



# Insight

The art of the possible: how Shell Real Estate turned global challenges into operational success

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**Since 2015, Shell has been operating in a rapidly changing environment. As well as adjusting to “lower for longer” oil prices, it has delivered one of the largest M&A deals in history by acquiring BG Group. Yet in the face of challenging circumstances – including a full organisational restructure – Shell’s Real Estate division has created new opportunities and boosted performance.**

According to the Vice President for Operational Excellence at Shell Real Estate, Jaco van Noppen, the convergence of these challenges brought some great opportunities. “One could say we had time on our side”, he explains. “It meant we were able to jointly identify the most effective operating models, share best practice and work out how 80 additional locations used by Shell and BG could be integrated.”

Shell Real Estate is responsible for providing a safe and productive working environment for 90,000 Shell staff worldwide. Managing all non-hydrocarbon assets – from offices and business operations centres, to technology centres, and even homes – Real Estate holds a portfolio valued at US\$20bn and with an annual spend of around US\$1bn.

## Supporting the Shell vision

Van Noppen’s team was established in 2016 as part of a major re-organisation which aligned Real Estate with the wider Shell business and created the Operational Excellence function.

“Our biggest project is Real Estate’s Vision 2020 strategy,” he says, “which aims to deliver US\$2.5bn in value to Shell between 2016 and

2020. The strategy is not only about cost reduction, but also very much about avoiding costs and the creating business value.

“Real Estate is not a goal in itself. Around 2015, the oil price dropped from US\$100 per barrel to US\$50, which has had a tremendous impact. It falls to Real Estate as a function to provide new, cost competitive solutions and identify how to create value.”

The Real Estate organisation is now working with around 700 Shell staff and 6,000 contractors to embed three principal objectives: improved business partnering; cost competitiveness and leveraging the right data for decision making.

## Creating a data culture

“One of the reasons for raising the Operational Excellence team has been about establishing ‘one version of the truth’ for data,” says van Noppen. “This process began with setting clear strategic goals for the collection, management and analysis of data and a step-by-step roadmap for change.”

A global Project Management Office (PMO) was set up and managed by Turner & Townsend to support the Operational Excellence programme. Working with this office, Shell introduced a programme of coaching, stakeholder management and key performance indicators, combined with new compliance processes to provide assurance of ‘data quality’. These improvements were brought together with visualisation software to develop graphics and dashboards for senior management, enabling leaders to make faster, more effective decisions and drive forward the performance agenda.

### Shell Real Estate in numbers



**US\$20bn**

value of the Shell Real Estate portfolio

**US\$1bn**

annual Real Estate spend and  
US\$300m in capital expenditure

**700**

Shell staff

**6,000**

Contractors

**90,000**

Shell staff make use of Real Estate  
serviced locations worldwide

**46 countries**

Shell portfolio reach

With improved data capabilities, the Operational Excellence team has now the ability to assess the performance of a project against expectations at any point during its lifecycle using the PMO's Health Check tool. To date, over 250 health checks have been undertaken globally, with the average project score rising from 55 percent to 91 percent since 2015.

"People are far more focused on the importance of data – its completeness, accuracy,

timeliness, integrity and thus its overall quality," van Noppen highlights. "We have better-than-ever visibility of the capital expenditure and cash flow for projects. As a result, we have seen that decision making is faster and better than before."

"Now, we're looking at moving from historical, background reporting to more predictive analytics – which is the ultimate goal and where we can really get ahead of the game."

### A passport to performance

The introduction of improved assurance processes extends far beyond data. The supply chain is another area, fundamental to driving forward the performance agenda and Shell and Turner & Townsend have focused on proactively engaging supply chain partners.

The PMO has pioneered the Skills Passport, a system that ensures partners comply with Shell's processes and standards. The passport has been used to deliver on-boarding, training and compliance in areas such as health and safety, with reporting via monthly video conferencing.

"Last year, we had the safest year in Real Estate's history, which the Skills Passport clearly contributed to" reports van Noppen.

Since 2015, more than 900 members of the supply chain worldwide have been engaged, upskilled or assured through the Skills Passport. This is enabling Real Estate to make informed decisions on appointing providers and to develop 'benches' of supply chain capability to mobilise projects efficiently.

"It's helping them to understand Shell," van Noppen says. "On interior design standards, for example, the supply chain needs to be aware of the standard, but also understand its flexibility so that we don't have a homogenous outcome all over the world without regard to the local context."

### Shell Real Estate and Turner & Townsend: partnering to deliver a Global Project Management Office



# 25

year relationship between  
Shell and Turner & Townsend

# 2015

Turner & Townsend commissioned  
to launch Global PMO

# 900+

members of the supply chain assured  
using the new Skills Passport

# Safest year

in Shell Real Estate history in 2016

# 55% up to 90%

improvement in data compliance to date

### Global outlook, local outcomes

Across all value streams, Operational Excellence is working to align global and local perspectives to improve performance - bridging gaps between project managers and regional teams on the ground, and the strategic Real Estate function.

These improved relationships, coupled with far greater understanding of the portfolio

worldwide, mean that the position of Real Estate within the Shell business is changing in a positive fashion.

"As a Real Estate function, we're better informed and better prepared for business conversations, both internally and externally," says van Noppen. "In a negotiation, we are seen as a more serious partner because we have enhanced market knowledge. Within Shell, we know how people are using the Real Estate portfolio, how people behave in our assets, and we have a greater understanding of what the demands are. It's a totally different approach, rather than receiving requirements from other parties and delivering projects, we think and act ahead as more professional advisers to the business."

Shell Real Estate has achieved this new status through a holistic programme of change. Despite the global challenges facing the business, as van Noppen says, "our journey shows that focus on costs can come hand in hand with improved performance."

### About Turner & Townsend

Turner & Townsend is an independent professional services company specialising in programme management, project management, cost management and advisory across the real estate, infrastructure and natural resources sectors.

With 104 offices in 44 countries, we draw on our extensive global and industry experience to manage risk while maximising value and performance during the construction and operation of our clients' assets.

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