

# Improving performance and operational effectiveness

[Business](#), [Management](#)



While the performance of BP in terms of safety of people and environment improved significantly its financial performance deteriorated slightly in 2007. Lower gas realizations, lower reported production volumes, higher production taxes in Alaska, higher costs reflecting the impact of sector-specific inflation all contributed towards increase in cost for the organization.

However, BP has taken some steps so as to reduce its cost by implementing an organizational restructuring plan which will lead to a simplification of the organizational structure of BP and thus save costs by eliminating complex hierarchy. Before May 2001 Shell had a complex hierarchy because of which there was a lot of duplication of work performed by its employees. This led to an unnecessary increase in cost for Shell.

In order to improve performance and operational effectiveness Shell acquired the services of Petrotechnics. Petrotechnics implemented a project known as Integrated Safe System of Work (ISSOW), Sentinel PRO. The project with the help of the software Sentinel PRO allowed Shell to have a holistic approach and to have a proper division of work. The project proved to be very successful for Shell as it was able to save around \$1 million in the following year and afterwards.