.

**-130%**

Our current, deeply unsustainable variable cost absorption rate.

| Residential Service | Commercial Service | Yard Waste Add-on |
|---|---|---|
| **-£62.40** contribution per month | **-£286.00** contribution per month | **-£41.60** contribution per month |

# Two expenses entirely consume our collected revenue




**140%**

**Disposal/Tipping Fees**

(140% of collected revenue)

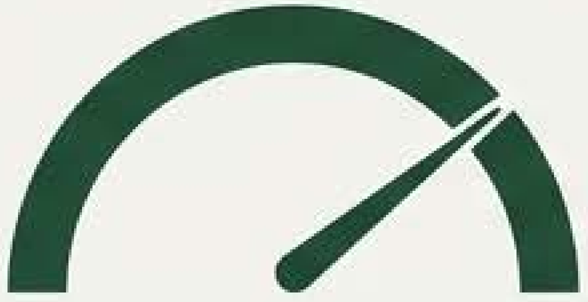
**90%**

**Fuel Costs**

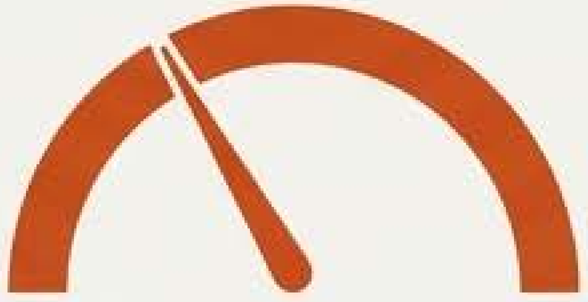
(90% of collected revenue)

| Residential Yield: £48/month | Commercial Yield: £220/month |
| --- | --- |
| Currently failing to cover its own variable fuel and tipping spend. | Despite higher yield, volume is insufficient to absorb the 230% overhead. |

# Routing inefficiencies are draining 33% of our daily capacity



Target
15 stops/hour



Actual
10 stops/hour

**3.2 hours**
wasted
driving


**4.8 hours**
productive
collecting

- Fuel represents 25% of total route expenses; poor sequencing drives this up.
- Labour utilisation has dropped from 85% to 70%.
- We are currently paying for 15% unproductive driver hours daily due to software failures.

# Idle assets carry a £7,333 monthly penalty

**£4,000 / month**

Fixed insurance drain (£200/day assuming 20 operating days).

**£3,333 / month**

Capital allocation for the £200,000 CapEx (60-month recovery).

**We require £245 in daily revenue per truck just to break even on the asset before operational costs.**

# High acquisition costs leave zero room for customer churn

**£120**
Customer Acquisition Cost (CAC)

Residential prices moving from £48 in 2026 to £56 by 2030, a 16.7% total increase.


## 2.5 Months

The time it takes to recover the £120 CAC on a £48/month contract. Losing a customer before month six guarantees a loss.

## The Mandate

We must keep annual churn below 3% to ensure a positive Lifetime Value (LTV) to CAC ratio.

# Strategy 1: Mandate a 40% margin on all add-on services

## Bulk Item Removal (£95/job)

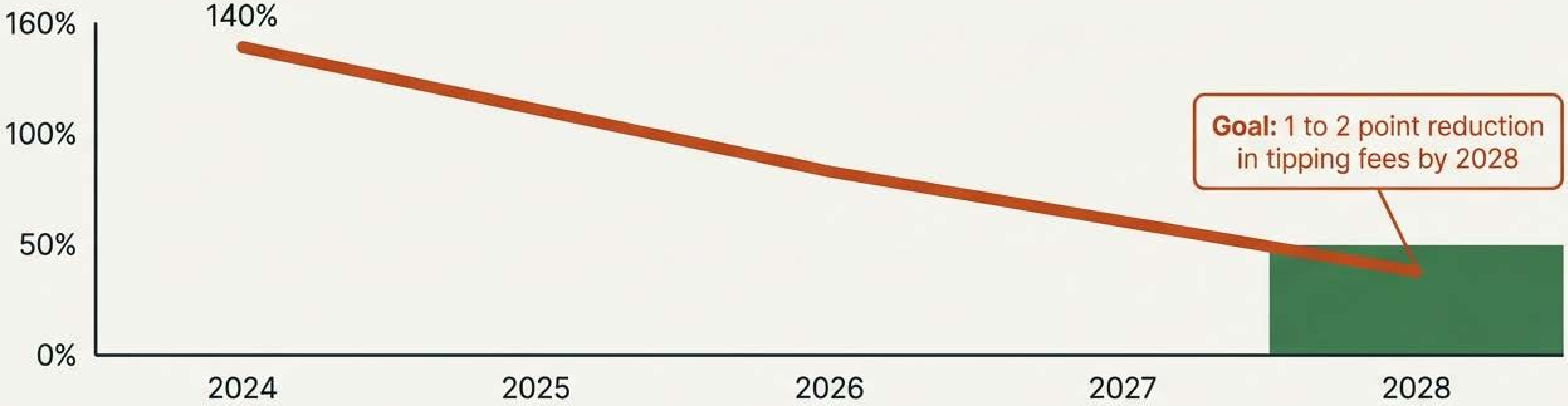
- Must cap labour at £30/job.
- A single truck doing 300 jobs/month needs £11.11 per job just for depreciation.
- Risk: If margin slips to 25%, we leave £12.50 on the table per job.

**Target: 40% Margin Floor**

## Yard Waste (£32/month)

- Currently at 200% penetration.
- Must strategically bundle pick-ups with existing routes to offset labour and maintain margin.

# Strategy 2: Deflate the 140% tipping fee overhang




## Consolidate

Pool volume with other haulers to unlock better contract rates.

## Sort

Invest in basic sorting equipment to reduce the sheer weight sent to high-cost landfills.

## Divert

Every single ton diverted immediately improves operating cash flow.

# Strategy 3: Accelerate the commercial service mix


## The Target

Drive commercial penetration from 250% up to 350% by 2030.

## Required Action

Streamline the 14+ day onboarding process and track the specific CAC for commercial leads to ensure upfront sales investments are efficient.

# Strategy 4: Bring fleet maintenance in-house by 2027

**Immediate**

**Q4 2025**

**Deploy Route Optimisation Software**

Attacks the 90% fuel spend and eliminates wasted miles. Missing this implementation forfeits critical gains.

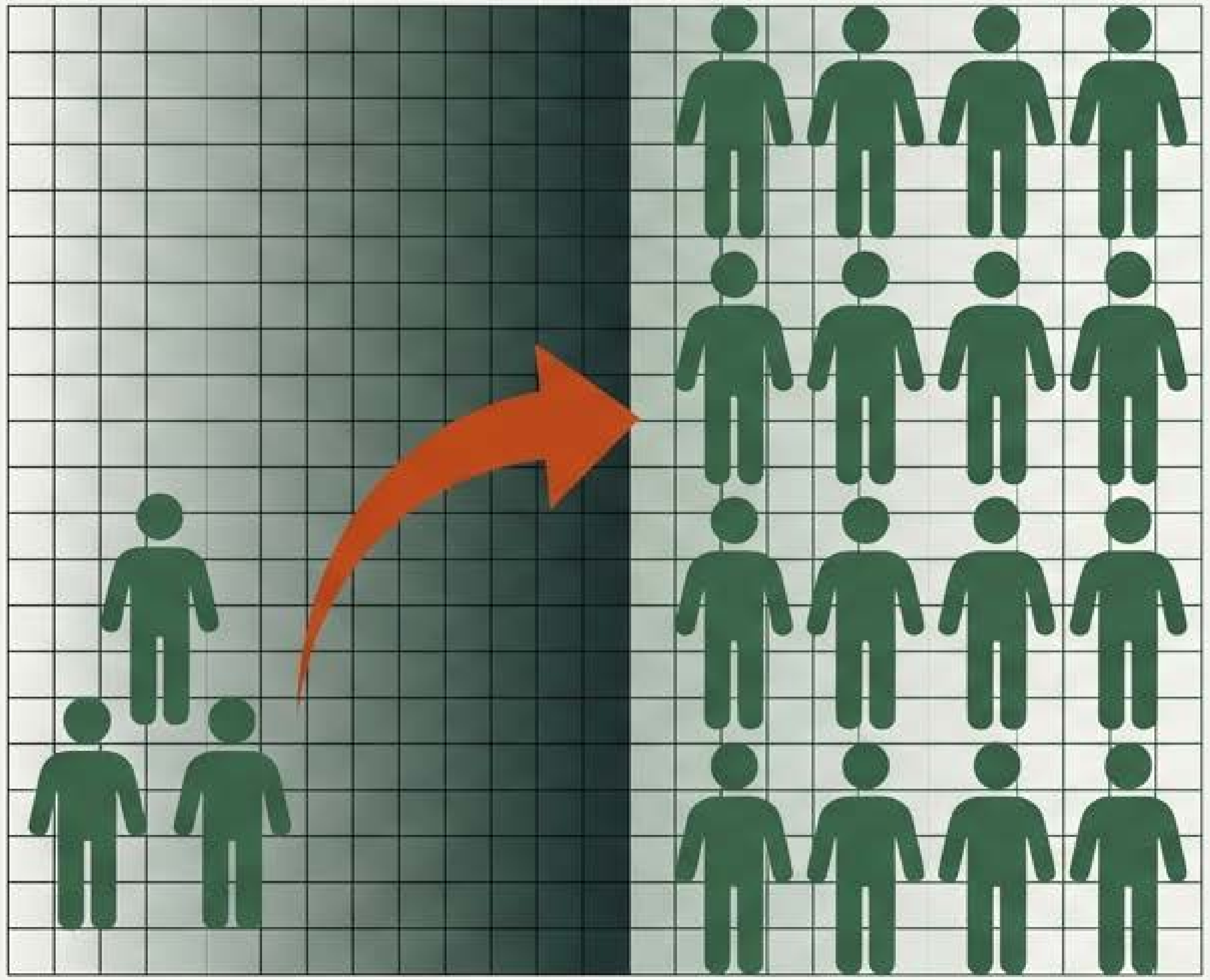
**2027**

**Launch In-House Maintenance Facility**

Takes control of external vendor costs and standardises parts.

**Target 2030: Drop variable maintenance spend from 35% to 27%**

# Strategy 5: Protect the £55,000 FTE investment



30 drivers in 2026

160 drivers by 2030

## The Efficiency Lever

Standardise procedures to minimise non-collection time (driving, waiting, paperwork).

### The Math

Shaving just 10% off non-collection time across a 30-FTE crew yields the equivalent of **3 extra workers without hiring.**

**Bottom Line: Poor standardisation will make scaling to 160 FTEs unprofitably expensive.**

# Strategy 6: Retool the £150,000 marketing budget

**2026 CAC:**
£120

**Strategic Pivot**
Away from digital ads & print mailers

**2030 Target CAC: £100**
(20% reduction)

## New Acquisition Channels

- **Referral Programmes:** £50 incentive structures.
- **Local Partnerships:** HOAs and property managers.

### Risk

If referrals fail by Q4 2026, the £100 CAC target becomes mathematically unrealistic.

# Strategy 7: Target 11 stops per day just to clear fixed assets

**£65**
**per stop**
(Blended Residential + Commercial Revenue)

**x**

**11**
**stops per day**
(Required Volume)

**=**

**£7,333**
(Combined monthly fixed burden: CapEx + Insurance)

**Actionable Takeaway:** Route density during peak windows is the only way to reliably clear this baseline revenue floor.

# The roadmap to 20% margin and sustainable scale

| | | |
|---|---|---|
| **Stops**<br>10/hr → 15/hr | **CAC**<br>£120 → £100 | **Commercial Mix**<br>250% → 350% |
| **Variable Maintenance**<br>35% → 27% | **Tipping Fees**<br>140% → -1 to -2 pts by 2028 | **Add-on Margin**<br>Currently Low → 40% Floor |

**Churn Limit**

Current → < 3% Annually

**Execution on these seven levers secures the 17-month break-even and fundamentally resets our unit economics.**

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