



A step change for the better

One of the biggest joint ventures in China is currently underway between Shell and a state-owned oil company. It is up to a team of Western consultants to make sure the \$4.3bn programme goes to plan. We report on their progress so far

CSPC is a joint venture between Shell Petrochemicals and CNOOC, a state-owned oil company. The investment is worth 4.3 Billion US\$ and the new-build petrochemical plant will produce low-density polyethylene and high-density polyethylene. The plan is to have the product in tank by January 2006. In December 2003, CSPC contacted The Coverdale Organisation to manage the project.

"The main business needs for CSPC were to ensure that the commissioning of the plant went according to plan, that operations began on time and that the plant met its production targets and any other measures that may be set, such as safety and quality," explains Coverdale's lead consultant, Mike De Luca.

A workforce of around 1,300, of which 160 will be expats, will operate the plant. The staffing level will eventually reduce to 900 in the operational phase. This is in stark contrast to most state-run plants, which operate with 10-15,000 staff.

Staff are being recruited from 23 different Chinese provinces and 16 different expat countries. It was recognised that bringing together countless languages, dialects and cultures would pose a major challenge. As

most staff need experience, it also means that much of the workforce comes from other large Chinese petrochemical plants, all of which have different ways of working.

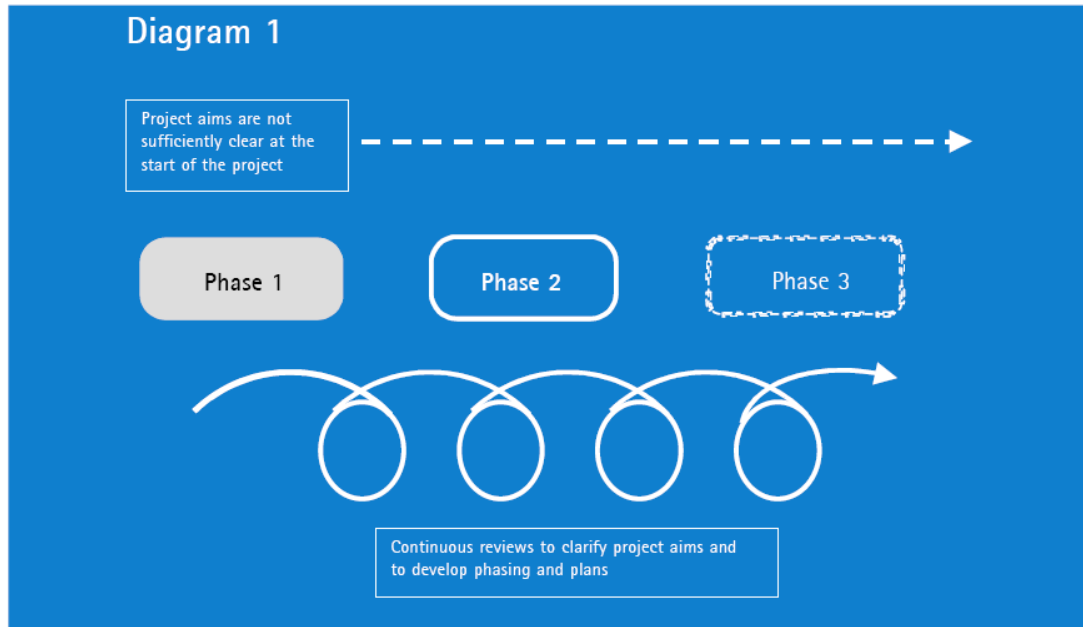
"The traditional management style in China is command and control and therefore the workforce will do exactly as they are told and carry out instructions to the letter. However, they will do no more," says De Luca.

The culture of deference to authority means that no-one will take personal responsibility for doing anything without being told and would never cause the boss to lose face by suggesting there might be a better way of doing something. This means that any improvements can only be initiated and implemented top down.

"This can work in an organisation where there are 15,000 people and a structured hierarchy with all commands being sent down the line and more than enough people to carry out all instructions. Obviously this style cannot work in a plant with only 1,300, or more challenging, 900 people, working to a tight deadline in a high-risk environment and producing a high quality product to demanding standards," says De Luca.

Because this was an open project where the overall project aims were insufficiently clear at the start, it was important to treat this cyclically, holding continuous reviews to clarify the aims and develop phasing and plans (see diagram 1).

- Develop a communication strategy and plan
- Experience some of the tools and techniques that the workforce would be using so they could support.



Three phases were set for the project – setting the model, consolidation and sustained performance improvement. Here we outline each of these phases.

There was also an option for one-to-one coaching to help senior management operate in an appropriate style. Several senior managers took up this option.

Phase one: setting the model

First, Coverdale worked with the management team to:

- Gain clarity about the meaning of 'world class' and how it would be measured (see diagram 2)
- Deepen the understanding of company values and the behaviours which would support them
- Help them develop their own behaviours so that they set the right model
- Agree the critical success factors for this project so that they could be monitored closely



This first phase also included raising in-house capability so that CSPC staff could take over from the consultants. This involved the development of two roles – coaches and lead coaches – to deliver workshops to the workforce and to support people back in the workplace. “This development lasted several months and led to a team of 16 highly trained, confident, initiative-taking change agents,” says De Luca.

Coverdale designed and began the delivery of a series of three and four-day workshops for the whole workforce. “We recognised that to become world class in the petrochemical industry the company would have to be operationally excellent,” says De Luca.

The workshops helped employees learn a set of tools and techniques to provide a common method for working. They aimed to improve skills such as reviewing, time management, planning and co-operating with others. Staff were also given a task to complete back at work to ensure transferring of learning. All workshops were opened and closed by a member of CSPC’s management team to help show commitment and support.

Phase two: consolidation

The purpose of this phase was to ensure implementation was going according to plan and ensure quality standards were being met, while transferring ownership to CSPC.

During phase two, which is still ongoing, CSPC staff have delivered the workshops without Coverdale presence. They have also tracked and monitored the application of the workshop themes in the workplace, which has included application review days where delegates come back together eight to 10 weeks after their workshops to share experiences. Questions about the programme were included in the annual people survey and an intranet website has been developed with

information about the programme, including training information.

Phase two has also included auditing and providing virtual support to ensure quality delivery. “This has involved sending evaluation forms from workshops, key learning generated by participants and learning graphs to Coverdale until such time that the CSPC coaches felt confident to take this over for themselves,” says De Luca.

Phase three: sustained performance improvement

The purpose of this phase – due to take place in quarter one of 2006 – is to review, assess and propose next steps to help the organisation become ‘world class’. “This will result in new aims and criteria with targets and timescales, plus a plan of the journey to the next level,” says De Luca.

However, there is still a long way to go. This plan will be implemented from quarter two of 2006 until quarter two of 2007. In quarter three of 2007, it will be time for another review to continue to improve performance.

As the project is currently in phase two it is difficult to assess the longer-term aims. But De Luca is happy to report how shorter-term aims have been met.

“The timescales for phase one have been met and phase two is on schedule, with workshops rolling out as planned,” he says. “Coverdale’s involvement was delivered under budget. There is now a common set of tools and techniques installed and common methods of working along with a greater understanding of what the values mean and the behaviours needed to support them. This has created one CSPC culture.”

A number of lessons have also been learnt. According to De Luca, one of the biggest challenges working in China is that there is no such thing as a plan. "You may think there is, you may even have agreed a plan and confirmed who is going to do what right up to the day before – that does not mean it will happen.

"There is also a mind-set of short-termism, which is related to the difficulty with planning. For example, if you ask if everything is OK and get the answer yes, it means everything is OK right now. The next hour will not have been taken into account when answering the question. If a decision is taken, the implications of this decision will not have been thought through. Therefore you must be prepared to be incredibly flexible. The learning is plan, plan, and plan – and have a contingency. Assume nothing and explain everything in detail or be prepared for a surprise," he says.

Other challenges included language. "Many people speak English and in fact it is the language of CSPC. However understanding is not always what you think it is. For example if you ask, 'Do you understand?' No-one would say 'no', because this would be an insult to your ability to make yourself understood and they are far too polite to cause you to lose face," says De Luca.

With terms of reference constantly changing, incredibly short timescales and a tight budget, CSPC's management team was dubious of the programme's success at first, but this soon turned around. Tang An, HR director at CSPC,

says: "We were concerned initially about cultural fit and changing mind-sets was always going to be a major challenge. However, the pilot work gave us confidence and now people are actually thinking differently and using the new tools and techniques. We can see how they have helped our people to take the best from the West and combine it with the best from the East."

Learning Manager Mike Cunningham, who is in charge of the programme, was delighted at the way things progressed. "We always knew what we wanted from this but were unsure how we should go about it. One characteristic of this kind of work is that things develop and change as you work through the various stages. That meant we had to be on top of things at all times and be quick on our feet – both flexible and prepared to change things at short notice. What I liked about Coverdale was that it didn't matter what we threw at them their starting point was always how they could make it work and then they just got the job done."

CSPC chief executive, Simon Lam is equally pleased with all the programme has achieved so far. "What is really important to us is transfer of ownership, sustainability and self-sufficiency. We now have our own people running this programme and several hundred people who have embraced the whole concept and new ways of working," he says.

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