

The People Side Of Improvement **Success Factors for Sustainable Change**

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“The Death of Projects”: Behavior Is Often A Factor

In another episode of the improvement journey of Shortfall Mining Company, a subsidiary of Fictional Quarries Inc., Shortfalls’ management team strives for excellence but misses an opportunity to tackle problems only they can solve...

Background information on Shortfall’s management system:

- Shortfall’s incentive program rewarded department performance. Managers and employees earned bonuses by meeting or exceeding goals specific to each department based on measurable activities within a department’s control.
- Periodic staff meetings provided updates on the company’s performance. Attendees primarily came to listen, but were free to ask questions. Budget and incentive information were shared when appropriate.

Shortfall’s management team had asked employees to identify opportunities for improvement; as a result, many valuable projects were added to Shortfall’s Improvement Project Report. Many of these projects directly or indirectly affected production:

- Drills waiting for water (\$400,000 value)
- Shift to Shift communications (\$600,000 value)
- Warehouse process for maintenance (\$200,000 value)
- Permitting delays (\$300,000 value)
- PM process – haul trucks (\$250,000 value)

Improvement teams were formed and regular team meetings commenced. Data was collected and analyzed to confirm each problem. So far...so good! But...when action plans were proposed to fix problems that had been identified, **cooperation between departments began to fall apart**. Completion dates for several projects were moved forward by several months; eventually, these projects were marked “inactive” and all work on them stopped.

Some Shortfall managers had experienced this phenomenon earlier in their careers, so they accepted delayed/stalled projects as “part of the improvement process”. New projects were added to the Project Report, but many would have the same fate. In the meantime, the Board of Directors was losing patience as Shortfall’s management team reported slower than expected progress quarter after quarter. What was wrong with this scenario?

- Many of Shortfall projects required the cooperation of other departments to improve efficiency and bring the dollars to the bottom line, but Shortfall’s incentive plan unintentionally created “silos” that discouraged cooperation between departments.
- Staff meetings passed information downward, but were not used to solve problems between departments. Shortfall’s management team (like many management teams) was not aware of the value of changing their meeting format.

Mines and plants live and die by numbers – productivity, costs, dollars for capital, etc. The focus on these numbers is so strong that we may overlook the fact that “Numbers Drive Behavior”! **Organizational behavior directly contributes to project failure, lost equipment**

productivity and higher costs. I define organizational behavior as “interaction between employees and equipment, between managers and employees, between departments, and between members of the management team”. **Influencing organizational behavior is a key success factor of managing change.** Understanding how to influence organizational behavior is a powerful skill for management’s toolbox; without this skill, valuable improvement opportunities will slip through your fingers year after year.

The impact of silos is usually WAY UNDERESTIMATED. Silos at Shortfall 1) forfeited millions in profit over several years without anyone really understanding why this occurred and 2) reduced management credibility as improvement expectations were **set but not met.**

The good news is that management processes exist for removing silos. Removing silos may be new work for management teams, but it quickly becomes a high priority once the losses caused by poor department interaction are understood.

Thought for the month:

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 because your team lacked such a process?**

Kay Sever is offering 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.