

Corporate and Business Strategies for the Rail Industry

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- **AusRAIL 2006 highlighted the cumulative impact on the rail industry of rising capital and operating costs compounded by the critical skills shortage**
- **We will focus on how effective strategies build capacity and capability to meet the challenges of cost increases and skills shortage**

Bede Boyle – Strategy **Development**

1. Effective Corporate Strategies
2. Effective Business Strategies

Jim Laird – Strategy **Deployment**

3. Business Risk and Opportunity Management
4. Change Management - Mission Critical Skills
5. Achieving More with Less Resources
6. Development of a Highly Productive Culture

1. Effective Corporate Strategies

- Effective Corporate Strategies
- Create and grow shareholder value and a top down approach to developing **consistency of purpose** is required
- Fundamental **strategic questions** are:
 - Q1: Are we meeting community and other **stakeholder expectations**?
 - Q2: Are we meeting and exceeding our shareholder's expectations?
 - Q3: Are we ensuring our future viability?

1. Effective Corporate Strategies

The **optimal corporate strategy** provides a decision-making framework for:

- Change Management
- Short term Projects, and
- Longer term Major Developments

2. Effective Business Strategies

Effective Business Strategies:

- unlock **value from each asset** and a bottom up approach is required to meet stakeholder needs
- provide the basis for focussing **scarce skills and financial resources** to deliver maximum benefit
- **Plan-on-a-Page** aids effective communication and strategy deployment

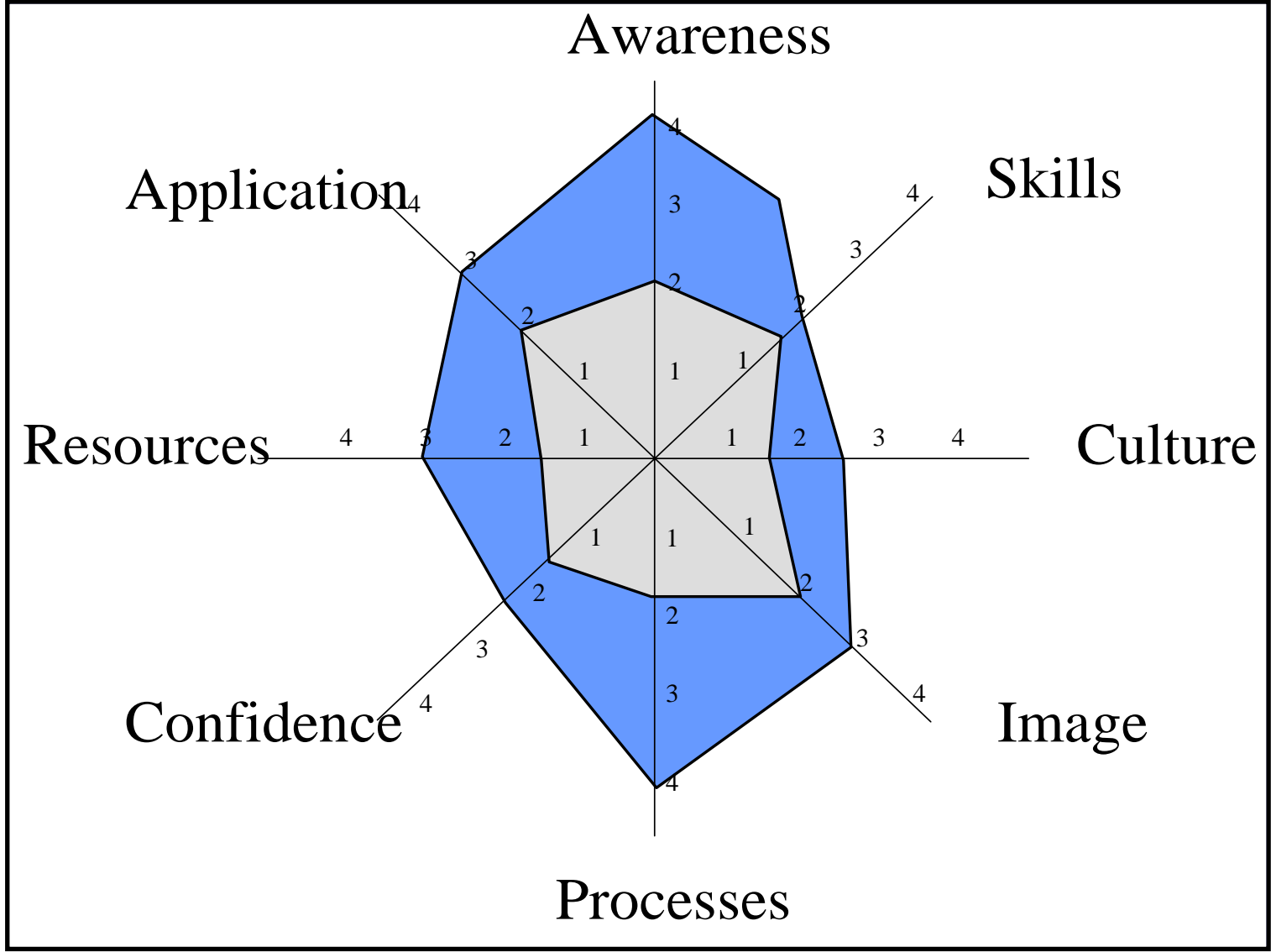
3. Business Risk and Opportunity Management

- Business **Risk and Opportunity** Management establishes a clear relationship between the management of risk and achievement of business objectives
- A Best Practice Approach is to proactively work with key stakeholders to **minimise the risks and maximise opportunities** associated with business critical decisions

3. Business Risk and Opportunity Management

A new ***Risk Management Maturity Audit***© methodology developed by Professor Martin Loosemore UNSW enables the effective Measurement of the risk management **maturity** of any organisation across eight key dimensions.

3. Business Risk and Opportunity Management



4. Mission Critical Change Management Skills

Mission Critical Skills required for **effective change management** include:

- Strategic Thinking
- Business Analysis
- Project Evaluation Methodologies
- Management of a Multidisciplinary Teams
- Board Submissions and Presentations
- Project Advocacy and Communication

5. Achieving More with Less Resources

- The rail industry needs to **simultaneously** improve productivity and reduce costs
- Achieving More with Less Resources is perhaps the industries **greatest challenge**
- This is really the executive dilemma
 - ***“How can I achieve more with less?”***

5. Achieving More with Less Resources

Working in a Cost-driven Environment:

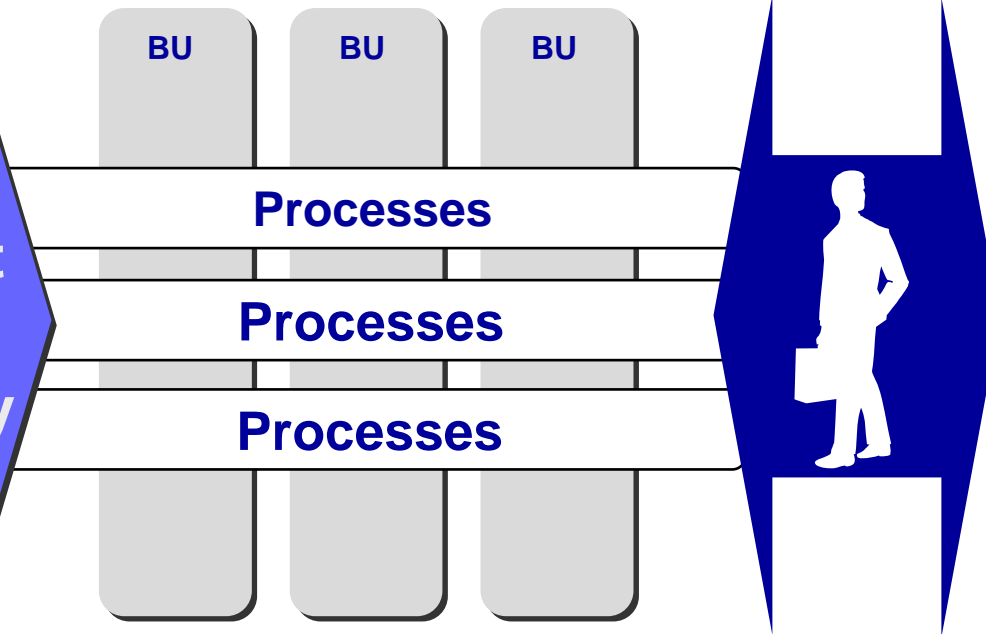
- People are being increasingly called upon to **perform** in a cost – driven environment
- Preparing them to do **more with less** resources is perhaps the most difficult challenge facing today's managers in the rail industry

5. Achieving More with Less Resources

Process Management will deliver the best \$ value for investment and will entail four steps:

- Develop a **process focus** to identify value-adding and non value-adding processes
- Measure and Benchmark **process performance**
- Design and Implement **process change**
- Deploy Improvement Initiatives measured against **benchmarks**

Process Management framework, methodology and tools



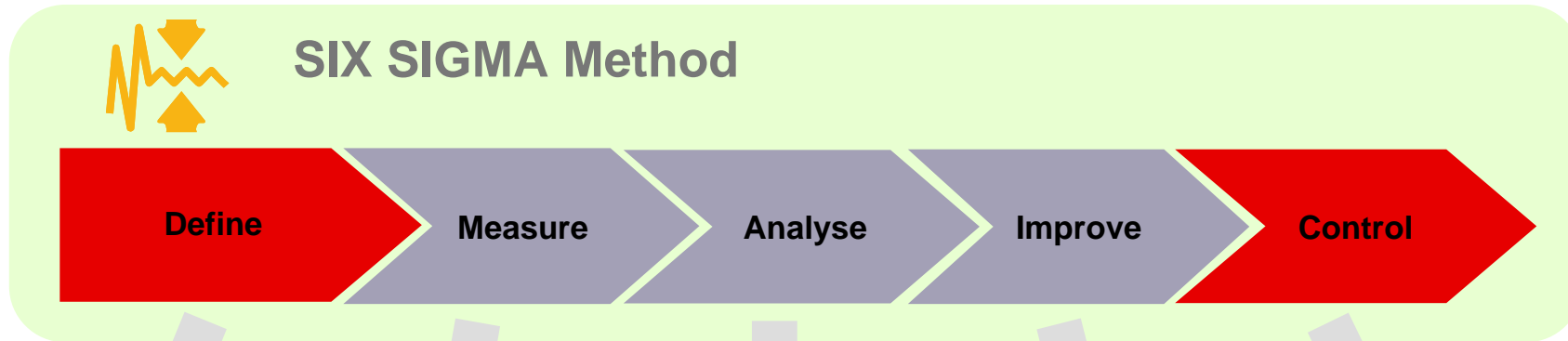
Outcomes:

1. Customer value & loyalty
2. Profitable growth
3. Speed & Flexibility
4. Increased Productivity

Customer view of processes with common improvement methodology

Six Sigma TM :

- is a means of measuring and managing processes to **consistently** deliver outcomes that meet customer expectations
- holds the dual promise of improving productivity and reducing costs whilst **up skilling** the organisation



- Define the problem & process improvement opportunity
- Define the customer requirements
- Define current process

- Identify what to measure
- Understand the variation in the processes (Not averages)
- Determine the baseline

- Analyse the data and the process
- Develop a hypothesis around root causes
- Validate root causes via data analysis

- Generate improvement ideas based on root causes
- Evaluate & select the optimal solution
- Pilot the changes

- Review the pilot results
- Modify the solution if required
- Roll out the solution
- Closure

Project – based Learning:

- is designed to **transfer** Six Sigma knowledge
- transfer to **key** personnel
- who work on **real** in-house improvement projects
- under the **guidance** of a skilled consultant and mentor

5. Achieving More with Less Resources

- For many organizations the development of **Six Sigma Capability** reinforced by a new highly productive workplace culture may be the critical success factor in achieving operational effectiveness despite a critical skills shortage
- Acquisition of these skills through **Project-based Learning** is often the necessary prerequisite to the development of Effective Process Teams
- **Interactive software tools** are available to support Project - based Learning.

6. Developing a Highly Productive Workplace Culture

Development of a Highly Productive Workplace Culture requires:

- **Enhanced Executive Leadership and**
- **Collaborative Management**

to support Effective Process Teams.

Effective Process Teams operate across functional boundaries and achieve operational effectiveness by:

- **stimulating continuous organizational improvement**
- **eliminating waste, defects and delays**

to operate closer to the productivity frontier.

The measured deliverables of 100 teams was:

- **30% average productivity increase**
- **40% average cost reduction of processes**

THEY ACHIEVED MORE WITH LESS

Bywater plc Research

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