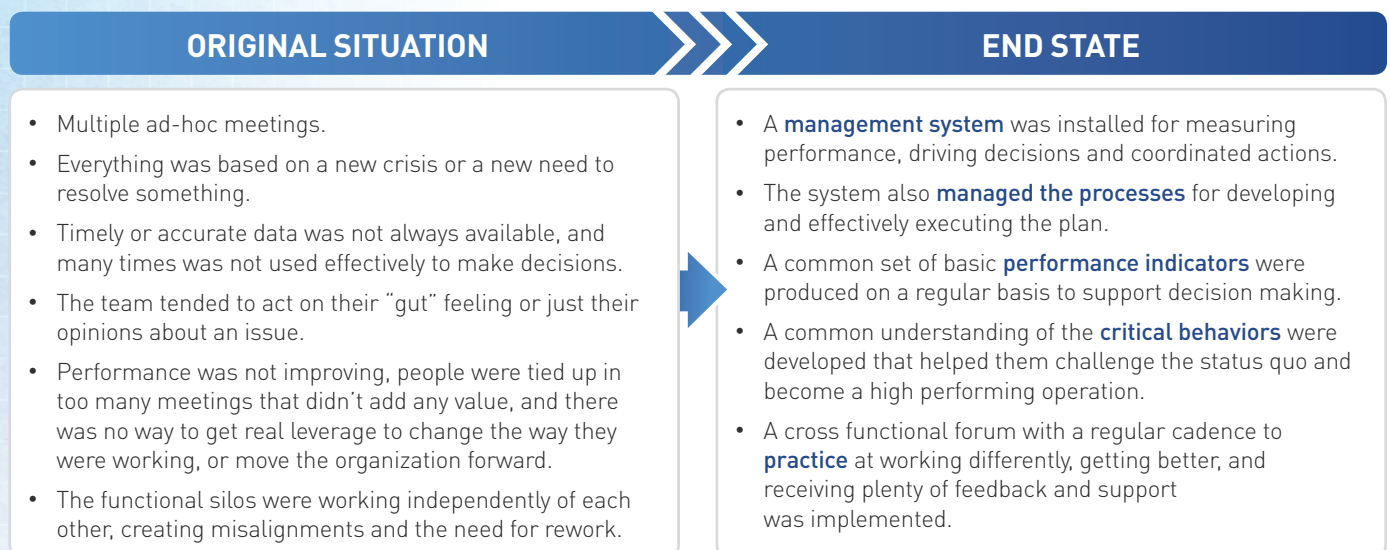


New Leadership Behaviors Drive Cost Down 30%

A business unit of an oil and gas major was about to move their Western Canadian tight gas holdings from the exploration phase to the critical appraisal stage, the final stage before full development. A cross functional team with a new leader was assembled to take on the challenge of planning, drilling, completing, and putting on production of these Appraisal wells at the right costs and within the right timeline. This meant setting a goal to reduce well costs by 30% within the first two years of execution. Evolve worked with the leadership team to implement a management system and practice a new set of behaviors that enabled this shift in performance.

The original situation and the end state is illustrated below:



Models and Tools

Evolve introduced the **Challenge & Support Model** to the asset leader to help him understand his role in providing the right level of both challenge and support for his team members.

The model explains that for people to move from their comfort zone to high performing they must first go through some level of stress which is achieved by an increasing challenge. However, to become high-performing without "burning out" the right levels of support must also be available.

It was important early in the program that the leader actively practiced this skill and received feedback on the outcomes in order to deliberately move his team into the high performance quadrant.



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Building the Management System

The team developed the management system to measure and manage performance (a set of core meetings, roles and responsibilities, data and reports). The first step was to identify, design, and implement a core set of regular meetings for reviewing results and determining appropriate actions to keep improving performance. Next, critical data and metrics for understanding performance were aligned to the meeting structure, and strong links between the meetings were identified to allow information and actions to “flow” throughout the system. Finally, tools that supported decision making were developed and implemented, such as schedules, milestones, and modeling capabilities.

Identifying and Clarifying the Key Behaviors

Once the management system was established, the leaders of the asset team needed to start acting in ways that would promote higher levels of sustainable performance. This involved a general culture change, and in order to guide this change throughout the organization the leaders needed to be consistent in their behaviors. To enable this approach they identified a few critical behaviors for success. They were:

1. Giving and receiving feedback
2. Teamwork and collaboration
3. Sense of urgency

Practice, Practice, Practice

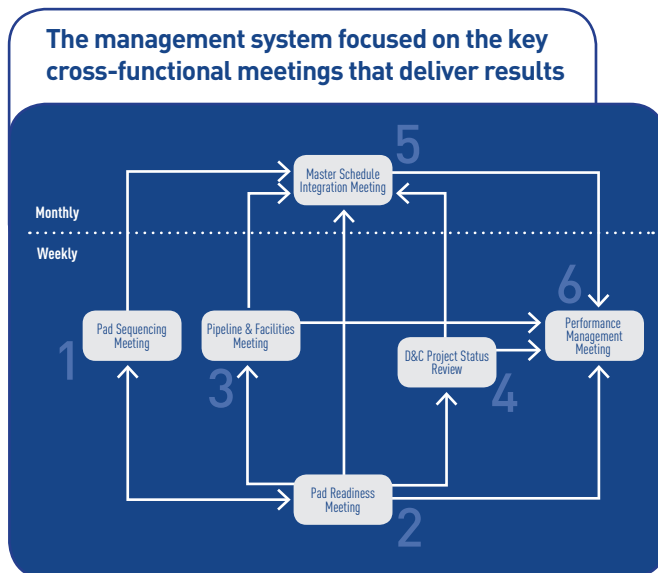
Once the management system and the critical behaviors were in place, Evolve coached members of the leadership team to “act their way” into a new way of thinking. Each meeting became an opportunity to demonstrate and practice the critical behaviors, while getting feedback from their coach and their peers. Since the behaviors were identified in the context of actually delivering results, it was easier to see the connection between demonstrating the behaviors and having an impact on performance.

Results

There was a dramatic improvement in teamwork, collaboration, communication, and thinking ahead. Members of the team challenged each other in ways they had avoided in the past. However, with a higher maturity level, they asked questions that elicited better dialogue and decisions. Not surprisingly, the asset performance (cycle time, costs per well and accelerated production) improved significantly.

They achieved their goal, of a 30% cost per well reduction, in the second year of development and set the performance standards for their competition going forward.

Finally, learning in silos was replaced with learning as a management team – not just in how they run the business, but they are now better leaders, and a better team. This is what has ensured their continued success and the long-term sustainability.



“I have learned something that I will carry with me the rest of my career. The most important aspect of a meeting is what goes on between the meetings [meeting prep and follow-up actions].”

Unconventional Resources Manager

This case study is one in a series of four themes delivered for a transformational change program for a Western Canadian Oil and Gas Major.

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