

# 'SLASH AND BURN'

To say the railway industry can only survive and grow if it has sufficient long-term investment is to state the obvious.

Nevertheless it's something worth repeating, if only as a constant reminder of how vital investment is to the industry's future, and indeed to its very survival.

It's quite plain that the parties providing that investment, which in the final analysis comes down to Government and its various agencies, will demand efficiency if they are to provide investment in sufficiency.

Cost control is self-evidently fundamental to the delivery of financial efficiency. But cutting costs must never

become synonymous with cutting corners. Recent events have provided the industry with plenty of painful reminders of that.



**PETER ALDRIDGE**  
HEAD OF HSBC RAIL

For a long time we've all been under pressure to cut our costs. Now, that pressure is being racked up, with factory gate prices and maintenance costs rising rapidly as higher steel prices, as well as increasing fuel and labour costs, all feeding through at the same time. The result has been a further paring of margins already squeezed tight. So where are the additional savings going to come from?

Maybe we should ask ourselves whether we are simply trying to deliver too much and cut our cloth accordingly

to produce fewer services at higher margins. A huge proportion of funding goes into regional and rural railways; so is it time for a Beeching mark-two make-over retaining only the mainline intercity routes? Though easier today than at any time in the recent past, service cuts are always going to have social consequences and will therefore be politically difficult.

Good logical thinking can be used to analyse the services we provide and the way in which we deliver them. Some of the recent timetable changes have been made along these lines and have increased service robustness and improved capacity.

However, in making changes intended to reduce outgoings, we must be careful to avoid the traps BR fell into so often. Then the rule of thumb was: cut costs – at all costs! One relevant example of that was when BR decided to introduce the open station concept and do away with ticket checking – and, with it, the barrier

## Rail Business Awards 2005

### Recognising business excellence

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**RBA**

**Rail Business Awards 2005**

Grosvenor House Hotel  
Park Lane, London  
Tuesday  
28 February 2006

**Book now**  
for the Awards dinner

**Book now to enjoy good company, a great location and a hard-fought competition to find the best in railway industry business.**

The Rail Business Awards 2005 – the industry's longest running awards programme – will recognise and reward the best examples of business excellence in 12 categories.

The 8th annual event, sponsored by HSBC Rail, will take place at London's Grosvenor House Hotel on Tuesday 28 February 2006.

Contact Tatjana Hauer at Woodhouse Communications on 01444 473588 for table bookings and full details of RBA categories and sponsorship. Email: [tatjana@woodhousecommunications.co.uk](mailto:tatjana@woodhousecommunications.co.uk) or visit the RBA website [www.railbusinessawards.com](http://www.railbusinessawards.com)



# NOT THE ANSWER

line staff carrying out the checks. It was thought this would, at a stroke, save hundreds of thousands of pounds. In reality, in those days before barrier gates, so many of the great British travelling public could not resist the opportunity to board trains without buying a ticket that more money was lost than saved – a clear demonstration that cuts alone are not the answer.

If we are to have a successful railway it has to be able to charge appropriately and generate wealth for reinvestment. It cannot do that by simply making cuts; no business has ever been able to save its way into profitability. The best way forward is to increase revenue by continually improving efficiency, which means reducing waste – of time, materials and effort. We need to take a detached look at how we

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Rail Business Awards 2005

work. Even though a lot of effort is being made, is it actually producing anything? To answer that involves taking a long-term view, which will ultimately pay dividends, rather than the short-term slash-and-burn approach.

So far, so good, but the story doesn't end there. In an industry developed more than a hundred years ago there is still much baggage from the past yet to be shaken off. We need not only to make full use of all the benefits up-to-the-minute technology can offer us but also the modern analytical business tools available to us. A good example is the Six Sigma process. This has been defined as: 'A systematic approach towards reduction of defects in every process in an organisation resulting in consistency of operations in all aspects of the business.'

Network Rail is adopting Six Sigma in places where it can add value. Many of the other continuous improvement programmes springing up across the industry are examples of applied logical thinking.

The last step on the way to our goal of efficiency has even more potential for large gains, but is clearly the most difficult to apply – innovation. This will require us to put new methods into practice as well as apply new ideas to how we work. And we will have to look for sources of inspiration, not only in other railways but in other industries and emerging technologies. To be effective, innovation does not have to be large scale. In day-to-day tasks such as maintenance, it has the potential to bring about substantial gains.

These are the goals we as an industry must strive to achieve but, it has to be said, to make them all work we need to be operating in a period of sustained political will and stability.

## A UNIQUE PLATFORM

**As the countdown to the Rail Business Awards begins, Ian Jeffrey explains why he continues to support them**

The HSBC Rail Business Awards 2005 will take place on Tuesday 28 February 2006 at London's Grosvenor House Hotel. It's a date that has been in my diary since it was announced earlier this year.

Now in their eighth year, the Rail Business Awards are in my opinion, firmly established as one of the most prestigious railway occasions, attracting more than 800 of the great and good business managers from railway organisations and companies associated with all aspects of industry activity.

So why do I support the Rail Business Awards? In 2002, the company that I was working with at the time was fortunate enough to be nominated for, and subsequently win, the Rail Supplier of the Year category. It is naturally very satisfying for any company to be recognised and rewarded for business excellence, which is the very essence of the Awards.

Our success certainly led to an increased

awareness throughout the industry of the company's products and services and assisted in developing new business opportunities.

It became quickly apparent that the Rail Business Awards offered a unique platform to profile and promote a company to others within the industry and my company became a category sponsor in 2003.

The sponsorship packages available represent extremely good value for money. Along with the expected table and presence at the awards dinner, it guarantees good coverage in *Rail Professional* magazine and that all important company profile in both the preview and review supplements as well as on the Rail Business Awards website. Importantly, the sponsor gets to say a few words at the event. The packages can also be tailored to meet your company requirements.

What has also impressed me about the Rail Business Awards is the management of the Awards and the dinner. Woodhouse Communications run this with friendly precision to ensure slick

timekeeping and help ease any "on the night" nerves.

The dinner and awards evening at the superb Grosvenor House Hotel is one of the best rail industry networking events of the year and offers a great chance to catch up with old friends and welcome new colleagues to the rail industry. Being in February it also lifts some of that post-Christmas gloom – and although it is

a business event, there is a wonderful informal formality about the whole event that makes it so enjoyable.

Of course, if you want gimmicks, dance acts, fire-eaters or clowns to entertain you during a peculiar interlude to the proceedings, this is not the event for you!

I shall be at the Grosvenor again on 28 February – and I look forward to catching up with the many friends I will meet there.

- To find out more about available sponsorship

packages or table bookings for the awards dinner, contact Tatjana Hauer at Woodhouse Communications on 01444 473588.



**Ian Jeffrey was Director of Marketing with Fraser Eagle Group and is now has his own business – Write and Proper – specialising in copy, marketing and PR services.**