

GENERAL PRESIDENT'S REPORT IV

**FOR INTERNATIONAL PRESIDENTS
GENERAL OFFICERS
AND LABOR-MANAGEMENT LEADERS**

**BREEDING ALPHA DOGS:
THE SUPERVISION ROI**

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INTRODUCTION

This document is provided as a strategic guide for the leaders of the union construction industry of North America. The contents are the viewpoint of the author only.

Circulation of these documents is to influence organizational policies and strategic options. Circulation includes the International General Presidents, General Officers and other leading labor & management leaders in North America. Recirculation is encouraged with credits provided.

The ROI of Supervision

This report is provided to outline strategic options to regain market share. The focus is on labor & management's immediate need to increase the quantity and quality of field supervision. This is a critical tool to increase market share, increase existing union contractor capacity and attract a large number of new union contractors.

In focusing on supervision in our industry, I would contend the following:

- **There is no industry that so poorly prepares its' managers for the responsibilities they are to assume as does the construction industry.**

Recent studies of productivity gains in the private sector (Columbia Graduate Business School) have identified the most significant influencing variables as supervisory competence and technology. Despite this critical economic and operational argument for extensive investment and increasing sophistication in the development of supervisors, Labor and Management generally look elsewhere for competitive factors to influence. These include CBAs, pricing structure and similar, that are notoriously difficult to deal with.

The upgrading of supervision should be a joint business objective and strategic initiative. The construction industry (especially in small firms that make up the majority of signatory contractors in North America) often selects foremen / supervisors based on instinct, gut feelings, or simply lack of other options. Frequently there is no advance training or preparation.

A lead man becomes foreman. A foreman becomes the superintendent. Sink or swim. On the job management and leadership training. Try not to fuck it

up too badly. An expensive learning curve at the company and end-user's expense. This is not exactly the best method to grow a modern industry.

Supervisory Development: Minimum Standards

The average independent small business person in the United States has an annual revenue of approximately \$ 900,000. To survive and make a profit, they must have a basic grasp of the following;

- basic management, motivation & leadership strategies
- personnel & equipment management
- records and documentation
- risk management & insurance
- communication and correspondence skills
- cost accounting
- customer service and satisfaction

It is not unusual for a construction foreman to have two to five times the dollars noted above under their direct responsibility annually; with little or no learning curve adjustment for the significant jump from rank and file member, to company supervisor. They end-up managing projects and people and yet possess few, if any, of the above skill sets.

This is weak, shortsighted and symptomatic of the “ we don't have time to do it right” syndrome of contractor personnel development practices in our industry.

Making Supervision THE Priority

Across the vast majority of construction companies, unions, and associations, supervisory training is a relatively recent agenda item, that gets superficial attention, but rarely delivers on its' potential. Upon this potential I will also contend the following;

- **There is no one area of investment that can immediately increase union construction market share as supervisory development.**

Supervision: Market Recovery NOW

Labor and management are missing an opportunity to recapture their marketplace and even their playing field. This is a result of comparatively little time or money being placed in the development of foremen and supervisors.

Almost every craft offers a foreman training program; but the measure of effective programs should not be their existence but instead:

- how many foremen are being turned out total
- how many foremen are being turned out in ratio to the rank and file total numbers or number of signatory contractors
- how this is being strategically leveraged to benefit the union, the contractors and the end-users we are doing business with.

While hundreds of millions of dollars are being spent on apprenticeship, a tiny fraction of this is being put into supervision; and this is a strategic error that needs rectification immediately.

What is critical to recognize is that these programs will need to be “grass-roots based” at the local or regional level. To make this a key priority we must closely examine the Return on Investment that supervisory training provides to the contractors, union, and end-users.

Supervision ROI # 1. Increase of Union Contractor Capacity & Satisfaction

The first area for return on investment is for our existing union contractors. The analysis of the value of supervision is as follows:

Reduced Strategic Risk: Union construction capacity is limited by the amount of risk a contractor will take in expanding his company’s size, market or geography. The availability of qualified supervision significantly reduces this risk; leading to increases in existing contractor capacity.

Profit: Money is made or lost in our business based on supervision. No tool provided by the union has more of a pocketbook impact.

Growth: Company growth is nearly based on building crews around a good foreman and lead man. Most aggressive union contractors would bid more work if they had the capacity to effectively manage it.

Immediate Impact: Union contractors do not usually see a great value in apprentices despite the investment made in the programs. They (unrealistically) want the instantly qualified craftsman. The qualified supervisor is an impact player that starts making an operational difference right away; which is the time schedule the contractor loves.

Future Game Plan: Baby boomer demographics will retire most of the industry's best supervisors in the next 5-10 years. Being ahead of the curve to develop their replacements keeps the union segment competitive and creates a platform to beat the competition.

Hot Commodity: No contractor is going to knock at the union's doors to get at apprentices. But they will smash the door down and nearly strangle each other to get at top supervisory talent.

Supervision ROI # 2: An Organizing Incentive to Even the Playing Field

There is no more attractive reason for a non-union contractor to become union than to obtain additional qualified supervision. Or to train more of his own where he cannot do it for themselves. In marketing / organizing for union affiliation, no benefit has greater incentive value than qualified supervision. In the hands of the organizers / marketing representatives, nothing even compares.

In the over 120 companies that became union affiliated (that I personally worked with from 1995-2004) supervision was either the # 1 or # 2 reason they became signatory. The best supervision always comes from the unionized sector. Making more of it available, can mean more union contractors, fewer open shop firms and a more even playing field.

Supervision ROI # 3 Cost to Value Ratio

Training supervisors and foremen is a comparatively low cost endeavor. When we develop ratios for returns on training dollars spent, there is likely no higher return available. It is not unusual for an apprenticeship program to spend \$ 10-30,000 to graduate one final apprentice. With likely over 100,000 apprentices in the various systems this is an investment of hundreds of millions of dollars per year. Imagine spending just five percent of this on foremen and supervisory training. It does not take a professional strategist to see that the per head return on those dollars will be far in excess of anything spent on our "rookies".

Supervision ROI # 4 End-User Satisfaction

Poor supervision costs the end-user time and money; usually in that order. Most end-users recognize this value and can tell when they are paying for a lack of it. Particularly in industrial settings, end-users are stuck with asking for "more bodies" rather than a more efficiently run project, to keep up with schedules. This has led to an entirely different set of values related to

production on those projects that cease to respond to supervision as the driving factor and more to an expectation of marginal effort at higher costs. Excellent supervision is another value-added reason for the end-user to select union affiliated firms; based on a bottom line analysis.

Recommendations

1. International Unions that are monitoring performance goals and objectives for District Councils and Local Unions should establish measurable mandated goals for adoption and utilization of foremen training courses. This should include specific dates and graduated number objectives.
2. Both International and Local Unions should adopt budget line items that are measured against “success criteria” for their organizations.
3. Local Unions should immediately form joint labor-management task forces to accelerate the adoption and utilization of supervisory training programs.
4. Contractor Associations should take a lead role in actively promoting and managing the content of these programs.
5. A one year evaluation process should occur for every graduate. At the conclusion of one year after their completion of the program, they and their employer should fill out a written evaluation on what worked, what did not and what needs to be added to the program. Also they should be asked if they would be willing to mentor, instruct or otherwise support the training of new supervisors.
6. Foreman training curriculum summaries should be provided to all existing union contractors.
7. Foreman training curriculum summaries should be included in marketing / organizing information provided to non-union contractors.
8. Supervisory training information should be used with end-user audience to differentiate union from open-shop product.
9. All apprenticeship programs should provide foreman training to select apprentices. Referred by employers or training administrators / instructors.

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Please forward to other management and labor leaders interested in change and action

