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# Taking The Plunge: Recruiting In The Energy Sector

by Pablo del Amo Serrano

**W**hile the war for talent has abated in many sectors due to the economic recession in various major world markets, the energy sector is an exception. This sector currently suffers from a shortage of qualified mid-level executives, which will have a significant impact on top executive talent in this sector in the near future.

This is particularly worrisome taking into account that the energy sector is more technologically dependent than ever.

## LOOKING FOR OIL

The Oil industry, in particular, is undergoing profound technological changes as it has to adapt to enormous water depths for the exploration and production of newly discovered, and to be discovered, deep-water fields. It has to use increasingly more sophisticated seismic techniques - Full Azimuth Reservoir Illumination and coil-shooting techniques - to map with accuracy of these new deep-water reservoirs. This is added to the extremely complex mathematical interpretation of that data once collected, making a properly trained workforce essential.

This is not the first time a serious talent shortage takes place in this industry, as the problem seems to be recurrent and closely tied to oil and energy prices.

Low energy prices during the 90s forced companies to downsize their work

force, and consequently universities and technological institutes experienced a drop in enrollment. This, coupled with the fact that other industries were in full expansion (i.e. the technology sector) and therefore paying higher salaries, helps explain why today there is a shortage of talent in the energy sector. As the demand continues to outstrip the supply, salaries, bonuses and benefits have improved dramatically as a means of retaining and attracting a highly qualified work force.

## RENEWING ENERGY SOURCES

In similar terms, the renewable energy sector is expecting a future of exponential growth and an elevated need for talent, but is facing real challenges in terms of recruiting adequately trained staff. This sector will only flourish by adopting a long-term vision for recruiting, retraining and retaining key professionals.

With wind power, solar power, nuclear energy, wave power and many other emerging new technologies coming into the equation, it is widely recognized that the renewable sector is currently suffering, and will continue to face, a skills shortage that directly affects its potential for growth.

## CREATING A GLOBAL WORKFORCE

Unfortunately, there is no magic short-term formula. But there is a lesson to learn for the future: because this sector's

volatility is so closely linked to the overall economic and industrial climate, this phenomenon will occur again. Consequently, since the energy sector is a global business, it should have a global workforce.

While this fact might seem obvious, there are very few companies that know how to produce a truly global workforce. The proof is that very few executives in the major energy and oil companies around the world are from developing countries - where most of the production takes place and where complex negotiations with governments that greatly affect the success of the business, occur.

Companies in the energy sector are increasingly recruiting more of their workforce from the developing countries where they operate, but the training and internal promotion of this workforce is clearly lacking; therefore, they contribute to increasing the talent pool, especially at the mid- and top executive levels.

These developing countries produce large quantities of highly qualified engineers who are less sensitive to the volatility in energy prices and fluctuations in the sector, simply because in these countries there tends to be much less cross-sector opportunities than in other sectors, such as technology, that easily draw from the same talent pool in more developed economies.

We must not forget George Bernard Shaw's famous words: "The reasonable man adapts to the conditions that surround him...the unreasonable man adapts surrounding conditions to himself... all progress depends on the unreasonable man" (and woman).

Few companies have successfully implemented a global recruitment and professional development approach. However, one of the exceptions is the oil service giant Schlumberger Limited (SLB), who has been hiring people from the local markets in which it operates for many years, envisioning their long-term development with the company. By moving these people out of their respective countries (and with the intention of eventually returning them back to their home countries at some point in their careers), Schlumberger has achieved a unique company culture which pays high dividends in the long-run. This technique has its costs, but it has also proven to achieve exceptional results, among them a high ROI.

Companies, in many cases, should start the implementation of a global approach by changing the composition of their Boards of Directors, that more often than not, are composed entirely by Europeans and North Americans, regardless of the primary geographic areas in which these companies operate.

However, simply recruiting diverse nationalities is not enough. The challenge is to produce a diverse company culture, and this is not possible if management is all cut from the same cloth.

#### WHAT LIES AHEAD?

The challenge for executive search firms is to find those resources now. Obviously only those firms with a truly global reach in all the major geographic areas can find the appropriate talent, but more importantly, can help their clients prepare themselves for the challenges that are emerging.

The complexities that executive talent faces, especially within the energy sector, requires the aid of executive search



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consultants with proven expertise in the field, and those search firms that have top rated consultants will prove essential for successful searches when oil and other energy related companies knock at the door for talent. Areas like reservoir mapping, trace inversion, risk portfolio management, MWD (measurements while drilling), carbon capture expertise, all in the upstream area, and hydro-cracking and catalytic experts in the down stream, solar panels, photovoltaic experts, etc... all require a deep understanding of how this industry operates, the type of technology that is involved and the type of talent that is required to be able to properly execute these kinds of searches.

Over the last few years a pattern of recruiting executives from industry service companies has emerged. This pattern is partially caused by the talent shortage within and around energy companies, but also by the outsourcing trends imposed in the late 90's and the integrated contracts in which most industry service companies operated, facilitating a more global understanding of the industry compared to a more focused one that was perceived in the past.

Unfortunately, this also means that some energy companies will start to see more senior level executives without the background and experience that these

higher ranking positions have been accustomed to in the past.

Hopefully this will gradually change since the energy sector is now commanding high salaries, attracting highly qualified talent and motivating universities and technological institutes to graduate more students with these specialties.

The cycles of recessions have taught us that those who slash investment in recruitment are left with an aging workforce dictating the market and the conditions of employment, commanding high salaries, and often on a contract basis. This has bred a culture where young, talented engineers chase short-term high-value contract roles, which has cost the oil and gas sector dearly, and is a lesson from which the renewable sector should learn.

*Pablo del Amo Serrano, Partner responsible for the Energy and Natural Resources practice at Bao & Partners/Signium International in Madrid, Spain, has experience in emblematic companies of the energy and natural resources sectors. He has more than 30 years of experience in both technical and management positions in the Natural Resources and Energy sectors in Latin America, the United States, Europe, Africa and Asia, with a special focus on Human Resources. Most recently before joining Bao & Partners/Signium International, he was the Executive VP Human Capital Worldwide at Checkpoint Systems Inc, responsible for global corporate cultural transition. Previously he has worked as VP International Relations and HR Worldwide at YPF S.A (Argentina), and in various executive positions for companies such as Maxus Energy Corporation (USA), Schlumberger Limited, (USA, Indonesia, Mexico, Argentina, France, UK, South Africa). He was also the Managing Partner for the Energy sector at Heidrick & Struggles in Madrid. Pablo speaks Spanish, English, Catalan and French.*

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