The Clock is Ticking

Don’t overlook key elements that drive successful mega plant startups

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Don’t overlook key elements that drive successful mega plant startups
by Jerry Laird, executive vice president and principal and Mark Hordes, senior vice president, Sinclair Group

The latest trend in manufacturing industries is effectively and efficiently managing a successful mega-plant startup. This also includes the commissioning of capital projects within a highly complex, multicultural environment. In these projects, you may find 30 to 40,000 contractors from all over the globe requiring communications and project updates to be concise and available in multiple languages.

Communicating successfully to this diverse and complex workforce can be a huge undertaking. It requires a constant flow of information from supervisors, foremen and key sponsors using multiple vehicles and forums. The communication mediums may include posters, badges with slogans in different languages, telecommunications events, email blasts, shift update meetings, online bulletin boards and walkabouts.

Despite investing large sums in capital startups, these projects often sustain significant overruns in schedules, budgets and meeting team completion goals.

To ensure the success of large capital projects and complex mega-projects, take a hard look at your organizational and team requirements. Track their effectiveness and take action to stabilize projects as early as possible.

A missed opportunity

The critical phase of any startup is the transition from capital project teams to operations. Many companies or investors in new projects overlook the need to address the transition resulting into a crude handoff that leads to huge monetary losses instead of big gains. This oversight stems from the project team’s intense focus on starting up on time and under budget. This is the natural, logical desired outcome for any capital project regardless of the size.

Sure, the stakeholders have high expectations of the business and performance outcomes. However, they fail to see that the money they earn for an on-time startup can easily be dwarfed by the potential loss for starting up and running an asset that has been set up to fail.

While the clock is ticking and pressure mounts for startup, they miss the opportunity to have a highly integrated operating organization with employees who understand their business, their individual and team roles and how to operate as one group from day one.

Figure 1. The missed opportunity
Creating a world class project team: What’s required?

There is no magic in creating great world class operating teams in advance of the actual startup. The fledgling operating group does, however, require a high level of focus and commitment to live in an open and transparent environment of honest communications and alignment on goals, targets and feedback on performance before the switch is turned on.

Let’s examine some of these required behaviors in depth to appreciate what is necessary to instill and empower new operating teams to work as one unit.

- Reach agreement based on team alignment, goals and performance targets. Excellent operating teams composed of individuals make decisions for the greater good of the business, and rarely make decisions in their own self-interest.

- Operating teams operate at the highest level of effectiveness and efficiency when all team members are focused and aligned in the same direction. This doesn’t mean that there’s never any conflict. Handled properly, conflict can be productive.

- Allow for discussion and, during proposals, ask whether anyone is not aligned. Although full agreement is unlikely in large, culturally diverse organizations, most are willing to align with solutions even if they’re not the perfect answer. Those who aren’t aligned explain why they don’t agree and make a counter proposal. This can create the right platform to deepen the discussion.

- Keep the momentum going in preparation for startup while operating teams learn how to reach alignment and enhance their decision-making capabilities. Organizations benefit from training everyone on the tools and techniques centered on developing this and other critical organization behaviors. (Watch video to learn more about the organizational behavior workshop).

- Focus on the top five goals and five performance measures to keep the teams focused on the critical few goals and metrics and to avoid overwhelming members with too many goals and targets.

- Ensure that each member of the operating team believes that all other members seek what is best for the project outcome, not one’s personal success or next promotion.

- Create a set of norms and operating principles and reviewed frequently and hold team members accountable. These are not high level statements that aim to make everyone feel good. Instead, they’re realistic guiding principles, values and beliefs that everyone is willing to stand behind and demonstrate through behavior.

_good is the enemy of great. And that is one of the key reasons why we have so little that becomes great._
*Jim Collins, “Good to Great”*
Here are examples of norms and operating principles adopted by project teams:

1. We believe in full participation where silence is not golden!

2. We follow defined communications protocols, and never work around others to gain a win through manipulation and power.

3. We utilize team development tools whenever possible so that we all operate from the same playbook in our meetings.

4. We stay flexible in our decision-making to avoid fixed points of view, which restrains moving forward.

5. We appreciate the help and support of other team members and never hesitate to ask for help when it’s needed. No lone wolves here please.

6. We stay resourceful, hopeful and optimistic even when the going gets rough. We are a resilient team and don't easily get knocked down in our mood and our actions.

7. We are respectful of others time, and our meeting start and finish on time.

8. We constantly review our performance metrics to determine where we are succeeding and what needs improvement.

9. To address gaps in performance, we use team brainstorming tools and techniques to generate fresh ideas that will lead to improvement. We make our performance progress charts visible to stay focused on the right things, at the right time.

10. We respect the cultural diversity and makeup of our teams, and are aware of communications cues from different cultures that mean different things to different people. Our team members will present what it’s like to live in their country of origin and what various communications, verbal and nonverbal actions mean from their cultural perspective.

11. We are clear about our roles and, when these roles change, we adapt quickly to limit confusion as to who does what and with whom.

Other factors to consider

Any company considering a mega-plant startup and rapid ramp-up to high operations performance must manage many complicating factors, such as multiple assets or units, a challenging regional setting due to skill sets, resources or political climate, technology selection and other risks.

To their credit, owner-operators and investing companies try to account for those complicating factors. The danger comes when these stakeholders don’t realize the value that a highly proficient operating team produces when a facility performs as advertised within the first weeks rather than the first year of operation or longer.
Furthermore, some new facilities with very young and unseasoned operating groups will be on a steep learning curve that creates unnecessary risks and hazards.

**The danger of abandoning new startups**

Companies with aging assets of 30 years or more tend to have a sense of urgency. Setting this urgency in motion are threats of competition and operating cost. They focus on upgrading or improving performance of their existing assets.

And there’s often a lack of urgency in organizations with new startups. At a brand new facility, in which the behaviors are not in place — management may have the best technology and world-class capacities, products and process capabilities in favor — but the site and the operating team lack highly integrated work processes. They’re left to create their own organizational and operating climate. They’re abandoned.

New startups should have the same focus and priority as well-established organizations.

This same rationale applies to companies that have achieved growth through acquisition. During the due diligence phase of most mergers and acquisitions, the valuation process is highly dynamic as companies derive the value of an asset in understanding its current and historical performance.

Although there many factors that contribute to failed acquisitions or mergers, a consistent trait is the lack of attention on the integrating and upgrading of the asset after it has been acquired.

Because of the focus on the competitive bidding and valuation process, the company often ignores the required organizational and operational capabilities of acquired businesses in order to achieve the buyer’s expectations.

**Bring in the right support**

There’s no denying the level of activity, knowledge, resources and investments contributing to a capital project startup. However, the operating team must be well-aligned and prepared to successfully address any complicating factor.

At a fundamental level, alignment means bringing in people who understand project management startups, change management and the adoption of industry best processes.

Beware that you can do a disservice to your project, your organization and your already-pressured asset leaders by bringing in tactical experts or overly academic expertise. These experts may not have the appropriate level of understanding of the business, operations and technologies.

Keep in mind that you need people with knowledge and experience in startups, change management and ongoing operations management.

**Integrate organizational effectiveness with your operation**

Targeted organizational effectiveness solutions and are integral to the overall success of the project. They must demonstrate continuity and integration, and not become a distraction.
In this regard, Table 1 highlights critical organizational effectiveness topics, training and activities that need to align with all operational management efforts.

Failure to implement these organizational effectiveness interventions leads to having operating team members — who are well-versed in the functional and technical aspects of what needs to occur — lacking the knowledge and cooperation of other team members to make it happen.

Therefore, it’s critical to leverage both process and organizational methodologies and tools.

**Table 1. Organizational Effectiveness Initiatives for Project Startups**

<table>
<thead>
<tr>
<th>Organizational effectiveness activities</th>
<th>Project activities</th>
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</thead>
<tbody>
<tr>
<td>Communications</td>
<td>Teams charters defined and compositions shared</td>
</tr>
<tr>
<td>Leadership and program support</td>
<td>Leadership and program support defined</td>
</tr>
<tr>
<td>Team needs assessment</td>
<td>Team needs assessment completed</td>
</tr>
<tr>
<td>Targeted team development</td>
<td>Team goals, targets and alignment training</td>
</tr>
<tr>
<td>Onboarding and priority setting</td>
<td>Onboarding and contractor training</td>
</tr>
<tr>
<td>Third interface working sessions stage</td>
<td>Site coordination and integration planning</td>
</tr>
<tr>
<td>Knowledge management workshops</td>
<td>Key learnings shared and used</td>
</tr>
<tr>
<td>Performance management workshops</td>
<td>Key project metrics reviewed and agreed upon</td>
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<tr>
<td>Quality and Six Sigma training</td>
<td>Opportunities identification and advancement</td>
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<tr>
<td>Safety excellence</td>
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<td>Leadership development</td>
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<tr>
<td>Assessment working sessions</td>
<td>Organizational effectiveness survey data collection and reporting</td>
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<td>Change management workshops</td>
<td>Gaining commitment and ownership workshops</td>
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<td>Decision-making workshops</td>
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<tr>
<td>Coaching and sustainability</td>
<td>Ongoing support to project leaders and managers</td>
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**Help the startup thrive**

So when do you walk away from an asset when you’re the acquirer? It’s definitely NOT right after buying the asset. That’s just the beginning.

Unsuccessful acquisitions have become the norm, not the exception. Acquiring companies needs to recognize that the odds are stacked against them because of the lack of operations management standardization, lack of consistency and pockets of tribal knowledge.

The impact of ignoring the organizational dimension of your operations can be disastrous and eclipse any due diligence upside.
Ensure success of mega-plant startups

In a nutshell, organizational commitment, change management, team alignment, integration, standard business and operating practices, effective knowledge management and other fundamentals may go missing in the need to get things up and running. And they’re all needed.

The clock is ticking. Which of these are missing?

About the authors

Jerry Laird, Sinclair Group executive vice president and principal, has three decades of experience in the two largest public and privately held energy and petrochemicals companies. As executive vice president, he leads the development of the refining, petrochemical and polymer industry practices. His previous roles have included manufacturing, process and major capital project engineering, product and application technology development, intellectual property management and patent strategy and merger and acquisition execution.

Mark Hordes, Sinclair Group senior vice president and principal, and global practice leader for organizational excellence, has more than 25 years of experience designing and implementing large scale plant transformations for some of the largest companies in the world. As the OE practice leader, he supports global client engagements in project team building, change management, culture change, organizational morphing and commitment-based leadership training and development. His previous roles include change management partner with a Big Five consulting company and vice president, international with the American Productivity & Quality Center.

For further information on how Sinclair Group can be of help to you in your plant startups in support of operations and organizational effectiveness needs, please call 281-296-7975 or email info@sinclairgroup.com.