

Endeavor

Examples from  
Management  
System Assessments

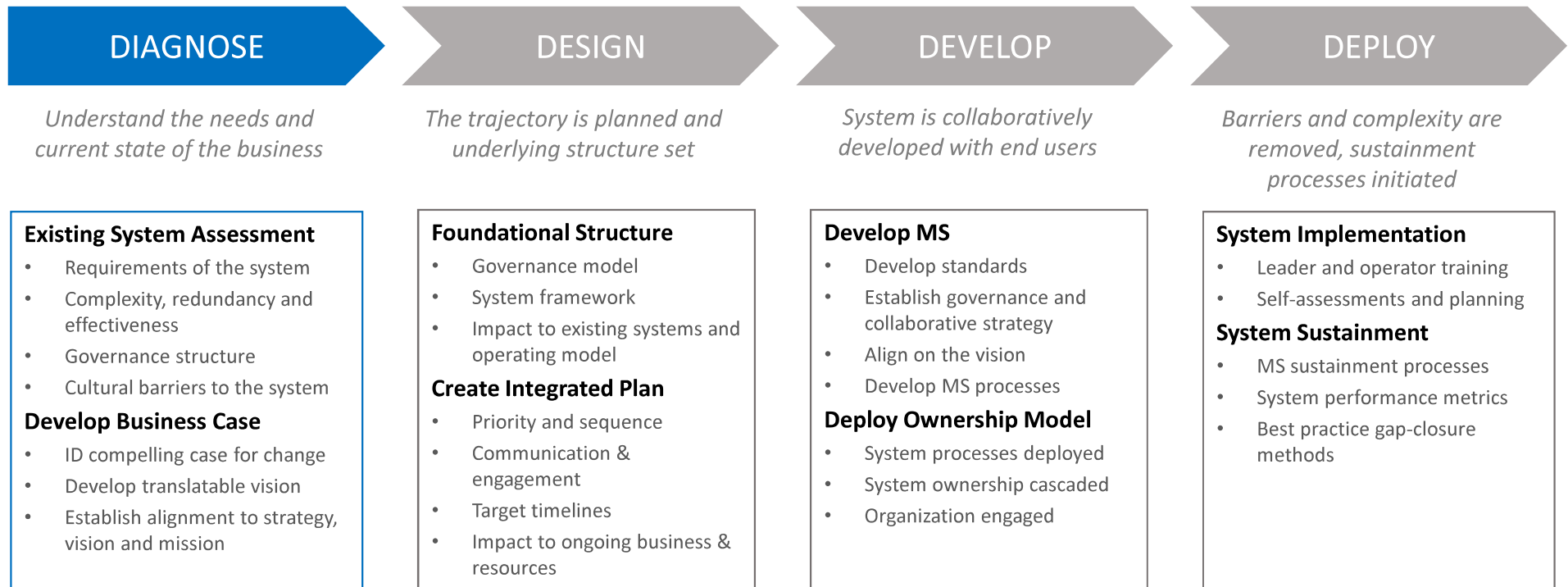
# INTEGRATED MANAGEMENT SYSTEM DIAGNOSTIC



# ABOUT OUR MANAGEMENT SYSTEM DIAGNOSTIC

# MS Diagnostic Overview

The diagnostic serves as the first of 4 steps in our approach to creating an effective management system





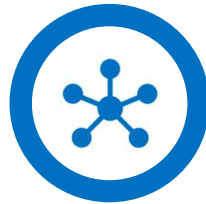
# 3 key areas of a MS Diagnostic

Getting a complete perspective of the factors at stake



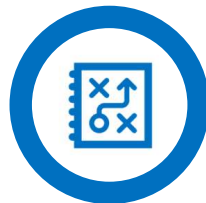
## Management System

Evaluate the current state of your management processes, including the underlying design that may be contributing complexity and inefficiency. We also evaluate the overall effectiveness of the system.



## External Factors

The best MS designs can fail if external factors are not accounted for. Our MS Diagnostic evaluates culture, leadership and governance and planning to ensure they will help your MS work as expected.



## Organizational & Strategic Needs

The MS needs to be designed to work for your company, which means understanding its needs. This includes assessing the strategic direction, risk tolerance, regulatory and customer requirements, and competing initiatives and needs.





## EXAMPLE EXCIRPTS FROM PREVIOUS DIAGNOSTICS

# Evaluating the MS framework



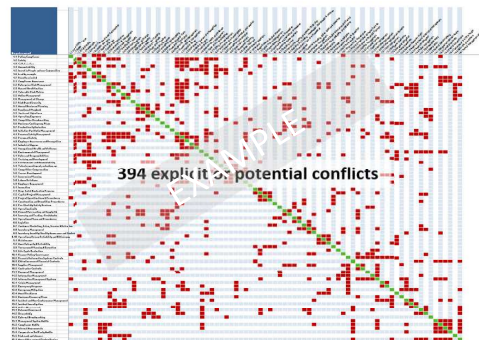
## Assessment of current processes related to MS

Element	Processes	Status	Issues Surfaced
1. Leadership	<ul style="list-style-type: none"> <li>Vision and Goals</li> <li>Priorities and Targets</li> <li>Culture</li> </ul>	●	<ul style="list-style-type: none"> <li>Legacy vs. new vs. Bechtel</li> <li>Silos</li> <li>No clear understanding of vision or targets beyond a date</li> </ul>
2. Employee Accountability	<ul style="list-style-type: none"> <li>Org. Structure &amp; Accountability</li> <li>Employee Selection</li> <li>Performance Management</li> </ul>	●	<ul style="list-style-type: none"> <li>Underutilized Resources</li> <li>Unclear assignments</li> <li>Don't know who to talk to, what resources are available</li> </ul>
3. Risk Identification	<ul style="list-style-type: none"> <li>Risk ID and Assessment</li> <li>Job Safety Analysis</li> <li>Regularly held meetings and commitments</li> </ul>	●	<ul style="list-style-type: none"> <li>Ownership of risk ID is variable</li> <li>Unclear understanding of how to think about risk and how to assess it</li> <li>Risk ID done</li> </ul>
4. Risk Mitigation	<ul style="list-style-type: none"> <li>Capital Project Management</li> <li>Procedures &amp; Standard Work</li> <li>Contractor Management</li> </ul>	●	<ul style="list-style-type: none"> <li>Risk mitigation through individual case-by-case approach</li> <li>Risk mitigation not appropriate to risk level</li> </ul>
5. Knowledge Sharing	<ul style="list-style-type: none"> <li>Int. &amp; Ext. Communication</li> <li>Data &amp; Info. Management</li> <li>Training &amp; Certification</li> </ul>	●	<ul style="list-style-type: none"> <li>Miscommunication between groups</li> <li>Inconsistent use of data management tools</li> </ul>
6. Management of Change	<ul style="list-style-type: none"> <li>Management of Change</li> </ul>	●	<ul style="list-style-type: none"> <li>Varies across the organization</li> </ul>
7. Continuous Improvement	<ul style="list-style-type: none"> <li>Audits &amp; Assessments</li> <li>Incident Management</li> <li>Corrective Actions</li> </ul>	●	<ul style="list-style-type: none"> <li>Asset groups have own programs for incident management and corrective actions</li> <li>No unified approach to improve</li> </ul>

## Overall Management System Benchmark

- Benchmark your management system processes against our 7-Element OEMS, identifying specific opportunities and dependencies
- This benchmark can be used to evaluate your company, regardless whether or not it has a formal system

## Results of MS Complexity Test



## Management System Complexity Test

- Companies with multiple systems and/or siloed organizations tend to suffer from conflicting and overlapping processes and requirements
- Our complexity test evaluates the sources of complexity and degree of conflicts

QEMS costs CLIENT roughly \$50-100M annually, but fails to deliver more than compliance

The cost of meeting QEMS requirements... does not translate to high performance!

Cost Estimates for QEMS		Range	
Fulfilling P1 Requirements	Surveyors <sup>1</sup>	\$26 – 67M	✓ <b>Compliance</b> adequate to maintain ABS compliance with ISO, IACS & OHSAS
	Engineers <sup>1</sup>	\$17 – 31M	✗ <b>Consistency</b> task execution is highly variable among divisions (~50% variability in rework/revisions)
Continuous Improvement	CAR Processing <sup>1</sup>	\$200K – 2M	✗ <b>Accuracy</b> high level of rework (17%) and revision (4%) while external findings/audit are increasing
	Internal Audit Program <sup>1</sup>	\$100K – 7M	
Governance	QEMS Maintenance <sup>1</sup>	\$2.0M – 800K	✗ <b>Efficiency</b> majority of reports (44-72%) past 6 day target when competitors deliver in 1-3 days
	Quality Group <sup>2</sup>	\$3M	✗ <b>Improvement</b> repetitive audit findings indicate lack of process improvement
<b>TOTAL</b>		<b>~\$50M – 100M</b>	

"If [the QEMS] has had an impact, it's probably a negative impact." – Engineering Mgr.

## Management System Effectiveness

- Effectiveness can be measured across many metrics
- We evaluate effectiveness of MS across three main categories:
  - Achieving compliance to external requirements
  - Improving performance along metrics important to customers
  - Overall cost effectiveness of the system



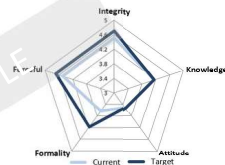
# Evaluating the external factors impacting the MS



Overall the culture is changing and must continue to evolve, but it is not the biggest opportunity

### Three overall themes emerged from the cultural assessment

- 1 People like the current culture but recognize it is changing
- 2 Silos are forming, informal communication is insufficient
- 3 Culture will need to be more disciplined



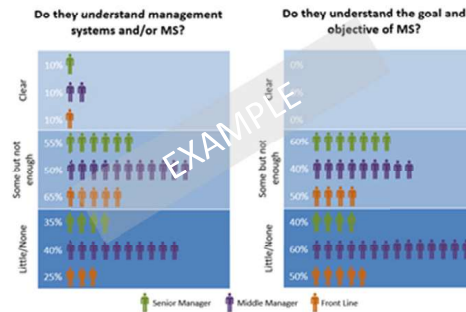
### Though issues were surfaced, the culture is not the problem:

- Relatively innocuous towards greater structure
- Point to greater opportunities within the management system rather than culture itself

## Impact of Culture

- Every MS diagnostic includes an evaluation of the compatibility of the culture with a formal MS
- This identifies if the culture is suitable or if gaps need to be addressed prior to pursuing a formal MS

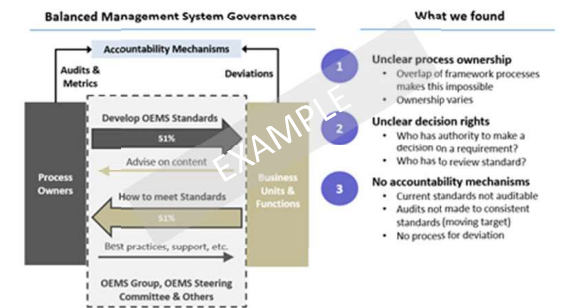
**Goal and Objective:** Management is committed, but not sure exactly what they are committing to



## Leadership Commitment

- Verifying leadership commitment is a critical readiness check
- This goes beyond their verbal support – our evaluation tests if leaders understand the goals, objectives and implications of implementing a formal management system

Impact of OEMS Governance and Development Processes



## Governance Structure

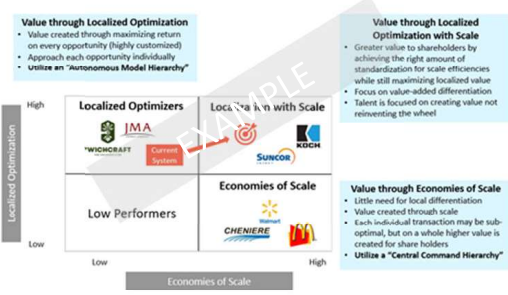
- The lack of a pre-defined governance structure for the MS is one of the primary reasons for development delays or implementation issues
- Our diagnostic evaluates your current governance and identifies gaps or potential issues





# Evaluating the needs of the organization

The MS will need to fit your strategy for customization and scale



## Strategic Alignment of MS

- The guiding principles of the management system should account for your strategic direction and style, even if it varies across different parts of the company
- Understanding this will guide the development of a system that helps in executing your strategy consistently

The OEMS must be adequate to meet the requirements of all external MS below



## External Mandates

- External mandates from customers or regulation can greatly influence the requirements within your system
- We identify all externally mandated requirements in order to consolidate them into a single, integrated design

The lack of a formal management system is creating multiple initiatives attempting to solve the same thing

Elements Assessed	Primary Issues Observed	Number of Overlapping Formal Initiatives
<b>Leadership</b>	Misaligned vision and goals Cultural ambiguity	6
<b>Employee Accountability</b>	Unclear priorities Absent or inconsistent performance alignment	5
<b>Risk ID &amp; Assessment</b>	Inconsistent approach to understanding of risk	5
<b>Risk Mitigation</b>	Risk mitigation not commensurate to risk level – too little, too late, too rigorous	Multiple
<b>Knowledge Sharing</b>	Cross-departmental communication Inconsistent data management	11
<b>Management of Change</b>	Largely inconsistent management of change	3
<b>Continuous Improvement</b>	Continuous improvement initiatives done largely independently between groups – metrics, investigations, etc.	

The management system would establish mutually exclusive ownership of these processes

## Competing Needs and Issues

- The MS is often a long-term goal for urgent issues
- Understanding the context of challenges allows us to plan and prioritize the development for faster value creation
- A secondary benefit is connecting the dots between seemingly unrelated initiatives that share common root causes







# ABOUT ENDEAVOR MANAGEMENT

The partners for your journey towards Operational Excellence

# OUR CLIENTS

A history of accelerating success

Endeavor Management has a 40 year heritage of delivering results across all industries.

We have worked with companies big and small across 4 continents. From technological innovation to strategic redirection to operations management, we focus on transformational initiatives for those looking for a step-change improvement.

Our teams are a blend of proven industry leaders and cross-industry subject matter experts who, together with you, create a path unique for your organization.

Headquartered in Houston Texas.



# OUR PEOPLE

Process Industry Leadership Team



**Brian Flis**

*Transformation & Change*

- 20+ years of cross-industry leadership experience driving improvements in operations, supply chain, finance, engineering, quality and human resources
- Thought leader in large-scale transformation and change management
- Co-author “Never and Never Again”



**Dennis Calhoun, CSP**

*EHS & Risk*

- Senior leader in operations, maintenance, EHS and Enterprise Risk roles
- Developed and implemented multiple ERM and IMSs within Oil & Gas industry
- Recipient of API/AFPM “True Pioneer of Process Safety” award
- CSP with a Management System specialty



**Francisco Soto**

*Management Systems & Complexity*

- Seasoned management system expert with 10+ IMSs to date
- Expert in ISO, API, OSHA, PSM systems
- Experienced in operations, process safety, EHS and supply chain
- MBA, University of Texas

