

White Paper

Price Spikes, Safety Surges: Leaders Must Prepare

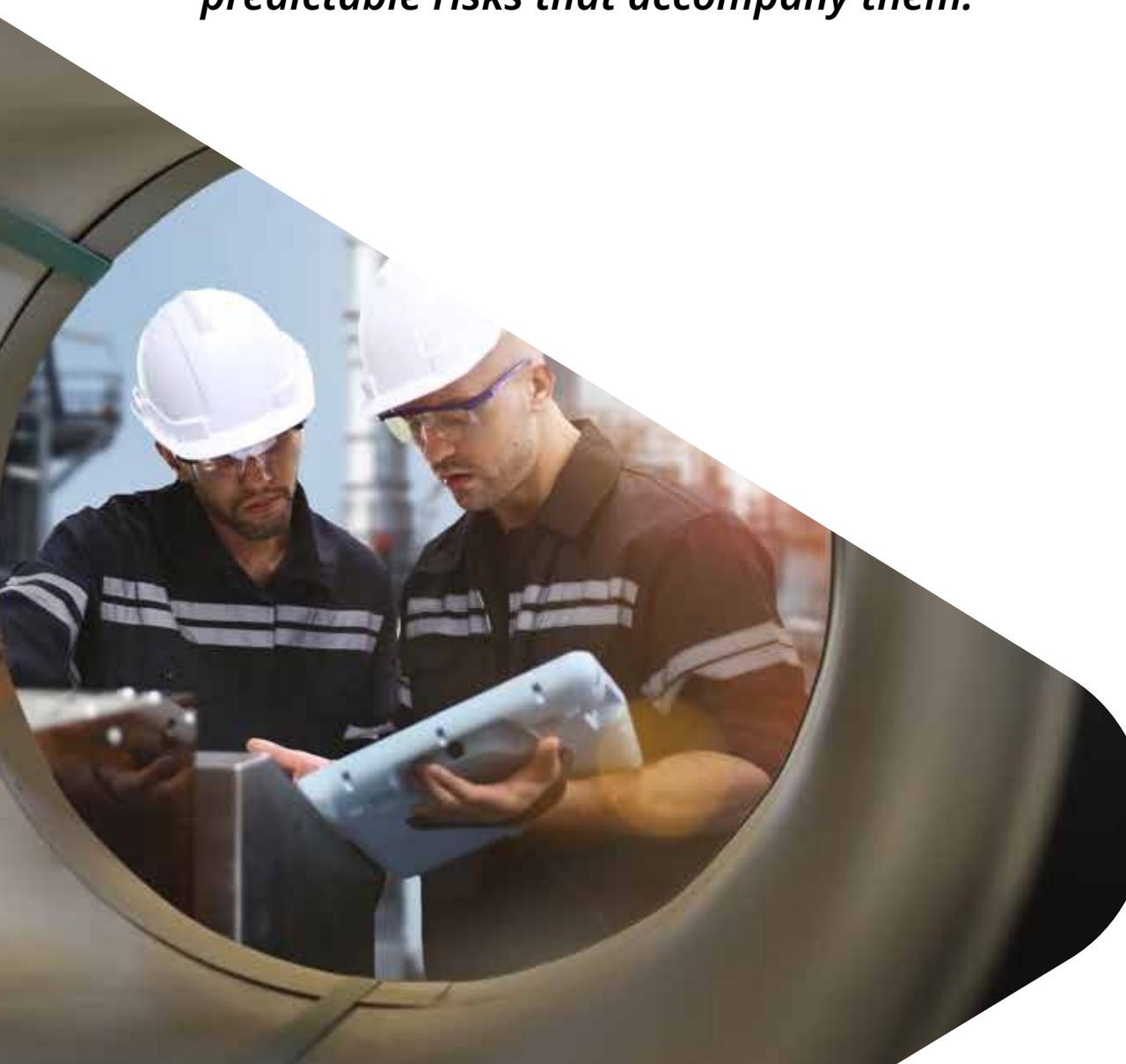
Cycles Return—So Do the Risks

This industry is no stranger to these cycles of expansion and contraction.

Leaders understand the operational and organizational strain that accompanies both extremes—from rapid growth amid supply constraints to aggressive cost-cutting during oversupply. While the market conditions differ, the central challenges are remarkably similar. Both demand disciplined decisions around talent, resources, and execution.

When prices rise quickly, strategic planning often gives way to urgency. Decisions are made under pressure, and organizations shift from deliberate preparation to rapid action.

The question is not whether these cycles will return—they always do—but whether organizations are prepared to manage the predictable risks that accompany them.



Talent and Resource Assignment: Strategic Levers With Sustained Influence

For leaders who have managed these cycles before, the lessons may feel familiar. For others, the strain may already be visible: stretched resources, eroding capabilities, and growing operational exposure. Two strategic levers consistently determine outcomes across profitability, reliability, safety, and environmental performance: talent depth and resource deployment.

How leaders pull these levers equally shapes organizational culture. Decisions made during periods of volatility leave lasting impressions. Years later, employees will remember whether leadership strengthened the organization—or compromised its future resilience. Those stories matter.

Leadership depth is often assumed to remain intact after prolonged contractions. In reality, experience erodes quietly. Capabilities within core contractors may thin, and policies that worked in stable conditions may limit responsiveness amid rapid expansion. Without deliberate adjustment, these factors merge to reduce behavioral reliability—the dependability in which people recognize risk and act safely under pressure.

A poorly managed ramp-up magnifies these effects. Reduced experience, constrained resources, and compressed timelines increase exposure just as organizations attempt to accelerate production.

Safety incidents or environmental events inevitably slow execution and drive costs higher, compromising the very gains leaders are trying to capture.

New People, New Conditions—and Rising Exposure

Rapid expansion introduces predictable risks. New hires may lack experience or familiarity with corporate procedures. Supervisors are overextended. Newly promoted leaders may be unprepared to onboard personnel effectively. Mid-level managers face competing objectives and often prioritize immediate production goals over exposure reduction.

Messaging becomes inconsistent. Leadership presence diminishes. Non-negotiables blur. Behavioral reliability declines, and exposure increases.

The danger lies in false confidence. Organizations do not always suffer immediate consequences when exposure rises. Near misses go unnoticed, and success is celebrated. Over time, complacency sets in. If these risks were examined transparently, few senior leaders would knowingly accept them. Yet history shows that organizations often do—until a defining event forces change.



Where the Cycle Hits First: The Field

The business's cyclical pattern is felt most immediately at the wellhead and on the rig floor. Production teams experience the pressure to move faster long before strategic shifts are felt in exploration or long-cycle projects. During price spikes, the implicit message often becomes speed at any cost.

Workers may disregard leadership rhetoric, but they pay close attention to actions. When shortcuts are tolerated—or implicitly rewarded—those behaviors spread. Supervisors and frontline managers become the signal carriers. Their daily decisions define what really matters.

Without consistent mitigation, exposure rises. Serious injuries, fatalities, and catastrophic events become more likely. While outcomes may appear random, the controllable factor is leadership execution—how consistently risk reduction strategies are applied across levels. This is the essence of behavioral reliability.

What Leaders Must Do—Before the Next Ramp-Up

Market conditions may or may not sustain current price levels. What is certain is that future cycles will arrive. Leaders who prepare now can avoid repeating the same failures.

Critical actions include:

- Identifying the most likely sources of exposure during expansion, including leadership depth, contractor capability, policy constraints, and onboarding capacity.
- Ranking these risks based on their impact on behavioral reliability, safety exposure, production, cost, and profitability.
- Formulating targeted mitigation actions that can be deployed rapidly.
- Forming clear governance to ensure plans do not stall under pressure.

Leaders must ask hard questions.

- Are policies adaptable?
- Are supervisors equipped to lead under increased demand?
- Do contractors share the same safety expectations?
- Is governance clear, owned, and measured?
- What actions—not slogans—will employees see when pressure rises?

Ultimately, organizations must decide what story they want to tell when the cycle turns again.

Preparation is not about avoiding risk; it is about managing exposure deliberately.

A Deliberate Choice

Navigating volatile markets requires more than hope. It demands intentional leadership, clear-eyed assessment, and disciplined execution. Values are not free. They are expressed through the choices leaders make when conditions are chaotic and time is scarce. Organizations that prepare deliberately can become stronger, safer, more resilient, and better positioned for the next disruption.



Let's talk:

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