



Blog

How a well-trained workforce can reduce downtime and operating costs



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"According to Energy API, "One out of four current engineers, geoscientists, multi-skilled maintenance professionals, process and production operators, and health and safety professionals is currently eligible for retirement."

Oil and gas and power industries are facing a domino effect of workforce challenges.

While this presents a remarkable opportunity for job growth in the industry—projected to reach 1.3 million through 2030—it is offset by a very real skills and efficiency gap. Nearly half of those in the sector recently surveyed believe there is a lack of skilled local workforce.

In an environment that is already cost- and human-resource constrained, this leaves oil and gas and power companies vulnerable to troubling rates of unplanned downtime and maintenance costs. According to a recent ARC Advisory Group survey, companies have been losing between 3-5% of their production to unplanned downtime.

A robust, modern training program can equip personnel with the technical and innovative problem-solving skills needed to prevent unplanned events that can cost millions in lost production and potentially millions in fines.

Well-trained employees reduce costs

Employee training and development is big business. According to Training magazine's most recent Training Industry Report, training expenditures rose significantly to \$90.6 billion in 2017, a 32.5 percent increase. In the oil and gas sector, approximately 25 percent of producers provide internal training and around 20 percent employ external resources, according to data from the Society of Petroleum Engineers.

These expenses serve as a wise investment to offset the significant cost to replace employees, which increases with the level of the employee. While 40 percent of employees with poor training leave their jobs within the first year, well-trained skilled employees tend to stay put longer.

In a landmark study conducted by the American Society for Training and Development (ASTD), they found an

"increase of \$680 in a firm's training expenditures per employee generates, on average, a six percentage point improvement in total share holder return the following year, even after controlling for many other important factors."



Training empowers decision-making

According to Pump and Systems, mechanical issues cause 46 percent of shutdowns, maintenance causes 23 percent, and electrical problems lead to 19 percent. Whatever the reason, it is clear that adequate operations and maintenance training is absolutely vital to keeping power and oil and gas producers operating at peak capacity while keeping downtime costs to a minimum.

Since nearly 92 percent of maintenance-related shutdowns were unplanned, a well-trained workforce is more equipped to think critically and creatively in the workplace to solve problems and make better decisions on the spot.

Smart training investments

The oil and gas and power companies poised to embrace Industry 4.0, are the ones espousing innovation and leading the way with a smarter, better trained workforce. In the cyclical oil industry, it is particularly important to ensure that employees continually keep up with best practices, new skills, and professional development to ensure they remain valuable to the operation.

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