



Framework for action

The Review and Index show that a lot of progress has been made in the past year: awareness of the benefits and importance of supply chain collaboration is near-universal. While we found more examples of successful collaboration among international oil and gas companies in 2017 than the year before, there is still a long way to go for the practice to become the industry norm.

To help companies determine how to collaborate more effectively, we provide a four-step transformation framework:

Leadership:

Change must start at the top

Take early responsibility and lead by example

Leadership is about:

- **setting the course** – setting the overall direction and encouraging collaborative behaviours
- **focusing on the long-term value, rather than short-term cost of a project** – understanding the overall value and looking beyond the unit costs
- **challenging existing organisational structures, processes and bureaucracy** – constantly working to remove the main obstacles to closer working relationships with suppliers or operators
- **devolving/decentralising decision-making** – empowering the project team to make educated decisions and support appropriate risk taking.

Goals:

Pick a small but important project, do it and expand

Be clear on the goals and objectives. Collaboration needs to:

- **focus on the outcome** – be clear on what success looks like, how you are going to measure it and communicate consistently
- **start with a small but important project** – identify a project or part of the business that would benefit most from collaboration. Think about potential pilot activities – i.e. lean supply chain, targeted operational excellence, data-driven supply chain/maintenance
- **consider widening the project** – once you have demonstrated success and gained some experience.

Alignment:

Build systems and processes around the goal

Identify how operations, processes and systems need to change to support new ways of working at scale. This should include:

- **identifying the core changes** to key systems and processes you need to establish for the new ways of working
- **building a small, but integrated team** of both supplier and operator; every team member should be clear on their responsibilities and able to see the direct impact of their actions on the final deliverable; motivate team members to make timely decisions and be focused on commercial discipline
- **keeping things simple** and closely aligned to your defined goals, eliminate duplication, e.g. in documentation and testing; use standard solutions, avoid bespoke systems and products if possible
- **building simple, focused governance** – a short contract should focus on the intent of the project rather than the detail
- **avoiding unnecessary bureaucracy** – keep documentation only necessary for the completion of work, reduce documentation reviews and sign-offs.

Results:

Measure, feedback, improve, repeat

Make sure you measure the right factors and support continuous improvement. Remember to:

- **collect data that will help you understand how the project is progressing** towards its ultimate goal, where the hidden costs are and how you can enhance the value of the project
- **collect and share data with everyone**, including the suppliers
- **develop and drive a culture of constant analysis, feedback and continuous improvement** across the supply chain – data should be constantly analysed and both the operator and supplier should be incentivised to make suggestions for improvement.