

Are the Boom Times Here Again?



BY GARRETT J. SULLIVAN

Kamehameha Schools. The Howard Hughes Corporation. A&B Properties. Rail. A slew of new commercial, government and residential projects have been announced and, at last count, 4,000 new housing units were slated for Oahu alone. Has the tide turned for Hawaii's construction industry?

Since 2007, Hawaii contractors have been awaiting the next construction boom. Most economists say this will occur in 2014, but some say we're already in the boom. I agree with the latter.

Given it typically takes a year for most contractors to fill up their backlog—and begin to raise their prices—I believe the surge in construction has already begun. Barring anything unforeseen, I would expect price increases to be widespread by mid-2014. It is now time for Hawaii's construction leaders to respond to the shifting paradigm.

Along with finding new jobs, savvy contractors have begun to focus on finding right-priced material and labor. Since employee recruitment and retention is more in your control than the global commodities market, focus your energy on your personnel.

If you're still slogging forward with the "bid and build" mentality, you are going to experience rough waters. When the last boom ended, many of Hawaii's highly skilled and experienced baby boomers sought work in other industries or retired. Today, contractors are in an unparalleled race for talent. If you are not developing your employees, your competitors will poach them. Invest the time and

effort to create an employee environment that would be difficult for anyone on your team to leave.

How will you retain the best and brightest? Employees are motivated by different things. In general terms, you've probably got two major work groups: the Traditionalists or Baby Boomers, and the Gen X'ers and the Millennials (sometimes referred to as Gen Y).

Traditionalists and Baby Boomers (age 39+): This group is typically loyal, fiscally conservative, competitive, optimistic, concerned with financial rewards and committed to a high level of satisfaction when it comes to their work. You may want to consider adding some attractive benefits such as performance sharing incentives (see www.SullivanHi.com for step-by-step plans where everyone can participate), restricted stock, synthetic stock, life insurance, long- and short-term disability insurance, 401K profit sharing, weight management programs, smoking cessation assistance and stress management programs.

Gen X and Gen Y (18-38): The second group tends to be independent, eclectic, resourceful, self-reliant, cyber literate, media savvy and in search of a completely different set of enticements. They tend to be much more focused on the "experience" of the company and how it can be customized to their personal preferences.

I recommend a mentoring program or Personal and Professional Development track (see www.sullivanhi.com for sample). Ask employees to visualize where they see themselves—in your organization—one, three and five years from now. Ask them to consider

the full picture including community involvement and goals for their health, relationships, travel adventures and/or finances. If you strive to interlace these goals with the overall mission and vision of your company, you will have some real traction.

These digitally astute employees are interested in your "Total Rewards Inventory" tool chest, which can include flex time, telecommuting, job sharing, compressed work week, on-site fitness opportunities, leadership training/mentoring, community volunteer opportunities, adoption reimbursement and new technology training.

Both groups value learning opportunities and regular feedback, and effective ways to offer this include regularly scheduled performance reviews, project completions/team evaluations, peer recognition awards and appreciation lunches.

It should be said that none of the ideas above can compensate for a poor base salary. Make no mistake, employees are always talking to other employees, headhunters and their friends to determine if they're being paid fairly. It is imperative that you regularly check construction compensation surveys. Be keenly aware of what each position is paying on the open market—and match or beat it. It's a small investment to be able to fully rely on a talented, motivated team of employees.

One caution: Always be fair. Resist the urge to bring in a superstar at a significantly higher salary than the others. It won't take long for word to spread, and you will eventually find yourself paying everyone the same salary. Much worse, you will be resented. **BI**

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