

CASE STUDY



Wesfarmers Premier Coal Meeting the Performance Challenge

Background:

Wesfarmers Premier Coal (WPC) is a 3 Mtpa domestic coal supplier for the Western Australian energy and industrial markets. They are part of the Wesfarmers Coal group. Their open cut operations at Collie have been operating since 1990 in a highly unionised workplace.



Forces for Change:

In 2005 the Western Australian government deregulated the energy market. Traditional “take or pay” contracts were phased out and the duopoly coal producers were faced with lower priced gas competition. WPC has secured a long term supply contract from 2010 but at reduced price. To help meet the challenge of reducing costs, WPC commissioned Churchill Capital Consulting to design and implement an organisational transformation to deliver sustainable improvement.

The Churchill Approach:

The staged consulting approach included:

- Evaluating options to achieve the strategic plan.
- Design integrated cultural and systemic framework to deliver sustained change.
- Implementation of new management operating system – checklists, variance process, role clarity.
- Leadership mentoring program and communication plan.
- Audit and measurement of changes.

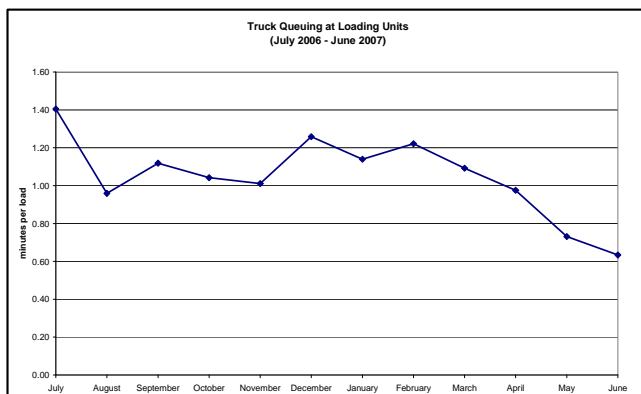
Particular features of the Churchill approach:

- Right start – charters, best internal and consulting team.
- Milestone, KPI tracking and phase sign-off.
- Sustainable change measurement tool.
- Benefits tracked and validated.
- Structured communication strategy for project tracking, employee alignment and issue management.

Results:

- Truck productivity increased 5%, unit cash costs dropped 10.5%.
- Improved performance through variance and frontline KPI management, and planning.
- Business Improvement system delivering project management discipline.
- Increased employee perception of company managing change by 14%.
- Improved leadership and inter-department team relationships.

“The Churchill Consulting approach of integrating both the systemic and cultural change elements at the right pace has delivered immediate results and helped Premier Coal establish a sustainable improvement process.” Patrick Warrand - General Manager



Increased truck productivity by reducing queuing time.

