

npower - Brief

Developing people through decision-making

Introduction

RWE npower is a leading energy company in the UK. It is part of German-owned RWE Group, one of Europe's leading power businesses. It employs over 11,000 in the UK. npower provides more than 10% of all power in England and Wales. In 2007, it supplied over six million homes and 400,000 businesses. RWE npower trusts its engineers to take decisions. It wants all employees to take part in decision-making.

The decision-making process

Businesses make decisions for many reasons. They need to:

- create opportunities
- make a choice
- find new ways to do things.

All decisions carry some risk. An organisation's structure affects decision-making. In a hierarchical structure, decisions are made by senior managers which filter down to employees lower in the structure.

A matrix structure uses the skills and abilities of people from different areas of the business in a project-based team. A matrix team has the freedom to make decisions faster. RWE npower has a culture of trust in its people and will delegate decision-making to all levels in the organisation. This means that young staff can use their talents to contribute to the business. For example, a speedy and reliable supply of spare parts is essential to keep energy supply going. npower Cogen keeps a large stock of spare parts. A project called the 'Strategic Spare Parts Project' was given to a young engineer called Jay. Jay was responsible for reviewing the efficiency of keeping spare parts on site. He considered questions such as:

- are these the correct spares to hold?
- is the cost of holding them justified?
- how big is the risk of supply loss if parts are not held?



The project required him to use a wide range of skills like communication and analysis to find answers and solutions.

Strategic decisions

Strategic decisions are usually made by senior management. They have a long-term effect on the business. Strategic decisions carry higher levels of risk. The decision to let Jay manage the project was taken by directors. It showed that RWE npower's culture supports the delegation of decision-making. Jay's engineering background helped him to understand the problem. He talked to a wide range of staff. Jay found that 75% of spare parts were less likely to be needed urgently and could be orderd when required. The other 25% of spare parts were essential for an effective energy supply. His research enabled npower to reduce the number of spares it kept on site without causing delay or loss of supply. This has reduced the costs of the process.

Tactical decisions

Tactical decisions are medium term. Tactics can change or be adjusted in order to achieve the outcomes. Jay's tactics included choosing who to consult and how to find out the information he needed. After Jay had done his research, he presented a case for a new system to improve how the spare parts were managed. Directors would have the final decision on the proposed solution.

Operational decisions

Operational decisions occur daily. Often these are administrative. They are lower risk and can usually be taken quickly. npower encourages all staff to take these decisions. This culture of trust means that staff can propose changes allowing people the opportunity to make their own decisions. This gives them ownership. The main constraint is that decisions must be in line with company aims.

Conclusion

There is risk and reward in all decision-making. At RWE npower, all staff have the power to make decisions. By using the skills of its people like Jay, RWE npower benefits from effective and timely decision-making at all levels.

