

CONSTRUCTION
ASSOCIATION
OF MICHIGAN

**2015
2016
BIENNIAL
BUSINESS
SURVEY
OUTLOOK**



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moran





LARRY S. BRINKER, JR.
THE BRINKER GROUP, DETROIT
CAM Chairman of the Board

Dear Construction Associate,

We are pleased to present you with the results of our Biennial Business Survey, which examines activity in 2015 and the outlook for the next 18 months.

This survey was conducted through the joint efforts of the Construction Association of Michigan (CAM) and Plante Moran, and their continued commitment to provide accurate and timely business information to the construction industry.

Once again, this year's survey was issued online. This enabled a greater response due to the ease of completing and returning the questions. For those of you who took the time to complete the survey, we thank you for your valuable participation. The responses will be available online via the CAM and Plante Moran websites. They will also be printed in booklet form and mailed in conjunction with the January 2016 issue of CAM Magazine. For those who would like additional booklets, please contact either CAM or Plante Moran.

The survey information was compiled from the confidential survey responses by an independent survey company and developed as part of a collaborative effort by CAM and Plante Moran. For the first time, in addition to the survey this year, we have conducted interviews with some of the respondents.

These results tell a great deal about our region, economy, and most specifically the Michigan construction industry. Results are indicative of how contractors cope with the present economy; the future construction climate is also forecasted by those who are directly involved in the Michigan construction industry on a daily basis. As this year's survey reflected some positive indicators, we sincerely hope that this will be an upward trend for the construction industry in Michigan.

CAM works hard legislatively, presents helpful and timely seminars on the issues that will affect our members, and is the number one source for construction project information services in the state of Michigan. We exist as a service to our members to help make them, and their businesses, successful. **One Industry, One Resource, One CAM.**

Sincerely,

Larry S. Brinker, Jr.
CAM Chairman of the Board

ABOUT

THE CONSTRUCTION ASSOCIATION OF MICHIGAN

The Construction Association of Michigan (CAM) was founded in 1885 as the Builders Exchange of Detroit and Michigan. Celebrating its 131st year in 2016, CAM is the oldest and largest construction association in North America. CAM is headquartered in Bloomfield Hills, Mich., with a second division in Saginaw, known as CAM Tri-Cities. CAM is a not-for-profit organization comprised of 2,600 members.

CAM is supported by annual dues and service fees, and is governed by a 12-member Board of Directors elected annually by the membership. CAM members are comprised of general contractors, subcontractors, equipment, and materials suppliers, architects, engineers, and service firms (attorneys, financial management, etc.).

The association is an essential information network for the Michigan construction industry. CAM's Construction Project Information Group reported on nearly 7,000 projects in 2015. In 2016 CAM will launch new planroom software in conjunction with the Virtual Planroom Network, OPUS, bringing many changes for existing subscribers, including new estimating software; increased reporting; easy-to-use project management and archival services; and access to bidding opportunities around the country.

The CAM Buyers Guide is the most widely used directory in the construction industry. Published yearly, the Buyers Guide contains each CAM member firm listed alphabetically and in classified categories. The CAM Buyers Guide is available in print and online via the CAM website at www.cam-online.com.

CAM Magazine, "The Voice of the Construction Industry," is recognized as the leading monthly industry magazine covering construction news, business trends, current projects, and construction technology in Michigan. CAM Magazine is in print and also available online at www.cammagazineonline.com and has readers worldwide. The magazine maintains

a strong social media presence via Facebook, LinkedIn and Twitter.

CAMTEC, the training and education division of CAM, offers industry-specific classes and seminars on relevant topics within today's construction industry, along with the latest technology and trends. Courses are also available to be conducted onsite. With a full-time qualified safety professional/instructor on staff, the CAMSAFETY department offers free, on-site and hands-on safety training to all CAM members. Under a grant from MIOSHA, training encompasses focus four hazards: falls; caught-in; struck by; and electrocutions. CAMSAFETY also offers many classes, including OSHA 10- and 30-Hour.

The CAM Labor Relations Program provides quality labor relations assistance and information, at no additional cost, to union contractors employing carpenters, cement masons, laborers, or operating engineers in southeast Michigan. The CAM Government Affairs Committee (GAC) remains under capable leadership along with the assistance of CAM's lobbyist in Lansing, Kindsvatter, Dalling and Associates, Inc. The GAC has an established Political Action Committee (CAMPAC) and an Advocacy Committee to raise funds to impact the legislative process in Lansing. Over the past year, the CAM Government Affairs Committee, through its lobbyist firm, monitored several legislative bills potentially impacting the CAM membership and the Michigan construction industry.

Along with the services mentioned above, CAM also offers health insurance through CAM Administrative Services; workers' compensation insurance through CAM Comp; and superior banking service through the Construction Federal Credit Union.

For more information about any of these CAM services, or to inquire about CAM membership, please contact the CAM marketing department at 248.972.1000 or via the CAM website at: www.cam-online.com.



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Plante Moran is among the nation's largest certified public accounting and business advisory firms. Our construction practice is over 90 years old and serves more than 500 industry clients.

To learn more about how we can support your growth, contact us today:

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EXECUTIVE SUMMARY

“Is there enough demand to keep things going? Or are we seeing the snake swallow the rat.”

Just eight years removed from a U.S. construction peak whose fortunes were eroded by a sustained recession, the construction industry in Michigan is cautiously optimistic that the uptick in activity first registered in 2013 will endure. “Things are busy; we expect them to remain so for the next 18 months at least,” said Mike Green, president of John E. Green Company, a mechanical contractor.

Still others are taking a wait-and-see approach, unconvinced that the effects of the recent downturn are behind us. “Is there enough demand to keep things going? Or are we seeing the snake swallow the rat — you notice the bubble, but when it’s past, there’s nothing left,” asked Dennis King, founder of DMKING Consulting.



Two-thirds of respondents indicate **an increase in work volume.**

While two-thirds of respondents indicate an increase in work volume, some express an imbalance of workloads, where fortunes are not shared evenly. “In the contractor community, there’s a gap between the haves and have-nots,” said Steve Dailey, president of The Dailey Company, a third-generation commercial contractor. “There are a lot of guys who are as busy as they’ve ever been, but a lot of contractors are still struggling.”

Nearly all projects are being tested with a lack of skilled labor, a universal shortfall in nearly every trade, which poses critical scheduling challenges. While some maintain the recession is to blame for a mass exodus of tradespeople — “Our construction workforce left the state when things turned bad, and many of the older guys decided to retire early,” Dailey said — others insist the problem is more deep-rooted. “Our country is facing a decline in the number of kids who want to go into these professions,” said John Rakolta Jr., CEO of Walbridge. “We haven’t attracted sufficient people to replenish the Baby Boomer era.”



We must attract existing tradespeople and **encourage students to pursue a career in construction.**

All insist that the industry must intensify efforts to attract existing tradespeople, while creating a culture within the state that targets and encourages students. “We’ve got to reach out more to schools and colleges to attract people into the skilled trades,” said Tom Broad, president of Midwest Steel.

The stakes are especially high for developers, whose ambitions are tempered by the labor shortage. “As everyone understands, the labor market for construction evaporated and lots of folks left this part of the world,” said Peter Burton, founder of Burton-Katzman and a former president of the Building Industry Association.

In addition to threatening project deadlines, the labor supply constraint has produced an unexpected consequence on costs. “There’s just such a shortage now that it’s hard to get things done, and that adds pressure to pricing,” Burton said. “The economics are now more challenging than ever. We can find the labor, but we have to pay the price ... It’s costing us way more to build than it should.”

For developers like Burton, these cost spikes are impacting the types of projects that they elect to pursue. “For example, apartments are in demand, but they’re so expensive to build because of the labor costs,” Burton said. “If that equation remains, you’ll see demand unmet.”

Although cash flow has improved significantly since 2009, it’s still an ongoing challenge, as payables average more than 60 days. “It’s a horrible element to our business,” Green said, “and it presents a barrier to entry for new companies.” Fifty-five percent of survey respondents anticipate the problem to get worse in the next 12 to 18 months, and access to cash can be a struggle. “Lenders have become so strict that it’s slowed down construction kickoffs. For most small- and medium-sized contractors, it bogs things down,” Dailey said.

In an industry defined by family-owned entities, succession planning has emerged as a key strategic issue. “It’s probably overlooked by most contractors and owners until it’s too late,” Dailey said. “The industry could do a lot more to build awareness and educate our leaders.”

While sustainable business practices were ubiquitous in 2013, with 70 percent of contractors engaged in green initiatives, that number dipped to 59 percent in 2015, a case of ROI meets social consciousness. “It’s not on everybody’s priority list ... it can’t be forced onto the marketplace,” Green said. “Everybody wants it, but nobody wants to pay a whole lot for it.”

Despite overall signs that point to continued growth, respondents are already trying to stay ahead of the next — indeterminate — downturn, characteristic vigilance for an industry that’s forever marked by volatility. “I’ve been a CEO for 45 years, and 70 percent of my time is consumed by worrying about where my next job is coming from,” Rakolta said. “Every CEO is worrying about the same thing.”

“I’ve never felt that I have more work than I can handle.”



Cash flow
has improved significantly, but payables average more than 60 days.




“70 percent of my time is consumed by worrying about where my next job is coming from.”

“I’ve never felt that I have more work than I can handle.”



BUSINESS OUTLOOK

The background of the image shows a desk with architectural blueprints spread out. A calculator is visible in the lower-left corner, and a ruler is in the lower-right. Several rolls of blueprints are stacked in the upper half. An orange semi-transparent rectangle is overlaid in the center, containing white text.

“Firms are just now starting to feel like there’s a sense of normalcy with the workload. The concern is whether this will sustain itself.”

– Dennis King, founder, DMKING Consulting

What strategic issues are most important to your business?

43%

Workforce
development

- 36% Strategic planning
- 15% Project funding
- 6% Succession planning
- 0% New technology investment

What are the most challenging areas facing your business in the next 12–18 months?

36%

Economy

- 27% Competition
- 14% Other
- 13% Materials/construction costs
- 9% Insurance costs
- 1% Interest rates
- 0% Government funding

Which of the following is currently providing your company with work?

2015

53%

New construction



New construction shows an uptick from 2013.

2013

33%

New construction

Where do you anticipate the most opportunities for work in the next 12–18 months?

53%

New construction



What category do you anticipate providing your company the most opportunities for work in the next 12–18 months?

23%

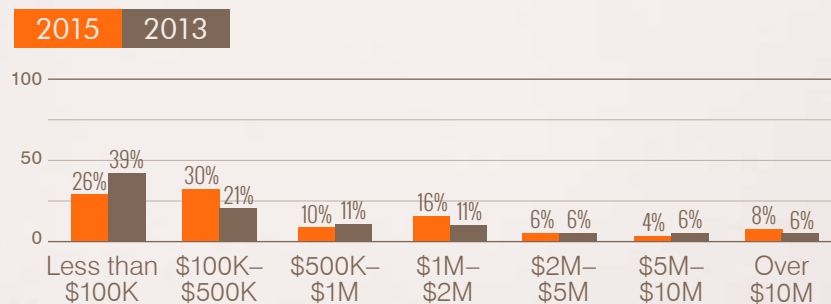
Health/welfare buildings/hospitals

17%	Education/cultural/scientific buildings
16%	Interiors/tenant improvements
10%	Transport/industrial buildings
10%	Residential
9%	Infrastructure
9%	Office buildings
3%	Public works projects
1%	Hotels/motels
1%	Entertainment facilities
0%	Renewable energy
0%	Religious buildings

Average cost range of work that your company is currently performing:

30%

\$100K–\$500K



Larger projects are on the rise. 34% of projects are coming in at an average cost range of over \$1 million — a 5% increase from 2013.

What do you anticipate the average cost range of work your company will be performing over the next 12–18 months?

54%

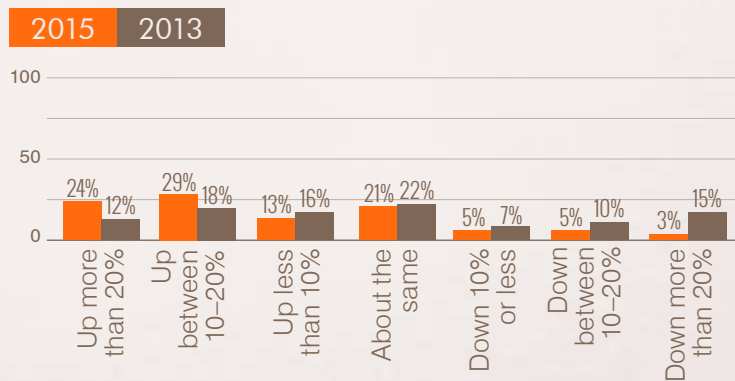
Less than \$500,000

27%	Less than \$100,000
27%	\$100,000–\$500,000
18%	\$500,000–\$1 million
7%	\$1 million–\$2 million
9%	\$2 million–\$5 million
5%	\$5 million–\$10 million
7%	Over \$10 million

How has the volume of work for which you have contracted changed over the past 12 months?

53%

Up more than 10%



Only 30% of 2013 survey respondents said the volume of work for which they had contracted was up more than 10%.

How do you anticipate the volume of work changing over the next 12–18 months?

39%

Up between
10–20%

12%	Up more than 20%
39%	Up between 10–20%
20%	Up less than 10%
23%	About the same
4%	Down 10% or less
1%	Down between 10–20%
0%	Down more than 10–20%



71% of respondents anticipate the volume of work to increase.

Are you currently doing work outside the state of Michigan?

Yes

50% of respondents are currently doing work outside of Michigan.

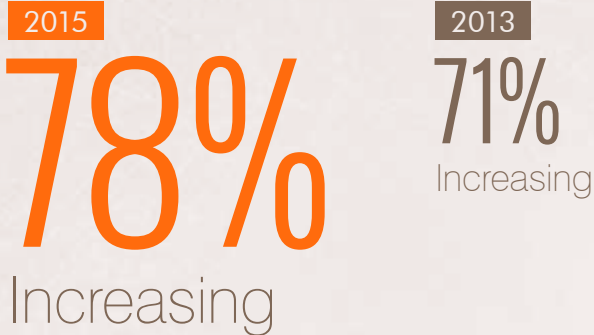
If you answered yes, what percentage of your total volume of work is performed outside the state of Michigan?

35%

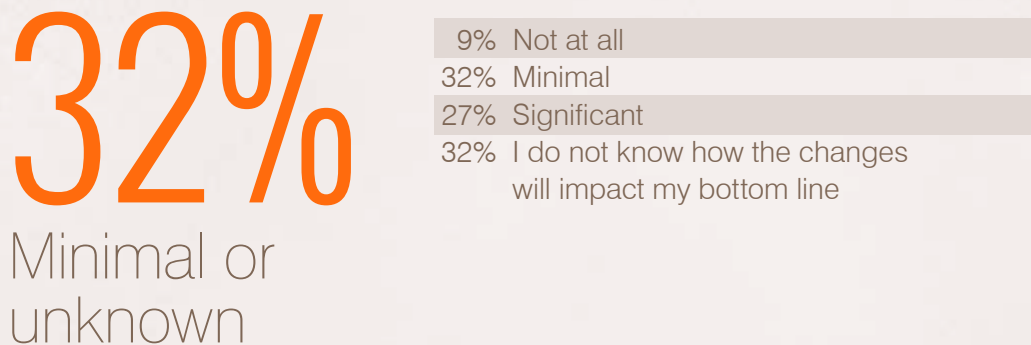
Less than
10 percent

35%	Less than 10 percent
24%	10–20 percent
30%	20–50 percent
11%	50 percent or more

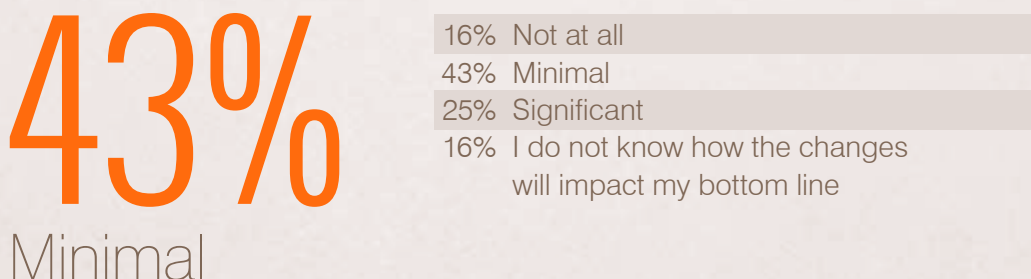
Do you anticipate that percentage increasing or decreasing in the next 12–18 months?



How much do you think healthcare reform will impact your bottom line?



Please select the level of administrative impact healthcare reform has had on your business?



Would you still choose to make your living in the construction industry if you were beginning your career today?

2015

Yes

62% Yes
21% No
17% Unsure

2013

Yes

37% Yes
34% No
29% Unsure

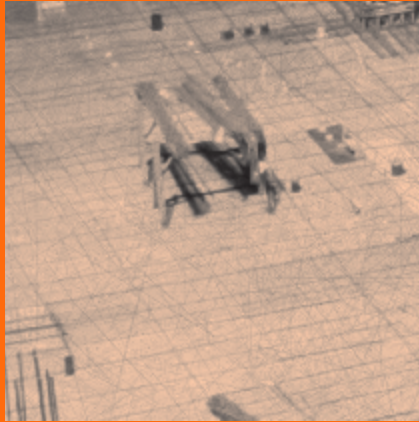


The percentage of respondents who would still choose to make their living in the construction industry if they were beginning their career today has increased since 2013.

Explain your reasons in the space provided below:


- No profit in construction. Youth are lazy and don't want to put in hard work for money.
- It just isn't fun anymore.
- Low margins.
- There are big highs and lows that go with being a business owner. You need serious determination and tough skin to survive the difficult economic cycles. It appears to me that Michigan has suffered more than most states. If I were to do it all over again, I might choose a warm weather climate.
- Economy is too difficult, other issues, lack of bank financing and trained workers.
- Too much stress.

- Project funding has been an issue. The banks are quite tight on letting go of funding.
- Constant worry about the union/non-union struggle.
- Although I enjoy my job, it is not something I have a strong passion for.
- Very difficult to be successful. The industry runs on a last minute, rush-to-finish schedule. It's nearly impossible to schedule work when on-site other trades are pushed to working on top of us. Then trying to collect payment has slowed and retention is left out for several months.
- Lack of professionalism, subcontractors treated poorly (risk transfer, insurance requirements, slow pay.)



SECURING WORK



An aerial night photograph of a city construction site. The foreground shows a building's steel framework under construction, with rebar and concrete forms visible. In the background, a large parking lot is filled with cars, and several multi-story buildings are lit up with city lights. A large orange rectangular overlay is positioned in the center of the image, containing white text.

“There are a lot of guys who are very, very busy – as busy as they’ve ever been – but backlogs are nowhere near where they should be. So to me, there is a void and it hasn’t evened out as much as I’d like to see it.”

– Steve Dailey, president, The Dailey Company

How much new work do you currently have backlogged?

2015

49%

1–3 month
backlog

38% 4–6 months
11% 7–12 months
3% More than 1 year



Although the majority of contractors have a 1-3 month backlog, blocklogs of 4-6 months saw a 15% increase from 2013.

2013

55%

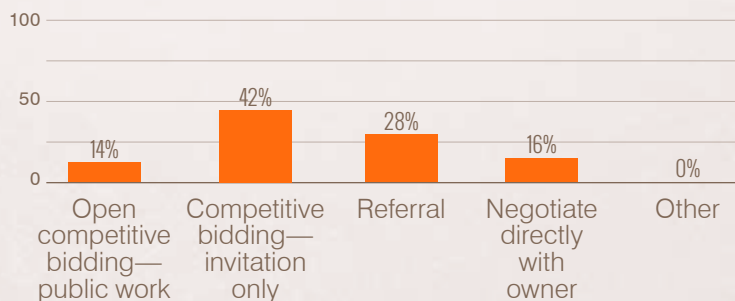
1–3 month backlog

23% 4–6 months
16% 7–12 months
6% More than 1 year

What primary method do you anticipate using for securing work in the next 12–18 months?

42%

Competitive
bidding —
invitation only



If you are bidding competitive work, what is the average number of bidders who have been bidding against you on each project?

2015
67%
 Less than five bidders

- 29% 5–10 bidders
- 3% 10–15 bidders
- 1% 15 or more bidders



2015 survey indicates that fewer contractors are bidding on each project.

2013
54%
 Less than five bidders

- 42% 5–10 bidders
- 1% 10–15 bidders
- 3% 15 or more bidders

Do you anticipate the number of bidders, bidding against you, increasing or decreasing in the next 12–18 months?

2015
54%
 Increasing

2013
68%
 Increasing

How have your profit margins/mark-ups changed in bids submitted over the last 12 months?

2015

31%

Increased
2–4%

19%	Increased 5% or more
31%	Increased 2–4%
14%	Increased 1% or less
23%	No change
4%	Decreased 1% or less
7%	Decreased by 2–4%
3%	Decreased by 5% or more



64% of respondents experienced increased margins, compared to only 23% in 2013.

2013

13%

Increased 2–4%

6%	Increased 5% or more
13%	Increased 2–4%
4%	Increased 1% or less
35%	No change
7%	Decreased 1% or less
16%	Decreased by 2–4%
19%	Decreased by 5% or more

Do you anticipate additional profit margins or mark-up pressures on your bids in the next 12–18 months?

Yes

72% of respondents anticipate additional profit margins or mark-up pressures.

Has your firm ever utilized collaborative design and construction methods prior to building?

No

54% of respondents have never utilized collaborative design and construction methods prior to building.

If yes, which method did you utilize?

56%

Design/build



24%	Team construct
15%	Integrated Project Delivery (IPD)
6%	Other

Did you find it more effective than traditional design-bid-build methods?

Yes

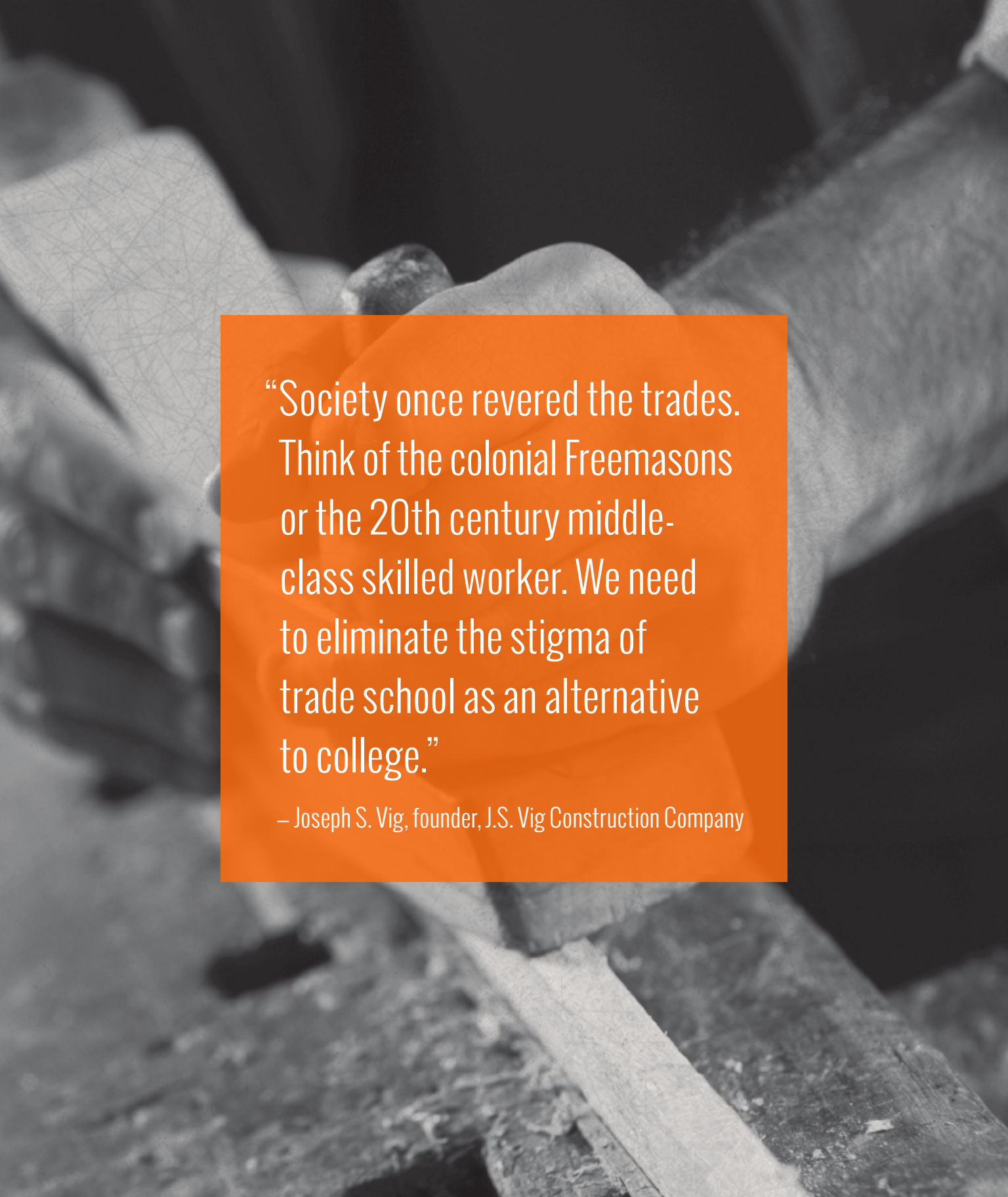
56% of respondents found it more effective than traditional design-bid-build methods.

Please explain how your company benefited from using collaborative design and construction methods.

- More efficient cost management joining the team early in design development.
- The owner and design team participation with the construction process provides a smooth dialogue. Everyone makes decisions together. When everyone in the process is open to the information and challenges, there is an understanding discovered.
- More efficiency.
- Able to contact more possible clients.
- It ended up a better designed and executed project, which produced a much more satisfied customer.
- Assigned to the project before the design was complete in order to build in constructability, thereby saving the customer money.
- Cost effective with a better design.
- Fewer mistakes and we could propose energy efficient options to the client.
- We can design to a budget if we know ahead of time, instead of designing an expensive project and then not getting the construction work due to unnecessarily expensive specs.
- GMP.
- Cost control. Speed to market. Fewer change orders.
- Design-build put more pressure, as each bidder is not supplying the same quality material making it very competitive.
- We provide a better value for our clients; therefore, they want to do more work with us.



WORKFORCE PLANS

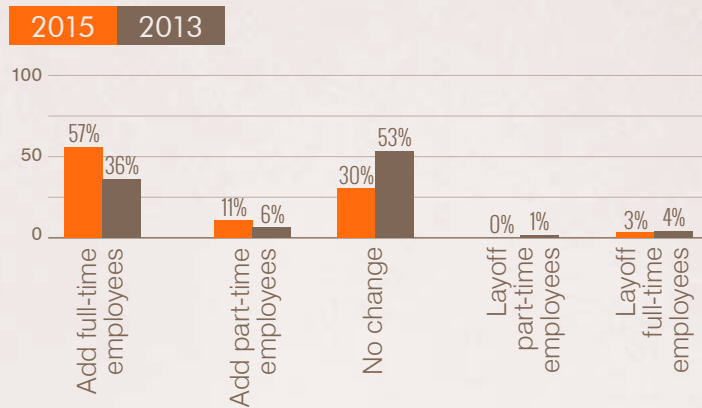


“Society once revered the trades. Think of the colonial Freemasons or the 20th century middle-class skilled worker. We need to eliminate the stigma of trade school as an alternative to college.”

– Joseph S. Vig, founder, J.S. Vig Construction Company

What plans do you have for your workforce over the next 12–18 months?

57%
Add full-time employees



57% of contractors plan to add full-time employees. In 2013, 53% had no plans to change their workforce.

Is your company experiencing difficulty finding skilled workers?

2015

Yes

82% of respondents are experiencing difficulty finding skilled workers.

2013

Yes

53% of respondents are experiencing difficulty finding skilled workers.

Over the next 12–18 months, you anticipate labor availability to:

2015

38%

Decrease slightly

4% Increase significantly

8% Increase slightly

34% Stay the same

38% Decrease slightly

12% Decrease significantly

2013

29%

Decrease slightly

1% Increase significantly

13% Increase slightly

35% Stay the same

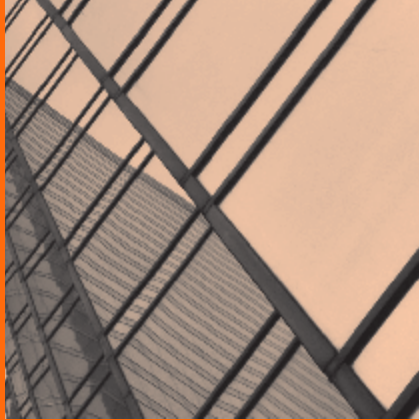
29% Decrease slightly

5% Decrease significantly

Do you anticipate a skilled-labor shortage?

Yes

84% of respondents
anticipate a skilled-labor shortage.



FINANCIAL HEALTH



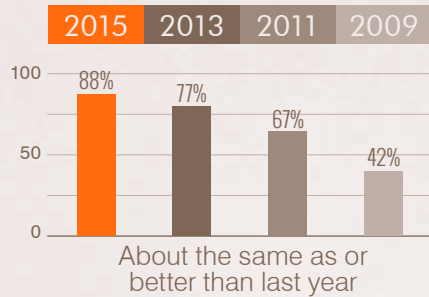
“The payment process is an issue. It’s just a horrible element to our business and it presents a barrier to entry for new companies.”

– Mike Green, president, John E. Green Company

How does your present cash flow situation compare to last year?

88%

About the same as or better than last year

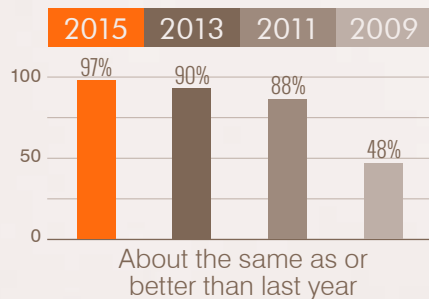


According to respondents, cash flow has improved significantly since 2009.

In the next 12–18 months, how do you anticipate your cash flow position?

97%

About the same as or better than last year



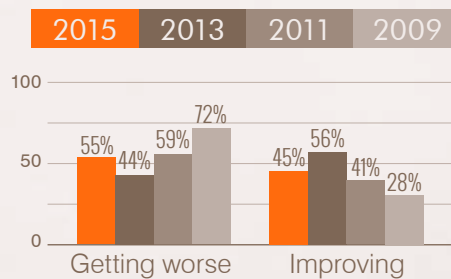
What is the average length of time it takes your company to receive final payment for work performed or materials provided?

50%
60 days

31% More than 90 days
19% 30 days

Do you anticipate the average time it takes to be paid, improving or getting worse in the next 12–18 months?

55%
Getting worse



Is your equity position sufficient to manage your cash flow needs?

Yes

83% of respondents indicated their equity position is sufficient.

Do you have access to a line of credit?

Yes

85% of respondents have access to a line of credit.

Do you anticipate your access to credit improving in the next 12–18 months?

Yes

55% of respondents anticipate credit improvement.

Have you filed a claim of lien in the past 12 months?

68%

No claims

31% 1–5 claims
1% More than 5 claims

What percentage of the work you perform is bonded?

43%

No bonded work

39% 10 percent
16% 20–40 percent
3% 41 percent or more

Is your company having more difficulty securing sufficient bonding capacity?

No

87% of respondents are not having an increased difficulty securing sufficient bonding capacity.

Do you anticipate materials prices changing in the next 12–18 months?

78%

Anticipate
increase
in prices

22% Stay the same
0% Anticipate decrease in prices

Have you been able to obtain escalation clauses in your contracts?

47%

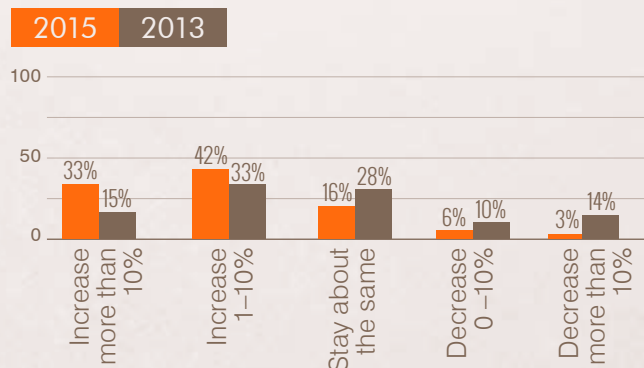
Haven't tried

46% No
7% Yes

Compared to prior year sales, your company's annual sales for the coming year will:

75%

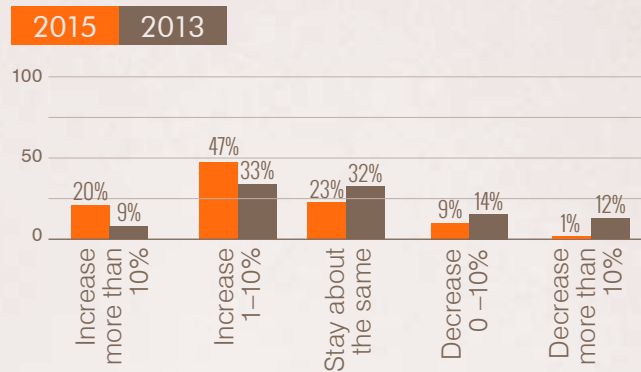
Project an
increase



Compared to the prior year, your company's profitability for the coming year will:

67%

Project an increase



What are the biggest financial challenges facing your company in the next 12-18 months?

31%

Profitability/profit margins



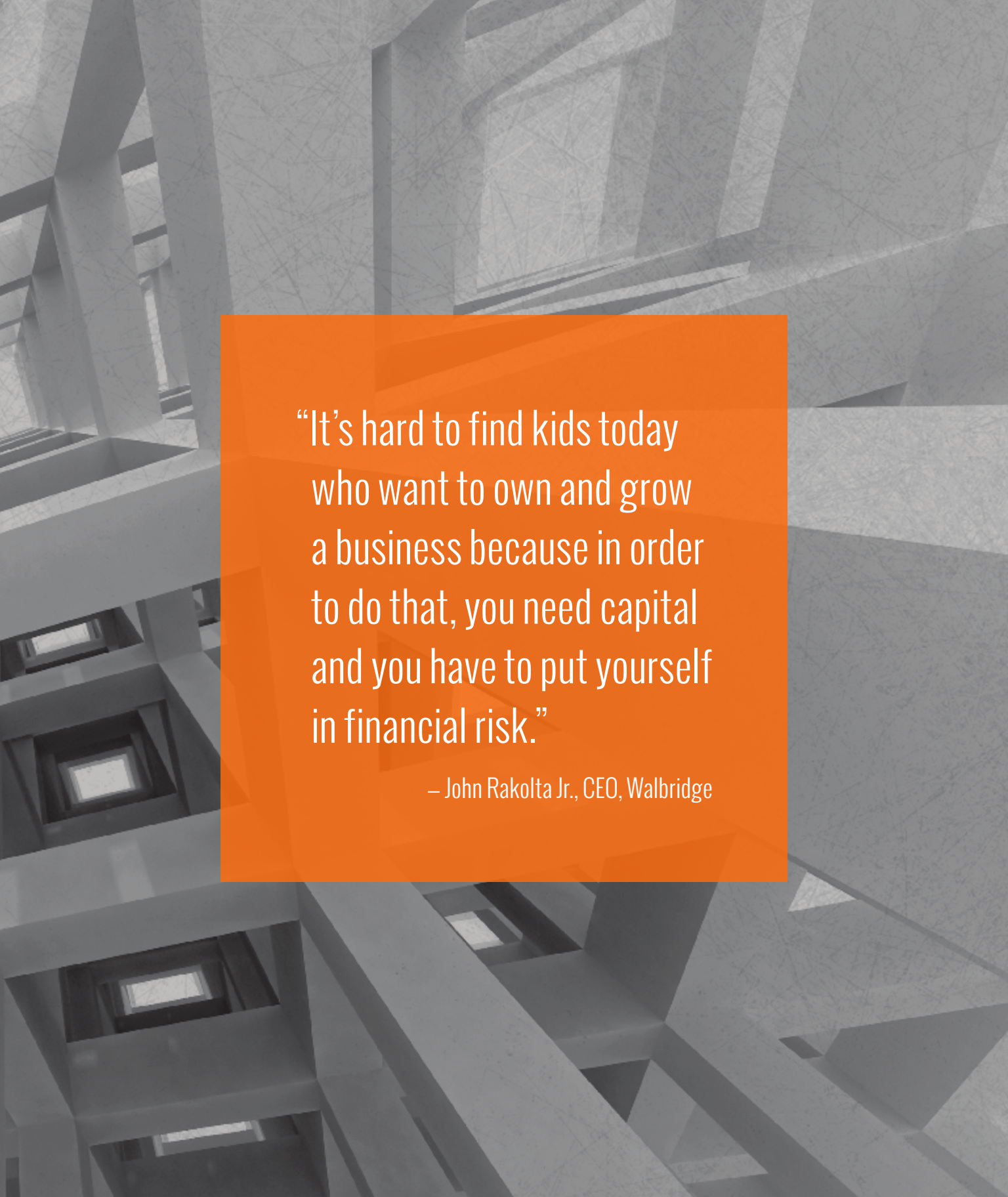
Do you support performance payment legislation?

Yes

81% of respondents support performance payment legislation.



BUSINESS
CONTINUITY



“It’s hard to find kids today who want to own and grow a business because in order to do that, you need capital and you have to put yourself in financial risk.”

– John Rakolta Jr., CEO, Walbridge

What structure best describes your business?

70%

Family-owned

19% Private branch
9% Parent company

If family-owned, for how many generations has the business been in your family?

54%

One generation

27% Two generations
19% Three generations or more

Do you currently have a business succession plan in place or in process?

No

53% of respondents do not currently have a succession plan in place or in process.

Which of the following is the key element of your strategy?

61%

Selling/
transferring
to family

- 16% Selling to key management personnel
- 10% Selling to a strategic buyer
- 6% Establishing an ESOP
- 3% Merging with another company
- 3% Other
- 0% Winding down/liquidating

In the event of your death, your stock would:

60%

Pass to my
heirs through
my estate

- 18% Be purchased directly by my partner(s)
- 12% Other stock plans
- 10% Be redeemed by the company

If you were to leave your company tomorrow:

43%

of respondents have a team of strong managers who could easily manage the business in my absence.

43%


of respondents have management that needs further development.

14%

of respondents have no capable management and will need to hire someone from outside my organization.



TECHNOLOGY/
SUSTAINABILITY



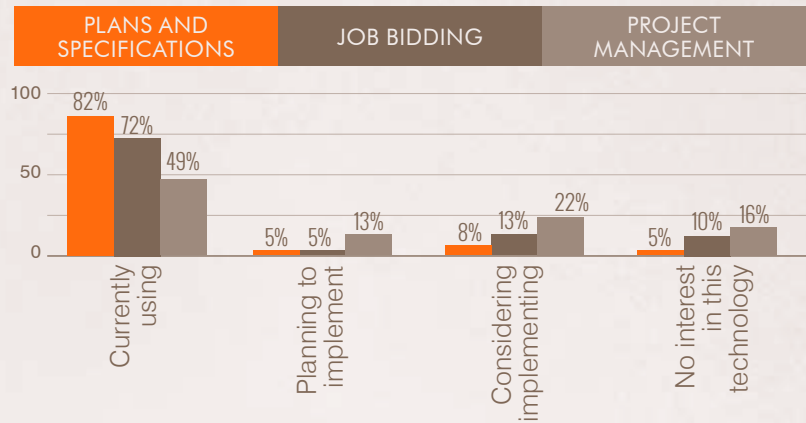
“It’s definitely changed the industry, but the really sophisticated technology is lagging because of the capital expense.”

– Steve Dailey, president, The Dailey Company

Which of the following online technologies is being utilized by your company?

82%

Plans and specifications



Does your company regularly engage in green or sustainable building practices?

2015

Yes

59% of respondents regularly engage in green/sustainable building practices.

2013

Yes

70% of respondents regularly engage in green/sustainable building practices.

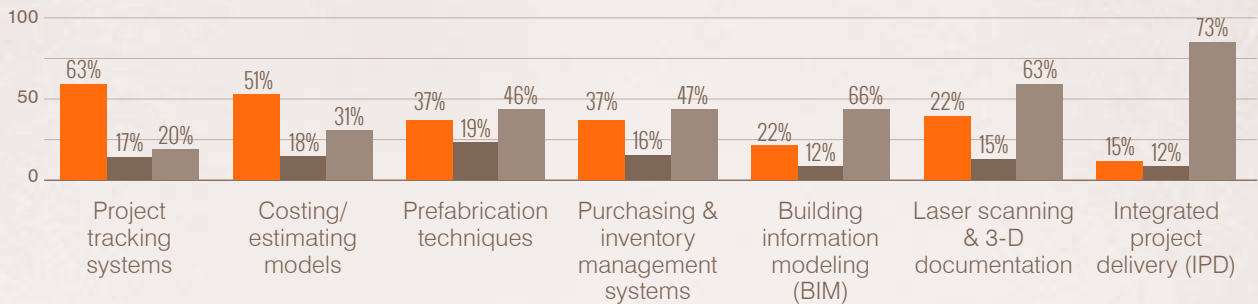


The percentage of companies who regularly engage in green or sustainable building practices decreased from 2013.

Does your company currently utilize:

63%

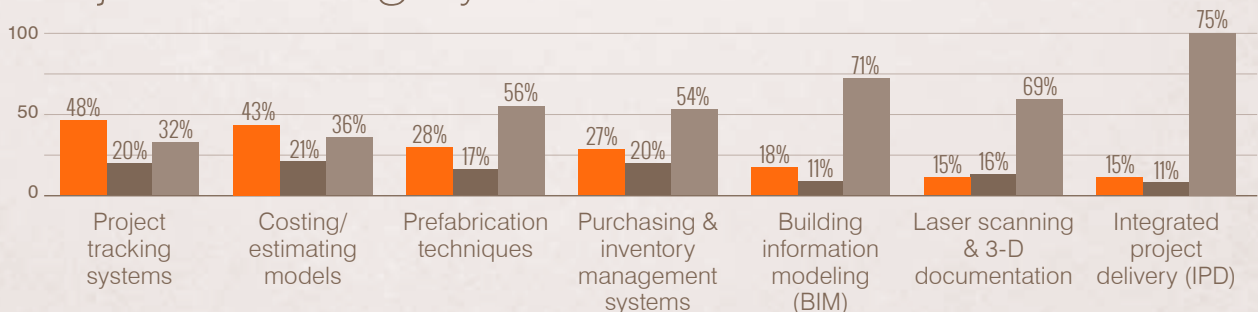
Project tracking systems



Which new technologies do you plan on investing in over the next 12-18 months?

48%

Project tracking systems





DEMOGRAPHICS AND WRITTEN COMMENTS

Demographics

Which of the following designations best describes your primary business?

50% Subcontractor
 18% General contractor
 9% Equipment or material supplier
 9% Architect/engineer
 8% Manufacturer of equipment or materials
 6% Other construction profession

Generally speaking, do you consider yourself to be:

63% Republican
 6% Democrat
 13% Independent
 17% No preference

What is the last grade of school you completed?

17% Post-graduate degree
 45% College degree
 28% Some college
 3% Vocational/Technical school
 6% High school

Is a woman a majority-owner (51% or more) of this business?

89% No 11% Yes

Is this a minority-owned (excluding female-owned) business?

90% No 10% Yes

Where are you located in the state of Michigan?

34% Oakland County
 23% Wayne County
 17% Macomb County
 11% Mid-Michigan
 3% Balance of Detroit Metro
 11% Other

How long has your company been in business?

53% More than 30 years
 23% 15 to 30 years
 14% 5 to 15 years
 9% Less than 5 years

What is your title?

38% President
 27% Owner
 3% Chief Executive Officer (CEO)
 5% Chief Financial Officer (CFO)
 28% Other

What is your approximate age?

10% 65 – Over
 44% 55 – 64
 35% 45 – 54
 5% 35 – 44
 6% 21 – 34

Written Comments

At the present time, what is your biggest concern about the construction industry?

- Skilled labor. Uneducated competition.
- Inexperienced construction trades and managers.
- Lack of skilled trades.
- Pay when paid.
- Labor.
- Tradesmen availability.
- Economy.
- Work.
- Labor force.
- Money.
- Based on false economy.
- Stability.
- For me and for my business, the lack of funding for public projects is my biggest concern.
- Death of bank financing for residential, commercial projects and lines of credit.
- Sustaining momentum.
- Lack of motivated work force.
- That it is growing too slowly and may not be sustainable.
- Union growth.
- Workforce development.
- Lack of qualified individuals with the proper experience and/or training to perform the duties required for the positions they are in.
- Since we are a union contractor, I worry about the loss of prevailing wage and union jobs.
- Payment terms — Not being paid in a reasonable amount of time. Factories/manufacturing want to be paid within 30 days. Paying suppliers in 120 less retention is unacceptable.
- Workforce collaboration between contractor and sub.
- General health of the economy. 2% growth rate cannot sustain a healthy economy.
- Number of jobs to bid and get vs. number of competitors.
- Skilled labor.
- Prompt pay/retention/cash flow.
- Manpower/labor.

What is your suggested solution for this problem?

- I cannot control this problem.
- Constant promotion.
- Make pay when paid illegal.
- Training, better wage negotiations.
- Securing and growing a pool of trusted workers.
- Continue to improve the business climate.
- We need a new and excellent president.
A leader!!!!!!!!!!!!
- More work.
- High school vocational training.
- Less government control and oversight.
- We try to educate people on the need to increase funding for public works.
- Get the Federal Reserve and Treasury to relax lending rules.
- Economic diversity outside of auto industry.
- Engage grade school kids to educate about the trades.
- Need the project funding to loosen up.
- Better communication between companies and unions.
- Attracting future talent as early as grade school and high school.
- Training communication.
- Tax reform. Entitlement reform.
Immigration reform.
- Marketing.
- Continue political behind-the-scenes work, and some good press about union construction workers.
- There is no simple solution. Training and experience are the only means to accomplish. Perhaps utilizing older, more experienced people that have retired as mentors or overseers — people that have actually been involved in the construction process. Much of the workforce today has been trained on the computer — they need to actually experience the processes involved and know what it takes to coordinate and orchestrate a construction project. Many of the unions prohibit their retirees from working in the trade — if they do they could possibly forfeit their pension. This is ridiculous and they should be allowed to work with and train younger people — share their knowledge and experience.
- The owners being held accountable for paying suppliers through the GC in a reasonable amount of time. The general being held accountable for billing in a timely manner and including all their subs. A payment schedule would be most effective, so everyone is on the same page for payments.
- Make Michigan a place that businesses want to move to and expand in.
- Better laws, better contracts, better unity.
- Legislation to eliminate all retention and prompt pay laws on all government funded projects.
- Promote the construction industry as a career.
- Vote out the Democrats who are giving away our country and providing entitlements to anyone that can get them. What happened to the day when you earned your living and built a reputation for excellent service and quality work or you didn't stay in business?

How should the industry address the skilled-labor shortage?

- It is too late! Most of the experienced talent has left the Midwest.
- Promote the trades at the high school level.
- Recruit more young talent to the industry.
- Increase apprentice training.
- Education and training. Need to get into the middle schools and high schools to showcase construction as a career path.
- Increase training opportunities for the inner-city areas.
- Training, lower apprentice wage, marketing to children and their parents, sustainable employment.
- Internships with high schools and trade schools.
- Work to keep local kids here to work, not move away.
- Offer incentives to take courses pertaining to construction. Offer courses closer to booming economic cities.
- Training.
- More apprentices, better labor portability rules, better national communication among locals.
- Sponsor high school trade programs.
- Go to the schools and talk about the shortage and the good money you can make.
- Operating engineers need to attract younger people to fill the ranks; and other trades as well.
- Promote the trades to high school and college students, as well as to those who are looking to change careers. Also, really promote the trades to women.
- Promote trade classes in the public schools.
- The industry may not be able to do much if the educational system continues to ignore the industrial arts. We will continue to have shortages if we fail to excite and inform young people that like to work with their hands, do not want to sit at a desk all day and/or who enjoy the ability to create something. Last but not most important, people who perform what is commonly called manual labor jobs deserve the same amount of respect for their accomplishments as you would give a doctor or lawyer. Quality craftsmen have put in as much or more time into their training as any doctor or lawyer, but they are not given the same credence because we, as a society, do not consider their vocation as important and honorable as the professions.
- Recruit from different sectors.
- Engage with schools and youth organizations.
- Create more skilled labor.
- Start attracting potential construction industry workers in grade school and high school. Reinforce that working in the construction industry can be a good career and that working in the trades is a good alternative to college for some people.
- Marketing effort with unions.
- The same as always — look for young people interested in a career in the industry, and train them.
- More advertising. More attention at the high school level
- Encourage trade school.

How should the industry address the skilled-labor shortage? (continued)

- Put a list of available skilled workers together, via an online directory.
- Improve field work efficiencies. Design-build projects. Enhance processes/products.
- The state's effort regarding this issue is encouraging; however, working through the community college is costly. We are a small business and can't afford \$15,000 for an apprentice that may or may not work out. Perhaps reaching out to high schools and attracting young potential workers is the way to go.
- Fund/promote vocational tech schools and programs that are not necessarily tied to any union affiliation.
- Trade schools.
- We need a strong president at the White House.
- We need trade schools to get a big push from the state government.
- High school interest in the skilled trades.
- Try and get young people to respect the building trades industry and want to work in the industry.

How is your company personally dealing with the skilled-labor shortage?

- Sponsoring professionals outside the United States.
- Word of mouth referrals.
- Trying to hire and fill positions in anticipation of the shortage.
- Selectively hiring. As companies get busier, quality people are harder to find. We interview a lot, but have had difficulty finding the right people.
- Recruiting and training. We are searching for disenchanting skilled workers that were lost when work was slow.
- Searching.
- Maintaining successful relationships.
- Provide better working conditions and benefits
- Training.
- We are currently trying to attract young people who have interest and train them to best suit our needs and theirs.
- Advertising, referrals.
- Communicating with the locals very early on manpower requirements, requesting customers to move project start dates, utilizing out of craft labor.
- Trying to teach people who want to work.
- Through the union.
- Trying not to lose qualified personnel.
- Hiring apprentices and training.
- Trying to hire younger guys who are willing to work and be trained.
- Looking to subcontract aspects of the work to other entities.

How is your company personally dealing with the skilled-labor shortage? (continued)

- Temporary services providing labor.
- Speaking with grade school students and trade/tech schools. Kids today have been primed that they can't be successful without a degree.
- Our company is a part of NECA and our CEO is on the LMCC. The LMCC is currently reaching out to high school students through the counselors to promote students joining the trades versus traditional college paths.
- We have gone to agencies to get help.
- Through mentoring, asking existing employees to recommend potential employees, as well as college job fairs.
- Hiring and training young people.
- Trying to find young help.
- Online ads, calling local unions offices, etc.
- Hiring from competition.
- Bringing in inexperienced people, using OTJ training and apprenticeship with objective of licensure.
- Use of summer interns to develop future hires. (We do not self-perform.)
- Training on the job
- We are preparing for changes in the economy.
- We are actively involved with the union in their training programs.
- Do not have to, I just see it in the field: new vs. old workers.
- We are engaged in recruiting apprentices for our trade unions.

In your opinion, what is the single biggest problem you experience when working with the construction industry?

- Pricing
- Experienced professionals.
- Too much government.
- No consistency in owner contracts. Each one is different and they all try to push as much risk down as possible.
- Educating customers and professionals.
- Qualified labor.
- Workers.
- Funding.
- Late payments on invoices.
- Prompt pay.
- Money.
- Less than honorable people to deal with.
- I feel that more jobs should be awarded based on past experience (ability to get the job done on time or ahead of schedule, ability to please the client and general contractor for instance), and not only whether you are union or non-union or how low a bidding subcontractor can be talked down by general contractor. It always irks me when a general contractor tells us we are too high on a bid, and I would love to ask, too high for whom? I can't really narrow down to just one problem.
- The lack of adequate funding is the number one problem I see in my business.
- Bank financing.
- Industry is too busy... not enough time/workers to handle work load.
- New worker education.
- Competitive bidding and the past history of construction downturn has made it very difficult to turn a decent profit.
- Finding qualified workers.
- The lack of understanding of costs coming from many of the competitors, and their willingness to take work at or below cost. It never seems to end — when one goes down, two new ones pop up. How they can continue to bid work and take on projects at ridiculously low pricing boggles my mind.
- Hard to say that there is one big problem, there are lots of problems, but not a single big one.
- Payment terms and receipt from contractors.
- Being paid in a timely manner.
- As a subcontractor, so much of what we do is dependent on others. Planning is almost impossible, projects are constantly delayed due to others not completing their work.
- Lack of skilled labor, which slows down project and payments.
- Deliveries and lead times.
- Too many regulations and add on costs to do business from local, state, and federal governments.
- Not enough time.
- Not enough individuals willing to step up and make a difference.
- Getting paid by the city of Detroit. We work as a subcontractor and we're the first ones in and the last to get paid. They are our biggest receivable.
- Prompt pay.

What is your overall perception of the construction industry?

- It's a mess.
- Current construction firms are overloaded with work and the quality of their management staff is very poor.
- Uncertain funding issues.
- Good, however there are a few bad apples that hurt the rest.
- Always interesting.
- More work, fewer workers with more retiring every day.
- Challenging.
- Just getting by... subject to change on a whim.
- OK. And good people.
- Good.
- Steady.
- Positive.
- Right now, I definitely see an uptrend in the number of job opportunities.
- Because there is not work due to funding constraints, it is still a very competitive market overall. There are niches that are doing very well. We need to secure more funding for the roads, public works, schools, etc. I think more money solves all of our problems.
- Slowly picking up steam.
- Growing, but at risk to economic slowdowns.
- Shorthanded.
- That it is recovering, but very slowly.
- Growth.
- Great!
- It is an exciting field, no two days are the same.
- Full of wonderful people that work hard to earn a living. I have made hundreds, if not thousands of good friends over the 40 plus years in the business. As with any trade or industry, those who work hard and smart will succeed.
- It is a crazy business, very hard work for little reward.
- Going strong for 2–3 years.
- Great industry. Good people. Money flow is too tight for the subcontractors. Subcontractors and suppliers end up financing projects. Project monies need to be secured on the front end of the project and paid on a timely basis.
- Great people. Hurry up and wait.
- Second and third generations are having more difficulty running a profitable business.
- I would say there is not enough time to complete projects correctly. Changes to the design done mean more time to complete. Overall it is amazing the work that gets done and how good the builds turn out.
- It is exciting but slow to change.
- I think the economy is getting better and developers and building owners are spending money buying, selling, renovating, and demolishing properties. I'm very proud that we work for such great GCs, property managers, and all of our commercial clients. I'm tired of the labor union hassling my company. Every year they run out of work and start coming around in October. I don't mind electrical unions, operators, or steel workers, but I don't need a \$45.00 an hour one-handed broom pusher!
- When all goes smoothly, it can be a profitable business for all involved. However, there is a lot of mistrust between parties.

