

Scaling strategy execution to drive value



Background

“Drill baby drill.” Through the 1990s and early 2000s, anytime oil was mentioned, it was always in the context of “reducing reliance on foreign oil” and “how long before the world runs out of fossil fuels.” Oil companies started changing their strategies to look for as much oil as possible and use technology to solve some of the world’s toughest extraction problems. Pursuing every last drop of oil at all costs required multi-billion dollar capital projects in the remotest parts of that world that took six to ten years to begin production. But given how vital oil was to the world’s energy future and the perceived scarcity and increased value of oil, it was justifiable to shareholders to do so.

Then came the shale revolution, which supplied the market with plentiful cheap oil. For a period of time in 2020, oil prices were trading below \$0, and in 2021, the US actually produced ~80 percent more oil than Saudi Arabia. Although this presented a wonderful opportunity for oil companies, it also meant that the strategies, capital investments, capabilities, and culture they had invested in for the last 20+ years were no longer as effective or relevant. Studies indicated that the oil industry had spent hundreds of billions of dollars trying to maximize volume that resulted in negative returns and demonstrated that, in fact, the industry would have been better off had they not invested in the vast majority of these projects.



Client need

BTS partnered with a multi-national energy company that had started shifting its strategies to respond to this challenging new reality. The company needed to replace its focus on growth and volume with a strategy of cost discipline, maximizing value over volume, and investing in assets that had a higher chance of returning a profit. On top of this, a new attention to carbon reduction targets was also required. Senior leaders first deployed this new strategic approach by cutting jobs, changing organizational structures, and rolling out new metrics and processes more conducive to this new reality. Recognizing the industry imperative for this change, employees immediately tried to embrace this new approach, but the company found that the new strategy soon faded as employees simply used the new buzzwords to justify their old behaviors and strategies.

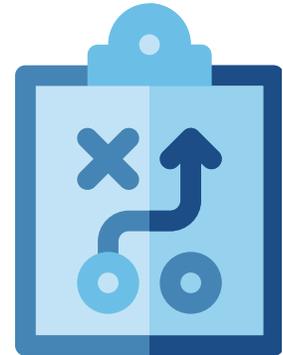
People were saying the right things, but their actions and behaviors did not reflect the new strategy.

Although the senior leaders had done a great job of selling the organization on the future direction of the company and explaining the new strategy, employees didn't know exactly how to apply this to the complex and nuanced circumstances they faced every day. When confronted with an ambiguous situation, employees reverted to the old way of doing things because this is what they knew how to do. And, because they were observing their managers and supervisors behaving the same way, they took this as tacit approval that behaving in the old way was still okay. In fact, for an organization that had just cut thousands of jobs, doing something different didn't feel like the safe thing to do.



Approach

BTS partnered with the client to enable them to scale strategy execution across the broader organization through the following steps:



- 1. Create dissatisfaction with the status quo and the old way of doing things.** Although there was a compelling vision for the future and the strategy was working in pockets, the company had simply not done enough to first undo the past. For over 20 years, employees spent their working lives in an organization that believed that more oil was better. The company significantly underestimated how much this perspective become embedded in not just strategies and investments, but also the organization's core beliefs. It was critical to stoke dissatisfaction with existing systems, processes, and metrics in order to make room for new ones.
- 2. Help employees experience and practice the new strategy within the context of the complex situations they faced every day.** By having employees wrestle with and practice the new processes, strategies, and behaviors within the safe environment of a simulation, they found a way to avoid the temptation to revert to their old habits when they simply didn't know how to apply the new strategy in real-life circumstances. Employees also learned new ways to think that helped them apply new principles to other situations. The experience fostered a risk-free environment which reinforced that doing things differently was indeed safe in the context of their real-life jobs as well. To drive enterprise momentum and accelerate adoption of these new behaviors, the different critical functions all went through this change process at the same time, ensuring shared understanding across the organization.
- 3. Create a two-way dialogue to help mid-level and front-line leaders author the critical processes and behaviors they wanted to see in their own employees, while giving feedback that would keep processes and behaviors in line with the new strategy.** By having mid-level and front-line leaders author the behaviors they wanted to see, BTS and company leaders created ownership for change and the new strategy within this critical group of leaders who would then be modeling and enforcing the use of these strategies for their employees.



Results and next steps

To propel the client to faster results and adoption, BTS applied several critical principles that the client embraced when engaging the organization. Today, these principles serve to position the company to make the moves they need sooner and deploy the right levers more effectively as they go forward to execute on their new strategy at scale.

- **Principle 1: Critical leaders have an outsized impact on adoption.** For strategies to take shape, it was important to target mid-level and front-line leaders to ensure they took ownership and accountability for change because they would be key in enforcing and modeling the steps needed to apply the new strategy.
- **Principle 2: Adoption is faster in smaller intact teams that interact with one another frequently.** It was important to bring together people from the same business unit or the same function to create peer-to-peer accountability rather than targeting a larger cross-functional group.
- **Principle 3: Adoption truly takes shape when employees see that their colleagues are doing something differently.** By targeting symbolic or highly visible situations and moments, the client signaled to their organization that this new strategy was now the norm and that it was safe to adopt.
- **Principle 4: Strategy execution workshops needed to meet busy employees and organizations where they were by creating multiple ways to participate in the workshops.** Workshops could be presented as larger multi-day events, but more often, they were incorporated into the flow of work by structuring learning and practice into shorter segments that became available right before a critical process or workflow was needed.

Due to the long-term nature of the oil and gas business, it will be years before significant financial results are seen. However, initial reports indicate that the necessary behaviors, actions, and results are starting to show up throughout the organization and move this multi-national energy company in the right direction to execute on its new strategy.