Is the future of your workforce ready now?

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The better the question. The better the answer. The better the world works.
Everything about the workplace is changing, and fast, especially for oil and gas companies that face market and skills challenges never before seen. Is your company ready to take advantage of new technologies and fresh strategies to meet tomorrow’s challenges, or will it stay rooted in the past?

What will the future of work look like for companies in the oil and gas industry? What will a highly competitive, industry-leading oil and gas company look like in the year 2025? How will current trends and external influences shape the workforce?

Those may appear to be difficult questions to answer with certainty because the rapid pace of change in global business — driven by technology, demographic shifts and a host of other forces — shows no sign of slowing down.

Each company needs to consider its culture and mission, its workforce and physical facilities, and the way people interact with one another and approach their daily tasks. These elements are core characteristics of the survivors, core components of the future of work and core elements of what EY calls Future Work Now – a holistic approach to guiding your workforce into the future.

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Today, 50% of the companies comprising the Fortune 500 just a decade ago are no longer in existence — succumbing to a wide range of competitive challenges and changes in customer interests and habits. In some cases, those companies simply were swallowed up by stronger, fitter rivals.

One of the prime takeaways from that statistic is that being aware of major trends — and accepting how these tectonic shifts will impact your business — is a necessity in a world where change is unrelenting and opportunistic.

In fact, smart oil and gas companies are already exploring how to turn future human resources and organizational culture challenges into competitive advantages. They are evolving to embrace the future of work, rather than fighting a losing battle against it.

For the oil and gas industry, the future of work is not a thing of tomorrow, but the reality of today.
Historically, oil and gas companies have been slower to react to changes in the business environment, largely because senior managers tend to be older and more traditional minded than they are in some other sectors. The cyclical nature of the commodity market plays a role as well. During a downturn, the focus is on survival; during upswings, companies race to drill and produce as much oil as possible. At most companies, deep-rooted organizational changes take a back seat to near-term needs in both scenarios, knowing that the cycle would soon return. Yet, the industry is changing with new technologies, new market demands and with new methodologies for sourcing fuels.

While the most recent downturn has been difficult for many companies, absorbing the majority of time and attention of senior executives, it has also set the stage for new ideas. Most industry executives recognize that the days of workforce reductions and cost cutting won’t last forever. Attracting innovative thinkers and maintaining a core group of skilled, talented employees who can deliver results in an improved pricing environment are critical to recovery. As a result, many oil and gas companies are seeking new ways to attract, retain and engage workers.

At the same time, a number of powerful external forces are beginning to impact oil and gas companies.

Workspaces are shrinking as businesses seek to drive value from real estate and improve collaboration among employees. In 2012, US companies allotted an average of 200 square feet per employee. Today, those numbers are closer to 150 square feet per person for some workers, and even less – 100 square feet of space – for many others. Many companies today no longer designate specific offices or cubicles for individuals; employees move from space to space on a daily basis as their work needs change. In concert with these trends, traditional 10- and 15-year lease terms are under pressure to become shorter and more flexible, giving companies more freedom to add and reduce square footage, and real estate costs, as needed.

Virtual teams are now the norm, with 50% of the US workforce expected to be contingent workers in the next 10 years, with an increasing number of employees and contractors who work from home. These trends aren’t without downsides – roughly half of US workers are concerned that their job could be replaced by technology, and 79% believe that technology will have a negative impact on work relationships and collaboration.

Meanwhile, senior leaders are increasingly recognizing the value that being a purpose-led organization can deliver. Five out of six executives believe an organization that has a shared purpose will be more successful in transformation efforts. Five out of six executives believe an organization that has a shared purpose will be more successful in transformation efforts.

External forces driving the need for change

Five out of six executives (83%) believe an organization that has a shared purpose will be more successful in transformation efforts.
The seven levers of future work

In our ongoing study of major trends and their potential impact on the future of work, EY has identified seven major elements, or levers, where companies in oil and gas and other industries will need to adapt and evolve.

Each of these levers is important on its own, and companies can benefit from focusing on a single lever for improvement. But they are also connected in various ways, so much so that solving one only highlights its interdependency on another.

For example, a leadership team seeking to crystallize a company’s business purpose and strategy will need to improve its teaming ability, digital leadership and collective purpose levers. A company looking to maximize employee collaboration will see that the teaming ability, real estate, technology experience and mind clarity are intertwined. And a human resources team interested in improving employee development and measuring competencies must focus on digital leadership, collective purpose, performance and rewards, and mind clarity.

Increasingly, companies are merging their corporate agenda with a broader social mandate. What does your company stand for — internally, in the community, and in the oil and gas industry?

The pride in working for major firms years ago often is replaced with the appreciation of working for a company that reflects modern life and work styles. Employees increasingly want the same seamless digital experience at work that they are able to get at home and on personal devices, and they quickly get frustrated when their companies can’t make that happen.

The nature of pay and benefits is changing. Companies need systems and structure to reinforce employee needs and priorities. High pay is no longer sufficient to attract talent. New approaches to driving behavior changes are required.

Organizations today are looking at office space as a value generator, versus merely a cost center. They will need to find new ways to measure the return on the investment of their workspace.
Companies are working aggressively to adapt to these trends in a variety of ways.

The continuing need for innovation is demanding more effective collaboration and teeming. Virtual and network teams will dominate the new landscape. New ways of working, new mindsets and new behaviors around work are required. Individual and team effectiveness hinges on interpersonal and relationship effectiveness.

The competition for talent is driving companies to focus on the employee experience and employee wellness. Employees look to work as a means of growth and fulfillment. Perhaps an oil and gas company should seek opportunities to treat nutrition, fitness, education, etc., as a fuel source.

Companies are trying to identify and train the next generation of leaders for the digital age. As the workforce grows younger, empathy – being able to see the world through others’ eyes and understand their unique perspective – is quickly becoming one of the most critical leadership attributes in oil and gas.

In some ways, the oil and gas industry is ahead of other business sectors in adapting for the future of work. For example, some oil and gas companies have long had flexible work schedules, such as 9/80s, and many others have implemented benefits such as job sharing and employee wellness programs designed to help employees gain personal growth and fulfillment from their jobs.

Still, some of these levers will be new to many companies, at least in terms of the impact on their business strategy. And even forward-thinking companies are not always sure how to proceed, or lack the funds at this point in the business cycle to invest much in new ways of thinking.
Is the future of your workforce ready now?
At EY, we can help companies understand how these seven levers are relevant to their ability to compete effectively, and how they can best approach a strategic, well-thought-out program that helps innovate and inspire individuals, teams and the organization as a whole to adapt and embrace key trends.

Our program, called Future Work Now, begins with an assessment of where a company is today and how that compares with leading companies within the industry and the broader business world. Then, we create a detailed plan to close the biggest gaps and by aligning the planned changes with a company’s business purpose, we can provide great value.

Future Work Now can help companies enhance individual performance through a broad set of improvements that address employees' motivation, behaviors, relationships, roles, rewards, experiences and the overall work environment.

It accelerates team performance through the development of new digital competencies and leadership styles, new team structures and approaches, and digital experiences that augment the new virtual workforce.

And it advances the organization through purpose-driven transformation and strategies, workplace transformation that augments the digital experience and advanced analytics that drive new insights into the company's performance.

Together, these efforts help companies move from simply sustaining their business to creating inspired employees, teams and organizations that innovate and execute in powerful new ways.

For oil and gas companies looking to position themselves properly for an upturn in the price environment, which will require them to be at their best, the time to act is now.
About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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How EY’s Global Oil & Gas Sector can help your business

The oil and gas sector is constantly changing. Increasingly uncertain energy policies, geopolitical complexities, cost management and climate change all present significant challenges. EY’s Global Oil & Gas Sector supports a global network of more than 10,000 oil and gas professionals with extensive experience providing assurance, tax, transaction and advisory services across the upstream, midstream, downstream and oilfield subsectors. The sector team works to anticipate market trends, execute the mobility of our global resources and articulate points of view about relevant sector issues. With our deep sector focus, we can help your organization drive down costs and compete more effectively.

About EY’s People Advisory Services

As the world continues to be impacted by globalization, demographics, technology, innovation and regulation, organizations are under pressure to adapt quickly and build agile people cultures that respond to these disruptive forces. EY People Advisory Services believes a better working world is helping our clients harness their people agenda – the right people, with the right capabilities, in the right place, for the right cost, doing the right things.

We work globally and collaborate to bring you professional teams to address complex issues relating to organization transformation, end-to-end employee lifecycles, effective talent deployment and mobility, gaining value from evolving and virtual workforces, and the changing role of HR in support of business strategy. Our EY professionals ask better questions and work with clients to create holistic, innovative answers that deliver quality results.

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