

# “FIRST THE ASHES... AND NOW THE RESOURCES”

Melbourne Mining Club – 5<sup>th</sup> June 2014



# ESTABLISHING MY CREDENTIALS

I am also a mining engineer...



...that has traded his Baggy Green Cap for a Hard Hat.

# ESTABLISHING MY CREDENTIALS

I come from Wollongong...the intellectual capital of Australia...



...where we like to dress up...and wear colourful hats.

# ESTABLISHING MY CREDENTIALS

A more accurate photo taken with a “special movie star” lens...



# ESTABLISHING MY CREDENTIALS

A more accurate photo taken with a “special movie star” lens...



# TRANSFORMATION STARTS WITH LEADERSHIP

What changed...a loss in 2013...to a 5 nil whitewash 6 months later...



## What changed?

- Home ground advantage?
- Darren Lehman?
- The colour of their underwear?

## Is winning sustainable?

- **Leadership & Talent**...do they have the leadership and talent to take success forward...possibly but not yet convinced?
- **Systems and processes**...are they technically superior...batting looks brittle.
- **Innovation**...still lagging the India T20 transformation!

## Learning from the past?

- A dynasty requires all three...

...but can they take it forward and create a new dynasty?

# THE AUSTRALIAN CRICKET STORY

A chronology of events helps to paint a picture...



## 1948 – The “Invincibles”...62%

- ✓ Don Bradman & a great side
- ✓ Brilliance on all technical elements
- × The tradition continues...

## 1950s – A Good Team.....42%

- ✓ Richie Benaud & a good side
- × A strong technical side, but not brilliant
- × The tradition continues...

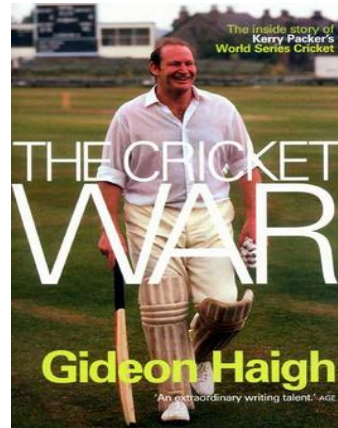
## 1960s – The Slide .....36%

- × Bill Lawry takes boredom to a new level
- × A solid team...but...
- × The tradition continues...

...the “Invincibles” set the standard...but a rapid decline follows.

# THE AUSTRALIAN CRICKET STORY

A rebirth begins with a brash new captain...



## 1971 – The New Era.....50%

- ✓ Ian Chappell captains his first test
- ✓ Technically competent...DK Lillee et al
- ✗ The tradition continues...

## 1976 – The Montreal Olympics

- Australia wins 1 silver medal
- Malcolm Fraser announces Royal Commission into “**decline of sport**”
- **Australia demands a new vision**

## 1977 – The Packer Circus

- Chappell leads team into WSC
- Shakes the core of the establishment
- Australia becomes “professional”

...and the seeds of “disruptive innovation” are sown.

# THE AUSTRALIAN CRICKET STORY

A brave captain rebuilds from the ruins of unguided disruption...



**1980s – Border Years.....32%**

- ✓ Rebuilds the foundations
- 1987 CRICKET ACADEMY established
- Australia rebuilds – wins World Cup and starts to believe in possibilities

**1994 – Mark Taylor.....52%**

- ✓ Intelligent leadership
- ✓ Talent emerges and is nurtured
- **Innovation starting to impact**

**1999 – Steve Waugh.....72%**

- ✓ The science of leadership...with talent
- ✓ A new standard in technical application
- ✓ The end product of disruptive innovation

...leadership meets “disruptive innovation”.

# THE AUSTRALIAN CRICKET STORY

A leadership forged in a new world...a “dynasty” emerges...



## Leadership

- ✓ The power of symbols...
- ✓ Understanding structure and processes...
- ✓ Setting new expectations on delivery

## Structure and Processes

- ✓ Building on science...technical focus
- ✓ Strengthening the weakest links
- ✓ Every session had to be won

## Disruptive Innovation

- ✓ The Packer changes...winning is the game
- ✓ Institute of Sport – science meets cricket
- ✓ Organisation and deliberate leadership strategies become a winning edge

...and dominates the sport for more than 15 years.

# MINING: PATHWAY TO VALUE

The lessons we can learn are universal...



*"We just haven't been flapping them hard enough."*

## Leadership

- ✓ What is possible...
- ✓ The power of symbols...
- ✓ Capable people doing the right work...

## Structure and Processes

- ✓ Resources define potential...
- ✓ Mining strategies focus on potential...
- ✓ Managing processes delivers potential...

## Disruptive Innovation

- ✓ People approaches drive productivity...
- ✓ Technologies step-change costs...
- ✓ Market demand can be created...

...and our performance is only constrained by our imagination.

# LEADERSHIP...

An “Organization Model” is more than job descriptions...

## ORGANIZATION

- Strategy defined to rebuild value.....“Driving Value”
- Business groupings reflect strategy elements.....global market mix
- Focus on rebuilding “core skills” .....mining and markets

## TALENT POOL

- Levels of work.....managing complexity
- Top 3 levels
  - At start, 50% capable.....now at +70%
  - 141 now down to 99.....clear accountabilities

## SYMBOLS

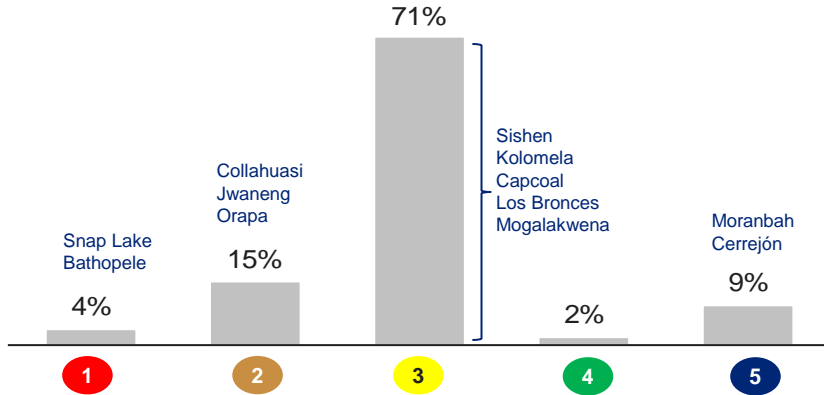
- **Selling the jet** and other “corporate conveniences” .....value focus
- **Focus** on delivering.....11% now at 48%
- **Asset reviews** identify the 5 key issues.....what to fix

...and the organisation is the **STARTING POINT** for driving change.

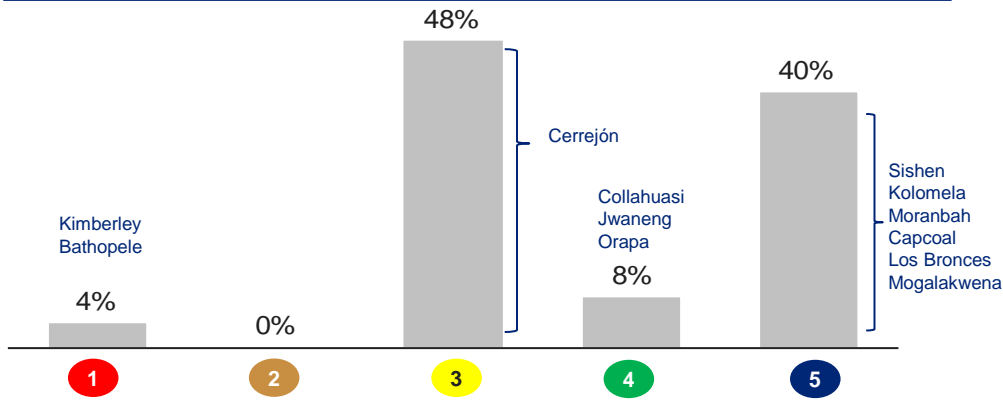
# LEADERSHIP...

Failure to deliver can become a habit...it can become the culture...

## 4 Quarters to Q1 2013



## Q1 2014



## 2012/2013 Performance Delivery

- 19% of operations under budget with no plan for recovery
- 71% of operations under budget with a plan to recover
- 9% on budget

## 2014 Performance Delivery

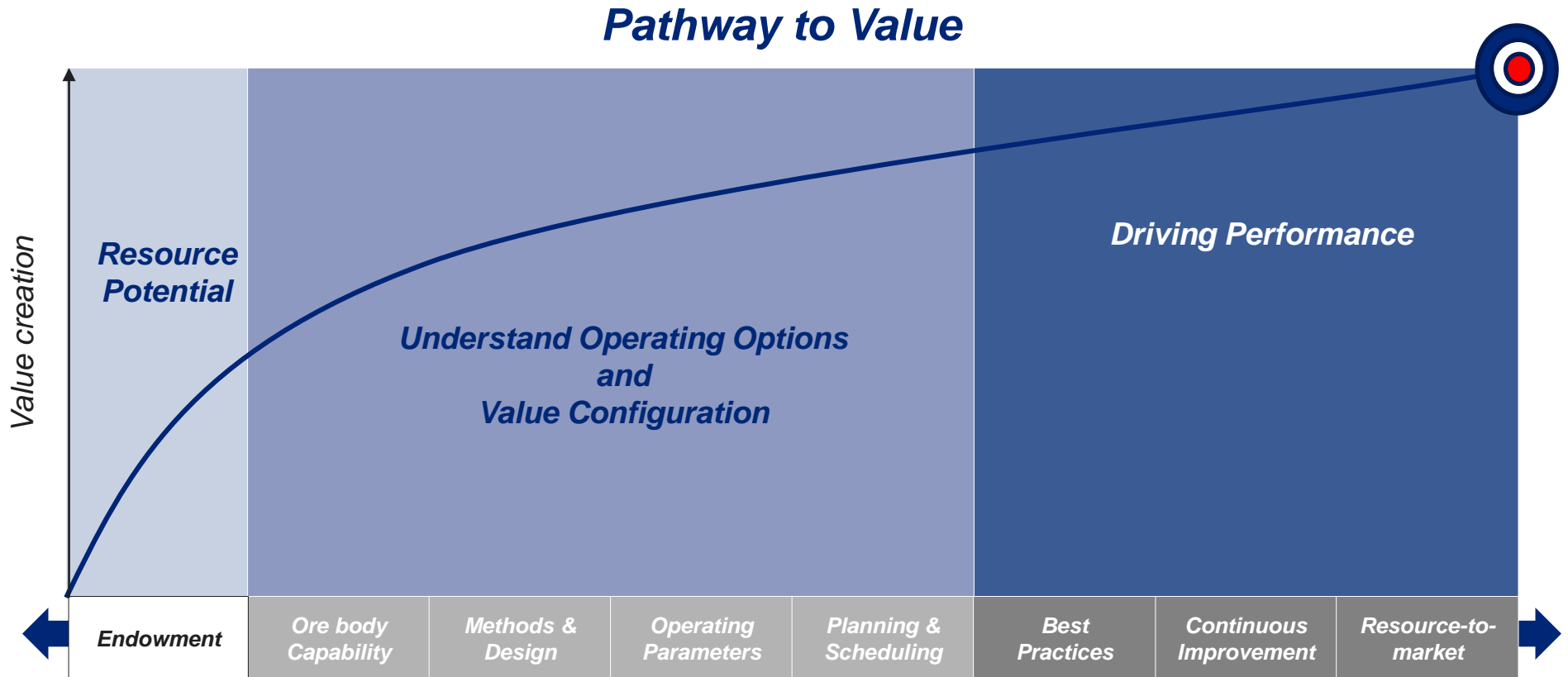
- 4% of operations under budget with no recovery plan
- 48% of operations under budget with a validated recovery plan
- 48% of operations on budget.

...and delivering a \$1.2bn EBIT run rate improvement per Driving Value.

...where delivery must be an expectation.

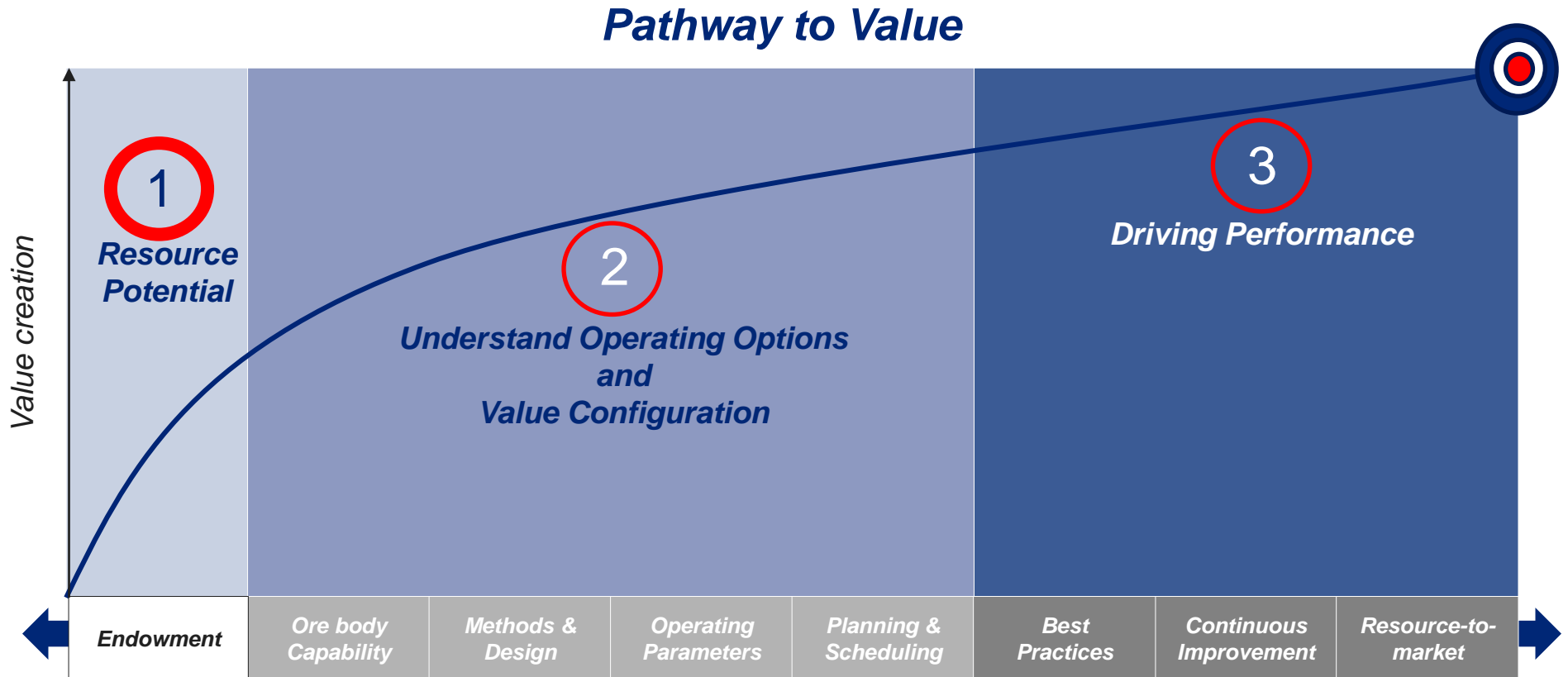
(1) Total of 52 assets at Q1 2014 versus 55 assets at Q1 2013. Excludes both Khomanani and Khuseleka (no longer in production) and Union North and Union South are now reported as Union mine

# “THE CRITICAL PROCESSES”



Note: Assets mapped to curve based on largest impact for improvement

# PATHWAY TO VALUE: “THE CRITICAL PROCESSES”

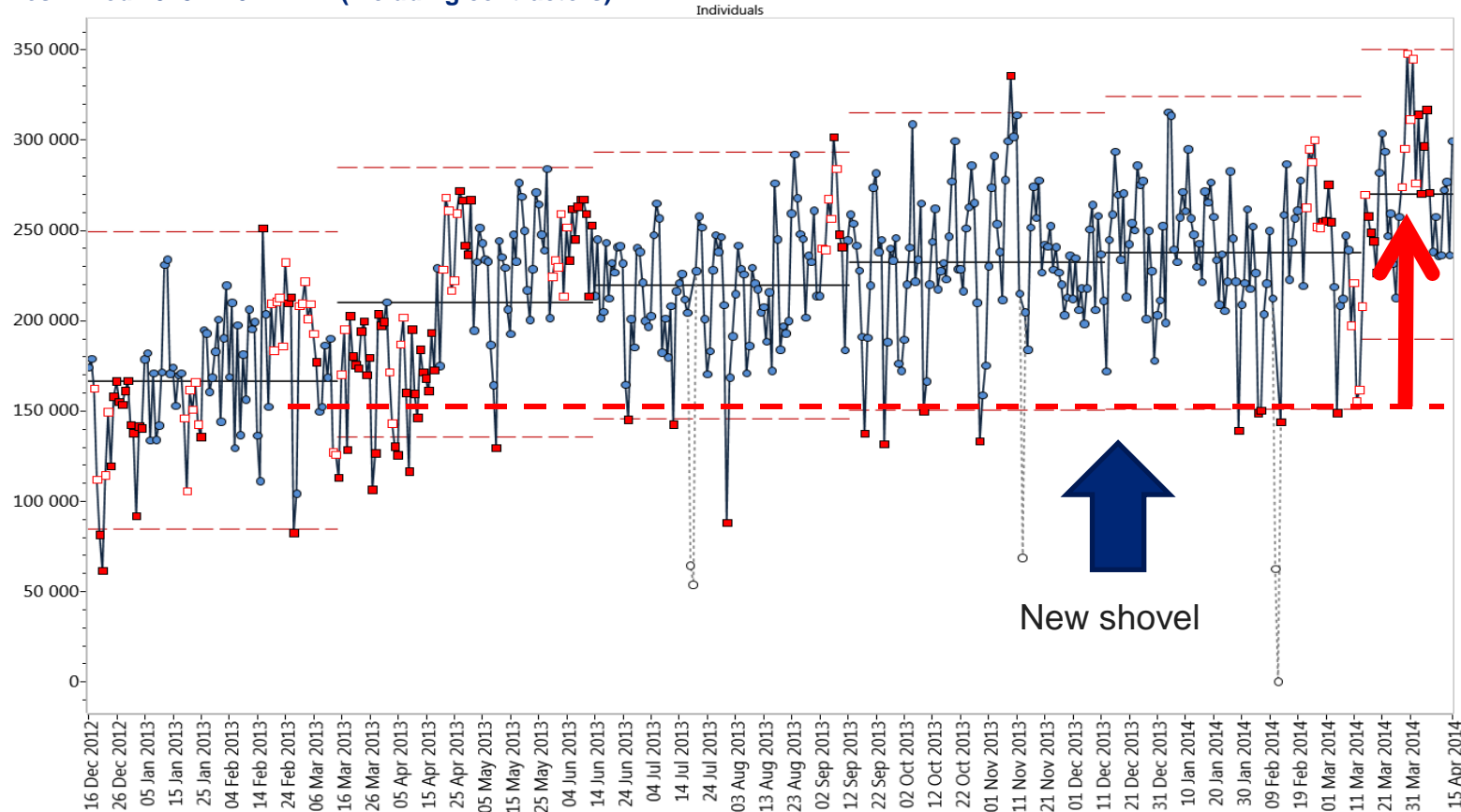


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# RESOURCE POTENTIAL: MOGALAKWENA

Recognising resource potential is the starting point...

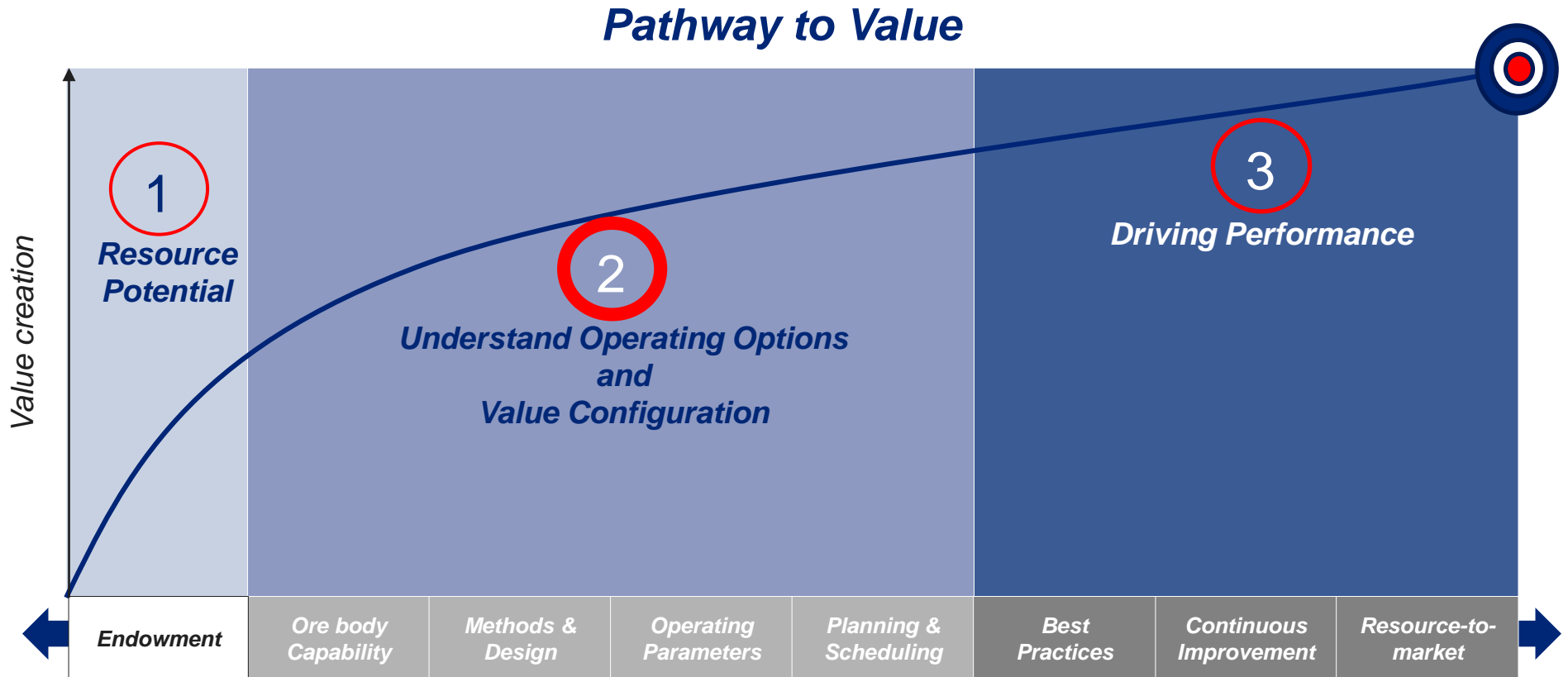
Daily tonnes mined 2013 – 2014 YTD (including contractors)



**+50%**

...pushing from 300kcozs to 360kcozs...to 420kcozs...to ???.

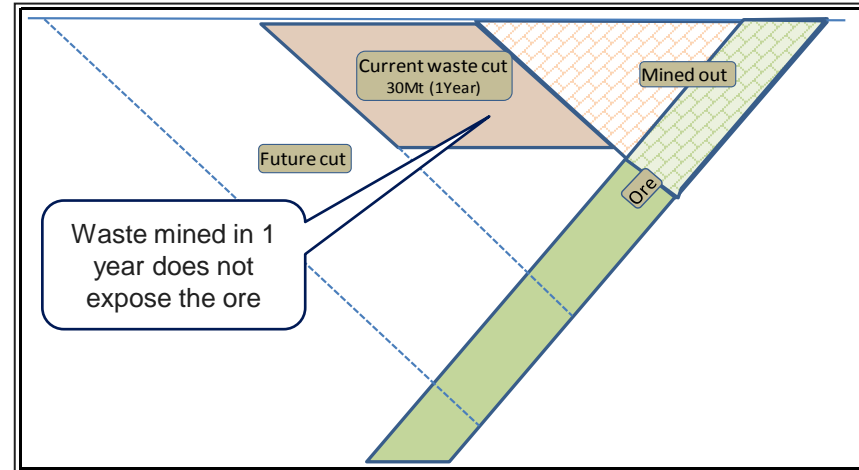
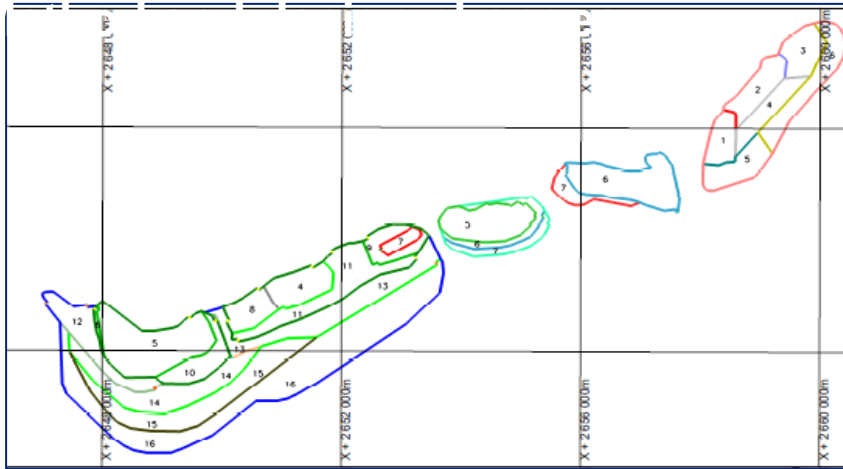
# PATHWAY TO VALUE: “THE CRITICAL PROCESSES”



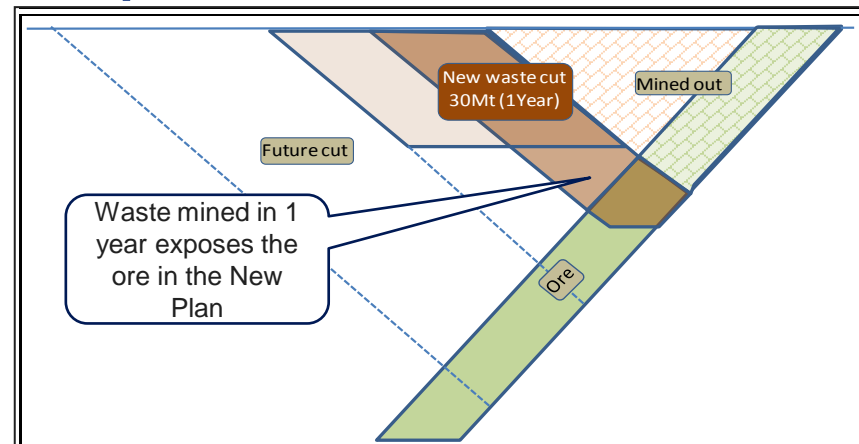
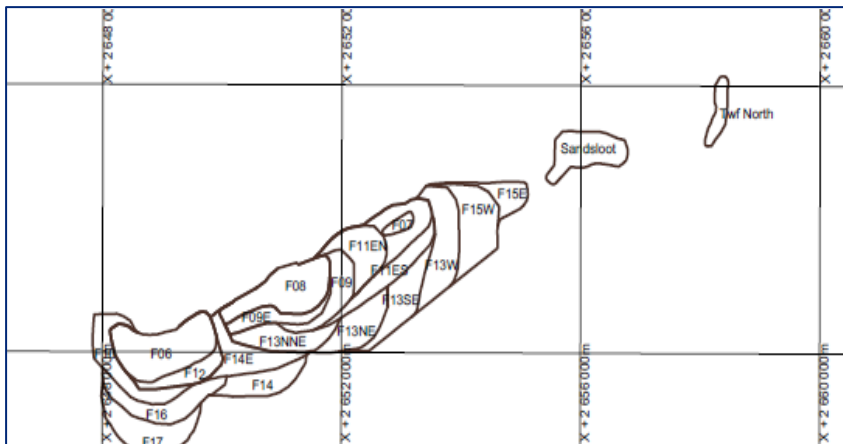
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# MINING METHODS: MOGALAKWENA

PLAN Original cut back sequence SECTION

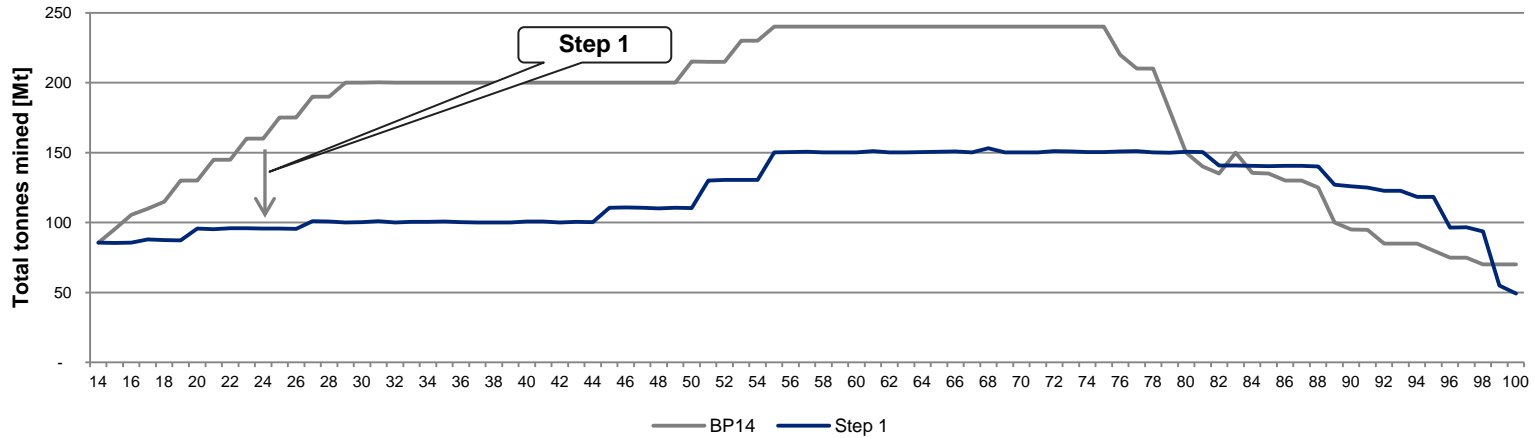


PLAN New cut back sequence SECTION

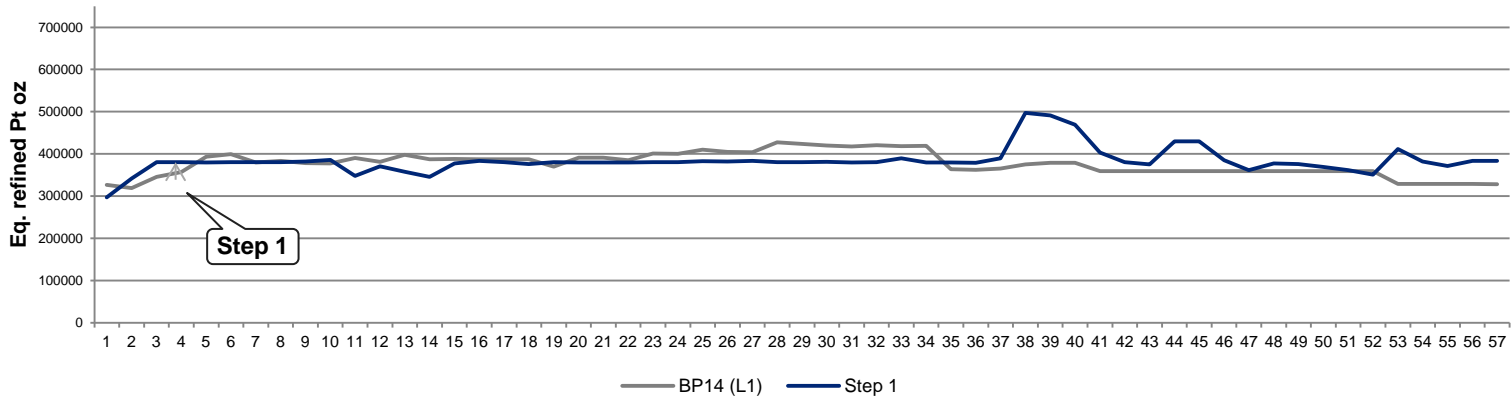


# MINING METHODS: MOGALAKWENA

## Total Tonnes Mined

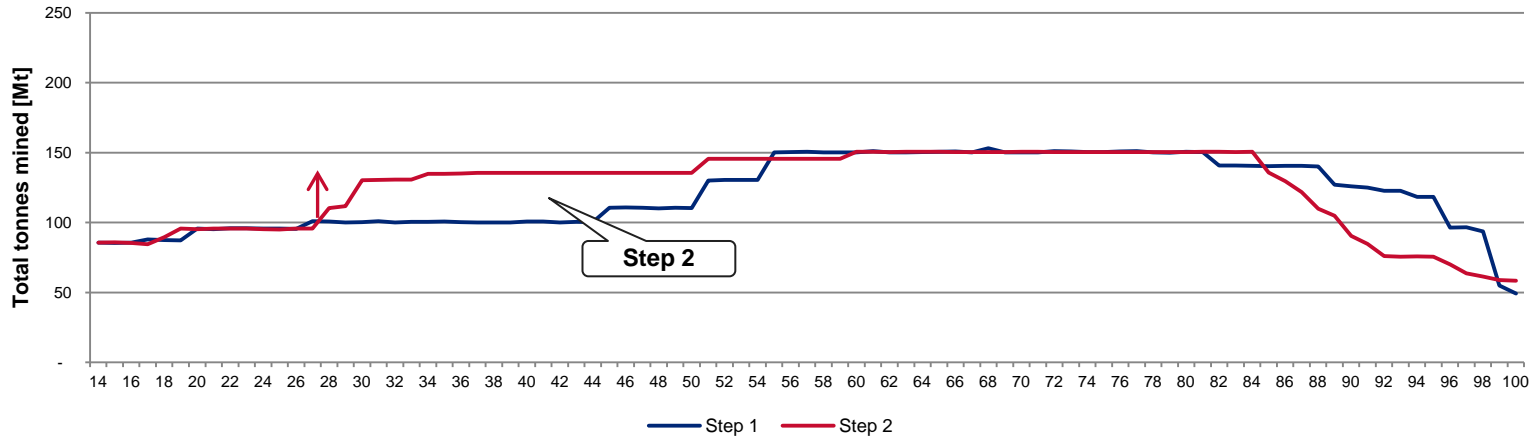


## Platinum Ounces

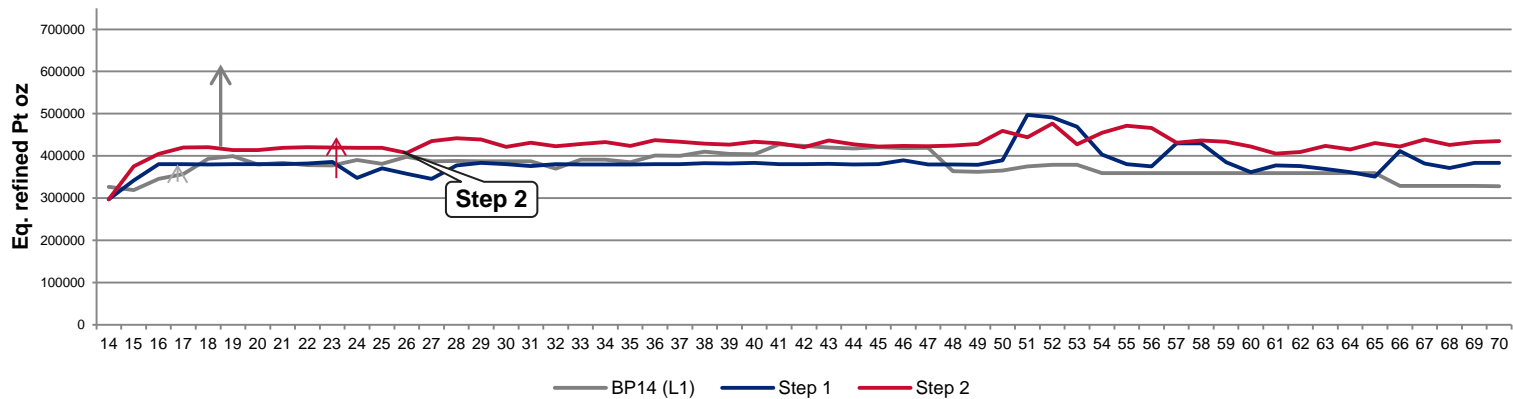


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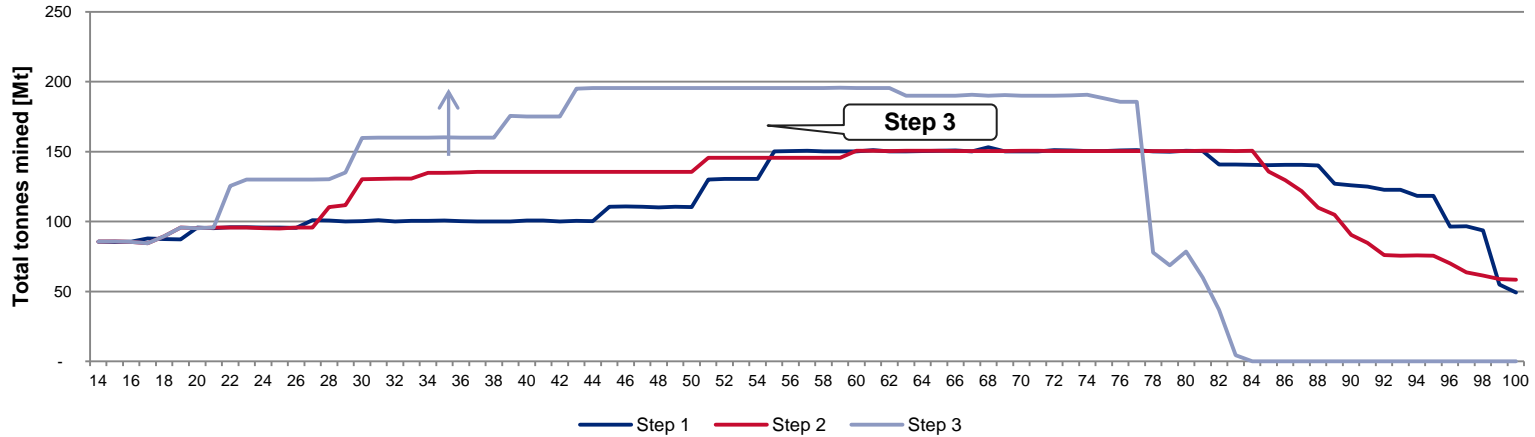


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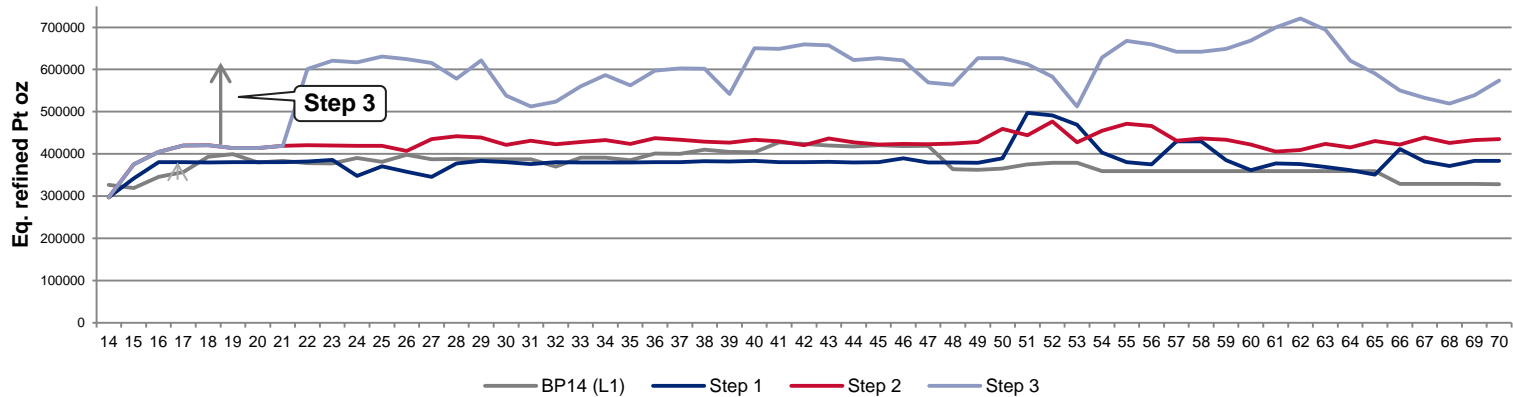


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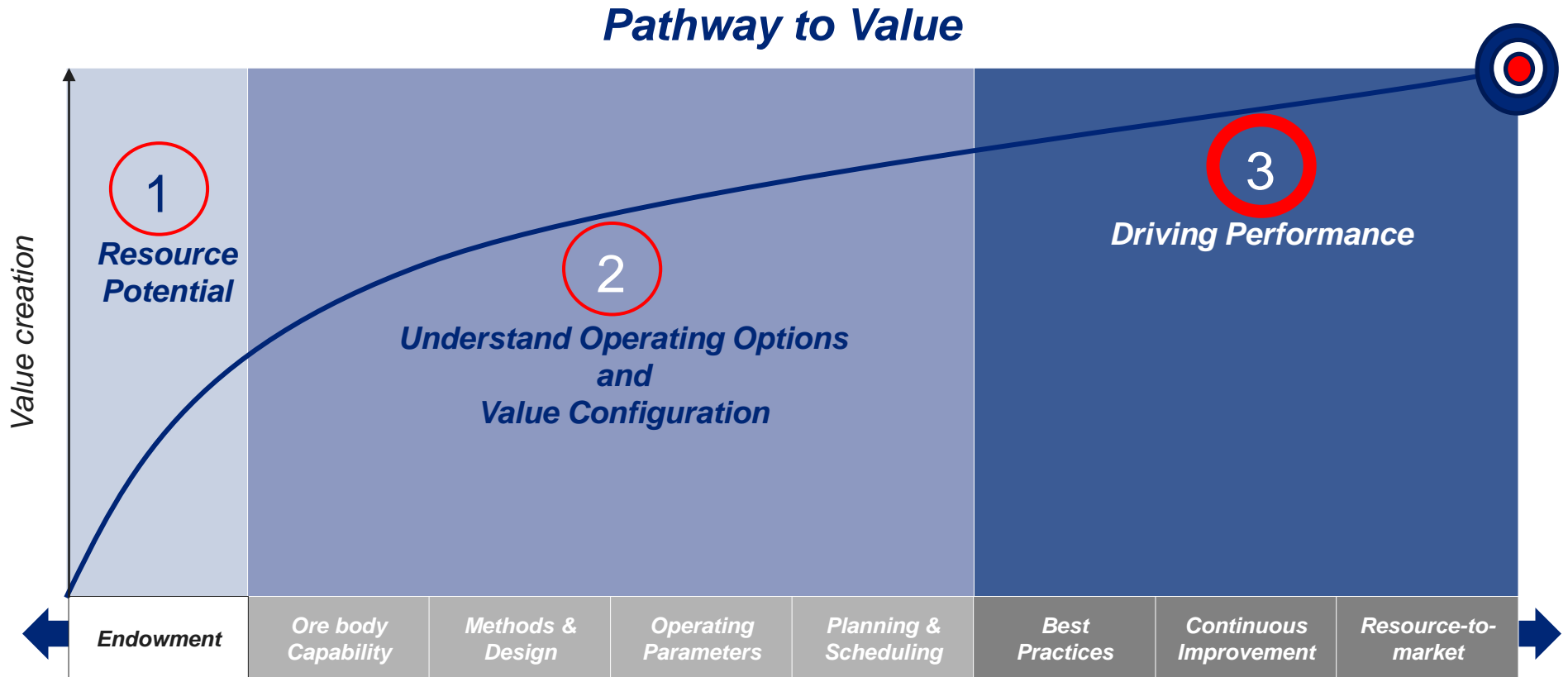
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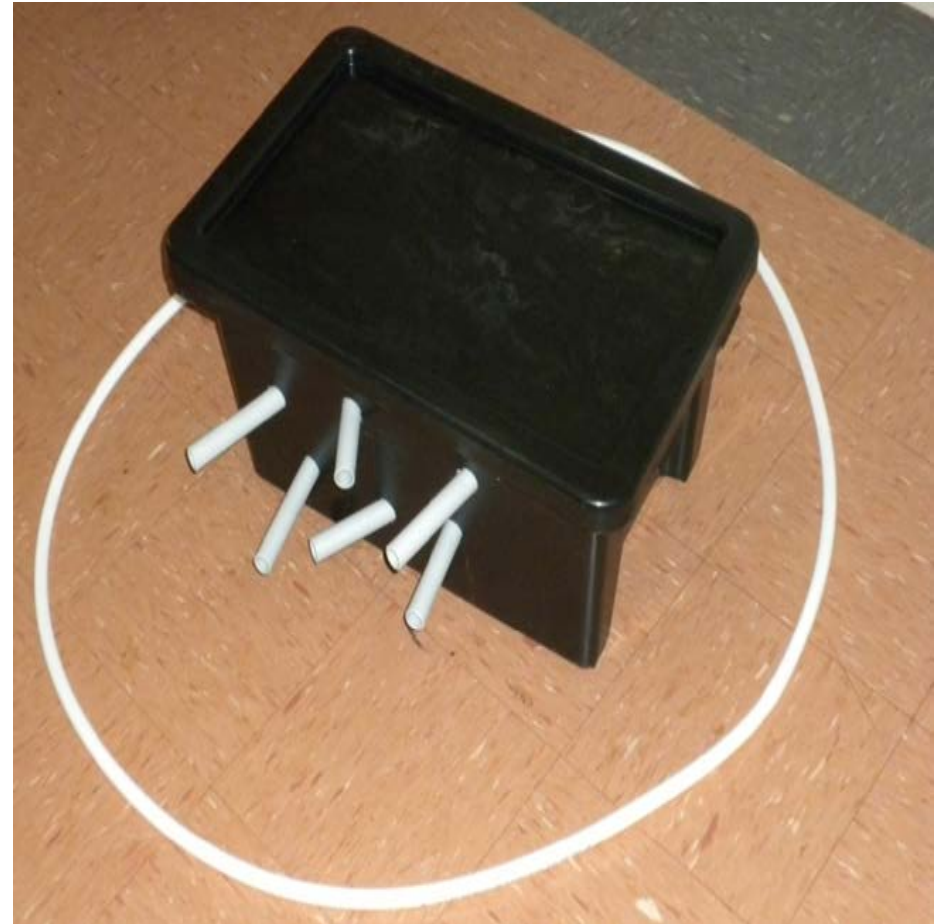
# PATHWAY TO VALUE: “THE CRITICAL PROCESSES”



Note: Assets mapped to curve based on largest impact for improvement

# DRIVING VALUE...IMPROVING THE PROCESS

So what does an F1 car have in common with a box?



# DRIVING VALUE...IMPROVING THE PROCESS

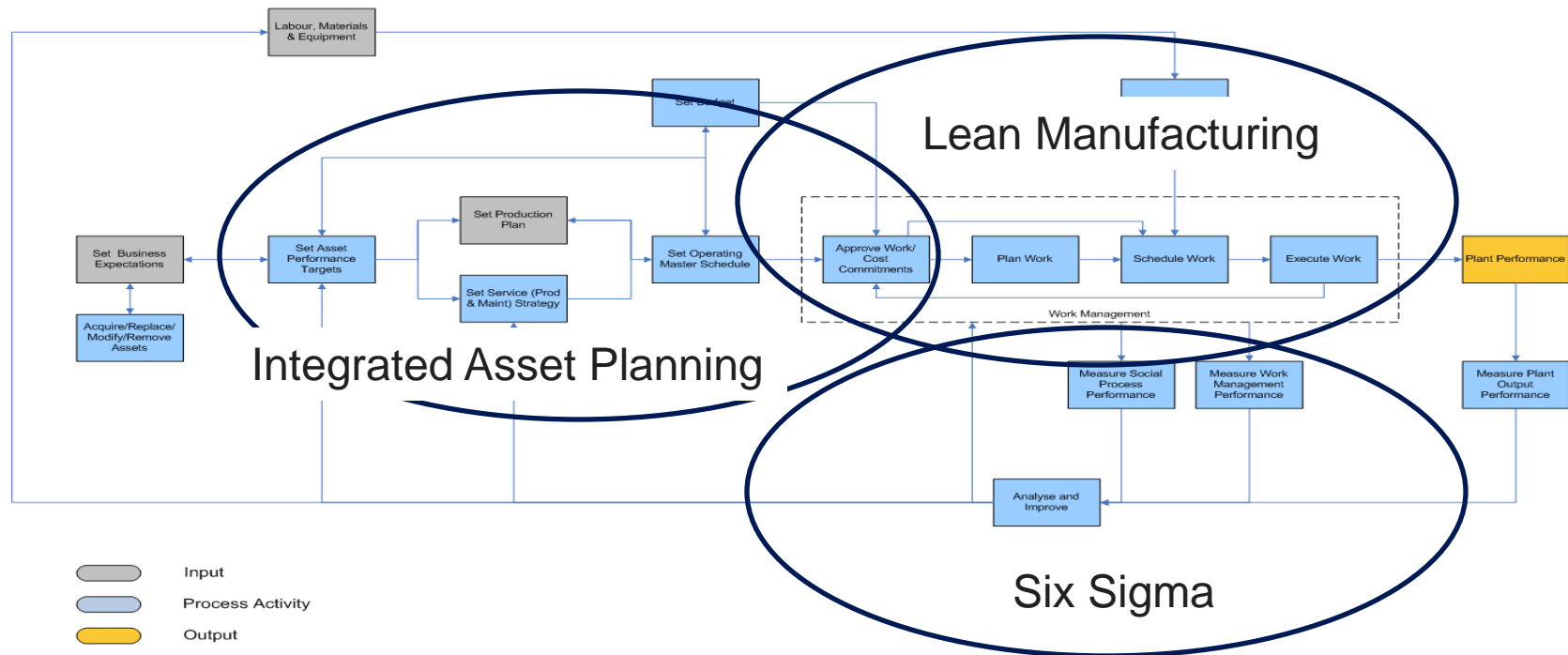
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...it is about people...and the desire to achieve a better outcome.

# DRIVING VALUE...IMPROVING THE PROCESS

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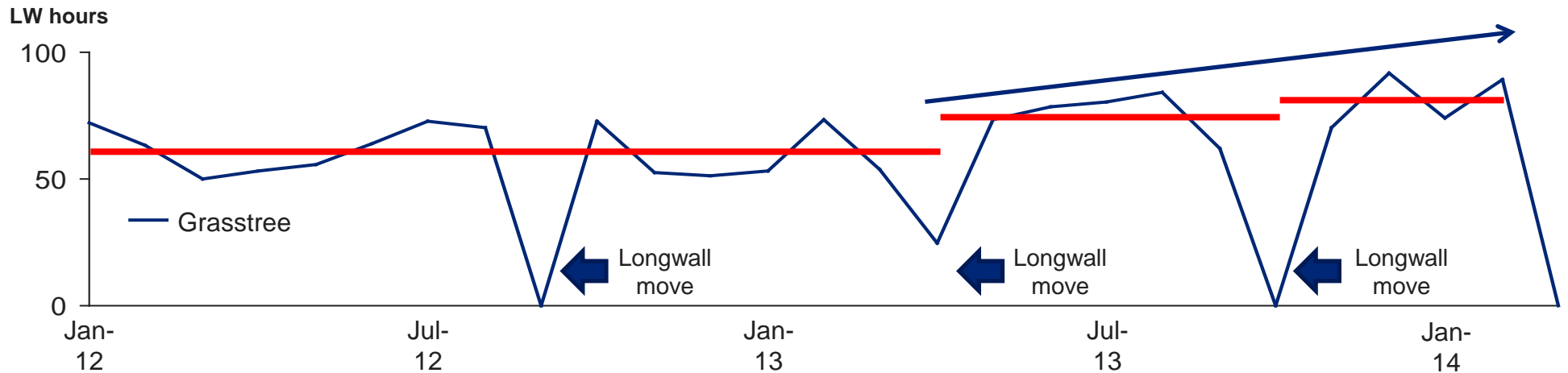
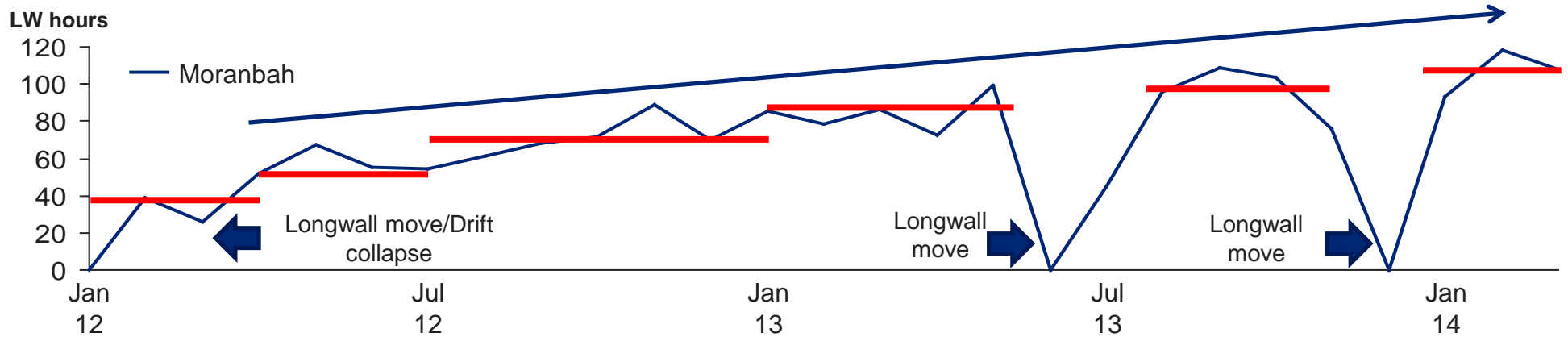


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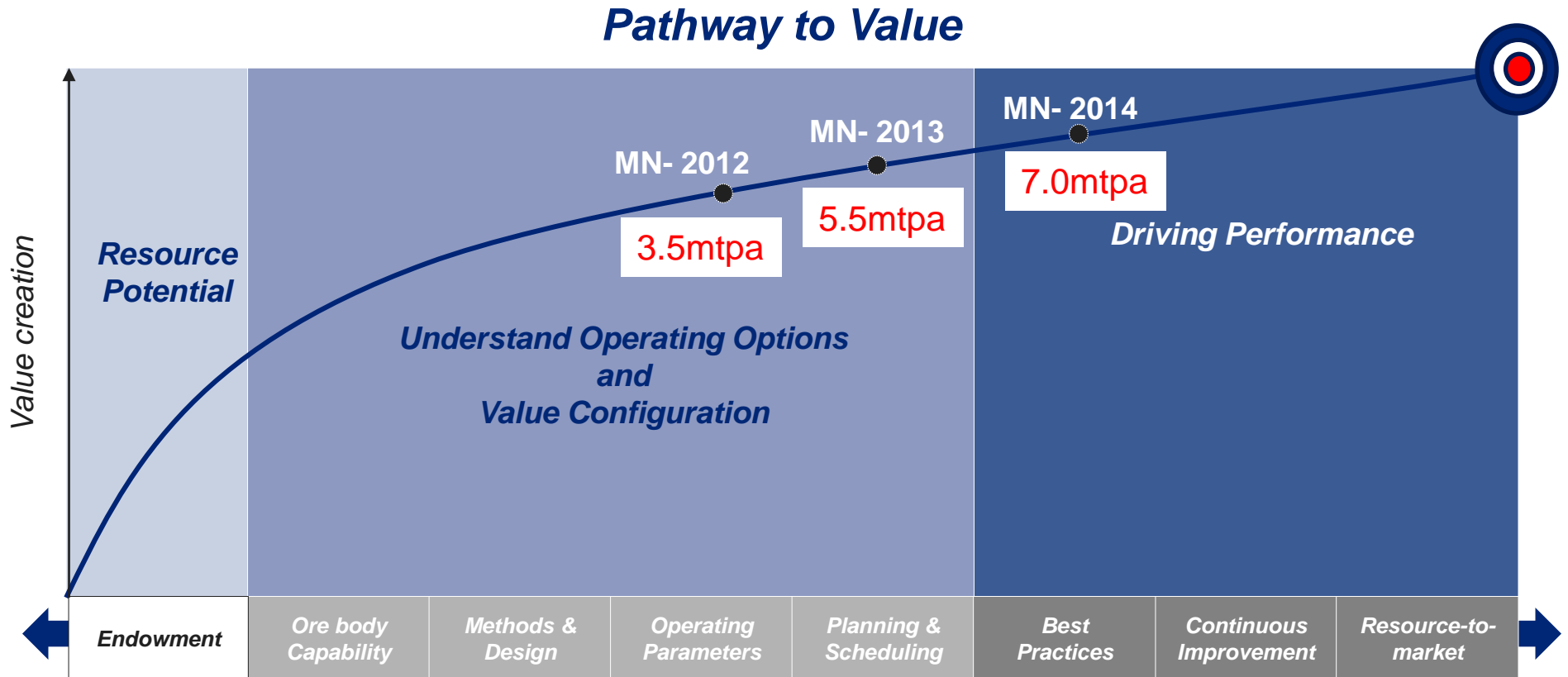
# IMPROVING THE PROCESS...MORANBAH

Strong productivity increases...100%... at Moranbah...



...Grasstree starting to show...+30%...encouraging performance.

# PATHWAY TO VALUE: THE MORANBAH JOURNEY



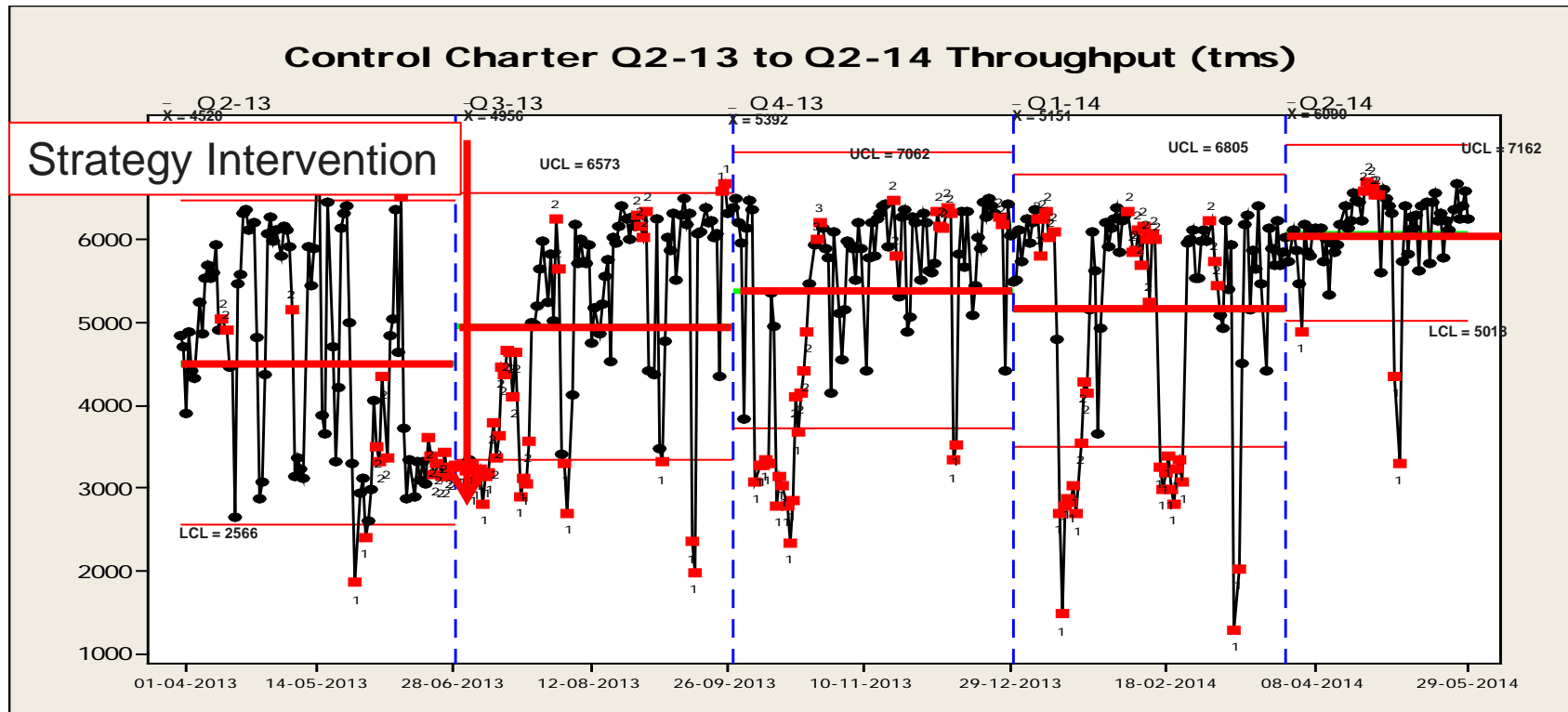
- MET. COAL

Note: Assets mapped to curve based on largest impact for improvement

# IMPROVING THE PROCESS...BARRO ALTO

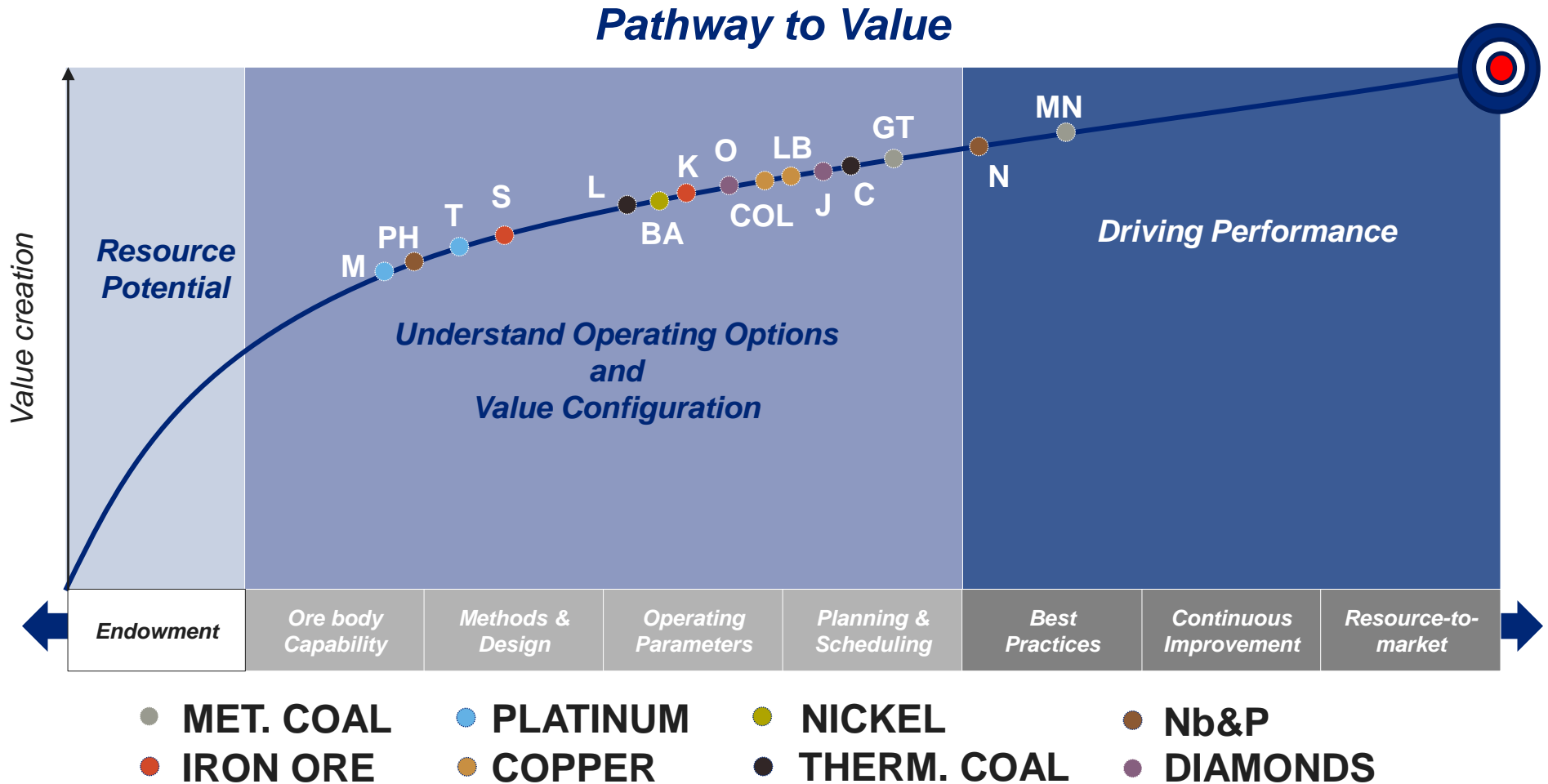
Focus on operating strategy and consistency and control...

## BARRO ALTO CONTROL CHART – YTD MAY



...delivers a 30% production improvement and 20% cost reduction.

# PATHWAY TO VALUE...KEY ASSETS



Note: Assets mapped to curve based on largest impact for improvement

# DISRUPTIVE INNOVATION

The face of mining is radically changing...because it has to...



## Technologies

- ✓ New mining methods
- ✓ Open technology platforms
- ✓ Application of material sciences

## People

- ✓ Managerial leadership
- ✓ Engagement drives practices
- ✓ Learning from the “restless innovators”

## Projects and construction

- ✓ Digital design and construction
- ✓ Modular configuration
- ✓ Communities and the MOTF

...and those that get it right will lead the industry in returns.

# WHAT'S IN A HAT?

Leadership is a journey...and every step is into the unknown...



...its not the outcome we debate...it's the pathway to get there.

# ANGLO AMERICAN

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**REAL MINING. REAL PEOPLE. REAL DIFFERENCE.**

**THANK YOU**