



Photo: Lee White

DEVELOPING MINORITY BUSINESSES

A model program at N.Y.C.'s School Construction Authority

By Glenn Townes

(L.r.) Bill Howell, chairman NYSCSA EEO Advisory Committee; Michael J. Garner, senior director of business development division, NYSCSA; Robert W. Parchment, president, Robert W. Parchment Plumbing and Heating; Robin Wilcox, director NYSCSA Mentor Program

Since 2000, the New York City School Construction Authority (SCA) has awarded more than \$1.7 billion in contracts to minority-, women-owned and locally based businesses (M/W/LBEs). That is, 30 percent of SCA projects for this period went to these businesses. Contracts included architectural, engineering and construction management consulting, as well as personal service and supply. During fiscal year 2005 alone (July 1, 2004 to July 1, 2005), the agency awarded more than \$112 million to businesses owned by African-Americans.

Michael Garner, SCA's senior director of business development and architect of the agency's Minority Business Development Program, is at the forefront of contract letting to minorities. "This program is effective on a number of levels. We attempt to eliminate the many roadblocks that exist in business for M/WBEs," he says.

Hailed as a model for other city agencies, the program offers classroom construction training, solid contracting opportunities, access to working capital and bonding, and a hard-driving commitment to building a larger pool of qualified minority- and women-owned businesses. Garner notes that SCA has received tremendous support from its president, Sharon Greenberger, and from New York City Mayor Michael Bloomberg. "Each is committed to creating a larger pool of qualified minority- and women-owned firms that do business with the city," he says.

Mentoring

With the number of minority-owned businesses increasing at a record clip, mentoring programs aimed at such firms have become an invaluable resource. The latest U.S. Census figures show that New York has the greatest number of Black-owned firms (nearly 130,000) among all the states.

The SCA's Mentor Program tackles what the agency identifies as key impediments to the growth of minority-owned and other small construction businesses with four critical subprograms: the Small Contractor Loan Program, the Surety Bonding Program, Construction and Information Technology Training and the Union Transition Program—Non-Union to Union. The construction and information technology training program, for example, offers courses in such critical areas as construction estimating, scheduling, safety, bidding strategies,

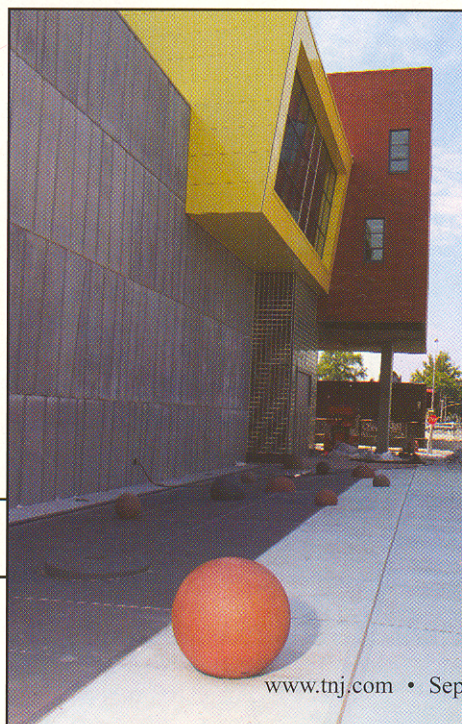
requisitions and cash flow, construction law and writing an effective business plan. Courses in such computer programs as Microsoft Word, Microsoft Excel, QuickBooks Pro, Microsoft PowerPoint, Microsoft Visio and SureTrak, a project management program, are also taught.

Under the union transition program, graduates of the Mentor Program receive help in negotiating and signing agreements with the New York City Construction Building Trades union. Like other city agencies, the SCA generally does not require contractors to be a member of the trade unions, as long as they pay the prevailing wage rates established by the Comptroller of the City of New York. Those rates can be viewed at www.comptroller.nyc.gov.

Mentor Program participants must be SCA-certified as minority-, women-owned or locally based business enterprises, be prequalified to do business with the SCA, have gross sales not exceeding \$2.1 million averaged over three years and must have a bonding capacity of no more than \$1 million. Firms may participate in the program for four years.

Also key to the Program is a set-aside of smaller construction contracts, typically ranging from \$80,000 to \$750,000, for M/W/LBE bidding. The SCA hires construction managers not only to ensure that all projects are completed safely, on time and within budget, but also to mentor and provide technical assistance to participating firms. The projects are exempt from bonding and union participation, but par-

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High School of Architectural Engineering and Construction Trade, Queens, N.Y.

ticipating firms must pay prevailing wages.

Over the past six years, the program has awarded more than \$252 million in contracts to M/W/LBES. The SCA has agreed to increase the funding to the program to \$100 million per year over the next five years.

Graduates of the Mentor Program may participate in a Graduate Mentor Program, bidding on contracts valued between \$750,000 and \$1 million. "We require firms to have bonding, there is no construction manager involvement and firms are allowed to participate for a period of two years," Garner says.

Accessing Capital and Bonding

The SCA has engaged Community Capital Bank to facilitate a loan program for firms participating in the Mentor Program. "The biggest complaint we hear from entrepreneurs is the lack of access to capital," Garner says. "We have attempted to eliminate that barrier by forming an alliance with Carver Savings Bank/Community Capital Bank."

Gina Bolden Rivera, senior vice president of Community Capital Bank in Brooklyn, says the bank this month will implement a loan program specifically designed for participants in the SCA Mentor program. "We are excited about the opportunity to serve the SCA and participate in the growth of minority-owned businesses. We were impressed with the success of the SCA program," she says.

Eligible firms may receive start-up loans for each contract awarded—\$25,000 for contracts under \$250,000, and \$50,000 for contracts in excess of \$250,000. The loans typically will go toward acquiring essential equipment and mobilizing the project.

The launch of the loan initiative coincides with the recent announcement that stockholders of Harlem-based Carver Bank approved the acquisition of Brooklyn-based Community Capital Bank. The deal will close at the end of September and will boost

total revenues of Carver/Community Capital Bank to about \$850 million.

For bonding assistance, the SCA hired the team of Willis of New York Inc. and ACE Surety, a unit of ACE Group of Companies, to issue surety bonds to firms graduating from the Mentor Program.

Grateful Graduates

Graduates of the Mentor Program have gone on to operate successful enterprises and some even return the knowledge they received to program newcomers.

Barbara Foster, owner of F&R Installers, a door and window installation company in Brooklyn, says the program meets the needs of M/WBES and local business enterprises. "The program provides the technical expertise that is needed in the industry," she says.

Robert Parchment, owner of Robert Parchment Plumbing & Heating in Harlem, says that when he started his business in 1993, he knew very little about owning and running a business. After just three years in the SCA program he landed his first contract for \$425,000.

"The SCA program, gave me the training and business acumen that I needed to make my business a success," Parchment says. "In 2004, my company signed our biggest contract, worth \$2.8 million."

For Mark O'Luck, CEO of Spectrum Personal Communications Corp., a Manhattan consulting company, the SCA program served as a guide through the myriad challenges of entrepreneurship. "I have owned two businesses over the years and the SCA



program has helped guide me through all of the issues involved in running a successful business," he says.

Michael Garner, SCA's senior director of business development and architect of the agency's Minority Business Development Program, attributes the success of the Mentor Program to the support of those who embrace his notion and philosophy of success. "The best social program is a job or the opportunity to compete and win contracts," he says. "Through our program, MBEs will have the opportunity to bid on projects as prime contractors and become more competitive and successful," he says. **TNI**

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—Michael Garner, SCA senior director of business development

Getting Certified

Under federal rules, businesses seeking certification as minority or disadvantaged business enterprises must be at least 51 percent owned and controlled by one or more "socially and economically disadvantaged" individuals. Such individuals must also conduct the management and daily operations of the business. The U.S. Small Business Administration's "socially and economically disadvantaged" list includes African-Americans, Hispanic Americans, Portuguese Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans and women.

To become certified in New York State, a minority- or women-owned business enterprise must be at least 51 percent owned by one or more minority group members or women, be independently owned and operated and be authorized to do business in New York State. Its ownership must be "real, substantial, and continuing," and the owners must independently control and manage the day-to-day operations and decision making of the company. The state's definition of "minority group member" does not include Portuguese Americans and certain other individuals considered to be socially and economically disadvantaged by the SBA. **TNI**

M/WBE certification may be obtained from the following agencies:

Empire State Development Corp.
30 S. Pearl St.
Albany, N.Y. 12245
Tel.: 800-782-8364

Empire State Development Corp.
633 Third Avenue
New York, N.Y. 10017
Tel.: 212-803-2411
www.empire.state.ny.us

National Minority Supplier Development Council Inc.
1040 Avenue of the Americas, 2nd Floor
New York, N.Y. 10018
Tel.: 212-944-2430
www.nmsdcus.org

United States Small Business Administration
Office of Small Disadvantaged Business Certification and Eligibility
409 Third Street S.W., 8th Floor
Washington, D.C. 20416
Tel.: 202-619-1850
E-mail: SDB@sba.gov
www.sba.gov/sdb

Women's Business Enterprise National Council Inc.
Certification Coordinator
1120 Connecticut Ave. N.W., Suite 1000
Washington, D.C. 20036
Tel.: 202-872-5515, ext. 20
info@wbenc.org
www.wbenc.org