

## **Building a Market Recovery Business (and Workforce)**

### *Issues, Solutions and Questions from the Field*

#### **Background**

Three regional SMART/SMACNA partners (DC, Houston, and Atlanta) independently arrived at consensus that they needed to get serious about stopping (and reversing) market share loss. All three regions chose to develop market recovery agreements (among other projects). They asked me to accelerate their learning curve by scouting around the SMART/SMACNA system to see what current best practice might be on this topic.

To make my search more efficient I constructed a list of regions most likely to be innovators or early adopters in market recovery efforts. The national partners (SMART IA and SMACNA National) gave me some leads, and from the National Pension Fund office I discovered which regions had applied for, and been awarded variances in pension fund contribution – theory being that regions that go to the trouble of obtaining a pension fund contribution variance might be more likely to be serious about using their market recovery agreements. That first wave of calls was followed by a second – additional regions that were recommended to me in the initial conversations (some of whom are not participants in the NPF). So, while I don't claim that my phone research was exhaustive – there are undoubtedly many market recovery innovators out there with whom I did not speak, and likely specific innovations out there that I have not catalogued here – the recurring pattern of response in the interviews tells me that this draft document probably captures the basic range of market recovery activity in the union sheet metal industry today.

Mike Gaffney 2/20/17

## **Market Share Improvement = Offense + Defense**

My opening question in these phone interviews was “What is going on in your region to improve market share?”. Responses and subsequent discussion focused on two principal innovations or initiatives; 1) Market Recovery Agreements (aka residential agreement, light commercial agreement, low density agreement), and 2) Market Recovery Funds (aka equality fund, targeting fund). There was some crossover in application of these initiatives, but for the most part the special agreements are used to recover market sectors previously lost to non-union competitors while the funds are used to protect traditional (habitual) market sectors from incursion by non-union competitors or other trades. As the business manager (BM) of LU22 put it, “The agreements are designed to enable us to compete in the non-union sandbox, and the funds are used to keep the non-union out of our sandbox.” Or to use a sports metaphor, the likelihood of winning the game of market share improvement requires scoring points (offense – market recovery agreements) while at the same time minimizing points given up to the other side (defense – market recovery funds).

### **Market recovery funds (MRF)**

These funds are employed in various ways, but primarily to subsidize wages on jobs that would otherwise be lost to competitors (non-union, but sometimes other trades). Often, the ratio of union to non-union bidders is taken into consideration. If 5 union shops are bidding and only one non-union, then MR fund subsidy may not be warranted (LU55).

Whether Taft Hartley deductions or union-only work assessments (two different vehicles) these funds entail the larger membership subsidizing a subset of members (those working on targeted jobs). The union-only work assessment fund, which give the locals complete control and fewest legal restrictions, seems to be on the ascendency.

It was reported that at a recent business manager meeting, a show of hands indicated that about 1/3 of locals have some sort of market recovery fund.

The level of reported funding varies from \$.50 to \$2.00 (LU17) per hour.

In some regions, this subsidy is understood to be permanent (Boston subsidizing all work in RI, NH and Maine -- 25% of LU17's work). In St. Louis, it has been used for 25 years to subsidize add-on/replacement/install work in new tract residential. Nearly 1/3 of LU36's members are permanently subsidized (\$5/hr.) by the 2/3 who do not do this kind of work.

In other regions, it is meant to be a temporary solution until a long-term solution kicks in. (For LU33 that long term solution is the development of contractor/client relationship via market recovery agreement.) In many cases, there seems to be ambivalence regarding the utility of

these funds. “We can’t buy our way back to market recovery”. “Yeah, it is just a band aid, but a band aid’s not a bad thing when you’re bleeding.” Nobody reported eliminating or cutting back on target funds because of doubts of efficacy, but the Taft-Hartley funds do seem to be vulnerable to cut backs as contribution reductions can substitute for wage improvements not achieved at contract time. A further discouragement to the use of these funds is that they are sometimes used on jobs employing Fitters who, though working on a high apprentice ratio, are making full-scale unsupported by their own targeting money. The perception of SMART members is that they are indirectly subsidizing the lower productivity of the Fitters.

Union officer champions of these funds point out to doubters that all members benefit from their use, not just those working on targeted jobs, because some of that subsidy goes into the various funds supported by deductions.

*Question -- What might be the market recovery strategy when a bid contains both sheet metal and fitter work?*

Different regions employ different protocols regarding the application and award of these funds and are designed to address areas of potential conflict in their use. More specifically, the points of abrasion voiced are four; favoritism, timeliness, leadership and abuse. The first two are contractor concerns, the latter two are union issues.

The potential for favoritism rests in the ability of the union to give preferential treatment to one or more contractors. This concern is addressed in some cases by blinding the award through involvement of a third party (attorney or SMACNA chapter exec) in the process – rather than direct communication between union officers and contractors. Taft Hartley funds may be ideal for this purpose since they entail a third-party administrator.

Timeliness is another contractor concern in that the process/protocol can take too long from application to approval to match the bidding timeline. LU33 addresses this by delegating approval to business reps rather than bottleneck with the business manager (although the BM does formally sign off on each award). It takes staff resources to properly administer a MR fund. If a local has sufficient number of business reps then administration of a union administered fund may be recommended. However, smaller staffed locals with wide geographic responsibility may do better with a Taft-Hartley MR fund.

Leadership is a union concern in that the process generally relies on contractors to select specific projects for possible subsidy, with the union being in a reactive mode. LU16 and LU27 have addressed this by taking the lead in identifying which projects they want to pursue and then notifying their signatory contractors. Bid sheets are then submitted by the interested contractors and the union decides how much subsidy is required to be competitive. Once the award is made, the union notifies all its contractors.

The potential for abuse is an oft-voiced union concern – that funds provided a contractor may not be entirely used for wage subsidy, but may also be used to subsidize profit margin. I heard

no solutions to this problem other than by offering equipment rebates to customers rather than checks to contractors (LU16 estimates that a rebate of \$300-800 for equipment of 10 tons or less constitutes a wage subsidy of \$4-10 per hour.) There appears to be considerable energy regarding this use of market recovery funds to provide rebates, though I didn't find any case where it has totally replaced the subsidizing of contractor bids.

*Question – What does the administration of the rebate program look like? What staff resources are dedicated to it?*

There are other uses of market recovery funds. LU16 subsidizes 2 years of wages for journeymen moving into service work – theory being that it takes that long to get skilled up. LU33 may subsidize member living expenses on jobs out of town. LU33 also provides grants or loans to contractors to upgrade shop equipment. LU66 uses its union assessed fund to make up any remaining bid shortfall after first employing their Taft-Harley targeting money. They call this “Second Look”. LU55 has used “second look” on a limited basis, primarily in Spokane contractual area on light commercial projects.

*Questions – Are capital loans/grants and wage subsidy applications of MR funds mutually exclusive (either/or) or can a single fund be drawn down for both purposes? Would like to hear of examples of these loans/grants and the terms they carry.*

LU33 uses its equality fund to kick-start work done under market recovery agreements (its principal market recovery vehicle). Recognizing that this business is built on relationships (which are absent or rusty in MR sectors), the union assumes that to win initial jobs they must enable their contractors to construct bids cheaper than established non-union competition – hence the role of the fund. Buying their way back into the business is not viewed as a permanent fix, but rather as a temporary investment. For LU33, the agreement is their market recovery headliner, the fund is supporting cast.

Clearly, work has been won that would have been lost if these funds had not been employed. LU36 claims that their equality fund has generated over 40 million man hours of employment over 25 years.

*Question -- What is the limitation of the use of these funds? Is there such a thing as too much of a good thing when it comes to market recovery funds? Should it be limited only by the members' willingness to pay?*

Union officers wonder if there might be a way to reduce crew costs other than just through subsidy. Several suggested that an untapped value in union productivity might hold the key. What if, on a targeted job, the workers could win back all or a portion of their wage concession if they could complete the job in less than the bid man hours? Workers might be more willing to assume this risk, if they could also share in the gain. KF Mechanical in NNJ does something like this, returning productivity gains (profit) back to the MR workers at the completion of successful jobs. In one period, the return was \$7 per hour.

*Question -- Is there now (or could there be) a productivity advantage to union sheet metal construction? If so, how large might it be, and how could it be factored into market recovery initiatives?*

*Question – Would it make sense to rely primarily upon MRA to recapture smaller to mid-sized private work and employ MRF on the larger private sector jobs (50+ workers) that you really want to keep union?*

## **Market Recovery Agreements (MRA)**

There are two variations on this theme, reflecting the principal motivation of the parties (particularly the local union); A) obtain work for underemployed building trades (BT) members, and B) expand into non-union market sectors by employing a new MR workforce. The first type of MRA employs a workforce which moves in and out of MR work in response to the business cycle, while the second employs a workforce which is dedicated to MR work only.

### *A) Motivation -- Obtain work for underemployed BT members (N. Ohio)*

This model is designed to allow contractors to bid work using BT workers at a MR rate. Obviously, this works in the recessionary swing of the business cycle when BT workers are unable to find BT work. However, on the growth swing in the business cycle, BT workers abandon the MR work migrating back to the BT work. No problem if this was intended as a short-term solution to cyclic underemployment or if intended to be a long-term transitioning solution for a region experiencing chronic recession.

It is reported that this model can result in tension within union ranks as the full-scale members feel that their brothers and sisters working at a lesser MR rate will eventually drag down the BT package.

### *A) Motivation -- Build a MR business and Develop a MR workforce (Florida, Arizona)*

This model relies primarily upon dedicated MR workers, perhaps supplemented at times by BT journeymen if the contractor does both MR and BT work. It is a model more often desired than achieved.

Timing is important. Witness the Phoenix LU359 case where the parties initiated a low-density agreement intending to create a totally separate workforce. But at implementation, the work dropped off dramatically and the new MR jobs were filled by existing BT workers trying to keep their health insurance and not lose their homes. Phoenix's bad timing experience is not unique

as many other regions report similar repurposing of their market recovery initiatives during BT slumps. This seems to recommend that a market recovery effort designed for a separate workforce should be initiated during the upswing of the business cycle. However, that timing presents another problem – contractor interest.

### Restrictions

These agreements specify the type of work for which they can be used, either by description (nursing homes, condos, strip malls, hi-rise, assisted living, apartment buildings, smaller hotels), size (square footage or number of stories), \$ value, or geography (outside metro center). For the most part, they are intended for work that is more repetitive and with a larger non-union presence.

As with MRFs, MRAs present opportunities for abuse. Rather than provide protection by instituting a process of application and review (hobbling the larger community of contractors by designing for their worst actor), another approach would be to empower a labor/management committee to review and rule on charges of cheating.

*Question – What would be an appropriate penalty for a contractor who exceeded the restrictions?*

Some regions employ a single MRA, while others have several. (N. Ohio currently has a half-dozen, and counting.)

*Question -- Are MRAs in subsequent bargaining years ratified only by MR members, or as addenda or MOAs eventually folded into the CBA are they ratified by both BT and MR members together?*

Some rates need to be matched for area prevailing wage (PW) rates. For example, if PW scope allows “Carpenters” scope and rate to install metal wall siding or a “Roofer” scope and rate to install underlayment/insulation; this would allow the non-union shops to use a mix of Carpenter, Roofer and Sheet Metal as mandated by the PW scope. Then the local union can develop a MR worker to work exclusively to match these other scopes and rates (LU55).

### Pricing

LU33’s experience is that the price of MR workers must initially be lower than the established non-union competition to steal away some work. LU22 says that while they can’t sell union hours 30% higher than their non-union competitors, they could sell them at a 10% premium once a relationship is built.

*Questions – Must MR bids be lower than the non-union competition to enter a market? If so, how long does it take before bids can be won at a par with non-union rates? How long does it take to be able to win or hold MR work with a union premium rate (if ever)?*

### Wage/Benefits

It is the widely shared view that MR workers are more interested in wages rather than benefits; more so than BT workers. This is addressed not only in the formal wage/benefit ratio, but also by the practice of employers paying higher than the established wage rate.

Consequently, the formula for the MR package seems to include as much wage as the market will bear with a lesser H&W plan and a much less (minimal) pension contribution. One exception to this rule would be H&W contributions in regions in which by design or by default MR positions are being filled by underemployed BT workers wanting to keep their health insurance intact.

A competing view is that the MRA package should be generous on fringes because the non-union contractor cannot compete in this area – easier to attract manpower. Of course, this weighting would apply in those instances in which the MRA workforce consists of BT members working at a concessionary rate.

*Question – How can a union and its contractors determine what the right mix of wage and benefits be in order to 1) be competitive in bidding work, and 2) be competitive in the labor market (attract and hold workers)?*

Additionally, it is reported that MR foreman are sometimes paid higher than the BT rate, and that even non-union foremen are paid higher than the BT rate – perhaps reflecting the division of labor in this type of work in which greater demands are placed on foremen supervising a comparatively lesser skilled crew.

#### *Eastern Washington*

Light commercial journeyman is 80% of BT rate. Of more significance in competitiveness is the light commercial benefit package of \$6.00 which is 30% of the BT benefit package of \$21. Total B-Trades Package is \$56.06 vs. Res/Lt Commercial Total Package max of \$34.48

#### *Western Washington*

BT = \$48 wage out of \$75 package    Residential = \$24.56 wage out of \$37.56 package

### *S Florida*

Light commercial journeyman is paid \$18.04/hr. (Florida) with Helpers at 80/70/60/50% of the journeyman rate. A 50% helper would earn \$9.02/hr.

The benefit package for light commercial journeyman is \$6.00, helpers receive benefits proportional to their wage level (80-50%); e.g., 50% helper would have a \$3.00 benefit package consisting of \$2.14 (H&W) + \$.86 (NPF). (That \$.86 is 50% of the light commercial journeyman NPF variance contribution of \$1.72.)

### *Phoenix*

Low density workers are paid \$17.00 (56% of the BT rate of \$30.43) plus full H&W benefits and a minimal pension contribution to the NPF.

### *N. Illinois*

Industrial fabrication and manufacturing agreement (single company) provides wage and benefit package at 40% of the BT rate. Some funds were left out of the package, though contributions are made to the H&W, pension, and industry funds.

## Work Rules

*Question -- How relaxed are the work rules in MRAs?*

## Type and Term of Agreements

N. Ohio's special agreements are MOUs for a term of only one year and can be terminated unilaterally by the union if it feels that it is being abused by the contractor or no longer in the interest of the membership. They are "living agreements" in that they can be further modified at any point. They are agreements between the union and individual contractors, meaning that they may be renewed with some, but not all, contractors.

*Question -- Are MRAs stand-alone documents (agreements) or are they addenda to the existing CBA? Does it matter.?*



## Crew Composition

Crew composition in MR work (even more so than BT work) reflects technological changes in tools and materials such that an efficient crew consists of a skilled experienced journeyman supervising less skilled, less experienced helpers. This seems to be the non-union model and the one employed by the Carpenters in their incursion into locker and kitchen equipment installation in St. Louis. MR classifications may include journeyman, apprentices, and helpers (much like BT classifications) and “AC specialist” (N. California), but the mix on any job is generally left to the contractor. LU33/Ohio is an exception to this rule. Influenced by the union’s motivation to put its underemployed members back to work, their MR agreements require the contractor to pair up a BT rate foreman (regular employee of the contractor) supervising underemployed BT members from the hall at the MR rate. (The ratio of regular employee/underemployed member is specified in the agreement). The union guarantees that if they cannot fill the MR jobs with underemployed members at the ratio specified, they will subsidize full rate guys using equality funds. This is another case of market recovery agreements being the primary vehicle for expanding market share with market recovery funds playing a supporting role.

## Recruitment

Some regions build their MR workforce from the ranks of non-union workers either individually or en masse by organizing their non-union contractors. In St. Louis, 15 of their 30 residential contractors were previously non-union. N. California recruitment for residential/light commercial work in tract housing in the 80s tapped into recent immigrant populations. LU66 relies upon its “Youth to Youth” program to recruit non-union workers into its MR workforce. Third year apprentices are given one week’s training after which generally 6-8 end up volunteering to be seeded into non-union jobs where they identify the higher quality workers and try to bring them over to the union side. Some employ lower level BT workers (pre-apprentices) for lesser skilled MR work.

*Question – How to staff MR jobs in the start-up phase, before steady work can be promised? How to continuously resupply the MR workforce once established? Is availability of workers a limiting factor in scaling up (expanding) a MR workforce?*

*Question – Might a MRA workforce be recruited (and replenished) in part from classified workers that have not been able to get into the apprenticeship program?*

*Question – Could a MRA workforce consist of a dedicated (separate/parallel) workforce supplemented at times by underemployed BT members?*

*Question – How much overlap (if any) is there between the BT and MR workforces? Is this to be desired, and if so, how managed?*

## Training

Contractors voice a concern over inadequate use of JATC resources for training of the MRA workforce.

*Questions -- How is the training of MR workers accomplished? Are JATCs being given this responsibility?*

## Advancement

While some tension between MR and BT members was reported by union officers, less so by contractors who feel the key to successful management of a two-tiered construction workforce lies in the permeability of the barrier between the two groups. In some regions, a MR worker can be upgraded to BT status simply by a union officer making the designation. In other regions, this would require the MR worker to apply and be accepted into the BT apprentice program and/or pass a test. Even within the MR ranks there is a range of progression for apprentices and journeymen and contractors can and frequently do pay their MR employees above MR scale should they feel that their skill level warrants. In these regards, the construction industry's version of a two-tiered workforce is quite different (and less problematic) from that found in manufacturing. Also, unlike manufacturing, the two-tiered construction workers are generally not doing the same work at the same site.

Advancement from MR to BT status would likely also entail a change of employers which might present a problem for contractors in terms of losing their investment in recruitment and training. But not all MR workers want to move into BT status. In Eastern Washington 20-25% of Total Energy Management's MR employees apply to get into the BT apprentice program for which there is a 2-year wait, sufficient time for the firm to recoup their investment. Most MR workers (and even some BT workers) are content to build their careers within the MR sector as it sometimes provides working condition benefits that BT work does not (more consistent hours, safer working environment, more comfortable working environment).

*Question – It would seem that a waiting period before allowing a new MR employee to move into a BT apprentice program (and thereby lost to the MR business) is a good thing. If the apprentice program does not have a natural 2 year waiting list, has anybody created a rule (gate) that requires a period of service for MR workers before accepting their applications?*

In some cases, however, the opportunities for advancement to BT status have resulted in a rate of turnover that creates pressure for constant recruitment (St. Louis). LU66 feels that their focus on only the highest quality non-union recruits might be exacerbating this problem.

This permeability can work both ways. LU27 reports that some BT members who are underemployed even during this current growth period are opting to take MR jobs.

## Market Specific Rates

There is another form of market sector adaptation which resembles market recovery agreements in the sense of being designed for specific sectors, but is limited to wage rate differentiation. NJ/LU22 has a HVAC rate which is \$5-6 higher than its industrial rate. Alabama's single contract has three rates (heavy industrial, light industrial, and commercial) reflecting what each of those markets will bear (in this case, a \$2 differential between each sector). Lesser rates are also reported for fabrication shops. Perhaps the difference here is that these sectors (industrial, fab shops) were considered too significant to be lost and were addressed some time ago when the wage rate differential (union/non-union) was the principal competitive disadvantage. (LU27 has 20% of its membership working at the industrial rate, 10% at the light commercial rate, and 70% at the higher HVAC rate.)

## **Shop Work / Fabrication**

Shop work has also been addressed in MR initiatives; in two ways.

- 1) Fixed solution
  - a. in which material handlers are given expanded responsibilities thereby bringing the labor cost down (E. Washington)
  - b. in which market recovery funds are routinely applied to reduce labor cost (permanent subsidy) (St. Louis)
- 2) Case by Case solution (W. Washington)
  - a. In which market recovery funds can be applied for to achieve labor cost relief
  - b. In which Res. 78 can be used to provide labor saving ratios

*Question – How can a shop servicing both MR work and BT jobs shift back and forth between the two?*

## **Contractors**

It is reported that while not all contractors make use of the market recovery funds, far fewer take advantage of the market recovery agreements. Several reasons were offered as to why contractors don't rush to take advantage of these initiatives and start bidding work in market recovery sectors.

1. The initiatives themselves are faulty; either the content (e.g., wage/benefit package, ratios, work rules, subsidy) is perceived to fall short (still be noncompetitive), or the process of application is felt to be too cumbersome or restrictive.
2. Contractors don't want to damage their relationship with (or lose) their regular BT employees by asking them to work below scale.
3. The contractors' business models are too far removed from the type of market recovery work that is being targeted.

The business model of smaller firms may largely reflect the ambitions of the owner. Older owners, especially those whose children will not be taking over the business, are likely less interested in wanting to expand their current business line, never mind start a new one.

Larger firms may have overhead costs that are prohibitive and profit margin expectations too high for market recovery work. (One contractor said that the margin on MR work is 5% whereas the margin on BT work is more like 20-25%.) They also like to get paid for their work (more reliable clients).

On the other hand, younger start-up contractors are hungry, have less overhead, and more modest profit expectations.

And it was pointed out that some contractors are already doing this sort of work – the competition, the non-union firms.

Solutions to this problem consist of:

1. organizing the non-union contractors (Half of LU36's residential contractors (15 of 30) are previously non-union,
2. locals reaching out to contractors from outside their region (LU55),
3. to providing labor directly to construction managers in the absence of a sheet metal contractor willing to bid the work (LU40). In this latter case, the CMs managed the work while the local provided back office support (payroll).
4. This same local used the same back office support to assist two members to start up as new contractors. Those contractors are on their own feet now and no longer require the assistance of the local. LU66 courts smaller contractors to undertake MR work by offering loans or grants for capital improvements (trucks).
5. In one case, the new owner of an existing firm takes the business in a MR direction (Total Energy Management).

It appears that most MR contractors do MR work exclusively (7 of 8 MR contractors signatory to LU27, Cailis Mechanical, Evergreen), while others pursue both MR and BT business lines simultaneously (Total Energy Management, T. H. Martin, Applegate), and some migrate back and forth depending upon the business cycle.

*Question – Will the market recovery future of unionized sheet metal be two-tiered – not only the development of a 2<sup>nd</sup> tier workforce, but also the development of 2<sup>nd</sup> tier contractors?*

*Question – What can local unions do to reduce the risk the contractors face in moving in building a MR business?*

## **Technology**

Retrospectively, it is seen that advances in tools and materials allowed the development of the non-union crew model of a single skilled and experienced journeyman/foreman supervising a large crew of comparatively unskilled helpers – a model that is now being adopted in unionized MR settings.

*Questions – Looking ahead, is there any way that technological innovations such as Design Build, Design Assist, and IPD (Integrated Project Delivery) can be employed to give the union sheet metal industry a competitive advantage over non-union competitors?*

## **Lobbying**

One way to increase market share is to employ lobbyists to persuade government officials to undertake projects that are more likely than not to be built union (LU66). Another is to use lobbyists to persuade government officials to establish certified inspection/service requirements for public buildings; e.g. fire-life safety (Ohio/LU33).

Lobbyists can be employed solely by the union (LU66) or jointly with the contractors (Ohio/LU33).

## **Marketing**

One local, looking for more work in K-12, set up a booth at an education conference. LU36 and half of their residential contractors employ a matching funds program (SMART Contractor) to advertise their replacement service.

*Question – Does the union sheet metal industry have an under-utilized advantage over non-union competitors in marketing (organization and/or \$)?*

*Answer -- Union has other advantages over non-union:*

- *Provides a reserve of manpower available to signatory contractors experiencing a surge of work (members on bench, apprentices in training) as well as ability to strip skilled non-union workers to meet even great demand.*
- *Portability and training of workers*

## **How they did it**

The initiating and organizing partner has often been the union. LU33 sent its business agents out to interview one-on-one each of its contractors, asking them “What do you need to win more work?” That information was brought back to the local, analyzed by the officers, and used to develop draft special agreements. Those drafts were then run past the contractors for reaction leading to modifications if needed. The MOUs were agreements between the union and individual contractors (not as a group). The contractor is also required to sign off on an Light Commercial MOU “Check List” indicating that they understand the special characteristics of this agreement. A monthly reporting form is also required.

In some regions, it was the IA that took the initiative. In New Jersey, the IA approached the locals with a proposal for a statewide light commercial agreement. (They previously had light commercial agreements that did not work.) Subsequent development of the agreement involved only the IA and the NJ locals. IA provided data and the locals decided on the wage rates. Contractor engagement did not take place until contract time when these proposals were brought to the table by the locals.

In other cases, the IA negotiated agreements directly with the contractors. In Florida, market recovery agreements were introduced by the IA during a period of trusteeship, but have thus far survived the stepwise return to local control. In Illinois, the IA negotiated an industrial fab and manufacturing agreement with a Minnesota firm considering setting up a shop in Illinois.

There are also cases in which a single contractor took the lead, proposing and negotiating an agreement with the local union. Such agreements must subsequently be available to all contractors, but these others may be disinclined to sign on to (or use) an arrangement which they had no hand in fashioning.

Most MRAs have their origins either in a union officer or contractor contacting his counterpart with either an open-ended question (What can we do together to recover this work?) or a discussion-starting proposal (Would something like this work for you?). This appears to be a good way to get started bearing in mind that it would be wise not to delay too long in giving other contractors the opportunity to get their fingerprints on these early drafts.

*Question – Were any of these initiatives developed by a group of union officers working collaboratively with a group of contractors (rather than one-on-one)? And if developed one-on-one, at what point did the other contractors weigh in?*

Of course, the union itself (business manager, agents, and membership) needs to be mostly on the same page before engaging with its contractors. LU33 spent time building consensus among its officer team and brought the membership along by doing a market share study itself, showing the ratio of non-union to union building permits. LU25 hired a third party (Mark Breslin) to do similar research and present the results directly to the membership.

These initiatives were not something hammered out at the bargaining table. Time is required to do research (interviews, data collection), develop and fine-tune plans and agreements (negotiation), and bring constituents along in the process. In the case of N. Ohio and New Jersey, considerable work was done prior to bargaining, and in Ohio the process of review and adjustment (living agreements) continues post bargaining.

It appears that for some (many?) regions, market recovery energy levels wax and wane with the business cycle; especially where interest is fueled primarily by underemployment of current members.

*Questions -- How might market recovery efforts (planning and implementation) be sustained in both growth and recessionary periods? How to initiate these agreements with individual contractors and yet have the larger contractor base take advantage of them as well?*

## **Resolution 78**

Resolution 78 was not often mentioned in the market recovery interviews. It appears to have been overtaken by more comprehensive strategies and is now more of a “break glass in case of emergency” tool. Whereas market recovery funds and special agreements have limits and protocols, Resolution 78 solutions and the process itself are comparatively wide open. Resolution 78 provides the BM with flexibility to further discount rates, waive travel pay and portability, and adjust ratios as needed.

*Question – Is there a role for Resolution 78 in the future of market recovery efforts?*