

BOLD ACTION TO DOUBLE MARKETSHARE AND UNION MEMBERSHIP

BY MARK BRESLIN



OUR INDUSTRY CAN double both marketshare and union membership in 10 years. I firmly believe this and also have a strategy for you to consider that supports the objective.

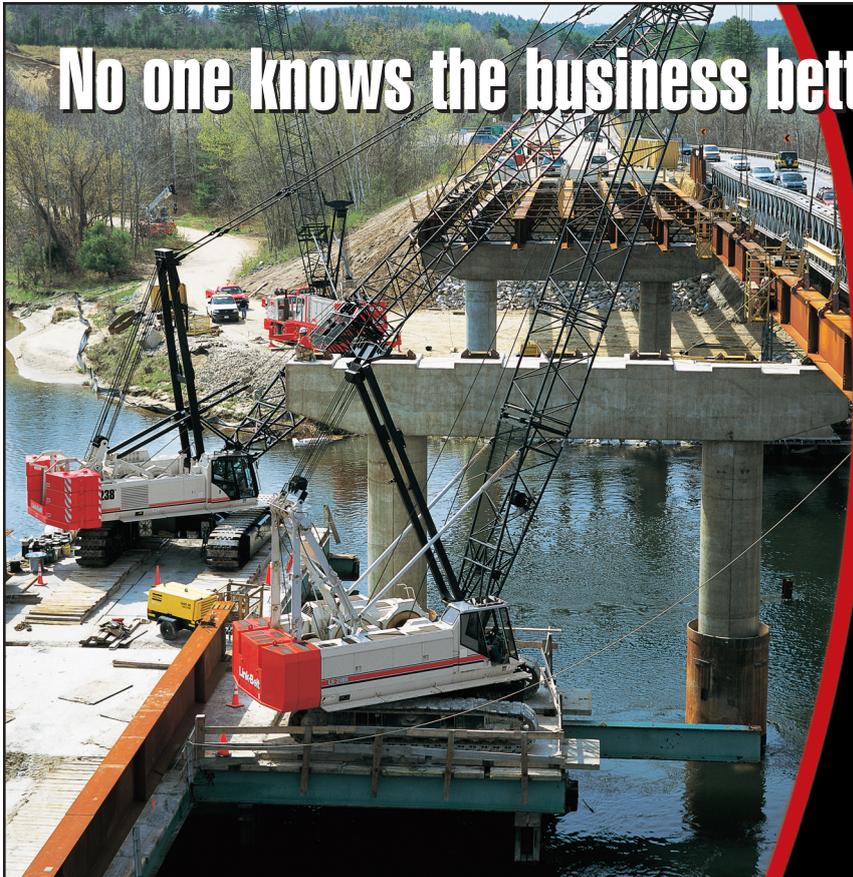
First, let us look at what we are doing now: training; organizing; client service; codes of conduct; restructuring; apprenticeship; marketing; politics and PLAs; and workforce development. All these are essential components of a viable business model, but none of them are direct engines of growth. They are cylinders only.

The key to growing marketshare and membership is to grow union contractor capacity.

The union construction industry is self-restricted in its current ability to grow due to limited capacity, with capacity being defined as **“How much total work can all union contractors and**

workers perform at maximum output?” I propose that the primary obstacle to our growth and expansion is the lack of qualified field management. If contractors cannot find foremen and superintendents to build crews around, there is nothing else that can assist them in increasing the size of their firms.

Union contractor capacity is directly constrained by the amount of work they can profitably manage. Thus, in many instances a contractor comfort zone exists at current volumes and especially in their current markets. Conversely, if there are increases in qualified field management, contractors will build crews around these individuals. Also, contractor risk is directly tied to the capability of their field foremen and superintendents. By increasing their qualifications and ability, we reduce contractor risk in their profit-versus-growth calculation.



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We cannot build marketshare on apprentices. They are a critical investment for the future, but they do not increase contractor capacity except at a basic level. Organizing importantly increases capacity by adding new union contractors and workers; but if more workers are added without foremen to lead them, they are destined for a lot of bench time. Our other tools do not relate to capacity. Contractors need to have real building blocks for additional capacity and they will not expand further into current or new markets without them.

IMPACT OF INCREASED FIELD LEADERSHIP

To examine the impact of qualified foremen and field leadership, let's review the following numbers.

In 2008, for example, let us use 1.5 million union construction workers in the United States and Canada as our benchmark.

Now, how many workers are usually on a crew under one foreman? Obviously, this depends on the craft. But again, for example, let us say six guys per crew.

With this example, that would mean that there are around 250,000 foremen leading crews of six to seven guys on any given day in North America.

If you agree that contractors can only perform as much work as they can profitably manage, that means that adding management capacity equals growth in crews. If 250,000 foremen equals 1.5 million union craftsmen, then one net new qualified foreman equals six to seven craft workers. If you question this model you might want to look at our competition whose ownership of 85 percent of the market is based on this principle (one good guy and six warm bodies).

Now, how to really grow union construction capacity? **Provide every union contractor in the United States and Canada with one new qualified foreman every year for 10 years.** That does not seem like such a large number. Only one guy per company per year? Well let's run these numbers and see what kind of impact it has.

Take all the building and construction unions in the United States and aggregate all their signatory contractors. I wonder how many there are? Well, if the average size company out there employs 20 union guys, that would mean there are roughly 75,000 union contractors. If you don't like those numbers, try 40 (a very high estimate) as the average number of employees, and you still get 37,500 union contractors. Let's add just one foreman a year per company for a contractor to build a crew around and see what happens.

If 37,500 union contractors add one net new foreman per year multiplied by 6 field craft persons, the result is 225,000 new possible capacity and union members per year.

If 75,000 contractors add one net foreman per year multiplied by 6 field craft persons, the result is 450,000 new possible capacity and union members per year.

Now multiply these numbers times 10 years.

I know that the numbers above are rough and are not statistically perfect. So I invite you to cut them in half again. You will still come up with a very large increase in contractor capacity and double existing membership in 10 years. And where will the workers come from you ask, in this era of hand-wringing on workforce shortages? Right from our competition; decreasing their capacity, volume and market coverage.

Labor and management have been far too concerned with the bottom of the construction field workforce pyramid. Easily \$500 million to \$1 billion a year is spent collectively by all the unions and employers on apprenticeship and training. How much of that is directed at foremen and supervisory personnel? How many net new foremen are coming on-line annually (and what will that look like as the Boomers retire)? Ten years and \$5-\$10 billion in training funds from now where will we be? Where else do we grow our capacity, if not here and now?

Contractors can and will grow their businesses if given the right tools. There is no tool more powerful and compelling to build around than highly qualified foremen. They make the money. They drive the jobs. They mentor the young. They are the key. And simply matching that foreman with one key man is how each crew begins and each company expands.



Want to double up our marketshare and membership? It's going to require different strategies, allocation of resources and a new leadership development mindset. I think it can be done if we build a new leadership culture that drives capacity. Ten years. Let's start now. ■

Mark Breslin is a strategist and author specializing in labor-management challenges. He is the author of Survival of the Fittest, Organize or Die and, being released this year, Alpha Dog and Million Dollar Blue Collar: Managing Your Earnings for Life and Work Success, a book on apprentice instruction. He addresses more than 50,000 labor and business leaders each year in North America. More on his work and profile are available at www.breslin.biz.



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