Who is Minding the Store - Smaller Projects

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Redefining Our Industry
Solutions through Collaboration, Innovation and Organization
Who is Minding the Store – Small Projects

Today’s Issues

1. In a world of mega projects, how are we executing the smaller, but very important, capital projects?

2. How do we create effective teams, allocate risk, and apply technology for success?

Today we will explore high potency strategies proven to improve project small project success.
First Topic

- What are small projects?
  - How do they differ from mega projects and what makes them special?
- How are they managed successfully?
- What high potency ideas can we offer you for immediate implementation?
Smaller Projects

- Up to $15 Million
- High volume, high frequency
- Duration is usually short
- Not usually in CAPEX program scheme
- Often funded by Operations
- Sometimes come up unexpectedly
- Rarely ever get noticed unless a problem occurs
Small Projects Are Not:

- Less risky
- Less costly to manage
- Places to put your “B” or “C” teams
- Projects whose problems are less costly and take less time to fix
- Less disruptive to current operations
- Projects that do not compete with mega-projects
  - Time and resources
- Projects that require less owner attention
- Project that do not require a “team” approach
- Less *important* in the overall CAPEX scheme
- Projects that have fewer claims and disputes
What Should I Expect on Smaller Projects:

- Employee / team turnover
- Agony over too much “large project” reporting
- Firms may not sign your “mega-project” contracts on small projects
- Smaller projects require “more” owner attention and guidance
- Smaller firms entering the market may not be acclimated to the process industry
  - Safety may (will) be an issue
- Challenges
Challenges Identified

- Alliances: Small projects are continuous and hard work
- Commitment to small project PDP
- Maintaining a reasonable workflow
- Enthusiasm and excitement
  - Prevent burn-out
- Continuous improvement mentality
- Turnover / training
Next Topic

- What are small projects?
  - How do they differ from mega projects, and what makes them special?
- *How are they managed successfully?*
- What High Potency ideas can you takeaway?
Core Team Focus

- Provide technical resources needed for small capital projects execution
- Improve overall efficiency of PDP
- Minimize the project cycle time
- Project the most cost effective capital solution
- Develop effective interface with owner plant personnel
- Support through outages
The Roadmap to Success

- Embrace the small project delivery process
- Establish a true owner/engineer team
- Commitment to a continuous improvement process
- Owners need to plan work and share with team
- Provide continuous work load for core
- Develop team metrics
BP’s <$10 million System - The Industries’ Benchmark

- Overall ‘Best-In-Class System’ for small projects
- One site achieved an Industry leading capital Project System, recognized as the ‘Best-In-Class Site’ by IPA in 2007
- BP have had the ‘Best-In-Class Site’ for the last 5 years:
  - Several of BP’s sites are world class leaders
  - Most BP sites show significant improvement in drivers and performance over time.
  - 9 sites in are Top Quintile Cost Performers
Projects are divided into stages, each corresponding to a key decision point. (* For subsurface projects an initial ACCESS stage applies)

Key roles of Gatekeeper and SPA (Single Point Accountability) in place

Each stage has a Gate that must be passed, which forces the Gatekeeper and the project team to make appropriate decisions.

These decisions, the rationale behind them, and any uncertainties are captured in a Decision Support Package (DSP).

The activities required within each stage are necessary to develop information required for the DSP.

Successful implementation requires appropriate supporting behaviors (e.g. effective cross-functional teams generating constructive challenge).

A process that has the flexibility for the content to vary according to project size and complexity.

Assurance provides confidence that projects will deliver distinctive business results (benchmarking, peer reviews, etc.).
## Refining & Marketing Segment: PM Functional Governance

<table>
<thead>
<tr>
<th>Project Manager</th>
<th>Site / BU / Region Project Assurance</th>
<th>Project Actor</th>
<th>R&amp;I HoP</th>
<th>TMAP Projects &amp; Engineering</th>
<th>Group Director of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>less than $10M</strong></td>
<td>Submits DSP</td>
<td>Approves</td>
<td>Informed</td>
<td>Informed</td>
<td>No role</td>
</tr>
<tr>
<td><strong>$10M to $100M</strong></td>
<td>Submits DSP and Scorecard</td>
<td>Consults</td>
<td>Approves</td>
<td>Informed</td>
<td>Informed</td>
</tr>
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<td>Approves</td>
<td>Informed</td>
</tr>
</tbody>
</table>

**Note:**
- "Informed" indicates that the role is informed of the project.
- "Approves" indicates that the role approves the project.
- "Consults" indicates that the role consults on the project.
- "No role" indicates that the role does not have a role in the project.
What are small projects?
- How do they differ from mega projects, and what makes them special?

How are they managed successfully?

What high potency ideas can you takeaway?
Takeaways - Best Practices

- Tested model that works:
  - Core team for each client
  - Flexibility in staffing
  - Senior process staff as needed
  - Site orientation where possible
  - Gated process (FEL modified)
  - Streamline delivery process
  - Hard work
  - Standardization
Takeaways - Best Practices

- Standardize your approach for your small projects group
  - Standing Core Team
  - Owner’s PM, A/E, CM, Operations
    - Client’s team depends on the business unit
  - Standardized FEL
    - Pre-charter ➔ Kick off ➔ Initial Funding ➔ BOD, PEP, CPM
    - Schedule ➔ Final Estimate

- Regular Portfolio Oversight
  - Review upcoming projects / resource requirements
  - Review schedule logic - resolve issues quickly
  - Review cost forecasts
  - Address open Client concerns as they occur

- Keep “The Business” informed on progress
  - Focus on business driven realization goals
Continuous Improvement Opportunities

- Unlike large projects, cycle times and frequency allows experimentation
- Frequency allows for better historical metrics to develop predictable patterns
- “Lessons learned” can be implemented quicker, effecting more people / projects / companies
- Repetitive work reinforces administrative work processes
Continuous Improvement...(cont’d)

- Eliminate waste activities – those that add no value and raise cost
  - Rework
    - Use your experienced PMs to assess risk
  - Overproduction
    - Plan to Plan – Scale all FEL / Design deliverables
    - Bundle smaller projects to decrease “smaller” efforts
    - Use generic schedule logic – adjust durations
  - Unnecessary Waiting
    - Eliminate bid cycles with early collaboration and an “open-book” approach
    - Pre-schedule “Stage Gate” review meetings
    - Use CPM as a visual control mechanism
  - Unnecessary Motion or Processing
    - Establish repeatable processes
Takeaways - Best Practices

- Program Management Efficiency
  - Link projects (type, location, risk, technology…)
  - Outsource “program” management
  - Maintain integrated team approach
    - Establish and keep your “core” team together

- Change your form of project delivery / contracting strategy

- Examine your risk-sharing model

- Standardize web-based reporting

- Determine “trigger metrics” for all small projects
  - Level 1 – concern (on the radar screen)
  - Level 2 – take action
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Any Questions?

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