

## The Energy MBA: A Career Path in Transition

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The recession hasn't yet slowed demand for management talent in the energy sector — though the opportunities aren't all coming from traditional oil and gas. As the industry confronts potentially transformative changes in everything from government policies and economic models, to the very sources the country will tap for energy, MBAs are leaning into careers in alternative energy and clean technology. “Energy used to be hidden in the ‘other’ category of job placement,” says Mark Friedfeld, a career advisor at the University of California at Berkeley’s Haas School of Business. Now the **energy industry takes up its own slice of the overall placement pie — more than 5 percent**. “We haven’t seen the erosion [in jobs] that we’ve seen in other sectors — it’s a solid area.”

### Top feeder schools:

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**University of Texas at Austin McCombs School of Business:** Among top U.S. business schools, McCombs’ energy finance concentration, administered by the **Center for Energy Finance Education and Research**, is the only one of its kind.

**The Jesse H. Jones Graduate School of Management at Rice University:** Houston boasts headquarters for five of the six so-called “supermajor” energy companies, and Rice enjoys a close recruiting relationship with hometown firms like ExxonMobil, Chevron, and ConocoPhillips.

**Stanford Graduate School of Business:** Located in the Silicon Valley, Stanford is near several alternative energy startups and venture capitalists who invest in the sector. The school recently received \$100 million from donors to establish an **energy institute** that will research how to make alternative energy cost effective.

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### Most lucrative jobs

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The most popular jobs for MBAs in the energy industry, according to **PayScale, Inc.** (Salaries represent 2008’s national median pay.)

**Director of Operations:** \$120,000

**Business Development Manager:** \$114,000

**Energy Trader:** \$95,800

**Construction Project Manager:** \$89,600

**Pricing Analyst:** \$56,500

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## Major MBA recruiters:

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**SunPower:** The San Jose, California-based company's rooftop solar systems have been a hot commodity for companies like Wal-Mart and Lockheed Martin, and national government agencies like the Department of Energy.

**Chevron:** The oil and gas behemoth is the world's largest producer of geothermal energy. The company has invested about \$2 billion in developing alternative and renewable energy technologies since 2002 and expects to spend an additional \$2.5 billion by the end of 2009.

**Southern California Edison:** In 2008, Southern California Edison began work on installing the nation's largest solar cell installation to date, a project that will convert 65 million square feet of unused roofing into solar generating systems that will serve nearly 162,000 West Coast homes.

**ExxonMobil:** ExxonMobil shattered its own record for the biggest profit from operations, earning a hefty \$14.83 billion in its third quarter. But the company currently invests only 1 percent of those profits on developing alternative energy sources.

**Southwest Windpower:** The leading manufacturer of small wind turbines played an influential role in the passage of recent legislation creating a federal tax credit for residential wind systems, the first federal incentive of the kind since 1985.

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## The job outlook for new MBAs:

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"Not much more than a year ago, energy companies were complaining that it was difficult to find highly skilled people to work for them," says Barton Smith, an economist and director of the University of Houston's Institute for Regional Forecasting. Deanna Fuehne, director of the Career Management Center at Rice University's Jones Graduate School of Management in Houston, adds: "They were flocking to campus, trying to pick up extra bodies."

Then last fall, plummeting oil prices sent ripples through the large, integrated energy companies — and the hottest sector of the economy began to cool. This year, companies like Chevron and Halliburton still plan to hire (though at a slower rate) to take advantage of the talent they couldn't reach before the downturn. But career development officers at leading b-schools say that recruiting in the sector will continue, despite the recession.

At Rice, for example, last year large, publicly traded energy companies absorbed the roughly 20 percent of graduates that typically would have gone into financial services. This year the percentage may not be as high, says Fuehne, but Big Oil will still pick up some of the slack. A number of those jobs will be in renewable energy divisions, which are growth areas now for oil and gas companies, says Jeanne MacDonald, managing director of the recruiting firm FutureStep. Meanwhile, green energy firms have also been hit hard by layoffs and anxiously await action from Washington on federal funding and tax breaks that will clarify the growth outlook.

Both sides of the energy sector — non-renewable and renewable — need MBAs to fill the same functional roles as in any industry. But in this economy, companies lean toward recruits with deep, technical knowledge of the industry and finance experience. An engineering or materials science background will make some recruits stand out, says Shelly Fust, a recruiter with Korn/Ferry who specializes in finding executive talent for natural resource companies. This is especially true for alternative energy, where projects tend to be capital intensive. For example, solar installations can range from \$50 million for small projects to upward of \$1 billion for large installations. MBAs need to know project finance, particularly with the credit markets so tight, as well as government regulatory processes — plus enough technical knowledge to establish credibility with engineers, adds Fust.

The McCombs School of Business at the University of Texas in Austin is the energy industry's top school, thanks to its expansive program and prime location. The curriculum covers the "physical" side of the business, like energy exploration, production, and distribution, but energy finance makes up its core with required courses in risk management, asset valuation, and mergers and acquisitions. "The heart of our energy finance program is this: What are financial markets telling us about the future, and how can we use that information to make better business decisions," says Ehud I. Ronn, professor of finance at McCombs. "I would argue those skills are always relevant, but never more than when the economic and financial environment is such that errors in business decision-making can be firm-threatening."

Additional reporting by Danielle Novy.

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