



Message from the President

By Ida B. Brooker

Mid-Year Conference – A must for your schedule – October 6, 2006

Another exciting event is beginning to take shape. Please mark your calendars for October 6, 2006 in Chicago, Illinois with a board meeting scheduled for the 7th. Both The Boeing Company and Whirlpool Corporation have agreed to sponsor the mid-year conference this year. What a wonderful opportunity. We will be hearing from both those corporations and I know that it will be an opportunity you should not miss. You also have the opportunity to visit Chicago and if you have never been there you are in for a real treat. They have done marvelous things to the waterfront area and some other parts of town. If you can, plan on staying over the weekend and do some sightseeing and shopping.

Earlier this year I told you about the Women's Summit that was held in Washington, DC for organizations and entities interested in supporting women in the construction industry. One of the attendees was Kathy Nelson, Vice President and General Manager – Consumer & Appliance Care for Whirlpool Corporation. She has found a pocket in her industry where women are in short supply for whatever reason and has stepped up to the plate in thought and deed to do something about it. She heads up an organization within her company that promotes the concept of increasing women employees within Whirlpool and supports them in the business environment. She is a dynamic woman and someone I think all of you should meet.

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Quote of the Month

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”

Margaret Mead

Message from the President

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I am also issuing a special invitation for all the Chicago area members to attend this conference so that we can all meet each other. I was fortunate enough to have a business trip to Chicago not too long ago and got the pleasure of meeting most of the Chicago area members. It is always exciting to meet the dynamic and talented members we have across the country. I would welcome the opportunity to see you again. Be sure to sign up prior to the end of September to take advantage of the early bird pricing.

Also on the agenda will be a couple of sessions on items to improve your bottom line. The full agenda has not been completed so stay tuned and keep an eye on our web site (www.wcoeusa.org) for details as they develop.

Further to my message last month concerning the memorandum of understanding that we signed with the Associated Builders & Contractors (ABC), we are in discussion with the National Association of Minority Contractors (NAMC) and the National Association of Women Business Owners (NAWBO) to sign memoranda's of understanding as well. There are those who believe that women have achieved parity in the business world but for those of us who are there we can certainly explain how pay, promotions, business opportunities, etc. are significantly below average. For that reason, it is important to establish relationships with other associations who may give support to the same issues that WCOE has, especially on the national level. Stay tuned, more is coming on this.

Risk in Construction Estimating: Part 2

By: Robert N. Kennedy, P.E.
Consulting Engineer of MDCSystems®

Identifying Risk

The accuracy of an estimate is dependent on two parameters – the type of estimate prepared and the amount of information known at the time the estimate is prepared.

The chart in Figure 1 shows the typical accuracy of an estimate during the various phases of design of a project. This accuracy is relative to the bids that may be obtained utilizing the documents at hand for each phase. One can see that the accuracy varies at each phase based on the type of estimate prepared.

Estimating Accuracy

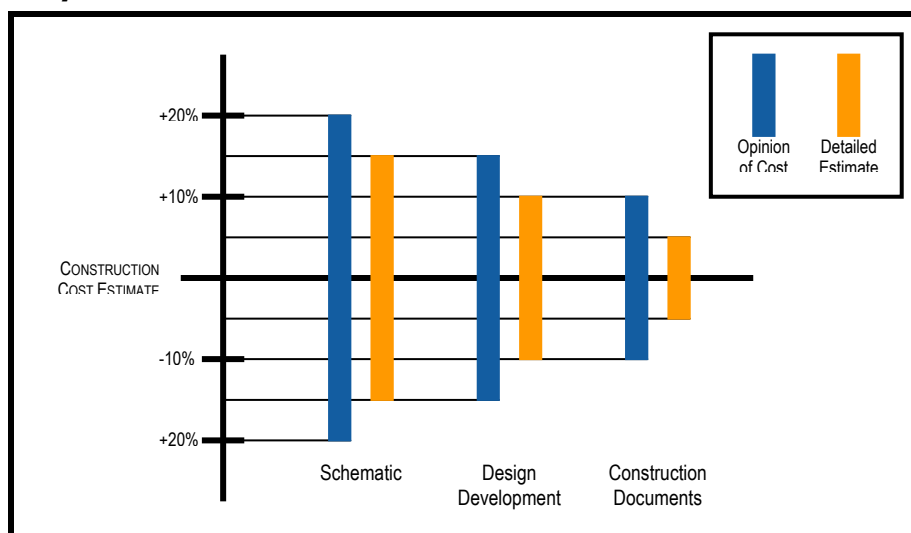


Figure 1

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Risk in Construction Estimating: Part 2

By: Robert N. Kennedy, P.E.
Consulting Engineer of MDCSystems®

The most common way to identify the risk of an estimate is how much contingency has been applied to the total calculated cost. Figure 2 exhibits the level of contingency that is normally applied to an estimate at various stages of design. This chart represents a normal ground up construction project. If the project is the renovation of an existing facility, is located on brownfield site (an existing campus with aged infrastructure), or is a potential hazmat site, then additional contingency (risk abatement) should be considered.

Estimating Contingency

A good methodology for assessing how much contingency (risk mitigation) should be applied to an estimate is the use of a Monte Carlo based simulation program. These types of programs assess the risk and probability of success of each estimate component, as well as the schedule's impact on the estimate. This gives the decision makers intelligent choices and project principles reasonable confidence that their costs

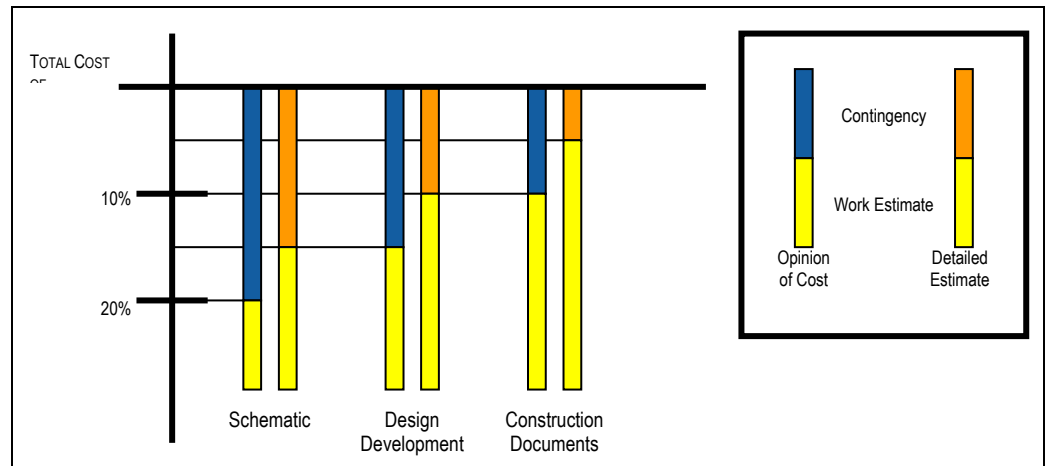


Figure 2

will fall within an acceptable range of their corporate standards based on the recommended and applied contingencies. This is essentially their calculated risk factor.

How to Lessen the Risk to an Estimate

The most obvious way to lessen the impact of estimating risk is to apply a sufficiently large contingency. A contingency that is too large could over-inflate the budget cost of the project to make it infeasible. A large contingency may leave extra money at the end of the project. Senior management may then question why the company needlessly committed too much resource, when the money could have been used elsewhere. The use of the risk simulation and analysis is an excellent method to define proper contingency.

Being able to defer final funding until later in the project can also help lessen the risk to an estimate. If final funding is not approved until the start of construction, with bids received and contracts negotiated, then the project is more likely to finish within required budget parameters. If final funding is required early in the project, then the use of appropriate contingencies, bid options, and value management techniques can lessen the risk.

When forced to use early estimates for the basis of funding, it is recommended to use a professional trained in the development of capital cost projects. They can assist in developing the appropriate contingencies, bid options, and value management items. Additionally they can prepare early cost models based on the project definition and benchmark these cost models against other projects of similar scope. These benchmarks are adjusted for location, timeframe, size and scope of project to allow comparison to the cost model being prepared.

By following some of these guidelines one can mitigate much of the risk apparent in the development of an estimate.

WCOE Mid-Year Meeting

OCTOBER 6-7, 2006
Chicago, IL

The Mid-Year Meeting consists of a one-day seminar sponsored by Whirlpool and hosted by The Boeing Company at their Corporate Headquarters downtown Chicago on October 6, 2006. A Board Meeting will be held at the Embassy Suites Hotel Chicago-Downtown on Saturday morning the 7th until noon.

You will be receiving a registration form in the mail soon. To book a room at the Embassy Suites Hotel Chicago-Downtown go to: [Embassy Suites Hotel Chicago-Downtown](#), 600 North State Street, Chicago, IL 60610 or call 1-312-943-3800.

WCOE Annual Meeting

FEBRUARY 25-28, 2007
Washington, DC

Mark your calendar now for the WCOE 2007 Annual Meeting.

California Construction Expo 2006

AUGUST 17, 2006
Los Angeles Convention Center

\$100 Billion in Government
 Construction Contracts

Attend to learn how to maximize
 your bottom line.

For more information, please contact the MWD Business Outreach Hotline at 213.217.7444 or via email at BusinessOutreach@mwdh2o.com

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World of Concrete

JANUARY 23-26, 2007
Las Vegas, NV

Mark your Calendar now for the 2007 World of Concrete Conference and Exhibition to be held in Las Vegas, NV. WCOE will be attending with an exhibit booth. For more information and to register go to: <http://www.worldofconcrete.com/>

When you register be sure to use the Source Code: **WCO**. This will allow World of Concrete to know you are a member of WCOE.

Senators Snowe & Kerry Introduce Bill to Expand Women Business Ownership

Senator Olympia J. Snowe and Senator John F. Kerry, of the Senate Committee on Small Business and Entrepreneurship, have introduced bipartisan legislation, The Women's Small Business Ownership Programs Act of 2006 (S. 3659), which will help increase the number of women-owned small businesses and strengthen the successful Women's Business Center (WBC) Program.

"As Chair of the Senate Committee on Small Business and Entrepreneurship, my goal is to ensure that every woman who owns a small business in America – or any woman who dreams of owning one – has access to the resources and support they need to embark on that next, great entrepreneurial adventure. This legislation will help them achieve that goal," said Senator Snowe. "The Women's Business Center program provides the essential tools and opportunities necessary for women-owned small business to create jobs and compete in the global economy. In my home state of Maine more than 63,000 women-owned firms generated an astounding \$9 billion in sales, according to the Center for Women's Business Research."

"Women entrepreneurs are driving innovation in our country, and Women's Business Centers are a tool that helps them keep America competitive. These centers help turn business plans into business success.

We can keep this momentum going, and help women entrepreneurs succeed if we make a real commitment to small businesses in Washington," said Kerry.

The Women's Small Business Ownership Programs Act of 2006 allows new Women's Business Centers to receive an initial four-year grant, with only the proven, successful centers able to receive additional three-year renewal grants. Thus, experienced centers will not be forced to shut down due to a lack of funding and women will continue receiving assistance from both new and existing WBCs. Under current law the Centers are funded from year to year and often cannot plan for long terms goals when funding is uncertain. This legislation also rewards those centers providing successful services to emerging women owned businesses by extending their funding for an additional block of time.

According to the Small Business Administration (SBA) which runs the WBC program, there are more than 9 million women-owned businesses employing 27.5 million people and contributing \$3.6 trillion to the economy. WCOE members are encouraged to write their Senators and ask that they become co-sponsors of this bill (S. 3659).

2006 WIPP Leadership and Legacy: 5th Anniversary Summit

SEPTEMBER 11-13, 2006
Washington, DC

This year, WIPP will hold its Leadership and Legacy: 5th Anniversary Summit at the Hyatt Regency Washington on Capitol Hill, 400 New Jersey Avenue, NW, Washington, DC 20001. For complete information on how to register and a detailed list of events, visit: www.wipp.org and click on the link "**WIPP Leadership and Legacy: 5th Anniversary Summit, Steven Preston, SBA Administrator to Keynote!, Agenda and General Information**" or email LWeigel@WIPP.org.