

# Opportunities for Regional Business Growth & Entrepreneurship

R. B. Smith

Vice President for Business and  
Workforce Development

Southwest Louisiana Economic  
Development Alliance



# Why Are We Here?



# Agenda

- What can secondary and tertiary businesses expect from the ethane cracker project?
- How do small businesses benefit from the ethane cracker project?
- Is this a good time launch a new business (exploring entrepreneurship)?

# The Project – A Game Changer

- Pennsylvania Chemicals is a world-scale facility that will use ethane to produce 1.6 million tonnes of polyethylene per year. The project will involve up to 6,000 workers during its construction and is expected to employ 600 permanent employees when completed. (From Bechtel's Website)

# If You Build It, They Will Come

- Shell has announced plans to build an \$6B+ Ethane Cracker in Monaca, Pennsylvania, using Bechtel, the largest construction and civil engineering company headquartered in the United States.
- Bechtel is the Main Works Contractor (MWC) for the project.
- Bechtel will build and own the plant until completed and sold to Shell for operations.

# If You Build It, They Will Come

- Bechtel is one of only a handful of contractors in the world with the resources to build a mega-project.
- They have decades of experience and generally self-perform most of the work.



# If You Build It, They Will Come

- All world class contractors have stringent safety programs for their jobsites.
- To be able to qualify as a subcontractor on one of the mega-projects, you have to demonstrate a comprehensive safety plan, a documented safety record and a specified score of less than 1 on your Experience Modification Rate (EMR < 1.0).

# If You Build It, They Will Come

- The requirements for suppliers/vendors of goods are less stringent, but still require a demonstrated track record of doing business with industry.
- Bechtel has built and is building projects on all seven continents. They have well established vendor and subcontractor relationships with companies that meet their rigorous specifications for deliverables.



# If You Build It, They Will Come

- Most local companies do not have these relationships and find it very frustrating to do business directly with the mega-projects.
- There are some locally sourced goods and services, but local businesses must meet the qualifications for vendors.



# If You Build It, They Will Come



- The complexity of a world class ethane cracker requires that every component used and installed in the plant must meet high standards.
- Bechtel has a manual that outlines their standards for suppliers.

# List of Goods and Services

## Construction Indirects:

Small Tools

Gases – welding,  
purge, etc...

Safety Supplies

Janitorial Services

Medical and First Aid

Transportation  
Services

## Structural:

Towers and Antennas

Shop Fabricated  
Structural Steel

## Logistics:

Trucking

# List of Goods and Services

## Civil:

Backfill (materials)

Environmental  
(materials)

Landscaping

Fencing

Road and Bridge Const.

Railroads

Concrete Services

Reinforcing (materials)

Anchor Bolts

Site Preparation Work

Paving

Civil Work

# List of Goods and Services

## Architectural:

Pre-engineered buildings

Permanent building  
design and construction

Building materials

Facility equipment

HVAC equipment

Building systems-  
mechanical

Building systems –  
electrical

Building systems –  
plumbing

Building systems – fire  
detection and  
prevention

# List of Goods and Services

## Pipes/Valves/Fittings:

Carbon steel valves and accessories  
Tubing and fittings  
Piping components – gaskets, bolts, fasteners, etc...  
Heat tracing  
Shop fabrication  
Pipeline engineer and construction

## Electrical Equipment and Bulks:

Conduit and accessories  
Electrical wiring and accessories  
Power cable  
Pole lines  
Grounding and cathodic protection  
Electrical and instrumentation services

# List of Goods and Services

## Instrumentation:

Tagged instruments

PLCs

Cable

## Industrial Paint and Insulation:

Paint and coatings

Insulation

Fireproofing

Scaffolding

## Corporate indirects:

Catering

Office equipment

Furniture and supplies


Promotional goods

Reprographics





Signs

# Shell Procurement


As the facility construction approaches 50% completion, Shell will begin hiring and training permanent staff to operate the plant. They will need goods and services also, and have their own system for procurement.



**SUPPLIER QUALIFICATION SYSTEM (SQS)**  
Providing global visibility of Shell suppliers



[www.shell.com/supplier/qualification](http://www.shell.com/supplier/qualification)





# Shell Procurement

Shell is a multinational oil company that buys from thousands of vendors worldwide.

Shell invites potential vendors into the qualification process to become an approved vendor.

The approval process is outlined in the Shell Supplier Qualification System (SQS) publication on-line.



# Secondary and Tertiary Opportunities

- Local contractors seeking to perform work on the construction site can either sub-contract to an approved MWC sub-contractor or form a consortium of contractors.
- Consortia or Joint Ventures provide a method for attaining cumulative safety, experience, and financial levels to meet the criteria required to qualify for bidding directly with MWC.

# Secondary and Tertiary Opportunities



- Local vendors, suppliers, and sub-contractors not working on the construction site must follow the procurement processes for the respective businesses.

# How Do Small Businesses Benefit from the Project?

- Small Businesses are defined as those enterprises with 50 or less employees.
- These businesses are generally locally owned and operated.
- They have been successful because they know their customers personally.

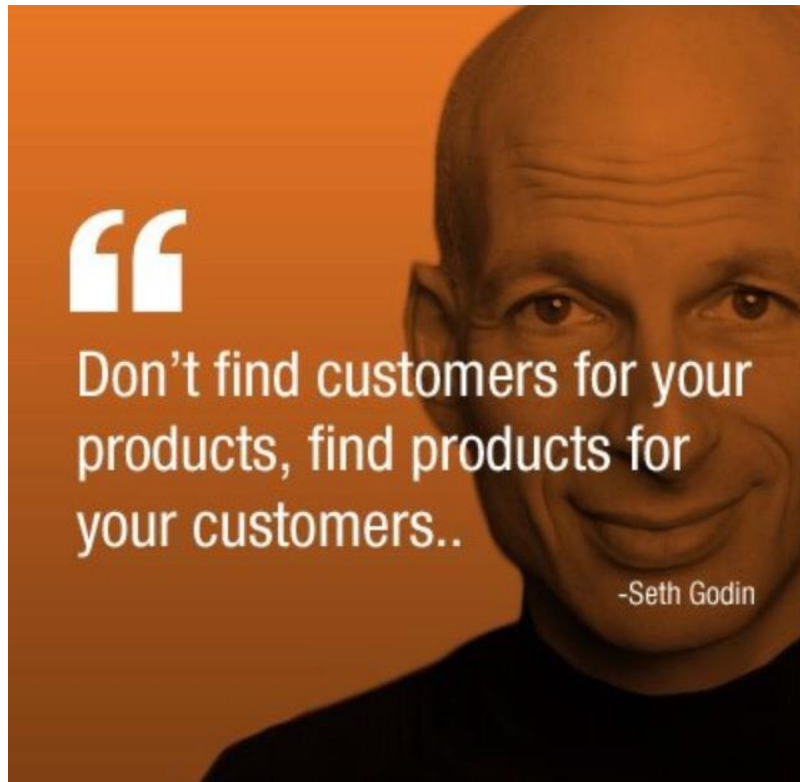


# How Do Small Businesses Benefit from the Project?

- Small businesses that see the largest success with these mega-projects understand that they are not selling to the companies, they are selling to the new people that are locating in the area to work on the project.



# How Do Small Businesses Benefit from the Project?



- New customers will have different expectations than traditional customers.
- This means that your product line for goods and services will likely have to change to meet the new demands of the marketplace.

# How Do Small Businesses Benefit from the Project?

- For storefront businesses, we are developing shopping districts.
- By collaborating with the other businesses in the district, advertising and promotional events expenses can be leveraged to generate a “local vibe.”





# How Do Small Businesses Benefit from the Project?

- The use of technology in marketing is key to reaching new customers, especially the millennials.
- These customers do not use a telephone directory, nor do they read a newspaper.
- They use technology to locate goods and services.





# How Do Small Businesses Benefit from the Project?



- Today, time is more critical to the customer than money.
- Most people with disposable incomes will pay a little extra for the convenience of shopping on-line and home delivery.

# Is This a Good Time to Start A Business?

- The answer is “That Depends.”
- Entrepreneurship is what built America.
- People with a vision that were willing to take the risks to build a business enterprise and financial success are what makes our capitalist economy viable.



# Is This a Good Time to Start A Business?

- Many people dream of owning their own business.
- They have the skills in their area of expertise that they feel are marketable.
- Most lack the business expertise to plan and operate a successful business.

## SMALL BUSINESS RESOURCE GUIDE



develop a plan



make it official

market your services



grow your business



A step-by-step guide for starting a small business and working with local industry

# Is This a Good Time to Start A Business?



- Small business incubators help entrepreneurs learn the business side of their business.
- A written business plan is a must have document for any business start-up.
- “If you fail to plan, you are planning to fail.”

# Is This a Good Time to Start A Business?

- WAITR was a technology start-up in our region.
- It is an app on your handheld device where you can locate dozens of restaurants, see their menus, place an order, pay with your plastic, and it is delivered to your location for a \$5 fee.



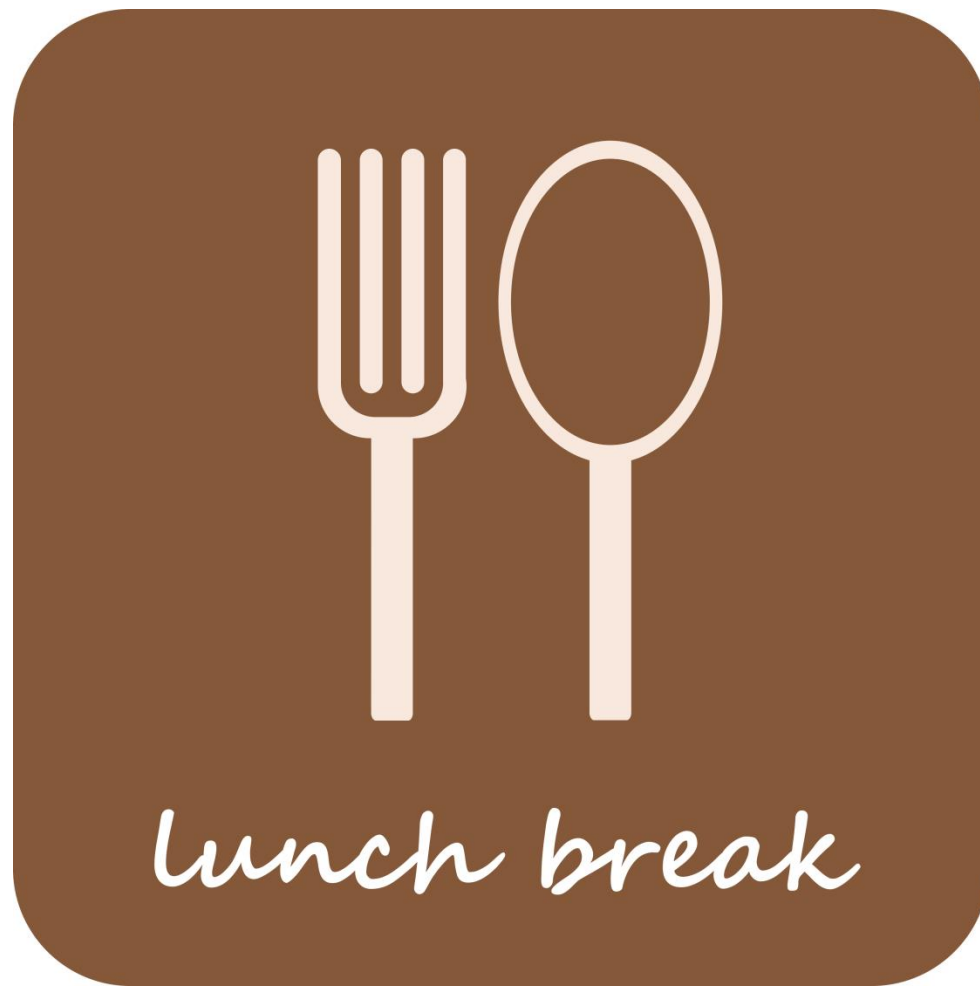
# Is This a Good Time to Start A Business?

- WAITR launched in 2014
- Today they have over 500+ employees and 1000+ contractors
- Expanded to seven cities in four states.
- 2016 gross sales of more than \$10M



# Summary

- Mega-projects are great for local businesses, if the businesses understand where they fit into the economy.
- Small businesses must understand the needs of new customers.
- The use of technology in sales and marketing are not optional.
- Entrepreneurs that develop and follow a business plan are always needed to offer new goods and services in the marketplace.



Enjoy Your Lunch