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ORIX GEOSCIENCE: scaling up EMPLOYEE ENGAGEMENT

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In December 2016, Shastri Ramnath, co-founder and president of Orix Geoscience Inc. (Orix), a Toronto-based geological consulting firm, was reflecting on her decision a year earlier regarding employee engagement and pay strategies. At the time, she had decided to focus on non-financial incentives and organizational culture enhancement, rather than salary increases or financial incentives. At the time, it seemed to have been the right call. But now the industry was set to grow, and the company had to be prepared to scale up even faster.

In late 2015, Orix had established itself beyond its start-up stage while working through the low part of the minerals cycle. In the year since then, the company had grown significantly in revenue and tripled its number of employees. The mineral industry was heading into an upturn, mining companies were moving into a growth phase, and employers were competing for mining talent from a seemingly limited pool. The need to retain employees and keep them engaged for growth and innovation had become compelling. Ramnath said:

I still hold the view that money, per se, cannot retain employees in an organization. My view is somewhat contrary to what our own employees at Orix think. I believe, however, that culture is the currency of employee retention. “The way we do things”—that is the lever that we need to pull to keep the employees engaged. Our dilemma, as we pick up growth momentum at Orix, is two-fold. First, how do we keep developing culture as the strategy of business growth? What are the elements we need to put in place in doing so? Second, how do we execute the compensation and benefits strategy to engage our employees at Orix? What should be our road map?

Ramnath knew she was on track with her personal beliefs. She now had to provide shape and substance to them, develop them into a formal strategy, and implement them as a living and breathing proposition as Orix grew. Should Ramnath continue in the same direction? What else should she be considering for building a great workplace?

MINING INDUSTRY

The mining industry contributed 3.4 per cent to Canada’s gross domestic product in 2015. The industry had revenues of CA$55.5 billion[[1]](#footnote-1) during the year ($24.6 billion in mineral extraction and $30.9 billion in mineral processing and manufacturing) and had generated 563,000 jobs.[[2]](#footnote-2) Many jobs in mineral extraction had been running for generations in individual families. Mining was also Canada’s largest private sector employer of First Nations, with many of those communities located close to exploration properties.

Mining was a high-cost enterprise in which scale and technology were the routes to cost optimization. The skill levels required of employees were high. The industry consistently had the highest wages and salaries among all industrial sectors in Canada.[[3]](#footnote-3)

Canada had several mining clusters, each focusing on a particular output. Newfoundland, for example, had extensive copper and nickel reserves, Ontario mined gold, and Quebec specialized in iron ore. Toronto was the global centre for mining finance. The Toronto Venture Exchange, comprising exploration firms considered too small by asset size to be listed on the flagship Toronto Stock Exchange, had 1,192 mining enterprises listed on it. Many of these were non-Canadian enterprises involved in finding the next sources of mineral deposits.

The industry had three sets of players: those involved in the core activities of metal and mineral extraction, those providing equipment to undertake those activities, and those providing related services. Ontario’s Barrick Gold Corporation (2015 market capitalization average of around US$12 billion) was the dominant Canadian extraction company. Demand in the industry was highly volatile, and the prices of end products—minerals and metals—fluctuated sharply. As a result, revenues and shares of mining companies also tended to be volatile.

The products sector consisted of companies that manufactured products such as excavation equipment, rock drills, tools, rigs winches, and hoists. The services sector consisted of companies who provided anything from basic services, like catering, to high-tech data services for the mining industry. High-specialization companies like Orix often pursued niche positions, leveraging the fact that mining conditions varied widely even within a single geography.

The products and services sectors tended to be conservative, like the mining companies they served. There was a marked reluctance to do things differently from the way they were being done. The customer universe was stable, and new customer acquisition took time since it was driven by existing customer relationships and negotiations on factors other than price, such as delivery schedules, credit terms, and maintenance contracts. Once trust levels were established, customers were more forthcoming with repeat business. Ramnath explained:

A major characteristic of the industry is the alternating phases of growth and slowdown. It shows up in its recruitment policies. Businesses lay off employees during the downturn and scramble to hire them during the upturn. Companies which manage to have a stable roster of employees, through both the highs and the lows, have a competitive advantage when the upturn happens. Getting qualified people is not a struggle for them as they become employers of choice.

ORIX GEOSCIENCE INC.

Orix was an acronym for Organize, Rethink, Interpret, and Explore. The company offered specialized data and interpretation services to clients in the mining industry: field work (supporting drilling programs), compilations (assembling drilling data), digital libraries (organizing logs into digital formats), data entry (uploading data in software programs), database analysis (evaluating data), interpretation and modelling (culling insights from data), and targeting (developing exploration targets).

Orix made mining data actionable for mining companies by unearthing the business potential in a set of data and interpreting its business value. More specifically, its three-dimensional portrayals of data provided the basis for mining companies to design exploration programs, determine the extent of mineral deposits, and position the mining infrastructure. The portrayals could also incorporate environmental safeguards and ensure compliance with regulations. Dave King, vice-president of Exploration and Geoscience at TMAC Resources Inc., who was also an early client of Orix, explained the benefits of Orix’s data services:

Data is key to mining decisions at various levels, but geological data is daunting for its end users. Its sheer volume, variety and veracity are formidable. Orix is very good at extracting data, getting it into formats that are usable and helping interpret it for end users. Their filters pre-empt the not uncommon situation of “garbage in garbage out,” which is bad for mining business. They save time and money for customers like us with their high-quality inference of data.

Orix had a portfolio of both one-off projects (lasting between two and five months) and long-term projects (involving multi-year relationship building). It provided access to its own data storage and data backup facilities for companies that could not afford these services on their own.

The business model of Orix was built around working differently with two types of clients. It worked with small-scale mining companies for an equity stake, and with large-scale mining companies for cash. With this dual approach, Orix could manage the cyclical nature of the mining business. A stake in the equity of a company acquired during a downturn would bring in large returns during an upturn, and at that time the cash accruals could be used for capital investments and financing new growth opportunities. The receivables would take care of the ongoing requirements of working capital for day-to-day operations.

Founding and Growing Orix

Orix was set up in May 2012 by Ramnath and Ashley Kirwan. It was self-funded and fully owned by the duo. Both were professional geologists who had worked together with mining companies in the past. As part of developing a vision statement, they thought of becoming the largest geological consulting firm based on metrics such as revenue, number of clients, and number of employees, as Kirwan explained:

We had some fun playing around with words like “largest” and “biggest,” but they did not resonate with us. We wanted to be the “go to” firm, the leading geological consulting firm of choice for our clients. We wanted to make a positive change in the industry and break boundaries wherever we could. Almost five years down the line, that is still where we want to go.

An opportunity for making a difference surfaced on its own, right at the beginning. Although the founders had no intention of specifically hiring women, Orix had a majority of women employees on its payroll, at one time as much as 75 per cent. The percentage had stabilized at 50 by 2016, which was still an anomaly in the industry. Making a difference had also evolved by then into a personal mission for Ramnath. She wanted to make mining “normal” for women. Kirwan spoke about how she and Ramnath worked together:

Shastri and I had different perspectives on the initial business model. I believed that cash was king. I was risk-averse and conservative, despite, or perhaps because of being a millennial. Shastri is 10 years older than me and was looking long term. In a role reversal of sorts, I was playing the devil’s advocate while she was the adventurer. We reconciled and settled for a business model that was a combination of low risk [comprising cash-paying clients with an established track record] and high risk [comprising equity-providing clients with a promising future].

Shastri Ramnath

Ramnath’s entrepreneurial instincts could be traced to her childhood in the province of Manitoba. As the daughter of an immigrant father from Trinidad and Tobago and a Mennonite mother, she grew up helping her family in its forays into small-business ventures of owning rental income properties.

After graduating with a degree in geology from the University of Manitoba in 1999, Ramnath joined Falconbridge Limited, a Toronto-based mining company, as an associate geologist. She also enrolled in a master’s program in geology at Rhodes University in South Africa, which she completed in 2001. At Falconbridge Limited, she worked in several remote locations in Manitoba and Nunavut. In August 2002, she joined Sudbury-based FNX Mining Company Inc. (FNX) where, as an area geologist (Special Projects), she worked on field projects in Chile and West Africa. She spent eight years with FNX as a member of its exploration and resource team.

Always wanting to learn more, Ramnath began an online master of business administration program in 2010. During a session on entrepreneurial and visionary thinking, Ramnath realized it was time to start her own business. She quit her job at FNX while still putting together a client list. When she approached Bridgeport Ventures Inc. (Bridgeport) to offer her geological services, the potential client made a counter-offer she was hardly expecting, and one she could not refuse: a job as the president and chief executive officer (CEO) of Bridgeport, a publicly traded company with mineral exploration projects in Chile and the United States. She put the thoughts of starting Orix on hold until 2012, when she left Bridgeport following the company’s merger with a gold royalty company. By that point, she had been working with Kirwan for five years.

The mining industry was in a downturn in 2012 and the time was not conducive for start-ups, but Ramnath and Kirwan forged ahead. Orix started in a Toronto office with three full-time employees. Within four months, nine people were working there. “It was as though we were sending energy out there that attracted good people,” Ramnath recalled. By Christmas, Orix had opened a second office, in Sudbury. This was the first indication that the business model was working.

By December 2015, the company had established itself beyond its start-up stage while working through the low part of the minerals cycle. It had just over $2.5 million in revenue and 23 employees (see Exhibit 1). By December 2016, the company had grown to just over $3.0 million in revenue, and the number of employees had risen to 36. Ramnath had attracted good people, and exits were much lower than the industry average. There were many things to celebrate, but Ramnath was focused on the future and maintaining momentum.

AN UNCONVENTIONAL ORGANIZATION

Ramnath and Kirwan did not run Orix following conventions in the mining services sector. Ramnath, in particular, strongly believed that high performance in a specialized technology company would result from high levels of employee engagement and commitment to the company, which would not come from a traditional way of organizing. For example, rather than hierarchy, strict job descriptions, and precision-calculated bonus schemes, she wanted a flat organization, fluid roles, and non-monetary intrinsic incentives.

The O-Code

The Orix founders developed a code of conduct known as the O-Code (see Exhibit 2). It was a combination of 10 behaviours and skill sets that provided the benchmark for employee selection and guidance. “The O-Code sets the standard,” said Dan Piotrowski, human resources (HR) generalist, “for project leads in assessing employee performance and for individual employees in ascertaining the boundaries beyond which they will not go.” It also served as the value system for the company and a binding force that gave Orix employees a common purpose.

Orix had a practice of taking its full complement of employees on a three-day leadership retreat to an exotic place every year. One of the main objectives of the annual retreat was to re-examine and renew the O-Code. Everyone was encouraged to express their reservations with it so that matters of detail could be fine-tuned for any new situations or experiences. The retreat experience served to renew the power of the O-Code as a unifying source of engagement.

Recruiting New Employees

Recruitments at Orix were often unconventional. Michaela Kuuskman, for example, was recruited in January 2014 as a geologist through a process of “secondment.” She had been working with Transition Metals Corp. (Transition), a junior exploration company located next to the Orix office in Sudbury. Transition was going through a difficult phase at the time, and Ramnath asked the company to second Kuuskman for three months. Kuuskman would be on the rolls of Transition without pay (in order to maintain her benefits), but would work for and be compensated by Orix. “It worked out well and I signed up at the end of three months with Orix full time,” said Kuuskman, who later relocated to Orix’s Toronto office.

Opportunistic recruitment was also common at Orix. One of the senior managers, for example, had come across a person with unique skill sets in Python coding that was relevant to large data sets. The senior manager believed this person would be a good fit for future requirements. Orix did not need the talent right away, but Ramnath and Kirwan believed he had an energy that fit with the organization and so signed him up and created a customized role for him.

Work Systems

The founders wanted to ensure that employees were all performing at their potential, and even exceeding their potential. High levels of productivity would be paramount to survival in a competitive environment. Everyone at Orix had more than enough work to do, and people often felt overloaded with assignments. However, everyone was free to prioritize their work according to the way they worked best, without compromising on milestones and deliverables. It was expected that they would be driven and passionate about what they did, and the organization would provide the support.

The company’s geologists were mostly on site on field projects. They stayed connected with the leadership team at the head office in Toronto through weekly conference calls every Monday at 10:00 a.m., lasting about an hour. Ramnath ensured that everybody knew what everyone else was doing.

Peer review was a big part of the geologists’ roles. Every deliverable was peer-reviewed before being submitted to a client, to verify the quality of deliverables. This meant that everyone’s work, including that of the CEO, was checked by someone else. Peer review focused on a particular output, not on the quality of the individual doing the work. Peer review was also an important company communication platform—it created a routine of conversations about the different projects, with geologists learning from each other.

Compensation and Non-monetary Incentives

Orix did not have a standard framework of compensation, with the upfront specification and negotiation of a bonus or a selection of benefits from a predetermined suite, as Kirwan explained:

We look at compensation in terms of a base line compensation and total compensation. The base line compensation is monetary. It has four components: basic salary, vacation pay, registered savings plans, and health benefits. We are on par with the industry average on each of them. We may not be paying more but we will surely not be below the industry average with baseline compensation.

The rest of total compensation—monetary or non-monetary—was customized to individual needs and value. It was negotiable as far as the employee was concerned, and discretionary as far as the founders were concerned. An employee who was contributing a lot to the firm and wanted something specific from it could negotiate for that benefit. The founders would do their best to provide what was asked, often with modifications. Inevitably, some employees got more total compensation and some less. Ramnath found, however, that people generally knew their individual capabilities and contributions within the context of their team, as well as those of others. They were also aware of the competencies that they alone could provide and, hence, their relative value. The onus was on the individual employee to demonstrate that value and to ask to be compensated accordingly. Employees were encouraged to ask, and over time they became comfortable with speaking up. Ramnath said:

Every employee has different needs. Someone with a child wants to work four days a week. We give her a four-day-week schedule to accommodate her need. Another wants to travel a lot. So, we say, “You know what? We will work it out so you can go away for four weeks this year.” Another person loves to do field work and we fit the role around it. We don’t say what every person should do. They tell us what they want and we will find a way of giving it to them.

One employee wanted the company to reimburse him the fee for a course he was keen on taking. The course was unrelated to geology, but Ramnath made a deal with him: “We will split the course fee of $3,500 with you 50–50. We will pay $1,750 but you don’t have to pay your share upfront. We will recover it in monthly instalments of $100 from your salary over the next year and half.” Another wanted to take six weeks off for a vacation she had been planning well before joining Orix. Ramnath said yes, but the approval was conditional on going without pay and the understanding that this would not be a regular request.

Financing post-secondary education for employees was a priority for Ramnath. Within a year of joining the Sudbury location as office coordinator, Frances MacVeigh began to show an interest in doing an online executive MBA course. She had previously worked in the mining industry in Mexico, where she had also set up a small mining services business. “When I suggested the idea of an MBA to Shastri,” said MacVeigh, “she not only encouraged me but was open to funding the course, which would cost $35,000.” MacVeigh was looking forward to working for Orix in Mexico when it opened an office there some time in the future.

Child care was another benefit with which Orix was liberal. During early 2016, six employees, including Ramnath, were pregnant at about the same time at Orix. After the babies arrived, the parents would often bring them to the office for meetings—some of the children were sick, some playful, and some bawling. But everyone was comfortable with the ambience. “It was seamless,” recalled one of the parents. “I did not know where my role as a nursing mother ended and where my role as a geologist began.”

Leadership training was also a priority benefit. Retreats lasting three to four days had become annual events for everyone with six months or more at Orix. These retreats integrated collective introspection over the future of Orix, as well as discussions around the specifics of the business itself. The event also involved fun activities aimed at strengthening employees’ bonds—with one another and with the company. Individual geologists spoke at the retreats of the personal dilemmas they faced in practising leadership attributes like honesty and openness. The retreats were very interactive, rather than promoting one-way communication. “Orix puts a lot of effort into leadership development initiatives,” said King. “It is unusual for an organization of its size. I have seen that level of commitment only in large companies.”

Charity was also encouraged. One of the employees happened to mention that her friends were doing work in Africa and that she was thinking of contributing $1,000 to supplement their effort. Orix volunteered to pay that amount.

Shaping the Culture

Ramnath reflected on the type of organizational environment she was striving to build:

I am, by nature, passionate about things I do. But I also want to enjoy people I work with just as I want them to enjoy working with me. I remember once, at a company I was working for, when my boss was away at a mining conference and his wife fell sick, she called me for help. I stayed in their house for two nights and took care of the kids. That is me. I have seen companies struggle with finding the balance between task orientation and people orientation. I have seen managers struggle with finding the balance. It was important for me, as we started building the start-up, that Orix and its people find that balance.

Since individuals differed from one another in their needs and their motivations, Ramnath was sure that a cookie-cutter approach would not work to keep and engage staff. She thought it best to customize the package to each individual employee, in the ways the company had been supporting for the last few years.

Orix conducted an Employee Preference Survey in December 2015. The internal survey had asked employees to rate their preferences for benefits and rewards across a range of five variables: salary increase, pension plan, vacation, training, and daycare subsidy. Salary increase had ranked the highest, with 65 per cent of employees ranking it as their number one preference and stating categorically that take-home pay was the most important consideration for them. Pension plan had secured second billing, followed by training, vacation, and then daycare subsidy.

Ramnath had gone against the surveyed preferences of her staff, deciding to provide non-financial rewards and to focus on organizational culture, while keeping salaries on par with the industry average. It was not an obvious decision, but Ramnath took the risk because she wanted to build an organization that people were excited to belong to—one that led them to be active, engaged, and innovative in their work.

A recent experience had reinforced Ramnath’s belief in her approach. She had taken her full complement of employees to a leadership retreat in Cuba in September, 2016. The three-day event carried a price tag of $100,000 for the company. Earlier on, Ramnath had considered distributing the amount as bonuses to the employees, based on the results of the preference survey. Her conviction in the current approach had compelled her to spend the money on the retreat in Cuba. A few weeks later, she heard from someone within her industry network that one of her senior managers had spurned an overture from a competitor on those very grounds. “You mean, you don’t have annual retreats?” the manager had asked as she walked away from the poacher.

the WAY FORWARD FOR ORIX

Ramnath was keen on stepping down as president to focus on strategic issues of growth, making way for Kirwan to replace her. The duo was also in the process of selecting future leaders from among the company’s core team of geologists. They had identified 10 geologists as team leads who would be moving into positions of increasing responsibility. It would be difficult for the founders, Ramnath in particular, to be personally involved in future leadership selection decisions, as Orix would begin to grow in size in tune with the upturn in the industry. It was important for her to delegate and move on. She had already appointed a full-time HR development professional in addition to enlisting the services of an HR consultant to mentor him.

The way Ramnath envisioned it, Orix would be an organization that ensured employee engagement on the strength of its unique culture. It would add value to employees rather than extract value from them. It would nurture individual differences rather than promote homogeneity. It would share company information openly rather than suppress it. Orix would be a place where work would be a reward in its own right since the company would stand for something beyond generating revenues and profits. It would also be a place where people would be true to themselves, in the sense that their behaviours would be authentic rather than bound by rules. This approach to leading people would translate to high quality work, innovation, and strong customer relations, guaranteeing growth in this volatile industry.

Translating that visual into a workable set of practices would not be easy, especially as the company grew in size, and particularly because the traits that Ramnath was keen on sustaining at Orix did not conform to either the established business practices of large companies or the ingrained personal habits of incoming employees.

It would require a balancing act as Orix scaled up in size. For example, a larger organization required more well-defined structures, incentive systems, competence models, appraisal systems, recruitment policies, and career paths. It was only when these were common across the organization that everyone would see them as being fair, just, and equitable. Attempts to nurture individuality could run into conflict with organizational systems, and customization would create tensions and potential inequities. Ramnath said:

I often think about what makes a company a great workplace. The visual that comes up frequently, among others, is that its employees are as comfortable at the workplace as they would be at home and as relaxed with colleagues as they would be with friends. It is the hallmark of authenticity, as I see it. I believe that we have evidence of authenticity at Orix as it stands today. But, going forward, how do we sustain it? How do we scale up my idea of a great workplace even while Orix scales up in size? That is my dilemma.

Exhibit 1: ORIX GEOSCIENCE—GROWTH IN NUMBERS

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2012**  **(Four Months)** | **2013** | **2014** | **2015** | **2016** |
| Full-Time Employees | 3 | 10 | 27 | 27 | 36 |
| Part-Time Employees | 6 | 3 | 3 | 3 | 2 |
| New Hires | 3 | 7 | 17 | 1 | 9 |
| Exits | 0 | 0 | 1 | 2 | 2 |
| Clients | 3 | 4 | 9 | 7 | 13 |
| Revenue (CA$) | 118,733 | 1,175,849 | 1,696,897 | 2,547,338 | 3,144,646 |
| Net Margin (%) | 5.8 | 40.8 | 19.5 | 14.5 | 8.2 |

Source: Company files.

Exhibit 2: ORIX GEOSCIENCE—O-CODE

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| --- | --- |
| Respect | You value each other’s points of views.  You treat everyone with politeness and kindness always, because being kind to people is not negotiable.  You think good things about people and accept them as they are.  You care about everyone’s feelings and well-being. |
| Judgement | You make wise decisions (people, technical, business, and creative) despite ambiguity.  You identify root causes, and get beyond treating symptoms.  You think strategically, and can articulate what you are, and are not, trying to do.  You smartly separate what must be done well now, and what can be improved later. |
| Communication | You listen well, instead of reacting fast, so you can better understand processes.  You are concise and articulate in speech and writing.  You treat people with respect independent of their status or disagreement with you.  You maintain calm poise in stressful situations. |
| Impact | You accomplish amazing amounts of important work.  You demonstrate a consistently strong performance so colleagues can rely on you.  You focus on great results rather than on the process.  You exhibit bias-to-action, and avoid “paralysis by analysis” (you make a decision and run with it, rather than be paralyzed with over-analysis). |
| Curiosity | You learn rapidly and eagerly.  You seek to understand our strategy, market, clients, and suppliers.  You contribute effectively outside of your specialty. |
| Innovation | You re-conceptualize issues to discover practical solutions to hard problems.  You challenge prevailing assumptions when warranted, and suggest better approaches.  You create new ideas that prove useful.  You keep us nimble by minimizing complexity and finding time to simplify. |
| Courage | You say what you think even if it is controversial.  You make tough decisions without agonizing.  You take smart risks.  You question actions inconsistent with our values—akin to the honour code pledge, “I will not lie, nor cheat, nor steal, and I will not tolerate those who do.” |
| Passion | You inspire others with your thirst for excellence.  You care intensely about our success.  You celebrate wins and you are tenacious! |
| Honesty | You are known for candor and directness.  You only say things about fellow employees that you will say to their face.  You are quick to admit mistakes. |
| Selflessness | You leave your “ego” at home.  You make time to help colleagues.  You share information openly and proactively in support of strengthening your colleagues rather than being “indispensable.” |

Source: Company files.

1. All currency amounts are in Canadian dollars unless otherwise specified. [↑](#footnote-ref-1)
2. The Mining Association of Canada, *Facts and Figures of the Canadian Mining Industry 2016*, accessed September 16, 2017, mining.ca/sites/default/files/documents/Facts-and-Figures-2016.pdf. [↑](#footnote-ref-2)
3. Ibid. [↑](#footnote-ref-3)