



Case Study 2

Business Goals and Strategies

- Increase overall effectiveness
 - People busy but estimate 40% of time spent on activities not creating value for business or stakeholders. Quantified impact on value chain.
 - Continually missing improvement opportunities as a result
- Major cost reduction objectives
- New business system introduced to increase overall effectiveness (see following slide)
- Require fundamental change in culture, work structures and the way performance is valued
- Integrated strategy developed with Aequus support. Aequus systems adopted to promote and support change

New Business System

- Why:
 - World-class assets and technology but manufacturing excellence lags
 - Many useful tools but not fully aligned. No systematic deployment
- Overarching Principles:
 - People linchpin the system. Customer Focus. Eliminate waste. Make to use
- Specific Objectives:
 - An injury free work place
 - Clear customer/supplier relationships and connections
 - Rapid problem solving of issues hindering or stopping routine work
 - More reliable and less variable operation through standardisation
 - Continuous improvement
 - More effective use of people's time
 - More meaningful jobs

Change Drivers: Innovation & Cost Reduction

Aligning roles and pay with manufacturing strategy

New Organization Structures

- Efficient manufacturing organization structure (functions & layers).
Reduce numbers
- Support implementation of continuous improvement
- Clarify interrelationship of accountabilities between roles and levels

Redefined Roles

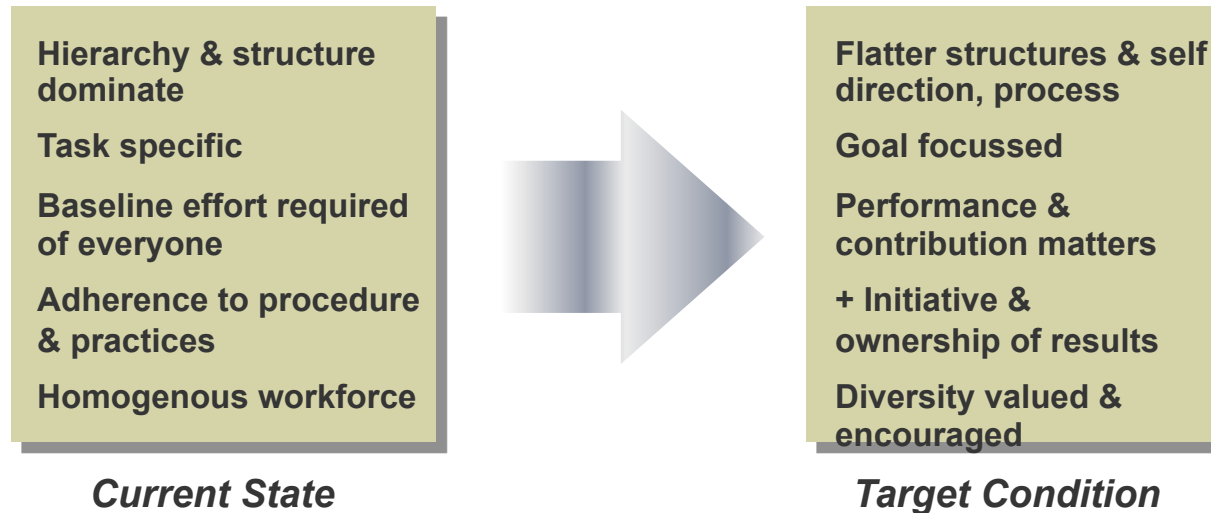
- Ownership of results and initiative
- More responsibility (tagging, problem solving, coaching, etc)
- New leadership roles for senior operators and trades
- New development streams and career paths

New system

- Demonstrate links between roles, work practices and standards, improved contribution and pay
- Recognize and reward actual differences between roles (e.g. old vs new) to encourage people to take on new responsibilities
- Participative process, not expert driven. Fair & equitable.

Organisational Objectives

Fundamental change in practices, behaviours & standards to achieve target condition



Three predominant organisational objectives emerged from interviews & focus groups:

- **Standards & clear outputs** to judge whether people have achieved what they are supposed to. People at all levels need to be accountable for standards and practices. Complementary and requisite motivational drives.
- **Initiative & change in work behaviours.** People's behaviour itself needs to be driven from their own motivation in order to effect the change in work practice - Changing the way people think about work and their role, and what that means at each level of work.
- **Engagement - continuous change in work practices** to achieve continuous improvement of 'standardized work'. Clarity needed at each level of work - Each level to be accountable for practice and self-monitoring.

Sample Work Definitions

Level	Ownership	Organization & Planning	Standards & Systems	Customer Focus	Innovation & Continuous Improvement
T3	Ownership of project outcomes or work results extends beyond immediate area even when not directly responsible for overall deployment or process	Plans own activities and coordinates with others to achieve results on a day-to-day basis	Helps and coaches others with problems carrying out standardized operational or technical support work	Considers the consequences for other areas or teams before committing to a decision	With others, identifies, evaluates and develops opportunities to introduce innovative or more efficient methods or processes
T4	Ensures achievement of operational or technical support results in own area, proactively managing process hand-offs between own activity and other areas	Works according to daily plans with discretion to vary activities according to changing priorities during the day or shift	Carries out standardized work in an operational or technical support area and exercises significant judgment in non-standard situations	In making operational or technical support decisions, considers what is best for the area or others including upstream/downstream	Identifies and recommends innovations to improve work methods, equipment and the workplace environment
T5	Takes initiative, responsibility and ownership for routine operational or technical support work. Self-tests own work against standards	Organizes own work without constant or frequent supervision and follows detailed instructions which specify work to be done	Learns and applies Alcoa's standards, work instructions and systems immediately relevant to assigned work	Contributes as a core member of an operational or technical team, raising issues when they may potentially effect the work of the team or others	Recognizes waste and reports or logs problems using ABS procedures and implements improvements by adapting own work to required changes

Outcomes

Alignment of role definition and pay with manufacturing strategy

- Reinforces work outputs and mutual expectations across operations and maintenance.
- Supports change drivers: innovation; cost reduction; ownership of work; initiative; continuous improvement.

Transparent system for valuing work

- Understandable process. Not dependent on expert interpretation.
- Helps workforce to understand how important elements of their own jobs drive performance. Link to required business outcomes.
- Participative process involving all stakeholders.

Integration across sites

- Provides a common system across all operations.
- Promotes & supports one culture.