



**IRMI**<sup>®</sup>

General Session

**General Session**

***VIEWS FROM THE TOP—  
A CONSTRUCTION EXECUTIVE'S PERSPECTIVE***

Presented by

**Thomas C. Leppert**  
Chairman of the Board and Chief Executive Officer  
The Turner Corporation

***Tuesday, November 9, 9 a.m.–noon***

**Thomas C. Leppert**  
**Chairman and Chief Executive Officer**  
**The Turner Corporation**

A keynote speaker, Mr. Leppert is presenting one of Tuesday's general sessions. He is the chairman of the board and chief executive officer of The Turner Corporation. The Turner Corporation, with revenues of \$6.2 billion in 2002, is, through its subsidiaries, the leading general builder in the United States. Turner has 45 offices throughout the nation and ranks first or second in the major segments of the building construction field.

Before joining Turner, Mr. Leppert served as trustee of the estate of James Campbell. The Estate has over \$2 billion in real estate assets, distributed broadly by both property type and geographic location throughout the United States. Activities of the estate include land, community, and project development.

Prior to assuming his trustee position, he served as vice chairman of Pacific Century Financial Corporation and its primary subsidiary, the Bank of Hawaii. His responsibilities encompassed the organization's treasury and financial functions, strategic planning, the technology and information areas and the company's mainland operations. He was also chairman and chief executive officer of Pacific Century Bank and Pacific Century Leasing.

Other past positions include president and chief executive officer of Castle & Cooke Properties, Inc., and president and CEO of Castle & Cooke Hawaii from 1989 to 1996. He also served as a director of Castle & Cooke, Inc. He also was a National Partner with the Trammell Crow Company.

Mr. Leppert began his career with McKinsey & Co., an international general management consulting firm, and was later elected a principal. With McKinsey, he developed and implemented major strategies for a wide range of clients. He specialized in the financial services industry and was heavily involved in institutional marketing and turnaround situations.

In 1984, he was appointed by President Reagan as a White House Fellow. Mr. Leppert was assigned both to the Department of the Treasury and the White House staff. In those roles, he focused primarily on banking, finance, and international trade issues. As a Fellow, and in these assignments, he traveled throughout Europe and the Eastern Bloc countries of the Soviet Union, Poland, and Hungary.

Mr. Leppert graduated *cum laude* with a B.A. in economics and accounting from Claremont McKenna College in 1977, where he served as the student body president in addition to other activities. He received his M.B.A. with distinction from Harvard Business School in 1979 and was selected by the faculty for membership in the "Century Club."


## ***Notes***

This file is set up for duplexed printing. Therefore, there are pages that are intentionally left blank. If you print this file, we suggest that you set your printer to duplex.

# VIEWS FROM THE TOP— A CONSTRUCTION EXECUTIVE'S PERSPECTIVE


**Thomas C. Leppert**  
**Chairman of the Board and Chief Executive Officer**  
**The Turner Corporation**

**Risk**



**risk**

- 1: possibility of suffering harm or loss: danger
- 2: involving danger: hazard



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## What Ever Can Go Wrong, Will



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## Never Make Predictions Especially About the Future



*"The wireless music box has no imaginable commercial value. Who would pay for a message sent to nobody in particular?"*

David Sarnoff's associates in response to his pushing for investment in radio in the 1920's

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## Never Make Predictions Especially About the Future



*“This ‘telephone’ has too many shortcomings to be seriously considered as a means of communication. The device is inherently of no value to us.”*

Western Union  
Internal Memo  
1878

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## Never Make Predictions Especially About the Future

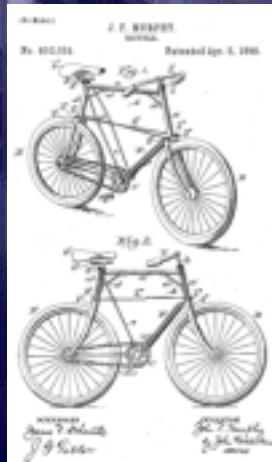


*“There is no reason anyone would want computer in their home.”*

Ken Olson  
founder and chairman  
Digital Equipment  
1977

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## Never Make Predictions Especially About the Future



*"Everything that can be invented  
has been invented."*

Charles H. Duell  
U.S. Commissioner of Patents  
1899

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## Turner Is A Construction Company



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You're Not in the Business You Think You Are

*We are all Risk Managers*



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Core Values



**Highest Ethical Values**

- ✦ Integrity

**People Oriented**

- ✦ Teamwork

**Client-Focused**

- ✦ Commitment

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# Right Thing To Do Right Business Thing To Do

- ✘ Regulatory Environment
- ✘ Compelling P&L Reasons



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## Former Enron top executive pleads guilty to energy price manipulations

Aug 15 '04



## Andersen guilty in Enron case



## Arthur Andersen fined, given probation over Enron scandal

Last Updated: Wed, 25 Oct 2002 15:29:32

HOUSTON, TX - The corporate remains of Arthur Andersen were fined \$500,000 US and given five years of probation for obstruction of justice in the Enron accounting scandal last year.

## Top Of The News The WorldCom We Hardly Knew

By Achman, 08/30/02, 9:50 AM ET

NEW YORK - Doing its devil's work and more lately, WorldCom has to have been one of the world's most scrutinized companies. Still, Tuesday it managed to shock the world with...of all things...an accounting scandal.

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## Values and Ethics



**“You can’t communicate your way out of something you’ve behaved your way into”**

An Executive at Fleishman Hilliard

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**Working To “Wise Up Our Industry”**

**Turner’s Solution For Managing Risk**

**Working Together**

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**Working To “Wise Up Our Industry”**

**Turner’s Solution For Managing Risk**

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**Safety**



**Construction tops the Department of Labor’s list for most fatal workplace injuries**

**Our mantra is: “Every worker goes home everywhere, everyday.”**

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## Client Driven Quality

- Industry must insist on better job quality
- Construction defects have cost more money than accidents



## The New York Times

August 8, 2004

### Building a Bad Reputation: Sloppy American Construction

By JULIE V. IOVINE

In the architect's vision, the two-story concrete walls of the grand lobby would be breathtaking: not only monumental in scale but with an even gray finish so shiny it would suggest a polished mirror. Instead they were stained from roughly mixed sand. And streaks in the concrete were not going to make the grade, not at the Modern Art Museum of Fort Worth. After all, the museum had been designed by Tadao Ando, the Japanese architect whose transcendentally simple concrete buildings have elevated a lowly material to the level of highest luxury.

There had already been problems. In a large gallery, the concrete came out mottled, with a texture alarming to a benefactor whose collections were supposed to hang there. So the offending wall was torn down and rebuilt. And this time the heavy wet slabs were slowly vibrated in place to make the gray sludge settle to the airless density of a flourless chocolate-cake batter. Or as another contractor on the job, Roger Reed of A. Zahner, said, "The architect wanted it vibrated till it looked like butter."

It was not the first American project on which Mr. Ando had had a bad experience with sloppy execution. In fact, the architect's reputation for meticulous standards was so daunting that some 50 contractors had refused to bid on the job. In this case, he insists, it wasn't his own perfectionism that was at stake. But clearly the architect's reputation preceded him: the client, he explained in a recent e-mail exchange, "wished more perfect concrete by Tadao Ando."



# Toyota South Campus



Using old cars for structural steel, and beverage cans for benches.



# Green Building Initiatives

- ▶ New Field
- ▶ On A Vertical Growth Climb
- ▶ Climbing Fast
  - ▶ 11% increase in two months



## Green Building Initiatives



“For a large percentage of residents, green was a very significant fact from the standpoint of indoor air quality.”

Russell Albanese  
Vice President  
Albanese Development Corporation



## Shifting Risk



## Dealing With The Issues



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Working To “Wise Up Our Industry”

Turner’s Solution For Managing Risk

Working Together

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# Culture

- Commitment to Risk Management
- Begins when RFP comes through the door
- Continues after keys are handed to client




# The Evolution of a Fully Integrated Safety/Risk Management Organization

**Management Commitment      Management Activity**

Unaware	Law	Economics/ Schedule	Priority	Value	Instinctive
Awareness	Compliance	Productivity	Value Added	Core Value	Part of Every Process
Severe Accidents	Hazard Indemnification	# of Accidents Incident Rates			Climate/ Attitude
2002	2003	2004			



## Identify Risk

- › Understand it before you start or don't do it
- › Instead of avoiding risk
  - ¥ Find the right people and products to manage it



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## Team Strategy

- › CSO Team: Claims, Safety and Operations Committee
  - ¥ Review issues
  - ¥ Push responsibility down through organization
  - ¥ Everyone owns a piece of risk management

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## Three-Part Plan

- › Manage Risk
- › Safety
- › Loss Control

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## Innovation

- › Everybody is rowing in the same direction
- › We can think outside of the box
- › Look for ways to make this three-part plan work



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# Innovation



- › Partnership with OSHA
- › Partnership with Liberty Mutual

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# Innovation



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# Innovation



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Working To “Wise Up Our Industry”

Turner’s Solution For Managing Risk

Working Together

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# Progress



## progress

1: a state journey by a sovereign through his realm



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# Progress



## progress

1: a state journey by a sovereign through his realm

2: movement towards a goal



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