

GLOBAL MANHOUR NORMS CONTRACTS AND BENCHMARKS HIGHLIGHTS INEFFICIENCIES AND REDUCES COSTS

15%
savings
per annum

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A major oil company recognised the need to undergo a business process change. This involved a review of how the client approached projects, turnarounds and maintenance works and how it engaged with the supply chain. The objective was to obtain the optimum value for money and continual improvements in productivity and business processes.

Previously the client managed projects, maintenance, and subsequently the supply chain, on a singular basis at an individual site level. As a result the client had a lack of knowledge of cost baselines, variations in the efficiency and effectiveness of maintenance and project spend, no performance benchmarking data across sites and little transparency of spend across its assets.

EC Harris worked with the client to develop a global solution which was rolled out across 34 refining sites. This was followed by implementing, training and supporting the project to ensure it delivered the expected benefits at the business asset level and met with corporate objectives.

Creating solutions

EC Harris developed a Manhour Norms Productivity Contracting Strategy which was implemented across the client’s asset portfolio. This involved five integrated stages:

- A spend map review process to identify the potential for improvement utilising EC Harris' asset optimisation process, Advance. This highlighted the benefits to the client's business asset unit.
- Development of a standard template contract for all disciplines of work activity, for use in any country suitable for maintenance, projects and turnarounds. The contract also aligned contractors' reimbursement with the client's business drivers and provided a baseline for improving productivity plus full visibility of costs.
- The development of Manhour Norms for all disciplines of work activities (13 disciplines from mechanical pipework, instrumentation and scaffolding through to static and rotating equipment). These Manhour Norms were then utilised as the baseline for all upstream and downstream estimates, tendering and contract awards and benchmarking productivity.
- The provision and deployment of a supporting web based technology package for estimating, contracts administration, cost management and transactional activity. Training and support was also provided to the client's and contractor's staff. This tool enabled central knowledge capture and an efficient transaction management system linking with Computerised Maintenance Management Systems and Enterprise Resource Planning systems.
- The implementation of a continual improvement process with KPI application, which measured productivity by discipline and across multiple sites. This enabled the identification of best practice processes, improved discipline knowledge and reduced costs of manhour activities.

Adding value

The development and implementation of Manhour Norms contracts has provided the client with a mechanism for benchmarking contract activity. The data has been utilised to identify inefficiencies and unnecessary maintenance costs, highlight risk and its mitigation, as well as improving productivity. There has also been a clear improvement in estimating and planning of maintenance activities. By changing to Manhour Norms contracting EC Harris has generated the client 15% in savings per annum.

Further to our success the client extended EC Harris' appointment to take on additional roles such as Time on Tools audits, Tank Maintenance audits and other site audits. We are also recognised by personnel at the individual sites as being an integrated part of the client's site management team.

The client has also been able to utilise the Manhour Norms for creating estimates and planning which has greatly improved the accuracy of the expected out turns of mega projects by linking them to the procurement activity.

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