



DATA-DRIVEN STRATEGIES TO INCREASE THE MARKET SHARE OF UNION INSIDE ELECTRICAL CONTRACTORS

Progress Report ELECTRI Council Meeting

Denver, CO
July 16, 2019

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Work Plan



Tasks/Events	Timeline					
	M	A	M	J	J	A
Taskforce Formation and Kickoff Meeting 100% Complete						
Task (1) Research and Adopt LU-level electrical construction market metrics 100% Complete	1					
Task (2) Interview NECA local chapters and contractors 90% Complete					2	
Task (3) Survey the NECA local chapters for their market share levels and attributes 90% Complete					3	
Task (4) Identify the correlation between the market share levels and determinates 90% Complete						
Task (5) Develop the market share growth playbook 60% Complete					4	
Present to the ELECTRI Council the preliminary findings (Denver, CO) 0% Complete						
Task (6) Document and disseminate the study findings 60% Complete						5

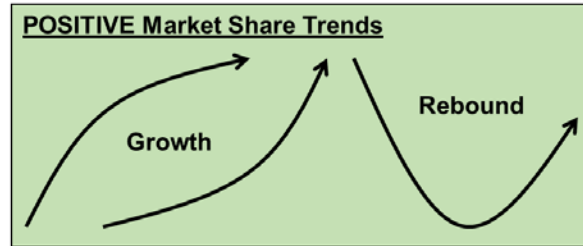
Project Deliverable

Task (1) Research and adopt LU-level market share metrics



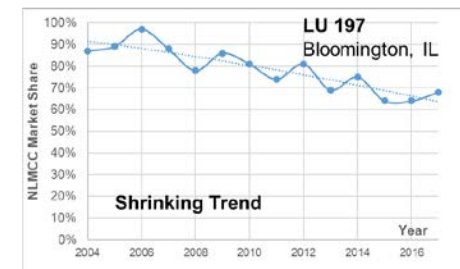
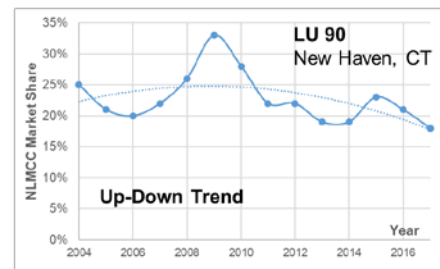
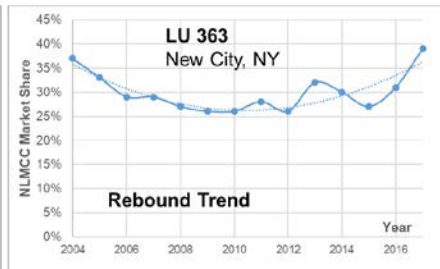
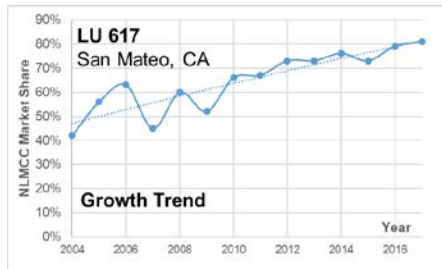
❑ NLMCC Data: 262 Locals.

❑ Market Share Trend New Classification Metric:



❑ The NLMCC market share 2004-2017 data were analyzed using a trend analysis algorithm for all 262 locals.

- Shrinking Trends = 24 LUs (9%)
- Rebound Trends = 120 LUs (46%)
- Up-down Trends = 73 LUs (28%)
- Growth Trends = 45 LUs (17%)

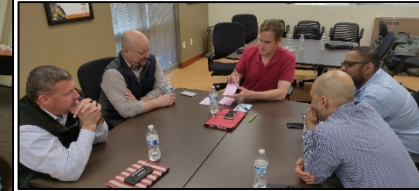


Task (2) Interview NECA local chapters and contractors

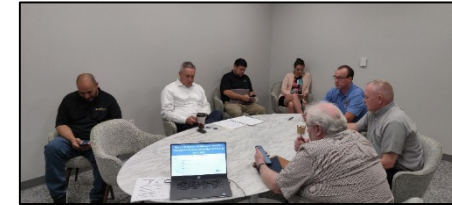


❑ Town hall meetings:

1. San Diego Chapter, March 28
2. Santa Clara Valley Chapter, April 10
3. North Florida & Central Florida chapters, May 9th



- ❑ Town hall meetings were very useful for initial data collection.
- ❑ Interviews provide more focused and detailed data collection.
- ❑ How to select the LU for the interviews?



Principal Component Analysis

Simplify the analysis from 20 social, economic and workforce variables to fewer latent variables

Cluster Analysis

Use the fewer latent variables to cluster the local unions (LUs)

Selection of Growing and Shrinking LUs within each Cluster

Select the LUs with growing and shrinking market share trends for the interviews

Task (2) Interview NECA local chapters and contractors



Initial Variables	Latent Variables (Principal Components)
<ul style="list-style-type: none"> (+) Local Population (+) Local Building Permits (+) Employment (residential, commercial, industrial, electrical construction) (+) Number of contractors (residential, commercial, industrial, electrical construction) 	<p style="text-align: center;">Market Size</p>
<ul style="list-style-type: none"> (-) Poverty Rate (-) People with less than a high-school degree (-) Unemployment Rate (+) People with Bachelor degree or higher 	<p style="text-align: center;">Social Welfare</p>
<ul style="list-style-type: none"> (+) Average 2004 – 2017 Union Market Share (+) Minimum Wage (+) Prevailing Wage (-) Right to Work (RTW) Laws 	<p style="text-align: center;">Pro-Union Environment</p>
<ul style="list-style-type: none"> (+) People with some college or Associate degree (+) Minimum Wage 	<p style="text-align: center;">Trade Requirement Potential</p>
<ul style="list-style-type: none"> Gross Domestic Product (GDP) 	<p style="text-align: center;">Economic Development</p>

Task (2) Interview NECA local chapters and contractors



Sample LU included in the Interviews

Interviews done mostly with NECA managers, and some IBEW Business Managers

No	Cluster	Chapter	Location	LU	Trend
1	1	Greater Sac	Reno, NV	401	Growth
2	1	Nebraska	Omaha, NE	22	Growth
3	1	Central Indiana	Fort Wayne, IN	305	Growth
4	1	Wisconsin	Stevens Point, WI	388	Growth
5	2	New York City	New York, NY	3	Shrinkage
6	2	Chicago	Chicago, IL	134	Shrinkage**
7	3	WV-OV	Charleston, WV	466	Shrinkage
8	3	Gulf Coast	Sheffield, AL	558	Shrinkage
9	3	S. Louisiana	New Orleans, LA	130	Growth
10	4	Boston	Portland, ME	567	Shrinkage
11	4	Illinois	Bloomington, IL	197	Shrinkage
12	4	Central Indiana	Muncie, IN	855	Growth
13	5	Atlanta	Atlanta, GA	613	Growth
14	5	Atlantic Coast	Charlotte, NC	379	Growth
15	6	NE Illinois	Aurora, IL	461	Shrinkage
16	6	WV-OV	Marietta, OH	972	Growth
17	7	Nor-Cal	Dublin, CA	595	Shrinkage
18	7	SW - WA	Tacoma, WA	76	Shrinkage
19	7	Puget Sound	Seattle, WA	46	Growth
20	7	Monterey Bay	Castroville, CA	234	Growth
21	7	Greater Sac	Sacramento	340	Up-down

** NLMCC shows a growth trend, but Chicago chapter did not agree with that.

Task (3) Online Survey



- ❑ Initial version of the survey was cut to a shorter survey to increase the response rate.
- ❑ Different sections for NECA executives, IBEW managers, and contractors.
- ❑ 66 Responses :

- 24 contractors

- 38 NECA executives

- 4 IBEW/JATC

	3	134	307	584
	20	158	342	606
	22	159	363	640
	25	177	379	648
	34	197	388	701
Responses	43	212	428	714
related to 53	48	234	440	776
Locals	60	238	449	840
	68	246	477	855
	73	265	518	890
	86	291	520	969
	100	301	540	
	112	305	553	
	127	306	569	

Task (4) Market Share Factors

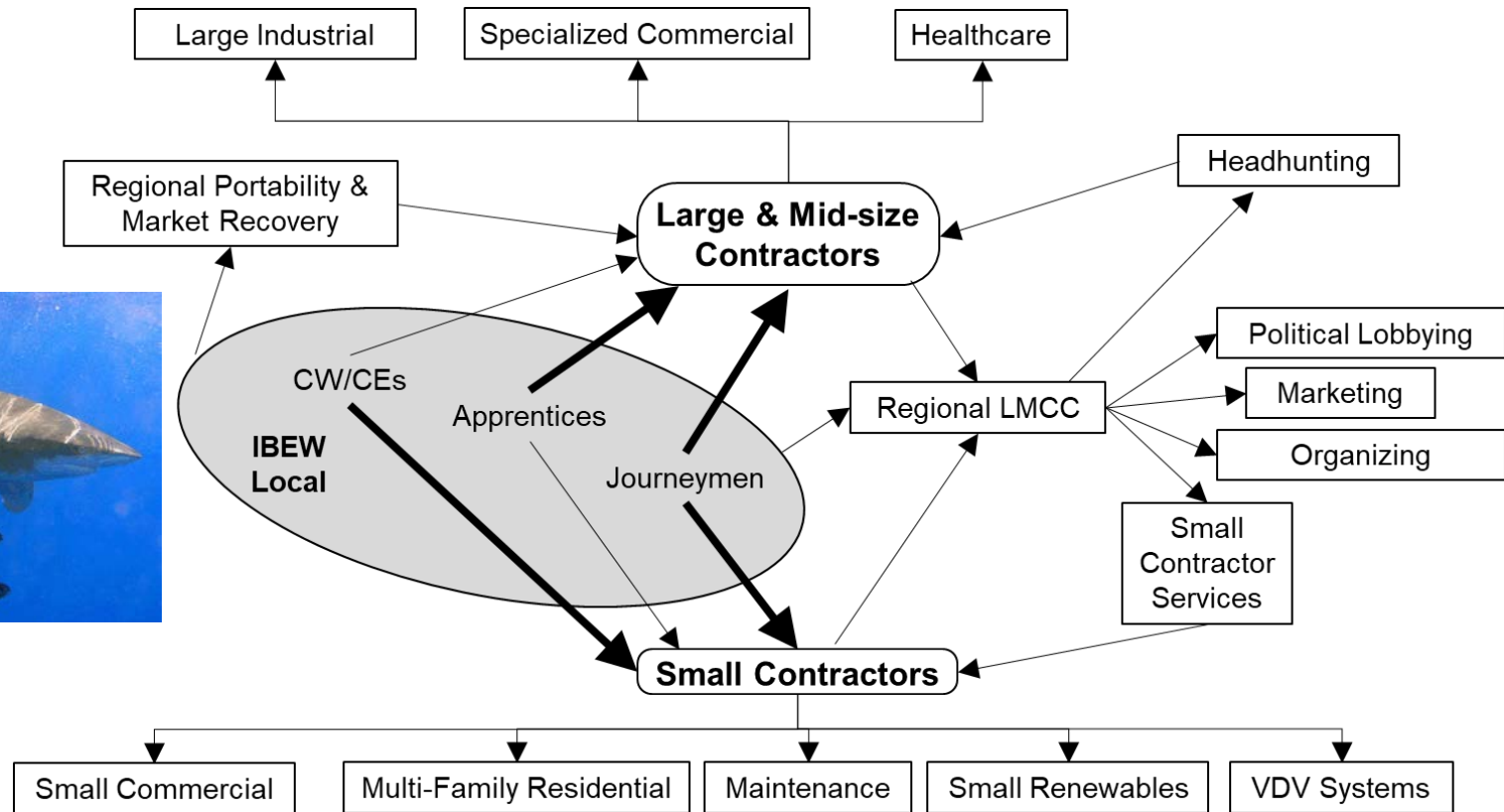


- 1) Industry Segments
- 2) Mega Projects
- 3) Low-voltage & Automation
- 4) IBEW Membership
- 5) Project Labor Agreements (PLAs)
- 6) National Maintenance Agreement
- 7) Crew Ratios
- 8) CW/CE
- 9) Portability
- 10) Market Recovery Agreements
- 11) NECA-IBEW Relation

Task (5) Market Share Growth Playbook & Strategies



Need for a paradigm shift and a new ecosystem for union electrical construction





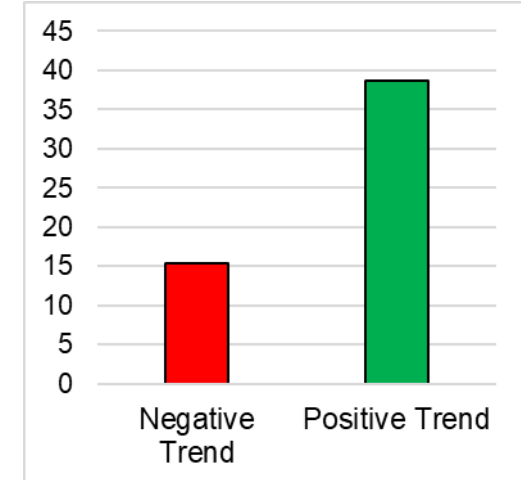
1. Establish regional portability agreements
2. Provide incentives and support system for union small contractors
3. Advocate for uniform electrician licensing across intra-state metropolitan areas
4. Expand the use of CE/CWs
5. Balance between local and regional market recovery agreement
6. Merge local LMCC into regional LMCC
7. Merge unions in large metropolitan areas
8. Establish and support lobbying entities
9. Counter globalization with Global Framework Agreements
10. Implement proactive workforce recruitment and organizing initiatives
11. Increase organizing effort in the immigrant population

Provide incentives and support system for union small contractors

- ❑ Small contractors complete the union “eco-system” based on a fair and balanced mutualism setting.
- ❑ LMCC support and large contractors buy-in is critical.
- ❑ Incentives:
 - Grants to target specific industry or market (VDV, MWBE)
 - Membership waiving or discounts
 - Job targeting money in return of using CE/CWs.
 - Relaxed crew ratios
- ❑ Support services:
 - Estimating
 - Accounting
 - Office spaces
 - Prefab & warehouse spaces
 - Marketing
 - Mentorship

“More emphasis needed on the small to medium sized shops to gain market share rather than trying to convert larger merit shops or winning more projects from larger merit shops.”

Survey Respondent



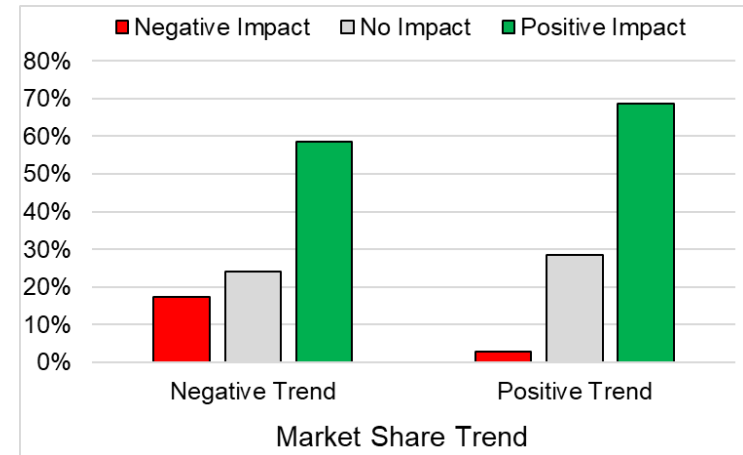
**Average number of IBEW working members per 1 signatory contractor
(Interview Data)**

Establish regional portability agreements

- ❑ Issues against portability:
 - Political (business manager election)
 - Portability-out draining local resources
 - Portability-in competition to local signatory contractors
 - Wages & Benefits
 - JATC training

- ❑ Levels of Portability beyond the National agreement:
 1. Project-based Portability
 2. Key-Personnel Portability
 3. Open Specialized Portability (VDV, automation)
 4. Open Classification Portability
 5. Border-Line portability

- ❑ Regional portability expansion setup:
 - Stand-alone
 - Part of a “regional recovery agreement”

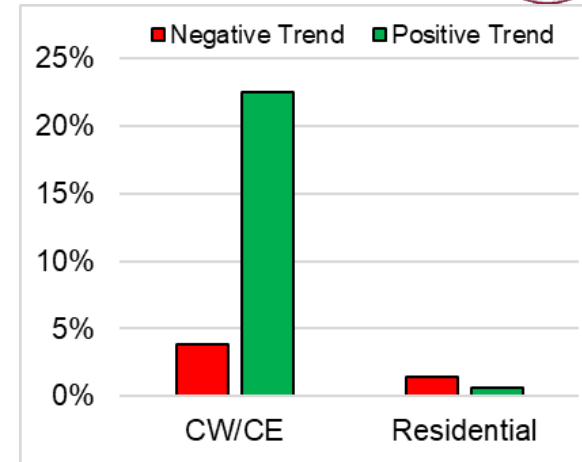


Impact of Portability on LUs with positive and negative market share trends
(Online Survey Data)



Expand the use of CE/CWs

- ❑ Clear correlation: the more CE/CWs are utilized, the more chance to have a positive market share trend.
- ❑ CE/CWs face “cultural” resistance from:
 - Union: stealing jobs from JIW and apprentices
 - Pre-con: estimating challenges and uncertainty
 - Field: more effort to supervise



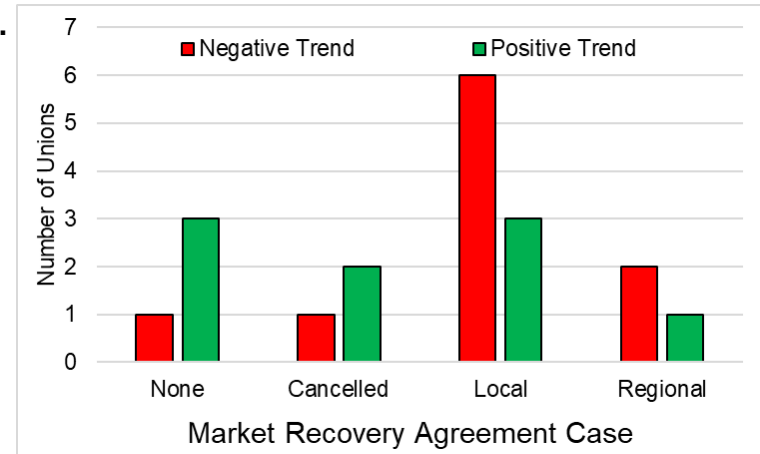
Current CE/CWs Obstacles	Approach
Union resistance	Breaking the barrier and misconceptions through social activities
Pre-con	Tie job-targeting to use of CE/CWs
Field	Use CE/CWs in low-skill jobs (solar, prefab, ..)
Licensing, Davis-Bacon, Prevailing Wage	Remove the limits on using CE/CWs in the work that does not need state licensing or prevailing wage
Project size limit (SF, \$)	
High open-shop wages	Accelerate JATC admission and advancement

- ❑ Biggest impact: make CE/CWs category 1 contract language!



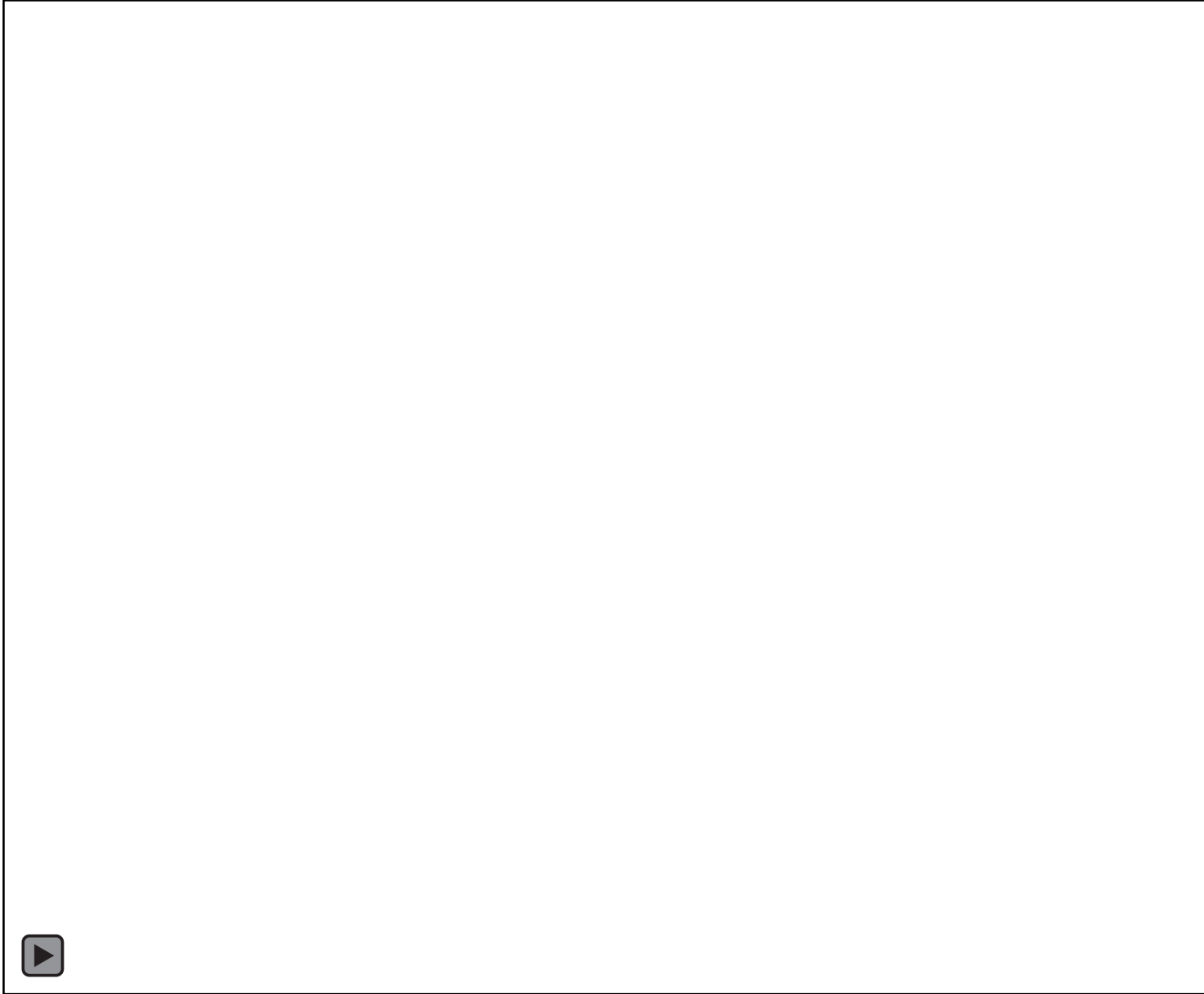
Balance between local and regional market recovery agreements

- ❑ Local recovery agreements may create wage disparities with the surrounding locals, and pushes union workers out of the disadvantaged union.
- ❑ Example regional agreements:
 - 4th District South West Regional Agreement
 - 5th District Market Recovery Addendum
 - South-Central Illinois Regional Agreement
 - Carolina’s Inside Recovery Agreement
 - The Maine Initiative
 - Southern California Region Agreement



Regional Recovery Agreements	Local Recovery Agreements
<u>Priority</u> : increase the regional market share, by preferring traveling union over local open-shop.	<u>Priority</u> : Increase the local market share as dictated by the local economy.
<u>Coverage</u> : metropolitan or rural areas with interdependent LUs	<u>Coverage</u> : just a single LU.
<u>Focus</u> : scope of Work, Referral, Portability, Crew Mix, Wages & Dues, Training, Disputes, Bonding, variance process.	<u>Focus</u> : scope of work, committee, CE/CWs, Crew Mix, LMCC role, variance process.

Task (6) Document and disseminate the study findings



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DATA-DRIVEN STRATEGIES TO INCREASE MARKET SHARE OF INSIDE ELECTRICAL CONTRACTORS

ELECTRI Council Feedback Poll

Please use this [LINK](#) to provide your feedback and suggestions.

Study Data Visualizations

1. IBEW Local Market Share Values 2004 - 2017.
2. IBEW Locals Market Share Trends and Census Data.
3. IBEW Locals Clustering and Market Share Trends.

Study Reports & Publications

1. Presentation to the ELECTRI Council, Denver Colorado, 7/16/2019

Proposed Market Share Growth Strategies

1. Establish regional portability agreements
2. Provide incentives and support system for union small contractors
3. Advocate for uniform electrician licensing across intra-state metropolitan areas
4. Expand the use of CE/CWs
5. Balance between local and regional market recovery agreement
6. Merge local LMCC into regional LMCC
7. Merge unions in large metropolitan areas
8. Establish and support lobbying entities
9. Counter globalization with Global Framework Agreements
10. Implement proactive workforce recruitment and organizing initiatives
11. Increase organizing effort in the immigrant population

Study Main Data Collection Findings:

1. **Public projects can help maintain a stable positive market share.** IBEW local unions with positive market share trends had 34% of their man-hours from publicly-funded project, versus 24% for the local unions with negative market share trends.
2. **Availability of industrial construction work is critical for positive market share trend.** Growing and resilient local unions had around 50% of their hours from industrial projects, compared to around 30% in shrinking local unions.
3. **Growing local unions showed slightly larger Tech Installer programs, if the low-voltage work can be sustained in local market.** Growing local unions had



This research was supported by the generous funding of ELECTRI International, the research foundation of the electrical construction industry.

Please provide your feedback.

Check the data visualization.

Access the slides of today's presentation.

Read the snippet of the study data findings and proposed strategies.



DATA-DRIVEN STRATEGIES TO INCREASE THE MARKET SHARE OF UNION INSIDE ELECTRICAL CONTRACTORS

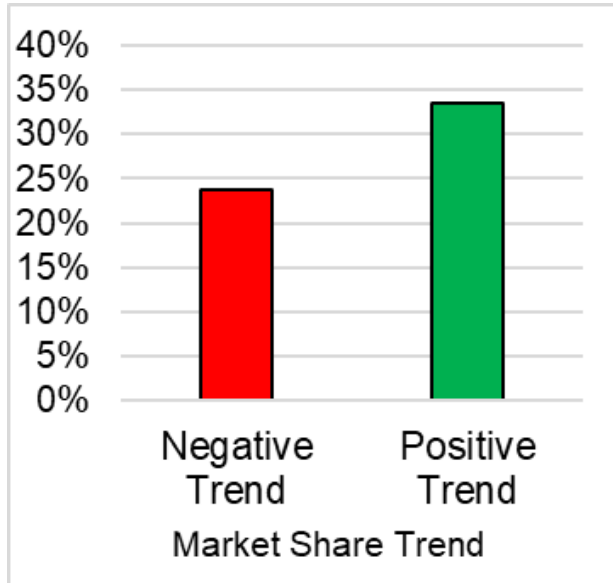
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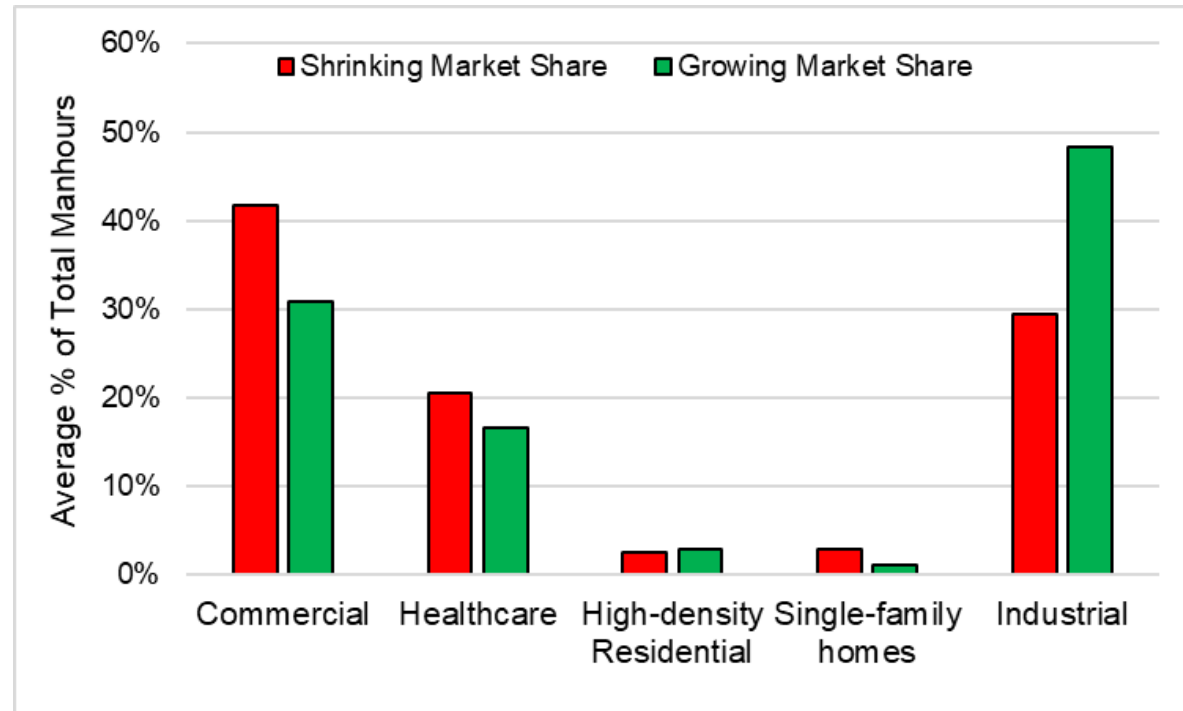
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Industry Segments



Proportion of man-hours in publically-funded projects
(Interview Data)

Public projects can help maintain a stable **positive market share**. IBEW local unions with positive market share trends had 34% of their man-hours from publicly-funded project, versus 24% for the local unions with negative market share trends.

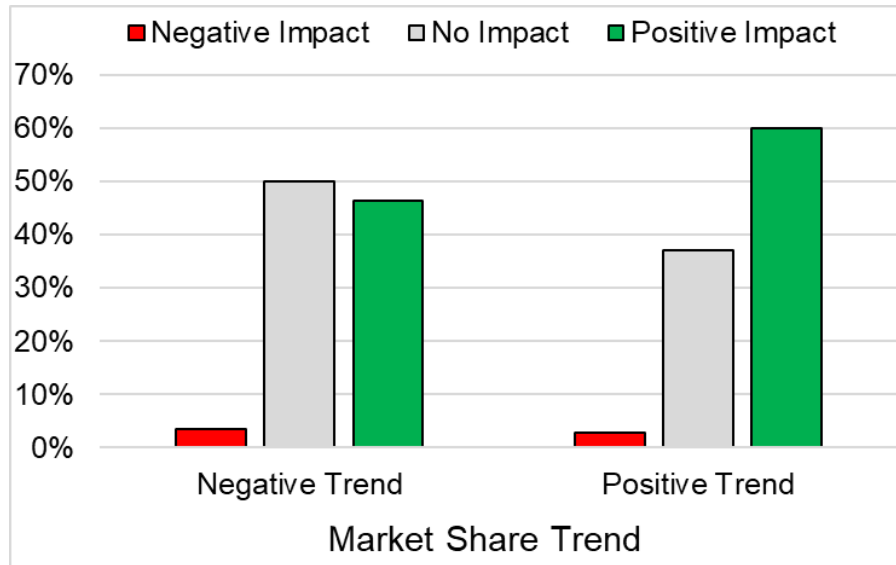


Distribution of man-hours over the industry segments
(Interview Data)

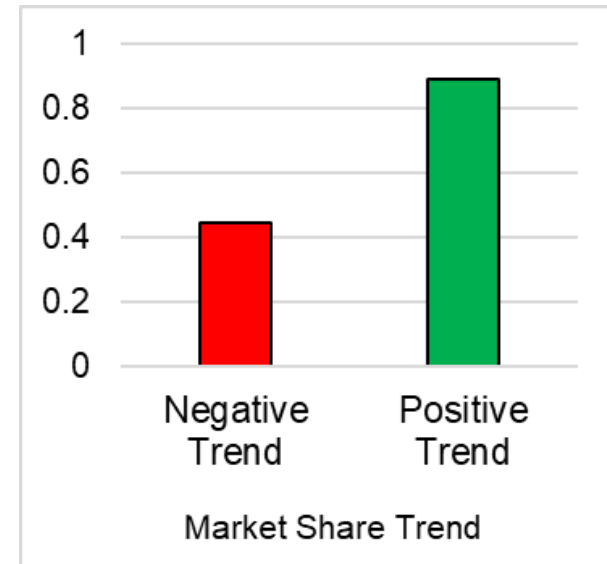
Availability of industrial construction work is critical for **positive market share trend**. Growing and resilient local unions had around 50% of their hours from industrial projects, compared to around 30% in shrinking local unions.

Mega Projects

Projects that cause large spikes in man-hours, like large data centers, energy plants, corporate campuses.

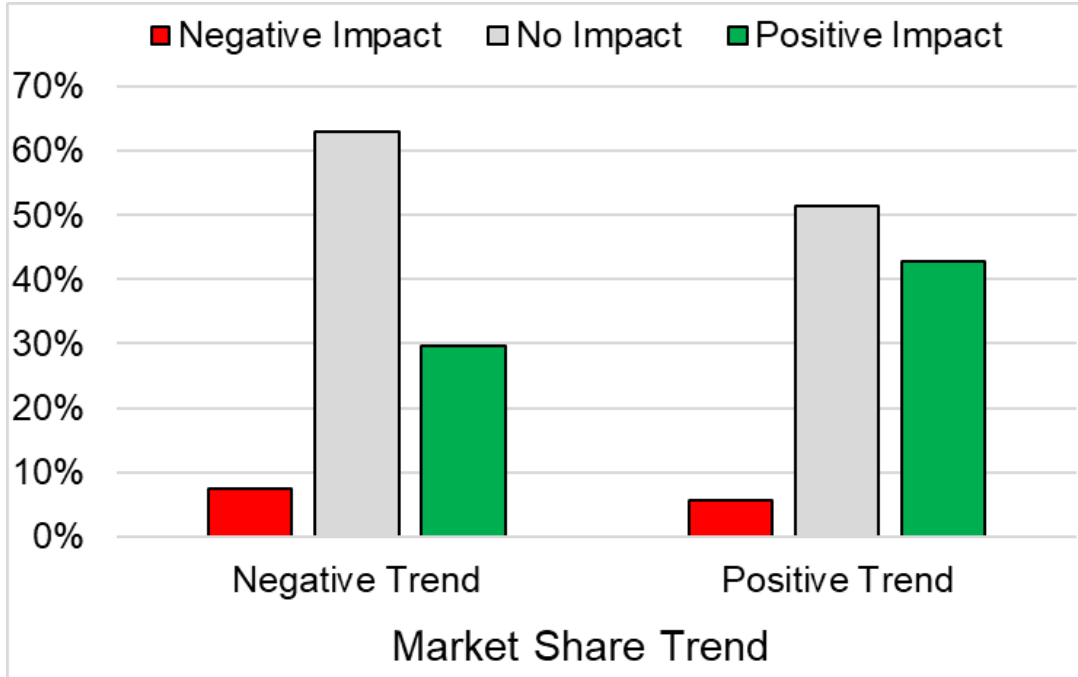


Impact of “mega” projects on LUs with positive and negative market share trends
(Online Survey Data)

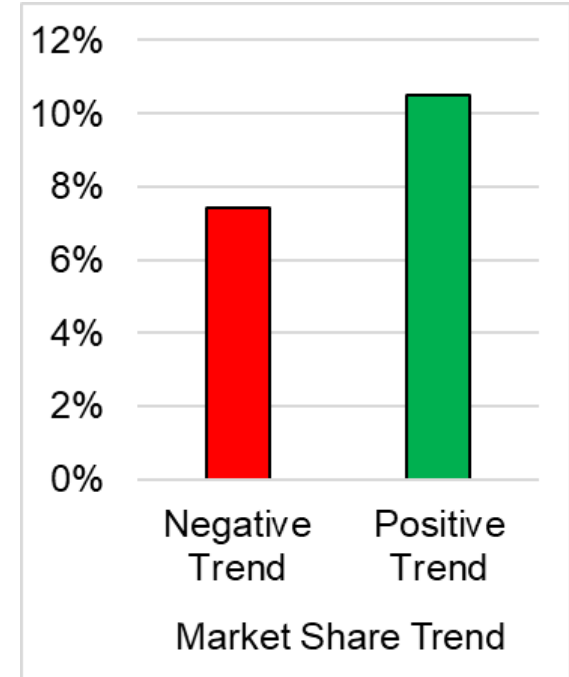


Average number of “mega” projects in the LU 2004 – 2017
(Interview Data)

Low Voltage & Automation



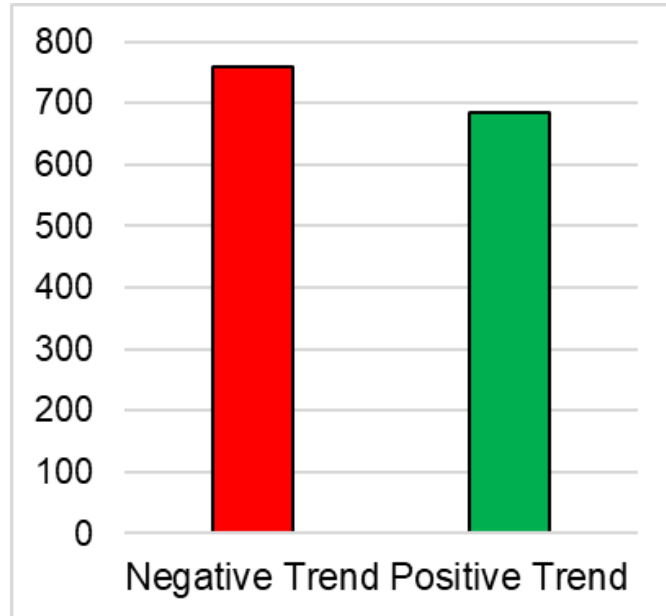
Impact of low-voltage work on LUs with positive and negative market share trends
(Online Survey Data)



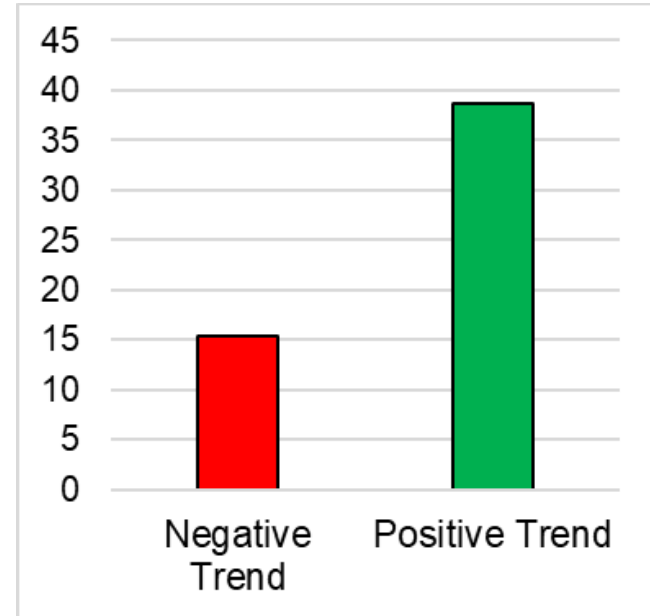
% of Tech Installers to IBEW Total Working Members
(Interview Data)

Growing local unions showed slightly larger Tech Installer programs, if the low-voltage work can be sustained in local market. Growing local unions had around 10% of their working members in the Tech Installer program, compared to 7% for the shrinking local unions.

IBEW membership



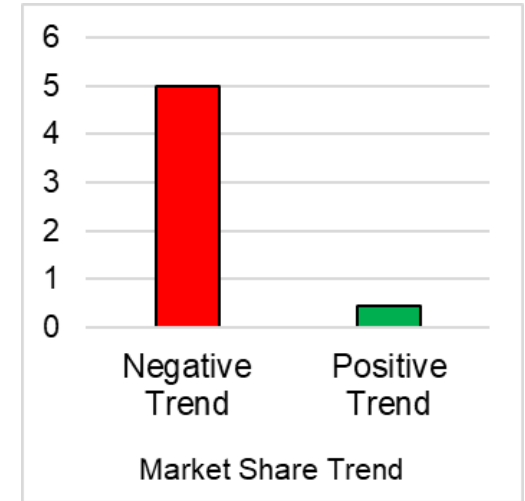
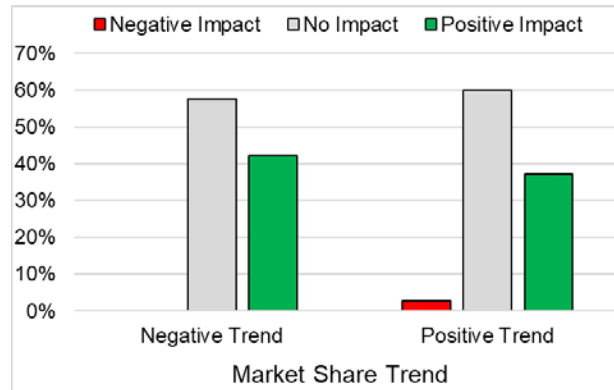
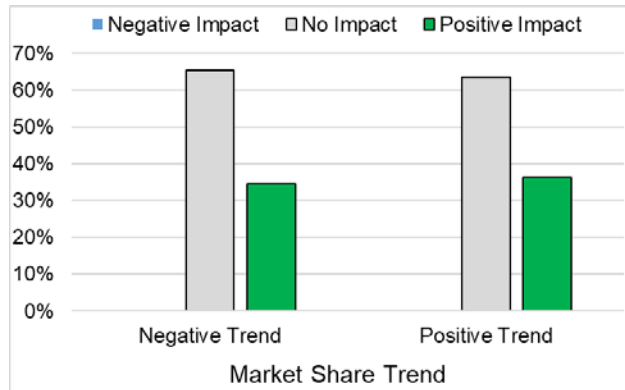
Average number of IBEW working members per 1 million capita
(Interview Data)



Average number of IBEW working members per 1 signatory contractor
(Interview Data)

With the same worker organizing effort, growing local unions organized less but larger signatory electrical contractors. The worker organizing levels were similar in the growing and shrinking local unions, resulting in around 700 union members for every 1 million population. However, growing local unions had less but larger signatory contractors with around 40 IBEW members per a contractor, compared to only 15 IBEW members per a contractor in shrinking local unions.

Project Labor Agreements (PLAs)



Impact of Public PLAs on LUs with positive and negative market share trends
(Online Survey Data)

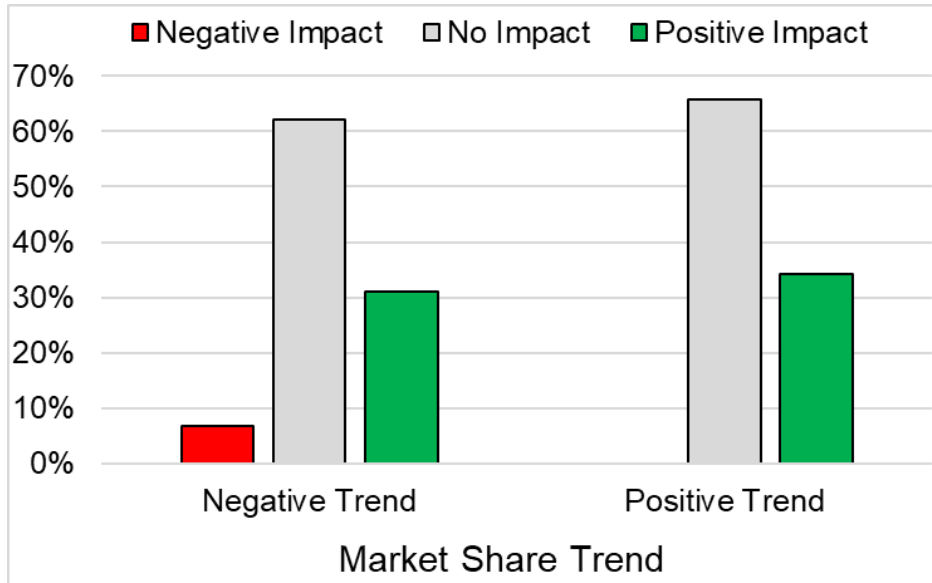
Impact of Private PLAs on LUs with positive and negative market share trends
(Online Survey Data)

Average number of PLAs in the LU 2004 – 2017
(Interview Data)

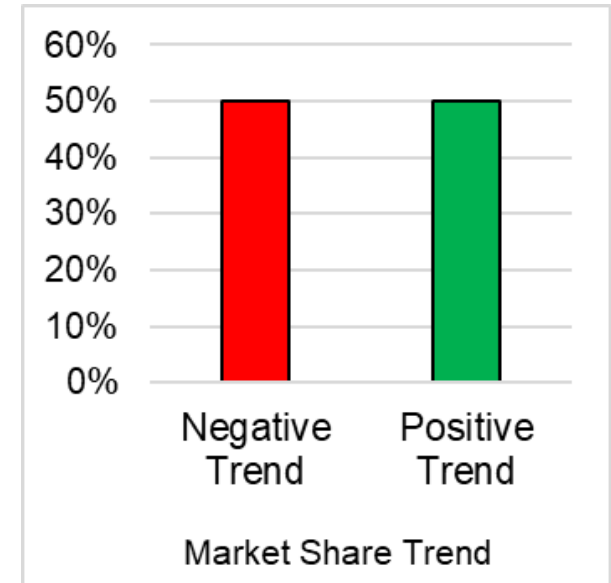
More than half of surveyed local unions reported no PLAs or no impact of PLAs on their market share. PLAs were not applicable for around 60% of the surveyed local unions, for both publically-funded and privately-funded projects.

Shrinking local unions showed high dependency on PLAs. PLAs were almost nonexistent in the interviewed growing local unions, while shrinking unions reported around 5 PLAs in their jurisdictions.

National Maintenance Agreements



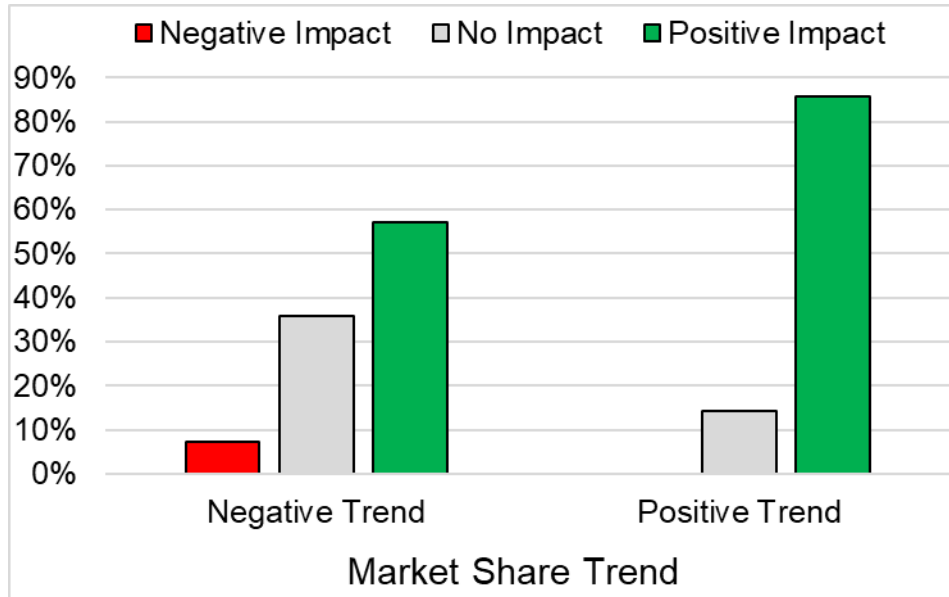
Impact of National Maintenance Agreements on LUs with positive and negative market share trends
(Online Survey Data)



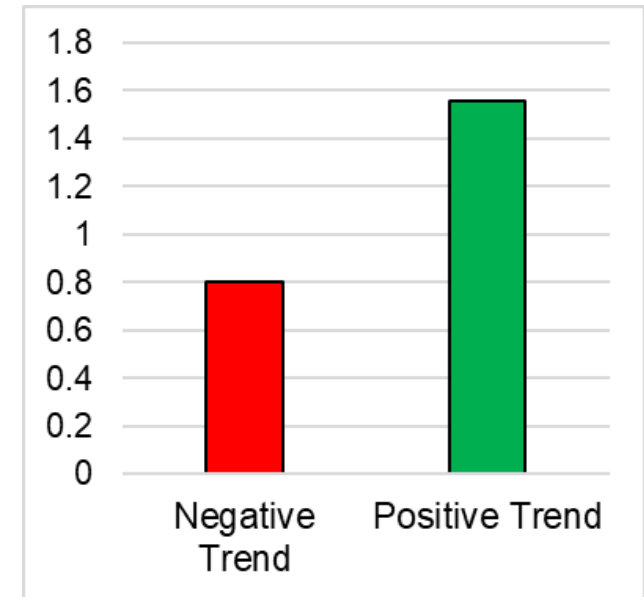
% of LUs with maintenance agreements 2004 - 2017
(Interview Data)

National presidential maintenance agreements had no impact on growing or shrinking local unions. 60% of the survey local unions had no involvement in national maintenance agreements. Even if they exist, these agreements don't result in significant union man-hours.

Crew Ratios



Impact of relaxed crew ratios on LUs with positive and negative market share trends
(Online Survey Data)



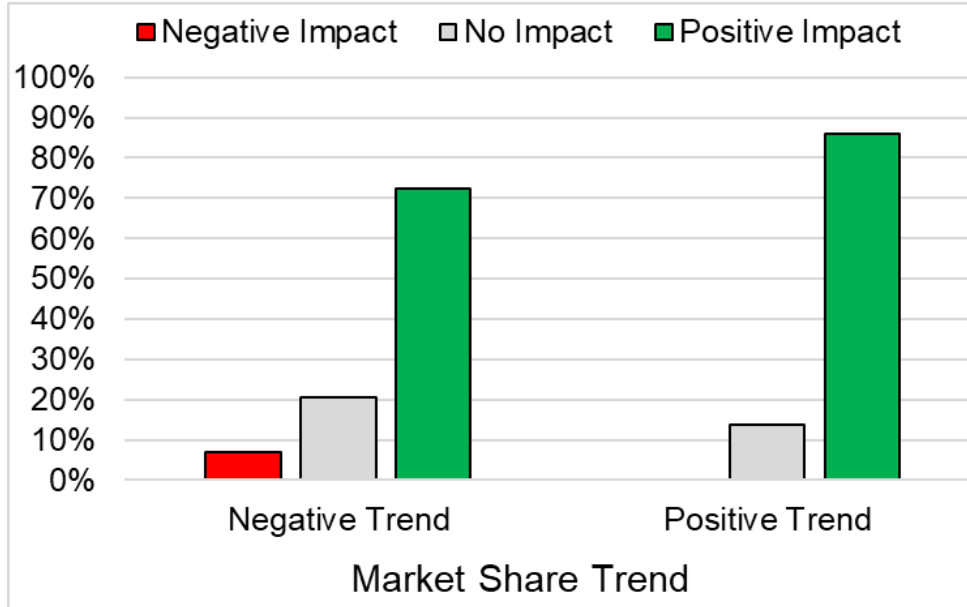
Average ratio of other labor classifications to 1 Journeyman
2004 - 2017
(Interview Data)

Growing local unions benefited from relaxed crew ratios. 85% of the survey growing local unions said relaxed crew ratios supported their market shares, compared to 69% of shrinking local unions. The collective bargaining agreements in growing local unions allow for around 1.5 lower-classification worker for each 1 journeyman. This ratio drops to around 0.8 in shrinking local unions.

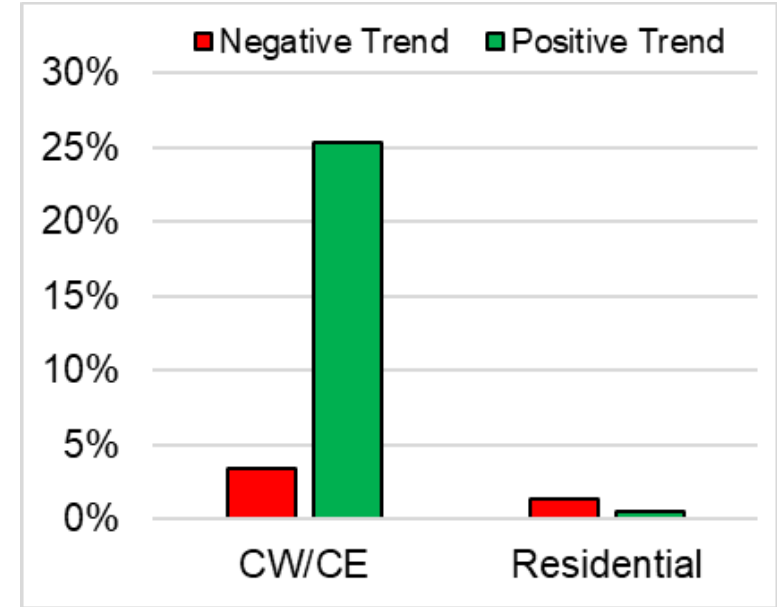
Task (4) Market Share Factors



CW/CE



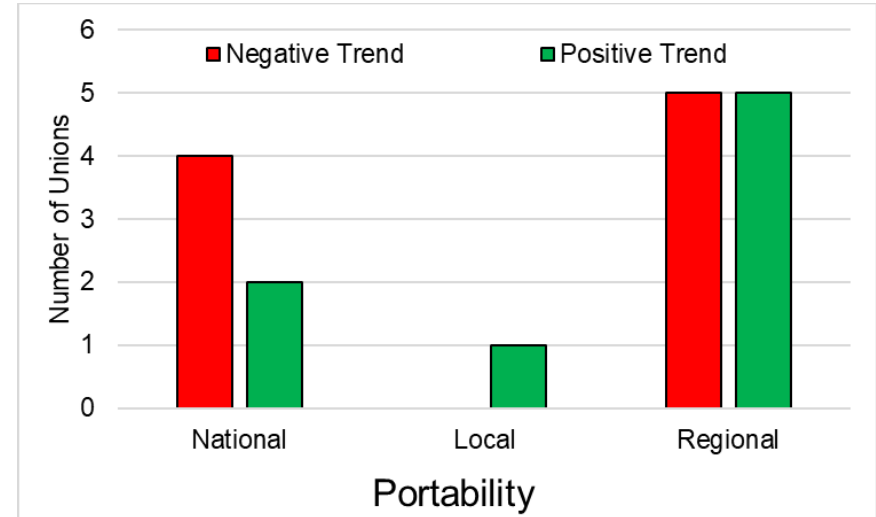
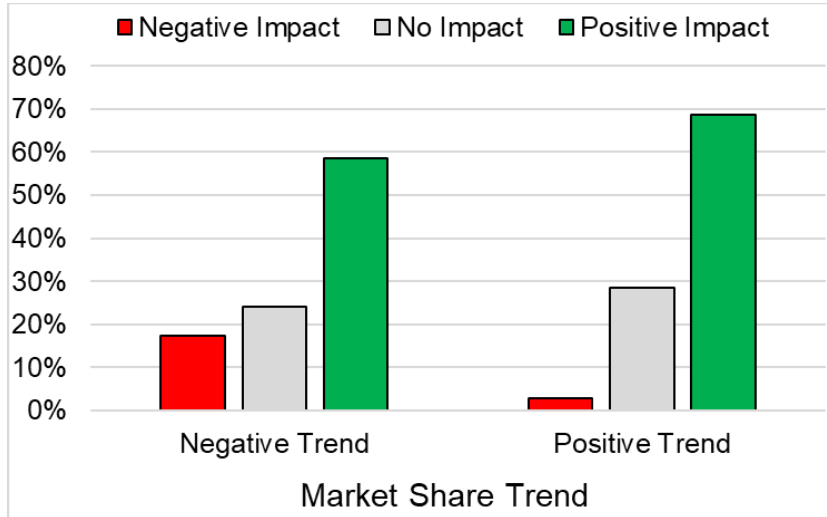
Impact of CE/CWs on LUs with positive and negative market share trends
(Online Survey Data)



% of CW/CE and Residential Wiremen to IBEW Total Working Members
(Interview Data)

CE/CW worker classification was instrumental for local unions to grow their market share. The CE/CWs represented 25% of the working IBEW members in growing local unions, compared to 3% in shrinking locals.

Portability

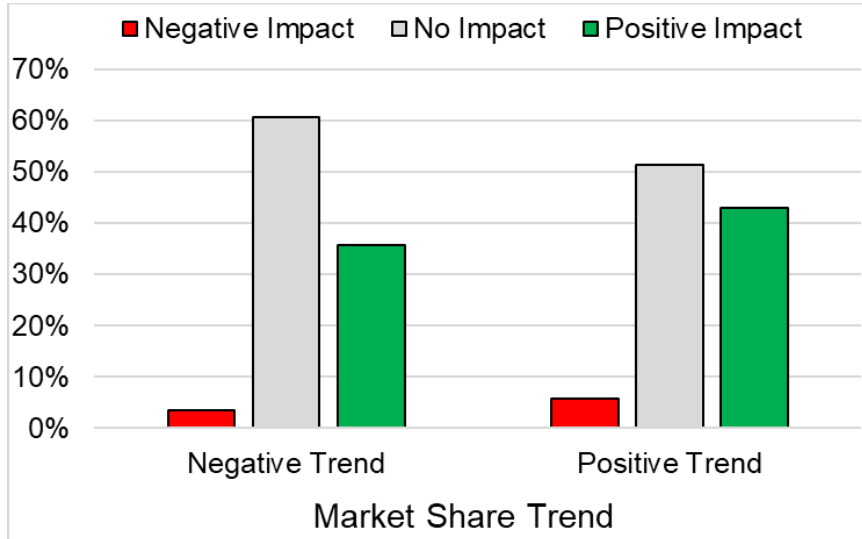


Impact of Portability on LUs with positive and negative market share trends
(Online Survey Data)

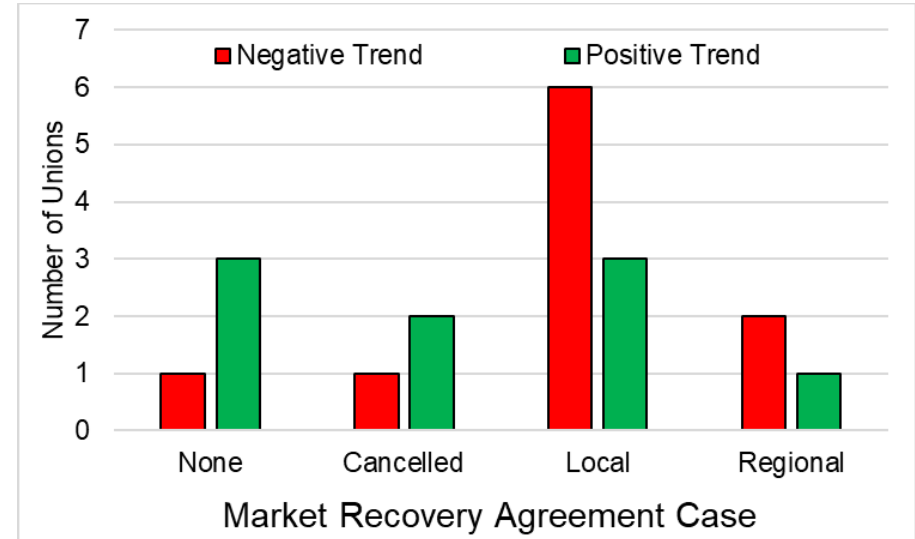
Number and classification of portability agreements applied by studied LUs 2004 - 2017
(Interview Data)

Portability was perceived to have a positive impact on market share. 80% of the growing local unions have had varying degrees of open portability, compared to 55% of shrinking local unions. Almost all of the open portability cases were part of regional market recovery agreements.

Market Recovery Agreements



Impact of Market Recovery agreements on LUs with positive and negative market share trends
(Online Survey Data)



Number and classification of market recovery agreements applied by studied LUs 2004 - 2017
(Interview Data)

Market recovery agreements (MRAs) are more common in shrinking local unions, but their limited scopes do not help in recovering the market. 80% of the interviewed shrinking local unions had either a local or regional MRAs, compared to 45% of growing locals. Most of MRAs cover only small non-industrial projects, like gas stations, strip malls, retail, and residential.

Merge Local LMCC into Regional LMCC

❑ Benefits:

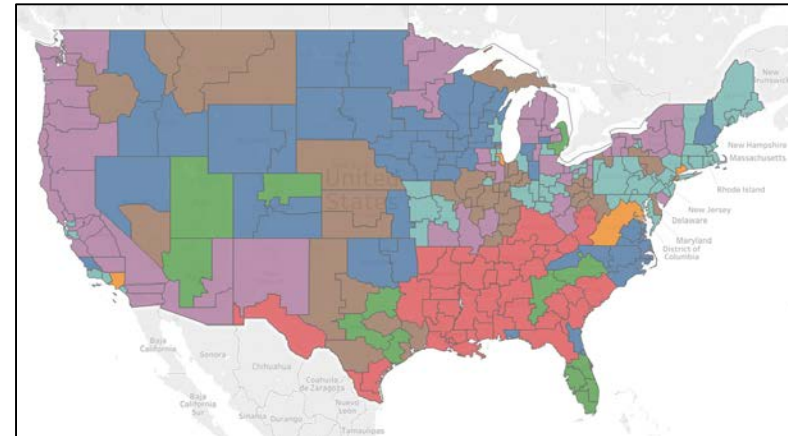
- Sharing of the fixed costs
- Pool of resources
- Better coordination
- Platform for regional initiatives (portability, CE/CWs, ...)

Example regional LMCC

- Ohio Electrical LMCC (8 NECA Chapters + 22 LUs)
- The Inland Empire LMCC (1 NECA Chapter + 2 IBEW LUs)

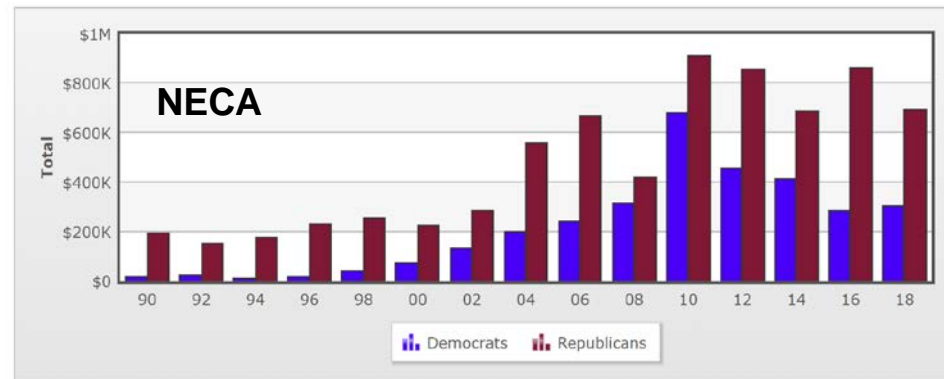
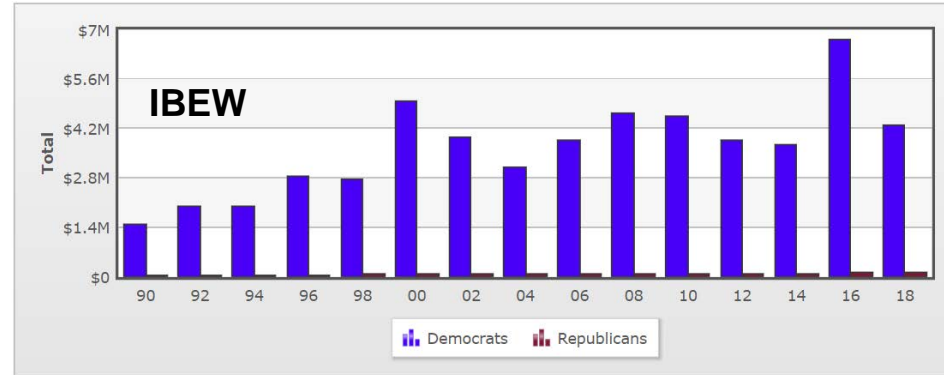
❑ Suggested guidelines for merging LMCC:

- Locals with similar socio-economical-political conditions (consider the 7 clusters of this study)
- Preferably 1 – 2 chapters
- Similar pay rates and benefits with 5 – 10 % disparities
- Diverse market demands and contractor expertise (industrial, commercial, VDV, healthcare, etc.)



Establish and support lobbying entities

- ❑ State and local legislation lobbying coordination between NECA & IBEW.
- ❑ Example: LU 340 and Sacramento Chapter:
 - Political lobbying under a 501(c)(4) for tax and flexibility benefits.
 - Building coalitions with other industry entities:
 - Energy companies
 - Real estate
 - Others



Total lobbying contributions to Democrats and Republicans
(Center for Responsive Politics)



Countering Globalization: Global Framework Agreements

- ❑ Example segments with increasing globalization:
 - Paper Mills
 - Manufacturing
 - Transit
 - Logistics
 - Data & Communication
- ❑ International Framework Agreement (IFA): labor agreements negotiated between transnational corporations (TNC) and the global union federations (GUFs).
- ❑ Challenge: Most of building construction trades are not affiliated with a GUF.
- ❑ Potential GUF: *International Trade Union Confederation (ITUC)*
- ❑ Strategy:
 - IBEW and other building trades organize and join a GUF (ITUC).
 - Develop IFA with large construction and other relevant TNC.

Increase organizing effort in the immigrant population

- ❑ Meet Neidi Dominguez, the National Strategic Campaign Coordinator and Assistant to the General President for the International Union of Painters and Allied Trades (IUPAT).
- ❑ Neidi was a DACA immigrant, benefited from the union support, and now supporting her union.
- ❑ Opposite side: United Brotherhood of Carpenters (UBC).
- ❑ Benefits to the union from organizing immigrants (documented and undocumented):
 - 1) Overcoming workforce shortage (demographic shifts, millennials lack of interest in the trades)
 - 2) Improving the public image of the unions.
 - 3) Depriving open-shop contractors from their main workforce source.
- ❑ Immigrants organizing suggested strategies:
 - CBA and PLA new requirements for immigrant protection (in compliance with NLRA).
 - Focus organizing effort on south metropolitan areas OR “sanctuary” states and cities.
 - Sponsorship of citizenship application of organized immigrants (with shown commitment)
 - Focused outreach in High schools with high immigrant populations.

