

# Major Natural Gas Utility- Management of Outsourced Engineering Analysis

understand. collaborate. implement.

A Management of Outsourced Engineering (MOE) Service Analysis Project for a large natural gas utility based in Atlanta, Georgia to provide a comprehensive business assessment to set the improvement path for the Engineering and Operations organization in the defining of contractor selection and performance management standards, and guiding philosophies.

## Overview

- Improve conceptual design deliverables ensuring the right level of detail to enable outsourced engineering firms to provide better cost estimates
- Identify quality controls (i.e., “checks and balances”) for governing relationships with outside engineering contractors
- Incorporate more discipline and rigor into current MOE processes and OCE vendor selection criteria
- Enhance in-house engineering expertise (Process, Mechanical, Instrumentation & Electrical, and Civil) required for atypical asset development pipeline and storage projects

## Participants

- EVP, Engineering & Operations
- Vice Presidents (3): Engineering & Supply Chain, Operations, Midstream Services
- Managing Director, Supply Chain
- Directors (4): Office of Corporate Engineering, Engineering Design, Supply Chain, Measurements, Operations & Controls
- Manager, Project Controls

## Approach

- Determine business needs, gaps, constraints, dependencies, priorities, and issues / risks across Services and business owners (based on quantitative and qualitative data)
- Develop a standardized definition of a service to be used across the Office of Corporate Engineering organization
- Document suppliers, inputs, processes, outputs, and customers (SIPOC) for each service
- Analyze performance, financial and operational data and processes
- Determined technical capabilities and challenges and potential impacts to the business
- Identify initiatives required to move from current-state to future-state
- Defined 2010/2011 Business Process Excellence Strategy Roadmap through prioritization and filtering of initiatives
- Map the end-to-end Engineering Management Process Lifecycle
- Provide improvement recommendations and worked with key stakeholders to develop action plans for implementation

## Results

- Uncovered 59 process-related gaps resulting in ineffective engineering contractor performance management
- Facilitated key stakeholder change management “workout” sessions to review recommendations and develop detailed action plans for implementing improvements
- Quantified maturity level of all services and processes revealing the quality level of social/business process documentation, extent of standardization, and ability to track service-level performance against customer requirements
- Benchmarked industry best practices and mapped guiding principles to specific process areas requiring improvement
- Identified and launched process improvement projects to develop new contract administration and supplier performance management processes, and a tiered project management approach framework