

CH2M HILL CORPORATE CULTURE

- BUSINESS
- OWNERSHIP
- CORPORATE ETHICS
- EMPLOYEE PHILOSOPHY
- MANAGEMENT PHILOSOPHY
- ORGANIZATION
- GROWTH
- PROFIT AND FINANCIAL CONDITION
- OUR GOAL IS TO
- CORPORATE CULTURE IN A NUTSHELL (foot notes by Jim)

BUSINESS

Culture Statement

- o Professional engineering services firm
- o Primary focus is core business--water, wastewater, and hazardous waste engineering
- o Expansion in energy and transportation

Discussion

- o Stick to markets we know best
- o Concentration on work we are uniquely qualified to do
- o Reputation is built on core business
- o Uncomfortable with rapid change
- o New venture philosophy--dabble first, do not take a lot of risk
- o Do not own anything
 - Invest in expanding capability, not equity
 - We rent our time, owning equity not needed
- o Pride in being technical leader/innovator in all we do
- o Stability and continuity of core business
 - Significant freedom for individual creativity

Entrepreneurial spirit thrives

Individual derives satisfaction from accomplishment

OWNERSHIP

Culture Statement

- o Employee-owned corporation--broad ownership throughout corporation
- o Ownership is key element in commitment to excellence

Enhances opportunities offered by firm
Employees share commitment to firm's success

Discussion

- o Broad-based ownership
 - Consistent with participative management
 - Each has a psychological and financial stake in the firm
- o Provides continuity/gradual transfer of ownership
- o Owners should be workers
- o Current owners benefit from investment in firm
- o Newer/younger members benefit from growth/ strengthening/improvement of firm
- o Incentive to spend entire career with firm
 - Expected to make positive contribution
 - Opportunity to work in everchanging teams and everchanging roles--intensifies contribution

CORPORATE ETHICS

Culture Statement

- o Must be profitable
- o But desire projects to be challenging--
contribute to public's safety, health, well
being
- o Work quality/integrity has overriding importance
- o Strive for technical
excellence/innovative solutions
- o Clients to receive full value for our services
- o Strive to be good corporate citizen--
locally/ nationally

Discussion

- o Good character pre-eminent qualification
for selecting employees
- o Integrity critical to long-term success of
engineering business
 - Admit/correct mistakes no matter
current consequences
 - Necessary to avoid long-term unfavorable
consequences
- o Strong feelings about doing work that
is beneficial
 - Both personally and
professionally in our communities
Professional societies
What we do does make a difference
- o Securing and doing work will stand test of
public scrutiny--enhance integrity of
profession, firm, and individual
- o Client responsibilities
 - Highly professional in meeting
his requirements
 - Obligation to meet budget and schedule

Do not make his policy, but give accurate information on which to base decision

Do technically excellent project/fulfill his needs

EMPLOYEE PHILOSOPHY

Culture Statement

- o Recruit, develop, retain outstanding people
- o Provide challenge, stability, career opportunities
- o Reward with merit incentives and ownership
- o Maximize individual strengths
- o Recognize family goals as important as career goals
- o Support of family integral to productivity/contribution

Discussion

- o Employee attributes
 - Integrity
 - Technically competent, intelligent
 - Strong work ethic
 - Team oriented
 - Values consistent with firm's
 - Personal commitment to self-development
- o Looking for lifetime contribution--emphasis on future potential
- o Support for career development
 - New assignments and challenges CD&T
 - Additional education
- o Importance of family goals
 - Support of family members valued Attempt to accommodate family interests
 - Recognition of responsibilities created by rigorous work and travel style

MANAGEMENT PHILOSOPHY

Culture Statement

- Participative management--open, frequent, nonhierarchical communication
- Informed decisionmaking at all levels encouraged
- Support for individual market development and R&D initiatives--consistent with firm's long-term interests
- Leadership promoted within firm--authority and responsibility given to individuals and teams to achieve goals

Discussion

- Management philosophy oriented to technically excellent work
- Central direction/definite lines of communication
- No hierarchy on teams--play any position
- Professional works best with widest possible freedom of action--within guidelines of central direction
- Promote from within--necessitates leadership qualities, desire/ability to assume authority and responsibility
- Framework of authority/responsibility constantly fluctuates
- Direct communication--go directly to who has/needs information
- Leadership in creating an environment of positive contributors

ORGANIZATION

Culture Statement

- o Matrix organization--a balance
 - Technical excellence and quality through discipline structure
 - Decentralized, close-to-client, geographic office structure
- o Project teams combine technical and local knowledge uniquely blended for each client

Discussion

- o Our people believe providing professional services is of paramount importance, maybe more so than apparatus to run business
- o Matrix system evolved in 1970
 - Decentralize project management and client relations
 - Centralize direction of technical expertise
- o What makes matrix work is fundamentally collaborative spirit--counter to business-oriented instincts
- o Matrix, in large measure, is heart of our success; fostered strengths of the firm and personified in the project teams
 - Technical expertise
 - Quality work
 - Innovation
 - All delivered close to the client

GROWTH

Culture Statement

- o Two growth factors--client acceptance and entrepreneurship are synergistic
- o High-quality performance and client satisfaction
- o Expansion in our major markets
- o Increased core business share
- o Geographic expansion/penetration
- o Selected acquisitions
- o New services in response to client needs

Discussion

- o Staff growth keyed to increased labor income
- o Values centered on client satisfaction/increased employee opportunity--focus growth on:
 - Increasing services to existing clients
 - Increase number of clients
- o High standards come before growth
- o Will manage growth rather than be managed by it

PROFIT AND FINANCIAL CONDITION

Culture Statement

- o Profit level necessary to provide reasonable net operating *income* to labor income
- o Manage operation to keep financially sound in the long term

Discussion

- o Obligation to employees and clients to be financially sound; therefore, must be profitable
- o Profitability depends on:
 - Our fiscal management
 - Client's financial stability
 - Our potential liability exposure
- o Fiscal wellbeing is means to:
 - Serve clients' needs through technical leadership
 - Create challenge opportunities for ourselves
 - Reward our efforts
- o Continued investment required to:
 - Maintain technical leadership
 - Decentralize to be close to client
- o Equity growth allows continuity of ownership by rewarding long-term contribution of employees
- o Outward perception of financial health
 - Indication to clients [that] firm is well managed
 - Attracts potential employees
- o Profitability and sound fiscal management
 - Not an end in itself
 - Vehicle to do what turns us on

OUR GOAL IS TO:

- o Do good work
 - Meet our clients' needs
 - Achieve our own technical/quality standards
 - Satisfy our own creative/innovative desires
- o Make a profit
 - Provide freedom to be creative/do innovative stuff
 - Provide resources to achieve personal/professional goals
 - Provide for growth, from which comes opportunity
- o Have fun
 - Do interesting/challenging work in an enjoyable environment
 - Take pride in professional accomplishment/feeling of value and worth

"WE HAVE MET THE WINNERS AND THEY IS US."

Corporate Culture in a Nutshell

- o If it comes to doing what is needed or making a profit, the client's needs must be provided.
- o The able person will generally do a good job and make a profit.
- o We must make a profit to survive.
- o People and capital are our resources.

Historically, opportunities exceed resources.

This is a healthier situation, provides a choice.

- o We are professional experts:
 - Paid to give an opinion
 - But our opinion cannot be bought
- o We have a responsibility to provide the client with the information he needs in a manner that he can understand.