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2022 Top 600 Contractors: Firms Face COVID Pains

With pandemic-related bottlenecks still a mainstay in markets, firms work smarter to solve supply chain issues

By Emell D. Adolphus, Jonathan Keller



MMC Contractors is one mechanical trade partner working on the Arthur M. Blank Hospital project for Children's Healthcare of Atlanta.

Photo by Keith Talley, courtesy of MMC Contractors

While many AEC firms still hear rumbles of COVID-19-related disruptions in the construction industry, Top 600 specialty contractors are on the front lines—navigating an increasingly volatile supply chain that is smooth for some firms while stalling others with sticker shock.

A full two years into the pandemic, Top 600 firms report that their challenges are largely the same, with nuanced differences depending on industry. Increasing costs, rising risks and scarce skilled hands to keep their operations moving at peak production are top of mind for most, but firms are learning to work smarter with the resources they have to manage expectations and complete projects on time.

In this year's Top 600 list, the fruits of their labor show with a rebound in reported revenue.

After a slump in 2020, overall Top 600 revenue increased by 12.7% on this year's list to \$164.5 billion in 2021 revenue, from \$145.9 billion. In effect, median firm revenue also rose, by 14.6%, to \$96 million last year from \$83.74 million in 2020. Around 94.4% of reporting firms said they made a profit last year.

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Of the 532 listed firms that also filed for the 2021 and 2020 rankings, 66.4% reported increased revenue. The percentage jumps to 82.3% when comparing companies ranked in this year's Top 100.

Collectively, the top 10 specialty contracting firms in 2022 added \$7.95 billion more in revenue than their 2020 filings. Ranked No. 3, MasTec reports revenue that includes its acquisition, completed last year, of Henkels & McCoy, which was No. 14 on the 2021 Top 600 list, with \$1.65 billion in revenue.

Over the past 10 years, overall revenue for Top 600 firms has more than doubled, reflecting a busy and expanding construction sector that has been struggling to meet labor demand—even before the pandemic.

With the Infrastructure Investment and Jobs Act (IIJA) poised to bring an influx of federally funded projects into the industry, specialty contractors expect a continuing strain on industry resources such as labor and equipment, leading many firms to reconfigure their operations to take advantage of upcoming opportunities.

Infrastructure Impact

Although IIJA's direct impact on specialty contractors broadly depends on the sector, "everyone in the construction industry will feel the indirect impact," says BMWC Constructors President and CEO Chris Buckman. "We all draw from the same suppliers and resource pool at some level," he explains. The firm is ranked No. 106.

For firms that handle no public sector projects, an influx of federally funded work in one market could mean less competition in other key areas.



**"We are always
preparing and working
to stay a step ahead. "**

Mark Ward, CEO, Ward Electric Co.

Ruston Paving Co. is a commercial paving and site work contractor, but not a heavy highway contractor. As IIJA funding for highway infrastructure ramps up, the firm expects heavy contractors to lessen their presence in commercial markets, says vice president Lang Butler. "This allows us to continue to service the commercial clients in our market areas," he says.

When infrastructure funds finally do reach public agencies, Top 600 firms expect the majority of funds to be tied up for several years at the design and engineering project levels before specialty contractors see an uptick in work. "With most federal works, the timeline is always a moving target

and the workload could go up or be pushed back several years," says Ron Daniel, CEO of ARC Abatement.

Other firms are already seeing the early stages of preparation on projects that are earmarked for IIJA funding, such as the Denver International Airport. It is expected to receive one of the largest infusions of infrastructure act money at \$59.1 million, according to Jamie Hodges, executive vice president of Industrial Constructors/Managers Inc.

532

**Firms on the list that
sent in a survey in 202**

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The firm's projects at the airport have been designed to enable future IIJA-related work, explains Hodges. To prepare, he says the company has been involving apprentices in its current airport projects "so they can be quickly rotated into future similar jobs as they develop," he adds. "We're also continuing to develop relationships with equipment manufacturers so that we can quickly get to work when needed."

With high voltage equipment and electric vehicles a major funding priority for the infrastructure law, Ward Electric Co. Inc. CEO Mark Ward says the firm will be ready to handle the workload when the time comes. It has certified installers and is acquiring additional equipment for distribution needs. "We are always preparing and working to stay a step ahead," he says.

With \$52 billion in semiconductor manufacturing subsidies provided by the new CHIPS and Science Act to jumpstart semiconductor production, Hodess Cleanroom Construction is also preparing a step ahead and is already seeing an increase in its microelectronics and semiconductor markets. "We are ramping up to support our existing customer base within this market," says firm President Blake Hodess. In the increasingly busy lithium-ion battery and EV markets, he expects steady growth over the next four to six years.

"The size and complexity of these buildouts have also magnified our challenges of finding qualified staffing to support this growth," Hodess says. "The IIJA will only tighten an already depleted labor market as it concentrates on large infrastructure and civil projects."

With a scarcity of skilled labor, larger federally funded projects could have a detrimental effect on smaller, lower-paying projects as craftworkers chase higher wages and "move over to infrastructure projects offering incentives to join them," says National Construction Enterprises Inc. CEO Pino Mancina.

"Hiring additional qualified field labor has been a challenge in 2021, 2022, and it will continue into 2023," he predicts.

Continued supply chain delays and an understaffed and inexperienced subcontractor labor market will cause costs to continue to rise for labor and materials, says Hodess.

66.4%

**report that revenue
rose between 2020 and
2021**

31.8%

**report that revenue fell
between 2020 and 2021**



**"The IIJA will only
tighten an already**

On Feb. 4, President Biden issued Executive Order 14063, requiring federal construction contracts greater than \$35 million to be subject to project labor agreements. The Associated General Contractors of America issued a statement saying that the order could limit many non-union firms from bidding on federal contracts and hurt contractors that the IIJA intends to help.

**depleted labor market
as it concentrates on
large infrastructure and
civil projects.”**

*Blake Hodess, President, Hodess
Cleanroom Construction*

“Moreover, the federal mandate will make it harder for contractors to partner with small, veteran, minority or disabled-owned firms,” said AGC CEO Stephen E. Sandherr in the statement. “Eighty-two percent of firms report this mandate will make it harder for general contractors to subcontract with small, disadvantaged businesses—such as women-owned, HUBZone, and service-disabled veteran-owned small businesses—because those firms typically are not accustomed or prepared to operate on a union basis.”

When it comes to labor negotiations, a North America’s Building Trades Unions spokesperson says there is no one factor that determines strategy for the economics of labor negotiations. “Any particular negotiation may also have a host of non-economic issues at stake,” the spokesperson shared. “Inflation is certainly considered in labor negotiations, as is geographic and national market share, industry-specific market share, etc. But inflation has understandably led to increased economic demands and expectations at the bargaining table.”

Scaffolding

BrandSafway's Floating Platforms



Photo courtesy of BrandSafway

BrandSafway (No. 4) designed several multi-tiered suspended work platforms for use on the rehabilitation of the 90-year-old Granite Canyon Bridge in Monterey County, Calif. The 288-ft-long structure required a no-drill access solution that the firm says would not jeopardize the integrity of the center span or interfere with the bridge's anti-corrosion system.

Rising Construction Costs

With many contractors reporting that material costs are rising every quarter, firms say they are buying larger quantities of materials to offset some price increases.

“The cost of everything is increasing, but materials and equipment are where we are seeing the most dramatic increases,” says Buckman at BMWC Constructors.

About 32% of Top 600 firms report that machine prices have increased 21% or more over the last five years. That number was 14.1% last year. On average, firms report that 28.3% of payments are past due. Those payments, again on average, are just under 40 days late.

Bulk purchasing, in-depth specification reviews with a focus on acceptable alternates, and investment in prefabrication facilities to increase productivity have helped BMWC Constructors offset some of the cost increases. “But certainly not all,” Buckman says. “This economy and the



“Hiring additional qualified field labor has been a challenge in 2021 and 2022 and will continue into 2023.”

Pino Mancina, CEO, Enterprise Inc.

challenges we are facing have forced us to take another look at our operation and really challenge historic norms in the pursuit of productivity improvement.”

HB Global is combating material escalation and supply chain issues by engaging general contractors, property owners and developers with transparent conversations about the risks, says its president, Salvatore Bauccio.

“The goal is to find ways in this new environment to partner with one another to mitigate the cost risks for both parties,” he says. “We are working together to release equipment as early as possible in the project process.” Additionally, Bauccio says some of the firm’s divisions “have added warehouse space to secure materials earlier and lock in better pricing.”

JRC Mechanical is also seeing rising costs from equipment partners. “We are trying to limit our exposure to this by limiting the time our prices are valid, and, when awarded work, locking in the price,” says President Samuel J. Sease. “Communication with our suppliers and customers is key.”

Foundation

Menard Drives Deep



Photo by J.W. ramp, courtesy of Menard Group USA

As part of the Lincoln Gateway project, Menard Group USA (No. 166) installed rigid inclusions to depths of up to 175 ft to support a 326,000-sq-ft distribution center in Secaucus, N.J., the firm says.

Breaking the Bottlenecks

For ARC Abatement, Daniel says “a clear understanding on what to expect from suppliers on timelines is a very crucial part in making a project run smoothly.”

At Western Allied, “Everything comes down to relationships, and the relationships need to extend both directions, both up and down the supply chain,” says President Mike Gallagher. “We’ve always done that, and have found that it helps a lot when a problem occurs.”

Giroux Glass is seeing its largest bottlenecks in scope changes and long material lead times. “We have addressed the issues, and continue to address them with open and ongoing communication with project teams,” says President and CEO Nataline Lomedico.

Open communication improves relationships, she explains. “Relations are always improved when inviting all to the table to work collaboratively early on and throughout the process of a project,” Lomedico adds. “The more we work together to educate and inform, stronger relations are formed. A team approach is always best.”

Getting partners such as manufacturers and suppliers on board early throughout the entire bid-to-construction process also helps to avoid surprises, says KHS&S Chairman and CEO Michael Cannon. “Surprises are costly, so we rely on open and honest communication,” he says. “We can plan around a lag in deliveries or shortages, but we need to use realistic expectations to be successful.”



“A clear understanding on what to expect from suppliers on timelines is a very crucial part in making the project run smoothly.”

Ron Daniel, CEO, ARC Abatement

The volatility of materials pricing and the extent of the supply chain disruptions put a strain on many contractor-supplier relationships, says Michel Michno, CEO of Harris Co.

“Vendors held prices and commitments, sometimes only for a day. Such uncertainty is incompatible with traditional procurement processes, internal and external,” he explains. Harris works with owners and general contractors to “evaluate materials and equipment to clarify who should hold the materials risks and contingencies for the project.”

This alignment allows the firm to make better and quicker decisions post-award, he says. “Expedited approval processes, early procurement, storage in our warehouses, down payments and payments for stored materials are

examples of our strategies in collaboration with our clients,” says Michno. The company has worked to make its turnover and planning processes more agile to make better early decisions, he says.

At East Quogue, N.Y.-based TEC Corp., the firm’s leadership team has been committed to working with its partners as a coordinated group. Working closely with its vendors as partners, it has been able to store material to work around volatile pricing.

“It’s a two-way street and it has to work with both parties involved,” says the leadership team about the collaborative strategy. “The days of treating each other as a commodity just doesn’t work in today’s world. The more partnering we can do as a group, the better we can control costs, get supplies and turn out a quality product.”

Glazing/Curtain Wall

Massey's Plate Glass & Aluminum Raises Its Game



Photo courtesy of Massey's Plate Glass & Aluminum Inc.

Massey's Plate Glass & Aluminum Inc. (No. 273) installed a 10-ft-high glass observatory around the perimeter of the roof deck at Boston's Prudential Center. All materials, including equipment and 3-in.-thick glass panels, were lifted to the 56th floor by derrick crane—with each lift taking 45 minutes.

Working Smarter

After dropping slightly in the last two years, craftworker shortages have climbed back to pre-pandemic levels, firms report. About 73.1% of the Top 600 report craft shortages, up from 69.7% last year.

Most affected by shortages are firms in the concrete specialty, with 83.9% reporting shortages. Companies in the wall and ceiling specialty reported the fewest shortages, with 64.4% looking for craftworkers. In 2020, that number was 54%. Around 42.5% of those companies noted being short frequently of forepersons and superintendents.

BAMCO Inc. Secretary and Treasurer Allan Pasternak says the firm continues to “put a lot of effort into recruitment and has experienced almost no loss of good employees.”

To ease labor needs, W.G. Tomko has increased its prefabrication capabilities “with a goal to prefabricate all piping, ductwork, and equipment, substantially,” says Jack Barry, vice president of estimating. The strategy has reduced the firm’s field labor risk, he says, “increasing our quality, and cutting our field installation durations.”

Brightview has been focused on growing its headcount in the field. President Tom Donnelly says the firm’s management team has found success in retaining its existing labor force by supporting revenue growth with skill development and career path advancement for existing team members on crews.

“We’ve experienced the challenges of recruiting, training and retaining, like many of our peers,” he says, “while successfully growing topline revenues year-over-year significantly.”

Congruex’s approach to skilled labor recruitment has been to use existing partner trade schools as talent pools. “Regardless of your labor need, it’s all about finding ways to meet your talent pool where it is and ensuring you can measure the outcome of those efforts,” says Christine Washington, senior director of marketing and communications.

MEI Rigging and Crating LLC is already cultivating future craftworkers through its rigging apprenticeship training program, explains President and CEO Dan Cappello. “This training program is enabling us to attract high-potential workers and help them develop skills more quickly benefiting them and our customers,” he explains.

HB Global's Bauccio adds that finding, attracting and retaining skilled trades has been tough for decades, and "the post-pandemic environment has amplified the shortage." In effect, contractors must be smarter about the way they recruit and differentiate themselves, he says.

As an employee-owned organization, HB Global works to involve its staff in every division and ensure they share in the short- and long-term successes, which helps nurture careers. "Everyone, from our field personnel to office workers, contributes to our success. Therefore, no one is left out of the reward," says Bauccio. "We are also committed to cultivating long-term careers over project-based hiring, which costs less in the end and helps us consistently deliver high-quality work."

In placing a value on quality over quantity, Weifield's diversity, equity and inclusion program is helping to foster what the firm calls a "Culture of CARE" so that all employees feel welcome when they join the team. The strategy attracts prospective employees "by creating inclusive workplaces that are free from harassment, hazing and bullying," says Seth Anderson, owner and CEO.

He says that Weifield had to work through many challenges last year, but its success has come from investing in its employees.

"Culture of CARE allows every employee the opportunity to reach full potential, be most productive and do the best without fear of harassment, hazing or bullying," says Anderson. "Safety is our number one priority."

As infrastructure funding hits markets, and construction projects grow larger and more complex with expedited timelines that require more skilled labor and little wiggle room for delivery—the "war for talent" will continue challenge the construction industry, says TDIndustries CEO Harold MacDowell.

The company "strategically invests in people development at all levels," he adds.

Like those of many other Top 600 firms, MacDowell says that TDIndustries' goals this year are to exceed its customer expectations while providing career opportunities to its employees—further noting that companies that can "grow and retain talent will win the race."

The Top 600 Dialogue

What new technologies or processes are helping to change the construction collaboration process?

Salvatore Bauccio, President

HB Global

Harrisburg, Pa.



A newer technology, 360 cameras, has helped the construction collaboration process. Contractors, project superintendents, engineers, and architects all have accessibility, making collaboration more effective with virtual planning.



Paul Robinett, President

Hermanson Co.

Kent, Wash.

Technology is critical in our ability to help our clients with cost control, speed to market and more. The challenge before us is being able to evaluate new technologies in real time and to choose those that truly add value to the construction collaboration process.

Does your firm use any “human factor” safety approaches (e.g. Safety-II)?



Jamie Dabbs, VP-Safety and Health

TDIndustries

Dallas, Texas

We engage everyone in the safety movement by looking out for each other and empowering everyone on a jobsite with stop-work authority. TD's safety culture prioritizes a physically, emotionally and psychologically safe workplace.



Chris Buckman, President and CEO

BMW Constructors Inc.

Indianapolis, Ind.

We describe our safety journey in three phases: leadership and process/procedure establishment; field implementation and accountability; and safety for life/ culture of caring. This journey has provided continuous improvement, and all phases are still in place.

How have your supplier relationships changed as you look to improve certainty and access to materials?



Nataline Lomedico, CEO and President

Giroux Glass inc.

Los Angeles, Calif.

As a 76-year-old company, Giroux Glass is fortunate to have long and strong relationships with our key vendors. We also keep open and ongoing lines of communication so that we can work as a team to get materials as quickly as possible.



Scott Mullins, President

Del Monte Electric

Dublin, Calif.

We must be transparent with general contractors and owners about lead times, as often these supply chain issues are impacting the schedule and project milestones. Working closely as a team, we can find ways to expedite design and review processes.

How have your firm's challenges and goals changed from last year to this year?



Sterling Woods, VP-Field Operations

Cannon & Wendt Electric Co. Inc.

Phoenix, Ariz.

The last year and a half has been different from anything seen before with the new COVID restrictions and public shutdowns. While the company has seen substantial growth, it has not come without its challenges.



Christopher Mills, CEO and President

Electra USA

New York, N.Y.

Electra's goal for 2022 has been to reposition ourselves to take advantage of the drive to be more sustainable through electric power. We believe the next industrial revolution is coming, including the re-electrification of the construction industry—critical to Electra's future.

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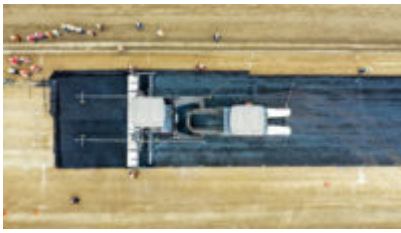


Emell Derra Adolphus has more than a decade of writing and journalism experience. He is senior editor of ENR's Top Lists and Survey Rankings at ENR magazine and frequently contributes stories on technology, climate resiliency, diversity, equity and inclusion.



Jonathan Keller is ENR's Associate Editor for company surveys and rankings. He works on ENR's Top Lists, collecting, cleaning and analyzing data. Jonathan has a background in data analytics, freelance writing and tragic sports fandom. A native of Buffalo (and therefore a Bills and Sabres fan), he now lives in New York City.

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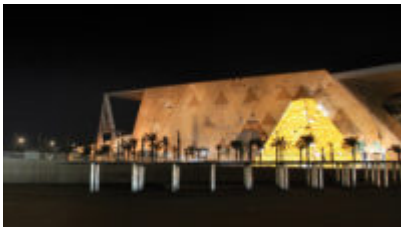
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