Creating a Competitive Advantage Through Your Workforce

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Commonwealth Engineering

- Full-service engineering, procurement, and construction management (EPCM) contractor based in Houston
- Primarily serves the midstream (pipeline, terminals, gas plants) and downstream (refining, petrochemical, chemicals) industries
- Ranked 20th by *Houston Business Journal* among Houston-area energy engineering firms based on 2009 gross billings and 4th on *HBJ*’s Fast 100 List in 2008
- We strive to be the employer of choice for top-notch engineering professions

HOW DO WE THIS??
Before we get started…

- I first addressed the subject of creating a highly motivated and effective workforce 10 years ago
  - 2001 Engineering and Construction Contracting (ECC) Conference
  - Major loss of young professionals leaving the industry
  - Over 50% of the workforce was expected to retire within 5 years
  - Real concern over attracting and retaining talent
  - Changing demographics
Changing Demographics

Current workforce includes all of the following

- **Silent Generation 1925-45**
  - Living longer, working longer – full or part-time

- **Baby Boomers 1946-64**
  - High birth rates, BB’s begins reaching full retirement this year

- **Generation X 1965-78**
  - Sandwiched between two booms, value work/life balance

- **Millennials (a.k.a. Gen- Y or “Echo Boomers”) 1980-94**
  - Highly connected, value collaborative work environment
Ownership

● Aligns individual and corporate objectives
  - When the business succeeds, stockholders benefit

● Should be pushed down to the lowest levels possible
  - At a minimum, anyone with supervisory, managerial or leadership responsibility

● Fosters participative management
  - Stockholders have a say in how the business is run
Financial Rewards

- Base compensation should be set at a level to get the people you really want
  - Salary surveys provide only broad guidance
- Bonuses should be made available to every employee
  - Half the bonus pool set aside for team-based performance; the other half reserved for merit bonuses
- Equity separates your company from the pack
  - Upside in both profit sharing as well as appreciation
Recruiting

- Targeted selection identifies superior talent
  - Mass hiring techniques rarely produce the best candidates

- Ensure a current employee “vouches” for the performance of the incoming candidate
  - Both parties now have their reputations on the line

- An “invitation” to join a company builds a relationship from Day 1
  - New hires feel like part of the family, not just another employee
Flexible Work Conditions

- Emphasis should be on getting work done
  - How it gets done often then becomes a non-issue

- Remain open-minded about the employment arrangement
  - Direct hires, independent contractors, and agency personnel should each feel valued in their contribution

- Create work conditions that allow employees to work around personal constraints
  - Flexible hours, remote offices, part-time assignments
Professional Development

- Young careers need investment
  - Assign a senior mentor to provide guidance

- Mature careers need networking opportunities
  - Encourage outside involvement in professional societies, conferences, etc.

- No matter what level of experience, assign work that requires continuous learning and improvement
  - Expectations of performance should be set at 120% of what the individual thinks he/she can achieve
Mentoring

- Most of us have benefited from a mentor in our careers
- Effective mentoring is a two-way street
  - Young professionals bring energy and innovation
  - Mentor’s legacy of knowledge is captured by the organization
- Good mentors are committed to make a difference
  - Mentors take time to listen, communicate effectively, motivate and empower others
- Mentoring is part of every professional’s responsibility
  - This is essential for a “learning organization”
Opportunity

- Growth paths must be available to all employees
  - Everyone wants to know where they are going
- Create non-traditional career opportunities
  - Don’t impose limitations on who can do what based on typical corporate thinking
- If your company can’t offer new opportunities, your employees will find them elsewhere
  - Money is less of a retention tool than you think
Entrepreneurial Environment

- **Delegate**
  - Provide meaningful responsibility that makes a difference in your organization

- **Empower**
  - Micromanagement is unnecessary/undesirable with competent leadership

- **Encourage responsible risk-taking**
  - Create an environment which learns from mistakes instead of punishing them
Organizational Accountability

- Set clear goals and objectives, then ensure accountability
  - Tolerance of substandard performance demoralizes high performance teams and individuals
- Should be done on a continuous basis
  - Performance management is not an “annual review”
- “Commitment Reports” ensure agreements are tracked and communicated
  - “What by when”
Recognition and Reward

- Must be an apolitical process
  - Nominations should come from within the organization, not from the top down

- Needs to be timely
  - Spontaneity is the key to reinforcing great work; eliminate the “committee review” mentality

- Should be done at both the group level as well as the individual level
  - Red Bullet Award, employee events
Conclusion

- Most organizations already know what they ought to do
- The challenge is actually doing it!
- So…

HOW IS YOUR ORGANIZATION DOING?
P.S. – Lessons from my mentors...

- The E&C industry is a proud profession
- People are not a commodity
- Live your values
- Show appreciation
- Pass it on to the next generation
- Have fun!
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