

Strategia Workshop Series

Building Future Revenues and Service Diversification

The successful Posts will be those that manage to respond to the fundamental shifts in demand ahead of the curve of change and effectively diversify their services and build new profitable revenue streams. The Strategia Workshop Series is developed and delivered by **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 the regulatory and competitive environment.

As in the previous decade the Posts who enjoy success will be those which understand and respond to these changes ahead of the curve of change. The workshop will focus on discussing a range of future revenue opportunities and service diversification areas:

- Customer Management: Products Pricing and Channels
- From Hybrid Mail to Document Management
- Building Transactional Communication Services
- Building Market Communication Services
- Opportunities in e-Commerce and Logistics
- E-Citizens and E-Government Postal Initiatives and Opportunities
- Building SME Services and Channels
- Retail Opportunities and Challenges

These workshops are delivered in one day and can customise 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 into 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; a summary of the Building Future Revenues and Service Diversification Workshop is provided in the following pages.

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 receive 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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- 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.
- Bengt Norin will also contribute to these seminars. He was Business Development Director of Sweden Post and was one of the early leaders of Postal e-Service Innovation

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.

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The Postal Challenge: Future Revenues and Service Diversification

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.

The revenue and profitability challenge is now significant for the Posts and there is now a new consensus that by simply staying in core distribution markets will no longer generate business growth. The following set of business development assumptions are increasingly accepted

- The link between economic growth and transactional mail has now been broken and it is increasingly possible to demonstrate a technology gap as various forms of digital communication have replaced frequent traditional mail
- Direct Marketing retains a growth potential however marketers are increasingly looking for integrated services which are based around sophisticated data management and to utilise the growing number of direct communication channels
- In more competitive markets Posts have to develop increasingly commercial pricing channels and customer management approaches
- The packets market offers long term growth potential but has different characteristics to traditional mail
- The Posts needs to embrace digital services as part of an integrated digital /physical offer
- That Posts need to explore both the range of new revenue sources which lever both current infrastructures and their traditional trust and customer relations. Service which should be explored include document management, e-communication solutions, e-commerce solutions, e-post office and citizen web solutions, trust and e-government solutions, international markets, business process outsourcing and building specific customer group solutions based around standardised services and products

In the face of this new business scenario, management needs the ability to understand global best practice product and service innovation initiatives, assess its 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

Workshop Areas

We have over 8 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

Customer Management: Products Pricing and Channels

The seminar addresses the core elements of the traditional product service offer. It looks at service innovation in the core product suites and explores developments in product pricing and customer and channel management.

It is illustrated by case studies of best practice on pricing where companies have created the principles that the company will follow over the longer term, recognising regulatory, competitive, and strategic sensitivities.

The seminar then address the best practice experiences in bringing these products to market by reviewing key developments in customer management including Customer Segmentation, Account Management, Customer Integration, After Sales Contractual Models, SLA arrangements, SME Management. The workshop identifies issues illustrated with leading practice and concludes by using the benchmarking audit tool

From Hybrid Mail to Document Management

The workshop looks at the evolution of hybrid mail services and reviews current best practices which include Print management capability, Integration with master address databases, Integration with physical sort and distribution, optimisation of print and distribution network.

The seminar then identifies the next wave of development related to pc hybrid services, small business portals and as a platform for wider document management. The seminar then looks at the development in Postal document outsourcing and reviews the future potential in this area. As with all seminars it is illustrated with leading practice case studies and uses the benchmarking tool to drive discussion and idea generation

Building Transactional Communication Services

Postal revenues and profitability have been driven by providing trusted services for delivery of transactional mail.

These markets are changing rapidly under the combined influences of cost pressures, technology adoption and business process change. Posts are increasingly trying to respond the E2E challenge through combination of trust, outsourcing and messaging based services.

The seminar describes the challenge, reviews existing initiatives and concepts from technical, partnering pricing and marketing perspectives and outlines some core best practice learning from the current initiatives. The seminar then looks at more speculative areas of communication development which may impact the Postal business.

The seminar then reviews three potential future business positions for Post in these markets with an assessment of service mix, competences and business risk. As with all seminars it is illustrated with leading practice case studies and uses the benchmarking tool to drive discussion and idea generation

Building Market Communication Services

Direct mail, direct marketing and below the line advertising all remain potential growth areas. Post have the opportunity to move both down the value chain into unaddressed services and up the value chain into a series of data management services integrated to multi-channel development.

The seminar reviews the core market trends in direct marketing and then the leading practice in both potential innovation areas. In the unaddressed markets many of reformed Posts now have significant service in this area with multiple operational and pricing models including alternate brand, wrapped unaddressed services and new working agreement with delivery staff.

Models are contingent on the degree of reform competition, margin potential and wider strategic/transformation issues and all are discussed through the session. In higher value direct marketing consumers are increasingly targeted on customised data profiles, the seminar reviews both leading case studies and outlines further potential service concepts.

The seminar then reviews three potential future business positions for Post in these markets with an assessment of service mix, competences and business risk. As with all seminars it is illustrated with leading practice case studies and uses the benchmarking tool to drive discussion and idea generation.

Opportunities in e-Commerce and Logistics

The home shopping market is growing rapidly and estimates for Europe suggest that the market share of online retail will grow to 20% by 2011. Pull logistics systems and the growth of an outsourced small packet e-Commerce markets is a major development.

Integrated receiver focused solutions create opportunities and owning the household channel for B2C packets and parcel delivery will be key for the future postal business. The seminar reviews this opportunity and looks at best practice service innovation within and outside the postal sector focusing on how competitively differentiated service are developing supporting online shopping through a wide range of online and call centre, order management, fulfilment, delivery, and customer management services.

The seminar is illustrated with leading practice case studies using benchmarking tool to drive discussion and idea generation.

E-Citizens and E-Government Postal Initiatives and Opportunities

Providing services to the household channel is critical to the Postal business and Government remains a major customer to the Postal sector. Building solutions to support the household receiving and managing messages whilst simultaneously facilitating e-Government initiatives as a major opportunity.

The seminar defines opportunities in a range of potential applications from e-Post office ideas through to wider citizen portals and government message management and then reviews best practice in developing these services and considers the key factors required to drive growth. The seminar concludes by using the benchmarking audit tool to drive discussion.

Retail Opportunities and Challenges

Retail opportunities are very country specific, however options to explore revolve around increasing the number of transaction services, expansion into financial services, changes to network structures and development of consumer orientated transaction web-sites the challenge to create post offices on-line

Small Business Services

The Posts have never successfully developed strong relations with the small business sector however there is the potential to develop a range of web based services which could effectively outsource a wide range of communication document management and e-commerce needs.

The seminar defines concepts, reviews innovation and leads discussion through use of the benchmarking system.

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.

Bengt Norin is co-founder of the Strategia Group has 30 year a background in information technology. He was formerly the Director of Business Development at Sweden Post and was the prime protagonist behind Sweden Post development in a range of e-Commerce and document management e-communication and trust based services.

In consulting he has worked for number of Posts in these areas and led similar projects in the Insurance and Healthcare Sector in which traditional processes and business have been rejuvenated through the application of digital technology to create new customer and business value.

Strategia Workshop Series

Leading the Postal Sector: Another Decade of Change

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