

Latest News Business

Shell gets tough on costs as oil prices bite

LONDON (Reuters) - Royal Dutch Shell has intensified its cost-cutting efforts in response to the collapse in oil prices and also plans to step up efforts to improve what it said was a "mixed" safety record. Shell's head of Exploration and Production Malcolm Brinded told employees in an email seen by Reuters that staff had to make "tough choices."

30 January 2009 19:36 PM



By Tom Bergin

LONDON (Reuters) - Royal Dutch Shell has intensified its cost-cutting efforts in response to the collapse in oil prices and also plans to step up efforts to improve what it said was a "mixed" safety record.

Shell's head of Exploration and Production Malcolm Brinded told employees in an email seen by Reuters that staff had to make "tough choices."

"We simply need much higher sustainable savings this year and I ask for real actions from all of you Shed contractor staff, challenge requirements, eliminate consultancy work, reduce travel massively, cut overheads everywhere," he said.

The E&P boss pleaded for fewer meetings and "75 percent fewer slides."

Brinded is seeking to simplify Shell's operations, which have a reputation for bureaucracy, and increase standardisation across the company -- a key strategy of Tony Hayward since his appointment as CEO of rival BP .

"We are still too slow in maturing our hydrocarbon resources and advancing projects," Brinded said.

Brinded said Shell was not complacent about its 2008 performance, despite reporting a record profit for a European company of \$31.4 billion (21.7 billion pounds).

"Overall 2008 performance was good, with record earnings and strong operational results, but a disappointing Total Shareholder Return."

Shell's shares have fallen around 10 percent in the past year, compared to an almost 30 percent fall for the DJ Stoxx European oil and gas sector index <.SXEP> and a more than 30 percent drop in the FTSE 100 index <.FTSE>.

Chief Executive Jeroen van der Veer said the company was intensifying its efforts on safety.

"Work is well advanced on Group-wide Life-Saving Rules that focus on situations where the risk of death or injury is the highest. We will introduce them to all employees and contractors in the first half of the year," he said in a separate email to staff.

A Shell spokesman confirmed the emails were genuine.

Twenty-eight fatalities were recorded in 2008, Brinded said. "Our safety performance was mixed."

Brinded said Shell had a "dreadful start" to this year after 10 contractors and one third party were killed in three incidents.

"The many fatalities were again a tragic reminder of the risks of our business," he said.

Copies of the emails are available at www.royaldutchshellplc.com

(Editing by Jon Loades-Carter)

(c) Reuters 2009. All rights reserved. Republication or redistribution of Reuters content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Reuters. Reuters and the Reuters sphere logo are registered trademarks and trademarks of the Reuters group of companies around the world.

Visit our new programme sites for more news, pics and gossip on [Dancing on Ice](#), [Wild at Heart](#), [Demons](#), [Coronation Street](#), and [Taggart](#) - with regular updates from stv's popular shows.

Also, for interviews, information, previews and performances from Scotland's premier winter music festival, visit our [Celtic Connections](#) site.

More Business News

[Standoff at Waterford Wedgwood plant over jobs](#)

[Top SEC officials to testify at Madoff hearing](#)

[Accounting fix could pave way for U.S. "bad bank"](#)

[Exxon and Chevron profits top view](#)

[U.S. economic contraction deepest since 1982](#)

[Germany and UK urge global economic overseer](#)

[Irish tycoon says no impropriety in Anglo Irish deal](#)

[Push for climate deal as Obama lifts hopes](#)

[Production halts at Waterford Wedgwood Irish plant](#)

[FTSE ends down on weak commodities](#)

Most Popular

Latest News

Latest Videos from stv