

# Longtime engineering firm has new achievement award on tap

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When **Bill Higgs**, **Paul Redmon** and **Felix Covington** decided to launch **Mustang Engineering Inc.** in 1987, they chose July 20 as their official start-up date — the anniversary of the first manned moon landing.

Next month, Higgs and Redmon will receive the **Engineering & Construction Contracting Association's** 2004 Achievement Award for their part in creating what ECC terms "a unique and dynamic organization."

Started during a deep economic and oil industry downturn in Houston, Mustang Engineering took off like a rocket and never faltered, even during subsequent downturns.

Mustang had 40 employees by the end of its first year. Two years later, the young company won the local chamber's Innovative Houston award in the "People" category for its execution of the company's guiding principle, "People Oriented, Project Driven."

By 1990, Mustang ranked No. 4 among Houston's fastest-growing companies, and by 1992, it was named in *Inc.* magazine as the No. 1 fastest-growing privately held engineering firm in the United States.

Today, Mustang has more than 1,800 employees working on 4,700 projects for some 300 clients worldwide.

The company's three founders had been working at a small engineering firm building offshore platforms in the Gulf of Mexico in 1983 when the oil industry headed south.

"By 1985, there was no loyalty between companies and people," Higgs says. "People were being let go who should never have been cut. So we started talking about how there had to be a better way."

One problem was that the company Higgs and his partners worked for at the time wasn't doing any computer aided design, or CAD — a development that would soon transform the industry.

"We felt that we had to have that to move with the industry, and we also felt that we needed to do more than just offshore Gulf of Mexico work, because that limited the types of projects you could do," he says.

Mustang's founders hired top industry talent that had been turned out onto the street by other companies and came up with an innovative plan for putting a computer on every draftsman's desk, despite having no money available and no bank credit.

"We got the bank to give our employees loans to buy their own computers," Higgs says. "We billed them to our clients and paid off the loans from our earnings."

The partners also started teaching CAD drafting classes at night to their employees. One month after starting up, Mustang produced its first CAD project for a client.

The plan helped the company win the chamber's Innovative Houston/People award in 1989.

But Higgs and Redmon still had plenty of new ideas.

"We focused on selling a lot of work so that before people finished a project, they had another one on their desk," Higgs says. "That started to create loyalty to Mustang because of the continuous flow of work."

It also benefited clients because the projects got done on time instead of being dragged out, as often happens if no new work is in the pipeline.

At the same time, Mustang began diversifying.

The company moved into construction inspection in fabrication yards and then into procurement.

In 1992, Mustang started up an on-shore pipeline group when **David Edgar**, who had been a senior vice president at another company, came to Mustang, bringing with him employees and clients.

The pipeline group now has about 320 people.

And in 1996, a year after **Raytheon** bought **Litwin Engineers**, a key management group from Litwin left and went to Mustang, where they created a process group working with refineries and petrochemical plants. That group now employs 400 people.

Beyond that, the former Litwin employees also brought over a group that automates refineries, offshore platforms and other facilities to reduce operational manpower and to vertically integrate information and management.

"That's been a real growth area for us," says Higgs.

The newest areas for Mustang are deepwater work, which the company first undertook in 2000, and midstream work on liquefied natural gas and gas-to-liquids projects, which Mustang began just 18 months ago.

In 2000, Higgs, Redmon and the rest of Mustang's employees sold the company to the **Wood Group** of Aberdeen, Scotland. But not the same way most other companies have been sold.

Mustang had started an Employee Stock Ownership Program in 1996. The company paid its employees an increased bonus for four years, so that by 2000 all 700 employees owned company stock without paying for it.

When the company was sold to the Wood Group, "we monetized that Mustang stock so employees could diversify it into other investments," Higgs says. "It was a good win for Mustang's people and a big thank-you to them for helping to develop Mustang."

After the sale, Wood Group agreed to let Mustang continue to be run by its management team the way it always had been," Higgs says.

Over the next two years, Mustang doubled in size and continued to win industry awards.

Mustang's secret of surviving downturns and growing in good times?

"We always kept our teams together," Higgs says. ■



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Higgs



Redmon