# PROJECT MANAGEMENT CASE STUDY

FEBRUARY 2013

Engineering as a Factory

# Leading Oil Producer Saves \$11 Million on Engineering Projects, Increases Throughput by 24%

#### **CHALLENGE**

# Master 520 projects with 400 people — now.

As a global oil and gas giant present in more than 55 countries, this client is no stranger to managing complex projects under difficult conditions. But in the Gulf of Mexico (GoM), one of the company's key project engineering teams faced an unprecedented backlog. In 2012, urgent health, safety, security, environmental (HSSE) projects ballooned to more than 520. Four hundred engineers were responsible for updating systems, some as many as twenty years old, to newer and much more stringent standards. New devices—such as valves, gas compressors and gas/oil separators—had to be retrofitted onto older technology. Work on off-shore rigs added an exponential level of complication: firm persons-on-board (POB) rules restricting the number of engineers and technicians allowed on the rigs; any welding, sparks or open flame meant interrupting production or working within enclosed work spaces that delayed progress and increased costs; and all necessary tools and materials had to be coordinated into on-shore "buffers" before off-shore work could begin. The project engineering teams were completing five projects a month—but new projects were added at a rate of 25 each month.

## SOLUTION

#### Create a portfolio view with simplified and integrated processes.

Pinnacle Strategies worked with the team to reorganize their operating superstructure in three key areas:

**INTEGRATE CULTURE AND PROCEDURES** Hub engineering teams were aligned with common objectives to encourage collaboration across multiple and separate resource departments. Together, they explored "what if" opportunities for improved processes and defined more effective on-shore buffers.

**COORDINATE COMMUNICATIONS AND COLLABORATION** Pinnacle consultants designed a Visual Portfolio Tracking Board (on the wall and online) that made it easier for engineers to assemble, monitor and manage work packages as they made progress over time.

**CONTROL TASK UPDATES** With Pinnacle's guidance, team members clarified their roles and responsibilities, identified and then reduced project blockages, and prioritized tasks for better project throughput performance

"The opportunity for us is in the tens of millions of dollars a year in additional throughput and efficiency."

— Group Manager

# **CLIENT OVERVIEW**

#### REGION

Houston, TX — Gulf of Mexico (GoM)

#### INDUSTRY

Oil & gas exploration

#### **CUSTOMER PROFILE**

A leading global supplier of oil & gas, present in more than 55 countries on six continents

#### **BUSINESS SITUATION**

The company's Gulf of Mexico division faced tremendous demand in its risk mitigation engineering efforts, together with significant specification increase. A key project engineering team was in a resource crunch. The output of the engineering team had to increase significantly.

#### SOLUTION

Working with Pinnacle Strategies, the engineering team increased project throughput with the application of advanced project management techniques driven by a simple Visual Portfolio Board, work rules and metrics.

## **RESULTS**

Increased buffer of ready-to-construct projects 300% (the team's main deliverable)

Annualized savings of over \$11 million USD

**12% increased efficiency** as measured by output / full time equivalent (FTE)

**Increased visibility** into the process for all stakeholders

Reduced total time to deliver projects

**Reduced changing priorities** 

**Delivered consistent reporting** throughout the organization

**Improved** quality-of-life for resources and managers

**Continuous Improvement (CI) initiatives** are already underway, dovetailed into this new methodology

#### BENEFITS

**Project throughput up 24%** in six months

Bottlenecks to workflow identified

Project teams working collaboratively, on the same priority

Reduced project cycle time

Number and duration of project meetings reduced dramatically

# Ready-to-construct projects increased by 300%

In just six months, the team increased its project throughput by 24%, tripling the number of ready-to-construct oil platform projects. Project lead times dropped from 18 months to 13. As project cycle times declined, efficiency increased, leading to more than \$11 million in annualized savings. Time spent in meetings plummeted from as much as several hours a day to as little as ten minutes a week, boosting morale. Overall, the resulting process improvements and systemic coordination led to a 12% increase in efficiency (output/FTE) and improved quality of life for engineers and their managers.

"When we come to meetings at the Board, we typically spend about 10 minutes—total—if not less. Morale is way up."

Project Manager

"When teams from different disciplines come in and see the same thing on the Visual Portfolio Board, you understand immediately what needs to be done. This is a big, big advantage."

— Vice President and Project Manager

Pinnacle Strategies provides project management consulting, training, and resources to help you improve performance and deliver projects on time, every time We specialize in the application of Critical Chain Project Management (CCPM) and our ViewPoint Project Management System to dramatically reduce your project lead times and improve productivity. Using our proprietary project management methodology, we help you to initiate and establish more effective behaviors in project planning, project execution, and project risk management—transforming your project management processes to generate consistently better outcomes. Our behavior-based approach strengthens competency, builds trust, and improves the working relationships within your team.

### The Pinnacle Strategies approach:

- Is simple to use and easy to adopt
- **Delivers significant improvements** in project output, productivity, on-time delivery and lead time in a **very short time**
- **Reduces expediting activity** (shorter, more productive meetings)
- Improves decision making (better focus)
- Results in a more **enjoyable project management experience** (higher morale)

Our project <u>management consulting clients</u> include organizations with engineer to order (ETO), construction, software, and new product development projects.

#### **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**

Book a best practices briefing for your management team. Contact Pinnacle Strategies at:

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