

The Future for Union Electrical Construction Myths & Forecasts

The future for union electrical construction is in doubt. Actions and decisions undertaken over the next few years will determine not just how well the industry thrives over the next 20 years, but if it survives.

IBEW and NECA leaders must understand the complex and dynamic forces that are impacting union electrical construction. Commonly held assumptions about the future may no longer stand and a diverse set of potential future scenarios is unfolding.

All of us make assumptions about the future. We assume the sun will rise tomorrow, American society will remain stable over the next decade, and we will be more prosperous 25 years from now. However, sometimes these assumptions cause us to hold onto worldviews that are no longer true and can actually transform into myths. Long-term solvency of the US Social Security system, a political process ruled by only 2 parties, and an abundance of clear air and water may be examples of assumptions that turn into myths when the latest evidence is examined.

The Future for Union Electrical Construction Myths & Forecasts

The union electrical construction industry like all industries has its own set of assumptions about the future. Over the past 24 months, NECA leaders from around the country have participated in a number of “future focus groups.” Focus group participants were asked a number of questions about the key issues the industry would face over the next 20 years. These discussions yielded a rich set of assumptions about the future of the industry. Further in-depth research and interviews with IBEW members and subject-matter experts proved these assumptions to actually be myths about the future of union electrical construction and are summarized below. More detailed discussion of each myth then follows.

The Future for Union Electrical Construction Myths & Forecasts

Myth #1
All union electrical construction will remain “locally” controlled

The Reality	The Future
<p>With an increase in direct purchases of equipment and materials by the end-user, declining transportation/ logistics costs, and regionalization/ nationalization of standards and buildings codes, control of union electrical construction is becoming more strongly influenced at the national level than ever before.</p>	<p>Geography may not longer be the appropriate organizing method for creating standards, work processes, contracting, and labor agreements. IBEW and NECA must consider if the current organizational structure of geographically based local chapters is reflective of tomorrow’s world—reorganizing lines of authority and reporting structures to a more centralized national model may be the key to survival over the next 20 years.</p>

Myth #2
Unions will continue to have a significant influence in the marketplace and society

The Reality	The Future
<p>The proportion of all workers in the US who are union members is at a 100 year low. Experts estimate that less than 13% of the US labor pool is unionized. As recently as 30 years ago, the number of unionized labor hovered around 25%. In fact, in the last seven US presidential elections, the AFL-CIO endorsed candidate has only won twice.</p>	<p>Labor unions in general and the IBEW in particular, must fully comprehend the challenge it faces. Membership will decline if immediate action is not taken. Unions can not rely on the successes of the past 100 years to ensure their survival. Aggressive efforts to organize the market and articulate the union advantages on issues such as wages, health benefits, and retirement will be vital for survival over the next 20 years.</p>

The Future for Union Electrical Construction Myths & Forecasts

Myth #3
Union electrical construction will always have a training advantage over non-union electrical construction

The Reality	The Future
Technological advances, rapid-cycle construction, a growing emphasis on design-build contracts, and the overall “graying” of boundaries between specialty contractors is challenging the electrical worker to do a variety of tasks on the jobsite. Dynamic, on-the-job non-union training techniques are producing a more flexible and valuable electrical worker.	A flexible workforce will be vital for success in the future. Rapid technological changes coupled with rising expectations for faster project completion will place the burden on electrical workers to work efficiently and potentially serve a variety of roles on the jobsite. The ability to train and retrain quickly on the jobsite is a must for survival.

Myth #4
Union labor agreements will always have their pay scale based upon seniority not tasks or skills

The Reality	The Future
One of the most fundamental tenets of unionism, pay based upon seniority, is coming under more and more scrutiny everyday. Technology is changing the materials, methods, and needed knowledge so rapidly that “experience” is not as large of an advantage at it once was. In fact, being stuck in a particular paradigm about how things are supposed to be done may actually prove to be a liability.	Compensation based upon task or skill rather than experience level will be the norm in the marketplace. Technologies such as personal digital assistants and wireless networking will automate time and task tracking to allow for a variable compensation scale.

The Future for Union Electrical Construction Myths & Forecasts

Myth #5
Both IBEW and
NECA
contractors will
continue to share
a common vision
for growth of the
industry

The Reality	The Future
Growth of the industry is heralded as a universally accepted goal. However, there are large areas of disagreement about what aspects of growth are most important and how to grow the industry. While some consider market share/penetration to be a key measure, others are trying to emphasize the size of the labor pool or total man-hours.	Over the next 20 years the union electrical construction industry will either grow or shrink—remaining status quo is not an option. The key to growth will be organizing the market. The IBEW must aggressively target the Spanish speaking labor market, while NECA contractors must do their share to grow the ranks of union contractors. A widely held commitment to organizing the market could serve as a unifying rallying call for the entire industry.

The Future for Union Electrical Construction Myths & Forecasts

"I see a real disconnect between what our local is doing and what we hear the national leaders are saying. There seems to be a real power struggle going on and I think the rank and file members like me are getting the bad end of the stick."

-IBEW member in an interview

Myth #1—All union electrical construction is "Locally" controlled

The Facts

With an increase in direct purchases of equipment and materials by the end-user, declining transportation/logistics costs, and regionalization/nationalization of standards and buildings codes, control of union electrical construction is becoming more strongly influenced at the national level than ever before. As a result, decisions that were previously made at the local level are moving upward to national and international organizations.

The very definition of "local" is changing. The Internet is removing the traditional barriers of time and distance to entry into the global marketplace. Local businesses increasingly market on a global scale and geography is no longer as relevant as a primary method of structuring any organization.

The Future for Union Electrical Construction Myths & Forecasts

“Things keep changing so fast. I can’t keep up with who I am supposed to deal with. When I talk to my local business manager I feel like I always get the run-around.”

-NECA contractor in a future focus group

The Forecast

Over the next 20 years, the IBEW and NECA will need to reconsider the manner in which both organizational structures are configured. Governance models in which control rests more heavily at the national level will need to be put into place. The concept of what is “local” completely changes in light of the proliferation of the Internet. In 2020, when it comes to union electrical construction, geography will not matter in the same way that it once did.

The Bottom Line

Geography may no longer be the appropriate organizing method for creating standards, work processes, contracting, and labor agreements. Regional views and/or other ways of thinking about marketplace similarities must be considered. IBEW and NECA must consider if the current organizational structure of geographically based local chapters is reflective of tomorrow’s world—reorganizing lines of authority and reporting structures to a more centralized national model may be the key to survival over the next 20 years.

The Future for Union Electrical Construction Myths & Forecasts

Key Questions

- In 2025, will local union chapters as we know them today still exist? What are the primary challenges that will have to be overcome for locals to remain viable in the global economy?
- What barriers would need to be removed for the entire union electrical construction industry to reorganize itself around non-geographically based “locals” such as size of market, type of work, or residential vs. commercial?
- Imagine what it would take to negotiate a nation-wide labor agreement. Would the union electrical construction industry be more or less competitive in the marketplace as a result?

The Future for Union Electrical Construction Myths & Forecasts

“There doesn’t seem to be one union voice anymore. I know in the last election (2004) not everyone of the guys voted the same way.”

-IBEW member in an interview

Myth #2—Union organized labor has a strong influence in the American marketplace

The Facts

The proportion of all workers in the US who are union members is at a 100 year low. Experts estimate that less than 13% of the US labor pool is unionized. As recently as 30 years ago, the number of unionized labor hovered around 25%. In fact, in the last eight US presidential elections, the AFL-CIO endorsed candidate has only won twice. Three primary reasons for a decline in union membership are:

1. **Shift to an Information Economy**—as the US economy transitions into the Information Age, the balance between blue collar and white collar jobs has shifted heavily to white collar occupations that historically have not had strong union ties.
2. **Public Perception**—a series of scandals and several notable criminal cases involving union leadership has diminished the general public’s trust in the union movement and serve as a hindrance to further recruitment of new members.

The Future for Union Electrical Construction Myths & Forecasts

Decline of Unionized
Workforce in the US

1954	32.3%
1964	30.2%
1974	28.3%
1984	18.8%
1994	15.5%
2004	12.5%

Source: www.BLS.gov

- 3. Past Successes**—many of the items that served as key union rallying points in the past (e.g. health care, retirement benefits, worker’s rights, safe working conditions) are now legally mandated in all work environments. A lack of a clearly understood societal agenda has reduced the urgency of the union movement.

On the other hand, according to the Economic Policy Institute, unionized workers enjoy an 11.5 percent wage advantage and an even larger advantage for such benefits as health insurance and pension coverage. In the construction industry, according to the Institute for International Economics, unionized workers enjoy a 69% overall compensation advantage over non-unionized workers.

The Forecast

Over the next 20 years, the overall trend of declining union membership will continue. However, in the construction industry unions can utilize its significant wage advantage as a key recruitment tool. The construction industry is a prime example of an industry sector that could actually see its proportion of unionized labor increase by 2025.

The Future for Union Electrical Construction Myths & Forecasts

"You just don't see the new guys caring for the union family like you used to. It's not the same feeling as it was when I got my card 30 years ago."

-IBEW member in an interview

The Bottom Line

Although, unions are widely credited with creating and defending opportunities for waves of new Americans to begin living the dream of a middle-class lifestyle, the 21st century worker is not seeking union membership.

Labor unions in general and the IBEW in particular, must fully comprehend the challenge it faces. Membership will decline if immediate action is not taken. Unions can not rely on the successes of the past 100 years to ensure their survival.

Aggressive efforts to organize the market and articulate the union advantages on issues such as wages, health benefits, and retirement will be vital for survival over the next 20 years.

The union that can clearly and aggressively articulate its vision and mission will be successful in attracting like-minded individuals to its ranks.

The Future for Union Electrical Construction Myths & Forecasts

Key Questions

- In what ways can NECA and IBEW work together to articulate its advantages to prospective labor as well as contractor members?
- What issue or cause will serve as a critical rallying call for unionism over the next 20 years as health care, worker safety, and retirement did for the last 50 years?
- How will the current leadership uncertainties of the AFL-CIO impact the NECA-IBEW partnership?

The Future for Union Electrical Construction Myths & Forecasts

"I think we need more hands-on learning. I know that most of what I know comes from actual jobsite experience not what I learned sitting in some classroom."

-IBEW member in an interview

Myth #3—Union electrical construction enjoys a significant training advantage

The Facts

Technological advances, rapid-cycle construction, a growing emphasis on design-build contracts, and the overall "graying" of boundaries between specialty contractors is challenging the electrical worker to do a variety of tasks on the jobsite.

Dynamic, on-the-job training techniques are producing a more flexible and valuable non-union electrical worker.

Construction contractors and workers are used to being adaptable in the moment. Plans and schedules change on most construction projects and people use their talents to improvise solutions. The near future is sure to deliver a steady stream of change orders that require flexibility and responsiveness and a work force that is nimble, easy to train/retrain, and able to gain competence in new skill areas in a short amount of time.

The current JATC electrical training programs are falling short in the following 3 areas:

The Future for Union Electrical Construction Myths & Forecasts

"I think the open shop guys might actually be better overall at what they do than us. I know that we are supposed to be better trained, but I am not so sure anymore."

-IBEW member in an interview

1. **Distributed Decision Making**—Communication technologies will continue to converge on applications that enable people to have and communicate information to make decisions wherever and whoever they are. On the job site, individuals will need to be able to make decisions without always checking with a bureaucratic chain of command.
2. **Blurring Boundaries**—Construction crafts will blur and consolidate with greater standardization and automation of materials and installation. The notion of “who does what” on the job site will continue to evolve and change over the next 20 years.
3. **New Types of Construction**—New types of businesses will emerge with new requirements for facilities. Biotechnology, information technology production, and knowledge-based business will have new and different requirements for design, safety, and efficiency.

The Forecast

Apprenticeship and continuing training programs must be refocused on adaptability, customization, and leadership.

The Future for Union Electrical Construction Myths & Forecasts

“As a business owner, I have to really think hard about staying a union contractor—I just can’t seem to get good workers any more.”

NECA contractor at a futures focus group

Training methods and content that once was cutting-edge will be outdated in the future.

A flexible workforce will be vital for success in the future. Rapid technological changes coupled with rising expectations for faster project completion will place the burden on electrical workers to work efficiently and potentially serve a variety of roles on the jobsite. The ability to train and retrain quickly on the jobsite is a must for survival.

The Bottom Line

A fast and flexible world needs people who are solid on the basic skills but adept at thinking on their feet in new situations. They need knowledge and training that is just-in-time for the tasks they face. This continuous learning helps them develop skills ripe for the marketplace. Certification and licensing renewal procedures should shift from proving skills are being maintained to demonstrating new capabilities that serve new opportunities. Efforts to change joint apprenticeship training from a systematic, lock-step accumulation of defined competencies to performance-based outcomes need to be accelerated.

The Future for Union Electrical Construction Myths & Forecasts

Key Questions

- What changes need to be taken to ensure the JATC program is current with the latest technological developments in the industry?
- How can on-the-job training be better incorporated with basic-skills classroom-based training?
- What changes would be required to alter the current JATC model to one based upon outcome-based, self-paced study? Would this type of change produce a more qualified electrician?

The Future for Union Electrical Construction Myths & Forecasts

"I don't know how I feel about a new guy coming in and making more than me just because he has some "advanced skills." But at the same time, if I was one of the new guys, I guess I would be all for it (variable pay scale based on outcomes/skills)."

-IBEW member in an interview

Myth #4—A pay scale based on seniority will always be present in a union contract

The Facts

One of the most fundamental tenets of unionism, pay based upon seniority, is coming under more and more scrutiny.

Technology is changing the materials, methods, and needed knowledge so rapidly that "experience" is not as large of an advantage as it once was. In fact, being stuck in a particular paradigm about how things are supposed to be done may actually prove to be a liability and create inefficiencies on the jobsite.

New technology and materials, computer-aided design-build-manufacturing, and advances in energy efficient systems are propelling the industry forward into new and exciting directions.

It is entirely possible that the electrical worker of tomorrow will be doing things on the job site that the worker of yesterday does not have the skills to do. In these instances a pay scale based upon "experience" will no longer be relevant.

The Future for Union Electrical Construction Myths & Forecasts

"We would all benefit under a system that rewards what a guy can do. It would be the way to totally revitalize the industry."

-NECA contractor at a futures focus group

The Forecast

By 2025, compensation based upon task or skill rather than experience level will be the norm in the marketplace in all industries including the building trades. Technologies such as personal digital assistants and wireless networking will automate time and task tracking to allow for a variable compensation scale. An "e-bay" marketplace for workers will create a sliding scale based upon the individual worker's skills set, performance reputation and outcomes, and availability.

The Bottom Line

The future of the entire union electrical construction industry could depend upon changes in how compensation is calculated. In order to stay competitive in the marketplace and attract young talent, the industry must adapt a model of pay based upon task and measurable skill over seniority. The unionized building trade that creates such a model first will be at a significant advantage in attracting new talent and increasing profitability and stature amongst other trades.

The Future for Union Electrical Construction Myths & Forecasts

Key Questions

- In what ways could a variable pay scale based upon task and skill improve the contractor's profitability and competitiveness as well as increase overall wage levels?
- What new skills and abilities will the electrical worker of 2025 need and how might financial incentives be created for workers who garner these new skills?
- In an era of rapid change, how does the union electrical industry retain the best and most important components of its knowledge base and institutional memory (currently housed in its veteran workers)?

The Future for Union Electrical Construction Myths & Forecasts

“The IBEW of tomorrow speaks Spanish—that’s just the way it is going to be. I think we have to stop fighting this and take it for a fact.”

-IBEW member in an interview

Myth #5—All union and contractors members share in a desire for growth of the industry

The Facts

Growth of the industry is heralded as a universally accepted goal. However, there are large areas of disagreement about what aspects of growth are most important and how to grow the industry. While some consider market share/penetration to be a key measure, others are trying to emphasize the size of the labor pool or total man-hours.

Growing the industry will require the active recruitment of new workers as well as new contractors. The new worker will look different than the traditional union electrical construction worker. If these younger, more ethnically diverse, more technologically savvy workers are made to feel welcome within the IBEW/NECA umbrella, they will prove to be valuable industry assets for many years to come.

The Future for Union Electrical Construction Myths & Forecasts

The Forecast

NECA contractors must follow the lead of IBEW in terms of organizing the market. New contractors need to be encouraged to become NECA affiliated union contractors. The concept of the “gold old boys club,” must be left behind and replaced with a desire to expand the market share of union contractors by welcoming new (and probably ethnically different) contractors to the club.

NECA and IBEW must establish programs that can facilitate an individual transitioning from an employee to a contractor.

Clearly outlining the pathway to entrepreneurship will help attract younger workers to the profession and heighten the industry’s image.

The Bottom Line

Over the next 20 years the union electrical construction industry will either grow or shrink—remaining status quo is not an option.

The key to growth will be organizing the market. The IBEW must aggressively target the Spanish speaking labor market, while NECA contractors must do their share to grow the ranks of union contractors. A widely held commitment to organizing the

“I have no problem sharing my experience as a NECA contractor with other non-union contractors. Unfortunately, the story lately is a bad one.”

-NECA contractor at a futures focus group

The Future for Union Electrical Construction Myths & Forecasts

"We have to start working together to organize the market. If we don't we are history."

-IBEW member in an interview

market will serve as a unifying rallying call for the entire industry.

Key Questions

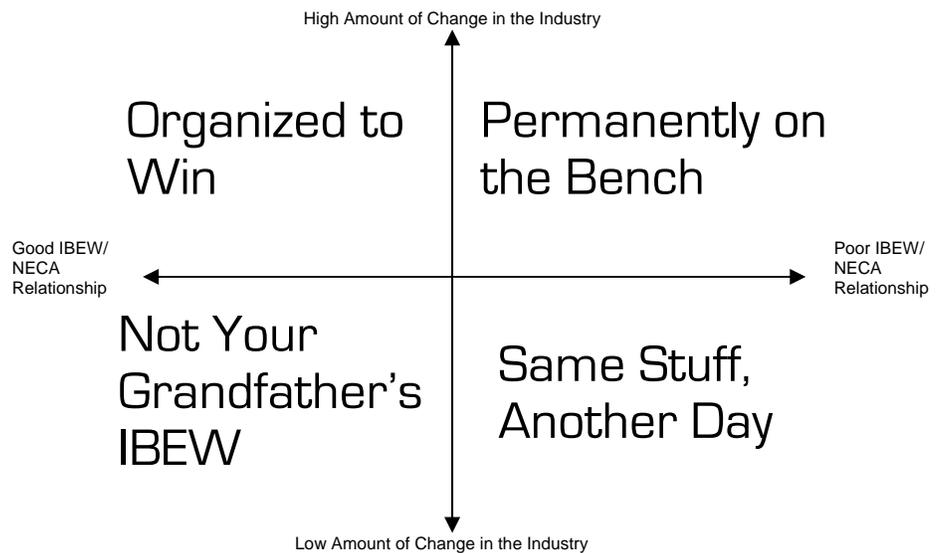
- What steps can the IBEW and NECA take together to further organize the market?
- How can recruitment and training be better tailored (in terms of language as well as culture) to Spanish-speakers?
- Imagine that IBEW and NECA have a clear agreed upon vision for the growth of the industry. What would that vision be and what steps need to be taken to make it a reality?

The Future for Union Electrical Construction Myths & Forecasts

Scenarios for the Future of Union Electrical Construction

The five myths and the trends and forecasts that debunk them create a broad range of possibilities for the future of union electrical construction. Scenarios, alternative future stories, are a powerful method for organizing various aspects of the future into discrete components. In this case, four scenarios were developed using two key variables: the nature of the relationship between IBEW labor and NECA contractors and the rate of change experienced by the industry over the next two decades.

The four scenarios of the future of the union electrical conduction industry are summarized below:



The Future for Union Electrical Construction Myths & Forecasts

Organized to Win

Strong partnering with IBEW and NECA leads to an aggressive effort to systematically organize the market. NECA contractors seek to convert non-union contractors to union contractors while IBEW organizers simultaneously approach labor. Union training becomes more flexible, on-the-job, and just-in-time oriented leading to a more productive labor force and enhanced profitability for the contractor.

Key Questions

What steps can be taken by NECA and IBEW to create this scenario? Is this the best case future for the union electrical industry?

Permanently on the Bench

High amounts of change in the industry coupled with a disintegrating IBEW/NECA relationship do not bode well for the union electrical industry. Inflexible training methods and an unwillingness to modify/change a compensation structure based exclusively upon seniority leave fewer NECA contractors to fight over a rapidly shrinking market.

Key Questions

How can this scenario be avoided? Is this the worst case future for the union electrical industry?

The Future for Union Electrical Construction Myths & Forecasts

Not Your Grandfather's IBEW

A strong relationship between IBEW and NECA leaders creates an atmosphere of solidarity and trust. While not all experiments in new training, compensation, and growth strategies are successful, an overall spirit of innovation permeates the industry. Labor and contractors understand that new ideas come with risk and rewards and are willing to share in both.

Key Questions

How can the spirit of cooperation described in this scenario between the IBEW and NECA be cultivated? Is this the best case future for union electrical construction?

Same Stuff, Another Day

Market share for union electrical construction slowly declines. While some localities are treading water, other local markets are experiencing turbulent times. IBEW/NECA relations are a mixed bag with some partnering conversations moving ahead while others are mired in the same stalemated positions of the last 20 years.

Key Questions

What steps can be taken today to ensure this scenario does not unfold? Is this the worst case future for the union electrical industry?

The Future for Union Electrical Construction Myths & Forecasts

Conclusion

For the union electrical construction industry the stakes are very high. Understanding the realities of the future and overcoming industry-wide commonly accepted assumptions will be vital to creating innovative strategies for growth. Examining the potential scenarios for the industry and taking steps to create the most preferable future will take a determined level of effort and commitment by IBEW and NECA leaders. The state of the union electrical industry in the year 2025 will be decided by the actions and decisions of the next few years. Based upon this study, the following must occur if union electrical construction is to reach its full potential over the next two decades:

- The market must be systematically organized
- Union training methods must become more flexible and dynamic
- Compensation models based upon more than just seniority must be developed
- Leadership must be consolidated at the national level
- IBEW and NECA leaders must continue to clearly articulate a vision of growth and prosperity for all in the industry