



Kuwait Petroleum Group of Companies Performance Management Seminar

Integrated Operations - optimising performance with IBM Cognos solutions

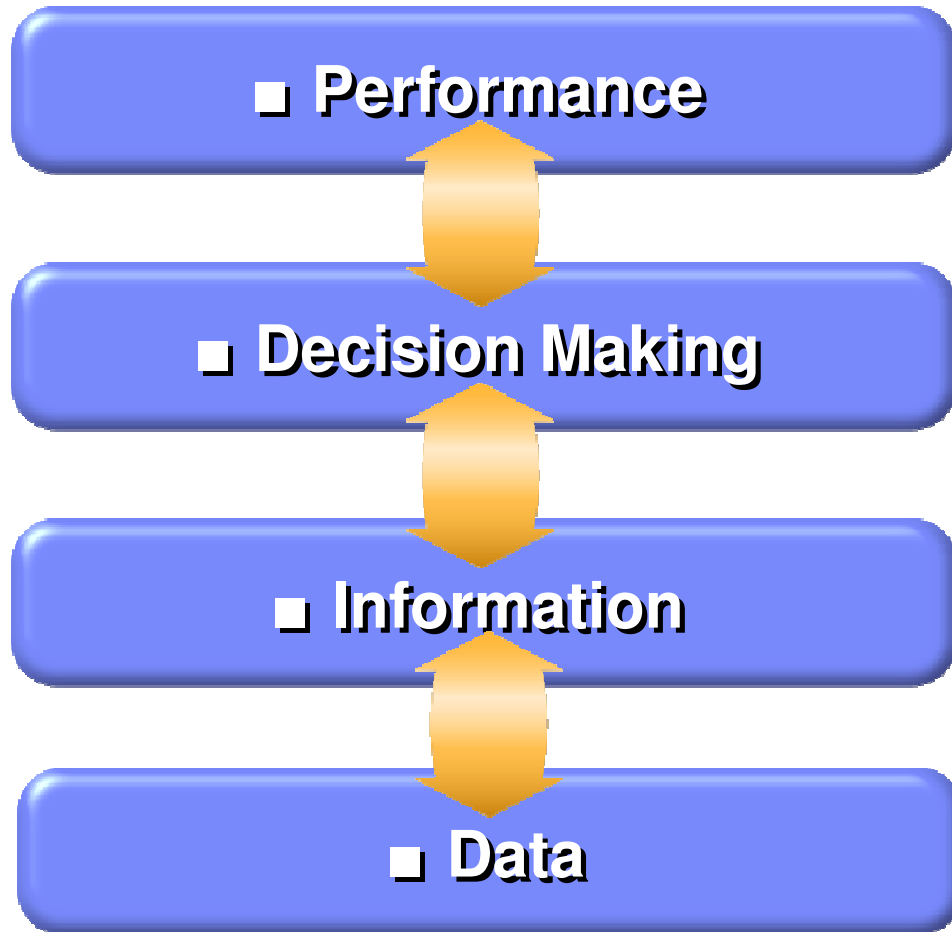
Stephen Brook
Manager, IBM Cognos Innovation Center

Executing the strategy

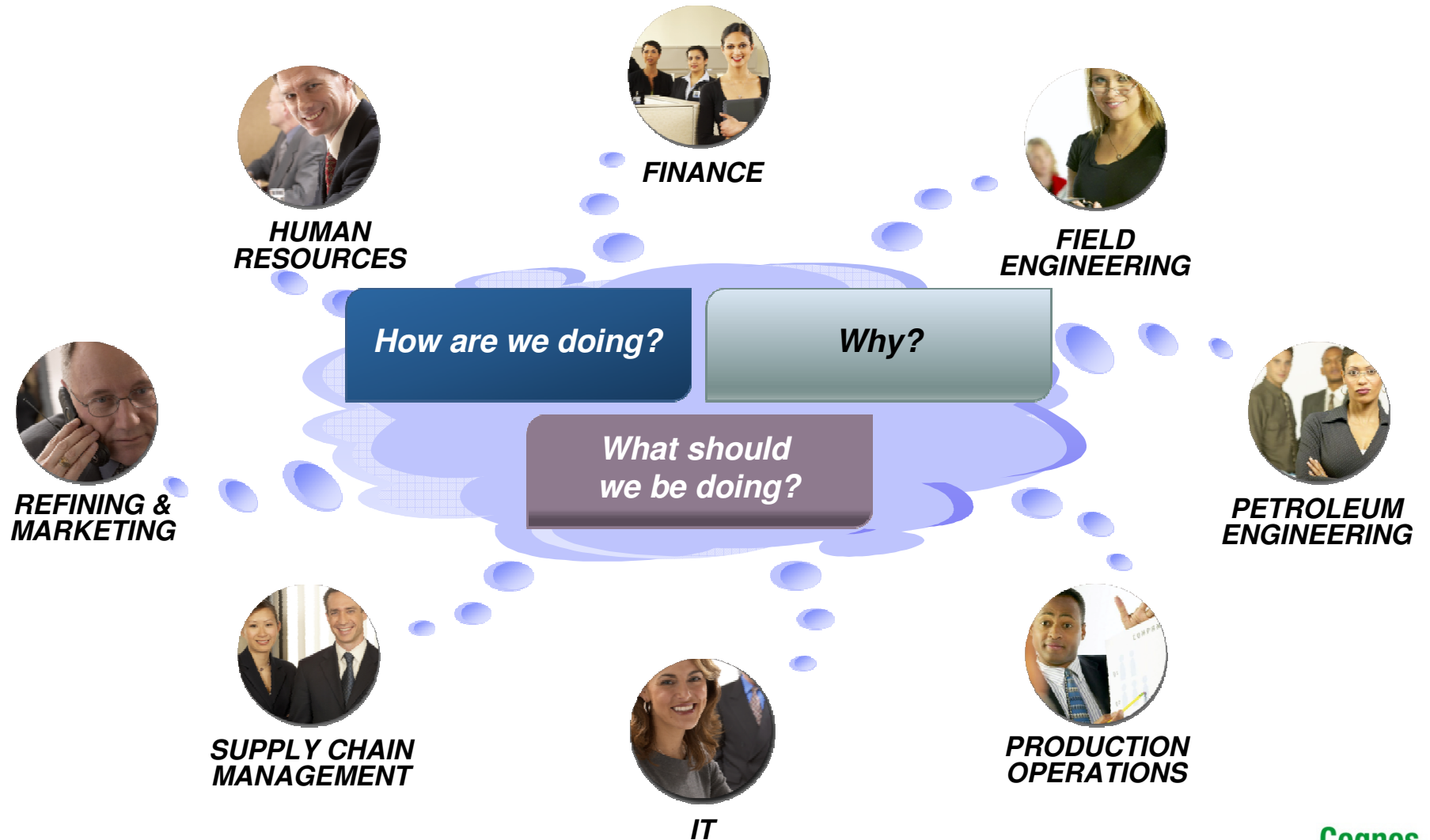
Balancing the short-term and long-term



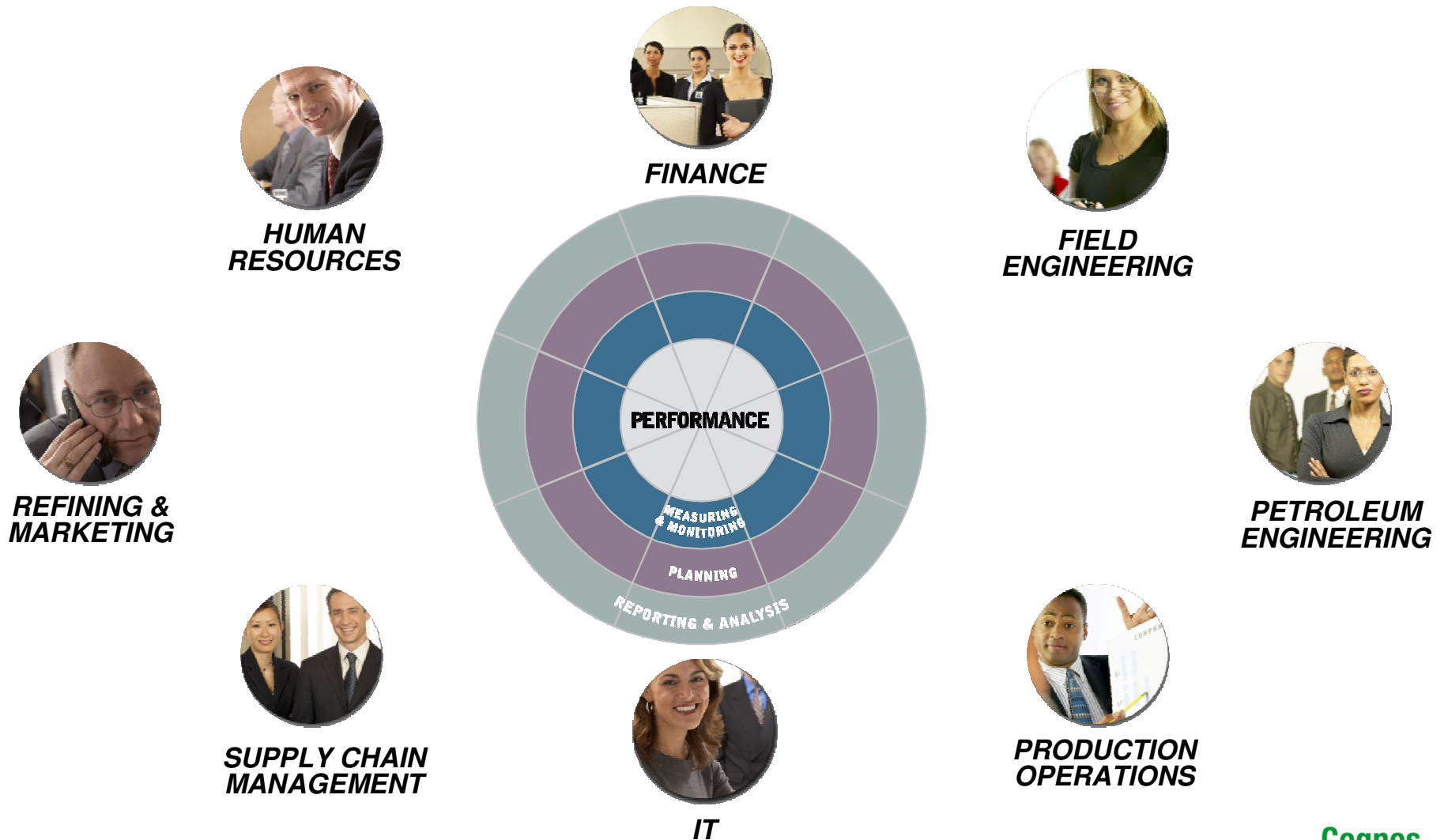
Optimizing Performance

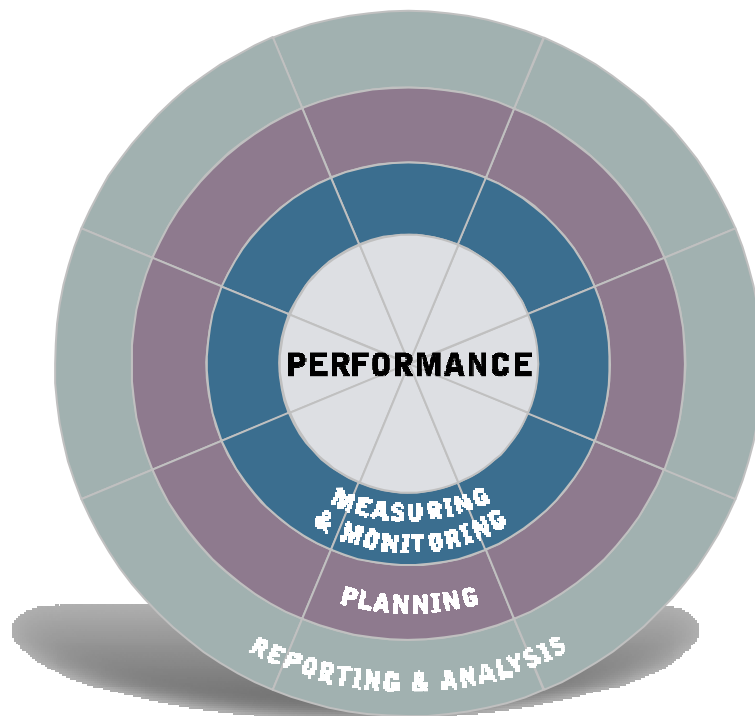


Three questions that drive performance



Performance Management capabilities across the organization





Finding consistent answers to three critical questions

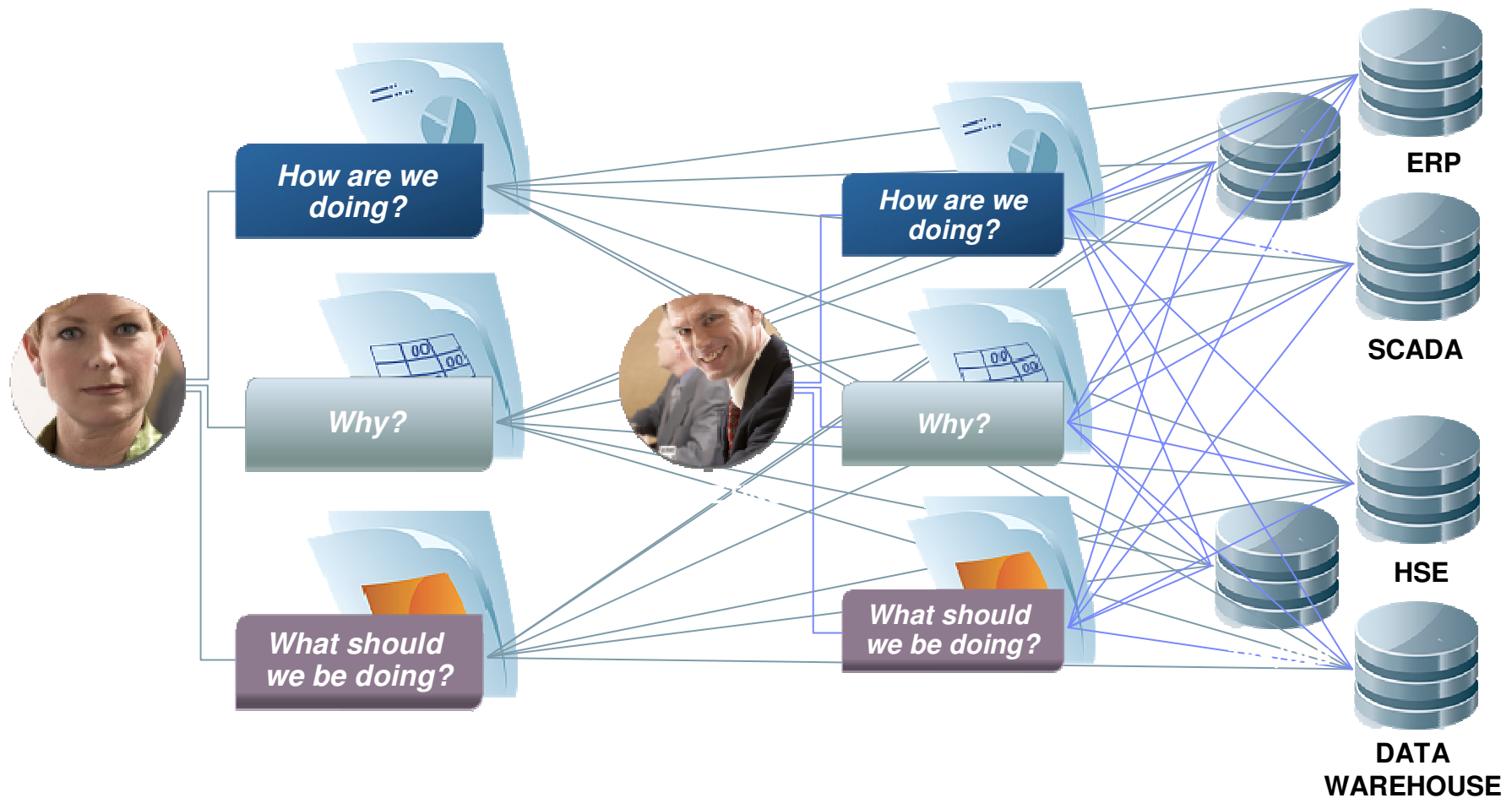
How are we doing?

Why?

What should we be doing?

One integrated platform for decision making

How answers are often found





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Executing the strategy

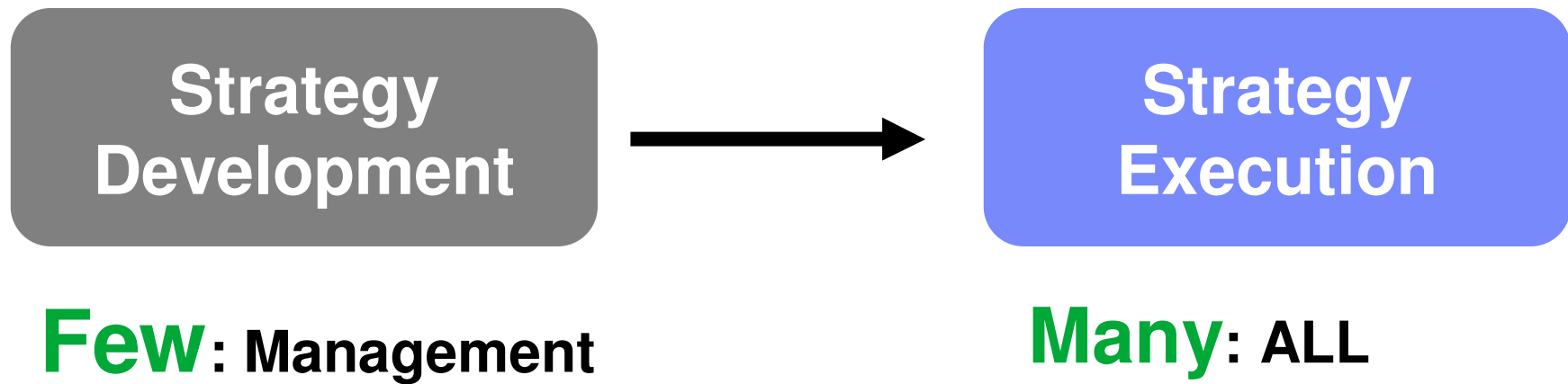
Strategy is clear. What about the execution?

**95% of the typical workforce
does not understand the
strategy***



*Palladium Study, 2006

The typical strategy process



It starts with a simple thing



Strategy Management & Scorecarding example

Metric Studio

Scorecards > KPC > Subsidiaries > KNPC

Metrics Projects Reports Diagrams Details

No filter KPC_Strategy

Financial Perspective							
Name	Actual	Target	Variance	Variance %	Time Period		
KNPC Profit Margin %	81.00%	80.00%	1.00%	1.25%	2009 Q3		
KNPC Change in Profit Margin %	72.00%	70.00%	2.00%	2.86%	2009 Q3		
KNPC Change in ROACE %	20.00%	20.00%	0.00%	0.00%	2009 Q3		
KNPC ROACE %	79.00%	79.00%	0.00%	0.00%	2009 Q3		
KNPC CAPEX into Operating C/F %	20.00%	25.00%	-5.00%	-20.00%	2009 Q3		
KNPC Refineries Net Cash Margin	93.00 \$/barrel	90.00 \$/barrel	3.00 \$/barrel	3.33%	2009 Q3		
KNPC Cost of Risk	45.00 million \$	45.00 million \$	0.00 million \$	0.00%	2009 Q3		

Business Process Perspective							
Name	Actual	Target	Variance	Variance %	Time Period		
KNPC Fatal Cases	7.00 #	6.00 #	1.00 #	16.67%	2009 Q3		
KNPC Disabling Injury Frequency Rate	6.00 #	10.00 #	-4.00 #	-40.00%	2009 Q3		
KNPC Volumes Spilled	220.00 barrel	200.00 barrel	20.00 barrel	10.00%	2009 Q3		
KNPC Number of Environmental Incidents	8.00 #	10.00 #	-2.00 #	-20.00%	2009 Q3		
KNPC Number of Processes automated	21.00 #	20.00 #	1.00 #	5.00%	2009 Q3		
KNPC IT Costs in Relation to Revenues	20.00%	28.00%	-8.00%	-28.57%	2009 Q3		

Innovation and Learning Perspective							
Name	Actual	Target	Variance	Variance %	Time Period		
KNPC R&T Spend vs. Plan	12.00%	10.00%	2.00%	20.00%	2009 Q3		
KNPC Money committed to NET Investments	27.00%	35.00%	-8.00%	-22.86%	2009 Q3		
KNPC Percentage of Kuwaitis in Oil Sector	81.00%	85.00%	-4.00%	-4.71%	2009 Q3		
KNPC Percentage of Kuwaitis among Contractors	82.00%	80.00%	2.00%	2.50%	2009 Q3		
KNPC Training hours per employee	44.00 #	40.00 #	4.00 #	10.00%	2009 Q3		
KNPC Actual Training Participation vs. Plan	80.00%	80.00%	0.00%	0.00%	2009 Q3		
KNPC Succession Planning Bench Strength	81.00%	85.00%	-4.00%	-4.71%	2009 Q3		

Overriding National Goals / Stakeholder Perspective							
Name	Actual	Target	Variance	Variance %	Time Period		
KNPC Stakeholder Satisfaction	94.00	92.00	2.00	2.17%	2009 Q3		
KNPC Employee Morale and Satisfaction	86.00	85.00	1.00	1.18%	2009 Q3		
KNPC Sponsorship and Charity Spending	52,000.00 kcd	50,000.00 kcd	2,000.00 kcd	4.00%	2009 Q3		
KNPC Scholarships granted	78.00 #	80.00 #	-2.00 #	-2.50%	2009 Q3		
KNPC Share of OPEX Spent Locally	80.00%	80.00%	0.00%	0.00%	2009 Q3		
KNPC Share of CAPEX spent locally	62.00%	65.00%	-3.00%	-4.62%	2009 Q3		

Other metrics							
Name	Actual	Target	Variance	Variance %	Time Period		
KNPC Conversion Capacity Utilization	95.00%	95.00%	0.00%	0.00%	2009 Q3		
KNPC Fuel Oil Yield	81.00%	85.00%	-4.00%	-4.71%	2009 Q3		

Relevant & Engaging



**HUMAN
RESOURCES**



**SUPPLY CHAIN
MANAGEMENT**



**FIELD
ENGINEERING**



**REFINING &
MARKETING**



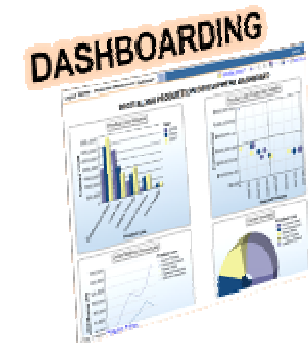
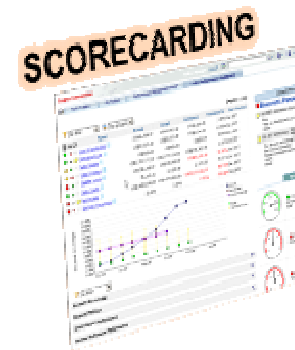
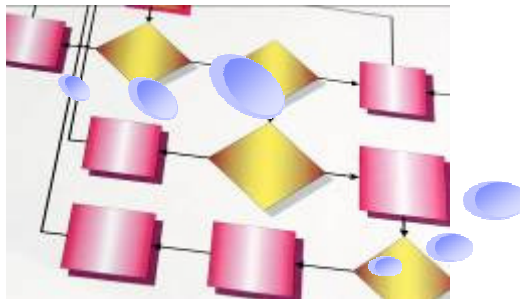
**PETROLEUM
ENGINEERING**



FINANCE



**PRODUCTION
OPERATIONS**

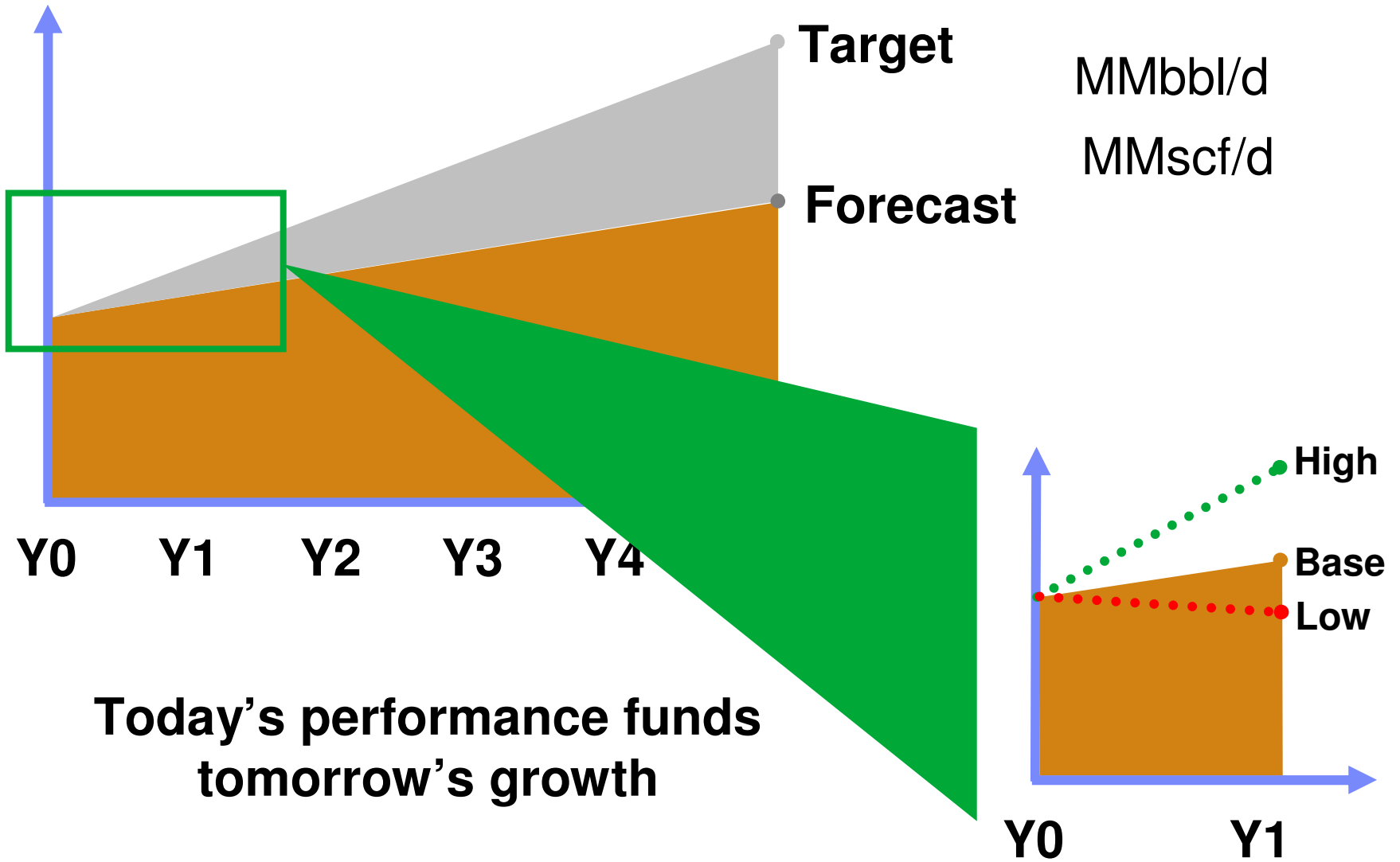


Complete Strategy Management Capabilities



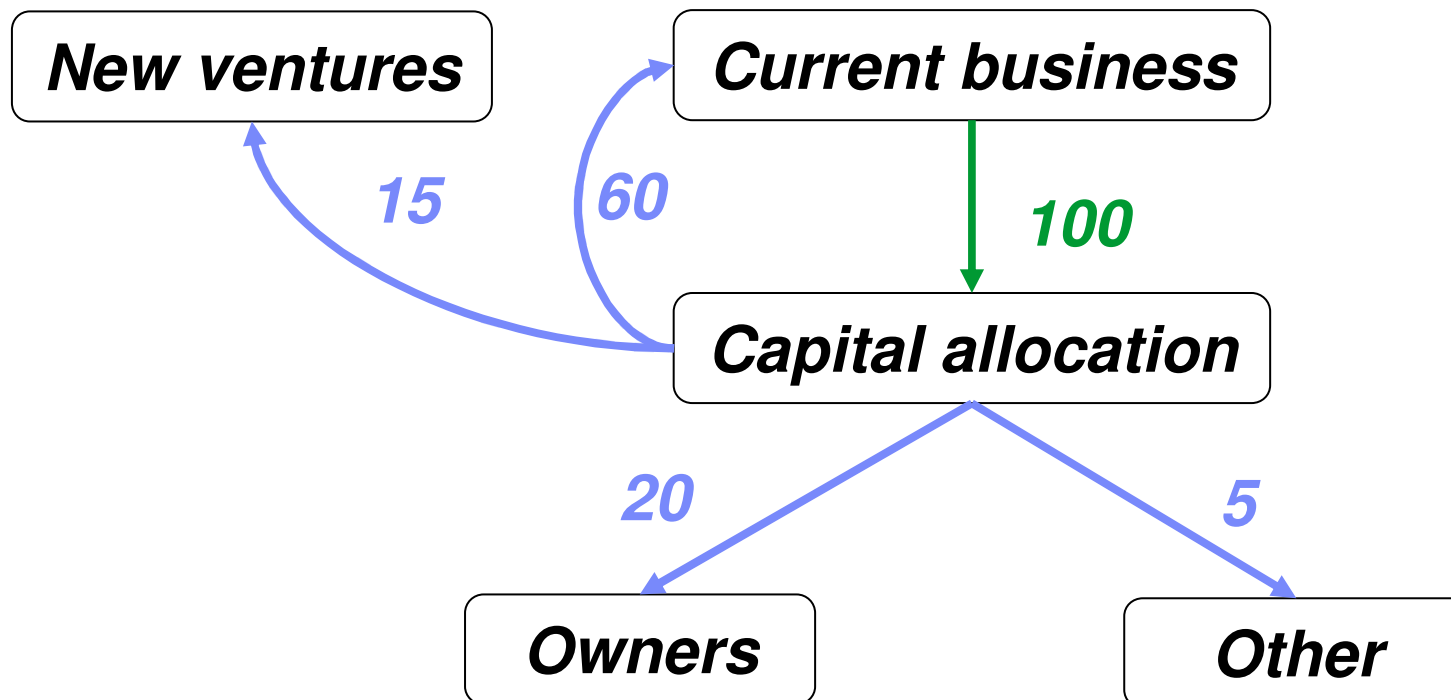
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Balancing the short-term and long-term



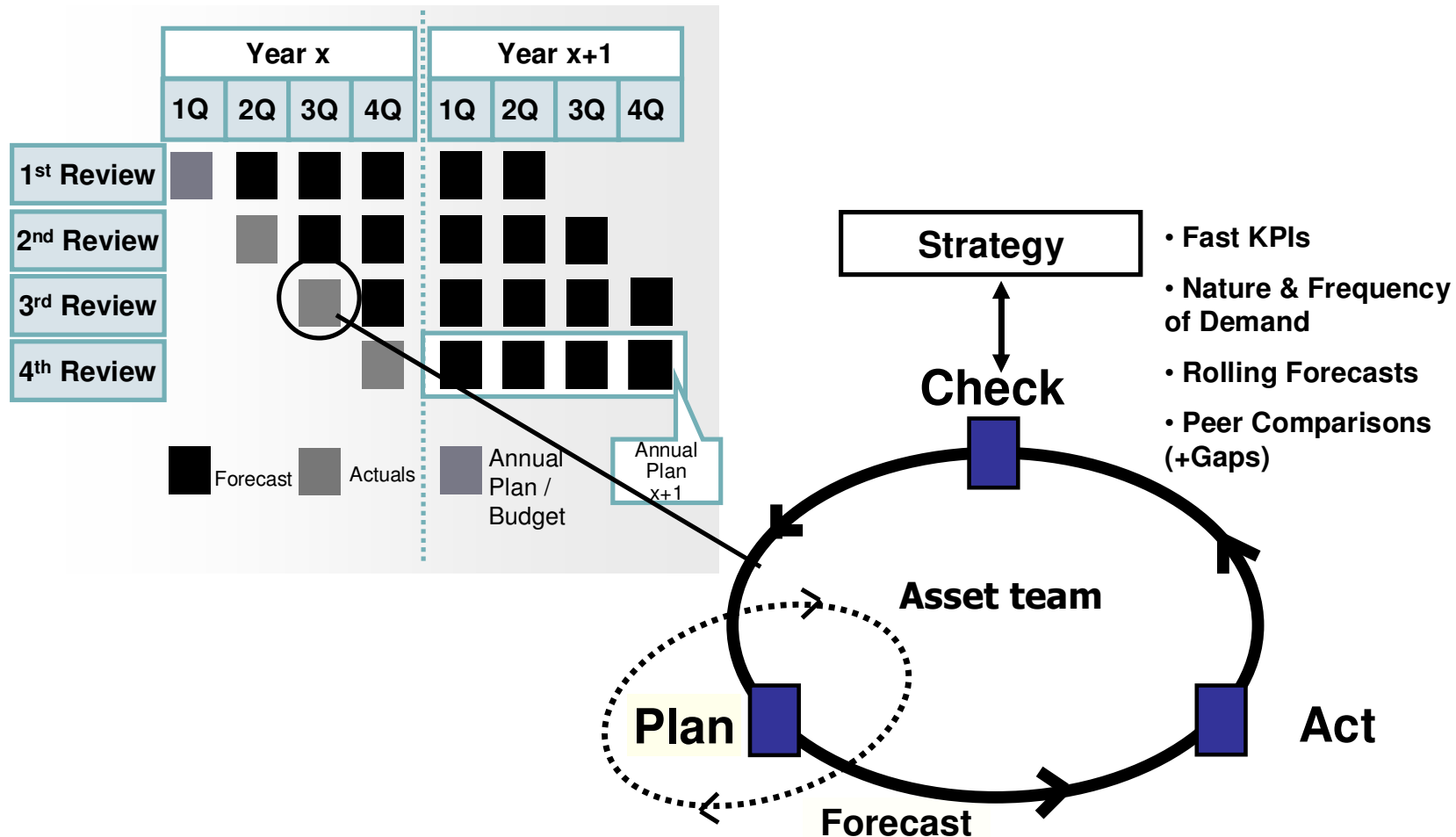
Today's performance funds tomorrow's growth

Balancing the cash cycle



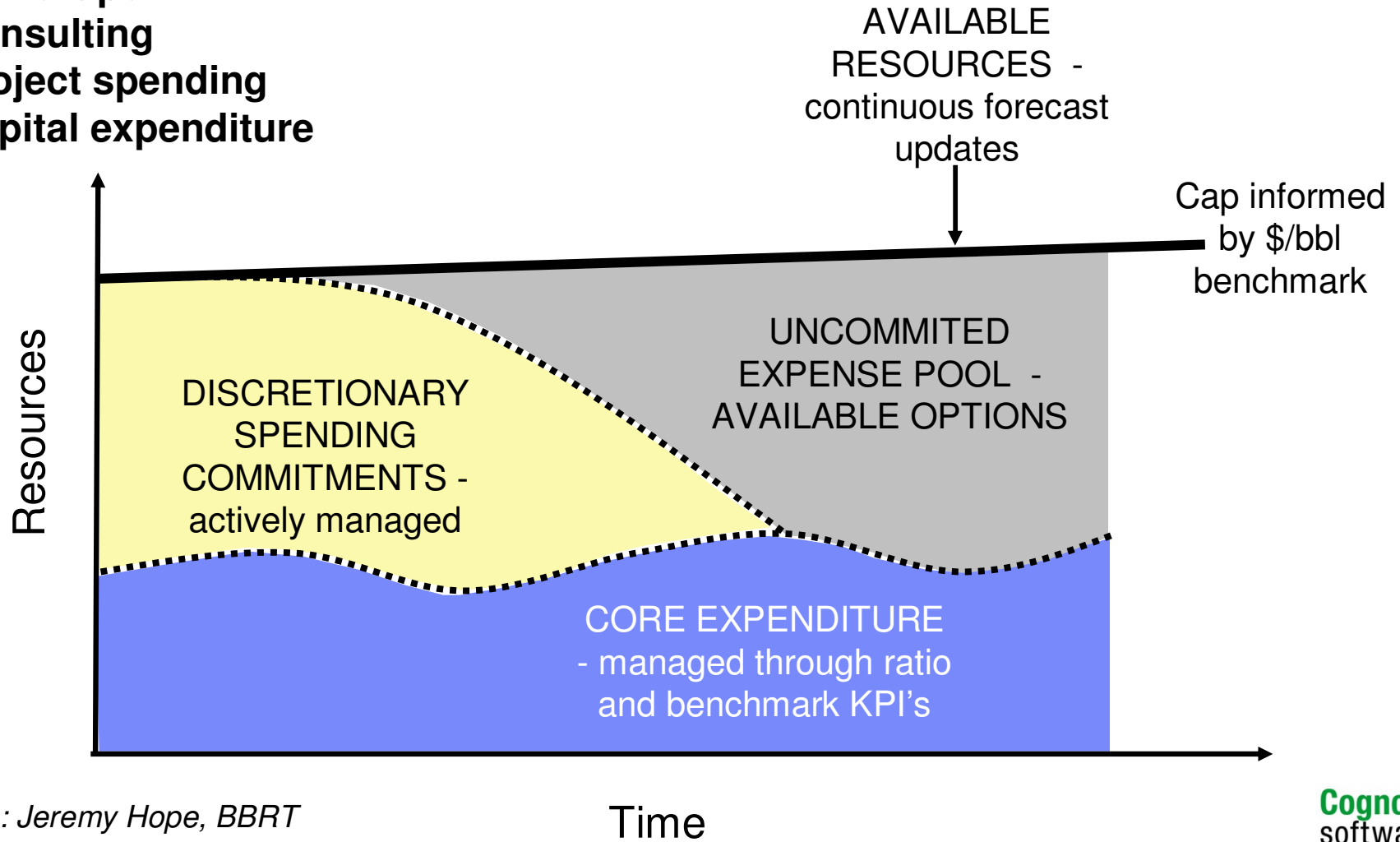
Continuous or event-driven planning

The rolling review and 'check-plan-act' cycle



Manage 'pools' of operating expenses using rolling forecasts

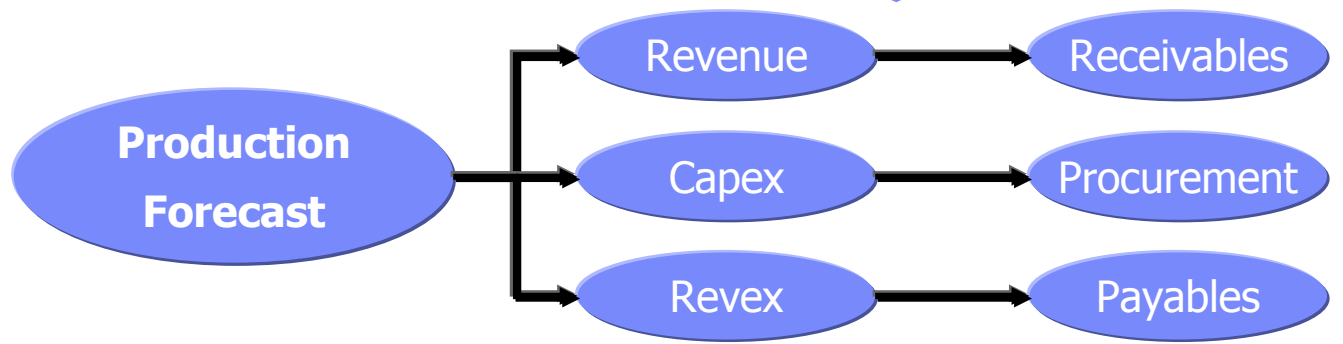
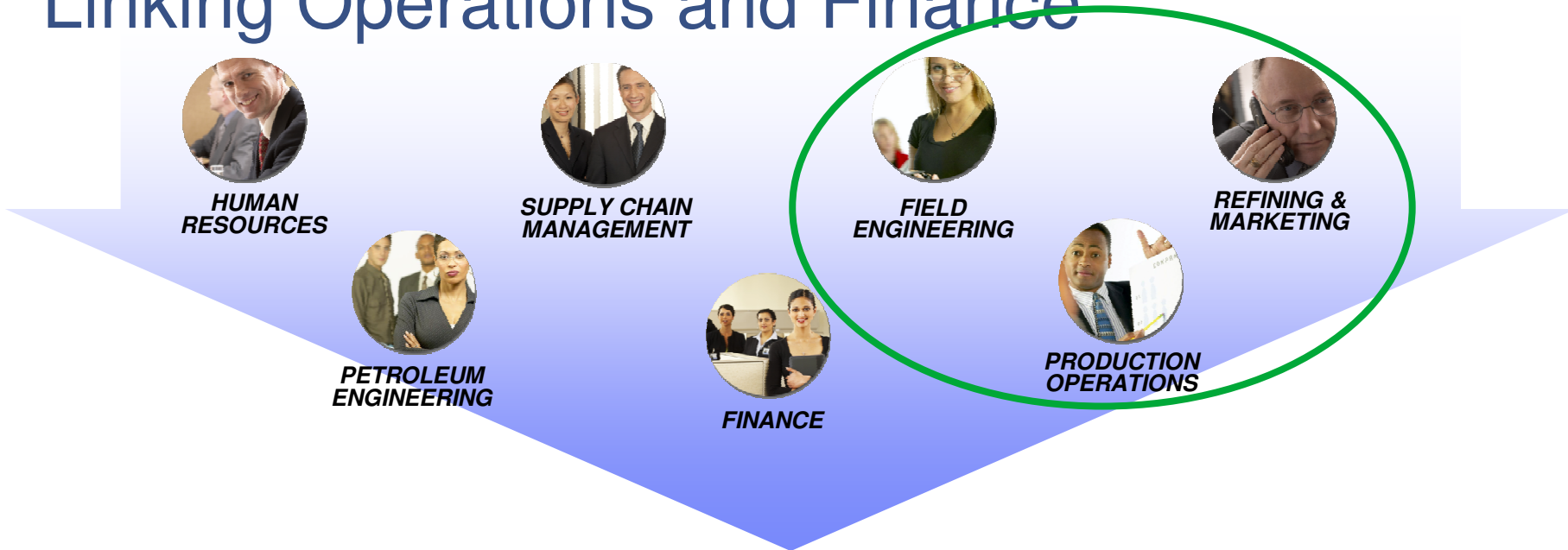
Some Opex
Consulting
Project spending
Capital expenditure



Source: Jeremy Hope, BBRT

Cognos
software

Linking Operations and Finance

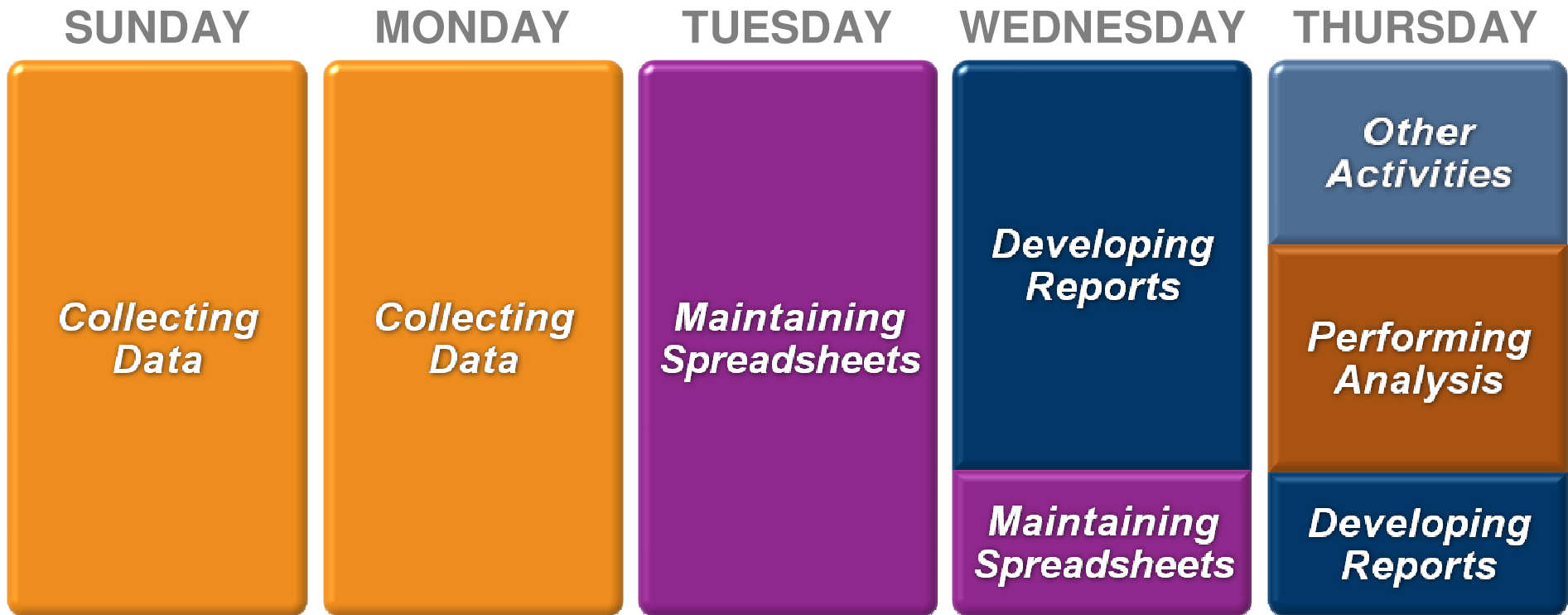


Enterprise Planning for Visibility & Control

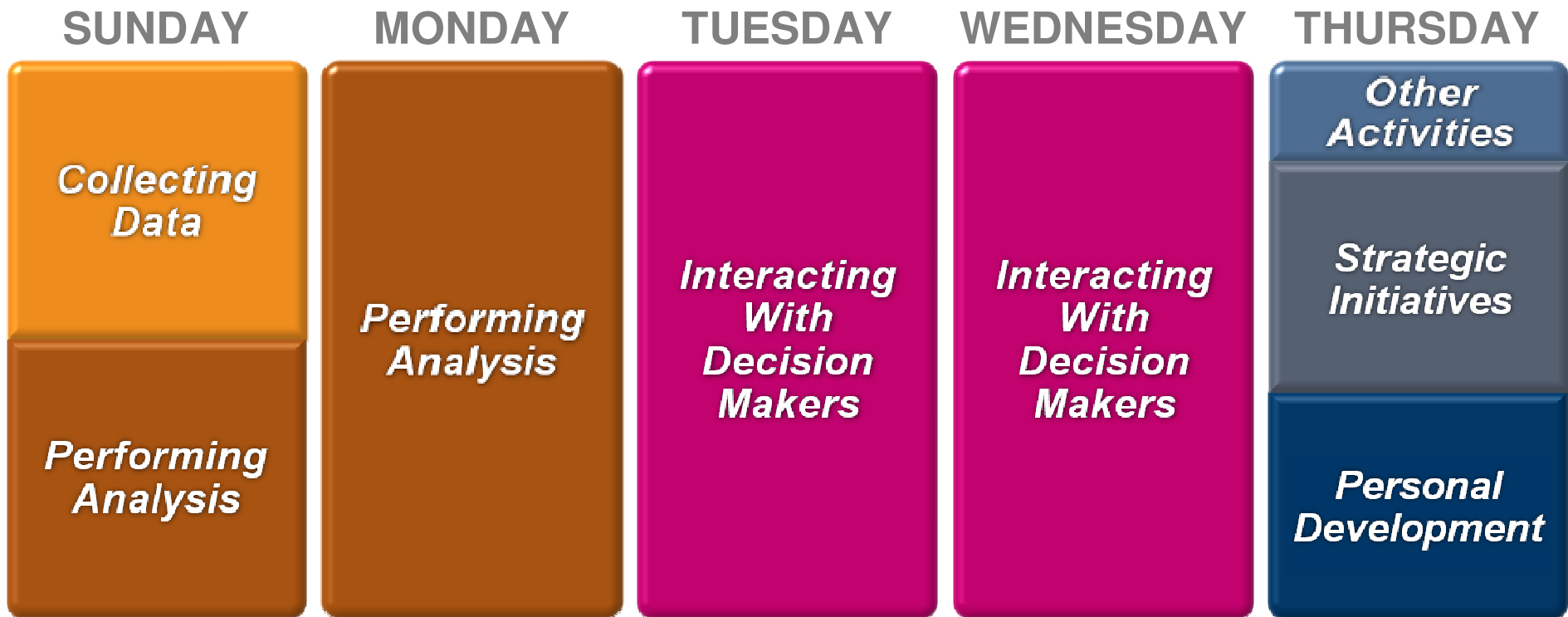


Delivering optimal performance
with IBM Cognos solutions

Many organizations are wasting valuable talent



The best drive analytics & insight



Alternative starting points for the journey



True Drivers of Performance Management Value



Source: "Justifying Your CPM Investment," David Axson

Cognos.
software

Measures of success

**PROCESS
QUALITY**

How fast are we?
How accurate are we?

**STAFF
LEVERAGE**

How many people do we need?
How much value-add work?


**RISK
MITIGATION**

Can we identify good projects?
What risks do we need to monitor?

**DECISION
QUALITY**

Do we outperform?
Do we satisfy our investors?

Your guide towards the business case



**Improving effectiveness
is the reason for
investing**

**Improving efficiency
justifies investment**

Source: "Justifying Your CPM Investment," David Axson



THANK
YOU

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