

pilko

# THE PILKO POST

A Summary of Important 2023 Pilko Publications

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## Pilko Launches the M&A Podcast Series

This year Pilko entered the world of podcasting, launching its inaugural series The Mergers & Acquisitions Podcast, hosted by Guus Greve, Senior Executive at Pilko & Associates, and former Director of Shell Downstream M&A. This informative series is especially valuable for M&A professionals, corporate executives, and board members who manage M&A in their role. With a diverse range of guests, Guus focuses on “How to Do Better Deals” and “How to Do Deals Better.” Each episode concentrates on specific key deal issues with references to well-known current and historical transactions while providing insights and actionable advice that listeners will find informative and useful. Joining Guus on the podcasts are a wide range of industry leaders from McKinsey & Company, Bank of America, Euclid Law, Wharton School of Business, Pilko & Associates, and others.

Featured topics highlight successes achieved by programmatic acquirers, how to approach selling a corporation, dos and don'ts of negotiations, value creation (and destruction), and the current state of the M&A market in the energy and chemicals industries.



Episodes of The M&A Podcasts are available for listening [here](#).

To receive notices of upcoming podcasts, sign up [here](#).

# We Approached Industrial Safety Management from a New Perspective

Achieving consistent, safe behavioral practices is an ongoing challenge in the energy and chemicals industries. In this groundbreaking three-part Grey Paper, Pilko takes a deeper look at safety objectives and the reality of meeting those expectations considering fallible human behavior and ever-changing environmental conditions. Pilko highlights new thinking in human factors, a corporate versus personal approach to risk, and the study of human factors. The three-part Grey Paper is available [here](#).



**Part One, *The Safety Problem: Do We Have a Solution?*** covers the current drawbacks in today's safety management approach along with key insights offered by recent research into human factors and neuroscience.



**Part Two, *New Perspectives and Critical Factors*** provides analysis and evaluation of human factors research and resilience engineering, focusing on critical factors for future safety management.



**Part Three, *A New View and Making it Happen*** combines the learnings, observations, and insights and provides guidelines for leaders to "Make it Happen."

## We Highlighted Variables Affecting the Future of Refineries in the Context of the Ongoing Energy Transition



Transportation fuels have underpinned worldwide energy infrastructure for over 100 years. As the energy transition gains momentum, balanced with the world's increasing energy needs, how do refinery operators' re-tool their process and infrastructure to support consumers and stakeholders? In this forward-looking Grey Paper, Pilko contemplates the future of oil refineries, considering how long-term success is determined by addressing a confluence of issues, including a refinery's competitive positioning of assets, understanding regional and local pressures affecting the bottom line, and a long-term approach to asset management. To inspire this transformation, Pilko published **The Refinery of the Future**.

Leaders in the oil refining industry recognize that there is required adaptation in supply chains and production products and methods. A stronger connection to stakeholders is also a key component as refiners adjust to changing global transportation methods, an increasing shift toward renewable energy sources particularly in regions with strict regulation, influence of carbon incentives and subsidies, and loss of institutional knowledge. The refinery of the future must transform into being successful – but how?

**The Refinery of the Future** offers important perspectives and insights about refinery viability on topics such as national, regional, and local regulations; attracting and retaining top talent; and how increasing weather extremes place additional strain on refining economics. It offers an unbiased assessment of the future of refining and asks the reader, "How does an enterprise manage this change and how do leaders prioritize limited resources?"



Read the Grey Paper [here](#).

## We Highlighted Why Questions May be More Important Than Answers



Following COVID and the recovery of energy and chemical demand, manufacturers are increasingly plagued with poor reliability and unsafe performance. Operational safety, reliability, and resultant profitability are fundamentally driven by effective board governance whose guidance cascades from the board room to the control room. Addressing this observation, we issued the report **Questions That Boards Should Ask**.

George Pilko, Founder and Chairman of Pilko & Associates, poses a series of probing questions to establish a meaningful dialogue with executive leadership and evaluate the quality of responses from corporate officers to assess an organization's operational and EHS risks, thereby better understanding the probability of major incidents.

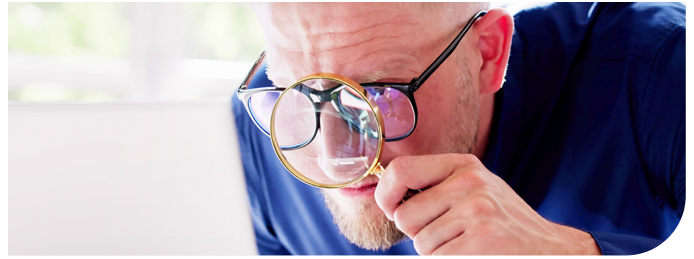
Questions That Boards Should Ask urges board members to ask corporate officers three questions that should result in strategic and tactical action to understand issues, develop solutions, and answer the question "How do you know it's working?"

- "How are Operational/EHS Risks managed?"
- "How does our process stack up to rapidly evolving industry best practices?"
- "How do we track our progress over time?"



[Download Grey Paper](#)

## We Shined a Light on Barriers Hindering Corporate Performance



Corporate success is eventually tied to "knowing yourself," a state reached only when corporate executives take a clear-eyed look at internal processes for organizational Blind Spots. Often, however, executive perceptions are consistently more optimistic and decidedly different than front line leadership, resulting in gaps or "Blind Spots." These gaps form barriers to achieving corporate goals and expected performance.

We tackle this problem in the 2023 Grey Paper, **Why Should Industry Leaders Continually Seek Out Blind Spots?** Many organizations, even those with robust management systems, unfortunately believe they have very few or inconsequential Blind Spots; discovering later, and in some cases, too late, that performance-affecting gaps have developed over time and degraded results. This Grey Paper sheds light on the operational and organizational factors contributing to Blind Spots and failure points, emphasizing the importance of continuous vigilance, while outlining these eight potential gaps:

- Misaligned Culture
- Ineffective Leaders
- Communication Blocks
- Systemic Issues
- Director and Executive Information Bias
- Routine and Repetitive Audits
- Budget-driven Actions
- Competing Priorities and Distractions



[Download Grey Paper](#)

# We Provided Guidance to Mitigate Failure in Mega Capital Projects

Major capital projects galvanize organizations and can be “game changing” but most fail to meet their objectives! In this first in a series of Grey Papers, **Most Megaprojects Fail, Don’t Follow the Crowd**, Pilko provides direction to prevent megaproject failure by defining 4 KEYS.

We characterize what constitutes a megaproject, then lay out a series of questions for board members and corporate and project executives to align and focus on critical elements before considering a major capital investment.

In this paper, we challenge leaders to pose insightful questions that reveal the components of the business case, prove, and validate assumptions, ensure that the executive and project team have built-in sufficient flexibility, and conduct regular reviews to guarantee business and project metrics remain effective and align with objectives. By utilizing the Key Takeaways and Call to Action and recognizing the 4 KEYS to avoiding megaproject



failure, executives and boards can plan for megaproject success by:

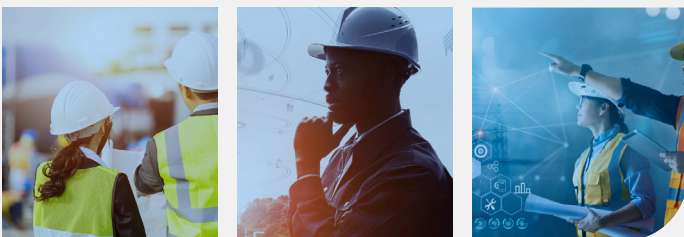
- Confirming a solid Business Case for the project
- Employing effective strategies for successful execution and subsequent operations
- Ensuring well-defined governance and an alignment with Stakeholders
- Conducting timely cold eyes reviews



Grey Paper is available [here](#).



## We Reflect on 45 Years With Gratitude and Appreciation



As we reflect on accomplishments in 2023, Pilko & Associates would like to express our gratitude to our clients and valued partners for another exceptional year.

Looking forward to 2024, we forecast another year of transforming our clients’ operations to sustain safe and reliable operations. In addition, we are also celebrating our 45th year as a trusted advisor to senior leaders in the energy, chemical, and related industries. The Pilko journey, spanning nearly half a century, has been enriched by each relationship we’ve built and every project we’ve undertaken.

This milestone is a significant testament to the outstanding expertise, knowledge, and practical perspective of our team, as well as the trust and loyalty of our clients and partners.

As we reflect on 2023 and look forward to next year, we are committed to continue delivering excellence and transformative value in everything we do. We salute a new year of opportunity, continued partnerships, and shared successes. Thank you for being a part of our remarkable 45-year history.

With best wishes for a Happy & Prosperous New Year,

*Pilko & Associates*