

# The Baganuur experience: change management for productivity growth


**M**ongolia's National Productivity and Development Center (NPDC) has a history of creating demonstration companies. In 2004 it used change management concepts to create a demonstration company in the broad field of performance improvement. The goal was not to showcase specific productivity tools or techniques or to resolve a particular problem, but to achieve sustainable improvements in the performance of an entire organization to achieve its long-term vision.

Baganuur, a coal mine serving central Mongolia, was the focus of an APO/NPDC initiative to change the way it functioned both in terms of what it did and how it did them. Initial orientation sessions were conducted to ensure that all employees appreciated what lay ahead. During the next phase, a shared vision for Baganuur was crafted and a strategy developed by the change management group (CMG) orchestrating the effort. Under a steering council comprised of executives, board members, and union representatives, the CMG developed action plans and breathed life into the strategy. In the final phase, an integrated planning system was developed incorporating a performance measurement system linked to the company's vision and strategy. Fundamentally changing the way an organization functions demands more than implementing a few steps or introducing productivity techniques. Lasting change takes place in the affective domain of feeling and emotion, rather than in the cognitive domain of thinking. Both intellectual and emotional acceptance was necessary; hearts and minds had to be won.

The sociotechnical nature of the exercise was reflected in the project logo symbolizing the tripartite (APO/NPDC/Baganuur) effort, Maslow's ascending levels of human satisfaction, role of all resources (labor, materials, capital), and progress toward the vision. The CMG identified seven key strategic leverage areas (KLAs) and prepared action plans for each. Then task forces composed of more than 150 employees from all levels in Baganuur were formed to carry them out.

Baganuur told its own story to 13 international and 13 local participants in an APO workshop held in Ulaanbaatar, 30 August–2 September. The CMG described the progress of three KLAs epitomizing the project: human resources development and occupational health and safety (HRD), communication, and measurement. The HRD strategy integrated surveys, training, job grading, and targeted introduction of 5S, kaizen suggestion schemes, and quality control circles. The combined impact resulted in noticeable improvements in working conditions, reduced waste, reduced accidents and machine downtime, and raised productivity.

The communication strategy provided timely information to all on changes occurring and results achieved through radio and video presentations, in-house journals, and colorful posters. The CEO was instrumental in calling regular all-hands meetings. The measurement team designed a performance measurement system to track the effects of strategies being implemented, ensuring that progress toward the company vision was really being made.

Success in such a complex project depends on many factors, but perhaps the most important is the commitment of the CEO and company leadership. This was present in Baganuur. It is clear that the project is delivering results as profitability has climbed, costs have fallen, workplaces are cleaner and safer, and motivation is high as the company moves toward its vision of excellence and market supremacy. The danger now lies in imagining that the job is done before the more productive behaviors are deeply embedded in the organizational culture. 

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