

1st Working Group Meeting

Cluster: Corporate Management

29th – 31st March 2007

During the first meeting of the Corporate Management Working Group, 11 experts from nine EU member countries made presentations, went through a SWOT (strengths, weaknesses, opportunities and threats) exercise and conducted additional analyses of their respective public transport organisations. Participants also studied and discussed conclusions drawn from the results of the corporate management questionnaire, filled out beforehand by the experts.

The working group members discussed the importance of corporate management in public transport companies and came to the general conclusion that there is **significant interest in matters of corporate management among public transport operators** in both small and big cities in Central and Eastern Europe. Different methods and tools for corporate management are used in the companies but there is no common approach as of yet.

Based on the collected information and data, a full inventory of all organisational issues, goals and challenges was made. Some of these issues and challenges are listed below in three categories:

1. Business performance management

A problem faced by almost all public transport organisations and by those who work in them is meeting the constant demand for high performance. The demand for high performance affects all aspects of the operations of a public transport company, from assuring sustainable financial growth to satisfying the passenger standing at the next stop. But without the proper models of performance and the theoretical elements that drive them, public transport managers and professionals are left with the task of interpreting each situation they face. A key issue in this regard, according to the participants, is the use of performance indicators and new methods/tools of performance management. These include:

- benchmarking;
- total quality control or total quality management;
- the European Federation of Quality Management (EFQM);
- balanced score card; and
- management by objectives (MBO).

2. Restructuring/change management

There are many factors which can cause organisational changes in public transport companies. These include:

- changes in strategy;
- government legislation/initiatives;
- challenges of growth (positive or negative);
- shifting markets;
- competitive pressures;
- technological changes; and
- learning new organisational behaviour and skills.

Research indicates that public transport organisations are undergoing major change approximately every three to five years, whilst smaller changes occur almost continually. There are no signs that this pace of change will slow down.

Different models for restructuring and change management are used in the public transport organisations, but sometimes there is a lack of effective project management and programme management discipline, which can lead to slippages in timing and in achievement of desired outcomes.

For example, poor internal communication can lead to greater employee resistance.

Similarly, two broad types of resistance were found:

- resistance to the content of change – for example to a specific change in technology or a change in the structure of the organisation.
- resistance to the process of change – this resistance concerns the way a change is introduced rather than the object of change per se – for example restructuring jobs without prior consultation of affected departments or employees.

3. Human resource management

Historically, human resources management is an administrative and support function of public transport organisations, but nowadays human resources is more and more focused on processes which contribute to the effective management of individuals and teams in order to achieve high(er) levels of organisational performance.

Called “performance management,” this practice should incorporate:

- Performance improvement. This should take place at the organisational, individual and team levels.
- Development. Continuous development of individuals and teams almost certainly ensures performance will improve.
- Managing behaviour. This involves ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships and contributions to the organisation.

Next steps

All challenges in the above three fields will be studied and described in more detail and further research will be done before the next working group meeting in October.