

## Introduction



As a newly-formed rail operating company, Great North Eastern Railway Ltd (GNER) took over one of the new rail franchises to run train services after the privatisation of British Rail. The franchise provided GNER with the opportunity to run rail services along one of the busiest parts of the railway network, the East Coast Main Line. Although on-track competition is limited under the system adopted, the market is highly competitive, with rail travel having to compete with all other forms of transport. GNER currently runs 650 trains every week. To compete in the modern transport market, GNER is bringing about a critical shift in its marketing, away from product and process orientation to being a market and customer driven organisation.

This case study looks at the way in which an organisation can make a fundamental change in the way it approaches its business and the processes necessary to translate the ideas on paper into the realities of day-to-day business practice.

## The mission statement

A shift in marketing orientation requires a complete reassessment of the business. Many businesses produce a mission statement in an attempt to describe what they believe the purpose of their business to be. To be of any real value, a mission statement requires very careful consideration and development. More than just a set of words, a mission statement will become the cornerstone of the business's philosophy and a constant point of reference. However, a mission statement should not be carved in stone. It must be constantly reviewed and examined.

As it was to represent the whole purpose of GNER's existence, defining the mission statement was a very important process. It involved the company asking a number of key questions such as:

- How are we perceived by our customers?
- What do we plan to achieve and how?
- What does this mean for the customers?

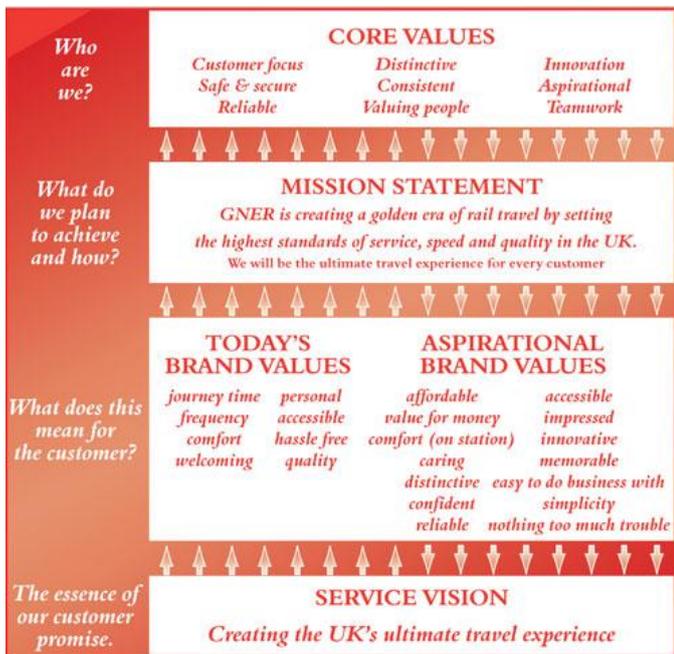
Market research is the systematic gathering, recording and analysing of data about problems relating to the marketing of goods and services. It is an important process and can often produce some unexpected results. GNER makes extensive use of market research to collect both quantitative and qualitative evidence concerning customer perceptions. It is not how the company thinks it performs, but how customers think it performs, that will influence their travel decisions.

The starting point for GNER must be the customer. If a customer were to describe his or her ultimate travel experience, what would he or she say? GNER uses this as its goal and sets the strategies in place to satisfy these objectives. This has inevitably involved a complete change of outlook and culture in an industry not previously renowned for its flexibility. The whole workforce has had to be retrained and re-motivated.



## Core values and brand values

For GNER, consideration of these questions has led to a number of important concepts. The core values define the company's strengths, show how it wants to treat people and how it needs to behave to deliver its mission statement and achieve its vision. As can be seen in the diagram, GNER considers its core values to be safety, reliability, team-working, valuing people, consistency, aspiration, innovation, distinctiveness and customer focus.



The brand values are what the customers see and feel during their contact with the company - what GNER calls 'the customer service experience'. Market research has shown that the important elements in any journey are, for example, the time taken, the comfort and absence of hassle and the frequency of train services. In addition to these are the aspirational brand values, i.e. the values that GNER would like to achieve. For example, GNER would like to be known for having staff for whom nothing is too much trouble, and for providing a whole experience that is memorable and impressive.

The mission statement therefore becomes a description of what the company and its employees aspire to be. GNER's mission is to be 'The ultimate travel experience for every customer'. The statement then lists the ways in which this is to be achieved to

satisfy all the stakeholders in the company.

### **'Creating the UK's ultimate travel experience for you'**

The service vision is the blueprint for the successful implementation of the mission statement. It is about how the company does things, its attitudes, behaviours and procedures. Great emphasis has been placed on role modelling and leadership from the top. The diagram shows how each of these elements interacts with the others. The service vision identifies why GNER is important and different from its competitors. It is designed to be both challenging and motivating – 'a unifying ambition for all GNER in painting a picture of what our customers can expect'. It is the promise that GNER makes to all its passengers.

### **Vision**

The production of the mission statement and service vision can be a lengthy process and involves collecting ideas and holding discussions at all levels of the business. However, this is only the first stage. The vision then has to be applied to the day-to-day provision of on-train service.

GNER currently offers two levels of service. The company's premium product is First Class. These customers are typically travelling on business, are frequent train users and tend to be predominantly male and over 30 years old. First Class represents over 20% of GNER's revenue. GNER aims to offer these customers a unique premium personal service. This might involve the passenger being welcomed at the train side by GNER personnel, being shown to their seat, complimentary newspapers, drinks and snacks, advice that their destination is next and assistance when leaving the train. This is the kind of service that has until recently been associated with air travel rather than train journeys. The emphasis is on providing the highest standards of service without being overly intrusive.

This means that GNER employees have to be prepared to accept new responsibilities including luggage management, cleaning and trying to maintain a hotel environment. They need to have a far greater knowledge of the product the company offers. For example, this might involve information on tickets, connections or timings, knowledge of the range of catering available and any other services offered on or off the train, such as First Class lounges. Above all, employees have to be flexible in the delivery of the First Class Service. This will involve what is called real time management. In the past, such services have been offered only on a process basis. This might have meant offering drinks served from a trolley every half-hour.



The new service vision means that the customer has a drink when he or she wants it and it is up to the personnel on the train to adapt and make sure customers are accommodated.

GNER management can define the customer experience but must leave the person in charge on the train to ensure that this is delivered. This will require on-the-spot decision-making and the employees taking on much greater responsibility. The vast majority of GNER's revenue comes from Standard Service passengers, many of whom travel for leisure purposes; visiting friends and relatives or taking short breaks and days out. Standard Service customers tend to be far more price-sensitive than First Class travellers. The emphasis in Standard Service is still very much on total quality. Customers need to feel welcomed, to be assisted with their luggage and directed to their seats. Snacks and drinks need to be offered both at their seat and in a buffet car. Travel information needs to be freely available and all possible assistance should be given to customers at all stages of their journey.



## Restructuring



GNER is a people-oriented business and as such recognises the importance of its employees in ensuring its success. Delivering this kind of service to achieve the vision requires the complete support of everyone who works for GNER from the directors down. The staffing structure GNER inherited from British Rail was cumbersome and divisive. There were nine different grades of staff with clearly defined functions to perform. Demarcation lines were very clearly drawn and the rail industry had a tradition of high union involvement. The system was process-led, which meant that each employee's role was decided and set down for them to perform by the book. It was inflexible and took little account of customer requirements, particularly in unusual situations.

GNER has undertaken a restructuring which is creating multi-skilled teams on all trains, working under the guidance of a Customer Service Manager, who is empowered with the total responsibility for delivering excellent service. The development of team-working and the desire to make their service proactive rather than reactive has been the driving force.

Firstly, all 600 on-train staff had to be retrained to meet the requirements of their new role. This process was not just about new knowledge, but also an exercise in motivation. The aim was to move from being process-led to becoming genuinely customer driven on a day-to-day basis. Employees are encouraged to work as teams and prioritise their activities, always placing customer contact ahead of less visible activity such as administration and paperwork.

## Recruitment

The recruitment and induction of new staff was completely reassessed to fit in with the new service vision and the application forms and interviews placed great emphasis on the need for awareness of customer needs. This process was not without its teething problems and GNER had to recognise significant initial difficulties and breakdowns in communication between members of staff and also between management and staff. This was often due to the culture where individuals were reluctant to take responsibility. Team-working practices were not developed as quickly as would have been hoped and this was blamed on a lack

of direction. Nevertheless, GNER standards were judged to be significantly higher than those of its competitors by independent consultants.

Once the on-train crews had received their initial retraining, GNER turned its attention to the remaining 2,000 GNER employees with an intention to cascade the service vision and mission statement. This was done by organising 140 small group sessions, taking in all the different functions to improve awareness of all the different activities and emphasise their interdependence and impact on the customer.

GNER can only judge the success of its initiatives through extensive market research to discover customer perceptions of the service being provided. Best practice benchmarking is also employed, both internally (within the company) and externally (when looking at competitors). Benchmarking is an approach which has become increasingly popular in recent times for organisations wanting to improve the quality of their service. It involves identifying best practice around an organisation. At GNER, visits to other departments and companies were used to collect ideas. These could then be brought back to GNER to exemplify the best practices being undertaken within the market so that GNER could make a realistic appraisal of the service it offers.

## Conclusion



The changes necessary for GNER to compete effectively in the modern transport world have involved a change in the whole culture of the business. This change has to be continuous and GNER believes it should be seen as a journey, not a destination. It can often seem a thankless task and requires high energy levels to introduce it and sustain the impetus. However, in an increasingly competitive market, the bottom line will reflect the ability of the company to be both flexible and adaptable.