



# Integrity – The Operating Platform

Integrity above all is about *people*.

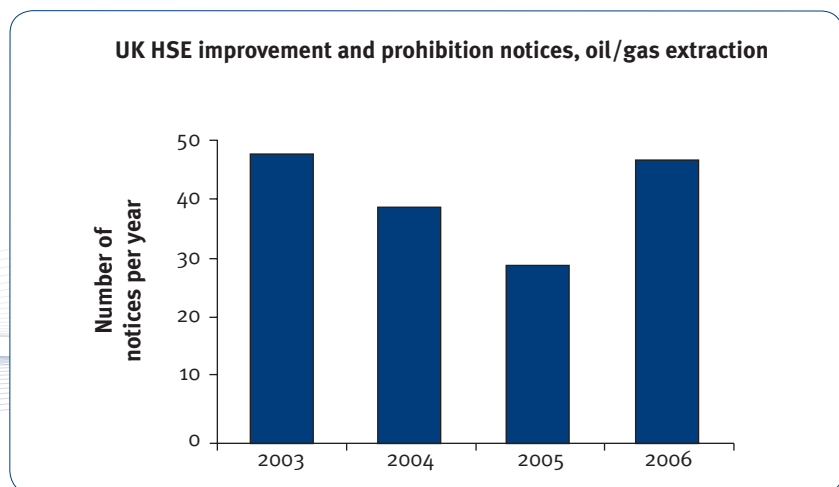
Is your organisation creating a working environment where asset and operating integrity is an extension of *personal* integrity?

That's the heart of the integrity challenge.

# Integrity – The Operating Platform

## Are you certain your integrity programmes are working?

Prudhoe Bay, the Brent Platform leakage, spills in the Amazon, the Texas City explosion – they all clearly show that integrity isn't fixed yet. And they are not just historical. Consider the recent situation in the North Sea. Despite a CAPEX rise of 25% - taken as an indicator of increased activity in the area – and no noticeable rise in HSE inspections, the amount of improvement and prohibition notices in 2006 was 53% higher than the previous year.



In the North Sea clearly, asset integrity breaches are still happening – despite all the effort to eliminate them. Why? The key issue is one of fundamental misalignment between the asset integrity aspirations of senior management and the reality on the ground. Indeed, asset integrity may very well not be at the level of excellence that many senior executives would like to believe. So what is the root of the problem? The evidence strongly suggests that, whatever else it may be, shortage of money is not the issue.

## Integrity is costing money

In practice, billions of dollars have already been poured into getting integrity right. Senior management has committed vast budgets to addressing what they understand to be the fundamental issues of integrity – getting it fixed and keeping it fixed. BP alone has committed \$5 billion to integrity for 2007.\* Given this very significant level of investment, there should be sure signs that integrity issues are reducing. Yet these fundamental issues are, as we have seen, doing the very opposite: they are growing.

## Asset Integrity – a fundamental issue

Asset integrity is a key strategic issue. It is also an issue that is firmly rooted in operational practices. And it presents challenges no energy industry leader can ignore. To meet the challenges successfully, leaders need to be able to do – with measurable effectiveness – the following:

- Stop parts of the organisation looking at integrity as an inconvenience
- Ensure all levels of staff recognise integrity as the heart of a safe, sustainable and profitable business
- Embrace integrity as the route to satisfying stakeholder agendas
- Make integrity the way things get done in their organisations – on the platform as well as in the Board Room

When these actions are successfully taken, the likelihood of getting integrity issues fixed and then keeping them fixed increases very significantly. But real and lasting improvement on the front line has to start at the very top. The Board Room needs to set the agenda for what happens in the control room. And right now, while there may be no shortage of goodwill towards integrity at Board level, it is not translating effectively enough into operational reality.

“We have a core agenda around integrity – stay absolutely focused, not become distracted. We will need to march our way through this in a robust, determined way. Staying the course needs to become a mantra, even if at times we become a little bored.”

VP, Super Major

## Aspirations in the Board Room don't equal reality on the ground

A senior manager's view of the state of integrity in their organisation may be very different from what happens at the sharp end. Why? Deep cultural resistance to change, coupled with a serious lack of performance visibility from the top of the company to the bottom, create a climate where optimal integrity has a hard time becoming the norm. Yet until integrity is seen as a driver of profitability and not just another cost centre, deep change won't happen.

A fundamental shift in attitudes towards integrity is needed. This shift must, initially, come from the top. And it must do nothing short of redefining the status of integrity within the business.

## Asset Integrity – imposed distraction or the heart of a sustainable Business?

“There are two ways that integrity can be viewed,” says a senior official from the UK Health and Safety Executive. “First, as an imposed and inconvenient distraction from the main effort of maximising production, which is the way most assets see things currently. The other way to view integrity is as the heart of a sustainable and profitable business.” A combination of pressures - from shareholder value to compliance to government intervention – means the second approach is the only viable one over time.

“Managers who have their production targets set at the quarterly level often find it difficult to justify adopting long term asset integrity policies into their schedule.”  
Manager

But, far from being at odds with the demand for optimised production, integrity is in fact one of its pre-conditions. Assets that demonstrate high levels of integrity are more productive, and more consistently productive, over time. Traditionally, integrity has been seen as the outcome of a focus on physical assets and their maintenance. And this is where another profound shift in thinking is needed. Getting it fixed and then keeping it fixed is much more about people and their attitudes than it is about plant.

Integrity will grow as an issue in direct proportion to the growth of the industry. And the industry is growing, rapidly:

- Currently \$194 billion worth of oil and gas related construction projects in the Middle East alone, at an average size of \$1.4bn
- More than 2 million workers directly employed worldwide in oil and gas production and oil refining
- In excess of 25 multi-national petroleum corporations
- In excess of 160 offshore energy projects, worldwide

## Fix the human assets as well as the infrastructure

Real, deep-seated integrity starts with people. If you want to see your integrity aspirations met in full and for the long term, you have to engage your people. Integrity has to go deeper than safety, or compliance, or quality. It has to become “the way we do things around here”. That process has to start with your people and with the reality of the situation they currently work in. And you can only know what their reality is if you measure it.

“Our current indicators on personal safety metrics do little to prevent more serious process safety risks occurring.”  
EVP, Super Major

## **Make the right measurements in the right way and report them accurately**

What really happens deep in the infrastructure must no longer be opaque to leadership. Right now and in many operations, the wrong Key Performance Indicators (KPIs) – sometimes hundreds of them – are being applied. Data gathering is patchy and is frequently seen as ‘pointless’.

Middle management works with a flawed picture, which they may ‘optimise’ for the consumption of senior management. This is unsatisfactory. Senior executives must have full performance visibility if they are to have a true picture of integrity at the operational level. They cannot be expected to lead effective and personal engagement with integrity issues right through the company if they don’t know what the issues really are. Nor can they demand commitment to integrity in the front line if most people believe, or indeed know for a fact that the information they give and receive is wrong.

“Of all the KPIs that this regional office sends to head office, only 60% of the data is taken from SAP. The rest is estimated or just plain made up.”  
Manager

## **“Integrity is my responsibility”**

The real challenge is to create a working environment where physical asset integrity is built on the personal integrity of every employee. Can this profound and permanent shift in attitude be made a reality? Culture, labour demographics and pressures on productivity will all be given as reasons why integrity can only ever be a ‘quick fix’ or a ‘spike in the graph’. But the stakes are simply too high for failure to be an option. The current, stubborn gap between integrity aspiration and implementation has to be closed for good.

## The Challenge of the ‘implementation gap’

The major challenge in driving sustainable, successful integrity initiatives is implementation. Rolling out best practice across energy assets is often difficult. The key difficulties include the opportunity for message dilution and frequently inherent resistance to change. These are coupled with other operational realities. Managers may have other (as they perceive, more important) things to do. They may not have enough qualified people to get the work integrity needs physically done. Or they are simply no longer in the same job by the time an integrity action they initiated or inherited comes up for review.

“Right now, I am restricted in what I can do. I simply don’t have the engineering people offshore ... that means I cannot do the work, even if I poured money into it.”  
Offshore Inspection Manager (OIM)

Thus, perceived initiative overload and managerial turnover mean accountability for change is sometimes lost. Whatever the variation in the cause, the result is a constant: integrity remains un-fixed. And it won’t be fixed until the practical working context changes; until the way people feel about and approach their work alters fundamentally.

## Work has to have meaning\*

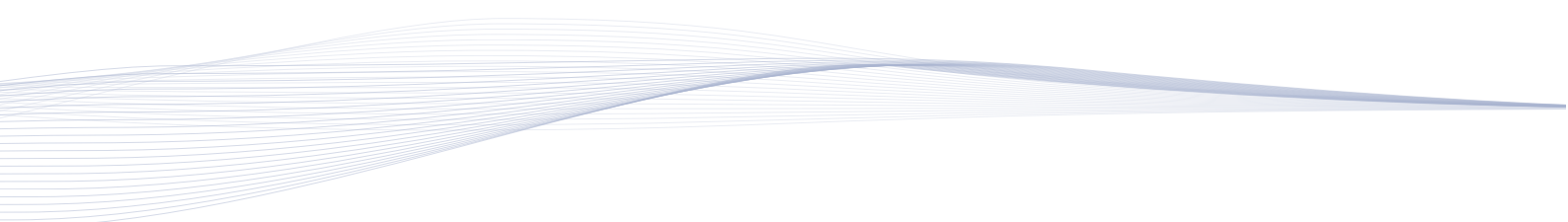
If you want your integrity aspirations to be met, creating a culture that embraces asset integrity as a matter of personal integrity is vital. But to create the right culture, you have to get physically close to the day-to-day work and to the people who do it. You have to understand what the barriers to personal involvement, personal responsibility and personal integrity are right now. Are people disengaged? Unclear about what they should be doing? Under pressure to report a certain version of the facts?

Until these core issues are dealt with in robust and lasting ways, and until the work they do has real meaning for the people who do it, integrity excellence may largely remain an aspiration. But aspiration can become delivered reality. When you get the operational environment right, you get integrity right. And that in turn triggers a whole sequence of positive outcomes.

\*The Baker Report on Texas City refers to: resistance to change, unclear expectations around supervisory and management behaviours, and confusion in the workplace relating to roles and responsibilities.

## **Integrity, productivity, profitability**

Done right, integrity will not only secure your operation against breaches and their consequences. It will also engage and motivate your workforce. It will drive predictable and increased productivity. And it will satisfy the agendas of all your stakeholders. So where to now with integrity? What should your next move be?

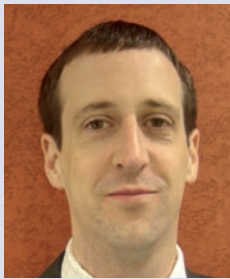




## About the Author

### David Smith, Vice-President, Energy Sector, EMEA

Over his thirty years in business development in professional services, David has led the growth of a significant number of client relationships across the globe – from the North Sea to the North Slope – and across the full span of energy industry operations. David’s relationships with clients – at super majors and independents alike – have been the platform for the delivery of measurable and significant value to Celerant’s clients in the industry. Over the past two decades, that delivered value has totalled in excess of \$1 billion.



## About the Author

### James Albert, Senior Project Manager

James Albert is a Senior Project Manager at Celerant Consulting. During his nine years in consultancy, James has managed projects around the world, mostly in the oil and gas industry. James also leads Celerant’s Asset Management capability in Europe, which focuses on developing innovative ways to increase the return on investment from clients’ capital assets by unlocking the value hidden in their people, business processes and management systems.

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