



October 2020

PRESS KIT

www.BuildingTF.org

October 2020

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FOR IMMEDIATE RELEASE

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Leading Builders of America Form New Non-Profit Aimed at Bringing Diverse Talent into Construction Careers

Building Talent Foundation Strives to Engage 100,000 New Skilled Technical Workers by 2030

(Washington, DC) October 20, 2020—Building Talent Foundation (BTF) announced their official launch today as part of Careers in Construction month. The new non-profit was established to advance the education, training and career progression of young people and people from underrepresented groups in construction. BTF’s vision is to build a sustainable workforce by 2030—one that is valued, well-trained, safe, resilient, diverse, as well as treated and compensated fairly by employers.

Founded by the Leading Builders of America (LBA), which includes many of the largest publicly traded and privately held homebuilding companies in North America, BTF was initiated with the goal of addressing the persistent labor shortage of skilled technical workers across the building trades. As of last month, construction already recovered 64 percent of the 1.1 million jobs lost in March and April, and has more than 260,000 open positions, according to the Bureau of Labor Statistics. BTF aims to recruit and place 100,000 new individuals into the industry by 2030. An analysis by BTF on the industry’s labor market challenges and the effective approaches to solve them, are on their website [here](#).

“We are thrilled to announce the arrival of BTF to the industry today,” said Taylor Morrison Chairman and CEO Sheryl Palmer, a leading builder member and BTF Chairwoman. “Our mission through BTF is to build a robust and sustainable talent pipeline nationwide and connect passionate new graduates and people alike to opportunities in every sector of construction. It is never too late to pursue a career in skilled trades, which offers innovative, imaginative and impactful experiences every day. Beyond building homes, we are creating communities and a place to make a lifetime of lasting memories.”

“The key to aligning supply and demand for labor in our sector is in the collaboration between all relevant stakeholders—educators, employers, trade associations, workforce development boards and community based organizations,” said Branka Minic, CEO of Building Talent Foundation. “In Arizona, Florida and Texas, BTF has partnered with local builders, suppliers, and trades, and with high schools, community colleges and nonprofit training providers. We have also aligned with workforce initiatives spearheaded by our homebuilders associations, and engaged with government programs that support reskilling and on-the-job training of unemployed people for high-demand jobs. I’m confident that launching now allows us to be a catalyst that can drive more talent into construction’s current growth as part of an overall economic recovery,” she added.

The strategy for BTF is centered around three core areas: 1) building a talent pipeline—engaging with young people, in schools and in communities to encourage their interest and exploration of careers in construction; 2) building talent connections—supporting and strengthening education partnerships where job seekers are, and the training programs, tools and platforms where employers seek new talent; and 3) building talent engagement—leveraging innovative talent management technology and advancing workplace practices for recruiting, hiring, developing, engaging, and retaining workers in construction. All three of these goals are a comprehensive effort for addressing the labor shortage, and building a sustainable workforce—one that is valued by employers, well trained and supported, engaged with colleagues and the industry at large, safe and healthy, resilient to change, diverse and representative of the broader workforce, and treated and compensated fairly by employers. All three areas of the organization’s strategy seek to advance United Nations Sustainable Goals 4 and 8. For more information about how BTF is addressing these goals, click [here](#).

About Building Talent Foundation

Building Talent Foundation (BTF) was founded by the Leading Building of America, 20 of the largest residential building companies in the US with the purpose to address the severe and persistent labor shortage across skilled trades by improving talent supply, training and retention. The non-profit organization brings together employers, educators, suppliers, manufacturers and all other market players, to catalyze, accelerate and synchronize joint projects for building the sector’s workforce of the future. For more information, visit buildingtf.org.

About Leading Builders of America

LBA is a trade association based in Washington, DC. Their members include many of the largest homebuilding companies in North America including both publicly traded companies as well as privately held companies. Their purpose is to preserve home affordability for American families. They do this by carefully evaluating the public policy dialog at the federal and state level and becoming actively engaged in issues that have the potential to impact home affordability.

LBA member companies build across the residential spectrum from first-time and move-up to luxury and active-adult housing. In each of these segments, members are leaders in construction quality, energy efficiency, design and the efficient use of land. Many members are also active in urban multi-family markets and also develop traditional and neo-traditional suburban communities. LBA member companies also operate a range of subsidiaries that complement their core homebuilding business including mortgage lending and title insurance.

Introduction

Primary messages:

- » Building Talent Foundation (BTF) launches their new non-profit with founding members, Leading Builders of America—the 20 top US residential construction companies in the US.
- » BTF’s mission is to solve the acute labor shortage in residential construction with a vision of building a sustainable workforce over the next 10 years. (100,000 new workers).

Secondary messages:

- » BTF, together with their founding members, education, trade and other strategic partners, is launching at a time when the U.S. is in critical need for a solution to COVID lay-offs, unemployment, student debt, underemployment, and a deficit in housing. BTF, together with their eco-system of partners, offers support in the process of recruiting, training, placing and retaining individuals in homebuilding.
- » BTF’s is focusing on building a workforce of underrepresented groups in residential construction as well as in emphasizing a sustainable workforce—one that is valued by employers; well-trained and supported; engaged with colleagues and the industry at large; safe and healthy; resilient to changes; diverse and representative of the local and national workforce, and compensated fairly by employers.
- » Shifting perception of the skilled trades from *dead end, dirty and dangerous* to **innovative, impactful, and imaginative**.
- » Building a national **network of engagement managers and directors** who offer a ‘high touch,’ personal liaison between educators and employers, often the missing link for successful recruitment, placement and retention in the sector.
- » Launching a proprietary jobs portal (coming in November 2020), www.jobs2build.com, a comprehensive portal for both job seekers and employers in residential construction and the skilled trades.



OUR MISSION: To advance the education, training, and career progression of young people and people from underrepresented groups, as skilled technical workers and as business owners in residential construction.

Who We Are

The Building Talent Foundation’s (BTF) purpose is to address the severe and persistent labor shortage across skilled trades by improving talent supply, training and retention.

Founded by the 20 leading residential construction companies in the U.S. in 2019 as a non-profit entity, BTF brings together employers, educators, and all other market players, in regional skills collaborations, to catalyze, accelerate and synchronize joint projects for building the sector’s workforce of the future.

Building the Talent Pipeline

We engage with young people, in schools and in communities, to encourage their interest and exploration of careers in residential construction. We support schools and training providers to align their construction curricula with employers’ demand for skills. We aim to significantly increase the number of students enrolling in construction programs, by raising their awareness of the exciting opportunities our industry offers.

Building Talent Connections

We connect employers with job seekers by supporting and strengthening education partnerships where job seekers are and the training programs, tools and platforms where our employers seek new talent. Our talent connections are geared towards strengthening and scaling employment and business ownership in our industry, while improving collaboration between employers, educators and jobseekers.

Building Talent Engagement

We support the business growth of our trade partners and our industry’s workforce by leveraging innovative talent management technology and advancing workplace practices for recruiting, hiring, developing, engaging, and retaining workers in residential construction. We foster professional development, entrepreneurship and career advancement among our industry’s workers and business owners.

Founding Partners

- Ashton Woods
- Beazer Homes
- Brookfield Residential
- David Weekley Homes
- Drees Homes
- D.R.Horton
- KB Home
- K. Hovnanian Homes
- Lennar
- LGI homes
- Meritage Home
- M/I Homes
- Perry Homes
- Pulte Homes
- Richmond American Homes
- Shea Homes
- Taylor Morrison
- Toll Brothers
- Tri Point Homes
- Woodside Homes

Our Vision

BTF's focus is on building a sustainable workforce for the future, one that is:

Valued | Well-trained | Engaged | Resilient | Safe & Healthy | Diverse & Inclusive | Treated Well

We believe that a thriving workforce is one that exemplifies all of these characteristics and can only exist within a well-functioning ecosystem of responsible employers, committed educators, and supportive, growth-oriented policies.

BTF is bringing together the creative energy, resources and efforts of builders, trade partners, suppliers and manufacturers, and all of our educational partners. Together, we will create a workforce where thriving workers and employers come together to build tomorrow's homes and communities.

Guiding Principles

To support the strategy and advance BTF's overall mission, we will be guided by the following core values:



Collaboration

We believe that collaboration is the most effective path to results—it helps us to carry the load together by building purposeful relationships, networks and strategic partnerships grounded in cooperation and a shared vision.



Communication

We believe in the critical role of communication to share experiences, learn from each other, and reach agreements with every person in our communities and every stakeholder in our home building eco-system towards common sustainability goals.



Innovation

We believe in the power of innovation in human capital policies and practices, in investing for researching and developing new approaches, and in leveraging technology to advance productivity, efficiency and the quality of programs.



Measuring, Evaluation & Learning

We believe in the importance of measuring outcomes, evaluating results against goals, and learning from those experiences, so that we can strengthen current programs, and inform new initiatives.

Are you part of the residential construction eco-system?

Are you a supporter of workforce development? Do you offer training for skilled trades in construction? Are you a school, community college, building trade, association, supplier, or manufacturer? Are you a government agency or foundation that supports workforce development in construction? Let's connect and explore ways of working together.

JOIN US

www.BuildingTF.org



Leadership



SHERYL PALMER CHAIRMAN

Sheryl Palmer is the Chairman and Chief Executive Officer of Taylor Morrison Home Corporation, a leading national homebuilder and developer based in Scottsdale, Arizona. Since 2007, Ms. Palmer has overseen a highly experienced leadership team in several key national homebuilding markets. With more than 30 years of cross-functional building experience, including leadership in land acquisition, sales and marketing, development and operations management, Ms. Palmer has led Taylor Morrison into the top ranks of America's largest public homebuilders, following the company's IPO in 2013.

Currently, Ms. Palmer has the organization dedicated to implementing a business strategy focused on three priorities: pursuing strategic growth opportunities to deliver benefits of scale; enhanced operational excellence to drive company-wide efficiencies; and differentiating the customer experience Taylor Morrison provides all team members and homebuyers. Under Ms. Palmer's leadership, Taylor Morrison has been successful in creating trustworthy relationships with both its internal and external customers. In 2018, the company was named America's Most Trusted Home Builder for the third consecutive year by Lifestory Research, and a Top 100 Best Places to Work by Glassdoor.

Ms. Palmer has spent most of her early career in the Arizona, California and Nevada real estate markets. Prior to Taylor Morrison, Ms. Palmer served as Nevada Area President for Pulte and Del Webb after finishing 10 years as division president at Blackhawk Corporation, a builder of active adult communities based in northern California.

Ms. Palmer's passions extend beyond homebuilding and enter the many realms of: parenthood, including her three children and four grandchildren; leadership and diversity; supporting veterans; solving for homelessness; and health and wellness.

Ms. Palmer is currently serving as the 2019–2020 Chairman of the National Board of Directors of HomeAid America, is on the Board of Directors of Interface Inc. and is an Executive Committee Member of the Joint Center for Housing Studies (JCHS) Policy Advisory Board at Harvard University. She is also the Chairman of the Board for the Building Talent Foundation, a non-profit division of Leading Builders of America.



BRANKA MINIC **Chief Executive Officer**

Branka Minic is the CEO of Building Talent Foundation (BTF). Prior to her executive role at BTF, she was the president of Future Work Consulting, advising donors, global corporations, governments and international NGO's on the latest research, best practices and policies for addressing youth unemployment. Her clients included the Interamerican Development Bank, the World Bank, Making Cents International, USAID, Global Center for Youth Employment, Accenture, and many others.

Branka has spent her career as an expert in the staffing industry. Prior to Future Work Consulting, she was Senior Director of Global Corporate and Government Affairs at ManpowerGroup, the world leading organization in innovative workforce solutions, for 17 years. In this role she was in charge of building cross-sector partnerships to support training, employment and entrepreneurship for disadvantaged groups. She also developed and managed strategic relationships, public private partnerships and joint initiatives with business, public, and non-profit organizations in developed, developing and emerging markets. She was also a Member of ManpowerGroup's Global Leadership Team.

Branka's research deals with best practices to reduce youth unemployment, and specifically the protocols for implementing successful workplace mentoring and apprenticeship programs. She has extensive experience in labor market and skill gap analysis. In collaboration with Making Cents International, Branka led the research and authored the "Demand-Driven Framework and Toolkit", compiling the international best practices on aligning education and training systems with employers' skill needs.

Branka holds a MSEE degree in Computer Engineering from the University of Belgrade, Serbia and a MSCSE degree in Computer Science and Engineering from the University of Miami, Florida.

For a complete list of our [Board of Advisors](#) visit our website.

Brand Campaign Messages for BTF

It's Never Too Late

No matter your circumstance—students, unemployed, returning military veterans, career switchers—it's never too late to start a career in residential construction.

Makers, the craft economy, the love of building things and creating a tangible product, is often not encouraged for students as they move through school—it's never too late to decide that making and building a high integrity career and worth pursuing.

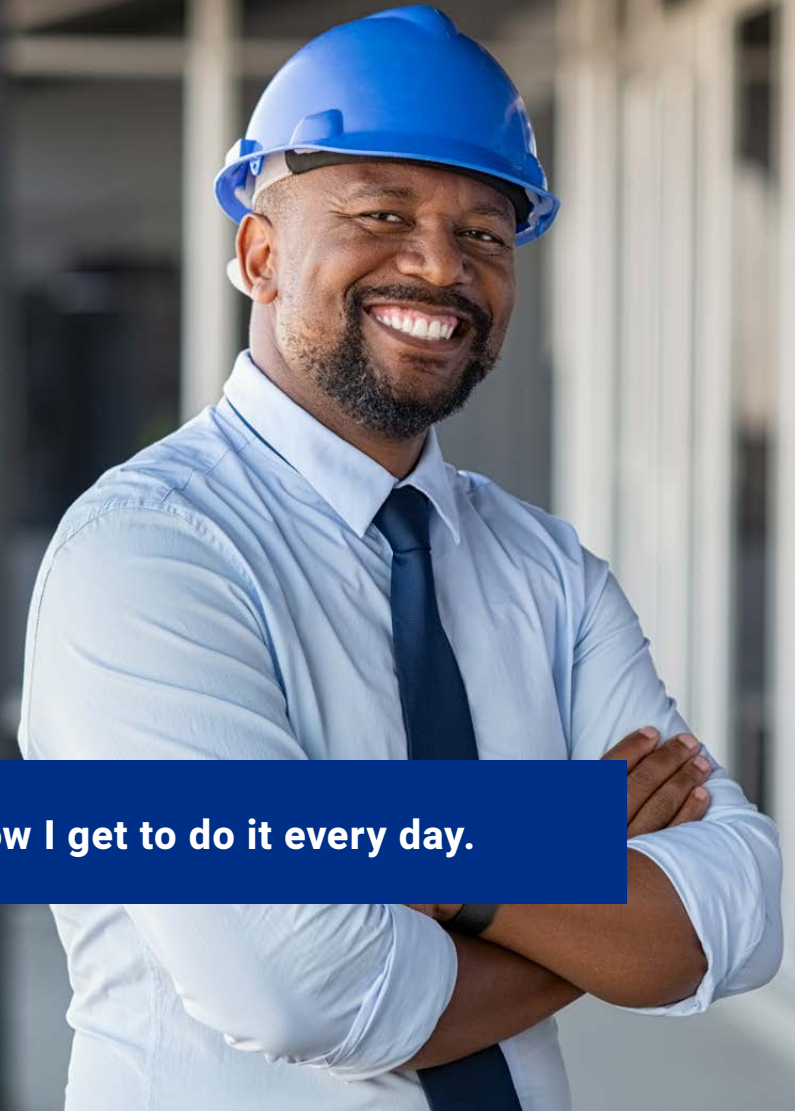
For many millennials and Gen Z students, making a difference and having an impact through their work is important. BTF promotes homebuilding and careers in the trades as a place to be able to say, 'I did that' or 'I made this,' and that it is never too late to choose work that positively impacts families, communities and greater society on issues from affordable housing and renewable energy to being able to deliver a service with a skill that can fix someone's plumbing, HVAC or electrical issues.

To showcase stories of those in the residential construction and skilled trades careers, employees and trade partners through the Leading Builders of America network submitted narrative stories about their own experiences of career path as a way to inspire newcomers to the industry and to remind them, it's never too late. [Watch the video here.](#)

When I grow up, I'm going to make houses for everyone and be the boss.



Now I get to do it every day.




IT'S NEVER TOO LATE...

BTF will connect you with programs that can train you, offer scholarships, and give hands-on work experience that pays while you learn.

To Learn more and enroll today, visit www.BuildingTF.org





When I grow up, I'm going to make houses for everyone that needs one.



Now I get to do it every day.

IT'S NEVER TOO LATE...

BTF will connect you with programs that can train you, offer scholarships, and give hands-on work experience that pays while you learn.

To Learn more and enroll today, visit www.BuildingTF.org



MEET MAX.

HE'S SMILING because he is getting paid to start a long term, high demand, career in residential construction.

Benefits to you:

- » Carpentry, HVAC, electrical, or plumbing in only 4 weeks
- » Safety and Skills certifications
- » Learn & Earn
- » Fully-paid scholarships covering tuition, fees, books and more
- » Classes offered in English & Spanish

REGISTER BY OCTOBER 5!



IT'S NEVER TOO LATE...

For more info, visit

[LoneStar.edu/ConstructionAcademy](https://lonestar.edu/ConstructionAcademy)

LSCNHCE@LoneStar.edu | 281.618.5602



MEET JESS.

SHE'S SMILING because she's getting paid to start a long term, high demand career in residential construction.

Register now for Construction Academy program at Lone Star College:

- » Carpentry, HVAC, electrical, or plumbing in only 4 weeks
- » Safety and Skills certifications
- » Learn & Earn
- » Fully-paid scholarships covering tuition, fees, books and more
- » Classes offered in English & Spanish

REGISTER BY OCTOBER 5!

IT'S NEVER TOO LATE...

For more info, visit

LoneStar.edu/ConstructionAcademy

LSCNHCE@LoneStar.edu | 281.618.5602



Social Media Posts

Post #1:

We've arrived! We're so thrilled to officially launch Building Talent Foundation. We're building a sustainable workforce, one person at a time. Full speed ahead! Find out more at buildingtf.org, follow us on social media, and sign up for our newsletter!

#webuildtalent #residentialconstruction #career #skilledtrades
#leadingbuildersofamerica #buildersoflinkedin #innovation #newcareer
#skilledlabor #womeninconstruction #homebuilding



Post #2:

The skilled labor industry has been calling out for more representation across the board, and we're here to provide just that. With more female construction workers joining the workforce than ever, we're one step closer to an equitable and diverse industry. Help us get there! Buildingtf.org

#womenbuilders #womeninconstruction #representation #constructionindustry
#residentialconstruction #inclusion #diversity #skilledlabor #sustainableworkforce



Post #3:

Building Talent Foundation was formed by the Leading Builders of America, who've made it their mission to help bring more talented individuals into the #residentialconstruction and skilled labor industries! BTF continues in that hard fought tradition, helping people jump start their careers every single day. buildingtf.org

#leadingbuildersofamerica #construction #skilledtrades #skilledlabor #homebuilding #buildingtalent #sustainableworkforce #buildersoflinkedin



For Instagram tag: @taylormorrisonhomes @beazerhomes @lennar @davidweeklyhomes @ashtonwoodshomes @drhorton @dreeshomes @kbhome

Post #4:

We've got some exciting partnerships in the works with amazing colleges, like Lone Star College, Valencia College and South Mountain Community College. If you're in Houston, Orlando, and Phoenix, respectively, and want to start your career in construction and skilled trades: we can help you today! Learn more at buildingtf.org

#LoneStarCollege #ValenciaCollege #SouthMountainCommunityCollege #Houston #Orlando #Phoenix #education #residentialconstruction #homebuilding #career #collegecareer #skilledlabor #sustainableworkforce #nextgeneration #buildersoflinkedin



For Instagram tag: @lonestarcollege @valenciacollege @southmountaincc

Who Will Build the Homes of the Future?

Analyzing the Labor Shortage in Residential Construction

In this document, the Building Talent Foundation examines the severe and persistent talent gap across skilled trades in the residential construction sector in the United States. The findings are based on a review of extensive literature, interviews with more than 200 industry stakeholders, and consultations with workforce development experts conducted during the second half of 2019.

The acute labor shortage has significant business and societal consequences. It stifles the growth of trade contractors and builders, increases the costs and time necessary to build new houses, and makes homes even less affordable for those who need them.

Leading Builders of America established the Building Talent Foundation in 2019 to jointly address the skilled labor challenges facing their industry.

The Talent Supply Challenge

The 2008 recession decimated the skilled trades. From 2007–2013, the construction industry lost more than 2,300,000 jobs¹ and more than 150,000 companies. As the industry began to recover and demand for housing grew, however, workers did not come back, leading to a severe shortage of labor.² As of early 2020, employment in construction broadly and residential construction specifically, had not attained pre-recession levels,³ with approximately 300,000 open jobs⁴ and jobs projected to grow by another 10% by 2028 (much faster than average job growth across industries).⁵

The skilled trades labor shortage will get worse over the next ten years due to retiring current tradespeople. Since the Great Recession, the skilled labor force for residential construction has grown considerably older. The collective workforce is rapidly nearing retirement; over 40% of the construction workforce are expected to retire by 2031.⁶ The median age for construction workers is 43,⁷ with skilled trades trending even older. And there is no cavalry coming—younger people are not joining the trades.⁸ Not only is there a significant skilled labor shortage, but jobs in the skilled trades are also the hardest to fill of any industry.⁹

Jobs in the skilled trades are not appealing to young people. The trades face a significant perception problem. Young people looking for work view construction jobs as dirty and difficult,¹⁰ with little opportunity for upward mobility.¹¹ This is tied to shifts in the jobs society appears to value—jobs without a college degree are perceived as lesser.¹² In interviews with builders and tradespeople, the clear and primary obstacle to new recruits is a persistent lack of interest in the trades among young people looking for work. In fact, according to a recent study of young people entering the workforce, only 3% want to work in the trades.¹³

Immigrants are an increasing source of labor but are not filling the labor gap. Immigrants' share of construction labor is at an all-time high: immigrants make up 25% of all construction workers and 30% of people in the skilled trades.¹⁴ However, while the total number of immigrants in the workforce is close to pre-recession levels, immigrants have not yet made up for the millions of native-born workers who left the industry after the Great Recession.¹⁵ The rate at which immigrants are joining the construction industry has also dropped significantly since the recession. Our interviews with builders and tradespeople indicate that the combination of intensified immigration enforcement, increased use of E-Verify in border states, and broader opportunities for new DACA recipients have driven many immigrants away from construction.

Perceptions and treatment dissuade women from joining, eliminating half of the potential workforce. Women currently make up only 2.5% of tradespeople.¹⁶ Perception is a significant cause of the gender gap in construction: only 1% of women entering the workforce want to join the construction industry (compared to 5% of men).¹⁷ Sexual harassment and discrimination by overwhelmingly-male supervisors also discourage women who join the trades from staying.¹⁸ However, the share of women in the skilled trades is at an all-time high¹⁹ and government and non-profit programs aiming to increase women's participation have had some success.²⁰

Residential construction struggles to compete for entry-level talent with non-residential construction. Both sectors compete for the same workers but have significantly different wages and benefits as well as differing levels of engagement with education and training programs. Non-residential construction trades have wages approximately 15% higher than residential construction trades.²¹ Non-residential construction is less fragmented than residential construction,²² which creates better job security, benefits, apprenticeship training, and clear career progression (as well as potential access to unions). Residential construction competes for talent with other industries offering better compensation and work conditions (auto mechanics, manufacturing technicians, welders, warehouse workers, etc).

In summary, effectively cultivating a strong, steady and diverse talent pipeline into residential construction requires reframing the perception of jobs in the sector, providing accurate and attractive career information for potential workers, and engaging them with inspiring role models among builders and tradespeople.

The Talent Training Challenge

The US construction industry is highly fragmented. The four biggest construction firms in the US control only 6% of the market, while the top four firms in retail and in petrochemical refining, for example, control 14% and 42% of their markets, respectively. Residential construction and the skilled trades are the most fragmented of an already-fragmented industry, with an average of between 5 and 15 employees per firm (depending on the trade).²³

Fragmentation in the residential construction industry undermines the effectiveness of training and placement programs. Research has demonstrated that some of the most significant obstacles to resolving skilled labor shortages across industries and geographies are disconnects between educators and employers: educators do not know what employers need and employers do not trust educators to meet their needs.²⁴ We see these same patterns in the skilled trades: in our interviews, many schools and government employment agencies said that they did not know precisely what residential sector employers are actually looking for, and many trade employers said that the students graduating from existing training programs are not prepared for the exact requirements of the job.

There are no residential sector-wide standards for work-based learning programs and credentials, beyond the basic pre-apprenticeship training and certifications. Most high schools' career and technical education departments, community colleges, and construction-focused non-profits (YouthBuild, SER Jobs, Goodwill Industries) introduce their students to construction concepts using either the HBI PACT or the NCCEER Core curriculum. The residential sector has neither well-defined career ladders for skilled trade workers to climb nor work-based upskilling models for employers to administer. In addition, trainers and industry professionals repeatedly highlighted in our interviews that community colleges frequently stress commercial construction over residential construction (with up to 90% of training focusing on commercial). Non-residential construction companies more effectively engage entry-level recruits than residential companies do by visiting classes, contributing to curriculum design, participating in job fairs, and mentoring students.

While some Home Builders associations (HBA's) are effectively improving the job pipeline, some are not and could use support. HBA's can repair some of the fragmentation and effectively connect trade employers to educators or align supply and demand more effectively across the construction labor market. While some HBAs have done this well, our interviews repeatedly highlighted HBAs' many competing priorities, such as fundraising, lobbying, information gathering and dissemination, and other services to members. In addition, the majority of smaller firms involved in residential construction are not members of their local HBA. HBAs' competing priorities and the fragmentation of the industry make it difficult for some to sufficiently improve the job pipeline without external support.

Increasing access to jobs in the skilled trades is an investment towards a more resilient residential construction workforce. Projections for the next ten years indicate an extensive reshaping of the US economy.²⁵ Automation and further technical and technological innovation promise to eliminate many good jobs and undermine careers both nationwide and globally.²⁶ The resulting unrest will weaken the economic opportunities available to many. However, the skilled trades appear to be one of the careers most resilient to this techno-economic upheaval.²⁷ Projections for the next ten years show a growing demand for workers in the skilled trades due to consistent need for housing.²⁸ While work in the skilled trades does not appear to be more resistant to crisis-style shocks than the rest of the economy, the evidence from 2008 indicates that the construction market rebounds much faster than the construction workforce—even ten years later the workforce has more openings and a higher job opening rate than it did pre-recession.²⁹ Securing employment opportunities in the skilled trades can create economic resilience for young people who otherwise will be at risk of displacement.

In summary, to better align education and training content and capacity with employers' hiring needs, a residential construction workforce development program must strengthen the linkages between schools and trades, evolve training models to support standardized career pathways, and leverage technology for more effective connections between qualified candidates and actual jobs.

The Talent Retention Challenge

Even when young people join the trades, employee retention is a challenge. In BTF interviews, trade employers and recruiters often complained that 3 out of 4 recruited trainees leave the industry within 6 months. Younger people entering the workforce across industries are uniformly less interested in money³⁰ and more interested in feeling fulfilled and supported in their work.³¹ In interviews across markets, trades, and jobs, BTF found repeatedly that many graduates leave their jobs because of “bad bosses” or a culture that is not sufficiently supportive. Meanwhile the financial opportunities available in the skilled trades are not sufficient to make up for the perceived lack of support. As most trade employers do not track and evaluate the retention of their workers, many tradespeople work as independent contractors, and there is no reliable study examining the exact causes for the high turnover in the sector, it is not possible to fully understand the scope and reasons for low talent retention.

The highly-fragmented residential construction market limits trade firms' capacity to grow and innovate. More than three-quarters of trade firms bring in less than one million dollars a year.³² Firms of this size are often forced to utilize all their resources towards completing contracts and plying their trade, with little-to-no capacity for advanced talent management. Smaller trade companies frequently do not have the resources to build the long-lasting relationships with trainers or educational institutions necessary to hire and retain people effectively.

Fragmentation also leads to misaligned incentives between homebuilders and trade firms.

The strong market demand for houses offers an opportunity for growth for builders.³³ Smaller trade firms, however, prefer to keep costs low, remain competitive, and ensure their security for the next economic downturn. In our interviews, many trade firms expressed fear of investing in growth and being illiquid in the event of another recession. Family firms with children who do not want to join the trades also do not have an incentive for growth with no long-term future secured. Furthermore, increases in trade firms' investments can lead to increased costs for the trade firm, which is then passed along to the builder. Fragmentation thus undermines incentives for trade firms to grow and innovate,³⁴ consequently undercutting the growth potential of the labor market.

Without HR innovation, trade firms struggle to recruit, retain, and manage new workers.

Trades could reassess management practices to fix the "bad boss" perception they face or could work to build a supportive environment for young workers, but many firms lack the capacity to do so due to their need to invest fully in their trade. Likewise, firms' lack of capacity for engagement makes recruitment more difficult, which can leave firms understaffed and further limit their capacity for recruitment, creating a vicious cycle.

In summary, to support the growth of trade contractors that aligns with the expansion of homebuilders' business, a sector-wide program must create incentives and opportunities for professional development of trade owners, supervisors and crew leaders, and identify and disseminate the best and innovative talent management practices that lead to high employee engagement, retention and performance.

Conclusion

Our interviews, expert consultations, and review of the literature identified three significant workforce challenges in residential construction in the United States: talent supply, talent training and talent retention.

Solving these challenges will require a truly industry-wide strategic investment, strong collaboration among industry actors, and courage to innovate. And reimagining residential construction workforce could carry broader societal benefits, opening access to a wide range of rewarding careers for hundreds of thousands of young people while improving housing affordability.

Endnotes

- 1 https://www.bls.gov/web/cewbd/table1_4.txt
- 2 Where Did All the Construction Workers Go_.pdf
- 3 <https://www.nahbclassic.org/generic.aspx?sectionID=734&genericContentID=267085&channelID=311>
- 4 <https://data.bls.gov/pdq/SurveyOutputServlet>
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- 6 The National Center for Construction Education
- 7 <https://www.bls.gov/cps/cpsaat18b.htm>
- 8 Where Did All the Construction Workers Go_.pdf
- 9 <https://go.manpowergroup.com/talent-shortage>
- 10 Young Adults & the Construction Trades _ Eye On Housing.pdf
- 11 Why Don't Young Americans Want to Do Construction Work.pdf
- 12 <https://www.npr.org/sections/ed/2018/04/25/605092520/high-paying-trade-jobs-sit-empty-while-high-school-grads-line-up-for-university>
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