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Introduction

Having the right tools can make a huge difference with any project. No one knows this better than a contractor. So what tools do you need to run a successful construction business? This report will supply you with tools that if executed consistently and accurately will help your business succeed. Most business owners are experts at their trade, but when it comes down to operating a business and having to deal with employee issues, accounting, compliance, leadership, team building, supervision, bank and bonding relationships (the list can go on and on), it can become so overwhelming that even the most acute businessman has difficulty keeping it all straight. This report offers tips and checklists for you to use to assess your business and identify the missing pieces to your success.

Welcome to THE LEVERICH GROUP'S 2008 Wage and Benefit Survey Results for Utah Construction Companies. This report includes a compilation of the latest wage and benefit data, economic forecasts, management tips and benefit strategies. The pendulum is beginning to shift. The past two years of plentiful work and a strong economy are waning. Construction companies with strategic plans in place and strong cultures will be prepared to conquer the challenges they face, while others will stumble in the dark. Having strong leadership in your company will give you the edge over the competition and preserve your company's legacy.

The best thing about the future is that it only comes one day at a time.

– Abraham Lincoln

Findings of this Report

The forces are beginning to change. While the prior year saw significant increases in wages and benefits for companies to retain their top employees, this year the pendulum has swung in the other direction. Shortage of qualified workers still tops the list of impacts on profitability but came down a few points. Survey results indicated that many employers put a hold on new benefit offerings.

Utah's employment picture is delivering a 1-2 punch: Utah's relatively low unemployment rate, and the onset retirement of the baby boomer generation. Many seasoned construction workers will begin leaving the workforce which will compel businesses to find ways to encourage productivity from up and coming generations and use technology and planning to get jobs done with fewer workers. Systems, training, planning and technology have never been so crucial.

Only 25 percent of companies say they have changed their approach to relate to new generations (Generation X and Millennial) coming into the workforce. The following chart delineates the tactics contractors are using to relate to these workers:

Tactics Contractors Use To Relate to Generation X and Millennials

Tactics	Responses
Training/mentoring	30
Work/life balance	23
Celebration/parties	19
More frequent monetary rewards	12
Varied benefit plan offerings	11

While we received a few responses voicing frustration with the work habits of these new generations, many contractors are looking for ways to build rapport with these workers and help them be productive. Comments we received to encourage productivity in these workers included giving more supervision and structure, outreach to high schools including offering skills competitions with prizes plus scholarships, contests, training, helping employees achieve work/life balance, and incentive plans.

The reality is that this is the future labor force. It is crucial for contractors to find ways to relate to workers and help them be productive in the workforce. Finding ways to tap into the skills and interests of these new generations, foreign-born workers and non-traditional employees such as older workers choosing to stay in the labor force and stay-at-home parents will be the secret to having the employees necessary to get the work done.

National Outlook

While the debate rages on about whether the U.S. economy is on the brink of a recession, there is no question that the economy is in the midst of a slow down. Efforts to pump money back into the economy through interest rate cuts and an economic stimulus package pushed through Congress are meant to stabilize and control any downward spiraling. Some economists concede we are into or close to a recession, but the general consensus seems to be that it will be over the first part of 2008.

The subprime mortgage debacle saw subprime lenders close offices, lay off workers, and file for bankruptcy protection. A year after the first warning bells of the subprime mortgage crisis, the surviving players are trading at half of their value or less on Wall Street, while the rest dropped from the major exchanges. Initially thinking the crisis was contained, it was realized that it would indeed spread beyond the mortgage and financial market and into the broader economy and even outside of U.S. borders.

Washington Mutual Inc., the nation's largest savings and loan, plans to get out of the subprime mortgage business entirely. It will close 190 of its 335 home loan centers and sales offices, shut down nine call centers and eliminate 2,600 home loan workers. The company also plans to cut 550 corporate and support jobs. The company set aside up to \$1.6 billion for loan losses in 4th quarter 2007. *(Salt Lake Tribune, Dec. 11, 2007)*

U.S. Economy Adds Jobs

In spite of all the doomsday talk so widespread in the national media, the U.S. economy still added over 1.3 million net additional jobs in 2007, an average of 118,000 net new jobs monthly. This is down from the 189,000 monthly average gain in 2006. Again this is consistent with slowing growth, not recession. *(The Enterprise, Dec. 24-30, 2007)*

Wage Gains Fail to Keep Workers Ahead of Inflation

The Labor Department reported that consumer prices rose by 4.1 percent for all of 2007, up significantly from a 2.5 percent increase in 2006. Both energy and food prices jumped by the largest amount since 1990. Prices were also up sharply for health care, housing and education. These gains were offset somewhat by falling prices for clothing, new cars and computers.

While wages increased in 2007, they still did not keep pace with inflation. Average weekly earnings, after adjusting for inflation, dropped by 0.9 percent in 2007, the fourth decline in the past five years. Lagging wage gains were cited as a chief reason many workers have growing anxiety about their economic futures.

(Deseret Morning News, Jan. 17, 2008)

Local Outlook

Utah seems to be performing better than the rest of the nation, but there still was a drop-off between 2006 performance and 2007. The Utah Department of Workforce Services reported the creation of 44,800 new jobs in Utah's economy for 2007. However, the unemployment rate measured 3.2 percent in December 2007 compared to a rate of 2.6 percent in 2006. The Nation's unemployment rate for December 2007 was 5 percent. *(The Enterprise, Jan. 21-27, 2008)*

Indications of a Slowing Economy

A business-conditions index compiled by Creighton University Economic Forecasting Group gave Utah a neutral 50.0 for November 2007, down from 60.6 in October. A figure greater than 50 (the index uses a range from zero to 100) indicates an expansionary economy over the next three to six months. The Creighton forecast is based on a survey of supply managers and business leaders and uses the same methodology as a national manufacturing survey. The components of the index include new orders, production, delivery lead-time, inventories, and employment.

The last time Utah's overall index was below 50.0 was in April 2004, when it was 48.5. Its low point in the past year was 53.6 in December 2006, but the state's index rebounded to its highest level in the past year, 86.8 the next month. The index indicates a slowdown in Utah's economy. *(Deseret Morning News, Dec. 4, 2007)*

Credit Crunch hasn't Hit Utah Yet

While there is indication of a slowing economy, there are still positive signs on the Utah horizon. The credit crunch related to the sub-prime mortgage situation has yet to greatly affect the situation locally. Lending related to commercial real estate and business in

general continues to be steady, although some borrower hesitancy is becoming apparent. Many are waiting on the sidelines to see where the economy goes before they place a capital investment. The Utah economy is more stable than many parts of the country. It does not have the big upswings, but also does not have the big downswings. Business owners are tending to look at things more conservatively.

(The Enterprise, Jan. 28-Feb.3, 2008)

High Fuel Costs may be to Utah's Advantage

High fuel prices may have an upside for Utah. Many manufacturers that ship from the East and Middle America are re-thinking distribution and delivery of goods. Utah is centrally located, not far from the heavily populated West Coast. Manufacturers may consider Utah as a possible new site for plants, according to Commerce CRG.

(The Enterprise, Jan. 7-13, 2008)

Local Construction Outlook

While we saw big increases in construction wages this past year, it is unlikely that this phenomenon will continue. Average wages, specifically in supervisory and management roles, saw increases ranging from \$1 - \$7 per hour in this survey compared to last year's survey. However, with reports of a weakening economy, many contractors are moving ahead cautiously.

The slowing (or stopping – depending on who you listen to) of the residential market impacts other portions of the local construction picture.

There are signs that the construction industry growth rate has peaked and will moderate. Signs of this deceleration have appeared in businesses that focus primarily on the residential market. Those that do both residential and nonresidential work should remain busy, as they can shift to the nonresidential side and keep workers employed. But residential building is coming off its peak. This is not just the number of new homes built, but also remodels and additions.

Construction industry growth is not set to expire for at least another year or more. While residential building slows, nonresidential is going strong and still may not have reached its peak with this current growth cycle. When nonresidential construction catches up to all of the residential construction, the industry may pause to catch its breath.

(Trendlines, September/October 2007)

Some of the large projects in various stages of planning and development:

- UTA's Frontrunner Commuter Rail Project
- City Creek Center
- Development of West Bench in Salt Lake County
- Retail Expansion including In-N-Out Burger, El Pollo, Corner Bakery, Sunflower Farmers Markets
- Utah Lake Water Systems

- Rocky Mountain Power (Jim Bridger power line)
- St. George Regional Airport
- St. Regis (five-star hotel and condos)
- Hamilton Partners Office Towers
- USTAR Research Buildings
- MountainStar Healthcare (hospital)
- Proctor and Gamble Manufacturing Plant
- I-15 and I-80 widening
- Legacy Parkway
- The Montage Hotel and Spa

2008 Economic Report to the Governor

Management Issues

Strategic Planning

It has been proven that a company with an active strategic plan in place will make 10 times the net profit of a company with no plan. With that said, one quarter of participants (42 companies) have documented strategic plans in place. Twenty-three percent say their plans are in use and working for the company and that the plans are dynamic and adjust for changes to the market.

Never be afraid to try something new. Remember that a lone amateur built the Ark. A large group of professionals built the Titanic.
- *Anonymous*

If you have yet to conquer the strategic planning battle, no time is better than now.

Managing Your Business in a Downturn

While you can sense the economy is changing and you are unsure about the future, smart companies will still use the current climate to their advantage. How, you say? Here are some ideas:

1. **Keep building** – When the top line looks shaky and the bottom line worse, the temptation is to go after discretionary spending, but do not consider innovation and brand building optional. Sacrificing your future for a slightly more comfortable present is not worth it. If you keep building you can come back strong.

Another part of this is personnel. It may seem counter-intuitive to pay bonuses when profits are falling but sometimes it is the right thing to do, particularly if a specific crew is creaming the competition. Rewarding excellence – through new challenges, public recognition, and money – in bad times as well as good builds loyalty.

2. **Communicate intensely** – Get good information from your customers, employees vendors, and about your market, and disseminate it to your management team.

When the economy slows down, the pace of decision making must speed up. If you want to survive and prosper, you cannot put off the tough decisions.

3. Evaluate your customers – In good times, companies manage the P&L; in bad times, cash and receivables matter more. You need to identify your higher-risk, cash-poor customers. You could decide to simply not supply them anymore, or, to help build good relations, you could work out a way to keep things going. The point is, a downturn is a very good time to do a quality check on your customers.
4. Say “no” to across the board cuts – If it makes sense to cut costs, do so, but make sure there is a purpose in how you do it. Have a cost cutting strategy that makes your company stronger.

Being on the downside of the business cycle is not much fun. That said, a slump can also be an opportunity to use the sense of urgency to improve strategy, management and discipline. *(CNNMoney.com, February 12, 2008)*

Incorporating Your Vision in Performance Reviews

As you develop your strategic plan, it is important to communicate the vision and goals of the company to employees. They need to share in the excitement. As they are aware of where the company is heading and can get enthusiastic about it, they are more likely to stay on with the company and find ways to support and participate in the company’s success. One way to align employees with the goals of the company is through your performance appraisal process. Give employees the opportunity to set goals that are aligned with company goals and use these in the performance review. Find ways to reward employees who support and add to the vision and goals of the company.

Losing Top Employees and Retention Efforts

When we asked if top employees had been lost to competing companies in 2007, 46 companies (28 percent) responded “yes.” Fifty-eight companies (35 percent) have instituted plans to attract and retain employees, and 51 percent (84 companies) reported that crew sizes are up from a year ago. Here is a recap of employee retention efforts used by participating contractors:

Employee Retention Efforts

Retention Efforts	# Of Firms	%
Competitive pay	146	88%
Training to increase skills	119	72%
Competitive benefits	116	70%
Promote from within	113	68%

Retention Efforts	# Of Firms	%
Employee recognition	67	41%
Growth opportunities	66	40%
Tuition assistance	56	34%
Other	4	2%

In 2007, some survey participants increased the company contribution to programs that benefit their employees. Twenty-nine companies increased their contribution to health insurance. We saw a drop in the number of companies increasing the level of benefits in this year’s survey – probably to offset the increases paid in wages. The results are shown on the following table:

Increased Employer Contributions

Perks	# Of Firms	%
Health insurance	29	18%
Retirement plan	21	13%
Vacation	15	9%
Dental insurance	12	7%

Perks	# Of Firms	%
Holidays	11	7%
Cafeteria plan	6	4%
Life insurance	5	3%
Eye care insurance	5	3%

Future Labor Force

Understanding what has influenced the future labor force will help your company adopt practices to ensure your workers have the tools they need to be productive and have high job satisfaction. The experiences, ideas and values shared by people of different generations makes for a melting pot of work approaches and priorities. Adjusting your practices based on this information will give you the greatest return on your investment in training and mentoring. The following table delineates the experiences and offers suggestions on mentoring those coming from Generation X and the Millennial generation.

Generation X	Millennials
Born 1965-1976 51 million	Born 1977-1998 75 million
Accept diversity Pragmatic/practical Self-reliant/individualistic Reject rules Mistrust institutions PC Use technology Multi-task Latch-key kids Friend-not family	Celebrate diversity Optimistic/realistic Self-inventive/individualistic Rewrite the rules Irrelevance of institutions Internet Assume technology Multi-task fast Nurtured Friends=family
Mentoring Casual, friendly work environment Involvement Flexibility and freedom A place to learn	Mentoring Structured/supportive work environment Personalized work Interactive relationship Be prepared for demands, high expectations

(The Learning Café and American Demographics Enterprising Museum 2003)

Generation X

The members of Generation X, born between 1965 and 1976, grew up in a very different world than previous generations. Divorce and working moms created “latchkey” kids out of many in this generation. This led to traits of independence, resilience and adaptability.

This generation expects immediate and ongoing feedback and is comfortable giving feedback to others. They like some fun in the workplace and have a pragmatic approach to getting things done.

This generation saw their parents get laid off or face job insecurity. They've redefined loyalty. Instead of remaining loyal to their company, they have a commitment to their work, to the team they work with, and the boss they work for. For this generation, there isn't a career ladder, but a career lattice. They can move laterally, stop and start; their

To repeat what others have said, requires education, to challenge it, requires brains.

- Mary Pettibone Poole

career is more fluid. They dislike authority and rigid work environments. Providing feedback on their performance should play a big part, as should encouraging their creativity and initiative to find new ways to get tasks done.

Millennial Generation

The Millennial Generation, born between 1977 and 1998, display a great deal of self-confidence to the point of appearing cocky. This group is technically literate like no one else. Technology has always been part of their lives. They are typically team oriented, work well in groups (preferring this to individual endeavors), are good multi-taskers, and hard workers. They expect structure in the workplace, acknowledge and respect positions and titles, and want a relationship with the boss.

Because they appreciate structure and stability, mentoring Millennials should be more formal, with set meetings and a more authoritative attitude on the mentor's part. Break goals down into steps, and offer any necessary resources and information these workers will need to meet the challenge.

(The Learning Café, Nov. 30, 2007)

Baby Boomers Working Towards Retirement

A competitive salary is what an employer must pay to acquire its workers in today's workplace. Healthcare benefits play an important value to workers, but it is a distant second to a competitive salary. However, workers indicate that the value of health and access to healthcare benefits trumps pay when it comes to working into retirement.

When asked what would be most important in their decision to continue working for an employer past retirement, 74 percent indicated that healthcare was very important to them. Meanwhile, 69 percent see salary as a very important factor in deciding to continue a working relationship with an employer.

(Monster Intelligence, Retired Workforce Report, Jun. 2007)

Multi-skilling in Construction

While the concept of multi-skilling is not new, it is worth considering as a possible solution to address skilled labor shortages. Labor productivity, craft training, and the declining number of trade entrants into construction present challenges. Flexible labor

strategies may meet these challenges, improve project performance, and provide more stable employment and better utilization of current pools of workers.

Multi-skilling is a labor utilization strategy where workers possess a range of skills appropriate for more than one work process and are used flexibly on a project or within an organization. Benefits include improved total project labor cost, employment opportunities for construction workers, and other industry labor issues. The impediments can include complexity of maintaining a multi-skilled workforce, pride of craft association and licensing requirements.

Nevertheless, multi-skilling has been used by some major industry participants as a strategic business advantage. The important part of this is to challenge the way things are done. Is there a better way?

(Center for Construction Industry Studies, Multi-skilling in Construction)

Leadership

For this survey, 86 companies (52 percent) responded that they are challenged in identifying and developing future leadership for their companies.

As the economy and labor force offer challenges to today's employers, there are certain leadership trends that may occur as identified by Smart Growth Inc.

Leadership Trends for 2008

1. Managers will directly supervise more employees as organizations look for ways to streamline salaries, especially highly salaried positions. As a result, managers should be required to work less "in" the business so that they spend the appropriate time managing.
2. With larger work groups, managers will rely on group problem solving and business planning more. Employees need to be trained on facilitation and mediation skills to manage their groups.
3. Relationships will be key to weathering economic issues. Customer and employee retention will both be a focus. A recession will not increase the availability of well-trained workers.
4. Vendors, customers and employees will demand more 'face time.' The business world is more and more weary of electronic communication and wants to focus on the "high touch" factors.
5. Personal leadership skills will separate "A players" from less functional employees and will be essential for business success. Companies will provide more training and resources on this subject.
6. Managers will hold employees more accountable because overstaffing will not be possible.
7. Internal coaching and mentoring programs will flourish as managers look for creative ways to positively influence employee performance and behavior.

(Smart Growth, Inc. Jan. 25, 2008)

Anxiety and Leadership

Most people want to avoid anxiety. However, there is a place for anxiety in the workplace as long as it is understood and managed. The success of great leaders is all about creating just enough anxiety – within themselves and their organizations – to unleash the energy that drives powerful leadership, accelerates growth and helps companies succeed.

What is just enough anxiety? It is the exact amount you need to respond to change, tackle a tough problem or take a leap of faith. It is the right level of energy combined with the right attitude that enables you to perform at your best. Just enough anxiety is a catalyst for individual and organizational growth.

Contrast this with too much anxiety, which is mired in negative thinking and characterized by the desire to attack change. This can lead to arrogance, fear, mistakes and low morale. Or contrast it with too little anxiety which is grounded in complacency and the belief that everything will turn out okay, without intervention. This can result in a failure to confront hard issues, mediocre performance and untapped potential. Both too much and too little anxiety inhibits top performance and lead to deterioration and decline.

When you manage this powerful force correctly, you create just enough anxiety inside and outside yourself. You are better able to learn, change and navigate in a complex world. You unleash vast amounts of human energy. And you lead people and companies to levels of success they have never reached before.

(The New York Times, Robert H. Rosen, Dec. 30, 2007)

Powerful Meetings

The term “meeting” can evoke trepidation in most of us. Meetings are often seen as a waste of time but usually a necessary evil in the workplace. Meetings can be a powerful tool in team performance. They can create peer pressure to get a job done, promote collective intelligence and enable clear communication. Effective meetings include the elements of structure, time limits and agendas.

<p>A committee is a group that keeps minutes and loses hours. – Milton Berle</p>

Here are tips to facilitate effective meetings:

1. Define the purpose of the meeting, beforehand.
2. Develop an agenda in cooperation with key participants.
3. Distribute the agenda and circulate background materials prior to the meeting so members will be prepared, feel involved and be up-to-date.
4. Choose an appropriate meeting time. Set a time limit and stick to it.
5. If possible, arrange the room so that members face each other, i.e., a circle, semi-circle, or for large groups, U-shaped rows.
6. Choose a location and room suitable to your group’s size.

7. Use visual aids for interest. Post a large agenda up front for others to refer.
8. If participants come from different locations, consider varying meeting places to accommodate all participants. Make sure everyone knows when and where the next meeting will be held.
9. Encourage group discussion and feedback, but keep discussion focused on the topic. Ask for constructive and non-repetitive comments.
10. Keep minutes of the meeting for future reference and follow through.
11. Summarize agreements reached and end the meeting on a unifying or positive note.
12. Set a date, time and place for the next meeting.
13. After the meeting, distribute minutes within 3 – 4 days, follow-up on delegation decisions, and put unfinished business items on the agenda for the next meeting.
14. Periodically, evaluate your meetings and make improvements for more effective meetings.

(www.meetingwizard.org)

Theft and Embezzlement

Seventy percent of contractors we surveyed have experienced theft in their company this past year, with estimated annual amounts ranging from \$500 to \$300,000. Outside parties were identified as the biggest perpetrator, comprising almost half of the theft. The remaining theft came from employees and unknown sources. The following table delineates the data:

Theft Experienced by Contractors

Who is responsible?	# Of Firms	%
Outside parties	53	46%
Unknown	36	31%
Employees	27	23%

Embezzlement was experienced to a smaller degree among participating contractors. Seventeen contractors (10 percent) have had employees embezzle funds, with estimated losses ranging from \$2,000 to \$100,000. Deterrents to theft and/or embezzlement include having defined and publicized policies and strong internal controls to address these issues. Ninety percent of survey participants have some type of policy. The table that follows outlines these policies.

Company Policy on Theft and/or Embezzlement

Company Policy	# Of Firms	%
Termination	126	76%
Report to police	78	47%
Prosecute	57	35%

Company Policy	# Of Firms	%
Document in file	40	24%
Reprimand	23	14%
No policy	17	10%

There are additional steps employers can take to help prevent theft and embezzlement. Fifty-six percent of survey participants have internal controls in place, while 38 percent track inventory and use equipment checkout procedures. Other methods companies use to deter theft and embezzlement include using video surveillance, conducting random checks, securing tools, monitoring gas cards, placing a GPS on vehicles and equipment, and owner review of bank statements and expenditure documentation.

Survey Results

This year's survey was based on 165 responses from Utah contractors statewide. The majority of respondents are commercial contractors with 11 to 25 employees and revenues of \$5 - \$25 million. The breakdown of respondents by type of contractor and size of business is as follows:

Survey Respondents by Contractor Type, Revenue, and Number of Employees

Contractor Type	# Of Firms	%
Commercial	59	38%
General	14	8%
Heavy	17	10%
Highway	15	9%
Industrial	16	10%
Residential	28	17%
Utilities	18	11%
Other	11	7%

Gross Revenue	# Of Firms	%
<\$1 Million	13	8%
\$1-\$5 Million	59	36%
\$5-\$25 Million	66	40%
\$25-\$50 Million	12	7%
>\$50 Million	15	9%

Number of Employees	# Of Firms	%
0-10	23	14%
11-25	52	32%
26-50	39	24%
51-100	29	18%
>100	22	13%

A variety of sub-contractors responded to this year's survey. A breakdown of sub-contractor type is found in the next table.

Survey Respondents by Sub-Contractor Type

Sub-Contractor Type	# Of Firms	%
Acoustic/Drywall	6	4%
Carpentry	4	2%
Concrete	22	13%
Drilling/Boring	6	4%
Electrical	24	15%
Excavation	19	12%
HVAC	17	10%

Sub-Contractor Type	# Of Firms	%
Insulation	4	2%
Landscaping	12	7%
Masonry	9	5%
Mechanical	17	10%
Painting	10	6%
Paving	15	9%

Sub-Contractor Type	# Of Firms	%
Plumbing	22	13%
Roofing	5	3%
Steel Erect/Fab	9	5%
Tile/Ceramic	4	2%
Utilities	15	9%
Other	16	10%

Construction Workforces Growing

Based on this year's survey, 56 percent of companies have more employees compared to a year ago, with an average increase of 16 percent. Twenty-eight percent of companies responded that they have fewer employees working for them now than a year ago with an average decrease of 13 percent. Sixteen percent of companies responded that the number employed by their companies remained the same.

Union wages were not separated from non-union wages in this report. The number of union companies participating in the last few surveys has been less than 10 percent.

Utah's Construction Industry Wages

Job Title	Average Wage 1		Median Wage 2		Average 3
	Low	High	Low	High	
Supervisors					
Superintendent	21.16	28.48	20.00	26.47	24.82
Assistant Superintendent	18.73	23.53	18.00	23.00	21.13
Construction Manager	24.97	31.53	24.04	30.00	28.25
Project Superintendent	23.01	30.22	22.40	28.50	26.62
Project Manager	26.89	35.78	25.38	36.03	31.34
Senior Project Manager	30.66	39.69	28.85	37.03	35.18
Estimators/Engineers					
Chief Estimator/Engineer	30.05	37.03	28.00	35.00	33.54
Senior Estimator/Engineer	29.26	35.85	26.22	35.00	32.56
Project Estimator/Engineer	22.22	28.71	21.63	28.00	25.47
Estimators					
Apprentice	15.14	19.43	14.00	19.00	17.29
Journeyman	17.88	21.25	18.00	20.00	19.57
Foreman	18.43	23.71	19.00	24.00	21.07
Purchasers					
Buyer	18.46	23.20	17.50	23.00	20.83
Expeditor	17.60	20.08	19.00	20.00	18.84
Purchasing Agent	17.59	19.76	16.00	20.00	18.68
Purchasing Manager	22.54	26.33	25.00	26.00	24.44
Office/Accounting Personnel					
Secretary/Receptionist	11.08	14.54	10.00	14.00	12.81
Accounting Clerk	13.59	16.80	13.00	16.50	15.20
Accounting Supervisor	18.11	22.67	17.00	20.00	20.39
Accounting/Office Manager	17.88	22.01	17.50	21.63	19.95
Controller (CPA or BS)	31.07	36.65	30.00	35.50	33.86
Controller (non-degreed)	22.23	26.92	22.00	28.00	24.58
Human Resource Manager	22.03	28.76	21.00	30.00	25.40
Other/Miscellaneous					
Dispatcher	15.06	21.16	12.75	18.50	18.11
Runner	10.08	12.80	10.00	13.00	11.44
Crane Operator	20.21	25.17	20.00	25.00	22.69
Inventory Control	15.95	22.20	15.00	23.00	19.08
Safety Manager	22.09	28.57	21.35	28.44	25.33

1 The value obtained by dividing the sum of a set of values by the number of values in the set. Also called the **arithmetic mean**. The average value of 17, 20, and 36 is 24.33 $[(17+20+36) / 3 = 24.33]$.

2 The middle value of a set of numbers (or the average of the middle two in an even-numbered set). The median value of 17, 20, and 36 is 20.

3 The average of the average low and average high wages.

Utah's Construction Industry Wages (continued)

Job Title	Average Wage 1		Median Wage 2		Average 3
	Low	High	Low	High	
General Laborers					
Apprentice	10.15	12.93	10.00	13.00	11.54
Journeyman	12.47	16.19	12.00	15.00	14.33
Foreman	15.19	19.29	15.00	19.75	17.24
Architects					
Apprentice	12.00	14.00	12.00	14.00	13.00
Brick Masons					
Apprentice	18.25	22.00	18.50	22.00	20.13
Journeyman	22.25	25.50	22.50	26.00	23.88
Foreman	25.33	28.75	25.00	29.00	27.04
Carpenters, Finish					
Apprentice	13.24	16.46	14.00	16.00	14.85
Journeyman	16.18	21.29	16.00	22.00	18.74
Foreman	18.56	22.71	19.00	22.50	20.64
Carpenters, Rough					
Apprentice	12.08	15.16	12.00	15.00	13.62
Journeyman	15.05	20.69	15.00	21.00	17.87
Foreman	18.61	24.47	19.50	24.00	21.54
Concrete					
Apprentice	10.67	14.02	10.00	14.00	12.35
Journeyman	15.07	19.13	15.00	18.50	17.10
Foreman	17.50	21.46	17.00	21.00	19.48
Drywall Finishers					
Apprentice	10.00	13.50	10.00	13.00	11.75
Journeyman	13.25	18.00	13.00	17.00	15.63
Foreman	18.00	20.25	18.00	20.00	19.13
Electricians					
Apprentice	11.30	18.37	10.75	18.00	14.84
Journeyman	20.01	23.91	20.00	24.00	21.96
Foreman	23.54	26.02	23.50	25.60	24.78
Equipment Operators, Heavy					
Apprentice	13.77	16.72	14.00	16.00	15.25
Journeyman	16.41	21.23	16.00	20.00	18.82
Foreman	18.60	23.33	18.00	22.00	20.97
Equipment Operators, Light					
Apprentice	11.47	13.83	12.00	14.00	12.65
Journeyman	14.35	17.93	14.00	18.00	16.14
Foreman	16.18	19.50	16.00	19.00	17.84
Flaggers					
Apprentice	9.43	12.00	9.00	11.00	10.72
Journeyman	10.47	12.91	10.00	12.00	11.69
Foreman	11.83	16.05	12.00	14.50	13.94
Glaziers					
Apprentice	12.00	20.00	12.00	20.00	16.00
Journeyman	21.00	25.00	21.00	25.00	23.00
Foreman	25.00	27.00	25.00	27.00	26.00
HVAC Installers					
Apprentice	11.30	18.38	10.50	18.00	14.84
Journeyman	19.18	22.69	18.00	22.00	20.94
Foreman	23.27	26.49	24.00	26.00	24.88
HVAC Technicians					
Apprentice	14.46	18.63	15.00	17.65	16.55
Journeyman	19.95	24.69	18.00	25.00	22.32
Foreman	24.49	26.96	25.00	28.00	25.73
Landscapers					
Apprentice	8.50	10.30	8.00	10.00	9.40
Journeyman	10.40	13.10	10.00	12.00	11.75
Foreman	12.13	17.00	12.00	16.50	14.57

¹ The value obtained by dividing the sum of a set of values by the number of values in the set. Also called the **arithmetic mean**. The average value of 17, 20, and 36 is 24.33 $[(17+20+36) / 3 = 24.33]$.

² The middle value of a set of numbers (or the average of the middle two in an even-numbered set). The median value of 17, 20, and 36 is 20.

³ The average of the average low and average high wages.

Utah's Construction Industry Wages (continued)

Job Title	Average Wage 1		Median Wage 2		Average 3
	Low	High	Low	High	
Mechanics, Machinery					
Apprentice	11.55	14.50	10.13	14.25	13.03
Journeyman	14.53	19.09	14.50	19.00	16.81
Foreman	17.86	23.75	16.50	23.90	20.81
Mechanics, Service					
Apprentice	12.00	14.67	12.00	15.00	13.34
Journeyman	15.56	18.74	15.00	18.50	17.15
Foreman	17.00	21.78	15.50	22.00	19.39
Mechanics, Shop					
Apprentice	11.49	14.44	10.63	15.00	12.97
Journeyman	15.52	19.66	15.00	19.49	17.59
Foreman	17.88	22.40	17.50	22.00	20.14
Painters					
Apprentice	10.75	13.17	10.50	12.00	11.96
Journeyman	13.89	18.22	14.00	17.00	16.06
Foreman	19.25	22.89	17.25	21.00	21.07
Pipe Layers					
Apprentice	11.51	14.57	10.25	13.25	13.04
Journeyman	14.16	17.34	13.25	16.75	15.75
Foreman	17.18	21.22	16.00	22.00	19.20
Plumbers					
Apprentice	12.27	20.04	12.00	20.00	16.16
Journeyman	21.55	25.00	20.50	25.00	23.28
Foreman	24.76	27.43	25.00	27.00	26.10
Project Design					
Apprentice	17.00	20.00	17.00	20.00	18.50
Journeyman	22.00	25.00	22.00	25.00	23.50
Foreman	25.00	29.00	25.00	29.00	27.00
Roofers					
Apprentice	9.00	16.00	9.00	16.00	12.50
Journeyman	11.00	19.00	11.00	19.00	15.00
Foreman	13.00	28.00	13.00	28.00	20.50
Steel Erectors					
Apprentice	13.00	15.00	14.00	15.00	14.00
Journeyman	14.17	18.67	14.50	18.00	16.42
Foreman	17.50	24.00	17.50	22.00	20.75
Steel Fabricators					
Apprentice	10.80	15.75	10.00	13.50	13.28
Journeyman	17.00	20.75	15.00	21.00	18.88
Foreman	21.67	25.75	23.00	26.50	23.71
Tapers					
Apprentice	9.00	12.00	9.00	12.00	10.50
Journeyman	11.50	15.50	11.50	15.50	13.50
Foreman	16.50	20.00	16.50	20.00	18.25
Tile Installers					
Apprentice	10.00	14.00	10.00	14.00	12.00
Journeyman	15.00	22.00	15.00	22.00	18.50
Foreman	22.00	25.00	22.00	25.00	23.50
Truck Drivers					
Apprentice	13.42	16.03	12.75	16.00	14.73
Journeyman	14.90	18.10	15.00	18.00	16.50
Foreman	16.56	20.04	16.00	18.89	18.30
Welders					
Apprentice	11.17	15.18	10.50	13.00	13.18
Journeyman	16.90	20.98	16.00	21.00	18.94
Foreman	19.13	24.33	18.00	25.00	21.73

- 1 The value obtained by dividing the sum of a set of values by the number of values in the set. Also called the **arithmetic mean**. The average value of 17, 20, and 36 is 24.33 $[(17+20+36) / 3 = 24.33]$.
- 2 The middle value of a set of numbers (or the average of the middle two in an even-numbered set). The median value of 17, 20, and 36 is 20.
- 3 The average of the average low and average high wages.

Impacts on Profitability

For the second year, the top impact on profitability is shortage of qualified employees. This impact received a 3.99 rating, with 73 percent of participants rating this either a “5” (63 companies) or “4” (58 companies). Following close behind was increased cost of employee benefits (3.67). Sixty-two percent of participants rated this impact either a “5” (42 companies) or “4” (60 companies). These impacts were followed by unpredictability of costs (3.47), control of labor – improving productivity (3.33) and cash flow of construction projects (2.74). The lowest impact on profitability was availability of materials. This came in with a 2.60 rating.

Impacts on Profitability (Rated on a Scale of 1 to 5)

Problem	Rating
Shortage of qualified employees	3.99
Increased employee benefit costs	3.67
Unpredictability of costs	3.47
Control of labor – improving productivity	3.33

Problem	Rating
Cash flow of construction projects	2.74
Availability of sub-contractors/vendors	2.66
Number of available projects on which to bid	2.63
Availability of materials	2.60

Increase in Gross Volume

Of contractors participating in this survey, 114 (69 percent) have increased gross revenues this past year, on average by 25 percent. The majority of these, 105 (92 percent), base this increase in volume on additional work, while another 40 (35 percent) also indicated the increase resulted from increased job costs.

Creating New Business

To maintain a steady workload of projects, some contractors are searching for contracts outside their normal operating region. Twenty-one percent are seeking such contracts and expect to generate, on average, 10 percent of their 2008 gross revenue from these expanded efforts.

Remote Job Site Compensation

In this year’s survey, we asked contractors how they compensate employees who work at remote job sites. The responses were as follows:

Remote Job Site Compensation	Responses
Flat daily per diem	70
Reimburse actual costs	47
Transportation allowance	41
Other	9

Will Contractors Give Employees Wage Increases?

Seventy-eight percent of survey participants anticipate a wage increase this year with an average increase of 4.8 percent. Contractors indicated they anticipate giving wage increases from 1 – 10 percent. Increasing wages is a main tactic used by contractors to retain and attract employees.

Benefit Trends and Options

With all of the benefits companies offer, did you ever wonder where the idea of having employers pay for all these benefits came from? It actually came from an effort to reduce total compensation.

Back in the 1950s and '60s, companies found that constant pressure from workers for higher wages could be blunted by offering benefits instead. Health and other forms of insurance were cheap then, so organizations just piled them on.

The perception for most employees is that such benefits are still cheap. According to a survey compiled by Charlton Consulting Group and Harris Interactive, workers estimate the cost of benefits to be 30 percent or less over and above pay. According to government statistics, the average cost of benefits is nearly half again that – 43 percent of pay.

One way to maximize the value of benefits offered is to use a personalized benefit statement. This is a way to communicate to employees the value of their benefit package. Most employees won't understand the company investment unless you tell them.

Health Insurance Coveted by Most Employees

While most employees underestimate the value of the total benefit package, there is one benefit that employees would hate to give up, even to the point of having to take a pay cut to keep it – health insurance. A survey of 1,619 workers conducted by the National Business Group on Health found the following:

- 75 percent of workers said they would forgo a pay raise if it meant they had to buy health insurance on their own.
- 60 percent would not trade a drop in health benefits for a better retirement plan.
- 60 percent said they've had to pay more for health plans over the last 3 years, but even with increased costs, 70 percent felt that those plans gave them the healthcare access and services they needed.
- 83 percent said that if employers had to reduce total comp costs, they would rather have their pay or retirement plans cut than give up any of their health benefits.

(HR Daily Advisor, Jun. 18, 2007)

Health Savings Accounts

HSAs (Health Savings Accounts), created by the Medicare Modernization and Improvement Act of 2003, are tax-advantaged products that encourage consumers to take more responsibility in saving and paying for their healthcare. The accounts allow consumers to own and control first-dollar expenses and to carry their savings from employer to employer. The benefit to the employer can be reduced premiums. An employer can reduce insurance premiums by switching to an HSA-qualified high-deductible health plan. These plans allow employees to contribute pretax dollars to fund health expenses helping to offset higher deductibles.

Benefit Survey Results

Here are the results of the benefit portion of our survey. The results from the survey show 86 percent of respondents offer health insurance to their employees and 78 percent offer coverage to families. Fifty-two percent pay the full amount for salaried workers while 41 percent pay the full premium for hourly employees. For family coverage, 24 percent pay the full amount for salaried workers while 13 percent pay the full premium for hourly employees. The following table gives the breakdown:

Percentage of Companies Paying a Portion of Medical Insurance Premium

Employee Coverage			Family Coverage		
% of Premium	Salaried Employees	Hourly Employees	% of Premium	Salaried Employees	Hourly Employees
100	51%	41%	100	24%	13%
90	4%	3%	90	2%	1%
80	6%	5%	80	4%	4%
75	4%	6%	75	4%	3%
60	1%	2%	60	2%	2%
50	10%	15%	50	15%	18%
Less than 50	1%	3%	Less than 50	18%	24%
Avg % Paid	87.89	81.48	Avg % Paid	61.19	49.01

Cafeteria Plans

Forty-eight percent of respondents provide cafeteria plans for their employees.

Dental Care

Of survey respondents, 56 percent offer dental coverage to their employees with an average of 54 percent of the premium being paid by the employer for salaried employees and 46 percent for hourly. Fifty-three percent extend this benefit to families with the average premium covered at 38 percent for salaried workers and 30 percent for hourly.

Life Insurance

Forty-two percent of companies provide life insurance coverage for their employees with an average of 91 percent of the premium paid by the employer for salaried employees and 84 percent paid for hourly. Of those that provide life insurance, the average dollar amount of coverage is shown on the following table:

Average Dollar Amount of Life Insurance Coverage

Life Insurance Coverage		
Amount	# of Companies	Overall %
\$25,000 or less	47	68%
Between \$25-\$50,000	11	16%
Greater than \$50,000	11	16%

Disability Insurance

In this year's survey, 18 percent of respondents told us they offer disability insurance to their employees. Of those, the employer pays an average of 60 percent of the premium for salaried employees and 34 percent for hourly workers.

Paid Time Off

The majority of companies responding to this survey offer some type of paid time off. Seventy-four percent offer holiday pay with an average of five days, and 38 percent offer between 1-15 sick/personal days with the average number being two. Eighty-four percent of companies offer paid vacation. The breakdown of weeks versus time worked is shown in the following table:

Number of Companies Providing Paid Vacation Days

Time Worked	1 Week	2 Weeks	3 Weeks	4 Weeks
0-6 months	18	3	1	0
1 Year	79	13	2	0
2 Years	18	27	1	0
3 Years	3	16	3	1
5-9 Years	4	28	13	1
10-14 Years	0	6	17	7
15+ Years	0	0	8	6

Retirement Plans

Our survey revealed that 70 percent of companies offer 401(k) plans for their employees, while 37 percent offer profit sharing plans. The number of 401(k) plans again saw a significant increase over last year possibly indicating that more companies are using retirement plans as an enticement to retain employees.

Employee Incentives

Based on results from our survey, 83 percent of respondents offer some type of bonus plan for their employees. The majority base their bonus plan on overall company profit, followed by specific job profit. In this year's survey, all employees participate in bonus programs at the highest margin with senior field personnel and management close behind. The average bonus as a percentage of base salaries is 10 percent.

Bonus Requirements and Recipients

Requirements	% of Firms
Overall company profit	65%
Specific job profit	50%
Meeting job goals	22%
Safety record	17%
Hours worked	13%
New business	4 %

Recipients	% of Firms
All employees	56%
Senior field personnel	36%
Management	35%
All construction employees	21%
Owners	20%
Other	4%

Training

For this year’s survey, safety and technology top the focus of training offered by contractors. Safety training was offered by 75 percent of those participating, while technology was offered by 41 percent. Here is a recap of the training that was completed in the construction industry this past year:

Training Focus

Training in the last 12 months	# Of Firms	%
Safety	123	75%
Technology	68	41%
Supervision	57	35%
Field Productivity	42	25%

Training in the last 12 months	# Of Firms	%
Communication	40	24%
Project Planning	35	21%
Client Relationships	15	9%
Other	14	8%

Training and developing employees gives a company an edge when competing against other contractors. Your one competitive advantage is your employees. Helping employees get to the next level not only improves them, but improves your company and its strategic focus. Training builds quality of work life.

Integrating foreign-born workers

Despite your personal views on immigration policies, the reality is that a significant number of foreign-born workers are part of the workforce. It is expected that as baby boomers begin to retire, there will be a surplus of 35 million jobs. Foreign-born workers will help fill that void. Companies will need to be ready to fully integrate all employees to produce the work.

Many businesses are already heading in this direction. Twenty seven companies (16 percent) from our survey have programs to help integrate employees with limited English skills. Some of the programs include: English classes, bilingual supervision, providing safety and other documents in other languages, Daily Dose learning systems and incentive programs. Some companies have even taken steps to obtain work visas for their workers.

At any rate, employers should monitor and adhere to the law. As the issue is being debated and laws determined, work with employees to integrate them into your workforce.

Conclusion

If someone were to come and ask you for the right tools to do a construction job in your specialty, it would be easy for you to tell them. You know your business and what it takes to get a job done right. But being successful at your trade and running a successful business do not always go hand in hand.

So what are the necessary tools to operate a successful construction business?

1. Company Direction and Purpose
2. Effective Management
3. Skilled Workforce

If it were only that simple, right? Short and simple statements, but behind each one is a bigger story.

Company Direction and Purpose

Unless you know what you do well, you can spend a lot of time running all over to find work, do a mediocre job, and lose money. You don't become very good at anything. Find your direction and purpose and focus on that work. Using your energy and resources to fulfill that purpose will give you success. Focus on excellence. Do every job at that level and your rewards will come.

Effective Management

Sometimes easier said than done – in this report we've given you checklists, management tips and scorecards to evaluate your business. Use these tools to find the weak areas of your business and strengthen them. Management must be able to make the tough decisions, take action, motivate everyone else, and keep the company on course.

Skilled Workforce

This report gives you wage and benefit data to use as a tool in determining your benefit package. It also lets you know what other contractors are doing to train and integrate a changing workforce. Use this information to make the choices in your company that will retain your best workers and develop new ones.

Final Notes

Anyone who has been around the block a few times knows that what is currently happening to the economy and market is not a big surprise. The market goes in cycles. We have highs and then the market makes an adjustment to get back in alignment. When we've gone too far in the other direction, again the market corrects itself. Strong

businesses survive both ends of the spectrum and find ways to be profitable. That is your challenge.

Use the information in this report to build your company. Determine your course. Don't let what is going on around you sway you from your course. Too many side trips and you won't get very far toward your destination.

Find a management team that believes in your purpose, pay them well, and use your combined talents to keep your company on course. Give team members the training and information they need to do their job. Then let them handle their areas of responsibility without interference. Let them be accountable for the end result. You keep everyone aligned.

Retain your top employees by giving them a chance to be part of your company vision. Let them see the part they play in the company's success. Have great communication. Use your knowledge of new generations to help these workers be productive and successful, and maintain your relationship with current workers and give them opportunities as they near retirement to continue working if they so choose. Find ways to incorporate non-traditional employees in your workforce.

Use the information from this survey to ensure your company's success!

<i>\$50.00</i>
Half of proceeds to go to a Utah cause

Resources – Keys to Profit Improvement

Labor Productivity and Profit

You know you have a good labor force when jobs have a minimum amount of re-dos, little overtime, and no schedule overruns. Poor use of labor is too much of all of these.

How do you improve your labor force? Teach your supervisors to be effective managers. Delegate authority, and in doing so, give them more responsibilities. Let them make decisions, and bear the consequences of those decisions. They have to learn that managing a job involves more than directing a crew. A supervisor also has to meet the needs of customers, complete the project as designed – within the budget and timeframe allowed, and in accordance with your company's high standards.

In studies of construction labor, Dr. James Adrian of Bradley University discovered that in many cases more than half of a construction day is lost because of inefficiency. Most of the delays are due to:

		<u>Equated to Minutes</u>
Waiting for resources	14%	67
Multiple material handling	6%	28
Late starts and early quits	6%	28
Waiting on instructions	6%	28
Late or inaccurate information	5%	24
Punch list work	3%	15
Accidents	3%	15
Wastage or theft	3%	15
Substance abuse	2%	10
Re-do work	2%	10

(Jim Adrian's Construction Productivity Newsletter, Volume 18, #6)

How do you remedy these problems? First, accept that you CAN improve labor efficiency. Study your numbers from bids, accounting of dollars, and overtime. Go to the field and determine if the job is laid out in an orderly manner. Are the materials to perform the work in an accessible location? Has the supervisor of the job been properly trained? Is the construction office supporting the field crew by following through on deliveries, getting sub-contractors to be responsive, and communicating with those on the job?

For most contractors, construction labor is a significant portion of the company's cost. If with some study, thought, and determination you can reduce your direct labor costs by approximately 10%, you may well have doubled your net income.

That is a bold statement, but here is the justification. A 10% savings means fewer days a job is open, and most likely, overtime is significantly reduced. Not only is there a direct

savings in labor costs, but also labor burden. Here are some ideas to help you improve your use of labor:

Labor Savings Ideas

- Track how many field hours your business has in a year that your company directly controls. Of the total amount of field hours, track how many of these are overtime.

Regular Hours _____ %

Overtime Hours _____ %

Total Hours _____ = 100%

- Assist your construction supervisors to become proactive, instead of reactive, on all job issues by making sure these components are in place:

_____ The company has developed procedures for all operations of a job from required paperwork, following the plan of the job, reporting to management, daily overseeing of job labor and subcontractors, equipment usage, tools on the job, and how to finalize a job.

_____ The crew size is correct for smooth construction workflow.

_____ Supervisors are empowered to make decisions on the job to improve project time, cost, quality and safety of the project.

_____ The supervisor measures actual job progress and results, not just manpower.

_____ The supervisor understands that his job is to coordinate labor, subcontractors, materials, inspections, and keep a dialogue open with management for change orders and job issues.

_____ Daily reports are completed on the job and submitted to management.

_____ Management reviews daily reports, and feedback is given, even if everything is okay and on budget.

_____ Supervisors are given time to coordinate, manage and oversee the jobs.

- Teach supervisors how to make decisions. Decision-making is a skill that needs to be taught, encouraged and supported by management. Management has to set examples and limits so that supervisors do not become paralyzed when they need to be making effective decisions.

- Your supervisors need to have management experience, not to just complete the paperwork for the office, but to oversee all phases of the job including resolving labor issues, coordinating timely delivery, storage of materials, communicating with the business office, and using technology to their advantage.
- Teach your supervisors communication skills so they effectively discuss the job with employees, other contractors, and even the owners visiting the job site.
- All supervisors and foremen have a plan to ensure:
 - _____ Material delivery is coordinated
 - _____ Equipment repairs are completed timely
 - _____ Right equipment is on the job, ready to go and is where it belongs to maximize productivity
 - _____ Excess equipment is removed from the job
 - _____ Subs and vendors are given notice now to address any pending issues
 - _____ Every crew on the job has a daily and weekly goal of productivity
 - _____ Goals are measured and reported to the project manager
 - _____ Crews are adjusted up/down based on productivity measures
- Foremen and supervisors actively solve problems – not defer them.
- Job flow is orderly in a mechanized fashion – not helter-skelter and everywhere.
- The right crews, sizes and sub contractors are on the job.

Business Scorecard

Use this scorecard to evaluate your business. In each area, grade your business by responding to each group of questions using a scale of 1-5, with 1 as low, 2 as between low and medium, 3 as medium, 4 as between medium and high, and 5 as high. By candidly grading your business, you will have a basis to begin improving your company's performance. When you are done grading the scorecard, add up your score and turn to the last page to see how your company rates.

Management

LOW

MEDIUM

HIGH

Management Qualities

Are you well qualified to manage your business successfully? Are you energetic? Willing to learn? Willing to assume responsibility and make decisions? Do you get along well with other people? Can you motivate others? Do you listen well?

1

2

3

4

5

Market Awareness

Do you monitor changes in the market that affect your business operation? Do you read relevant business and trade newspapers and periodicals?

1

2

3

4

5

Training and Networking

Do you belong to a trade association or other business organization? Do you attend seminars or classes designed for business owners to improve your managerial skills? Are you active in local clubs and organizations in your community?

1

2

3

4

5

Return on Investment

Do you draw a reasonable salary as owner and manager of the business? Are you earning at least as much as you could earn working for someone else? Does the business generate a reasonable return on your investment? Do you earn as much from the business (over and above your salary) as you could earn by investing an equal amount in an investment of similar risk?

1

2

3

4

5

Total Management Score

Strategic Planning

LOW

MEDIUM

HIGH

Business Strategy

Do you know what business you are in? Have you developed a written statement of your company mission? Do you have written objectives to guide your company's performance in critical areas? Are they specific and measurable? Have you created written policies to guide action and decision making in the organization and to ensure consistency?

1

2

3

4

5

Marketing Strategy

Do you have a written description of your target market? Do you know your customer's characteristics? Where are your customers? In addition to a tangible product or service, what are they purchasing when they buy from you? Do you have a master strategy designed to keep your company ahead of the competition? Have you identified your company's distinctive competence – the quality that sets it apart from the competition?

1

2

3

4

5

Planning for Growth

Do day-to-day activities involve you so much that you find no opportunity for advance planning? Do you find recurring crises force you to make decisions before you are able to thoughtfully analyze them? Are you grooming someone to succeed you?

1

2

3

4

5

Succession Planning

Have you planned for the succession of your business? Do you know and understand your options? Have you determined a tax strategy? Do you have trusted advisors in place (experienced attorney, CPA, banker or business broker)?

1

2

3

4

5

Total Strategic Planning Score

Finance and Control

LOW

MEDIUM

HIGH

Accounting System

Do you have an accounting system that provides a full range of data sufficient to make management decisions? Is the data accurate and timely? Does your accounting system provide you with monthly statements? Do you understand each element of the accounting statements you receive? Do you reconcile bank statements monthly? Are accounts receivable aged regularly? Do you apply break-even analysis and opportunity cost analysis to your business activities?

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Budgeting and Expense Control

Are company expenditures based on an established budgeting system? Are budgets tied to set time periods, performance standards, and incentives? When you set budgets, do you discuss them with key employees? Have you constructed a break-even model for your business? Have you compared your cost, revenue, and profit figures against industry data from your trade association? At the end of each accounting period, do you review your actual operations and your forecast together?

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Business Documents

Does your business have proper documentation (Articles of Incorporation, LLC, Partnership, or other) in place? If the business has more than one owner, are suitable documents signed and in place to assure orderly succession? Does your business make all business filings with the state? If you are a corporation, do you hold and document corporate minutes? Are all permanent documents (insurance policies, leases, legal documents) in a fireproof safe?

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Cash Management

Are all cash receipts deposited to the company bank account? Are cash receipts records processed by two or more people working independently? Are all withdrawals of cash controlled by numbered checks? Do you monitor and reconcile all cash disbursements against the original authorization? Are all checks and purchase orders pre-numbered and accounted for? Can you use lines of credit to decrease the demands for cash? Do you calculate your cash flow regularly?

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Taxes and Legal Obligations

Do you file and pay timely all federal, state, and local returns? Do your records adequately differentiate between taxable and nontaxable sales? Do you keep adequate equipment records? If you have a pension or profit sharing plan, are you aware of reporting requirements to government and employees? Are all business licenses current? Does your business adhere to all rules and laws (for example, Wage & Hour, EPA, OSHA, Equal Employment, RICO)?

1 2 3 4 5

Risk and Insurance

Have you analyzed the risks to which your business and employees are exposed? Has your business been inspected to identify areas where risks can be reduced? Do you have insurance on key personnel in the business? Have you taken advantage of all premium cost-cutting possibilities? Do you periodically review your insurance program?

1 2 3 4 5

Purchasing

Do you review the quality of products purchased, their timely delivery, and quality of other services provided by your suppliers? Do you solicit bids on purchases when you are not sure of the price? Do you have more than one source of supply for any critical item? Do you have policies regarding who is authorized to purchase goods and services? Does the volume of purchasing any particular item warrant your dealing directly with its manufacturer?

1 2 3 4 5

Total Finance and Control Score

Marketing and Sales Strategy

LOW

MEDIUM

HIGH

Marketing

Do you know the specific segment of the market your business is attempting to serve? Is the service you provide with your products superior to that of your competition? Do you attempt to meet competitors head-on or sell differentiated products that carry a different price/value relationship? Are your marketing and promotion efforts honest and straightforward?

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Assessment of Competitors

Do you make an assessment of your competitors' actions so that you can plot a strategy to meet them? How do customers perceive your firm in comparison to your competitors?

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Business Location

Is your location convenient and easily accessible to your target market? Are transportation facilities such as access, parking, loading and unloading, public transportation, and lighting well developed at your location?

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Pricing

Are your prices competitively based on the quality and services that go with each product sold? Do you use break-even analysis in computing cost for price setting? Are there economies of scale in your operation that enable you to sell at a lower price than competitors? Have you developed a pricing strategy that allows you to adjust prices to meet competitive situations as they develop?

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Sales Strategy

Have you identified potential opportunities for increased sales and profits for your company? Do you predict future trends and their affect on your business?

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Total Marketing and Sales Strategy Score

BUSINESS SCORING

Obtain your score by area. Determine the area with the lowest score based on points possible. Assess why this area is your lowest and what impact this is to your business; it may be financial or increased risk. Decide on an action plan you will implement to improve this score. If you have other low areas, prioritize these and add them to your plan as well. Those items that have the greatest impact on the financial well being of the business should be considered first.

Management Score (out of 20) _____

Strategic Planning Score (out of 20) _____

Finance and Control Score (out of 35) _____

Marketing and Sales Strategy Score (out of 25) _____

Total Score (out of 100) _____

Now, look at your total score. Assess your score based on the following criteria:

85 – 100 Overall, your business is strong. Keep doing what you are doing well. Always look for ways to improve.

70 – 84 Your business is doing reasonably well. Running a strong business is tough. Look at your scores and make an action plan. Find ways to improve your business. Come back and reevaluate the scorecard in three months.

55 – 69 Your business needs attention. Look at your scores and determine the priorities for your business. Make a three-month plan and implement it. Start with those items that will have the greatest impact on the financial well being of your business. Get going. You have no time to lose.

Below 55 Your business is in trouble. Use the scores to determine an action plan. Find strategic advisors to help you determine priorities. Implement the plan NOW! Come back and reevaluate in two weeks. Evaluate your plan and make adjustments. Check your progress regularly.

Benchmarking for Profit

1. Is your company committed to continuous learning? Yes No
2. Do you have a benchmarking program in place? Yes No
3. Do you understand the benefits of benchmarking? Yes No
4. Have you identified specific benchmarking objectives? Yes No
5. Are you aware of available sources, internal and external, to locate information? Yes No
6. Do you have a system in place to monitor improvement? Yes No
7. Do you know the right questions to ask, like:

Are you as profitable as other comparable businesses?
 Are you spending the same on similar expenses?
 Are you generating a comparable rate of return?
 Are you compensating key people on a similar basis?

8. Do you know which business functions you should benchmark? Yes No
9. Do you survey your customers regularly? Yes No
10. Do you know how to adapt and apply information you gather? Yes No

If you want to discuss your answers, complete the checklist, include your contact information and fax to (801) 364-1099

Results

Total Number of Yes Responses: _____

# Of Yes Responses	Rating
9 or 10	Excellent
7 or 8	Good
5 or 6	Fair
4 or less	Help!

Employee Productivity and Performance

1. Does your company culture allow innovative thinking and support open lines of communication? Yes No
2. Do you offer a well designed and administered employee suggestion program that is accessible to all employees? Yes No
3. Do you encourage participation in the program by offering rewards and acknowledgement of worthy suggestions? Yes No
4. Do you have a committee to review employee ideas? Yes No
5. Is top management supportive of employee input? Yes No
6. Do you communicate to employees areas the company is looking to improve? Yes No
7. Do you allow employees access to information about the company? Yes No
8. Do you communicate with employees regularly on their performance? Yes No
9. Do you use incentives such as pay for performance or bonus programs to encourage productivity? Yes No
10. Do you use personal development plans for your employees? Yes No

If you want to discuss your answers, complete the checklist, include your contact information and fax to (801) 364-1099

Results

Total Number of Yes Responses: _____

# Of Yes Responses	Rating
9 or 10	Excellent
7 or 8	Good
5 or 6	Fair
4 or less	Help!

Effective Leadership

1. Do you have a written vision statement that you share with your team? Yes No
2. Do you have a healthy passion for your business? Yes No
3. Do you promote working as a team for common goals? Yes No
4. Are you ethical and honest in all of your dealings? Yes No
5. Do you place company interests above your own when making decisions? Yes No
6. Besides just knowing your craft, do you focus on management, engineering, salesmanship, and finance skills? Yes No
7. Do you spend time on the job with employees and customers, and are you active in the community? Yes No
8. Have you learned and sharpened your decision-making skills? Yes No
9. Can you make tough decisions before it is too late to save the job, customer, or business? Yes No
10. Do you know when it is best to manage by committee and When YOU must make the decision? Yes No
11. Do you show trust in your workers and support them in the decisions they make? Yes No

If you want to discuss your answers, complete the checklist, include your contact information and fax to (801) 364-1099

Results

Total Number of Yes Responses: _____

# Of Yes Responses	Rating
10 or 11	Excellent
8 or 9	Good
6 or 7	Fair
5 or less	Help!

Marketing

- | | | |
|--|------------------------------|-----------------------------|
| 1. Do you have a written plan to market your business? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Have you identified your company strengths and use these to build your business? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Do you know your specialties or niches and use these to determine your target market? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 4. Do you have current brochures or other materials that emphasize your strengths and specialties? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. Does your company have a website? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 6. Do you track information on current customers, prospects and past customers? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. Do you measure and follow-up on your marketing efforts? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 8. Do you use what you know about your current customers to develop additional work? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 9. Does your company train employees about the company direction and marketing efforts? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10. Do you use client service plans? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

If you want to discuss your answers, complete the checklist, include your contact information and fax to (801) 364-1099

Results

Total Number of Yes Responses: _____

# Of Yes Responses	Rating
9 or 10	Excellent
7 or 8	Good
5 or 6	Fair
4 or less	Help!

Project Management

1. Do you define the project with as much detail as possible? Yes No
2. Do you select a strategy and develop goals for implementation? Yes No
3. Do you set a time schedule with daily productivity measures and communicate to your team? Yes No
4. Have you developed a budget in dollars and man-hours? Yes No
5. Do you organize your project team assigning duties and responsibilities and make sure all team members understand their role? Yes No
6. Do you monitor progress daily and have benchmarks that the team knows and can measure against? Yes No
7. Do you compare your findings to the overall plan and take corrective action to bring the project back on schedule? Yes No
8. Do you communicate changes to team members and give feedback to your team, subcontractors, inspectors and owners? Yes No
9. After completion, do you perform an internal financial audit tracking unnecessary delays, unapproved change orders, subs or vendors that did not perform or if billings to owners were timely and in a fashion that prompted orderly payment? Yes No
10. Do you evaluate project performance and make a plan for improvement? Yes No

If you want to discuss your answers, complete the checklist, include your contact information and fax to (801) 364-1099

Results

Total Number of Yes Responses: _____

# Of Yes Responses	Rating
9 or 10	Excellent
7 or 8	Good
5 or 6	Fair
4 or less	Help!

Turnaround Strategies

1. Have you conducted a SWOT (strengths, weaknesses, opportunities and threats) analysis of your business? Yes No
2. Do you capitalize on business opportunities and strengths? Yes No
3. Do you strategically plan, document and execute the plan, and then hold your company accountable? Yes No
4. Have you looked for ways to lower inventory costs? Can you reduce or turnaround inventory quicker? Yes No
5. Is company management open to change? Yes No
6. Do you continually market in good and bad times? Yes No
7. Do you find ways to improve cash flow?
Sell idle assets? Maximize use of space?
Have accounts receivable procedures in place? Yes No
8. Have you sought out investors, partners or companies with which to merge or buy? Yes No
9. Do you seek help from trusted advisors before you're in deep trouble? Yes No
10. Do you carefully consider new purchases or investments and whether they fit in with your business strategy? Yes No

If you want to discuss your answers, complete the checklist, include your contact information and fax to (801) 364-1099

Results

Total Number of Yes Responses: _____

# Of Yes Responses	Rating
9 or 10	Excellent
7 or 8	Good
5 or 6	Fair
4 or less	Help!

Cost Reduction/Cash Flow Tactics

1. Examine every component of your business. Identify those areas that tend to drag the rest of the business down. Focus on these and establish methods to improve these areas.
2. Review all expenditures and question what, how and why. Rethink every expenditure.
3. Make a dollar or percentage goal for cost reduction and specify the timeframe when you will meet this goal.
4. Meet with suppliers and vendors. Discuss the options you have to reduce costs. Analyze these options and implement those changes that fit your business objectives.
5. Establish a forum for employees to offer their cost reduction suggestions. Use a suggestion box or identify someone in human resources as a liaison to receive ideas. Use rewards or recognition to encourage employee participation.
6. Examine your labor costs. Can you reduce overtime? Do you have materials ready and on the job when workers arrive at the work site? Do you plan the work to be efficient? Identify areas that can be improved and work on them.
7. Meet with your insurance agent and review your insurance policies. Determine ways to control costs. Comparison shop to see if you can find similar coverage at a reduced cost.
8. Review your cash management policies. Establish policies that offer incentives for fast payment of bills. Also take advantage of early payment discounts that benefit your cash management position.