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# STEPPING OUTSIDE THE BOX: OIL AND GAS VS TECH START-UPS AND YOUNG ENTREPRENEURS

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**You started your own business in the oil and gas industry in the 1980s.**

**Could you repeat this today?**

To start an oil and gas company nowadays is probably more difficult due to stricter regulatory and financial requirements.

When I started my business, my total capital was about US\$1,200 in today's value. I started buying small oil and gas leases, 16 hectares in size with two wells on them, which was and is only possible in the US and Canada in the private sector.

In order to repeat that today, one would need much more capital or to have partners, who can provide the capital required.

**What are the qualities that young entrepreneurs need to have to be successful in oil and gas nowadays?**

First of all they need to have some level of knowledge of the industry. In my case, it was mechanical operations of wells and pipelines. Then one

has to be very optimistic, because setbacks have to be expected. In particular, when raising capital, one must be prepared for many rejections. Last but not least, some basic finance and accounting skills are required as well.

**Tech and IT start ups are dominated by entrepreneurs aged 30 years or younger. Can you see that being replicated in oil and gas too, or are “years of experience” required in our industry?**

I can see that continuing in oil and gas as well. From what I have seen, people who spend longer (8-10 years) in larger corporations become dominated by the need for continual paychecks. So they are less optimistic when it comes to becoming an entrepreneur.

**How important are universities for the development of technology solutions for oil- and gas-related problems? Can serious concepts be developed that**

**can serve as a basis for later spin-offs?**

Universities can be very important when it comes to developing technology solutions. However, as I have been a judge in university competitions, my experience is that as soon as a solution or a concept is developed, people should leave any kind of structured environment – like university – and get backed up financially, because staying in university might require young entrepreneurs to focus on the scientific aspect rather than on the commercial aspect of a product.

**In which areas of our industry do you see the most potential for young entrepreneurs?**

Because of technological innovation

there is significant opportunity for young entrepreneurs to apply US and Canadian technology to oil and gas assets in Europe, Eastern Europe or the FSU, because most of those assets are about 30-50 years behind, compared to the US.

There continues to be a tremendous amount of disconnect between the development of the assets and the reservoirs in Europe, Eastern Europe and the FSU versus the US and Canada: it is generally a matter of dealing with the organisational structure of the state oil companies, which is probably the greatest restriction. Thus there is a tremendous opportunity for young entrepreneurs with local knowledge to get funding from the US or Canada. Americans or Canadians, on the other hand are far more able to understand

the risk, which makes Europe and the FSU attractive, because the assets are so poorly developed from a technology standpoint, so the issue just becomes the extreme bureaucracy attached to those countries.

**What advice would you give students in the current crisis, considering that job offers are scarce these days?**

It is true that the social context for employment is challenging, but there has never been a better opportunity if you have some experience, to start a business, because the cost of assets are much lower. However, the system in Europe is very different to the system in the US so it is very less likely for a startup to be successful because of the increased regulatory issues.

As for the current job situation, I'm sure the demand for people will increase again by 2018. I would advise anybody to establish relationships with the energy industry in the US and Canada. The development of the industry since 2004 has really put the US and Canada far ahead of Europe and the FSU in terms of technology application. A young person, who can also demonstrate that connection and has some first-hand knowledge, is several decades ahead.

**In thinking over and summarising all the answers to these questions, the picture is clear:**

**Do your studies. Gain first-hand experience of the latest technologies – but no older than 5 years. Take your knowledge to less developed areas. Be optimistic. Be relentless. Be willing to live on little money. Simply put: Entrepreneurship is a mindset rather than a career.**

With this, I would like to say thank you, Mr Mitchell for your time and contribution, and hope that those thoughts stimulate many readers' thinking, whether one is "career" or "mindset" driven. ●



All hands to the pumps: engineering students get to grips with the technology