

## Oil groups seek a burst of energy

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By Sheila McNulty in Houston

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Susan Longacre retired from Chevron in 2002, yet five years later she still puts in up to eight weeks a year on the job. The second-biggest oil company in the US could not afford to let the 66-year-old geologist simply take her 35 years' experience and disappear.

Chevron has only 15 to 20 people with the experience Ms Longacre has gained reading samples drawn from deep underground to determine potential volumes of hydrocarbon resources.

"It's a process that takes a lot of time," Ms Longacre says. "You learn it, elbow to elbow, over the core [sample]." And, these days, it is hard to find people who want to spend time learning the skill.

The oil and gas industry is scrambling for innovative ways to keep people such as Ms Longacre working. Hiring them as consultants is one of many tactics being employed as the industry faces the loss of 50 per cent or more of its most experienced workers over the next 10 years.

Dina Pyron, an Ernst & Young partner and human resources specialist, says a survey of the sector's human resource leaders revealed this as a "top five business challenge" for financial growth. Strains are already apparent: "They feel like they are swapping their talent, with more money and more incentives," she says.

A recent report by Cambridge Energy Research Associates (Cera) said there are not enough engineers to meet the demands of current projects and a shortfall of 10-15 per cent is likely by 2010. While some companies have established new training centres in south-east Asia, Cera notes that their trainees will not acquire the skills to manage, much less design, big projects for several years.

Cera predicts that more than 50 per cent of today's engineers - average age, 51 - will retire by 2015, an attrition rate of 6 per cent a year. This will be offset by a 5 per cent influx of new entrants by 2010, but "there will be a know-ledge gap", says Pritesh Patel, co-author of the report.

In the face of this, companies are doing everything they can to attract and retain skilled workers. Citgo, Venezuela's national oil company, offers perks that include an inter-office baseball tournament in which staff are flown from Houston to Caracas to play. Joe Fowler, president of Stress Engineering, says that by making his Houston-based business employee-owned and taking on challenging assignments he has held staff turnover at 2 per cent. And Priscilla McLeroy, a director at Arthur D. Little, says the US consultancy draws from PhDs in other sectors to fill jobs once reserved for professionals trained in oil and gas.

"This is really the breakthrough that our energy industry is going to start paying attention to," says Ms McLeroy. The consultancy recently brought in a postgraduate in microbiology to help on an enhanced oil recovery project that would normally be given to a reservoir engineer. She believes the key to attracting talent lies in characterising projects as "energy", which conjures up images of sustainable business, instead of "oil and gas", which is associated with dirty hydrocarbons.

Devon, the largest independent oil and gas producer in the US, last year created a senior level executive position to deal with the retirement crunch. "Half of our 5,000 employees are reaching retirement age in the next 10 years," says Chip Minty, Devon spokesman. Frank Rudolph, Devon's new senior vice-president of human resources, says the company's 160 summer interns are courted heavily, with senior officers involved in a field trip to a gas field in north Texas. That is followed by "high touch" contact once interns return to university, with care packages of food and drink during final examinations and e-mails and phone calls from Devon employees.

"It's a lot of little things that make the difference," says Mr Rudolph. John Richels, Devon president,

personally sends birthday cards to all 3,478 US-based employees; Devon regularly holds office gatherings, such as picnics, and hosts an elegant Christmas party for employees and spouses. Pay is not enough, says Mr Rudolph. "It's escalated to a point where that alone is not going to get people to stay." Employees also want challenging jobs, he says, and a culture that he characterises as "a large company with a small company feel".

Chevron tries to retain staff by calculating individuals' retirement benefits every year so staff understand the benefits they stand to lose if they hop jobs. The company also looks at the needs of high-performing employees and those approaching retirement. "We try to scratch the itch," says Jim Schultz, Chevron's general manager of human resources. This means offering flexible hours, working from home, phased retirement, or more pay. "It really is about knowledge retention," he says.

At Royal Dutch Shell, the emphasis is on finding the right talent. For 10 years the oil company has hosted a business challenge reminiscent of Donald Trump's *The Apprentice* TV show, inviting about 50 top university students to spend five days working for Shell on a fictitious island called Gourami. They are judged on everything from exploration and refining to marketing and finance, as Shell confronts them with business challenges or natural disasters while they develop a five-year business strategy.

"Unlike Trump's game, we can have as many winners as possible," says Houston Brown, Shell America's manager of graduate recruitment and university relations. This year Shell doubled its efforts, holding two US business challenges, at which it hires between 25 and 50 per cent of participants.

"It gave me an all-encompassing view of Shell," says Erin Tade, 22, who is to begin work at the company in May after graduating from Texas's Lamar University with an electrical engineering degree.

Yet Ms Pyron says such efforts might not be enough to fill the fast-approaching void. "This is going to become a more critical issue. Companies are going to have to come out of the chute with something more creative.

"This is not an industry that moves at a rapid, innovative pace. It's an open door for the company that says: 'We need to do something more innovative to distinguish ourselves.'"

### **Power plants to generate more demand for engineering talent**

Competition for the oil and gas industry's already thinly stretched talent is expected to rise in coming years as both conventional and nuclear power plants are planned in the US.

"Demand for all sorts of energy continues to rise," says Bruce Williamson, chief executive of Dynegy, a Houston-based power company with two new plants under construction.

Much of the industry is waiting for laws governing carbon output, but once they are passed a boom in power plants is expected. It is likely to come just as US industry gets ready to build new nuclear plants.

In September 2007, NRG Energy, the US power generator, filed an application to build a new nuclear plant in the US - the first in 29 years. The US government expects between 20 and 30 other companies to follow suit, as nuclear energy becomes a more popular choice because of its low carbon footprint in a world that is increasingly focused on global warming.

"It's a very good time to be an engineer," says Tony Ward, a director in the energy, chemicals and utilities group at Ernst & Young.

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