

Multi-dimensional leadership –

The key to leading the energy industry's rapid evolution



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A full-page background image showing an oil rig at sunset. The sky is a mix of orange, yellow, and blue. Silhouetted against the bright light are several workers in red hard hats and high-visibility vests. They are working on a complex metal structure of the rig. A large crane arm is visible on the right side of the frame. The overall mood is industrial and dramatic.

The energy industry is confronted by significant disruption, requiring executive attention beyond ongoing safety and productivity commitments.

- Its global workforce is facing a generational shift, thereby creating an institutional memory challenge
- The sector is struggling to redefine its attractiveness of an employer of choice, especially with younger generations
- Significant investments have been made into new energy assets requiring vastly different competencies from legacy assets
- Economic volatility is characterised by shrinking cycles

Effective leadership will, as always, be the key ingredient to success - but the nature of effective leadership must change. Leaders should reflect.

Energy leaders must navigate complex disruption

The talent agenda is a pressing threat and must be overcome. The oil price crash of 2020 triggered 107,000 layoffs across the industry in the US alone, with a similar trend felt across the globe. Four years later the energy workforce is now ageing and will take experience and skills into retirement.

There are significant retention risks with the current skilled workforce. The 2022 Global Energy Talent Index report found 70% of the current oil and gas workforce are considering leaving the industry in the next three years. The competition for high-skilled workers is becoming more accentuated as the sector continues to evolve and share skill sets with other industries.

The industry is failing to attract new talent. The current wave of younger personnel is questioning the industry as an employer from a values standpoint, a challenge the industry has not yet found a narrative to counter. Attracting and retaining new leaders and diverse talent is a critical obstacle to overcome.

Energy companies have a critical role to play in the transformation of the global energy system. They will continue to provide fossil fuels that enable energy transformation, through 2050 and beyond. Improving reliability and cost performance of current assets is critical to protect margins that enable re-investment into decarbonisation, renewables and cleaner energy.

Concurrently oil & gas companies are transforming into diversified, lower carbon, energy companies. This will require reducing total industry emissions by 3.4 gigatonnes of carbon dioxide equivalent and playing a critical role in transitioning fossil fuels from almost four-fifths of the total energy supply today to slightly over one-fifth by 2050, through the addition of wind, solar, biomass, hydrogen, ammonia, carbon capture utilization and storage assets.

Finally, preventing fatalities and catastrophic incidents is critical. We would advocate the safety is a core value not a priority as priorities can change. The global industry fatality rate remains too high. Around the world, various health and safety regulations are also emerging, requiring organisations to ensure personnel are not exposed to risks that would impact their psychological safety and health negatively. Proactive organisations found half their employees have been bullied at work and close to a third sexually harassed. Despite the high levels of inappropriate behaviour only 25% of bullying cases and 10% of sexual harassment cases were reported. A holistic cultural shift is required.



How to derive competitive advantage in this difficult context? By challenging industry leadership conventions and embracing a multi-dimensional approach.

"Multi-dimensional"
is the keyword to remember.

The energy industry has historically been led top down through strong hierarchies and autocratic leadership. This approach has been effective in getting the industry to where we are today and key elements need to be retained. However, it will not be effective in taking it to its next reality. Leaders failing to adapt will represent a significant competitive disadvantage.

Multi-dimensional leaders embrace inevitable change, the complex challenges it brings, and are effective at developing and embedding solutions. Multi-dimensional leaders recognise that finding effective solutions to complex problems requires a continuous growth mindset and a willingness to learn from diverse perspectives, both within and outside of the organisation. There will most likely be failures across various steps of the journey, but these are to be embraced as they move the team closer to a richer, sustainable result. Even when faced with failure, multi-dimensional leaders have an unrelenting commitment to solving the problem. Multi-dimensional leaders have high levels of emotional intelligence, share information freely, embrace diversity of thought, and adopt resilient, win-win and continuous improvement mindsets.



What does multi-dimensional leadership look like in practice?

When setting the strategic direction for the business ...

Traditional energy executives have ensured profits are predictably returned to shareholders through stable operational performance, effective risk management and the conservative stewardship of capital.

The multi-dimensional leader complements this approach by engaging with shareholders, stakeholders and customers to develop a compelling purpose and vision for the business that creates a north star and brings multiple stakeholder groups along for the journey.

When focusing on execution ...

The traditional role of executive operational leadership has been to operate safe and reliable traditional oil and gas assets in a highly predictable way, build competitive advantage over well known competitors and increase market share.

The multi-dimensional leader complements this approach by engaging shareholders, customers and stakeholders to challenge and disrupt industry norms, and test and unlock new markets and sources of value. They also insist on safety being integrated into every aspect of their production process from a personal values standpoint, and model core operating principles every day.

When engaging their teams ...

Traditional energy leaders have demanded detailed analysis and insight and embedded extensive governance mechanisms to control decision making in the pursuit of delivering predictable outcomes and minimizing the chance of failure.

Multi-dimensional leaders challenge the traditional approach to change and improvement by focusing on 80 / 20 analytics, experimentation, fast decision making, embracing failure and learning from it to develop an effective and sustainable solution.

When driving change and continuous improvement ...

Traditional energy leaders have relied on operating models and organisational structures with regimented hierarchies, well-defined role descriptions, clear responsibilities and decision-making authority, and a comprehensive set of KPI and targets to drive performance with cascaded reviews to monitor progress.

Performance feedback is delivered in formal settings at 6 monthly intervals with a professional tone.

Multi-dimensional leaders know success does not rest on operating models alone; they complement the traditional approach by being the catalyst for a diverse, inclusive and collaborative environment, fostering multi-dimensional teams across functions, business units, industry bodies and external parties.

Performance feedback is an authentic, open, two-way conversation, with a balanced focus on business outcomes.

When intentionally reflecting on their journey, past and future ...

Traditional energy leaders often believe they have reached the culmination of their personal development. They feel proficient extracting the best out of their teams.

Multi-dimensional leaders take ownership of their ongoing evolution.

Even after reaching the top echelon of an organisation, they recognise their ongoing growth is critical to their continued success, and know the ripple effect this creates.

Active listening and self reflection are key characteristics.

How do you instigate change?

Embracing a multi-dimensional approach to leadership is a significant challenge for the energy industry. It creates discomfort and conflict amidst resistance to change.

Understanding current mindsets on what effective leadership looks like is a critical first step. Current mindsets and behaviours can be uncovered using a combination of organisational analyses, structured interviews, focus groups and synthesising results. The current mindsets and related behaviours that inhibit the adoption of multi-dimensional leadership can then be reshaped in a 'From-To' style workshop.

At the end of the 'From-To' workshop, the clear vision of what good leadership looks like will have emerged to address complex organisational challenges, the critical shifts in mindsets and behaviours are agreed, there is a sense of urgency and clear responsibility to drive change.

A portfolio of initiatives would be developed to shift from the current state to the desired state and to achieve the agreed leadership vision. These initiatives address changes in mindsets, behaviours, leadership models and systems, and building or bringing in the required leadership capability. A well-developed

communication plan and cascaded change story, mobilising key influencers, an effective leadership capability development program, celebrating failures, learnings and successes, and using reinforcement mechanisms are critical drivers of addressing complex challenges effectively and achieving the leadership vision.



In conclusion

Long embedded leadership mindsets and norms must be challenged. Energy companies must rethink their current leadership approach, broaden their horizons on talent, appoint multi-dimensional leaders to key roles, break down siloed organisational structures, drive collaboration inside and outside the company, utilise open dialogue, share information readily, create a safe space to fail whilst never losing faith that the team will succeed.

By taking ownership of their own ongoing growth, leaders will create a ripple effect.

This is fundamental to creating an organisational culture where talented people are attracted, empowered, inspired, and retained to address this industry's complex challenges.



**Improvement in this area
has clear pathways.
Contact us for a discussion.**

dss* has worked with multiple clients in this area, for example a downstream energy company to coach its top 30 leaders along the lines described in this article. They have increased engagement by valuing excellence and collaborating on how to improve performance. Its leaders are transparent when providing success and guidance feedback; this has strengthened relationships up and down the organization. They have established a cascaded coaching process that transforms the way they operate. Overall, this is proving transformational.

About dss⁺

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