Cost effectiveness in the construction industry is improving—but not fast enough.

That’s the conclusion reached by some 250 contractors and construction users at a recent meeting of The Business Roundtable in Tucson, AZ. The group met to evaluate progress toward implementation of recommendations designed to improve productivity in the industry.

What’s more, in addition to their general conclusion, the contractors and users found that the greatest amount of drag was coming from members of the group itself—those who are the originators of the Roundtable’s Construction Industry Cost Effectiveness (CICE) project.

The CICE recommendations haven’t exactly been rejected by construction users, but there has been little movement toward getting the attention of corporate, public utility, and government users. These groups simply aren’t implementing the recommendations or even giving them priority.

CICE published more than one million copies of its 23 booklets containing some 220 recommendations for increasing construction productivity. The group has sold many copies of its film and slide presentations which summarize the program. Speakers have been available.

As a result of all this activity, the message is only slowly sinking in.

That’s the problem, say CICE members: the message is slowly sinking, too.

Five Years Ago . . .

The CICE project was started five years ago by BRT, and to date the tab is some $5 million. Starting with an initial study phase in which researchers came up with 23 subject areas and 220 specific recommendations on necessary changes, the CICE issued a report that promised a savings of at least $10 billion if the ideas were implemented.

One thing is certain: CICE can only recommend and provide information, planning and incentive. Only the contractors and the users can actually institute the recommendations and bring
about change. Said Carroll H. DUM, CICE project manager: “. . . no one group created the construction productivity problem and no one group is going to solve it.”

Not all was lost at the Tucson meeting, though. Robert H. Miller, outgoing chairman of BRT’s Construction Committee and director of du Pont Corporation’s construction division, ended the meeting with the comment that more and more contractors are beginning to realize “how deadly serious we are” about improving cost effectiveness in construction.

Gradually, he said, more users and contractors are beginning to understand and accept the CICE program.

Use on Bids . . .

CICE is urging contractors bidding on a project to explain to owners what the CICE program is all about and how much money can be saved. As users start asking questions of contractors in the prequalification process regarding what CICE-type programs are in place and what projected savings can be expected, the program will inevitably spread to the benefit of everyone.

Bob Whittle, chief executive officer of Niehuas Construction Services and President of AWCI, exemplifies the kind of commitment that the CICE group wants. Whittle has devoted much time and effort in behalf of the recommendations and has vigorously promoted them to fellow contractors in the Association of the Wall & Ceiling Industries-International.

At the same time, he has pushed for implementation in his own St. Louis area where management and unions alike have taken a serious look at the possibilities of improving productivity. Despite misunderstandings and footdragging locally and nationally, Whittle has persisted. As a result, a number of other association execs are starting to push for improved cost effectiveness in their own industry groups.

Truth is, many CICE members concede, much of the seriousness and
energy about the program has come from the contractors and their efforts to implement. Most contractors are quick to report that getting the attention of owners and users on the CICE recommendations is quite difficult even though their stake in the matter is high and their ability to exert pressure is great.

Where some penetration is expected is through the chief executive officers task force group of BRT. This group will attempt to personally take the message to other CEO’s both within and outside the BRT membership.

**Union Involvement Slow . . .**

On the labor side involvement has also been quite slow.

Robert S. Greeson, of Union Carbide Company, said:

“We have talked with them (building trade officials) at the national and local levels. They find it politically impossible to openly embrace CICE and we understand that. Our efforts are aimed at getting their understanding of the recommendations and promoting cooperative efforts between unions and contractors in the collective bargaining process.

“But we can agree on many things because it is in their interests and our interests both to improve the effectiveness of the industry.”

Time and time again, those attending the Tucson meeting emphasized the importance of carrying the message to the industry. A mechanical contractor, William M. Hamm, past president of the Mechanical Contractors Association, told of the difficulty of simply “getting the word” to persons involved in the construction process.

But it must be done, Hamm said.

“Many times, the person handling the project for the owner has not been made aware of CICE and possible savings under the program. It does no good that those in top management are behind the CICE project if word doesn’t filter down to the people actually running the jobs.”

The CICE recommendations, he added, represent the best statement of problems and needs of the construction industry “ever compiled” and these ideas and suggestions must be pushed on the management side as well as the union side.

**What’s the Problem . . .**

If CICE represents so much beneficial opportunity, why is it progressing so slowly?

Ted Kennedy, president of BE&K Construction Company and a past president of Association Builders and Contractors (ABC) made some observations:

1) there is a “lack of enthusiasm” for CICE among local users because there exists “an already weak or nonexistent local user group;”

2) local users have a “vague notion the CICE exists” with “little idea of
what they can or should do” to implement the program:

3) too many local users feel they have no need for the program and are already doing things recommended by CICE even though a careful investigation might show that the local program simply isn’t achieving its ambitions;

4) in too many cases users select the most important project and ignore the rest, a tendency not “uncommon among either contractors or users;”

5) some owners and contractors simply don’t believe in the CICE program. They have a preoccupation with the short-term plus an unwillingness to “. . . try to work with unions to improve their competitiveness when most of their work is going open shop. They see no reason to penalize the bidder who has a poor safety record if he has the low price.”

Cooperation Lacking . . .

On the union and management interface, CICE members noted that many unions “are not yet convinced that cooperation is the wave of the future.” What’s going on now in the way of wage and fringe benefit concessions are viewed as temporary retreats to cope with the situation that will change soon when the concessions can be won back.

Too many international labor leaders view the CICE recommendations as reactions to the recession and to the open shop encroachment, Kennedy claimed, and they haven’t put into the proper context the reality that union contractors are losing—and losing heavily—to the open shop sector.

The involvement that is needed is for local users to commit to the CICE program—even on small projects—even though it will take time to effect a significant change in the highly fragmented construction industry. At the same time, the group felt that CICE efforts should be redoubled and efforts made to attain greater publicity for the program—and for its potential results.

A major goal in the publicity is to notify smaller contractors that their participation is just as vital as the help afforded by large contractors. Many of the Fortune 500 companies use smaller contractors and their support and encourage can go a long ways toward getting the program recognized for its benefits.

“If CICE is to create the positive reform throughout the industry,” said Joseph G. Munisteri, of ABC, “it must address smaller contractors and cannot limit its activities solely to large industrial contractors on large projects.”

The single largest number of construction employers in the country are subcontractors who have an annual volume of $2.5 billion or less. It makes up some 64 percent of the total number of all contractors and employs 54 percent of all construction workers. Contractors who perform more than $5 million in annual volume make up less than a half of 1 percent of all contractors.