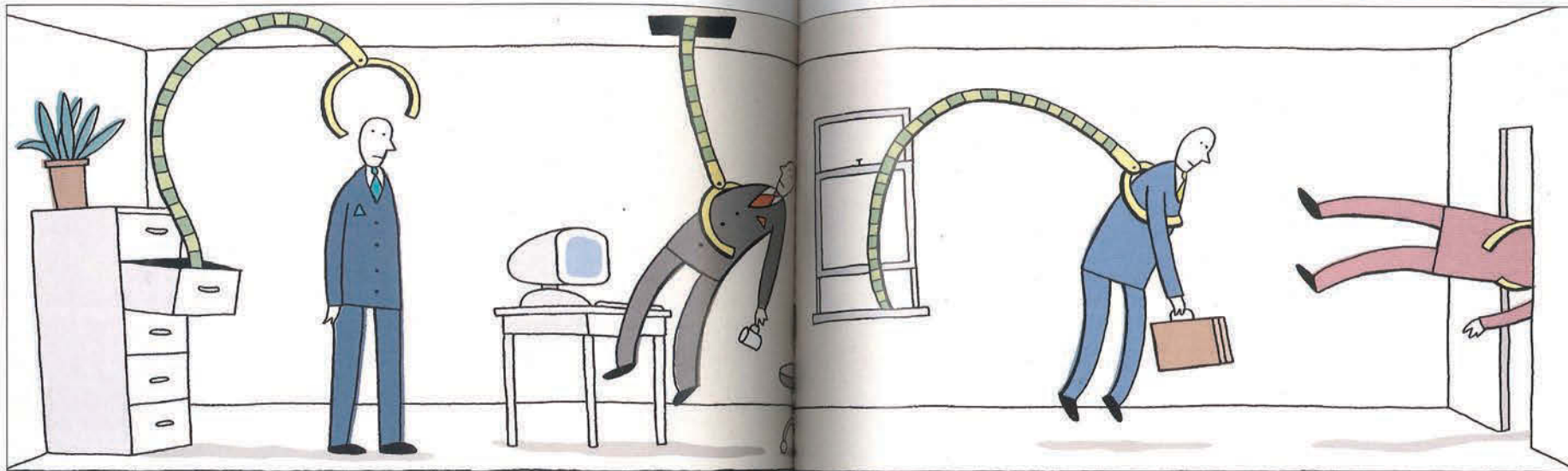


In business



Vanishing acts

How are the empty seats around industry's boardroom tables being filled? By raiding parties snatching the brightest and best from rivals and other sectors. And it looks like the vacuum will suck in even more companies before it is filled. By **Phil Clark**. Illustration by Tom Gauld

CONTRACTOR O'ROURKE'S RECENT POACHING of Alfred McAlpine director Andy White to head up Laing Construction underlines an age-old problem – the talent vacuum of good senior management in the industry. Increasingly, companies are being forced to look outside their own workforce to fill crucial roles, a strategy that then leaves gaps in their promotion plans.

Laing's hunt for fresh blood comes as no great surprise, given its recent poor performance. And new owner Ray O'Rourke is clearly looking to stamp his mark on the firm and "re-establish it as the UK's premier builder". But the dearth of talent at the top is by no means restricted to Laing. Costain, which has a new strategy after its recent shake-up, and a new chief executive, Stuart

Doughty, has also been forced to bring in outsiders to plug the gaps.

According to industry sources, other contractors such as Hochtief, Carillion, Structuretone and Taylor Woodrow are also looking for new faces. The posts on offer are head of UK operations for Structuretone and Hochtief, a regional directorship at Carillion and key account directors at Taywood.

Barring the few firms that seem more stable – such as family outfit Sir Robert McAlpine and steady performers Mowlem and Kier – the construction employment market is in a state of flux. One world-weary contractor describes the current state of senior staffing: "It's like musical chairs out there. It's the old story of a scarcity of

quality talent at a senior level. You cannot get away from that problem."

A construction chief at a major developer puts it another way: "There is plenty of top management around – whether many of them are any good is the question."

Industry bosses worth their salt are increasingly receiving calls from smooth-talking headhunters. "They start off by asking if you know anybody who could be interested," one senior target explains. "They have a particular way about them, trying to get you on their side. After explaining the post to you and getting you on side, they will be asking if you are interested in the job."

But what has caused this vacuum? First there is the consistent healthy workload currently

experienced by most contractors, which continues to put pressure on staffing levels. Then there is the recent upheaval among famous old names in construction, such as Laing and Tarmac, which were once famous for breeding talent. Laing, especially, was renowned for its training, and those who didn't stay at the firm for their whole working lives would often make a name for themselves at other leading companies.

However, many suggest that widespread industry restructuring is the biggest culprit – especially the job cuts made by major contractors during the 1990s. Although this has largely been seen as positive for the sector, ridding it of what was perceived as unnecessary layers of management, it has left a chasm in employment.

"The big firms got rid of a whole layer of mid-management, just below board level," recalls a construction deputy managing director John Mowlem. "Although it seemed the right move at the time, these employees were potential future leaders of the firms they were culled from."

The cultural change in working methods has also impacted on management. Miller chief executive Keith Miller reckons new ways of building mean that different skills are now needed. "The demands on the industry are much higher now. You are working in partnership with clients, there is an emphasis on pre-planning and detailed value engineering. You need a higher skill level to achieve that."

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and procurement skills, rather than just on-site experience. This explains why many firms, such as WS Atkins, Carillion and Wimpey, have looked outside the sector for talent. "There are plenty of people who can run contracts out there," reckons Mansell chief executive Philip Cleaver. "The gulf starts to emerge when you want people who have general business skills – who know about strategy or the financial side of the business. It's incredibly difficult to find people who are capable of thinking through business issues."

Cleaver puts the problem down to a lack of management skills being learned in core construction courses. In addition, says Keith Miller, firms are not investing enough in their own staff. "Nobody is investing big money in training and developing people. It means staff are much more mobile."

Andrew Gay, former chairman at MRE contractor Drake & Skull and now non-executive chairman at contractor Warrings, claims contractors compound the problem by putting

young talent straight on to projects rather than more strategic roles. "In the last three to four years, the wrong people have risen to the top," he asserts. "Some firms have made youngsters into glorified project managers on trophy projects, not in management roles."

Add this to the fundamental lack of graduates entering the industry, and it is no wonder industry headhunters are experiencing frantic times. Recruitment firm Potensis, which concentrates on construction staff in the £40,000-£100,000 bracket, started in Bristol two years ago and already has 35 staff. Joint managing director Richard Milsom says the firm plans to open a London office this year. He compares the lack of young executive talent to that of tradesmen such as bricklayers and carpenters. "The salary for an intermediate QS has spiralled," Milsom says. "A couple of years ago in London it was £28,000; now it's £38-45,000."

Philip Cleaver's answer to the problem is simple – grow your own. Mansell is now putting staff through business courses such as MBAs before they head up business units. "If they lack more of the direct project skills or experience, we can support them on that," Cleaver adds. He views the risks of in-house training – such as the young stars being wooed by high-paying accountants – as acceptable. "It's a different animal you need these days. The ageing contracts manager or construction director is less and less relevant to what we are trying to do."