

## **WOODSIDE – HSE CONFERENCE**

**8 MAY 2003**

Picture this in your mind .....a huge billboard looms over the Terrace, bearing the following message.... Unsafe Employer Pty Ltd wishes to inform its shareholders and the public that it has recently been fined \$500,000 for serious breaches of the OH&S Act and for causing the deaths of two employees.... A footnote further informs passer bys that this advertisement has been paid for solely by the Unsafe Employer. Is this scenario conceivable? Well under recent changes to the NSW OHS Act, and with other States likely to follow suit in the near future, it may be. The maximum monetary penalty for a corporation in Western Australia is currently \$200,000 but Unions WA has called for this to be increased to \$2 million. However new and innovative non-monetary initiatives like publicising the conviction may well prove more costly in terms of dollars and reputation. formal review of legislation in Western Australia, which is on the table, also talks about industrial manslaughter and imprisonment. Clearly OHS is being seen as a social and moral obligation, and not just economic.

Now I know that you are a quantum leap ahead in terms of addressing behavioural aspects of safety and embedding safety values in the minds of employees. While you are deserving of accolades.... ask yourself this question.... Is safety a cost centre in Woodside, or.... is safety a contributor to profit? I will not ask for a show of hands either way, but even with the best track record imaginable, I am sure that you will agree with me that incidents can, and still happen. In the current commercial environment, when you may be expected to have to do much more with fewer people in the near future, it is appropriate to sit down and work out what it will shortly take to not only see the hole in the fence, but also the open field beyond to use the language of emergency managers and crisis leaders. Even with the best safety and the most informed security you know that you still need corporate Emergency Response. I do not want to scare you, but the chances are that with evolving threats, serious problems will still happen, despite the best investment. When they happen to you, you must still deal with them.

What I find interesting is the trend in Emergency Response in facilities with the growing domination of process control through virtual methods. Virtual rooms require information age training to ensure that command and control attitudes takes precedence in an emergency. In my experience there is a fine line between responding automatically because the process tells you to, and ensuring that you stop to find the facts before making judgement. It is all about overcoming the urge to not think, and to just act. It is my experience having worked in many management teams under pressure with large information flows, that machines alone will not produce increased command capability without an accompanying increase in the leaders ability to solve problems and make decisions.

What is your experience? ....Picture your own management team or command group for a minute. .... This is what Rudyard Kipling, the famous English writer and poet once said about such gatherings. He said I keep six honest serving-men. They taught me all I knew. Their names are What and Why and When and How and Where and Who. In the same way it will be What and Why and When and How and Where and Who that pull together as your team to control serious problems and make decisions at any level in Woodside. So when was the last time you sat down and worked out the pros and cons of every leader that you have worked with, or for. ..Hands up those who have ever done that? .... Excellent. At the end of my talk, I am going to challenge you to do just that, and when I am finished speaking you will understand exactly why I am saying this.

On a balmy September night just over three years ago, a Major in the SAS found himself in charge of a group which was standing to at an Australian Air base about to launch a force across the Timor Sea and pluck a number of desperate souls from the United Nations compound in Dili. How did he feel? He felt an awesome weight with the likelihood of many casualties, man and machine. There was no one to delegate to. There was no going back. This was stand up or fall over time, and he got on with what he had to do. Ladies and Gentlemen that person was me, and the images of children being tossed over the compound wall is an image that I will not forget. Leadership, when failure is not an option, is important stuff, so lets talk about it.

There was a bush fire in the Blue Mountains a few years ago when a fire truck was caught on a ridgeline, and a fire raced up a gully towards it, resulting in an inadvertent death. The media harassed the leader of that group while he had to continue fighting fires. Moreover he had to live with the consequences while his bosses were asking themselves how they had let this person make a decision. The reality is, that you more information you have, the faster you can make a decision, and the leader did not have any time at all. There was a similar problem with smoke jumpers in America. About 10 Canadians jumped in and became trapped. Another group of Americans found better information and they all survived.

On September 11 just before the second building fell, rescue crews ran into the building because they were trained to do so. The regional fire chief was getting truncated information on his mobile phone. Some of his firemen were dead and some were shielded from communications. He moved so this information could be improved, but he was still not in contact with his command group. He felt paralysed in some areas, and he could not make decisions in others. I refer to this as the sine wave of leadership. If there is too much action, there is a danger of acting too rashly. If there is too much planning, there is a danger of overanalysing and failing to act. It is all about balance between acting and analysing.

In acting and analysing we communicate in numerous ways, with body language being one of the most important of all. The very best of you will only remember 35% of what I say, but 85% will remember what that funny little guy out front looks like. The lesson is, watch your team carefully in these situations and you will hear a lot more.

The reality is that people think of leadership from their own standpoint and not others. They think of it in many different ways. There is no formula as they think of it from their own experiences. They continuously compare leadership with what they have seen before. The reality is that that leadership commences from the moment they see you, and when you say... "Right, we are going to abandon the facility" or others of you may be saying "the intent is to do our JV partner in the neck". It is all about the inspirers and the inspirees, and less so about motivation. In my experience it is about getting people to do what they would not ordinarily do. Inspiration is required, not motivation.

In many ways crisis and emergencies for yourselves is about leadership of your own command group or of your own management team. It is about instilling confidence in your group that you as the team leader knows what you are doing. If the team thinks that you as leader cannot make decisions, the team will surely try to influence the outcome. It would be better if they were thinking, "It must be alright, because the leader thinks it okay." It is said that Wellington used to disappear for long breaks. I wonder what did his management team thought of that? The moral of the story is that people will judge you immediately they see your name on the roster. They will run or cringe from your weakness, and they will follow your strength. In serious situations, you can double, triple and quadruple that effect. So if you want stable behaviour in a leader then you need to be a person with stable beliefs. You have to be imbued with your task. We know this to be true as steadfastness is contagious, and so is panic.

Your management team is merely the instrument in the successful control of the task. You will lead the lot all the way to the platform. You are the rock in the middle of the pond, and your ripples go all the way to the edge. The ramifications will go on long after you go home. Your management team needs to transmit your confidence as leader. They will transmit whatever you portray. The night we stood up to go into Dili, to go into harms way. It was a chilling situation for me with people voluntarily going about their business.

Having seen many super-major crisis teams in executive combat in throughout Australia and Asia over the last three years, I ask will shareholders reward these teams for their leadership or their management in the aftermath of crises? Shell's CEO of US Oil Products, says that business does not thrive on stability and we virtually need to use disasters to catapult us into the future. The lesson from his prophecy is that just as business thrives on instability, so must crisis leadership, as there is plenty of room at the top.

There is no doubt that the proactive approach adopted by all super-majors allows them to operate effectively in some very dynamic and difficult business environments, and volatile countries, even Nigeria. However as the corporate world continues to be rocked by crises, and as intense competition drives all petroleum companies, I put to you that you must demonstrate your crisis leadership and not just their crisis management skills. In the context of having the responsibility for leading the company out of crises as they happen, as petroleum managers you are not paid for what you are doing today, but rather for what you might have to do tomorrow. Why else would shareholders invest in something that they are not sure about?

The essential difference between crisis leadership and crisis management is your level of posturing for dangerous opportunity. Far too many managers are apprehensive about transitioning from line management to crisis management. In many ways this reticence manifests itself from emergency management thinking, which is just an advanced form ... an organised form of human survival, designed to return an organization back to the retrievable past, or previous status quo.

Emergency attitudes do not cater for or take advantage of dangerous opportunity. They see the hole in the fence, but not the open paddock beyond. From this perspective, next level crisis management is also just the sophisticated safety net underpinning all other styles of management. In many ways it is just a form of insurance when you do not have insurance; a mechanism for seeking to maintain the present and immediate future. It is just about using 'groupthink' to overcome individual brain lock, when operating under pressure in a team.

In reality, many issues are esoteric. Should carbon tax be paid at the pump or at the well or both? So as crises frequently emanate from the unknown, as Woodside's explorers of business continuity you are absolutely required to demonstrate decisive leadership. So just as leadership is about the future, so is crisis leadership thus getting 'back to the future'. Whereas best practice in controlling crises used to be getting back to the past, the status quo, now best in-class is inspiring the organization back to the future.

The art of crisis leadership is to be able not only to contain and eliminate crises as they occur, but also for you to transport the company through to any possible commercial and reputation advantage line exposed by the situation. The best petroleum companies recognize that planning to transform from crises is key to corporate survival and commercial superiority. Having the competence to return situations to normal is just not enough, in multi-competitor times. Such competency is just emergency management thinking.

Leadership is the best attitudinal preparation for crises, as its back to the future thinking will set you free through bold, creative thought. I call it second-stage thought. Crisis leadership is looking for the location and challenges of the next jungle, not just sharpening the machete, nor checking the compass for the current one. Crisis Leadership Teams will even be successful in the current global security environment. So how does this apply within Woodside? In directing the organization away from crisis or seeking to transform from crisis situations, the board of directors will use expressions like.... 'it will be this way.' At the business unit and company level you will use expressions like.... 'I see it happening this way,' when morphing out of crisis and indicative of back to the future thinking. In fact all team members are themselves leaders with responsibilities for their own backup. Asset managers at facilities will continue to use expressions like.... 'the plan is working' when emergency situations are returning to normal, indicative of back to the past thinking.

As leaders you must maintain your ability to keep thinking when a serious problem develops and not become entangled in anxiety that threatens to take over the system. You must develop a solution, and articulate it through naked displays of leadership in front of all employees. Anxiety is contagious, but so is calmness. Panic is contagious.....so is leadership. You will not become a good leader from this sabbatical alone as knowledge alone is not power. Applied knowledge is power, so what are you going to do when you finish tomorrow? Perhaps think of tomorrow's actions as a hot bath. When the water cools down, you get out of it, and it is hard to remember what it was like. But if you go away and write down a good point for every leader that you have worked for, based upon what you have done here at the Vines, then you will surely remember that. Ladies and gentlemen, Crisis Management Teams are dead. Long live the Crisis Leadership Teams and the culture of leadership in Woodside.