



WHITEPAPER:

Defining the
challenges of
businesses
servicing the
MINING INDUSTRY

Defining the challenges of businesses servicing the mining industry

Overview

Mining is big business in Australia. But the size and scale of operations in the sector make it complex.

When you're providing support services to mine sites, logistics change daily. So you need to be adaptable. You need clarity on all your business processes – knowledge of the whereabouts of your resources. And the visibility to know you can reallocate and relocate whenever necessary.

There are a number of key challenges facing the mining services industry.

- Resource tracking – workforce differentials, multiple mining sites and a global supply chain make it difficult to monitor project resources.
- Managing labour and operating costs – changing costs of individual projects, mine services and ad hoc programmes mean that accounting is complicated.
- Industry compliance – ensuring that operations comply with strict industry regulations adds a layer of complexity and costs to the business.

Each of these places considerable demands on the workload of mining services management and payroll staff – when they could be focusing instead on being more competitive, increasing their service levels and revenue.

If they're happy and they know it...

As with any business, success in mining services is about more than just winning service contracts. Whether you offer engineering project management, infrastructure solutions, labour hire, catering, maintenance – or any other type of service, it's about providing a consistent level of service throughout the life of the contract.

The difficulty with mining is that it's such a huge industry – serviced by just a handful of players. So when you compete for contracts, you compete for a large slice of the pie. There's much to be gained. But much to be lost too.

To maintain a competitive advantage, you have to be a highly efficient operation – streamlined and technologically advanced, with strong communications, a robust infrastructure and intelligent supply chains.

With the right internal systems in place, you can concentrate your efforts outwards onto your customers. And keeping your customers happy is the key to keeping those long-term contracts rolling in.

But spend too much time trying to sort out your own business logistics, and you risk dropping the ball all together.

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Managing a long distance supply chain

With so many different services spread across multiple mining sites, keeping track of your logistics is a huge challenge.

For one thing, there's the nature of mining projects. From initial scoping through to completion, they tend to be made up of distinct phases – and you've got to be able to map your resources to each. There are distinct time frames too – which frequently run over – and milestones that have to be met.

Then there are the geographic considerations. In Australia alone, mine sites can be thousands of kilometres apart. Trying to juggle your people or equipment across such distances is hugely complicated.

To help schedule and resource projects more accurately, companies will often turn to historical data. Looking back is a useful way of forecasting potential pitfalls. If you can see where projects tend to over run – anticipate where difficulties are likely to lie, based on what happened before – then you can build in contingencies.

But with overly manual, or separate, systems it's very difficult to gain an accurate picture of what went before. Hunting for, and collating, data is hugely time consuming. Even more so if you've got to massage it into something useful.

Managing labour and operating costs

In mining, it's not just your resources that are spread out. Your costs are too – tied up in an array of different channels, from third party agencies and labour, to stock and equipment.

Balancing the books alone puts enough pressure on your accounting staff. When they have to gather their information from different departments, systems and spreadsheets, then there are errors to contend with too.

Disparate systems aren't only an accountant's nightmare either. For company directors and managers, they severely restrict visibility on what's going on in the business as a whole.

You can't know if you're over servicing on a particular project, for example, if your data on man-hours is kept in one place – and your costs are in another. You can't procure resources without knowing that the business can sustain the costs. Worse still, you can't plan future work around start and end dates if you can't see whether you've over-committed.

Choosing the right job costing system

Without systems in place that afford a transparent view of payroll, production and operation statistics, compliance is not achievable either. And when the stringency of regulatory compliance in the mining industry leaves any services company vulnerable to penalties, that's not a position you want to be in.

You need to be able to monitor hours, safety and use of equipment without the possibility of oversight or error. There are other things to consider too, like export controls, the rights of indigenous peoples and land access, planning and development – as well as environmental impact. Mining services companies face numerous taxation laws too.

How can you be expected to stay abreast of all these requirements and remain compliant at every turn if you don't know what's going on in every little corner of your business – and can't guarantee the integrity of your data?

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Investing in new opportunities

There's another side too. Knowing what's going on with your sales, your people or your equipment isn't just about keeping the regulators at bay. Neither is it just about resourcing projects properly. It's about being able to shift your focus from the internal workings of your business, so that you can address new challenges.

And for a company in the mining sector, proving that you're sustainable is one of the biggest. It's also a huge opportunity to expand into new markets and find ways of driving future revenue through innovation, partner development or corporate social responsibility.

But to do this, companies need to shed unnecessary procedures and systems that hinder business efficiency.

Does the solution need to be as complex as the problem?

There are three ways to streamline internal processes.

- Outsource your logistics or accounting requirements to a third party
- Add additional systems to the mix of documents, processes and software already used
- Implement a more flexible solution that integrates with your existing systems

The key when implementing any change to your business is ensuring it doesn't add complexity – at least not without significant benefit.

Outsourcing your accounting, payroll or stock management capabilities will certainly free up your time, while still ensuring you can tap into the data, reports and resource information you need. But outsourcing isn't cheap.

By adding software that meets your needs, you may be able to better organise and manage your supply chain functionality. Automated software may free up time and increase certain business productivity too.

But if you are looking for reliable, real time data on all aspects of your business, only a fully integrated system will give you the transparency you need.

Choosing the right system

So what do you look for in an integrated system?

Clearly, you need a proven solution that offers tangible benefits both in the short term, and over the life of your business. One that not only integrates with your existing processes, but isn't so rigid that it has you looking for a replacement six months down the line. In short, you want a system that grows as you grow.

Any new implementation implies change – but in an industry such as mining, there's little down time. So your new system needs to be implemented with minimal disruption, and it needs to be easy enough to use that it's both effective immediately and doesn't encourage users to revert back to their old way of working.

Above all, you need a solution that is adaptable to the mining services industry – a solution that allows you to:

- track resources allocated to specific mines and projects
- track workforce hours, locations, skills and costs
- determine periods needing additional labour requirements
- report on productivity, costs and areas of compliance
- manage asset data and service availability.

As well as being able to offer a better customer experience, accurate stock knowledge means management can make better-informed business decisions too. At any time, they can see instantly how many orders of a particular product have been placed. They can even see which representative is selling the most.

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And when it comes to reporting to the board on sales figures for the day, they can respond with accurate, real time information.

Information at your fingertips

With concrete business intelligence at your fingertips, you can make decisions with confidence. Manage disparate assets quickly, remotely and effectively. Stay ahead of target dates, compliance and support smart project management. Be proactive.

With the right integrated business management system, you can know your high-workforce periods at the touch of a button, predict resource cost lows and highs. You can schedule services across multiple locations too, and determine where best to allocate your equipment during various project phases.

Plus, with an easy-to-use, multi-user system centred around a single, central database, you can encourage staff to contribute information themselves – wherever they're based. So you reduce pressure on your key departments, remove bottlenecks and speed up the flow of information.

All of which enables you to stay one step ahead of the competition, focused on your customers and positioned to take on the biggest contracts out there.

MYOB Enterprise Solutions: a platform for development

MYOB Enterprise solutions offer flexible, integrated solutions for service-based businesses, giving you control over job costs, payroll, resource planning and business administration.

With additional modules available, MYOB Enterprise Solutions extended range of specialised capabilities allows you to tailor a solution that's perfectly suited to your business – and the needs of your clients.

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