



Rick Brown, Royal Dutch Shell's global HR executive.

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## Renewed Energy

A spate of high-profile crises forced Royal Dutch Shell to take a hard look at its management structure and how it cultivates talent. Fortunately, says global HR executive Rick Brown, the company found that it had a deep reserve of employee loyalty on which to build.

**By Janet Wiscombe**

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Three decades ago when human resources executive Rick Brown began working for the Royal Dutch Shell Group, the energy empire was making headlines for big oil discoveries in the North Sea.

Last year it made headlines for bad management and an oil reserves crisis.

During a recent phone interview from company headquarters in The Hague, Netherlands, Brown, whose official title is head of global HR functional excellence, said the fallout from the scandals has had a substantial impact on the workforce.

"The press in Europe has been immensely ferocious about absolutely everything," he notes.

In the wake of events last year involving accounting problems and failures in finding energy, there was a 20 percent drop in job applications in the U.K. and continental Europe.

"The share price also took a terrible hit--20 percent--but the crisis spurred us to action," Brown says.

For veteran managers like Brown, restoring the Anglo-Dutch company's tarnished image and revitalizing and retaining its 112,000 employees in 100-plus countries is an enormous task. His responsibilities include overseeing a global human resources organization of 3,000 employees.

Over the years, he has served Shell in Europe, Latin and South America, Africa and Asia. He has worked in Oman, Dubai and China, serving in Beijing from 1994 to 1999.

The company reported in February that it had doubled its fourth-quarter net income, but its strong results were tempered by an announcement that it was cutting oil reserves for the fifth time in just over a year. In June, Shell announced that shareholders had approved a plan to consolidate its Dutch and British parents under a single board and to have an American-style chief executive. "We looked at the structure, the two separate companies as having one Royal Shell with one chief executive," Brown says. "The crisis forced us to look at the way the company is managed."

**Workforce Management: What has been the internal impact of the company's management crisis?**

**Rick Brown:** There was a bit of an impact, especially in morale. Shell prides itself on technical excellence. It's what distinguishes it from other companies. When we were under attack, that hit the workforce very hard since the professionalism of so many was questioned. Our principles were questioned. But when we conducted an opinion survey, we found out that morale was not as bad as we had thought. There is a bank of trust and loyalty at Shell. But there is a reduction in trust of leadership, which historically has been very, very high.

**WM: In the wake of the scandals, what are you doing differently in managing your talent pool?**

**Brown:** HR executives meet once a month with senior people and also with young people with leadership potential. We have put a lot of work into getting to know the talent pool. We have more exchanges, more getting-to-know-you. It's more hands-on. We make sure people are offered the development opportunities they need.

What we needed was to communicate much better globally. It sounds pathetically basic. It is about doing a lot of small stuff--sending electronic post cards, Web videos, teleconferences--so people have the ability to talk to senior leaders instantly.

**WM: How did you begin rebuilding?**

**Brown:** We began a program called Enterprise First. It's about getting people thinking not only about their own area, but how their work affects other areas or businesses and how leadership can be more accountable.

**WM: How does the program work?**

**Brown:** We looked at everything we do and asked if what we were doing encouraged narrow-minded behavior. We looked at the way we promote people to senior manager, the way we appraise--everything.

It was cathartic. People did talk to us. We addressed issues slowly. We didn't try to change in two months. Changing everything in two months is very superficial.

**WM: How are you improving your image to job applicants in HR?**

**Brown:** It is our mission that Shell has a world-class ... global function. If anyone anywhere is wondering where to work, they would ask for Shell. That wasn't the case for the past 10 or 15 years. Now we want to be world-class so that if anyone graduates from the university in HR, they will first think of Shell.

We have made big changes the last few years. We've gone back to the basics. We've asked, "Who are we? How are we governed? What is our role?" Basic HR questions for now and for the future. You have to know what skills you need to get to where you want to go.

You have to ask, "What kind of experience do we need? What sort of community do we want to build?"

**WM: What were other major concerns facing human resources, and how did you deal with them?**

**Brown:** We had never pulled together globally. People worked regionally. The company was fractured. So we developed a global competence framework for 120 countries. For a company to get to one framework from being so fragmented was not leading-edge; it was just hard work. We developed career guidance tools, skills so young graduates can see the roles.

We built on Experience Navigation--which shows the various crucial experiences employees need if they are to develop and grow into more senior leaders--to give people ideas of skills and experience they should have. With these open resources, people can apply for jobs internally. Your CV is on the Web and you can go to the intranet to get career guidance. It helps us determine what we should be teaching people.

We have conversations with junior VPs so that they can get experience and leadership skills.

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To be effective, HR executives have to learn the business. We consciously are helping leaders to ask to right questions. We consciously try to make them look at what's going on externally, to keep current.

In order to work out the building blocks for our Experience Navigator, we interviewed 50 HR people, at least a third of whom came from outside recently--banks, oil companies, consultancies.

**WM: What did they tell you?**

**Brown:** They said things like the need to be on a management team discussing businesses; working outside of one's base country; having budget responsibility; dealing with unions; having large teams of staff to manage and coach.

**WM: What tools do you use to help in the hiring process?**

**Brown:** For future management-potential hires, we look at their performance to date but use a selection process that tries to measure what future potential the person has--how far we think the person could go in our organization. We use business games, structured interviews, in-tray exercises, assessment centers, etc.

**WM: How specifically has the company learned what talent it has internally, and what is it doing to develop new talent?**

**Brown:** For new HR talent, we now have a global on-boarding (induction) program so that no matter where in the world you are recruited into HR, you receive the same data and messages.

We have a global Web site explaining our values, roles and how they are organized; a global competence framework so HR employees can see what skills they need in their current role; global job profiles and career paths so they can see what skills they need to build up in order to reach their career goals.

We have global technical learning programs in change management, remuneration, assessment and selection techniques and cultural awareness. There are weeklong HR leadership programs for managers as they go into their first management role and when they get onto a senior management team for the first time. One is delivered by IMD/RSM (Rotterdam School of Management) and one by Cornell/INSEAD.

**WM: What is your turnover rate and how does it compare to the industry at large?**

**Brown:** We have no global measure, but it's very low in comparison to competitors--usually in the range of 2 to 3 percent.

**WM: What differentiates Royal Dutch from its competitors in workforce management?**

**Brown:** We have clear people principles. We believe in the value of people's personal growth and development. The majority of our management appointments continue to come from inside, so we value the development and experience the staff gets within the company.

We believe in formal and informal feedback systems and hold a global opinion survey. Nearly 100,000 people usually respond, a very high response rate. Every 18 to 24 months, that measures both satisfaction and engagement.

We believe in, and devote considerable time and money and effort to, leadership assessment and development. We have remuneration and reward systems that encourage teamwork and individual contributors. We attempt to have clear, fair and open performance management systems. We devote considerable senior management effort to diversity and, as importantly, inclusiveness, and we have global high-level targets on gender and nationality.

**WM: What are some of your most pressing workforce management issues globally?**

**Brown:** We are trying to develop very high-quality technical programs for 120 countries. Some of the programs are absolutely appalling. The people in HR have both the very best and the very worst training.

The global HR community now has 20 technical skills programs. Some, of course, do have to be done locally.

When people come on board, if they, say, joined in Japan or Australia, the programs give an overview of what it means to be in HR. People know what they are joining. If you are in Uganda, you can get on the Web.

The move to one HR global system was a nightmare. But now that we have an HR data system, we know what people's skills are.

**WM: What are the unique human resources challenges in China?**

**Brown:** In China, there is only one HR issue: talent, and how to get it. The workforce has no experience, no knowledge of business, of marketing or of what a career means.

Younger people have no role models. They have no brothers and sisters because they are of the one-child generation. They have no aunts and uncles. There is enormous high turnover. The average age is 26 or something.

They might leave the company for a better desk at another company. But at the same time there is enormous interest in learning. The challenge is to develop it. There is really good raw talent. But it is raw.

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