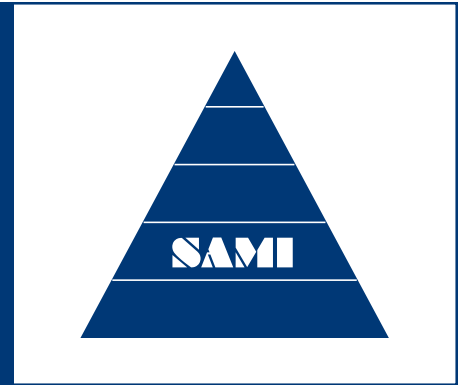


WE DELIVER CHANGE!

THE SAMI TIMES

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THE PRESIDENT'S CORNER

The Importance of Strategy: Benefits of Consistently Executing a Viable Strategy Part III

By Brad Peterson



Third in a series of three topics:

- The Importance of Strategy
- Developing and Executing a Viable Strategy
- Benefits of Consistently Executing a Viable Strategy (Case Studies)

This year's SMRP (Society of Maintenance and Reliability Professionals) Conference had over 1000 attendees, and marked a point where more than 1500 people have been certified by the SMRP Certifying Organization exam! Another great conference...thanks to the excellent organizers and officers.

A highlight of the conference was a talk by Rocky Bleier, running back for the four-time Super Bowl Champion Pittsburgh Steelers. He backed me up 100% in my comparison of the Steelers winning the SuperBowl this past year, and the four years he got rings (and he's got a handful! Like a set of gold knuckles!) He told us it's about the right strategy, plan, and implementation.

For years, the Steelers prided themselves as being a losing team that was tough on their competition. "You come here and we'll hurt you" was the message. We'll also let you win...Each year the sense was "Hopefully something will happen".

Does that sound like the improvement program in your company?

Bleier gives four reasons for the turnaround in their program:

1. A dominant head coach
2. Talented people
3. A vision of what they intended to achieve
4. A belief system

They lost because there was no long term vision. Without that they were perennially the "same old Steelers". Check Knoll, the new head coach had the leadership and the will to win that was necessary to get the job done. He had a plan, and year after year he executed that plan. That plan was getting the right people, having a great vision, and executing every day for success.

Let's look at some examples of companies that followed this route to great success.

Coal Based Synfuels Manufacturer

Description of the Site: Sasol Synthetic Fuels (SSF) operates the world's only coal-based synfuels manufacturing facility in Secunda, South Africa.

Nature of the Opportunity: The Synfuels Operations Group had attempted to correct deficiencies in equipment reliability, excessive lost production, and spiraling maintenance costs over the previous years with modest success. The vastness of the facility additionally contributed to highly diverse approaches and processes applied to maintenance and reliability. Synfuels was spending in excess of R1.20 billion (\$200M USD) annually on maintenance.

What We Did: We completed an assessment of the full operation's maintenance processes focusing on work management and found it to be variable and incomplete. The assessment team (comprised 70% of Sasol multilevel personnel) provided these gaps to our strategic planning process from which a multi-year Operating Strategic Plan took life. Our SAMI/Sasol Design Team validated a new work management process then developed the training, documentation and timetable for implementation across the facility. We constructed a three wave system for implementation to minimize the impact and cost to this huge facility. Collaboratively, SAMI and SASOL consultants and coaches first implemented the new processes then began a "sustaining" phase to firmly imbed the new ways of working in each unit.

Results: The project netted a significant reduction in maintenance expense, nearly R175 Million (\$30M USD) for a substantial multiple return on their investment. The true significance of the initiative was that we pulled six widely divergent business units into an aligned method and common process for maintaining the reliability of the operation. Emergency work is now only 20% of the initial reading, crew efficiency has nearly doubled and maintenance work schedule compliance approaches 90% on a consistent basis.

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We are a consulting group for industrial organizations working to improve profitability, efficiency and equipment reliability. Our Mission is to improve our clients' production equipment health, by tapping the desire, creativity and dedication of all plant staff, and our vision is to be the firm consistently chosen by companies serious about making change; because our values of integrity, content knowledge, advanced practices and compassion for the workforce match the values of our clients.

WHY CHANGE MANAGEMENT IS AN INTEGRAL PART OF ASSET HEALTHCARE

BY DAVE ARMY, CMRP



Many reliability and organizational change efforts fail or fail to stick, and much of the consulting industry doesn't know why. Clients in turn are suspicious of consultants that claim they can make real change. Our belief, backed up with what we have experienced in successful change efforts, is that for organizations to change; people need to change.

That being said, what makes people change? It isn't only necessary to show people the need to change, it is also important to shepherd them through the difficult and painful process of changing. It's sort of a "you can lead a horse to water, but you can't make him drink", kind of issue. Some people say you can make a person change if you can show them "What's in it for me" in a compelling way. We believe that approach doesn't necessarily work either because it's still very hard to go through the process of changing, no matter how great it's going to be. Coercion can make a person change, but it leaves resentments and an urge to get even (by going back to the old way as soon as the coercer's back is turned). Some consultants and psychologists believe people will change if current conditions are made too painful to stay the same, people will seek something better. If that's true the consultant better have something better, but often they don't.

Understanding the nature of the process of change, and understanding that people are complicated is the starting place to help a person change. Carrot and stick methodologies are too simple to predict and promote change. Clients ask a consultant to bring in a new technology, or a new way of working, and ask to have it installed in their company. And they want it installed in three weeks. This isn't possible, if one takes into consideration human nature. People may complain about how things are in their workplaces, but they are comfortable with the way things are. One has to overcome resistance to change by overcoming the discomfort of changing.

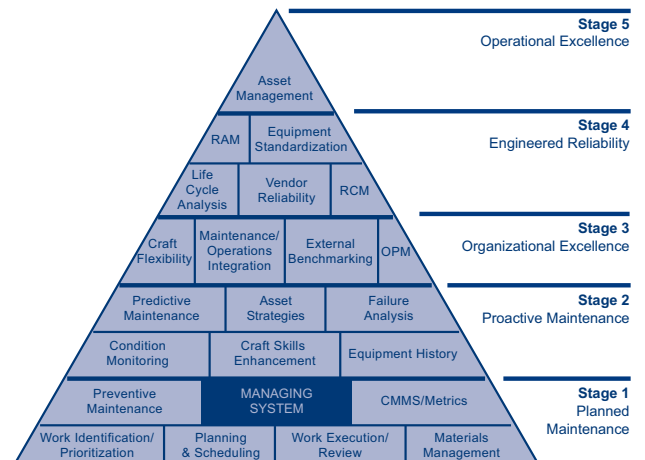
Some methodologies refer to unfreezing, making a transition, and then refreezing. Overall this is a true process, but obvious. To make an ending of how a company or department now operates, going through a difficult, painful transition, and then making a new beginning reflects this process. People need to grieve, stomp their feet, and complain to give something up and make an ending. We go ahead and let them and then we stand with them while they express their emotions, frustrations, etc. More importantly, we remind them that it's normal. While people are struggling through the wilderness of the middle transitional phase we hold their hands, coach, reassure and encourage; continuing to focus on the human process as well as the new technology. While they stumble uncomfortably and awkwardly into new processes and technologies, we facilitate and reinforce new behaviors, and celebrate small integral successes. After new processes are in place we believe in continuing to coach until the new way of doing things is as natural, normal and comfortable as the old way. This makes change stick.

New knowledge and research in how people change is showing us, that it isn't just teaching a new set of facts or developing new behaviors that makes people change. There is an emotional process that is the real glue that makes change happen in an individual. People have emotional attachments

to the way things currently are, and often define themselves by the work they do. After all, comfort is an emotional state. Fostering trust and being a reassuring force is probably more important in a consultant, than being a technical expert or even just a good teacher, when going through painful uncomfortable change with a client. We share it with them, value their emotional struggles, and normalize the change.

Back to the organization...if people must change individually for the organization to change, a Change Management Strategy has to be a part of the planning when an organization wants to adopt a new way of doing something. Otherwise we would just be "installing" change. As I said throughout this article, this would be a recipe for disaster.

We will be sharing, in a series of articles, the different Change Management techniques we currently employ. They aren't gimmicks or interventions done in workshops, although we first introduce them to individuals in a training workshop. They are ongoing supportive strategies that move individuals, and thus the organization, through the perils of the hard times they encounter, making endings, transitions and new beginnings.



Strategic Planning, Design Team processes, teaching a little psychology, normalizing emotions in the change process, developing assertive communication with the idea of developing relationships, having rules and norms for meetings, modeling leadership, and using Systems Theory are all part of SAMI Change Management. Understanding change and understanding people are the foundations.

As always, if you have any questions or comments feel free to contact me.

Dave Army is the Vice President of Results Delivery for SAMI. His expertise includes analysis, design and implementation of maintenance and operations solutions for numerous industries. He currently oversees all SAMI implementation activities. darmy@samicorp.com

SAMI PROJECTS: LESSONS LEARNED PART II

BY BOB MORAN, CMRP



Back in the Summer issue of the SAMI Times Newsletter, when we began this SAMI Project “Lessons Learned” series, we started with the following Key attributes of any successful, sustainable project

- Communications, communications, communications
- Solid Project Leadership, and Competent Project Team Members
- Customer involvement from the first day and
- Clearly Defined Improvement Project Goals & Schedules.

To continue with this same theme, there are five other essential building blocks of any successful and smooth running project.

- Sufficient client & consultant Project Resources are essential. Now I am talking about both time and people resources, and on both the customer’s side and consultants part. Without the time to focus on the improvement process, the actual benefits that will be realized, will be less than they could be...in direct proportion to the time & focus that was not allocated.

The same goes for people resources...if you skimp on investing in their active participation during the project, you will also be skimping on your benefits realization. The bottom line is that you will only get out of an improvement project what you put into it...part time participation will only yield partial results.

- Support of Top Management is probably right behind “communications” as a critical success factor in the improvement process. Simply put, if the Boss wants something, it is just amazing at how fascinated everyone else becomes with it! Conversely, if upper management is only luke warm...you might as well just save your money and not put everyone through the stress a major improvement project would entail.

Without enthusiastic, visible commitment and support...benefits become difficult to find and realize. Without this support of top management, sustainability is limited to the amount of time it takes for the dust to settle in the parking lot when the consultants leave on their last day.

- Project Execution is where the rubber meets the road, and is where all of the pre-work, and coordination, and a strong project team, and constant communications, etc., etc. really pays off.

The mark of a good project is one that is executed per the agreed to project schedule, where change management is embedded into the fabric of the process, and the formal communications plan is executed to support customer communications and stakeholder buy-in.

- Measurement & Feedback is as important to a successful project as the speedometer is to driving your car, or as radar is to navigating a ship in the dark, and the altimeter is to flying an airplane. Without

these tools, none of these modes of transportation would be safe. By the same token, trying to guide a project through the rocks and shoals of design, implementation, and sustaining without appropriate measurement and feed-back tools...would not be safe for your career.

You need to measure Key Project Indicators and produce scorecards that tell you where you are, and where you are headed, and make sure that you publish these results monthly. Regular project reviews need to be conducted with customer senior management, and the outcome should be jointly developed corrective actions plans, when results are not as they were planned.



- Continuous Improvement means defining what your customer expects, and designing & planning future sustainability projects accordingly. You will need to continually measure what is the current state, and how often defects occur. And don’t forget to report continuous improvement and sustainability project status.

It is important to control how you keep the improvements in place, by building change management into the process, celebrating successes, training & educating stakeholders, and conducting regular trouble shooting. You can improve on how the process is repaired / optimized, by initiating & supporting Action Team activities, researching and introducing new technology, and by conducting RCFA's to review & correct deviations.

And last, but not least, in all of these project critical success factors, you must analyze at what point, when, and why defects are happening...and develop aggressive corrective action plans to prevent them from happening in the future. So, good luck!

As Dave always says, I’ll be happy to share ideas and philosophy with you. And if you have any questions or comments, please feel free to contact me.

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Global Oil & Gas Producer

Description of the Site: A number of oil and natural gas production units in the Gulf of Mexico, Southern Texas, and the Rocky Mountains. The project is based at SEPCo's headquarters in New Orleans, LA.

Nature of the Opportunity: Senior management realized that they needed to eliminate unnecessary equipment downtime in order to increase production volumes. In addition, the existing operations had no common reliability processes being applied across their diverse and distributed asset base.

What We Did: SAMI jointly executed a 13 week Operational Strategic Plan with Shell to develop and validate the future operating vision, define gaps, identify strategies to close these gaps, integrate other operations initiatives into one implementation program, and develop a detailed implementation plan with a complete list of required resources. After securing unanimous approval to proceed with the project from the executive management team, SAMI led the client through the design of Asset Healthcare work process details. This included operations and materials management interfaces, the development of detailed implementation plans based on design specifics, the development of an "Owners Group" to manage/review implementation, the training of

resources, and results tracking and adjustment of resources/approach as necessary.

Results: The results exceed the projections and the potential upside forecasted in the business case. The Strategic Plan in 2002 identified gaps and recommended actions and a business case to invest \$12M to achieve \$250M. The benefits captured to date are at \$26M USD in expense savings and \$700M USD in production cash-flow improvement. In addition, there has been a major improvement in the key process metrics and leading indicators with manpower utilization at 57% and reactive work reduced by 46%. All facilities were certified successful by 2006.

For more SAMI case studies or information about SAMI services, visit www.samicorp.com

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