

Programme to Develop Local National Employees to Replace Ex-Pat Managers

Article on the Development of Managers in an Oil & Gas field in Kazakhstan

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Abstract

This article describes the process of achieving a really positive win from investing in developing the management skills of a workforce. Kazakhstan Petroleum Operating (KPO) is a company with 4 major investors. The licence to develop a huge oil and gas field required the investors to progressively replace ex-pat managers with Kazakh nationals.

This article explains how over 150 managers were developed through a 2 year programme. The programme combines earning a qualification from the respected Chartered Management Institution with a second year creating projects to make improvements in the operational effectiveness of the field. The third and final year group have recently graduated and they will produce a return of \$6m-\$7m on an investment in a number of projects of \$600k. In addition there has been spectacular personal growth with most of the graduates having received two promotion steps, many three and one person four steps.

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Client's Facilities in Kazakhstan



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Background

The Karachaganak field in north western Kazakhstan is one of the world's largest gas and oil condensate fields. It was originally developed in the 1980's when Kazakhstan was part of the Soviet Union. 4 companies signed a joint development agreement with the Kazakh Government in 1997. The companies include BG Group, the FTSE 100 Company, which was originally a part of the nationalised British Gas. BG-Group is an exploration and production company and work with ENI the Italian as major partners in the field with Chevron of the USA and Lukoil of Russia as minor partners in the development of the field, the processing of the product and its export to both Russia and down the Caspian pipeline to the Black Sea for export to Europe and other markets.

One of the terms of the agreement with the Government ties the partners to create a development programme to enable the progressive replacement of ex-pat managers with Kazakh nationals. AQK Change Management worked for Management Transformation Ltd to create a 2 year programme for 3 year groups comprising in total more than 150 people.

Client Goals

- To fulfil the requirements of the Agreement with the Government ahead of the schedule agreed with them.
- To sharply reduce operating costs when the Kazakhs replaced the costs of employing ex-pat managers.
- To complement the excellent development of technical skills and knowledge being delivered by BG and ENI in the UK and Italy with a programme to develop the critical people management, problem solving and planning skills required to be an effective manager in this demanding business.

Programme Aims and wider benefits

- To enable the growth of management capability from entry point into management roles rather than have to buy it in later. This has enabled them to retain all the experience of the local employees and put it to more productive use.
- Develop management strength in depth by the rapid development of over 150 managers with good technical skills and experience complemented by our skills development programme.
- The programme has also enabled employee's development to be reviewed over a 2 year period, which has enabled soundly based decisions to be made about the longer term potential of individuals. Over 90% of the employees on the programme have been promoted once, many twice and a few are now successfully working in roles 3 steps up from where they started on the programme.
- The Oil and Gas industry is a global business and people of talent are able to work in a huge variety of locations across the world. By investing in their

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people the Company are aiming to both retain talent and be able to protect their investment through the enhanced opportunities the programme has enabled.

- The cadre of successful graduates from the programme are forming a cohesive and cooperative group within the business, which has enabled much greater operational cohesion. The original Unit in the field, which is being modernised from the original soviet era development, has very few ex-pat departmental managers. The 2 ex-pat managers who work 28 day on and 28 day off rota have commented on how few communication problems they now have in consequence of the development of the Kazakh nationals.
- The perception of the business in the eyes of local people from individuals through to local and national government has also been substantially improved as they have seen the tangible changes the programme has enabled.

Initial Reactions of Delegates

- Reactions were mixed given the wide age range of delegates, from relatively recent graduates to very experienced people in their mid to late 50's.
- Many of them were extremely sceptical. They thought that management were running the programme to satisfy the Government but did not have any intention of releasing the ex-pats from the management positions.
- Some of the older delegates especially had been brought up with an exaggerated respect for technical competence and expertise and had not recognised the power of effective people management skills. In consequence at the beginning many of them felt that they had little to learn.
- There were also some older delegates who, while keen to learn, were surprised that the company was prepared to invest in people of their age.
- On the other hand many of them were extremely keen to learn and they applied themselves very effectively. The methods employed (see below) were very different from any other learning environment they had experienced and they responded enthusiastically.

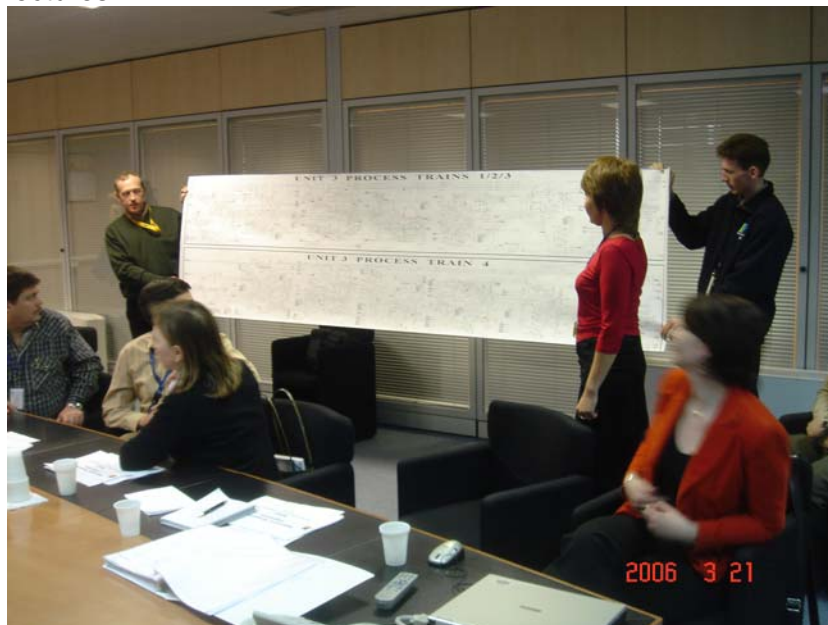
Delegate Reaction after 6 months

- They were almost without exception fully committed to learn.
- They had started to see that management meant what they said because some of them had had promotions.
- Most of them were very happily surprised at how much they were learning and that it actually worked when they used what they had learned with their teams.

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Programme Methods

- The programme material is delivered in a highly interactive way, which requires the active participation of all delegates. All the first year modules are delivered over 5 days. The main content of the programme is delivered during the first 3 days. The delegates work in teams for the balance of the time on tasks which flow from the content of the first 3 days. Also during the last 2 days each delegate has a one to one coaching session with the Module Facilitators. Each module was normally delivered by a UK based experienced facilitator in partnership with a member of the company's Training and Development department, who also translated. The combination of skills was very effective and incidentally gave the local facilitator a great opportunity to develop their knowledge and skills.
- During each module in the first year they work in teams on a variety of tasks. They are encouraged to effectively challenge each others ideas and behaviours, but they are also encouraged to be supportive especially when colleagues respond positively to feedback. Their confidence and capabilities grew as a consequence.
- There is a minimum of "chalk & talk" or PowerPoint type tuition. Some information is given to them to work with to complete a particular task. Sometimes there was a competitive element to the tasks sometimes not. Each task they had to complete required someone to act as leader and someone to present the outcome effectively to whole group. Their confidence and skills in leadership and ideas development and presentation grew rapidly during the programme and was an essential enabler of the year 2 programme described below. In summary they learned by doing things not by listening to lectures.



- The first year was closely tied back to the work place because each delegate had to complete a post module assignment after each of the 6 modules. This was a core requirement of the Chartered Management Institute syllabus they followed, which is described below. The post module assignments require the delegates to use and to give evidence of how they have used what they have learned.

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- The second year was designed to embed the learning through the completion of a practical work based project in teams.



First Year Modules

- Organise and develop yourself. "This unit is about planning and organising your own work so that you can achieve the objectives given to you by your manager. It also covers identifying your strengths, weaknesses and planning what training and development you need to carry out your responsibilities now and in the future." CMI syllabus
- Organise and communicate information. "This unit is about handling the information you need to lead the team, communicating effectively with other people and organising and leading team briefings" CMI syllabus
- Organise and Improve your Team's work. "This unit is about making basic work plans for your team, briefing team members, checking their work and giving them feedback on how well they are doing in order to maintain/improve the quality of their work." CMI Syllabus
- Organise your team's resources and ensure your own actions reduce risks to health and safety. This module was designed and delivered by AQK Change Management. "This unit is about making sure your team members have the resources they need (equipment, materials, facilities and appropriate power sources), that they use these resources efficiently and effectively and making sure that your workplace and the working practices of you and your team are healthy and safe." CMI Syllabus
- Maintain and develop effective working relationships. This module was designed and delivered by AQK Change Management. "This unit is about maintaining and developing good working relationships with your team members, with your manager and with people outside your team (such as internal and external customers, suppliers, other team leaders and specialist staff)." CMI Syllabus

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- Help your team members to develop their performance. "This unit is about helping your team members to achieve the standard of work that your organisation expects." CMI Syllabus

Second Year Programme

- During the fourth module in the first year they are introduced to the compelling need for all businesses to identify ways to make significant improvements in their operational and financial effectiveness. They learn how to improve a "factory" using a business simulation tool developed for the introduction of lean manufacturing. They apply what they have learned to identify potential operational, procedural and safety improvements. This module was designed and delivered by AQK Change Management.
- The second year, which was also designed by AQK Change Management, builds on this to create a practical route to ensure that what the delegates learn in the first year is embedded and applied to deliver practical and tangible benefits to the business, which more than repay the cost of the programme.
- During the first module, which is run over 7 days, the delegates learn how to properly construct and manage an effective project from concept development to final hand over and close out. The deliverable from the first module is a project charter from each team, typically 2 per module, which they have sold to their Unit Management. In consequence their project was able to start on the development and approval processes required to acquire the budget for their completion. The 6 project teams AQK Change Management worked with in 2007 developed projects with an investment requirement of c\$600,000 and an estimated payback in excess of \$6million. In addition they stimulated other related projects where the improvement idea was used to successfully tackle similar problems elsewhere in the business.
- During the 2.5 day second module they continue to refine and develop their project and present it to the top field management.
- The final 5 day module enables them, some 6 months from starting to ensure that, either the project has secured a place in the following year's budget or the funds to complete it in the current year, typically during the plant shutdown period.
- In consequence the aims of the second year are met.
 - To learn how to develop and deliver a project
 - To understand and gain first hand experience of using the various procedures required to get budget approval and ensure they are able to get their project through the engineering and contracts and procurement procedures.
- As a result the Key changes achieved are
 - The employees gain enormous confidence as a result of successfully identifying, developing, selling and delivering a significant project.

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- Their management have the opportunity of gaining a totally different perception of their capability and potential.
- Last and by no means least they make a huge financial contribution to the investment in their development, in fact they comfortably prove that developing your people is profitable.

Summary of Programme Deliverables

- Improved operational performance
- 90%+ have had a minimum of one promotion many two and several three steps
- The speed of release of ex-pats has exceeded the government's target with significant cost savings in consequence
- Huge benefits have accrued from the second year projects none of which had been identified by other means. If you encourage the people close to processes to seek improvements it is amazing what they can identify.
- A huge increase in the confidence and capability of all the delegates.
- A huge increase in the Senior Management's confidence in their Kazakh colleagues.

Client Feedback from their web site

"The management training complements on-the-job technical training that our company provides to its local personnel as part of this Programme. The participation in this course has helped our employees to accelerate the development of their skills and this will undoubtedly play a positive role in their future careers".

"The course is based on best international training practices which have proven very efficient. Following the success of the first enrolment we decided to run an additional SMP course in order to give an opportunity to other employees of the company to study under this programme".

Summary – Key Success Factors

- **Client Commitment**
 - Committing the resources in terms of administration support, Co-Facilitators and Delegate and Management time
 - Demonstrating that they intended the programme to succeed through the recognition through promotion of delegate's progress
- **Delegates**
 - Hard work, enthusiasm and willingness to learn
 - Commitment to the programme both during the face to face sessions and for the post module assignments.

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- Their creativity and drive to identify improvement opportunities for the second year projects and to sell and deliver them

➤ Methods

- Highly interactive and a minimum of chalk & talk
- A focus on learning by doing
- Re-enforcement with work based activities in both years of the programme, which embedded the learning by its being put to successful practical use
- The huge increase in delegate confidence which flowed from the support and challenge activities in their groups and the need to make a large number of presentations throughout the programme.

➤ Experienced and Enthusiastic Facilitation

- The facilitators are all experienced and successful business people with relevant work experience to draw on to support the delegates
- The commitment and belief of the facilitators