

# Talent Shortage Shows No End In Sight, Report Says



Increased workloads for architectural, engineering, and construction firms combined with decreased numbers of available workers have created a talent shortage “perfect storm” that industry analysts have been predicting for years, according to management consulting firm FMI.

FMI’s recently released *2007 U.S. Markets Construction Overview* says this talent shortage is the most pressing issue for AEC firms in 2007. Opportunities for AEC firms have been increasing due to U.S. infrastructure repair needs, Gulf Coast reconstruction, and state and regional outsourcing and public/private partnerships, FMI reports. However, baby boomer retirements, decreased interest in engineering and advanced sciences among 10 to 24 year olds, and decreasing foreign student enrollments in U.S. science and engineering programs have reduced the number of workers coming into the pipeline.

*FMI Quarterly* editor Jerry Jackson explains that a shift in the U.S. from a production economy to a service economy and a decreasing desire for U.S. workers to

work with their hands are also contributing to the talent shortage.

“The talent shortage is real and will be with us in the engineering and construction industry for the foreseeable future,” Jackson writes. He offers these action steps for companies:

- Focus on retention first, recruiting second;
- Train faster and better than your competition;
- Hire stars and average people that you can turn into strong players through great leadership;
- Make faster employment decisions;
- Embrace diversity, and make it a specialty of your firm;
- Find and create ways to sell the technological aspects of your work to applicants;
- Invest in supervisors with the language and culture of those who you want to recruit and retain;
- Compete with creative solutions to workers’ needs, such as flexible scheduling and improved benefits;

- Invest time and money in industry workforce training through open-shop vehicles; and
- Support resurging union training and portable benefit efforts.

Other key trends for 2007, according to Jackson, include the growing role of technology, stewardship of the environment, the importance of immigration policy, change management, the mandatory nature of productivity increases, globalization, and the need for learning driven by the speed of change.

In addition, a critical economic issue continuing to affect the construction field is the price escalation of materials. The drivers, FMI reports, are fuel and labor costs, natural disasters, inflation, increased global demand, and raw material availability. Historically at 2%–3% levels, price increase averages topped 10% in 2006.

FMI predicts that the increases will slow in 2007, but will continue to be felt by everyone from building product suppliers to owners. Companies are dealing with this challenge by using preferred customer supply agreements, time limits on quotes, and fuel surcharges.

Overall the construction industry outlook is one of continued growth, according to FMI, with a forecast of 2.2% increase for total construction in 2007 and growth for nonresidential construction markets perhaps reaching as high as 9% overall. Almost all sectors will be well ahead of the growth rate for the gross domestic product in 2007, FMI says.