

# HOW YOUR CONSTRUCTION BUSINESS CAN HIRE AND RETAIN TOP LEVEL TALENT IN

We are nearly 10 years out from the Great Recession of 2008 (which actually began in December of 2007) and recovery continues to slowly spread among many areas and industries. But if you were just observing what is happening in Connecticut's construction industry, you wouldn't necessarily think we've gotten very far away from those dark times.

Construction in Connecticut continues to play a relatively small role in the state's overall economy. According to [statistics compiled by industry clearinghouse Associated Builders and Contractors, Inc.](#), at 3.1%, the state is tied for dead last with New York in what percentage of Gross Domestic Product (GDP) is contributed by construction, up from a low of 2.9% in 2010.

[Connecticut's state GDP](#) placed it just above the middle of the pack in 2015 with the 23rd largest state economy. Of course, the state's economy is strongly influenced by developments in the New York City metropolitan area, and many high-income workers live in Connecticut and work in New York City or its surrounding suburbs.

The construction industry employs about [58,000 people in Connecticut](#), down from a high of about 69,000 in 2008, before the bottom fell out.

Jobs are out there, but bidding is competitive and margins are tight. There are fewer construction workers and firms in the state than there were in 2008, but those remaining are doggedly pursuing everything they can, making it tough to win a contract at any price.

As projects do pick up, some firms are having difficulty staffing up, due to an aging workforce, lack of training, and the high number of quality workers who left the state during the recession. It's incumbent upon firms that want to compete successfully to stand out by having the best talent and a fair price.

## THE CHALLENGE OF HIRING (AND RETAINING)

According to Associated Buildings and Contractors, Inc., [contractors are optimistic but facing big challenges](#), the most significant of which is hiring qualified workers, at all levels, most especially craft workers. They cite a shortage of quality training/apprenticeship programs, leading to a thin pipeline of talent for filling these key roles.

These feelings are widely shared, with 87% of contractors reporting having a hard time filling key professional and craft worker positions. In particular, 76% of the firms report having a hard time finding qualified craft workers to fill vacancies, while 62% say the same about professional positions such as project managers, supervisors, and estimators.

Shortages are leading to higher wages and benefit package increases, but retention is still a struggle.

## TIPS FOR HIRING TOP TALENT IN CT

Pre-screening programs that vet workers before they come on the payroll offer a significant opportunity for your business. It's an ounce of prevention that will pay big dividends.

You should require background screening and motor vehicle records checks for all applicants, and you'll want to get a clear picture of any safety-related issues they've had on previous jobs.

In your interview process, you'll want to get a deep understanding of how they view and think about safety and risk,

particularly when you are hiring field workers. Will this be someone you can trust with heavy equipment, when lives are literally at stake?

Skills can be taught, but attitude and personality...those are a bit more hardwired. Candidates that lack specific knowledge and experience can be brought up to speed. But don't overlook the importance of "fit" when considering new employees. Think about your current team's culture. Presuming your culture is high-quality and something you want to enhance, not change, ask yourself...will this person help make that happen?

How enthusiastic is your potential new hire? How much "ownership" tendencies do they display? Did they ask you any interesting questions about jobs your firm has worked on?

If you approach every possible hire with the same rigor you would a CFO candidate, you will protect your bottom line and develop a strong talent roster that will help your firm stand out among the crowd.

## **KEEPING WORKER'S COMPENSATION PREMIUMS AND CLAIMS LOW**

Once you have new talent on board, rigorous safety training programs, such as those we implement for our clients as part of Sinclair's [Risk Safeguard Advantage](#), will ensure your staff is up to date on the latest protocols.

Drug and alcohol testing should be a bedrock part of your safety program. [The U.S. Department of Labor](#) has reported that drug and alcohol abuse in the workplace causes 65% of on-the-job accidents and that half of all workers' compensation claims are related to the abuse of alcohol or drugs in workplace. [A survey of human resource professionals](#) noted that companies with high worker's compensation incidence rates reported a drop from 14% to 6% after implementing drug testing programs.

Worker's compensation costs in the construction industry are among the highest of any industry, with fall injuries (often from roofs) being widespread and expensive. Falls from roofs by construction employees cost \$106,000 on average, that's more than double the average cost of falls in other industries, according to the [Occupational Safety and Health Administration](#).

In addition to incurring medical and lost wages costs, employers with high worker's compensation claims will be subject to higher insurance premiums. This is a direct correlation between safety and expense, which is why worker training and on-the-job safety is so important and a significant part of Sinclair's risk management program for its construction industry clients.

Indirect costs such as impacts to staff morale, negative publicity, and opportunity loss are harder to quantify but no less expensive.

Looking at the problem from a bird's-eye view in Maryland, fascinating research by [Public Citizen](#) research showed that worker injuries and fatalities in the construction industry cost the state \$712.8 million between 2008 and 2010, nearly \$250m per year.

## **TIPS FOR KEEPING TOP EMPLOYEES HAPPY**

In addition to keeping your staff safe, you want to keep them happy and engaged. Remember that they are a leading advantage for helping you stand out among your peers.

Workplace wellness programs that incentivize healthy living are revolutionizing many offices. They promote healthy habits and long-term positive change by helping employees lose weight, quit smoking, and live more active lifestyles off the clock. That all adds up to fewer sick days and worker's compensation claims. You can apply the same wellness principles that are highly effective in an office environment to your construction crew, albeit with some twists!

Many of your field workers will already have a jump on fitness and active lifestyles. Consider approaches that build on the inherent physical nature of construction work, such as nutrition counseling and stress management. Organize inter-company sporting events that will help build camaraderie.

What kind of perks can you offer that won't break the bank? Consider negotiating discounts at local businesses, hosting a handful of "invite the family" social events, and having a ready supply of coffee, waters, and snacks available.

## 'PREVAILING WAGE' REFORM IN COULD HELP CONNECTICUT CONSTRUCTION INDUSTRY

Paying a decent wage remains the number one way to retain quality employees. In Connecticut, there's an interesting debate going on right now about the state's "prevailing wage" regulations, first enacted in 1933, which require hourly wages commonly paid to construction workers be maintained and not reduced via low bid requirements.

Currently, new construction public works projects that are less than \$400,000 and refurbishing existing public works projects that are less than \$100,000 are exempt from prevailing wage regulations.

In January, Gov. Dannel Malloy proposed raising those limits to \$1,000,000 and \$500,000, respectively, and state legislators soon introduced bills to that effect, which are currently under consideration. This is a potentially helpful change, particularly for smaller contractors.

The proposed increases are being [vigorously fought](#) by the Connecticut AFL-CIO and other labor organizations.

Stay tuned on this one.

## SINCLAIR SPECIALIZES IN CONSTRUCTION

Sinclair Risk has a deep understanding of the construction industry.

We are experts in helping create and implement a variety of construction industry best practices including safety manual reviews, occupational clinics, post injury policies, modified duty programs, pre-hire physicals, and OSHA record keeping. We can also help you keep on top of new regulatory requirements and important legislation — like the bill proposing changes to the prevailing wage — that affects your business.

We work hard to help clients mitigate risk and keep their losses low through a comprehensive analysis of a member's operation, its existing insurance plan, claims history, safety practices, benefit concerns, human resources, and much more. Based on our evaluation, we make recommendations to improve safety and loss control and tailor a program specific to a member's needs. This approach not only serves to establish a culture of safety but also helps to stem losses.

Avoiding liability insurance premium increases and excess workers' compensation claims from construction injuries requires a comprehensive risk management strategy that includes safety and training programs, best hiring practices, and other risk control solutions.

For further information about best practices and lowering premium costs, contact Jon Belek at [jbelek@srfm.com](mailto:jbelek@srfm.com).



## WE'RE HERE TO HELP!

For further information about best practices and lowering premium costs, please contact **Jon Belek** at [jbelek@srfm.com](mailto:jbelek@srfm.com) • (877) 602-2305 • [SRFM.COM](http://SRFM.COM)