



Small Company Commands Big Future

VERESEN



The Challenge

When he took over as President and CEO of Veresen Inc. in western Canada, industry veteran Don Althoff was looking to take significant new ground with the company's portfolio, market positioning, and capabilities.

The company had a 15-year track record of operating with a core business around which they had grown additional assets, and Althoff saw several key challenges at the outset, including the following:

- While revenue and returns had been reliable, their results were not reflective of high performance.
- The company was three years away from the expiration of significant buyer contracts that would require tough renegotiations.
- There were disparate assets in Veresen's portfolio that weren't contributing to the business in an optimal way.
- The leadership team was comprised of individuals brought on through various acquisitions and was not well-integrated, with a history of focusing heavily on financial rather than operational matters.

"It was a stable business that had been running too predictably," recounts Althoff. "We were in a growth environment with western Canada going through an energy renaissance, but we had missed out on some opportunities. I could envision really building out the organization, and making this relatively small company a much bigger player. Although we had explored other possibilities, we were essentially a one-asset company with a single, albeit profitable, pipeline."

In 2012, Althoff turned to JMW for help. While there are always risks involved when bringing in support and asking people to think and work in new ways, Althoff had worked with JMW in previous leadership roles and was convinced that developing Veresen's people and leaders would be the key to establishing—and reaching—big aspirations for the company.

The Work

Althoff and JMW agreed that the work would begin with an assessment of people's perspectives about the business and its capabilities, especially at the leadership and executive team levels.



It was agreed that there had to be a strong focus on business challenges critical to continued strong growth, including:

- Key projects on which breakthrough performance would significantly enhance Veresen's positioning for success; and
- Key organizational capabilities that would underpin performance in 2015 and beyond.

There was an ambition to successfully acquire and integrate certain natural gas midstream assets, while also maximizing the value of these assets through a refreshed strategy and operational improvements. In addition, there was a Liquefied Natural Gas (LNG) project that was struggling to make the critical transition from early planning to the approval stage. There were also capabilities that would be required to support the delivery of these projects, as well as operations across the very active portfolio. Among them: strategic partnering, management systems, and bold leadership.

Experience had shown Althoff that strong leadership could drive unparalleled performance in every aspect of the business. On that front, JMW's initial assessment following staff and leadership interviews showed that people in management as well as in the field liked the company and liked their work—but they didn't have a shared sense of where they were headed. Clarity of direction and strategy was missing, which also explained the patchwork nature of

the company's portfolio. Althoff sought to address these issues head-on and definitively map out the path forward.

"There was a focus on business assets and having a strategy based on assets," observes JMW's Dan Spiwack. "Approaching strategy from a different perspective—one where an aspirational future informed the strategy—was definitely going to be a new approach."

In a series of 2013 sessions facilitated by JMW, the core leadership team eventually adopted a new way of approaching business strategy. Rather than focus on assets, they were urged to work together to create a "purpose statement" for the company. For many on the team, it was the first time they had focused solely on a larger aspiration for the company's future. "It was challenging at first to get people on board," recalls Althoff, "but ultimately people were very unified about the statement and about what was really possible for the company."

The purpose statement then served as the basis for a closely aligned business strategy. After that came the development of specific five-year goals that were recognized by everyone involved as highly ambitious for the \$2 billion enterprise. Chief among them:

- Investing \$6 billion in the company;
- Doubling their volume of gas processing;
- Advancing the LNG project through key approvals;
- Setting levels of safety performance that were higher than ever before; and
- Achieving a rate of return in the top quartile.

Less than a year into the work, with the difficult initial phase of the work behind them, it was time for leadership and staff to move beyond bold aspirations to rigorous implementation.

At all levels of the company, staff were engaged in creating something that came to be known as "The Veresen Experience"

—a set of shared views and values about what it meant to be a part of the business. "It didn't happen right away, but over a period of time," explains Spiwack. "It was a crucial part of—and outcome of—the work. People became very proud of what they stood for, and it contributed a great deal to how they pursued their overall objectives. It also made Veresen a popular company that people really wanted to come and work for in the region."

On the business front, leadership continued to work with JMW as they pursued an unexpected opportunity to become the service provider for a producer that had a possibility for a \$5 billion investment in the gas midstream market. The process was taxing and protracted—and Veresen was essentially "kicked out" of the bidding three times before eventually winning the future-changing contract. The tenacity and creativity demonstrated by the Veresen team in this negotiation was representative of a new leadership muscle the company had developed for generating breakthroughs in the face of challenge and adversity.

Landing that deal was one of the key accomplishments that fundamentally altered the future trajectory of the company. It was one of a number of breakthroughs that put Veresen on track to surpass all of its five-year targets within four years, ultimately rewriting the future of the company. That progress and the capabilities they had built led to a friendly acquisition agreement with a like-minded competitor in late 2017—a result that delivered exceptional value growth to Veresen shareholders.

"We achieved so much—in some cases, even more than I knew we could," observes Althoff. "Through so much hard work, we became ready for something even bigger, and we found it."

"The Veresen story is a truly special one, and not only because they achieved exceptional accomplishments. What distinguishes this story is the way a relatively small company of people came together to achieve some very big successes. While they confronted significant challenges along the way, the Veresen team increasingly embraced and prevailed over these challenges. They developed themselves into a model of what a high-performing organization can look like."

Dan Spiwack, JMW Partner

The Results

The breakthrough contract came only after Veresen's leadership leveraged new tactics, including a move to partner with a private equity partner. "The people leading the bid effort simply refused to let up," says Althoff. "It was really something to observe—the new level of commitment and persistence across the board. The deal wouldn't have happened without those people leading the way. They would not let up, no matter what obstacles stood in our way."

True to its most aspirational goals, within four years, Veresen:

- Was well on its way to investing more than \$6 billion of capital in the business;
- Obtained important approvals for its LNG project;
- Achieved best-in-class safety performance in environmental stewardship;
- More than tripled EBITDA generated; and
- Grew to a value of \$6 billion at \$19 a share.

"Seeing the company grow in momentum and performance is something I'm very proud of. It certainly didn't come easily at first, and I was grateful to have JMW's partnership along the way. It was an incredible effort, and it's a remarkable story."

Don Althoff, Veresen President & CEO

Key Highlights

From	To
\$2 billion value at \$11 a share	\$6 billion value at \$19 a share
Company with lack of coherent identity	Company with strong identity attracting eager employees
Acceptable safety levels	Best in class safety
Predictable levels of revenue	Historic levels of revenue
Unpredictable future	Bold new future as part of a new enterprise

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JMW CONSULTANTS, INC

STAMFORD, CT | VANCOUVER | LONDON | MELBOURNE

info@jmw.com | jmw.com