



# A Brave New World - March 17, 2016

Ikenna Iroche

Black & Gold Advisory

Happy 6<sup>th</sup> Birthday Afrimari!

Well done Gemina & Temi!

**NO NEWS IS GOOD NEWS?**

**FALSE. FAST BAD NEWS IS BETTER  
THAN NO NEWS.**

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“Bad companies are destroyed by crises,  
Good companies survive them,  
Great companies are improved by them.”



job cuts in the oil industry



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### BP to axe 1 in 5 North Sea jobs as oil giant cuts 4,000 staff ...



[www.theguardian.com](http://www.theguardian.com) > Business > BP

12 Jan 2016 - Ships in a harbour in Aberdeen, where much of the British oil industry is based. BP says it remains committed to its North Sea operations ...

### Oil and gas execs predict job cuts, with little left to squeeze ...



[www.cnbc.com/.../oil-and-gas-execs-predict-job-cuts-with-little-left-to-sq...](http://www.cnbc.com/.../oil-and-gas-execs-predict-job-cuts-with-little-left-to-sq...)

25 Jan 2016 - There are more job cuts ahead in the oil and gas sector, now that the major cost reductions have been squeezed out of capital expenditure and ...

### Oil and Gas News - 25 February 2016



[www.oilandgaspeople.com/news/](http://www.oilandgaspeople.com/news/)

Checkout Jobs Basket (0) ... Published: Thu 25 Feb 2016 in Oil Industry News. ... Norway's oil companies have deepened cuts to their 2016 investment plans, ...

### Oil and Gas News - 11 February 2016



[www.oilandgaspeople.com/news/?st=oil%20and%20gas%20jobs](http://www.oilandgaspeople.com/news/?st=oil%20and%20gas%20jobs)

Thu 4 Feb 2016 EnQuest to Cut 45 Oil and Gas Jobs in Aberdeen. Published: Thu ... Sat 23 Jan 2016 Green Party Call for End to Reliance on Oil and Gas Jobs.

### BP cuts 4,000 jobs in face of falling oil prices - BBC News



[www.bbc.co.uk/news/business-35289771](http://www.bbc.co.uk/news/business-35289771)



## BP cuts 4,000 jobs in face of falling oil prices - BBC News



[www.bbc.co.uk/news/business-35289771](http://www.bbc.co.uk/news/business-35289771) ▼

12 Jan 2016 - UK oil firm BP said it would cut 4,000 jobs globally, 600 of which will be ... prices leading to a big cutback in investment across the oil industry.

## Oil industry braces for more job cuts | The Times

[www.thetimes.co.uk/tto/business/industries/.../article4673468.ece](http://www.thetimes.co.uk/tto/business/industries/.../article4673468.ece) ▼

25 Jan 2016 - More senior workers in Britain's oil and gas sector are expecting job cuts than their colleagues elsewhere in the world, new research suggests.

## Global Oil Job Cuts Top 250,000 - Bloomberg Business

[www.bloomberg.com/.../global-oil-and-gas-job-cuts-top-quarter-million-...](http://www.bloomberg.com/.../global-oil-and-gas-job-cuts-top-quarter-million-...) ▼

20 Nov 2015 - The number of jobs gutted from oil and gas companies around the world has now passed the 250000 mark, with still more to come, according ...

## More job cuts expected for oil workers in 2016 - USA Today



[www.usatoday.com/story/money/2015/12/31/...oil-gas...jobs/78066610/](http://www.usatoday.com/story/money/2015/12/31/...oil-gas...jobs/78066610/) ▼

8 Jan 2016 - Explosive job growth in the oil and gas sector propped up the U.S. economy for several years in the wake of the Great Recession, as the ...

### In the news



## Oil and gas job losses continue to hit Colorado companies - Denver Business Journal

Denver Business Journal - 18 hours ago

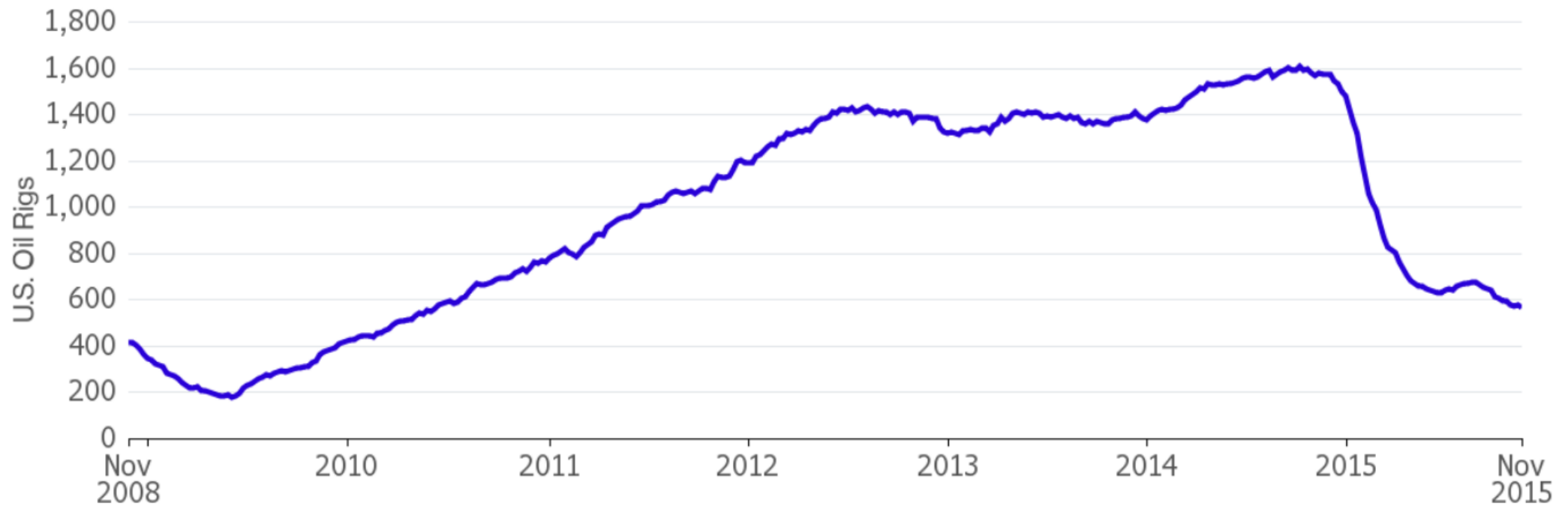
Losses in the oil and gas industry are continuing, with big companies in Denver and ...

Oil crash: Halliburton slashes another 5,000 jobs - Feb. 25, 2016

CNNMoney - 18 hours ago

## Oil Drilling Goes Back to Pre-Boom Levels

Drillers are using the fewest rigs since 2010 following the oil price crash



Bloomberg 

# The Headlines: Oil and Gas

October 18, 2015 (FT) - Two of the biggest independent oil explorers in the North Sea have predicted a further 10,000 jobs will be lost from the sector, indicating a growing acceptance that oil prices are stuck in a prolonged slump. Since late last year, 5,500 people directly employed in the industry [have lost their jobs](#) – 15 per cent of the total workforce – due to the fall in the [price of oil](#), according to Oil & Gas UK, a trade body for the offshore sector.

Nov 09, 2015 (BizWatchNigeria) - Nigerian oil companies cut 120,000 Jobs. The unending fall in oil prices has resulted in massive job cuts in the oil industry, with Nigeria's oil and gas companies slashing about 120,000 direct and indirect jobs.

Feb 29, 2016 - Maersk trims Houston office, weighs restructuring Angola deep-water project. Maersk Oil has cut 35 more Houston jobs. The oil-production arm of Danish shipping conglomerate A.P. Moeller-Maersk has cut two thirds of its employees in Houston since the oil-market downturn began in 2014. The most recent cut will leave just 55 employees in Houston.



# The Headlines: Shipping

Oct 5, 2015 (Reuters) - *Rolls-Royce to cut more staff at its marine unit. Rolls-Royce ([RRL](#)) said it would cut an additional 400 staff from its marine business by the end of next year, its latest move to make the unit more efficient and cope with a fall in orders sparked by lower oil prices. The marine unit, which depends on oil and gas-related customers for about 60 percent of its business, has seen some of its orders cancelled in the past 16 months as the price of [Brent crude](#) collapsed to six-year lows. Rolls-Royce had already announced in May that it would cut 600 jobs in its marine business, which employs 5,800 people in 34 countries*

Feb 10, 2016 (Telegraph) - *Shipping industry faces worse storm than after financial crisis, warns Maersk boss. Annual profits collapsed, falling 84pc after its oil unit was hit by lower energy prices and its container division battles anaemic growth in global trade and overcapacity in the market. **"It is worse than in 2008,"** said Nils Anderson, chief executive, speaking to the Financial Times. "The oil price is as low as its lowest point in 2008-2009 and has stayed there for a long time and doesn't look like going up soon. "Freight rates are lower. The external conditions are much worse but we are better prepared." **Maersk posted net income of \$791m last year, against \$5.02bn in 2014.** . . The performance was dragged down by a \$2.6bn write-down on the value of Maersk's oil assets.*

# The Headlines: Mining

September 14, 2015 - More job losses expected for South Africa. According to trade union, Solidarity, 45,000 jobs in 58 companies have been affected by staff reduction processes in 2015, alone. Of this, close to 20,000 have taken place in the mining industry, and almost 10,000 have affected the telecoms field.

28 Jan, 2016 - Anglo American and Lonmin heap pain on South African mining with 9,000 job cuts. Around 4,000 roles are to go in Anglo's iron ore division while platinum producer Lonmin has shed 5,077 workers since the end of last year. Crashing commodity prices have forced miners to cut costs across the world. In December Anglo American [unveiled plans to shrink its workforce](#) from 135,000 to 50,000 by 2017, as it looks to sell off or close around 60pc of its assets.

# The Headlines: Banking

15 November 2015 (Sunday Times) - **Bonfire of the bankers.** *New bosses are slashing and burning their way through investment banks to appease regulators and boost profits. Tough new regulations brought in to discourage excessive risk-taking have crippled profits. Banks now have to hold much larger capital reserves against their investment banking activities.*

**‘Job cuts across the whole industry are necessary because costs are just too high,’** warned John McFarlane, chairman of Barclays. *“Ideally, we would like to reduce salaries and bonuses and retain more staff, but unless every other bank does it we can’t risk losing talent. Our plan is to keep the best people and reward them for what is sure to be a lot of hard work.”*

Anne Richards, chief investment officer at Aberdeen Asset Management, said: **“Banks are really being squeezed from all sides.** *You are seeing a much more ruthless approach to how new bank bosses are approaching profits. Unfortunately, job cuts are an inevitability.”*

23 Feb, 2016 - Standard Chartered makes first annual loss since 1989... 87% rise in bad debts .... a major cost-cutting drive which includes the loss of 15,000 jobs from its 86,000-strong workforce. **2014: \$4.5bn profit. 2015: \$1.5bn loss.**

# Crystal Ball Question 1

How long will prices remain below  $X$ ?

(where  $X$  represents the price at which most industry players can remain profitable given Today's business models)

# Crystal Ball Question 2

“Is this just a regular downturn in the industry’s cycle or is this a sustained, more fundamental change?”

(will we see oil prices above \$50 any time soon?)

(is this the energy industry’s “Credit Crunch”?)

# Crystal Ball Question 3

“Will your job survive?”

(what can you do to protect yourself?)

“Bad companies are destroyed by crises,  
Good companies survive them,  
Great companies are improved by them.”

**Andy Grove, ex-CEO of Intel**

“Which do you work for?”

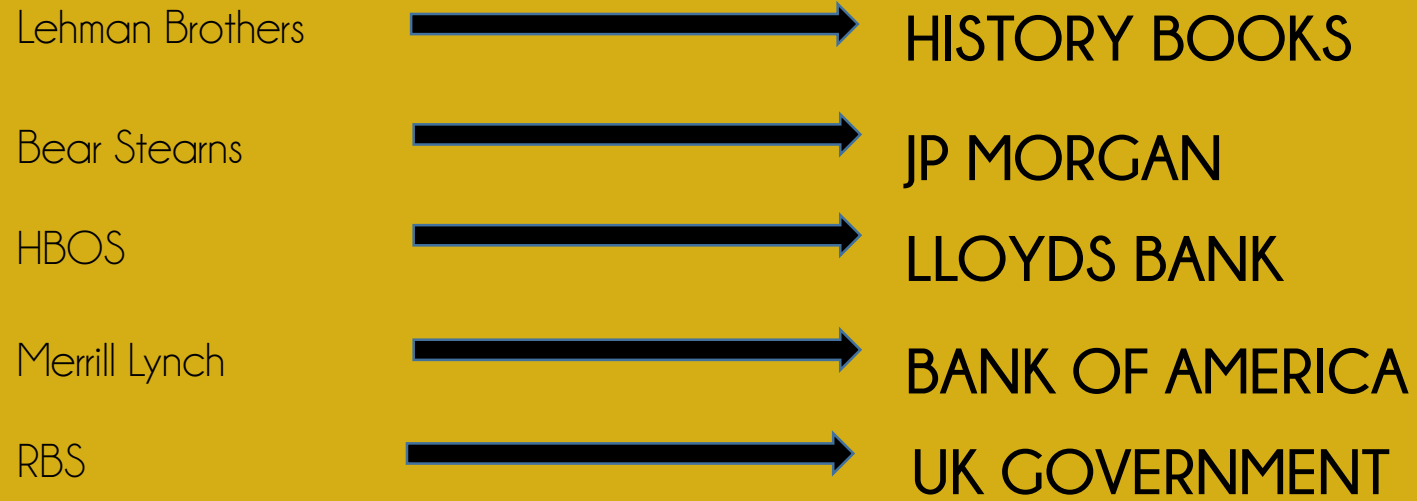
“We are here to serve customers. We’re not here for me to make a lot of money. We’re not here to bet on interest rates or credit spreads. We are here to serve our customers really well over a long period of time, and that’s how you build a successful business.”

**Jamie Dimon, CEO of JP Morgan**

(A Great company?)







Again, I ask you, which of these do you work for: *Bad* company, *Good* company or *Great* company?

# Is Your Job in Danger?

Bad Company



High Risk

Good Company



Some Risk

Great Company



Negligible Risk

# Is Your Job in Danger of being “Restructured”?

The likeliest reasons for your job to be restructured:

- o It can be done by a less-experienced (and therefore less expensive) colleague
- o It can be outsourced to another location where salaries are lower
- o Large parts of your job can be automated and taken over by a software programme
- o Your job isn't essential for the company's core or most profitable business lines
- o You have a reputation for being “average”
- o You are “invisible”
- o You have a less than cordial relationship with your direct line manager

# Gird your loins

- Cheaper Colleague** – Add more Value / Find a New Job
- Software programme** – Add more Value / Learn New Skills / Find a New Job
- Non-profitable** – Fix This / Learn New Skills / Find a New Company
- Average** – Make More of An Effort / Find a New Job
- Invisible** – Be Visible / Find a New Company
- Line Manager Relationship** – Up Your Game / Find a New Job

PS. Adding Value = Helping the company/your boss Make Money or Save Money.

# Ideas for adding more value

Here are some of the strategies that industry executives are using to help navigate their companies through these cost-sensitive times:

- o Increased collaboration with other industry players
- o Greater involvement in joint industry projects
- o Create a specific joint venture with external partner(s)
- o Greater partnering with academic institutions
- o Greater partnering with innovative start-ups
- o Try to hire new talent

These are excerpts from a brand new report, “A New Reality – The outlook for the oil and gas industry in 2016 “ published by DNV-GL ([www.dnvgl.com](http://www.dnvgl.com))

# In Summary

- o ALL industry players are scrutinizing what functions are critical to their business and what functions aren't (or have already done so).
- o Senior executives are examining their businesses and the industry seeking areas for improvement to gain a competitive edge (or simply stay alive).
- o The industry WILL change, the only question is how quickly?
- o Some jobs that are highly valued today will become low value in just a few years because of the changes inside and outside the industry.
- o As a professional, you HAVE to be reviewing the industry – Figure out how to remain relevant through the changes.
- o Find a way to add greater value to your employer than you have done to date or;
- o Find somewhere new where your skills and your knowledge, will be more valuable.

# Homework

There are 5 things you should start doing now if you're not already doing them:

1. Acquire New Skills
2. Grow your professional network
3. Update & Improve your CV and LinkedIn Profile
4. Start following your passion – Hobbies / Freelance / Pro Bono / Charity Boards
5. Save for a Rainy Day

*“Make hay while the sun shines”*





*É ku ijoko*

(Thanks for listening)

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