

“A SLASH AND BURN” CULTURE AT SHELL”

An article in *The Sunday Times* published on 13th December mentioned that Mr Moody-Stuarts “onslaught on Shell’s bloated bureaucracy... will lead to more than 3,000 job losses”. They described his plans as: “a slash and burn culture at Shell”. It said that his ideas have put him at odds with Dutch colleagues. This was but one of the many press reports over recent days speculating on Shell’s current turbulent circumstances.

The headline of a *Daily Telegraph* article on 11th December said: “An iceberg warning for the good ship Shell”. The piece commenced “Shell began moving the deckchairs yesterday...” and went on to report on the internal politics at the top of Shell. It speculated on the appointment of a group chief executive, but felt that “the old guard will not surrender the wheel lightly”. It concluded with the ominous warning that: “...the iceberg still looms and the weather is getting worse. Do they really want a night to remember?”

I have been drawing an analogy between Mr Moody-Stuart and the Captain of the Titanic for many months. City pundits have apparently now concluded that the analogy is appropriate.

A report on merger fever in *The Times* last Thursday featured a comment about Shell from an analyst saying: “They need to sort out their management before they take on somebody else”. The latest rumour, this time of a merger between Shell and Chevron, was in line with my recent hint on the subject.

An article in *The Independent* published on Sunday 13th December, reported that Shell’s profits fell 31% in the first nine months of 1998. Analyst, Liz Butler, was reported as saying: “It’s getting bloody inside the organisation”.

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The “Market Report” column in *The Express* published on 10th December said: “Shell recently unveiled third quarter figures which were arguably the worst results in its history”.

So what does Mr Moody-Stuart make of the current situation. Amazingly, according to an article in *The Daily Telegraph* on 11th December he was said to have been in “an ebullient mood” when he addressed senior executives the previous day, urging his audience to “let’s go out and get’em”. Perhaps he was urging them to throw more Shell employees on the scrap heap.

So, despite oil prices dropping below \$10 a barrel; reports of thousands of Shell employees being made redundant; Shell HQ buildings being sold off; the worst financial results in Shell’s history; Shell’s share price plummeting by 20% this year; Exxon and BP’s market capitalisation soaring whilst Shell’s has fallen, *he* remains in good spirits. Next thing, he’ll be dancing the “Macarena” again. I don’t know what he is on, but I would like to get the franchise to bottle and sell it. If I was getting over £42,000 per week, perhaps I would retain a sunny disposition.

To be serious, it is true that times are hard and that Mr Moody-Stuart is not responsible for the plunge in oil prices. However, it is interesting to compare his situation with that of Dr Walter Hasselkus, who recently resigned as Chairman of Rover Cars, accepting the blame for the company’s problems since he took over. He said that he had not anticipated the fierceness of the competition. Dr Hasselkus did the honourable thing.

The change in Shell’s fortunes did coincide with Mr Moody-Stuarts elevation as the “boss of bosses” at Royal Dutch/Shell. He too seems out of his depth. Maybe he will do the honourable thing? At the very least, I hope that for his News Years Resolution, he will decide to uphold the Statement of General Business Principles. That would be an important step forward.

A Merry Christmas and a Prosperous New Year to all at Shell, with special thoughts for those being made redundant.

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