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***Social aspects of the sustainable development of the Leipziger
Verkehrsbetriebe (LVB)***

1. Biographical note

Peter Müller-Marschhausen, born in 1968 studied business administration and economics in Witten (Germany) and Limerick (Ireland).

He began his work life as a Stock and Share Advisor and Company Customer Consultant at different german banks.

After that he Managed and co-ordinated the set up of a department of controlling telephone services and direct sales for German Rail.

He became Senior Manager of the Customer Care Centers of German Rail in Schwerin and Hamburg.

Since 2003 Peter Mueller-Marschhausen is Senior Manager for Personnel, Organisation and IT at the Leipziger Verkehrsbetriebe (LVB) GmbH (Public Transport Leipzig).

Since 2004 he also is CEO of a daughter company (30 Employees) responsible for: personnel development, qualification programmes for employees, practical education of apprentices and the driving school.

2. Abstract

In the Leipziger Verkehrsbetriebe (LVB) GmbH which became a full signatory of the UITP sustainable development charta in 2005, sustainable development is seen as the permanent challenge to secure and develop the organisation in the long term. In addition to a technical development that strongly focuses on environmental issues the LVB especially focusses on social factors and their positive effects on long term company development. The main targets of our sustainable social policies are to make the employees as well as potential customers sustainable partners. To make employees sustainable partners we support them in their work-life-integration, we help them in keeping up their employability by health promotion, education and training. To make our potential customer – the population of our region - sustainable partners, our actions range from working on the customer relationship, developing special products (e.g. tickets for senior citizens), to offering apprenticeships for early school leavers. In order to prove the financial benefits of these actions to the company, it is often enough just to look at what would happen if we didn't take these actions. The costs incurred taking sustainable action especially those focused on social issues are generally lower than the long term costs incurred without these actions.

3. Full Text

Ladies and Gentleman,

I am very pleased to have the opportunity to speak here today and to give you an insight into our ideas about the social aspects of sustainable development at the Leipziger Verkehrsbetriebe (LVB) GmbH.

Our company became full signatory of the UITP Charta of Sustainable Development in 2005. The LVB is the main public transport company of the city of Leipzig and its region. Our service area covers approximately 675 thousand inhabitants. Our transport services base on street trams and busses. The track length is with 323 km the second longest in Germany (after Berlin). We operate 14 tram lines with approximately 400 vehicles. Beside that, 185 busses operate our bus services.

In 2005 we reached the number of 125 million passengers. After a slump during the 90s reaching a down point in 1998 with 88 million passengers we managed to have a steady and consistent growth of the number of passengers up till now. For those amongst you who are not familiar with the city of Leipzig, let me remark, that Leipzig is the second biggest city of former East Germany (with Berlin the biggest). The current situation is that there are strong economical and demographical problems with an unemployment rate of nearly 20 %, a stagnation of the city population and a significant decline of regional and rural population. At the same time there is a high level of uninhabited buildings. The infrastructure of the city was mainly planned in the first half of the twentieth century in view of a considerably bigger population. Traffic jams are nowadays – compared to other cities – rather seldom, which is a critical factor for the customer attractiveness of the LVB.

To secure and develop the LVB as the leading public transport company in the city and its region in the long term our strategy follows the idea of sustainable development. To us sustainable development means: Thinking and acting strategically and long term in terms of

- Firstly the environmental impacts within and outside of our company,
- Secondly the economical and financial securing of the business and
- Thirdly – last but of course not least – social factors

By putting the focus on these three pillars we are sure to reach our main strategic goal: To secure and develop our business in the long term.

To us the social aspects and policies do play a crucial role for the success of the sustainable development of our company. Why is that?

It is proven that companies with a long term success record have two things in common:

- They have qualified and motivated employees and
- They know both, their existing and potential customers.

What are we talking about? We are talking about people and especially about the social relations between the business and these two groups of people: Our employees and our – existing and potential – customers, who can also be seen as the inhabitants of the region we cover. It is clear to us: A business is only successful in the long term if it constantly works on its good and lasting relations to these two groups. This is the reason why our sustainable social policies follow two main goals:

- Make the employees sustainable partners of our company and
- Make the citizens of Leipzig sustainable partners of our company.

How does that work? To build a sustainable partnership means that employees and customers have both, the opportunity and the motivation to stay in this partnership for a long term. What are the focal points we look at trying to make employees and customers/citizens sustainable partners?

We are focussing on five aspects:

- The compatibility between working and private life – or in short: Work-Life-Integration
- The aspect of Recruitment, Training (Life long learning) and Job security
- The aspect of maintaining or safeguarding personal employability
- The Aspect of communication and cooperation and

While the first four aspects concentrate on the staff-side, the fifth aspect looks more at the customer-side:

- The Aspect of the partnership with the population at large as well as public institutions

What kind of actions can stand behind these aspects? Let me give you some examples from what we did in our company:

Firstly: What are we doing to realise the compatibility between working and private life:

We offer part time working programmes, flexible working and shift patterns, Shift on demand systems, special shifts for parents, annual work hour accounts and we even plan life work time accounts. We offer free/very cheap travel with the LVB for the employee's partner and kids, payment parts depending on family size as well as a children's camp for example. By putting these actions into realisation we want to increase staff loyalty, staff motivation and give the opportunity to work while having a family.

What are we doing in terms of recruitment, training and job security? Let me just give you some examples again:

Solidarity wage cuts in return for job security: In 2004 we negotiated an employment deal with staff representatives for the sustainable consolidation of personnel costs. The pact includes staff waiving certain pay components as well as future increases in rates of pay. The positive economic impact of this measure has provided the lasting foundation on which to safeguard jobs within LVB. The connection between waiving pay and job security, i.e. between economical and social factors was formalised by management and staff in a joint declaration. At the same time, around 25 % of these staff cost cuts have been paid into a fund, out of which support is given to staff who makes a special effort in terms of keeping in good health, thereby ensuring their long term employability.

There is another example for a positive combination of the social and economical pillars of sustainable development: Instead of awarding contracts externally for new tramway vehicles, LVB decided to harness its technical know how and develop and build the vehicles itself in line with its requirements. This allowed the preservation of more than 50 direct jobs and another 170 indirect jobs in Leipzig and its region.

In terms of recruitment and training we offer apprenticeships especially for early school leavers over and above short term needs. These early school leavers would have

difficulties in finding other jobs or education programs. Another example: Our employees are trained and developed step by step according to our seniority-based staff development programs. This means: instead of recruiting externals for open top-positions we bring our own well experienced employees into more challenging senior jobs and "refill" the open places by new or younger employees. By doing so, we foster motivation of our existing staff and avoid over-aged structures within the company.

At the moment we are recruiting 300 long term unemployed people in our so called "Active Office" Program where we train and employ them for three years in service areas we couldn't cover so far (e.g. tram-and bus companions or support for handicapped customers). The project is co-financed by the local employment agency and serves to the benefit of the people involved, to the benefit of our customers and to the benefit of our company.

Our recruitment processes of course take into account diversity and gender mainstreaming aspects as well as new equality orientated legislation (in Germany: Allgemeines Gleichstellungsgesetz).

The next aspect we are talking about is the aspect of maintaining or safeguarding the personal employability. Here we are talking about our company health management and our company doctor who takes more and more the role of a health manager and consultant. We offer training courses, moderated self help groups and special arrangements in the areas of stress management, non smoking, weight reduction, food, back bone gymnastics, Nordic walking, heart and circulation programmes. All of these follow the target to promote and secure the long term health of our employees. This is especially important because early retirement programs will stop and e.g. our drivers will have to work in their job till they are 65 years of age in future. To secure the employability of our employees we also offer social counselling, psychological care following accidents and special work schedules for people with physical restrictions. Within the next two years we want to integrate a health centre into our company where the company doctor, the work safety officers the social consultant, our sport club and our health insurance come together as well as a small centre for movement and ergo therapy.

The fourth aspect we are looking at, is focussing on communication and cooperation. In order to have a good staff motivation and service orientation we concentrate on the development of social and communicative as well as leadership skills among management. We are sure that the relation between employee and manager has a strong effect on motivation and performance and in consequence on the long term partnership between employee and the company. There are annual feedback and evaluation sessions, pay components depending on the individual performance as well as annual celebrations for retired employees. Internal communication systems like intranet and newspapers make sure that everybody has the information needed at any time. Talking about information, we just published our first Sustainability Report of the LVB. I brought some booklets and placed them at the entrance door. You can also find more information about this topic in the UITP PTI magazine 4/2006 on Sustainable development (page 40).

Having focused on the employees rather than on the customers so far, we now take a brief look at what we are doing in terms of the partnership with the population at large as well as public institutions: We shape our products according to the needs of our different customer groups: Scholars, Students, Working people, senior citizens. The Senior Citizens as a group that is time wise more flexible than others we offer a cheap monthly ticket that is valid for the off peak hours. To attract these groups and to lower the barriers we organise open days, information events or public festivities e.g. for scholars or for senior citizens, where we explain the ticket machines or how to use the system by wheelchair. But not only that, we also work on our customer partnerships by cooperating with kindergartens, schools and colleges or going into nursery homes. In building long term partnerships with our customers we foster the sales of monthly or even yearly tickets which are of great advantage for the company being able to calculate with certain incomes. At the same time we try to deepen our relationship to municipal bodies by permanent information and incorporation.

You see, the actions we take are of a wide range. But at the same time they are all focused on one target: Building sustainable partnerships with employees and customers. You might remark: Nice, these social factors but do they really help the business in terms of efficiency and finances?

I am of the opinion that this definitely is the case. Sometimes of course a short term investment is needed but the long term returns are worth it. The easiest way to find out if a sustainable development orientated action makes sense economically, just look at what would happen if we didn't take these actions. (Opportunitätskosten). Let me just give three examples:

If we didn't invest in health promotion now we would have employees with less performance in future, we would have costs related to finding other jobs for the employees or costs related to make them leave. In that case we also would have additional costs for recruiting and training of new staff.

If we didn't invest in employing school leavers above short term needs we would have high recruiting costs in a few years, there might be qualified personnel missing on certain jobs in our company and we would have a critical age structure soon.

If we didn't take the action and opened a new business field (producing vehicles) we would have to buy more expensive trams from other producers, we would lose know how and we would have to pay for letting personnel go.

Let me bring it to the point: Sustainable social actions bring long term business success.