

How Can The Oil & Gas Industry Achieve Organizational Optimization?

An Interview with Robert Hutcherson,
Founder & CEO, **Optimize Consulting**



In the lead up to the 2019 **Operational Excellence in Oil & Gas Summit** in Houston, we caught up with Robert Hutcherson, founder and CEO of **Optimize Consulting** as well as author of **Organizational Optimization**. As one of this year's speakers, Robert provides insight into his work with the Department of Defence and offers his expertise as to what the Oil and Gas industry can do to optimize their operations.



Robert, can you tell us a little bit about your professional background and what ‘organizational optimization’ is?

I’m the CEO and founder of Optimize Consulting, an organizational improvement firm that provides strategic improvement solutions to federal and commercial organizations.

I’m a military veteran, an industrial engineer by trade, and I hold an MBA. My time in the military trained me to always look for a better way of doing things - “How can we operate in a more effective and efficient manner?” When I launched Optimize Consulting, I developed a new methodology called ‘Organizational Optimization,’ which looks at an organization holistically and determines how to get the biggest return on investment when it comes to improvement programs.

As leaders, we often have a great strategic plan for improvement, but we don’t have the proper framework to execute on that plan. Organizational Optimization helps to create that framework and execute the strategy.

You’ve done a lot of organizational optimization consulting with the United States Department of Defense, who, like the oil and gas industry, deals with high levels of organizational complexity and risk. What do you think the oil and gas industry can learn from the Department of Defense?

When we worked with the DoD, we were blessed to work with leaders who were open to evaluating their current and future situations in non-traditional ways. In the military, it’s all about mission effectiveness. If you are not doing the right things in the first place, you may be very efficient at doing them, but it doesn’t help in executing your strategy. In a lot of Lean Six Sigma and continuous improvement efforts, that’s exactly what happens. Leadership dedicates time and assets to improving certain areas, but strategically, they may not be areas of priority.

We try to look at organizations in a different way. From an optimization perspective, how mature are you in different areas of the business? We look at different categories of optimization, strategy, processes, performance and metrics. The we look into finance, systems, culture - all those organization categories.



In my opinion, it is essential for leaders to take this holistic approach in order to see the best possible results from improvement initiatives. It enables leaders to assess the organization's current health and optimize its future potential.

One of our biggest clients is the Defense Logistics Agency. They are responsible for the supply chain for the Department of Defense. We've helped the DLA to realign with the customer, the DoD, and strategically realign its optimization categories in a way that effectively meets their needs. In other words, they're doing the right things for their customer, and doing so efficiently.

The oil and gas industry is undergoing a major transformation. Companies know they need to optimize their operations and their organization in order to survive in the years to come. Where should they focus - cultural optimization, process optimization, strategy optimization?

Before we can make those decisions, companies need to assess their organizations holistically. Through that process, they will be able to tell where they have deficiencies. In the optimization model there are a number of categories that we aim to optimize: strategy optimization consists of aligning your goals and aligning with the customer; performance optimization uses performance-measurement

systems to align metrics and support your goals; process optimization looks at different value streams to help understand the holistic view and optimize processes; financial optimization focuses on effective utilisation of financial resources to maximise organizational value; system optimization is effective and efficient use of technology and security of facilities, personnel, data, and cyber issues; knowledge optimization looks for a holistic understanding of the organization and the sharing of best practices; relationship optimization is about improving the synergy of your internal and external customers; innovation optimization focuses on cultivating an innovative environment and though leaders within the organization; cultural optimization supports change and excellence; customer-value optimization focuses on new and existing customers; marketing optimization develops effective campaigns and channels for targeting customers; and finally, we have 'world class optimization' which consists of benchmarking against the best in your field and monitoring your progress.

In each of these categories, we give the organization a maturity level from one to seven. With that snapshot organizations will be able to tell where they are doing well and where they need to improve, providing a road map for the optimization journey.



Where do most companies struggle when it comes to optimizing their operations?

In my experience, it is in developing that initial snapshot where most companies struggle. For example, you might start out knowing you want to improve your company culture, but until you peel back the layers you are unable to clearly see your strengths and weaknesses. When it comes to optimization, it is important to analyze the entire business before implementing improvement programs.

How would an organization go about implementing an optimization program?

First, we need that initial assessment, the snapshot of the organization. We can have boots on the ground at the organization to collect information or we can do so electronically. Not only are we looking at the previously mentioned categories, but we also assess the company's internal capabilities to make the journey to optimization. We created a training and certification program for optimization, and we can train staff and empower the company to make its own improvements.

Then, we create a strategic-improvement plan. We share our findings and work with leaders to decide what they want to focus on and how we can make those improvements. This step includes a change management component as well. You have to work with the entire organization, executive staff through the front line, in order to help them through the process and set them on the right path towards optimization.

