

Exxaro Captive Region

Seamlessly reversing a downward trend

Exxaro Captive Region is comprised of three coal mines which are based in the Mpumalanga Region. Collectively these three mines have historically produced over 20 million tonnes of thermal coal per annum which is supplied directly to local power stations. These operations combine open cast and underground continuous mining techniques which includes two 'Shortwalls'.

PROJECT APPROACH

A project structure and governance process was agreed with the senior management team, with mixed multi-functional teams comprised of Renoir and Exxaro staff, allocated to each business unit: Regional, Matla Colliery and Arnot Colliery. These project teams were supported by dedicated Exxaro task force members who provided support with the validation, design, development and installation of the identified improvement initiatives. This was an imperative of the Project's constitution, placing focus on the transfer of ownership, as early as possible, in order to allow sustainable changes to be achieved.

In order to manage the change program, several Management Action Teams (MATs) were created with the sole responsibility of reviewing progress, removing project constraints and prioritising initiatives. This structure played a critical operational role throughout the entire project. During the Focus Process™ its main objectives was to allocate resources, prioritise activities and develop a project charter that was presented to Senior Management.

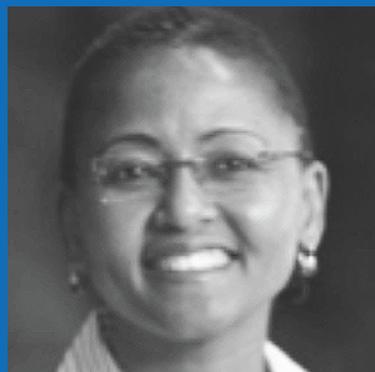


FOCUS PROCESS™

The Focus Process™ was carried out at each site over the first 12 weeks and included the direct involvement of staff working across multiple levels of the organisation. This approach enabled the capture and understanding of the key drivers and behaviours constraining the existing processes. During this stage of the project, all task force members

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"The Renoir process took us from a downward spiral of poor planning and execution back to basics. The mines had implemented a myriad of reactive improvement interventions which were unsustainable and had lost confidence in themselves. Within 3 months of the Renoir initiative, we were trending upwards with a visible energy drive towards meeting targets from my team."

Dr Nombasa Tsengwa
General Manager Captive Region

Key Results

Increased throughput at the Collieries - 13%

Improved systems availability across all sections - 79%

Increased ratio of planned maintenance activities (unplanned: planned) from 30:70 to 46:54

Reduced procurement costs related to supply chain by 3.5%



were trained and coached on the use of analytical tools, engagement techniques, change management principles and management control systems. These improvements opportunities were categorised into four main headings: Processes; Systems; Behaviours; Technical. This facilitated the team’s understanding of the complexities of meeting the desired results as well as the drivers that would need to be addressed in order to guarantee success.

PROJECT APPROACH

Aligned with the learnings from the Focus Process™, the MAT Chairs identified key champions for each work stream, who were given the responsibility of embedding the desired changes and measuring the attainment to the roadmaps that were developed during the Focus Process™.

A differentiating factor in Renoir’s approach is its dedication and commitment towards coaching rather than the provision of classroom training. This involved Renoir consultants dedicating most of their time to shoulder-to-shoulder coaching by attending meetings to measure their effectiveness, accompanying supervisors and transferring management techniques, coaching for pro-active management behaviour, illustrating problem solving tools, and addressing any other areas of concern.

The ‘Shortwall Move’ initiative clearly demonstrated how effective this coaching approach was in achieving sustainable change. The first move was performed with Renoir’s dedicated support after adequate management control systems had been developed and training completed. Renoir consultants then covered every shift to refine and transfer management practices and disciplines across to the client’s staff. The next two moves were done independently by the production and maintenance teams who managed to set a new standard and proved complete ownership over the continuous improvement cycle.

KEY RESULTS

OBJECTIVES & DELIVERABLES

The Exxaro Captive Region Project was cross-functional and incorporated all operational activities related to the production as well as the key support functions such as engineering, maintenance, planning and supply chain management.

Focus Area	Base	Target	Actual
1. Increase throughput at the Collieries (tons/month & % > baseline)	240,670Kt (0)	267,143Kt (11%)	275,627Kt (13%)
2. Improve systems availability across all sections (% of net availability)	67%	80%	79%
3. Increase ratio of planned maintenance activities (unplanned: planned)	30:70	50:50	46:54
4. Reduce procurement costs related to supply chain (% of total spend)	0	3%	3.5%
5. Improve service levels across the supply chain functions (<PO Backlog)	>5,000	<1,500	<1,000
6. Train and coach all management levels on active management behaviour (#People)	0	158	150
7. Design, develop and install an effective management control system and relevant fit for purpose key performance indicators	30%	80%	82%
8. Planning and optimisation of the shortwall move program (days)	43 65	33 42	30 35

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The quantitative project results are summarised in the table on the previous page which illustrates the successful installation of the key initiatives. These results were validated by an independent MAT structure which was set up at the start of the project with the sole responsibility of defining the baselines and signing off on the results. The project delivered over a million (annualised) additional tons of coal across the two sites and the ROI for supply chain was 4:1.

Dr Nombasa Tsengwa commented that *“The installed management control system will surely focus the team in sustaining the benefits from this project. Sincere thanks to the Renoir team for fully integrating with my team in such a seamless manner and most importantly for the benefits which we are enjoying.”*

THE RENOIR GROUP

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