Statoil

Lessons from a Study of Political Entrepreneurship

- Dubai
12 March 2007
Five Phases of Statoil’s Development

- Norwegian oil before Statoil
- Startup & evolution, 1972-81
- Post Adolescence, Emergence as a Functional Competitor, 1981-2001
- Privatization, 2001-06
- Statoil after the Hydro Merger, Drive to become a Global Competitor, 2007+

Statoil’s evolution to this point has largely been a function of the evolution of the underlying domestic resource base.
The oil & gas sector evolves
• The result is a changing mix of challenges and opportunities over time.
• The NOC and national energy policy must evolve to meet these challenges & opportunities.
Evolution of Functional Roles

- Efficiency: A public policy commitment to efficiency in the sense of commercial performance brings clarity to the NOC’s role in both a strategic and a tactical sense and provides objective goals and performance standards that can bridge the gap between IOC and NOC.
- Competition: Continuous competition is a powerful tool to encourage NOC efficiency and to stimulate the NOC to evolve over time.
- Limited non-commercial functions of the NOC reduces irreconcilable conflicts in goals.
Lessons Learned

- Norwegian culture as it affects the oil & gas sector is an unusual blend of pragmatic social democracy and entrepreneurial spirit

  Re-creating this blend is a necessary ingredient in establishing a successful NOC

  **Hence: Political Entrepreneurship**

- If Statoil’s success was purely a cultural result, there would be little for other energy producing countries to gain from this experience

- However, this study finds that multiple policy choices by the Norwegian government contributed to this success.

- Moreover, these policy choices can, with suitable adaptation, be applied by a cross-section of energy producing countries
Lessons Learned

• The tactical lessons from Statoil’s experience are five-fold:

  ❑ There are critical benefits to be gained from an explicit and generally consistent policy focus on long-term wealth management: clarity of purpose and of public policy makers’ assessment of performance

  ❑ Limited non-commercial policy interference in the NOC operations is essential

  ❑ Competition is a value-adding force in oil and gas policy

  ❑ The NOC is only one part of a multi-dimensional package of tools that can and must be applied: an institutional separation of powers, of checks and balances, to avoid

  ❑ The NOC and government energy policy must be seen as an evolutionary (or adaptive) organism. The maturation of the oil & gas sector poses a changing mix of challenges and opportunities over time. Change is often forced on the NOC and the government.
Looking Forward

• How will the merger be able to successfully capture the best of two organizations?
  Statoil’s risk taking vs. Hydro’s project management
• Will the problems of project management be solved?
• Will Statoil add value as it builds internationally?
• What will Statoil become: NOC or IOC?
• Will other NOCs follow the Statoil lead?
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