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JANUARY/FEBRUARY 2025 | CONSTRUCTIONBUSINESSOWNER.COM

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FROM THE EDITOR

MEGAN BEAM



CBO Editor
Megan Beam

As we break in our new planners and trade out the calendars on our desks and walls, the Construction Business Owner (CBO) team is excited to start 2025 with some new additions to our content lineup and expert forecasts about what awaits the construction industry in the coming months.

One of the first new things I want to note is that we are intentionally changing our print frequency this year. Rising printing costs have made it harder to maintain the quality you expect while keeping advertiser costs manageable. After months of discussion, we decided to combine the January/February and July/August issues in 2025, shifting to 10 print issues so we can better focus our resources on excellence in both our print and digital content.

Next, you'll notice our new Industry Spotlight section, where we will feature a rotating spotlight on construction PROfiles, Project Reviews and Sustainability VIPs. There are so many individuals and projects worth highlighting month after month, we decided to give you a permanent spot to find them all in every issue!

We are also thrilled to introduce a new column in this first issue of the year from longtime friend of CBO, member of our editorial advisory board and senior director of SAFE Workplaces, Cal Beyer. Cal's expertise in the development and nurturing of healthy workplaces for all members of the workforce is invaluable.

With the new year comes the chance to reflect, recalibrate and connect with the resources and insights that fuel both personal and professional growth. As always, we are honored to be one of your chosen resources.

If you're visiting World of Concrete this year, we'd love to see you! Stop by booth N1855 and say hello.

Happy New Year, friends. And thanks for reading.



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The construction sector has made remarkable strides in adopting technologies like AI and 3D modeling, yet back-office payment processes remain stuck in the past. Despite the digital transformation in other departments, payment systems are often seen as “good enough.” This complacency is a costly mistake that creates room for inefficiencies. It’s time for a new perspective: viewing payment automation not as an expense, but as a strategic investment that unlocks efficiency and improves compliance.

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Nick Overmann
Product Marketing Expert
GCPay

Nick Overmann is a Product Marketing expert at GCPay, with over 15 years’ experience in the construction and payment industries. Nick is the head of market research with a keen understanding of general contractors’ needs and future technology trends for financial management.

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► Cemen Tech Names New National Used & Rental Equipment Manager



Fred Vincent

Cemen Tech, the largest manufacturer of volumetric concrete mixers and production equipment, announced Fred Vincent as the new national used and rental equipment manager.

With more than 25 years of experience in heavy truck dealer operations, Vincent will drive growth in Cemen Tech's rental and used equipment divisions. In this new role, Vincent will oversee rental fleet management, used equipment sales and business development strategies to further strengthen Cemen Tech's market position. He will help customers maximize profitability through flexible fleet solutions, including rentals, trade-ins and buyback programs. Vincent's career has spanned roles from diesel technician to dealer principal, giving him a broad and comprehensive understanding of the industry. His background includes building cross-functional teams, leading mergers and acquisitions, and holding executive leadership and board positions. Visit cementech.com.

► Nemetschek Group Invests in Document Crunch

The Nemetschek Group announced its participation in a Series B funding round for Document Crunch, a technology company dedicated to transforming document compliance and risk management for the construction industry. The investment and partnership with Nemetschek will enable Document Crunch to accelerate growth, expand its platform, enhance the technology and increase its market reach. Document Crunch's artificial intelligence (AI)-driven solutions are designed to streamline compliance tasks, reduce risks and alleviate the burden of manual oversight for construction professionals. Document Crunch's focus on contract-related AI is complementary to design reviews and construction drawings with Bluebeam, a Nemetschek brand. Nemetschek aims to establish a

technical and go-to-market partnership between Bluebeam and Document Crunch to jointly support project managers with actionable insights and enable proactive measures on-site. This collaboration will strengthen Document Crunch's position in document compliance and provide Bluebeam customers with a holistic approach to construction project management. Visit documentcrunch.com.

► Arcoro Appoints Dave Gray as CEO



Dave Gray

Arcoro, a provider of human resources management (HR) solutions for construction and field-based industries, announced that the company's board of directors has appointed Dave Gray as CEO. Gray, an internet technology industry veteran, most recently served as CEO of Daxko, a technology partner for health and fitness centers worldwide. He will assume Arcoro's day-to-day leadership and join its board of directors. Gray brings extensive experience building efficient teams with a strong track record of growth and market expansion. He has worked with early stage and growth companies to define effective strategies and successful exit plans. In addition to his tenure at Daxko, he has held senior management positions at CTS, Calico Commerce and Grant Thornton. At Daxko, Gray led the company to record growth, providing software for over 19,000 fitness and wellness centers serving 25 million users across 55 countries. Gray is a board member and former chairman of the Community Foundation of Greater Birmingham, and a board member of Endeavor Atlanta, which helps some of the fastest-growing entrepreneurs create lasting enterprises by providing the resources they need to scale without dilution. Visit arcoro.com.

► WINT Water Intelligence & Polygon Enter Partnership to Deliver Enhanced Water Damage Prevention

Polygon, a large global property

damage control and temporary climate solutions providers, has partnered with WINT Water Intelligence, a provider of water management and risk mitigation solutions, to add real-time leak detection and auto shut-off water supply technology to their portfolio. Polygon's ExactAire technology has been used in construction, commercial and industrial buildings for over 25 years, giving stakeholders visibility and control of environmental conditions like temperature, humidity, indoor air quality and wood moisture content. By partnering with WINT, Polygon can offer another layer of water risk management, deepening its ability to support clients focused on controlling risk in commercial and residential buildings and on construction projects, eliminating water waste and its associated carbon emissions while improving the building's ESG scoring and reducing insurance claims. Visit wint.ai.

► Stellar Acquires Elliott Machine Works

Stellar Industries, a 100% employee-owned and -operated manufacturer of mechanic and service trucks, cranes, tire service trucks, hooklifts, trailers, and service truck and van accessories, announced the acquisition of Elliott Machine Works Inc., a family-owned manufacturing company based in Galion, Ohio. This strategic investment is aimed at enhancing Stellar's growth, expanding its product offerings and providing greater opportunities for Stellar distributors, customers and employee-owners. Elliott Machine Works is recognized for its production of mobile fuel and lube service equipment since 1948. Their portfolio includes fuel trucks, lube trucks, water trucks, lube skids, vacuum tanks and other mobile service equipment. The acquisition will not only enhance Stellar's work truck product offerings but also benefit its vendors, distributors and customers by adding complementary products that serve many of the same markets, including mining, construction, and oil and gas. The

Elliott manufacturing facility and main office will remain in Galion, where it will continue to manufacture the full lineup of specialized service trucks. In addition, joining the Stellar team provides new opportunities for career development and growth for Elliott employees. Employees will have access to a broader network, expanded roles and additional resources and training. The integration brings exposure to diverse projects and new markets, creating opportunities for career advancement and personal development within the organization. Visit stellarindustries.com.

► Graycor Promotes Dave Wing to CEO



Dave Wing

Graycor co-chairs Matthew Gray and Steven Gray announced that Dave Wing has been promoted to CEO from president and chief operating officer (COO) of the Graycor family of companies. Wing joined

Graycor as a project engineer in 1991 and has been promoted several times throughout the past 33 years, helping to grow the company through safety leadership, client engagement and performance excellence. With his leadership, Graycor has experienced profitable growth as the company journeys toward \$1 billion in annual revenue. Throughout his tenure as COO, he focused on monitoring and maintaining Graycor's culture and values, short- and long-term strategic planning, developing a talent pipeline, and creating strategies to improve management practices and introduce efficiencies. Wing will be the company's first CEO who is not a member of the Gray family. Graycor prepared for this transition over the past several years and strategically planned for company expansion in the future. Founded in 1921, Graycor is a provider of construction, maintenance and facilities services throughout the U.S., Canada and Mexico. The Graycor group of companies employs more than 1,000 construction specialists at its headquarters in

Oakbrook Terrace, Illinois, regional offices and project sites throughout North America. Visit graycor.com.

Thunder Creek Equipment Names New Territory Sales Manager



David Bertino

Thunder Creek Equipment has named David Bertino as its new territory sales manager (TSM) for the southern U.S., including New Mexico, Oklahoma, Alabama, Texas and Louisiana. Bertino joins Thunder Creek after a long career in both compact and heavy equipment sales and territory management — serving manufacturers and the dealer sales channel. Thunder Creek designs and manufactures fueling and preventive maintenance solutions that are used in a variety of industries including construction, roadbuilding, oil and gas, and utility construction. This includes the original No-HAZMAT Fuel & Service Trailer (MTT), the Multi-Tank Oil Trailer (MTO), and Service and Lube Trailer (SLT). Visit thundercreek.com.

► Palfinger Partners With AP Fleet Management for Bucket Truck Rental Program

To meet the growing demand for flexible and cost-effective equipment access, Palfinger, a provider of crane and lifting solutions, has partnered with AP Fleet Management to introduce a new bucket truck rental program in the U.S. This partnership blends Palfinger's engineering expertise with AP Fleet Management's experience in fleet rental solutions, giving businesses on-demand access to bucket trucks tailored to fit their specific project needs and financial requirements. The new rental program is designed to support a wide range of business needs. Companies with short-term or seasonal projects, smaller firms avoiding the expense of vehicle ownership and large organizations with limited budgets can all benefit from the program's flexible terms and options. Additionally, fleet managers dealing with unexpected vehicle repairs or

those wanting to test trucks before a full commitment may benefit from this program. It offers a selection of Palfinger insulated and noninsulated bucket truck models, including the ETC 40 IH, ETC MH 40 IH, and ETC 35 SNT, ideal for industries such as electric utilities, telecommunications, construction and municipal services. Visit palfinger.com/en-us/ap-fleet-management.

► CRSI's David Fanella Promoted to Vice President of Engineering

The Concrete Reinforcing Steel Institute (CRSI) announced the promotion of David Fanella, Ph.D., P.E., S.E., F.ACI, F.ASCE, F.SEI, to the position of vice president of engineering. In this role, Fanella is responsible for overseeing all technical activities performed by the CRSI engineering team. Fanella began his career with CRSI in 2016, facilitating the development and output of technical information produced by the institute, as well directing and aiding the technical department and member technical committees. He has authored numerous publications on reinforced concrete design, including the recent CRSI publications "Design Guide on the ACI 318 Building Code Requirements for Structural Concrete" and "Seismic Design Guide for Steel Reinforced Concrete Buildings." Fanella is a recipient of the Alfred E. Lindau Award from the American Concrete Institute for outstanding contributions to reinforced concrete design practice. He is a member of several ACI Committees and serves on ASCE Committee 7, Minimum Design Loads for Buildings and Other Structures. He is a Fellow of the American Concrete Institute, the American Society of Civil Engineers and the Structural Engineers Institute. Fanella is a licensed structural and professional engineer in Illinois and is a past board member and president of the Structural Engineers Association of Illinois. Visit crsi.org.

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ASK THE EXPERTS

Insight from industry aces & answers to construction's biggest questions

What is your industry outlook for 2025?

Technology Integration/Interoperability

While contractors are continuing to rapidly adopt new technology, the solutions they choose don't always integrate well with other technology solutions within a contractor's tech stack. Luckily, that's changing as tech vendors seek to make their data interoperable via a connected data environment and adoption of open API standards, which means that the information from different systems is accessible in one place and can be exchanged between systems. Trimble and other construction technology vendors have made many advancements in this area due to the value it provides for today's contractors. In fact, according to a recent Trimble survey, 59% said that technology integration will be one of the biggest themes in 2025, and 25% said it was one of the biggest challenges they're currently facing today.

- Chris Pepler, Vice President of Platform & Product, Trimble

Data & the Mixed Fleet

The construction industry can also expect to see changes as the result of Trimble and Caterpillar's extended joint venture as early as the first quarter in 2025. This expanded partnership includes accelerated innovation and an expanded distribution network that will make it easier for users of all equipment brands to purchase and maximize their use of technology. By making it easier for all machine types and brands to be part of one data ecosystem, this also opens the door to better and more efficient use of data for improved overall decision-making across mixed-fleet jobsites. Continued adoption of the ISO mixed-technology fleet standards is further easing data sharing across machines and will continue to do so into the future.

- Scott Crozier, Vice President, Civil Construction, Trimble

Precise Positioning

Positioning precision may seem like table stakes when it comes to construction technology, but GNSS technology continues to evolve, becoming even more accurate and better in harsh conditions than at any point in history. We anticipate that the construction industry — and all industries — can expect to see an increase both in GNSS positioning accuracy and in tailored solutions to meet different user needs both in the coming year and into the future. GNSS consistency will also take on extra importance in 2025, when solar storms are expected to reach their peak, with widespread disruptions to radio signals impacting the operations that rely on GNSS positioning even in mid-latitude regions. Contractors relying on GNSS should explore their options now to mitigate against these disturbances and decrease downtime and loss of productivity in 2025.

- Elwyn McLachlan, Vice President, Civil Solutions, Trimble

Worksite Safety

The benefits of cutting-edge technology for jobsite safety will become more evident in 2025. Field-focused solutions — layout tools, laser scanners, mobile mapping systems and drones — are becoming more affordable and versatile, with greatly simplified data management capabilities. From the reality capture data from these sensors, advancing software capabilities will extract actionable information to reduce the time site crews spend physically capturing data, reducing the need for employees on active roadways and jobsites. Infrastructure owners and state departments of transportation will increasingly combine reality capture sensors, artificial intelligence (AI) analysis and smart predictive data management systems for proactive asset management. This powerful combination will make asset management cheaper and safer for users because issues can be fixed before they become too costly or dangerous. Drone use will grow, because it is an ideal tool to survey jobsites for physical and environmental hazards before a project starts and to inspect structures in a safe and efficient way. Knowing the exact location of heavy equipment, material movement or structural instability reduces the chance of an accident. In addition, getting safety information and incident reporting off of paper and into a digital format increases dissemination and allows reporting that can minimize incidents.

- Khristyna Bezborodova, Product Manager, Feature Extraction, Trimble

What's your take?

We want to hear from you! To submit a response to next month's question, scan this code and complete the form.



Reality Capture

Reality capture has proven its value for years, and new building tools will make it easier for more people to get in the game. These tools will not only offer a precise representation of the construction progress but also serve as a common language, so that anyone, anywhere, with any device, can access and benefit from reality capture data. This includes enabling people to capture scans and images directly from their phones and tablets, as well as robust massive areas captured at scale with mobile mapping. This shared visual and data-driven narrative is essential in aligning everyone's efforts toward a common goal, thereby enhancing collective efficiency and reducing conflicts and misunderstandings.

- Nathan Patton, Product Marketing Manager, Field Systems, Trimble

Robotics/Automation & Autonomous Machines

Robotics, automation and autonomous machines will continue to play an important part in the future of construction, and the safety and security of location data will be a key driver. In addition to delivering benefits in the field, these solutions will add value through data collection and analysis that can be used for predictive insights and lead to incremental productivity gains. Autonomous machines will continue to move out of test sites and into field trials in 2025, continuing their steady march forward. The better these autonomous technologies become, the better visibility companies will have into their daily operations, and the data collected over time can help them make better informed decisions.

- Nathan Patton, Product Marketing Manager, Field Systems, Trimble

Labor Shortage

Although the labor shortage and challenges associated with it aren't new news, we expect that it will continue to plague the construction industry in 2025. In fact, in a recent survey of Trimble customers, more than 54% of respondents identified the labor shortage as the biggest challenge facing them in 2025. We expect that technology providers will continue innovating with the goal of helping offset these challenges, for example by making it easier to utilize their technology solutions to their fullest potential to compensate for fewer workers. Technology company investments in learning labs, task automation and easier data analysis and decision-making will also help attract younger workers and alleviate some of the labor challenges contractors are facing. Autonomy will continue to progress in 2025 as well, with more testing moving out of test sites and into field trials. Task automation will continue to deliver value and help alleviate the labor shortage now.

- Scott Crozier, Vice President, Civil Construction, Trimble

Architectural Design/Modeling

Architects and designers know that to win more work, they need to produce compelling visualizations that can be easily shared. That's why AI, visualization and collaboration tools represent the future of architectural design. These AI-powered tools streamline tedious, time-consuming tasks so creatives can focus on what's important: making sound design decisions and exceeding expectations by developing proposals clients love. We expect architects to increasingly adopt AI as they discover efficiency in rapidly generating ideas or iterating on a direction. More control over where and how the AI tool applies or interprets the designers' input will allow for greater refinement, reducing barriers to use. In addition to AI-powered visualization tools, the ability to easily turn ideas into 2D to 4D reality while collaborating in real-time will also shorten the time it takes to hit success milestones in the design and build process.

- Sumele Adelana, Product Marketing Leader, Trimble

Software/Hardware Subscription Services

Purchasing technology hardware, software and services using a subscription is one of the most important — and most popular — recent innovations in the construction industry. Over the past 18 months, adoption of subscriptions has accelerated and proven to be a way for contractors of all sizes to maximize both their budgets and their technology investments. We expect to see a maturation of subscription offerings in the coming year, both in terms of subscription programs and features, and in terms of adoption.

- Elwyn McLachlan, Vice President, Civil Solutions, Trimble

Artificial Intelligence & Machine Learning

Fifty-nine percent of respondents of a recent Trimble survey said that artificial intelligence and machine learning (AI/ML) will be one of the biggest trends in 2025, and for good reason — it has and will continue to transform the construction industry due to the many efficiencies it brings. From automating processes, to improving decision-making, to enhancing team productivity, we expect AI/ML to continue to streamline the construction industry, creating more efficient, cost-effective and safer construction projects.

- Aviad Almagor, Vice President of Tech Innovation, Trimble

*This issue's answers were gathered for us by experts at Trimble



Kimberly Black

Founder & CEO

Trusted Field Services

Bringing access to Knoxville

BY KRISTIN EASTERLING

Kimberly Black didn't start in the construction industry. In fact, she was about as far from it as one can get. With a degree in international agriculture from Florida A&M University, Black worked with some of the top chicken producers in the U.S.

"I wanted to do more, so I started a property preservation company," she said. She worked with banks and mortgage companies to get abandoned and decaying properties up to standard and back on the market. "One day someone said, 'You should just go into construction.' I didn't see women in construction, so I didn't think that was possible."

With additional encouragement, Black started Trusted Field Services in 2017 in her home state of Texas. She moved to Knoxville in 2020.

PRO specs

Founded: 2017

Employees: 20 full-time, 9 part-time

States: Alabama, Georgia, Kentucky, Louisiana, North Carolina, Tennessee, Texas

Clients: Municipalities

Purpose/Mission: To be a blessing to others



"All during COVID, work suffered," Black told the Knoxville News Sentinel in 2023. Business was booming in Knoxville and developers needed crews. "And after a lot of back and forth, I came up here and haven't stopped, haven't looked back," she said.

Black starts most of her days at 4 a.m., checking on jobsites

and ensuring projects are on track and clients are up to date on timelines. Some days are spent in meetings with prospective clients and writing bids for new projects, as well as processing payroll and invoices.

The bulk of Trusted Field Services' work is concrete, but the company also does asphalt paving. Black said she was drawn to concrete as the housing market started booming during the pandemic.

"There was a need for driveways, sidewalks, curbs, gutters and dumpster pads," she said. "Cities needed to upgrade their sidewalks and transit authorities needed to update their bus stops to be ADA compliant."

To that end, Black's most memorable project to date has been upgrading and making bus stops around Knoxville compliant with the Americans With Disabilities Act (ADA).

"That was very fulfilling, being able to pour concrete and create bus stop pads that were expanded to be accessible via wheelchair," she said. "It brought so much meaning to me and my team to be able to help, to ride by and see people in our community that we didn't see before at certain bus stops. It's good to see that our little bit of work is helping someone be able to go about their day."

Trusted Field Services has worked with other municipalities on similar projects, and Black said her team has upgraded hundreds of bus stops to meet ADA requirements.

Black attributes her success in the construction industry to her willingness to put herself in others' shoes and listen to their needs.

"I can work with you to achieve a common goal," she said. "That's proven very beneficial, to listen to clients when they tell

me what they want. It's not up to me to come up with an idea, but with my expertise, I can walk you through it and see if that's the best fit for you and your project."

Mentorship has also played a big role in Black growing her business. She said Wes Stowers with Knoxville-based Stowers CAT has provided advice and knowledge on scaling her business and what projects to take on. Other women, including Nikitia Thompson of Nikitia Thompson Realty, Aviece Reid of the Knoxville Urban League and Jan Brown of the Tennessee Valley Authority, have helped her learn the administrative side of construction, from bidding to liability to taxes and payroll issues: "Those things a lot of small business owners don't know when we're first starting out," Black said.

Black passes that mentorship on to other women in construction, sharing her experience and expertise. She also makes sure women's voices are heard by decision-makers.

"[I want to] show there's a place for women to be decision-makers. We're capable, we're knowledgeable," she said.

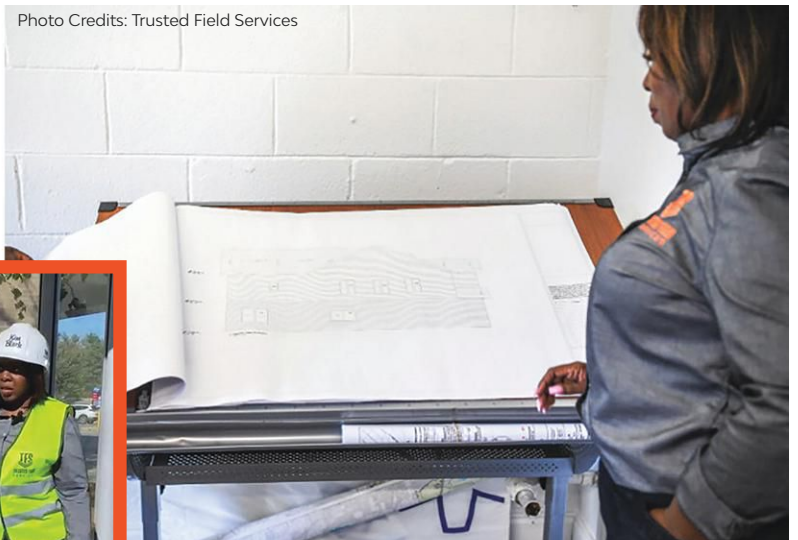
"When I'm in rooms, I'm speaking up to make sure women are included. You get better results when there's inclusion. When you teach girls and women leadership skills, they go out and make the world a better place."

Black is active in the Knoxville community, sitting on the board of directors for multiple philanthropic organizations, including the Junior League of Knoxville, the Tennessee Valley Boys & Girls Club, and the Knoxville Rotary Club. In 2023, Trusted Field Services won the Diversity Business Enterprise Award from the city of Knoxville and was a 2024 nominee for the city's Minority Business of the Year. Black herself received the 2024 YWCA Tribute to Women, Business and Industry award from the Knoxville and Tennessee Valley YWCA. The award recognized her efforts to create and sustain jobs in the Knoxville area, particularly for former felons.

"Ninety-nine percent of my crews are nonviolent ex-offenders," Black said. "They want a change. My motto is,



Photo Credits: Trusted Field Services



'If you want to work, come see me and I can train you.' I have an open-door policy, and people catch me in the Dollar General and tell me they want to work." Black's work and mentorship to this group has resulted in a 0% recidivism rate among her employees.

Black's driving force behind her business is to be a blessing to her employees and others in the communities she serves.

"We want to make our clients happy and obtain their goals," she said. "We want to make sure every community that we're in, we leave it better than we found it. That may be offering training, or it may be just being an example of a woman in construction. ... I [ask potential employees] 'What do you want out of this?' And to be able to help them with what they want to accomplish so they can be the best that they can be improves our communities and our society." ▲

Kristin Easterling is a freelance writer for Construction Business Owner.

'Put the Rookie in — We Paid for Them, So Let's See What They're Worth'

How organizations persistently run a deficit in the personnel arena



GREGG M. SCHOPPMAN is a partner with FMI Corporation, management consultants and investment bankers for the construction industry. Schoppman specializes in the areas of productivity and project management. He also leads FMI's project management consulting practice. Prior to joining FMI, Schoppman served as a senior project manager for a general contracting firm in central Florida. He has completed complex construction projects in the medical, pharmaceutical, office, heavy civil, industrial, manufacturing and multifamily markets. He holds a bachelor's degree and master's degree in civil engineering, as well as a Master of Business Administration. Schoppman has expertise in numerous contract delivery methods, as well as knowledge of many geographical markets. Contact Schoppman by email at gregg.schoppman@fmicorp.com. Visit fmicorp.com.

No one should say, "If we lose <INSERT NAME>, we are in so much trouble." Consider a championship football team. There are only 11 players on the field at any given time representing a team. However, whether collegiate or pro, the roster has 105 or 53 players, respectively, providing a certain level of depth. While losing the star quarterback is never an ideal situation, a team still has the capability to perform. For whatever reason, many construction organizations appear to consistently run a personnel deficit. As a full disclaimer, it is understood that a professional football team has a different payroll and revenue structure than a normal construction firm. However, for all the bluster on the enormous salaries and payrolls, they are consistent and relative with the competition, and there is also a salary cap in place to maintain a level of competitiveness.

Now consider a construction organization. Regardless of the revenue, every "player" is playing the game. If there are 10 project managers, there are 10-plus projects that each manager is married to. If one of those managers were to leave — voluntarily or involuntarily — the fragile balance would be disrupted. The organization can certainly find a free agent in the market to replace the former player, but there are concerns about learning the operational playbook on short

notice, cultural assimilation, etc. One of the worst scenarios has an operational leader — CEO, president, chief operating officer, director, executive, etc. — taking over for the void. What often begins as a stopgap measure often becomes a long-term proposition. This is the equivalent of the head coach suiting up to fill in for an injured quarterback. Not sure about you, but I might be interested to see Andy Reid filling in for Patrick Mahomes instead of filming silly insurance commercials.

A Case for Bench Development

So, should we have four project managers riding the pine while the balance of the team runs work? In an ideal world, each manager or superintendent would have a backup, but in an extremely delicate economic model like the construction world provides, the backup will be an understudy.

For instance, great organizations have progressively feathered in the role of the project engineer. The challenge is balancing that position's role as a support player and continuing the development of that future generation of project leaders. In most cases, the best source of bench strength comes from within in the form of "rookies." Great firms create a model that allows for this less experienced cadre of associates in the form of the following:

- **Mentorship** — There has to be a feedback mechanism that creates an

ongoing dialogue about everything, from performance to simply being a sounding board.

- *Deliberate training* – Training is not just a one-off event that occurs annually but rather a systematic program that supplements learning throughout a career.
- *Career progression* – How does that rookie get an opportunity to play in the big leagues? How does one continue to take steps up the ladder?

Strategic Building

So, you want some modicum of growth by the year 2030, but you haven't thought through the staffing considerations yet? Consider this scenario:

Brand X Construction

Revenue	\$50 million
Project managers	4
Superintendents	7
2030 projection	\$100 million

There certainly is an argument to be made that the firm needs at least four more managers and seven more superintendents. The firm could certainly aim to simply do higher revenue spread over the same number of projects annually (i.e., larger project size), but for this case we can assume a constant project size. Now consider this: What if the firm historically has an attrition rate of one manager/superintendent a year? In reality, the team will need eight managers and 14 superintendents at a minimum. This also does not allow for promotions, retirements or successions. If this firm simply does the bare minimum in its hiring/development goals, it will be holding serve and barely addressing the strategic side of the business. The smart leaders realize that strategic growth is not



just about securing more work but being a firm that makes talent acquisition and talent development the hallmark of their long-range strategic plan.

Additionally, we have to look at one of the fallacies of bench strength: If a firm has the people, they will use the people. For instance, what if they hire a junior manager with the intention of that person being a development project? But what if an unanticipated project comes over the transom? Rather than being disciplined and acknowledging a scarcity of resources within the firm, leaders quickly take the project, retorting, “Well, we have to cover these costs.”

Think about a football team — they land an amazing draft pick and immediately think, “I guess we plan to run plays with

13-14 players each play.” It is one thing to provide that rookie a few plays as a developmental tool, but it is another to drop them in the middle of a game — and perhaps a losing game — just because.

The good news is that revenue is growing, but at what cost? The bench is back to zero depth, and a rookie is thrust into the role of “starter” overnight. It is certainly not an easy feat to balance backlog in a world of slipping starts and kickoffs.

On the other hand, too many leaders view bench depth as a sign of weakness or being idle. It is one thing to insert a project engineer early because of a surprise resignation, but it's entirely different than finding a project for that engineer so they can earn their keep. ▲

Introducing a New Column: Caring Cultures — Under Construction

What leaders can gain from people-first workplaces



CAL BEYER, CWP, is senior director of SAFE Workplaces for SAFE Project. Beyer is a longtime national advocate for workplace mental health, substance misuse, suicide prevention, and opioid risk reduction and overdose prevention. This grew out of his work on human capital risk management and worker well-being. Since 2016, he has served as a member of the editorial advisory board for Construction Business Owner. Contact Beyer at cal@safeproject.us or 651-307-7883. Visit safeproject.us.

Since 2016, I have served on the editorial advisory board for Construction Business Owner magazine. This is a leadership responsibility I enjoy. The editorial team appreciates having input from industry leaders engaged in day-to-day work with contractors, suppliers, vendors and professional partners.

Once a year, I review the next year's proposed editorial calendar of key topics and themes. Throughout the year, I'm asked to provide introductions to leaders both inside and outside the construction industry as the editorial staff writes feature articles. I also consider special leaders to nominate for the issues showcasing both Outstanding Women in Construction and Sustainability VIPs.

I have had the privilege of being invited to regularly contribute articles as well. Construction Business Owner was an early adopter on mental health and suicide prevention in the industry by publishing an article in April 2016. This happened before I helped the Construction Financial Management Association (CFMA) launch the Construction Industry Alliance for Suicide Prevention. Since then, my topics have been centered in the area of human capital risk management. Human capital risk management is the conservation of an organization's human and financial resources.

Throughout the years, I've contributed a three-article series on supervisory safety responsibilities and various articles

covering a spectrum of mental health and well-being topics. This included physical and emotional health, substance misuse, employee assistance programs, and opioid risk reduction and naloxone. A few articles highlighted preventive strategies for workplace violence, as well as bullying, harassment and discrimination.

Why Focus on Caring Cultures?

In every issue during 2025, the "Caring Cultures: Under Construction" column will feature companies and leaders putting people first. Why this topic? Because companies can gain a competitive, strategic advantage by building a human-centric caring culture.

There is a clear and compelling business case for investing in a "people-first" culture. These companies create a competitive advantage in recruiting, retaining and developing tomorrow's leaders and workers. These companies proactively address mental health, whole person well-being, recovery and other human capital best practices to build people-first cultures.

Companies embracing a people-first culture share common characteristics. Of course, this list is only representative of the attributes that make these company cultures unique (Figure 1).

Human Capital Risk Management & Workforce Development

The construction industry faces enormous challenges with recruiting and retaining a workforce. Many workforce development

Respect and inclusion	Whole-person well-being
Concern and empathy	Life-work balance
Transparency in communication and information sharing	Collaboration and teamwork
Alignment of meaningful work with a purpose	Affirmation and recognition
Shared core values tied to clear vision and mission	Celebrating successes

Figure 1. Characteristics of people-first companies

and leadership development specialists describe the challenge as a “war on talent.” The industry remains understaffed by over 500,000 unfilled jobs. The challenge will become greater as the so-called “gray tsunami” of retirements hits the industry over the next decade.

Leading employers are focusing on attracting and retaining workers based on building a human-centric culture. These employers recognize that many of today’s workforce have different expectations for their career. Becoming and staying an employer of choice pays huge dividends for companies.

Most employers recognize the importance of people as their most important asset. However, not all employers equally focus on investing in human capital like it truly is their most important asset. A human capital risk management strategy helps companies consider the risks versus rewards of making such investments.

Companies that invest more in human capital understand this increased investment is helping to build a competitive strategic advantage. There are tangible measures and anecdotal evidence of these varying outcomes, including:

- Reduced tardiness and absenteeism, leading to increased productivity
- Improved morale
- Decreased voluntary and involuntary turnover
- Reduced unfilled positions combined with filling vacant positions faster
- Improved safety and quality metrics

- Increased employee engagement scores

The Wellbeing Think Tank

I enjoy collaborating with Chase Sterling. She is a leader I’ve seen make a difference helping organizations integrate holistic wellness into an accountability culture. She is the president of consulting firm HHP Cultures. Sterling, a certified wellness practitioner (CWP), is a recognized subject matter expert in well-being.

Sterling is active in Wellness Alliance, which unites the strengths of the two most recognized and influential professional associations in the wellness industry: the National Wellness Institute (NWI) and the Wellness Council of America (WELCOA).

Sterling is also the founder of the Wellbeing Think Tank (WTT). WTT is a registered 501(c)(3) nonprofit with free membership. The mission of the WTT is to “educate and empower employers to foster both individual and organizational well-being, creating environments where everyone can thrive.” And the vision of the WTT is: “We envision a world where every employer supports the whole-person needs of their employees, fostering healthier, more resilient organizations and communities.”

I encourage human resources, employee benefits, and safety/health leaders to check out the WTT. The organization helps keep leaders abreast of current trends and offers complimentary monthly educational sessions focused on employee well-being.

Sterling describes the essence of happy, healthy, productive (HHP) cultures as those that “prioritize well-being, inclusivity and psychological safety, creating environments where employees feel valued and empowered. These cultures promote engagement, innovation and resilience.” Sterling shared that the expected outcomes of HHP cultures include “increased productivity, enhanced well-being, reduced turnover, and improved organizational reputation by building loyalty and sustainable success by fostering spaces where individuals can thrive both personally and professionally.”

Sterling emphasizes the importance of “building a culture that creates purpose and belonging” to improve individual, crew or team, and company performance. Sterling asserts: “Research shows that belonging is a key driver of well-being and also fosters psychological safety, creating an environment that encourages risk-taking and fuels innovation and performance.” She highlights that “individuals who feel they belong at work report higher well-being, and studies link this to positive outcomes like a 75% reduction in sick days, a 50% decrease in turnover and a 56% increase in job performance.”

Commitment to whole-person well-being is a hallmark of people first cultures. Well-being is the intersection of physical safety and emotional health. Contractors and other companies serving the construction industry can benefit by expanding the level of health and well-being in their occupational safety and health programs and practices. I hope you will join me each part of “Caring Cultures: Under Construction” to learn other strategies being instituted by human centric companies to develop people-first cultures. ▲

Assessing the Key Advantages & Disadvantages of Tax Accounting Methods for Contractors

How to choose the right approach for your business



GLENDYS ZUNIGA

ASHLIE FORUM

GLENDYS ZUNIGA is a tax manager and ASHLIE FORUM, CPA, is a managing director in CBIZ's Fort Lauderdale, Florida, office. CBIZ is a leading construction professional services organization providing accounting, tax, advisory, benefits, insurance and technology services to clients ranging from startups to multibillion-dollar enterprises. Among the country's foremost experts in construction accounting, CBIZ construction professionals are frequent industry authors and speakers, and serve as technical reviewers for the American Institute of Certified Public Accountants' construction audit and taxation guides. CBIZ construction group also publishes several definitive industry resources — including the annual National Construction Survey, the quarterly Commercial Construction Index, the PAS Contractor Compensation Quarterly and the annual JOLTS Analysis of construction employment trends — and presents an ongoing series of industry summits and technical webinars focused on the unique needs of construction contractors. Contact Zuniga at [Glendys.zuniga@cbiz.com](mailto:zuniga@cbiz.com) and Forum at Ashlie.forum@cbiz.com. Visit cbiz.com.

Contractors face challenges that necessitate careful consideration of accounting methods for their contracts, especially for tax purposes. The choice of tax accounting methods for contracts can significantly impact financial statements, cash flow and tax liabilities. Analyzing the advantages and disadvantages of the different methods available to contractors can also enhance overall business strategy. By understanding the pros and cons of various choices, contractors can make informed decisions that best align with their operational needs and long-term objectives.

The IRS allows for different methods of accounting for purposes of income tax reporting for long-term construction contracts.

Long-term construction contracts are defined as:

- A contract for the building, construction, reconstruction or rehabilitation of, or the installation of, any integral component to, or improvement of real property
- Contracts that are not completed within the same tax year

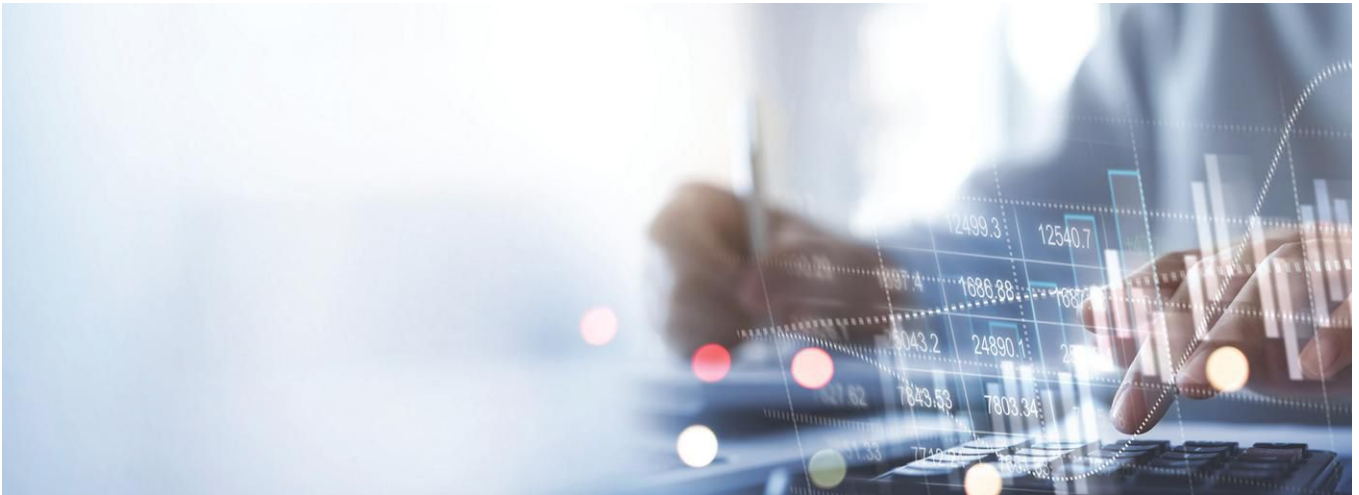
Contractors have up to 10 different methods to choose from for their long-term contracts, and

the IRS' "Construction Industry Audit Technique Guide" lists these 10 different methods with additional guidance. Under code Section 460, certain accounting methods must be used depending on certain aspects such as gross receipts and type of contracts. In addition, look-back rules apply to certain long-term contracts and should be addressed when estimates are used. The look-back rules require the contractor to go back and recalculate their income based on actual figures and not estimates to determine if income was overstated or understated. Interest may be due or refunded depending on the outcome.

Four commonly used methods, and what will be discussed in this article, are the percentage of completion method (PCM), completed contract method (CCM), cash method and accrual method.

Methods available to construction contractors for reference are listed below:

- Accrual
- Accrual excluding retainage
- Cash
- Completed contract
- Percentage of completion
- Exempt percentage of completion
- Percentage of completion capitalized cost method
- Percentage of completion



- excluding retainage payable
- Percentage of completion excluding subcontracts payable
- 10% method

Percentage of Completion Method

The percentage of completion method recognizes revenue on the percentage of the contract completion determined by the total cost-to-date divided by total estimated cost. PCM recognizes income over the life of the project. Generally, contractors with average annual gross receipts exceeding \$30 million for the three prior tax years are required to use the percentage of completion method.

Advantages

From a financial reporting perspective, PCM allows a company to recognize income as work progresses on a long-term project. This offers a more accurate picture of profitability throughout the project rather than waiting until the project is fully completed to record income, which can lead to significant fluctuations in earnings.

Disadvantages

This method relies on the use of estimates, and any inaccuracies in these estimates can lead to significant errors in reporting revenue and profits

throughout the project. Similarly, these estimates are subjective.

The use of estimates allows for the potential manipulation of the financial results. Cash flow management challenges may present themselves when the actual cash flow does not align with the revenue recognized through work progress. Revenue is recognized as costs are incurred and not when cash is collected, thus potentially causing cash flow issues from a tax perspective since contractors may not have the resources to pay the tax liability.

Completed Contract Method

The completed contract method allows qualifying contractors to defer the recognition of revenue and costs incurred on a long-term contract until the year in which the contract is completed.

A contract is deemed completed upon the earlier of the following two conditions:

- The customer uses the subject matter of the contract and at least 95% of the total allocable contract costs attributable to the subject matter have been incurred
- Upon final completion and acceptance of the subject matter of the contract

The completed contract method is

available to contractors with average annual gross receipts less than \$30 million for the three prior tax years.

In addition, home construction contracts are allowed to use the completed contract method, cash method or accrual method, regardless of their gross revenue. Home construction contracts are defined as those in which 80% of the estimated total contract costs are expected to be attributable to activities relating to dwelling units contained in buildings featuring four or fewer dwelling units. Contracts on improvements to real property directly involving such dwelling units and located on the site of dwelling units may also use CCM.

Advantages

Since the income is deferred until the project is complete, this generally will result in the maximum deferral of income for tax purposes. Aggressive billing practices can enhance cash flow and not impact taxable income.

Disadvantages

When completing several long-term contracts in a single period, the contractor may end up recognizing a substantial amount of income during that period. In addition, spending cash

aggressively from early billings may cause cash flow issues when the tax liability becomes due. Losses on contracts are not deductible until the job is completed. The alternative minimum tax (AMT) still requires the use of PCM on all long-term contracts, so there will be an AMT adjustment required for contracts accounted for using the CCM, except for home construction contracts.

Cash Method

The cash method is a simplified accounting approach where income earned on a contract is recognized when cash is received and expenses are deducted when paid, regardless of when the services were provided or the expenses incurred. Contractors with average annual gross receipts of less than \$30 million for the three prior tax years are eligible to use the cash method.

Advantages

This method is simpler to maintain and easier to understand when compared to other accounting methods. Contractors may defer income recognition until cash is collected and accelerate deductions by prepaying expenses before year-end. This approach helps reduce taxable income for the current year and prevent paying taxes on income that has not yet been received, providing contractors with better control over their cash flow.

Disadvantages

Unfortunately, this method is not effective in a declining economy. When construction volume shrinks, contractors may face cash flow problems and experience financial strain when owing tax and not having sufficient cash on hand. The alternative minimum tax still requires the use of PCM on all long-term contracts, so there will be an AMT adjustment required for any contract accounted for using the cash method, except for home construction contracts.



Accrual Method

The accrual method is an accounting method that records revenue and expenses when a transaction occurs instead of when payment is received or made. This method is based on the matching principle, which states that revenues and expenses should be recognized in the same period. Income is earned when the right to bill occurs under the contract terms. Costs are deductible when incurred under all events and economic performance standards.

Advantages

This method allows for better matching of income and expenses, providing a more accurate reflection of the financial performance of the construction project. It is simple and can provide a more consistent and predictable revenue stream, as income is recognized when earned rather than when payment is received.

Disadvantages

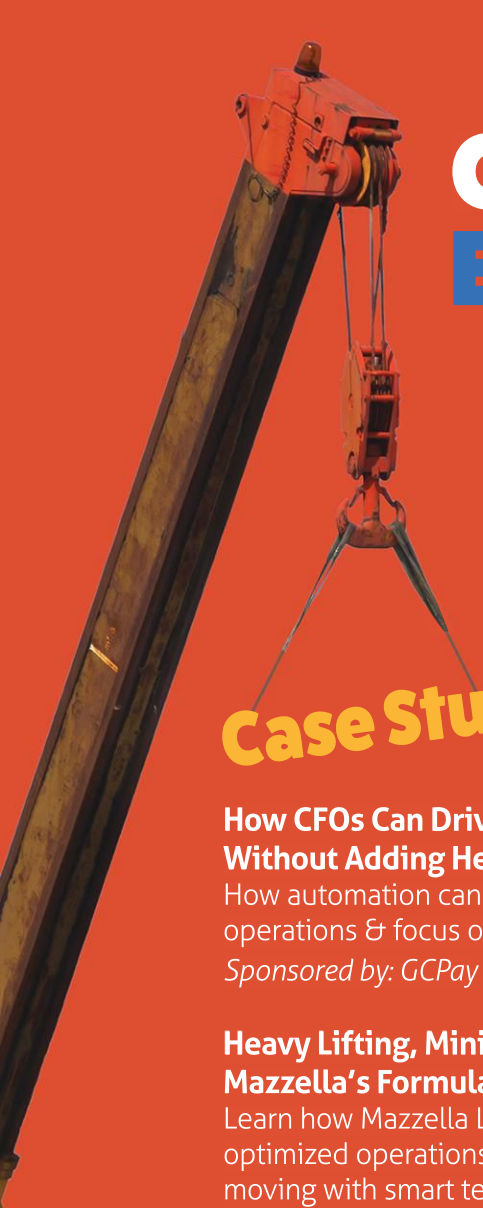
A significant drawback arises when the contractor is in an overbilled position. Overbillings are unfavorable because the contractor must recognize the overbilled amount as income and pay taxes on it.

Generally, this is the most unfavorable accounting method for contractors for tax purposes due to the overbilled position. The choice of tax accounting methods for long-term contracts is a critical decision that significantly impacts the financial health, tax liabilities and business strategy of contractors.

Each method, whether it is the percentage of completion method, completed contract method, cash method or accrual method, presents its own set of advantages and disadvantages.

The PCM offers accurate revenue recognition and enhanced cash flow planning, while the CCM provides simplicity and deferral of tax liabilities. The cash method is straightforward and offers immediate recognition of cash flows, whereas the accrual method provides a comprehensive view of financial performance.

Contractors must carefully evaluate these methods in the context of their specific operations, contract terms and financial goals to select the most appropriate approach. By doing so, contractors can optimize their financial reporting, ensure compliance with tax regulations and strategically position their business for long-term success. ▲



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Optimizing the Tender Process To Handle Construction Defect Litigation

Tips for navigating liabilities & subcontractor responsibilities

BY RYAN M. HATHCOCK

The entanglement and overlap of work among multiple contractors is often inevitable due to the complex nature of construction projects and the diverse specialties of the contractors involved. When a property owner files a lawsuit related to alleged construction defects, the initial response typically involves investigating the defect and identifying the parties providing services and material to that part of the project.

Recently, plaintiffs have seemingly deviated away from performing their own investigations to identify or exclude specific contractors that may be responsible for the alleged defects.

Instead, they often file the lawsuit solely against the general contractor, leaving that party to involve its subcontractors through a third-party complaint. This approach is not necessarily inappropriate; plaintiffs may choose not to name subcontractors due to the lack of privity between parties. However, omitting relevant parties at the outset can lead to delays in the proceedings.

One advantage for plaintiffs in naming a single defendant is the reduced volume of written discovery and dispositive motions that would otherwise be saddled on the plaintiff. This approach lessens the time plaintiffs' attorneys

spend responding to discovery requests and motions. Instead, the general contractor bears this burden while also building its defense and ensuring that necessary subcontractors are included in the proceedings.

To mitigate litigation expenses and potential liability, general contractors and even second-tier subcontractors often use a "tender." The tender process involves one party requesting another to assume responsibility for defending against a lawsuit and covering any resulting liability. This process can occur between a contractor and its subcontractor or between an insured



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and its insurer, and it is typically outlined in contractual language. It can also be created by statute or case law.

In cases where a plaintiff claims construction defects against a general contractor, the effectiveness of a tender depends on the express language in the subcontract agreement. The desired language for a successful tender includes indemnification provisions and/or requirements for subcontractors to name the general contractor as an additional insured on their general liability policy.

Indemnification clauses are common in contracts and should be implemented to avoid the general contractor being left with responsibility for its subcontractor's defective work. A robust indemnification provision allows the general contractor and its insurer to transfer defense costs to the subcontractor. When a defect is alleged, the general contractor can rely on a specific provision in the subcontract agreement, requiring the subcontractor to provide a defense and cover damages related to the subcontractor's work. A well-drafted indemnification clause can minimize disputes between insurers over the clause's sufficiency, thus potentially relieving the general contractor of a significant portion of the investigation and litigation burden.

Despite the existence of a contractual indemnification clause, it is not uncommon for the tender to be rejected. Rejections may occur if the alleged defects are deemed outside the scope of the indemnification clause or if further investigation is requested regarding the work performed compared to the plaintiff's allegations. This will require the contractor to continue with its own defense while it also pursues the validity of the tender.

Beyond express indemnification clauses, another recommended best practice is the requirement that subcontractors add the general



contractor as an additional insured on their general liability policy. This arrangement extends protection to the general contractor under the subcontractor's insurance policy. However, coverage through the additional insured endorsement is often limited to liabilities arising from the subcontractor's work. Liability created by the general contractor or a third party, which might be covered under the subcontractor's policy, will not be covered by the subcontractor's insurance policy, even with the additional insured endorsement.

Combining a clear indemnification provision with an additional insured endorsement provides a general contractor an avenue to avoid defense costs and liability related to its subcontractor's defective work. In projects with numerous contractors and resulting defect claims, the ability

to successfully tender transfers the associated headaches and expenses. Without these contractual requirements, the effectiveness of a tender diminishes, and the general contractor, along with its insurer, must defend against direct claims by the plaintiff and seek contribution from involved subcontractors — a costly undertaking. Properly preparing for and utilizing tenders should be a priority for construction professionals before undertaking projects that involve specialized subcontractor work. ▲

Ryan M. Hathcock, a partner in Chartwell Law's Atlanta office, represents his clients in construction and workers' compensation cases. He is an experienced construction law attorney, having represented contractors and business owners in Georgia, Kentucky and West Virginia in construction-related contract disputes, mechanics' lien law matters and construction defect cases. Visit chartwelllaw.com.



Harnessing the Power of Supplemental Unemployment Benefit Plans

How SUBs can encourage loyalty & enhance a business

BY JEFFREY BENNETT

Supplemental unemployment benefit plans (SUB plans) provide compensation to employees in addition to state unemployment insurance during layoff periods. When designed correctly, they can ease financial stress, generate worker loyalty and offer significant tax advantages.

SUB plans are particularly well suited for contractors subject to prevailing wage rules and regulations since the plans can be funded with fringe benefit contributions required under the Davis-Bacon Act or state prevailing wage laws.

Construction companies that contract with government entities — local, state or federal — are subject to special requirements that dictate mandatory wage and fringe benefit payments commonly referred to as “prevailing wage regulations.”

Requirements

With limited exceptions, to be exempt from wages and, therefore, Federal Insurance Contribution Act (FICA) and Federal Unemployment Tax Act (FUTA) taxes, SUB plans must be substantially similar or identical to those described in the IRS’ Rev. Rul. 56-249, as modified by Rev. Rul. 90-72. These rulings require SUB plans to supplement state unemployment benefits and link them to the receipt of state unemployment compensation.

Definition of Layoffs

Benefits are paid only to unemployed former employees laid off by the employer. IRC § 3402(o)(2)(A) defines a layoff for

purposes of a SUB plan as an involuntary separation from employment, whether temporary or not, resulting directly from a seasonal layoff, reduction in force, discontinuance of a plant or operation, or other similar condition. The definition of a layoff does not include an employee terminated for cause or who voluntarily resigns.

If permitted by state unemployment law, the definition can be further expanded to include a reduction of hours of service that renders the employee eligible to collect state unemployment benefits. It is also important to note benefits must cease to be payable as of the date the employee returns to work for any employer.

Prescribed Conditions

Eligibility for supplemental unemployment benefits depends upon meeting prescribed conditions after termination. The primary condition is that an employee must be eligible for state unemployment benefits.

Limited exceptions to this rule that were established by Rev. Rul. 90-72, which permits an employee to receive benefits even if they are ineligible for state unemployment, are determined when an employee does not have sufficient employment to be covered under the state system, has exhausted the duration of state unemployment benefits or has not met the requisite waiting period.

Amount of Weekly Benefits

The amount of weekly benefits payable is based upon state unemployment benefits,

other compensation allowable under state laws and the amount of regular weekly pay. This broad requirement allows room for creative benefit formulas which are explained below.

Rendering of Services

Supplemental unemployment benefits are not contingent upon the recipient providing services during the unemployment period. Employers may not demand any work from employees in return for unemployment compensation.

Frequency of Payments

Supplemental unemployment benefits cannot be paid as a lump sum. They must be linked to state unemployment benefits, which are paid out over time. A lump sum payment would provide the same amount of money regardless of the unemployment duration, violating the requirement to align with state-specific unemployment benefits.

Advantages & Requirements of Using a Trust

Most employers elect to provide SUB plans through a trust fund rather than directly through the company.

A trust fund that meets the necessary qualification requirements is tax exempt and, therefore, the contributions made by the employer to fund SUB plans are deductible at the time of contribution. Any earnings on the corpus, or assets, of the trust are also tax exempt. The requirements of a tax-exempt supplemental unemployment benefit trust

is explained under IRC § 501(c)(17) or IRC § 501(c)(9).

Advantages & Strategies for Prevailing Wage Contractors

The fringe benefit portion of the prevailing wage regulations are particularly complicated and often misapplied by contractors, especially those not subject to a collective bargaining agreement already containing bona fide fringe benefits. The fringe benefit portion of prevailing wage regulations typically require a contractor to provide a certain dollar level of bona fide fringe benefits for each hour worked or provide an equivalent amount in additional wages.

Bona fide benefits include health and welfare benefits and retirement benefits. In addition to supplemental unemployment benefits, other permitted benefits include:

- Pension or retirement plan
- Medical insurance
- Dental insurance
- Life insurance
- Disability insurance
- Vacation, holiday and/or sick pay
- Apprenticeship and safety training

SUB plans are particularly well suited for contractors that commonly have interruptions in their work that might cause a reduced need for labor, such as seasonal shutdowns, weather conditions and material supply problems.

These interruptions cannot always be effectively handled with a temporary layoff. Acquiring and keeping skilled workers has become a critical factor in most contractors' growth potential. Laying off valuable workers during an interruption can have unintended consequences, such as morale issues resulting from reduced income or even employees finding work elsewhere with a competitor.

The construction industry is no stranger to these situations, and as a result, companies often keep workers

busy on other tasks (i.e., "shop work") rather than risk employees not being available when needed.

However, SUB plans alleviate the risks associated with temporary layoffs for several reasons:

1. Payments from the SUB plan can provide the additional income necessary to equalize or even exceed the wages the employee receives while working.
2. Depending on state rules, employees can receive payments for short work weeks (fewer than 40 hours worked) where their hours were interrupted by weather or some other short-term factor.
3. The payments received by employees are not subject to FICA taxes (7.65%).
4. SUB plans can be funded with fringe benefit payments already required under prevailing wage regulations and therefore do not create an additional company expense or liability.

Plan Design Strategies

Although SUB plans can be beneficial for contractors subject to prevailing wage regulations, care must be taken in the design of the plan to ensure maximum effectiveness.

Trust or Funded Plans

SUB plans work best when administered through a trust. Irrevocable contributions of fringe benefit dollars paid to a trustee pursuant to a bona fide fringe benefit trust fund, plan or program on a regular basis by contractors engaged in public works qualify as a "funded plan" under 29 CFR § 5.26-5.27. Contributions to funded plans can be credited toward meeting the prevailing fringe benefit requirements of the Davis-Bacon Act and state prevailing wage laws. They also do not need U.S. Department of Labor approval, though state rules vary.

Contribution Formulas

The contribution formula of the plan

dictates the amount of money the employer is obligated to fund to the employee's benefit account. If the intent is to fund the plan solely with fringe benefit dollars obligated under prevailing wage regulations, then the contribution formula must clearly express this intent.

A properly written contribution formula limits an employee to receiving only the amount that has been credited to his or her benefit account and protects the employer from any obligation to make additional payments to the plan.

Benefit Formulas

The amount of weekly benefits payable is based upon state unemployment benefits, other compensation allowable under state laws, and regular weekly pay amounts.

A common yet incorrect assumption regarding this requirement is that the SUB plan weekly benefit cannot exceed what would have normally been earned as regular weekly pay when combined with the state's unemployment benefits. This is incorrect, because "based upon" means just that: It provides flexible variables in how to calculate benefits.

Although SUB plans can be beneficial for contractors subject to prevailing wage regulations, care must be taken in the design of the plan to ensure maximum effectiveness. Leaders must make sure they understand state and federal requirements before implementing new methods. If company leaders take the appropriate steps to protect their company, SUB plans can help shield a firm from risk, boosting morale and financial benefits in the process. ▲

Jeffrey Bennett is senior vice president and prevailing wage expert at HUB Prevailing Wage Solutions. He consults on plan design for both health and welfare programs and retirement programs for nonunion construction companies throughout the U.S. Bennett is an accredited investment fiduciary (AIF) and a former human resources director for a large electrical contractor. Visit hubinternational.com/prevailingwage.

It's Time To Rethink Your Recruitment Tactics

Examining the construction labor market & expanding your workforce

BY IMARI BOGAN

Construction offers a bright and promising future for both business owners and workers. With steady national residential and nonresidential construction spending and a healthy stream of new bid opportunities, employees can enjoy healthy job security while companies pursue growth.

But filling job openings to meet the demand for new projects remains a significant industrywide challenge that can impede business growth. To gain a competitive edge in today's labor market, companies must refine their hiring practices and implement innovative methods to attract candidates and retain employees.

The State of the Labor Market

Construction talent — especially skilled talent — is in high demand. In the Associated General Contractors

of America's 2023 Workforce Survey Analysis, 85% of surveyed companies reported job openings. Of those, 88% mentioned they're having a tough time filling positions, especially in craft roles.

The issue is partly driven by an aging skilled workforce heading into retirement and a prevalent trend of young people steered toward a four-year college education over vocational programs. Over the years, this led to intense competition for construction talent, and stories of workers leaving jobs for as little as a 25-cent pay raise became increasingly common.

But a promising change could help balance the labor market: Generation Z is taking an interest in trade careers. The National Student Clearinghouse Research Center reported that the number of students studying construction has increased by 23% since 2018.

Short & Simple Applications

Applicants often spend hours upon hours of their valuable time job hunting. If your application is too long or complex, a candidate may decide the opportunity isn't worth their time and never finish applying. After all, countless other companies are looking to hire and don't require answering long-form questions.

Before posting an opening, determine your deal-breakers for the role. Narrow down screening questions to capture your must-have qualifications, and be prepared to ask more in-depth questions about the applicant's background during the interview.

Similar advice rings true for your job descriptions. By keeping the descriptions concise and straightforward, potential candidates can better determine if they'd be a good fit for the role and enter the interview process with clear expectations about the company and position.

Reduce Language Barriers

Construction jobs attract workers from diverse backgrounds, including many who are not native English speakers. These candidates may be highly qualified for the roles your company needs, but language barriers in the application or interview process can discourage them from applying. By making job postings and applications accessible in multiple languages, businesses can support the growth of a multilingual and multicultural workforce.

Focus on the Candidate's Experience

With the current state of the labor market favoring job seekers, hiring companies need to invest in ensuring the candidate's experience is as smooth as possible. Reducing barriers and common frustrations with the application process can help increase the number of applicants and, in turn, your pool of qualified talent.



Photo Credit: Seventyfour - stock.adobe.com

Canyon State Electric, an Arizona-based electrical construction firm, took a proactive approach to minimize language barriers for its employees, many of whom are Spanish speakers. The company not only posts job ads in multiple languages, but also employs a bilingual recruiter as well as human resources (HR) personnel to facilitate effective communication across the most commonly spoken languages on their jobsites.

“You have to meet people where they’re at, and having a bilingual recruiter was one skill we knew we needed to have. We’re giving our team members an additional resource that they can use to get their problems solved,” said Vince DiGuglielmo, director of strategy at Canyon State Electric.

Explore New Recruitment Platforms

Traditional online job boards like Indeed, Glassdoor and even LinkedIn are highly valuable for reaching prospective candidates. But to expand your search for qualified workers, consider leveraging social media in your recruitment efforts. As the workforce increasingly includes tech-savvy millennials and Gen Z workers, companies can find opportunities to catch their attention on platforms they regularly use, such as Facebook, YouTube, Instagram and Reddit.

Thoroughly Screen Candidates

Canyon State Electric receives hundreds of job applications each month. Amid the flood of applicants, only a handful will be qualified for the roles they’re applying for. Determining which candidates have the qualifications for a journeyman electrician versus a wireman IV position can be challenging without an interview. Still, you want to be mindful of respecting people’s time by only scheduling meetings with applicants who realistically meet your job criteria.

“We’re putting solutions in place to have candidates predisposition themselves so we can cut out a lot of that guesswork and get to those candidates we need to contact faster. With our ATS, we’ve created an internal rating system that ranks candidate skill levels based on their self-reporting,” said DiGuglielmo. “You go from looking at 400 applications to looking at 20.”

An applicant tracking system (ATS) is a modern recruiting tool that streamlines candidate management in a centralized system. Teams can leverage this tool to support all the recruiting methods we’ve discussed so far, but one of its most important uses is helping hiring teams narrow down qualified candidates.

According to DiGuglielmo, Canyon State Electric’s hiring team is still involved in verifying applicant qualifications, but the ATS technology enables them to build a short list in a fraction of the time. Additionally, past applications are saved in the ATS and available the next time a role opens up, granting the team access to a prescreened talent pool.

Make It More Than a Job: Emphasize Career Building

Construction professionals take great pride in their skills and the projects they complete. However, numerous workforce studies have shown that companies that fail to provide employees with a clear career path and advancement opportunities are more likely to lose their employees.

Once you’ve put in the hard work to build a strong workforce, don’t let a lack of professional development opportunities put you back at square one. You can’t focus on recruitment and ignore retention.

Establish Specific Milestones & Expectations

Each role should have a clear

advancement track that both employees and managers can follow to determine skill and career progression. This path should include milestones that employees can reference to track their daily, weekly, monthly, quarterly and annual progress.

A performance management system helps record and monitor personalized skill development for employees. With a clear road map to promotions and higher pay, employees can take more control over their careers at your company. During performance reviews, employees and supervisors can use the system to have data-backed conversations about job performance. For example, Canyon State Electric does this by providing employees with a list of required skills and reevaluating them quarterly based on the outlined skills list. Once employees check all the boxes, they can advance to the next level.

Increase Access to Professional Development Resources

One way to offer employees more control over their career trajectories is by empowering them to renew certifications and upskill online. Learning management systems (LMS) provide a centralized learning portal where employees can access required safety training, track upcoming certification expiration dates and enroll in additional courses to learn new skills. This investment benefits both employees and the company: Employees advance their careers through access to training resources, while the company can rely on its existing skilled workforce to fill roles requiring specialized skills instead of recruiting new personnel. ▲

Imari Bogan is a customer success manager at Arcoro, an HR management solutions provider for the construction industry. She works closely with construction business leaders and HR teams to deliver technology solutions that address their most pressing workforce challenges, including recruiting and retention. Contact her at Imari.Bogan@arcoro.com. Visit arcoro.com.



2025

A Welcome Economic Rebound Ahead

What contractors can expect for 2025

BY PHILLIP M. PERRY

Clearing skies with a chance of showers. The construction industry and manufacturers can look forward to a gradually improving operating environment in 2025, thanks to lower interest rates, moderating inflation and steady if unspectacular growth in the nation's overall economic activity.

"We look for real GDP growth of 2.5% in 2025," said Bernard Yaros Jr., lead U.S. economist at Oxford Economics

(oxfordeconomics.com). (Gross domestic product, the total value of the nation's goods and services, is the most commonly utilized measure of economic growth. "Real" GDP subtracts the effects of inflation.)

The good news is that the 2.5% boost is not far off what economists peg as the nation's "natural growth rate" — one that supports business activity and maintains full employment. And

reduced volatility in the GDP growth pattern in recent years suggests the nation is on a glide path to a so-called “soft landing,” avoiding a recession after a lengthy inflationary binge (see Figure 1).

Despite its positive nature, the GDP figure for 2025 is slightly lower than the 2.7% anticipated when 2024 numbers are finally tallied. That’s because the nation is in a so-called “late-stage expansion,” characterized by a tendency to slow down while maintaining sufficient force to invigorate commercial operations.

Fair Winds

In 2025, construction operations and manufacturers can look forward to a decline in both interest rates and inflation — two bugbears that have drained profits in recent times. “We anticipate a federal funds interest rate of 2.75% by the end of 2025, down from a recent 4.75%,” said Yaros. “And we look for inflation to average 2.2% in the final quarter of 2025, which will be within spitting distance of the Fed’s 2% target.” That’s an improvement from the 2.5% inflation level toward the end of 2024. These figures represent the Federal Reserve’s preferred measure of inflation: the “core personal consumption expenditure deflator (PCED)” which strips out volatile food and energy prices.

Relief from the costs of interest and inflation will help fatten the bottom lines of businesses everywhere. “We anticipate corporate profits will increase 9.6% in 2024 and 9.0% in 2025, up from their 6.9% gain in 2023,” said Yaros.

Reports from the field confirm the economists’ optimistic view. “Our members are looking forward to a growth year in 2025, largely from expectations that interest rates will decline,” said Tom Palisin, executive director of The Manufacturers’ Association, a York, Pennsylvania-based consortium with nearly 500 member companies (mascpa.org). The change in fortunes can’t come soon enough, he added. “High interest rates have been putting constraints on many of our members who have been trying to maintain their financial margins, so relief in this area will be helpful.”

Construction Rebounds

Analysts expect construction companies and manufacturers to share in the nationwide economic upsurge. Economists expect healthy growth in housing activity, a mighty driver for the economy. “We forecast housing starts to increase by 6.2% in 2025, after falling by 4.7% in 2024 and declining 8.4% in 2023,” said Yaros.

Why the rebound? A decline in the cost of money and a concomitant loosening of credit standards. “Lower mortgage rates should help the single-family home market,” said Bill Conerly, principal of his own consulting firm in Lake Oswego, Oregon (conerlyconsulting.com). “It will be a little less painful for

people with 3% or 4% mortgages to give them up, sell their current houses and move up.”

Housing is not the only construction sector that will do well. “This is the era of the megaproject, and future prospects are quite positive for contractors who are able to participate in major public works,” said Anirban Basu, chairman and CEO of Sage Policy Group (sagepolicy.com). Basu noted that much construction activity is being driven by the reemergence of industrial policymaking in America, an economic transformation that has led to programs such as the Inflation Reduction Act, the Chips and Science Act and the Infrastructure Investment and Jobs Act.

“Manufacturers are receiving billions of dollars in subsidies for large-scale

infrastructure projects, computer chip and battery manufacturing plants, and data centers, many in support of technological transformation such as the growth of artificial intelligence,” said Basu.

For contractors dependent upon multifamily construction, hotels or retrofits of existing office space, the 2025 outlook is a bit bleaker. “High interest rates have led to very high financing costs, along with the general inflation experienced within the construction sector,” said Basu. “And banks have become more reluctant to lend, partly because of an increase in regulatory oversight. As a result, certain contractors have become vulnerable to a lack of work, and they are quite concerned about 2025.”

A change in fortune will not happen overnight. “With lower interest rates, there’ll be an easier time lining up project financing at acceptable cost,” said Basu. “But these things take time. We might see some softness in a meaningful fraction of contractors

Prepare for a Soft Landing

U.S. Gross Domestic Product (GDP)
(Annual % Change)

- 2014: 2.5%
- 2015: 2.9%
- 2016: 1.8%
- 2017: 2.5%
- 2018: 3.0%
- 2019: 2.5%
- 2020: -2.2% [this is a negative number]
- 2021: 5.8%
- 2022: 1.9%
- 2023: 2.5%
- *2024: 2.7%
- * 2025: 2.5%
- * 2026: 2.1%

Modest growth in the nation’s economy will support business profits in 2025.

Sources: World Bank; * = projections by Oxford Economics.

Figure 1. U.S. GDP annual percent change

in 2025. And then perhaps things get a bit better in 2026 as these lower interest rates prompt more activity.”

Healthy Employment

The economy does better when people are optimistic, since consumer spending accounts for a large portion of the nation’s business activity. While consumers remain troubled by the residual effects of inflation in the form of high prices for gas and groceries, they remain in a fairly good mood. “We look for consumer confidence to move slightly higher in 2025,” said Scott Hoyt, senior director of consumer economics for Moody’s Analytics (economy.com).

Why the optimism? Healthy employment levels. “We look for the unemployment rate to end 2025 at 4.2% and 2026 at 4.2%,” said Yaros. This is roughly in line with the 4.1% reported toward the end of 2024. (Many economists peg an unemployment rate of 3.5% to 4.5% as the “sweet spot” that balances the dual risks of inflationary wage escalation and economic recession.)

If favorable unemployment figures will encourage consumer spending, employers should also enjoy relief from the deleterious

effects of the past year’s tight labor conditions. “While many contractors continue to view the lack of skilled labor as their No. 1 challenge, it is not necessarily of the same magnitude as a year ago,” said Basu. “The number of available unskilled job openings has shrunk, particularly in construction, thanks to a slowing economy, so hiring has slowed. Residential contractors in particular appear to be looking for fewer workers.”

Softening employment growth has given workers less bargaining power, so employers are experiencing some much-needed relief from the rising trendline of worker wages. Entry-level hourly wage increases came to 3.7% in 2024 at Palisin’s member companies, markedly lower than the vigorous 8% to 10% levels clocked for each of the previous two years. (Historically, such increases have tended to settle in the 2.5% to 3.0% range.)

National figures concur. “The Employment Cost Index (ECI) is slowing,” said Hoyt, referring to a common measure of average worker wages. “We are forecasting 2.8% growth in 2025, compared to 3.9% in 2024 and 4.5% in 2023.”

Despite the ongoing de-escalation in the ECI, Hoyt said it remains healthy enough to support consumer spending, as does



Photo Credit: Funtap - stock.adobe.com

If favorable unemployment figures will encourage consumer spending, employers should also enjoy relief from the past year's tight labor conditions. 'While many contractors continue to view the lack of skilled labor as their No. 1 challenge, it is not necessarily of the same magnitude as a year ago,' said Anirban Basu. 'The number of available unskilled job openings has shrunk, particularly in construction, thanks to a slowing economy, so hiring has slowed.'

the expected increase in the nation's total personal income level, an important driver of business activity. Like the ECI, it is expected to follow a familiar 2025 trendline: a healthy increase despite de-escalation. "Mainly because of slower job growth, we have the increase in wage and salary income slowing to 4.7% in 2025, compared to our expectation of 6.6% for 2024, and 5.4% for 2023," said Hoyt.

Maybe it's a looser labor market, but employers are in no hurry to trim their employee rosters. "Employers want to maintain their ability to jump on the growth side once the economy rebounds a little," said Hoyt. "So employment levels have held fairly steady."

Supply Chains

Construction companies will benefit from a national commitment to reposition supply chains in the U.S. "Logistical issues are persuading many CEOs to place production closer to final consumers," said Basu. "There is also a trend toward favoring nations that provide significant protection for intellectual property."

Indeed, many contractors are concerned about the reemergence of supply chain issues. "It's taking longer to ship equipment around the world, in part because of issues in the Red Sea," said Basu. "Cargo is being diverted and having to travel much longer distances in many instances, especially cargo from Asia. That leads to increases in the cost of transportation and insurance, which squeezes margins for contractors."

Palisin confirmed that supply chain disruptions are not a thing of the past. "We are seeing shortages around semiconductor chips and some other technological products, as well as chemicals, equipment assemblies and metal parts. That's causing production delays and late deliveries."

There are a number of causes for the problem. Over the past year the nation has lacked sufficient skilled workers to meet production demands. And in an environment of high interest rates and slowing growth, companies did not invest as much as required in new facilities. "As for the semiconductor situation specifically, there's this huge demand coming up against a shortfall in global supply," said Palisin.

While the U.S. is committed to the reshoring of production, the task of increasing domestic manufacturing and delivery systems will take time. "We are not going to turn things around right away," said Palisin.

The Road Ahead

Despite optimism on the part of businesses and consumers, economists eye some dark clouds on the horizon. In the opening months of 2025, they advise construction

companies and manufacturers to keep a close watch on the following areas for any deleterious changes:

1. Interest Rates

"Going forward, the major concern for businesses will be the pace of interest rate cuts and where they will end up," said Yaros.

2. Inflation

"If the consumer price index returns to positive territory, that could throw a monkey wrench into many business plans," said Conerly.

3. Tariffs

"Tariffs amount to price increases for our members who have to buy materials from abroad," said Palisin.

4. Geopolitics

"An increasing level of turmoil around the world can disrupt supply chains, throwing a monkey wrench into the economy," said Conerly.

Concerning as these risks are, economists anticipate a fairly benign operating environment in 2025. "The U.S. economy has been remarkably resilient despite all the hits it's taken over the past few years," said Yaros. "We don't anticipate a recession, as the Federal Reserve will be dialing back the restrictiveness of monetary policy, and there are no glaring imbalances in the economy." ▲

Award-winning journalist Phillip M. Perry has published widely in the fields of business management, workplace psychology and employment law. Perry is a two-time winner of the American Bar Association's annual Edge Award for the best article of the year, as well as of that organization's "Value to the Reader Award." Visit editorialcalendar.net.

Building the Future

Overcoming talent challenges in engineering & construction

BY VICTOR REYES

The engineering and construction (E&C) sector, like many industrial trades, is facing continued growth. However, an unprecedented labor shortage is leaving a record number of construction jobs unfilled. Failure to address the E&C talent challenges could stall industry growth and innovation.

Proactive talent management can help E&C companies remain competitive and capable of meeting future demands. By investing in and engaging their existing workforce, while also implementing ecosystem-based strategies to diversify and expand their talent pipelines, the industry will be better positioned for a resilient future, according to Deloitte's study, "Building the Engineering and Construction Workforce."

The E & C Workforce Is Growing

The construction workforce employment level crossed 8 million in 2024, surpassing its previous peak of 7.7 million in 2006, according to Deloitte's analysis of U.S. Bureau of Labor Statistics data (2024). This growth momentum is expected to continue over the next few years. The U.S. Bureau of Labor Statistics projects an average of 188,000 annual job openings in architecture and engineering occupations from 2022 to 2032, as noted by Deloitte. An analysis of this projection by Deloitte reveals the greatest growth in roles such as construction trades; laborers; electricians; and installation, maintenance and repair workers during this period.

Furthermore, the skill requirements of the E&C workforce are evolving as new technologies, customer expectations and project complexities demand a combination of digital, technical, management and soft skills. This makes it important for E&C

firms to understand the drivers of today's talent challenges, along with changes in jobs due to technology and automation.

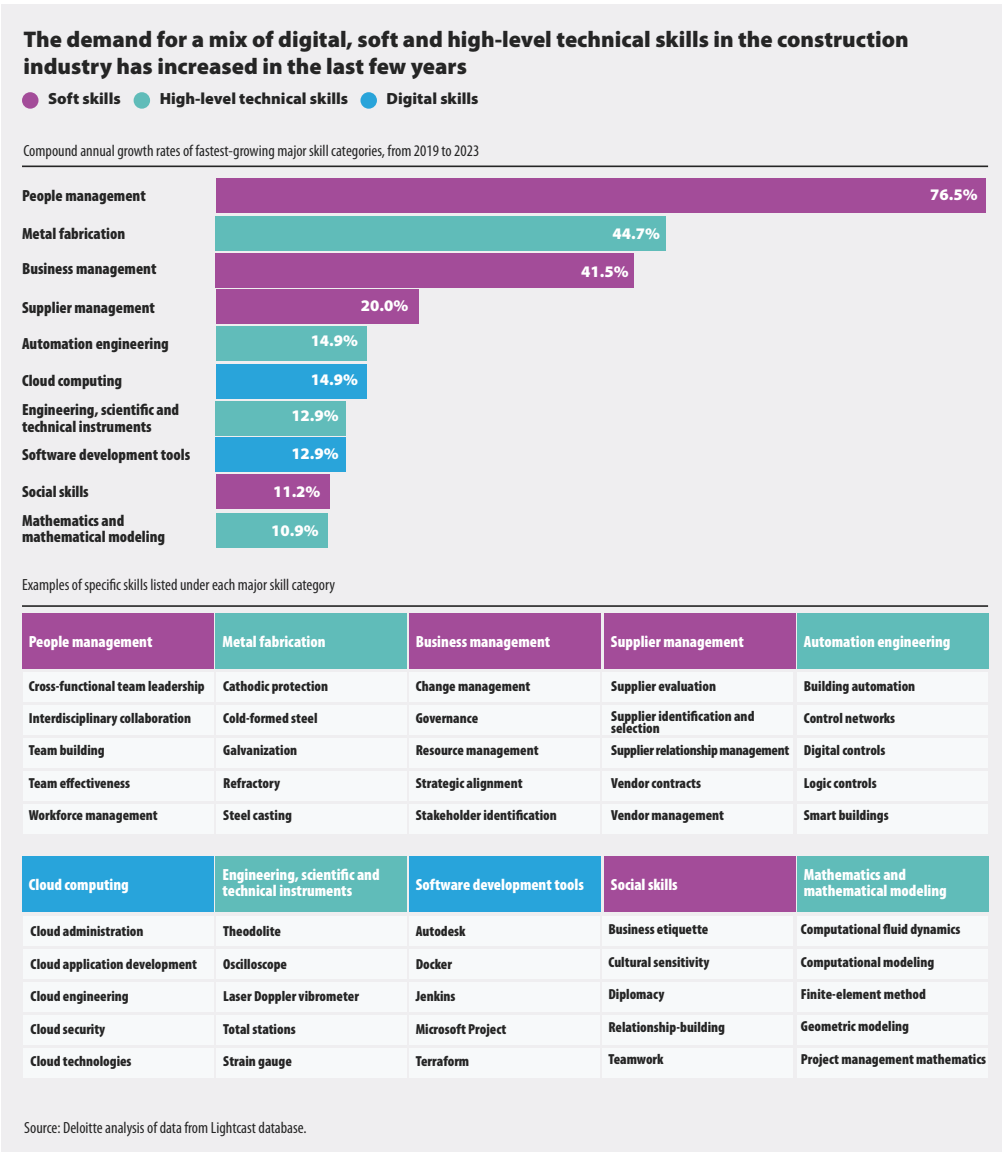
The Industry Is Facing a Heightened Talent Challenge as Skill Requirements Continue To Evolve

While job gains are a positive indication of industry growth, they also point to heightened challenges in meeting talent needs with the right skills to fill open positions, especially when the number of open jobs exceeds the number of people looking for work, according to Deloitte's analysis of U.S. Bureau of Labor Statistics data. A large portion of E&C jobs remain highly skilled, requiring industry know-how and expertise. For instance, per Deloitte analysis of Lightcast data, the demand for skills in metal fabrication has increased by more than 40% since 2019 (increased labor demand for infrastructure projects likely drove the surge).

Additionally, evolving skills requirements are further complicating the search for qualified talent. In fact, 44% of the current skill requirements in infrastructure are likely to evolve over the next five years, according to the World Economic Forum. Further, construction firms are increasingly seeking more applicants with digital skills; Deloitte's study on the E&C workforce indicates a 15% increase in demand for cloud computing skills and a 13% increase in demand for software development skills from 2019 to 2023.

People management and business management skills have shown growth of 77% and 41% since 2019. Deloitte also found an increase in the requirements for supplier management skills (20%) and social skills (11%), as shown in Figure 1.

Figure 1. A combination of digital skills, soft skills and high-level technical skills show the fastest compound annual growth rates in construction between 2019 and 2023.



useful in filling open skilled jobs. Experiential learning programs can assist executives in developing new business skills among their employees. Cross-skilling is another way to develop an employee's skill set and provide them with new growth opportunities through internal mobility. Job rotation and cross-training initiatives can also expose employees to different roles and functions within the organization.

Companies can also broaden their talent horizon by promoting diversity in their hiring plan. Targeting candidates from different backgrounds, experiences and perspectives can help enrich the talent pool. Enhancing the participation of women and underrepresented groups in the workforce may alleviate some workforce shortages.

- **Driving cultural change within organizations to help meet the evolving needs of the workforce**
— By the end of 2024, the

Companies Are Taking an Active Approach to Developing Talent & Influencing a Positive Employment Future

Deloitte's analysis identified some strategic approaches — encompassing the entire life cycle of talent management — that executives can consider developing an agile workforce for tomorrow.

- **Invest in the existing workforce while diversifying the potential talent pool** — Deloitte's study finds that construction employers are offering competitive pay and other benefits. While higher pay and signing bonuses can help attract talent, firms may put their attention in areas beyond wages. For instance, they may place increased attention on broader aspects of the worker experience such as career development. Upskilling the existing workforce through training and formal apprenticeship programs may be

number of Generation Z employees in the workforce was expected to overtake that of baby boomers, according to Glassdoor. Promoting flexibility and employee well-being as well as having open and transparent communication channels can help keep younger employees engaged and motivated. Implementing well-being programs that focus on health, stress management and overall wellness can aid in retaining employees. Efficient stress management strategies and employee assistance programs can not only ensure the physical and mental well-being of construction workers, but also boost worker productivity.

Changing skill requirements have prompted some companies to become role-agnostic. Companies may employ a skills-based approach that focuses on employees' abilities and competencies rather than their job titles or formal



improving workforce retention. E&C firms can partner with technology service providers or incubators to automate processes, enhance training programs and improve workforce productivity through digital tools and platforms.

Deloitte's study highlights that a talent ecosystem approach can assist in overcoming prevailing talent challenges while managing future expectations, thereby bringing synergies for holistic workforce development. For instance, E&C companies are currently engaging with educational institutions and government workforce agencies or unemployment agencies to build their ecosystem for career-building programs.

Implementing a Proactive Approach to Developing a Sustainable Workforce

Organizations may implement active talent management to help them thrive in today's dynamic and competitive business environment. Talent management is not just about recruiting and retaining employees; it is also about investing in the future of the organization by building a workforce that is agile, adaptable and ready to meet the challenges of tomorrow.

Addressing the talent challenges in the E&C sector requires a multifaceted approach. By investing in workforce development, driving cultural change and integrating advanced technologies, companies can build a resilient and agile workforce ready to meet future demands. ▲

qualifications, helping to better align workers with work that fits their skills and capabilities. Creating cross-functional teams can bring together individuals with diverse skill sets and backgrounds to work collaboratively on projects or initiatives.

- **Integrating technologies and an ecosystem approach to augment workforce capabilities** — Companies continue to increase their reliance on technologies, especially project and resource management tools, to enhance and integrate new capabilities. Automation technologies such as robotic process automation and artificial intelligence (AI) can help streamline repetitive tasks, empower employees to focus on value-added tasks and help with risky tasks, removing them from unsafe work environments. This technological integration may help assist in delaying retirement as well as in enhancing health and safety measures in the workplace, potentially

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Jason Sperfslage
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Jason collaborates closely with clients to help customize Beneco's turnkey solutions to enhance their administrative processes, making them more efficient and cost-effective. He is dedicated to educating clients and prospects about prevailing wage rules and regulations and helping contractors optimize fringe dollars to benefit their businesses and employees.



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Keep Your Jobsite Clean & Compliant

Choosing a dumpster rental partnership that makes your job easier

BY SEAN FOLEY

Regardless of what kind of construction project you are running, you will want to partner with a reliable dumpster rental company to help keep your jobsite clean and orderly. This choice may seem simple, but there are many considerations to keep in mind when choosing the right partner.

In addition to offering a streamlined product, your preferred rental partner should also make your job as a contractor easier. This single choice can work in a variety of ways, from enhancing jobsite safety and productivity to improving the overall satisfaction of on-site workers and clients alike.

As you weigh your options, be sure to consider partnering with a company that

offers essential services that meet your jobsite demands. From size to style to dumpsters that come with portable toilet options, you need to choose a dumpster that reduces your workload.

Keeping Your Jobsite Clean & Compliant

Above all else, contractors rent dumpsters to securely store waste and debris until these materials can be disposed of properly. Without this container, waste would accumulate on the jobsite, which not only poses serious safety hazards but also negatively reflects on the contractor. Keeping your jobsite clean shows your staff and your clients that you care about jobsite safety and cleanliness.

Another key consideration to prioritize is your compliance with the Occupational Safety and Health Administration's (OSHA) requirements regarding the availability of on-site restroom facilities.

In order to meet OSHA's basic restroom requirements, contractors must either provide restroom facilities or offer transportation to an off-site facility located within 10 minutes of the jobsite. And, for these facilities to be considered sanitary, they must be emptied of waste and serviced on a regular basis.

Reducing Costs by Consolidating Vendors

One of the best ways to reduce costs on the jobsite is to find vendors who

can provide you with the majority of the equipment you need to work more effectively while meeting OSHA requirements or the regulations set forth in your state plan.

Working with a single vendor helps you reduce your administrative burden, provides more consistent quality and streamlines your operations. Vendors are also likely to provide you with volume discounts.

In the construction world, access to restrooms creates a big issue. The lack of on-site facilities can also result in time wasted traveling off-site to use restrooms. When construction workers are not provided with an on-site restroom, they will have to commute to the nearest restroom whenever nature calls, which can make your project take much longer to complete than anticipated. And, if workers get into an accident during these

restroom breaks, you can be held liable.

In addition, OSHA requires that construction companies provide one toilet for every 20 employees. That means that if you have 22 employees, you need at least two bathroom facilities.

By choosing vendors that offer both dumpsters and portable toilets, you can meet OSHA's restroom requirements while also providing dumpsters to keep the work area clean, which is another OSHA requirement.

Finding vendors who understand both



the needs of a construction site and all aspects of OSHA regulations helps you double-check your knowledge of OSHA or your state's OSHA-approved plan.

Pick a Dumpster Rental Suited to Your Needs

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And, because your jobsites vary, your dumpster choices may vary as well.

For instance, roofing contractors will need a dumpster rental with taller sidewalls so workers can easily toss old shingles and other roofing materials into the dumpster from the roof. For construction jobs that generate large pieces of debris, contractors will need a roll-off container with a fully functioning rear door to easily load larger items that can't be tossed over a dumpster's sidewall.

From standard dumpsters that are available in a wide range of sizes to larger dumpsters with add-on toilets, there is a variety to choose from. You should also consider dumpsters with pavement pad protectors to prevent damage to the surfaces they are placed on.

You may also be working with hazardous materials, which require their own disposal protocols.

And, after construction work is complete, you may want a smaller dumpster on-site for any final cleanup before turning the site over to your client. This is where a mini roll-off container can come in handy. These are perfect for smaller jobsites and any final cleanup on larger jobs.

Regardless of your rental needs, you will need a partner who can properly advise you on the type of dumpsters you'll need on your site.

An Improved Customer Experience

It's important for your team to be ready to tackle their work when they reach the jobsite. Your vendors should have their equipment on-site and ready for use when your team is prepared to swing the first hammer.

By choosing a dumpster rental company that is locally owned and dedicated to

providing you with exceptional customer service, you can rest assured knowing that you will not only have the dumpster in place but will have a team ready to replace your dumpsters once they're filled.

If you ensure that you can meet OSHA's rules and regulations governing the cleanliness of a construction site, and you have the option of a comprehensive solution that simplifies your waste management needs, your job will be much easier once construction begins. ▲

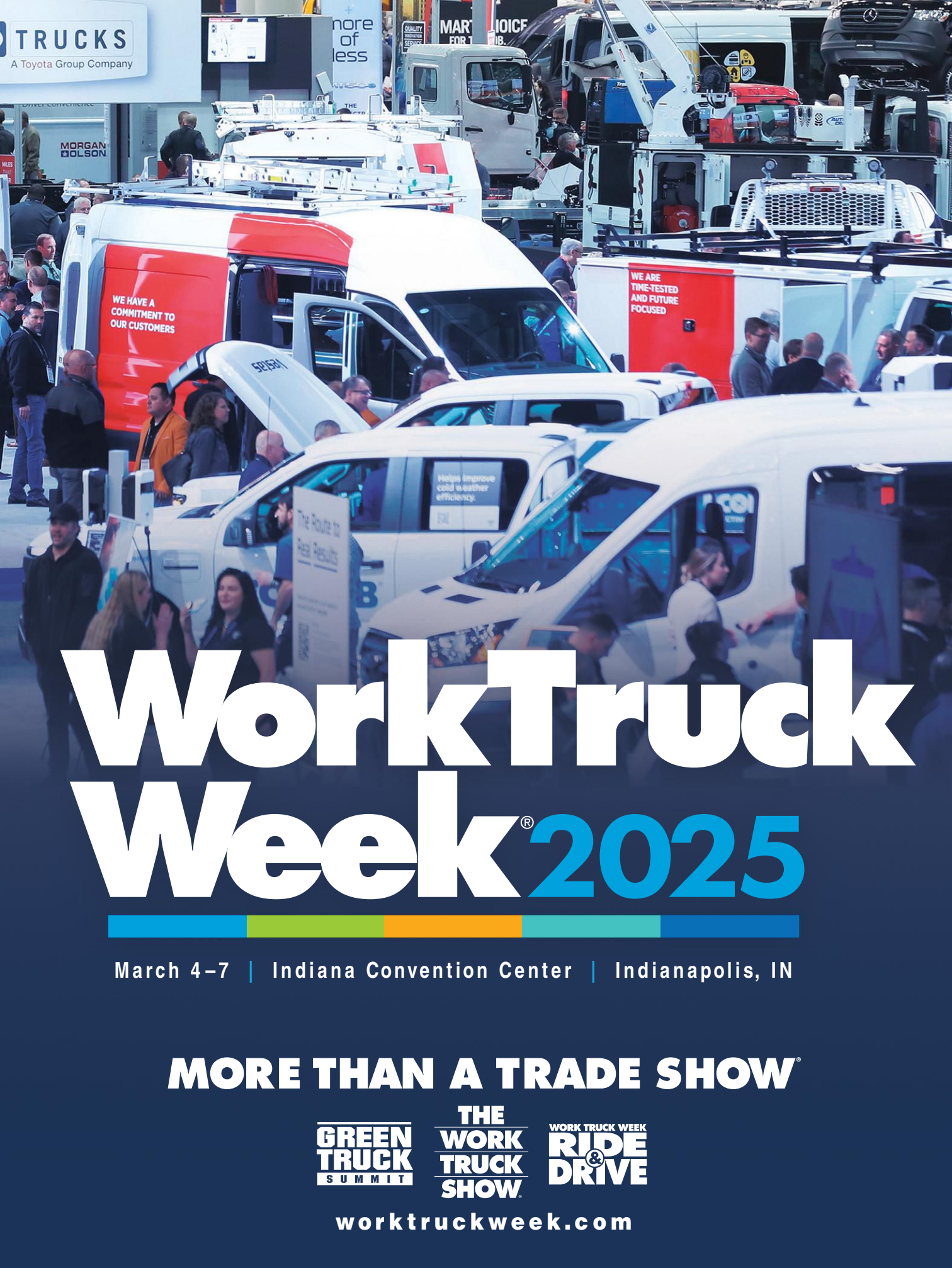
Sean Foley is the brand president of redbox+ Dumpsters, a growing leader in the waste removal industry and member of the BELFOR Franchise Group family of brands. As brand president, Foley has driven significant brandwide initiatives, from implementing new operational systems to launching new programs to increase profitability. Visit redboxplus.com.



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How To Protect Your Schedule & Profit

Why minimizing water damage on jobsites shields your business in the long run

BY ANTHONY GRIESER

Imagine this: Your project is days away from completion. You get a call on a Sunday morning from local law enforcement who noted water flowing down the front steps of your project and onto the city street. A water line has been leaking since Friday, and a large section of the lower level of the building has standing water. By the time you arrive, more than \$500,000 in damage has occurred, and you are left managing not just the water cleanup but also the client's mounting frustration, as

the project will not meet the deadline. This situation is a stark reminder that water damage on construction sites isn't just a minor inconvenience — it can halt projects, erode your profits and impact your reputation.

As a construction business owner, you know the risks of working on a jobsite, but few sources of loss are as frequent and increasingly costly as water damage. Nationwide's construction claims data shows that nearly one-third of all liability losses on construction sites are caused by

water damage. Further, the cost of water damage claims has been rising year over year, with median claims costs up 21%. And if that doesn't concern you, then maybe this will: Since 2015, claims surpassing \$500,000 have doubled, and those over \$1 million have tripled.

The data is clear: Effective water damage prevention is essential for all contractors. While plumbing and HVAC contractors face the highest risks, 40% of water damage claims stem from

many other trades, including electricians and carpenters. Even without water work in your scope, your company is still at risk.

The good news is that some simple planning steps can greatly minimize the risk of negative financial impacts from accidental water damage on a jobsite.

Proactive Steps: Building a Water Damage Mitigation Program

Protecting your project from water damage doesn't require a massive overhaul but does demand a calculated, phased team approach. Creating a water mitigation program can give you confidence that your team, tools and processes are prepared to respond quickly and minimize damage.

Preconstruction: Prepare Your Plan

1. **Assess critical risk areas:** Evaluate



the unique exposures such as high-value equipment, inventory or finishes that can be damaged on your project, and create a plan for responding to a water event.

2. **Develop formal programs including roles and responsibilities:**

- **Wet work permit** – Establish a permit system and use valve tags for water-related activities to ensure

precautions are followed.

- **Response plan** – Outline steps for addressing incidents quickly and efficiently, and assign roles to specific team members.
- **Consider including water sensor technology into your bid** – Use sensors to detect water leaks and monitor flow, temperature and humidity. Utilize solutions





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that offer remote shutoff features when possible.

During Construction: Monitor & Train

1. Perform routine site checks to identify and address any potential for damage due to water hazards.
2. Provide consistent training during toolbox talks so that all team members are familiar with water damage prevention and response actions.
3. Monitor weather forecasts for significant events. Establish protocols for securing the site in case of storms.
4. Use a defined closing checklist to ensure simple protocols are completed to prevent losses when the site is not occupied.
5. Use real-time smart water technology to detect and control water-related risks if they occur.

Post-Construction: Hand Over a Protected Site

1. Regularly inspect the building for any signs of water intrusion until the site is under the management of the owner.
2. Consider monitoring systems that can be transferred to the project owner.

The Power of Technology in Mitigating Water Risks

Water damage prevention has advanced alongside new technology, making it easier to detect leaks, respond remotely and prevent costly damage. Today's water monitoring systems continuously scan for issues, sending alerts to your team or activating shutoffs if needed. Wet work permits and valve tags also help organize and manage water work on-site, ensuring the right steps are taken every time.

Secure Your Projects, Protect Your Business

As the numbers show, water damage can be a costly delay, but proactive steps make a difference. By following the steps outlined in this article and setting up a thorough water damage mitigation program, you'll be safeguarding your projects, protecting your profits and enhancing your reputation in the industry. After all, construction is challenging enough — let's keep water damage out of the equation. ▲

Anthony Grieser, P.E., is the technical director for construction risk management for Nationwide. He has nearly 15 years of expertise in delivering risk management and loss mitigation strategies for the construction industry. Prior to joining Nationwide, he was a general contractor and business owner. Visit nationwide.com.



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New Products To Watch

Selected by the editors of Construction Business Owner, these new-to-the-market products are just a few of our favorites recently released to the construction community. Stay tuned in every issue to find out what you need to know about the latest gear, solutions & industry-leading innovations.



KEEN UTILITY

San Jose 90°

Released: 10/30/24

Availability: U.S. market

What's new? Featuring a 90-degree heel on the San Jose, this work boot provides additional stability on ladders, scaffolding and soft surfaces.

Specs: Product highlights include lightweight aluminum safety toes, premium all-leather upper, KEEN.DRY waterproof, breathable membrane, and KEEN Luftcell air-infused cushioning. Razor siping on the rubber outsole ensures slip-resistant footing, especially on wet surfaces. Adding stability and grip to this style, the San Jose 90° is available for both men and women in several colorways.

COBRA ELECTRONICS

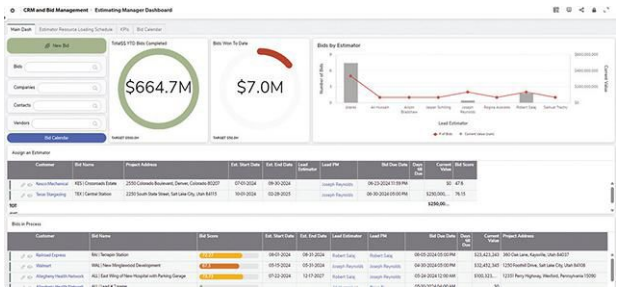
Performa 400

Released: 10/29/24

Availability: U.S. market

What's new? Cobra Electronics announced the brand's first licensed LMR two-way radios designed to provide busy professionals with clear and reliable communication with the Performa 400 and Performa 450. Ideal for those working in the hospitality, retail, dining, warehousing, education, construction and event production industries, Performa radios keep people connected.

Specs: The performa is waterproof and dustproof (IP67 certification). These radios will do their job regardless of the elements, so workers can do theirs. It has an 18-hour battery life with lithium-ion batteries and a swift six-way dock to change multiple units at once. The USB-C port offers convenient access for both charging and programming purposes. And the Performa has two channels and no LCD screen for simplicity, or a full six channels and a bright reverse LCD display, respectively.



QUICKBASE

Quickbase Work Management Platform for Construction

Released: 11/20/24

Availability: U.S., Canadian & European markets

What's new? Built to keep projects on time and on budget while supporting worker safety, Quickbase Work Management Platform for Construction enables business owners to get control of projects, stay on budget and keep employees safe with prebuilt solutions, artificial intelligence (AI) tools for insights and automation, and mobile form creation capabilities.

Specs: Features several new prebuilt pro apps focused on project phases along with AI-powered tools, for preconstruction, project management, site safety and field operations.

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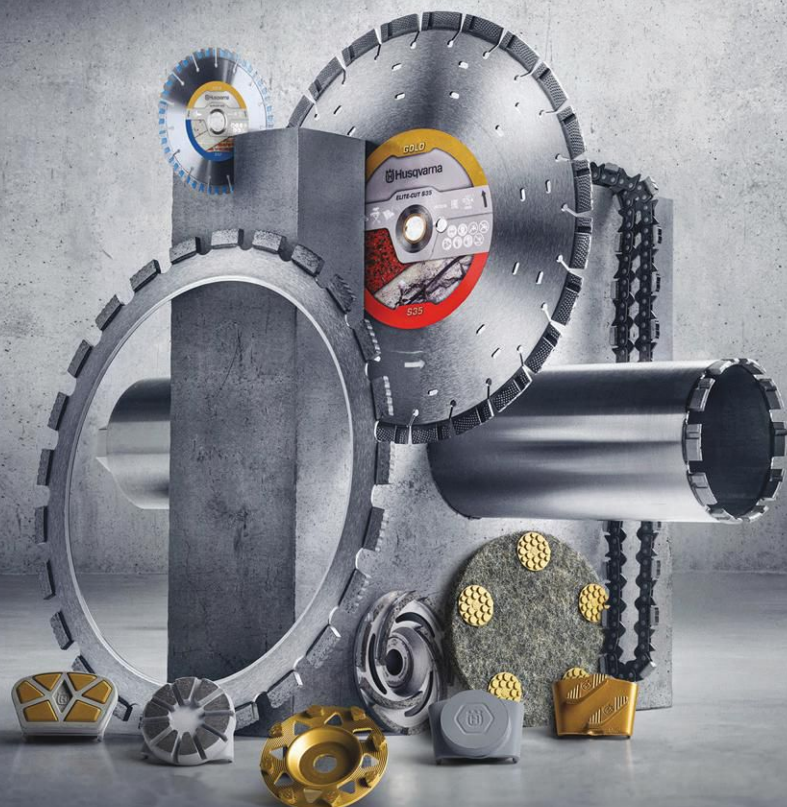


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f y t i n p



◀ KOMATSU

WA700-8 wheel loader

Released: 11/13/24

Availability: U.S. market

What's new? The WA700-8 features a cabin with technology designed to help reduce operator fatigue on long shifts, including a new advanced joystick steering system and electronic pilot control levers for precision and ease of operation. Automation features such as an automatic digging system, semiautomatic approach and semi-auto dump systems simplify repetitive tasks, helping operators optimize load cycles. These systems can be beneficial for less experienced operators.

Specs: On challenging terrain, the variable traction control system helps prevent tire slippage, prolonging tire life and improving safety in wet or slippery conditions. The loader's modulated clutch system offers precise control for smooth transitions between forward and reverse, which is critical during truck-loading operations. An available KomVision camera system provides operators with a comprehensive view of the machine's surroundings, and Komtrax Plus offers remote monitoring and data-driven insights that can help reduce unplanned downtime.

LITTLE BEAVER ▶

Towable Hydraulic Earth Drill

Released: 11/25/24

Availability: U.S. market

What's new? The drill's balanced frame makes it ideal for today's aging workforce. The design reduces operating weight by roughly 50% compared to traditional hydraulic drills, and it requires less than 20 pounds of force to pivot into digging position. The frame also eliminates torque for safe one-person drilling. The rig can be transported using a removable towing hitch.

Specs: The Towable's 34-inch width allows it to easily fit through gates and other tight spaces for drilling in locations inaccessible to skid steers and tractors. Its 16-inch semi-pneumatic tires and auger lock make it easy for one person to maneuver the drill around a jobsite and pivot into position without damaging delicate turf or landscapes. Features a two-position handle that rotates 180 degrees to drill near buildings, walls and other structures.



◀ MGT AMERICA

MGT Portable Concrete Vibrator

Released: 11/24/24

Availability: U.S. market

What's new? This new product is durable, ergonomic, and easy to use and maintain. Besides its distinctive looks, the latest model operates with a counterclockwise rotation, offering excellent stability, reduced operator fatigue and more efficient vibration transfer for optimal concrete compaction. The counterclockwise rotation also helps to reduce the torque exerted on the operator's hands and arms, allowing longer and more comfortable operation. It provides a smoother, more consistent vibration transfer to the concrete, resulting in better compaction and reducing the risk of over-vibration, which can lead to concrete segregation.

Specs: Whether working on foundations, columns, walls or slabs, this vibrator ensures the highest concrete quality and versatility. With interchangeable shaft lengths ranging from 7 feet to 20 feet and five different vibration head options, the new concrete vibrator is suitable for small- and large-scale projects. It provides precision in removing air bubbles and ensuring maximum concrete strength.

HD HYUNDAI CONSTRUCTION EQUIPMENT NORTH AMERICA ▶

HD130 crawler dozer

Released: 11/11/24

Availability: American market

What's new? The HD130 provides excellent visibility for enhanced operator confidence and productivity. The cooling system is in the rear of the machine, and the in-line pre-cleaner is under the hood for an unobstructed view to the blade. Full-length doors help enhance visibility to the sides. The Hyundai HD130 dozer comes standard with a 2D grading system that simplifies precision grading for novice operators. The system controls the blade functions, enabling faster and more accurate grading without the need for GPS or lasers.

Specs: The Hyundai HD130 dozer is a 15-ton-class machine equipped with a fuel-efficient 4-cylinder Perkins 1204J engine that meets Tier 4 Final emissions standards. Available in two configurations, the HD130 can be ordered as either an LGP [low ground pressure] model or in an XL configuration. The LGP model has an operational weight of 33,730 pounds and ground pressure of 4.98 pounds per square inch [psi], while the XL configuration weighs 31,907 pounds with a ground pressure of 6.16 psi. Both configurations feature a track length of 8 feet, 11 inches. A hydrostatic transmission provides smooth control of speed and torque while enhancing ease of operation.





▲ LEICA GEOSYSTEMS

Leica iCON trades solution

Released: 12/31/24

Availability: U.S., Canadian & European markets

What's new? Leica iCON trades prioritizes ease of use from start to finish. The Leica vPole enables the user to move around freely while measuring. It seamlessly integrates with the Leica iCON iCS50, which locks to the Leica vPole with its specially developed dot and stripe patterns on the sphere and pole that allow automatic detection of the pole height and compensate for pole tilt. These features enable the error-free layout of points and lines even in inaccessible areas, and significantly increase the speed of operation.

Specs: Designed for fast layout work, the AI-enabled technology solves today's customer challenges. Computational photography provides the next level of imagery and photorealistic site documentation. AI predicts where the user takes the pole next to improve target lock, tracking and speed up process time to increase layout efficiency. In addition, Leica iCON trades also provides dedicated software-defined and AI-enabled workflows for templating and interior finishing tasks.

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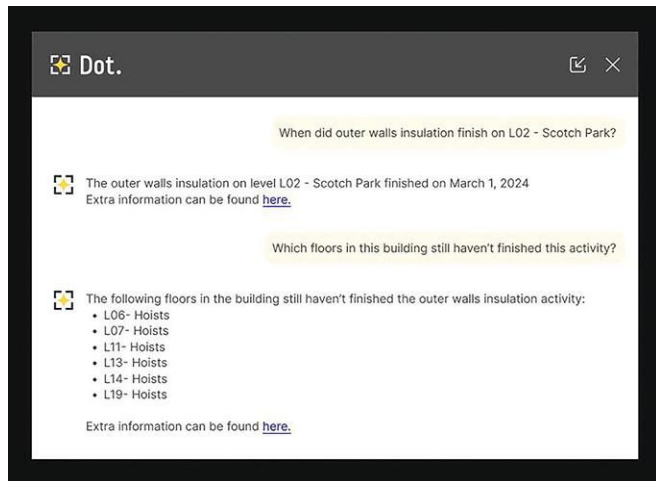
– Bruce Young,
President & Co-Founder
Curran Young Construction



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▲ BUILDOTS

Dot

Released: 10/30/24

Availability: U.S., Canadian & European markets

What's new? Dot is Buildots' interactive AI assistant, ready to answer any questions about the progress of a construction project, whether you need quick access to specific data points or want to uncover deeper insights by connecting different pieces of information. Ask a question, and Dot connects the dots within Buildots' vast dataset, transforming complex project details into clear, actionable insights in a conversational way.

Specs: Powered by OpenAI's latest GPT models, and rigorously trained by Buildots to work for the construction domain, Dot translates natural language queries into actionable insights by interpreting requests and querying Buildots' comprehensive project database. With an understanding of industry-specific terminology and project context, Dot simplifies the process of data retrieval for all users, regardless of their familiarity with technical terms.

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- ☐ 12 General Contractor – Commercial
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- ☐ 07 Excavation Work
- ☐ 08 Wrecking and Demolition Work
- ☐ 13 Architecture, Engineering and Construction Management Services
- ☐ 11 Consulting Contractor
- ☐ 99 Other (please specify).....

2. Your primary job title is: (Check only one)

- ☐ 10 Owner, Partner, President, CEO, CFO, COO, Vice President, Director
- ☐ 11 General Manager, Manager, Foreman, Superintendent, Purchasing Agent, Controller, Accountant
- ☐ 12 Engineer, Architect
- ☐ 06 Consultant
- ☐ 99 Other (please specify).....

3. Approximate annual contract sales volume:

(Check only one)

- ☐ 01 Less than \$500,000
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- ☐ 03 \$1,000,001 – \$2,500,000
- ☐ 04 \$2,500,001 – \$5,000,000
- ☐ 05 \$5,000,001 – \$10,000,000
- ☐ 06 \$10,000,001 – \$20,000,000
- ☐ 07 \$20,000,001 – \$50,000,000
- ☐ 08 More than \$50,000,000

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Annual Value of Construction Put in Place

October 2022/2023/2024 Annual Rate Comparison

This chart compares the two previous years' total value of construction put in place to an annual forecast based on October 2024 figures. (Millions of dollars. Totals may not add up perfectly due to rounding.)

	2022	2023	2024
Total Private Construction	1,420,380	1,579,269	1,676,368
Residential	887,224	884,422	934,033
Nonresidential	533,156	694,847	742,335
Total Public Construction	374,569	447,802	497,600
Residential	9,281	10,708	11,842
Nonresidential	365,289	437,094	485,758
TOTAL Construction	1,794,949	2,027,072	2,173,968

*Seasonally Adjusted Annual Rates. Source: U.S. Census Bureau

\$2,173,968

OCTOBER 2024 TOTAL ANNUAL VALUE OF
CONSTRUCTION PUT IN PLACE

“Billings finally stabilized this month, and firms are feeling more optimistic about revenue projections for 2025,” said AIA Chief Economist Kermit Baker, Hon. AIA, Ph.D. “Overall, 41% of responding firm leaders expect to see net revenue growth from 2024 to 2025, with 32% projecting growth in the 5% to 9% range.”

AIA Architectural Billings Index (ABI)

National			*Regional - Billings				*Sectors - Billings			
Month	Billings	Inquiries	Northeast	Midwest	South	West	Multifamily Residential	Commercial/Industrial	Institutional	Mixed
May-24	42.4	52.1	47.7	41.7	46.0	46.3	47.3	48.2	43.2	42.8
Jun-24	46.4	51.6	52.2	40.9	43.9	43.1	45.1	42.0	44.3	46.9
Jul-24	48.2	52.4	50.0	47.6	46.3	46.0	45.4	45.0	49.1	47.7
Aug-24	45.7	52.4	48.2	46.6	46.8	45.7	44.0	46.6	47.4	48.6
Sep-24	45.7	51.6	46.4	45.0	49.5	42.6	41.7	44.2	48.5	47.8
Oct-24	50.3	54.1	45.6	46.9	52.1	47.6	45.6	47.0	50.5	48.0

For more information on the index or to subscribe to the complete historical data going back to 1995 for your internal analysis, please contact economics@aia.org. The ABI presents monthly construction billings data, using a base score of 50. A score of more than 50 indicates a growth from the previous month, and a score of less than 50 indicates a contraction from the previous month. A score of 50 indicates no change. Source: The American Institute of Architects (AIA), Architecture Billings Index (ABI).

*Regional and Sectoral indexes are three-month moving averages, due to small sample size. All data is seasonally adjusted.
**Every January, the AIA research department updates the seasonal factors used to calculate the ABI, resulting in a revision of recent ABI values.

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