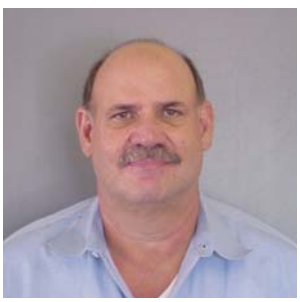
PLACID REFINING AND CSS: DISCOVERING THAT A WELL-OILED IMPLEMENTATION DEPENDS ON A HUMAN TOUCH

IN 2006, PLACID BEGAN THE IMPLEMENTATION OF AN ORACLE JD EDWARDS FINANCIAL SYSTEM, ALONG WITH MAJOR INFRASTRUCTURE CHANGES AND OTHER STRATEGIC SYSTEMS. AT THE TIME, PLANNING FOR STRATEGIC EXPANSION OF THE REFINERY CAPACITY TO 80,000 BARRELS PER DAY WAS ALSO IN PROGRESS.

The intent was to implement the financial system and plant maintenance system prior to the physical plant upgrades so that the software could help manage the process. Unfortunately, the Oracle project had to be restarted, which made the financial system implementation coincide with the physical modifications.

Even though the Placid implementation was a high-tech project in a heavy-industry segment, their story shows that people are as much a consideration as technology in any implementation. It also shows how an experienced implementation partner such as CSS can improve the success of an implementation by addressing the human elements of a project.

Chuck Roberson joined Placid in 2005 as the head of IT, bringing with him decades of industry experience in the oil and gas industry. His vision for transforming Placid's IT operations into a more strategic function and a platform for greater operational efficiency led to the immediate replacement of an aging IT infrastructure. Chuck sounded out the various perspectives of Placid's business leaders, and the company decided on a JD Edwards EnterpriseOne 8.11 red-stack to replace Excalibur, the company's existing non-relational financial and customer service system.



Chuck Roberson

One of the drivers of the new implementation was the need to streamline and automate processes that historically relied on spreadsheets for key analyses and communications — in other words, to develop the centralized, consistent "single version of the truth" that's critical to optimum efficiency, especially in the fast-moving oil and gas market. Chuck saw the potential for more than a technology upgrade. He also saw the opportunity to use the implementation as a foundation for continuous improvement and better communication. To help Placid work toward this ambitions goal, the team enlisted experts at Oracle and a third-party implementation partner to supply the skills Placid didn't have in-house.

Overcoming a False Start

After six months, Placid management was not satisfied with the partner of choice onsite and made the difficult decision to seek out a new implementation partner with a strong project management track record. Ultimately, the company chose two-time Titan Award winner, winner of Oracle's Empower the Green Enterprise and CAP partner, CSS International. The agreement uncovered change management opportunities for Placid, a service that CSS has been a pioneer in for many years.

The project resumed in May 2007 with implementation plans for an EnterpriseOne 8.12 Red-Stack. The project included conversions for finance and distribution, as well as industry-specific application extensions and interfaces, and report development (performed by Placid) in Crystal Reports, which was chosen as an enterprise standard. These extensions allowed Placid to be able to:

- Price orders based on time and an industry commodity price;
- Accurately calculate taxes with minimal setup;
- Easily import commodity prices into the system;
- Set prices as frequently as necessary, with minimal effort;
- Communicate prices and price changes to customers and industry information brokers; and
- Issue credits and re-bill hundreds of orders from a single screen.

Throughout the implementation, Chuck kept the project focused on the primary goal: help people become more efficient by eliminating spreadsheet-based processes (where possible) and improve the accessibility of information.

Installation, system requirement discovery, and data conversion efforts progressed simultaneously. The consulting team included one project manager, three application consultants, two developers and one CNC expert. The steering committee met each month, and the first system test occurred after just six weeks, followed by monthly cycles of structured tests and issue resolution. The Placid-CSS team reached each milestone on time and ran conversions through the system for each project phase. The system went live with virtually no data issues. As Chuck said, "The smoothness of our 'go live' is a testament to the hard work of the team and the extra time spent getting each user familiar with their parts of the system before it went into production." However, the project wasn't without challenges — challenges illustrating the importance of full commitment to a successful implementation at each organizational level.

Placid is a lean organization where most employees play several roles. From the start, CSS strongly recommended a comprehensive change management strategy that included brining in extra help to allow key users to focus on the implementation full time. In Placid's case, a later adoption of CSS' change management services translated to additional unanticipated costs. As Placid's plant manager said, "We thought we had everyone in management on the same page. In hindsight, we should have followed CSS' advice and backfilled the temporary vacancies."

Management Consensus and Employee Buy-In

Placid's situation illustrates one of cardinal rules for successful implementations: management sets the stage for enthusiastic and motivated participation by all employees. Even with the most skilled project management, employee engagement plays an undeniable role in successful implementations. Employees must:

- Believe the work substantively advances the business;
- Have the time, authority, and the tools to accomplish the work assigned;
- Understand and support the reasons behind the investment;
- Know that the project doesn't put their jobs at risk;
- Believe that management will allow them to take time away from other responsibilities to devote to the implementation;
- Feel supported and empowered to make decisions that impact business processes; and
- Feel confident that management will appreciate their efforts.

Management's role is to convince employees of the need for the change, to clearly define success, and to deliver the support and resources necessary to ensure that success. In Placid's case, senior managers often differed on priorities and commitment levels — a situation where CSS' change management efforts could have built the consensus that would save significant time and resources later on.

The Importance of Change Management: Cradle to Grave

CSS employs professional change management experts who help clients develop objective assessments of key issues that can affect project success — such as whether executives actually agree on project expectations. CSS finds that change

management ultimately saves clients significant time, aggravation, and expense. Placid is a case in point.

Placid's selection committee reviewed several potential systems. While there was one system geared toward the refining industry, JD Edwards was chosen based, because it was perceived to offer the most flexible and current technology. While people backed the choice, there was resistance to change. For some, the question was, "Why replace a system that was working?" Placid's senior management identified the problem and made the effort to communicate the strategic importance of the project and their commitment to its success.

Placid's case shows that when senior management decides how to staff a project, it broadcasts a message on the perceived importance of an implementation to the entire organization. Typically, the decision boils down to one of two choices:
- Invest in temporary or permanent help to make it possible for the best employees to focus on the implementation; or
- Assign additional implementation responsibilities to people who already find it difficult to complete their existing responsibilities.

Projects experience a significantly higher success rate when management allows the most qualified and influential employees to devote their time to the implementation and backfills open roles. When management requires that employees participate in an implementation without suspending other responsibilities, the message is clear: the implementation is a secondary priority.

In this scenario, employees naturally place less emphasis on their implementation responsibilities and are less engaged in the process. As a result, the organization will lack the future expertise to be self-sufficient in running and maintaining the system. In the case of Placid, the company ultimately became self-sufficient after addressing the commitment challenges discussed earlier.

Attaining self-sufficiency is one of the most difficult goals of any implementation. Businesses rarely make the project an organization-wide priority that requires the best people from all areas, not just IT. Projects without the widespread participation of top people inevitably take longer and cost more. Knowledge transfer is also the key to self-sufficiency. When team members from the client organization participate fully in the process — including the development and review of all deliverables — they help build the knowledge base the business will need going forward.

A Foundation for the Future

By working with CSS to address the human components of the implementation equation, Placid has created an IT environment that is greater than the sum of its parts. The attention given to building management consensus on the implementation needs and devoting the necessary resources to a successful implementation has paid ongoing dividends in terms of self-sufficiency and user skills. Placid now has an Oracle environment that is the realization of Chuck Roberson's vision of a platform for ongoing innovation and continuous improvement. Placid has streamlined and automated processes that previously required significant manual oversight and intervention. Now, employees are free to employ their skills in more strategic and mission-critical functions. Just as importantly, the company has the "single version of the truth" that enables synchronized action throughout the enterprise, for more consistent and timely response to the fast-moving, highly volatile energy market.

PLACID®

For more information about Placid Refinery, visit www.placidrefining.com

For more information about CSS' services for Oracle's Enterprise solutions, visit www.cssus.com or call 1 800.814.7705.