



PRAGUE PUBLIC TRANSIT (DPP)

## PRAGUE, CZECH REPUBLIC

# Transformation project at Prague Public Transit (DPP)

### Background/context

In 2007, DPP had 11,900 employees and a yearly revenue of CZK 3,920,000. Rolling stock included 987 trams, 744 metro cars and 1,207 buses.

From 2002 to 2008, DPP went through a successful transformation process in its institutional, financial and organisational structures; staff reduction and improvement of customer service/quality management. The main reasons for this transformation were budgetary cuts by the municipality, a too-complicated company structure, low flexibility of staff and fear of competition in the European public transport market.

### Case Description

The main objectives of the transformation project were:

- to maintain the high quality of service;
- to become more competitive in the free market of public transport in the European Union;
- to better utilise company resources; and
- to increase overall efficiency of the company.

The main tasks in the first phase (2004–2006) involved restructuring management. This included:

- establishing a new structure with centralisation of common activities and decentralisation of economical responsibility; and

- reengineering all processes and introducing service level agreements (SLAs).

The main tasks in the second phase (2007 till present) have included:

- simplifying the economic model;
- coordinating costs, revenues and quality management;
- developing marketing activities;
- making significant reductions in staff; and
- redistributing competences from DPP to the public transport authority and some private public transport operators.

The implementation of this long-lasting transformation was undertaken by the top management and the supervisory board.

The main partners and stakeholders (including the municipality, middle management, employees, the union, etc.) were involved at an early stage.

### Legislation and Policy issues

The subsidy policy of the municipality was changed in the beginning and was aimed at more efficient use of all company resources.



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### Cost and Financing

Major investments were made to renew the organisational structure, redesign processes, change the enterprise-resource planning (ERP) system and establish a new quality-management system. External consultants were used.

### Results

- Efficiency was increased and operating costs were lowered.
- More efficient use of subsidy and better cost control have been achieved.
- Staffing was reduced significantly.
- Management got more involved in continuous change management.
- Improved quality management and customer service was achieved.
- Certification (ISO 9001, EN 13816) was obtained.

### Problems

- Measurable transformation targets and a system for evaluation of data were missing
- A lack of involvement of management in the change process
- Resistance to change on the part of management and employees
- Problematic internal and external communication about the change process
- Introduction of the balanced score method in the last phase has been too complicated and has not yet been very successful

### Transferability and success factors

The approach is transferable to other cities, provided they follow the same careful, long-term approach to change management.

One of the main drivers for success was the objective to become a more modern and competitive public transport company in a changing European environment.

### Lessons learnt

By introducing a new, flexible and more transparent organisational structure, including a new quality management system, a better overall company performance was achieved over a number of years.

### References and contacts

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