



OIL & GAS

\$US 7.7 million decrease in operating expenditure achieved

Background

After a series of acquisitions, our Client had grown quickly in scale and was top heavy in both personnel and overheads. To further complicate matters, producers were opting to spend less on moving their reserves as a result of being hit directly by oil price increases. This resulted in a margin decrease and revenue drop for our Client. Given the organization's overinflated size, the situation quickly escalated into a crisis.

The Challenge

At a time when the price of oil was half of what it used to be, and natural gas prices had plummeted, this midstream oil and gas company needed a new structure to remain competitive.

The Approach

We started by focusing on workforce reductions that would have a significant impact on second-and-third-quarter earnings. In one division, a supervisor might be responsible for up to 25 people. In another, a similar supervisor would oversee just 6 subordinates.

To better balance the workforce we used span of control diagnostic tools, looked at current organizational charts, interviewed managers, defined essential business tasks and separated core activities from less essential items.

Next, we focused on eliminating unnecessary work flows; Some tasks needed to be tied into the overall operating framework to increase their efficiency. Our team also focused on streamlining essential business processes that weren't naturally absorbed after the acquisitions. By optimizing processes, we positioned the company to operate at optimal efficiency.

Project at a Glance

REGION

Latin America

INDUSTRY

Oil & Gas

PROJECT FOCUS

- Company restructure to remain competitive

KEY ACHIEVEMENTS

- Workforce reductions saved \$ 7.5 million
- Operating expenditure decreased by \$ 7.7 million
- Expenses were reduced by \$ 5.2 million

Following on from this we then applied the same logic to the pipeline Management Operating System (MOS). With hundreds of assets and thousands of tasks, our client needed a better way to schedule the tasks of measurement technicians. By rotating pumps and valves, inspecting pipes, checking for corrosion, checking for deformation and looking for leaks, we identified the best way to manage these functions via work orders.

The Success

The Jamieson Group led Project enabled our client to achieve the following results:

- \$US 7.5 million saved through workforce reductions
- \$US 7.7 million decrease in operating expenditure
- \$US 5.2 million reduction in expenses

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