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We strive to help Business Owners, Managers, and Entrepreneurs transform their approach to business, so they can Break the Barriers and Achieve Success.

First, thank you for being here!

Are you ready to break a barrier and take a big step toward success? Let's Do it!

The biggest problem, Labor.

Managing Millennial and Gen Z employees.

In the course of working with many construction and crafts business owners, I have discovered the most common pain is "Labor". Obviously, these are labor intensive trades so that was not far from expected. However, when I applied a modified Why's or fault-tree technique used in determining the root cause of problems to the whole groups #1 most common pain, a different problem than expected emerged.

Labor vaguely being the problem, we simply ask Why. Why is labor a problem? The first answer is usually "there is always a problem with employees these days". Since that answer even states there is a deeper problem we ask why again. Why? This time the answer takes a number of paths but a few become repeated. These were most common; 1) staff has no commitment, 2) always on their phones, 3) does not perform to expectations, and 4) can't seem to keep them. Bear in mind, we could ask why again upon each path but that would be better suited for specific problems in specific processes.

For most owners with a few years of experience, the causes are already pointing to a common problem. For all of the possible answers to the 2nd why, the common denominator is- Millennials. But not really. That term is over used and now broadly covers everyone after Generation X. The term millennial erroneously includes Gen Z or I-Gen in the view of old Gen Xers. For this document I will refer to all Gen Y/Millennials and Gen Z/I-Gen as "Labor".

Clearly the problem is Labor and owners should work out the solution, right? Not so fast! Let's try an exercise where we flip the chart and look the other direction for the root cause. When you see all paths pointing the other direction then openly search for the problem and an unbiased solution, quite a few very prominent causes appear. In order to understand this methodology, try to first view the original

problem, Labor, as not really being the problem, but rather a symptom. Besides, the labor market is bigger than any individual owner or company, so it makes sense to look this direction. In short order, a new common denominator appears that provides a completely new common cause; Owners not adapting to change.

When it comes down to it, Gen X, Baby Boomers and even Millennials that come of age and aligned to old methods are trying to run our construction businesses the way we learned from experience. By that, I mean many millennials have become owners, and end up running their businesses the same way because the institutional systems accept old standard methods much easier and they inherited systems in place.

Unfortunately, all things change. As the markets, employees, and technologies continues to change, we too, must learn and adapt new methods to remain competitive. Searching for solutions to the “Labor” problem with respect to the new cause “Owners not adapting to change” lets address those four repeated problems;

First problem: Labor has no commitment.

- This commitment is the perception they do not want or need the job. They are prone to quitting, not showing up, giving no notice, and doing so for rather trivial reasons. Money is not a great motivator and promotions that are 5-10 years in the future are beyond their horizons due to the need for instant gratification. The world has protected them and they feel like they will always have a safety net of someone or something to fall back to or move on to.

One possible solution:

- Offer a differentiated pay structure that offers much quicker pay and promotion gratification. This will help convey the earned value they accrue and if communicated, they will understand what value will be lost if they quit. This does mean pay more, simply pay different. Example; If you currently have 3 positions (helper, tech, supervisor) and each step earns a \$3.00 pay raise. Turn that into 9 positions, (Helper 1, 2, 3, Tech 1, 2, 3, etc.) each with \$1 pay raise. Break down the skills needed for each position and sub divide logically within the three levels so they can achieve promotion sooner. Base the promotions on the mastery of the particular skills and push them to advance a step at least yearly. This provides a continuously available near future goal to achieve that really doesn't change what you offered in the first place.

Second possible solution:

- Try a portion of commission or award-based pay rather than completely hourly rate. This does not necessarily mean increase the pay, simply change how it is earned and how it is delivered. Example; If you pay a \$21 hourly wage for a position, change it to \$18 hourly rate and add that \$120 back in form of performance-based pay (showed up every day, on time, abide rules, etc.).

As long as you don't violate Fair Labor Standards Act or Union rates, pay can be varied as needed.

In addition, consider bonuses on monthly basis. If they are helping you earn good profit and meet deadlines, little monthly kicks like \$100 make a big difference. Just be consistent with the rules you set for it.

Another similar incentive to be considered is a longevity fund such as a simple annuity. Set aside a small amount in savings payable on proper separation or blank years of service. Provide regular updates of total and the permitted methods of withdrawal (in other words, remind them of the vested interest in staying, or leaving properly). Most payroll services and software allow for deferred payments and pool distributions. Check with your CPA to explore these and other incentive-based options.

Second Problem: Always on phone.

- This is certainly an obvious problem evident from our own homes to public spaces. Labor across the board is extremely attached to devices at home, as well as, work. In labor intensive crafts, the primary way of dealing with phones has been to prohibit use or restrict access. In many cases it is a safety issue and should be restricted. Prohibition and restriction are enforced to keep employees from jumping right social media as soon as they pause for any reason. Understandably, this distracts the mind from the job at hand and takes longer to return to work from breaks and return to focus on the job. Even a little delay to finish a chat or put up the device causes loss of production, not to mention, incoming calls at the most inconvenient time.

One possible solution:

- Rather than restrict, adapt. Entertain their need to be on a device, but change WHY they are on the device. How? Adapt technology as much as possible in the form of work-related Apps whether it be phone, tablet, or laptop. On these devices, provide for work order entries, updates, stock and inventory programs, sourcing solutions such as technical manuals, tutorials, provide drawing plans and schematics, offer live tech help streaming such as skyping the boss with a problem, and most beneficially, training. Offer training time online either in course work for your job skill requirements or industry training toward certifications. By the way, if given the opportunity, many could probably find better apps and teach us non-adopters quite a few valuable tricks.

Another possible solution:

- Involve them in customer acquisition, brand management, advertising, and increasing your online presence. If your company has pages, sites, or feeds, great. If you don't, get some quickly, you are way behind the curve. Allow and encourage the use of devices if they want to

post on work progress and successes. Them being involved with and proud of their work is as powerful in building a bond with the company as it is showing the world your companies great work. Spreading word among their peers, not only increases visibility, it allows them to advertise to others just like them (by the way, this group age range is 1/3rd of the population). In fact, they are so much better at online presence and networking than you, you might consider making online presence and promotion part of their daily job and not yours...

Third Problem: Does not perform to expectations.

- First, your expectation is probably old school and I bet you often refer to labor as having no “common sense”. If so, you are right, with so much time online and inside, the naturally acquired common knowledge is slower to come to younger Labor than it did to 80’s and older kids that built forts, bike ramps, and learned physics from trial and bruises. But, “common” changes and “sense” has simply moved to new bases that are not the same as yours. In fact, they are much more prone to being Safe! Growing up with pads, helmets, and protectionist laws, they understand and comply with safety readily. Building a safety culture speaks to them and they will not only participate but lead if given the opportunity. Additionally, if your expectation is based on something you “know”, there is likely a written guide, regulation, or instruction manual that outlines it. So rather than judge on an expectation, provide the information and judge on the result.

One possible solution:

- Allow them to figure it out. Give them the end-state requirement and remove as many of the expectations that fit below the end-state requirements as you can get away with. The youngest portion of this labor group craves entrepreneurship and autonomy. And, they have new perspectives that allows and encourages innovation. Give them the guides, instructions, and requirements and let them have a go at it. There will be trial and error, same as you learned, but it will conclude with a much more productive employee believing they developed, discovered, and learned own their own. In doing so, they may even improve upon your original results and expectations.

Another possible solution:

- Tweak individual expectations into team expectations. Whatever your expectation is, it can likely be broken down into smaller pieces for individuals and expanded for groups. They can multi-task exceptionally well. They also crowd source and work in groups better than previous generations. When your expectations are directed at a team or crew’s goals rather than individuals, they will delegate the individual task among themselves rather effectively. As long as the sum of team goals are meeting bigger company goals, go with it. Also, add to these goals regularly. You might be surprised how easily the innovation and new method adaptations come to this group.

Fourth Problem: Can't keep them / they move /change jobs too often

- Lack of longevity with a company has been a problem for a while but may be about to change. Recent studies are showing high school graduates are opting to go straight to work rather than college. Dividing Labor just for this problem; millennials were very mobile as they became "global" and chased desires, and gigs were preferred to jobs. Fortunately, this latest wave of Gen Z's just graduating High School are leaning back toward family values and desire to be business owners. As we, the older owners, try to manage employees, this will come as a relief. But it still offers a problem we can work to solve. Offerings flexible hours is most often suggested as a good fix – but you must first have flexible customer that don't mind work or service outside of the standard day. So, for most construction business owners, flexible hours just won't work.

Many possible solutions:

- Since this is a multi-faceted problem, I'll offer many different ways to engage labor that encourages longevity. These are simply suggestions that could help you keep them part of the company and may benefit both employer and employee;
 - Offer actual ownership through shares or percentage-based profit sharing,
 - Involve them socially with group gatherings, family-based employee incentives like daycare or health plans,
 - Cross train everyone. Their desire for social learning and groups make this a great opportunity to minimize the impact of a sudden vacancy,
 - Give them the reins on social awareness issues like company recycling, energy savings, charitable events, and fund raisers that allow them to promote your company brand as well as themselves,
 - From the beginning, if they show interest, mentor them toward business ownership within your trade. Guide toward certifications and show them the business ropes. It will foster loyalty which may be valuable at your retirement or succession,
 - Show by example that you care about them regularly. They exhibit characteristics of the "little brother" so be prepared to treat them that way and they will appreciate it,
 - Offer significant longevity bonuses and communicate it often, celebrate it when achieved,
 - Minimize public criticism. Keep it private, but remain firm on penalizing and terminating. Sorry, this old school method still holds weight and is required to maintain the respect of and control of a work force,
 - Give internal training that promote teaming and allow promotion. This is perceived as giving value and is appreciated by employees,
 - Don't demand they improve, ask them to "hack" a better solution,
 - Even in construction and direct labor fields, try to offer work-life balance options like floating time off, personal time accrual, flexible schedules, 4-day work weeks, etc.,

- Move from e-mail, they don't use it. Communicate with modern tools, and
- They want meaning in work and life. The more you promote a meaning or core value, the more you will mean to them.

Conclusion;

If you are having a problem with labor, maybe it's time to let the new generations help shape your future. Rather than demanding they change to meet your expectation; change how you define your expectations so that they understand them and can apply their abilities. Knowing that they are now the largest workforce and will very soon be the largest customer, get ahead of the curve by adapting in their direction rather than making them adapt to your old school methods. As long as the customer is getting what they want and you are providing it profitably, everyone wins.

Now is the time to take action! Plan it. Do it. Succeed!



Remember, The Keys to Success are bonuses! Our professional consultations are not based on these keys alone. They may be related, but we use a separate structured approach to learning about your business and applying my team's wealth of knowledge and experience to customize your businesses path to success. Our intent is to transform your view and approach to business while giving you the advice, methods, tools, and guidance to start the transformation immediately. These Keys are additional elements that likely support your endeavor in one way or another. If you are a Breaking Barriers or Success Alliance member, feel free to download any that suit you. Please don't share with the world, remember, it's "our" system of transformation to get you on your path to sustainable success.

Please, share your success stories with us and let us know how any of the Keys to Success documents helped you make a positive change, identify a great opportunity, or make a big step toward success. That is why I do this!

Sincerely,

Charles Bailey

