



## THIRD IN A SERIES

# WEIGHING EFFECTIVENESS, OPTIONS FOR RECRUITING LABOR

There is no question that a shortage of labor is affecting underground construction projects.

This is the third report in a continuing series about how labor shortages are affecting the industry. The first report in our Workforce Series provided an overview of the problem which is impacting some markets more than others (such as currently, contractors who do gas transmission lines appear to be more affected than others). That article reported that the problem varies by geographic location, and that it is likely the labor shortage is not going to improve in the immediate future.

The second article reported about how one contractor is changing the way projects are scheduled in order not to lose workers during downtime between major projects.

This report looks at the varied methods companies are using to locate and attract new employees. Some say the slumping housing market and layoffs of factory workers in several areas is actually increasing the available labor pool, but that these new workers usually must be trained once they are hired.

Underground construction contractors are going beyond placing help-wanted ads and other conventional methods of searching for new employees.

## No limits

"We use every way we can think of," says Ric Pringle, employee relations, NPL counsel, NPL Construction Co., Phoenix, AZ (natural gas distribution, telecommunications, electric power). "We use the internet, job fairs, state employment agencies. There is no silver bullet to solve the problem, no secret solution. We do a pretty good job by word-of-mouth referrals – our employees bring people to us; that's probably our number one source (see sidebar)."

Ken Trawick, president of telecommunications and cable operations for Quanta Services Inc., Houston, said that Quanta (telecommunications, electrical power, natural gas pipelines) uses classified ads in print and on line, participates in job fairs and uses employee referrals to maintain a pipeline of qualified employees.

Miller Pipeline Corp., Indianapolis, IN, (natural gas, water, waste water, and telecommunications) utilizes many recruiting

methodologies including web-based applications, ads in local papers, job fairs and even advertising jobs with local radio stations, says Doug Banning, chief executive officer.

"We experienced various levels of success with each of these methods," says Banning. "We are currently evaluating the benefits of an award-based referral system. In some parts of the country, we are able to count on the various local unions to provide us

with quality employees. As a union contractor, our employees enjoy good wages and a benefit package that includes health care and a pension."

Banning believes it is time for the industry through associations, union relationships and other venues to invest in promoting and advertising the benefits and rewarding experience one can achieve in the construction industry.

"Attracting young professionals to the





construction industry is very challenging," he continues. "Construction can provide a very satisfying career to the younger generation. However, our ability to showcase the innovation, technology and sophisticated computer applications hinder our ability to attract the next generation. It is imperative that we have an ability to show young students that our industry can provide rewarding careers centered around building a tangible infrastructure to support the growth."

### Foreign labor

Many construction companies have turned to foreign labor to supplement its workforce.

"The regulatory requirements within the pipeline construction industry create some challenges to this alternative due to language barriers that exist today," Banning says. "Many contractors are investing in training programs that will help us overcome these challenges and begin opening up opportunities for foreign workers.

Some contractors have said a high number of job candidates who cannot pass drug tests.

"We do not feel that the DOT regulation for drug testing has limited our ability to attract or retain quality employees to our company," Banning says. "Roughly 5 percent of all job applicants fail our pre-employment drug screen. Rarely do we find that an extremely qualified, potential new hire fails the test, and we believe the resulting drug-free workplace leads to a safer, quality-minded and productive workforce."

While the aging workforce is cited by several trades as a serious issue, it is not now a problem for the industries served by Miller Pipeline, says Banning.

For equipment operators, Miller Pipeline's preference is to hire new workers with experience.

"We will provide the necessary training to these operators if they are not experienced on the equipment utilized in our business," he adds. "We also recognize the importance of promoting from within the company and providing a career path for all employees. Many of our operators started their career with us as laborers and were given the opportunity to practice and develop their operating skills on the job."

Concludes Banning: "In the pipeline construction industry, we have experienced a near-term shortage of qualified workers. In our operations, we've been very successful in acquiring good people to fill most positions. Growth in our industry and turnover in the workforce present challenges in the training, qualification and certification of all new employees. Over the next several years, we will continue to invest significant



Wally Adamchik,  
FireStarter

## Effective Referral Programs

The best way to find new employees is by referrals from an organization's current workforce, believes Wally Adamchik, president of FireStarter Speaking and Consulting, a leadership consulting firm based in Raleigh, NC.

"Hiring referrals from employees is a winning situation for the company," says Adamchik. "The cost of acquiring employees often is lower than other recruiting methods, and referrals usually stay with the company longer."

Even so, Adamchik says employee referrals are one of the most underutilized methods of employee recruitment and that most companies say they use but do not have a well-planned system for gathering referrals and following through with prospects.

"Poor programs bring poor results," says Adamchik.

"One problem most companies have is failing to tap into their entire network for identifying prospective hires," he continues. "Evaluations are made about who may or may not be able to help with recruiting without really knowing enough to make smart decisions."

One of Adamchik's primary activities these days is helping clients develop effective internal referral recruiting programs, both as a consultant hired to work directly with a company and by presentations at industry events and trade shows (Adamchik presented a session on the subject as part of the educational program at the 2008 Underground Construction Technology (UCT) International Conference & Exhibition in Atlanta).

Adamchik says with typical referral programs in the construction market, an employee submits a name and often there is a long delay before any action is taken. Eventually the employee candidate is contacted and a lengthy evaluation process begins. If the candidate is hired, the referring employee receives a token bonus. After the employee stays with the company six months or a year, another token bonus is paid.

### Quality program characteristics

In what Adamchik calls a "Best of Class" referral program:

- An employee submits a name to the human resources department of his employer;
- The employer takes action immediately; and
- The referring employee receives a significant finder's fee – as much as \$1,000 – no strings attached.

To lay the groundwork for a successful program, employees are trained about how to effectively make referrals, explains Adamchik. E-mails are sent to target employees to educate them about current hiring needs and to focus on referrals for specific categories of jobs.

"A proactive referral process," continues Adamchik, "approaches key individuals directly for high-quality referrals. Bonuses paid when hires are made are grossed up to cover taxes."

In Best of Class programs, Adamchik says a program coordinator personally contacts referrals within 48 hours of his or her name's submission.

"Referring team members," he continues, "are kept in the loop through a web portal that provides status of referrals, and they are notified by e-mail when a referral has been contacted, an interview is scheduled, and when a post-interview decision about hiring has been made.

Surveys are periodically conducted to measure how easy the referral process is to use, employee motivation and their willingness to make referrals, to document referral experiences and to monitor overall employee satisfaction with the program.

Periodically focus groups meet to provide feedback about the program's operation and to generate new ideas.

In addition to hiring bonuses, Adamchik says employers can use highly-branded contests for sourcing a specific position offering highly-valued prizes related to the referral program.

"There is no one solution to the labor problem," concludes Adamchik, "but an effectively conducted employee referral program results in hiring quality employees who stay with the company longer than new hires from other sources."

#### FOR MORE INFORMATION:

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dollars in training programs to raise the skill level of our employees. This should allow us to grow our business, provide a safe working environment for our customers and the community and better serve our customers' needs."

#### Federal contractor

Henkels & McCoy, Blue Bell, PA (engineering and construction for communications, information technology, and utility industries) uses recruiters, print ads and referral programs for some hard-to-find areas and positions, says Kathleen Mills, director of human resources.

"Because we are a federal contractor, we must post, select and hire the most qualified candidates, and keep rigorous records on the process," Mills continues. "Henkels

& McCoy uses an applicant tracking system that automatically pushes openings to a large number of job sites and the company's web site.

"We have been successful in bringing our Mexican workforce into the country with L visas to help with our pipeline work. We have also successfully obtained a number of H2B visas to help our power workforce during stress times. We do a fair amount of college recruiting and send most hires through a rotational process to expose them to our various lines of work and to see where their interests lie."

To aid in recruiting, Henkels & McCoy has produced a recruiting video.

"The purpose of our recruitment video is to orient individuals who may not have a full understanding of the construction industry and the exciting careers in this

arena," says Mills. "Most parents want their children to go to college so they can provide for themselves and their families. Choosing a career in construction can also provide a comfortable living in specialized craft and craft management jobs and the added satisfaction of seeing the tangible results of their work. College graduates can also put their problem-solving skills to use by learning to manage projects. All our positions provide the opportunity to grow and expand one's skills, responsibility and earning power."

Mills believes the different types of projects Henkels & McCoy handles appeals to many prospective employees.

"We do exciting things such as restoring power for people after hurricanes or bringing upgraded power services to neighborhoods," she explains. "We have done work at Citizens Bank Park – home of the Philadelphia Phillies – and the Pentagon. These are exciting projects that people want to work on, and our focus is to expose potential employees to the great opportunities in our industry."

Once hired, new employees receive training that will enhance their value as an employee and provide the opportunity for advancement within the company. "Employees realize the benefits of a very comprehensive training process," says Mills. "We provide safety training and safety leadership training designed to teach accountability. Our safety leadership program was created through our work on the OSHA ET&D Strategic Safety Partnership and includes the first OSHA 20-hour program to develop employees' competencies and skills and instill safety as part of everyone's job. It also focuses on how to effectively communicate with and motivate people. We run a week-long Supervisor Academy program for new supervisors and managers by bringing them to company headquarters in Blue Bell. There, they gain insight from our executives about what is important at Henkels & McCoy."

A comprehensive, company-wide project management program enhances workforce skills and positions the company to complete increasingly complex projects.

"Our core values include continuous team and personal improvement, so our dedication to developing people is central to our strategy," says Mills.

#### FOR MORE INFORMATION:

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