



PROJECT:

Complex Operating Model Change and Restructuring

CLIENT:

Shell

How Muuto helped design and then implement stand alone operations and strengthen the competitive edge of Shell's US shale assets to enable profitable divestments.

Context

Technological advancements prompted major international oil companies like Shell to take big bets in the shale industry. But high overheads and slow execution risked making them uncompetitive against smaller and nimbler independent operators.

Challenges on many fronts

Shell had to make its assets independent, nimble, cost-effective, and high-performing. Muuto was brought in during the framing stage of the transformation while a strategy consultancy was working on developing the paper-based design.

The project faced challenges related to organisational complexity, workforce changes, technology, policy, and process, all while maintaining safe operations.

Muuto was engaged by the HR EVP responsible for this part of the business. Initially, the scope focused on the 'people' aspects of the organisation.

However, due to the high interdependency and risk of operational disruption, the full transformation scope eventually fell under Muuto's remit.

Our Approach: An Agile, Collaborative Transformation

The organisation and its leaders favoured an agile approach to delivery. Our method accommodated sprint-based delivery for specific topics or deliverables, while keeping the end-to-end implications of a major change programme well managed. The clarification of roles and responsibilities for key assets and workstreams significantly improved planning and execution. The transformation involved close collaboration with client leadership, delivery teams, and several other consulting organisations, transitioning the latter stages of execution management to line accountability.

Outcome: Effective execution and commercial success

The transformation was considered a success, both for the business and across the organisation. Several assets were off-loaded as profitable going concerns, and the model for a repeatable, self-contained business within the holding corporation was adopted elsewhere.

The expertise developed in the wider team continued to yield dividends in self-managed changes and optimisation after Muuto's involvement had finished.

Following the transformation, [Shell agreed to sell its business in the Permian Basin](#), the largest oilfield in the US, to rival ConocoPhillips for \$9.5 billion in cash. The deal included approximately 225,000 net acres of land that produced 175,000 barrels of oil equivalent per day. Shell planned to use \$7 billion of the cash from the transaction to fund additional shareholder distributions and the remainder to pay down debt.

Conclusion

Through a successful transformation, Shell was able to make its shale assets more competitive, independent, and agile, leading to profitable business deals and the adoption of the transformation model in other areas of the organisation.



Transformation • Organisation • Implementation

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