

"Improving supply chains decision making"

Differences and inconsistencies in supply chains....

Svein-Egil Hoberg Director KPMG Norway

KPMG is one of the worlds largest professionals firms delivering services using local expertise with a global network

- Over 152 000 employees in 156 countries globally delivering services within Audit, Tax and Advisory, and with deep sector expertise
- 40 000 of these employees work in Advisory
- Advisory is split into three parts
 - Management Consulting
 - Risk Consulting
 - Transactions and Restructuring
- KPMG Norway has 1000 employees, 220 in Advisory of which120 in MC
- KPMG Norway is a part of a European collaboration, KPMG ELLP





Over the last 7 years KPMG ELLP have made great progress



Management Consulting in ELLP



Our clients tell us about these issues, which ones are important to you?



The consistency and quality of measurement of technical progress on the project, required both for effective project management and as a basis for revenue recognition

Project reporting

The quality and consistency of project reporting, primarily with respect to monthly reporting and follow-up of the project

Cost management The quality and consistency of cost reporting and estimation of final costs, again required both for effective project management and as a basis for accounting

Management practice

The management (best) practices, and which should be considered for codifying / standardising Areas noted during the course of an audit which require focus or further investigation

Operational Audit – a mix of audit techniques and supply chain methodology

- A test of internal systems and procedures used for the production of goods and services
- The aim is to detect efficiencies and output compared to own goals and / or comparable production (benchmark).
- Based on an objective approach on cost allocations, work flows, processes, time consumption and relationships between functions in the value chain.
- In operational units Operational Audit means a thorough analysis of planning processes and operational processes focusing resource utilization and capital employed.

Collaboration is essential. Working in "silos" is normal

Project control:

Project controler focus on financial progress and financial reports

Project planner focus on technical progress and progress reporting

Project manager has limited capacity to go into detail in complex projects

Project improvements:

Improvement work more often in"silos" than accross functions

Low degree of lessons learned between projects

Not capacity to improve

next project is more

important

The providers of olifield products, systems and services are characterized		
by large ar		
several na	 Financial and technical progress is monitored on 	and
their custo	different criteria	
	• Technical progress can be followed by judgment,	
	while financial progress can be monitored by	
Soveral on		

accounts in various ways

- Differences between technical and financial progress

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- Several oper Different, and some times random use of progress registration
 - Inadequate progress reporting from subcontractors
- Differences
- Differences between planned and actual progress

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Several operators experience following challenges in their projects:

- Differences Component- and fabrication prices are not updated.
 - Components are missing in bill of materials. Budgets not revised after variations orders.

- Difference:

- Differences between the budget and actual cost

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Several operators experience following challenges in their projects:

- Differences hotware technical and financial program

- Differences | Weak reporting structure in projects
 - Different reporting rules and routines in different business units, locations and countries
- Differences I
- Weak consistency in financia and projects

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Several operators experience following challenges in their projects:

- Differences between technical and financial progress
- Differences between planned and actual progress
- Difference:
 Weak cons
 Lack of training and/or guidelines for reporting progress per activity (eg, when is X% completed of an activity?)
- Weak consistency in pro-

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- Differences between technical and financial progress
- Differences between planned and actual progress
- Differ Complex projects often require special systems for project
- Weak planning and progress monitoring
 - System selection may also be driven by customer
- Weak requirements
 - Communication with ERP can be a challenge
- Multiple LL systems w.

Juon problems

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- Differences between technical and financial progress
- Differences between planned and actual progress
- Differences between the budget and actual cost
- Weak co
 - Discrepancies between customer contracts and
- Weak co delivery plan
- Multiple I Missing partial deliveries may also cause delayed payments

- Delayed milestone pay.

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Operational audit - Reporting and proposed actions



Supply chain management must be addressed broadly, and focused on the right needs...



Experienced Value Chain Issues in the Oil Service Industry



A supply chain optimization voyage must be systematic, but will always be challenging



International Norwegian provider of subsea oil and gas products

KPMG reviewed two major construction projects in which project- and cost progress management in order to ensure the robustness and consistency of the reporting system. Some weak point were identified and they are now closed by the client

International Norwegian provider of offshore drilling products

KPMG reviewed two systems and equipment projects in which project- and cost progress management in order to ensure the robustness and consistency of the reporting system. Further KPMG review the purchasing planning processes. We identified several weak points which they now are working to close

International Norwegian provider of maritime equipment

KPMG assisted the client to analyze and improve the value chain, performance measurement and the working processes across four locations in Europe. This work included planning, purchasing, engineering, fabrication and installation and aftermarket operations of Ro-Ro constructions, winches and cranes for the ship yards and ship owners.

International provider of offshore drilling products

KPMG consultants assisted the client to analyze and improve the value chain, performance measurement and the working processes across four locations in Norway. This work included planning, purchasing, engineering, fabrication and commissioning of offshore drilling equipment and drilling packs, standard and non standard.

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The whole team must collaborate !!





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