

*Industry Research undertaken for*

# **Competing in a Consultancy Environment**

*presented at the*

*PESGB New Business Practice Conference*

*London, Tuesday 25<sup>th</sup> October 2005*

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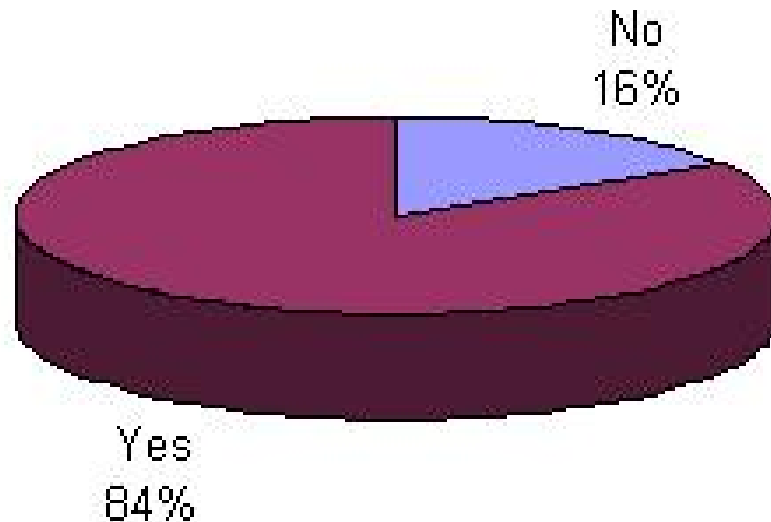
## We thank the following contributors to this research:

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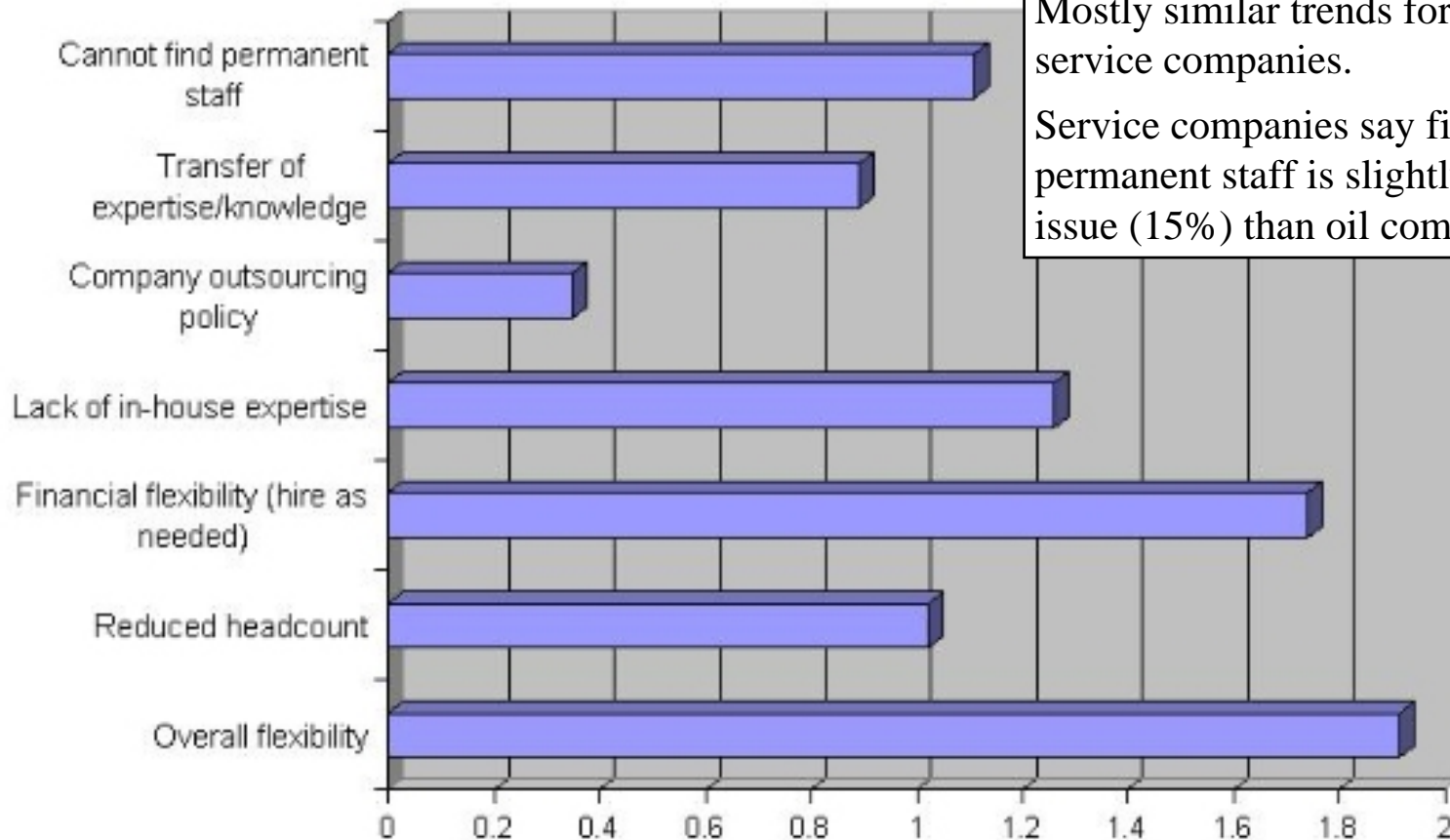


## *Do you hire consultants*

<b>Oil Companies:</b>	<b>94% Yes</b>	<b>6% No</b>
<b>Service Companies</b>	<b>77% Yes</b>	<b>23% No</b>
<b>Combined results:</b>	<b>84% Yes</b>	<b>16% No</b>



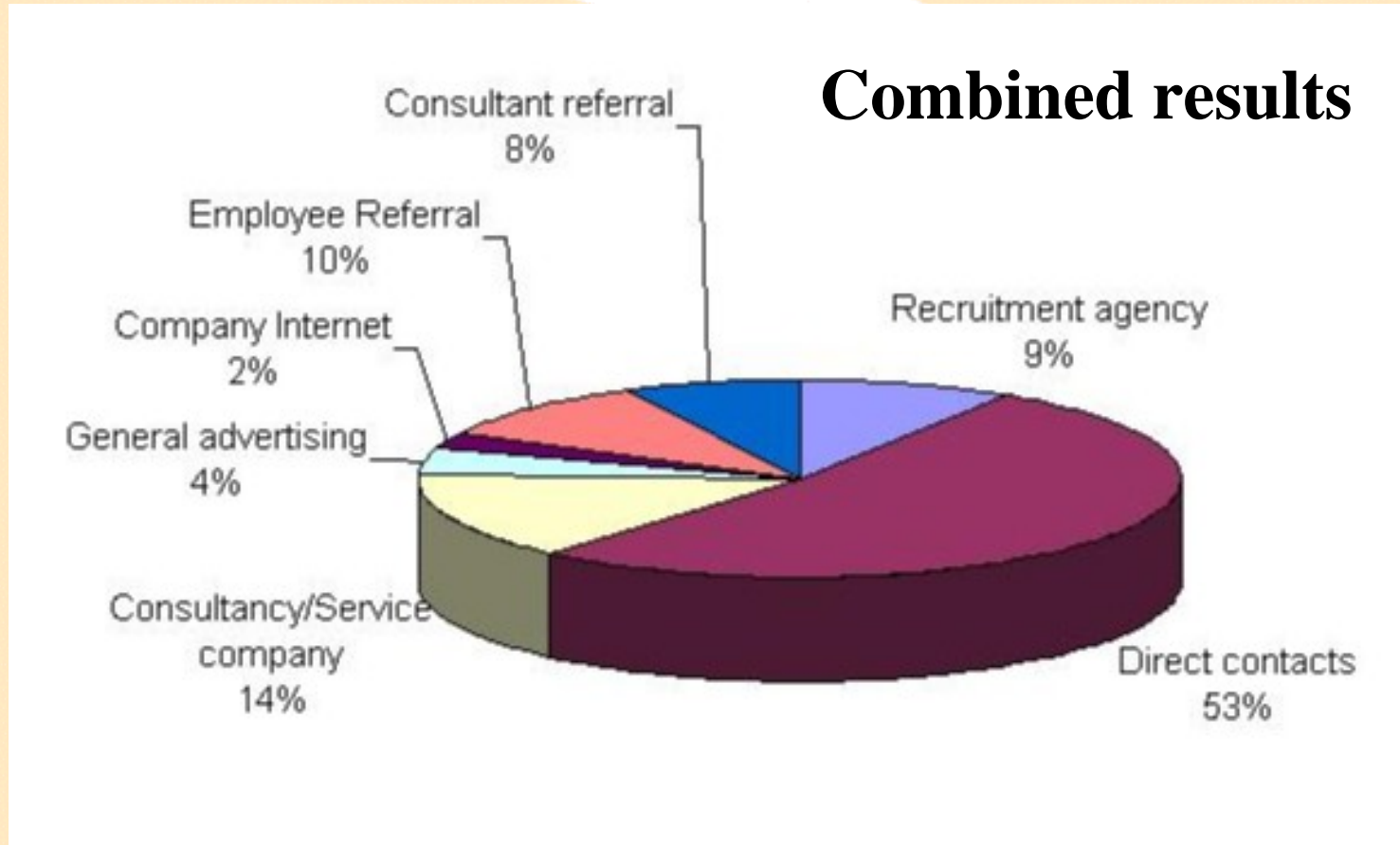
## *Why do you hire consultants ?*



Mostly similar trends for oil and service companies.

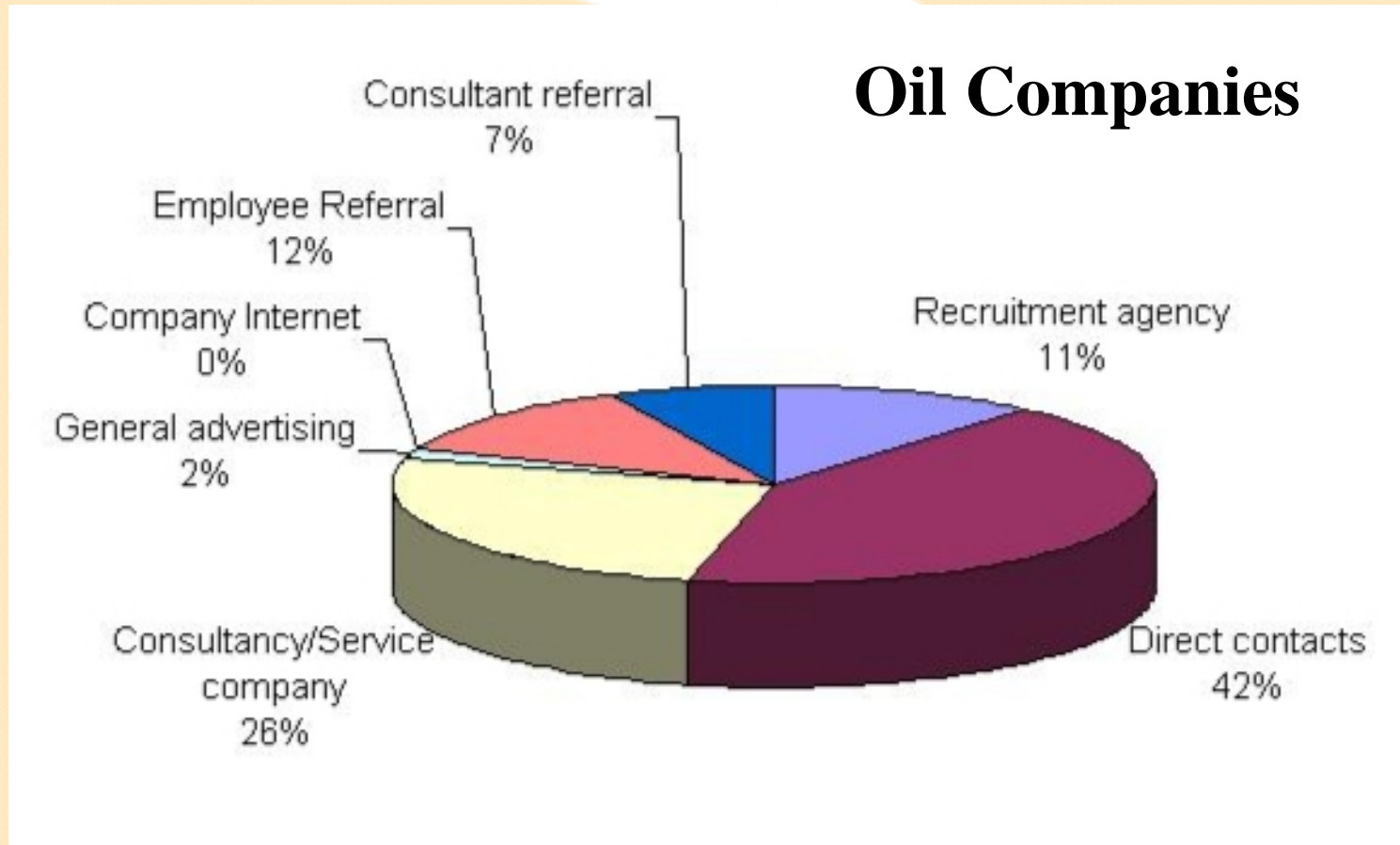
Service companies say finding permanent staff is slightly greater issue (15%) than oil companies (11%).

## *How do you locate/find consultants?*

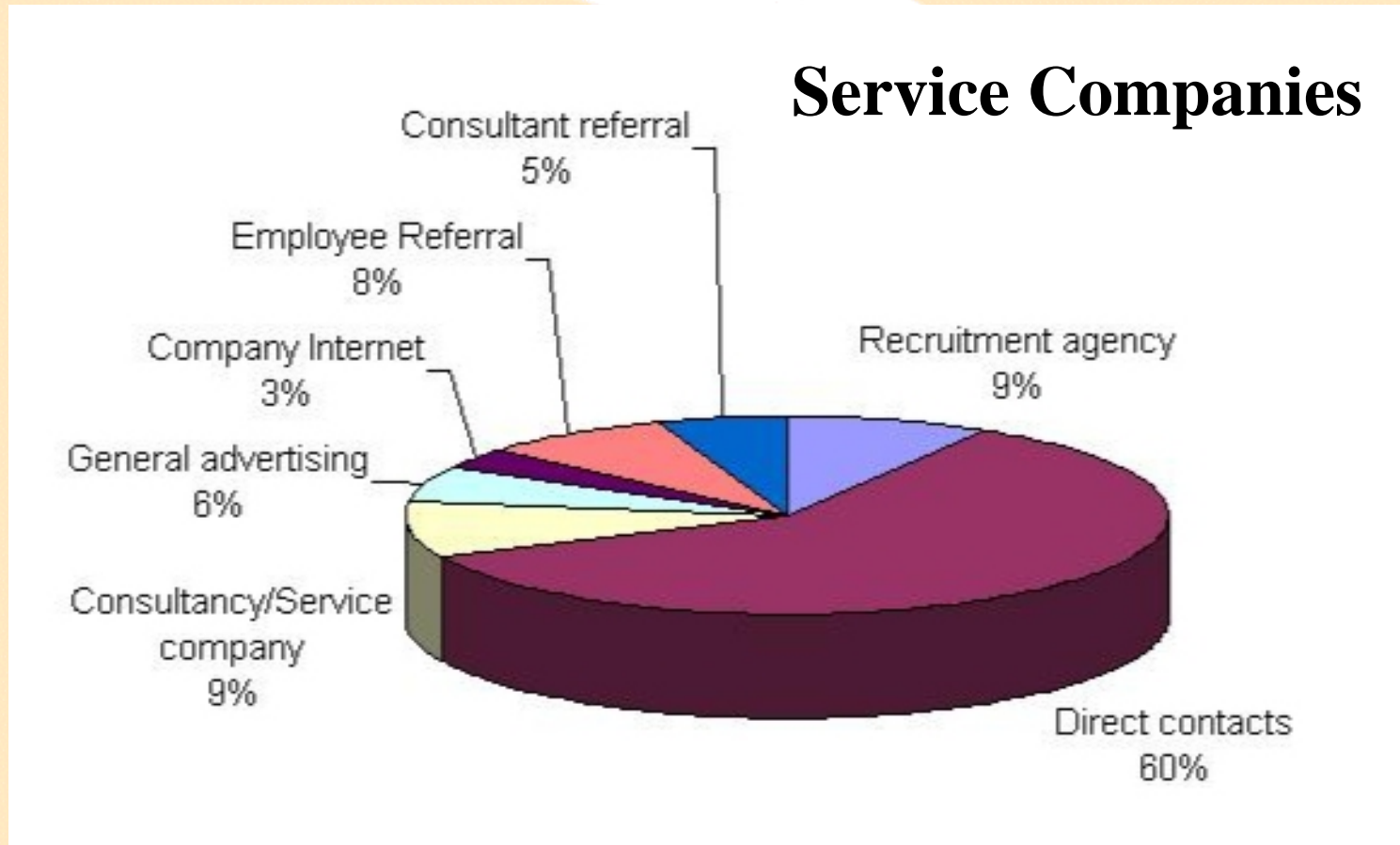




## *How do Oil Companies locate/find consultants?*

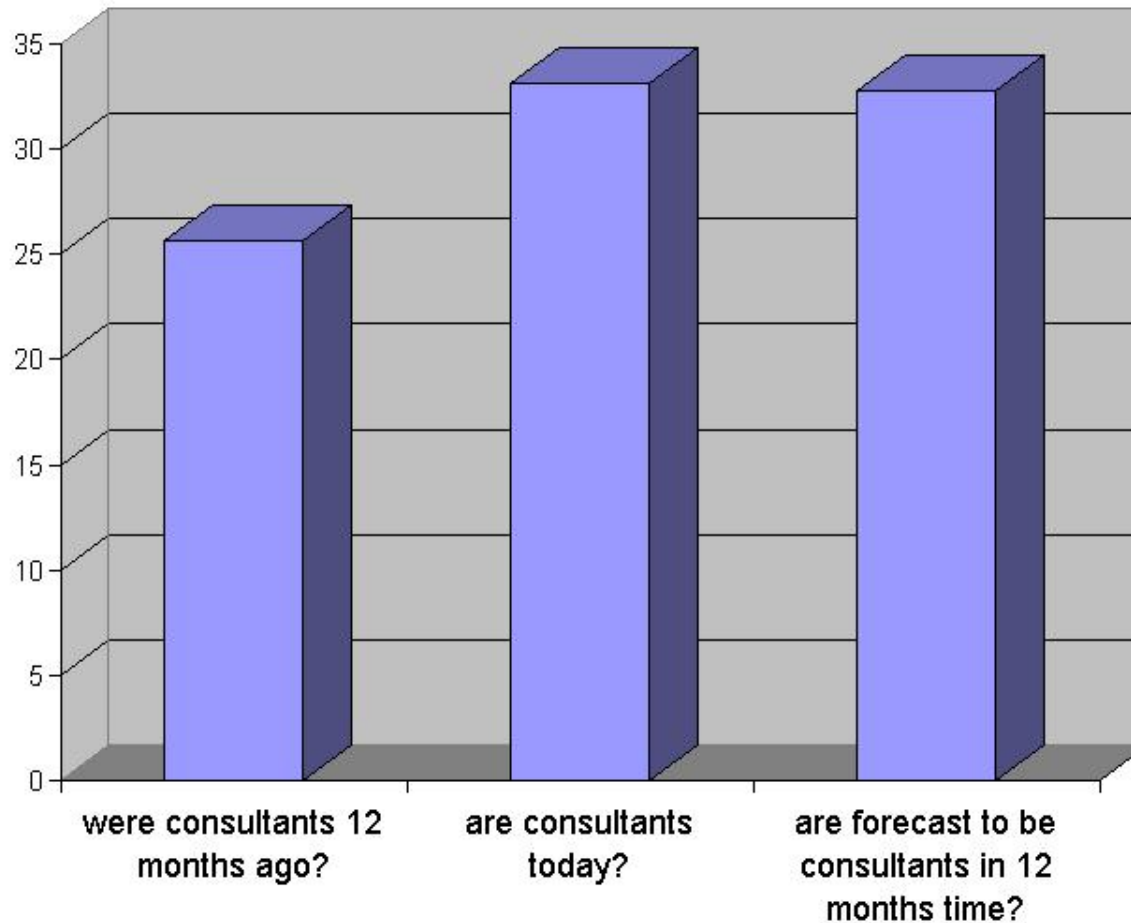


## *How do Service Companies locate/find consultants?*



*What percentage of your UK workforce.....*

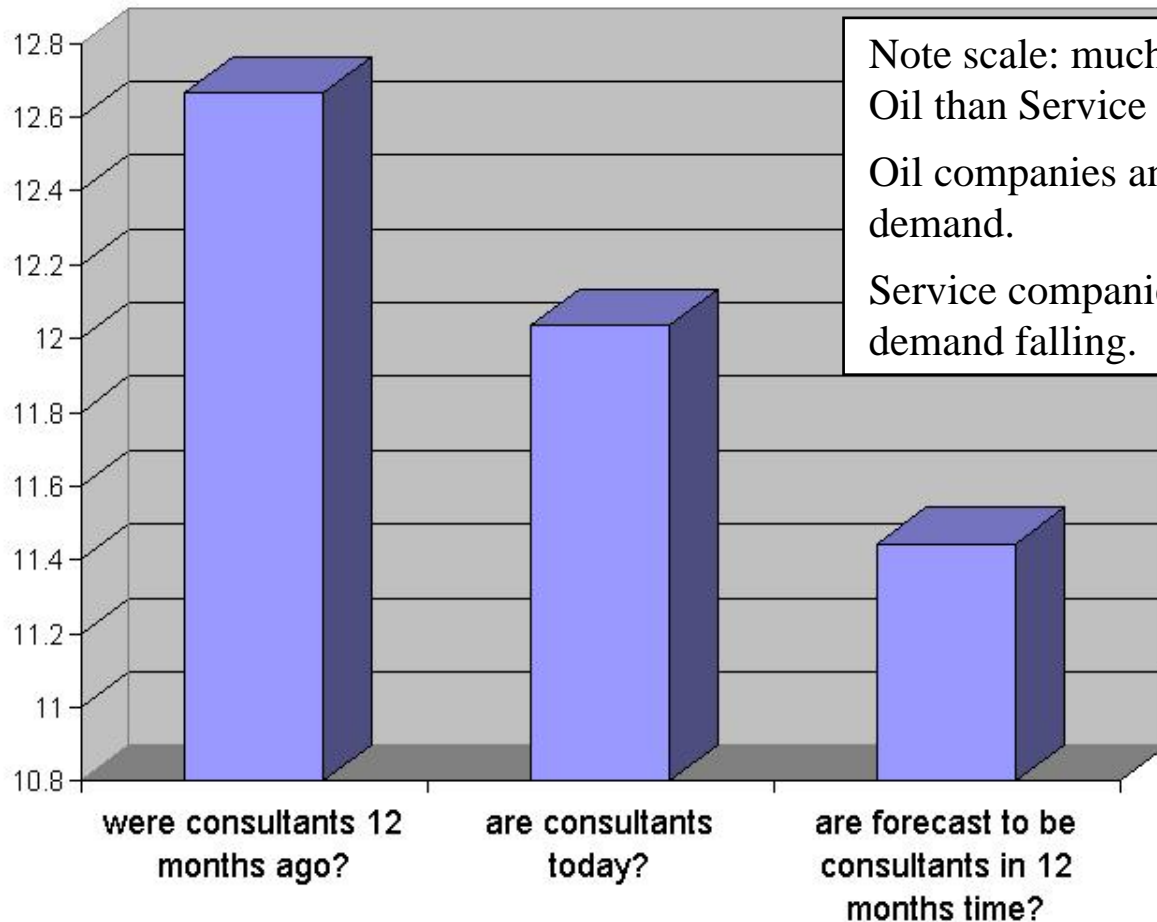
## Oil Companies





## *What percentage of your UK workforce...*

### **Service Companies**

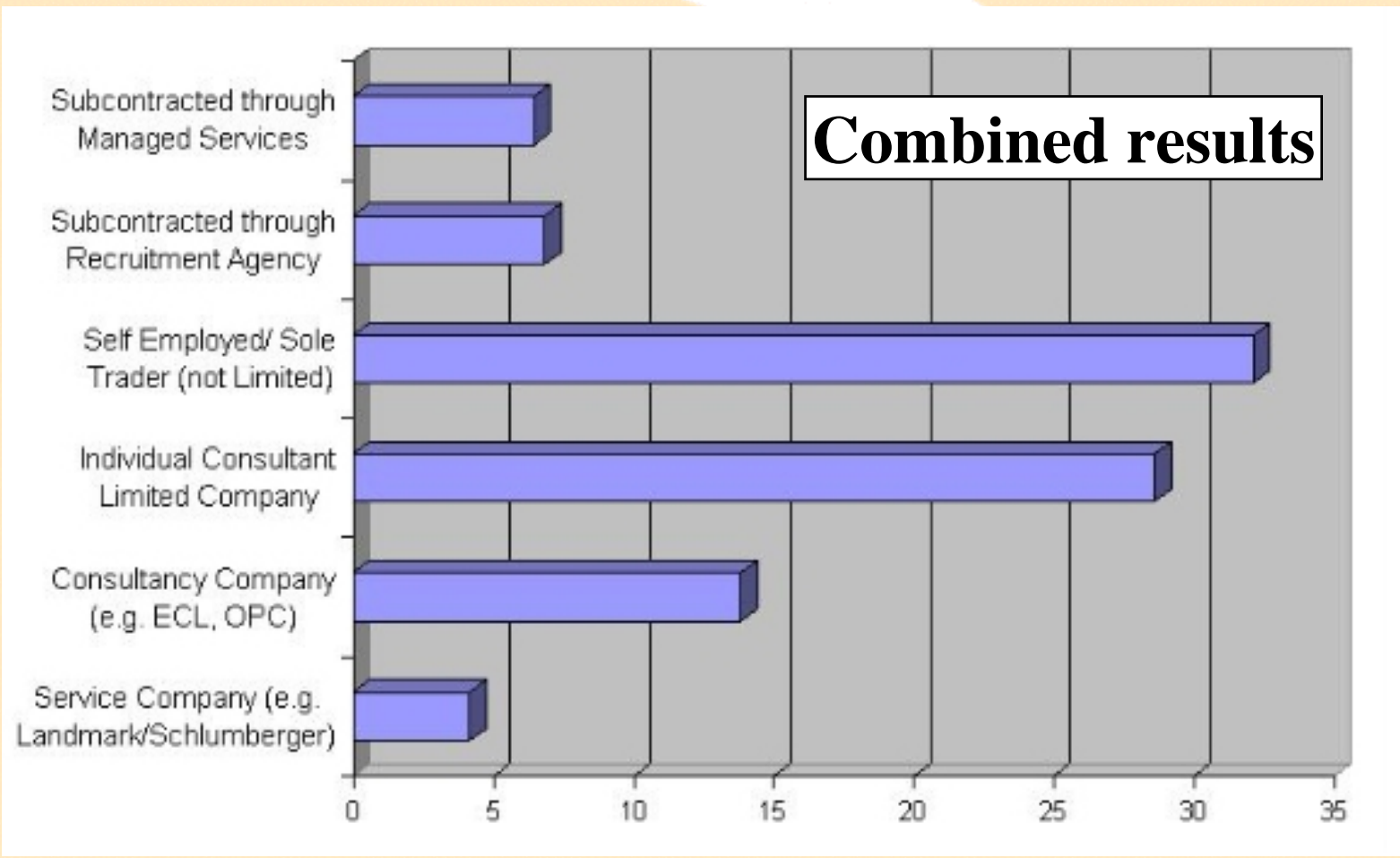


Note scale: much higher overall % in Oil than Service companies.

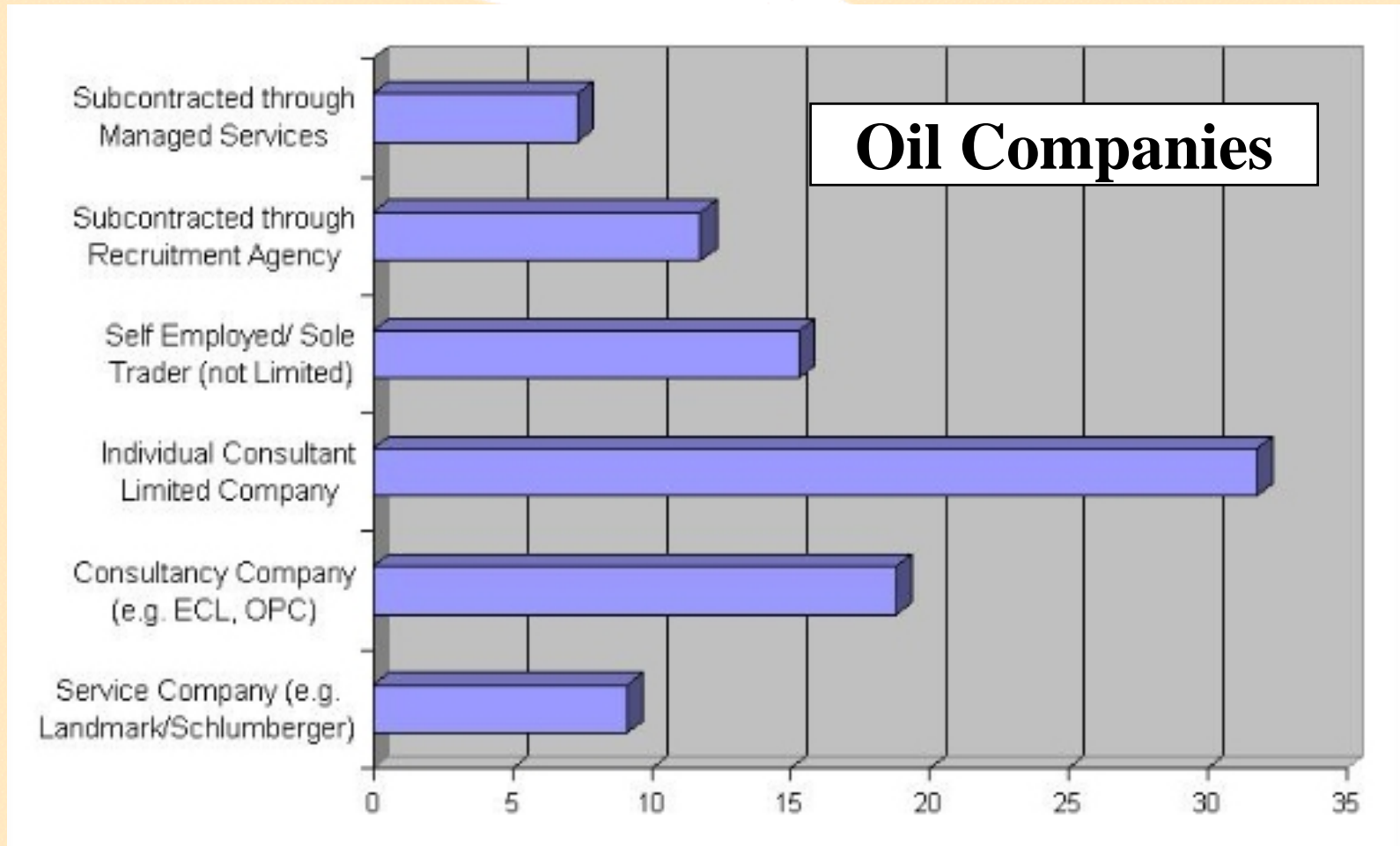
Oil companies anticipate stable demand.

Service companies/contractors see demand falling.

## *How do you contract your consultants?*

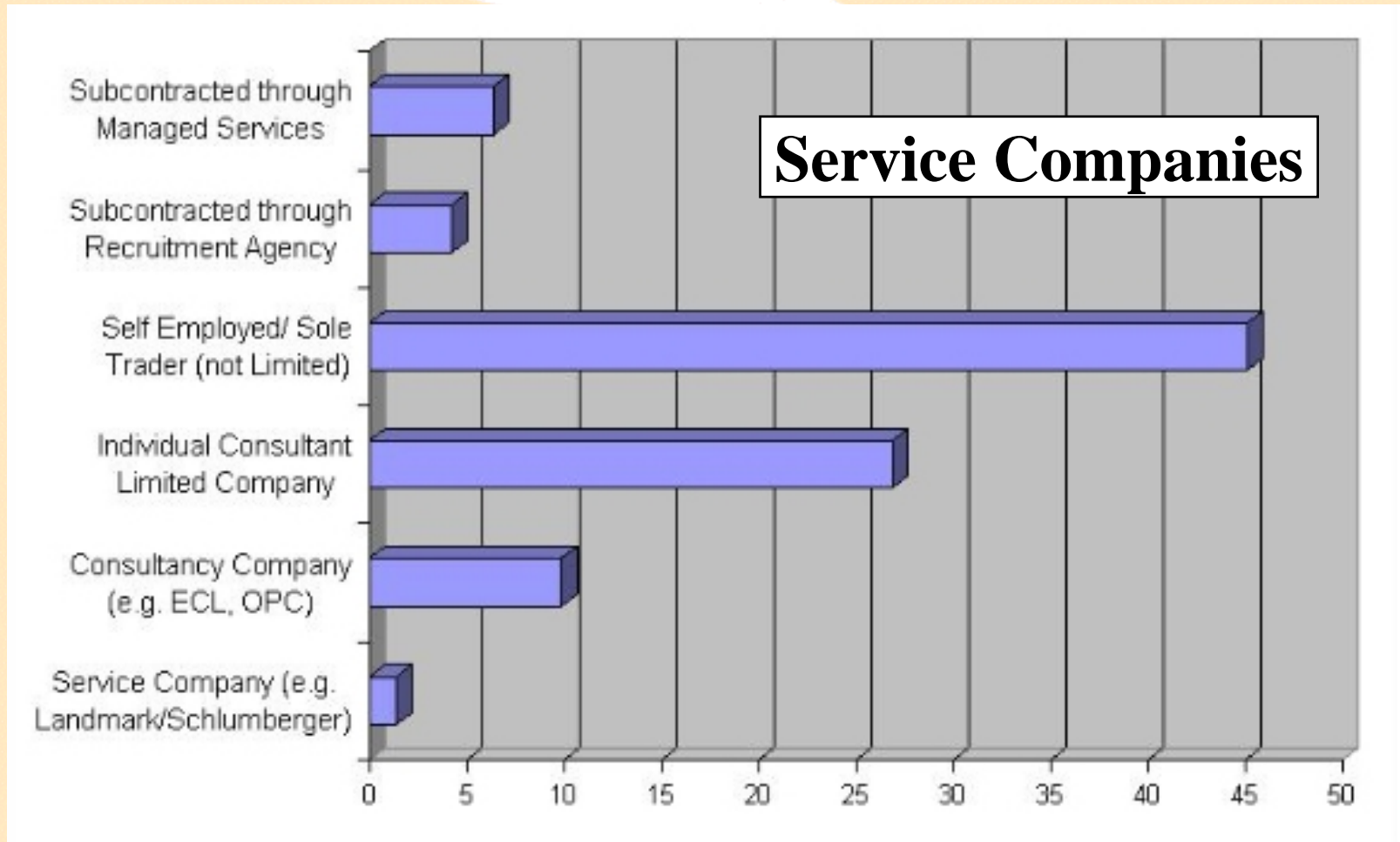


## *How do Oil Companies contract consultants?*





## *How do Service Companies contract consultants?*



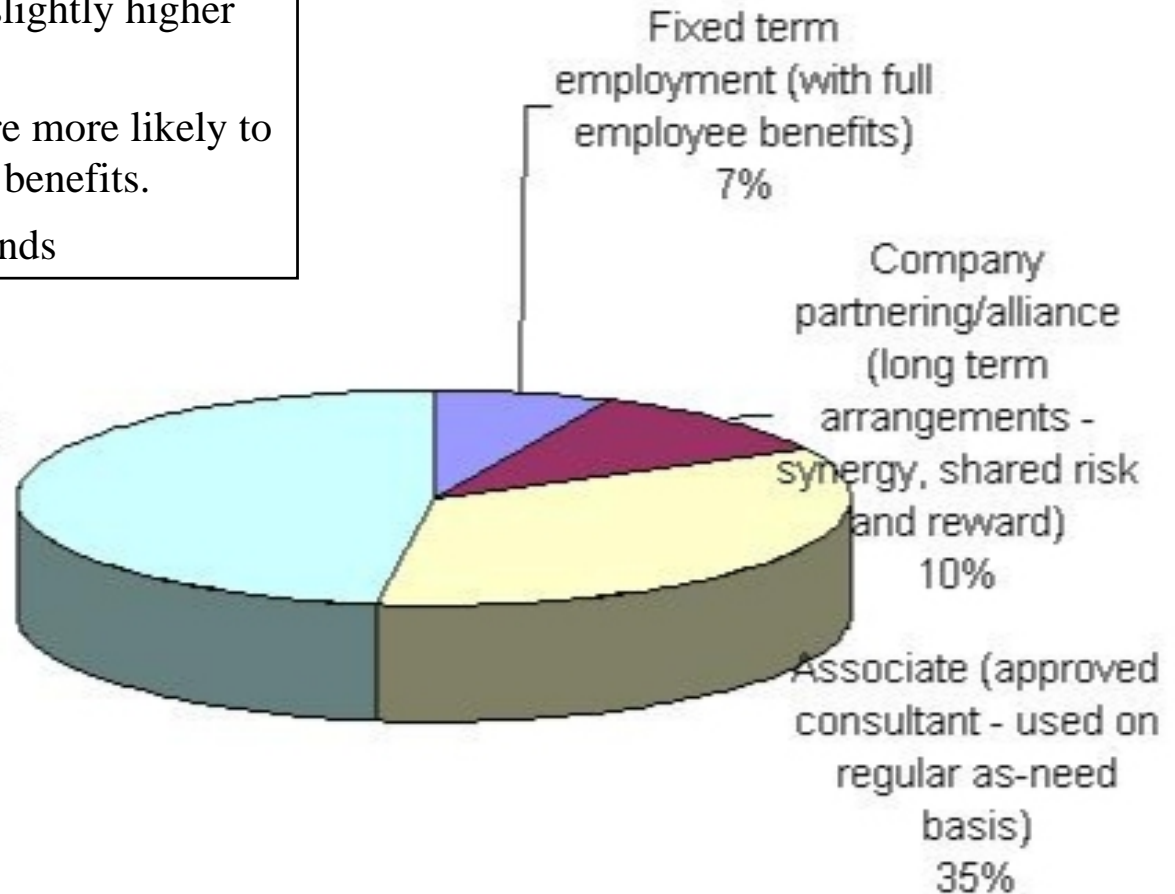
## *What are your contractual relationships with consultants?*

Oil companies have slightly higher partnering/alliances.

Service companies are more likely to offer fixed term with benefits.

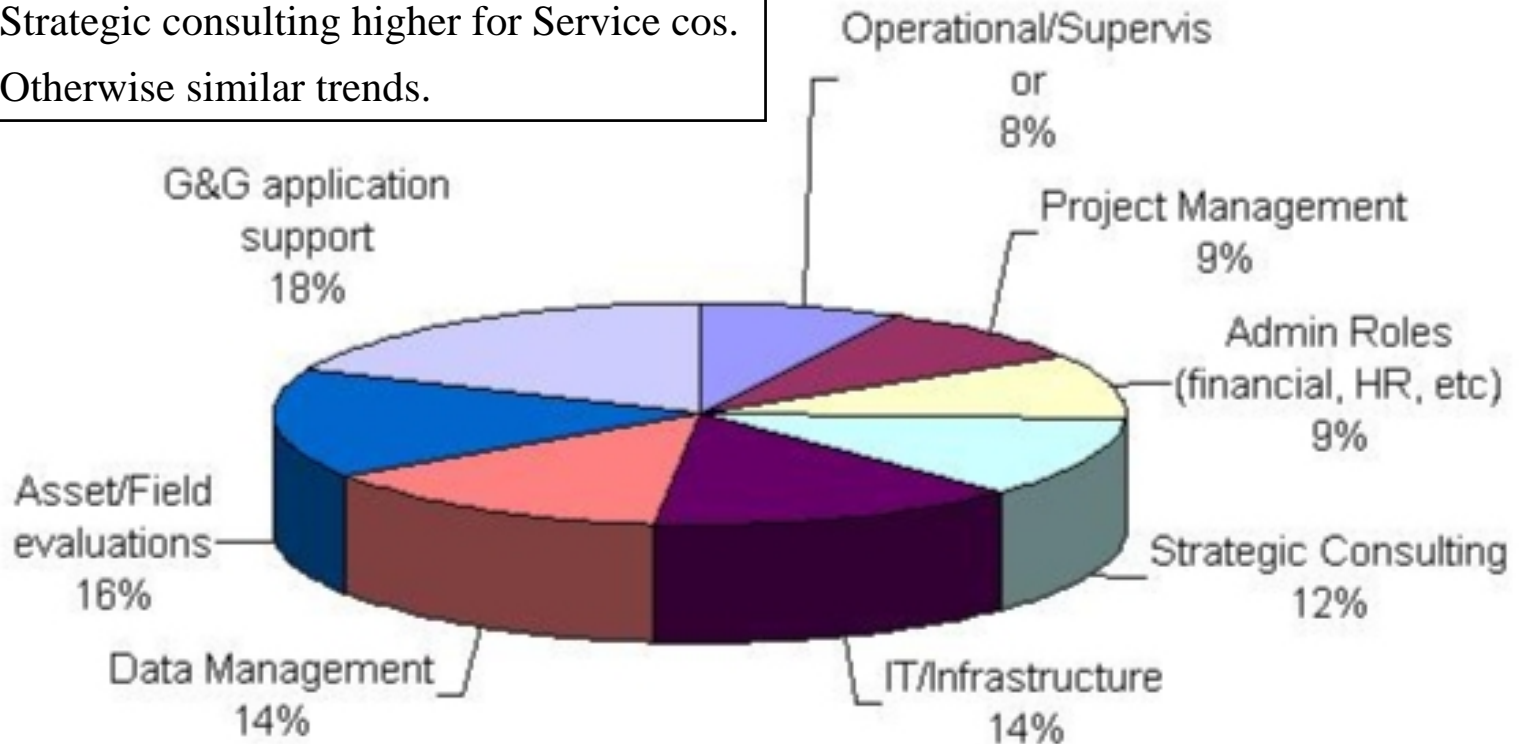
Otherwise similar trends

Provision of service  
(ad-hoc service - long  
or short term  
projects)  
48%



## *What type of roles are consultants engaged for?*

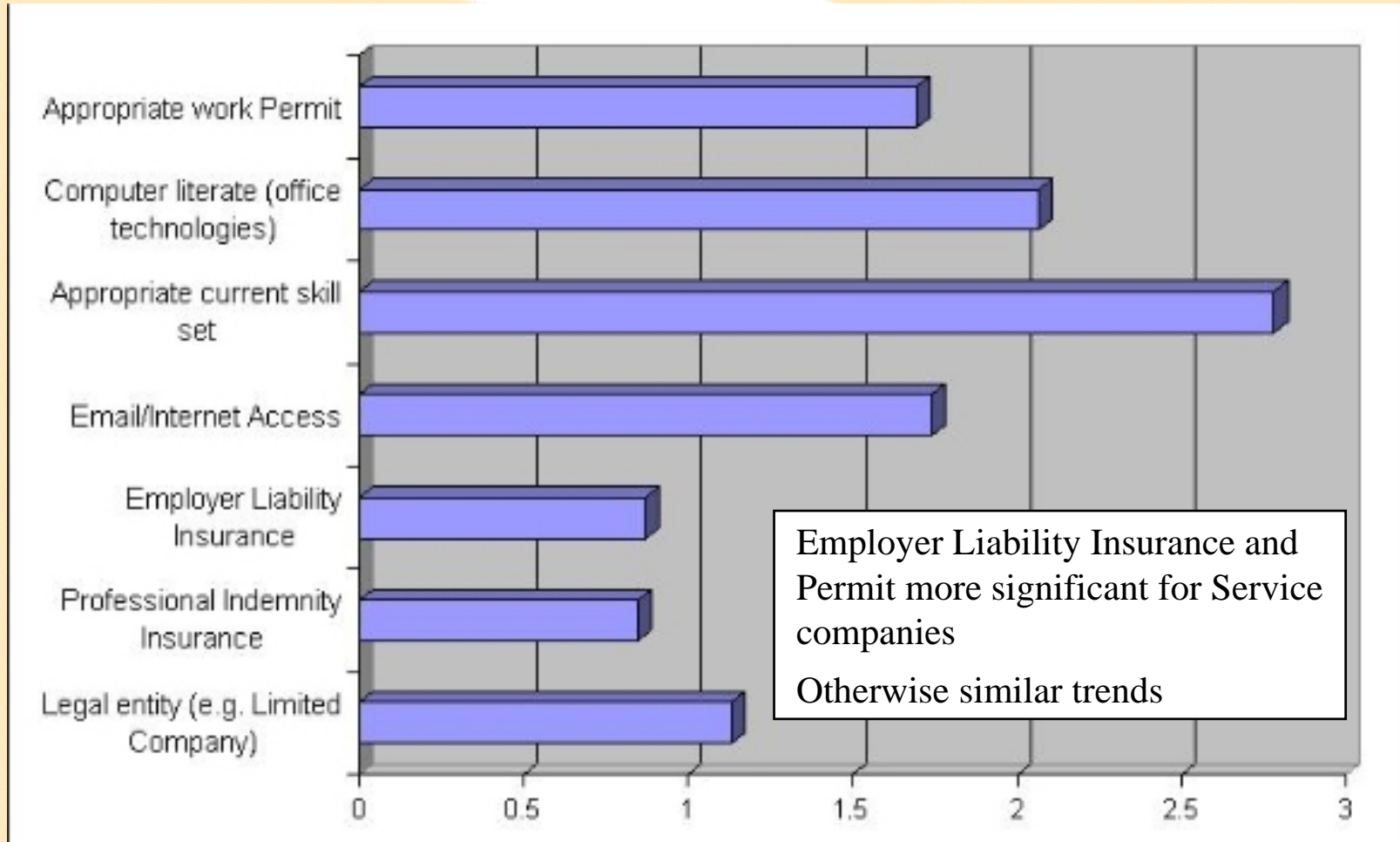
Asset evaluation slightly higher for Oil cos.  
Strategic consulting higher for Service cos.  
Otherwise similar trends.



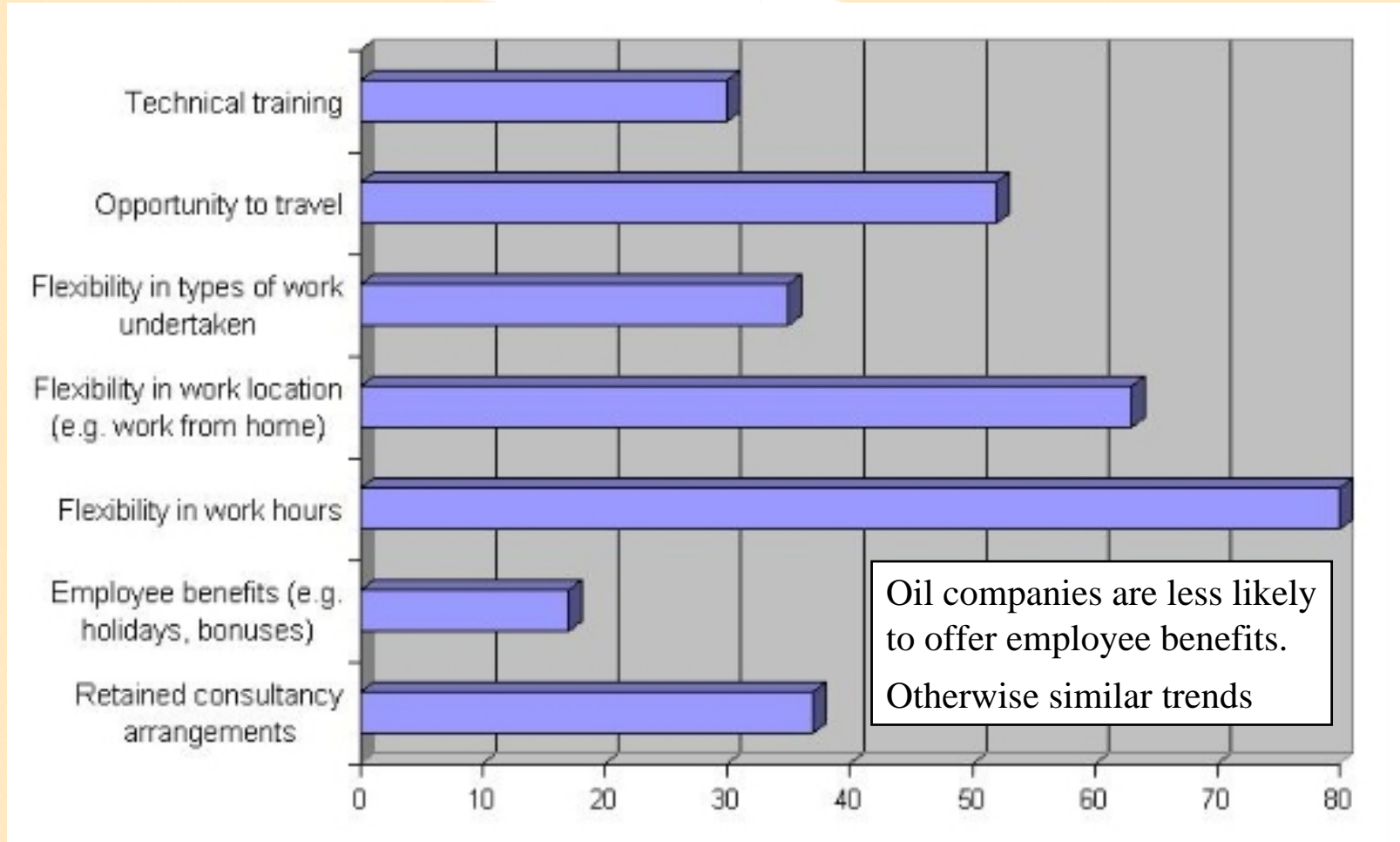


# Working Smart Limited

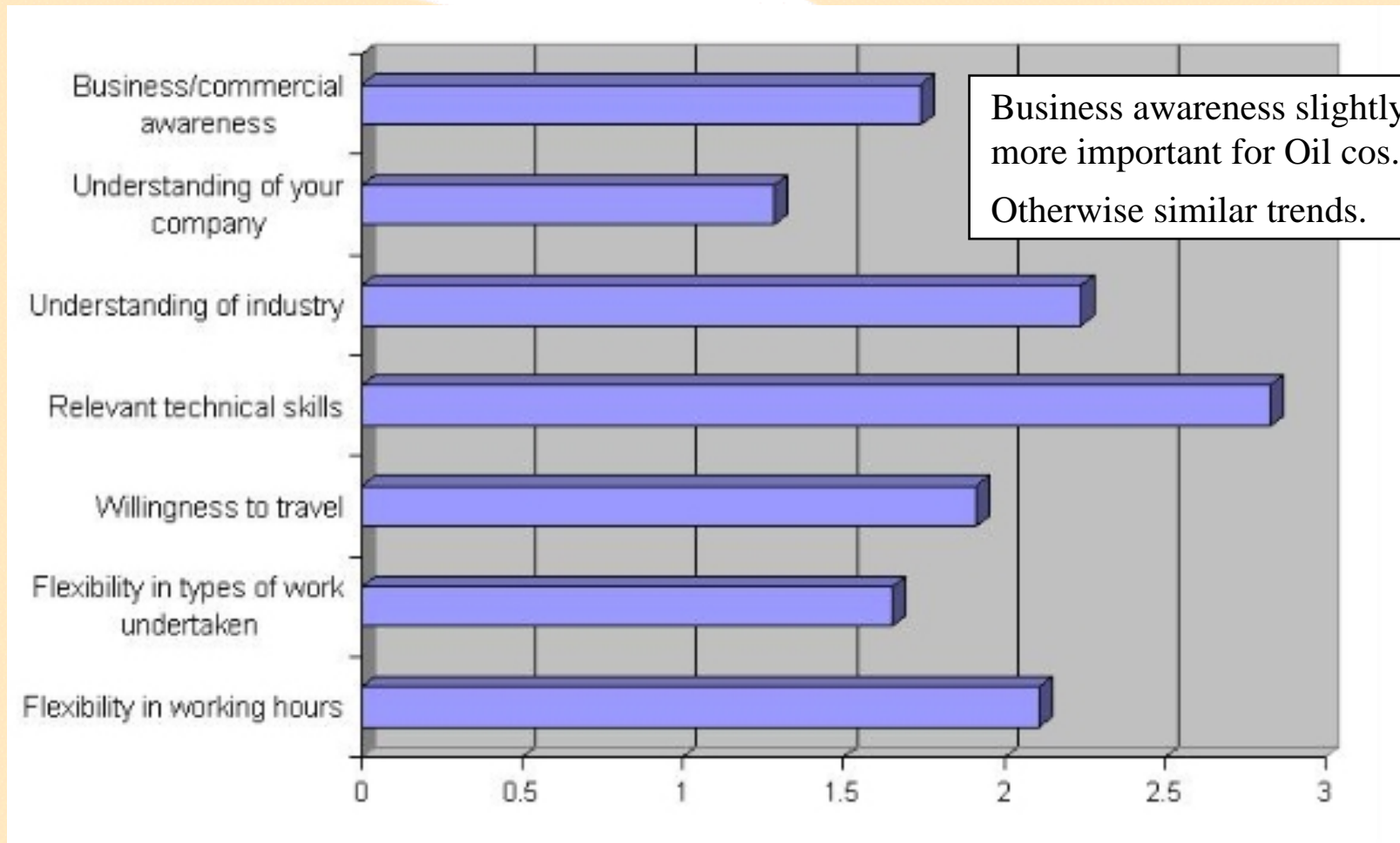
*What do you expect consultants to have before contracting them?*



## *What do you offer consultants?*



## *What attributes are important for Consultants to have?*





## What do you see as the trends for consultancy services in the Oil and Gas industry over the next 12 months? Oil Company Responses

- Good consultants will be in ever increasing demand.
- Either, more will become available due to increase in work availability or less, as they are taken up by larger companies as full time employees.
- Consultants used more to cover skill areas not easy to recruit quickly.
- Consultants need to be willing to travel.
- Technical/operational opportunities are buoyant so rates are rising as resources become scarce.
- Age/experience reduction as older hands retire.
- Trend will increase as unable to retain or hire skilled competent staff.
- The increase in jobs is forcing us to use consultants.
- Quality may drop as under-resourcing in the last decade has seen many leave the industry.
- Consultancy services offer flexibility and knowledge/skills.
- We are short of good people to implement projects - there's upward pressure on staff and consultants.
- Increasing demand at the more experienced end of the market. At the less experienced end (<10 years) we are tending to hire rather than contract.
- More senior / experienced geoscientists getting high rates to cope with peaks of work
- Overpriced due to demand. It will tail off over 12-18 months as IPO and fundraising work loses its current intensity.
- Probably an increase as the demographics dictate that a significant % of permanent employees will retire!
- There is a trend for improved levels of employment for consultants.

## **What do you see as the trends for consultancy services in the Oil and Gas industry over the next 12 months? Service Companies (1 of 3)**

- **I predict more staff moving from employed status to self-employed.**
- **We are seeing an increasing number of consultants looking to maximise their return by working on a risk / reward basis. This can give a small company flexibility to grow, increasing the attractiveness of consultants.**
- **As companies lose experienced personnel through a growing trend towards early retirement, good consultants are able to fill the gap without adding to the staff overhead.**
- **Buoyant sector with shortage of skills.**
- **Buyers Market; lack of experienced staff; consultants will flourish at expense of staff positions.**
- **Speaking for our N.American group, we are more likely to seek permanent employees of appropriate calibre.**
- **Consultancy roles continuing to play vital role in our core business.**
- **Increasing demand, restricted supply, big money!**
- **Due to the shortages of qualified people in the industry I anticipate the majority of independent consultants, and some consultants at agencies, will take up full time employment, so they will become harder to find.**
- **The market will crowd out with an oversupply of less competent wannabees**
- **Given the significant employee 'movement' in the O&G and services industries in the last 6 months, I see an upward trend of competent folk coming out on their own to 'sell' their services.**
- **If the oil price remains as it is there will be an increased demand for technical staff and hence increased demand for contractors to do short-term assignments.**



## What do you see as the trends for consultancy services in the Oil and Gas industry over the next 12 months? Service Companies (2 of 3)

- I have seen an increase in technical candidates preferring to contract rather than be permanently employed.
- Consulting roles at all levels will significantly increase as demand for good quality resources exceeds supply.
- Consultants will increasingly be used on a project basis, and based on specialised skills not available in-house.
- The increase in small independents in the North Sea are likely to lead to a substantial increase in demand.
- Increasing due to sustained high level of exploration activity.
- More demand, higher rates
- Operators will continue to squeeze consultancies through continued aggressive hiring practices.
- Smaller consultants preferred against larger scale rivals who have failed to deliver .
- Increasing due to level of outsourcing and high oil price.
- Sustained growth because of resource constraints and skill shortages; increasing day rates for those prepared to travel and ready for new challenges.
- The recruitment market feels very tight for permanent staff at the moment and it seems to take longer to find the right skill sets.



## What do you see as the trends for consultancy services in the Oil and Gas industry over the next 12 months? Service Companies (3 of 3)

- With the ongoing 'talent war'; companies will seriously consider adopting consultancy services instead of having to be on their toes on what they can do to retain their depleting workforce.
- Our staff will be lured to oil companies with the larger benefits packages, but the requirement for a vibrant consulting community will continue to exist.
- As the work force ages and retires, the work will continue to need to get done. A community of senior, semi-retired consultants will establish itself, which will march to its own drum, as they will have the flexibility of working when they want to, not because they need to.
- Until the larger consultancies find a way to compete with the oil companies in terms of total package, the oil companies will continue to cannibalise the consulting community at will.
- Reduced levels of skills and experience means more employment for contractors rather than problem solving consultants.
- Ability to differentiate even more keenly felt - with possible increased specialisation.
- More promotion of external best practice.

# Competing in a Consultancy Environment

*Thanks again to all who contributed towards this research.  
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