Leading Through Turbulent Times

Into the Storm: Facing Modern Disruption in Oil & Gas

Business & Talent. Aligned.®

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This isn't the first time the oil and gas industry has faced disruption. Today, however, the industry is confronting structural changes on all fronts. Renewable energy solutions are taking root, OPEC continues to challenge its competitors with over saturation, national oil companies have greater power, and regulations are on shifting sands. All this is occurring while the aftershocks from the industry downturns of the '80s, '90's and mid 2000's continue rippling outward.

Having missed out on an entire generation of workers because of the 80's industry crisis, oil and gas companies have struggled ever since to retain a dwindling talent pool of highly skilled workers. Today, the combination of an aging workforce now at retirement age, the absence of Generation X and the arrival of the Millennials has resulted in a severe talent gap—known to the industry as the Great Crew Change.

> "AS A RESULT OF THE DEARTH OF EMPLOYEES ENTERING THE ENERGY FIELD BETWEEN 1984 AND 1999, **MID-CAREER PROFESSIONALS ARE NOW IN SHORT SUPPLY**, AND THE INDUSTRY FINDS ITSELF WITH A LARGE GROUP OF WORKERS HEADING TOWARDS RETIREMENT AND ANOTHER GROUP OF INEXPERIENCED MILLENNIALS UNREADY TO REPLACE THEM.[1]"

Many companies have been preparing for over a decade in an attempt to soften the impact of the talent gap created by this demographic shift, but no one could have predicted the seemingly endless challenges that the modern world would present. **Disruption has become a new normal** across all industries globally, but for oil and gas, the crisis of the talent gap is being magnified to disastrous proportions.

The modern world of work is rife with turmoil, conflict and change. Everywhere we are seeing talent pools shrinking, creating a widening disparity in necessary skills. Workers have (and demand) greater mobility, while the competition for talent has become increasingly global. On top of this, **technology has revolutionized the way that people think, learn and communicate**. Our world has once again entered a new era of human progress—**the Technology Age has given way to the Human Age, where talent overtakes capital** as the key driver of business success. This signifies a new reality that business' must learn to operate within.

The dawn of the Human Age has rapidly evolved into a new world, and as the old pieces fall away, a new 21st Century world of work is emerging. Even those companies that have been preparing to manage the looming talent gap for years could not have

[1] Birenbaum, Katie. "The 'Great Crew Change'" Oil & Gas Financial Journal 04 Oct. 2015: n. pag. Web

anticipated the impact of the modern world on the oil and gas industry. Perhaps the greatest multi-faceted challenges the industry has ever faced, this mass exodus of skilled and experienced workers combined with the disruptive onset of the Human Age has extreme implications for oil and gas.

Technology, individual choice, shifting demographics, education, global competition for talent, not to mention the influence of international economics and politics… this perfect storm leaves no other options. Industries everywhere are looking for effective strategies to overcome this.

> "ManpowerGroup's 2015 'Talent Shortage Survey' found that 38% of employers globally are having greater difficulty finding people with the right skills than last year—the highest level in seven years."

Confronted with these difficulties, organizations are turning to their leadership for answers. **Alarmingly, too many companies are finding their leaders unqualified—or simply unable—to lead their organizations and industries through these turbulent times**. In 40% of companies, leaders are unprepared to meet the business issues they will face over the next three to five years.[2]

In a market that is oversupplied, we see forward thinking companies quickly adapting—through preparation and internal investment—to better combat both price volatility and geopolitical uncertainty. **They understand that purely tactical approaches will not offer the enduring solutions required to survive and thrive.**

Visionary oil and gas companies are looking beyond cutting costs and are now **focused on becoming more agile, flexible and adaptable** in these times of certain uncertainty. Those that are unable to adapt will disappear, while **those that learn to thrive in today's disruptive global environment** will be capable of responding to the constantly evolving economic, demographic and technological forces that characterize the Human Age.

Leadership in these turbulent times is key— there is no question that leading successfully in today's world demands creativity, flexibility and vision to weather this perfect storm and remain competitive.

> "Changes in the world of work are accelerating at a pace and scale never seen before. A perfect storm of structural and cyclical forces, from shifting demographics and rapid globalization to technological revolution, has created a highly uncertain business environment and knocked labor markets out of sync. From this 'new normal' of instability and market disruption, new ways of getting work done are emerging."
>
> — Jonas Prising, Chairman & CEO, ManpowerGroup

[2] Strategic Leadership Development: Global Trends and Approaches. Right Management and The Conference Board, 2013

Investing in Your Leadership: Ensuring Your Success

The Only Way Out is Through the Storm

In the Human Age, companies can no longer count on maintaining a sustainable competitive advantage by using 20th century rules. **The quality of an organization's people are what truly determines success** and by investing in their own people—instead of an age-defining technology as with the past—the world of work will change yet again. It's already underway. **Companies that recognize this and invest in their people are going to be those that attract and retain top level talent**.

So what do you do? How do you succeed in this new world? How do you overcome so many disruptive changes?

Invest in your leadership.

They are your organization's eyes, ears, mind, and in the Human Age, the heart as well. Leaders must engage today's top talent in order to retain them, while simultaneously possessing a wide array of skills that can safely navigate your organization—and the oil and gas industry as a whole—through these extremely turbulent times.

By investing in your company's leadership, you give them the ability to **build a talent-driven organization** that is primed to achieve and sustain high performance in today's business environment in addition to maintaining the traditional metrics for business performance. In the Human Age, **talent is the key source of a sustainable advantage** and effective leaders not only understand this, but are **capable of unleashing talent** in other people.

> "In many organizations we still see future leaders selected on gut-feel, time in the job or some other finger-in-the-wind valuation. It's time for a new model, focused on specific, measurable, business-driven outcomes."
>
> — Mara Swan, Executive Vice President
> Global Strategy and Talent, Manpower Group

In order to position your leadership to operate successfully in today's turbulent times, you'll need to find and implement a **systematic approach that builds a solid foundation** enabling your leadership to guide your organization to sustainable success. Your leader model should methodically develop a strong leadership pipeline by identifying talent with the greatest potential for success, help them develop a focused set of capabilities, and actively manage their performance by measuring and rewarding relevant outcomes.

There are plenty of leadership development models your organization can choose from, but with the many disruptive challenges looming, your company cannot afford to select one that ends up being ineffective. We've seen too many organizations struggle with—and ultimately abandon—leadership models prescribing a lengthy and complex list of requirements that prove too difficult, costly and time consuming to complete.

To be genuinely efficient, agile and help their organization remain relevant in today's dynamic business environment—especially in the oil and gas industry—organizations must ensure that the **right talent is in place to enable it to meet its business needs**. Finding a leadership model that is capable of delivering real, actionable results right now is no easy task.

Only 20% of managers that are identified as high performers successfully advance to higher levels of leadership.[3]

A powerful leader model needs to do 3 key things to enable the industry to achieve a sustainable, lasting state in the Human Age. It must measure **outcomes** defined not only in financial terms but also consider the metrics that measure the impact on human motivation. The best models will also identify and assess the inherent **enablers** of high-potential leaders, which can then be used to capitalize upon and the **capabilities** that matter most to delivering the desired outcomes with laser-focused precision.

Effective Leadership Outcomes: Talent is the most valuable asset in business today and leadership performance metrics must expand to recognize this new reality. Measuring a leader's impact on talent-focused outcomes—such as helping employees realize their potential, grow their careers and contribute meaningfully to the organization—is just as critical as evaluating financial metrics.

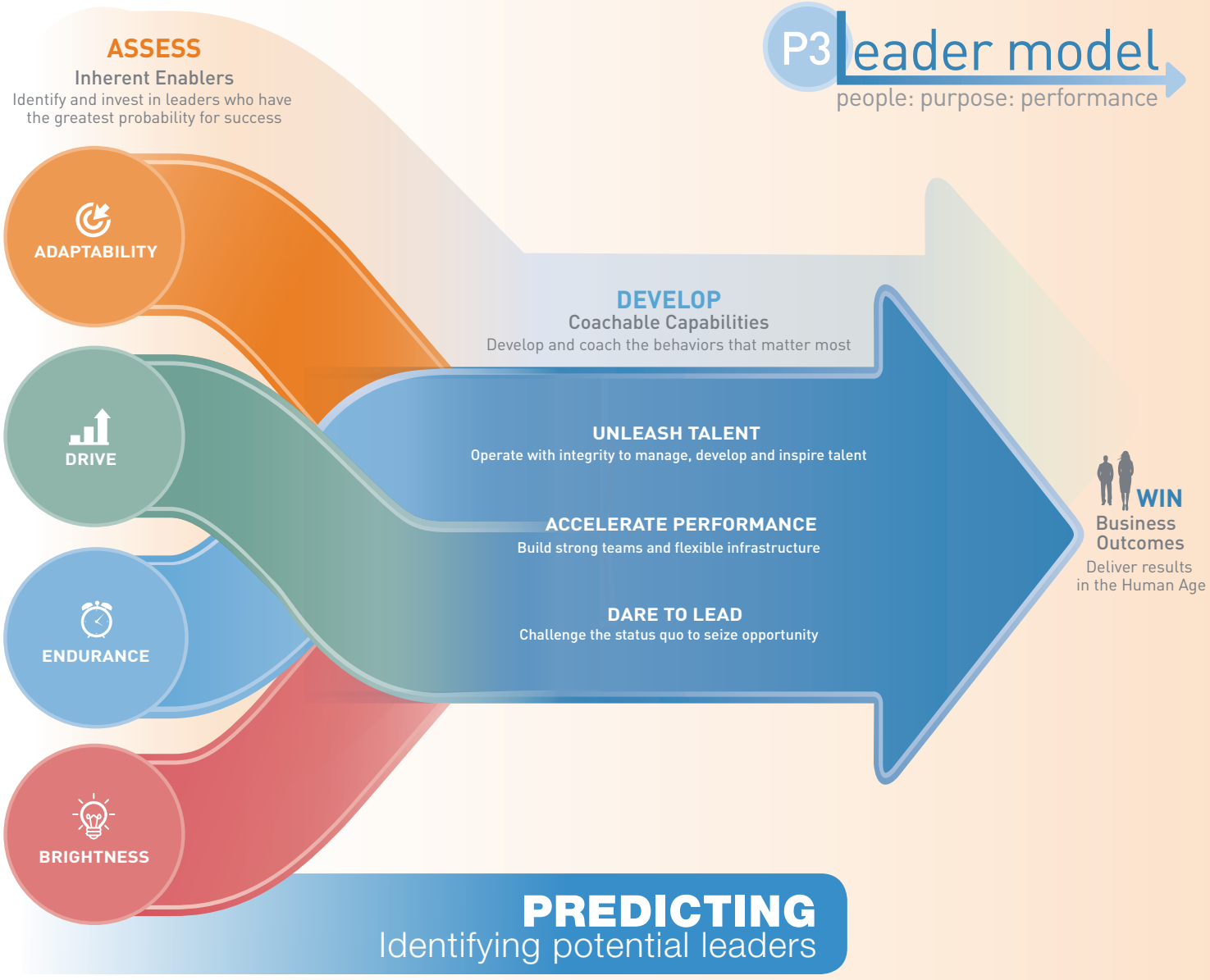
Effective Leadership Enablers: Assessing talent against inherent personal attributes is a critical step in the methodology. To the extent that these enablers are part of an individual's makeup, he or she has greater potential to thrive in leadership roles, given appropriate development and support.

Effective Leadership Capabilities: Nurturing a narrow set of leadership capabilities will help organizations focus their developmental resources and money on the areas most likely to provide the greatest return in organizational performance.

High demand talent today is intent on building a "career for me" versus a "career for life" which requires a new type of leadership. Leaders today need to think beyond traditional business performance metrics and work equally hard towards achieving talent-driven objectives. By taking a fresh look at the inherent personal attributes (enablers) and coachable leadership skills (capabilities), your leadership will be strategically equipped to be agile, adaptive, creative and overall, far more effective in the new world of work.

You need to give your organization an efficient and streamlined system that guides the selection and development of leaders, while simultaneously building a framework to measure their impact on individual employees and the organization as a whole.

[3] How to Unleash the High Potential Talent in you Organization, Right Management 2014


P3 leader model
people: purpose: performance
ASSESS
Inherent Enablers
Identify and invest in leaders who have the greatest probability for success
ADAPTABILITY
DRIVE
ENDURANCE
BRIGHTNESS
DEVELOP
Coachable Capabilities
Develop and coach the behaviors that matter most
UNLEASH TALENT
Operate with integrity to manage, develop and inspire talent
ACCELERATE PERFORMANCE
Build strong teams and flexible infrastructure
DARE TO LEAD
Challenge the status quo to seize opportunity
WIN
Business Outcomes
Deliver results in the Human Age
PREDICTING
Identifying potential leaders
DEVELOPING
Invest in their growth
MEASURE
Track your leaders progress

Good Leaders Are Born — The Best Leaders Are Made

Navigating Into Calmer Waters

Prevailing in the age of certain uncertainty is not going to be easy or fast. Oil and gas companies that are not prepared or unwilling to change are going to bear the brunt of these coming disruptions. Fierce pressure is already impacting the industry's competitive advantage in the markets for both oil and talent. Most companies are working under the impression that this incredibly disruptive and unstable work atmosphere is the new normal. **Everyone agrees that the industry isn't likely to bounce back for another 5 years or more. Most plan on longer**.

Despite the current—and temporary—surplus of oil and gas workers due to recent layoffs, companies still report that they are aggressively searching for key talent to fill vital positions. This talent shortage combined with today's technology-empowered workforce has created an increasingly competitive global demand for exceptionally skilled labor. These high-value individuals have greater individual choice with the freedom to set the terms of their employment and choose where, when and how they want to work.

Today's top performing leadership are being rewarded for their agility in decision making, entrepreneurialism, and prudent risk taking. **Securing and implementing a leadership model designed to prepare your company's leaders for the new world of work while delivering measurable outcomes is vital**. Empowering your leaders with the skillsets necessary to develop, integrate and effectively achieve agility within and across the oil and gas industry—and your organization—will determine success or failure in the Human Age.

By investing in your leadership, you're not only ensuring the stability of your business, but you're positively engaging with the new generation while improving the lives, skills and talents of those who will train them. This mutually beneficial alliance is what the new workforce demands. A leadership model that enables leaders to unleash talent both in themselves AND within your organization's workforce is precisely what oil and gas companies need to get back in control.

The oil and gas industry needs to be asking questions about these complex problems. Requiring a multi-tiered investment in solutions across a long span of time, the most important question to ask yourself is this: **"Are your leaders prepared to successfully lead your organization into the new 21st Century world of work and mitigate the impact of today's seemingly endless market volatility?"**

About Right Management

Right Management is the global career and talent development expert within ManpowerGroup®. We help organizations become more agile, attractive and innovative by creating a culture of career management and learning that nurtures future talent, motivates and engages people, and provides individuals with opportunities to increase their value throughout their careers. We improve time to value through our expertise in organizational effectiveness, career management and individual development. Our approach is centered on the fact that organizations thrive when individuals are successful in their careers. We've spent the last 35+ years identifying workforce challenges and developing innovative solutions, enabling our globally informed methods to be time-tested across more than 50 countries.

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