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A hive mentality

Collaboration lessons for
Australian oil and gas

Bees in a honeybee swarm, just like... neurons in a human brain, achieve their collective wisdom by organizing themselves in such a way that even though each individual has limited information and limited intelligence, the group as a whole makes first-rate collective decisions.

Honeybee Democracy by Thomas D. Seeley

This report has been based on the paper 'It's Not Easy to Collaborate, But it's Essential!' which is published in the 2017 APPEA Journal and which will be presented on Monday 15 May 2017, at the APPEA Conference, Perth.

Australia's oil and gas industry needs collective intelligence to overcome our unique challenges

Long term growth and sustainability is under threat

Australia is positioned to soon become the world's largest liquefied natural gas (LNG) supplier, however, our industry is disadvantaged by the country's vast geography, lack of economies of scale and remoteness of operations.

The long term growth and sustainability of the Australian oil and gas industry is further challenged by:

- Unfavourable economics, with lower than expected oil prices compounded by delays and cost blowouts
- Costs driven up by low productivity and lack of sharing of scarce resources and infrastructure
- Recent government moves to restrict LNG exports, reviews of taxes and royalty regimes and other potential retrospective actions that could destabilise the Australian industry and discourage investment

- Challenges presented by our difficult industrial relations framework, which ranks labour market efficiency in the bottom quartile on key measures¹
- A culture that creates barriers to implementing industry-wide efficiencies, in turn slowing down production.²



Addressing collaboration and productivity: The current state

In a recent survey, industry-wide competitiveness was the most important driver of collaboration

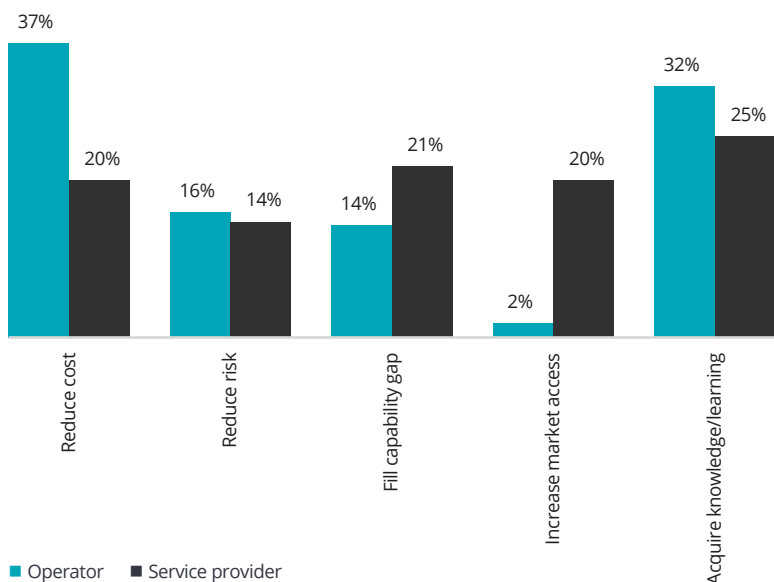
In a recent survey undertaken by Deloitte Australia of over 80 operators and service companies, the main reasons for collaboration within the oil and gas industry given were:

- For operators - to reduce costs (37%) and to acquire knowledge/learnings (32%)
- For service companies - to acquire knowledge and learnings (25%), to reduce cost (20%), fill capability gap (21%) and increase market access (20%).

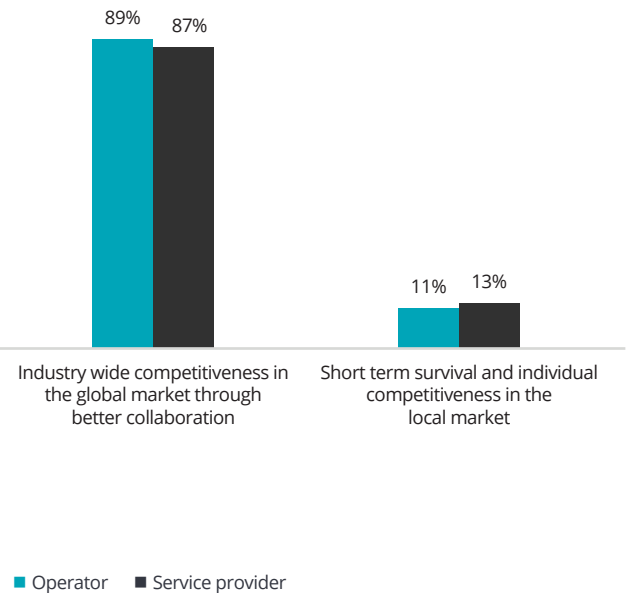
Even in the current challenging market, 89% of operators and 87% of service companies felt industry-wide competitiveness was the most important driver of collaboration, while only 11% of operators and 13% of service companies felt short-term survival and individual competitiveness was the most important.

More needs to be done.

What are the main reasons your organisation collaborates within the oil and gas industry?



What do you feel is more important in the current market?

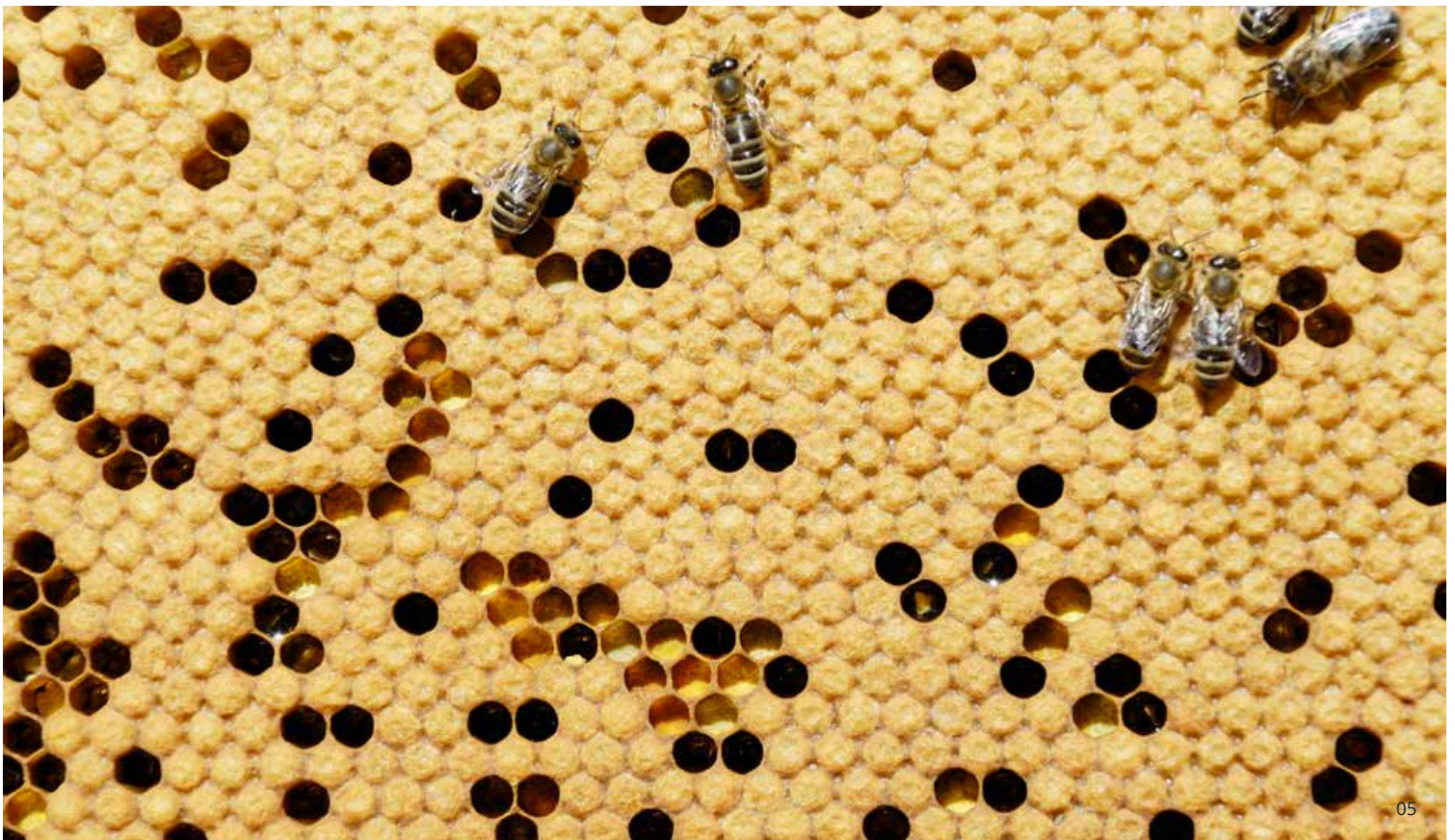


A way forward: Creating a buzz around collaboration

Some of the greatest challenges to invention can be solved by learning from design in nature

Through the field of biomimicry, we look at organisms in nature to make mass transportation faster, quieter and more efficient; to minimise infection rates in hospitals; to desalinate our sea water for safe drinking; to reduce the packaging in our consumables and much more.³

To solve the issue of collaboration within the oil and gas sector in Australia, we too can learn from nature's design, by looking at the humble bumble bee.



Building a honeycomb:

Five key strategies for industry collaboration

To overcome the unique challenges to a long term sustainable oil and gas industry in Australia, a high degree of collaboration and coordination across multiple industry stakeholders is required.

Bee lesson 1:

Work for shared goals

Trust is key to working collaboratively, with operators attributing a lack of trust and the misalignment of expectations between parties as major obstacles to collaboration. In our survey, service companies also stated that lack of trust, misalignment of expectations, lack of leadership support and being unsure where to begin were all major obstacles to collaboration.



Bee lesson 4:

Learn from each other

New employees spend on average 21 days in onboarding and assessment training upon starting with an operator, despite having demonstrated the same competencies at another organisation.⁴

What if, rather than re-training each unique operator, those days could certify an employee to work across all sites, with all operators, and each operator could take those surplus days back into the productivity of their daily activities? Eliminating common, repetitive, low-value tasks across operators through standardised processes in areas including staff on-boarding, competency management and medical certifications are just some ways to improve efficiencies and reduce costs for all.

Bee lesson 2:

In partnerships, define clear roles

In order to be able to develop trust amongst one another, partnerships in collaboration efforts should be built on clearly defined roles. Establishing boundaries, respective obligations, and an understanding of who is going to be responsible for the various tasks that need to be undertaken in any collaborative effort, will provide clarity from the outset. Over the course of the collaboration activity, that clarity will embed trust.

Bee lesson 5:

Build efficient ecosystems

The Federal and state governments should help create an efficient industry ecosystem and support the industry in its long-term development plans. Local governments are competing to attract oil and gas service providers and original equipment manufacturers to set up a local presence in region and to support industry development. At the macro level, the long-term sustainability of one or more regional oil and gas hubs will be constrained by the total demand for products and services in that hub ecosystem.

Bee lesson 3:

Divide up tasks and create more efficient ways

Service providers should look for opportunities to collaborate in order to reduce barriers to entry into regional locations. Given Australia's small market scale, initial capital requirements and ongoing operating costs are challenges when making investments in building regional capability and capacity. Service companies that see value in moving closer to customers in remote locations should consider strategic partnerships, joint ventures or acquisitions of local businesses to reduce the barriers to entry.

Develop a hive mentality

Bees display a hive mind, aligning their individual objectives to the collective good.

Similarly, the Australian oil and gas sector should develop a hive mentality as collaboration is critical to our collective success as an industry and a country. Like a hive without bees, the minute we stop collaborating and working together, progress comes to a halt – without the sweet taste of honey infused results. By working for shared goals, partnering, creating more efficient ways to work, learning from each other and building efficient ecosystems, we can collectively overcome any challenges to developing a world leading and globally competitive oil and gas service sector.

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End notes

- 1 World Economic Forum (2016-2017).
- 2 Lynn, M. and Holmes, V. (2016). 'Training collaboration in Australia's LNG sector.' (Deloitte Australia: Sydney).
- 3 Benyus, J. (2009). Biomimicry in Action. TEDTalks.
- 4 Lynn and Holmes (2016).

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