



ON-SITE

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You have options for finding skilled labor

Many construction company owners find themselves at an odd crossroads. The uncertain economy makes the cost of adding names to the payroll difficult. Yet, without skilled labor, these contractors are not only struggling to maintain the quality of their work but also missing out on profitable opportunities.

If this sounds familiar, don't lose hope. You have options for finding skilled workers right away — and a related tax break may await. There are also short- and long-term ways to mitigate a labor shortage.

Immediate term

If you need skilled labor right now, it may be time to look beyond your usual hiring pool. One new pool to consider is veterans. Many are trained in construction-related skills and have worked on building and engineering projects.



From a tax perspective, veterans are also an intriguing choice this year because of the Work Opportunity credit. For 2012, this tax break offers a dollar-for-dollar reduction in your tax liability of up to \$5,600 for hiring veterans who've been unemployed for six months or more in the preceding year. For disabled veterans, the maximum possible credit jumps to \$9,600. A credit of up to \$2,400 is available for hiring nondisabled veterans who've been out of a job for four weeks or more (but less than six months) in the preceding year.

Note that the Work Opportunity credit is, as of this writing, scheduled to expire after 2012, and other eligibility requirements may apply. Check with your tax advisor for details.

Short term

There are a variety of short-term strategies for dealing with a skilled labor shortage. To better make do with your current workforce, look at your project scheduling: Spreading out jobs over longer periods may help you more easily and evenly distribute your skilled labor.

If you're losing skilled laborers or would like to hire but you're having a hard time attracting good candidates, review whether your compensation rates and benefits plans are as competitive as possible in your local area. (Your financial advisor can help you get the benchmarking data you'll need.)

Also consider looking into additional labor networks you may not have previously fully tapped, such as:

Women. As recently as 2010, women made up only about 9% of U.S. construction workers, according to the National Association of Women in Construction. But various professional groups

are trying to change that. If you do hire from this group, you may want to add or enhance the sexual harassment prevention components of your employee orientation and training program.

Immigrants. One could say that construction is the international language. There are skilled, and often certified, laborers on every continent, and many have immigrated to the United States. Hiring from the group, however, could present cultural and language challenges.

Competitors. Could you lure needed employees from a competitor? Just keep in mind that such action could rub your industry colleagues the wrong way. And some may even have had their skilled laborers sign noncompete agreements, which may not be a bad idea for protecting some of *your* current employees.

Long term

Looking at the long term, every construction company owner should consider him- or herself an ambassador for the industry. This means emphasizing customer service; running clean, minimally disruptive job sites; and minimizing your carbon footprint.

Positive publicity is also important. Getting involved in social media not only can promote your company's services, but also can attract quality employees. Publicizing notable projects with your local print, radio and television media can let the best and brightest skilled laborers in the area know what you do, too. Put (or keep) industry events such as trade shows on your agenda as well.

In the longest term, contractors interested in nurturing tomorrow's workforce need to get involved in educational outreach. This means starting high school kids in classes and internships that spark their interest in the construction trades. From there, mentorship programs can set them on track for a fulfilling career. Two nationally based options

5 hiring safeguards

Should you get a skilled laborer on the line, don't rush to reel him or her in. In consultation with an employment attorney, consider implementing the following five hiring safeguards:

- 1. Review employment history.** Look for gaps and call previous employers to verify dates. Business references, such as a past project manager, are typically ideal.
- 2. Run credit checks.** You generally must have the candidate's written consent to do this. But credit checks are advisable for candidates who may work around cash or expensive materials, or who could eventually rise to a management level.
- 3. Investigate criminal history.** Again, written consent is required. But a scan of national and state sex offender registries and a search of county court records can guard against dangerous or unlawful activities.
- 4. Require a behavioral test.** Having a candidate take a behavioral test can give you a better idea of his or her priorities and personality. The test results can also help you determine optimal training methods.
- 5. Screen for drug use.** If you don't do so already, engage a qualified clinic or laboratory experienced in employment-related drug testing. Such screenings can help reduce job-site accidents.

to look into include the ACE Mentor Program (acementor.org) and Build Your Future (byf.org).

Your move

In many markets, shortages in skilled labor have been giving contractors fits for some time now. If it's putting the squeeze on your operations, don't take this challenge sitting down. Look to make the right move for both immediate help and a long-term solution. ☒

Start finishing early to win the completion game

The end of a construction project can be heartbreaking. Like a baseball team that loses its playoff spot on the last night of the season, or a football team that fumbles away a win in the fourth quarter, things can go painfully wrong at completion.

There are many causes of this costly problem, but among the most common is waiting until completion to finish a project. That may sound like a logical thing to do but, to put your construction company in the best possible position to close out a job, you've got to start finishing *early*.

Matching up

Begin at the beginning — with the contract. Before any ground is broken, sit down with the owner and architect to make sure the language matches everyone's expectations for the building specs and project time frame.

Ask the owner and architect to visit the job site often so they can address any concerns while there's time to make changes.

The specifications should include as-built drawings that show the location of building components that are in walls or underground. Make sure the specs include operations and maintenance (O&M) manuals, which feature a list of all materials and equipment in the building. The specifications should also contain a detailed list of items that will be turned over when the project is completed, such as leftover materials.



Moreover, the specifications need to include training requirements that outline the job's moving parts, from the location of circuit breakers to instructions for using the site's electrical components.

As the project progresses, keep key people informed and involved. Ask the owner and architect to visit the job site often so they can address any concerns while there's time to make changes. And stay on task by providing a specific time frame for dealing with project revisions.

Setting up for success

When the project is nearing completion and everything seems to be running smoothly, you may think you're home free and you can relax. But that could be a huge mistake; there are still a number of things you should do at this stage to start finishing early.

For example, roughly one month before substantial completion is reached — which is indicated by the building's readiness to be used for its intended purpose — you should coordinate move-in routes with the mover, as well as the use of dumpsters

and elevators. Also clean and label all pipes and equipment to aid in the inspection process.

Drawing to a close

Once most or all construction tasks are finished, you'll need to do the punch-list walk-through — which should include the architect, engineers and site owner. Remember that, if the walk-through reveals that corrections are needed, you may need to schedule a follow-up to assess them.

At this stage, staff training on the use of the new building's systems (including HVAC and electrical) should be under way, whether it's being handled by your company, the owner or an independent consultant. A nice touch: Replace filters on HVAC systems — especially if they've been running awhile.

This is also when you should issue your final invoice for payment, making sure it has the approval of the lender and surety. Once you're paid, you'll need to provide the owner with a release guaranteeing that the project won't have mechanics' liens filed against it due to unpaid work. Turn over any spare parts and

leftover equipment owed to the owner, as well as the as-built drawings and O&M manuals.

When all is said and done, take a moment to send thank-you letters to the owner, architect, engineer and other key people. The letters will help solidify the rapport you've built and keep you top-of-mind for future jobs.

Going up

Tired of losing the completion game? If so, you may just need to initiate that closer's mentality a little earlier in the construction process. Do so and your success at closing out projects without unforeseen costs or wasted time should go way up. ☒



Building your construction company's online reputation

Every type of business today has to deal with the Internet, and construction companies are no exception. Even if you're that rare holdout who doesn't have a website, people could still be talking about your business online — and very possibly not in a favorable way.

More than likely, however, you do have a website, and perhaps you've tried out some social media as

well. In this case, your online reputation isn't simply something you need to protect; it's something you need to build.

Everyone's talking

Years ago, the Internet was essentially a massive information warehouse. Data was dumped there to be glanced at once and often ignored

forever after. Today, the Internet is more akin to a crowded, noisy café: Everyone is talking. But *where* are they talking about *your* company — and *what* are they saying?

You can use social media to publicize your community involvement and charitable work.

The first phase of building your online reputation is to answer these questions. One obvious place to look if you're a service contractor is Angie's List. This popular website and printed publication aggregates consumer reviews. Another well-trafficked spot is Yelp, a social-media-based customer review site. Homebuilders and remodelers should also check out Houzz.

Monitor such forums closely. If you encounter a negative review, react swiftly and professionally. Posting a reasonable response may mitigate the harmful impact of critical comments. You might also make no-pressure requests of happy customers to submit positive reviews on your behalf. Doing so can bump bad ones down the list.

Your attention, please

Finding the conversation about your construction business is one thing — driving it is another. This is the second phase of building your online rep.

If your website still looks like it did five (or even two) years ago, you should probably update it. One upgrade to consider is a comments forum, where you can interact with customers and prospects. Or you could augment your site with a blog on

which you address current industry and company developments and, again, give visitors the opportunity to discuss issues with you.

Don't ignore social media either. Facebook, Twitter and LinkedIn all offer the chance to spark conversations with customers, prospects, referral sources and media reps — and steer these discussions in your favor. You can also use social media to publicize your community involvement and charitable work as well.

Taking care of business

The days of only posting an ad in the yellow pages and a sign in front of the job site are over. Defending and developing a strong online reputation is just another aspect of today's construction business. Work with your financial advisor to keep costs in this area in line and your legal advisor to minimize liability risks. ☒



The Contractor's Corner

Should I control my own insurance program?

As a general contractor, I've seen insurance costs on our projects skyrocket in recent years. Plus, the procurement of coverage is out of our control, so the claims process is lengthy and confusing. I've heard about contractors providing their own insurance, but this seems like a big step. Is doing so worth it?

A contractor controlled insurance program (CCIP) can indeed enable you to more closely manage how a given project is covered. (It's also often referred to as an "owner controlled insurance program" or "wrap-up coverage.")

But you're correct that implementing a CCIP is a big step for any general contractor. Whether it would be worthwhile depends on a variety of factors. Let's focus on the basics.

How it works

To establish a CCIP, you first buy a package of general liability, excess liability and workers' compensation insurance from a chosen carrier. Any subcontractors engaged for a CCIP-covered job need to enroll in the program. These subs can then remove applicable insurance costs from their contracts.

Over a specified period — typically during construction and a stated postcompletion liability phase — your program responds to claims. CCIPs are often used for public projects and larger private ones, but they can also apply to a series of qualifying midsize jobs.

Benefits vs. risks

The primary benefit of a CCIP is controlling costs. As the provider, you'll be strongly motivated to strictly enforce safety policies to prevent claims.



Plus, as mentioned, subcontractors don't have to provide their own insurance, which should lower their costs to you.

In addition, efficiency is increased. All claims adjustments are handled by a single insurer (your CCIP), which can immediately respond to claims without having to first assign fault to a given party and go through a separate insurer.

Naturally, there are risks as well. Expect to face a high deductible when buying into a CCIP. Amounts can start at \$250,000 per claim, but you may encounter deductibles of \$500,000 or more. Also, if you intend to use the CCIP for multiple projects, you'll likely face high minimum premiums, which could be costly if you don't have enough jobs to justify the expense. The ability to maintain a healthy backlog is a critical criterion for contractors who intend to operate a CCIP long term.

Decision time

General contractors with highly effective safety policies and strong subcontractor prequalification programs are typically the best candidates for a CCIP. It also helps to have some experience or a comfortable familiarity with managing claims under a high-deductible insurance program. If any of this sounds like you, further exploring a CCIP could be worth the time and effort. ☒