THE INDEPENDENT ELECTRICAL CONTRACTORS FOUNDATION

Five-Year Business Plan 2011-2015

“Funding the creation of opportunities in the electrical and communications industry through education.”
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Executive Summary

According to the U.S. Bureau of Labor Statistics (BLS), America will face a shortage of electricians in the near future. Projections show that by the year 2015, the national need for electrical workers will rise to more than 734,000 – 78,000 more than currently employed in the field.

The U.S. GDP compilation estimates that in 2005 the U.S. economy was worth nearly $13 trillion. The construction industry represents 11% of that entire figure. Of that 11%, the electrical industry comprises 1%, or $110 billion. There are more than 750,000 electrical workers in the United States, and as further detailed in this report, there currently exists a significant shortage that could compound to a crisis based on lack of skilled workers. The ramifications of this shortage in relation to the GDP data suggests that if we cannot meet this demand for more skilled electricians, the U.S. economy could be seriously impacted – for example, new business construction brought literally to a halt, installations and maintenance of high-tech systems severely cut back if not impossible, the transportation industry seriously curtailed, communications disabled due to lack of power and installations, the micro-electronics industry dead in the water with no skilled workers to install, power-up or maintain, and the home-building industry nearly shut down. The electrical industry not only impacts the success and job completion of the 11% representing the construction industry, but enables the remaining 89% of the economy to exist AND grow. IMAGINE YOUR WORLD WITHOUT ELECTRICITY!

The newswire announcement, one of many in the press in recent years, is just one more indicator of a looming ‘perfect storm’ threatening the construction industry and, ultimately, the U.S. economy.

According to a study released on January 16, 2007, the construction industry will need to add 185,000 to 250,000 new workers annually for the next 10 years to offset the wave of workers expected to retire. This study, conducted for Sheet Metal Works and the Sheet Metal and Air Conditioning Contractors Association, supports similar data from the BLS. The Monthly Labor Review’s study of annual employment projects employment opportunities in construction will increase by 15% through 2015. The greatest shortfall in skilled labor in the construction industry will be among electricians where employment opportunities will grow by 23.4% through 2016.

Similar sentiments are echoed in industry publications. The January 31, 2007 edition of CEPro stated, “Electrical workers are aging as is the general population. The task ahead is not only to recruit and train more electricians to meet the needs of a growing industry, but to make provisions to replace current electricians who will retire.”

BLS forecasts indicate that demand for electricians will continue to accelerate. By 2015 demand for electricians will begin to create 28,000 vacancies annually. There is no time to waste says freelance writer and industry expert, Joe Salimando. “The electrical contracting industry needs to add an additional 18,500 apprentices each year to the numbers it is currently training. Unfortunately, we’re not even close to doing so. That means there will be a shortage in the future – certainly by 2015.”
IEC Foundation Addresses the Challenge

The electrical industry faces the challenge of attracting new talent at a time when demand for more highly-skilled employees is increasing and their current workforce is aging. This shortfall in skilled labor is not unique to the United States. In Australia, the shortage of skilled trades people has become so severe, it is the number one constraint to business investment.

The IEC Foundation (IECF) addresses this challenge by supporting programs that recruit, train and retain new talent in the electrical contracting industry. In the past 15 years, the IECF has provided over $5 million in educational resources to IEC Training Centers. With this support, over 150,000 individuals have been recruited and trained in 96 IEC Training Centers across the United States.

Mission

The mission of the IECF is to fund, promote and support educational opportunities in the electrical and communications industry. As a responsible partner and stakeholder in this industry we are dedicated to improving our profession and the quality of life in our communities.

The IECF receives grants from private, corporate and government donations and in turn provides resources to IEC Training Centers in the form of product, materials, equipment, scholarship and capital. These funds and in-kind gifts are distributed according to the guidelines set forth by the IECF Board of Trustees for the purposes of education, training and humanitarian efforts.

Administrative costs for the IECF have averaged 15% annually of total expenditures, compared to other social service non-profit organizations where administrative costs average a 25-35% spend rate for national expenditures. The IECF is committed to maintaining administrative costs at this level.

The primary goal of the IECF is to develop world-class training centers that attract new people to the electrical contracting industry. The hands-on experience that comes from the most up-to-date equipment and training materials will give them the opportunity to succeed in a profession that demands increased technical skills and business acumen.

Strategic Objectives 2011-2015

1. To secure funding to accomplish the mission of the IECF.
2. To grow the endowment to support the need for expanding IECF activities.
3. To fund (nationally) training and continuing education of electrical apprentices, journeymen and contractors in our industry.
4. To fund development of a marketing and recruitment program introducing individuals to employment opportunities in the electrical and communications industry.
5. To ensure the most up-to-date technology with material and equipment grants to IEC Training Centers by expanding the number and range of material suppliers.
6. To be a responsible community partner and role-model supporting humanitarian and other charitable causes.
State of the Industry: The Opportunity for Recruitment and Training

Construction is one of the industries projected to be among the economy’s top 10 largest sources of employment growth through 2015. Many occupations in construction such as electricians are integral to other industries so workforce solutions that target these occupations will benefit other industries.

The challenge in recruitment and training in electrical contracting is significant. “You can’t train an electrician in a 40-hour BICIS course or even in a year,” says Joe Salimando. “Most electricians acquire their skills by completing an apprenticeship program lasting 4 to 5 years.”

Although electricians are among the highest paid labor in the construction industry with median earnings of over $40,000 a year, few young workers are choosing to enter this field, leading to a shortage of talented electricians. “Being an electrician doesn’t hold quite the glamour it once may have,” touts a Virginia website on hot jobs. “In fact, people interested in electricity are just as likely to pursue jobs in electronics and computers as they are to wire houses for lights and appliances.”

The image of the industry must be improved among key demographic groups including youth, parents, community leaders, educators and guidance counselors was the finding in a report by the U.S. Department of Labor’s Employment and Training Administration. Recruitment challenges include youth and individuals in non-traditional labor pools (i.e., women). The Federal Mediation and Conciliation Services Agency reports that young job seekers rank construction as one of the ten worst jobs with a rating of 248 out of 250.

IEC Foundation Mission in Action...

Having just completed his third year of apprentice training, Troy Kennington of Northern New Mexico IEC feels the IEC program is giving him a well-rounded education. “I started out in the airline industry,” he said. “When my home was being built I watched as the electricians installed the service and discovered I had a real interest in doing that kind of work. I called around to some local electrical contractors and found out about the IEC Apprentice Training program. I’ve never looked back! Having the equipment to work on in the lab prepares us for real-world experiences in the field.”

Grant Shmelzer, Executive Director of IEC Chesapeake, comments, “IEC equipment grants have enabled us to have a Mobile Training Lab that brings vocational training to all of our school locations that do not have lab facilities.”

Over the course of nearly 15 years, Phil Smith, who teaches fourth-year students in the Mid-South IEC apprenticeship program has seen the training lab evolve into a great learning environment. “Better equipment in our lab means everybody wins,” he said. And the improvements are showing in students’ understanding and work. Phil added, “Six years ago it took the average student four to five hours to complete their task in a wire-off. Now the best time is slightly over three hours.”

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Median Hourly Earnings

The following chart illustrates the median hourly earnings of U.S. electricians compared to other construction industry jobs. Apprentices usually start at 30-50% of the rate paid to experienced electricians and receive periodic increases in compensation throughout the course of their apprenticeship program.

Competitive Advantage for the Merit Shop Electrical Contractor

The operational models and labor management practices of merit shop electrical contractors contribute to increased productivity in the construction industry and life-long learning for its contractors. One reason for this contribution is that merit shop electrical contractors have flexibility in setting and managing their composite crew mix and ratio. They can manage the percentage of apprentices and helpers in a crew, thereby lowering their project cost. These apprentices receive state-of-the-art training in the latest technology, with support of the IECF, ensuring high quality work as well as increased productivity on a construction site.

Merit shop electrical contractors emphasize communication from electricians, foremen, superintendents and project managers. This communication stream allows ideas for productivity improvements to flow between electricians and management. Furthermore, merit shop electrical contractors can rely on team efficiency because they can easily keep the same crew together on a project.

Most merit shop electrical contractors encourage ongoing training and development for their electricians. This training is not only in technical areas. Often these contractors require safety, productivity and managerial training for their employees.
The Market for IEC Apprentices

Potential IEC apprentices are found in schools, through community agencies, charitable and humanitarian agencies, labor out-sources (i.e., unemployment agencies, etc.), veterans’ organizations and government military agencies, correctional departments, minority and multi-cultural organizations, agencies who work with the disabled and women’s organizations and agencies.

Three out of ten students in the United States drop out of high school. Of the remaining seven, only three will go on to college. Only one of those three will earn a college degree. The IE CF provides an opportunity for individuals to succeed, for example:

- The unemployed or under-employed due to layoffs, corporate down-sizing or jobs relocated outside the U.S.;
- Veterans returning to civilian life without adequate job skills to support themselves and their families;
- Women to train and work in non-traditional jobs that provide means for high wages and job satisfaction;
- Ex-offenders who have paid their debt to society but for whom the prospect of good paying jobs is remote;
- The disabled who may not be able to secure employment in other areas; and
- The economically disadvantaged for whom higher education may not be an option.

In many areas, students earn college credit as they complete each level of training.

An IEC apprentice is encouraged not only to become the best at his or her trade but also to learn how to manage and grow a business. The goal of the IECF is to provide incentive for young adults to stay in school and upon graduation from high school be filled with hope that the “American Dream” is available for them as well. And for experienced individuals, we offer an opportunity and hope for the future via a career change.

Description of Services

The IECF provides funding to IEC Training Centers to:

- Upgrade equipment for hands-on apprentice training.
- Educate the marketplace about opportunities in the electrical contracting industry.
- Raise awareness among educational and community youth leaders and counselors about career opportunities for students in the electrical industry.
- Develop management and leadership skills of IEC contractors.
- Fund development of continuing education to ensure a well-qualified, capable and professional workforce for our industry.

The IECF also provides grant-writing services to IEC Training Centers for resources to maintain and expand their educational programs.
IEC Training Centers

IEC Training Centers have been in operation since 1972. Originally begun as small programs in a handful of communities across the nation, these training centers were supported by merit shop electrical contractors. Individual training programs grew as demand for highly skilled electricians, technicians and communications experts increased. In the mid-1990s, an organized vocational educational program was developed to ensure that apprentices were receiving the benefit of up-to-date materials and resources, textbooks and workbooks, classrooms, instructors and the latest information on advanced technology.

Training programs provided by these centers address the following areas:

- **Apprentice and Journeyman Training** (in electrical and communications)
- **Leadership and Management** (strategic planning; developing business plans)
- **Operations** (supervisory skills; marketing; improving productivity; new hire orientation)
- **Product Specific Training** (change-order management; control and lighting products)
- **Project Management** (scheduling; estimating; project analysis; risk management)
- **Technical and Safety** (OSHA regulations; substance abuse; workers’ compensation)
- **Specialized Programs from IEC Industry Partners**

The IEC Apprenticeship Training is a *four-year vocational educational program* registered under the auspices of the U.S. Bureau of Apprenticeship and Training. Each IEC apprentice is employed full-time with a merit shop electrical contractor in the area where they reside. **Students must complete a minimum of 576 classroom hours and 8,000 hours on-the-job training over the course of these four years in order to fulfill the requirements of the apprenticeship training program and be certified as a journeyman electrician.**

Students in the IEC Apprentice Training Program are instructed by professionals in the fields of electrical and communications. Instructors are local electrical inspectors and other journeymen and master electricians who are licensed according to the requirements of their states and local communities. The on-the-job aspect partners apprentices with journeymen electricians and other more advanced apprentices so that training takes place on a daily basis and classroom principles can be applied as learned.

Marketing

The IECF marketing/communication plan is multi-faceted. The IECF will use the following methods of communication to address its goals and accomplishments:

- Annual Report;
- IECF Website;
- Newsletters and periodic email and electronic updates;
- *IEC INSIGHTS* national magazine;
- Having a presence at the IEC National Convention and other membership meetings;
- Direct mail announcement when a grant is awarded;
- Annual Fund Campaign;
- Monthly reports to all Training Center Executive Directors;
- Fundraising campaigns as described in the Development section of this plan; and
- Personal meetings with corporations, foundations, contractors and other individuals.

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Development – Current and Future Funding Sources

Current funding sources for the IECF include national merit shop contractors, industry partners, private foundations and corporate donors. Efforts to solicit grants from these sources as well as expanding into other philanthropic venues will be accelerated. Specific fundraising campaigns and donor capabilities will be accomplished as follows:

- Continue the Annual Fund Campaign
- Introduce a Planned Giving Program
- Conduct a “Major Donor” Campaign
- Develop a government funding program
- Provide the capability for online donations on the IECF website
- Offer a month-to-month giving program for donors
- Expand solicitation of in-kind and capital donations from Industry Partners

The IECF is committed to increasing its fundraising efforts to meet the expanding needs of the electrical contracting industry.

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The IECF’s current sources of funds are investments, assets, grants receivable (cash, in-kind and equipment), pledges and accounts receivable and contributions. Sources for future funding are expected to be similar.

Management Structure

The IECF Board of Trustees is responsible for:

- Raising funds to support the mission of the IECF
- Setting the strategic direction of the IECF
- Overseeing and approving operations and finances
- Making final decisions to fund all IECF projects
- Board recruitment and committee appointments
- Overseeing IECF committees

The Sr. Vice President and Foundation Coordinator are the sole employees of the IECF. These positions are responsible for fund-raising, coordinating and organizing all aspects of day-to-day business for the IECF as well as building and maintaining a good working relationship with donors, potential donors (corporation, foundation, government and individual), chapter executive directors, Board members, national staff, volunteers and others to ensure the success of the mission of the Foundation. These positions report to the Foundation Board Chairman.

The IECF addresses any gaps in experience or skill through the use of consultants or temporary staff on an “as needed” basis. The Board of Trustees and Equipment Grants Coordinator positions are volunteer positions. The long-range plan for the IECF calls for adding a part-time grant-writer and bookkeeper to its staff in the near future.
Appendix

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