

All the changes that have been implemented are proofs that EPS fulfills the tasks set by the founder - the Government of Serbia. From the company that was a silo and in which each system was seen from an ant’s perspective we have to become a process-driven company. Reorganization and putting EPS on its own feet is a goal of every employee in the “Electric Power Industry of Serbia”

In the history of the “Electric Power Industry of Serbia”, this year will be written as the year in which radical reforms and reorganization started by which EPS should become a successful and profitable company, similar to European competition. The interest of the entire EPS comes first to all of us, not only the interest of individual parts of the system, says in the interview for company KWh newspaper Aleksandar Obradović, Director of “Electric Power Industry of Serbia”.

The first man of “Electric Power Industry of Serbia“ indicates that, on July 1st, the first phase of EPS corporatization will be completed and the second phase, which brings substantial changes, will be initiated. In accordance with the decisions of the Supervisory Board of PE EPS and with the approval of the Government of Serbia, as from July 1st, all present companies for coal and electricity production will merge with the parent company of EPS, whereas the four companies for electricity distribution will merge with “Elektrodistribucija Beograd” and become “EPS Distribucija “.

- All the changes we are implementing are the proof that the EPS fulfills the tasks set by the founder - the Government of Serbia. The change in work philosophy is the most important. These are the biggest historical changes in EPS, because all previous governments talked about the need for EPS reorganization- and the need to appoint a new, more effective and more responsible management of the company, but only this government did it - says Mr. Obradovic. - When we finish the first phase of corporatization, it gives us the credibility to meet the goals in other stages, envisaged by the reorganization. Our reorganization process has been performed according to the plan. It only remains to adopt the Financial Consolidation Plan in cooperation with the World Bank, the International Monetary Fund and the European Bank for Reconstruction and Development. The most important thing is the support that we have from these international financial institutions.

What is exactly envisaged within the first phase?

The first phase ends on July 1st and it creates the preconditions for savings i.e. preconditions to change the working conditions, eliminate unnecessary director positions, practically make a new organizational chart and create new processes. The idea is to initiate completely new processes in the period from July 1st 2015 to 1st July 2016. These new processes will result in a new organizational scheme that will be applied later in the joint-stock company. So, it is important that the first phase differs from the second. Essential changes will occur as from July 1st 2015 to July 1st 2016, and the obligation of each executive director and then also the director of each sector to regulate the processes within

his vertical.

What do all these changes include?

Every sector of PE EPS has a role in the whole system of “Electric Power Industry of Serbia” and with the “tightened-up” sectors in the whole system of “Electric Power Industry of Serbia” we will have a “tightened-up” EPS as well. Executive directors are obliged to take full responsibility within their verticals. It will no longer be possible for the director in charge of production or distribution to not know what is happening in the system somewhere in Vranje or Subotica. Functionality is the essence, and not what type of organizational environment is in question or whether it is a branch or a company. When investments are being planned in the production sector, the objective for the sector responsible for investments is to coordinate the operation of the “Iron Gate” and TENT and other production branches. What was the problem in the previous functioning of EPS? The fact that there were departments that were cloud-castles. They made certain plans, worked, but they did not have the authority to coordinate the activities on the field all the way to the end. Everybody worked in the interest of one part of the system, and not in the interest of the entire EPS. Now we will focus on every CEO, within his authorizations, establishing a vertical down to the last man. Therefore, from the top all the way to the trainees. Thus, from a company that was a silo, and in which everybody observed the system from an ant’s perspective we have to become a process-driven company. Sectors must manage the processes that are globally integral. The interest of EPS comes first, not the interest of fragments of the system of “Electric Power Industry of Serbia” and everyone is responsible for this. This is why there is a lot of pressure now on the CEOs and the directors of sectors, who should integrate processes, coordinate work and take care of the interests of EPS group.

What will the merger of production, currently called companies, within PE EPS look like? How will their units become integrated?

On July 1st, we cannot only “jump” from one form into another. It is a process that we are preparing now. A mixed solution has been chosen. Current companies will be branches that, in the first phase, will keep certain specific functionalities as subsidiaries. They will still have their planning and their accounting. It cannot be put out overnight. Their obligations cannot be taken over by someone within the parent company of EPS on July 2nd. But, they are a part of the sector in the parent company and they answer to the CEO for the activities they perform. Therefore, during the first transitional period, a mixed approach will be implemented. The aim is that the sectors build their verticals, but the responsibility of a branch director is still for that unit, and that functionality. Certain areas have already been built and, on July 1st, there will be very few challenges ahead of them. From July 1st, EPS really becomes an integral system in which the directors of branches operate according to the instructions in the interest of the entire company.

There have been some harsh reactions from Vojvodina regarding the forming of a single distribution system operator. Is there any reason for such reactions?

Implementation of reforms in the “Electric Power Industry of Serbia” has been followed by a series of obstacles and obstructions from the beginning, because of the threats to personal and often political interests. It is not true that the property of “Elektrovojvodina” is being seized and it is not true that a large number of jobs in the company will be eliminated. All property which was in “Elektrovojvodina” will still be in the same place and all employees who work in the company will continue doing their jobs. The merger of electricity distribution companies is important because Serbia has started essential reforms, but it is also important for EPS in order to become more efficient. Our obligation towards all citizens of Serbia is to provide the same level of services within the entire the territory and therefore, and this is why a good business decision was made to turn the five distributions into one big distribution, which will be called “EPS Distribution”. An important aspect of the change in EPS is that the politics needs to get out of EPS. We cannot have director positions for political interests.

In what phase is the plan of financial consolidation of EPS?

This document is still being prepared. It will be adopted by the Government and it will include the exact financial parameters which EPS must achieve and these tasks will be submitted to us no later than July 1st.

You have presented the reorganization plan; you have visited all companies, what were the most frequent questions of the employees?

Most of them wanted to know how the processes would be implemented, whether there would be dismissals due to the centralization of certain functions. The answers are clear: nobody will come from Belgrade to do the work instead of the employees in Kraljevo or Novi Sad. Trade unions will be consulted regarding all changes. We expect the support of the unions, because we all have the same goal; to make EPS better, more organized and to make its business more efficient and profitable.

Should the employees be afraid of July 1st and of the continuation of reforms?

Naturally, those who perform their work professionally should not be afraid. The employees of EPS are the most valuable resource of the company and I have been emphasizing that since the day one. Without human resources, this system could not function and deal with all the challenges it has been facing for years. That is why I believe in the success of reforms, because the reorganization and putting EPS on the right track is the goal of every employee of “Electric Power Industry of Serbia”.