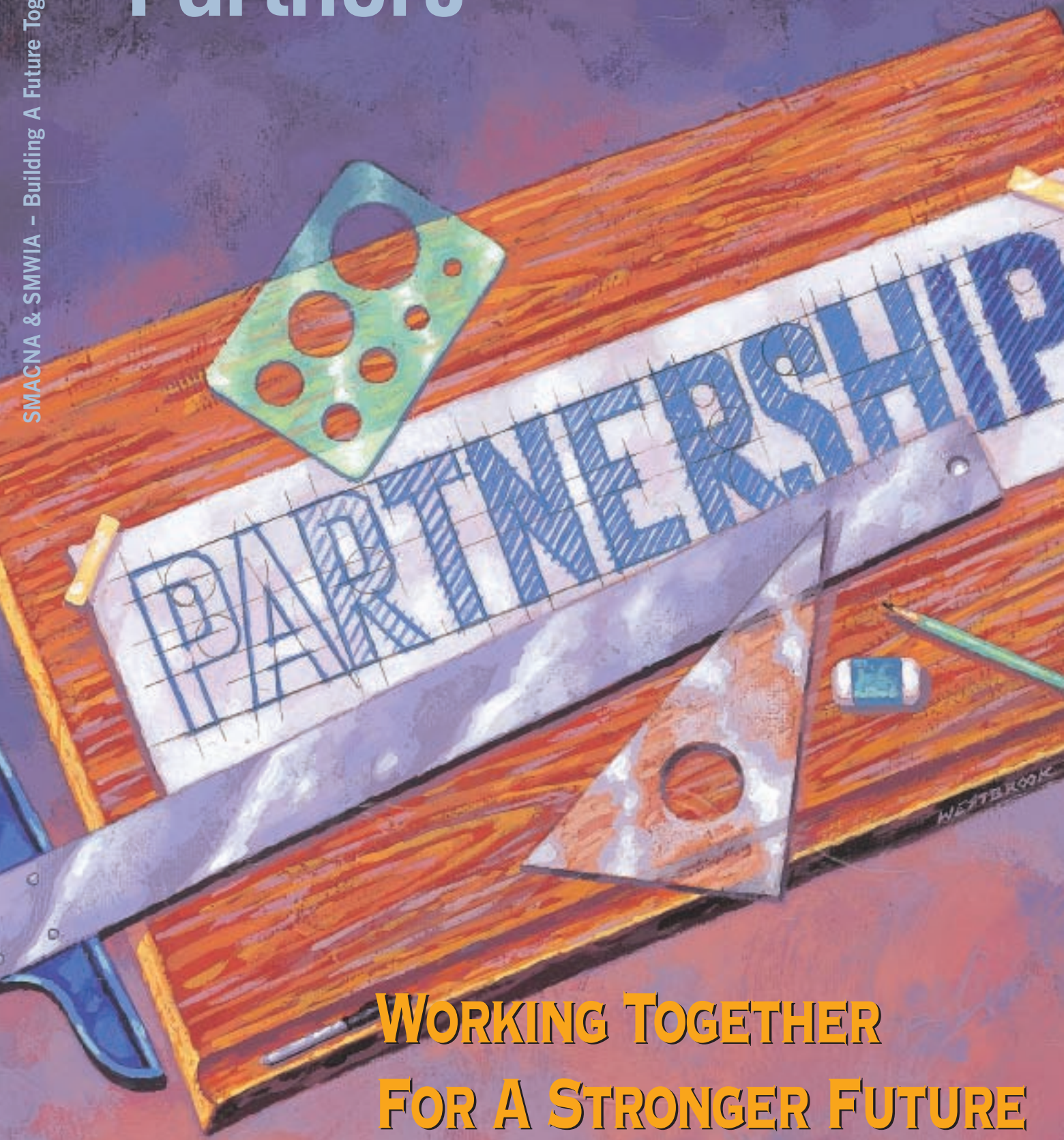


# Partners **IN** PROGRESS

SMACNA & SMWIA - Building A Future Together AUGUST 2002



**WORKING TOGETHER  
FOR A STRONGER FUTURE**

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**PARTNERS IN PROGRESS**  
AUGUST 2002 VOL. 1/NO. 1

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## NATIONAL LMCC ESTABLISHED

On May 14, SMACNA President Ron Rodgers and SMWIA General President Michael Sullivan executed an agreement and declaration of trust establishing the Sheet Metal Industry Labor-Management Cooperation Committee.

This Committee's goal will be to advance the interests and prosperity of the union, its members, signatory employers and associations—and customers and users of union services in the sheet metal industry.

The Committee is established for purposes set forth in the Labor-Management Cooperation Act of 1978.

The Labor-Management Cooperation Committee (LMCC) will provide resources for the marketing plan developed by the Joint Best Practices Marketing Task Force.

Labor trustees are Michael Sullivan and Thomas Kelly. Management trustees are Charles Corbett and Bruce Stockwell.

## IN CASE YOU MISSED IT: RECENT NEWS OF NOTE

### FROM ENGINEERING NEWS-RECORD, ON PROJECT LABOR AGREEMENTS:

A federal appeals court in Washington, D.C., has affirmed a White House executive order that effectively prohibits project labor agreements on federally funded construction projects. The court's July 12 ruling in the case, Building and Construction Trades Dept., AFL-CIO v. Allbaugh, is a win for open-shop contractors.

In its decision, the court says that the president has the authority to issue the executive order and also that the White House directive is not preempted by the National Labor Relations Act.

SMACNA filed an amicus brief with the court in support of PLAs. SMWIA has worked through the Building and Construction Trades on the case.

### FROM THE ECONOMISTS AT DODGE, ON CONTRACTS FOR NEW CONSTRUCTION:

New construction starts increased 4% in May to a seasonally adjusted annual rate of \$496.6 billion, according to the Dodge Division of McGraw-Hill Construction. Greater activity was reported across a wide range of project types, resulting in moderate growth for the industry's three main sectors—nonresidential building, residential building, and nonbuilding construction (public works and electric utilities).

### FROM THE U.S. DEPARTMENT OF COMMERCE, CONSTRUCTION PUT-IN-PLACE REPORT

Through May 31, construction spending up 1 percent overall (comparing year's first five months with 2001's first five). Residential construction put-in-place up 7%. Nonresidential buildings down 16% (office building construction value down 42%). Public construction up 6% (educational construction up 34%). ■

# A SHARED VISION, A NEW PUBLICATION

**T**o our Partners in Progress: Two years ago, we decided to start off the 21st century with a renewed spirit of partnership. We had no idea how a joint labor-management conference would be received; however, we knew our industry would not grow unless we joined together in finding ways to increase our overall market share.

That first conference, in February 2000, brought together more than 400 contractors, business managers, business agents, and industry leaders. Two years later (in early March), the number of conference participants reached almost 500 leaders . . . enthusiastically sharing experiences and ideas on how labor-management cooperation can make a difference.

## AN ENVIRONMENT OF TRUST

In addition, the positive attitude about this effort produced a joint educational program to further Best Practices in labor-management cooperation at the local level. In this way, others are taking advantage of proven experiences and workable programs in expanding or enhancing market share.

The Best Practices program will take on many faces over the next several years. Each aspect will require the resolve of our members to understand and buy into joint efforts to expand our market share—as we convert challenges and change into opportunities. See the story on this program on page 5 of this issue.

We have agreed upon a shared vision to create an environment of trust, cooperation, and action in order to maximize market share for union sheet metal contractors and workers. Together, we have come to the realization that our futures are interdependent and that we are responsible for each other's success.

That interdependence is evident at the national level and we believe that members in their homes, offices, shops, and projects must understand and share in that interconnectivity.

## ABOUT THIS NEW MAGAZINE

This first issue of *Partners in Progress* represents one way we will reach out to every union member and every employer with information that will help spread the spirit of partnership.

Our respective Web sites, [www.smwia.org](http://www.smwia.org) and [www.smacna.org](http://www.smacna.org), provide links to the partnership home

page containing articles, tips, lists of contractors, and other useful information on labor-management cooperation. We are not talking about “nice” programs to try—but programs that have worked, and with a little imagination and effort, can work in other areas.

“Partners in Progress” is not just a slogan. It is a joint mission that will succeed because our individual characteristics are strong—skilled workers and contractors working together.

That's the ingredient needed for success—every member of the Sheet Metal Workers' International Association and every contractor of the Sheet Metal and Air Conditioning National Contractors Association needs to fully understand what is happening, and what SMWIA and SMACNA are doing. And you must understand what you can do to ensure that we are an important part of and player in today's and tomorrow's sheet metal and HVAC industries.

We look forward to reporting on industry facts, trends, technology swings, new market opportunities, new and just-in-time training and educational programs, challenges, and market changes that will test the “Partners in Progress” program.

Fraternally and Sincerely,



Michael J. Sullivan  
General President - SMWIA



Ron Rodgers  
President - SMACNA



RON RODGERS



MICHAEL J. SULLIVAN

# WHAT DO WE SAY WHEN WE TALK TO EACH OTHER?

**SMWIA AND SMACNA MEMBERS GATHERED IN MARCH TO TALK ABOUT LABOR-MANAGEMENT COOPERATION THROUGHOUT THE INDUSTRY—OUR OPPORTUNITIES TO GROW. WHAT DID WE HAVE TO SAY WHEN WE MET FACE-TO-FACE?**

**BY JOE SALIMANDO**

**W**hen leaders from around the country got together March 4-5 in Orlando for the Labor Management Partnership Conference On Best Practices, the industry got a good look at itself.

First, the attendance was outstanding. Estimated at around 450, the number outdid earlier expectations. Earlier, in light of 9/11/01 and the declining economy, some thought the turn-out would be as low as 300. The actual attendance alone testified to the excitement on both sides from new efforts to work together and grow.

Second, there was a wide variety of speakers. Some of the presentations from Orlando led to articles in the first issue of *Partners In Progress*. Future issues of this publication will cover more of what was conveyed in Orlando. Speakers ranged from construction industry stalwarts like Bernie Flaherty and Peter Cockshaw, to SMWIA local union leaders and SMACNA contractors talking about working together on the local level.



**SAM GIGLIO**, BUSINESS MANAGER FOR SMWIA LOCAL 40 (HARTFORD, CT.) ENJOYS A MOMENT WITH **JOHN MCBREARTY**, A BUSINESS REPRESENTATIVE FOR LOCAL 40.

Most importantly, the two-day meeting gave “us” a chance to talk to each other—individually, in groups, in meetings, and in breakouts.

Here’s a look at what we have to say to each other, through the “micro” lens of what SMACNA President Ron



FROM ONE END OF THE CONTINENT TO ANOTHER: SMACNA MEMBERS FROM BRITISH COLUMBIA FLEW TO ORLANDO FOR THE MEETING.

Rodgers and SMWIA General President Michael J. Sullivan said to the group to start the conference.

To view each President’s remarks in their entirety, go to this page on the Sheet Metal Partners Web site: [www.sheet-metalpartners.org/about/index.htm](http://www.sheet-metalpartners.org/about/index.htm).

## **THE VISION**

According to Rodgers, “the shared vision” of the executive committees of SMACNA and SMWIA is “to create an environment of trust, cooperation, and action in order to maximize market share for the union industry. Together, we have come to the realization that our futures are interdependent—and that we are responsible for each other’s success.”

Along the same come-together lines, Sullivan’s speech began with a rather pointed question: “Are you willing to forget the past? Our very survival depends on whether, together, we are willing to take a chance, to step outside the box, and to try new things.”

Sullivan noted, as examples of his union’s dedication to the partnership: “Our newly negotiated Standard Form of Union Agreement, the success of the National Joint Adjustment Board, our various joint trust funds, our key role in the new National Center on Energy Efficiency and Building Technologies, and our union’s total concentration on organizing.”

**THE HURDLES**

Neither man saw clear sailing between where we are today and the industry's goal. Rodgers noted that "we all come into our partnerships at different stages. For some, the partnership road will be rocky, and for others it will come easily. Some locals and SMACNA chapters are at the top of the partnership spectrum.

"...However, at the other end of the spectrum, we have chapters and locals struggling to even communicate. And we



**JOE NIGRO**, EXECUTIVE ASSISTANT TO SMWIA'S GENERAL PRESIDENT, GREETES **BERNIE FLAHERTY**, WHO HAS HELPED TO FOCUS THE INDUSTRY ON MUTUAL GAINS BARGAINING.

have partnerships that fall somewhere in between. As leaders in our industry, we all must guide and nurture these fledgling relationships, to insure their success—and our success."

Sullivan noted that some of the efforts to work together have come about thanks to "being open to new ideas and new approaches on how we can work together."

Rodgers, in his speech, was talking along the same lines: "As we work toward expanding our markets, we must understand that success goes to those who know which rules to break, and how much risk to take.

"...We must encourage innovative thinking, such as breaking cultural barriers in recruiting our workforce. As they say, insanity is doing the same old thing and expecting different results!"

**THE CUSTOMERS**

Rodgers spoke meaningfully about the industry's customers.



IT'S HARD TO ARGUE WITH A MAN DRESSED AS THOSE ABOVE. THEREFORE, A NEW DRESS CODE WILL BE ENFORCED FOR FUTURE LABOR-MANAGEMENT NEGOTIATIONS.

Here's just a bit of what attendees at the Orlando conference heard:

Bernie Flaherty, the Cornell University consultant who helps organized construction sectors deal with what is called "mutual gains bargaining," described the SMWIA/SMACNA Partnership.

"It's "not just negotiating a new contract every three years, but constantly working together to solve real issues. Such a partnership develops strong, ongoing, primary relationships that will better serve our industry with a better quality of work life and, as a result, expand our market share."

Jim Shoaf, chapter executive for SMACNA in Cleveland, noted: "We are very optimistic about the partnership program. We all know we need it. Our contractors are expanding their bid areas. We are unified, labor and management, in giving a quality product to the public. We need to tell our story."

—JAS

Of note, there was an "owner's perspective" session at the conference.

"Buyers of construction services are becoming increasingly sophisticated. We have not done an adequate job of promoting the true value and benefits of using union construction," he observed.

"Many owners hold the common perception that there is no quality or value advantage to building union. Unfortunately, negative stories of jurisdictional disputes, work stoppages, and perceived higher costs stereotype and plague union construction.

"Only time and positive experiences will change this perceptive. We must learn from past mistakes, and ensure that we share our success stories. We must also listen to our customers to truly understand their requirements, and what adds value in the construction process."



MAINTAINING TIGHT SECURITY: DISNEY OFFICIALS GENTLY ESCORT A NON-UNION ATTENDEE.

**LOOKING AHEAD**

Rodgers noted that the conference participants "must not let the challenges ahead dampen our hopes and enthusiasm . . . These are exciting times in the sheet metal industry. Forging this new labor-management partnership is very exciting. We are actually writing a new chapter in the labor-management history books."

Sullivan reminded his audience about "our members, and your employees, who have to live with decisions we make affecting their work and the lives of their families. Let's keep that in mind, and let's take away from this conference a greater awareness of the need for working together." ■

JOE SALIMANDO IS A MARKET CONSULTANT, RESEARCHER AND WORDSMITH. HE CAN BE REACHED AT JSALI@CRIS.COM.

# Jumpstarting Marketing In OH/WV

**A SMACNA chapter and SMWIA Local 33 are demonstrating how bold, assertive leadership can take the industry down the road to future growth.**

**by Darlene Bremer**

**S**MACNA and SMWIA first began experimenting with joint labor-management cooperation programs in 1996, when the two groups conducted a trial run with mutual gains bargaining. Before then, the parties had only jointly planned and conducted open training forums, funded joint industry studies and two local relationship programs, as well as jointly funding a Best Practices program designed to strengthen the years-old partnership between the two groups.

According to Ron Rodgers, president of SMACNA, there is a new chapter being written in the labor-management history books: "Our success and reward will be a strong partnership that will enable us to expand our markets and gain well deserved market share."

Along the way, some local areas have picked up the ball and run with it. The Ohio/West Virginia chapter of SMACNA and SMWIA Local 33 decided, a few years ago, to go with the idea of partnering—and attended their first joint meeting in October 2000.

"Our initial goal was to define the areas that the groups needed to address," explains Al Chermak, Local 33 business manager. The groups initially established a number of committees that would address issues such as organizing and recruitment, substance abuse, training and licensing, political involvement, and marketing and promotion.

"Establishing a partnership is a fragile process and requires establishing methods that will accomplish your

goals regardless of the personnel changes in the two organizations," Chermak says.

Rome wasn't built in a day, and neither are labor-management partnership efforts.

The partnership program established by SMWIA Local 33 and the Ohio/WV SMACNA Chapter is still new and in the process of being funded, according to Jim Shoaff, chapter executive, SMACNA Cleveland.

However, the program already has begun its marketing efforts by focusing on foreman training and offering courses on how to be more effective in the field.

## WHERE TO START

According to Chermak, any successful program should begin with a mission statement that will advance the partnering concept to the membership. The Ohio/West Virginia's program mission, simply put, is to provide the customer and the community with professionalism and the highest quality product. The goals also include continually training and updating all union craftspeople and contractors on the latest technology and construction and safety standards.

It takes a lot of work to sell the partnering concept to the union membership and the area contractors, according



**Jim Shoaff, chapter executive, SMACNA Cleveland, speaking at the Orlando meeting.**

to Shoaff. "It requires commitment from both sides," he says.

It is also imperative to develop goals. One established by the Ohio/West Virginia group is to change the image of construction workers—and to adapt it to the more customer-based environment in which the industry is now operating. "It is important that workers provide

the buying public with an image that they are professionals and that they take training and quality seriously," Chermak says.

With everyone competing for dollars today, funding a partnership program can be difficult. "It is necessary to have a formula and budget to fund the different activities, such as marketing, that grow from the partnering process," Chermak says. Marketing, in particular, is very expensive, and the dues-paying members are the source of these funds.

"Start someplace, anyplace, then do your best and measure your successes so members and the local organizations will be more willing to fund future activities," he advises.

Currently, the Ohio/West Virginia partnership program has settled on one dollar per worker per quarter, paid equally by both sides. "The money allows the program to get the word out about the two groups and how they are cooperating for the betterment of everyone involved, including the customer," Shoaff observes.

So far the Ohio/West Virginia partnership program has held two meetings and, according to Shoaff, the group has already begun making strides forward. "But we must keep working at it because we have a long way to go," he says.

### **AN ONGOING PROCESS**

Chermak also stresses the importance of continually practicing the concept of partnering: "To make it work, you must realize that continuing the traditional adversarial practices do not help either labor or management be successful in accomplishing their goals."

To be successful, he adds, labor and management must sit down together and address each specific area of concern, devise plans to improve the situation and continually modify them according to changing conditions, and work to constantly gain market share.

"We are very optimistic about the success of our partnering program," says Shoaff. He observes that his contractor and local union members have been willing to start thinking in new directions to make further strides in gaining market share.

That's not to say that acceptance of the partnering effort is, as yet, at 100%. "There is no universal acceptance of any new program. However, both sides have demonstrated a willingness to wait and see what successes are being made and



***"We are very optimistic about the success of our partnering program"***

***—Jim Shoaff***

are allowing the program to go forward," Chermak says.

Bold, assertive leadership is required for the Ohio/West Virginia partnership program (or any local labor management cooperation program) to succeed. Those who take the initiative and make things happen, even without universal acceptance, are the ones who will have more success.

Additionally, one must pay attention to legal issues when formulating a partnering program. According to Stephen J. Burton, a lawyer with the Minneapolis-based legal firm of Felhaber, Larson, Fenlon & Vogt, there has been an explosion in the last decade of approaches taken in a variety of different industries to the legal problems of establishing these partnerships.

Burton advises that whenever establishing a labor management cooperation committee for the purpose of conducting joint activities such as marketing, the group must ensure that the pay-

ments to the entity are legal and that they are tax deductible for the contractor, if possible, and not taxable to the committee. "This will help enable the program's activities to benefit the industry to the greatest extent possible."

### **FUTURE PLANS**

Although the Ohio/West Virginia Partnering Program is still in development, its first focus has been on foreman training and offering courses on how to be more effective in the field. In the future the primary impetus, according to Chermak, will be in getting the union's training facilities certified by the International Training Institute (ITI), which will demonstrate to the public the union's commitment to maintaining the highest levels of training and installation quality.

As advertising campaigns get under way, the focus will center on grass-roots efforts to disperse the necessary information to groups such as end-users, architects, engineers, school boards, and guidance counselors that demonstrate the cost-effectiveness, quality, and training advantages of the union sheet metal industry and its commitment to the area.

"We will take advantage of different media, such as videos, newsletters, brochures, letter campaigns, and individual contacts throughout the industry to deliver our message of cooperation and quality," adds Shoaff. ■

DARLENE BREMER IS A CONTRIBUTING EDITOR BASED IN SOLOMONS, MD.

# How The Bay Area Came Together

After a few years with everyone going off in his or her own direction, the sheet metal industry in the San Francisco Bay Area has come together to pursue joint marketing. Look out, competitors!

By Darlene Bremer

For years, SMACNA's San Francisco Bay Area chapter and the area SMWIA locals were each working hard to get the word out about their respective organizations.

Oh sure, there were a few joint efforts being made—such as offering a rebate program to residential customers and operating a summer intern program that provided an opportunity to introduce the industry to a new generation.

But, all in all, the two groups were separately funding, and operating, substantially parallel marketing efforts.

Then the SMACNA members in the area elected to merge the five Bay Area chapters. With the flip of that switch, the group's contractor members together encompassed almost 7 million man-hours. At the very least, this provided the contractors with the opportunity to fund more effective marketing campaigns.

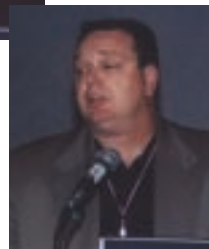
"And it had become obvious that we needed to approach our marketing efforts as a team," says Bob Tuck, president of San Francisco-based Atlas Heating & Air Conditioning.

## MARKETING TASK FORCE

Representatives of the local unions and contractors began to look for ways to market the SMACNA/SMWIA team in Northern California. Using the information from the national "best practices" study (see page 9), it was determined that the areas in which the union and its contractors were doing well were the ones that had an established, quality marketing program.



BOB TUCK



BRUCE WORD

"We discovered immediately how expensive advertising is in the Bay area," quips Bruce Word, business manager of SMWIA Local 104. The media initially chosen were radio, newspapers, brochures, and job fairs. The brochures were sent to non-union contractors and focused on demonstrating the training, benefits, and advantages of union construction. "We got an excellent response," Word observes.

Since meeting in May, the joint marketing task force has made a commitment to fund the program, with each side contributing equally. In July, an initial budget will be established; the amount could go as high as \$2 million a year for the first few years, according to Tuck.

"Both sides seem willing to commit substantial dollar amounts over the next five years. It will take that long to determine and quantify the successes of the marketing campaign and develop a reliable system of measuring increases in market share," he says.

In the near future, the SMACNA-SMWIA team plans to hire an advertising agency to help it achieve name recognition, for work on branding efforts, and to enlighten the public, building and facility owners, and architects and engineers about the union construction industry.

"We are also using a Web site and advertising in places like ballparks. It must be working, because recognition is starting to grow," Word says. ■

A marketing task force was then organized with members from both sides to put together a mission statement, goals, and a strategic plan to develop a marketing program that would help the union sheet metal industry increase its market share. The SMACNA/SMWIA mission statement that was initially developed calls for the establishment of an effective and clearly understood theme for all marketing and public relations activities.

Key: The theme should raise the level of confidence in union construction, enhance industry recruitment, and promote labor management cooperation.

At first, the joint marketing effort focused on recruitment and introducing non-union contractors to the union.

DARLENE BREMER IS A CONTRIBUTING EDITOR BASED IN SOLOMONS, MD.



# THE 'BEST PRACTICES' WE CAN FIND

WITH A GREAT DEAL AT STAKE, SMACNA & SMWIA HAVE WORKED TO IDENTIFY THE 'BEST PRACTICES' AT WORK AROUND OUR INDUSTRY—AS A GUIDE TO LOCAL AREAS SEEKING TO IMPROVE THEIR MARKET PERFORMANCE. HERE'S A SUMMARY OF WHAT WE FOUND.

BY JULIE MARNELL

**S**MACNA and SMWIA have compiled and presented the industry's best tools for improving local market performance to 11 chapters and union locals, and have obtained commitments from those areas to implement similar programs in their areas.

The goal: To improve work opportunities and market share for the unionized HVAC industry. The presentations are based on a joint study commissioned in 2000 by SMWIA and SMACNA, which sought to:

- identify high-performing areas;
- determine high-performance traits;
- provide guidance to enhance local market performance; and
- gather a list of local "Best Practices."

Conducted by Fails Management Institute, Inc. a construction research firm, the best practices analysis was based on 20 surveyed territories and included visits to both SMACNA chapters and SMWIA local unions in the selected areas.

Each visit included in-depth discussions with two to four leaders in each territory, usually including the local business manager, chapter manager, and one or two area SMACNA contractors. This format provided rich discussions of area economies, the labor-management relationship, and other pertinent local conditions.

Conclusion: SMACNA chapters and SMWIA local unions enjoyed greater market performance where cooperative labor management relations existed—and when strong leadership coupled with innovative business practices and programs were implemented.

## **NO ONE "BEST PRACTICE"**

Among the innovative business programs or "best practices" found to be linked to strong market performance were:

- joint marketing programs;
- joint labor management committees;
- the use of project labor agreements;
- project cost awareness and/or building inspector training;
- residential initiatives; and
- Programs designed to measure and monitor market share.

"There is no one absolute best practice guaranteeing success," notes Ron Rodgers, SMACNA president and Best Practices presenter. "Instead, we found there are a combination of best practices that have generated union market share and growth."

Best Practices presenters have supplied local chapter and union leaderships with data from the study and examples of best practices that have been linked to higher performance.

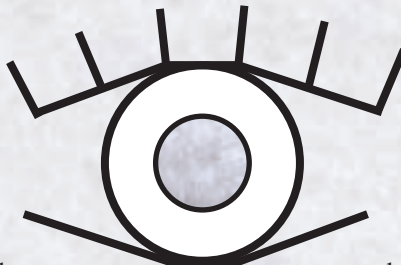
Characteristics most prevalent among the higher-ranking chapter/union teams were "good communication and collaboration between labor and management, good leadership, and members who support growth," according to the study.

## **EYES WIDE OPEN**

Presenters also have provided local chapters and unions with sometimes eye-opening union density or market share estimates for the local area as part of the presentation, generating discussion about the need for growth in order to survive. The numbers are estimates based on the Bureau of Labor Statistics' data on available sheet metal and HVAC jobs in a given locality compared to SMWIA membership data.

Additionally, presenters point to the more significant data—which is the trend upward or, in most cases, down-

CONTINUED ON PAGE 14





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# WHAT WE HEARD FROM CUSTOMERS

**EDITOR'S NOTE:** THE SMACNA-SMWIA EFFORT TO PROMOTE THE SHEET METAL PARTNERSHIP TO CUSTOMERS WAS LISTENING—TO CUSTOMERS IN DALLAS AND CHICAGO, IN TWO FOCUS GROUPS. MEMBERS OF OUR INDUSTRY SAT IN ONE ROOM, LISTENING TO WHAT CUSTOMERS HAD TO SAY ABOUT TOPICS AND QUESTIONS WE PROVIDED TO A PROFESSIONAL FACILITATOR.

DALLAS AND CHICAGO WERE CHOSEN BECAUSE OF THEIR KNOWN PROCLIVITIES ABOUT UNION CONSTRUCTION—DALLAS GENERALLY BEING A NON-UNION STRONGHOLD, AND CHICAGO GENERALLY PROVIDING AN ALTERNATIVE TO THAT POINT-OF-VIEW.

BELOW, FIND PART ONE OF A TWO-PART FEATURE BASED ON THE FACILITATOR'S REPORT. PART TWO WILL APPEAR IN THE NEXT ISSUE.



BY DAN SKLAIRE

**F**or the most part, participants voiced concerns over a variety of different issues, including today's faltering economy. More to the point, it appeared that many of their concerns stemmed not from a lack of work, but a lack of funding. Most felt that it was becoming increasingly important to do work more cheaply and quickly than in the past. Dallas participants indicated the following:

*"There is plenty of work, and not enough cash."*

*"[Due to uncertainty], too many projects that we've bid on are sitting on the shelf."*

*"[Owners] are getting bids as a way to get budget numbers for the future. People are trying to save money. It all boils down to dollars and cents."*

When questioned, participants pointed to short duration schedules, or "rushing," as a primary concern. Chicagoans indicated the following:

*"[For the owner], time is money. The faster they can get into operation, the faster they can make money."*

*"Less qualified people are handling the money. They don't want to pay interest."*

## **QUALIFIED WORKERS**

In both groups, finding qualified workers was a key issue. One Dallas participant pointed to a gap that exists in the marketplace—older workers are being replaced by younger workers who are not being trained effectively. For example,

one person in Dallas noted that:

*"We can't find enough good quality people, even at top-dollar."*

Companies are looking to competitors as a manpower source, as well as colleges and trade schools. In order to deal with the problem, another Dallas participant offered the following:

*"We look for 40-50-year olds who want to make a career change. We are looking for attitude. We can teach the rest."*

Other issues which were cited by the Dallas group regarding labor concerned overall reliability and the ability to pass drug tests.

*"Mexican laborers are taking over. [They are] more reliable and dependable to do the job. They have a better work ethic."*

Everyone mentioned training as a subject needing attention. Dallas participants found training at the "laborer" level lacking and attributed this to two factors—schools are focused on teaching construction management skills and young workers are gravitating to these programs, and there is a trend away from "following in the family footsteps" and learning trades.

## ISSUES IN CHICAGO

Chicago participants saw three other issues that were cause for concern, including the accuracy of bid requests by consulting engineers, contractors and architects; the handling of changes during projects; and the owner's budgetary constraints.

Chicago participants said that increasing liability has become an issue in the past few years.

*"In the last two years, there are more liability concerns, [because] there are more lawyers and less qualified people making decisions."*

With regard to the relationships with owners, Dallas participants had better ones. While they spoke of problems, most agreed that their relationships were good. Some in the Chicago group had a different perspective.

*"More documentation is needed...there is less trust."*

*"There is more competition and owners are more likely to use that against you...there is less handshaking."*

*"It's always the low bid no matter what. It's a dollars and cents thing."*

*"They go with the low price, and we end up going in and fixing problems. It ends up costing more money."*

When dealing with corporations, the problems stem from lack of top level involvement. Contractors are dealing with people who are six-to-seven steps removed from the owner, and there is more corporate lawyer involvement in the building process. Chicago participants noted:

*"It is an uphill battle to get top level people involved."*

*"Dealing with developers or investors is different. [They have] different goals than owners."*

## CONTRACTOR SELECTION

Everyone agreed on many of the factors/criteria that go into the contractor selection process. Reputation, previous experience,

## ABOUT THE FOCUS GROUPS

Participants were recruited from lists of local businesses used by local market researchers. A total of 18 professionals participated in the sessions (eight in Dallas, 10 in Chicago).

Participants were split between companies employing 20-75 workers and those employing 75+ workers. The groups included several types of organizations, with one-third being engineering or architectural firms, or building owners, one-third being general contractors and one-third being mechanical or HVAC contractors.

All participant companies used or provided (if a contractor/mechanical firm) HVAC services. Participants were to be involved with providing, servicing or selecting, or buying at least three of the following services from a third-party source (owners had to purchase at least three of these services):

- Air handling units
- Chillers
- VAV systems
- Dry systems
- Wet systems

At least two participants from each group listed services and maintenance as their company's prime service type. At least two participants from each group were the president or owner of their companies.

rience, low bid, and capability were among those mentioned. Dallas group members also added financial stability. In order to determine this, they will check with suppliers to see if the contractor is paying their bills. The goal is to ensure that the job will not be held up for financial reasons. Several noted that contractors who asked for money up-front were likely to be a problem.

Workmanship was a key issue. When polled, it was unanimous that some sort of workmanship "guarantee" was desirable, although there was some question on how this would be measured. Chicagoans indicated that workmanship might be measured by the number of "callbacks" to fix problems. They also looked for a contractor who was willing to accept the blame for mistakes without putting the responsibility on someone else.

Dallas participants offered the following ways to secure accountability:

*"We want the contractor to use a checklist, and we want to have a copy of that list."*

*"We want to know who is going to do the work. [We will] talk to the guy and get a feeling."*

They also cited this problem: *"Quality control is more difficult when you are using a lot of sub-contractors."*

Overall, participants said they followed criteria, when selecting a contractor, including:

- Past performance (reputation);
- Prior experience (dealt with contractor before);
- Problem resolution;
- Bondable/insurable;

CONTINUED ON PAGE 14



# CHALLENGES FROM A LARGE CONTRACTOR

A KEYSpan EXECUTIVE GAVE HIS PERSPECTIVE ON WHAT SMACNA AND SMWIA NEED TO DO TO ENABLE HIS UNION CONTRACTING COMPANY TO MOVE AHEAD, IN SPEAKING TO THE MARCH 2002 PARTNERSHIP CONFERENCE IN ORLANDO. THE FOLLOWING ARTICLE IS ADAPTED FROM HIS MUCH LONGER TALK.

BY STEVEN J. WEGLARZ

**T**he theme of our conference is “Partnering to Expand Our Markets.” It raises a number of issues and requires that a number of tough questions be answered.

Can we both, management and labor, agree to be equal partners?

Can we share common business goals, and avoid disputes among ourselves, and jointly focus our efforts on our mutual competitors?

Is SMWIA ready and willing to meet the needs of an expanding and large union contractor or consolidator?

Are you willing to consider improving current practices to meet the new economic realities and reclaim lost markets?

Are you willing to take the steps and make the difficult decisions that are required to guarantee our current and future workforce job security—and bright and promising futures—while enabling your signatory contractors to be profitable and competitive?

Most significantly, are you willing to recognize that it is every bit as important for SMWIA members to be loyal company employees, who want to see both the company and themselves prosper?

As partners, we must ask ourselves: What do the construction workers of today—and tomorrow—have the right to legitimately expect from us?

I believe that their expectations, and our ability to effectively partner, directly require the modification and/or elimination of many of the restrictive contractual and industry practices that impede our partnership and ability to expand our markets.

## WHAT WE NEED TO DO

Recently, I accepted an invitation to participate in the SMWIA’s Roundtable. There was considerable discussion

emphasizing the need to focus on organizing the non-union contractors and employees in our industry, as well as the need to attract former union members who have left its ranks back to the union.

Afterwards, when I reflected back on these discussions, I realized that in order to accomplish these organizational goals, this union has to be able to accomplish the following four objectives:

First, it has to demonstrate its ability to provide greater value than any other alternative that these contractors and employees have.

Secondly, it must demonstrate that, not only did it provide value to the contractors and employees, but it also enabled them to grow and compete on a regional or multi-state, if not a national or global, basis.

Third, it had to streamline its practices and become flexible.

Fourth, it must recognize that employees today not only want, but have, the right to expect careers that afford travel and new learning experiences. They also want careers that enable them to use their talents in different work environments—as well as different geographic locations.

These young people may well start out by working with their hands. But, if we want to attract the right kind of individual to our unionized industry, we have to be able to encourage and foster their dreams—of someday running a major project, or owning their own growing business.

## THE TWO-MAN RULE

It’s time to level the playing field (between union and non-union)—and it starts with re-examining the two-man rule.

This rule originated when there was no significant non-union competition. It was a time when union construction dominated virtually every major market place. It was

also at a time when the vast majority of contractors were local in scope. The purpose of the rule was to keep a given local's members working—and to protect that local's contractors when an outside union contractor came into the jurisdiction.

As we can see, the rule was entirely internally focused. By that, I mean it was designed to eliminate inequities between ourselves—without any real thought or concern for what impact it would have on our ability to compete in an industry where our dominance would be challenged.

A mere 30 years ago, the only place you found ABC was in alphabet soup. Times have changed—and so must we. Our emphasis has to shift from the preservation of work for one local's members at the expense of another local's members.

What matters most is that both groups are Sheet Metal Workers. What matters is that Sheet Metal Workers—based in *any* local—are doing the work, rather than non-union employers and employees.

Non-union workers are taking work away from us because they have the advantage of increased mobility and efficiencies. We must make ourselves as mobile and efficient as the people who have come into our universe to compete.

### HOW IT DOESN'T WORK

To demonstrate the need for a new approach, let's examine my home state of New Jersey to look at how the lack of national and regional agreements discourages a larger contractor's ability to grow efficiently through acquisition.

New Jersey is a state 157 miles in length and 54 miles wide. In the northern-most half of the state, which is approximately 50 miles square, our company has a combination of seven subsidiary companies and/or divisions. Immediately adjacent to the state border, we have three more companies—all of whom either fabricate, utilize sheet metal in their projects, or service apparatus that involve using sheet metal knowledge and skills.

In this tiny geographic region alone, we are required to deal with at least six different sheet metal locals—all with different wages and benefits, and work rules! One of our companies deals with five different locals, another four, and yet a third deals with three.

Remember: All of this is in an area that can't be more than 50 miles square.

Making matters worse, in this same area, we also have five sheet metal fabrication shops—with the same complicated set of relationships.

This is an administrative nightmare. It can't help but have an impact on our ability to grow and increase shareholder value. A non-union competitor can, if located strategically within this same 50-mile area, fabricate, ship duct, and send the same experienced and cohesive team of sheet metal workers to any large commercial project in this area.

Even though we have a subsidiary, which is a signatory contractor, located in each of the locals' jurisdictions, we cannot move more than two employees from an individual

company from one jurisdiction to another. And the non-resident subsidiaries are treated by various locals as an outside contractor.

I literally cannot take more than two of one company's Local 27 men with me into Local 25's jurisdiction—which could be just one mile down the road from the Local 27 shop. As a result, I have to lay off my Local 27 employees. How many Sheet Metal Workers' jobs are protected—and how many are lost?

Does any of this make any competitive sense?

### A SHIFT IN MIND-SET

To be successful, we need a paradigm shift—a change in mind-set. To be competitive, we need to be flexible and mobile.

We must acknowledge that, in order to succeed in our industry today, we have to bring into being policies and practices that take full advantage of our educational and technological resources. Doing so will create new and greater opportunities. It also will create more jobs—and secure jobs.

At SMWIA's Roundtable, we discussed how we could use our Sheet Metal Workers' CAD skills to create more sheet metal jobs—by drawing for other crafts. Just the other day, I spent 30 minutes on the phone with one of our vice presidents. The VP

asked me to set up a meeting with one of our locals—to discuss why they refused to permit their members to use background drawings that had been prepared by a sheet metal draftsman using a CAD machine or Auto Pen software.

Apparently, the local had insisted that the background drawing be done by hand.

From our perspective, trying to recruit a talented young draftsman with these restrictions is like Notre Dame trying to recruit talented football players—and then telling them the university is returning to the days of playing without helmets and pads.

If our goal is to attract young people into our Partnership, and have them assist us in growing our market share, we have to demonstrate to them that our industry practices can provide a secure and fulfilling career path. It must be a career path that enables them to use the knowledge and skills they possess for their own personal benefit—and for the benefit of those of us in this Partnership. ■

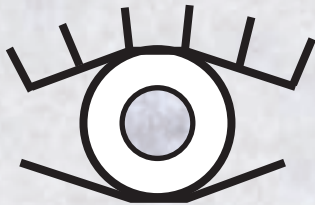


STEVEN WEGLARZ

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ward, of union density over the last 10 years. This typically generates discussions about the need to work together to grow . . . rather than shrink.

“By and large, ‘Best Practices’ has been met with open arms, most being willing to set aside differences to improve our standing,” notes Ted Zlotopolski, recently retired General Secretary-Treasurer of SMWIA and Best Practices presenter.



“As a result, joint committees are being formed to meet and create new and better ideas for gaining back what has been lost and to garner an even larger share of work for our members and contractors,” he explains.

Following the presentation, chapters and unions are given an opportunity to discuss what programs outlined in the presentation could be implemented in the local area. Usually, the group indicates a willingness to commit to developing a similar program. A follow-up is conducted to ensure that the commitments are being explored.

#### **‘BEST PRACTICES’ FOR YOUR AREA**

Presentations have been conducted in Phoenix; Philadelphia; Southeastern New York; Cedar Rapids, IA; Kansas City; Utah; Kentucky; Dayton, OH; Mobile, AL; Michigan; and California’s Bay Area.

Gary Stevens, Business Manager of SMWIA Local 110 in Louisville, notes that the program “gave us an opportunity to see what else is going on around the country.” He explains that—while Local 110 and the Kentucky Chapter of SMACNA work very well together—“we need to take it to the second level. We have a great relationship, now what are we going to do with it?”

Local chapters and unions interested in requesting a Best Practices presentation may do so by visiting [www.sheetmetalpartners.org](http://www.sheetmetalpartners.org) and downloading a Best Practices request form. Once a completed request form is received, presenters will be polled for availability on the preferred meeting dates supplied by the local union and chapter, and a presentation will be scheduled.

The presentation is free; local unions and chapters need only provide a meeting site, screen, and projector for the presentation. ■

MARNELL IS DIRECTOR OF LABOR SERVICES AT SMACNA’S NATIONAL HEADQUARTERS (CHANTILLY, VA.).

- Right attitude/chemistry;
- Ability to work with others/team players;
- Financial stability;
- Willing to accept faults;
- Quality of labor;
- Certifications; and
- Dependability.

When questioned about whether the criteria would vary according to trade, Chicago participants indicated that they didn’t think it varied. Those in Dallas had a different opinion; here’s what some Chicagoans said:

*“In some situations, like if it is a higher cost job or something that is harder to replace, we must be more stringent.”*

*“[It depends] on what the customer wants and what he is willing to pay for. If the owner takes a low bid (sometimes by law), the contractor must weigh if he wants to pay extra money or save money.”*

#### **MECHANICAL TRADES**

When asked whether they equate sheet metal contractors with HVAC systems, participants said yes. One Chicago group member noted that: *“HVAC will always do sheet metal. They are sold as a package.”*

Participants agreed that sheet metal contractors are often bidding separately from mechanical contractors. If their bid is accepted, they will sub-contract out the mechanical work.

Everyone also agreed that a higher skill level was required for certain trades. Participants cited mechanical, electrical, and plumbing as the trades that required the most training, and, in some instances, licenses and certifications.

Seven of eight Dallas participants thought that training was an important issue. Of those seven, four cited mechanical contractors as needing the most advanced skills. *“[Mechanical contractors] must understand electrical, plumbing and HVAC. There is more thinking involved.”*

Chicago participants also noted: *“[Mechanical contractors] need constant training for new equipment coming on the market. They need training and retraining.”*

Attendees agreed that unions were the greatest source for training, but their overall opinions of unions differed greatly. Dallas participants also noted that training was available through programs offered at high schools, vendors, trade schools and large contracting firms. ■

*[Look for Part Two of this report in the Fall 2002 issue of Partners In Progress.]*

SKLAIRE IS PRESIDENT OF SYSTEMS RESEARCH CORP. (ROCHELLE PARK, N.J.).



## RESEARCH PROJECTS MOVE FORWARD

The leaders of The New Horizons Foundation, a sheet metal industry initiative, have selected three inaugural projects specifically designed to help advance the sheet metal and air conditioning industry. The Foundation provides industry leadership and financial resources for investigative studies and educational programs of value to the sheet metal and air conditioning contracting industry.

SMACNA provided the seed money for the foundation, with a \$2 million contribution.

Senior academicians and practitioners at the University of Washington, the University of Wisconsin, and The Institute for Alter-

native Futures will work closely with industry contractors as the projects move forward.

At a recent Foundation meeting, its key leadership group—known as The Summit Council—reviewed potential projects to determine which would have the most impact and meaning for the industry. “There were many excellent ideas presented to us,” noted Ron Rodgers, New Horizons Foundation Chairman (and President of SMACNA).

Projects that were approved are:

**Change Orders**—the University of Wisconsin project team working on “Quantifying the Cumulative Impact of Change Orders on Sheet Metal Contractors” will develop a rational

method for determining the impact on labor productivity of change orders made during construction. At the end of the project, contractors will have an electronic-format model to use to estimate more accurately the actual impact of sheet metal work changes on labor efficiency.

**Recruiting**—“Attracting the Millennium Generation to the Sheet Metal and HVAC Industries” is the research topic underway at the University of Washington. This initiative focuses on an Internet-based strategy to create awareness among young men and women about exciting career opportunities in the sheet metal and HVAC industry. Highlights will include a teen-oriented web site, on-line academic



games (with an industry overtone), an industry-related encyclopedia, and more.

**The Future**—creating a collaborative environment in which contractors and labor leaders work in partnership to envision a preferred future for the industry is the objective of the third inaugural project, “The Future of Union Sheet Metal Construction.” Senior futurists at the Institute for Alternative Futures will help identify key trends that will have an impact upon the labor force and unions, forecast future skills needs, and identify new opportunities for labor-management collaboration. ■

## 70% OF YOUNG ADULTS DON'T GRADUATE FROM COLLEGE

State-of-the-art thinking in the organized construction industry today is that our industry—if it could only publicize the tremendous advantages of our apprenticeship programs—would be more attractive to those high school graduates who do not go on to college.

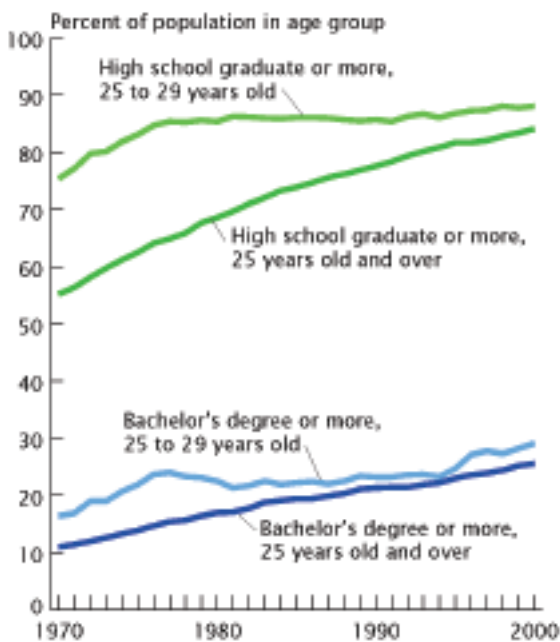
So the statement in the headline above matters to all of us. How many young people does the construction industry have a legitimate shot at recruiting? What's the “pool” of available talent?

Answers, at least for a very recent moment in time, have been provided by the U.S. Census Bureau in its *Population Profile of the United States: 2000*.

According to Profile Chapter 8, on school enrollment: “Among the population aged 18 to 24 in 2000, 12 percent were no longer in school, but had not graduated from high school. However, 82 percent were high school graduates—and 43 percent of these graduates were enrolled in college.”

Chapter 9, on graduating levels, notes that “the educational attainment of young adults may be leveling off. . . . The percentage of young adults who had completed a bachelor's degree was 29 percent in 2000, compared with 28 percent in 1999 and 27 percent in 1998.”

Figure 9-1.  
High School and College Graduates:  
1970 - 2000



Source: U.S. Census Bureau, Current Population Survey, March 1970 to March 2000.

# WWW.SHEETMETALPARTNERS.ORG —THE NEW JOINT WEB SITE

**S**MACNA and SMWIA are now “officially” working together, as partners—although we’ve been doing it below the radar of the public for 75 years. But now, the whole world can see it for themselves, on the World Wide Web.

At the URL noted in the headline above, you’ll find one of the first public products of the Sheet Metal Partnership. Yes, it’s a joint Web site, the first such place where anyone and everyone can come to see what the organized sheet metal industry’s contractors and workers are doing together.

“Basically, this is just a start,” says Dennis Bradshaw, executive director for member services at SMACNA. “There will be a lot more content, and a bigger Web presence, for our Partnership in the months and years to come.”

## INTERNAL FOCUS

The Partnership Web site’s focus is internal—it’s designed for contractors, their management-level employees, and their workers (SMWIA members). It’s a place on the Web where the entire industry can come together.

For a site that is “just a start,” there is actually quite a lot—including much useful information—at [www.sheetmetpartners.org](http://www.sheetmetpartners.org). Consider this brief list:

- a lengthy document on legal considerations when establishing a labor-management committee;
- a “find a contractor” link, to help any customers who might visit this site to locate a local SMACNA contractor easily and quickly;

- a document that a SMACNA chapter or SMWIA local can download to request for a “Best Practices” presentation; and
- a PowerPoint presentation with ideas on how to measure local market share.

Note that the PowerPoint presentation is one of eight to be found on the site. These comprise presentations from the March 4-5 Sheet Metal Partnership Labor-Management Conference on Best Practices. Also

included on that one page (“Best Practices”) of the site is the text of speeches from SMWIA General President Michael J. Sullivan and SMACNA President Ron Rodgers; and a “Best Practices Summary” (an 11-page document downloadable in PDF).

Several of the features in this issue of *Partners In Progress* are based on presentations from that conference. ■

