



Client Background

Shell is well known as one of the five major national suppliers of petroleum products. Shell has a proud record of presenting a global brand and an extremely high level of compliance with safety and environmental standards. Shell supplies their fuel and convenience products through a vast network of retail and commercial sites across South Africa, with more than 40 000 assets in constant daily operation. In 2006, in line with the global FMC business model, Shell Retail outsourced the maintenance of all their service stations to Pragma Africa. This contract was extended in 2011 and 2016, with the scope of commercial sites service delivery also being expanded.

"The award was given to Pragma in recognition of the value add they brought to the Shell business through their efforts by stepping up and assisting us in delivering on our business targets. More importantly, this recognition is for Pragma's hard work, dedication in setting the bar and achieving a level 1 B-BBEE status on the new codes, something that most people believe is next to impossible. Well done. For this, we award you the honour of being our 2015 Retail Engineering Partner of Choice." Haroon Coovadia, Shell SA Retail Network Manager

Key Challenges

The FMC outsourcing business model imposed very specific conditions on and new challenges to the ACC operation:

- Handle telephonic service calls from 800+ sites in southern Africa.
- Plan, issue and control more than 1000 work orders per week.
- Manage sub-contracting of more than 100 L3 contractors, including receiving and distributing payments.
- Maintain the operational asset register of the network, including a regular condition assessment.
- Management of minor capital works.
- Be able to adapt to evolving client requirements.
- Understanding the asset condition to enable capital replacement program.



Value Add

- Single-point responsibility for all maintenance work, from A to Z.
- Standardised work planning and control processes across all sites.
- Fully outsourced sub-contractor procurement and management.
- Health and safety accreditation and training of sub-contractors.
- Accurate and complete asset registers and history of work.
- Asset conditions in relations to the risk
- Increased focus on and compliance with HSSE standards.

Pragma Intervention

- FMC Manager – coordinating the information, engineering and financial management activities of the 30-person team.
- FMC Engineering Manager – planning and controlling all work and projects with the team of eight regional field engineers.
- Project and Planning Manager – managing the minor capital projects with a team of 7 persons
- Supply Chain Manager – qualified supply chain manager, managing the contractors on compliance and performance
- HSSE Manager – professional HSSE practitioner, managing legal compliance and Shell control framework requirements
- Financial Officer – managing invoicing and payments for 100+ contractors, with a team of three assistants.
- 24/7 Service Support Centre – a team of six agents under supervision, handling all maintenance service calls from the Shell national network.

Business Processes and Best Practices

- Pragma implemented the FMC service at the beginning of 2006 by setting up a central FMC office in Cape Town, performing an Asset Identification and Verification (AIV) on all sites and deploying seven field engineers regionally.
- Business processes implemented:
 - Information Management
 - Contractor Management
 - Performance Management
 - Work Planning and Control
 - Financial Management
 - Safety, Health and Environment
 - Focus Improvement

- 80% downtime reduction on fuel pumps from 2012 to 2016.
- 86% downtime reduction on refrigeration 2012 to 2016.
- 80% downtime reduction on HVAC from 2012 to 2016.
- 27% cost reduction over 5 years on reactive work through fixed mark-up on material used and improved relationships and SLAs with contractors.
- 38% exposure hours improvement for contractor via risk reduction initiatives.
- Value improvement initiatives over the value of R7 million for 2016.
- Win-win partnership between Shell, Pragma and sub-contractors.

Tools and Technology

- Pragma On Key Enterprise Asset Management system
- CISCO Telephony Call Management system
- Shell GIDS standards.