# Interview: Eoin Vaughan – CEO; Dermot Gildea – Director of Life Sciences, Mercury Engineering, Ireland



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*Eoin Vaughan, CEO of Mercury Engineering, and Dermot Gildea, Director of Life Sciences, highlight the key priorities of their exciting new Mercury 2021 strategy, the rationale behind their transition into a sector-based company rather than a geography-based one, their commitment to continuous improvement in terms of staff capabilities and technology, and their ambition to position Mercury Engineering as the best multidisciplinary engineering contractor in the healthcare and life sciences sectors in Europe.*

**Eoin, you were appointed CEO of Mercury Engineering in 2014. What have been some highlights for Mercury in the past two years?**

Eoin Vaughan (EV): The main priority has been the development of our five-year mission statement, *Mercury 2021*. Since 2014, we have embarked on a review of our business, in order to consolidate our market position and to adjust to market demands. Over the last year, the decision was made to restructure our operations from a geographically-based to a sector-based one. Previously Mercury had operated within the Middle East and North Africa (MENA), Eastern Europe and Russian markets. However, an executive decision was taken to realign our resources and refocus our business in the sectors where we have our core strengths.

Life sciences and healthcare were identified as two key sectors to drive future growth; Dermot Gildea is the Director responsible for them. Other sectors are microprocessing, data centers, general commercial, oil & gas and educational.

Mercury Engineering also has the added advantage of being a private, family-owned business with over forty years of history. We actually finished our first pharma job 37 years ago, so we have a long track record of expertise in this sector. Since then, we have delivered what would probably have been some of the largest pharma projects in Ireland for clients like Pfizer, Johnson & Johnson and Wyeth. With the recent spate of investment in the Irish life sciences industry, we have been very fortunate to see major progress and Dermot's task, in particular, is to continue pushing the unique selling propositions we can offer this sector.

**What were the core strengths that made life sciences an obvious sector for Mercury Engineering to focus on?**

EV: Mercury has been fortunate enough to build our reputation through working with foreign direct investment (FDI) clients, especially American multinational companies (MNCs); they would be our primary revenue source. What this means is that we are intimately familiar with the culture of safety, the quality, the specific demands and the timelines that FDI clients need. This is particularly relevant to the life sciences industry given that it is so tightly regulated.

The healthcare and life sciences sector is booming, not just in Ireland, but in the rest of Europe. We believe that the European market needs the services, skilled personnel and expertise that we can bring. For instance, we have been involved with the largest hospital built in the UK, the Queen Elizabeth University Hospital (formerly the New South Glasgow Hospital).

Currently, life sciences represent around 25 to 30 percent of our overall business, though naturally as a contractor, this fluctuates with market cycles. If we include healthcare, the percentage may go as high up as 50 percent some years. In terms of numbers, we are working on four pharma projects at the moment, as well as maintenance on around five other sites. On the healthcare side, we are working on three new hospitals.

**How have you seen the needs of your clients change in the past few decades?**

EV: Both Dermot and myself started our careers as young engineers in pharma. At that time, there was an expectation that the contractor would perform a narrowly defined function. Companies would hire them to simply execute the required work. That has changed completely. The expectation now is that contractors need to think outside the box and deliver more than, say, just

the requested insulation work. They need to have quality systems in place, develop schedules and design, as well as deliver on far more demanding timelines.

Dermot Gildea (DG): There is now a lot more value that contractors can – and must – provide our clients. Over the last number of years, we have expanded the product and service offerings we offer our clients, with things like Building Information Modelling (BIM). We have executed some very complex projects in the BIM space for our clients, including taking a project from design through execution all the way to validation. Modularization is another very important trend these days. Clients are looking for innovation from their contractors, not just the standard operating practices that have not changed in the past 20 years.

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EV: In a way, it would be fair to say that it is contractors who are leading this shift. For instance, we have developed a purpose-built modularization facility in Newbridge, with a factory and cleanroom for constructing modules.

Our clients are demanding quicker, cheaper and more efficient work from us. For us to maintain our margins, we need to be at the forefront of these technological developments. In fact, with BIM for instance, I would say Mercury is a leader in its adoption. We currently employ 50 BIM modellers at our BIM hub in Newbridge.

Increasingly, clients also want to know more about our work in other sectors to identify best practices that could be leveraged. A great example of this is the LEAN philosophy, which applies to a number of different sectors. We are constantly training our people and can boast that over 300 of our employees have now gone through the training, which we are extremely proud of.

DG: There are many transferable skills across these sectors, most notably in terms of quality policy and safety procedures. To support this, we have developed something called "*Engineering in the Digital Age*". This is an open platform where we host all our knowledge and expertise and it is accessible to all our clients. We provide them with everything from test packs to validation to quality surveys to handovers. This is the sort of collaboration we thrive on at Mercury. It is critical that we now act as full partners to our clients rather than contractors.

**What is your flagship project?**

We are currently working on a large pharmaceutical project in Blanchardstown, where we are challenged to deliver just over 20,000m of pipes in eight to nine months. Mercury are working in close collaboration with Jacobs Engineering (JE) for the development of the BIM design. Our good

relationship with JE ensures the client's needs and targets are achieved.

The safety culture on such an important project is extremely important. Our company's safety motto, which we cannot stress enough, is 'PLAN/STICK TO THE PLAN/GO HOME SAFELY'. Our staff are our most precious asset.

**Ireland is known for a skilled and talented workforce, which is what has attracted so much FDI. But a number of your peers have highlighted a skills gap as a result of the rapid pace of technological development. How does Mercury Engineering work to ensure that it has the right skill sets to meet industry demands?**

DG: Firstly, we have a number of teams that are mobile between our advanced technology and life sciences sectors. These teams have expertise and skillsets that have been developed over the past two to three decades, and as we discussed, our clients are very interested in the cross-sectoral sharing of ideas.

EV: We are also perhaps unusual in our sector in that we have a very loyal workforce and our staff retention rate is very impressive. This is something we pride ourselves on and is built on a number of elements. We promote from within, for instance. Both Dermot and I started at very junior levels within the company and have worked our ways up to senior management positions.

Mercury also invests a lot in our employees. We recognized a number of years ago that the skillsets required for biopharma and pharma manufacturing are changing rapidly and we need to develop our own competences in response to them. For instance, we recently launched the "*Future Leaders* " Program, a tailor-made development program with the *Dublin Institute of Management* (DIM) developed in conjunction with our "*Mercury 2021*" strategy to nurture talented individuals within the company.

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In addition to this, our Graduate programme, which we run over two years, is acknowledged as one of the best grad programmes within the industry. We run the course in conjunction with *Engineers Ireland* and we strongly support our grads who wish to pursue *Chartered Engineer* status.

DG: We also place a lot of emphasis on up-skilling our apprentices at our Newbridge facility, for example, in processes like orbital welding and handling process pipework. This enhances their capabilities in very specific processes to give them niche expertise that would be useful in the future. This is done instead of putting them on temporary leave during quiet periods. I believe our employees appreciate the investment we make on them; they see the value in these programs,

both for the company and them as individuals. Last year, we invested over a million euros in such internal activities.

**As part of Mercury 2021, the company moved away from having a geographical-based structure. What is your current internalization strategy?**

EV: Our focus is on becoming the best, multi-disciplinary engineering contractor in the strategic sectors where we have core strengths. Within these sectors, we are looking at blue-chip multinationals that are serious about long-term collaboration with us. During our period of evaluation, we realized that the right clients for us are in Europe, which is why we have exited the Middle East and Russia to focus on that region.

That said, we are fully committed to our clients and I believe we have demonstrated that by successfully delivering projects for our clients in places where we may not necessarily have local operations, for instance, in Israel with Intel, Sweden with Pfizer and Belgium with GSK.

This is why we consider ourselves an Irish-based European contractor. Ireland is an island nation with a history of travelling, which is why you can always find an Irish pub anywhere you go! Ireland is a centralized operations hub for us but we send our staff weekly to our client sites. Our senior management would leave on Monday and return on Thursday, for instance. We find this to be a much better way of communicating not just externally with our clients but also internally amongst our teams. Our clients love the fact that they can interface with our teams in Amsterdam and then meet the same members in Frankfurt. We have found that this promotes far more and better interaction and collaboration than having local operations that may not be in sync with the group or other offices.

Most clients understand it is not just about the lowest prices. On price alone, we may not necessarily compete with local players in the markets we enter, but the track record of successful project delivery we have, not just as a company but with that particular client itself, is what reassures our clients of our capabilities.

**What would you say differentiates Mercury Engineering from other Irish players?**

DG: Our client focus and commitment would be one of our biggest strengths, as evidenced by the repeat business we have obtained in the past four decades.

EV: Mercury occupies a very advantageous position. We have the strength in terms of resources, both human and capital, of a large company, but the decision-making powers and flexibility of a small, family-owned business. We are not tied up in bureaucracy. With our long-term clients, we

are able to make a decision based on that relationship in cases where a company with rigid processes may not be able to – as well as in cases where a smaller company would struggle with because of their size and lack of capacity.

**Looking forward 3-5 years, what are the most fundamental things you would like to accomplish for Mercury Engineering?**

EV: It is undoubtedly a very exciting time for Mercury. At the uppermost level, the family ownership of this company is going through a generational change, with a new generation coming in. Our previous director, Frank Matthews, has served the business exceptionally well for 44 years and will now continue to serve in a non-executive role. The organization has seen a new structure and strategy, as outlined in Mercury 2021, and will be helmed by a younger generation.

I have been very fortunate to become CEO at a fairly early stage in my career. I am excited to have a young and dynamic team around me, and I believe we have the winning combination of the age, track record and strength of an established company, as well as the drive, ambition and firepower of a young team, to drive the success we seek.

I would hope that, in three to five years, you will not be meeting us only in Ireland but also in your UK and European reports! We want to be a recognized name for the successful delivery of life sciences projects across Europe.

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