

Thinking Managers

Robert Heller of www.thinkingmanagers.com lifts the kimono on Royal Dutch-Shell's "radical modernisation".

Sad lessons from Shell

Royal Dutch-Shell is hailing its current top-level reshuffle as a sweeping, radical modernisation, bringing the attributes of 'clarity and simplicity... efficiency... accountability'; and, of course, conferring much credit on its authors. Robert Heller looks behind these sound bites.

The reality is that the architects of the reforms were deeply implicated in perpetuating a system that was unclear and complicated, inefficient and inadequately accountable. Radical reformation only came about following the oil reserves scandal - the deliberate misreporting that saw the demise of chairman Sir Philip Watts.

How did this happen? How could a vast multinational, filled with brilliant people and billions in cash, have so fundamentally mismanaged its affairs? Small family companies fall foul of precisely the same mistakes and for much the same reasons - or lack of reasons. They pass the 'management inflexion point' - the moment when the practices and precepts that worked adequately in the past cease to be effective.

However, most people still tell themselves that they and their organisation are 'the best'. But if everybody believes they are the best, only one can be right. Therefore, self-delusion abounds. That explains why a company, especially its leaders, finds the suggestion of change deeply unpalatable. The response is usually: 'Why should we change when what we're doing is working so well?' To break through this barrier, people have to be persuaded of three crucial points:

- That 'what we're doing now' is not working so well, and might even be working badly;
- That unless the top managers do embrace change, they will be inviting failure;
- That others, including critical insiders and external observers, might know more than you.

All three ideas are far more uncomfortable than the option of believing that yours is the best of all possible companies. The first demands self-criticism; the second raises the fear of failure; the third involves a degree of self-effacement. At least, that's how it looks to managers who have not grasped the essence of good management. That hinges upon....

- Thoughtful self-criticism;
- A readiness to accept their weaknesses and threats;
- Equal acceptance of the intelligent contributions of others, inside or outside the company.

People should be made more uncomfortable. There is no substitute for knowing the truth. What do those who work for and do business with your company actually feel and think about its goods, services, people and performance? That truth can add huge value when converted into action plans, and then into swift and decisive action. That's not how it happened at Shell.

About the author:

Robert Heller was the founding Editor of Management Today magazine and is one of the world's best selling authors on business management having written more than 50 books on the subject.

