

Managing and delivering change: lessons in good practice

150+
member
organisations



over
1,250
HR Executives
attended CRF
events over
last 12 months

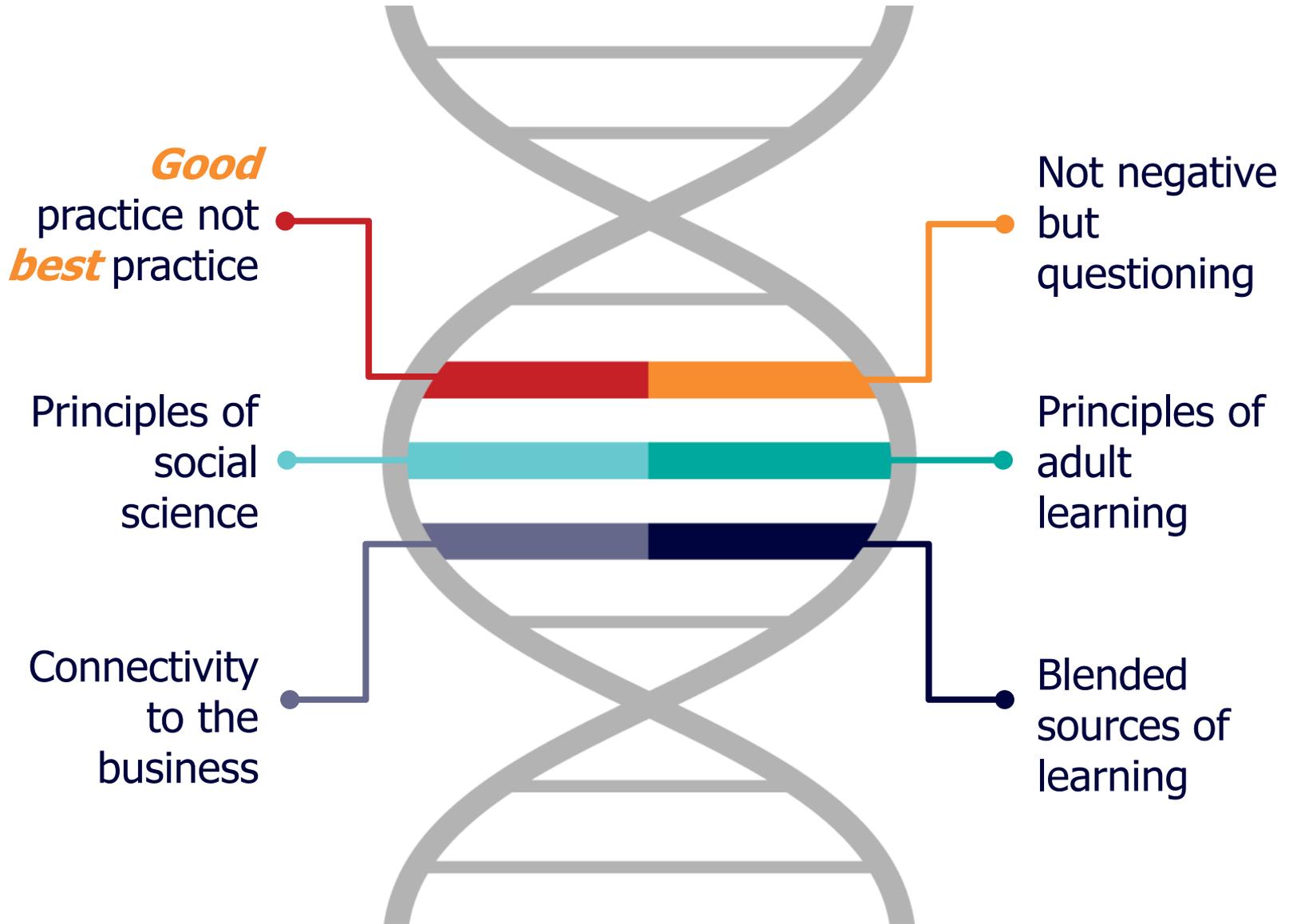
20+
year history

over
130
hours of
events per year

a network for organisations looking to develop their people strategy and organisational effectiveness through research, discussion and the practical application of contemporary topics.

globalising
network with
1/3
Members
Non-UK
headquartered

What is our DNA?



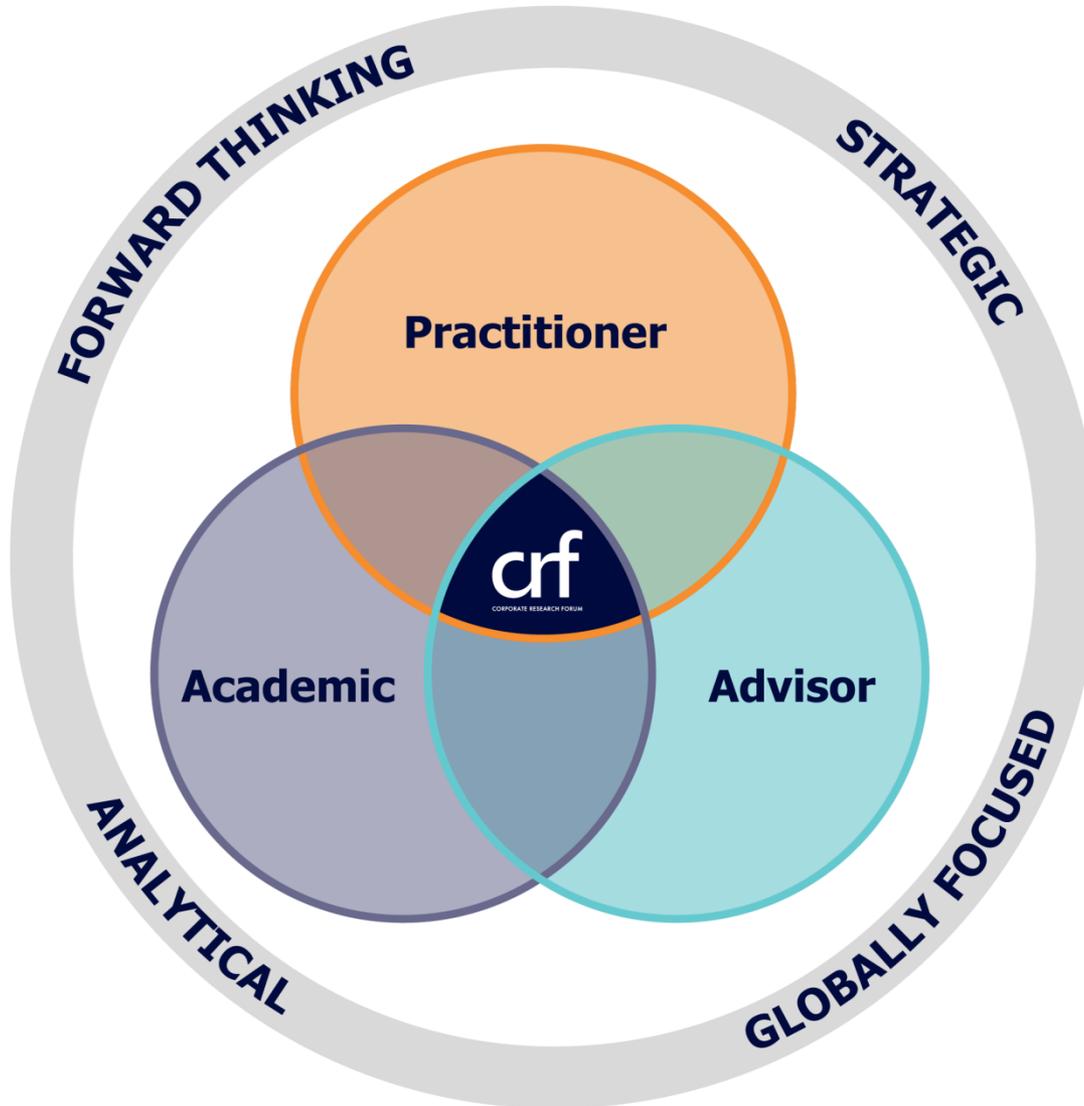
Theoretical underpinning, practical application

"CRF provides valuable insight through research and events which are credible, pragmatic and engaging – helping us stay on the forefront of what's next in the rapidly changing world in which we operate."

**Mark Sandham, SVP,
Organisational
Effectiveness & HR
Operations, Thomson
Reuters**

"Corporate Research Forum provides a great way to meet with senior HR colleagues from other businesses around relevant topics in an informal and time effective way."

**Mark Wells, Group
HR Director, Experian**



"CRF provides excellent opportunities for HR professionals to hear from a variety of thought leaders on highly relevant topics."

**Irene McDermott
Brown, Group Human
Resources Director,
Barclays**

"I love the substance and style of CRF. It's an upbeat, thought provoking, future-focused forum where you can tap into the latest topics and network with smart people. If you are a busy HR professional who wants to stay sharp, it's a super investment of your time."

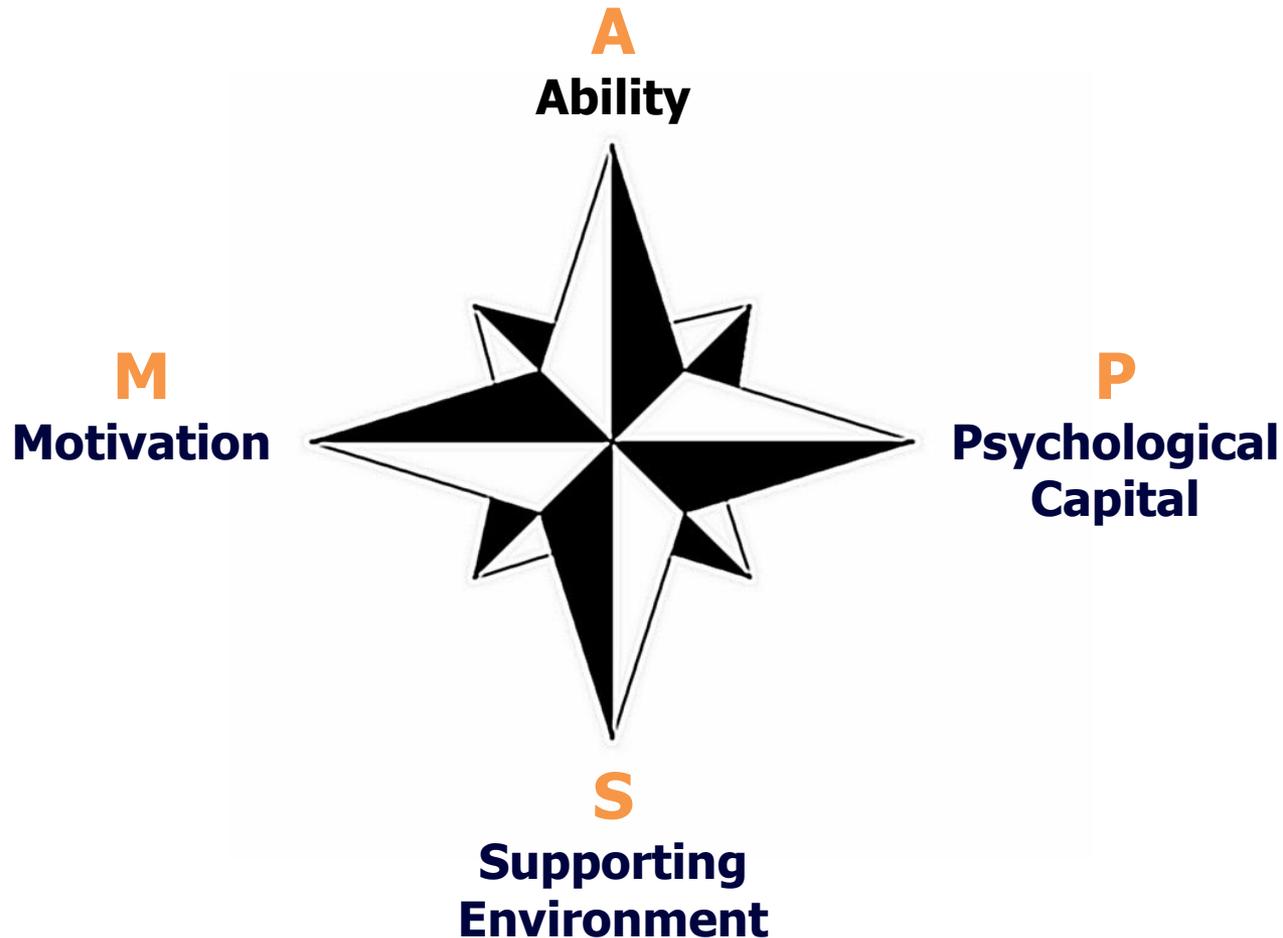
**Mary Alexander,
Senior Director
Human Resources,
PayPal**

For change in organisations to occur...

$$D \times V \times F > R$$

- There is **DISSATISFACTION (D)** with the current state (of whatever the focus of change might be), and,
- There is a clear and shared **VISION (V)** of a preferred future, and,
- There is an acceptable **FIRST STEPS (F)** Roadmap to achieving the Vision, and,
- The product of $D \times V \times F$ is greater than the existing **RESISTANCE** to change among those whose support is required, for successful implementation.

For change in employees to occur...





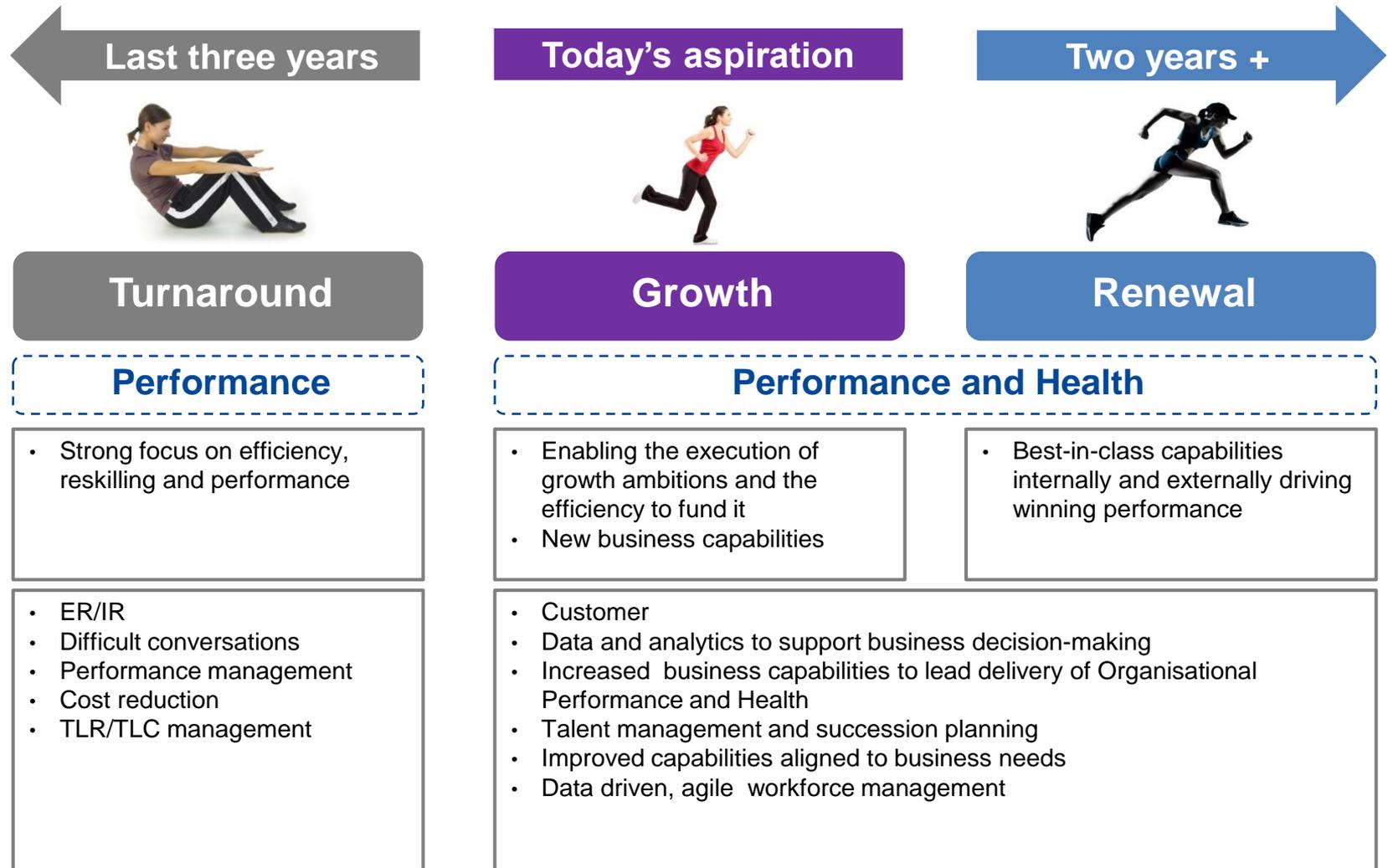
BT – A Summary



BT – Who we are

- One of the **world's leading communications services companies** with **89,000 employees** globally (150,000, including contingent workers)
- Customers in the UK and in more than **170 countries**
- Services include **fixed-line services, broadband, mobile and TV products** and services as well as networked IT services
- **14/ 15 Revenue of £17.9bn** and **shareholder share dividend 12.4p**
- Our strategy is to **broaden and deepen our customer relationships**, which we'll do through delivering **superior customer service, transforming our costs** and **investing for growth**
- We are investing in five areas to help us grow over the long term in a sustainable way: **Fibre, TV & content; mobility & future voice; UK business markets; and leading global companies**

A business case view from November 2012.....



We have invested in transforming ourselves.

We are investing to support BT's strategy for sustainable, profitable revenue growth by transforming our operating model, and replacing legacy processes and systems with single global standards across finance, HR and supply chain.

People



Teams freed away from transactional activities to focus on value-add and the customer

Unified, global approach to how our teams work, with simplified operating and service models

Enhanced learning and development ,cCareer ladders, skills management

Process



Simplified and standard policy and processes - worldwide

Enhanced reporting capabilities – easy to use, mobile and next-gen platforms with single truth data and insights

Systems



Cloud based technology- secure, fast environment; enables easy systems scaling (and updating)

Worldwide standard platform

Aligned mobile capabilities and apps, new analytics

Changes in the Oil & Gas Industry

IBM Smarter Workforce Conference

Commercial Development in Oil & Gas

2001 – 2008
“Goldilocks world”

2008 – 2013
“VUCA world”

2013 – now
“Adjusting to New Normal”



- 1 Changing external context
- 2 Statoil portfolio milestones
- 3 Organisational development

Changing External Context: 2001 - 2008

- Liberal and liquid capital markets
- BRIC / China growth
- Resource constraint / conventional subsurface decline
- Rising price
- Geo-politics relative stability
- Technology focus on “harder” conventional
- Unconventional only oil sands
- IOC themes: ROACE (2001 – 2004) → Production growth (2004 – 2008)

Changing External Context: 2008 - 2013

- Geopolitical VUCA : Asia / FSU / EMEA
- Financial crisis
- Offshore capex “stuck” in 2008/09
- Saudi price recovery summer/fall 2009; King says “\$75/bbl is fair”
- China growth continues (\$140/bbl oil)
- Shale gale – 2 phases; Gas 2008-2010, Oil 2010-2014
- “Margin business” / FCF post dividends
- “Resilience” becomes key word
- HSE: Macondo (BP), Brazil (Chevron), Elgin UK (Total)
- Technology : “manufacturing focus”
- Conventional EXP revived : Africa / Brazil

VUCA



Global financial crisis peak



Share price: - 10% ('08)



US shale gas revolution

HH gas price from ~9\$/mmbtu ('08) to ~3\$/mmtu ('12)



Macondo accident



Share price: - 50% ('10)



Libian war



Production: - 13.6% ('11)



Elgin gas leak



Share price: - 8% ('12)



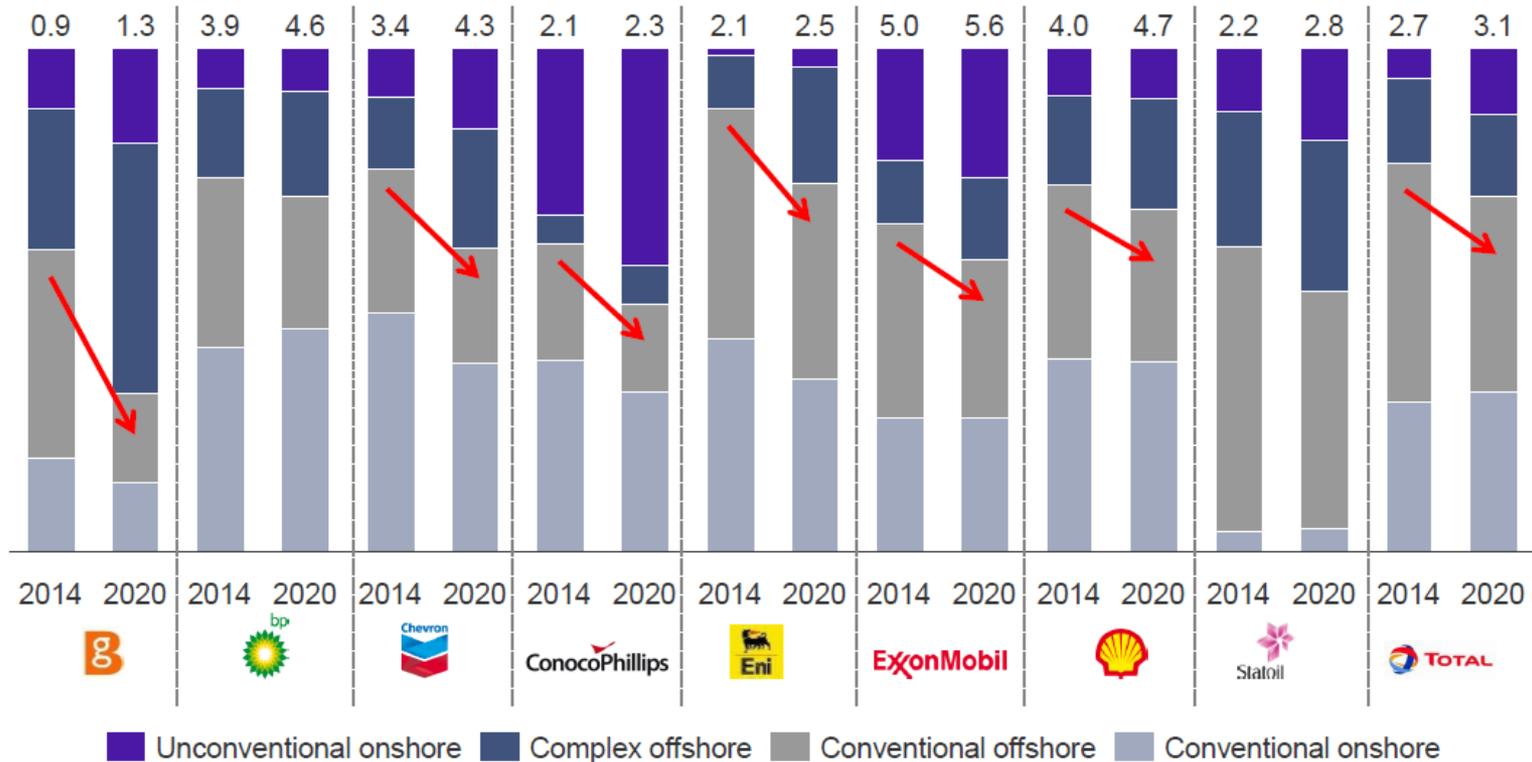
Production guidance cut



Share price: - 20% ('12)

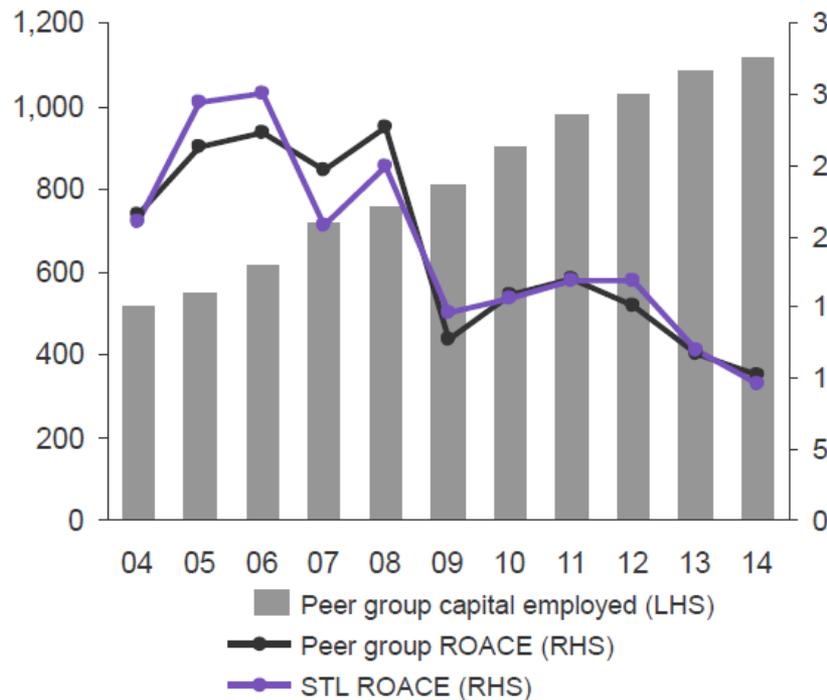
Portfolios Are More Complex & Unconventional

Companies' portfolios by theme
Working interest commercial production mix 2014 and 2020, mmbopd

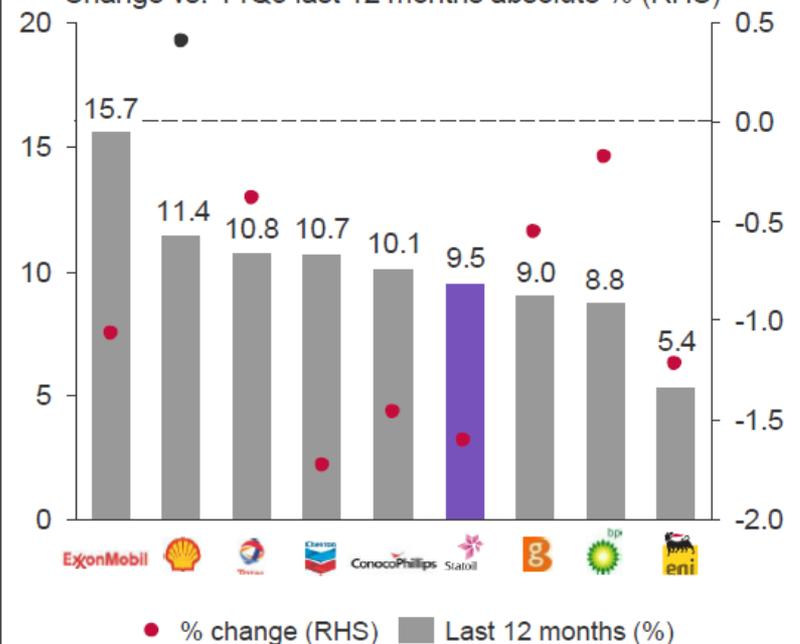


Despite Increased Oil Price, Returns Have Fallen

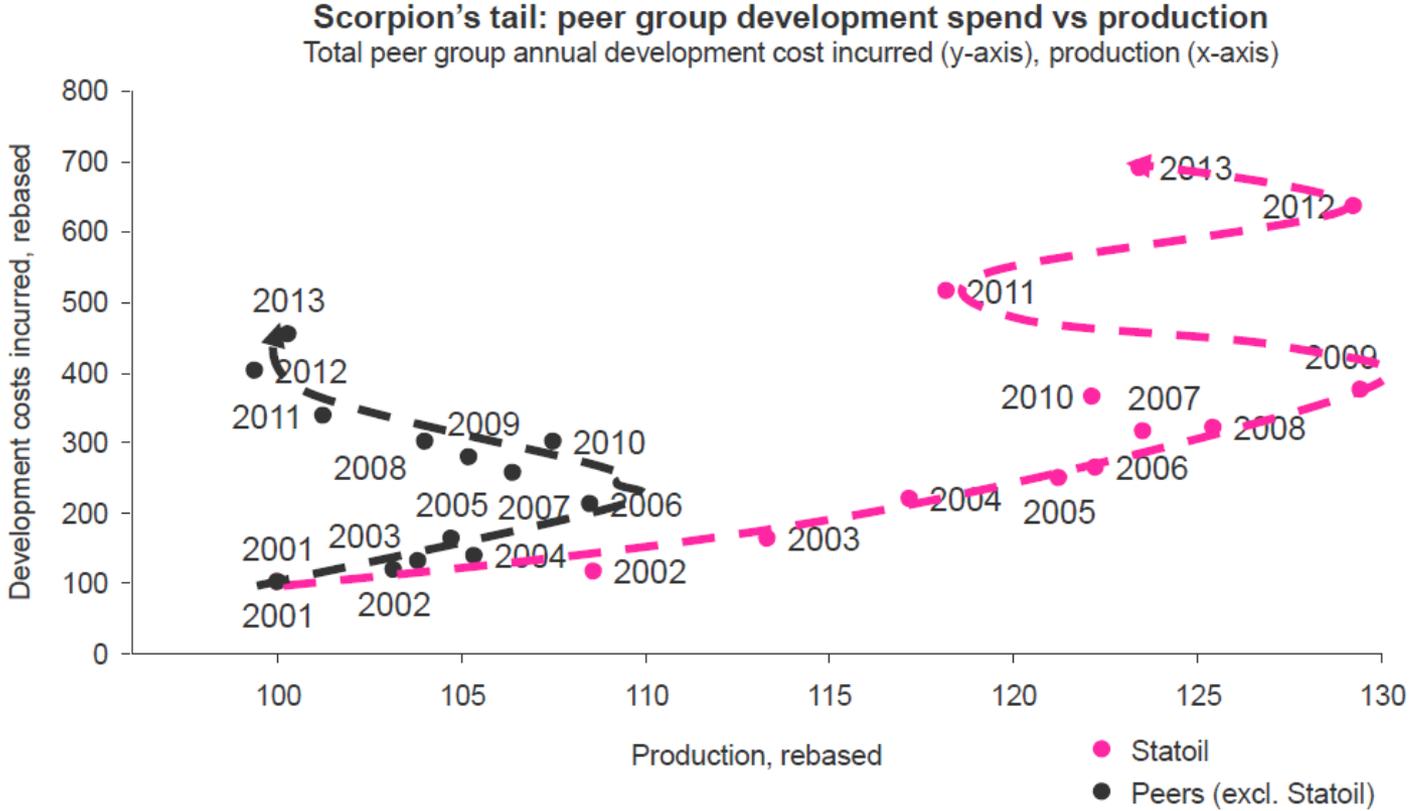
Peer group capital employed and return on capital
 USD bn (LHS), Adj. ROACE last 12 months % (RHS)¹



Adj. return on average capital employed
 14Q4 last 12 months Adj. ROACE (LHS)¹,
 Change vs. 14Q3 last 12 months absolute % (RHS)



Spending Increases & Production Decline



Strengthening Our Capacity to Create Value

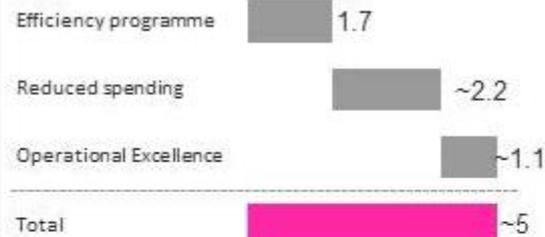
Well prepared

Firm priorities, stepping up commitments

- High value growth**
 - 3% organic production growth 2014-16
 - Reducing organic capex levels to USD 18 bn in 2015
 - PCF to cover dividend in 2016@ USD 2012@20 and 2014@10
 - Robust financials, maintaining 15-20% net debt to capital employed
- Increase efficiency**
 - USD 5 bn in cash improvements
 - Increasing efficiency programme target by 20%
 - Cash flow neutrality reduced by USD ~30 per barrel
- Prioritise capital distribution**
 - Firm dividend policy
 - 4Q 2014 dividend maintained at NOK 1.30/share

The Capital Markets Update 2014

Seizing the opportunity



Cash improvements of USD ~5 bn

Investing in world-class projects



The Johan Sverdrup Field

- Efficiency programme on track
- Strengthened balance sheet
- High-graded portfolio

- Stepping up efficiency programme
- Strict capital prioritisation
- Managing portfolio flexibility

- Safe and efficient operations
- Strong and flexible portfolio
- Long-term value creation