

Strategia Workshop Series

Governance Regulation and Strategy

This workshop endeavours to build consensus and understanding of how the Posts can respond to the fundamental shifts in demand and regulatory and competitive conditions. The Strategia Workshop Series is developed and delivered **Elmar Toime** and **Adrian King**.

Introduction

The Postal sector faces another decade of change and re-organisation in response to fundamental shifts in the nature of demand for services and continuing changes to regulatory and competitive environment.

As in the previous decade the Posts which enjoy success will be those which understand and respond to these changes ahead of the curve of change. Our workshop series is a quick and efficient way of building consensus and understanding of the challenges and leading edge solutions to meet the markets of the next ten years.

However more importantly by leveraging the consulting team years of experience and proven success in leading Postal change we not only define issues and solutions but focus on the intricacies of winning emotional acceptance for change and leading its implementation.

Regulatory and governance issues will be the key in determining Posts future over the next decade and it is expected that there will be significant changes to the global industry as competitive market regulatory regimes mature and an increasing number of Posts get even more greater access to capital markets.

The decade is also likely to see some new regulatory concerns emerging in relation to definition and funding of universal service obligations and how the new universal service aspiration of access to information is implemented in policy terms.

The governance and regulatory workshops cover these issues through reference to a wide range of case studies, practical understanding of the operational implications of these regulations and supported by a deep grounding in regulatory economic and legal theory

Theseworkshops are delivered in one day and can be customised to meet the needs of all operational managers from the newest trainee to senior management and boards. The participants benefit from the consulting teams years of senior experience and ongoing industry research condensed and focused in to one day of tailored workshops.

Consulting Team

The seminars are based on the extensive experience in the postal industry of both **Elmar Toime** and **Adrian King**:

- **Elmar Toime** was the Chief Executive Officer of New Zealand Post from 1993 to 2003 and the Executive Deputy Chairman and Chairman of the management board of Royal Mail from 2003 to 2004.
- **Adrian King** is a specialist strategy advisor in the postal sector and has worked for over 20 worldwide postal companies, stakeholder groups and related organisations.

Interested?

Read on - The following pages includes a summary of The Strategia Workshop Series. Alternatively, please contact **Adrian King** directly by telephone on +44 (0) 7796 30 8618 or send an e-mail to customerinfo@strategiagroup.net.

Introduction

Elmar Toime and Adrian King of the Strategia Group have developed a series of postal leadership and management seminars for executive groups that wish to lift their effectiveness.

These workshops cover a wide spectrum of critical business issues, from high-level strategy to detailed best practice and benchmarking of specific operational, commercial and human resource issues.

The workshops can be run as an integrated series or independently, focusing on specific issues of immediate concern to the company. They have been tailored so that they can meet the needs of both experienced functional managers and for recently recruited managers:

- For experienced teams the workshops enable a review of global best practice and facilitate benchmarking and the development of strategic direction within business units or functional areas
- For recently recruited managers the seminars prove a highly effective orientation programme, introducing participants to global postal best practice. They will get a solid appreciation of the competing demands of the many stakeholders in the postal sector: government, regulators, community, customers, and employees.

The seminars take a practical overview of the industry. Through the use of worldwide examples they will provide a unique insight into the major strategic and operational questions facing the postal sector.

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- Elmar Toime was the Chief Executive Officer of New Zealand Post from 1993 to 2003 and the Executive Deputy Chairman and Chairman of the management board of Royal Mail from 2003 to 2004.
- Adrian King is a specialist strategy advisor in the postal sector and has worked for over 20 worldwide postal companies, stakeholder groups and related organisations.

In summary, the seminar series represents a cost-effective and practical management development programme for any postal business, regulatory group or potential supplier associated with the industry

The Postal Challenge: Strategy Regulation and Governance

The postal sector faces continuous and increasing challenges from significant changes to its regulatory and business environment. The innovations and transformations over the past decade have delivered productivity growth, increased quality and a new competitiveness.

However, the link between organic growth in mail and the economy has been broken. There is a new medium term pressure on the Post to continue to increase productivity and business agility.

These pressures will be both intensified and ameliorated by continuing change in the regulatory, governance and ownership spheres.

Liberalisation

The worst of the recession is expected to be over by 2011 but this is when European postal markets will be open for competition. It must be assumed that over the next five years Posts will lose market share to competitors and a combination of competition and regulatory pressure will not allow average mail rates to rise to compensate for lost earnings.

The net consequences of these regulatory changes is that Posts will need to intensify efforts to drive cost reduction and increase revenue diversification if there is a desire to continue to develop and grow the business.

However whilst this will be the direction there is considerable scope for Posts to influence the specific nature of regulation in a wide range of areas including USO definition, price control, service expectation, competition law, access arrangements, tax arrangements. The seminars address these issues.

Governance

Movement to clear commercial governance structures where different stakeholder demands are balanced.

These include adherence to the ambition to make normal commercial rates of return, limited political involvement in decision making and social and political ambitions defined in regulatory structures and Universal Service Provider operating licences.

The seminars address and define emerging leading practice in terms of governance and financial structures.

Ownership

The future role of Government in the Postal industry is also crucial. The dilemma facing Government is whether the transformation of Posts into more flexible and efficient commercial organisations is best achieved within continued Government ownership or through the addition of external forces, such as an industry player as a cornerstone shareholder.

In this environment the role of the Post Board and management is to ensure that the Government can maintain its ownership options by building and maintaining a viable and cohesive business model and by increasing shareholder value. The seminars cover the issues of privatisation and enable management to understand the potential issues and implications if there is a requirement driven by the owners to prepare for this eventuality.

In the face of this new business scenario, management needs the ability to understand global best practice transformation initiatives, assess their relevance to their own organisation and then importantly to develop and implement action plans.

The workshop series proposed here create a fast and cost effective way to achieve these goals based on the broad and long direct industry experience of our key individuals.

Workshop Overview and Goals

The workshop series is designed so that each individual workshop is self-contained and is completed in one day. However, they can be given in a series if so required either between or within a functional area, and can be tailored for specific time or other constraints.

Ideally the workshop would have up to 12 participants who would be functional or business unit experts. An ideal combination might mix field operational people and head office experts.

The workshops would be led by Elmar Toime and Adrian King, supported as required by one of our functional experts or recognised industry leader. The workshops will achieve the following objectives:

- Build consensus among the management team on the short and medium term issues, risks and opportunities
- Build understanding of how business challenges have been met through case studies on best practice responses from both the postal and related industries
- Provide the basis for developing preferred action and implementation plans
- Help managers audit their current performance in relation to best practice

Governance Regulation and Strategy Workshop Areas

We have over 3 core workshops in this series as described below. These can be customised to the individual needs of any given Post.

A brief overview of the issues covered in each seminar is outlined below. In all the seminars there is a discussion of issues, extensive worldwide case studies of best practice and innovation and use of the tailored audit tool. A more detailed description of each programme can be provided on request:

Best Practice Models for Governance in the New Markets

Governance sets the framework in which managers operate, with clarity about delegated authorities, scope for independent action, and business principles.

This seminar through using detailed case studies from traditional corporatized and privatised Posts discusses the emerging best practice in relation to corporate governance. Strong governance manages risk better and remains responsive to the external business environment and emerging issues.

As market structures become more open, the ability to make decisions in a clear corporate structure with a well understood owner and regulatory framework will be crucial in responding to market conditions. Leading practice is starting to make clear distinctions between the role of government as owner and as policy maker, the role and composition of boards and management, building financial structures and capital regimes which replicate market disciplines.

Through the use of detailed case studies and the audit tool the seminar enables management teams to engage with these complex issues in an efficient manner giving both outcomes which benchmark current status and assess the implications of various models and options

Optimising Regulatory Regimes

The definition of the universal service and the 10-12 core aspects of regulation is central to long term strategic planning for the majority of the Posts in terms of infrastructural investment; labour market model and product portfolio.

There are a number of key factors to consider including the terms and conditions, frequency and quality of delivery product, inclusion of price control models, ability to change, costing and funding.

All Posts are recognising that there needs to be a debate which enables the postal operator to meet acceptable and necessary social obligations whilst being able to meet commercial objectives and pursue a productivity agenda which is consistent with the general market trend of falling costs for communication services.

In the longer run, an appropriate regulatory environment, with good price control, comprehension of the business pressures and a sense of welcoming change can deliver a postal service that is always relevant to the times and the community.

This seminar addresses these issues through the presentation of a regulatory audit tool which enables Managers to assess whether their markets are heavily or lightly regulated in given areas and define a wanted position. The seminar gives a clear delineation of regulatory options, present detail case studies of different types of regulatory models and discusses the implications for business strategy.

The seminar outcomes will be a more detailed understanding of regulatory issues from both a practical and theoretical perspective and more importantly a start of building a consensus within the management team to define a lobbying and political engagement strategy.

Defining Aligning and Leading Transformation

This aspect of the work based on the teams practical experience and inside knowledge of transformation alignment in a number of countries discuss the strategies and tactics to influence the direction of regulatory change to support the transformation of the Posts.

Workshop Format

The workshops are structured to reach outline conclusions in one day. The format has had proven success in aligning management teams and in transferring best practice knowledge and fresh business developments from around the globe.

The workshops are most effective if they cover a single issue in depth however we can combine topics within a subject area if the client feels this would better meet its needs.

The format of the workshops has two distinct phases. In the first period, the consulting team use highly structured and well-detailed documentation to lead information sharing and discussions outlining both core issues and key responses. In the second session, we use our interactive audit tool to create a self-diagnosis of the organisation's current status, which then leads to the action brainstorming session. The two sessions can be either run as one full day or an afternoon and morning, with an evening team dinner. The format is described on the next page.

Session 1:

- Outline the core issues and trends within the business area
- Outline the core proven best practice response
- Illustrated by case studies
- Outline the emerging issues and responses

Session 2:

- Audit against best practice
- Present the best practice audit tool
- Lead the team through a use of the audit tool
- Discussion of the outcomes
- Brainstorm Actions
- Lead Discussion to brainstorm the future, realistic wanted position in the area and define the action timetable to achieve this
- Document the resulting Ideas

Plenary Report:

- Following the workshop the consulting team would document and codify the outputs and send these as a complete document package to the lead manager
- All documentation would be written in English however depending on the lead consultants some of the discussion could be taken in other languages

Next Steps

If you are interested, please contact Elmar Toime, Adrian King or Kjetill Howard. We would be happy to discuss your workshop requirements and to send you a more detailed content description of the individual workshop that you require.

If you find the process we have described as interesting but your preferred key topic areas are not listed, please contact us as our extensive databases would probably allow us to customise a programme for your circumstances.

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Consulting Team

Elmar Toime was chief executive of New Zealand Post Limited from 1993 to 2003. The company enjoyed consistent, profitable growth and saw its mail markets opened fully to competition. It had competitive success with stable postage prices, excellent quality of service and maintained industrial harmony. Its business base diversified considerably into new areas of activity and in 2002 he supervised the establishment of a new, retail bank, Kiwibank Ltd, as a full subsidiary of New Zealand Post.

In 2003 Elmar became the Chairman of the Royal Mail Management Board and its Executive Deputy Chairman, with group-wide responsibilities. He left Royal Mail at the end of November 2004 and formed his own consultancy business. In 2004 Elmar was awarded a life-time achievement award for leadership in the postal industry. He is chairman of Postea Inc, a technology and services company, member of the supervisory board of Deutsche Post DHL, the world's leading logistics company, non-executive director of Blackbay Limited, a market-leading mobile solutions service company, and member of the advisory board of Earth Class Mail.

Born in Italy, Elmar grew up and was educated in Melbourne, Australia and has qualifications in Science and in Economics from the University of Melbourne. He lives in London.

Adrian King co-founded the Strategia Group in 2000 with Bengt Norin as a consultancy focused on business development and implementation in sectors facing significant technological, regulatory and market change. Adrian has worked in the Postal Sector since 1989 and has led over 150 projects in for many postal operators, regulators and suppliers. He has worked for the Postal Companies in Europe, North America, the Caribbean and Africa.

In addition he has worked for most of the international postal organisations (UPU, IPC and PostEurop), regulatory and consumer bodies, and major suppliers to the sectors. This range of experience gives a rounded and multifaceted perspective of the industry,

Adrian is based in London. He holds a first class honours degree and a Masters from Sussex University and was also educated at the London School of Economics and The London Business School.

Strategia Workshop Series

Leading the Postal Sector: Another Decade of Change

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