



# PUTTING THE SHINE BACK



*Situated deep in the equatorial rainforest in north-western Papua New Guinea, Ok Tedi Mining Limited (OTML) produces copper and gold, contributing about 20% to the country's GDP. It employs 2 000 permanent staff.*

Although OTML was enjoying the benefit of rising commodity prices, the executive team was aware that the business needed to ready itself for external market changes. CCI business partner Operational Excellence International used TRACC to improve operating practices in the mine and mill. Other areas of the business will be considered for further roll-out.

After the assessment in February 2005, the implementation plan recommended the following TRACCs: Leading and Managing Change; 5S (customised to ICARE); and Visual Performance Measurement (VPM).

As with any change programme, OTML faced its share of challenges, including:

- \* As the business was enjoying good margins thanks to high commodity prices, there wasn't a sense of urgency to change.
- \* Although some in the senior leadership team were familiar with operational best practice principles, the majority hadn't heard of 5S or VPM. At first, most of the team leaders and co-ordinators thought this initiative would be another fad.
- \* It was difficult to engage the workforce initially, because they didn't have a conceptual understanding of the process or benefits of improving operational practices to reduce costs, better efficiencies and eliminate waste.
- \* The senior leadership recognised that the introduction of lean operating practices was an ideal opportunity to develop a solid foundation for promoting cultural change with sustainable results.

To address these challenges, OTML focused on:

- **Developing implementation structures** - Careful attention was given to composing the steering group, task forces, trainers and facilitators with the necessary training and influence to facilitate the change process and ensure robust implementation structures. The latter are reviewed continuously.
- **Implementation plan agreed and communicated** - A sufficiently detailed, but not limiting, implementation plan was developed and communicated to the entire workforce. Adjustments are made when necessary.
- **Adequate resourcing** - OTML ensured that the corporate budget provided sufficient

financial and support resources. This resulted in significant 'buy-in' from the team.

- **Communication** - OTML used all its communication mediums to great effect for regular news to all on the programme launch, rollout plan and success stories.
- **Customisation** - The company-wide competition to customise 5S into ICARE proved an excellent vehicle to generate interest among the workforce.
- **Training** - OTML has ensured that all relevant employees and external contractors have been exposed to the TRACC training modules. These modules were delivered by certified on-site trainers, whose enthusiasm guaranteed that the momentum was maintained.

## MILESTONES

Since commencing the TRACC implementation, milestones have included:

- **Establishing** five separate task forces, with further roll-out planned throughout 2007.
- **Significant** visual improvement of the workplace through initial ICARE blitzes, thus creating momentum and 'buy-in'.
- **Around** 650 employees trained in ICARE and VPM principles, leading to an understanding of operational best practice principles. OTML is now building further knowledge through the task forces and line management.
- **More** than 50 success stories communicated on radio and in the company newsletter, entrenching the implementation programme.
- **US\$1.5 million**-plus in inventory and equipment recovered. With a cost of capital at 12%, this represents a direct annual cost saving in excess of \$180 000.
- **Numerous** hazards removed from work places. Thus, OTML regained its NOSA 4-star rating.
- **Reducing** time spent on major clear-up exercises prior to external safety audits, saving the business significant man hours in preparation work and lost productivity.
- **Continuously** upping involvement levels from the workforce, with positive signs of commitment emerging. This represents a cultural shift which has seen increased workforce involvement in the performance of their work areas.
- **Significant** performance improvements have been realised in areas that have implemented all three TRACCs. For example, the electrical service department has increased the percentage jobs completed on time from 35% to 83% within four months and has reduced the average number of days that a job runs over from five days to one day (if it runs over). These increased performance levels have led to more efficient and effective

service levels to internal customers, with positive effects on overall productivity levels.

Although the business is 18 months into implementing the selected TRACCs, OTML acknowledges that it still has much work to do. At a recent board meeting, chairman Alan Roberts commented that TRACC was the best programme of its type that he'd seen - particularly ICARE and VPM.

The company is indeed well on its way to ensuring that its operating practices will become the foundation for competitiveness and future business success.

