



Speaking Notes

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GIVEN TO THE BROCKVILLE ROTARY CLUB AND CHAMBER OF COMMERCE AT
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Managing the customer experience at VIA Rail

I always welcome the opportunity to talk about passenger rail, a passion that has been at the centre of my entire professional life. And it is a special pleasure to talk to you here today, in Brockville – the city that opened the first railway tunnel in Canada, and marked completion of a new rail service from Montreal more than 150 years ago.

That rail service was soon extended to Toronto, and another service was built linking Brockville and Ottawa. Together, those services grew into a network linking Quebec City to Windsor, which now carries some 400 passenger trains per week, and 3.5 million passengers per year. And that network in turn became the core of a passenger service that spans the country coast to coast, and north to Hudson Bay.

VIA Rail operates this national passenger service on behalf of the Government of Canada. And for VIA, Brockville is as important to the future of passenger rail as it has been in the past. Today, Brockville is served by 16 trains per day to and from Montreal, Toronto and Ottawa. Last year, 63,000 passengers used the Brockville station, making it the 20th busiest station in Canada.

Brockville is important not just because it remains the geographic centre in the key Montreal-Ottawa-Toronto triangle market. It is important because Brockville is an outstanding example of the kind of communities we serve throughout this market – the kind of communities our success as a business depends on.

Passenger rail is thriving in Canada today, because our customers and the communities we serve value train travel. We give customers an experience that they value more than other travel alternatives. We work with communities to deliver the best value possible, to meet the needs of the people and businesses who can benefit from our service.

And if passenger rail is to thrive in the future, we know that we have to keep that focus sharp – working to deliver more value to our customers, and the communities we serve, in the years ahead.

I want to talk about how we are doing that at VIA Rail.

When I took the job as VIA's President three and a half years ago, customer focus was at the top of my mind.

We were beset by all kinds of challenges. For more than a decade, VIA had been on a winning streak – lower operating costs, higher revenues, attracting more customers year after year.

Then it seemed the bottom fell out of the intercity travel and tourism markets. The fallout from 9/11, fears about health risks like SARS and a series of natural disasters – they all combined to make 2003 one of the worst years on record for the entire travel industry.

Since then, things have never really returned to “normal”:

There has been major restructuring in the travel industry, with more intense competition and price wars.

Customers have higher and higher expectations about the kinds of travel services available.

Markets keep changing, and businesses have to respond faster than ever just to stay in the game.

Add to all this the fact that, despite our best efforts, our operating costs keep rising, especially fuel costs.

As we scrambled to meet these challenges, my colleagues and I felt that we could lose our focus – as an organization -- on the customer. And we knew that would spell disaster for VIA Rail.

Why? For two reasons.

First, the unique travel experience we deliver to our customers is our key advantage in the marketplace. People choose the train because it offers something different – a more comfortable way to travel, a safer and less stressful way to travel, with the chance to stretch out and relax, or get some work done en route. We call it the “human” way to travel.

Second, in a market where there is little opportunity for growth, there is really only one way to grow our business: by increasing the value of that experience to our customers.

Our success depends on:

Understanding how and why customers value that experience.

Anticipating their needs. And

Delivering a service that exceeds their expectations.

It's that simple.

That is what I mean by customer focus, and it has become the foundation for our business strategy at VIA Rail.

This strategy involved:

Reorganizing our company, to focus our people and resources more precisely on the customer.

Changing the way we hire, train and reward employees, to increase our talent as an organization in delighting customers. And

Developing a corporate-wide management process to focus, engage, measure and reinforce efforts to put the customer first.

A new Chief Customer Officer integrates all people and processes that contribute directly to the customer experience, from market research to product development to service delivery on board our trains.

What this means is we now develop and deliver the customer experience through a single, unbroken chain. We call it the Customer Experience Group. Their job is to understand the marketplace and the needs of our customers. And then develop, market and deliver services that anticipate and exceed customer expectations.

This has sharpened our business focus – and our ability to match what the customer expects, and what the customer actually experiences.

But to truly excel at delighting customers, the entire organization has to actively support the Customer Experience group.

So we strengthened our cross-functional effort which brings together people from different departments. Cross-functional teams allow people with different responsibilities – from operations planning to official languages – to work with a common focus on the customer.

These teams include the “front-end” of the customer experience – where face-to-face interactions take place. But they also include all the internal processes, like equipment maintenance and administration – the things that customers may never see directly, but affects their experience.

This way we can identify problems and opportunities, explore solutions and new ideas, and take action quickly – and the impact of decisions on the customer is more clearly understood.

Our approach to human resource management is also changing. More than ever before, our success depends on people skills -- the creativity, innovation, and caring that employees bring to the job. So we have identified the core competencies we need in our employees. These are the talents that build and strengthen relationships with our customers – talents like listening skills, empathy, and creative problem-solving.

We have built those talents into the way we hire, train, evaluate and reward our people. And we are beginning a new “cultural shift” by using coaching and positive feedback at all levels of the organization to reinforce success in customer service.

In doing so, we are building an organization of people who are not only very good at what they do, but are passionate about doing it well.

These organizational and cultural changes are brought to life through a simple but powerful approach to managing results and performance on the job.

First, we work together to make sure that we all share a clear vision of what we mean by a “customer-focused organization”. Managers, supervisors and senior executives at all levels engage in frequent consultations. We take a hard, practical look at what it means to go beyond customer satisfaction, to anticipate and exceed our customers’ needs. We spell that vision out in clear, well-defined performance objectives.

Second, we engage all employees in that vision, reinforce that vision through hands-on communication and teamwork, and make sure our people have the tools they need to do their job.

Third, we measure results. We look at what is working, and what could work better. And we share what we discover throughout the organization.

Finally, we reinforce what is working, reward and celebrate success – and start the process all over again.

Focus, engage, measure and reinforce – it is a process that brings “customer focus” down to the real world, and it gets results.

For example, it has helped us bring some real innovations to passenger rail – innovations that truly reflect customer needs and expectations.

Here in the Quebec City – Windsor Corridor – where we carried a record number of passengers last year – we are also listening, and learning, from our customers.

Last year we adjusted train schedules between Montreal and Quebec City, so that our departures and arrivals fit in with our customers' plans. And we added two new departures for Montreal from Ottawa's west-end Fallowfield station.

We developed new tourist services with business partners – such as Canada's first “Casino Train” and the “Bike Train” between Toronto and Niagara Falls.

We've gained a better understanding of the needs of business travelers. As a result, we continue to fine-tune the services and facilities we make available. We became the first passenger service in North America to make Wireless Internet available to our customers, with access fully implemented on all our trains and major stations in the Windsor-Quebec City corridor in 2006. This year we extended this service to stations in Winnipeg, Edmonton, Jasper and Vancouver – a first for transcontinental routes in North America.

If you call our telephone sales agents, you will discover another example of customer focus in action. Thanks to better technology and databases, repeat customers are getting a much more personalized service. Agents have access to the information they need to understand individual needs, and provide service tailored to your own travel habits and preferences. And agents are serving customers more quickly and efficiently.

You can also see the impact of customer focus in our marketing. Advertising campaigns, built on understanding what customers appreciate most in passenger rail, have become more effective. And last year, a study of customer preferences in the Corridor helped us to create new pricing strategies that not only increased ridership, but became one of our most successful growth initiatives in 2006.

We also introduced new online payment options. “Virtual credit cards” and direct bank transfers are making online transactions more efficient, convenient and secure for customers.

Expect to see more changes in the future. We have started the first steps in a comprehensive review of all Corridor services. This review will include a complete assessment to determine how passenger rail must change to meet the changing needs of customers.

All of these examples focus on how we are building stronger relationships with individual customers. But I would like to talk about another aspect of “customer focus” at VIA Rail. That aspect is our focus on the needs of the communities we serve, including the groups of people within those communities, whether they are seniors, students or people with disabilities.

On that note, you may have heard about the recent court ruling which requires VIA to modify its Renaissance trains to improve existing on-board amenities for travellers with disabilities. We are working with the Canadian Transportation Agency to meet these new requirements as quickly as possible.

We are proud of our leadership role in providing passenger services that meet the special needs of passengers with mobility and other restrictions. We are also proud of the way in which we have improved our products and services over the years. This is reflected in the special training we give our staff, in the on-line and telephone tools we provide, as well as in the many physical changes we have made to our equipment, stations and maintenance facilities to ensure better access to all. As I outlined earlier, we are committed to making the experience of travelling with VIA a unique and memorable experience for everyone.

That commitment is vital to build strong relationships with our customers. Strong relationships are built on trust. And I believe it is important to earn the trust of our customers by acting responsibly.

This is partly a simple question of integrity. We ensure that as a corporation, and as individuals, we conduct our business with honesty and integrity. We have adopted a Code of Conduct which spells out exactly what that means, with clear standards to which we hold ourselves accountable.

But it is also a matter of corporate social responsibility. For example, we know that transportation has a big impact on the environment in Canada – and we know that our customers care about this.

So we work hard to make sure that passenger rail remains the most environmentally sustainable choice in public transportation.

We make annual environmental goals a key part of our business planning process, consistently improving our environmental performance. We have reduced fuel consumption. We have adopted green procurement policies. And we encourage employees throughout the Corporation to develop new recycling programs.

For example, we encourage employees to join in Green Teams across the country. These are volunteer teams charged with developing new environmental initiatives. And they have come up with some innovative, award-winning ideas – like recycling old uniforms.

And earlier this year, VIA launched EnviroExpo, a new environmental innovation category of the Canada-Wide Science Fairs. In partnership with the Youth Science Foundation, the program aims to encourage high-school students from across Canada to develop new solutions to significant environmental challenges, combining both science and art for the first time. Entrants will have a chance to win one of three \$10,000 scholarships for the post-secondary institution of their choice.

VIA also works as a corporate partner with other organizations to address social and cultural causes that are important to our customers.

For example, last year we began serving “fair trade” certified coffee exclusively on our trains. And we support a variety of local initiatives and organizations that address important environmental, social and cultural issues, such as the Canadian Cancer Society of Brockville, the Brockville General and St. Vincent de Paul Hospitals, and the Big Brothers and Big Sisters of Leeds.

We are also proud to note that, in some cases, community organizations also give back, in their own way. A great example of this is the Brockville Horticultural Society, whose members have been giving of their time, effort and expertise to beautify the landscape and gardens around our station here for the past several years.

And recently, VIA became a national sponsor of “Kids Help Phone”, Canada’s national bilingual phone and web counselling referral and information service for children and youth.

Individual employees, too, are encouraged to take an active role in their communities, through activities such as fundraising, amateur sport events, and environmental causes.

I personally am involved with youth causes such as Portage, a non-profit agency working with substance abusers, and the Quebec Cystic Fibrosis Association.

I raise this issue of corporate – and individual – responsibility, because I think it matters to any organization that cares about its relationship with customers.

If we want to develop strong relationships, we need to be more than people who appear to care about people. We have to really care about people.

We do care, and I think that makes a difference to our customers.

So I am encouraged by the results of recent Léger marketing and corporate reputation surveys. These surveys consistently show that VIA Rail is one of today’s most trusted and admired transportation companies in Canada.

Our 98 per cent customer satisfaction rating is one of the highest in the industry. And we are getting better at taking the next step; 40 per cent of our customers say that we not only meet, but exceed their expectations – a 10 per cent increase over the past five years.

And this year, VIA earned first place for passenger rail services in the annual Agent’s Choice Awards – chosen by travel agents as their top pick in the world, winning over other major players such as Amtrak, Rail Europe, British Rail, and the Orient Express. Our outstanding service was cited as one of the key reasons for our success.

All of this adds up to a better customer experience -- and better performance for passenger rail.

In 2005, we achieved our highest yearly revenue growth ever, and carried a record number of passengers. And we maintained those gains in 2006.

Results like these don’t happen by accident.

They happen because we have made the customer experience the core of our business strategy.

They happen because the people at VIA Rail are focused and committed to delivering the best possible value to our customers.

Part of keeping customers top-of-mind is also thinking about how service and our products will evolve in the years ahead. And the subject of VIA can get Canadians thinking about all sorts of possibilities for the future of passenger rail in this country.

Like so many others, I believe passionately in the potential of passenger rail for the country, and for the future. There is enormous potential here in the Corridor, and here in the Brockville area.

Rest assured that we at VIA are actively discussing the needs and the next steps for VIA and for passenger rail with our shareholder --- the government of Canada.

But all this talk about the future is really for another day.

Because unless the fundamentals of our business are sound, unless we are laying the foundation for future growth, the story of passenger rail in Canada will be written about “what might have been” and not the important role we can certainly play in the future.

I am confident that our strong focus and commitment to our customers will keep Canada's national passenger rail service moving forward.

Thank you.