Minding the Flow:
Organization Design at Pipeline Company

Houston, TX
June, 2018

Pipeline Company

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Desired Outcome

Share and learn: flow of strategy, process, behavior
What can we take forward?

Discussion Topics

1. What we were doing and why?

2. What approach worked?

3. What else did we learn?

Our Learning

1. Define, use, and reuse strategy and design criteria (Strategy Flow)

2. Stick to highly structured roles & decisions (Process Flow)

3. Deeper interpersonal work would have been better (Behavior Flow)

    – Exploring different views

    – Channeling conflict

The Situation

Working Well	Needs Attention
Strong OC and technical expertise

Prior year a record year for safe operation and reliable delivery

Reduced asset risk profile, by selling pipelines with higher maintenance costs | Difficult (energy industry) business environment placing sustained pressure on costs

Leadership accountability, interfaces and reporting

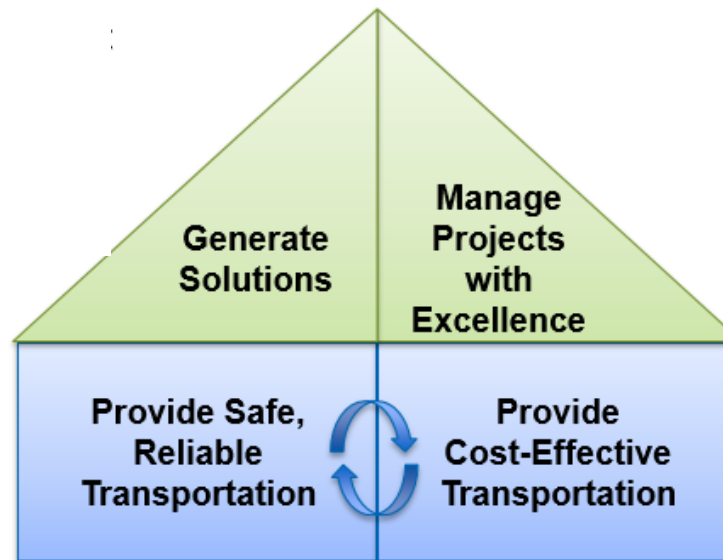Sometimes gold-plated in approach / too little customer responsiveness |

Opportunity: Improve organization design in order to
- *Optimize Integrity & Risk Management Capability; and*
- *Improve Competitive Profitability*

Framework for Organization Design
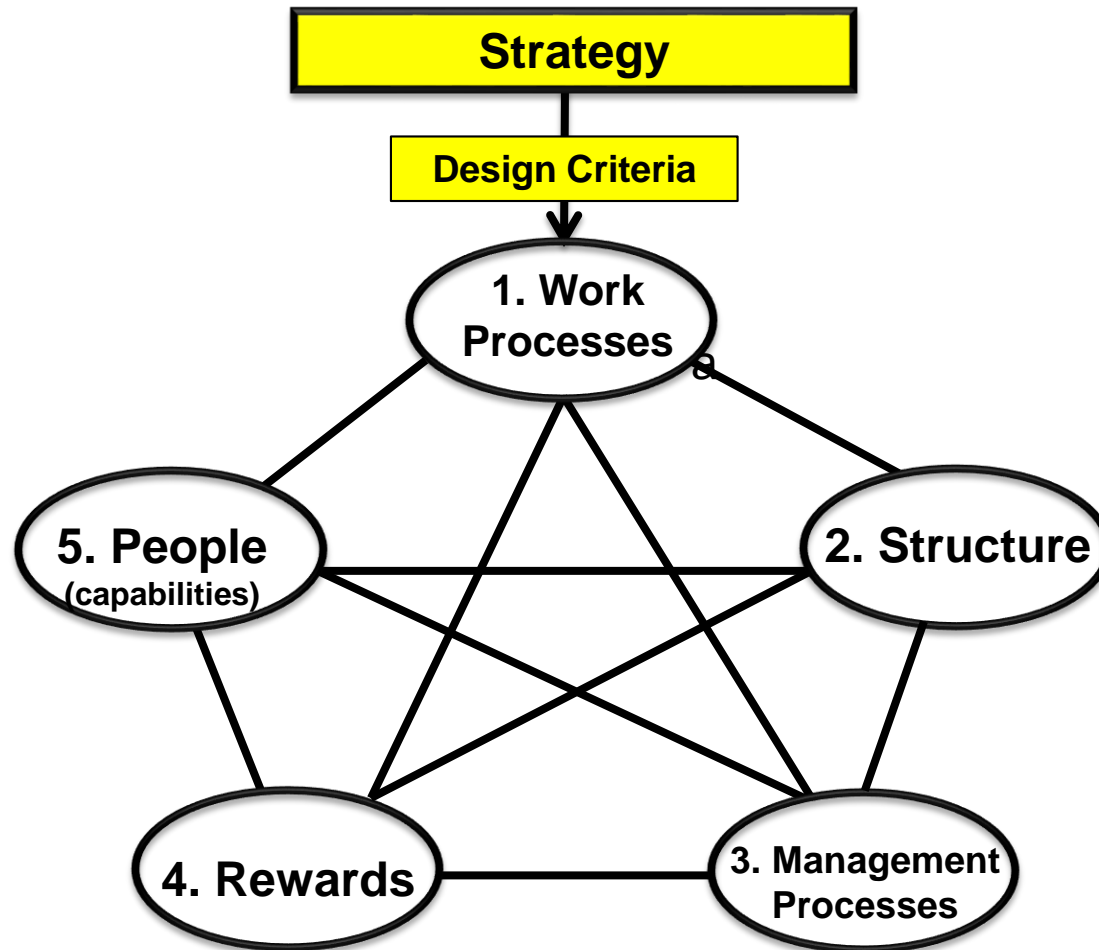
Strategy: Context

Strategy: Shift Needed

Must Enhance Certain Capabilities
Without Sacrificing Strengths

To / From

Historical CPL Focus was skewed toward reliability and projects…

New Solutions

Manage Projects with Excellence

Provide Affordable Transportation

Provide Reliable Transportation
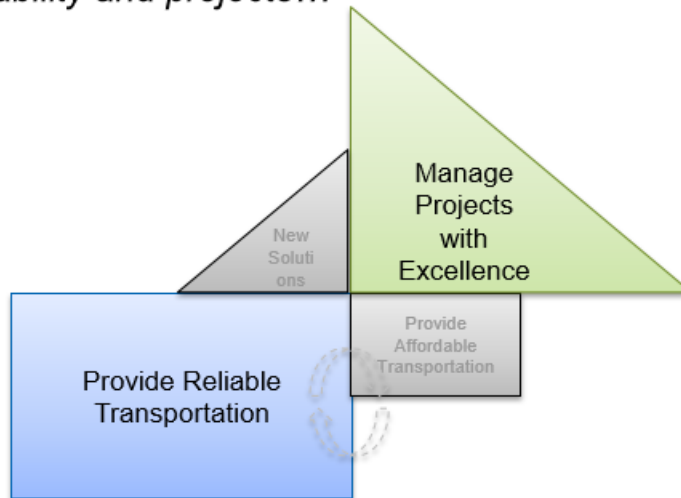
- Going forward we need to retain our operating competencies, and continue to strengthen our project management and capital stewardship

- The industry will require us to pay attention to and manage our costs

- To remain relevant, we need to increasingly help our customers improve their performance

Strategy Flow: Bridge to Design

Strategy

Recognized as a valued partner in pipeline solutions:

- ✓ **Safe & Reliable**
- ✓ **Cost Effective**
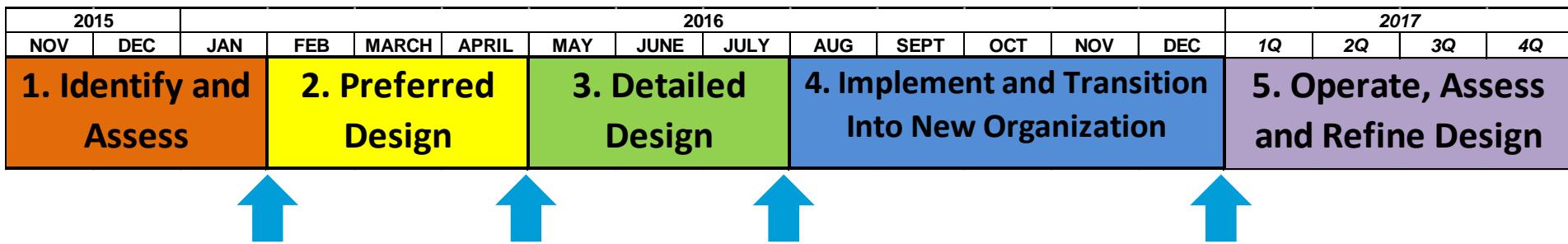- ✓ **Generate Solutions**
- ✓ **Manage Projects**

Top Level Clustering

Design Criteria

- • **Reduces Operating Expense**
- • **Improves effectiveness**
- • **Maintains risk-appropriate pipeline management control**
- • **Clear accountability**
- • **Customer responsiveness**

Score Pros/Cons of Options

Process: Structured Project Approach

2015							2016							2017			
NOV	DEC	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	1Q	2Q	3Q	4Q

1. Identify and Assess	2. Preferred Design	3. Detailed Design	4. Implement and Transition Into New Organization	5. Operate, Assess and Refine Design

1. **Principle: Drive to decisions at each threshold (blue arrows).**

2. **Decision Roles Clearly Defined (e.g., Decision Executive, Decision Review Board, etc.)**

3. **Decisions defined for each threshold**

4. **Outside Project Consultant Teamed with President & PM – Did not have extensive history with or report to the organization.**

Process: Preferred Alternative Example - Focused Factory

A- Operations Groups

Operations focused on Operations

B – Operations and Technical Services Groups

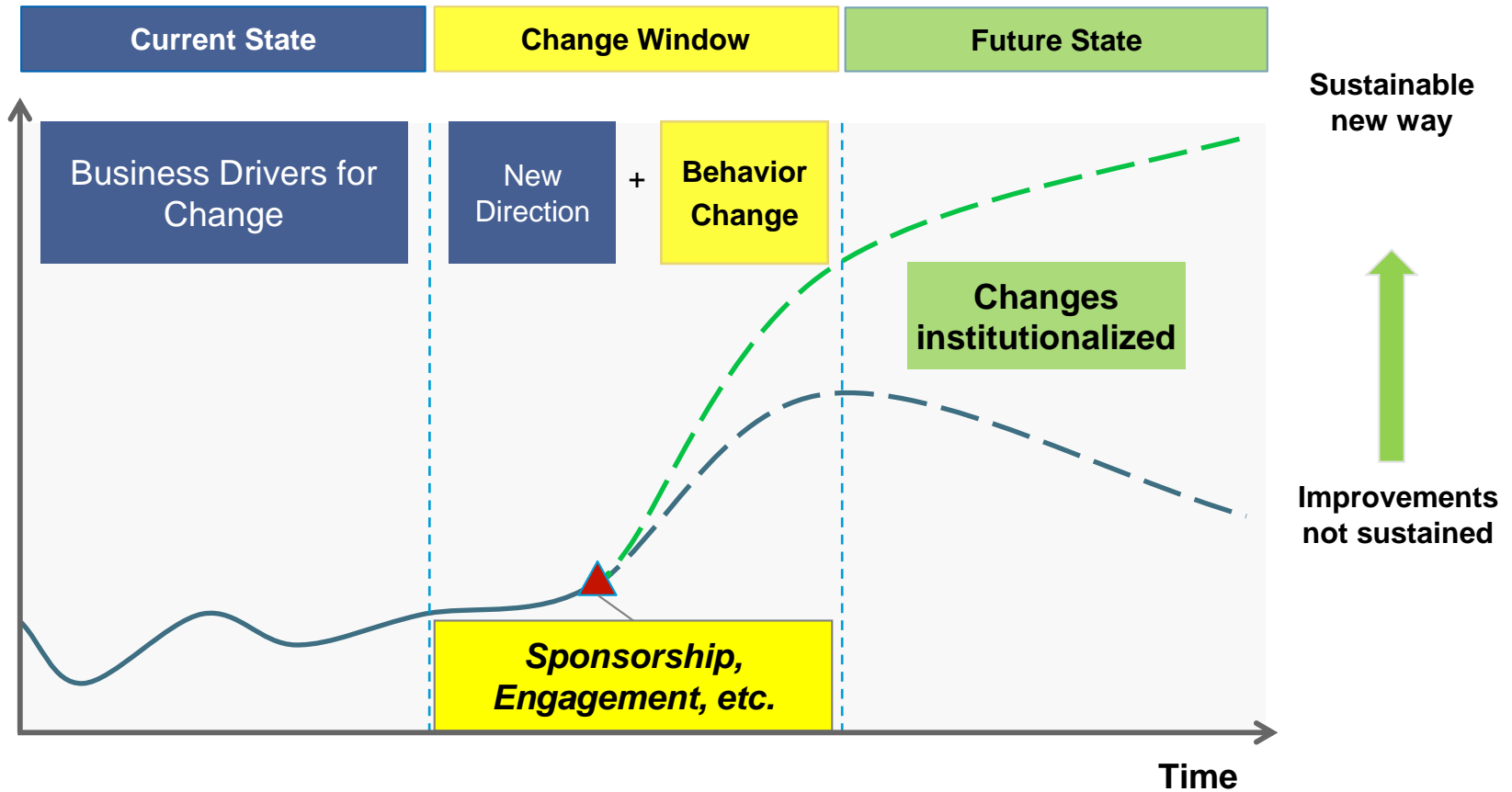Support services for operations, including Capital Projects

C – Customer Groups

Customer Interface and Customer Development, including Risk Management

D – Internal Services Groups

HR, IT, Finance/SCM/Planning, Legal, PGPA

Behavior: Lessons Learned

HR Manager & Survey Lookback:
What Worked Well / What Were Challenges

What Worked Well

- Objectives met - on time aligned with business priorities (Strategy)

- Timeline – 9 months allowed right mix of deliberation and of urgency (Process)

- Decision structure - clear lines of decision responsibility (Process)

Challenges

- More management communication on the future viability of the organization (Behavior)

- Team: More time for dialogue, conflict, stakeholders (Behavior)

- Prepared leaders for Change Management, but they needed more application help (Behavior)

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Recap: Messages on Our Learning

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Questions for Breakout Groups

When you had to "mind the flow" of **strategy**, **process**, or **behavior:**
what worked?

What can we take forward in our design practices?

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