

Reaching HIGHER

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inside

The Performance Culture™: Part 4

CASE STUDY: WHAT WE DID

The presenting problem was their failure to implement SAP PM, in spite of several attempts. The underlying cause was identified as “optionality”. The culture of oil and gas exploration was entrepreneurial, and lacked discipline. Managers felt they had the “option” of following best practices.

Perhaps a better cause of optionality would be lack of clear leadership. There was no understanding of the value of implementing these practices and disciplines.

Was SAP PM implementation an exercise of some administrative mandate, or was this a business imperative, leaving \$100's of millions on the table? The magnitude of the opportunity was never quantified, the implementation plan one which had little field input, and there was no plan to coach for sustained performance of excellent practices. Without these methods in place, the implementation was doomed, as indeed it is throughout the SAP implementation universe.

We began with a Strategic Plan for Operations. Everyone has a strategic plan for the business, but improving operations seems to be a series of overlapping initiatives, all well-meaning, but overwhelming in their resource demands, leading to frustration and very little progress. We worked

with a team of their people to clearly delineate:

1. Where they were now
2. The future state of where they envisioned they wanted to be
3. The strategies to bridge these gaps, and the projects and sequence to implement the strategies
4. The overall implementation plan for all 28 properties, which varied dramatically in size geography
5. The business case, cost and benefits for the overall plan implementation

This plan was the vehicle to implement all 12 Elements of the Performance Culture™. It got leadership attention because the value of the plan was a result of over \$1 Billion per year in additional cash flow. The future state described how they would work, what the work would be, how they would make their numbers, what data would drive decision-making. The organization structure, the cross-functional teamwork required, the job development and gaps in personnel and skills were all laid out. A result of the implementation would be to measure and reduce variability, including the operators' job descriptions, roles and responsibilities,

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The Performance Culture™

Part 4

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and planning all work to eliminate most opportunities for safety lapses.

The implementation was laid out to develop more than 100 Subject Matter Experts; this was in no way a “SAMI Project”, but fully owned by our client. We put part of our fees at risk and acted as a partner in the implementation and results, and not simply as a consultant. We could veto changes in the project plan when we knew they would compromise results. We moved resources around to make sure every property met with maximum success. We had a planned implementation period of two years. In fact we finished in 18 months. Everyone knew the change was coming. It wasn’t optional. And everyone was prepared ahead of time to get ahead of the curve.

The results were spectacular: unplanned downtime went from 6% to 1%, and planned downtime was reduced by one-third. Platforms that were experiencing a trip a day moved to a trip per month or less. Productivity increased by 50%, and safety critical backlog went to nearly zero.

Total operating costs were reduced by \$25,000,000 annually, or 20%.

The resulting measure of the *Performance Culture* looks like figure 3 below.

We did an audit of the business processes in 2011. We found that 85% of what was implemented was still being used many years later.

Conclusion

“We are what we habitually do. Excellence then is a habit, not an act”.

Culture determines results. Until you understand that, embrace that, your professional life will be like Sisyphus, rolling the rock up the hill, only to have it roll down again and start all over (Sisyphus in Greek mythology was a king punished by being compelled to roll an immense boulder up a hill, only to watch it roll back down, and to repeat this throughout eternity).

Changing results requires changing

behaviors for the long haul. A project, a computer system, all the initiatives in the world will not change a culture.

We understand and agree that technical and tactical competence is important, but the sustainability of such approaches is totally dependent upon the behaviors supporting the *Performance Culture*.

Over the course of our professional lives, SAMI has made a study of the Keys to Sustainability. If the keys to sustained performance stem from the culture, then how do we change the culture?

Our findings are conclusive, and agree with Jim Collins, Stephen Covey Senior and Stephen Covey Junior. Performance is an outcome of doing all the right things, which are embedded in the *Performance Culture*. The right things involve having the right elements for:

- Performance (Meets Numbers, Satisfies Clients, Continuously Improves)
- People (Develops Employees, Focuses Energy, Creates Trust)
- Purpose (Lives its Values, Embeds Vision and Goals, Wins with Teamwork)
- Predictability (Assures Safety and Integrity, Decides by Data, Eliminates Variability)

We know how to measure these items. We know how to correct them, and we know how to engage our clients to make these permanent behaviors. The *Performance Culture* is not a mystery, but a path towards excellence.

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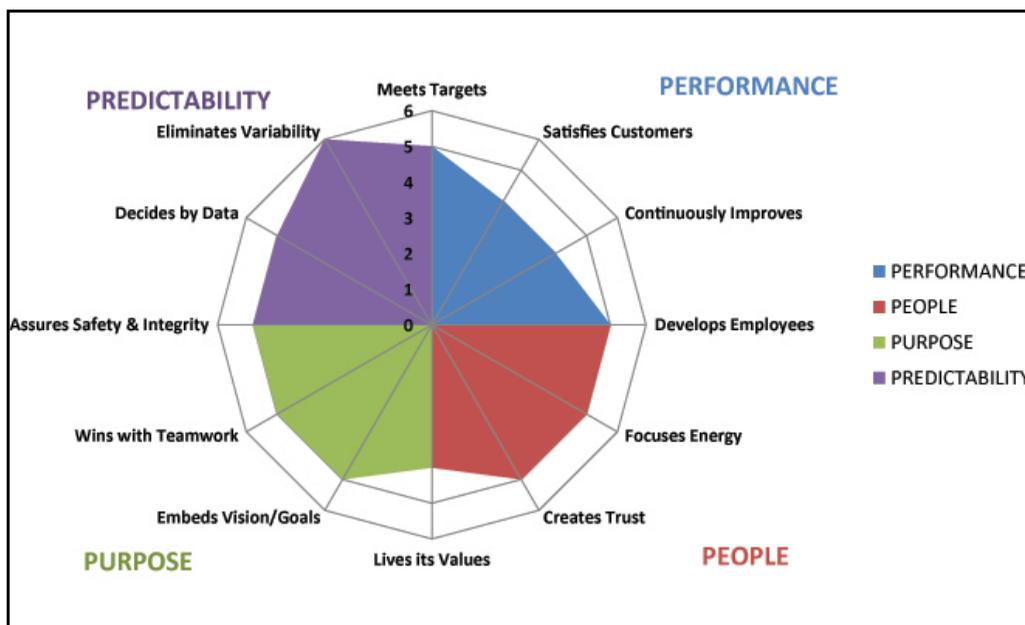


Figure 3 - The Performance Culture Spider Diagram: Post-Implementation

The SAMI Assessment Process



SAMI has always had the achievement of significant sustainable benefits as the key deliverable in our client engagements. To successfully be able to do so, a strong change management methodology has been developed, the Assess-Plan-Design-Install-Sustain-Certify (APDISC) methodology.

practices and behaviors required to achieve a *Performance Culture*TM.

The assessment is very data driven and presents all the gaps in graphical charts that allow us to quantify the benefits that can be achieved by closing those gaps. Also,

losses from equipment issues are generally well known and focused efforts are in place to reduce those losses. However, significant benefits can be achieved by reducing the losses due to operational and external issues as well as the impact from running the plant at reduced rates. Those losses can be significant, but are less understood and quantified, in many of the organizations we work with.

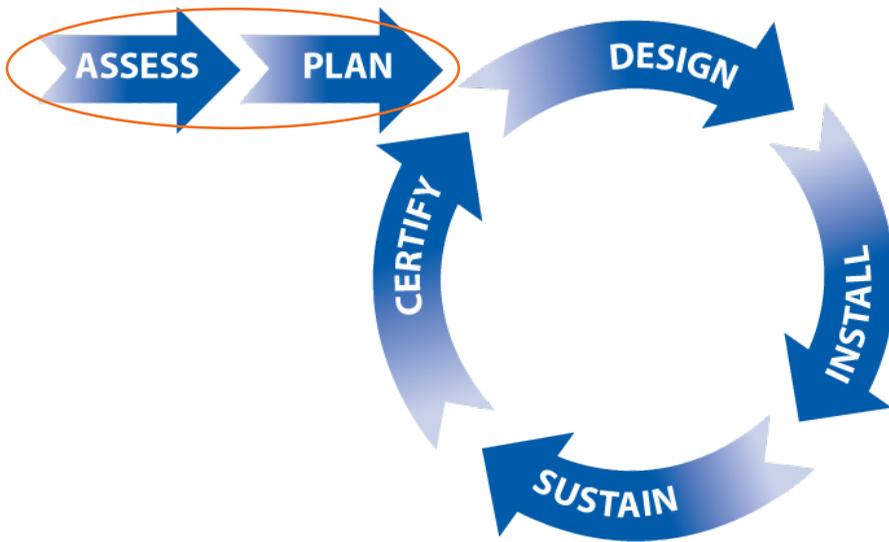


Figure 1 - The APDISC Process

The SAMI change management process starts with an “assess and plan” phase as pictured in Figure 1.

This phase supports an organization’s strategic goals and initiatives and is designed to create a high-level, multi-year plan that includes activities, resources, costs and benefits required to deliver significant benefits to our client organizations. This phase is typically 4-6 weeks in duration.

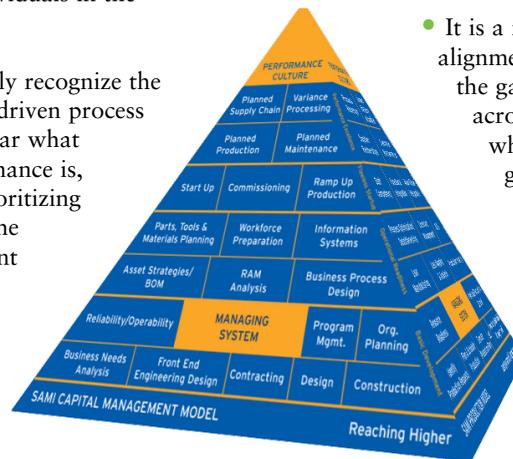
An assessment starts with a detailed gap analysis across the selected areas of the operation. SAMI’s main focus is to assess the areas as depicted in the SAMI Pyramid, see Figure 2. These areas could include Asset Health Care, Production, Supply Chain, Capital Management and the Organization and Managing System. The gap assessment focuses on both the

by removing the personal aspects, the data driven approach reduces the emotional response from individuals in the organization.

Our clients generally recognize the gaps, but the data driven process makes it crystal clear what the current performance is, identifying and prioritizing areas which have the biggest improvement opportunities and what will be required to achieve a step change in performance. For example, when we review the production losses, the downtime

In our assessments we also analyze the behaviors that are the foundation of organizational performance. Many believe behaviors are the soft part of running a business and very difficult to measure. SAMI has developed *APEX*TM which enables us to develop a *Performance Culture* baseline score during the assessment phase. Each element of the *APEX* Performance Culture chart is scored on a scale from 0 to 6, where 6 signifies that the behaviors expected in that category are embedded in the organization. The scoring allows management to prioritize and take specific actions to improve the score. A typical baseline score can be seen in Figure 3 on page 4.

The result of an assessment provides many tangible benefits to an organization. Some examples are:



- It is a forum, in which broad alignment and agreement on the gaps and priorities form across the organization, which quantifies the value generated by closing the identified gaps and communicates those to the organization.
- It creates a multi-year improvement roadmap within an identified project organization, quantified benefits, identified milestones and

Figure 2 - The SAMI Pyramid

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The SAMI Assessment Process

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a steering team that governs improvement initiatives at the highest level.

- The process broadly engages the organization from top leadership to the people working on the shop floor. The people are ready to embark on a change program that is not seen as “the program of the month” because they have been an

integral part of shaping the program.

After the completion of the assessment, our clients move to implement the improvement opportunities identified using SAMI’s DISC process. This process ensures that the result following the recommended road-map delivers significant sustainable benefits to our clients.

Roger Hedman
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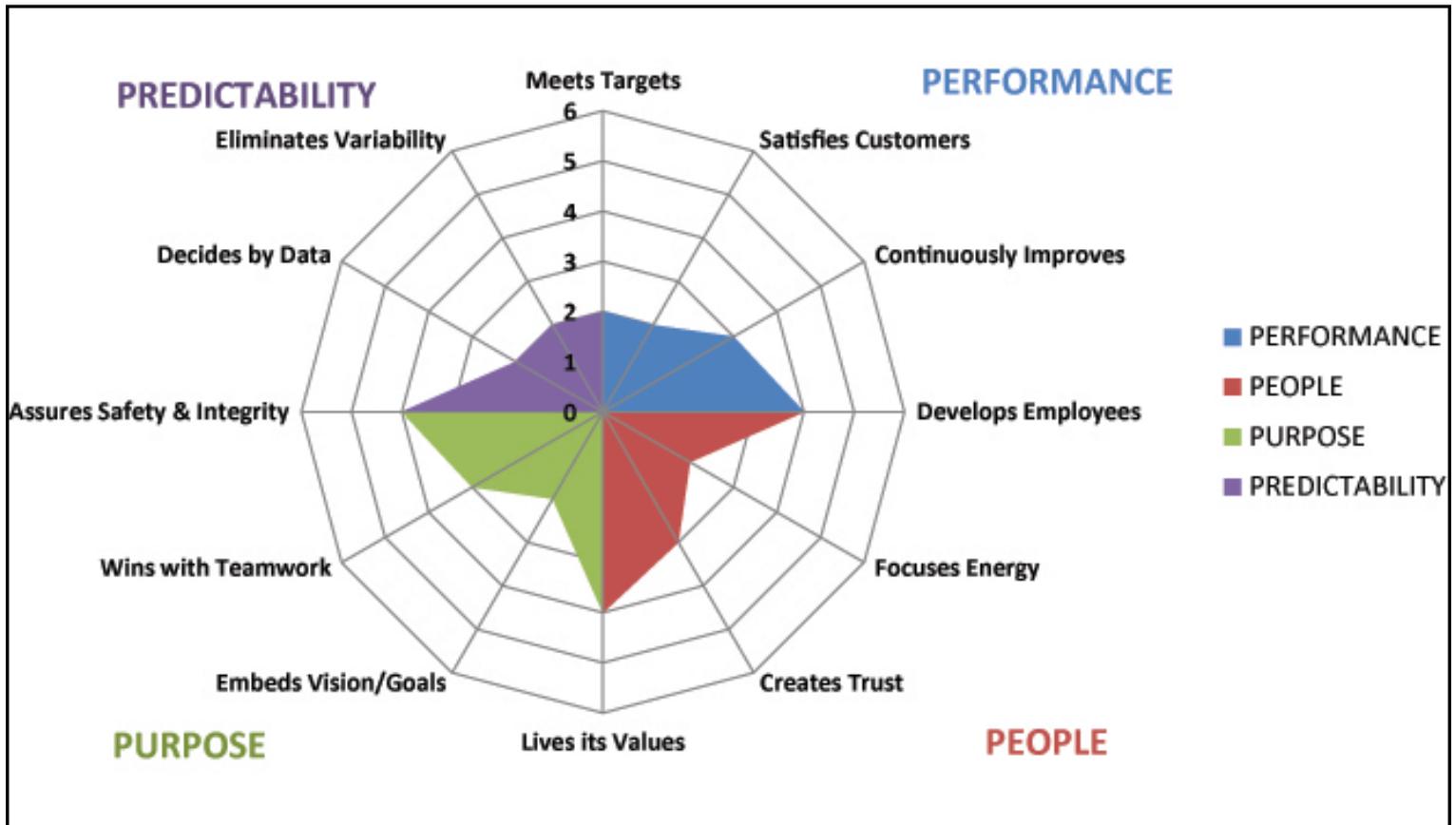


Figure 3 - The Performance Culture Spider Diagram: Pre-Implementation