



## BELOW THE RADAR

Factors that Steal Tons, Increase Costs and Prevent Change

### Exchanging Power for Profit – A Courageous Choice for Change

Shortfall Coal, a subsidiary of Fictional Coal Inc., continues its search for operational excellence. Shortfall's improvement initiative has been underway for several months and projects are being identified that depend on more than one department for the solution. In this month's episode, improvement gets "personal" and choices made by managers come with a high price tag...

"Tom" (a fictional character) managed Shortfall's pit and "Jerry" (another fictional character) managed the plant and load-out facility. Both managers had been asked to identify improvement projects for their areas. The plant decided to form a team to address several reoccurring product quality problems. The team did a root cause analysis and found that some problems were occurring within the plant and others originated in the pit and were being passed to the plant. The plant's employees aggressively attacked and solved the problems that they had control over. The plant needed the pit's help to solve the remaining problems. Jerry asked Tom for help and Tom agreed to send some of his employees to the plant's team meetings. So far, so good...

As promised, pit employees attended the plant's team meetings, listened as data was reviewed, and participated in discussions about solutions to problems coming from the pit. But week after week, product quality was not improving due to poor follow-through on the pit's action items.

The pit and the plant reported to "Jim", the general manager (another fictional character). At every monthly staff meeting, Jim asked his direct reports to review the status of their projects with the group. At the March meeting, Jerry said he was proud of the progress his people made on the plant projects but indicated that the joint projects with the pit were moving slowly. Tom said that the plant projects were important and that his people were attending meetings. Jim wanted to give Tom more time to address the issues, even though poor quality was causing a high reject rate and difficulty in loading trains to meet customer specs.

Tom did not tell anyone the real reasons for slow progress on the plant's projects. Tom felt that he would **give up power** if he helped the plant. He was embarrassed about the problems reported by the plant because they could have been corrected earlier and was afraid that the rest of the management team would perceive him as a poor manager and maybe even replace him if he began talking about problems he was correcting. **He did not have the courage to choose improvement over his fears** and he did not see that **the value of his choice was equal to the millions in lost value at the plant.**

What was wrong with this scenario?

- **Pit and plant employees received mixed messages** about the priority of improvement, sabotaging improvement potential.
- Management silently communicated that they were **willing to sacrifice millions of dollars to avoid confronting a manager** about his slow response in correcting problems.
- **Tom was afraid to admit that his department could improve.** He tried to protect his job and his department; instead, he put his job, the improvement initiative and management's credibility at risk because he chose to overlook problems instead of stepping up to take responsibility and setting priorities for corrective action.

Here's the thought for March:

How many millions of dollars are lost annually because managers are afraid that their bosses will find out about problems and are unwilling to work with other departments to solve them?

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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.