Royal a company that had known success for

Royal Dutch Shell (RDS) is the sixth largest company on the planet. It is made up of 1700 smaller companies and employs 101, 000 people throughout the world. This is not a nimble start-up company that is attempting to create a brand new culture; this is a behemoth of a company, with over 100 years of history and a workforce that is literally global. The business in which RDS operates is primarily oil and natural gas, commodities that can fluctuate dramatically in market value by the minute.

Systems thinkers in the 1970's at Royal Dutch began to plan for many future scenarios, including a future where a barrel of oil would cost $15 (this, at a time when the value of a barrel of oil was $30 a barrel). This was a move in a positive direction. However, if RDS was to survive for another 100 years, then a new culture had to be born out of the old to enable it to adjust to these possible scenarios. In the 1990's, Royal Dutch Shell began its transformation into a learning organization. There is now an emphasis on self-direction for every employee and a true commitment at all levels of viewing mistakes as learning models.

Management has to allow the organizational systems and structures to be re-made, and then commit to the belief that everything is subject to re-examination. Phil Carroll, former CEO of U. S. Shell (SOC, the American arm of Royal Dutch Shell) believed in the importance of the servant-leader model of leadership. In the early 1990's, when this new leadership model was introduced, it shook the foundations of a company that had known success for many years using a more traditional authoritarian model of leadership. He wanted to completely transform the company into an organization that could continue to expand, and make a profit doing so. The company needed

to tap into the resource it had (and still does) right under its nose – its employees! Mr.

Carroll wanted the culture of the company to be transformed into a model of self-directed leaders who share knowledge amongst each other, creating an environment of continuos improvement. According to the American Management Association " Phil Carroll has led Shell Oil Company toward a significant transformation of its corporate culture. It is comprised of a new vision, a new business model, a new system of governance, a new concept of leadership, and the use of learning as both the foundation of Shell's transformation and a permanent part of its culture." (Brenneman, Keys, and Fulmer, 1998, p. 66) To become an organization that would survive another 100 years, RDS and its subsidiaries had to re-examine their culture. The leaders of the company, middle management, and the employees needed to start viewing mistakes as opportunities to increase learning. This is an integral part of the learning organization.

The person or persons making the mistake should own it so it is not repeated, but not be persecuted for making them. Mistakes can illuminate a flaw in any system, and the opportunity to improve should not be missed. The manager becomes more of a learner and a teacher. The idea that a leader is the person with all the answers needed to be thrown out the window. In today's rapidly changing environment, there is no such person. Without the ability to embrace mistakes, any company will perish.

Royal Dutch Shell and SOC also needed to be able to continuously rework its systems and structures. This was a huge transformation considering the

sheer size of the organization. The same old way would simply not continue to work. Steve Miller, managing director for RDS, spoke about their presence in French retail market.

" We were in the red and losing market share. The advent of hypermarkets had changed the game, and we weren't responding effectively to this new competitive threat…. we either had to find a way to become profitable and grow, or we had to exit – because the way we were going, we couldn't stay in the game much longer." (Pascale, 1998, p.

113) Today, companies, no matter how large or small, must be able to respond to the external environment. For RDS this meant shaking the company to its