Stealing Industry Genius:
US Construction Labor Shortages—Past, Present, and Future

Moderator: Future Leaders
Panelists: Jeff Davis, Brock Group
          Art Richard, Richard Industrial Group
          Randy Walker, S & B
In the last decade, labor costs in Australia have risen 37%. Source: OECD
Australia LNG Boom

Skilled construction worker demand & supply in Australian LNG (job hrs)

Source: IHS CERA. 10315-2
Australia LNG Boom

“If we can’t keep the prices down and we can’t find a way to improve the productivity, onshore LNG plants will become increasingly difficult to build” Ann Pickard (Shell)

Source: WSJ, 26 July 2012

“While the industry, partners and governments have together delivered more than $160 Billion in committed LNG investment in Australia, another $100 Billion-plus in projects hangs in the balance” Roy Krzywosinski (Chevron)

Do you predict there will be a significant craft labor shortage in the US within the next 3 years?

1. Yes  
   - 80.5%
2. No  
   - 11.7%
3. I don't know  
   - 7.8%
What craft labor discipline is going to experience the most significant shortage in the next 3 years?

1. Pipefitters 16%
2. Welders 56%
3. Instrument Technicians 20%
4. None of the above 8%
$542 Billion of US industrial construction in the next 5 years

U.S. Peak Labor Demand 2013-2017
6.8 million or More Skilled Workers

“Deficit of at least 2 million tradesmen will quickly emerge”

Source: CLMA Spring 2013 Report
Competing Mega Projects
U.S. Gulf Coast – 5 Year Outlook

20,000 Craft Needed

Total planned expenditures: $55B

Source: FLUOR
What percentage of new craft demand do you believe is attributable to retirement?

1. <25%  
   - 37%
2. 25-50%  
   - 37%
3. >50%  
   - 17%
4. I don’t know  
   - 9%
Retiring Workforce - Louisiana Prediction

• Estimated $60 Billion of new plants and expansions

• Estimated 86,300 new craft workers needed through 2016
  • 59% due to attrition

Source: Louisiana Workforce Commission
Simplify installation

Reduce field hours:

- Modularize
- Use standard components
- Minimize welds
- Maximize packaged equipment
Hire a different Demographic
Change benefits offered

- Worker welfare
- Health insurance
- Duration bonus
- Family housing
- Part-time crew
Panelists

• Jeff Davis, CEO, Brock Group
• Art Richard, CEO, Richard Industrial Group
• Randy Walker, VP, S & B