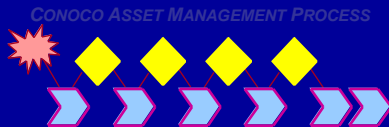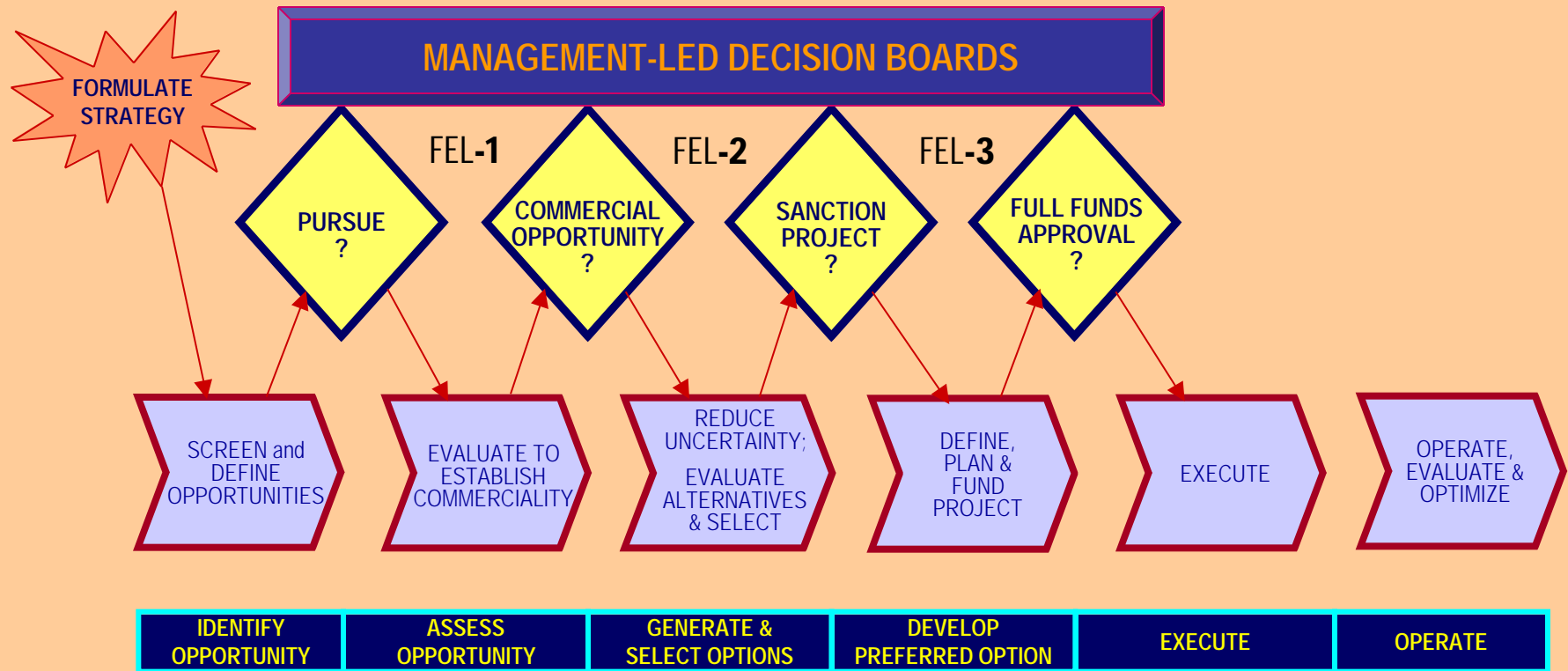# DAAG 2002

THE HIDDEN QUALITY PROCESS

CONOCO

Presentation Objectives

- Describe to you a Hidden Quality Process in the Conoco Asset Management Process;

- Show you an example of the Hidden Quality process;

- Explain the *breakthrough* thinking for Conoco; and

- Solicit input to our Hidden Quality Process.

CONOCO

Term Definitions

- **Conoco Asset Management Process (CAMP)-**A holistic approach to asset management that combines: Team Effectiveness, Strategic Goal Alignment, Decision Mapping and Planning, Performance Measurement; and Knowledge Sharing.

- **Peer Assist-**A lateral thinking process with a focus on providing alternative concepts or approaches. Peer Assists occur before the work.

- **Peer Review-**A vertical thinking process with a focus on quality of thinking, consistency of approach and ensuring compliance. Peer Reviews occur before the decision.

CONOCO

CONOCO ASSET MANAGEMENT

FORMULATE STRATEGY

MANAGEMENT-LED DECISION BOARDS

FEL-1   **FEL-2**   **FEL-3**

PURSUE ?

COMMERCIAL OPPORTUNITY ?

SANCTION PROJECT ?

FULL FUNDS APPROVAL ?

SCREEN and DEFINE OPPORTUNITIES

EVALUATE TO ESTABLISH COMMERCIALITY

REDUCE UNCERTAINTY; EVALUATE ALTERNATIVES & SELECT

DEFINE, PLAN & FUND PROJECT

EXECUTE

OPERATE, EVALUATE & OPTIMIZE

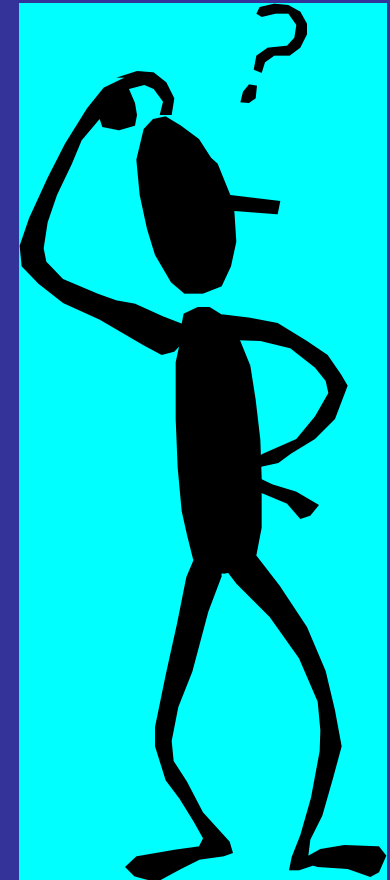| IDENTIFY OPPORTUNITY | ASSESS OPPORTUNITY | GENERATE & SELECT OPTIONS | DEVELOP PREFERRED OPTION | EXECUTE | OPERATE |

CONOCO ASSET MANAGEMENT PROCESS

CONOCO

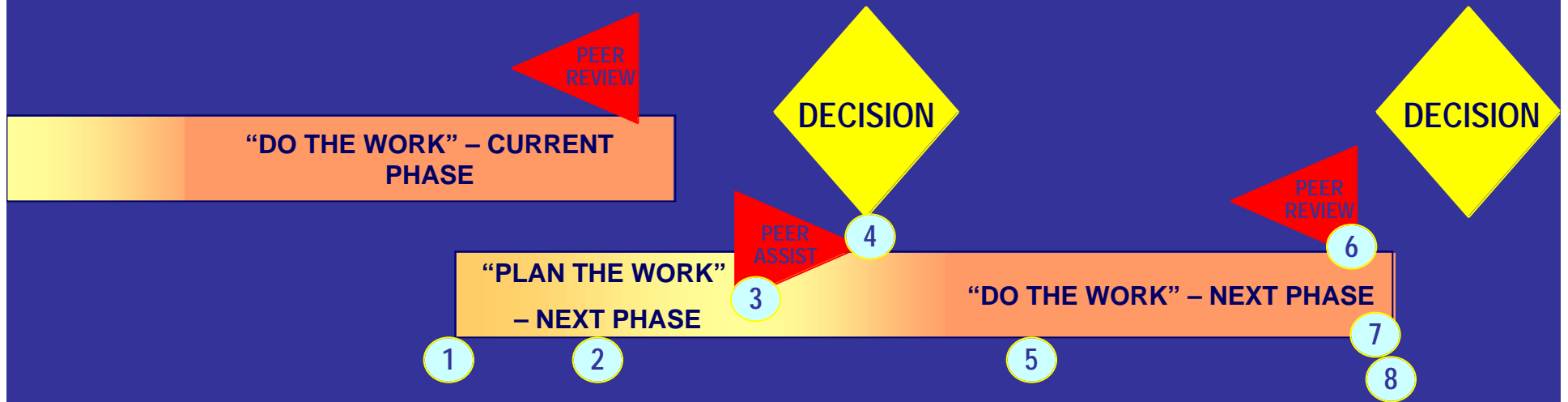# What does the Hidden Quality Process do?

- **For Asset Teams**
  - Ensures that the **Right Amount**, **Right Kind** and **Right Quality** of inputs are being introduced at the **Right Time** in the asset life-cycle.

- **For Decision Makers**
  - Provides a better understanding of the business consequences (future work plan) associated with the decision.
  - Communicates the uncertainties associated with a decision.
  - Communicates opinions from experts about the decision being made.

conoco

THE HIDDEN QUALITY PROCESS

PEER REVIEW

DECISION

DECISION

"DO THE WORK" – CURRENT PHASE

PEER ASSIST

PEER REVIEW

4

"PLAN THE WORK"
– NEXT PHASE

3

"DO THE WORK" – NEXT PHASE

6

7

1

2

5

8

Developing a Quality Plan

Step 1: Establish individual accountability

Step 2: Define Plan
- **Scope & requirements**
- **Acceptance criteria**
- **Process (tools, resources, procedures, validation)**

Step 3: Perform Peer Assist

Step 4: Obtain approval to go forward

Step 5: Develop the product [Do the work]

Step 6: Perform Functional Review

Step 7: Develop Documentation

Step 8: Deliver the product and share/capture key learnings

CONOCO

As an Example

- **The Scene-**
  - Last month our Drilling Expert and other Asset Team Members gathered data on an exploration opportunity.
  - The Asset Team has determined the opportunity is worth pursuing, but, they need the Decision Makers approvals to go forward.
  - Our Drilling Expert has held a Peer Assist to help define what resources, tools and information will be required to make the decision to bid on the opportunity.
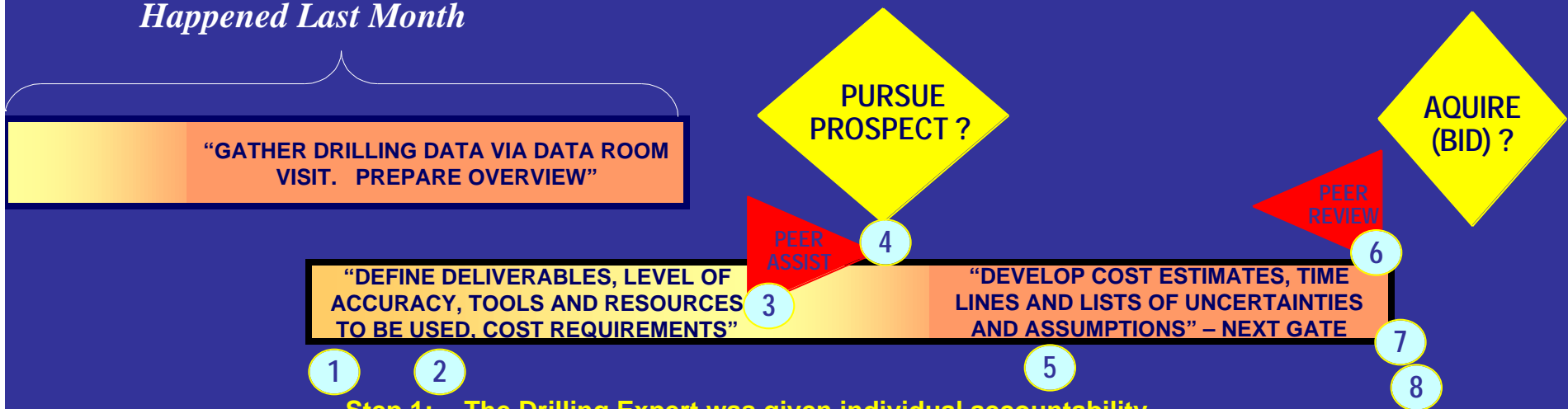
CONOCO

As an Example

- **The Decision Today-**The Decision Makers will decide if the Asset Team should pursue this opportunity.

- **The Next Decision-**The Decision Makers will decide if the Asset Team should bid for the opportunity.

- **The Teams Goal-**Provide the Decision Makers with all the information necessary to make an informed decision today.

CONOCO

THE HIDDEN QUALITY PROCESS FOR DRILLING INPUTS

Happened Last Month

"GATHER DRILLING DATA VIA DATA ROOM VISIT. PREPARE OVERVIEW"

PURSUE PROSPECT ?

AQUIRE (BID) ?

PEER ASSIST

PEER REVIEW

4

6

"DEFINE DELIVERABLES, LEVEL OF ACCURACY, TOOLS AND RESOURCES TO BE USED, COST REQUIREMENTS"

3

"DEVELOP COST ESTIMATES, TIME LINES AND LISTS OF UNCERTAINTIES AND ASSUMPTIONS" – NEXT GATE

7

8

1   2

5

Step 1: The Drilling Expert was given individual accountability.

Step 2: The Drilling Expert defined the work plan
- Scope & requirements;
- Acceptance criteria; and
- Process (tools, resources, procedures, validation).

Step 3: The Drilling Expert held a Peer Assist to validate Step 2.

Step 4: Today, the Decision Makers are being asked for approval to go forward. If they say *yes*, they understand the future work plan given the information from Steps 2 & 3.

Step 5: The Drilling Expert will develop the product [Do the work].

Step 6: The Drilling Expert will hold a Functional Peer Review to validate the work.

Step 7: The Drilling Expert will develop documentation about Steps 5 & 6.

Step 8: The Drilling Expert will deliver the product and share/capture key learnings when the Decision Makers meet.

CONOCO

Conoco's *Breakthrough* in Thinking

- Bring the **future** work plan definition to the Decision Makers at the time of the decision to do the work.

- Provide the Decision Makers the opportunity to consider, comment on, and agree to the future work plan **before** the work is started.

CONOCO

Presentation Summary

- Conoco has developed a Hidden Quality Process that provides Decision Makers with <u>more</u> information when they are about to make a key decision.

- Conoco uses Peer Assists to:
    - Expand the range of thinking;
    - Validate the *how* to work;
    - Validate the *what* to deliver; and
    - Identify the resource requirements associated with going forward with a decision.

CONOCO

Presentation Summary

- Conoco uses Peer Reviews to:

  - Validate the recommendation;

  - Validate the work performed;

  - Validate the product to be delivered; and

  - Identify the uncertainties remaining.

- The Hidden Quality Process is repeatable between Decision Gates.

CONOCO