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BELOW THE RADAR

Factors that Steal Tons, Increase Costs and Prevent Change

Achieving Success Amid The Chaos

By year-end, budgets for the coming year will be finalized based on 1-year, 5-year and 10-year projections for sales, costs and capital requirements. In past years, there was a sense of predictability for future coal demand based on assumptions for economic growth. The last half of 2008 brought erratic market swings (that continue at the time of the writing). Trying to predict what's coming in the next 24 hours is tough right now, let alone predicting performance trends for the next decade. In such an environment, some companies may default to a reactive mode where short-term decisions are made and strategic courses are changed based on external events that are out of our control.

With so many distractions bombarding us daily, it is easy to forget what we have control over, both in our personal and professional lives. We cannot control coal demand, but we can control how we communicate with our people and each other. We cannot control the price of diesel fuel, but we can control what we measure and report. We cannot control EPA regulatory requirements, but we can control how departments are working together. You get the idea. When we focus most of our energy on responding to external events or conditions that we cannot control, **we miss the opportunity to take control of what we already have control over.**

Failure to focus on what we can control introduces chaos into the workplace. How we communicate, what we measure and report, and how departments work together can have a huge impact on bottom line results, often an impact that goes unmeasured and undetected. If a workplace felt chaotic prior to the events of the past few months, its management team may think that **everything feels out of control as we enter 2009.** Now is the time to look inward to find controllable factors that create chaos in the workplace and reclassify them as opportunities for improvement.

Chaos in the workplace is a double-edged sword. It creates urgency to "do something" to make things better, which is good. On the flip side, it hides opportunity and makes it harder to recognize when real improvement is taking place. Eliminating "controllable chaos" requires that uncontrollable events be separated from controllable activities. Uncontrollable events (unplanned downtime, spills, accidents, etc.) still get top priority when they occur and rightly so. They also pose the greatest risk to the success of an improvement project, especially during the Define, Measure and Analyze project phases. I have seen process improvement meetings come to a halt because "something happened and people need to leave". If a meeting is stopped prematurely, improvement for those agenda items is put on PAUSE.

People understand that emergencies cost money, but tend to accept problems in planned processes as "part of the process". Increasing the focus on controllable activities reveals ongoing losses in production, costs and quality caused by inefficiencies in planned work. Understanding these losses raises the priority of eliminating them. To achieve consistent organizational efficiency, identify the chaos caused by "inconsistent but normal" workflow. In the midst of today's unpredictable business environment, **conducting business with consistency may never have been more challenging or more important to future results.** For that reason, it is important to focus on what we have control over to maximize 2009 performance. Wishing everyone in the coal industry wonderful holiday celebrations and all the best in the New Year.

Here's the thought for December:

Managers are responsible for managing surprises AND removing barriers to consistent organizational performance. Great skills are needed for both challenges to maximize the bottom line.

Kay Sever implements improvement programs for mining and downstream processing facilities. Her approach balances commonly used tools and methods with a focus on value creation and the "people side of improvement". 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.