Strategy Alignment & Creating A Linear Business Plan

Using Planning Techniques to Better Inform the Business

What is Strategy?

- The US Military Principles of War (Competition)
  - Objective
  - Offensive
  - Mass
  - Economy of Force
  - Manoeuvre
  - Unity of Effort
  - Security
  - Surprise
  - Simplicity

What is Strategy Alignment?

- Part of Strategy!
  - Objective
  - Offensive
  - **<u>Mass</u>**
    - **Synchronising the moving parts of a large organisation** to concentrate resource at a particular point at a particular time
  - **<u>Economy of Force</u>**
    - **Deploy & distribute resources** so that no function is left without a goal to accomplish
  - **<u>Manoeuvre</u>**
    - Position for maximum advantage. This requires **agility of thought, plans & organisation**
  - **<u>Unity of Effort</u>**
    - **Co-ordination & co-operation of all functions** (even though they may not be part of the same command structure) toward a common recognised goal
  - Security
  - Surprise
  - Simplicity

What is Strategy Alignment For Business?

Aim
Improve and embed the process by which strategy is implemented and cascaded through the organisation

Including

- Linear Plans based on Economic Models (business development)
- Input to resourcing plan
- How Functional Objectives align with Company short, medium & long term goals
- More detailed in short term
- Where the interactions between functions occur
- How the management of these interactions changes the plan risk profile
- Over-arching annual business cycle

These concepts and needs can be met through utilising Planning Process

How Can We Achieve This?

- Use established planning processes in a new way
  - Create a “hinge” to link strategy with a linear plan (key change of WBS)
    - Designate this hinge as a milestone plan (probably excel-based)
    - This is the top-down plan from strategic intent (Corporate Plan)
  - Create a functional view of the Corporate Plan
    - Designate this as a level three plan (planning software-based)
    - This forms the bottom-up plan from agreed milestones (Integrated Plan)

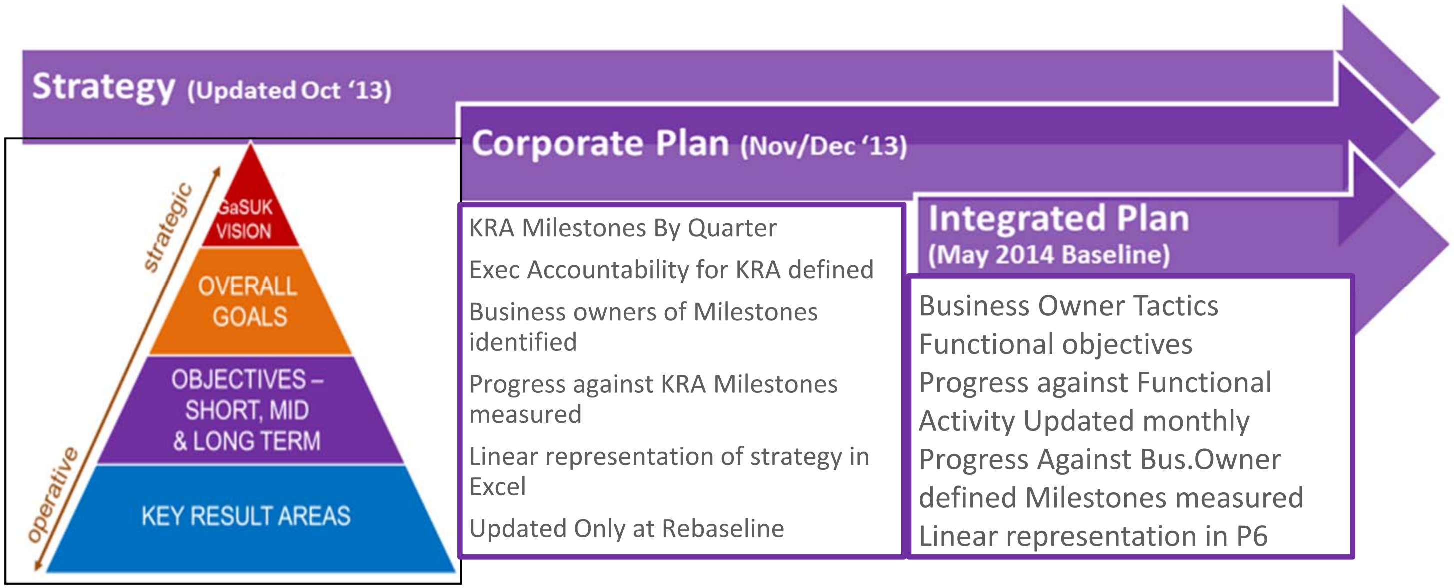
Why is this not easy?

- The difference between Integrated & Project Planning
  - Characteristics of Project Planning
    - Definitive scope
    - Specific Start & Finish Points
    - Single (well communicated) set of objectives
    - Regular timetable of well attended meetings
    - Focus on (e.g.)
      - Material delivery / deck space / workpack delivery / resources / operational support / isolations / permits
    - Well structured plan
    - Accurate Personnel on Board (P.O.B.) control (beds & flights)
  - Characteristics of Integrated Planning
    - Manager not always obvious
    - R&Rs not always obvious
    - Each Function has it's own objectives
    - Less cohesion
    - Very few logical constraints
    - No definite start & finish
    - Not easy to identify Critical Path

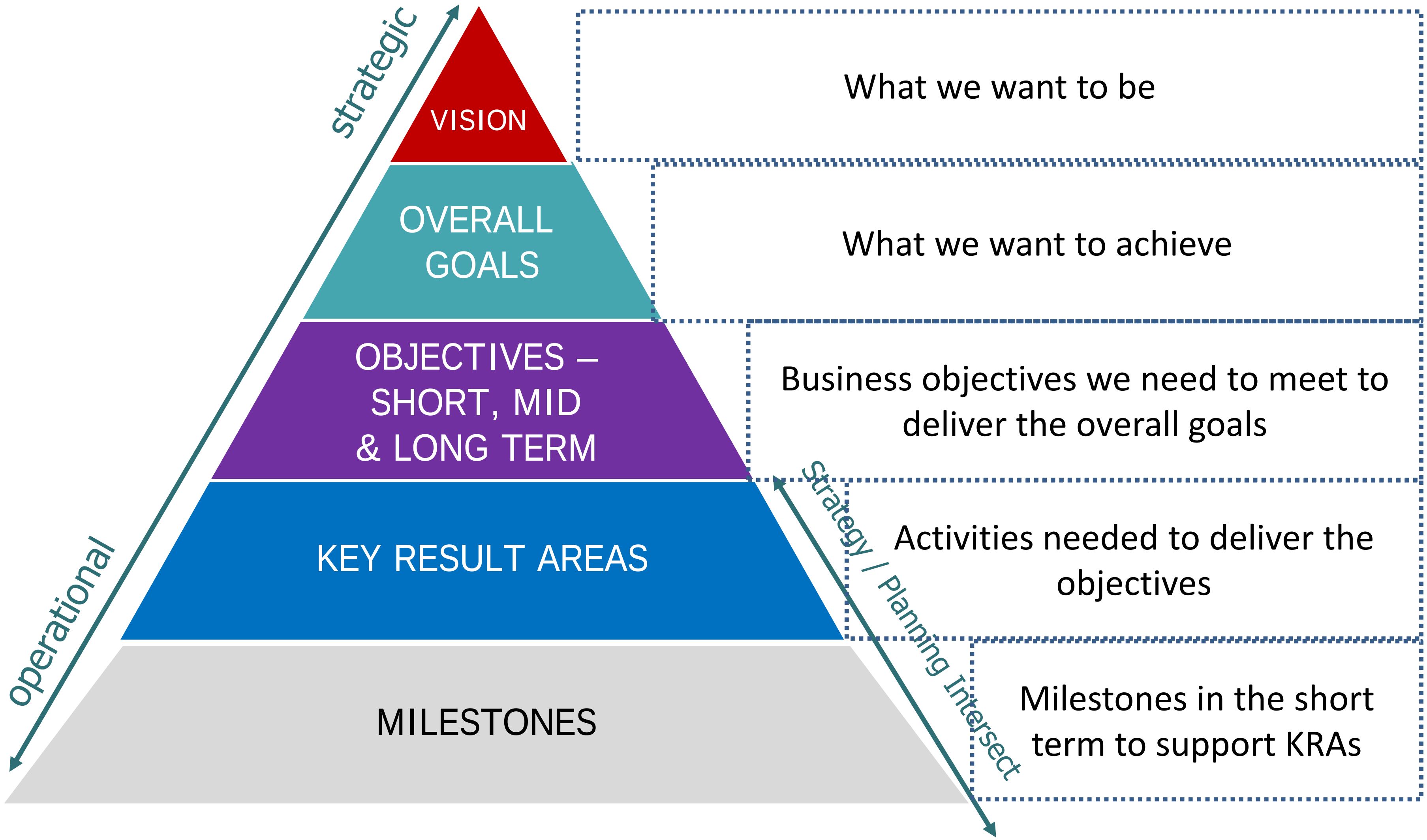
Why is this not easy?

- How can we make Integrated Planning more like Project Planning?
  - Clearly define leadership responsibility
  - Clarify who the team are
  - Clarify roles & responsibilities of Executive, Business Owners & Functions
  - Set objectives to meet business goals
  - Set targets & monitor progress against them
  - Justify, challenge & prioritise workscope
  - Conduct effective, well structured & focused meetings
  - Continually refine & deliver the plan in line with business objectives

The Integrated Planning Model



Defining The "Hinge Point" Where Strategy Can Be Converted into a Linear Plan

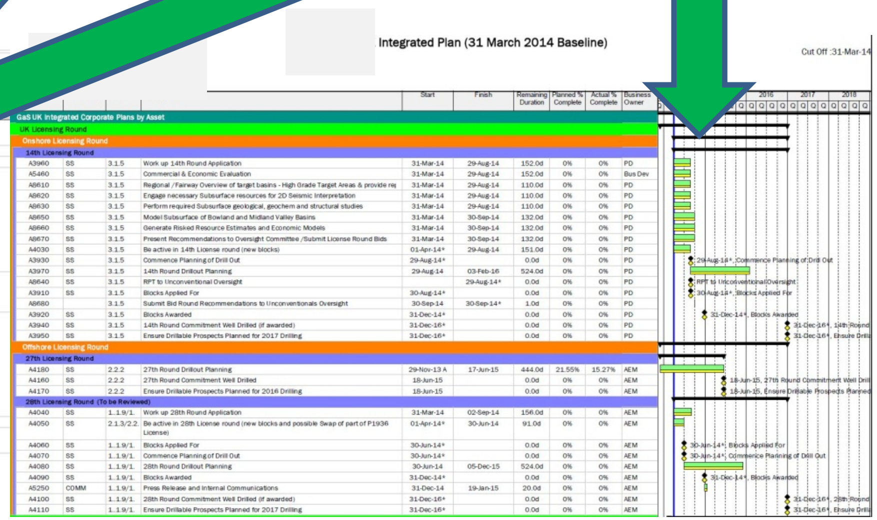


Changing The WBS

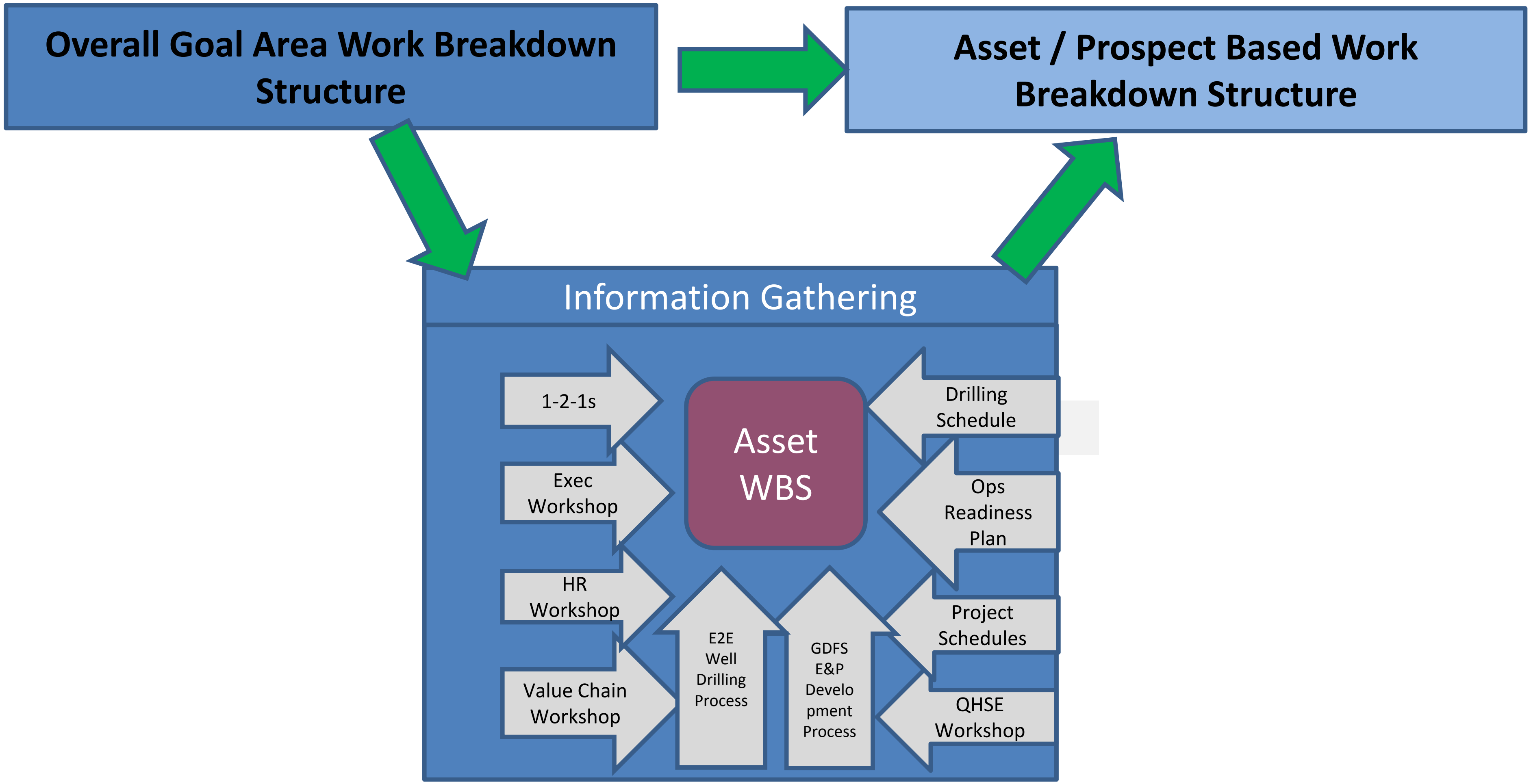
Overall Goal Area Work Breakdown Structure → **Asset / Prospect Based Work Breakdown Structure**

Strategy Agreed → Key Result Areas (KRAs) Defined → Milestones Agreed

Functional Input



Changing The WBS



Asset WBS

- License Round
  - Onshore, Offshore
    - Key license round planning activities, can be further sub-divided geographically as required
- Geographic Area
  - SNS, CNS, WoS
    - Next levels down – license number; prospect / project or asset name; by value chain (exploration, pre-development – appraisal, concept select, concept define – development)
- Ops Readiness
  - Asset
    - Key milestones only
- Unconventionals
  - CBM, FGO
    - Geographic split
- Corporate Support
  - Function
    - All key functional activity not in direct support of a prospect / asset. For example, the majority of IS work is found here. *This is important for resource analysis*

Integrated Plan

IS	IS NOT
✓ A mid-level detail showing functional objectives broken down to work streams / teams	✘ A check or tick list of activities
✓ A dynamic tool to analyse performance to plan and risk to completion	✘ A static set of activities lacking in dependency logic
✓ A plan showing intra & inter-functional dependencies	✘ An individual's weekly / daily work plan
✓ A tool for managing departmental or functional workload	✘ A detailed project schedule to level 5
✓ A tool to aid attainment predictability	✘ A tool for managing individual workload
✓ A schedule which is aligned to Ops Readiness / Drilling / Project Schedules	✘ A detailed operational readiness or maintenance plan – see Ops Readiness Plan
✓ Primarily focused on 1-3 years	

Building The Integrated Plan

1. Review Corporate Plan With Business Owners
Are the correct owners assigned?
Who are their Key Suppliers for each high-level activity?

2. Functional Workshops
Additional Information From Previous Workshop Sessions
Data From Project Symphony Questionnaire
Views & Requirements from Business Owners
“What Does This Function Need To Do To Support The KRA Milestones?”
Template constructed showing workflow from Award of license to project sanction (this will become key tool for annual updates)
Facilitated By Very Experienced Planners Who Understand How Best To Tease Out The Correct Level of Information (information provided by functions; this is bottom-up planning)

3. Practical Building of The Plan
Built By Corporate Planning
Continual Review & Iteration Through Build Process
Baseline The Plan – delta measurement of planned vs actual then possible

Coding

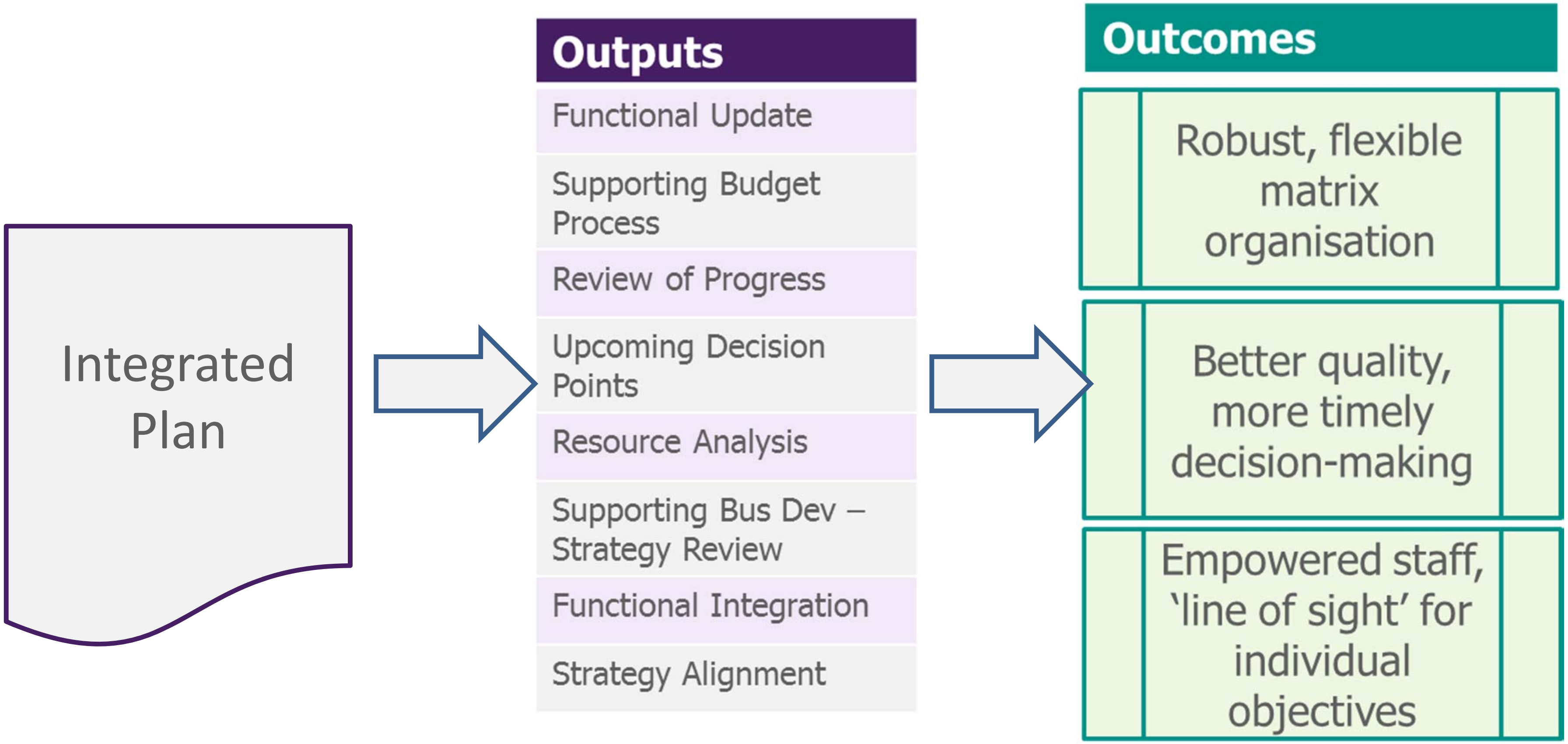
- Owner
  - Each KRA has named Executive Ownership
  - Each Milestone has named Business Owner (defined group of matrix managers) Ownership
  - Each Activity has Functional Ownership
- Key Result Areas
  - Each activity / milestone is coded to a KRA to match the coding in the excel Corporate Plan
- Key Decision Points
  - As defined by the Business Owners, these activities / milestones form the basis for schedule discussions at monthly strategic Business Review Meetings
- Resources
  - Coded at total FTEs by activity based either on Function or specialism. Overall available FTE (10* geo-physicist = 1000%) for resource histogram purposes

Key Inputs

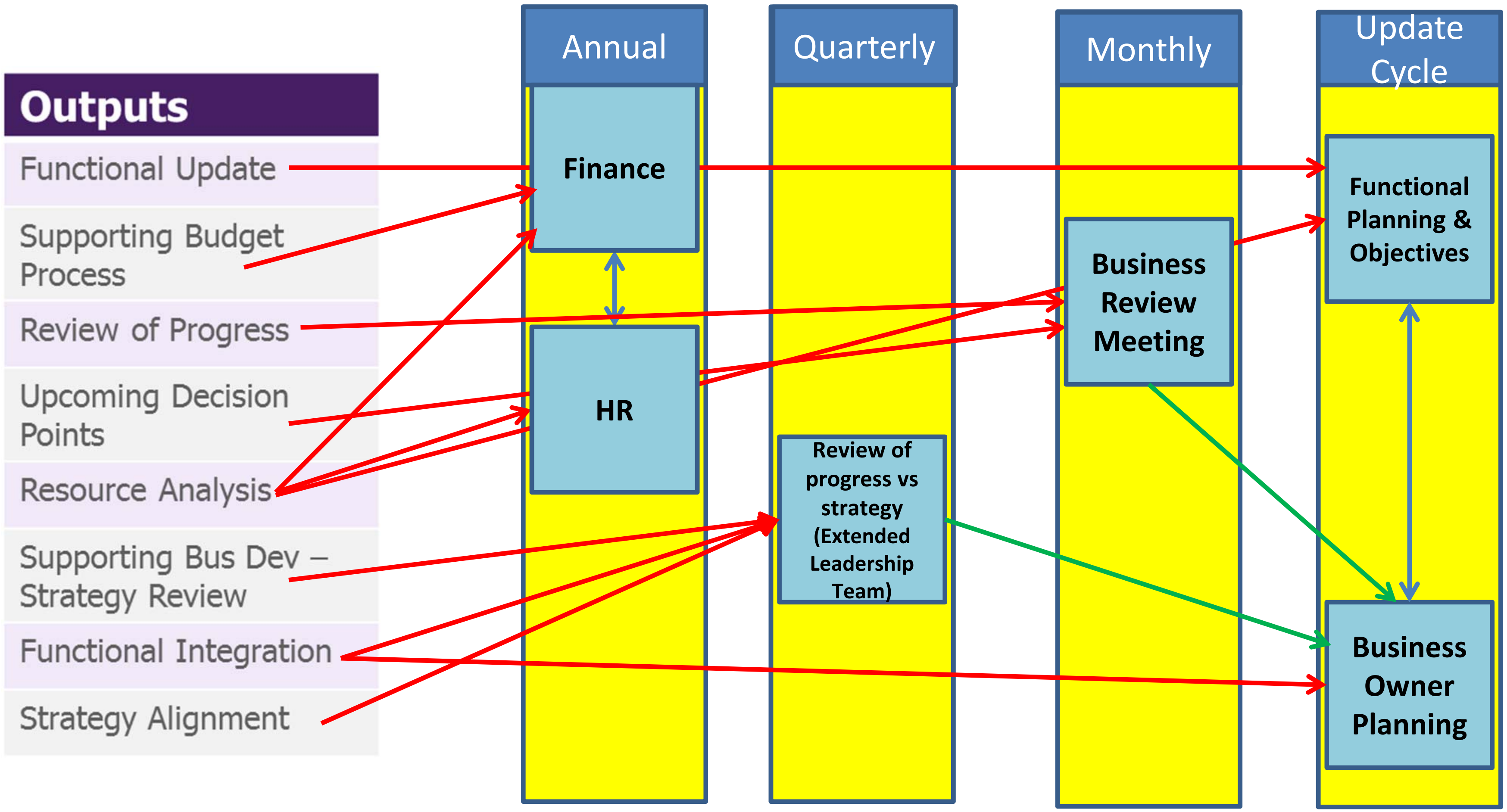
Inputs	Method
Project Plans	Linked P6 schedules, milestones & hammock only
Well Delivery Schedule	Linked P6 schedules, milestones & hammock only
Ops Readiness Plan	Linked P6 schedules, milestones & hammock only
Operations Schedules	Linked P6 schedules, milestones & hammock only
Asset Plans	Linked P6 schedules, milestones & hammock only
Corporate Plan	Manual. Milestones used to “hinge” between strategy & linear plan
Business Owner Tactics	Manual. Regular monthly meeting, changes in prioritisation etc from monthly business review meeting
Functional Progress	Manual. Activity update
What-if Analysis	Manual. Analysis carried out on copy plan, helps inform Business Owner Tactics

Integrated Plan

Key Outputs


Integrated Plan
Outputs
Functional Update
Supporting Budget Process
Review of Progress
Upcoming Decision Points
Resource Analysis
Supporting Bus Dev – Strategy Review
Functional Integration
Strategy Alignment
Outcomes
Robust, flexible matrix organisation
Better quality, more timely decision-making
Empowered staff, 'line of sight' for individual objectives

Key Outputs Business Cycle Management



Summary

1. Executive Agree Strategy (Vision, Overall Goals, Objectives, Key Result Areas)
2. Each KRA becomes agreed accountability of member of the Executive
3. Milestones (timebound – usually by Quarter) agreed for each KRA by Executive, Senior Functional Managers & Business Owners
4. Each Milestone becomes agreed accountability of a Business Owner
5. Corporate Plan Complete
6. Functions provide activities in support of KRA milestones (workshops)
7. Iteration & check with Functions, Executive & Business Owners (recommend two full cycles)
8. Complete coding exercise
9. Initial Baseline struck (**note** given variable experience of planning across functions, and newness of process, this is likely to be around 40% accurate)
10. Commence Functional & Business Update Cycle
11. Commence Business Review Meeting reporting using Integrated Plan
12. Commence Extended Leadership Team reporting using Corporate Plan
13. Use report output to improve schedule quality
14. Rebaseline after one Quarter. This is the Integrated Plan (**note** this is likely to be around 80% accurate)
15. Continued Iteration & improvement in Plan Robustness
16. Link with other P6 schedules to reduce manual input (a further Quarter, this is likely to be in excess of 90% accurate)
17. Annual review of strategy & rebaseline of Corporate Plan
18. Revise & rebaseline Integrated Plan based on new Corporate Plan milestone dates
19. Expect to rebaseline Integrated Plan Quarterly (based on changes in Business Owner Tactics & actual progress)