

FINDING *THE BEST* CEO

FOR YOUR ENGINEERING CONSTRUCTION COMPANY

Today, in the global engineering/construction industry, it is difficult for many companies to find an effective CEO who can provide leadership for corporate growth and well being.

Over the past 35 years, I have observed human and corporate successes and failures, as well as having recruited/hired hundreds of successful and not so successful corporate leaders.

Managing intelligent human beings engineers, construction superintendents and trade skills requires leadership skills that must be learned through real life mentoring and experience.

Architect, engineering and construction firms are service companies dependent on people – they do not manufacture a product. They are a reactive service business, not a proactive business: they all respond to a request from a client – the RFP.

How often do we hear about the project execution disasters today, that cost billions of dollars to even the most respected engineering and construction firms, and today, even with the world's largest energy corporations.

The problem in our industry today starts at the top...

During the past 15 years, there has been more turnover of CEOs in our industry than in the prior 40 years. Many leading firms have failed, and many good executives have quit the industry.

Some companies, however, have been very successful and in all cases each has had superior executive leadership. These firms include Bechtel, Fluor, Stanley Engineers, Peter Kiewit, Jacobs, Mustang Engineering, StructureTone, Hardie, Turner, Centex, and Parsons.

The better companies develop the best CEOs 80% of the time. How do they do it? Finding the best CEO requires the following:

- ◆ A succession plan managed by the Board of Directors
- ◆ Ongoing internal candidate identification and assessment
- ◆ Mentoring by top management
- ◆ A last resort, recruit from the outside.

Thirty years ago, I participated in several US Corporation's succession planning programs and became a proponent of requiring all middle and upper management to identify, mentor, and develop at least 2 heirs apparent before they could be promoted.

Companies such as Bechtel and Fluor cross-fertilized middle and upper management into new and different roles to learn the company, as well as to evaluate the individual for potential leadership positions. Even today, Bechtel utilizes future executive leaders as project executive assistants to division presidents, and continually offers opportunity through out diverse divisional responsibility.

Firms such as the successful Jacobs Engineering mentor all top executives and management, through ongoing management education programs led by the Chairman and President of the company. Real case studies and learned [successes and failures] experiences are shared with future leaders. They tell their future leaders how they did it and how they want them to run the business.

Peter Kiewit's top management continues to provide and reward the highest examples of integrity, performance and values of the corporation to all employees - right down to the [female] pick up driver who drove me from the jobsite to the airport one day and said, "I love this company – they gave me respect, training and a job." Good leadership permeates from top to bottom.

Most successful CEOs, in our industry, often come from earlier careers in project/construction management and it is because of the following: in order to achieve a top vice president/project position, one must have been successful in proposing, selling, negotiating, hiring the team, estimating, technology, procurement, working out financial terms, controlling major people groups, engineering, construction and start-up of many successful projects – and make a profit in the process. – *Top project executives make profits.*

Competent and successful project/construction executives, historically, make the best CEOs: they know what it takes to make a profit – what limits to tolerate with clients – so they don't "bet the farm" on a given project.

Desperate executive decisions and ineffective executive leadership have taken down some of the major industry leaders, such as Davy, Arthur G. McKee, Raymond International, Procon, Badger and over 40 others, in the last 20 years.

Leadership is the key. The best CEOs are true leaders - motivated, respected, developed, and nurtured from within. Top leaders are financially well rewarded by a competent Board of Directors that also mandates succession planning and internal candidate development of future CEOs.

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