



Case Study

GAS SPECIALIZED SERVICES (GSS)

INDUSTRY

Oil & Gas

REGION

Permian Basin, NM | U.S.

CONTRACT RELATIONSHIP

Sales & Operations Project

CHALLENGE

Company has been trying to achieve \$10million in revenues. Last 2 years' revenue: \$4.5 and \$4.7 million

SOLUTION

Management Alignment and Profit
& Expense Control

GAS SPECIALIZED SERVICES (GSS)



CLIENT NEEDS

The Company had become stagnant and needed a sound growth strategy. To create a growth environment, the Company needed to realign its corporate culture to achieve its organizational goals. This required establishing a new expandable and more functional organizational structure supported by a new systems-based profit and expense controls to develop a and achieve a solid business and sales plan to ensure continued stability and profitable growth of the business.

PAIN POINTS/CHALLENGES

- Proper control and timely, accurate feedback of labor costs and a pricing structure that accurately reflects these costs
- Establish a corporate culture of success with customer focus
- Poor cash management
- Full utilization of the capabilities and information available in the financial accounting system to manage the business for profitability
- Ineffective banking relationships
- Implementation of tools to assure employee performance accountability is evaluated and rewarded in a way aligned employees with the organization's values and objectives

WHY CX05?

The CX05 team was able to address GSS issues and opportunities in the following phases:

1. Financial Controls and Reporting

- a. Installed proven credit and collections policies
- b. Optimized pricing methodology of GSS services based on more accurate costs
- c. Provided and installed a Cash Management System
- d. Enhanced banking relationships and opened new credit facilities

2. Controlling & Enhancing Profits

- a. Improved worker productivity through the use of Key Performance Metrics
- b. Assisted in a timely expansion into the TX and LA markets

3. Operational Effectiveness & Accountability

- a. Improved worker productivity through the use of Key Performance Metrics
- b. Produced and established a weekly Dashboard
- c. Improved information and communication between management and field operations
- d. Worked to help employees understand and commit to company goals and values

INDUSTRY OVERVIEW

Already growing at unprecedented levels, a new report finds Permian Basin energy output is forecasted to experience "stunning" growth through 2023.

Permian Basin oil production is projected to rise by nearly 3 million barrels a day by 2023, exceeding most recent estimates and comprising more than 60 percent of the globe's net oil production growth according to a report from IHS Markit.

IHS reports the Permian's expected total oil production of 5.4 million barrels will not only exceed Kuwait's current production but will be more than the total production of any OPEC member, other than Saudi Arabia. According to this report, growth will be driven by nearly 41,000 new wells and \$308 billion in upstream spending. That expected \$308 billion is up sharply from the \$150 billion spent between 2012 and 2017. The Permian Basin is expected to grow into the third or fourth largest producer in the world.

Mexico, which already buys U.S. natural gas and is looking to buy more, is a potential market for the rising amounts of Permian Basin natural gas associated with crude production which can be liquefied at Gulf Coast facilities and shipped overseas.

SUMMARY OF KEY OUTLOOK PROJECTIONS:

Permian oil production: 5.4 million barrels a day in 2023 (116 percent increase from 2017)

Permian gas production: 15 bcf/d in 2023 (114 percent increase from 2017)

Permian NGL production: 1.7 million barrels a day in 2023 (105 percent increase from 2017)

\$308 billion in upstream spending / nearly 41,000 wells (2018-2023) in the Permian

Total U.S crude exports increase from 1.1 million barrels a day to 4 million barrels a day (2017-2023)

Source: IHS Markit



SOLUTIONS OVERVIEW

AFTER 8 WEEKS INTO THE PROJECT, GSS HAS

- 1 Increased annualized sales from \$4,700,000 to \$8,120,900
- 2 Increased Gross Margin from 38% to 49% representing an increment of \$514,100 in annual gross profit.
- 3 Developed and implemented a strategic sales and financial plan designed to fully leverage the market niche where the company is located and the current conditions of the oil and gas industry to increase revenues in 2 years to \$15,000,000.
- 4 Developed a motivated and exceptional management team utilizing adequate incentives and training to improve the corporate culture for success and employee relations
- 5 Enhanced its financial relationships for growth
- 6 Employed better use of its systems for more accurate and timely information to manage projects more effectively



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