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A gem of an idea

In 2004, BP Australia took up a challenge that had yet to be addressed – to develop a new type of fuel which wouldn't give petrol sniffers a 'high'. It succeeded and, as Tony Park discovers, has saved young lives in remote Aboriginal communities.

In the end, it's a young Aboriginal man, 23-year-old Matthew Brown, who shows us the way. We're on the broad, blood-red dirt road – the right road at last – to the tiny Aboriginal settlement of Papunya, 250km (155 miles) north-west of Alice Springs in central Australia. This is the outback and our four-wheel drive is loaded with water (lots of it), food, and a satellite phone, just in case.

The directions we received in 'Alice' have taken us on the scenic route, and while it definitely was scenic, the words of advice from several people about not driving in the desert in the dark are no longer being joked about as the sun paints the rocky McDonnell Ranges ahead of us a deep purple.

In the twilight, Matthew is striding down the road, on the way home after a day's work. As he walks, he tosses an Aussie Rules – aka Australian Football League (AFL) – ball in the air and the oval shape is momentarily silhouetted against a sky painted a riotous pink and gold.

Matthew is every inch an athlete. Tall, lean and muscled – as much from his job working on cattle fences as from playing the sport he loves – he's dressed in a mismatched uniform of Brisbane Lions football jersey and a Sydney Swans supporter's cap.

He smiles as he accepts a lift. He's shy, but quick to laugh, and we talk about his team – the Papunya Eagles – and their win in Alice on the weekend, and his promising career as a footballer. The Eagles won the local McDonnell Ranges District competition last year and Matthew was named best and fairest player, in his first season.

It's hard to believe that not long before he started playing 'footy' he was an addict, who tried to hang himself when his substance abuse took him to rock bottom.

Matthew was reportedly one of the most chronically-addicted petrol sniffers in a community which had become infamous for, and synonymous with, a problem which afflicted scores of remote Aboriginal settlements.

Petrol sniffing causes brain damage. In small, remote communities it was killing about seven young Aboriginals a year and costing government millions of dollars in health funding – about US\$165,000 per addict – and fighting crimes committed by users.

By any measure, the city of Melbourne, with its trendy cafés, chic boutiques, bumper-to-bumper peak-hour traffic and gleaming office towers, is as different from Papunya as two settlements in the one country can be.

But it was here, in 2004, on receiving an email from an outback youth worker, that BP Australia decided to do something about the petrol sniffing epidemic.

"As I write, I can see a 10-year-old girl outside the window with half a Coke bottle filled with unleaded petrol tied over her mouth and nose. She may well never reach her 12th birthday..." read the email. The cry for help was sent to every fuel company in Australia, but only BP responded.

BP's fuels marketing business unit (BU) set up a project team led by Jan Sperling covering a wide range of different BUs to develop the new product. As a result of the team effort, a new 'unsniffable' unleaded fuel, with lower levels of aromatics – the chemicals which produce a 'high' for sniffers – was produced at Kwinana refinery in Perth, Western Australia.

BP Australia held an internal naming competition for the new product, and production and supply co-ordinator Ron Needham came up with the winner, Opal – a unique Australian gem that reflects the vibrant colours of the outback. While regular unleaded fuel contains about 25% aromatics, Opal has only five.

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Its principal components are hydrocarbons such as octane. Opal has a characteristically sweet smell, distinct from the more pungent odour of regular unleaded.

Kwinana refinery shift optimisation team leader Alan Gwynne says developing the fuel was a matter of changing the mix of regular unleaded – leaving out some ingredients, and increasing the amount of others.

Gwynne says everyone involved in the project is proud of the part they played. “It’s not very often you get to do something that’s so good for people.”

The new product was subjected to stringent performance, environmental and toxicological testing before being released to the market. It was rolled out to a limited number of remote communities in early 2005.

As well as developing a new product, BP also worked with local communities and government to develop an holistic approach to the petrol sniffing problem. Along with the new fuel came investment in recreation camps for young people and programmes designed to get them back into school.

Early localised successes from the introduction of Opal led to the Australian government extending the rollout of the fuel to the outback capital of Alice Springs in February 2006. The government recently announced Opal would be distributed in Western Australia’s East Kimberley region.

The country’s federal health minister, Tony Abbott, says the government will introduce Opal wherever it’s needed in the future.

“We’ve made it clear that if an indigenous community has got a petrol sniffing problem and it wants Opal petrol, we will do our damndest to supply it,” Abbott says.

“We have to get the indigenous community’s support for this shift, but we want to help. There should not be a community with a petrol sniffing problem that doesn’t get Opal.”

The government is spending US\$40 million over four years to subsidise production and distribution of Opal. The fuel is supplied to all service stations, regardless of brand, in the distribution area.

In the Melbourne head office, BP Australasia regional president Gerry Hueston likens the Opal project to another community initiative, where a BP service station in the Sydney suburb of Redfern is actively recruiting from its local Aboriginal population.

I put it to him that there’s a difference between the development of a new fuel and its roll out across an area half the size of the EU, and a local recruitment programme, but he’s having none of it.

“Philosophically, we believe in mutual benefit, so if we’re doing business in an area we believe we have an obligation to put something back in. [In the case of petrol sniffing] this was a product of ours that was being misused,” Hueston explains.

“It was a classic tripartite approach, with the communities, government and BP working together to solve what was seemingly an intractable problem. With the right will, and bipartisan political support, it’s amazing what you can make happen.”

Hueston is the first to admit that producing an un-sniffable fuel is only one small part of tackling the issues facing Aboriginal people in the 21st century. They are over-represented in prisons around the country and their life expectancy is still 17 years fewer than that of white Australians.

“At the end of the day, the kids were sniffing petrol because they were bored. It needed a broad-based approach, including things such as sport and education, but taking the fuel out of the equation made those other things possible,” says Hueston.

“We’ve also been involved in back-to-school programmes, so that the kids don’t just go and find the next vice,” he adds. Hueston is justly proud of the people who made Opal happen, and of the BP Australasia team as a whole. “Australia as a country is well known for being innovative, for punching above our weight, and we like to think that within BP we can do the same.

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“This initiative has made the company here [in Australasia] more aware of what a force for good we can be. There’s a tremendous sense of pride and people are already wanting to find the ‘next Opal.’”

Mark Glazebrook, BP Australasia’s corporate citizenship manager, who has acted as the point man through much of the liaison with local communities and government, says he’s very proud to have been involved with the project.

“It’s a profound thing to have been involved with; to help save the lives of young people, and that’s what this is all about,” Glazebrook says.

Opal has strengthened BP’s relationships with state and federal government in Australia, and changed the way the company might otherwise have been perceived.

“Traditionally, companies such as BP would work with government in areas such as energy and the environment. Opal’s an example of the company becoming involved in health issues and offering to collaborate to improve health outcomes.” Politicians, police, teachers, health and community workers all agree the tide has turned – dramatically. A recent study by the Aboriginal health council covering central Australia estimates sniffing has been cut by 80%.

One youth worker I speak to while researching the impact of Opal now describes the white people who work in Aboriginal communities as ‘pre-sniffing’ and ‘post-sniffing’ – that is, those who remember the problem and those who have never experienced it.

The media has praised BP as well, with the country’s national newspaper The Australian, declaring recently, “The petrol sniffing crisis in central Australia is over.”

International media coverage of Opal, and word of mouth, has sparked interest in other indigenous communities where petrol sniffing is a problem. The week after we leave Papunya, a delegation from the Innu people of Canada is due to visit.

Tiny Papunya has a couple of claims to fame, other than its recent infamy. It’s the cradle of an internationally known style of indigenous art – the Papunya Tula movement – and home of Australia’s pioneering Aboriginal rock group, the Warumpi Band, which had a string of hits in the 1980s.

Former Warumpi Band lead guitarist and Papunya community elder Sammy Butcher shows us around an abandoned Nissan hut, which is being cleaned and repainted by the young members of the Papunya Eagles AFL team for use as a club house.

The hut’s walls are decorated with murals of victorious players and their winged totem, along with the distinctive red, black and gold Aboriginal land rights flag.

The former rock-star-turned-earth-moving-contractor helps out with the footy team, and also teaches music – another way of keeping young people away from harm and setting them on the right track.

“Opal did a real good job and BP did a good job for every kid here. It made everybody happy. Now, the kids are winning games, and there are smiling faces,” he says.

“BP does try hard... in every area, to help. You’re talking about human lives here, not just motor cars.

“Opal should go south, north, west and east. We have to make sure now that we keep our eyes open and make sure no-one else is bringing in other petrol, or grog,” Butcher says, explaining that, like many other Aboriginal communities, Papunya has also been alcohol-free for several years.

Papunya’s school principal, Erica Prosser, arrived in the community in mid-2006, at the tail end of the petrol sniffing epidemic. She says Opal fuel, together with better co-ordination of the various agencies involved in targeting the problem, has brought immense change.

Prosser’s seen her enrolment figures more than double in a single year. While the school caters for children from the ages of three to 16, the surge in numbers came from young teenage boys – former petrol sniffers.

“We had 25 young fellas enrol at the start of this year, including a 15-year-old who had been sniffing and hadn’t been to school in five years,” Prosser says. “We’re seeing a huge difference in a short time – a huge change. Our numbers are still increasing.”

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We catch up with Matthew again the day after we first met him, in the afternoon, when the temperature has dropped to a more comfortable 30°C (86°F).

Papunya's footy field is an unforgiving circle of sun-baked red dirt. A hot wind blows dust across it and the adjoining houses. It's hardly a climate conducive to hard exercise, but even before training's due to start, future stars from ages six to 16 are wandering over.

The McDonnells in the background are glowing a warm, mellow orange beneath a wide blue sky dotted with decorative little clouds. There won't be a drop of rain for at least another seven months, but a seed's taken hold in Papunya. The former addict, who had little to look forward to other than brain damage, a wheelchair, or death, is looking forward to supervising training for the under 17s team – inspiring them. He says he enjoys teaching these 'young fellas'. "It's good, I like the exercise and the training," he says. "Before, it was bad. People were weak – not strong. Things have changed now."

Writer biography

Tony Park is a freelance writer who has contributed to magazines and national newspapers in Australia, the UK and South Africa. He is also the author of four novels, all set in Africa.



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Innovation on the front line

Babies driving cars might not make you instantly think of BP, but little Michael (left) is part of a new era in the company's refining and marketing business – one in which anything goes when it comes to enhancing customer experience at its retail stations.

Lucy Harvey reports

Photography Marc Morrison

Standing in the back room of a BP building in Chicago is a cardboard cut-out gasoline station convenience store. It may sound more like a school project than a business proposition, but the flimsy construction might just help shape convenience stores of the future.

Elsewhere in America, and at sites in the UK, BPTV is broadcasting from selected petrol pumps, offering customers traffic news and weather information as they fill up their cars.

And customers in Austria are noticing positive changes in a number of service station bathrooms, which now feature state-of-the-art technology and a new design.

All of these innovations, and many more which will appear in the coming months, are the work of BP's innovations team – a group of six staff tasked with co-ordinating new ideas across the company.

Established in March 2006, the team has been working with marketing managers across BP's refining and marketing group to build up a pipeline of ideas to help grow and improve its business.

Perhaps its toughest challenge initially was to develop ideas relevant to all 25,000 retail sites – not just the newest and largest – but the team quickly adapted to the task and several projects are already at the pilot stage.

"The idea of a central innovations team was to create a consistent approach to innovations across BP, to facilitate a way to share best practice and to allow a small group to work on bold ideas," says innovations team director Andrew Baird. "We recognise that our customers' needs are continually evolving, as their lives become increasingly busy and more sophisticated, and we need to respond by evolving our products and services on a day-to-day basis.

"The innovations team allows us to look more broadly than before at trends, consumer insights, gaps and business needs, and to think about the future. It is a more structured and disciplined way of handling innovations and makes sure we are not missing opportunities."

Although small in number, the six-strong team has been split into two distinct groups. Two staff members make up the 'ideation' team, whose job it is to help generate and encourage new ideas; and the remaining four are the commercial team, charged with taking the ideas to a commercial level to discover if they will work.

Baird explains: "What often happens in innovation is you end up with people working on ideas and then also trying to commercialise them. If any of those ideas fail – and most of them will – those same people are back to the drawing board to figure out some more ideas.

"The ideation team is there specifically to push a pipeline of ideas through that challenge for a spot in the commercial line-up, and then the commercial team makes them real and takes them to a pilot stage.

"That means there is no pressure to make an idea work one way or another because the new structure ensures we have a 'plan B.'"

Bizarrely, for the start of a new venture, Baird is looking forward to celebrating his team's failures. He believes they will be a measure of their success.



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“Our biggest challenge, and the biggest test of us as a team, will be counting our failures and being as proud of them almost as we are of the successes,” he says.

“The reason we want to fail is that we will know that we are pushing the boundaries.

“If we are not failing, we are just incrementally improving what we have today, and that isn’t going to take us to a profound place. By failing, we will get to a truly successful innovation.”

One such potentially successful innovation is a new-look gasoline station convenience store, designed around different times of the day, so customers can quickly find what they are looking for.

Still in prototype – hence the cardboard cut-out in Chicago – the commercial team has been inviting different groups of people to their cardboard campus to garner opinion.

Baird explains: “We have mocked up what a store of the future might look like out of cardboard in a backroom. The store itself is quite a distinctive departure from where we are today, because it is built around three or four zones. It is about merchandising products in a more logical way for our customers, based on the fact they are very busy and they use our stores as a central hub, for example, all the breakfast items are in one place, and all the things they would want to buy on the way home from work are in another.

“It doesn’t radically change the things we sell, it just groups products in a much more logical way for people to buy them.” He adds: “The cardboard prototype is a low-cost way of being able to start developing what a store of the future might look like, but it doesn’t cost a lot of money and we are able to play around with it.

“We can bring different people in to see what they think, and when they say they don’t like something, we can cut it out or add something else. It only costs us a couple of dollars to add a piece of cardboard, so it is an efficient way of understanding what people are looking for before we spend a whole lot of money building a physical store.

“We are never going to get all 25,000 sites to look a certain way because of the cost, but this may be a way of saying when we do build new convenience stores in the future this is a distinctive way to lay them out.”

Service stations of the future might also feature pumps broadcasting BPTV to entertain and inform customers as they fill their vehicles, following an ongoing pilot programme at four US stations and three UK sites.

Designed with the intention of increasing customer loyalty and driving up sales, BPTV also singles out the BP brand from its competitors by offering environmental lifestyle tips – a feature that has led the project to be nicknamed ‘green TV’ internally.

Encouraging results have been recorded since the pilot was introduced in the UK last December. So far, fuel sales at pilot sites have increased by 7%, and some instore promotions are up by as much as 35%. Customer feedback has also been very positive, with particular reference to the live traffic updates and, as a result, the pilot will be extended to up to 10 more sites in the UK this year.

Baird says: “The notion of having screens in pumps is not in itself a new concept – BP did back in 2000 – but at that stage, the technology was not in place to make it viable. Now it is smarter and cheaper, we can take advantage of the opportunity we have to entertain and inform people while they are filling up their vehicles. We are using the pilot to fully understand how we can make the idea informative for customers, and to our commercial advantage.”

At other American stations, focus has shifted from the forecourt to financial services, with new banking kiosks soon to be available at 700 sites in the west of Rockies region. These combine the traditional function of a cash machine with banking and money transfer facilities, so customers will be able to pay bills, cash cheques, and transfer money domestically or internationally as well as withdraw money from their accounts. The concept has been designed specifically by the innovations team to target the growing number of unbanked or under-banked Americans, currently estimated at 90 million, and is expected to triple the current income on cash machines.

Meanwhile, in Austria, seven service stations are soon to reveal new ‘five-star bathrooms’, in an effort to understand which components resonate most with customers.

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Incorporating a number of different environmentally friendly design features, including touchless taps, energy-efficient lighting and hand dryers, some of the quality new bathrooms are specifically low-budget, ensuring real commercial potential in the future. And inside, signs make consumers aware of the environmental benefits of the new features, before offering them tips on how they can live a greener life at home and on the road.

Baird says: “We are a small team, we can’t generate all the ideas, nor should we, but we have spent a lot of time getting up to speed and now have a very full pipeline of ideas. We will now attempt to make sure we are sharing the framework of how to innovate with different countries and also act as a depository for all the smart ideas out there.”

Two smart ideas already ‘out there’ are the flagship green gas station Helios House and distinctive new marketing campaign Helios Power – both masterminded by Ann Hand, senior vice president of global brand marketing and innovations, who was also responsible for the creation of the innovations team.

“When I was reforming the organisation of the marketing team, I wanted to create room for innovation, which is why I set up a specific innovations team,” says Hand.

“In parallel, we launched these two bold projects, Helios House and Helios Power. The idea was that they would inspire us internally, encourage consumers to see us differently, separate BP from the competition and demonstrate that the BP retail brand and the BP corporate brand are part of the same family.”

Launched in February 2007, Helios House, located in Los Angeles, California, is no ordinary service station. Breaking boundaries in environmental design, its striking steel canopy, made up of recycled steel triangles, hosts 90 solar panels, includes energy-efficient lighting and collects rainwater – features which contribute to the site using up to a fifth less energy than a traditional gas station.

The forecourt and bathroom buildings have both been built from recycled materials, and the landscaped bathroom rooftop minimises rainwater run-off, while the plants also reoxygenate the air and absorb carbon dioxide.

All of these factors have contributed to Helios House becoming the first gas station in history to be awarded Leadership in Energy and Environmental Design (LEED) certification – the nationally accepted benchmark of the US Green Building Council, which verifies the design, construction and operation of high-performance green buildings.

“With Helios House, we wanted to challenge the image of buying gasoline and see if our consumer brand could drive more shareholder value,” says Hand.

“Since it opened, the site has nearly doubled its fuel volumes, compared with its predecessor and it’s selling six times as much premium fuel.

“Also, it has become a real talking point in the media, with online, newspaper and magazine mentions equivalent to \$1.5 million in advertising.”

Hand adds: “But it is more than that. With Helios House we have broken the mould of the gas station experience in a way that only BP can. We have created a living lab, where we can test ideas and try things out.

“It was a lab all the way through construction and it continues to be one now. We have made a great start, and now we are considering all sorts of offers for the future, including a consumer carbon offset scheme, a green vending machine selling only organic products, and a biofuels offer.”

Alongside the functionality of the station, and the various offers available at Helios House which make it stand out from the crowd, site employees – dubbed ‘the green team’ – continually offer a variety of tips to motorists on how to decrease their own impact on the environment.

From checking tyre pressure in order to increase mileage and reduce emissions, to encouraging customers to use energy-efficient lightbulbs at home, the staff all support the ethos that small changes add up to make a big difference.

A similar notion of being ‘a little better’ is the cornerstone of Helios Power, the ambitious new BP marketing campaign now running in the US and New Zealand.



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Characterised by bright colours and distinctive cartoon characters, the campaign is based on the premise that small improvements in daily retail operations, including clean gas stations and friendly service, can make a big difference to customer loyalty.

It also encourages customers to be 'a little better' themselves, promoting environmentally sensitive tips through promotional materials and adverts.

The US launch in April at 11,500 BP branded sites involved the distribution of 12.5 million paper bags, 220,000 T-shirts and 10 million packets of sunflower seeds.

As the campaign continues over the summer, children will receive branded activity books and trading cards featuring the Helios Power characters, offering them tips on how to be 'a little better' to the environment, such as turning off the tap when they brush their teeth and colouring on both sides of paper.

Television adverts featuring the Helios Power characters and a catchy tune have already intersected some of the country's most popular shows including American Idol, Oprah, The Office and Ugly Betty, and since an anonymous fan posted them on popular website YouTube they have received nearly 24,500 viewings.

To date the campaign's accompanying website, www.alittlebettergasstation.com, has recorded 750,000 visitors, with an average interaction time of nearly five minutes – nine times higher than the national average. And the site's frustratingly addictive game 'gas mania' has attracted a further 350,000 visitors.

Hand says: "Consumers these days want it all, and their interest in the environment is at an all-time peak. It is a perfect time for our unique brand to offer them a better guest experience and reinforce our values on the environment, climate change and sustainability.

"We have a shareholder obligation to maximise value and increase sales revenue, but, at the same time, we can deliver great guest experience and build brand loyalty. That creates a win-win situation for our consumers and our shareholders. She adds: "Already, Andrew and his innovations team are in high demand from the businesses. It's early days, but they have got some really exciting projects out there, and some good things will come out of the team over the next 12 to 18 months.

"For me, the real test will be when consumers start to see their local BP station setting itself apart from the competition, and when people are willing to cross traffic or drive an extra block just to get there."



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A new chapter in Georgia's history

Construction on the Baku-Tbilisi-Ceyhan (BTC) pipeline may be complete, but BP's partnership in Georgia will endure for many years, not least thanks to the opening of a new research centre designed to help business and politics learn from each other.

Report by Martin Naughton

Photography Sophie Sitwell & Simon Kreitem

Mention Georgia to most people and they will invariably think of Atlanta, CNN or Jimmy Carter. But there's another Georgia, a country of 4.5 million inhabitants, which lies on the Black Sea in the Caucasus. Sandwiched between Russia, Turkey, Azerbaijan and Armenia, it covers an area smaller than the size of Ireland.

Georgia is, paradoxically, both an old and new country. Its existence as an independent state goes back only 16 years, before which, it was a constituent member of the Soviet Union. Its recorded history, though, dates back more than 2,500 years. Georgia has endured invasion and occupation by Persians, Romans, Byzantines, Arabs, Mongols, Turks and Russians – both Tsarists and Soviets.

Modern-day Tbilisi, Georgia's capital, embodies that history at every turn. Its Parliament building, an award-winning Soviet construction from 1948, was built on the backs of forced labour by German prisoners of war captured in Stalingrad in 1943. It was here also that Georgian independence was declared in 1991 and, less than a year, it was the scene of the subsequent civil war that saw the country's first democratically elected president – Zviad Gamsakhurdia – flee the country for exile in Chechnya.

That turmoil, thankfully, is a thing of the past. Today, Georgia is undergoing a renaissance not seen since its historical zenith in the 11th and 12th centuries under the reigns of King David the Builder and Queen Tamar. This rebirth is, not unnaturally, considering its previous historical importance, perfectly encapsulated in the present goings-on in the Parliament building.

As well as being the scene for Georgia's 2003 Rose Revolution, which saw the reformist-minded Mikheil Saakashvili come to power on a tide of popular discontent at government mismanagement and corruption, the Parliament is now also the venue for an innovative departure from the past that promises to set the country on a whole new trajectory.

In March of this year, the Business and Economic Centre (BEC) was officially opened by the chairperson of Parliament, Nino Burjanadze. The centre was financed by BP to the tune of \$400,000 and is operated by the International Association of Business and Parliament (IABP). It's located right in the heart of Parliament, taking up a section that was, according to BP's government affairs advisor, David Magradze, "a big mess. Before," he says, "it was a big space with a lot of trash in it."

Now though, that mess has been transformed into a state-of-the-art research facility, where members of parliament (MPs) can come and have any query relating to business or the economy answered. The centre has a small staff of experienced researchers, but importantly, it has, as Bruce George, British MP and president of the IABP, puts it, "a series of concentric circles of expertise available." Because of the IABP's involvement, the British House of Commons's library and the research facilities of the European Parliament are accessible. David Glendinning, BP's communications and external affairs manager, likens it to "trying to really leverage and piggy back on data sources that exist and bring them into a single place."

Mundane as research may seem, it is of vital importance to the functioning of a legislature, particularly one in its infancy. "In my experience in the British House of Commons," says George, "to do your job effectively as an MP, you need a lot of staff support and research. However smart you think you are, you don't have time to become an expert in economics, international relations, social or health policy." The BEC, as the name would suggest, of course doesn't propose to cover all these areas – there is already an existing research facility in the Parliament to deal with such issues – but, as George puts it, "if it's related to the economy, business, or attracting industry, well then, this is the place."



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Even though the centre has only been operating for less than two months, the amount of work it has performed to date is impressive. Standard notes have been released for MPs on a wide range of topics, such as auditing and accounting systems of various countries and the World Trade Organization. In-depth research into the economic development of Ireland and the key to its success is ongoing. A whole host of enquiries from MPs, relating to such matters as trade policy, free economic zones and corporation tax, have been dealt with.

The centre, as well as providing information for parliamentarians, also acts as the IABP's base in Georgia. Other programmes, also funded by BP, such as the Foreign Investment Advisory Council and Business/Company Attachments for MPs, will continue to be run from the centre. These programmes, linking investors, business people and parliamentarians, serve to strengthen dialogue and mutual understanding. The need for this in Georgia is alarmingly obvious. Varlam Kiladze, deputy chairman of the Sector Economy and Economic Policy Committee and now regular user of the BEC, remembers well the attitude he had before entering Parliament. "When I was in business," he says, "I saw politicians as mosquitoes." The prejudice works both ways. MPs are generally ignorant of, and unsympathetic to, the needs of the business community. IABP's placement of parliamentarians in businesses in this respect is very important. "I remember," says Kiladze, recalling his participation in one of these placements, "the boss explaining in a human way how he operated and what were his problems, how he succeeded, different things. You could see in the people who were with me who were not from business backgrounds that something changed: not everything, not the whole perception, but at least somewhat towards that business." Giorgi Gegelashvili, MP and deputy chairman of the Healthcare and Social Issues Committee, didn't even see the necessity for co-operation or dialogue with the business community. "When I started as an MP, I planned absolutely no contact with business," he explains. "I thought to deal with social and medical issues, I would have no need for it."

The need, however, is apparent. Georgia has indeed made spectacular gains in past last four years. "A lot of that change has been about reform of public finances, of institutions, and very much about reform of the business climate itself," says Glendinning. "These have largely been very positive. It's about stripping away rules and regulations and the permit requirements that were inefficient and bred corruption, and about allowing a much more streamlined system and a major new tax code." The World Bank's 'Doing Business' survey ranked Georgia as the top reforming country in 2006 and Transparency International's report, although still critical, said that corruption had significantly decreased. That said, judicial protection of property rights and investor protection still remain problematic. The speed at which the reform process has taken place, ironically, has also caused concern. "A lot of reform has happened very quickly," says Glendinning. "At the end of last year, we saw several hundred pieces of legislation passed in a very short period of time. Inevitably, that means changes to law are made which have unforeseen consequences. Those in most cases could be mitigated by better dialogue."

The need for discussion is essentially the *raison d'être* of the BEC. "An instrument like the Business and Economic Centre is, in my mind, about promoting dialogue between the wider business community and the legislature, because the two go hand-in-hand," says Glendinning. "One side provides the economic engine of growth and the wealth of the country, and the other creates the legal environment in which these businesses have to operate." That dynamic is underscored by George. "This country will survive, prosper or fall on its ability to produce goods that the world wishes to purchase. To take a coercive attitude towards business, to assume that they're all crooks is very dangerous. So you have to have this good relationship," he says.

While facilitating dialogue and creating the legislative basis for a successful economy are the immediate objectives of the BEC, its significance is also political. A healthy democracy requires an informed, proactive legislature. "If a legislature wishes to be taken seriously, then the Members of Parliament have to behave seriously and professionally," says George. "Unless Georgian legislators have got some hidden qualities hitherto unknown, or were experts before coming in to this place, then they can't really bring much to the table, without having quality information. Otherwise, they may as well be in another job. If they're not prepared to do their job and scrutinise, then the executive will roll all over them," he adds.

Such a long-term perspective is very much the rationale for BP's involvement in the BEC. The enduring economic and political stability of Georgia is obviously beneficial for BP. It has a host government agreement for 40 years, with scope for two 10-year extensions. Although the oilfields in the Caspian have a far shorter lifespan, the intent, according to Glendinning, "is to draw in third-party business. You have in Kazakhstan particularly," he says, "a very large resource base, some of which will certainly find its way into the BTC pipeline through Georgia." BP, he adds, "hopes to be doing good business here for a long time to come."

The company's support for the centre is also a vote of confidence in the country. "In many ways, we invested in this project," says Glendinning, "because we had confidence in the commitment of a group of parliamentarians to this, and to the goal of reform and development."



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If this faith and investment is justified, in the form of a positive BEC contribution towards both economic and political development, then Parliament – once the scene of so much bitterness, divisiveness and failure – will become the driving force for a new democratic and prosperous Georgia. If, as President Saakashvili claims, “Georgia is returning to its historical European family,” then, when the next chapter in Georgia’s history is written, the role of the BEC will have been crucial.

Writer biography

Martin Naughton works for a Tbilisi-based non-governmental organisation and has been a freelance journalist in the Caucasus for six years.



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Minding the skills gap

In the oil and gas industry, an ageing workforce can present a real challenge when it comes to filling the skills gap. But, as Terry Breen discovers, one US programme is proving that out of that challenge rises opportunity.

Illustrations by Ian Whadcock

Because of an ageing workforce, the energy industry is experiencing a shortage of process and production operators – the specialists who operate the equipment that brings oil and gas to market and transforms raw materials into products.

At BP in the US, the man working hard to keep this pipeline filled is Johnny Payne, as the global operations technical training manager for the exploration and production business, and a member of the operations training support (OTS) team. He has helped the organisation fill more than 200 positions in exploration and production, chemicals, and refining with graduates of technical and community colleges who hold a special two-year associate of applied science degree. That degree is in process technology (PTEC), which grooms operators for the energy, chemical, and pharmaceutical industries. For 15 years, Payne has helped to create this curriculum and, for the past two, has served as chief executive of the Center for the Advancement of Process Technology (CAPT) – a US-wide effort between education and industry that furthers the cause of process technology.

CAPT now has nine regional alliances in 18 states in the US, involving 47 community and technical colleges, which support BP facilities around the country.

Key alliances include the Alaska Process Industries Careers Consortium, which supports upstream operations on Alaska's North Slope, and the newest alliance, the Great Lakes Process Technology Alliance (GLPTA). Added in 2005, GLPTA serves six US states and provides personnel for BP's Toledo and Whiting refineries. Meanwhile, another collaboration is now forming in the southeastern US.

The process technology training initiative began in 1993, stemming from a vision held by Payne and his colleagues in BP and seven chemical companies based in Texas City. The first step was the creation of the PTEC programme at College of the Mainland. Then, after word spread about the innovative training effort, CAPT's first alliance, the Gulf Coast Process Technology Alliance (GCPTA), premiered in 1995.

"We needed to fill many jobs," explains Payne, "and we figured that there had to be a better way to do that. So, we did something new – we worked with a local school to design a specific curriculum that was closely aligned with the skills required in these jobs."

In the process, Payne and others from BP helped to forge a whole new way for education and industry to co-operate in addressing the challenge of filling process technology positions. Soon, the concept was spreading to other colleges. A boost to momentum came when the National Science Foundation, the US Department of Education, and the US

Department of Labor contributed grants to help pay for creating instructor manuals, student textbooks and other support materials.

Almost 15 years on and this work has borne fruit. For energy companies, PTEC training produces measurable benefits – because the training is so on target with industry requirements.

Firstly, Payne explains, the training means better productivity. "The performance of PTEC graduates is higher than the industry average, accounting for actual savings of about \$17,000 per employee."

In addition, BP saves money on training, because PTEC-trained employees have been shown to learn 40% faster on the job, and there's a significant safety benefit. "PTEC training exposes candidates directly to a strong safety culture, like the one they will find in BP," he observes. "They come to us with a mindset about safety that most people don't have. This means that PTEC-trained employees have a 37% better safety performance, based on data, from their first two years of employment."



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In addition to these benefits, says Payne, the fact that PTEC-trained candidates exist saves BP money on recruiting. “When BP managers recruit from schools using this curriculum, they already have a good understanding of the skills and knowledge the students have and, therefore, they don’t have to work through thousands of applications. They can zero in on highly-qualified candidates.”

Another helpful mechanism at work is a three-month BP internship programme that allows PTEC students and graduates to gain on-the-job experience each summer. Payne’s assistant, Lydia Springfield, handles the co-ordination of intern positions, applications and placements.

“Through the internship programme, operations people get to look at people perform before making any final decisions,” says Payne. “Students go back to school while we make decisions based on their performance, but graduates might receive full-time offers immediately.”

Payne says that over the past three years, more than 100 interns have participated in the US programme and, of those, more than half have been offered full-time positions with BP.

A shining example of PTEC success is Andrew Minter, an operator at BP Texas City. He did a PTEC internship, got his associate degree in process technology and began working in May 2004 in the first job of his career.

Minter has performed well since then, so much so that he now features as one of 27 success stories in a new CAPT brochure. “Andrew was recognised for his hard work as a PTEC student, intern and BP operator, and for continuing his education towards a Bachelor of Science degree,” says George Ayala, Texas City site operations training supervisor. “We are so pleased that Andy’s story is in this widely distributed publication.”

Minter is quoted in the brochure as saying: “Now that I’m working, I love learning new things every day. I am using and adding to the knowledge of equipment, chemistry and physics that I learned in school.”

Diane Sagan is another PTEC success story. A stay-at-home wife and mother of three, she began pursuing a PTEC degree at the age of 50, with the help of a BP scholarship. Today, she’s an integrity management co-ordinator at BP’s onshore gas field in Wamsutter, Wyoming.

Clearly, Payne points out, acquiring PTEC training makes sense for people of all ages. “This degree makes anyone more competitive in the growing job market, whether he or she is just starting out or is mid-career and looking for more rewarding and better-paying work,” he says.

On the CAPT website, PTEC participants outside of BP express similar thoughts about the value of the training. Says Professor Jim Hebert at Lamar Institute of Technology, in Texas: “The average age of our PTEC students is 26. Most of them are married, have families, and are working while they come to school. Some have earned a four-year degree and either did not finish it or could not get a job in their field. With their associate degree in process technology, our students have opportunities.”

“Before the PTEC degree was available, we would put our new hires through extensive training programmes,” says Scott Bates, a shift supervisor with Formosa Plastics. Now, he says, “we can bring new employees up to speed in a much shorter period of time.”

“Having a process technology degree is a real benefit for employees wanting to further their career,” adds Paul Beach, a Dow Chemical training co-ordinator.

Rick Baugher, a GE Betz site manager, says that the PTEC degree is a necessity if job candidates want to “increase their chances of acquiring a job in the refining and/or petrochemical industries.” He adds: “We are definitely interested in people with this degree. You might say the ante has been upped.”

Back inside BP, there are currently more than 30 people working in PTEC activities.

“These BP folk are leading CAPT alliances, working with their local community or technical college as advisory committee members, participating in scholarship selection committees, or acting as subject matter experts to ensure that the curriculum that’s taught meets our current and future needs,” says Payne. “In addition, our competitors – including Shell, Chevron, and Dow – have learned from our processes and are now offering internships to students from these programmes.”



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Brenda Peterson, a unit manager at Shell Oil, observes on the CAPT website: “Our internship programme for process technology students is working well. We have the students do a short internship in different areas so they can see the positions before they are hired. Our first preference is to hire process technology students, because they show a good working knowledge of the plant.”

This alliance model has also been adapted to the ‘instrumentation and controls’ discipline and, in 2002, the Industrial Instrumentation Controls Technology Alliance (IICTA) was formed. Currently, the alliance is made up of 11 community and technical schools from five states, plus industry members such as BP, Dow, ExxonMobil, Eastman, Shell, and BASF. And not surprisingly, Payne is also involved – as IICTA chairman – and despite his success, he feels there’s still plenty of work to be done: “While we have done a great job of working with our competitors to set up a system in the US for our future, we have a lot more to do that will enable us to become the employer of choice for these high-quality people,” he concludes.

Writer biography

Terry Breen is a journalist and communications consultant, who writes for the company’s news and information intranet site for North American employees, Planet BP.



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A heritage company

With its distinct British heritage, BP is as much a part of the UK landscape as football, tea drinking and the Royal Family. Born in the early days of the 20th century, BP may have started life with a predominantly Middle Eastern outlook, but quickly came to the forefront of North Sea development in the late 1960s. It's not all about looking back though, and as Ian Valentine discovers, the organisation has some innovative projects up its sleeve to secure its place in the next 100 years of British history.

Fast forward to the year 2050. In a global survey of BP's staff, how many will remember what the 'B' in 'BP' once stood for? Of course, until the late 1990s the 'B' stood for British. It is a word that conjures up all sorts of images, from the Beatles, Winston Churchill and Diana, Princess of Wales, to Big Ben, Stonehenge and the Forth Bridge. What does it mean to you? It could be fish and chips wrapped in scandalous tabloid newspaper; the sound of rugby supporters in full song during a match at Cardiff's Millennium Stadium; or the skirl of bagpipes in a Highland glen.

The evolution of 'British Petroleum' into the international energy company it is today reflects the situation that the UK faces in an ever-shrinking world. It has a long, successful history and a position of strength, but it cannot rest on its laurels. To continue as a major player in a competitive market place, it must adapt to survive.

It's something the organisation is very good at – you need look no further than its role in the northeast of Scotland and the North Sea to see that. Of course, as any discerning tourist will confirm, you have not seen the best of Britain until you visit Scotland. In a land of mountains, mystery and music, there is so much more to it than malt whisky, haggis and Auld Lang Syne. The Scots have been pioneers in the fields of economics, technology and scientific exploration for many centuries, and one need only mention the names Adam Smith, Alexander Graham Bell and John Logie Baird to illustrate this heritage.

It is this pioneering spirit to which BP can relate. The company still employs some 2,500 people directly in Scotland. Aberdeen, the energy capital of Europe, has been the headquarters for North Sea exploration, and home to BP since the late 1960s, when North Sea oil and gas exploration first began. In 1970, BP discovered the 2 billion-barrel Forties oilfield, confirming the North Sea as a globally significant oil and gas province. Since then, BP has continued as a major player in the UK Continental Shelf, finding and operating numerous oil and gas fields and pipeline systems to bring the hydrocarbons ashore.

BP remains the largest producer and investor in the UK North Sea, spending almost \$3 billion a year in the region and producing around 400,000 barrels of oil and gas per day. There is still up to 25 billion barrels of remaining resource potential in the UK North Sea.

So why is it that critics are so keen to write off the North Sea as a sustainable site for oil production? What challenges must the current infrastructure overcome to ensure Scotland continues to supply the rest of Britain with hydrocarbons? "While we have a huge amount of experience in this basin, there is a very different set of challenges ahead in the North Sea," explains Dave Blackwood, who heads up BP's business across the whole North Sea. "North Sea exploration was built on technologies that had really pushed the boat out. When Forties was developed, it was considered to be deepwater, as were many of our fields. We were achieving a lot of firsts back then, the basin was opening and the priorities reflected the situation. It was a time of huge growth and expansion and an attitude of 'time is money'. But now we're into the second half of the North Sea's life, it's a very different game indeed."

Back in those glory days, it was comparatively easy to tap into pools of hydrocarbons and extract the black gold. While the oil is still out there, these pools have begun to decline and BP will need to employ brain instead of brawn to find the smaller reservoirs. Blackwood explains: "For our mature fields and facilities, trying to extend the life of their resources means we have to focus on a very different set of skills. We are still producing large volumes of high-margin hydrocarbons in this part of the world, but while we can slow the rate of decline, it is, by the laws of physics, inevitable. We must become

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increasingly efficient in the recovery of these smaller pools of hydrocarbons. We really do have a significant resource base out there in the North Sea to play for – but this doesn't come in 300 or 500 million barrel parcels anymore."

Despite BP's recent disappointment at not being able to prolong its proposed carbon capture and storage (CCS) project at Peterhead any longer to fit the government's timetable for competitive bids, the organisation hopes that it will be able to play a role in future CCS projects in the North Sea.

BP's presence in Scotland means more than just being at the forefront of current and future energy challenges, though. "It's also about being a responsible operator, looking after the health, safety and security of its own people, minimising the environmental impact of its activities and ensuring that the communities in which it operates benefit from its presence," says Blackwood.

To support that, BP is involved in a number of initiatives aimed at stimulating economic development through entrepreneurship and community regeneration. In central Scotland, it was a founding partner of the 10-year My Future's In Falkirk initiative, which aims to grow and diversify the Falkirk economy, creating 4,250 jobs. So far, it has stimulated \$1.5 billion of additional investment. BP also works closely with 70 primary and secondary schools throughout Scotland, encouraging young people to develop their practical, analytical and social skills, as well as their knowledge and understanding of science and technology. Who knows, perhaps it will encourage the next great pioneer to take their place on Scotland's distinguished role of honour?

Travel down the coast from Aberdeen and you will eventually reach Hull and the Humber River, home of the Saltend petrochemical plant, where BP has been a continuous presence for the past 40 years. It is a huge complex of different manufacturing operations, stretching over 110 hectares, with a capacity to produce

1.4 million tonnes a year of petrochemical products, including acetic acid – one of the world's most important chemicals. Just how complex and important the site is can be seen from its statistics. Saltend produces more than 500,000 tonnes a year of acetic acid – the basis for products such as paints and solvents – making it Europe's biggest producer. It hosts a number of third-party chemical producers, such as Nippon Gohsei of Japan, which operates an ethylene vinyl alcohol copolymer plant, and Finnish fertiliser manufacturer Kemira GrowHow, which has an ammonia plant operated and maintained by BP. The site is also home to one of BP's centres of excellence in conversion technology for acetils and the Group's conversion technology centre, which has led the world in developing chemical processes for the future. In addition, it will become the commercial centre for the European business during 2007.

Between 2001 and 2003, the plant took the ambitious step of centralising all its operations into a single control room, and one office facility – the first petrochemicals factory of its size to achieve this. Seven major production plants are now operated from there. "The results of this BP pilot scheme were soon evident," says Graeme Stewart, Hull's works general manager. "The different teams are no longer disparate entities, but all part of one streamlined group. By pulling together all of our strengths, we have been able to harness a variety of experiences and maximise efficiency."

The Hull site employs more than 800 staff and contractors, making it an important employer in an area that has suffered in recent decades from the decline of the manufacturing industry. Hull's deep port was traditionally a jewel in Britain's shipping crown, a place of great wealth and opportunity during the height of the British Empire; but as it waned, so Hull wilted. "BP is very aware of the challenges that Hull faces to regenerate and adapt to modern industry, and so we try to be a good neighbour to the people of Hull," says Stewart. "We provide funding for local schools and have trained more than 200 local school leavers as technicians through our excellent Quartz apprentice programme. I am especially proud of the many Hull-trained graduates and technicians who have gone on to become successful employees of BP throughout the world. Hull is often perceived as a deprived area, but there is a great spirit, and now serious funding, in this town to regenerate and we must play our part to help. It is a very important part of the manufacturing fabric of this country and I am sure it will remain the jewel on the East Coast."

In 1999, after a round of job losses at the Hull plant, BP helped set up Sirius, a project aimed at helping entrepreneurs start up their own companies. This included business loans, advice and training. Jason Bowers, owner of the Hull-based online retailer www.interiors-thestudio.com, was one such recipient of Sirius's help. "I had a great business idea, contacts and knowledge, so why work for someone else?" he said. "Sirius recognised the potential and gave me a start-up loan. Once I gained its backing the banks started to take my proposal more seriously. Sirius believed in me when no one else would. Now I'm expanding, taking on new staff and giving young people a chance. If you put your mind to it, anything is possible." It is initiatives like these that, in recent years, have helped Hull witness a resurgence in fortunes and the city is once again on the rise.



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This 'can-do' ethos could just as easily be behind some of the innovative ideas that BP has launched in the UK over the past 12 months to tackle a range of issues, from climate change to new customer offers.

It is almost impossible to open a newspaper in the UK without at least one article on the environment and the need to minimise greenhouse gases. Westminster politicians are likewise locking horns to win this populist 'green vote' and Prince Charles is outspoken in his efforts to reduce food air miles. This year, His Royal Highness even took a train to a business meeting!

In the past, oil companies have been loathe to acknowledge a link between the industry and climate change, but times have changed. Within BP, there is a two-pronged approach to tackle greenhouse gas emissions in both its operations and its products. One of the company's latest strategies to minimise the impact of road transport fuels on the environment is the launch of its project 'targetneutral'. The non-profit, carbon-offsetting initiative gives UK drivers a simple, practical way to make their own contribution to reducing, replacing and neutralising the harmful CO₂ emissions their driving produces. By logging on to www.targetneutral.com, drivers can calculate how much CO₂ their car emits, find out how to reduce that figure and also learn about, and contribute to, global projects to minimise CO₂. The average UK driver emits around four tonnes of CO₂ each year, the equivalent of filling one medium hot air balloon with pure CO₂. BP will also make a cash contribution for every litre of BP fuel purchased by targetneutral members. Through the scheme, all of BP's UK fuel tankers will now be CO₂ neutral. The money raised will be used to offset CO₂ emissions through projects such as three biomass energy plants, a wind farm in India and a livestock operation in Mexico.

"Motorists who want to reduce the environmental impact of their driving can very easily make a start by choosing a premium fuel like BP Ultimate, which helps to keep engines running at maximum efficiency, giving better fuel economy and lower emissions compared to standard fuels," says Peter Mather, head of country for BP in the UK. "And they can also offset their emissions with our targetneutral scheme. It is a positive, practical and straightforward step that BP is taking to enable drivers to help the environment. We are taking the lead because our extensive research shows there is a huge demand for it and a general feeling from customers that they don't know where to start."

It's this focus on customers that underpins other initiatives, such as the drive to improve the overall service station experience. For example, BP's Wild Bean Café is fast becoming the place to pick up a steaming cup of coffee or an award-winning sandwich, as well as gasoline.

But it doesn't end there. It was Napoleon who described the English as a nation of shopkeepers and the French emperor had a good eye for detail. In 2005, BP signed an agreement with Marks & Spencer (M&S), one of the giants of traditional British retailing, to sell high-quality 'Simply Food' groceries in its service stations. Ten years ago, this would have been unthinkable for either party. Alongside BP, M&S is long-standing British brand. The trial has proved extremely successful and there are now 20 M&S Simply Food inserts within BP Connect stores, sitting alongside the Wild Bean Café brand. More are planned this year, with up to 200 opening over the next couple of years.

Coming together in this manner may once have been unheard of but is already proving successful. The partnership has picked up two prestigious awards from Checkout Magazine and the Convenience Tracking Program (CTP). Judges for Checkout Magazine described the format as "in a different league" to its rivals and that "BP stood out from the crowd." Some 37,000 customers chose this year's winners at the 10th annual CTP Awards and BP, with M&S Simply Food, was recognised as the 'best food-on-the-go retailer'. Once again, it was the combination of M&S Simply Food and Wild Bean Café brands offering customers a full range of 'food for now' and 'food for later' that won the accolade.

"These awards recognise us as being innovative and leading the industry," says Karen Hubbard, convenience retail director for the UK. "It takes us a step closer to becoming the great convenience retailer that we aspire to."

BP's overall campaign to offer more than just gasoline for cars has also resulted in a four-year deal with Homebase – one of the UK's largest home improvement retailers – to sell BP's liquefied petroleum gas (LPG) bottles for barbecues, camping equipment and caravans in 285 stores. The BP Gas Light bottle has had a dramatic impact on the market, exceeding consumer expectations thanks to a range of benefits not previously available in other designs. At half the weight of standard steel bottles, the easy-to-carry BP Gas Light version also features a translucent design to allow users to see the gas level at a glance and has increased safety features. In the event of a fire, it will not explode.

The deal is a result of two years of hard negotiation. "It was a triumph of marketing and patience," explains Steve Fabes, manager for LPG UK. "We aggressively targeted Homebase, as it guarantees a high exposure to footfall in this growth market. In the end, we were there at the right time with the right product." The results have been impressive, with the bottles selling at twice the expected rate. "We have been lucky so far with the unpredictable British weather, but



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Homebase expects to shift 100,000 barbecues this season and each one will have a BP Gas Light. If I am honest, it has surprised even me how well the product has been accepted. We can be a bit low key at times about how the public reacts to the BP brand, but they really do seem to trust it. They are familiar with the brand and associate it with quality.”

This consumer awareness has also led to the roll-out of an improved ‘chip and pin’ fuel card for regular users. The new BP PLUS Online Service will include the latest PIN-enabled security, which replaces a signature, along with an alert feature that allows fleet managers to monitor purchases on their cards in real time. Kathleen Callender, business-to-business marketing manager, believes it will take the hassle out of buying fuel. “We are excited to bring this offer to our customers, because it has been built on an understanding of their expressed needs and demonstrates our commitment to be responsive to them.” The first phase of the roll-out will be the delivery of PIN security to customers by July 2007.

So, what happens next for BP in the UK? Mather is determined that it remains an active player in the company’s portfolio and that it will not sit back on its past achievements. “BP is synonymous with Britain in that its origins were as a Middle Eastern company based in the UK. The head office has always been here and there is often a blurred line, at least in the public’s eye, between British operations and those of the rest of the company. At the moment, I am closely involved with a project at Llandarcy in Wales to ‘green up’ the site of Britain’s and BP’s first oil refinery, founded just after the First World War, which we are transforming into an urban village. It has made me acutely aware both of our industrial heritage and of the need for us to look to the future.”

All BP’s achievements are represented in the UK by some 16,000 employees, at last count, engaged across the full range of activities. But as of the end of May, BP is no longer a refiner of crude oil in the UK, as it has sold its last functional refinery at Coryton. “We will have to be clever, as we have been in the past, to manage our supply position now that we don’t have a refinery of our own onshore,” Mather says. “This company has a great history of entrepreneurship in trading and I am sure we will deliver. But we still have a great set of assets in the North Sea, representing a major part of our current growth. BP is producing oil far beyond most people’s expectation and remains a massive contributor. We understand that it won’t last forever and that we cannot defy geology, yet it is not running out tomorrow. We must look forward to new activities, such as carbon sequestration, wind power and biofuels, as well as keeping our existing customers happy with new, improved products and services. We need to play a part in the future of this country’s energy security strategy, providing solutions and offering thoughts on the climate agenda in our own backyard.”

Mather observes that the UK is a small country that punches above its weight internationally. “While we have been a predominantly Anglo-American company, BP is a major player in Europe, with strong relationships there, which is an important place to be present. But BP is becoming increasingly global, employing local people for local jobs. London is a convenient head office for a global enterprise, as other companies have found, but there can be no sentimentality towards the mother country: we need to operate impartially to provide the best return for our stockholders.

“We are proud of our heritage here, but the days when British expats got all the top posts abroad have gone. A modern, global energy business is exactly that. We can look back fondly, but we must also look forward to a future with Britain fulfilling its role as a member of this global network. I am very excited about that future.”

Fast forward again to the year 2050. Employees may not remember where the ‘B’ in BP came from, but Britain will still play its part in this global corporation.

Did you know?

- BP Hull supplies much of the vinegar (acetic acid) used in Britain’s fish and chip shops.
- The North Sea Forties field entered the Guinness Book of Records in 1989 when it became the first oilfield in western Europe to produce 2 billion barrels of oil and natural gas liquids.



Homegrown talent

As a global organisation, BP has long recognised the importance of local relationships to aid business on the ground, support local community development, or simply tap into pools of talented national staff. So, how does an organisation of its scale balance global reach with local sensibilities?

Alan Dron finds out

When BP sets up operations in a country it usually does so with the intention of pumping out oil or gas. For years, however, it has realised the importance of pumping something back into the communities in which it works. As one international bank's current promotional campaign puts it: 'Think global, act local.' For BP, it is about 'local feel' with 'global reach'.

The idea is to maintain the advantages that come from being a major international organisation, while working as a local company on the ground, bringing benefits to the countries in which BP has operations.

As BP's new chief executive Tony Hayward puts it: "The energy business is about people and communities, as well as barrels and dollars. This understanding is at the heart of the local energy company (LEC) concept – it is how we want to do business, wherever we operate.

"It means employing and training local people to run our operations, and working as a positive force in local economies, using local suppliers, training them and sharing our skills and technologies with local businesses. It means doing what we can to ensure that the money we generate provides real benefits to the whole population."

Developing that flexibility and local connectivity means "that we will have access to a much broader base of talent across the world and will form long-lasting relationships with governments and communities, increasing the opportunities afforded to us in the future."

As Marcelo Cardoso, strategic communications manager for global diversity & inclusion (D&I), acknowledges, this policy is "somewhere between self-interest and using BP's wherewithal to do lasting good." The LEC approach is in the BP tradition of doing business right; right in the sense that when business benefits, local people should share in those rewards.

Fulfilling these dual objectives can mean a variety of things, such as providing university bursaries for engineering or geoscience students, providing basic healthcare in some developing nations, or creating training programmes that build consistent capability within the local industry and across BP's business. It is also a means of ensuring that local employees are on equal footing with their peers elsewhere when competing for global roles.

These approaches can help promote BP's relationship with a nation's government, but they also build national skills pools, give remote communities a better quality of life, and engender a new confidence in staff.

"The company needs to manage its footprint, cognisant of its legacy," says Cardoso. "By being the LEC we can maintain and increase our licence to operate. We also become a bigger part of the fabric of the community by building the value chain and being the employer of choice for local talent."

In doing that, BP comes to understand the local culture and community, which puts it in a better position to strengthen business relationships and win customers. Clearly, that comes under the heading of 'self-interest', but it also contains a strong element of mutuality with the country.

How does BP compare with other energy companies in this area? BP wants to believe that it is implementing the LEC concept better than most, but it's increasingly difficult for any multinational to avoid this path.

The LEC concept is a natural evolution of the way that the exploration and production business, and by extension BP, has learnt to be as it develops relationships of mutuality. It's about sensitivity to needs – needs of country and company. And

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although this can vary from nation to nation, in all cases the benefit to BP's longevity in a country, and that nation's sustainability, is a key feature.

Around six years ago, BP set up its D&I team, one of whose aims was to address the situation whereby national BP operations were traditionally run by UK or US expatriates on tours of duty, with local staff filling the more junior positions. Why, asked D&I, should local business units in most-of-the-world (MOW) regions not be run by local people?

Today, BP is seeing a reversal of that trend. In addition, many MOW staff are increasingly taking up senior positions at offices in London, the US and across the world. A global talent pool for a global BP.

One such executive is Donna Ramsammy, previously vice president for communications & external affairs for BP in Trinidad and Tobago, and responsible for building the company's image and reputation there. In 2004, she moved to London, where she is now head of internal communications for the exploration and production (E&P) business.

She is very aware of the potential gulf that can develop between expatriates and local personnel: "When expats come into a country, they don't realise they come with a history. In the next 10 years, most of BP's growth will come from the developing world, from places like Angola, Azerbaijan, North Africa and Trinidad and Tobago. Most have a history of former colonial control, which influences the way nationals interact with the external world." Of course, the irony of now being an expat in London is not lost on her. That has brought new personal changes that she has had to incorporate into her self-expression and way of being.

As the LEC principles, practices and philosophy became rooted in Trinidad and Tobago, local staff were shown how it was possible to change their organisation's ethos, "We went from behaving as a victim of circumstance to leading a future and making a difference," she says.

Making a difference by changing people's perceptions of what is possible and combining profitability with economic and social progress will increasingly be the way in which BP seeks to do business in the years ahead.



Angola: a country rich in diamonds and oil, but one which is having to rebuild itself almost from scratch following a civil war that raged for 27 years after the African nation achieved independence from Portugal in 1975.

“Like many places where BP operates, Angola is in a state of transition,” says BP Angola’s president, José Patricio. “But in developing a successful business there, we face a number of distinctly Angolan challenges. Thirty years of conflict, poverty, breakdown of the education system and displacement of people have significantly diminished the pool of qualified professionals.”

During the long war, those people who could flee, did. That included many of Angola’s technically educated. When trying to create an LEC in Angola, therefore, BP had to advertise for, and recruit, Angolans who had emigrated to Brazil, the US and Europe. It also put in place training schemes in the country itself to improve the national skills pool. For example, young Angolans were recruited into BP’s offshore technicians training programme, which includes technical and English language training as well as work placements at BP facilities overseas. By the end of 2005, 31 had graduated and joined BP as full-time employees.

BP also funded 60 bursaries for engineering and geo-science students at Angola’s Agostinho Neto University and continues to sponsor an annual scholarship programme that enables 25 individuals to study engineering abroad. Measures such as these are slowly enlarging the cadre of skilled national personnel that will both help Angola grow, and enable them to take their places in controlling BP’s operations there. “It is our aim to have Angolans running and managing the entire business in the near future,” says Patricio.

In addition, he says, BP Angola is involved in funding a range of activities, including small-scale health programmes and agricultural projects. “LEC is a very broad concept. It’s up to us to adapt it to Angola, to the political, social and cultural reality of the country.”



Trinidad & Tobago LEC brings about business climate change

When the balmy Caribbean climate takes on a distinct frostiness, you know that something is amiss.

It was the political climate in Trinidad and Tobago at the start of the millennium that experienced that dip in temperature, a decided coolness between the islands' government and the management of BP Amoco's operations there.

Put bluntly, the government felt that the company was acting with no interests other than its bottom line; the company felt that plans for its local business unit were being increasingly stymied by lack of co-operation from the authorities.

These challenges extended within the company itself. When staff refuse to dry their work overalls outdoors because they don't want neighbours to realise who they work for, it doesn't need a highly-paid human resources consultant to tell you that all is not well.

Matters came to a head during a visit by the then head of the exploration and production business, Tony Hayward – now BP's chief executive. Seeing the issues, he gave local management a blank sheet of paper to change the way the company did business, to convince staff and the Trinidad and Tobago government that being a profitable company and benefiting the small Caribbean nation were not mutually exclusive goals.

Robert Riley, at that time associate president with BP Amoco, remembers his reaction. He welcomed the opportunity to bring the LEC approach to his native land, but first had to work through a deep-seated personal legacy.

"I viewed quite a lot of what Tony Hayward said at the time with a fair amount of scepticism," he admits. "Given the historical antecedents of colonialism and the experience I had of multinationals prior to this, my experience was that they gained more than we did out of the equation.

"I had to overcome a lot of these suspicions and a lot of the evidence I had seen, and to believe I had the space to challenge the norms of the company."

He realised that to lead his team, he had to be inclusive: "You have to...trust and relate to the people you once thought of as 'colony thinkers', so they can contribute to your vision. In a way you can say it's about diversity, but it goes further. It was actually about creating a new way of being on both sides of the Atlantic, so to speak. As we advance our thinking on culture change, we will see this need for inclusivity, and a willingness to make some deep personal changes will increasingly be a factor in generating a new-style BP."

There were several planks involved in building the new BP Trinidad and Tobago (BPTT), including the development of a local supply chain to its maximum possible extent, increasing the skills level of its local staff, and bolstering communities with new educational and entrepreneurial training.

Several of these planks came together in the creation of the first offshore platform to be designed, engineered and built in-country. Called Cannonball, it handled its first gas in March 2006. "This represented a real milestone for both BP and the country alike," says Riley.

In building this local capability, BP decided it was prepared to pay a premium to have the platform constructed locally. However, this was not an act of benevolence on BP's part. "There's now a whole industry there," says Riley, "a yard that has built platforms not only for us, but for British Gas and EOG, and which has created a significant amount of employment in the rural La Brea area." Trinidad and Tobago has a major new engineering facility that will benefit the nation for years to come.

Indeed, platforms for BPTT's Mango and Cashima offshore gas fields, built at La Brea, come onstream this year. Donna Ramsammy, at the time vice president for communications and external affairs for BPTT, noted a rapid change in the organisation as the move towards being an LEC kicked in: "Within a year of launching the BPTT aspiration, the company felt different. We had access to conversations and business opportunities that we might not have had otherwise. "The shift from dependency to a self-generating future was the work of many, not just BP, and the process involved employees, contractors, the media, government, regional leaders, academia, arts and the community. This had a significant impact on our relationship with the country and how we did business – not just in the area of community relations."



Within BPTT today, development of staff permeates all levels. BPTT has worked to develop the geo-science department of a local university's engineering faculty and hires many of the resulting graduates, as well as offering long-term scholarships and training technicians for offshore installations.

Riley, who is the first national to be chairman of BPTT since operations began there almost 40 years ago, knows more has to be done, but is pleased at the steps taken so far in aligning the interests of company and country: "We're very proud that earlier this year we had the first Trinidadian, Andre Celestin, appointed as a performance unit leader outside the country – in Alaska."

Temperatures north of Anchorage may be decidedly crisp, but advances like that are helping to warm the political climate back in the Caribbean.



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Expedition

In February this year, a group of people, including eight BP employees, went on the expedition of a lifetime, taking part in explorer Robert Swan's 'Inspire Antarctica' programme. The two-week initiative is designed to develop key leadership skills and broaden environmental awareness, using what many call 'the last unspoiled wilderness on earth' as a teaching aid. Here, BP's Andrew Mennear and Pete Montgomery, both members of the government and public affairs team, share their diaries to give a flavour of the experience.

16th February – Andrew Mennear

It's my first time in South America, let alone Argentina, and I'm really impressed by how friendly everyone is! Not to mention exceedingly patient, given my lack of Spanish...
It all suddenly seems much more real. In the London office, it was very difficult to believe I was about to travel to the other side of the planet. '

20th February – Andrew

Today, we've been introducing ourselves. All eight BP people now well and truly know one another, and we've also been introduced to all the other expedition members. These include the head of WWF Russia, a Guardian reporter and a 16-year-old student from a school in San Diego.

James Brighton, a third officer in BP Shipping, has already been picked out as a godsend by 'Jumper' – the expedition onboard safety manager – and will now jointly be responsible for safety onboard the ship. Apparently, Jumper was so named in the military because he used to jump out of planes a fair bit. Better Jumper than 'Splat!'

20th February – Andrew

The weather was fantastic and ripe for a hike 800 metres (2,625 feet) up the Tierra del Fuego mountain range. Reaching the glacier was breathtaking and inspiring. We were split up into six teams of about five different nationalities and had to pull together as a team. Several participants had never seen snow before, let alone been snow-balled in a crevasse at the top of a glacier!

A condor soared high in the air currents above us. The path got pretty steep further up, but really the first 50 metres (165 feet) or so were the toughest, as our lungs adapted to the high altitude.

In the afternoon, we saw a remarkably prescient film made by Robert Swan for school children 17 years ago about the threat posed by global warming. We then had IMSA (a Dutch non-governmental organisation) make a presentation on the issues surrounding climate change.

In the evening, we all went off to Ushuaia. It's a rather strange town – a bit like you'd expect for the last city on earth. There are quite a number of shops catering for Antarctic expeditions and plenty of Argentinean barbeque restaurants. '

21st February – Pete Montgomery

Everyone is full of nervous energy as we board our ship. The MV Ushuaia is a former US Navy boat, built in Ohio and retrofitted for Antarctic expeditions. It is cramped, but we are under no illusions this was a cruise.

After dinner, we all settled into the lounge area and waited for our arrival Drake's Passage, which we anticipated hitting about midnight. Slowly, most passengers retired to bed. There were a few of us left and Richard – a headmaster from



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England – and I were fortunate enough to be on the bridge when we passed out of the Beagle Channel and the captain turned our heading south and into Drake's Passage. '

21st February – Andrew

Drowsy all day having taken the sea sickness tablets at breakfast-time. Aside from a short presentation at Ushuaia prison (now an art gallery) on the trip ahead, we're free to move around Ushuaia at will today, where incredibly, for the third day running, I hear November Rain by Guns 'n' Roses! What's with it in Ushuaia?!?

James and Katharine from BP Shipping have been advising me to eat and drink as much as possible in order to stave off sickness. Incredibly, it's still working... '

22nd February – Andrew

I'm not 100% sure I got any true sleep, but my stomach remains secure for now! Apparently, there are at least a dozen expedition members suffering badly today. There are others who are seldom sighted too.

Earlier I got my team leader responsibilities underway. I discussed the project note I'd typed out last night with Nicky from Robert Swan's team. I now need to get my team members to flesh it out, challenge and improve it. We're called the 'world tour' team and have to work out a plan for Robert's next expedition, sailing his 2041 yacht, powered solely by renewable energy, around the whole of the US and then down the Mississippi. '

22nd February – Pete

It's a weird sensation as half the boat can't get out of bed and the other half hangs around waiting for the 'big stuff' that we are promised will come. There are two main points which can dramatically alter the conditions – the first is when you hit the continental shelf and the depths go from 75 metres (250 feet) to more than 600 metres (2,000 feet). The energy stored in the ocean here from past storms can make the swells and wind quite punishing. The second is when you go through the 'convergence zone'. Here you leave the southern seas and pass into the Antarctic waters, where sea temperatures drop dramatically.

Tomorrow, we should be seeing our first icebergs and penguins and, by the end of the day, will arrive in Bellingshausen on King George Island. Antarctica here we come. '

23rd February – Pete

Late in the day, after spending hours on the ship's bow watching for wildlife and enjoying the post-passage calm, a group of us were informed that we would be leaving later for Bellingshausen to scout out the next day's glacier hike, establish a base and summit camp, and spend the night camping. I was further informed that I would be on that team. An amazing sense of anticipation, excitement and fear swept over me.

As the ship's passage was slowed by weather and currents, it became clear that we would be making this hike in dark snowfall. Finally, at 11.30pm, like a scene from a James Bond movie, we were off. As we arrived at the foot of the glacier, it was approaching 1am and the snow and wind seemed to be picking up.

A little over an hour of hiking, we reached a suitable spot to make camp and began pitching the tent. At around 3am, in the wind and rain, we got our camp established and fell asleep, exhausted.

We spent the next day greeting teams of hikers as they reached the camp and inventing exciting winter games to pass the time. We played Antarctic golf, and did Antarctic yoga. After welcoming the last team, we trudged the two-and-a-half hours back to the beach and fell back onto the ship, exhausted and satisfied after the most incredible journey of my 36 years. There were two very penetrating lessons I experienced today. The first and most powerful would be trust. I've never given such unconditional trust to anyone as I gave to Tobias as he led us up the glacier in the pitch black.

The second would be perseverance in overcoming adversity. You can commit to run a marathon, train and then as you are doing it, you can walk or you can quit. At times I was cold, wet, scared, tired, hungry and on the edge of madness. There was nowhere to go, no one to pick me up and no one to give me a cup of coffee or a banana. '



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24th February – Andrew

This morning, we saw the opening of the e-base – the first education centre in Antarctica at Bellingshausen. Robert Swan and his team had spent the best part of five years clearing around 1,500 tonnes of rubbish off Antarctica before this day. Then, my team headed off to the Chinese base. After touring the Chilean base by mistake, we eventually arrived at the Chinese base which was decorated with wooden carvings, Chinese lanterns and a picture of the Great Wall of China. They were watching karaoke on satellite TV. We were amazed to discover they had a souvenir shop. I bought some chopsticks.

We then marched off to climb to the top of the glacier. It was great fun hiking up to the top, but I think Pete was relieved that he could come down with us in the end. ‘

26th February – Andrew

A busy day ahead – an overnight camp for all of us who weren't out the last time. I had been named as team leader of the 'leopard seals'.

All the BP expedition members were asked to go on the first boat ashore as we were due to be interviewed for three minutes apiece. It took much longer as the fur seals kept interrupting. We also saw Gentoo and Adelaide Penguins. I was taking a photo of Katharine and Jumper when they kept pointing towards the sea. A leopard seal had caught a penguin and was toying with it in the sea as zodiacs took us off to the next landing. Igor got some super pictures for his desk of the penguin being ripped to pieces. The leopard seal then gave chase to the shuttle boats. Pleasant creature.

The second landing was to see Chinstrap Penguins. I think they're my favourite. They lived on a rocky island and didn't seem to smell as much as the Gentoos.

Back on board, we set sail again and soon came across a school of around 20 Minke Whales – fantastic! The closest I normally ever get to countryside is taking my two sons to play football on Primrose Hill in central London each Sunday morning. My idea of hell at school was the threat of a geography field trip. Therefore it was quite a step-out experience to be leading a crack [sic] international landing party ashore to camp on Antarctica.

The more experienced campers came with us to help set up the tents. Then, when they went, we were left to our own resources.

George had brought music via his mobile phone. There was a Russian trio singing in harmony and Andrea entranced us with a folk-song in Afrikaans. The Chinese bemused us by burying one another in snow.

At 1am, we all settled down for the night. I never dreamed I would share a tent with a sailor and a Greek ABBA fan. The ground was very hard and cold, but we stayed dry. Robert Swan then woke us just after 6am. We'd all survived! After we packed up, Igor led a crazy few into the Antarctic Ocean for an early morning dip. ‘

3rd March – Pete

Our transmissions were delayed as there is no satellite link-up possible once we entered Drake's Passage. Just before turning the ship north towards Ushuaia, a large group of Humpback whales put on a show just off the bow of the ship. It was a stunning ending to an amazing adventure. On Wednesday, we had been blessed with our first sunny day of the trip. Everything felt very closed-in and confined as we cruised by glaciers and mountains under a grey, snowy sky, but with the sunshine you could see the incredible vastness that it is Antarctica.

As we were once again blessed with a relatively calm Drake's Passage, the next two days found us reflecting on our experience over the past two weeks. In some way or another all of us have been impacted by this experience. I walk away having experienced the most breathtaking natural beauty one could imagine and am committed to its preservation. Personally, I experienced transforming events related to trust, perseverance, commitment and courage that will stay with me in both my personal and professional lives. ‘



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12th March – Andrew

I'm now back at my desk in St James's Square in London and realise just how lucky I have been to experience at first-hand a small piece of the magnitude and fragility of Antarctica.

It was a unique experience – not just learning about the biodiversity and the habitat, but also being on a boat with 60 people I'd never met before drawn from around 20 different nationalities. There were leadership lessons, particularly from observing how effective leaders encourage and bring on less adept members of their team in conditions which are extremely difficult to duplicate.

We witnessed whales, seals, penguins and sea-birds, plus glaciers, mountains, icebergs and mud. Robert Swan has an incredible presence in front of a cynical audience. He stares into their eyes and tells them that it was the glare of the sun in the Antarctic which coloured them a rather unearthly pale blue. He'll then tell his audience to breathe in the whole Antarctica experience, to witness just how much it matters and then go out and tell the world about it. I'm just hoping that the small Antarctic sparkle in my eyes will stay with me as long as the memories of this exceptional expedition we've been on!



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Green dedication

Lidia Ahmad environmental director, Indonesia

Many people dream of being able to make a difference in their job, but for Lidia Ahmad, it is a reality. As environmental director for BP Indonesia's liquefied natural gas (LNG) project in Tangguh, she is always looking for ways to reduce the project's environmental impact. Joining BP in 2002 to play the key role in finalising the project's 7,000-page environmental and social impact assessment study, she has since taken on the huge task of implementing it. "You're always learning from the environment," she says, "and the issues here cover everything from land clearance and waste management to mangrove protection and working with government and international lenders." One area currently under study is the project's potential impact on marine mammals. "Based on a full risk assessment, the project decided to reroute the LNG tankers' shipping lane to avoid the environmentally sensitive area of Raja Ampat." The decision adds 550km (340 miles) to the route, but to Lidia it demonstrates the project's commitment to protect the environment. The move has been welcomed by external stakeholders. It's this ability to influence that Lidia loves most: "Commitment on the environment comes from the highest level in the organisation. I feel I can make a difference supporting the natural resource development with minimum impact to the environment." I

Photography, Richard Davies



The brains of the outfit

BP's foundation of a research body to study best practice in the management of energy export revenues is driven not only by a desire to protect its investments, but also by a belief that it should give something back to the communities in which it operates. Nick Reed reports. Illustrations by Robin Heighway-Bury.

Depending on who you listen to, money either makes the world go around or it is the root of all evil. The truth, as usual, is probably somewhere in between, but the unyielding power of the dollar, yen, euro or any other currency to do either immense good or incalculable harm is beyond question, especially when the sums involved are as vast as the revenues generated by countries exporting energy.

Throughout recent history, the profitable extraction and export of natural resources has driven the development of strong economies and infrastructures in such markedly diverse countries as Chile, Malaysia, Norway and Australia... even the UK and US. But it has also created social tension, conflict, corruption and economic bankruptcy in some parts of the world, usually because those profits have not been spent productively or managed efficiently.

We are not talking about trifling sums here, either. Export revenues for the top 20 oil and gas producers in the Middle East, Africa, Russia and elsewhere have totalled a staggering \$3.3 trillion over the past five years, and there is a continuing trend of these revenues going to countries in the developing world. These sums represent a marvellous opportunity for development, but if things go wrong, the consequences can be devastating.

Increased resource revenues could finance public investment in roads, schools and hospitals, supporting rapid economic growth and a better standard of living. But intense activity in the oil and gas industry could crowd out other sectors, to the detriment of the economy and the nation's prosperity as a whole, while the revenue generated can strengthen exchange rates, push up prices in areas such as construction, and ultimately damage the competitiveness of other industries. Mismanagement of the revenue, or simply poor quality management, poses economic risks to investors such as BP. It goes without saying that instability also presents a tangible threat to energy security.

The belief that BP should work for mutual advantage with all its partners, and a desire to mitigate a clear, non-technical risk to shareholder returns, has driven the endowment of a BP Chair in Economics at Oxford. The BP Professor will also be the director of the Oxford Centre for the Analysis of Resource-Rich Economies (OxCARRE). The company is investing \$8 million in OxCARRE, the world's first research centre dedicated to the understanding of resource revenue management. But, in the spirit of its stated goal, former BP chief executive Lord Browne is convinced it will be money well spent.

"I believe this centre has a great role to play," he said, at a recent event to mark the appointment of Professor Tony Venables as the first BP Professor of Economics at Oxford and first director of OxCARRE. "A role in the detailed analysis of the experience of countries facing these pressures, and a role in offering objective and independent advice to governments, civil society and businesses on the best ways in which to manage revenues in different economic circumstances.

"The experience of the past decade is that countries which are aware of the challenges of managing revenues, and which plan ahead with a realistic view of the risks and dangers, are more secure suppliers to the world than those that are not. Those are the places where investments can be made with confidence to produce the supplies the world will need."

The centre, Browne explained, is a graphic demonstration of BP's belief that its activities should bring advantages to the countries and communities in which the company operates. "Ensuring this helps us to build trust and support, and helps local people to improve living standards and economic growth," he said, adding: "Revenues on the scale we have seen recently should represent a wonderful opportunity to raise living standards in countries where many millions of people remain in poverty."



BP's group chief economist, Peter Davies, sums up the core BP motivation in simple terms. "When our host countries succeed in managing their revenues, our investments do well," he says. "If they fail to make the most of the opportunities of natural resources for development, then the returns on our investments are at risk."

For his part, Venables describes his new role as a "fantastic opportunity to make a real difference," and he enthusiastically outlines what he wants to achieve. "The principal aim is to build OxCARRE into the internationally recognised centre for these issues, delivering high-quality academic research that can't be compromised," he says. "But we also want our research to have genuine application in policy... for our data to be of use to reforming governments by helping them manage resource revenues better than has previously been the case."

The fundamental aim, adds the hugely experienced Venables, is to develop best practice in three distinct areas: how contracts are negotiated with resource companies; how revenues can be made secure; and how best those revenues can be spent. "It's basic economics, really... how much do you spend, on what, and when," he says. "We need to understand the causes of economic under-performance in some resource-rich countries and the mechanisms that impact this performance. But we also want to understand what countries have done right, so that we can use that knowledge to piece together a model that others can replicate."

Helping Venables undertake his work will be Rick van der Ploeg, former Professor of Economics at the European Institute in Florence, and a member of the World Heritage Committee of United Nations Educational, Scientific and Cultural Organization. He has been appointed full-time deputy director of OxCARRE, while two more post-doctorate fellows will complete the team later this year. That will be it in terms of full-time personnel, but a specified task for the centre is to act as the core of a global network, drawing in support from academics and PhD research students from the wider Oxford community, and binding it with the best of international thinking and the input of business leaders and policy makers to build a complete picture, with contributions from as many sectors as possible.

Doing the analysis is one thing, though, disseminating it to countries that trust the integrity of the centre and believe in the value of the research is quite another. But Venables already has plans on how this can be achieved, even though he won't start his job as director on a full-time basis until September 2008, when his contract with the UK's Department for International Development (DfID) ends.

"We are planning a launch conference before the end of this year, bringing together academics and policy makers to get their input and present some initial papers," he says. "We are hoping that BP will help us open a few doors and get to the right people."

Both he and Davies are keen to point out, however, that BP's role will be very much on the periphery. "It has been made very clear that this is a university research centre, and in no way a consultancy arm of the company," Venables says. "BP has a good track record of funding economics – we had a visiting BP professor when I was at the London School of Economics, for example – but, institutionally, we are completely separate."

Davies adds: "We will have a seat on the advisory board that discusses the strategic direction of the centre, but it is independent, and BP will in no way steer or seek to influence its judgements."

Venables senses that the centre's creation has already caused a buzz in communities where the need for innovative, imaginative thinking has been recognised for some time. "It's a bold ambition we have, certainly, and nobody is underestimating the size of our task," he says. "But it is a noble ambition, one that can bring real practical benefits. And you can be sure we will be doing everything we can to make it a success."

Reawakening an interest

Professor Tony Venables is chief economist at the Department for International Development (DfID) in the UK, and has an eminent track record of innovative and thoughtful research in applied economics.

He has held Chairs at Southampton University and the London School of Economics (LSE), where he was Professor of International Economics and director of the Centre for Economic Performance's international trade research programme. A Fellow of the British Academy and the Econometric Society, he has also worked as research manager of the trade research group in the World Bank, and been an advisor to the UK Treasury.



“Part of my role at the LSE was to set up and direct a globalisation programme that covered regional and urban economics, as well as international trade,” he says. “That involved some work on resource-rich economies, and my interest in the area was reawakened when I joined DfID. I can’t wait to focus even more on this broad and hugely interesting area.”

Venables is author of several seminal books on international trade and spatial economics, including works on trade and imperfect competition, economic integration, multinational firms and economic geography.

Writer biography

A national newspaper journalist and broadcaster for more than 20 years, Nick Reed is now a feature writer for some of the world’s leading corporations.



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BP's impact on the world Summer 2007

1. »Global Board changes

Iain Conn (below) has been appointed chief executive of BP's refining and marketing business with effect from 1st June 2007.

He replaces John Manzoni, who is leaving BP after 24 years' service.

Manzoni will leave BP on 31st August and becomes president and chief executive officer (CEO) of Talisman Energy Inc on 1st September.

Commenting on the changes, BP chairman Peter Sutherland said: "John Manzoni has shown the most immense commitment and dedication to the company. The BP board extends its thanks for his long and loyal service and wishes him every success in the next phase of his career."

2. »Global Browne resigns

Lord Browne stepped down as BP's CEO, with the BP board appointing his designated successor, Tony Hayward, as new CEO.

Lord Browne tendered his resignation after the lifting by the UK courts of a legal injunction preventing a newspaper group from publishing details of his private life.

BP chairman Peter Sutherland said: "The board of BP has accepted John's resignation with the deepest regret. For a chief executive who has made such an enormous contribution to this great company, it is a tragedy that he should be compelled by his sense of honour to resign in these painful circumstances."

3. »Libya Production agreement

BP and its Libyan partner, the Libya Investment Corporation (LIC), have signed a major exploration and production agreement with Libya's National Oil Company with initial exploration set at a minimum of \$900 million. Significant additional appraisal and development expenditures would be expected upon exploration success.

BP and the LIC will explore around 54,000sq km (21,000sq miles) of the onshore Ghadames and offshore frontier Sirt basins, equivalent in area to more than 10 of BP's operated deepwater blocks in Angola. They will drill 17 exploration wells, and if successful could lead to the drilling of around 20 appraisal wells.

4. »US Safety checks

BP has appointed L Duane Wilson as the independent expert who will monitor progress in implementing the recommendations of the Baker Panel to improve safety performance at the organisation's five US refineries.

The panel, an independent body chaired by former US Secretary of State, James A Baker, III, was established by BP on the recommendation of the US Chemical Safety and Hazard Investigation Board to examine safety management systems at its US refineries and corporate safety culture following the explosion and fire at Texas City in March 2005. Mr Wilson was one of the panel's 11 members.



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Mr Wilson is the retired vice president of refining, marketing, supply & transportation and fuels technology for ConocoPhillips. As such, he has experience and expertise in managing large-scale organisations, as well as expertise in process safety and refining.

5. »UK Educated partnership

The University of Manchester is to deliver executive education programmes for BP as part of a multi-million-dollar strategic partnership.

The university and BP signed a memorandum of understanding to mark their intention to establish a closer working relationship across recruitment activities, research, education, and the application of scientific knowledge.

As part of this relationship, Manchester University will host 'managing projects' and 'engineering management' education programmes. Professor Alan Gilbert, university president and vice-chancellor, said: "We are immensely proud that a global company like BP has chosen The University of Manchester to deliver world-class training for its most talented and ambitious people."

6. »US An apology

In Issue 1 2007 of The BP Magazine, a map of the company's US assets was published. Unfortunately, the BP Wood River distribution terminal, located in Illinois, was missed off the map. The BP Magazine would like to apologise to everyone at the terminal for this oversight.

7. »Australia Hydrogen economy

BP and international mining group Rio Tinto are to begin feasibility studies and work on plans for the potential development of a \$1.5 billion coal-fired power generation project in Western Australia. The project would be fully integrated with carbon capture and storage to reduce its greenhouse emissions.

The announcement is the first since the creation of Hydrogen Energy – a new company launched by BP and Rio Tinto to develop low-carbon projects around the world. Hydrogen Energy will be equally-owned by BP and Rio Tinto.

The Australian project is expected to capture and permanently store about 4 million tonnes of carbon dioxide that would have otherwise been emitted into the atmosphere.

Summer stats

The electricity demand that BP and Rio Tinto's coal-fired power project would meet in southwest Western Australia.

The number of countries where BP Ultimate fuel is now available to buy.

The annual solar cell capacity BP Solar aims to reach through a first phase of expansion at its European headquarters in Madrid. Current capacity is 55 megawatts.

Castrol India's ranking by industry in Business world magazine's annual Most Respected Company survey.



BP Magazine, Issue Two 2007 – Archive

Voyages of discovery

It takes a certain kind of person to attempt an expedition into the Himalayas or the very first Transatlantic flight, but as the next few pages reveal, these brave people have more than courage in common – many travelled with a little help from BP and its heritage companies.

Far left top: on 8th June 1924, George Mallory and Andrew Irvine set out in an attempt to reach the summit of Mount Everest. At midday, they were glimpsed through a break in the clouds, still climbing. After that, they were never seen again. Here, some of the climbers are pictured, including Irvine and Mallory (back row, far left) and BP geologist Noel Odell (back row, second from right). Odell was very knowledgeable on the use of oxygen at high altitude. Far left bottom: New York celebrates Charles Lindbergh's record-breaking Transatlantic flight. Lindbergh was the first man to cross the ocean by air, flying from New York to Paris in 33.5 hours on 20th/21st May 1927. Fuel for the flight was provided by Benzol-Verband (BV), which later became known as Aral. Left: a motor sledge on a lifeboat is used to supply Castrol oil to Ernest Shackleton's expedition to the Antarctic. This photo appeared in the New Zealand Motor Cycle Journal in March 1915. Shackleton was determined to be the first to cross the Antarctic by foot and claim the last prize in polar exploration for Britain. A year after the First World War began, Shackleton and his crew of 27 seamen and scientists set sail on the Endurance for an expedition that would last almost two years. Below: British explorer Sir Ranulph Fiennes on an expedition to British Columbia in May 1972. Fiennes was heading for the Virginia Falls – a waterfall twice the size of Niagara Falls. To do so, he had to travel through the Headless Valley, where 30 men had died mysteriously or simply gone missing. Skeletons of three had been found – all without skulls. Once through the valley, Fiennes and his team planned to navigate the length of British Columbia by water, with some help from BP and Duckhams fuels.

Right: Sno-cats and sledges loaded up with BP fuel arrive at the Scott Base after the successful completion of the Commonwealth Trans-Antarctic Expedition in 1958. The historic crossing was led by Dr Vivian Fuchs, whose goal was to combine navigation with scientific exploration – mapping geographic and topographic elements, and conducting glaciological, geological and mineralogical studies. Fuchs's team also wanted to investigate polar meteorology, as it was believed to affect much of the world's climate. Middle: German Junker plane that Charles Lindbergh used to make his historic Transatlantic flight in 1927. Normally these planes required some 320kg of fuel per 1,000km (620 miles). Using the more efficient Aral fuel reduced consumption to 240kg, increasing the aircraft's range by 750km (465 miles). Bottom: the Manhattan Project (not connected to the development of the atomic bomb) was an expedition jointly funded by the Humble Oil Company and ARCO to find a tanker passage around the top of North America, rather than using the traditional route through the Panama Canal. The project was a success and the route was used regularly, particularly by barges bringing buildings into Alaska's Prudhoe Bay. Most icebergs in this area can be towed out of harm's way by a supply boat, although the ice needs to be new and rough for the tow rope to grip properly.

Above: Dr Richard Crane, a BP geologist, takes part in the 1984 Fosters' Quadrathon, spending four-and-a-half days cycling to the summit of Mount Kilimanjaro – Africa's highest mountain. The bike ride was in aid of Intermediate Technology, a charity which helped people in developing nations to access simple tools and machinery. Left: during the Second World War, a number of Burmah Oil Company employees volunteered to remain onsite and destroy the property, thus preventing the Japanese from gaining access to oilfields and facilities. In 1942, one of those volunteers, Mr J Campbell, was presented with the 1939-1945 Star – a British Empire medal for outstanding service in connection with operations to deny the use of the oilfields.



BP Magazine, Issue Two 2007 – Parting shot

Child's play: Keen 'Aussie Rules' footy fans Kyle, Junior (almost) and Toby struck a pose for photographer Aaron Tate when he visited their outback town of Papunya. The boys' community has been transformed by the arrival of the non-sniffable Opal fuel.

