



The key to success is the ability to adapt.

Millions of man-years of hard-earned experience are leaving the industry. Forward thinking managers and executives know they cannot make up for the loss on their own.

NO TIME TO WASTE
Getting
Ready for the
Baby Boomers' Exit

RWD

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Even as the energy industry comes to grips with the challenges of wresting oil and gas from ever more difficult environments, another huge challenge is under way that many organizations may seriously underestimate.

It's no secret that a seismic shift is about to occur in the energy industry's other most important resource—its technical and managerial workforce. An entire generation of highly experienced operators, engineers and managers is starting to hang up their hard hats and head off into retirement. In another decade most of the baby boomers will be gone, up to 85 percent of them. Many upstream organizations think they're prepared to handle this gigantic outflow of experienced people. They're betting that what worked before will work again. They believe that more training for existing workers and more new hires will provide them with enough talent to meet the demands of energy exploration and production in the years ahead. In fact, it's going to take a lot more than the same old solutions.

Issues that seem almost impossible

Some of the issues presented by this generational transfer are substantial and—on the face of it—seem almost impossible. Here are a few of them.

- It takes seven to ten years to take a new hire and train him or her to become, for example, a fully qualified operator. Considering that many older workers are starting to retire now, these numbers paint a grim picture: There's simply not enough time

over the next decade or so to get enough qualified, seasoned people into the jobs vacated by departing workers, if enterprises rely on current methods to bring people up to speed.

- The advent of computerized sensor and control systems throughout the industry has created certain efficiencies. But the people who sit at those monitors need a level of sophistication and responsiveness never before seen. Traditionally,

this only comes with years of seasoning and experience.

- In general, the industry doesn't have methods in place to accurately measure how qualified an individual may be in a job that requires some sort of mastery. Subjective assessments are the norm. But without actual metrics, it's difficult to know where your operators, engineers and managers stand, much less where they need to go.
- In coming years, organizations will face critical challenges in managing their training programs. The margins for error will be much smaller than they're accustomed to. Training will have to be managed as rigorously as any other critical process.
- While people with solid résumés are available to fill the vacated positions in many regions of the world, they have neither grown up with—nor been trained in—the independent reasoning and decision-making that these demanding jobs often require.

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85%

Number
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Methodologies for success

From our perspective as training and process improvement consultants, we believe there are four key action areas that organizations ought to consider, in order to succeed in dealing with the loss of their most experienced workers. Of course, one size doesn't fit all. And some of these efforts require a willingness to adopt transformational change. These areas cover a broad array of methodologies that can reduce the pressure on remaining staff and enhance the enterprise's ability to weather the generational turnover and achieve ongoing success. These key action areas are: Organizational Change; Process; People; and Technology.

Organizational Change may represent the most significant undertaking that upstream enterprises can consider as they adapt to the new reality. To many, it may sound like overkill. But in

order to initiate and achieve the HR and training transformations that are necessary, the organization has to be supportive and committed. Nominal, superficial gestures won't do the job.

For instance, there may need to be consideration of the governance structure. Does the organization have enough senior managers and supervisors? Or too many? Do geographic regions operate as part of a centrally-controlled, autocratic organization? Or do they function as autonomous units, responsible primarily for hitting their numbers? Are divisions and units aligned so that they're not working at cross-purposes? So that, in fact, they're helping each other (where appropriate) and supporting the enterprise through the coming difficult years? To illustrate this last point, consider one common example: The relationship between Operations and Maintenance. Historically, they tend to have

priorities that can be at odds.

Process is typically an arena that presents many opportunities for improvement. There can be multiple layers of processes that have accreted over the years or decades which no longer produce the value they once did or may, in fact, subtract value. For example, companies make acquisitions; and those acquisitions come with their own procedures. If these legacies are found wanting, and left in place too long, they may create inefficiencies that put a burden on staff that is already overburdened by loss of experienced personnel. There are almost certainly better ways to do things now.

For the improvement of existing processes, we're living in something of a golden age. Application of the Toyota Production System and other parts of the Lean Improvement toolkit are just as capable of helping the upstream segment of the energy industry as

they have been for manufacturing, healthcare and other industries. Almost any process can benefit from Lean assessment and improvement—improving productivity and safety, and ultimately enhancing ROI, and reducing staffing pressures.

People make the enterprise go round. And though it may be stating the glaringly obvious, how the enterprise utilizes them in coming years is central to success. All sorts of questions must be answered. How accurately are new hires and existing staff being assessed? Do you have real metrics on your people? Are the right people in the right positions on the right career paths? Does the training that they receive produce the accelerated outcomes that the enterprise will require? Traditional training will no longer do the job.

Technology may be essential in the coming generational changeover, but it's not a panacea. The new

leading-edge hardware and software all come with their own competency and performance challenges. And unless those challenges are properly addressed, the technology will not produce the results that enterprises have to achieve. Existing technologies have to be analyzed in order to extract the most value. Likewise, new technology ought to be carefully studied before its acquisition, and have the best possible training purchased or created to support it. It's important, as well, to consider how people receive and handle information; how people make decisions. Do they have the right platforms, information and systems to do their jobs under ever more challenging conditions?

Forward-looking approaches required

Millions of man-years of hard-earned experience are going away. And making up for this loss in

anything approaching a reasonable time frame is only possible through new business models...new training processes...new technologies...and an attitude readjustment. It will require real risk-taking, real adventures outside of the comfort zone. Those who fail to adopt forward-looking approaches will be left with a deficit in the talent that it takes to manage, operate and maintain today's sophisticated energy-exploration and energy-production facilities.

Fortunately, it's not too late to take action. Help is available through consultants such as RWD. Training and process improvement experts from RWD can assess upstream operations and staffing, create plans for transformation and help put those plans into action. And with these changes, exploration and production enterprises will not only weather the storm, but be prepared to thrive in the post-baby boomer era of energy production.

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