

What's Keeping You Awake at Night?

BY EDWARD Z. ZAUCHA, CHAIRMAN FCA

Recently I read an article that helped me realize that the problems faced by our industry extend well into other market sectors. "What's Keeping You Up at Night" appeared in a recent issue of *Industry Week*, a publication on manufacturing trends that I read each week.

There are great similarities between our trades and that of a manufacturing company producing our tools & equipment. Both the tool manufacturer and we contractors want to provide the best quality at the most affordable prices to our customers.

This article highlights the fact that regardless of industry, we all face the same problems in our country. By all economic indicators, the construction and the manufacturing sectors are expected to see strong growth over the next seven to ten years. Let me share some statistics to illustrate this point.

According to a quarterly survey of the top 60 to 70 executives of international manufacturing firms, conducted by Price Waterhouse Coopers, 83 percent of industrial manufacturers say they are optimistic about the global economy over the next years; 69 percent of the executives surveyed say they believe that the manufactur-

ing economy in the United States is growing as well; 56 percent of the survey respondents indicated they plan to expand their facilities and 46 percent expect to hire more workers, both in the U.S. and abroad.

According to research by the Construction Labor Research Council, employment continues to grow in the union construction industry. In 2006, the CLRC says employment hovered at 7 million and unemployment held to under 8 percent despite the significant downturn in the housing markets.

With all those favorable statistics, what could possibly be keeping me up at night and how could my lack of sleep affect the rank and file in the IUPAT? Let's examine the survey conducted by *Industry Week*, which began as a question tacked on to the end of the *Industry Week* 2007 Salary Survey.

The question: "What do you see as the biggest challenge facing the manufacturing industry today?" 800 responses poured into the magazine offices. The answers could be grouped into three categories:

1. Competition (especially global)
2. Finding and retaining skilled workers
3. Controlling costs – especially materials, labor, health care, insurance and energy

If you look at those responses and hear from employers and your union leaders, you'll see the concerns of manufacturing executives are identical to ours in the construction industry. The first concern – global competition—involves more than non-union and unscrupulous contractors hiring labor off the street corners. It is a concerted movement to make foreign workers and foreign companies as good as any in North America. And

our competitors are increasingly coming from well-prepared countries that one generation ago had neither the educational resources nor tools to perform the work.

GLOBAL COMPETITION

Our competition stretches farther than the boundaries of North America or the faces of non-union shops. In *Engineering News-Record's* ranking of the top 50 international construction firms, only seven were based in the U.S. and none in Canada. The ranking was based on the dollar amount of projects awarded OUTSIDE the firms' home countries. Keep in mind that these American firms are our customers. Companies such as mine depend upon these general contractors for our work. When they are competing against foreign companies for projects, the probability that my company will get the finishing work is affected.

Foreign governments are increasingly working to gain projects that were once the exclusive province of American and Canadian firms. In fact, I'll bet you can cite at least one example of a job that went to a foreign contractor. Unless we act to attract and properly train our future workforce, we will be ill-prepared to compete.

FINDING AND RETAINING SKILLED WORKERS

You may be surprised to learn that manufacturers who have chased lower wages to third world countries and beyond lose sleep over labor shortages. However, foreign competitors are working smarter as well. As an example, take a look at what has occurred in China in less than 20 years. In 1990, the Chinese government signed the "Agreement on the Loan for Vocational Education Project



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in China" with the World Bank and began to develop vocational education programs. The Chinese government forged alliances with other countries, most notably Germany and Australia, to implement a vocational research center and set up pilot programs for vocational educational schools. Working through the World Labor Organization, the Chinese Ministry of Labor and Social Welfare has developed teaching models that are being deployed to schools. So far, the Chinese government has spent \$200 million on this effort to prepare a generation of skilled craftsmen. As a consequence, many glazing contractors are now purchasing fully unitized curtainwall products from China on major projects all of the United States today.

What have we done in the United States in the last two decades? The number of trade and craft schools has dwindled. All the trade unions are challenged with creating training programs without the strong support of the public educational system. What was once a proud tradition and career option – working with the tools – is now seen by many counselors and educators as a last resort or temporary.

Fewer young people are opting for apprenticeship programs; further, many of our best skilled journeymen are approaching retirement age with insufficient numbers of apprentices to replace them. According to a CLRC Labor Supply study, that will be the outlook through the year 2015.

The lack of qualified, skilled workers is the number one complaint I hear from contractors all around the country. The work opportunities are there, however, contractors are not able to find sufficient manpower to staff the projects.

I favor a return to trade school programs. In DC 21 (Philadelphia), we

are working with the public school district and have developed a successful that introduces high school students to the opportunities in the building trades. There are many other examples around the U.S. and in Canada. As chairman of the FCA, I am constantly looking for "best practices" that promote our industry.

I contend that we can all be ambassadors for our industry. If you have a son or daughter, are you encouraging or discouraging a career in the trades? When your child announced "Career Day" at school, did you offer to share your job skills with a new generation? Do you tell your friends about your long-term benefits?

CONTROLLING COSTS

As rank and file members of the IUPAT, you may conclude that employers think the first way to control costs is through lower wages and benefits. However, that is simply not the case. We are committed to the Labor-Management partnership. Through working together, I believe we can achieve more. There are more ways to control costs, such as through the benefits of implementing a collectively bargained workers' compensation program with alternative dispute resolution. This alone can shave points off an employer's insurance rating, thus saving thousands of dollars. These

savings are doubled when a safety recognition program, such as the LMCI's STAR program is added. As I outlined in my last IUPAT Journal article, these benefits are available only through collectively bargained agreements. Therefore, they give union employers a huge advantage over non-union and even foreign competitors.

Advancements in tools and equipment have helped our industry be more efficient and productive. We need to be in the forefront of time-saving techniques for our trades. We cannot afford to let our competition embrace these tools to the detriment of our industry – we're the best and we need to prove it each day.

Another way we control costs is to institute strong project management techniques throughout the job. Every efficiency counts in saving time and dollars that ultimately helps the contractors be more competitive (both globally and regionally). As employers, when we promote efficiency, skill, and professionalism, we are promoting the huge advantage of union labor and union employers.

In conclusion, I ask you: **"What's keeping you up at night?"** I'll bet your list is similar to mine. After all, we're working together to achieve the same goal – more work for union workers and union employers. Let's hear your thoughts – please send your responses to ezaucha@finishingcontractors.org.

Ed Zaucha is chairman of the Finishing Contractors Association (FCA). It is the only international trade association devoted exclusively to serving the unique needs of U.S. and Canadian union contractors in the drywall finishing, glass and glazing, floor covering, painting and decorating, and signs and display trades. All FCA members are signatory to collective bargaining agreements with the International Union of Painters and Allied Trades. To learn more about the FCA, go to www.finishingcontractors.org, or call 703-448-9001.