

Unioil

The way forward

Since 1966, Unioil has led the way in innovative petroleum solutions, establishing itself as a highly innovative business partner for specialty oils, fuels and lubricants. Currently, Unioil's diversified interests include the operation of retail gas services stations, the marketing and blending of lubricants, oil trading and the marketing of bitumen, making it the leading independent petroleum company in the country.

BACKGROUND

Renoir was asked to plan and prepare a full-scale Realization Plan for both Lu-bricant Products and Retail Service Stations that would take the Company from a deteriorating financial position to a promising future of growth and profitability. In these highly competitive markets, this required delivering a Sales Growth Plan, plus a Cost Reduction Plan that would transform the cost side of the Retail business.

PROJECT PROPOSAL

The original Project Proposal was split into two Phases. Phase 1 covered the pre-work required to ensure that Phase 2 Implementation and Sustainability would be successful with all their people. To complete Phase 1, we needed to determine the Strategic Roadmaps for both businesses; then examine the Business Cases for both businesses. The outcomes from these Milestone events would determine the way forward for the Company. These Milestones were by no means a forgone conclusion: in particular, the Retail Business had been in decline for nearly 10 years, and required a significant turnaround to transform the financial position. Renoir committed to complete, by Week 14, a complete proposal for both Lubricants and Retail. The level of detail required was much higher than what was normally associated with a Strategic Roadmap, and needed to cover all 28 Unioil Service Stations, of all types. The same level of detail was required for the Lubricants business, only the focus here was on sales channels.

PROJECT APPROACH

The Project Approach differed from the normal Renoir product as there was no Focus Process®. Management Action Teams (MATs) were formed, however, for both Lubricants and Retail and their involvement was critical in maintaining the momentum of the Project, and keeping on-schedule in the tight 14 week timeframe. The regular Steering Committee Meetings were also an integral part of gaining commitment and agreement, for the work completed by each Mile-stone.

A sense of ownership for decisions taken and for lessons learned, developed at each step of the process. The CEO finally admitted publicly, that the Retail business was deteriorating, creating a sense of urgency.

Key Results

30% reduction in the cost
of constructing new
Service Stations

30% increase in Retail
fuel sales

Increase in Lubricant sales
by 39.3%

Increase in Lubricant sales
by 14% through service
stations

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DELIVERABLES

The deliverables were focused on the content of both Realization Plans. These Plans would map the Way Forward, and contain the actions that would deliver the results. The results needed to fulfill the requirements of the Retail and Lubricants businesses.

Lubricants was relatively clear-cut: the margins were sufficient to deliver profit-ability, so the challenge was sales growth.

The Retail business was very different. For years, there had been progressive erosion of margins throughout all regions in the Philippines: in another 3 years, the business would move from profit to loss, and there were persuasive arguments to exit the business at the earliest opportunity. There had to be a compelling set of deliverables to remain in the Service Station business and growth was critical.

To support these plans, there was a complete overhaul of the Management Control Systems (MCS) for both Retail and Lubricants. Again, Lubricants was a straightforward application of the 'Salesforce.com' software, and Retail was a series of linked spread-sheets tracking all fuel movements within Unioil. The intention was to replace this excel-based format with a fully integrated software system for Retail Stations. This would allow automatic linkages to Sales and Marketing activities for each Service Station.

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 300 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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