

5 CHALLENGES

FACING EPC COMPANIES



1

LABOR SHORTAGE

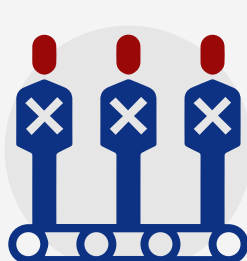
ISSUES



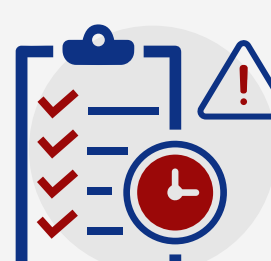
The US construction industry has a shortage of 350,000 workers



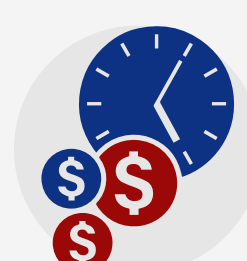
The labor shortage of workers poses a significant obstacle to EPCs



An aging, retiring workforce further exacerbates the labor shortage



Resulting problems are longer project completion times



Additional costs accrue over the lengthened project duration

SOLUTIONS

Construction firms and sub-trades can enhance their recruiting efforts on college campuses to attract a younger demographic to construction talent pool



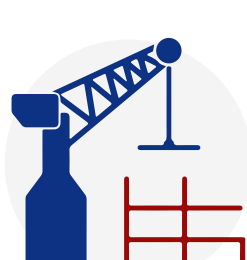
Find ways to maximize on-site labor efficiency through pre-fabrication or other value-add products that save time



2

SHRINKING PROFIT MARGINS

ISSUES



Gross margins for construction companies have declined since 2014

Time saving products can increase productivity and help trades complete their jobs more quickly, such as bundled cable can save electrical contractors time on wire installations



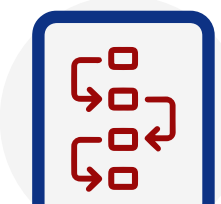
Identify and sell products that offer a higher value-add that can capture additional margin on value-add offerings such as bundled cable (for example selling THHN wire at 2% margin vs. bundled THHN at 7% margin)

SOLUTIONS

Better understand the profit margins for individual businesses and improve metrics for tracking



EPCs and sub trades can use more technology designed to streamline costs



3

SAFETY ON CONSTRUCTION SITES

ISSUES



Injury rates in the construction industry are higher than the average of all other industries



Activities such as lifting, pulling, bending, or pushing could result in injuries that last a lifetime further reducing productivity within the industry and exacerbating labor shortage



For electrical contractors, this comes in the form of pulling wire through conduit which can be quite strenuous and cause back injuries



The annual resulting cost is estimated at \$12 billion

SOLUTIONS

Value-added services meant to lower costs and time for construction projects could also serve to reduce injuries among construction workers



For electrical professionals, value-added solutions such as bundled cable reduce the chance of injuries by making the pull less strenuous



4

RISING MATERIAL AND LABOR COSTS

ISSUES



In 2018, construction prices increased 5.07%, which was partly due to rising material and labor costs



Prices of copper and aluminum fluctuate as a result of commodity trading, which impact the overall project costs



The labor shortage has also resulted in an increase in labor costs

SOLUTIONS

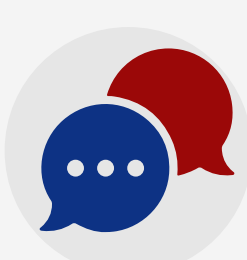
Negotiating long term contracts with suppliers can mitigate price fluctuations helping to control costs for contractors



5

COMMUNICATION

ISSUES



Communication is challenging for fragmented teams working on a construction site



Difficulty communicating lowers productivity and is costly



A lot of documentation is done via paper which can be difficult for various teams to track

SOLUTIONS

Choosing streamlined digital communication tools to enhance communication across a job site



Using a project management platform like Asana, Monday.com, or Trello to improve project visibility and blockers



Implementing a company chat tool such as Slack or Microsoft Teams so that different trades at a job site quickly communicate

