



Business Owner Insights for Contractors

The Contractor's Staffing Problem Is No Longer Temporary

Why Small and Mid-Market Construction Firms Need a Real Recruitment, Development, and Retention Plan

Core Message

In today's construction labor market, staffing can no longer be treated as an emergency reaction. It has to become a management discipline.

For many small and mid-market contractors, the labor problem is no longer a short-term inconvenience. It is a structural business issue.

In the Southeast, especially across the Carolinas, Georgia, Florida, and other high-growth construction markets, the challenge is not simply finding more people. The challenge is finding, developing, and keeping the right people in a market where skilled workers, project managers, estimators, superintendents, and field leaders are already employed — and already being pursued by someone else.

The old hiring mindset does not work anymore. A contractor can no longer wait until the company is short-handed, place an ad, hope good people apply, and expect to fill the seat quickly. Your next good employee is probably working for another contractor. And your best employees are probably being looked at by someone else.

The Labor Shortage Is Real — and It Is Hitting the Southeast Hard

Nationally, Associated Builders and Contractors reported that the construction industry needs to attract an estimated 349,000 net new workers in 2026 to meet demand, with the need rising to 456,000 additional workers in 2027 if spending growth resumes as expected.

Deloitte's 2026 Engineering and Construction Industry Outlook also points to persistent labor shortages as a major constraint, warning that without stronger workforce and upskilling strategies, contractors risk more project delays, cost overruns, and margin pressure.

For the Southeast, this pressure is especially relevant because construction demand remains active in areas tied to population growth, infrastructure, manufacturing, data centers, logistics, housing, healthcare, coastal resilience, and public-sector work.

In the Carolinas, Carolinas AGC's 2026 outlook reported that 70% of contractors expected to increase headcount in 2026, while labor pressures were particularly sharp in South Carolina, where 76% of firms reported difficulty filling craft positions and 95% said they were struggling to fill salaried roles.

The message is clear: the Southeast construction market still has opportunity, but the ability to staff and retain people may become one of the biggest constraints on growth.

Why This Matters More for Small and Mid-Market Contractors

Large contractors may have recruiting departments, HR teams, training programs, brand recognition, internship pipelines, and deeper compensation resources.

Small and mid-market contractors usually do not. That puts them in a difficult position. They are competing for many of the same people, but often without the same recruiting infrastructure.

That creates a dangerous cycle. The contractor gets busy. The company needs people. Hiring becomes urgent. The owner lowers standards. The wrong person gets hired. Training is rushed. Accountability is unclear. Performance disappoints. Turnover happens. The owner starts over again.

Plain-English Takeaway

A small contractor does not just need employees. He needs a staffing system.

Turnover Is One of the Most Expensive Events in a Contracting Business

Turnover is often underestimated because the cost does not show up as one clean line item on the financial statement. But the cost is real.

When a good employee leaves, the company can lose:

- Production capacity
- Job knowledge
- Customer confidence
- Crew stability
- Scheduling continuity
- Field leadership
- Estimating accuracy
- Institutional knowledge
- Morale
- Margin control

The company also absorbs the cost of replacing that person:

- Time spent placing ads or contacting candidates
- Time spent interviewing and checking references
- Time spent onboarding
- Lost productivity during the new employee's ramp-up period
- Lost productivity from the person training the new employee
- Mistakes caused by inexperience
- Risk of customer dissatisfaction
- Risk of legal or compliance issues if the exit is mishandled

For a contractor, turnover is not just an HR problem. It is a production problem, a margin problem, a customer-service problem, a scheduling problem, and a leadership problem.

Important Distinction

You can afford to lose quitters. You cannot afford to lose climbers. A good staffing plan helps identify, develop, and retain the climbers.

The Staffing Plan Must Cover Three Areas

Contractors with high turnover usually have weakness in at least one of three areas. If any one of these is weak, the company becomes vulnerable.

1. Recruitment Gets the right people in the door.	2. Development Gives good people a future.	3. Retention Gives good people a reason to stay.
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1. Recruitment: You Are Not Just Hiring — You Are Selling the Company

In today's market, recruitment is not just about filling a seat. It is about selling the opportunity.

That does not mean exaggerating or making promises you cannot keep. It means clearly communicating why a good person should want to work for your company instead of staying where they are or going across the street.

This is especially important because many of the best candidates are already employed. They may not be actively looking. They may need to be convinced that your company offers a better future, not just another job.

A contractor's recruitment process should communicate:

- Who the company is
- What kind of work the company does
- What the company expects
- What kind of people succeed there
- What opportunities exist for growth
- How the company treats its people
- How the company is different from competitors
- Why the role matters
- What the future could look like for the right person

Pay matters. It has to be competitive. But pay alone is not enough. A good employee also wants to know whether he will be respected, trained, organized, backed up by leadership, and given a path to grow.

Recruitment Must Be Continuous, Not Occasional

A small contractor often hires only when there is pain. That is too late. By the time the company desperately needs a person, the owner may not have time to be selective.

- Maintain relationships with trade schools and community colleges
- Build referral incentives for current employees
- Stay connected with former employees who left on good terms
- Network with suppliers and subcontractors who know talent in the market
- Keep a list of strong candidates even when no seat is open
- Post regular company culture and project content online
- Create a simple careers page on the company website
- Build relationships with veterans' programs or workforce-development groups
- Attend local construction association events
- Create apprenticeship or helper-to-lead pathways

2. Development: Good People Leave When They Cannot See a Future

Recruitment gets people into the company. Development helps keep the right people.

Many small contractors say they want good people, but they do not give good people a clear path to improve. The best employees usually want to grow. They want more responsibility. They want to learn. They want to increase their income. They want to see a future.

If the company does not provide that future, another company may.

Development can be practical and job-based:

- Helper to mechanic
- Mechanic to lead mechanic
- Lead mechanic to foreman
- Foreman to superintendent
- Coordinator to assistant project manager
- Assistant project manager to project manager
- Project manager to operations leader
- Estimator to senior estimator
- Field leader to production manager

The key is to define what each step requires: the skills to learn, the behaviors to demonstrate, the results to produce, the training provided, who will coach the person, and how progress will be measured.

Development Also Protects the Owner

Many owner-led contracting businesses are too dependent on the owner because no one else has been developed to carry responsibility. Development helps move knowledge out of the owner's head and into the company. It builds bench strength and creates future foremen, project managers, estimators, operations leaders, and successors.

3. Retention: What Keeps Your People From Leaving for One Dollar More?

Every contractor should ask a hard question: What keeps my best employees here if another company offers them slightly more money? If the answer is only loyalty, the company is exposed.

People stay when they believe:

- They are treated fairly
- Their work matters
- Their role is clear
- Their supervisor is competent
- The company is organized
- The owner keeps promises
- Good performance is recognized
- Poor performance is addressed
- They have a path to grow
- Their compensation makes sense
- The company has a future

People leave when they feel:

- Taken for granted
- Underpaid or disrespected
- Stuck or untrained
- Overworked
- Surrounded by chaos
- Managed inconsistently
- Held back by weak performers
- Unclear about where the company is going

In construction, working conditions matter. A clean truck, organized materials, a realistic schedule, clear job information, good communication, safe work practices, and competent supervision all affect retention.

Retention Requires Leadership Discipline

Retention is not solved by benefits alone. Benefits help. Pay matters. Bonuses can help. But retention is deeply tied to leadership, standards, accountability, and the day-to-day experience of working inside the company.

A Practical Staffing Plan for Contractors

A useful staffing plan does not have to be complicated. But it should answer several basic questions.

1. What roles do we need today?

- Field labor
- Lead workers
- Foremen
- Superintendents
- Estimators
- Project managers
- Service coordinators
- Office administration
- Accounting support
- Sales or business development
- Operations leadership

Do not just list people. List roles. A person may be filling three roles poorly because the company has never defined the structure.

2. What roles will we need in the next 12 to 24 months?

- What positions will we need if revenue grows?
- What roles are already overloaded?
- Where is the owner still doing work that someone else should eventually own?
- What future hires are needed to support the company's goals?
- Which roles are most critical to margin and execution?

Hiring should support the business plan, not just react to emergencies.

3. Which employees are climbers, maintainers, and quitters?

- **Climbers** want growth, responsibility, training, and advancement.
- **Maintainers** want stability, clear expectations, and steady work.
- **Quitters** resist accountability, avoid growth, and often drain the team.

The company needs climbers and maintainers. It should not build the business around quitters.

4. What is our recruiting message?

A contractor should be able to explain why a good person should work there. Example: "We are a growing contractor that takes pride in organized work, clear expectations, strong customer service, and developing people who want a long-term future in the trades."

5. What is our development path?

- Helper → Installer → Lead Installer → Foreman → Superintendent
- Coordinator → Assistant PM → Project Manager → Senior PM
- Estimator → Senior Estimator → Preconstruction Lead

Each step should include expectations, skills, pay ranges, responsibilities, and performance standards.

6. What is our retention strategy?

- Competitive pay bands
- Performance reviews
- Clear bonus criteria
- Foreman development
- Safety training
- Better tools and equipment
- Career path conversations
- Recognition of high performers
- Exit interviews
- Stay interviews
- Better scheduling discipline
- Stronger onboarding
- Company communication meetings
- Leadership follow-up

A stay interview is especially useful. Instead of waiting until someone quits, ask good employees what keeps them here, what frustrates them, what they want to learn, and what might cause them to leave.

The Owner's Role in Solving the People Problem

A small contractor cannot delegate the entire people issue to an office manager, bookkeeper, or outside recruiter. The owner has to lead it.

People join and stay with companies they believe in. The owner sets that tone. The owner defines the mission, sets the standards, decides what behavior is acceptable, decides whether training matters, and decides whether good people have a future.

If the owner treats staffing as a side issue, the company will always be reacting. If the owner treats staffing as a strategic issue, the company becomes much stronger.

The Bottom Line

The construction labor shortage is not going away quickly.

In the Southeast, where growth remains active and skilled labor is already tight, small and mid-market contractors need to stop thinking of staffing as a hiring problem. It is a business planning problem.

The companies that win will not simply be the companies that pay the most. They will be the companies that recruit intentionally, develop consistently, retain seriously, and create a place where good people can see a future.

The Better Question

For contractor-owners, the question is no longer: “Where do I find people?” The better question is: “What kind of company are we building that good people would want to join, grow with, and stay with?”

That is the real staffing plan. And in today’s construction market, it may be one of the most important plans a contractor can build.



About Shapcott Lauber

Shapcott Lauber provides a hybrid consulting and coaching model for owner-led construction and built-environment businesses, helping them strengthen how work is won, delivered, and measured so they can grow with greater control, stronger profitability, and less dependency on the owner.

Selected Sources

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