



ORGANISATIONAL TRANSFORMATION

Transition to a network-based organisational structure, focus on flexibility and building up a wider ecosystem around the Company

A much faster response and decision making are critical for achieving the Company's strategic goals and succeeding in a highly competitive and volatile environment Leveraging new governance and collaboration models governing the Company's internal processes and extending to its key partners is the way to overcome these challenges.

ORGANISATIONAL TRANSFORMATION IN QUESTIONS AND ANSWERS

Deputy CEO for Organisational Affairs at Gazprom Neft, answers questions about organisational transformation
[Kirill Kravchenko](#)



WHAT IS THE REASON BEHIND ORGANISATIONAL TRANSFORMATION?

The time has come for us to revamp our strategic goals. Quantitative targets, such as priorities of scale, are now complemented by our focus on quality and reputation. We want to lead the charge in these areas both in Russia and globally and look to be a role model for others.

All this requires a fundamental change to the way we do business. We need each and every of our 70,000 employees and, ideally, of the 250,000 employees of our contractors to buy in and share our values centred around steadfast commitment to continuous development and business leadership.

WHAT ARE THE KEY TRANSFORMATION AREAS?

These are primarily our business processes and organisational structures. The focus is on creating a plain and convenient working environment where employees can form ad hoc working groups with the right mix of competences (sourced both internally and externally) to work together on various projects. This format requires a network-based governance model build around flexibility, cross-functional interaction, self-training working groups and streamlined business processes cleared of red tape.

WHEN WILL THIS CHANGE BE IMPLEMENTED?

It is already in progress. In 2018, we embarked on the key reorganisational projects involving our production divisions. The operating models of the Upstream Division and the Offshore Development Division have already been transformed.

The flexible working environment projects will be piloted in 2019, along with those bringing transformational change to the Downstream Division's model.



Gazprom Neft has built a powerful team of minds capable of driving transformation both internally and beyond the Company. The ongoing strategic change has affected not only our quantitative performance but also the very way in which we manage the Company. The transformation is well underway and is gaining more ground and momentum.

WHO IS IN CHARGE OF MANAGING THE TRANSFORMATION?

The transformation strategy is coordinated by the Operating Management System Committee of the Management Board. The Leadership, Culture, Organisational Structure and Competences Committee also has a major role to play.

Team leaders are the key influencers on the ground, tasked with building an engaging environment for their teams, based on corporate values and tools such as regular management practices, and also responsible for motivating employees and setting priorities.

WHAT DO YOU SEE AS THE CENTREPIECE OF ORGANISATIONAL TRANSFORMATION?

It is all about collaboration. For me, it is about the ability to listen to each other, aiming for a win-win outcome where no one loses.

The Company introduces and leverages the latest development and management principles of network-based organisational structures. These rely on flexible multi-disciplinary teams built on an ad hoc basis and capable of looking for independent solutions on their own and in cooperation with other teams.

The new model relies on new interaction principles, and our cultural transformation is here to bring them to the team and the Company. As part of the new model, leaders will increasingly serve as mentors and team facilitators, acting as role models in terms of competence and commitment to the Company's values.



"We value talent more than capital"

"The transformation affects multiple dimensions, including the precision of language used to communicate the Company's strategy to employees, executive commitment to regular management practices, and top-down cascading of transformational targets and plans to achieve them. Getting employee buy-in to new rules and requirements is the key challenge for managers at all levels. Employee engagement needs to be promoted as an absolute requirement, and non-engagement is a no-go."

Alexander Dyukov
Chairman of the Management Board
and CEO Gazprom Neft