

Governing Energy



Execute

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A recent survey suggests that almost half (46%) the senior oil and gas respondents believe that the sector has *under invested* in field ‘asset’ safety for several years.ⁱ This makes one wonder if anything has been learned since 2010—what the heck is going on?

There is no question that budget cuts, significant reduction in forces (RIFs) and other necessary decisions to cope with the disruptive power of shale hydrocarbons have shaken many in the industry. However, it has been approximately four years since crude prices were at ‘industry’ attractive price points.

So, if the *new normal* commodity price trading range is established, why are safety budgets still under stress? Blowing up stuff and killing people does not help the bottom line!

Recently, some are breathing easier as West Texas Intermediate hits \$70+ bbl outside what this pundit believes is the long-term range of \$40-60. Time will tell if this remains true but betting on the return of \$100+ levels is folly.

In any event, history has shown the industry is cyclical and we just as likely to see \$20 as \$100+. Back to the original question, why is safety apparently still not a priority?

All industry executives and Letters to the Shareholders state safety is top of mind. Yet something seems to get lost from the board room to the drilling 'doghouse.'

One common myth is that *systemic safe operations* are too expensive and not attainable anyway since the supply chain is heavily involved. We reject this philosophy!ⁱⁱ Hopefully, your cardiologist does too!

What is lacking in many organizations is the 'will' to execute. *Not in my wheelhouse, we do the best we can, resource constrained, doing more with less* and other excuses continue to permeate the sector. Often as executives strive to reduce budget, headcount and exposure (hope it doesn't happen on my watch mentality) safety is reduce to statistical (OSHA type) reports submitted to government agencies and others.

Those executives who have shown their lack of leadership and **inability to execute** in the face of adversity are culpable. Perhaps not legally, but morally in this pundit's opinion.

In one recent high profile deadly offshore collision accident, lack of funding for training was blamed as a contributing factor. We argued that this excuse was pathetic, since offshore 'watch keeping' on board a US Naval vessel is as old as John Paul Jones and not a function of expensive training budgets.ⁱⁱⁱ

In fact, several senior naval officers were fired/retired. Lives were not restored, however.

Competent execution of operations objectives is not just about big budgets. It is a function of leadership. Managers blaming everyone else are not leaders—simply custodians. Who needs them?

Board are well advised to replace custodians before the blow up anything else due to their inability to lead in the execution process. Don't you owe your owners and society as much?

This not a function of Operational Excellence as much as it is minimal Operational Competency. Execute, Execute. Execute! If you want to be the best of the best rather than in the 46%, just do it as the saying goes.

Where is Your Organization in the Spectrum from Minimal Operational Competency to Excellence?

Free [Economic Value Proposition Matrix](#) version 2.0 (realize the value of your investment)

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Additional details are available from the author.

About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of six books and has written extensively about the field of operations management. Shemwell is the Managing Director of The Rapid Response Institute, a firm that focuses on providing its customers with solutions enabling Operational Excellence and regulatory compliance management. He has studied cultural interactions for more than 30 years—his dissertation; *Cross Cultural Negotiations Between Japanese and American Businessmen: A Systems Analysis (Exploratory Study)* is an early peer reviewed manuscript addressing the systemic structure of societal relationships.

End Notes

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http://www.digitalenergyjournal.com/n/New_research_on_the_state_of_safety_in_the_oil_and_gas_industry_in_2018/aa87c5a9.aspx

ii <http://therrinstitute.com/are-organizational-governance-models-broken-why-cant-management-get-a-handle-on-things/>

iii <http://s3.amazonaws.com/CHINFO/USS+Fitzgerald+and+USS+John+S+McCain+Collision+Reports.pdf>