

WORK FORCE

# Firms Try Everything To Fill Staffing Gaps

Surging Work Loads Open Lots of Work-Force Needs and Challenge Firms To Find Enough People

**W**ith markets, revenue and backlog surging for engineering and construction firms, employers are in hot pursuit of staff—both craft and professional—to fill all of the orders. And with worker shortages, companies are pushing hard to keep talent they already have.

A number of publicly traded engineering and construction firms have announced strong finishes for 2006 and positive outlooks for the coming year (ENR 3/12 p. 15). Design firms had a lot to celebrate, with net revenue growing nearly 13.8% in 2006, according to a survey of 123 chief financial officers by management consultant EFCG Inc., New York City. “This is huge against the growth estimates of just three to four months earlier,” President Paul Zofnass told more than 120 CFOs on April 13.

Even so, firms are a little less certain about the future, with many predicting that work-force shortages would affect growth and profitability. In the EFCG survey, some 80 CFOs noted “staffing issues”—recruiting, retaining and training—as their key business challenge in 2007. “We’re out there trying to get the best people we can get,” said CH2M Hill Cos. CFO Sam Iapalucci.

Newport Beach, Calif.-based recruiter Brian Smith says work-force management is challenged by the strength of global markets. “You can’t move people back and

forth as in the past,” he says, noting that his business recently is up 30%.

A number of firms in recent months have announced or initiated major recruiting efforts for blue- and white-collar staffers. Boise-based Washington Group International opened its campaign last month in Denver, where it hoped to recruit 20% of an anticipated 1,000-plus new hires. “We picked up a handful,” says a spokesman. Two more open houses were set for this month. Fluor Corp. has been recruiting about as many since January for its new office in Texas.

The Shaw Group Inc., Baton Rouge, La., says it intends to add 5,000 new staff to its 21,000-person work force this year as its power and industrial sectors boom. Chairman and CEO J.M. Bernhard told analysts on April 5 that the firm had a record \$11-billion backlog, including new work in its fabrication, fossil-fuel and nuclear-plant-maintenance businesses. He said



DAMON

Shaw also could book up to eight new nuclear-plant orders over the next year.

David B. Barry, president of Shaw Nuclear, says most of the planned openings are in craft positions. The firm is doing more offsite fabrication, as is Fluor. “If you reduce labor demand by 25%, you have a much greater chance of success,” says Tom Zachman, vice president of operations. But Shaw may have to selectively import labor in the future, depending on work load, Barry says.

Birmingham, Ala.-based BE&K Inc. is running free training centers open to the underemployed. At one location, ads generated more than 1,500 responses. “These people want a chance to improve their lives, but many of them had no idea how to break into the construction industry,” says Greg Sizemore, training manager. BE&K hired 60% of the first 28 graduates of the six-week, 45-hour training course to become Grade-2 helpers. Others likely will join other contractors. “The firms contribute and pick up the people who can’t travel,” Sizemore says.

For Shaw’s professional staff, “retention has been good,” Barry says. “We have very competitive compensation and benefits packages.” But the firm also is boosting Internet and career-fair recruiting and retraining existing staff. “A mechanical engineer can be cross-trained to do nuclear work,” Barry says. The firm touts working with “innovative technologies and first-of-a-kind projects.”



▲ **Reaching Out.** Prospects attend training center briefing by BE&K, prompted by advertising.

Firms note that staffing no longer is just a human resource function and now consumes more management time and employee input. "There's no one silver bullet," says Tony Damon, CEO of SSOE Inc., Toledo. "We have to attack from all directions to get talent."

SSOE expects 20% revenue growth this year, driven by new work in chemical process and biofuels, as well as expansion in China. "We hired 175 new employees this year but still have 200 openings," says

**"We have very competitive compensation and benefits packages. We're right up there."**

— DAVID P. BARRY, PRESIDENT, SHAW NUCLEAR

Damon. The firm has up to 40 interns "at any one time" and is tapping employees to recruit, says Monica Dugan, its human-resource director. The 222 referrals the firm has received since October has resulted in 32 hires.

New York City-based Parsons Brinckerhoff, which began Project Rush in March to fill 100 key positions, offers employees a \$5,000 bonus if a referral is hired, says Joni Freedman, PB Americas vice president. CFO Rich Shrader says filling positions abroad presents a key challenge. "We have 1,400 people in Australia and could use 200 more," he says.

While heavy work loads make résumé

review a challenge for technical staff and managers, "leadership is being measured and held accountable this year for organizational development," says Joann Olson, PB Americas director of people. Adds Rick Baran, CFO of Earth Tech, "if we see a minor blip in our turnover rate, we're all over it. We can learn a lot."

With entry-level gaps in the staffing pipeline, firms are pushing to extend the working life of their employees. "I expect to see workers stay on into their 70s," says Larry Myers, WGI senior vice president of human resources. "Productivity has historically increased with time."

Adds Damon, "There's no such thing as a retired engineer."

While firms also say they are trying to avoid poaching each other's staffs, talent raids remain an industry fact of life. "We have to hire each other's employees," says Terry Cox, CFO of HDR. "It's a big part of salary escalation."

Recruiter Smith says compensation is not the only employee attraction and ranks behind company-growth prospects, type of work and corporate culture and management. "The excitement has to be there," he says. ■

By Debra K. Rubin and  
E. Michael Powers

## LAWSUITS

### Tropicana Pact Set at \$101 Million

**W**ith a lengthy trial set to start in less than two months, litigants in the 2003 partial collapse of the Tropicana resort garage in Atlantic City, N.J., agreed to a \$101-million settlement.

An attorney for 11 plaintiffs, Robert J. Mongeluzzi, says the settlement is believed to be the biggest ever for a construction accident. That statement could not be confirmed but the settlement "is certainly significant," says Charles M. Sink, a San Francisco-based construction attorney.

### Plaintiffs' attorney calls settlement the largest ever for a construction accident.

The settlement includes \$82 million in cash payments, \$2 million in previously settled cases, approximately \$8.2 million of workers' compensation payments that will not have to be repaid by the victims and about \$8.3 million in future medical costs.

The number of various lawsuits resulting from the collapse that killed four workers reached 40 by January 2005 and were consolidated in Superior Court in New Jersey, where the settlement was announced. Among defendants that contributed to the settlement were Aztar Corp., which at the time owned the Tropicana resort; Philadelphia-based Keating Building Corp., the general contractor; Egg Harbor Township, N.J.-based Fabi Construction Inc., the concrete subcontractor; and the project's structural engineer and inspection services firm. Fabi, Keating and others were cited by the U.S. Dept. of Labor in 2004 for safety violations based on insufficient bracing and missing rebar connections (ENR 11/17/03 p. 14.)

Workers emphasized they believed work was rushed and that cracks were seen in concrete. "We brought it to the foremen and the superintendents," says Hassan Ali, one of the workers. "You see the result." ■

By Jeffrey Rubenstone  
and Richard Korman

