

The high quality performance of virgin trains



**ASSIGN
BUSTER**

Virgin Trains is known for running high quality, fast and reliable state-of-the-art trains, capable of speeds of up to 125 miles per hour. Virgin Trains operates the West Coast rail franchise with trains running along various routes including from Glasgow, Manchester and Birmingham to London. The average journey time from Manchester to London today is just over two hours. Virgin Trains currently operates 333 trains and carries more than 62,000 passengers a day. Until 1993, railways in Britain had been part of the public sector. They were run by an organisation appointed by the government called British Rail. The culture was one where managers passed down instructions and directions to employees who carried them out without questioning them. Since 1997, Virgin Trains has been running the West Coast and other lines as an independent private sector business. Virgin Trains seeks to differentiate itself from other rail competitors in order to increase customer satisfaction and develop a train service fit for the twenty-first century. The business is organised on a decentralised regional structure. Each region has a set of Managers responsible for the important operating areas. These Managers then link up with other regional Managers to share ideas and expertise. For example, the structure at Manchester's Piccadilly station links the station with the train crews: Each region is able to focus on the commercial needs of its area. For example, the Scottish region focuses on developing services to include the local economy and particularly tourism. Each seeks to maximise the quality of services to customers, for example, by cutting unnecessary costs and waste.

In 2003, the Chief Executive of the company, Tony Collins, set out his vision for the company, which has transformed its operations. Virgin Trains' vision

involves the empowerment of staff to take responsibility and ownership of their performance. This vision is what makes Virgin Trains different. This case study looks at how this vision is transforming the culture and performance of Virgin Trains. A vision enables an organisation to move forward with clarity. It links the business' specific objectives and targets with the core values that govern how the business will operate in order to meet those targets. It therefore goes further than a mission statement. A mission statement sets out the purpose of an organisation. For example, for Virgin Trains, this is to run a high quality, efficient and cost-effective rail service. A vision goes further. It paints a picture in clear language of where the organisation is going, linked to the behaviours it expects of everyone in the organisation.

Virgin Trains' vision is: ' To become the most safe, consistent, reliable and profitable of the train operating franchises in a climate that respects different views and people need not be afraid to be open and honest'. This is a very clear vision:

1. It sets out the values of the company, e. g. safety and reliability.
2. It sets out clear commercial targets – profitability.
3. It sets out the relationship between the organisation and its people – respecting different views and encouraging openness and honesty.

This vision reflects Virgin Trains' forward-thinking style. This may stand the company in good stead in any future franchise bids. Linked closely to vision is the organisation's culture. The culture of an organisation is the typical way

of working within an organisation as demonstrated by the behaviours of the people that work for it. This includes how approachable managers are and how they treat subordinates, the care for customers and how formal systems and procedures are. A clear vision enables an organisation to change organisational culture in a positive way. The organisational culture at Virgin Trains is one that places customers and their experience of travel as the main priority. Virgin Trains' management believes that this is best secured by listening to employees. Senior managers at Virgin Trains believe that in such a geographically stretched organisation, change needs to be suggested and implemented by those at local level because those people know what changes customers are asking for and need. Virgin Trains believes employees working directly with customers not only have the technical skills but also the commercial awareness to make a difference. An example of this was the provision of toys in waiting rooms to help keep children happy whilst waiting for connections. Managers positively encourage employees to get involved in running the company by asking questions, challenging ideas and being prepared to disagree and suggest better ways of working. For instance, employees challenged Virgin Trains to increase its commitment to sustainable development by reducing its carbon footprint. Virgin Trains now encourages recycling in all its offices and trains.

Sharing the vision and values

A key objective for Virgin Trains is to be a profit-making organisation. A good way of making a profit is to satisfy customers who will use services over and over again. To achieve this objective it is essential that Virgin Trains' staff deliver a first-class service. The company has therefore turned the traditional

perspective of the organisation upside down and put its customers first. The Virgin Trains way of working encourages front-line employees to interact with customers. In doing so, they are able to improve the customer's experience, whilst at the same time discovering possible ways of improving operational performance. The role of managers in this scenario is to explain and encourage good behaviours and actively seek suggestions from employees to improve the business.

Customers

Virgin Trains' people drive its strategy of focusing on customers. The regional structure enables staffs that are in direct contact with customers to contribute to and shape the business' strategies. Regular ' priorities meetings' are held by groups of staff across the regions to identify best practices, share concerns and discuss what the priorities should be. Feedback from customers identifies the priorities and includes issues such as what menu options should be on trains or what ticket options are available in stations. Managers then take these ideas and support workers to improve the services they provide. This develops good relationships and increases employee confidence that managers will follow up on ideas and feedback from front-line workers. Every Virgin Trains employee is encouraged to buy into the vision and values of Virgin Trains by:

- Giving and receiving constructive feedback
- Dealing with change and welcoming it
- Challenging the ideas of others in an appropriate way.

All employees have an opportunity to find out about (and become part of) the vision by attending a voluntary three-day facilitated workshop. The workshops focus on how to give and receive constructive feedback. They also help Virgin Trains people to see what leadership looks like in the workplace and how it affects individuals.

- The workshop provides a good opportunity to share ideas and to influence others in a relaxed atmosphere.
- Regional teams attend together. This brings together employees at different levels (including senior managers) and those involved in different tasks.
- Everyone has the opportunity to explore what change means, what people feel when faced by change and what support individuals need during times of change.

Employees can discuss how the vision relates to his or her personal values and beliefs and how these values line up with company objectives.

- When people go back to their work roles they know that they can challenge, question and propose ideas of their own. In order to embed a vision into the organisation, it needs to become part of every aspect of work. At a practical level, the Virgin Trains vision is supported by clear Human Resource (HR) activities. These HR activities help to shape the culture of the organisation. People-focused initiatives at Virgin Trains recognise and reward high-performing employees. Team and individual awards are presented at official ceremonies to highlight where employees have made a difference.

The business encourages new behaviours. Behaviours focus not just on what Virgin Trains' people do but also how they do something. For example, this might be focusing on the customer, listening to others or taking a positive approach to challenges. As part of the culture change, Virgin Trains also promotes charitable work in partnership with organisations such as CLIC Sargent, which raises money for children with cancer. The charities are chosen on a national basis by the company; each region then supports in its own way. The benefit of this behaviour is a more caring approach to customers and staff. This enhances customer satisfaction and desire to use Virgin Trains more often. Virgin Trains behaviours have developed from the bottom-up approach of the vision workshops.

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The vision also guides Virgin Trains recruitment and development processes:

- At recruitment the key skills required to deliver the vision form part of the person specification. This means Virgin Trains attracts people who share the vision and behaviours.
- At appraisal, employees are assessed on their contribution to the business, development and customer focus. Appraisal interviews take place regularly where employees discuss current performance with their line manager and identify future personal targets and goals.
- For developing employees, Virgin Trains has created a Talent Wheel that identifies the sorts of behaviours employees need to show to highlight their potential for promotion. Those considered suitable for promotion will be employees who are currently performing well, want promotion, feel

passionate about Virgin Trains and are currently developing the skills and knowledge required for a more advanced post.

- Learning and development opportunities include a range of internal and external courses and training opportunities for employees. Examples include developing coaching skills or encouraging people to learn how to ask questions and take responsibility.
- Leadership programmes for front-line staff and managers embody the vision.

New principles of working are only effective if they work in practice. Virgin Trains sees the culture change programme as on-going. It is important to review the whole process regularly in order to ensure that the change in culture is embedded and that it is helping to meet organisational objectives. The culture change programme is not just about engaging with passengers. It is also about meeting all objectives (including those for profit) in the most efficient way. Setting Key Performance Indicators helps a business measure achievement. These measures or targets can show how far a business has moved towards its objectives. KPIs used by Virgin Trains include:

- reducing sickness levels
- lowering staff turnover rates
- improving customer satisfaction ratings
- reducing numbers of complaint letters.

Virgin Trains has improved in all of these areas. Cost savings have come as a direct result of implementing the vision. Virgin Trains' employees are prepared to challenge decisions and ideas put forward by managers, enabling the company to save and make money. An example of this was the 'Through ticket to Huddersfield', which the Manchester team developed and implemented. Customers previously had to purchase a new ticket for the second part of their journey on changing trains. Virgin Trains saw a customer need and were empowered to put the new ticket in place. This now generates income.

Conclusion

Virgin Trains has a reputation for high quality service and modern practices. The company constantly seeks to develop competitive advantage over rivals. A key way of securing successful change is to involve employees in decision-making. Employees who work directly with customers are best placed to come up with customer-focused improvement solutions. Virgin Trains' vision provides all employees with clear direction, backed by the support and encouragement of managers from the top down to challenge existing practices and suggest new ideas. This has led to greater employee involvement, increased customer satisfaction and yielded improved business results.