

2024 A/E/C HR Summit

Proactive Re-Organization = Opportunities for Career Growth

RISE TO THE CHALLENGE

ISO 9001:2015 Certified | Employee-owned Since 1988



Presentation outline

- Need/desire to reorganize
 - ▶ KCI History
- Org needs to “fit” you and in alignment with your future (SP/vision)
- Org to people or people to org
- Business risk
- LDSHP succession
- Staff Concerns
- Client delivery
- No perfect answer

The Need/Desire to Re-Organize

- Why?
 - ▶ Reactive (must Re-Organize)
 - Business Conditions necessitate/demand it
 - Low Morale
 - Weak Cash Flow
 - ▶ Proactive (Want to Re-Organize)
 - Robust but different business climate
 - High Morale
 - Solid Balance Sheet/Cash position

The Need/Desire to Re-Organize

Need to Re-Organize

- Loss of leadership/business line(s)
- Financial performance
- Loss of client(s)
- Business Risk

Desire to Re-Organize

- Leadership Succession
- Business Risk
- Change in Business Lines
- Continued Growth/Opportunities

The Need/Desire to Re-Organize

- So Why don't firms re-organize in a proactive manner?
 - ▶ Fear of a hiccup
 - ▶ Fear of Change
 - ▶ Fear of failure (Executive is vulnerable to dismissal)

Fit and Alignment with your Vision/Strategic Plan

- Alignment/Support or Mis-Aligned and Disruptive?
- If possible, Get the Vision/Core Purpose/Value statements “Right”.
- It easier of “it all ties together”.

VALUE PROPOSITIONS

CLIENT VALUE PROPOSITION

Comprehensive engineering, planning and construction services

At KCI, the solutions you need are designed and built. On time. Within budget. Delivered as promised.

EMPLOYEE VALUE PROPOSITION

At KCI, we're building an enduring company that provides unparalleled value to our employee-owners. We make our mark designing and delivering our world-class solutions, so we invest deeply in developing our team. We reward integrity and commitment, and when we do well, you do well. Our people have freedom to innovate, unlimited growth, a voice that matters, a lifestyle that works, and skin in the game. Because life's more fun when you own it.

VISION FRAMEWORK

CORE IDEOLOGY

CORE PURPOSE

To care for and improve the built and natural environment to better our society

CORE VALUES

- ▶ Value to employee owners
- ▶ Honesty, integrity and respect
- ▶ Treat our team well and bring our best
- ▶ Embrace continuous innovation and creativity
- ▶ Commitment to deliver what we promise

ENVISIONED FUTURE

15-YEAR BHAG

Become the most respected, well-diversified, sought after A/E/C ESOP in the country.

VIVID DESCRIPTION

15 years from now...

- ▶ Our major regional offices will serve clients nationwide.
- ▶ We will be recognized by our industry as a "Best Place to Work" year after year.
- ▶ Our innovation subsidiary will magnetize top talent and revolutionize our solutions.
- ▶ We will create and enhance the infrastructure for a more interconnected, livable environment.

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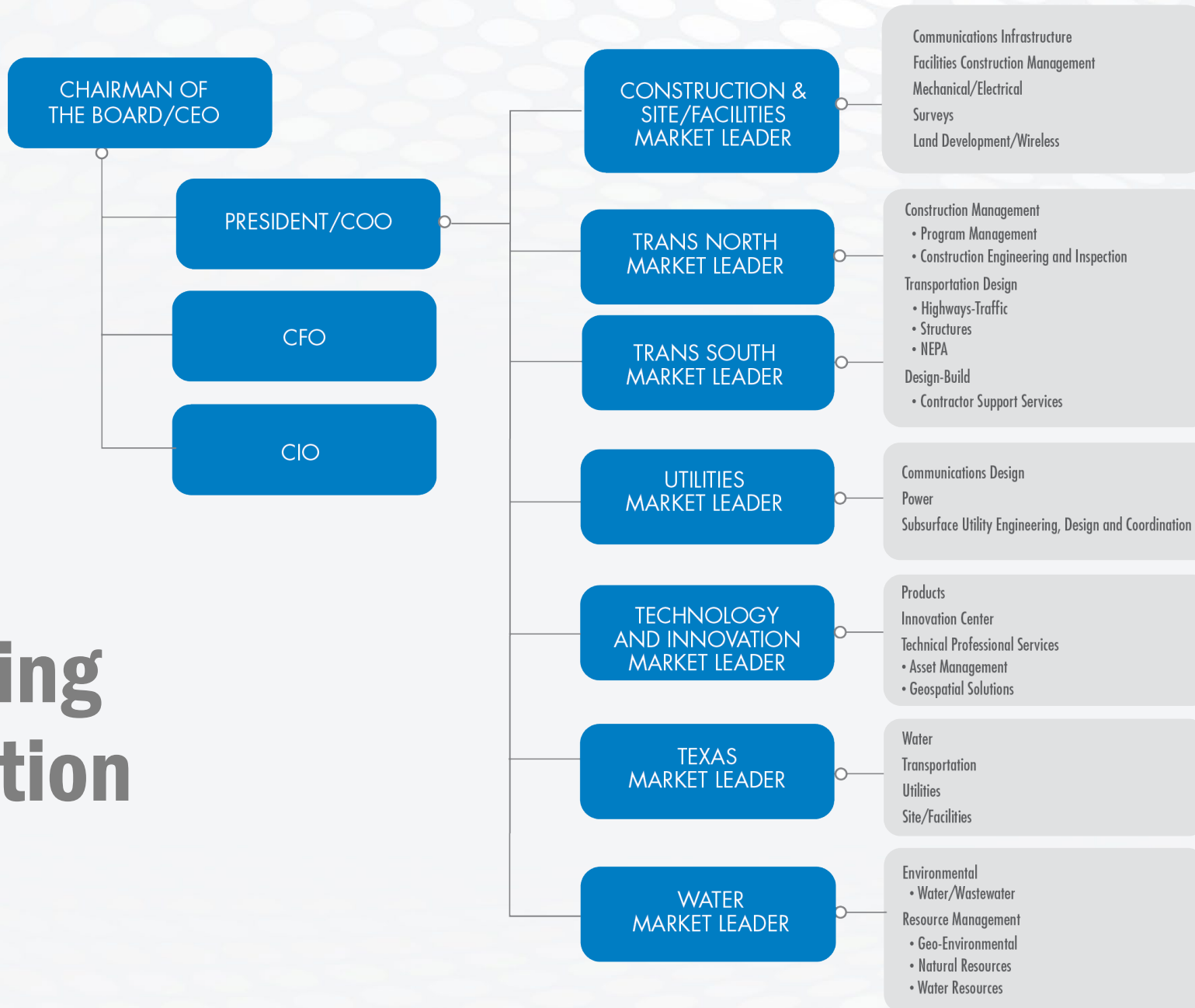
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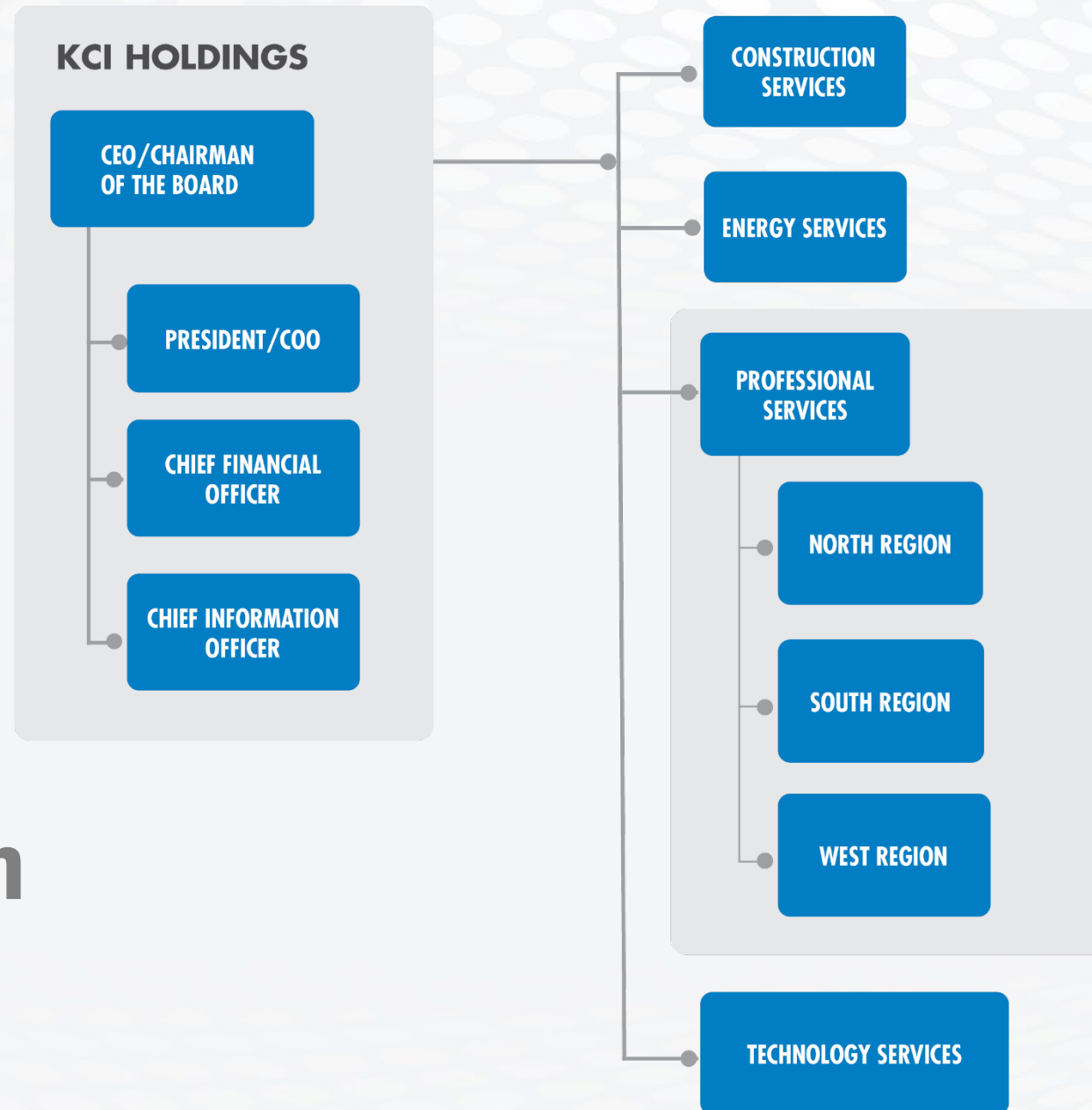
Re-Organization Driven or Leadership Driven?

- Function over Occupants
- “Design” the organization for what you want/need
- Now, Do you have the people to “pull it off”
 - ▶ How close are you?
 - ▶ Options if too many vacancies exist
- Managing expectations
- Filling the boxes
 - ▶ Define the roles/job descriptions
 - ▶ This is your chance to CHANGE!
 - ▶ What got us here may not get us there.

KCI Existing Organization



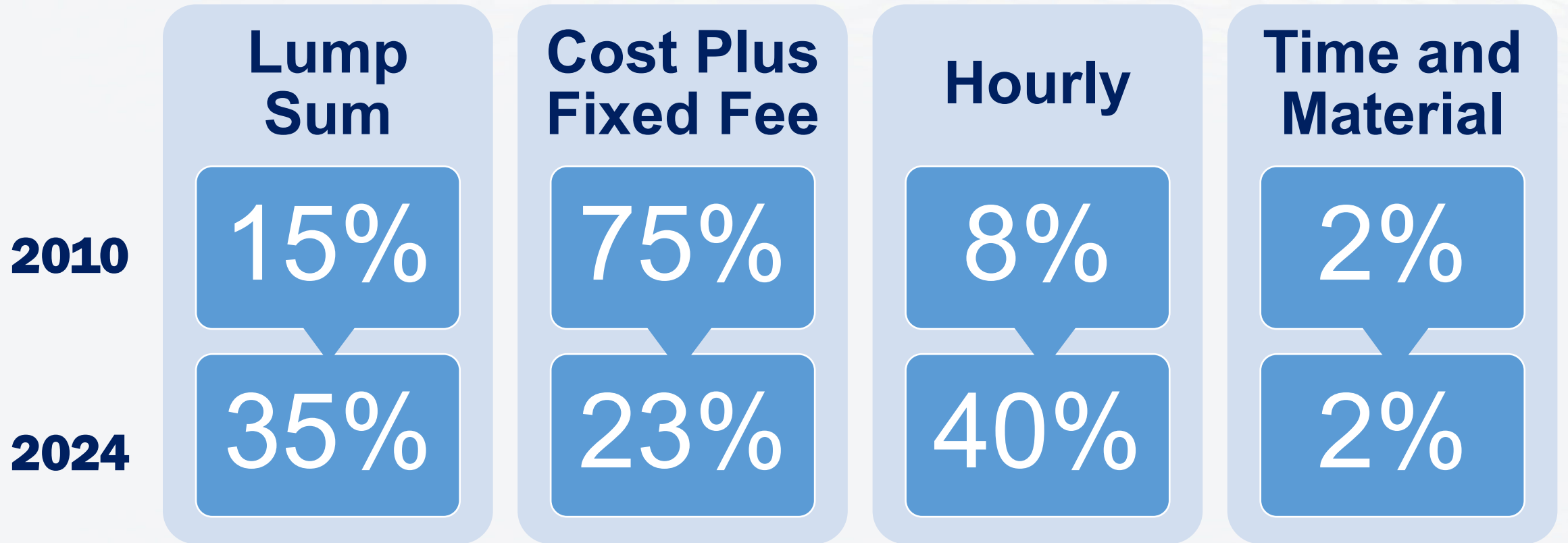
KCI New Organization



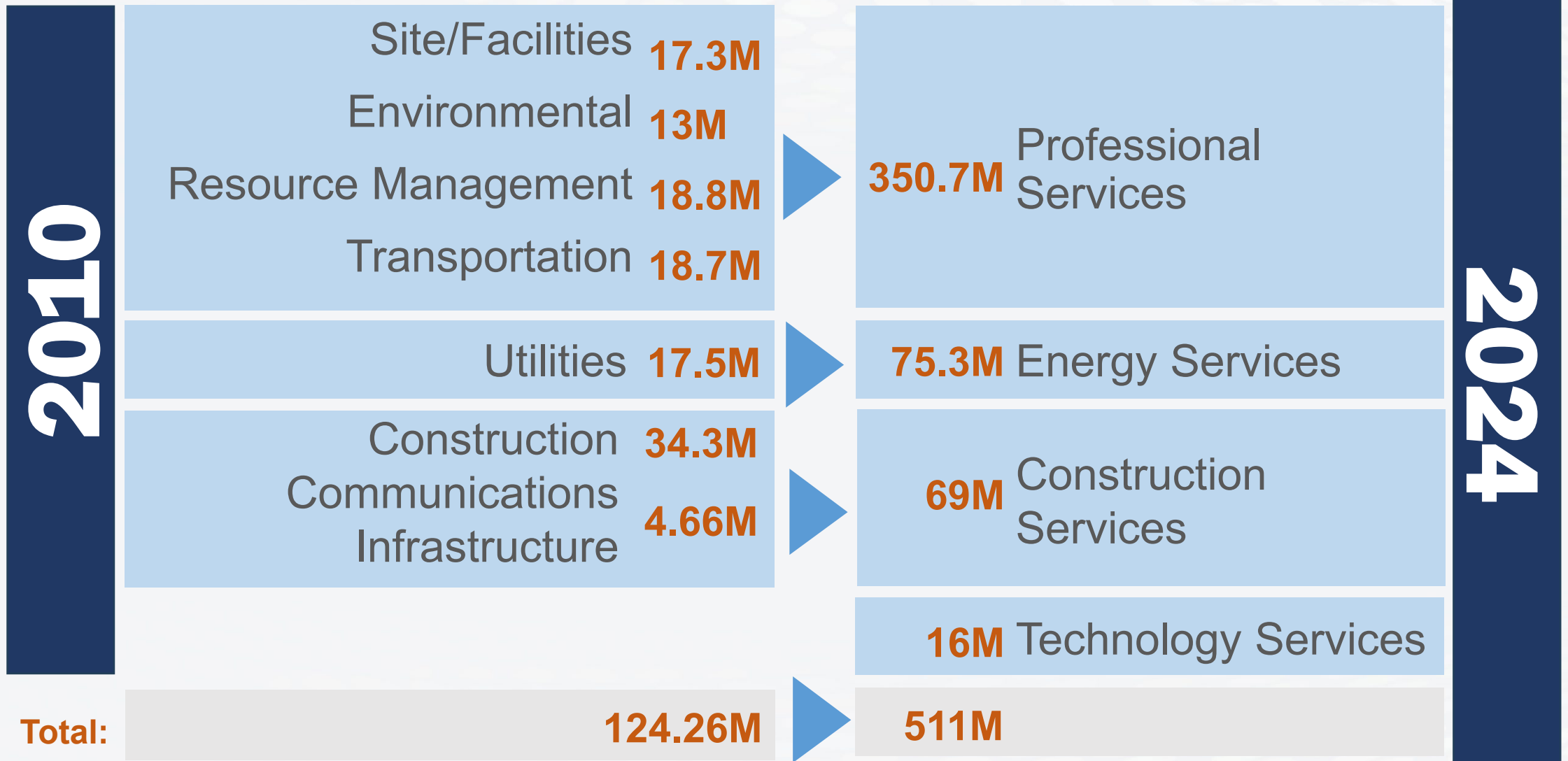
Business Risk

- Know how your clients procure
 - ▶ Contract type
 - Impacts on organization
 - ▶ Reorganization should support this
 - ▶ Avoid empire building
 - It is about the clients, not the Firm
- P&L Impacts
 - ▶ Revenue, Invoicing, and Profit
 - ▶ Critical KPIs
- General and Professional Liability impacts
- So what if it doesn't work?
 - ▶ Why (be honest)?
 - ▶ When to hold/fold/tweak.
- Impacts/Opportunities for Growth

Contract Type



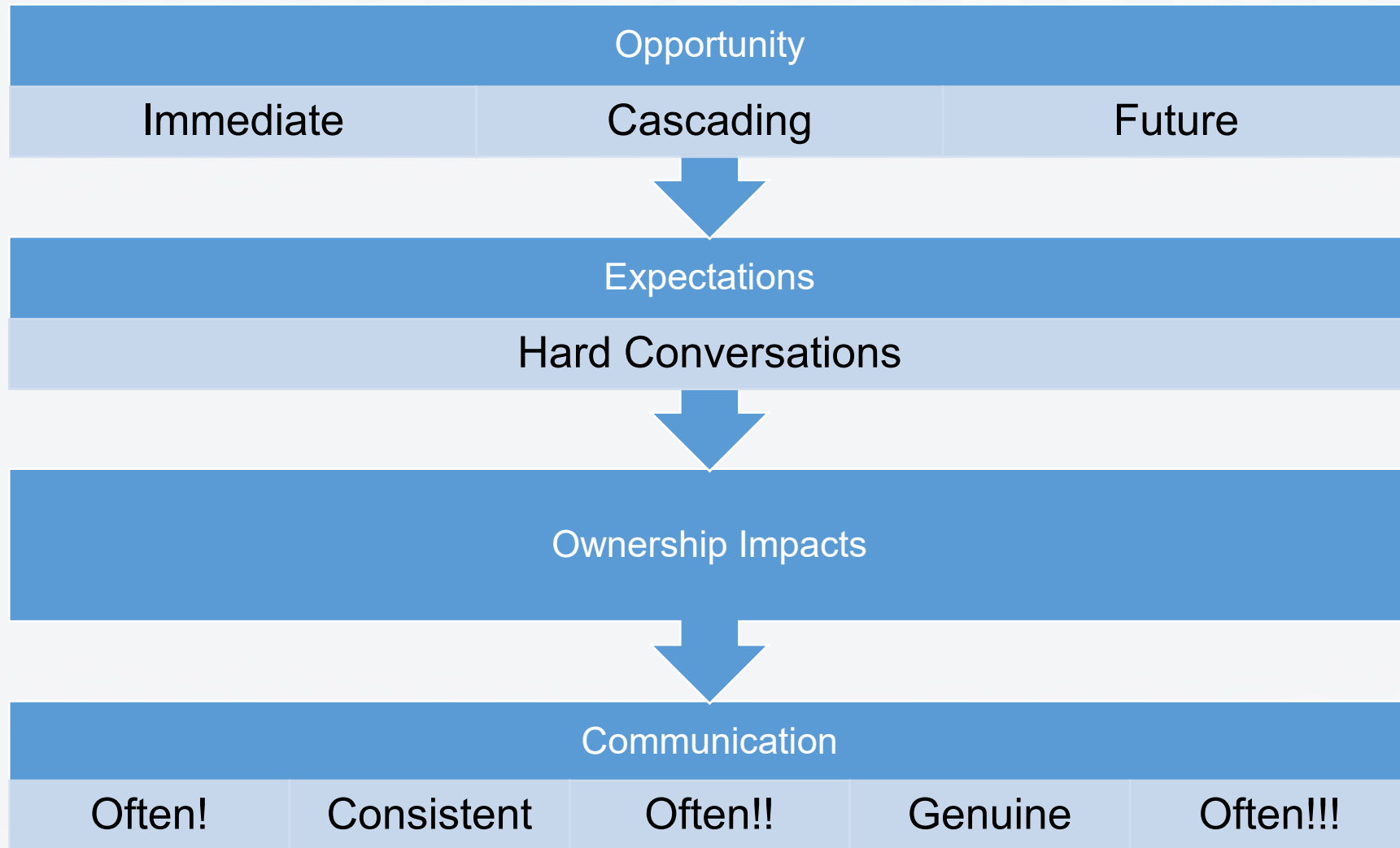
Business Line Volume



Stock Value



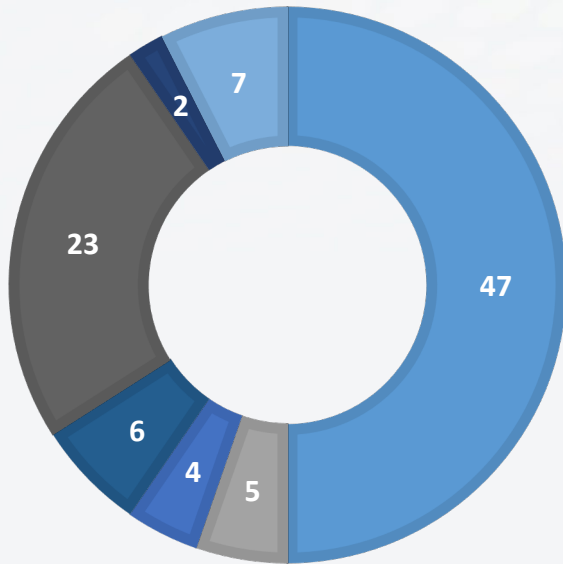
Leadership Succession



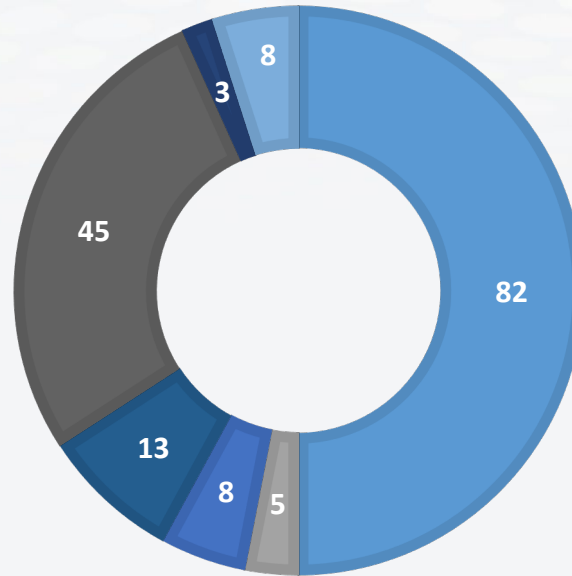
KCI leadership

■ Leadership ■ SR EXEC ■ ML ■ DH ■ RPL ■ Ops MGR ■ ADMIN

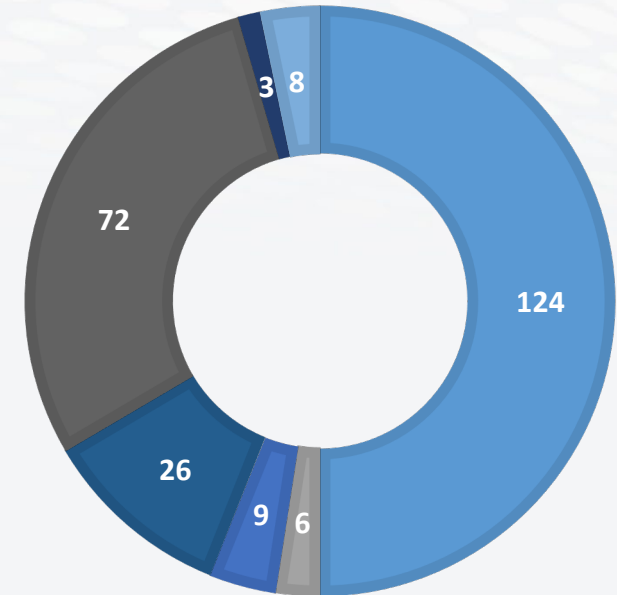
2021



2023



2026



Class	Purpose
Emerging	Develop Senior Project Managers
Professional	Develop Practice Leaders
Advanced	Develop Vice Presidents
Executive	Develop Executives

Staff Concerns

How does this impact me Day One?

- Direct Supervisor
- Compensation
- My immediate Organization

How does it impact me long term?

- Career Opportunities

Firm's Continued Success

Recruiting and Retention Techniques

What can we do differently?

Rotational Program

**Accelerated Design
Teams**

**National Training
Centers**

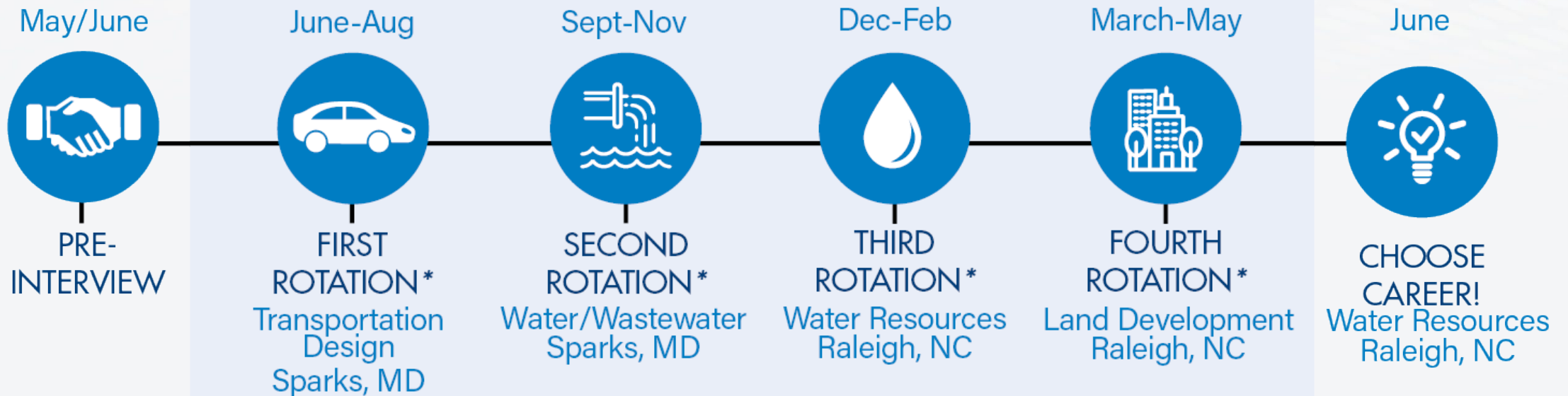
Para-Professional Expertise

Supervised Technology

KCI Rotational Program

- 36-48 Full Time positions
- 12-month rotational period (3 months at each rotation)
 - ▶ Within a single practice
 - ▶ Within engineering in general
- Employee “chooses” permanent assignment upon graduation
- Living stipend
- Mentor/supervisor engagement/match
- Senior Executive oversight
- Cost borne by corporate
- Recruiting advantage / Retention advantage
 - ▶ 95% recruitment; 90% retention after 3 years

Rotational Engineer Sample Timeline



**Rotational areas may include: Transportation/Traffic Engineering, Structures, Water Resources, NEPA, Cultural and Natural Resources, Land Development, Water/Wastewater, Construction Management, Surveying, MEP, Distribution Design and more.*

KCI Accelerated Design Team

- Two, 4-8 FTE teams
- Georgia/Texas Transportation example
 - ▶ Real project experience
 - ▶ Train where expertise exists, then move “en masse” to where Team is needed
 - ▶ Develop an entire project team, including the manager
 - ▶ Paid relocation costs
- Outstanding project design experience
- Team comradery day one
- “poof, instant design team” upon arrival at final location
- Project delivery to both the Client and KCI’s Board of Directors
- Retention is exceptional – 100 %

National Training Center

- Recruitment and retention of non-professional positions
- Prince George's County example
 - ▶ Community based sourcing and impact
 - ▶ “Pay to train”; \$17.50 then \$20.00 upon graduation (in 2020 dollars)
 - ▶ Two weeks, one month, two month check points
 - ▶ Trades based – field/construction positions
 - ▶ Challenges:
 - Showing up / learning what it means to hold a steady job
 - Drug/alcohol testing
 - Transportation
 - Impact on the family
 - Jobs MUST be local to where the employees live
 - ▶ Program changes moving forward

Client Perception

Why?

What is in it for them?

Remember, it is all about them!

No Perfect Solution

- Weigh all the factors
- Communicate
- Internal Alignment
- Don't "manage" yourself out of business
- ABSOLUTE Commitment from Senior Leadership

Lessons Learned

- Executive Leadership, Senior Leadership, and Staff will challenge the “Why” and “How”. Be steadfast!
- “That is my box” expectations
- You may (and will) lose people. “Just cannot get on board..”
- Lean into the “fog”
- Do not be afraid to try/engage
 - ▶ Vince Lombardi’s quote
- Celebrate wins, especially if early.
- No curmudgeons allowed!

Questions?