

February 22, 2007

WMCA Forum Seeks Improved Project Approach



Well attended, the February 22nd Labor/Management Conference sponsored by the West Michigan Construction Alliance addressed better approaches for winning contracts.

Can more be done to improve labor and management relationships while attracting project owners to unionized construction? The Western Michigan Construction Alliance seeks answers to this question. As part of its quest it sponsored a February 22nd workshop on the topic with two expert speakers.

During the morning Gregory E. Huszczo, professor of Organizational Change & Development at Eastern Michigan University, outlined, "The 10-Step Leadership Challenge: Union & Management Collaborating To Turn Around Organizations In Trouble." He was followed in the afternoon by Dale Belman, associate director and professor of the Labor Education Program at Michigan State University, who reported on "Model Project Labor Agreements." He focused on how they can be tailored to promote more unionized construction.

Before introducing his ten, rather steps Huszczo prepared his audience by breaking it into groups to work on team building skills. His aim was to bring attention to listening and communication skills. Sharing information and providing feedback are essential components of leadership within team efforts. They vital for identifying and promoting useful and valuable change.

His exercise quickly led to the first step - identifying the need for action - because its key issues must be compelling, focused, and shared. Symptoms must be identified. Relations between the various components of an issue must be clarified, with unions and management dissecting it in an effort to build consensus that a change truly is needed. Change is extremely difficult when confronted by dissent. Without sharing information and providing constructive feedback, none of this can be accomplished.

Step two focuses on developing an appropriate team for implementing change, with the third step identifying a vision that defines the change. Both must be directly related to success, be understandable and accessible to all, and achieve a shared future.



EMU's Gregory E. Huszczo

Step four involves the need to communicate the case supporting change and developing a coalition of grass roots leaders behind it. Steps six and seven deal with developing an action plan and preparing for it. The final three steps deal with implementing the plan, building momentum for its success, then finally implementing the approved change as "the new routine."

The ten steps have, of course, many components, and Huszczo discussed them at length. The effect of his presentation was to get his audience to re-examine their approaches to solving

labor and management problems, using a more structured and objective approach. It provided a solid introduction to Belman's presentation, which toward its end led to the audience mapping out a possible project labor agreement for a major west Michigan building.

The problem with many PLA's, Belman pointed out, is that they tend to be short documents that don't necessarily promote "high road" practices. Though intended to benefit project owners they can and often do miss the mark. They may promise labor peace but not too much more. Yet with a bit of planning and work they could be transformed into significant documents that attract project owners otherwise uninterested in union construction.

He defined a PLA as a "collectively bargained pre-hire agreement between labor organizations and an owner or owner's representative." It typically mandates the use of union referrals or the union hiring hall, collectively bargained compensation and other work conditions, and union security provisions. It implies the project will largely, if not entirely, be accomplished with the use of signatory contractors and union labor.

In addition to its guarantee of no strikes, the benefits to project owners of PLAs include a prompt supply of trained labor and neutral third party arbitration of disputes. These are vital for large, complicated projects that need highly skilled labor and are on tight schedules. They can tolerate no delays.



MSU's Dale Belman

Open shop contractors, through the Associated Builders & Contractors, claim PLAs are expensive. The ABC cites the Beacon Hill Study of Massachusetts schools that claim PLAs can increase project costs by 14-17%. However, Belman said a study by MSU and the University of Tennessee discredited that report, finding no effect on Massachusetts school construction. He also cited a study by Hill International that estimated 8% savings on labor through the use of a PLA during the construction of the Westchester Expressway in the

state of New York.

Belman said a more sophisticated use of PLA's could win project owners by addressing several core issues beyond those traditionally cited. "We need to educate ourselves about PLAs and how to use them effectively," he said. "We also need to think about what really matters to us."

In addition to intensified safety and health provisions, more detailed PLAs can address the harmonization of work time, foregoing some types of premium pay, and establishing favorable ratios of apprentices to journeymen. They could include negotiated caps on premium pay, establish a four day/10 hour work day schedule at a regular hourly rate, bring in a community employment provision, and allow makeup days caused by weather delays to be paid at straight time.

"Do you think if we put half of these into a PLA and offered them to project owners, they'd be impressed?" Belman asked. "They'd be happy with them?"

To conclude his presentation Belman encouraged the audience to list what it felt were the five most important issues to address in a PLA. The discussion quickly turned into an exercise focused on a major facility that a university is proposing for a site in the "Medical Mile" section of Grand Rapids.

For that project the audience recommended:

- o A provision budgeting 25¢ from every manhour to be placed in a scholarship fund for economically disadvantage students, for studies at the university.
- o Establishing goals for the hiring of economically disadvantaged workers from the community.

- o Standardized work rules and hours.
- o Mandatory drug and safety training policies.
- o Requiring workers at open shop contractors involved in the project be given core-employee benefits as an addition to their paycheck, if their employer doesn't offer them.
- o Requiring a 10-15 day advanced notice of job scope or assignment to eliminate jurisdictional disputes.
- o Allowing up to 10% of the project to be bid outside the scope of the PLA.
- o Allowing open shop bidding when less than three union firms are available to bid on a contract package.
- o Making special training available to all manpower.

After writing these suggestions down, Belman asked, "do you think we could sell these proposals to all sides before we took it to the project owner? To all of the building trades? To the contractors?"

Achieving undisputed consensus on a comprehensive PLA would provide a very powerful marketing tool, he concluded. The day of the one page PLA, Belman said, should be over.

On Wednesday, April 4th, the WMCA will be holding its next Construction Labor/Management Conference, this time featuring Scott Humrickhouse, director of FMI. He will give a presentation on marketing and the business of construction entitled: "Get More Work In Competitive Markets."

The workshop will be held at the Comfort Inn & Conference Center in Plainwell. Information is available from Ed Haynor at 616/837-8080.

Other dates current set by the WMCA for future conferences are September 26th, November 28th; and January 20, 2008. Details and locations are to be announced later.

February 27, 2007