

npower - Summary

Developing people through decision-making

Introduction

RWE npower is a leading energy company in the UK. It is part of the German-owned RWE Group, one of Europe's leading businesses. RWE npower has over 11,000 UK employees and provides more than 10% of all electricity in England and Wales. In 2007, npower supplied over six million homes and 400,000 businesses with energy. npower relies on its engineers taking appropriate and timely decisions and encourages all employees to become involved in decision-making.

The decision-making process

Businesses make decisions for different reasons: to create opportunities, choose between alternatives or find different ways to do things. All decisions carry some element of risk. An organisation's structure affects decision-making. For example, in a hierarchical structure, decisions are concentrated at director level. A matrix structure, using project-based teams, allows more freedom and speed of decision-making. RWE npower's culture of trust in its people allows it to delegate decision-making and means that young employees are encouraged to use their talents. This benefits npower as it makes the best of its employees. The 'Strategic Spare Parts Project' was given to Jay, a graduate engineer, to manage.

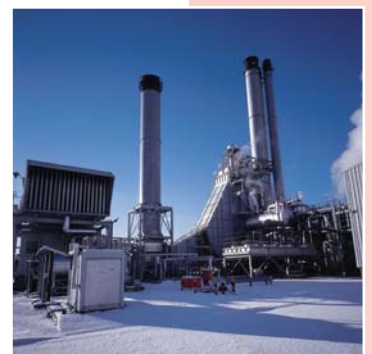
Spare parts are vital to sustain energy supply and npower Cogen maintains a stock of spare parts. Jay had to decide if retaining these spares made good business sense and if the cost of holding them was justified. He had to balance this against the risk of supply loss if parts were not held. The project required him to use a wide range of skills, including communication, analysis, evaluation and negotiation.

Strategic decisions

Strategic decisions affect the long-term performance of the business. They are taken at the highest levels and carry higher levels of risk and reward. The decision to use Jay 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 communicated with a wide range of staff and obtained information. Jay found that for 75% of spare parts, there was sufficiently low risk to allow time for normal ordering. 25% of spare parts were essential to maintaining availability of supply. He concluded that it was possible to find an alternative way of managing the spares process which would reduce costs.

Tactical decisions

Tactical decisions are medium term. The key tactic for this project was for Jay to consult other staff. With first hand data, outcomes become more predictable. Jay was trusted, but was also accountable. He needed to present a convincing case that a new system was good business sense. Jay's tactical decisions included choosing who to consult and how. Directors have the final decision.



Operational decisions

Operational decisions occur daily. Often these are administrative, lower-risk and can be implemented quickly. At npower, all employees take operational decisions. The culture of trust means everyone feel empowered to take decisions or suggest changes. npower benefits from speed of decision. The main constraint is that decisions must be in line with company aims and objectives.

Conclusion

All decision-making involves elements of risk and reward. At npower, people at all levels are empowered to make decisions. By using the skills of people like Jay and by giving ongoing support and training, RWE npower is able to rely on good quality decision-making at all levels.

