



41<sup>st</sup> Annual ECC Conference

# The Perfect Storm

Navigating Through the Turbulence of Risk and Change

September 9<sup>th</sup> — 12<sup>th</sup>, 2009

Hyatt Lost Pines Resort — Bastrop, Texas — Just Outside of Austin

## Keynote & Luncheon Speakers



### Jeffrey Garten

Professor — Yale School of Management, Business Columnist & Former Undersecretary of Commerce

Jeffrey E. Garten's vast credentials, reputation and experience make him one of very few business experts placed firmly on the crossroads of economics and foreign policy. And as he notes with great eloquence in his best-seller, *The Big Ten: Emerging Markets and How They Will Change Our Lives*, that is the crossroads where businesses will thrive or perish in the 21st Century. Prior to being named Dean of the Yale School of Management in 1995, he served as U.S. Undersecretary of Commerce for international trade in the Clinton administration. Garten also spent thirteen years on Wall Street as a managing director of Lehman Brothers and the Blackstone Group.



### John Hofmeister

Founder & Chief Executive — Citizens for Affordable Energy; Former President — Shell Oil Company

John Hofmeister is the retired President of Shell Oil Company and the Founder and CEO of Citizens for Affordable Energy. This Washington, D.C. registered, public policy advocacy firm exists to promote sound U.S. energy security solutions for the nation, including a range of affordable energy supplies, efficiency improvements, essential infrastructure, sustainable environmental policy, and public education on energy issues. Hofmeister was named President of Houston-based Shell Oil Company in March 2005, heading the U.S. Country Leadership Team, which included the leaders of all Shell businesses operating in the United States. Hofmeister also has held key positions in General Electric, Nortel and AlliedSignal (now Honeywell International). Hofmeister serves as the Chairman of the National Urban League and is a member of the U.S. Department of Energy's Hydrogen and Fuel Cell Technical Advisory Committee.



### Rich Karlgaard

Publisher — Forbes; Author — Life 2.0

Entrepreneur-turned-publisher, columnist and television commentator Rich Karlgaard has a unique vantage point on the trends driving the business and investment climates. Karlgaard is the publisher of Forbes magazine, a regular panelist on Forbes on Fox, and a frequent guest analyst on CNBC. He's also a past winner of Ernst & Young's Entrepreneur of the Year Award. Karlgaard understands firsthand the difficulties of navigating in today's business climate and the opportunities available to those who have the courage to reach out for them. His assessment of the current business issues and trends will give attendees solid insights they can use to make better business and investment decisions.



### Jack Lengyel

Distinguished Coach

On Nov. 14, 1970, a chartered airplane carrying 37 members of the Marshall University football team crashed. Also lost in the tragedy were eight coaches, 25 team boosters and five crew members. In the aftermath, there was talk that the school should drop football. However, it was decided the program would resume play the following season. The man selected to lead the team was Jack Lengyel. This dramatic story and incredible leader were portrayed in the movie, "We Are Marshall." Coach Lengyel will share some amazing stories of commitment and determination from his experience at Marshall University and from the rest of his distinguished coaching career.



### ECC Association

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## 41<sup>st</sup> Annual ECC Conference The Perfect Storm

Navigating Through the Turbulence of Risk and Change



### ECC Sponsorship Opportunities

## Thanks to the many organizations who have already committed to be corporate & event sponsors for this year's conference.

Sponsor commitment allows the ECC to continually improve the annual conference as you will see in Austin this year. If you are interested in becoming a corporate or event sponsor for this year's Annual Conference, contact Denise Elston at [denise.elston@shell.com](mailto:denise.elston@shell.com) or Ed Godlewski at [edward.godlewski@flur.com](mailto:edward.godlewski@flur.com). For sponsorship information, contact Tara Wilson at [twilson@EventsiaGroup.com](mailto:twilson@EventsiaGroup.com) or 713-337-1600.



# Pulse of the Industry

Promoting Thought Leadership

engineering & construction contracting association

Summer 2009

### Chairman's Note



#### Welcome to the summer edition of ECC's Pulse of the Industry.

It is summer, and that means it's time to set your plans to attend the ECC's 41st Annual Conference. This year's conference is worth getting excited about. It will be held at the Hyatt Lost Pines, in Bastrop, TX (just outside Austin) September 9th-12th, and will be the one conference you should attend this year.

Each year, the ECC conference grows in a positive way by providing its attendees with timely, relevant content and networking opportunities. This year's theme, **The Perfect Storm: Navigating through the Turbulence of Risk and Change**, reflects the current challenges in our Capital Project Business and how some companies and leaders are responding to and taking advantage of the current market conditions.

We are currently putting the finishing touches on our plans for this year's conference. We have engaged an impressive lineup of presenters and we promise to continue serving our members with more interesting, stimulating, and educational programs. There will also be plenty of time to network with your industry colleagues.

The Future Leaders program, now in its fourth year, has seen incredible expansion as part of fulfilling our mission of "Promoting Thought Leadership". By reaching out to this group of tomorrow's industry leaders and progressive thinkers, the ECC is positively affecting the future of our industry. You can read more about the forum they'll present at this year's conference on page XX.

To learn more about this year's conference, registration, and activities and to make your hotel reservations, visit our website at [www.ecc-conference.org](http://www.ecc-conference.org). Registration is now open.

I would like to personally thank all of our sponsors for their strong commitments to the ECC. We have had a great response even during these trying times, which confirms the value that this organization brings to our industry. There is still time to support this year's conference events. To sponsor an event, contact Tara Wilson [twilson@EventsiaGroup.com](mailto:twilson@EventsiaGroup.com).

Thank you for your interest, participation and support and I look forward to seeing you all in Bastrop, TX in September.

#### Alan D. Thomas

ECC Chair, 41st Annual Conference

### ECC Achievement Award Recipient



#### Robert "Don" Vardeman to be honored at the 41st Annual ECC Conference

The ECC Board of Directors is pleased to announce that the 2009 ECC Achievement Award will be presented to Mr. Don Vardeman, Vice President International Projects, Anadarko Petroleum Company. Don's collaborative approach to E&C contracting has resulted in record-setting results in project performance and served as a model for many in the offshore industry. He was awarded the Citation of the Order of the Lion of Finland by the President of Finland for meritorious service to their maritime industry. Don is an engineering graduate of Texas A&M University and recently completed a term as Chairman of the Board of Directors for the Offshore Technology Conferences (OTC).



#### ECC SAFETY CREED:

We know that while risks exist, incidents are avoidable. Each individual has a personal responsibility for their safety and the safety of others. As leaders, we are accountable for driving this safety culture.



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**41<sup>st</sup> Annual ECC Conference**

# The Perfect Storm

*Navigating Through the Turbulence of Risk and Change*

## Plenary Conference Sessions

### Session 1: Same Storm, Different Ships: Will Owners Plot a New Course?

**Moderated by: Rob Berra, Foster Wheeler**

**Robert W. Patterson** – Mgr, Deepwater Projects – Shell Exploration & Production

**Jack Hartung** – Mgr, Project Assurance – Chevron Project Resources Company

**Al Pace** – General Manager, Major Projects – Marathon Oil Company

**Mike Lowder** – Director, Process Engineering – Eastman Chemical Company

We are all navigating through the same market forces; however the journey for owners and contractors will be different. While project success is defined by schedule, safety and cost – our unique perspectives force us to attack the market forces differently. In addition to owners’ focus on asset management, production, reserves and inventories, continued focus on project development will fuel long-term growth and sustainability. In this session four leaders from owner companies will discuss how their unique strategies and business models are changing to address the current conditions.

### Session 2: Same Storm, Different Ships: How Will Contractors Respond to the Winds of Change?

**Moderated by: Paul Nicks, Uhde Corporation of America**

**Steve Dedman** – Sr. Vice Pres. Enterprise Strategic Development – Zachry Holdings, Inc

**John Nesser** – Chief Operating Officer – J. Ray McDermott, S.A.

**Richard Davis** – Mgr. of Marketing & Business Development – Bechtel Corp.

Contractors have different considerations when addressing the current market situation. The contractors’ success is based on people and technologies and the application of services in support of the owners. How will the contractors adjust their approach and emerge in a better position address the challenges of the future? Listen to four industry leaders from contractor companies share their perspectives on how they are responding to the owners’ new course.

### Session 3: Thought Leadership on Risk and Change

**Session Moderator: Meg Lassarat, Mustang**

**Dr. Jerry Strawser** – KPMG Chair & Dean, Mays Bus. School, Texas A&M University

**Dr. Bill Glick** – H. Joe Nelson III Professor of Management & Dean, Jessie H Jones Graduate School of Management, Rice University

The E&C industry is hardly unique in being forced to meet the challenge of the perfect storm. What is the latest and best thinking from the business community about the management of risk and change? The deans from two of the nation’s preeminent business schools will provide an overview of useful tools and concepts.

## ECC Future Leaders to Host Conference Breakout Forum “Navigating the Millennials Now and In the Future”

**SUMMARY** Representing those born between 1980 and 1995 and numbering close to 80 million, a new generation, commonly known as the “Millennials”, is rapidly entering today’s workplace. As the Baby Boom generation nears retirement age, recruiting, engaging, and developing this new breed of engineers and constructors is crucial to today’s success and the future growth of the E&C industry. At this year’s 41st Annual ECC conference “The Perfect Storm”, the ECC Future Leaders will present the breakout forum “Navigating the Millennials Now and In the Future.”

**INDUSTRY WORKFORCE ISSUES** In the coming years, the E&C industry will confront serious workforce challenges. Industry volatility and downsizing created a gap (dearth) of professionals between their early 30’s and mid 40’s to fill the management positions being vacated by retiring Baby Boomers. Fewer people are graduating with technical and engineering degrees resulting in less talent to supply an industry increasingly in need of knowledgeable and skilled employees. In addition, many young professionals view the industry as unfriendly to the environment and are thus attracted to other companies outside of E&C. In view of these issues, the E&C industry must take strident moves to understand and appeal to the “Millennials.”



**WHO ARE THE “MILLENNIALS”?** So who are the young people that comprise the “Millennial” generation? “Raised by doting parents who told them they are special, played in little leagues with no winners or losers, or all winners” (60 minutes, Nov. 2007), this generation, also known as “Net Gen” or “Generation Y”, grew up entirely with digital technology. In turn, the typical “Millennial” is multi-tasking, tech-savvy, and a different breed of thinker, communicator, and worker than previous generations. They value freedom in their lives (personal and professional) and the ability to customize their environment to fit their own needs. They are innovative, collaborative, and thrive on positive feedback. But recruiting, retaining, and engaging the “Millennial” generation is not without challenges of its own. They are self-confident, know their skills are valued, and understand they have options if they are not treated well. “It’s a future of sweet talking bosses, no more ‘Pay your dues just like I did.’” (60 minutes, Nov. 2007). In the breakout forum, the ECC Future Leaders will focus on the challenges E&C employers will confront in engaging “Millennials.”

**NAVIGATING MILLENNIALS** As well as addressing who they are and what drives them, the forum will cover key topics including how to attract talented “Millennials” into the E&C industry, effectively using their unique skill sets, and how to develop and retain them. The team of ECC Future Leaders responsible for preparing the breakout forum represent companies from across the industry including WorleyParsons, Shell, Jacobs, Flowserve, BASF, Shaw, Burns & McDonnell, Accenture, Commonwealth, BE&K, and KBR. Incorporating research across these and various ECC participating companies, the ECC Future Leaders intend to present an informative and interactive forum. To support the research presented in the breakout forum and gain perspective on this subject within the E&C industry, this past June a survey was distributed to collect data from employees (of all generations) within participating ECC organizations. The survey questions covered a wide range of topics from preferences on benefits, job performance feedback, work life balance, and communication methods to views on work environment, management style, and company loyalty, as well as career (and employer) expectations. By capturing data from across the various generations (Baby Boomers, Gen Xers, and Millennials), the breakout forum will be able to address not only the preferences of Millennials, but also identify generational trends that may yield further insights.

**THE FUTURE** Through all the research and surveys conducted, one thing appears certain: Millennials are going to change the way the E&C industry does business. “Recruiting, retaining, and managing N-Geners (Millennials) as employees will require companies to rethink and redesign policies and structures.” (Geraci, 2006) The ECC Future Leaders look forward to meeting industry professionals at their breakout forum this year and participating at this year’s 41st ECC Conference “The Perfect Storm”.

### REFERENCES

*The Millennials.* 60 Minutes. CBS Television. November 17, 2007

Buchman, Stephen. *Net Gen.* Powerpoint Presentation. April 4, 2007

Geraci, Peat, & Rodos. *Meet the Net Generation.* Big Idea. New Paradigm Learning Corporation. December 2006

Ivanovich, David. *Oil Companies Confront ‘Age Gap’.* Houston Chronicle. May 3, 2005

## Emergency Project Management Behavior Applied to the Normal Everyday Work Process

How is it that in times of disaster we can accomplish so much with so little? Why is it that we can overcome barriers that we struggle with during normal times? What is different about how we manage and execute projects during adversity that allows us to get results that are traditionally unachievable? Attendees of this year’s ECC conference will get the opportunity to learn the answers in an unusual setting.

For the first time in many years, the ECC Board has elected hold one of its Forums in a round-table, self-learning format. Instead of speakers and the traditional classroom approach, industry professionals will share their individual and their firms’ experiences.

The Forum will be held twice – Thursday afternoon and again Friday afternoon. The Forum will have limited seating and the attendees will represent a mix of owner, contractor and supplier organizations.

In the seventy-five minutes allotted, the attendees will explore two primary fundamental concepts.

- 1. What behaviors do we adopt during times of disaster that are different from our normal everyday work process?**
- 2. What impediments exist in our organizations that prevent us from adopting these behaviors in our everyday work process and what can we do to remove these barriers?**

The attendees will be encouraged, but not restricted, to concentrate their discussions on safety, schedule, cost, performance, quality and scope. Each roundtable will present a summary of their answers for each question. Depending on the consistency of the responses, it might be practical to rank the answers. A roll-up of these summaries will be available after the conference on the ECC website.

The goal of the Forum is to provide conference attendees and those working in the Engineering and Construction Contracting (ECC) industry with new ideas they can implement in their respective companies to increase project performance at all levels. It may also serve as a roadmap for Disaster Project Management 101.

One great example of emergency project management behavior is the work performed by scores of organizations in connection with the rebuilding of the Bay Bridge in San Francisco when a 168-foot section of ramp buckled and collapsed in an earthquake. Reconstruction took only 18 days – 25 days less than originally envisioned. A variety of schemes were implemented by Caltrans which facilitated this remarkable behavior – not the least of which was a huge monetary incentive bonus for the contractor for each day of early completion. But whatever the emergency or disaster, every organization has some semblance of a plan.

In fact, countries, government agencies, Fortune 500 companies and many other organizations have Emergency Disaster Relief Plans or Emergency Preparedness Plans. A review of these plans might reveal the tools and behaviors we adopt in such times to prepare for and recover from disasters. For example, the plans of the super-majors for Gulf Coast hurricane preparedness might read very similar being that they have similar facilities. But, the post-disaster actions may be very different and for a number of reasons. So in this example, what might be some of the extra-ordinary measures people would implement? For me, I classify the behaviors into two primary categories – soft and hard. Each results in positive consequences.

As soft behavior might be characterized as the sense of euphoria, the adrenaline rush, one would experience being on a disaster recovery team. A special team chosen and assembled for their expertise, a team that might come from multiple divisions and geographies, all coming together for a single, important and urgent purpose. A team with a “can do” attitude, with the ability to overcome adversity, and the capacity to quickly see the fruit of their labor – this is exciting. Under normal circumstances the project, most often because of its nature, will be executed over a long period of time and the sense of urgency is not there. The fact that over time, the team will morph – people will move in and out of the project – changes the whole dynamics of the team.

Hard behaviors are different. In a disaster, not unlike any project, planning is crucial. To assure adherence to the recovery plan, CPM schedules will have an increased activity count. These activities will be of shorter durations and have lower costs. There may be more connectors between activities and thus multiple critical paths. Some mini-projects may be scheduled in hours and some in days. Cost loading may take a back seat to resource loading. Disaster recovery is time-driven and depending on the circumstance, cost may not be as important. Disaster teams need to make progress fast and they divide their “project” into sequences that will result in getting the facility back online one piece at a time – the most important first.

These examples of disaster recovery behavior – one soft and one hard – illustrate just two of the many behaviors we adopt in times of adversity. The type of project, the type of disaster and the type of organization you work for will yield many more examples. The real question is ‘why are we not adopting these behaviors every day?’

For the first time after an ECC Conference, attendees and the general public will have the opportunity to comment on a discussion-board accessed through the ECC website. The purpose of this public web-based dialogue will be to explore topics and ideas not addressed in the actual Forum due to time constraints. One such topic would be, “Is the efficiency or performance productivity increased enough to be worth the cost of breaking down or eliminating identified barriers?”

**by Gary Berman, PE, FCMAA** — Forum Facilitator and ECC Board Member

## Want to be on the ECCMailing list?

Email Tara Wilson at [twilson@EventsiaGroup.com](mailto:twilson@EventsiaGroup.com) to make sure you receive ECC newsletters and conference invitations.