

## Case Study

INDUSTRY > Industrials

FUNCTIONAL AREA > Operations

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# Maximizing Business Process Efficiency for a Large Oil Pipeline

## Summary

One of the world's largest oil pipeline operations wanted to identify areas for greater efficiency and cost savings. The facility implemented a range of improvements that reduced operational costs by 20%.

## Customer Profile

A large oil pipeline operation spanning 800 miles and operating twelve manned pump stations

## Challenge

The operator of one of the world's largest oil pipelines wanted to reduce operational costs. With 800 miles of pipeline, twelve manned pump stations, and the continuous transport of millions of barrels of oil through some of the harshest climates on the globe, the facility needed to examine the full breadth and depth of its complex operation and identify areas where cost reductions could be safely achieved.

## Solution

The consultants started by performing an analysis of the entire operation to understand all of the costs associated with moving oil through the pipeline and which components were critical to meet safety and environmental requirements. For example, the terminal facility had more than twice the dock workers typically required to tie up an oil tanker, but this was necessary to provide continuous operations in such an extreme climate. The team then delivered a plan for achieving greater operational efficiency in a range of areas throughout the facility. One key improvement made by the team was to change to a team-based approach for staffing the pump stations. These teams were often disjointed, as they had been organized by job function, and they commonly reported to different managers hundreds of miles away. By aligning cross-functional teams to the operational objectives of each pump station, the organization was able to operate more efficiently and with a higher level of collaboration.

## Results

As a result of the improvements made, the operation was able to achieve an initial cost reduction of 20%. From there, they had the plan in place to further decrease costs as the rate of oil recovery from the field declined by systematically automating and retiring pump stations. Furthermore, by creating a team-based staffing approach at the pump stations, the employees at each station were better aligned to the operational goals of each facility.

