

APPENDIX J.

QUALITATIVE INFORMATION FROM IN-DEPTH PERSONAL INTERVIEWS, TELEPHONE INTERVIEWS AND PUBLIC MEETINGS

Appendix J presents qualitative information collected as part of in-depth personal interviews and availability interviews that the study team conducted as part of the disparity study. It closes with input provided as part of a public comment process concerning the draft report.

Appendix J is presented in 12 parts:

- A. Introduction and Background describes the process for gathering and analyzing the information summarized in Appendix J. (page 2)
- B. Background on the Public Works Contracting Industry in the City of Madison summarizes information about how businesses become established and how companies change over time. Part B also presents information about the effects of the economic downturn and business owners' experiences pursuing public and private sector work. (page 3)
- C. Doing Business as a Prime Contractor or Subcontractor summarizes information about the mix of businesses' prime contract and subcontract work and how they obtain that work. (page 21)
- D. Keys to Business Success summarizes information about certain barriers to doing business and keys to success, including access to financing, bonding, and insurance (page 28)
- E. Potential Barriers to Doing Business with Public Agencies presents information about potential barriers to doing work for public agencies, including City of Madison. (page 41)
- F. Other Allegations of Unfair Treatment presents information about any experiences with unfair treatment such as bid shopping, unfair treatment during performance of work, and allegations of unfavorable work environment for minorities and women. (page 59)
- G. Additional Information Regarding any Racial/Ethnic- or Gender-based Discrimination includes topics such as stereotypical attitudes about minorities and women and allegations of a "good ol' boy" network that adversely affects opportunities for MBE/WBEs. (page 67)
- H. Insights Regarding Business Assistance Programs, Changes in Contracting Processes or Any Other Neutral Measures presents information about business assistance programs, efforts to open contracting processes and other steps to remove barriers to all businesses or small business. (page 71)

- I. Insights Regarding Racial-/Ethnic- or Gender-based Measures presents information about general comments about the Federal DBE Program, effects of discontinuing DBE contract goals in 2005, and any impacts of DBE contract goals on other businesses. (page 86)
- J. SBE Certification presents information about the SBE certification process. It also presents information about advantages and disadvantages that subcontractors experience because of their certification as a DBE or MBE/WBE/SBE. (page 89)
- K. Any Other Insights and Recommendations for City of Madison Public Works offers insights on a myriad of suggestions for improvements. (page 91)
- L. Input from Public Meetings and Written Comments reviews testimony provided at the two public meetings as well as the written comments received by the study team after release of the draft report. (page 94)

A. Introduction and Background

The Keen Independent study team conducted in-depth personal interviews and availability interviews in July through December 2014. In both the in-depth personal interviews and the availability interviews, business owners and managers had the opportunity to discuss their experiences working in the local public works contracting industry; experiences working with the City of Madison and other public agencies; perceptions of the city's SBE Program and other topics important to them.

In-depth personal interviews. The study team conducted in-depth personal interviews with 40 Madison area businesses and trade associations. The interviews included discussions about interviewees' perceptions and anecdotes regarding the local public works contracting industry; the city's SBE Program; and the contracting and procurement policies, practices, and procedures of the City of Madison. Lauber Consulting, a Madison-based woman-owned consulting firm, and The Davis Group, an African American-owned law firm, conducted in-depth interviews.

Interviewees included individuals representing construction businesses and trade associations. The study team identified interview participants primarily from a random sample of businesses that was stratified by business type, location, and the race/ethnicity and gender of business owner. The study team conducted most of the interviews with the owner, president, chief executive officer, or other officer of the business or association. Of the businesses that the study team interviewed, some work exclusively or primarily as prime contractors or subcontractors, and some work as both. All of the businesses conducted work in the Madison area. All interviewees are identified in Appendix J by random interviewee numbers (i.e., #1, #2, #3, etc.).

Interviewees were often quite specific in their comments. As a result, in many cases, the study team has reported them in more general form to minimize the chance that readers could identify interviewees or other individuals or businesses that were mentioned in the interviews. The study

team reports whether each interviewee represents a SBE-certified business and also reports the race/ethnicity and gender of the business owner.¹

Availability interviews. The study team also asked firm owners and managers to provide comments at the end of the online or telephone interview. Businesses were asked, “When it comes to winning work as a prime or subcontractor with the City of Madison or others, are there any other barriers that come to mind? Do you have any general thoughts or insights on starting and expanding a business in your field? Twenty-five respondents entered responses. (Respondents are identified by random numbers #T1, #T2 and so on.)

Public meetings. The City of Madison held two public meetings to receive input about the study in March 2015. Keen Independent also received written comments made during the public comment period for the draft report. Keen Independent uses “PMP” to note comments from public meeting participants and “PWC” for public written comments.

Written testimony and phone calls commenting. Public comments can also be received via phone, e-mail and letter as part of the February 2015 public comment period. These comments will be analyzed by the study team and provided in Appendix J.

B. Background on the Public Works Contracting Industry in the City of Madison

Part B summarizes information related to:

- How businesses become established;
- Challenges starting, operating and growing a business;
- Changes in types of work that businesses perform;
- Fluid employment size of businesses;
- Flexibility of businesses to perform different types and sizes of contracts;
- Typical geographic territory and reach of business;
- Local effects of the economic downturn;
- Current economic conditions; and
- Business owners’ experiences pursuing public and private sector work.

¹ Note that “male” or “white” are sometimes not included as identifiers to simplify the written descriptions of business owners.

How businesses become established. Most interviewees representing construction businesses reported that their companies were started (or purchased) by individuals with connections in their respective industries.

Many firm owners worked in the industry before starting their own businesses. Some reported that working in a related industry helped ensure success. Examples from the in-depth interviews include the following:

- A trade association president and lobbyist indicated that contractors that have been most successful come out of the trades. For example, he added that working as a carpenter provides one with a better understanding of the industry before they grow into a general contractor. [#5]
- The president of a WBE-certified construction company stated that her parents owned the same type of business and she was raised in the industry. After college and working for some time, she reported missing the industry and wanting to do work on her own, so she launched her business. [#11]
- The female co-owner of a non-certified specialty contracting business reported that her husband started the firm after working in the industry for over two decades. [#8a]
- The male president of a majority-owned construction contracting firm reported being the firm's owner for 35 years, and working at the firm for 22 years before taking ownership. The firm was first established by his father. [#4]
- The owner of an MBE- and SBE-certified contracting company reported that he worked in the industry for 14 years before deciding to start his own business. [#17]
- Before purchasing his business, the white male owner of a contracting firm said that he and his brother worked for a Madison area contracting business for ten years, where he learned the trade. The brothers were joined at startup by some workers who had left the trade. [#25]
- The Hispanic owner of an MBE-certified specialty contracting firm reported that he began his career as a technician many years ago working his way up the ladder with another company. He became a project manager responsible for major network accounts. When he and other employees moved to other companies, this business owner started his own business. [#24]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported that she worked for a woman-owned specialty contracting firm before offering to purchase the business. "... I worked for [the previous woman owner] for a year and knew that this was what I loved and this was my dream job." [#31]

Challenges in starting, operating and growing a business. Interviewees had wide-ranging comments about the challenges in starting a business.

A few interviewees indicated that due to their previous experiences and contacts, there were few challenges in starting or growing their business. One example includes the white male owner of a specialty contracting firm who reported to have few challenges in starting the business because it was “turnkey” when he bought it. [#36]

Many reported that lack of knowledge and business training presents a barrier for some startups and impacts capacity for growth. Examples include:

- A representative of a Wisconsin economic development association stated, “[Minority-owned businesses are] a complex question without an easy answer. It comes down to what experience, education [skills training], etc. does the owner [have]?” He added, “It requires basic skills.” [#26]

When commenting on minority business start-ups, this economic development specialist indicated that adequate training and experience are necessary for minority-owned start-up businesses to be successful. [#26]

He added that his association encourages potential business owners to be realistic and to get training or related experience before starting a business. “You just don’t say, ‘I like to drink beer, so I want to start a brewery.’” [#26]

- The representative of a minority training and supplier association indicated that lack of training is a barrier for minority business owners. He added that the City is taking the wrong approach by making policy and expecting contractors to follow and perform without the necessary business training. He stated that small minority-owned businesses do not have the capacity, including management training, to do the work the City announces. [#20]

For example, he indicated that in addition to time, revenue flow and resources limitations, many minority businesses lack knowledge of management, recordkeeping and finances to build and grow their businesses. [#20]

- Regarding start-up challenges, the African-American owner of an MBE-certified contracting company reported that prior to starting up his business he did not have any formal business management experiences; and instead, only knew the trade side of the business. [#23]
- With a goal of getting more women and minorities into the trades, the program manager for a college business education and assistance program reported that the college polls local businesses and trades to identify any gaps in training. Although students graduate technically prepared, recent feedback to the college demonstrates that graduates lack needed communications skills. [#39]

He added, “[From] the college’s perspective, the goal is to serve the community; and, we have a great interest in what we [the college] can do for multi-cultural business programs.” [#39]

- Although many businesses know their trade, the representative of a women’s business initiative reported the need for business technical assistance. “It’s not lack of knowing the trade, however, sometimes the business acumen is lacking.” [#40]

Some reported limited access to information or misinformation as a barrier, particularly for minority-owned businesses. Examples follow:

- The representative of a minority chamber reported lack of dissemination of information to minority communities as a barrier for some small businesses, particularly minority-owned businesses. [#22]

For example he reported, “You cannot only have everything in order; you must go to the next point and be better. You must be recognized, something we [people of color] have dealt with all of our lives We don’t always get the information we need; you have to know the right people to get that information in order to get the opportunities we need.” He added that sometimes there are deadlines that cannot be met because information is lacking in the minority business community. [#22]

This minority chamber representative emphasized, “Information sharing is a huge problem; that is one reason the [minority chamber] exists.” [#22]

- An advocate for disadvantaged businesses reported the danger of misinformation as a barrier for potential new businesses. “If the climate negates or infers there is no opportunity that is probably the most dangerous principle that will decimate anyone being in business. If they [potential business owners] don’t think they can make any money and there is no hope then [they] won’t do it [own a business] and [will] go get a job [instead of starting a business].” [#27]

A number of interviewees reported that minority-owned and other small businesses need extended intervention to build and grow businesses. Some examples follow:

- The representative of a minority training and supplier association indicated that minority-owned small businesses need preparation to get into the industry followed by assistance and extended intervention for business success. [#20]
- An advocate for disadvantaged businesses reported that small businesses need support from public agencies to sustain their businesses. He reported that key issues include, “Sustainability, can a firm do well enough to sustain itself?” He added, “No one [in the public sector] looks back in a few years to see how diverse dollars were spent. Are businesses still around after five years? That’s sustainability.” [#27]
- A woman representative of a non-profit financing agency reported that business assistance programs in the City of Madison “are very good at helping [start-up

companies] write a business plan” and get initial funds; however, they “can do a far better job ... making sure [the business] stays successful” once the business is up and running. [#29]

Many mentioned limited access to financing as a primary challenge to starting, operating and growing a business. For example:

- When asked what challenges the members face in starting or growing a business, the manager of a statewide trade association stated, “Having the financial capabilities to take on a risk.” [#3]
- The president of a WBE-certified construction company stated that financing was a major challenge for her. She reported that she was lucky because there were a lot of opportunities for business but she did not have the financial backing to grow at the rate she could have. [#11]
- A representative of a Wisconsin economic development association, who identified financing as a key business requirement, indicated that income and education present barriers to securing financing for some businesses. “If you are lower income & less educated, the financing is going to be a challenge.” [#26]
- The representative of a women’s business initiative reported that the agency “...continue[s] to see barriers of access to fair and equitable capital, but that is not specific to any location.” [#40]

She described that that entrée to fair and equitable access to capital runs hand in hand with access to fair and equitable education, and with poverty, “It’s an integrated cycle.” [#40]

Some reported upfront and operating costs, or delayed payments make business startup and ownership a challenge: Several examples follow:

- Reported as a barrier, the representative of a minority chamber indicated that upfront costs associated with securing contracts and doing business challenge small businesses. [#22]
- The female co-owner of a non-certified specialty contracting company reported that timely payments have been an issue during the recent startup of her business. She said that there have been times (several months) when her partner has not been able to pay himself a salary because of delayed payments. [#28]
- The owner of an MBE- and SBE-certified contracting company reported that starting a new business in his industry is “very tough, mainly because of the price of materials and equipment rental.” [#17]

A number of small businesses, and minority- and women-owned businesses reported building time and resources for networking and name recognition as a challenge.

Examples include:

- The female co-owner of a non-certified specialty contracting business reported that the main challenge she faced when starting the firm was building name recognition and establishing a solid reputation. [#8a]
- A representative of a minority chamber indicated that networking is the key to business growth. However, small businesses face the barrier of not having sufficient time or resources to network. [#6]

Some identified other challenges when starting or growing a business. Examples are:

- An advocate for disadvantaged businesses indicated that it is more difficult for minority businesses to start. If the city does not have continued interests in supporting minority businesses, then the interest in starting them is reduced. [#27]
- “The hard part is having [a] business and actually operating it,” stated a woman representative of a non-profit financing agency. She added that business assistance programs must focus on continued success and growth of a business as their goal, in lieu of mainly start-up focused programming. [#29]
- The Hispanic representative of an entrepreneurship program supporting women- and minority-owned businesses reported that due to the City of Madison’s relatively small size, business opportunities are limited for women and minorities. “Madison is a small community and the opportunities are small too [for women and minorities].” [#30]

However, one reported that capitalizing on being a woman led to opportunities on the jobsite. The owner of a WBE-certified specialty contracting company said, “The majority of our clients are men, but because I’m a woman I’ve been able to get in to a place that my male counterparts haven’t been able to get in such as jobsites My gender became something I could capitalize on. When you establish some credibility, we’re still different as women.” [#12]

Changes in types of work that businesses perform. Interviewees discussed whether and why over time firms changed the types of work that they perform.

Several interviewees indicated that their companies had changed or expanded their lines of work to respond to market conditions. For example:

- Working exclusively as a landscaping subcontractor when the firm was founded, the representative of a majority-owned construction contracting firm indicated that the business has since branched out to function as a general contractor. Now his firm prefers to hire other subcontractors to do any landscaping a project requires. [#15]

- According to the male president of a majority-owned construction contracting firm, his company started out only providing earthwork services and has slowly added other services like road building, wrecking, and sewer work. [#13]
- The owner of an MBE- and SBE-certified contracting company reported that his firm started out doing only roofing, but found that there wasn't enough work for such a narrow focus. They then diversified, adding windows, siding and gutters to their offered services. [#17]
- An advocate for disadvantaged businesses reported that construction-related businesses face the problem of limited "opportunities" with some "go[ing] off their center point [typical services] to keep the doors open." [#27]

Fluid employment size of businesses. The study team asked business owners about the number of people that they employed and whether their employment size fluctuated.

A number of companies reported that they expand and contract their employment size depending on work opportunities, season or market conditions. Examples include:

- The male representative of a majority-owned public works contracting company reported that employment at his firm is seasonal, with only six to eight employees during downtime but ramping up to between 35 and 50 employees during the working season. He said the typical working season begins in mid-to-late April, and extends until October or November depending on workload and weather conditions. [#14]
- For the representative of a WBE-certified specialty contracting business, high-season expansion doubles the firm's employee count each summer. [#18]
- A representative of a majority-owned construction contracting firm reported that his firm has, on average, 100 to 150 employees. However, he added that his industry is seasonal and approximately 75 employees are laid off in the winter. [#15]
- For a white male owner of a federally-certified small general contracting company, construction in Madison is seasonal, so their employee base fluctuates. He stated that out of the 85 employees they currently have they always keep 45-50 employees. They trade out the employees who are working depending on the jobs that they are working on during the winter so no individual employee is laid off the entire winter season. [#19]

Some interviewees said that they had reduced permanent staff because of poor market conditions. Several examples follow:

- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported halving her staff to accommodate poor market conditions during the economic downturn. [#31]

- Due to the economic downturn, the female representative of a majority-owned contracting company reported that the current number of employees in her firm has increased only recently from 18 to 45; however, six years ago, the business employed 140 people. [#34]
- The male owner of a federally-certified small contracting business reported that many employees were laid off during the economic downturn, reducing the workforce from 35 to 12. [#35]

However, some business owners reported maintaining a stable employee pool. Some sustaining limited employee numbers reported limitations resulting from the small number of employees their firms employed. For example:

- The owner of a WBE-certified specialty contracting company stated that her firm has grown in sales but not in staff. There have always been around six people in the firm. This does not change seasonally. She added that the size of their staff is one of her firm's limitations. With only six employees, they could not perform large projects with short timeframes. They require more lead time. [#12]
- The owner of an MBE- and SBE-certified contracting company stated that his firm's size has remained relatively stable since its incorporation. [#17]

Flexibility of businesses to perform different types and sizes of contracts. Interviewees discussed types, locations, and sizes of contracts that their firms perform.

Many firm owners reported flexibility in the sizes of contracts that their firms perform. Examples of comments include:

- For the white male owner of a specialty contracting firm, projects are never too small. Large projects are difficult if the firm is busy in the spring; however, with more industry competition the firm conducts some larger jobs. [#36]
- The president of a WBE-certified construction company stated that she is capable of performing different types and sizes of contracts. However, she added that the firm has grown large enough that it is not always competitive on smaller projects because of higher overhead than smaller companies. [#11]
- With no jobs too small or big, the female representative of a majority-owned contracting company reported that the firm conducts small remodels of \$1,000 to large commercial jobs of \$2.3 million. The business regular jobs are \$50,000 to \$300,000. [#34]
- The male representative of a majority-owned contracting firm said that no project is too small or too large. He commented, "We do fifty dollar doorknob replacements for some clients, and have handled contracts as large as \$42 million." [#9]
- A female co-owner of a non-certified specialty contracting business reported that her firm takes a wide range of contracts, from \$150 to \$150,000 or larger. [#8a]

Some business owners noted that their financial resources affected the size of contracts they typically bid. Examples are:

- A male representative of a majority-owned public works contracting company said that his firm has the capacity “to bid on large contracts... [but that] there’s limits to what [they] can tackle — [they] don’t bid on the big, multimillion dollar [Department of Transportation] contracts.” However, he noted that there are not many jobs from the City of Madison that are too big for his firm to handle. [#14]
- Noting that some of the WisDOT’s projects are too big for his firm, the representative of a majority-owned construction contracting firm said that bonding, manpower and workload all provide constraints to the size of contract a company can handle. He added, however, that “anything the City of Madison has, [his firm] can handle ... [their] projects are pretty small compared to what the DOT [WisDOT] bids out.” [#15]
- The white male owner of a federally-certified small general contracting company stated that the flexibility of the company to do many different types of jobs for different entities is what helped them during the economic downturn because they were able to adjust to the type of work that was available, shifting to City, State and federal work. [#19]

Other business owners reported that they typically only perform small contracts. For example, the female owner of a WBE-certified specialty contracting business reported that there are many jobs that are simply too big. She said that her firm does not have the resources to devote people to any one project for a long time because they need to be able to respond quickly to urgent calls. [#10]

Typical geographic territory and reach of business. Some firms limited work to local territories, some traveled farther.

Some companies said that they prefer to perform projects close or within a specified proximity or radius to their businesses. Examples include the following:

- The owner of a WBE-certified specialty contracting business reported limiting her work to a 100-mile radius of Madison (largely due to the cost of travel). This business owner also noted avoiding Illinois-based work due to the unions. [#12]
- The president of a WBE-certified construction company stated, “Truly what I am doing, I am providing a service on a lot of these things, so proximity is huge ... I have pretty good ability in terms of the work area that I am currently in. I think I have pretty good expertise and the ability to handle a lot of those projects.” [#11]

A number of other businesses strategically expanded their reach to include a wider geographic territory. With increased competition, some business owners reported traveling farther to secure work. For example:

- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported widening the target area for seeking work. Previously the business targeted local customers, but due to the economic downturn the firm looks for business in a wider geographic area. [#31]
- Originally concentrating work outside of Madison, the African-American owner of an MBE-certified contracting company reported that in 2008 his firm expanded to Madison for a project. In 2009 to 2011 the business did a lot of work for the University of Wisconsin-Madison, which expanded the firm's customer base and geographic reach. [#23]

Local effects of the economic downturn. Interviewees expressed many comments about the economic downturn.

One business owner indicated that market conditions since 2008 have made it difficult to stay in business. A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) indicated that the economic downturn affected her business substantially. To survive, she indicated that she downsized her staff, reduced expenses, and moved to a smaller office in a less prime area. [#31]

Some reported on the displacement of small businesses and minority- and women-owned businesses resulting from the economic decline. For example:

- The director of a trade association serving several counties reported that due to the economic downturn, "Many small and women-owned businesses have been displaced." [#4]
- The president of a minority trade association observed a drop in minority contractors during the recession. He stated that contractors who did not have access to financing and resources did not make it through the recession. [#7]
- When asked about any changes in current market conditions, the representative of a minority chamber responded, "Maybe negative changes." [#22]

He explained statewide, "... there are less opportunities for people of color, more [problems] now than in the past." [#22]

Many business owners and managers said they have seen much more competition during the economic downturn. They reported that more competitors are going after a smaller number of contracts in specific fields, with substantial downward pressure on prices. Larger firms have been bidding on work that typically went to smaller firms. Examples include:

- The representatives of a WBE-certified specialty contracting business stated that, during the economic downturn, cost became the only driving factor for getting work. [#18]
- The white male owner of a federally-certified small general contracting company stated that he noticed additional difficulties for smaller businesses because there is a lot of competition and subcontracting pricing became difficult, and when the construction industry slowed down there was not as much work available. He stated that a lot of subcontractors went out of business. [#19]

Some business owners said that they scaled back their operations in response to market conditions in order to stay in business. A number of examples follow:

- The female owner of a WBE-certified specialty contracting business stated that her firm has “downsized quite a bit since 2008” and is now approximately 50 percent smaller than it was. She noted that they are now working to improve business and are hoping to add another truck in the near future. [#10]
- The representative of a majority-owned construction contracting firm reported that, during the economic downturn, his firm “lost a lot of money and had a lot of machines just parked.” He said that some companies lowered their prices to try to keep working at full capacity, but felt that was a losing strategy that “just wears out your machines.” [#15]
- The owner of a non-certified woman-owned specialty materials supply firm reported that the firm dropped to about half its previous size during the recession. [#16]
- To survive the economic downturn, the white male owner of a specialty contracting firm said, “We cut down on our inventory. We stocked less.” [#36]

As a result of the depressed economy, some reported changes in the types of work businesses sought and the outcomes of those changes including displaced workers. For example, the director of a trade association serving several counties observed a shift from private [e.g., housing work] to public sector work during the downturn, “Firms that previously did private work have moved more to municipal work.” However, he indicated that a shortage of available projects made this trend toward municipal work a challenge for some businesses. [#4]

Some reported a displaced workforce as an effect of the economic downturn. The following provides an example:

- The director of a trade association serving several counties reported, “Decision makers don’t understand the industry. They need to show as much energy to put a project on the streets. You need projects. You need jobs to train people. It is not good enough to train apprenticeships if there are no jobs to put them on.” [#4]

He added, “Government did not do a thing for five years because of the recession. They lost the workforce and an opportunity to get things done cheaply. Trades people needing work went to Florida. Because of demographics, there are less people to train now. The average age of the construction worker is 43. We desperately need people in the construction industry. It is not enough to make demands to hire MBE, DBE, SBE if there is not a job at the end to place them. [It’s a] waste of time if [you’re] only looking at half the picture.” [#4]

Some reported observing a trend of delayed retirement for white male workers during the recession. As an example, the representative of a workforce development organization reported that during the recession, many white males delayed retirement. [#33]

After losing jobs during the economic decline, some reported that they or others turned to entrepreneurship to survive. For example, the representative of a women’s business initiative reported that during the economic downturn there was a lot of growth of entrepreneurship. She added that people who lost traditional jobs turned to entrepreneurship. [#40]

A few business owners and managers said that their companies did not see a decline in work due to the economic downturn. Examples of comments include:

- The female co-owner of a non-certified specialty contracting business stated that the economic downturn didn’t affect her firm very much because people required her firm’s services regardless of economic conditions. [#8a]
- The owner of an MBE- and SBE-certified contracting company reported that even during the Great Recession, his “business has been steady [and] hasn’t changed much at all.” [#17]
- The white male owner of a federally-certified small general contracting company stated that the economic downturn did not reduce work volume. He reported sustained profitability. He believed that this was largely due to the “ESOP factor,” stating that employees are more invested in the company in times of difficulty. [#19]
- The female owner of a WBE and SBE certified trucking firm indicated her business was not negatively affected by the economic downturn of 2008-09. They always had work during that time. [#38]

- Regarding the economic downturn, the male representative of a majority-owned contracting firm said, “It was very difficult.” He added that his firm was poised very well when the downturn occurred, with a backlog of about two years. This meant that they didn’t experience a substantial decrease in business “until about 2011 and 2012.” Interviewee #9 noted that “revenues were cut about in half” at that point, and are now at about “80 percent of what [they] were before the downturn.” [#9]

Some reported increased opportunities during the economic downturn. Some reported new opportunities during the Great Recession. Examples include:

- The director of a local industry trade association reported that during the economic downturn small businesses doing work at low cost, if qualified, were able to secure work that was designated for the lowest bidder. [#2]
- The president of a WBE-certified construction company reported that the economic downturn did not have as much of an impact of them losing work, partially due to the stimulus, and that most of the work she does is state- or federally-funded. She said, “When the stimulus was in effect, there was so much work that there was too much work to even go around ... something that I’ll never see again in my career.” [#11]

Some business owners reported other effects of the economic downturns. A number of examples follow:

- The president of a WBE-certified construction company stated that she noticed the difficulties of the economic downturn more in her employees and that they were suffering because of spousal layoffs and additional financial issues.

The same firm owner reported that she noticed that the effect was with banking and the restrictions of banking have tightened up so much that she would not have been able to get the funding that she received in 2004. She stated that her bank would not allow her to use her equipment as collateral, which made it difficult for her to get additional loans and funding. [#11]

- The African American owner of a non-certified specialty contracting company said, “What downturn? I’m black; we grew up in an economic downturn.” He added that he has been in a recession and struggling all of his life. [#32]

Current economic conditions. Some business owners and managers said that economic conditions were improving; however they had conservative growth expectations for their businesses. Other changes were also reported.

Some business owners and managers said that they have not yet seen an upswing in market conditions, or that the recovery has not been what they had hoped it would be. For example, the representative of a minority training and supplier association described the current marketplace as “dismal.” [#20]

Other interviewees said that they have seen an upswing in market conditions. For example:

- A director of a local industry trade association reported that current market for the members is very good with increased work and development projects. [#2]
- A manager of a statewide trade association reported the following when asked about the current marketplace, “Better than it was, for sure; the members seem to be busy.” [#3]
- The female co-owner of a non-certified specialty contracting business reported that things were going very well for her firm. Her husband and business partner concurred, saying that this would be their “best year ever.” [#8a and #8b]
- The male representative of a majority-owned contracting firm reported that current economic conditions are “improving for the construction industry.” He added that “a lot of corporate cash has not been invested long-term because of the financial crisis,” and that cash is now beginning to get invested “facilities and long-term business needs.” [#9]
- The female owner of a WBE-certified specialty contracting business said that, while business is not yet booming, the economic conditions are getting better. “It’s a slow, gradual [improvement], but it needs to be slow so it doesn’t go away so fast,” she said. [#10]
- The president and lobbyist of the state chapter of a national trade association reported, “There is a lot of work now going on that is Epic, which has ripple effects.” “The ripple effects allow the contractors who are busy to give way to some who are available.” He added, “Overall, Dane County fares better [in the marketplace] than the rest of the state.” [#5]
- The president of a minority contracting association spoke of a new contracting “boom” expected to continue for 24 to 30 months. He added, “In the last year and a half, things are starting to boom. For four years I have been looking in the desert under rocks for moisture and now it’s raining.” [#7]
- The president of a WBE-certified construction company stated that she feels the current economic conditions are good and improving. She reported that she is seeing more activity and people are less “on edge” about the economy. [#11]
- The owner of a WBE-certified specialty contracting company said that right now the economic climate is good, with a good backlog of work. The firm’s future work load looks good as well. She said that she is reserved, and does not want to say the firms is doing great because she is not sure that they will ever be where they were during the economic boom. However, new construction looks positive. [#12]
- The male president of a majority-owned construction contracting firm described the current economic conditions as “much better this year,” but added that “next year can change.” [#13]

- Regarding the current economy, the male representative of a majority-owned public works contracting company responded that things are “promising. It’s not where we’d like to see it, there’s not just an absolute glut of work around, but at the same point there’s enough to keep people busy and we’ve had a very busy summer this year because of it.” [#14]
- The representative of a majority-owned construction contracting firm said that the current economic conditions “in the Madison area [are] very promising.” [#15]
- The owner of a non-certified woman-owned specialty materials supply firm said that business had increased for two years in a row and is “looking up.” She added that she has hired four people this year. [#16]
- The white male owner of a specialty contracting firm said, “We had a really good year; it’s good and getting better.” [#36]

Some reported changes resulting from the economic recovery including both opportunities and challenges. Several examples are:

- For a WBE-specialty contractor, the economic recovery brought back relationship-building rather than just “cost” as an important factor for getting work. [#18]
- The manager of a statewide trade association reported that current opportunities in the private sector now drive the market, making it difficult or almost impossible to find workers. “The pool of workers is down 30 to 40 percent.” [#3]

The same manager reported workers left during the economic downturn, either retiring or seeking other types of work and not returning to the contracting industry. [#3]

- When asked if there are any barriers for small businesses that are specific to the economic downturn, the female owner of a WBE-certified specialty contracting business responded that small businesses in Dane County and “especially in the City of Madison” are being “taxed to death.” She clarified that the fees now required for certifications which used to be a part of the master plumber certification are particularly hard for small businesses to cope with, as their profit margins are already small. She reported that state unemployment insurance also became a burden after the downturn. Before the downturn her firm paid between \$300 and \$400 every quarter, but since 2008 they have had to pay \$4,000 the first quarter of every year. [#10]

- The president and lobbyist of the state chapter of a national trade association indicated that available work does not trickle down to subcontractors. “The bread and butter stuff the City [of Madison] does is the street and utility work. Those [primes] who perform that generally do most of it themselves; they don’t subcontract out a lot — it’s not like building a building where you are hiring HVAC, plumbers, etc. It is generally moving concrete, digging a hole and moving dirt. Most of the general contractors, who do that, do it themselves.” [#5]
- The president of a minority contracting association indicated that with an upward swing minority workers are seen working and earning a good living, their exposure to others has a positive effect on the community. Minority workers must have the visibility, he said, “We want what we see.” [#7]
- The representative of a workforce development organization reported that now that the economy is good in Dane County, baby boomers [white males] that had not retired in 2008 are doing so. He indicated that this change in demographics opens up opportunities for minorities. [#33]

He added that his association sees a sudden need for skilled labor in the industry. [#33]

Business owners reported experiences pursuing public and private sector work. Interviewees discussed differences between public and private sector work. Most interviewees indicated that their firms conduct both public sector and private sector work. [e.g., #9, #13, #14, #17, #18 and #36]

One interviewee with experience in both the private and public sectors identified advantages and disadvantages of private sector and public sector work. The representative of a majority-owned construction contracting firm said, “The profit’s higher in private work, that’s the reason you want to do more of it. But it’s the public and state that’s going to help you pay your bills ... [because] you can depend on getting paid.” He clarified that, although private work pays more because “people pay for service,” public work pays more reliably. [#15]

A few reported on whether or not union affiliations affected their ability to work on both public and private sector contracts. Examples of responses follow:

- The white male owner of a federally-certified small general contracting company stated that they currently have more public work. He stated that in Madison, “we get locked out on projects ... because they are afraid of the union. Madison is a very union oriented place ... it becomes a problem for us because we don’t get the opportunity.” He will research the owner of the project very carefully to ensure that it is a legitimate opportunity for them prior to bidding. [#19]
- “The problem with small private [sector work] is it’s nonunion ... and they have more flexibility than we [union contractors] do, and better economic conditions,” reported the male president of a majority-owned construction contracting firm. Consequently, this firm works mostly on larger public sector projects. [#13]

- The female owner of a WBE-certified specialty contracting business indicated that when seeking to be subcontractors in the public sector there is a preference for union workers. As a result, her firm usually only subcontracts for private sector jobs. [#10]
- “The fact that we’re not union is a potential barrier. People tend to not like us because of that, even though we are so big,” reported a majority-owned specialty contractor. [#T18]
- When asked about winning work as a prime or subcontractor with the City of Madison or others, a majority-owned contractor reported labor agreements as a barrier to doing some work. He reported that some agreements say, “Only union companies can work on projects.” [#T2]

Post economic downturn, one interviewee indicated that private sector work now drives the market. When asked how he would describe the differences between the public and private sector, the manager of a statewide trade association responded, “Emerging Wisconsin is a big driver of the public market, but the private sector is what’s really driving the market ... Edgewater, and multi-family projects downtown, and healthcare.” [#3]

However, a number of businesses reported that private sector work presented challenges for small businesses, particularly minority-owned businesses. Examples include:

- Representatives of a minority chamber reported that subcontracting on private [sector] jobs has challenges for small [minority] businesses; the jobs are usually small and do not amount to much money. [#6]

The same chamber added, “Latino companies are going to the private sector — usually residential — and it’s not going to pay well.” [#6]

- Regarding barriers to obtaining work in the private sector, the owner of an MBE- and SBE-certified contracting company said, “It seems like the bigger companies, they all know each other and they always end up doing the work themselves instead of giving it to the minorities.” [#17]

Other interviewees reported that they preferred private sector work over public sector work. Some of the comments indicated that performing private sector contracts was easier, more profitable, and more straightforward than performing public sector contracts. For example:

- The male representative of a majority-owned contracting firm reported that his firm works mostly in the private sector because they “believe in a very collaborative team approach to developing a facility.” He indicated that his firm views the bidding process as “non-collaborative,” and prefers to work with clients beginning early in the process, “sometimes even before the site is selected,” in order to build a facility “the way [the client] needs it for their business.” [#9]

- No longer pursuing public sector opportunities, the male co-owner of a non-certified specialty contracting business stated that his firm limits work to the private sector. Although he had worked in the public sector before starting his current firm, “prevailing wages issues and red tape” made public sector work undesirable. He said, “I finally have plenty of work in the private sector.” [#8b]
- A WBE-certified specialty contracting business with a preference for private sector work (about 80 percent of their workload) appreciated the easier administration and streamlined approval process. [#18]

For some, a slowdown in private sector work meant pursuing public sector work. Examples include the following:

- The male representative of a majority-owned public works contracting company noted that, before the economic downturn, much more of his firm’s income came from new construction in the private sector. “When the bottom dropped out of that, there wasn’t any private work and it all became municipal work.” He said that, following the economic downturn, almost 80 percent of his firm’s business was in the public sector. He estimated that 50 percent of his firm’s work over the past three years has been for the City of Madison. [#14]
- The representative of a majority-owned construction contracting firm said that when the economy doesn’t provide enough private sector work, his firm “[does] a lot of public works projects and state DOT [WisDOT] projects.” [#15]

A number of interviewees preferred public sector contracts because they were more certain that they would be paid. Certainty of payment on public sector projects was a frequent comment among those business owners and managers. Examples of comments include:

- The president of a WBE-certified construction company stated that her business breakdown between public and private sector work is 95 percent public work. She reported a preference for public work because, as the bulk of her business, payment remains stable in an economic downturn. She added that public projects are good with lien rights in Wisconsin; she is able to file liens on projects and collect money when necessary. [#11]
- The representative of a majority-owned construction contracting firm reported that, although private work pays more because “people pay for service,” public work pays more reliably and pays the bills. [#15]

However, the required capacity and resources prevented some businesses from pursuing public sector work. For example:

- The female co-owner of a non-certified specialty contracting company considered public sector projects but contract sizes were too large and not doable. [#28]
- “I do not want any government work; I’d rather be off the grid,” reported the African American owner of a non-certified specialty contracting company commented. He explained that he does not have the capital to work for the City of Madison. [#32]
- A majority-owned landscaping firm reported, “The City might have projects that are just too big for us.” [#T21]

Others added that prequalification or paperwork requirements on public sector work made it less attractive for their companies. Examples are:

- “Small companies, not only minority-owned, think twice about reaching out to public sector [city, state, federal] work because of that [paperwork],” stated the representative of a minority chamber stated that only a few chamber members conduct public sector work. [#6]
- The owner of an MBE- and SBE-certified contracting company reported that most of his business is residential work in the private sector. He stated that, while his firm does spend “so much time” putting together bids for public sector contracts, they “never get feedback” from the City of Madison. “Sometimes we get frustrated because we spend so much time doing the bids and never get a response from them.” [#17]

One business owner noted that public sector contracts were rare in her trade and not often advertised. The female owner of a WBE-certified specialty contracting business reported that 90 percent of her firm’s business is in the private sector. When asked why that is, she responded that getting a contract with the City of Madison is “like impossible,” adding that, while those contracts used to go through the procurement process, she hasn’t seen a request for bids “in the last five years.” [#10]

C. Doing Business as a Prime Contractor or as a Subcontractor

Business owners and managers discussed:

- Mix of prime contract and subcontract work;
- Prime contractors’ decisions to subcontract work; and
- Subcontractors’ methods for obtaining work from prime contractors.

Mix of prime contract and subcontract work. Firms reported whether they act as prime contractors, subcontractors or both.

Many firms that the study team interviewed reported that they work as both prime contractors and as subcontractors. For example:

- The representative of a majority-owned construction contracting firm reported that the deciding factor between whether his firm is the prime or the sub is based on if his firm is doing a larger percentage of the work than the other firms that are a part of the bid. “It all depends on [which company] has the majority of [the work].” [#15]

He also indicated that geography plays a role in whether his firm acts as a prime or subcontractor for a project. “You don’t want to be managing a job out of your region because you don’t know the suppliers, you don’t know the connections and you’re going to be bidding up against somebody that’s probably a little bit smarter than you in their area,” he stated. He pointed out that having relationships with suppliers and other businesses in an area provides a competitive advantage in the bidding process, making it difficult to compete outside of your area. [#15]

- A male owner of a federally-certified small contracting business reported that his firm is most often a subcontractor. For example, when they perform City jobs, they act as a subcontractor. The firm primes about half of its non-City work. [#35]

The study team interviewed many firms that primarily work as subcontractors but on occasion also work as prime contractors. Some firms reported that they primarily work as subcontractors because doing so fits the types of work that they typically perform. Examples include:

- The president of a WBE-certified construction company stated that the majority of the work her business performs is as a subcontractor. However on occasion, she noted that the business performs projects for the State as a prime contractor. [#11]
- The Hispanic owner of an MBE-certified specialty contracting firm reported that their work is performed 65 percent as subcontractor and 35 percent of the time they perform as a prime contractor. He commented that being a sub, “Offers a layer of protection.” He added, “The prime has many responsibilities that the sub does not have; advertising and dealing with unhappy clients for example.” [#23]

Some business owners and managers said that they mostly work as subcontractors because they cannot bid on the size and scope of the entire project, or find it difficult to compete with larger firms for those prime contracts. Examples include the following:

- The African-American owner of an MBE-certified contracting company stated that his company usually does second-tiered subcontracting on larger projects. He also reported that smaller businesses have higher margins when trying to bid against bigger firms making it risky to compete with bigger firms. [#23]

- Largely due to the firm size and access to materials, the white male owner of a contracting firm reported that when working for City of Madison, they are limited to a subcontractor role. [#25]
- A representative of a minority chamber reported that nearly all members are subcontractors, “With the exception of [named contracting firm], they [members] are all subs. They do not have the financing, employees or capacity to be primes.” [#6]
- The white male owner of a federally-certified small general contracting company stated the biggest challenge for a small business to be a prime contractor is cash flow. “When you are a general contractor you have to pay ahead of time for a lot of things...payroll, materials,” he said. [#19]

Other firms reported that they usually work as prime contractors, and prefer to do so, but will also serve as subcontractors. A number of examples include:

- A female owner of a WBE-certified specialty contracting business stated that her firm works primarily as a prime contractor, but occasionally subcontracts with general contractors. [#10]
- The male president of a majority-owned construction contracting firm said that his firm mainly works as a prime contractor, “though that varies from year to year.” He said that this is largely because they have the capability to do almost all parts of the infrastructure work which makes up the majority of their business. When it comes to other types of work, they generally work as a subcontractor [#13]
- Ninety-nine percent of the time, a majority-owned contracting firm reported acting as a prime contractor. [#9]
- The male representative of a majority-owned public works contracting company said that most of his firm’s work is as a prime contractor. He acknowledged that sometimes they work as a subcontractor on more diverse projects like building sites. He estimated that 95 percent of his firm’s work is as a prime contractor. [#14]
- The white male owner of a federally-certified small general contracting company stated that their company is primarily a prime contractor but they will work as a subcontractor on government contracts. [#19]
- The white male owner of a landscaping company reported that 80 percent of the time, the firm is the prime contractor; however, they do subcontract [20%] as well. The decisions are made on the nature of the project. [#37]

Prime contractors' decisions to subcontract work. The study team asked business owners whether and how they subcontract out work when they are the prime contractor.

Some prime contractors say that they usually perform all of the work or subcontract very little of a project. Examples of include the following:

- A male president of a majority-owned construction contracting firm reported typically subcontracting “less than 10 percent [of a project].” [#13]
- Never hiring subcontractors, the owner of an MBE- and SBE-certified contracting company reported that only about 5 percent of his firm’s business is done as a subcontractor. [#17]
- The white male owner of a federally-certified small general contracting company reported capability to “self-perform” most of the work. “We intend to do the work ourselves,” he stated. “It depends on what is most efficient for the company.” [#19]

Many interviewees from companies that use subcontractors indicated that they use the firms with which they have an existing relationship. [e.g., #20 and #37] Both majority-owned and MBE/WBE firms that use subcontractors made such comments:

- A director of a local industry trade association reported that primes contract with subcontractors that they already know regardless of project type (e.g., public or private sector). “If the primes know the sub’s work, he hires them for all kinds of work unless there is a real specialty.” [#2]
- The female co-owner of a non-certified specialty contracting business reported that, when starting the company, it was a challenge to find reliable subcontractors. She noted, however, that this is no longer an issue because they now have good relationships with several reputable subcontractors. [#8a]
- A white male owner of a specialty contracting firm reported that to find his subs, he calls people he knows. He has a relationship with them. Occasionally, he finds subs when he sees work he likes, he contacts them. [#36]
- A trade association president and lobbyist indicated that relationships matter more in private sector, but still plays a role in public sector subcontracting. “In the private sector, if work is awarded without taking the numbers into account, then good relationships and reputation matters.” [#5]

However the same trade association president reported that relationships between primes and subcontractors are not always a high priority, but when positive, help in resolving disputes. [#5]

- A male representative of a majority-owned public works contracting company said there is “a core group [of subcontractors] in the public works industry that are available to work in the Madison market,” and his firm has built up a database of those companies, making it easy to reach out and inform them of opportunities to bid for subcontracting work. [#14]
- When asked about how businesses learn about prime contractor/subcontractor relationships, the representative of a workforce development organization indicated, “People do not find work by looking in the papers; it’s by knowing someone, networking.” [#33]
- The representative of a majority-owned construction contracting firm reported that, when selecting subcontractors, there are usually subcontractors his firm prefers to work with. “You want to get done on time — so yes price does matter, but when it comes to a very sensitive project and there’s huge fines [for not completing the project on time], then we want somebody that performs. So we’ll even want to pay a premium to a subcontractor if we know that they’ve worked for [the client] before and done a good job.” [#15]
- The white male owner of a contracting firm reported that he does sub out work and usually uses subs he has known before. The subs performed well so Interviewee#25 continues to sub work to them. [#25]

Some indicated that primes report difficulty finding subcontractors to perform work, and why that is. For example:

- The manager of a statewide trade association stated, “Right now there are challenges in the subcontractor area; they are having problems getting bids on projects from subcontractors because there is just not the capacity out there.” [#3]

The same trade association manager described the cause of this deficiency. “A lot of the subs were hurt in the recession and the market was like this for a long time and then it built up, and then it crashed. They [subcontractors] are not anxious to take on the overhead by hiring people and are being choosy on the projects they bid and who they work for; so to that extent, that’s a barrier in the market now.” [#3]

- The male representative of a majority-owned public works contracting company stated that one of the biggest challenges they face in soliciting subcontractor bids is when a job has an SBE goal attached and his firm cannot use its typical subcontractors. In that case, they look for SBE contractors using the City of Madison’s SBE list, which “is very difficult and time-consuming and troubling to do because [the list is] not very well maintained.” He noted that often the companies they call from the list either don’t answer the phone or say that they don’t do work in Madison. [#14]

One prime contractor described the differences between hiring a subcontractor in the private sector versus the public sector: The representative of a majority-owned construction contracting firm indicated that in the private sector his firm can have a discussion with the client about whether to hire an unknown firm with a lower bid or to pay a premium for a well-known firm. “You can’t have those kinds of conversations with the City.” [#15]

Others described the difference that being union versus non-union had on receiving subcontracting jobs. For example, the white male owner of a federally-certified small general contracting company stated that when working as a subcontractor, there is discrimination against his company because it is not union. He stated that they are limited on the work they can get because they are not union contractors. He stated it depends on if the prime is a union contractor whether or not they will be able to work on the project; that does not change if it is private or public work. [#19]

Some subcontractors felt that prime contractors only used them when there was a designated requirement on the job. For example, when asked how primes make the decisions to sub out work, a representative of a minority chamber reported that primes subcontract out work when the bids include requirements to sub to a minority or disabled business. [#6]

Some interviewees described similarities and differences between considering SBEs/DBEs and considering other firms as subcontractors. Examples include:

- A male representative of a majority-owned public works contracting company noted that several of his firm’s main subcontractors are women- and minority-owned small businesses, but that their certification status isn’t important. “Those are just the contractors we’ve used for years, they’ve performed great for us, and they’re our preferred contractors to work with.” [#14]
- The representative of a majority-owned construction contracting firm said, “The problem with the small businesses, the biggest problem is...they don’t know what work volume they can handle.” He stated that this made working with new businesses and small businesses very hard because they don’t have the flexibility to meet demand if they suddenly win a number of bids in quick succession or if something happens to throw off a job’s schedule — rain for instance. He noted that this is particularly problematic with DBEs because replacing them can mean they no longer meet the required DBE goals for the project. [#15]
- The white male owner of a federally-certified small general contracting company described a negative experience with a second-tier sub not paying their employees or having the experience needed to complete the job. He said, “It [good and bad experiences] comes and goes with the territory.” He continued that they’ve had more issues with minority subcontractors than non-minority subcontractors in the past few years, but they have had issues with both minority and non-minority firms. [#19]

Some owners and managers of MBE/WBE/DBE prime contractors said they seek out other MBE/WBE/DBE firms or small businesses as subcontractors on their projects. For example, the female owner of a WBE-certified specialty contracting business reported that her firm does sometimes hire subcontractors. She said that, when choosing a subcontractor, one of her top priorities is that it be a woman-owned firm. Price and quality also play a substantial role in her decisions. [#10]

Subcontractors' methods for obtaining work from prime contractors. For firms seeking opportunities in construction, a program administrator at a local agency indicated that first building the firm's reputation as a subcontractor and then marketing based on that reputation would in time pay off. [#1]

Some business owners said that they actively market to prime contractors. Those businesses reported identifying prime contractors from bidders' lists, planholders' lists, at pre-bid or pre-proposal conferences, or through outreach events. For example, the owner of a WBE-certified specialty contracting company reported submitting bids to every general contractor who is bidding in the hopes that the firm will be included on each bid. She reported this as an advantage of being a subcontractor; if they submit the preferred or low bid, then their firm will be included on the job no matter which general contractor gets the award. [#12]

Other business owners and managers relied on repeat work from prime contractors. Examples include the following comments:

- The female owner of a WBE-certified specialty contracting business stated that there are certain firms she prefers to work with, and those firms will inform her when they are bidding on a project that she might subcontract with them on. [#10]
- The female owner of a WBE and SBE certified specialty contracting firm commented that she has no trouble getting work. Her firm is hired by a larger prime who keeps the business busy. [#38]

Some business owners said that they are also routinely solicited for bids from prime contractors. Examples of include:

- The president of a WBE-certified construction company reported that she is solicited by primes when they will be bidding on a project and then she provides them a bid. She stated that the primes are cognizant of the goals the public departments are trying to achieve with small business usage [#11]
- The owner of a WBE-certified specialty contracting company stated, "If we've never worked with a company, it's typically because we're highlighted as a WBE, that they'll send us requests to be engaged." [#12]
- The owner of an MBE- and SBE-certified contracting company reported that his firm learns about subcontracting opportunities when prime contractors call his firm to request a bid. [#17]

- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported that she learns of opportunities through the relationships she has built with different companies and general contractors. “Usually we are invited by the general contractor or prime ... we are invited or we ask if they would like a bid.” [#31]

Some firm owners described barriers to working with certain prime contractors. For example, the owner of an MBE- and SBE-certified contracting company said that one barrier to subcontracting work for his firm is that “most of the time” prime contractors will tell his firm the price they want to pay instead of requesting a bid. His firm is then left to work out whether the price they are given will cover the costs associated with the project. He noted that, if he asks for more money from the primes because materials tend to cost his firm more than they cost bigger firms, they will sometimes laugh at him. [#17]

D. Keys to Business Success

The study team asked firm owners and managers about barriers to doing business and about keys to business success. Topics that interviewers discussed with business owners and managers included:

- Relationship building;
- Employees;
- Equipment;
- Access to materials;
- Financing;
- Bonding;
- Insurance; and
- Other factors.

Relationship building. Some business owners identified relationship building as a key component to the success of their businesses. [e.g., #8b, #6, #28 and #35] Examples include:

- The representative of a majority-owned construction contracting firm stated that relationships with customers and others are very important to business success in his field. [#15]
- To build relationships and expand outreach, a woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported being active in the community and organizations. Relationship building opens up avenues to learning about upcoming projects. [#31]
- The white male owner of a landscaping company reported that good long term relationships with other contractors and customers are important to success. [#37]

Some businesses reported success building relationships through honesty, quality work and good communications. For example:

- “Honesty is a key to success. Your customers need to trust you,” reported the female owner of a WBE and SBE certified trucking firm.[#38]
- The male representative of a majority-owned contracting firm said, “Relationships with owners [and] relationships with key vendors are critical,” adding that the Wisconsin market is a relatively small community and maintaining good relationships with people in the community is “one of the huge keys” to being successful. [#9]
- The president of a WBE-certified construction company said, “The key to success in this industry, I think, is performing At the end of the day ... nothing is as important to your contractor customer as having a sub that they know they can rely on, that they know is going to do the work, that they know is going to be able to follow all of the myriad of regulations that come with public work, that are going to be in compliance, that they’re not going to have to worry about doing accounting for that firm, that they’re not going to have to worry about the firm bailing mid-job. I think that at the end of the day ... you need to be the low bid and you need to be that firm that can perform. I think that’s the key.” [#11]
- The owner of a non-certified woman-owned specialty materials supply firm stated that her firm has many repeat customers. This, she said, is because they provide good service and have a lot of knowledge about the materials they provide. She suggested that clients “are finding out that price isn’t always the best thing,” and that the knowledge and service her firm suggests can be worth the extra cost. [#16]
- The Hispanic owner of an MBE-certified specialty contracting firm reported that word of mouth is a large part of the business getting work so good relationships are key. He added that they have been accepted into the tight knit [local area] community without problems. [#23]
- The white male owner of a specialty contracting firm reported that customer service is a key to success [#36]

One firm owner reported that relationships differ when conducting public sector and private sector work: The male representative of a majority-owned public works contracting company said that relationships with customers and others are “much more important [to success] on the private side than on the public side. Unfortunately, [on the public side] whoever’s a preapproved contractor who has a low number is who the city is going to go with, whether we’re a better contractor for them or not.” He added that, “on the private side you can parlay [those relationships] into additional work.” [#14]

Employees. Business owners and managers shared many comments about the importance of employees.

Many interviewees indicated that high quality workers are a key to business success. [e.g., #6, #7, #22, #25, #31, #37 and #38] Examples include the following:

- A WBE-certified specialty contracting business reported relying on a core group of trusted and reliable workers. [#18]
- The male president of a majority-owned construction contracting firm reported that employees are very important for business success. He noted however that, because his business varies both seasonally and from year-to-year, employment at his firm changes frequently and said that finding new employees is “very challenging.” When asked what he looks for in a new employee, he said that he prefers employees who work hard with a willingness to learn. [#13]
- “In order to be competitive, businesses need a good, well organized workforce,” reported the director of a local industry trade association. [#2]

For example he added, “Contractors need an estimator that is sharp and knows the market and what materials cost ... to make sure the firm makes money.” [#2]

- A president of a WBE-certified construction company stated that to best perform the required work, a company needs great employees. She reported challenges finding people who are able to do the type of work her firm does and concerns about finding employees moving forward. [#11]
- The representative of a majority-owned construction contracting firm said “You’re only as good as your ‘guys’ ... you’ve got to treat them well because they’re a lot smarter than you are at doing what they do.” He added that “employees are the biggest [key to success].” [#15]
- For the owner of an MBE- and SBE-certified contracting company, having respectful, responsible, disciplined employees is the key to a successful business. [#17]
- The white male owner of a federally-certified small general contracting company stated that having employees who are able and willing to be cross-trained are the key to success for his company. They firm would not be able to do the work that they do or the success that they have had without great employees. [#19]
- A female representative of a majority-owned contracting company reported that employees are the key to business success. The business can hire carpenters easily, but finisher/taper employees are hard to find. [#34]

Many business owners and managers said that developing and maintaining relationships with their employees was important. Examples include the following:

- The male representative of a majority-owned public works contracting company said, “Without our employees we’re not able to do what we do, plain and simple.” He continued, saying that his firm tries to maintain long-term relationships with everyone they hire. “We want them to be happy working for us, we want them to want to work for us, come back to us year-in, year-out. It’s very important to us that we’re able to maintain that kind of continuity.” [#14]
- The male representative of a majority-owned contracting firm stated that his firm has “a relatively small group of really dedicated employees,” and tries to manage the workflow to keep all employees working at a steady pace. He noted that good employees are a “huge key” to a business’ success. [#9]

Some owners and managers used or occasionally looked to unions to help them find workers, others avoided using union labor. For example:

- The male owner of a federally-certified small contracting business said he is trying to hire minorities. He turns away non-minorities. His employees are union and come on the recommendation other employees. [#35]
- Preferring to build a core group of reliable workers, a WBE-certified specialty contractor reported challenges when relying on unions to supply capable and reliable workers. [#18]
- A representative of a minority training and supplier association reported that unions have a negative influence on the workforce. “The unions have been a road block for people to gain knowledge and get into the trades.” [#20]

As he indicated that most union workers are in their 50s, he added, “Selfishness of the unions is preventing younger workers from entering the union. Younger members will keep the union going.” [#20]

Some firm owners and managers reported difficulty hiring and retaining employees, especially when business slows. A number of examples follow:

- The representative of a minority training and supplier association indicated that small minority businesses face difficulty when hiring skilled workers. [#20]
- An advocate for disadvantaged businesses stated, “Diverse business owners tend to hire from within their own communities, which is desirable, however, skilled workers in the communities are difficult to find [for a myriad of reasons].” [#27]
- When asked about employees, the representative of a minority chamber reported finding adequate and reliable workforce as a challenge for small businesses. [#22]

- The African-American owner of an MBE-certified contracting company reported not having long track record keeping employees because of layoffs when work is slow. He stated, “It is a challenge to keep a nice work force.” [#23]
- “Finding good employees is a huge challenge in starting a business,” said the Hispanic owner of an MBE-certified specialty contracting firm. “Keeping everyone busy and never having to lay anyone off is a challenge.” [#24]
- The white male owner of a specialty contracting firm said that good employees are getting hard to find and they are a key to business success. [#36]

Some business owners reported that economic conditions have reduced the pool of potential employees, as many are reported to have left the state. For example:

- A trade association president and lobbyist indicated that his members find it difficult to locate skilled workers; during the downturn many people left the industry and getting them back presents a challenge. He indicated a difference from three years ago when the members didn’t have work to support the pool of skilled workers. [#5]
- “Because of demographics, there are less people to train now. The average age of the construction worker is 43. We desperately need people in the construction industry,” reported the director of a trade association serving several counties. He identified an immediate need for an expanded pool of potential employees. [#4]
- The representative of a minority chamber reported, “In the private sector it is known that there is a lot of work and not a lot of manpower, if you will. We [minority subcontractors] are getting invites from generals all over.” [#6]
- “[There’s] a shortage of labor at this point,” reported a majority-owned specialty contractor. [#T8]
- The president of a minority trade association identified a need for a pipeline of employees from the trades. [#7]
- As noted by the manager of a community organization serving mostly majority contractors, finding skilled, industry-experienced and ready workforce is a challenge to small business. [#21]
- A representative of a minority training and supplier association discussed the limited supply of skilled workers ready and willing to work for minority-owned businesses. He stated that having manpower is a challenge to small minority-owned businesses because skilled workers are lacking in the industry. [#20]
- The African American owner of a non-certified specialty contracting company said that young people, whites and minorities, are not interested in working in the trades. He commented that is going to be very difficult to hire skilled workers. [#32]

Equipment. Business owners, managers and industry specialists discussed the importance of having the right equipment for operating their businesses.

Many emphasized the need for well-maintained equipment combined with speedy mobilization. Examples include the following comments:

- The director of a local trade association reported, “A company needs to be able to get the right equipment; without it, they won’t get the job.” [#2]
- Another trade association director said, “You have to perform on time with the right equipment. If you are in trucking you need to have the right number and type of trucks at the site on time. You cannot be ten minutes late and have people getting paid waiting for you.” [#4]
- Regarding equipment, the president of a minority trade association said, “Own as little [equipment] as possible and take good care of it.”

This same minority trade association president explained that well-maintained equipment is part of having the proper resources to do the jobs. He also indicated that having equipment break down on the job makes the contractor look unprofessional. [#7]

- The male representative of a majority-owned public works contracting company reported that “it’s critical that you have equipment you can count on to keep working.” He illustrated this with the example of a five-man crew, each earning \$50 an hour, unable to keep working if the backhoe the crew needs breaks down. “You’re talking \$250 an hour that you’re shelling out [for nothing] while that backhoe’s not able to work. [#14]
- “Most of my challenges have been in equipment,” said the white male owner of a contracting firm. He commented that starting a new business with used equipment poses a challenge. Purchasing the right equipment, knowing how to operate and maintain the equipment poses another challenge, but is the key to success. [#25]

Some businesses reported to own all of their equipment. As an example, the white male owner of a federally-certified small general contracting company stated that the firm owns most of its equipment due to the diversity of the work they do and the amount of travel they have. It is vital for the company to own the equipment to save time and allow them to complete the small jobs quicker and more efficiently. [#19]

Some businesses reported that they own certain equipment and then rent pieces of equipment that they may infrequently need. For example, the male representative of a majority-owned contracting firm said that his firm owns “quite a bit of equipment” necessary for the services they provide, but rent cranes and large material handling equipment on an as-needed basis. [#9]

A number of businesses rely almost entirely on leased equipment with both positive and negative outcomes. For example:

- The African-American owner of an MBE-certified contracting company stated that there aren't any challenges in getting equipment because he could rent any equipment he may need. [#23]
- The owner of an MBE- and SBE-certified contracting company reported that his firm doesn't get large enough contracts to afford to own much equipment, and as a result are forced to rent it on an as-needed basis. [#17]

He added that rental prices are significantly higher for small businesses. [#17]

One prime contractor reported no need to acquire equipment, because his firm relies on subcontractors to supply their own equipment. The male co-owner of a non-certified specialty contracting business indicated that his firm owns very little equipment, saying "it's the subcontractor's responsibility" to have the necessary equipment for a job. [#8b]

However, some business owners reported that obtaining expensive equipment, or not having the equipment needed for their operation is a barrier. Some reported not having the cash to purchase equipment outright and that financing can be a barrier. For example:

- The manager of a community organization serving mostly majority contractors indicated that acquiring and maintaining equipment is a financial challenge for small minority businesses. [#21]
- A owner of an MBE- and SBE-certified contracting company noted that rental equipment is "a lot more expensive to the minorities because [they] are not consistent customers [of the rental companies]." He added that larger companies who frequently rent equipment "seem to get much better prices." "Sometimes it's hard to bid against [the bigger companies] because they always get better prices on either the materials or the equipment." [#17]

Access to materials. As with other potential barriers, interviewees reported a range of experiences securing materials.

Some business owners and managers said that small, new or diverse businesses are at a price disadvantage when purchasing supplies. For example:

- "When you're a new business, it's hard to get credit," reported the female owner of a WBE-certified specialty contracting business. She gave an example of a young man she knew with a four-month-old business that had "to be C.O.D. [cash on delivery] with all the suppliers because he's brand new." She added that maintaining a good relationship with suppliers is important. [#10]
- An advocate for disadvantaged businesses reported that new, diverse small businesses do not have the size to access good pricing. [#27]

- The owner of an MBE- and SBE-certified contracting company reported being disadvantaged by unfair materials pricing. He noted that larger companies “always get a better price” because they purchase materials in greater volume. [#17]
- A president of a WBE-certified construction company stated having issues with pricing and credit regarding materials but thought gender did not play a part. [#11]

Obtaining inventory or other materials or supplies was not seen as a barrier to success by some interviewees. Examples follow:

- The male representative of a majority-owned public works contracting company worked with his vendors to facilitate quick access to spare parts and extra materials, instead of having to order them and have them shipped. [#14]

He added that having this benefit means much less downtime when the business needs a new part. “That’s been a key thing for us, and it’s something we don’t intend to change.” [#14]

- The owner of an MBE- and SBE-certified contracting company said that gaining credit to purchase materials “is not a problem” for his firm. [#17]

Many interviewees noted relationships with their suppliers as being important to the success of their business. Examples include the following comments:

- The white male owner of a contracting firm explained that good pricing is mandatory to business success. He went on to say that his firm gets good pricing because he has a good reputation with industry suppliers. [#25]

However, if his firm does work for companies he does not know well, then pricing can be a challenge. In these cases, he gets higher prices and poor information, such as the incorrect operating hours of the plant. Some asphalt plants have a monopoly making it difficult to work with them on pricing. [#25]

- When asked about the importance of supplies to the success of her business, the female co-owner of a non-certified specialty contracting company reported that they have a good relationship with their suppliers. [#28]
- A male representative of a majority-owned public works contracting company reported establishing relationships with local vendors to ensure access to readily available inventory. [#14]

Financing. As with other issues, interviewees' perceptions of financing as a barrier depended on their experiences. To some it was a barrier, and to others it was not.

Many firm owners reported that obtaining financing was important in establishing and growing their businesses (including financing for working capital and for materials and equipment), and surviving poor market conditions. [e.g., #6, #24, #33 and #37] For example:

- The manager of a statewide trade association identified a need for financing when starting and growing a business, "Having the financial capabilities to take on a risk." [#3]

The same trade association manager stated, "Starting or growing a business requires capital for buying equipment or training a workforce or office staff. Getting from point A to point B requires resources." [#3]

This manager of a statewide trade association added, "I think the biggest barriers are financial. This is an industry that requires a lot of start-up and resources, going from a small handyman type of contractor to a contractor who can get city work." [#3]

- A president of a WBE-certified construction company stated that a business must have access to money or be able to borrow money to finance a startup in the construction business. [#11]
- For the owner of a WBE-certified specialty contracting company, confidence that her bank is looking at what they can do to make banking better for her business is a desirable asset. The firm has a line of credit that was fully utilized during the down years. [#12]
- The white male owner of a federally-certified small general contracting company stated that financing is a must because you have to do the work prior to getting paid. You have to have a relationship with the bank to get the money needed to finance the materials and employees needed to complete the job. [#19]

A number of business owners and managers said that obtaining financing was and continues to be a barrier for their companies. Examples include the following:

- The female owner of a WBE-certified specialty contracting business said, "As a small business, it's hard to get a loan. It's hard to get a bank to work with you." She added that banks don't like doing SBA loans because of the paperwork involved. [#10]
- Representatives of a minority chamber reported that particularly for minorities financing is a challenge, even when a firm has a long-term relationship with a bank they are not assured of financing. [#6]

- The manager of a community organization of majority contractors indicated that breaking into a new industry for minority-owned businesses is a financial barrier. He added that there is a need for sources of capital for small minority owned businesses. [#7]
- The representative of a minority training and supplier association reported financing as a problem for minority- and women-owned businesses. He stated that, as small businesses, their resources are limited and having limited large exposure results in low or no lines of credit. [#20]
- A woman representative of a non-profit financing agency reported that, if a minority-owned business is going to fail, it tends to fail “relatively quickly in its lifecycle” because minority business owners either do not “know who to go to when they [have] problems” or are hesitant to return to those who assist them for help with financing “because that would be admitting failure.” [#29]
- The African American owner of a non-certified specialty contracting company said, “Capital is an issue for everyone, especially minorities.” He added, “Banks lend enough to keep a small business owner from drowning, but never enough to get ahead.” “They keep you from doing anything new, just allowing you to subsist at that level.” [#32]

A number reported failed attempts to secure financing, or tapped personal resources to finance their business operations. For example:

- The representative of a minority chamber reported knowing of a minority- and women-owned business that closed after not successfully securing financing needed to stay afloat. [#22]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported reaching out to five banks before securing financing. “I reached out to five banks and one said yes.” [#31]
- When seeking financing for capital, the president of a minority contracting association stated that sizable assets or collateral are required for minority-owned businesses. “Even now I have to write personal guarantees on everything.” He added, “It is difficult dealing with banks, period.” [#7]
- The white male owner of a contracting firm said that the firm was able to secure private funding; without it, they would most likely not have started up. The private funding was through family. [#25]

Some businesses reported tapping supplemental income to keep their businesses operational. For example, the partner in an Asian-Pacific American-owned DBE specialty contracting firm reported that she kept her specialty contracting business running by cleaning houses on the side. [#25]

Another firm owner described the risk associated with obtaining financing: The owner of an MBE- and SBE-certified contracting company said that he is hesitant to finance large purchases that might allow them to compete with larger firms, saying “it’s scary for us to finance something not knowing if we are going to always stay busy with the big companies.” [#17]

Bonding. Public agencies in Wisconsin typically require firms working as prime contractors to provide bid, payment and performance bonds on public construction contracts.

Some interviewees reported little or no problem obtaining bonds, or that bonding was not an issue because of their type of company. Examples of comments include:

- The female owner of a WBE-certified specialty contracting business reported that regular bonding requirements, but said that the firm had not had any difficulties acquiring bonding. [#10]
- As reported by its male representative, a majority-owned contracting firm reported no problem with bonding. [#9]
- A male president of a majority-owned construction contracting firm reported good relationships with all of the businesses that provide financing and bonding. [#13]
- The white male owner of a federally-certified small general contracting company said that bonding is not a requirement for his subcontractors most of the time. However as the prime, he has not had any issues with bonding. [#19]

Some reported that small and disadvantaged businesses face added barriers when seeking bonding. For example:

- A director of a local industry trade association reported that small businesses can face barriers when seeking bonding. “This is very important. Some bonding companies may think a business is too small and the small business will have trouble getting bonded. It is all intertwined.” [#2]
- One advocate for disadvantaged businesses reported that securing bonding is a challenge for new, start-up businesses. [#27]
- An African-American owner of an MBE-certified contracting company stated that bonding is crucial for business success, yet it is a challenge to attain. He added that the firm has slowly been able to develop some bonding capacity. He also reported that having good relationships with other firms is helpful. He said, “You complete a project and have good projects on your resume and the bonding company is comfortable letting you have more [bonds].” [#23]
- When asked about bonding, the representative of a minority training and supplier association indicated that for small minority-owned businesses bonding is a major challenge to working for the City of Madison. He added that bonding is difficult to secure without good financials and credit history. [#20]

- The manager of a statewide trade association explained that when doing city work, bonding results in a “cost increase.” [#3]
- A representative of a minority chamber reported that the challenges bonding (and financing and experience) make it very difficult for its members to find contracts to bid. [#6]
- The president of a minority contracting association reported bonding (including paperwork and restrictions) as a barrier for small minority businesses to secure. He explained that bonding companies want sizable assets which many small minority businesses do not have. He also explained that in large government jobs, the prime is bonded and deducts a percentage of money from the sub. [#7]

The same minority chamber representative reported, “Bonding is huge. Until I have a large bonding capacity, I cannot be a prime. If you do not have the bonding, you might not as well step out of the game.” [#6]

- The African American owner of a non-certified specialty contracting company commented that his bonding rate was always higher because he lacked assets. He has only needed bonding when he was performing public sector work as a prime in a school district. [#32]

Some business owners indicated that bonding requirements on City of Madison contracts adversely affected a firm’s growth and opportunities to bid. For example, the white male owner of a landscaping company reported that his firm can get bonding, but it costs money. The cost prevents the firm from bidding Madison jobs because they cannot afford to financially float City projects. [#37]

Insurance. The study team asked business owners and managers whether insurance requirements and obtaining insurance presented barriers to business success.

A few businesses reported no instances in which insurance requirements or obtaining insurance were barriers. Examples of comments include:

- The female owner of a WBE-certified specialty contracting business said, “Insurance is pretty easy to get.” [#10]
- The Hispanic owner of an MBE-certified specialty contracting firm indicated that insurance is expensive, but never a barrier to their business. [#24]

However, a number of interviewees said that they could obtain insurance, but that the cost of obtaining it, especially for small businesses, was a barrier to bidding on work. For example:

- An owner of a non-certified woman-owned specialty materials supply firm reported that insurance has become more of an issue in recent years. She reported that, after the economic downturn, general contractors started getting stuck paying for projects out of their own pockets because subcontractors and clients were going bankrupt or

weren't paying their bills." As a result, general contractors now require large amounts of insurance from their subcontractors — some demand an umbrella policy (\$5 million). "[That costs] tens of thousands of dollars. I don't make that kind of money ... I never did." [#16]

- The owner of an MBE- and SBE-certified contracting company said that obtaining insurance was not difficult, though he noted that it could be very expensive. [#17]
- "We are currently experiencing trouble with the City [of Madison] telling residences who they recommend for [specialty contracting services]. If you don't buy into the [industry-specified] insurance program, you are not a preferred contractor I think [this] is overstepping the bounds of what a city program should be doing," indicated a woman-owned specialty contractor. [#T19]
- Although a large expense, the white male owner of a federally-certified small general contracting company stated that insurance is a necessity. He said that workers compensation for construction is needed due to changing environments and different employees daily. The firm factors in the cost of insurance when bidding. [#19]
- The female representative of a majority-owned contracting company reported high workers compensation rates due to habitual claims from workers. She stated, "Workers compensation is how some people live. I was told never fight claims because the courts always side with the employee." [#34]

Other factors. A number of interviewees identified additional factors that impacted business success.

One reported price point as a major factor driving business success. When asked what it takes for a company to be competitive in the local marketplace, the manager of a statewide trade association responded, "Price will be the driver in the public market; history means something in the private market, relationship means something, but if you are not at the right 'price point,' you'd better get there." [#3]

Some reported value (good product/on-time delivery) as a key indicator of success. For example, an advocate for disadvantaged businesses reported, "Total value is a key to success. You do not have to be the lowest bid, but you must be really good." He added that buyers often will go with 'total value' if they are getting a superior product that is delivered on time. [#27]

A few business owners specifically mentioned "reputation" and delivery as factors for success. Examples included:

- When asked what the keys to success in his business are, the male co-owner of a non-certified specialty contracting business said, "Reputation is the number one thing." [#8b]

- The director of a local industry trade association reported that newer businesses face competition from older, well-established firms. “First, a new business does not have a reputation; new businesses bid against well-known businesses.” [#2]
- The male representative of a majority-owned contracting firm commented that avoiding overpromising is “one of the key things for emerging businesses.” He said that if a firm promises something and doesn’t deliver it, “everyone hears about it.” [#9]
- The owner of a WBE-certified specialty contracting company reported that the keys to business success are good communication, responsiveness and delivering what they sell, none of which is gender specific. [#12]

One business owner cited marketing as a key factor: The female owner of a WBE-certified specialty contracting business said, “You have to have a good marketing strategy.” [#10]

E. Potential Barriers to Doing Business with Public Agencies

The study team asked interviewees about potential barriers to doing work for public agencies, including the City of Madison. Topics included:

- Learning about prime contract and subcontract opportunities;
- Opportunities to market the firm;
- Bonding requirements and obtaining bonds;
- Insurance requirements and obtaining insurance;
- Prevailing wage requirements;
- Prequalification requirements;
- Licenses and permits;
- Other unnecessarily restrictive contract specifications;
- Bidding processes;
- Non-price factors public agencies or others use to make contract awards;
- Timely payment by the customer or prime; and
- Experiences with City of Madison regarding any barriers and recommendations for improving public procurement processes.

Learning about prime contract and subcontract opportunities. Interviewees discussed opportunities for firm owners and managers to identify public sector work and other contract opportunities, and to market themselves.

Many interviewees reported using multiple information streams for learning about public sector work. Examples follow:

- A white male owner of a contracting firm indicated that he received an email from the City of Madison to bid on a small job. He believes the outreach came from his prequalification with the City. [#25]
- The director of a local industry trade association stated, “In some parts of the State there are ‘builder’s exchanges’ and newspapers like *The Daily Reporter* and ‘bidtool’ [bidtool.net] where there are announcements and plans for jobs.” [#2]
- When asked how the members [primes] learn about work, the manager of a statewide trade association reported, “Industry newspapers, internet, advertising, and invitations to bid.” [#3]
- The president of a minority contracting association stated for public sector work, “Most large contractors send out notices of intent or contact businesses directly for campus or state work.” [#7]

This same minority contracting association president reported the Internet as a source of published City and other public agency work for primes. [#7]

- The white male owner of a federally-certified small general contracting company stated that he looks at the online sites that have upcoming projects. The City of Madison utilizes a relatively inexpensive online system called Bid Express. BidPlus (about \$250) managed by AGC (Associated General Contractors) provides both private and public sector projects and allows viewing of project descriptions. The owner also named, iSqFt, which is approximately \$1,500.00 per year. He stated knowledge of free websites provided by the State and County. [#19]
- An African-American owner of an MBE-certified contracting company stated that there are portals on websites and emails which provide notification of potential opportunities. [#23]
- The male owner of a federally-certified small contracting business reported that he learns about contracting opportunities via I Square Foot subscription, that provides listings, or General Contractors call him. [#35]

Some were less positive, and reported difficulty finding out about or securing public sector contracting opportunities, including contracting work with the City of Madison. Examples are:

- The representative of a WBE-certified specialty contracting firm stated, “I question if we are privy to all of the projects that are available ... we get emails ... [but] it’s not that often ... we see stuff we get sent, but we don’t know if that’s all.” Instead, this firm relies mostly on a bid management subscription to keep on top of bidding opportunities. [#18]
- A male representative of a majority-owned contracting firm reported that each agency advertises available contracts in their own way, and that can make it hard to track all of the opportunities. [#9]

He added that the City of Madison recently changed how they communicate upcoming projects, making it more difficult to learn about those projects. In particular, he said that the DemandStar platform has made it more difficult for his firm to learn details about a project as it goes into the bidding process. Preceding the adoption of the DemandStar platform, he indicated that all necessary information was available on the City of Madison website. [#9]

- The manager of a statewide trade association reported delayed bid notices as a barrier. “They [City of Madison] are notorious for putting out bids late, saying ‘we’re bidding this in a week.’” [#3]

This same trade association manager added, “This could be a problem for some small contractors if they don’t have the capability to manage their current work and bid a project in seven to ten days, sometimes less time.” [#3]

- For the female owner of a WBE-certified specialty contracting business, her firm never hears about bidding opportunities from the City of Madison. [#10]
- The white male owner of a contracting firm said, “Finding work was always a hurdle in the beginning.” [#25]
- The owner of an MBE- and SBE-certified contracting company said that the City usually calls or sends a fax to inform his firm of potential bidding opportunities. He noted, however, that many times he doesn’t even hear about projects until they have already been bid upon. This is especially true about larger projects. Interviewee #17 said that it would “make a big difference” to learn about all available projects and then decide on their own which opportunities to pursue. [#17]
- A president of a minority contracting association identified subcontractors as being disadvantaged when seeking public sector work. He reported that, for example, subcontracting opportunities are not announced by the City of Madison as the City does not do business directly with subs. Therefore, in order to learn about subcontracting opportunities a sub must learn about the primes’ opportunities. [#7]

- “Government contracts in construction ... are difficult for small businesses because they [government] have people they work with all of the time,” reported the representative of a minority chamber. This translates to barriers for businesses seeking public sector “government” work. [#22]

He added, “They [public sector] have lists they go off of, and if you are not on that list, then you don’t even have an opportunity to compete.”[#22]

- The owner of a non-certified woman-owned specialty materials supply firm reported not learning about opportunities in the public sector. “A lot of the younger people there today don’t even know who we are.” [#16]

For some subcontractors, it is more difficult to find out about private sector opportunities. For example, the president of a minority contracting association reported, “If it’s private work, you [subcontractors] just won’t hear from them [prime contractors] at all [about private sector opportunities].” [#7]

Opportunities to market the firm. Firm owners and managers felt that marketing was something that took time and effort that small companies often did not have the time, financial resources or manpower to do.

Some businesses reported challenges with marketing. For example:

- The female owner of a WBE-certified specialty contracting business pointed out that the cost of marketing can be too high for many small businesses. She pointed out, for example, that advertising on a billboard can cost several thousand dollars a month, resources small businesses and new businesses just don’t have. [#10]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported wanting to market to the City of Madison, but not knowing how. “I find no way to advertise [to the City where lists do not relate to the firm’s services].” [#31]
- The owner of a non-certified woman-owned specialty materials supply firm reported that she doesn’t know about any opportunities to market her firm to the City of Madison. [#16]
- The owner of an MBE- and SBE-certified contracting company stated that there are not opportunities to market his firm to public entities or to show them what his firm is capable of. [#17]

On the other hand, larger companies or those that have been in business for a long time either do not have to market or have a networking advantage. Examples include:

- When asked about marketing the firm, the representative of a majority-owned construction contracting firm said “we try not to.” The owner of the same firm elaborated that they generally seek out and bid on work that interests them rather than having clients come to them with potential projects. He pointed out that his firm doesn’t even have a website. [#13]
- The manager of a community association serving mostly majority contractors reported that there are very few minority-owned firms in the community now. Those that do exist are small and trying to get a footing in a marketplace where they must compete against much larger firms. “The larger firms have better capital, networking, have connections to get contracts.” [#21]

Bonding requirements and obtaining bonds. Public agencies in Wisconsin typically require firms bidding as prime contractors on public works contracts to provide bid, payment and performance bonds. This can present a barrier for newer, smaller and poorly capitalized businesses.

Some small firms described barriers they faced in obtaining bonds. Many similar barriers to bonding are reported earlier in this appendix. Additional discussions included difficulty securing and paying the high cost of bonding required by many public agencies. Examples follow:

- An advocate for disadvantaged businesses reported that securing required bonding is particularly difficult for new startups to secure limited participation in public sector work. [#27]
- A white male owner of a contracting firm reported that bonding requirements have kept the firm from bidding larger Madison jobs. He reported that without proper bonding, a business cannot bid jobs as bonds are difficult for small businesses to secure. Often there are time restrictions making securing bonds impossible. [#25]
- The female owner of a WBE-certified specialty contracting business said that, while the requirement has recently been eliminated, for a number of years her firm was required to obtain bonding before being able to do specialized contracting work. This requirement posed a barrier to conducting work for public (and private) sector work. She noted that obtaining the bond was not difficult, but objected to the additional cost and paperwork. [#10]

Insurance requirements and obtaining insurance. The study team asked business owners and managers whether insurance requirements on public sector projects presented barriers to business success. As discussed above, some said that the cost of obtaining the levels of insurance required by government agencies can be prohibitive for some firms. Additional comments include:

- The female owner of a WBE-certified specialty contracting business reported that State unemployment insurance became a burden after the downturn. Before the downturn her firm paid between \$300 and \$400 every quarter, but since 2008 they have had to pay \$4,000 the first quarter of every year. [#10]
- The president of a WBE-certified construction business described being required to provide a plan which appeared to her to be the City's responsibility. She reported that City engineers would not "stamp" her plan, because they did not want to accept responsibility. She said, "[By the City of Madison not stamping the plan] it puts a huge amount of liability in our lap to the point where this year, because the City is so adamant about not changing that practice, I have to get a professional liability insurance policy to cover my liability. That policy has a \$25,000 deductible and a \$30,000 premium I'm talking to [my staff] to see if it is even [financially] worth it ... We're discussing that right now...because you don't want to not do work with ... the City that you're located out of, but at some point it's not financially viable." [#11]

Prevailing wage requirements. Contractors and administrators of public agencies discussed prevailing wage requirements that government agencies place on certain public contracts.

Many interviewees said that prevailing wage requirements presented a barrier to working on public contracts; and in some cases, have driven business owners to do only private sector work. For example:

- The male co-owner of a non-certified specialty contracting business stated that his firm only works in the private sector. Although he had worked in the public sector before starting his current firm, "prevailing wage issues and red tape" made public sector work undesirable. [#8b]
- A public administrator at a public agency reported that although he supports prevailing wage requirements they increase costs for small businesses, "It's a factor; some people know [that] if you have to meet the wage requirement it's going to be more costly." [#1]
- When meeting prevailing wage requirements, a trade association president and lobbyist reported barriers for small businesses. He reported that some companies do not pursue government work to avoid prevailing wage requirements. For example in the Dictionary of Classifications, he stated that there is a "Metal Building Erector" classification [one who assembles pre-engineered metal buildings] with 150 accompanying wage rates, and depending on the county for Wisconsin, there are 60 different wage rates. Therefore, he indicated that for some contractors prevailing

wage rates are too much trouble, and risky; a contractor who errs can be debarred for up to three years and penalized with triple wage fines. [#5]

- When asked about prevailing wage requirements, the owner of an MBE- and SBE-certified contracting company said that prevailing wage requirements could be problematic because are often not offered enough money to pay employees the required wages. “After we do that, there is no profit whatsoever.”[#17]
- The president of a minority contracting association indicated that, for non-union contractors, prevailing wage requirements could be complicated. For example, he indicated that a problem could exist if prevailing wages are paid to a retirement pension fund and an employee cannot get access to the funds because of employment time-limit requirements. [#7]

Additionally for contractors, who do public and private projects, difficulties can arise when employee pay fluctuates between a regularly paid wage and higher prevailing wage. [#7]

- The representative of a minority training and supplier association indicated that prevailing wages are largely misunderstood. [#20]
- The African American owner of a non-certified specialty contracting company reported that prevailing wage jobs [high salary, benefit requirements and taxes] are a challenge for a small business especially if the business is getting late payments from the agency. [#32]
- “I wouldn’t want to start a business at this time because of the prevailing wage requirements and the way that’s followed and regulated — I think that’s unfair,” responded a representative of a majority-owned landscape contracting business. [#T10]
- The white male owner of a specialty contracting firm commented that prevailing wage requirements presented a challenge. His firm experienced confusion as part of a project required prevailing wages and another part did not. The firm did not properly pay the prevailing wage causing problems. He said that had the company known about the prevailing wage requirement more clearly, they would have bid the job higher priced. He added that he is happy to pay his employees more, but not out of his pocket. The firm was only made aware of the mistake after the fact and, “It hurt us.” Employee complaint filings are how the firm learned of their mistake. [#36]

On the contrary, a number of firms said that complying with prevailing wage requirements was not a barrier when working on public projects. Comments include:

- The male representative of a majority-owned contracting firm stated that, while the City of Madison does have prevailing wage requirements, they are not a problem for his firm because it is a union contractor. [#9]

- A female owner of a WBE-certified specialty contracting business stated that there are prevailing wage requirements for any work with the City of Madison, but said, “All of the [specialty contractors] in this area do prevailing wage anyway ... if you have a good employee, you pay them well.” [#10]
- A male president of a majority-owned construction contracting firm reported that because his firm is a union contractor, prevailing wage requirements are not an issue. [#13]
- The representative of a WBE-certified specialty contracting firm reported no barriers because the firm had software that calculated prevailing wages. [#18]
- As reported by the president of a minority contracting association, for union contractors, prevailing wages pose no problems. [#7]
- The president of a WBE-certified construction company stated that the prevailing wage requirements do not impact her because most of the work she handles has prevailing wage requirements. [#11]
- An owner of a WBE-certified specialty contracting company stated that any time that they work on a government contract, whether or not the City is paying directly, they have to consider prevailing wage. She also said that that she does not feel that prevailing wages have been a barrier to the success of her business. [#12]
- The Hispanic owner of an MBE-certified specialty contracting firm reported he is proficient in prevailing wage requirements which involves a lot of red tape. He reported that his firm could pay the rates if required by a project and it would not be a barrier. [#24]
- A program administrator for a public agency stated, “As government, we always need to support the prevailing wages.” He indicated that when prevailing wages are not paid, “Small business operators cannot provide for their families and maintain their businesses.” [#1]

One interviewee elaborated on enforcement of prevailing wages. A male representative of a majority-owned public works contracting company reported that, although prevailing wages are generally a requirement for bids to the City of Madison, he has never had anyone actually check to ensure that employees are actually paid the prevailing wage. [#14]

Prequalification requirements. Public agencies, including City of Madison, sometimes require construction contractors to prequalify in order to bid or propose on government contracts.

Many interviewees were critical of prequalification processes in the public sector. Some specifically mentioned barriers posed by City of Madison’s process.

- The director of a local industry trade association indicated that he has heard about problems with prequalification of contractors. He said, “Yes, we need to sit down

with [Madison] and find out how our contractors can meet the prequalification so we can get in there and help get their work done.” [#2]

- A president of a WBE-certified construction company said, “[The City of Madison] prequalification process is comprehensive and time consuming and rigorous, which I understand, because they want people that can perform on the projects. But I would say it is atypical of other municipalities and even the State’s prequalification process.” [#11]
- “We could spend four-and-a-half hours talking about [prequalification requirements] and all it would do is get me enraged. It is a terrible process,” reported the male representative of a majority-owned public works contracting company. [#14]
- The owner of a WBE-certified specialty contracting company reported that the current job they are working on requires that they are prequalified by the Public Works Department. She said that it wasn’t insurmountable, but it was not anything they had done before. They provided all of the required documents but explained that it was some work to gather it all together. [#12]
- A representative of a majority-owned construction contracting firm said that prequalification requirements are too long. [#13]
- The white male owner of a contracting firm commented that the most paperwork he has ever had to do was to be prequalified for the City of Madison. [#25]
- A trade association president and lobbyist indicated that in the public sector agencies award projects through a combination of prequalification and bid price with the lowest prequalified bidder getting the work. However, he added that if a contractor is the lowest bidder, that contractor risks not making money, or worse,
- The male representative of a majority-owned public works contracting company reported that companies with fewer than 15 employees are exempt from the prequalification requirements, and that some firm’s will either manipulate the system or falsely report the number of employees they have in order to be deemed exempt from prequalification requirements. [#14]

He also reported that one person in particular in the prequalification department “has more power than she should have. She works autonomously; there are no checks or balances... [and] she’s very condescending.” He added that many other contractors he had spoken with felt the same. [#14]

- The white male owner of a federally-certified small general contracting company stated prequalification was more difficult this year. “Unfortunately the City of Madison gets dictated to a lot by the unions... They put this best value contracting into [effect]. It’s good to have controls and have good contractors working on projects but they have made it at times very unrealistic and very difficult to do and in fact going well beyond the intent of the laws and ordinances that were there. It is

a difficult, difficult hurdle and frustrating hurdle to go through every year or every two years for the City of Madison. We don't have that problem with the state; we don't have that problem with the county, but the City of Madison is just difficult," he said. [#19]

Some said that prequalification requirements presented a barrier to bidding on work. Examples of those barriers follow:

- The male representative of a majority-owned public works contracting company said that prequalification requirements are the largest barrier to working with the City of Madison. He stated that he had heard several contractors decide to stop working with the City of Madison specifically because of their prequalification requirements. [#14]
- A representative of a minority chamber indicated that contract requirements [and prequalification] present a barrier for small businesses unable to comply with expectations. He added that the long approval process eliminates some good businesses that are screened out too quickly without proper consideration. [#22]
- The female co-owner of a non-certified specialty contracting company reported that there is a requirement that you need four similar projects to qualify for public projects and that is holding her company back. She said, "We can do the work and know how to but don't have the experience on four similar projects." [#28]
- For a female owner of a WBE and SBE certified specialty contracting firm prequalification was a barrier to doing business with the City. She reported a challenge getting required information from the bank and insurance company for the City. Due to the mobile nature of her industry, if she has questions, she cannot reach the City because they are closed by the time she gets off work. [#38]

Other factors included dissatisfaction with having to meeting Affirmative Action Plan requirements. Examples of comments include:

- For a WBE-certified specialty contracting business, prequalification combined with a required Affirmative Action Plan presented barriers to doing work with the City of Madison. For example, this business representative indicated that having to work with the Affirmative Action office when hiring disrupts the firm's need to quickly hire. "The hassle for Affirmative Action Plan is when you are going to be hiring ... you have to let the Affirmative Action office know before you do anything else that you are going to have this position open." [#18]

This same business also reported limited industry availability of minority and women workers as a barrier to complying with an Affirmative Action Plan. "Part of the problem with Affirmative Action that we've seen is there are very few minority and women in the local [specialty contracting industry]. There's very little we can do about that, because we have to go to the union first, when we are looking." [#18]

- “The industry as a whole has difficulty meeting Affirmative Action requirements [for] mostly the City of Madison ...,” according to a majority-owned specialty contractor. [#T15]
- The president of a WBE-certified construction company said, “The extensive Affirmative Action [Plan] requirements for even for the prequal[ification] are challenging for a company like mine to make sure that I’m in full compliance with. I devote a lot of time to making sure that my firm is in compliance with those.” She cited an example of how, previously, the City of Madison required notification of any job solicitation for her firm two weeks prior to her advertising it publically. She reported that being a real challenge for her firm. Although better now, it is still challenge to have to wait one week. [#11]
- A trade association president and lobbyist reported little success in meeting Affirmative Action Plan goals both internally and industrywide. He explained, “Are we meeting them [Affirmative Action goals]? ‘No.’” He added, “Is the industry meeting them [Affirmative Action goals]? ‘No.’” “Have we tried a whole host of things? ‘Yes.’” [#5]
- The white male owner of a federally-certified small general contracting company stated that one difficulty is with the City’s Affirmative Action Office. He reported that the City was counting the number of previously employed workers the firm was rehiring against them, because they were not hiring outside racially-diverse employees. [#19]

He reported, “They [the City] decided that we shouldn’t be hiring back employees ... that I call our employees, we pay the insurance for them all winter long, they’re my employees ... they’ve been working for me for 20 years and I’m supposed to be hiring somebody new? That’s what [the City] was trying to push on me. That we weren’t aggressively going out and getting more employees, but I don’t need anymore. When I did do it I put a Hispanic and a black in an apprenticeship program I’m investing in them. I’m not in a union situation where I get reimbursed for that.” [#19]

- A male owner of a federally-certified small contracting business reported that the prequalification process is not difficult except for preparing an Affirmative Action Plan every year. He indicated that the Affirmative Action Plan is difficult to get approved by the City of Madison. Two years ago, the firm’s plan was rejected because they did not show evidence of hiring minorities. The interviewee commented that he was not hiring anyone. However, the City required that he show a good faith effort. He reapplied showing a good faith effort. He said, “It’s a hoop you have to jump through; they don’t care if we discriminate or not, they just want the numbers.” [#35]

- The male representative of a majority-owned contracting firm said that his firm has an agreement with the unions — if the workforce requirements for a job vary throughout the work week, they “have the opportunity to shed some ... of those workers because they’re not needed.” [#9]

However, he gave the example of a talented carpenter that is needed for the first three days of the work week, with other things needing to be completed before they need that carpenter’s services again. In that situation, they would not bring him in for the last two days of that workweek, but might need him again the following Monday. The interviewee reported that the City of Madison views this as a termination of employment and a new hire. Because of equal opportunity employment guidelines, his firm is notified that it is “not involving enough diversity in [their] workforce” given the amount of hiring they do. He pointed out that his firm is essentially being penalized for not bringing in different workers every week, saying “We’re always looking for diversity in the workforce, we’re working with the unions to provide that diversity, but once we engage the workers ... it’s easy to bring them back. But it counts against us.” [#9]

Only a few interviewees indicated that prequalification was not a barrier to pursuing public sector work. Examples include the following:

- Regarding prequalification requirements, the representative of a majority-owned construction contracting firm said, “It’s a necessary evil in a way.” He acknowledged that “it’s kind of a catch 22” in that prequalification requires prior experience with the type of jobs which would require prequalification, but added, “At the same time, we don’t want to have somebody that doesn’t know what they’re doing when they’re out there.” He concluded that the City does “a pretty good job with prequalification.” [#15]
- The female representative of a majority-owned contracting company reported that her firm files qualification applications every year with the City of Madison and Dane County. She indicated that the paperwork is general information and no challenge to the business. The forms are already updated with prior year information making the process simple. [#34]

Licenses and permits. The study team discussed whether licenses, permits and certifications presented barriers to doing business.

Some business owners said that obtaining licensing or permits can be a barrier. Interviewees explained barriers presented by different types of licensing and permitting. Examples are:

- The male representative of a majority-owned public works contracting company noted that sometimes jobs were delayed due to permitting which “could take place farther ahead of the game.” For example, his firm might have to wait for the Wisconsin Historical Society to evaluate job site as a potential Native American burial ground — something that could be done long before his firm is ready to start work. [#14]

- “Our permitting process is slowing us down,” responded one majority-owned specialty contractor. [#T5]
- The representative of a majority-owned construction contracting firm reported that, when working for public entities, the public entities are responsible for obtaining the necessary permits. He said that it’s harder in the private sector because then your firm has to work with various agencies to obtain required permits. Interviewee #15 added that this can get very confusing, and “the only way you figure out that you didn’t do something is when someone yells at you.” [#15]
- When asked about permitting and licensing, the representative of a woman’s business initiative indicated that the City of Madison’s bureaucratic systems make licensure difficult to navigate. “It’s navigating between organizations and knowing where to start.” [#40]

She reported more extreme barriers for non-English preferred speakers in the trades. [#40]

For some other business owners and managers, obtaining licenses and permits was not a barrier to doing business, or not required in the industry. Examples include the following:

- For the male representative of a majority-owned contracting firm, the permitting process was fairly smooth. [#9]
- The owner of an MBE- and SBE-certified contracting company reported that his firm has been able to get all of its required licensing and permits without difficulty. [#17]
- For the white male owner of a specialty contracting firm, obtaining permits was not a challenge. He said that he can get the permits he needs for a project. [#36]
- A white male owner of a federally-certified small general contracting company stated licensing and permits are not an issue. [#19]
- The Hispanic owner of an MBE-certified specialty contracting firm commented that licensing and permits do not impact his industry. He said, “It is not a regulated industry like electricians or plumbers.” [#24]

Other unnecessarily restrictive contract specifications. The study team asked business owners and managers if contract specifications, particularly on public sector contracts, restrict opportunities to obtaining work.

Some owners and managers indicated that some specifications are overly restrictive and present barriers. It appears that some businesses choose not to bid or are precluded from bidding due to what business owners and managers perceive to be overly-restrictive contract requirements. Examples of those comments include the following:

- A female owner of a WBE-certified specialty contracting business highlighted the importance of knowing about all the relevant laws and requirements regarding your field, and of making sure to act in a timely manner regarding them. She noted, for example, that a company has to provide notice of intent within 30 days of starting a job or else they lose all lien rights on that job and as a result have no way to ensure payment. The Interviewee said that, even knowing about this requirement, small businesses can easily be so involved in getting the work completed that they fail to provide notice within the requisite time frame. [#10]
- The owner of a WBE-certified specialty contracting company stated that it seemed to her that the specs were written with a particular sign company in mind. She said that she feels that sometimes it seems that not everybody has an equal shot due to how the specs are written. She does not believe that it is necessarily the City as much as the architect or the interior designer that is writing the specs in this manner. [#12]

Bidding processes. Interviewees shared a number of comments about difficulties navigating the bidding processes, specific to public procurement.

Some discussed inexperience as a barrier to bidding public sector and other work. For example:

- A director of an industry trade association indicated that inexperienced or new firms can find the bidding process for public agencies difficult. He added that lack of bidding experience often results in costly errors and business closures. [#2]
- “The bidding process has not been favorable to people of color,” reported a minority chamber representative. He explained, “Help does not exist to help small Latino businesses navigate through the process.” [#6]
- The owner of an MBE- and SBE-certified contracting company expressed frustration with his firm’s inability to win public projects, saying “sometimes I don’t even want to bid on those big projects because I just feel like it’s a big waste of time. Because we never get it, we don’t even get feedback from them at all.” [#17]

Many reported that the lengthy bidding process, particularly for prime contractors, presents barriers to small businesses that cannot afford the time and cost required by bidding. Comments include the following:

- When asked about the challenge that he sees small businesses face when working as primes, the director of an industry trade association serving many counties reported, “Time to put the bid together. It takes a lot of time to put a bid together and then if you don’t get it you still have to pay for the time.” [#4]
- The female owner of a WBE-certified specialty contracting business reported that there is a lot of funding available from the state, but noted that getting together all the necessary paperwork and putting it through the system “takes a half-time

employee,” something a small business actually in need of that funding often can’t afford. [#10]

- “The [City of Madison] paperwork involved doesn’t allow for quick work options,” responded one majority-owned specialty contractor. [#T11]
- The white male owner of a contracting firm said that he considers time restrictions a barrier. It is difficult for small businesses to complete all requirements of a bid in a timely fashion. When a small business is busy, it is difficult to invest more time into learning the bidding process and submitting the bid in a timely manner. [#25]
- A WBE-certified specialty contracting business that conducts mostly private sector work, reported easier administration when doing private sector projects including less paperwork, no certified payroll and a typically streamlined approval process. [#18]
- “When bidding on projects in the University, the amount of paperwork was a barrier....the paperwork is definitely not worth it,” reported the white male owner of a specialty contracting firm. [#36]
- An African-American owner of an MBE-certified contracting company recommended, “Make sure that they pay people on time and that they don’t get overboard with people and red tape. They will give you a lot of paper work and if one little thing is misspelled then they will take it out and find a reason to restrict you.” [#23]

Some interviewees reported confusion about or lack of feedback as a barrier to bidding projects for public agencies. For example:

- The owner of a non-certified woman-owned specialty materials supply firm stated that getting involved in the bidding process with a public agency is difficult because “you don’t get phone calls back, you don’t get responses from emails You get to the point where you can’t concentrate on it anymore so we just let it go.” [#16]
- The owner of an MBE- and SBE-certified contracting company stated that the public sector bidding process is frustrating because the firm “spend[s] so much time” developing bids but never receives any feedback. [#17]

One indicated that the primes, bidding with a public agency, must be the lowest bidder to secure work and that this requirement trickles down to subcontractors, as well. A manager of a statewide trade association stated, “On the public side, price is the greater driver; in order to get the work; the prime must be the low bidder.” [#3]

One contractor reported being suspicious of non-price factors public agencies use to make contract awards. The owner of an MBE- and SBE-certified contracting company indicated that “[sometimes agencies evaluating bids] only care about the relationship” between themselves and potential bidders. [#17]

However, several interviewees reported no problems with navigating the public sector bidding processes, and appreciate the faster online bidding. Specific comments include:

- The president of a WBE-certified construction company stated that the bidding process is very straight-forward. [#11]
- A representative of a majority-owned construction contracting firm reported that the bidding process is all electronic and works well. [#13]
- The male representative of a majority-owned public works contracting company was positive about the move to an online bidding process. “I think the bidding process has gotten significantly better.” He highlighted improved turnaround time as particularly important, saying that it used to take a week to hear results from a bid, but now they hear in a matter of hours. [#14]

Timely payment by the customer or prime. Slow payment or non-payment by the public agency or prime contractor was often mentioned by interviewees as a barrier to success in public sector work.

Many interviewees said that slow payment by the customer or a prime contractor is an issue and can be damaging to companies in the public works contracting industry. Interviewees reported that payment issues may have a greater effect on small or poorly-capitalized businesses. Comments include:

- The African-American owner of an MBE-certified contracting company reported that the payment cycle on public contracts can be a challenge. [#23]
- An owner of a non-certified woman-owned specialty materials supply firm said that receiving timely payment from a prime contractor can be an issue. She said that her firm frequently has to go at least 90 days before getting paid. [#16]
- The owner of an MBE- and SBE-certified contracting company noted that it can be difficult to get timely payment from public agencies and prime contractors, and that this can sometimes prevent his firm from working for them. “They make us wait as long as they want to.” [#17]
- For a representative of a woman’s business initiative, more payment challenges occur at the State level and in Milwaukee rather than in the City of Madison. However, she added that at the City of Madison “it’s bureaucratic.” [#40]

This representative also reported knowing of a business that completed construction work on the I-94 Interchange project, with no payment 18 months later (and now in litigation). [#40]

- The African American owner of a non-certified specialty contracting company reported that he had experience with the public sector where change orders were not done in a timely basis causing him financial hardship. He commented that subs are not expected to finance the project and do not get interest when payments are

late. He added, the banks charge him 12 to 18 percent, but he does not get interest if his payments are untimely from the government (City, State, County) or a prime. He also commented that small minority businesses can go out of business waiting to be paid by a public sector agency. [#32]

- For the white male owner of a specialty contracting firm, “Public projects take a lot more time to pay than private work.” [#36]

Business owners and managers mentioned excessive retainage and delayed final payments on contracts as concerns. Examples include the following:

- A representative of a minority chamber reported issues with late payments, “When they are late, they are really late.” [#6]
- “City of Madison is very slow to pay,” responded the vice president of a woman-owned specialty contracting firm. [#T3]
- The representative of a majority-owned construction contracting firm stated that there are “sometimes” problems with timely payment from the City of Madison. She added that the amount of money the City of Madison withholds until a project is closed also poses a problem. [#13]
- The male representative of a majority-owned public works contracting company noted that the City of Madison is currently working on improving their closeout procedures, saying “it’s better than it used to be. It still needs to improve.” [#14]
- A female representative of a majority-owned contracting company reported that in some cases with the City of Madison, the business has waited for over a year for retain age work [work the City added after the contract]. This is a challenge to the business as they must pay their bills; supplies, employees and health insurance. [#34]

Some interviewees specifically mentioned “dishonesty” or unethical practices of prime contractors when discussing difficulty of being paid as a subcontractor. A number of interviewees pointed out how prime contractors could unfairly take advantage of subcontractors. For example, the female owner of a WBE-certified specialty contracting business pointed out that small businesses need to be careful when subcontracting with larger firms, as large general contractors have a reputation for being very slow to provide payment. [#10]

Some interviewees specifically mentioned slow payment on City of Madison projects to be a problem. They reported that primes had been paid, but then unfairly held payments from subcontractors. For example:

- The white male owner of a landscaping company commented that they do not bid City Madison jobs because the city takes the lowest bidder and they expect contractors to float too much money for too long. He indicated that the City pays the contractor late and that extends the time the sub has to float the money to pay

their vendors and employees. This is a challenge to them therefore; they do not bid Madison jobs. [#37]

- When asked if the City of Madison makes timely payments, the male representative of a majority-owned contracting firm said “generally speaking, no.” He related one instance where it took two-and-a-half years to receive final payment for a project. He added that his firm is often hesitant to pursue new opportunities with the City of Madison because of that experience. [#9]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported that timely payment as a challenge, particularly for a small business needing cash flow to pay employees during a project. She stated that contracts with the City of Madison are paid on completion — that can be several months after the job has started. This poses challenges for small businesses because they do not have the same “financial standing” as larger businesses. [#31]

However, some interviewees said that they typically do not have difficulty getting paid on City of Madison contracts. Those reported typically timely payments. For example:

- The owner of a WBE-certified specialty contracting company stated she has never had any issues regarding timely payment. [#12]
- The representative of a majority-owned construction contracting firm said that the City of Madison is “very good” about making payments in a timely fashion. [#15]
- The white male owner of a contracting firm reported he has not experienced problems with untimely payments and municipalities have paid him promptly. [#25]

Experiences with City of Madison regarding any barriers and recommendations for improving procurement processes. In addition to factors common to contracting among public agencies in the City of Madison, interviewees had many comments specific to City processes.

Some interviewees commented that size of contracts at City of Madison presented a barrier to bidding, or that it was difficult for smaller firms to get work with the City. For example:

- A program administrator for a public agency reported, “Yes, I think we should always be conscionable of where we can break the contracts down smaller, to provide more opportunities for small businesses; that’s always something we should look at, “to spread the wealth.” [#1]

The same program administrator added, “It’s really about spreading the taxpayers’ wealth to everyone; and that is equity, but easier said than done.” He added, “We have not nearly met our challenge.” [#1]

- The female owner of a WBE-certified specialty contracting business said that, because the City of Madison only asks for bids on contracts worth more than \$5,000 they never have the opportunity to bid on work the City needs done. [#10]

- The female co-owner of a non-certified specialty contracting company reported that the size of contracts is an issue. She said, “If [contracts] were smaller, we could bid on them.” [#28]

A number of interviewees reported paperwork as a barrier to doing business with City of Madison. The excessive paperwork, required by public agencies created barriers for some businesses seeking work with the City of Madison. For example, a representative of the minority chamber that worked on a project for the City of Madison indicated that had he known about the amount of paperwork, he would not have done the job. “Public works deals with paperwork throughout the entire project [including] progress reports, payroll reports [and] prevailing wages [create barriers to doing business with the City of Madison]. In the private sector you don’t deal with that. You read your contract and go to work.” [#6]

Some interviewees recommended changes in City of Madison procurement and payment processes. Several examples follow:

- The male representative of a majority-owned contracting firm recommended that the City of Madison communicate information about opportunities to the construction community as early as when the City is in the design phase of a project. He also stated that they City should publish “notifications of when they expect the bid documents to be released,” saying that not knowing when a bidding opportunity will occur can be difficult. [#9]
- Regarding the City of Madison bidding processes, the Hispanic male owner of an MBE- and SBE-certified contracting company said, “If they could just be fair to everybody equally, then it would be a totally different story.”
- The male owner of a federally-certified small contracting business shared an experience on a City of Madison project where the prime went bankrupt and he never got paid as the sub. He contacted Madison who reportedly did not care that he was not paid. The interviewee recommended that the City develop a mechanism where subs are assured payment [immediately upon completion of their work]. He reported that the WisDOT has a process where they verify on-line that subs are being paid by the prime and recommended that the City should do the same. [#35]

F. Other Allegations of Unfair Treatment

Interviewees discussed potential areas of unfair treatment, including:

- Denial of opportunities to bid;
- Bid shopping;
- Bid manipulation;
- Treatment by prime contractors and customers during bidding or performance of work;

- Unfavorable work environment for minorities or women; and
- Approval of work by prime contractors and customers.

Denial of opportunity to bid. The interview team asked business owners and managers if they had ever been denied the opportunity to bid.

Some interviewees claimed that they had been denied the opportunity to bid on projects, or when submitted, their bids are not considered. Examples include:

- A representative of a majority-owned construction contracting firm said that every firm, minority-owned or not, has had an experience where the prime or agency they are submitting a bid to doesn't believe they can handle the job. "You can talk as much as you want, but if they don't want to work with you they're not going to work with you." [#15]
- The African-American owner of an MBE-certified contracting company stated that if a project has a participation goal, some primes will try to get out of hiring him by stating to their customers that a project is a premium [has higher costs] with minority-owned firm participation. He recommended that projects should have a requirement, rather than a goal to hire minority-owned firm. [#23]

This African-American owner reported, "On [one public] project, we were set up with one particular company and they had us [confirm] early on before the final bid. They told us, 'We are going to commit to 50 percent MBE' ... all of the sudden. once we got to the contract, that was not implemented. It is called 'bait and switch.' That is a classic thing that [primes] do. They try to get us the job and go all 'amnesia' and forget the goal they originally said they were going to do. I took a lot of notes and documented everything. I went to the guy from the State and he made a phone call to the general contractor." [#23]

He also described the difference between work as a minority in Madison and in Milwaukee. He said, "... in Madison, if a company does not like having SBEs or MBEs working with them, then they do not bid the work." He added that not a lot of minorities are working in Madison and that some who are working in Madison are from Milwaukee. [#23]

Some claimed they had been denied the opportunity to bid based on their union or non-union status. For example, the white male owner of a federally-certified small general contracting company stated they are denied access to bidding on projects because they are non-union. "Is it fair? No. Is it just? No. Is it a level playing field? No. But can I change it? No...I try to work around it and not waste time," he said. [#19]

Some indicated that they had not ever been denied the opportunity to bid. Examples include the following:

- A female owner of a WBE-certified specialty contracting business said that she is unaware of ever having been refused subcontracting work by a prime contractor because her firm is woman-owned. [#10]
- The owner of a WBE-certified specialty contracting company stated that she has never been denied an opportunity bid. [#12]

Some reported that small businesses face the stigma that small size translates to residential-only. They reported being stereotyped as “residential-only businesses” because of small size. For example, the director of a local industry trade association reported that, based on workscope and timeframe, primes may decide that a small business is better-suited for residential work and not consider their bids for public sector projects. [#2]

Bid shopping. Business owners and managers often reported being concerned about bid shopping and the opportunity for unfair denial of contracts and subcontracts through that practice.

Many interviewees indicated that bid shopping was prevalent in the local public works contracting industry. Others reported knowing of occasional instances of bid shopping. Examples of comments include:

- The manager of a statewide trade association reported being privy to, on occasion, accusations of bid shopping. [#3]
- Regarding bid shopping, the female owner of a WBE-certified specialty contracting business said, “There’s some of that going on,” but did not feel that it was done out of a desire to discriminate. [#10]
- The male representative of a majority-owned public works contracting company said, “I know [bid shopping is] something that our subcontractors worry about.” He added that, when his firm hears about bid shopping “it really infuriates us, and it does make our job a lot more difficult because, if subcontractors are worried about it, they won’t send their bid to us until a half-hour before the bids are due and then we have to scramble to get it entered and go.” He reported that, although his firm doesn’t engage in bid shopping, other firms lead subcontractors not to “trust primes in general.” [#14]
- The African American owner of a non-certified specialty contracting company said, “The only way to get around the reality [bid shopping] is good relationships.” [#32]
- When asked about bid shopping, the owner of a non-certified woman-owned specialty materials supply firm responded, “It’s happening.” [#16]

- Regarding bid shopping, the white male owner of a federally-certified small general contracting company indicated that bid shopping is a very frustrating part of the business. He said that it happens on State and City jobs and happens in the buyout process. It is a very prominent part of the process. [#19]
- He also reported that the biggest problem with the bidding process is getting the subcontractors' bids in a timely manner. Subcontractors are worried that there will be bid shopping so they will send them in last minute. [#19]

Bid manipulation. Beyond bid shopping, a number of interviewees discussed bid manipulation.

Some interviewees said that bid manipulation affected their industry, and that it was common.

Examples of bid manipulation were reported by some:

- The president of a minority contracting association commented on bid manipulation. He reported that no one is going to not take a bid. "It's what they do with it afterwards [that] is the issue." [#7]

He added being aware of bid manipulation where after a bid is received, price reductions are demanded. [#7]

- When asked if he was aware of any bid manipulation, the owner of an MBE- and SBE-certified contracting company said, "Yes." He explained experiences where after submitting his bid, an agency offering a job sets the price they want to pay, and if his firm doesn't agree to that price it isn't hired. [#17]

However, a few interviewees reported no experiences with bid-manipulation. Some business owners and managers said that they were not affected by bid manipulation:

- When asked whether bid manipulation occurs, the male president of a majority-owned construction contracting firm said, "No." [#13]
- The female owner of a WBE-certified specialty contracting business reported no knowledge of bid manipulation occurring. [#10]

Treatment by prime contractors and customers during bidding or performance of the work.

Many business owners and managers discussed unfair treatment by prime contractors or customers.

Some reported firm longevity and business experience as key factors disadvantaging small businesses or newer firms seeking or performing work. Examples include the following:

- The director of an industry association serving several counties indicated that lack of experience presents a significant challenge for small businesses performing as subcontractors. [#4]
- He added, when asked about additional difficulties or barriers for small businesses or minority- or woman-owned firms, "Experience ... if you don't have experience,

you can't get bonds, insurance, etc. [to be taken seriously by primes and customers].” [#4]

- An advocate for disadvantaged businesses reported, “Diverse businesses tend to be the new kid on the block, therefore, fighting an uphill battle.” [#27]

Potential for “hidden” discrimination based on race/ethnicity or gender. Minority and women business owners reported a culture of bias in the City of Madison. For example:

- The representative of a workforce development organization reported, over the years, ongoing “subtle” discrimination. [#33]
- The representative of a minority chamber discussed evidence of “unconscious bias.” He reported being told, “Hi, I’m white, but I will shake your hand anyway.” [#22]

He added, “I know that look” of racial discrimination. “It’s unconscious bias.” He indicated, “These things [discriminatory behavior] are not changing as people expect that they are.” [#22]

- A woman representative of a non-profit financing agency reported that the City of Madison is “unintentionally exclusive” and “has not worked to be intentionally inclusive.” For example, the City’s promotional materials are “overwhelming ... white males.”

She added, “The Chamber of Commerce is definitely packed with white males,” saying that if she were a young woman or minority looking at the promotional materials, she would feel that the City of Madison was not a place where she belonged. [#29]

Some interviewees indicated that unfair treatment was connected with their race/ethnicity or gender, or that evidence of discrimination and double standards persist. Examples of comments included the following:

- An owner of a non-certified woman-owned specialty materials supply firm said, “One of the biggest challenges [I’ve] ever had [was working on a State project].” She reported that the state representative “treated [her] like a ‘piece of dirt’ He acted like he was so much better than [me].” [#16]

She added that, although the State project experience was particularly bad, double standards are generally true that “to go out to jobs as a woman and try to have a man think you know [something] is hard; and, it shouldn’t be.” [#16]

- The president of a minority contracting association reported, “One of the reasons is so many of these businesses are dominated by white females. Every contractor has a sister, a daughter, a wife, that is put in business so the business owner can take advantage of the programs.” He added, when this happens, it pushes other minorities out of the industry. [#7]

When asked about any double-standards for minority- or woman-owned firms when performing work, he responded, “It’s all about benefit of the doubt and social capital. It happens all the time; double standards, no cooperation.” [#7]

- The president of a WBE-certified construction company stated that the main double standard is the difficulty she has as a woman in the industry trying to build business relationships. [#11]

This woman reported extra scrutiny with regard to motive or agenda when trying to establish deeper business relationships, particularly with male contractors. She added, “The fact that I’m single, it really prevents me from being able to call up an ex contractor [colleague] and say, ‘Can we have lunch?’” [#11]

She also reported other challenges being female. She said, “What it [being female] prevents me from doing is making relationships or developing relationships with folks [in the industry]. There’re not a lot of things we have in common.” [#11]

- The Hispanic owner of an MBE-certified specialty contracting firm commented that construction sites are not nice places and behavior may be racist. [#24]
- A representative of a minority chamber reported frustration, “You have to prove yourself time after time.” [#6]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported, “Being a woman in the construction industry is always challenging ... I’m not the first thing that pops into their head when they think about projects I do get challenged a lot when I’m on the construction project.” [#31]

She added needing to provide her qualifications due to the nature of her business and the fact that she is a woman. [#31]

- The president of a minority contracting association reported, “It can be crude and rude on site. I’ve heard black [industry] workers called [‘n’ word].” [#7]

He added, “There is straight out discrimination. I have seen it many times. Discrimination happens in subtle ways.” For example as evidence of a double standard, he reported having knowledge of an instance when a minority apprentice was disciplined while a non-minority apprentice was not for the same infraction. [#7]

This minority contracting association president also indicated that when minority apprentices get on an eligible applicant list, revisions have been made to lower them on the list. [#7]

- The African American owner of a non-certified specialty contracting company shared an experience on a project where his change orders were not processed by a project manager he believes was racist. [#32]

He also shared an experience when he had two white apprentices who worked for him while he was in the union. They were asked why they work so hard for that n--- --? Ultimately the two white apprentices dropped out of the union program and the industry because they were unhappy with the racism. [#32]

Some interviewees did not think that treatment by prime contractors was a barrier to getting or conducting business. Several reported no evidence of unfair by primes. Examples follow:

- The manager of a statewide trade association indicated not being aware of any instances where a prime refused work to a women- or minority-owned business. [#3]
- A female owner of a WBE-certified specialty contracting business noted that “every now and then you have two personalities that don’t get along,” but said that generally prime contractors and customers treat her and her employees well. [#10]
- The owner of an MBE- and SBE-certified contracting company stated that his firm is not treated unfairly by prime contractors or clients while working on a project. [#17]

Unfavorable work environment for minorities or women. The study team asked business owners if there was an unfavorable work environment for minorities or women, such as any harassment on jobsites. Some interviewees, including white men, said that they had heard of it but not experienced it first-hand. Examples include:

- The owner of an MBE- and SBE-certified contracting company reported that the work environment can be unfair or unfavorable to minorities. As an example, he spoke about working on a project with several majority-owned firms. There was a crane on the site to move materials and the majority-owned firms shared the crane freely between them, but were often reluctant to allow his firm to use it. This left his firm having to carry materials by hand. [#17]
- A manager of a community association serving mostly majority contractors reported that worksites have a tone of racism and bias; the construction industry stands out as “not being a welcoming industry.” He added that his organization is involved in a project to do training with contractors to create more welcoming inclusive and supportive environments in the construction industry. [#21]
- The representative of a workforce development organization reported that discrimination made minorities and women less likely to take on the risk of business ownership. “Over the years there has been subtleness [discrimination] that had made it unlikely for women and minorities to take the risk.” [#33]

- The president of a minority contracting association reported, “There is straight out discrimination. I have seen it many times. Discrimination happens in subtle ways.” For example, he reported having knowledge of an instance when a minority apprentice was disciplined while a non-minority apprentice was not. [#7]

Some interviewees cited physical work environment for woman as being dangerous or unfavorable. For example:

- An advocate for disadvantaged businesses indicated that he knew women business owners in contracting who feared they were in danger from heavy equipment operators who felt they did not belong on the construction site. [#27]
- The female owner of a WBE-certified specialty contracting business reported that the availability of clean restrooms on construction sites can be difficult for women. She noted that port-a-potties are cleaned “maybe every 30 days,” which is not much of a problem for men who can urinate relatively discreetly in a field or other secluded area, but results in all of the women having to use an unsanitary toilet every time they need to use the restroom. [#10]

A few reported barriers based on his firm’s nonunion status, or not being welcomed into unions based on race or ethnicity. Examples include the following:

- The white male owner of a federally-certified small general contracting company stated they have had issues where they were forced to work onsite at hours different than the union workers, often overnight. [#19]
- The Hispanic owner of an MBE-certified specialty contracting firm believes the business is discriminated against, not for race/ethnicity, but for not being a union shop with job sites being picketed. [#24]
- A president of a minority contracting association reported minorities as unwelcome in unions. [#7]

A few reported that they had not seen or experienced unfavorable work environments. [e.g., #8b, #19] For example, the owner of a WBE-certified specialty contracting company stated that she has never experienced unfavorable work environment for minorities or women. [#12]

Approval of work by prime contractors and customers. Interviewees discussed whether approval of work by prime contractors or customers presented a barrier for businesses.

Some interviewees identified difficulty with approval of work by prime contractors or customers, while others did not. Examples are:

- The owner of a non-certified woman-owned specialty materials supply firm said she has experienced some issues with approval of work by prime contractors. [#16]
- Regarding approval of work, the female owner of a WBE-certified specialty contracting business complimented the City of Madison’s Inspection Department,

highlighting the Water Department in particular as “the best department [she] has ever worked with.” She attributed this to a great manager, good staff, and a work environment that is pleasant for its employees. [#10]

- The owner of an MBE- and SBE-certified contracting company reported that his firm has never had trouble having their work approved by clients or prime contractors. [#17]

G. Additional Information Regarding any Racial/Ethnic- or Gender-based Discrimination

Interviewees discussed additional potential areas of any racial/ethnic- or gender-based discrimination, including:

- Underrepresentation of minorities and women in contracting;
- Stereotypical attitudes about minorities and women (or MBEs, WBEs, and DBEs) (page 81); and
- Any “good ol’ boy” network or other closed networks.

Underrepresentation of minorities and women in contracting. Some discussed evidence of underrepresentation of minorities and women in construction industries.

A number of interviewees reported underrepresentation of women or minorities in the trades and among business owners and business start-ups. Also reported was lack of knowledge among primes about how to work with minority- and women-owned businesses. Examples follow:

- The program administrator at a local agency reported “historically and disparately” low numbers of minority- and women-owned businesses in the construction arena. [#1]
- A trade association president and lobbyist indicated, “Woman and minorities are underrepresented in the trades generally. A shortage on the front end, not surprisingly, means a shortage on the backend.” [#5]
- The representative of a Wisconsin economic development association indicated that minority- and women-owned businesses face the challenge of other businesses not knowing how to do business with them. “No matter what your background is, you need to do business with everybody.” She added, “Working with minority- and women-owned businesses in the mainstream is a goal and provides better opportunities for all.” [#26]

Stereotypical attitudes about minorities and women (or MBE/WBE/DBEs). Many interviewees indicated that minorities, women, MBE/WBE/DBEs and even service providers at public agencies experience stereotypical attitudes and behaviors.

Many reported awareness of stereotyping. Comments about stereotyping in the trades include the following:

- The male representative of a majority-owned public works contracting company said, “I think there’s some underlying ‘stereotyping and attitude shifting’ that needs to take place in our industry.” He added, “It’s not something that can be corrected or fixed overnight; it takes time.” [#14]
- The manager of a community association serving mostly majority contractors reported, “To be perfectly frank, I think there continues to be issues of race and racism that work against minority-owned firms as they try to grow, expand and develop. It’s a challenge.” [#21]
- The owner of an MBE- and SBE-certified contracting company said that stereotypical attitudes about minorities and women have always been there and are “always ‘gonna’ be there. They probably don’t say it, but you can always feel that you are treated different[ly], the way they talk to you or the way they explain things to you. They just want to give you a hard time when you are confused about something.” [#17]
- When people call her to complain about equipment being on the road they make “awful gender-related comments,” reported the president of a WBE-certified construction company. These stereotypical attitudes typically come from the general public, not the contractors. [#11]
- A female co-owner of a non-certified specialty contracting company reported that when she calls to make appointments with vendors or does direct marketing calls to prime contractors, she feels that she is not taken seriously because she is female. She said, “They do not think a woman knows that she is talking about in the [contracting] business.” [#28]
- The African American owner of a non-certified specialty contracting company commented, “The building trades are racist.” He reported “being told that you took the ‘black test’ is racist.” [#32]

Other evidence of stereotyping. Overt evidence of stereotyping includes comments such as:

- A male owner of a federally-certified small contracting business commented that he would tolerate more laziness from a minority employee, “It’s just the reality.” He added, “A female minority would have a longer leash; you’re not going to kick her off the job. Otherwise, you could be accused of doing so because they are a minority.” [#35]
- The director of a trade association serving multiple counties stereotyped public service providers. “Take a look at the DBE staff. What do they do all day long? Just because they are [minority] doesn’t make them qualified. That money can be used for pipe in the ground and to create jobs.” [#4]

Several interviewees did not think there were negative stereotypes in the contracting industry, or that conditions were changing. For example:

- The male representative of a majority-owned contracting firm reported no stereotypical attitude about minorities or women, saying that if a subcontractor does good work and delivers on their promises, his firm will continue to “engage those subcontractors.” [#9]
- The owner of a WBE-certified specialty contracting company stated that she has only experienced stereotypical attitudes years ago in the private sector, but has not recently had any issues. [#12]
- The white male owner of a federally-certified small general contracting company stated that he does not believe that there are any issues with discrimination other than the “unknown” but it could be because they are new to the business not necessarily because they are MBE or WBE. [#19]

Any “good ol’ boy” network or other closed networks. Many interviewees had comments concerning the existence of a “good ol’ boy” network that affects business opportunities.

Those who reported the existence of a good ol’ boy network included minority, female, and white male interviewees. A number of interviewees thought that the “good ol’ boy” network negatively affected women- and minority-owned firms. For example:

- When asked about the existence of a good ol’ boy network, the director of a local industry association indicated that for some, “Sometimes there is a need for the culture to be changed, everybody understands that culture must change, but there are still some that do not understand it.” [#2]
- The woman representative of a non-profit financing agency reported, “The glass ceiling for women [and minorities] is alive and well in Madison.” She added that the problem isn’t that the system is broken, but rather that the people in charge don’t want things to change. She concluded by saying, “The system is working exactly the way people want it to work.” [#29]
- A representative of a minority chamber reported receiving calls from the city after meeting the Mayor of the City of Madison. This representative reported, “Does being recognized by the Mayor result in work; it might” [#6]
- The owner of a non-certified woman-owned specialty materials supply firm noted that at industry gatherings there might be one-hundred men but only one or two women. “You find that men will look at you, judge you, ‘opinionate’ you.... It’s definitely a closed door. It’s hard to get to those guys unless you ‘show a little cleavage or wear a little skirt.’ I’ve never done that...but it’s out there.” She stated that “you have to learn to hold your head up high and act like you know what you’re doing.” [#16]

- A white male owner of a federally-certified small general contracting company stated there are many closed networks and this will affect MBE and WBE firms. People will hire the contractors that they have a relationship with and developing these relationships can be difficult due to the union relationships in the area. [#19]
- When asked about any evidence of a good ol' boy network, the representative of a woman's business initiative reported knowledge of a State contract currently in litigation where a more qualified minority-owned firm presenting a competitive bid lost a state contract to a less qualified white male-owned firm. [#40]
- The owner of an MBE- and SBE-certified contracting company said that there are closed networks, and that contractors typically prefer to do work with a small group of other firms that they have close relationships with already. [#17]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported being sure these networks exist but difficulty knowing if closed networks have impacted her business. She said that building relationships is difficult, "Conversations are different ... you bond with people who are similar to you." [#31]

She added that she rarely bids against anyone, the general contractor either decides to do the work in-house or they subcontract it out to her. She cannot discern if they choose not to work with her due to the fact that she is a woman or that her company is a small business. [#31]

- When asked about a good ol' boy network, the president of a minority contracting association indicated that when minority apprentices get on an eligible applicant list, the list is sometimes revised to lower them on the list. [#7]

Some reported not being aware of a "good ol' boy" network per se, but rather acknowledged subjectivity in selection of contractors and subcontractors. Examples include the following:

- A male representative of a majority-owned contracting firm said that, although there is "a perception out there that the construction community is a good ol' boy network, it's really not. It may be a small community, but [it's] highly competitive." [#9]
- The male representative of a majority-owned public works contracting company reported that there are not closed networks, but noted that a firm is more likely to hire a known company than an unknown one. [#14]

Some interviewees reported they were not affected by any good ol' boy network or other closed networks or that the good ol' boy network is dying or no longer exists. For example:

- An owner of a WBE-certified specialty contracting company stated that she personally has never experienced any "good ol' boy" network or closed networks. [#12]

- The representative of a majority-owned construction contracting firm indicated that there were no closed networks in Madison. [#15]
- A female owner of a WBE-certified specialty contracting business reported that there “used to be good ol’ boy networks,” but they are slowly dying out. [#10]

H. Insights Regarding Business Assistance Programs, Changes in Contracting Processes or Any Other Neutral Measures

The study team asked business owners and managers about their views of potential race- and gender-neutral measures that might help all small businesses, or all businesses, obtain work in the public works contracting industry. Interviewees discussed various types of potential measures and, in many cases, made recommendations for specific programs and program topics. The following pages of this Appendix review comments pertaining to:

- Technical assistance and support services;
- On-the-job training programs;
- Mentor-protégé relationships;
- Joint venture relationships;
- Financing assistance;
- Bonding assistance;
- Assistance in obtaining business insurance;
- Assistance in using emerging technology;
- Other small business start-up assistance;
- Information on public agency contracting procedures and bidding opportunities;
- On-line registration with a public agency as a potential bidder;
- Pre-bid conferences where subs can meet primes;
- Other agency outreach such as vendor fairs and events;
- Streamlining or simplification of bidding procedures;
- Breaking up large contracts into smaller pieces;
- Price or evaluation preferences for small businesses;
- Small business set-asides;

- Mandatory subcontracting minimums;
- Small business subcontracting goals;
- Formal complaint and grievance procedures; and
- Other measures.

Technical assistance and support services. The study team discussed different types of technical assistance and other business support programs. For example, a director of a trade association serving multiple counties reported that minority-owned businesses would benefit from government subsidy of trade association dues. He reported, “The minority community should not be paranoid. They [minority contractors] should join associations and the government should pay for the first year’s membership.” [#4]

The majority of business owners, whether aware or not aware of technical assistance and support services, reported that most services named in the bullet list above would be helpful, if offered with few exceptions. [e.g., #5, #21, #23, #40, #31, #37 and #38] For example:

- The male representative of a majority-owned contracting firm said that “the more the State, the County and the City get together and have a standardized process” on paperwork, insurance and other requirements, and then provide opportunities to educate young companies on those processes, the better things will be. He remarked that, currently, general contractors are tasked with educating their subcontractors, which is difficult and not really their job. [#9]
- A male president of a majority-owned construction contracting firm was in favor of the City of Madison providing technical assistance and support services to small businesses. [#13]
- The owner of an MBE- and SBE-certified contracting company said it would be helpful “to have better information available to minorities,” and was generally positive about receiving technical assistance and support services. #17]

Some business owners and managers reported being aware of technical assistance and support services programs and having used them. Examples of comments are:

- The woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) said, “I still have a business counselor over [at a free business supportive services center] and she has been so helpful.” [#31]
- The female owner of a WBE-certified specialty contracting business said that the City of Madison plumbing department does a good job walking new businesses through permitting and the plan approval process. [#10]

Some business owners reported that although some technical assistance and support services programs appear on the surface to be helpful, as currently implemented they are not. For

example, the president of a minority contracting association indicated that apprenticeship programs are good; however, remedial assistance should be added for those who are rejected. [#7]

One interviewee preferred college scholarships over technical assistance and support services for business owners. A president of a minority contracting business indicated that scholarships should be developed for business owners to go to University of Wisconsin classes in lieu of [agency run] technical seminars. [#7]

One recommended against such programs because they thought that small businesses should access any assistance on their own. The male representative of a majority-owned public works contracting company stated that, because his company is so large, it doesn't qualify for any sort of assistance. Further, he felt that such programs would provide a "huge competitive advantage," for the small businesses eligible to receive them. [#14]

On-the-job training programs. Nearly all business owners and managers interviewed were supportive of on-the-job training programs. For example:

- The male representative of a majority-owned contracting firm said that his firm strongly supports on-the-job training programs. [#9]
- A representative of a majority-owned construction contracting firm reported that the City of Madison used to promote on-the-job training programs by paying a part of a new-hire's wages while that person learns. He said that subsidizing on-the-job training led employers to be more patient and understanding with new workers as they are training. He recommended that they restore that program. [#15]
- The owner of an MBE- and SBE-certified contracting company said that on-the-job training programs would be helpful "even though [they] know the regulations." [#17]
- A white male owner of a federally-certified small general contracting company stated that on-the-job training programs are important and cross-training is vital. He stated that an employee is more useful and valuable if they are cross-trained. [#19]
- The owner of a non-certified woman-owned specialty materials supply firm stated that on-the-job training programs would be helpful. [#16]

Mentor-protégé relationships. Many interviewees commented on mentor-protégé programs. A number of business owners said that they had informal mentor relationships.

There were many comments from interviewees in support of mentor-protégé programs. A number of interviewees knew of mentor-protégé relationships and had favorable comments including:

- The manager of a statewide trade association indicated that some of the members have mentored emerging contractors. [#3]

- A male representative of a majority-owned contracting firm remarked that the construction industry as a whole supports mentor-protégé relationships and thinks they are very good. [#9]
- When asked whether mentor-protégé relationships would be helpful, the female owner of a WBE-certified specialty contracting business responded. “Definitely!” [#10]
- An owner of a non-certified woman-owned specialty materials supply firm said she thought that mentor-protégé relationships would be a huge benefit for businesses just starting out. [#16]
- The owner of an MBE- and SBE-certified contracting company reported that mentor-protégé relationships would be very helpful. [#17]
- An African-American owner of an MBE-certified contracting company reported that he likes mentor-protégé programs. He stated, “Sometimes [primes] feel like if they show us everything, we would be their competitor. In the City or State, they like that. That is why I like a lot of those contracts; they have the goals and they have the mentor-protégé programs.” [#23]

Other business owners and managers were more skeptical that a mentor-protégé program could be successfully implemented. Some interviewees said that mentor-protégé programs, in theory, could be useful, but were riddled with challenges. Some doubted that the challenges to creating a successful program could be overcome. For example, when commenting on mentoring opportunities, a program administrator at a local agency reported challenges. “A very tough area is how you encourage business mentoring from those primes; their attitude is why you would train someone to take your piece of the pie.” This program administrator added, “I think in those big projects there are opportunities [for mentoring] in areas of expertise, and consultants are needed who know how to leverage the right people to make sure the opportunities are successful.” [#1]

Joint venture relationships. Interviewees also discussed joint venture relationships.

Some of the business owners and managers interviewed had favorable comments about joint venture programs. [e.g., #1, #2, #12, #23, #25, #28, #37 and #38] For example, the owner of an MBE- and SBE-certified contracting company stated that minority-owned businesses often form joint venture relationships to take on bigger tasks. “That’s the only way to compete with the bigger companies.” [#17]

Financing assistance. Many business owners and managers had comments about assistance obtaining business financing.

Many business owners and managers indicated that financing assistance would be helpful. [e.g., #3, #16, #17, #24, #25, #28, #35 and #37] Comments in favor of financing assistance programs included the following:

- The male co-owner of a non-certified specialty contracting business said, “Financing assistance might be important.” He explained that, because materials are quite expensive and need to be purchased in advance of a job, companies in his industry “need a pretty extensive credit line.” [#8b]
- A male representative of a majority-owned contracting firm commented that understanding financing, bonding and insurance requirements, and engaging those resources, is very important for small businesses. Often, however, they simply don’t know much about those resources. [#9]

Some business owners reported that their companies did not need financing assistance. For example, the female owner of a WBE-certified specialty contracting business stated that financing assistance is not a big deal in her industry. [#10]

Bonding assistance. The study team asked business owners and managers about bonding assistance.

Many business owners and managers indicated that bonding assistance would be helpful. [e.g., #16, #17, #24, #25, #28 and #37] Examples include the following:

- A director of an industry trade association serving many counties emphasized the need for bonding assistance for small, minority- and women-owned businesses indicating, “Government used to provide the bonds, now only with great reluctance.” [#4]
- The president of a minority contracting association suggested that municipalities develop a “bond fund” for small businesses to get bonding assistance backed by some collateral. He added that there should be bonding companies identified that want to work with City projects and assist small businesses in obtaining bonding. [#7]

Assistance in obtaining business insurance. Some business owners and managers interviewed said that assistance obtaining business insurance was a need for some new or small businesses. For example, the owner of an MBE- and SBE-certified contracting company said that assistance in obtaining business insurance would “definitely” be helpful to newer companies. [#17]

Assistance in using emerging technology. Interviewees discussed the need for assistance in emerging technologies.

Some business owners said that assistance using emerging technology would be helpful. [e.g., #16, #17, #35, #37 and #38] Comments include the following:

- A representative of a majority-owned construction contracting firm reported, “Some subcontractors and SBE’s in particular need some help [with technology]” and that computers are an essential tool for any successful business. The contractor indicated that many landscape subcontractors “don’t even have computers.” [#13]

- The representative of a majority-owned construction contracting firm said, “If you’re going to do work for the City of Madison or do work for these agencies, you need to have a computer and you need to be somewhat savvy [with it].” He noted that small trucking companies, especially, are resistant to using computers and other modern technology. [#15]

Other small business start-up assistance. When asked about other small business start-up assistance, some businesses were in favor of such assistance.

Some reported the benefit of offering startup assistance. For example, the owner of a non-certified woman-owned specialty materials supply firm said that small business start-up assistance “would be wonderful.” [#16]

In response to the question concerning start-up assistance, some business owners pointed to services that are now offered. For example, the female co-owner of a non-certified specialty contracting company reported that she took a tax class through the Small Business Development Center. She said that she was sent information on it likely because of her registration with the City as a contractor. She reported that the class was very helpful and that she would consider taking more classes through the Center. [#29]

Information on public agency contracting procedures and bidding opportunities. Most interviewees indicated that more information on public agency contracting procedures and bidding opportunities would be helpful. [e.g., #16, #17, #24, #25, #28 and #37]

Some business owners and managers reported that they were already receiving information on bidding opportunities or knew how to search for them. For example, the representative of a majority-owned construction contracting firm stated that it is important to have information on public agency contracting procedures and bidding opportunities available, but felt that the City of Madison already does a good job of that. [#15]

However, a number of interviewees suggested that public agencies better coordinate how they provide information about contract opportunities, including improved outreach to women and minority contractors. Some also recommended merging and disseminating potential subcontractor directories and keeping them current. Examples included:

- A male representative of a majority-owned contracting firm recommended that the City of Madison tie their prequalification process to a message center or alert system to keep potential bidders updated on the status of upcoming projects. [#9]
- The female owner of a WBE-certified specialty contracting business reported that she never receives information about bidding opportunities from the City of Madison, but would benefit from notice of upcoming request for bids. [#10]
- A WBE-certified specialty contracting firm reported a need for increased outreach by the City. “... if the City wants these programs to succeed, they need to reach out more as to what they’re looking for and how they’re looking for it ... It’s like us throwing a dart at a dartboard blind folded. We might hit one now and then but it’s going to be way too much of a time killer to actually go out and reach out. We tried

that for the first six months or so where we would try to really take an extra step ... and seek out the projects that were WBE ... if the City wants it to succeed it feels like they need to do more for the companies that have the certifications ... is it [for example, the goal of 15 percent WBE] just trying to check off the requirement that you have to have a goal in here or is it actually happening, you just never know if it did or not.” [#18]

- The male owner of a non-certified electrical contracting company stated that it is important to have information on public agency contracting procedures and bidding opportunities available, but felt that the City of Madison already does a good job of that. [#15]
- A representative of a majority-owned construction contracting firm reported a need for dissemination of information to help primes find potential subcontractors, saying “I don’t know if it’s super easy to know who the subcontractors are.” [#15]
- The male representative of a majority-owned contracting firm reported that each agency has its own list of potential subcontractors, and said that if they could bring those lists together into one document “it would be wonderful.” [#9]
- A male representative of a majority-owned public works contracting company said, “It would be really nice if [the City of Madison] could actually segment [the firms in the subcontractor directory] by what they do so you don’t have to comb through the whole document.” [#14]

Some supported distribution of planholders lists. Examples of comments include the following:

- Regarding the distribution of lists of planholders, the male representative of a majority-owned contracting firm said that “it’s nice to know” but it isn’t key. He added that the State of Wisconsin already does this, and does it well. [#9]
- A president of a minority contracting association reported, “Absolutely, it is helpful to know what primes are bidding a job.” [#7]
- The owner of a WBE-certified specialty contracting company said that she believes that a distribution list of planholders and prime bidders to potential subcontractors is always good. [#12]
- The owner of an MBE- and SBE-certified contracting company reported that distribution of lists of planholders or other lists of possible prime bidders to potential subcontractors would be helpful for his firm. He said that, to the best of his knowledge, such distribution of lists does not currently occur. [#17]

However, the president of one majority-owned firm reported issues of accessibility of online planholders lists. The male president of a majority-owned construction contracting firm said that, while lists of planholders and lists of possible prime bidders are “more accessible” online, the move to electronic mediums may not have helped “the group of people that needed it” because that group

may not have easy access to computers and the internet. “Now that they have taken away the hard copy [lists], a little landscaper can’t drive into the city and pick them up anymore.” [#13]

On-line registration with a public agency as a potential bidder. Some owners and managers of construction companies reported online registration with public agencies as helpful. For example, the male owner of a non-certified electrical contracting company reported that online registration with public agencies for potential bidding currently exists and is very helpful and that the City of Madison already does a good job of that. [#15]

Pre-bid conferences where subs can meet primes. Many business owners and managers supported holding pre-bid conferences. [e.g., #7, #15, #24, #25, #28, #36 and #37] Comments on pre-bid conferences included:

- The president of a minority contracting association indicated that pre-bid conferences that allows a sub to meet the prime is helpful. [#7]
- A female owner of a WBE-certified specialty contracting business stated that pre-bid conferences where subcontractors can meet prime contractors “would be nice.” [#10]
- Although pre-bid conferences are not necessarily to meet the primes but to better define the project scope, the owner of a WBE-certified specialty contracting company reported pre-bid conferences, where subcontractors can meet prime contractors, as helpful. [#12]
- The owner of a non-certified woman-owned specialty materials supply firm was in favor of pre-bid conferences where subcontractors can meet prime contractors. She reported opportunities for meeting and getting to know project decision makers as helpful. [#16]
- The owner of an MBE- and SBE-certified contracting company reported that pre-bid conferences where subcontractors can meet prime contractors would be useful. On the contrary, he indicated that “most of the time, it’s all either online or by fax,” providing no real opportunity to interact with prime contractors. “It would be nice to get to meet the person that’s hiring. Most of the time, we just get to meet whoever is in charge of making sure the job is done.” [#17]

A few interviewees did not think that pre-bid meetings were useful. Online bidding and other reasons make pre-bids unnecessary, for some. For example:

- The male representative of a majority-owned contracting firm said that pre-bid conferences would probably be helpful for subcontractors if they would actually go to them, but the online bidding process is so good at this point that pre-bid conferences are unnecessary for the entity offering the project. [#9]

- The male president of a majority-owned construction contracting firm said that pre-bid conferences where subcontractors can meet prime contractors would not be helpful. [#13]

Other agency outreach such as vendor fairs and events. Some business owners and managers reported that outreach such as vendor fairs and events were useful. However, finding the time to attend was difficult for some.

Some made positive comments about agency outreach events. Several comments were made including the following:

- The male representative of a majority-owned contracting firm said, “Any time you can bring the community together to talk is good.” He added, “Events where you have hundreds of people talking about the same thing, or about how to do work with the State ... or the City would be very good.” [#9]
- A female owner of a WBE-certified specialty contracting business said that vendor fairs and events “would be really helpful.” She added that she had recently gone to a small business conference where a number of different small business programs were represented, and had learned useful things from it — including that there is grant money available to train an apprentice. [#10]
- The owner of a WBE-certified specialty contracting company said she believes that that agency outreach such as vendor fairs and events are a good idea. [#12]
- An owner of a non-certified woman-owned specialty materials supply firm said that agency outreach through vendor fairs and other events is good, but noted that that “it’s hard to find the time to go [to them].” [#16]

A number of business owners and managers indicated that vendor fairs were not useful. Examples include the following:

- The president of a minority contracting association that in absence of “goals,” vendor fairs are “a waste of time.” [#7]
- The male president of a majority-owned construction contracting firm reported that vendor fairs and events are not worthwhile. [#13]

Streamlining or simplification of procurement and bidding procedures. Many wanted streamlined or simplified procurement procedures. For example, a program administrator at a local agency identified a need for an improved contract compliance and affirmative action data system that could be shared across public agencies. He reported, “So far this has not happened, but there are opportunities where we could assist each other because we know how complex and costly these data systems are.” [#1]

Some business owners and administrators at public agencies made specific comments about desired streamlined reporting requirements or reduced paperwork. For example:

- When asked about barriers to doing business with public agencies, a program administrator at a local agency indicated, “It’s the paperwork and the processes.” He identified a need for “one-stop-shopping” offering reciprocal certifications across city, county, state and federal programs. He explained, “Until that happens, I will hear a lot of complaints; that’s the big complaint about government.” [#1]
- The director of an industry trade association serving multiple counties reported paperwork as a barrier to doing work with public agencies. He stated, “There are no similar paperwork requirements for private work.” [#4]
- The male representative of a majority-owned contracting firm said, “It’s a paper world out there when it comes to bids.” He perceived that the City of Madison requires that bids be submitted in hardcopy, which leads to a lot of last minute rushing as they struggle to get things in on time. He suggested that electronic submissions would be much preferred. [#9]
- The owner of an MBE- and SBE-certified contracting company stated that simplifying and streamlining the bidding procedures “would be so much easier for [his firm].” In particular, he said that if — as is often the case— they have already decided upon the amount of money they are willing to pay, the City of Madison should simply give them that number and ask if it is acceptable rather than requiring his firm to put together a bid first. [#17]

Some interviewees indicated that they thought that bidding procedures were already streamlined, or that further streamlining was not needed. Examples include:

- A president of a minority contracting association indicated that bidding procedures, as currently administered, prevent fraud. He reported, “Procedures are there to prevent fraud.” [#7]
- The representative of a majority-owned construction contracting firm said that his firm is used to the procedures and so they already seem simple. He noted that the recent switch to an online process is easier for them, but acknowledged that it poses a problem for people without computers. However, he indicated, “if [a firm] can’t figure out how to do electronic bidding then [that firm is] not going to be able to do all the other requirements. [#15]

Breaking up large contracts into smaller pieces. The size of contracts and unbundling of contracts were topics of interest to many interviewees.

Most interviewed indicated that breaking up large contracts into smaller components would be helpful. In support, examples of comments include:

- A program administrator at a local agency stated, “Yes, I think we should always be conscionable of where we can break the contracts down smaller, to provide more opportunities for small businesses; that’s always something we should look at, “to spread the wealth.” [#1]

The same public agency administrator elaborated, “It’s really about spreading the taxpayers’ wealth to everyone; and that is equity, but easier said than done We have not nearly met our challenge.” [#1]

- When asked about unbundling of projects, the president of a minority contracting association stated that it helps bring DBE’s into the industry. [#7]
- An owner of a non-certified woman-owned specialty materials supply firm said that breaking large contracts into small pieces would make a difference. She added that even though “it’s still the same paperwork, [she thought] there would be more opportunities [for small businesses to get work].” [#16]
- A vice president of a woman-owned construction supply firm wanted opportunity to “... bid on only one item.” [#T7]
- The Hispanic owner of an MBE-certified specialty contracting firm commented that smaller contracts make it easier to bid. It is easier to plan resources, timing and budgeting when a job is broken into smaller pieces. [#24]
- “As a smaller contractor, it’s hard to find smaller work with the City of Madison. They primarily put out larger projects,” commented one woman-owned specialty contractor. [#T25]
- An advocate for disadvantaged businesses reported that project scale is a concern and businesses of all sizes should be able to bid. [#27]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported capacity for up to \$300,000 projects with unbundling being a positive for her business. [#31]

A few business owners saw both positive and negative aspects of unbundling contracts. A number of examples follow:

- The male co-owner of a non-certified specialty contracting business said that unbundling could make it easier for small businesses, but could also make it more difficult. He pointed out that breaking contracts into small pieces would mean that each small piece would require bonding and all the issues that go with being a prime contractor to the city. As a subcontractor, he said, “All [a firm needs] is a relationship with the prime contractor.” [#8b]
- Although the director of an industry trade association recognized that small businesses could benefit from unbundled contracts, he reported, “If you do break up contracts into say three smaller jobs, you then require triple the inspections and increase those costs.” [#4]
- The female owner of a WBE-certified specialty contracting business reported that breaking up large contracts into smaller pieces would “probably not” be useful because all of the companies would have to work together regardless of whether they got the contracts individually or not. “It’s probably better to have one chief and have [everyone else] follow along.” [#10]
- An owner of a WBE-certified specialty contracting company stated that breaking up large contracts into smaller pieces is not practical for the type of business she has due to owners wanting all of the design to be consistent. [#12]
- The male president of a majority-owned construction contracting firm explained that breaking contracts into smaller pieces would allow small businesses to bid for them directly as prime contractors. However, to do so the small business would have to obtain bonds that, because they are relatively new and relatively small, they would have a lot of difficulty obtaining. Acting as a prime contractor also involves additional paperwork and regulations. “Unbundling sounds good, but in reality ... [small businesses are] better off working for a general contractor and getting some help.” [#13]

Price or evaluation preferences for small businesses. Interviewees also discussed bid preferences for small businesses.

Many interviewees said that price or evaluation preferences for small business would be helpful. For example, the owner of an MBE- and SBE-certified contracting company responded very positively to the idea of price or evaluation preferences for small businesses. [#17]

Some interviewees identified advantages and disadvantages with preferences for small businesses. For example, regarding price or evaluation preferences for small business, the male representative of a majority-owned contracting firm responded that it depends on how serious the City is about spending the money necessary to encourage that development. “It’s one thing to say it, it’s another to do it,” he said. [#9]

A few business owners did not support price or evaluation preferences for small business. Examples include:

- A representative of a majority-owned construction contracting firm said that, for programs like price or evaluation preferences to be embraced and employed by prime contractors, they primes need to have very clear protections in place for times when the small businesses fail to deliver on their promises so that the prime contractors aren't damaged by that failure. Overall, he was concerned that making it easier for small businesses to win bids would result in more small businesses taking contracts they can't complete. [#15]
- The white male owner of a specialty contracting firm reported that he does not believe there should be price preferences for small businesses. [#36]

Small business set-asides. The study team discussed the concept of small business set-asides with business owners and managers. This program would limit bidding for certain contracts to firms qualifying as small businesses.

A number of business owners and managers supported small business set-asides. Examples include the following:

- An owner of a non-certified woman-owned specialty materials supply firm reported that small business set-asides would be helpful for her company. [#16]
- The owner of an MBE- and SBE-certified contracting company said that setting aside certain jobs for small businesses “would be very, very helpful.” [#17]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) supported small business set-asides if they were selected based on quality of work. [#31]

Some expressed some reservations about the concept. For example, the female owner of a WBE-certified specialty contracting business reported that small business set-asides would force the hiring of certain, sometimes not preferred, firms. [#10]

Mandatory subcontracting minimums. Some business owners and managers supported requiring a minimum level of subcontracting on projects. Others wanted fewer approved industries to meet subcontracting minimums. For example:

- The owner of an MBE- and SBE-certified contracting company reported that he was in favor of mandatory subcontracting minimums. [#17]
- “I would exclude some of [what] they call subcontracting — delivery of products to City jobs, transportation products and material, delivery of concrete [#T14]

Small business subcontracting goals. Interviewees discussed the concept of setting contract goals for small business participation.

Many business owners and managers indicated that small business subcontracting goals are helpful. [e.g., #11, #16, #20 and #37] For example, a woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) indicated, “Having the minimums gets me invited to be a part of the team, whereas I might not get invited. So those do help.” [#31]

Some business owners had concerns about the effectiveness of a small business goals program. For example, the president of a minority contracting association indicated his association’s membership prefers race-based subcontracting goals over small business subcontracting goals. [#7]

Formal complaint and grievance procedures. Interviewees discussed procedures for making complaints or outlining grievances. For example, a program administrator at a local agency stated, “The good thing about the public sector is that we can address those issues if they [primes] are not meeting contract requirement, we can withhold resources to the prime.” [#1]

Many business owners and managers said the formal complaint and grievance procedures would be a benefit. Examples include the following:

- The president of a minority contracting association said, “Absolutely [beneficial], providing someone looks into the complaint.” [#7]
- An owner of a non-certified woman-owned specialty materials supply firm said that formal complaint and grievance procedures were “probably a good thing.” [#16]
- The owner of an MBE- and SBE-certified contracting company said that it would be very helpful to have “a place where we can talk about [issues] and everybody can be [treated as an] equal.” [#17]

Some wanted more consistent complaint or grievance processes. For example:

- The director of a local industry association reported having sat on an appeal. He reported on an apparent contractor determined to be non-responsive, “But after we heard all the evidence, he had records that he did try to contact the entire minority-owned businesses. The contractor has emails, faxes, etc. that he tried to contact them [minority owned businesses].” [#2]
- A male representative of a majority-owned contracting firm reported that his firm had gone through the federal complaint process and found it to be “a waste of time.” [#9]

Other measures. Some business owners identified other neutral measures for consideration. A number of examples follow:

- A trade association president and lobbyist stated, “There is one requirement with [the City of] Madison that is unique. It is well intentioned, but misapplied. It is called, ‘Best Value Contracting,’ where a contractor must have an apprentice in each trade [brick layer, cement mason, carpenter, electrician, etc.] the contractor is performing. A better way is to require apprentices, but not specific to each trade.” [#5]

The same trade association president explained that once the project is done, the apprentice is done working. He reported that it is not good to employ workers for a short time on a public works job and then let them go. [#5]

- The female owner of a WBE-certified specialty contracting business recommended that the City of Madison not be required to accept the lowest bid for a contract, saying, “The lowest bid isn’t always the best bid.” To illustrate her point, she brought up plumbing installation for a recently constructed building. The piping for that building could be made out of PVC or it could be made out of copper; PVC is cheaper, but much less environmentally friendly. She said that if the City wanted to hold to its commitment to be more environmentally responsible, it should choose to install copper piping. However, the requirement to choose the lowest bid requires them to go with PVC piping. [#10]
- A president of a WBE-certified construction company said, “There are a lot of programs out there for people starting up businesses but you don’t run into as much of assistance at the local level, in Madison in general, that’s targeted toward existing contractors, small businesses, to help them with business processes, [for example] dispute resolution. You don’t find those types of programs as much as you find help for startups.” She added that ongoing training and education would be very beneficial. [#11]
- The male president of a majority-owned construction contracting firm said that he has “heard on and on that [new businesses and small businesses] get frustrated with the system at city hall.” He recommended that the City of Madison help small businesses with their paperwork saying, “Let’s keep it simple and get [small businesses] started, don’t get them discouraged before they start.” [#13]

He also recommended that the City of Madison go visit and help small businesses in their own environment rather than waiting for the small businesses to come to them and suggested that the City of Madison “spend the dollars to educate the people that want to do the work.” [#13]

I. Insights Regarding SBE Program or any other Racial-/Ethnic- or Gender-based Measures

Interviewees, participants in public hearings, and other individuals made a number of comments about race- and gender-based measures that public agencies use, including SBE contract goals, including comments regarding:

- City of Madison SBE or subcontracting goals programs; and
- City of Madison monitoring and enforcement of its programs, including any false SBE reporting or abuse of “good faith efforts” processes;

City of Madison SBE or subcontracting goals programs. There were many comments in favor of the City of Madison’s Small Business Enterprise Program including SBE contract goals.

Some individuals had positive comments about SBE/DBE contract goals, the City of Madison’s SBE program and the federal DBE Program overall. For example, the male representative of a majority-owned contracting firm stated that the more local governments work with the SBE/DBE programs and “encourage those business enterprises to succeed, the better off we are.” [#9]

Some reported uncertainty of the success of SBE/DBE and other race/ethnicity- and gender-based programs. For example:

- A trade associate president and lobbyist stated, “My gut tells me it [the SBE program] is not having its intended purpose to have women and minorities get more business with the City of Madison. Maybe it is working; and, if it is we should duplicate it all over the state.” [#5]
- The president of a minority contracting association commented that the SBE program in the City of Madison may or may not be helpful depending on how the City defines small. He said that the SBE program can be helpful, if bringing new people into the industry. However, he added, “White females are dominating the whole thing. It happens all the time.” [#7]
- A female representative of a majority-owned construction contracting firm reported that her firm has “such a limited number of [project types] that [they] have the same [subcontractors] over and over again. The president of the same firm pointed out that street construction involves far more limited selection of trades than building contracts. She said that subcontractors in street construction are mostly limited to landscaping and trucking, which makes it very difficult for street construction prime contractors to meet SBE subcontracting goals. “They’ve got to recognize the difference between the two different industries,” he said. [#13]
- The owner of a non-certified woman-owned specialty materials supply firm expressed discomfort with the idea of benefitting from her firm being woman-owned, saying “I shouldn’t have to prove to somebody that I’m a woman-owned business, and to take advantage of that — I sometimes don’t think that’s right.” She added that “businesses should be treated the same [regardless of ownership].” [#16]

- A male owner of a federally-certified small contracting business reported that keeping small businesses in business, which should not be in business, or cannot be successful, is counterproductive. He reported that the City of Madison's dollars should be spent on philanthropic initiatives, instead. [#35]
- The representative of a majority-owned construction contracting firm noted that the requirement for women in the workforce is "very inconvenient and is just sometimes not practical" because of how few women are in the workforce. He said, "There's not enough women in the workforce to be asking these requirements to be done [the way currently are]." [#15]

He added that with the limited number of available MBE/WBEs filling WisDOT goals that typically pay more, it is difficult for prime contractors to meet City of Madison SBE goals. [#15]

City of Madison monitoring and enforcement of its programs. Some interviewees had comments regarding the implementation of the SBE program and other race/ethnicity- and gender-based programs.

Some interviewees were critical about key aspects of the implementation of the SBE program, and other race/ethnicity- and gender-based programs. Examples are:

- When asked about City of Madison programs, a trade association president and lobbyist reported that there are not negatives to the program, "but contractors go through 'hoops post-bid, pre-award' to comply. He added that sometimes there is no clear decision whether a contractor has complied or not. [#5]
- The male representative of a majority-owned public works contracting company reported that proving a 'good faith effort' is unreasonably difficult. "We actually committed to hiring somebody... and that was not deemed enough of a good faith effort to demonstrate that we were working to improve our hiring practices.... There was more documentation needed for good faith efforts." [#14]
- An advocate for disadvantaged businesses reported, "There are ways to look like you have subs [minority], but not have them. It is called, 'pass-through.' It is disingenuous." [#27]

Several interviewees reported knowledge of examples of fronts or fraud. Some gave first-person accounts of instances they witnessed, whereas others spoke of less-specific instances or those of which they had no first-hand knowledge. For example:

- The owner of a non-certified woman-owned specialty materials supply firm said, "There are so many companies out there that are just becoming [certified women- and minority-owned small businesses] to get projects, but who really are not [women- or minority-owned businesses]." [#16]

- A white male owner of a federally-certified small general contracting company said, “If we want to help minorities and minority businesses then make them real businesses not just pass-through businesses. ‘Pass-throughs to me are nothing more than a sham’” [#19]
- The African-American owner of an MBE-certified contracting company reported that the City and/or State need to look out for fronts. “For example, if there is this firm that only has a fax machine and he takes paper and pushes it that is not serving anybody. The City needs to have a language, in terms of not getting full credit for that. I know a few competitors who are minority-owned firms, but do not look like they should be.” [#23]
- A male owner of a federally-certified small contracting business said he knows of a women- and minority-owned business that a non-minority owned until he married a woman minority. At that time he put the business in her name to get certified. He said, “Everyone knows it’s a joke [minority owned businesses].” [#35]

Some business owners and administrators of public programs reported widespread abuse of the SBE/DBE Program through false reporting of SBE/DBE participation or falsifying good faith efforts. For example:

- The representative of a majority-owned construction contracting firm said that “false reporting [of status and prevailing wage compliance] sometimes happens with truck drivers.” He recommended greater enforcement and stronger discipline for false reports. [#15]
- A woman president of a specialty contracting firm (SBE-, WBE- and DBE-certified) reported being asked for bids by prime contractors to fulfill good faith efforts with no intention of hiring her company. [#31]

A number reported the effects of SBE/DBE contract goals on other businesses. Some business owners and managers provided insights on the impact of SBE/DBE project goals on non-certified firms. Examples include the following:

- Regarding DBE contract goals, the female owner of a WBE-certified specialty contracting business said, “The negative effect would be that you force somebody to take a bid just because it’s a woman-owned or minority-owned company.” [#10]
- The representative of a majority-owned construction contracting firm indicated that SBE/DBE goals are unnecessarily restrictive. In particular, she opposed being forced to subcontract out work that her company could perform simply to meet a goal. [#13]
- The female representative of a majority-owned construction contracting firm noted that there are very few SBEs available for subcontracting in her firm’s industry, and that because of this it is very hard for the business to meet the City of Madison’s SBE subcontracting goals. [#13]

- The male representative of a majority-owned public works contracting company reported the requirement of 7 percent female participation as unnecessarily restrictive. “It’s not achievable in our industry.” He also spoke to SBE goals saying, “For the most part [the SBE goals] are achievable.” However, he noted that “For some contracts the SBE goals are way too high. They seem to be kind of randomly chosen, I don’t know how they arrive at those goals.” [#14]

J. SBE Certification

Business owners and managers discussed the process for SBE certification and other certifications, including comments related to:

- Knowledge of certification opportunities;
- Challenges in becoming certified; and
- Advantages and disadvantages of SBE certification.

Knowledge of certification opportunities. Some reported understanding certification opportunities. For example, the owner of an MBE- and SBE-certified contracting company reported feeling knowledgeable about certification opportunities. [#17]

Other firms were not aware of certification opportunities, or were confused by differing certifications (City, State and federal). Examples are:

- An owner of a non-certified woman-owned specialty materials supply firm noted that she is unclear about what programs were available in the City of Madison, what programs were available from the State of Wisconsin, and the difference between those programs. [#16]
- The Hispanic owner of an MBE-certified specialty contracting firm was not aware that Madison has a SBE Program and would like to know how to go about finding information. [#24]
- The female owner of a WBE-certified specialty contracting business stated that she does not know what the City of Madison’s SBE program is or what it does. [#10]

Challenges in becoming certified. Many interviewees commented on their or others’ experiences securing certification.

Many interviewees reported difficulties with the SBE/DBE certification process. Several reported being challenged by the certification processes. For example:

- The owner of an MBE- and SBE-certified contracting company said that “it wasn’t that hard to become certified [as an MBE and SBE].” [#17].

- The manager of a statewide trade association stated, “I know there are some [difficulties]. It is fairly measured so you do not get rubber stamped. I know about one, last year, who subjected himself to an audit of the factors the City looks at in order to get certified.” [#3]
- The owner of a non-certified woman-owned specialty materials supply firm reported that her firm is not certified as a woman-owned business because the process to gain certification was too onerous. She said she first looked into certification when she became president, but did not pursue it — despite acknowledging that “it would have really benefitted [the firm]” — because of the amount of paperwork involved. “I just didn’t have the time, and I didn’t want to give my whole life story to someone to judge me.” She added that she did begin to pursue it again several years ago, but didn’t have some of the required documentation because, as a small, family-owned business they simply didn’t produce those documents. [#16]
- The white male owner of a contracting firm reported that he started the SBE application and never finished it because it was too long and cumbersome. [#25]

Several majority-owned firm owners commented on how their subcontractors are not certified, although eligible, due to the lengthy certification process. For example:

- The female representative of a majority-owned construction contracting firm stated that small businesses her firm works with never become certified as SBEs “because of the amount of paperwork it takes.” [#13]
- The male representative of a majority-owned public works contracting company said, “The process of becoming an SBE is ridiculous. The amount of information that you have to provide ... it’s incredibly cumbersome.” He added, “Every single trucker that we put on our jobs sites would qualify as an SBE — they’re all individually driver-owned entities. I’d say a very small percentage of them actually go through the process because of what it entails.” He added that the problem isn’t just the amount of paperwork, but also the documents that are required. “You have to provide financial statements going back five years. You have to list out your company officers and you have to have shareholder meetings.” He indicated that many SBEs don’t have the time, energy, or capacity to produce the necessary documentation. [#14]

Advantages and disadvantages of certifications. Interviews included broad discussion of whether and how SBE or other certifications helped subcontractors obtain work from prime contractors.

Many interviewed indicated that MBE/WBE/SBE certification helped their business get an initial opportunity to work with a prime contractor. Examples include:

- An African-American owner of an MBE-certified contracting company reported, “I believe that the MBE certificate is not a handout, I still need to get up and go to work. I use the certificate as an opportunity so I could make a strong link with

another firm. I am also going to learn from the firm on how to do the work that is what the mentor-protégé is all about.” [#23]

- The female owner of a WBE and SBE certified trucking firm indicated that the SBE program has been positive and helpful to her business. [#38]

Some interviewees indicated that there are limited advantages, or even disadvantages, to being certified. A number of examples follow:

- A president of a minority contracting association indicated that some consider certification a disadvantage. Stereotyped as “Affirmative Action,” others “treat them with contempt.” [#7]
- Regarding the SBE program, the African American owner of a non-certified specialty contracting company said, “Probably good for white guys with assets.” He added that he believes minorities go out of business [no assets and funding] too often to make certification an advantage. [#32]
- The owner of an MBE- and SBE-certified contracting company said that the only advantage of having an MBE or SBE certification is to get more work. He noted, however, that his firm’s MBE and SBE certifications had been only moderately helpful. [#17]

He added that the disadvantage to MBE and SBE certification is that the bidding process is more time-consuming. [#17]

- A white male owner of a contracting firm did not think SBE certification would make a difference in his business success. [#25]
- The Hispanic owner of an MBE-certified specialty contracting firm reported that they do not advertise they are minority-owned business to prevent the business from discrimination. [#24]

K. Any other Insights and Recommendations for City of Madison Public Works

Business owners and managers had additional insights for City of Madison Public Works:

- Marketing and implementation of City programs and initiatives; and
- Serving small businesses in the City of Madison.

Marketing and implementation of City programs and initiatives. A number of businesses and associations made comments regarding City of Madison and others’ programs and the implementation of those programs.

Interviewees had a myriad of recommendations ranging from marketing to implementation of the SBE program to streamlining contracting and administration protocols. Many examples follow:

- Highlighting the need for the City to more actively promote their SBE program, the female owner of a WBE-certified specialty contracting business reported not knowing what the SBE program is or what it does. She indicated that despite having actively sought help and advice from a number of sources, no one had ever mentioned to her that the City had any resources available to her. [#10]
- The president of a WBE-certified construction company concluded, “I think that it is really good that the City is going through this [disparity study] process and looking at it from an open perspective and going to take the data, with what it tells them, and have the data drive whatever they decide to do. I think that, at least as a taxpayer, as someone who lives in the city, I’m glad that they’re doing that I want to continue to work with Madison.” She continued, “I think that their challenge [is to] balance the need to ensure diversity on their projects, not just with the firms that they work with but in terms of the labor on the project, balance that with not being so overly restrictive or so overly difficult to work with that women- and minority-owned or small business firms don’t want to go through the hassle of dealing with it. They [the City of Madison] have a lot of excessive requirements that other municipalities or even the State doesn’t have.” [#11]
- The female owner of a WBE and SBE certified trucking firm said, “Madison should check their non-minority contractors to make sure they are paying prevailing wages. Only minority business’ payrolls are checked regularly.” [#38]
- A woman representative of a non-profit financing agency recommended that any program designed to promote women- or minority-owned businesses be as specific as possible in its goals and methods. She reported as an example, the LISC [Local Initiatives Support Corporation] ACRE training program in Milwaukee, designed specifically to increase minority participation in construction project management. [#29]
- The African American owner of a non-certified specialty contracting company believes in order to diversify the industry, businesses should be given credit for the percent of minorities [who can do the job] they have on the job. This would help a business develop a good track record. If then, they have a job that the minorities are not trained or skilled to do the work, the business is not penalized for not hiring minorities. [#32]

One minority contractor specifically discussed the City of Madison’s implementation of TIF projects. The president of a minority contracting association said, “Madison makes huge TIF projects happen within the City where developers pitch to the City competing for the people’s money.” He added, “The City could make the TIF projects involve minority contractors as part of the proposal from the developers.” [#7]

Serving small business in the City of Madison. A number reported on customer service at the City and how it could be improved.

Some reported that the City of Madison take a more active role in identifying and encouraging small businesses, and improve communications and overall customer service. For example:

- The representative of a workforce development organization suggested that government agencies identify potential business owners from the pool of successful women and minorities in the trades. “This would be a gigantic leap and the percentage of failures is high and has financial risk, but it is a place to start.” [#33]

He added that focusing on people who already do the job is a good way to develop small businesses for women and minorities. [#33]

- A female owner of a WBE-certified specialty contracting business reported that the State of Wisconsin “has a fantastic marketing program” that helps small businesses. She added that “all the City has to do is follow along with that and get the word out. They don’t necessarily have to financially support small businesses, but they should definitely help spread the word [about small businesses and women-owned businesses].” [#10]
- “Too many departments want their say in things, and that makes it difficult to overcome the hurdle [of working with the City]. The City of Madison is not as user-friendly as the private sector,” responded one majority-owned specialty contractor [#T17].
- The owner of a WBE-certified specialty contracting company said that she feels the biggest recommendation she can offer is that when a person’s name is on the application for “contact with questions” to make certain they are knowledgeable, that they are helpful, and that they are customer service oriented. She had an experience when they did their last certification with Public Works that this wasn’t the case. [#12]
- A male representative of a majority-owned contracting firm recommended that the City staff should be more empowered to make decisions rather than having to bring all of their questions to a committee. Sometimes work on a project has to stop until a particular decision is made, which means that parts of a project can grind to a halt if the City representatives a firm is working with can’t make a decision on their own. [#9]
- A majority-owned contractor recommended the need for improved “City of Madison close out procedure.” [#T1]

L. Input from City of Madison 2015 Public Meetings and Written Comments

The public meetings were attended by City of Madison representatives, Keen Independent consultants and interested parties from the business, trades, and association community:

- Lucia Nunez, Director, Department of Civil Rights, City of Madison
- Norm Davis, Affirmative Action Division Manager, City of Madison
- Kate McCarthy, City Clerk, City of Madison
- Dave Keen, Principal, Keen Independent Research LLC
- Renee Lauber, Lauber Consulting
- Stan Davis, Davis Group
- Steve Breitlow, Plumbers 75
- Tim De Master, Iron Workers 383
- Brad Huston, R.G. Huston
- Godwin Amagashe, 100 Black Men
- DeAngelo Jackson, Urban Construction
- Juan Jose Lopez, Latino Chamber of Commerce
- Dave Branson, Building Trades
- Scott Watson, NCSRCC
- Charles Vandergriff, NCSRCC
- Spencer Stats, Plumbers 75
- Jim Vick, Brick Layers Local 63
- Jeff Crocker, IBEW 159
- Bill Clingan, WRTP/Big Stop
- Rachel Krinsky, YWCA
- Paul Jasenski, Common Wealth
- Joe Daniels, Daniels Construction
- Kevin Radcliffe, Attorney, Construction Training

Dave Keen made the presentation of the background, scope, findings, action items, and recommendations of the disparity study. The floor was opened for discussion, questions, comments and suggestions.

Overall scope of the study. Several public meeting participants said that would have preferred for the disparity study to examine a broader set of construction activity.

- PMP#1 a black male, representing supplier diversity organization, commented that the study was “narrow” because the study was limited to “construction activities; not construction-related activities.”

PMP#1 went on to say, “The trucking industry is not a construction activity, but a construction-related activity.” He added, “Post-construction cleaning activities are construction-related activities, not construction activities.” PMP#1 said that the scope was too narrow and should be expanded to “ancillary businesses “in the City.

- PMP#1 went on to add that City of Madison should define “construction trades” to include ancillary businesses such as window washers, post-construction cleaning services, etc. (Norm Davis from the City responded that ancillary businesses were addressed in the study and PMP#1’s comments were appreciated.)
- PMP#4, a Hispanic business trade leader and minority construction business owner, offered thanks for the disparity study and added that he wished the scope had been “larger and more extensive.”
- PMP#4 commented that, “he prefers anecdotal information to data.” He added that he was surprised by the data and also, not surprised by the data.
- PMP#5 commented that the time in which the study was done is interesting since some companies were challenged during the economic downturn for many reasons; lack of jobs, financing, staffing, etc. He commented the timing of the study was “unfortunate.”

PMPs and PWCs discussed challenges they or others have faced as small business owners.

There were a number of comments from public meeting participants about barriers to minorities and women in the construction industry.

- PMP#4 commented that Latino business owners find too many obstacles or the process is too laborious to [try to get City work].
- PMP#2 indicated that many business owners do not like to perform business functions like certified payrolls. He commented that he must use an accountant to do his payroll.
- PMP#5 commented a big challenge for the trades is the impression that if a young person does not go to college, he/she cannot be successful in life.

- PMP#3 indicated he had attended a meeting where contractors had said they were no longer bidding Madison jobs because the pre-qualification requirements are too cumbersome. He added, “A majority intended to walk away from all Madison projects.”
- PMP#5 commented that horizontal projects [roads, sewers] do not put many tradespeople [sheet metal workers, electricians, etc.] to work.
- PMP#6, a white woman representative of a national organization, remarked in favor of the findings of the study, “Rules other than regulatory are very important”.
- PMP#7, a white male small non-profit housing developer, commented that being “a contractor is one of the most difficult jobs you can imagine.” Contractors must have a trade, be bookkeepers, estimators, file taxes, and market their businesses.
- PMP#10, a white male business representative commented that since Madison is more than 50 percent minority, projects should set goals for residency requirements. Projects go to non-residents and the employment and profits do not stay in the City.
- PWC#3, a majority-owned electrical contractor in business for 25 years said, “I have received bid solicitations from contractors to bid on various public work projects regardless of my business’ capacity to perform and complete the project.” He said, “I’ve complained that there were many contractors that only contacted me because they were required to for public works projects, and that they continuously contact me for public works jobs that I can’t do, while at the same they’re doing significant amounts of private sector work that I can do, that they don’t alert me to.”
- PWC#3 said, “It does not make sense to beat up the larger general contractor for not being able to find a MBE firm that can handle a \$250,000 public work subcontract when there are very few, if any, MBE firms that exist in this region with capacity to perform a \$250,000.00 contract.”
- PWC#3 also discussed the need to establish relationships with prime contractors. He reported, “The smaller, private sector work in the \$10,000-\$100,000 range affords MBEs the opportunity to grow its company without the risks and cost associated with government work. It allows the business relationships to grow, and it puts the MBE contractor into a better position to bid on the public works projects.”
- PWC#4, a majority-owned general contractor, discussed the importance of self-performance. He wrote, “It is of the utmost importance that any new or revised S/M/WBE program does not limit a contractor’s ability to self-perform any work they are qualified to do. It is also of equal importance that the agency overseeing the S/M/WBE program understands the value and impact self-performance has on contractors.”

- PWC#4 discussed the use of a 5 percent advantage as a part of good faith efforts. He said, “The City of Madison cannot force the [subcontractors] to bid all contractors the same amount. Therefore, if the prime contractor does not receive a bid, or receives a bid higher than the 5 percent, that contractor is not obligated to utilize the S/M/WBE firm and thus avoiding the 5 percent that would have to be added to a contractor’s bid in order to comply with the ‘good faith efforts.’ Sometimes the bids between contractors are very close and that extra amount added could make a difference in obtaining the low bid and then construct the project. It would be very frustrating to lose a bid just because we treated an S/M/WBE fairly when they bid us, but a ‘bad character’ prime bidder previously took advantage of an S/M/WBE and the subcontractor would not bid them, or bid them at a price that was outside the 5%.”
- PWC#4 also expressed concern over bid shopping. He said, “There are instances in which large contractors apply downward pressure on subcontractors to reduce their price in order to receive a subcontract agreement and/or stay on a job after it has been awarded. The City of Madison needs to ensure that there is legitimate business reason and documentation for altering subcontractors on projects, especially when that subcontractor is of S/M/WBE status.” He went on to describe an instance when he lost a project due to bid shopping in January of 2014. “We were only a few thousand dollars above the awarded contractor. While finalizing our bid we were able to take the bid of an electrical SBE contractor who we work with on many projects. The electrical SBE bid other contractors as well, including the contractor who was awarded the project. However, the awarded contractor applied downward pressure on the SBE electrical contractor to lower his price. Desperate for work, he complied and the amount of his subcontract was reduced.”
- PWC#4 expressed concern over the use of flow through shams. He said, “Businesses that simply flow through work in order to allow firms to reach certain target percentage utilization should be under strict scrutiny of the City of Madison In order to receive credit for utilizing an S/M/WBE business, the full percent of work should be completed by employees of that company and not simply passed through to another entity. This type of flow through sham businesses should receive a maximum 60% credit (similar to suppliers).”

PMPs expressed barriers with access to capital and timely payments for small business owners. Several public meeting participants pointed out the barriers related to access to capital.

- PMP#4 commented that for Latino contractors and women owned businesses the biggest challenge is “financing, financing, financing.”
- PMP#2 is an African American male business owner who has worked with City of Madison on projects. He commented that working capital is very hard to obtain. He has put his personal finances into his business “to survive.”
- PMP#2 said he has experienced difficulty getting paid for the work he performs; he waits “30 days and sometimes as long as 90 days.”

- PMP#2 commented that when he began his business, if he held a City or residential contract, he could have a mobilization clause from his bank. The financial funds draw would be beneficial in operating the business until the first funds were available. This service from the banks ended with the economic downturn and hurt small businesses with their cash flow.
- PMP#2 said he would like the “banks doing business on a City project would incorporate a bank mobilization service to the contractors to help small businesses in the minority communities with working capital.”
- PMP#2 added that he experiences difficulty with meeting payroll and expenses. He indicated delays could put a business owner out of business.
- PMP#2 expressed concerns that some general contractors receive their funds from the City and State and “sit on the money” before paying the subcontractors. PMP#2 added that the idea from the study of improving cash flow would help small businesses “tremendously.”
- PMP#1 added that Milwaukee DOT has a state bank where contractors have gotten loan mobilization clauses for doing business. He suggested that Madison review the possibility of a similar program.
- PMP#4 added that Latino business owners do not have the capital to “compete” to get City projects.

Value and need of business assistance programs. Several public meeting participants commented on the need for business assistance programs.

- PMP#2 said that other ideas from the study such as “mentoring small businesses” with a City coach are a good idea and would be helpful. PMP#2 added that he is involved in getting more minorities involved in business via an Urban League effort at the Boys & Girls Club. PMP#2 indicated that he had been mentored by another business owner and it was very helpful.
- PMP#6 commented that training and technical assistance is important. She expressed concern that no one should “work in silos” but join together to meet goals.

Workforce challenges were discussed by PMPs and PWCs. There was a wide range of discussion around opportunities for minorities and women in construction trades.

- PMP#3, a white male, commented that the ironworker industry is a “performance based group.” He reported that they operate in extreme conditions and it takes a “special person” to do the work. He added, “It is difficult to recruit anyone, let alone minorities.”

- PMP#1 commented that the unions are being selfish. He indicated that union ironworkers cannot be in their 50's and 60's and perform ironwork. He went on to say that the unions need younger workers who can pay dues for many years to come.
- Responding to PMP#3, PMP#1 commented, "I think everyone comes to the table with a short-sighted mentality." "Union workers a generation ago did not come with skill sets other than 'Uncle John was there.'" PMP#1 added, "In the minority community we never had an Uncle John." "There is a need to find creative ways to get people [minorities] into unions and apprenticeship programs."
- PMP#1 commented, "I am baffled that unions cannot get women and minorities in their ranks...why? I don't understand that unions cannot tell people to take a look at this [get women & minorities interested in the union work]." PMP#1 said, "I think the people in the construction industry have done a dismal job in trying to recruit people [minorities and women]."
- PMP#1 added, "Madison cannot do it alone [find opportunities for minorities and women] and it needs to be a collaborative effort by all in the community."
- PMP#4 said that some business owners do not invest enough in their workforce or challenge the City or State to make the investments in apprenticeship programs.
- PWC#4 discussed non-union discrimination. He said, "Racial and gender discrimination has no place in society nor our industry, yet it still exists. Compounding on this discrimination for most S/M/WBE firms is the additional discrimination based on union status. Most of the S/M/WBE subcontractors also fight non-union discrimination, especially on non-City of Madison projects. This type of discrimination is vibrant around the state, especially around the Madison area. We have conducted business in the Madison area for several decades and, therefore, can speak to the discrimination experienced by all non-union contractors."
- PWC#2 mentioned that contractors were complaining about the availability of women in the trades. He brought attention to the "Southwest Area Construction Apprentice Snapshot," a monthly report produced by the Department of Workforce Development for the Wisconsin Department of Transportation. The report includes the number of female and minority apprentices in each trade, by county. He said, "The minority composition of the apprentice work force matches the disparity study numbers well but the percent women is way off."
- PMP#5, a white male member of a trade union, commented that children are not entering the trade unions, but going to college instead. He added, children are no longer taught wood shop, "nothing is being done to expose children to the trades."
- PMP#5 added that children going into the trades cannot pass a 7th grade reading or math test.

- PMP#5 expressed frustration at not only having to recruit young people into the trades, but to tutor them once they join a trade. He does not feel tutoring should be the job of a union, though they are now doing it, something not needed 30 years ago.
- PMP#6 commented that the City taking a leadership role in creating technical assistance is very important.
- PMP#7 stated that the mentoring suggestions are good and “heartwarming”. He is familiar with Fresh Start where at risk youths are mentored, trained, and assisted with GED completion. He said skills that are learned for futures in construction are math, engineering, and business, the critical skills needed in the industry.
- When asked if there are benefits other than “heartwarming?” PMP#7 responded, “Yes, tangible outcomes. They get into apprenticeship programs and get hired.”
- PMP#8, a representative from a non-profit construction training organization believes apprenticeship programs are key to success in the industry. This organization works with a grant from Chicago Women in the Trades to recruit and retain more women in the trades.
- PMP#8 is in favor of expanding the strength that exists in the City and continue to work in that capacity with regards to the trades, adding, “Support and money can strengthen what already is in place.”
- PMP#8 added there is a need for training space. Physical large locations are needed where tools, space and supplies can be shared for training programs.
- PMP#8 commented that programs for driver’s license recovery are needed so people can get to work; not lose their job if they lose their driver’s license.
- PMP#9, a white male member of a trade’s council, indicated that his group attempts to get women and minorities into the trades apprenticeships. When asked by Lucia Nunez whether he knows about any school district involvement in such programs, PMP#9 said “high schools push kids to college.”
- PMP#8 added that schools are participating in apprenticeship programs in the trades. PMP#9 said that his council invites trades to demonstrations for schools and the schools are getting more receptive to exposing children to trades careers.
- PMP#10 said that contractors who get projects from the City should be required to hire, train, and keep employees. They should not be “dropped” once the job is done. Contractors who “play by the rules” should gain benefits for their efforts.
- PWC#1 discussed the expansion of the Madison College Construction & Remodeling (C&R) Program, including opportunities for the City of Madison to provide scholarships to low income, minority, and women students.