

Collaborative Growth

From its headquarters in Burnie, north-west Tasmania, Grange Resources has grown into Australia's oldest and most experienced magnetite producer, using its partnerships to establish the country's largest integrated iron-ore mining and pellet-production business.

Images by Dale Cumming

Wayne Bould, Managing Director and CEO of Grange Resources, has been with the organisation since 2008. His first appointment to the company was as general manager, overseeing the Southdown project in Western Australia. The following year, Grange finalised its merger with ABM, which resulted in Wayne's promotion to COO. He helped weather the storm of the GFC and took up his current position in June last year.

The promotion to managing director coincided with Grange relocating its head office from Perth to Burnie in north-west Tasmania. "When we consummated the merger, it would be fair to say that the Tasmanian operations were subject to a close-down mentality for several years. The business was scheduled to close and just run down its stockpiles

through until the end of 2008, early 2009. There was a mine-life extension plan put in place, which basically said that the mine could go longer, further, and deeper, but they really hadn't done a lot about putting any of the necessities in place such that that could be enacted.

"The business was also heavily siloed; it was traditionally run by a management group of the old-fashioned 'bring me, tell me, I know everything' management group. There was not a lot of participative management, and it was very difficult to see from one end of the business to the other. The first thing that we decided to do was bring in some total quality management principles based on Deming's 'plan-do-check-act cycle', short interval control, and start to break down the silos and open up the business so you could see from one end to the other and get the management teams involved."

In trying to break down silos and create a collaborative organisation, Grange looks for people who are open minded and willing to work as a team. "Our approach is to try to find people with sufficient talent and vision, and then move them into that management team so they can effectively see that they can make contributions and become part of the collaborative approach, which has worked very well for us.

"We have very low turnover in senior management; we have a great deal of loyalty and a great deal of energy. One of the things that you learn when you work in Tasmania is that it's not the easiest place in the world to go to the global market from. And if you don't innovate, you don't succeed; our guys are very innovative and very willing to try change because there are no lockouts."

Wayne understands that innovation is best facilitated through >

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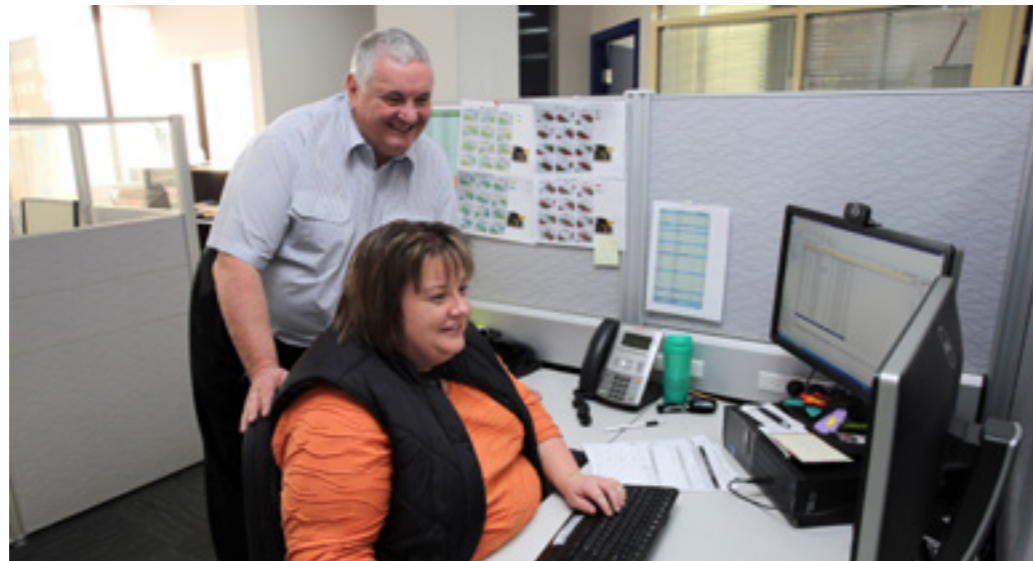
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communication and collaboration. “Nobody knows everything, so communication and collaboration are valuable because some of the best ideas come from the least likely places. Peer reviewing and having people who don’t necessarily know all of the answers look at things from a different angle, which is vital. It provides a new level of energy, because people become quite moribund if they’re siloed and only see their own backyard.

“Additionally, we do it by having a very disciplined communication process that’s basically locked down and goes to the absolute TQM principles. There are meetings that are required to be held each day, they all have agendas, and they all report the requisite information, which is then analysed. They also look for failure: failure to perform, failure to meet target, failure to obtain what was to be achieved. And then that is converted into action lists where people go out and work out



what the delta was, what caused it, and work to fix it. That has stood us in great stead. When people see it and understand the process, they work together on it and deliver.”

Wayne says one of the most important elements of the company’s success comes from the great relationship Grange has with

its major suppliers. “We invite them into our business to share our problems and issues, and when we agree on a solution, we work together to deliver that solution. That is very much the approach we take with William Adams; we take a look down the road to where we think we want to be in four or five years time, the

sorts of issues that we think we’ll be facing, and then we sit down with them on at least an annual basis and go through the process.

“We ask ourselves, ‘How can we reduce this cost? How can we reduce the hand-offs? How can we make ourselves more efficient? Is there new equipment or methodologies coming online that you are aware of through your Cat network that might help us, and how can we leverage that?’ Similarly, as we tackle a major project, like the need at the moment to rebuild all of our 789 Cat trucks, we sit down with them and we work out a plan together so that our rebuilds are conducted according to a plan, that all logistics are agreed upon and put in place, that the performance levels are agreed upon up front, and that the cost is agreed upon up front.

“And we share that as we go through, so it’s again a cycle of plan-do-check-act that we share together, and that means we get the best result for our company, and also Caterpillar and William Adams get the best results for themselves. It’s a good, open process. When things fail, we sit down together and look at why they failed, and whether the failure was on the supplier’s part or by Grange not giving them sufficient information or time to deliver. It’s very much a sharing process, and it’s really based on the old Crosby supplier sales model that functioned very well in total quality management in the 80s and 90s.”

Like many other Australian resource organisations, Grange has a large foreign ownership that helps elevate the company to the global market. “Our major shareholder is one of the largest private steel manufacturers and private companies in China; they own about 46 per cent of our company, and then two other parties associated with them bring the Chinese ownership up to 60 per cent. They are also our major customer; they take a million tonnes of ore a year from us, and

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- Wayne Bould



that provides some surety, particularly since they’re a big, strong company.

“It also provides us with some cultural issues from time to time and some difficulties. The laws in Australia in terms of governance, the ASX guidelines for dealing with related parties, and the taxation requirements for dealing with transfer pricing aren’t familiar to the Chinese owners, and there are times when they struggle to understand why we need to operate the way we do in Australia. Sometimes I think it causes some issues that would otherwise not be there.

“It’s great having a Chinese owner, but the cautionary tone is that it provides its own difficulties from time to time. We have managed to work through them over the years quite well, but every so often, the fact that the markets are different, the cultures are different, and certainly the legal systems are different, causes us some issues.”

Considering the volatility of the resources market, Wayne believes it’s difficult to look too far ahead with any certainty. “One of the things in our industry is that it’s pretty clear that there’s going to be more supply of iron ore than the world can probably consume, and it’s a concern that everybody is going to go hell for leather to try and sell their product without any regard about what might happen in another 50 years rather than the next 10. The other issue is that automation and smarter ways of moving product without people being involved, and

thereby reducing the physical personal risk to people, is probably one of the most important things that I see developing over the next few years.”

According to Wayne, the key to Grange’s future will come from close collaboration with key suppliers and partners in order to make more environmentally conscious decisions. “In our business, we are very energy reliant because about two-thirds of our business is downstream processing. Magnetite is effectively worth nothing on its own unless you process it; it needs to be crushed and ground, it needs to be made into pellets or concentrate, and so it’s heavily reliant on energy.

“Maximising our bang for buck in terms of our energy consumption and finding better ways to either use or generate energy ourselves is the key to our future. Same goes for the basic materials handling; every time we touch something or move it, and every time there is a person involved in that, it costs us money, so we have got to find ways to defray those costs, maximise our production at the cheapest possible price—and that’s what we’re concentrating on every day.” •

Publisher’s Note:
At the time of publication it was announced that Wayne Bould would be leaving Grange Resources effective immediately. It is understood that this was a mutual decision between Mr Bould and the company’s board; a replacement has yet to be appointed.

William Adams is proud to be associated with Grange Resources’ Tasmanian operations and have had over 35 years’ association with the Savage River Mine and Port Latta facilities.

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