

Business Improvement Case Studies

Business Re-alignment Project for a Major African Mineral Sands Operation

Challenge

The Client turnover of A\$300m was insufficient to cover costs and urgent action was required to significantly improve margins and business performance.

Process

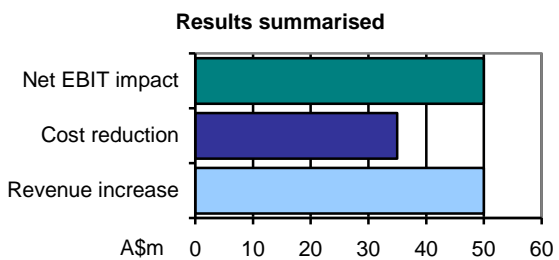
An initial diagnostic review analysed all business areas, providing an understanding of business metrics and cost drivers. An organisational redesign was prepared to provide a model for the optimised business. Aggressive targets were set and a phased improvement programme implemented. Tracking and monitoring systems put in place enabled reporting on the performance improvement.

Client staff were an integral part of the process. Before the project commenced, staff underwent intensive training to help them understand the process, tools and techniques used on this type of project. The added benefit was that staff had ownership of the project outcomes and the actions going forward.

Results

Oyster's Business Improvement Program helped the business achieve a A\$50m p.a. EBIT improvement – a doubling of the original target.

As well as the financial value generated by the project, knowledge transferred to the Client's staff enabled them to continue using the tools and techniques applied in the process to generate further business value long term. The Client's management structure and its business monitoring and reporting system were aligned to the Client's new understanding of its business drivers.



Business Improvement Case Studies

Business Revamp for Western Australian Agricultural Producer with an Annual Turnover of A\$160m

Challenge

The Client faced supply issues and increasing competition resulting in declining profits and poor business performance.

Process

Oyster helped the Client develop a strategy to consolidate its industry, remove supply pressures, improve cost of procurement and allow greater global market competitiveness. Supporting business plans were developed, financing plans drafted and an acquisition took place. Organisational redesign aligned to the new strategy was a key component of the process to improve the business.

Results

The results of Oyster's involvement and facilitation were improved market and competitor positioning leading to a significant improvement in financial performance.

Business Improvement Case Studies

Business Improvement Project for Major Southeast Asian Copper / Gold Mining Company

Challenge

Despite good market conditions, the Management Team was concerned that its cost base was too high to remain profitable should commodity prices fall. They sought a business improvement program to reduce costs, improve service delivery and align operational practices within mining and processing.

Process

An initial business diagnostic was followed by extensive cost and business analysis and target setting. The analyses led to the identification of a range of improvement opportunities, which were evaluated and prioritised. Tracking and monitoring programs were established to ensure that targets were met and business improvement ideas implemented.

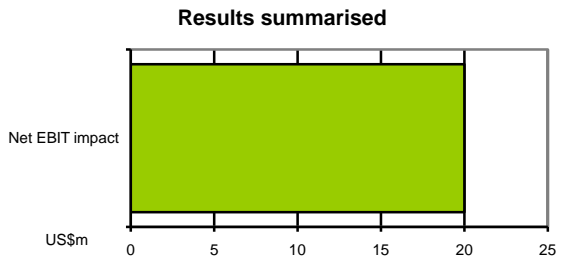
The business improvement program was integrated with other Client programs being pursued concurrently.

Client staff formed a core part of the project team, and training and development of staff in tools and techniques used in the project was carried out at the start of the project.

Results

The Business Improvement Program resulted in a US\$20m p.a. EBIT improvement.

Transfer of knowledge and skills to Client staff was an important benefit to the Client's future success.



"The Oyster Business Improvement Programme has been one of the best I have seen in my mining career"
Managing Director

Business Improvement Case Studies

Business Improvement Project and Contract Review of WA Based Specialist Metals Company

Challenge

The Client was a poorly performing mining company with two distinct business divisions, subject to a recent takeover by a venture capital company. The business had a high cost base and the pre-tax profit for its two divisions were respectively -14% and 3%. This amounted to an overall negative cash flow of A\$20m.

Process

Oyster used in accordance with Client wishes two different approaches for the two divisions:

For Division One, comprehensive analysis and review of major contracts was done. Two options were evaluated: renegotiation of contracts and owner mining.

For Division Two, a more traditional business improvement approach was followed, including detailed business analysis, target setting, idea generation, implementation planning and establishment of tracking and monitoring processes and systems. The involvement of Client staff was a critical success factor, and this was supported by training and development up front.

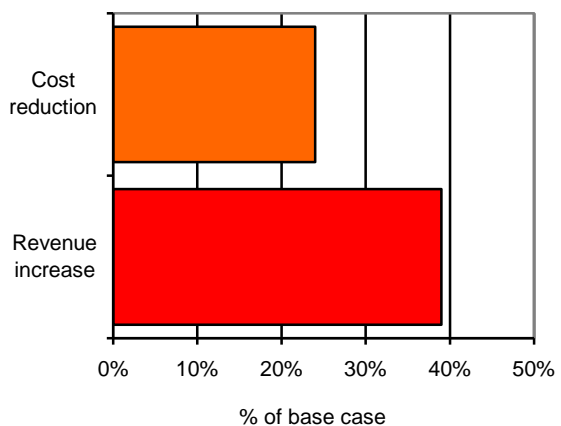
Results

For Division One, cost saving opportunities of 21% under an owner mining scenario or 12% under a “renegotiation” scenario were identified. Renegotiation was pursued against those targets.

Approved ideas from the business improvement project for Division Two amounted to a cost saving of 24% of the base cost. At the same time, revenue initiatives were expected to increase revenue by 39%. The overall average payback time was 9 months. Some ideas have already been implemented. Plans exist to realise the rest of the savings and revenue ideas.

Client staff gained invaluable experience from being heavily involved in the process. The transfer of knowledge and capability will help the Client manage its business better in the future.

Results summarised (Division Two)



“The results generated from the Business Improvement Program has helped turn a volatile future around and through stronger financial performance positioned the Client to deliver better results for shareholder” Oyster Project Facilitator