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Can we address the shortage of oilfield mechanics and improve retention of the ones we have?

By PRESTON INGALLS
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Today, most oil and gas operations seem to be poaching each other's maintenance labor because of the critical industry-wide shortages. However, this bidding war is creating inflationary cost. Oil and gas exploration and production costs are 53 percent higher than two years ago (labor cost is a big contributor), according to an index developed by Cambridge Energy Research Associates.

Chris Majusiak, operations supervisor for California-based oil and gas producer Aera Energy, the recipient of the 2002 and 2004 North American Maintenance Excellence (NAME) Award, provides some insight. Chris, who has spent most of his 20-plus year career supervising maintenance at Shell and Aera Energy states, "With the complex mechanical pumps and compressors used in today's processes, lack of qualified technical support is going to impact our ability to maintain high availability and high reliability. There is not enough training in the younger ranks. There is

no apprentice or mentoring program. There is a real problem supporting all of our process equipment."

He goes on to suggest, "We need to develop a training and apprenticeship program that includes mentoring by an experienced craftsman. We also need to develop pay incentives that are skill and performance-based. Another suggestion is to consider partnering with a local college to develop a technical course that new mechanics can be put through."

Tony Foskey, chief operating officer for Tampa-based Technology Transfer Services, a major training design and delivery firm for the oil and gas industry, reflects on the issue. "In my opinion, the major drawback to this shortage is a bidding war for qualified mechanics. The power industry is already experiencing this and the oil and gas industry is showing the same signs." He continues, "Apprenticeship programs have been wiped out. There isn't a clear path for employees to get qualified to operate and maintain equipment in the



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oil industry. Most facilities have poor operating and maintenance procedures and without proper procedures, new technicians will not have the tools necessary to repair or maintain equipment. With retiring workers having all the tribal knowledge in their heads to run the facility, initiating procedures with individual development plans for technician qualification are the key to handling this issue.”

Ben Leman, chairman of AESC’s Human Relations Committee and CEO of Merrimac Manufacturing Inc., a manufacturer of oilfield equipment, says, “There are many obvious drawbacks to having such a tremendous shortfall of mechanics. For instance, there could be extended time periods of idle equipment resulting in less revenue generation. Another challenge is that some employers may choose to utilize unqualified labor to correct mechanical issues just to get up and running. This approach is likely to backfire and result in further worsening the equipment condition or having to fix the same problem twice, thereby creating even more downtime.”

Ben goes on to say, “Some drawbacks are not obvious unless you really think about the lasting consequences. In my business, customer service is a big part of retaining customers over the long term. By not having enough qualified mechanics, the company’s customer service reputation suffers and you could lose customers. Another consequence is the likeliness that preventative maintenance programs will suffer, thereby resulting in shortening the useful life of the equipment and causing more downtime. Although the list is endless, a huge negative brought about by lack

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of labor is the decision by the employer to work the qualified mechanics as much as they can, causing that employee to make mistakes due to excessive work hours. Or worse yet, the employee leaves the company, or industry, for a more reasonable workload.”

Should we be concerned with this current turnover and potential turnover? Absolutely!

With a high demand and low supply environment, your maintenance personnel may head somewhere else. In the August 2008 issue of *Well Servicing* magazine, Lamar Casparis, an economist and CPA, documented the cost of turnover. He illustrates, in detail, how an employee earning \$50,000 per year will easily cost an organization \$70,000 to replace.

Can we address the shortage of oilfield mechanics and improve retention of the ones we have? The answers are yes and yes. So, what can we do to turn the tide? There are at least eight ways to attract newcomers and eight ways to keep current employees.

To attract newcomers:

1) Show the relationship of today’s technology to the mechanic. Increasing use of computers for troubleshooting and analysis taps into the skill that



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“Millennials” (post-Gen X generation) already possess.

2) Try attracting women. Traditionally oilfield mechanics and other skilled trades have attracted few women. This is changing, but not fast enough. Women now make up 48 percent of the workforce and make an excellent recruitment source.

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With a high demand and low supply environment, your maintenance personnel may head somewhere else.

3) Develop high-quality recruitment campaigns in high schools showing the projected shortage and the wage ranges of these positions. Many may be swayed to change their original career choices when they see the attractiveness of job pay offered without the requirement for an expensive four-year degree.

4) Offer training and education to attract Hispanics. For the same reasons of attracting women, Hispanics make up a fast growing segment of the population and can provide a pool to recruit from. This would require Spanish recruitment materials.

5) Establish apprenticeship programs. Apprenticeship programs are often associated with unions but can flourish in a union or non-union organization. It provides a structured “grow your own” method to acquire talent. All states provide assistance in establishing apprenticeship programs and it makes sense to invest in “growing our own.”

6) The industry needs to get out of the box and explore alternatives, but this means increased visibility, cooperation and action. An aggressive effort to pool resources and provide an educational and focused recruitment process could be accomplished by developing a consortium of oil and gas trade associations. There are no less than 60 oil and gas trade associations listed in the 2009 AESC Directory — a great source to form a consortium to work the issue.

7) Resist the constant tendency to cut vocational programs in schools. We need to work closer with schools to encourage the development of programs to produce the next generation of mechanics.

8) Increase the use of operator-performed maintenance using programs such as Total Process Reliability (TPR) or Total Productive Maintenance (TPM). Operators can be trained to perform many of the traditional maintenance tasks and can relieve some pressure on fewer mechanics or technicians.

Now, what can we do to keep the employees we have?

1) Take a look at your hiring practices. How well

do you identify the best match for the job? The most important decision about the right fit is before you hire.

2) Make sure you are paying in the top 10-20 percent if you want to keep them. Just as we look around to find out what other companies are paying for similar jobs, they do too. Although money is not the primary motivator, if I am not really happy at my job, making a move for another dollar an hour looks very attractive. Conduct frequent comp studies of the area to ensure you are paying well. It doesn't take too long for that excellent wage to become a fair wage.

3) Keep them happy. Find out if your folks are happy in their jobs. The Gallop Polling organization developed 12 questions that most reflect the degree of “happiness” a person has with their job (copyrights prevent me from sharing these in a printed publication). Don't find out the hard way with an exit interview that they are unhappy, be proactive.

4) Examine your benefits. Are they competitive or just fair?

5) Are your folks clear on the vision of the company? Do they clearly understand their roles and responsibilities and the linkage to that vision? If not — why not?

6) Provide a robust training program. Training is a top issue with most craftsmen. Ensuring that you spend at least 6 percent of payroll will help close the gap with their competencies but also guarantees you have qualified employees. People want to know you care about their development and growth. I recently heard a manager ask “Why train them for our competition? They are just going to be recruited.” It goes back to the old saying, “What if you train them and they leave...worse, what if you don't and they stay?”

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7) Make sure the rewards are appropriate for the job. Stop rewarding for wrong behavior (overtime for breakdowns); and reward the right behavior (goal attainment, increased uptime, pay-for-skills, pay-for-performance, etc.). Have more pay differentiation between operators and mechanics. Although it requires considerable knowledge and skill to operate a workover rig or drilling rig, it requires even more knowledge of hydraulics, mechanical and electrical systems and theory of operations to be able to troubleshoot and service equipment.

8) Meet with your mechanics. Ask how they are doing. What issues are they facing? Show you care as it can make a real difference in how they perceive the job.

Oilfield labor remains a major issue as we look ahead to the next 10 years. Apathy breeds complacency. We need to do something about this issue — but it starts with you. 🏠

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