

New era dawns for NIS

Teamwork identifies the way forward for Serbia's national oil and gas company

Serbia's state-owned oil and gas company, Naftna Industrija Srbije (NIS), is going through radically changing times. The Serbian government is planning to privatise NIS, and the company's management team recognised a pressing need to optimise company operations.

Having asked Shell Global Solutions to work with NIS to develop a business-improvement plan, Petar Stanojevic, Naftna Industrija Srbije director of development and investment, says, "We needed new tools and methods to increase efficiency and, ultimately, profitability, but we did not have enough skilled people to really stand back and analyse how we work and to quantify the future possibilities."

Charles Gent, programme manager, Shell Global Solutions International BV, led the Shell Global Solutions team that reviewed organisational effectiveness; health, safety and environmental issues (HSE); margin improvement; asset management; and supply chain, distribution and business processes at the NIS refineries in Pancevo and Novi Sad.

"NIS recognised that internal changes were necessary and has reorganised the company's structure. The new management team is committed to the challenge of improving NIS's assets and ways of working to enhance competitiveness with peers in neighbouring European Union countries," says Gent. "The company required a clear plan for growth – crucial for negotiations with any potential partners. And, in this period of positive market conditions, the company was looking to optimise margins."

Stanojevic is enthusiastic about how the process was embraced internally. "Our staff soon wanted to cooperate with Shell Global Solutions. The consultants were very sensitive to individuals and were always very positive and constructive in their questioning and feedback," he says.

"Sitting alongside each other in relaxed settings such as mealtimes, as well as during the more formal work, helped to foster a real spirit of teamwork."

For example, Shell Global Solutions and the NIS HSE team worked very effectively together, which enabled them to realise the potential for the future and create an eagerness to develop new ways of working. In addition, Stanojevic is pleased that two teams from the refineries and from upstream were able to visit Shell facilities in The Hague, the Netherlands, to learn more about benchmarking.

Stanojevic says, "We had independently identified investment ideas and initiatives that would cost us \$500 to 800 million, and a review of the investment priorities by Shell Global Solutions pointed to significant cost savings."

The privatisation process meant that an extensive range of stakeholder opinions needed to be considered. A strategy workshop held with the NIS management team, at which the review's findings and recommendations were discussed, was extended to include Minister of Energy and Mining, Radomir Naumov, and his deputy, Slobodan Sokolovic.

"We became involved in a much wider programme of stakeholder engagement, with interest from the government and the privatisation adviser, Merrill Lynch International. They were interested in how our recommendations could impact on future investment and the business improvements that would support the privatisation process," says Stanojevic.

Stanojevic concludes, "We have started on a journey, and looking ahead the implementation of the business-improvement plan is the next step. We really need to work hard now to close the gap between how we work and how the best in the business act. We need to educate people – to train them and keep them motivated. It is a big challenge, but we are confident that, working with Shell Global Solutions, we are well placed to achieve it."

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