

# Restructuring organizational structure, example from Tallinn

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# Estonian Passenger Transport Policy

Public Transport Act

Local passenger transport has regulated/controlled management system, from 1990

Two parties in the system:

local authority

transport company

# Local Authorities Responsibilities

- network and service level planning and management
- collecting and processing information about origin- destination and vehicle load factor
- ordering, purchasing service from transport companies
- financing the system (fares, tariffs, subsidies);
- monitoring for service quality and quantity;
- paying for quantity and quality of work, done;
- providing information to passengers
- tickets selling and inspection.

# Companies responsibilities

- planning line schedules
- supplying service accordingly the timetables
- being cost effective

*Planning schedules can be the responsibility of LA  
or TC*

# Status of the PT Management system

## 1) Administrative reform.

- 1990 – local government (LC) at county level
- 1993 – LC municipality level: many small local authorities,
- low administrative capacity, lack of know-how at all levels

## 2) Attitude of the Ministry: not enough subsidy and absence of the certainty of subsidy

## PT doesn't have the priority

- 2008 state budget growth – 25%,
- PT subsidy growth – 11%,
- fuel duty growth – 14%, driver's salary growth – 20 %
- 2009 the level of subsidy will be the same

# Corporative management

**De facto at most places in Estonia**

**transport companies are responsible for LPT**

- One of the exeptions is Tallinn
- Public service oblication system: 1 small private company and 2 municipaly owned big companies
- Interview was carried at **Tallinn Bus Company**

# Corporative management

- At 1900 all PT companies were state owned
- Restructuring process began in Tallinn Bus Company at 1993, 14 years ago.
- Process involved fields:
- institutional, financial, organizational structure, strategy, overstaffing and customer service.
- Main drivers : The transformation of society, legal base change, ownership reform and the need for the new company strategy.

# Corporative management

The process was **supported** by all the company staff

**Against the structuring**, very little, were some people :

- at the central level of management, they “attacked” the process, because the fear to lose their positions
- from management board and city government/ council

So the hardest work – change the way of thinking

Two main tasks of the structuring:

- a) to optimize resources, from 600 to 350, man forces, buses
- b) to close side work (not straight connected with passenger service)

# Critical success factors

Market economy relationships came into force, they were supported by the legislation.

The enthusiasm of the people was great, therefore the opposition to all changes were very small in the company.

Changes from 1995-2001 were very successful.

After that was stagnation, because mainly from the attitude of one person (he didn't like the democratic style of management).

Now there is a little change again

## Situation of TAK (TBC)

They are:

- municipal public transport operator
- the main operator at bus market in Tallinn

They has the contract for public service obligation with Tallinn city (transport department). Operating volume is planned by city.

They receive the subsidy from sity budget (50%/50%)

Thank you for the attention!