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Restructuring at Brno Public Transport Company**Background/context**

Brno Public Transport Company (DPMB) has approximately 2,900 employees and a yearly turnover of about €82 million. Its rolling stock consists of 320 trams, 149 trolley buses, 317 buses and six boats. From 2000 to 2006 DPMB went through a successful restructuring process involving its institutional, financial and organisational structures. Staff was reduced and there were improvements to customer service and quality management. The main drivers for restructuring were budget cuts by the municipality and the need to increase efficiency.

Case description

The aims were more effective cash management, control of costs and improved customer service and quality. The main approach was business process reengineering, which included:

- analysis of prevailing processes;
- defining weaknesses and critical points;
- optimisation and processes re-engineering; and
- adopting new structures of processes and functions.

A critical success factor was the implementation in 2000

of a new enterprise resource planning (ERP) system consisting of the first four modules:

- controlling (CO);
- finance (FI);
- material management (MM);
- human resources (HR); and
- basis (BC).

Initiative was taken by the top management and the supervisory board. The main partners and stakeholders, including the municipality, middle management, employees and the employees union, were involved at an early stage.

Legislation and policy issues

Since the firm's transformation to a joint stock company in 1998, the subsidy policy of the municipality was changed and aimed at more efficient use.

Cost and financing

A major investment was in a new ERP system, including external consultancy.

Results

- Efficiency was increased and operating costs were lowered.
- Subsidies were used more efficiently and costs were better controlled.
- The organisational structure was reduced.
- Customer service was improved.
- The company obtained QMS ISO certification (9001:2001).

Problems

Resistance to change came from the union and some older staff members. The overstaffing issue was dealt with carefully. Human resources created a plan that allowed for the reduction of staff without causing major problems. Hiring of new staff was suspended (except in the case of drivers) and retired personnel were not replaced.

Transferability and success factors

The approach is transferable to other cities planning to introduce new ERP systems. One factor that allowed the restructuring to succeed was that no changes to the organisation's mission and goals statement (strategy) were made before, during or after the process.

Lessons learnt

By introducing a new ERP system and re-engineering all processes at once, a company can implement a new organisational structure and achieve a better overall company performance.

References and contacts

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