



# **New study highlights winning model for delivering construction projects on time and on budget in Southwestern Illinois**

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**EDWARDSVILLE** - A new report shared by the Labor Management Committee of the Leadership Council Southwestern Illinois reveals that the unique, collaborative project management process being used on many major construction projects in Southwestern Illinois is proving to be a win-win for all stakeholders involved. Developed over the past 30 years by labor and management, the proven model that's been tested and refined combines Project Labor Agreements (PLAs) with a Tripartite Approach that unites contractors, owners and labor at the table, resulting in a process that increases collaboration, reduces costs, and brings projects of all sizes in on time and within budget with excellent safety records.

The independent applied research was conducted by Ronda Sauget, D. Mgt, MBA, Webster University and Marv Finkelstein, Ph.D., Southern Illinois University Edwardsville, who volunteered their time for this initiative. The purpose of the study

was twofold: to provide a framework for understanding the historical context of labor management cooperation and collaboration in Southwestern Illinois, and to empirically document six business cases in the construction industry over the past decade that used the combined PLAs and Tripartite model.

“The findings of this study refute the myth that the use of PLAs adds to a project’s cost, at least here in Southwestern Illinois,” notes Ellen Krohne, executive director of the Leadership Council Southwestern Illinois. “Furthermore, the six case studies documented as part of the year-long study provide such compelling evidence of the effectiveness of the combined PLA/Tripartite approach in meeting budget, schedule and safety goals that others may want to consider bringing their projects to Southwestern Illinois.”

The construction projects detailed in the report include two of North America’s largest projects in recent years - the \$4+ billion Prairie State Generating Campus and the Phillips 66 \$3.8 billion Wood River refinery expansion. The others were Alberici Constructor’s \$74-million project to construct Abengoa BioEngery Company’s ethanol plant at America’s Central Port; multiple projects totaling more than \$60 million within the Edwardsville School District; the \$11.4 million SIUE Student Success Center, and the new \$29 million K-12 facilities for West Washington County School District #10.

The key findings and conclusions of the study were as follows:

- All six projects reported highly positive results and mutual benefits from engaging in cooperative labor management agreements and practices for the stakeholder groups – owners, contractors and labor.-The use of PLAs and related Tripartite agreements resulted in significant cost savings, improved quality, greater productivity and higher levels of safety.
- There was no evidence to suggest that PLAs contribute to higher costs and reduced competition. To the contrary, successful PLAs tend to produce both short-term and long-term cost savings. Results indicated that all six projects were completed on time and within budget.
- Cooperative agreements, such as PLAs and the Tripartite model, can increase communication, trust, respect and collaboration among all parties and encourage swift problem solving, innovation and flexibility.
- Positive results may be attributed to an informed and committed labor management leadership who were able to successfully resist an adversarial past to learn, create and maintain strong cooperative relationships.

- Future success of the construction industry in Southwestern Illinois may well hinge on workforce and leadership awareness of cooperative and collaborative agreements and practices.

The labor force required to successfully deliver these projects consisted of more than 10,000 skilled tradesmen working for local and national contractors, who collectively completed in excess of 50 million site work hours. Those numbers underscore that this approach can effectively provide local contractors and skilled tradesmen the opportunity to work on local projects.

Phillips 66 Senior Project Engineer Larry Sicking joined other project owners in calling out the role of trust and communications in the success of the projects.

“We had a very good relationship with all the key construction stakeholder groups on this project, including union labor, contractors and the Wood River Refinery Construction Management team; and we continue to build those long-term relationships of trust and communications,” noted Sicking. “As this project clearly documents, these types of working relationships really do pay off in terms of completing this mega project on time and within budget. We learned a lot along the way that will help Phillips 66 on future projects.”

Jim Niemeyer, field site superintendent for Holland Construction Services, the general contractor for the West Washington County School District #10 project, also commented on the process. “The project was completed on time and in-budget with a zero accident rate. By all accounts, though there was a tight schedule to ensure a smooth transition into the school year, the project was a resounding success!” said Niemeyer. “Much of the credit was attributed to a positive work environment and the high levels of communication and collaboration on the job.”

Because of the demand all of these projects created for skilled workers, Dale Stewart, secretary/treasurer for the Southwestern Illinois Construction Trades Council, was closely involved, and his experience with the Edwardsville High School projects was indicative of how things played out across all the projects. “We worked extremely hard as a team to overcome any challenges and promote an atmosphere of trust and collaboration,” Stewart noted. “It was clear from the start that open communication and working through tough issues would create a sense of community faith in the projects and overall pride that everyone was working to make the right decisions for the school district and the children.”

The study concludes by identifying recommendations and next steps for the Leadership Council, its Labor Management Committee and other regional partners. Among those are promoting greater awareness and understanding of the use of the PLAs/Tripartite

model, and developing new training and educational programs that focus on cooperative and collaborative practices. With an eye to the future, the study authors suggest developing a strategy to encourage and support more vocational and STEM education programs and promoting the construction trades as a strong professional career option; and ensuring that both labor and management continue updating their respective technology skills as this industry segment grows more complex. The Leadership Council's Manufacturing Steering Committee is already engaging on those issues, with specific efforts set to ramp up in the coming months.

For more information on The Leadership Council Southwestern Illinois, visit [www.leadershipcouncilswil.com](http://www.leadershipcouncilswil.com).

### ***About the Leadership Council and its Labor Management Committee***

*The Leadership Council Southwestern Illinois is a member-based, economic development corporation representing Madison and St. Clair counties. The Council works to unite business, industry, government, education and labor for economic growth in Southwestern Illinois. These effective partnerships serve as a driving force behind successful economic development efforts throughout the Metro East region. The Council's Labor Management Committee has been in existence for more than 30 years and is the longest continuously running labor management committee in the state. Its purpose from the outset was to foster labor management cooperation to help spur economic growth in Southwestern Illinois.*

### ***Project Management Agreements (PLAs) Overview***

*Established in the 1930s, PLAs are used all over the State of Illinois and throughout the U.S. on a wide variety of public and private projects. They result in the creation of a jointly prepared pre-planned framework for labor and management to specify the terms and conditions for a particular project (fair wages and agreeable working conditions). They also are designed to provide pre-job planning to improve a project's organization and operational activities. Both union and non-union employees and construction companies abide, and strikes, work stoppages, job actions or lockouts of any kind are prohibited. Jurisdictional disputes are resolved quickly. Each PLA is a project-based agreement – so not all PLAs are the same.*

### ***Tripartite Approach/Model***

*The term Tripartite is used to define a trilateral or three-way approach, among owners, contractors and unions, to organizing a construction project by first agreeing on the terms of working together collaboratively as specifically outlined in PLAs. The Tripartite approach calls for regular meetings with all stakeholders where titles are*

*relaxed and everyone sits at the same table. Open lines of communication facilitate sharing of information, ensuring critical issues are addressed promptly. It promotes awareness, respect and mutual trust, resulting in a positive work and construction atmosphere. It also establishes the highest levels of workforce training and preparedness, safety and quality, while focusing on cost effectiveness, high productivity and reduced project rework.*

Note: The conclusions of the study may not be generalized beyond Southwestern Illinois because of its unique history and local conditions. However, there is little doubt that these practices could be replicated elsewhere, leading to the same positive results.