

Borneo Samudera SDN. BHD

Harvesting the benefits of a change programme



Borneo Samudera SDN. BHD. (BSSB) is the main operating company in the Sawit Kinabalu Group of companies, located in Sabah, Malaysia's largest palm oil producing state.

ANALYSIS

The overall objective of the BSSB Performance Improvement Project was to improve the performance of the company through implementation of revised systems, work methods and processes and to generate sustainable savings in excess of RM 2,866,000 per annum.

The areas of improvement identified during the initial Analysis were:

- Increasing productivity and throughput
- Establishing more effective performance indicators
- Reducing waste levels and improving yields
- Improving the effectiveness of manpower
- Implementing management control systems across all departments
- Developing a more proactive management style
- Empowering management and supervision to take more effective decisions

PROJECT APPROACH

A full time Project team, comprised of 3 Renoir Consultants and 5 BSSB task force employees set about tackling the issues across 8 estates in the Tawau Region of Sabah, for a planned 20 week Project.

The first stage was Renoir's Focus Process™. Working together, BSSB management, employees and task force, under the guidance of Renoir's consultants performed an exhaustive analysis of the business and the potential for improvements. Multi-disciplined estate Management Action Teams (MATs) were formed in each of the 6 estates. The primary objectives were:

- Optimise Productivity, Yields & Throughput
- Achieve adherence to Policies and Standards
- Improve quality and consistency

IMPLEMENTATION

To ensure maximum Productivity, Yields & Throughput, it is critical to ensure that each tree block is worked three times per month by the harvesting teams to pick fruit in a timely manner and collect all fallen fruit. Historically, BSSB harvesting was informally controlled, resulting in excessive losses. This was exacerbated by an ineffective management control and reporting system that failed to capture plan versus actual achievement.

Adherence to Policies and Standards: The long term output, bunch weight and overall performance of any given plantation is significantly impacted by adherence to certain agricultural policies that detail actions required to maintain the estate in good condition. For example, during harvesting

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“Renoir’s methodology helped BSSB achieve considerable operational and financial benefits, and more importantly from many senior managers’ points of view, enabled the organization to change the behavior of its employees, professionalise its staff, and embrace a continuous improvement culture.”

Key Results

Financial benefits of RM 1,719,829 during the short project, well on track to satisfy the annualized commitment

Development of a more professional organization

A results orientated culture

Better management and supervisory skills

THE RENOIR GROUP

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operations, palm fronds should be cut back to a specified length and the cut fronds should be arranged in a specific manner to minimize soil erosion etc. There was a lack of awareness of these policies at the field level resulting in poor adherence.

The Quality of harvested fruit varied considerably between estates and within estates with little or no corrective action taken to address the issue. In addition, there was little understanding of the root cause. As a result there was excessive value loss for the plantation due to poor quality.

To address these issues, a number of major systems and programs were developed and implemented. In support of these changes, a structured training program was devised consisting of 3 half-day modules (systems, balanced scorecards, problem solving, effective meetings, communication, motivation, co-operation, team-work). This was administered to all staff within the estates, including Estate Managers, Assistant Managers, Field Supervisors & Field Assistants. In addition, the modules were conducted with all staff working in the regional office in Tawau. The modules were followed up with 1:1, in the field training as required.

The high level definition of business processes, competencies, goals, and performance measures were then cascaded down through the organisation through the MATs. The Teams underpinned the ownership and behavioral change characteristics that occur during Renoir projects and dramatically improve communication. A steering group, comprised of senior management, received weekly progress reports from the project and the MATs. The task force team was provided with continuous training to assist them in sustaining the improvements they had achieved and to promote continuous improvement, evolution and sustainability of the program.

RESULTS

At the end of the short 20 week project cumulative financial benefits of RM 1,719,829 had been achieved, and BSSB was on course to receive the fully annualised benefits committed by Renoir. In addition, the following non-financial benefits were achieved:

- The development of a more professional organization prepared for profit orientation
- A results orientated culture, better management and supervisory skills, improved worker moral and motivation
- Improved planning and organizational skills.

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