



**MISSION STATEMENT: "People working together to create a UK Oil & Gas industry which is competitive anywhere in the world."**

## BRITANNIA SAVES £300m CRINE's biggest success yet!

On May 21st, CRINE Network and Britannia Operator Ltd hosted a lessons learnt day called 'Sharing in Britannia's Success'.

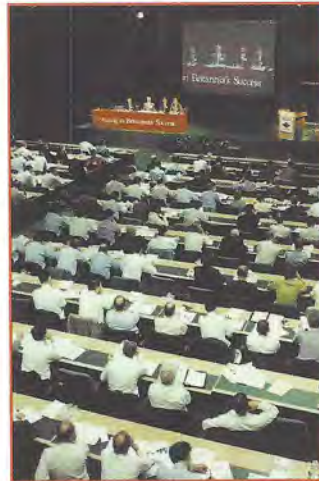
The 330 delegates participated in one day of presentations and discussions covering four subject areas:

- Contract Execution Experience
- Team Effectiveness
- Procurement Experience
- Total Cost Reduction

The key to the success of this event was the openness of the Britannia team who in every case set out what went wrong as well as what went right.

What was clear was that by applying the principles of CRINE, Britannia Operator Ltd saved £300 million - over 20% - of the approved development budget. The total capital costs, which includes the full complement of wells over the next five years is £1.85 per BOE or \$3 per BOE.

**The Key to Success!**  
see page 5.



A packed conference hall at the QEII

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### DATES FOR YOUR DIARY

October 5th-9th  
Web Week II

October 23rd 1998  
Project and Procurement Managers - London

November 17th 1998  
Value and Profit from Supply Chain Culture - Aberdeen

March 10th 1999  
CRINE Conference - Aberdeen

## CRINE Champions Seminar

The CRINE Champions seminar took place on June 16th 1998 in the offices of Shell Expro in Altens, Aberdeen. The 85 attendees included CRINE Champions, members of the Benchmarking & Deliverables work-group as well as SMEs working in the Aberdeen region.

The purpose of the seminar was to look at the experience of operators, contractors and suppliers using CRINE Network functional specifications.

Bill Strang of BP spoke of the successes of CRINE, and the reasons why in some cases CRINE did not seem to provide the answers. There were several reasons for this:

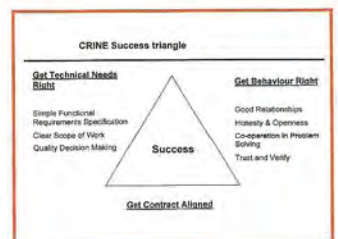
- Misunderstanding or lip service given to the process by those who use it an excuse rather than an opportunity



CRINE Champions filled Shell's largest meeting room!

- Time pressures leading to errors and omissions
- Lack of discussion by Client/Contractor/Supplier closing opportunities, reducing efficiencies and cost saving. Open conversations lead to more powerful solutions than prescriptive methods of old
- Insufficient front end effort with lack of clarity and errors
- Shelving accountability by moving responsibility. CRINE is not an excuse for failure. Scope of

work must be clearly stated and done by those most competent CRINE does work, said Bill Strang. It requires the highest level of care and commitment from management and staff. Simplify working practices and put the emphasis on excellent relations and communications, together with stream-lined management systems. This inevitably results in costs reductions and increased competitiveness.



Three complementary components are required to make the CRINE Process work.



Updates...

**WASTE AND BEST PRACTICE IN DRILLING COMPETITION RESULTS**

Thanks to all of you who completed the Waste and Best Practice in Drilling Questionnaire, I am pleased to announce the winners of the associated prize draw.

**First Prize:** Mr Stan Work, Hunting Oilfield Services International, he wins a holiday for two.

**Second and Third prizes:** Mr Koji Kusaka, Schlumberger Wireline & Testing and Mr Bruce McEwan, Shell UK Expro. Both win £250 each of vouchers for John Lewis. Happy shopping!

**ISO TC 67**

Many thanks to the hundreds of contributors who have sent in a £100 contribution to the ISO TC67 fund.



CRINE Network continues to part-fund experts travelling to the International Standard Committees to support the interests of UK companies. The greater your generosity the more committees and fields of expertise we can tackle. If you receive a letter from Sandy Morris, please get out your chequebook!

**FUNCTIONAL SPECIFICATIONS**

The first meeting of the functional specifications user group was held at Philips Petroleum, Guildford on July 6th. Plans are now afoot to re-launch the functional specifications in 1999. Should you wish to contribute or participate, please contact Sjoerd Schyuleman at the Institute of Petroleum on 0171 467 7132 or e-mail sfs@instpet.co.uk.

For further information on any of the above, please contact the CRINE Network support office on 0171 412 4300 fax: 0171 412 2971 or email: crine\_network@email.mobil.com

If you wish to submit information to the 'UPDATES COLUMN' Contact the CRINE Office.

# Growing Emphasis

By Kerst Troost  
Finance and Commercial Director  
of Shell UK Expro.

**S**upply Chain Management (SCM) is receiving far greater attention across industries as a means of increasing value, reducing costs and eliminating inefficiency. An increased focus is also apparent within our industry and strengthening SCM is one of the main initiatives for CRINE Network in 1998/1999.

Given that 60-80% of the expenditure of most companies in our industry is on bought-in goods and services, it is understandable that managing Supply Chains has a higher profile, particularly when one bears in mind that in many areas of SCM there has been limited attention paid to increased value, cost saving

and commercial best practices. SCM is too often seen as a routine activity, whereas we believe that the application of cross-functional teams, composed of highly skilled people, focussing on all SCM aspects of a particular commodity or service can yield substantial benefits. For example, in the areas of: performance incentives, technical standardization, market management and sourcing strategies, leverage, working relationships and roles in the process.

Additionally, there is greatly increased recognition that managing relationships and processes, within and between organizations, are central to the common objective of profitable and sustainable growth. There is considerable mutual dependence between contracting parties and this has raised the importance of

managing strategic relationships jointly between suppliers, contractors and operators.

Finally, the very low oil prices raise the stakes further. If we, as an industry, are to secure our investment programmes and sustain growth, we must find ways to make significant improvements in both value and costs.

The above provides part of the background to the CRINE Network focus on SCM. The question is: what are we as CRINE and the industry going to do about it during the next 12 months? Our consultation with a number of companies leads us to believe that we need to focus on three aspects, namely: awareness, assessment and implementation.

The most prominent event with regard to awareness will be

## SUPPLY CHAIN SPECIAL FEATURE

### The Foundations of a Learning Industry

**A** survey conducted by the Learning Culture Industry Working Party has identified no less than 58 organisations who, through their publications, meetings and conferences contribute to the exchange of learning in our industry. Industry bodies and associations, professional institutions and industry forums and organisations were all identified as contributing to our capacity to learn.

Working party leader, Mike Bowyer of Petroleum Engineering Services Ltd said "The survey has been a great success in identifying the learning sources that are used by people in our industry. It is good to see the professional institutions very strongly represented. Particularly from the supplier community there is a high degree of involvement with institutions whose scope spans a number of industries. This can only be good for supporting innovation in oil and gas."

Less than 30% of respondents reported unfulfilled learning needs. The missing needs most commonly reported were benchmarking and performance feedback and awareness of operator's forward plans, strategies and requirements.

Mike Bowyer observed "Our learning infrastructure appears to be largely meeting the industry's needs. As First Point Assessment's services develop concerns about benchmarking and performance feedback will be satisfied. If suppliers can be better informed about the future needs of their ultimate customers, their businesses will be better planned and through appropriate investment, delivering more competitive products and services. We look forward to Shell's direct involvement in CRINE Network supply chain studies leading to some strong new initiatives in this area."

The CRINE Network register



of learning sources is currently being compiled and will be live on <http://www.crine.com> soon.

Other contributors of the working party have been Professor Annette Brooks-Rooney, Mike Dixon, Sarah Kydd, Angela Latto, Louise MacDonald, Celia MacDonald, Bill McCallion, Ian Mills, Steve Nuttall, Margaret Porteous, Harry Van Der Vossen.



# Analysis on Supply Chain Management

a "Supply Culture" conference that will be held on the 17<sup>th</sup> of November 1998 in Aberdeen. This conference will aim to raise awareness of the benefits of SCM through the presentation of relevant successes within and outside our industry; and to establish the resolution to take things forward. Other events, such as road-shows, will also be sponsored to convey the what and why of SCM to a wider audience of companies in our industry.

In terms of more focussed activities, we believe it will be valuable to work with a smaller number, say 40-50, of the key companies in the industry as they can both implement SCM in major areas of their own business and work with their contractors and suppliers. In this regard, CRINE hopes to work with these key companies to understand the

benefits of SCM, and also to enable these companies to perform a self-assessment aimed at discovering where the companies stand in respect of practices and performance compared to leading practitioners in industries. For a wider audience of companies, we propose a less detailed self-assessment incorporating the work of CRINE's Learning Culture group led by Mike Bowyer (PES). This will provide a picture of SCM in the industry and the assessment will be used to identify and rank opportunities for collaborative initiatives.

With regard to implementation, we aim to develop cross-industry initiatives to address the opportunities identified during the assessment. In the interim, we will proceed with one team, led by Peter Jessup of

Halliburton/Brown & Root, which will seek to deliver practical assistance to companies on how to get suppliers involved at a much earlier stage in the development of investment projects for facilities.

Furthermore, we aim to have a programme that gets companies beyond awareness and into improvement for their own activities, both internally and with their contractors and suppliers. Consequently, we propose to enhance, in consultation with companies, the methodology used in Shell and to deliver this to the industry. Also, we propose to provide training for key players in companies that will help companies use the experiences from within Shell and other companies in the industry in the implementation of SCM principles and techniques.

**The intended outcomes of the CRINE activities are:**

- Broad awareness of the potential contribution of SCM to increased effectiveness and efficiency;
- Focussed awareness for selected companies;
- An assessment of where the industry stands yielding identified and prioritized opportunities;
- The identification of projects to address these main opportunities;
- The delivery of a means and training for the industry to apply SCM techniques.

So, what happens next? We have established a steering group for the work of the Supply Chain group with participation from operators, suppliers and contrac-

## FEATURE • SUPPLY CHAIN SPECIAL FEATURE

# Suppliers Gateway Initiative

If you have ever been bounced around the switchboard of a large oil company or contractor; if you have been left talking to an anonymous telephone responder: you know the frustration and time involved in trying to find *some one to talk to*. Now here comes a brand new CRINE initiative to provide that vital first point of contact: The Suppliers Gateway

Initiative.

The CRINE Network Supply Chain work group identified the difficulty experienced by many contractors and suppliers in reaching the right person / department within an operator's organisation to approach with problems, enquiries or ideas.

Over the last month CRINE Network has canvassed all the major operators for a Supplier

Gateway contact, 24 have responded, this database of individuals is now freely available from the CRINE Network Support Office or by accessing the CONTACT US page of the web site: <http://www.crine.com>.

Similarly if you wish to nominate a SUPPLIER GATEWAY for your company, please contact Sandy Morris on 0171 412 4300.



## Progress from Proactive Suppliers

The Proactive Suppliers working party, headed by Peter Jessup and Neil Kirkbride, continues to make good progress drafting the Guiding Principles.

The aim of the Guiding

Principles is to create an environment for new buyer/supplier relationships in order to provide opportunities for the earliest involvement of suppliers in projects. The intent of the early involvement is ensure that any

cost saving potential is designed in at the start, as opposed to missing the potential as the design becomes too established to make cost effective change.

The Proactive Suppliers working party plan a two day

session on September 15th -16th to formulate the final document. This will contain: an executive summary, a set of non prescriptive guiding principles and a number of case studies detailing the benefits that can be achieved.



# Management

tors. Work on the development of a methodology for delivery to the industry is already underway. Finally, we are in the process of securing limited consultancy support particularly in the area of best practices from other industries and tools for detailed self-assessments.

SCM is a major area of opportunity for companies working on their own activities and in collaboration with others with the aim of improving performance. We, as Shell UK Expro, are committed to

help the industry forward in this area and, apart from a portion of my time, we have freed-up a senior Contracting and Procurement professional (Tony Collins our Supply Chain Project Manager) for a year to drive the project forward. We hope that you will demonstrate commitment, support and the direct involvement of your company in this initiative as these are the most important factors if we are to secure success as an industry.

*Kerst Troost, a Dutchman, is currently Finance and Commercial Director of Shell UK Expro. He has worked in various positions in the Royal Dutch/Shell Group since 1975, and has lived in Thailand, Malaysia, England, Sweden, Turkey and loves Scotland the best! Earlier this year he assumed the chairmanship of CRINE Network's Supply Chain Group and also joined the CRINE Executive.*



*Kerst Troost at the CRINE Conference 1998*

## SUPPLY CHAIN SPECIAL FEATURE

# OPINION What does Supply Culture Mean?

BY JONATHAN ELLIOTT-JONES, IEP, DEPARTMENT OF TRADE AND INDUSTRY

“**W**hat is Supply Culture? put simply it is an expression of a relationship cultivated between buyer and supplier so they understand each other and work together to mutual benefit. The buyers get what they need, at the right price, and the suppliers develop good business, and repeat business, at sensible margins.

It is not easy to develop this culture because it seems as if, to paraphrase a popular book title, “Buyers are from Mars, Suppliers are from Venus”. Even if they don’t come from dif-

ferent planets they seem to lock in conflict on the battlefield of purchasing. Mutual antagonism and suspicion seemingly characterise buyer and supplier relationships.

But how could it be different? Think how it might be if buyer and supplier relationships were collaborative and co-operative. Good communication would reduce the need for the buyer to be expert in the supplier’s business, and the supplier would understand better the buyer’s needs. Good communication would give the right balance

between buyer’s need and the price paid, and a tremendous opportunity for developing mutually beneficial deals.

It wouldn’t be easy, as it requires a cultural shift and the creation of relationships and lines of communication that haven’t existed in the past, at least in our industry. But it is achievable and many other industries have done much to develop their supply, or value, chains to maximise competitiveness of their industry.

This industry has undergone substantial changes to its supply

chain over the last few years. Faced with the challenge of persistently low oil prices we must find new ways of working to maximise value for the operators and sustain margins for suppliers. We ignore these new ways at our industry’s peril. We must maintain the competitiveness of the UKCS as a hydrocarbon sector and the competitiveness of our suppliers in international markets. Supply culture is quite simply a way of working that creates competitiveness - so that we can be in business in the future.”



# SYD FUDGE EXPLAINS: The Secret to Britannia's Success

The Britannia project was an excellent example of how the CRINE philosophy can work successfully. The project has not only made gains from the use of functional specifications, standard contracts and so on - but has gone on to reap substantial rewards through this more practical and efficient way of working. Some of the key innovations are:



Syd Fudge received a standing ovation for his closing speech

proved groundless. Britannia has been an excellent example of how to establish a win/win relationship. Everyone's goals and targets may have been aligned to the overall success of Britannia, but Operators, Contractors and Suppliers all met their own, individual aspirations for the project, as well.

To achieve these goals, everyone on the team was enrolled into a common purpose. A strong focus was also maintained on the key objectives required to deliver a successful result.

**The key objectives were:**  
Safety Reliability • Operating cost  
Capital cost

**All of them were achieved.**

These key objectives were reinforced through a managed communication programme within the Britannia project. As the team grew - and encompassed the fabrication yards and major suppliers - they built strong, two-way communication links with everyone involved. This ensured that all of those participating in the project had a strong focus on achieving Superior Performance.

The win/win contracting philosophy developed through alliancing does work. Such a philosophy, combined with an open and sharing management style, means that significant gains can be achieved by everyone - Britannia, contractors, suppliers and their employees.

The integrated team concept also works. On this project, people changed their identity - and even their hats - from KOG, AMEC SLP

## BRITANNIA FIELD: VITAL STATISTICS

It is located 200 km north east of Aberdeen. It has reserves equivalent to 650 million barrels of oil.

The reservoir is 12,500 feet below the surface in 450 feet of water, requiring two drilling centres, 45 wells, including 17 pre-drilled wells, 7 at the sub-sea centre, 10 at the platform.

The jacket weighs 20,000 tonnes, the topsides 28,000 tonnes including full drilling, utilities and process facilities, with living quarters for 140 people.

The delivery capacity of 740 million standard cubic feet per day represents 8% of the entire gas consumption of the UK. A new gas line was built to St Fergus 180 km away.

and even Conoco and Chevron to become totally Britannia.

In this sort of working relationship, issues do not become problems - and therefore barriers to success. On Britannia, issues were dealt with collectively, with all parties discussing things in an open and trusting manner. In such conditions, solutions are found more easily and put into place more quickly. For example, during the project, new evidence on blast over pressures was discovered. This required a major change to the blast walls after they had been erected. The problem was addressed by the team - and a solution found, such collective solution-finding resulted in very little disruption to the work programme.

Commitment and flexibility was good for the Britannia project, but it was equally good for each of the separate companies. All enjoyed increased performance and profit. Individuals also gained through more rewarding relationships, much greater involvement and, as a result, a substantially increased level of job satisfaction.

## Critical Mass Achieved!

As part of the CRINE Champions seminar, Peter Holland, head of procurement at Shell Expro and member of the CRINE Network Standard Contracts committee gave the latest information on usage of the CRINE Network Standard Contracts:

Ten operators are using the contracts: Shell, Amerada Hess, BG, BP, Elf, Marathon, Ranger Oil, Statoil, ARCO and Chevron

Five further operators are intending to use them before the end of 1998 including Agip, Mobil, Philips Petroleum, Texaco North Sea and Amoco.

Other operators are either

reviewing the contracts at the present time.

In real terms this represents a critical mass, almost 80% of value of work commissioned offshore now uses standard contracts.



**CRINE Network thanks this issue's sponsor:**



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**Aker McNulty Ltd continue to expand their involvement in the fabrication and fit-out of structures for the offshore Oil and Gas industry.**

**1998 saw the arrival of 'Ramform Banff' - for multi million pound outfitting of the 10,000-tonne vessel into a floating oil and gas processing facility for the North Sea.**

**The project represents the first time that the revolutionary Ramform hull design has been used.**

**The experience gained on this project extends Aker McNulty Ltd's capability in this new field.**

**Aker McNulty offer a complete controlled service for all offshore work performed by in-house project management and labour.**



# Watch Out: Web Week 2!

**W**eb Week II will take place during the week October 5th-9th. In preparation, a huge amount of work is taking place on the web site, I recommend you bookmark <http://www.crine.com> to keep abreast of developments!

### CRINELINK made easy.

We are introducing four new CRINELINK discussion groups: WORKGROUPS, CRINE CHAMPIONS, EXECUTIVE and STANDARD CONTRACTS. These replace the existing work group discussion groups and will allow a wider audience of CRINE enthusiasts to share ideas and information, to network and make new contacts. To access a CRINELINK discussion group, select CRINELINK from the main menu on the CRINE web site. It takes only a couple of minutes to register your details then you will

be on-line to receive all the latest news and views from the CRINE Network.



### CONTACT US expands.

To date the CONTACT US page was the home of the CRINE Network support office staff. Now it provides details of the CRINE Champions and the Supplier Gateway contacts. CRINE Champions are 225 industry professionals with experience and expertise in using the CRINE principles and deliverables. CRINE champions have provided, phone fax and email data and

are pledged to respond to all queries for assistance. The Supplier gateways are senior managers within large contractors and suppliers who have been asked to respond to queries, ideas and suggestions, to provide assistance to SMEs seeking a contact within their company and to be the open door into the company from the industry outside.

### VISIT CRINE PALACE DURING WEB WEEK

Web Week will feature daily open meetings in the virtual business meeting rooms Coniston and Windermere. Select WORKSHOP from the main menu and then go to Meetings. The first time you try to access CRINE Palace you will need to download Palace software from the internet. This software is free, and easy to follow instructions are available on-line.

To hold virtual meetings on-line is a cutting edge application, CRINE Network is making available to its volunteers. This could cut down on the need to travel or even leave their desks to participate at a meeting. Try it and see!

### WORKING GROUP WEB PAGES.

Every work-group and working party now has its own web-page in ACTIVITY. Check your page, then check those of your colleagues, this is your shop window on the world make the most of it!

### 500,000 HITS AND COUNTING

The CRINE Web site receives over 6000 visits every week and the number is increasing. Here at CRINE office we process upwards of 10 requests for information, publications and conference via the web site every week.

## Bargain Basement Sale

Please help us clear the office! If you wish to receive copies of any of the following publications, please send us your postal details by email to [crine\\_network@email.mobil.com](mailto:crine_network@email.mobil.com) or by fax on 0171 412 2971.

### CONFERENCE PAPERS: WINNING COMPANIES

'Winning Companies' was the name of the 1998 CRINE Network conference, with speeches from Francis Gugen, Martin Stanley and Rex Gaisford, it redefined the CRINE Network mis-



sion for 1998 and beyond. Four hundred oil and gas professionals attended and enjoyed this event, here's your chance to have a paper copy of proceedings.

### THE SUPPLY CHAIN GAME

If you're still not clear what the supply chain is and how it affects you, I have 150 copies of the Supply Chain Game to give away. Based on the findings of three major reports on the supply chain from 1997 and 1998, it highlights in a light hearted way



the trials and tribulations faced by contractors, operators and suppliers alike as they climb the supply chain.

### IMPROVING SME SUPPLY RELATIONSHIPS IN THE UK OIL AND GAS INDUSTRY

Dating from December 1997, this is the main body of research on which the DTI and CRINE Network are basing the new Supply Chain initiative. Ring early to reserve your copy as I only have 20 left!



### CRINEWatch 2000

EDITOR: Sally Ann Melia, Communications Manager

Requests for information or to reproduce material from CRINEWatch 2000 should be addressed to CRINE Network Support office c/o Mobil Court, 3 Clements Inn, London WC2A 2EB  
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## And finally... DILBERT

Read Dilbert every day on the What's Hot page of our web site: <http://www.crine.com>

