



Designing and Implementing a Human Capital System



Sundt Construction, Inc.

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2009

A Little About Sundt





- Highly diversified general contractor
- 65th largest contractor in America (ENR)
- Self-performer
- 120 years old
- 100% employee owned

Recognized as a 'Best Place to Work' in Phoenix, San Diego & Sacramento

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Strategic Alignment

The Business Case



The Business Case



- An executed Human Capital Management System is our most sustainable not easily replicated competitive advantage. (All Components)
- Turning down \$100's of million dollars of work because we don't have the talent to estimate and put the work in place. (Workforce Planning, Talent Acquisition)
- Age 65 Retirement Study. Compelling evidence of the talent drain at Sundt. (Workforce Planning, Talent Acquisition)

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The Business Case



- Turnover Data – 117% for the Craft Workforce (Talent Acquisition, Talent Retention)
- Gallup's Q-12 Research – Linkage between engaged employees, engaged customers and company financial performance. (Talent Engagement)
- Exit Interview Data – Like many companies a large percentage of the people who are leaving Sundt are leaving their boss not the company. (Talent Retention)

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The Business Case



- Talent Impact on Growth – Our Corporate Growth objectives are being hampered by a lack of Talent. (Workforce Planning)
- FY 05 Root Cause Analysis – One key finding in that analysis was the poor deployment of talent to projects. (Talent Deployment)

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Corporate HAM Committee



- Human Asset Management (HAM) Committee
- Cross functional team
 - Human Resources type people
 - Operations type people
- Fired the entire committee and re-hired them
 - Authority to make decisions
 - Commitment and engagement
 - Communicate our progress

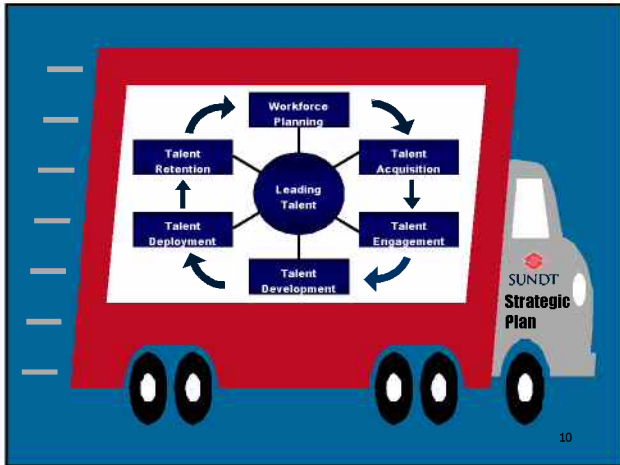
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HCS Designation



- Human Capital Strategist (HCS)
- Awarded by Human Capital Institute (HCI)
- Why was this important?
 - Common model
 - Common language
 - Professionalism
 - Did not want to pool ignorance

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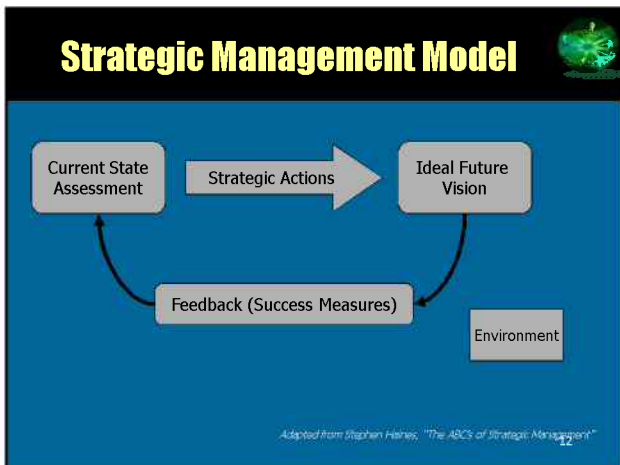


Using the Human Capital Model

- New Approach
 - Existing HR programs
 - New 'outcomes' focus
- Mixed group
 - Non 'HR' folks
 - Existing HR folks
- Shared development
 - Operations and Human Resources
 - Better products
 - Credibility and Buy-In

Existing
De
pro

'Outcome' focused initiatives from Human Capital Model



Strategic Planning



- Identified our Ideal Future Vision (where we'd like to be)
- Identified the Current State (where we are today)
- Identified the Core Strategies (what we have to do to close the gap)

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Our Strategies



- Workforce Planning
 - Develop strategic planning tools and resources
 - Link workforce planning to the talent management process
 - Identify the 'never out' positions
- Talent Acquisition
 - Develop a new approach to college recruiting
 - Encourage internal referrals
 - Improve corporate wide branding to attract talent
 - Improve supervisions skills for hiring

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Our Strategies



- Engaging Talent
 - Enhance supervisors' ability to build and engaged workforce
 - Improve the on-boarding process to assure early engagement
 - Create a culture of listening
- Developing Talent
 - Develop talent management skills of supervisors
 - Develop a formal mentor and OJT program
 - Simplify and improve the IDP Process
 - Review succession planning process and integrate with IDP process

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Strategic Workforce Planning



Our Strategies



- Talent Deployment
 - Inventory current practices for deployment and assure they are applied consistently
- Retaining Talent
 - Create discipline in conducting exit interviews
 - Create a 'just-in-time' employee recognition process
 - Identify proactive means of identifying employees with 'flight risk' and interventions to reduce

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Our Strategies



- Leading Talent
 - Communicate and engage the company's leaders of talent in the Human Asset Management model
 - Develop a means of rewarding and recognizing talent leaders

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Implementation Plans



- Sub-committee development
- For each strategy we developed
 - Action items
 - Due Dates
 - Measurements
- HAM Committee approval
- Executive Committee approval for implementation
- Dynamic Plans (OK to change)
- Management (nagging)

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Implementation Examples



- Retention Committee
- Development Committee



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Exit Interview



- Strategy
 - Create discipline in conducting exit interviews
- Program
 - Outside consultant/vendor
 - Encourage candid responses
 - More meaningful data
 - Selected former employees
 - Key employees
 - Key positions
 - Special trends

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Exit Interview



- Process
 - Developed by sub-committee
 - Approved by HAM on July 12
 - Presented to and approved by Executive Committee on Aug. 20
- Implementation
 - Add to FY08 budget
 - Select and contract with vendor
 - Developing the data blueprint and questions
 - Implemented in Spring 2008
 - Monitor and report on program to HAM and Executive Committee

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Just-in-time Recognition



- Strategy
 - Create a 'just-in-time' employee recognition program
- Program
 - Going Beyond the Expected
 - Peer recognition program
 - Core value driven
 - Quick approval (3 days)
 - Award
 - \$50 gift card or Sundt merchandise
 - Nice certificate
 - Letter from CEO

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Just-in-time Recognition



- Process
 - Initial development by sub-committee
 - Extensive discussion in HAM meetings
 - Approval by HAM on November 28, 2007
 - Approval by Executive Committee on October 15

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Just-in-time Recognition



- Implementation
 - Sub-committee extensive work on details
 - Develop promotion and training program
 - Select vendor for gift cards
 - Presentation to Senior Managers on Feb. 25
 - Rolled out in May 2008
 - Monitor and report on program to HAM and Executive Committee

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IDP Revision



- Problem
 - Company has had 'a process' for 20+ years with mixed success
 - New IDP process in place since 2004 (paper)
 - Implemented technology in 2006
 - Many challenges and criticisms
 - Technology issues
 - Too complicated
 - Lack of computer skills
- Strategy
 - Simplify and improve the company's IDP process

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IDP Revision



- Process
 - Initial process had been approved by former Employee Development Committee in 2006
 - HAM formed company-wide Task Force to review and 'simplify' process
 - Two very interesting meetings in May and June 2007
 - Recommendations to HAM on July 12
 - Presented to Executive Committee on Aug. 20 and Sept. 12
 - Final implementation details approved by HAM on Nov. 28

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IDP Revision



- Implementation
 - Modified forms and processes
 - Changes implemented October 2008
 - Monitor and report on changes to HAM and Executive Committee
 - Additional changes (including software) taking place in late 2009

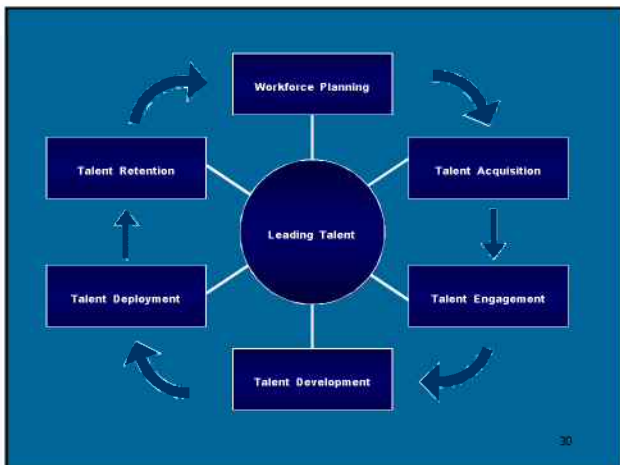
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Supervision Skills



- Strategy
 - Develop talent management skills of supervisors
- Process
 - Several HAM strategies are impacting supervision training
 - Special meeting to update existing supervision courses
 - First new course 'Lead With Talent' implemented in early 2009
 - Other courses being updated in 2009-2010

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Summary



- The key is implementation – lots of folks plan
- Thoughtfully identify the core strategies
- Keep the list short – you can't do everything
- Get people involved in the development
- Get buy-in from senior management
- Work out the details
- Pay attention (nag, if necessary)
- Celebrate accomplishments!

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- **An executed Human Capital Management System is our most sustainable, not easily replicated, competitive advantage.**



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Questions and Answers



- We do not believe we have all the answers. In fact, we may not even be asking all the right questions ... yet. But we do believe we are asking better questions and that is the first step to getting better answers. So, we would really appreciate hearing your questions.

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