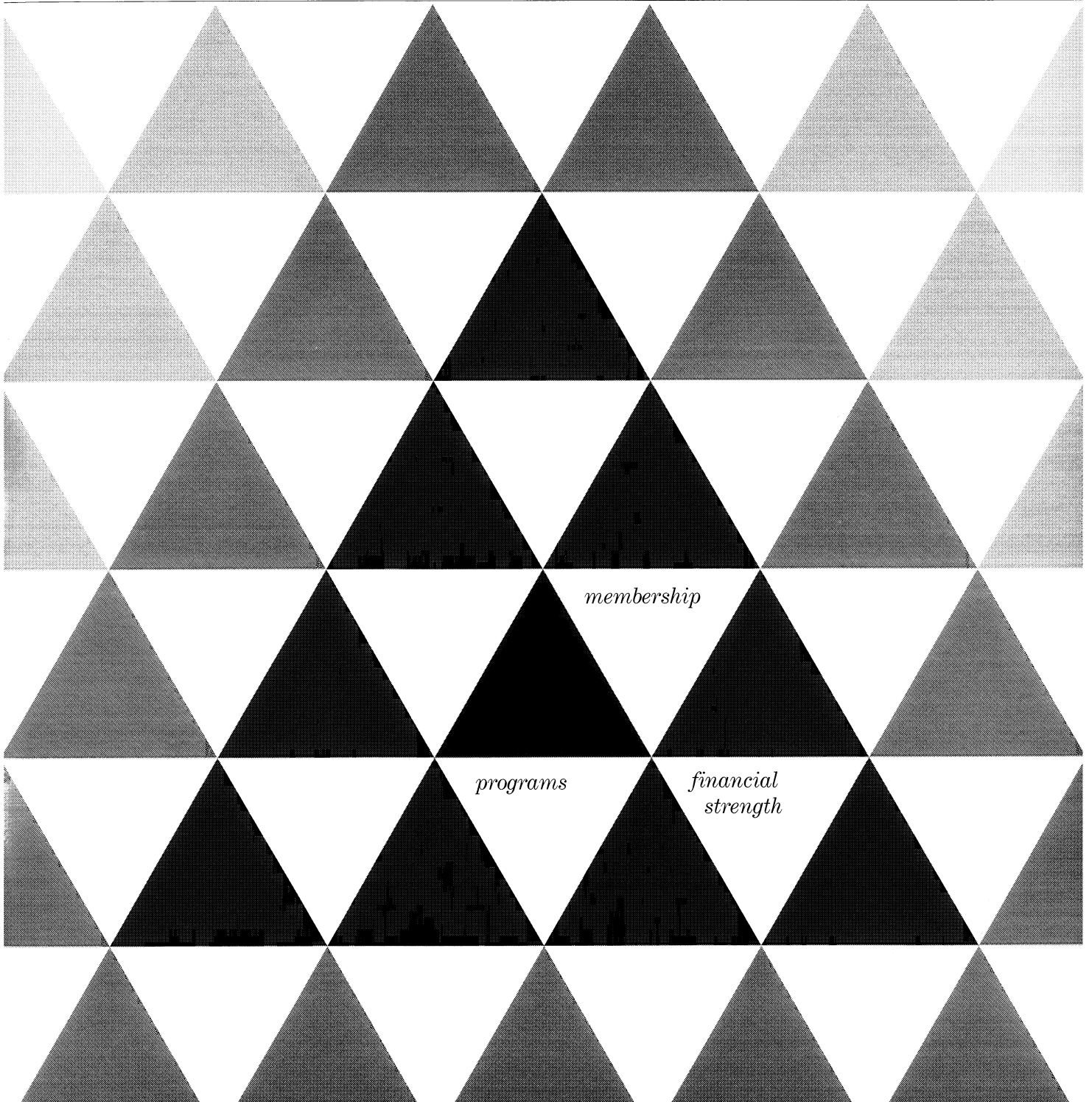




A Handbook for Local Construction User Councils



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Introduction

Local User Councils (LUCs): Seeking More Construction for the Money

Construction is the nation's largest industry, accounting for about 8% of the nation's GDP and employs about 5% of the nation's work force.

There is no getting around the fact: The U.S. construction industry *must* be competitive if American firms are going to remain competitive in today's emerging global economy.

Some U.S. companies may mistakenly think that because their principal business isn't construction, this vital industry doesn't impact their bottom line directly. But it does: Whether expanding, consolidating, maintaining or modernizing corporate facilities, construction is the large-ticket item that *directly* impacts the cost of every factory, store, office building, sales outlet, hotel and power plant – and therefore the price of products and services.

As a local user, every construction dollar you spend is part of a powerful and complex equation tied directly to manufacturing costs, capital investment incentives – and your effectiveness in world markets.

LUCs: An Effective User Forum

For a number of years, The Business Roundtable has been concerned that construction industry productivity has lagged behind that of U.S. industry as a whole. As one part of its multi-faceted effort to do something about it, the Roundtable's Construction Committee has encouraged the establishment of more than 40 independent Local User Councils throughout the U.S.

These LUCs help owners develop an effective forum for owners to exchange ideas among themselves and with contractors on how to improve their local construction picture – how to find ways to get “more construction for the money.” This national network of concerned owners and contractors provides an opportunity to share ideas on how to make construction safer and more effective.

Because LUCs are autonomous, each sets its own programs and follows its own agenda. LUC programs range from improving cost effectiveness to helping develop and support better training programs for skilled workers. LUCs are playing a strong, positive role in the effort to improve America's construction practices. They need *your* input.

Looking at Construction

A Local User Council may be large in size or have only a few members. It may have contractors and other associate members if it believes that dialogue with these non-owner parties will help achieve the LUC's objective.

But there is one thing that every LUC has in common: It exists to promote and advance *owners'* interests in the construction and major maintenance process.

Here are key elements of the effort to improve construction efficiency that every LUC member should know about:

The Business Roundtable is an association of chief executive officers of more than 200 U.S. corporations. Members carefully examine public issues (including construction issues) that affect the economy and develop positions which seek to reflect sound economic and social principles. It was established in 1972 in the belief that business executives should take an increased role in the continuing debates about public policy. It is supported in its efforts by a number of task forces and standing committees.

The Construction Committee of The Business Roundtable is one such committee, comprised of owner representatives who manage their company's capital and major maintenance spending. Its mission is to: "Promote and advance the owner's interest in the construction and major maintenance process by providing leadership and by working on issues to improve the quality and cost effectiveness of the construction industry." Once a year in February the Construction Committee hosts a national LUC Leadership Conference to allow LUC elected and staff leaders to come together to exchange ideas and learn how to manage their Councils more effectively.

In 1978, the Roundtable's Construction Committee launched an unprecedented study of the U.S. construction industry through its *Construction Industry Cost Effectiveness (CICE) Task Force*. The result was 23 separate reports on how construction might be made more effective, published and widely distributed by the Roundtable. The CICE effort remains the backbone of owner efforts to improve construction efficiency.

The Construction Industry Institute (CII), headquartered in Austin, Texas, is a joint effort of owners, contractors and academics to research and report on construction issues. The activities of CII, founded in 1983, include identifying research needs, conducting research and aiding implementation of research results in such areas as project management, quality management, technology, safety and education and training. Implementation includes extensive work in continuing education for project managers. CII is a valuable source of speakers, publications and programs on how to get “more construction for the money.”

Safety in Construction

A prime Business Roundtable construction objective is to promote greater jobsite safety. The Roundtable sponsors an annual *Construction Industry Safety Excellence (CISE) Awards Program* to recognize owners, contractors and industry associations who are taking steps to improve construction safety. The LUCs also participate in the effort to create awareness of the need for, and promote ways to achieve, improvement in construction industry safety performance. LUCs are invited to nominate candidates for CISE Awards. Many LUCs include safety issues in their programming.

Establishing a Local User Council

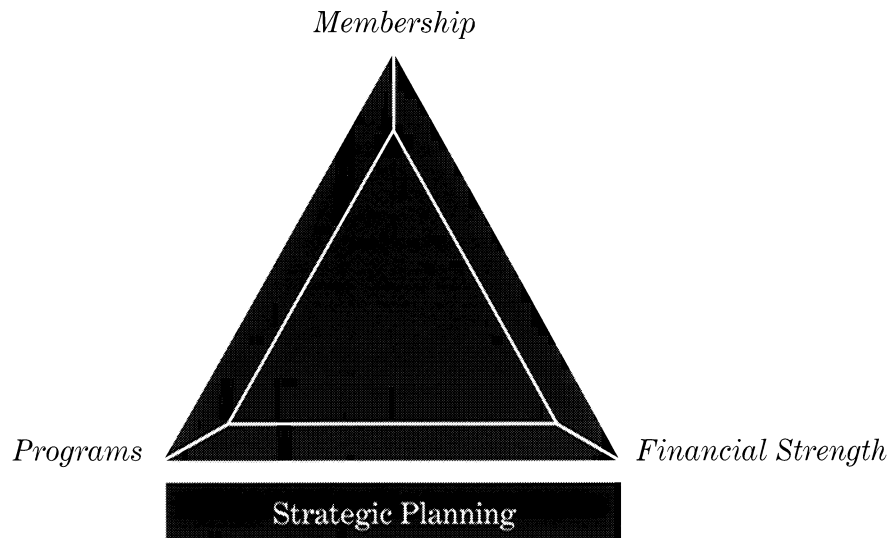
The decision to establish a Local User Council is entirely up to you, the local users. The Business Roundtable encourages LUCs and provides important support services, but only the local users themselves can actually form an LUC. Equally important, your LUC's success will depend solely on the effort you and fellow users put into it.

The Construction Committee's Local User Council Support Task Force exists to work with LUCs. The Task Force will be happy to provide information on how to establish a LUC in your area.

When establishing a Local User Council, consider these points:

- ▲ *What should the boundaries be?*
Consider such factors as the presence of government agencies and the jurisdictions they serve, the areas covered by local construction labor contracts and the area served by local contractor associations. Try for a logical "fit."
- ▲ *A LUC is totally independent from The Business Roundtable and sets its own agenda.*
- ▲ While the Roundtable sponsors a national forum to exchange ideas and also provides technical support, *each LUC decides how much Roundtable assistance it wants to accept.*
- ▲ *Every LUC member company remains completely independent, free to act in what it considers its own best interests. No member is required to follow majority votes or act in any way that it feels is contrary to its own company policy.*
- ▲ *Full membership should be limited to construction users.*
Contractors, consultants, academic personnel and others may be offered associate or subscriber status, but policies and programs should be owner-controlled.
- ▲ *LUC representatives should be management-level personnel, who understand construction and are able to make construction-related decisions for their organizations.*
- ▲ *Most LUCs obtain operating funds by charging membership fees or dues.* Additional revenue can also be obtained from fees for seminars, training courses or LUC publications. The dues and fees structure and other funding of programming needs must be reviewed carefully by legal counsel to be sure they meet all IRS guidelines and do not pose any legal problems.

The LUC “Success Triangle”



Local User Councils help their members make a major impact on the fragmented and diverse construction industry through such activities as:

- ▲ Providing a forum to help owners become better informed about both local and national construction problems and trends.
- ▲ Establishing a mechanism to effectively coordinate the various segments of the local construction industry to help meet common goals – such as construction cost effectiveness.
- ▲ Opening new information channels to disseminate the Roundtable’s CICE reports and CII recommendations.
- ▲ Increasing the skills and professionalism of those involved with construction through special training courses, workshops and seminars.

Experience suggests Local User Councils greatly improve their chances for success by building on a “success triangle” that focuses on three basic elements: (1) strong, preplanned programs, (2) an active membership effort and (3) financial strength.

The LUC experience also shows that Local User Councils investing in staff support – particularly by hiring an executive director – tend to be the most successful and provide the most value for members. The Construction Committee provides assistance to LUCs through liaison members and its annual February LUC Leadership Conference. LUC directors also frequently network and share thoughts on how to run the most effective organization, program ideas and other points of LUC operation.

The most successful LUCs are those that focus on the needs of their members and strive to provide “value-added” programs to them.

Developing Strong Programs

Successful LUCs generally plan an entire year's programs in advance, and make sure members know well in advance about upcoming subjects. Many LUCs have lunch programs; some also develop seminar-type programs that are open to non-members as well as members. Registration fees for such programs may become an important source of operating funds for an LUC.

The key to successful programming is *member participation*. Programs should provide valuable information to LUC members – information they can take back to their own companies.

Examples of programs include construction management, CICE implementation, contracting methods, management of quality, job site safety, drug and alcohol abuse issues, new trends in training workers, new inspection laws, trends in partnering, modularization – anything and everything, in fact, that can help owners and other members find better ways to undertake construction projects.

One valuable source of ideas for programs is to ask LUC members what topics in construction concern them. What do they want and need to know more about?

When the LUC's program committee puts together its plans for the year, the committee should seek to meet these criteria:

- ▲ Is the program educational?
- ▲ Does it provide useful and timely information?
- ▲ Does the program project the degree of quality that the LUC wants associated with it in the construction field?

If you'd like further details and additional examples of the kinds of programs Local User Councils are directly involved in to help improve local construction efficiency, please contact The Business Roundtable, 1615 L Street N.W., Washington, D.C. 20036.

Membership

Every LUC is only as strong as its membership. A strong LUC puts equal time into serving its present members and searching for additional valuable members. Recruiting is carried out through mailings, phone calls, invitations to LUC programs and networking among owner representatives.

Most successful LUCs also spend substantial time working to assure a high participation level by members, and retaining these members as active LUC participants.

Associate Members

Many Local User Councils permit associate members, such as contractors, engineers, architects and law firms to join the owner representatives. The Business Roundtable's Construction Committee can provide details on how various LUCs handle associate member policies. Many LUCs say having associate members or subscribers improves the breadth and quality of the discussions and their programs.

Multiple Representatives

Some Roundtable companies have more than one representative on a Local User Council. This provides continuity in case the principal representative is away on company business or gets transferred and involves more company representatives who are directly responsible for implementing construction cost effectiveness. We encourage this approach as an equitable means for a company to share the time load needed to participate fully in Council activities.

Legal Considerations

Local User Councils have clear objectives and their activities are legal. Nevertheless, it is important to be aware of the legal considerations associated with labor and antitrust laws.

Therefore, it is strongly recommended that in-house or retained counsel review your Council's constitution and by-laws. It also is advisable to have important Council decisions reviewed by legal counsel prior to implementation.

The basic foundation of your Council's operation is that LUCs must never impair their individual members' freedom to act independently in their *own best interests, at all times*. Each member company must retain the right to determine its own affairs and decisions without interference.

Also, remember that U.S. labor and antitrust laws constrain certain group activities. In that regard, users clearly have a legitimate interest in seeking information regarding proposed industry wages and conditions and expressing their views. Just be aware of the avoidable risk of being considered a co-employer with the contractor if a user is directly involved in contractor-labor negotiations. Again, check with your counsel.

The Business Roundtable has available extensive legal review of Local User Council activities and will be happy to make it available to LUCs on request.

Consider a Paid Director

We mentioned earlier that a paid director can help make a Local User Council more effective. Under direction of the LUC leadership, paid staff can provide such services as administering LUC activities, coordinating the execution of the annual plan, handling monthly meeting preparations, keeping financial records, supporting recruiting, retention and fund-raising efforts, helping operate seminars and workshops, and improving communications – maybe even developing a LUC newsletter.

However, paid staff must not be viewed as a substitute for personal involvement and participation by LUC members. At the bottom line, it is *members* who determine if a LUC succeeds.

Staff Qualifications

The director's primary responsibilities are to administer and promote the Council's activities effectively, and his or her capabilities in keeping the Council running smoothly are even more important than a detailed understanding of the construction industry.

Organization and Leadership

Local User Councils vary widely in size, structure and degree of formality. But whatever form your LUC takes, it's generally advisable to adhere to these basic points:

- ▲ Develop clear by-laws and a charter.
- ▲ Write down short-term and long-term goals.
- ▲ Hold regularly scheduled meetings.
- ▲ Distribute agendas and program notices in advance.
- ▲ Distribute written minutes to members as soon as possible after meetings.
- ▲ Hire a paid staff if feasible.
- ▲ Involve all members in the total program.
- ▲ Develop a clear and equitable dues structure.
- ▲ Organize by committees or task forces.
- ▲ Develop an associate membership program.
- ▲ Have legal counsel review LUC activities.
- ▲ Comply with IRS regulations for non-profit organizations.

Most LUCs operate through a number of task forces, each concentrating on one subject area and reporting its findings back to the main body, often along with recommendations. For example, an LUC might have a task force dealing with safety, and others focusing on such areas as skills training, building codes and perhaps substance abuse. Individual task forces might present seminars or workshops on their topics.

Liaison Assistance

The Construction Committee provides a program of liaison for LUCs in which Committee members work directly with individual Councils to help in any way needed. Liaison representatives try to attend LUC meetings periodically and can put Council members or staff in touch with their counterparts on other Councils to discuss how to deal with problems or develop new programs.

Maturing as a LUC

Development of an effective Local User Council is usually an evolutionary process. Mistakes will be made and opportunities lost, but if the focus is on a Total Quality Management effort, the end result will be a strong, effective Council. And remember: you're part of a national network of LUCs. Help is out there; all you have to do is ask for it.

Critique and Feedback

A former mayor of New York City used to say, "How'm I doin'?" He was interested in honest feedback from his constituents. LUCs generally welcome critique and feedback too, because it helps them do a better job in meeting member needs in the future.

LUCs that participate in The Business Roundtable's annual National Leadership Conference have a chance to offer – and receive – objective feedback and critiques of what they have been trying to accomplish. In addition, the Construction Committee has established its "Spark Plug Award" for Councils making impressive strides in such areas as increasing membership, improving programs and generally strengthening the Local User Council program.

Many LUC representatives say such feedback helps them to focus on ways to improve their operations.

Marketing The Association

Representatives of owner companies generally appreciate the importance of marketing their products. The Local User Council should be marketed the same way. You do indeed have a strong “product” – Construction Industry Cost Effectiveness – to sell.

An effective effort to market the Council should seek to increase public awareness of the group and what it stands for. You also might consider advertising in local business publications to be sure other owner representatives know you’re busy and looking for their participation.

Some LUCs even develop their own publications, such as regular newsletters that inform members and other readers what the Council is doing. These publications make useful recruiting materials, too.

When you tell your neighbors about what the LUC is doing, be sure to include examples of your accomplishments. If the LUC organized the area’s first seminar on new OSHA rules, say so. If your group spoke out on local construction problems, let others know about it: They may want to join you.

Top Management Support

While members of Local User Council’s are generally middle management people, their efforts mean a lot more if they have the support of their companies’ top managements. CEOs of Business Roundtable member companies are already aware of the importance of the CICE effort. Be sure your management knows when the company is a LUC member. In return, be sure top management remains “in the loop” about what your LUC and others are working on. Remember, communication is a two-way street.

Awards and Recognition

As mentioned earlier, Local User Councils may be singled out for special notice when they do a great job. In addition to the Construction Committee's "Spark Plug Award" for outstanding LUC efforts, Councils are invited to be a key part of the Roundtable's Construction Industry Safety Excellence (CISE) Awards Program. The program is widely recognized as one of the most important industry efforts to improve construction safety in the United States.

Many LUCs also give their own awards to owners, contractors and associations for outstanding efforts to improve the construction picture locally. These awards can be powerful tools for getting the CICE message across, and positioning your LUC as an important local force in the effort.

In Conclusion...

The Local User Council program is a valuable one. The network of LUCs has helped owners increase their understanding of the complexities of the construction industry. Every LUC is part of a large national clearinghouse for owners, who can share ideas on how to improve cost effectiveness and play a more informed part in the local construction scene.

If you're interested in joining an existing Local User Council in your area, simply give them a call or write them on your company's stationery. Attend a meeting or two; find out about dues, meeting schedules and the kinds of construction issues members are addressing. If you have additional questions, ask to meet with the leadership.

Appendix A: Local User Council Directory

For a specific contact, call The Business Roundtable (202) 872-1260

<i>State</i>	<i>Area</i>	<i>Council</i>
Alabama	Mobile	The Mid-Gulf Business Roundtable
Arizona	Phoenix	Arizona Construction Users
California	Statewide	Western Council of Construction Consumers
Delaware	Newark	Delaware Local User Council
District of Columbia	Washington, DC	Washington Area Construction Users Group
Florida	Statewide	Florida Business Roundtable, Inc.
Georgia	Statewide	Mid South Business Roundtable, Inc.
Illinois	S.W. Illinois	Council of Owners & Construction Associates
Indiana	Evansville & S/E Indiana	Lower Ohio Valley Construction Users Council
	Indianapolis	Indiana Construction Roundtable
	Northwest	Northwest Indiana Business Roundtable
Iowa	Quad Cities	Illowa Construction Users Council
Kentucky	Louisville	Kentuckyana Construction Users Council Inc.
Louisiana	Baton Rouge	Greater Baton Rouge Industrial Managers Assn.
	Lake Charles	Southwest Louisiana Local Users Council
	New Orleans	Greater New Orleans Business Roundtable
Michigan	Lansing	Michigan Construction User's Council, Inc.
Minnesota	Minneapolis	Minnesota Construction Users Council, Inc.
Mississippi	Natchez	Natchez Users Council
Missouri	Kansas City	Construction Users Council, Inc.
	St. Louis	St. Louis Council of Construction Consumers
New England	ME/NH/VT/ MA/CT/RI	New England Construction Users Council
New Jersey	North Jersey	North Jersey Construction Users Council

Local User Council Directory, continued

<i>State</i>	<i>Area</i>	<i>Council</i>
New York	Albany/Syracuse/ Rochester	Upstate New York Construction Users Council
	Buffalo/ Niagara Falls	Western New York Construction Users Council
	New York City	Greater New York Construction Users Council
North Dakota	Bismarck	North Dakota Energy Managers Association
Ohio	Cincinnati	Construction Owners Assn. of the Tri-State, Inc.
	Toledo	Northwestern Ohio Construction Users Council
Pacific NW	OR/WA/ID/MT/AK	Northwest Construction Consumers Council
Pennsylvania	Philadel/So.NJ	Delaware Valley Construction Users Council
	W/PA, N/WV, E/OH	Tri-State Construction Users Council
Texas	Corpus Christi	Coastal Bend Business Roundtable
	Dallas/Ft.Worth Roundtable	Dallas/Fort Worth Construction
	Houston	Houston Gulf Coast Area Business Roundtable
	Sabine Area	Golden Triangle Business Roundtable
Virginia	Richmond/Norfolk	Virginia Construction Users Council
W. Virginia	Charleston	Appalachian Construction Users Council
Greater Bahamas Islands	Bahamas	Greater Bahamas Local User Council
Canada	Alberta	Construction Owners Association of Alberta
	Ontario	Construction Owners Council of Ontario

About Local User Councils

The Business Roundtable’s Construction Committee recognizes the Local User Council (LUC) network as a vital part of the national effort to help improve the quality and cost effectiveness of the U.S. construction industry. Each Local User Council is comprised of owner representatives who are direct users of construction services. LUCs may have associate members, such as contractors, if they choose. Every LUC is autonomous and focuses on the areas of construction it wants to address. There are approximately 40 LUCs throughout the United States.

Additional copies available upon written request.

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