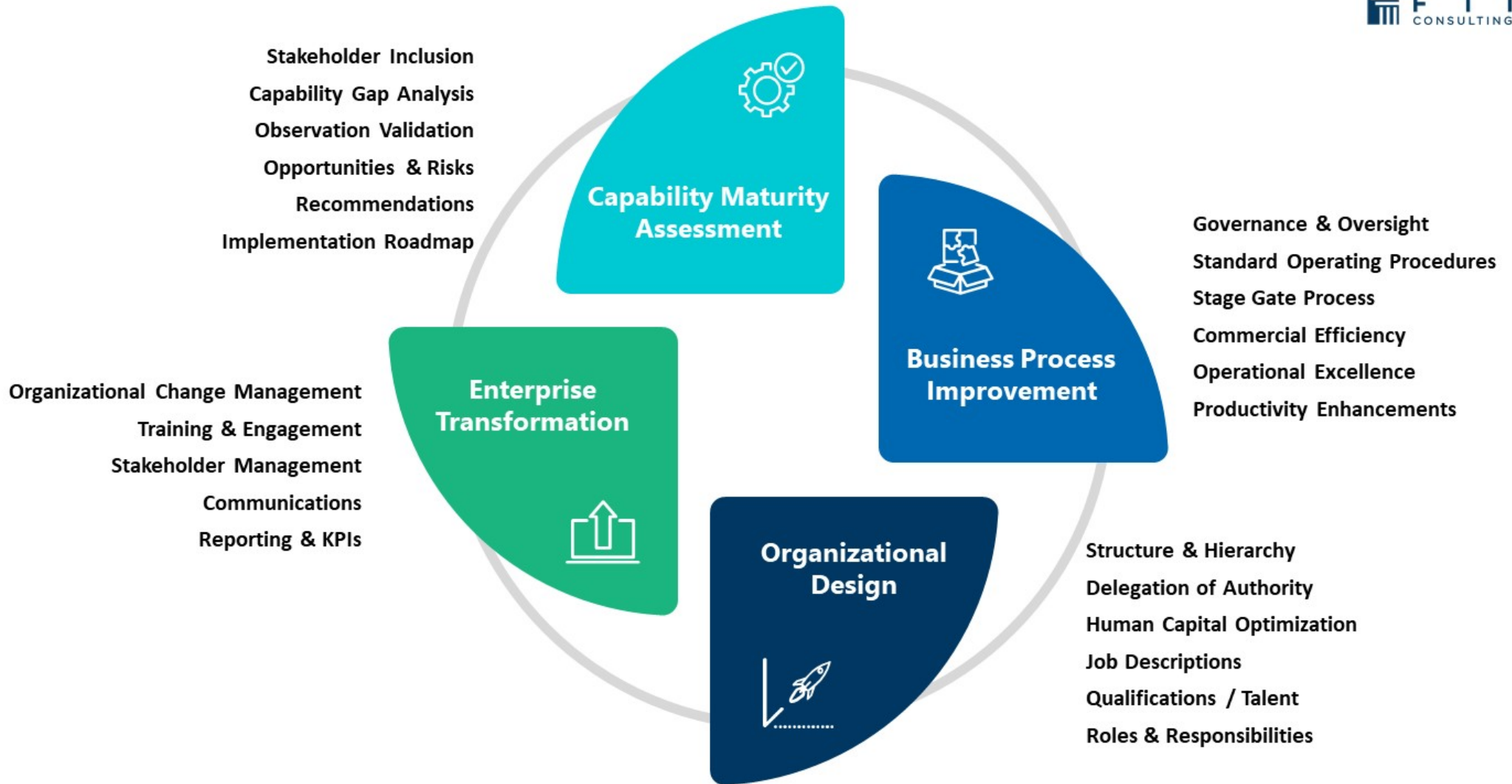


# Strategy and Management Consulting

FTI's Asset Lifecycle Management strategy and management consulting services offers four innovative solutions to our clients across eight functions of a capital asset's value chain:

- Corporate Back Office
- Engineering
- Procurement
- Construction
- Project Management
- Project Controls
- Operations
- Asset Management







## Capability Maturity Assessment

## Components

### *Stakeholder Inclusion*

During a capability maturity assessment, it is crucial to identify all relevant direct and indirect stakeholders within the organization and seek out their input during the assessment. Collecting a diverse range of inputs can help avoid biases and eliminate blind spots.

### *Capability Gap Analysis*

Determine a current state (or as-is) of all functions included in the capability maturity assessment to identify all existing strengths and or gaps. Observations of best practices or failure modes are documented as they are identified during stakeholder discussions, document review and operation reviews.

### *Observation Validation*

All observations are validated through analysis of underlying data and company information; as well as through follow-up discussions with stakeholders. This may include performing analytics on commercial, operational or project data. This step is crucial to verify the assessment accurately reflects the state of the business.

### *Opportunities & Risks*

Identified observations are linked to an associated opportunity for value or an associated risk of an impact, so it may be exploited or mitigated respectively. Discussions with stakeholders and additional analysis is conducted to assess these findings and determine appropriate resolution strategies.

### *Recommendations*

Detailed recommendations are developed based on the observations and on associated opportunities or risks. These recommendations will support the determined optimal future state (or to-be) for an organization's assessed functional capabilities, as well as be aligned with an implementation roadmap.

### *Implementation Roadmap*

Organizations must have a clear strategy and approach to undertaking the successful implementation of capability maturity assessment recommendations. Therefore, it is key to prioritize and schedule an implementation roadmap in a way to address the most critical risks or quickest "wins" while considering the associated level of effort.



## Business Process Improvement

## Components

### *Governance & Oversight*

Executives and management are often concerned their processes do not offer enough built-in governance for controls, reviews and approvals, or they may be concerned their processes do not provide enough information and data outputs to allow proper oversight. An important part of the process improvement includes analyzing and verifying that leadership are provided sufficient governance and oversight opportunities throughout process execution.

### *Standard Operating Procedures*

Achieving standardized and consistent execution of responsibilities and duties is key to establishing a foundation for operational control. Standard operating procedures (SOP) offer guidance to personnel on what the expectations and accountabilities are for their function and role. The structure and level of detail for SOPs must appropriately fit the organization's needs as well as align to the tools, technology and data available to them.

### *Stage Gate Process*

Capital and O&M projects that are managed through a Stage Gate Process can enhance the organization's focus on completing the proper due diligence and planning activities, while also providing controls during the execution and closeout phases of a project. These also improve project selection, risk mitigation and profitability of capital projects and operations.

### *Commercial Efficiency*

Processes should be designed to maximize return on invested CAPEX or OPEX, while limiting the unnecessary waste from inefficiencies or issues. Additionally, for contractors, maximizing likely of achieving desired contract margins should not be impacted by execution process gaps. While owner / operators must limit budget overruns to maintain short and long term portfolio goals. Therefore, focus on continuous improvement of functional capabilities and processes within an organization, while expanding best practices and minimizing repeat mistakes, is critical to success.

### *Operational Excellence*

Changing organizational needs, market conditions and regulatory requirements must be monitored with an ability to make decisions and process adjustments to react appropriately. Achieving flexibility to adjust and optimize business operations, when needed to achieve excellence, gives an organization resiliency during challenging or uncertain times.

### *Productivity Enhancements*

Key drivers to business process improvement is often the desire or requirement for improved productivity. These enhancements can be achieved with an organization's investment in the research, design, development and implementation of improvements within functions and with personnel. This may include process adjustments, improved training, new technologies, or many other opportunities.



## Organizational Design



## Components

### *Structure & Hierarchy*

The reporting structures within an organization's business units and or departments can become misaligned and inefficient. This is often caused by transactions absorbing new personnel, divesting existing businesses, personnel attrition or from retirements. Dispersion of resources at different hierarchy levels can also create top heavy management layers or could strain production at the sole contributor level. Misaligned organizations can decrease productivity and accountability; therefore, an organization must perform detailed evaluations to identify opportunities for adjustments and improvements to alleviate these issues.

### *Delegation of Authority*

A hierarchy or matrix with established thresholds for leadership approvals, often referred to as a delegation of authority, is crucial to maintaining expenditure and risk controls. An organization may define this with currency values that escalate the approvals to higher leadership positions as values increase. This approach alone does not account for complexities or risk profiles of items going for approval, which can create misalignment of leadership to exposure. It is crucial for organizations to ensure the appropriate approval levels are linked with the specific values, risks and subject matter expertise, to maintain confidence in controls.

### *Human Capital Optimization*

Resource needs and outputs may become variable for organizations executing capital projects and managing physical assets, depending on the activity of the portfolio. This may be impossible to completely avoid in some cases; however, there are many opportunities to optimize human capital planning, forecasting and deployment for an organization. This optimization can be linked to capability maturity assessments and process improvement initiatives to incorporate improved productivity and quality, which will also support better predictability of personnel outputs.

### *Job Descriptions*

Job descriptions often become outdated or fail to reflect the true expectations of a position or role. This can create difficulties when recruiting new personnel, filling roles internally or when trying to standardize the expectations of a role across a business unit. Keeping these descriptions accurate gives an organization the ability assess and adapt their resource needs more quickly.

### *Qualifications / Talent*

Often the quality and efficiency of a function is largely dependent upon the qualifications and talent of the personnel within that group. Process standardization, training opportunities, certifications and technology solutions are great ways to organically enhance those qualifications and talent. Alternatively, recruiting and talent retention initiatives are ways to add and keep the necessary personnel for organizations to achieve their goals. Evaluations of personnel qualifications and talent should be conducted by an organization prior to experiencing the negative impacts from underinvesting in these areas.

### *Roles & Responsibilities*

Clearly defining the roles and responsibilities within an organization, business unit and function is essential to removing ambiguity or confusion and eliminate accountability gaps. It is important to link this with the capability maturity assessments and or process improvement initiatives to enhance the benefits and ensure all aspects are considered. Once these roles and responsibilities are clear, accurate and confirmed, then an organization can be more confident that accountability gaps will be minimized.

## Enterprise Transformation



## Components

### *Organizational Change Management*

Changes to an organization's structure, processes, objectives, or normal operations can cause work disruption and often can create resistance to the change causing initiatives to fail or create undesirable outcomes. Strategies prioritize a focus on organization change management will support and encourage stakeholders and personnel to become motivated for change, instead of resistant.

### *Training & Engagement*

Robust training offerings and incentives for increasing stakeholder and personnel engagement can uplift satisfaction of the organization. Additionally, this can help accelerate the timeline of implementation and avoid many of the barriers and pitfalls that often derail implementations. Development of training programs, whether classroom, online, or reference materials, will offer an organization the tools to make training a strength and not a liability.

### *Stakeholder Management*

The landscape of stakeholders within an organization can be far and wide, each with important priorities and concerns within their area or department. During an enterprise transformation, stakeholders must be proactively managed to ensure their input is collected and considered, with a determination of how it will be handled / resolved. Mismanagement of stakeholders can cause them to reject change in attempt to protect their interests. Early development of a strategy to leverage stakeholder input during implementation will create a key driver for success.

### *Communications*

Early, accurate and frequent communication of plans, progress and successes during an enterprise transformation helps keep the organization up-to-date and gives leadership access to the information needed to adjust. Therefore, creating a communication strategy and schedule/plan, aligned with an implementation roadmap, should be a top priority for recognizing those benefits.

### *Reporting & KPIs*

A communication strategy is only as good as the information it produces. Therefore, defining standard reports and identifying key performance indicators (KPIs) to measure successes can streamline the communications and provide much needed transparency to the organization on progress of initiative implementations.