

“People Under Pressure” – A Threat to Improvement and Production

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Current metals prices make it **easier than ever** to approve new equipment purchases without large impacts to total cash flow. With staff shortages becoming an accepted way of life at most mining operations, it is **harder than ever** to accomplish the important tasks with fewer people. Ultimately, lack of people could become the biggest bottleneck to production worldwide, making employee satisfaction and retention one of the most important areas of focus in the future.

The July 2007 issue of Australian Mining was dedicated to mining industry employees and discussed how staff shortages and a limited pool of technical expertise would continue to impact existing operations and constrain mining expansions worldwide. Survey statistics about worker satisfaction indicated that an improved work environment would increase staff retention and overall worker satisfaction.

If companies are serious about increasing employee satisfaction and retention rates, they must be willing to address all the factors that make employees consider leaving a company. It is also important to recognize that established practices of “running short of people” or “running lean and mean” year after year often undermines production and production capacity due to a lack of people to execute/monitor key processes or tasks.

Pressure is one of those unseen and unmeasured factors that subtly threaten an operation’s ability to improve and its ability to sustain production into future years. Chronic labor shortages exacerbate “pressure to perform”, lower job satisfaction, morale, and retention rates. Let’s further explore pressure to understand how its fingers touch an organization’s processes and performance from behind the scenes.

According to Webster’s dictionary, pressure is defined as “the application of continuous force” or “a compelling influence”. Continually running short-handed make operations **feel pressure to make decisions that compensate for the staff shortage**. They often take shortcuts to meet expectations. These shortcuts come with a cost (often not calculated) that can total millions of dollars in lost tons and wasted dollars. Examples of events that reflect “pressure” in an organization include:

- Moving equipment without the proper planning, causing delays and lost production.
- Cutting short important maintenance to make up for lost tons earlier in the week but resulting in an unscheduled breakdown and significant lost production later.
- Purchasing expansion capital to offset existing capacity hidden by too few people to execute or monitor key processes.
- Surprising Shift B with a problem that was Shift A’s responsibility to fix.

A pressured workforce can become very reactive to problems; over time, “reactive” may even feel normal. When reactive feels normal, the culture moves towards acceptance of substandard work, substandard oversight of processes, and sub-optimal performance. When employees no longer believe they can deliver consistent high quality work given the resources at hand, they may measure success on “how fast they respond to breakdowns” instead of how well they prevent breakdowns.

Why Employees Seek Employment Elsewhere

Employees do not leave a company because of tons produced, mismatched shovels and trucks, haul truck tire failures, broken belts or SAG mill liners that failed early. If compensation is not an issue, employees leave due to:

- 1) Management processes that link people to equipment, departments to departments, and managers to each other or the workforce. Poor execution of these processes result in:
 - Lower operating and financial performance.
 - Organizational “silos” that cause departments to work in a vacuum.
 - The wrong people involved in decision-making or problem resolution.
 - People not working together to maximize value stream performance.
 - Incomplete communications or information that frustrate managers and the workforce (causing costly mistakes, missed production goals, loss of credibility and embarrassing problems to correct).
- 2) Employees’ personal standards for excellence exceeding an organization’s standards for excellence.
 - Employees will unwillingly lower their personal standards for excellence to keep their jobs, survive the day, avoid “ruffling feathers” and fit into a culture.
 - Compromising one’s work standards over the long term reduces morale and employee satisfaction.
- 3) No authority to fix items 1 or 2.

Employees look for work elsewhere when they can no longer compromise their standards or feel that there are too many organizational barriers to overcome to make improvements. There is an inverse correlation between employee satisfaction/retention and organizational barriers. See Figure 1 below:

Employee Satisfaction/Retention Matrix

		Employee Satisfaction / Retention	
		Low	High
Organizational Barriers to Improvement	Low	<p>(1) Low Pay / Job Security Factors:</p> <ul style="list-style-type: none"> - Pay is too low even though culture is very good and employees like coming to work - Job Security is Low (threat of layoffs is high) due to mergers, plant closures, etc. - Same attributes as green quadrant <p><u>Happy People that Want to Stay (but can't)</u></p>	<p>(2) Desired Attributes for High Retention:</p> <ul style="list-style-type: none"> - Departments Work Well Together - Goals Communicated to Workforce - Employees Plan to Prevent Problems - Sustained Improvement possible - Mostly Value-Added Costs, Less Rework - No Sacred Cows or Organizational Silos - Excellent Management Responsiveness - Threat of Layoffs Low, Pay Satisfactory <p><u>Happy People that Want To Stay (even for less money)</u></p>
	High	<p>(3) Attributes that drive Low Retention:</p> <ul style="list-style-type: none"> - Departments not Working Together - Goals not Communicated to Workforce - Recurring Problems Not Fixed - Improvement Not Sustainable - Lots of Mistakes and Excess Cost - Sacred Cows & Organizational Silos Exist - Mgmt not responsive to problems - Threat of Layoffs High, Pay Satisfactory <p><u>Unhappy People that Want To Leave</u></p>	<p>(4) High Pay / Job Security Factors:</p> <ul style="list-style-type: none"> - Employees are highly paid and will tolerate poor work environments to keep their jobs. - Job Security is high despite poor work environment or culture - Same problems as yellow quadrant <p><u>Unhappy People that Want To Leave (but stay just for the money)</u></p>

In Quadrants 2 and 3, organizational barriers determine the level of employee satisfaction. Quadrant 2 (**employee satisfaction is high BECAUSE organizational barriers are low**) is the most desirable state. In this quadrant, managers and employees are free to discuss what really needs to be fixed, are empowered to follow through, and then execute for sustainable improvement. **Every company can benefit financially and culturally from moving from Quadrant 3 to Quadrant 2.**

Quadrant 3 is representative of many corporate cultures, even those who have implemented improvement initiatives. All Quadrant 3 companies have organizational barriers (some known and some hidden) that prevent people from working together to maximize value stream performance. Quadrant 3 attributes will vary in degree of severity from operation to operation. Execution skills are weak, customer/supplier requirements are unknown, and people are working without thinking about whether their work could be delivering more value.

Barrier removal will have no impact on Quadrant 1 retention and little impact on Quadrant 4 retention. In these quadrants, pay level and job security supersede organizational barriers as major drivers of employee satisfaction and retention

Impacts on Improvement and Production

The same factors that negatively impact employee satisfaction and retention **create barriers for process improvement work**. Consequently, actions that remove organizational barriers increase the chance for success and sustainability with improvement initiatives.

In Figure 1, companies with attributes in Quadrant 3 have the greatest opportunities for improvement. Improvement programs that include a focus on barrier removal will allow companies to move from Quadrant 3 to Quadrant 2's desired state. **The value of the shift from Quadrant 3 to Quadrant 2 is often worth millions of dollars** in lost production and reduced costs. **This is why barrier removal is a key element of improvement work.**

Pressure and Project Selection

I frequently meet with teams formed to improve the efficiency and cost structure of mining and downstream conversion processes. These teams consist of mobile and fixed plant equipment operators, maintenance technicians, belt crews, purchasing and warehouse personnel, supervisors, superintendents, department heads and site managers. Projects that come out of these teams are assigned by management or identified as opportunities by a team. It has been my experience that **employees that are satisfied with their jobs will suggest different improvement projects than employees that are not.**

Unhappy employees usually suggest two different kinds of projects that happy employees do not suggest:

- projects to raise work standards to meet their own personal standards of excellence
- projects to improve communications and information exchange.

It is important to note that managers of these employees will not usually list these projects. Management's focus is usually equipment-related because managers are always accountable for equipment performance and production but **may be less accountable for the execution of processes that link the workforce to production equipment**. Example: As a matter of standard practice, managers may

run equipment when it is scheduled to be down for maintenance to make up for delays in processes that link people to equipment (such as communications with crews or foremen at shift change, with the warehouse, with maintenance, with set-up crews, etc.). This is because **it is faster, easier and less confrontational to run equipment than it is to ask people to change their behavior to create more tons**. An improvement program that includes a focus on barrier removal creates a comfort zone for asking people to change and provides tools to make changes to behavioral processes. Equipment is more likely to be operated and maintained according to plan when people consistently perform at their best under pressure.

Efficient workflow and communications have high value when people are working under pressure, but projects to improve them **are usually ranked lowest in importance**. Confusing, incomplete or inconsistent workflow or communications cause equipment delays, lost production and excess costs. They put pressure on already strained resources and may result in highly valued personnel seeking employment elsewhere. **These projects may ultimately add more value than an equipment-related project** because they help employees focus on the breakdowns in the people side of a process involving customers, suppliers, managers, other departments, other shifts, etc.

Pressure and Improvement Teams

When mines are resource-constrained, pressures are placed on process improvement teams that do not exist if operations or administrative departments were staffed at higher levels. To maximize opportunities to improve with limited resources, it is important to raise awareness about these pressures and their connection to improvement.

Following is a partial list of success factors for improvement teams and management teams involved in implementing / sustaining improvement programs. Pressure negatively impacts all of these factors:

- Management communications with each other, with teams and the workforce.
- Execution of action plans (team members, departments and managers).
- Expectations that teams will find “quick fixes” so that they can “get back to work”.
- Beliefs about an organization’s ability to capture opportunities.
- Beliefs about management’s responsiveness to change.
- Management’s involvement in sustaining their improvement program.
- Team priorities that differ from management’s priorities.
- An expectation that teams can fix problems without management involvement.

Pressure and Organizational Standards

Organizational standards for excellence may be relaxed to compensate for the pressure caused by staff shortages. When this occurs, employees with high standards for excellence often leave the company. These individuals can personally impact performance and create a more favorable work environment for all employees when asked to participate on improvement teams. These same individuals are likely to identify projects that 1) raise work standards to meet their own personal standards of excellence or 2) improve communications and information exchange.

Managers should welcome these projects because:

- they can be “ sleeper ” projects worth millions of dollars
- they help create a positive workplace and culture, increasing retention rates.

Summary

As mines continue to open or expand, strategies that increase employee satisfaction and retention rates will have increasingly higher values. By understanding the links between staff shortages, execution of management processes, organizational barriers, and process improvement work, managers can place the proper emphasis on projects that help “relieve the pressure” to secure resources needed for future production. With the lucrative mining opportunities ahead in future decades, this is the biggest reason for mines to increase their focus on the “people side of Improvement”.

NOTE: Kay Sever has 26 years of mining experience and implements continuous improvement for mining and downstream processing facilities. She uses a balanced approach between tools/methods and the people side of improvement. Kay works with every organizational level and across functional areas to find the highest dollar opportunities and remove the barriers that prevent sustainability and culture change. She shows management teams how to lead improvement and helps them align their management processes with improvement initiatives. Kay speaks at mining conferences and is writing a book called “Building an Opportunity Culture”. Details about her services are available at miningopportunity.com. She resides in Arizona and can be reached at 480-545-9095 or via email: kay@miningopportunity.com.