Competing in Tomorrow’s Workplace

The U.S. Construction Industry: Looking Ahead at 2020
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How Contractors Can Prepare for the Construction Industry’s Paradigm Shift
by Patrick Hogan, CEO, Handle

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Dear ASA Members:

I first want to wish each and every one of you a wonderful October. As the weather cools off and the leaves begin to turn, the American Subcontractors Association isn’t cooling off with it. We are still hard at work fighting for the needs of this incredible industry.

We recently had our Fall Board Meeting in Washington, DC on September 24-26, 2019, and I am proud to announce that it was a huge success. The Board Meeting consisted of both financial and operational updates as we move forward as an organization. One of the highlights of the event was a private visit to Capitol Hill arranged by our Government Relations Director, Mike Oscar. This event included advocacy updates that speak to the legal and legislative issues that all of us in the subcontracting community face.

In addition, the ASA Executive Committee had a productive meeting with AGC executive officers to discuss common issues we share in the construction industry. We all know that when we network and work together, great things can be accomplished.

I want to encourage all of you to take a look at the many upcoming educational webinars that are currently on the calendar. These webinars are for your benefit, and I highly recommend that you take advantage of them. There will be a webinar to discuss payment clauses, working with OSHA, and salary requirement changes that are coming in 2020. These webinars are complimentary, and are offered as a part of your amazing ASA membership.

Mark your calendars for March 4-7, 2020, when all of us will come together in Las Vegas for the SUBExcel Conference. I look forward to seeing you all then,

Sincerely,

Anthony Brooks
ASA President
ASA Board of Directors Takes to Capitol Hill

On Thursday, September 26, 2019, members of the American Subcontractors Association’s (ASA) Board of Directors, including the Executive Committee, walked the halls of Congress to meet with key congressional staff to promote the association’s legislative priorities in the 116th Congress. Our members also had the opportunity to meet with Rep. Veasey (D-TX), a prime sponsor of H.R. 2344, the Small Business Payment for Performance Act, which would require prompt payment to contractors for change orders; and Rep. Peters (D-CA), the sponsor of the soon to be reintroduced Stop Unfair Bid Shopping Act (SUBS Act), to ensure that companies honor their contract with the federal government by adding a means to eliminate the practice of bid shopping.

The September 26th fly-in also featured meetings with high level congressional staff. Our members met with Irene Rivera Goyco, House Small Business Majority Procurement Counsel, along with Vivian Ling, House Small Business Committee Minority Procurement Counsel, and staff members from Rep. Veasey (D-TX), Kelly (R-MS), Staber (R-MN), and Peters (D-CA). In the Senate, our members met with staff members from Sens. Hirono (D-HI) and Portman (R-OH), to discuss their sponsored legislation, S. 1434, the Construction Consensus Procurement Act, which would prohibit the use of reverse auctions for design and construction services procurement. ASA members also met with staff from Sen. Wicker’s (R-MS) office.

In addition to the legislation highlighted above, the ASA Executive Committee members also addressed several other legislative priorities during this fly-in, including H.R. 224, the Miller Act, to exempt certain contracts from periodic adjustments to an acquisition-related dollar threshold, our support of the reduction of the maximum retainage rate used by the federal government from 10 percent to five percent, and our support for a robust, well-funded, comprehensive infrastructure funding bill.

ASA’s presence on Capitol Hill is crucial to the advancement of the association’s legislative priorities. The members of the Executive Committee represented our association tremendously and set the groundwork for a successful association-wide fly-in on October 29/30.

OSHA New Proposed Rule on Beryllium Standards

On Tuesday, October 8, 2019, OSHA issued a new proposed rule to amend the beryllium standards for construction and shipyards to tailor the requirements of the standards to the exposures in these industries, more closely aligning the standards to the
general industry standard where appropriate, and clarifying certain requirements with respect to materials containing only trace amounts of beryllium.

Click [here](#) for the link to the Federal Register version.

OSHA is only allowing a 30-day comment period, with comments due November 7, 2019, and the agency will also hold an informal public hearing on December 3, 2019 at the Department of Labor.

ASA National Recognizes Scaffold Resource for Leadership

ASA commends Scaffold Resource in Lanham, MD for their incredible support of the American Subcontractors Association. They currently have two associates serving as Chapter Presidents within ASA. Elizabeth Justis has been appointed as the President of ASA of Baltimore, and Jeff Bellfield has been appointed as the President of ASA of Metro Washington.

Scaffold Resource is an active member of the Baltimore-Washington community, and we commend them for their tireless efforts in support of the subcontracting industry and beyond. Congratulations!

OSHA Revives National Worker Safety Advisory

On Monday, September 23, 2019, the Department of Labor’s Occupational Safety and Health Administration (OSHA) revived an employee safety advisory committee after a three-year hiatus. The National Advisory Committee on Occupational Safety and Health is a 12-member panel overseeing several industries, including manufacturing, retail, health care, warehousing, services, and agriculture. The panel, established in 1970 by Congress, often serves as a sounding board for OSHA initiatives and a forum for safety advocates to press OSHA to take on projects the agency hadn’t made a priority, such as improving protections for emergency workers. The panel is also tasked with advising the secretaries of labor and health and human services on occupational safety and health programs and policies.

The panel’s members include Michael Belcher, president of the consulting firm SafetyPro LLC; Mark Friend, a professor at Embry-Riddle Aeronautical University; Amy Harper, deputy director of the National Safety Council; John Lambeth, a health specialist with the AFL-CIO; Andrew Perkins, senior industrial hygienist with Alabama Power Co.; Robyn Robbins, director of safety and health for the United Food & Commercial Workers; Steven Sallman, a safety and health specialist with the United Steelworkers; Kelli Smith, health and safety director for Cummins, Inc.; and William Walkowiak, director of occupational safety policy for the U.S. Air Force.
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The U.S. Construction Industry: Looking Ahead at 2020
by Todd A. Feuerman, Director, Ellin & Tucker

The United States construction industry continues to demonstrate positive improvement and momentum into the third quarter of 2019. According to a recent national survey completed by Engineering News Record Magazine’s Top 400 Contractors, they, as a group, generated approximately a growth rate of 2.1% over the past year. The contractors interviewed believed that the 2019 trend should likely continue into 2020. Other national reports issued by Dodge Construction and FMI Corporation consulting firm suggests that construction starts will increase by 3% with additional room for expansion, if work is released more quickly and money is available to fund stalled projects.

While this is good news, construction company backlogs are generally substantial, and recent trends have indicated that the release of work into production is somewhat unpredictable and subject to delayed starts. This trend is likely to continue in 2020 due to a number of factors, including the regulatory agencies releasing work, as well as funding for larger construction projects that require federal, state, and local funding as well as private investment.

The construction market has benefited certain geographical regions from very large construction projects. The completed projects include new campus facilities for high-tech giants such as Google and Apple and continued warehousing and distribution centers worldwide for Amazon. The trend for Amazon is likely to continue in 2019, specifically as it relates to Amazon’s second North American headquarters that is currently under construction in Arlington, Virginia. As more of the corporate giants continue to grow and expand in the market, the need for large mega construction projects and related infrastructure projects should follow.

Certain sectors of the construction and development arena have been, and will continue to be, favorably impacted going into 2020, more than others. For example, solar and power construction should continue to improve and provide steady growth. Amusement and recreation construction spending have proven to be very “lumpy” and unpredictable, such as the Las Vegas Raiders new NFL stadium, slated to open in 2020. Highway and general transportation infrastructure funding may see some improvement potentially tempered by uncertainty regarding federal funding for large projects. Airports and train infrastructure continues to show signs of significant improvement as larger budget friendly airlines like Southwest Airlines continue to expand.
Construction Concerns and Renewed Strategy

While there are very favorable signs of continued growth in the construction industry, there are still fears in the marketplace that have caused some to proceed with caution. The risk factors that have caused some level of trepidation in the construction market are as follows:

- Political and regulatory uncertainty
- National economic uncertainty
- Succession of the old guard to the new guard
- Rising material costs
- Rising interest rates
- Immigration employment protocol
- Overall shortage of construction workers

As the construction industry has improved over the past several years, construction firms have been able to re-think their approach to the market and re-focus resources to projects that will provide an acceptable financial return with a more controllable risk. As the quantity of opportunities continue to increase, so will the overall quality of projects available for bidding. Many construction firms have been able to favorably use the overall improved trends in the construction industry as a means to focus on what they do best as opposed to simply accepting any project that comes along, regardless of the job’s ultimate strategic and financial risks.

Labor Shortage

One of the single biggest issues that the national construction industry continues to face is the extremely tight supply of skilled workers and the perceived negative notion that younger members of the workforce have when entering the construction industry. With the baby boomer generation set to retire within the next five to ten years and with the intense federal pressure to limit and reduce the immigrant labor force for Mexico and Central America, the local and national construction industry is faced with a monumental task of finding workers. With unemployment at historic lows, skilled laborers are picked up very quickly by construction firms in order to staff projects immediately, leaving a less skilled labor pool for other companies to use.

Industry lobbying groups and special interest groups continue to address these issues at the state and federal level in an effort to develop funding for trade education and apprenticeship programs, as well as ways to create a softening approach to immigration protocol, which should help to some extent. However, headway needs to be made quickly and training is critical to develop a skilled work force to complete the backlog of construction projects both now and in the future.

Material Pricing Pressures

Building material costs, like all other sectors of the economy, have also continued to increase for many reasons, including but not limited to high demand from the general increase in the construction industry to specific trade products such as steel, which continue to rise. Steel costs have become particularly problematic due to the political pressures levied on the tariff costs that will come into play with trading partners of the United States. In addition to steel prices, the varying fluctuation in the oil industry has continued to impact almost every component used in the construction industry. Based on the commodity nature of oil, this is likely to continue into 2020.

Technology Trends

Technology continues to become the norm in the construction industry and its operational and financial impacts have caused very important changes in the world of construction. An industry that was once perceived as archaic is now looked upon as cutting edge. The use of BIM (Building-Information-Modeling) collaboration, cloud computing, and mobile data has and will continue to be a major asset for construction companies to properly manage operations. In addition to office related technology, construction firms have been effectively implanting technology in the field as it relates to personnel, equipment, and job site viewing.

While GPS technology continues to be used in construction, visual job inspections and oversight have been greatly impacted by the use of drones. Drones have become more prevalent in conducting site surveys, site inspections, and general site management and have proven to be invaluable, producing quicker and more accurate land surveys, while reducing the costs associated with inside and outside labor. Contractors have been able to more effectively manage multiple jobs and more complex and dangerous job sites through the use of drones.

The Bottom Line

The 2019 national construction market continues to experience solid results and is expected to continue this trend into 2020. While backlogs continue to be very significant for many contractors, the ultimate completion of this work in 2020 and beyond will be based upon a continued somewhat stable economy, improved international relationships, political policy clarification, and most importantly, finding the workers to complete the projects. An economy is only as good as the men and women that participate in its success, and the construction industry will be judged by this same standard.

Todd A. Feuerman, CPA, MBA, CCA, is a director in the Audit, Accounting and Consulting Department of Ellin & Tucker in Baltimore, MD, where he oversees audit, accounting, consulting and tax services for general contractors, specialty subcontracting and government contracting firms. Todd also serves as chairman of the firm’s construction services group. He received his BS in Accounting from Towson University and MBA in Finance from University of Baltimore’s Merrick School of Business. Todd can be reached at 410-727-5735 (ext. 3066) or tfeuerman@ellinandtucker.com.
Attracting the Next Generation to the Trades
by Jenny Harris

Successful businesses know the importance of planning for the future. Many companies love to tout that they have been around for 20, 30, even 50 years or more. If they aren’t planning for the decades ahead of them, however, they run the risk of losing everything they’ve worked so hard to build. Without a strong workforce, that successful enterprise ceases to exist.

The need is greater now than it has ever been to attract young employees to businesses working in the trades, and many companies are stepping up to bring in the vibrant young talent they need to succeed for the future.

Shapiro & Duncan Incorporated (S&D) is just one of the companies working to attract new young talent to the trades. Through their program, “Building a Lifestyle You Deserve”, they are working towards educating young people that there are other options after high school than attending a four-year college or university. S & D is currently working to create a culture shift away from the idea that the trades are less desirable than attending a university immediately after high school.

Not all high school students thrive while sitting in a classroom, and a four-year university may not be the best plan for them. Many companies within the trades can benefit greatly by finding such students and showing them that there are other paths to a successful career available to them.

Brian Matthews, who has worked as a truck mechanic for UPS for 30 years, was given such an opportunity when he was a high school student. He was taking automotive classes at the local technical high school where he spent part of his day in the midst of his regular schedule at his primary high school. An instructor learned from a friend at UPS that they were looking to launch an internship program, and that teacher immediately knew that some of his students would be a perfect fit.

That opportunity has led to a decades-long successful career. When asked what was attractive to him when he first
started out, his pension immediately came to mind. Even in the years immediately following high school, he was looking to the future. Similarly, he said that having strong benefits is just one of the incentives that has kept him at UPS all these years. Soon he was a young father with a little girl and having health insurance was immensely important. By beginning his career directly out of high school, he not only has the option to retire at a younger age but also has avoided student loan debt and has built a comfortable life for his family. He agrees that there is a strong need to change the culture surrounding working in the trades. As formerly one of those high school students who simply hated being behind a desk, he is proud of the life he has helped provide for his wife and two children, and encourages young people to look for options to build a successful career for themselves.

Building the lifestyle they desire is incredibly important to today’s younger employees. Being financially secure is a key factor for many looking to enter the trades. Offering them a solid career but also lowering their student loan debt will help companies attract the young talent they need to continue to grow.

Today’s young adults want to know what their company can provide them outside of the job description, which makes internships, mentorship, and training programs incredibly attractive to today’s younger generations. That goes beyond the “company perks”, but really speaks to the desire many young people have to balance their work and their life moving forward.

Shapiro & Duncan believes that there are two incredibly important things that companies in the trades can do to attract young talent. The first is to reach out to your seasoned employees, like Brian Matthews, and get them to tell their stories. Hearing what those employees have to say about their own career and what has kept them working in the trades will resonate with students who are trying to decide what their next step is after high school. Encourage employees to get involved with career days, which will give you more time to engage with those students than a competitive career fair. Partner with the high schools in your area to speak to students, especially the technical high schools offering classes in your field. Face-to-face interaction is one of the most powerful tools in your kit, and storytelling has the potential to be a game changer when it comes to attracting young talent.

The second recommendation is to utilize social media to not only attract young employees but to interact with them. Today’s high schoolers are tech savvy, and you need to connect with them where they already are. In today’s world of constant communication, young employees are looking for information at their fingertips. If you have an internship program that would bring them in, put that information directly in front of them. They need to know that you have something to offer.

Many of today’s companies spend almost all of their marketing dollars on attracting new work, when they also need to work on attracting new employees. Don’t be afraid to attract your company’s next workforce and spend your marketing budget there as well. Without those new employees to help you tackle the new clients and customers, your company will never grow. Having more work than your employees can handle sounds like a great problem to have, but it is still a problem you need to get out in front of. Bringing in young, talented, driven employees will ensure your company’s ability to succeed in the future.

Today’s young people are looking for options, and they don’t want to be pigeonholed. By showing them that a career in the trades offers flexibility, growth potential, financial security, and even the opportunity to start their own business down the road, you will bring those young, bright new employees into what we know to be an rewarding industry.

Jenny Harris is a writer from Ellicott City, MD, where she lives with her husband and two sons.
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As societies become more inclusive, women are transitioning from scoring positions to slugger status and their stats are rising. Like baseball, there is no crying in construction. Similarly, the construction industry requires 100% team participation. Each department plays a critical role in helping the company avoid a loss and achieve a win (completing a project on-time and within budget).

Historically and stereotypically, construction is a male-dominated field. Although currently less than 10 percent of the construction industry workforce is female, that number is rapidly on the rise. Why? Because construction firms that are aiming to compete successfully in tomorrow’s marketplace have revealed that women have a positive impact on productivity and profitability.

While women have made major advancements in the sports industry, we are just coming up to bat in construction. Over the last five years, we can safely say, we are no longer sitting on the bench. In fact, there has never been a better time to be a woman in construction. All over the industry, women are hitting home runs in leadership roles when they gain the courage to step up to the plate.

We should know. The four of us are in key roles at Shapiro & Duncan, Inc., a third-generation family-owned mechanical contracting business serving customers in the Washington, D.C. area since 1976. The company also made a historic move and promoted four women on their leadership team this year.

Why Women Make Effective Leaders in Construction

Beyond the broad economic benefits provided by more gender diversity in the workforce, recent research by the National Bureau of Economic Research highlights particular leadership qualities embodied by women that contribute to a healthier bottom line. In particular, the research shows more women in leadership are helpful for a company’s overall success because women are more likely to collaborate and facilitate teamwork.

As construction professionals already know, construction projects require a high-level of collaboration in order to be successful. Adding individuals with an affinity towards this type of communication can only improve overall workforce productivity.

A Challenging Path to Leadership

No doubt, it has been intimidating to be one of very few women on a jobsite or in a room at a construction networking event, training session, or project meeting. Many of the male attendees have years of experience in a trade or a background in construction management; whereas women are up and coming.

Construction lingo doesn’t always come easy. Regardless of gender, you have to really put yourself out there and ask questions. The more conversations you have; the easier it gets. Learning construction terminology and gaining a great understanding of the process will help build your confidence in the industry.
Power UP!

On ConstructionDive there’s an article focused on the future of the construction industry. Career and technical education (CTE) is alive and well at Garrett High School in Indiana, and has been expanded the program starting in the fifth grade.

Power UP Inc. (started in 2015) encourages and educates women on construction industry opportunities through workshops, school programs, and hands-on summer camps. Getting mothers and daughters excited about different educational opportunities is what it’s all about.

While an NCCER sponsored study found that most parents (83%) believe a college degree is vital to a good career, 71% would be strongly or somewhat supportive if their child chose a construction career. The challenge is to change misperceptions of the construction industry. Careers in Construction Month (CICM), a yearly tradition, offers the perfect chance to showcase this industry: job satisfaction, lucrative careers, upward mobility, high skills and so much more. Spearheaded by NCCER and Build Your Future, CICM occurs every October to increase public awareness and inspire the next generation of craft professionals.

So far 40 states, Guam, the U.S. Virgin Islands, and Washington, D.C. have submitted proclamations and are planning activities in October to recognize those who have built this country. Further details can be found in the complete ConstructionDive article, “Swinging the Pendulum on Construction Careers.”

Additionally, it is a huge advantage to work for a supportive company that is willing to provide the freedom to try new things and opportunities to develop new skills. Fortunately, Shapiro & Duncan has always been proficient at identifying people who have ambition and skill development potential. This is one of the main reasons the company has excellent employee engagement and retention, and has built a solid company culture.

Those of us who started in the industry 15 or 20 years ago vividly remember that there were no women in leadership roles to set an example or offer support. Fast forward to today; if you walk a jobsite it might look a little different. A majority of projects have female team members in key leadership roles such as Senior Project Manager and even Lead Architect. Although we are still a noticeable minority, the prominence of women in the construction industry is quickly evolving.

Keeping Women in the Game
What has to happen for the construction industry to expand leadership opportunities for women?

- Provide resources for women in construction and encourage participation in key organizations such as the National Association of Women in Construction (NAWIC), Professional Women in Construction (PWC) or Women Building Washington (ABC Metro Washington).
- Establish a mentorship program by partnering a seasoned or advanced employee with a female who is new to the industry.
- Identify female influencers to help your organization recruit more women into the construction industry by lending support, sharing personal stories, and reflecting on the positive aspects and rewards of being in this industry in panel discussions.
- Provide your female employees with opportunities for professional development, education, networking, leadership training and public service.

Plan for a Healthy Bottom Line Before, During and After the Game
The talent shortage in the construction industry is a harsh reality. The HVAC industry alone needs to replace 71,000 positions that have been lost in the last five years. This grave labor shortage extends from the apprentice level all the way to the executive suite.

As this shortage continues, it is critically important for the C-suite to consider women in the leadership mix – demonstrating growth opportunities to them will increase retention. Now is the time for stakeholders to reevaluate their teams. You might be achieving diversity, but are you ensuring “inclusivity?” Diversity is being invited to attend the game; inclusion is being asked to play! Women should be considered in all phases of the construction process from pre-project planning, construction, closeout and final feedback.

Women are a natural fit in the collaborative construction culture where team building, problem solving and decision-making skills are essential in leading and advancing teams that ensure the success of projects and the business overall.

Fortunately, more and more companies are starting to understand that women in construction are an abundant untapped resource. At the same time, women are beginning to see construction not just as a field where they might get their hands dirty, but more so as an area of personal and business growth opportunity.

Given the right opportunities, it should not be long before women in construction are leading the league.

Together, Stacey Holsinger, Marketing Manager; Jennifer Hottle, Tool & Receiving Manager; Mary Beth Kingsley, and Senior Project Manager; Sandy Palmerton, have shattered the glass ceiling at Shapiro & Duncan, Inc., the “Provider of Choice” in the Washington, D.C. area for complex commercial, government and institutional design-build projects that require first-rate performance, work quality and customer service.
"Yes Sir, Can I Have Another?"
How organizations hurt their operations team without even knowing it
by Gregg Schoppman, Principal, FMI Corporation

Sometimes we hurt the ones we love the most. For construction organizations, the project managers often wear targets the size of a barn door, and they don’t even realize it. When one considers the impact a great project manager has on an organization, it is great deal like that of the blue-chip quarterback. The team rises and falls with each reception or interception thrown. The same can be said of the project manager. The nexus of all information, decisions, communication and most importantly project’s success and failure is the project manager. If this person is so important, why do we hurt them the most? Of course, no one is consciously beating their project quarterback. Like many football programs, firms like to think they protect their assets like a quarterback wearing the red “non-contact” jersey. What is said and what is done are entirely two different things.

No Offensive Line
One of the first critiques of many firms is the lack of resources available to the project managers. Seriously examine the team you have and look at how much they have on their plate. Firms constantly hear about the new constraints, regulations, procedures, etc. that their operations teams have to accomplish, yet they staff them with the same personnel and general conditions that were used 10-20 years in the past. Obviously, there is a fine line that separates competitiveness and being “fat,” but too often firms err to the side of incredibly conservative, breaking their general conditions into fractional components (i.e. 50% of a project manager, 35% of a superintendent). While it may work in the estimating war room, managers are suffering through projects that are inappropriately staffed, leading to project overruns and losses. In the end, the project manager looks like the quarterback who suffered the loss, but in reality, the statistic that was buried on the scorecards was ten sacks he/she took during the game.

No Training
In their haste to avoid squandering a resource, executives constantly shove new resources on the field long before they are ready. Has your organization ever said the following:
- "We tend to throw people to the wolves..."
- "We throw new associates right into the fire..."
- "New project managers sink or swim quickly..."
It is clearly understandable that management wants to see an immediate return on its investment. However, there are plenty of rookies that could use some time on the farm system or even ride the bench to learn how to execute appropriately. Even for a more seasoned veteran, there should be nuances that are exclusive to the firm that requires training, orientation, education, etc. So many managers are talented but lack an understanding of that firm’s playbook or operations manual. This does not mean that a new engineer or manager must sit out for two or three building cycles, but it is a strong recommendation that firms inculcate their new associates with the semblance of a real training program.

No Playbook

As the team rushes onto the field, and the quarterback starts calling plays, no one has a clue on what play is being called. So many project managers are hurt by a firm’s lack of consistency in operations. When every project and every client, requires a different set of operational tools, it is impossible to gain traction and even drive a project successfully. It is as if the plays are being written as the game is being played, much a like a group of kids playing in the sandlot. Meeting agendas are frantically assembled. Logs of critical data are generated ad hoc and as needed. Close-out happens at a cadence by someone other than the project manager. Proactive gives way to reactive, leaving the offense to play defense. Why reinvent the wheel with each new associate? Is your organization harming itself by leaving operations to chance?

No Depth or Structure

There have been a few great players in history that were tagged with the moniker of “Slash.” They were great passers/runners/receivers. Double or triple threat players are outstanding and some organizations thrive on having that level of ambiguity in the play calling. Construction organizations are somewhat contrarian to that. There are always great project managers that can be tasked with managing incredible workloads, governing the field, estimating with accuracy, and cultivating superior client relationships. On the other hand, there are MANY position players that do parts and pieces of the above list very well. Some organizations create disjointed organizational charts that segregate talent disproportionately, leading to resource problems, misalignment amongst customers and managers, and more importantly workloads that may be off-kilter (i.e. putting all of the work on one “Slash”). There will always be A+ superstars and those that are not. However, organizations should be striving to drive toward more consistent structures by establishing the right playbook, standardizing performance and holding personnel accountable. It is great if a quarterback is throwing 500 yards a game, but it is all for not if the rest of the team fumbles 16 times. Project managers are not more important than estimators or superintendents or any other associate within a firm. The main difference is how project managers are positioned and their direct or indirect impact on costs and overall profitability. For some firms, the quarterback is the superintendent, while others it is the project manager. There has to be a primary play caller for any project. However, just like within the parallels of a football team, coaches and executives can set their play caller up for failure. There are few firms that fall within the realms of being sadists, but in their zeal to “run lean” or “be cost conscious,” they forget some of the critical infrastructure that enables even the most pedestrian quarterback to look like Brady.

FMI is the largest provider of management consulting, investment banking, and research to the engineering and construction industry. FMI works in all segments of the industry providing clients with value-added business solutions. For more information visit www.fminet.com or contact gschoppman@fminet.com.

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Growing Pains? Consider Automation
by Dave Galbraith, Assistant Vice President of Risk Management, Amerisure

Technology has rapidly become an integral part of each day. Due to its vast capabilities, developments have improved all areas of life, including the business sector. Thanks to new technology, the productivity of workers and the efficiency of processes can improve.

One way construction businesses can increase efficiency is by utilizing automation.

Five ways to drive successful construction automation

1. **Make small improvements to the daily schedule.** Start small when reducing time-wasting processes. Increasing productivity and eliminating wasted time on the job may provide a high return on investment. Slowly increasing the size and scope of these projects can create a snowball effect within the organization. This may render former processes obsolete.

2. **Hire experts and purchase the proper tools.** Hire individuals with the skills to help automate the business. New employees can provide a fresh perspective on systems and technology. In addition, the purchase of proper tools and equipment will ease the implementation of new automation. Utilizing the proper equipment will prepare the organization for future renovations, and lessen the burden on operational employees.

3. **Build a culture surrounding automation.** Employees are impacted both positively and negatively by automated processes. As opportunities are created, others will become obsolete. Communicate with employees to discuss the reasons for moving from manual processes to automation. Explain the benefits, address employee concerns and provide progress updates as frequently as possible.

4. **Understand the data.** Automation creates big data. Excessive amounts of data can be generated, so it is essential to compartmentalize and analyze the findings based on each individual business. There are a variety of tools available for identifying the best methods to gather, interpret and act upon key data. When analyzing data, always look to the future to make the best business decisions.

5. **Identify future automation opportunities.** As the construction industry continues to embrace technology and automation, more opportunities will become available. Current technologies include: semi-automated masons, automated re-bar tying, 3D modeling, machine learning, 3D printing, drones and foam spewing arms.

In every industry, the competition is heading toward an automated future. Are you satisfied with the “status quo” or is your construction business embracing change? Your future competitiveness may depend on the latter.

Dave Galbraith is AVP - Loss Control Technical Lead at Amerisure Insurance. Amerisure is one of the nation’s leading providers of commercial insurance, protecting businesses for over 100 years. They specialize in managing risk for businesses in construction, manufacturing and healthcare. Amerisure.com
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Adopting Technology to Gain an Edge
Brian Chickowski, Director at Maxim Consulting Group

The Construction industry has frequently been an early adopter of the latest technology. Looking back, we used pagers, cell phones, desktop computers, laptops and tablets to gain a competitive edge in a fast paced, highly competitive industry. Today is no different and the pace of innovation in the construction industry is nothing short of extraordinary. To compete in today’s world, a contractor absolutely must embrace and adopt technology. To what extent in each facet of a construction company’s business will determine how much of an edge over the competition the company will have.

Get Work

Let’s start with how contractor’s “get work” and look at the current state of Estimating. The advancement of On Screen Takeoff (OST) has greatly increased the capacity of today’s contractors estimating departments. No longer does OST require an actual CAD drawing to be accurate or effective. A clean Portable Document Format (PDF) of the drawing is all that is required now. The “dots and spots” take offs can be handled by OST in a matter of minutes per page with very little verification of accuracy by the estimator. Most major estimating software platforms have some sort of OST integrated option that will allow for direct entry into the estimate itself eliminating the possibility of miscounted or inaccurately entered values into the estimate.

Implementing OST into your estimating department will gain not only more accurate takeoffs, it will also allow for at least 20% more work to be bid with the same amount of staff.

Do Work

Now that the project has been procured, the actual installation of the work needs to be performed. Many construction projects have employed the use of Building Information Modeling (BIM) to help identify “conflicts” in the field virtually on screen before they happen in real life.

Often, the designs are often still not 100% complete when the work is procured, and specialty trade contractors oftentimes become part of the design team involuntarily. Having an inhouse BIM coordinator fluent in Revit or BIM modeling becomes a tremendous value-add to the client and many times is a requirement. Couple the use of a BIM model with field layout tools such as Trimble Total Station, and the possibility for errors in installation is drastically reduced. Collaboration of the entire construction team using these technologies often leads to less animosity in the workspace and project schedules are often even beat.

In addition, while the project is underway the field staff often needs access to the latest information pertaining to the project. This includes Approved Submittals, Request for Information (RFI) responses, the latest set of construction specifications and drawings (if a BIM model is not used) to name a few.

Unapproved materials may be purchased and installed by the field staff, if they are not aware of a submittal response that may have rejected the use of the product.

An RFI response may indicate to offset the installation of an item.

A revised drawing could be issued by the Engineer and the field staff may not receive the updated drawing prior to proceeding with the installation of products on that drawing.

The lack of accurate, timely information can often delay a project or even directly cause installed items to be removed and reinstalled.

Several commercially available software applications have solved for these problems. Most can run on a variety of today’s technologies such as a laptop, tablet or even a smartphone. All of which are standard issued technologies for field supervision.
Keep Score

During the construction of the project, there is a variety of information that needs to be collected from the field.

Submission of daily or weekly payroll timecards is a necessity for every company and comprises anywhere between 50-70% of the direct job costs. Handwritten paper timecards or even a spreadsheet timecard, simply doesn’t work in today’s information age. They are a cause of great waste within a construction firm.

A field supervisor hand writes or enters the time for his crew and himself in a spreadsheet. Sometimes it’s legible and often doesn’t contain a valid cost or phase code for the project. Perhaps the timecard indicates a total of 48 regular hours. In any case, the payroll administrator stops their manually entry of the same data to contact the field supervisor who may or may not answer the phone. Sound familiar?

There are several commercially available timecard capturing software systems that virtually eliminate all the typical problems that come from handwritten or spreadsheet style timecards. All of which can be used on a laptop, tablet or smartphone for ease of access. Most synchronize with the back of house Enterprise Resource Planning (ERP) software in use at the construction firm. Simply select a job, a budgeted cost code that exists on the job, the employee and number of hours worked on that task. Single point of data entry and the payroll administrator simply is reviewing the information entered prior to it being processed.

Most of this software also incorporates production tracking, which then allows for a clear picture of the status of the project compared to the budget. Most importantly, it affords the project management staff the ability to react to a problem in production early on instead of waiting until almost all the budgeted hours have been consumed.

To conclude, employing the latest technology innovations in estimating allow for more work to be estimated by the same staff with less chance for human error of counts or data entry.

Making the investment into virtual construction technologies reduces the possibility of costly installation errors and provides the field with the latest information required to build the project within budget and timely.

Using digital timecards reduces duplicative efforts in a process that occurs every week inside of every construction firm. Add in production tracking and visibility on the labor status of the project allows for adjustments to be made to production shortfalls prior to the project being complete.

These are just a few examples of how adopting and implementing the latest technology can help your firm gain an edge over your competition. If you are not innovating, you are trailing your competitors.

The great American engineer W. Edwards Deming summed it up best when he observed and stated “It is not necessary to change. Survival is not mandatory.” Is your firm going to survive?

Brian Chickowski, Director at Maxim Consulting Group, is responsible for evaluation and the implementation processes with our clients. He has worked with construction firms of various sizes to evaluate business practices and assist with the business process changes. Having worked in the industry for over 15 years, Brian brings practical experience, an enthusiasm for success and leadership to help his clients improve and succeed. Areas of specialization include: organizational assessments, project execution, productivity improvement, and automation of processes. If you have additional questions, or for more information, you can contact Brian at brian.chickowski@maximconsulting.com or www.maximconsulting.com
How Contractors Can Prepare for The Construction Industry’s Paradigm Shift

by Patrick Hogan, CEO, Handle

The U.S. construction industry is one of the largest in the world, with expenditures reaching $1.293 trillion in 2018. While the recession of 2008 had a huge impact on the industry’s growth, the positive trends in both residential and commercial construction demand have put the industry back on its feet. New private construction is the key driver to the industry’s expansion with a total value of $992 billion in 2018.

The construction industry outlook looks good with spending projected to exceed $1.45 trillion in 2023. However, the road for the industry is not without its roadblocks. The surge of commercial and residential projects demands industry leaders to find ways to optimize construction processes and turnover projects faster than ever before. However, the persisting labor shortage in construction has resulted in 70% of contractors struggling to meet project deadlines. On top of this, the construction industry is one of the least digitized, due to locational challenges and the increasing scale and complexity of construction projects.

To stay competitive, construction businesses need to be open to new technology and strategies that drive efficiency and innovation. So how can you compete in tomorrow’s construction marketplace?

How to Compete in Tomorrow’s Marketplace

Technology
With plenty of repetitive and time-consuming tasks to go around, the construction industry certainly benefits from the operational and economic advantages that automation brings. Here are some ways automation can improve your business operations.

Operational efficiency and safety
The introduction of drone technology in construction has transformed the industry in a significant way. Its applications are expanding as project managers find ways to use drones to improve operational efficiency and construction site safety.

Drones are indispensable tools to conduct site surveys. Construction sites are huge and some areas pose a safety risk to human workers. A single pilot safely working offsite can finish a site survey in hours compared to a traditional site survey that can take days or even weeks to complete.

Human Resources
From attracting new talent to managing employees working in the field, construction HR professionals have a lot on their plate compared to other industries. Fortunately, some HR functions in construction can easily be streamlined through the use of automation software.

Automation simplifies the recruitment process, as software solutions make application tracking, hiring, and onboarding easier. A dedicated HR management portal makes it more convenient to access application documents,
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employee handbooks, and training manuals. Automation can also help in optimizing employee schedules. Since a typical construction business employs full-time and part-time workers with different job functions, figuring out the right schedule ensures that crucial tasks can be fulfilled when they are needed.

**Billing and Collections**

The construction industry is notoriously famous for its payment issues. The lengthy billing cycle puts construction businesses at risk of experiencing cash flow issues - not to mention the hurdles of fulfilling strict requirements to file mechanics liens. For these reasons, contractors can benefit from optimizing the billing and collection process.

Billing and collection solutions such as Handle can be integrated into your accounting system to protect your payment rights. From tracking construction project information and issuing **pre-lien notices** to tracking deadlines and sending invoices, a dedicated lien management tool makes managing your finances a breeze.

**Social Impact**

As contractors find ways to optimize construction operations and meet the ever-increasing demands of the industry, one must not forget the impact the industry as on society. Beyond simply generating profit, construction companies have a responsibility to influence and impact their respective communities in a positive way.

Society, in general, has become increasingly conscious of how construction companies conduct their operations. Consumers are looking for construction companies that prioritize sustainable development, labor safety, and cultural diversity. In fact, **87% of consumers** will work with a company or purchase their products if the company advocates for issues that they care about.

Employees are also more likely to apply and stay in a company that has a good public image. **Over 60% of employees** are engaged at work if they are proud of the company’s corporate social responsibility.

The marketplace of tomorrow will see construction contractors engaging in practices that have a positive social impact. If the public finds questionable actions and even unethical activities in construction operation, there can be considerable damage in terms of PR and financials. Having a comprehensive corporate social responsibility program and actively communicating it effectively help build trust and confidence from stakeholders.

**Knowing Customers**

The construction industry is built upon relationships. Many small and medium construction businesses find word-of-mouth recommendations and client referrals as the primary sources for new business. For your business to stay competitive, you need to know how to leverage data to improve customer relationships.

Construction projects generate a lot of data. However, most of these data are unstructured, often in physical paper form, and stored away after the construction project ends. But over the past few years, contractors are realizing the value of these data in improving business operations.

Collecting customer data allows contractors to make informed business decisions in interacting with customers. For example, analyzing the demographics of past clients help build a customer profile and create a marketing plan to generate leads. This data can further be analyzed to gauge the effectiveness of the marketing strategy and adjust it accordingly.

Big data also allows you identify viable projects for bidding purposes. Having critical project information such as construction type, contract value, project stakeholders, and bid dates allows you to have a data-driven decision to adapt your bids.

**Final thoughts**

The construction industry is at the cusp of a revolution. Digital technology is slowly but surely transforming the way contractors conduct their business operations. Customers are also changing their behavior, putting emphasis on social advocacy and corporate social responsibility. There is also an increasing emphasis on big data, and how contractors can leverage it to improve customer relationships.

The conventional methods and strategies in the industry are at their limit. There is no longer any doubt that the industry will change. To be able to compete in tomorrow's marketplace, you need to embrace the industry's paradigm shift and prepare for the future.

*Patrick Hogan is the CEO of Handle.com, where they build software that helps contractors, subcontractors, and material suppliers secure their lien rights and get paid faster by automating the collection process for unpaid construction invoices.*
Complimentary Webinars

**Tuesday, November 12, 2019**
12 p.m. to 1:00 p.m. Eastern / 9 a.m. Pacific
Understanding OSHA’s Multi-Employer Worksite Doctrine and the Unforeseeable Employee Misconduct Defense

**Presenter:** Philip J. Siegel, Esq., partner and shareholder with the firm of Hendrick, Phillips, Salzman & Siegel

With construction booming, many subcontractors find themselves struggling to provide enough labor at each project. As a result, more and more subcontractors are engaging second tier subcontractors to help with the current work load. Subcontracting work to a subcontractor, however, does not absolve the first tier subcontractor of responsibility for safety under OSHA, even in a situation where all of the work is performed by a subcontractor. OSHA can issue a citation to the controlling employer, the correcting employer, and the creating employer, in addition to the exposing employer. We will discuss OSHA’s multi-employer worksite doctrine, and we will also be sure to discuss the duties required of each type of employer on a multi-employer worksite. We will also address the unforeseeable employee misconduct defense to an OSHA citation, for when the subcontractor is cited as the exposing employer. Register by clicking here.

**Tuesday, December 10, 2019**
12 p.m. to 1:00 p.m. Eastern / 9 a.m. Pacific
DOL Issues New Salary Threshold Requirements, Effective January 2020

**Presenter:** Bill Ford, SESCO Management Consultants

William E. (Bill) Ford is President and CEO of SESCO Management Consultants. He has been with the firm for 29 years. Bill is a generalist human resource management consultant specializing in family business consulting, compensation, Wage and Hour, EEO representation, organizational development, labor relations and compliance to federal and state employment regulations. He has been engaged and has practical hands-on experience in numerous industries, including healthcare, funeral homes, manufacturing, retail auto dealerships, financial and credit unions, mining, and professional service industries. Register by clicking here.
Applications are now being accepted for many of the awards offered by ASA.

**Certificate of Excellence in Ethics**
This award recognizes subcontractors for their commitment to ASA values, such as quality construction and a safe and healthy work environment. Each applicant is required to respond to questions concerning the firm’s corporate ethics policies and procedures, its construction practices, and its general business practices. Each applicant also is required to submit detailed documentation, including sealed letters of recommendation from a customer, a competitor, and a supplier.

**National Construction Best Practices Award**
This award recognizes prime contractors that exemplify the values of subcontractors, treat subcontractors fairly through use of level-playing-field contract terms, and consider subcontractors part of their core project teams. The program’s rigorous criteria include the use of a standard subcontract whose provisions substantially reflect the best practices incorporated into the ASA-endorsed ConsensusDocs 750 Standard Agreement Between Constructor and Subcontractor, as well as highly favorable evaluations from three specialty trade contractors, based on 20 project management factors.

There are many more awards available through ASA, and more information about all of them can be found by clicking [here](#). All award winners will be recognized during the 2020 SUBExcel conference on March 4-7, 2020, in Las Vegas, Nevada. We highly encourage all ASA members to get involved in our awards program. These valuable recognition opportunities are only available to ASA members.
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