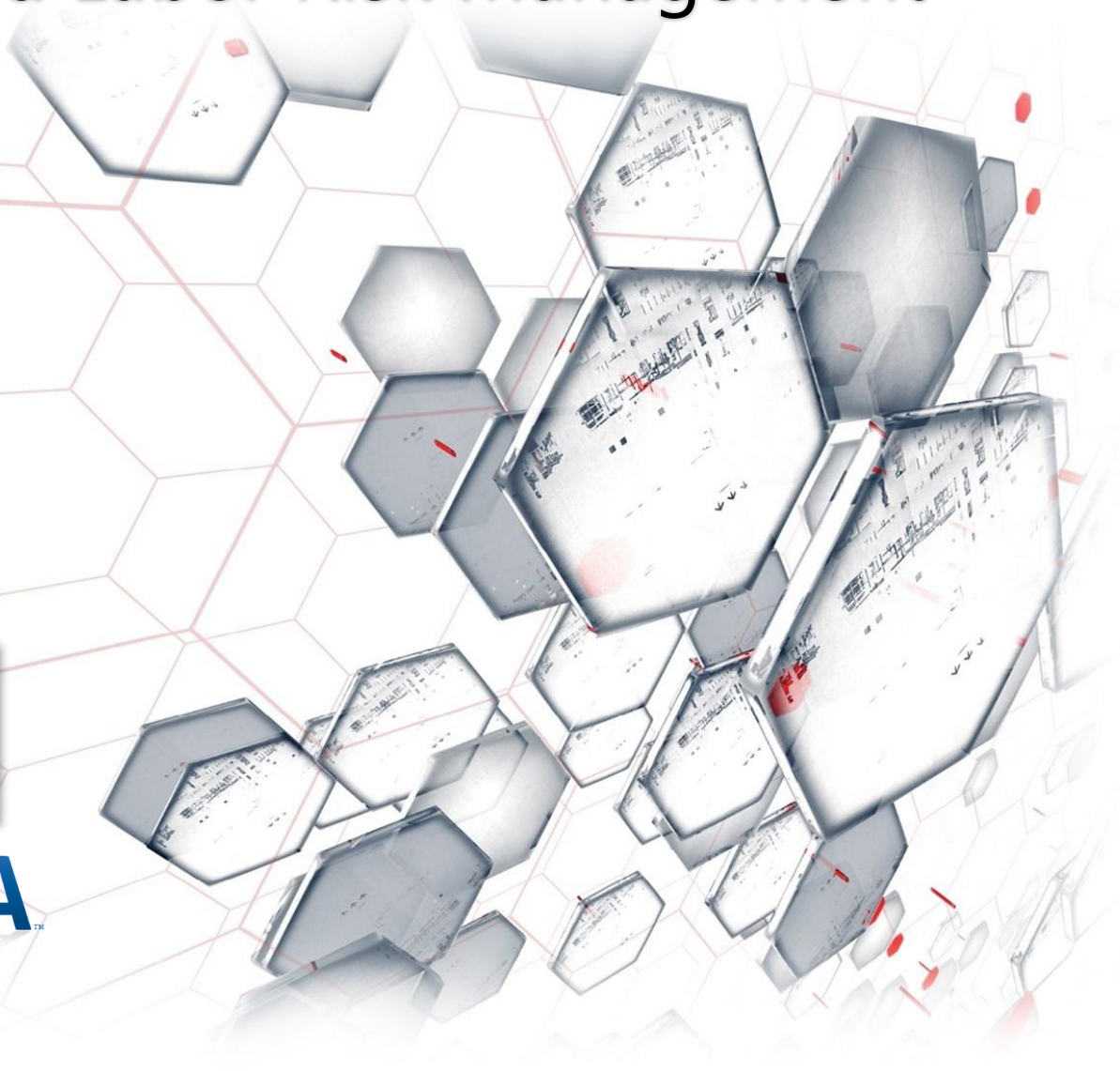




Owners' Blueprint

for

Skilled Labor Risk Management





Executive Summary

The Skilled Labor Risk Management (LRM) Program is a comprehensive service providing complete analysis of project labor risk and contractor workforce development programs. Chronic skilled labor shortages are increasing costs and schedules and resulting in lower quality, more accidents and missed project objectives. Current forecasts indicate that skilled labor shortages will increase with a growing economy and current industry age trends.

Contractors: Contractors need to take the initiative to develop their workforce. Every contractor should have a proactive program for workforce development including attracting, recruiting and training our future skilled workers.

Owners: Owners should proactively require contractors to have effective workforce development programs. The Construction Users Roundtable (CURT) recommends that ***“Owners should only do business with contractors who invest in training and maintain the skills of their workforce.”*** The Construction Industry Institute (CII) affirms this approach and states that making workforce training a priority can reduce project costs and improve safety.

Solution: Owners should include workforce development in prequalification and management of contractors on their worksites. Owners already include safety in their prequalification requirements and this has resulted in significant reductions in accidents. The same is possible with workforce development. It has been proven that owner requirements motivate contractors to take initiative. It levels the playing field, saves money and improves industry.

Barriers: Thorough prequalification takes time and effort. Most owner construction management organizations are limited and very busy on current projects. They do not have the time and bandwidth required to perform the extra work of prequalification of multiple contractors, or collecting the data needed for this purpose.

LRM: The capability is in place to provide full service contractor prequalification for owners. The Labor Risk Management (LRM) program uses the proven Construction Workforce Development Assessment (CWDA) process to provide industry standard assessment of all the contractors with minimum impact on owner staff. CLMA will perform all the data collection, assessment and reporting and provide the results to the owner.

When the Labor Risk Management (LRM) is added to CLMA workforce analytics, Owners will have a complete process for managing skilled workforce shortage risks on their projects, and for assuring their contractors have effective programs for staffing the current projects and for developing future skilled workers.



The LRM Owner Package will include:

- Ongoing CLMA risk assessments on skilled workforce availability for their current and upcoming projects
- CWDA assessment of the workforce development programs of all the contractors

Process: Owners submit current and upcoming project information along with a list of the contractors working on their projects or being considered for future inquiries. The Owner requires contractor participation in the LRM.

The CLMA/CWDA system collects the contractor's workforce development program data, assesses and audits their programs and issues a score for each contractor. Owners can use the CWDA assessment to select the best contractors, and use the CLMA risk assessment to plan projects and mitigate shortage risk.

Value: For OWNERS, using the LRM Program has the following value:

- Limited need for Owner Staff involvement
- Best available data on labor availability and risks for their projects based on CLMA Analytics
- Industry standard assessment of their contractor's workforce programs using the CWDA process
- Assurance they are investing in the development the skilled workers for the construction Industry











For CONTRACTORS, using the LRM Program has the following value:

- Best available data on labor shortage risks for their projects based on CLMA Analytics
- Reliable assessment of their Workforce Development programs
- Effective distribution of CWDA assessment info to multiple owners, eliminating duplicate submittals

Cost: Costs will vary depending on the number of projects, contractors involved and contractor size. For owners, CLMA can provide an economical package price including CLMA Analytics and Labor Risk Management (LRM) assessments which will be very cost effective as compared to in-house staffing. For contractors, the package will include CLMA Analytics and LRM data collection and assessment and sharing the results with owners.

ROI: Based on an investment of approximately one percent (1%) of a project's labor budget in training efforts (CII, RT231), the resulting benefit-to-cost ratio indicates for every dollar invested, a return of up to \$3.00 can be achieved.

How does the LRM Program process work for Owners and General Contractors?

-  Owner and/or GC commits to the LRM Program for your contracts/projects
-  Determine which contracts/projects are appropriately sized to employ the LRM
-  Employ LRM Program during contractor bidding and selection
-  Include WFD compliance language in contracts
-  Formal notification to contractors of LRM decision and 60-day compliance timeline
-  Contractor initiates LRM Program by completing CWDA assessment for audit and validation
-  Contractor initiates LRM Program by submitting CLMA labor supply, productivity and safety data
-  LRM Program compliance is validated
-  Owner and/or GC is notified of initial compliance
-  Owner and/or GC is continuously updated with LRM Program data and workforce improvement metrics

How does the LRM Program process work for Specialty and Subcontractors?



Contractor is notified about LRM Program compliance requirements



Contractor submits plan for LRM compliance during bidding process



Contractor has 60 days to become compliant after awarded contact



Contractor initiates CWDA assessment process



Contractor begins submitting contract-required data via CLMA



Contractor CWDA & CLMA contract compliance is validated



Owner and/or GC is notified of contractor's LRM compliance



Continuous LRM data submission and reporting of workforce improvement metrics