

Business Overview



In the last edition of the Newsletter we featured an article on the Hooper Report into the future of Royal Mail. Following the shelving of the legislation by the government the reform is now on hold. This decision seems to have emboldened the trade unions resulting in the recent wave of postal strikes in the UK. However, this has resulted in an unexpected upside for us as the demise of Postcomm, our biggest client, has now been put on hold and they have started recruiting again. As a result they have engaged us to help them with a series of work over the coming months as detailed elsewhere in this Newsletter.

The postal strike has brought the BBC and a number of national

newspapers beating a path to our door asking for interviews. Our policy here is to refuse to do so as we do not want to be seen to supporting any side and to endorse any particular competitor of Royal Mail. We did however agree to participate in an interview with Postal Technology International on how technology can mitigate the impact of industrial action as this was a more neutral subject. This will appear in the next edition of the magazine.

Since our last communication the directors have also met to review our strategy for the coming year. Following two years of excellent growth we have set ourselves a slightly more modest target for this year with the emphasis on Marketing and Communications. We are focusing on a small number of key partners to seek business opportunities, inviting you – our associates – to become more

involved in the company and promoting a series of regular, thought-provoking communications to the wider industry. These initiatives are all covered in this issue.

We have already started to see the results of this approach. In the last few weeks we have already won business from two new clients and have had enquiries from a number of others. We have also had two good proposals from associates for business opportunities and there are two more in the pipeline. Our first industry communication goes out this month – including to all our associates. It's a very topical subject as it deals with Christmas.

This provides me with an excellent link to my final message which is to wish you and your families a Merry Christmas and a very Happy New Year.

Steve Hannon

Passage to India

Steve Hannon travelled to India on behalf of PLCWW to support Pricewaterhouse Coopers (PwC) in a major bid for an assignment with India Post.



My mobile rang with the screen flashing 'Caller Unknown'. An unfamiliar voice asked me if this was PLCWW. I replied rather warily as we had received a number of unsolicited calls recently from people trying to sell us advertising. The line was not good but I picked up the words '...PWC India...' and '...India Post...' I suggested to the voice that she sent me an e-mail outlining what was required.

The e-mail arrived almost immediately and it was from PWC India inviting us to partner them for a major tender on using IT to transform India Post. They wanted us to provide experts in logistics and IT who had worked recently in the postal field. They also wanted help and support with the bid itself. John Iptrot worked tirelessly on the bid and secured the services of John

Nicolson to take on the logistics role and Paul Kelsall, one of our new associates, agreed to fill the IT role. The bid was submitted on time and we awaited the outcome. If it was successful, PLCWW would have secured a minimum of two man years of consultancy for a project that would last for at least 18 months.

About two weeks later my mobile rang again. It was late afternoon on a Monday. It was PWC again. We had been shortlisted and could someone fly to India by to help present our bid to India Post on the following Monday. They would pay for the air ticket and the accommodation. I agreed to come subject to being able to obtain a visa in time. I was off to Brussels on business the following day so could not submit my application until Wednesday. I completed all the form filling online and gathered the remaining paperwork (letters from PWC and from PLCWW about why I needed to visit India). I then visited the Indian Visa office in Victoria on Wednesday

to present my passport and all the paperwork. I was told that it would take 2 days and to call in to get the visa on Friday afternoon. I returned on Friday to be told that there had been a computer problem and I should come back on Monday to collect it. I explained that I needed to fly out the following day and after a lot of phone calls to and from the Indian Embassy and a wait of 5 hours I eventually got my visa at 6.30 on Friday evening.



The next day I took the 1735 British Airways flight from Heathrow and arrived at Delhi at 6.30 on Sunday morning. After clearing customs and buying some rupees I eventually found the driver who was to take me to my accommodation. After a

drive of about 40 minutes we arrived at a high rise development in Gurgaon which is one of Delhi's fastest developing satellite cities. This was a residential block and PwC owned a number of apartments in the block. There were about 6 bedrooms in the apartment. My room basic but large and comfortable and, most importantly, had air conditioning.



PwC offices - Gurgaon

At 2 p.m., with the temperature at 44, my contact from PwC, Nitin, picked me up in his car and took me to the PwC building in Gurgaon where I met three other members of the team who were to be involved in the presentation. We spent all afternoon refining the presentation after which I returned to the apartment for a light meal and an early night.

On Monday morning I was up early to go to the PwC offices to rehearse the revised version of the presentation. During the morning we were joined by one of their

senior managers who had flown in from Mumbai to front up the bid. There were to be 5 companies presenting and we were due to be last on at 3 p.m. We left at 1 p.m. to travel the 45 minutes to New Delhi but en route received a message that they were running 3 hours behind schedule and had just stopped for lunch! Nitin then took me for a whistlestop tour of New Delhi with its wide avenues, government buildings, embassies, and monuments. We then went to another PwC office in the city to wait. At about 5 p.m. we got the call and travelled to the India Post HQ which was in an old multi-storey building near the centre.

At about 6 p.m. we were ushered into the boardroom which was a huge room with dark wood paneling around the walls. A large horseshoe-shaped board table ran along one side of the room. We all sat around this table with about 12 India Post directors and managers on one side and the PwC team on the other, with our presenter at the head of the horseshoe. The presentation and questions lasted about 90 minutes. I talked through some of the slides as agreed at our rehearsal and answered

a number of questions although the bulk of the exchanges were between the India Post team and the PwC team leader.

At the end of the presentation the PwC team leader took us to a hotel for a meal to thank us for our work. Security was very high everywhere following the recent Mumbai attacks and before we could enter the hotel our car was searched and we had to pass through an airport-style scanner. Dinner was excellent and then we returned to the apartment at about 1030. I flew home the following morning having been away for less than 70 hours.

We had excellent feedback on our presentation from India Post but after several weeks of waiting we eventually heard that we had not been successful and the contract had been awarded to Accenture. Whilst this was disappointing news it had provided a new opportunity for PLCWW from which we gained some good experience and on a personal level a journey to a fascinating country I had never visited but fully intend to do so again.

Steve Hannon

Building a Profile



Having established a website that acts as a corporate brochure we are now turning our attention to building our profile in the postal industry. The market for our main services is focused on a few players (postal operators and regulators) in each country of the world with a somewhat wider audience who need access to information on how to buy mail services.

Our main audience lends itself to a targeted marketing approach. We have already built a database of people we know and want to keep in touch with and we want to find those who

are not yet known to us but who would benefit from seeing what we can, and do, do.

The approach will be via a series of email/press articles on topics of interest to our target market. The first is 'A Checklist on how to Maximise the Christmas Postal Market' and will be followed by subjects such as

Role of Efficiency
Reviews for a Regulator

Role of a Postal
Consultancy

Downstream Access - is
it the right answer?

Price Controls - what we
need to know first?

The Future Mail Market
- what business model
will work?

Some of the abridged
versions will be
published in physical

media but all will be e-mail marketed directly to people we know, and via search engines to try and find those we don't know. Interested parties will be able to register to see the complete version of the article on our web site.

Regularity means we can inform potential clients we are still active and remind them of areas where we have specific skills.

The approach is cost effective, timely and designed to raise the profile of PLCWW in areas where we have real expertise as well as attract the details of those who could be customers in future

This is only a start, we have a range of skills so suggestions for future articles are welcome, just drop us a line.

Geoff Lambert

Annual Associates' Review

Early in 2010 we will be undertaking our Annual Associates' Review. This is your opportunity to update your work

profile and CV or resume as well as providing feedback and suggestions on what PLCWW is doing and

what else it should be doing. So – watch out for the questionnaire which will be e-mailed to you in January.

Partnerships



PLCWW has worked with a number of partners since its inception in 2003. At times we have been a junior partner, particularly for very large contracts where we would not have the full expertise to undertake the whole task or where contracts are limited to large international consultancy companies. Other times we have been the senior partner where we have engaged other consultancy companies to provide a specific level of expertise.

At our strategy review day in July we considered our approach to partnerships. We decided to focus more proactively on 6 partners whom we could work with to our mutual benefit. We also assigned lead directors to manage the relationship with each partner.

Steve Hannon was assigned to manage three of these.

Pricewaterhouse Coopers is an internationally renowned consultancy. We worked with them on two assignments in 2008 and early 2009. We have also partnered them in two major bids in 2009 – one with a UK government department and one with India Post (see article in this edition). We have also provided advice to them on postal matters for two other potential contracts, one of which is currently out to tender. We have also met their head of postal practice, who is based in Brussels, and we have agreed to collaborate on future assignments. We are currently considering such an opportunity at present.

Buying Team is a procurement consultancy based in London. We recently advised them on how to go about reducing the postal and courier costs for one of their clients. They also asked us to bid for some work on a competitive tender basis but we narrowly lost out on the bid. However, we have established a good relationship with them and they realise that they have little expertise

in the procurement of mail and courier services. We are therefore working with them to develop a joint approach to market to their clients.

Deloitte also have an excellent international reputation in the consultancy industry. A business contact who formerly worked for another consultancy company who we have partnered in the past has now joined Deloitte. We have been discussing joint collaborations, although it is early days and nothing specific has emerged yet.

John Liptrot is managing two relationships. The first is **Frontier Economics** who are one of the leading economic consultants in Europe. We have partnered them several times over the last four years, most recently in undertaking an efficiency review of Royal Mail on behalf of Postcomm. We have now launched a joint initiative with them in Europe focusing on postal administrations and postal regulators ahead of the new EU directive on postal services which is due for implementation by the end of 2010.

The second partner in John's portfolio is **Sunflower Associates** which is a postal consultancy operating in the international market. We have partnered with Sunflower on bids in Africa, Asia and Latin America and undertook the assignment for Correos Chile with them earlier this year. This is an excellent route into the international market and we are planning further collaboration in the coming year.

Finally, Geoff Lambert manages the relationship with

Triangle Management Services. Triangle is probably best known for its research activity and its organisation of conferences. As a result of this they have excellent contacts in the postal world internationally. Although they operate in the postal consultancy market our skills are complementary rather than competitive. We have worked together on an assignment for Jersey Post a few years ago and have also collaborated on a major bid for work in the Middle East as well as a number of other smaller bids.

We will be reviewing progress on our partner relationships at our bi-monthly board meetings. Once a year we will also review our portfolio to determine whether to focus on more or less partners depending on how the relationships have developed. However, one thing is certain – partners will remain a key element of our business model as we strive to widen our future client base and continue to build the business.

Dragon's Den



Many of you may be familiar with the BBC TV show 'The Dragon's Den' where people with business ideas present to a panel of experts

with the aim of getting them to invest in their business ideas. We have been aiming to increase the level of business and activity for our Associates over the last year and came up with the idea of asking our Associates if they could develop a business idea in their area of expertise, present it the board of PLCWW and then, if we liked it, we would help fund its development.

We decided to trial the idea with a few Associates to begin with. **John Nicolson** was the first to put his head above the parapet – or into the den – and attended our last Board meeting at the end of September. His idea was to offer a service to public sector bodies to review their courier operations. We supported his idea and agreed to help with contacts and to fund his expenses. He starts his quest later this month.

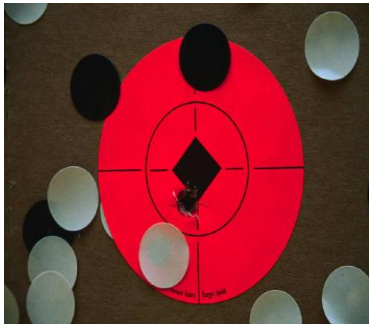
Stuart Pretty was unable to attend the board meeting but has come up with some interesting ideas on exploiting address management which we are currently discussing with him. **Pat Horrigan** is also developing some ideas on mailroom management and, in the

New Year, **Jim Pang** will be entering the den with some interesting ideas..

So we are now offering this option to all our Associates. If you have any ideas which you need help or funding to develop or want to market it using

PLCWW's brand we want to hear from you. As a first step we will send you a simple framework document to outline your idea and then take it from there. So let's hear from all you budding entrepreneurs!

Sales Successes and Future Hopes



Since the last edition business has been a little slower as a number of significant contracts came to an end. However, business has picked up in the last few weeks and we are optimistic of achieving a good sales performance this year.

We have continued with our work advising the **British Forces Post Office** on identifying potential partners to utilise spare capacity in their sorting facility at Northolt. They are also considering whether to continue to the next stage to implementation.

Advice has been provided to **Postcomm** on mail competition issues. They have also asked us to design and run a couple of training courses for their staff as they have recently recruited a number of new entrants. They also want us to provide them with continuing advice over the next few months on a number of issues they are dealing with.

Assistance has been provided to **Guernsey Post** to help it implement its new tariff proposals which includes the deployment of Pricing in Proportion.

A contract was won with a major **UK Bank** to research internal mail distribution systems on its behalf.

We were recently approached by a leading **UK Internet Retailer** who wants to

us to examine whether it can get a better deal for its postal delivery costs. It has also asked us to help with its international expansion.

Discussions have also been taking place with a major **UK High Street Retailer** who are interested in reducing its postal costs and possibly improving its mailroom operation.

We have been assisting Pricewaterhouse Coopers (PwC) in bidding for a major contract with a **European Postal Operator**. We are also exploring a second opportunity with PwC for work on behalf of an **EU Country**.

So, we are enjoying a strong finish to 2009 with some very bright prospects ahead for 2010.

Associate News



We have recruited our first two American associates. PLCWW extends a warm welcome to **Jay Thabet** and **Rich Leopold**.

Both are former USPS employees. Jay is an integrated marketing strategist who generated multimillion dollar growth for USPS in his role as Global Director Marketing. He achieved similar impressive results in subsequent roles with KPMG Consulting and Skye Inc.

Rich was Program Manager Commercial Air, USPS where he managed a \$430 million air operations budget.

Back in the UK we have recruited our first candidates who have worked for competitors of Royal Mail.

Richard Coombs is a mails and distribution sales professional who has worked for DHL and DX services among others. He has account managed a number of large blue chip companies and achieved excellent business growth for the companies he worked.

Steve Hibbert worked for Citipost both in the UK and the USA and more recently has been working as an independent consultant. Before this he worked for Royal Mail in

operations and in the international business.

We have also attracted two former senior managers from Royal Mail Group (RMG).

Paul Kelsall is a former director of technology management for RMG. He led a number of successful programmes including an e-commerce website which generated over £200m of income in its first year.

Finally, we welcome **Phil Pickwick** who is a business and project director who has worked largely, but not exclusively, in the logistics and supply chain industry. Most recently he has operated as an independent consultant and previously undertook major project work in RMG.

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