

Case Study– First Capital Connect



“Our people are excellent at running a railway, but we need some to think about their processes in pounds and pence - and many weren't able to do that.”

Richard Patient, First Capital Connect

This is a story about a normal challenge faced by businesses all over the world. It's about simple numbers and complex financials and a group of people who are all given responsibility to manage budgets. The problem was that employees just didn't know what the business was asking them to do - and from their perspective, it's extremely difficult to ask a sensible question if they don't know the basics. On top of that, there's simple human nature that people don't want to feel a fool in front of others, especially 'authority' figures.



There were two fundamental problems: that one wrong financial turn in the business could easily manifest in budgets being out by hundreds of thousands of pounds, and that there was a subtle but troubling communication barrier between the employees and 'head office'.

It was only going to get worse if action wasn't taken. As Richard Patient, Financial Planning and Analysis Manager of First Capital Connect, summarised, “I don't want to find the budget is £2m out because of lack of knowledge or someone was too worried to pick up the phone to ask our team a simple question.”

The clash: day job vs financial responsibility

First Capital Connect (part of the First Group) operates trains between London, Brighton, Bedford, Peterborough, Cambridge and King's Lynn over the UK's busiest rail network. It transports approximately 180,000 people every day and £6billion is currently being invested to transform the network with new and longer trains, better stations and new journey opportunities. There are 2200 employees, and approximately 100 Cost Centre Managers.

These Cost Centre Managers (CCMs) have a 'day job', perhaps in technology, engineering, HR or health and safety. Their role as a CCM sees them authorising payments, managing budgets and creating financial business cases for head office.

First Capital Connect runs a tight ship in its overhead structure and if the CCMs don't have the right skills, overall budgets can be considerably out. One major engineering invoice, forgotten in the system, could cause an understandable problem. Richard Patient adds, “Our business management software is not straightforward to use, so unsurprisingly, some of our people couldn't read financial reports, let alone create them. We needed to make sure the CCMs felt comfortable with this part of their role. Too many negative financial surprises and too many varying degrees of skills created a large problem.”

The business needed to:

- Offer relevant, practical training to individuals, not just at that moment in time, but at any time in the future, as new CCMs are appointed to the role
- Make finance 'human' to CCMs
- Help CCMs truly understand their role and responsibilities and what they mean to the business
- Enable each to have good quality conversations about finances
- Create good business cases for wise spending.

Seeing the business perspective for the first time

A financial learning course with a difference was designed. It not only would create far superior understanding of their responsibilities, but also help the finance operation to:

- Function more efficiently across the business
- Keep learning costs as low as possible
- Provide the finance team with new skills
- Dramatically reduce the chance of error or misjudgement.

The one-day course, designed by OnTrack International includes a morning business simulation exercise with the company's specially created tool, then an afternoon session to apply their learning to First Capital Connect's precise situation.



The course is held at First Capital Connect's training facility, bringing people together for the day to create a rapport between individuals and the finance team, as well as showing it's a normal office with approachable people, rather than an 'Ivory Tower'. To help longevity, the finance team have increased their own personal skills by receiving 'train the trainer' sessions from OnTrack.

Peter Hurst, Principal Consultant and Managing Director of OnTrack, explains, "Our business simulation tool for finance is quite unique. It helps people to understand the financial connections between the different functions of a business, practice financial planning required for success and make key commercial decisions that impact the overall organisation. It takes people from understanding financial terminology and then on a journey out of their smaller roles to let them see why decisions are made and how financials make a large impact on the organisation as a whole. The tool is adaptable for different uses, so also helps people to improve their knowledge of customer service or negotiations, for instance."

The Business Simulation

Participants are split into three small teams and 'given' the same business to manage. They are challenged to create profitability, sustainability and commercial success for their business. In the game, they start to understand:

- The financial connections between the different functions of business, practise the financial planning required for success and make key commercial decisions impacting their organisation

- The meaning of a range of financial terminology including pre-payments, accruals, profit and loss account, balance sheet, capital expenditure and operating expenditure. Indeed, they generate financial reports for their business, including a profit and loss account and balance sheet
- The initial connections between the simulation and day-to-day financial activity in First Capital Connect.

“The teamwork element is interesting to watch,” says Richard. “The three teams either get quite competitive or do the opposite by collaborating and sharing knowledge for maximum output. There are no rules on that, they just need to do what is best for their business.”



Solidifying newfound knowledge

The afternoon’s training is dedicated to understanding the specific activities and requirements expected of a CCM at First Capital Connect. It continues with the experiential theme keeping it interesting and fast-paced and drives home knowledge gained from the morning. They:

- Understand what is required of them and when
- Prepare a 12 month budget, understand the corporate cost centre structure and recognise the challenges and consequences if their forecasts are not well thought through
- Interpret and analyse year-to-date data on First Capital Connect’s financial system, identify actions required if actual spend is off track and prepare and present a high-level quarterly business review
- Forecast a year-end position accurately and prepare documentation for e-procurement.

Passing on the knowledge

OnTrack added further expertise by ‘training the trainers’ in a separate event. This special training, along with watching OnTrack deliver two training sessions to the CCMs, means Richard and his team of eight are able make the training available as and when the business requires.



Richard explained, “We were nervous when we started as it is very different from our normal roles, but we thoroughly enjoy it now. What’s more, we’ve taken our knowledge outside too - we helped a 6th Form school in Norfolk learn about business finance. That was more nerve-racking and challenging than training our managers, but the kids really enjoyed it and said they found it better than another well-known company who presented there too. Presenting and training comes far more naturally now.”



“To have far, far better communication between us all is invaluable.”

**Richard Patient,
Financial Planning and
Analysis Manager,
First Capital Connect**

Results

“Overall, we learned some key things,” says Richard. “The most overwhelming thing is that powerful communication between Finance and CCMs in the business makes such a difference. The CCMs feel a great sense of relief when they find out if they don’t know something they can pick up the phone and speak to one of us - someone they know and feel comfortable with.

“On the flip side, sometimes things just don’t go to plan, and rather than worrying about nasty shocks, they call us and together we’ll find a way around the problem. The new people were probably thinking that if they do something wrong, then they’d get into trouble, but that just isn’t the case.

“We are a company-wide finance team now.”

On top of this, First Capital Connect’s finance team:

- Gets far more relevant queries. The basic ones which showed lack of understanding have been eliminated
- Know people are not scared to pick up the phone. If they see people at head office, it’s friendly and welcoming. The human side of things has greatly improved; the ‘Ivory Tower’ perspective has gone
- Monitors how the procurement system is being used and are seeing definitive improvements on timings
- Sees budget meetings are less fractious because people know what is needed and check their output
- Gets far better written business cases, with better analysis and less meaningless words. The CCMs understand what is required to get a case to go through.

Richard Patient sums up: “We repeatedly see the pennies drop when individuals learn why the finance team needs to know certain things, or what certain spreadsheets are for. It’s quite brilliant to see people in the process of realising the importance of their actions and the rationale of the data.

“And to have far, far better communication between us all is invaluable.”