



POINTS AND SIGNALS:

I'm a train operator, keep me in here!

With strong support from its customers, Andrew Goodman thinks GNER is the firm favourite to be voted back into the East Coast jungle

Like any good soap opera, the drama of the East Coast refranchising programme seems to have gone on and on. It's difficult to remember a time when GNER chief executive Christopher Garnett and his team haven't been operating under the strain of a string of abortive franchise bidding programmes. It's been gripping entertainment for onlookers; the feud between the GNER blues and the Virgin reds has matched anything dreamt up by the scriptwriters of *EastEnders*. Who can ever forget the cliff-hanger when the then Transport Minister Stephen Byers stepped in at the last minute to stop the signing of a 20-year franchise with a promise that everything would be better in the future.

But soon – possibly within a few weeks – we may have a decision on who is to run this prestigious franchise for at least the next seven years.

In truth, it's hardly surprising that the East Coast should have proved so troublesome for the politicians who pull the strings of the SRA.

Firstly, GNER fails to fit neatly the stereotype of the profligate, bloated private-sector operator greedily ripping off the punters. From Sir Bobby Robson to Red Ken, it has gained widespread support for its highly-visible and spirited customer-service ethos.

Whilst many train operators appear to merely tolerate their passengers, GNER, under Garnett's leadership, has pulled off the rare trick of fostering a completely open and honest relationship with its customers. When things go wrong the company seems to genuinely care, and pulls out all the stops.

GNER has been able to cash in on the goodwill this has generated as the battle for the East Coast has intensified. With its 'back the bid' campaign, it is mobilising public support.



Head to head? First Group hopes to oust GNER from the East Coast.

In something reminiscent of *The X Factor* and *I'm A Celebrity, Get Me Out Of Here*, customers have been encouraged to register their support on the GNER website. And there is even a handy pop-up link to MPs, to allow them to see the strength of support for the incumbent operator.

And with customers apparently offering support in large numbers, people power could play a part in deciding the future of the franchise.

This is all a little awkward for the SRA (read Department for Transport), which has clearly had its nose put out of joint by democracy interfering with the refranchising process.

Round one to GNER.

Secondly, the franchise itself is difficult to pigeonhole. Compared to others, which have failed to meet revenue targets and have had to be rescued with large amounts of

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taxpayers' money, GNER is a success story. The promise to pay the Exchequer for the privilege of running the service has been kept.

GNER's ability to generate premium payments for Gordon Brown, whilst still making a healthy profit, has not been matched by Virgin on either of its franchises.

Chastened by his experience of operating the West Coast and Cross Country businesses, Sir Richard Branson has seemingly given up on running railways as a commercial venture. When submitting the joint Virgin-Stagecoach bid for the East Coast, Branson reportedly said: 'We're never going to make money out of running railways' and that the bid was not made for financial reasons but to run it as a 'public service'. I should love to have been within earshot of the commercially astute Stagecoach boss Brian Souter when he heard that statement!

This could be a serious blunder, as it suggests that handing the previously cash-generating East Coast franchise to Virgin would be tantamount to turning it into another dependent lame duck. Round two to GNER.

Where I would agree with Sir Richard is that the joint bid by EWS and the Danish state operator DSB is not a serious contender. That leaves us with a battle between GNER and First Group.

On the face of it, the Government's intention to reduce the number of franchises – and presumably the number of owners – appears to put First in the lead against Sea Containers, which has only GNER in its portfolio.

But Sea Containers' recent decision to link up with MTR (operator of the Hong Kong Metro) to bid for the Integrated Kent franchise, and the joint bid with Chiltern for Greater Western, not only give it a good chance of winning both franchises, but also make it look far less of a minnow. Round three to GNER.

Christopher Garnett and his team at GNER have had to endure a very expensive, arduous and ridiculously drawn-out battle over the future of the East Coast. But they deserve to come out on top. Any other outcome will not only be an unhappy ending to this long running soap opera; it will also turn the East Coast into something worthy of a truly nasty piece of reality TV.