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CASE STUDY – SHELL NIGERIA (ENERGY SECTOR)

The Company/Organisation

Shell is one of the world's largest oil companies, operating in over 100 countries. This project was delivered on behalf of a Shell Operating Unit (OU). This OU's Well Services' function was to manage the performance of the oil wells so that they are available as required to the Operations and Drilling teams. 85% of Well Services' $50 million annual budget is spent on external contractors.

The Challenge

Well Services believed that a reduction of 10-15% could be achieved to its operating costs by optimising the efficiency of the processes carried out by its contractors. An 3-week analysis carried out by a Lysis consultant validated that the main reasons for incurring excessive costs were that there was a high number of non-value added activities; that there was no clear ownership of the cross-cutting processes; and that valuable time was lost due to poor communication between functional groups.

Well Services understood that, in order to achieve exceptional performance from its work processes and effective teamwork among groups, it would need to engineer and install radical changes in the manner that work was carried out. However, those changes had to be embraced by all the parties involved in Well Services activities including contactors, customers and suppliers. Shell appreciated that an external expert could help overcome the difficulties associated with launching a major BPR initiative and, subsequently, chose Lysis consultants to provide support using their proven change implementation methodology.

The Solution

The approach employed by Lysis consultants consisted of the following three phases:

Firstly, the project organisation was created, which centered on five cross-functional BPR teams; each focusing on improving key processes for their respective areas, for example, "Well Integrity Team" and "Wireline Team". In addition to providing generic BPR training, Lysis consultants helped to define team roles, project plans, key success factors and to rank the business processes within each function in terms of dysfunction, importance and re-engineering feasibility so as to determine where to re-engineer

In the 2nd phase, each team re-engineered selected business processes. With Lysis' facilitation, the teams produced "As-is" and "To-be" process maps, as well as a management reporting system that provided ongoing information on process performance. In order to create cross-company awareness of the improved processes, Lysis consultants transferred all the maps into Shell's intranet and created a simple navigation mechanism

In the final phase, each redesigned process was implemented. The feedback from the implementation was communicated to the client/consultant team, who resolved implementation-related problems and monitored improvements. Implementation was fast-tracked by bringing in best practices from applying similar BPR projects worldwide.

Benefits

There were significant financial and operational benefits realised as a result of this work, which exceeded Shell's expectations and recouped the involvement of Lysis consultants 8 times over. For example:

- In excess of $1 million annual saving in contractor charges, as a result of a 7% reduction in non-productive time for mobile rig activities
- $480,000 annual saving, as a result of reduction to the well opening up time by 40%
- Planning compliance increase from 72.9% to 83.9%
- Better teamwork and communication between all parties impacted by Well Services activities
- Reduction in stand-by time for crews