

Detroit Owners' Role in Construction Improvement¹

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Major Detroit owners are the most important and powerful players in Detroit construction, because as buyers of construction services they decide what to construct, they provide the funding, they control design and construction contract documents, and they select contractors. As continuing buyers and users of construction, major Detroit owners are also the players who would benefit most from a young, highly skilled, safe, diverse, well-paid, innovative Detroit construction work force, because it would provide higher quality, more cost effective facilities and it would build a more stable Detroit economic base. Through their projects, Detroit owners have the power to change construction to benefit themselves and Detroit as a whole. However, like owners elsewhere, Detroit owners say they are not in the construction business, and each focuses on its core business and ignores construction.

Through a variety of grassroots efforts,³ many Southeast Michigan construction people are working to bring minorities and women into construction, to eradicate substance abuse and provide safe construction sites, and to support construction innovation that improves cost and quality. However, they have found that only the major owners have the power to make it happen, because they have the power to (1) use contractor construction improvement programs as criteria in qualifying them for projects, (2) insert and enforce appropriate contract clauses, and (3) participate with others who are driving change in Southeast Michigan construction. This requires commitment and involvement of top management to provide the leadership needed to direct that power.

Most important, the current Detroit construction boom should be generating new construction jobs for Detroit residents, who are grossly underrepresented in the building trades. The boom has increased construction by billions of dollars annually. In general, each \$1 billion of construction creates more than 40,000 new jobs in construction supply and service industries, of which more than 10,000 are in the construction industry itself. These jobs should be building a young, diverse local construction work force to meet the current strong demand and to satisfy future needs as the now aging work force retires following the boom. Instead, local contractors are hiring travelers from other states.⁴ Recruiting of construction pre-apprentices and apprentices is far too low to satisfy current or future demand, and local contractors have not provided jobs even for all who have entered apprentice programs. Union apprentice programs cannot admit new apprentices

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³ Including Detroit Works Partnerships, Great Lakes Construction Alliance, Management and Unions Serving Together, and Construction Innovation Forum, all of which are broad-based, grass roots Southeast Michigan initiatives that include owner, labor, and contractor participation and support.

⁴ Out of state travelers are appropriate for short-term peak workloads such as outages and changeovers.

when there are still too few jobs for current apprentices. Detroit is missing its chance for thousands of good, well paying careers that would not only build a young, diverse, local construction work force but would help rebuild a strong Detroit middle class.

Only owners create construction jobs, because only they create construction projects. Contractors and unions select and train workers to fill those jobs. It is to the owners' and Detroit's benefit if contractors and unions recruit and hire local people to do local jobs, rather than fill excess Detroit job demand with outside travelers. Major Detroit owners can implement this by (1) using success in Detroit resident apprentice recruiting, mentoring, and employment as a major criterion in qualifying contractors and subcontractors for projects; (2) inserting and enforcing apprentice employment clauses in construction contracts; and (3) participating with others working toward building a strong Detroit construction work force.

Similar major owner efforts are needed to drive other construction improvements, including substance abuse testing, safety, and innovation. Implementation requires commitment but is neither difficult nor costly. Overall success will come from three efforts:

1. Contractor pre-qualification: Consider contractors' and subcontractors' programs in local diversity employment, substance abuse and safety, and innovation in qualifying and selecting them for projects. Immediately focus on contractor success in recruiting, mentoring, and employing minority, women, and Detroit residents.
2. Construction contracts: Set and enforce contract requirements in diversity and apprentice employment, substance abuse and safety, and innovation. Require all contractors and subcontractors to submit project plans for recruiting and hiring, substance abuse testing and safety, and innovation. Measure contractor successes against plan targets. As an example, the contract requires the contractor to hire an apprentice for every four journey workers employed, to submit an acceptable plan for recruiting and hiring apprentices, and to have its performance measured by its success in implementing the plan and hiring apprentices.
3. Industry participation: Participate as a partner and financially support local construction industry efforts to drive change. These include the Great Lakes Construction Alliance, Detroit Works Partnerships, Management and Unions Serving Together, and Construction Innovation Forum.

Economic success of Southeast Michigan owners depends on the economic success of Detroit, and economic success of construction contractors and labor depends on the economic success of owners. Therefore, the long-term health of construction owners, contractors, and labor depends on a sufficient number of well-trained workers that reflects the diversity of the region. Everyone shares the need for economic success of the people of Detroit. Of the three primary groups actually involved in construction, only the major owners can establish the conditions that create local apprentice jobs, safe and drug free construction sites, and more cost effective and higher quality facilities. Only the CEOs of the owners can make that happen, and they can make it happen quickly.