

Mining Misfits – Roundtable Discussion: Personnel Retention & Development

Discussion Overview & Debrief of Major Topics/Themes

1.0 Introduction

Last month we featured a group of industry leaders to discuss the current relationship standings among mining owners and contractors. There are only so many players in the industry, but it seems the relationships have become more transactional, and less personable, leading to less desirable relations between the players there are today.

One of the driving topics in that previous discussion centered on key personnel on both sides, and the various organizations' ability to attract, retain, and develop such personnel. The tone of this conversation is that owners and contractors had to work together to solve the personnel gap and high attrition rates experienced on projects.

This month, we brought in some new faces to the Mining Misfits Roundtable Discussion to focus on this topic in more detail. Again the panel featured seasoned veterans who are currently, and have spent a career, working with mining owners and major contractor organizations to get their perspective on personnel retention.

It is interesting to note that, even with new participants engaged in the discussion, with their own impressive backgrounds in the mining industry, some themes from last month continued to be central to the discussion. These topics included the importance trust, collaboration, and relationship building, in no particular order.

Trust in particular was mentioned a dozen times by more than half of the seven-person panel. One Misfit went as far as to clarify the levels of trust required for a project: trust in the partnering organization, and trust between the project team members (on both the owner and contractor teams).

That brings us back to the topic of the month: personnel retention and development. The Misfits panel, whether they have a background working on the owner side or the contractor side, and whether brought up through the project management function, engineering, or other, were unanimous in one thought: the industry is facing a serious generation gap which, if not properly remedied and prepared for by all parties, will continue to see declining talent pools and slimmer bench strength in the industry.

2.0 Industry Down Cycle

Right out of the gate, it was mentioned that the mining industry has become a less desirable industry and career path for younger generations, millennials in particular. It is worth noting that the panel agreed that pay (salary) was not the issue, but rather working conditions that are less attractive to the new generation.

For example, the Misfits agreed that the younger generation is looking for a more flexible lifestyle, that work-life balance is critical, and also that mobility poses more of a challenge than it did in current and past generations. Additionally, the Misfits stressed the importance of employee recognition. They believe the younger generation wants to feel important, and the sense of accomplishment and recognition is often placed ahead of salary when choosing the right workplace and career path.

These career attributes have been recognized and adapted by other industries in the modern age, but the mining industry seems to have overlooked or disregarded these demands when attempting to attract new resources.

This recruitment challenge paired with the fact that a lot of experienced veterans are coming up on retirement makes for a very grim outlook in the industry's recruitment future. So what are we doing to ensure this down cycle in the industry does not impact future projects? If you ask the Misfits, many agree we are not doing enough.

Mining companies, much like any other industry, have to put equal emphasis on attracting new talent, and retaining the talent they already have, all while developing the younger, less-experienced resources to ultimately backfill more senior positions. We have already mentioned that attracting new talent is a near universal challenge in the industry. Compounded on top of this, many of the Misfits do not believe their organizations or the companies they have worked with are doing an adequate job in grooming the resources they do have, not allowing them an opportunity for growth and development; many mentorship and similar development programs are either not in place, or not yielding the expected results.

Talent development and attracting new resources need to be front and center for any company that wants to stay afloat in the industry. Without these components, the Misfits believe the industry will continue to see a decline in the bench strength available for capital project execution.

3.0 Commercial Safeguards – Do They Work?

During the conversation, the topic again turned to owner-contractor relationships, and how the talent aspect is treated in terms of that partnership. This led us down the path of current tendencies to put commercial “safeguards” into prime contracts (for example, owner may enforce penalties on contractor if it is unable to maintain key personnel named in the contract for the duration of the project).

Do these safeguards work? If you ask the panel, the answer is a resounding “no”. Typically if a resource is unhappy with his or her working conditions, he or she will leave, regardless of contractual penalties assessed as a result. This is even more evident for younger generations, with more and different career opportunities available to them.

Now let’s consider the other aspect: people make projects. The reason we are having this discussion in the first place is because successful projects are the result of experienced professionals who take pride in their work. If these professionals are not happy, they will go somewhere or do something that does make them happy.

Let’s face it, there is no monetary penalty that will even come close to the value of retaining key personnel on a job.

Rather than assessing penalties, would owner and contractor organizations not be wiser to work together in making their project more desirable? Rather than putting salt in open wounds, should we not work on a solution for attracting new talent, developing current resources, and ultimately defeating the down cycle in the industry?

4.0 People and Relationship

Contractors want the best personnel available in the market – it is what makes them attractive as an organization.

Owners want the best team available in the market to execute their job. One Misfit conferred that he would take a “B- or C-team” that works well together and works well with the owner team, over the “A-team”. This comes back to trust, and the fact that team players overcome challenges better than misaligned star players.

One Misfit observed that the resource pool should be viewed as a bell curve – with less experienced, less dedicated personnel making up the left-most portion of the curve, and “super hawks” or top-grade personnel making up the right-most portion of the curve. A majority of employees fall somewhere in the middle, and all levels of the curve are required to maintain a successful organization or to execute a successful project.

If the objectives of owners and contractors are to attract, retain and develop qualified resources, why is the relationship between owners and contractors as it relates to personnel retention conflicted? Possibly, and as mentioned previously, trust at the organization level is less mature than it used to be.

One reason discussed for this was the commoditization of the service organization. What this means, is that the supply chain approach is to competitively bid every widget, and award to the lowest bidder. This works great when

buying steel. However, when selecting a partner to execute a project, best price does not always yield (in fact, it rarely yields) the best service.

Many of the Misfits believe this is due to the dwindling relationships between owners and contractors in the organization. Particularly, there has been a firewall set up between legal and supply chain organizations that does not allow the soft criteria to be evaluated when selecting a partner.

Further to this, executive leaders in the industry do not maintain healthy relationships with their counterparts in contractor and/or owner organizations, at least according to the Misfits. Some believe this is a result of the legal supply chain strategies forbidding such cooperation and collaboration.

Selecting a partner to execute a capital project, and establishing a fair and equitable set of terms and conditions is a vastly different exercise than commodity procurement.

Note once more that there are only so many companies in the industry, a small handful at best, yet relationships continue to struggle though that is the one commonplace where success can be derived for all.

The Misfits believe that executive management and leadership figures in the industry are not putting sufficient emphasis on building and nurturing these critical relationships.

5.0 Conclusion

While many themes from last month recurred during this conversation, two very evident themes surfaced that present a grim challenge for the industry.

First, attempts to attract new talent, and develop and retain such talent are not meeting the challenges of today. This is evident in both owner and contractor organizations and, if not corrected, will continue to negatively impact capital project development. According to the Misfits, it will continue to get worse.

Also, owner and contractor objectives of the first point are the same: we all want the best and brightest minds on our projects, now and in the future. However, soured relationships between the organizations, for a multitude of reasons, have pitted us against each other rather than working collaboratively on a common solution that would benefit the industry as a whole.

If we cannot solve this personnel problem, then it is evident that projects will continue to suffer.

We need to find a way to attract younger generations, and to further develop and mentor those resources we have currently. More importantly, we need to get back to the reason of why people take pride in projects: the sense of satisfaction and accomplishment that it brings us.

If you're a progressive thinker and mining leader and you want to make a difference in our industry, connect with me. I would love the opportunity to speak with you and get your personal experience and perspective as well as share the thoughts, connections and ideas of other leaders in the industry!

Many thanks, and much appreciated.

Jason Fearnow, Founder & CEO – Prime Contract Solutions

Register in advance for the webinar:

https://zoom.us/webinar/register/WN_Yseuzk6WQ8WpTMcJxIb5oA