

Strategic Labor Planning

Multi-Million Dollar Construction Projects



Introduction



- **Personal Experience**
 - Large Labor Intensive Projects
 - Familiarity with Owner's Culture and Attitude toward Labor
- **Example of a Client's Request**
 - Client is planning a multi-million dollar plant expansion and wants an estimate of cost to plus/minus 10%.

Strategic Labor Planning



- **What is the availability of labor?**
- **What is the base compensation package for each craft?**
- **What will be the expected productivity of craftsmen?**
- **Should we do project union or non-union?**

Determine Availability



- From Union, Request Percentage Employed-Past-Current and Future Projections
- Study Industrial Construction Forecasts
- Obtain and Consider Economic Trends
- Obtain Owner Projections
- Discuss with Construction Trade Associations
- Obtain Contractor Projections
- Obtain Building Trades Association's Projection

Determine Base Compensation Packages



- **Contact Area Labor Unions to Request Appropriate Compensation Packages**
 - Past 3 Years
 - Current
 - Future
- **Determine Past and Current Non-Union Packages**
 - More Difficult, Due to No Central Hiring Halls and Contacts with Non-Union Trade Associations, Non-Union Contractors and owners using Non-Union Labor Provide Only General Information

Expected Level of Productivity



- How complete are drawings?
- How competent is field management?
- Does completion date allow for well organized and planned execution?
- What is the size of planned workforce?
- Are there well qualified contractors available and interested in the work?

Expected Level of Productivity (cont'd)



- **What is the reputation of the owner regarding field execution and prompt payment?**
- **What safety related requirements does the owner demand?**
- **What labor agreement is proposed for the project?**
- **What is the availability of workforce?**
- **Are local labor leaders receptive to productivity issues?**

Determine Area's Attitude Toward Work



- **Area's Attitude**
 - Labor – Need More Work?
 - Contractor – Optimistic or Pessimistic
 - Owner – Union or Non-Union

Determine Labor Cost Per Hour for Estimate



- Will current and projected compensation packages attract sufficient craftsmen?
- Will incentives be needed and if so how much?
- Is the use of apprentices an option?
- What productivity factors should be used?

Things to Remember



- **Construction is a People Business – Person to Person conversation is best.**
- **When gathering information, Be careful about early and possibly wrong conclusions**
- **Be Prepared to offer solutions as part of an Executive Summary**