

## LESSONS LEARNED IN CHANGE MANAGEMENT - INTERVENTIONS AROUND SYSTEMS, APPLICATIONS, AND ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT WITH A MULTI-NATIONAL MINING ORGANISATION

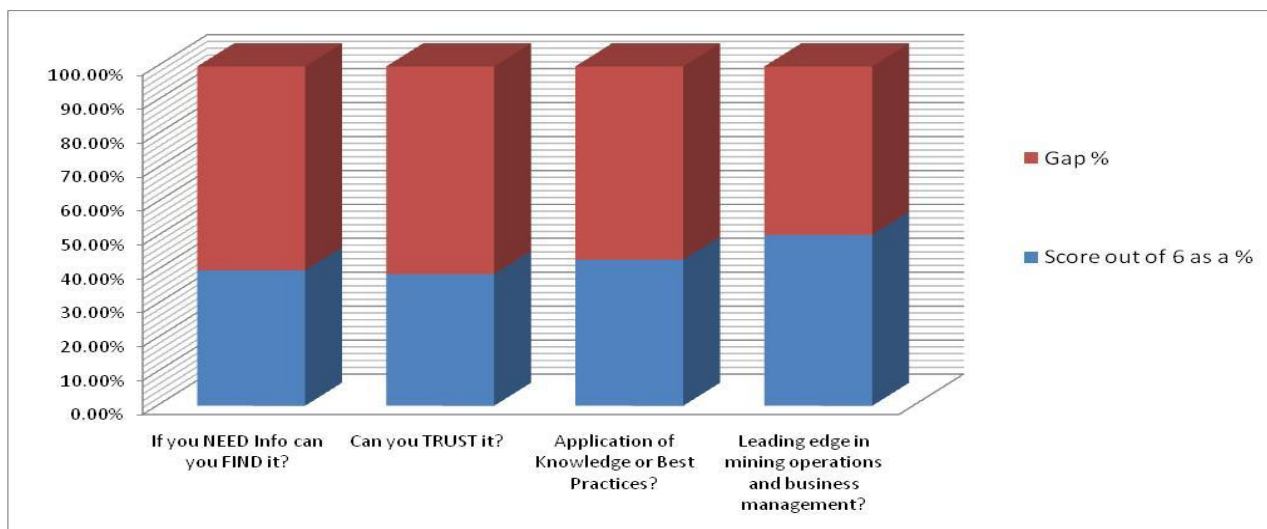
### Background to the Lonmin Engagement

At the time of the engagement, Lonmin was suffering from the negative impact caused by the way the organization manages elements of its structured and unstructured information or content. They launched a number of new strategic applications and initiatives to control this risk and engaged Barnstone to manage the organizational change and communication required to assist in the effective delivery of these interventions. These initiatives include SAP enterprise content and document management modules, a SAP Environment Health and Safety module and the amendment of various company-wide policies and procedures around information management. The cost to date of these initiatives to Lonmin is in excess of R60m.

### Why Lonmin is changing

In our analyses and assessment of the Lonmin environment, including employee willingness and ability to adopt the above changes effectively, we conducted a simple but very telling diagnostic summarised below:

	If you NEED Info can you FIND it?	Can you TRUST it?	Application of Knowledge or Best Practices?	Leading edge in mining operations and business management?
Score out of 6 as a %	39.93%	38.78%	43.02%	50.39%
Gap as a %	60.07%	61.22%	56.98%	49.61%



The above diagnostic painted a picture of an under-controlled information or business knowledge environment but also highlighted a willingness and pull for organisation change from the employees who were polled.\*



## How Barnstone has helped Lonmin to change

The critical element of the Barnstone approach to Change Management is Leadership. Change is Leadership driven and Leadership provides the golden thread in tying together the elements of People, Practices and Environment that makes up the organisation. In our approach we have prompted the Lonmin executive leaders to own and lead the above change management initiatives in their organisation. Through the process of aligning leadership across the business with the planned initiatives, we have engaged the Lonmin organisation and enabled them to change with a minimum impact on organisational performance. Key employees have also been provided with the necessary capability, skills and tools to effectively lead change from within the business. Barnstone has designed and managed this program of change and communication since June 2008 and will continue to do so till the end of October 2009.

## What Barnstone has learned at Lonmin

It is our experience that the real challenge with change management lies not in formulation of strategy but when the implementation going gets tough amongst the human and group organization dynamics. During the Barnstone's involvement on the project from June 2008 to current day, Lonmin has undergone unprecedented business challenges and difficult internal changes. They have cut 7,000 jobs since the onset of the global financial crisis last year, turnover of senior leadership has historically been and continues to be very high and a potentially hostile takeover by Xstrata remains a very real prospect.

With the above-mentioned challenging circumstances in mind, the following top 5 risks to managing proposed change initiatives effectively were re-assessed in June 2009 and are represented in the following qualitative risk analysis matrix:

		Probability and Impact Matrix		
Probability		Impact →		
↑	0.9			0.72 (1)
	0.7		0.14 (5)	0.28 (4) 0.56 (2)
	0.5			0.40 (3)

Potential Risk	Ranking	value
Stakeholder Resistance	1	0.72
Visible and Deliberate Leadership lacking	2	0.56
Shortfall in Resources for Mining GT	3	0.40
Competing Solution	4	0.28
Gap between IT and Business	5	0.14