

## Dakota Gasification

### Handing over the reigns

DGC, is a wholly owned subsidiary of Basin Electric, a full service energy provider in Midwestern USA. Employing over 700 people, it delivers around 50 million dekatherms of gas, in addition to a wide range of by-products ranging from Ammonia to Xenon.

### ANALYSIS

Renoir's initial brief was to assess how DGC could significantly reduce its staffing levels, while retaining the skills and 'tribal knowledge' of its employees who, for 30 years, had developed a deep understanding of the business. We found that many were rapidly approaching retirement and all were vulnerable to being tempted to "jump ship" for signing on bonuses at nearby shale excavation start-ups. In case this wasn't enough, pending Federal regulations surrounding 'fatigue management', particularly critical in a 30 year old plant, would increase staffing requirements, thus burdening the company with even more cost.

The Renoir team found that productivity across the entire operation was low. Our initial view was that realistic productivity improvements would allow for a 12 – 15% staff reduction. Given the near term risk of losing critical skills and tribal knowledge, however, this reduction required special handling to avoid damaging skill gaps.

We prepared a matrix of activities, critical skills, and proximity to retirement and found a correlation between some of the younger supervisors and poor productivity. We also discovered that some of these younger supervisors lacked or were deficient in supervisory and management skills such as active supervision, confrontation, performance management and manloading. We also observed communication gaps between the older, experienced employees and the younger ones.

We had 'stumbled' upon the leading edge of an issue that we believe will become more important over time – the exodus of "Boomers" and the succession of "Millennials"

### CENTER OF EXCELLENCE

We proposed the creation of a "Center of Excellence" (CoE) – a concept rather than a physical center. The CoE was to be an environment where key, business critical staff could transfer their skills and 'tribal knowledge' in controlled sur-roundings, mentored and supported by Renoir. This would allow DGC to transition to a new, effective and efficient Organization, while protecting the business from an uncontrolled exodus of skills and knowledge. At the same time, removing the people who would comprise the CoE, from the actual operation, would begin to right-size the business.

"Working with Renoir has been a great experience. They have challenged us on a daily basis and we have all learned a great deal from what has been a very successful process."

**Steve Pouliot**  
*Maintenance Manager*

### Key Results

Staffing levels reduced by 15%

22% productivity increase

Payroll expense reduced by  
\$14 million dollars

Maintenance schedule attainment increased from 40% to 65% (on target to achieve 80%)

No change in non-discretionary performance metrics i.e. HSE

Created a "Center of Excellence" to ensure critical skill transfer

Transferred 80% of business critical systems and knowledge, safely and successfully during the course of the project

Independent audit program designed and installed to monitor performance

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## PROJECT APPROACH

A nine month Project was planned with a team of 4 Renoir consultants and 3 DGC staff. Our high level objectives were:

- Create an efficient and effective CoE
- Right sizing the organization: identifying, by area, the real required staffing levels
- Improving supervisory and management skills
- Reduce staffing levels from 732 to 620 - \$14 million annual savings
- Maintain or improve HSE metrics
- Implement the objectives over a period of 6 months, before being gradually handing over to the client, supported by an objective, metrics based evaluation system.

We began by examining and identifying the population who currently held the 'knowledge' and are approaching retirement. (Donors) We then identified the employees who would receive special skill transfer training (Recipients) and developed Action Plans within a common framework but with an individual, needs specific focus supported by a suitable Management Control System (MCS).

## IMPLEMENTATION

There were three concurrent training streams:

- One was focused on bringing up supervisory and management skill levels to improve productivity. This was largely done by the Project team and directly impacted our plan to reduce staffing levels.
- At the same time, we trained and mentored the donors in their ability to transfer their skills and knowledge (working closely on an individual basis in a 'live' environment).
- The last stream was through the CoE, and included job skills, and the transfer of Tribal Knowledge.

Training, throughout, was a combination of on-the-job, classroom, coaching and mentoring.

Along with the supervisors and managers, we implemented simple management controls to better plan people and work, report through usable KPIs and act remedially where necessary. We designed and implemented an 'audit program' to track and monitor success, again prioritizing those donors and recipients who were struggling.

## PROJECT RESULTS

- Front line supervisors achieved a 65% scheduled attainment of their daily plans within 6 months, up from the 40% base and on target to achieve our goal of 80%.
- Over 80% of the business critical systems and knowledge are now safe and secure within the business.
- Achieve targeted staff reductions within the context of a people plan to allow the Company control over the skills mix.

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