

## A new company with a new organisational structure

**A new organisational structure was considered an important tool to implement the goals of a new, dynamic company, based on the best of both parties.**

The study indicates that a new organisation with new roles and new interfaces provides both opportunities and challenges.

“StatoilHydro’s complexity, with many fields of competency, work processes, locations and enterprises, is the catalyst for revising the company structure after the merger,” says Senior Researcher, Torstein Nesheim, SNF.

The study concludes that Statoil currently has a matrix like organisation, where line management takes precedence, and the processes that cut through organisational boundaries, help strengthen business areas.

“Process owners, who have responsibility for their own staff, were assigned an important role in the new organisation. This responsibility includes the standardisation of management documentation and harmonisation of business processes throughout the organisation,” says Nesheim.

### Process Owner Role

According to the study, the process owners’ role has, in some cases, led to tensions and challenges in relation to the line managers in the business units. Several mechanisms that can meet these challenges have been identified. Good communication, relationship building, process networks, forums and invitations to dialogue, need to be mentioned, in particular. It is also important to have compatible goals (KPIs) between process owners and line managers in business units.

“There are, however, some circumstances that require closer attention, for example, the balance between expert support, advice and facilitation on the one hand, and the control of compliance with work processes and requirements on the other,” says Nesheim.

The study shows that knowledge and acceptance of the process owners’ role has increased during the three years that have elapsed since the merger. Although there are still tensions related to the matrix model, this is considered to be within what one might expect.

“The study points out that both managers and employees must understand the model and be loyal to it so it can achieve its full potential. An important prerequisite for this is that there are good forums and that managers and employees have the ability to communicate and build relationships,” says Nesheim.

## Some best practices through professional networks

**“Our study shows how ‘official’ structured professional networks can have a positive effect on knowledge sharing and development in a large organisation,” says Torstein Nesheim.**

Researchers Torstein Nesheim and Karen M. Olsen, both of the Economics and Business Research Institute (SNF), have studied how professional networks and their utilisation has affected knowledge sharing and application of knowledge in our organisation, both during and after the merger.

“In an organisation with many locations, it is important that there are arenas where you can exchange information and share experiences between local units,” says Nesheim.

Whilst Statoil had formalised professional networks before the merger, Hydro's culture was for a more sporadic and casual use of professional networks. After the merger, StatoilHydro took the initiative to strengthen professional networks through a development program for subject matter specialists.

In the user survey conducted by the research project, members of the networks indicated that they consider joining professional networks to be one of the most important measures of knowledge transfer and development.

77% of respondents said that working with professional networks has led to improvements in their own business units, faster solutions and a greater compliance with management documents. 87% considered their participation as important for their own professional development. Participation was also considered very important for building personal networks in the company (92%).

### **Defines good management**

The material identified six dimensions relating to the good management of networks;

- Ability to stimulate specialist discussions,
- Dissemination of meeting times and issuing agendas in advance,
- Ability to convey participants' experiences and knowledge to the rest of the network,
- Ability to communicate relevant scientific information between meetings,
- Ability to communicate and disseminate best practices, and,
- Ability to recommend training to the professional networks.

"The fact that managing networking has such significance to the outcome and results is a finding that provides good support to Statoil's use of resources," says Nesheim

### **Need for development**

The research material highlights that it is important to develop professional networks. It is important that network leaders exchange experiences, their leadership skills are evaluated prior to their recruitment, and a regular review of the 'portfolio' of professional networks is carried out.

The ability to prioritise professional networks is also required. Like members of a network, network leaders also have two stakeholders to deal with, line managers and professional management.

"In a matrix organisation such as Statoil, there will often be tensions. Yet only a few of the leaders perceived the relationship of the two stakeholders to have conflicts. Most reported that the trade offs are related to how much time they have to spend on individual tasks," says Nesheim.

### **Internationalisation**

The survey also put the spotlight on the group's internationalisation process and its challenges, and how knowledge can be transferred more effectively internationally.

"Increased internationalisation presents new challenges to professional networks. At the same time, there is the potential for knowledge development," says Nesheim.

### **Professional networks have linked people together**

Following the merger, employees expressed that professional networks are the most important forum for sharing experiences and learning, says Marit Velvin, TNE, process owner for professional networks in TNE, HR.

"The networks are a social arena for sharing ideas, knowledge and practice," she says.

Since the merger, she has kept an eye on the utilisation and development of professional networks in Statoil.

After integration, the emphasis was on establishing active professional networks as quickly as possible to bring employees from the two companies together, so they could share knowledge and experience and learn from each other.

“The networks promote a culture of learning and cooperation and help to set the agenda for key business focus areas,” says Velvin.

As part of the integration research, a survey of professional networks was conducted. The purpose was to examine whether the networks add value to the company in terms of improvements in the way we work. The response rate was high and there was no difference in the results from the former Hydro employees or Statoil employees.

The results indicated a generally positive attitude to professional networks. The employees said that the networks help them to resolve tasks quicker and better within their own business unit. Professional networks also give the individual the opportunity to broaden their personal network, which is important when discussing and seeking advice on resolving tasks.

Velvin points out that the survey indicates that effective network management and line management support are the key success factors provided by the networks, bringing added value to the individual and thereby also to Statoil.

“These factors can be improved even more, and this is something that is focused on during leadership development in the company,” says Velvin.

### **Rapid knowledge transfer**

Gro Aksnes, Director of Area Development North West Sea, has a lot of experience with the targeted use of professional networks.

“In these networks, knowledge is transferred directly. People who meet face to face share experiences on large and small matters. In this way, business improvements and innovations are shared quickly and efficiently,” she says.

Aksnes points out that a good setting for the exchange and development of knowledge requires that work on networking is given priority. It requires the will and awareness of the organisation to succeed.

“Line managers must take responsibility for ensuring that the right people are involved in networks, and are allowed to make that activity a priority. It is costly to send people to conferences, and the benefit of networking is obtained quickly in the form of rapid transfer of experience and development of best practices across organisational boundaries,” says Aksnes.

### **Business related advantages**

Øystein Arvid Håland, Director of Drilling and Wells, reminds us that the ability to adopt new technologies rapidly is crucial to gain a competitive advantage over the other players.

“Statoil is an organisation with a strong willingness to adopt new technology. Active professional networking helps give us a business advantage,” he says.

He refers to the participants' mental attitude and their ability to share knowledge as important prerequisites.

“Our goal is to build up a learning culture where we constantly think about whom we should share knowledge with, and which we can also draw on when we face challenges.”

Håland believes that we are moving in the right direction.

“The centre for production support is one of the areas where we have achieved good results. Here we collate operational and manufacturing expertise in a common centre and are in direct contact with multiple production environments. It has helped to make it a short route from knowledge to task implementation,” says Håland.