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Success Story – Global Supply Chain & Services Corporation

Situation - In late 2003 KBR was in the midst of an unbelievable ramp up from 300 to what would become a 2000 person supply chain organization – in a 12-18 month period. The government services division’s annual procurement spend went during this period from a \$100 mil/year, to \$8 billion per year run rate. The company provided 200,000 people several meals a day at 55 dining halls in Iraq, constructed and on-line in 90 days, plus moving thousands of tons of supplies to bases, running laundries and other services, construction of bases and other projects.

- **Company – Kellogg Brown & Root (then a subsidiary of Halliburton)** – client was VP Procurement, who had been hired only 90 days earlier, after preliminary government audits indicated a probable audit failure, which would lead to loss of the \$8 Bil/year LOGCAP contract, which provided extensive support for the 150,000 person military operation in Iraq, and Afghanistan.
- **Contract status** – there were preliminary audit findings of allegations serious financial irregularities in the field – Iraq and Kuwait – raising the possibility that the company would lose this enormous project. 85% of the project’s expenditures were done through subcontracts, putting enormous pressure on procurement subcontracting managers. Due to the conditions and steep ramp-up, this group was completely overwhelmed, understaffed, and seriously undertrained. Even under the terrible, dangerous, chaotic conditions of Iraq in 2003, requirements such as 3 qualified bids for high value subcontract or purchases were being required, and still are under the Federal Acquisition Regulation (FAR) rules.
Further, doing business in Iraq was not like in the US, besides the danger. There was no banking system; you couldn’t write a check, as there was no inter-banking system. Almost everything in-country was in cash, with millions of dollars being stored on the bases. Ordinary vendor due diligence – going out to see them – the procurement person could not do, as they did not normally leave the secure bases.
- **Client organization not prepared** – The KBR HR group in Houston could hire and process low-level people, but had no real experience with large-scale FAR-compliant procurement or subcontracting, let alone how to recruit and hire senior experts in procurement and subcontract management who were willing to work for the low hourly pay and terrible living conditions in Iraq. The on-boarding process in Houston was geared for

blue-collar workers, not senior procurement management professionals or executives. We lost a number of excellent early hires as a result of the Houston on-boarding process, until we were able to get alternate procedures worked out.

- **Our Mission & Objectives** – the VP Procurement was being pulled in every direction at once by multiple, concurrent crises. Our mission was to recruit and staff onsite in Iraq and elsewhere, as rapidly as possible, a professional procurement organization compliant with US DOD Defense Acquisition Regulations & Federal Acquisition Regulations. The project was performed by a team from CCG International. Initially, the team included the CCG Director, a senior procurement executive, and myself, leading the recruiting process. After our initial successes, the team was expanded by adding 3 senior executives. Two of these focused on phone interviews, with the third becoming a key part of project team, working closely with me on all in-person interviews and in consultation with the client, along with the CCG Director and initial senior executive.

Within 90 days, the recruiting process we developed and implemented had become successful and grew to include positions in Jordan, Europe, Africa and the US. It included a commodity center in Dubai, and regional leaders providing coordination, communication and control over the KBR supply chain.

Positions – we were seeking to find and hire senior professionals with 15+ years of subcontract management or similar experience with the FAR who would accept jobs with these factors:

- **Locations** – almost all were in Iraq, some in Afghanistan, dangerous and very uncomfortable.
- **Pay** – the LOGCAP contract authorized pay rates well *below* the going market rate. The higher pay in the news we all heard about was partly just not true, but otherwise due to the seldom mentioned 84 hour work week.
- **Living conditions** – often tents, or barracks-style; for some, shared “containers” that work like trailers. Often no running water, no flush toilets. 120 degrees F in the summer in Iraq, bitter, bitter cold in Afghanistan in the winter at very high altitudes (Kabul is at nearly 6,000 ft; mountains are up to 21,000 ft.) And some degree of danger from mortar, rocket and small arms attacks.

Process – The candidate sourcing methodology was my initial design. It used a web site that I initially designed, which was later upgraded by a technical professional. These sites and links to it from other sites, made extensive use of

the Internet, and Search Engine Optimization. For over a year, the web site was in the first 15 listings in Google unpaid searches for “overseas jobs.” The process included:

- **Internet-based sourcing** – over 3,500 candidates were attracted and screened. Once we had established visible success, we also handled candidates from within KBR’s HR group, as they recognized they were not qualified to assess senior candidates. The process attracted candidates from all over the world – Taiwan, Africa, Sudan, Oman, Europe, Australia, as well as the US, including some truly amazing people.
- **Initial screening** – utilized a questionnaire on the web site; I reviewed all resumes, and managed all candidate information, and communication with them, supported by assistants I hired, and assigned them to other team members for phone interviews.
- **Phone interviews** – all candidates had 2 phone interviews, most of which at least one that I did, plus a team mate I assigned them to. Over 450 candidates were phone interviewed, using a structured questionnaire and data acquisition process and format I designed.
- **In-person interviews** – candidates passing the phone interviews were flown to Los Angeles for in-person interviews. Later, these were done in Houston or Arlington, VA. We did in-person interviews for over 175 candidates. Myself and another team member did all in-person interviews, some conducted with a KBR manager as well. Of these, about 140 were recommended for offers, with most of these actually receiving a KBR offer.
- **Developed modified on-boarding HR process** – I collaborated with people inside the KBR HR team to develop an improved on-board process for professional hires, after we lost several top candidates to the cattle-car like process oriented towards blue collar trades-people in Houston, and problems with failed physical exams. After these process changes, nearly all of our candidates passed all of the hiring hurdles, including a military-grade physical exam, getting cold feet, and actually boarded an overseas flight to go to work.

- **Collaboration** – We also conducted and participated in twice-weekly conference calls with KBR managers – in Baghdad, Houston, Arlington, and sometimes Kuwait or Dubai, using detailed candidate status briefing reports that I prepared for these calls.
- **Positions** – Deputy VP Procurement, about 20 director/VP level professionals, over 65 senior level subcontract management professionals with 15 to 25 years experience, and many buyers, subcontract administrators and other personnel.

Early successes – our first candidates were *hired the 3rd week of the project*. In the 4th month, we brought 24 people to the in-person interview process, which at that point included the VP Procurement. These consisted of highly qualified, fully screened, senior level professionals, such as one very senior man running \$5 Billion in subcontracts for the Taiwan high-speed rail project, flown in from Bangkok for the Los Angeles interview.

Stable, team-based process – by the end of the 6th month, we had evolved a process that consistently resulted in about 5 to 6 people actually starting work each month. Over time, our process caught up with the requisitions for personnel coming in from the field.

Successful business results – the early potential audit failure was averted, in a large part due to the leadership of one of our candidates, an Air Force Colonel, who had run the Northrop B-2 program, about a week after her retirement, who became the Deputy VP Procurement. She was on a plane to Kuwait her 3rd day on board.

Longer-term, the audit challenges were resolved by improved processes, better training and adherence to FAR procurement procedures and record keeping led by the candidates we recruited who provided the leadership and depth of experience required.

Another of our candidates led the negotiation of contracts to buy over \$500 million in up-armored trucks – approximately 10% of the entire annual output of Volvo Truck manufacturing.

Paul Deis, Agoura Hills, CA is a operational turnaround and crisis resolution leader. He leads large, complex projects at manufacturing, and other types of companies that enable the company to survive a crisis and return to stable, profitable operation. This work involves re-organizing, re-designing how the factory operates, streamlining processes, sometimes recruiting new leaders, changing software and procedures, changing suppliers, which products are sold and other activities to achieve quick, lasting overall productivity gains and positive cash flow. He is a published text-book author in the field of production & inventory management and has done this type of work with over 60 companies in his career of over 25 years. Visit his web site at www.pauldeis.com. Email: paul@pauldeis.com – (818-706-0160).