

## Improving Offshore Oil Production Through Value Stream Management

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In their drive to increase effectiveness, many offshore oil companies fail to rethink the traditional silos of their business—whether Marine, Maintenance, or Operations.

What is needed is Value Stream Management—a proven approach to enhance value creation by focusing on internal and external customer value in each function of the enterprise.

On an oil-producing vessel, Value Stream Management begins with analysis and improvement of every aspect of the enterprise—whether it's managerial, operational, social/cultural, or technological aspects.

Creating high performance work teams based on Value Streams not only eliminates waste. It creates teams that are able to leverage the collective knowledge of all disciplines, from Water Injection to Turret (FPSO/FSO) Gas, Oil, and Utilities & Control Systems.

Substantial financial benefits can be the result. In one recent implementation of Value Stream Management, it was shown that POB (People on Board) could be reduced on existing and new assets by up to 30%, revealing an approximate \$1.5M annual savings for a typical vessel with a crew of 51. The process also revealed reductions in maintenance costs of up to 40% by applying a rigorous and creative problem-solving methodology (such as Lean Six Sigma) for the efficient use and preventative maintenance of equipment.

Value Stream Management improves efficiency in many other ways, including:

- Flipping the organization upside down, allowing management by the many rather than management by the few
- Employing a Right-Sizing staffing model
- Rapidly developing team members for greater responsibilities, and promoting cross functional learning rather than specialization (in areas as varied as Production, Maintenance and Marine)
- Identifying HS&E Risks and managing them by everyone in smaller areas (rather than the whole vessel by a few people).

Significant cultural changes come with these new practices, with the encouragement of more open communications, “ownership” of equipment by teams rather than by Maintenance alone, and group learning and team problem-solving.

By helping everyone at all levels see his or her ownership of the success of the enterprise, Value Stream Management creates dynamic results.