



# The High-Performing Contractor Assessment Program Update

February 2004

Program-related information and interest with SMACNA's High-Performing Contractor Assessment Model are contained in this Update.

**CONTRACTOR magazine** is carrying six articles on the SMACNA High-Performing Contractor Assessment Model beginning with the September 2003 issue. The first article introduced the model; the second discussed leadership and strategic planning; the third article discussed customer focus. The fourth article is featured in the January 2004 issue.

\*\*\*\*\* **SMACNA Sponsored Overview/Assessment**  
**SMACNA - St. Louis Chapter's** presentation of the High Performing Contractor overview was well received on January 21, 2004 with over **70 participants**.

**Amber Mechanical Contractors, Inc. – March 10, 2004 –** will conduct an assessment.

Depending on the chapter needs, Dennis Sowards is available for one-hour to four-hour consulting sessions. If you are interested in your chapter sponsoring an overview/ assessment of the High-Performing Contractor Assessment Model, contact Tom Soles at SMACNA National or your local SMACNA chapter leaders.

## \*\*\*\*\* Employee Satisfaction Measured

A recent national survey found that employee job satisfaction is at a "record low." [*Quality Digest*, November 2003, page 8] Another survey taken in 2003 found that "only 27% of manufacturing employees are committed to their companies and plan to stay at least two years." [*IndustryWeek*, November 2003, page 17] While there are no benchmark measures published for employee satisfaction in the construction industry, some contractors have measured their own employee satisfaction within the range of 31% to 90%.

Some ways to measure employee loyalty:

- Absenteeism
- Employee turnover
- Employee satisfaction gathered by survey
- Number of jobs filled internally
- Number of jobs filled by employee referrals

Many contractors feel if they have low employee turnover that it demonstrates high employee satisfaction and loyalty. That may be the case, but it may also be a sign of a poor economy and the lack of job choices elsewhere. In the end, satisfaction is best measured by asking the employees and collecting their honest perceptions. Where do your employees stand?

## \*\*\*\*\* How Do You Treat Your Employees?

Consider how high-performance contractors treat their employees:

- As equals or peers with different tasks to perform. If we see people as equals, we treat them as we would want to be treated and they respond accordingly.
- Not as dogs, as a recent construction magazine article suggested, though sometimes dogs are treated better than employees.
- Not as expenses because employees will behave like expenses if treated that way.
- Not as one big happy family because that makes the owner the parent and the workers forever the "children." This metaphor no longer fits the contractor's world.
- As a resource most valuable to the success of the company; one that your competition wants but can't duplicate or clone (at least not yet).

## \*\*\*\*\* Do We Want Satisfied Employees?

Some say we want *happy employees* but individual happiness is so difficult to measure and achieve. Some employees would claim to be most happy if they didn't have to work but still got paid! Some say we want *loyal employees* – those that choose to work for us first. I suggest we want *engaged employees* – employees that are willingly involved in helping to make the company more successful. These employees will share new ideas, work to meet company goals and be loyal to us even when the competition offers more money and/or a new truck. The formula to get engaged employees is:

### **Engaged Employees = Communication + Involvement**

Keeping employees informed and getting them involved in decisions that affect their work builds trust and feelings of self-worth. Employees, who feel that they are trusted and needed, will contribute more, work longer, and complain less. *They will be engaged.*

## \*\*\*\*\* Recognition is Critical to Engaged Employees

High-performing contractors not only recognize their employees but they also have a system for recognition so that what they do is consistent and regular. Such systems don't happen by accident. Here are some dos and don'ts on recognition programs:

- Public recognition is best. *Praise in public - criticize in private!*
- Cash awards, especially large ones, over time will tend to be viewed by employees as givens and expected as part of their compensation.
- Recognition is best when given to individuals for specific accomplishments.
- Have criteria for recognition and apply it across the company. If employees feel the recognition comes by



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luck or is only for the manager's favorites, it will not be effective.

- Give recognition for effort and for accomplishment.
- Recognition should come from the heart.
- Give recognition that is timely; don't wait until the annual company party to do the recognitions. Do it when something happens worth recognizing. The sooner the better!
- Look for ways to involve employees in recognizing each other. One company gave every employee a \$5 gift certificate and a helium filled balloon with the requirement that they give the gift certificate and balloon to another employee for having provided good customer service (internal or external). It was interesting to see who had the most balloons at his or her workstation or bench.
- Recognize behavior and effort that fits with the company values and vision.

### \*\*\*\*\* World Class Employee Involvement

In the United States, we average one new idea a year per every five employees. Japan averages five new ideas a year per every employee. And consider a world class company – Wainwright Industries, a Malcolm Baldrige National Quality Award winner located in St. Peters, Missouri. They average 60 ideas per employee per year and have a 100% implementation rate. What has this done for them? Associates (what they call employees) benefit directly from their own good ideas - in the form of increased profit sharing and improved workplace safety. Over a three-year period, the number of recordable accidents decreased 72% and annual

workers' compensation costs fell 86%. Wainwright Industries has high rates of attendance (greater than 99% for the all-salaried workforce) and turnover rates that are lower than industry and local averages. From an operations' stand point, these ideas have helped Wainwright to cut its lead time for making one of its principal products - drawn housings for electric motors - to 15 minutes, as compared with 8.7 days, and to reduce defect rates tenfold. For its customers, the benefits translated into an on-time delivery rate of nearly 100%, as compared with 75% previously, and a 35% reduction in product cost.

Employees see more problems on the job and in the shop and office than managers will be aware of or see. High-performing contractors will implement ways to involve employees in solving and preventing these problems.

### \*\*\*\*\* Quote of the Day

*A company can boost productivity by restructuring, removing bureaucracy and downsizing, but it cannot sustain high productivity without cultural change, without totally involving the individual who is closest to the work and therefore knows it better than those who manage it. - Jack Welch, Retired Board Chairman, General Electric*

For more information about the High-Performing Contractor assessment process, contact Dennis Sowards (telephone: 602-740-7271; e-mail: [dennis@YourQSS.com](mailto:dennis@YourQSS.com)) or Tom Soles (telephone: 703-803-2988; e-mail: [tsoles@smacna.org](mailto:tsoles@smacna.org)).