



FIVE ESSENTIAL STEPS

For Change Management In Oil & Gas

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In 1996, John P. Kotter, one of the leading-lights in the field of leadership and transformation, asserted that less than one third of change management projects achieve their stated goals. This statistic has barely changed in the intervening 18 years.

In the business world, oil and gas companies are the enterprises most in need of accelerated change management for a number of reasons, prime amongst which are:

The Great Crew Change – The facts are stark: by 2018, 50 per cent of all geophysicists and engineers will be retiring from the Western oil and gas industry. In our landmark study, [**The Great Crew Change: An Extinction Level Event In The Making?**](#), we covered the phenomenal brain-drain that would result in this loss of talent – and a key driver for efficient and necessary change management.

Technological advancement – Ten years ago, the “digital oilfield” was in its infancy. In 2014, work orders can be logged, production levels monitored and downhole temperatures measured in real-time – all relayed from mobile devices in the field to control centres via wireless internet connections and VSAT technology. If technology refuses to stand still, why should companies remain static?

Evolving business drivers – It is widely-recognised that “The Age of Easy Oil” is over, and companies are entering more inhospitable environments – both politically and geologically-speaking - than ever before in the quest for the Black Gold. Oil and gas organisations that used to make pinpricks in the earth and exploit the gushers that followed, are going to have to deal with tougher times ahead.

Once change management has risen to the top of your corporate agenda and the Top Brass have agreed that the process must go forward – only then does the fun begin.

Here at Oil and Gas IQ we have bumped heads with our counterparts at the PEX Network to put together a list of five essential steps to follow when change management is afoot in your organisation.

STEP 1

EVERYTHING IS PERSONAL

IF YOU'RE A PERSON - DON'T ANNOUNCE CHANGE BY E-MAIL



Our organisations are built upon and based around people. So, being able to manage the human side of a process change is vital.

Communication is the key to making any transition as painless as possible, and it is important to ensure that the channels used to drive change are neither sterile nor impersonal.

If communication is via email or in the form of documents distributed to personnel, make sure that these are followed up, where possible, by face-to-face or voice-to-voice explanation of the crux issues.

Allowing time for elucidation in the form of questions and answer sessions are key – this could mean the difference between opposition, indifference and empathy.

STEP 2

AMBIGUITY IS THE ENEMY OF CHANGE



In the main, people are not averse to change: what they are averse to is ambiguity. In the field of decision theory, this is known as “ambiguity aversion” - an attitude of preference for known risks over unknown risks.

Organisational change is often a complex and lengthy process. The majority of employee resistance will stem not from innate conservatism but from the uncertainty of knowing how changes will impact divisions, teams and individuals alike.

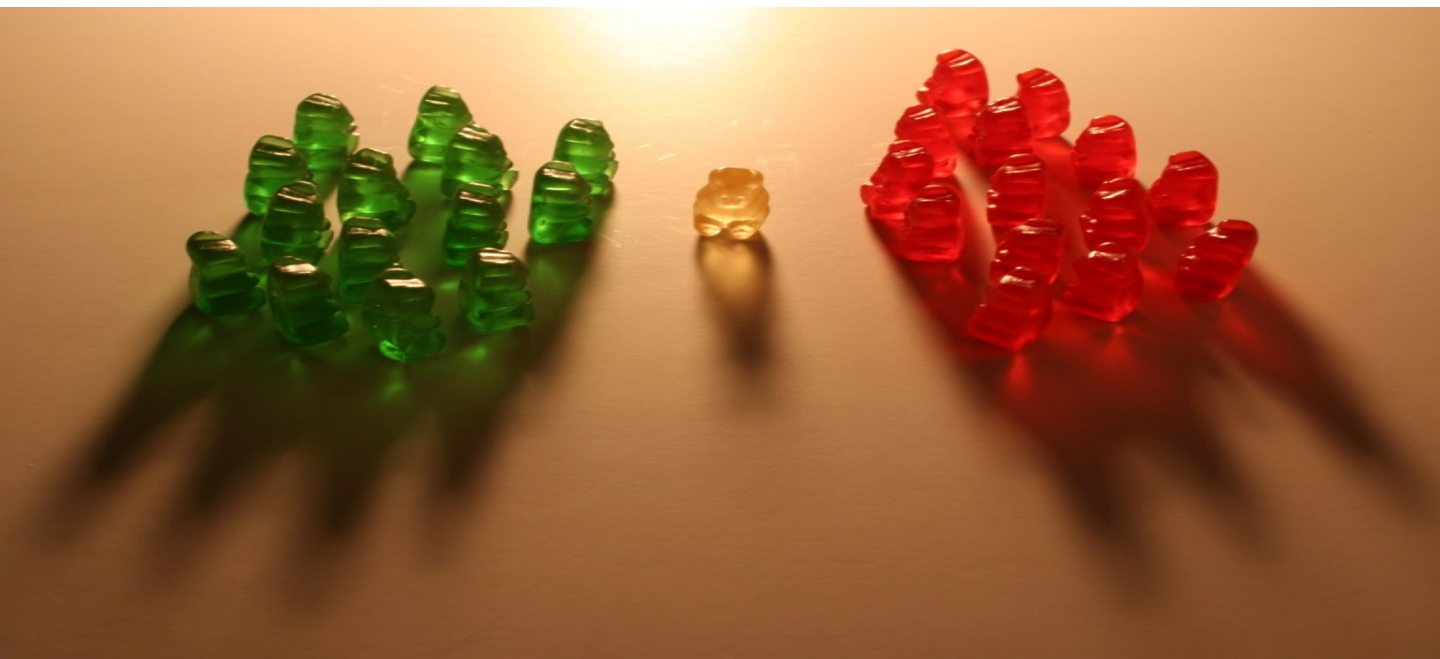
It is important that ambiguity is minimised at all stages of the transformation process – nobody expects change to be a smooth and faultless procedure – but they do expect to be kept honestly abreast of progress.

Ambiguity can be limited in the following ways:

- Listen to your employees and follow up with them so that processes are crystal clear
- Organise for leadership to speak with one unified voice on matters of process change
- Ensure that frontline managers are acting and reinforcing that change through coaching, mentoring and behaviour

STEP 3

DON'T FORGET THE MIDDLE



A lot of lip service is given to importance of C-level sponsorship and grassroots buy-in to the change management agenda, yet it is middle managers that are often the most vital agents of change in any organisation.

Although this is clearly the case, many organisations appear to neglect this important stratum of the business sphere.

According to a study by David A. Buchanan, Professor of Organisational Behaviour at the Cranfield School of Management, middle managers are the most imperative cogs in the corporate machine, as they are chiefly in charge of:

- Managing day-to-day operations
- Firefighting and troubleshooting
- Addressing 'wicked' (ill-defined) problems
- Developing in-house talent
- Systems improvements after serious incidents
- Championing innovation and facilitating change

It is the last element of this list – championing innovation and facilitating change – that is of particular significance in the change management story. Empowering middle managers as conduits of change is possibly one of the most vital components of any change management drive.

STEP 4

THE WIIFM-FACTOR AND VALIDATING THE JOURNEY

WIIFM?

Many will understand the need for an organisational shake-up but few will be so sure of the answer to that perennial question “what’s in it for me?” (WIIFM). It is handy to think of the change management effort in terms of a trip from A to B.

On this journey it will be important to:
Make the trip appealing to the people you're inviting.

Let them know exactly why you are embarking on the journey in the first place
Keep your explanations simple and expressed in straightforward language.
Furthermore, know your audience.

Everyone will be concerned about pay structures and job opportunity in the light of change, but there will be certain strata-specific concerns.

Frontline workers will usually be more preoccupied with how the change will affect work processes and schedules, whereas mid-level management will be more apprehensive about possible changes for their budgets and remit of control.

In all cases, validating the journey successfully will rely heavily on context.

STEP 5

MAKE USE OF A “BURNING PLATFORM” & “DEATH GROUND”



Although it is the last thing that most people in the oil and gas industry would want to see, in a business environment, the topos of the “burning platform” is a powerful tool for change.

The term originates from the Piper Alpha disaster of 1988, and involves a nightmarish scenario aboard a rig in the North Sea. An oil worker is awakened by an explosion and a roaring fire engulfing the platform. Realising the impending peril, he needs to use split second decision making to decide his fate. He has two options: jump some thirty metres into the icy sea or stay where he is and face certain death in the encroaching inferno. Of course, if the fall doesn't kill him, the freezing waters will likely take him in minutes.

He jumps, and, with fate on his side, his dive defies death and he is rescued. In the heat of the moment our friend made the only rational decision available to him at the time: “Better *probable* death than *certain* death.”

The idea of the “burning platform” is analogous to Sun Tzu's position on what he termed “death ground” in his treatise “The Art of War”. The Chinese tactician postulated that if soldiers went into a battle with the odds stacked heavily against them, they would give their last full measure of devotion to the cause. With their lives at stake and standing on “death ground” they would be more daring and battle harder for themselves and their compatriots alike.

Cultivating a climate where either, or both, of these scenarios is front of mind is desirable for the creation of a climate of convincing and all-encompassing change.

A combination of these five approaches will go a long way to making your change management journey a pleasant one for driver and passengers alike.



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This article was created in collaboration with Oil & Gas IQ's upcoming 9th Annual Asset Integrity Management Summit, taking place 15-17 September 2014 in Aberdeen.



For more information about how the summit could help you address the impact of ageing assets on maintenance, HSE and production, download the agenda including full speaker line up at <http://bit.ly/AIMAberdeen>, email enquire@oilandgasiq.com or call +44 (0)20 7036 1300.

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