

Case study: RBS

In its 2006 report, *Improving the efficiency of postal services procurement in the public sector*, the National Audit Office (NAO) points to RBS as an example of good practice on postal issues from a leading private sector organisation.

The RBS Group encompasses brands such as Royal Bank of Scotland, NatWest Bank, Coutts, Direct Line and Tesco Personal Finance.

NAO commends RBS for improving the efficiency and performance of its postal services by:

- **Making use of 'downstream access'**. RBS was the first major customer of Royal Mail to develop and implement 'downstream access' for its bulk mail output and lists the advantages as:
 - cost savings
 - greater delivery day certainty
 - quicker delivery – 10% of customers receive their mail one day earlier, compared with Royal Mail's "Mailsort 2" service
 - a more secure network, because the mail arrives at Royal Mail in sealed bags and is tracked until this point
 - later collection times.
- **Centralising its management of post.** The RBS Group now makes use of a single set of shared postal services, ranging from print to mail. This single 'back office' has made the most of the organisation's economies of scale and resulted in significant cost savings. In addition, RBS has put in place a centralised decision-making structure, enabling the rapid adoption of new postal efficiency initiatives.
- **Working closely with suppliers.** In particular, NAO points to:
 - The RBS system of tiered interactions with suppliers. Tiers are dictated by the importance of the supplier to the group's business. For example, Royal Mail is a "Tier 1" supplier, so this relationship includes annual meetings of the two companies'

- chief executives, plus formal, structured quarterly and monthly performance review meetings.
- Engaging suppliers from the early stages of any new initiative, allowing them to gain insights and design more robust and useable solutions.
- **Using secure mail products.** Secure delivery of sensitive banking products – credit cards, for example – is of high importance to RBS, so delivery modes and postal products are chosen accordingly.

Useful links

- **www.psc.gov.uk** – Postcomm’s website, for more information on the UK postal market, including advice on reviewing your mail services supplier, and full listings of alternative licensed operators
- **www.nao.org.uk** – the National Audit Office’s website, which includes a full copy of its March 2006 report, Improving the efficiency of postal services procurement in the public sector
- **www.rbs.com** – the RBS Group website.

Please contact Postcomm for a full list of the titles available in this series of factsheets.

13 August 2007

Postcomm is the independent regulator for postal services in the UK. This is one of a series of fact sheets designed to provide background information on key issues in the postal services sector. Contact us at 6 Hercules Road, London, SE1 7DB. **Tel** 020 7593 2100, **Email** info@psc.gov.uk

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