

BP, Indonesia

Meeting the challenges of the future



This integrated oil company is one of the top petroleum and petrochemicals groups in the world, with operations in more than 100 countries. The production facilities in scope were inherited as a result of a merger in the late 1990's and included 470 production strings, 170 platforms and over 40 processing and service facilities.

The company's assets were in a natural state of decline which would have had a major impact on the dynamics of the business unless lifting costs fell in parallel with the declining output.

"The Project was a great success and has delivered significant reductions in year on year costs; Renoir's approach allowed us to manage this sensitive initiative in a focused and timely manner. They helped us meet the challenges of the future."

Senior Manager

Key Results

Reduction of 150 people

Annualised savings of over \$8M

Simplified structures for better response to business needs

Standardised grading

Best people in well-engineered positions with improved career opportunities

Stabilise lifting costs

ROI of 15:1

ANALYSIS

Renoir Consulting was invited to undertake an Analysis of the onshore organisation in order to understand how efficiencies could be improved. The conclusion reached was that there were a number of areas that could be improved that would lead to significant cost efficiencies. Importantly, too, for the client, was that Renoir would commit to deliver those cost reduction benefits – at least \$4 million – at a fixed fee. The areas included:

- Structures – duplication of roles, positions not related to critical success factors.
- Management Systems – few internal growth/customer measures and standard systems poorly implemented.
- Processes – lack of initiatives, non-value addition in many steps, duplication.
- People – managers unable to confront inefficiency, lack of skills development.

PROJECT APPROACH

The Project's main objective was to reduce labour costs by \$4M p.a. and deliver a new business structure that would improve the flexibility of the organisation to meet the future needs of the client.

To achieve this result, Renoir structured the project over five key areas: Legal, Strategic, HR, Transformation and Communication. A team was established in each area and Renoir coordinated actions between the teams to maintain focus on delivery of benefits.

The driving force underpinning the achievement of results, was the 'Transformation Team', consisting of 6 client team members and 2 Renoir consultants. This Team reviewed all activities being undertaken onshore, assessed them for 'fit for purpose' and then simplified the structures and processes to ensure consistent delivery. The leaders of the respective teams were fully involved in the decision making process to ensure their buy-in and full support.

Part of the project required development of a selection process to ensure that required skills were retained and that selection was fair and legal. A comprehensive communication strategy and plan was executed to ensure that all staff were fully informed.

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Another development was a new grading structure that reflected the needs of the position, rather than the attributes of the individual. This also ensured that staff reductions were consistent across the grades. This 'top down, bottom up' approach eliminated the risk of developing a non-functioning organisation.

CONCLUSIONS AND RESULTS

Renoir provided critical support in ensuring that the business imperatives were met, whilst ensuring the changes were implemented in a systematic and sensitive manner. The results helped the company's organisation be much better positioned to meet the future challenges and included:

- Reduction of 150 people.
- Annualised savings of over \$8M, double the commitment.
- Simplified structures for better response to business needs.
- Standardised grading.
- Best people in well- engineered positions with improved career opportunities.
- Stabilisation of lifting costs.
- A first year return on Project fee investment of ROI of 15:1.

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 300 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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