

THE MAN WITH THE PLAN

Senior VP David Smith is a leading figure in Global Energy Operations for Celerant Consulting and heads the team that is helping Gulf National Oil Companies prepare their operations for a bumpy future.

He explains why their expertise is in such demand.

Having worked with 9 of the Top 10 industry leaders and delivered \$2.5bn in client value, International oil companies have been Celerant's traditional client base. Now though its expertise is coming to the aid of Gulf National Oil Companies (NOCs) struck by a dramatic reversal in their fortunes.

Raking in a mountain of petrodollars after oil reached a record peak of \$147, NOCs in the world's most oil rich region were able to embark on projects aimed at raising capacity in anticipation of a continued price climb. But a dramatic collapse to \$32 slashed company profits and led to ambitious expansion plans being hastily moved to the backburner.

Prices have since rallied, but an uncertain global economic future and question marks over near-term crude demand, have meant that the region's big state-owned oil players are suddenly less optimistic about the future.

DS: \$32 oil definitely got people's attention and there's a realisation that it could go back there. A couple of years ago no one wanted to talk about costs as everyone was making so much money it didn't come top of their list of items - now that's changed.

This turnaround persuaded Gulf NOCs to call on Celerant for the first time, with the result that it is now working on everything from improving the drilling rate at offshore oil rigs by 20% to increasing the number of Omani nationals at a US oil and gas firm's operations in the Sultanate.

DS: There's not a lot been done around this region or in Saudi Arabia. I think some NOCs have used strategy consulting houses which give you ideas, but the danger is that those sit on the shelf and nothing happens. So there's a certain amount of cynicism and disillusionment with strategy consulting. At Celerant, we work with our clients on implementation. We do an in-depth analysis to find out what needs to be done and then we partner with the client and work together towards the agreed result.

As prices continue to stabilise, the most pressing issue that may affect NOCs in the short term is a skills shortage. This could lead to bottlenecks in completing projects designed to ramp up capacity, as NOCs embark on infrastructure developments following a period of spending restraint when prices were lower.

DS: The key thing that will affect NOCs now is that a skills shortage will start showing again. This could be particularly true in Iran as the government looks to raise production on the world's second-largest oil and gas reserves. With places like Iran opening up in the region and with the fact the oil price is now looking attractive, the pace of projects will start increasing. That could mean we will start coming into some bottlenecks which were very much there a year back when NOCs couldn't get the skills set they wanted.

Working with one of the major NOCs in the region, Celerant's objective is to improve the drilling rate at the company's 5 offshore drilling rigs by a minimum of 20% over 9 months.

DS: They had 5 offshore drilling rigs and were going to have to get another one, but we said as an alternative, 'why don't you improve the drilling rate at the ones you've got?' That means they don't need another rig, which is a lot of money.

Taking steps to make the client's existing workforce more productive was also a key way to increase efficiency.

DS: We've found from elsewhere in the world that there's a lot of lost time and a lot that gets in the way of things working in an ideal way and we identify what those problems are and make sure they get taken care of. A lot of it is around planning, as our experience is that people don't plan enough.

Planning will form a key role in a second project with this client where Celerant are demonstrating how they can reduce purchasing spend and make

their supply chain organisation more efficient and effective.

DS: We have a unique way of looking at energy and know we can bring something to the party in terms of reducing energy cost, which is a huge expenditure in some of these plants.

In Oman, Celerant has worked closely with their client to boost the percentage of Omani nationals working for the company from 85% to 95% to meet a government-set quota, with the result that the number of Omanis at two oil fields has risen to 98.2%.

DS: At a technician level it wasn't a problem, but at the supervisory and management level, there weren't many Omani nationals. Up until recently, the temptation for many national oil companies was to bring experienced expatriates over and not give local people the opportunity they could potentially take advantage of. But when you look at the skills that local people have, they're often very capable. The key word however, is confidence as they're used to an environment where they're told what to do and have to get on with it and aren't so used to taking responsibility. ■

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