2014 Global Reciprocating Pumps in Oil and Gas Customer Value Leadership Award
Customer Value Leadership
Reciprocating Pumps in Oil and Gas
Global, 2014

Background and Company Performance

Industry Challenges

The pumps market in the oil and gas industry is dominated by a handful of blue chip manufacturers, and competing against them on a global scale is a daunting task. In order to be a part of the market share in this highly competitive market, innovativeness, uniqueness, customer value, and more importantly, courage and persistence is required. To gain market share, pump manufacturers must address the customers' demands for newer better technology to replace existing inefficient technology in the oil and gas industry. Organizations that lack experience do not succeed, so it is mandatory for companies to develop an attitude toward taking calculated risks to compete against other manufacturers and gain market share.

Customer Value and Implementation Excellence of Peroni Pompe

Total Customer Experience

For 30 years the process of manufacturing a pump has not witnessed any significant changes. Currently, all pump manufacturers are battling it out based on price, quality, reliability, efficiency, on time delivery and service. It often places the customer under a state of confusion as they are not able to determine the best in class solutions provider for a particular process. Frost & Sullivan's research confirms that in this highly competitive market, it is mandatory for a pump manufacturer to offer unique value proposition to its customers because it is the key ingredient in offering prime customer experience. It is what a pump manufacturer offers above and beyond factors like quality, reliability, efficiency, on time delivery and service that matters. Pump manufacturers who are relatively new in this market will face stiff competition from some of the major pump manufacturers and this is why uniqueness and innovation is required to set themselves apart from their competitors.

Since 1895 Peroni Pompe has been designing and manufacturing Reciprocating pumps for various applications in oil and gas industry making them one of the leaders in this space. The experience they have acquired over a century has given them the status of one of the leading manufacturers of API 674 Reciprocating pumps. Peroni Pompe has strong brand recognition in the pumps market among their customers and this is to be attributed to the fact that Peroni Pompe offers first-rate solutions and services thereby enhancing the overall customer experience.

The overall customer experience depends on three factors namely 1) Interactions 2) Products and Services 3) Communications. In other words these three factors determine the satisfaction of a customer with a company’s products and services. Peroni Pompe interacts with its customers during the announcement stage of a project and lets the customer know where Peroni Pompe’s products can fit in for a specific application.
This lays a strong foundation for success. Following which Peroni Pompe design and manufacture their products. During this phase Peroni is in constant touch with the client and their process and this enables them to offer customized solutions to their clients and meet the specific requirements. This overall experience of interaction, transparency and communication coupled with agility and technical capability offers customers an exceptional overall experience. These factors sets Peroni Pompe apart from their competitors and this is one of the primary reasons why Peroni Pompe has been able to create a strong brand value among its customers.

Product Service/Value

Pump manufacturers need to measure the impact of their product and service offering to enhance customer value. In the oil and gas market there are several pump manufacturers but its remains a challenge for companies to adopt the best possible strategy in order to offer a similar offering as that of their competitor at a competitive price. Quality and price play a vital role in determining the very best solution in the pumps market. In the oil and gas industry quality (Brand value + Customer Relationship) becomes the deciding factor for a customer as they can’t afford downtime. Customers don’t mind paying the extra money for a highly reputed quality product. It is challenging for a pump manufacturer to compete on all these levels and offer value to their customers.

Frost & Sullivan’s competitive analysis reveals that Peroni Pompe is known for its superior technical experience and capability for several applications in the oil and gas sector. They are one of the leading pump manufacturers in the oil and gas sector because they are able to offer customers highly engineered tailor made products. Peroni Pompe has been in the pumps market for over 100 years and the experience they have gained so far through this long journey has molded them into a highly efficient mean machine. Just like any other pump manufacturer out there they are able to compete on price but don’t ignore the fact that it is quality and not quantity that matters. The brand recognition they have created in the last 100 years has given them the license to build a strong relationship with the customer. They do this by working with the customer across all different stages (order to service) and try and understand their requirements. They do not only offer the products of the specific requirements but also offer spare parts for the entire lifetime of pumps. This unique value proposition and the brand recognition has transformed into success for Peroni Pompe.

Ownership Experience

In the oil and gas sector price, quality, reliability and on time delivery play a significant role in deciding which manufacturer to choose. It is equally important for a manufacturer to work hand in hand with the customer from the announcement stage to the service stage. Frost & Sullivan’s research shows that more often than not pump manufacturers focus on orders and services only, as the monetary benefit has immediate impact. Delivery plays a vital role and there are many manufacturers out there who have backlogs. This is because the sales team, engineering team, delivery team and the service team do not work in conjunction with each other. This is the primary reason behind delays as teams and customers are not aware of what is happening with the order.
It is vital to maintain a system which tracks the progress of the order and generates reports not just for the teams to know the status of the order but also to the customer in order to maintain transparency. This model is not easy to adopt for blue chip manufacturers who deal in volumes. Hence it is mandatory for a pump manufacturer to take ownership of the products and the client’s issues.

Peroni Pompe has incorporated a system that lends itself well across all 4 stages (Announcement, Order, Delivery and Service). The business model followed by Peroni Pompe has proven to be successful and to compete with top pump manufacturers globally. Peroni Pompe always conducts a detailed analysis of their clients and the applications in order to manufacture the best possible solution. Through this process they also make sure that spare parts for such products are available making them extremely efficient in the after sales business as well. Vibration and acoustical studies which are a part of the consulting services that Peroni offers ensure the reliability of the pumps in place. They also maintain a database that has all the information regarding the client and the products they are using in order to avoid service and maintenance issues. This regular checkup performed by Peroni has made them a distinct player in the pumps market in the oil and gas industry. An experienced technical team supports the customer from selection through to installation. This proactive approach highlights their commitment towards ownership experience making the journey from ordering the product to using it a pleasant one.

**Vision Alignment**

For an organization to achieve vision alignment it is mandatory for them to make sure that the executive team’s mission and vision are aligned with the organization. This needs to be supported by operational efficiency, technological sophistication, process design and a great company culture. Often organizations fail to address all these factors. Many major manufacturers even though they have the technological sophistication lack a great company culture. This is also due to the fact that the internal teams lack transparency and are unaware of what the other team does. Most big manufacturers fail to acknowledge small and medium sized projects and concentrate on big sized projects making it a volumes game. Due to this specific targets are set and often the sales team feels the pressure of the same resulting in dissatisfied employees. This remains a major challenge for many companies.

Frost & Sullivan finds that for demanding applications Peroni Pompe is the preferred supplier amongst various other international pump manufacturers in the oil and gas industry. They are also considered as a privileged partner of licensees to solve innovative pumping situations. Peroni in the offshore business is considered as a top manufacturer of pumps because of their wide experience in FPSO and platform projects. The success is attributed to the fact that company culture promotes a positive atmosphere among employees making them highly motivated individuals ready to undertake challenging tasks. All employees have a common goal and the vision and mission is well communicated in order to bring everyone on the same page. They also have invested heavily back into the business in R&D and marketing which is something that customers look at. This has helped them achieve operational efficiency making them a lean and mean pumps manufacturer.
Operational Efficiency

It is important to notice how operational efficiency transforms into controlled growth for a company. This is an uphill task especially for companies that are relatively new in the market space. With the right people, process and technology operational efficiency can be achieved. Often organizations fail to achieve operational efficiency because they aren’t able to club the three factors together. Blue chip organizations often have the right people, technology and the process. This is common in organizations that are relatively new to the industry and trying to gain a foothold in the market. They fail to address either one of the three factors.

Peroni Pompe has achieved maximum operational efficiency which has transformed into controlled growth during the last 5 years. They have managed to recruit the right people for the job and adopted the right technology and applied the right process in order to achieve operational efficiency.

Peroni Pompe has leveraged on their brand value and technical expertise to offer customers outstanding solutions. Frost & Sullivan finds that due to their distributed focus towards process, vision alignment, customer value and technological sophistication Peroni Pompe has managed to achieve superior operational efficiency.

Company Culture

In order for an organization to be successful and for the business to blossom it is mandatory to promote encouraging culture throughout the organization. A motivated employee is willing to undertake challenges and show commitment and loyalty towards the company apart from being productive. Employees must also be given responsibility and the company should make the employee rise to any challenge. This promotes positivity among the work place. An open culture where the management interacts with employees not only promotes harmony but also offers reassurance among people working for the organization. Promoting a positive company culture promotes the platform for growth. The management must connect with the employees on both professional and emotional level.

Peroni Pompe as mentioned by employees is a great place to work as it molds their employees into highly creative and productive individuals who rise to any challenge during any occasion. The fact that many of Peroni’s employees have got decades of services, creates a smooth approach internally for the benefit of the customers.

Peroni Pompe integrates various factors together which has created a great company culture. The management gets personally involved with the different processes from designing to delivery in order to make sure consistency is maintained through all the stages. The company as a whole is open to new ideas and challenges which often helps them to come up with first-rate innovative customized solutions in the oil and gas industry. Peroni Pompe is detail oriented, people oriented and outcome oriented. They also maintain a policy of open communication in order to make sure all the teams within the company are on the same page.
Conclusion

Frost & Sullivan's independent analysis clearly shows that Peroni Pompe excels in offering superior reciprocating pumps that address customers needs in the oil and gas sector. This shows Peroni Pompe’s engineering capability and its courage and commitment to competing against blue chip manufacturers who dominate the market. It also boasts a great company culture that encourages its highly talented engineers to be innovative and address the issues and challenges faced by customers. It has not only captured the global market by partnering with distributors all over the world; it also has managed to meet different challenges by addressing a niche market in the oil and gas sector. For these reasons, Frost & Sullivan recognizes Peroni Pompe with the 2014 Global Customer Value Leadership for Reciprocating Pumps in Oil and Gas Industry.
Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from your company, and then making the decision to return time and again. In a sense, then, everything is truly about the customer—and making those customers happy is the cornerstone of any long-term successful growth strategy. To achieve these dual goals (customer engagement and growth), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, differentiating from the competition. This three-fold approach to delivering customer value is explored further below.
Key Benchmarking Criteria

For the Customer Value Leadership Award, Frost & Sullivan evaluated the total client experience and strategy implementation excellence according to the criteria detailed below.

Customer Value Excellence

Criterion 1: Total Customer Experience
Criterion 2: Product/Service Value
Criterion 3: Purchase Experience
Criterion 4: Ownership Experience
Criterion 5: Service Experience

Implementation Excellence

Criterion 1: Vision Alignment
Criterion 2: Process Design
Criterion 3: Operational Efficiency
Criterion 4: Technological Sophistication
Criterion 5: Company Culture
The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan’s 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard and Matrix. This analytical tool compares companies’ performance relative to each other. It features criteria unique to each award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. This tool allows our research and consulting teams to objectively analyze performance, according to each criterion, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.
Best Practice Award Analysis for Peroni Pompe

Decision Support Scorecards: Customer Value Excellence

The Decision Support Scorecards, shown below, include all performance criteria listed and illustrate the relative importance of each criterion and the ratings for each company under evaluation for the Customer Value Leadership Award. The research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Finally, to remain unbiased and to protect the interests of all organizations reviewed, Frost & Sullivan has chosen to refer to the other key players as Company 2 and Company 3.

**Decision Support Scorecard: Customer Value Excellence**

<table>
<thead>
<tr>
<th>Measurement of 1–10 (1 = poor; 10 = excellent)</th>
<th>Award Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Value Excellence</td>
<td>Total Customer Experience</td>
</tr>
<tr>
<td>Relative Weight (%)</td>
<td>35%</td>
</tr>
<tr>
<td>Peroni Pompe</td>
<td>8</td>
</tr>
<tr>
<td>Company 2</td>
<td>8</td>
</tr>
<tr>
<td>Company 3</td>
<td>7</td>
</tr>
</tbody>
</table>

**Criterion 1: Total Customer Experience**
Requirement: Customers receive exceptional impression at every stage of the purchase cycle

**Criterion 2: Product/Service Value**
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

**Criterion 3: Purchase Experience**
Requirement: It is as simple for salespeople to sell the product or service as it is for the customer to buy the product or service

**Criterion 4: Ownership Experience**
Requirement: Customers are proud to own and use the company’s product or service

**Criterion 5: Service Experience**
Requirement: Customer service is accessible, fast, and stress-free
Decision Support Scorecard: Implementation Excellence

<table>
<thead>
<tr>
<th>Measurement of 1–10 (1 = poor; 10 = excellent)</th>
<th>Award Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation Excellence</td>
<td>Vision Alignment</td>
</tr>
<tr>
<td>Relative Weight (%)</td>
<td>30%</td>
</tr>
<tr>
<td>Peroni Pompe</td>
<td>9</td>
</tr>
<tr>
<td>Company 2</td>
<td>7</td>
</tr>
<tr>
<td>Company 3</td>
<td>7</td>
</tr>
</tbody>
</table>

**Criterion 1: Vision Alignment**

Requirement: The executive team is aligned on the organization’s mission and vision

**Criterion 2: Process Design**

Requirement: Processes support the efficient and consistent implementation of tactics designed to implement the strategy

**Criterion 3: Operational Efficiency**

Requirement: Staff performs assigned tactics seamlessly, quickly, and to a high quality standard

**Criterion 4: Technological Sophistication**

Requirements: Systems enable companywide transparency, communication, and efficiency

**Criterion 5: Company Culture**

Requirement: The executive team sets the standard for commitment to customers, quality, and staff, which translates directly into front-line performance excellence

**About Frost & Sullivan**

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation, and leadership. The company’s Growth Partnership Service provides the CEO and the CEO’s Growth Team with disciplined research and best practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit [http://www.frost.com](http://www.frost.com).