



# ROYAL MAIL QUALITY OF SERVICE

## SUMMARY OF ACTIONS FOR 2005/06 (UPDATED)

### Licence Condition 4.8(b)

31ST MAY 2005

## **Statement from Chief Executive and Chairman**

Having successfully emerged from our Renewal Plan we are about to enter an even more testing period in Royal Mail's history. Over the next five years we will need to rise to the challenge of the world's most competitive postal market. Our competitors will become more numerous and more professional, and our customers will become more demanding and harder to keep.

Without a fundamental transformation of what we do and how we do it, Royal Mail is in danger of becoming trapped in a vicious circle of declining volumes, falling profitability and insufficient investment in our infrastructure and our people. We will not let this happen and we are developing an integrated strategy to meet the challenges ahead. The cornerstone of this strategy and the number one priority for 2005/06 is Quality of Service. Only when we have consolidated the Quality and consistency of our service can we turn our attention to our product portfolio and customer management ambitions.

Our vision is to become demonstrably the world's best and most trusted mail company, we have a long way to go but we're heading in the right direction and with gathering momentum. We are delighted with the progress we have made on Quality since the summer and we believe we have laid an excellent foundation from which to move forward. Progress needs to be significant and sustainable if we are to prosper in our changing business environment, and in the short term it's about getting the basics right day in day out. Our mission is to provide consistently high quality and dependable services, from a customer perspective this simply translates into collecting and delivering on time every time.

Our focus for 2005/06 is about completing the definition of our operation and about engaging our staff in a new way of working in our operational units.

Our people deserve great credit for the progress we have made over the last 8 months, and they'll be crucial in us realising our vision and delivering our mission. As we move forward we must fully engage our employees in our business on a day-to-day basis. We're making a start by ensuring our postmen and women share in the business's success, but we need to work harder to bring them along in terms of a total focus on Quality. We've made good progress in defining what we want the Operation to do, our next challenge is to ensure we equip our managers and people with the skills, tools and support needed for them to make it happen.

The summary document provides an overview of what we believe to be a comprehensive and robust response to the improvement opportunities in our operation. Whilst continuing with investment in our pipeline and completing the task of fully defining our operation, the emphasis moves towards our people. Only by investing in, and engaging our employees will we succeed in our objective of being the best. We fully endorse and commend the 2005/06 summary of actions.

**Adam Crozier**  
**Chief Executive**

**Allan Leighton**  
**Chairman**

## **Introduction**

1. This document is produced in line with condition 4.8(b) of the Licence granted to Royal Mail Group plc.
2. The submission provides a summary of activities planned for 2005/06 in support of achievement of the Licensed Scheduled Standards of Service.
3. The document will form the basis for reporting Quality of Service progress to Postcomm throughout the year.
4. The document represents a snapshot in time rather than a definitive statement of intention. Our Performance Management process provides for constant review of performance and of the effectiveness of the actions we take, it also highlights the need for additional remedial action throughout the year. The plan will therefore be updated on a rolling basis to reflect remedial plans and changing priorities as the plan period progresses. Plan amendments and updates will be communicated to Postcomm via the Quarterly updates
5. A standard format synopsis of each planned activity is included in Annex C and satisfies the information requirements defined in the Undertakings document.

## **Background**

6. Royal Mail enters the new financial year having completed its Renewal Plan and is on course to provide consistently good Quality of Service to customers.
7. Renewal Plan activity continued into the summer of 2004, tempering Quality achievement in the early part of the year. The 2004/05 Quality of Service plan recognised the detrimental effect major change activity would have on Quality of Service, and this proved to be the case. Despite the associated difficulties the Renewal programme was essential to ensure the stability of the operation and to deliver the sustainable profit required to support the USO.
8. The two planned phases of Quality improvement for 2004/05, Stabilising the Pipeline and Delivering our Promises, were successfully deployed. The benefits of the approach will be examined later in this document, but it is very evident that a firm foundation for further Quality improvement has been established.
9. The activities planned for 2005/06 represent a natural progression in our Quality management strategy. The plan consolidates our approach of managing against operational standards and turns it's focus to the involvement of frontline employees in driving for Quality of Service.

## **Quality of Service Policy**

10. Quality of Service is our number one priority for 2005/06 and lies at the heart of our vision for Royal Mail "to be demonstrably the best and most trusted mail company in the world". Our mission statement cites the fundamental objective of "collecting and delivering on time every time at low cost", achieving that will be crucial to achieving our customer ambitions.
11. Our substantial capital investment programme is primarily designed to ensure a capable pipeline that can consistently deliver Quality for our customers. Equally our people programme envisages involving our front line people in process improvement to deliver continuous improvement in dependability.
12. Our business strategy is simple, to deliver our Quality and dependability through the best utilisation of our physical and human resources. We are an integrated pipeline business with each component element serving another, hence standardisation of operational processes will continue to form the bedrock of our Quality approach. Our Operational strategy therefore is to deliver uniform and simplified operational processes and the dissemination of best practice. We will complete the definition of our operation and ensure our managers and staff have the right tools for the job. The goal is then to have the right people with the right skills engaged in a well-defined and well-controlled work environment.

## Overview of Performance to date

13. Performance trends over the Licence period show an underlying improvement in performance of most product streams.
14. The table below provides a summary of performance for the previous 4 years. Period 5 – 12 performance has been provided as an indicator of underlying performance for 2004/05 and this premise is explained later in the document. Furthermore, performance for the first 6 months of 2003/04 is indicated in brackets to support the subsequent narrative.

<b>Product</b>	<b>Full Year Cumulative Target 2004/05</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04 (P1 – 6)</b>	<b>2004/05 P5 – P12</b>
1 <sup>st</sup> Class Stamped & Meter	92.5%	91.6	91.7	90.1 (92.7)	92.5
2 <sup>nd</sup> Class Stamped & Meter	98.5%	98.9	98.3	97.8 (98.7)	98.7
1 <sup>st</sup> Class PPI	90.6%	79.8	84.4	83.5 (86.7)	89.3
2 <sup>nd</sup> Class PPI	97.4%	96.0	96.4	94.6 (96.3)	96.6
1 <sup>st</sup> Class Response Services	90.3%	79.4	84.6	81.7 (85.0)	82.2
2 <sup>nd</sup> Class Response Services	97.5%	94.2	94.6	92.2 (93.6)	93.2
Mailsort 1	91.0%	92.4	92.5	89.2 (92.3)	93.0
Mailsort 2	97.5%	96.7	96.8	95.7 (97.1)	98.0
Mailsort 3	97.5%	98.6	98.1	97.4 (98.3)	99.2
Presstream 1	90.5%	91.0	89.2	88.1 (92.5)	92.0
Presstream 2	97.5%	98.1	96.8	95.1 (97.6)	97.8
Special Delivery	99.0%	99.1	98.8	97.9 (99.1)	98.0
Standard Parcels	90.0%	N/A	91.6	88.9 (90.8)	90.2
Number of Postcode Areas achieving target 1 <sup>st</sup> Class Posted Stamped and Meter	118	71	108	66 (105)	107
Number of Postcode Areas achieving target for 1 <sup>st</sup> Class Intra Stamped and Meter	121	87	110	97 (113)	114

15. The table demonstrates year on year performance improvement until the end of Quarter 2 of 2003/04. Cumulative performance then declines due to the impact of Industrial Action and Renewal Plan. The impact of Renewal plan activity continued until the end of Period 4 in 2004/05 and has similarly depressed cumulative performance for the year. The recovery of Quality performance since Period 5 2004/05 however serves to re-enforce the effectiveness of the strategy we have employed since April 2001.

16. The Quality management approach has developed over the Licence period, but the underlying theme has remained adherence to basic operational standards. The standards approach has been expanded gradually, with initial focus exclusively on Mail Centre clearances in 2001/02. This focus was then extended to Intra Mail performance followed by attention to Neighbours performance. The base approach has since evolved into a complete review and refresh of standard work plans to underpin each element of the pipeline. The next progression will be the deployment of Standard Operating Procedures to underpin every task within the operation. The strategy therefore has been to consolidate performance improvement in one area before turning focus to the next, and to progressively tighten the definition of how we should be doing things.
17. The standards approach has been supported by the development and deployment of Performance Management at all levels of the operation. Performance analysis and review, root cause analysis and remedial action planning is now embedded into our way of working. The approach is observed from Chief Executive down to Unit manager. This has been supported by independent audit against standards and the deployment of a Quality Excellence taskforce to support poorer performing units.
18. Actions and investments have been prioritised based on ongoing review and analysis of performance. The approach has been accompanied by significant changes to management structures within the operation to provide additional focus. We are in the progress of integrating the Logistics business unit back into the Royal Mail Operations structure to support our one pipeline management approach.
19. The “specifying and controlling the pipeline” phase of the Quality strategy is approaching completion. The next phase is to develop our management/leadership resource and ensure they have the appropriate tools and techniques to help them engage frontline employees in a total quality way of working.
20. As a testament to the progress made, 1<sup>st</sup> Class Stamped and Meter performance is currently the strongest on a Quarterly basis for 10 years. Throughout the licence period underlying performance has been progressing, despite suffering from network disruption in 2001/02 and the impact of Industrial Action and Renewal Plan activities in 2003/04 and 2004/05.
21. Similarly Mailsort Products are performing at their highest levels for a decade having recovered from Industrial Action and Renewal Plan disruptions spanning the previous two years. Presstream has also recovered and has returned to the same strong performance levels seen in 2001/02. With regards to Period 5 – 12 of 2004/05 all pre-sort products are performing at or above Licence target levels.
22. After 4 years of relentless root cause analysis and remedial activity PPI performance is now performing consistently almost 10 points higher than previous years. Despite a step change in performance 1<sup>st</sup> Class PPI remained just short of the Licence Target levels.
23. The new Response Services product was launched in 2004/05 and is designed to deliver Quality of Service at Licence target level. Our approach for the residual manual products is to provide optimum service levels within the constraints of the product specification.
24. The geographic variation in results is now much narrower than when the Licence period began, but there remains the need to focus on those few Postcode Areas that have consistently failed the minimum levels.
25. The period considered has been the most difficult in the 350 year history of Royal Mail and radical change has been necessary to address fundamental issues. Although there is a firm belief that performance is more robust, stability in the pipeline is essential if Licence Service Standards are to be achieved. Considerable progress has been made over the last 4 years although this has been obscured to a certain extent by the disruption caused by Industrial Action and Renewal Plan activity. The detail of these impacts has been provided in previous reports to Postcomm and so will not be repeated in this document. We believe however that

the approach of driving adherence to operational standards through robust performance management has delivered significant performance improvement and has provided an excellent foundation from which to build.

## Overview of Performance 2004/05

26. Quality performance in 2004/05 has been very encouraging following a difficult start. Recovery from Renewal Plan disruption has been evident from period 5 onwards. The upward performance trend has been maintained through Quarter 4 therefore providing a robust baseline of performance ahead of the 2005/06 plan period.
27. In response to the legacy effects of Renewal Plan activity, the “Stabilising the Pipeline” recovery plan was deployed at pace and was successful in arresting design related loss of Quality by the end of Period 4. Substantial and previously unplanned investment was directed to the pipeline to address issues arising from the major change activity. In all 135 remedial activities were deployed.
28. The Chairman and Chief Executive established a theme of “relentless focus on Quality” at the very beginning of the year and senior management structures and accountabilities were immediately re-aligned to ensure clarity of accountability and focus (see Quarter 1 report).
29. Building on the stabilised pipeline, the “Delivering our Promises” programme was rolled out with the stated aim of establishing a foundation for sustained Quality performance. Performance since Period 5 provides evidence of the success of this approach.
30. Central to “Delivering our Promises” was the deployment of mandatory operational standards in Mail Centres and revised national work plans designed to optimise the existing pipeline. Investment was made in our Collections management capabilities through the deployment of Access Bar Coding and the focus in Delivery was to consolidate performance by de-risking the remaining Single Daily Delivery programme. “Move to Time” policy and pre-advice to Hubs was introduced to drive performance in the Network. The objective was to provide clarity on core standards, and on accountabilities in observing them, in order to ensure continuous assessment of adherence to these standards
31. The standards based approach has been demonstrated to give a strong and sustainable base of performance across most products. “Delivering our Promises” provided a consistent focus on maintaining disciplines, simplifying standards and aligning standards to key operational roles.
32. Resourcing, Manpower Planning and Training underpinned the “Delivering our Promises” programme and benefits have been accrued from this activity, further focus will be applied to these areas again in 2005/06.
33. All of the activities described above have been underpinned by a relentless focus on honestly identifying performance issues and addressing them in a timely and effective manner. This is driven through daily operational conference calls and weekly performance review meetings led by the Chief Executive. These activities will continue through 2005/06.
34. As predicted Period 1 – 4 performance was severely impacted by Renewal Plan activity and this has inevitably depressed cumulative performance for the remainder of the plan year. Despite external assessment and evaluation of performance focusing on cumulative performance the progress made since Period 4 deserves careful consideration.
35. Quarter 2 performance provided step change improvements on Quarter 1 and this was maintained in Quarter 3 with the best Quarterly performance in a decade for 1st Class Stamped and Meter, 1<sup>st</sup> Class PPI, Mailsort 1, Mailsort 2, and Presstream 1 (see Quarter 3 report). Quarter 4 performance was equally encouraging with best Q4 performance in a decade for many products.
36. Royal Mail believes that Period 5 to Period 12 performance provides the most representative indicator in assessing the validity and effectiveness of the 2004/05 plan (see table on page 5).

37. The stated objective of the 2004/05 Quality Plan was to establish improved levels of performance in readiness for more stretching Licence Service Standards in 2005/06. The table on page 5 provides a summary of performance and illustrates the success of the “Delivering our Promises” approach.
38. A detailed review of individual product performance has been provided in previous Quarterly reports and consequently will not be repeated in this document. However because results for PPI, Response Services and Postcode Area Minimum floors are below target, an overview of our approach to these is detailed below.

## **PPI**

39. Despite step change improvement in Quarters 2, 3, and 4, we have failed to achieve the Licence Service Standard target for both PPI products. Quarter 1 performance was such that the cumulative target became beyond our reach from very early in the year. However, significant improvements have been achieved and we can take some real encouragement from that. At 88.9%, Quarter 3 performance was 0.9% higher than the planned flightpath level for that Quarter and represents the best Quarter 3 performance since 1996. In Quarter 4, the product broke the 90% glass ceiling for the first time ever.
40. In each of the Periods from 5 to 12 performance has consistently performed between 88.4 – 90.6%. This is a significant improvement on previous years and is a culmination of a range of activities and approaches.
41. Generic pipeline improvement activities have helped drive the improvements in 1<sup>st</sup> Class PPI performance, especially network improvements (as this product has a higher than average proportion of distant mail). In addition to this we have also deployed product specific activities to drive PPI improvements, including:
- Changes to the contractual Terms and Conditions which require customers to:
    - provide advance notice of large volume postings (helping Royal Mail ensure the correct levels of resource are in place)
    - segregate and present mail in a manner most expeditious to processing, e.g. keeping 1<sup>st</sup> and 2<sup>nd</sup> class mail separate.
  - Introducing more robust compliance checks to customer mailings – ensuring that any non-compliance to the Terms and Conditions of the contract are addressed with the customer
  - Investing £1m in increasing the End to End survey sample sizes for 1<sup>st</sup> Class PPI mail in order to provide a better measure of geographical performance
  - Ensuring compliance with, and audit of PPI specifications
  - Standardisation of indicia to increase automation of PPI mail
42. Although significant improvements have been made we ended 2004/05 just over 1% short of the 2005/06 performance level. An extensive Quality Test Letter (QTL) exercise has been deployed to help us understand and address the remaining root causes of service delay. This study has helped us understand whether performance has reached a natural ceiling due to customer behaviour, the products wider fall to earth, or due to the unique revenue collection and handling procedures. The study is also helping establish whether further operational improvements can be achieved without changes to the existing service specification.
43. Feedback from the QTL exercise has also helped improve our understanding of:
- where delays are most likely to occur in the pipeline
  - which units are having the highest negative impact on PPI performance
  - whether panellist behaviour and/or accuracy is impacting on PPI performance

44. We are also capturing key information from samples that achieved required service so that we can:
- determine where units are non-compliant with key aspects of the national workplan
  - compare the journey of a 'passed' versus a 'failed' sample and gain best practice information from that achieved service.
45. Results from this exercise have been gathered and acted upon since Christmas 2004. Results are sent directly to Operational Areas so that action can be taken locally to address any local route causes of delay. Where the same problem has repeatedly occurred in a particular Mail Centre the issue is being passed to the relevant Territory Director to address personally in their Performance Management meetings with the Area General Manager.
46. The QTL exercise has shown us that nationally operational delays are most likely to occur in 3 parts of the pipeline:
- Where 1<sup>st</sup> Class items have been mixed with 2<sup>nd</sup> Class items by the customers but have not been detected by our checking procedures and have therefore been processed as 2<sup>nd</sup> Class. A number of activities have been put in place to address this issue. Firstly, our operational standards clearly specify that checks should be carried out to identify 1<sup>st</sup> Class mail that is mixed with 2<sup>nd</sup> Class and compliance to this standard is tested via our programme of self and independent audit. During Quarter 1, communications will be cascaded to Areas to reinforce the importance of this standard.
  - PPI has a wider fall to earth than Stamped and Meter mail. This means it is more reliant on the transport network to deliver strong Quality of Service performance. The QTL exercise highlighted the impact of the network on our Quarter 4 performance – particularly the impact of bad weather. The generic network improvement activities described in this report will support improved performance for 1<sup>st</sup> Class PPI.
  - The study has also highlighted some issues that require resolution in relation to 'Saturday Shut' status. Many companies are closed on Saturdays and are therefore not available to accept mail. Post Single Delivery deployment there is a clear need to update our record of which business customers do and do not require a delivery on a Saturday. An exercise is currently underway to ensure our records are updated and consistently maintained. This will ensure that Research International, the independent research agency who manage our End to End survey, have the most up to date information on Saturday status for all customers who are End to End panellists. The exercise will also ensure that business customers are receiving the service they require on a Saturday.
47. Even at this stage of the QTL study, it is difficult to ascertain what proportion of the Quarter 4 increase in performance is down to operational improvements and how much is down to 'observation effect', i.e. it is our belief that the focus of the QTL exercise has encouraged panellists to take greater care in the preparation and insertion of their End to End samples. This has potentially contributed to the improved Quarter 4 results by reducing failures due to panellist non-compliance with the proper sampling procedures.
48. To gain a greater understanding of the 'observation effect' and to continue to drive genuine operational improvements, Royal Mail has committed to extending the QTL exercise beyond March 2005 and is currently scoping extension of the study to include QTLs in even more PPI panellists mailings.
49. As mentioned previously, all generic improvement activities such as Integrated Quality Approach and RFID deployment will help support improvement in PPI performance.
50. Therefore, Royal Mail will continue to make all endeavours in delivering the 91.1% target for 1<sup>st</sup> Class PPI but is cautious in forecasting achievement of this target as further analysis is required before we can fully conclude that this target is achievable, on a consistent basis, with the current product specification.

## Response Services

51. 1<sup>st</sup> Class Response Services performance has plateaued a considerable distance from the existing Service Standard targets. Royal Mail has already informed Postcomm that will not achieve the target for 2004/05. There is clear evidence that this product, with its current service specification, is not capable of performing at the 90.3% (increased to 90.8% in 2005/06) target performance level. The manual counting and billing of items at the Delivery Office in time to connect with delivery is simply not compatible with a single delivery operation.
52. Performance will have benefited from the improvements in generic 1<sup>st</sup> Class performance, however this has been offset by delays inherent to the manual counting and billing procedures in the delivery operation.
53. As previously advised Royal Mail developed and deployed a new Response Services product in Quarter 2 of 2004/05 and customers are continuing to migrate to the new product. This migration will be incentivised further in Quarter 1 of 2005/06.
54. As predicted the customer migration to the new product has had a detrimental effect on measured performance. Quality of Service has fallen as the mix of manual and machinable mail has changed for the residual product. Increasingly the volume of machinable mail for the existing products is diminishing as more customers take up the new Response Services Plus product. This leaves a higher proportion of items requiring manual billing and counting for the Licensed product. Correspondingly it is anticipated that the Quality of Service may well decrease even further despite the actions taken to deliver Quality of Service (as explained in our Quarterly updates)
55. Due to the issues noted above Royal Mail will be forecasting below target performance for both Response Services products for 2005/06.

## Postcode Area Performance

56. Royal Mail did not achieve the Postcode Area Minimum Floors requirements in all Postcode Areas for 2004/05 (see Quarter 4 report)
57. Plans supporting performance improvement in 7 of our Postcode Areas were submitted to Postcomm on 4<sup>th</sup> March and have been updated in May 2005. These Postcode Areas are those that have failed to achieve one or both of the minimum floor performance targets in each year of the Licence to date. The submission will inform Postcomm in detail of actions being undertaken to ensure achievement of Licence Service Standards in each of the 7 PCA's. This being the case, detail of the local plans will not be included in this document.
58. Postcomm and Postwatch are aware of the significant cultural and structural issues impacting on these particular Postcode Areas and are also aware of the actions taken to improve performance thus far. Although resolution of these fundamental issues has taken time, performance is improving in each PCA and we expect to deliver on target performance in 2005/06.
59. Similarly Postcomm have recently received individual performance improvement plans and presentations for a further 13 PCA's. Postcomm have been informed in detail of the actions underway in each of the 13 PCA's and as such this detail will not be repeated in this document.
60. Individual Postcode Area performance remains central to our quality focus. We believe local performance will significantly benefit from the generic improvement plan described later in this document. Area Managers and their teams will utilise all central enablers to drive adherence to operational standards in order to deliver PCA performance improvement. The Area teams will also identify and address local specific issues and develop bespoke solutions out-with the generic plan framework where required.

## Lessons learned from 2004/05

61. The impact of major change on the stability of the pipeline was underestimated, despite risk assessment and contingency planning. The combination and timing of such significant change severely impacted on performance. Within the plan period all remaining major change activity was re-planned with an acute level of de-risking and contingency planning brought to bear, with Single Daily Delivery revisions being given particular attention.
62. Stability in the pipeline is essential for consistent pipeline performance and recovery from instability takes a considerable time. Royal Mail must therefore manage risks effectively in order to provide an operating environment that is conducive to high quality performance. In response Royal Mail has introduced more rigorous Quality of Service concurrence processes for change activity and we'll be working with our Trades Unions to further improve our Industrial Relations.
63. The basic ability to adequately resource the operation was emphasised throughout the year and Royal Mail will continue with the Resourcing strategy put in place to address the issues identified in 2004/05. We will also be deploying initiatives to address sick absence issues and to reduce turnover of staff, in particular our new starters.
64. We must also ensure that our frontline employees are adequately trained and supported, especially our new starters, and this will be further addressed in 2005/06. This will be discussed further with Postcomm.
65. We have chronic specification issues with the licensed Response Service product. The Licence Service Standards cannot be achieved with the existing specification.
66. Despite improved performance across all 1<sup>st</sup> Class streams PPI performance falls just short of Licence Standards. Further analysis of PPI dynamics is required but Royal Mail is committed to achieving the Licence Service Standards in 2005/06.
67. The planned approach defined within the "Delivering our Promises" has been proven to drive improved performance with Period 5 – 12 delivering best in a decade performance for 6 product streams. Central to this is the need for relentless focus throughout the operations management structure. This approach has delivered real benefits, however Royal Mail recognises that to sustain and build upon these improvements we must engage all employees in owning and managing Quality of Service issues.
68. Recent performance make us confident that we have established a firm foundation for further improvement and that the plan outlined below is the rightful progression and that it is capable of delivering on target performance.

## The Task for 2005/06

The table below identifies the gap between current performance levels and the Licence Service Standards required for 2005/06.

Product	Full Year Cumulative Target 2005/06	Cumulative Performance Period 5 – 12 2004/05	Performance Gap
1 <sup>st</sup> Class Stamped & Meter	93.0%	92.5	-0.5
2 <sup>nd</sup> Class Stamped & Meter	98.5%	98.7	+0.2
1 <sup>st</sup> Class PPI	91.1%	89.3	-1.8
2 <sup>nd</sup> Class PPI	97.4%	96.6	-0.8
1 <sup>st</sup> Class Response Services	90.8%	82.2	-8.6
2 <sup>nd</sup> Class Response Services	97.5%	93.2	-4.3
Mailsort 1	91.5%	93.0	+1.5
Mailsort 2	97.5%	98.0	+0.5
Mailsort 3	97.5%	99.2	+1.7
Presstream 1	91.0%	92.0	+1.0
Presstream 2	97.5%	97.8	+0.3
Special Delivery	99.0%	98.0	-1.0
Parcels	90.0%	90.2	+0.2
Number of Postcode Areas Averaging 91.0% or above for 1 <sup>st</sup> Class Posted Stamped and Meter	118	107	-11
Number of Postcode Areas Averaging 92.5% or above for 1 <sup>st</sup> Class Intra Stamped and Meter	121	114	-7

69. The focus for the approach in 2005/06 will be to address those areas of performance falling short of the Licence Service standards. The primary focus will be to deploy generic actions to support the 1st class pipeline to address the 0.5% gap in 1<sup>st</sup> Class Stamped and Metered performance. By focussing on 1<sup>st</sup> Class Stamped and Metered we will not only address this Licence target but also accrue a dividend across common elements of the pipeline and drive performance in other streams.
70. The document describes the generic actions being undertaken and also details specific improvements planned for individual elements of the pipeline.
71. The summary document also provides product specific actions for PPI, Response Services, and Special Delivery. It does not however reference our pre-sort products, which continue to perform at or above Licence target levels. Pre-sort products will continue to receive focus through generic performance management and remedial actions will be deployed in the year where performance warrants intervention.

**Outlook for 2005-06**

**Product Forecasts**

Summary table

<b>Licence Standard</b>	<b>Full Year Target 2005/06</b>	<b>Full Year Forecast 2005/06</b>	<b>Confidence Limits</b>
<b>1<sup>st</sup> Class Stamped and Meter</b>	93.0%	<b>93.0</b>	$\pm 0.1\%$
<b>2<sup>nd</sup> Class Stamped and Meter</b>	98.5%	<b>98.5</b>	$\pm 0.1\%$
<b>1<sup>st</sup> Class PPI</b>	91.1%	<b>91.1</b>	$\pm 0.3\%$
<b>2<sup>nd</sup> Class PPI</b>	97.4%	<b>97.4</b>	$\pm 0.3\%$
<b>1<sup>st</sup> Class Response Services</b>	90.8%	<b>80.0</b>	$\pm 1.1\%$
<b>2<sup>nd</sup> Class Response Services</b>	97.5%	<b>92.5</b>	$\pm 0.8\%$
<b>Mailsort 1</b>	91.5%	<b>91.5</b>	$\pm 1.6\%$
<b>Mailsort 2</b>	97.5%	<b>97.5</b>	$\pm 0.5\%$
<b>Mailsort 3</b>	97.5%	<b>98.5</b>	$\pm 0.7\%$
<b>Presstream 1</b>	91.0%	<b>91.0</b>	$\pm 0.5\%$
<b>Presstream 2</b>	97.5%	<b>97.5</b>	$\pm 0.6\%$
<b>Special Delivery</b>	99.0%	<b>99.0</b>	
<b>Standard Parcels</b>	90.0%	<b>90.0</b>	$\pm 0.9\%$
<b>Floors - 1<sup>st</sup> Class Posted Stamped and Meter</b>	118 at or above 91.5%	<b>118</b>	
<b>Floors - 1<sup>st</sup> Class Intra Stamped and Meter</b>	121 at or above 92.5%	<b>121</b>	

## Summary of Action – 2005/06

72. The planned activity for 2005/06 is a natural progression of the “delivering our promises” approach. Following design intervention to stabilise the pipeline, the focus in 2004/05 returned to the deployment of, and management by, well defined operational standards.
73. Supported by consistent performance management and targeted audit activity, significant improvements in Quality performance have been realised. Activity planned for 2005/06 will build on this platform and aims to embed a culture of “relentless error reduction” into our day-to-day way of working.
74. Focus on basic operational standards will continue and will be enhanced by the deployment of “how to” Standard Operating Procedures for all operational tasks. Improved diagnostic capabilities will be made available through deployment of the RFID programme and employees will have access to improved reporting and diagnostic systems to support root cause analysis and remedial action planning.
75. Deployment of integrated culture change initiatives will be deployed with the aim of fully engaging all employees in a Quality focussed way of working. Relentless error reduction will be the task for all in the future operation.
76. The premise underpinning 2005/06 activity is that the operational standards definition phase of the Quality Strategy is nearing completion. Royal Mail believes it has now established clear operating plans and has firmly established performance management at all levels within the organisation. Having made significant progress in defining the “what”, our attention is now turning to the definition of “how” and the positioning of “why” with operational managers and frontline staff. The next phase therefore is about engaging employees.
77. The plan will be deployed in terms of two broad phases. The first part of the year will see further incremental improvement to the pipeline design and a continuation of disciplined ways of working. The second part of the plan period will concentrate on providing enhanced tools and techniques and on deploying culture change enablers.
78. The objective is to have the fully trained and motivated staff working in partnership with outstanding leaders to deliver well defined outputs. Each employee will know exactly what they need to do, how they need to do it, and why completion of their tasks to specification are so important in the integrated mails pipeline.
79. The core of the plan is the deployment of the Integrated Quality Approach, this will be complemented and supported by our People Strategy, and mirrored by the Royal Mail Way activity in our Mail Centres. These behavioural initiatives will run in parallel with design and control enhancements to the pipeline and with product specific improvement initiatives.
80. Successful deployment of the intended programme of activity in a stable environment gives us confidence that we will achieve all Licence Service Standards with the exception of Response Services.

## Integrated Quality Approach

81. The Integrated Quality Approach is premised on the fact that quality performance will be achieved if we manage the operation in a way that is consistent, day-after-day, year in, year out. The approach will provide a clear set of requirements, a consistent set of tools to improve quality and descriptions of how the tools should be used to achieve the behavioural change required. Creating the environment and the motivation for people to learn to do things differently, and then continue to maintain that behaviour even under pressure will be a challenge. Successful behavioural change requires positive reinforcement and effective performance management; therefore senior management commitment to the approach will be explicit and demonstrable.
82. The Integrated Quality Approach aims to provide Areas with a three-stage deployment programme to drive improved performance. The three stages are;
- Re-establish compliance to standards
  - Investment in robust measurement systems to inform planning and aid effective decision making
  - A programme of employee involvement to engage all front line employees in the continuous management and improvement of customer service in their work areas.

The key elements of Integrated Quality Approach are summarised below:

**The Integrated Quality Approach**

<b>WHAT</b>	Standard way of working	Sufficient skilled resource	Timely, accurate measurement	Manage performance
<b>TOOLS</b>	National workplan SOP's Mandatory Stds	Manpower planning tools	Reporting systems (Quality Control, RFID, E2E, PPMS)	Performance management processes, Individual Performance Standards
<b>HOW (behaviour)</b>	Training, coaching & induction. Work aids. Self Audits	Audits and checks. Training & coaching	Daily mtgs to discuss perf, review results and agree action	Continuous improvement activity, coaching, sharing ideas

83. The framework of National Workplans, Standard Operating Procedures (SOPs) and Mandatory Standards are currently being deployed.
84. Supported by our People Strategy, a comprehensive training and coaching programme will be deployed to improve frontline capabilities and to promote involvement in the work place. Further investment will also be made in our Operational Leadership Programme to improve the capability of our operational managers; senior management will be at the forefront of change deployment. Underpinning this, a structured communication and promotion campaign will be deployed to drive key messages in support of cultural transformation.

The programme is best described by drawing a picture of where we are aiming to be by April 2006.

- In our Mail Centres the Work Area Managers and staff will gather for 5 minutes at the beginning of each shift. The time will be used to review the previous days performance and to identify what went well and where there is opportunity for improvement. During the shift the

staff will take measures to make sure they are on track and that they are compliant with the National Workplan. The whole team will understand the Standard Operating Procedures (SOPs) applicable to their area and will comply with them accordingly. The Work Area Manager will undertake formal Self Audit on each shift and will feed the findings into the following days review. Cross team improvement projects will become the norm.

- In our Delivery Offices, the Delivery Manager and the staff will also gather for 5 minutes at the beginning of each shift to review the previous days performance. Again, everyone will understand and comply with the Standard Operating Procedures applicable to their work area. Self audit will be undertaken on a daily basis and the findings carried forward to the following days review sessions. Most importantly robust Manpower Planning will be undertaken to ensure the Office is adequately staffed and new starters will be paired with a Work Place Coach to ensure they are supported in the early stages of their employment. In addition to SOPs, Managers will assess staff against clearly laid out Individual Performance Standards and staff failing to reach these standards will be supported and coached. Delivery staff will work in partnership with their Mail Centre colleagues to resolve cross pipeline Quality issues and Delivery Office specific improvement projects will also become the norm.
- In April 2006 the Area Management Team will be the drivers of a new culture. They will be personally involved in coaching frontline managers on how to engage staff in the new way of working. They will drive adherence to Workplan in all operational units and will provide particular focus on sortation, segregation and labelling standards, apparently mundane issues that lead to much of our Quality loss. The key will continue to be performance management and this will be executed on a consistent basis across all teams. They will use the performance data to prioritise Quality improvement activity and the resource allocated to it.

### **IQA Building blocks**

85. The key building blocks required to deliver IQA are summarised below.

#### **IQA Building block (1) - National Workplan**

86. Development work for a new National Workplan has been completed. A standard way of working across the entire Royal Mail network is imperative if sustained quality improvements are to be achieved. The new Workplan provides everyone in the network with a clear definition of product arrival times and despatch times at each point of the pipeline and ensures that timings between Mail Centres, Distribution Centres and Delivery units are completely aligned.

87. The new Workplan also ensures that products are processed on a single shift, giving clearer accountability for the clearance and quality of clearance of that product.

#### **IQA Building block (2) - Standard Operating Procedures**

88. Standard Operating Procedures (SOPs) are an integral part of the Integrated Quality approach and provide the detail below National Workplan level. By clearly defining how each task in the mail's pipeline should be undertaken they will provide the basis for a consistent way of working. Assessment of execution against SOPs will drive performance improvement at each point of the pipeline.

89. SOPs will define the procedures to be followed by the frontline in a clear and easy to understand language. Extensive input has been sought from the end users in the development of the SOPs to ensure optimum development. The customer facing Collections and Delivery SOPs are being prioritised for deployment with live trials currently underway. Deployment of the Collections and Delivery SOPs are planned for April 2005 with remaining Mail Centre Work Area and non-customer facing Delivery and Collections SOPs to follow from July 2005.

### **IQA Building block (3) – Individual Performance Standards**

90. In addition to Standard Operating Procedures Individual Performance Standards have been deployed to ensure staff are aware of the standards expected and required of them in the execution of their role. The understanding of, and adherence to these standards will be supported through improved induction training, targeted communication and the deployment of Work Place Coaches. Staff will be closely supported in meeting these standards and where necessary further training and support will be offered to those failing to meet the requirement.

### **IQA Building block (4) - Self Audit**

91. Having clearly established the standards required Self Audit will be deployed to monitor adherence on a daily basis. A standard format Self Audit will be undertaken every day by the Work Area Manager, the Self Audit questionnaire will prompt focus on key elements of the pipeline operation. The approach compliments our existing Quality diagnostic measures and will support detailed root cause analysis and subsequent remedial action plans.
92. Self Audit will pose key standard questions to be addressed daily by Unit and Work Area Managers. Failure against a key question will prompt consideration of a drop down menu of enablers and root cause steers by the manager.
93. Daily Audits will be supported by weekly reviews by 1<sup>st</sup> line managers and a monthly review by the 2<sup>nd</sup> line manager, with the AGM required to review performance on a quarterly basis. Self Audit formats have been developed for Delivery Offices and individual Mail Centre work areas. User Acceptance testing has been completed and the approach will be deployed across Mail Centres and Delivery Offices prior to the commencement of the plan period.
94. Deployment of Self Audit will be fully supported by the central Compliance Audit and Specification team and an Intranet based platform is being developed to capture results. The approach will be extended to the Network and Logistics elements of the pipeline in April 2005.

### **IQA Building block (5) - Manpower Planning**

95. An improved manpower planning and resource management tool is being deployed. The tool allows for standardised and robust manpower planning in all operational units. The system provides for an upward aggregation of resource requirements, enabling us to work closely with our Human Resources colleagues to ensure we have adequate resource in place.
96. Phased deployment to Areas commenced in January 2005 and will be completed by the beginning of the plan period. Deployment is being supported by Territorial Lead Managers who will monitor deployment of the software and ensure that consistent reporting processes and procedures are implemented nationally. Territorial Leads will ensure that manpower plans are updated on a weekly basis and that processes/procedures do not degrade over time. Technical and systems support is available and further support can be accessed via paper-based manpower planning guidelines.

### **IQA Building block (6) - Quality Reporting System**

97. An advanced Quality Reporting system known as the “Quality Dashboard” will be deployed on a rolling basis between April and October 2005. The system will provide an accessible pictorial synopsis of performance across the pipeline and will enable operational managers from Area General Manager down to Unit and Work Area Managers to access a real time snapshot of performance in their area.
98. The Dashboard will break operational data down and provide performance data within the context of the wider office and wider pipeline. The step change capability provided by the Dashboard system is that real time data will not only show improvement opportunities within a work area but will also clearly show the impact that work area has on the wider operation.

Dashboards will clearly illustrate to managers and staff alike what we measure, why we measure it, and where and why improvements must be made.

99. Managers will pull off daily reports for analysis and interpretation, and the focus will move to on-day review, analysis and remedial planning, as opposed to the following week/month. Based on the Dashboard data managers will brief their teams and ensure they understand how they can contribute to improving performance. Postmen and women will recognise the purpose and benefits of performance measurement and learn to interpret and act upon the data. Solutions to issues will then be teamworked on a daily basis.
100. The Dashboard approach will help to drive cultural change with our frontline staff. They will be central in collecting accurate data and in deploying SOPs, most importantly they will be providing first hand feedback if planned approaches are not resolving issues.

### **IQA Building block (7) – Radio Frequency Identification**

101. Royal Mail is preparing to invest heavily in Quality loss diagnostics capabilities. As an integral part of the IQA approach managers and staff will have access to, and utilise real time performance data. To enable this Royal Mail will deploy Radio Frequency Identification technology (RFID).
102. For many years Royal Mail has made use of Electronic Quality Test Letters (QTLs) to support diagnostic measures. The QTL approach is now being overtaken by new technology and Royal Mail is responding by deploying RFID Technology throughout 2005/06. RFID will enable more detailed analysis of the movement of mail items through our key operational centres and as such provide excellent diagnostic data for local teams. Research International will place RFID tags in the sample items posted by panellists and these tags will be recognised by sensors as items enter and leave our buildings and the event recorded. The information made available will provide detailed performance data for specific units and identify where and when delay is occurring. This will allow very specific remedies to be pursued by Unit and Work Area Managers. All the entrances and exits in our Mail Centres and main Distribution Hubs will be fitted with RFID sensors within the plan period. Additionally, a number of mobile sensor units will be purchased which can be temporarily installed in work areas or smaller units as necessary. Additional tags will also be made available to Areas so that local diagnostic studies can be undertaken as required.

### **IQA Deployment**

103. Deployment of IQA will be managed by a trained resource pool of Change Agents. Managers will be selected from the Area resource base and trained to support deployment of both the technical and culture change elements of the programme. Deployment will be supported by a targeted communications campaign and through enhancements to both frontline and managerial training. The overall programme is due to be completed by March 2006.

## **2005/6 People Plan – supporting the IQA**

104. Continued investment in people management is crucial to deliver forecasted performance improvement. The People plan fully supports the Integrated Quality Approach and underpins the delivery of an adequately skilled and engaged workforce.
105. The focus of the People Plan is to improve performance through investing in our people to do things differently, to do things better and to be more engaged in our business. It seeks to improve the capability of our managers and our staff.
106. The People Plan objectives will support the Quality Plan, both in the short and medium term, through:
- having all our people appropriately trained and following standard operating procedures
  - continuous improvement being seen by individuals as an important part of their day to day job
  - having in place high calibre managers able to lead teams through change and take commercial decisions
  - working in partnership with our people and their Union representatives
  - flexible resourcing that enables us to meet fluctuations in the demands of our customers.

Specific actions for 2005/06 include:

### **Work Time Learning**

107. Work Time Listening and Learning (WTL) sessions will continue to play a critical role in engaging our people through regular dialogue on important issues. WTL will be supported by issue specific “Talkabout” packs that provide a regular opportunity to collect employee input on key business issues.
108. WTL will also foster increased involvement through local teams identifying and then solving local improvement opportunities as a collective. The approach provides the foundation for the move to the IQA way of working where managers and staff will meet on a daily basis to discuss local performance issues and improvement opportunities.

### **Induction Training and Workplace Coaches**

109. RM is currently experiencing an unnecessarily high level of attrition amongst new entrants within first year of employment. Exit interviews and feedback indicate that the current Induction Process is not meeting the objectives of ensuring learning is efficiently transferred and used at the workplace.
110. Up to 1500 Workplace Coaches will be introduced during 2005/06 to support and guide new starters. Work Place Coaches will be trained on adherence to key operational standards, Standard Operating Procedures and Individual Performance Standards, and will assist new starters in complying with our way of working. In line with the objectives of the Integrated Quality Approach, the role of the coach will be to promote the well defined “how to do” and also provide guidance on “why we do it”.
111. Induction training will be reviewed and updated to ensure it fully meets the needs of new starters. The revised package will be integrated with, and supported by the Workplace Coach role. We will also be continuing with our “role stability” approach for new starters ensuring they have a minimum of 13 weeks in the same role so that skills and experience can be gained in a stable environment. These, along with improved ‘on the job training’, are expected to reduce turnover during the first weeks of employment and therefore reduce the disruption to service this causes. Induction training will be updated on a rolling basis to reflect the deployment of the Integrated Quality Approach.

## **Modern Apprenticeships**

112. We will be trialling a Modern Apprenticeship scheme for our younger employees with 1000 Apprenticeships being offered in 2005/06. The scheme will be aimed at 16-24 year olds and will be supported by Work Place Coaches, Induction training and line managers. The scheme will promote long term careers with Royal Mail with staff closely supported and well trained throughout the Apprenticeship period. Modern Apprenticeships are a further building block in creating an adequately skilled and engaged workforce.

## **Training**

113. Our intention is to continue with our approach to target the development of key employee groups. Operational managers will be our primary focus and their development will focus on core operational competences and leadership skills development. Managers will be prepared to manage change by developing their pipeline expertise skills and performance management skills. Training will prepare managers to manage capabilities at Unit level and to engage staff in the new performance culture. This approach is underpinned by the "My Development" training course, a 3 day modular programme aimed at Delivery Office Managers and Mail Centre Work Area Managers. The course has been deployed and will continue throughout 2005/06. The course content will be updated to reflect the deployment progress of IQA.
114. Externally facilitated Behavioural Workshops will be held with each Area Management Team. The Workshops will assess and drive a clearer understanding of the behavioural issues that impact on employee engagement and performance in that Area. Area Managers will hold workshops with their Area Management Teams and members will hold subsequent sessions with their teams. From these sessions Area-focused actions will be developed to improve behavioural standards.
115. Formal Frontline training will continue to be reviewed and will be integrated with the Work Place Coach role to ensure all new employees have adequate basic training. Future development of training for frontline staff will emphasise involvement and engagement in work place improvement. The course will emphasise the role each employee plays in Quality performance.

## **Manpower Planning and Resourcing**

116. Robust Manpower Planning is an essential pre-requisite in all of our operational units and as described support software and guidance has been deployed and will be maintained throughout the plan period. In addition to better Manpower Planning it remains imperative that a stable and adequately skilled workforce is established. This ambition was not well served previously by high levels of temporary staff. Royal Mail will therefore continue with a resourcing strategy to recruit permanent staff, and where appropriate convert existing temporary staff to permanent employee status. This programme will be further supported by the deployment of Absence Management initiatives.
117. The marketplace is becoming more competitive in terms of employability i.e. who is available to work and on what terms they would do so. Consequently we will look to introduce appropriate resourcing approaches that exploit opportunities to maximise flexibility of our workforce. These approaches will be developed as the year progresses and Postcomm will be updated via the Quarterly Reporting mechanism.

## **Absence Management**

118. The recent focus on achieving high levels of employee attendance, thus reducing the adverse impact absence has on Quality of Service, will continue. A new Attendance Procedure is being developed in partnership with the Trades Unions and we will continue to incentivise good attendance through internal reward mechanisms.

## **Industrial Relations Framework**

119. Our objective is to build a stronger relationship with our Trades Unions by improving behaviours between managers and representatives. Considerable progress has been made over recent months and we expect to introduce a new consultation framework within a single overall industrial relations agreement during the year. The framework is aimed at improving industrial relations through pushing accountability and decision-making to local level. The initiative provides training for all representatives and managers on the new IR Framework and its deployment. Training and support will also be given to managers and CWU representatives to raise capability in managing industrial relations at the local level. This will include a coach/mentor for each Area and a personal development plan for each representative. A fundamental principle is that training will be undertaken jointly, will include skills training and where possible lead to NVQs or equivalent qualifications.

## **Royal Mail Way**

120. Royal Mail Way is a new long-term approach being implemented in mail centres to improve performance across the measurement scorecard. The initiative seeks to embed a better way of working through deploying standard tools and techniques, fit for purpose Management Information Systems, and an engaged workforce. In essence Royal Mail Way is an acceleration of the IQA way of working for key Mail Centres.
121. The approach mirrors the objectives and deliverables of the IQA and is further supported by production control and production management techniques. Culture change is central to Royal Mail Way and will draw support from the people programme outlined above.
122. There are three strands that provide the foundations for successful implementation of the Royal Mail Way. These are:
  - Increased frontline communications, engagement and problem solving
  - Management and frontline development
  - Application of lean and efficient production techniques.
123. A set of tools and approaches has been developed through trials at Chester mail centre. These are the building blocks for other mail centres to implement changes and improve quickly and consistently.
124. The approach is being introduced in stages, with the first six mail centres implementing Royal Mail Way from April 2005. During 2005/06 additional mail centres will be invited to apply to implement the approach.

### **Pipeline Specific improvement**

125. In addition to the central IQA programme incremental improvement activity will continue in each element area of the pipeline.
126. It should be noted that at the time of submission of this document Royal Mail is still finalising it's business plan investment portfolio for 2005/06. Changes may be required to the programme outlined below due to the finite funding available. The status of the activities will be confirmed in the Quarterly Update report at the end of Quarter 1.

### **Collections**

127. Royal Mail made a significant investment in new and replacement Access Barcode (ABC) scanners in 2004/05 and the vast majority of collections now have the benefit of ABC capabilities. This represents a significant step forward in collection performance recording and is an opportunity to assist improvement in quality of service and efficiency. Throughout 2005/06 we will seek to accrue the total benefit from the ABC system and associated way of working. ABC data will underpin Collections Performance Management throughout the period. Root Cause Analysis will be supported by ABC data and remedial action planning will be supported by the availability of the new Collections Routing Tool software.

### **Processing – generic**

128. Adherence to mandatory standards, subsequent performance management, and remedial action planning will continue to dominate focus in our Mail Centres. Mail Centre performance is reviewed currently through daily conference calls at Area level and this will continue throughout 2005/06.
129. The revised national work plan embeds further improvements to both the Outward and Inward operation and increases the flexibility to optimise the flow of mail from the Mail Centre to Delivery Office. A specific focus for 2005/06 will be accuracy under the Mail Centre roof, Mis-sorts are now believed to be the root cause of considerable Quality loss and this will be addressed through performance management, self audit activity and remedial plan deployment.
130. The Mail Centre environment will generally benefit from the IQA and People Plan initiatives. The mis-sorts issue in particular will be central to Standard Operating Procedures deployment and specific communication and managerial focus. Mail Centres will also continue to receive independent Audit and Quality Taskforce support further performance improvement. Auditors and Taskforce members will review performance against standards and focus on specific issues as directed by national performance analysis. Furthermore, 6 Mail Centres will benefit from the accelerated deployment of the IQA ethos through Royal Mail Way.

### **Processing - Production Control**

131. An overview of Royal Mail Way has already been provided within this document and a key strand of the approach will be deployment of formalised Production Control. Production Control is an integrated package of tools that focuses on managerial culture change as much as it seeks to further formalise the Mail Centre work environment. The initiative objective is to ensure the Mail Centre Manager, Production Control Manager, Collection & Network Manager and Shift Managers manage production based on fact through their respective management teams.
132. To facilitate this improvement a number of production control tools will be deployed.
  - Scheduling tool, which constructs capacity plans that optimises workflow, constructs duty sets and provides integrated work area schedules.
  - Performance management process and production monitor that provides real time review of progress against each work area schedule, including arrival patterns.

- Clearly defined production management process of key meetings.
  - Performance Review process and documentation from Mail Centre Manager downward through all levels.
  - A standard Production control team template to support proposed ways of working.
  - Technical training to support new production control job roles.
133. The benefits of the approach are numerous and integrate into our existing way of working and our planned future way of working as defined by IQA. The production control tool reinforces 3 mandatory standards - traffic forecasting, resourcing and root cause, and provides for informed and effective manpower/resource planning. The tool translates operational workplan from national and mail centre level to shift and work area levels and aligns resource to workload. The output will form the basis for upward reporting through Mail Centre Daily Reporting allowing consolidation and analysis of data and associated issues.

### **Processing - Automation Utilisation**

134. To consolidate quality gains and improve efficiency activity is planned to drive up the utilisation of our existing letter automation assets. The objective is to automate the maximum volume of letters to the maximum level of sortation.
135. Activity in 2005/06 will focus on improving the levels of effectively sorted letter traffic at outward stage and the percentage of walk-sorted mail at the inward stage. Predominately focus will be placed on the structure and numbers of sort plans in use and the workplan on the inward shifts. All Mail Centre night shift plans will be reviewed to determine the percentage walksort achievable and if necessary identify actions to support the mail centre . The initiative will provide principles and guidelines as to what constitutes the most effective and efficient sort plan configuration for our automated equipment. This initiative will look at the support and training of managers responsible for configuring mechanised sorting plans.

### **Network**

136. Activity in 2005/06 will primarily concentrate on maximising the performance of the existing Network, whilst introducing a programme of incremental design and control improvements.
137. Performance management of the network is undertaken on a daily basis with daily conference call sessions held to undertake performance review, prompt root cause analysis and approve remedial action plans. This is supported by a rolling review of contingency arrangements in light of issues and contingency failures. The conference call mechanism also helps us to identify and address incidents of mis-labelling and mis-sending in the Network, a considerable and easily avoidable cause of Quality loss.
138. Adherence to the "Move to Time Policy" is essential in ensuring the necessary disciplines are adhered to in Mail Centres and Distribution hubs. "Move to Time" focus ensures that mail is presented for transfer at the time defined by the National Workplan so that all subsequent Network connections are achieved. Independent audits of compliance at mail centres and network distribution hubs are already in place, and these have been complemented by the deployment of self audit in distribution hubs in April 2005.
139. Deployment of Vehicle Telemetry and Distribution Management Software will greatly enhance control of our Road operation by allowing real-time management of vehicle movements. Currently there is little or no information about vehicle whereabouts once a run is commenced, therefore there is no opportunity to intervene as and when issues arise. Electronic data capture will provide real time information on vehicle movements and allow for root cause of failures to be identified and for timely remedial actions to be deployed.
140. Building on Telemetry and DMS we are also investing in new Road Planning Software (Paragon) to support the development of an optimum Road Network Design. The software will enable us to tweak the Network on an ongoing basis and be available to support larger revisions if required.

141. To increase capacity in the Road Network Double Decker road trailers have been purchased and will each carry 73 York Containers as opposed to the current 45, this help avoid the bulking out of services that leads to delay.
142. A decision on the future use of rail as a Network mode has been made early in the plan period. The opportunity to trial a new contract with GB Rail Freight was been taken in 2004/05 and a one year contract has been put in place – with the option to extend beyond a year if necessary. Rail does not offer opportunities for the scheduled conveyance of first class mail because the available time window is too narrow for many routes, however it does offer the opportunity to move second class mail by rail and offers a contingency alternative in times of emergency (bad weather, industrial action, road congestion or disaster).
143. Further investments are planned to support our Air Network. Actions will be deployed to address known problems or aspects of reliability in order to build a more robust infrastructure. These investments will include:
  - New Management structure at airports to improve control and contingency management
  - Additional handling staff at specific airports to ensure to time handling
  - Upgrades and alterations to specific air routes to optimise mail flows
  - Additional space and improved access at Newcastle airport to alleviate existing issues
  - Additional handling equipment at key airports to support to time handling
  - Provision of Bomb Boxes at key network sites to improve Health and Safety and to minimise disruption caused by suspicious packages.
144. Activity will be progressed towards achieving a bagless Network. The objective for 2005/06 is to further reduce the use of bags for both pre-sort and standard tariff mail. A greater use of trays will reduce handling times and help to underpin adherence to our “Move to Time” policy. Further traying will also have the benefit of improving mails hygiene and of reducing the number of accidents and injuries associated with the movement of mail bags, therefore helping to reduce sick absence levels.
145. Two areas of potential risk to the existing Network design are being scoped. Firstly an extension to the EU Work Time Directive impacts on our existing drivers hours and may require revisions to the Road Network to ensure compliance. Secondly, legislation to limit the speed of vehicles of 7.5tonnes and above to 90km/h (56mph) is being progressed by the EU. Our existing Network design assumes vehicle transfer speeds in excess of this limit and as such a move to a 90km/h (56mph) limit would require significant revision to our existing Road Network plan. Planning activity to incorporate the impact of possible legislation on the Network will be progressed and developments will be communicated in subsequent Quarterly updates.

## **Delivery**

146. Change activity in Delivery will be limited in 2005/06. The key will be to consolidate performance and drive further improvement through relentless errors reduction as outlined in the IQA section. Delivery will benefit from the generic improvement activities already noted, in particular Standard Operating Procedures, Self Audit, Training, and Resourcing and Attendance activities.
147. The Delivery Office Best Practice Initiative focuses on optimising the current design. Activity will concentrate on moving all Delivery Offices to best practice standards for day-to-day operations and this will be supported by the IQA framework and through Best Practice share between Offices. Optimisation activity will include measures to improve the accuracy of the operation, with focus on Mis-delivery of mail, Door-stepping of mails items, and on adherence to standards for signed for products. We will also continue to refresh the Delivery equipment as part of our general uplift programme. The initiative will be prioritised in poorer performing units.

### **Product Specific Improvement Activity – Special Delivery**

148. Special Delivery performance has become a cause for concern in recent months with cumulative performance 1% adrift of Licence target. There is evidence that the product has become a victim of its own success over the past few years with a 6 fold increase in volume since 1993, 13m to 65m items per year. An initiative to fundamentally review the product and the secure pipeline has been commissioned and will continue throughout Quarter 1 of the plan period. The review will consider mail centre and network capacity issues, equipment needs, the product specification itself and employee training needs. Whilst the review takes place the product will be subject to generic performance management, with high impacting units being subject to Audit and bespoke support. Special Delivery Standard Operating Procedures will be deployed and will be supported by an E Learning package for managers, as well as a specific Special Delivery module in the My Development training course. In addition to the day-to-day focus investment in the Network will benefit Special Delivery performance.

### **Standard Parcels**

149. Standard Parcels performance will continue to be monitored during Quarter 1 of 2005/06. The product performed just above target level at 90.2% in periods 5 – 12 but was below target for several periods. The Standard Parcels product shares the 2<sup>nd</sup> Class pipeline which continues to perform exceptionally well so it is important to understand where Quality loss is occurring in comparison with Standard Letter traffic. Quarter 1 focus on performance will continue to be provided by performance management with particular focus on high impacting areas.

### **Product Specific Improvement Activity – PPI**

150. As detailed earlier in the document Royal Mail is continuing with an extensive QTL exercise to establish the root causes of the performance gap. Royal Mail will employ all endeavours to meet the scheduled service standards for both PPI products in 2005/06 but remains cautious until the full findings of the review are known.

### **Product Specific Improvement - Response Services**

151. The issues impacting on Response Services performance were also detailed earlier. Despite the specification issues Royal Mail will continue to maximise performance of the Licenced Product whilst incentivising customer migration to the new product.

## **Generic approach - Performance Management**

152. Quality of Service performance continues to be closely monitored at all levels of the organisation through Performance Management. The Performance Management approach requires that, as a minimum, every manager holds a monthly performance review with his/her line manager. The purpose of the formal meeting is to review performance against scorecard measures, to understand the root causes of any shortfalls against target, and to develop/deploy any necessary remedial actions. In addition, daily conference calls have been introduced at Area level and to the Network to ensure problems occurring the previous day are discussed openly and addressed in a timely manner. Royal Mail actively encourages the open and honest reporting of operational failures as it is only through this honesty that problems are identified and corrective actions are taken.
153. On a weekly basis the Chief Executive continues to meet with his Operations Executive to review key customer performance for the previous week – specifically looking at Mail Centre, Network and Delivery clearance performance and USO collection and delivery performance. This meeting ensures a consistent and timely focus on key quality of service drivers at the most senior levels of the organisation. Actions and key leadership messages arising from this meeting are cascaded through the operational line via the Territorial Directors.
154. A monthly National Quality Forum has been introduced and will continue to meet throughout the plan period. The forum is largely made up of members of the Operations Executive with regular contributions from the Sales and Marketing Directors. The purpose of this group is to take a long term view of the management of Quality of Service issues. This forum routinely reviews customer performance for the previous month, highlighting geographic or pipeline ‘hotspots’ and deciding on corrective actions. The performance review element of this forum provides Territorial Directors with a pack from which they can target their performance management on the particular units or stages in the pipeline that are contributing most to quality of service delay. At this meeting the Standards of Service Compliance Officer reports back on any concerns or issues raised by Postcomm and Postwatch. The forum also monitors progress of the key initiatives contained within the National Quality of Service Plan and plays a pivotal role in development of direction, strategy and goals for future service performance. It also critically assesses the customer service risks associated with deployment of any change initiative.
155. Performance Management will continue to be refined as the Integrated Quality Approach is deployed. The process will be greatly enhanced by improved diagnostic capabilities and through improved Quality Reporting systems (Quality Dashboard). By March 2006 the Performance Management approach will have been completely standardised with Performance Review being undertaken on a daily basis in all of our operational units.

### **Independent Audit**

156. The independent audit approach will continue throughout 2005/06 and will complement performance management at local level. The audit process will provide professional, independent and value-added resource focused on high impacting units. Emphasis will continue to be placed on supporting the deployment of remedial actions to supplement the usual audit activity of ‘unearthing’ the problem.

### **Quality Excellence Taskforce**

157. The Quality Excellence Task Force approach is now a formalised part of the management process and is a key enabler to driving up geographic performance. The approach is a key enabler in boosting performance in Postcode Areas that are failing Minimum Floor target or are having a particularly large negative impact on national performance for a particular product. The independent operational audit and Quality Excellence resource has been ring-fenced for the plan period. A presentation is being arranged for Postcomm and Postwatch to explain the revised independent audit and Quality Excellence task force approach in detail.

## **Local Initiatives**

158. Local initiatives and improvement plans will continue to supplement national improvement activities. Developed through a rigorous performance management approach, locally developed initiatives will be critical in addressing local (and sometimes unique) problems and in delivering sustainable improvement. In practical terms this will be driven by local impact analysis, local root cause analysis and local ownership of remedial actions. Royal Mail expects a renewed focus to be placed on improved workload forecasting, more robust manpower planning and an efficient and effective approach to meeting resourcing demands. Postcomm will be familiar with many of the local actions being pursued through the Postcode Area plans submitted recently.

## Risks

159. The Undertakings document invites Royal Mail to detail any issues that may impact on achievement of Licence Service Standards for 2005/06, posing specific questions around remaining Renewal Plan activity.
160. Remaining Renewal plan activity is limited to Single Daily Delivery revisions and only 6 Delivery Offices are now outstanding in the revision programme (these outstanding revisions are largely dependent on building upgrades before deployment can be completed). Postcomm have similarly been advised of the cautious approach being taken in the offices where ER and IR issues are sensitive. Royal Mail will continue on this tack and the remaining revisions will be deployed in such a way to minimise customer disruption. Extensive consultation with employees and their representatives, and the use of contingency resource following deployment is expected to ensure impact on customer service is minimal.
161. There are no changes of the magnitude of the Renewal plan scheduled for 2005/06 and as such it is anticipated that pipeline stability will be maintained from a change management perspective. The importance of a stable operation has been emphasised many times in this document and ongoing stability is a central assumption in relation to our performance forecasts. Disruption to the operation, be it internal to, or external to Royal Mail will greatly jeopardise the forecasts contained herein.
162. Good Industrial Relations are central to securing the stability needed to achieve targets. A key initiative moving forward is the refresh of the Industrial Relations framework and closer working with the Trades Unions. We do not anticipate Industrial Relations problems on any particular issue however the risk will continue to be managed on a tactical level whilst development of the IR and Engagement strategies progress.
163. On a general level the plan has significant risks due to the unprecedented nature of the performance required. Royal Mail has never consistently achieved the performance levels required to deliver 93.0% 1<sup>st</sup> Class Quality of Service on a cumulative basis. Although we believe that an excellent foundation has been laid ahead of the plan period the flightpath table contained at Annex A illustrates the challenge pointedly.
164. In terms of general management, Royal Mail has a well defined and structured approach to Risk Management. At Corporate level a Risk Scorecard is maintained to support the Business Plan with risks clearly identified and owned by the appropriate Letters Board member. In addition an Operational Risk Register is maintained and again risks are owned and managed by appropriate Operations Executive members. The Operations Executive also regularly monitor key operational risks. Noted risks range from basic management and employee capabilities through to impending legislation and each are planned for accordingly. Many of the activities contained within this document are responses to risks noted within the respective registers. In addition to the Risk registers we maintain full Business Continuity Plans for each Operational Unit and a complex Contingency plan in support of the day to day network operation. These are shared with Postcomm every two years and are in the process of being updated and refreshed ahead of the 2006 submission. Finally we have deployed an Impact Board to robustly test any customer risk associated with planned change activity. The Board reports to the National Quality Forum whom ensure all risks are identified and managed prior to deployment.
165. Two specific external risks have already been noted in the Network section of the plan, firstly pending EU legislation on limiting the speed of vehicles of 7.5 tonnes and above, and secondly the impact of EU Work time directives on our drivers. Both will be monitored and managed as the year progresses and Postcomm will be updated on potential impacts via the Quarterly Update mechanism.
166. Risks pertaining to each planned activity are examined at Annex C and will be managed accordingly. Again, Postcomm will be updated on progress and issues via the Quarterly updates.

167. As already stated, at the time of submission Royal Mail is undertaking final detailed planning and reviews of investments opportunities and as such our investment programme may be subject to change. Lack of funding for a particular initiative will impact on the risk to performance that the activity is planned to address.
168. Risk around PPI and Response Services performance have already been examined

## Summary

169. The Royal Mail Vision is "to be demonstrably the best and most trusted mail company in the world". Our mission statement cites the fundamental objective of "collecting and delivering on time every time at low cost". Quality of Service is therefore our number one strategic priority.
170. Royal Mail firmly believes that it has established an excellent performance foundation ahead of the plan period. The adherence to operational standards has driven performance following completion of renewal plan activity with Quarter 3 delivering best in a decade performance for six products and Quarter 4 delivering best ever performance for several. Supported by incremental improvements in Collections, Processing, Network and Delivery the Plan for 2005/06 centres on the deployment of the Integrated Quality Approach. The planned activity represents a natural progression from the "Delivering our Promises" approach deployed in 2005/06.
171. The deployment of Standard Operating Procedures will build on the deployment of the National Workplan and Mandatory standards and will complete the "specification of the pipeline" phase of the Quality strategy. By specifying how each element of the pipeline should operate we move closer to ensuring the Business is managed in a way that is consistent; day-after-day, year in, year out.
172. Having defined the "what", the next phase will be to provide the necessary tools and techniques necessary to support managers and frontline staff in defining the "how" for their unit. The deployment of the Quality Dashboard and RFID means that the benefits of improved diagnostics will be readily available in each unit on each working day. Unit managers will employ Manpower Planning tools to ensure the operation is adequately resourced and will performance manage the operation against national work plans and mandatory standards. Staff and managers will be supported by Standard Operating Procedures and Individual Performance standards.
173. Supported by the People Plan, we aim to have a well trained, highly motivated and engaged workforce supported by excellent leaders. With the progress made in the final three quarters of 2004/05 we are confident that we can achieve Licence Service standards in 2005/06.

# Annex A

## Quarterly Performance Flightpaths

## Annex A: Product Flightpath

### Explanatory notes:

- The table below provides a summary of the Quarterly flightpaths – 3 month average – for all Licence Service Standard targets.

### Key Points to Note:

- All flightpaths take Quarterly seasonality into account. This seasonality, which reflects the impact of varying traffic volumes and weather conditions on service performance, has been calculated based on historical data from 1996/7 to 2004/05.
- You can not take a straight average of the 4 Quarterly results to calculate the full year impact as the number of weeks varies by Quarter, e.g. for Christmas.
- Quarterly Flightpaths are indicative of how Royal Mail expects to perform throughout the year. They are not absolute targets and are not a requirement of the Licence and should not be interpreted as further targets which are to be judged against an absolute pass or fail criteria.
- Flightpath figures are presented in ranges. These ranges take account of confidence limits on quarterly data and the natural variation we can see in results measured over such a short period of time.
- The Flightpath for the Response Services Products represents anticipated performance levels and not levels required to meet Licence Performance targets for the product

<b>Standard</b>	<b>Full Year Cum Target</b>	<b>Q1 Flightpath (3 month average)</b>	<b>Q2 Flightpath (3 month average)</b>	<b>Q3 Flightpath (3 month average)</b>	<b>Q4 Flightpath (3 month average)</b>	<b>Full Year Forecast</b>
1 <sup>st</sup> Class Stamped & Meter	93.0%	Min: 92.0 Max: 93.0	Min: 93.0 Max: 94.0	Min: 92.5 Max: 93.5	Min: 92.0 Max: 93.0	93.0
2 <sup>nd</sup> Class Stamped & Meter	98.5%	Min: 98.0 Max: 98.5	Min: 98.5 Max: 99.0	Min: 98.0 Max: 98.5	Min: 98.5 Max: 99.0	98.5
1 <sup>st</sup> Class PPI	91.1%	Min: 90.0 Max: 92.0	Min: 91.5 Max: 93.5	Min: 89.5 Max: 91.5	Min: 89.5 Max: 91.5	91.1
2 <sup>nd</sup> Class PPI	97.4%	Min: 96.5 Max: 97.5	Min: 97.5 Max: 98.5	Min: 96.5 Max: 97.5	Min: 97.0 Max: 98.0	97.4
1 <sup>st</sup> Class Response Services	90.8%	Min: 77.5 Max: 80.0	Min: 80.5 Max: 83.0	Min: 78.0 Max: 80.5	Min: 78.5 Max: 81.0	80.0
2 <sup>nd</sup> Class Response Services	97.5%	Min: 91.0 Max: 93.0	Min: 92.0 Max: 94.0	Min: 90.5 Max: 92.5	Min: 92.0 Max: 94.0	92.5
Mailsort 1	91.5%	Min: 90.5 Max: 92.0	Min: 91.5 Max: 93.0	Min: 90.5 Max: 92.0	Min: 90.0 Max: 91.5	91.5
Mailsort 2	97.5%	Min: 96.5 Max: 97.5	Min: 98.0 Max: 99.0	Min: 96.5 Max: 97.5	Min: 97.0 Max: 98.0	97.5
Mailsort 3	97.5%	Min: 96.5 Max: 97.0	Min: 98.0 Max: 98.5	Min: 97.0 Max: 97.5	Min: 97.5 Max: 98.0	97.5
Presstream 1	91.0%	Min: 89.5 Max: 91.0	Min: 92.0 Max: 93.5	Min: 90.0 Max: 91.5	Min: 89.5 Max: 91.0	91.0
Presstream 2	97.5%	Min: 96.5 Max: 98.0	Min: 97.5 Max: 99.0	Min: 96.5 Max: 98.0	Min: 96.5 Max: 98.0	97.5
Special Delivery	99.0%	99.0	99.0	99.0	99.0	99.0
Standard Parcels	90.0%	Min: 89.5 Max: 90.5	Min: 90.0 Max: 91.0	Min: 89.5 Max: 90.5	Min: 89.5 Max: 90.5	90.0
Number of PCA's Averaging 91.5% or above for 1 <sup>st</sup> Class Posted Stamped and Meter	91.5%	Min: 80 Max: 90	Min: 95 Max: 105	Min: 105 Max: 115	118	118
Number of PCA's Averaging 92.5% or above for 1 <sup>st</sup> Class Intra Stamped and Meter	92.5%	Min: 95 Max: 105	Min: 105 Max: 115	Min: 110 Max: 120	121	121

# Annex B

## Summary of Activities

No.	Area of Focus	Activity Planned	Timescale
<b>All Operational Units</b>			
1	National Workplan	Deployment of revised National Workplan to provide a clear definition of product arrival and despatch times at each point of the pipeline and ensure alignment between Mail Centres, Distribution Centres and Delivery units.	Q1
2.1	Standard Operating Procedures	Deployment of Standard Operating Procedures for each Collections and Delivery task to help drive clarity and consistency into the operation at task level	Q1 – Q2
2.2	Standard Operating Procedures	Deployment of Standard Operating Procedures for each Mail Centre and Network task to help drive clarity consistency into the operation at task level	Q2
3	Individual Performance Standards	Deployment of, and management by a clear set of Individual Performance standards. Aim is to ensure all staff work to minimum standard levels and that those failing to achieve the levels are supported.	Q1
4	Self Audit – Collections/Delivery	Roll out of standardised Self Audit to all Operational Units for deployment on a daily basis. Aim is to ensure managers and staff critically evaluate performance in their Unit/ Work Area on a daily basis	Q4 2004/05
5	Manpower Planning	Ongoing support of the centrally provided Manpower Planning tool – effectiveness to be assessed through Performance Management	Q1
6	IQA Systems	Roll out of “Quality Dashboard” system to all operational units	Q1 - Q2
7	RFID	Deployment of RFID as a key diagnostics tool	Q1 – Q4
8	IQA Deployment	Supported deployment at Unit level bringing together the component elements of the programme and of the supporting People Plan to deliver a new way of working (see below)	Q1 – Q2
8.1	Training of Area Change Agents	Selection and training of Area based managers to support IQA deployment	Q1
8.2	Frontline Induction Training	See 10	
8.3	Work Place coaches	See 11	
8.4	Managerial Capability	See 8.1 and 13	
8.5	Behavioural Workshops	See 14	
8.6	Communications and Promotion	Rolling communications campaign targeting front-line staff to promote the need and rationale for compliance to operational standards and the front-line role in improving local ways of working	Q1 – Q4
8.7	IQA end state and review	Achievement of end state way of working and continuous review and refinement of the IQA	Q3 – Q4

		approach	
9	Work Time Learning and Listening	Ongoing use of Work Time Learning sessions to communicate key business messages to frontline staff and engage staff in problem solving	Q1 – Q4
10	Front-line induction training	Refresh and updating of Induction training for new starters and casuals	Q1
11	Work Place Coaches	Roll out of Work place coaches to support new starters	Q1 – Q4
12	Modern Apprenticeships	Progressive introduction of a Modern Apprenticeship scheme leading to formal NVQ qualification	Q1 – Q4
13	My Development	Continued roll out of operational managers training	Q1 – Q4
14	Behavioural Workshops	Training exercise for Area Management Teams on culture change	Q1
15	Resourcing	Ongoing approach to ensure adequate recruitment, vetting of new employees and the progressive reduction of the proportion of temporary to permanent staff	Q1 – Q4
16	Attendance Management	Ongoing programme of activity to improve attendance and thereby minimise disruption caused by high levels of absenteeism	Q1 – Q4
17	IR Framework	Deployment of revised IR Framework aimed at improving Industrial Relations by pushing accountability and decision making down to local level	Q3
18	Royal Mail Way	Roll out of integrated management and control approach initially to 6 Mail Centres	Q1 – Q4
	<b>Collections</b>		
19	Online Collections Performance	Full exploitation of ABC capabilities to support Collections Performance Management and utilisation of the Collections Routing tool to support remedial action planning	Q1 – Q4
	<b>Processing</b>		
20	Workload Scheduling tool	Roll out to 25 Mail Centres of Workload scheduling tool designed to ensure the right level of resource is available at each stage of the Mail Centre operation and therefore drive consistent clearances	Q1 – Q4
21	Auto-utilisation	Activity to drive the % of mail automated in each Mail Centre to ensure full utilization of available capacity	Q1 – Q4
	<b>Network</b>		
22	Network Performance Management	Continuation of daily conference calls to review Network performance and to agree remedial actions and additional contingencies where required	Q1 – Q4
23	Distribution Management System	Deployment of a vehicle Telemetry capture capability and an associated central management platform to provide effective real time management of network vehicles	Q2
24	Distribution Planning Software	Purchase and utilisation of next generation Distribution Planning Software to support short term tactical and longer term strategic Network Review activities	Q2
25	Double Decker Trailers	Procurement of Double Decker Road trailers to increase Network capacity and reduce bulk outs on key Network routes	
26	Ongoing Conveyance of Mail	Review and consequential planning of opportunities to employ limited rail capacity within the	Q1

	by Rail	Network. Assessment of rail as a 2C channel and as a contingency fall back	
27	Air Network Investment Programme	Rolling investment programme to improve efficiency and robustness of air network operation – aim is to increase capacity and continually improve reliability of the Air Operation	Q1 – Q4
28	Bagless Network – Mail Centre Flows	Trial activity to assess Quality and efficiency benefits of using sleeved Yorks for packet flows and tray only conveyance of standard letters and flats	Q3 – Q4
29	Bagless Network – Mailsort traying	Beginning of a 5 year programme to move Mailsort Customers from use of bags to trays – aim to drive efficiency and Quality	Q1 – Q4
30	Work Time Directive	Re-active scoping to impact of current proposals to further limit driver time under the European Union Work Time Directive and to remove current exemptions enjoyed by Royal Mail	Q3 – Q4
31	7.5 tonne speed limiting	Scoping activity to assess Network impact of planned EU legislation to limit speed of 7.5 tonne vehicles	Q2 – Q4
	<b>Delivery</b>		
32	Best Practice	Provision of planning tools to enable optimization of current delivery structure and resource base	Q2
	<b>Products</b>		
33	Special Delivery	Fundamental review of Special Delivery product assessing product specification, pipeline capacity, operational processes and Security (flowthrough from Q4 2004/05)	Q1
34	Standard Parcels	Review of Quality loss at High Impact Units and associated Performance Management intervention	Q1
35	PPI QTL and next steps	Extension of QTL study to provide ongoing diagnostic information Continue to provide local areas with root cause information to drive local improvements Highlight repeat failures from the QTL study for Territory Directors to raise in Performance Management meetings Reinforce message that checks should be carried out to identify 1 <sup>st</sup> Class items mixed with 2 <sup>nd</sup> Class mail Launch exercise to cleanse ‘Saturday shut’ records	Q1/Q2 Q1/Q2 Q1/Q2  Q1  Q1
36	RS new product	Continued incentivisation of customer migration to new RS Product	Q1
	<b>Generic Management tools</b>		
37	Performance Management	Ongoing application and refinement of the Performance Management Approach	Q1 – Q4
38	Independent Audit	Rolling deployment of the Independent Audit team into poorer performing units	Q1 – Q4
39	Quality Excellence Team	Ongoing deployment of the Quality Excellence Team into our poorest performing Units	Q1 – Q4

# Annex C

## Activity Review

The following initiatives all have their own project plan and supporting documentation. The following is a précis of those plans, more detailed information on any particular initiative can be provided if required.

Activity: 01 National Work Plan Deployment	Area of Focus: All Operational Units	Accountability: Area Managers	Implementation: April 05	Completion: April 05
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deployment of revised National Work plan.</p> <p>The new workplan provides that products are processed on a single shift, giving clearer accountability for the clearance and quality of clearance of that product. It requires that Intra mail is always marked with pink labels to ensure it can be identified and processed at the appropriate time and ensures that Mailsort 3 postings maintain their integrity throughout the pipeline and maintains separation of all Mailsort products.</p>	<p>A standard way of working across the entire Royal Mail network is imperative if sustained quality improvements are to be achieved. The new National Workplan provides everyone in the network with a clear definition of product arrival times and despatch times at each point of the pipeline, ensuring that timings between Mail Centres, Distribution Centres and Delivery units are completely aligned.</p>	<p>Communication and roll out of plan: April 2005</p> <p>Performance Management of Standards: May 2005</p> <p>Audit of Standards: May 2005</p> <p>Self Audit of Standards in Mail Centres: June 2005</p>	<p>Resistance from Union</p> <p>In effective communication of work Plan change</p> <p>Non-adherence to Work Plan standards</p>	<p>Ongoing consultation with national Union</p> <p>Multi-channel communications AGM lead</p> <p>Performance Management Audit of Standards</p>

Activity: 02.1 <b>Standard Operating Procedures</b>	Area of Focus: <b>Collections Delivery</b>	Accountability: <b>Unit Managers Frontline staff</b>	Implementation: <b>April 05</b>	Completion: <b>September 05</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deployment of Standard Operating Procedures (SOP's) to support each task within the Operations Pipeline. SOP's will provide clarity on how each task should be performed and promote consistency and accuracy.</p>	<p>Standard Operating Procedures (SOP's) provide consistency of operation and a common measurement framework across the entire pipeline. SOP's support compliance to national workplan through a programme of self and independent audit.</p>	<p>Customer Facing SOPs developed and trialled: March 2005</p> <p>SOPs rolled out: April 05</p> <p>Review performance against SOPs: May 05</p> <p>Identify areas of non-compliance and implement corrective action: End June 05</p> <p>Remaining Delivery and Collections SOPs developed: July 05</p> <p>Secondary SOPs assured: August 05</p> <p>Secondary SOPs deployed: Sept 05</p>	<p>SOPs ambiguous/ not fit for purpose</p> <p>SOPs poorly communicated/ deployed</p> <p>Management capability to implement corrective action</p>	<p>Extensive user assurance of SOPs and trial activity</p> <p>Multi-channel communications AGM lead deployment</p> <p>Corrective action supported by Compliance and Audit professionals</p>

Activity: 02.2 <b>Standard Operating Procedures</b>	Area of Focus: <b>Processing</b>	Accountability: <b>Work Area Managers Frontline staff</b>	Implementation: <b>July 05</b>	Completion: <b>September 05</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deployment of Standard Operating Procedures (SOP's) to support each task within the Operations Pipeline. SOP's will provide clarity on how each task should be performed and promote consistency and accuracy.</p>	<p>Standard Operating Procedures (SOP's) provide consistency of operation and a common measurement framework across the entire pipeline. SOP's support compliance to national workplan through a programme of self and independent audit.</p>	<p>SOPs developed: April - May 2005</p> <p>SOPs rolled out: July 05</p> <p>Review performance against SOPs: August 05</p> <p>Identify areas of non-compliance and implement corrective action: End September 05</p>	<p>SOPs ambiguous/ not fit for purpose</p> <p>SOPs poorly communicated/ deployed</p> <p>Management capability to implement corrective action</p>	<p>Extensive user assurance of SOPs</p> <p>Multi-channel communications AGM lead</p> <p>Corrective action supported by Compliance and Audit professionals</p>

Activity: 03 <b>Individual Performance Standards</b>	Area of Focus: <b>Collections Delivery Processing</b>	Accountability: <b>Unit Managers Work Area Managers</b>	Implementation: <b>December 2004</b>	Completion: <b>April 2005</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
Deployment of and adherence to Individual Performance Standards (IPS).	Provision of a clear set of Individual Performance standards to support managers and staff in assessing efficiency and effectiveness of operational frontline resource. The aim is to ensure all staff work to minimum standard levels and that those failing to achieve the levels are supported.	IPS Deployed: December 2004  Review of Performance against IPS: Ongoing	Poor acceptance of IPS by frontline staff  Managers not assessing performance against IPS  Inadequate support to help frontline staff attain IPS	Extensive consultation with Union  Communication of IPS  Supporting work place communications deployed  Line management support for Unit Managers  Improved Induction training  Deployment of Work Place Coaches  Deployment of Standard Operating Procedures

Activity: 04 <b>Self Audit</b>	Area of Focus: <b>All Operational Units</b>	Accountability: <b>Delivery Office Managers Mail Centre Managers</b>	Implementation: <b>Q4 2004/05</b>	Completion: <b>Ongoing</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
Deployment of standardised Self Audit approach into each area of the Operation.	<p>Self Audit approach designed to instil a daily discipline of analysis and review of performance across all operational work areas. Daily review provides foundation for the IQA way of working end state and requires review of performance against Operational Standards and Standard Operating Procedures.</p> <p>Daily adherence to Operational Standards will underpin QofS improvement.</p>	<p>Deployment of Self Audit Packs: Q4 2004/05</p> <p>Deployment of Intranet data repository: May 05</p> <p>All work Area Managers and Delivery Office Managers are using the Self-audit process to ensure on-going compliance to SOP's: May 05</p>	<p>Self Audit packs not fit for purpose</p> <p>Self Audit approach poorly communicated/ deployed</p> <p>Management capability to implement corrective actions</p>	<p>Extensive consultation with Operational Managers and frontline staff. Self Audit approach fully assured by end users</p> <p>Intensive communication of Self Audit</p> <p>Supporting work place communications deployed</p> <p>Deployment fully supported by Compliance and Audit resource</p> <p>Mature deployment of Performance Management approach</p> <p>Ongoing deployment of "My Development" training course for Operational Managers</p> <p>On the ground support for Operational Managers from Compliance and Audit resource</p>

Activity: 05 <b>Manpower Planning</b>	Area of Focus: <b>Delivery Processing Collections</b>	Accountability: <b>Operational Line Managers</b>	Implementation: <b>January 05</b>	Completion: <b>Ongoing</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Full utilisation of updated Manpower Planning tool and support materials in support of Mail Centre mandatory standards and Delivery Office good practice.</p> <p>Activity supported by deployment of additional Resourcing initiatives and Absence Management Initiatives.</p>	<p>Inability to adequately resource the operation on a daily basis is a key root cause of Quality loss and USO failure. Basic Manpower Planning skills are essential if this fundamental issue is to be addressed. The supporting software product has been deployed and utilisation and effectiveness will be subject to formal review via Performance Management and Audit.</p>	<p>Roll out of Manpower Planning tool completed in 3 phases:                      January 2005: 12 Areas                      February 2005: 11 Areas                      Feb/March 2005: 8 Areas</p>	<p>Poor utilisation of Manpower Planning software</p> <p>Manpower Planning Tool fails to address issue</p>	<p>Fully supported deployment – Territorial Directors and Area General Managers leading</p> <p>Central to Performance Management review</p> <p>Central to Self Audit review</p> <p>Central to Independent Audit review</p>

Activity: 06 <b>IQA Systems – Quality Dashboard</b>	Area of Focus: <b>All Operational Units</b>	Accountability: <b>Delivery Office Managers Mail Centre Managers Work Area Managers</b>	Implementation: <b>Commences April 05</b>	Completion: <b>September 05</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Commence roll-out of web based Quality Control reporting system (Quality Dashboard)</p> <p>The system will provide on day downloads of key operational data to support review at Work Area, Unit, PCA and Area level.</p> <p>This information will support the planned morning review sessions between managers and staff as the IQA programme matures.</p>	<p>Effective performance review and root cause analysis on a daily basis requires key operational indicators in an accessible and easy to understand format.</p> <p>The Quality Dashboard systems will provide breakdowns of operational information to allow on day and following day review at all key organisation levels.</p> <p>Phase roll-out will enable the sharing of best practice and efficient use of the specialist resource.</p>	<p>User testing undertaken in 3 Areas: January – March 2005</p> <p>Quality Dashboard System deployed to 15 Areas: End June 2005</p> <p>Deployment to remaining 16 Areas: End September 2005</p> <p>E-learning modules developed to support knowledge transfer of the Dashboard System: September 2005</p>	<p>Ambitious rollout programme based on available technical resource</p> <p>Poor utilisation of the system post deployment</p> <p>Poor information in, poor information out</p>	<p>Technical resource supplemented with members of the National Quality Team</p> <p>Deployment fully supported by central technical resource and subsequently supported by Area based Change Managers</p> <p>Pre-deployment communication and support on accuracy of operational reporting</p> <p>Performance Management to focus initially on ensuring measures are taken consistently and accurately</p>

Activity: 07 <b>RFID</b>	Area of Focus: <b>Processing Network Selected Delivery Units</b>	Accountability: <b>Quality Director Quality Analysts Area Managers Mail Centre Managers</b>	Implementation: <b>July 2005</b>	Completion: <b>June 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Phased deployment of RFID technology to vastly improve our Quality loss diagnostic capabilities and to subsequently sharpen focus on the appropriate elements of the mails pipeline.</p> <p>Research International will place RFID tags in the sample items posted by panellists. As these tags enter and leave our buildings they will be recognised and the event will be recorded. It will then be possible to get a greater understanding of where delays have occurred for the samples, which have not been delivered on the correct day.</p>	<p>Despite the use of Quality Test Letters (QTL's) to supplement our understanding of where Quality loss occurs, we have had no robust method to accurately identify the source of failure; as such it has been difficult to accurately target specific areas of the pipeline.</p> <p>RFID will provide a step change in diagnostic capabilities at local and national level and allow for very detailed root cause analysis and remedial action planning to be undertaken.</p> <p>RFID linked to E2E results will be a key driver of self-audit activity as it directs attention on exactly where E2E quality is being lost.</p>	<p>Procurement order placed: April 2005</p> <p>Pilot sites installed: July 05</p> <p>Phased deployment commences: September 05</p> <p>Coverage of all Mail Centres /RDC's / Network Hubs: March 06</p> <p>Deployment of additional tags to Areas to support local diagnostic activities: March 06</p>	<p>Technical difficulties with the RFID system</p> <p>Need to develop a technical solution to ensure RFID tags do not get rejected from machines (engineers working on solution)</p> <p>Supplier lead times – need to prove we can make it work before we fully commit to final purchase</p>	<p>System is widely tried and tested in a postal environment and an off the shelf solution is being procured</p> <p>Undertaking Phase 1 pilot on a smaller scale to learn about all the risks and pitfalls – this will determine full roll out plan, i.e. deployment schedule, resource required, supplier involvement, etc</p>

Activity: 08.1 <b>IQA Deployment – Change Managers</b>	Area of Focus: <b>All Operational Units</b>	Accountability: <b>Central Project Team</b>	Implementation: <b>April 2005</b>	Completion: <b>September 2005</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Selection and Training of Area Change Managers to support deployment of IQA modules within the Operational Area.</p> <p>Skills packages for DSM's, MCM's and other Area Change Agents to reinforce the need for compliance.</p> <p>Improved coaching skills and ensure Managers maximise the data available from the Quality Reporting system to inform decision making (Dashboards).</p>	<p>To support the technical and cultural changes central to the Integrated Quality Approach dedicated and skilled managers will be required within the Operational Area.</p> <p>Although undertaking the role as part of their day job the managers will need to be skilled and be able to support systems deployment, coach local managers and provide guidance on revised ways of working at unit level. The key is to improve the Areas capability to deploy behavioral change.</p>	<p>Resource deployed in 15 Areas: End June 2005</p> <p>Resource deployed to remaining 16 Areas: End September 2005</p> <p>Resource deployment in line with IQA systems deployment</p>	<p>Capacity of Learning Services to provide sufficient skilled tutor resource</p>	<p>Use external resource to deliver non-technical aspects</p>

Activity: 08.2 – 08.5 <b>Training and Capability</b>	Area of Focus: <b>All Operational Units</b>	Accountability: <b>Learning Services People and Organisational Development</b>	Implementation: <b>April 2005</b>	Completion: <b>March 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deployment of an integrated programme of training, communications and on the ground support for Operational Managers and front-line staff.</p> <p>The People Plan provides the actions required to lever the changes required to achieve IQA end state, including;</p> <ul style="list-style-type: none"> <li>➤ Induction Training and Support</li> <li>➤ Workplace Coaches</li> <li>➤ Managerial development and training</li> <li>➤ Behavioral Workshops</li> </ul>	<p>IQA requires our managers and staff to think differently and work differently. IQA requires engaged and motivated staff and managers who are capable of working together to drive performance at unit level.</p>	<p>See People Programme initiatives</p>	<p>See People Programme initiatives</p>	<p>See People Programme initiatives</p>

Activity: 08.6 <b>IQA Deployment - Communications</b>	Area of Focus: <b>All Operational Units</b>	Accountability: <b>Central Project Team</b>	Implementation: <b>April 2005</b>	Completion: <b>March 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deployment of a communications plan on a rolling basis to support each component part of the IQA approach and to embed the integrated end state IQA vision.</p> <p>The Communications plan will utilise all existing internal media including Work Time Learning and bespoke communication materials. The plan draws on senior management, Unit Managers and Change Manager resource to deliver communications to managers and frontline staff on a face-to-face basis.</p>	<p>Culture change as required by IQA is very much a hearts and minds exercise. It is essential for operational managers and frontline staff to understand the role, purpose and importance of component parts of the IQA and the benefit of the Integrated end state approach. Intensive communications, on the ground support and training will be employed to get the key messages across.</p>	<p>Workplan change: April 05</p> <p>Adherence to Standards frontline campaign: April 05 – March 06</p> <p>SOPs deployment in Delivery and Collections: April – June 05</p> <p>SOPs deployment in Mail Centres and Collections: June – December 05</p> <p>Self Audit Deployment: March 05</p> <p>Materials for DOM's and WAM's to support pre-shift discussions: July 05</p> <p>Materials for DOM's and WAM's to promote and reinforce of standards: October 05</p>	<p>Communications messages not fit for purpose</p> <p>Communications Media ineffective</p>	<p>All Comms tested with intended end users</p> <p>All messages supported by face to face briefings</p> <p>Key messages cascaded from Area Management Team down to Unit level</p> <p>Unit Communications supported by Change Managers</p> <p>Key IQA messages embedded into frontline and managerial training</p> <p>Work Plan, SOPs and Self Audit messages supported by National Quality Team</p>

Activity: 08.7 <b>IQA End State</b>	Area of Focus: <b>All Operational Units</b>	Accountability: <b>Operational Unit Managers</b>	Implementation: <b>July 05 – March 06</b>	Completion: <b>March 06</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deployment of end state ways of working in our operational units.</p> <p>Managers and staff will draw upon all available tools and techniques, supporting resource and training and communications to ensure a consistent and coherent way of working is established in each operational unit.</p> <p>The Critical Success Factor will be that Operational managers and staff regularly review the performance of the work area and work together to initiate and implement improvement activities.</p>	<p>Building on the deployment of the IQA building blocks</p> <p>It is essential that employees understand the importance of Operational standards, Standard Operating procedures and Individual Performance Standards in driving consistent and high Quality performance. Managers and staff need to understand the position and importance of their Unit/Work Area in the pipeline and how they influence wider performance.</p> <p>The key is to ensure that managers and staff utilize the management information and additional diagnostics and are fully involved in driving improvement in their work area.</p>	<p>Work Area Managers and Delivery Office Managers initiate daily 5 minute discussion with frontline staff on performance: October 05</p> <p>Managers employ daily reports to enhance performance team briefs. Local quality improvement action plans developed: December 05</p> <p>Staff fully engaged in quality performance: October 05 – March 06</p> <p>Best practice networks established within Areas: December 05</p> <p>Professional networks created to provide upward feed on national improvement opportunities: December 05</p> <p>Improvements to Quality Control Reporting system December 05</p>	<p>End state way of working not adhered to</p>	<p>Deploy Self Audit and Independent Audit to ensure compliance</p> <p>Monthly performance review to focus on IQA end state achievement</p> <p>Change Managers continue to champion IQA at Unit Level</p>

Activity: 09 <b>People Plan – Work Time Learning</b>	Area of Focus: <b>All Operational Units</b>	Accountability: <b>Operational Line Manager</b>	Implementation: <b>Ongoing</b>	Completion: <b>Ongoing</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Continued deployment of weekly Work Time Learning sessions in all Operational Units.</p> <p>Ongoing development and deployment of issue specific Learning packs to highlight and explore key business issues.</p> <p>Deployment of IQA will be supported by Work Time Learning sessions.</p>	<p>Work Time learning sessions provide the key platform for formal communication and discussion between operational managers and staff. WTL seeks to drive the involvement of staff in issues resolution and improvement planning and is a fore runner of the planned IQA end state.</p>	<p>Ongoing - monthly</p>	<p>Work Time Learning not effectively deployed in all units</p>	<p>Formal measurement and review of WTL deployment in all Units.</p> <p>WTL effectiveness is a key business indicator and is measured as part of the Performance review process</p>

Activity: 10 <b>People Programme – Frontline Induction Training</b>	Area of Focus: <b>Operational frontline staff</b>	Accountability: <b>Learning Services</b>	Implementation: <b>April 2005</b>	Completion: <b>March 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Trial and deployment of revised Induction Training Programme and ongoing work place support.</p> <p>Induction training materials will be revised to reference basic Operational standards, Standard Operating Procedures and Individual Performance Standards.</p> <p>The revised training will be further supported by the deployment of over 2000 work Place Coaches.</p>	<p>RM is currently experiencing an unnecessarily high level of attrition amongst new entrants within first year of employment. Exit interviews and feedback indicate that the current Induction Process is not meeting the objectives of ensuring learning is efficiently transferred and used at the workplace.</p> <p>The new approach aims to welcome, induct and train new employees through:</p> <ul style="list-style-type: none"> <li>• A revised format for the first 'Welcome' day</li> <li>• Effective management and support of the new entrant through their first 13 weeks</li> </ul>	<p>Revised Induction Training Course deployed: April 05</p> <p>Training material updated to reflect development of Standard Operating Procedures: June 05 September 05 December 05</p>	<p>None identified</p>	<p>N/A</p>

Activity: 11 <b>People Programme – Work Place Coaches</b>	Area of Focus: <b>Operational frontline staff</b>	Accountability: <b>Learning Services</b>	Implementation: <b>April 2005</b>	Completion: <b>March 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deployment of Work Place Coach role to support new starters and casuals. The role will focus on how the job should be done.</p> <p>Work Place coaches will be trained on adherence to key Operational standards, Standard Operating Procedures and Individual Performance Standards and will assist new starters in complying with our basic way of working.</p> <p>The role of the coach is to promote the well defined “how to do” and also provide guidance on “why we do it”.</p>	<p>RM is currently experiencing an unnecessarily high level of attrition amongst new entrants within first year of employment. Exit interviews and feedback indicate that the initial on the job training are not meeting the objectives of ensuring learning is efficiently transferred and used at the workplace.</p> <p>Improved ‘on the job training’ will be provided by the deployment of Work Place Coaches. The role will be employed to help bed in the IQA building blocks.</p>	<p>Trial and review approach in 2 Areas: May 2005</p> <p>Select and train Work Place Coaches: May – December 2005</p> <p>1500 workplace coaches deployed: July – September 2005</p> <p>750 further Work Place Coaches deployed: October 2005 – March 2006</p>	<p>Low interest in becoming a workplace coach</p> <p>Poor deployment of role as intended</p> <p>Union resistance to the approach</p>	<p>Coaches will be incentivised through a paid allowance</p> <p>Coaches will be formally trained and assessed</p> <p>Trial is formally supported by CWU</p>

Activity: 12 <b>People Plan – Modern Apprenticeships</b>	Area of Focus: <b>New Starters</b>	Accountability: <b>Learning Services</b>	Implementation: <b>April 2005</b>	Completion: <b>Ongoing</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Progressive introduction of a Modern Apprenticeship scheme for young front-line people that leads to formal NVQ qualification.</p> <p>Workplace coaches and line managers will support apprentices.</p>	<p>Introduction of a young persons new entrant scheme to replace the previous Cadets scheme.</p> <p>The apprentice scheme is designed to attract and retain 16-24 year olds, increase performance and quality, have a better trained and professional workforce and increase diversity and workplace mix.</p> <p>Modern Apprenticeships last for two years. RM Letters currently employees approx. 13 500 16-24 yr olds, the intention is to have approx. 25% of this age group undertaking a Modern Apprenticeship by 2007.</p>	<p>Over 1000 apprenticeships will be trialled in a number of selected Areas: By March 2006</p> <p>Further 1300 apprenticeships deployed: March 2007</p>	<p>A new NVQ and apprenticeship framework will need to be designed and gain approval from various governing bodies. There is no technical certificate specific to Royal Mail, this may have impact upon getting the framework approved and getting external funding</p> <p>Workplace coaches in place on time to support Modern Apprenticeship scheme</p> <p>Line manager support and buy-in</p>	<p>Royal Mail working closely with the NVQ Governing body</p> <p>Work Place Coaches programme monitored and Apprenticeship deployment timescales integrated</p> <p>Supporting communications and support provided</p>

Activity: 13 <b>People Plan – “My Development” Managerial training</b>	Area of Focus: <b>Delivery Office Managers Mail Centre Work Area Managers</b>	Accountability: <b>Learning Services</b>	Implementation: <b>April 2004</b>	Completion: <b>March 2007</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Ongoing deployment of a 3-day modular learning programme aimed to improve the capabilities of our Delivery Office Managers (DOM's) and Mail Centre Work Area Managers (WAM's).</p> <p>The 3 day modular programmes covers a range of core operational issues, notably operational standards, work plan management, manpower planning, RCS conduct code etc.</p> <p>The course also provides a facilitated problem solving session where participants resolve issues pertinent to their offices. The whole focus of the programme is on identifying real actions that participants can implement back at their offices, which will in turn drive up performance.</p>	<p>To equip operational managers with the core skills and knowledge required to successfully perform their roles.</p>	<p>9 courses, involving over 600 managers already completed</p> <p>13 courses per Quarter planned for Q1, 2, 3 and 4 in 05/06</p> <p>Ongoing programme thereafter</p> <p>Course content updated to reflect development and deployment of IQA elements, notably Self Audit, Standard Operating Procedures: June 05 October 05 December 05</p> <p>Additional Modular leadership training packages to support front line management capability to engage with staff: September 2005</p>	<p>Low turn out on the event</p> <p>Programme fails to deliver the agreed learning objectives</p>	<p>Invites comes from the territorial director (the events are run on a West, East and North basis)</p> <p>Forward plan of scheduled dates to help with local planning</p> <p>Course feedback reviewed after every event to ensure the success of the programme.</p> <p>Core topics reviewed every 2 months with Operations Executive Committee to ensure we are delivering sessions that reflect the key business priorities</p>

Activity: 14 <b>People Plan - Behavioural Workshops</b>	Area of Focus: <b>Senior Ops Managers</b>	Accountability: <b>Area Managers</b>	Implementation: <b>April 2005</b>	Completion: <b>July 2005</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Behavioural Workshop support materials provided for deployment with Area Management Teams and further cascade.</p>	<p>Partnership working is seen as a fundamental plank to making key cultural changes in the Areas.</p> <p>Externally facilitated Behavioural Workshops and support will be made available to each Area Management Team for them to employ with the objective of assessing and understanding the specific behavioural issues that impact on employee engagement and performance.</p> <p>Area Managers will hold workshops with their Area Management Teams and members will hold subsequent sessions with their teams. From these sessions specific Area-focused actions will be developed to improve behavioural standards.</p> <p>The Workshop supports and underpins the culture change requirements of the IQA programme.</p>	<p>Workshop support materials made available: May 2005</p> <p>Deployment of Workshops: May – July 2005</p>	<p>Low take up of Workshop by Area Management Teams</p>	<p>Workshops fully supported by Operations Executive Committee, very clear steer provided by Territorial Directors</p> <p>Take up will be monitored</p>

Activity: 15 <b>Resourcing</b>	Area of Focus: <b>All Operational Units</b>	Accountability: <b>Operational Managers Personnel and Organisational Development</b>	Implementation: <b>April 2005</b>	Completion: <b>March 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Continuation of Resourcing approach to migrate temporary staff to permanent status and to reduce ratio of Casual employees to Permanent Employee status.</p> <p>Also to ensure adequate training and support of casual staff where employed and vetting of new employees.</p>	<p>In addition to better Manpower Planning and ongoing absence management it remains imperative that a stable and adequately skilled workforce is established. This ambition is not well served by a resourcing mix that is high in temporary casual staff. Royal Mail will continue to recruit permanent staff and where appropriate convert casuals to permanent employee status. This programme will be further supported by the deployment of Absence Management initiatives (see later)</p>	<p>Ongoing</p>	<p>Ability to resource adequately in difficult geographical areas</p> <p>Turnover of staff out-paces recruitment</p> <p>Ability to resource casuals through approved Agency and their affiliates</p>	<p>Development of revised Resourcing approach</p> <p>Measures deployed to address turnover, especially new starters</p> <p>Ongoing review and refresh of Reed contract to ensure adequate supply and employee vetting.</p>

Activity: 16 <b>Attendance Management</b>	Area of Focus: <b>Operational Frontline staff</b>	Accountability:	Implementation:	Completion:
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
Ongoing deployment of management processes and incentive schemes to address sick absence rates.	Sick absence rates in RM Letters have been above benchmark and during 2004/05 a number of management actions were implemented to address this and improve the level of overall management of attendance. These will be reviewed, revised and re-deployed throughout 2005/06. Regular progress reviews will be undertaken and remedial action planning put in place where necessary.	<p>Complete Attendance Procedure negotiations with Trade Unions: May 2005</p> <p>Complete trial of the revised Attendance Procedure: July 2005</p> <p>Deploy revised Attendance Procedure: September 2005</p> <p>Reshape and implement the 04/05 Attendance Incentive scheme : April 2005</p> <p>Identify Phase 2 Attendance Management actions</p> <p>Q2 Prepare and commence implementation of Phase 2 deployment plan</p>	Planned approach fails to reduce sick absence rates to benchmark levels	<p>Sick Absence remains a primary scorecard measure and is therefore subject to rigorous Performance Management at Operations Executive level</p> <p>Local focus and national review will lead to remedial and additional actions where required</p> <p>Full consultation approach with Trade Union in place</p>

Activity: 17 <b>Industrial Relations Framework</b>	Area of Focus: <b>Operational Managers Union Representatives</b>	Accountability: <b>Operational Managers Union Representatives</b>	Implementation: <b>July 2005</b>	Completion: <b>December 05</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deployment of a revised IR Framework agreement to further underpin pipeline stability for the plan period.</p>	<p>The framework is aimed at improving industrial relations through pushing accountability and decision-making to the local level.</p> <p>This initiative provides training for all representatives and managers on the new IR Framework and its deployment. Training and support will also be given to managers and CWU representatives to raise capability in managing industrial relations at the local level.</p>	<p>All front-line and other key managers, along with union reps will participate in one day training events July – December 2005</p> <p>Personal development plans for union representatives will be formalised and progressed following the ratification of their position under the new Agreement and progressed during the remainder of the year and 06/07.</p>	<p>Lack of co-operation from Union at National or Area level</p>	<p>Full consultation and agreement on each element of the approach sought and gained</p>

Activity: 18 <b>Royal Mail Way</b>	Area of Focus: <b>Processing</b>	Accountability: <b>Area Management Team Mail Centre Managers</b>	Implementation: <b>April 05</b>	Completion: <b>March 06</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
Commence deployment of Royal Mail Way into an initial 6 Mail Centres.	<p>To support the improvement of Mail Centre Performance by addressing workplace efficiency and workplace cultural issues</p> <p>In essence Royal Mail Way is an acceleration of the IQA way of working for key Mail Centres</p> <p>The approach mirrors the objectives and deliverables of the IQA and is further supported by production control and production management techniques. Culture change is central to the Royal Mail Way programme and will draw support from the people programme</p>	<p>Deployment of Royal Mail Way into the following Mail Centres:</p> <ul style="list-style-type: none"> <li>➤ Chelmsford</li> <li>➤ East London</li> <li>➤ Tyneside</li> <li>➤ Leeds</li> <li>➤ Swindon</li> <li>➤ Bristol</li> </ul> <p>Phase One – set up and capability building: April – May 2005</p> <p>Phase Two – Core Implementation: June – July 05</p> <p>Phase Three – Embedding Royal Mail Way: August – September 2005</p> <p>Phase Four – Sustainment: October 2005 – March 2006</p>	End state way of working not adhered to	<p>Full management buy in prior to deployment</p> <p>Communications to frontline staff to gain buy in</p> <p>Capability assessment and detailed planning undertaken</p> <p>Consultation with Trades Union</p> <p>Training and support provided</p>

Activity: 19 <b>Collections Performance</b>	Area of Focus: <b>Collections</b>	Accountability: <b>Collections Managers Delivery Sector Managers</b>	Implementation: <b>April 05</b>	Completion: <b>March 06</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Full exploitation of Access Bar Coding system and use of Collections Routing tool to support remedial action planning.</p>	<p>Royal Mail made a significant investment in new and replacement Access Barcode (ABC) scanners in 2004/05 and the vast majority of collections to now have the benefit of ABC capabilities. This represents a significant step forward in collection performance recording and is an opportunity to assist improvement in quality of service and efficiency. Throughout 2005/06 we will seek to accrue the total benefit from the ABC system and our Performance Management Way of Working.</p> <p>Remedial action planning will be supported by the Collections Routing tool.</p>	<p>Full utilisation of ABC data in Collections Performance Management: April 05</p>	<p>Poor utilisation of Access Bar Coding data by Collections Managers</p>	<p>Central to Performance Management Process</p> <p>Communications deployed</p> <p>Training and Support deployed</p>

Activity: 20 <b>Production Management And Control – Workload scheduling tool rollout</b>	Area of Focus: <b>Processing</b>	Accountability: <b>Mail Centre Managers</b>	Implementation: <b>July 2005</b>	Completion: <b>March 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Staged rollout of workload scheduling tool to approximately 25 mail centres in support of Mail Centre clearance standards.</p>	<p>Deployment of Work Scheduling tool to ensure appropriate resources levels are in place at each stage of the mail centre operation to deal with the work on hand.</p>	<p>Workload scheduling tool design stage complete: March 2005</p> <p>Pilot Application: April 2005</p> <p>Business Case presentation: May 2005</p> <p>Planned roll out: July 2005 – March 2006</p>	<p>Business Case for investment rejected</p> <p>Technical resource to deploy system unavailable</p> <p>Poor utilization of tool once deployed</p>	<p>Robust cost /benefit case being prepared</p> <p>Deployment resource and deployment options being scoped</p> <p>Fully supported deployment plan under construction</p>

Activity: 21 <b>Auto-utilisation</b>	Area of Focus: <b>Processing</b>	Accountability: <b>Mail Centre Managers</b>	Implementation: <b>June 2005</b>	Completion: <b>March 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Deploy a planned approach to ensure we fully utilise our Automation assets.</p>	<p>Drive up the amount of mail that goes through the existing automation equipment in order to maximise the Assets and drive Quality through Mail Centre Clearances.</p> <p>This will be achieved through assessing the current levels of automated mail against the automation capacity for each Mail Centre, by optimising the sort plans in operation in each Mail Centre and by ensuring we have fully trained staff operating our Automated Sorting machinery.</p>	<p>Design diagnostic tool: April 2005</p> <p>Deploy key performance indicator to show measure % automated against capacity for each Mail Centre: May 2005</p> <p>Reduce sort plan no's across shifts July 2005 – March 2006</p> <p>Re-fresh automation training: July 2005 – March 2006</p>	<p>Business Case for investment rejected</p>	<p>Robust cost /benefit case being prepared</p> <p>Deployment resource and deployment options being scoped</p> <p>Fully supported deployment plan under construction</p>

Activity: 22 <b>Network Performance Management</b>	Area of Focus: <b>Outward Processing Network</b>	Accountability: <b>Mail Centre Managers Network Managers</b>	Implementation: <b>Ongoing</b>	Completion: <b>Ongoing</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Daily conference calls to review network performance and agree remedial action.</p> <p>Daily monitoring of adherence to “Move to Time” policy between Mail Centres and Network connections.</p> <p>Audits of compliance at Mail centres and Network hubs.</p> <p>Review of contingency arrangements within the Network.</p>	<p>These activities are all part of the current performance management regime. These are seen as crucial activities in order to maintain discipline and ensure ongoing improvement activity.</p> <p>Diagnostic capabilities at the Outward Mail Centre phase will be greatly enhanced with the introduction of RFID and with the introduction of IQA Systems (Dashboard).</p> <p>Diagnostic capabilities within the Network will also be greatly enhanced by the introduction of Vehicle telemetry and the associated Distribution Management System (see next)</p>	<p>All activities are currently undertaken on a daily basis</p>	<p>If these actions are not maintained there is a loss of grip and attention to detail. Standards are not met.</p> <p>Current diagnostics are sub-optimum</p>	<p>Ensure strong senior management focus; daily performance review is embedded as Business as Usual.</p> <p>Continue with current data sources and recognise ongoing deficiency of information – push for deployment of the Distribution Management System.</p>

Activity: 23 <b>Deployment of DMS (Distribution Management System)</b>	Area of Focus: <b>Network</b>	Accountability: <b>Network Performance Team</b>	Implementation: <b>Q3 – Q4</b>	Completion: <b>2006/07</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Scoping and development work for deployment of Vehicle Telemetry and Distribution Management systems.</p> <p>Deployment of a Telemetry capture capability and an associated central management platform will provide effective real time management of network vehicles and allow for on day contingency deployment.</p>	<p>Currently there is little or no information about the whereabouts of vehicles once they are out on the road. Electronic data capture of precise movements is required in order to manage this key element of the network infrastructure.</p>	<p>Initial trail activity of system: Complete</p> <p>Detailed Proof of Concept trials in 2 Areas: April 2005 – June 2005</p> <p>Full Business Case submission: June 2005</p> <p>Full deployment plan milestones to be confirmed for:</p> <p>Purchase and installation of Equipment.</p> <p>Training of staff .</p> <p>Deployment of system.</p> <p>Utilisation of management reports.</p>	<p>Funding not agreed.</p> <p>Technical delays.</p>	<p>Ensure benefits are fully quantified and articulated</p> <p>Equipment already tested in SW; lessons learnt incorporated into revised roll-out plan.</p>

Activity: 24 <b>Distribution Planning Tool</b>	Area of Focus: <b>Network</b>	Accountability: <b>Network Performance Team</b>	Implementation: <b>tbc</b>	Completion: <b>tbc</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
Deployment of a state of the art Distribution Planning Tool to support future network review activity.	Royal Mail is continually reviewing its Network design to ensure we have the most robust and efficient model. Improved planning technology is now available to support this activity.	To be confirmed at end of Quarter 1	Risk that funding will not be available as a result of business prioritisation	Cost benefit analysis case presented to Operations Exec

Activity: 25 <b>Double Decker Trailers</b>	Area of Focus: <b>Network</b>	Accountability: <b>Network Performance Team</b>	Implementation: <b>tbc</b>	Completion: <b>tbc</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
Purchase and deployment of Double Deck Road Trailers	To increase capacity in the Road Network to help avoid the bulking out of services and associated delay..	To be confirmed at end of Quarter 1	Risk that funding will not be available as a result of business prioritisation	Cost benefit analysis case presented to Operations Exec

Activity: 26 Ongoing conveyance of mail by rail	Area of Focus: Network	Accountability: Network Performance Team	Implementation: April 05	Completion: Ongoing
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>A trial contract for the conveyance of mail by train is currently underway. This will be evaluated and a decision made whether to continue with the conveyance of mail using this mode of transport. The current trial finishes in March 05.</p>	<p>Royal Mail wishes to evaluate the use of rail for the conveyance of mail by rail in light of the Transport Review implemented in 2004.</p> <p>Rail does not offer opportunities for the scheduled conveyance of first class mail because of journey times, however it does offer the opportunity to move second class mail by rail and offers a contingency alternative means in times of emergency (bad weather, industrial action, road congestion or disaster).</p>	<p>Trial ends: March 2005</p> <p>Trial evaluated: April 05.</p> <p>Decision made: April 05.</p>	<p>Rail contractor unable to meet RM needs.</p> <p>Cost of continuing rail services considered prohibitive.</p>	<p>Work closely with GB Rail Freight to ensure RM needs are met</p> <p>Full consideration of costs against opportunities to utilise rail in event of bad weather, high mail volumes (Christmas etc).</p>

Activity: 27 <b>Air Network Review investment programme</b>	Area of Focus: <b>Network</b>	Accountability: <b>Network Performance Team</b>	Implementation: <b>April 05</b>	Completion: <b>March 06</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<ul style="list-style-type: none"> <li>• New Management structure at airports</li> <li>• Provision of Bomb Box at key network sites</li> <li>• Additional handling staff at specific airports</li> <li>• Upgrades and alterations to specific air routes</li> <li>• Additional space and improved access at Newcastle airport</li> <li>• Improvements at East Midlands Airport</li> <li>• Additional handling equipment at key airports</li> </ul>	<p>To address known problems or aspects of reliability and build a more robust infrastructure to deal with foreseen problems.</p>	<p>Dependent upon Business Case approval</p> <p>Detailed milestones to be advised</p>	<p>Risk that funding will not be agreed.</p>	<p>Identify savings opportunities to reduce investment requirement. Quantify avoided quality loss to support case.</p>

Activity: 28 <b>Bagless Network – Mail Centre flows</b>	Area of Focus: <b>MC outward processing Network and Inward processing</b>	Accountability: <b>Network Performance Team</b>	Implementation:	Completion:
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Trial use of sleeved Yorks for all packet flows between a closed loop of mail centres. To maximise the use of trays for letters and flats. If proof of concept proven extend to all mail centres.</p>	<p>The objective for 2005/06 is to further reduce the use of bags for both pre-sort and standard tariff mail. A greater use of trays will reduce handling times and help to underpin adherence to our “Move to Time” policy. Further traying will also have the benefit of improving mails hygiene and of reducing the number of accidents and injuries associated with the movement of mail bags.</p>	<p>Trial July – November</p> <p>Evaluate trial.</p> <p>Progress full business</p>	<p>Risk that funding will not be available as a result of business prioritisation.</p> <p>Inadequate equipment provision.</p>	<p>Use trial to prove that the concept leads to business bottom line benefit.</p> <p>Inadequate equipment – actions define repatriation requirements and trial in closed loop. Agree contingency arrangements</p>

Activity: 29 <b>Bagless Network – Mailsort Traying</b>	Area of Focus: RDC's Mail Centres	Accountability: <b>Network Performance Team</b>	Implementation:	Completion:
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
Convert MS 120 and MS 700 customers to the use of trays on a controlled and progressive basis.	The objective for 2005/06 is to further reduce the use of bags for both pre-sort and standard tariff mail. A greater use of trays will reduce handling times and help to underpin adherence to our "Move to Time" policy. Further traying will also have the benefit of improving mails hygiene and of reducing the number of accidents and injuries associated with the movement of mail bags.	Trails underway  Business case presented: June 2005	Costs for equipment, additional handling at RDCs and additional transport may not be funded	Identify longer term benefits to offset set up and ongoing costs

Activity: 30 <b>EU Working Time Directive - Risk</b>	Area of Focus: <b>Network Collections</b>	Accountability: <b>Network Performance Team</b>	Implementation:	Completion:
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>There are proposals currently under discussion in European parliament to widen WTD legislation to drivers and to remove the current Royal Mail exemption on vehicles carrying postal packets.</p> <p>This will require extensive duty rescheduling to make sure that RM drivers comply with legislation. There may be some IR reaction and there may be problems resourcing the 7 day a week commitment.</p>	<p>To prepare for impact of pending legislation by scooping impact on Network and Collections operation.</p>	<p>No firm date has been set for progressing legislation at this time and the exact detail of the legislation has yet to be defined</p>	<p>The scope of the impact is currently being examined</p>	<p>Seeking clarification on legislation and inputting RM feedback to MEPs.</p>

Activity: 31 7.5tonne vehicle Speed restriction to 56 mph (risk)	Area of Focus: Network	Accountability: Network Performance Team	Implementation: To be advised	Completion: To be advised
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Scoping activity to assess the impact of pending legislation on the Network design.</p>	<p>Legislation will drive the requirement for this change to our network configuration.</p> <p>Impending legislation will restrict the speed of 7.5t vehicles to 56mph. Our current network relies on the speed of 7.5t vehicles (70mph) to meet the connections required in our current network model. The speed restriction will widen the time window required for the network, this will impact on inward processing capacity and therefore the time at which mail will be made available for delivery.</p>	<p>Note: Timescales for introduction of the legislation are not yet known and therefore detailed activity in Royal Mail will be planned in line with the eventual published timeframe</p> <p>Scope pipeline impact: March 2005</p> <p>Define outline business response: July 2005 (provisional)</p> <p>Engage stakeholders in defining the business response: August 2005 (provisional)</p> <p>Plan pipeline changes: tbc</p> <p>Implement changes: tbc</p>	<p>The full impact of this legislative change is not fully understood.</p> <p>Likely that impact will impact on pipeline specification and in particular time of delivery.</p>	<p>Undertake modelling to understand full impact of speed restriction</p>

Activity: 32 Delivery Best Practice	Area of Focus: Delivery	Accountability: Delivery Design Delivery Office Managers	Implementation: June 2005	Completion: March 2006
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Focus on providing the tools to delivery offices to manage ongoing performance improvements.</p> <p>Ensure all base data in the office is accurate and that all offices operate to best practice standards on a day-to-day basis.</p> <p>Drive accuracy through focus on Mis-delivery, Door-stepping and adherence to “Signed for” standards</p> <p>Focus will be on poorer performing units as a priority.</p>	<p>Need to optimise the current Delivery operation and close the gap between the best and worst performing offices. Initial focus will be on daily maintenance of address data to improve missort issues. This will be followed by a review of recent revisions to ensure balance and stabilisation and application of standards.</p>	<p>Establish resource and design training programme: April – June 2005</p> <p>Roll out Best Practice initiative: June – September 2005</p> <p>Ongoing review of Unit Performance</p>	<p>Availability of new tools and CWU co-operation</p>	<p>Continue to develop tools in conjunction with CWU</p>

Activity: 33 <b>Special Delivery Product Review</b>	Area of Focus: <b>Special Delivery Pipeline</b>	Accountability: <b>National Quality Team</b>	Implementation: <b>April 2005</b>	Completion: <b>October 2005</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Fundamental review of the Special Delivery product including assessment of the operational specification, product specification and customer offering.</p> <p>Primarily focus placed on product performance and pipeline infrastructure and capacity.</p> <p>Secondary focus on product specification and customer use.</p> <p>Whilst the review takes place the product will be subject to generic performance management, with high impacting units being subject to Audit and bespoke support. Special Delivery Standard Operating Procedures will be deployed and will be supported by an E Learning package for managers</p>	<p>Cumulative performance 1% adrift of Licence target and a 6-fold increase in volume since 1993 has put considerable pressure on the Special Delivery product.</p> <p>The review will consider mail centre and network capacity issues, equipment needs, the product specification itself and employee training needs.</p>	<p>Review commences: February 2005</p> <p>Review findings presented to Operations Executive: May 2005</p> <p>Review findings presented to Letters Board: June 2005</p> <p>Action plan developed for deployment: July 2005</p>	<p>No risks with review exercise identified – risks associated with resulting action plan will be identified and communicated at the time</p>	

Activity: 34 <b>Standard Parcels Review and Performance Management</b>	Area of Focus: <b>Parcels pipeline</b>	Accountability: <b>Area Managers National Quality Team</b>	Implementation: <b>April 2005</b>	Completion: <b>October 2006</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Performance Management of Standard Parcels product performance with particular focus on high impacting units.</p>	<p>Performance slightly adrift of Licence target, however no major issues identified with the Standard Parcels pipeline, therefore performance management of Quality loss areas represents the initial focus.</p>	<p>Analysis of Standard Parcels Quality loss: March 2005</p> <p>Communication of issues to high impacting units: April 2005</p> <p>Ongoing monitoring of Standard Parcels Quality loss: April – June 2005</p> <p>Performance review by Operations Executive: June 2005</p> <p>Additional remedial action planning where required: July 2005</p>	<p>Non risks anticipated with highlighted approach</p> <p>Risk that Performance does not return to Licence target levels</p>	<p>Secondary review of product performance</p>

Activity: 35 <b>PPI QTL Review and next steps</b>	Area of Focus: <b>PPI Product</b>	Accountability: <b>National Quality Team</b>	Implementation: <b>January 2005</b>	Completion: <b>July 2005</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>Extension of Quality Test Letter (QTL) review exercise and ongoing development and deployment of remedial action plans.</p> <p>Continue to provide Areas with root cause analysis to drive local remedial action.</p> <p>Provide Territory Directors with information on 'repeat' problems so they can address in Performance Management meetings.</p> <p>Reinforce message on the importance of checking 2<sup>nd</sup> Class postings for 1<sup>st</sup> Class mail.</p> <p>Launch Saturday Shuts data cleansing exercise.</p>	<p>Despite significant performance PPI performance remains just short of target ( 1% – 2%).</p> <p>Royal Mail need to understand whether performance has reached a natural ceiling due to its wider fall to earth and unique revenue collection and handling procedures. Need to establish whether further operational improvements can be achieved without changes to the service specification.</p>	<p>QTL exercise deployed: November 2004</p> <p>Ongoing analysis of QTL exercise findings: December 2004 onwards</p> <p>Extension of QTL study: June 2005 – Sept 2005</p> <p>Quarter 1 onwards</p> <p>Quarter 1</p> <p>Quarter 1 launch</p>	<p>No risks identified with review activity itself. Risks associated with review conclusions and associated action plan will be communicated at that time</p>	

Activity: 36 <b>Response Services – maximize performance and new product migration</b>	Area of Focus: <b>Response Services and Response Services Customers</b>	Accountability: <b>Processing Delivery Sales Force</b>	Implementation: <b>January 2005</b>	Completion: <b>March 2005</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>To maximize performance of the Response Services product whilst incentivising customer migration to the new Response Service plus product.</p>	<p>There is clear evidence that the Response Services product, with its current service specification, is not capable of performing at the 90.3% target performance level. The manual counting and billing of items at the Delivery Office in time to connect with delivery is simply not compatible with a single delivery operation.</p>	<p>Performance Management of existing Response Services product in order to maximize performance: Ongoing</p> <p>Customer incentives to migrate to new product: April 2005</p>	<p>Customer migration to the new product will have further detrimental effect on current performance levels as the mix of mail shifts further to manual for the old product</p>	<p>Performance Management of product to minimize potential further Quality loss</p>

Activity: 37 <b>Performance Management</b>	Area of Focus: <b>All Operation</b>	Accountability: <b>Operational Managers</b>	Implementation: <b>Ongoing</b>	Completion: <b>Ongoing</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
Ongoing going deployment of Performance Management way of working throughout the operational line pending deployment of IQA.	Performance Management of performance against key operational standards has been very successful in driving Quality improvement – this approach will continue and be evolved towards the IQA end state.	Performance Management process: Ongoing  Migration to Integrated Quality approach: By March 2006	Performance Management reviews not undertaken.	Central to operational managers accountabilities, line management requirement to effect the process

Activity: 38 <b>Independent Audit</b>	Area of Focus: <b>Collections Processing Delivery Network</b>	Accountability: <b>National Quality Team Operational Managers</b>	Implementation: <b>Ongoing</b>	Completion: <b>Ongoing</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>The independent audit approach will continue throughout 2005/06 to complement performance management at local level. The process will focus on high impacting units in terms of product quality and USO Compliance.</p> <p>Emphasis will continue to be placed on supporting the deployment of remedial actions to supplement the usual audit activity of 'unearthing' the problem.</p>	<p>Independent Audit has proven successful in driving performance improvement in operational units and provides valuable performance management data for senior management – as such the process will continue.</p>	<p>Rolling programme targeting high impact units</p>	<p>Failure to act on Audit findings</p>	<p>Risk Management</p> <p>Close working with Area Management Teams</p> <p>Formal reporting to Operations Executive</p> <p>Audit findings central to Performance Review meetings</p>

Activity: 39 <b>Quality Excellence Taskforce</b>	Area of Focus: <b>Collections Processing Network Delivery</b>	Accountability: <b>National Quality Team Operational Managers</b>	Implementation: <b>Ongoing</b>	Completion: <b>Ongoing</b>
Action Planned	Rationale for Action	Milestones	Risk	Risk Management
<p>The Quality Excellence taskforce will be retained throughout 2005/06 to complement performance management at local level. The process will focus on poor performing Postcode Areas and high impacting units.</p>	<p>The Quality Excellence Task Force approach is now a formalised part of the management process and is a key enabler to driving up geographic performance. The approach is a key enabler in boosting performance in postcode areas that are failing the Minimum Floor target or are having a particularly large negative impact on national performance for a particular product.</p>	<p>Rolling programme of taskforce reviews targeting poor performing Postcode Areas and individual high impact units</p>	<p>Failure to act on Taskforce findings</p>	<p>Risk Management</p> <p>Close working with Area Management Teams</p> <p>Formal reporting to Operations Executive</p> <p>Taskforce findings central to Performance Review meetings</p>