
Why Organic Growth through Modal Shift is an existential issue for the UK Bus Industry and the *Dozen Do's* to deliver it.

It is accepted wisdom that the short term prognosis for UK bus businesses is a **grim struggle** whilst the long term prognosis sees those businesses **benefitting from an inevitable focus on environmental sustainability** addressing the damage caused by acute traffic congestion and air pollution even if we replace self driven petrol and diesel with autonomous electric.

The grim struggle sees the industry **camped on the doorstep of the DfT with a begging bowl for subsidy** whilst it should be rolling its sleeves up and getting stuck into **the *Dozen Do's* which can lift UK bus networks from the doldrums post Brexit and Covid on a pathway of year on year organic growth to match, and then surpass, pre Covid levels of demand.**

Taking them in priority order.

Optimised Bus Operating Environment

Across the country, **buses are literally stuck in traffic behind rows and rows of single occupancy cars** with many local traffic and highway authorities **politically unwilling to prioritise the movement of people and clean air** over the movement of cars and the pollution and congestion they cause.

It is not good enough for bus operators to either suffer in silence or complain pointlessly.

Every single bus operator should have **a clear, costed plan for what needs to be done to allow their buses to move freely, only stopping to pick up and set down passengers.**

Every bus company MD should know **precisely what financial and operational damage is being done to their business** by the poor operating environment and be able to **clearly describe the impact on their customers and their business** of the failure to act on delivering a viable bus operating environment.

State clearly and often what is wrong, what damage it is doing and the community benefits of fixing it.

Revenue from the ensuing organic growth and modal shift clearly trumps receiving subsidy to cover the costs of sitting in traffic.

Behind many bad bus services, there is **lousy, lazy traffic management !**

The financial and community benefits of fixing it are substantial !

Relentless Reliability

Fix the lousy, lazy traffic management and this one is 100% down to the operators.

Demand will only grow if customers can trust their day to day life to the reliability of their mode of transport.

Delivering relentless reliability depends, more than anything, on **operators having more than enough well trained, professional drivers.**

The **slow recovery of demand post Covid** in many areas was simply due to either reduced frequencies or last minute cancellation of services **due to poor manpower planning.**

Yes, Covid and Brexit didn't help but Brexit happened in 2016 and Covid lasted over two years and it **should have been plainly obvious that, when bus networks were switched back on, driver turnover will have happened in the meantime** and, lo and behold, there were **shortages everywhere at the very point when relentless reliability was required to build back demand.**

Hopefully, now water under the bridge but **there remain**, in some places, **reduced service frequencies, initially driven by driver shortage and**, subsequently **due to the dampening of demand from the lower frequencies.**

Yes, travel patterns have also changed but what has not changed is that **frequency generates additional demand** and good network planners know where to put frequency and know that the demand will follow.

Be relentless about reliability !

Use of Data

The **combination of real time information and electronic ticketing** on every bus **coupled with the use of Artificial Intelligence, Big Data and Machine Learning** means that network planning and bus scheduling can be optimised like never before leading to **new levels of service reliability and demand forecasting.**

Use the data to further improve reliability whilst reducing operating costs and build growth !

Provide adequate front line supervision on the street

Yes, technology can provide lots of information to control rooms in depots predominantly after the event but **supervision on street can reinforce and proactively manage relentless reliability in real time.**

The last decade has seen a **trend toward major bus groups living beyond their means on burgeoning head office staff and funding it by stripping the supervision out of the front line.**

Stop it ! It is unaffordable and **reduces the quality of service provided to customers which deters demand !**

Curb excessive head office costs

Group Head Offices can easily become self important with **expensive people spending their time talking and writing to other expensive people.**

The average bus passenger is paying somewhere around £1.50 per trip. Just think **how many trips it takes to pay for each £50,000 to £150,000 per annum head office job.**

Will that job genuinely fund itself and generate growth ?

At least once a year, **every single head office role should be scrutinised against the degree to which it contributes to the lifeblood of the organisation – organic growth and modal shift.**

Some roles may only be needed for one year to deliver a specific output – don't let it become part of the fabric once that output has been delivered.

Relentlessly review and prune the dead Head Office overhead !

Don't pursue the Fool's Gold of centralisation

The **design and delivery of local bus services is a 'detail business'** and **the detail is in local geographies, demographics, economies, politics, stakeholder engagement and many other issues.**

It may feel smart to centralise the clever commercial stuff at a high level and simply employ local service delivery managers for a standardised business model but the inevitable result of that approach is that growth suffers and the organisation finds itself managing a self inflicted decline in demand.

It is plain to see that, pre pandemic, **the UK groups with the highest levels of customer satisfaction, highest margins and levels of peer admiration were those with fully fledged, geographically based local management teams.**

They had the **time and the resources to liaise constructively and positively with local transport authorities and other local stakeholders, proactively respond to changes in demand and have thinking time and information to positively develop their local businesses.**

The initiative, for example, to get local businesses to sponsor free travel on the Harrogate network on a Sunday could never have been developed corporately by a remotely based commercial team with a host of other towns and cities to manage.

As with front line supervision, **good quality local management teams on the ground will contribute more to patronage growth than an army of specialists in head office** or directors with too wide a bandwidth to be locally effective despite their high salary.

Efficiency is good but being too efficient by cutting costs too far or putting critical resources at the wrong level can amount to slow suicide as passenger trends turn negative.

Centralising business development and commercial activity demands higher paid people who, ultimately, will **be less effective in delivering organic growth momentum as local transport authorities and local stakeholders are asked to 'take a ticket' and wait their turn for true focused engagement!**

Optimise Frequency

It is an established fact that **frequency increases generate increased demand** provided they are **based on good local research and market understanding**. There needs to be a **relentless focus on finding those circumstances** and proactively increasing frequency.

If the core objective of the business is to grow demand sustainably, it **takes ongoing positive action and that is better done at a local level close to the ground**.

Focus on local flagships

It is a truism that **every reasonably sized bus depot has at least one core flagship route capable of generating ongoing growth and sustainable earnings if it is managed and cared for appropriately**.

Organic growth is a delicate flower and needs to be nurtured carefully to grow and can easily be damaged by careless or remote management.

Every Group needs to **understand where its local flagships are and provide sufficient local support to nurture them for the long term**.

There are **rural and semi rural or small town routes every bit as strong as some core urban corridors** and maximising those will **create a growth dynamic across the entire business**.

Celebrate and support those flagships relentlessly wherever they are!

Fleet Replacement Policy

Some people, (*I think they're referred to as 'accountants'?*), would call this capital expenditure which requires an extensive business case.

The fact of the matter is that **the average bus has a useful life of around 15 years and then it needs to be replaced in the same way as light bulbs, toilet rolls and all sort of other consumables.**

Buses are simply big consumables as failure to replace each one at the end of its 15 year useful life can only be done if a decision is taken to down size the business and remove a route or cut frequency.

That is a **routine commercial decision** which will simply reduce the number of buses required to be replaced but that is **a completely different scenario to producing a comprehensive business case for buying a new bus or buses.**

The old one is worn out so it needs to be replaced – simple!

Ideally, those **new buses will spend their first 5 years of life on flagship routes across the country as they are the routes which need to be nurtured and cared for and will reward the arrival of a brand new fleet, with associated marketing support, every five years generating an upturn in demand.**

This also ensures that virtually **every reasonably sized depot will see new buses on a regular basis boosting local staff morale and the local stakeholders' perception of the business.**

Pouring all new buses in to major cities for their first five years of life **and then cascading them to smaller towns or rural areas** from year 6 onwards **is a recipe for killing of those smaller town and rural businesses.**

It is interesting to note that, **in those small towns where the larger groups do not operate, there is a proliferation of high quality new fleet provided by smaller operators.**

Think Lynx and Sanders in Norfolk, Transdev in Lancashire and Yorkshire, McGills in Scotland.

Presentation

It does not matter whether a bus is new or old, if it is operating in service under the business brand, **relentlessly excellent presentation matters!**

Customers do care about whether their **bus is clean and well cared for**, the on **board notices are in place, up to date and undamaged**, the **seating is comfortable** and not tired and worn, the **livery is clean and fresh** and, hopefully, relevant to the business in question and **not obviously transferred in a**

hurry from a far away city still bearing the livery and the wear and tear of its previous user!

Putting careworn buses on the road is likely to generate decline and certainly not growth!

Pricing

Businesses the world over **use pricing and promotions to drive sales** and buses are no different, **especially those flagship routes with growth potential.**

It has become **fashionable to talk about simplicity and equity in terms of local transport pricing.**

However, **slavishly applying those principles across the board will reduce overall levels of bus use and lead to passengers travelling on flagship routes being asked to pay more than they need.**

High volume routes with high load factors are cheaper per passenger to run and the benefits of that should be shared with customers especially as it contributes to modal shift and a cleaner environment.

The simpler, equitable, 'one size fits all' approach is an enemy of organic growth and modal shift!

Bold Sales Activity

If you **want a business to grow**, you need to **promote it and sell its benefits relentlessly.**

Every depot has routes, even over and above the flagship ones, **which can benefit from a range of promotional activity including some form of local or route branding.**

Whenever an operator chooses to apply a fully standardised corporate livery to its fleet, the brand identifier for the local customer is simply the number on the front of the bus and that can be confusing and ineffective!

Imagine *Tetley* and *Twinings* simply differentiating their wide range of teas with simply a number on the packet and an index hidden in a website or app or a notice at the supermarket entrance!

Somewhere between that corporate livery and the bus number, there needs to be some kind of labelling or packaging to sell the local service.

Corporate branding has a place and is worthwhile and so, too, the supplementary imaginative, creative, compelling local branding of individual major routes or groups of routes.

Simply another matter of local detail requiring local management teams to deliver properly.

To summarize –

Organic growth and modal shift are fundamental existential issues for bus in the UK

Requiring –

Bus operators prepared to fight for a proper bus operating environment and engaging and enthusing their customers and stakeholders to join that fight, against the political cowards who will not confront the tyranny of the car.

A **relentless and determined focus on delivering reliability** on the street.

A **consistent use of data to optimise scheduling and operations underpinning reliability and reducing costs.**

The **physical presence of adequate operational supervision on street** to resolve issues and engage with customers.

A **relentless drive to keep Head Office overheads and staffing costs in proportion** to the pricing levels which will drive organic growth.

Position their **management teams at a local enough level to ensure full commercial understanding of network growth opportunities and genuine 'day to day' engagement with transport authorities and other key stakeholders.**

Focus on **nurturing, growing and continually investing in local flagship routes** wherever they may be.

A **fleet replacement policy which invests in new buses consistently across all markets to support the growth of local flagship routes.**

A relentless focus on standards of staff and fleet presentation for every single journey.

Pricing policies focused relentlessly on maximising demand and growth.

Bold local sales activity and branding to maximise demand and growth.

The alternative is to get hung up on public subsidy and spend the next decades managing decline and missing the golden environmental opportunities for the bus in the UK.

For further information or support in delivering organic growth or modal shift contact robert.montgomery@busreinvented.com

busreinvented.com

Growing bus use through modal shift

UK | Europe | Middle East | Australasia

busreinvented.com

Growing bus use through modal shift

UK | Europe | Middle East | Australasia
