FUTURE WORKFORCE
FINDING EXCELLENCE IN THE NEW TALENT ECOSYSTEM

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Apple co-founder Steve Jobs wasn’t talking specifically about the future of oil and gas when he said, “Be a yardstick of quality. Some people aren’t used to an environment where excellence is expected.” But his words of advice ring true today in this fast-changing workforce.

As the industry emerges from a painful downturn, analysts are looking ahead to see what’s next, how companies can thrive (or even survive) in a new lean environment, and who’ll drive their companies forward.

The New Contingent Workforce

As always, people will be at the forefront of the future of oil and gas, but the talent market will be substantially different. Increasingly, temporary workers will gain ground on permanent employees and possibly even surpass them in some fields in the next five to 10 years as companies seek cost savings, and the new generation looks for greater flexibility and mobility.

**Future Workforce:** A completely new, fluid talent ecosystem that will see a dramatic increase in temporary workers and will require HR to focus on excellent workforce strategy, planning and outcomes.
Mercer has identified seven drivers for positive disruption in oil and gas — including the subject of this article — with both short- and long-term implications and opportunities for enhancing performance across the entire value chain. The platform and drivers, listed below, were derived by Mercer Energy experts engaging in strategic conversations with business and HR leaders around the world; by thoroughly examining more than 2,000 Mercer Energy projects with oil and gas clients across the value chain; by reexamining data, benchmarks and global workforce forecasts; and by vetting the findings and observations with thought leaders across the industry. For more, go to www.mercer.com/energy.
In the new talent ecosystem, expect the mantra to shift from "attract, engage, retain" to "connect, engage, deliver." Talent sourcing will fundamentally change as the organization shifts to "just-in-time" jobs in which short-term, fast-developing projects will require the organization to rapidly acquire temporary talent, ensure they quickly add value, release them at the conclusion of projects, and move on to the next need.

Why the shift? In addition to the changing desires of younger workers, organizations and the industry are changing. Increased digitization is reducing the number of jobs on-site and mobilizing workers. Automation and robotics are making some jobs expendable and are creating new temporary opportunities, such as for those who repair this new futuristic equipment.
How to Build A Future Workforce

1. It Starts with Excellence.
   Every company should first have a solid foundation on which to build. This includes a steady employment brand, a corporate culture that engages permanent and transient workers, and the right cost-benefit mix of pay and benefits for this diverse workforce.

2. Build a Business Case.
   A company cannot manage talent if it doesn’t know where the industry or its own company is heading. Understand the business case for today and build a business case that will work for you well into the future.

   Excellence in developing and implementing a workforce strategy and plan will prepare a company for a number of contingencies, including shifting talent needs, supply and demand; market conditions; commodity prices; and other unknowns.

   Internal and external labor market analyses will help forecast supply and demand of talent, needed skills, costs and more.

   Workforce strategy will help identify business capabilities by business units and functions not only today, but five, 10 and 20 years down the road. With modernization, an organization must ask and answer trade-offs between people and machines, different skill requirements and training needs.

Shared Contingent Employment Center?

Could oil and gas share an employment hub for temporary workers? If any industry could, it would be this one. Here’s how it could help companies save time and money on sourcing contract workers:

- Individual companies would post short-term job openings at the center’s online portal.
- People could apply to the company, or the center could act as a clearing house based on company needs and applicant skills.
- The company would review people’s skills and pay requirements.
- The center, funded by placement bonuses, would collect information on the performance and skills of every individual.
- Results could include reduced recruiting time for HR, standardized pay and benefits, and an increase in HR departments spending more time on strategy and less on recruitment.
- Potential downsides include sharing valuable talent information and losing the best people to competitors.
Workforce planning will use analytics to conduct talent trends research, something in which this industry is somewhat deficient. HR should find answers to key questions, such as why do people change jobs? How long do they stay? Why do they leave?

Performance measures and engagement will change with a growing temporary workforce. The contract worker will have a unique, short-term-focused value proposition, but must also contribute to the firm’s long-term interests. The clearer that all positions are formulated and designed, the easier it is for individuals to understand their role, contributions and expectations.

4. Know Your Workforce. Many organizations do not really know their workforce — that is, they probably know how many people they have, what drives them in general, what benefits they like as a group, and so on. But unless they conduct a deep analysis into what benefits drive certain behaviors, what supply and demand will be available in the future, how individuals and segments react to various employee value proposition options, then employers won’t attract, motivate and retain the best talent.

5. Act on the Future, Today. Oil and gas traditionally has waited for something to happen before taking action. This time, companies must be proactive. Right now, most companies are coming out of a serious downturn, with depleted staff, and are poised for growth. Take the time today to prepare the organization for the future workforce; it’ll be easier to create a flexible foundation now than to react when growth hits.

This advice holds true across industries. For example, an executive of a software giant recently confided in us that her company was looking to relocate to a region with a more promising supply of software engineers — not later this year, in five years, or even 10 years from now. Her proactive company is investigating the future talent supply and demand 15 to 20 years down the road.

PREPARE WORKFORCES FOR THE DIGITAL ERA

New technology and consumer preferences are giving rise to new ways for organizations to create value. Traditional value chains are being disrupted by digital technologies. Value will migrate to the businesses that can offer the fastest, most personalized and most intelligent services. The question then arises: Is the current workforce ready to deliver on this new promise? Mercer and Oliver Wyman have joined forces to help organizations prepare their workforces for the digital era. Our Workforce for the Future platform offers smarter workforce strategies to help companies realize the opportunities of the digital revolution. To learn more about Workforce for the Future, visit Mercer’s website at https://www.mercer.com/our-thinking/career/delivering-the-workforce-for-the-future.html or Oliver Wyman’s website at http://www.oliverwyman.com/workforce-for-the-future.
Oil and gas companies have encountered their share of bad news the past few years, but there's a world of opportunity in the latest talent trends, including a move to a contingent workforce, that can create a mutually beneficial agreement between workers and companies.

If your company is moving in this direction — or expects a different trend and strategy — let us know your thoughts. Contact us at konrad.deiters@mercer.com or phil.barnett@mercer.com.

**Konrad Deiters**, a partner with Mercer, serves as the Global Career Consulting Leader in the Multinational Consulting Group. He has more than 13 years of experience in HR consulting, working with major companies around the globe on emerging issues from workforce, HR and employee perspectives.

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