

Bede Boyle Advisory Board Member
Renoir Consulting (Australia) Pty Limited

Renoir – Portman Case-study

Maximizing Profits from Existing Operations





AGENDA

1. Renoir:

- Background**
- Approach**
- Outcomes**

2. Portman/ARG (Queensland Rail) /WestNet: Case – study

- Situation**
- Analysis Findings**
- Project Approach**
- Results**

3. Finally: a thought to leave you with



RENOIR: BACKGROUND

1. Founded in 1994 in UK, operates globally out of offices in Europe, North America, Middle East, Russia, India, China, South-East Asia, Australasia.
2. One of the world's fastest growing consultancies
3. Clients include: **BP Indonesia, Permata Bank, Texmaco Indonesia, Unocal Indonesia, Shell Malaysia, Exxon Mobil Malaysia, Tenaga Nasional Malaysia, Penang Port Malaysia, Petronas Malaysia, Chevron, BHP Billiton, Saudi Aramco, Barclays Bank, Tata Steel, Total, Unilever, Coca Cola, Siemens, General Dynamics,**.
3. Over 200 consultants



RENOIR: APPROACH

1. Conventional consultants write long reports, full of recommendations – leaving the client with the most difficult part – the implementation.
2. Renoir: no long reports, no mere “advice”. **Renoir is quite simply a performance improvement implementation specialist.**
3. We work with our clients, at all levels, to deliver substantial sustainable self-funding performance improvements (committed financial deliverables: \$\$m per annum) – **often productivity improvements of 20/30% - for a fixed fee, in months rather than years.**
4. 3-step process: Analysis, Implementation, and After-care (to lock in sustainability)
5. Implementation methodology is “bottom-up” to harness the knowledge and experience available at all levels, to obtain much larger change, and to ensure sustainability of results.



Portman/ARG (Queensland Rail)/WestNet Case-Study SITUATION: mid-2007

- 1. Portman Iron Ore: Australia's 3rd largest miner of iron ore**
- 2. Increasing global demand for iron ore, new CEO, identified "bottleneck" was logistics chain: getting the ore from loading point, through multi-user 650km rail system, and unloading at the port of Esperance in Western Australia.**
- 3. 3 main parties involved: Portman, ARG (the rail haulier), and WestNet (the rail - track owner).**
- 4. "blame" culture existed: each participant with own conflicting version of what was happening.**
- 5. Persuaded 3 parties to participate in a 3-week Renoir-conducted "root-cause-analysis" of "lost-tonnage"**
- 6. All participants had something to gain: revenue for each party based on tonnage.**



Portman/ARG (Queensland Rail)/WestNet Case Study ANALYSIS FINDINGS

1. 3 parties - relying on different information – pulling in different directions
2. Need for common base of information
3. 3 major areas of “lost tonnage”:
 - A. Loading/Unloading
 - B. Train management/compliance
 - C. Maintenance/reliability of equipment
4. **Potential for sustainable increase in throughput of at least 5%, without any capital expenditure.**
5. Good financial case for implementation project.



Portman/ARG (Queensland Rail)/WestNet Case-Study PROJECT APPROACH

- 1. Set up common base of information: open transparent communication.**
- 2. Set up 3 Management Action Teams, addressing 3 key identified areas**
 - A. Mixed teams with participants from 3 organisations.**
 - B. Consultants facilitated them to re-analyze each area, confirm opportunity**
 - C. Then developed implementation plan: they presented to top management**
 - D. They committed to specific operational/financial targets**
 - E. Tremendous "ownership", "commitment", and "buy-in" developed**
- 3. Renoir then assisted top management to pull this together into one integrated implementation programme, with effective project management, measurement, and tracking of results.**
- 4. Implementation then commenced.**



Portman/ARG (Queensland Rail)/WestNet Case-Study OUTCOME

1. Exceeded targets substantially, despite rail re-sleeper exercise throughout project, which reduced effective “capacity” by 16%.
2. **Achieved 8% increase in throughput, without capital expenditure.**
3. All partners substantially benefited financially: total financial improvements in the order of tens of millions of dollars per year.
4. The 3 parties said however that greatest change was the spirit of cooperation which was developed, open-ness of communication, and commitment to their joint success.
5. An interesting quotation from the CEO of ARG (Queensland Rail) re sustainability:

“The greatest compliment I can pay the Renoir team is that when they left ARG nothing changed. The work practices and cultural shifts had become embedded. I feel this is their greatest attribute”. CEO ARG



FINALLY: A THOUGHT TO LEAVE YOU WITH

1. As global commodity markets recover, pressure on infrastructure constraints will resume – we are already seeing this in the Australian export coal industry with ship queue in QLD & NSW back over 120.
2. Massive capital expenditure, of course, is always a potential future solution, but only if the banks will oblige!
3. In the meantime, here is a proven way to squeeze significant sustainable “additional capacity” out of existing infrastructure, at minimal cost, in months rather than years.



Thank You

For more information about Renoir Consulting Group
or a copy of Portman Case-study contact:

Bede Boyle

Advisory Board Member

Renoir Consulting (Australia) Pty Limited

boyle.bede@bigpond.com

+61 (0) 419 213 010