

Case study

## Incentivised lean project management delivery

### Project details

 **Start date** 2015

 **End date** 2016

 **Location** UKCS

### Background

ADIL's client had two fields they planned to develop – one discovered in 2007 and one in 2011. The development plan consists of two single horizontal wells tied back over via subsea pipeline in a 'daisy chain' fashion to a host facility. Oil from the fields will be exported via an existing pipeline system.

This development project represents a key component in the client's model for extending the economic life of an already producing area well into the next decade.

The fields are estimated to contain up to greater than 10 million barrels of gross oil technical reserves and gross peak oil production expected to be around 20,000 barrels of oil per day.

ADIL was approached to help with project delivery in Q4 2014, just after the project had gone through the Select gate with a proposed first oil date of Q3 2017. The client had a specific desire to utilise a non-traditional project management approach.

ADIL entered into an innovative incentivised contract with the client, geared towards delivery on or ahead of schedule and on or under budget. As part of this agreement ADIL worked at cost and in return were given authority to manage all aspects of the project. ADIL would receive greater return the earlier the project was delivered and the lower the overall cost. ADIL was incentivised to keep the team small and to deliver.

### ADIL approach

ADIL's approach was to provide a lean project management (LPM) team to project manage all functions from the Define phase of the development project, driving down cost and reducing project schedule.

ADIL's LPM teams are empowered to deliver:

- Each person within the team is empowered to do more than one job
- There is no micro-management – each member knows their objectives and are freed to achieve
- People in the teams want and relish opportunities – they have the desire and need to grow
- Unnecessary layers of management and reporting are removed

The project team has only five full time personnel, with a clearly established mission, responsibilities and accountabilities. The team are actively encouraged to deliver at pace.

ADIL was responsible for the appointment of the project manager and was free to manage the recruitment and management of the project teams to carry out the agreed services. The project manager was empowered

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to make decisions concerning the management of the project within an agreed work programme and budget.

- The specific approach taken by ADIL's LPM team was:
- Rigorous and robust challenge sessions during FEED:
  - At the start of FEED, delivered a mission definition and remit session
  - Through the process, kept focus on the simplest yet most robust approach
  - Kept FEED short and split the challenge sessions into bite size chunks
  - Brought in personnel with the right experience to augment the review process
- Fit for purpose design concept:
  - The equipment market had all the kit that was needed without inventing anything new
  - Materials should be fit for purpose, and not always be 'gold-plated'
- Standardisation:
  - Reviewed past projects to determine best practice
  - Examined existing inventories to see what was already in stock
- Leverage of market conditions and collaboration with the supply chain:
  - Picked the right contract model
    - collaboration is great but competition is also important
  - Challenged all received tenders in line with previous similar projects
  - Combined scopes where possible
  - Use of global contracts produced good results
- Use of tried and tested technology:
  - Reviewed past projects for best ideas and simplifications
  - Understood the input data and challenge appropriately
  - Talked to colleague's and find out what went well and what went badly

- Talked to the people who installed or have to work everyday with kit to find out what works

### **Deliverables**

ADIL added value to the development project by utilising the LPM team to deliver the project under budget and ahead of schedule.

The team was empowered to deliver the project for the client. Each person within that team had the desire and expertise to deliver more than one job on the project. There was no micro-management – each member of the team knew what their objectives were and were freed to achieve these

The outturn cost of the project is expected to be around \$200m (approximately 50%) less than what was agreed at the Select stage.

Actual first oil was achieved in Q4 2016, a schedule reduction of nine months from what was agreed at Select.