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MODEL OF INNOVATION PROCESS IN COMMUNAL CAPITAL COMPANIES. CASE STUDY OF MPWIK WROCLAW

Summary: The article presents the conditions and characteristics of restructuring processes of Polish communal companies facing their operation to become a part of an open market, showing the transformation of this sector into a globalised economy. On the basis of the Business Model Innovation concepts, a case study of renewal in a classical Polish communal company, which is Municipal Waterworks and Sewers in Wrocław, is presented. Theoretical concept in the domain of enterprise renewal and positive results achieved in this process are collated. Applied methods together with achieved effects are also presented. These considerations may trigger further discussion about efficient ways of the realisation of this process, which is difficult but necessary in Polish communal companies.

Keywords: corporate renewal, utilities sector.

1. Introduction

The processes of renewal of large economic organisations have been the subject of interest since the late 1950s. Partially inherited after the Second World War in the US, enterprise management system based on military organisational structure, has become increasingly explicit barrier to development. Discussion was becoming more intense, at the beginning of 1980s Kanter [1983] formulated a thesis that organisation could not survive without innovations. At that time, it was considered that large organizations by dint of size, formalisation, comprehensiveness were perceived as little susceptible to innovations. On the basis of this thesis, in 1985 Kanter coined an affirmation concerning innovations that good things come in small packages.

Nevertheless, a need for innovations and renewal in large organisations provoked a creative ferment among management theorists and practitioners, leading to a full bloom in the domain of innovation or renewal of large economic organisations at the end of the eighties. What is characteristic is a worldwide success of LEAN method, created by Toyota. In the eighties, despite entirely different economic environment they existed in, Polish state-owned enterprises were characterised by similar vices and faults alike other western companies at the beginning of the sixties.

Fully aware of a “past baggage”, in 2010 in MPWiK (Municipal Waterworks and Sewers in Wrocław – a company that is responsible for the waterworks of the city of Wrocław) we took effort to mould a new organisational model, prone to self-improvement and innovativeness. Specific subject of the discussion in this comprehensive area shall be a process that we call “organisation energising”. In fact, this term covers many various activities undertaken in a company in order to built an appropriate foreground or basis for efficient implementation of self-improvement and innovating organisation model. Implementation of such process results in astonishingly good effects that can be observed almost immediately. This experience also triggers discussion and comparison of different ways of “reaching the leaders” in business. The present article is an attempt to combine selected theoretical concepts in the domain of enterprise renewal and innovation, with the author’s experience based on a MPWiK case study where a process of company organisational renewal has been initiated.

2. Model of innovation process in the predominance of state and communal capital enterprises

2.1. History of transformation of state-owned and communal enterprises since 1989 until present

Some attributes of Polish predominance of state and communal capital enterprises have their roots in the history before 1989. In the very last stage of PRL (People’s Republic of Poland) the last government, notably, Prime Minister Messner’s government, made an effort to reform state-owned enterprises, at first according to 3S formula – enterprises were intended to be self-reliant, self-governing, self-financing. The state, despite the fact it formally was a “founding body” of enterprises, in fact gave a power to rule enterprises’ directors and staffs, and basically to the unions, which had a decisive influence on choosing staff representatives in the form of an employee council. This strange experiment according to which state-owned enterprise became somehow self-owned, engendered by the starting point of the economic reforms after 1989, was specific. Moreover, for a long time, it produced an action style of some part of managers, leaders of those enterprises and also staffs’ expectations and behaviours. There is an interesting punch line by Tadeusz Syryjczyk, a minister in Hanna Suchocka’s government: if a director has ability to get a message across to an employee council, basically he has full power in an enterprise.

The act on the commercialization and privatization of state-owned enterprises initiated a process of transformation of state-owned enterprises into state-owned law companies. It allowed for breaking unfortunate formula of the lack of steerability of state-owned enterprises, to constitute a supervising mechanism and strategic ruling by a state or a municipality, as part of enterprises as a result of so-called Act on Municipalising had just been transferred to the municipalities.

2.2. Characteristics of the predominance of state and communal capital enterprises

The aforementioned historical heritage had and still has a negative influence on adjusting processes of state companies and municipal partnerships to the conditions of the market economy. Of course these adjusting processes ran differently in different companies and obviously there are many which succeeded in implementing this process. But some of them still face real problems with this process.

Some of them are still unable to effectively accomplish restructuring because of the union opposition and it does not concern only employment restructuring, but also a decrease in production scale, profile changing, searching for new markets and a decrease in remaining cost apart from work cost. Partially it arises from a “sin of neglect”, as it was called by the previously cited Tadeusz Syryjczyk – the lack of consistent execution of a shock therapy in the economy of Leszek Balcerowicz’s authorship and maintaining of state-owned giants as shipyards, mines or PKP (Polish Railways) by the financial help from the state. It engendered (partially it has been doing until today) the belief of the partial predominance of treasury or municipalities (Majority State Ownership) capital enterprises staffs that it is easier to extort subsequent tranches of state aid by protest in front of the ministry headquarters, than bear the burden and pain of enterprise restructuring. What is still even worse is the part of managers in their vested egoistic interest quietly supporting these activities for the reason of comfort, unwilling to confront with the unions in the process of restructuring or due to lack of any vision of such restructuring.

State proprietary supervision over its own enterprises still constitutes a definite anti-impulse for managers in the attempts at aggressive restructuring of partnerships. Subsequent Ministers of Treasury, despite the official announcements, did not hammer out any standards of assessment of boards of directors business results. The position of boards of directors still arises more from political circumstances than actual work results. Also an irrational salary system, identical both in small and the largest state-owned partnerships, is for the second ones entirely unmotivating. For the sake of “social peace” many important restructurings were abandoned and many ambitious managers for such attempts were rather punished than awarded. On the other hand, we have a great potential of well-educated human resources, intelligent management and national ability to deal with difficult situations.

Despite twenty years of system transformation and radical change of the economic surrounding due to the access to the European Union, many of Polish partnerships still fall behind world leading companies. Typical factors, having a negative influence on the competitiveness of Polish partnerships are among others:

- a) dominating, functional structure of management, usually hierarchised in numerous stages, conservative and opposed to changes;
- b) still persisting split into “us” (employees) and “them” (management). “They” demand, “we” have to shield ourselves;

- c) lack of understanding (by the management) of the need for effective communication of objectives for all the staff members;
- d) management's belief in the capability to continue with "intuitive" style of organisation managing, aversion to take solid strategic planning;
- e) surface and inconsistent implementation of visions, missions and values in a partnership.

2.3. The most typical areas, requiring activation of predominance of communal capital enterprises potential

Adapting and slightly supplementing a catalogue of factors influencing company's success presented by Jack Welch [2005], I have catalogued those areas that, most of all, need to be renewed or activated, in my opinion.

Values

It is good to start company's renewal with defining (or redefining) its values. In the beginning, it's worth agreeing on what we understand under term "values" and how they fit company's mission. A common sin of Polish companies (Majority State Ownership) is presenting in both cases artificial and incomprehensible for the whole staff or puffed-up slogans because there "should be" a mission and values. After Jack Welch [2005, p. 28], I argue that the system should explicitly specify a standard of behaviour and values for all the employees that serve the mission fulfilment. It is often said that defining values does not make much sense in the Polish circumstances, for we are a culturally homogeneous society and the Decalogue is enough to regulate standards of the behaviour of the whole of employee. In my opinion, this thesis is incorrect, as it indicates that the point of values implementation in the company is misunderstood. Values should define precisely employees' business behaviour and they can not be as general as the Decalogue. If we have a feeling that they are artificial and incomprehensible, it is better not to implement them.

Therefore, by values in a company we shall understand a set of explicitly and precisely defined values and standards of behaviour, constituting a signpost to fulfil the company's mission and a means to achieve its strategic objectives.

Why are values such an important element of renewal and "energising" of a company? By nature, only a board of directors is responsible for working out a mission, because it cannot be entrusted to anybody who shall not be responsible for its implementation. It is different with values. Values project should be discussed and assessed by as many employees as possible, or at least – if Values are introduced in the company for the first time – as comprehensive management as possible. It gives an opportunity for the first general discussion in a company, breaking the barriers between "them" and "us", between management and employees, and looking for what is common and uniting. If we manage to reach a consensus about respecting them by employees majority, there appears a starting point for an effective discussion concerning many complicated ventures essential for the elastic adjustment of an organisation to market challenges.

System of continuous improvement of the whole staff skills

A need for continuous improvement of knowledge and skills in the fast changing world is a truism. Nevertheless, a system of continuous improvement in a company has to be something more than just courses and postgraduate studies. By “system” we shall understand a set of compressively planned activities that serve better preparation of all the employees to fulfil company’s objectives.

Furthermore, such a system should assure renewal of management and key specialist resources by planned preparation of their successors, and also assure individual ways of development for the most talented young employees. Training system cannot consist of an objective itself or temporary reaction to the need for supplementing practical skills on a given job position.

Involvement of the whole staff in objectives’ achievement

The split in a company into those “for thinking” and those “for working”, persisting not only among employees, but also among the part of management, is still a significant impediment to extremely effective usage of human resources. Well-educated, often very ambitious employees are given a role of performers of repeatable activities, while they constitute a great unused potential in a company.

Involvement of the whole employees for the company’s objectives achievement is a multi-dimensional challenge. It requires getting through to employees with information concerning these objectives and also get staff’s approval for these objectives. As a consequence, motivation system should explicitly award employees by virtue of active performance of these objectives. In general, organisational system and managing methods have to create a positive space for employees’ individual initiatives, and also an opportunity to constantly verify these activities with superiors’ anticipations on the other hand.

In this dimension, internal communications issues in a company gain a special meaning. Communication via president’s orders and instructions in writing is far inadequate and insufficient.

Creation of positives readiness for the changes in a company

In bureaucratic and hierarchised companies any changes usually are treated as a threat. Creating faith among the widest group of employees, in not just inevitability but essentiality of changes, as a condition for company’s existence, is crucial for company’s renewal.

Characteristic for traditional Polish enterprises (Majority State Ownership) is, *inter alia*, that managers to a large extent as well as employees work on the same job positions for many years. Moreover, a large part of employees, especially those from older generation, is “immobile” – they do not plan and make any attempts to look for a new job in other companies; furthermore, they cannot imagine working on a different job position than on the one in the company which they are employed in. This kind of attitude obviously affects negative attitude towards anything that could interfere a *status quo* of these employees.

Vertical structure of managing (functional) even intensifies this effect. Therefore, it is so important to implement solutions stage by stage, firstly, work in project teams, where there appear no relations arising from hierarchised functional structure, while evolutionary renewal of company. A good way, requiring some coaching grounding, is a rule of job rotation, i.e. exchanging managers and other specialist in frameworks of horizontal rotation every few years.

Cyclical adjusting organizational structure to changing business circumstances

The aforementioned comments, related to readiness for changes, also concern the need for changes in organisational structure. Objectively, such a need arises from increasingly fast changing external business circumstances and also from different changes occurring in an organisation, arising from, for example, changing technology, enlarging organisation, outsourcing part internal services to external entities. A change concerning organisational structure is a specific case because it usually disturbs many people's professional interest. So it must be prepared carefully. The responsibility for the initiative in this scope cannot be taken off a board of directors. But the best method of its implementation is a rule of involvement, which means preparing a change of as many number of managers and employees as possible.

Processes improvement and work on project

One of the practical ways of mental changes implementation among managers and employees, by propagating the process approach to a product (values) for customers, created by a company. In the first stage, it does not need any changes in the organisational system, or a change from the functional structure to the structure based on processes. It is enough, if employees and managers see internal company processes, not as a performance of a section of a task, in the frameworks of functional sector, but as a process that involves a few or all of the company's sectors. It allows for seeing entirely different functional relation in a company, from the point of final effect, that is a delivery of suitable quality deliverables (values) for a customer.

Very often, working on project is a very neglected area in the operation of (Majority State Ownership) companies. For the purposes of present article, we can use with an adequate meticulousness a definition that in a company, project is a everything what does not constitute a process. Consequently, activity pointed at achieving of precisely defined objective, with beginning and end, plan and budget, involving at least a few departments of a company will be called a project.

Among a large part of managers in (Majority State Ownership) companies, particularly these small and medium ones, there still dominates a model of intuitional project management. The tasks for project teams, very often, are not precisely defined, especially, anticipated final effects, detailed schedule, budget and assigned resources. Meanwhile, effective performance of project tasks is a key to success in the implementation of renewal processes in a company. The implementation of a change in a company is always a project itself. When it is not performed in compliance with good practises in this domain, it may discourage, and even keep away from the performance of the most necessary changes in a company.

There is also a work on project – well-performed project – a great opportunity to reveal hidden talents of employees. It gives them an opportunity to “show off” in consistence and development. It builds employees involvement in the achievement of company’s objectives by actual and direct participation in creation and performance of a project.

Employees’ pride and participation. The implementation of emotional intelligence

As mentioned before, active, and at best deep participation of all the employees in the accomplishment of a company’s objectives, is a key condition for success on the market. It requires creating entirely different, to traditional, relations between a superior and a subordinate. We cannot anticipate employees’ involvement if we only give orders. In an employee, we have to perceive a partner, who possesses knowledge, often more detailed and exact than the superior’s, ambitions and expectations towards a company. Building relations with subordinates, on the basis of knowledge in the area of so-called emotional intelligence, seems to be very useful model in this case.

3. Case Study – MPWiK Wrocław

3.1. Business Model Innovation

MPWiK is a limited liability company with 100% of shares owned by the Municipality. For years, the company (formerly an enterprise) was one of the leaders in the sector in Poland, presently it has an ambition to become genuinely the best company, not just in the sector, but a leading company in the region. Although, the company was systematically modernised over the past twenty years, decisive impulses are needed in order to make a leap for a quality of the company functioning.

To arrange a case study, I use the concept of Business Model Innovation by Boston Consulting Group [Lingardt et al. 2009]. Coming from the assumption that enterprise renewal can be understood as: “process, content, and outcome of refreshment or replacement of attributes of an organization that have the potential to substantially affect its long-term prospects” [Agarwal and Helfat 2009, pp. 281-293]. I characterise the process of renewal, occurring in the company exactly from the perspective of individual elements of its business model that are subject to reconstruction or “refreshment”.

A business model consist of two essential elements – the *value proposition* and the *operating model* – each of which has three subelements.

The value proposition answers the question: what are we offering to whom? It reflects explicit choices along the following three dimensions:

- Target Segment(s): Which customer do we choose to serve? Which of their needs do we seek to address?
- Product of Service Offering: What are we offering the customers to satisfy their needs?
- Revenue Model: How are we compensated for our offering?

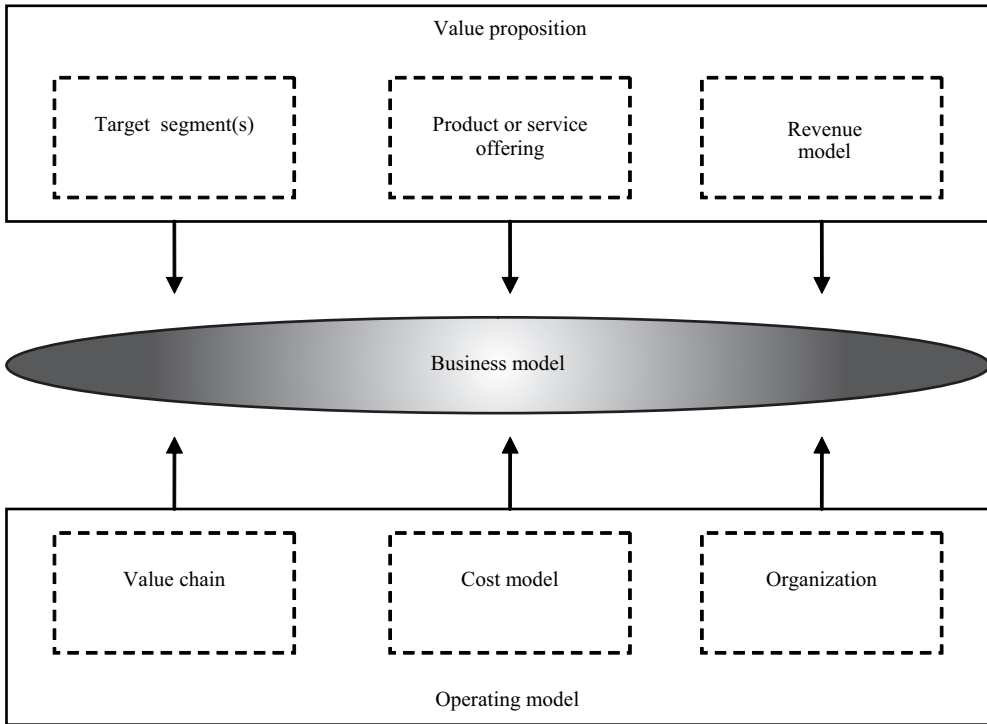


Fig. 1. A Business model typically consisting of six components

Source: BCG research.

The operating model answers the question: how do we profitably deliver the offering? It captures the business's choices in the following three critical areas:

- Value Chain: How are we configured to deliver on customer demand? What do we do in-house? What do we outsource?
- Cost Model: How do we configure our assets and costs to deliver on our value proposition profitability?
- Organization: How do we deploy and develop our people to sustain and enhance our competitive advantage?

3.2. Business Model Innovation in MPWiK

Value Proposition

Target Segment. The part of the BMI concerning value has been treated in a specific way. MPWiK Wrocław is a communal company, in which room for manoeuvring does not leave any space for dynamics and innovation in the target segments. MPWiK, as other remaining water and sewage companies, supplies with

water and collects sewage in and from the city of Wrocław. Seemingly, a convenient position of monopolist is a guarantee for sustainable target segment – all of the city-dwellers use pure water supplied by MPWiK, and 94% of them dispose wastewater to the centralised system.

In the circumstances of a very slowly, but still existing decrease in individual water usage, and a slight increase in the number of inhabitants, delivery market shrinks very slowly. Nevertheless, the company has an ambition to develop, and because of that, two short-term and one long-term strategic objectives in market increase has been passed:

- Short term objective – development in the agglomeration. Eight communities adjoin the city of Wrocław, some of them may be interested in water supplies from Wrocław water supply system, and also in some areas, in wastewater collection. In 2010 there was an intensified campaign in these areas, leading to replacement of previous declarations into agreements.
- Short term objective – taking over storm water drainage within area of Wrocław. Storm water drainage – more precisely, the collection of storm water from roofs and hardened surface service from the area of the city – is one of the areas of the municipal economy. This area can be reached by the company in order to increase its income. Until the present day, the service was performed by the municipal administrative entities, but Wrocław City Council was not satisfied with the quality of service. In 2010, on the first stage, the company took over the operation of the water storm drainage within the area of the city. On the following stages and years, MPWiK will also take over remaining assets, which serve collections of storm water.
- Long-term objective – spreading the market offer beyond the boundaries of Wrocław agglomeration. MPWiK prepares to provide water supply system beyond the boundaries of the Wrocław i.e. to other towns of Lower Silesia mainly.

Product of Service Offering. Presently, MPWiK successfully performs supplying city inhabitants with water of a very high quality. The issue of wastewater collection, at least now, is not in the area of customers interest. In the case of elimination of water quality problem, the fundamental company's challenge is the reliability of water supplies.

Although the company has a monopoly on Wrocław market, it makes efforts to build relations with customers on the same basis, as if it had been ruled in by competitiveness. It stems from two reasons. First of all, the European Union recommendations that distinctly point to creating a competitive market, in the domain of water and wastewater, and what seemed to be an abstraction in Polish circumstances a few years ago, now, more and more leading Polish water and sewerage companies are analysing the issue with rising attention. So the company has to be prepared to face the competition.

Secondly, although the company is not yet subject to market pressure, but it is subject to political pressure from the society though the owner of the company i.e.

the Municipality. Those pressures, besides water prices, mainly concern reliability of supplies. Activities concerning this area shall be presented in the section on organisation.

Revenue Model. Water and sewerage companies now, as natural monopolist, are subject to regulation and control of applied tariffs (Act on collective water supply and collective wastewater disposal of 7 June 2001 [JoL No. 72, pos. 747]). Problem of tariffs' legislation, at least literally law applying, does not have any market mechanism. It does not mean that these prices would not have been a subject to other limiting mechanism, like even, the comparison with prices in other cities of similar size.

3.3. Operational model

Value Chain

Traditionally, in water and sewerage companies value for a customer was generated completely in-house. Outsourcing in MPWiK, whose beginnings can be traced to the beginning of the present decade, was limited to the “traditional” areas i.e. cleaning, security, some renovation services with an open market nature. Further activities, heading for entrusting other task to external companies, has to be preceded with a reliable analysis of needs in defined functional areas, verification of which was started in 2010, *inter alia*, by implementation of KAIZEN philosophy and some elements of LEAN management method.

Cost Model

During a few previous years, MPWiK made a strategic turnabout concerning financing of its modernisation needs. For decades, the company invested almost only on the basis of its own financial resources – water and sewerage investments in the city were co-financed by the state or the Municipality of Wrocław.

For a few years, the company has been reaching for investment loans to manage an ambitious challenge of making a quality leap concerning environmental protection (construction of the second stage of Wrocław Wastewater Treatment Plant, development and modernisation of wastewater system) and the improvement of water supply reliability.

Necessity of loans repayment engenders the need for risk management in financial area by precise planning and rigorist cost control, on the one hand, and the care for an income, considering the notations used earlier. Although, the issue of company's profitability is not directly a priority for the owner; nevertheless, the level of profit is a guarantee for repayment of dues by the virtue of an investment loan.

Organisation

As mentioned in the introduction, the issue of “organisation energising” shall be subject to a detailed analysis in this subsection. By the process of “energising” I do understand a set of activities aiming not only at preparation of organisation members, i.e. MPWiK employees to accept necessary changes enabling, in further

process, to implement innovation in the company. This is a set of activities to motivate and give energy for employees' teams, so that these teams would become a source, a major drive of multi-direction activities changing a traditional water and sewerage company into still modernising itself and innovating company.

Such an assumption arises from my belief that only revealing of a great potential that exists in a crowd of well-educated specialists in many fields, employed in the company, can place MPWiK in the selected elite of companies in the sector, as well as in the region. The Board of Directors or narrow management, besides initiation of "energising" process in the company and permanent motivation as the widest group of employees as possible, managers especially, to continue and develop any initiatives, renewing or developing company, should avoid temptation to "control manually" those processes from beginning to end.

It is natural, that a process of innovative renewal of the company cannot be an one-shot achievement, it has to become a nature of a contemporary enterprise, a part of company's culture or even a specific kind of "religion". Therefore, it needs multi-vectoral activities in the extent of human resources development, which were described earlier. A construction of this sophisticated edifice starts with negotiation of a value system.

Values

The value system in MPWiK was negotiated and announced at the beginning of 2010. It was a second attempt to implement the values in the company. Unfortunately, the first one was not consistently implemented. Although, the discussion over the values catalogue, and in this particular case was limited to the management, their proposal did not arouse neither controversies nor opposition. It is gradually popularised among increasing group of employees using different means. A catalogue, in the company also known as "Our Values", consists of following values:

- professionalism,
- honesty and reliability,
- high quality and standard of work,
- loyalty towards company,
- openness to dialogue,
- spirit of co-operation.

System of continuous improvement of skills of the whole staff

The system became a long term undertaking, called "Our Academy". The Academy is a cycle of educational and training – implementing undertakings, exactly synchronised with organisational ventures initiated in the company in relation to an innovation process. For example, if we intend to implement KAIZEN philosophy, the process is initiated – just before implementation – with studying KAIZEN philosophy within the Academy. If we start Performance and Development Discussion process, it is preceded by communication and management by objectives workshops. This exact connection between subject area and Academy programme with implementations in the company fundamentally improves managers' and employees' motivation to

take part in the Academy. It should also be noted that within the Academy not only managers are trained, but also selected groups of employees singled out according to special profiles.

Involvement of the whole of staff in objectives achievement

Strategic challenge, arising from the relation, described in the introduction, to the present section is also a multi-sectoral activity. We achieve stimulation of increasingly wider groups of staff, in order to support an innovation process by means of the implementation of project activities on a large scale.

Work in project teams, where a formal line of authority arising from functional structure does not apply, allows for revealing employees' organizational talents and demonstrating their knowledge. Employees "pigeon-holed" into narrow scope of assignments within functional structure, often do not have an opportunity to "break through". Furthermore, the care for the high quality of work on a project teaches good organisation and satisfies members of a project team. Special circumstances created for project teamworks, a system of stimuli and incentives, celebration of even small, partial successes gradually generate supporters of innovations.

An exact system of giving assignments and a motivation system synchronised with it is essential for a suitable motivation of employees. A tool used for this purpose, applied in MPWiK starting from 2010, is a Performance Discussion Process.

While specially prepared and standardised conversation, taking place at the begging of an year, a subordinate is informed by a superior what the most important assignment, including these arising from an innovation process, he is given to complete in a particular year. It is also a motivating conversation, concerning strategy and values, but, moreover, determining a bonus system in relation to performance of assignments.

The second element of an individual employees' motivation is, implemented in 2010, Development Discussion Process. Its objective is a discussion between a superior and an his or her subordinate, concerning subordinate's individual development in the company. This carefully prepared and standardised conversation has a motivating character, but furthermore, its purpose is to create a plan of development of employees' potential, and to build their relationships with company's objectives.

Creation of positives readiness for changes in the company

This extremely sensitive and difficult process was initiated by studies within "Our Academy", in the field of change management. Independently of professional change management, often with external consultants, essential tool to evoke managers' and employees' positive readiness for a change, is engagement in project teams, planning and piloting implementation of a change, among the greatest number of staff possible. It changes employees' attitude from treatment to co-ownership and contribution. Undoubtedly, always a fundamental issue is information about a change, therefore internal communication also is subject to workshops within "Our Academy".

Cyclical adjustment of organisational structure to changing business circumstances

Works concerning adaptation of organisational structure to changing business circumstances has been barely started. Principal prospect changes should arise from a through functional analysis on the principal production and services processes in a company, and now this process is in the preliminary stage of performance.

Nevertheless, the adjustment of activities corresponding with current challenges, in the field of structure, has been taken up. In 2010 Project Management Department was appointed, whose principal mission is to assure high quality of project teams work in the company, and to provide information system, concerning effectiveness of project teams activities, for management. At the end of 2010 in MPWiK, we completed about 40 ventures, medium and large ones, according to accepted classification.

Processes improvement and work on project

Work in project teams, described earlier, can be very energising, not only for managers, but also for so-called ordinary employees. Until 2010, in the company, an intuitive way of project works performance dominated. The implementation of a new formula of work in project team was preceded with studies within “Our Academy”, and had a pilot program supported by consultants. Presently, all of the medium and large projects are initiated and performed according to recently worked out company’s standards. Within study and pilot works, in the second half of the year, works concerning company’s standards for principal processes existing in the company were conducted. It was settled that a standard shall include a description part, covering presentation of activities scope included in the process (or subprocess), description of procedures as a graph, and defined process KPI (Key Performance Indicator). In the next step, a dozen of principal processes, main and auxiliary, shall be described on the basis of worked out standards. It is planned to accomplish these works in the second half of 2010.

Employee pride and participation, implementation of emotional intelligence

If assume, after Mankins and Steel [2007, p. 86], that strategic planning should depend more on taking decisions than documenting previously made (and sometime inconsistent) choices, one should, in a company, change the attitude to strategy preparation, in order to take better decision in a shorter time. This type of strategy requires close co-operation of managers of different levels, in order to constantly exchange information about potential change of business circumstances. It is necessary to work out a homogeneous model of taking strategic decision, which favours both, taking quick decision and gradual de-concentration of taking decisions.

This model of performance of company’s strategy requires, first of all, managers to perfectly understand company’s strategic objectives. In MPWiK, it is performed through a system of meetings, including annual “summit meeting”, and in the middle of planning period – “small summit meeting”. Further essential element, that allows for de-centralising the decision-taking process, and as a consequence, participation of

increasingly larger number of managers and employees in taking important decisions in the company, is a precise definition of process procedures, i.e. company's standard of action in business area. It is performed in MPWiK in the second half of 2010. Along with general participation of managers and key employees in works of important project teams, and their real influence on formulation of fundamental processes in the company, a feeling of authentic participation in creation of innovation process in the company should increase.

The next stage to be developed and trained within the Academy, in 2011, is managers' emotional intelligence, so necessary for creating appropriate relations with subordinates and other managers. Applying emotional intelligence elements should become the second, very important level in the creation of circumstances for deep involvement of employees majority to dynamically build an innovative company.

4. Conclusions

The implementation of Business Model Innovation in the context of Polish predominance of communal capital company, may be an effective tool for complex analysis of market circumstances, and necessary changes in a company's organisation. Its value is mentioned complexity and interpretational explicitly.

According to the particular case – the process of innovation undertook in MPWiK Wrocław – adopting such a theoretical perspective prevents from the temptation to limit an innovation process only to technological area or market behaviours. This perspective allowed key internal architects of the renewal process to better understand that water and sewage company, although it seemingly has an privileged position on the market, is subject to the same or very similar rules in context of building an innovative organisation, like other companies operating in typical market circumstances.

MPWiK Wrocław is a typical example of a municipality-owned company. While moulding this model, it turned out that the problems left over from the previous era and accretions from the period before transformation still exist in some part of the minds of these companies' employees, which is a reason why particular attention should be paid to so-called process of "energising". "Organisation energising" are activities undertaken in the company to build a suitable foreground, a basis of knowledge and behaviours of wide management groups and employees, for an effective implementation of an innovation process.

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MODEL PROCESU INNOWACJI W SPÓŁKACH KOMUNALNYCH. STUDIUM PRZYPADKU MPWIK WROCŁAW

Streszczenie: Artykuł przedstawia uwarunkowania oraz charakter procesów restrukturyzacyjnych polskich przedsiębiorstw komunalnych w obliczu urynkawiania ich działalności i zachodzących obecnie przemian tego sektora w globalizującej się gospodarce. W oparciu o koncepcję Business Model Innovation zaprezentowano studium przypadku odnowy w klasycznym polskim przedsiębiorstwie komunalnym, jakim jest Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji we Wrocławiu. Dokonano zestawienia koncepcji teoretycznej z zakresem odnowy przedsiębiorstw z pozytywnymi rezultatami, uzyskanymi w takim procesie. Zaprezentowano narzędzia zastosowane w praktyce, a także przedstawiono uzyskane efekty. Rozważania te mogą stanowić przyczynek do dyskusji nad skuteczniejszymi drogami realizacji tego trudnego, ale niezbędnego w polskich przedsiębiorstwach komunalnych procesu.