

Offshore Oil Platforms: Measuring the Way to Success

Written by Gary Marves, Senior Director, SSA & Company

Monday, 16 November 2009

In the offshore oil industry, the old adage “if you can’t measure, you can’t improve” rings as true as ever. While corporate management teams monitor profit, uptime, flow rates and a few other high level metrics - all of which are important - very few oil companies truly understand how to best measure the operational performance of their platforms. In the absence of understanding the key inputs, outputs, and business drivers of day-to-day platform operations, oil companies miss the opportunity to decrease costs, improve productivity, and optimize their profits.

There are several critical metrics that many oil companies fail to measure in the regular course of business, resulting in both inefficient and ineffective oil platform operations. These metrics, also known as Key Business Indicators (KBIs), include the measurement of items such as profit, reliability, integrity, safety, and people. KBIs provide employees at all levels of the organization with a clear view of current platform and business performance. In order to improve the accuracy of these measures, companies also must define how the KBIs should be calculated. By using consistent “operational definitions,” management can have more confidence in the resulting measures and compare oil platform performance more consistently.

Based on intensive work with two of the world’s largest oil and gas companies, SSA & Company has worked to create a series of metrics and common definitions to help address the lack of KBIs on oil platforms. These metrics include:

- Profit - Total revenue minus total cost
- Reliability - Percentage of time per month production flows through each product stream at or above predefined target rates
- Integrity - Average percent complete (year-to-date) on the following integrity assurance plans (NR13, Continuous hull survey, Hull survey (UWILD), Fabric maintenance, Piping UT)
- Safety -Percent safe in accordance with Behavioral Based Safety Management practices
- People -Bench Depth, Retention, Satisfaction, Training and Competency-Based Training and Assessment (CBTA) compliance
- Yield - Percentage of product acquired versus target

While every company requires customization in order to make its KBIs most relevant, one thing remains the same: once these measures are in place, crews are more in control of their operations and are able to better identify opportunities for improvement. In fact, companies who have implemented these KBIs have improved their scores by anywhere from 15 - 35% over a 6-month period.

Of course, identifying the right KBIs is only half the battle. Companies must work diligently to establish baselines, targets and gaps for each of the KBIs and effectively institute such measurements into their culture. In addition, offshore and onshore management teams must commit to reviewing KBI performance at minimum on a monthly basis and sharing the data with all crews. This enables management teams to easily identify existing performance gaps and institute appropriate action plans that help the platform reach its true operating potential.

SSA&COMPANY