

# The purpose for the establishment of the alstom



**ASSIGN  
BUSTER**

The ALSTOM Power Service was established in 1999 after the merger of the company with ABB. It was started as an independent unit which was expected to run the service business of the ALSTOM group, which is base in Paris.

The purpose for the establishment of the ALSTOM power service was to develop and market the company's service activities for the already installed power generation capacity. The ALSTOM power service was meant to provide a solution for the market demand to service the business within the industry.

The main aim for the segment was to provide service to the existing plants in order to prolong their service other than installing new plants in the process of optimizing maintenance and enhancing plant efficiency, and this accounted for about 35% of the demand of the power industry.

The ALSTOM started as a segment of the ALSTOM group which was intended to provide service to the industry and it did this by combining the existing company distributed service departments and dedicated distinct resources and its management towards developing as a service business, however it was not autonomous until 2003 when it was guaranteed its autonomy. The segment started with a labour force of more than 10000 employees worldwide in various local units of which all were inherited from the ALSTOM group.

Question one: Critical analysis of the industry

ALSTOM power service operate in the power industry where its provide service to the power industry. The business of ALSTOM power service heavily depend on the operations of the manufacturing company in the industry and

in this case they are expected to orient themselves of how the plants which have been installed by the manufacturers perform their functions in order to provide the service of supplying parts and also doing the repair in prolonging the service of the plants. It should get updated on a day to day technological changes that happens in the mother plant manufactures so as to stay relevant in the market

Question Two: The leadership, organisational structure and cultural issues in ALSTOM power service

i) Leadership issues.

The leadership of the company was based on promotions where an individual was to work at a lower post, and later promoted to higher ranks after the mastery of the company's operations and the requirement of the industry.

Walter Granicher was given the responsibility to lead the company based on the ground that he had worked within the industry since 1976 till 1999 when he was given the leadership of the ALSTOM power service. This is a good strategy for ensuring efficiency because decisions making will be made by persons with a more understanding of the industry requirements and also with the understanding of the organisation's culture (Hatch, 2006).

This kind of leadership can however be perceived as the most appropriate in maintaining the company's culture but it is limited to the reason that the company's culture might not be the best, thus it will be locking the company to new cultures which could have otherwise been introduced into the company if the company could have taken a leader from outside the company in the process of encouraging diversity of culture.

The decision making of the segment was not done solely done by one person, that is Walter but rather in conjunction with other managers working in specialized divisions within the segment.

This scenario enabled effective decision making because each and every manager had a role to play in the making of a joint decision where Walter can be perceived as the coordinator of all the decision that were made within the segment (Mullins 2005).

This is no like in the situation where decision making is done one leader in the organisation with inadequate information about the operation of each division in the segment. The single minded decision making exposes an organisation to the risk of making a wrong decision which might cripple the organisation's performance than when the decision is made jointly by involving a wide range of participants with varied experiences.