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A Client's Prospective Of Geotechnical Services

**Bradley F. Burton,
Senior Subcontract Manager
Shaw's Power Group – Nuclear Services**

Corporate Profile

The Shaw Group Inc.® is a leading global provider of engineering, construction, technology, fabrication, remediation and support services for clients in the energy, chemicals, environmental, infrastructure and emergency response industries.

- Headquarters: Baton Rouge, LA
- Stock Ticker: NYSE: SHAW
- Number of employees: 27,000
- FY 2010 Revenues: \$7 billion

FORTUNE
500 **TOP 500 LARGEST US FIRMS**

Operating Segments

Power



Plant Services



Energy & Chemicals



Fabrication & Manufacturing



Environmental & Infrastructure



Industry Rankings



Shaw Power

Mission Statement / Guiding Principles



SHAW POWER MISSION STATEMENT

To be the company of choice for our clients, employees, and suppliers in the services and opportunities we provide, while enhancing value to our shareholders and communities.



GUIDING PRINCIPLES

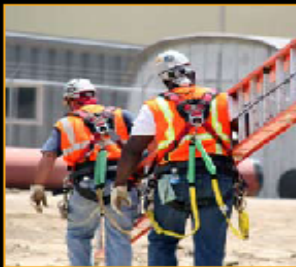
Safety Comes First. A relentless commitment to safety while looking out for the safety of all our teammates.

Integrity. Ethically and honestly doing what we say we will do.

Win-Win Relationships. Our investors realize a superior return on their investment over time and our customers, suppliers, and communities benefit from our business relationships.

Valuing the Individual. Fostering an atmosphere of openness, sharing, trust, teamwork, and involvement while valuing the contribution of every employee.

Initiative. Being personally accountable and having the courage, creativity, and discipline to lead change and shape the future.



 **Shaw**® a world of **Solutions**™



Subcontracting Geotechnical Services and Selection of Subcontractors

Shaw Power

Guiding Principle #3

➤ Win–Win Relationships

Simply stated every concerned party from Shaw's individual investors to its customers, suppliers and affected communities should benefit from the business relationship.

Shaw's Need for Third Party Subcontracting

- **As an industry leader in providing large scale turnkey projects, Shaw relies heavily upon a strong subcontractor community in order to achieve its objectives in a timely and satisfactory manner...**
 - **A particular scope of work may be outside Shaw's core competency.**
 - **Shaw may not possess or simply have conflicting demands upon the necessary resources.**

Reasons for Subcontracting Geotechnical Services

- **Additional expertise is needed to analyze a special design or construction technique.**
- **Geotechnical Services from an outside firm may bring experience regarding the geology of a particular area.**
- **The need for specialized equipment and personnel to meet a project's objectives.**
- **The need to test material requiring a sophisticated laboratory and/or unique test equipment.**

Shaw's Subcontract Management Expectations

- **Uncompromised professionalism and integrity when representing Shaw.**
- **Promoting consistency within Shaw for all subcontract activities while emphasizing: safety, quality, timely execution and customer satisfaction.**
- **Encouraging a strong subcontractor community while providing qualified bidders an equal opportunity to compete for Shaw business.**
- **Choosing the “right” subcontractors who will minimize any project risk while achieving Shaw's objectives within schedule and cost considerations.**

Selecting Geo-professional Service Providers

- **Developing the Long Bidders List**
(trade publications; past experience; solicitations of interest, lunch & learn sessions; word-of-mouth, etc.)
- **Bidder Pre-qualification**
(mandatory requirement to determine capabilities)
- **Establishing a Short Bidders List**
(competitive bidding vs. single source)
- **Issuing the Invitations to Bid**
(technical and commercial proposals are required)
- **Evaluating Bidder Proposals**
•100% compliance before considering alternative proposals)
- **Awarding the Subcontract**
(technically qualified subcontractor with the best overall value)

Differentiators in Pre-Qualifying a Subcontractor

- **Subcontractors must be pre-qualified to do work with Shaw's Power Group. Considerations include:**
 - **Safety** **Total Recordable Incident Rate (TRIR) < 2.0**
 Experience Modification Rate (EMR) < 0.7
 - **Quality** **Compliance with Shaw's Quality Rating List (QRL)**
 - **Capability** **Manpower commensurate with the project's requirements**
 Equipment commensurate with the project's requirements
 Compliance with Shaw's Recommended Bidders List (RBL)
 - **Financial** **Current Assets over Current Liabilities > 1.25**
 Letter of Credit required for work scope > \$1M
- **Although projects may be schedule and cost driven, Safety and Quality are Shaw's highest priorities. Trying to "learn why you burn" is not acceptable.**



Indicators of Successful Subcontracting

Indicators of Success

- **Shaw goes to a great deal of effort to screen firms in order to determine whether they are reaching beyond their ability to perform.**

- **Shaw believes that there are several key indicators for identifying a successful subcontractor:**
 1. **An embedded behavior-based safety culture**
 2. **A detail-planning culture**
 3. **People centric and people development culture**
 4. **Strong leadership culture**
 5. **Vigorous quality assurance culture**

Indicator No. 1:

Embedded Behavior-Based Safety Culture

- **An embedded behavior-based safety culture has the following values:**
- **Complete commitment at every level**
 - **An attitude of analyzing and understanding before proceeding**
 - **The confidence to stop work if unsure before proceeding**
 - **Caring for your co-worker**

Indicator No. 2: A Detail-Planning Culture

- **Detailed-Planning provides the subcontractor with the means of identifying issues before they become problems and to resolve those issues to the mutual satisfaction of all the concerned parties.**
 - **A rigorous and organized approach**
 - **Actions are implemented only after the subcontractor is sure of all of the requirements.**
 - **All preparations and paperwork are in place.**
- **Subcontractors that demonstrate this discipline have a proven track record for success.**

Indicator No. 3: People Centric Culture

- **A common understanding and approach to a people centric culture is fundamental to success.**
- **Clearly communicated expectations and investments in training personnel precede an individual's ability to perform.**
- **It is necessary to have a shared atmosphere of openness, trust and teamwork.**
- **It is important to value the contributions of individual team members**

Indicator No. 4:

Strong Leadership Culture

- Leadership is having the vision and knowledge to select the right goals while getting others to participate:
 - Achievable objectives are accomplished by open and continuous communications between all concerned parties;
 - Fostering the shared value of a commitment to excellence; and
 - Creating a safety conscious work environment.

Indicator No. 5:

A Vigorous Quality Assurance Culture

➤ The phrase “you can’t inspect quality in” applies

- A behavior of self-verification is fundamental.
- Employees must value and understand the attributes of correct work.
- Supervision must provide instructions on expectations, enforce standards and address individual performance issues.
- Don’t underestimate the value of peer reviews to reinforce the understanding of requirements.
- Higher level surveillance is performed to provide independent reviews and objectivity.

“The End”

or

More Appropriately

“The Starting Point”!

