

How Creating a Sustainable Continuous Improvement Culture Improved EBITDA for a Mining Company 3 to 5% each year for a Decade

Highlights

In 2008, Compass Minerals, one of the world's largest global producers of salt, was searching for ways to offset financial challenges that were a result of the Great Recession. The company undertook development of a continuous improvement process across their facilities to make both operational and cultural changes. This approach was led by an internal team that developed, trained, and executed structured problem solving and lean approaches with the help of outside professional coaching. This effort led to consistent cash savings for ten years.

The Challenges

Compass Minerals International, headquartered in Overland Park, Kansas, is a leading global provider of essential minerals. The company's salt products help keep roadways safe during winter weather and are used in numerous other consumer, industrial, chemical, and agricultural applications. Its plant nutrition products help improve the quality and yield of crops.

Compass Minerals operates 12 production and packaging facilities with nearly 2,000 employees throughout the U.S., Canada, and the U.K.

The company had grown through acquisitions of small companies within the salt sector and largely continued to operate as independent operations into its first few years rather than forge an integrated culture. While the sites had a historic focus on operating costs, they often did not take advantage of improvement ideas from their front-line teams and did not have structured ways of attacking costs.

In 2008, Compass had a need to offset higher costs across the energy, production, maintenance, and labor categories due to impacts from the Great Recession. Based on its history of operating both under a leveraged

buyout and a private equity model prior to becoming a public company, there was limited internal capability to drive additional cost out utilizing operational excellence approaches.

Results

The changes resulted in a ten-year accumulated savings of \$165 million, with resulting yearly EBITDA improvements between 3 and 10% across the effort. Additionally, the approaches built a common culture and language with progress measured each year as part of the assessment process.

The Solution

Compass selected a new outside operational excellence leader to drive the effort to realize annual savings of 3 to 5% within manufacturing and mining operations.

Applying Operational Excellence Techniques and Building a New Culture

The new leader pulled together an internal team to build the baseline process and approach with a high-level kaizen event. Ten team members representing the different operations were integral in this effort. This team assembled a set of foundational tools based on Lean Six Sigma concepts. From these tools, a training program was created that covered basic concepts for all those within the manufacturing function of the organization so that they would have familiarity with approaches and terms to participate in Kaizen improvement events in their work areas. Over time 1500 employees were trained in these techniques. Additional training was provided by those targeted to lead events at sites across the company with approximately 100 trained.

Building an Improvement Backlog and Executing Improvements for the Long Term

In parallel to the training efforts, the organization went through a series of structured brainstorming activities across the enterprise to identify the opportunities for improvements which were prioritized by both potential benefits and technical feasibility. This built a pool of projects to pull from and scale across the enterprise. This was augmented with value stream mapping of key processes.

"Lakehurst Consulting possesses that unique combination of technical and skills strengths in Operational Excellence including Lean, Six Sigma, and Health and Safety and outstanding leadership capabilities. They hold themselves to a high standard of responsibility and accountability. Great to work with and to have on any team!"

Jack Leunig

Former Sr. VP of Operations
Compass Minerals

Once initiated, projects and their progress were tracked monthly. Learnings from each project were shared within a newly established operational excellence network of leaders representing all the sites in the enterprise. Coaching, mentoring, and resource sharing were put in place to leverage organizational strengths.

The enterprise developed standard best practices and built an assessment program that included cross functional visits. Maturity scores were tracked with ongoing actions for continued improvement year over year.

The Results

The team's approach allowed for sustainable year-over-year cost reduction savings and success in offsetting the impacts of the 2008 Great Recession which drove creation of the program.

\$165 Million

In accumulated savings over the ten-year life of the program

1500

Employees trained in continuous improvement techniques over the duration of the effort with continued impacts in problem solving, meeting management, and workplace organization

100

Leaders trained in facilitating improvement events and enhanced team leadership, contributing to an improved culture at the company

3 to 5%

Annual savings in operating costs from the mining and manufacturing facilities in the company with several years exceeding those totals that directly improved EBITDA

The Impact

These techniques, now the standard processes employed by Lakehurst Consulting, LLC, for large transformational client engagements, enabled Compass Minerals to weather the economic storm of 2008, to ride out cash flow challenges presented by several large capital investments happening concurrently, and to establish a continuous improvement culture across 14 sites in 3 countries.

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