We need to talk about 2030

ARE WE ON THE BRINK OF A SKILLS CRISIS IN THE LUBRICANTS INDUSTRY?

eleven recruitment

COMMODITIES • ENERGY • CHEMICALS

UKLA
UNITED KINGDOM LUBRICANTS ASSOCIATION

WHITEPAPER
OCTOBER 2018

Increasingly aware of a skills shortage looming on the horizon of the lubricants industry, Eleven Recruitment – the new name for Oil Recruitment – partnered with UKLA to conduct a quantitative survey and in-depth interviews, to assess the extent of the problem, look closely at its possible causes and find practical and workable solutions.

The results were eye-opening and confirmed that we do need to act fast. 2030 is just around the corner but there's still time for the industry to wake up and pull itself back from the edge of the crisis.

David Wright
Director General,
United Kingdom Lubricants Association

"A 2002 Government study of competitiveness found that the UK had strengths in terms of science and engineering, a supportive market framework, and an improved macroeconomic environment. However, it still had continued weaknesses in terms of skills, clusters of interconnected companies and innovation.

Fast forward to 2016, and CEDOP (The European Centre for Vocational Training) found that labour markets across the European Union still faced an ageing workforce, a swathe of low-skilled adults and was not producing enough scientists or engineers to sustain economic growth.

The lubricant sector across Europe is a complex industry that relies on science, chemical engineering and technology to deliver sustainable solutions required by both end users and regulators. Faced with fewer skilled graduates, UK Government has promoted apprenticeship programmes, allowing organisations to grow their own talent. According to Government figures, the UK remains one of the highest spending countries on education across the OECD.

However today many companies face a 'soft middle' inside their organisations; senior management is comprised of an ageing workforce, junior management lacks experience and fewer middle managers have the necessary breadth of skills to be able to succeed in becoming the senior managers of tomorrow.

The UKLA/Eleven Recruitment skills survey is thus an important reminder that lubricant companies need to adopt flexible solutions to recruit from a diverse pool of talent, and then continue to invest in the right mix of skills necessary in order to survive and thrive in a highly competitive and globalised marketplace.

Developing effective links with local universities, engaging in Government funded training and education initiatives, and investing in their own corporate development programmes are all ways in which companies can tackle skills shortages, address succession planning issues and ensure their organisation can compete in the 21st century."

Nick Smith
Managing Director,
Eleven Recruitment

"We work in a great industry which has a fantastic future ahead of it, but it is often misunderstood by those on the outside.

Our research has shown that we are in urgent need of new blood as the current demographic retires. It's clear from our findings that the industry feels there's a significant and urgent problem but rather than burying our heads in the sand or thinking that quick fixes such as higher salaries are the answer, it's time to address why we are missing out on much-needed skills.

What we need is a commitment from the industry to do something about it. Change must come from within. 2030 is now just a little over a decade away. We know what we need to do but unless we act and secure the succession then we are merely sleepwalking into a sector-wide skills crisis."

Houston, we have a problem

The looming problem

75%

Respondents who feel the skills shortage is affecting their ability to meet performance targets now, or will do in the next five years

Overwhelmingly, those questioned by our team agreed that the lubricants industry does have a sizeable and pressing problem.

"Skills have walked away from the industry and have not been replaced," said Mark Pendlebury, former global vice president of lubes and speciality products for World Fuels.

Three quarters of those surveyed feel that the skills shortage is affecting their company's ability to meet its performance targets or that it will do in the next five years. A worrying statistic.

Mark agreed: "By not replacing skills, some companies try to increase territories (on the sales side) or areas of responsibility (combining roles) which simply dilutes people's time and ultimately affects business relationships."

Alongside an ageing workforce, the industry is noticeably failing to attract young people and women. The necessary skills are out there but they are not finding their way to the sector, which could prove critical by 2030.

Hybrid skills are the most difficult to find

WHERE IS THE SKILLS SHORTAGE FELT MOST ACUTELY?

We asked people to identify where the skills shortage is most acute and were interested, and more than a little surprised, to see that most feel that it is commercial skills i.e. sales, marketing, business development, that are missing rather than technical skills, or that companies are lacking individuals that offer a blend of both.

“As employers we need to encourage a multi-skilled work force,” said Martin Gough of Duckhams.

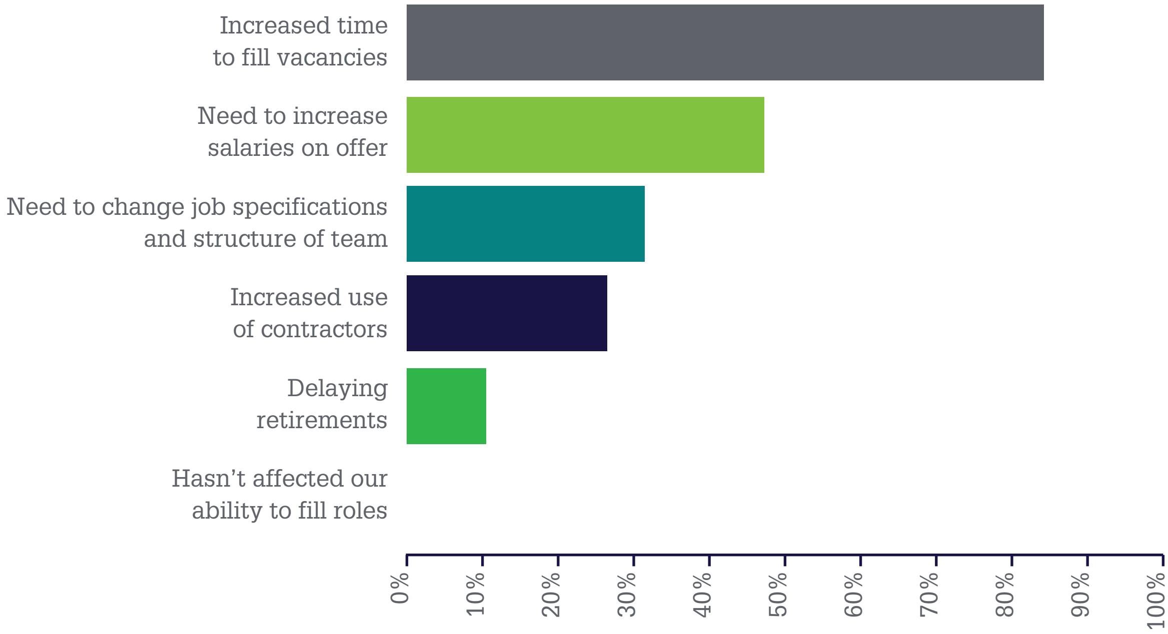
Interviewee Richard Crombie expanded the point, saying: “There is talent available, but employers are being too specific with their requirements and not thinking outside the box enough. There is a danger they will miss good talent and transferable skills.” He argues that this “narrows the pool of prospective employees and consequently restricts business growth and expansion.”

Significant impacts from unfilled roles

47%

Respondents forced to increase salaries on offer in order to fill roles

HOW THE SKILLS SHORTAGE HAS AFFECTED COMPANIES' ABILITY TO FILL JOB VACANCIES IN THE LAST 12 MONTHS



Companies are finding it difficult to fill job vacancies and many respondents acknowledged that they need to find better ways to both attract and retain talent. Almost half of those surveyed said that they had increased the salaries on offer as a result of the skills shortage. This may well indicate that average salaries need to increase to be competitive but just paying more is not necessarily a sustainable solution.

A staggering 84% said that the recruitment process was taking longer than the average of 26-33 days to the point of job offer, because of the skills shortage. Interestingly, not one person that we surveyed felt that the shortage hadn't affected their ability to fill job roles in the last 12 months.

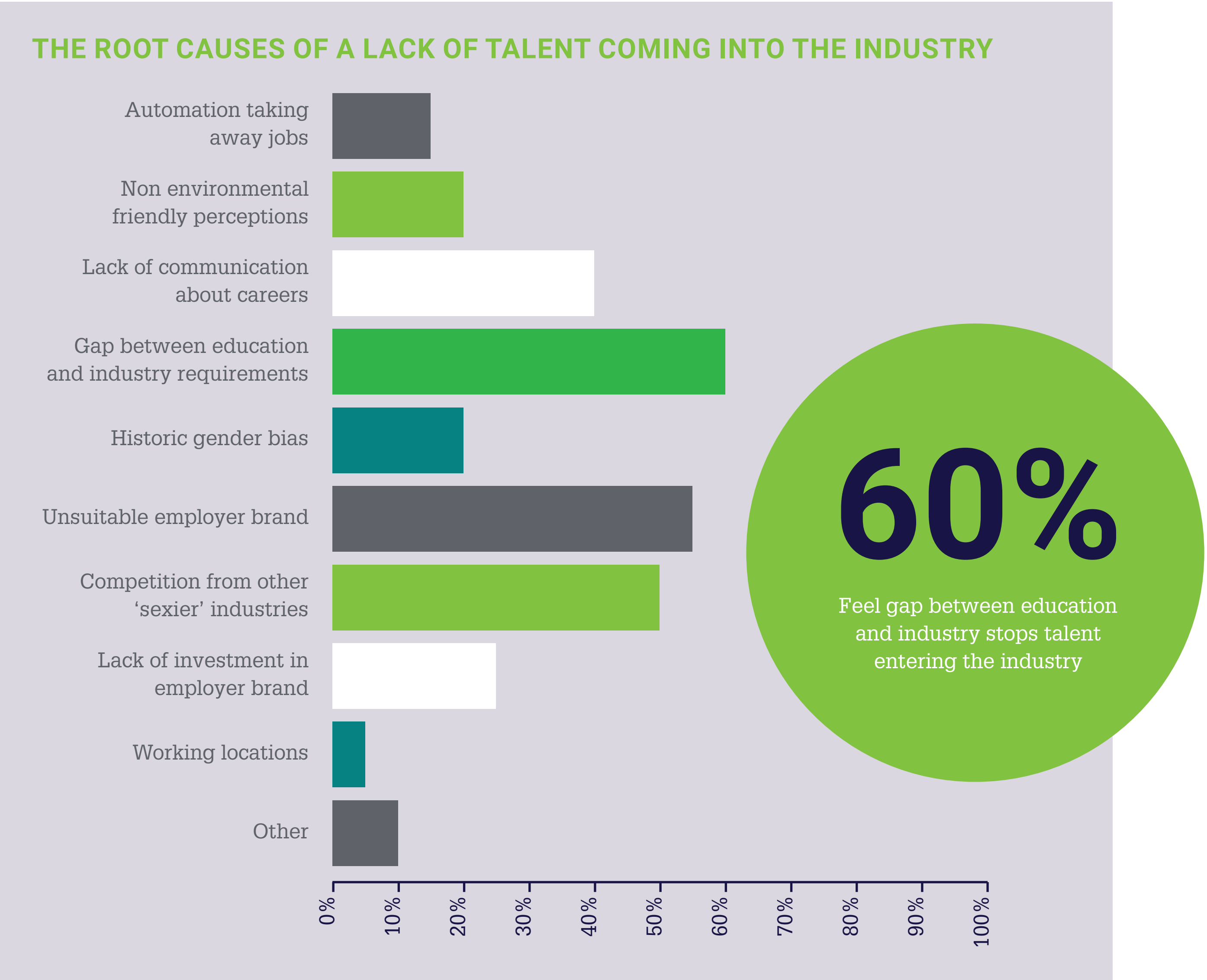
With recruitment in the industry generally taking well over a month, there's little doubt in our minds that this will now be affecting businesses in a number of ways. It also brings us back to the point that companies are failing to meet their performance targets.

- Increased hiring costs – advertising, agency fees, in-house recruiters, interim contractors
- Increased staffing costs as salaries are pushed up
- Lost productivity – project delays, slowed rates of work
- Pressure on existing colleagues to mop up the extra workload, risking disgruntlement and other retention issues
- Lost management time spent on reviewing more CVs, more interviews and restructuring teams

How did we get here?

Why is the industry at this point?

The skills shortage is caused not just by difficulties in attracting new people to the lubricants sector, but by retaining the talent we already have.



Several interesting themes emerged from our analysis. As well as a distinct lack of vision and investment, the gap between education and what the industry wants, featured prominently in respondents' comments.

Nearly two thirds of those surveyed pinpointed the education gap as the key root cause for the absence of talent coming into the industry, with 40% highlighting a serious lack of communication about careers and career paths.

It's clear from respondents' comments that few graduates are choosing to enter the lubricants sector. However, despite a dip in figures this year when the intake went down to 3,300, the number of school leavers studying chemical engineering and other STEM subjects at degree level has steadily risen since 2007. Figures provided by HEFCE indicate a healthy 32% increase between 2007 and 2015-16. Yet despite the growth, lubricants continue to be overlooked.

Taking a step back, could this be because not enough children are choosing chemistry as an option either at GSCE or A-Level, as Mark Burnett, managing director, Shrieve Products International, suggests? He believes: "The shortage stems from young individuals not taking chemistry in their education. They are doing IT or taking the easy route with arts or history."

DOES THE INDUSTRY NEED TO ENGAGE MORE WITH SCHOOLS AND UNIVERSITIES TO HELP PLUG THIS GAP?

Tony O'Connor, CSWI international sales manager believes this could be the answer and made an interesting comparison with the upstream industry and its approach to attracting graduates.

"In upstream, companies target the best universities in the field. We should target the top quartile of mechanical engineering graduates, offer sponsorships and get tie ins. In upstream, the majors can offer three or five year training schemes but this is not being replicated in downstream."

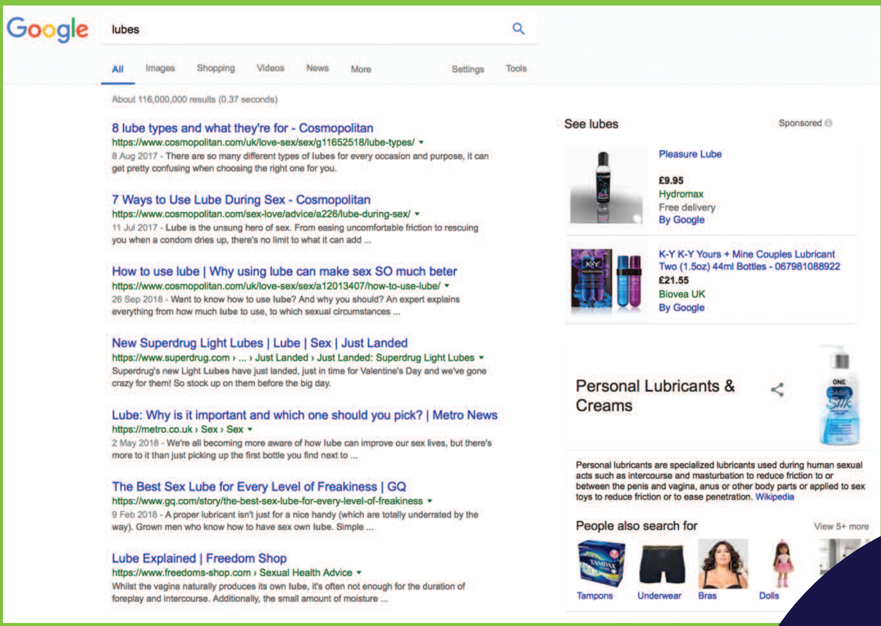
IS OUR INDUSTRY JUST NOT SEXY ENOUGH?

Image also has a massive part to play, especially when attracting millennials. Are we losing the talent war for STEM graduates because our industry simply isn't as appealing as other sectors? In his foreword, UKLA director general, David Wright makes the point: "New media driven industries have become more sexy and attractive to new graduates. The challenge we face now is how to make our industry more appealing to the next generation of outstanding scientists and engineers so that we don't miss out on our share of the available talent."

"Downstream is not sexy and this is down to marketing. Young people are having second thoughts or not even thinking about the industry as it is not 'out there'."
Tony O'Connor, CSWI

Over half of those surveyed feel that traditional employer brands just don't meet the expectations of young talent, which begs the question, does the lubes industry really understand millennials? A breed unto themselves, millennials are a generation brought up on social media; classic job-hoppers with a short attention span, seeking instant gratification from dopamine hits.

In 2016, the Harvard Business Review found that 21% of millennials had left their job in the last year to do something else. It also discovered that 71% were either not engaged or were actively disengaged at work.



Are we losing the online battle to be heard over other types of lubricants?

SOMETHING WE SAID?

- Could it also be that we are promoting our industry in the wrong way?
- Are we overlooking the importance of being environmentally friendly?
- Is our very name just too embarrassing to say out loud?
- Are we losing out online to searches for intimate lubes and struggling to be seen and heard?

A LACK OF DIVERSITY

Another crucial factor in the skills shortage is the lack of women in the industry. Companies are missing out on a significant pool of talent by not encouraging diversity in their recruitment practices. Whilst we all like to think that we're open to new ideas and suggestions, we are only human if we succumb to confirmation bias – unconsciously assessing people according to our own pre-conceived beliefs.

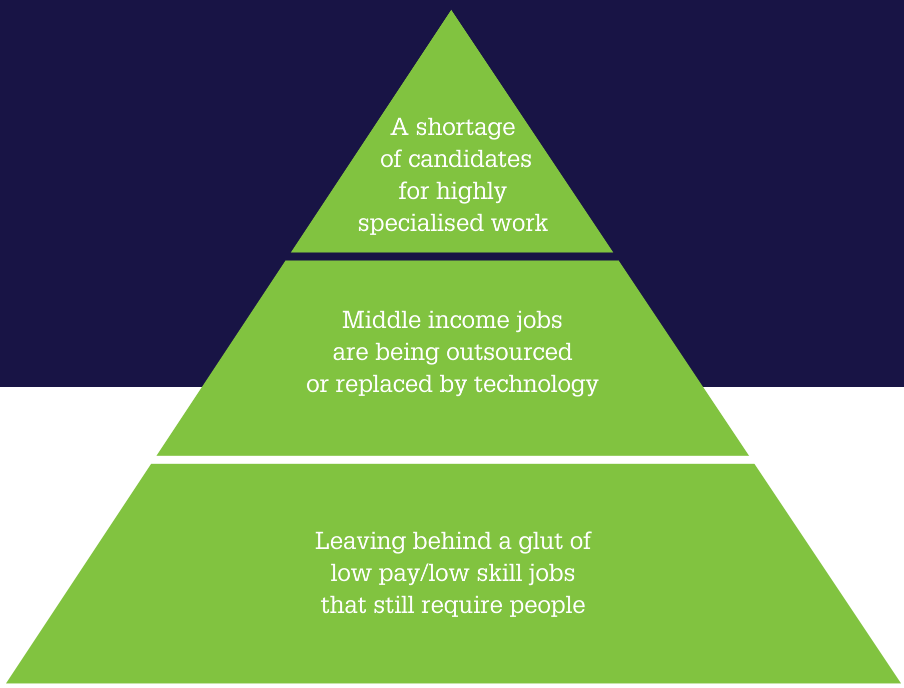
Additionally, a fifth of those we questioned feel that a historic gender bias is to blame for making the sector less appealing to women. According to data collated by Women's Engineering Society (WES), just over 15% of technology and engineering undergraduates in the UK are female. And while the good news is that the number of females entering the sector is rising, the bad news is that women still only account for 9% of its total workforce.

Don’t go! The difficulties of employee retention

Attracting new individuals in to the industry is one thing, but keeping hold of those we already have, is another problem entirely. Retention is so important but is something with which this particular industry seems to struggle. The team at Eleven Recruitment have observed a number of issues:

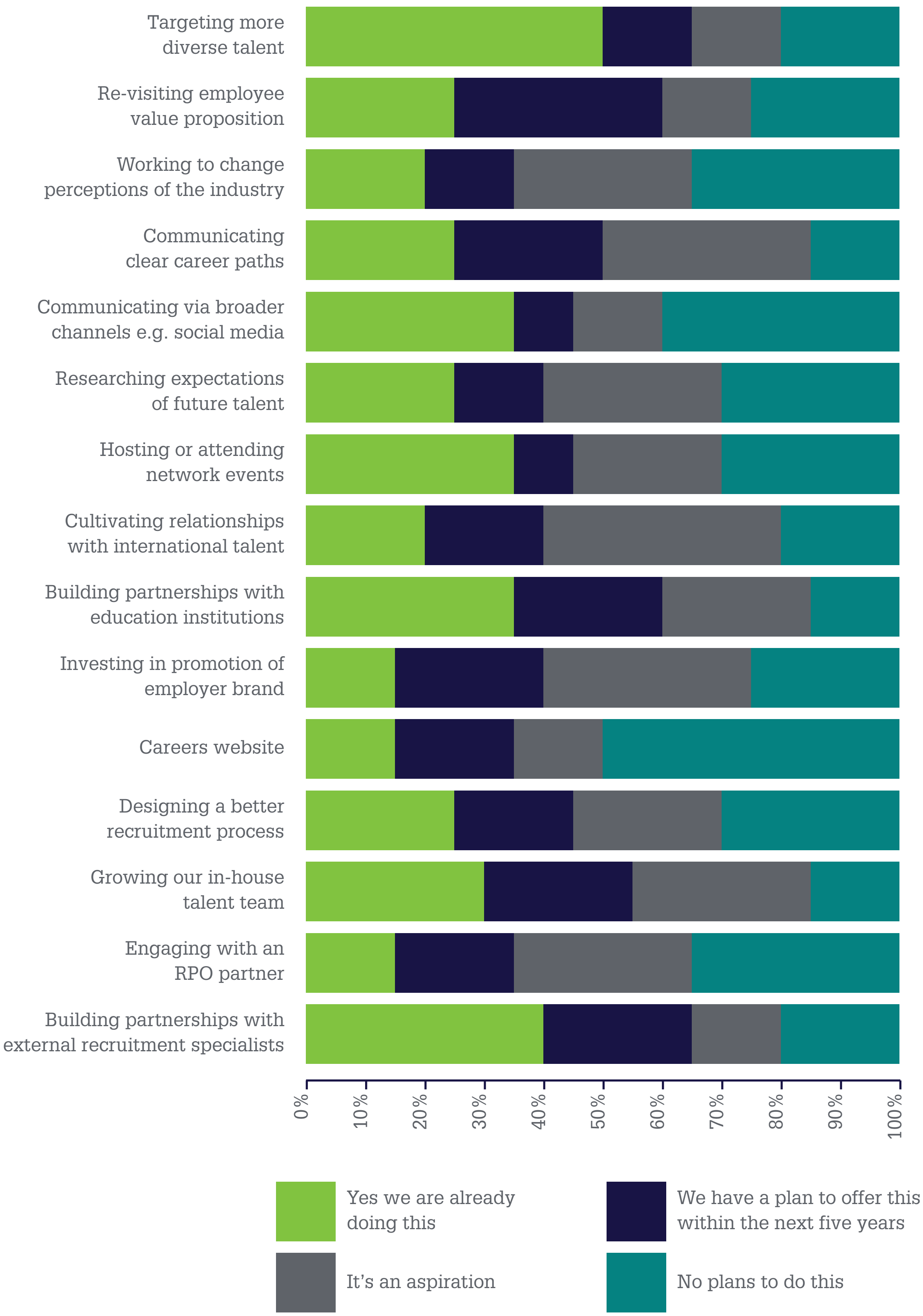
- Fewer middle managers are available to move up into senior roles as workplaces hollow out due to technology replacing jobs. The unintended consequence of increased outsourcing and centralisation is the disappearance of essential skills from companies
- Engineers often make poor people managers, which causes good employees to leave
- There is a distinct lack of defined career paths and not much creativity in re-training and cross training
- Although the general view is that we will have to work longer, people are actually retiring earlier these days

TECHNOLOGY IS RESHAPING THE JOBS MARKET



How to solve the skills shortage crisis

How companies are addressing the skills shortage in the lubricants industry



How are companies addressing the problem?

The industry clearly has an awareness of the importance of encouraging diversity, which is good to see, but this still needs to improve in order to better capture the talent on offer. Fifty percent of those we spoke to are currently targeting more diverse talent, while 15% have a plan to do this in the next five years. Are the 20% who have no plans to do this at all just burying their heads in the sand, or happy that they've already got their house in order?

Businesses also recognise the value of partnering with external recruitment specialists to reach hard-to-find talent, with 40% of respondents already doing it, and the same amount again planning or aspiring to do it in the future. However, this may be for nothing if more companies can't be persuaded to redesign their recruitment processes to stop talent leaking from the funnel.

More than a third of those that we spoke to are taking short-term steps such as hosting/attending networking events, building partnerships with education institutions and communicating about careers via broader channels such as social media. Longer-term initiatives such as improving the positioning of the industry and redeveloping employer brands are the focus of only a few.

In terms of attracting new recruits, the results were significant. Half of those surveyed had no plans to develop a careers website, 30% had no interest in researching the expectations of future employees and another 30% were not looking at designing a better recruitment process and candidate experience.

75%

Not actively trying to improve their recruitment processes

HOW DOES LUBES COMPARE TO OTHER UK INDUSTRIES?

We took a look at the Chartered Institute for Personnel and Development's (CIPD) 2017 Resourcing and Talent Planning Report to understand how lubes measures up to the rest of UK plc.

- Just over half of UK organisations have a formal diversity strategy, reflecting a similar level of effort to attract a diverse workforce as lubes. However, we'd suggest that 50% is still a painfully low figure and companies will continue to miss out on talent until they address this issue

- Across the UK as a whole, the CIPD reported that although more than half of those surveyed handled all recruitment in-house, there was an upward trend towards combining this with outsourced approaches, with 52% viewing the use of recruitment consultants as an effective method of recruitment. This suggests that the lubricants industry is more reticent about using skilled search and selection specialists, either in-house or externally

- When it comes to attracting talent, lubes lags behind significantly. Whilst nine out of ten UK businesses are placing a renewed focus on improving their employer brands, our survey suggests that only 25% of the lubricants industry is doing the same. Is it time for employee value propositions to stop being viewed as the 'fluffy stuff' and taken more seriously?

Tactics for keeping and maximising talent

Whilst it's clear that there's no quick fix, we firmly believe that keeping and maximising the talent you already have, is one of the most effective ways to solve the problem.

- Make sure you're listening to staff concerns and regularly benchmarking staff satisfaction levels. Get to know your staff and look out for any indications that an employee may be about to resign. Tell-tale signs include a reduction in productivity, effort, focus and motivation, an unwillingness to commit to long-term deadlines, a negative change in attitude and leaving work early

"Offer a clear career path with linked earning potential and stick to it."
Tony O'Connor, CSWI

- Define clear career paths, creating new tiers of seniority if necessary so that younger team members can feel they're progressing quickly
- Offer more flexible benefits. The days of a set benefits package for all are behind us. Whilst one person may really value private healthcare, the next may be more motivated by free gym membership
- Offer more flexible working arrangements. Not only can this enhance staff retention but it can also make your business more attractive to prospective candidates. As well as helping staff to achieve a better work/life balance, it enables them to accommodate a side hustle (employment taken in addition to a fill-time job) e.g. running yoga classes or an Airbnb
- Embark on a knowledge transfer programmes. Mentoring is key for succession planning as several of our interviewees maintained. "Companies need to start mentorships," insisted Mark Burnett of Shrieve Products International. "The current professionals in the industry need to pass their knowledge on to the younger generation."
- Create a succession plan for older or senior members of the team. We were shocked to find that only a third of respondents were already doing this. Planning for the future is absolutely essential, especially given that actual retirement age is now coming down despite the statutory retirement age rising. In his interview Tony O'Connor of CSWI spoke for many, pointing out that whilst the skills shortage is not currently affecting his business "we are conscious of the next four to five years as there is no obvious succession planning, but we are aware of this and addressing it."

"I never employ trained chefs, I only ever train up pot washers."
Heston Blumenthal

- Be open-minded to training up individuals from other parts of the business. Don't underestimate the staff you already have. This is a view shared by Daniel Cable, professor of organisational behaviour at London Business School who believes: "The real war for talent is unleashing dormant enthusiasm in the existing workforce."
- Accept that typical tenures are shorter these days and design company organisation around that reality

Tactics to improve today's recruitment processes

1 INVEST IN YOUR EMPLOYER BRAND

Define what makes your company a great place to work and then promote it on platforms where your target employees are. Look at other successful employer brands and mirror their tactics. Two that we think do it well are Laing O'Rourke and Barclays. Check out their websites for fresh inspiration.

2 USE INNOVATIVE HIRING TECHNIQUES

Be more creative with job descriptions and consider transferable skills. Remove words that subconsciously suggest masculine or feminine traits. Think outside the box; a point that was made well by Richard Crombie in section 1. He also felt that topics such as essential job requirements v transferable skills would make interesting topics for debate by trade associations and industry bodies such as UKLA and UEIL.

Ensure that you are ironing out any unconscious bias, whether that relates to age or sex. Whilst officially, age and gender discrimination is illegal, the truth is that many employers have a built-in bias that's hard to shift and can mean that they overlook a significant pool of talent. We recently spoke to George Probert, a 70+ year-old, who came out of retirement to join Millers Oils on a three-year contract. As employees, the over 50s have much to offer; stability, loyalty, commitment and experience that really counts in the workplace.

> Recruitment is key; companies must invest."
> **Mark Pendlebury, World Fuels**

3 RESEARCH MOST ATTRACTIVE BENEFITS FOR CANDIDATES

Research and promote the rewards and benefits that are most attractive to candidates. Opportunities to work from home, train and work more flexibly are often seen as more attractive than monetary awards. Give employees more flexibility to juggle the other aspects of their life - particularly useful for those with caring responsibilities. It can also mean a happy and potentially more productive workforce, with lots of added benefits for employers too.

4 RECRUIT RETRAINABLE TALENT FROM OTHER SECTORS

Rather than being short-sighted and bemoaning the lack of industry-specific talent, organisations need to get smarter and source candidates who have proven skills and are excelling in other sectors. Again, it comes back to thinking outside the box.

Tactics to bring new blood into the industry

1 EMBRACE EDUCATION

By building relationships with schools, colleges and universities you will have the best chance of grabbing your share of the talent and showing students what a great industry this really is. We believe the best ways to achieve this are by:

- Promoting internships through summer schemes or sandwich years
- Offering mentoring schemes to undergraduates, post grads or STEM teachers
- Creating work experience opportunities within your organisation for school and university students and giving seminars
- Placing a particular emphasis on women. We know that more that 15% of technology and engineering undergraduates in the UK are female so we must seek them out

Whether long or short-term schemes, all four avenues offer potential for fresh blood. Not only will students gain a valuable insight into the industry and hopefully some new skills along the way, but they may well be receptive to the prospect of joining your company once they have completed their education.

2 ENCOURAGE APPRENTICESHIPS

Sixty percent of survey respondents are already doing this, which is good to see, however 15% of those questioned do not plan on making it any sort of priority. Doubtless many have been influenced by the recently introduced levy, which requires larger organisations in the UK to fund new apprenticeships.

This is one area where our interviewees were also quite passionate. Richard Crombie told us: "I definitely think that apprenticeships can play a big part and be very valuable but they need a rebrand, a new image. Education is changing massively so apprenticeships need to move with the times." Not unlike the industry itself.

3 GIVE THE INDUSTRY A MAKEOVER

Do we need to change our name? Could Tribology (the science and engineering of interacting surfaces in relative motion) be a viable alternative? We think it's worth a debate.

Martin Gough of Duckhams also felt strongly that: "The industry is not promoted and is misunderstood." Martin believes that trade bodies should be "putting effort into promoting the industry to the younger generation". There are numerous ways in which trade bodies can do this. By bringing to life what careers are available, overcoming perceptions of not being green, undertaking case studies on what the industry has achieved recently and more importantly tackling the idea that we won't be around in 50 years' time.

Conclusion

Our research has confirmed the scale of the problem, which is both widespread and significant. The lubricants industry is failing to attract young people and it is becoming increasingly reliant on an ageing workforce.

Three-quarters of people that we spoke to said that the skills shortage is already affecting their ability to meet performance targets or that it will do in the next five years.

Recruitment is also proving difficult across the board with 84% of respondents acknowledging that process is taking longer than the average 26-33 days. As a result, 47% said that they had been forced to increase the salaries on offer in order to fill vacant positions.

A PERFECT STORM OF RECRUITMENT AND RETENTION DIFFICULTIES

When looking closely at the root of the problem we have uncovered a perfect storm of difficulties with both recruitment and retention. There is serious underinvestment at company and industry level, possibly because lubes is viewed as a sunset industry; a little short-sighted when you consider that it will be around for at least several more decades and we need talent to keep the engines of industry turning.

- 60% feel the gap between education and what the industry wants is the primary cause of talent not entering the industry
- Diversity is also a big issue - women still only account for 9% of the engineering workforce
- The industry has an image problem – lubricants is perceived as neither sexy or appealing
- A generation of middle managers is being lost as workplaces hollow out, leaving a scarcity of qualified people for senior roles

TACKLING THE CAUSES

There are lots of ways to tackle the problem, not least by giving the industry a much-needed makeover. A name change is also worth considering. We think Tribology has a good ring to it and would tick lots of positive boxes.

Organisations need to use more innovative hiring practices and think outside the box. By developing their employer brands, being more creative with job descriptions and considering individuals with transferable skills, they will have better access to a wider pool of candidates.

Better defined career paths and succession planning are a must, as are apprenticeships and improved links with education.

We need to act fast to stop this problem in its tracks. Change must come from within. Think about what you can do today to reverse the situation. Your industry needs you.

Appendix

ABOUT THE RESEARCH

The research was conducted over the summer of 2018. In total Eleven Recruitment surveyed 141 people from across the lubricants industry and carried out a series of in-depth interviews with key industry leaders.

ABOUT UKLA

Established in 2005, the United Kingdom Lubricants Association represents member company's interests both at home and overseas. The voice of the UK lubricants industry, it actively engages with other trade associations, representing, consulting with and lobbying UK and European Governments and industry authorities.

Acknowledged as the Lead Body by UK Government, the UKLA is the UK Delegation of UEIL. It also provides industry networking events and shares knowledge on industry developments and legislation through training and communication.

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UKLA
UNITED KINGDOM LUBRICANTS ASSOCIATION

ABOUT ELEVEN RECRUITMENT

Founded in 1998 as Oil Recruitment, we changed our name to Eleven Recruitment in 2018 to better reflect the way in which we approach client and candidate service. As well as the oil sector, we now operate in the gas, power, non-energy bulk commodities, lubricants, chemicals and fuels industries.

We began recruiting as a natural extension of our existing presence in the oil market. Our parent company, Ashley & Dumville, started out selling coal and coke from horse drawn carriages in 1880 before diversifying to fuel oils in the 1950s and publishing in the 1970s. A fourth generation family-run business, Ashley & Dumville has always prided itself on adapting to the needs of the industry.

Our enviable network remains the cornerstone of our business. The fact that 84% of candidates who didn't get the job still rate us as excellent is testament to our commitment to candidate care.

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