AMA
A s s e t Management Advocates

Continuous Improvement Framework

Why Adopt a Continuous Improvement Framework

- Growth requires a focus on efficiency and effectiveness to maintain profit margins and enable safe, responsible operations

- Focus on managing and continuously improving your business processes

- Regulators require well documented and consistent business processes as well as methods to review and improve processes

- Continuous improvement programs assist in realizing the benefit of your ERP investment

Objectives

The Continuous Improvement framework is intended to provide teams with a structure for process improvement projects and guide-lines around which tools can support which parts of a project.

The idea of this framework is to support sustainable process improvements with a disciplined, data-driven approach. The tools and templates are guidelines which can be adapted to fit the particular needs of a particular project.

Control

Define

Measure

Analyze

Improve

AMA

What is Process Improvement

A Business Process Is:

- Structured activities or tasks by people or equipment which in a specific sequence produce a service or product (serves a particular business goal) for a particular customer or customers

- All processes have
    - ◊ Inputs and outputs
    - ◊ Suppliers and customers
    - ◊ Participants and owners
    - ◊ Stakeholders
    - ◊ Boundaries

Process Improvement Is:

- A capability to identify, analyze and improve existing business processes within an organization to meet new goals and objectives

- A method to introduce process changes to improve the quality of a product or service, to better match customer needs, but it can also look to increase profits and performance and/or reduce costs

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Why is Continuous Improvement Important

Process Improvement can help to...

- ✓ Develop a sustainable solution that will work across the organization
- ✓ Reduce variations, duplication & wasted effort
- ✓ Eliminate non-value-adding activities
- ✓ Align activities to the strategy & objectives
- ✓ Identify opportunities to leverage the economies of scale across areas
- ✓ Identify & mitigate risks
- ✓ Outline the systems, tools & resources required

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Continuous Improvement Framework
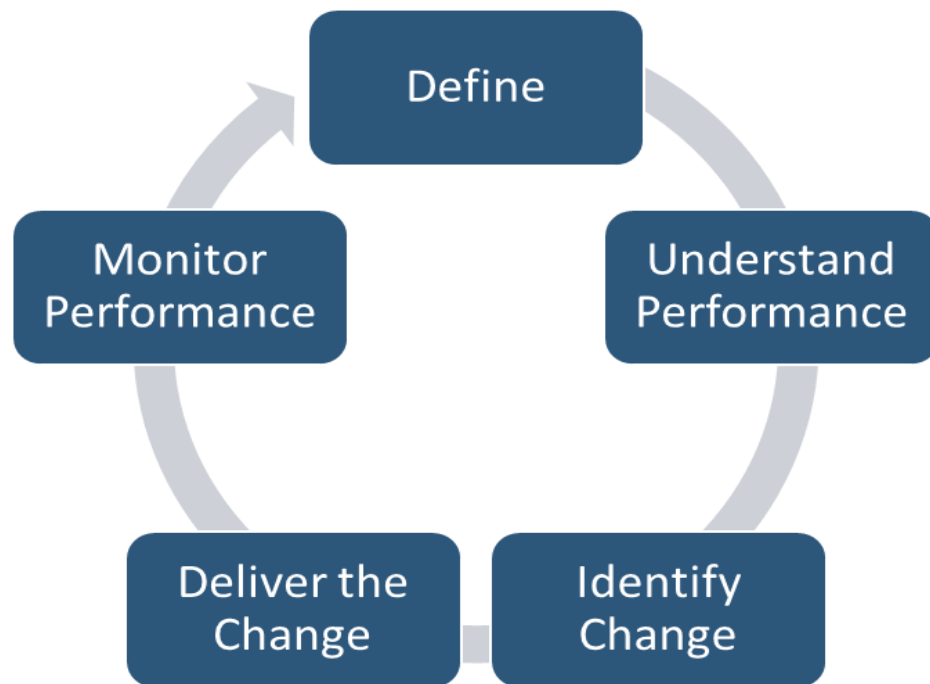
Define the problem, process and customers of the process

Understand Performance; develop baseline measures to characterize the problem or current state, analyze the process and data to determine the root causes

Identify Change; identify areas for improvement and assess potential benefits. Provide a list of improvements to-be made and prioritize them

Deliver the Change; implement solutions to remove/reduce source of the problem

Monitor Performance; confirm improvements with data and maintain the gains by monitoring the improved process

Continuous Improvement Framework

Summary of Activities and Key Outputs

Phase	Define	Understand performance	Identify change	Deliver change	Monitor Performance
Goal	Define the problem, process and customers of the process	Understand the flow of activity, pain points, and current sources of waste	identify areas for improvement. Provide a list of improvements to-be made and prioritize them	Pilot and implement the future way of working	Process solutions are embedded and sustained after the project is closed
Key Activities	1. Establish the objectives and scope 2. Align the objectives to overall organizational strategy 3. Conduct customer and stakeholder (business) interviews 4. Assess dependencies with other projects, risks and constraints, within the project or outside 5. Validate requirements with Steering Committee	1. Map the current state process 2. Identify waste and pain points 3. Conduct a root cause analysis 4. Validate current state understanding	1. Identify and prioritize opportunities 2. Use team brainstorming to generate solutions to address the root cause 3. Describe the approach to prioritizing and selecting solutions that eliminated root causes 4. Describe the Implementation Plan and results 5. Conduct a change impact assessment	1. Determine if a pilot is required 2. Conduct pilot and review process solution 3. Sign-off any post pilot process changes 4. Develop process implementation plan 5. Work closely with change to ensure readiness to transition to the new processes 6. Execute implementation plan	1. Scale up the new process if required 2. Create a system and/or process to monitor results 3. Complete documentation of the processes and procedures 4. Create Response Plans in case there is a drop in performance 5. Hand over formal ownership to the process owner
Key Outputs	• Project Charter or A3 • Collect the Voice of the Customer and make customer requirements measurable • Create a high level map of the current state • Update charter and inform stakeholders	• Process/value stream map • Data analysis • Root cause analysis • RACI chart • Select Baseline Measures • Collect Baseline Data • Current state documented	• A3 with defined problem identification, baseline measure, root cause analysis, implementation plan, benefits • improvement condensed to an A3 piece of paper! • Priority Matrix	• Implementation Plan • KPIs • Change management plan • Process Documentation	• KPIs • Control plan

Project Management and Change Management

Types of Continuous Improvement Initiatives

Enterprise Asset Management

- Asset Master Data Governance
- Plant Maintenance Work
- Master Data Improvements
- Communities of Practice

Plan to Play

- Plan to Pay
- Labor, Equipment and Materials
- Accounts Payable Optimization

Warehouse Management

- Warehouse Management Improvements
- Materials Picking & Kitting

Warehouse Management

- Project structures/work breakdown structures
- Capital forecasting
- Management reporting
- Accounting integration

Example of Benefits

Enterprise Asset Management

- Streamline work management process, automate where beneficial
- Business process and procedure for maintaining the asset master data
- Technical object standards documented
- Cleansing and enrichment of technical data to standard
- Ability to report on equipment failures, scheduled, corrective and general work actual and planned costs, materials used, and the ability to track delinquent/overdue maintenance work

Plan to Pay

- Implement a contracts and procurement strategy that optimizes cost management , streamlined effort to process purchasing documents; guidelines in place based on spend
- Standardize Plan-to-Pay Process for Maintenance
- Net lower cost by taking advantage of supplier quick pay incentives
- Less time spent on invoice investigation and approval
- Better decision making as a result of timely and factual information
- Collaborate with vendors to provide information to support real time data capture
- Cost effectiveness: AP function cost per invoice reduced

Warehouse Management

- Organized and managed kits for maintenance, reduced warehouse traffic
- Work orders show pick tickets and receipt labels with kitting locations, tradesman know exact location of parts
- Reduced times from receiving parts at the warehouse and issuing to dedicated staging areas and drop zones
- Easy identification of material destinations with material tags that will stay fastened to returns

Capital Management

- Implemented capital work orders to assist and improve the offshore work schedule % planning of resources
- Captured offshore time confirmations to the AFE increasing cost recovery
- WBS standard structures built per type of capital projects (not one size fits all) as per engineering cost estimates
- Improved project reporting for original plan, current approved plan and forecast to complete using plan versions at the WBS
- Simplified project procurement using a simplified purchasing method for fabrication & stage payments
- Improved reporting for PO Versions as per Project Manager requirements
- Projects run more efficiently with clear transparency and control

Sizing of Continuous Improvement Initiatives

Depends on Scope, Team Members & Site Capacity for Change

Sample Company

- Organization Scope: Company Wide
- Process Scope: Asset Management, Procurement and Inventory
- 4 months at each plant site
- 6 weeks to train site team on CI framework, identify initiatives & prioritize

Plant Site	Total Initiatives	Initiatives Wave 1	Team Members
Plant R	76	30	15
Plant A	79	30	13
Plant L	101	15	6

About AMA

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Strategic Asset Management
Assisting organizations to adopt a carefully considered asset management philosophy .

Standards
We leverage industry standard approaches to deliver better solutions much more quickly at a fraction of the cost.

Data
AMA are experts at gaining, developing, creating, driving, and harvesting value from your enterprise data.

Methodology
AMA's approach is key to bringing the right disciplines for each situation to maximize the ROI, while ensuring a sustainable solution, and an empowered owner.

AMA Philosophy

Every organization needs an advocate.
AMA provides comprehensive education and consulting services, from an advocate's perspective.

Building Strengths: The most effective method to ensure long-term success in any project is to contribute to the strengths and competencies of the client's core team.

Empowering the Team: Our philosophy is to train and coach the core, peripheral, and executive teams to gain clarity on the path of results-driven asset management.

Deep System Knowledge: We has extensive and in-depth Enterprise Asset Management System knowledge and experience, including SAP, Maximo, OracleEAM and others. Combined with our strategic asset management approach, our services are results-driven to improve business outcomes.

AMA Industries & Countries

- **Oil & Gas Upstream**
- **Oil & Gas Midstream**
- **Mining**
- **Utilities (Water/Waste, Electric)**
- **Canada**
- **United States**
- **United Kingdom**
- **Yemen**

About AMA

We are committed to and passionate about making asset-intensive industries safer and more profitable.

We take significant pride in the work we do, the results we achieve and the clients we have helped become successful on their asset management journeys. We are driven by results, not billable hours, and our team will provide you with the tools and methodologies to drive your asset management business objectives.

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