



*Changing How  
the World Builds*



# ***The COVID-19 Workforce Challenge***

***Strategies to manage your workforce  
to come out stronger in recovery***

*April 24, 2020*



# Introductions



**Ryan Isherwood (A&M)**  
*Houston*

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In his 30+ years in the energy industry, Ryan specializes in helping leaders and organizations transform through organization redesign, behavioral change, leadership alignment, and culture change.



**Kevin McMahon (A&M)**  
*Houston*

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Kevin has 25 years of management and consulting experience. He has practical hands-on experience, leading large scale organizational change, organizational design, talent management, merger integration, and carve-out work.



**Riz Shah (A&M)**  
*Washington D.C.*

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Riz has 20+ years supporting project owners / operators, improving performance by effectively leveraging technology and analytics to enhance ROI and reducing the associated risks that can occur during execution.



**Faiz Khanbabi (A&M)**  
*Houston*

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Faiz has 13+ years of experience leading change management programs for Oil & Gas clients to maximize the employee experience and minimize the risks associated with an uncertain workforce.



**Teal Reamer (BTS)**  
*Houston*

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Teal has 10+ years experience in designing and leading behavior change and people development engagements for executives, managers, and individual contributors at Fortune 500 energy companies.





# Current Challenges for the Capital Projects Industry

*COVID-19 presents a widespread range of challenges ultimately resulting in several projects being shut down or delayed. The severity of the impact deepens when the recovery path looks uncertain.*

## Travel Ban

- Mandated shelter in place and travel bans
- Virtual work is causing companies to accelerate adopting digital technologies

## Global Recession

- Brent Crude oil prices dropping below \$25; 26M US unemployment claims since virus hit.
- OPEC+ Deal cutting global supply to 20 million bpd; storage capacity concerns remain
- Large players cutting 2020 Capex by at least 20% with most cuts occurring in 3Q and 4Q

## Employee Safety

- Provide adequate PPE & enforcing new social distancing guidelines
- Large number of OSHA complaints and essential workers protesting
- Planning for increased absenteeism

## Supply Chain Risks

- Product delays from production facilities in Asia
- Material delays and project impacts

## Legal Issues

- Contracts not protected by force majeure clauses
- Labor law risk exposure

## Tech

- Historically very slow to adopt new ways of working
- Alignment across all industry participants will be a challenge





# Large Capex Reductions

*Several large players have responded to the current crisis by reducing capital expenditure and operating expenses. The \$30B of Capex reductions may be further reduced over time.*

Company	Recent 2020 Capex Reductions	Original 2020 CAPEX budget (\$)	Amount Reduced (\$)	New Plan for 2020 (\$)
Exxon	30%	33B	(10B)	23B
Shell	20%	25B	(5B)	20B
Chevron	20%	20B	(4B)	16B
Total	20%	18B	(3B)	15B
BP	25%	15B	(3B)	12B
ConocoPhillips	10%	7B	(700M)	6.3B
Marathon Oil	46%	2.4B	(1.1B)	1.3B
Schlumberger	30%	1.7B	(500M)	1.2B
Halliburton	60-65%	1.2B	(720M)	480M

As of April 15, 2020





# Top Ten Human Capital Challenges

*An organization's ability to embrace and tackle the talent and workforce challenges resulting from COVID-19 will be critical to recovery.*



Providing a Safe Workplace



Leading with Empathy



Communicating across Stakeholders



Engaging a Remote Workforce



Enabling Frontline Supervisors



Assessing Critical Workforce



Retaining Key Talent



Containing Labor Costs



Managing RIFs



Retaining Institutional Knowledge



# Providing a Safe Workplace

*It is critical for organizations to provide a safe workplace and equipment for essential workers. In addition, consider flexing existing HR policies to help employees adapt to the new normal.*

## Flex HR Policies



- Increase leave flexibility
- Facilitate effective remote work / infrastructure
- Implement travel and quarantine parameters
- Flexibility for labor support

## Safe Work Practices



- Practice social distancing
- Isolate potentially ill individuals
- Work station / common area sanitation
- Entry temperature check requirements

## Serving Customers Safely



- Adhering to Owner's safety guidelines
- Incorporating social distancing in the construction build (sq. foot by person)
- Modified HVAC standards and limiting enclosed space
- Restructuring layouts in cafeterias and mess halls





# Leading with Empathy in a Crisis

*Employees are experiencing collective stress, and leadership must be purposeful and visible by creating a stable support system.*

## Build a Network of Teams

- Implement teams/task forces to carry out responses
- Foster collaboration and two way dialogue across network

## Elevate Leadership

- Empower others to lead crisis response
- Create new “normal” process for decision making

## Agile Decision Making

- Do not react to uncertainty by waiting, but pausing, assessing, and then acting
- Scenario based planning: Act based on best readily available data

## Treat Employees with Empathy

- Pay attention to how people are struggling and provide support
- Show compassion and sensitivity to challenges

## Communicate Transparently

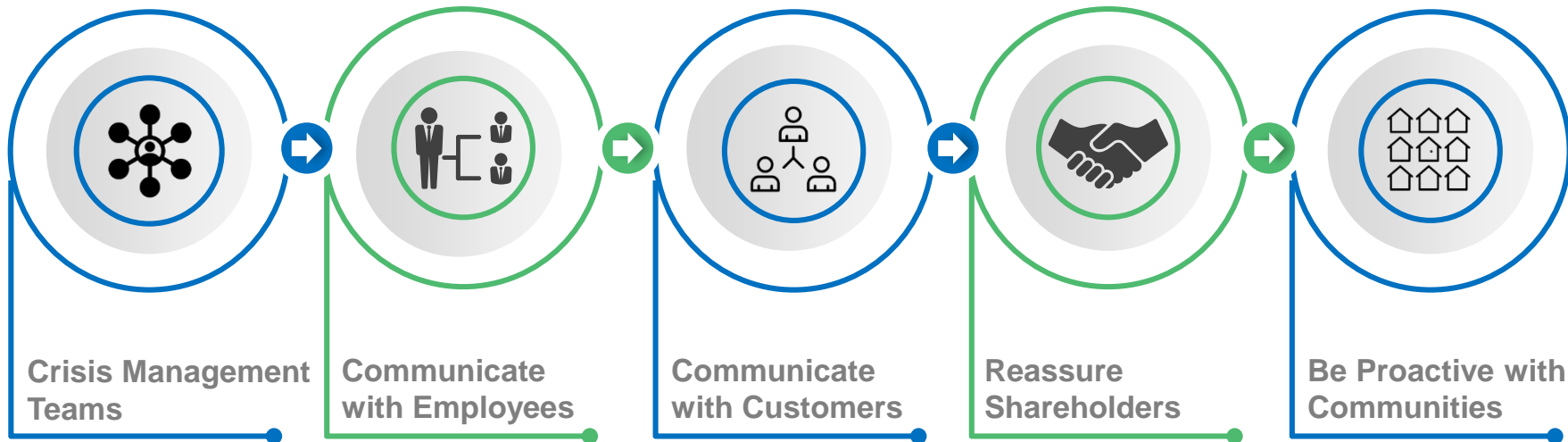
- Getting ahead of the rumor mill or misinformation
- Provide frequent updates





# Communicating across Stakeholders

*Focusing on one group too much or too little may impact bottom line. A well executed communications strategy is inclusive of all stakeholders, transparent, timely, and purposeful.*







# Engaging a Remote Workforce

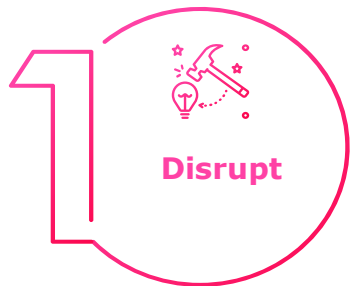
*Creating a culture that fosters collaboration and engaging employees becomes more challenging when the workforce is working from home whilst navigating personal situations.*





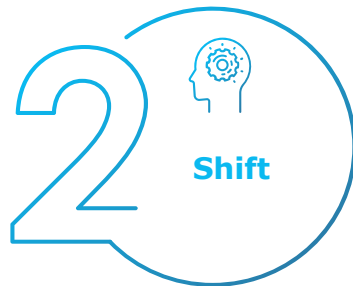
# Enabling Frontline Supervisors

*Frontline supervisors are expected to deal with challenges they have never experienced before and serve as crisis managers without sufficient soft skills training.*



**Disrupt**

*Reimagine how we work together & rally around a shared challenge*



**Shift**

*Help leaders evolve in their roles & work processes*



**Live**

*Remove barriers to optimize for resiliency & efficiency*



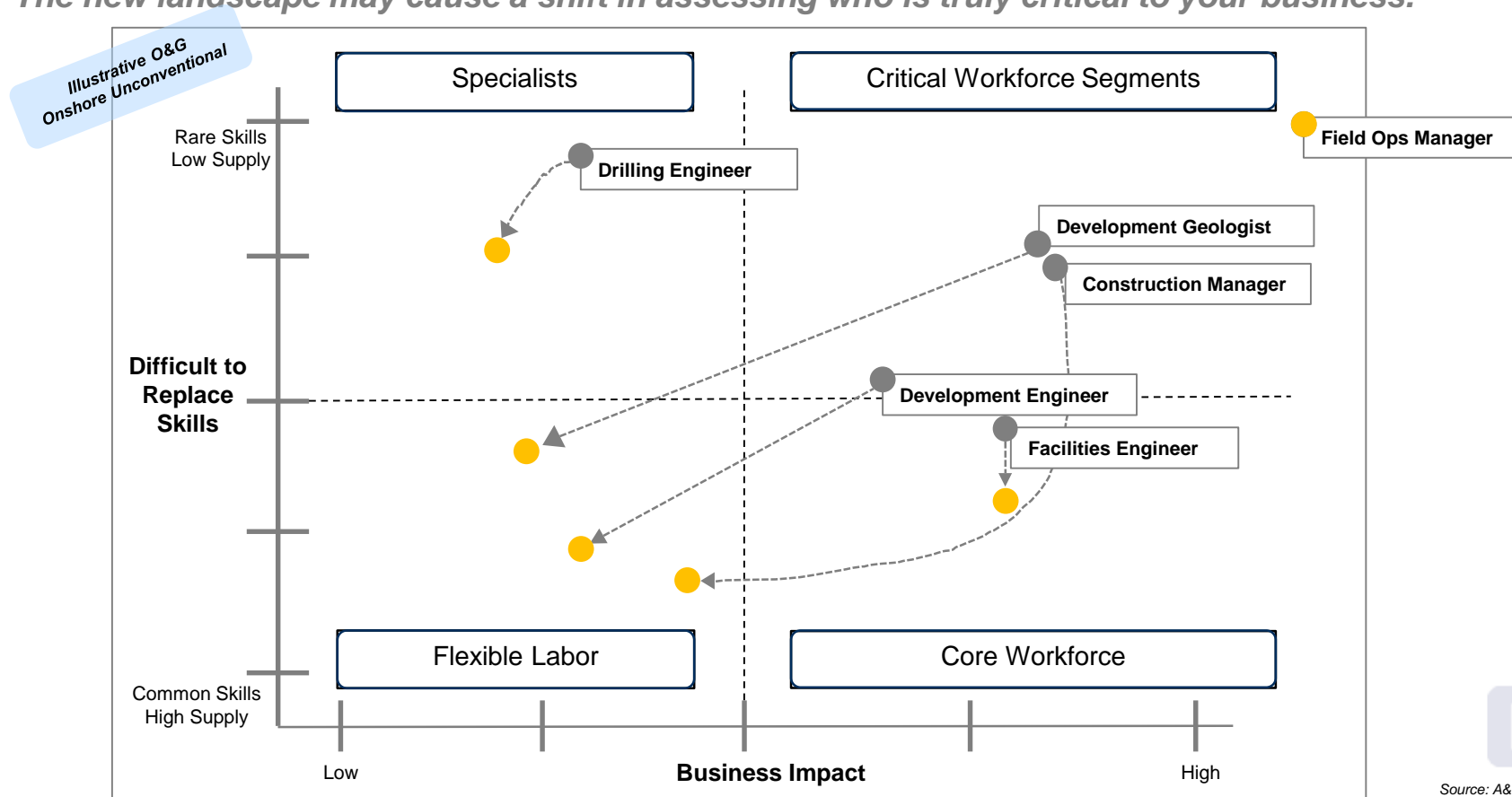
**Reinforce**

*Provide the social and structural supports & tools to enable them every day*



# Assessing Critical Workforce

*The new landscape may cause a shift in assessing who is truly critical to your business.*



Source: A&M Project Experience



# Retaining Key Talent

*Retention strategies include a broad mix of intentional programs that should be implemented dependent upon the demographics of your workforce.*

## Financial Retention Programs

- Combination of cash, equity, and other financial vehicles
- Short-term retention incentives tied to business goals
- Long-term incentives to motivate and retain

*Primary retention driver for Baby Boomers*

## Customized Critical Talent Retention Strategies

- Monitor engagement
- Deliver a higher ROI
- Enhance employee experience

## Non-Financial Retention Programs

- Leadership recognition, mentorship program, provide flexibility
- Enhanced career paths, leadership access, or special projects
- Opportunities that allow employees to advance, develop, and fulfill goals
- Acknowledging service milestone

*Primary retention driver for Gen X, Millennials, and Gen Z*





# Options for Labor Cost Containment

*Organizations must consider RIF alternatives to overcome future talent shortages, but still reduce overall labor costs in the short term.*

Approach	Pros	Cons
Furloughs	+ Immediate cost saving	– Constantly transitioning activities – Must be processed by week
Wage / Salary Reductions	+ Market wages decrease in downturn + Immediate cost saving	– Potential turnover in competitive positions – May lead to collective bargaining for hourly
Shift Reductions / Reduction of Hours	+ Immediate cost saving	– Potential turnover in competitive positions – May lead to collective bargaining
Hiring Freeze	+ Low complexity and easy to initiate	– Days to hire may increase after recovery
Merit Increase Freeze	+ Low complexity and easy to initiate	– Impact to employee morale
Deferred Compensation	+ No impact to day to day operations	– Limited to highly compensated employees – Material interest payments in downturn
Contingent Workforce Reductions	+ Low complexity and easy to initiate + Minimal legal risk	– Increased workload for non-contingents



# Managing RIFs Effectively

*Executing RIFs in the current climate may be inevitable, so it is critical to execute these effectively to minimize disruption to business and limit exposure.*



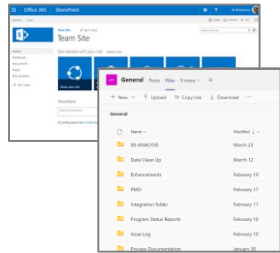
Objectives	<ul style="list-style-type: none"><li>Determine high-level staffing targets by function</li></ul>	<ul style="list-style-type: none"><li>Conduct Assessments</li><li>Select affected individuals</li></ul>	<ul style="list-style-type: none"><li>Finalize RIF impact</li><li>Create implementation plan</li></ul>	<ul style="list-style-type: none"><li>Execute on force reduction</li></ul>
Approach	<ul style="list-style-type: none"><li>Staffing and cost baseline, clustering</li><li>Activity and volume analysis</li><li>Internal and external benchmarking</li><li>Quantitative modeling of staffing targets and costs</li><li>Collect relevant background data (job descriptions, financial information, etc.)</li></ul>	<ul style="list-style-type: none"><li>Evaluation and selection of potentially affected staff</li><li>Activity assessment and reallocation</li><li>Proposed organization charts – hierarchy, reporting relationships, and supporting processes</li><li>Validate with sponsor / steering committee</li></ul>	<ul style="list-style-type: none"><li>Define new roles and responsibilities</li><li>Due Diligence (disparate impact, ADEA, WARN, severance, etc.)</li><li>Position impact profiles</li><li>Develop severance pay plans and model financial impact</li><li>Create final org structure</li></ul>	<ul style="list-style-type: none"><li>Prepare employee communication kits</li><li>Develop termination/ transfer process</li><li>Communications planning</li><li>Train mgmt. on process &amp; comm.</li><li>Implement changes</li><li>Est. post-RIF plan</li></ul>



# Retaining Institutional Knowledge

*Furloughs and RIFs put additional pressure on organizations to retain critical institutional knowledge by implementing digital tools and practices.*

## Documentation Management



- Easy to upload, tag, search and filter
- Lessons learned
- Current state processes
- Tips & Tricks
- Mobile accessibility

## RACI & Handoffs

- Handoffs documented
- Delineate who's on first, second
- Deploy role based training to address gaps

## Knowledge Transfer Plans

- Formally documented activities to transition
- Scheduled milestones to track progress
- Proactively managed
- Actively monitored

## Knowledge Sharing Culture



- Intranet portal
- Discussion forum
- Recorded sessions
- AI chat bots
- Recognize contributions to knowledge base

# Questions

*Please submit your questions in the chat.*





# Contact Information



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# About A&M: Global Reach & Operational Breadth

**37 YEARS OF EXPERIENCE ACROSS 4 CONTINENTS**



**4,000+  
PROFESSIONALS**

**500+  
PRIVATE EQUITY SERVICES  
PROFESSIONALS**

**20+ COUNTRIES**

**60+ OFFICES**

## The A&M Difference:

**Solving complex problems is in our DNA.** After 37 years of resolving some of the most urgent challenges in business history, we've honed critical expertise that clients at all levels of health can use to achieve rapid results.

**Senior-level experts with deep industry experience.** Our senior leaders, many of whom are former C-Level from industry, bring deep insight into the opportunities and challenges faced by businesses with practical approaches that work, versus theoretical approaches that fail.

**Urgency for action and results.** Our clients frequently comment that we drive change and rapid results where internal teams and other consultants have failed.

**Objective and independent.** With no audit conflicts, software to recommend, or projects to save, A&M offers objective, credible advice you can trust to be in your best interest, not ours.

### Capital Projects

- Project Mgt
- Contractor Selection & Mgt
- Due Diligence
- Operating Models and Procedures
- Sourcing strategy and procurement
- Cash Mgt
- Capital structures
- Org design
- Contracting

### Operations

- Assessment & Optimization
- Supply Chain
- Lean Six Sigma
- Organizational Transformation
- Process Transformation

### Human Resource

- HR Operational Improvement
- Performance & Rewards
- Talent Management
- Change Management
- Program Management

### Technology Services

- IT Transformation
- "Big Bet" Initiatives
- Merger Integration & Divestitures
- Executive Technology
- Advisory Services

### Finance and Accounting

- Finance Strategy
- "Big Bet" Initiatives
- Finance & Accounting Ops
- Shared Services
- Treasury, Cash Mgt & Tax
- Accounting Advisory & Remediation
- SOX Readiness

### Merger Integration

- Integration Strategy
- Plan & Execute Day 1 / 100 Day Goals

### Strategy

- Corporate & Business Unit Strategy
- Operational Efficiency



# About BTS

Across 32 offices in 22 countries, BTS works with its clients to...

- Turn strategy into action through people
- Develop great leaders
- Change and sustain culture
- Shift leader mindsets through coaching
- Increase business acumen
- Accelerate your sales and marketing results
- Build innovation and digital transformation capabilities
- Leverage cutting-edge assessments for selection and development
- Create scalable, personalized experiences using digital technology