FEATURE

Metrics drive mindsets

by **MARK BRESLIN**

IT'S TIME FOR contractors and their labor union partners to add a new success metric for the field workforce that can encourage change and innovation. Sure, it will take a little extra time, perspective and energy — especially when it comes to making sure the guys on the job understand what the new metric means — but by making the extra effort, you could help revitalize the union construction industry.

Traditionally, when labor and management sit down to negotiate, several metrics always stand out as the primary discussion points: wages and fringe benefit levels; market share percentage; what other unions or management organizations gave or received; and, of course, the level of unemployment at the local hall. The only one of these that the union workers usually understand is the total package amount and sometimes the amount another craft received as an increase.

But I want to suggest there is one additional metric that can and should be regularly discussed during negotiations, a metric that should become a standard reference point for contractors, associations, labor leaders and union members.

Average hours worked per union member can be an important indicator of the economic success of the union business model and compensation base for employees. Why? Because the number of hours worked is the primary driver of:

- Qualification and continuance of health benefits
- Contributions necessary to earn pension credits
- Contributions necessary to reduce unfunded pension liability
- Annual earnings of union craftsmen

Without new metrics, the industry risks becoming locked into chasing larger jobs balanced on the backs of fewer big contractors.

Work hours might be the most important thing about his job that an average craftsman doesn't fully understand. I can't find a handful of field guys who know exactly how many hours they worked last year or the year before. They know the amount of the total package, but don't always understand how that relates to hours worked. When I demonstrate this relationship to the union personnel in some of my presentations, it really surprises and educates them.

The examples are basic, but compelling. In your geographic area, how much more does a craftsman make if he works an extra 100 hours in a year? At $50 total package, it would be $5,000 for only *two extra hours a week*. For 200 hours at $50 total package, that translates to $10,000 additional earnings and for 400 hours, $20,000 extra.

My point is that work hours drive earnings. Understanding this simple fact changes a worker's perspective. The question changes from "What is my annual increase this year?" to "How many more hours can I get this year?" Changing the nature of the question can result in a completely different discussion between labor and management.

Here are a few recommendations on how to implement this new metric into everyday negotiations:

- The union membership needs to know the annual average hours worked in the local union and the long-term trends. How these numbers relate to benefits and pension liability are equally important. This needs to become part of the ongoing discussion of what constitutes success because it impacts people personally.
- Any specialty agreements, market addendums or market recovery programs need to have work hour increase reports tied to them. Risks that are rewarded with work hours should be recognized. A quantification of success breeds greater willingness for change, risk and trust.
- The union membership needs to know how their earnings are impacted by working an extra two, four or eight hours per week. Two extra hours per week might well exceed the annual earning equivalent of a $1.50 raise. This opens the door to a discussion that says, "Hey, would you consider change if it put more work hours and money in your pocket?"
- Every labor-management discussion, debate or negotiation needs to both open and close with this simple question: How do we increase work hours?
- Changes, programs, strategies or market agreements cannot be seen by the field personnel as concessions or "80 percent" agreements anymore. They have to be framed as work hour improvement or benefit restorations. Focus on work hours and real earnings. Changes that boost annual earnings overall should not make the worker feel like he is getting shorted.
- Contractors have to manage like their competition to get back into markets they left behind. Compensation differentials and use of available classifications and apprentices are common tools of the competition. If the mindset of the worker can change, so must that of the managers and leaders.

Absent new metrics, the industry risks becoming locked into chasing larger jobs balanced on the backs of fewer big contractors. Change is only as good as our ability to explain its benefits and build a culture that embraces it. Metrics that are easily understood, quantifiable and relevant need to make it down to the field level. Without them, people naturally fill in the blanks. Those gaps in knowledge influence beliefs, slow culture change and impact the politics and performance that govern this industry.

Metrics drive mindsets. It's time to start taking both seriously. ■

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