

Optimizing remote-site services helped a \$50 billion energy company's field logistics team cut costs and reduce carbon emissions



With Maine Pointe's help, our client overhauled its inefficient and inaccurate systems and implemented a set of procedures and reporting mechanisms which delivered award-winning results

The results

As a direct result of Maine Pointe's multi-faceted solutions, the energy company was able to make substantial, sustainable savings across all 3 divisions.

Aviation – Winner of a 2014 President's Award:

- Saved 20% (annualized)
- Improved fuel efficiency by 8%
- Reduced carbon emission equivalent to 2,173 vehicles taken off the road
- ROI of 7:1

Ground Transportation:

- Reduced costs by \$6.4m
- Forecast savings over the next 12 months \$20.8m (ROI 14:1)
- Reduced fuel usage by 43% (seasonally adjusted)

Lodging – Winner of a 2014 President's Award:

- Saved \$11m immediately
- Forecast savings of \$8.4m through asset reduction, optimization and reservation approach
- Improved contractual arrangements with vendors forecast to deliver \$5.2m in savings

This story is for Executives who:

1. Are concerned about the rising costs of their remote site services.
2. Want to establish effective monitoring of costs and service levels.
3. Want detailed, accurate cost-of-ownership models for every aspect of their field logistics.

The challenge

This company, one of Canada's largest integrated energy companies, initially engaged Maine Pointe to help curb escalating third party contractor costs in their ground transportation services. Following the success of this engagement, management again turned to us. This time we were asked to help the aviation division reduce costs and increase utilization of the company's own fleet of aircraft and to deliver a more efficient operating model for their lodgings operation.

Understanding and managing costs

Maine Pointe identified common concerns across all 3 divisions, chiefly that our client lacked sufficiently robust processes to accurately monitor and review their levels of service and costs. Despite being a high-maturity company with multiple reporting mechanisms in place, many of the dashboards they were reliant on were not delivering accurate and relevant information. The aviation division had not developed the capabilities it needed to operate as a small airline, while lodging had no accurate way to see real-time utilization at lodge level. In ground transportation, a lack of understanding of cost of ownership had led to the energy company agreeing a highly unfavorable contract with their transport provider.

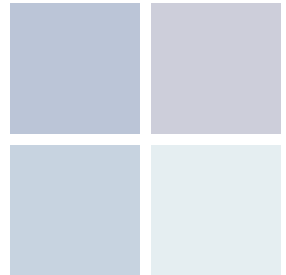


Maine Pointe deployed multi-faceted solutions which delivered better control, greater accuracy and increased visibility across each division including:

- Developing operational dashboards with key metrics and meaningful, accurate scorecards for senior leadership
- Designing and implementing new Management Operating Systems to better manage service and costs
- Enabling our client to develop clear-cut strategies for utilization of owned resources
- Eliminating issues with third party contractors through a joint resolution process
- Building a Master Scheduling Tool for the optimization of routes, schedules and vehicles
- Creating a state-of-the-art Operations Control Centre (OCC) for continuous monitoring and management of all aviation-related processes
- Developing a capacity optimization tool to model the most cost optimal strategy for assigning personnel to lodges
- Identifying waste and improving fuel efficiency across all 3 divisions

Lessons Learned for Other Executives

- You can introduce optionality in a perceived captive contractual situation
- It is possible to curtail rising 3rd party costs
- Accurate cost-of-ownership modeling is a powerful tool in negotiations with 3rd party providers
- High maturity businesses with multiple reporting systems may be depending on incorrect data
- Optimization of remote site services brings additional benefits in the form of carbon emissions reductions



Want to know the **true costs** of your remote site services?

Want to find out more about how Maine Pointe's **expertise in operational management and strategic procurement** can have an immediate impact on your bottom line?

Talk it through in a no obligation phone call or meeting with one of our executive advisors.

Email: hello@mainepointe.com to arrange a call.

Maine Pointe is a results-driven, implementation focused consulting firm that is trusted by many chief executives around the world to deliver sustainable, significant value and compelling economic returns for their businesses. We achieve this through transforming the global supply chain into a competitive weapon and accelerating business value through performance improvements in both EBITDA and Cash.

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