



Client: **Salym Petroleum Development N.V (SPD)**
 Industry: **Onshore Oil and Gas Operation**
 No. of Employees: **1,000**
 No. of Contracts: **5,200 contractors/subcontractors**
 Operation Size: **Oil production 16,800 – 17,100m³ per day**
 Location: **Headquartered in Moscow, Design and Technical Support Centre in Tyumen and Operations office at the Salym group of oil fields, Western Siberia**
 JMJ Capability: **Creating a cultural shift with the *Incident and Injury-Free™ (IIF™)* Safety Approach**

Operational Excellence: transforming Safety Leadership and Performance, while increasing Operational Efficiency, Reliability and improving Contractor relationships

- Lost Time Injury Frequency Rate (LTIF*) for 2016 is 0.2 in comparison to 0.9 in 2015
- A cultural change across all 1,000 SPD employees and so far 74% of its contractors by developing IIF skills and knowledge (5,410 contractors/subcontractors out of 5,200)
- 274 days LTI free with over 8.3 million worker-hours, a record for SPD over its 13 year history
- High Potential Incidents (HiPo) rate down by more than 50% from 23 events in 2015 to less than 10 in 2016
- More than 20% reduction in loss of containment events
- Reduction in Life Saving Rule violations to 75 in 2016, down from 225 in the previous year



"Our main priority was to reduce our downtime. We have significantly increased our effectiveness in this area, we are now saving money. Good safety performance always translates to good business." **Alexey Govzich, SPD CEO**

"What most stands out is not simply the HSSE statistics; but rather a new and now established 'culture of care' not only for an individual (the Personal Safety), but also for business performance measures (the Asset Integrity/Process Safety and Bottom Line)." **Dolf Driessen, Operations Director**

"We now have greater engagement with our stakeholders." **Dmitry Kostenko, Head of Labour, Industrial and Road Safety**

"The IIF initiative has not only improved SPD's HSSE performance, the spin off has also established shorter communication lines with our contractors which has resulted in better operational performance."

Rob Tinkhof, Well Engineering/Well Services Manager



About Salym Petroleum Development N.V

Salym Petroleum Development N.V. (SPD) was established in 1996, operating as a joint venture between Shell and the Russian oil company Gazprom Neft on a 50:50 basis. Headquartered in Moscow (Russian Federation), the company is engaged in the exploration and production of oil from its Salym group of oil fields in Western Siberia through secondary and tertiary enhanced oil recovery and third party supported associated gas utilisation. SPD actively applies new

* Per million worker-hours



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We needed to do something else in order to change things around and that something else was launching the IIF Safety Approach to address the safety challenge differently and from a different perspective. We couldn't consider our safety performance being ideal when people suffer from injuries during operational performance.

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Alexey Govzich
SPD CEO



technologies in different spheres of its operation, including in the execution of its enhanced oil recovery projects.

Over 1,100 wells have been drilled in the Salym group of oil fields, with an oil production of 16,800 - 17,100m³ per day; annual production volume in 2016 totalled approximately 6.166 million tons.

SPD has 1,000 employees and 5,200 contractors and subcontractors.

Business Challenges

Building on the vast experience and support of its shareholders, SPD went about implementing and developing initiatives aimed to improve operational safety. To name a few: the 'Goal Zero Hero' program, aimed at rewarding employees, contractors and subcontractors who prevent or stop unsafe acts, annual Safety Days to focus everyone together on safety and the roll out of Safety Leadership programs. Another important change saw the restructuring of the HSSE team and the implementation of more controls through processes and procedures and new ways of communicating, from video instructions to posters and films. Great progress was made with these initiatives, gaining knowledge and experience along the way. As part of the overall safety management system, improvements were realized particularly in road safety through the Integrated Vehicle Management System (IVMS) with 1005 violations identified. However, many of the initiatives did not create the desired impact, with little change to safety culture or safety results despite people's best intentions.

SPD had been working on improving its safety performance ever since starting its operations in 2003. While improvements were seen, the company leadership remained dissatisfied by an injury rate which was unacceptably high to them. To note just one metric of performance, SPD saw eight fatal accidents in 13 years of operations with the most recent in October 2014. While this was better than the industry benchmark in Russia it was not good enough for SPD.

With the implementation of a new long-term company development strategy (2020), it was important for shareholders and leaders that SPD achieved a stable safety performance amid its surge in operational activities. An increase in Well Drilling and Well Servicing, as well as extensive infrastructure construction at the Salym group of fields, posed additional risk with high levels of contractor involvement and turnover, including those who are unfamiliar with its HSSE policies. SPD knew these risks would impact its people and processes.

The Salym group of oil fields is located in remote areas of Western Siberia where harsh weather conditions, including extremely low temperatures, add further complexity to its operation and strains on its workforce, facilities, equipment and in particular its infrastructure network.

The distances between the offices in Moscow, Tyumen, Nefteyugansk, Khanty-Mansiysk and Salym challenged communication effectiveness. Communication between Moscow and the field was often delivered as instructions, dictating rules and regulations to the workforce. There is the additional challenge of a rotation management system, where senior managers rotate every three years and new styles of communication and management are brought in. SPD departments were operating autonomously, each with its own goals and KPIs, which often contradicted each other and therefore prevented the realization of one vision.



Employees had little training and were unfamiliar with the need and value of incident reporting. Culturally there was a lack of personal accountability and ownership for the whole safety process (the vision, the operational activity results, safety performance, etc.). There was a traditional approach to working with contractors, using a micromanagement style and delivering instructive one-way communications. During regular periods of unplanned downtime, there was little or no collaboration between the teams or contractors to mutually address challenges or to propose solutions. Overall effectiveness and safety performance suffered.

The future aspirations of the business were being adversely affected by its personal and process safety performance. As a consequence, shareholders were dissatisfied and refused to support a number of proposed projects as confidence was low that SPD could conduct and execute these in a safe manner.

It was time for SPD to see a reasonable, if not dramatic, return on investment (time, money and effort) and see it show up in safety performance and overall operational effectiveness.

SPD's Goals

- To have an aligned vision to guide all levels including its contractors and subcontractors as well as coordinated action resulting in breakthrough results
- To increase safety performance and vastly reduce its LTI rate to below 0.4
- To change shareholders' perceptions such that they see SPD as a safe company and trust it to execute projects without people being hurt
- To form a culture where everyone in the organisation consciously owns and proactively leads safety
- To see employees continually develop and grow, as well as lead and promote SPD's safety culture vision

Collaborative Approach



In June 2015, SPD partnered with JMJ to create a tailor-made project management approach aimed at changing its safety culture. JMJ carried out an in-depth assessment of the operating structure and its unique business challenges through a number of interviews in each business area. The conclusions enabled SPD to understand its operational and safety leadership culture as well as what it needed to focus on to succeed.

Together they created a roadmap defining the milestones and deliverables for a cultural transformation. The roadmap also ensured an aligned approach to realising the desired results regarding safety performance. The approach

covered the entire team working in the Salym group of oil fields (SPD staff, contractors and subcontractors) as well as the SPD employees in the Moscow, Tyumen, Nefteyugansk and Khanty-Mansiysk offices.

To start to shift the attitudes towards safety and begin the alignment, JMJ led the first Engagement Workshops with senior management and representatives of key contractors and subcontractors - held both at Salym and in the Moscow office. The result of the workshops was a team of leaders committed to changing SPD's safety performance and to leading and communicating by personal example.



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JMJ showed us what our current reality really looked like. It told us how the HSSE team functioned and more so, how the HSSE engineers in the field were perceived by the contractors and subcontractors. It enabled us to see more clearly the areas for development and improvement.

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Dolf Driessen
Operations Director, SPD

“

JMJ inspired this process of change with energy.

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Dmitry Kostenko
Labour, Industrial and Road Safety Manager, SPD

Safety Days were then held throughout 2016, primarily in the format of IIF Orientation Sessions in the field and in offices. These sessions make safety personal, relevant and important. A shift occurs in the way employees view safety most often resulting in personal ownership by choice rather than compliance. People develop a greater appreciation and understanding for the systems, processes and procedures in place to keep them and their colleagues safe. HSSE became a clear business line accountability at SPD, complemented by deep personal responsibility for safety.

SPD soon saw a positive shift within the HSSE function; they were no longer giving out ‘penalty tickets’ (blaming the one who did wrong) but instead only recorded violations (what happened). The HSSE function realised they needed to be a support service for and to the business, rather than just enforcing the rules. The workforce started to experience them as partners, not police. Regular discussions next began on safety policies and procedures with contractors and SPD personnel, replacing old style instructions with a personal approach and with the end user in mind. Mutual respect, partnership and trust were generated between the operators, process holders and HSSE specialists. The business began including HSSE performance in its operational reporting.

As a result of these efforts, SPD gained a better understanding of its own operational and HSSE leadership culture as well as identifying what most significantly influences safety.

“Once we got into this, we found out that it’s not just about safety. It was also about the way we operated, the way we communicated, the way we behave towards and around each other. It’s about attitude change.”
Alexey Govzich, SPD CEO

JMJ next shaped SPD’s organisational vision with the local leadership, creating ground-up, as well as top-down input and thereby tapping into the vast operational expertise of the employee base. Middle management collaborated with one another and with members of the senior team. Together they created the future structures that were needed to succeed. They created a set of values defining the way they would work in this new vision of the future: teamwork, honesty, integrity and respect, deliver what we say, listen and care for each other. The team was also committed to a value creation mind-set and a learning development environment. Once its creators were aligned on the vision, it was then approved by Head Office in Moscow and rolled out to the rest of the organisation.

“With clarity about our new future, all the stakeholders and the entire operational value chain became partners and owners of the vision and the results to be achieved. Everyone understood they had a role to play.”
Dolf Driessen, Operations Director

SPD Team Values

- Honesty, Integrity and Respect
- Deliver What We Say
- Value Creation Mindset
- Learning and Development
- Listen and Care For Each Other



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It is great that SPD helped us to change ourselves, our attitude to safety. We have created good habits here today and these habits will work for us tomorrow, and will save our lives.

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Alisher Atamirsaev
Contractor Foreman
Sibitek Limited Company

“

What IIF has brought to safety is that it's personal now and not just a set of rules applied by the HSSE team. I now understood that safety at work doesn't depend on my boss or the HSSE engineer, I have to start with myself and be a role model for my team. IIF for me means, being personally responsible for my own safety and the safety of everyone around me.

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Alexander Paytribratov
Chief Engineer and Site Representative for NEN

SPD Values

The IIF Safety Approach transformed the leadership's relationship to the workforce. They now listened to and valued the views of employees and contractors. The workforce felt a new level of empowerment to speak up and make operational and safety improvement suggestions. SPD's leaders and workforce found themselves on a new plain where personal commitment became commonplace as well as an understanding of one's value in and contribution to the success of the company.

The bulk of the effort was initially focused on the field, where the biggest safety exposures exist. Orientation Sessions were led by JMJ-trained session leaders who came from within SPD's employee and contractor populations. It is always important to build this sustainable capability in and for the organisation. They worked with small groups of 15 to 25 people to create close and intimate dialogues between colleagues. The conversations were field specific and over time were further refined to focus on personal safety, the particular risks pertinent to the group assembled, their beliefs and attitudes. Senior Management listened and gave them the support they needed. The new approach enabled the field workers to lead and implement solutions that they had thought about for years but they had been missing the support and empowerment to act.

“My safety perception has changed after the Orientation Session and the different procedures in comparison to other oil fields I used to work in. After the orientation session I accept these procedures and policies as a must.”
Vasiliy Golub, Global Stroy Engineering Ltd.

SPD included 75% of their contractors within these small groups. This made a huge difference to relationships. Contractors felt listened to, cared about and fully supported. They are now engaged as partners, collaborating with the teams and field workers to identify joint solutions as well as joining SPD on its IIF safety journey. Local IIF Community teams have been formed in the Salym fields, providing contractors and SPD personnel with a channel to raise their concerns, start initiatives and suggest solutions, knowing they have support from the management team.

“The IIF safety culture has resulted in an overall performance improvement which was a rather hard journey before. We now have a common understanding of each other's challenges, we listen to each other and then work together to create solutions.” **Jans Brummelman, Well Operations Team Lead**

As with many complex organisations, the existence of multiple departments in SPD, each with its own goals and KPIs, could surface conflicting commitments. Safety often lost out and became at least secondary in such situations. JMJ's work enabled SPD to find ways of embedding a new operational approach with a 'way of working' based on a clear set of Promises defining how teams were going to work together. The Promises created a platform of clarity about the actions expected of each department. Agreements were reached within and between departments. Project initiatives moved forward at pace and upsets between individuals and/or departments were more easily and constructively addressed.

“Now people communicate more around the bottom line, not just on personal safety, discussing business targets such as production, CAPEX, OPEX and safety barriers. There is a more integrated approach around prioritization as well as mutual understanding.” **Dolf Driessen, Operations Director**

Initially, resistance and scepticism were common among some leaders, employees and contractors. People had seen many safety initiatives fail to



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We discuss together how we can support each other, what we can contribute to deliver the result as a team safely and efficiently.

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Vladislav Lekomtsev
Field Manager,
Operations Department, SPD

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We take great pride that we are now one of the safest companies within Russia. It started with each of us taking on leadership in safety. Together we have overcome an existing stereotype that safety is just a poster on a wall. Now each employee brings safety to his/her family, has conversations with children, relatives and colleagues about safety.

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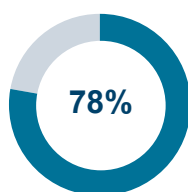
Alexey Govzich
SPD CEO

deliver the promised results in the past both at SPD and elsewhere. However, SPD's leaders knew that some successes in safety had already formed a good basis for a transformation to occur. It took real effort, energy and perseverance from the key people leading the approach to shift the negative perceptions and assumptions. After just 9 months, SPD's safety statistics improved to such a degree that those who had once been sceptical could now see the value in the approach and the changes being made. More and more senior managers came on board and drove change. Greatly increased operational performance emerged, which had a positive influence in the field and in the offices.

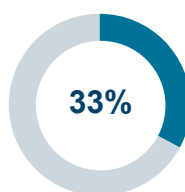
While achieving these successes they also experienced challenges along the way which could have easily disrupted SPD's leaders' commitment to the *IIF* Safety Approach. Instead, the challenges created a stronger engagement to *IIF*. In late 2016, an SPD contractor was severely injured while onsite. SPD leaders handled the incident in an *IIF* manner, taking care and attention of their workforce and contractors. They partnered with the contractor's CEO to help take care of any medical bills; the Management Team visited the contractor and his family to ensure they had everything they needed; and money was also raised from across SPD and the contractor community to support the contractor and his family while he continued his recovery.

Results

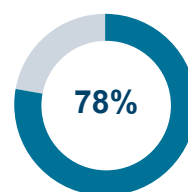
Safety: Safety has always been a focus area for major improvement efforts at SPD. In the early years, safety improvement had been slow but steady. For the first time in its history SPD achieved 274 days worked without a Lost Time Injury. The Lost Time Injury Frequency Rate for 2016 was 0.2, a breakthrough in results from previous years. This is a unique record in the 13 years of Salym's operations. Safety is now a value as well as a priority at SPD. The workforce routinely intervenes in unsafe situations and they are fully supported by the Leadership Team. The indifference is going away, people now look to help each other, and SPD field workers and contractors work in collaboration and partnership. Care and concern is visibly present. This is described as the most significant cultural change SPD has ever seen.



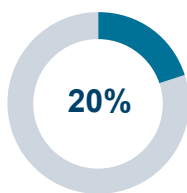
Improved Lost Time Injury
Frequency Rate (LTIF*)
From 0.9 to 0.2



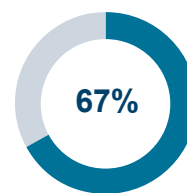
Improved Total Recordable
Incident Frequency (TRIF*)
From 1.2 to 0.8



Reduction in High Potential
Incidents (HiPo) from 23 events
in 2015 to less than 5 in 2016



Reduction in Loss of
Containment Events by 20%



Reduction in Life Saving
Rules Violations
From 225 to 75

Culture: As already mentioned, the vision guides how SPD operates and how its various communities lead and work together. The HSSE team acts



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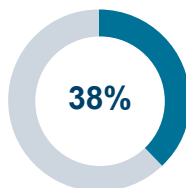
*There is clear evidence
Incident and Injury-Free is
about operational efficiency
and not just safety.*

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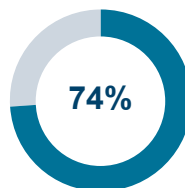
Vladislav Lekomtsev
Field Manager,
Operations Department, SPD

as partners to business leaders and communicates with the workforce in a new and more caring way. They proactively coach and support the workforce in building an *Incident and Injury-Free* environment. SPD departments have created an integrated and collaborative working culture. Deeper relationships and trust have been built between management and the field workers, as well as with the contractors, leading to breakthroughs in performance a few of which are represented in the graphics above. Field workers experience being part of a community that has a positive social culture, where they are listened to and valued, and where safety culture has become a sustainable way of being at work. The SPD Leadership Team has an ongoing commitment to be the best and safest oil producer in Russia.

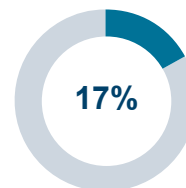
Efficiency and Performance: *IIF* safety conversations are now included in the regular business performance review meetings. The resulting alignment, collaboration and coordinated action has improved business efficiency and performance. Planned Shutdowns are organised and thought through well in advance of commencement of the intense work activity. Valuable planning time is now taken to understand the potential risks associated with shutting down and starting up and the responsibilities and roles critical to success. This has resulted in SPD's most recent shutdowns completing on schedule and within budget with no injuries or incidents.



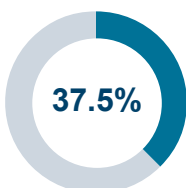
Reduction in Wellpad/Well Cluster Hook Ups to facilities from 21 Days to 13 days



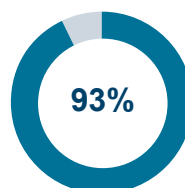
Reduction in the time to bring a well on stream from 23 Days to 6 days



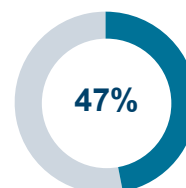
Reduction in Rig Release StartUp Handover time from 134 Days to 111 Days



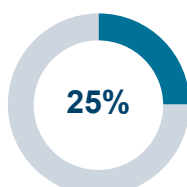
Reduction in Rig Related Non Productive Time (NPT) from 8% to 5%



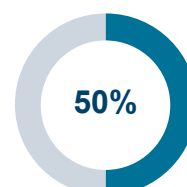
Improvement in Wells Drilled Top Quartile verses plan of 75%



Improvement Wells Drilled Best in Class verses plan of 35%



Reduction in 'Waiting for Material' in CWI by 25%



Reduction in Hoist Related Non Productive Time (NPT) down from 4% to 2%

Reliability: Since the inception of *IIF* at SPD, operational availability and up time have improved such that a 2% increase from 95% to 97% was recorded in 2016. This increase in performance can of course also be seen as having almost halved operational losses year-on-year.



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We, as a company, really want to sustain what we have achieved and, moreover, we want to build on the structures to help us to develop ourselves further. What we have achieved is great and we want to develop more in this area.

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Dmitry Kostenko
Head of Labour, Industrial
and Road Safety, SPD

“My personal involvement in the IIF Safety Approach was very important. It demonstrated my personal safety commitment as well as showing people that it’s not just another business initiative the CEO is trying to push. I shared examples from my personal life with colleagues to show them and try to convince them - do it for yourself, do it for me, let’s do it together. That worked. Some of my management team were believers from the beginning and some were sceptical because a lot of things had been implemented before, but hadn’t achieved the results we were looking for. In some situations it took the support of JMJ to guide us in the initiatives and me offering my personal assurance that we are going to do it the way they think we should be doing it.”
Alexey Govzich, SPD CEO

An SPD Led Incident and Injury-Free Environment

So far, 1,000 SPD employees and 5,410 contractors and subcontractors have participated in *IIF Orientation* sessions. *IIF* leadership teams have been created to lead and own the fulfilment of the vision, with the aim to improve its operational safety culture further. More than 90 SPD personnel have been developed to lead *IIF* Orientations and Supervisor *IIF* sessions. Five *IIF* localized communities have been created at the oil fields.

- **800** managers and frontline leaders completed Supervising *IIF* skills and practices to effectively role model, lead, enrol and coach their teams in their commitment to eliminate worker injury
- **75** managers completed Leading *IIF* skills and practices to help create an environment for the field workers to perform more efficiently, effectively and safely
- **50** SPD personnel and **8** contractors are certified to lead *IIF* orientations to champion the *IIF* culture and introduce employees and contractors to the *IIF* safety culture
- **25** HSSE personnel are now using ‘coaching style’ conversations verses policing
- **3** *IIF* Leadership teams created in Salym, Tyumen and Moscow to lead and own the fulfilment of the vision

Value

“I think the biggest benefit of the IIF Safety Approach is getting into people’s hearts and minds, aligning them with the achievement of common goals and transforming commitment into action. So, when we set a new LTIF record, everybody was proud.” **Alexey Govzich, SPD CEO**

Continuing *IIF* Safety Journey

SPD has discovered and learnt a great deal on its *IIF* safety journey, and remains fully committed to this continuing for greater safety and business performance. SPD will continue to create internal capability to sustain the changes within the organisation. It will also work with the new management team that joins SPD every three years, as well as the existing and new contractors, to bring them into SPD’s operational culture.

Engaging with all people in contracting and subcontracting companies remains a big challenge and one of the future focus areas is to work with these groups on how to lead and manage their teams in an *Incident and Injury-Free* manner. SPD knows how contractor leadership can influence its safety performance and create the right attitudes for an *IIF* culture. When new management and newcomers join, *IIF* champions will help them understand the culture and integrate and work in an *IIF* way.



SPD's Incident and Injury-Free Video



www.youtube.com/watch?v=92Mr7xvjiVU

Who we are

JMJ is a global management consulting company with 30 years of experience serving the energy, manufacturing, mining and construction industries. We partner with leading organisations to see new possibilities, align on ambitious goals and achieve breakthrough performance in safety, productivity, reliability, efficiency and quality. JMJ has a proven track record of enabling cultural transformation that delivers sustainable and extraordinary organisational and project performance. Our approach directly impacts intangible areas including leadership, culture, relationships, moral and employee engagement to rapidly generate tangible business results.

www.JMJ.com

Contact Us

If you would like to set up a meeting to discuss the *Incident and Injury-Free* approach further, please email info@JMJ.com