

Good morning, everybody Dennis Engelbrecht, with The Family Business Institute, Digging Deeper.

So, it must be hard to be a construction leader today. You open your news, and you just keep getting hit by news that would tend to distress you or make life more difficult for your job and all of that. So, the thing that got me last week was the release of the government's JOLTS report again, which talks about job openings and number of quits and all of this. And the bad news for construction is just that the labor market just keeps getting tighter and tighter. So, you thought you had a tight labor market? Well, it just every month seems to get worse and worse. So again, we have the most job openings in construction ever. We have the fewest candidates with any experience ever. We have the highest number of people who are quitting each month ever, and we have the lowest layoffs of you letting people go ever.

All of this combined just leads to difficulty getting the people you need and high risk for losing the folks that you have. The other aspect that's happening in this kind of market is really the employee holds more sway or power than the employer. And I think this is a pretty dramatic shift over probably the last five or 10 years where that dynamic of the tightening job market was still in process. But now it's pretty clear. The employee kind of holds the cards in this relationship much more so than probably ever before in your career. So, what does that mean? Well, over the last year, one of the things it meant is a 6% rise in average wages for construction workers. And that is by far the highest year over year wage increase that we've had since I've been engaged in the business.

But another interesting dynamic of that 6% increase in wages is your people have fallen behind because we have a 9% year over year inflation rate. So, if your folks got a 6% raise, they're still a little bit more, maybe feeling a little bit behind the eight ball because their buying power has shrunk. So that again, just puts pressure on them again, to be uneasy, wanting more, wanting better and how can you blame them? The other aspect of what's going on in the workplace is stress is relatively high, created largely by supply chain issues, prices rising, getting things in budget, dealing with the issues around site supply chain and prices. And you know, what that causes is that causes problems and the more problems, the more stress, the more difficulty in doing your job. So, I think, you can't underestimate the fact that work is getting a little bit more stressful and it probably is for you as well.

The other thing we see as we look at the current studies is that engagement as it's defined is quite low, only about 25% of employees report that they were truly engaged in their job. Another amazing article I read this last week, even CEOs are quitting at a record rate. The early part of this year, we had more, or a higher percentage of CEOs quit than ever again. And more than 70% of CEOs are thinking about quitting. Just think about that. It's hard on your employees, but we know it's hard on you too. And what they find in this study about CEOs is they're putting wellness ahead of opportunity. So, what does that all mean to you? And what's the answer for you in terms of juggling these workplace dynamics to keep your team together, keep them working and keep you frankly, healthy and motivated to lead those folks?

Well, couple of things, let's look at five things. Number one, make sure you are staying up to date on pay and benefits. We know that's difficult because you have to price it in and there's always resistance for you to price it in. But really, as you look forward, when you're looking at a 6% year over year, increase in wages, much higher than any year over year increases, you got to make sure you have that priced in for the future and possibly even higher. If you think about supplies that in construction industry are up 50%, over two years and inflation for the consumers up over 9%. So, you got to stay ahead of that. If you, as an organization fall behind that could really have a negative effect for you. Connection, connecting with your people. As I've mentioned, engagement is low. You can work on your own engagement, make sure your people are connected to the purpose of the business, the mission and the values, they're connected to the company goals, they're connected to your community programs and probably more important than everything else connected to each other.

One of the things that's happened with the pandemic environment is we tended to reduce the number of company gatherings and maybe the size of those gatherings, but for connection, that's probably needed more and more so, up to

you as leaders to make sure that your team is connected to each other and to the business and to the good that the business is doing. Very important, that you help manage workloads when stress is up, people need support. They also, you may need more of your management time around making sure that your people have the right amount of workload that they can actually handle and handle effectively. Again, the supply chain and price issues are just putting a lot more work and stress and problems upon a lot of the people in your organization. So, it's possible they can handle as much project volume as they have in the past due to those changes in your workplace.

So, make sure you're managing those workloads and looking for where stress might be getting. The next item is around flexibility. Unfortunately, most of us leaders want things to go back to normal. We want people back in the office and we want that camaraderie and interaction that we had in the past. Well, unfortunately, virtually the entire workforce likes flexibility, likes the flexibility that they had and don't want to go back to normal. So, we got a bit of push me, pull you on that item. So, you got to be careful in how you manage that. Even for your middle managers who are trying to enforce people getting back when even themselves might be wanting to work from home one or two days a week. So how you manage through that still very difficult. I know we all like things to go back to normal, but normal has probably changed. And within that, the one thing that hasn't changed by the way is employees still value their autonomy. So, with that flexibility and autonomy, these are still high values for your workers. So, you want to promote those and make sure that those exist in your organization.

And then the final thing and perhaps most important. And also, the easiest and cheapest to implement is appreciation. With this competition for employees, getting out with your people, telling them thank you, making sure they understand the value they have to the organization that they're bringing to the organization, showing that appreciation. And really from the top, all of those who are watching this, that are at the top of the organization, it's your thank you's and your appreciation that is most valued. And don't underestimate the value of getting out to the job sites again, with all that's on your plate. It's hard to juggle these things, but getting out to the sites, shaking hands with your people, thanking them for their effort, probably nothing more important in terms of connection and keeping your organization solid, your morale good and keeping your team together. So again, difficult workplace dynamics, make sure you're working hard to manage through it. Dennis Engelbrecht. FBI. Thanks.