



rapid business transformation in an emerging nation

HELPING A FORTUNE 5 ENERGY COMPANY CAPITALIZE ON ONE OF THE LARGEST PETROLEUM DISCOVERIES OF THE PAST DECADE – IN NIGERIA

To satisfy the world's unquenchable thirst for oil, this Fortune 5 Energy Company (Energy Co.) is always on the lookout for its next big find. In late 2000, they found it off the shores of Nigeria.

In December 2000, the Nigerian government awarded Energy Co. the highly coveted OPL 250, 214 and 318 deepwater tenders, marking the company's entry into the deepwater exploration frontier in Nigeria and providing proven reserves of high value, low-sulfur content, light crude oils like Bonny Light.

At that time, Energy Co. Nigeria was a relatively small business unit comprised mainly of operational resources to manage their onshore and near-shore production assets safely and reliably. They would soon experience a huge increase in oil production, as well as a dramatic shift in their portfolio mix – from primarily onshore and near-shore to significant deepwater production.

Designing and integrating new best-in-class organization, processes, roles, governance and systems are daunting tasks on any timeline, particularly on such an accelerated transformation as this. Additionally – as with all Energy Co. projects – the need for speedy implementation could not compromise employee safety or reliability of production. Energy Co.'s Nigerian operations lacked the internal resources to manage the complexity and magnitude of this rapid growth. The value associated with properly designing and implementing a new organization and processes and integrating with enterprise systems warranted engaging third party assistance.

Bender Consultants participated on the project leading the charge and ensuring success.

CHALLENGE

Quickly build a business unit to manage vigorous production growth, complex government relations and important joint venture relationships.

Energy Co. is known for quality, integrity and high ethical standards. So doing business in Nigeria – a region plagued by civil unrest, a government working toward stability after a history of corruption and military coups, and within a



NIGERIA

Energy Co. Nigeria Drilling Exploration

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I would like to thank the project team for the commitment you have shown towards this very important project. I am confident that the fruits of your effort will contribute significant financial and operational success for the Nigeria / Mid-Africa SBU for many decades.

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Managing Director
Energy Co. Nigeria

competitive landscape pitting super-majors against regional players without the same legal restrictions – created a unique challenge for Energy Co.

To achieve success, the Nigeria business unit needed a significant transformation – one that would enable its operation to accommodate a growing and changing asset portfolio, manage the complex regional government relations and support and encourage emerging joint venture relationships.

SOLUTION

Design the future state Nigeria business unit and quickly staff key roles and start new processes.

Bender consultants worked with Energy Co.'s Managing Director and General Manager of Nigeria operations, key members in the Nigerian Ministry of Petroleum, and in-country managers to design a new government-compliant business unit that would optimize performance in the changing business landscape.

Guided by Energy Co. strategy and business value drivers, Bender Consultants developed insightful, long-term future state designs anticipating future growth, employee capability, and organizational needs. The work covered all aspects of the new Nigeria business unit startup – organizational design, business process mapping, roles and responsibilities development, systems analysis and integration, and detailed implementation plans to manage the work. Key focus areas included:

- Finance
- Government Relations & Public Affairs
- Human Resources & Employee Development
- Planning
- Supply Chain Management
- Joint Ventures
- Negotiations
- Legal
- Gas Operations
- Deepwater Operations
- Systems Integration

In order to capture immediate value, encourage key leaders to learn by doing, and manage in-country complexities, Bender Consultants developed job profiles and staffed these roles quickly.

With key in-country employees on board and building expertise, the team focused on detailed implementation and managing in-country complexities, continuously managing activities with an eye to delivering expected value, ensuring employee safety and continued operational reliability.

RESULTS

Energy Co. Nigeria experiences rapid growth and tremendous returns.

Energy Co. Nigeria's approach to employing and developing the skills of Nigerian nationals – without compromising safety or reliability – has provided incentives to the Nigerian government that trump the "greased palm" tactics that have plagued the system in the past.

Nigeria is now the largest oil producer in Africa and the eleventh largest producer of crude oil in the world – and Energy Co. is one of its largest producers, maintaining hundreds of employees – mostly Nigerian.

ENERGY CO. NIGERIA'S SUCCESS

2008 total daily production averaged 376,000 barrels of crude oil, 181 million cubic feet of natural gas and 16,000 barrels of liquefied petroleum gas (LPG).



Invested \$1.1 billion to construct a FPSO (Floating Production Storage and Offloading). When it becomes operational in 2009, it is expected to export up to 250,000 barrels per day of oil and 450 million cubic feet per day of natural gas.

Largest shareholder in West African Gas Pipeline Company Limited. The company constructed, owns and operates the 421-mile (678-km) West African Gas Pipeline that is designed to supply Nigerian natural gas to customers in Ghana, Benin and Togo for power generation and industrial applications. Compression facilities to increase capacity to 170 million cubic feet of natural gas per day are targeted for completion in 2010.

Operate a joint venture with the Nigerian National Petroleum Corporation in 13 concessions covering 2.2 million acres.

40 percent joint venture interest in the South Offshore Water Injection Project, which is an enhanced crude-oil recovery project. The objectives of this project are to boost production through water injection and increase efficiency in the Okan and Delta fields. Total crude-oil production in 2008 averaged 15,000 barrels per day (5,000 net).

Energy Co. has experienced rapid growth and success in Nigeria, with positive returns continuing to fuel further investment in the region.

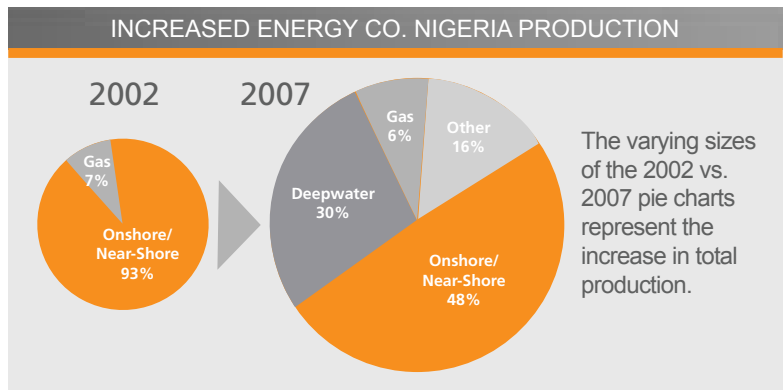
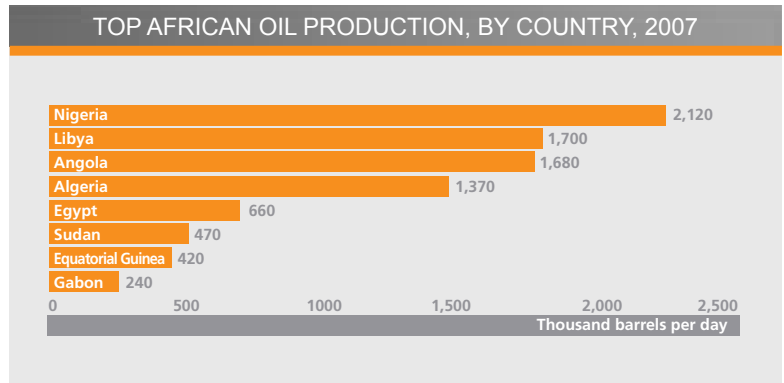
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Energy Co. is well known as a high quality joint venture partner in the region and maintains excellent relations with key regional government stakeholders and suppliers – a key element for operating successfully in Nigeria.

Highlights include:

- Operate a joint venture with the Nigerian National Petroleum Corporation in 13 concessions covering 2.2 million acres (8,900 sq km).
- Largest shareholder in West African Gas Pipeline Company Limited, which owns and operates the 421-mile (678-km) West African Gas Pipeline that is designed to supply Nigerian natural gas to customers in Ghana, Benin and Togo for power generation and industrial applications. Compression facilities to increase capacity to 170 million cubic feet of natural gas per day are targeted for completion in 2010.
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For additional specifics about the **Rapid Business Transformation in an Emerging Nation** project brief, please contact Bender Consulting at info@bendercon.com.



Bender Consulting is a specialized management consulting firm focused on transformation projects for the world's leading businesses and institutions. We help leaders make lasting, measurable improvements to their businesses and organizations. Clients call Bender Consulting when they are under pressure to deliver results and need independent, thoughtful, data-driven advice coupled with hands-on support. We bring success to transformation initiatives that impact strategy, employees, organizations, business operations and systems.