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Restructuring of The Management System And The Role of Top Management

Dr. sc. Miroslav Drljača

Contents:

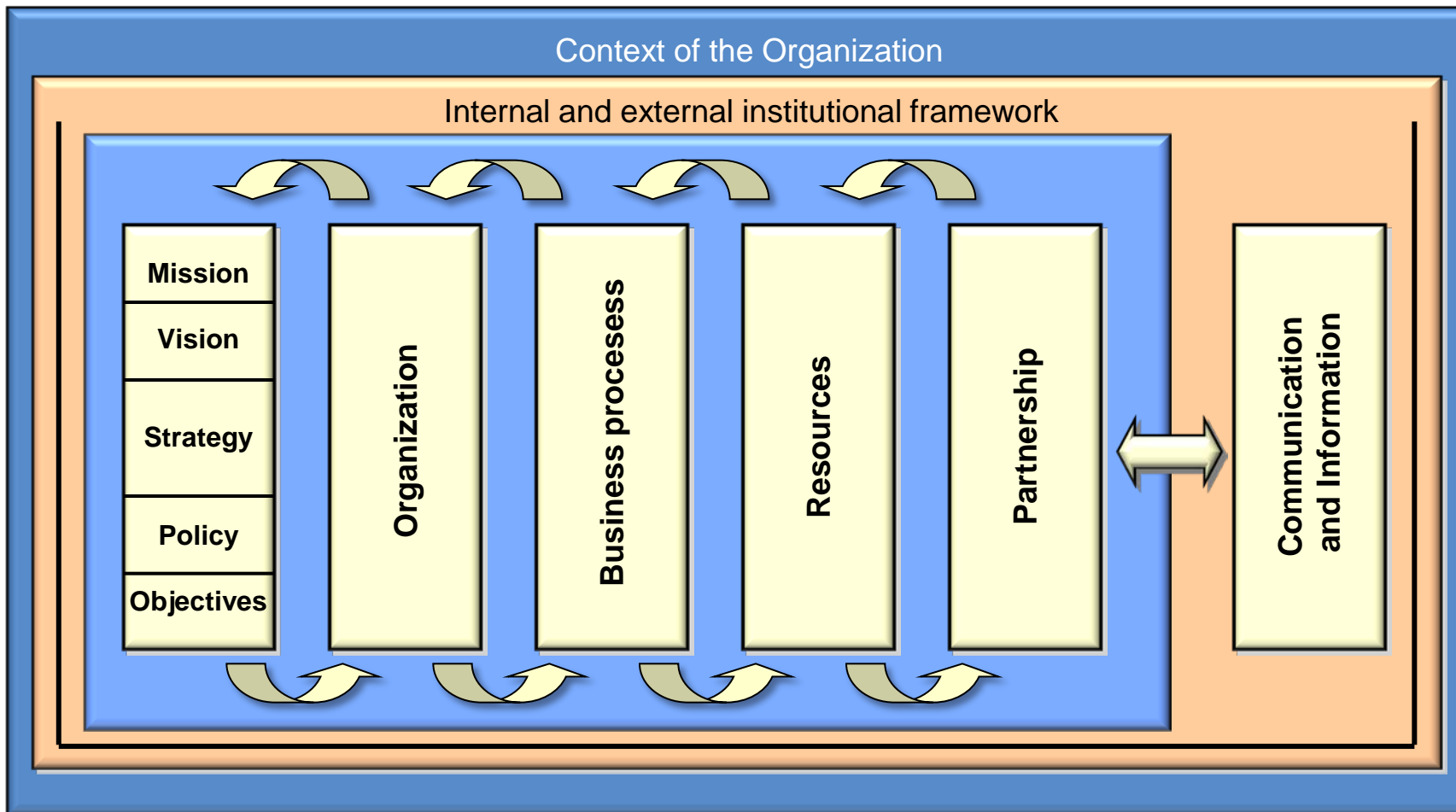
1. Introduction
2. Management system
3. Restructuring of the management system
4. Model of approach
5. Objectives of restructuring
6. The role of management in the restructuring process
 - 6.1. Development of the management system
 - 6.2. Creating new value
 - 6.3. Role of management in the management system restructuring
7. Conclusion

1. Introduction:

1. Organizations constantly need to improve their competitiveness.
2. It requires continuity of changes of management system.
3. These changes are often referred to restructuring of the management system.
4. Top management need to ensure the success of the restructuring process.
5. This process largely depends of the top management competence.
6. In this paper I like to explain the restructuring process of the management system and the role of management in that process, too.

2. Management system:

Figure 1. Structure of the management system

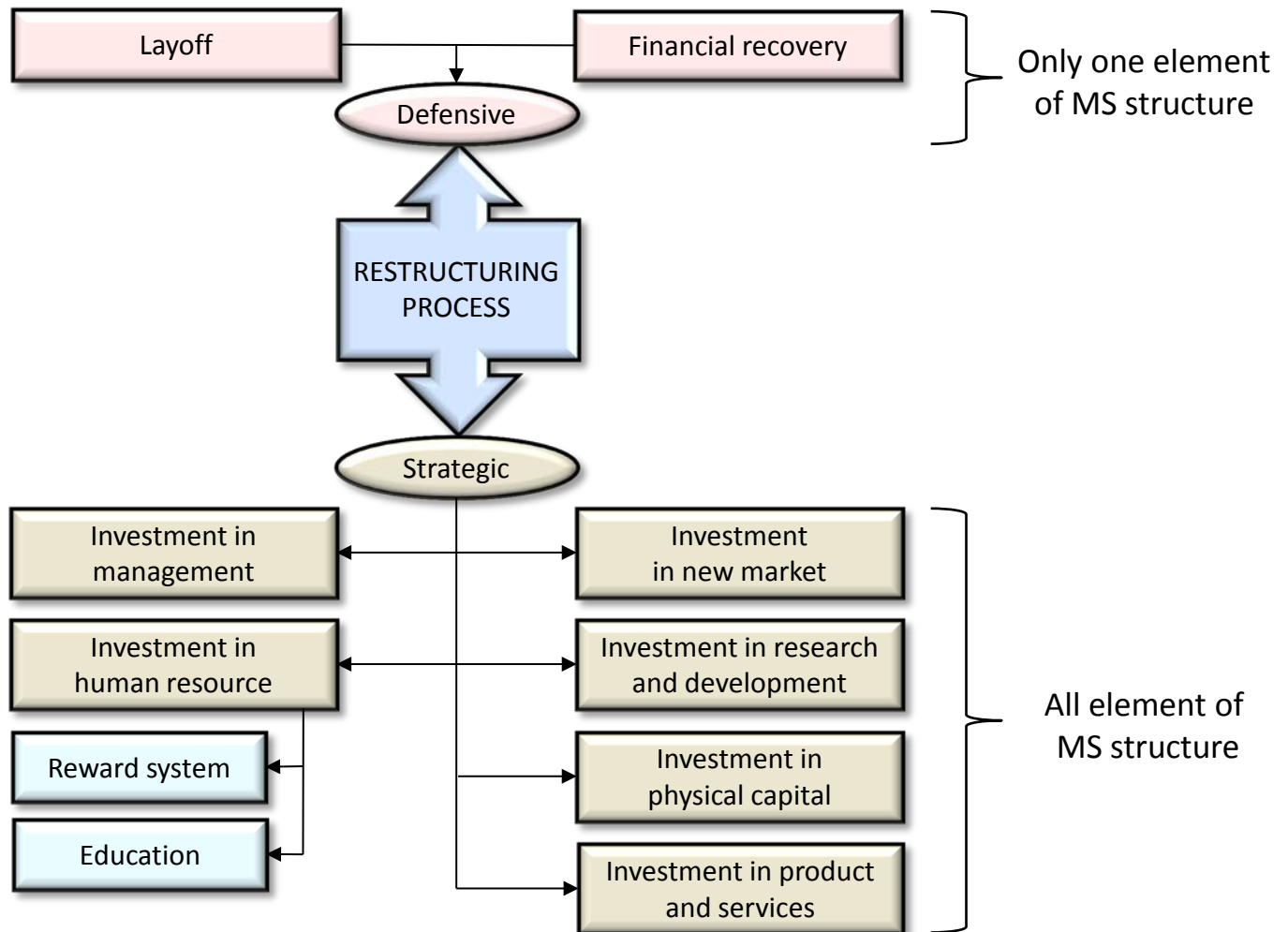


3. Restructuring of the management system:

Restructuring means:

1. All-inclusive interventions on changing the structure and introducing new technologies, as well as a new investment cycle.
2. Changes in structural elements of the management system and a wide set of programs and activities with the basic goal to increase efficiency of the organization as a whole.
3. It is a constant process of various improvements and transformations of existing structures and continuous innovation in methods and techniques of managing the organization and its business operations.

Figure 2. Conceptual model of restructuring



Source: Own study.

4. Model of approach:

1. Restructuring process is a very complex and may be of crucial importance for future development of the organization.
2. It should be managed as a project.
3. Participants that actively take a part in this process are:
 - management of the organization;
 - professional team nominated by the management consisting of experts within the organization;
 - representatives of employees;
 - consultants.

5. Objectives of restructuring:

Before starting a restructuring process, a company must define goals it wants to achieve with it. Possible goals may be:

1. Arrangement of the company prior to privatization.
2. Reorganization for easier sale of company parts.
3. Preparation of the company for listing in stock exchange.
4. Splitting and improvement of debt/equity ratio.
5. Increase of total capital efficiency.
6. Changes of market strategy.
7. Renewal and improvement of technological position, or others.
8. Improvement of the organization's competitiveness.

The big companies need three to five years for implementation of strategic restructuring.

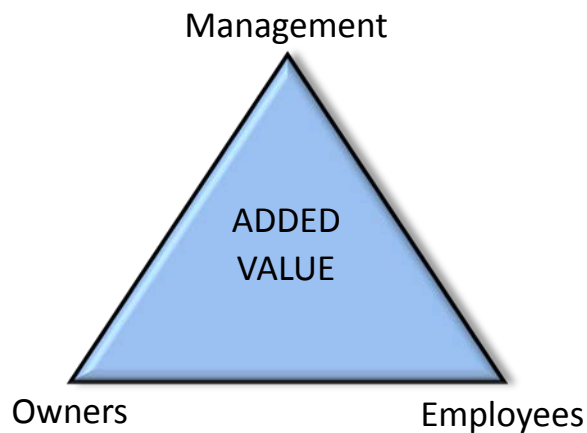
6. The role of management in the restructuring process:

6.1. Development of the management system

Development of the management system through optimization and development of all its structural elements.

6.2. Creating new value

Figure 3. Added value generators



Source: Own study.

6.3. Role of the management in the management system restructuring

A lot of activities to do:

1. Define and adhere to restructuring principles:

- legality;
- objectivity;
- cooperation;
- patience;
- transparency;
- prevention.

2. Define:

- the type of restructuring;
- intensity of activities;
- deadlines;
- price;
- risks.

7. Conclusion:

1. Management of an organization is at the same time its leader (leadership).
2. Management should create and maintain a climate in which people may completely involve in realization of the organization's objectives.
3. The success of the restructuring process depends of this climate.
4. The reality in the Republic of Croatia that people are mostly not ready for changes.
5. Implementation of restructuring in that climate is difficult, it lasts longer, and causes higher costs.
6. It generates a conflict.
7. Consequently, social reforms (structural) are implemented in more difficulties.
8. Such behaviour has a strong influence on the degree of competitiveness.
9. The role of management in the restructuring process is of crucial importance.