

# Managing activities to achieve results in business processes

[Business](#), [Strategic Management](#)



## **BUSINESS PROCESSES**

The challenge facing business and society in the 21st century is how to use resources more efficiently. Every business large or small needs to consider carefully:

how to reduce its use of energy

How to minimize waste.

The central economic problem is how to match finite resources with unlimited wants. With the demand for resources rising as the world economy grows this is becoming more of a challenge. Leading global companies like Anglo American strive to find new solutions to this problem every day.

Anglo American is one of the world's largest mining companies. Its portfolio of mining businesses spans precious metals and minerals – in which it is a global leader in platinum and diamonds, base metals (copper and nickel) and bulk commodities (iron ore, metallurgical coal and thermal coal). The company's mining operations and extensive pipeline of growth projects are located in southern Africa, South America, Australia, North America and Asia. The purpose of the organization is set out in a mission statement.

' To be the leading global mining company – through the operational excellence of world class assets in the most attractive commodities and a resolute commitment to safe and sustainable mining.'

In 2008 there was a downturn in world economic activity. This resulted from a loss of confidence in the world financial system. The downturn led to a steep fall in commodity prices such as coal, copper and platinum. By late 2009 these prices started to rise again as demand for commodities increased.

## **Sustainability**

Although mining companies are affected by changes in economic activity, mining is a long-term investment business. Firms like Anglo American have to take a long term view of the business. This involves extracting commodities in a sustainable way over a long period of time. The company focuses on those commodities in which it has a favorable position. It concentrates on larger mines where extraction will be possible for many years into the future. It also looks at mining projects where costs can be kept to a minimum but where there are opportunities to expand operations.

There are several issues of sustainability facing Anglo American. Key ones are:

securing energy supplies, such as electricity and resources including water, for the future

Managing emissions to minimize harm.

Anglo American uses large quantities of energy in its operations. It also generates the potential for energy, e. g. by producing coal to generate power

stations. A key aim of the company therefore is to do more with less. It must achieve maximum efficiency with minimum waste.

Anglo American believes that by operating in innovative and socially responsible ways it can do things better than its rivals. Doing things better in business is referred to as competitive advantage. Social responsibilities are those duties to all the stakeholders of a business, not just the shareholders. Embedded within social responsibility is the concept of sustainable development. Sustainable development involves using resources so that:

resources are available to meet the needs of people now

resources can be available to future generations

The needs of the natural environment are respected.

### **Mission statement of the Anglo American Chairman's Fund**

To be the leading corporate donor in South Africa, through growing an informed understanding of the country's developmental challenges, to apply the resources at its disposal to maximum effect in supporting and adding value to practical interventions, creating new opportunity and addressing urgent social needs.

Corporate social investment (CSI) is an integral part of Anglo American South Africa's business. It strives to strengthen the economy and better the lives of disadvantaged communities through projects that lead to infrastructural development, enhanced health and education, improved quality of life and a balanced ecosystem.

The Anglo American Chairman's Fund supports projects throughout South Africa and these are grouped in a programmatic approach to ensure higher impact for beneficiaries and optimal use of resources.

## **TASK 2**

### OPERATIONAL PLANS

#### **Aims and objectives**

Businesses need to have clear aims to work towards. Aims are the long term intentions of a business. They provide a focus for its activities. Anglo American's aims are clearly set out in its mission. The aims involve a triple bottom line. Anglo American's 'triple bottom line' measures its economic, social and environmental performance. Anglo American seeks to balance the triple bottom line across all its activities – projects and operations. This would translate into:

making a profit for shareholders

providing returns to society by providing jobs or showing responsibility in international, national and local communities

Minimizing any negative effects on the natural environment.

Every business needs to break down its broad aims into more specific objectives. Objectives are the medium-term 'stepping stones' that help a business achieve its aims. For Anglo American, these include:

## SMART objectives

**Businesses need to set out their objectives in ways that are clear and easy to measure. Using SMART objectives makes it easy to assess whether targets have been met.**

Specific - relating to clearly identifiable targets, for example, to be the 'partner of choice' for governments.

Measurable - set out in ways that can be measured. Examples include cost reductions, waste reductions or energy efficiency targets.

Achievable - objectives should not involve unrealistic targets. They should not be set too low either. Anglo American believes that making cost savings of \$1 billion by 2011 is an ambitious yet achievable target.

Relevant - the objectives should relate to key business or corporate aims. For Anglo American this means using resources more sustainably.

Time-framed - giving a clear deadline or end point by which the objective needs to have been achieved.

## TASK 3

### QUALITY SYSTEM

A number of factors affect the research and development process. Cost is perhaps the most influential factor. Research does not come cheaply; introducing new technologies is expensive. Investment may be needed for a long time before introduction. It is important that there is a return on

investment from the new products or processes once they are launched in order to justify the expenditure on research and development.

Changing technologies are another influence upon product or process development. They provide Anglo American with a different way of meeting the needs of its customers. Changing technologies also have a long-term influence upon planning. Such developments may lead to new processes and the sharing of technologies through technology transfer across the Group. For example, the design and development of a new electro-hydraulic rig has reduced the time needed to drill mine shafts. New developments in conserving and recycling water have made it possible for Anglo American to mine in arid regions of Africa and Australia.

It is also important that primary sector organizations develop their businesses responsibly. Anglo American's business depends on it extracting raw materials from the earth. Anglo American takes a clear and positive approach to corporate social responsibility. Sustainable development is built into all its policies, strategies and business practices. For example, the company has developed a Socio Economic Assessment Toolbox. This set of procedures, advice and rules helps to ensure a responsible approach to operating in communities. Every decision is assessed for its economic, social and environmental impacts. This ensures that natural resources will continue to be available for future generations.

## **TASK 4**

### **MANAGE HEALTH AND SAFETY**

Aims and objectives set out the ends that firms are seeking to achieve. A strategy is the medium- to long-term plan by which the aims and objectives are met. Anglo American's strategy is to create ways of working within the company that focus on sustainable development and balancing the triple bottom line.

## **Values**

Anglo American has six guiding values. The values help to create a culture focusing on sustainability. The culture of an organization is the typical pattern of behaviours and beliefs held by its members. The culture affects the attitudes, management styles and decisions made by the staff. An important way in which a firm can shape this culture is by setting out a values statement. This clarifies what the organization believes in. For example, the safety of people is a core value of Anglo American. The goal is that of causing zero harm. Everyone in the organization understands the importance of working to reduce energy use and waste creation.

## **Strategic programs**

In addition, Anglo American has a range of strategic programs designed to develop innovative ways to use new technology. The result is reduced energy use and fewer emissions. Some of the programmes are specific to a particular site. Others work across the organization. Examples of these strategic programs include:

Investing in carbon capture technology. Coal fired power stations generate carbon dioxide emissions. New technology can be used to capture this



carbon before release into the atmosphere. It can then be stored safely, e. g. underground.

Investing in alternative energy such as wind power.

Creating plans and actions for recycling water.

Centralizing the global supply chain. This can cut down journey times and distances that materials travel.

Anglo American's strategy is to protect the environment and minimize the impact of its operations. Anglo American also aims to make a sustainable and positive difference to community development. This involves acting with integrity to build respectful relationship within the societies in which it works.

## **Task 5:**

### IMPROVE ORGANIZATIONAL PERFORMANCE

Anglo American is a multinational organization with a high profile in the primary extractive sector. Because many new mineral deposits are to be found in developing countries, some of which have weak governance, Anglo American recognizes that it must be rigorous in observing local laws, even if they are not always enforced. It has a significant role in supporting good governance initiatives and boosting the opportunities available to the communities associated with its mines.

Anglo American is a global leader in commodities which consumers value such as platinum and diamonds. As a world leading mining company, it

yields good returns for shareholders. However, it recognizes that it has a range of other stakeholders. Employees need good working conditions and fair rewards; local communities require an investment in safe practices that are sensitive to local needs.

Behaving in a socially responsible way is therefore crucial to Anglo American's aims. This is why its values are so important. Placing an emphasis on safety through the goal of zero harm can help Anglo American to win the confidence of many of its stakeholder groups. Concentrating on minimizing environmental impact also signals a respect for nature and local populations.

Through its aims and objectives and in its values and strategic actions, Anglo American is able to demonstrate a commitment to optimizing energy use and minimizing waste production. It aims to create a mindset throughout the company that focuses on sustainable practice. This will win the support of governments, employees, local communities and other stakeholders.