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TALENT WAR

Reclaim Construction's 'Missing Generation'

By Eric A. Gaber

The construction industry lost a generation of workers to IT and other industries during the 1980s and 1990s. Now every construction company is feeling that loss acutely. The common alarm sounded at all major industry association meetings was: "Where did our work force go, and where is our future work force going to come from?"

The past: Factors leading to the "missing generation." The 1970s witnessed a surge of employee growth in the construction and engineering industries, reinvigorated with the twenty-something generation. Unfortunately, the opposite occurred in the 1980s and early 1990s: The generation of workers born between 1961 and 1975 moved away from construction into other industries and occupations. As the construction industry has grown over the past few years, this departure has become a significant problem that is on the forefront of every corporate planning session.

Consider these factors that contributed to the "missing generation":

1. Draining of the talent pool. One of the most significant factors in the decline of the construction workforce is the combination of two recessions (late 1980s and early 1990s) with the information and

technology boom during the same period. As this generation of workers attended college, graduated, and eventually joined the workforce between 1980 and 1990, employment in the construction industry dropped 38%, according to the *Monthly Labor Review* (September 1990).

Conversely, the fastest growing industry from 1979 to 1990 was computer and data processing services with a growth rate of 181%. As construction companies were laying off craft workers, managers, and executives, the IT industry was hiring at a dramatic rate. *Upshot:* A dearth of available talent in the mid-upper levels of construction firms.

2. Stagnant growth of domestic graduates. According to *Science & Engineering Indicators, 2002*, from 1975 until 2000, the number of science and engineering graduates in the U.S. grew marginally, while abroad the percentage of individuals with S&E degrees increased dramatically. For example, nearly 10% growth in the United Kingdom in 1999 compared to about 6% in the U.S.

3. Recession's impact. Construction is an extremely cyclical industry typically

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vulnerable to the pressures of economic recession. The two recent recessions and as many as four from 1973 to 1992 have depleted employment in the construction industry more dramatically than almost any other industry. This consistent drain makes it exceedingly difficult to lure employees due to their employment being viewed as a commodity.

4. Poor public relations. The construction industry is second in size only to the government, yet its reputation has been in continual decline over the years. *Upshot:* Gone are the days of young men and women following in their parent's footsteps into skilled trades, replaced with a preference for what was perceived to be easier careers in the IT industries.

In the *2001 Jobs Rated Almanac*, four of the top 10 jobs were IT-related (e.g., software engineer, computer programmer, computer systems analyst, Web site planner), while three of the bottom 10 jobs were construction-related (e.g., construction laborer, iron workers, welder). Moreover,

since 1997 computer careers have occupied the top 10 positions in the *National Business Employment Weekly Almanac of 250 Occupations*, while construction work has ranked 247th.

Note: These rankings were based on working environment, security, stress, income, employment outlook, physical demands, travel opportunity, perks, and benefits.

The present and the future: Reversing the construction industry's losses. As the construction industry attempts to fill the void created by the "missing generation," the present workforce is going to be required to extend their careers. This aging of the workforce is a critical aspect of construction worker shortages. Still, there are many factors that make employment in the construction industry attractive to future younger workers:

- **A boom in job opportunities.** Over the next 10 years, the demand for construction services will be astronomical, with an estimated increase up to 25% over current workforce levels. The most current statistics

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from the U.S. Department of Labor's Bureau of Labor Statistics (February 2004) project—during that same period—more than one million additional construction jobs.

- **High college graduate placement rates.** Graduates from construction management and engineering programs are highly sought after and can expect lofty starting salaries with close to 100% placement.

- **New hire compensation.** The national average starting salary for a recent college graduate with a construction-related degree is \$42,000, according to data released by the BLS in 2006. This data also show higher average hourly earnings for construction workers: \$19.23 compared to \$15.67 in private industries.

Also, of the four construction-related companies making the *2007 Fortune*

Strategies for Recruiting and Retaining Construction Workers

- **Keep the worker already on board.** One area that is often overlooked is the retention of quality professional employees. Probably the only thing worse than not being able to attract qualified candidates is losing one that has been groomed for the future. Aside from organizational issues such as training time and investment, lost knowledge base, insecurity of coworkers, and a costly candidate search, failing to retain a key employee is potentially devastating. For example, losing a middle manager costs an organization up to 100% of his or her salary. The loss of a senior executive is even more costly.

- **Consider alternative flexible benefits.** An industry's culture affects not only the experience of working in that industry, but also the desirability of that industry to new applicants. A career in the construction industry is one where flex time and benefits are possible along with substantial rewards and bonuses. These benefit opportunities need to be developed and communicated to prospective and current employees. Paid time off is a particularly attractive benefit for Gen Xers.

On the *2007 Fortune Magazine's 100 Best Companies to Work For* list, homebuilder David Weekley Homes is among the top 10 best companies where employees feel "encouraged to balance their work and personal life." And Granite Construction is one of 16 best companies that pay 100% of employee health-care premiums.

Also, due to the demand for talented individuals, candidates are demanding more information from potential employers beyond employee benefits. For example, they want more information about the company's long-range plans and future advancement opportunities. Be prepared to address these concerns.

- **Mount a public relations campaign.** It is incumbent upon the construction industry to implement public relations campaigns to improve the image of construction as a positive career choice. These campaigns should target high school students with a message stressing:

- Construction is a viable career option.
- There is value in being involved in a skilled trade.
- The compensation is better than most.
- The long-term benefits are better than what is offered in other industries.

National trade associations are taking the lead in representing the industry to tomorrow's workforce. For example, the National Center for Construction Education Research recently released its *Careers in Construction Guide* that showcases the world of construction and available career opportunities to high school students and anyone interested in pursuing a construction career. The guide includes a variety of pictures and illustrations as it reviews the pride and excitement of a construction career, while assessing the qualities of a good candidate for the industry.

- **Develop targeted recruitment programs.** Construction companies have the option of creating an in-house recruitment group or outsourcing their recruitment program to a professional search firm. There are advantages and disadvantages to both options:

- **Internal recruitment group.** Larger construction companies may opt to hire a contract recruiter or develop an internal recruiting department staffed with professionally trained recruiting experts. An ideal candidate is bilingual (i.e., Spanish) and able to handle the deadlines associated with staffing. Salaries for these recruiters are ranging up to \$100,000 annually. A department of 10 can realize an investment in excess of \$1,000,000 once the facilities are realized and all of the tools necessary to operate and manage these departments are in place.

Best practice: Compensate your recruiting staff based on a results-oriented program to motivate their successes. Too many times the recruiting is left to managers who either do not have the training to sell or have dissatisfaction in their own position that prohibits them from being an effective "closer."

- **Outsourcing recruitment.** Alternatively, for small and large construction companies, hiring an industry-specific search firm (i.e., headhunters) may be the way to go. The cost can range up to 33% of a new hire's first year compensation package. Or, as some clients opt, you can engage these firms on a retainer basis to assure that the recruiting entity has a sense of urgency and is accountable for the recruiting process.

Note: When repeat work or multiple-hire scenarios exist, fees with the search firm can be negotiated to a lower amount. The costs of periodically employing a search firm may pale in comparison to the recurring expense of an internal recruiting staff.

Magazine's 100 Best Companies to Work For list, PCL Construction ranked 10th in best hourly compensation, with carpenters yielding annual wages of \$65,382 and ranking 38th in best compensation for salaried employees, with a superintendent's annual pay of \$88,300. Also, homebuilder David Weekley Homes ranked #1 in terms of largest cash bonuses awarded: \$59,104 to a salaried employee.

- **The Horatio Alger possibility.** The American dream is still alive in the construction industry, where an individual can climb the ladder as high as abilities will allow. Entry-level jobs do not require a college degree, and it is extremely difficult to outsource a technically proficient labor pool internationally. At various AGC conference workshops on leadership, veteran contractor J. Doug Pruitt often retells of starting in the industry without a college degree, but working diligently to acquire one as he grew technically and professionally. Today, Pruitt is the chair and CEO of Sundt Construction, ranked 64th on the 2006 ENR Top 400 Contractor list.

What can contractors do to avoid another "missing generation?" The accompanying sidebar presents strategies contractors can implement today to make sure they have workers in the field and behind desks tomorrow. In my experiences leading a construction industry-specific search firm, successful contractors are doing things differently today than they have before. For example:

- **Formal employee training programs.** To deal with the importance of employee retention, we have a client who has a formal training program for all levels

of management.

- **Leadership development programs.** A leading engineering and construction firm created a leadership training forum for select individuals at every level of each business unit. This program has greatly improved its employee retention and created another tool to use when selling the company as an employer of choice to new employees.

- **Streamline the offer/acceptance process.** One of our clients has streamlined its hiring process by shortening the time to make offers and get responses from applicants. This cuts the lag time in the recruiting process.

- **Signing bonuses.** Contractors are now offering sign-on bonuses to lower level positions. These bonuses were typically reserved for executive-level positions, but it is not uncommon to see them in the \$10,000 area for a \$100,000 position.

Summary. Moving forward, shortages of an entire generation of workers will have real impacts on the profitability and competitiveness of construction firms. Proactive companies who focus on industry education, retention, and recruitment will not only weather the storm, but also grow more profitably. It is to the entire industry's benefit to learn from this problem and act now to prevent the next generation from ignoring career opportunities in construction. □

Eric A. Gaber is president of E&C Services, Inc., www.eandcservices.com, an engineering and construction executive search firm based in Pittsburgh (412-865-0555). Its client base represents some of the largest contractors, engineers, EPC firms, and specialty contractors in the country. Among other services, the company offers training seminars on interviewing techniques, streamlining the recruitment process, preparing for counter-offers, and more.

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