

**TESTIMONY OF
THOMAS HALL
CHIEF OF CUSTOMER SERVICE
AMTRAK
946 JUSTISON STREET
WILMINGTON, DE 19801
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**BEFORE THE
SUBCOMMITTEE ON GOVERNMENT OPERATIONS
HEARING ON
“AMTRAK’S FOOD AND BEVERAGE SERVICE”**

THURSDAY, NOVEMBER 14, 2013

9:30 A.M.

2154 RAYBURN HOUSE OFFICE BUILDING

Good Morning, Chairman Mica, and members of the Subcommittee.

My name is Thomas Hall, and I am Amtrak's Chief of Customer Service. I have worked for Amtrak for 33 years, running our food and beverage services since 2005. I was appointed Chief of Customer Service earlier this year. I would like to start by summarizing for the members of the Committee some of the recent history of our food and beverage services. In 2005, Amtrak provided testimony on our food and beverage operations before the House T&I committee. At the time, our performance was problematic. Amtrak OIG and the GAO had studied the operation, and found that the annual cost of providing food and beverage service exceeded revenues by a factor of 2; in 2006, this total amounted to a net loss of \$88 million. This was a problem, and Amtrak launched a program to reduce our food and beverage loss. We reduced staffing levels in dining cars and introduced new products which were less labor intensive. We introduced onboard credit card systems and began development work on "point of sale" and warehouse inventory management systems. We negotiated a better contract with our commissary contractor, and then obtained even better terms when we re-bid the commissary management contract.

In 2011, Amtrak OIG recommended Amtrak pursue a program to implement cashless onboard transactions, to minimize transaction costs, better utilize employee time, and reduce the possibility of fraud. The full Point of Sale system is slated for system wide introduction in 2014 and cashless sales will be piloted shortly thereafter. Last year, when we appeared before the House T&I Committee to testify about food and beverage, we had a story that highlighted the considerable progress we have made. Amtrak reduced its food and beverage loss by over 30% between 2006 and 2012, from \$105 million in inflation-adjusted dollars to \$72 million. The total

cost to Amtrak to offer food service to our passengers is about \$204.9 million, or just over 8% of our total cost structure. Of that, we recovered almost 65% of our costs through revenues in FY 2012 – meaning that the loss attributable to food service is equal to about 1.8% of all the costs the company incurred.

We operate more than 300 trains in 46 states each day, and in addressing this problem we knew one solution would not fill all needs. Our improvement was achieved through a number of actions. Some of it is a product of ridership growth; some of it is a product of better support contracts, better technologies, and more efficient processes. Amtrak introduced more consumer-relevant products, optimized the supply chain, improved decision support and pricing actions. All of this is a product of a gradual process of transformation that is designed to improve customer service, promote accountability, and increase the focus on Amtrak's bottom line.

We are now in the process of completing the plans for the next step, which is the elimination of the food and beverage loss over the next five years. Amtrak has been working to implement a strategic plan that will improve our focus on the bottom line, the elimination of the food and beverage loss is consistent with this strategy. To ensure the proper management focus, we have this past summer consolidated responsibility for operations and accountability for financial performance into a single department. The current loss is heavily concentrated in the dining car services of our long distance trains, and we have identified several strategies that will help us to improve the financial performance of our food and beverage service. They fall into six broadly defined categories of work:

- On-Board Logistics

- Product Development and Supply Chain
- Labor Optimization
- Training, Rewards, and Accountability
- Ticket Revenue Allocation
- Technology Enhancements and Process Improvements

In each category, specifically identified strategies will help us to cut costs or raise revenue. For example, “labor optimization” includes two approaches: first, seeking to ensure that staffing is aligned with ridership, customer demand and financial performance on each route; this ensures that costs are minimized where they can be, while ensuring that we employ sufficient staff to meet demand and satisfy customers. That’s the cost savings aspect; we will also seek to improve sales and the revenue generation of food service cars. We are working now to establish metrics to assess employee sales, improve stock tracking, and exploring new pricing and revenue management options. Many of our approaches allow us to expand on work that is already ongoing. Implementation of onboard technologies is now underway, and is expected to improve revenue recovery and provide improved decision support, while greatly reducing the amount of time employees are required to spend performing unprofitable inventory tasks.

I want to conclude by saying simply that a strong and viable food service program is vital to Amtrak’s health. We believe we have a mission to minimize our impact on the taxpayer, while providing an efficient and effective intercity passenger rail service on the national system. We live in a very competitive transportation market, and one of our advantages is the ability to provide some amenities – things like freedom of movement, city-center service, and the ability to buy food when you want it. Taking this away would hurt our competitiveness and reduce our

appeal to the customer, particularly the long distance customer. Studies have shown that elimination of the food and beverage services on Amtrak trains would cost more in terms of revenue than is spent on the existing service. We nevertheless recognize the importance of getting the food and beverage loss to zero, and we are committed to making this necessary efficiency improvement within the next five years.

THOMAS J. HALL

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LEADERSHIP PROFILE

Experienced customer service professional with a strong background in Amtrak Operations. Specific experience in Terminal Services, Food & Beverage, On-Board Services, Crew Base Operations, Station Services, and Mechanical functional areas, with deep expertise in contract management, supply chain management, procurement, and project management. Excellent program management and communication skills with ability to interact at all levels of the organization. Proven track record of identifying and implementing operational process improvements resulting in increased efficiency and cost savings. Consistently recognized for operating within a profit/loss framework and demonstrating the ability to translate strategy into action by effectively mobilizing resources to deliver results within tight timelines.

CORE COMPETENCIES

- | | | |
|---------------------------|--------------------------|-----------------------|
| • Operational Excellence | • Customer Centric | • Results Oriented |
| • Safety Leadership | • Financial Performance | • Capital Budgeting |
| • Strategic Planning | • Change Management | • Contract Management |
| • Terminal Operations | • Station Services | • On-board Services |
| • Supply Chain Management | • Project Management | • Process Improvement |
| • People Leadership | • Performance Management | • Employee Engagement |

PROFESSIONAL EXPERIENCE

AMTRAK – NATIONAL RAILROAD PASSENGER CORPORATION

1980 - 2013

CHIEF, CUSTOMER SERVICE (2013 – PRESENT)

Responsible for ensuring that Amtrak provides service that meets the wants, needs, and expectations of customers and recognizing the customer is always the first consideration in the daily administration of Amtrak's operations. Responsible for setting and maintaining standards for station service and on-board service, and working with the business line general managers to ensure those standards are met consistently across the Amtrak System. Leads the development of the strategic plan for F&B services on board all Amtrak services that supports Amtrak's goal of eliminating the loss associated with these services. Ensures that the F&B services offered meet the expectations of our passengers, state partners, and external stake holders.

CHIEF, FOOD & BEVERAGE SERVICES (2010 – 2012)

Planned and developed Amtrak's long-term strategy for food and beverage programs including meeting specific cost recovery goals, enhancing customer service, identifying revenue enhancements, and implementing cost controls.

- Responsible for strategic sourcing and product specifications, culinary product development, and pricing for all food and beverage services. Annual budget responsibility exceeding \$224 million; including annual revenue of \$121 million, and operating and supply chain management activities of \$103 million.
- Elevated cost recovery of Amtrak F&B Services to a historic high of 65% through a combination of revenue growth, cost containment and targeted initiatives.
- Accountable for the development, implementation and management of industry standard technology platforms and decision support systems to drive improved customer satisfaction, reduced expenses, and maximize revenues.
- Expanded relationships with state and regional partners in the development of food and beverage services and other customer amenity programs.
- Created strategic alliances with industry partners enabling core lines of business to gain a competitive advantage through access to partner's resources.

SENIOR DIRECTOR, FOOD & BEVERAGE SERVICES (2005 – 2010)

Coordinated all F&B operations, product placements, menu changes, and pricing initiatives. Responsible for the effective management of outsourced commissary services contract with a value exceeding \$25M annually and procurement of products and services in excess of \$52M annually.

- Effectively managed the competitive RFP process in selecting a new managed service provider to operate Amtrak's network of commissaries that directly support on-board services.
- Worked on several internal cross-functional teams that significantly increased the cost recovery of Food & Beverage Services by modifying long distance dining car service which allowed for the optimization of staffing levels.
- Responsible for the development and implementation of strategic and tactical food and beverage pricing initiatives focused on maximizing revenue and cost recovery for all food and beverage initiatives.
- Development, oversight and utilization of business intelligence tools and empirical data as a decision support mechanism for supply chain management, cost control, new product placement and business process improvement.

ASSISTANT GENERAL MANAGER, FOOD AND BEVERAGE OPERATIONS (2001 – 2005)

Maintained the operational readiness of the 13 commissaries in the Amtrak system, monitored procurement of services, administered safety programs, collaborated with the Transportation and Mechanical Departments in delivery of services, and administered managed services contract.

- Analyzed and redesigned core business processes in conjunction with our industry partners and internal operating departments with a focus on eliminating non-value added activity and achieving improvements in productivity.
- Built and expanded relationships with managed services provider and vendor community to ensure contractual obligations are consistently met.

ASSISTANT GENERAL MANAGER, CUSTOMER SERVICE (1999 – 2001)

Coordinated the delivery of customer service within the Western Division including station operations, on-board, and train and engine crew bases, and commissary services.

- Integrated operations support services within the Western Division to ensure consistent levels of service by crew base, station and commissaries in support of Product Line management goals.
- Collaborated with crew management services to develop a Service Level Agreement to ensure services were performed in a highly efficient manner in support of on-board services.
- Implemented numerous service enhancements within Los Angeles Union Station, including a dedicated passenger service desk, customer comment cards, and improved boarding procedures.
- Served on special assignment on the CEO's Service Standards team, assisting in the development of service standards, customer service training, and 360 degree review programs. Implementing same through a training program for over 2,600 management employees.

ASSISTANT GENERAL MANAGER, TERMINAL SERVICE (1995 – 1999)

Established the Terminal Services department within the Amtrak West business unit. Led transformational change through the alignment of operational support services in support of the goals of newly formed product lines.

- Managed a workforce of over 900 employees covering all facets of Customer Services at the Los Angeles facility in compliance with the contract provisions of governing labor agreements, including BLE, UTU, ARASA, TCU, ASWC, HERE, and TWU.
- Responsible for the integration of the Mechanical Preventative and Heavy Maintenance lines, Train Cleaning and Preparation, Material Control, Division Engineer, and combined OBS and T&E crew bases into a cohesive unit focused on the customer experience.
- Revitalized management team through transformation process identifying mission, core values, and critical success factors.
- Effectively motivated and lead staff to achieve superior performance levels with regard to train readiness, customer focus, and safety.

DIRECTOR, ON-BOARD SERVICES (1994 – 1995)

Directed all facets of the On-Board Services (OBS) within the Western Division with a budget of \$52M annually.

- Managed a comprehensive training program for OBS employees in partnership with the Culinary Institute of America including improved food preparation techniques, guest recognition, front of house operations, and serving guidelines that increased customer satisfaction and throughput.
- Coordinated OBS crew run-through operations in collaboration with Southern and Central division staffs resulting in significant expense savings.
- Integrated the Catering Services operations into the On Board function to provide a seamless service experience for our employees.

Prior to above assignments, held increasingly responsible **Regional Management** positions in the Transportation Department including: **Facilities Manager, Accountant, and Station Services Supervisor.**

News Release



FOR IMMEDIATE RELEASE
February 14, 2013

ATK-13-020
Contact: Media Relations
202 906.3860

AMTRAK FILLS KEY SENIOR OPERATIONS POSITIONS

Thomas J. Hall, Chief of Customer Services;
Jay Commer, General Manager of State-Supported Services

WASHINGTON – Today, Amtrak announces it has named Thomas J. Hall as chief of customer services and Jay Commer as general manager of state-supported services. Both will report directly to vice president of operations DJ Stadtler effective immediately.

As chief, customer services, Mr. Hall is in charge of ensuring that Amtrak provides service that meets the wants, needs and expectations of customers. He will oversee system operations functions, including the Consolidated National Operations Center, crew management services, intermodal connectivity, administration of special trains, and food and beverage services. In addition, he is responsible for setting and maintaining standards for station and on-board service. He will be based in Wilmington, Del.

Mr. Hall has been with Amtrak since 1980, most recently as chief, food and beverage service. Previously, he served in a variety of customer service and operations roles, including management experience in terminal services, food and beverage, on-board services, crew base management, station services and contract management among other duties.

As general manager of state-supported services, Mr. Commer is responsible for providing Amtrak state partners and their customers with excellent service, while meeting financial goals and other performance targets. It is a critical position that supports the corporate goals of Amtrak's Strategic Plan.

Mr. Commer has been with Amtrak since 1987, initially as locomotive engineer and most recently as general superintendent, Pacific Division where he was responsible for financial, operational, service-oriented, safety and business goals. He has also served as principal officer, state contracts overseeing agreements with the Washington and Oregon Departments of Transportation, general manager for the California Corridor product line and superintendent of commuter operations for Caltrain, among other roles. He will be based in Oakland, Calif.

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Biography of Mr. Hall

Thomas J. Hall joined Amtrak in 1980 and has served in a number of senior management roles. He is an experienced customer service professional with a strong background in Amtrak Operations, including director, on-board services, assistant general manager, terminal services, and assistant general manager customer service. He also has deep expertise in contract management, supply chain management, procurement, and project management. Since 2010, he has served as chief, food and beverage services.

He has a proven track record of identifying and implementing operational process improvements resulting in increased efficiency and cost savings. He has been consistently recognized for operating within a profit/loss framework and demonstrating the ability to translate strategy into action by effectively mobilizing resources to deliver results within tight timelines.

He attended California State Polytechnic University and majored in Business Administration.

Biography of Mr. Commer

L.J. (Jay) Commer joined Amtrak in 1987 as a locomotive engineer in the Oakland/Sacramento crew bases and subsequently moved into several senior management positions, including principal officer of state contracts overseeing agreements with the Washington and Oregon Departments of Transportation, general manager for the California Corridor product line and superintendent of commuter operations for Caltrain. He has experience in organizational management, strategic analysis, commuter and state partner services, and facilities and operations. Since 2010, he has served as general superintendent, Pacific Division where he was responsible for financial, operational, service-oriented, safety and business goals.

He attended Chabot College and majored in Mechanical Engineering.

About Amtrak®:

Amtrak is America's Railroad®, the nation's intercity passenger rail service and its high-speed rail operator. A record 31.2 million passengers traveled on Amtrak in FY 2012 on more than 300 daily trains – at speeds up to 150 mph (241 kph) – that connect 46 states, the District of Columbia and three Canadian Provinces. Amtrak operates intercity trains in partnership with 15 states and contracts with 13 commuter rail agencies to provide a variety of services. Enjoy the journey® at Amtrak.com or call 800-USA-RAIL for schedules, fares and more information. Join us on facebook.com/Amtrak and follow us at twitter.com/Amtrak.

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**Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)**

Name: Thomas Hall

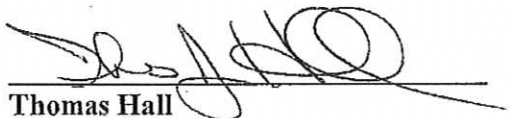
1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2010. Include the source and amount of each grant or contract.

See Attached

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

National Railroad Passenger Corporation, Chief of Customer Service

I certify that the above information is true and correct.


Thomas Hall

November 12, 2013

(version date 10/31/13)

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(version date 10/31/13)

TOTAL FEDERAL AWARDS