

# PIP SPEAK

THE NEWSLETTER OF  
Partners in Performance

## 'Hard wiring' for high performance

Consulting companies traditionally pay limited attention to what they refer to as the 'soft' aspects of organisations. PIP, on the other hand, devotes a great deal of its energies to improving these themes (which it views as being anything but soft).

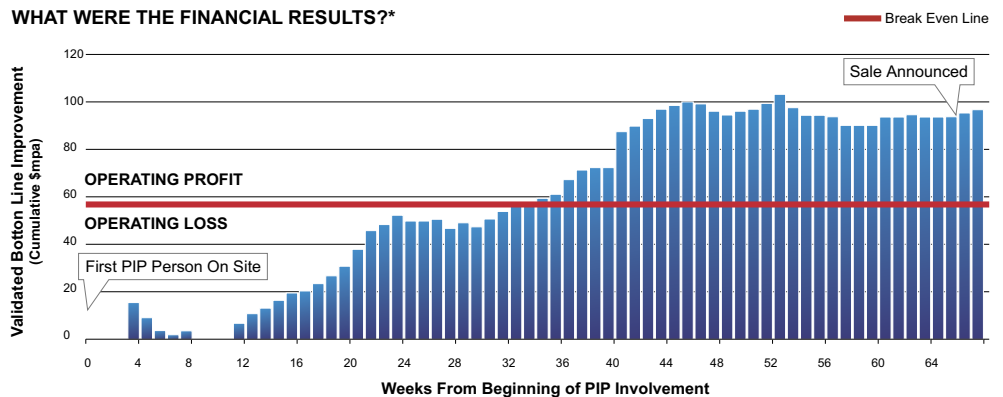
- A company's future performance is largely 'wired' into the organisational fabric. Good wiring is a strong predictor of business success
- If you want sustainable improvement in performance, you must change the wiring
- Managing organisational wiring extends from the way that we define accountabilities (and hold people to account) right down to the way in which we prepare for and conduct meetings.

Why do some businesses continue to deliver quarter on quarter – much to the stock market's delight – yet others in the same industry don't? Why are some businesses good at execution and others not? How do some continue to find new angles to pursue while others slowly have their lunch eaten by competitors?

The difference in PIP-speak is the difference in how these businesses are 'wired'. *Consciously or not, all organisations are wired up a certain way – their systems, procedures, skills, strategies and norms combine to make the organisation's future largely predictable relative to their peers.*

Like electrical wiring behind the walls, organisations are 'wired' in a way that determines broadly how it will behave and therefore how it is likely to perform. Hence, organisations that do not hold individuals accountable for delivering real results can be predicted to perform worse than those that do. Those which regularly review their people effectively (tracking completion of actions to improve the right KPIs) are much more likely to spot problems early than those where the disciplines of such review are not apparent. Unfortunately, like electrical wiring, these differences are largely invisible to those in the organisation and are therefore not broadly recognised or proactively managed. →

### WHAT WERE THE FINANCIAL RESULTS?\*



\*13 week averages used to smooth data. World paper prices declined significantly during this period

### Partners in Performance

Partners in Performance is a firm that builds better businesses. We deliver rapid performance improvements in industrial, resource, manufacturing and service companies, using specialist teams and a hands-on approach to lower costs and increase revenues.

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Our work on the way an organisation is wired focuses on ensuring the organisation has:

1. An explicit model for the elements of wiring. The model needs to be explicit, widely understood and used to have power to communicate, review, drive changes in wiring
2. Best practice examples of what good wiring looks like on each element
3. A wiring audit process to regularly review the state of the wiring and pick priorities
4. A process and track record of systematically implementing wiring improvements.

The priority areas vary by client according to where the largest gaps lie and, while details of a wiring framework are not covered here, some examples are given below.

## Accountabilities

### Context

At one site, the GM was exasperated by a culture of invisibility (no one ever seemed to be accountable for a situation) and overlap (everybody had a finger in the pie). He felt as if he was the only person accountable for anything – which meant he was accountable for everything. Conversations to drive performance forward with his people seemed full of ducking, weaving and blame.

### Action

We assisted him in working with his managers (and they in turn with their direct reports) to cascade a set of NONG accountabilities down through the organisation, using our 8 stage process (NONG: No Overlaps No Gaps).

### Outcome

- A set of clear accountabilities for each element of a balanced scorecard (in turn fed into monthly scorecard and review)
- Less work and more focus for each person
- Disappearance of blame and politics within 2 months
- Contribution to rapid results (see results chart on prior page)
- Balanced scorecard and review by individual shot of scorecard (see chart above)
- Individual performance reviews.

## Meeting discipline

### Context

At another site the managers felt burdened with too many meetings and felt they were too busy to engage in business improvement. Here we helped them review and instil the basics of meeting techniques.

### Individuals are reviewed monthly on their balanced scorecard with follow-up actions documented and reviewed

- One-on-One Scorecard Reviews are held each month between:
  - Manager and Supt
  - Supt and Co-ordinators
  - Co-Ords and Team Leaders
- Follow-up actions are agreed for top variance items

Mine Operations Superintendent - March 2004				
Measure	Actual	Forecast	YTD Actual	YTD Budget
<b>HSEC:</b>				
Self Audits*	2	2	6	6
Risk Re-assessments*	0	8	63	26
Spills*	18	24	248	216
Classified Injuries*	0	1	7	7
<b>People:</b>				
Headcount	334	418	334	418
% Aboriginal	49%	not in budget	49%	not in budget
% Northern	70%	not in budget	70%	not in budget
<b>Production:</b>				
Total Tonnes Mined per Day (excluding 99)	139,500	128,125	144,342	140,221
Productive Rehandle (tonnes/tonnes ore) (tpd)	22,151	4,487	11,415	5,492
Plant Feed Off due to Mining (tms)	5	6	74	30
Tonnes per Manhour (Mining & D&B)	111	94	108	95
Demag Productivity (t/tp hr)	2,812	2,760	2,725	2,760
CAT 793 Productivity (t/tp hr)	595	500	559	500
<b>Utilization (KPI-9):</b>				
Demag (%)	80%	80%	79%	80%
CAT 793 (%)	75%	75%	71%	75%
<b>Financials (100% - \$):</b>				
Operating Costs				
Mine Operations				
Surface Mining				
Administration Cost per Tonne Mined				
Mining Cost per Tonne Mined				

\* Not Open Pit Mining (Mine Ops, Services, Maintenance & Mining)

## Action

We reviewed all meetings and clarified the '5Ps' ( **P**urpose, **P**reparation, **P**articipants, **P**rocess (agenda), and end **P**roducts). In parallel, we trained management (down to supervisor level) in meeting discipline – the tricks and processes that ensure the right things are covered, decisions made, actions agreed and review processes put in place.

## Outcome

- Reduced the number of meetings and attendees – freeing up people's time to focus on managing the business and driving improvement
- Improved output of meetings and hence productivity on site
- Reduced stress levels of managers who had felt over-worked.

## RARs (Results-Action-Reviews)

Possibly the most important element of our wiring improvement is our Results-Action-Reviews (RARs) process. RARs can turn a business with traits of lacklustre accountability, inability to finish things off, little coaching and inefficient meetings into a high performing business with executional superiority. It provides the performance management system to deliver the improvements they need.

The Vice President of Business Improvement at a smelting client said "This is what we wanted, this is what we paid for - a disciplined performance management system". Or, as a senior manager of a chemical processing client put it, "This has made managing so much easier – I'm no longer shooting in the dark. I can easily drive performance – transparency has made my job a lot simpler." At another smelter the improvement manager said, "We now have a disciplined process for driving change... we can use it to drive what ever is the highest priority. Our challenge is now setting the *right* direction, not executing it."

Because RARs are a core element of process, they will be covered in more detail in a subsequent newsletter.