

Seeking to reward failure

MANAGEMENT



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Mr Peter Willcox, the executive general manager at BHP Petroleum, is looking for a failure by one of his staff which he can reward.

He needs to do so as part of the process of creating an entrepreneurial culture at BHP Petroleum.

The organisation is moving from being a passive partner in oil production to an active operator and explorer, and Mr Willcox is changing the culture to match the more aggressive approach needed to fulfil the new role.

He said people had to understand that there would inevitably be failures when risks were taken and that failure would be tolerated. "The thing about being entrepreneurial is that one is going to make mistakes," he said.

He says people who move forward must be rewarded. "There are going to be some surprises here, people are going to get promoted just after they failed, provided they have acted in the best interests of the company."

Another crucial element in establishing the risk taking environment is the role model set by senior managers. Mr Willcox said he has deliberately taken a couple of quick decisions with a relatively high risk element to set the trend.

The most recent was the decision to go into a joint exploration venture off the Oman coast in the Middle East. The exercise would cost less than \$20 million and the decision was taken in double quick time by Mr Willcox.

He said he "did it quickly partly to show that it could be done. It is the sort of thing that in the past would have taken a couple of years to look at. We have plenty of people who can do it, it is just that the environment has not been right. In a year's time someone else would be in that property and we would have missed the opportunity."

The need to move quickly in the oil exploration business will be reinforced by the new head of the new ventures business unit within BHP Petroleum, Mr Fred Tietz, an American.

Mr Tietz, charged with building up the oil reserves from anywhere in the world, realises the virtue of speed. Mr Willcox said that in three days last week Mr Tietz phoned from Dubai, Muscat, London and Houston.

In tandem with the greater risk taking will be the greater accountability which is inherent in the new organisational structure announced last month.

He said the accountability would come as a bit of a shock to some but that it would increase the sense of ownership of projects which was previously lacking.

A long and detailed staff attitudinal survey, conducted at Mr Willcox's behest when he arrived a little over a year ago, revealed a degree of frustration amongst staff that they never saw a project through to completion. They dealt with only bits of it and developed no feeling of ownership of their tasks.

A further element in the new environment is the fostering of team work.

Previously, most inter-departmental exchanges took place through the executive general manager.

Mr Willcox said his office "was like a train station. I am not sure how my predecessor survived, and in the busier climate of today he would not".

The new structure was originally described in this column a couple of weeks ago as being geographically based. Mr Willcox said it was by coincidence only.

It is based on clear, individual and distinctive strategies. The Bass Strait business unit, for example, has responsibility for a very clear financial and geographic asset. Its strategy is to generate as much cash as possible and maximise profit.

The North-West Shelf business unit is responsible for the non-operational role on the Shelf. It is charged with ensuring sufficient return is achieved on the \$2 billion invested there. Other units are similarly idiosyncratic and call for specific strategies.

Mr Willcox said it was very easy to under-estimate the importance of the structural changes that have taken place. He believed that the company would get more exciting as people realise they could fly, though he conceded that for others it would be a very painful process.

He was asked recently by a reporter from another journal whether people were now happy and settled in after the structural reshuffle.

The Englishman in him wonders whether that question was a reflection of Australian cultural attitudes.

He does not want to make people happy and settled. He sees his job as getting them motivated, committed with a bias for action.

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