



## CONSOL Energizes Performance with Incentives that Pay

By Gail Snyder

**E**xcellence is difficult to surpass, but more than one path to great performance exists, even in the tough coal-mining business. Jim Latham, general manager at the CONSOL Marine Terminal, admits that in his 20-plus years as a mine superintendent, he and his employees consistently achieved excellence. The problem was he got them there the hard way. “I’ll tell you, there was probably never a more miserable person to work for than me. I managed by fear and intimidation. It was my way or the highway and during that time I saw a lot of good

**Excellence is difficult to surpass, but more than one path to great performance exists...**



people who worked for me leave. They went to other mines; they went to other industries,” he candidly related.

CONSOL Energy began operating its first active coal mine in 1864 and has since grown to produce a significant portion of the nation’s coal-fired power supply. An exporter of high-BTU bituminous thermal coal, as well as metallurgical coal, CONSOL owns and operates some of America’s most productive longwall mining locations and one of the largest export terminals on the Eastern Seaboard. With approximately 1,700 employees at the Pennsylvania Mining Complex, Baltimore Terminal, and Corporate Offices, the company has an annual production capacity of 28.5 million tons.

Even with his self-professed, less-than-cheery management approach, Latham was known for getting results. “I had a very, very successful career as a coal-mine superintendent with world-record production and great safety awards,” he said. “I have a bronze statue in my study at home right now that our coal mine won three times for the best safety performance in the company.” However, along the way something pivotal occurred that resulted in Latham designing a positive, company-wide, behavior-based incentive process currently used by each operation in the organization.

## CHANGING THE SAFETY CULTURE

CONSOL Energy’s operations are based on five core values: Safety, Compliance, Continuous Improvement, Production, and Cost. After a third-party survey of employees, the management team reviewed the survey results and concluded that, “the company needed a revolutionary change in its safety culture.”

While working with the corporate safety group, Latham and other members were approached by the company’s CEO who said that even though safety was doing very well, he felt they had gone as far as they could with the current safety programs. He asked, “What can we do with respect to behavior and decision-making?”

“I was given the charge with a few other individuals to go out and find a consultant we could work with to basically change our culture,” Latham explained. We were already doing well, but we were happy—not satisfied.”

Via a Google search, Latham found Aubrey Daniels International (ADI), a safety leadership consulting firm, and was soon speaking with David Uhl, senior vice president of consulting services. Uhl sent Latham *Safe by Accident?* (by Aubrey Daniels and Judy Agnew), a book about leadership practices that build a sustainable workplace safety culture.

“I just shut the door to my office and about two and a half hours later, I was done. I read the whole book and said, ‘I really like this thought process!’” Latham commented. He was on his way to becoming a changed man . . . or manager. He was so impressed with the book’s concepts that he went to the CEO’s office and recommended it, saying, “I think this is the group we need to go with.” A few weeks later, the CEO approached Latham, told him he read the book, and that he was in agreement. “The thing that

**“The thing that really sold us is that the program itself was not invasive to our business.”**



really sold us is that the program itself was not invasive to our business. There weren't a lot of extra reports or computer programs, and it was a top-down-driven process," said Latham.

## GETTING STARTED

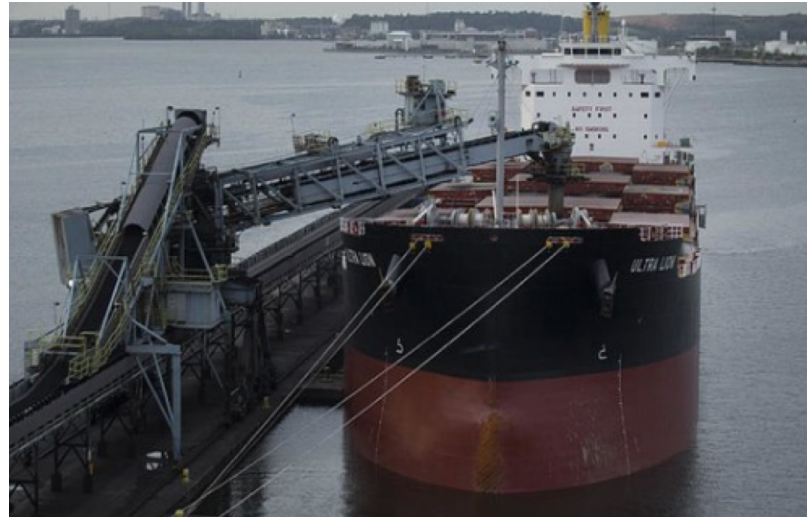
During the next few years through ADI's safety leadership training and coaching process, Latham learned a lot about behavior, recognition, positive reinforcement and feedback. After extensively researching the performance of CONSOL's Pennsylvania mines, he—no longer the my-way-or-the-highway—developed and proposed an incentive plan to his boss, the vice president of human resources. His boss liked the plan and soon Latham also had the general superintendents of mines, vice president of mining operations, and chief operating officer/CEO, on board.

CONSOL's website describes the company's next steps: "Four initiatives were launched that revolutionized the safety performance and culture at CONSOL Energy. These initiatives entailed a world-class training program; incentives and rewards to recognize safe conduct; the decoupling of safety from compliance; and the formation of a team to eliminate unsafe acts. These initiatives are living progressions of continuous improvement."

An initial iteration of the revised incentive program at the mines was a tiered system that was also contingent on strict adherence to safety and compliance. Targeted behaviors regarding achieving production metrics are connected to monetary rewards in the paychecks on a bi-weekly basis.

## TROUBLESHOOTING THE SYSTEM

Latham knew of Dr. Aubrey Daniels' expertise in designing behavior-based incentive systems, so he asked for his input. "I had the opportu-



nity to talk with Aubrey one-on-one about it. CONSOL had difficulty with some of the crews not being able to hit the highest numbers. One of the things I took away from the discussion I had with him was that to make the program work, people have to get a taste of the reward. You definitely want to do better than your average of what you historically had been doing but take a look at your numbers and make sure you don't have them set too high. So, we went back, recalculated, and the program took off," Latham said. "Once the people saw that not only was the program real but that it would pay, and the reinforcement came quickly, it started to pick up traction."

Today, at the mines, with the goals periodically adjusted and regular worker input provided, the incentive program thrives. "Our third core value in the company is continuous improvement and this program just marched right in step with that," Latham said.

## IT'S ADAPTABLE AND...

In his current position at the CONSOL Marine Terminal, Latham introduced the incentive program to a new type of operation. "We don't mine coal in Baltimore; we dump trains and we load vessels. There's a very easily measurable index that's called tons per hour. In other

words, how quickly you dump a train and how quickly you load a vessel,” he explained. And of course, the safe behaviors involved in doing so are part and parcel of the process.

“Following the work with ADI in the mines, when I went to Baltimore and got back into operations, it was a great opportunity to put what I had learned into practice and to utilize those tools and techniques to not only manage the terminal but to develop the people I worked with,” he said.

The CONSOL Marine Terminal in Baltimore is a major transportation hub for receiving coal from U.S. mines and shipping it to various destinations around the world. “The first year I was there, we established a new annual export record. We beat the previous record by nearly two million tons. We’ve had back-to-back

trains and vessels at the terminal. “The interesting thing in both programs was that people had some real apprehension that folks were going to push safety aside. Because they’ve got this incentive program, they were going to take shortcuts,” he said. In response to this concern, Latham and his team built in a series of “gates” that employees who participated in the program had to pass through in order to be eligible. As is the case with the mines, if an employee exception or a safety violation occurs, no one receives a production bonus. Behaviors for all job types, hourly and salaried, are designated so that everyone participates in and is supported by the program.

**“10-15% improvement in loading and dumping rates after the first year.”**

### ...IT WORKS!

“We probably saw anywhere from a 10 to 15 percent improvement in those loading and dumping rates after the first year of this program,” said Latham. The following year, another component—the train kicker—was added to expedite the time between completing dumping of one train and starting the next train. Establishing a goal of a specific target time in order for the award to be earned, the baseline was soon cut nearly in half. “We’ve knocked the time off that process with no impact to safety, no impact to compliance, and no impact to maintenance. And what that meant was we could get more trains through the terminal and we can get more vessels loaded. It just made us a much more reliable, credible asset to the company,” said Latham.

### THE POSITIVES OF FEEDBACK

The results are not only observable, according to Latham, but audible. “The thing that’s really evident at the terminal is the amount of communication,” he explained. “Everyone is



years of record revenue and all of that was done with an absolutely perfect safety and compliance record,” Latham said. All of this and more happened after implementing an incentive program like that of the mines but adapted to the shipping site.

Using the successful framework of the original behaviorally-sound incentive program, Latham set up a similar tiered program for

**The entire program has paid for itself due to the increased productivity and associated cost savings.**

tied in by radio and you can hear the chatter all day long. ‘How are we doing on this train?’ ‘What’s your flow rate?’ They also reinforce the good behaviors. For example, when a supervisor sees that the maintenance crew got rollers

changed quickly, with no impact to starting the next train, you can hear them on the radio. ‘Hey man, I appreciate you doing that!’ That kind of chatter is going on and on and on.”

“The exciting thing to see is how the managers at the terminal are now using this. The positive reinforcement is rampant down there, but the thing I’ve been impressed with is how they’ve used constructive feedback. They don’t destroy a person when there’s a hiccup, but they use it as a learning opportunity. I can tell somebody, ‘You need to do this!’ or instead I can ask, ‘What do you think we need to do differently the next time?’ It gets those people talking and even if you know how you would do it, if you can get them to verbalize an idea, it may be even better than yours. Then look how much stronger the team has become!”

### OWNING UP TO CHANGE

After Latham conceded that for most of his years as a superintendent he was no picnic at the beach to work for, he added, “Fast forward, I went through the Aubrey Daniels International (ADI) behavioral safety program. The thing I took away from working with ADI was to look at any situation as trying to find water in the glass. If there’s any water in the glass, you can build on that.”

When David Uhl of ADI delivered safety leadership training classes at the CONSOL training facility, Latham often made a closing speech. In doing so,

he described his “previous life” as a manager, talking about himself in third person. The impactful talk was soon labeled jokingly by Uhl as the “I Was a \$@%&” speech. A synopsis of the speech, as told by Latham, goes as follows:

*I want to tell you about this mine superintendent. He had world records on his longwalls, excellent production, and really good safety and compliance performance. But that guy was the biggest jerk that ever came down the pike. He ruled with an iron fist; he made a lot of people leave. That guy read this book **Safe by Accident?** and that guy really wished he had read this book about 15 years ago, because his career would have been different.*

*He would have still had the records—the safe mines, the record production—but all those accomplishments could have been even bigger and better because he would have had more people on board to go after those things. The big takeaway is you’re never too old to utilize this stuff. If somebody is doing something that’s not desirable and they’re doing something you don’t like; they’re doing it because they’re getting reinforced for it. If you want them to change, you’re going to have to change something about yourself.*

### TRACKING MEASURABLE IMPROVEMENT

At the mines and at the terminal, the incentives, the feedback, and the reinforcement have





indeed changed the overall culture, even beyond safety. Latham regularly meets with and asks his employees for their input on establishing targets and each Thursday he sends out an electronic update on performance results. A computer program pulls data and uses that data to calibrate the incentive payouts. The entire program has paid for itself due to the increased productivity and associated cost savings. “This didn’t just stay with the coal mines. It went clear across the company. It has made being a manager of operations so much easier

for me and it has been so exciting to watch the growth of the people I work with. I do a lot more asking than telling and, believe me, I was the greatest teller that ever lived,” Latham said.

Even better is that now he regularly receives e-mails and texts from hourly workers and supervisors letting him know about their accomplishments. Latham said, “They say things like, ‘Man we killed the time on that train!’ and ‘I think I averaged 4,600 tons an hour today!’ You know, you get a group of people thinking like that and you can move mountains.”

## [About the Author]

### GAIL SNYDER

Gail Snyder is a staff writer for Aubrey Daniels International. For the past 27 years, she has worked with clients to share their stories of the impact the science of behavior has had on their people and their business. In addition, Gail was the editor of Performance Management Magazine from 1987 to 2004.

---

## [About ADI]

Regardless of your industry or expertise, one thing remains constant; people power your business. Since 1978 Aubrey Daniels International (ADI) has been dedicated to accelerating the business and safety performance of companies worldwide by using positive, practical approaches grounded in the science of behavior and engineered to ensure long-term sustainability. ADI provides clients with the tools and methodologies to help move people toward positive, results-driven accomplishments. Our clients accelerate strategy execution while fostering employee engagement and positive accountability at all levels of their organization.

### CONNECT WITH US

[aubreydaniels.com/stay-connected](http://aubreydaniels.com/stay-connected)

**web:** [aubreydaniels.com](http://aubreydaniels.com)

**blog:** [aubreydanielsblog.com](http://aubreydanielsblog.com)

**twitter:** [twitter.com/aubreydaniels](https://twitter.com/aubreydaniels)

