



BY MIKE HAMMES, WENDY HAMMES & MARK THOMA

How One Contractor Is Successfully Navigating the Labor Shortage

One of the most critical issues facing the construction industry is the combination of shortage of workers for labor and management with a low construction unemployment rate (currently 5.4%).¹

While 80% of contractors in the U.S. recently reported difficulty filling hourly craft worker positions,² RAM Construction General Contractors, a 70-person GC based in Bellingham, WA, is not struggling to find qualified candidates. In fact, the company has never faced such a shortage and regularly has more qualified candidates than open positions.

Husband-and-wife team Mike and Wendy Hammes, RAM CEO and Vice President, respectively, believe that their philosophy is what sets them apart: If you focus on your employees, the profit will take care of itself.

In this article, Mark Thoma, a partner at Moss Adams who has worked with RAM since 2015, looks at how their principles translate into day-to-day decisions and presents steps that can help your company attract and retain high-quality workers.

Philosophy

When employees know and understand their company values, they're empowered to make decisions. The RAM philosophy involves five key components:

- 1) Empower your team
- 2) Be transparent
- 3) Encourage innovation
- 4) Foster collaboration and communication
- 5) Be authentic

Empower Your Team

The top priority for many CEOs is likely their bottom line. For Mike and Wendy, it's RAM's employees. As Mike puts it, "Business is human. Regardless of what you're building, you need to look at business through the lens of human beings." When asked how the profits factor into this, Wendy was

straightforward: "People, people, people – and the profits will follow."

This means they never think of their staff as production units or a means to an end. Rather, the well-being of the RAM workforce is valued. Mike and Wendy take time to learn the names of employees' spouses, show care and concern when their employees' children are sick, and ask questions about their employees' long-term goals.

While this might seem like a less traditional approach, the company's retention rates indicate that this philosophy works. Seventy percent of RAM's workforce has worked there for three years or more, and 47% have been there for five years. Of the employees who have been hired in the last two years, 50% were hired for new roles rather than as replacements.

The company doesn't spend money on traditional recruiting. Rather, it invests in community projects and individual outreach to spread their company values and build a positive reputation throughout the region. While their employee compensation is competitive, they've found it doesn't always have to be the highest – people choose to work for RAM because of its company values.

Hire for the Long-Term

In keeping with RAM's people-first philosophy, the company doesn't hire temporary employees for one-off projects. Instead, it only hires when the project involves long-term work and when it can make a significant commitment in terms of managing, training, and providing career support to new employees. Additionally, RAM is selective about hiring people who are looking to grow with the company and enjoy the long-term job security RAM provides.

Choose Projects Strategically

RAM's people-first philosophy even influences which jobs it pursues. RAM is strategic about finding work that benefits both the employees and the bottom line.

Public & Private

Taking on projects in both the public and private sectors helps to level out the business cycle's peaks and valleys, which supports the bottom line while providing better job security for RAM employees.

Regional Work

Working on public and private projects expands the pool of contracts on which RAM chooses to bid so that it can focus on work that is truly local. This means their employees have reasonable commute times and can easily make it home to their families each night.

Build Quality Relationships

RAM builds relationships with its clients and has been working with some for more than 25 years. These types of long-term relationships not only help the business, but can also provide further job security for RAM's employees.

Steps You Can Take

- Keep conversations about bottom-line performance to executives
- Encourage employees to give their best rather than hit certain quotas
- Be strategic about the projects you take on, and think about how they'll impact your employees

- Cultivate the whole employee, including their family benefits and work-life balance
- Focus on hiring for the long term rather than for short-term or contract work

Be Transparent

It's important for employees to understand their roles and how their day-to-day efforts drive the company forward. RAM instills this by setting a clear vision and communicating what employees can expect from their leadership and what leadership expects from them.

Establish a Balanced Transaction

All new RAM employees are educated on what the company calls "the balanced transaction." This philosophy centers around the tenet that a company thrives when there's a balanced relationship between the company and its people, with both parties giving as much as they receive.

In other words, both executives and the workforce benefit in proportion to what they produce to create a "we" team environment. Rather than being held to production quotas or strict benchmarks, employees are accountable for being honest and fair about their participation in this transaction.

This balance also promotes an open dialogue between the two sides; employees are encouraged to speak up if they feel that the balance becomes uneven and are consulted on what they expect management to provide.

Example

RAM is upfront about what they want employees to focus on:

- 1) *Safety* with regard to themselves, their families, and in the workplace. For example, employees are asked to always have an awareness of their crew on a site, notice if they seem fully present, and check up on them frequently.
- 2) *Kindness* to themselves, their workplace, coworkers, families, customers, and the greater community. Some examples include using the company card to buy coffee for someone who looks stressed and never being so rushed that you're rude to others.



Mike Hammes (left), Owner and CEO of RAM Construction General Contractors, with Dick Williams (right), RAM's Director of Health and Safety, at the Salish Village Travel Center for a project that RAM is building for the Lummi Nation.



In exchange for delivering these, employees were asked how the company can best support them. Beyond benefits and wages, employees said their number one priority is family. This is something RAM supports by having a generous family-first, paid time off policy. For example, if an employee has to leave early for a family obligation, they are not required to take personal time off.

Benefits

When employees can align their personal values with the company's philosophy, they're empowered to make decisions of what will – and won't – be useful to the company.

Maintain the Balance

RAM ensures that it's delivering as much to maintain that balance as its employees are and vice versa. With this philosophy, employees are expected to bring their best effort to work.

For example, if they fail to uphold their side of the balanced transaction by abusing their family policy, RAM will let them go. RAM attributes these interactions as the result of a poor fit, and is willing to cover expenses and offer support while helping the employee transition to something that suits them better.

Steps You Can Take

- Set clear, realistic priorities for your employees and make sure they understand what you expect from them and what they can expect from you
- Solicit feedback from employees to understand how you can support them
- Be honest with yourself about how much you give to and get from employees
- Don't be afraid to terminate workers if they're not making a meaningful contribution

Encourage Innovation

Innovation is a key priority for RAM, and the company is continuously looking at new ideas and technologies that enable them to stay on the cutting edge of all levels of the business.

Invest in Emerging Technology

Software programs and management systems are regularly evaluated, updated, and transitioned to support business functions and contribute to efficiencies.

RAM's technology-forward approach has helped it find efficiencies for estimating, business management, machine control, and project management.

RAM is also open to employees' suggestions for new processes or technologies, even having recently implemented an employee's idea for automating its excavation process. Previously, this was manually performed by 3-4 people, and was a time-consuming, error-prone, and labor-intensive process.

Per the employee's suggestion, RAM invested in technology that allows a user to remotely operate and monitor a digging tool. This process is now performed with fewer employees, achieves higher precision, and is completed in less time.

Foster Employee Advancement

When a task is automated and the associated labor needs are reduced, RAM doesn't eliminate positions. Instead, it trains the employees and gives them the opportunity to contribute to the company in another way. For example, an employee might be trained to become a super-user of a new technology and can then train others.

Employees could also be trained in another area that interests them. If there's a skill that employees want to learn that would benefit the company, RAM is happy to pay for the training. One employee who was working in traffic control wanted to become a heavy equipment operator. In addition to on-the-job training, RAM is paying for the employee to attend an apprentice program for heavy equipment operators.

This approach offers several benefits:

- Employees aren't afraid to suggest efficiencies because they know it won't result in job loss
- Employees often move into more satisfying work, thus increasing engagement
- Employees can build a career, which motivates them to stay with RAM for the long term
- When employees know there's a path forward and room for upward mobility, they're often more engaged in serving the company, even if their current position isn't their end goal
- The company can grow organically rather than hiring from the outside; if innovation enables one person to do a job that previously took four people, then there are three employees who can be trained to do work in other areas

Calculate Risk

Innovation doesn't always mean being the first to adopt every new technology. Instead, it's often about keeping a finger on the pulse of current trends, being ready to adapt, and seizing opportunities as they emerge.

For example, RAM benefitted from being ahead of the curve when it invested in technology for cleaning up stormwater. Muddy water runoff on a jobsite in Washington can result in hefty fines of \$10,000 per day. So, companies typically stop work during the Pacific Northwest's rainy winter months. RAM recognized the significant potential revenue opportunity and came up with a solution that addressed the runoff and enabled them to work through the winter.

In deciding that a filter system had a potential benefit to the company, RAM invested in technology that turns 1,500 gallons of muddy water per minute into pure filtered water, which the state permits them to discharge directly into a creek. The many benefits of this decision include the ability to:

- Work year-round
- Rent equipment to other companies in the region
- Guarantee winter work for employees
- Take on projects that other companies can't
- Protect the environment

Steps You Can Take

- Stay current on technology trends
- Invest in technology that has the potential to transform your operations
- Be willing to challenge the status quo
- Be open to ideas from employees, whether it's a new idea or best practice

Foster Collaboration & Communication

RAM strives to ensure that each employee feels like they have a voice. Executives are genuinely interested in employees' thoughts and opinions – both work and nonwork-related.

For example, all new employees are given contact information for Mike, Wendy, the general manager, and the safety manager. And, based on employees' responses, it isn't seen as an empty gesture. According to Mike and Wendy, this policy has opened the line of communication to the point that surveys or other employee satisfaction tools haven't been necessary (although they're considering implementing some as the company grows).

Provide the Freedom to Experiment

RAM encourages employees to try new things. When new ideas go well, it's rewarded and celebrated. But, more importantly, employees aren't punished if they fail. The company encourages people to make their best decisions by following their instincts, and recognizes that this approach doesn't always lead to the right outcomes. RAM then encourages employees to explain their thought process and how they arrived at their decisions because, by capturing lessons learned regardless of success or failure, value is received. RAM is so committed to this idea that if an employee does make a good-faith mistake, they invest in solving the problem.

Steps You Can Take

- Use tools to encourage communication, whether it's by phone, surveys, or pulse tools
- Don't punish employees for failing as long as their decisions were well-reasoned
- Help employees fix mistakes
- Demonstrate that you value employees' ideas by acting on them when appropriate

Be Authentic

The final piece of the RAM approach is putting people first and hiring those who do so as well, preferably demonstrated by leadership.

The last thing RAM wants is for employees or management to feel like culture is a box that needs to be checked. Rather, company culture should be a holistic approach that serves as a compass for employees and, most important, should be an example set by leadership.

Here are some ways that RAM demonstrates its values.

Personalized Appreciation

On their birthdays every year, employees receive long, genuine notes from Mike that recount anecdotes about contributions they made, or ask about personal matters ranging from updates about their family to their personal or professional goals. Employees' reactions are a testament to the impact of the cards. One employee who has worked for RAM for 12 years has every note he's received on his refrigerator.

Giving Back

Community service is a significant part of RAM's ethos, investing in both its communities and its employees. In celebration of its 25th year in business, RAM is doing 25



“RAMdom” acts of service that include major projects benefitting the community as well as small company perks like donuts for employees. These projects remind employees that they’re a part of something bigger than themselves, and show how RAM puts their time and money behind their people-first philosophy.

RAM’s Takeaways

While there are several approaches to avoiding the labor shortage in the construction industry, these takeaways have enabled RAM to succeed as an employer. For any company looking to implement this workforce philosophy – to empower the team, be transparent, encourage innovation, foster collaboration and communication, and be authentic with employees – one or more of these tactics could help your company attract and retain new talent.

Today, RAM is a leading example of a “healing organization” – one that keeps people at the center of its actions. Whether those actions are in service to their employees, the company’s clients, or its community, Mike and Wendy remain committed to fostering a culture of accountability, cooperation, quick thinking, and big-hearted actions to achieve superior results in the most constructive manner possible. ■

Endnotes

1. “Industries at a Glance.” U.S. Bureau of Labor Statistics. March 5, 2020. www.bls.gov/iag/tgs/iag23.htm#workforce.
2. “2019 Workforce Survey Results.” AGC and Autodesk. 2019. www.agc.org/sites/default/files/WorkforceDevelopment_2019_National_Final_1.pdf.

MIKE HAMMES is Owner and CEO of RAM Construction General Contractors, LLC, located in Bellingham, WA. Mike established RAM in 1992 with a background in construction and firefighting, as well as a strong sense of service and leadership. Since then, Mike has poured his heart into the work of building a company that thrives as an extension of his values: integrity, kindness, and safety above all.

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