ROLE OF EXTERNAL CONSULTANTS

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SYNOPSIS

The SA mining industry has traditionally done the majority of its own consulting work through the in-house infrastructures of the established mining houses. This is especially true of the technical and capital type projects. Overseas, and especially North American, mining ventures have historically relied much more on external consultants as they could not afford to carry the overhead costs of permanent consultants.

With the sharp increase in black wages starting in the 1970’s, the wage bill of a South African gold mine is typically greater than 50% of the total working costs. The need to thus focus attention on improved labour productivity and to better manage labour resources to purely stay in business created new opportunities for external consultants. The impact of the higher labour costs was further complicated by the advent of black labour Unions in the 1980’s and in the 1990’s the profit margin squeeze was intensified by the depressed mineral prices. To further complicate the task of the Mine Manager high expectations of the new South Africa are held by the majority of the workforce.

These changes have all paved the way for external consultants in the labour management and labour productivity fields. On the technical side the introduction of mechanised T/L equipment in the underground environment on gold and diamond mines has also opened up avenues for external consultants.

The author has over the last 10 years been exposed to external consultants in the various fields and in projects ranging from the short term (1 week) to the long term (18 months) and from technical consultants to consultants in conflict resolution, management systems, labour productivity and performance appraisals.
There is no doubt that external consultants have a role to play in acting as catalysts to initiate change. This is probably the most valuable asset of the external consultant, especially within the conservative SA gold mining industry. I have found the external consultants to be particularly beneficial when acting as impartial facilitators in negotiations / disputes and when bringing new input into the industry. One has to be much more careful when employing an external consultant to act as a catalyst to upgrade current systems and controls to achieve productivity improvements. In many cases the improvements could and should have been implemented by competent and directed management. The problem of continued benefits after the departure of the consultant also arises in this type of use of the consultant. Somehow, the mining industry is often reluctant to listen to their own employees, and it is remarkable how the external consultants are able to focus our attention when we are paying relatively large amounts in regular invoices.

The best results with external consultants are achieved when the need for specific assistance is established and the required skills are not available internally. There is no problem in having an analysis period to investigate the magnitude of the problem and to determine the parameters of the project, but scopes to look for projects and globular projects are not generally rewarding.

The external consultant should have some form of financial commitment to the deliverable and the base measurement plus the final parameters to be measured must be both very clear and separately measurable.