

Major Midstream Operator

A 360° Improvement



The Client purchased a midstream company as part of a strategic diversification effort to move into the transportation of natural gas liquids, of which the company has a 12% market share. With the promotions of a new president/CEO, a new engineering executive and the launch of a multi-billion dollar JV pipeline project; the group felt the need for Senior Management guidance and Project Management expertise. Due to the sensitivity of this assignment, Renoir cannot disclose the name of the client.

“Mentoring key executives, providing strategic advice to the Executive Committee and serving as PMO for \$2Bn Dollar Midstream O&G project involving Storage, distribution, processing and export of natural gas and natural gas liquids.”

Key Results

Leadership competency levels
from 35% to 77%

Projected PMO savings of
\$46.5 million

Undocumented charges
were reduced by 25% and
unapproved non-scope
charges have a target
reduction of 60%

PROJECT APPROACH

The main objectives of the assignment were to provide senior management mentoring and to develop a single embedded PMO into the client organization. Renoir utilized a two part approach. To better delineate scope, time frame and deliverables, the first 4 weeks of the project focused on clarifying expectations.

- Several expectation exchange meetings with the new President/CEO identified opportunities to address staff and organization weaknesses, methodology and deliverables.
- Structured interviews were held with executive staff to provide a 360 degree view of the issues.
- Expectation exchanges with the new CEO indicated that Engineering was specifically targeted as the primary beneficiary of mentoring, although other staff were to be counseled on an as-needed basis, including two of the three Senior Project Managers on the Capital Project.
- Structured interviews with all senior staff indicated that there were few formalized engineering practices, policies or procedures.
- There were several non-performing engineering suppliers.

Based upon this expectation clarification an approach was developed that included:

- 360 Leadership Analysis every 8 weeks.
- Weekly mentoring sessions.
- Development of expertise in project management and interface management between the individual project areas, JV partners and the Construction Committee Organization Analysis.
- Creation of a Supplier Effectiveness and Dispute Resolution Team.

360 LEADERSHIP ANALYSIS RESULTS

The initial 360 Leadership Analysis that was developed, delineated leadership style, approach, management fundamentals, and technical grasp within the engineering function. The baseline evaluation was completed by all direct reports of the Engineering Manager as well as by Renoir. A baseline report was issued which demonstrated that 51 of 78 (65%) attributes required further development. Mentoring sessions were organized to improve competency levels in these attributes.

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The final Leadership Analysis performed showed that 33 attributes had improved to a level consistent with the needs of the role. Recommendations were issued for continued development to address the remaining 18 attributes.

Over the course of 6 months of mentoring, the Renoir program improved overall competency levels from 35% to 77%. The negative Leadership Attributes count now is now 23% (within normal range) versus 65% at study outset.

PMO (Project Management Office)

The Client Project was broken into three distinct areas, each with its own engineering team. The Renoir PMO was established as the titular head of two of the teams:

- Export Terminal (4 million BBLs/Year of Butane/Propane).
- Dome Storage (5 wells and Domes) and distribution (approximately 207 miles of pipe) having responsibilities for JV reporting, project procedures and interface leadership among the three project areas. Total estimated project capital was \$775 Million.

RESULTS

Over the 6 month course of the project, engineering Front End Loading (FEL) was taken from FEL 2 (+/- 25%) to FEL 3 (+/-10%). Based on improved policies, management and communications, actual engineering spend was 7% below projections and the Project FEL 3 capital cost was 6% less than projected (Projected savings of \$46.5MM).

Executive Team Organization Analysis

Renoir was given several 'Events' (symptoms) and asked for a review, complete a Root Cause Analysis and if required, recommend Organization structural changes.

- Structured interviews.
- Analysis of personnel files.
- Position attribute matrix (developed from open positions and peer positions).

Renoir concluded that structural changes were required and recommended the change-out of 40% of the Executive Team and the addition of key performers.

Dispute Resolution

Due to poor supplier performance in the areas of PMO responsibility, several supplier accountability sessions were held with suppliers wherein:

- Project Scopes were reinforced.
- Change Order procedures were reinforced.
- Documentation and Fiduciary Engineering protocol was reinforced.

As a result of this program, undocumented charges were reduced by 25% and unapproved non-scope charges have a target reduction of 60%.

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