



MOSAIC

Elevating Workforce Performance

North American Oil & Gas Pipelines Magazine

Training as an Investment, Not a Budget Cut

CHRISTINA KELLY

For years, the training culture at Pacific Gas & Electric had been one of compliance, where employees yearly checked off the mandatory boxes to ensure they completed the necessary coursework. In four short years — and a gas explosion in San Bruno, California, in 2010 that shook the mindset of company leadership about safety training — PG&E has been selected as a finalist for the Top 125 best training programs worldwide by Training Magazine.

PG&E earned the honor, in part, due to its cultural shift away from emphasizing compliance in its training program, to one focusing on competence; from viewing training as a cost, to accepting training as an investment in its employees and system. Lorri Freifeld, editor-in-chief for Training Magazine, says the judges looked at the PG&E's methods to measure training effectiveness and linkage to corporate strategic goals and innovation.

“The judges did rate (PG&E's) training governance and their outstanding training initiatives highly, as excellent results were provided. The judges felt they were quite innovative in their approach,” Freifeld says.

The award is an affirmation for PG&E — the company set a goal to be the best in the utility industry, and training is part of the foundation to get there, says Chris Pickett, senior director for PG&E Academy.

“I consider this award to be like making the Dean's List, and it comes after a lot of hard work and a shift in our thinking,” Pickett says. “We're investing in our people and managing our training like it is a strategic investment, which it is.”

COMPLIANCE VS. COMPETENCY

In an industry controlled by state and federal regulations focused on the safe, reliable and environmentally sound operation of the United States' 2.6 million-mile pipeline system, utilities and pipeline companies train employees to be compliant with all regulations and policies governing the industry. The stakes are high for safety and compliant efforts as crews are training for increasingly complex processes and procedures, from aboard drilling rigs to gas pipeline safety.

Training for compliance is generally considered a minimum requirement. Training for competence goes above and beyond, and compliance will be the result of competency, says Clint Morse, executive vice president of the national training and workforce performance company Mosaic.



Ever since the 2010 gas pipeline explosion in San Bruno, California, utility company PG&E has been working to fix its approach to workforce training. The company has moved from emphasizing compliance in its training program, to focusing on competence — viewing training as an investment in its employees.

“If a utility or pipeline company focuses on competency, compliance will come out of it naturally. You train to competence so the employee can perform the job safely and reliably,” says Morse, whose company worked with PG&E after the gas pipeline explosion in San Bruno to realign training programs and overhaul outdated training materials. “Rather than train for compliance, train for competency and at the end of the day, you’ll get both.”

COST VS. INVESTMENT

In times of tight budgets, the fire drill that nearly every company experiences includes the search for places to save money, and all too frequently, the savings come from cutting back on the training budget. It’s an attractive target, especially for non-technical, non-mandatory training. The dollars are considered “soft” and easy to postpone for another time.

“Training cuts are among the most shortsighted of the budget cutting options,” says Jeff Neal, former chief human capital officer in the Obama administration, who writes a blog on human resources. “They trade small savings today for a lack of capability tomorrow. Although such cuts are typically justified by claims that they are to protect dollars devoted to the mission, the result is that employees do not have current training on crucial mission skills.”

Both Pickett and Morse say it’s always tempting for executives under budget pressures to view training as optional and to whittle away at non-technical training for a short-term gain. “When training moves to the chopping block, I can tell you in our vast experience, the company always regrets it down the road,” Morse says. “I’ve heard it many times.”

Donald Wetmore, author and founder of the Productivity Institute, says that not so many years ago, training, beyond showing employees the basics of doing the job, was an option for most organizations. “Today, it’s no longer an option,” Wetmore writes on his blog.

“Training is an investment. One of the best ways to jeopardize an organization’s future in today’s world and increase the probability of trouble times is to look at training as a cost and pay the price of not training. Or you can provide substandard training that operates only as a Band-Aid for the training requirements.”

One of the discussions heard in training circles around the country is the fear of spending a lot of money spent on training, and then watch as employees move to another company, taking the skills and training with them. The retort to ‘What if we train them and they leave?’ has always been, ‘What if you don’t train them and they stay?’

Mark Chepke, vice president of Safety, Environmental and Technical Training at NiSource, a utility engaged in natural gas transmission, storage and distribution, says utilities are facing an aging workforce, aging infrastructure and rapidly changing new technology. In the past, utilities could postpone the training without too many consequences.

“Training organizations need to change and adapt and grow. There’s a need for additional investment to cover everything from equipment to updating curriculum,” Chepke says. “We can’t postpone training anymore. You’ve got to get buy-in at the highest levels and try to stay ahead of the curve. The challenge is making certain you invest in the most effective training for the money you are spending.”

WHAT COMPANIES SPEND ON TRAINING

Oil and gas companies don't generally publish what they spend on training annually, but the Association for Talent Development (ATD) estimated that overall, companies spent approximately \$162 billion on employee training in 2012. ATD estimated the average spend for training is between three and six percent of a company's annual budget.

On its website, Spectra Energy says it invested \$1.5 million in professional development and leadership training programs in 2013, with 16 percent of the workforce receiving training.

"Our goal is to ensure every employee is fully equipped to perform at his or her highest level," states the company training page. "Investment in skills and leadership development not only serves our employees, it also serves our company, customers and investors."

PG&E recently announced that it has begun the process to build a \$75 million training facility in Winters, California, creating a centralized location for its gas employees to train on the latest technology and learn about new safety protocols. The site will provide approximately 36,000 training hours per year, with between 100 and 150 students on site every day.

"The center will give our employees the advanced tools and training they need to provide the best-in-class service our customers have come to expect — and deserve," said Chris Johns, PG&E president, in a statement about the facility.

In a 2014 article from Forbes, writer Josh Bersin said training grew by 15 percent last year — the highest growth rate in seven years.

"Corporate training is always a very good indicator of economic activity," Bersin wrote. "When companies slow down, they often cut training spending, and then as business grows, they ramp back up to train new hires."

Organizations are suffering from a "skills supply chain" challenge, Bersin says. Not only do more than 70 percent of companies cite "capability gaps," as one of their top five challenges, but they also say it takes three to five years to take a seasoned professional and make them fully productive.



In the oil and gas industry, for example, the skills challenge is very large. Recent research shows that the oil and gas industry needs 60,000 petrochemical engineers by 2016, yet only 1,300 graduate from U.S. schools each year. This means oil companies have to train, retrain or jointly educate approximately 26,000 energy engineers in the interim to sustain growth.

INCORPORATING TRAINING INTO THE CULTURE

At a gas training roundtable last year in Houston, training managers throughout the industry agreed that training is not sufficiently integrated into the strategic vision and planning of most organizations. In the oil and gas industry, compliance training has its place due to the mandatory requirements to protect the public. The non-technical training was viewed as a nice luxury, but the dollars aren't always protected when the budget ax falls.

“I am attending a training roundtable, and my training budget was recently cut,” said one participant, shaking his head at the irony. “We’ve got to continue to educate our company leaders and get their buy-in so when someone says they need a three percent budget cut, they don’t automatically target training. We need to do a better job convincing senior management that investing in training yields tangible results.”

To create a training culture, training leaders suggest comparing value rather than the cost of training. Look at the ratio between what you invest versus the value you will get from the training.

“Training and workforce performance should be approached as an integrated solution in the workplace. It’s not a one-time event,” Morse says. “Training has to become part of the company’s DNA. It becomes second nature, and that’s when the value becomes obvious.”

Another tip is focus on the results you want to achieve and then build the coursework around the goals. Consider a front-end analysis to determine current training programs and what end results you want to achieve.

NiSource’s Chepke suggested hiring an outside partner to help with training needs, the development of curriculum, change management and knowledge management.

PG&E has taken a further step to bring in house outside experts. Lane Miller joined the utility to lead its gas safety training programs. Miller most recently served as director of training and qualifications for the Pipeline and Hazardous Materials Safety Administration (PHMSA), the branch of the U.S. Department of Transportation and will help further PG&E focus on competence within its training programs.

Because the industry tends to share information with each other, some utilities will perform benchmark studies to share best training practices. That information is distributed to those utilities and oil and gas companies who participate in the surveys.



MOSAIC