



Creating a differentiating capability through people, culture and leadership

John Chacon

Lean Specialist

Aera Energy LLC





About Aera

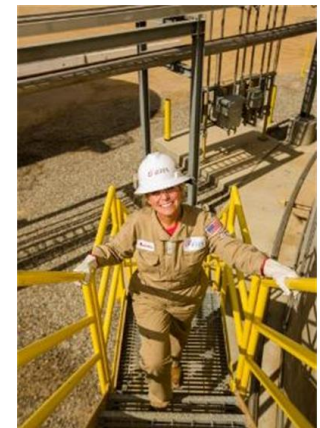
- Began operating June 1, 1997
- Consists of the California onshore exploration and production (E&P) assets formerly operated by Shell, Mobil and Arco
- Jointly owned by affiliates of Shell and ExxonMobil





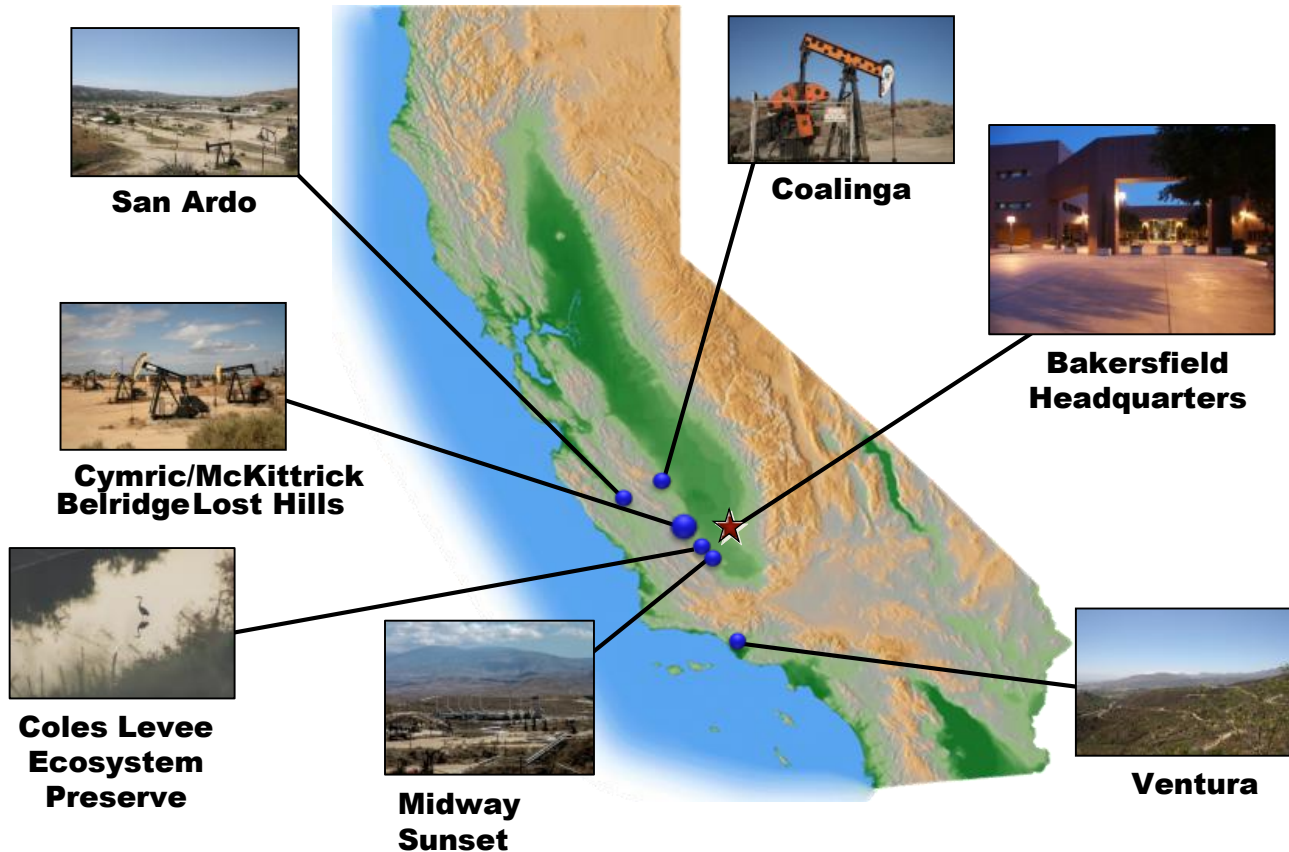
Aera at a glance

- Headquarters Bakersfield, California
- Employees 1,400 employees
- Daily production 130,000 barrels of oil per day
35 million cubic feet of natural gas per day





Where Aera operates





Purpose

Our energy achieves what others cannot
and creates success for those we touch

Vision

- Inspired people of common purpose
- Protecting people and environment
- Unsurpassed value creation
- World class process performance
- Renowned and respected for excellence
- Respected community member

Values

- Being part of something special
- Founded upon honesty, integrity and trust
- Passion for learning and improving
- Being accountable to each other
- Bias for action



The mind map is a comprehensive visual representation of a strategic vision for the next five years, centered on 'Systematic Daily Improvement'. The central node is 'NEXT 5 years', which branches into four primary domains:

- Safety:** This branch emphasizes 'Safety is Personal Living' and 'ZERO ACCIDENTS'. It includes a sub-branch for 'Safety' with notes like 'I don't want that number change' and 'Safety is personal living'. It also mentions 'Safety professionals care deeply' and 'Safety is a personal living'.
- Processes & Technology:** This branch focuses on 'ANALYTICS', 'NEW DATA', and 'Agility'. It includes a sub-branch for 'Processes & Technology' with notes like 'we don't know what we don't know' and 'challenge old beliefs'. It also mentions 'Data serves decisions' and 'Continuous Improvement'.
- Aera Academy:** This branch highlights 'TEACHERS', 'JOBS PREPARED', and 'KNOWLEDGE TRANSFER'. It includes a sub-branch for 'Aera Academy' with notes like 'TEACHERS', 'JOBS PREPARED', and 'KNOWLEDGE TRANSFER'. It also mentions 'EXPERIENTIAL LEARNING' and 'ONBOARDING'.
- Lean Connection:** This branch focuses on 'LEAN CONNECTION VISION', 'TRANSFORMATION', and 'EVOLUTIONARY'. It includes a sub-branch for 'Lean Connection' with notes like 'LEAN CONNECTION VISION', 'TRANSFORMATION', and 'EVOLUTIONARY'. It also mentions 'One Aera' and 'LEADER STANDARDS'.

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Lean & continuous improvement



Key words

- Systematic approach
- Strategy deployment
- Very visual – transparent
- Daily kaizen
- Leader standard work
- Leaders coach, mentor, teach
- Daily improvement – way of life
- Rhythm



Key phrases

- Army of improvement agents
(Community of problem solvers)
- Everyone is an SME
- Core group (LDT) looking outward



Culture is critical to achieving vision





Systematic daily improvement

Focused on creating a culture of team-based problem solving to generate meaningful business results

Four key systems:

- **Strategy deployment**
 - Everybody understands the plan, and how they connect to it and support it
- **Visual management**
 - It is clear at the team level, whether we are winning or losing on critical metrics
- **Daily kaizen**
 - If we are losing, what ideas can we come up with today to close the gap?
- **Leader standard follow-up**
 - How can I as a leader help you win more often?

What does it mean to win or lose?



Strategy deployment





Visual management

Are we winning or losing?

Visual Management



✓ Are all key metrics visual with goals and trends?

Monday	Tuesday	Wednesday	Thursday	Friday
Red	Green	Red	Green	Green
Green	Red	Green	Green	Red
Green	Red	Red	Green	Red

✓ Is it easy to see actionable gaps in work and management processes?

➤ A gap is an opportunity to identify a problem when it happens and address it immediately.



Visual management





LEAN CULTURE



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AERA



Daily kaizen

If we are losing what are we doing about it?

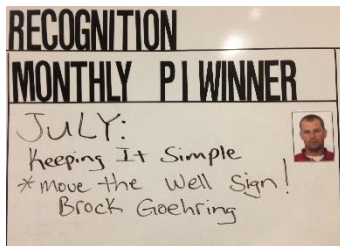
Idea generation



Kaizen card filled out



Idea submitted



Improvement celebrated



Idea discussed
and implemented
with stakeholders



Idea discussed,
prioritized and assigned
as a team



Daily kaizen

Every day... Even about your team

Alive and Well
Aero Energy LLC

DAILY KAIZEN
If we are losing what are we doing about it?

Facilitator - JOE Schade

Aero Energy LLC Kaizen Card Version 1.0
Name: Earl Patterson Company: Aero Date: 10-30-14
Correction: Overproduction Motion: Motion Material Movement: Waiting
Inventory: (Over) processing Problem Solving A3 Required? YES/NO
Value Stream: Process Team Location: Location

Current Condition: Process Team open the cap
Target Condition: Each time the cap is spreaded
Process daily, takes a long
Time. Wasted time.
Good finding!
Kaizen Approval Y/N: Y Manager Approval: Y
If not approved why? Robot Dye working in a
Kaizen Completion Date: 2-17-15 Charged report for not

Aero Energy LLC Kaizen Card Version 1.0
Name: Joe Schade Company: Aero Date: 2-
Correction: Overproduction Motion: Motion Material Movement: Waiting
Inventory: (Over) processing Problem Solving A3 Required? YES
Value Stream: Process Team Location: Location

Current Condition: No cap checklist for
Target Condition: Cap PSE checklist
new equip
created and used
Kaizen Approval Y/N: Y Manager Approval: Y
If not approved why?
Kaizen Completion Date:

Data Officer - John MacBry

Aero Energy LLC Kaizen Card Version 1.0
Name: John MacBry Company: Aero Date: 3-19-14
Correction: Overproduction Motion: Motion Material Movement: Waiting
Inventory: (Over) processing Problem Solving A3 Required? YES/NO
Value Stream: Process Team Location: Location

Current Condition: 162 huff
Target Condition: get report for w2
with 4h
9/25/14
Kaizen Approval Y/N: Y Manager Approval: Y
If not approved why?
Kaizen Completion Date:

Coaching Officer - PAT KERLEY



Recognition



Name

CONGRATULATIONS!!

Name: Debra Swen

Recognized for: Bias for Action

Behavior / Results

Debra has gone above & beyond the call of duty in supporting the Lean Knowledge-Level testing process.

Recognized by: Greg Williams

Date: 8/6/2014



Face

✓ Results should be measurable and tied to organizational goals

✓ The ideal behaviors should be posted.

✓ Our ideal behaviors should be used to drive results.

Values

- Being Part of Something Special
 - Commitment to win
 - Proud of our accomplishments
 - Having a sense of community
 - Celebrating successes
 - Environment that offers personal development and growth
 - Balance work and personal life
- Founded Upon Honesty, Integrity, and Respect
 - Believing in everyone's potential
 - Valuing everyone's ideas and perspectives
 - Obey law, be honest and ethical in our relationships
 - Treat people like you want to be treated
 - "Straight Talk"
- Passion for Learning and Improving
 - Change is essential - "raising the bar"
 - Develop skills to improve personally and professionally
 - Always learning from failures (Plan, Do, Check, and Act)
 - Continuous Improvement is a way of life
 - Innovation - encourage creativity and experimentation
- Being Accountable to Each Other
 - Holding ourselves individually, collectively accountable
 - Seeking win/win solutions
 - Removing barriers
 - Sense of ownership
 - Aligning and empowering foundation
 - Excellence in HS&E into daily business
- Bias for Action
 - Time focused organization
 - Fact based decision making
 - Recognizing 80/20 solutions where appropriate
 - Resource balancing for short and long term success

CAERA



Lean Deployment Team – Ideal Behaviors

- Motivate & inspire
- Respect
- Coaching from behind
- Open and honest communication
- Service centric
- Shared accountability



Recognition



✓ Is there a process to celebrate team members?

✓ Is recognition tied to organizational goals and ideal behaviors and is the recognition timely, frequent, and specific?

✓ Is recognition visual with name, face, and behavior?

✓ Do the visuals encourage team member engagement?



Recognition



Leader standard follow-up

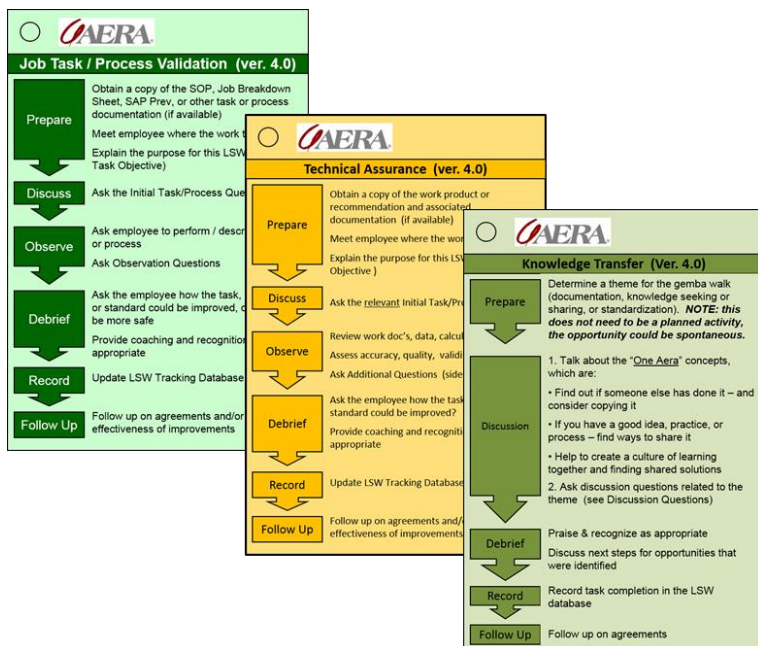
- Leaders follow-up on...
 - ✓ Ideas that were submitted
 - ✓ Issues that were raised in the huddle
- Leaders provide recognition for...
 - ✓ Demonstrating desired behaviors
 - ✓ Contributing ideas
 - ✓ Improving processes
- Leaders conduct Leader Standard Work (LSW)
 - ✓ Drives engagement
 - ✓ Provides coaching opportunities
 - ✓ Helps to build the desired culture





Leader standard work

- Strategy deployment
- Standard follow up
- Job task validation
- Strategy deployment
- Knowledge transfer
- Problem solving
- Development & enrichment
- SOE review
- Technical assurance
- AM inspection
- Safety interaction
- LSW coaching





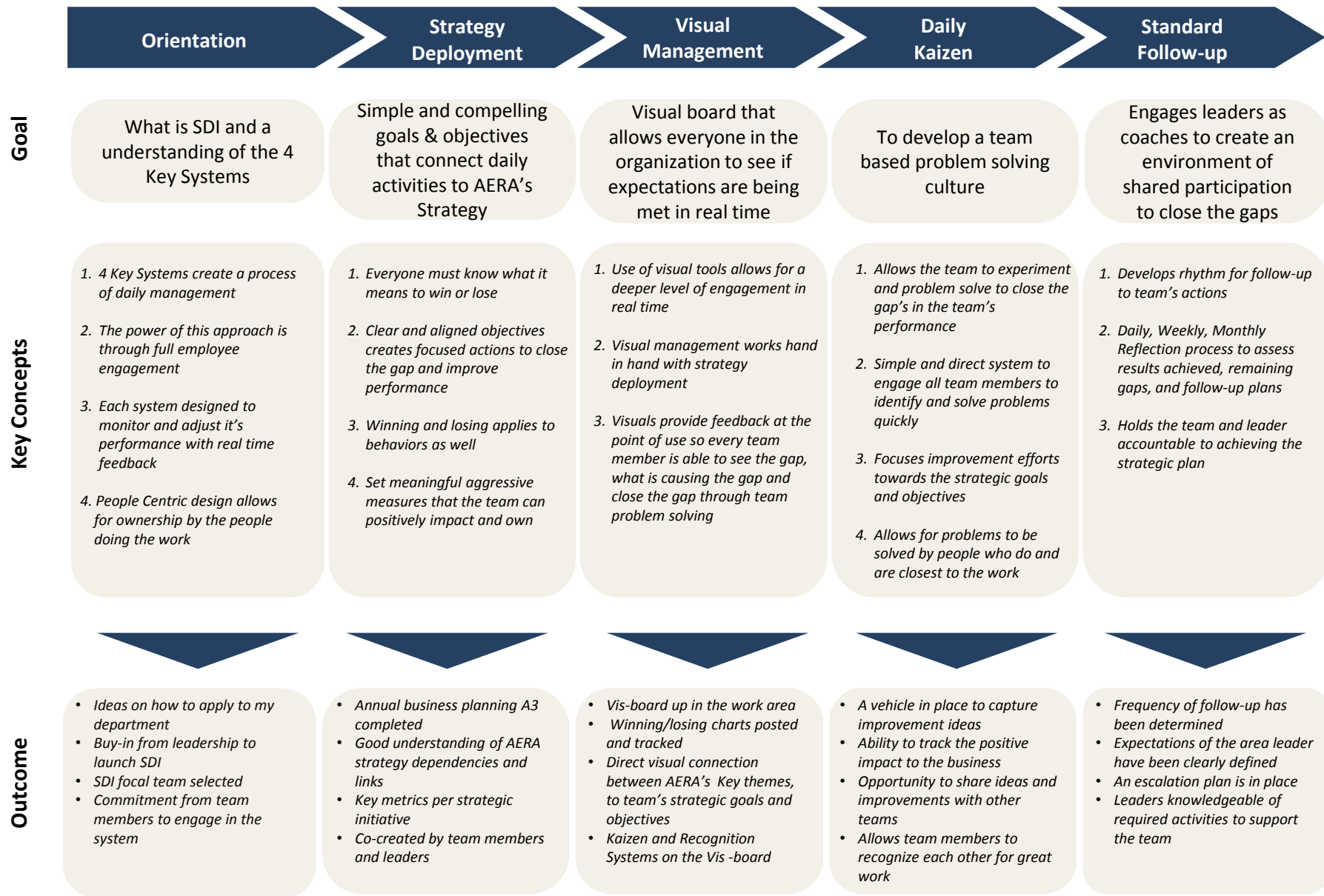
Our belief...

Meaningful engagement with team members...

- where the work gets done
- discussing important standard topics
- using a standard process
- in a respectful way
- throughout the company

Will create and sustain the desired culture!

We average over 800 Leader Standard Work engagements across Aera per month!





Need to build capabilities

Develop a community of problem solvers, kaizen facilitators, and lean mentors throughout the organization who can:

- Demonstrate an understanding of lean principles and tools
- Recognize and implement daily improvement activities
- Facilitate kaizen events and improvement projects
- Coach and mentor others to be effective improvement agents and problem solvers





Lessons learned

- Should not have discontinued our Lean Steering Council
- Establish leadership boards before or concurrent with team boards
- Should have conducted Systematic Daily Improvement training earlier in process



Summary

Through Systematic Daily Improvement, lean certification, kaizen events, coaching, mentoring, and teaching, we are...

Creating a community of problem solvers...

- Enabling teams to drive their own improvement efforts
- Enabling individuals to solve problems that they encounter every day
- Building skills and helping individuals to reach their full potential
- Demonstrating respect for people by recognizing their work and their ideas

Engaging employees in a daily rhythm to...

- Generate ideas
- Eliminate waste
- Improve processes
- Generate impressive business results



Thank You!

A link to the full conference survey will be emailed to you Tuesday afternoon.

Session Code: VS-7

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