

Case Study: **ANGLO AMERICAN**

The leadership issue: How to improve margins and change the culture, or sell the business.

Background

Anglo American's UK Building Products Division was suffering from low margins and sought a step change in operating costs to improve them. They also wanted to create a platform for a continuous improvement programme aimed at long term behavioural change.

What we found

Our initial suggestion to Anglo America was that projects which focus purely on 'Cost Reduction' are often viewed negatively whereas striving to be 'World Class and Growing' is a much more motivational objective. It was proposed that the project should communicate this theme.

The company had a long heritage, yet the organisation and management processes were not structured in such a way as to optimise overall site performance and drive continuous improvement.

What we did

We formed a 'Joint Team' working alongside a select number of people from within the organisation. This enables us to effect positive changes. We then undertook a full business review where we looked at the key business levers that influenced both sales and costs, detailed the specific benefit targets to grow volumes, reduce operating costs and improve (ROCE).

From this, the Executive Steering Group then agreed changes to the organisation, working methods, management processes and supporting key performance indicators (KPIs).

Special events were organised that involved the entire workforce and galvanised them into helping us to identify opportunities. This also mobilised the workforce towards actioning a longer term cultural change.

Our approach to change was successfully adopted by the organisation and encompassed the following:

- ◆ For change to be successful clear business vision and objectives must be articulated from the top of an organisation
- ◆ Good communication is integral to the process
- ◆ Management must be focused on clear targets
- ◆ It's good to tap into the knowledge and enthusiasm of the workforce
- ◆ Prioritising actions must be based on business benefits
- ◆ It is important to get the basics right

A new vision for the business was communicated to the entire workforce, along with a balanced scorecard of KPIs. Curzon established Continuous Improvement Teams and provided training in core change skills and introduced a daily 'Plan-Do-Review' cycle.

New Commercial and Production roles were created across the business to support the Continuous Improvement culture. Other areas were also subject to change and improvement, including the manufacturing plants, production planning, procurement, shared services and plant performance (OEE).

Results

The team delivered an immediate £2m per annum margin improvement. This paid for the project and the continuous improvement teams have since further increased performance. This led to the company's decision to withdraw from the sale process.

“The Curzon approach to change really made a great difference; we had previously tried doing it just top-down but the whole top-down, bottom-up involvement approach advocated by Curzon really worked and has made a big cultural impact”.

Operations Director, Anglo American