



Emerging Success

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For years, the school of thought was that access to capital and bonding were the primary factors supporting the success of emerging minority business enterprises in the construction industry. Experience is now showing that capital is actually secondary to management as a determinant of success.

The biggest challenge facing all emerging minority contractor programs is that the management skills necessary to survive do not come quickly, and many firms fail before they gain the needed proficiencies.

There is little question that formal controls, planning, businesslike attitude, capable employees and credit management are at the foundation of any business. In construction, these qualities are even more essential. In our industry, the construction risks and personal business demands are high. Every day, unforeseen situations arise that could crush a business. Many times, these situations result from external factors beyond an individual business's control.

The Metropolitan District Commission has established a Small Contractor Development program working with the University of Hartford Entrepreneurial Center to address these concerns. This program goes further than simply providing business opportunities to minority entrepreneurs. It provides real, valuable management counseling and training to cultivate the skillset of emerging contractors to a competitive level.

MDC makes it clear to all participants in the program that business succeeds or fails depending on the principal's ability to manage the resources at his or her

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disposal. The program curriculum goes into much greater depth than simply telling minority contractors that being skilled tradespeople and putting in a good days work are sufficient to succeed. The program sponsors understand that many entrepreneurial skills are life skills, which are difficult to teach and learn. They know that many emerging contractors not only need management assistance, they need business counseling and coaching as well. MDC appreciates the fact that accomplishing the transfer of business management knowledge is a difficult task and requires continuous attention and ongoing support for an extended period of time.

The program is rigorous. It includes the typical training that you would expect, such as exposure to cost accounting, banks and bonding. However, this program extends its course of study well beyond the traditional curriculum framework. For example, the program requires the participants to study their business and prepare competency statements. Additionally, the participants build their own websites. In performing these exercises, the emerging contractors scrutinize their business model. This brings the participants to the point that they fully understand all aspects of the services they provide and what is expected of them.

The participants also learn how poor management can lead to operating difficulties. They are taught how a lack of controls, heavy operating expenses, receivables difficulties and a lack of adequate capital can lead to project defaults and business failure. Along this line of training, the participants learn the importance of accurate pricing. They learn that despite the fact that estimating procedures can be laid out, bidding competitively can only be learned through experience. Again, MDC acknowledges that it takes a long time to learn these skills and gain the proper experience.

It is at this point that MDC takes this program to a higher level altogether. They have the presidents of prime contractors participate in a day-long session. The presidents first speak to the participants, providing general advice and teaching what their expectations are for their subcontractors. After the lecture session, they meet one-on-one with each participant. It is this interaction that is invaluable.

Having been fortunate enough to participate and see how this program worked was compelling. The maturity, confidence and effectiveness of each participant during their interaction with each of the presidents was remarkable.

The MDC program convincingly shows that simply providing opportunities and financing are not adequate on their own. Building business knowledge and management experience are essential to emerging minority contractor programs achieving their goals.