

So Much Field Work, So Few People

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Historical View

- **Balanced supply & demand for craft**
- **Able to off-set any imbalances by:**
 - Moving small numbers of craft people (*) around the world
 - Training site specific local talent

(*) Other Country Nationals unit cost (wage cost + training cost + assignment cost) < Western unit cost

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Current Environment

Observations

- **Huge wave of construction jobs**
 - Across the world (esp. North America, Middle East, South East Asia)
 - Across industries (oil, gas, chemicals, mining, infrastructure, ...)
- **Imbalance is**
 - Attracting new entrants to the market (untrained, but eager)
 - Existing players - trained, but scarce

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Current Environment

Observations (cont'd)

- **Pressure on cost because**
 - Natural supply & demand phenomenon (labor and material cost).
 - Rising labor cost
 - Individual Western craft is demanding pay increases
 - Other Country Nationals have access to information on Western craft pay scale (internet!) and are demanding similar pay both at home and certainly when on assignment. This cost issue when coupled with the supply issue – Conclusion -- moving people around the globe is certainly not a given.

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Current Environment

Observations (cont'd)

- Expect contractors who were awarded LS contracts in the past year to start feeling the labor cost pinch.
- Because of labor cost and its uncertainty expect less willingness for contractors to engage in LS contracts.

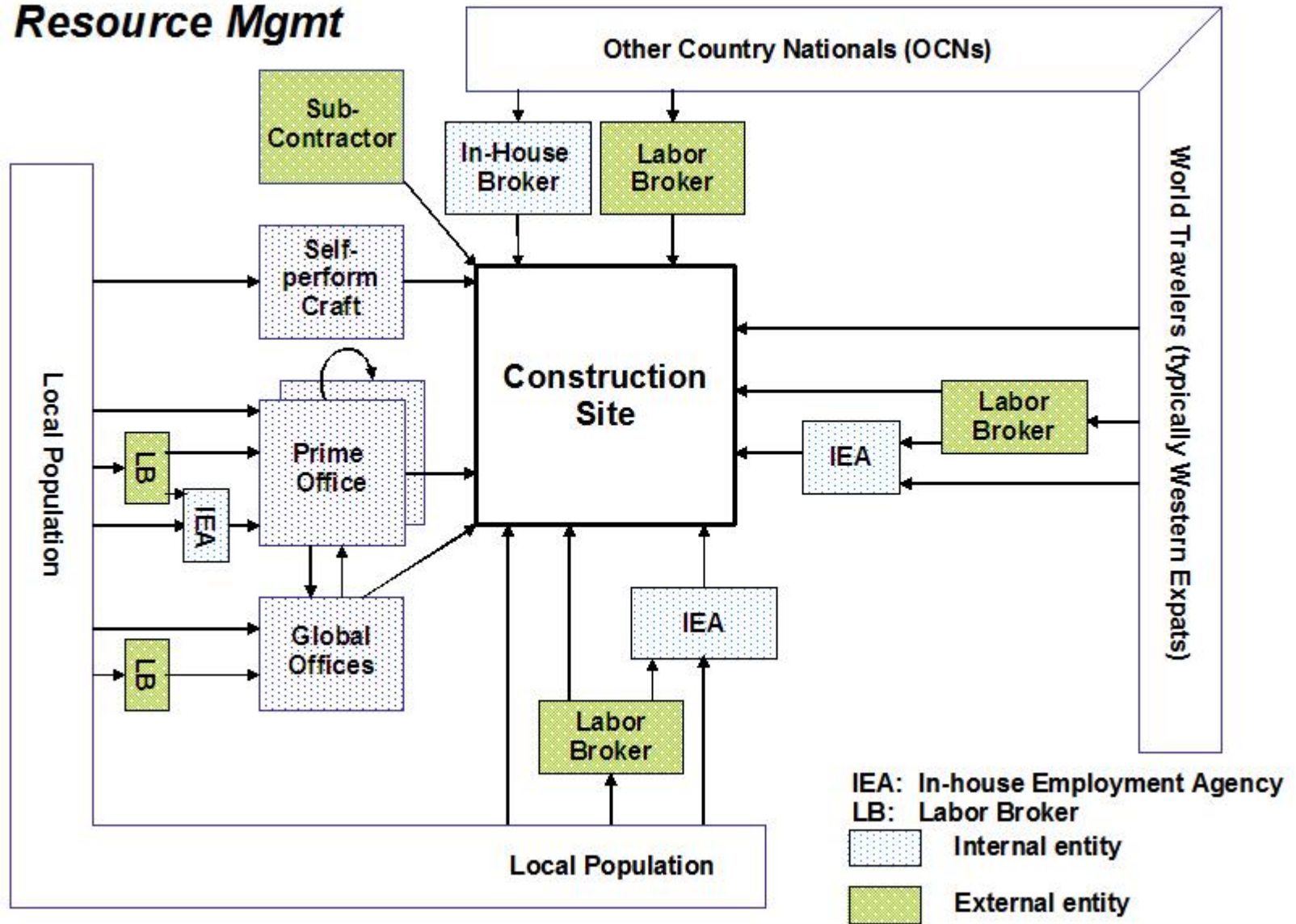
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Resource Mgmt



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Training

- Remember: Effective Resource planning leads to effective Project Management
- Training should be viewed as an investment and not just a cost
- Training is part of a business model approach – not a site specific action
- Training Approach
 - In-house, local center, formal institution, client sponsored, government sponsored

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Recommendation

- Labor should be viewed as a long lead item
- Labor (at-site) constraint – should be one of the key planning criteria
- Know the sources and uses of labor
- Understand the interaction of labor supply in the shop fab – modularization – field fab – stick built continuum

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