



# Restructuring of the public transport company

## Corporate Management working group

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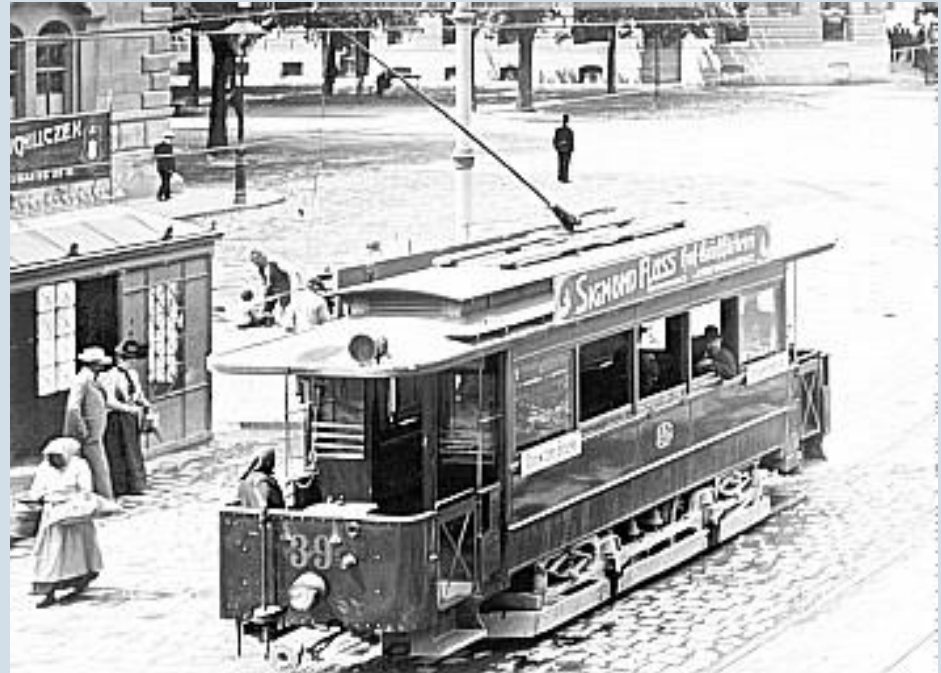
## City Brno



- City area 230 km<sup>2</sup>
- Population nearly 380.000
- Visitors and commuters around 160 thousand / day

# Brno Public Transport Company, Co. history

- 1869 Horse tram
- 1884 Steam tram
- 1900 Electric tram
- 1930 Bus transport
- 1946 River boat transport
- 1949 Trolley bus
- 1998 Foundation of stock company
- 2004 Integrated into public transport system JMK



## Company profile

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### **Brno Public Transport Company, Co.**

- Joint stock company
- Founded by Municipality of Brno
- Carriers nearly 328 million passengers/per year
- Performance nearly 40 million carriage km
- 2.900 employees
- Fleet: 320 Trams, 149 Trolley-buses, 317 Buses, 6 Boats
- Turnover is more than 82 millions of Euro

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# Restructuring process



# DPMB has been through a restructuring process in fields

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## ➤ Institutional

1998 Foundation of Stock Company

## ➤ Financial

2000-2002 New ERP system

## ➤ Organization structure

less directors, less departments

## ➤ Owerstaffing

less employees

## ➤ Customer service

2006 QMS ISO 9001:2001

# Main drivers, motives or pressures for restructuring

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## ➤ Budgetary cuts

- Less money of the City budget (unwillingness from the municipal authorities to cover the increased subsidy)
- Insufficient subsidy for cover PT services
- Growing costs
- Less incomes



## Stakeholders attitude of restructuring

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### ➤ Stakeholders in favour

- Owner, advisory and supervisory board  
(less money of the City budget)
- Top management  
(insufficient subsidy for cover PT services, growing costs)

### ➤ Stakeholders against

- Union  
(afraid of staff decreasing)
- Some employees  
(people usually were afraid of challenges – especially older staff)

## Specific aims of the restructuring

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- **More effective management of city cash**
  - efficient using of subsidy
  - increased efficiency of the Company
  
- **More detailed control on costs**
  - separation of the granted and ungranted activities
  - detailed costing formula  
(costs per carriage kilometer)
  
- **Satisfied customer**
  - the customer is the key to our existance!

## Success of the restructuring process

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### **The outcome of the restructuring was successful**

- more detailed control on costs
- efficient using of subsidy
- staff decreasing
- increased efficiency of the Company



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# Implementation strategy



## The implementation strategy

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### ➤ 1999 Processes analysis

- collaboration with consulting company
- built creation groups of experts from Brno PTC & consulting company
- Business Process Reengineering
  1. Analyse of current processes
  2. Define the weak and critically parts of the processes
  3. Optimization & reengeneering those processes
  4. Preparing documentation (adapted functional and processes structure)

## Critical success factors for the implementation

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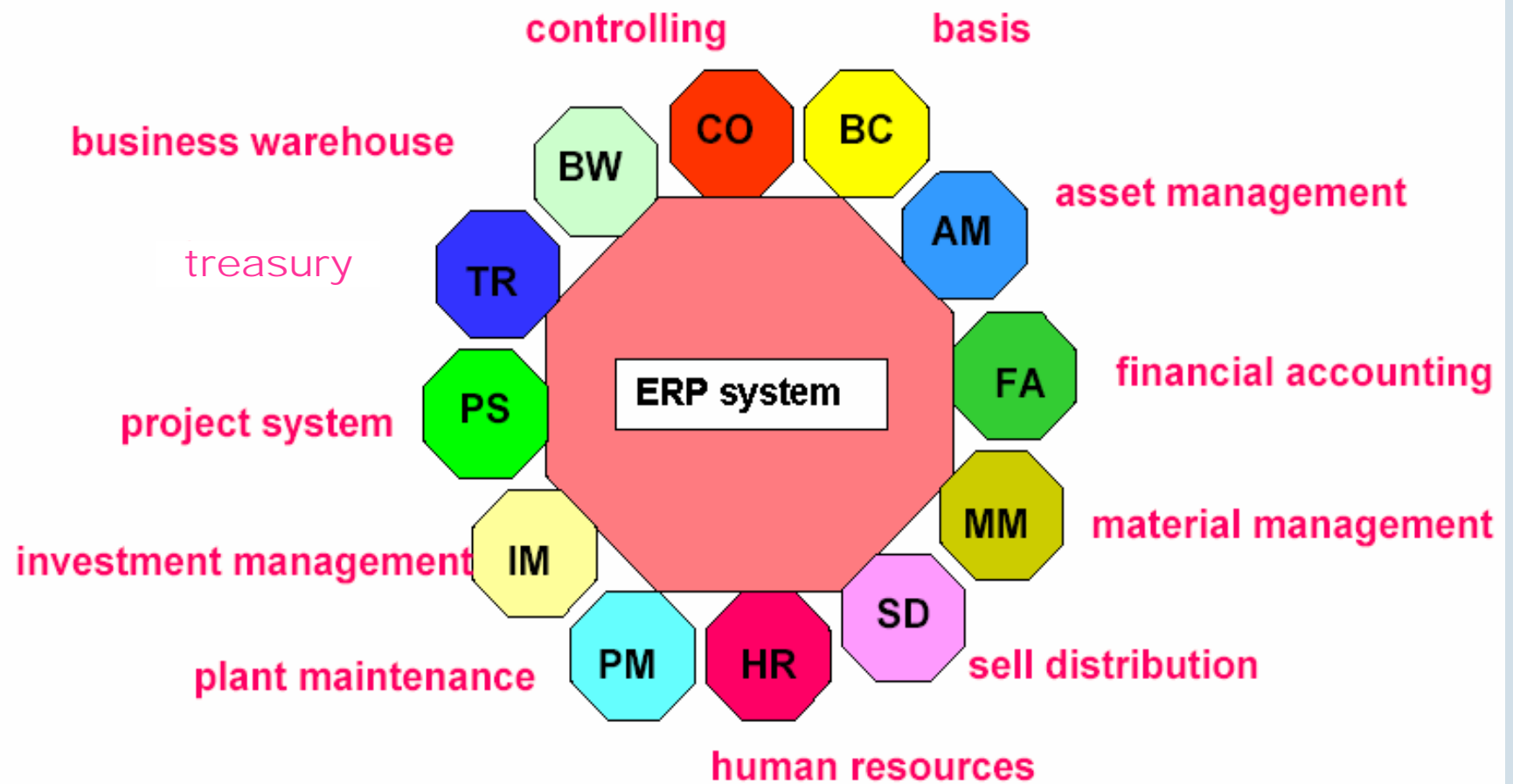
### ➤ 2000 Implemented new ERP system

4 modules:

- Controlling (CO)
- Material management (MM)
- Asset management (AM)
- Basis (BC)

### ➤ 2002 Implemented the rest modules





## Main barriers in the restructuring phase

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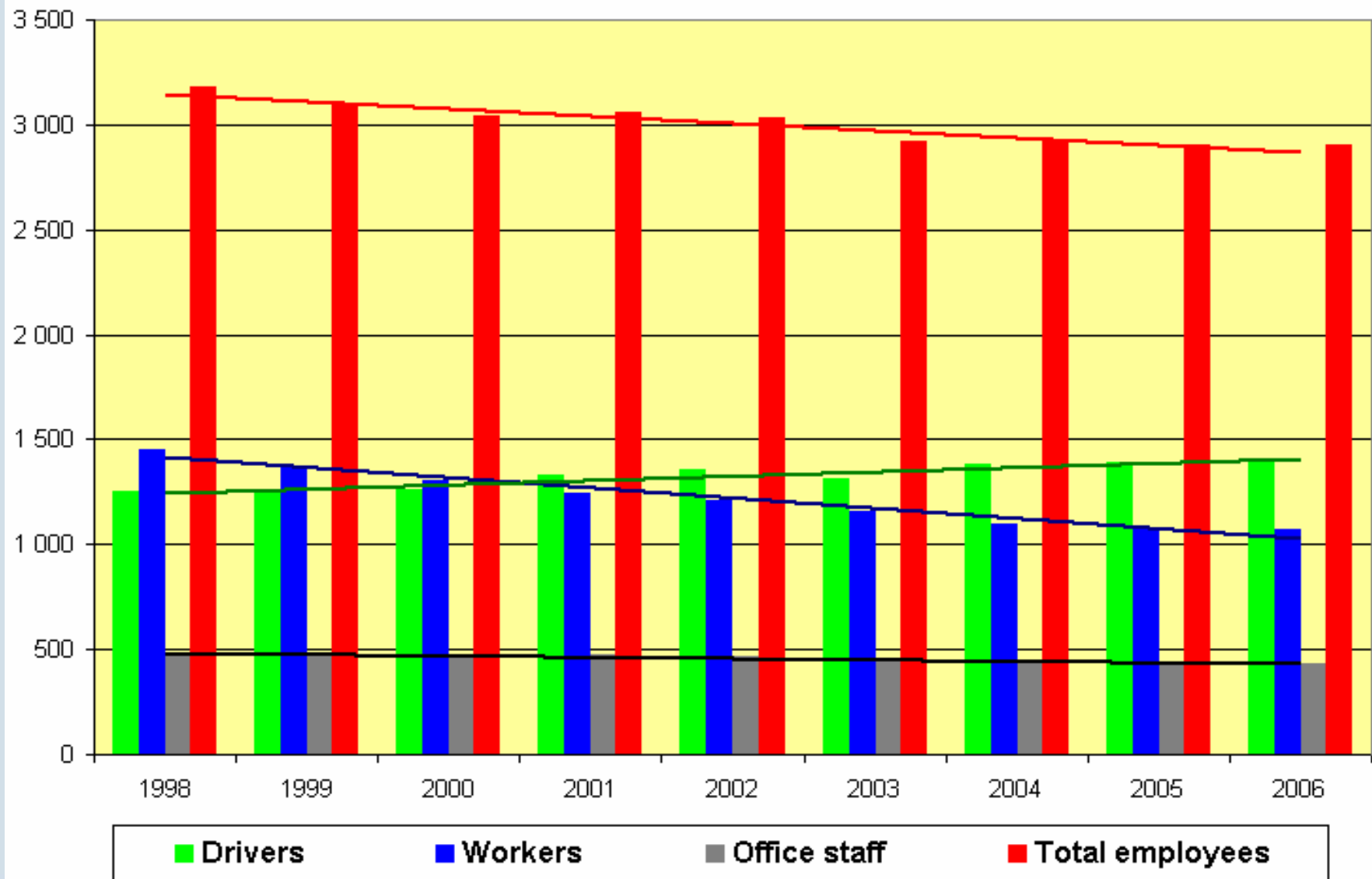
- People usually were afraid of challenges
- Explanation of needs for change
- Time consumption
- Education process of employees

## Important issues in the restructuring phase

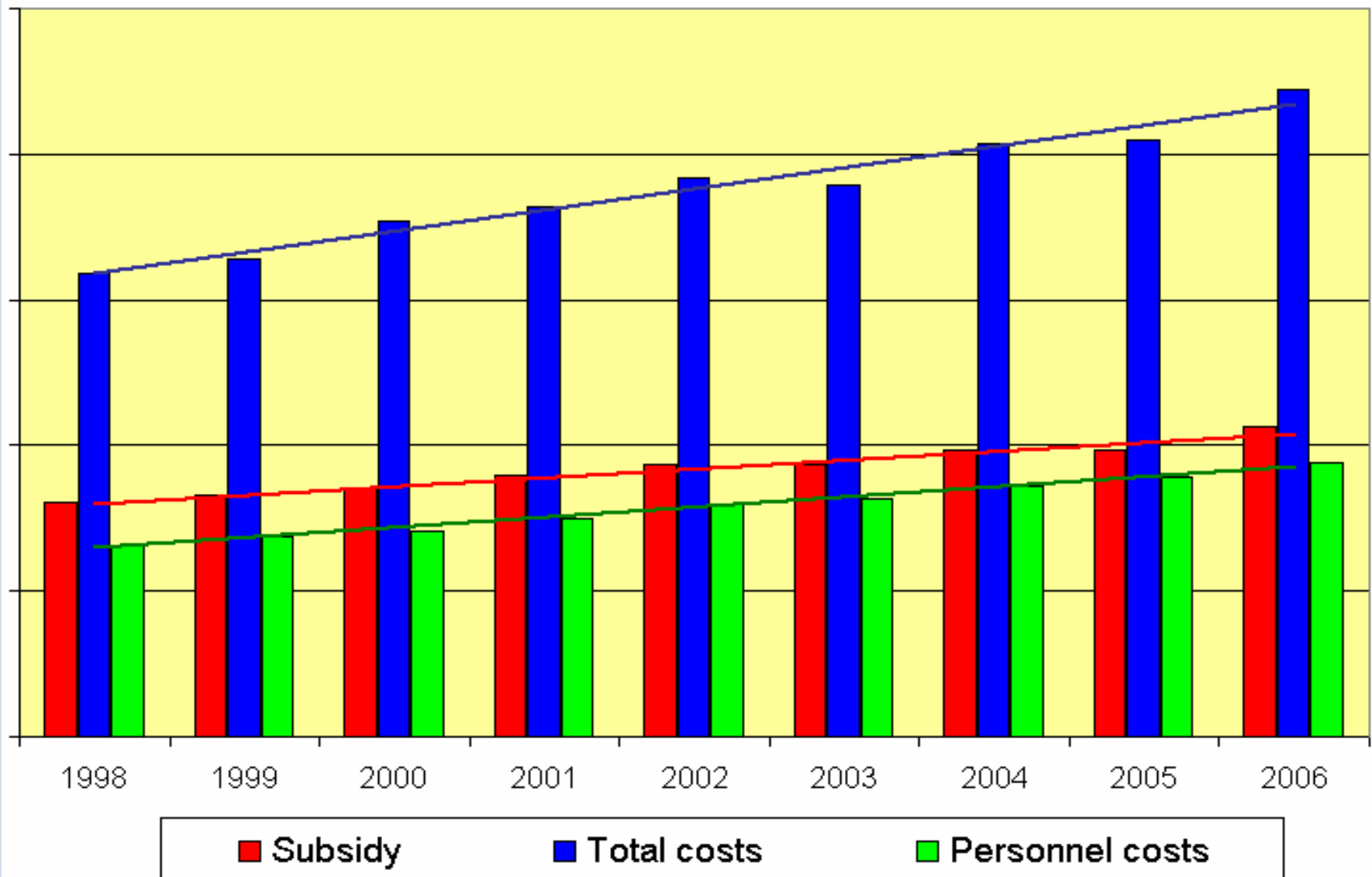
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- No changes in the organization's mission and goals statement before or after the restructuring process
- Consultation process with all involved stakeholders prior to the implementation of the restructuring plan
- Collaboration with consulting company
- Overstaffing issue was dealt carefully management with HR created the plan with allowed to reduce the staff without major problems
  - stop hiring staff, except drivers
  - substituting retired by current company resources

# Personnel



## Subsidy vs. operating costs



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**Thank you for attention**



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