



The great mining brain drain

Throughout the downturn, much has been made of the woes faced by the mining sector. In fact, if you google “mining sector challenges” it will deliver over 4 million results. We are in the midst of a historic bear market, whose bite is clamping down harder with each passing year, squeezing the last remnants of optimism from those working within the mining sector. The only real comfort comes from knowing the cyclical nature of the industry and that, inevitably, the lights will shine bright once again.

Having run for nearly a decade the Mining Recruitment Group Ltd, an executive search firm focused exclusively on the resource industry, I have had a unique lens through which to view the sector, and despite the coverage the industry and its demons continue to get, I’m here to tell you that there is an elephant in the room that has yet to be addressed. And the longer the downturn continues, the bigger and angrier it gets.

We are entering uncharted territory, and though we have seen countless boom and bust cycles, we are at a demographic inflection point that can’t be outrun. No, this isn’t another baby boomer retirement-wave issue (well, partly it is), which has already been well covered. If anything, the market unraveling has stymied many mining professional’s plans for retirement, as fortunes have been wiped out and many frankly can’t afford to consider it at this point.

But one can only outrun Father Time for so long, and retirements will cascade eventually. The longer this takes to play out, the mightier the wave will be when it finally strikes.

This wave is coming. It’s been well documented already and is an issue that by nature, will only get worse with time. It’s old news at this point (no pun intended). This is something the industry has had a long time to prepare for, though mostly hasn’t — less than one third of mining companies have any sort of succession planning in place.

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Written by Logan Drilling Group

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But here's where it gets real messy. Due to the prolonged nature of this cyclical bear, we are now witnessing a brain drain of talented, highly skilled, mid-level professionals that have no choice but to leave the industry in search of a stable paycheck. A portion will return when things get better, but, as with other downturns, we know that many will never come back. Regardless, professional skills development has been replaced by professional survival.

We will soon witness an entire layer of industry retreat (our survey in the fourth quarter of 2014 showed 39% of mining executives had plans to retire from full-time employment within five years), at the very time those that were positioning to fill their shoes are being absorbed into other sectors.

A recent survey sent out to my mining professional database has highlighted this issue in plain terms. A full 25% of respondents classified themselves as unemployed. Moreover, another 21% rated themselves as underemployed. Let that soak in for a second.

Of those, when asked if they were considering leaving the industry permanently in favour of a new line of work, 31% indicated that they were. Another 34% indicated they were considering leaving the industry, but were open to returning when things started to show signs of improvement.

The mining industry was ill-prepared to deal with the ramifications of the impending wave of executive and technical professional retirements in the best of times; how can it possibly cope in the wake of a mass exodus of mid-level professionals that have no choice but to leave the sector in search of work?

At a time the sector should be focusing on developing new leaders and grooming them for executive office, the talent pool is in fact thinning. Skills aren't being put to use and expertise isn't being passed down.

Previous downturns already make mining professionals between the ages 38-50 a rarity, as few opted to enter the industry during the previous down-cycle; now the layer beneath them is disappearing and disengaged, leaving an unfathomable skill-gap for the sector to grapple with.

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Just as the extended downturn has caused many executives to push retirement off for a few years, causing the wave to intensify when it ultimately does strike, the brain drain of mid-level talent to other sectors will only exacerbate with each passing quarter, setting the sector up to face a perfect storm scenario just as soon as it turns the corner on the one passing through right now.

— Based in Vancouver, Andrew Pollard is president of The Mining Recruitment Group Ltd, a boutique executive search firm focused exclusively on the resource sector. Visit miningrecruitmentgroup.com for more information.

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