How to embrace change

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Hugh Mitchell
Chief Human Resources and Corporate Officer, Royal Dutch Shell plc
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In March 2005, Hugh Mitchell was appointed Human Resources Director of Shell. He became a member of the Executive Committee in October 2007.

Hugh graduated from Edinburgh University, Scotland, with an MA (Hons) in Modern History in 1979. Later that year he joined Human Resources in Shell Exploration & Production in Aberdeen. Further HR and business roles followed across the UK and Brunei in both the upstream and downstream businesses.

In 1997 he became HR Vice President for the Global Oil Products business.

Hugh moved to Shell headquarters in The Hague, the Netherlands, in 2003 as Director International. His responsibilities included co-ordinating the company’s worldwide government relations activities.

Hugh is a member of the Board for the Centre for Advanced Human Resources at Cornell University in the USA, and a Foundation Board member of IMD business school in Lausanne, Switzerland. He was appointed a Fellow of the National Academy of Human Resources in the USA in 2009. He is also an Honorary Vice-President of the Chartered Institute of Personnel and Development (UK).

Hugh was born in Scotland in 1957. He is married to Linda and they have one daughter and one son. His hobbies include tennis, football, running and hill walking.
Embracing change is not easy. But despite the complexities involved, Hugh Mitchell argues there’s no need for leaders – whether a head teacher or a CEO – to reach for management books. In this speech, he explains some “simple truths” worth sticking by. First, drive change from within an organisation, and engage heavily with the process. Second, respect and build on an organisation’s past, using it as a platform for change. And third, be opportunistic and seek out the right opportunities to drive effective change.

Ladies and Gentlemen, good afternoon. It’s a pleasure to be here with you all.

I’m well aware I’m all that stands in the way of your well-earned dinner. With that in mind, I’ll stick strictly to my allotted time.

Over the next forty minutes or so, I want to do a number of things. Firstly, I’ll look at change as a concept. Secondly, I’ll go into what change means for the world I work in. I’ll then give my take on how change applies to education.

And finally, I’ll wrap up with lessons I’ve learned from 36 years in industry on harnessing change to achieve a specific goal. Although the examples I give will focus on my experience, I believe they’re also relevant to all of you who work in education.

**Theories of change**

Before all that, I’d like to kick-off by describing two different frames of reference for the process of change, which have emerged over time.

Better researched people than me have characterised these as a ‘Diagnostic’ form of change, versus a ‘Dialogic’ form. I like to think of them more simply as ‘Programmatic’ change versus ‘Emergent’ change.

Programmatic change is the more prevalent in organisations and institutions. It builds on the change theories which emerged in the 1940s and evolved over many decades. In essence, it involves analysing the status quo in an organisation and pin pointing specific changes that need to be made. The status quo is then unfrozen temporarily, some changes are made, then it’s re-frozen. It often characterises change as a “journey” from A to B.

This model relies a lot on data to identify specific areas which could be improved. And it assumes that you have time to unfreeze, change and refreeze before the next big change comes along. It also tends to attract its own special language, diagnostics and depend on experts to manage the change process for you – I’ll talk more about that later.

Another type of change, though, is ‘emergent’ change. This is less about setting up separate project teams to diagnose specific problems and design change projects, and more about a long-term, constantly evolving process.

This model is about almost imperceptibly advancing productivity and effectiveness through constant efforts to spot performance gaps and immediately address them.

Emergent change tends to focus on enquiry, group reflection, and evolving the narrative within the organisation, more than analysing data. It takes longer, and in my experience is more long-lasting and deep-rooted than most change projects.

It also more powerfully uses alignment to a purpose or vision to provide the organising discipline for change, rather than the more analytical model more typical of programmatic change.

In preparation for today, I reflected on both theories in relation to the theme of this conference – leading change.

And I kept coming back to two questions: do these theories actually help an individual or an organisation lead and control change? Or do they simply help leverage and exploit a change that’s happening anyway to achieve a specific outcome?

“Programmatic change...involves analysing the status quo in an organisation and pin pointing specific changes that need to be made.”

“Emergent change tends to focus on enquiry, group reflection, and evolving the narrative within the organisation, more than analysing data.”
Embracing change

For answers, I’d like to tell a short story about Napoleon. Given that this year marks 200 years since the Battle of Waterloo, this seems apt.

One day, he was speaking to a colonel of a Hungarian battalion. The colonel said he’d served in the army of Maria Theresa, who was Holy Roman Empress of the Habsburg Dynasty from 1740 to 1780. This prompted Napoleon to chime in: “You must have a few years under your belt.”

When the colonel said he’d lived “sixty or seventy years” Napoleon exclaimed: “You mean to say you have not kept track of the years you have lived”.

The colonel responded: “Sir, I always count my money, my shirts, and my horses – but as for my years, I know nobody who wants to steal them, and I shall surely never lose them.”

I mention this story to illustrate the inevitable passing of time. Which is worth reflecting on when looking for an answer to the questions I posed.

Because change, like time, is inevitable. It’s constant. And it can’t be led or controlled.

In simple terms, if change cannot be led, is it more about leveraging broader change in pursuit of an enduring purpose?

Everyone, from teachers to business people, can clearly control how they react to macro changes – be they societal, political, or economic. But they can’t control those changes themselves.

While it’s impossible to lead and control big picture changes, like the rise of technology, such changes can be embraced and harnessed for a specific purpose. Whether you’re a school. Or a company like Shell.

Technology

Technology is a good example of a macro change. Let’s wind back the clock. In 1989, Tim Berners-Lee wrote a document called “Information Management: A Proposal.” The response to it from his supervisor at CERN was “vague, but exciting” and Berners-Lee was given the nod to develop the idea. The World Wide Web was created a year later.

Since then the pace of change has been staggering. This is well illustrated by images of people waiting for the announcement of a new Pope at St Peter’s Basilica in the Vatican. In 2005, everyone’s eyes are fixed on the balcony.

But in 2013, most people are photographing or filming the announcement on phones or tablets. No wonder teenagers are now being referred to as ‘screenagers’.

As technology has changed, so too has the amount of data that’s created. A memory card in 2014 could fit 1,000 times more memory than the same sized card available in 2005.

Put another way, a memory card that fits on the tip of your finger has 32 million times more memory than the guidance computer on Apollo 11.

It’s not just the amount of new data which is staggering, it’s the rate with which it’s shared. Look at social media. Every minute, around 280,000 tweets are sent, 72 hours of video are uploaded on YouTube, and around two and a half million posts are ‘liked’ on Facebook.

These numbers are less surprising when you consider that more than 2.2 billion people actively use social media.

No single person or company can hope to control or lead all change in the technological landscape. But companies can embrace this change.

Take Uber and Air B&B. They’ve come in and are shaking up the services sector. These companies aren’t generating change. They’re tapping into the overarching...
technological revolution taking place and using it for a specific outcome, whether it’s taking on taxi companies or hotels.

Uber now operates in 60 counties. But this impressive growth hasn’t been met with open arms everywhere. In France, there were nationwide protests, which led to the Interior Minister ordering a ban on the smartphone app.

In London, black cab drivers have also protested against the California-based company. They’ve been arguing that Uber drivers are unregulated. This prompted Transport for London to seek clarification from the High Court over whether Uber’s smartphones are taximeters, which are outlawed for private hire vehicles in the capital. Last month, a judge ruled that the way fares are calculated by Uber is not illegal.

Some companies, of course, choose not to ride the wave of change. Look at what happened with Kodak. It’s a well-known example, but pertinent nonetheless. Steven Sasson, a Kodak engineer, invented the world’s first digital camera in 1975. Although bosses at the company were warned this could transform their industry, they failed to change their business model.

Did the pace of change in their world throw them off guard? Did they feel their successful products were immune to the changes? Or were they misguidedly hoping an existential threat to their status quo would blow over?

One thing is for certain: despite the ever-presence of change, it catches many of us – people, governments, schools and companies – off guard from time to time.

Perhaps that’s what compelled Thomas Hardy to write that “time changes everything except something within us, which is always surprised by change.”

Energy transition
So what about Shell? How do we cope with constant change? And how do we ensure we’re not surprised by macro changes in the global energy landscape?

I think it’s fair to say that we’re a company that thrives on change. It’s an important factor behind our successes over more than a century. Successes include shipping the world’s first commercial cargo of LNG from Algeria to the UK more than 50 years ago.

Shell’s floating liquefied natural gas vessel, called Prelude, is a long list of world firsts, including being the largest floating vessel in the world. It’s around one and a half time the length of USS Enterprise, the world’s longest naval vessel. For many in the room, you just have to imagine that it is the length a seriously testing par 5! It is the consequence of harnessing a full range of technological advances over many decades.

But our success as a company was not solely linked to technological change. As increased numbers of people entered the middle class in the developed world, they demanded access to travel. They wanted to use their new wealth and more time to explore. The motor car and air travel provided that, so Shell with its motoring guides to the British countryside, written by Sir John Betjeman, portrayed us as enlightened enablers of society’s aspirations.

To many, the role of energy companies is very different today, often perceived as an evil that has to be consigned to history. But our fundamental role of providing energy is more critical today than ever.

Perhaps the greatest change is a challenge that is unfolding over the course of this century. This challenge boils down to the following: how do you address two key global imperatives – rising global demand for energy, and climate change?

Demand for all types of energy is on the rise – from power to plastic, and heating to transport. In fact, the International Energy...
Agency, the energy watchdog, expects global demand to be 37% higher in 2040.

This increasing appetite for energy is coming from a global population growing by 200,000 people a day. It’s also coming from economic growth and a rising middle-class, with a growing desire for products and lifestyles.

When looking at future demand, there’s a critical point which can’t be overlooked. And that’s the fact that one in every six people on the planet still don’t have access to electricity.

A lack of electricity means no light for students to use when doing their homework in the evenings. It means no access to the internet to research a project they’re working on at school.

Measurements of human wellbeing, such as education, are correlated positively with the supply of stable and affordable energy.

All of this points to the reality that meeting future demand for energy is a formidable challenge. At the same time, there is the need to tackle climate change.

Ultimately, we need much more energy, with far fewer emissions. Easy to say. Tough to do.

To address both challenges the world must undergo a transition over the course of the century to a low-carbon future.

This macro change to the global energy system is not something that can be led and controlled by any one company or government. From Shell’s perspective, we’re looking to embrace it in order to maintain a successful business.

We aim to do that by addressing global challenges at a local level.

For example, if developed, Shell’s Peterhead project will capture CO2 from a gas turbine at SSE’s Power Station, which is less than 200 miles from here. The project will capture in the region of 1.5 million tonnes of CO2 over 10-15 years and store it safely deep underground. This will generate enough clean electricity to power the equivalent of 500,000 homes a year.

This energy transition I’ve described will happen with or without us. But this and other projects show that we’re being pro-active – adapting to it to achieve our goal of being a successful company long into the future.

In the years ahead, Shell needs to keep challenging its own assumptions and thinking around the nature of the energy transition. Because change is unpredictable, we must stay on our toes if we’re to harness it effectively.

**Education**

I’ll now turn to education, something I know all of you have far more expertise in than me. Nonetheless, please indulge me a few observations.

The education sector is facing some significant changes, including the increasing influence of technology in academic institutions.

For one thing, the use of internet has given students access to previously incomprehensible levels of information. This access to knowledge brings with it opportunities, as well as challenges. One such challenge is getting to grips with processing all of that information.

What do you think is the biggest change the education system is currently facing? And how can it be harnessed? Is there alignment within education on what its core purpose is?

For me, the most significant recent change is the amount of information children are exposed to on a daily basis. There is so much out there. Schools need to find a way of inspiring students to grab their attention.
also grapples with one a daily basis. Our “Morro da Mineira in Rio” project – set in a favela in Rio de Janeiro – is one example of our efforts to capture the imagination of young people. It seeks to invite people to think differently about energy and its possibilities.

We oversaw the re-development of a previously derelict football pitch using 200 high-tech, underground tiles, which capture kinetic energy created by the movement of players. When combined with solar-generated energy, the energy was used to power the overhead floodlights.

The underground tiles were designed by Pavegen, a technology company that received a grant from our LiveWire programme, which helps people start their own businesses. Shell looks to take the business ideas of entrepreneurs that come through Livewire and see them flourish.

Changing paradigms
Back to education, I’d like to talk about Dr Ken Robinson’s work on changing paradigms. You’re all, I’m sure, familiar with his argument. The current education system was organised for a different time. In his words, “it was conceived in the intellectual culture of the enlightenment and economic circumstance of the industrial revolution.”

Dr Robinson argues that this model is still used, and that it’s chronically out of date. The examples he gives are that schools are organised a bit like factories. Bells are rung to signal the end of lessons. Children are still educated in batches. And in the same year group. He is bemused why schools still assume that the most important thing children have in common is their age.

He goes on to explain that children are different, and work better in different ways. Some times of day are better than others. While one child prefers working in a big group, another likes working alone. In essence, he’s challenging the standardised approach to teaching.

I don’t bring this up to say that he’s right or wrong. I bring this up to raise a challenge. Is Dr Robinson correct in stating that many schools are relying on old models of educating, which do not take into account that the world has changed?

There are, of course, many parallels between education and business. My world is also organised under many of the same principles of the industrial revolution. Shell and countless other companies are also working just as hard as schools and universities to evolve with the times.

Technology allows me to look at whether we bring people to the work or take work to the people. We have 12,000 people in India, The Philippines and Poland where we bring work to a vibrant and inexhaustible supply of quality labour.

Are working hours at all relevant in the 21st century?

Do I need a R&D capability when I can pose problems on social media and have people commit hours and hours to creating solutions just because they enjoy doing so?

Lessons learned
Now I’ll turn to the final part of my talk – sharing some reflections of significant changes I’ve been involved with over the last three and a half decades with Shell, and lessons learnt.

As I mentioned earlier, while these thoughts are based on experiences at Shell, they can be applied more broadly, including in the education sector.

Changes in industry are typically done in response to either really powerful trends or what I refer to as discontinuities. Let me explain.

A good example of a powerful trend is globalisation – something I’m sure you’re all wrestling with in your jobs.

“[Dr Ken Robinson] explains that children are different, and work better in different ways. Some times of day are better than others. While one child prefers working in a big group, another likes working alone.”

“Changes in industry are typically done in response to either really powerful trends or what I refer to as discontinuities.”
In the mid 1990’s the major airlines in the world basically told Shell that they wanted to have single contracts with Shell for refuelling globally. We resisted for a while, having Singapore Airlines contract with each of the individual Shell country companies where their planes landed.

Today, not only do we have global contracts but the airlines even work in alliances – One World, Star Alliance – to further leverage their buying power. The consequence is that aviation fuel is dramatically cheaper now than in the past, supporting an explosion in cheap air travel and forcing companies like mine to set up supply models that can be profitable on high volume, low margin.

We learned from this and started conversations with Coca Cola to say we reckoned we were one of the largest buyers of Coke in the world. They refused to contract with us other than on a country by country basis (as that was their franchised business model). We said we wanted a global contract and said if they would not return to the negotiating table we would stock all our petrol stations with Pepsi. On a Monday we started to change them over, working from Eastern Europe. By Wednesday Coke was sitting down with us.

What I mean by discontinuities are events that have a significant and immediate impact on a business that demand urgent change.

As far as Shell is concerned, it can be technical discontinuities or societal ones.

On the latter, I’m thinking about Brent Spar, a redundant oil storage installation in the North Sea. When it was decommissioned two decades ago, there was significant opposition from NGOs who were against our plan to safely sink it in deep water rather than risk bringing it to shore. Our proposal was supported by technical and scientific assessments, but we failed to engage with and understand the concerns of others. The wave of opposition led to a discontinuity in our business, which we had to address.

LNG would be a technical example. By freezing and compressing gas such that its volume shrinks 600 times, you can take otherwise stranded gas to areas of new demand. Ships from Qatar arrive every week in the UK to meet our domestic demand.

During my career at Shell, I’ve been involved in a range of massive changes. But going back to the point I made at the start – Shell didn’t lead the changes in the conventional sense. The company embraced, leveraged and exploited changes that came about because of macro powerful trends, or discontinuities.

So from here on out, when I talk about changes being implemented in Shell, I want to be clear that I’m referring to our efforts to exploit, to leverage, to harness larger-scale changes beyond our control.

Looking back over all of the changes I’ve been involved with, there are three practical lessons I’ve taken away.

**Lead change from within**

One, ownership of change is critical. Leaders – whether a head teacher or a CEO – need to get stuck into the conversation and drive the process forward. Employees know their company a heck of a lot better than an external consultancy. So change should be led from within, and not outsourced to others.

Coupled with ownership must be a long-term commitment from leaders. If there’s a quick succession of education ministers appointed in Westminster, I don’t need to tell you that this will upset the balance in your line of work. But if a minister is in post for a reasonable length of time – and if that minister owns the changes being implemented – they’re bound to be better.

Historically, major organisational changes in Shell were run by consultancies.

“Employees know their company a heck of a lot better than an external consultancy. So change should be led from within, and not outsourced to others.”

“As well as taking responsibility and ownership for managing change, it’s also important for leaders in companies to listen to and involve people affected by it.”
This meant we were largely dependent on another company doing much of the thinking for us. This changed in 2008, when we began to manage organisational change ourselves.

I’m not saying external consultancies don’t have important roles to play. They do. But they are important when you need niche support in areas of the business where a company decides not to build a deep capability. Management of change is not one of those areas.

As well as taking responsibility and ownership for managing change, it’s also important for leaders in companies to listen to and involve people affected by it. It’s no use sitting in your office and dreaming up the next big idea with a few other senior colleagues. You’ve got to involve the frontline too.

That’s exactly what the Comte de Talleyrand did during the French Revolution. Observing the sans culottes heading to storm the Bastille, he said: “There go my people, I must follow them, see where they are going, and understand their intentions so that I can lead them.” This is a powerful example of taking time to understand the motivations of your teams.

**Reaching for the reset button**

The second lesson I’ve learnt is that big changes aren’t necessarily the right option. Sometimes, without doubt, significant change is needed. But often it’s not. And it certainly shouldn’t be the default position.

New leaders often want to hit the reset button when they take over. This is a perfectly natural instinct, but re-structures aren’t a panacea to all ills. In the end, it may well turn out that a big company re-shuffle is the best solution, but it shouldn’t be the first one. Nor should it be taken lightly, for the simple reason that even well-calculated changes cause big ripples.

One reason why leaders instinctively think about a change project is it will grab people’s attention. The trouble with this approach is that people associate a ‘change project’ as something with a start date and an end date.

But this ignores the fact that change is continuous. And as such, surely it’s about having a focus – day-in and day-out – on strengthening the capability or performance of a business. Bit by bit. This can be done through well-managed tweaks which leaders across the organisation are responsible for.

The ‘everything curve’ applies here. It’s simply making the point that after a change has been made, it’s not good enough to take your foot off the pedal. If that happens, you fail to achieve continuous progress. You’ve got to continually think about change, to create that next upward curve.

It’s also about approaching organisational change with caution and managing it carefully. Because the changes you make really will affect everything.

At these moments, I tend to resort to a football analogy to make a point. So here goes. When David Moyes took charge of Manchester United he was seen by many as a safe bet. But the team’s performance plummeted. Many of the players and coaching staff were the same. But the one change in head coach from Ferguson to Moyes upset the balance and led to a staggering drop in performance.

The last aspect of this point which I want to touch on is that it’s crucial that employees don’t feel alienated when a leader does opt for a big change. Don’t rubbish the past. All you’re doing is criticising the work many of your employees have their fingerprints on. Instead, recognise that people have pride in what they do. So involving them, and having conversations, is important.

It’s always worth reaching into the DNA of the past. Then think about how that can evolve and be relevant in the future. This goes back to avoiding a stop-start approach. It’s more about an evolutionary process.
Motivation for change

The third and final lesson I’ll share is that timing and reasoning is essential when big changes are being made.

For example, if a new leader takes the helm or she may decide to initiate a big set of changes. The intention may be good. But regardless, a new leader isn’t the trigger for effective change.

However, if a number of changes beyond a company’s control prompt a leader to think that the status quo is intolerable and a future opportunity irresistible, then it may well be a good time to exploit the changing tide for the benefit of the company.

None of us have a crystal ball. But even though we can’t predict the future, we can use tools – such as scenarios – to make sure that we’re making changes with good reason, and at the best possible time.

Politicians demonstrate just how important timing is when it comes to making changes. There are examples across the political spectrum of changes being made at tactical, opportune moments.

Sometimes your insights come from the least likely of places.

Like the workforce in Shell, my Highland Cows cover a few generations and there is an understood formal and informal hierarchy. They each have their own personalities. I have just arrived at the gate and I want them to go on a change journey…basically to another field.

They are curious and looking for leadership. I have tried all the established methods.

Burning Platform-Disatisfaction with the status quo. – This involves opening the gate and running amongst them waving arms and shouting in agricultural terms. This typically results in them running in various directions and then all getting together again (they are a herd) back where they started.

Divide and Conquer – this involves trying to bribe the younger (hopefully more amenable) ones with food to lead the way. This results in them being pushed aside by their elders and then not moving until the older cows move.

Trust and Engagement – this involves me opening the gate, walking calmly among them, talking to them, stroking their long hair and patting their backs and then walking slowly out the gate and along the road I want them to follow … and amazingly they do!

Conclusion

Time to wrap up. Embracing change isn’t easy. But despite the complexities involved, don’t reach for the management books when you go back to your respective academic institutions.

In summary, there are a few simple truths worth sticking by.

First, drive change from within and engage heavily with the process. Farming out responsibility won’t deliver the desired outcome.

Second, respect and build on your past, using it as a platform for change. Telling your teams that the work they’ve done in recent months or years is rubbish won’t help your cause. What will help is to adopt an evolutionary approach, and appeal on them to build on and re-frame their good work so it’s relevant for the future.

Third, be opportunistic, and seek out the right opportunities to drive effective change.

And tied to all of these points is the need to take people with you through engagement, building alignment and shared purpose and making change a norm not an exception.

With that, I’ll draw to a close. Thank you for your attention. And I welcome the first question.
Hugh Mitchell speech at the School Leaders Scotland Conference

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