

# Don't Let 'Em Go

Part 1 of 2

Addressing the skilled workforce shortage

By Preston Ingalls



**W**ell, the good news is the booming economy has created exponential growth in jobs in the construction industry with December 2017 being 30,000. In 2017, construction employment increased by 210,000 jobs, compared with a gain of 155,000 in 2016. That is a third more jobs compared to last year in the industry. Unfortunately, there were a quarter of a million jobs that went unfilled in 2017. That hinders growth. One of the contributors to this challenge is the high turnover rate in the construction industry of 21 percent making it difficult to retain folks. Here are some interesting facts about the construction labor force:

- Construction accounts for only 4 percent of workers but 21 percent of workplace-related deaths in the U.S., according to the Bureau of Labor Statics (BLS).
- According to the NAHB, 42 years old is the average age of a U.S. construction worker, one year older than the average age of the national workforce.
- According to the BLS, 29 percent of the construction workforce is Hispanic and rapidly expanding.

Losing and replacing workers has a real price tag to it. If you think you can live with a 21-percent turnover rate and it is a normal cost of doing

business, consider this fact. In 2012, The Center for American Progress conducted a study and found that the loss of a construction employee earning less than \$30,000 annually will typically cost 16 percent of their annual salary, while an employee earning between \$30K to \$50K annually will cost 20 percent of their salary. However, when it comes to executives with highly specialized skills and education, like construction managers, division managers, etc., the study found the costs may soar to 215 percent of annual salary. Whether it is 16 percent or 215 percent of their salary, there is a burden on one in five leaving each year.

## ABOUT THE AUTHOR

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**Let's look at where this cost comes from?**

- **Departure costs** such as exit interviews, severance pay, and higher unemployment taxes. The work needed to out-process the employee, including time spent doing necessary paperwork, closing out security paperwork, arranging for temporary coverage of the person's job, notifications to vendors/project participants, changes to company listings, changes to customer-interface documents, final accounting chores, and removal from computer access such as email accounts and security privileges.
- **Vacancy costs** such as overtime for other staff or temporary staffing to cover for the absent person.
- **Replacement costs** such as publishing the position, search and agency fees, screening applicants, including physicals or drug testing, interviewing and selecting candidates by multiple employees, travel cost for interviews, background verification, headhunter fees,

employment testing, hiring bonuses, and applicant travel and relocation costs.

- **Training costs** such as orientation, on-the-job training, and safety equipment.
- **Additional costs** incurred as your new employee learns his or her job, including reduced quality, errors and omissions, material waste, possible rework, and productivity losses while the person gets up to speed.

**What are the root causes of turnover?**

- **Management:** the employee may felt a lack of gratitude or support from their supervisors. "Leaving the boss" is one of the most common reported issues on exit interviews.
- **Expectations:** pay, work, benefits, or company culture
- **Fit/capacity:** the job didn't meet their expectations or the employee failed to meet the company's
- **Work Conditions:** work hours or conditions were in excess of limits of employee

**IMPROVING RETENTION**

I have owned my own consulting firm for 14 years. All my consultants work in the heavy construction and oil and gas industry. We often travel, as much as "4 out of 4" (four weeks out of four weeks), which can be grueling physically and demanding on personal lives. We work alongside our clients. No suit and ties—it's jeans and steel-toed shoes. We wear the same attire they wear. Days can be 10 to 12 hours and are taxing. Despite that, I can count on one hand the number of voluntary resignations I have had during those 14 years; one an out-of-state spouse transfer, one an out-of-state grad school acceptance, and two excessive travel. Now, I have ushered a few out who were the wrong fit for my company, but only had four who turned in their resignations. So, how do you keep people in a highly demanding job? ■

*Look for part two of this article in the next issue of MCS as options are shared for maximizing employee retention.*

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