

B P3 EVIDENCE REASSESSED AS TWIN MODE

SOURCE OF EVIDENCE

This evidence extracted covered each of the 35 profit centres over 24 months, and was sources as follows

- A The incidence of uncertainty was extracted from the data behind the analysis in Section 22.4
- B New analysis of profit pressures from reassessment of Appendix P3-B
- C Response to feedback were extracted from the data behind the review in 22.3
- D The tension analysis was extracted from the data behind the review in section 22.5.
- E Assessment of whether each Profit centre was being operated in Fixed or Flex mode was made from a reassessment of in depth data for each profit centre (Appendix P3 – B), using calendar quarters for periods

FINDINGS

- 1 Movement to Flex mode triggered by requirements for substantive changes in operational arrangements. These are caused either by customer change requirement (pricing/ operational uncertainty- A) or internal pressure for profit increases (B). Change in volumes will only cause oscillations if result in too low profits
- 2 Finding 1 leads to different interpretation of fixed and inform. Fixed relates to fixed operational arrangements not fixed profits. Inform is informing of need to change operations, but does not inform of need fro control actions (e.g. PC1,2,4,22,23,27.8a)
- 3 Responses are either to change operational processes, renegotiate prices or push for increased volumes (C)
- 4 Evidence that Fixed mode is the default as majority of time PC in that mode - see E
- 5 Where a PC is stuck in Flex mode (e.g 17,38,20a,8b) this is generally because no solution has been identified that leads to adequate profitability

