

Governing Energy

The Boomers Have Left the Building

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At a recent conference, the typical Big Crew Change mantra was often repeated. This pundit has made the same statement often as well.

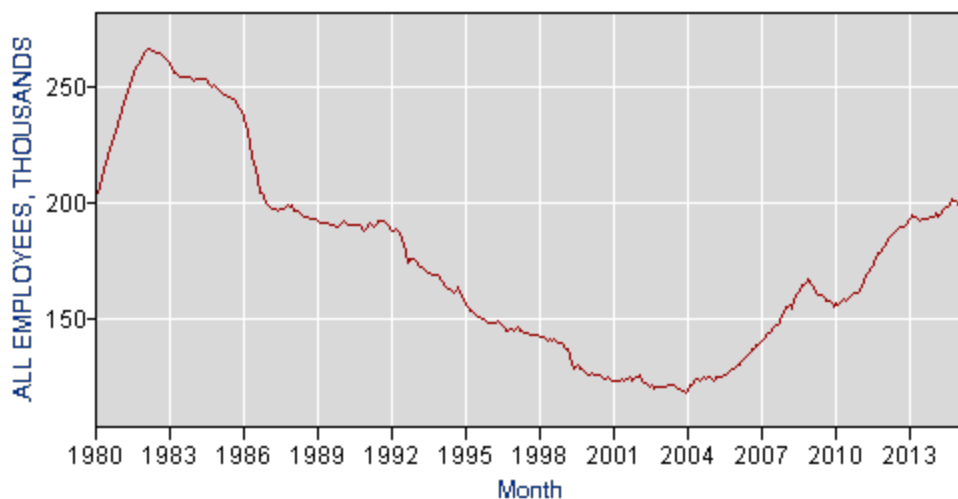
One member of the audience offered the view that the Baby Boomers have already exited. He argued that the oldest in his staff was approximately 35. This makes sense as the industry has been discussing this in the *present tense* for some time.

The Baby Boom generation is usually defined as those post World War II babies born between 1946 and 1964.ⁱ As of this writing, this makes the oldest 69 and the youngest 51.

The recent slump is likened to the sharp crude oil slumps such of 1985-86, 1997-98, 2000-01 and 2008-09.ⁱⁱ In all cases, not only was there a Reduction in Force (RIF) but significant reduction in the number of new entrants to the oil and gas workforce.

As shown in the following graphic from the Bureau of Labor Statistics, the Seasonally Adjusted employment figures for the industry (oil and gas extraction, NAICS Code 211) suggests significant shrinkage over the working career of the Boomers.ⁱⁱⁱ

Some percentage of the individuals subject to RIFs did not return after prolonged downturns. By necessity, they found other career paths.



Boomers at the tail end (born after 1955) most likely did not enter the oil and gas workforce at all. This is supported by the 2005 World Petroleum study that found:

- The average age of the staff in E&P is 50 years
- The industry has lost 1.1 million employees since 1981
- 40-50 percent will retire in five years (*circa 2010*)^{iv}

These data suggests that the Baby Boomers may have effectively left the industry already. If this premise is correct, current conventional wisdom regarding the Big Crew Change may find some companies unprepared for the Boomer's Final Act.

For example, according to one 2015 source, 50% of the current workforce will retire in the next 10 years.^v Asymptotically this leaves a very few to transfer whatever knowledge is deemed to lie with this demographic.

Planning an Encore from retired Boomers may be a Fool's Errand. Many may chose not to leave the golf course.

Play writers refer to the final act of a play as the Catastrophe.^{vi} Hopefully, your knowledge transfer program goes better than that.

What is your organization's plan to transfer the Boomer's knowledge?

About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of five books and has written extensively about the field of operations management. Shemwell is the Managing Director of The Rapid Response Institute, a firm that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management. He has studied cultural interactions for more than 30 years--his dissertation; *Cross Cultural Negotiations Between Japanese and American Businessmen: A Systems Analysis (Exploratory Study)* is an early peer reviewed manuscript addressing the systemic structure of social relationships.

End Notes

ⁱ http://www.investopedia.com/terms/b/baby_boomer.asp

ⁱⁱ <http://fingfx.thomsonreuters.com/2015/02/05/1612277de1.pdf>

ⁱⁱⁱ <http://data.bls.gov/pdq/SurveyOutputServlet>

^{iv} <http://www.world-petroleum.org/docs/docs/speeches/wpc%20Presentation%20the%20Aging%20Workforce%202.swf>

^v <http://info.drillinginfo.com/the-big-crew-change-infographic/>

^{vi} <http://www.playwriting101.com/chapter03>