

Santos Oil & Gas

Using the right tools for a major reorganisation

Santos has been an Australian energy pioneer since 1954. It is one of the country's leading gas producers and has been providing Australia with oil and natural gas from the remote outback for more than 40 years.

The company today is the largest producer of natural gas to the Australian domestic market, supplying 18% of the nation's gas needs.

Key Results

Successful on time implementation of two major organisation restructures

Clear, guided and seamless transition

Key people development to successfully manage their new areas of responsibilities

Major change with minimal implementation issues

An organisation that retains the strengths built up over the years, with a platform to better meet future challenges

Two separate businesses with one Santos' mindset

Management ownership of the new organisation and its cultural changes

Renoir Approach ensured that all the preparation work was completed,

and this was acknowledged as essential to the successful launch

ANALYSIS

Following the successful implementation of the Santos Eastern Australia Business Unit (EABU) restructure, Renoir was invited back to facilitate the choice of structure and the embedding of the EABU's Cooper Upstream Gas (USG) and Cooper Basin Oil (CB Oil) business reorganisations.

Maintaining alignment with the new EABU structure and Design Principles, several organisation structure options were considered and objectively measured, utilising a Criteria Matrix constructed from the essential benefits required of the new structure.

From the short list of eight possible organisation models, the structure considered best by the MAT team also scored highest (89%), providing confidence in the decision making process. As a comparison, the 'As Is' structure scored a low 41% against the same measurement criteria.

The Primary Objective for the project was to facilitate the successful implementation

of the new organisation with particular focus on South Australia's Field Leadership Teams to achieve strong asset ownership, increased functional excellence and focused well management, to improve availability and production delivery of oil and gas from SA Field assets.

An essential design principle was that the Santos Oil & Offshore Business would directly control a minimum of 80% of the SA Field oil assets, all managed by Cooper Upstream Gas in the 'As Is' structure.

FOCUS PROCESS™ & IMPLEMENTATION

The Project Team consisted of a Renoir Project Manager and Senior Consultant, with two Santos Task Force members. A single Management Action Team (MAT) was utilised, chaired by the Project Sponsor, and made up of the Business Manager, Project Team and the individuals considered most likely to become the Area Managers in the new structure.

It was decided that the initial project address the new Upstream Gas structure, and then with the agreed separation of oil assets, implement a second, shorter follow-up project for the new West Oil structure.

The Steering Committee (SC): GM, Mgr Cooper USG, Mgr Cooper Basin Oil, Mgr Operations Strategy, HR Mgr and Renoir met monthly.

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DELIVERABLES

The Renoir Reorganisation Package was utilised to provide the Project Plans and Deliverables, specifically for these two projects. Continuity and consistency in alignment with the principles of the EABU re-structure were paramount.

The Renoir Focus Process™ provided a disciplined and structured process for Cooper USG & CB Oil personnel, with the time and effort put in upfront - in the first weeks of the project - allowing the extensive preparation work to be completed on time, to meet the aggressive Go-Live targets.

The Implementation Phase was managed via two work streams: Process and Management of Change; addressing each of the goals of the new organisation.

The critical project success factor was the efficient & effective transfer of the field based 'back to back' Superintendents – the field decision makers of the 'As Is' organisation – to Adelaide. The 'To Be' structure called for the original USG business to be divided into two Gas regions and one Oil region, each to be managed by one Area Manager, thereby removing the confusion in the field of inconsistent direction, leadership and decisionmaking created by each 'two person' Superintendent role.

Field supervision needed to be more accountable. 'As Is' Supervisors received special focus to minimise any resistance to the change and introduce their 'bottom up' input in the early Principles' phase. This created buy-in, with many individuals seeing their comments positively impacting the final result. The newly titled 'Team Leaders' anxiety and concerns were overcome through Role & Responsibility Clarity workshops, educating them in Position Descriptions, ARCI Matrix accountabilities & responsibilities and an understanding of the new Management Control System (MCS), developed for the Upstream Gas and CB Oil production processes.

Field leadership reported that they had re-gained control of their jobs through a simple but effective WILO (Week in the Life of) technique, where they accepted accountability to manage their time, for the maximum value-adding benefit to the business.

Service Level (Partnering) Agreements (SLAs) were developed and workshopped, to formalise the current effective resource sharing between Gas & Oil workforces, built up over the years, and embed it into the future separated but 'co-mingled' structures.

The SC provided the necessary sponsorship and the MAT & Project Teams worked well together to typically achieve Green Lights on the weekly Traffic Light Project Status.

RESULTS

Despite aggressive 'Go Live' dates, both projects launched on time. The Communications Plan ensured awareness and the special 'hotline' received very few calls.

The Renoir approach pre-empted major barriers to Project progress, and the experienced teams facilitated resolution of any concern as they arose.

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All key deliverables were achieved. Implementation involved workshops on roles & responsibilities, clarity, MCSs and Partnering. Audits were carried out to ensure the changes were embedded and sustainable in the new organisations.

In summary:

Prior to the EABU re-structure, field ops had clarity and effective resource sharing while at Sr Management levels, the functional organisation resulted in 'muddied' accountabilities.

The EABU 'asset aligned' re-structure provided clarity above Business Manager level but muddied the roles & responsibilities in the field.

Separating Cooper USG into two asset aligned Gas regions and one Oil region, together with the partnering SLAs, provided clarity at all levels of the S.A. Fields' Ops organisation.

EABU and S.A. Fields' structures are now organised for efficiency and productivity improvements, allowing the business to take full advantage of the upcoming increased demand for gas and oil.

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 350 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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