

## Case Study: Emeco

### *Mining Services Company Uses Values to Navigate Change*

January 2012

#### **Industry:**

Mining Services:  
Equipment

#### **# of Employees:**

750

#### **Revenue:**

500 million AUD  
(1 billion AUD capital  
invested)

#### **Country:**

Headquarters in Australia.  
Operations in Canada,  
Indonesia, Australia and  
South America.

#### **Website:**

<http://www.emeco.com.au/>

#### **Consultant:**

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### THE SITUATION

In late 2009, Keith Gordon joined Emeco as Chief Executive Officer and introduced three non-negotiables for the business: Safety, Financial Performance and Culture (People).

From a safety perspective, every Emeco employee was made responsible for their own personal safety and the safety of those they work with.

Since the 2006 float of Emeco on the Australian Stock Exchange, the company had experienced highs and lows. Emeco survived the global financial crisis intact, however, Keith acknowledged that the Company wasn't as 'financially fit' as it could be.

In January 2010, having gained a solid understanding of the business, its structure and culture, Keith and the Emeco Executive Leadership Team (ELT) implemented a new five year business strategy which was rolled out internally and to the broader market. Emeco's business strategy focused on three key pillars:

1. Optimise the core
2. Sustainable growth
3. Consistent Value Creation for Shareholders

By July 2010, significant progress had been made to optimise Emeco's core business operations. This included a shift away from a mix of civil earthmoving equipment, to a clear focus on small and large mining equipment. The decision was also made to exit a number of under-performing businesses within the Emeco group.

By the second half of 2010, Emeco was becoming a stronger business financially and its leadership team could turn its attention to Keith's third non-negotiable, Culture (People).

The company and its people were going through a significant time of change with the business restructure. Embarking on an effort to change the internal culture of the business at the same time could have been seen as a risk, however, the Emeco ELT identified that

this could also be an opportunity: A point in time when employees would provide honest, 'warts and all' feedback on how they felt about working at Emeco and their perception of its culture.

In August of 2010, Emeco undertook an initial Cultural Values Assessment with two levels of management (a total of 36 people). The results showed a disconnect between the view of the ELT and other managers. There was disparity and a lack of cultural alignment.

A month later, the Values Assessment was rolled out to all employees across Australia, Indonesia and Canada. Approximately 50% of employees chose to participate in what was the company's first survey of employees. This was viewed as a good result given language, time differences and the remote positioning of many employees.

The level of participation told the Emeco ELT that regardless of the results, employees were keen to 'have a say' in the future of their business.

On the downside, the entropy level, an indicator of perceived dissatisfaction, was high at 32%.

The assessment also highlighted gaps in values and culture which later enabled the identification of Emeco's Vision, Mission and Values. Not one of Emeco's now core values appeared in the Current Culture of the company at the time of the first assessment. Two of the core values appeared among the top Desired Culture values, and there was only one match between the Current Culture and Desired Culture.

## **IMPLEMENTING THE CHANGE JOURNEY**

While the results of the initial Cultural Values Assessment created further impetus to focus on culture, it also enabled the business to identify priority needs to improving working conditions, and to develop a clear strategy and global execution plan.

The global execution plan included the following priority improvements which were communicated to the business in November 2010:

1. *Developing a shared vision and clear strategy* – Employees across the global business needed a common focus. As such, the ELT developed a Vision, Mission and Values based on internal and external contributing factors. The four core Values selected were collaboration, accountability, integrity and continuous improvement.

As part of Emeco's people strategy, a number of initial projects were identified. These aimed to reduce the resistance of employees to change and improve internal

human resources systems and processes in order to better support employees in their roles. The initial improvement projects were:

- Establish a cultural identity
- Communicate the change
- Establish a global Human Resources Steering Committee
- Create job descriptions for all job families
- Conduct a Performance Management process review and implement improvements
- Conduct a Training & Development review and implement improvements
- Establish a coordinated approach to career and succession planning

2. *Development and launch of a cultural identity* - It was identified that in order to engage employee support for the change, an internal brand representing a new Emeco Vision, Mission and Values would be developed. All the work carried out as part of Emeco's people strategy would also fit under the internal brand. In November 2010, "Empower" was launched across Emeco globally, articulating a clear focus on empowering Emeco people to achieve and succeed in their roles, and making a good place to work GREAT. The company's CEO and relevant members of the ELT attended each of the 30-plus half-day "Empower" sessions held across Emeco's operations in Indonesia, Canada and Australia. The workshops were interactive with each group providing the opportunity to discuss the current, desired and core values, as well as discussing perceived roadblocks and possible initiatives to support internal improvement.
3. *Leadership development* – An 18 month roadmap towards change was implemented to build cultural awareness and competence from the top levels of management throughout all employee levels. This included:
  - 360-Degree Behavioural Assessment and Coaching for the Executive Leadership Team. Led by Lui Pangiarella, the 360-degree Leadership Values Assessments were conducted over a six month coaching period using two tools, the *Barrett Values Centre 360 LVAs* and *Clifton Strengthsfinder*;
  - Full disclosure and transparency of the results of the assessments to Emeco managers;
  - Leadership training for the top four tiers of management on how to address behavioural issues in the workplace (*Having the Difficult Conversation*)
  - Resilience and proactivity training for all individuals (*Managing Yourself in Times of Change*)
4. *Transparency of the Values Results* - In January 2011, the top 35 managers of Emeco (from Canada, Indonesia and Australia) came together to revisit progress against the business strategy, and to discuss in detail the Empower

people strategy. This included an overview of the Barrett Values Centre Seven Levels of Consciousness model and, given the results of the September 2010 Assessment, a look at employees' comments in the open-answer section of the assessment. This highlighted to a broad group of leaders in the business the impediments to both cultural and strategic change that existed across Emeco's various workplaces. This also helped a key group of stakeholders in the change process to understand and take accountability for the changes that needed to be implemented.

5. *Managing Yourself in Times of Change* Workshop – This workshop (developed by another Barrett Consultant, Jenny Roberts of performHR) followed directly after the open discussion of the September 2010 results with the top 35 Emeco managers. This interactive workshop provided participants with simple tools to:
  - o Understand the reasons behind why we, as humans, react negatively to situations;
  - o Change how to perceive situations (both personally and professionally) from reactively to proactively; and
  - o Identify what can be done that makes a positive change to the situation.
6. *Empower 2011 Leadership Conference* - In April 2011, a global leadership development conference was held with the top 75 managers from Emeco's Australian, Indonesian and Canadian operations. The purpose of this event was to build relationships between key decision-makers across the business, to open communication lines, and to promote information sharing. The *Empower 2011 Leadership Conference* also sought to build alignment between the company's business and people strategies, and to equip managers with the information and skills required to engage with their teams to communicate these important messages further. This included a step-by-step guide for managers (based on the books *Difficult Conversations* and *Crucial Conversations*) around constructive conversations. The intent being to not dwell on the past but to set clear expectations of future behaviours and, most importantly, gain a *real* commitment to making the change to the required behaviour. This part of the program linked to the Empower values of accountability and integrity.
7. *Empower roadshow 2 & National Rollout of "Managing Self in Times of Change"* - While work on the initial Empower improvement projects continued, in June 2011, a second series of face-to-face Empower workshops were conducted around the business to update all employees on the progress being made and to provide another opportunity for informal, face-to-face communication. The *Managing Self in Times of Change* workshop was also rolled out across Australia to approximately 200 employees at all levels of

the organisation. These workshops were under the banner of Empower and re-enforced once again Emeco's Vision, Mission and Values.

8. *Inductions and Job Descriptions* – Emeco's core values are now part of the global Emeco induction process and included in every employee's position description as well as the annual performance management process.

## OUTCOMES

From a business perspective, Emeco outlined its business strategy and has delivered on commitments made. The company's performance as measured by profitability and returns on capital has improved. There has also been a corresponding increase in Emeco's shareprice (ASX:EHL) and improved dividends to shareholders since the business strategy was announced.

Emeco's safety performance has improved by nearly 40% which can be linked back to the core values of collaboration, accountability, integrity, and continuous improvement. Emeco employees are all accountable for ensuring the safety of their team mates (collaboration) and speaking up (integrity) if there is a hazard or opportunity to make a task more safe (continuous improvement).

Culturally, Keith Gordon has also seen a change as he travels around the business talking to employees.

Keith Gordon said, "Emeco people know that they all have a part to play in the success of our company. I think it's fair to say that more than 12 months down the track, people have seen first-hand that we are investing resources to help them achieve and succeed in their roles, and that we will continually look for ways to make Emeco an even better place to work and great place to stay for a fulfilling career".

In September of 2011, a second Cultural Values Assessment was conducted. 328 employees participated, a 60% increase on the previous year.

Some of the notable outcomes in the 2011 results include:

- Overall entropy dropped from 32% to 24%.
- The entropy in Canada dropped from 27% to 14%.
- The entropy in Indonesia dropped from 33% to 18%.
- In 2010, Emeco's core values appeared among employees' Desired Values, not their top Current Culture values for the business. Several of the core values are now among the top values in the Current Culture. Continuous improvement was first, teamwork was fourth (they see this similar to

collaboration), and accountability was eighth. The strength of these values in the Desired Culture also increased.

The Emeco ELT recognises that these changes are a result of alignment between the company's business and people strategies, and the clear communication of a shared vision.

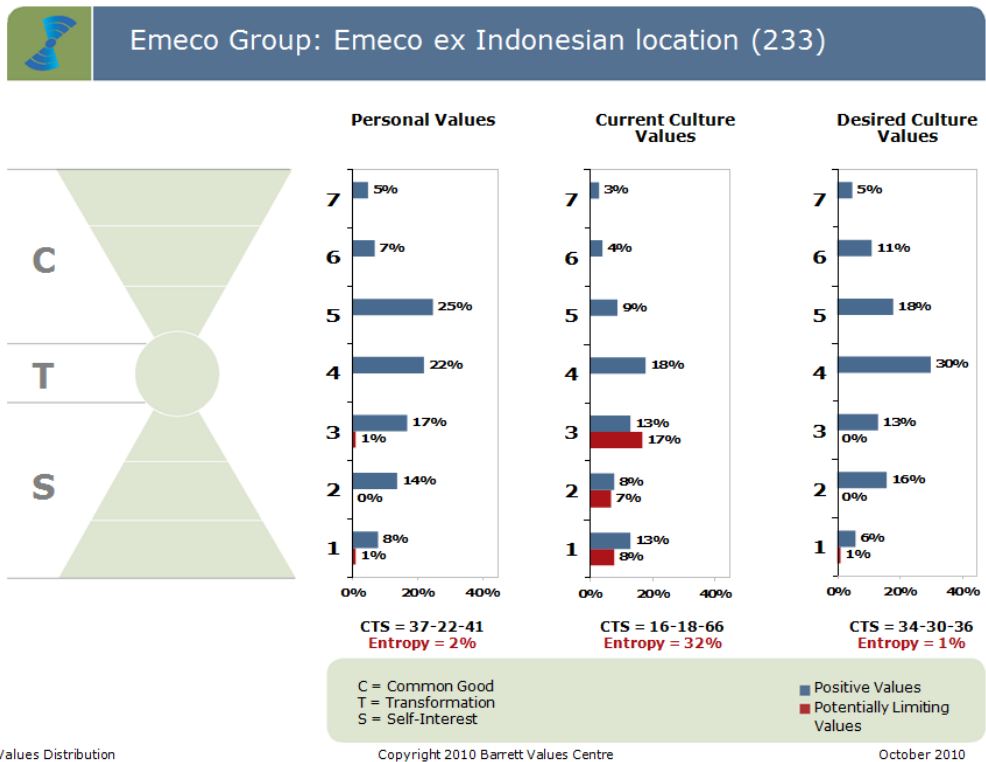
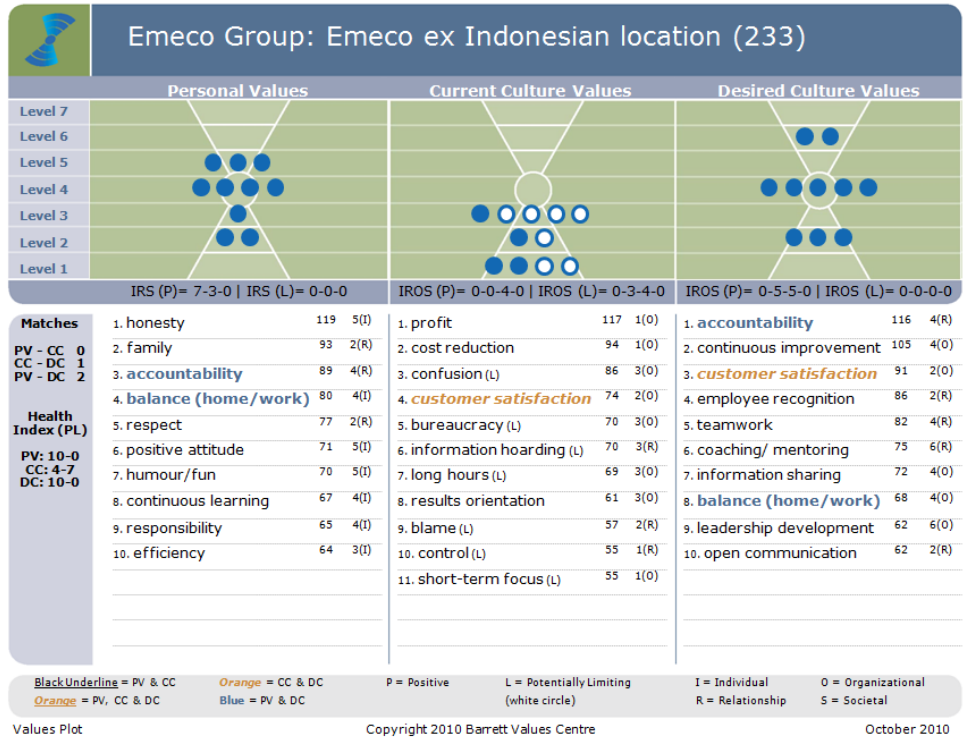
The 2011 results helped to plan the path forward in terms of the people strategy and therefore new priority areas for improvement.

In 2011, Emeco also looked at results based on sub-groups and identified that a particular group of team leaders within the business was feeling strain far greater than other groups of employees. These team leaders work on the front line with five to nine direct reports, and were showing seven potentially limiting values in the Current Culture. Team leaders interact daily with their team members. If they are feeling strain, they are a lead indicator for the company. The Emeco ELT was appreciative that the survey unveiled these issues, and as such, in 2012 has developed another face-to-face workshop programme focused at the team leader level which aims to share the results and invite open discussion around the big issues facing this group. Team leaders are being encouraged to use the difficult conversations process with their managers as well as their teams. Each member of the ELT has also developed personal actions around direct engagement with team leaders within their lines of responsibility.

As Emeco's journey continues, a Leadership Competency Framework that was developed as part of the job description and performance management improvement projects is also now being used to support the development of Emeco's future leaders.

Emeco is truly focused on delivering its Vision, "to contribute to a sustainable and productive mining industry, and to create a great workplace for [its] people and teams."

# EMECO 2010



# EMECO 2011

