



By **KAY SEVER, CMC, CQIA**
Sustainable Improvement Consultant & Coach



COAL, COST and CULTURE

Management Strategies for Improving Mine Performance

Silos - Invisible Barriers That Sabotage Change

Every day management teams around the world review the progress of improvement projects but “scratch their heads”, wondering why things aren’t moving faster and why dollars promised by consultants or internal staff are not flowing to the bottom line. The project manager or other employees may be blamed for disappointing results. Management teams may be overlooking their own processes as root causes of improvement shortfalls. These processes (and the barriers embedded in them) are totally owned by managers, which means that managers are the only people that can change these processes and remove the barriers. This month’s article is dedicated to one of those processes and one of those barriers.

Some incentive programs are designed to reward departments that meet or exceed objectives based on measurable activities that were within each department’s control. Some departments may be rewarded even if they **did not meet their customer’s needs** (internal or external). Incentive plans have huge impacts on a company’s ability to improve operational, financial and organizational performance because they **INFLUENCE THE WAY PEOPLE BEHAVE**. They may also create unintentional barriers to change because they encourage “silos” (virtual walls between departments that limit cooperation, even when problem solving). Silos are one reason that companies spend millions of dollars on improvement programs like Six Sigma or Lean and fail to reap all the benefits promised to senior management or the board of directors.

Let’s dig deeper and talk about the connections between incentive plans and project success. Teams are often formed to solve problems. Some teams are “cross-functional” (members are from different departments). Team members meet regularly to identify projects, define the scope of problems, and collect/analyze data. But...when action plans involving more than one department are developed, **cooperation between departments may fall apart**. Progress slows and completion dates for some projects may be moved forward by several months. Other projects may be reclassified as “inactive” and work on them stops. Promised benefits from these projects are postponed or never materialize, and management teams again “scratch their heads” wondering why teams could not deliver the benefits. **Cooperation between departments or crews** was required to improve efficiency and bring the dollars to the bottom line, but **incentive goals did not promote these behaviors**.

Mines and plants live and die by the numbers – productivity, costs, dollars for capital, etc. They focus so much on the numbers that they may overlook the fact that **Numbers Drive Behavior**! I consult, write, and speak about this topic a lot because it **directly impacts the quality of interaction** between employees and equipment, between managers and employees, between departments, and between members of the management team. Incentive plans are also designed to drive behavior. Understanding how to use this concept to “manage change” is a powerful skill for management’s improvement toolbox. Because silos cause the failure of many improvement projects, removing them is a non-negotiable key to improvement success. Intentionally removing silos may be new work for management teams, but this work very quickly becomes a high priority once the dollar losses and management credibility losses associated with silos are understood.

Here’s the thought for March:

Silos halt improvement projects, but can be removed if management teams have a process for doing it. **How many millions of dollars have been lost through the years because your management team lacked such a process?**

Kay Sever is a leader in sustainable improvement for mines and plants. She combines 29 years of mining experience with a common-sense approach to improvement that raises awareness about lost opportunity and hidden barriers that prevent improvement success. She has developed a **NEW Management Training Series** called “**Opportunity Fundamentals – Equipment, Cost and Culture**” to help management teams solve the kinds of 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.