

Minutes of meeting of 2nd SPUTNIC Working Group on Corporate Management in Zagreb, Croatia from October 4 – 6th 2007

Thursday October 4th 2007

Present:

a) Cluster members: Arnulf Schuchman, Stratos Papadimitriou, Orestis Schinas, and Hans Brouwer (Cluster Leader); and

b) Experts:

- * Mrs. Ene-Mall Villemi – Tallinn University – Estonia
- * Mr. Ian Jenkinson – Sheffield Community Transport – UK
- * Mr. Matyas Jangel – Budapest Transport Ltd – Hungary
- * Mrs. Dorota Popinska – Metro Warszawskie, Warsaw, Poland
- * Mr. Asgeir Eirikson – Greater Reykjavik Transport – Iceland
- * Mr. Janusz Bosakirski – Miesjkie Zaklady Autobusowe Sp.z.o.o.,
Warsaw/Poland
- * Mr. Jan Barchanek – Transport Operator of Prague – Czech Republic
- * Mr. Rene Dvorak – Dopravni Podnik Mesta Brna – Brno – Czech Republic

1. Opening of the meeting

- Hans Brouwer - Cluster leader opens the meeting and welcomes everybody
- Hans explains the agenda for the coming three days (see attachment nr. 1)
- Hans received information from Mr. Laurentiu Serban of Transbus Buzau (RO), that he will no longer participate in the CM working group, as he recently changed his job and no longer works in public transport.
- Also received notice that Mr. Darko Markovic and Mrs. Jelena Wertag of GPP, Osijek, Croatia are not able to come to this 2nd expert meeting.
- After this each (new) participant introduces him- or herself
- Hans presents the agenda, which includes 3 presentations by experts and also includes a technical visit, organised by ZET/Zagreb on Saturday, to one of their tram- and bus depots in Dubrava, in the eastern part of Zagreb
- Hans also explains again the scope, profile and priority areas of this Cluster on Corporate Management, which are:
 - a) Performance Management, methods, performance indicators etc.
 - b) Restructuring of PT organizations (methods and processes)
 - c) Development of (new) skills and competencies

- Every participant in this meeting studied in advance the working paper that was sent with the first invitation (see attachment nr. 2 – Working Paper CM)
- During this meeting we will try to get a general overview of the different situations in various countries, discovering specific problem areas, possible solutions, barriers and challenges.

2. Presentation on The Need for Change

First a presentation is given by Stratos P. on the need for change, which covers subjects such as:

- organisational restructuring follows strategy
- the changing environment
- explanation of the 4 phases of change (see working paper)
- new skills & competencies are required to meet current or expected operational requirements
- symptoms indicating the need for organizational restructuring – see 9 items below:
 - accountability for results are not clearly communicated and measurable, resulting in subjective and biased performance appraisals
 - parts of the organisation are significantly over- or understaffed
 - organisational communications are inconsistent, fragmented and inefficient
 - new technology and innovation are creating changes in the workflow and production and processes
 - significant staffing increases/decreases are contemplated
 - personnel retention and personnel turnover is a significant problem
 - workforce productivity is stagnant or deteriorating
 - morale is deteriorating

Group discussion follows with remarks on the challenges that PT is facing at macro, micro and meso levels. Management of stakeholders is crucial and (corporate) management has sometimes to react more proactive, especially to the political stakeholders, such as PT authorities.

Some practical cases are being explained by various experts.

Exercise:

At first each expert makes a drawing of his/her position in the present organisational structure and then discusses this with another expert, who is not working in the same organisation.

Each expert will list one advantage (+) and one disadvantage (-) of his/her function and functioning in this organisational structure and discuss this first with the other expert.

During the plenary discussion the following advantages and disadvantages were formulated:

A) some advantages:

- close to board and strategic information
- control of costs in the organisation (2x)
- getting strategic information
- networking in the top of the organisation (2x)
- influence and power
- easier commitment from the top
- effective stakeholder management

B) some disadvantages:

- sometimes it looks like a “mission impossible”:
- unclear borders between the different leaders/managers and departments
- too many managers/bosses around
- tendency towards a bureaucracy
- information sometimes hard to get or it takes a while
- no clear direction or company goals
- poor internal communication
- disagreements and potential conflicts

3. Presentation of the outcome of the questionnaire on “restructuring” by Stratos P.

In the first place Hans B. thanks the experts who have forwarded their filled-out questionnaires in time and points out that the two questionnaires of Dorota and Janusz will also be added to this research after the meeting.

Stratos gives a full presentation of the outcome (see PPT attachment nr. 3)

During and at the end of the presentation “questions and answers” were given.

4. Discussion in two sub-teams of experts plus discussion leaders:

Each expert is asked to fill out a questionnaire on the “symptoms indicating the need for organizational restructuring” (see attachment nr. 4) and prepare a team discussion based on the following 3 questions:

1. What in your opinion were the three most crucial elements of restructuring in your organisation?
2. If you were responsible as a boss, what would you have done differently?
3. Please also fill out the questionnaire on “symptoms”

Remark: the outcome of this discussion and the questionnaire will be presented tomorrow morning at the start of the meeting.

End of the first day!!

FRIDAY, October 5th 2007

5. OPENING

Hans B. opens this 2nd day of the meeting and summarizes the outcome of yesterday's meeting. An outline of today's program follows.

6. Outcome of team discussions yesterday

A) Hans B. gives a summary of the outcome of the discussion on the report “Outcome of questionnaires Restructuring”:

- first you have to diagnose the need for change thoroughly without becoming paralyzed (analysis versus paralysis)
- define if it is a “dramatic” or fundamental change process or just a process to improve or make things better in only parts of the organisation (just one division or a department)
- get a clear understanding of the reasons for restructuring
- get a clear description of the goals for change and consensus for it at all levels in the organisation.
- make a strategic change plan and describe the various tasks and responsibilities

- restructuring has a lot to do with feelings and emotions of persons involved. This is the culture side of restructuring.
- Planning and timing is very important and should be included in a project plan. Sometimes it is a good idea to make a planning for the “first 100 days” of the change process, which will promote the senses of urgency among change agents and personnel
- the management of the change process could be done in a matrix, which can be more effective
- it should be clear at the start which “quick wins” could be achieved
- the role of the HR-department is very crucial and special HR-policies should be designed (for example a mobility centre for people that will have to leave the company, new job descriptions, additional training and development etc.)
- managers and/or workers who are involved in change project teams should get some kind of reward when reaching their targets in the change process.

B) Arnulf S. gives a summary of the discussion in his team of experts:

Headlines of the outcome:

1. clear and specific goals and targets and the rationale behind it
2. efficient and clear information and communication
3. commitment of all stakeholders, that are involved in the change process
4. sound planning and controlling of the implementation, based on a breakdown of measurable performance indicators
5. external view/expertise/consultancy, because of expertise, experience elsewhere and credibility

General remark: In many cases an average of 20% is in favour of the proposed changes. Another 20% is against the changes and the remaining 60% is more or less indifferent or not directly involved.

6. Presentation of the evaluation of the individual exercise on “symptoms”:

Both Arnulf and Stratos present the outcome (see attachment nr. 5 – excel file) and a plenary discussion is held, including Q&A.

Major problems are mentioned, like the need for productivity improvement and over- and understaffing. Also a problem is “how to manage resistance to change” at different levels in the organisation. In most cases there are two types of change processes, top-down or bottom-up. A combination of this is recommended in some instances.

The measurement of symptoms can also be done in a framework which illustrates the significance/importance of each symptom and the satisfaction on the other hand.

7. Presentation of Mrs. Ene Mall Villemi on “Restructuring organisational structure – example from Tallinn”

After and during the presentation there was a plenary discussion, including Q&A.

See also attached PPT file! (nr. 6)

8. Presentation by Mr. Asgeir Eirikson “Greater Reykjavik Transportation – Restructuring Process 2001.”

After and during the presentation there was a plenary discussion, including Q&A.

See also attached PPT file! (nr. 7)

9. Presentation by Mr. Rene Dvorak –“Restructuring at the DPMB organisation”- Corporate Management, Quality Management and Performance Management

After this presentation a plenary discussion was held, including Q&A.

See also attached PPT file! (nr. 8)

10. Presentation by Mr. Jan Barchanek – “Prague Public Transit Company- Change Management

After this presentation a plenary discussion was held, including Q&A.

See also attached PPT file! (nr. 9)

General remarks and some conclusions after these four presentations:

- it is important if a country has some kind of a Transport Act
- downsizing is sometimes accepted by all personnel if everybody has the same vision on what has to change in the local PT-market
- the role of a CEO or leader (sometimes a mayor) is crucial
- new management methods are introduced during the process
- it becomes more complicated when stakeholders do not have a shared mission and or vision
- transparency is an important issue during the change process
- future privatisation is a fundamental reason for starting a change process
- a change process can be started with the introduction of a new IT/ERP system.
- in some cases it is not so easy to calculate the added value of all the changes or to calculate the overall return on investment (ROI) for the company
- the method of “service level agreements” can be of vital importance
- in some change programs there are no major changes in the quantity and/or quality/competencies of managers/personnel
- the speed of change is important and a sense of urgency

- quick wins can be of great importance
- change managers have to be competent and sincere

11. Collection of good practices in Corporate Management

Hans B. explains the need for good CM practices in the SPUTNIC project.

SPUTNIC has developed a 2-page template for this purpose which will be finalized soon. Some experts will be contacted in the near future by cluster members to write a specific good practice on performance management, restructuring or HRM/HRD. For examples of good practice descriptions Hans refers to the website of Eltis in Brussels (www.eltis.org).

12. Exercises on creativity:

Stratos demonstrates some individual exercises on creative thinking and thinking “out of the box”. This type of thinking is important in making a restructuring process more successful.

13. Group exercise on “Resistance to change”

Hans facilitates this group exercise and in the discussion afterwards the following points of interest about resistance to change are formulated:

- sometimes there is a lack of ideas, or little creativity
- too many changes at the same times, may make you look a little “ridiculous” and feel uncomfortable. Therefore resistance starts to build up in such a case
- humour is important when going through a change process
- sometimes changes are hard to discover (too small/ too subtle)
- some changes look the same as the others/former changes
- some changes you seem to forget rather quickly

General remark:

If you are a manager asking others to make a change, realize that your employees will feel uncomfortable with change and want to go back to the old way. It is up to you as a manager to help your employees reach a new comfort level to reduce the resistance to changes.

14. New approaches for the future and recommendations

Hans facilitates a brain-storming session, whereby each expert has to formulate three recommendations, in case a PT-organisation is going to restructure itself.

Outcome (recommendations) of this brain-storming session:

A. Analysis:

- Analyze carefully the present situation
- Define methods & tools
- Do a SWOT-analysis
- Start with using the ABC and have a base for cost analysis and possibilities of reductions

B) Reasons and goals

- be sure why the change is necessary
- define reasons and targets at the start
- the company has to see the main goals and reasons for the change
- define responsibilities and control methods

C) Goals plus success

- leadership in change management is essential / trust as well
- prepare/plan quick wins
- measure effects in the meantime
- be clear how you want to measure success
- set up clear goals
- measurable targets
- think about possible added value

D) Communication

- internal communication of plans and results
- all participants, managers and employees, have to be convinced and interested in the change. Therefore use different methods of communication
- try to develop a shared vision about the change
- effective communication from beginning to end
- do not forget to include drivers
- do not forget to educate and train target groups during the implementation

E- Rewards and bonuses

- use these instruments for those people that really make an effort

15. Closure of this meeting

Hans Brouwer, cluster leader, thanks everybody for coming to Zagreb and doing a great job on delivering an excellent input for the topic Restructuring and formulating correlating specific problem areas, possible solutions and barriers and challenges in the PT sector in Europe.

16. Presentation of the general outcome in the SPUTNIC plenary closing session (at 16:30 hours)

**Hans Brouwer presented these results.
See attached power point presentation**

**Hans Brouwer
Leader Cluster Corporate Management**

Breda, October 6th.2007