

Shell Jurong Island

Post-Acquisition Integration Project

Shell Jurong Island is the collective name for three formerly separate operations on Singapore's Jurong Island; Shell Chemicals Seraya Pte Ltd, EGS Private Ltd and Shell Eastern Petroleum Ltd.

In 2010 Shell Eastern Petroleum (Pte) Ltd (SEPL) signed an agreement to buy out the remaining shares for Ethylene Glycols (Singapore) Pte Ltd (EGS) from Japan-Singapore EOG Company, making EGS a 100% subsidiary of SEPL.

ANALYSIS

By taking full ownership of a relatively small but strategically important chemical joint venture in Singapore, Shell has unlocked options to integrate, optimise and expand its manufacturing operation on Jurong Island. The acquisition will help to strengthen the overall competitiveness of derivatives' production and provide opportunities for combined growth strategies in high purity ethylene oxide, mono-ethylene glycol and alcohol ethoxylates.

However there are number of challenges ahead for Shell Jurong Island to overcome before the realization of the benefits from the acquisition. A major one according to NY Chiew – General Manager of Shell Jurong Island is – “in some ways the Integra-tion of EGS assets and facilities with the existing Shell units, utilities and Organisation is one of the more challenging aspects of a wider plan”.

Renoir Consulting was invited to help facilitate the Integration of EGS into wider Shell family with focus on Organisational & Operational related Integration scope.

PROJECT APPROACH

The main organisational objective of the Integration project is to integrate EGS into the existing Shell systems and processes without affecting plant production and safety performance or customer service, logistics, and supply chain operations. The protocol is to make “Shell Jurong Island – ONE SYSTEM, ONE SOLUTION” across multiple Shell Jurong Island production sites.

Renoir's support of the integration process was applied mostly in the following areas:

Project Governance:

- Development of a detailed In-
tegration plan to include key
milestones, detailed activities,
resource requirements and risks
identification.
- Programme management, sup-
port and reporting. Providing
precise, timely reporting on the
status of integration activitiesto all
levels based on project govern-
ance structure
- Interface management between
the individual work streams,
including integrated plan review,
interdependency identification
and rectification, and inter-de-
partmental review meetings

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Implementation Support:

- Change management and implementation support in the individual work streams. Provide the expertise and guidance required prior to implementation of any change
- Knowledge transfer and retention, including critical information identification in conjunction with the work stream Leader and Implementation Manager
- Monitoring and supporting of Integration activities through regular assessment, and KPI tracking
- Communication programme setup and execution

There are three pillars - Project Management, Change Management and Operational Integration in this Integration project.

Project Management:

Renoir's tactical approach aims to align the operational and organisational aspects of Integration between work streams in conjunction with other implementation scope e.g. ensuring that business and IT Integration elements progresses in conjunction with approved critical path project milestones. Risks are assessed and highlighted regularly to ensure mitigation plans have been developed thus risks can be minimised.

Project progress reporting tools are developed to track progress on both the individual work streams as well as for overall project progress. These tools measure and report progress in each work stream of the integration project and are a critical factor in facilitating steady progress through the whole integration process. A bi-weekly leadership team meeting with focus on Integration has been set as a platform for progress review.

Change Management:

There are three major changes, organisation change, process change and behaviour change, during the course of Integration. Renoir processes establish a basis for the organisation to adapt to, and finally accept, those changes.

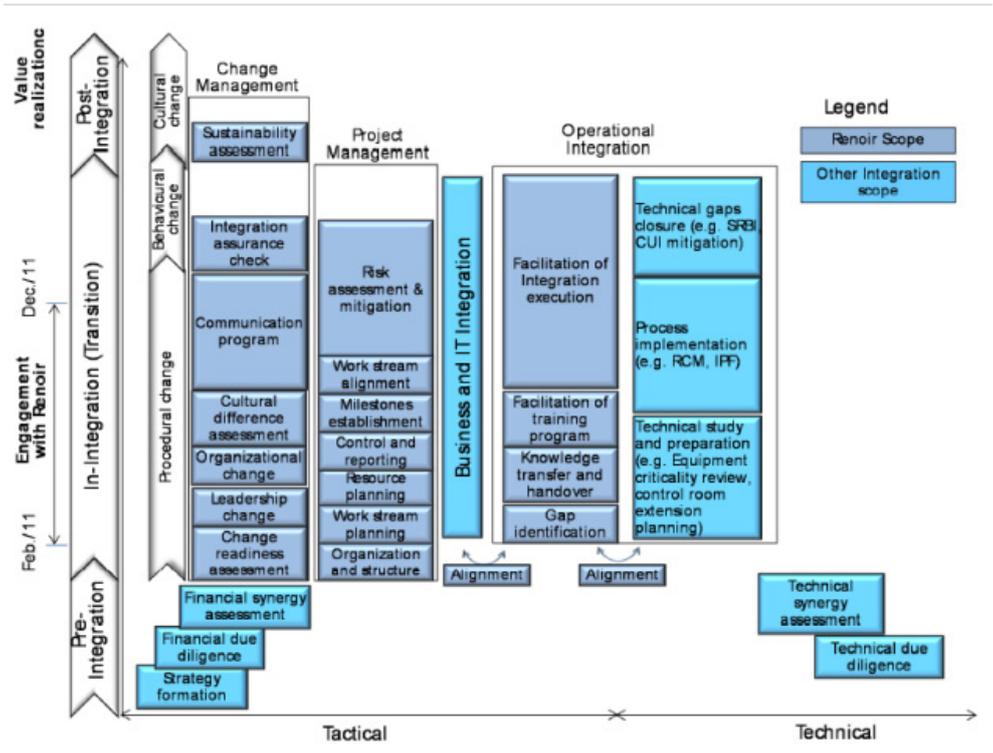
The main work scope regarding this pillar is to facilitate the process (procedure) change and ensure resources required have been planned prior to the implementation. A communication programme has been developed and executed to constantly share the project progress and ease the discomfort of those staff affected during Integration.

Operational Integration:

The implemented tools and adjusted behavioural requirements allow senior leadership team members and other key management staff to progress smoothly through the operational integration process of gap identification in systems and processes, both managerial and technical, which determines training requirements in every department and at every level, through to an audit programme that ensures that the aligned systems are fully integrated and effective across the whole organisation. For the details of the elements that Renoir has participated, please refer to the following graph – a holistic picture of Integration.

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PROJECT RESULTS

A variety of research indicates that over 50% of merger and acquisition programmes (M&A) fail to achieve their full objectives. Ensuring a successful Integration is no easy task. Renoir’s Integration approach aims to help client from a tactical perspective by ensuring a structured critical path through both the planning and execution elements of an integration programme.

This approach allows for the early identification of problems and risks to the integration process, it also ensures a focused risk minimisation and problem resolution process. Throughout the Integration journey, Renoir acts as a catalyst across the client’s organisation to facilitate the changes to systems and processes and support all levels of the management team in assisting progress of the integration programme to ensure that the expected synergy and benefits are realised at the culmination of the integration process.

Renoir’s experience with behaviour change implementation programmes used in conjunction with a variety of proven project management tools, some developed specifically for this project, have helped to ensure that this integration project is not going to be one of the 50% that fail to achieve the expected benefits in safety, performance and financial terms.

THE RENOIR GROUP

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