The Perfect Storm
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A perfect storm is an event in which a combination of circumstances drastically aggravates the event.

So what circumstances could cause our perfect storm?
AGEING WORKFORCE

Concerns already being raised across the industry prior to the downturn!

- 2007 - Oil & Gas industry survey (O&G) IBM corp.
  Showed insufficient supply of external candidates, compensation competitiveness, breadth of career opportunities, aging workforce and high attrition among employees.

- 2010 - OPEC World Oil Outlook report
  OPEC said it is essential that the industry does not respond to the current economic climate the way it did to difficulties in the ‘90s, by cost cutting and reducing its pool of skilled labour, which led to problems later down the line.

- 2016 - Heart Energy report (O&G) IBM corp.
  - Coping with lost, delayed or cancelled projects might be on the minds of O&G executives, but companies need to be thinking about how they will regain lost talent when hiring picks up following the current downturn.
  - The industry is already facing a shortage of qualified and experienced employees and today’s low-price environment is exasperating the situation.
  - About 50% of the sector’s workforce will be retiring within 5 to 10 years, said Matthew Hiller, global practice lead for oil and gas, IBM Corp.
  - We’ve got a shrinking pool of mid-career candidates, a knowledge transfer that is taking place, but not happening quickly enough, and a lot of folks who have been laid off in our industry are currently being recruited by other industries and the sad reality is that many of those folks are not coming back.”
MACONDO DISASTER

• The magnitude of the blowout and resulting spill brought about a heightened awareness of how one incident, on one well, can have far-reaching consequences – nearly wiping out the industry’s social license to operate. It was an awful reminder of this industry’s responsibility to protect the lives of its people and the environment in which it functions.

• The disaster lead to extensive industry review, tighter regulation and new guidelines on training and competence were issued by regulatory bodies.

• The industry reacted very strongly. 2015 Taf Powell, IADC Executive VP – Policy, Government & Regulatory Affairs “There was nothing that was too difficult or expensive to be done that would be ruled out in order to improve our resistance to major accidents,”

• In 2015 BSEE Director Brian Salerno praised parts of the industry but prodded other parts to do more. “Some companies clearly understand their role in managing safety and are pretty far ahead. (They) have been doing this without us telling them they had to – they were doing this on their own, and they’re the industry leaders,” he said. “The other end of the spectrum is companies that just want to know what’s necessary to be in compliance with the regulations, and it becomes a paperwork exercise.”
THE DOWNTURN

Mid-2014 – Beginning of the worst and most prolonged downturn in O&G history. Price of oil plunged from >$100 to <$30 in 20 months!

• Hundreds of rigs stacked for long periods of time
  • Potential equipment reliability issues if rigs reactivated
  • New crews unfamiliar with rig older equipment

• Over 440,000 experienced and competent personnel laid off and have left the industry
  • Prolonged downturn results in many of the redundant experienced personnel moving to other industries
  • Downturn made O&G industry less attractive to younger generations

• Budgets slashed – survival mode
  • Support personnel cut, less people to do more!
  • Salary’s and benefits cut.
  • Remaining workforce show less loyalty than before!
  • Maintenance programs cut
  • Back to compliance training only

• Mergers and acquisitions cause potential short-term disruption, uncertainty and confusion for the workforce
TRAINING METHODS

Old antiquated training and development methods still in place
- Heavy reliance on old OJT and supervisor training
- Compliance and cost driven
- Individual technical training approach
- Classroom, death by power point courses
- One size fits all approach
- Attendance based courses
- Books and DVDs learning material
- Well control bias very little on drilling techniques and practices
- 70% > score = pass?

Take current well control training, 4 days of individual classroom technical training followed by one practical simulator scenario assessment and a well control equipment and theory test paper.

Imagine if a pilot only had to do 4 days of aircraft and flight theory training followed by a test paper on each and then only complete a take off, flight or landing scenario assessment before he was deemed qualified to be in charge of a passenger plane?
TRAINING METHODS

New technology requires different training methods, skill sets and competencies

New generation of workforce learn and develop differently to the older generation

IOGP 476 August 2016 Recommendations for enhancements to well control training, examination and certification

- 5.2 Scenario-based training events CRM - Although scenario-based well control training has been available for several years, it should become widespread as an essential component of well control training and certification for personnel. Scenario-based training is of most benefit when entire rig or intervention teams can be trained together
- 5.3 Continuous learning in the workplace - Personnel involved in well operations should also participate in continuous learning rather than relying only on a classroom based training and assessment processes.

OPITO’s Skills Landscape 2019 report

- Mark Cullens, Director of Strategic Engagement:
  - “Oil and gas skills requirements are changing rapidly. Equipping the current workforce with the skills to adapt to this dynamic business environment is essential and work needs to begin right away. The way in which the workforce wants to learn and develop new skills is also changing.
  - New training methods such as virtual and augmented reality, simulation and situational analysis are becoming the preferred learning method. The report shows that people want short but formally structured ‘nuggets’ of learning, increasingly delivered through simulation.
ACTIVITY INCREASE

• Rig activity starting to increase but on low day rates so still tight budgets.

• Employee onboarding, retention and training will quickly become a critical issue in oil and gas as competition for talent heats up.

• This will lead to skilled employees moving from company to company in search of the best offers and create new challenges for companies to both retain their existing employees but also develop the robust training and onboarding processes to get new ones up to speed quickly.

• Simply continuing to push up pay and benefits in reaction to recruitment and retention issues will not be enough, companies must look to retain their skilled staff through robust learning, development and succession planning opportunities.

• Companies need Predictive Plans, not Reactive Plans.
IT'S SIMPLE: WE'RE ALL DOOMED
WELL MAYBE NOT?

We can avoid the perfect storm by plotting a new course and adopting a different approach!

- Utilize technology in training, development and competence even more such as AI, VR, E learning, simulators to improve training standards and cater for new generations.

- Adopt a continuous learning, development and assessment approach to drive continuous improvement.

- Crew training, development and assessment to become a requirement not a nice to have.

- Change well control training approach from biannually to regular bite size training modules and pure technical and scenario assessment, improves knowledge retention and verifies competence.

- Drilling training Matrix should include Drilling practices, stuck pipe and not just well control courses.

- Modernize OJT systems and material

- Use data gained from competence assessments to focus training resources on specific areas of improvement

- Implement individual development plans from assessment findings
TALENT MANAGEMENT & WORKFORCE PLANNING

Companies will need effective and fully aligned talent management infrastructure to cope with increased demand for personnel.

The future success of your operations will be reliant on a constant supply of competent people so the following elements must all be aligned:

Failing to plan is planning to fail!
COMPETENCE PROGRAMS

- Assumed vs Verified competence
- Verified competence should drive all training and development
- Ensure that competence programs don’t just verify employee’s competence but also provide the data to drive continuous improvement
- Individual Development Plans
- A strong competence based continuous improvement culture has been proven to support employee retention
In Conclusion

• There are a lot of challenges ahead as more rigs go back to work.

• The availability of skilled and competent rig crew will be essential to the recovery of our industry.

• We have the time, the tools and the systems required to develop the people we need.

• However, we must invest in our people now as there is no “quick fix” it will take time and money but will prove to be very cost effective in the long run.
The Perfect Storm!

CFO asks CEO, “What if we spend all that money on Training and Developing our staff and they leave?”

CEO replied, “What happens if we don’t and they stay?”
Thank You / Questions

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