"Talent - from Reservoir to Retail" – IEF, Doha [12 April 2009] - panel presentation

We have all read innumerable articles on the demographic crisis overshadowing the future of the oil industry due to the retirement of the baby-boomers and the lack of new and competent blood in the industry. But I believe that the industry has an immediate answer to this talent shortage - we are sitting on it just as we are sitting on unconfirmed oil reserves. As O&G companies are focused on increasing their proven hydrocarbon assets, I suggest that all companies should be conducting a continuous process to identify and develop talent using the analogy between these two processes.

Some years ago, on presentation of a candidate 'short list' to a client, I was confronted with the statement "But I cannot see the rare pearl" (aka 'the ideal candidate'). In nature, it is true that a perfectly formed pearl of a particular colour is found infrequently but it can be successfully cultivated. As with talent, it requires to be nurtured and developed.

At this stage, a definition of talent may prove useful. How about:- *a special aptitude or faculty combined with a high mental ability*? Yet this alone is not enough – the R&D labs, supply planning sections and IT departments are full of these individuals. So to this must be added a host of soft attributes (*emotional intelligence*) that will permit this individual to integrate into Company life both as a team player and ultimately a leader.

Let us for a moment compare an IOC or NOC with a landmass containing potential oilfields where the human resource talent is the fossil fuel and the HR Department is the seismologist. Now, as in Trinidad, some seepage of heavy bituminous crude is immediately visible or, as in Canada, the oil sands are just waiting to be trucked away. This is equivalent to the child protégé - bright but invariably difficult (and expensive) to refine - unless the immediate need is for waterproofing.

More often, the HR Department has to look within specific sectors of the company and its stakeholders to identify the potential talent which is found at different geological levels. Line Management (the driller) and HR are then engaged to bring these to the surface and, with in-house and third-party support, provide the support media.

It must be remembered that talent comes in different forms, like crude oil which can be sweet or sour, light or heavy. Each crude provides different product cuts and thus requires different treatment and ultimately a specific refining process. So it is with talent. What might be ideal as a refinery manager may not fit with the needs of the marine seismic executive. The left and right sides of the brain require a different balance. So there is an initial process that attempts to identify future needs and thus the type of crude required, relevant to the market and geographical location.

Following the seismologist's advice, the test drill is employed to search for the reservoir. Once a deposit is identified, the quality and quantity can be estimated. Now there are as many down-hole devices to aid this process as there are numerous psychometric tests that will help to establish the quality of the talent. However, the best and only sure method is to bring it to the surface and 'look it in the eye'.

So a production rig has to be assembled and the surface facilities constructed. As a well would be 'finished' by cementing and packing the bore, and subsequently applying filtration and extraction techniques to assist in assuring a constant flow of on-spec. crude, so we must consolidate the talent development route with surface reception facilities that will take over after drilling. We must work with the talent to design a programme that will achieve *shared expectations.* Thus the talent must be a willing and contributory party to this process. The end objective must be clear, as must the timing and means of achieving it. It is only by gaining a bipartisan buy-in that success will be possible. The down-hole wire line provides the progress report but the log should be shared with both parties.

As talent is brought to the surface, it should be interrogated. Perhaps it can supplement the knowledge of the operator as the talent knows better the quantity remaining in the ground or of other reservoirs close by with which it was in contact on a previous occasion. The talent should become part of the solution. Using directional drilling to access places that were initially not obvious (e.g. subsidiaries, joint venture partners inc. universities and MBA schools, and other 'mining and refining' companies) could secure a continuous supply of crude talent that would keep the pipeline full for many years to come.

Now the best laid plans can go astray. Thus sometimes the process has to be helped along. It may be a serious breakdown where fishing expertise is required. Stimulation by hydraulic fracturing and secondary recovery by pumping carbon dioxide or natural gas into the well is common practice. This is also sometimes necessary during talent development. While hidden skills are often unearthed, so too are defaults. Thus extra support and guidance are sometimes needed to ensure the agreed objectives are being achieved. If a process has been committed to, then it is foolish to abandon it while reserves are still in the ground.

Now there is an expression that "all work and no play make Jack a very dull boy". Talent development is not only a classroom exercise. Before the crude is delivered to the refinery, it is held in storage or in a pipeline. This is analogous to the talent being employed in operational positions for defined time periods within the company. The benefits are obvious – the talent learns 'on the job' and his supervisor and peers have an opportunity to view the development and comment on the results. In short, there is immediate process improvement supported by 4-D time lapse monitoring. The talent should not be isolated but remain an integral part of the system from which it was derived.

Then comes a critical period when the crude is above ground, has been filtered and separated from any water impurities and is ready for refining. Here it comes into contact with both chemical and physical processes – it is time for the talent to meet its mentor. Selection of the necessary refinery processes is as critical as the selection of a coach. The personalities should be complementary - the extrovert should be paired with a conservative, the academic with a 'graduate from the school of life'. This is hands on preparation for future command and control – not just of machines and processes but of *people*. Here the learning is no longer from a book but from an individual who has already received a broken nose and carries the scars of battle. The experience imparted to the talent and the 'shadowing' of his commercial activity are a great test of compatibility and thus the choice and monitoring of the advisor is as important as that of the talent itself.

You may ask "What happens when a new talent requirement arises that was not foreseen?" Well again we can turn to the crude analogy – parcels of petroleum are purchased from third parties. Tanker cargos at sea can change hands many times before a destination port, when the oil trader can be likened to the executive search consultant but with focused *succession planning* and a flexible development programme the need for talent injection from outside sources can be minimised.

As the talent approaches the end of the refining process, the end game comes into play. With the benefit of reviewing the period from first identification to the finished product, where will this talent be best placed to achieve results for the Company and satisfaction for the talent? Since the first designation of the talent, it is quite likely that markets have changed – net producers may have become net importers; new energy products will have come into play and the petrochemical market will almost certainly have changed its raw material profile. Thus a final packaging process will be needed by the talent. It may be as simple as a language immersion course or a political briefing but it will cap the years of investment that will lead this particular talent to the zenith of his/her career.

But please don't think that this is necessarily the global CEO position. While the hierarchical pyramid is no longer as steep as it was in past years there are still a myriad of managerial positions within an IOC or NOC to be filled by talented individuals. While there are many common implements that should be in his personal toolbox, each position demands certain specific expertise. Hence the programme should be wide and varied. Remuneration is no longer the only or even most important stimulus for the "X" and "Y" generation. These individuals want exciting and fulfilling jobs with a commensurate lifestyle which involves time for family and friends. They want and can use state-of-the-art technology that will enhance productivity. They want freedom to innovate and space to play. Retention is thus another issue and the basis of another paper.

It's not an easy task but graduate recruitment and talent identification must be a continuous process - through bad times as well as good. The CEOs of the IOCs have recently committed this February in Houston during CERA Week (§) that their companies would maintain the same capex and R&D investment for the coming year but I would seriously doubt if they will put as much effort into graduate recruitment – the headcount syndrome will, it seems, always be with us: less income → less jobs → less recruitment. And here's the rub – if the commercial off take is not there, the undergraduate applications will dwindle and the universities will reduce their course availability. We will descend into the spiral that we have seen too many times. But the end of the nineties, when graduate recruitment was halted and redundancies were declared, should be a significant reminder as to what happens next!

A recent study (*) identified that the '*recruitment and retention of a qualified workforce'* is the second largest risk to the O&G industry next only to the identification of the hydrocarbon assets themselves. But if you put in place a *constructive* and *perpetual* HR talent development programme and commit to its longevity (i.e. a Life of Field seismic system), this is a risk than you can demote to a position nearer the bottom of the table.

(§) Offshore Engineer, March 2009 pp19-20
(*) Marsh Oil & Gas Risk Report 2008

©RAB/New View Interlink – April'09