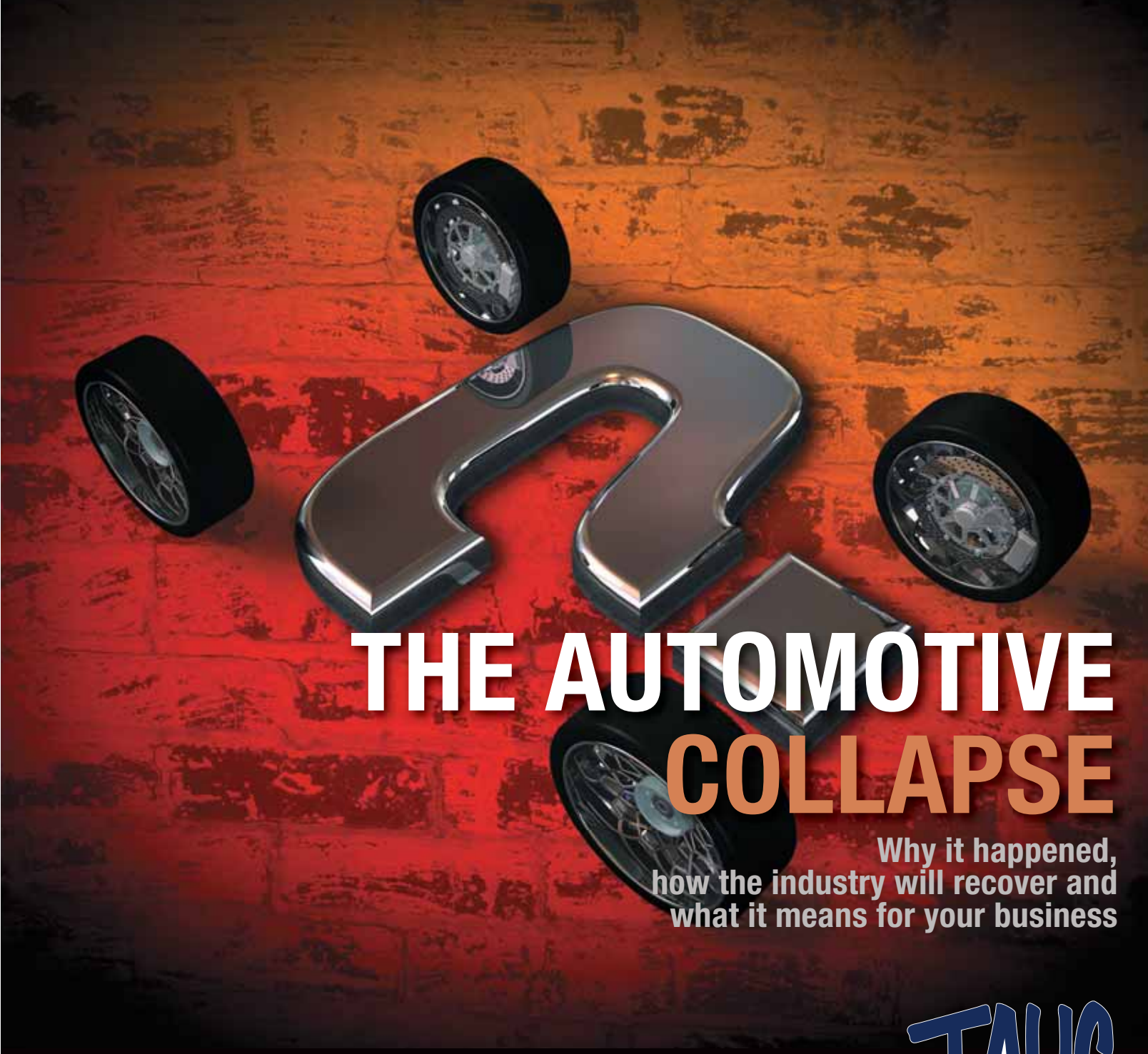
ENHANCING AND ADVANCING UNION CONSTRUCTION

THE CONSTRUCTION USER

A publication of The Association of Union Constructors | www.tauc.org | Spring 09



THE AUTOMOTIVE COLLAPSE

Why it happened, how the industry will recover and what it means for your business

INVESTMENT STRATEGIES FOR UNCERTAIN TIMES

YOU JUST AIN'T THAT GOOD

IS DOMESTIC INFRASTRUCTURE ENTERING THE NEXT GOLDEN AGE?

TAUC The Association of Union Constructors

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ABOUT TAUC

THE ASSOCIATION OF Union Constructors (TAUC) is the premiere national trade association representing the 21st Century union construction industry. TAUC consists of more than 2,500 union contractors, local union contractor associations and vendors in the industrial maintenance and construction field. We demonstrate union construction is the best option because it is safer and more productive, and it provides a higher-quality and cost-competitive product.

OUR MISSION

OUR MISSION IS to act as an advocate for union contractors, advancing the cause through an educated and action-driven membership. We aim to enhance labor-management cooperation, workplace safety and health and collaboration among construction users with the greater goal of making union contractors more competitive in the marketplace.

ADAPTATION IN THE 21ST CENTURY

THE ASSOCIATION OF Union Constructors evolved from the National Erectors Association, which was founded in 1969 by the leading union steel erectors in the construction industry. Over the years, membership grew to include all types of union contractors, and, consequently, the name and structure of the association was changed to The Association of Union Constructors in 2007. The new association reflects the changing face of the construction industry and more accurately reflects the growing diversity of TAUC members.

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Pockets of excellence can be found in union construction

by **ROBERT HOOVER,** TAUC President

GEORGE BUSH '41 had his points of light, and I have my pockets of excellence. During my tenure as TAUC president, I have written editorials that have been hypercritical of key players in our industry. Today, in my final editorial as your president, allow me to share with you a powerful pocket of excellence.

George Allen, the famous football coach, used to say that 11 men, working together, cannot be defeated. In that same vein, the combination of union, contractor and industrial business owner working together (a hallmark of TAUC) produces results that cannot be topped.

Nowhere is this practiced better than in the geographic region covered by the Boilermakers Local Union 154.

Every year, Local 154 Business Manager Ray Ventrone, along with Simakas Company President Lyle Fischer and FirstEnergy Corporation Contractor Services Consultant Larry Wargo, put on a tripartite conference that leaves one humbled, inspired and, dare I say it, proud of the union sector of the construction industry. I recently left one such conference that reinvigorated my passion for all of the good things associated with union construction.

First, one must start with Ray. It takes but a few short minutes to surmise that you are in the presence of a leader, in every sense of the word.

I have heard a countless number of colleagues say both in public and private that America's youth don't want to get dirty in the construction industry or that young people would rather type on a computer than build a power plant.

Ray Ventrone chuckles at such cynics.

Ray has amassed an apprentice and training program that takes young men and women, instills a passion for the Boilermaker trade, sets high the bar for performance and challenges them to meet the standard. And, they do. They flock to the 154 apprenticeship and training programs by the hundreds.

As I've said previously, leadership is indispensible to the success of any organization. Ray is a leader who has assembled a team of winners who inspire people to want to succeed in the tough world of a Boilermaker.

Another striking characteristic of this event is the participation by TAUC members and owners. More than 180 people attended this meeting, at least half of whom were TAUC members and owner representatives.

There was a time, as one of the meeting participants pointed out, in which contractors and owners may not necessarily have been welcome in the Local 154 office. But, that time has passed. Today, contractors and owners participate in wildly candid discussions about the challenges of construction in the 21st century, which may, at times, become heated. All three parties are passionate about their role. However, it is understood that, at the end of the day, all three parties will sit and break bread as friends and colleagues.

Finally, a plaque on the wall behind the podium reads, in part, "As iron sharpens iron, so man sharpens his fellow man." When I sit and hear the story of Boilermakers who found themselves trapped in the miserable downward spiral of addiction and were saved by Ray and his team at Local 154, I see the compassionate side of a business that is too often unforgiving.

Local 154's commitment to safety, supporting TAUC contractors and owners, and reliance on tripartite governance is a pocket of excellence in construction. I would love to see this type of pocket of excellence spread virally to other local unions across our country. It's a sure formula to increase work opportunities in the union sector of the construction industry.

I can't believe that my tenure as president of the largest multi-craft, all-union, employer association is coming to an end. I leave this office confident in knowing we have not yet seen the height to which we will certainly rise, and take solace in the fact that union contractors have the resource in TAUC that we need to reassert our rightful dominance in the market place.

After all, we ARE the voice of union construction! ■

The automotive collapse

Why it happened, how the industry will recover and what it means for your business

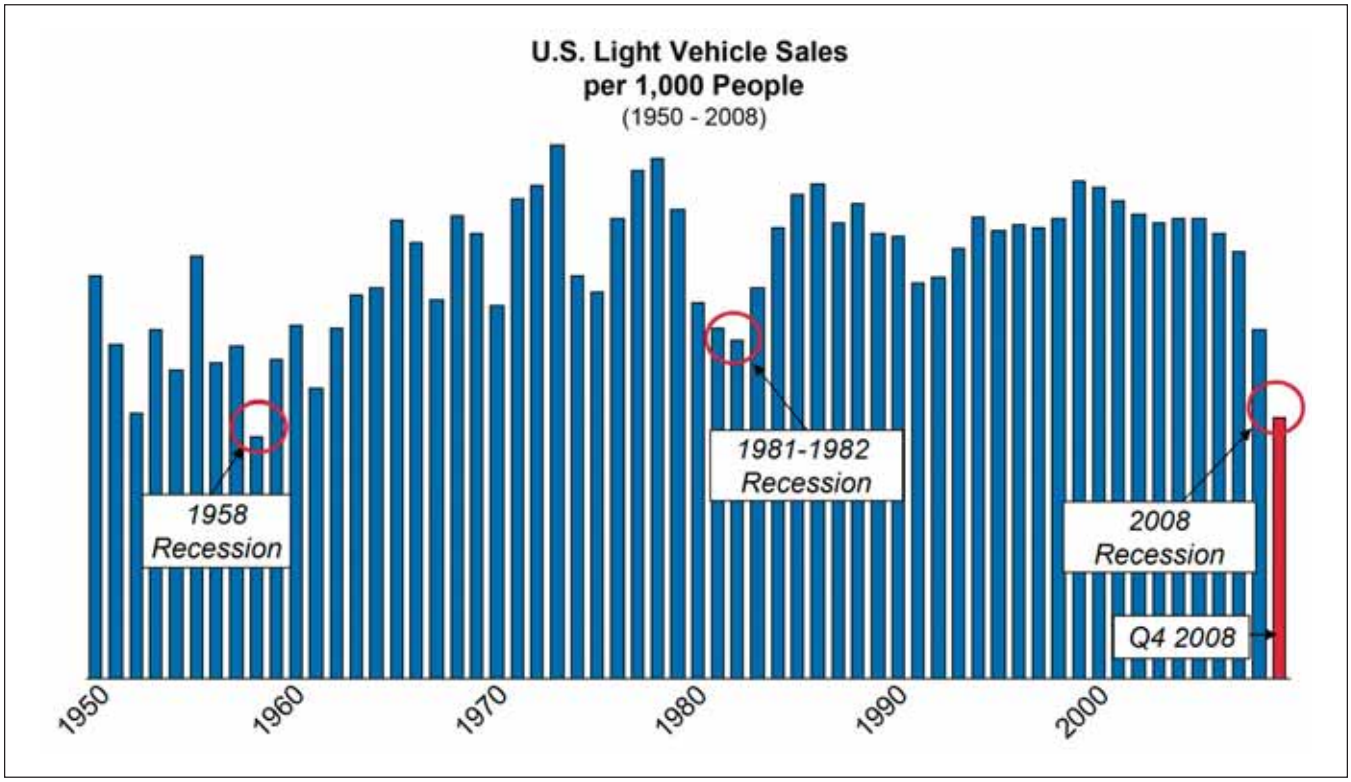
by MICHAEL BECK and BRIAN COLLIE
Special Contributors

WE ALL KNOW the automotive market has collapsed in recent months. Per-capita personal vehicle sales have dropped to a level not seen in half a century, General Motors and Chrysler have had to turn to the federal government to avoid immediate bankruptcy, and even Toyota expects an operating loss in its next fiscal year – its first since 1938. How did we get here, how will we get out and what does it mean for your business?

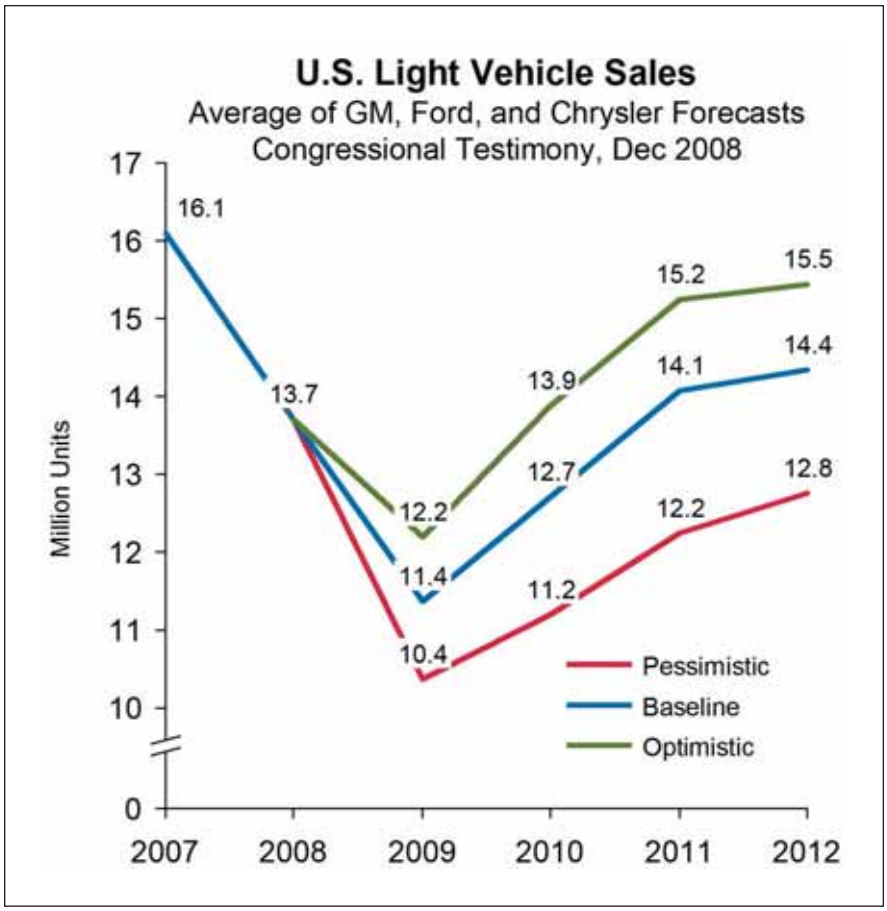
HOW WE GOT HERE

The automotive business has two characteristics that make its financials volatile: 1) demand is cyclical, and, 2) it is a business with relatively high fixed costs, especially for Detroit's Big Three. It is also a business in which most profits are made in certain product segments (for example, large trucks and SUVs in the late 1990s and early years of this decade) and by certain manufacturers (for example, Toyota and Honda, which have significant pricing and cost advantages over the Big Three).

So, what happened to bring on the current crisis? First, the large profits available to the Big Three from large trucks and SUVs evaporated; slowly at first, as companies such as Toyota and Nissan entered these segments, and, then, rapidly this past summer as fuel prices rose to more than $4.50 per gallon



SURVIVING THE CYCLE *— The vehicle selling rate in the last quarter of 2008 plunged nearly 40 percent from the 2007 rate, driving per-capita sales in the quarter to the lowest level since 1958.*



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ROAD TO RECOVERY
The Big Three will need to make substantial progress on revenue and cost factors, even when sales do recover. The average expectation of the GM, Chrysler and Ford Congressional submissions is for volumes in 2012 to still be more than 10 percent below 2007 levels.

and volumes in this segment tumbled. Despite overall market volumes remaining relatively strong, the shift in mix to smaller, car-based vehicles with lower profit margins pushed the Big Three to significant losses.

Then, the recession hit with startling speed. The financial crisis diminished auto sales both directly, as captive finance companies and banks cut back sharply on loans and leases, especially to those with imperfect credit, and indirectly, as sharply reduced consumer confidence made potential buyers rethink their purchases. The vehicle selling rate in the last quarter of 2008 plunged nearly 40 percent from the 2007 rate, driving per-capita sales in the quarter to the lowest level since 1958. Though fuel prices also plunged, driving a relatively slight uptick in truck and SUV sales, this was not nearly enough to offset the damage.

The Big Three, especially vulnerable because of fixed contractual obligations to retired and current workers, have been burning through cash at an extremely high rate. As a result of aggressively mortgaging most of its assets in 2006, Ford did not need immediate government funds, but GM and Chrysler did. In return for these funds, the Big Three committed to restructure their businesses to make them viable in a much smaller market and to move further toward critical goals such as fuel efficiency and energy independence.

WHAT IS LIKELY TO HAPPEN

The first question is how quickly the vehicle selling rate will recover. The best guess of experienced forecasters is that sales will rise slowly from current depressed levels, and the average expectation of the GM, Chrysler and Ford Congressional submissions is for volumes in 2012 to still be more than 10 percent below 2007 levels. Fortunately, we are already seeing slight signs of life in the market as some captive finance companies have recently tapped government funds and have begun to make consumer credit more accessible.

Even when sales do recover, however, the automotive industry will look far different from the way it looked at the start of the economic crisis. GM, Ford and Chrysler will need to make substantial progress on revenue and cost factors at these expected sales volumes just to survive. All three will have to address their revenue disadvantage, which stems, in part, from a larger gap in perceived quality versus Japanese competition than exists in reality, and, in part, from product line-ups that include a number of unexciting vehicles. Progress is being made on both of these issues, but more is needed.

The Big Three will also have to make substantial progress on achieving cost parity with advantaged original equipment manufacturers (OEMs), such as Toyota and Honda. This includes both achieving more-competitive labor cost factors by accelerating aspects of the 2010 UAW contract, and shrinking the companies' brand, product development and overhead structures to fit their expected future size.

Most likely, this will require significant structural change in the industry. Prior to the alliance with Fiat, there was

a real possibility that Chrysler would cease to be an independent automaker, with valuable parts of the business – such as the parts operation, minivans and portions of Jeep and Dodge Truck – absorbed into GM or another automaker and the rest shut down. Even now, their future is far from certain.

Market share is likely to continue to shift away from the Big Three as automakers from Korea, China and elsewhere gain. The geographic center of vehicle production and vehicle engineering will continue to shift away from Michigan, toward the South. In the face of continued unpredictable shifts in demand, we will see increased movement toward more flexible assembly capacity.

WHAT THIS MEANS FOR YOUR BUSINESS

For many of you, the impact of the automotive crisis has already hit close to home, as the dramatic decline in volume has caused a significant reduction in demand for ongoing plant maintenance and tooling/re-tooling. Furthermore, automotive OEMs and tier-one suppliers are closely scrutinizing planned capital expenditures, postponing many large infrastructure investments or canceling them outright.

Just as the automotive OEMs and tier-one suppliers must take strong, decisive action to emerge standing, so must you.

First, do not misunderstand the recent automotive upheaval as a temporary bump in the road. Major structural changes are coming, and you need to be ready. In particular, if you are focused on supporting the Big Three in Michigan and nearby states, do not think your automotive business will come back any time soon, and expect significantly lower long-term demand than may have existed in past decades. Reassess your portfolio and consider diversifying a portion of your service mix away from the Big Three, and into non-automotive, where possible.

Do not misunderstand the recent automotive upheaval as a temporary bump in the road. Major structural changes are coming, and you need to be ready.

Second, take quick and decisive action to weather the storm. Reduce overhead cost, manage working capital closely, conserve cash and re-evaluate all planned investments in light of expected difficult short-term market conditions. Work to make your costs more competitive, especially against non-union competitors, and differentiate where you can add value that competitors cannot. And, evaluate all projects against profitability and cash-generation metrics, walking away from potential projects that do not meet your hurdles.

Third, position yourself to serve an automotive industry that will eventually recover, even if it comes back in a different form. Prepare to support automakers other than the Big Three, and outside of the industrial Midwest. Prepare for projects that will help position your automotive clients to be successful in a more uncertain market, with greater, but still cost-effective, flexibility and adaptability.

Carefully think through what is your right to win in this new world. Avoid settling for just being able to compete, and create an advantaged position that is sustainable over the long-term.

These are uniquely challenging times. However, the recent collapse in the automotive industry is not permanent. The industry will come back, although it will be in a form different from what we have previously known. The time to take decisive action to adapt to short-term realities and prepare for the future is now. In doing so, you just might emerge from this crisis even stronger than before. ■

Booz & Company is a leading global management consulting firm, helping the world's top businesses, governments and other institutions create and deliver essential advantages. Based in Chicago, Michael Beck and Brian Collie are both senior members of the firm's automotive and industrial practice, working directly with both manufacturers and suppliers in the areas of corporate strategy and business unit transformation.

FEATURE

Investment strategies for uncertain times

Are you getting paid for your trouble?

by JORDAN WALLENS
Special Contributor

THE EXTRAORDINARY RECENT stock market volatility has been unsettling to say the least. No asset class on earth has been spared the carnage, and no demographic has dodged the turmoil. The fabled #1 and #2 fundamental edicts of investing – Diversify, Buy & Hold – have hardly helped. Worse, the specter of an economic nuclear winter has everyone everywhere at every level filled with dread.

While, as a small business owner, there is only so much you can do to avert 'The Great Recession,' the good news ahead is that, as an individual investor, there are several things you can do to take advantage of adverse circumstances.

Unfortunately, one of the few rules that *has* held up is what we call 'the arithmetic of loss.' Put simply, markets fall faster than they rise. When an investment loses 50 percent, what does one have to earn in order to be whole again? The answer is not 50 percent. The answer is 100 percent – or double your account – to get back to where you started. The blasted compound effect works both ways! This is sobering news to investors.

But, what if instead of just taking it on the chin, you took action? You could be richly and directly rewarded.

Earning a double in your account value would likely take several years, and that's under more promising forecasts than the set currently facing the Global Economy. But, if you were to *add* 25 percent *more* to your investment at that low point (when you're already down 50 percent), miraculously, you'd need only to earn a *33* percent return to be made whole again.

The 'dig in heals' discipline obviously requires available sideline capital, but, as a business owner, you are no stranger to vision and audacity. The gamble might just shorten your recovery time to a solid year or two; remember, in the nine months coming out of the 2000-02 bear market, the S&P 500 Index returned a robust 55 percent.

Among the most difficult aspects of the capital markets' year-long disaster has been the breakneck pace at which seemingly permanent financial institutions came tumbling down. Think

of the cornerstones of American and global finance that have either had to be rescued, died at the gallows or had sacred-cow status seriously threatened; think Merrill Lynch, AIG, Fannie, Freddie and WaMu.

Even the sacred money market was in danger of a cataclysmic 'break of the buck.' At the same time home values have been rumored to be down as much as 20-40 percent, investors have witnessed losses of 25 percent in municipal bonds and other ultra-conservative all-weather strategies. It's been a macabre succession of unprecedented events.

However, as the proverb goes, "crisis yields opportunity." With so many benchmark fundamentals apparently taking the cycle off, investors are adjusting their tactics and strategies to get ahead. You can too.

One popular approach involves buying more individual stocks and ETFs than broadly diversified mutual funds. There's a feeling that individual and concentrated issues are likelier to see meaningful immediate upside opportunities in price, where mutual funds' adherence to diversification inherently prohibits such 'pops.'

This more targeted approach is appealing for a couple of reasons. If a company traded at $40 per share a year ago, and trades at $5 a share today, therein lay two intriguing realities. One, even if the stock were to go to *zero*, your downside risk is limited to a relatively stomachable $5 per share. Two, assuming that company *does* manage to survive what appears to you to be an over-sold situation, a modest recovery back to a mere $10 or $15 per share isn't at all implausible. At today's volatility levels, that could take just one good week!

With downside risk drastically reduced, and the law of small numbers providing natural upside leverage, the opposite of diversification might give those investors playing catch-up a better shot at recovering a bit sooner from the lost market of 2008.

When all else fails, look back to your future. In retrospect of past corrections and panics, what action have you quietly wished *you'd* made to take advantage of the opportunity? This is currently your best chance in generations.

I recently spoke with an esteemed investment industry colleague who can always be counted on to dispense sage wisdom and unswerving faith. I asked him what he is telling clients through these uncertain times.

The sage investor replied, "Each client has their own unique set of circumstances, yet, right now, I'm telling every last one of them the... exact.. same... thing."

My interest piqued, the gentleman continued, "We're all in this together. The question is, are you getting paid for your trouble?" ■

Jordan Wallens is vice president of retirement income at Lincoln Financial, based out of Los Angeles. He is a 15-year investment industry veteran, including 10 years with the prestigious Capital Group. Wallens holds the Series 6, 24 and 63, as well as California Life & Health licenses.

FEATURE

Turning America's economic crisis into the next golden age for domestic infrastructure

by **ROBERT KUTTNER**
Special Contributor

A CRISIS IS an opportunity. The current financial crisis offers America an opportunity to rebuild traditional infrastructure that has been left to decay – such as roads, bridges and public buildings – and develop 21st century infrastructure such as smart-grid electrical systems, intelligent highways, modernized port facilities, better mass transit and universal broadband.

It's sad to say that in the absence of the economic crisis we might never have spent adequately on infrastructure. Concern about the federal deficit and a general hostility to public outlay have been constraints for nearly three decades.

Now, however, the economic crisis makes large-scale public investment imperative. If government doesn't make up for collapsing private demand and a weakened financial system, the recession will turn into a depression.

With the economy in a dire condition, the main danger is that we will think too small. The Obama Administration's $787 billion package sounds like a huge sum, but it is only about 2.5 percent of gross domestic product (GDP) each year. The economy is likely to decline at something like four percent per year for the next few quarters. It's better to think too big than too small.

Four Infrastructure Benefits

- The first is macro-economic. Unlike tax cuts, which may be used to pay down debt or to buy imported products, every penny of government outlay on infrastructure is spent at home and has multiplier effects.
- Secondly, infrastructure spending creates mostly middle class domestic jobs.
- Third, it increases the economy's productivity.
- And, finally, infrastructure outlay helps create a market for mostly domestic supplier industries.

The other risk is that we view the stimulus as a one-shot. The increase in annual public outlay on infrastructure needs to be permanent. The American Society of Civil Engineers estimates a backlog of $1.6 trillion in basic deferred maintenance, and that doesn't count the need to invest in innovative new systems using advanced technology. We should never allow that backlog to accumulate again.

You hear two arguments from nay-sayers. One is that with the deficit and the national debt as large as it is, we just can't afford public spending on this scale. The other is that infrastructure spending takes time to gear up, and we need a stimulus right now. Both arguments are wrong.

The public debt is currently about 40 percent of GDP. After World War II, public debt was more than 110 percent of GDP. Yet, in the 25 years after 1945, this heavily indebted nation went on to enjoy an unprecedented economic boom, and the debt ratio gradually came down to a post-war low of under 25 percent in the 1970s, thanks to that growth.

How could that happen? The deficit-financed spending during the war recapitalized American industry, invested massively in science and technology, and trained and put back to work a generation of American workers. And, all of this was just a side-effect of war spending. Imagine how much more productivity we could get if all of today's public investment went to domestic uses.

Two years of large deficits might push the debt ratio to 65 or even 70 percent of GDP, well below the war-time peak. And, just as in the 1950s and 1960s, the debt ratio will come back down once the economy is in recovery. Higher temporary deficits versus a second Great Depression? That's not even a close question.

You also hear that infrastructure programs take too long. In fact, state and local governments will face over $200 billion of budget shortfalls in the next 18 months. State transportation departments have had to defer ready-to-go projects because capital markets have dried up and they can't get financing. Outlays on public school repair and reconstruction could be shovel-ready by next summer.

The federal government could easily spend several hundred billion dollars to prevent cuts in ongoing programs; a first and second phase of infrastructure planning began gearing up for late 2009 and 2010. Drive around our country and you will see thousands of public buildings, parks, highways and bridges that were the fruits of Franklin Roosevelt's Works Progress Administration. Most of them were up and running within a year or two of Roosevelt's inauguration.

Can we use this crisis to have a new golden age of public investment in badly needed infrastructure?

Yes we can. ■

Robert Kuttner is co-editor of "The American Prospect" and author of the best-selling book, "Obama's Challenge: America's Economic Crisis and the Power of a Transformative Presidency." Kuttner is a scheduled keynote speaker at TAUC Leadership Conference 2009.

FEATURE

You just ain't that good

Tough markets can provoke important self-examination

by **MARK BRESLIN**
Special Contributor

I JUST "AIN'T that good" as a leader and manager. The difference between me and most leaders in this business is that I know it. Not only do I know it, but I know exactly what "I'm not," and I'm working on fixing it. All the time. For more than 15 years. Because, this is what I owe my employees and the members. Because, this is what it takes to survive in brutally competitive markets.

How did I figure this out? A couple of decades of facing down my personal leadership challenges. Eight years of all my staffers giving me annual anonymous 360-degree performance evaluations. And, me posting those results on my door for everyone to see. Tons of hard questions I've asked my mentors and harder answers I received.

Like a lot of you reading this, I used to think that I must be good because I was in charge. I easily put my own opinion of myself before the opinions of those that followed me. I substituted drive and determination for effective leadership, strategy and maturity. I evaluated my leadership solely on business results, instead of including people results. I could have rationalized any and all of it. But, I'd be no further ahead now than I was many years ago.

Leaders are funny in that way. Most top guys I know are focused on improving everything and everyone around them – except themselves. They stride the world confidently and arrogantly, mostly blind to their own upside. Power, authority, status or wealth substitute for a clear-eyed view of their own deficiencies. Most guys spend more time playing golf each year than improving themselves. As a result, they could be better. A lot better. And, so could their business results.

I recall a discussion I had with a contractor client some 15 years ago that sums this up. This guy was doing maybe $25 million a year and making a very good living. But, he and his senior managers just weren't that good. It showed in his organization. And I told him so. The exact words I used were, "You run your company for s###."

After he calmed down, we had a very detailed conversation, where I made my

Self-knowledge checklist

- What are my main motivations; good and bad?
- What are my strengths and weaknesses in dealing with people?
- What is my fatal flaw and how does it affect people around me?
- What level of intuition do I bring to motivating others?
- What is my blind spot (that everyone else sees)?
- Can I take brutally honest feedback in service of my advancement?
- Am I secure enough in myself to lead well?
- How do I behave under extreme stress?
- What am I going to do with this information, and what resources or strategies am I going to use to improve my personal and organizational performance?

Who better to tell you the truth than yourself? If you do it for yourself, you do it for your business.

case. I not only convinced him, but provoked him into a very intense personal and organizational development effort. He was honest enough and secure enough to take that "tough love," knowing I was not being judgmental, just wanting him to be more successful. Ten years later, I was awful proud of him when they hit a highly profitable $140 million with an admirable business model and excellent leadership team. And, he doesn't need to be there for the organization to succeed anymore.

What's the point? Without brutal personal and organizational self-evaluation, you are unlikely to reach your leadership potential, and, thus, your organization will underperform. How many contractors, unions and agencies do not engage in the necessary soul-searching to improve performance?

Self-knowledge and management is the foundation to successful long-term leadership capability. Learning the external tips and tactics to manage others is fine. Getting your MBA is a plus. Officially becoming the foreman is terrific. But, ultimately, those are external enhancements to leadership capability right now. You have to look at leadership development as a long-term personal evolution, rather than a one-time event, promotion or entitlement.

> Most top guys I know are focused on improving everything and everyone around them – except themselves.

I have seen many leaders fall short of their potential because they would not or could not be honest with themselves. They make enough money. They are tired. They don't need it. They've heard it all before; been there and done that. They've paid their dues. They're just too busy. Too much ego on the line. Or, just as likely, they were simply unwilling to dig into the challenge of self-development.

That is understandable. We often find things we don't like about ourselves or our performance when we do it, which is precisely why we must do it. The polite term is self-deception. The true description is bulls##ting yourself.

Tough markets usually provide the shock to the system necessary to re-evaluate people, procedures, markets and strategies. The same should apply to you and your leadership team. No matter what else you do, your organization will not reach its profitability or growth potential until you put the money and effort into leadership development.

Make leadership development a priority for 2009. In this market, what got you here won't get you to where you want to be. Take it from one who knows.

You just ain't that good.

Yet. ■

Mark Breslin is a strategist and author specializing in labor-management challenges. He is the author of Survival of the Fittest, Organize or Die *and* Million Dollar Blue Collar.

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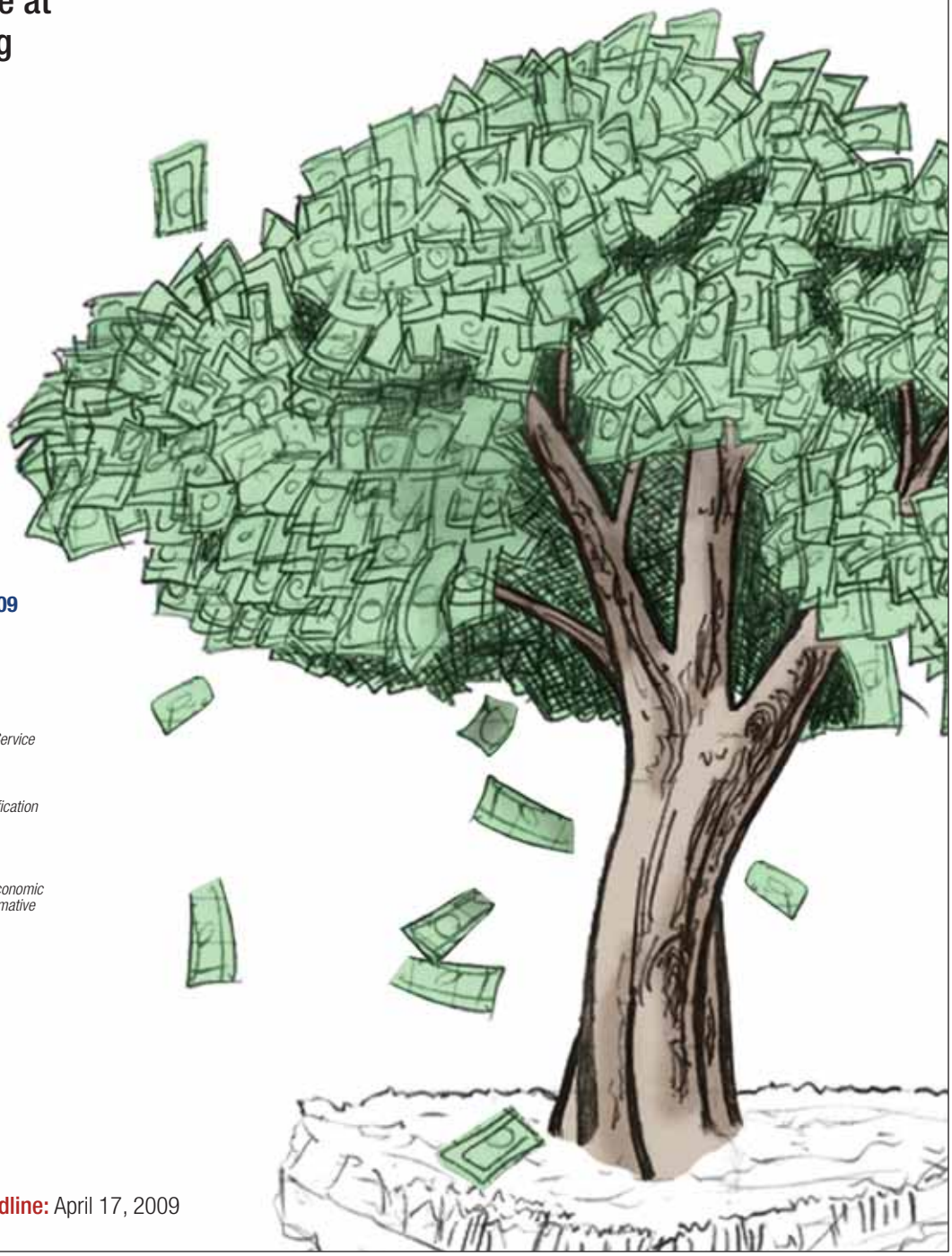

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"Obama's Challenge: America's Economic Crisis and the Power of a Transformative Presidency"

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Final registration deadline: April 17, 2009

Can a healthy mouth save more than a smile?

by MAXINE FEINBERG, DDS
Special Contributor

STATISTICS INDICATE MODERN Americans are living longer than earlier generations, and should be able to maintain a healthy smile throughout their lifetimes. Today, however, "gum disease" has become the No. 1 cause of tooth loss in the world. In the United States, more than 80 percent of the population over age 65 has some form of gum disease.

While there are hundreds of types of bacteria that reside in the mouth, only some of them seem to have a harmful effect on oral health. These bacteria cause the body to respond with an inflammatory reaction that causes ulcers to form in the gum tissue, which, if not treated, results in the loss of surrounding bone and gum tissue. This disease has been known for generations to cause tooth loss.

Today, we have a growing body of scientific evidence that indicates tooth loss may not be the only negative effect this infection has on our bodies.

For instance, the presence of periodontal disease was an excellent indicator of mortality in diabetics, and those with severe periodontitis had more than three times the risk of cardiorenal mortality. Researchers are still evaluating the effects of untreated periodontal disease on pre-diabetic patients, and, specifically, the development of Type 2 diabetes. In any event, dentists should become an integral member of the diabetic patient's health care team.

Also, there is a growing body of scientific evidence linking heart disease and arteriosclerosis to periodontitis. In a survey of 10,000 people, researchers found that individuals with periodontal disease were more likely to have cardiovascular disease than those who were healthy. Scientists are working to determine the denominator, and much more research must be done to establish a solid link between the diseases.

A multi-pronged approach should be taken to address the health issues that are potentially systemically-linked to oral health. There is a lot of room for health insurance companies to improve coverage of periodontal treatments. Additionally, general dentists should be encouraged to refer patients with multiple risk factors and complex cases of periodontitis to a specialist. And, finally, patients should make regular visits to their dentists. ■

Dr. Maxine Feinberg practices periodontics in Cranford, New Jersey. She is trustee-elect for the 4th District on the board of the American Dental Association.

TAUC celebrates memory of James J. Willis, Sr.

THE ASSOCIATION OF Union Constructors has announced it will memorialize industry leader James J. Willis, Sr., by renaming its annual construction innovation award.

James J. Willis, Sr., was a dear friend and supporter of The Association of Union Constructors and an authentic leader within the construction industry for more than five decades. Prior to his retirement as first vice president of the International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers, Willis was president of the National Maintenance Agreements Policy Committee, Inc. and co-chairman of the NMAPC Labor-Management Committee.

This association's construction innovation award was established in 1989, as the Craftsman of the Year Award. Upon learning of the loss of one of the industry's giants in December 2008, the TAUC Board of Directors unanimously approved a plan to rename the award. The James J. Willis Craftperson of the Year Award will be awarded to honorees who have demonstrated outstanding labor-management cooperation and quality craftsmanship in the construction industry.

TAUC co-sponsors CQC legislative conference

THE ASSOCIATION OF Union Constructors is proud to co-sponsor the Campaign for Quality Construction National Issues Conference, which is scheduled to be held at the Renaissance Hotel in Washington, D.C., May 11-13, 2009.

This year's conference will focus on:

- Worker misclassification in construction
- 3% withholding tax
- Green building and workforce development training
- Procurement reforms
- Labor and employment issues
- Federal-sector green building programs

The new Congressional leadership is eager to receive the input of union signatory employers on construction industry issues. We need you to deliver our industry's message to Washington policymakers regarding labor, employment, fiscal, market and procurement issues.

This conference will feature insightful guest speakers, Washington "insider" information and face-to-face meetings with Congressional members and their staff. Also, a special session on labor-management issues, with a focus on what we can accomplish together, is planned.

The Campaign for Quality Construction is the single, united voice for union signatory construction firms on federal policy issues. The alliance consists of five union contractor associations: the Finishing Contractors Association, the International Council of Employers of Bricklayers and Allied Craftworkers, the Mechanical Contractors Association of America, the Sheet Metal and Air Conditioning Contractors National Association and The Association of Union Constructors.

If you would like to attend the conference, call 703-524-3336 ext. 112.

Are you a leader?

STAND OUT IN THE CROWD.

Secure a TAUC Leadership Conference 2009 sponsorship today!

To reserve sponsorship placement, please contact Mike Dorsey, manager of membership, at mdorsey@tauc.org or 703-524-3336 ext. 122.

Creasap named director of safety and health

THE ASSOCIATION OF Union Constructors welcomed Wayne Creasap as its new director of safety and health effective Dec. 8.

"We're pleased to introduce Wayne Creasap, a well-established member of the construction community, as our new director of safety and health," TAUC Chief Executive Officer Stephen R. Lindauer said. "Wayne's depth and breadth of knowledge in the safety field will ensure our members remain leaders in jobsite safety, the hallmark of union contractors."

Creasap comes to the association after 13 years with the Construction Employers' Association, where he most recently served as their director of safety and education. He currently holds safety certifications by OSHA, the U.S. Department of Energy and the U.S. Department of Transportation.

During his productive career, Creasap has been an OSHA outreach trainer for hundreds of safety and health classes, has worked as a liaison between OSHA and the Northeastern Ohio construction community and has helped develop numerous local safety initiatives. Creasap is a past recipient of the All-Ohio ASSE Safety Professional of the Year award.

Creasap is past president of the McKinley Chapter of the American Society of Safety Engineers (ASSE), past president of the All-Ohio ASSE, past president of the Society of Ohio Safety Engineers and is currently the treasurer of the Veterans of Safety International.

He maintains professional memberships with the American Society of Safety Engineers, National Safety Council, Veterans of Safety International and Society of Ohio Safety Engineers.

Creasap holds a bachelor of science degree, with dual majors in biology and environmental and hazardous materials management, from the University of Findlay.

W.O.R.K. tool poised to be 'yellow pages' for industrial business owners

MORE THAN 800 union contractors, located in 44 states and one Canadian province, have responded to the call to complete their W.O.R.K. profiles.

The W.O.R.K. tool will help industrial business owners locate qualified union contractors for construction, maintenance and repair work across the United States and Canada. The database includes a search function that will allow them to narrow the list of contractors by specific demographics, such a location or safety certifications.

If you would like to help industrial business owners find you for more work, please visit www.TAUC.org/WORK/ and complete your profile.

Hood named director of industrial relations

THE ASSOCIATION OF Union Constructors welcomed Jason Hood as its new director of industrial relations effective Feb. 16.

"I have the privilege of welcoming Jason Hood to our organization," Stephen R. Lindauer, chief executive officer, said. "Jason's employee relations experience and impressive advanced education will serve as a great asset to our union contractors."

Hood has extensive employee relations experience in large, domestic and multinational companies such as Halliburton Energy Services, Wal-mart Stores and Tyson Foods.

He maintains professional memberships with the National Association of African-Americans in Human Resources, National Black MBA Association and Society for Human Resources Management.

In addition to his bachelor of arts degree in English from Wabash College, Hood also holds a juris doctor (professional doctorate in law) from the University of Illinois at Urbana-Champaign and a master of business administration from the Millikin University Tabor School of Business.

PEOPLE

BILL WAUGH JOINED G.M. McCrossin, Inc., in June 2008 as an assistant project manager. G.M. McCrossin is a general, mechanical and electrical contractor with more than 50 years experience based out of Bellefonte, Pennsylvania. G.M. McCrossin is a TAUC regular member.

Contractors: *The Construction User* is waiting to hear from you!

Union contractors (and contractor employees): Have you been promoted? Did you join a new company? Are you retiring? Let us know. *The Construction User* would like to share the good news with thousands of individuals, nation-wide, in your industry.

Please contact Lisa Tanger, executive editor, via e-mail at ltanger@tauc.org or telephone at 703.524.3336 x124. At a minimum, please tell us:

- Your first and last name (as you would like it published)
- Your former company or educational institution (if applicable)
- Your current company
- Your former title
- Your new title
- Date of the change

TAUC congratulates new labor secretary

THE ASSOCIATION OF Union Constructors looks forward to working with newly appointed Secretary of Labor Hilda Solis.

Rep. Hilda Solis, a democrat from California, was confirmed by the U.S. Senate on Feb. 24, one month after she was nominated to the post by President Obama. Her close relationship with organized labor was seen as a potentially contentious issue by Senate Republicans, but she was eventually confirmed by an 80-17 Senate vote.

"Our union contractors look forward to partnering with Secretary Solis to develop informed labor relations policy," Stephen R. Lindauer, chief executive officer, said. "The Association of Union Constructors is willing to assist, in any way possible, the secretary in improving working conditions, advancing opportunities for profitable employment and protecting retirement and health care benefits in the construction industry."

Ironworkers adapt to entice new apprentices into system

THE IRONWORKERS, THE Ironworker Management Progressive Action Cooperative Trust (IMPACT) and the National Training Fund report that they are exploring new approaches to recruiting, training and communicating with new apprentices.

Some of the strategies include:

- Providing an online application system;
- Implementing "block" training, where apprentices come in for training for a full week, four times a year;
- Using a correspondence model of distance learning, where the apprentice would only report to a local union training center for testing and hands-on training;
- Allowing apprentices and probationary members to slot into a program (after a skill assessment) at different entry times throughout the year;

"Today's apprentices are very different than the apprentices from previous generations. Today's apprentices grew up in an environment full of technology, and live and communicate differently than those who entered unions in the past," Ironworker General President Joseph Hunt told *The Construction User* in February. "We are confident that these approaches will improve our ability to prepare members to meet the needs of our employers."

Booker to serve as next NMAPC president

THE NATIONAL MAINTENANCE Agreements Policy Committee, Inc. is pleased to announce Brent Booker, director of the Construction Department at the Laborers' International Union of North America, was unanimously elected NMAPC Labor Section chairman on Jan. 7. With this election, Booker succeeds Robert Krul as NMAPC president and Labor-Management co-chairman effective immediately.

"It is an honor to have been selected by my colleagues to follow in the footsteps of Past President Krul," Booker said. "I look forward to building on the NMAPC legacy of visionary leadership in the union construction industry."

NMAPC Chief Executive Officer and Impartial Secretary Stephen R. Lindauer thanked Krul for his service. "Bob has been a dedicated representative of his union brothers and sisters, and a supportive partner of union contractors, in his work as the NMAPC president and co-chair," Lindauer said. "He has been an exceptional model of cooperation, and has paved the way for a brighter future for union construction."

James Hadel succeeds Krul as the Labor Section representative to the NMAPC for the United Union of Roofers, Waterproofers and Allied Workers.

Haggerty appointed to NMAPC Board of Directors

THE NATIONAL MAINTENANCE Agreements Policy Committee, Inc. is pleased to announce David Haggerty, director of national agreements for the International Brotherhood of Boilermakers, has been appointed to the NMAPC Board of Directors effective Feb. 4.

Economic turmoil creates new rules for doing business

by STEVEN J. FELLMAN
Special Contributor

THE ECONOMIC TURMOIL that has swept over the United States and our global trading partners during the past several months has changed the way all contractors must do business. Most contractors' business plans have been based on certain pillars of understanding that have now crumbled.

First, we assumed the banks we dealt with were solid. Second, we assumed the insurance companies that provided us protection were solid. Third, we assumed the major industrial business owners that we dealt with, such as the automobile manufacturers, were solid. Fourth, we assumed the government policy of deregulating business would continue. None of these assumptions have been correct.

As a contractor, you need to change the way you do business in recognition that your risks of successfully completing a job and not getting paid have increased significantly. At a minimum, we suggest the following steps:

1 **Talk to your banks**. Re-establish your banking relationships and try to get an understanding of the extent to which the banks will make financing available to your company. Recognize that you can no longer rely on one or even two banks. You must establish banking relationships with several banks. Make sure you look not only at the large national banks, but also at some of the regional banks that may actually be in a stronger financial position and more willing to loan. Make sure your bank understands your business and is willing to provide the financing you need on the types of projects you typically work on.

2 **Look at your insurance companies**. Make sure the insurance carriers you deal with are still committed to providing the types of coverage that you need to conduct business. Again, you cannot rely on one source of insurance. Establish relationships with at least two major carriers. If you only have a relationship with one carrier and that carrier stops writing new coverage, your ability to compete will suffer.

3 **Take a close look at the owners and general contractors with whom you are working**. The basic question is simple: What type of guarantee do you have for payment? Are any lien rights you have adequate to ensure you get paid for work you do? Is the owner in danger of going under? If so, can you establish a position as a preferred creditor? Is there any sort of a payment guarantee? If you don't get paid, what are your obligations to any subcontractors you have working for you?

4 **Recognize that you are going to have to comply with new tougher government regulations**. Under the Obama Administration, we can expect a tougher Environmental Protection Agency and tougher Occupational Safety and Health Administration. Job safety will be a major issue. Hazardous materials in the workplace will be subject to increased scrutiny. Pension reform will be coming down the pike as many multi-employer pension funds hit by major stock market losses find they are unable to meet their commitments. As increased government regulations come down the pike, your cost of doing business will increase.

You will need to think long-term.

GM determined there was a great opportunity to market the "Hummer" when the U.S. economy was solid and gasoline prices were reasonable; a short-term strategy. Toyota, by contrast, developed the Prius; a long-term strategy.

Union contractors must recognize that the "Hummer" mentality will lead to economic failure. Innovative thinking based on a long-term, realistic strategy is necessary. Those who adopt the "Prius" mentality will be those who move forward in the future. ■

Steve Fellman is president of Galland, Kharasch, Greenberg, Fellman & Swirsky in Washington, D.C. He is also general counsel to The Association of Union Constructors.

Remove 'this will just take a minute' from your vocabulary

by **WILLIAM E. HERING**
Member Contributor

AS ELIZABETH TAYLOR once said to her fourth husband, "Don't worry, I won't keep you very long!"

Time is a funny thing. When we are busy, we never have enough and it just seems to roar by. When we are sad and in pain, it seems to last much longer than it should. We are forever trying to save some time.

Save a minute here and a minute there, and you can get more done and earn more money. Yet, it is this very attitude that kills too many construction workers every single year.

We all work to our own convenience. If it will take five minutes to walk to the truck to retrieve the proper ladder, but the job "will just take a minute," we weigh the risk against the walk and decide to stand on a bucket or on an up-turned cinder block. And, most of the time we beat the odds. In fact, more often than not, we do not get hurt and we save a minute. Nevertheless, each time could be "that" time. The time we over-reach, the time we slip and fall, the time the wrong tool slips; all because we got into the habit of "saving a minute."

In the field of safety and health, it is our duty to drill down into the "grim arithematic" of injury and death. Too often, we hear from the damaged employees who survived, "If I could have that minute over again, I would do it correctly." Men and women who have killed others wish for the rest of their lives to get that moment back.

Construction sites are controlled chaos, with everyone depending upon each trade to do their job correctly and without cutting a corner. Did you personally inspect the last scaffold you stood on? Probably not. If that scaffold was there for months, did someone cut a tie in because it was in the way, and forget to put it back? After all, it would "just take a minute."

Each of us has heard "complacency kills," and we think we know what it means; if you are careless, you can get hurt, so be careful. But, that is something that cannot be put into action.

Here is a suggestion that can be put into action. Every time for the rest of this month, when you have the thought "I need to go get that correct tool or ladder or piece of safety equipment," make yourself do it! Make it a habit.

Start a "complacency jar." Every time you save a minute by cutting a safety corner, put $10 in a jar. Because you're gonna need it when you're laid up and can't work because of some stupid act you did to save time.

"This will just take a minute" is the deadliest phrase in all of construction. When you hear it or think it, an alarm should go off. That is just the time to take a minute and think about doing it right. ■

Bill Hering is the corporate safety and health director for S.M. Electric in Rahway, New Jersey. He is also a TAUC governing member and chairman of the TAUC Safety and Health Committee.

Do the youth of our country really know?

by CHARLES A. BURNS III
Member Contributor

MANY PEOPLE THINK it is not possible to attract young people to the trades any more. Their thought is that a young person coming out of high school, community college or college would rather perform office work. I'm constantly reminded – as if I didn't know – that work in union construction is hot in the summer, cold in the winter, dirty in many cases and, it goes without saying, often dangerous.

However, it is my opinion that young people would give union construction a closer look if they knew the opportunities that exist. Yes, there are drawbacks, and this type of work is not for everyone. But, how many career paths can lead a young person from an apprenticeship to, say, vice president? Mine did!

To that end, TAUC has initiated a partnership with the American School Counselor Association. We were lucky enough to have Jill Cook, from the ASCA, discuss the possibilities associated with engaging school counselors across America. Jill confirmed to TAUC leadership that the vast majority of school counselors push college as the only option for their high school students who are approaching graduation.

Creating a dialogue with school counselors is one way to educate them on employment opportunities in a huge sector of the economy, while emphasizing the standards for entrance into this industry (on the union side of the equation) are rigorous but rewarding.

For years, we have preached that union apprenticeship programs are the best-kept secret. It is TAUC's goal to ensure all young Americans are aware of the vast number of opportunities available and the satisfaction that can be gained by working in our field. That way, when work starts to pick up again, TAUC members – armed with bright and motivated apprentices – will be ready to pounce on new opportunities.

Who knows… one day, some young person, who was advised by a good school counselor, might even be running your business! ■

Bud Burns is the executive vice president for J.J. White, Inc. in Philadelphia. He is also a TAUC governing member and chairman of the TAUC Labor Committee.

COMING EVENTS

MAY 5-8, 2009
TAUC Leadership Conference 2009
Orlando, Florida

MAY 5, 2009
TAUC Customer Caucus Meeting
Orlando, Florida

MAY 5, 2009
TAUC Executive Committee Meeting
Orlando, Florida

MAY 5, 2009
TAUC Labor Committee Meeting
Orlando, Florida

MAY 5, 2009
TAUC Local Employer Organization Committee Meeting
Orlando, Florida

MAY 5, 2009
TAUC Safety & Health Committee Meeting
Orlando, Florida

MAY 6, 2009
TAUC Board of Directors Meeting
Orlando, Florida

MAY 11-13, 2009
Campaign for Quality Construction Legislative Conference
Washington, D.C.

SEPTEMBER 9, 2009
Pennsylvania Powers Union Construction
Pittsburgh, Pennsylvania

OCTOBER 29, 2009
NMAPC Zero Injury Safety Awards
Washington, D.C.

DECEMBER 9, 2009
State of the Union Construction Industry 2009
Washington, D.C.

INDEX OF ADVERTISERS