



VALUE-DRIVEN Trackwork

By creating a company built on strong values and operational excellence, Metro Trains Melbourne is determined to keep the city moving safely and efficiently.

Images courtesy of Metro Trains Melbourne

Andrew Lezala, CEO of Metro Trains Melbourne, has had an illustrious career in rail and transportation. He has worked for the likes of British Rail, ABB Transportation, Daimler-Benz, Bombardier, Jarvis Rail, and Metronet before taking up his current position five years ago. The vast majority of Andrew's work has been focused on change management. He is also an adjunct professor at Swinburne University where he mentors and gives lectures in his field.

The CEO Magazine spoke with Andrew about his career, the changes he has introduced to

Metro Trains Melbourne, and the company's vision for the future.

***The CEO Magazine:* Throughout your career, what have been some of the most significant challenges you've faced?**

Andrew: I led the design team for the mechanical design of a high-speed locomotive when I was about 28 years old. That was a challenge because it was such a big job and I was relatively inexperienced. Some of my biggest challenges since then have been about turning around companies. Going into Jarvis Rail, it had a lot of problems financially and with its quality, so I did a big downsizing, a big restructuring, and a big effort

with the customer to stay in the business and eventually become their supplier of choice.

In the Daimler-Benz business, the portfolio I got was 17 major contracts around the world for supplying trains. It was a loss-making portfolio, so turning that into a profit as quickly as possible was very important. In Bombardier Services, we set ourselves a challenge of doubling the turnover and tripling the profit in three years; we didn't quite double the turnover, but we tripled the profit.

I guess some of the biggest challenges have been within Metro Trains Melbourne. When we took over the franchise, the on-time >



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performance was in the mid 80s percentage-wise, and we've taken it to 93 per cent, which, compared to the contract's 87-per-cent requirement, is quite a big achievement. To do that, we've had to tackle many things and we developed a strategy to do it. Changing a railway's performance takes a lot of effort. It's a big

railway by any standard, with 870 kilometres of track, 218 railway stations, and more than 200 six-carriage trains.

This has been a really challenging time for me, and I guess that's why it's the longest I've ever been in a job; I normally leave after 18 to 30 months, since I do the turnaround,

put the right people in place, and move on. In this job, the challenges have kept coming and are still coming because the patronage is growing, there has been a lot of investment available to grow services, and we're hitting capacity limits now, which brings new challenges again. Customer satisfaction has gone up from 63 per cent when we came in to 71.5 per cent now, and every percentage point is harder to get because people now expect a lot more, as we all do in our everyday lives.

How did you tackle the challenges of Metro Trains Melbourne and instil change across the company?

We set off with a three-stage strategy. The first phase was getting the basics right; the second phase was to stabilise our performance and professionalise our customer service; and the third phase, which we're in now, is to 'metronise' and grow our business. The first phase ran over the first 18 months to two years and it was about making sure the assets don't fail, which is about reliability, improvement programs, investment in kit, and engineering solutions. The other core elements, apart from assets, that don't fail are >



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timetables that work, and the philosophy that every minute counts. We put those in during the first two years and we saw our performance go up to 90 per cent.

The next phase was about stabilising our performance. While we were at 90-per-cent punctuality, it was still very erratic, so we had to look behind the processes and tighten those up using lean techniques and narrowing the bounds of variability. We also had to strengthen the DNA of the company, bringing in very competent, experienced managers, restarting the graduate and apprenticeship programs, which had been stopped in previous years, and bringing in clever systems like visual management.

Visual management techniques were derived from the automotive industry, where key data is displayed and main drivers are discussed at all levels of the business. We have about 60 visualisation centres, and most of

them are reviewed every day. This aligns the company and is great for communication. It's also great for prioritising and resolving issues, so we're able to move quickly in changing an area of weakness and developing a culture of how we do business around here. That is all backed up with our values.

What are the company's values, and how do they manifest within the business?

Our acronym for our values is STEPH, which stands for 'safety', 'teamwork', 'excellence', 'passion', and 'honesty'. Those values have a set of behaviours that go with them, which we can then use in our performance management system to assess people against the behaviours that we require to reflect the values.

A big part of what we've done is reforming how we relate to our employees, how our employees do their work, and how we lead and manage. We've put a big effort



into leadership, leadership training, good management, and good managers. We've put a lot more managers into this business than was previously the case, because it's a big business and it needs that attention, it needs that focus, and people want the leadership. Railway people are generally very passionate, but they do need good leadership to point them in the right direction. It's quite a big challenge here and it's ongoing.

We're raising the bar all the time, so we've got the business qualified in the Customer Service Institute of Australia. We like to measure things; we're data based, so we've become accredited to this objectively measured accreditation. We've entered with a reasonably high score, and we've set our sights on becoming world class in that respect. We've also become measured in the Procurement Institute and we're going for the advanced membership. >



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All of these things require great process improvement and great leadership, and we're now working on the business excellence model and actually getting measured against that. We try to give ourselves external benchmarks all the time to see if we're getting better, and, if we aren't the best, we look at how to become the best. That all comes down to the people that pay our wages, which is Public Transport Victoria [PTV], our main customer, which also conducts the customer satisfaction survey with our passengers. We review this all the time to see where we need to improve next.

What is your vision for Metro Trains Melbourne, and how is it supported by those company values?

The vision, which is 'A proud railway for everyone, everyday', came about because we wanted to pass the 'barbeque test', where our employees would openly tell their friends and family that they are proud to work at Metro. In previous times, there had been a lot of negative press about the railway, and a lot of people were disillusioned and not feeling proud. We want the good citizens of Melbourne to be proud of us as well; they're very proud of their trams, but they were not proud at all of the railway. We aim for our customers and our employees to be proud of what we do for them.

Our mission is to run a continuously improving railway in safety, punctuality, reliability, and customer service. The values that back that up are first and foremost about safety. Railways are very safe systems, but they can be very dangerous if you don't follow the rules or if you go where you shouldn't go. We have a continuous push on staff safety, on passenger safety, and on stopping trespassing and vandalism.

Safety is really important. We had a lot of different behaviours that we thought reflected safety, and we put it to our staff: 'Which of these best reflects what you think we should measure in terms of behaviour?' They voted on it, and



the two behaviours that back up our safety value are 'Always use the correct procedure' and 'Never walk past an unsafe act or condition'. Those are both very measurable things.

When we took over this business, the train maintenance and the infrastructure maintenance were in two separate companies to the train operations themselves, so we brought all of that together. We had a teamwork value so that we could really keep emphasising that you've got to work together with the other parts of the business. Great teamwork is 'one plus one equals three'; you actually get a massive uplift in the capability that you're dealing with. So that was really important.

Excellence comes really from wanting to be ahead of the game and wanting to be the best. I don't get out of bed to be mediocre; I don't think anybody does. I'm very much a Formula One fan, and if you don't do something in between races to improve your time, to shave off a fraction of a second, you're going to fall behind. I don't see any difference with our business. We've got to be improving on all fronts all the time, so everybody needs to be making improvements—and excellence is our value that drives that.

Railway people have a passion for what they do. Sometimes it's a



thankless task; the public can be very scathing. If you're a frontline railway worker or customer service officer, you can deal with some quite difficult people. You've got to have a passion to provide a service so you can push through all that, to keep smiling, to keep helping, and most of our people do exactly that.

Honesty is about being straight with ourselves, with our customers, and recognising that we don't always get it right. We need to get to the bottom of it every time there's a mistake and understand what went wrong and what we can do about it. So we're taking a very hard look in the mirror when anything is going wrong, whether it's a rolling-stock failure, a mistake

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- Andrew Lezala



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in timetabling, a failed signalling system, or just bad communication. We've got to be brutally honest about how we're doing so that we can extract the most knowledge from anything that goes wrong and make it better next time and avoid repeating the mistake.

The values are really important to us in how we do business around here. Also, if there's no rule for something, we tell people to just stick with the values, make decisions based on the values, and you'll be alright.

In creating these company-wide changes, what role have staff played to ensure that these changes are maintained?

Wherever I've been and whatever I've done, it's all about getting the right people and making it very clear to them what we've got to achieve, the direction we're going in, and having good stretch targets. When I told them we were going to have a 95-per-cent



on-time railway four years ago, they all thought I was mad; but now we're at 93, and sometimes hitting 95, so they're encouraged by that.

You can only do things through people; people are passionate about winning. The differences between the processes of management and the emotion of leadership are fascinating to me, and I never tire of having great teams, building great teams, setting big challenges, and knocking them over. That is really what it's all about. I'm very lucky to have a great pool of people who feel the same way.

How does Metro Trains Melbourne collaborate with key suppliers and other strategic partners to ensure ongoing success?

First and foremost, we collaborate with PTV. We also collaborate with the regional railway here, V-Line; with VicTrack, which owns all of the assets; with Yarra Trams, which is a major service provider in greater Melbourne, particularly in the inner suburbs; and with the bus companies, because we also work together with them and

depend upon them for feeding a lot of our stations. We have formal sessions together to make sure we're aligned, and we attack any issues across the network. That's all under the guidance and leadership of PTV.

We have some major suppliers, such as the bus companies. When we do maintenance work and we shut the railway to rebuild it, we need buses. The same goes for when we have disruptions; if there's a trespasser on the track or somebody has been struck by a train, we need very close relationships with our bus suppliers so we can get people home quickly.

Then we've got people that do maintenance and overhaul works for us, such as Inver Engineering, where they wanted to get into the business of bogie overhauls and we wanted new suppliers, so we worked with them to design their facility, design their process, and put visualisation management in place. It has been a huge success. These guys have done a fantastic job for us and really reduced the cost of this work, and we've done that together in partnership, which still continues.

And then we've got companies that we rely upon to come onto the network, like John Holland, United Group, McConnell Dowell, and the like, to do some very intense civil works in very short periods of time. So we have to work really closely with them in planning the work.

What future would you like to see for Metro Trains Melbourne?

Our main aim is to extend our contract, which comes up at the end of 2017. If we pass certain criteria, we win the right to negotiate an extension, so that is our prime focus. My shareholders are also trying to get a public-private partnership up and running to upgrade one corridor of the railway in a major \$2-2.5-billion project including new trains, new signalling, bigger power supplies, level crossing removals, new stations, and a new train depot. We're working with the Victorian State Government and recently signed an interim agreement on the requirements to reach contractual close in 2015.

Those are our main strategic goals at the moment. •



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- Andrew Lezala

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We congratulate Andrew Lezala on his achievements at Metro Trains Melbourne and wish him future success across his business.

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