

# Reaching HIGHER

A QUARTERLY PUBLICATION BY SAMI



## The Performance Culture™: Part 3

### CASE STUDY

We worked with the oil and gas production operations of a European-based oil major to achieve three goals:

1. Improve production output
2. Reduce costs
3. Improve asset integrity within the existing operating budget, as opposed to special studies and interventions

The vehicle was through improved maintenance and controls within their managing system. When we began our work, their *Performance Culture* analysis summary showed the measurements seen in figure 1 on page 2:

They were regarded as a first quartile operator in their industry—demonstrating how low the bar is for this industry when you see the huge opportunity for improvement demonstrated by this “spider-diagram”.

The issues demonstrated in the 12 elements of the *Performance Culture* were:

1. Meets It's Numbers - Despite being a top quartile performer in the categories of production loss and operating expense, both of these highly important metrics were trending in the wrong direction.

2. Satisfies Customers- Increasing unplanned production losses were causing occasionally missed customer nominations at export points.

3. Continuously improves – The organization did have ongoing improvement initiatives, but, these projects required a substantial “push” effort from the staff to engage the field. There were far too many to attend to, and most showed no progress at all

4. Develops Employees – Individual and position developmental plans existed along with significant training resources. Although these were in place, there was a high level of under-utilization of training and personal development resources.

5. Focuses Energy – The organization was data and information rich. However, there was insufficient focus on the critical few parameters which were driving production and expense.

6. Creates Trust – A low level of trust existed between the field staff and office staff. This was primarily the result of multiple “high” priority initiatives which would start/stop, which were chronically under resourced, and usually had little follow through and no accountability.

7. Lives Its Values – The organizational values were clearly communicated and largely exhibited with the occasional exceptions.

8. Embeds Vision and Goals – Goals and objectives were communicated in the organization top down. However, the goals were not uniformly

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# The Performance Culture™

## Part 3

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cascaded down into the organization. This created misalignment on the asset and regional levels with the top level goals.

**9. Wins with Teamwork** – Although subtle, the organization was “siloe” in several ways. Territorial divisions existed between the functional organizations (i.e., Operations, Maintenance, Logistics, Procurement, etc.), as well as the field versus the office staff. Some teamwork was exhibited at the asset level within functional organizations.

**10. Assures Safety and Integrity** – There was a high focus on safety, health and environmental issues. Safety critical work always

received the highest priority and safety performance was high.

**11. Decides by Data** – As mentioned previously, the organization was data rich and monitored many parameters. They were not effectively using the data and reporting system as management tools to guide the decision making process. The result was a lot of cost to measure, and little application of the information.

**12. Eliminates Variability** – Due to increasing unplanned outages, production and expense budgets were being missed. With the lack of data driven decisions, waste was being introduced by emotional and

“gut feel” actions to address issues. The variability trends were consistently in the wrong direction.

**Brad Peterson**  
 Chief Executive Officer SAMI  
 bpeterson@samicorp.com

*In part 4 of The Performance Culture we will conclude our case study discussion with an overview of what we did as well as a representation of the post-implementation Performance Culture Spider Diagram.*

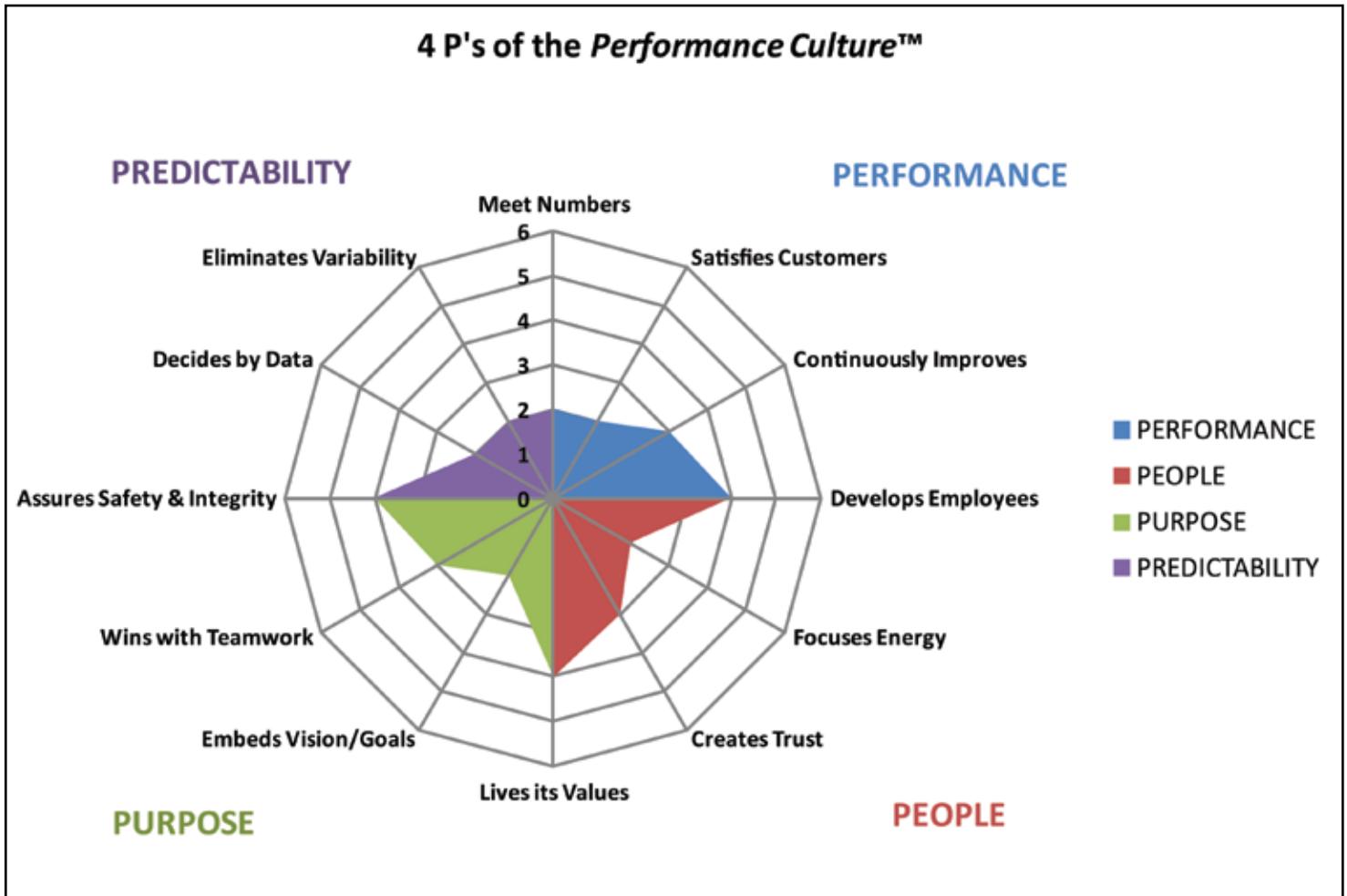


Figure 1 - The Performance Culture Spider Diagram: Pre-Implementation

# Functional Integration



A prerequisite of establishing a *Performance Culture™* is the true integration of all of the facility's individual functions: operations, supply chain, maintenance, finance, etc. As we start the journey from the foundation elements of Stage 1 in each of these areas, our primary goal is efficiency within the function such as improving the wrench time of maintenance, clearing out obsolescence within the spares warehouse to attain a better service level to warehouse end users, reducing the purchase request to purchase order cycle time within procurement to allow for better scheduling of the utilization of the purchased materials or service and cleaning up the invoicing process in accounts payable for better cash forecasting. Each of these is intra-functional; what is often forgotten during these early stages is the inter-functional aspect of efficiency.

The foundation stage of improvement is not complete until the interface with each other function is efficient. The key to this inter-functional efficiency is timely and correct data flow. It is dependent upon human interaction at the interfaces and the transmission of good data which is the result of intra-functional activities. These data are transformed into information to be used for a variety of tasks all relevant to ensuring a sustainable and predictable operation. For example, as maintenance completes work, it is important that the responsible person provides as much information as possible about the work completed; particularly work that was corrective in nature. This information flows to maintenance planning and then to engineering for an adequacy review of existing preventive maintenance routines looking to further prevent recurrence. Operational losses must flow to maintenance and engineering for investigation of the reasons for loss and to production planning so that scheduled time lost can be recouped at some later date. Purchasing must smoothly flow information about procurement status, delivery dates and requires priority information on the need to expedite items if necessary.

There are over fifty distinct information flows that link the functions of maintenance, operations, supply chain and accounting that must work properly for the organization to succeed. Most current enterprise management systems have the capability to integrate this vital information flow with proper structuring of the system.

Efficiency and effectiveness of meetings is the second element of functional integration. As we assess an operation to determine their current state of operations, a major finding is how well meetings are structured and conducted, and cascaded down through the organization for proper discussions and communication sharing. By attending and scoring multiple meetings at differing levels within an organization, the effective management of the interfaces between the functions becomes very clear. Effective meetings are not a strong suit of most organizations. The elements of a good meeting are very basic but surprisingly missing in many we have analyzed. The flowing list of twenty-two items is the basis for scoring a meeting's effectiveness. You might take the list with you to your next meeting and do a scoring on your own. I suggest that you share these results with the attendees.

1. Did the meeting start on time?
2. Were all the required attendees present and on time?
3. Is there a standing agenda and was it followed?
4. Is it clear who the chairperson of the meeting is?
5. Did the leader control and manage time?
6. Does it seem like the meeting objectives are known by everyone?
7. Were all attendees contributing to the meeting?
8. Were all relevant meeting inputs (documents) used effectively?
9. Were attendees prepared for the meeting (bring in material etc.)?

10. Were the previous actions completed on time (>95%)?
11. Were the actions discussed in the meeting documented?
12. Were the new actions set performance related (>80%)?
13. Were the responsibilities and due dates for the new actions agreed to?
14. Were the new actions reviewed and agreed upon at the end?
15. Is the meeting focused to drive the future performance of the area?
16. Did the meeting deal with the right level of detail - not too much etc.?
17. Was performance constructively challenged?
18. Issues needing detailed group discussions were dealt with outside the meeting?
19. Was there open and honest conversations?
20. Were there any secondary conversations occurring?
21. Did the meeting adhere to the finish time?
22. Did everyone stay until the end of the meeting?

Functional integration is a foundation element that manifests in two primary areas: Information flow and communications. While the thrust of the first stage of improvement deals with improving the efficiency of the individual functions, none operate in a vacuum. Any function's efficiency is fully dependent upon how well their sister functions manage their internal processes and flow this transactional information across the functional boundaries.

Ralph Hedding  
Senior Vice President  
Operations SAMI  
[rehdding@samicorp.com](mailto:rehdding@samicorp.com)

# News & Events



SAMI will be presenting a one day workshop on the *Performance Culture* and exhibiting at the SMRP Annual Conference being held from October 15-18, 2012 in Orlando Florida. Come visit us at booth numbers 211/310.



SAMI is scheduled to present “Managed Leadership and Culture - Creating and Sustaining Your Offshore Performance” on Tuesday November 27th at OSEA 2012 in Manama Bay Sands, Singapore



SAMI is a gold sponsor of Maintcon 2012 taking place in Bahrain December 2-5 and will present a one day workshop on Work Management for Managers, as well as several technical papers.