

Building New Career-Development Volunteers

At a microeconomic level, the shale revolution has been positively impacting the Gulf Coast’s chemical industry for about seven years. According to Chad Burke, president and CEO of the Economic Alliance Houston Port Region, “With all the tens of billions of dollars of capital investment in the chemical industry (because of low-cost feed stock in natural gas), a lot of great things are happening here.”

Rewind the clock about 20 years, and the landscape along the Gulf Coast—and especially in Houston—was remarkably different. Growth in the domestic chemical industry was slow, namely because other regions of the world had access to lower-cost feed stocks. “There wasn’t a need for a lot of new blood,” says Burke, “or new workforce development.” For years, in fact, as individuals retired out of the industry, there wasn’t a great need to backfill with younger employees. This created a vacuum or growing gap in experienced skilled employees in the local chemical industry.

“That dynamic was percolating under the surface,” says Burke. In 2010 fracking technology gains began to produce low-cost domestic natural gas, which attracted significant investments in the petrochemical industry in the United States. Burke recalls hearing some rumblings from the industry about workforce development back in the 2010-2012 time frame, but says the fact that many baby boomers delayed retirement (due to the recession, mainly) “put a Band-Aid or hold on it for a few years.”

Four years ago those rumblings got a little louder. “It became apparent that something had to be done,” says Burke. Intent on making Houston the most competitive region on the Gulf Coast and nationally, he says the Economic Alliance started working with partner organizations to educate, train and employ recent high school graduates. For example, the organization created a marketing program focused on petrochemical career opportunities, geared at increasing the pipeline of people moving through the educational system and/or employed by owners and contractors.

“We started marketing the careers to students, teachers, counselors, principals, administrators and even parents—all in an effort to try and change the perceptions that were out there,” says Burke. The group also assembled a speakers bureau comprised of industry (or “jumpsuit”) volunteers. “We asked them to show up in their jumpsuits and talk about their careers,” he explains, noting that the group’s efforts extend all the way down to the middle-school level.

“*In Texas, eighth graders must select an endorsement. That’s a good point for us to be able to expose them to the career opportunities in the field and show them how affordable it is to get training—and how profitable it is to work in this industry.*”

Chad Burke
President and CEO of
the Economic Alliance
Houston Port Region

“In Texas, eighth graders must select an endorsement, kind of like a college major, but in this case, it’s an educational track,” Burke notes. “That’s a good point for us to be able to expose them to the career opportunities in the field, and show them how affordable it is to get training—and how profitable it is to work in this industry.”

In 2016 the Economic Alliance made presentations to 49 high schools and junior high schools in the Greater Houston area and spoke to over 5,200 people in the process. Year to date, it has already interacted with 3,100 students. “It’s going to be a bigger year; we’re on pace to almost double what we did last year,” says Burke, who adds that the Alliance’s ultimate goal is to create a pipeline of qualified individuals who can fill jobs at a “reasonable rate” for owners and contractors.

Is it working? Burke thinks so. “Pulling proprietary hiring information out of owners and contractors is tough; company leaders don’t want to let the competition know that they’re short on instrument techs or pipefitters,” Burke concludes. “However, the two local community colleges that provide industrial training and degrees have shown significant enrollment increases in the targeted careers. Also, later this year, our industry association (more than 130 plants) will complete a workforce survey that gives us another barometer for understanding how many people these companies need to hire. That will provide a quantitative gauge on where they are right now, and I’m very interested to see that.”

The Wheels on This Bus Turn Slowly But Surely

From his vantage point as president and CEO of AGC Houston and as a member of the board for the Construction Career Collaborative (C3), Jerry Nevlud has occupied a front-row seat at the E&C talent crisis show for years. A 501(c)(3), C3 is a not-for-profit organization that seeks to establish standards and principles for the commercial construction industry workforce. The group works to enhance career opportunities for the public good, enforce hourly payroll practices, and establish standardized safety and craft training that provides direct entry into the workforce from secondary and post-secondary training programs, according to the [organization’s website](#).

Nevlud says the group, which was formed about seven years ago, came together after a few key players in the industry realized that a workforce shortage was either already in force or right around the next corner. Two of its core focuses were on undocumented immigrants (which comprised a large majority of the state’s construction workforce at the time) and misclassified workers (e.g., an independent contractor who really should have been classified as a salaried worker). “We started trying to figure out how to change all of that,” says Nevlud. “And I knew that this couldn’t just be an AGC initiative because it was an industrywide issue.” And with that, the group created a board and began inviting different associations and contractors to participate.

Seven years later, C3 is a standalone entity with a three-person staff and a mission to continue helping the industry build out its workforce in a responsible, standards-based manner. For example, the C3 team works with general contractors on specific projects to ensure compliance with the requirements of the C3 Accreditation program. The team also verifies the pay practices of the skilled craft workers’ employers and the safety credentials of those craft workers on the project site. These steps are accomplished via the C3 Training Database along with job site interviews of craft workers by the C3 compliance team.

“The goal is to create metrics and standards around in-house skills training,” says Nevlud, who recalls a time in the mid-1980s when the market was experiencing a big dip and the industry was populated with a high number of union contractors. “That flipped in the 1980s, and a lot of unions fell from the radar screen,” says Nevlud. “Most union contractors developed an open shop component.”

At the time, no one gave much thought to the need for workforce development. That’s because there was a lot of trained labor in the workforce—much of which has since retired or gone untrained (and, as such, is no longer immediately employable by the industry). Now C3 is in the midst of an all-out effort to change that. By leveraging the Greater Houston Partnership’s position in the business community, for instance, the group is helping to promote better relationships among project owners, contractors, and local colleges and training centers.

Making those connections isn’t always easy, particularly when one side just wants to get a building up and running as cheaply as possible and the other wants to train students the right way—a process that requires time and patience. “The wheels on the bus don’t turn that fast, and we’ve all come to acknowledge that,” says Nevlud. “But every time you have that discussion, it just carries more and more weight and there’s a greater understanding of what we’re trying to accomplish here.”

Wanted: Portable Industry Credentials

Also a part of C3, Jim Stevenson of McCarthy Building Systems currently serves as the group’s chairman. He distinctly remembers the turning point back in 2009 when the venture came together. With WS Bellows at the time, Stevenson says the main idea was to create a group that would involve “collaborative groups led by project owners” (versus just contractors). “We felt that the people who were actually building the projects needed to be involved if we were going to impact the industry,” Stevenson recalls. “So from day one, we started with C3 as an owner-driven solution.”

The initiative kicked off with a 50-person volunteer corps that sat down and devised a plan to “change the way that we’re handling our craft workforce in the Greater Houston area,” says Stevenson. **The group came up with three key pillars, which were:**

1. **Common safety training** so that employees wouldn’t be given the same basic safety training repeatedly as they moved from job to job.
2. **A fair wage and good benefits** to attract people into the industry.
3. **A program for starting (or restarting) craft training** based on the specific craft.

“The licensed crafts typically have some level of craft training, as do the union subs, but both of those were in need of some improvement,” Stevenson explains. “Then there was this vast group that really didn’t have any craft training. It’s just been word of mouth passed down and over from one generation to the next.”

Centered on investing now to create a better workforce for the future, C3 set out to convince owners that there were real costs associated with inefficiencies, low productivity and poor quality. A standards-setting organization that promotes craft training and serves as a vehicle to connect craft workers with employers that are doing craft training, C3 accredits general and specialty contractors that comply with its standards.

“What we’re trying to do is credential craft workers so that they become more valuable as they move from job to job,” says Stevenson. “They don’t have to explain to someone that they’ve been doing this for 20 years; there’s actual documentation to that effect.”

At the end of the day, Stevenson says C3’s vision is not to develop a huge workforce but rather a small, more qualified pool of skilled workers. “We’re really focused on trying to increase the quality of the craft workers that we have,” he concludes, “and then credential them so that when we have the lulls, they still have the opportunity to find work elsewhere because they can take those credentials with them.”

As the skilled worker shortage continues to grow, and as the E&C industry continues down its post-recession path to full recovery, the strategies outlined in this article can easily be duplicated in other urban and rural areas around the nation. Whether that means credentialing workers, pairing contractors with educational providers, or getting owners more involved in the workforce development process, now is the time to mobilize these efforts and put some time into helping to create the workforce for today... and for the future.

“What we’re trying to do is credential craft workers so that they become more valuable as they move from job to job. They don’t have to explain to someone that they’ve been doing this for 20 years; there’s actual documentation to that effect.”

Jim Stevenson
President of McCarthy Building
Systems, and Chairman of C3



Dustin A. Bass, LEED AP CPE is a senior consultant with FMI Corporation. Dustin provides strategic insight and industry-specific advice for a broad range of industry stakeholders. With more than 15 years of construction industry experience, Dustin understands the complex business issues that clients face on a daily basis. His field experience, combined with several years of consulting practice, allows Dustin to analyze and dissect client situations effectively and provide relevant business solutions to address those challenges. He can be reached at dbass@fminet.com.



Sabine Hoover is FMI’s content director and chief editor for the FMI Quarterly. She is responsible for leading and setting strategic direction for research and content development across the organization. Sabine may be reached at shoover@fminet.com.



About FMI

For over 60 years, FMI has been the leading **management consulting and investment banking** firm dedicated exclusively to **engineering and construction, infrastructure and the built environment**.

FMI serves all sectors of the industry as a trusted advisor. More than six decades of context, connections and insights lead to transformational outcomes for clients and the industry.

Sector Expertise

- A/E and Environmental
- General Contractors/CM
- Heavy Civil
- Industrial
- Specialty Trades
- Utility T&D
- Cleantech and Energy Services
- Construction Materials
- Building Products
- Oil and Gas
- Private Equity
- Owners

FMI Client Highlights



of the ENR
Top 400
Contractors



of the ENR
Top 200
Specialty
Contractors



of the ENR
Top 100
Design
Firms



of the ENR
Top 200
Environmental
Firms



of the ENR
Top 100
CM for
Fee Firms

Industry Focus. Powerful Results.™

Denver

210 University Boulevard
Suite 800
Denver, CO 80206
303.377.4740

Houston

9303 New Trails Drive
Suite 350
The Woodlands, TX 77381
713.936.5400

Phoenix

7639 East Pinnacle Peak Road
Suite 100
Scottsdale, AZ 85255
602.381.8108

Raleigh (headquarters)

5171 Glenwood Avenue
Suite 200
Raleigh, NC 27612
919.787.8400

Tampa

308 South Boulevard
Tampa, FL 33606
813.636.1364



www.fminet.com