



## BELOW THE RADAR

Factors that Steal Tons, Increase Costs and Prevent Change

### Boxes Can Be Barriers To Change

Two years ago, Shortfall Coal, a subsidiary of Fictional Coal Inc., started its improvement initiative. The design and implementation phases of the program were complete, but Shortfall was still waiting for millions of dollars (promised by consultants) to hit the bottom line. In this month's episode, the management team is considering other actions to deliver these dollars...

Seven years ago, "Jim" (a fictional character) was the Technical Services Manager at Shortfall. While holding this position, he attended a seminar on process improvement theory, tools and methods. Based on what he learned about improvement and the 5-Step DMAIC process for project management (Define, Measure, Analyze, Improve, Control), he believed that mines and plants could benefit greatly from using these tools and methods. Four years later, Jim was promoted to Mine Manager and led the effort to begin an improvement program at Fictional Coal. He strongly supported Shortfall's improvement initiative from Day One, and demonstrated his commitment to the program by allocating full-time resources to it and backfilling those positions with employees that temporarily split the responsibilities of re-assigned personnel. Jim often talked about the importance of the program with the workforce. He was highly respected at Shortfall and the employees did their best to please him.

Jim met with his management team monthly to review operational and financial results and discuss communications from corporate. Included on the agenda was a review of Shortfall's improvement projects. Month after month, they seemed to be stalled in the "I" and "C" project phases, which involve action plans for improvement and require commitment and cooperation from people to sustain changes. Jim was wondering why the time and dollars dedicated to design/implementation and employee training weren't delivering the expected benefits. How much longer would it take? He brought this topic up for discussion with his management team at the staff meeting later that week. Everyone at the table agreed that improvements were taking too long. Jim asked his people to give the problem some thought and bring their ideas to next month's meeting.

"Sam" (another fictional character) was the H.R. manager at Shortfall. When Shortfall's improvement program was kicked off, he noticed that it did not include a re-organization, something that he had gained a lot of experience in before accepting his position at Shortfall. At the next staff meeting, Sam said that a re-organization was needed to solve the problem with stalled projects and said he had already drafted a new organization chart. Several team members did not understand "improvement fundamentals", so they voted to consider this idea. Jim was not sure that a re-organization would solve the problem with project completion, but the rest of the team wanted to consider it, so Jim asked Sam to firm up the chart for review and discussion at the next meeting.

What is wrong with this scenario?

- No analysis was performed to determine if the existing reporting hierarchy was a barrier to project completion. The team **may move forward blindly** with a reorganization, not knowing if they will be creating more problems than they are solving but expecting projects to "spew forth benefits" after the dust settles.
- **Most of the management team did not understand the fundamentals of improvement**, which opened the door to actions that would not yield the desired result.

**Organization charts are hidden barriers to change** because they visually define responsibilities in a way that encourages people to think or say "That's Not My Job". This paradigm may have been why projects were stalled at Shortfall. It is a barrier that cannot be removed and may even be exacerbated by changes to an org chart.

Before any company can improve performance, **managers must be open to changing things they have never changed before**. For that reason, it is extremely important to **be aware of the real reasons that improvements are forfeited or never materialize**. Without this awareness, resources and dollars will continue to be dedicated to projects that CANNOT deliver the expected benefits. And...**management teams will continue to lose credibility** as promises made to the Board and shareholders fail to materialize.

Here's the thought for February:

**Awareness of hidden barriers residing in management tools and processes may be your most powerful weapon** against factors that come between you and improved performance.

Do Shortfall's improvement problems sound familiar? Kay's NEW **Management Training Series** called "**Opportunity Fundamentals – Equipment, Cost and Culture**" help management teams solve the problems discussed above and "**manage change like they manage operations**". She also implements improvement programs for mining and downstream processing facilities. Kay works with every organizational level and department to find the highest dollar opportunities and remove barriers that prevent sustainable change. She helps management teams lead improvement and better execute the budget, capital approvals, incentive plans, communications, etc. See **MiningOpportunity.com** for details on her services and contact information. Look for the mining edition of her first book "**Building An Opportunity Culture – Addressing the Barriers That Steal Profits and Prevent Sustainable Change**", available on her website under Products/Books.