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363 E. Grand Blanc Rd.
Grand Blanc, MI 48439
Tel: (810) 232-9797
Fax: (810) 232-9746
www.mca.net

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How to Increase Your Market Share

By

Dr. Perry Daneshgari and Dr. Heather Moore

Construction Subcontractors' Monthly Magazine

July 2014 Issue

Volume I, Issue I

Construction markets have been changing ever since the electrification of the country due to the industrialization after the World War II. Overall US construction market dropped below 50% industrial work in late 1950s (see **Figure 1**). The electrical, mechanical and all other sub-trades followed suit. **Figure 2** is showing for an example the electrical trade's market shift following the overall construction by a 40 year lag. The industrial electrical market was dropped below 50% in late 1990s.

The new market realities have its new challenges, especially for large cities, which historical have been the strong hold of union contractors. The market share in these cities, such as New York, San Francisco, Chicago, Atlanta and many others have been constantly eroding. The new challenges are coming not just from open shop contractors but also from overseas.

To fight this battle, the union contractors have to learn to **reduce** their **composite rates** and **change** their **crew ratios**. To be able to that more accurately they need to know the composition of their market by segment, size and categories. The segments of the construction market are commercial, industrial and residential. The categories are listed in **Table 1**. Each one of these markets can be studied in detail to set a strategic direction for composite rate reduction.

The methodology developed by MCA can give the chapters and local unions the needed knowledge to set direction for future market share increase.

Future Issues

In the next issues we will be discussing all the possible options in reducing cost and improving competitiveness.

Figure 1

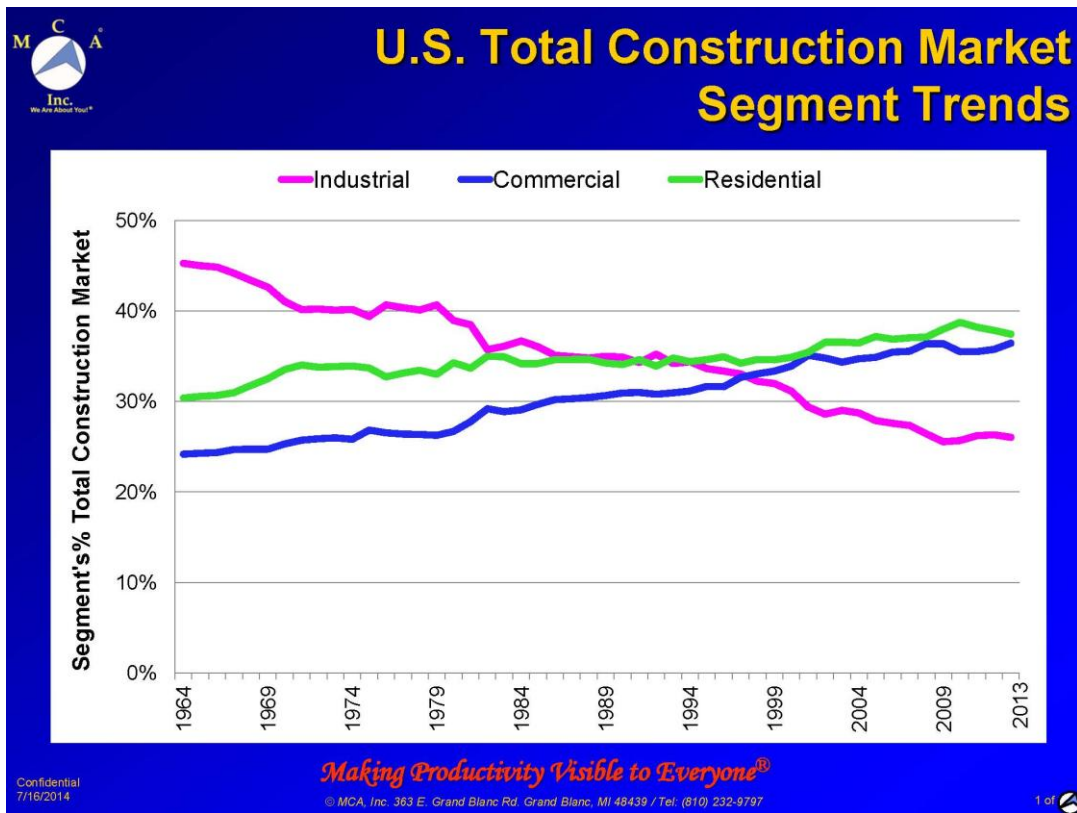


Figure 2

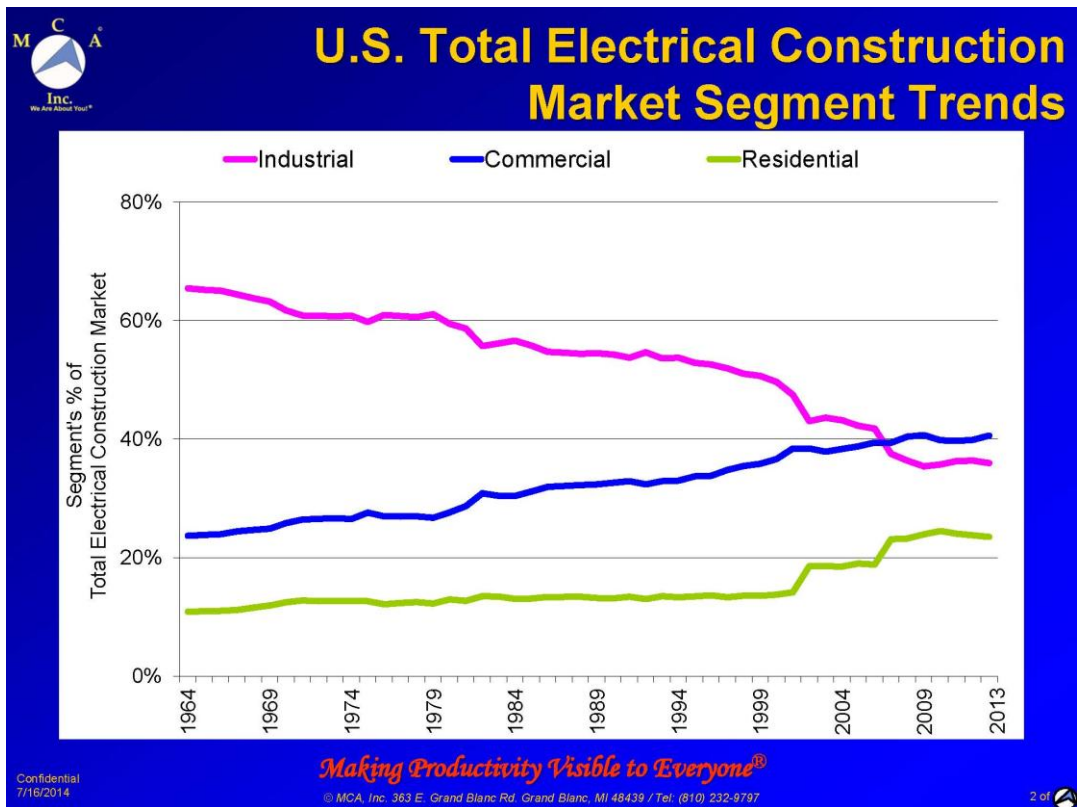


Table 1

		<i>Electrical Contracting Market Segments</i>			
		Residential	Commercial	Industrial	Outside Work
Type of Work Detailed Categories	Residential Buildings - single family				
	Residential Buildings - multi family				
	Lodging				
	Office				
	General Commercial				
	Automotive				
	Food / Beverage				
	Multi-retail				
	Other Commercial (beauty salons, veterinary clinics, florists, pawnshops, dry cleaners, post offices, etc.)				
	Warehouse (includes greenhouses and silos)				
	Healthcare				
	Educational				
	Religious				
	Public Safety				
	Amusement and recreation				
	Transportation - air				
	Transportation - land				
	Transportation - water				
	Communication (Includes telephone, television, and radio, distribution and maintenance buildings and structures)				
	Power				
	Highway and Street				
	Sewage and waste disposal				
	Water Supply				
Conservation & development					
Manufacturing					