

## CASE STUDY

# Gaining the go ahead for a vital enterprise-wide project

## Turning a promising concept into a Board-approved transformative project

Faced with structural changes in the letters market together with impending privatisation, Royal Mail wanted to explore a project that would create a more compelling offer for the letters market, make letters more profitable for Royal Mail and maintain revenue in this core part of the business.

The idea looked promising in theory, but what exactly were the benefits and costs and how exactly should they go about it? They needed a rock solid business case that would get buy in from everyone involved right up to the Group Board. We helped Royal Mail navigate the complexities and sensitivities in order to create a firm foundation for the project and gain the go ahead.

## Repositioning a business in a declining market

As we carry out more and more of our personal and working lives online, Royal Mail's two main businesses - parcels and letters – are being affected in different ways. The parcels business is growing, fuelled by the boom in buying all kinds of items online which then have to be delivered to our door. While still accounting for the majority of Royal Mail's revenue and operations, the letters business by contrast is under challenge, as we make greater and greater use of email, tweets and the like.

## Building a strong business case

It was against this background that Royal Mail approached us in the early days of their Enterprise Intelligent Barcode (EIB) project. A concept paper outlined estimated benefits and costs for the project. It was in theory a big opportunity. But a huge amount of work had to be done to add real numbers, a high degree of detail and greater confidence to the concept. This opened the way for us to get involved in helping Royal Mail develop a strong and detailed business case.

## Working as one

In June 2011, two of our consultants joined to lead the Royal Mail team tasked with developing the project. Our consultants took the roles of Programme Manager and Business Case Lead. For the next year they worked as one with Royal Mail to mobilise and guide the team, build the business case, gain approval and set the project off on a strong path to success.

Our consultants brought the structure and rigour of their project mobilisation skills together with their ability to fit in with and engage people at all levels – the soft skills of good consultants. They combined this with the know-how, passion and political nous of their Royal Mail colleagues on the project team to create a recipe for success.

## Transforming the business for greater transparency and control

This complex enterprise-wide project, which was set to transform the business and the industry, had a simple but powerful idea at its core. It involved getting all Royal



*“Are you about to embark on a similar exercise to Royal Mail? Do you have a great idea to change your business, but need the numbers to back it up? Or maybe you need help convincing other parts of the business that your project can bring benefits? Or perhaps you just want reassurance that your business case stacks up before you take it further. If so, we may be able to help. If you would like to talk through these, or any similar challenges you might be facing, feel free to contact us.”*

**Tom Keohane**  
Partner



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Mail's business customers to put a barcode on all the bulk mail pieces that go through the mail network. That barcode would have the customer's details on it and a unique ID number for the letter. The customers would also give Royal Mail an item by item e-manifest, listing what was being handed over for delivery. To enable this to happen, Royal Mail needed to change all the mail sorting machines in all the mail centres so they could read the barcodes. They also had to adapt various IT systems to gather and process the information generated.

As a result, for the first time Royal Mail would be able to see and track all the mail passing through its network, letter by letter. This would replace a system that gave very little visibility or detail on the letters, other than that which was gathered through relatively small samples.

### Identifying significant benefits

With comprehensive and detailed tracking of pretty much each and every letter, Royal Mail would be able to invoice more accurately and efficiently for the letters it carried and would also be able to bring about significant operational cost savings. The business case identified, at a very detailed level, annualised benefits running to several millions of pounds.

### Greater transparency all the way

What's more, the timely and detailed data generated from the system would give Royal Mail's customers increased transparency on performance of their mail consignments all the way along the chain - from preparing the mail through to delivering it.

### Building real confidence

So a great deal was at stake, and a great deal of detail needed to be built into the business case to get the project off the starting blocks. For us, building a business case is about building confidence in the project – turning a good idea into a great solution with real numbers and a clear implementation path. So clients see not only how much they will gain but also how much it will cost and how to do it.

You're under pressure in these early days of a project because you're establishing the basics and starting key relationships – laying the essential foundations and setting the direction together, often from scratch.

### Defining the benefits in detail

A key first stage was to define and get sign off on the benefits. You have to do this in real detail - guesswork won't do. It's about drilling down to the lowest available level of detail and data and making the lowest level sets of assumptions – which isn't always easy when the data available is pretty patchy.

We built a compelling, rock solid benefits model from the ground up and spent a great deal of time and effort sharing and

refining this across Royal Mail so that we had the necessary sign up and commitment.

### Nailing the project costs

We also needed to get the programme costs nailed down, so there was a clear and detailed sense of what it would cost to make the changes to bring in the capability.

To this end we had to define in detail the project requirements. This was a complex task involving workshops with many people in the business, walking them through processes and identifying what needed to change.

In parallel, we looked at the existing supplier world and the systems that were going to be affected in order to begin to explore and set a sourcing strategy. The project involved upgrading a number of different existing IT systems run for Royal Mail by different businesses. We decided to appoint one prime supplier to manage the upgrade. Again, this was a complex and at times delicate task that involved bringing different suppliers around to the prime contractor approach. A key outcome was a fixed quote for this part of the project, which gave us a valuable degree of certainty over the project cost.

Taking into account the substantial identified benefits and the implementation cost, we identified a very healthy net present value for the project.

### Writing and socialising the business case

With the core detail gathered, we were able to write and socialise the business case. This iterative process took time and care. Buy-in had to be wide ranging, not least because this was an enterprise-wide project that affected the whole of Royal Mail – from the retail and wholesale commercial businesses to operations, IT, engineering, procurement, finance and legal. It required a great deal of sensitivity to win over the separate parts of Royal Mail, some of whom could be competing for the same investment funding.

### The value of hard facts delivered well

This was where the value of the strong, detailed business case really came through, together with the soft skills of good engagers and persuaders. We were able to present a very compelling case for the project rooted in hard facts – informing and gaining the support of everyone involved, right up to the CFO and CEO.

In July 2012 the team secured Board approval for the business case. In January 2013, the contract was signed with the prime supplier.

The first customers have now gone live on the new system. By the end of 2016, all high volume business, advertising and publishing mail customers will be able to take advantage of tracking and reporting on their consignments of letters.