Tony Hayward, Chief Executive, Exploration and Production, BP

Tony Hayward earned a PhD degree in geology from the U. of Edinburgh before starting his career with BP in 1982. Following a series of technical and commercial roles in BP Exploration in the U.K., France, and China, he moved to Colombia as Exploration Manager, and, in September 1995, he became President of BP Venezuela. In August 1997, he returned to London as Director of BP Exploration. Hayward became Group Vice President of BP Amoco Exploration and Production as well as a member of the group's Upstream Executive Committee in 1999. He was appointed Group Treasurer in 2000. He became Chief Executive, Exploration and Production, in January 2003. Hayward is also a nonexecutive director at Corus Group and a member of the Citibank Advisory Board. In 2005, he was appointed a Companion of the Chartered Management Inst. in the U.K. for his achievements in leadership in the energy industry.

What in your early life led you to choose a career in the oil and gas industry?

It was the industry that probably chose me. Quite unusually for that time, I studied geology at secondary school, and I don't exactly remember why I chose to do that, but I very much liked the idea that it was involved with working outdoors a lot. This is ironic if you consider how much time I spend in the office nowadays! I studied geology at university, going naturally on to do a PhD in basin studies, and it did take me outside, where I could choose between field work in the Namibian Copper Belt and in southwest Turkey. I ended up doing the latter, studying oceanic crust formations and snorkeling from time to time in archeological sites. When I graduated in 1982, the oil price had gone through the roof, and exploration offered great opportunities. Since I had the right qualifications, I got offers from a few different companies. I had already accepted a job with another oil company when BP's chief geologist telephoned and persuaded me to join BP. And then I set out traveling around the world, working in different places and doing lots of geology.

What was your first job, and what are the most memorable experiences in your career since? Which of your roles proved to be most challenging?

I was a rig geologist on an exploration well in the U.K. North Sea. A crucial job I had was to decide the point to stop drilling and to start coring. I remember vividly that day. It was 4 a.m. on Christmas Day in 1982. We drilled into the top reservoir and I made the decision to get the core barrel out. That was how we found the Miller field, which proved to be one of the biggest discoveries of the decade on the U.K. shelf, with some 300–400 million bbl of oil. If you really wanted anything to get you excited early in your career in oil and gas, then this was it.

My next assignment was with BP Exploration in France, where we discovered quite a few oil and gas fields, although not very big ones. We did find a big field, though, when I was running the exploration team in the Aquitaine basin. We made a serendipitous discovery of a 50-million-bbl field when we were drilling for a Cretaceous carbonate play and found hydrocarbons in the Eocene. Exploration can be like that.

I worked in China afterward, leading a small team evaluating all the onshore basins across the country, doing field work on the Vietnamese border, in the Xijiang province, in Tarim and Sichuan basins, and in Mongolia and other places. We put together a basin-study atlas that is quite relevant even today, and we correctly predicted that China would become a net importer of oil in 1995. I really enjoyed working with the Chinese specialists, and we were closely interacting with them through the Ministry of Geology, which had accountability for the exploration work in the country.

I then returned to the North Sea. This was my most challenging early role. BP had taken over Britoil, and I was given the task to evaluate the North Sea and propose a strategy for the North Sea. My team of 25 geophysicists, geologists, and engineers consisted of half BP and half Britoil people, and they had completely opposing views as to the prospectivity of the region and just about everything else. Neither was right, and neither was wrong. It was just that the views were so entrenched. I spent the first 6 months trying to bring them all together in this early exposure to the challenges of integrating different companies and cultures. My advice to young professionals in a situation like that is to be open to ideas, listen to others, use open-ended questions, and create an inclusive environment where people can put forward views and ideas without feeling that they have to defend them to the hilt.

The Way Ahead Interview invites senior figures who shape our E&P industry to share their wisdom, experience, and deep knowledge with the young E&P professional community. For this interview, we travel to BP's London headquarters, just minutes away from the colorful and vibrant Piccadilly Circus, in the leafy and historic St. James's Square. This juxtaposition reflects BP's current state with both its venerable history and a bold and dynamic business culture set for the future. Please join us for an inspiring conversation with Tony Hayward, BP's Chief Executive for Exploration and Production. This interview reveals both his inclusive leadership character and his warm and engaging personality. Hayward shows how important it is to learn to think with your heart as well as your head. He also demonstrates that you can be passionate about your work while enjoying life outside your career.

John MacArthur, *TWA* Interview Editor
Kristine Petrosyan, *TWA* Editor, Student Link

Big corporations are so much about individual behaviors and how you get the groups of people to interact so that the result is greater than the sum of the parts and not the other way round, like the England football team at the recent World Cup. There were many world-class individual players with great skills, but the teamwork was not good enough to be the best.

Returning to my career story, after the second North Sea placement I worked in Colombia as the Exploration Manager. We discovered Cusiana, Cupiagua, and some other big fields. Cupiagua was a real roller-coaster ride. It was a very unusual reservoir, and you could never understand what you drilled. There were long nights watching the fax machine as it printed out well logs and I wondered whether we had actually made a discovery or not!

Who has helped you the most in your career, and what lessons did you learn from your mentors? Would you name one or two people who have been most influential for you?

I would advise every young person to always have a couple of people whom you can seek advice from, talk to, to get different perspectives. I have been fortunate to have some great people as my mentors throughout my career.

Ian Vann, a geologist who was the main architect of BP's exploration strategy in the 1980s, was the most important technical mentor for me. He is now BP's head of exploration and reserves renewal division. I worked for Ian when he led the Structural Studies Group for the North Sea. The group was tasked with instilling a central consistency, providing advice and quality control for our exploration teams around the world. I learned an enormous amount from Ian. He really taught me how to get inside the head of a hydrocarbon molecule: learn how it thinks, where it started its life, and where it migrates.

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From the commercial and business perspective, I owe a lot to BP Chief Executive Officer John Browne, with whom I worked closely between my second North Sea and Latin American postings. He had just assumed the position of the head of E&P at that time, and we were going through some fundamental changes. We rewrote the strategy, and it was a tremendous learning opportunity. He really opened my eyes to business.

One other person I would like to mention is Patti Bellinger, whom I hired a few years ago to help me with BP's diversity and inclusion effort. She has had a big influence on how I think about people in the company.

I would like to note that it is not only the people who have had positive influences on me, but opportunities and experiences of living and working in different places have also shaped my outlook and personality. For example, when I worked in the 1980s in Beijing, there were no cars, very few expats, and millions of bicycles. I had to learn some pidgin Chinese to get by. I spent 7 years in Latin America and became a big fan of that culture and learned to think with my heart and not just my head. This perception of life and cultures was very valuable, when you consider that I grew up just outside London in the Reading/Maidenhead area without much travel until I joined BP.

What do you enjoy most about your job?

Going to places and seeing amazing things that are accomplished by the fantastic team of people around the world. I am very humbled to be in this job and incredibly privileged to be leading it. There are many examples of the significance of what we do, but let me share one from just recently. The official inauguration of the Turkish section of the Baku-Tbilisi-Ceyhan (BTC) oil export pipeline is a considerable achievement. It reintegrates significant oil supplies from the Caspian into the global market for the first time in a century. It is great to be involved in such achievements.

BP has gone through some extraordinary changes during the time you have been with the company. Going further back in time, are there any other periods in BP's near-100-year history that you would like to experience and live through?

Of course I am an explorer at heart, so I would go back to the 1940s and 1950s in the Middle East to be in the vanguard of the exploration effort of BP, which was then called the Anglo-Iranian Oil Co., finding some of the world's most significant oil fields that we all know of today. I know some of the fascinating stories behind discoveries of those fields in Iraq, Iran, and Kuwait from our older colleagues, whom we meet, together with Ian Vann, in BP's annual geologists' reunion, some of them now in their 80s and 90s, who used to be rig geologists half a century ago in the Middle East.

How does BP coach its future leadership, and what is your personal role in this?

Like most companies, we have good leadership development programs. What I do personally is that wherever I go, alongside with meeting the local leadership and various external parties, I always have some time for meeting and talking with people at various stages of their career development that we have identified as potential future leaders. I have discussions with them to address their questions about leadership and the business context.

What would you advise female professionals who aspire for a successful and diverse career in E&P but may feel somewhat intimidated by the traditionally male-dominated environment?

First, I would say the same as I would say to any young professional. You need to establish a track record of high performance in your area, be it geology, petroleum engineering, or the commercial side of the business. That is the most important thing, certainly for the first 5 to 10 years of your career. Develop a reputation that will have many people wanting you to become part of their team.

Now let me turn to gender. When I joined the industry, it was indeed male-dominated. Now BP recruits 50/50. Below 30 years old, I think we have cracked it and have the right balance, but they will take a decade to come to leadership positions at various levels. If you look at the top of the company now, its structure reflects the realities of 20 years ago, and you can only change it by way of significant mature hiring. Patti Bellinger, whom I mentioned

before, has worked on our diversity and inclusion programs for the past few years, and we have already seen changes happening. For example, in our senior leadership of 600 people, the percentage of women has risen from less than 10% to 20%. And the same is true for people of non-American and non-British origin. Local nationals increasingly run our operations in countries like Egypt, Venezuela, Trinidad, or Colombia.

I am certainly aware of the specific issues that women face in the industry. My wife is a geophysicist, and she worked for BP for 10 years. She had to leave when we had children, as she concluded that it would be difficult to balance both family and work. But I genuinely believe that the world has changed since then and that nowadays it is far less difficult to combine family lives and careers. We have far greater flexibility to allow women establishing families to take time out and come back. It is not perfect by any means, but we have made big strides to make it easier for women to pursue successful careers. BP recently won the Catalyst Award, which recognizes efforts of organizations to increase diversity and inclusion among their employees.

In fact, speaking about gender differences, I would say that the latter play to women's advantage because they are better able to work in large corporations. However, I do appreciate the difficulties in situations when you might be the only female in a large group of colleagues. I have been in situations where I was the one different from the rest, when meeting groups of my female colleagues of various origins and cultures to discuss and address their concerns related to this very issue.

What are the key technology challenges you see for the E&P industry now and in the next decade? What can young E&P professionals do to help?

The biggest opportunity and the biggest challenge for the industry is increasing recovery from existing fields. The scale and frequency of giant field discoveries has decreased over the last 20 years, while in most places we leave something like 50% of the oil in the ground behind. A whole range of techniques from more-advanced reservoir penetration to more-sophisticated enhanced-oil-recovery techniques should address this. This will be the focus of the industry for the next 10–20 years. It is not well understood outside that we are in a very high-tech industry and that high margins will come with high technology—which is developing, I would say, at an accelerating rate; and quite like in the information technology industry, we see something new coming up every 18 months or so.

It is vital for young professionals to keep up with the breakthroughs and stay at the leading edge of technology developments in their subject areas. That is where the action is, and that is how you make yourself more competitive. SPE is incredibly important in this regard for best-practices sharing, always pushing the technology boundaries. This is particularly important for companies like BP, Shell, or ExxonMobil, which have worked on the frontiers since we had to leave large-scale operations in Middle East 30–40 years ago. We went into Alaska and the North Sea, where the technology challenges were the greatest, and where we were very successful. We then started deepwater exploration. Technology allows us to create the spread between our cost of capital and our returns on a sustainable basis.

Over the last couple of decades, the oil and gas industry has been subject to major changes—companies have to access and operate more in previously unfamiliar countries, challenge new frontiers, improve their image, and commit to renewable energy. What is additional in the skill set of the leaders of the E&P world today compared with the industry 20–30 years ago?

The importance of technology awareness, as we discussed earlier, hasn't changed. What has gained even more prominence is the ability to deal in a more challenging geopolitical context. We essentially work with governments, and our contracts are with governments. Cultural awareness and the ability to form relationships of mutual advantage with the host nations, by understanding their needs and offering solutions for them, have become essential means for developing our business successfully.

I mentioned the BTC pipeline earlier, which brings Azeri oil from the Caspian through Georgia and eastern Turkey to Mediterranean terminals. This was an engineering challenge, but it was more difficult to align the interests of the countries involved, especially in this historically complex part of the world. Many genuinely talented people have worked on this project, and that is how it has materialized and is bringing benefits to Azerbaijan, which now has a dedicated export route for its oil; to Georgia, in the form of a source of steady revenues and energy-supply diversification; and to Turkey, which has established itself as a new energy corridor from the Caspian to European and world markets.

Our readership includes young professionals from supermajors, integrated oil companies, smaller E&P companies, national oil companies (NOCs), and the service industry. Are there any interesting features and practices of smaller and more specialized E&P companies, as well as NOCs, that supermajors could usefully borrow?

It is dangerous to generalize. In terms of NOCs, there is an extraordinary diversity in skills and capability. Saudi Aramco in some areas of technology would be superior to BP. Look, for example, what they are doing in the Shaybah development. There are many other NOCs that are powerful and effective in their unique operating space. Look at Sonatrach's expertise in gas in deserts, or Petrobras with its leading edge in deepwater capability. And it is the opportunity set they have that has created and developed their standing in technology and their character.

Independents have found market niches that make them distinctive. Take EnCana for example, a leading exponent of tight gas, or Apache, which exploits mature assets in a really cost-effective and efficient way. Anadarko is good at deepwater exploration, and BG is a company focused on gas. This broad tapestry is very good for the industry.

What involvement have you had with professional organizations such as SPE, and what benefits do you see of such professional organizations for individual development?

I mentioned earlier that SPE is a catalyst for sharing technology knowledge. Over the years, I have been a member of the American Assn. of Petroleum Geologists and the Geological Soc. in Britain. To me, it's all about sharing knowledge and creating a community of professionals that live on the technology edge. Like other companies, we also encourage our people to go and talk at SPE and other industry events about what they are doing. Peer recognition is the highest accolade that anyone can achieve. And younger and more-mature professionals can equally benefit from involvement.

I am looking forward to chairing a Soc. of Exploration Geophysicists technical session in a Dubai conference in 2007. I like to keep a healthy level of involvement in matters like this.

Continued on page 13