Buckeye Pipelines LLC
Clarity in the pipeline....

Buckeye is the oldest petroleum pipeline company in North America, owning and operating one of the nation’s largest independent petroleum products pipeline networks and supplying refiners, wholesalers, marketers, airlines, railroads and other commercial end-users. Buckeye also operates pipelines under contract with major oil and petrochemical companies. In addition to pipeline transportation, Buckeye provides terminaling, storage and refined product distribution services.

ANALYSIS
Buckeye was facing unacceptable monthly gains and losses in product volume which resulted in large settlements with customers. At the same time they were under-delivering product to some customers and incurring the associated risk of default. As well as the financial impacts, these problems were impacting the reputation of Buckeye.

Renoir was invited to undertake an analysis of the issues raised. During a two week period, a series of observational and data studies were undertaken to allow a better understanding of the root causes of the issues. In particular, weaknesses were identified that related to management control systems around various business processes such as non-custody ticketing, gauging, and reconciliation of volumes moved. Studies were undertaken across several of Buckeye’s pipeline systems in order to quantify the overall impact of the issues on Buckeye’s closing and financial reporting processes. The outcomes of the analysis included the roadmap and the business case based on financial and reputational criteria.

Having reviewed the findings, conclusions and business case, Buckeye subsequently engaged Renoir in the implementation project.

PROJECT APPROACH
The Volume Balancing and Ticketing Reconciliation Project – termed ‘Project Clarity’ - lasted 32 weeks with a full time Task Force of 4 Buckeye staff, one Renoir project manager and two senior Renoir consultants. The project followed the Renoir Focus ProcessT approach.

The analysis identified three workstreams for the project:

• The Planning & Scheduling workstream’s scope was to establish responsibilities and standards for the scheduling function with the primary focus on ticketing accuracy, accountability and transitioning in order to develop a proactive, rather than reactive approach, to ticketing reconciliation.

• The Field Control workstream focused on installing process standards, metrics and Management Control systems across the Eastern Systems to improve ticket accuracy and reconciliation of product movements. Here too the project focused on moving to a proactive approach.

Key Results
- Reduced late tickets by 15%
- Reduced ticket corrections over 25%
- Reduction in monthly over/short position
- Improved product tractability
- Reduced month-end processing time.

Mike Kelly, Director Transportation Services, Breinigsville, PA.

“Project Clarity is about building the perfect processes around managing our pipeline inventories. Renoir has been an excellent guide and the changes underway have materialized from Buckeye employees’ ideas.”
RENOIR CONSULTING CASE STUDY: BUCKEYE PIPELINES LLC

THE RENOIR GROUP
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• The Report & Action workstream lead the effort to integrate the Volume Accounting function with the Scheduling function to ensure consistency and clarity in terms of billing.

IMPLEMENTATION
Implementation commenced with training of the Buckeye members of the Task Force. In addition, three Management Action Teams (MATs) were set up to cover the workstreams described above. Each MAT was led on a part time basis by an individual with responsibility and accountability for a particular area i.e. had the authority to implement the changes required. In essence, the Task Force supported the MAT Leaders in developing and installing changes that would deliver the result.
Buckeye took an active role in data generation and management as well as installing knowledgeable full-time Task Force members who ultimately took over the project to address ongoing opportunities.
The client is making a successful transition to a metrics driven organization with full accountability. They have moved from no metrics and no review to weekly management review and discussion on the key metrics identified.
Processes have been standardized and documented, thus eliminating the variability across the company with the attendant inaccuracies in activity tracking.

RESULTS
• Reduced over/short, thus reducing risk exposure and product holding positions
• Reduced month end processing of ticket data allowing for increased value add analysis and discovery.
• Improved month-end processing improved order to cash performance.
• Improved customer service through reduction in late and incorrect tickets.

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