



## CASE STUDY

### **Building New Mythologies:**

*Organisational Development  
Strategy in Pacific Coal*

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## BUILDING NEW MYTHOLOGIES: Organisational Development Strategy in Pacific Coal

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# INTRODUCTION

This case study deals with the application of systems leadership (SL) modelling across a period of some six years in a dynamic industrialised environment. The commentary is by necessity broad as the organisation discussed has used the models to focus their organisational development direction and improve their capacity to deliver bottom-line results across all of that time. Many specific individual initiatives have been undertaken during that time. However, the best lessons are to be drawn from their use at a strategic level.

# CONTEXT

The organisation is a domestic and international coal supplier based in Australia. It operates three mine sites, which produce a variety of coal products to a variety of markets – both internal and external to Australia. Some of these have been owned for quite some period of time (up to 20 years), while others have been acquired more recently due to the volatility in the coal marketplace.

The Australian coal industry has a history of being strongly unionised and suffering reasonably regular disruptions due to industrial disputation. Whilst this has possibly been more so, in New South Wales, it has also characterised the Queensland coal industry. In particular the trade unions who covered the mining industry were able to operate both authorised and unauthorised systems which allowed them to maintain a great deal of control over the management processes of the industry – for example, recruitment, transfer lists, demarcation practices and overtime allocation systems.

Some six years ago, with a new managing director taking over the business unit (BU), work was commenced on a new organisational development strategy. This was to include a number of specific areas of focus, including regaining the leadership of the business and improving the capability of leaders to interact effectively with their people, in order to move the business forward. At this time there were only two operating sites – one of the results of the increased effectiveness of the business has been the ability to purchase an already operating coal mine to add to the existing suite.

In 1995 the business unit was in a very similar situation to other coal miners in Australia.

Business was characterised by poor working relationships, particularly between people at the shop-floor level and their leadership, as well as extensive barriers to increasing the effectiveness of work practices. Certainly at that time they would have been regarded as internationally uncompetitive in terms of their effectiveness and efficiencies. This was exemplified clearly by the owners of the business, who stated that they would not invest any further capital in the business for new projects (several of which the organisation held leases and prospects over) should the situation not improve.

## ORGANISATIONAL DEVELOPMENT STRATEGY

Based on an analysis of the context outlined above, the managing director and his team put together a development strategy for the business.

This strategy had three main arms:

1. A marketing strategy – to grow the business and deal selectively with clients who would pay a premium for their product.
2. An operating strategy – focused on improving the competitiveness of the businesses' bottom line through the work processes
3. A human relation strategy – focused on improving the effectiveness of the interrelationships between people in delivering the business output.

It is the third of these in which the major contribution of the SLT models can be found.

## Human Relation Strategy

The human relation strategy had three elements in itself:

1. to develop effective managerial leadership;
2. to develop and design HR systems that support managerial leadership and
3. to eliminate counterproductive systems or work practices.

### EFFECTIVE MANAGERIAL LEADERSHIP

This first sub-strategy centred around a series of development programmes for all of the people who had leadership accountabilities in their role.

Initially a five-day leadership programme was run for all people in level V, IV, III and II roles and those in level I roles with leadership accountabilities. These were conducted across a period of some 18 months. This was supported by a series of systems requiring an on-the-job application and measurement.

The purpose of these courses was to make people aware of the SLT models as a framework for analysing the organisational development and business issues and require them to start to integrate their use into their work.

Further to this, scaled-down courses were run at the then-existing two sites for all members of the workforce. These were focused on effective team membership and team process and were co-presented by managers who had attended the initial course. This reinforced their need to both understand models and be able to integrate them into their work (an explanation of same) as well as their need to be able to demonstrate that application. It was also a significant symbol from people that their department manager both made time to attend the courses but also demonstrated the courage to run them.

Similar courses were also run for all people at the corporate office. During this time the third operating site was acquired and courses (in this case five-day) were run coinciding with people's production.

Further to this, from some four years later, a second leadership development programme was conducted for the same group of people as the initial programme. This focused, as will be discussed later, more on leading well in the changed situation rather than attempting to work at identifying and changing the current scenario.

## SYSTEMS DEVELOPMENT AND DESIGN

Particularly whilst the initial leadership programme was being run a considerable amount of organisational resource was involved in examining, designing and re-designing and developing effective human resource and organisational development systems. These systems included role description, context setting and planning, performance effectiveness review and fair treatment systems.

Whilst this work was conducted essentially by individuals from the corporate office, it involved people from all sites in the process.

Those engaged in this work attempted to ensure that the design included aspects that would support the effective use of the models – for example, role description for leadership roles included clear leadership accountabilities and the performance effectiveness review system ensured that those accountabilities were rated along side other accountabilities such as operating outputs, safety and so on.

## COUNTERPRODUCTIVE SYSTEMS AND PRACTICES

Whilst all of the above may well have reaped some benefit had nothing else been done, it was pivotal in really moving the organisation to address all the barriers and blocks to leaders effectively fulfilling their accountabilities. You will recall from before that the trade union leadership actually controlled many of the systems surrounding the leader–team member relationship.

A series of workshops were held at all sites and brought together, to the managing director's team, who analysed all of the reasons why leaders were unable to lead effectively. The specific price of modelling use as a framework was the VARI authorities. The team asked itself 'what currently stops our leaders effectively utilising these authorities?'



The answers, as can be imagined, were a combination of systems, behaviours, custom and practice and other factors; some external to BU and some internal.

A manager within the BU was then asked to work with people analysing each of the barriers identified and developing a series of potential solutions. Recommendations from this process were re-presented to the managing director's team and specific actions were decided on and agreed to address each issue. This led to an organisational development plan of some 47 specific items – some of which are reflected in the first two sections above, which sought to allow leaders within the organisation to effectively apply their capabilities, knowledge and skill to the business of leading.

Another way of stating this is that the first stage of the organisational development plan was focused on regaining the leadership of the business – in other words, to allow leaders to present to their people their capability in that role without artificial barriers to a judgment by their people about their effectiveness.

## THE RESULTS

### Stage 1

Over time, barriers were removed and leaders sought to apply their skills and capabilities to achieving a direct and effective relationship with their people. A review in 1998 suggested that in the mines at the time there were very few artificial work restrictions left. Therefore, costs had reduced and the bottom line had improved. There was markedly improved productivity, reduced absenteeism, reduced manning, an absence of industrial disputation and an increased opportunity for individuals to work to the best of their capabilities.

Major system changes during this time also included being able to offer people the opportunity for individual work arrangements and the introduction of performance review processes for all people within the organisation.



## Stage 2

Having removed the significant barriers to actually managing the business, the organisation felt that it was time to review and revitalise the plan.

The core focus of this was on improving the way people work together rather than attempting to free up the ability to work with people in the business. If you like, stage one had been about re-capturing the ability to manage the business; stage two was about continuing to demonstrate to people within the business that the leadership of the business unit was capable of managing success into the future and was worth following.

Concomitant with this was a greater emphasis on how leaders would be expected to behave in applying themselves to their accountabilities. In this period the organisation developed a set of leadership principles (and team membership principles), which gave people guidelines for the way they should approach and deal with their people in fulfilling their accountabilities.

As mentioned previously, these were integrated with a second leadership development programme in which all people with leadership accountabilities participated.

The four key elements of this Stage 2 of the organisational development strategy were:

1. having a clear picture for all people of the context business goals and strategies;
2. having the right people in the right roles doing the right work;
3. team leaders and team members having clear accountabilities;
4. systems within the business to support the achievement of the employee relations vision.

## Employee Relations Vision

As part of the review of the organisation development strategy, the managing director and his team (with the input from other parts of the business) developed an employee relationship vision, which was used to define the desired future of the working relationships within the business itself.

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That vision is 'outstanding employees working to their capabilities in satisfying roles and contributing willingly towards company goals'.

Subsequently, as a consequence of this, the team was able to define the desired future mythologies that were necessary to sustain this vision – in other words, what mythologies would people within the business hold if that vision had been achieved. This list of mythologies was in terms of how people would see the organisation, their leader, their team and themselves. These mythologies were used to develop a review questionnaire, which could be used to audit progress towards that vision.

## Subsequent Activity

Further activity that has supported the implementation of Stage 2 of the OD plan has included the development of a leadership feedback system where team members provide feedback to their leaders on their perceptions of their performance on a number of aspects. These are focused on the leadership principles, outlined earlier. Further, consideration has been given to another leadership development program as well as specific programs to enhance interpersonal skills based on needs derived through the leadership feedback system.

## SUMMARY

The managing director of the business discussed has taken a very strategic approach to the usage of the models as well as requiring individual leaders to use them. They identified their desired future against where they were and developed a multi-faceted approach focused both on removing barriers to leaders and also on improving skills to take advantage of the opportunities. Where external system changes (for example, government legislation) presented themselves they were able to take advantage of the opportunities because of a clear focus on what they are trying to achieve – the leaders' abilities to demonstrate their effectiveness (or lack of) rather than be hamstrung.

Having achieved significant success the plan was then reviewed and the focus fine-tuned to provide greater alignment in how people should behave in delivering on their accountabilities. Whilst the models have also been applied individually, in this case they have been adapted effectively to the requirements of work at this level of the organisation.