



State of the Industry

Observations, trends and information for the construction industry

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Making Productivity Visible to Everyone®

Special points of interest:

- MCA Symposium in Canada was a major hit! Next Symposium will be in Chicago in April 2015....more details to follow

- Upcoming events at NECA, IEC, and ASTM



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Welcome to our third State of the Industry report of 2014. Please let us know what you think by sending us a quick email—click [HERE](#).

Construction on the Upswing

As predicted by MCA Inc. a few years back, the construction industry is on an upswing mode in the USA and Canada and will be reaching the 2005-2008 level within the next two years. Here is what the AGC and US government are reporting:

AGC:

- Construction industry employment reached a five-year high in August as the sector added 20,000 jobs and its unemployment rate fell to 7.7 percent, the lowest rate for August in seven years, according to an analysis by AGC of America.
- Association officials cautioned, however, that the latest figures reinforce survey results the association recently released showing many contractors are having a tough time finding enough qualified workers.
- All major categories of construction spending increased in July and total construction reached the highest level since December 2008, according to an analysis by AGC of America. Association officials welcomed the robust spending figures, but cautioned that growing demand will put new pressure on an already tight labor market.



US Government:

- Employment levels are steadily ticking up, albeit slowly, and spending levels have shown greater momentum across a broad range of subsectors.
- Healthy expansion in private residential housing construction, as well as commercial office, warehouse and multi-family construction will be exhibited by new development throughout the United States in 2014.
- 9.0% increase in construction starts forecast for 2014. Higher than 2013 levels, starts will be boosted heavily by residential construction.
- 1.1 Millions of construction jobs forecast to be added by 2020. Currently there are 5.8 million workers. Construction employment peaked in 2006 at 7.7 million workers.
- Steel prices will help curb some material price inflation during 2014, with a 0.9 percent decline forecast for 2014 and a total 1.8 percent decline forecast through 2016.



The Canadian government projects better than 5% growth per year for the next few years. With a cautionary labor shortage and requirement for mobility note.

However, all the reports are still pointing towards lower cost of construction per square foot as a requirement for competitiveness. This is in line with our prediction that the industrialization of the construction will force lowering the cost of production.

Where should the contractors start with the initiation of Industrialization of Construction™?

1. Management of Labor by identifying, who does, what, where and when and allowing for Externalization of Work®
2. Management of Work by building Work-Breakdown-Structure

Labor cost differences between union and open-shop contractors in large cities are as large as a 30% disadvantage for the union contractors. Reduction of the composite rate is the only way to stay competitive.



Making Productivity Visible to Everyone®

A New Member of the Agile Family

MCA welcomes their newest partner to the Agile family. ConneXion, founded in 2007, has grown to one of the preeminent electrical equipment and energy services providers in the Midwest. Together with their full lighting design, engineering and project management services, they provide a wide array of electrical products, flexible logistical services and unmatched energy efficiency



Fall Symposium Review

Almost 60 inquiring minds got together this past week in Stratford, Ontario, Canada, for MCA's Fall Symposium on "Using Agile Construction® To Integrate MEP and Prefab." The event was hosted by Culliton, a mechanical, electrical, and HVAC contractor, and Agile Practitioners F.B. Harding, Hardt Electric, Holmes Electric and Thompson



Electric were on hand as well. Sponsors included Greenlee-Textron, Ideal Supply, Fastenal, Southwire, Jobsite Industrial Rental Services/Battlefield Equipment Rental, and Graybar Canada. Culliton shared a comprehensive view of their journey with Agile Construction® and provided a first-hand experience at their Prefabrication Shop.

Do you have questions on this, or want to review what the symposium is? Go to our [website](http://www.mca.net)



Flying in to the Windy City

Mark your calendars now! The next MCA Symposium, "How to Train the Workforce to Manage Externalized Work™ in Prefabrication," will be coming to Chicago in April, the home of MCA partners Hardt Electric, Aldridge Electric, and ConneXion.

Document Governance



Dassault Systemes, the largest producer of software for modeling, simulation, and document governance as well as information management is now offering their products in the "Cloud" environment. Holmes Electric of Seattle is one of the leading contractors which has subscribed to Dassault Systemes' program.

Calendar of Events

Upcoming MCA, Inc. events and engagements can always be found on our website www.mca.net

September 30– NECA 2014 National Convention. "Higher Productivity with Prefabrication" - Chicago, IL

October 5– ASTM. "How Building Economic Standards keep you on Track" - New Orleans, LA

October 24– 57th Annual IEC National Convention. "How to Manage Your Job Using WBS" - Baltimore, MD

October 25– 57th Annual IEC National Convention. "Industrialization/Globalization/Breaking Through" - Baltimore, MD

November 3– Canadian Mechanical Contracting Education Foundation (CMCEF). "Strategic Planning" - Halifax, Nova Scotia, Canada

January 15– CMCEF. "Procurement Chain Management" - Winnipeg, Manitoba, Canada

February 26– CMCEF. "Short Interval Scheduling SIS®" - Winnipeg, Manitoba, Canada

March 26– CMCEF. "Procurement Chain Management" - Halifax, Nova Scotia, Canada

April, 2015– MCA Spring Symposium "How to Train the Workforce to Manage Externalized Work™ in Prefabrication" - Chicago, IL

Our Partners Get Feedback!

"Tim, ... I wanted to commend you and your company, especially your mechanical and electrical foremen/supervisors (Jason, Mike and Ray) for the added measures which are clearly speeding things up on site. Your approach to pre-fabricate the mechanical ductwork and electrical supports and use pre-bent threaded connections is working very well from an efficiency and a quality of installation/ workmanship perspective. On our walkthrough yesterday, all consultants and I noticed the attention to detail, hangers are straight and accurate and connections are being made with great care and attention to detail. The work to date is so clean we could probably leave the work exposed. Please pass on the message to you staff as this level of professionalism is appreciated and expected, but seldom done. It is clear there is pride in workmanship on this project. Keep up the good work!" —email to Tim Culliton, President and CEO, Culliton - Mechanical, Electrical and HVAC from Bill Januszkiewicz, MAATO Senior Project Coordinator: Renovations and Construction