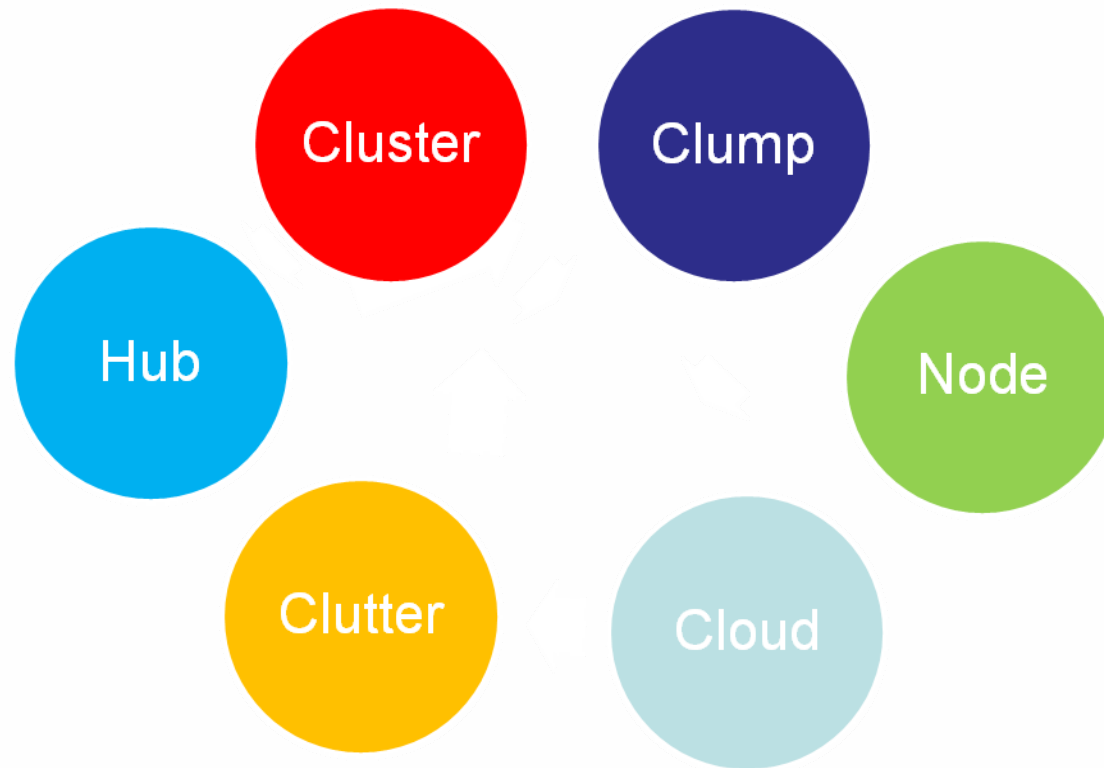


# Wood Group – A Global Energy Services Business

**Clusters a real world example**



**Paul Mahoney**



**Iffor (E4) Ffowcs-Williams  
Cluster Navigators**

# What started it?



## 10 Darwin based companies

1. Hyperbaric & Hydrostatic testing

2. Communications & Electronics

3. Diving services

4. Fabrication X 2 – one carbon or specialty metals

5. Refrigeration

6. Hydraulic & Mechanical services

7. Electrical

8. Marine services & product supply

9. Hoses – design & supply



# Darwin business evolution



**Late 2001**

Business Cluster  
(10 companies)

**2006**

Reverse  
acquisition

**2007**

Joint Venture  
(eni Blacktip)

**2009**

Wood Group Majority  
Ownership

# For SME's who may wish to pursue a cluster - What will you need?



- Likeminded people – entrepreneurial, open, committed (time) – don't have to be best friends
- Don't expect it to be easy initially – build trust (14 hour board meeting) – often like herding cats in the rain.
- Get the right agreements in place (spend \$ on legal advice – this will avoid future disputes)
- Need to get the rules of engagement right – financial, commercial, human
- Be prepared to share detailed information – **this is the first test!**
- Communicate, communicate, communicate
- Demonstrate your commitment to QHSE – this is critical to your potential customers.
- It may well emerge during discussions that you are better suited to a JV, alliance, partnership or the like – none of these are negative and most still require the above tenets to be successful – at the end of the day you want a successful business.
- Don't expect that because you are a cluster larger companies will treat you any differently – you must plan, perform and be prepared to invest.

## For large companies who could engage with a business cluster



- Most of you will have or be required to have Local Industry Participation Plans – engaging with a cluster could be an easier way of meeting these requirements – a single company can have a significant multiplier effect on local content (as per the COPA example I gave earlier – 80+ companies). In the case of large owners/ operators this can be mandated down through your supply chains.
- Be prepared to invest time – if a new cluster needs to be developed this needs to be addressed very early in your project development planning. Often we see large organizations push LIPP down to large contractors who then push it further down to SME's – these dynamics needs to change if you commit to clusters – it needs to be a collective effort.
- Communicate that HSEQ is **paramount**. Many SME's struggle with the compliance & system aspects required – a fully accredited system is a significant investment – make it a bit easier by providing access to your systems & processes. Be prepared to make an investment.
- Start small –in terms of work scope – test the clusters ability to deliver.
- Provide information about your Supply Chain assessment process – the leaders of the cluster can utilize this information in shaping the type of organization you are prepared to do business with and the types of information, systems etc. you will require.

## For Government/ public enterprises looking to facilitate clusters



- Most State & Territory governments have small business assistance programs in one shape or form. Do any of them target clusters?
- Are there “ Easy” targets based on your demographic – size of industry, type of industry, future skill demand, future projects? This may be a good starting point.
- Engage experts in initial workshops
- Be prepared for successes and failures
- Promote clusters at every opportunity. (NTG and RANMs)

## End Product



- **A vibrant and growing SME market**
- **Reduced supply chains for larger organisations**
- **Regional development**
- **Competiveness - this leads to better outcomes for ALL stakeholders.**

**THANK YOU**