

Forums

RAILWAY STUDY FORUM

Transport's Leonardo Da Vinci

Will Whitehorn, a former President of CLT and Virgin Galactic, spoke to the Forum about innovation, disruption and the future of transport at an event held at Stephenson Harwood, Finsbury Circus. His talk covered his vast experiences from the start of his career as a travel agent in Croydon, to his time with Richard Branson, and his current role working with cutting-edge transport, the satellite industry and the entertainment industry. He spoke of transport generally, space, railways, aviation, Richard Branson, Elon Musk, the Hyperloop, and other themes that impact transport, illustrated with examples from history.

Businesses that think of the customer first innovate the best, but are not slaves to market research. Entrepreneurs do not think of innovation, they think of the customer. Rapid change has started to impact transport due to the consumerisation of technology. Technology is becoming better, people are shopping from home, lifestyle habits are shifting and there are demographic impacts on transport behaviours.

Innovation and disruption are words that are widely used, often together. Innovation results in unpredictable consequences – for example, live entertainment is booming in Britain and other major economies due to the disruption caused by downloading of music in the 2000s.

Stagecoach Transport has been disrupted and is in the process of re-disrupting itself because of changes in the habits of its

customers – for example, people do not travel at the same time every day. Consumerisation and availability of sophisticated technology are also having an impact; why go to work every day when better technology is available at home than in the office? Stagecoach has had to learn how to come through the other side and decide where it is going next.

Entrepreneurs have been leading the innovations within transport. It is well known that they understand risk intrinsically, from Elon Musk to Richard Branson. Most people think of the complexity in simple things, whereas entrepreneurs think of the simplicity in complex things. Where he finds complexity, Richard Branson also finds simplicity. The heart of innovation and disruption is always linked to a business plan. This was true of Virgin Atlantic and also true of Virgin West Coast Trains in 1996 when it won the franchise. Faster trains between London, Manchester, Liverpool, Birmingham and Glasgow would generate a profit for it and the Government. Virgin gave the rolling-stock companies a non-contractual 'Red Book' that set out how the train should look like and how it should work for the passenger. The whole of the West Coast Virgin Brand was very disruptive. Though marred by the collapse of Railtrack and PUG 1 upgrade vs the PUG 2 upgrade, Virgin Trains West Coast doubled the number of passengers and became a profitable business. It was Virgin Trains West Coast that led to the demise of Flybmi.

Change and innovation can work.

Personalisation is the key for the future – for example, every prediction was that home entertainment would kill the cinema, but cinema has boomed. Shared ownership will rise, in the same way that planes are shared by pilots. Public transport will become personalised at pace. On demand and uberisation of public transport will continue – for example, on-demand autonomous bus service apps (common in Beijing) will rise, with routes changing as demand changes.

Will Whitehorn said railways are fascinating. He had worked on the business plan for the West Coast Mainline, and having been involved with Virgin and Stagecoach he had seen 'the good, the bad and the ugly of rail innovation', but could not predict its future.

If you are going for speed, he said, Hyperloop is the answer. He expects the first Hyperloop to be operational in the Middle East or the Far East. He also predicted a commercially run 12-seater electric plane on a regional route with a CAA or FAA-type licence within three years.

Cheap access to space will revolutionise what we do on the ground and how we control autonomous assets around the world. In this way, the communications industry of the planet could be made more environmentally friendly. Britain is the home of autonomy and will remain leaders in this industry.

Viv Nissanka
Contract Design Manager,
Department for Transport.



OPERATIONS MANAGEMENT FORUM

Advanced techniques for inventory management

Catherine Milner, Managing Consultant, c2mc, was invited to the London Region to talk about advanced inventory techniques.

Linking the goal of the organisation to logistics and operations management, and strategies to inventory policies, the clear message was that understanding the business needs and vision must determine the use of the inventory tools and techniques. Further, process, organisation and technology all have to be considered. Debating the differences in inventory management from dental equipment to projectors, from Lego to fast fashion at Zara, many lively discussions took place about the various roles inventory has to perform in an organisation and the ways to manage them.

Planning and control business systems such as enterprise resource planning are used in most organisations, and the inventory management tools and techniques need to work in these or interface with them. Tools such as Pareto, economic order quantity, inventory management matrices, K-curve and the inventory exchange curve were all mentioned. What is considered useful may vary between organisations and the selection of the technique must link to the needs of the business.

Further details of how and where to apply the techniques are explained in more detail in the books Catherine Milner has co-authored with Geoff Relph, one of which, *The Inventory Toolkit*, is due to be published on 3rd July 2019.

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