

# Building A World Class Talent in Oil Refining Industries

## The Path to Excellence

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**Abstract**—Building operational capabilities can unleash tremendous efficiencies and performances improvements that link directly to company's profitability. Scale and apathy often combine to make them seems difficult to change on how these ongoing development activities are carried out to reap the maximum potential benefit

**Keywords**— training academies, key business goals, employee development, competencies, and leaders.

### I. INTRODUCTION

PERTAMINA is an oil and gas company owned by Indonesian government and was established on December 10th 1957. Currently, PERTAMINA operates both upstream and downstream sector. As one of the power houses of Indonesian government, for the past 50 years PERTAMINA enjoyed a monopoly right for doing oil and gas businesses in Indonesia. As a company that operates in upstream and downstream, PERTAMINA also forms many subsidiaries to operate in each services sector.

The presence of internal and external factors has urged PERTAMINA to transform its old school model in doing oil businesses. The main external factor that creates most impact was started when we hit with 1998's economic crisis. During crisis, IMF imposed one radical condition to push oil and gas liberalization. Soon after that, oil and gas market was started to open, and foreign investors could come freely to do the business. Once the permission is granted, using their own brand, well-known global players such as Exxon Mobile and Shell started their initial operation in Indonesia. No more barriers exist, competition was tight either in upstream or downstream, even nowadays we can notify easily big world class gas stations in all big cities in Indonesia.

In 2007, PERTAMINA run their transformation period and established significant changes in almost all the existing structures in the organizations. HR (as one of impact in transformation) not only was recognized as the responsible function in managing all the human resources available in the company but was also demanded to shift its focus to People Management. We then decided to agree and rally to develop an integrated system that is related to People Management such as Recruitment, Performance Management, Succession Planning, and Competency Management.

In accordance to the vision and mission of Pertamina into a World-class National Energy Company in 2025, Pertamina need to have employees who are professionals in their respective fields in order to compete with similar other companies.

Recognition as a world class company is measured by proving that the company is capable to become one of largest producers of oil and gas in the world, rather than only as the largest in domestic market. It also needs to have the capacity of oil and gas processing that are reliable and competitive, be able to maintain control of the retail market, with keeping health and occupational safety (HSE) excellence in all of its operations and lastly the company also needs to have a high percentage of expert employees.

Associated with the development of young professional employees, Pertamina needs to start developing a new generation of qualified employees with high technical skills at the same level (or higher) with the other world class energy companies. This to ensure the continuity of leadership that can drive faster transformation program, employees are not only requested to conduct strategic changes that drive the result of optimum performances, but they also need to be able to align with the transformation programs that have been developed, which in turn will accelerate Pertamina achievement of the vision into a World-class National energy company. [1].

### II. PROBLEM STATEMENT AND PURPOSE

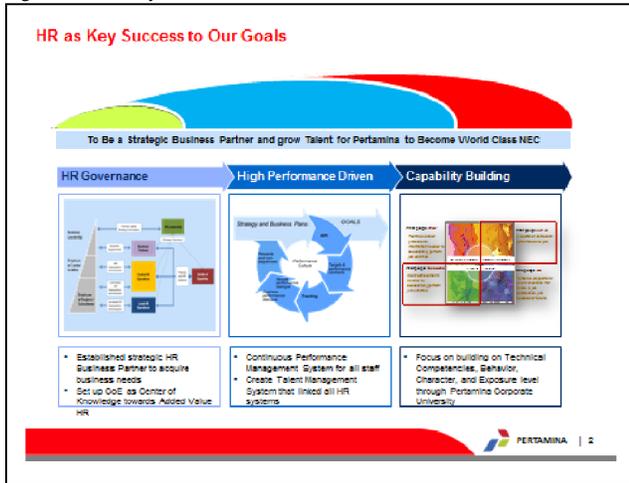
In Line with Pertamina strategy to be a world class company in 2025, we need to admit that we probably need to have numerous world class employees; firstly it can only be started by developing a new generation of competent employees with sufficient technical skills.

In designing the company human resources, HR plays as one of the most important roles in people development; Board of Directors need to be ensured that their investment in people can push Pertamina capabilities to achieve their vision in the future.

People understand that losing the identified gap will not be easy, some of the capability building programs typically failed because of not enough thought and resources put in determining a sustainable changes, as this become more

crucial, Pertamina later on decides to develop a corporate university to be as their vehicle to prepare world class leaders in technical, operational, strategic and visionary level throughout the whole company, this will be started by improving competencies among all employees based on Competence Management towards the achievement of each business targets.

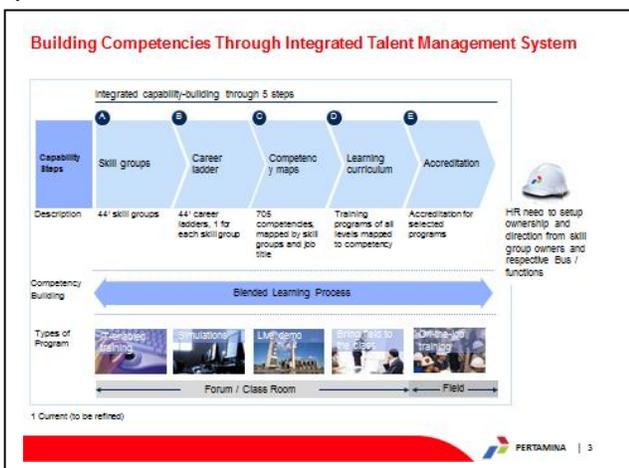
Fig. 1. HR as Key Success to Our Goals



Integrated Talent Management or so we called as Pertamina Corporate University was built to aim and provide the greatest benefit of employees to the company, key steps for determining an integrated capability building are described as follows:

- Define Skill groups requirements
- Set up each career ladder
- Established competency maps
- Design learning curriculum
- Accreditation as minimum standards

Fig. 2. Building Competencies Through Integrated Talent Management System

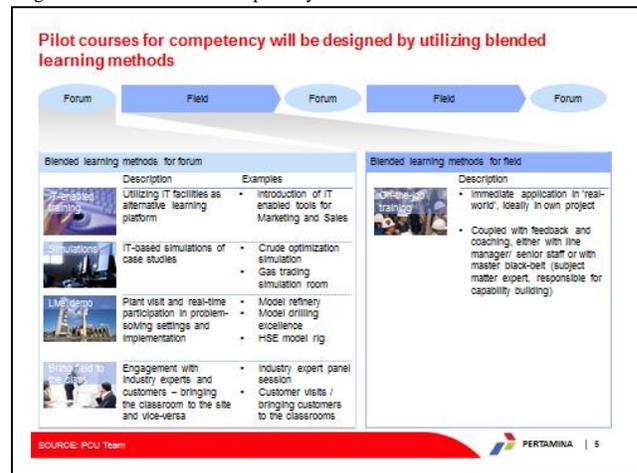


Pertamina approach to building their own internal capabilities will establish a sustainable high performance power, for HR, a classic design for operational excellence is not entirely new, we had created and design many well-developed programs, codified manuals and active measurement and training, but unfortunately the gaps still persist, it was then until we discovered a new method called blended learning that can ensure knowledge transfer is easily accepted by participants in every corporate programs.

The combination of Forum & Field & Forum will establish a new concept of learning where they literally can practice real world during the ongoing training programs, this new approach is designed to align the training arms of companies with Pertamina vision and strategy.

Pertamina Corporate University can offer a powerful model for learning that compels learners to grow and develop in new schematic ways, the most important is they can also have positive effects on a Pertamina financial and operational goals.

Fig. 3. Pilot courses for competency



During the programs, capability building for its own sake is most often a wasted effort, individuals and organizations may have new skill sets as a result but unless this skill are connected directly to business performances it produces little corporate impact from the investments.

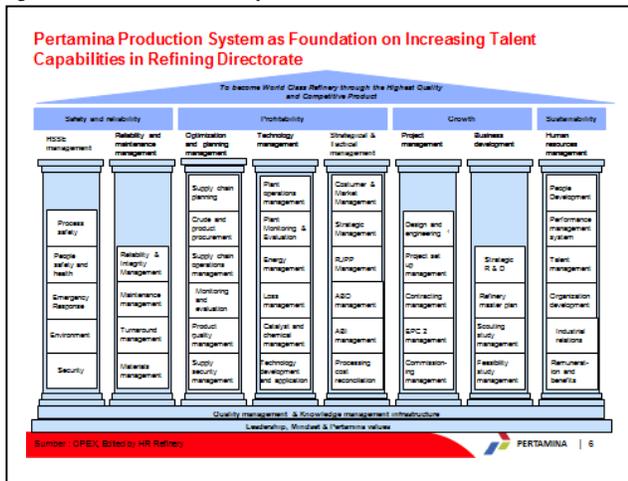
Pertamina or Refining Directorate in this case, develops a new approach to focus on developing targeted individual and organization capabilities (both technical and functional) that are relevant to Pertamina in real time performances.

Pertamina Production System initially establish after series of rally brainstorming which involve management and expert in each fields, it has formed as the critical foundation on developing new capabilities in Refining Directorate, these capabilities are specific to bring noticeable improvements in countable measurements such as success rates, operation efficiency, down time operations and other elements that directly reflect Refining performances.

PPS not only focused on operations wisely, but it also sees below the iceberg of any problems that arise, a specific pillar

is designed to accommodate HR as the key role to sustainability.

Fig. 4. Pertamina Production System



III. AIMS

Aligning capabilities to increase Pertamina values and business impact requires a diagnostic on current shortfall within the organization, this to enables a direct action in specific area to close those gaps. Also, by establishing a clear link between required capabilities and strategic goals that needs support, the combination of Pertamina Corporate University (PCU) and Pertamina Production System (PPS) can ensure it can be carried out correctly and explicitly linked to overcoming business goals

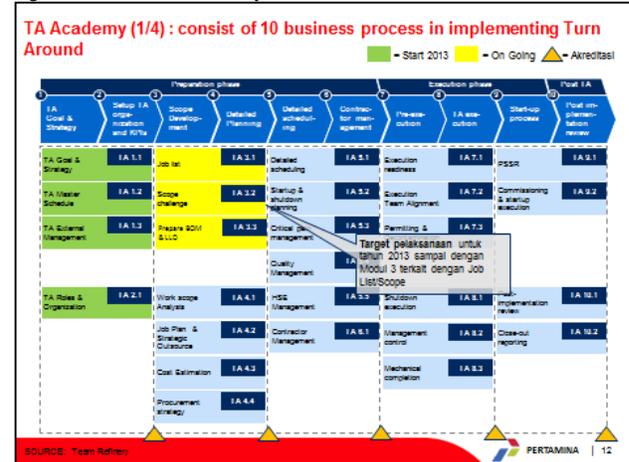
IV. OBJECTIVE

3 initial pilot academies (PCU programs) that are linked with Refining objectives is seen as critical element in establishing awareness of improvements during capability building programs and so it has a privilege rights and deserves a special attention by the management. By creating these academies, Pertamina also builds a central warehouse for its best operational excellence; It also drives as an integral component of the productions system.

These 3 Programs for Refining Directorate that focuses on technical competencies are designated for Turn-around Practices, Energy Management System, and lastly Engineering Professional Development Program for newly hired.

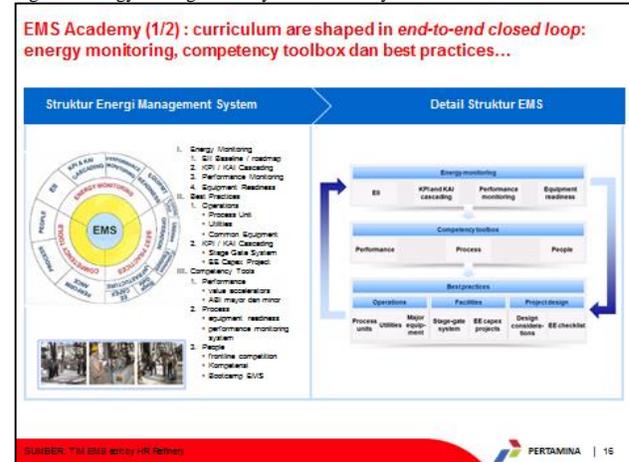
A. Turn Around Academy

Fig. 5. Turn Around Academy



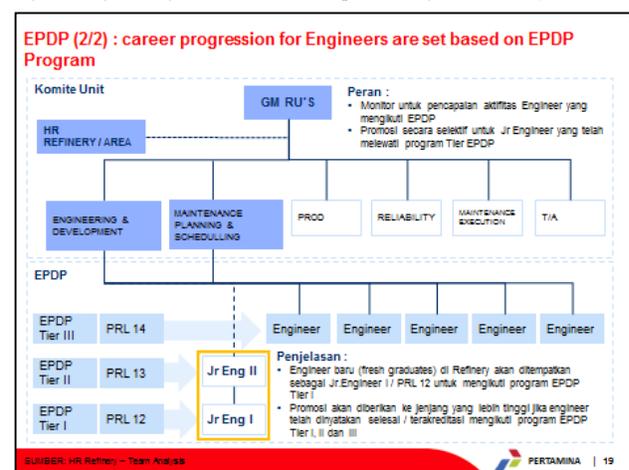
B. Energy Management System Academy

Fig. 6. Energy Management System Academy



C. Engineering Professional Development Program Academy

Fig. 7. Engineering Professional Development Program Academy



## V. THE BENEFITS

Those 3 mentioned above are the first stage focused on quick wins; the second phase will focus on developing replicable institutions to sustain the changes. Beyond the balance sheet, the production system improvements are achieved by shortening Turn Around time and a significant loss reduction or efficiencies from EMS academies has succeeded to build capability awareness throughout all Refinery workforces, bear in mind, more than 5000 people in all refinery units were touched by TA programs that quickly brought performance improvements by using highly structured practical experiences.

## VI. OUTPUT OF STUDY

Once we succeeded to focus on Pertamina capability building and proving the value of these academies programs, next we need to institutionalize these experiences to achieve our operational excellence while we are continuing to deliver performance improvements.

## VII. RESULT AND DISCUSSION

These efforts on building capability academies would help to sustain the operational improvements which are proven to achieve additional capabilities and renew the commitment surrounding Pertamina transformations.

In particular this programs will result across three aspects such as:

- a) Performance: maintaining and improving Refineries performances through additional value creation/initiatives
- b) Process: creating a production system to capture, codify and institutionalize standards for operation excellence across all Refineries
- c) People: establishing an operational academy, a centralized system for building capabilities,

supporting the production system development and helping to develop operational standards

## VIII. CONCLUSION

The academy was built around a specific model of refinery that was able to show how specific operation initiatives could be put into practices, the model was always established on site of the first pilot so the new participants could go there to witness the processes, tools and attitudes that led to operational excellences.

The programs were a great success across all refineries and brought clear benefits in terms of project delivery. Timelines for Turn Around has reduced significantly once these academies succeeded to improve the operation compared to similar practices before running the academies.

With immediate performance improvements from the capability building programs, Pertamina or Refining Directorate specifically will have the basic elements to begin preparing the future.

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