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—SCU team member

World’s “Most Admired Oil and Gas Equipment Service Company” Trims Lead Time for Key Product by 27%

CHALLENGE

Meet rising demand by reducing production lead times.

In a way, FMC Technologies might be considered a victim of its success. Named the “World’s Most Admired Oil and Gas Equipment Service Company” by *Fortune* magazine in 2012, FMC employs more than 16,000 people in 27 production facilities in 16 countries worldwide, designing, manufacturing, and servicing a variety of sophisticated surface and subsea well-head and fluid management systems for oil and gas enterprises across the globe.

But one of its core offerings faced a major challenge. Demand for FMC’s subsea control units (SCUs)—a surface hardware/software component that controls gas and oil equipment on the ocean floor—was growing from three to four units per year to six annually; with new opportunities to sell SCUs as stand-alone units, demand was expected rise even higher. FMC, however, struggled to keep pace with demand. Despite quoting delivery in 14 to 17 months, FMC averaged actual lead times of 24 months.

Inside FMC’s Controls and Data Management product group, SCU’s were recognized as the “bottleneck” in the FMC production chain, the single most problematic obstacle to achieving on-time delivery. Why the gap between expectations and performance? SCU engineers and managers targeted a number of pain-points, including insufficient capacity, absent or unclear requirements, and lack of correct and timely information, leading to— in their own words—“lots of re-work” and “suppliers charging fines because of changes.”

SOLUTION

RABIT jumps on the project process to expose workflows and restore control.

Aiming to reduce SCU delivery by at least two months, the FMC Eastern Region based in Kongsberg, Norway called on Pinnacle Strategies, challenging them to identify and relieve obstructions in a matter of weeks. Pinnacle responded with its Rapid Analysis and Bottleneck Improvement Team (**RABIT™**) approach, a focused team effort expressly designed to achieve significant project management results fast.

Under Pinnacle’s leadership, the **RABIT** team of facilitators and FMC engineers created a Value Stream Map that, for the first time in its history as a group, exposed the entire design and manufacturing process to every SCU engineer and manager, creating a common ground of understanding. From there, the **RABIT** team arrived at three crucial opportunities for improving performance

CLEAN START One of the top causes of unnecessary and/or unpaid rework had been misunderstandings and miscommunications regarding supplies. Under the redesigned process, no task would begin until all the minimum prerequisite requirements and supplies were on hand.

CLIENT OVERVIEW

REGION

Norway

INDUSTRY

Oil & Gas Equipment

CUSTOMER PROFILE

FMC Technologies is a leading global provider of technology solutions for the energy industry. It employs 16,000 people and operates 27 production facilities in 16 countries.

BUSINESS SITUATION

To meet growing customer demand and delivery expectations, the client needed to rapidly improve throughput and lead time for its master control station (SCU) products.

SOLUTION

Pinnacle Strategies worked with the client’s team to conduct a **RABIT** to identify and relieve workflow obstructions within weeks via:

- Clean Start
- Visual control
- Change management



RESULTS IN NUMBERS

\$2.1–\$3.5 MILLION
IN (US) ANNUAL SAVINGS

27%
REDUCTION IN SCU PROJECT TIME

VISUAL CONTROL Managers cannot control what they cannot see. **RABIT** deployed a system for visualizing the SCU process so that every manager, resource, and stakeholder could see the workflow, enabling them to monitor progress, identify emerging problems and encourage collaboration driven by standardized performance metrics.

CHANGE MANAGEMENT Without a standard methodology, change requests were imposing delays and uncompensated work. **RABIT** developed a formal, documented procedure for managing changes that reduced unnecessary activity and assigned appropriate charges for customer requests.

RESULTS

\$2.1–\$3.5 MILLION (US) IN ANNUAL SAVINGS By the time the **RABIT** team completed the assignment, they had reduced overall SCU project lead time by 27%; in fact, the first project to apply **RABIT** recommendations fulfilled its contract in just 11 months, half of FMC’s historical 22-month lead time. The reduced cycle times accounted for \$2.1 million in savings on full FMC subsea systems, and a potential for \$1.4 million in savings on selling stand-alone SCUs that absorb FMC’s newly available capacity.

When asked to summarize the impact of process improvements in their own words, SCU team members said that, “project meetings that normally took up hours without accomplishing much are now only 15 minutes and accomplish much,” and “we have great collaboration, [and are] cross-functional now.” Another team member said, “We now focus on four or five action points instead of an endless list of issues.” But perhaps the best summary came from one of FMC’s senior engineers, Oyvind Boe: “It feels like we did so well that now the world has become the bottleneck.”

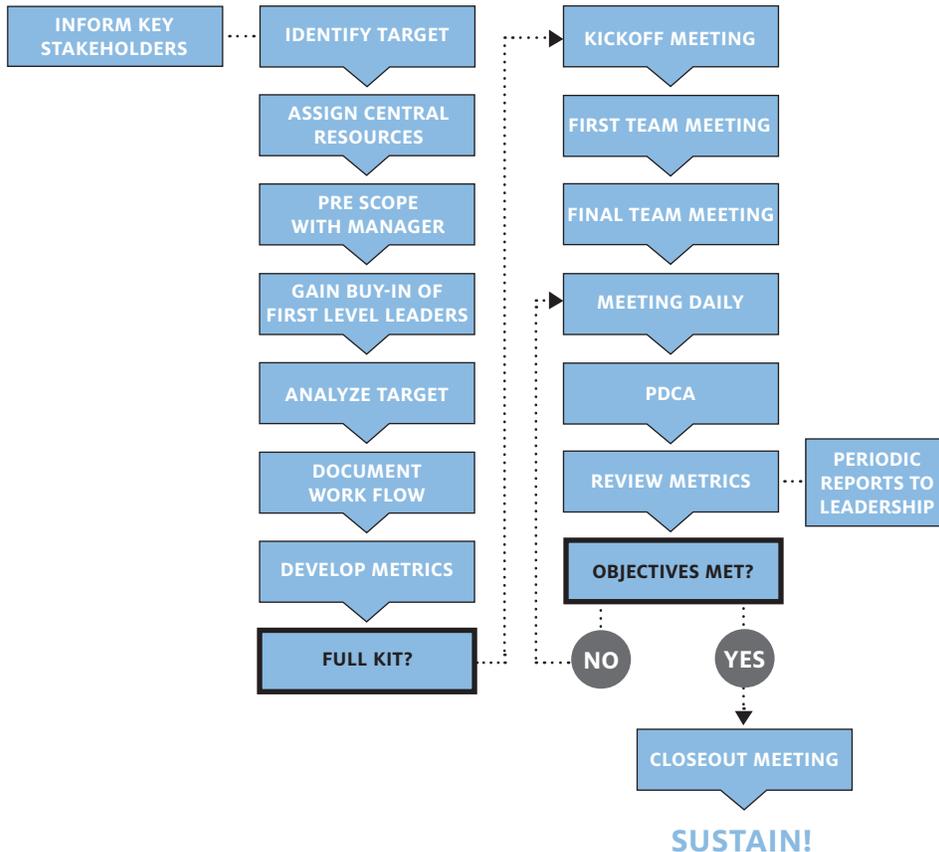
The **RABIT** approach identifies process bottlenecks and implements a strategy that relieves them quickly, usually within a matter of weeks. It uses a proven, built-from-within, “focused team” approach to make an immediate, significant impact on production processes.

Clients who have used the **RABIT** process report rapid results that include:

- Production increases of at least 20% in two months without additional costs
- Labor productivity increases and associated reduction in costs
- Improvement of on-time delivery performance



RABIT PROCESS FLOW CHART



BEST PRACTICES SOLUTIONS

Pinnacle Strategies is an international management consulting firm focused on operations management excellence. We work with organizations to increase shareholder value by developing high-performance business processes that significantly enhance productivity, reduce costs and time to market, improving profitability and accelerating sustainable growth. Pinnacle Strategies offers results-driven consulting solutions in the areas of performance management, project management, operations management, and supply chain.

ELEGANT SOLUTIONS TO COMPLEX PROBLEMS

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