Helmerich & Payne, Inc. is a contract drilling company headquartered in Tulsa, Oklahoma, and engaged primarily in the drilling of oil and gas wells for exploration and production companies. The Company stands as one of the primary land and offshore platform drilling contractors in the world and is an industry leader in innovation, a fact most notably demonstrated by its FlexRig technology.

H&P is a global enterprise with land operations across the United States, offshore operations in the Gulf of Mexico, and international operations in South America, the Middle East and Africa. H&P has been a top industry performer for over 95 years and is committed to maintaining this reputation through its unparalleled innovation and service.

**PROJECT GENESIS**

Renoir was established with H&P through 15 months of successful implementation of Rig Operations improvement and Organizational Effectiveness. Renoir was engaged to facilitate the transformation to a World Class Supply Chain Organization.

**ANALYSIS**

Analysis of the existing organization and its interface with Supply Chain revealed that H&P is an organization rooted in building and operating drilling rigs. Accordingly management is centered on and driven by Operations and Engineering. Sourcing of materials and supplies to support drilling operations had evolved as a totally decentralized Supply Chain. This along with internal ventures and acquisition resulted in a company with five separate Supply Chain organizations with very limited cross communication, integration and leverage. Due to this organic growth of sourcing activities the Supply Chain organization, which had been formally in place for only a few years did not have the structure, depth, or positioning in the organization to deliver the full value potential. Additionally, based on individual sourcing at the rig and due to the organizational structure the potential benefits to be delivered were not recognized.

With the oil boom and subsequent bust of 2000 to 2015 the company had been challenged to keep up with growth but then was not in position to capitalize on opportunities as the supply base contracted from market pressures.

**PROJECT APPROACH**

Renoir’s approach to the challenges began with the installation of an improved Management Control System (MCS) with effective operating metrics and Key Performance Indicators (KPI’s). The MCS included reporting to senior management on initiatives underway and savings opportunities achieved on a weekly basis. With the increased visibility supply chain was able to get management backing to enforce the efforts in supply base reduction, catalog consolidation, and consolidation of vendors and contracts.
PROJECT APPROACH (contd.)
The next phase was to set up the organization for formal RFQ process on key commodities and services. Many of these were procured ad hoc with no formal supplier qualification, competitive bidding, or supplier management. In one area alone the project team was able to reduce total costs by 25% or $1 Million simply through reduction in mobilization, travel, and ancillary charges.

Finally the project focused attention on raising the participation of Supply Chain with other key functions in the organization. The client culture is in the process of changing from a culture of silos to true integration of development and solutions, across all functions, not just with Supply Chain.

IMPLEMENTATION
Renoir worked with the H&P project team to install a Management Control System. This involved updating and setting standards for weekly alignment meetings both within the centralized Supply Chain organization and with Inventory Control Specialists in the field. Additionally, we installed metrics for reporting status and results from the various sourcing and fulfillment activities in support of field operations.

As the Supply Chain organization continues to gain stature through generation of results and demonstration of the value they can provide they have been able to facilitate other aspects of Supply Chain Management. An example is the planning and scheduling of Structural Audits. These were previously scheduled ad hoc by rig managers or engineering without visibility or a perspective of the total cost involved. In some cases mobilization, per diem, and overtime costs represented over half the cost of the audit. With contracts in place and centralized planning and scheduling H&P will be able to further reduce costs beyond the savings generated from the RFQ process.

RESULTS
As a result of the changes in organization, alignment and integration combined with some key cost reduction opportunities we were able to reduce the spend on drilling operations Materials and Supplies by over 20 percent.

They achieved substantial additional savings through the management and repositioning of excess inventory from stacked rigs in the field. This inventory was introduced into the existing replenishment infrastructure.