

ACE//A&D//LPM//POE

adil  
A Schlumberger Company

# LPM.

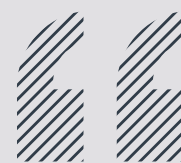
# Lean

**Lean Project  
Management**

# Project

# Management

Oil and gas consultancy services



**64%** of mega projects have cost overruns, **73%** have schedule delays, average cost overruns are **59%** above the initial estimate.

**Spotlight on oil and gas megaprojects, EY**

In the last five years, less than **25%** of Oil & Gas projects have been delivered on time; averaging 10 months delay and around **35%** over budget.

**Lessons learned from UKCS Oil and Gas Projects, 2011-2016, Oil and Gas Authority**



# Our LPM methodology.

Our Lean Project Management (LPM) approach differs greatly from traditional oil and gas industry project management, which often leads to projects escalating in cost and not being delivered to schedule.

We operate with lean teams who are empowered to deliver and clearly understand their objectives. We focus on risk and the actions required to mitigate this. Our cost model incentivises for early or on time delivery and is not man-hour based. This means that we deliver the client's project on time and on budget.

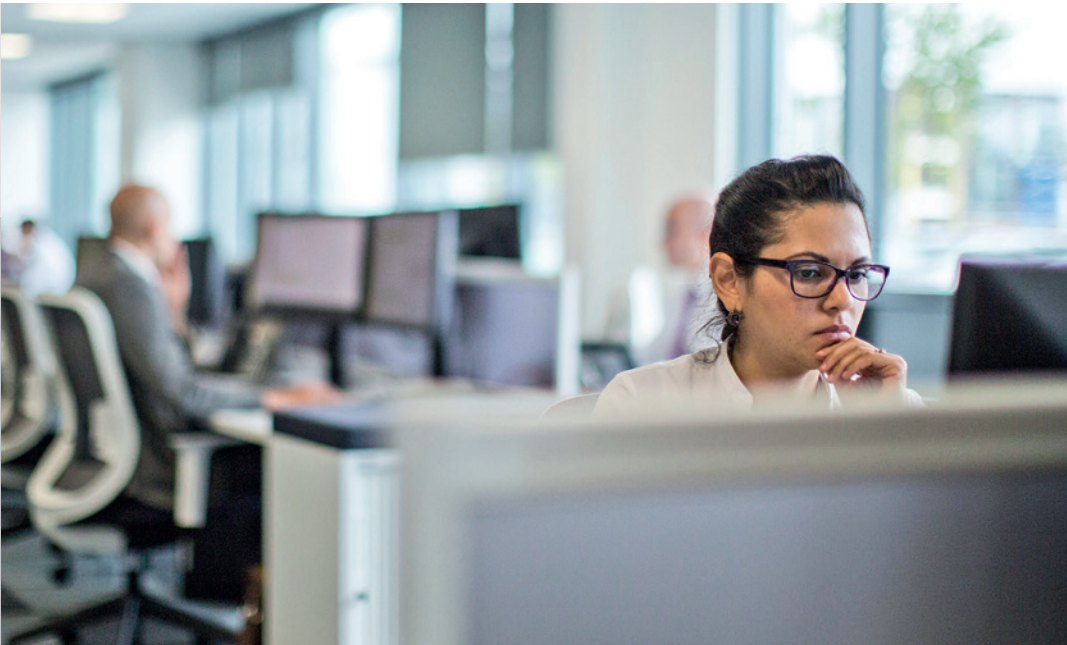
# Incentivised approach.

We share the risk of project delivery with our clients and enter in agreements where we are incentivised to deliver the project under budget and ahead of schedule. Therefore, if the project is over budget and not delivered on time we lose out.

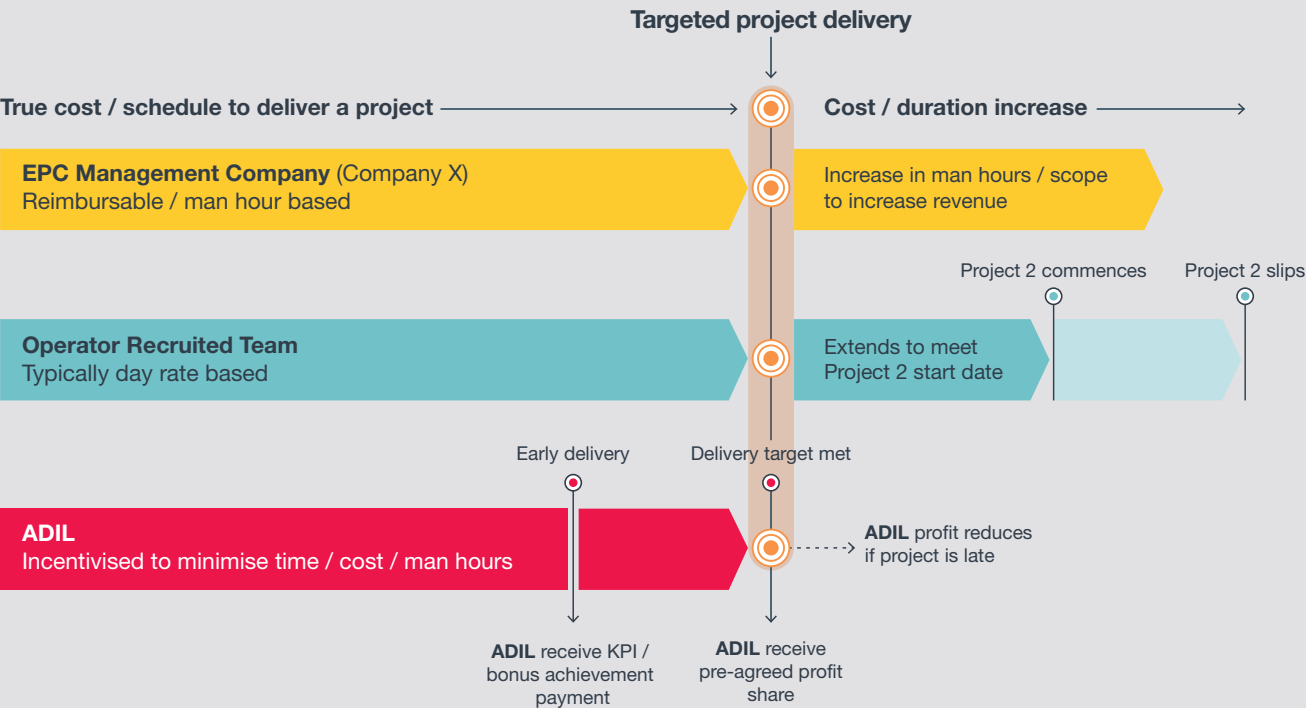
We spend time with clients to effectively understand and agree risks. We then provide a lean, multi-disciplined team formed with a focus on mitigating these risks. This team can be all ADIL or a mix of ADIL and client personnel.

**Our approach requires the following:**

- Client senior management buy in to the approach
- ADIL being empowered to deliver the project
- At this point the cost/profit model can be finalised
- Clear definition of mission and boundaries



**Our project delivery model:**  
if the project loses we lose



# Our LPM methodology in numbers.

Industry average cost of a project management team is around

15%



The average cost of our LPM teams is around

08%

The break even cost per barrel for one of our projects was initially

\$60



Utilising our LPM approach saw the cost drop to

\$30





# Delivering value to clients.

We add value to our clients by utilising LPM to deliver projects on or ahead of schedule, within or under budget, while maintaining quality at all times. By their very nature, our lean teams can get more done for less - we need fewer people and for lower costs we can deliver more for clients.

We have a track record of delivering this for clients and our confidence in our approach means that we are happy to enter into 'risk and reward' commercial arrangements with clients.

**Project example**

Start date	2015 (Q3)
End date	2016 (Q4)
Location	UKCS
Client	Confidential

**Overview**  
Client had desire to utilise a non-traditional project management approach.  
  
ADIL entered into a collaborative 'risk and reward' agreement.

**Our approach**  
LPM team project managed all functions from Define, driving down cost and reducing project schedule.

**Deliverables**  
Utilised the LPM team to deliver the project under budget and ahead of schedule.

Project cost reduced by 40% to

\$200m

Project delivered

9 months

ahead of schedule



# Our approach.

Our LPM teams benefit from there being no micro-management or ‘man-marking’, freeing them to achieve agreed objectives.

The teams integrate all the interfaces on the project, removing a number of unnecessary layers and enabling the team to operate at a more strategic level. Each person in our LPM teams is multi-skilled, enabling them to deliver more than one of the roles in a traditional project team, and relish the opportunities working as part of a lean team provides.



### Empowered to deliver

Each person within a lean team is empowered to do more than one job. There is no micro-management - each member of the team knows what their objectives are and are freed to achieve these. As a result, people in the team want and relish opportunities - they have the desire and need to grow.



### Challenge everything

#### Rigorous and robust challenge sessions during FEED:

- At the start of FEED a mission definition and remit session is essential
- Through the process focus must be kept on the simplest yet most robust approach
- Challenge sessions are split into focused parts
- Keep FEED short
- The right people make the right calls; we bring in personnel at the right time with the required level of experience to augment the review process

#### Equipment standardisation:

- Unnecessary ‘gold plating’ of materials is removed and standardised equipment is used where possible

- Past projects are reviewed to identify best practice
- Selection of the right codes, removal of inherent conservatism
- We understand the input data and challenge appropriately
- Empower the supply chain to deliver what they are expert at providing

#### Challenge commercial arrangements:

- Pick the right contract model - collaboration is great but competition is also important
- We challenge all received tenders and compare them to previous similar projects
- Combine scopes where possible - e.g., CAPEX and OPEX
- Use of global contracts or specialised local suppliers where appropriate



### Mission focused

#### Mission and risk factors:

- LPM follows project management theories, but isn’t constrained by them
- Use advanced risk management tools to minimise mission failure
- ABC2 planning methodology
- Team selection based on ability to mitigate risks
- We have plans in place for scenario A, plus contingency plans for scenarios B and C



### Incentivised to deliver

#### Lean Project Management

- Delivery on time or ahead of schedule
- Within or under budget
- No compromise in safety
- No compromise in quality

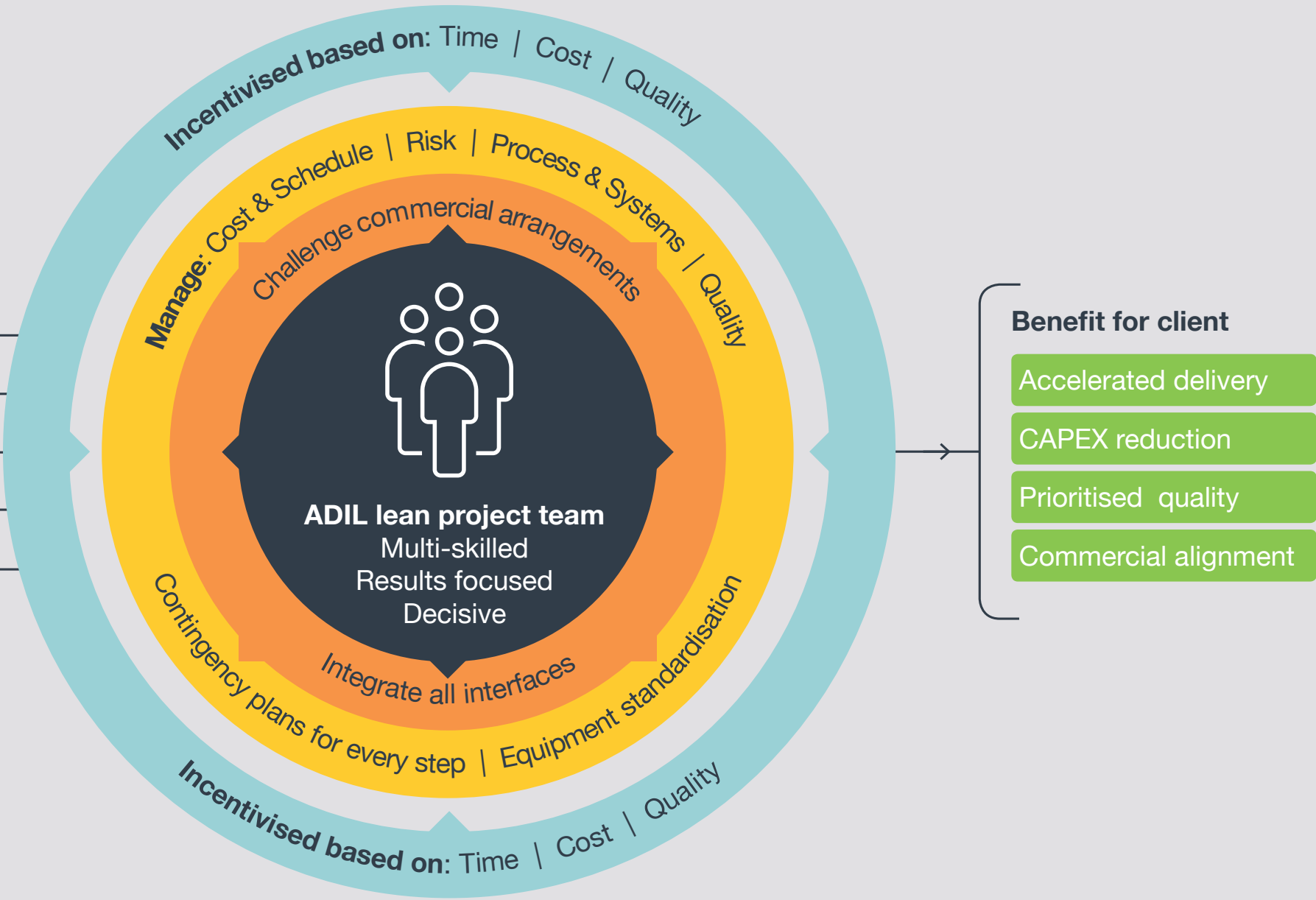
# Our process.

## How it works



### Pre-requisites

- ✓ Client buy-in
- ✓ ADIL understand client drivers
- ✓ Scope/mission definition
- ✓ Empower the team
- ✓ Trust the team





## Our locations

Our international experience and expertise extends across the world. We have undertaken work with clients in a number of international locations.







ADIL significantly reduced the break even cost for our project, ensuring the project was viable.

#### **ADIL client**

---

ADIL delivered on time and on budget, exceeding all previous project.

#### **ADIL client**

