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# PRECIOUS Metals

Supply-chain excellence and innovation are what set international mining company Dundee Precious Metals apart from its competitors.

Images courtesy of Dundee Precious Metals

While based in Canada, Dundee Precious Metals (DPM) has international presence with producing mines in Bulgaria and Armenia, a smelter in Africa, and is developing an open pit mine in Krumovgrad, Bulgaria. It is engaged in the acquisition, exploration, development, mining, and processing of precious-metal properties, in particular, gold.

DPM is committed to creating a safe and socially responsible mining operation through a disciplined and opportunistic business model. CEO Rick Howes has a wealth of knowledge in the industry that extends over more than three decades. His experience includes progressive technical, operating, management and project roles in some of the largest underground mines and mining companies throughout Canada and, more recently, overseas.

Rick joined DPM in early 2009 as general manager and executive director before working his way up to executive vice president and chief operating officer one year

later. In April 2013, he was appointed to the CEO and president position.

Rick says that embracing technology and innovation is important for businesses within the mining sector. "Some of the companies I have worked for were leaders in a number of areas within the mining business worldwide, and so through them I was truly exposed to some of the best innovators and innovation ideas."

DPM is a relatively young player in the mining industry. While it has been around for more than three decades, it was an investment fund initially before becoming an operative mining company in 2003. For over 20 years it had 75 per cent of its investments in the gold-mining industry, before acquiring two gold assets in Bulgaria—Chelopech, a producing gold mine, and Krumovgrad, which is currently a feasibility stage gold project.

In 2004, DPM finalised its conversion into a gold-mining company with its Bulgarian assets

as the initial platform for its operating activities. "Krumovgrad is a development project, while the other assets that we have purchased were already operating," Rick says. "We mainly did a turnaround on those assets—they were sort of old, tired, ex-Soviet assets that we are trying to make modern, with management systems and modern technologies to make them into a profitable and substantial producer."

"So we did that and we were successful for the first several years transforming, particularly the Chelopech mine in Bulgaria first, from a small asset which wasn't profitable to one that is now a substantial producer. It's a modern operation and is technology leading in many areas."

Rick says the project was a "bit of an experiment" to bring in some contemporary concepts, and ultimately it proved to be more successful than first anticipated. "I thought it might be more difficult than doing the same thing in Canada but in fact it was easier. Everyone has tried everything in these kinds of countries, like >



Canada, and thinks they know all the answers, and so therefore there is no change management. It is much harder in Canada than it is in Bulgaria.

“So we doubled production, we cut our cost by about 50 per cent in that operation and that was our first crack at transforming an old asset into a very modern and efficient operation. It was very profitable for us too.”

DPM made it a priority to develop local talent in order to provide a sense of ownership of the project. “The Bulgarian people run the operation,” Rick says. “We brought expats in early but it is now 100-per-cent run by the local Bulgarians and they are proud to talk about what they have accomplished there.

“I went to its anniversary late last year and they were over-the-moon excited about the success that has been happening since we started there in 2003. So if they had a

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troubled history with tough times, it’s a different story there now. They get paid better, treated well, and they get rewarded appropriately. They are respected and treated as human beings.

“Every asset we’ve picked up, we’ve used the same pattern. We start off maybe bringing in some expats to help out with the change but then once we see the people taking hold we hand it over to local management and they take ownership and run it. The talent in those countries is maybe less than in others but we can develop that talent—that’s what we’ve found.”

The approach the business takes includes bringing in western values and treating all staff with respect. “We apply that model everywhere,” Rick says. “It’s a very successful way of getting people motivated and challenged.

“Good companies really recognise the importance of motivating and developing people directly in order

to be successful. We have a very good understanding of that. My years spent working in Canada gave me a really in-depth insight into the organisational understanding of the operations, and that started to change my way of thinking about how you get effectiveness in an organisation, how you structure it, how you define roles and accountabilities, and how you build the talent and develop it.

“My mandate is that you get to know the strength and the organisational capability of the company, make it highly competitive and transform it into a very low-cost operation. That’s sort of fun for me having worked for much bigger companies in the past—it’s a lot harder to make change in a very large organisation, especially if you are down deep in the ranks of the management team.”

DPM’s strong set of values are what sets it apart from industry



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- Rick Howes

competitors. While it is a priority to treat staff in a respectful manner, Rick says that’s not where it stops.

“We treat all people—stakeholders, suppliers, everyone—well, and I think that differentiates us. I mean, people talk about it. It’s walking the talk and that really means something. Certainly as CEO I watch closely how everyone treats everyone else in the organisation and I try to set the example.”

Effective partnerships with key suppliers are particularly important for the company to provide it with everything from drills to loaders. An example of this is when DPM formed a strategic alliance with half a dozen businesses that was crucial to developing a real-time tracking system in its mining operations.

“It is very strategic. To transform your business, the suppliers play a key role. If you work closely with them you can go beyond the conventional way of thinking about the suppliers who provide you with the asset and then you pay for it. This is much more strategic because they are actually playing a role in transforming our business.

“As we grow, we will start to look even more strategically across the entire business scheme. It’s still early days for us to do that but we will eventually get to that. I think that the senior leadership of the company has to take an active role in fostering relationships with suppliers, and I find the suppliers are very accommodating as long as it’s a win-win scenario.”

The real-time production management tracking system being used in DPM’s underground mines is a world-class feature which is



highly advanced. Rick understands the need to embrace technology to remain efficient, innovative, and successful in the future.

“We have done some interesting things. We are taking an innovative approach to real-time production management and tracking all of our performance, pieces of equipment and the movement of that equipment through the mine. Thanks to this, we know exactly what and how our producing assets and mining equipment are performing and achieving.

“I think our innovative spirit will make us even more competitive in the future. The good companies will be the ones that are going to push the envelope on innovation. I think that the industry needs to be a bit more aggressive on transforming the model of the business.”

Rick says the industry is running into a problem, in that many gold deposits have already been discovered. This reinforces the need to look at improving the different technology used. He explains, “We’ve reached a peak in production of gold, not because there isn’t enough gold reserves to replace it, because there is still lot of gold out there, but it’s the lower grades that would only be brought in if it could be done more efficiently.

“You have to change the way you think in order to bring in these reserves, which are in old deposits and are a lower grade, into production. There needs to be a push in the industry to innovate and transform.”

With its plans to lead the way in innovation and continue to build alliances with important personnel, DPM’s future looks bright. •



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