The New Emphasis on Productivity

The Business Roundtable’s CICE Study Ignited Widespread interest in Improving Productivity Throughout the Construction Industry

Productivity issues have always been priority items in the business strategy of construction industry firms. Lately, though, the priority has been uppermost — not only to contractors themselves but to the buyers of construction services.

The latter wants more for his money. It’s that simple. And many wall and ceiling contractors concede the point, admitting that something has to be done about declining productivity in the industry.

When he was president of the Association of Wall & Ceiling Contractors-International, Robert Whittle, of Niehaus Construction Services of St. Louis, MO, agreed that something should be done. The difference between Whittle and many others was that Whittle decided to do something about it—and he did.

When The Business Roundtable’s Construction Industry Cost Effectiveness (CICE) study was announced, and subsequent reports began cropping up Whittle decided that AWCI should take a leadership role. He appointed a special task force to follow up on the CICE recommendations and issue
AWCI’s own report and analysis of how the various recommendations should be implemented in the wall and ceiling industry. That publication, with Daniel McGlone, of T.J. McGlone, NJ, heading up the effort was distributed to the construction industry last year.

It went a long way toward galvanizing wall and ceiling contractors about productivity. It showed an entire industry moving from general recognition of the importance of productivity issues to specific strategies on cost effectiveness.

This developing sophistication of emerging productivity programs illustrates how productivity may be assuming a national position as the business issue of the 80s. With AWCI showing leadership, individual contractors are now considering productivity strategies that range from traditional to innovative.

The Bureau of National Affairs cites the following productivity programs as having been established by large and small companies during the past five years:

- New Training and Development Programs
- Worker Participation Programs
- Flexible Hours
- Work Simplification
- Employee Health and Fitness Programs
- Job Enlargement
- Job Enrichment
- Job Specification
- Rotational Work Assignments
- Job Sharing
- Compared Work Week

When you contract these programs with the more traditional performance bonuses, merit increases, and award programs, you see that the thrust is away from the old and into the new and innovative. The desire to change and consider new productivity strategies comes from the individual companies who recognize the need to maintain and expand their competitive position in an increasingly competitive marketplace.

At the same time, outside influences are strong. The Business Roundtable includes some 100 major corporations who use and buy construction services. It was this organization which set up the CICE study to improve construction industry cost effectiveness.

They recognized that they spoke with a major force because they were buying the services and “he who pays the piper calls the tune.” Surprisingly, the construction industry accepted their thrust with eagerness and joined rapidly in the move to improve the situation for all concerned.

The CICE study recommendations were accepted by construction groups and then put into publications of their own, such as the AWCI publication.

What the CICE study book—and the AWCI publication—seeks is to improve coordination among construction industry leadership to hold down costs as a result of increased competitive pressures BRT members are experiencing. Farther up their hier-

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archy of entities is the Reagan Administration which has taken up the productivity cause as part of its own economic program, and is encouraging the entire country to improve productivity.

In October of 1982, President Reagan signed legislation calling for a White House Conference on Productivity to develop recommendations for stimulating productivity growth in the United States. The White House Conference was implemented within the 20 months specified in the legislation, and four regional preparatory conferences were convened prior to the final conference held in Washington, D.C. on September 21-23, 1983.

AWCI played a prominent role by supporting and participating in the White House Conference. President Whittle attended this session—including a number of other private and governmental meetings—and spoke of the industry’s need to focus on productivity.

Whittle complemented these efforts with a series of editorials in Construction Dimensions Magazine and various speeches throughout the wall and ceiling industry. In all of his writing and speech making, the AWCI president conceded that the construction industry was itself largely responsible for the buyer backlash “and something better be done quickly and effectively.” He often referred to diminishing productivity and the noncommitant reduction in the union share of the construction market as outgrowths of the dilemma.

Not only was he encouraging wall and ceiling contractors to take a hard look at their operations and their negotiations, but he appealed to other industry groups to do likewise.

Among Whittle’s objectives for an effective counter attack on declining productivity were:

- reliance on the resources of the private sector as the most appropriate to correct private sector problems;
- development of an atmosphere of cooperation and trust between construction unions and contractors;
- an emphasis on the attitude of pride in workmanship;
- establishment of written program objectives and timetables and;
- a willingness to plan for the future on an innovative basis.

In April, 1984, using information from AWCI and other participants, the White House Conference Report was published. It details findings and recommendations for actions the government and private sector can take to improve productivity in America. A summary of those findings and proposed actions follows:

1. The decline in U.S. productivity growth rates that began in 1975 has weakened America’s economic vitality.
2. The private sector, the wellspring of productivity has suffered from many poor management and work practices and from government interference.
3. The public sector has impaired productivity growth throughout the economy.
4. Total private and public investment in productivity improvement has been deficient.
5. There is growing recognition of the critical role that productivity plays in meeting America’s economic objectives and there is early evidence that a positive change in the trend is occurring.

Private Sector Action
1. Private sector organizations should focus more attention on improving technology, quality and information resources.
2. Private sector managers must develop and employ creative, innovative work practices to fully use the knowledge and talent embodied in their organization’s greatest resource—their employees.
3. Private sector organizations should establish productivity measures and improvement goals for all employees especially for information and service workers who constitute the growing majority of the workforce, and for all other measurable capital and material resources.
4. Labor and management must cooperate to create a workplace environment that improves productivity.

The President, through authorization of the White House Conference on Productivity, has provided the leadership necessary to add required momentum to the productivity improvement effort. The Conference recommendations serve as a call to action for individuals, managers, companies, and organizations to take the initiative to improve American productivity.