



# THE TIMES 100

## First Group summary

### Introduction

First Group (First) is the UK's largest transport operator, employing more than 135,000 people in the UK and the USA. In the UK, it runs rail services carrying around 270 million passengers a year. It is the UK's largest bus operator and also runs a rail freight business. In the US, it operates school transport for nearly three million students a day.

### External influences

First has to assess what external changes are likely over which it has no control. It can do this by carrying out a PESTEL analysis. Each letter stands for an influence and each factor could present either a threat or an opportunity to the business. First has then to put in place strategies to respond to and manage these.

### Political and Economic Factors

- **Political** - Moving people from home to school or work is a vital part of the economy and needs to be efficient. In the 1980s, the government began to privatise transport, so that competition would produce a more efficient service. Government is also committed to reducing CO2 emissions and is encouraging people to use public transport rather than cars. First believes that working with local government is important. It has produced a Climate Change Strategy that aims to cut its emissions.
- **Economic** - Economic factors include changes in demand, for example, the demand for safer school transport has led to research into the introduction of Yellow Buses, based on the US experience. Another economic factor is high fuel taxation. This encourages people to use cars less and public transport more. First looks at how car and public transport can be integrated, for example, with Park & Ride schemes.

### Social and Technological factors

- **Social** - Social changes include the aging population. More people now have free bus passes so travel is paid for by Local Authorities. People travel more, however they are more aware of how this affects the environment.
- **Technological** - New technology can make travel easier, for example kneeling buses to help elderly or disabled people to board. First has also set up a future transport project of buses that look like trams but do not travel on rails. In addition, information technology enables text and email alerts to be sent to waiting passengers on some services and pre-paid smartcards can be used for payment on buses.

### Environmental and Legal factors

- **Environmental** - First has developed its Climate Change Strategy to reduce its impact through a reduction in carbon emissions. It is aiming for reductions of 25% for bus and 20% for rail by 2020.
- **Legal** -. First complies with, and aims to improve on, all legal requirements such as those for levels of emissions. From 2010, First and other transport companies will have to buy carbon credits to offset their emissions. First has already built this into its budget.

### Conclusion

Many factors are external and outside First's direct control. These may be seen as threats, but most can be turned into opportunities. PESTEL analysis helps First to plan strategies to manage these influences.