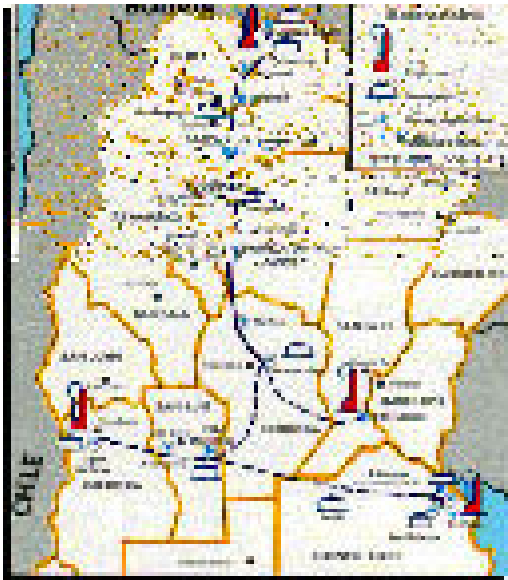


Mega application 2



The company



- Privatized in 1994
- Gas production & distribution
- North of Argentina
- MERCOSUR
- Underdeveloped region
- Underdeveloped market
- "Island" in a sea of social problems
- Management development 1994-1996



Traditional approach

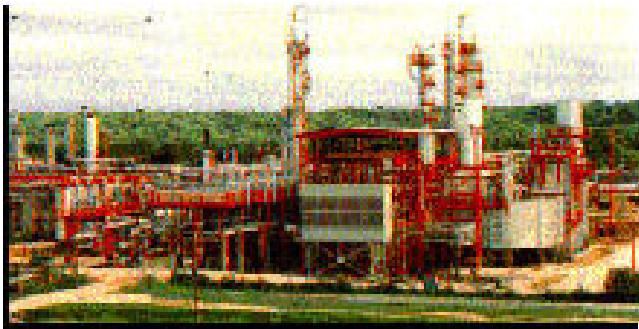
- “Inside-Out”
- Process and resources improvement focus
- Conventional “bottom-line” measurement
- Short-term commitment to global business



The challenge

- Operation successful, patient dead
- Company cannot grow if market and clients don't grow
- Employees and families trapped inside the conventional "box"
- Traditional change exhausted and not sustainable.

The challenge



- Natural resources richness, human poverty
- Welfare state and assistencialism crippling consequences and habits
- Globalization shortcomings
- Dichotomy business/society
- Impending anomia



The new approach

- Outside-in
- Starting from Mega
- Societal “double bottom-line” measurement
- Mega-driven global business



The Mega approach

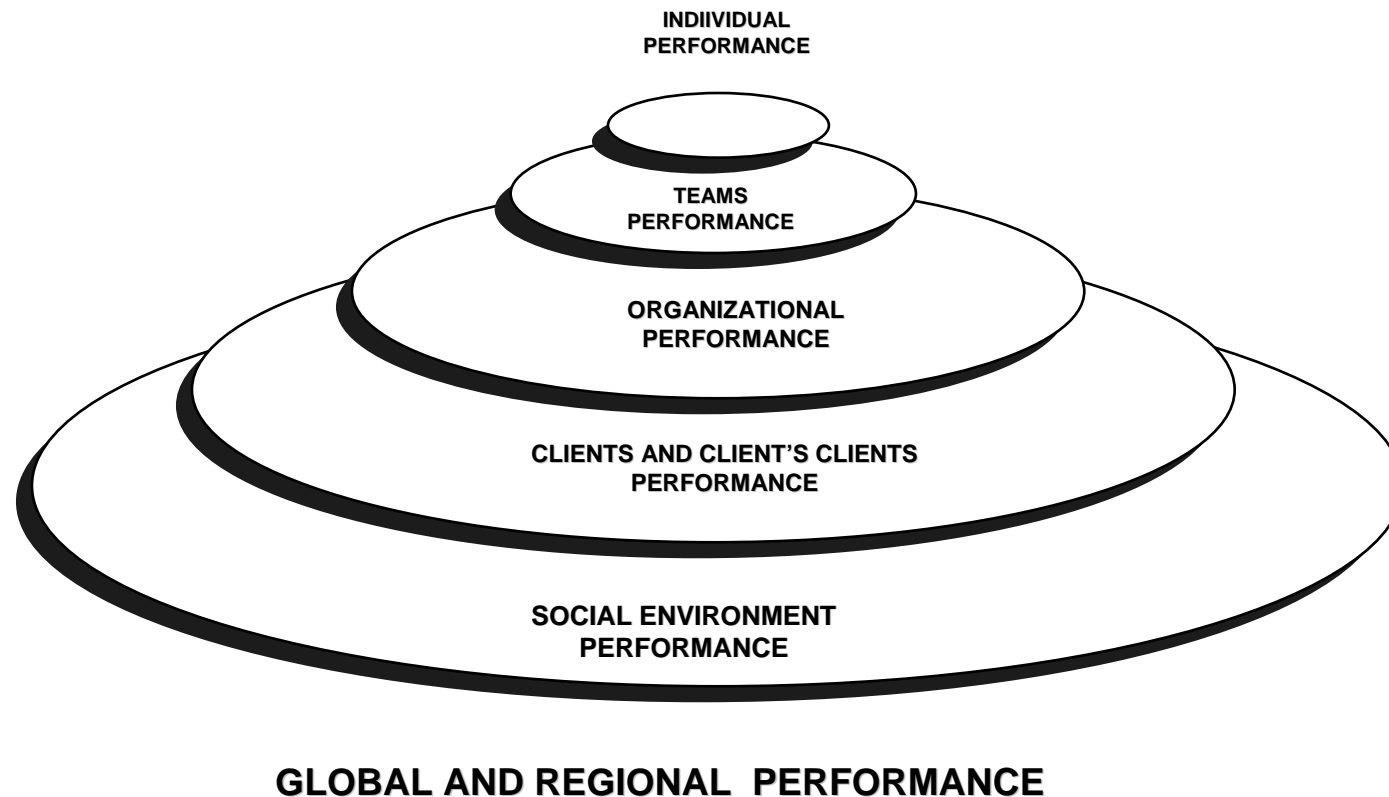


**INDIVIDUAL
PERFORMANCE**





The Mega approach

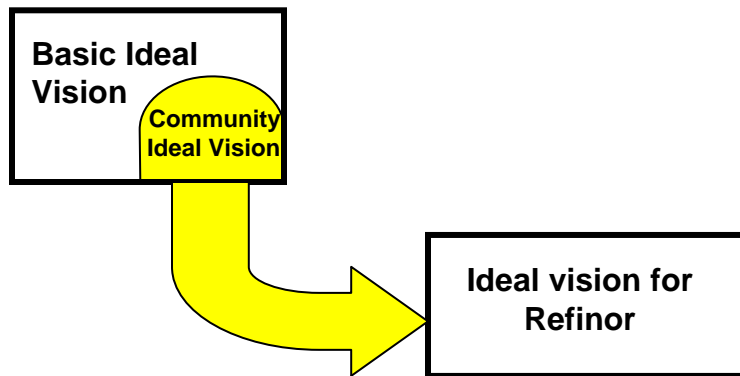




The Mega approach



The Mega approach



- Ideal Vision
- Gaps detected by company and community





Starting point: Ideal Vision

Ideal vision element	'Gaps" detected
<p>A. All children will have access and attend school regularly, with proper physical and mental health and will learn and develop there such skills as will enable them to have access to jobs over the poverty line.</p>	<ul style="list-style-type: none"> ■ School's curricula not responding to social demands. ■ Infants youth prostitution. ■ Dependency of government subsidies.
<p>B. All those receiving training must obtain the knowledge, skills and attitudes required to be SELF-RELIANT and have a HIGH DEGREE OF SELF CONFIDENCE, as citizens and as workers. (All schools must be in a position to provide first-class education to the poor).</p>	<ul style="list-style-type: none"> ■ Lack of basic skills for self sustaining forms of life (70% of the working population was living from voluntary retirement funds after privatization of the state-owned oil company ■ Isolated improvement efforts.
<p>C. Reducing the levels of alcohol and drug dependencies to zero in a one-and-a-half-year term.</p>	<ul style="list-style-type: none"> ■ Drugs trafficking (border zone). ■ High alcoholism rate.
<p>D. All unemployed WILL HAVE AN OPPORTUNITY of getting the SKILLS which will enable them to GET A PRODUCTIVE JOB, AND KEEP IT.</p>	<ul style="list-style-type: none"> ■ Aborigins segregation. ■ Poor education level. ■ Isolated improvement efforts.



We conceive REFINOR's mission as the achievement of the region's development (MERCOSUR), regarding the improvement of the standard of living of its inhabitants, through providing our skills, people, services and products to help create genuine jobs and opportunities for professional and business development for our employees, clients, and suppliers.

Action plan



- New vision and mission
- Management involvement
- Business and social workouts
- Regional, strategic focus
- Market, client creation starts with community development
- Business and social workouts



Results 1998-2000

Mega outcomes	Macro	Micro outputs
<ul style="list-style-type: none"> ➤ Reduction in welfare roll ➤ Reduction on pollution rates ➤ New sustainable small business ➤ Reduction in infant mortality, preventable diseases ➤ Reduction in crime statistics ➤ Settlement of employees in community 	<ul style="list-style-type: none"> ➤ 30% increase in market share over period 1998-2000 ➤ Profitable, self-sustainable operation ➤ Market leadership (brand of choice) ➤ Minimal turnover rate ➤ ISO 14000 certification ➤ 4 rural schools ➤ 	<ul style="list-style-type: none"> ➤ Improved company infrastructure (pipeline) ➤ Improved communities' infrastructure (education, health, environment) ➤ "Papaya Refinor" ➤ Self-directed company-community improvement teams ➤ 120 new self-sustained agro technical internships ➤ 1600 youth participating in sports



Lessons learned

- Megapanning is not a luxury, but a basic requirement for sound business
- Sustainability
- Replace “assistencialism” with self-sufficient work projects
- Workouts: the key to break barriers, bureaucracy, old business and community habits.

1998-2000 (NW Argentina)

- Reduction in welfare roll
- Reduction on pollution rates
- New sustainable small business
- Reduction in infant mortality, preventable diseases
- Reduction in crime statistics
- Settlement of employees in community

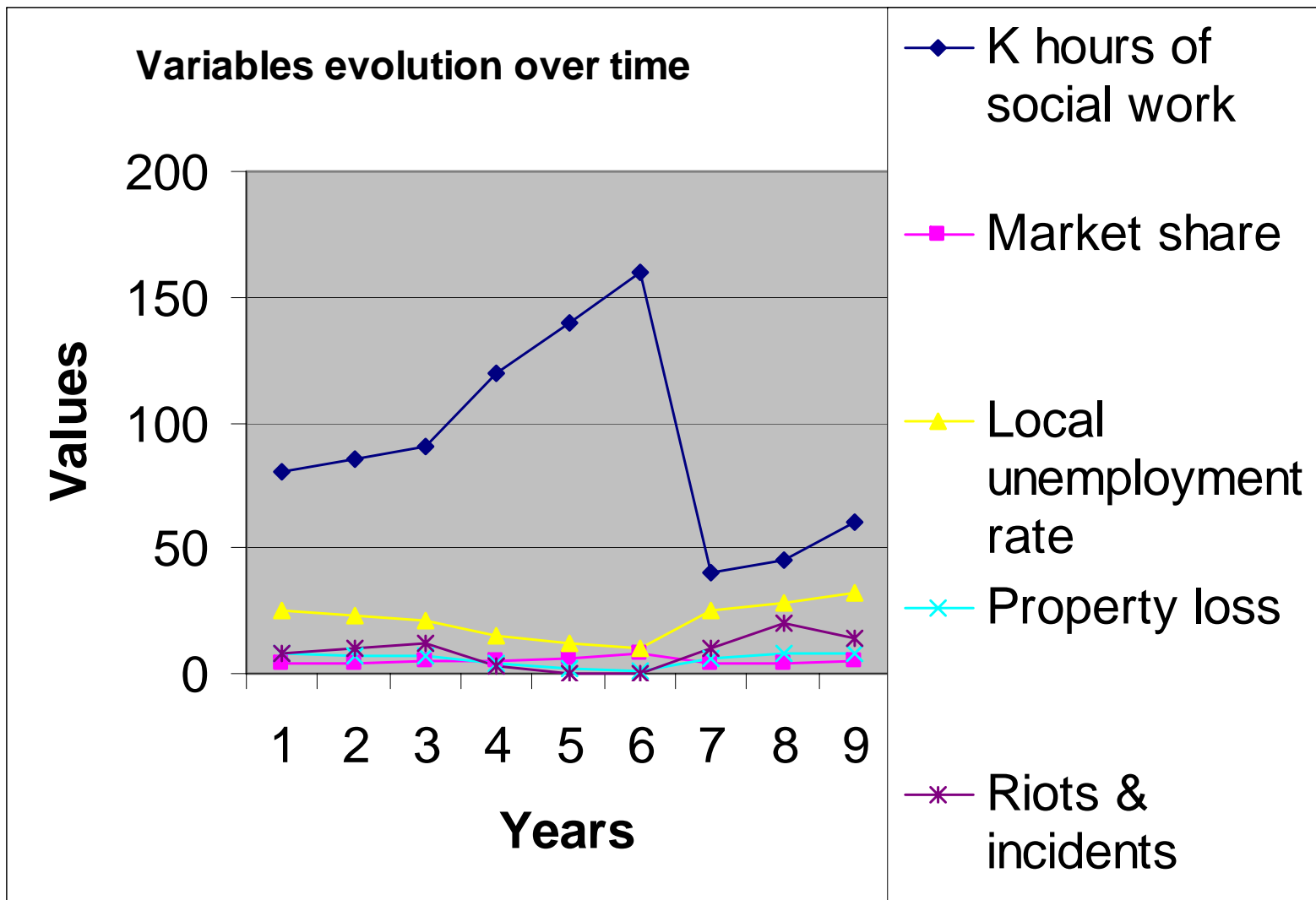




Mega indicators

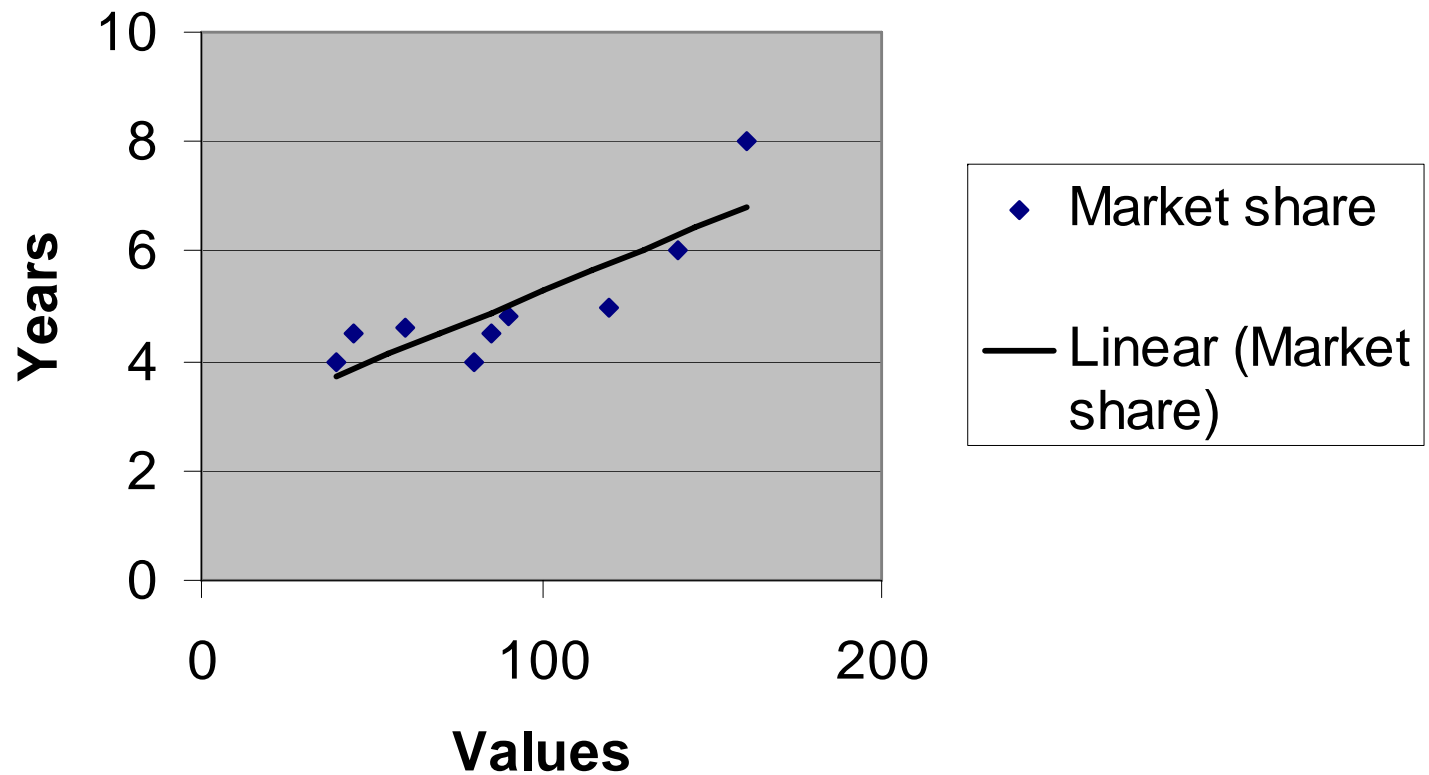
Year	K hours of social work	Market share	Local unemployment rate	Property loss	Riots & incidents
1995	80	4	25	8	8
1996	85	4.5	23	7.5	10
1997	90	4.8	21	7.3	12
1998	120	5	15	4	3
1999	140	6	12	2	0
2000	160	8	10	1	0
2001	40	4	25	6	10
2002	45	4.5	28	8	20
2003	60	4.6	32	7.8	14
n	820	45.4	191	51.6	77
Mean	91	5	21	6	9
Median	85	5	23	7	10

Mega indicators (*)



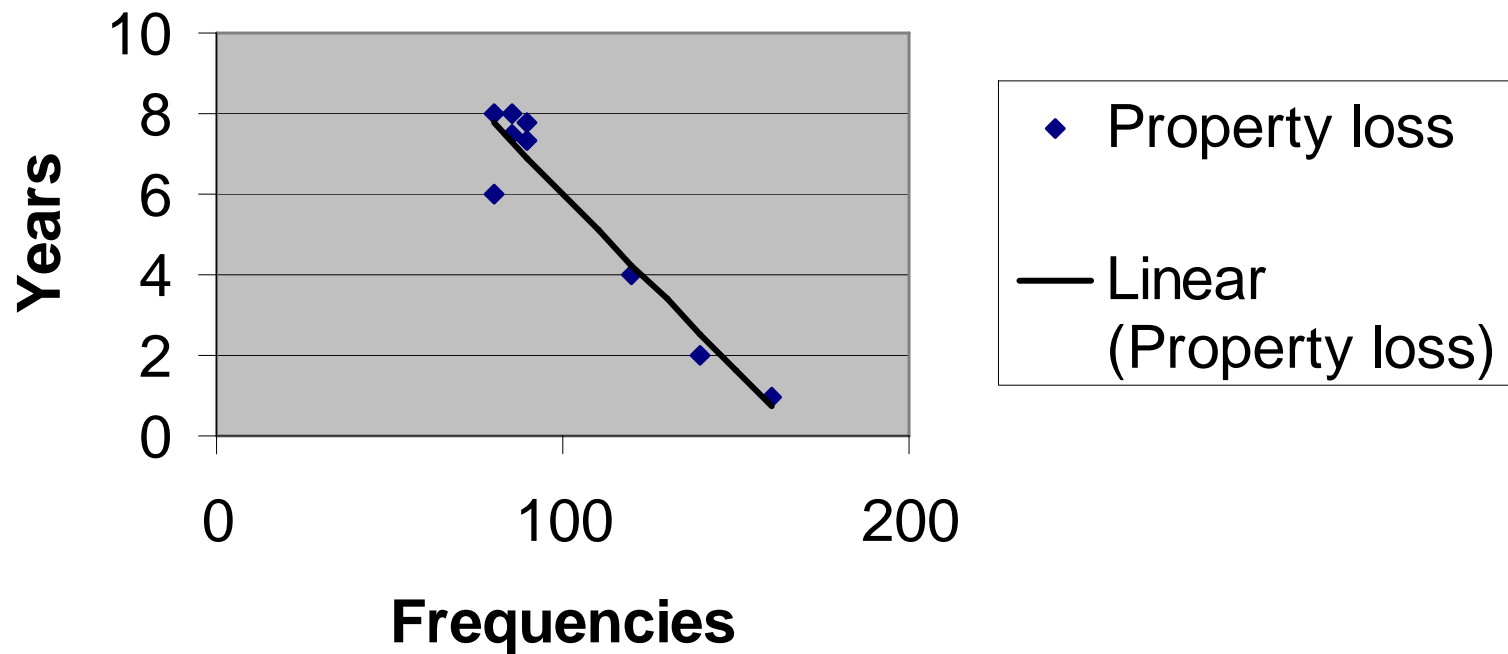
Mega indicators

Correlation between hrs of social work and market share



Mega indicators

Correlation between hrs of social work and property loss



2001-2003

Back to "conventional wisdom"
Problem escalates nationwide

2001-2003 ...

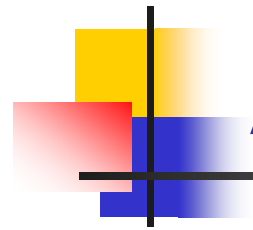


Viernes 9 de Abril

Las Mujeres del Petroleo

En Caleta Olivia el 27 de marzo fue tomada la playa de tanques de la empresa Termap por alrededor de cuarenta y siete personas. Esta medida fue realizada por una parte del grupo que mantuvo cortada la ruta nacional N° 3 durante cuatro días y que no aceptaron la propuesta formulada por el intendete Cottilo.





Afterthoughts...
