

MANAGING THE CRITICAL FEW

BACKGROUND

Our client and its affiliates have mined bauxite in Jamaica for over forty years. Their operation on the north coast is one of three currently operated on the island. It provides bauxite to the parent company in the US, as well as supplying other customers worldwide.

Mining is conducted by excavators/trucks at small open cut pits in the mountains above the bay. The ore is stockpiled at two points and then loaded into rail cars for movement to the processing area near the port. The ore is dried at a rate aligned to the shipping schedule.

OBJECTIVES

The operation was producing approximately 220,000 Dry Metric Tonnes (DMT) per month. The operation was committed to stepping this up to an average of 350,000 DMT per month. In order to ramp up production the General Manager needed to know what the operation was capable of achieving with existing infrastructure and equipment. This would determine what new investments would be required.

Weaknesses in the management of the

operation made it difficult to gauge its current or potential capabilities. These had to be addressed before the next step could be taken. Having experienced our work in similar cultural environments, the General Manager commissioned our firm to help.

KEY RESULTS

Critical management weaknesses were fixed, placing the company in a position to assess the operation's overall capabilities and the level of new investments required for the production ramp up. Although our role was to design and implement a new management system and culture, a number of improvements were achieved with immediate commercial benefits. These included:

- Maintenance backlogs dropped from around 1400 to less than 400 jobs.
- Weekly planning sessions were reduced from 2 hours to 45 minutes.
- Senior managers were freed of routine work as lower levels of management took up daily and weekly issues.
- All levels of management had agreed accountabilities and performance targets and were tracking them.



There was insufficient time to fully upgrade management skills, techniques and tools before the ramp up to a higher production. The only reasonable approach was to take on the critical known weakness. This would lay the foundation for improvements in the future.

The operation on the north coast was under a number of different pressures. The need for higher production was the main, but not the only, one. There was also a push to have the operation run by external contractors.

What the operation and its management needed most was a quick fix..

WHAT THE GM ALREADY KNEW

The General Manager had identified five issues that needed to be addressed in order to meet a dramatic increase in production:

1. Upgrade the mining fleet
2. Rebuild the dryers and conveyor systems
3. Rebuild the roadbed of the railway system
4. Increase the rate of reclamation of previously mined out pits
5. Reduce the requirement for expatriate resources.

However, overlaying all of these was the need to improve the effectiveness of the mine's management. This was a priority for two reasons: investing in equipment and infrastructure was pointless unless the management skills were in place to deploy and maintain them effectively. And it was difficult, if not impossible, to ascertain what those investments should be without knowing what the organisation could achieve with the existing equipment.

WHAT'S WRONG?

The initial analysis set out to answer three questions:

- What are the key weaknesses among managers?
- How do existing management tools aid or encumber managers' ability to do their job?
- What should be fixed, and what are the priorities?

Guided by the General Manager the first point of call was the lowest level of management - front line supervisors. We set out to find the weaknesses in how they plan work, allocate, measure, sign it off and report on it.

From there the focus moved up the management ladder, to see how higher levels assisted front line managers to do their work. Many of the executives were expatriates with strong technical skills but few management skills. The question was: 'were they helping or hindering front line management or were their efforts neutral?'

LET'S DO THIS QUICKLY

As a result of the analysis, our firm was asked to lead a rapid pace project. The aim was to bring about change in two areas: maintenance and management.

1. MANAGEMENT OF MAINTENANCE

This area was considered critical as the company was already spending several

million dollars to repair the sins of the past. There was an obvious risk that if the maintenance program was not improved, that investment could be wasted.

A number of key changes were made. The most significant of which was the rationalisation of the backlog of work orders - eliminating duplicates, sorting them according to priorities, skills and time. This cut the volume from 1,400 to 400.

New methods of planning maintenance were installed, with improved procedures for requesting and logging maintenance requests. A hierarchy of planning was established with supervisors taking responsibility for daily plans and superintendents taking responsibility for weekly plans. The results are now reviewed weekly and reported to the General Manager.

LESS TIME STANDING BY

With better planning of maintenance hours there has been a significant reduction in the amount of work billed to general overheads - such as standing by and cleaning the shop. This has shrunk from 50% of maintenance hours to around 30%. And it is on target for a reduction to 20% - the lowest realistic estimate.

Weekly reviews have been simplified and made more effective. They now take under 45 minutes instead of in excess of two hours.

The maintenance department has accepted the concept that they are accountable for reliability rather than availability. For example that although dryers, conveyors and ship loading equipment are needed approximately 60% of the time, when they are needed, they are required to operate at or near 100%.

2. MANAGEMENT OF MANAGEMENT

The second key objective was to install an effective management process. This was not a simple task, and was hampered to a degree by poor cooperation among the key departments - mining, operations and plant maintenance. There were no effective means of problem solving issues that crossed departmental lines, and senior managers within the departments took no responsibility for overall results.

THE CRITICAL FEW

Together with the General Manager we identified priority issues in each area. These were considered essential in order to achieve the higher production targets. No more than five issues were selected for each area; these became known as the Critical Few.

ACCEPT OR JUSTIFY

The next step was to review these with the departmental managers - Mining, Operations and Maintenance. Each had the opportunity to accept, or justify changing, the Critical Few for their respective areas. Agreement was reached on how results would be measured, the review processes that would support control, and the process for planning and executing corrective actions.

This was repeated in a top down sequence until all layers of management were covered - general manager, area manager, superintendents and supervisors.

It was also agreed that the Critical Few would form the basis for at least 75 per cent of managers' rating during formal

performance appraisals.

The result was to create a clear understanding at all management levels of: what must be managed, how the results would be measured and who is accountable for those results.

NOT EASY TO MEASURE

Changes to management attitudes and processes could not be measured immediately in hard dollars or tonnes moved. However, the advantages and affects were acknowledged by senior managers. These included:

- Less time in meetings.
- Less conflict among the operating groups.
- Reassignment of people who could not work in an accountable atmosphere.
- Identification of people who could progress in an accountable atmosphere.
- People had a much better understanding of their job roles and accountabilities. There were fewer tendencies to shrug off problems or accept them as a normal part of the process.

The most significant change was that the company was in the position it wanted to be – where it could assess its capabilities and determine what it had to do to ramp up production levels.

EASY ON PAPER

This project, like many of our engagements, looks straightforward on paper. The reality is far from it. Our skill is not

just in identifying problems and designing solutions, but in making those solutions work - often in a tough business and cultural environment.

GPR Dehler has an excellent record of implementing change programs in Australia, New Zealand, Asia, Europe, North America and Southern Africa. Everything we do is geared towards achieving results - not writing reports. We have the management and planning skills as well as hands-on consultants with experience to overcome obstacles and transform good ideas into effective and successful programs. Significantly, we do this with minimum disruption to our clients' business operations.