



## Building a Strategic PMO: How HollyFrontier Accelerated Their Corporate Growth Strategy Using Industry Best Practices

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& Eric Stettler, Partner, A.T. Kearney

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- “We don’t need a change manager; I’ll handle the change management myself. We’ll just fire anyone who doesn’t change.”
- “We have solid project management processes.” (Said by an executive about 2 years before he had to explain a 400% forecasted overrun on a facility move).
- “I know how to stop adding consultants to this project, I won’t allow any more tables to be bought”.

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# Objectives

- Share the little known, Dallas success story of HFC and how it came to be one of the top 10 public companies in DFW
- Discuss how HFC and other companies have established a successful PMO
- Share personal stories and lessons learned related to project management during Eric and Nelson's careers
- Share AT Kearney's perspective on how to manage a Program's health
- Discuss tools and techniques to build a strategic PMO

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# Quick Project Management Bio

- 1<sup>st</sup> Project:
  - 1998 - w/ Shell Chemical (SAP R/3 Upgrade)
- 1<sup>st</sup> Experience with Project Management:
  - 2000 - w/BP
- All time favorite project:
  - 2002 - w/ConocoPhillips
- “Last” Project Role:
  - 2005 - w/Holly Corporation

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Hawaii 2015



Switzerland 2014

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# Quick Project Management Bio

- 1<sup>st</sup> Project:
  - 1992 - w/ North American Utility
- 1<sup>st</sup> Experience with Project Management:
  - 1994 - Led a small team to integrate solution into custom production control system
- All time favorite Project:
  - 2002 - FIFA
- “Last” Project Role:
  - 2014 – JV in Saudi Arabia

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What areas of Project or Program Management cause the most issues in the organizations you support?

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# Program Management Best Practices

## Key Levers of Program Management



## Key Best Practices

- ✓ Establish an effective **Project Management Office** to monitor and coordinate the Program
- ✓ **Clear Business ownership** of the effort to drive business outcomes and establish clear trade-offs
- ✓ **Reflect diverse organizational skills** on project / roll out team
- ✓ **Leverage both official and unofficial change networks**; identify key influencers
- ✓ Establish **clear and measurable performance indicators** for the program and business case
- ✓ **Monitor program performance in-flight** and establish mechanisms to adjust if warranted

Rank	Company	2015 revenue	Revenue change	Employees	Headquarters
1	Exxon Mobil Corp.	\$236,810,000,000	-35.08%	73,500	Irving
2	AT&T Inc.	\$146,801,000,000	10.84%	280,870	Dallas
3	Energy Transfer Equity LP	\$42,173,000,000	-23.90%	30,078	Dallas
4	American Airlines Group Inc.	\$40,990,000,000	-3.89%	120,200	Fort Worth
5	Energy Transfer Partners LP	\$34,292,000,000	-38.18%	9,466	Dallas
6	Southwest Airlines Co	\$19,820,000,000	6.53%	50,911	Dallas
7	Tenet Healthcare Corp.	\$18,634,000,000	12.23%	130,000	Dallas
8	Kimberly-Clark Corp.	\$18,591,000,000	-5.74%	43,000	Dallas
9	Fluor Corp.	\$18,114,000,000	-15.87%	27,195	Irving
10	HollyFrontier Corp.	\$13,237,900,000	-33.02%	2,704	Dallas
11	Texas Instruments Inc.	\$13,000,000,000	-0.34%	29,977	Dallas
12	JC Penney Co.	\$12,625,000,000	3.00%	105,000	Plano
13	DR Horton Inc.	\$10,824,000,000	34.88%	6,230	Fort Worth
14	GameStop Corp.	\$9,363,800,000	0.73%	20,000	Grapevine
15	Dean Foods Co.	\$8,121,700,000	-14.54%	16,690	Dallas
16	Santander Consumer USA Holdings Inc.	\$6,700,000,000	14.32%	5,100	Dallas
17	Alliance Data Systems Corp.	\$6,440,000,000	21.44%	16,000	Plano
18	Trinity Industries Inc.	\$6,392,700,000	3.61%	22,030	Dallas
19	Dr Pepper Snapple Group Inc.	\$6,282,000,000	2.63%	19,000	Plano
20	Commercial Metals Co.	\$5,988,600,000	-11.81%	9,126	Irving
21	Celanese Corp.	\$5,674,000,000	-16.58%	7,081	Dallas
22	The Michaels Cos.	\$4,912,800,000	3.69%	13,000	Irving
23	Flowserve Corp.	\$4,561,000,000	-6.50%	19,000	Irving
24	EnLink Midstream LLC	\$4,459,800,000	28.22%	1,432	Dallas
25	EnLink Midstream Partners LP	\$4,459,800,000	27.96%	1,432	Dallas
26	Alon USA Energy Inc.	\$4,338,200,000	-36.01%	2,860	Dallas
27	Atmos Energy Corp.	\$4,142,100,000	-16.17%	4,753	Dallas
28	Pioneer Natural Resources Co.	\$4,018,000,000	-9.26%	3,732	Irving

105° Wednesday, August 3, 2016

# The Dallas Morning News

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Wall Street Airlines Technology Economy & You Top 100 Real Estate Autos

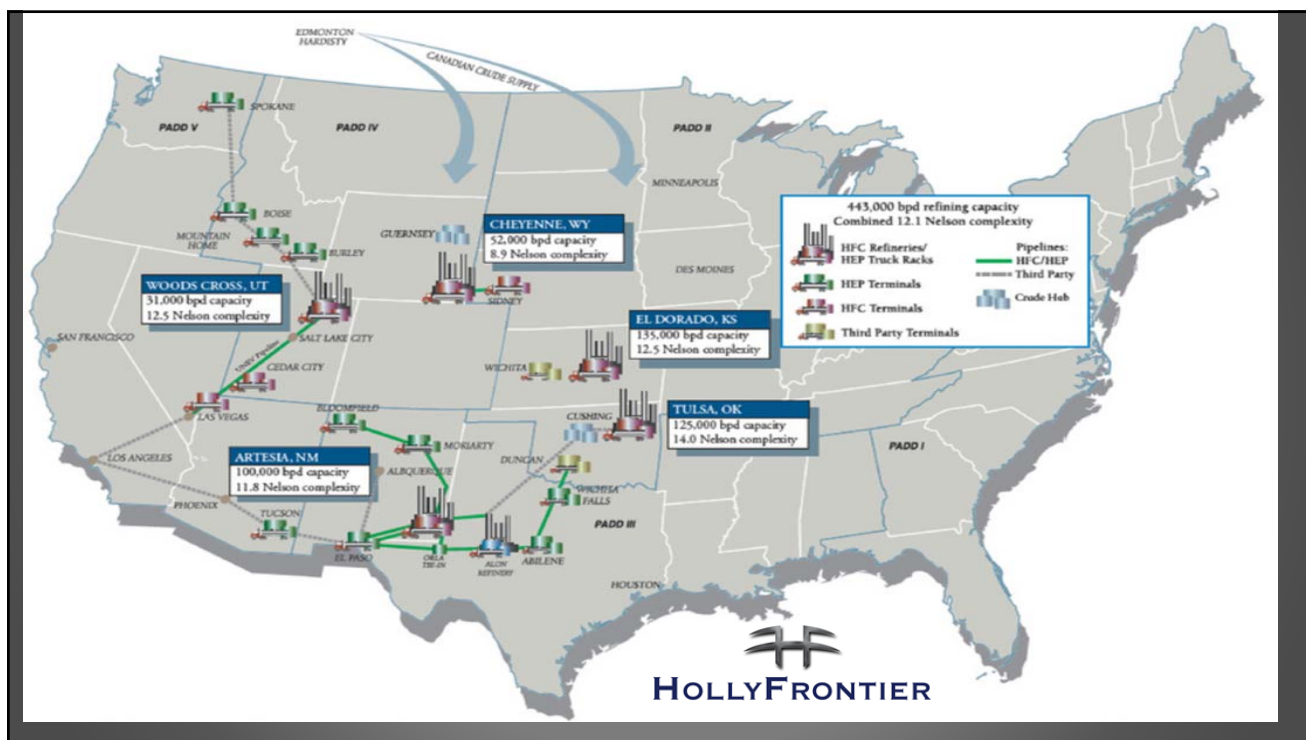
Business

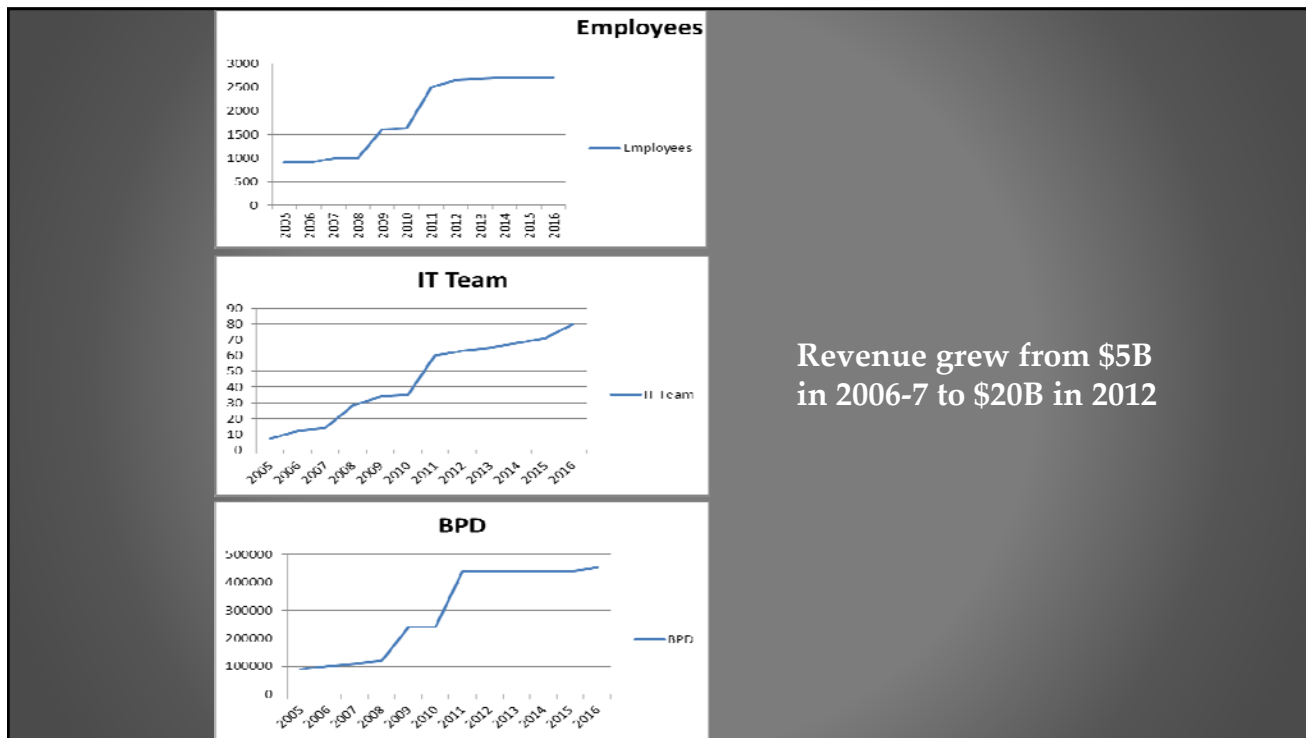
## The 2016 list of Dallas-Fort Worth's 150 largest public companies

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# Holly Enterprise Component Business Model (CBM) Map

	Crude Acquisition	Plant Operations	Product Storage	Supply Chain and Inventory Management	Primary Distribution	Secondary Distribution and Wholesale Marketing	Business Administration
Strategic	Develop Crude Term/Spot Exchange Supply Strategy	Plant Strategy EH&S Strategy	Develop Inventory Stock Target Strategy	Strategic Network Strategy and Planning Strategic Supply Agreement Establishment Supply Chain Cost/Price Benchmarking	Strategic Transportation Strategy	Strategic Transportation Marketview, Yahoo Messenger Customer Strategy	Corporate Strategy & Planning Human Resource Strategy & Planning Technology Planning and Policy
Tactical	Make and document Deal Agree Crude Term/Spot Exchange Contracts	Plant Operations Planning ABB Blender WinBlender, Delta V, Opto22 Crude Manager LE	Determine Inventory Stock Target Levels by Product/Location	TopTech Supply Chain Planning SAP TopTech SAP Trafxs	Transportation Qualification Geometrix, RMI, TSW, Halo-Portal, Dataflex	Demand Manager, SAP, TSW Secondary Distribution Scheduling SAP, RIMS Lube Order Management	SAP SAP Mgmt, Essbase, Reports, Smart
Execution	Negotiate Deal for Crude Cargos Evaluate Economics of Crude Spot Purchases SAP Access DB (Crude P/L)	Woods Cross Information System, TrainView, Gasboy, AIM HOPS, SAP Tulsa Action Register, Rigging Tracker American Bolin, BBRW, NWA Quality Analyst	TopTech, ATI, SAP (LOM), Guardian Dataflex Tankfarm, Anita SAP Invenories	Strategic Supply Agreement Management Spot Market/Supply Opportunity Management Strategic Supply Agreement Settlement	Spot Logistics SAP, PP/TAS, TSW Operations SAP, Datastream Distribution Settlement	Commercial Sales LOM, Toptech, TopHat, Gaurdian LOM, Toptech, ATI, Gaurdian SAP Settlement SAP, PP/TAS, LOM SAP SAP	Legal & Intellectual Property TRIMM, GoTrain, PreVisor SAP AP Indexer, ApplicationXtender, DocLink, Dataflex

# Application Gaps and Overlaps

	Crude Acquisition	Plant Operations	Product Storage	Supply Chain and Inventory Management	Primary Distribution	Secondary Distribution and Wholesale Marketing	Business Administration
Strategic	Develop Crude Term/Spot Exchange Supply Strategy	Plant Strategy EH&S Strategy	Develop Inventory Stock Target Strategy	Strategic Network Strategy and Planning Strategic Supply Agreement Establishment Supply Chain Cost/Price Benchmarking	Strategic Transportation Strategy	Strategic Transportation Marketview, Yahoo Messenger Customer Strategy	Corporate Strategy & Planning Strategy and Planning Technology Planning and Policy
Tactical	Make and document Deal Agree Crude Term/Spot Exchange Contracts	Plant Operations Planning ABB Blender WinBlender, Delta V, Opto22 Crude Manager LE	Determine Inventory Stock Target Levels by Product/Location	TopTech Supply Chain Planning SAP TopTech SAP Trafxs	Transportation Qualification Geometrix, RMI, TSW, Halo-Portal, Dataflex	Demand Manager, SAP, TSW Secondary Distribution Scheduling SAP, RIMS Lube Order Management	SAP SAP Mgmt, Essbase, Reports, Smart
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# App. Rationalization Strategies

## Application Assessment Matrix

Scoring Area	Scoring Criteria	Description
<b>Business Value</b>	Alignment with business objectives	How well does the application enable key business objectives?
	Business criticality	What type of impact does the application have to the business?
	Business Integration	To what extent is the application integrated with other systems?
<b>Functional</b>	Meets requirements	How well does the application meet user requirements?
	Functionality Scope	How broad is the application's functionality?
	Global Functionality	Is the application available globally?
<b>Technical</b>	Usage	How often is the application used?
	Flexibility	Can the application be modified to meet changing requirements?
	Technology in-line with roadmap	To what extent is the application's technology aligned with the organization's technology roadmap?
	Application performance and scale	How well does the application perform at scale for its users?

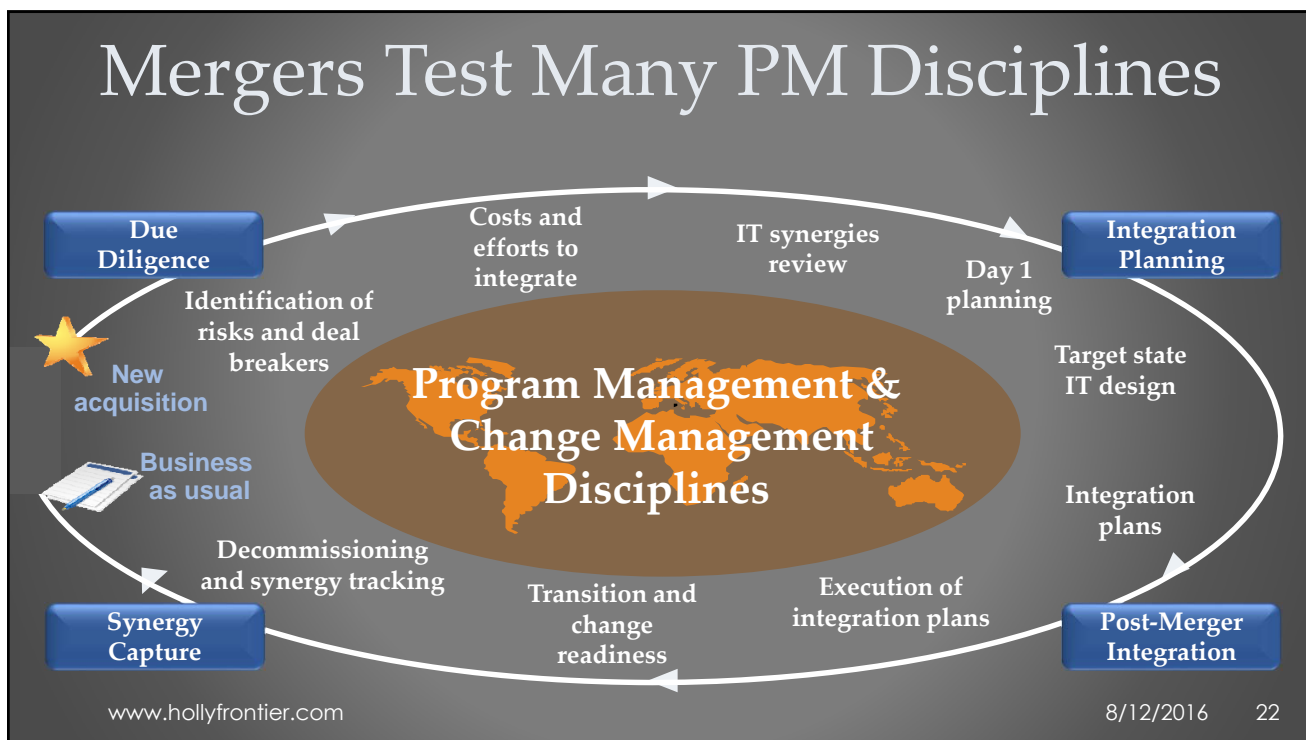
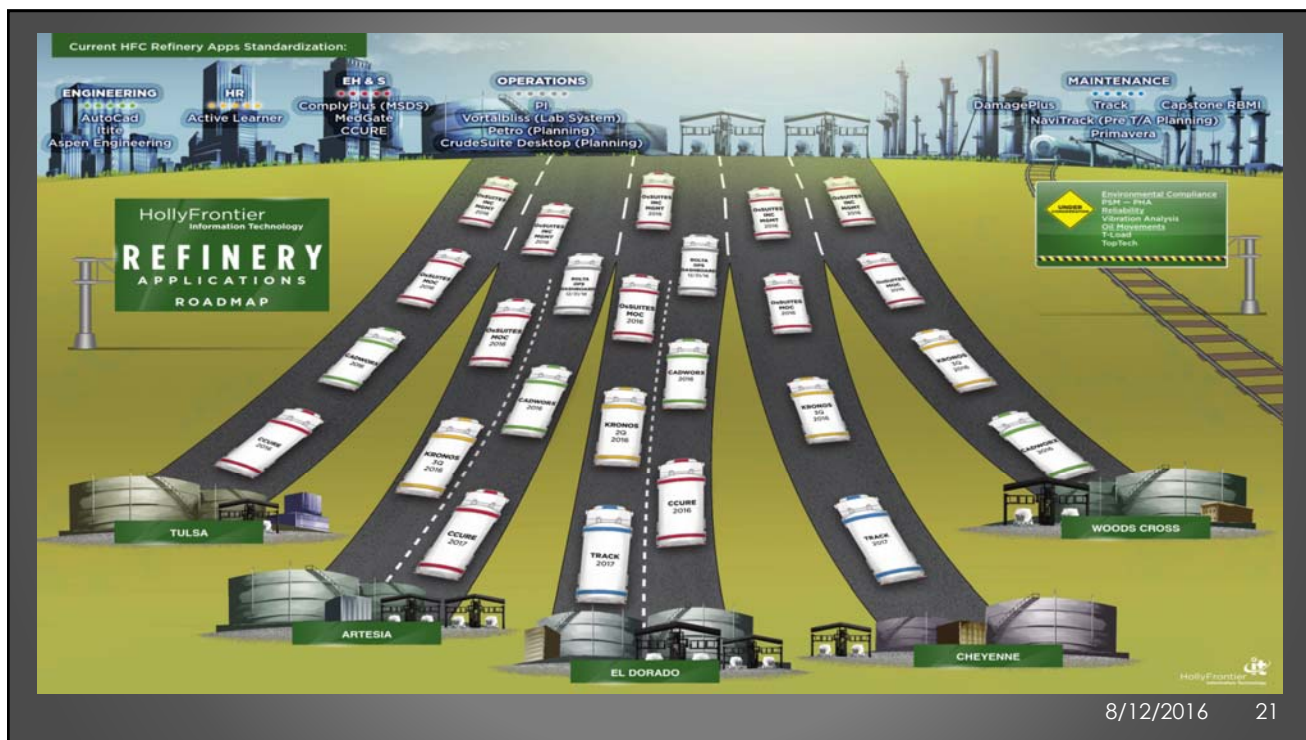
		Business Value			
		Low		High	
Technical	Good	Eliminate / Freeze	Eliminate, Freeze, or Increase Value	Renovate or Minimize	Maintain
	Poor	Eliminate	Eliminate or Increase Value	Replace	Enhance
		Poor	Good	Poor	Good
		Technical Condition			

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# Cultural Awareness was key



- Carl Jung defined 12 primary types of archetypes that symbolize basic human motivations
- Archetypes are believed to represent fundamental human motifs of our experience as we evolve, and thereby evoke deep emotions
- Most people have several archetypes at play in their personality construct
- However, one archetype tends to dominate a personality
- Understanding which archetypes are at play in oneself and others can provide useful insight into behaviors and motivations

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- HFC IT employees felt overburdened and they didn't have enough time to complete all the projects assigned to them
- People felt like IT management didn't listen to them or communicate enough downward
- There was a lot of mistrust between IT team members in our refineries and corporate HQ

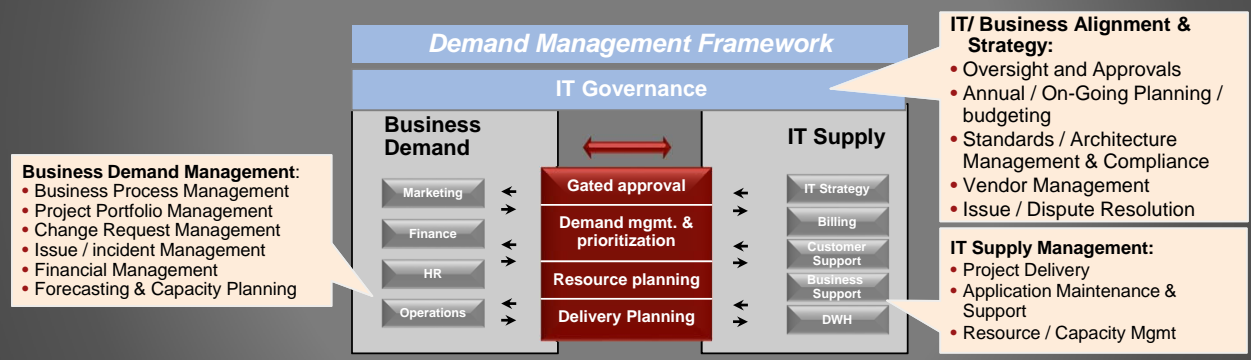
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- Change Control/Management Process and System Initiative
- People Initiative
  - Career development
  - Expectation for employees and supervisors
  - Responsibility matrix
- PMO Initiative

# Demand Management Framework

Conceptual Model



# Requirements

- Define “What is a project?”
  - 156 projects in 2016
  - 3 Programs (Infrastructure, Refinery Apps, Business Apps)
- Demand management
- Resource management/allocation
- Exception reporting
- Hybrid evolution (bi-modal)
- Reign in shadow IT



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# A Dozen Steps for Success

1. Hired a leader
2. Attended meetings, took notes, and listened
3. Hired a team (3 PMs)
4. Built a content library with templates, processes, etc...
5. Build relationships in the business; communicate!
6. Documented all projects
7. Selected a PPM tool
8. Started small; built to all
9. Hired another resource due to demand! (Agile experience)
10. Regular PMO status meetings (across business units)
11. Added functionality over time
12. Rewards and celebrate successes (People First)

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# Example Communication

## PMO Tips n' Tricks

1. Ensure that you create a Project Charter document up front. A Project Charter document provides details on the project needs and defines project scope including: identifying the stakeholders, interim milestones, a timeline, and a budget. If you get everything in writing at the beginning of the project, you have an excellent foundation to build upon.
2. Even small projects should have a project plan. A project plan is not only important for communication with your project team or vendors—it is also valuable to keep yourself

organized. We utilize Clarizen as our project management tool. The best way to get started is by familiarizing yourself with the Clarizen training materials via Clarizen.com.

3. One of the quickest wins you can have on a project is to begin capturing formalized meeting notes each time you have a discussion related to the project; this small change enables better tracking of decisions, action items, and upcoming risks. Overall the tracking of these items can keep your scope in check, timeline on-track, and roadblocks minimized.



4. Always evaluate the project when complete. It's important to do a "lessons learned" session, even if it is only for internal purposes. You can pinpoint what went well and what didn't, determine what could or should have been done differently, recognize star players, and establish the best practices for use in future projects.

# PMO Tools & Techniques

## PMO Key tasks

## Key tools and techniques

Structure & Resource Program

Implementation Resourcing



Team Charter



Integration Master Plan



Project Prioritization



Benefits Tracking & Reporting

Synergy Summaries



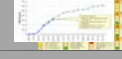
Project Controlling



Benefits Tracking & Reporting (BTR)



Management Analyses



Risk Management

Project Risk Prioritization



Risk Mitigation



Risk Profile

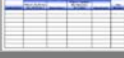


Change Management & Communications

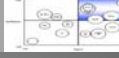
Change Readiness Assessment Tool



Stakeholder Issues Assessment



Stakeholder Mapping



Communications Strategy



# Managing Program Health

	Process Are we doing the right things?	Progress Are we currently on track?	Risks Are we positioned to ensure success?
<b>Strategy</b> Does the Project align with the corporate strategy?	Program Governance & Oversight Mechanism	Business/Project Goal Alignment	Business Strategy Risks
<b>Organization</b> Will the organization be able to accommodate the change?	Change Management	Business Change Readiness	Organization Implementation Risks
<b>Business Operations</b> Will the program satisfy key business requirements?	SAP Blueprint Mgmt/ Requirements Definition	Business Case & Benefit Model	Business Process Implementation Risks
<b>Technology</b> Will the technology infrastructure be adequate?	Technology Architecture Management	Technical Architecture Plan	Technical Implementation Risks
<b>Project Management</b> Is the project being executed in an effective manner?	Scheduling, Budgeting, Resourcing, and Reporting	Project Critical Path and Earned Value	Project Implementation Risks

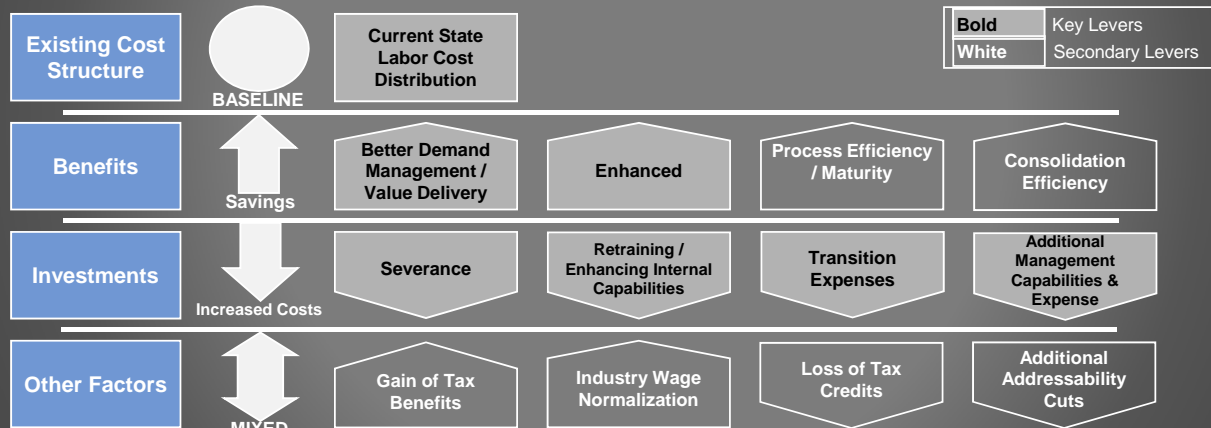
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# Focus on Benefits & Costs

## Project Management – Focus on Benefit & Cost Drivers

Illustrative



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## Incredible Results Already

- Drove savings of \$1MM/year on a services efficiency project within year 1
- Pulled a critical project “out of the ditch” and “back on track”
- Adoption has been much faster than anticipated; 100% of IT Projects are managed by the PMO
  - HR, EH&S, Procurement and HEP have also adopted the process
- PMO uses Servant Leadership to improve morale and provide situational leadership opportunities

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## Lessons Learned

- “We’re here to help”
- PM ≠ SME
- Trust is key

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# Outstanding Feedback

## PMO Success Stories

“ PMO serves as a project facilitator to coordinate meetings, document discussions, and track action items pertaining to an IT project. They handle a lot of the administrative workload so you can focus your efforts on driving the project forward. ”

**Cody Fikes**  
Corporate Safety Specialist

“ PMO for me has been a dynamic tool—one that keeps me organized, focused, and informed. ”

**Kenny Braxton**  
Talent Acquisition Specialist

“ The PMO group was instrumental in getting a stalled project back on track and completed in a short time frame. Their ability to consistently engage all parties and facilitate productive discussions helped make our project a success for us and our customer, win-win! ”

**Barbara Caffrey**  
IT Site Lead

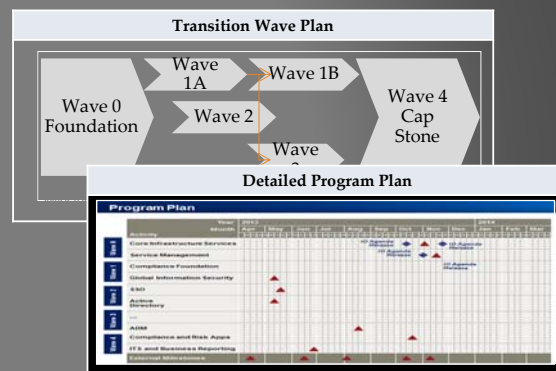
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# Tips for Success

## Key Steps in building a transformation roadmap

Illustrative

- Align on **planning principles** and guidelines with key stakeholders
- A **wave is a planning construct** - Logically group initiatives / projects based on their affinities
- Factor in other **milestones that are external to the transformation** – i.e. capital projects and contractual milestones for external providers
- Detail out Program Plan at each individual project within a Wave, marking **critical path milestones**
- **Socialize the plan early on** and ensure stakeholder buy-in prior to engaging on the transformation
- Maintain focus on **Program Financials and Business Case**



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# Questions

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