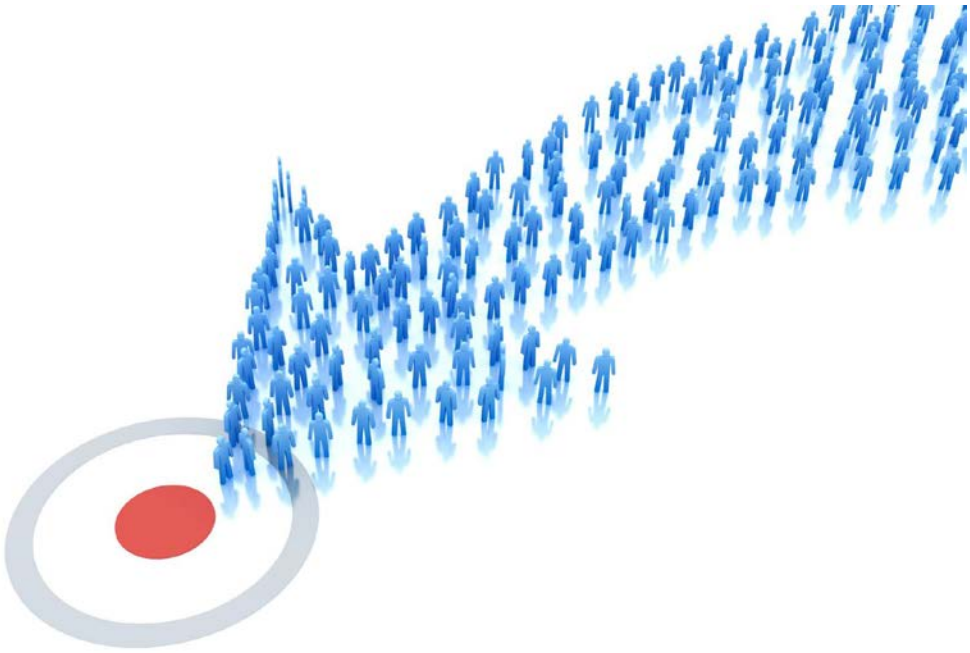
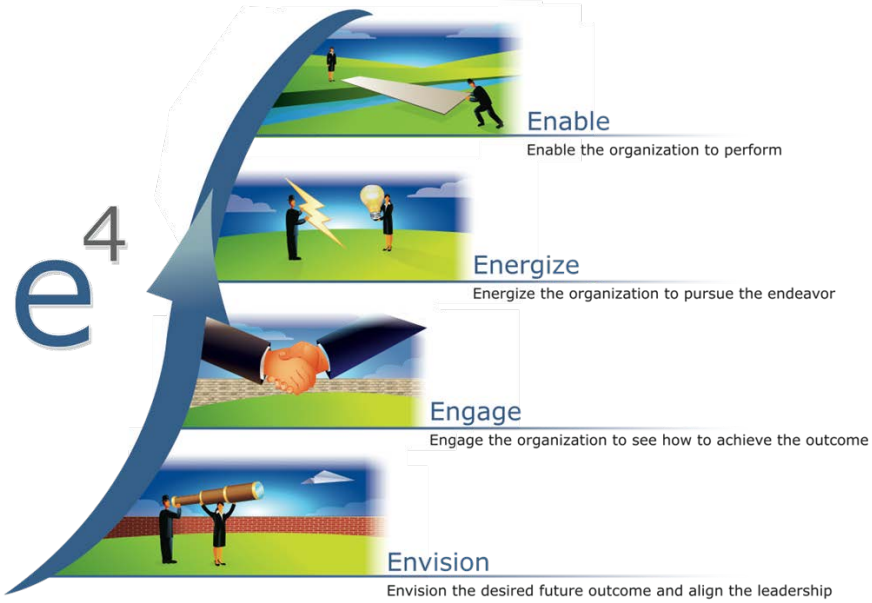
Strategic Imperative

Digital Transformation in Capital Projects





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Endeavor

Our Understanding of the Need

The O&G industry is at an inflection point in capital project effectiveness. Only those who embrace transformative solutions to project planning and execution will survive to make future investments in capital projects.

Whether you are an operating asset owner or an EPC, your company is confronted with reinventing the core of its capital projects delivery, so that certainty of project outcomes and asset revenue goals are realized during asset life. Reliance on current industry-adopted work processes supported by document-centric, functional, independent data silos will perpetuate cost and schedule overruns.

Transformation, enabled through digital solutions, is critical to address issues related to current complexity, size and risk of major capital projects that has outgrown the ability of humans to effectively handle the sheer volumes of data required to build, operate and maintain assets. The transformation requires successfully planning and implementing solutions through a holistic change management process to achieve sustained, culturally intrinsic results.

Per the February edition of McKinsey Quarterly, “Bold, tightly integrated digital strategies will be the biggest differentiator between companies that win and companies that don’t, and the biggest payouts will go to those that initiate digital disruptions.”

Virtually every other industry sector has embraced data-driven, collaborative information management platforms and integrated applications, with media/entertainment, retail, high tech, health care, travel/transport and telecom at the forefront.

Asset management and engineering and construction are distinctly lacking the single point entry of data that disseminates to all project planning and delivery applications, but more importantly meets the needs of operations and maintenance throughout the facility lifecycle.

Every aspect of the anatomy of a capital project is being penetrated by technology-based software solutions to improve estimating, cost management, contracting, materials management, construction productivity, interface management, and 4D/5D visual performance tracking models. While “data analytics” (mining data to solve problems) is important, the big pay-off is in the availability of a single source of accurate data across the business, project and asset that powers collaboration and decision-making.

Are you at the leading edge of the digital transformation imperative that enables fast, accurate decision-making, or are you lagging the first adopters, perhaps even to the point of extinction?

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Strategic Transformation Advisors Who Know Capital Projects

Even as technology solution providers are racing to meet the needs of Owners and EPCs with productivity improvement and project certainty software platforms, Endeavor Management advisors bring tools, methodology and expertise to achieve desired sustainable outcomes and shorten transition duration.

Whether you choose a strategy of adoption or deployment, technology implementation is at risk to fail unless a parallel work stream of User Readiness is recognized. While adoption allows optionality of implementation based on user desire and pace, deployment mandates change in a fixed duration.

In either strategy, success depends both on communicating, preparing and enabling the User Community to adapt to new behaviors and ways of working, as well as re-tooling work processes and project practices.

Technology solution providers vary from "installers" to "implementers" who are vested to various degrees on the outcomes. Likewise, Owner and EPC contractors vary in their internal capability to tackle large scale enterprise change.

At Endeavor Management, we take a "project approach" to address organization behavioral changes required for deployment of technology solutions in capital projects. ***As with capital projects, focused, dedicated resources are appointed to navigate the transition.*** The Project Leadership Technology Solution Implementation Team is comprised of leads (representing key stakeholders) of all functions that are impacted by the change and the leads from the solution provider. ***Note this is a Joint Implementation Team in that it is staffed with both capital project advisors and technology solution subject matter experts.***

This team defines the scope and impact of the change, its timing, the behaviors discussed below and the communications to the functional and project organizations throughout the deployment. In Endeavor's terminology, this is "run the business, change the business," a concept that recognizes the need to deliver projects while implementing new tools (http://www.endeavormgmt.com/run-the-business-change-the-business/).

We recognize end users must assume ownership of the new tool or software; provide input along the entire change journey; and view themselves as the benefactor of the new tool or software. This requires ***personal*** understanding, commitment, momentum, skills, and the capacity to succeed in the transformation.

Our offerings include assessment of change readiness (people, work processes and current technology/tools), team integration, decision and alternative analysis, and strategic guidance in each step of our propriety transformation journey, which we call e4, described below.

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Envision

1. Define core user groups by role, by line of business, by subsidiary, by location, or other.
2. Communicate the business case clearly. Users need to see how the technology or software will impact their daily efforts and roles to make their jobs easier and improve productivity and effectiveness.
3. Define what a successful rollout looks like and how it will be measured. Measures may include user satisfaction, help desk traffic, reliability, and deployment velocity.
4. Develop a budget based on a Work Breakdown Structure that captures all tasks and activities prior to Go-Live and all support required post-installation.
5. Develop a Project Schedule that is resource loaded and mapped to the WBS. At a high level this is a Transition Roadmap from the current "as is" state to the future value capture state.
6. Conduct a Risk Assessment of business interruption or loss of productivity during the learning curve and transition, identifying both technical risks (hardware, infrastructure, Application Interface Programs, etc.) and non-technical risks (resistance to change; new skills required; people "ways of working" interface management.)

Engage

1. Determine the Change Readiness state of the organization using a combination of survey, interviews and Focused Groups.
2. Engage each User Group that is impacted by the new technology platform. Determine the impact of the new solution across all functional or organization interfaces.
3. Nominate and equip champions as advocates and change agents in each of the User Group. Candidates are key influencers and natural leaders respected by their peers, who know responsibilities of users and project work processes.
4. Clearly articulate and reinforce the specific behaviors and activities you want people to start doing, stop doing and continue doing.

Energize

1. Establish User Feedback groups. Learn what the true (not assumed) benefits and pain points for the change from the Users' perspective. Often these are very different from that perceived by the decision makers that sanctioned the investment. Engage the resistors; learn why they think the change will NOT work! This is invaluable insight.
2. Expect "discovery" in terms of required project work process revisions. A new software or technology can translate to a different way of working. Again, staff resources to make, modify and communicate changes to project guides, practices, and other templates.
3. Expect changes in role or job descriptions as some elements are obsolete and additions are required. Back to the premise that success depends on the User adoption, formally recognize and document role descriptions.

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Enable

1. Experts in adult learning agree that while training may be necessary, but it is not sufficient. Experiential training is preferred. But nothing replaces on the job learning. Map out a training plan that addresses the needs of all stakeholders.
2. Respond to the "glitches" and gaps. Staff to resolves issues promptly and personally. Help Desks, IM Chat mechanisms, user guides and evergreen FAQ's posted on a User SharePoint site are needed. Establish these early in the change journey, adding and shaping content to meet User needs.

Pricing

Endeavor Management flexibly prices and packages services within and across organizations.

Offering

This offering is part of Endeavor's **Capital Project Effectiveness Practice** that provides solutions to Oil & Gas, Refining and Petrochemical clients that are currently adapting to dramatically changing market conditions. Recognizing the increased failure rate of projects to achieve business objectives, Endeavor has brought together a core team of uniquely qualified project leaders with deep, hands-on experience in capital project execution; professionals that can address both the "hard" (process/technical) and "soft" (leadership and team integration) issues.

For more details, please visit the Endeavor Capital Project Effectiveness solution website: http://www.endeavormgmt.com/capital-project-effectiveness/

For details regarding our 40-year history in Strategic Change Transformation, visit http://www.endeavormgmt.com/change-management/.

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About Endeavor Management

Endeavor Management is an international management-consulting firm that collaboratively works with their clients to achieve greater value from their transformational business initiatives. Endeavor serves as a catalyst by providing pragmatic methodologies and industry expertise in Transformational Strategies, Operational Excellence, Organizational Effectiveness, and Transformational Leadership.

The firm's 40-year heritage has produced a substantial portfolio of proven methodologies, deep operational insight and broad industry experience. This experience enables our team to quickly understand the dynamics of client companies and markets. Endeavor's clients span the globe and are typically leaders in their industry. Our professionals work side-by-side with commercial leaders and project delivery owners, contractors and service organizations and teams to deliver solutions and result.

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