

## BP, Indonesia

### Analysis & Efficiency Improvement Project

This integrated oil company is one of the top three petroleum and petrochemicals groups in the world, with operations in more than 100 countries. Their mature assets in Indonesia were inherited arising out of a merger in the late 1990s. The production facilities cover some 470 production strings, 170 platforms and over 40 processing and service facilities.

“The project was a great success and has delivered significant reductions in year on year costs; Renoir’s approach allowed us to manage this sensitive initiative in a focused and timely manner. They helped us meet the challenges of the future.”

**Senior Manager  
Offshore Operations**

#### Key Results

Reduction of 150 people from the onshore organisation

Annual savings of over \$8,000,000 with one off severance costs of \$4,000,000

New simplified structures, allowing the organisation to respond to business needs

Standardised grading

Best people in wellengineered positions with improved career opportunities

Return on Investment (ROI) of 15:1

#### ANALYSIS

The company’s assets are in a natural state of decline. This decline will have a major impact on the dynamics of the business unless lifting costs fall in parallel with declining output.

PT Renoir Consulting was invited to undertake a survey of the onshore organisation in order to understand how efficiencies could be improved. The survey concluded that there were many areas that could be improved and which would lead to significant cost efficiencies. The areas were grouped under four main headings as follows:

- **Structures:** duplication of roles, positions not related to workloads
- **Management Systems:** few internal growth/customer measures, standard systems poorly implemented
- **Processes:** lack of initiatives, non-value addition in many steps, duplication
- **People:** managers unable to confront inefficiency, lack of skills development to close gap.

By impacting these areas, the survey identified that a minimum of \$4m per annum in savings were possible. Renoir committed to delivering these savings and was subsequently invited to support the client in delivering the improvements.

#### PROJECT APPROACH

The project’s main objective was to reduce labour costs by \$4m and delivering a new business structure that would improve the flexibility of the organisation to meet the future needs of the client.

The project was subsequently split up into five key areas, namely Legal, Strategic, HR, Transformation and Communication. Each area had a client point of responsibility and Renoir’s role was to provide the co-ordinating link between the teams ensuring focus on delivery of benefits and providing industry wide expertise.

The driving force underpinning achievement of results was the Transformation Team, consisting of 6 client team members and 2 Renoir consultants. This Team reviewed all activities being undertaken onshore, assessed them for ‘fit for purpose’ and then translate this into simplified structures and processes. The leaders of the respective teams were fully involved in the decision making process to ensure their full support.

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Part of the project required development of a selection process to ensure required skills were retained and that selection was undertaken in a fair and legal way. A comprehensive communication strategy and plan was executed to ensure that all staff were fully informed.

Another part of the project saw development of a new grading structure that reflected the needs of the position, rather than the attributes of the individual. This also ensured that staff reductions were even across the grades.

This was a 'top down, bottom up' approach, to eliminate the risk of developing a non-functioning organisation.

### PROJECT RESULTS

Renoir provided critical support in ensuring that the business imperatives were met, whilst ensuring the changes were implemented in a systematic and sensitive manner. The company's Indonesian onshore organisation is much better positioned to meet the future challenges.

## THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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