Refined vision

Royal Dutch Shell's head of leadership development: Dennis Baltzley takes learning very seriously. And no amount of talk about oil prices or City scandals will distract him from his mission. By Doug Morrison

It was the best of times, it was the worst of times. Or so it seemed for Royal Dutch Shell last year, as it made the most of escalating energy costs while playing out its own somewhat fraught tale of two cities - The Hague and London - in its unification into one company.

While just about everybody else in industry and commerce continues to bemoan the impact of rising oil prices, it is, of course, manna from heaven for oil producers. But it is an especially welcome reprieve for the management that has presided over the full structural merger of Royal Dutch Petroleum and Shell Transport & Trading.

The oil price rise is reflected in the Anglo-Dutch group’s latest figures - net profits were up 68% to £4.2 billion during the third quarter of 2005. It’s almost as if the markets will work in its favour regardless of how its senior executives perform. It’s a potentially sensitive point to put to Dennis Baltzley.

To his credit, Royal Dutch Shell’s head of leadership development takes it with good humour. ‘So, as long as the oil price is high, what do you need my job for?’ he says, laughing, before adding: ‘Learning is a driver of competitive advantage and inherent capability. We’re all in the learning curve business.’

We’re in a meeting room in the middle of an empty wing of Shell’s vast UK headquarters on London’s South Bank. Some administrative function or another has been relocated to The Hague and the space has yet to be filled. Clearly, several months on from its legal completion, unification is still in the air here.

Baltzley, meanwhile, is on a roll. ‘If you can’t learn and change, you can’t survive and thrive. And if you can’t enable others to learn and change, you can’t be successful. I fundamentally believe that,’ he stresses, before reeling off some examples of how Shell keeps improving productivity regardless of the oil price.

From deep water exploration to its ability to forecast future production, he claims, Shell has improved dramatically. Even relitigating and rebranding a newly acquired petrol station takes just a week now, where once it took eight. ‘That is applying learning, ruthlessly, rigorously, to get efficiencies in and costs out,’ he argues. ‘Any of these examples are independent of oil price. Oil price may allow us to do more things today. But your ability to drive efficiency, through professionalism, deep expertise or applying new technology... that’s the business we’re in.’

It’s a business this quietly spoken American has been in since 2002 after nearly 20 years experience in the field. To quote his resume, he’s had ‘a convoluted career path’ in public and private sectors in the United States and Europe, but one nevertheless devoted to learning and development. And as someone who has graduated with a PhD in industrial/organisational psychology, it is to be expected that Dr Baltzley, as he is referred to, takes his subject very seriously. ‘I’m a learning professional. I’m not an HR generalist,’ he declares early on.

Baltzley’s examples of efficiencies at Shell, however, are just a little undermined by the group’s calamitous admission two years ago that it had overstated its oil and gas reserves, which led to several top level resignations and a fine, although that was nothing compared to the embarrassment it had to live down in the City.

The fiasco was at least partly responsible for ushering in the restructuring that led to last July’s unification a little more swiftly than shareholders might otherwise have expected.

Nevertheless Baltzley, in his mild-mannered way, is supremely confident about the value of leadership development and declares himself to be ‘personally motivated’ to ensure it has ‘a measurable impact’ at Shell.

He manages a 100-strong Shell learning team and is responsible for a portfolio of ‘leadership interventions’ across the group’s various businesses. In short, anything to do with leadership development is down to Baltzley. But one of the first things he did after joining Shell in 2002 was work alongside the group’s various businesses to stop dozens of overlapping programmes while helping smooth the process of slimming down the so-called core competencies it expects from its...
Managers and executives. Where once there were 27 competency models, there is now one leadership framework. This involves nine elements - or ‘planets’, as Baltzley calls them - such as championing customer focus, demonstrating professional mastery and even courage. Shell’s leaders must also ‘deliver results’.

The move from a twin corporate structure to a single enterprise informed the whole streamlining process. ‘If we’re going to have one company, he explains, ‘one of the implications for learning and development is that there has to be an underlying structure that helps build a single culture, and these nine planets become the common language around leadership skills.’

On top of that, Baltzley has put in place what he calls a 'single learning architecture'; in effect a portfolio of leadership development programmes.

As well as marking out a path to the top for Shell’s rising stars, it has introduced a consistent standard of learning across the group. As Baltzley puts it: ‘This learning architecture should provide the CEO of each operating business with a lever to change the organisation - if we do this right.’

And at the very pinnacle there is the development programme for Shell’s top executives (see box, below), an elite group of 220 out of a total workforce of 115,000. Baltzley devised the programme and is heavily involved in running it, not least as a hands-on coach. For him, this programme, more than anything, reflects the importance of learning and development at Shell.

‘What we’ve been talking about with the top executives’ he says, ‘is if you think you’re made when you’ve been appointed a senior executive, then you’re mistaken, because that is exactly the time when you have to challenge all those mental models that got you where you are. You have to challenge them, all those personal success formulas. Now is the time you really must be learning.’ He continues, warming even more to his subject. ‘This is about lifelong learning...they are always, always learning. It’s never more important.

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LEADERSHIP DEVELOPMENT – THE WEB OF ACCOUNTABILITY

An underlying theme throughout the leadership development programme for the top 220 executives is to advance Royal Dutch Shell’s global corporate strategy through education.

To that end there is what Dennis Baltzley, head of leadership development, refers to as a ‘web of accountability’, or interlinked components, to ensure an executive ‘defaults to a change in behaviour’ rather than doing nothing.

It starts with a week of ‘self-insight’ for a class of 20 executives. The number-one deliverable for senior executives is a lack of self-awareness,” says Baltzley, who also seeks to develop the executives’ understanding of Shell, its overall strategy and their role within it all.

Shell’s chief executive and the rest of the executive committee attend these sessions - last year’s seminar was on the classroom agenda - while outside experts such as economists will give a global energy view. Blair Sheppard, chief executive of Duke Corporate Education, is a regular speaker on ‘people strategy’ and how the executives should be thinking about their role in leadership.

At the end of the week they split into four teams, each taking on a Shell-related issue or challenge, and are required to meet three times over the next 12 months. ‘They’re very motivated and they turn this into an applied piece of work that benefits the Shell Group. They do every time. But that isn’t the only purpose,” says Baltzley. ‘The primary purpose of being together is to explore your personal leadership in a pure context. This is a second focus of mine - peer-to-peer learning - which creates a different type of accountability than just doing a development plan with your boss.’

The final component is a week of sessions directed entirely at external challenges to Shell, which draw on the executives’ learning experiences of the past year. It’s a customer-focused week, but with a twist. The sessions may address how the executives can change buying habits and brand awareness by meeting face-to-face, 18- to 20-year-olds from Brazil, Russia, India or China. It could be that Baltzley steers the executives towards the challenges of the American system of litigation and environmental activism.

‘We bring in people we might call activists and extremists,’ he says.

Launched in 2004, the programme entails two new groups of 20 starting every year with the expectation that, over time, all senior executives will attend. So far, the response has been ‘strikingly positive’.

‘They are stronger, I believe,’ Baltzley adds. ‘These are typically people who are so good at what they do, it’s hard to get them to learn. But they do need to take the right time out to think about the enterprise, and they very much appreciate linking with their peers in ways, normally, they wouldn’t get a chance to.’
than when you’re sitting at the top of the enterprise.’

The programme and the whole approach to life-long learning have the backing of chief executive Jeroen van der Veer. ‘You have to have senior executive support. If anybody says different, I think they’re fighting an uphill battle,’ says Baltzley. Then again, it’s not hard to imagine that he has the ear of van der Veer. There is an easy authority in the way he discusses the advantages of effective leadership development.

In his early career in the public sector he says he was ‘steeped’ in the assessment side of HR before a move into consultancy helped shape a more rounded approach to learning. ‘It’s not learning until behaviour changes,’ he observes. ‘If you’ve heard something new, good for you – that’s insight. That has nothing to do with application, so until your behaviour changes it doesn’t count. That’s where the psychologist in

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me and the measurement comes out. I do want to see the self-insight, but it better lead to a change in behaviour that I can show is sustained over time.’

His insight into Shell, meanwhile, predates his arrival in 2002. Shell was first a client of Baltzley’s during his seven years at consultancy Personnel Decisions International. His move bears out a trend he has noticed among big multi-national companies to have more sophisticated in-house expertise in L&D rather than relying on ‘HR generalists’. ‘When I call my counterparts over at Prudential, Cathay Pacific or Johnson & Johnson, he says, ‘I’m talking to learning professionals about organisational development and about individual development.’

Baltzley adds: ‘Over the past five years in our field, we’re all now talking about blended learning and peer-to-peer learning, group coaching – much more sophisticated, again, around extending the learning experience.’

‘Peer-to-peer learning is a big issue for Baltzley. Two years ago, he initiated a learning programme involving Shell,

Prudential, Cathay Pacific, Johnson & Johnson and Dell, in which each company chips in six executives for annual, week-long sessions to hear speakers from inside as well as outside this loose ‘consortium’. It’s cross-business learning, and, as he suggests, who better to talk about crisis management than Cathay Pacific executives who have dealt with the aftermath of 9/11 and the Sars outbreak? ‘You can get really strong contextual stuff around your challenges from these other companies,’ he says.

Such high-level collaboration points to some enlightenment about leadership development, although perhaps it’s not happening as quickly as Baltzley would like. His CV hints at a strain of impatience, referring to him being ‘mildly fanatical about his Harley’ and that he is an avid skier, with his technique described as ‘disturbingly unbalanced at frightening speeds’. So much for the mild-mannered occupational psychologist.

Impatient or not, he certainly acknowledges that the very idea of an HR specialist moving up the corporate hierarchy to be ‘at the right hand of every CEO’ is still in its infancy. In other words, finance or sales and marketing people, for instance, still have much more clout when it comes to defining a company’s strategy.

That’s just the way of the world, although it need not be the case, according to Baltzley: ‘We are best placed to understand people at work,’ he adds. ‘So if I can predict what an executive will do, I can predict what his or her team is going to do, how they’re going to react under stress. And if I can do that, then I can tell you how an organisation is going to respond to a challenge. I fundamentally believe that is our professional standard – what we should all be striving for.’