

# **THE MANAGEMENT OF CHANGE IN BNFL'S UK GROUP WITH PARTICULAR REFERENCE TO THE RESTRUCTURING OF THE HEALTH AND SAFETY FUNCTIONS**

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## **INTRODUCTION**

BNFL's UK Group business involves reprocessing of uranium metal (Magnox) fuel, storage and dismantling of Advanced Gas Reactor (Ceramic  $\text{UO}_2$ ) fuel, waste treatment and storage, decommissioning and electricity generation. These activities are carried out at three sites in the North West corner of England and Southern Scotland:-

Sellafield	-	all activities
Chapelcross	-	electricity generation
Drigg	-	waste storage

## **THE NEED FOR CHANGE**

The privatisation of the UK Electricity Supply Market in the early 1990's created a very competitive marketplace. The nuclear component of the supply market was specifically excluded from the privatisation due to economic factors. By 1993 the threat to the UK Nuclear Industry was severe. Some of the key issues were:-

- Over-capacity in the electricity market of 25%.
- Planned gas stations would increase over-capacity to about 45% by the mid 1990's
- A review of the Nuclear Industry was pending which would critically review the economics of the industry.
- Nuclear generation was not competitive with gas generation.
- Nuclear Electric and Scottish Nuclear, the companies owning the UK Nuclear Power Stations, had made significant advances in reducing their costs and were looking to BNFL, a major supply, to reduce its fuel cycle charges which accounted for two thirds of their generating costs.
- The Magnox stations were nearing the end of their original design lifetimes.
- Three Magnox stations had closed on economic grounds.
- BNFL had evolved, over the years, from a public sector environment bringing with it the attributes of such an organisation eg, overmanning, bureaucracy, hierarchical management structures and a need to improve employees business awareness.

Against this background the UK Group Board concluded that fundamental changes were necessary.

## **PROCESS OF CHANGE**

The UK Group Board, in discussions with its main customers, concluded that savings of the order of £100M in the operating cost base had to be achieved within five years if Nuclear Generation was to stand any chance of being competitive in the electricity supply market. It was estimated that the £100M saving would come from a manpower saving of 2,100 posts (from a starting point of 7,000 posts) and £40M from other variable costs. To achieve this saving the Board identified two main areas for change:-

- The attitudes, behaviours and beliefs of its employees (culture).
- The alignment of the business activities with the key business drivers to clearly identify the groups core activities and to sharpen business awareness and customer focus.

An absolutely critical success factor during the change process was to at least maintain, if not improve, the safety performance of the Group.

In addition these changes had to be conducted under the critical eye of the UK's regulator, the Nuclear Installations Inspectorate.

The starting point of the change process was for the Board to achieve a clear focus and ownership of the changes required. This involved the Board working on and agreeing its role, ensuring the right individuals were on the Board, forming itself into an effective team and, most importantly, agreeing a set of "values" which would underpin the whole approach of the group.

These values included such key behaviours and beliefs as (i) leading by example, (ii) safety will not be compromised, (iii) we will trust people, (iv) we will allow individuals to work to their full potential, (v) customers are important.

In line with these underpinning values the UK Group Directors, together with a team of facilitators, reviewed the "Divisional" structure of the group and re-organised it around the "key drivers" of the business into "business" units. The old structure of six divisions transformed into the new structure of seven Business Units.

Key points of the restructuring were:-

- Each 'operational' business unit had its own Head of Safety and associated staff reporting directly to the Director.
- Management layers were removed.
- Management 'spans of control' were increased.
- Each business unit had a clear purpose linked to a key business driver.

Under the old divisional structure many functions and services were centralised, including Health and Safety. The new structure devolved those services essential to the hour to hour operation of the plant to the business units whilst centralising the other services into a Services Business Unit. Hence Health and Safety advice and monitoring rest in each operating area whilst services such as dosimetry and occupational health rest in the Services Business Unit.

The need to provide focus and co-ordination across all the Business Units on such items as policy and strategy was identified and a separate Business Unit was set up for this purpose. In this unit is a small team of Health and Safety specialists lead by the Head of Safety for the Group who reports directly to the Group Director. In addition to the co-ordination role this team has a responsibility to advise the Group Director on the group performance and to provide a monitoring role.

Such a structure can only work if every individual believes in and works to the 'values'. To this end a great deal of team building, at all levels, has been undertaken, both vertically and horizontally through the organisation. In addition individual managers were selected for their management style ie, those who sought consensus, empowered individuals, were people orientated and were good communicators.

At the time of writing UK Group is 20 months into its five year programme. The next stages of the change programme are (i) to develop its business processes to world-class standard via business process re-engineering and/or continuous improvement methods, as appropriate, (ii) to continue to develop the management style and achieve the reality of the 'values'.

## **RESULTS TO DATE**

- 7000 employees down to 6,200.
- £30M saved on operating costs per annum.
- All production targets met
- Senior Manager posts reduced by 25%.
- No deterioration in safety performance.

To demonstrate the results achieved in a typical H&S Department a comparison of the Magnox Reprocessing H&S Dept is given: 7 management layers down to 4, spans of management control of up to 12, 138 employees down to 115, 10% saving on operating costs.

## **LESSONS LEARNT**

The key lessons are listed below:-

- You must have a vision of the future and keep working towards it.
- Leadership and commitment from the top are essential. Senior Managers must be seen to lead the process.
- You are dealing with people and they will need support (eg stress counseling, redeployment support).
- Identify all the stakeholders and involve them (INCLUDING THE REGULATOR).
- Effective communication is all important.
- Keep your plans live and react to feedback.
- Use your best people in the change process.
- Keep checks and balances in place during the change process to ensure the business does not 'fall over'.
- Involve those people affected by the change in the process.
- Be radical, no turning back.
- Reassure and look after the people you need to keep in the organisation.
- Identify the 'barriers to change' and plan to overcome them.
- Keep your nerve.

## **SUMMARY**

Achieving fundamental change in a well established nuclear business which is highly regulated is possible and can bring large benefits.

The keys to success are leadership and commitment from all Senior Managers, involvement of all stakeholders and communication. It is essential to involve the regulator as a stakeholder.