Driving Competitiveness in Small Capital and Portfolio Projects
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Grounding: Where the Upstream sector was (2015/2016)

Energy executives see the demand...
74% of the 600+ energy leaders see capital efficiency as a business imperative (2015/2016)

...and are driving to meet that demand.
64% have implemented both cost-reduction and capital-allocation efforts to utilize their capital more effectively

Getting started...
30% attempted stronger capital project controls to drive returns on capital employed (ROCE)

It’s time to close the gap.
Over 70% believe their organizations’ ability to drive capital efficiency was not at a high level of maturity

*ECC PerspECCtive*
What is most important in Competitive Small Capital and Portfolio Projects?

ECC Future Leaders Pre-Conference Survey:

- Effective program management strategies
- Collaborative Contracting Strategies
- Governance & Assurance models for lower risk, lower spend projects

Right-sized Front End Planning

- Efficiency focus throughout the project life cycle
- Driving to a fit for purpose, industry standard design

Cost reduction emphasis: Impacts on Value
- Balancing customization and standardization
- Scope Replication & Version Control

Owner’s Perspective

Shared Perspective

EPC Perspective

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Panel Question 1:

How has the lower for longer oil price environment impacted your company and What does it mean to be competitive in this environment?
Panel Question 2:

How do you define *capital efficiency*?
Capital Efficiency Framework

1. Corporate Strategy
   Identify, assess and review strategic priorities, core capabilities and deal strategy.

2. Finance Strategy
   Identify optimal capital structure, articulate financial policy and determine capital budget.

3. Budgeting Authority
   Establish budgeting authority at corporate and business unit levels.

4. Capital Processes
   Develop standard processes and governance in support of capital decisions.

5. Investment Options
   Collaborate to create and consider a broad set of investment options (core business, innovation, deals).

6. Value Measurement
   Create standardized valuation templates for both financial and strategic benefits.

7. Resource Balancing
   Organize and balance on-the-ground resources to execute on portfolio.

8. Portfolio Optimization
   Select initiatives with the biggest value impact considering resource constraints.

9. Value Performance
   Track not only budgets and timelines but also value creation.

10. Project Execution
    Deliver quality investment with project management fundamentals.

11. Capital Agility
    Implement procedures to quickly course-correct in the face of unexpected events.

12. Strategic Review
    Regularly review strategic direction in the light of observed performance.

Link to Whitepaper:
Driving capital efficiency to fuel oil and gas projects
Panel Question 3:

What approach do you take regarding tools, processes or other methods that are different, when delivering competitive small projects or portfolios?
Panel Question 4:

How do you recommend balancing resources (demand) and priorities for a portfolio of small projects, with different customers or competing business drivers?
Final Thoughts:

Any last thoughts?
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- **Competitiveness and Capital Efficiency** are universal, **Strategy** is specific.
- **Trust based relationship** saves owners money by reducing lag - "Speed to market"
- **Schedule slip is the enemy of competitiveness** – **predictability, less variability**
- **Cut and cope** mindset – some things need to be forced to **change culture**
- It takes the right person to **succeed in “Small Projects”** (Mega Projects are different, but the right solution can be scaled up or down)
- **Demand planning** is a shared interest item that **drives competitive outcomes**
- **Culture is most important**, **process definition** is second, **tools and applications** are tethered to success
Questions from Audience

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