

Ultimate Challenge

Expanding and Replacing our Engineering and Design Capabilities

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Ultimate Challenge

Andy Villamagna – Biography

Andy is Director of Support Services for ABB Lummus

Global responsible for :

Human Resources

Information Technology

Quality

Health, Safety, Security and Environmental

Building Services

Data Document Management

Over 25 years of Domestic and International experience in E&C Industry with a financial background.

Educated in Toronto ,Canada at Centennial College, University of Toronto and a past member of the Society of Management Accountants of Ontario.



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Ultimate Challenge

Contractor's Perspective

Major Challenges of our and other Industries

Aging Work Force

- Average age in the E&C industry is over 50
- Large gap in the 30 to 50 age group
- 40% of Americans plan to work after they retire
- Nearly 1/3 of retiring baby boomers will face poverty because of accumulated debt, lack of savings, no investments, inadequate pensions

A Surge of Major Project Awards

E&C Executives are joining Operating Companies

Negative Public Perception

Very Little College Recruiting and Declining Enrollment

Poor Job of Succession Planning

- Executives in other industries devote as much as 30 to 50 % of their time to talent management and succession planning

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Ultimate Challenge

Contractor's Perspective

RECRUITING

- BUSINESS NEEDS – STRATEGIC BUSINESS PLAN
- SKILL SETS
- GAP ANALYSIS
- STRATEGIC BUSINESS ALLIANCES WITH RECRUITING FIRMS
- DEVELOP AN INTERNATIONAL RECRUITING PROGRAM
- DEVELOP A COLLEGE RECRUITING PROGRAM
- EMPLOYEE REFERRAL SYSTEM
 - Attract better quality employees
 - Stay around longer
 - Lucrative to employees

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Contractor's Perspective

RETENTION

RETENTION PROGRAM

- Understand why employees leave
- Turnover costs estimated at 150 % of salaries and benefits
- Retirement plan, educational assistance program, wellness program,

• SUCCESSION PLAN

- Well communicated

• DEVELOPMENT PROGRAM

- Promote talented individuals now

• EMPLOYEES MUST HAVE CHALLENGING ASSIGNMENTS

• WELL COMPENSATED WITH ATTRACTIVE BENEFIT PACKAGE

- Create a disparity between rewards for expected performance and rewards for superior performance
- Bring employee pay range to midpoint levels and use incentive or spot bonus programs to motivate superior performance
- Long Term – Generous salaries and benefits are not enough. Personal fulfillment is the “key”

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Contractor's Perspective

RETENTION

- EMPLOYER OF CHOICE

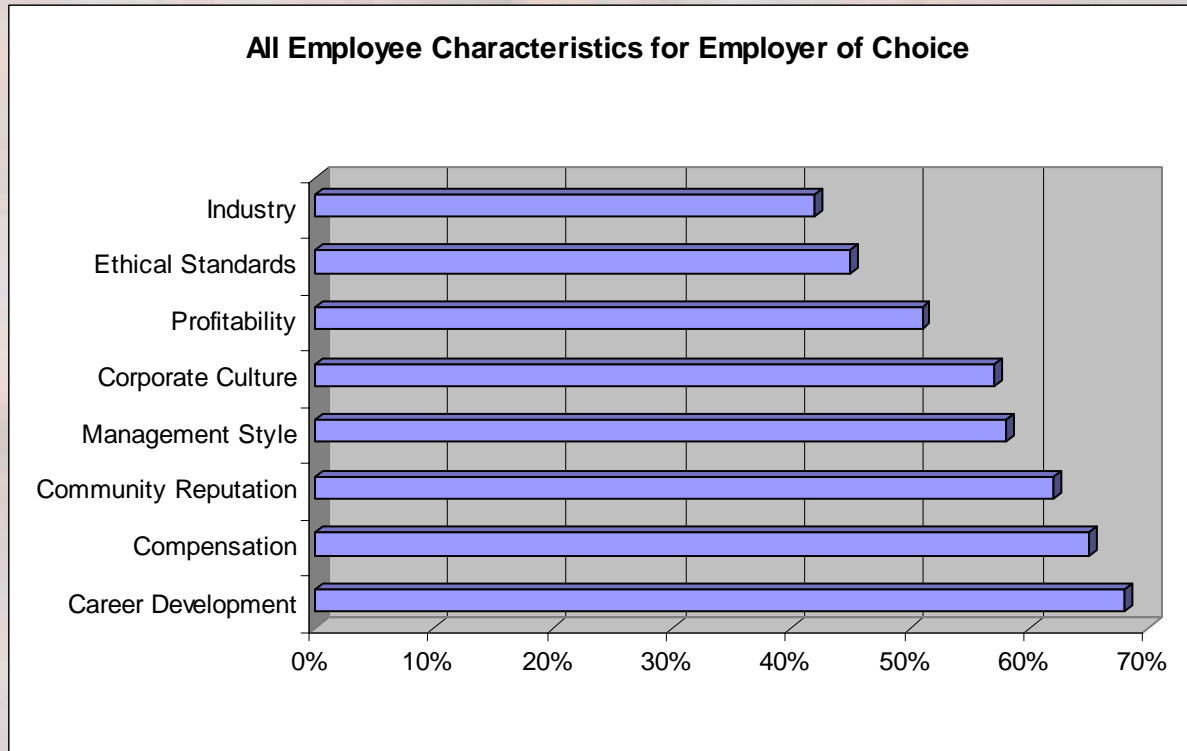
Credibility, Respect, Fairness, Pride, Camaraderie

- Communication (Newsletters, announcements, e-mails, intranet,)
- Recreational Activities
- Health Awareness Program
- Recognition Awards
- Reinforcing Organizational Values
- Team Building Competition
- Visibility of Senior Management
- Educational Efforts on Employee Savings
- Good Corporate Citizens
- Set Clear Goals and Targets

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All Employee Characteristics for Employer of Choice



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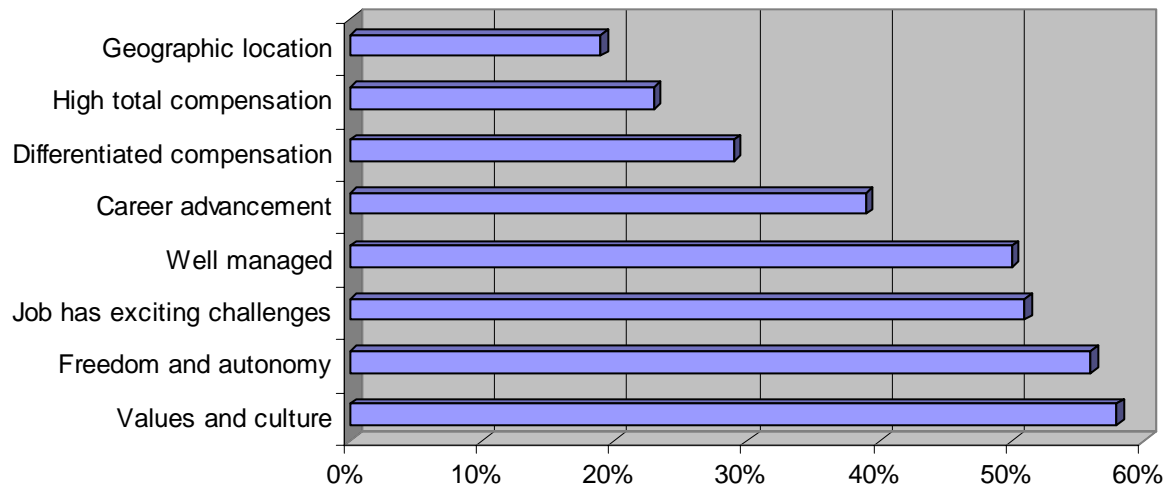
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Why Do Executives Join, Stay with, or Leave a Company?



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Contractor's Perspective

Conclusion

- Not enough 25 to 40 year olds in the workplace
- By 2015 , 20% of the workforce will be 55 or older

Option - A

- Keep the boomer generation on board as managers
- Or
- Turn leadership over to a 26 year old

Option – B

- Acknowledge the baby boomer generation will continue to be an important part of the workforce
- The concept of investing in youth and push out older workers needs to change
- Invest in youth
- Learn from the “Health Care Industry- Nursing”

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