

THE LIST

THE NEW GOLIATH IN TOWN

With its HQ move, Bechtel is now building up in our own backyard

BY CAROLYN M. PROCTOR | cmproctor@bizjournals.com | @WBJBOOKOFLISTS

Anyone shocked by Bechtel Corp.’s global headquarters move this year from San Francisco to Sunset Hills Road in Reston clearly hasn’t been paying attention.

Greater Washington has boasted the company’s largest presence for years, housing more Bechtel employees than any other office with 1,300 people and plans to grow more. Its CEO, the fifth generation of the Bechtel family to oversee the 120-year-old engineering and construction giant, has lived in this region three times over, including through his formative years after college. The company even helped build the region’s transportation backbone, the Metro. Its seemingly sudden headquarters shift this year was actually a natural choice, long in the making.

So says Brendan Bechtel, the company’s second-youngest CEO since it was founded during the Spanish-American War in 1898. The move, he said, helps the \$25.9 billion business in its hunt for talent and clients, while boosting the region’s business community, which can now claim another global brand. And it instantly adds a megasized private company to the region’s roster, one that finally rivals the largest local private player by far for years – McLean candy and food maker Mars Inc., another century-plus-old family business.

Brendan Bechtel, who joined the company as a mere 14-year-old intern and became CEO at the age

BRENDAN BECHTEL *Chairman and CEO, Bechtel Corp.*

- ▶ **Age:** 37
- ▶ **Education:** Bachelor’s in geography, Middlebury College; MBA and master’s in construction engineering and construction management, Stanford
- ▶ **Residence:** D.C. area
- ▶ **Family:** Wife and children
- ▶ **First job:** My first paid job at 14 was in San Francisco at the Bechtel

University headquarters. I grew up in Silicon Valley, right as the internet and email were coming together. I knew a thing or two about computers, and so I started off in the corporate IT group.

of 35, said the company is already moving 200 people from San Francisco and other Bechtel offices to the new Reston headquarters, a process he expects wrap up by the end of this year. “Personally, I’m really excited about that, and I think our colleagues moving here from other parts of the U.S. and abroad are excited about that,” he said. Here, the self-described “off-the-charts extrovert” plans to put more of a public face on a company that’s long opted to remain under the PR radar.

“I’m probably a more externally focused CEO than my predecessors were,” said Brendan, now 37, “because I think the external landscape of what’s going on outside our company is even more important today than it was over our prior 120 years.”

Washington connections

For decades, Bechtel’s top executives had been stationed as far apart as San Francisco, Reston and Houston. But you could say the D.C. area had slowly

become a de facto headquarters of late.

The company started with a small Gaithersburg office in 1961, with 40 employees working on a local power plant. That team grew to 2,000 people by the early 1980s and larger Gaithersburg digs by the early 1990s. The power business moved to Frederick in 2001, remaining there in some part for 13 years before the entire operation relocated in 2014 to Reston with \$15 million in public incentives. That’s where the power group – now the company’s infrastructure group, including federal contracting work – rests today, in what’s now about 225,000 square feet in Boston Properties’ One Reston Overlook.

“Over the last 15 years, I would say the operational center of gravity of our company pretty organically shifted east, as we followed our customers,” Brendan said. “As a relatively new CEO, I wanted to have everything together in one place.”

Bechtel made its mark on the region early – literally. It was involved in Metro’s original construction



Brendan Bechtel, 37, is the fifth-generation CEO from the family to lead the engineering company, now based in Reston.

JOANNE S. LAWTON / STAFF



GET TO KNOW BRENDAN BECHTEL

We wanted to know more about Bechtel’s top executive than what’s usually in his resume. So we asked about Brendan Bechtel’s fun side, and here’s what he had to share, edited for space and clarity.

▶ **First job at Bechtel:** It’s pretty nerdy, but I was taking databases and programming them so you could manage them remotely over our first intranet. I came home and was having dinner with my parents and Mom said, “How’s it going at work?” And I said, “It’s really great. I’m really good at this, and I’m having a big impact, and I love it.” I was probably being a little self-congratulatory, certainly by my family’s standards. My dad sat there and was listening quietly and didn’t say much. When I went in to work the next morning, I discovered I had been reassigned. I was still in IT, but my new job was not doing high-end knowledge work.

▶ **What was your new job?** I had to go around to every single person in the San Francisco office and say, “Hello, my name is Brendan. I’m here to install this security cable that locks your computer to your desk,” because we had a couple laptops walk out the building. I said, “Can I come back at a time when I can crawl under your desk on my hands and knees and install this, when it’s not going to interrupt you?” I did this for almost two weeks before my mom finally intervened. I had almost worn through the knees on my slacks. And she said, “OK, Riley, he’s learned his lesson.” But that was my first summer.

▶ **Favorite project:** When I was construction manager for Phase I of the Dulles Metro. When I drove into the project gate in the morning and drove out at the end of the day, something that we were building was a little bit taller at the end of the day in part because I came in to work and made a difference.

▶ **Biggest challenge:** Being really disciplined about how you spend your time. Because obviously that signals what’s important. And it is the most precious commodity that a leader has, I think. There are so many opportunities for really fulfilling, rewarding extracurricular activities outside of work.

▶ **Best lesson from a mentor:** It sounds so clichéd, but I learned so much from my father, and still do, who’s still active in the business as a nonexecutive director. I pick up the phone and call him at least once a week. I would say the two or three core lessons he taught me that have been really helpful were: this idea of balance. Everything needs to be done in balance. Don’t do well in the short term at the expense of the long term.

▶ **What was his other advice?** The

first time I became a construction superintendent — which in our world is a very, very big deal — I called him. And he said, “Brendan, if you’re fair and you use common sense, that’ll solve 85 percent of the problems that you encounter,” and that was the best advice. And then his last was, particularly as a CEO, there’s an infinite amount of opportunity to apply oneself. Being thoughtful about where you spend your time is critical, and to not be too hard on yourself when it doesn’t all go perfectly.

▶ **What are you like to work for?** In my heart of hearts, I’m a California kid. So I would say that my preferred management style is relatively informal and casual, and relationship-oriented. Rather than sending out written announcements, I prefer to go and travel to all of our projects and have all-hands meetings.

▶ **Favorite hobby:** I grew up doing pretty much everything outside that you can. Skiing and fly-fishing are two of my favorite things to do outside work. I always look forward to site visits, because I get to put my steel-toed boots back on and walk around a site and climb up and down and be out in the mud and the rain. That’s how I grew up, on construction sites doing that, so I feel right at home. In many cases, sitting in a corporate office has become a learned behavior for me.

▶ **Favorite place outside of work:** I grew up a child of the West, came East for college, married a third-generation Washingtonian and have been ever since adapting to more of an Eastern experience, which I’ve come to love. But part of my coping strategy is to go back out West from time to time, so I can do things like skiing and fishing in the Rockies or California or wherever.

▶ **Favorite local restaurant:** Komi — actually, we have a social connection with the owners. But I can’t tell you how much I’ve seen the region change.

▶ **Biggest pet peeve:** I’m a naturally impatient person. My mom and dad kind of match-made me with fly-fishing. I think, to teach me patience. I’m working on it.

▶ **Guilty pleasure:** I grew up eating a lot of Mexican food. And because I then went on to move all over the world, I had to teach myself how to cook California-style Mexican food. I think I make the best breakfast tacos and carne asada steak tacos that can be had.

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University of Virginia – and just in general, there’s a really talented local workforce,” Brendan said. “Ours is a very talent-centric business. I’m often thinking about how we compete for talent against more traditional professional services firms – the consultants, the banks, the Big Five [tech firms] – who also want engineer graduates.”

The headquarters shift has offered a chance for the company to scrutinize its own functions and compress or expand where necessary, said CFO Catherine Hunt Ryan. Case in point: She was promoted to her current role this month after heading up finances of the company’s oil, gas and chemicals business in Houston.

“Changes are usually good,” said Ryan, who had also previously lived in the District, across from Ben’s Chili Bowl. “It forces people to adapt and take a look at where does the group want to be in the future? And how do we be the best-equipped to work and deliver in the future? So the change of our headquarters has enabled us to take a look at our teams and take a look at our operations and say, ‘OK, now this is a specific point in time when we can identify what are the opportunities and challenges and risks that we’re going to be facing in the next five, 10, 15 years.’”

Public persona

Bechtel has been active in the D.C. community for years, though it’s stepped up its presence.

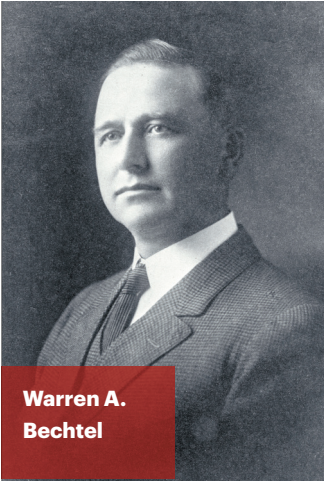
Brendan, who has served as a trustee at the National Geographic Society and the Center for Strategic and International Studies, has also recently joined the boards of two major regional business groups, Federal City Council and the Economic Club of Washington, D.C.

Meanwhile, the company hasn’t shied away from playing a role in the Greater Reston Chamber of Commerce, sponsoring events such as Ethics Day, a volunteer program with South Lakes High School, and organizing young professionals programs and annual galas. It was enough for the chamber to recognize Bechtel for its community service and chamber support in 2016.

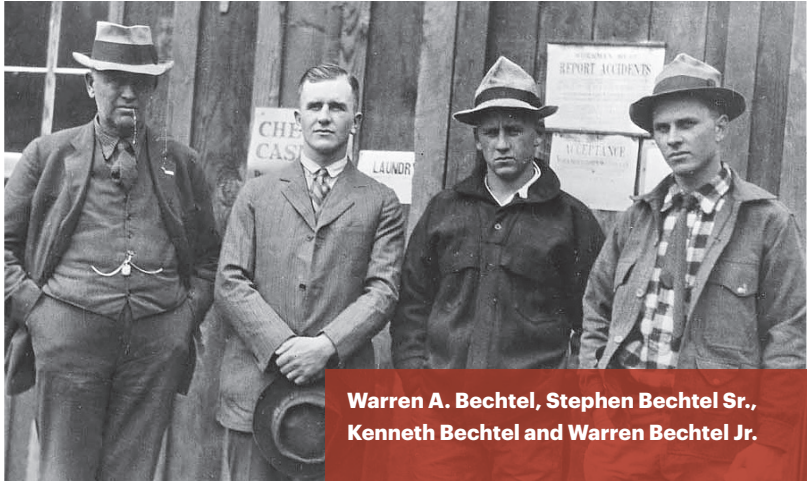
A Bechtel employee – Charlene Wheelless, Bechtel’s principal vice president of global corporate affairs – has also now been elected chair of the chamber’s board. And she’s already made her top priority clear: working to attract more diversity to companies in the region.

“She’s brought a real spirit of inclusion and diversity to her theme this year – that’s what she’d like the chamber to be all about,” said chamber CEO Mark Ingrao. “We’ve been about that, but she’s going to take it up a notch.”

Wheelless, who also sits on Bechtel’s ethics



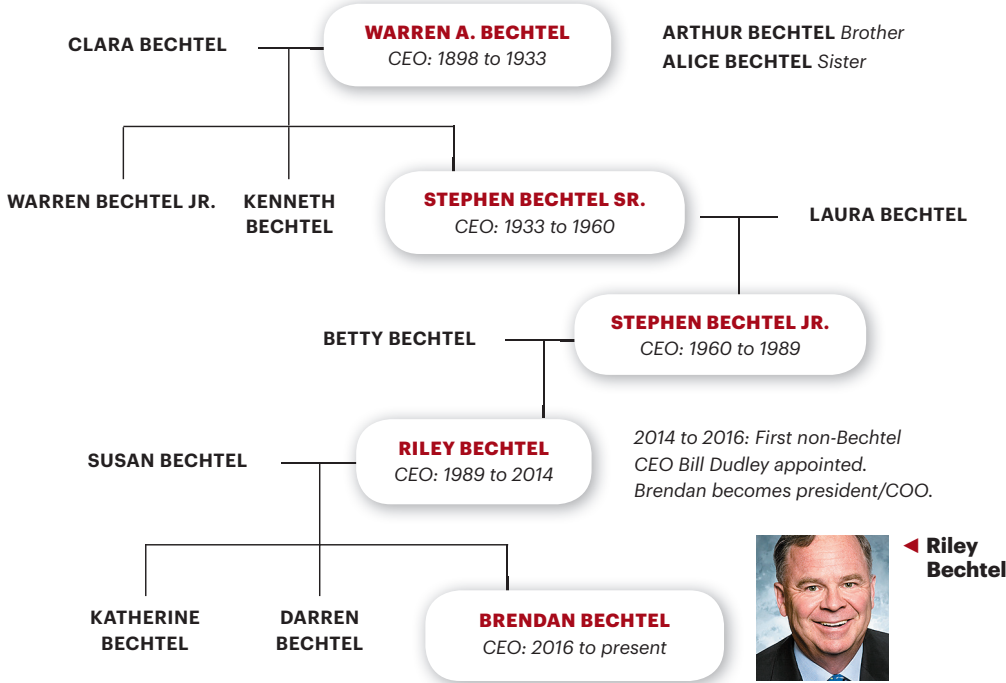
Warren A. Bechtel



Warren A. Bechtel, Stephen Bechtel Sr., Kenneth Bechtel and Warren Bechtel Jr.

THE BRANCHES OF THE BECHTEL FAMILY TREE

From the point that Warren Bechtel trekked west a few years before the turn of the 20th century to today, Bechtel family members have led the company as CEO save two years, between father Riley Bechtel and current CEO and son Brendan.



and knowledge management committees and on the Bechtel PAC and Bechtel Group Foundation boards, recently added to her plate a board spot for GO Virginia Initiative, an economic development organization for the state.

Despite Bechtel’s already “deep roots” in Northern Virginia, Ingrao said the headquarters change is big deal for the region.

“I think it attracts more companies like them,” he said. “When they see a company like Bechtel in the community, they say, ‘Well, if that’s a good community for them, it must be a good community for us.’”

Family history

The story really starts with Brendan’s great-

great-grandfather, a cattle farmer named Warren Bechtel who left Kansas in 1898 and journeyed west with two mules and a wagon to find work building railroads. He went as far as the tracks could go, ending up in San Francisco with little more than his family and a few aspirations. “I arrived with a wife, two babies, a slide trombone, and a 10-dollar bill,” the company quotes its founder as saying when describing its beginnings.

In 1906, Warren Bechtel landed with a subcontract to build part of the Western Pacific Railroad. He painted “W.A. Bechtel Co.” on his new steam shovel, and with that, basically birthed a new company.

Though, it wasn’t until 1925 that Bechtel was officially incorporated, with Warren’s three sons, Warren Jr., Stephen and Kenneth, and his brother, Arthur, joining its top management.

The biggest of all breaks came in 1931, when Bechtel got a chance to help build the storied Hoover Dam. Six western regional companies, including Bechtel, formed a joint venture – Six Companies Inc. – and bid on the project, now one of seven wonders of the industrial world. “We were one of six companies. It was too big a job for any one company in the U.S.,” Brendan said. “We won the bid. And out of that, there were two or three really strong companies

A JOURNEY OF GROWTH

Since its start on the California railway in the late 1800s, Bechtel has had its hand in many iconic engineering, power and transportation projects across the United States and internationally.

► **1898:** Warren Bechtel starts railroad construction business

► **1919:** Built Klamath Highway in Northern California

► **1923:** Built main line extension on Southern Pacific Railroad in Arizona

► **1925:** W.A. Bechtel Co. incorporated; built Bowman Dam in California

► **1931:** The Hoover Dam project started

► **1933:** CEO Warren Bechtel dies, is succeeded by son Stephen

► **1936:** Hoover Dam project completed

► **1942:** Canol oil pipeline started across Canada and Alaska for War Department

► **1947:** Trans-Arabian pipeline project started

► **1958:** Hydroelectric Swift Dam built in Washington

► **1960:** Stephen Sr. steps down as CEO, Stephen Jr. succeeds him

► **1964:** Built Bay Area Rapid Transit (BART) System in San Francisco

► **1969:** Churchill Falls hydroelectric project started in Labrador, Canada

► **1971:** D.C. Metro is started

► **1978:** Built King Khalid International Airport in Saudi Arabia

► **1979:** Assists in cleanup/recovery of Three Mile Island’s partial nuclear meltdown

► **1982:** Starts world’s first commercial facility to convert natural gas to gasoline in New Zealand

► **1986:** Ankara-Gerede Motorway in Turkey started

► **1987:** Assists building the Channel Tunnel connecting England and France

► **1989:** Boston Central Artery/Tunnel project started in JV with Parsons Brinckerhoff; Riley Bechtel becomes CEO

► **1991:** Athens Metro is started; Bechtel assists in extinguishing the Kuwait oil-well fires from the Gulf War

► **1994:** Bechtel assists Russia develop a chemical weapons destruction plan

► **1998:** Croatian Motorway started; high-speed rail connecting the Channel Tunnel to London started; Jubilee Line of London Underground started

► **1999:** Mustard gas stockpile destroyed at Aberdeen Proving Ground in Maryland; shelter for 20,000 Kosovar refugees built in Albania

► **2002:** Midcourse Defense Program started in Alaska; high-speed rail upgrade connecting London to Scotland started; Tacoma Narrows Bridge started

► **2004:** Hamad International Airport started in Qatar

► **2005:** Temporary housing for 100,000 Mississippi residents provided after Hurricane Katrina

► **2009:** Dulles Corridor Metrorail extension project in Virginia started; Crossrail project in London

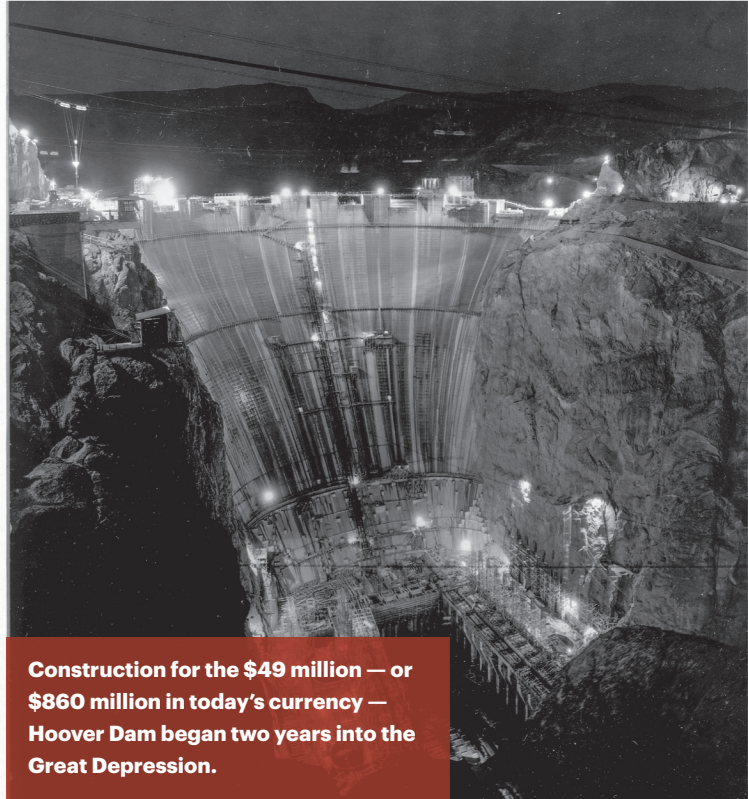
► **2010:** Master infrastructure plan made for Gabon in Africa

► **2011:** Built California Valley Solar Ranch; built 28-gate terminal at Muscat International Airport in Oman

► **2014:** Bill Dudley becomes CEO; Riyadh Metro project started

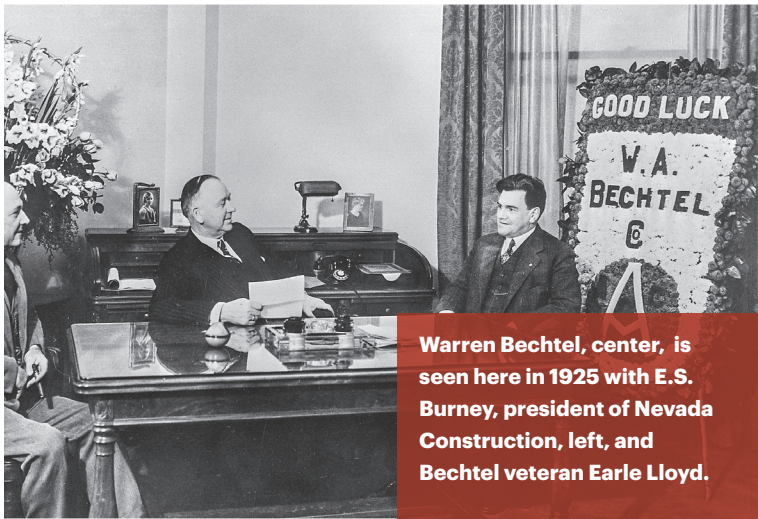
► **2016:** Brendan Bechtel becomes CEO

► **2017:** Decommissions nuclear power plants in Germany and Sweden; Sydney Metro started; Stonewall Energy Facility built in Virginia



Construction for the \$49 million — or \$860 million in today’s currency — Hoover Dam began two years into the Great Depression.

GABRIEL MOULIN / LIBRARY OF CONGRESS / CORBIS / VCG VIA GETTY IMAGES



Warren Bechtel, center, is seen here in 1925 with E.S. Burney, president of Nevada Construction, left, and Bechtel veteran Earle Lloyd.

COURTESY BECHTEL

that emerged, and we were one of them.”

That high point also marked one of the company’s lowest points – and tests of survival – early on. “My great-great-grandfather, the founder, died about halfway through the construction,” Brendan said. “He was outside the U.S., looking at a hydroelectric facility somewhere else in the world. And my great-grandfather, who was in his late 20s at the time, took over the company in the middle of building at the time what was the largest civil construction project in the

world. And we finished it about a year ahead of schedule and under budget.”

And just like that, a legacy was seeded. Brendan, however, isn’t interested in categorizing Bechtel as a family business. It is actually majority-owned by nonfamily management – a key point for the family to maintain stability in operations and sidestep family conflicts.

“We don’t think of it as a family business,” Brendan said. “We think of it as a private business, which has a family history of

leadership, which through a combination of some planning and a fair amount of luck has continued to be family-led.”

Today, the primary family members at the helm are few. Brendan’s father, Riley Bechtel, stepped down as CEO in 2014 after being diagnosed with Parkinson’s disease. Riley stayed on as chairman and Brendan became president and COO for two years while the company was briefly led by its first nonfamily chief executive, former President and COO Bill Dudley. In 2016, Brendan rose

to CEO and Dudley became vice chairman. Brendan added the chairman’s seat in April, when Riley opted to become a nonexecutive director. With a brother, Darren, heading up a Silicon Valley venture capital firm, Brendan’s only other family member in the business is his sister, Katherine, though the company wouldn’t detail her work beyond her role as a planner for the Silver Line’s first phase.

And none of that complicated executive maneuvering is a coincidence.

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“We have a series of, I would say, thoughtfully designed norms and practices – one of which is that we try to avoid, to the maximum extent possible, direct reporting relationships between family members,” Brendan said. “The only project where my sister and I overlapped actually was here on the Dulles Metro Phase I, where I was sort of the No. 2 person for construction, and she was within one of the construction delivery teams. And that was actually really fun.”

Even family members must go through a strict, untraditional path to get to the company. While Brendan began at Bechtel as an intern at 14, the minimum legal working age in California, and even helped develop the company’s first sustainability strategy before heading off to college, the story changed by the time he graduated and was ready for full-time work.

That’s when a very strict rule set in: “You have to go work somewhere else full-time for two years, before you can come back full-time after college,” Brendan said. “So, explore other passions and go through a performance review somewhere where your name’s not on the door.”

In that vein, Brendan worked for two years at the non-profit Conservation Fund in Arlington before deciding he wanted to end up at Bechtel. He signed up for graduate school at Stanford University to earn an MBA and engineering and construction management degree.

Future focus

Today, Bechtel operates in four core businesses: energy (oil, gas and chemicals); infrastructure (heavy civil infrastructure, airports, ports, power plants, etc.); nuclear security and environmental (U.S. and allied contracting, plus nuclear power); and mining and metals (building the processing facilities for mines).

Brendan doesn’t expect that to change, though he does hope to add another line or two of business in the next five years – in what, he’s not yet sure. The key, he said, is to not veer too far from its core paths.

“Every once in a while, we will experiment and do something that is related to our engineering, construction and project management work, but is different. For a while, we were a developer and operator of power plants,” he said. “It seems like every 10 years or so, we forget the lessons we’ve learned from straying too far from our core competencies. So, I hope and expect that in five years, we will not be experimenting again and doing something outside of our core competencies.”

He’s scouring world markets for potential growth in certain sectors to determine where to build out the company further. For example, Bechtel’s current mining and metals business, mostly focused on copper, remains small now due to low global demand. But that could change. “We see copper coming back in next couple of years, and that business will grow again,” he said. “Ours is a very cyclical business, and the collection of business lines and global business units that we have are designed to have some countercyclical hedging of market ups and downs built into it.”

Still, he acknowledges the company’s fate is subject to

the ever-changing global economics, supply and demand, especially in its commodities markets. Last year, a slow rebound in oil prices caused customers to hold off on capital spending and Bechtel’s 2017 revenue, at \$25.9 billion, to drop 21 percent from the prior year (see more on Bechtel’s revenue, Page 36).

That translates to a need for Bechtel to learn to deliver projects faster and cheaper and to be more agile through the constant business cycles, where activity and contracts inevitably sway from nil to full and geographic differences weigh heavily.

“We have operations in Kazakhstan, in Australia, in Kenya, so we operate in all corners of the world,” CFO Ryan said. “And being competitive in the state of Georgia does not mean being competitive in the country of Georgia.”

Ryan, incidentally, is an example of another change Brendan is overseeing at the company: diversifying its management team and personnel. That goes for diversity in backgrounds and expertise in addition to ethnicity, gender and nationality. Not an engineer by training, Ryan had worked several finance roles in the company before reaching the C-suite this month.

“To make sure that we have diversity of thought in the way that we are solving our problems – I think that is much more a part of the fabric of the way that we’re operating now than perhaps it was before,” said Ryan, an avid runner and soccer player outside of the office. “Sometimes you need to look around and say, ‘What do we look like, as a team? What are the backgrounds of the people who lead the company in different ways?’”

Private matters

Despite the slew of changes, one thing is immutable: Brendan has zero interest in going public.

When asked if an initial public offering was ever a possibility, he offered an unflinching and immediate “no.” “Certainly not for as long as I’m in my role,” he said. “It would be inconsistent with the governance model and ownership model and philosophy of our company.”

Remaining private means retaining more cultural and financial control than public company CEOs are allowed. It means being able to focus on profitability, but without the perpetual demand to grow or meet quarterly earnings targets. “Growth for growth’s sake is not something that we’re focused on,” he said.

He expects the Reston head count to grow over time, forecasting 1,500 local employees by year’s end. While he thinks expounding upon what Bechtel’s headquarters move means for the Washington region “sounds too self-important for our culture,” he accedes there are implications.

“I would say that we’re another example of a trend I’ve seen in my 10 years living on and off in Washington,” he said. “Whether something like Amazon HQ2 happens, you think about all the industries that have major headquarters here – it’s increasingly diversified. So I would say, yeah, our move probably is an indicator that it’s increasingly becoming a hub for business, and not just government.”



PROJECT SPOTLIGHT

Here are some of Bechtel’s recent local and internationally famous projects.

DULLES METRORAIL EXTENSION

Client: Metropolitan Washington Airports Authority

Value: \$1.6 billion

Schedule: 2004–2014

Team: 2,000+ Bechtel employees, 200+ local businesses awarded contracts

Details: Phase I included five Metro stations, six miles of elevated track and twin tunnels running under a busy commercial area where 700,000 cars travel daily

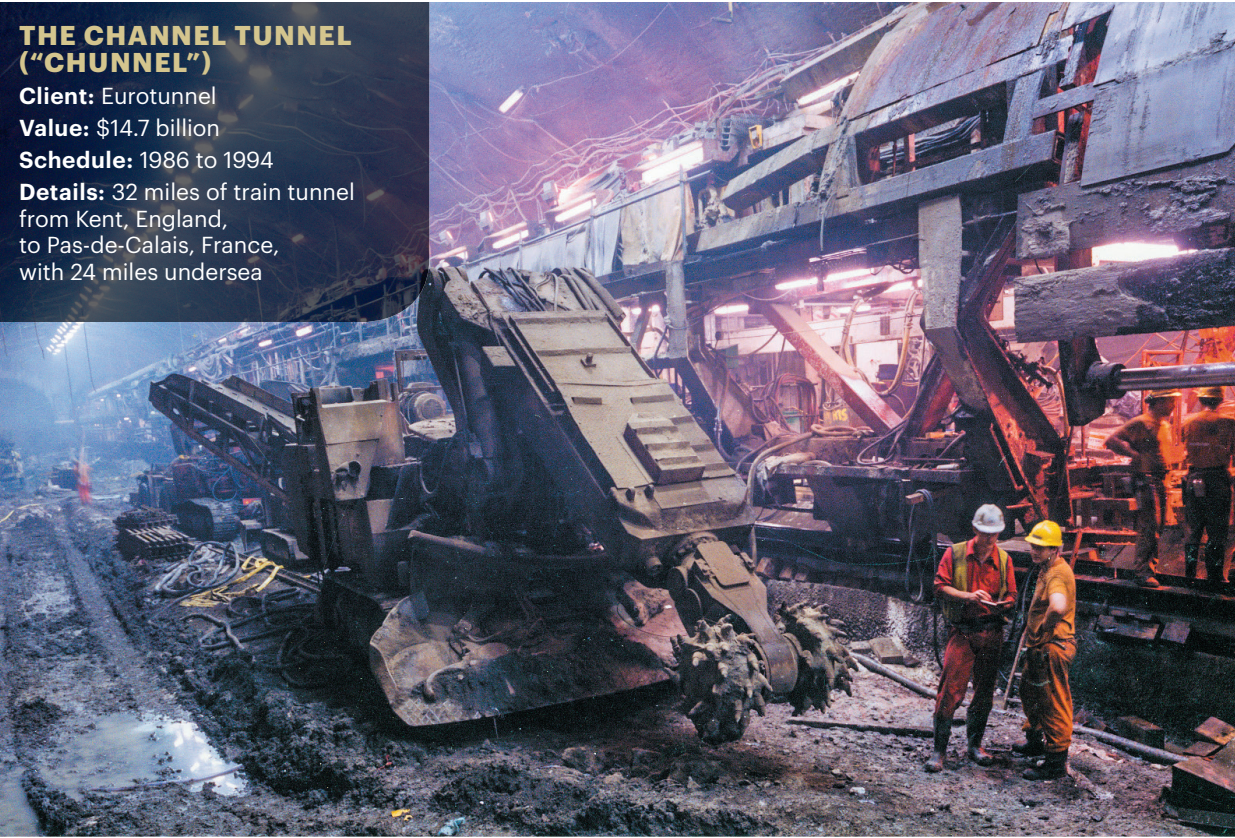
THE CHANNEL TUNNEL (“CHUNNEL”)

Client: Eurotunnel

Value: \$14.7 billion

Schedule: 1986 to 1994

Details: 32 miles of train tunnel from Kent, England, to Pas-de-Calais, France, with 24 miles undersea



PANDA STONEWALL ENERGY CENTER

Client: Panda Power Funds; Siemens Energy Inc. and Green Energy Partners partnered with Bechtel

Value: \$800 million (estimate from U.S. Energy Information Administration)

Schedule: 2014–2017

Team: 800 Bechtel employees, including 30 long-term new jobs post-construction

Details: 778-megawatt, natural gas-fired, combined cycle plant with emissions-control technology to power up to 778,000 homes



COURTESY BECHTEL



RIYADH METRO

Client: Saudi Arabia

Value: \$10 billion

Schedule: 2014 to 2018

Team: Bechtel was part of the BACS consortium, which also included Almajani General Contractors, Consolidated Contractors Co. and Siemens

Details: Design and construction of six metro lines spanning 176 kilometers and 84 stations

COURTESY BECHTEL

COURTESY BECHTEL