

Marathon Oil Corporation: APQC's Process Classification Framework in Action

By Michelle Cowan

Overview

During the 1990s, compliance and risk management programs within Marathon Oil Corporation started aligning their documentation and other relevant information according to a standardized hierarchy of processes. Since then, Marathon has moved from the adoption of process-driven tools within select programs (where aligning by process proved more efficient than previous methods) to a more enterprise-wide approach which it is largely basing on [APQC's Process Classification Framework \(PCF\)](#)—specifically, APQC's upstream and downstream petroleum industry versions of the PCF.

Implementing a global standard provides for easier industry measurement and standardization; however, the particulars of Marathon's business have necessitated some alterations along the way. Marathon's customizations demonstrate how organizations can apply the PCF in a way that makes sense within the context of their day-to-day work.

Adoption of APQC's Process Classification Framework

Marathon recognized the benefits of thinking about business in terms of processes in the 1990s and early 2000s, taking the lead from top competitors in its industry and other high-performing organizations that were oriented according to process and experiencing higher efficiency, quality, and customer satisfaction as a result. Marathon incorporated APQC's PCF along with other process frameworks into a hierarchy of their own creation that they designed to facilitate Sarbanes Oxley (SOX) compliance and risk assessment documentation.

Starting around 2007, other areas of the business began to show a need for process alignment, including outsourcing, global procurement, credit, and other compliance initiatives. It became apparent that the homegrown system would not facilitate the larger kinds of benchmarking and global alignment Marathon needed. Thus, Marathon sought out an accepted and more widely-used process classification standard, finally deciding on [APQC's Process Classification Framework](#).

Customized for Marathon's Needs

Since 2007, the PCF has maintained a presence at Marathon, but not without customization. Process leaders at Marathon fill gaps in the PCF to ensure that it covers all pertinent activities. For instance, Marathon has combined the upstream and downstream petroleum PCFs to make a single framework that can be used enterprise-wide. Marathon has also added a completely new PCF section called *Managing Projects* and streamlined other sections according to Marathon's particular needs. Even with these changes, Marathon is able to easily benchmark and discuss processes externally because its customized framework is based upon the PCF, a widely-recognized standard.

Marathon's most recent revisions to the PCF were necessitated by its current effort to develop an enterprise content management (ECM) system called MaraView™, which is based on SharePoint, a Microsoft product for collaboration and document management, and complementary Open Text ECM tools. In MaraView, files are organized by process but searchable according to the needs of the users themselves. Moving to MaraView allows for better version control and overall retrievability of information across the enterprise, and having a process hierarchy as the backbone of the system enables better storage and work standardization.

Those developing the new enterprise content management system have taken cues from how process hierarchy has been implemented in risk management activities. Now, employees dealing with process hierarchies for different purposes are beginning to come together to ensure total company-wide alignment—a trend Marathon is striving to support and grow.

FILE BY PROCESS, ACCESS BY ATTRIBUTE

When groups throughout Marathon are introduced to the PCF, issues arise. As Marathon rolls out its enterprise content management system, many (if not most) groups at first hesitate to leave their previous modes of document storage on shared drives. It takes some explanation and familiarization to give employees a reassuring picture of how the process system in MaraView will benefit them. Chip Locke, senior project controls specialist at Marathon and one of 21 "Information Champions" associated with Marathon's content management effort, reports that "initial reactions are pushback, followed by understanding, and then acceptance. It is almost blindingly simple once we get the concept across that filing by work process is very logical and useful and creates a platform to share/store information consistently across the company."

The challenge lies in getting people to think in process terms when organizing their content/information. Many people are so used to their own ways of thinking that they have difficulty imagining storing documents by any other method than project or asset name. According to Locke, once employees see real-life examples that demonstrate the benefits of process thinking, they realize how much sense it makes.

To alleviate some of the pressure on users to completely grasp process thinking, Marathon's ultimate vision is to file by process but access by attribute (e.g., any characteristic of a project, asset, piece of equipment, work site). Although the work force has to learn to think differently in terms of process activities and filing, employees are still able to find and access material based on the primary characteristics of whichever project they are focusing on, including activities specific to process.

Because MaraView enables users to look at documents within a typical folder/file view, employees can locate and work with items just as they used to even though, behind the scenes, the system organizes the documentation by processes, a method that is more manageable in the long-term. Plus, MaraView provides added search capabilities so that employees can learn new, more effective ways to retrieve information. Files are tagged according to process and other features so that users can access more targeted information than they would be able to find by clicking around, opening folders.

THINK IN VERBS, NOT NOUNS

The biggest hurdle, as described by Barbara Brooks, Sarbanes project manager and leader in the use of process organization in risk management, is that people are accustomed to thinking in nouns. They want to look up things according to project, location, well, asset, etc. Marathon leaders, however, know that organizing by process will better facilitate future retrieval of information. Projects end, assets are sold, and files and folders that were once familiar fall into disuse. As time passes, valuable information and lessons learned can be lost in a file system based on factors that constantly change.

Processes remain more consistent, and when assessing risk, locating old documentation about a particular activity, or attempting to learn from previous experience, being able to target a process rather than a specific project is much more effective. Organization by process allows those searching for information to benefit from all information related to specific work activities (e.g., billing, construction, site management), regardless of the unique program or asset to which they were originally applied.

In light of this, process leaders at Marathon are encouraging employees to think in terms of verbs: "What are you doing?" rather than "What are you creating?"

Once this mode of thinking is engrained, people can easily determine where they need to file their documentation. Accessing the items is even easier. The backbone of the filing system may be process-based, but MaraView allows all Marathon employees and contractors to search for the information they need according to attributes that matter to them and their daily work, even if they don't know the exact location of the files or the process they fall under. Enhancements to MaraView currently in progress will permit users to combine full text, process categories, and other attributes in their searches to quickly find the content they need.

Challenges and Solutions

The following table outlines the challenges Marathon has encountered with the PCF and the actions taken to modify the PCF to meet its needs. Organizations are encouraged to customize any process hierarchy so that it complements their actual work. A globally-used, standard framework is an asset when organizations want to compare and work with processes externally, but internally, adjustments usually have to be made so that the tool corresponds with the realities of day-to-day work at the particular organization.

Marathon's PCF Challenges and Solutions

Challenges	Solutions
<p>Redundant processes—For instance, process group 8.1 Perform planning and management accounting overlaps process 7.1.5 Perform IT financial management, making it difficult to determine the process group—8.1 or 7.1—where pertinent documentation should be housed.</p>	<p>Marathon designates one of the redundant processes as primary. The secondary process is essentially discarded, and all related documentation is filed according to the primary process.</p>
<p>Lack of distinction between ongoing operational processes and limited, project-oriented processes—Even though many processes apply on an ongoing basis to the entire business, special activities exist surrounding limited-scope projects. For example, although human resources hires personnel for permanent, corporate positions, it also hires workers for individual projects in diverse locations. The policies or payroll processes might be different depending on the duration of a particular hire.</p> <p>Finance and accounting deals with operational expenses differently than those for unique projects. Taxes and billing may work differently when working on a short-term project in a distant locale. The development of MaraView amplified the differences between operational and project-oriented activities and magnified the need for distinction between them.</p> <p>For ongoing processes, documentation could potentially be kept forever. However, with project-based processes, some documentation could and should be archived or deleted after a period of time. Marathon needed a way to house project documentation differently, so that they could keep their system organized and clean over the long-term.</p>	<p>The Managing projects process category was added.</p>

Challenges	Solutions
Inability to categorize joint operations —Analyzing underlying oil and gas leases, determining and maintaining ownership information, and allocating costs and revenues all fall under joint-operations efforts, which are not separately identified in the PCF.	Marathon created a Manage oil and gas leases category containing the processes Administer oil and gas leases, Analyze and maintain ownership information, and Account for oil and gas leases. To cover related financial processes, another process under the group Perform general accounting was added, called Account for joint ventures.
No single process to deal with royalties and taxes together —Since many state severance taxes are directly tied to revenue received, Marathon thinks of royalties and taxes related to the sales of produced hydrocarbons as a singular process. When government entities are involved in royalties, specific rules and regulations apply that are not present in similar financial activities.	Marathon added a process under Perform revenue accounting called Calculate and pay royalty and taxes. Note: This could also have been handled under a separate Transactional tax process under the group Manage taxes.
Commodity derivatives not recognized in upstream PCF —Marathon uses commodity derivatives to support its marketing operations.	Under the process category Deliver products and services, the process group Trade commodity products was added.
Long, cumbersome process names —It is awkward to tell co-workers that a document is housed in, say, the Evaluate effectiveness of the employee on-boarding program library. Marathon needed more efficient terms for processes.	Marathon plans to embed a new element in their version of the PCF: short name. The short name for each process or activity will be used in common reporting and display areas.

Figure 1

Making the PCF Work for You

APQC welcomes Marathon's adaptation and similar modifications. As stated directly in the text of the [published PCF](#):

The APQC Process Classification Framework is an evolving model, which APQC will continue to enhance and improve regularly. Thus, APQC encourages comments, suggestions, and more importantly, the sharing of insights from having applied the PCF within your organization.

Using a standard, globally-accepted process framework ensures that organizations are easily able to benchmark their processes with others. An industry or market-standard process

hierarchy aligns an enterprise's processes with those in other organizations using the same process framework. The fact that a given framework is used successfully elsewhere can also boost the acceptance of that framework within an organization. However, every enterprise is unique, and the particular requirements of any given program can necessitate the customization of standard tools. When organizations share their innovations, everyone benefits from new ways of thinking about their own processes.

APQC is planning to incorporate some of Marathon's changes into the next version of the PCF. If your organization uses the PCF in its business, we would like to hear about it. The framework is ever-evolving and growing according to the needs of the organizations using it, as evidenced by the release of industry-specific PCFs and the continued improvement of the cross-industry standard. The PCF is guided by how organizations put it to use on a day-to-day basis. Share your suggestions and experiences with the PCF by e-mailing pcf_feedback@apqc.org.

ABOUT APQC

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