

From: Shaw, Neil
Sent: Fri Jan 04 16:20:19 2008
To: Nicoletti, Alma J
Subject: FW: Jan 9/10 meeting
Importance: Normal
Attachments: Agenda_Jan9&10.doc; GOMTransformationplan.ZIP;
GOMTransformationAGIKeySlides30Nov.ZIP; Organisation Design; 2008 Neil Shaw IPC v10.ZIP; 2008
GoM SPU Annual Plan v15.ZIP; GOM Performance Management Process.doc; GOM Perf Mgt.ZIP; GOM
Strategic Cost Management Plan.ZIP

Pls print and bind into a pack for me for Monday
Thx
neil

From: Renter, Doris
Sent: 03 January 2008 17:00
To: Addison, Fergus T; McIntyre, Paul; Morrison, Richard; Ramey, David E; Renter, Doris; Shaw, Neil; Zwart, Peter A; Lucy, Kevin;
Replegle, Dan R.; Todd, Susan P
Subject: Jan 9/10 meeting

All:

Please find attached the agenda for our January 9/10 meeting.

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For the meeting to be successful we ask that you bring the following to the meeting:

- Org charts for your proposed Tier 3 organization (please bring whatever format you have available, we will consolidate into a common view after the meeting)
- Org charts for Tier 4 and below if you have it available
- Headcount or estimated headcount for your organization
- Please send me your proposed Tier 3 and draft of Tier 4 org chart by Monday, so I will be able to draw a "new spider diagram" portraying span of control

We plan on ending the meeting at 3:00 p.m. on the 10th. Please schedule some time with your teams the same afternoon for a briefing session and to answer questions following the announcements.

Attached further documents for pre-read and context. Let me know if you have questions.

Doris

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Wednesday January 9th		
8:00 to 9:00 a.m.	Context Meeting Objectives Transformation Plan Overview	Neil
9:00 to 5:30 p.m. Incl. breaks and lunch	Organization Design 1. Finalize 10 th Jan Tier 2 announcement 2.1 People selection process (Paul) 2.2 Agree Tier 3 organizational structure & rationale 2.3 Agree Tier 3 people selection / outstanding actions 2.4 Review 08 headcount (BP, contractor, expat) Item 2 will be done by each VP's organization in the following order: Production, AT, Developments, Exploration, Drilling, Finance, HR. TH review 08 headcount only 3. Consolidate outstanding actions and review SPU headcount aggregation (BP, contractor, expat).	All

Thursday, January 10th		
8:00 to 9:00 a.m.	SPU CIP <ul style="list-style-type: none"> Review identified CIP 'projects' in approved SPU CIP and agree LT lead Share plans for asset/project level CIP development by end 1Q 	
9:00 to 10:00 a.m.	Strategy <ul style="list-style-type: none"> Review plans for Exploration deepdive (1st Feb) and Technology deepdive (27th Feb) Shape plan for SPU strategy refresh by end 2Q 	
10:00 to 10:15 p.m.	Break	
10:15 to 12:00 p.m.	SPU Performance Management Process <ul style="list-style-type: none"> Agree Intent and shape forward plan 	
12:00 to 1 p.m.	Lunch	
1:00 to 3:00 p.m.	Energizing the Organization <ul style="list-style-type: none"> Jan 10th Team briefs and Jan 16th ELT agenda Jan 31 townhall 	

From: Shaw, Neil
Sent: Tue Dec 18 21:55:05 2007
To: G GOM SPU Exec Team; Lacy, Kevin; Todd, Simon P; Replogle, Dan R.
Subject: Organisation Design
Importance: Normal

Ahead of our XT on the 9th Jan, I thought it would be helpful to share some thoughts in advance to frame our discussion on organisational design. Our objective on the 9th is to agree the structure for Tier 3 (your direct reports) and decide on as many people selections into Tier 3 as we can.

Objective

Our objective is to zero base the organisation and identify the minimum numbers of BP staff, expats and contractors that we need to deliver our business strategy and in the short term deliver our Annual Plan and CIP. Ultimately we need to 'resource ourselves for success' and do that in a cost effective and efficient manner.

Efficiency Lenses

As we think about zero basing, we need to think through a number of 'efficiency' lens:

- Increasing spans of control (min 7, max 11 as the standard with exceptions justified)
- Reducing management layers
- Reducing the 'demand' through Activity Work-out (Stop, Reduce, Eliminate)
- Minimum number of support staff / overhead that support the 'line' activity

Highgrading and Capability Gaps

We also need to consider where we stand vs our objective of building world class capability within the SPU and the opportunities to highgrade staff. In particular we need to:

- Seriously consider high quality returning expats
- Make decisions on what we do with the 5% under performing recognising the opportunity presented through the restructuring of the SPU to make tough decisions around highgrading
- Communicate clearly our capability gaps to the TVP's - both capacity and quality gaps. The segment recognises the importance of a successful GOM and at the moment we have influence in pulling in some of the best people to help us.

The AP Headcount Targets

Our annual plan includes headcount targets for 2008 - 1700 BP staff, 400 contractors, 40 expats. I believe the headcount numbers need to be an outcome of the transformation process and our organisational design but we will need to convince the SET on this. There are clearly upward pressures in the Developments area. If we are to succeed in getting relief against our AP headcount number, we will need to:

- Identify reductions in other areas,
- demonstrate with some rigour that we have zero based the organisation, made the tough choices

Inputs from Each XT member

We will have the most productive discussion at the XT on the 9th Jan if every XT member brings the following to the XT on the 9th; Doris / Paul can provide further guidance to help us with a consistent approach. This is consistent with what we have previously discussed.

- Tier 3 org chart and rationale for the structure - key changes vs today, key choices made and intent,

- Proposals on Tier 3 people selection or TBA's
- Proposed Headcount numbers for 2008 using the standard tables - split BP, contractors, expat, list of all headcount increases with justification
- Clear analysis on before / after - spans/layers/headcount
- Forward plan to finalise to bottom of the organisation

Thunder Horse

As previously agreed with Dan, we will review the TH organisation after first oil in 3Q08

I look forward to our discussion on the 9th Jan.

Regards,

Neil

GOM Performance Management Process

Holistic

- Business and Operational
- Connects SPU to the front line KPI's

Standardised, Streamlined and Used

- Clear structure of performance reviews by SVP, VP, Asset/PGM
- Streamlined reports with clear customer, reports are used
- Cascade of relevant KPI's that cascade from SPU to front line

Points of Emphasis – Our Hallmark

- Greater emphasis on managing performance vs reporting
- Focus on the quarter,
- Forward looking, informing interventions
- Regular communication that connects with staff and builds ownership of performance

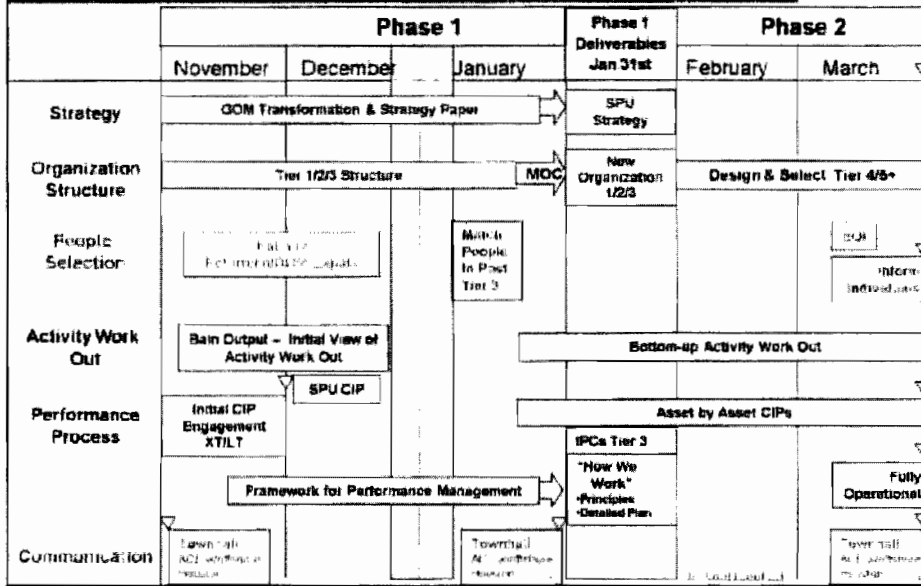
Culture

- Greater performance management intensity throughout the SPU, starts with the LT
- Expectation for LT to have their 'finger on the pulse', deeply understand performance, learning from 'defects'
- Every \$ and every mbd matters demonstrating leadership, symbolic acts.

Practical First Steps in 1Q to get into action

- 1 Design and Implement new production forecasting and management process RM lead
- 2 Design and implement new cash cost forecasting and management process. PZ lead
- 3 Design standard quarterly communication to staff on performance delivery, include in January townhall based on 2007 delivery Doris lead

CoM Transformation Plan



GOM - Diagnostic Early View



What Needs to Improve	Intervention
1. Drilling Performance	<ul style="list-style-type: none"> •Centralised D&C organisation to drive standardisation, learning and CPI and better utilise scarce resource •Quality leadership – need K Lacy and H Thierans, both are aligned and working together on org design
2. Subsea projects	<ul style="list-style-type: none"> •Strengthened leadership and capability – G Imm agreed and R Marshall agreed as PGM King South/Dorado •Design programme organisation to drive standardisation, learning and CPI
3. Strategic Cost Management	<ul style="list-style-type: none"> •Creating a plan and performance management process •PSCM – Leadership upgrade announced with W Long, leverage scope and scale, instill discipline around PSCM •Every \$ matters culture – missing today
4. Strategic Integration - Access/Exploration/Appraisal	<ul style="list-style-type: none"> •Needing to join up the machine •Exploration deep dive planned for January, should include view across the conveyor belt •Historically under-appraised, need the right balance of \$ across the value chain
5 Intensity of Performance Management	<ul style="list-style-type: none"> •Missing today, culture of explaining outcomes •Establishing processes for performance management •New organisation a catalyst for greater focus on operational performance

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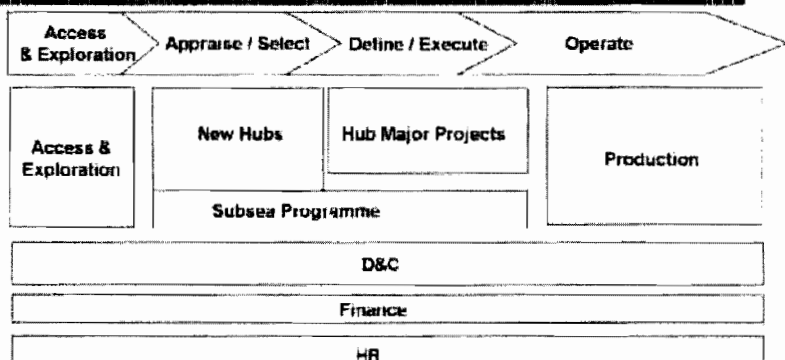
#1 in the GOM – SPU Transformation Plan



1	People	<ul style="list-style-type: none"> • Systematically build world class organizational capability and resource for success • Deeply engage everyone in continuous performance improvement
2	Safe & Reliable Operations	<ul style="list-style-type: none"> • Embrace OMS as a key enabler to the business • Deliver world class ramp-up for Atlantis and Thunder Horse
3	Predictable Project Delivery	<ul style="list-style-type: none"> • Create standardised programme of new Hubs and subsea tiebacks to drive continuous improvement and learning
4	Key Interventions	<ul style="list-style-type: none"> • Strategically integrate Exploration and Appraisal to replace resources and create a conveyor belt of new projects • Centralise D&C organisation to drive consistent performance through standardisation, learning and utilisation of scarce skills • Strategically manage costs – Active demand management, PSCM, every \$ matters culture • Leverage technology to progress resources (incl. Paleogene). • Intense performance management with transparent and standardised KPI's that are used and acted on – deliver what we say.

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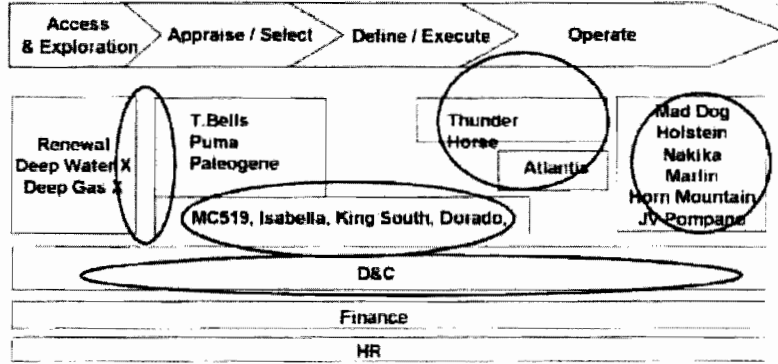
GOM SPU Organization - Concept



- Creating standardised 'production lines' across each element of the chain.
- Maintaining a conveyor belt to level load the 'lines' to drive efficiency
- Bias for standardisation
- Systematically build world class capability given technological challenges
- Must be great at D&C - 75% capital and spread rates of \$850k/day

DF-Confidence: 1

Organisational Focal points



- TH/AT – Rigorous performance management on start-up/ramp-up
- D&C – Major intervention to centralise organisation and standardise
- Subsea – Establish the subsea programme with the right capability
- E&A – better strategic integration to create the conveyor belt
- Production – Laser like focus on efficiency and continuous improvement

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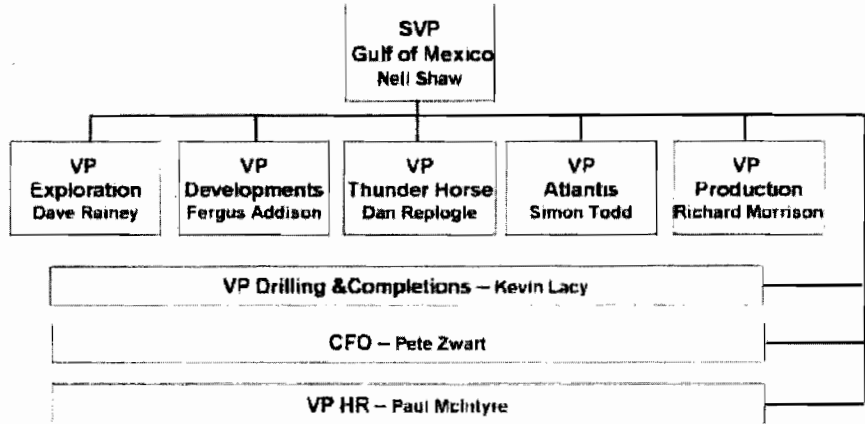
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Organisational Drivers



- **Align Structure to Strategy**
 - Creating the 1st quartile 'Standardised Production Lines' across the value chain
 - Access & Exploration, Developments, Production Drilling & Completions
 - Focus on Thunder Horse and Atlantis ramp-up given Group significance
 - 1SPU / DBU and reduce from 12 to 5 PU's
 - Focus on 13 assets as the units of business delivery with their individual AP / CIP
- **Improve Functional Impact to line delivery**
 - Eliminate the Safety & Technical Directorate (currently 290BP staff, 93 contractors)
 - Embed SPU Functional Leaders in the PU's and challenge the scale of functionality and the efficiency of shared services needed to create business impact
 - XT leadership of functional areas and retain Functional leaders to maintain k-SPU functional excellence
- **Flatten the Organisation**
 - Increase span of control, remove layers, improve connectivity with front line
 - simplify through "activity work-out" by stopping and reducing activity
- **Intensity of Performance Management**
 - Cascade of Accountability and KPI's from the SPU AP/CIP to the Front Line via the asset CIP's
 - KPI's – standardised, used, inform interventions
 - Behaviour – managing the outcome vs reporting, emotional ownership of performance

GOM SPU Organisation



- Thunder Horse and Atlantis as Direct reports
- Centralised Drilling Org
- Technical Directorate embedded in the PU's
- LT direct reports increased from 7 to 9

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