

# PEOPLE IN CONSTRUCTION 2019 REPORT

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# INTRODUCTION

I just read yet another survey reporting that contractors are facing a labor shortage. This is old news. Rather than waste your time telling you something you already know, in this report, we will tell you what you don't know--and show where you need to be to improve retention and productivity as you enhance the culture of your organization. Welcome to the **2019 People In Construction Report (PICR)**.

Several hundred construction professionals at all levels responded to our annual report. We didn't ask, "Are you having trouble finding people?" We asked, "Are you happy at work? Do you feel trusted?" We asked a lot of questions, and the results are staggering. In some ways, construction is just like any other industry. There are exemplary companies, and there are abysmal ones. From this data you can begin to compare yourself and get some ideas on where to invest.

We hope you gain insights from this research. Your questions about the data and how you might compare are welcome. I invite you to participate when we conduct the research again next year.

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Are most employees really watching the clock? Can it really be as bad as the headlines make it sound? Does the lack of credible leadership create a disengaged workforce that is dooming capitalism? Depending on which report you read, the answers might be *Yes*, *No*, or a strong *It depends*. Is construction a lost industry? Is every high school graduate pursuing a career in gaming or web design?

There is unanimous agreement that labor, your people in the workforce—that precious human capital, have dramatically different expectations about work today than in years past. Some of this is generational, but let's be careful to not blame millennials for all that ails us. In fact, they might be just be a product of the system their elders created.

Also, a strong economy invites people to become more mobile. With mobility comes opportunity for increased pay and benefits. Money does matter, and this is a time for people to earn more. But companies with great culture are retaining people at a *higher rate* and a *lower wage* than those that don't have a great culture.

The *State of the American Workforce* report by Gallup states that only 30% of employees are engaged at work. With those numbers, a football team would field eleven players, but only three or four would be really trying. You might look at some of your construction crews and feel the same way.

The *Great Place To Work Institute* highlights trust, pride, and camaraderie as the building blocks of a great workplace culture:

- trust in one's immediate supervisor
- pride in the firm and what it does at work and outside of work
- camaraderie with coworkers

### HOW HARD WOULD THIS REALLY BE?

*What one thing would you change about working here?*

"Implement family tours so friends & family could see the jobsites our men and women work so hard to build each and every day."



There are exemplary contractors who are recognized as some of the best places to work in America. It is attainable and not solely a place for high-tech firms with jellybeans in the breakroom. At Florida-based Moss Construction, 98% of employees say it is a great place to work. Ninety-seven percent of employees at *Sevan Multi-State Solutions* report that management is honest and ethical in their business practices. When we look at the data from this year's People In Construction Report, only 74% of all respondents say that leaders "live by the core values of the organization". Eighty percent trust what their boss tells them. Admittedly, these numbers aren't bad, but the labor shortages that contractors face demand excellence on these scores. "Not bad" just isn't good enough.

The 2019 Trust Outlook from *Trust Edge Leadership Institute* confirms that 83% of people would not follow a leader they don't trust. The Outlook states more than half of Americans are simply looking for honesty, openness and transparency from leaders.

Perhaps the best data is from your own industry and experience. Seventy-nine percent of construction firms plan to expand their payrolls in 2019, but *an almost equal number* are worried about their ability to locate and hire qualified workers, according to recent survey results released by the *Associated General Contractors of America* and *Sage Construction and Real Estate*.

A 2018 workforce survey conducted by the *AGC* and *Autodesk* also revealed that wages for craft workers are on the rise. Of the total firms that responded, 62% said they had raised hourly pay for trade workers. In addition, 25% also offered their employees bonuses and incentives. About a quarter of surveyed companies also said they had expanded employee benefits programs. Despite the upward movement of wages, 80% of companies responded that they were having problems filling craft positions. The only thing you can guarantee when you start paying people more is a negative impact on the labor line of your P&L. You must be competitive in your compensation, but research confirms you *need not pay the best*. Eighty percent of respondents in this research said their pay was fair for the work they perform.

Gallup tells us employees are not engaged. Trust Edge says people are looking for leadership. Industry research tells us people are screaming, "Show me the money!" Of course, money makes a difference--but not as much as you might think. People aren't changing employers to make another .50 an hour.



A deeper look suggests they might not be looking for a new job at all if they were more engaged in their present one, and if leadership was simply doing a better job of truly caring about employees. It's important to note here that caring does not mean lowering the standard. In fact, the standard is higher now as owner expectations for schedule, quality, cost, and safety continue to increase. It is harder than ever to reach the standard, but the standard remains the standard.

The issue is complicated. There is no one cause and, therefore, no one solution. The challenge is clear: the better a firm attracts and retains employees at all levels, the better the firm performs.

There are those who say, "It can't be done. Construction is different. The people in it are different. Save this lofty talk and idealized pursuits for the Googles of the world--not blue collar construction." The data confirms otherwise. From hospitality to retail... to every other blue collar industry competing for talent from the same labor pool, there are numerous examples of places where people want to work. It may be easier in the information technology world to have jellybeans and foosball in the break room, but those have nothing to do with creating a great workplace culture.

If your people really are your most important asset, do you have a human capital strategy to help this asset? Sadly, surveys tell us that you likely do not. To be excellent, your people team – an operations and human resources collaboration – must focus on key talent management challenges. These include improving productivity, increasing quality, making safety a real focus, managing knowledge as boomers retire, implementing change, developing business strategies, and improving the ability of the organization to execute these strategies. It is a tall order but it is exactly what the best are doing.

How bad is it? It could be worse, but the sad truth is that it is not good enough. Not good enough to sustain performance, not good enough to attract more talented people, not good enough to improve the industry and, for the majority of you reading this report, not good enough to be a true employer of choice.

### HOW HARD WOULD THIS REALLY BE?

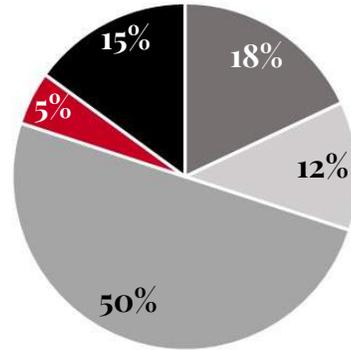
*What one thing would you change about working here?*



"The level of communication. Everything always seems to be a big secret-- from when new employees are starting, to bids we've won, to upcoming initiatives, to unanswered emails and lack of follow-through."

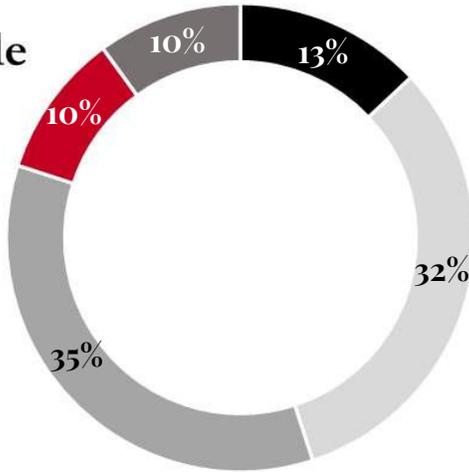
Responses came from across the spectrum of non-residential construction. Sixty-eight percent of firms were privately held.

### Type of Contractor



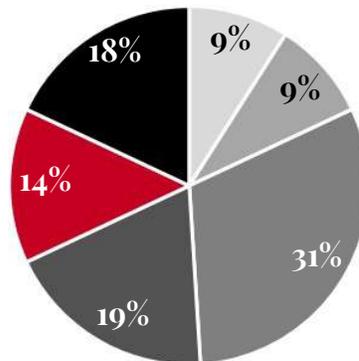
- GC Self-Perform
- GC CM
- Hwy Civil
- Sub (other)
- Sub (Concrete, Mech, Elec, Plumbing)

### Job Role



- Field Supervision
- Office PM
- Executive
- Estimating
- Other

### Number of Employees



- less than 50
- 51-150
- 151-500
- 501-1000
- 1001-2000
- over 2000

All respondents reported a very high level of happiness at work: averaging 7.73 on scale of 1-10. This runs contrary to the findings of Gallup, which said the majority of workers are disengaged. While happiness does not equal engagement, it certainly does correlate. So, here we see that maybe things aren't quite so bad.

Another very strong and encouraging finding was that over 90% of respondents said they have the right materials and equipment to do their job right. This implies that management knows what they need and gets it to them. It helps avoid the frustration of knowing what to do and wanting to do it, but not being given what you need to do it. This finding is very consistent with firms that are characterized as great places to work.

Unfortunately, happiness only goes so far. Sixty-three percent of all respondents, and only 50% of field supervision, reported being set up for success every day. If they have the materials and equipment to do the job, one might assume they are set up for success. However, post-survey interviews indicate this low score is attributed to lack of information, too-frequent changes in the plan, lack of coordination with other trades, and labor challenges. In fact, 73% said problems arise because they do not have people to do the job. Only 20% said problems arise because they don't have the right skills.

#### HOW HARD WOULD THIS REALLY BE?

*What one thing would you change about working here?*

→ "As management in the company, I believe that more of us should truly be sincere in our relationship with our employees. Instead of *telling* them we care, we should prove that we care for each other's career and personal well-being."





## THE FIELD – OFFICE CHASM

*Us vs Them is real and not getting better*

There was a time in construction when we talked about the field/office divide. This is the acknowledged challenge in geography and culture that creates distance and tension between project management in the office and field supervision on the job-site. Our research confirms the divide is now a chasm. The difference in perception between field supervisors and project managers is stark, and provides a major opportunity for dialogue, collaboration and unity.

The rift between office and field has grown as technology has made it easier for office staff to stay in the office and only go to the field for the periodic owners meeting. There was a time when some of those in project management came from the field, but that is less often the case now. Field supervisors tend to stay in the field. Project managers start as project engineers right out of college; they have less field time. Readers may have their own opinions on why things are the way they are, but it is undeniable that the chasm exists to the detriment of profitable execution.



# THE FIELD – OFFICE CHASM

*Us vs Them is real and not getting better*

## Office Ops

## Field Supervision

81% I have a close friend at work. 50%

83% I have confidence in leadership of this organization. 68%

81% Leaders live by the core values of the organization. 62%

89% I trust what my boss tells me. 75%

75% I am able to maintain a reasonable worklife balance. 50%

75% I like the people I work with 50%



**It is encouraging that 90% of all respondents reported safety as a top priority. Interestingly, this was lowest at the executive level, at 85%. But 97% of office operations and 93% of field supervision said safety was a top priority.**

**The really bad news is in safety execution. Seventy-eight percent of those surveyed said they consistently work safely, but only 68% of field supervision could say the same. That's approximately 1 in 3 field supervisors recognizing that they don't prioritize the safety of their employees.**

**Things are slightly better in the office, with 78% of all respondents and 75% of executives reporting that they consistently work safely--but the gap between what is said and what is actually done is alarming.**

Musician Cheryl Crow sang that a change would do you good, but the majority in our report said attempts at change often fall short. On this question, the executives confessed to these failings at a level of 73%. Not far behind was field supervision at 62%, and office operations at 59%. If leadership is about change for better results, it is troubling, perhaps even depressing, that three-quarters of senior leadership (those who come up with the idea and whose job it is to spearhead the change) say their efforts fall short. This signifies a huge opportunity for those who can crack the code on implementing change. Here are the cliff notes:

- It takes longer than you think, and
- It requires a significant personal investment from leaders to sell the change.

This “personal selling of change” is the fastest way to build trust, leverage relationships, and troubleshoot potential problems.

Change also requires organizational capacity. If you combine the lack of personal selling with the fact that you barely have capacity to build the work you have on-hand, it really isn't hard to see why change efforts regularly fall short.

HOW HARD WOULD THIS REALLY BE?

*What one thing would you change about working here?*



**"To be heard without having it held against you."**



There are some high-scoring areas across all respondents. While the concept of values gets mentioned in most business case studies these days, the research on the power of values is compelling. It is very encouraging to see that 90% of all respondents agreed that ignoring core values will get you in trouble. This was correlated with a high level of agreement that there is a clear set of values that govern the way we do business.

The most visible way you manifest this is to enforce standards across the board. There can be no double standard. One respondent noted in a follow-up conversation, “I knew they were finally serious with this when they let Jimmy go. He had been with us for years and was known for his production. He was also known for being a jerk. We had just had sexual harassment training a few weeks prior but he thought it didn’t matter. He would do what he always did. Well, that sexual comment he made to that new female project engineer got him fired. We weren’t sad to see him go, but more important, we knew the company was serious about treating people right.”

Perhaps the strongest testimony to the quality of your culture is the state of your referral program. Do existing employees want to recruit those they know to join them? Eighty-four percent of all respondents said yes, they would recommend working here to a friend. Taken one step further, 83% said that if given the chance, they would reapply for their current job. While not quite “best in class” when compared to firms noted nationally as Great Places to Work, these are very strong numbers. Certainly not all contractors enjoy this level of loyalty, but it shows that loyalty does exist. We know there is a connection between loyalty and profitability, and we confirmed this in follow-up interviews.

Another positive indicator is the lack of micromanagement across the board. Only 10% of office supervision and 12% of field supervision agreed with this statement: *My supervisor micromanages me*. Perhaps one of the most startling findings in all of this was the 17% of executive leadership who said they were micromanaged.

Ninety percent of respondents agree on this statement: *My supervisor treats me fairly*. This is very encouraging, and exactly what you would hope for from firms that are doing well with creating a positive workplace culture.

# HOW MUCH MORE YA GOT?

*Turns out people have more to give.*

In a finding consistent with research from *PeopleFit*, a Raleigh, NC-based consultancy focusing on the value of creating a Requisite Organization, *one-third of all respondents*, and 43% of the office told us they had more to give when asked if they were working at full capacity. These people are saying they could do more! They are not overworked; they are *under-challenged*. This leads to disengagement.

This begs the next two questions:

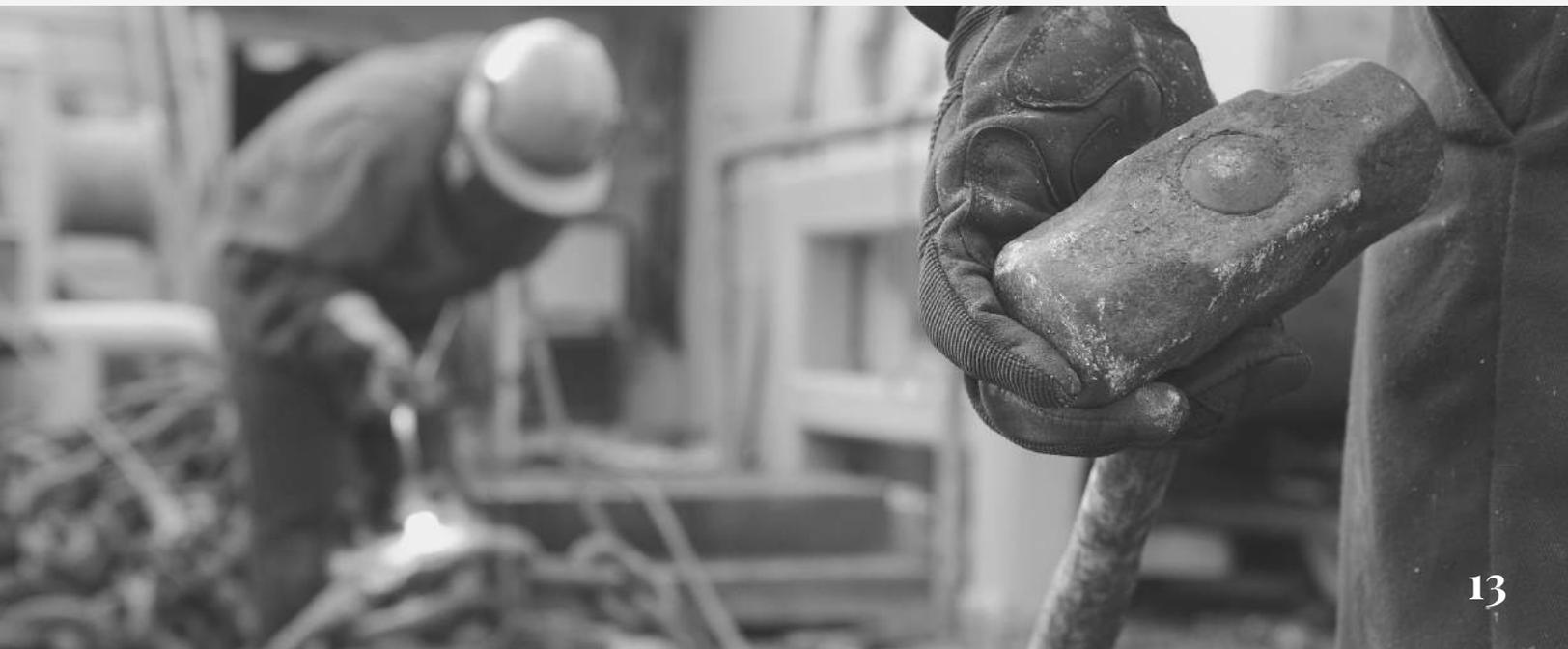
- Where is the boss? And,
- What actual capacity does the boss have to lead and engage this bored person?

HAVE MORE TO  
GIVE!

43%

Amazingly (and typically), when this bored person starts to perform poorly, most organizations will blame them, and not even consider the boss or the bored employee's relationship with that boss. In fact, *PeopleFit* cites 52% of boss/employee relationships are not matched optimally. Twenty-five percent of the time, the boss has the same capacity as the employee, and 27% of the time they are at a higher level and cannot relate to the employee in way that helps the employee do the job better.

This finding underscores the idea that, rather than blaming the employee for performance or discipline issues, perhaps we should first evaluate the supervisor. We've all seen cases in which a failing worker is moved to a different crew, and soon they become a star on their new team. Same worker, different boss.

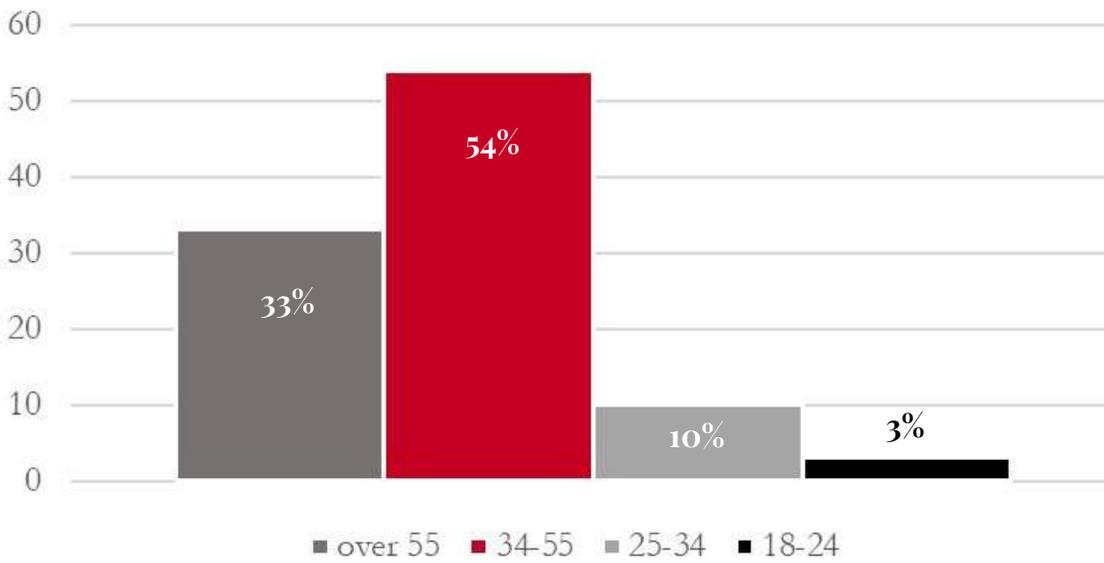


# A NOD TO THE BOOMERS

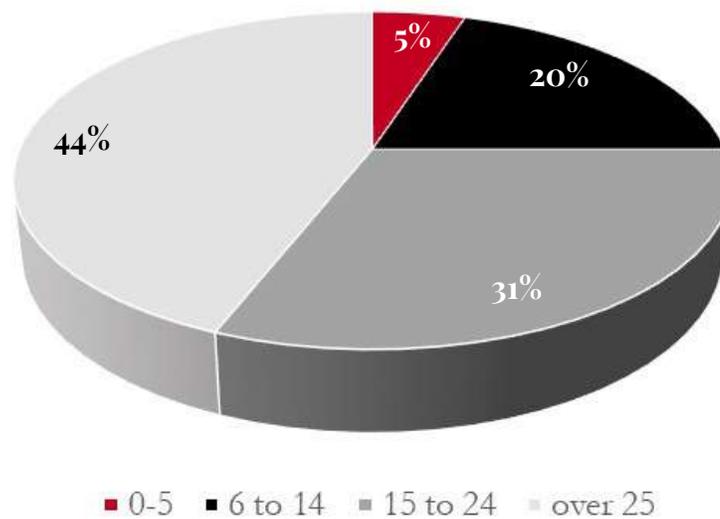
*Where are all the millennials?*



## Age



## Tenure



# CONCLUSION

**If you have read this far you are clearly interested in creating a great culture. For those of you are now expecting THE SOLUTION to creating a workplace where people come to work engaged and ready to contribute you will be very disappointed. There is no single solution. We can always come back to the oft cited research that the number one reason people leave a job in America is a poor relationship with their immediate supervisor. Of course, the converse is true, the number one reason people stay in a job in America is a good relationship with their immediate supervisor.**

**The data here is mixed. We cannot authoritatively say the industry is in a good or a bad place. Certainly the people responding have positive and negative things to say but the industry remains too large and too fragmented to comment broadly. People don't work for an industry they work for a company. They work for you. What any reader can do is look inside their own organization and ask these questions to see how you compare. We know what best of class looks like and very few firms attain that distinction. You must have over ninety percent of your employees saying you have a great place to work to be confident it is true. We can safely say that the overwhelming majority of construction firms are decidedly average. It need not be that way for you.**

**Efforts and actions that build trust are essential. Leaders living up to commitments and sincerely talking with employees build trust. Helping people feel in on things and giving candid feedback builds loyalty. All of these actions must be consistent and sustained. Excellence isn't a program it is a way of life. Creating a great culture is an all-hands effort that starts with key leaders across all levels of the organization.**

**Let's admit that not everyone will respond to your efforts. These principals of engagement are universal principles. They work most of the time on most of the people. They do not work all the time on everybody. Don't let managing the uncooperative few deter you from leading the many who want to be led.**

**The payoff is worth it. Life gets just a tad easier. Higher profitability resulting from lower turnover, better safety, and increased production is attainable.**

## ABOUT THE AUTHOR



*FireStarter Speaking and Consulting* is a Raleigh, NC-based leadership consultancy with a focus on non-residential construction. Since 2003, *FireStarter* has written, spoken, consulted, and impacted the construction industry. From family-held contractors to the top names in the ENR 400 and 600, the *FireStarter* team is a trusted partner in the quest to improve the quality of leadership.

Wally Adamchik, CSP, CMC, is the President of *FireStarter* and is a recognized authority on leadership in construction. His work has been featured in numerous industry publications, and he is a regular presenter at industry gatherings across North America. A Marine Corps veteran, he is the author of *No Yelling: The Nine Secrets of Marine Corps Leadership You Must Know to Win in Business*. He is also the author of *Construction Leadership from A to Z: 26 Words to Lead By*.

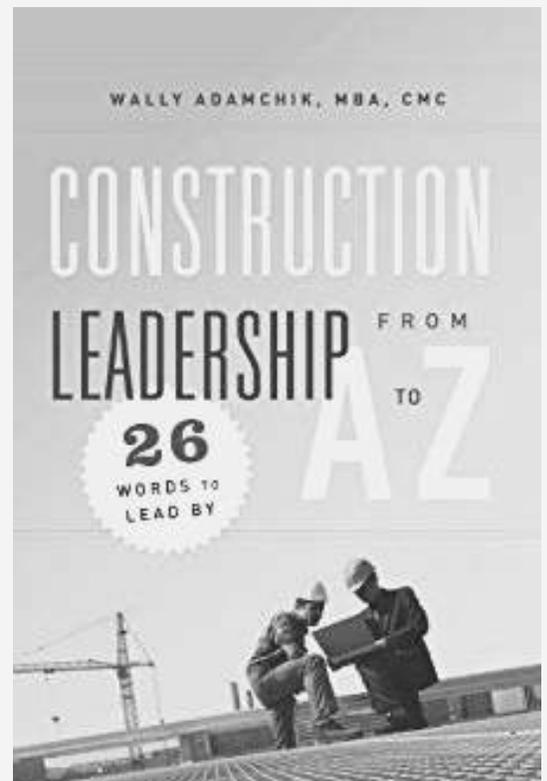


## RESEARCH METHODOLOGY

The custom online survey was offered to construction professionals worldwide. Widest distribution was targeted through LinkedIn Groups. Additional distribution was achieved through existing *FireStarter Speaking and Consulting* database contacts. Nearly 500 respondents completed the 48- question survey in an average of nine minutes. Of the forty-eight questions, three were open-ended, allowing for written comments. Subsequent interviews were conducted with select respondents to gain clarity on the survey data. Employees at the craft level are under-represented in the data. While disappointing, this is somewhat expected, considering the primary use of LinkedIn and a database consisting of people who have attended supervisory and leadership training.

Eighty-three percent of respondents are located in the United States, 13% in Canada, 2% in South America, and 1% in Asia. 90% are male, 10% female, the same ratio as is reflected in the industry.

The survey was conducted during Dec 2018 – Jan 2019.



# BONUS CONTENT

## If you were to quit tomorrow, why would you?

People Different family reason Better opportunity Better  
work company job leadership time values Lack  
compensation opportunity retire Stress feel  
change quit Retirement reason communication Work life  
balance move

## What is your biggest challenge at work?

communication skilled project enough time Dealing motivated  
change enough manage staff work directions  
people Finding time company employees qualified  
people management Hiring Keeping culture Lack of  
expectations