

SAXON ENERGY SERVICES INC.

MANAGEMENT TO MATCH



MANAGEMENT TO MATCH

Supply chain director Shaun Anderson talks about implementing the Saxon Management System, lean and six sigma, and a new Oracle ERP platform

WRITTEN BY: GAY SUTTON
RESEARCH BY: JEFF ABBOTT

The oil and gas industry is renowned for going through intensive periods of growth; and it's all too easy for small companies to overextend and destabilise as they struggle to manage a growing portfolio of projects, staff and capital equipment with processes designed for a much smaller footprint. With a period of significant growth under its belt, Calgary-based Saxon Energy Services is now embarking upon a two-year strategy to build a corporate infrastructure not only capable of supporting the current international enterprise, but creating a stable base for expansion in the future.

Launched in 2005 as a small contract drilling and well services business with nine rigs in Ecuador, the company has grown both organically and through acquisition, and now owns and operates 98 rigs in 13 countries with a workforce of some 2,700 people. The most rapid period of growth has taken place over the past year during which time the workforce has grown by 58 percent and the rig fleet by 38 percent.

"In December last year we completed the acquisition of Schlumberger's Rig Management Group (RMG) through which we acquired 1,000 new employees and 14 additional rigs, operating on contracts in Oman, Venezuela and Pakistan," explains supply chain director Shaun Anderson. "We have also significantly expanded our Australian operations, and have invested in 13 additional rigs to operate in the Queensland area for QGC and Santos."

With growth of this order, the company's



Australia catwalk



PROVEN PERFORMANCE

Products and Services

- Top Drives
- Aftermarket Sales & Service
- Tubular Services
- Cementing Solutions
- Deepwater Completions



24-Hour Parts and Services

TESCO offers 24-hour service and support through our global network of highly trained top drive technicians. TESCO top drives have a proven performance of 99.7% uptime with our onsite technicians.

North America 1-877-TESCO-77
International 1-713-359-7295

Top Drives | Tubular Services

www.tescocorp.com

focus for the next few years is to continue growing organically, and to build a corporate management framework to support the company going forward. “The idea is to create a global structure that will enable us to manage our growing international organisation as one team, and run it both efficiently and effectively—not just now but 10 or more years into the future,” Anderson says.

From a high level perspective, Saxon is currently developing what it calls the Saxon Management System (SMS), which will define business standards and processes and roll them out across the entire enterprise. Utilising the latest SharePoint technology from Microsoft, SMS will enable the entire organisation to share information and communicate effectively around the globe, and it is being structured around eight integrated elements. These are: commitment, leadership and accountability; policies and objectives; organisation and resources; contractor and supplier management; risk management; business processes;

TESCO CORPORATION

Tesco Corporation is a global leader in the design, commercialization, and service of technology based solutions for the upstream oil and gas industry. We create value by reducing drilling costs and non-productive time (NPT) by changing the way people drill wells and install / cement casing. Our top drive systems and tubular services span the globe with the industry’s largest fleet of both rental top drives and automated casing running tools. TESCO’s commitment to engineering and service excellence enables drilling contractors the ability to increase operational efficiency and safety.

www.tescocorp.com

98 RIGS

Operated by Saxon in 13 countries



Topdrive system



DRILL YOUR WAY TO a better bottom line.

REDUCE COSTS, NOT QUALITY.



YOUR DRILLING OPERATIONS DEMAND EQUIPMENT MANUFACTURED TO THE MOST STRINGENT STANDARDS OF QUALITY AND RELIABILITY, WHILE YOUR SHAREHOLDERS DEMAND THAT YOU MANAGE COSTS TO MAXIMIZE VALUE. DP-MASTER'S WORLD-CLASS PRODUCTS HELP YOU MEET THESE DEMANDS COMPETITIVELY AND ON TIME WITH PROFESSIONAL AFTER-SALES SERVICE.

DPM-DS A HIGH-PERFORMANCE API GENERIC DOUBLE-SHOULDER CONNECTION WITH FIELD-PROVEN RELIABILITY, AND IS FULLY INTERCHANGEABLE WITH API CONNECTIONS AND OTHER DOUBLE-SHOULDER CONNECTIONS FROM LEADING MANUFACTURERS.

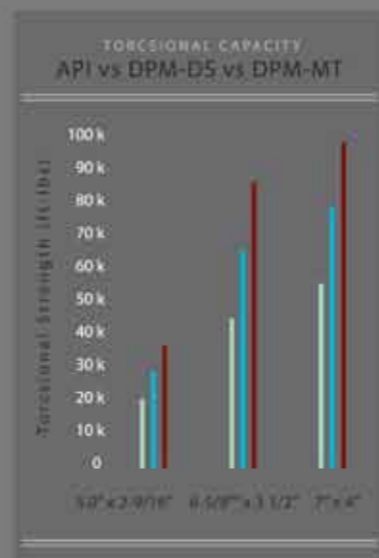
FAST MAKE-UP, REDUCED SUSCEPTIBILITY TO CONNECTION DAMAGE, AND EASE OF REPAIR.

DPM-MT IS AN ENHANCED DOUBLE-SHOULDER CONNECTION DELIVERING MORE THAN 20%

EXTRA TORQUE THAN DPM-DS, WHILE MAINTAINING THE SAME USER-FRIENDLY FEATURES FOR

FAST MAKE-UP, REDUCED SUSCEPTIBILITY TO CONNECTION DAMAGE, AND EASE OF REPAIR.

DP-MASTER SINGAPORE PROVIDES COMMERCIAL AND ENGINEERING SUPPORT, LICENSING OF REPAIR FACILITIES, AND AFTER SALES SERVICE. CONTACT US FOR YOUR DRILL STRING REQUIREMENTS AND DISCOVER THE BENEFITS TO YOUR COMPANY NOW .



IT'S TIME TO CHANGE TO DP-MASTER.
visit us at dpmaster.com.sg



performance monitoring and improvement; and audits and reviews.

Saxon has taken the already proven and highly successful Schlumberger management system as a benchmark, and is 'Saxonizing' it: identifying and developing policies and standards that will drive each of the eight integrated elements. If all goes according

to plan, implementation of the system will begin during the first quarter of 2013.

Alongside this high level management framework, the company is planning to implement six sigma and lean to increase



operational efficiency and to eliminate unnecessary activities and waste. Select individuals from each function within the company will be trained to green belt certification during November and December this year, and will then lead the lean effort, rolling it out through the company.

Leading up to this, the company is running

a profitability enhancement program (PEP), whereby each functional group is identifying areas outside the normal day-to-day responsibilities of the business where company performance can be improved.

DP-MASTER



DP-Master, a privately owned company founded in 2004, has emerged as a global player in the manufacture of drilling products. The strategic vision of the management has enabled the company to become a global brand which is recognised in all segments of the drilling products market.

Our focus on R&D to develop products suited to the more extreme environments, the creation of the international sales, marketing & technical support group and our unflinching commitment to quality are the drivers for the success of DP-Master. Our products are performing the job they were meant to do, successfully, across all continents.

With international offices in Singapore and Dubai offering sales, logistics, technical support

and licensee support, DP-Master will ensure that customer service is always a priority. R&D investment in recent years has resulted in DP-Master being able to offer a range of products capable of meeting the most challenging drilling conditions. These include DPM-DS connections, DPM-MT connections, DPM-I40 grade, DPM-I50 grade, sour service grades and customised large bore drill strings.

DP-Master recognises that it must remain very competitive and yet deliver top quality products. DP-Master has an excellent supply chain for raw materials; combined with our own ongoing process improvement, we ensure we will maintain our competitive edge.

www.dpmaster.com.sg

Supplying the Oilfield Worldwide since 1986.

Recognized as a Reputable Supplier of a comprehensive range of equipment and spare parts for the Petroleum Industry.

FOR MORE INFORMATION, PLEASE VISIT:

www.bhansen.com

Tel: (281) 859-5112 | Fax: (281) 859-5212 | Email: sales@bhansen.com




BE Heard

Tell us about your company
and we'll tell everyone else

www.bus-ex.com

B. HANSEN, INC.

B. Hansen Inc. was established in 1986 during the worst oilfield industry downturn in history. The risk to expand into other service related markets was borne of the realization that the oilfield supply industry was faltering. Boots Hansen, world renowned for his service in fighting oil related fires, responded to this need through the formation of B. Hansen Inc. The company was to adopt the same dedication, commitment, and timely response as the founder but focus on the supply of equipment, spare parts and service.

www.bhansen.com



The workforce has grown 58 percent in the last year

Some of the projects can then be used to launch six sigma and lean.

The third pillar of the Saxon improvement programme is another major undertaking. As Saxon has reached its current size through a combination of acquisition and organic growth, it operates with a variety of ERP platforms

at different locations. To bring the entire organisation together under one operating system, the company is in the process of rolling out Oracle Enterprise Business Suite across the business. Currently all operations in Canada, the US, Mexico, Australia and Colombia have migrated to the new platform and during 2012 operations in Oman, Pakistan and Venezuela will begin to follow suit.

These three major initiatives each have their challenges, but the rewards are likely to mark Saxon out from its competitors, enabling it to continue responding quickly and flexibly to its customers' needs even as the size of the organisation grows.

The supply chain element of the company is playing a key role in each of these

“I WANT TO MAKE SAXON’S SUPPLY CHAIN BEST-IN-CLASS, AN OPERATION THAT OTHERS IN THE OIL AND GAS INDUSTRY WILL MEASURE THEMSELVES BY”



Saxon now owns and operates
98 rigs in 13 countries

initiatives, defining supply chain standards and processes and rolling them out across the enterprise, as well as defining areas for improvement. Anderson has a very clear ambition for the future. “I want to make Saxon’s supply chain best-in-class, an operation that others in the oil and gas industry will measure themselves by.”

To achieve this aim he has set clearly defined targets for the next two years. “This year we are working to make sure that we have key strategic supply chain partnerships and the right system functionality in place to support growth. We have also realigned our supply chain organisation to better support operations regionally.” One key partnership, for example, is with top drive supplier of choice Tesco Corporation, with whom Saxon has had a strong relationship for many years. TESCO helped support Saxon’s entry into new markets such as Australia and has been influential in improving performance in existing markets.

Saxon Supply Chain Management is organised into three operational regions each with a regional manager. North America (NAM) comprises Canada, the US and Mexico, while South America (SAM) includes Colombia, Ecuador, Peru and Venezuela. The Eastern hemisphere includes Oman, Pakistan and Australia. The company is managed as a matrix organisation: the global supply chain support team comprises over 50 people spread across the regions, tasked with both tactical and strategic responsibilities. They have direct reporting lines through their country managers as well as functional



Saxon employs some 2,700 people

reporting lines stretching back to Anderson at corporate headquarters.

“Next year,” he continues, “as we continue rolling out our new Oracle ERP platform we will begin putting cost modelling processes in place using data collected globally from all sites, and we will begin centralizing procurement. This will then enable us to achieve much better internal efficiency and improve our leveraged position with our suppliers.”

Another big project for Anderson’s team, which is part of SMS and scheduled for 2013, is to introduce the concepts of risk management into supply chain management. Anderson describes this as moving away from reacting to and managing issues that have arisen, and focusing instead on proactively identifying and analysing potential supply chain risks. By identifying risks that could

have a high impact and high probability of occurrence, and developing containment and mitigation plans, business continuity can be much more reliably assured.

These programmes represent a considerable amount of change for Saxon, but change that will transform the company into a strong, flexible and responsive global player. It is perhaps appropriate that the company’s core values are articulated in the acronym STRIVE. Standing for safety, teamwork, respect, integrity, value and empowerment, they are all about creating a high value organisation that is striving to do better. **BE**

For more information about
Saxon Energy Services Inc. visit:
www.saxonservices.com



SAXON ENERGY SERVICES

1700, 700 - 4th Avenue SW

Calgary, Alberta T2P 3J4

T 403-716-4150

www.saxonservices.com

Produced by:

ACHIEVING BUSINESS EXCELLENCE ONLINE

BE Business Excellence

www.bus-ex.com