

what we heard

IHS CERAWeek 2017

Discussion Highlights from Egon Zehnder's Annual CEO Breakfast

An impending market rebound has many feeling cautiously optimistic, but the extended cycle of the current downturn – now being characterized as “lower for longer” – has created a new reality that will change leadership imperatives for the foreseeable future. Energy leaders are realizing that lower prices, unpredictable market dynamics and hyper competition for talent, resources and capital are driving a need to rebuild and adapt businesses or risk being left behind. In this new reality, it's critical to strike a balance between disruption and discipline – understanding how to best lead innovation while still adhering to longstanding best practices that will ensure longevity regardless of future market fluctuations.



what we heard

These were the leadership imperatives on the agenda at our sixth annual CEO Breakfast Panel at IHS CERAWeek 2017. Egon Zehnder's Global Energy and U.S. Board Practice leader, Carol SingletonSlade, moderated candid discussions about leadership and talent in the energy sector alongside this year's distinguished panelists:

- **Jim Gallogly**, Director, DuPont and former CEO of LyondellBasell
- **Melody Meyer**, Director, BP and former President, Chevron Asia Pacific Exploration & Production
- **Dheeraj "D" Verma**, President, Quantum Energy Partners
- **Clay Williams**, President and CEO, National Oilwell Varco

Here is what we heard:

It's time to move past survival mode. Although it would be premature to prepare for a true market rebound, there has been enough momentum that leaders should begin thinking about growth and innovation. Whether this comes in the form of technology adoption, new business models or refreshing boards to ensure effectiveness, our panelists agreed that **forward-thinking leaders will seize this time of downturn and poise their companies for success** as the industry slowly emerges.

This means thinking differently about how to invest incoming capital. Applying lessons from Silicon Valley and the VC community, leaders must invest in innovative technologies. The industry is ready to move beyond operational technology, to **embrace software, Big Data, machine learning and predictive analytics.**

New innovations mean new talent. Human capital is the lynchpin to effectively leveraging new technology. One significant trend discussed is the growing need for data analytics skillsets within energy companies – leaders must consider how to effectively usher in this new workforce to **build the right foundation for executing against innovations.** While preparing for the future, leaders must also consider how to reflect these workforce shifts at the highest levels, including **introducing Chief Digital Officer roles onto energy C-suites**, as well as board members with data analytics skillsets.

Champion technology adoption. Adopting new technologies is time consuming and results in workflow and culture shifts within organizations; leaders must be the champions of these innovations, promoting milestones and encouraging widespread momentum through **accountability, empowerment and rewarding success.**

Boards set the tone. Boards must lead in identifying avenues for disruption, and they can only do so if they are composed of the right experiences, skillsets, genders and nationalities in line with business needs. **Tenure and diversity are major issues that energy boards must address** – board reviews and succession planning should be evergreen according to the pace of change demanded by the industry.

Innovation is only possible if the business is prepared to embrace it. The period of downturn presents an opportunity for organizations to get back to basics, but leaders must be disciplined when the market picks up and be careful not to simply react to market or shareholder demand for movement. **Regardless of market movements, always stick to best practices – protect the balance sheet, conduct regular economic look-backs on investments and benchmark performance.**

what we heard

The Egon Zehnder Team



Trent Aulbaugh

Houston
trent.aulbaugh@egonzehnder.com
+1 713 331 6750



Steven Goodman

Houston
steven.goodman@egonzehnder.com
+1 713 331 6740



Carol SingletonSlade

Houston
carol.singletonslade@egonzehnder.com
+1 713 331 6730



Roger Aguirre

Houston
roger.aguirre@egonzehnder.com
+1 713 331 6790



Todd Auwarter

Houston
todd.auwarter@egonzehnder.com
+1 713 331 6764



Heather O'Keefe

Houston
heather.okeefe@egonzehnder.com
+1 713 331 6720



Josh Solera

Houston
josh.solera@egonzehnder.com
+1 713 331 6770

Since 1964, Egon Zehnder has been at the forefront of defining great leadership in the face of changing economic conditions, emerging opportunities and evolving business goals. With more than 440 consultants in 69 offices and 41 countries around the globe, we work closely with public and private corporations, family-owned enterprises and nonprofit and government agencies to provide board advisory services, CEO and leadership succession planning, executive search and assessment, and leadership development. For more information visit www.egonzehnder.com and follow us on **LinkedIn**, **Twitter**, and **Instagram**.

Amsterdam	Madrid
Athens	Malmö
Atlanta	Melbourne
Bangalore	Mexico
Barcelona	Miami
Beijing	Milan
Berlin	Montreal
Bogotá	Moscow
Boston	Mumbai
Bratislava	Munich
Brussels	New Delhi
Budapest	New York
Buenos Aires	Oslo
Calgary	Palo Alto
Chicago	Paris
Copenhagen	Prague
Dallas	Rio de Janeiro
Dubai	Rome
Düsseldorf	San Francisco
Frankfurt	Santiago
Geneva	São Paulo
Hamburg	Seoul
Helsinki	Shanghai
Hong Kong	Singapore
Houston	Stockholm
Istanbul	Stuttgart
Jakarta	Sydney
Jeddah	Tel Aviv
Johannesburg	Tokyo
Kuala Lumpur	Toronto
Lisbon	Vienna
London	Warsaw
Los Angeles	Washington, D.C.
Luxembourg	Zurich
Lyon	

© 2017 Egon Zehnder International, Inc.

All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means — electronic, mechanical, photocopying, recording or otherwise — without the prior permission of Egon Zehnder.