



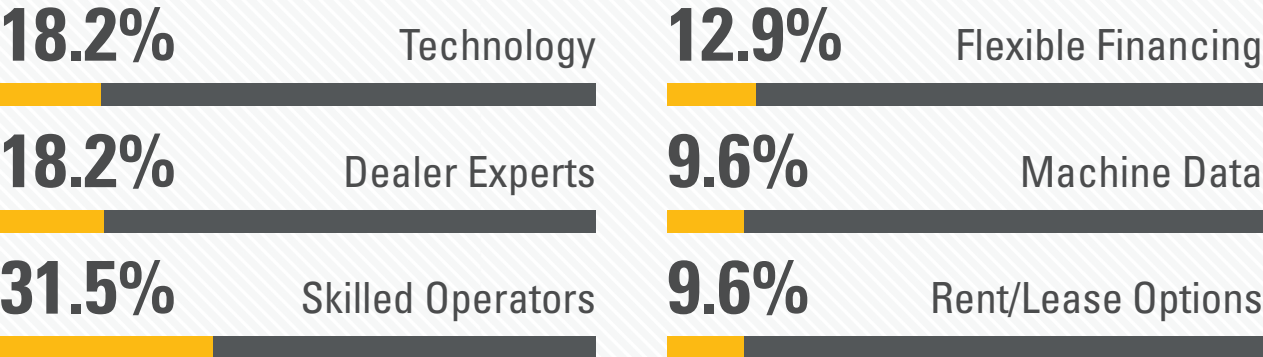
STRATEGIES FOR ATTRACTING
AND RETAINING **SKILLED OPERATORS**



STRATEGIES FOR ATTRACTING & RETAINING SKILLED OPERATORS

Research shows that a skilled operator can use 10-12% less fuel every day than an unskilled one. In addition to cutting fuel costs, the right operator can also enhance safety, improve productivity and extend component life. That’s probably why when Caterpillar asked a group of heavy construction professionals to identify their biggest source of competitive advantage, more than 30% said skilled operators.

WHERE DO YOU GET YOUR BIGGEST COMPETITIVE ADVANTAGE?



HARD TO FIND, HARD TO KEEP

Because skilled operators can make or break your business, attracting and retaining them is a huge priority. It can also be a huge headache. In a 2013 survey of U.S. construction firms conducted by the Associated General Contractors of America (AGC), nearly three-quarters of respondents said they struggle to find skilled employees. Equipment operators were cited as one of the hardest positions to fill. Most participants predicted the skilled labor shortage would continue, with nearly 9 out of 10 saying it will “remain difficult” or “get harder” to find workers, and 74% agreeing “there aren’t enough skilled workers to meet future demand.”

AGC SURVEY AT A GLANCE

686 respondents - building, heavy, highway and utility construction sectors

- 74%** Have trouble finding skilled workers
- 86%** Expect labor situation to remain hard or get worse
- 74%** Say there aren’t enough skilled workers to meet future demand
- 31%** Cite equipment operator as hardest position to fill
- 49%** Are losing skilled workers to higher paying jobs
- 56%** Are increasing wages and benefits to retain workers
- 65%** Rate current high school/ tech programs below average or worse

BUSINESS IMPACT

It's pretty obvious that a skilled labor shortage has negative consequences—for companies, the industry and the economy as a whole. A 2013 report from the Associated Press said the shortage of qualified construction workers has slowed economic recovery. Contractors throughout the United States reported higher demand for their services, but said they were unable to pursue new business due to labor scarcity. Project delays have been a problem too. In a recent study conducted by the National Association of Home Builders, nearly half of all respondents experienced delays related to labor shortages; 15% had to turn down projects. Even contractors that are keeping up with demand may be having trouble holding the line on costs—especially fuel costs—if their operators are not highly skilled. Clearly, a firm's ability to win business, grow profitably and strengthen the economy depends on how adept it is at finding and keeping the right people.

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COMPENSATION & CULTURE

There's no easy way to build and retain a strong team of operators, but if you're struggling to meet staffing requirements, two of the first things to look at are compensation and culture.



RISING PAY

When the economy collapsed in 2008, construction wages dropped, causing skilled workers to either retire or leave the industry for higher paying jobs, particularly in oil and gas. Pay is now moving back toward historical levels. The Association of General Contractors of America says 56% of companies responding to its 2013 survey were increasing wages and/or benefits to retain skilled workers. Construction Recruiters Network says average wages for all construction workers were up about 3% in 2013 and another 3% in 2014. Make sure you're keeping pace.



COLLABORATIVE CULTURE

Assuming you're compensating people fairly, the other big deal-breaker for many employees, particularly younger ones, is culture. Culture is a complex topic, but the essentials are fairly simple. People want to work where they feel safe, respected and appreciated. They value capable leadership, committed co-workers, access to information, opportunities for personal growth and impact on decisions that affect their work lives. Fostering this kind of culture will put you in a stronger position to compete for scarce labor.

THREE STRATEGIES FOR SETTING YOUR FIRM APART

Even employers who pay well and value their people can find it difficult to attract and retain skilled operators. Here are a few strategies to consider.



INVEST IN TRAINING

The American Society for Training and Development (ASTD) says training is one of the most effective ways to increase employee loyalty, improve retention and attract top people. It's also a means to improve productivity and control costs, particularly fuel costs, which can be reduced significantly when a skilled operator is in the cab.

The ASTD recommends 40 hours of training per year per employee. And while that may sound daunting, it's important to remember that training includes simple low-cost things like lunchtime coaching sessions and on-the-job mentoring as well as more expensive options such as classroom instruction, hands-on activities, online courses, offsite seminars and simulator-based training. Regardless of how you choose to meet your training objectives, understand that in today's labor market providing developmental opportunities is no longer a "nice-to-have" option. Put it on your "must-do" list.



RUN A NEWER FLEET

If you had to choose between working all day in a brand new fuel-efficient machine or gutting out a shift in something built during the Reagan era, what would you do? Most would opt for the more pleasant work environment. It's just more appealing to operate a product that's clean, quiet and comfortable. And when it comes to productivity, newer cab features—like good visibility, a quality seat, ergonomic controls, great ventilation and easy-to-read displays—can make a big difference in safety and efficiency. So if you're having a hard time attracting and keeping equipment operators, give some thought to the "office" you're asking them to work in. Maybe it's time to upgrade some of the units in your fleet.



LURE THEM WITH TECHNOLOGY

Millennials (those reaching adulthood around the year 2000) will make up the majority of the construction workforce by 2018, according to the U.S. Census. The greatest strength of this generation, say many industry leaders, is their comfort with technology. Most have never experienced or can't remember a world without computers. And while few seem interested in earning a living as an equipment operator, it may be possible to change their minds by introducing them to 21st-century machine technology—automated control and guidance systems, GPS-based management tools and more.

Innovation can bring Millennials through the door, and once they're on your team, they can help your whole organization get more tech-savvy. Show them your production data. Share the facts about fuel consumption and idle time. Ask for ideas to cut costs and improve productivity. Giving Millennials the chance to lead a technology transformation will make them feel valued, which can in turn improve retention. A senior manager from a third-generation construction company in Canada put it this way: New operators "have a gift" when it comes to learning technology. "They pick it up quickly, and when it comes to technology, our young guys help foster the older guys. It's really beneficial because without technology, our production rates wouldn't be where they are now."

KEEP TRYING

There's no single best way to attack this problem. Other options to consider:

- Jump-start your apprentice program
- Promote and train a valued employee from another area of your company
- Pay retention bonuses
- Offer financial incentives for employees who help recruit qualified operators
- Build ties with family members
- Invite your best retired operators to come back on a part-time basis
- Hold exit interviews with departing operators and take their feedback seriously

Securing quality operators promises to be one of the toughest jobs contractors face. But given the industry's long history of overcoming obstacles, it's clear you're up for the challenge.

10 WAYS TO TRAIN (AND KEEP) YOUR TEAM

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| 1 New employee orientation | 6 Online classes |
| 2 Instructor-led classes | 7 Apprentice programs |
| 3 On-the-job instruction | 8 Vocational school |
| 4 In-the-iron guidance from veteran operators | 9 Mentoring and coaching |
| 5 Simulators or simulation software | 10 Informal discussions |

NEW MACHINE FEATURES THAT ATTRACT OPERATORS

- | | |
|------------------------------------|-----------------------------------------------|
| 1 Easy-access cab | 6 Simple, readable displays and gauges |
| 2 Comfortable seat | 7 Panoramic views |
| 3 Automatic climate control | 8 Low sound levels |
| 4 Headroom and legroom | 9 Vibration dampening |
| 5 Joystick controls | 10 iPod-ready, Bluetooth-enabled |

BUILT FOR IT.

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