



**Business Overview**



Its been a busy six months since the last newsletter with business activity fairly buoyant with some new clients brought on board.

We have also been involved in bidding for a major project in Kuwait as part of a consortium led by Price Waterhouse Coopers (PwC). We have made bids with PwC previously as we see partnering with larger consultancies as a key way of achieving business growth over the next few years. An article on this project also appears in this edition.

Another key aim of the company is to keep up to speed with developments in the industry. We achieve this through subscribing to regular industry publications and attending relevant conferences, such as

the two featured in this edition. This also provides the opportunity to keep you up to date with some of the industry trends.

A key event currently occurring in the UK is the Postal Services Bill which is currently passing through the legislative process. This is quite important to us as it signals the demise of Postcomm, our largest client.

Postcomm's role will be taken over by Ofcom and I have already taken the opportunity to meet the key players at Ofcom in May to outline what we can offer them going forward. They appear to be interested in the training course that we previously designed and ran for Postcomm last year to bring them up to speed with how the various operational pipelines work in the UK. We see an ongoing dialogue with Ofcom is important and hope to add them to our client list.

I am delighted at the success of Mailcheck this year. This product was designed and promoted by Pat

Horrigan. Pat has put an enormous amount of energy in getting it off the ground and his energy and enthusiasm has now been rewarded. An article on Mailcheck appears in this edition.

We have re-applied to be members of the Postcomm Framework Panel which we believe will also transfer on to Ofcom. We passed the initial stage with flying colours and are now awaiting the results of the final stage which is expected in the next few weeks.

We are now monitoring some key websites to identify future work opportunities, including the World Bank, the EU and the UPU. We have made some bids but have so far not been successful. However, it is good to get our name known and the interest that this can create from future potential clients.

Best wishes for the rest of the summer.

**Steve Hannon**

## Mailcheck Goes Live



In the June 2010 Newsletter we announced that the PLCWW board had approved the launch of Mailcheck . a new product that offered clients an assessment of the efficiency of their mailrooms.

Since then, Pat Horrigan, is the product leader has spent a great deal of time and effort promoting the product to prospective clients.

The exercise involves a thorough review of the clients mailroom against 14 subject areas, e.g. lay out and operations, measured against best practice and industrial engineering standards.

The client also receives a certificate (see copy above) which is awarded against one of four standards . bronze, silver, gold or platinum. The University of Plymouth undertook the first Mailcheck exercise in April and achieved a

gold award at the first attempt.

They received their certificate from Pat in May at a ceremony at the University (see picture).

This was followed in May by another contract from Admiral Insurance in Cardiff, who went one better than Plymouth and achieved a platinum award.

Both clients expressed their satisfaction with the exercise and the professionalism provided by Pat. As a result they have provided glowing testimonials which will shortly be featured on the PLCWW website. Alongside Mailcheck, we also promote Mailcheck Complete, which offers clients a review of their postage spend to determine if they can save money by buying different products or by using alternative suppliers. The University of Plymouth has already

expressed an interest and may take up the product at the start of their next financial year in July.

Following on from these successes Pat is now promoting Mailcheck and Mailcheck Complete to other potential clients in the University and Local Authority markets and has already had expressions of interest from four potential clients. We hope to bring you news of further successes in future editions of the newsletter



**Pat Horrigan presents the first Mailcheck Gold Award for mailroom excellence to Paul Ludgate and his team at the University of Plymouth**

## Associates' Review



Earlier this year we carried out our annual AssociatesqReview. This provides the opportunity for us to review your current circumstances, update your CVs and determine your future interests.

Three of our Associates have now resigned . Ian Leigh has taken up a new full time job as Deputy Commissioner Immigration Services,

Kevin Lloyd has decided to pursue opportunities elsewhere and Mike Lloyd is pursuing interests outside the mail industry. We wish them all the best in the future with our grateful thanks for the work they have undertaken for us in the past.

In response to the questions asked, most associates have no constraints in undertaking assignments . although a few mentioned that they would not or could not undertake any work that was potentially damaging to Royal Mail.

Few people had any geographical constraints, other than

to countries which were regarded as dangerous.

Of the respondents, 12 expressed an interest in Interim Management should an opportunity occur.

We now have 28 Associates, including our new recruits (see following article on Associate News) which we believe will continue to give us a good base for undertaking future assignments. Many thanks to all who responded. Please contact us if your circumstances change or you have any bright ideas for future work.

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## Associate News



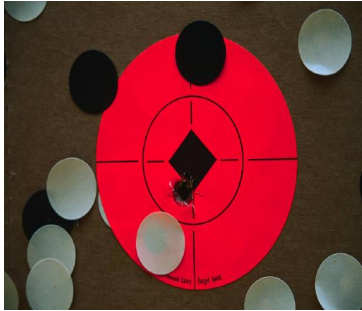
Our Associate base is becoming ever more international with consultants now based in the USA, Spain and Qatar as well as the UK. We are therefore delighted to welcome our first Canadian Associate . **Don Yetman** is a former senior manager of

Canada Post who is an expert on track and trace systems and logistics management. He also runs his own consultancy and has undertaken postal projects in Europe and Asia, as well as his native Canada.

We are also delighted to welcome three new Associates from the UK . all ex Royal Mail. **Mike Gent** is an international expert who has also

worked for the IPC. **Bob Dart** is also an international expert who has worked for the UPU. He has a great deal of expertise on Customs issues and still runs seminars on the subject on behalf of the UPU. Finally, **Bob Woolley** is an ex-finance and facilities divisional director who also has a great deal of experience in programme managing major projects.

## Sales Successes and Future Hopes



Much of our activity has been spent on pitching for a major contract in **Kuwait** in partnership with PwC. We are up against two other major international consultancies - Ernst & Young and Deloitte. Earlier this month we helped to make a pitch directly to the client with Jim Pang representing PLCWW. An article outlining his experience follows this section of the newsletter.

We have also been invited to bid for a major contract with Tata Consultancy Services for the **Indian Post**

**Office** with the bid submitted this month.

We have continued to undertake a number of assignments for our biggest customer, the UK postal regulator, **Postcomm**. This has included an efficiency review of Royal Mail as part of Postcomm's next price control decision which could last until September. We have also undertaken two assignments on the international mail market - focusing on mail posted in the UK and mail received into the UK. Finally, we have recently been asked to undertake a review of Royal Mail's performance as a result of the poor weather in December 2010.

Following a meeting with **Ofcom**, we are hopeful of providing them with a training course on the UK Mail industry.

We have been approached by a **French consultancy company** who are bidding for some work with La Poste.

We have also been approached by a **mail service provider in Poland** for assistance on improving its quality of service.

We have undertaken two successful Mailcheck contracts for the **University of Plymouth** and **Admiral Insurance** (see earlier article).

Finally, we have helped financial services adviser **St. James Place Wealth Management** with their future purchase of mail services and choice of meter supplier.

## Kuwait Odyssey

**Jim Pang travelled to Kuwait to help with a presentation to gain PLCWW a major assignment involving the Kuwait Post Office.**

As I strolled through a forest glade with my grandson on my back, beside the river Dart in deepest Devon, the phone rang. It was Steve Hannon, could I go to Kuwait in his place the following week to represent PLCWW in a bid presentation to the Kuwait government department responsible for securing a Public/Private Partnership to transform the Kuwait Post Office. Fortunately my diary was free and within days I was being briefed for the visit.

This is a project led by PWC in the Middle East from their Dubai Office, although they also have a local office in Kuwait City. The consortium they have formed includes Freshfields, the city law firm who are advising Vince Cable and the Dept. for Business, Innovation and Skills on the privatisation of the Royal Mail and a local environmental consultancy. PLCWW are providing mails and counters, operational and technical expertise. From the tenders we were in the final three. Following a conference

call to clarify the purpose and remind everyone what the proposal had contained it was agreed we should all meet up on the Monday afternoon to agree the content and rehearse the presentation for the Tuesday. The search for flights began, not such an easy task as one might think (not at a price Steve was willing to pay!) even with the internet. I finally found one on the e bookers site at 60% the price of the others, the only problem was it wouldn't allow me to complete the transaction. After a couple of attempts I rang them to do it over the phone at which point they said that price was no longer available and the best offer was another £170 and would take another 5 hours journey time. My advice to everyone is never use them I have a great story of how they messed up a booking of my daughter's to America. Luckily I had the details and was able to find the same deal on the Emirates website. I left home on Sunday morning and arrived at the hotel in Kuwait at



0430 Monday, after being fingerprinted to get a visa. Then in PWC offices by noon to be met by Charles Lloyd the Head of their Middle East office since March and Clement Walsh who put the bid document together and has been out there for 9 months. Charles had been seconded to the Treasury for a year to help in the transition process from Labour to the Coalition Government. He also advised the DTI when Heseltine tried to privatise Royal Mail many years ago. It was just as well I turned up because no one else did and there were many aspects we needed to get clarity and proper understanding of before we faced their questions. Anyway between us with the help of Reka who works in the Kuwait office and is engaged on the Kuwait Hospital PPP they won recently, we agreed our presentation content and roles and

carried out a couple of rehearsals. This was important because we were told we only had 25-30 minutes for the whole thing and past experience was that they might just launch into questions. Kuwait P.O. is in reality a basket case with virtually no domestic mail, the vast majority is incoming international mail and it is vastly overstaffed. The real challenge therefore was to find some positives to put into the presentation that would provide some attraction to potential investors. I think we achieved that by drawing upon past and current experiences around the world. The following day we made an early morning visit to a local Post Office, which looked like a 1960s crown office with 6 positions open but no customers and only selling stamps. Post collection boxes were housed in a separate part of the building. We bought the latest presentation pack and returned to PWC's offices to meet up with the other team members. Nick from



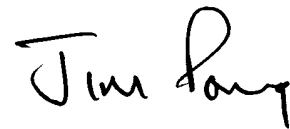
Freshfields had arrived at 0700 that morning from London, whilst Philippe the PWC postal expert and nominated Project Director had flown in from Brussels at 0500 having interrupted his family holiday. We had another briefing and run through before departing for the Government Offices. We had established we were up against Ernst & Young and Deloitte. Everything looked well organised as we were shown into a Boardroom until they started to lay out the proposal documents for their side and PWC noticed they were a mixture of PPP tenders they had responded to for the Post Office and the Telephone businesses. Yes they

are trying to set up PPPs for virtually every public service you can think of in pursuit of their goal of establishing Kuwait as the gateway to that part of the Middle East. The interview started with the Head of the Department missing, which is apparently standard procedure, he joined us after 10 minutes and stayed for half an hour. They were all dressed in traditional robes with one female member. The view from PWC was that the technical debate went well and the advice in the proposal that a traditional PPP investment model was inappropriate was well substantiated. We left them with some positive indications that with the work we would undertake there was every chance of finding investors, albeit not in the traditional PPP model. Main issues raised by them were about timescales and on site presence of key parties. They particularly asked who this Steve Hannon was. I quickly assured them he would play a full part in the project

if we were awarded it. The interview ended after an hour and a quarter over twice as long as we were scheduled for which is usually a good sign. PWC and their local consultant Reka were pleased with how it went; having a benchmark from other PPP interviews they have recently had in Kuwait. Having said

that they stressed that they are completely unpredictable and we could find out the result in 2 weeks, 2 months or not at all. Whatever the outcome I think we must count this as another positive experience in developing future business opportunities for PLCWW beyond the UK.

Then it was back to the airport for a 0300 flight back to the UK. I almost forgotten what the joy of business travel was like!



## E-Commerce

**Steve Hannon attended the Home Delivery Conference in February and a seminar on the new EU e-commerce directive in June.**



E-retailing is taking off, with year on year growth now outstripping growth in the conventional retail market. This means that not only are retailers starting to change their business models but everyone involved in the supply chain is re-thinking how they can get a slice of the action by offering more and improved services. What is clear however

that customer choice is getting bigger and increasingly the customer is calling the shots. So what is happening out there?

The global online B2C market was estimated to be \$200bn in 2005 but this had grown to \$450bn in 2010 and is expected to grow to at least \$550bn in 2011. The UK is the biggest market in Europe accounting for \$51.5bn in sales in 2007 followed by Germany (\$42bn) and France (\$23bn). By 2014 the expectation is that the UK will account for \$76bn of online sales with the rest of Europe

seeing increases of 50% or more.

Non-food online retail shopping represented 12% of the market in 2010 and is predicted to grow to 22% by 2020. The main growth areas are electronics (15%-20% of sales online), home and garden (8%-18%), clothing & footwear (7%-12%) and health & beauty. Online book sales are flat whilst DVDs and CDs are in decline

57% of UK retailers are still restricting delivery options within the UK and 79% do not offer services to BFPO

addresses . a potentially lucrative market. However, a number of companies

are driving overseas sales on an aggressive basis, e.g. Asos, John Lewis, Marks & Spencer

and JD Sports, and this is where a number of UK companies are now setting their sights.

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