

**Montana Department of Transportation
2013 Needs Assessment**



**DISADVANTAGED BUSINESS ENTERPRISE
2013 NEEDS ASSESSMENT**

INTRODUCTION

In order to determine barriers to Disadvantaged Business Enterprise (DBE) participation in federal-aid highway construction projects and to identify services to best increase their participation, the Montana Department of Transportation (MDT) DBE Supportive Services program conducted a web-based and paper needs assessment survey of four principal groups in January 2013.

- 1) Disadvantaged Business Enterprise (DBE) Firms
- 2) Agency or association serving minority and/or women-owned businesses
- 3) MDT or interagency personnel
- 4) Non-DBE prime contractor or prime consultant

Profile of Survey Respondents

	Response Percent	Response Count
Disadvantaged Business Enterprise (DBE) Firms	91.6%	33
Agency or association serving minority and/or women-owned businesses	8.4%	3
MDT or interagency personnel	0%	0
Non-DBE prime contractor or prime consultant	0%	0



36 respondents completed the 2013 Needs Assessment Survey. The majority of respondents (91.6%) were Disadvantaged Business Enterprises.

Work on MDT projects

Almost half of the survey participants have bid on MDT projects in the last year. Most of the survey participants that have worked on MDT projects have worked on contracts as subcontractors. Working on MDT projects has been an overall neutral experience.

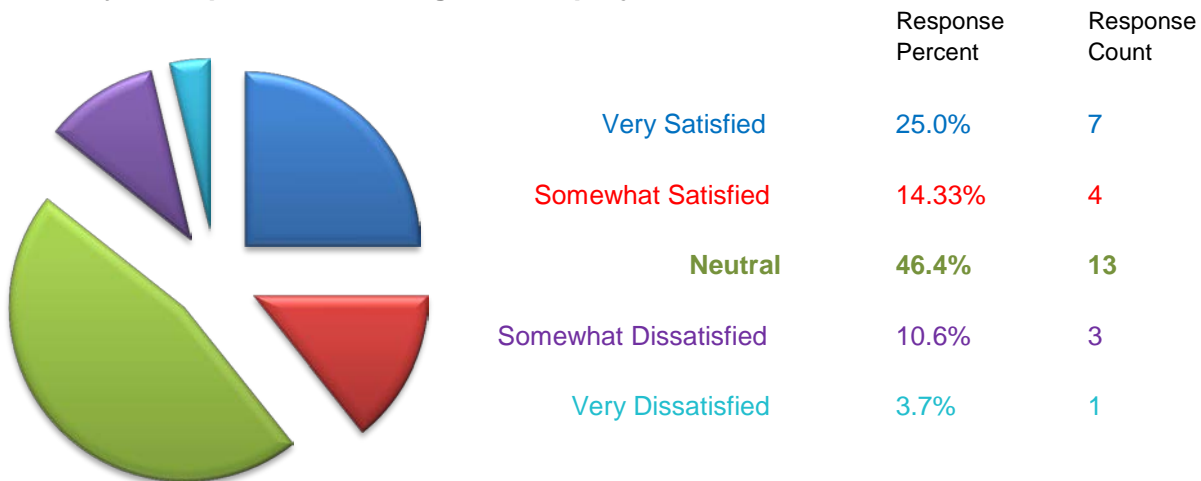
During the past year, have you bid on any MDT projects? As a prime or subcontractor?

	Response Percent	Response Count
Yes	38.9%	14
No	52.8%	19
Prime	2.8%	1
Subcontractor	36.1%	13

During the past year, have you worked on any MDT projects? As a prime or a subcontractor?

	Response Percent	Response Count
Yes	25%	9
No	72.2%	26
Prime	0%	0
Subcontractor	16.7%	6

Rate your experience working on MDT projects:



Comments on working with MDT vary widely. They include: *MDT is very rigid in their interpretation of building. There are always 2 sides to an argument; We are a sub to a larger prime and have had GREAT difficulty with the Prime; Some project managers are exceptional to work with, while others are more difficult; The only Job I had the opportunity to bid in my area didn't even know what DBE was and obviously did not even take it into account. My prices were lower than the bid they chose; On a few occasions there have been issues with MDT in regards to the pay item EROSION CONTROL LUMP SUM; communication can be a problem between state/prime/sub; I as a consultant have not seen the advantages of DBE; EVERYONE AT A MDT OFFICE HAS TAKEN THE TIME TO HELP US WITH EVERY ASPECT OF THE QUESTIONS ASKED; A/E (and environmental) services constantly remain with a small group of primes, they don't sub things out.*

Do you think any barriers exist that would prevent you to do work with MDT?

Some barriers to doing business with MDT include: *No. We have learned to bid according to the red tape; inadequate equipment capacity for scopes of work; Prompt payment is a problem. We are usually 60-90 days out on payment, and longer if the payment isn't accurate or paid in full; can't compete with shops large enough to have a proposal / marketing person; Shopping of bids is and always has been an issue; Lack of DBE target for professional services.*

List the top barrier you see in working with MDT:

- Lack of professional services RFPs
- Payment, you can be 1 ½ months into a project before you see any money. A better invoicing system and payments made within 2 weeks
- There seem to be 4 or 5 large highway contractors that get all the work and then they treat the DBE subs very, very poorly
- I could not get state prequalified last year because my business is new, although I personally have 15-20 years of experience in environmental consulting.
- Prompt and complete payment.
- Interpretation of pay items.
- Supplying all project information that will help get the job done. The state is very protective over their digital information.
- NOT ENOUGH % OF JOBS FOR THE DBE CONTRACTORS
- not enough A/E work being subbed by primes, a few primes have all the work
- Trying to compete against large companies that can often afford to bid projects at a loss or unbalance bids so that they appear to be low.
- Having Prime Contractors (General Contractors) actually utilize DBE companies. I think they feel they put forth their Good Faith Effort by sending a DBE quote on a project and that's the extent they commit themselves.

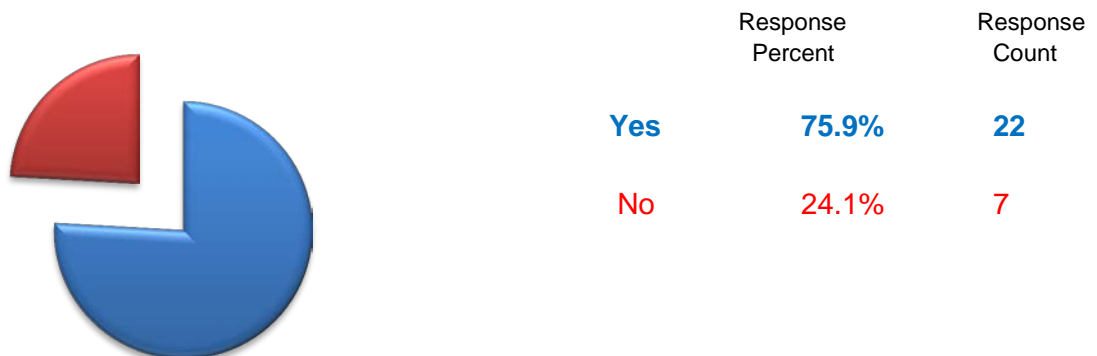
Have you worked with other government agencies in the past year? As a prime or subcontractor?

	Response Percent	Response Count
Yes	61.1%	22
No	33.3%	12
Prime	19.4%	7
Subcontractor	25.0%	9

Survey participants are working with other government agencies as well as with MDT. The work as a subcontractor was slightly higher than working as a prime contractor. Other agencies that survey participants worked for include: IHS, Crow Reservation, Fort Belknap Reservation, Caltrans, Utah DOT, Washington DOT, USACE, BLM, Lewis and Clark County, Powell County, Stillwater County, VA, DOD, USDA, MT Office of Tourism, MSU, Gallatin County, Airports, State of Wyoming, DEQ, City of Billings, City of Dayton, City of Ranchester, Sheridan Wyoming Schools, Rosebud County, FAA, Army Corps of Engineers, GSA, Town of Browning, Blackfeet Tribe, USFS, USGS, DNRC, Malmstrom Air Force Base, Minot Air Force Base, City of Missoula, County of Missoula, Ravalli County, DPHHS, Helena School District

DBEs that participated in the survey stated that overall they were being paid within the allotted time frame stated in their contracts, per MCA 28-2-2103.

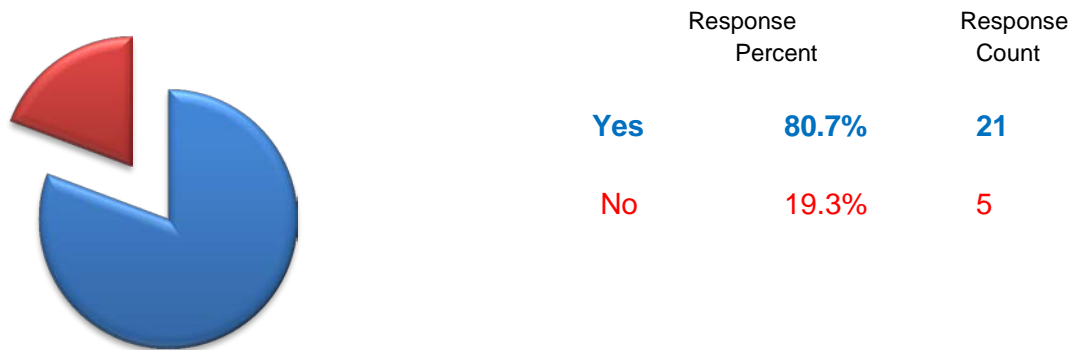
Are you being paid within the allotted time frame stated in your contract, per MCA 28-2-2103?



Are there other issues related to payments for service?

- The prime is withholding payments in anticipation of getting payments from the state. When they are paid, then they pay us
- For Federal contracts they take a very long time to do there receiving reports and payments get backed up.
- Even when the prime is paid in full, and promptly, we as a subcontractor don't always receive the payment paid and full, and promptly.
- When payments fall past the 30 day billing cycle, the prime always says they have not been paid by the state. However, we have no way to know if this is true or not.

Do you receive final payments within the time frame outlined by the contract?



DBEs that participated in the survey stated that overall they were very satisfied with the Supportive Services portion of the DBE program. Survey participants suggested the following improvements to enhance Supportive Services: Assistance for established DBEs, smaller jobs, IDC assistance, Work with more economic development agencies, Tailoring different needs for different companies, Networking, and Provide legal services.

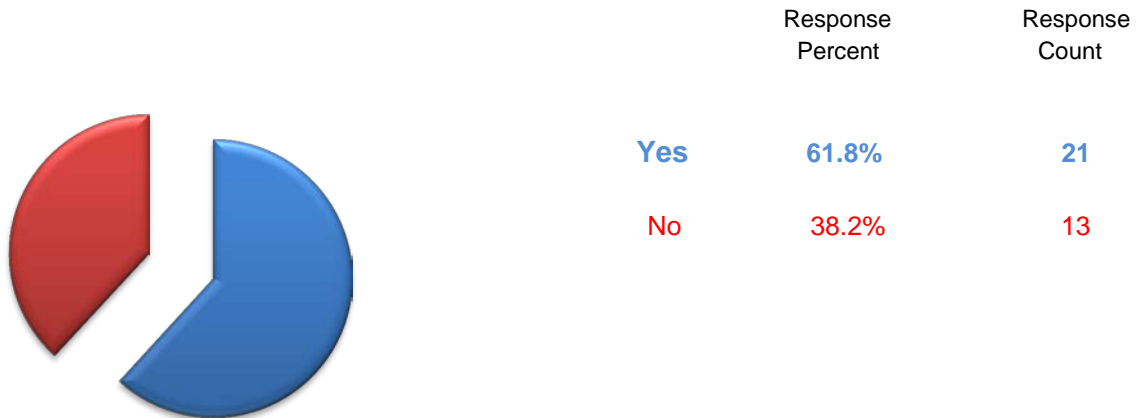
If certified as a DBE by MDT, rate your experience with Supportive Services:



What can MDT do to improve the Supportive Services aspect of the DBE program?

Survey participants indicated that established DBEs need more assistance in the following areas: More training and networking opportunities, Put some bite into the prompt payment law, both from the DBE regulations and the state code, More effort to work with non-highway related DBEs, Make the DBE project specific goals higher, Require mandatory DBE goals, Better define Good Faith Effort, Keep reminding General Contractors that Good Faith Efforts do not constitute their entire commitment to the program, but they should actually hire the companies.

Do you utilize the DBE training/travel and marketing grants available?



What kind of training does your firm need on an ongoing basis?

- OSHA
- Safety
- MSHA
- CDL
- How to pursue government contracts or contacts who use buying credit cards for purchases
- Sales and marketing to govt.
- Website class
- Plan room fee reimbursement
- Latest technology, information on requirements
- SWPPP training
- Estimating
- Bookkeeping
- Money management
- QB's training
- Sales training
- Excel training
- Professional Continuing Education Credits (PLS)
- Hazmat Certifications
- Updated Equipment Training
- EEO

- *Bidding projects that are NOT HIGHWAY/Road work related in the Construction Industry for building residential & commercial buildings*
- *Updating certifications and receiving training to increase our knowledge base*
- *Workmen's Comp updates*
- *Federal/State filing requirements.*

Who currently provides your training?

- *Whoever*
- *PTAC*
- *SBA*
- *DBE*
- *Safety and Health Services – Butte*
- *Prospera*
- *CDC*
- *Steelcase*
- *DEQ*
- *MDT*
- *University*
- *In-house*
- *Made Designs Creative*
- *Altitude Training Associates*
- *IKUW Solutions*
- *MARLS*
- *Trimble*
- *EPA*
- *Great Falls Builders Exchange*
- *ATSSA*
- *Department of Labor*
- *Snelling*

Survey participants overwhelmingly stated that training is best conducted in off construction season time, from January to March.

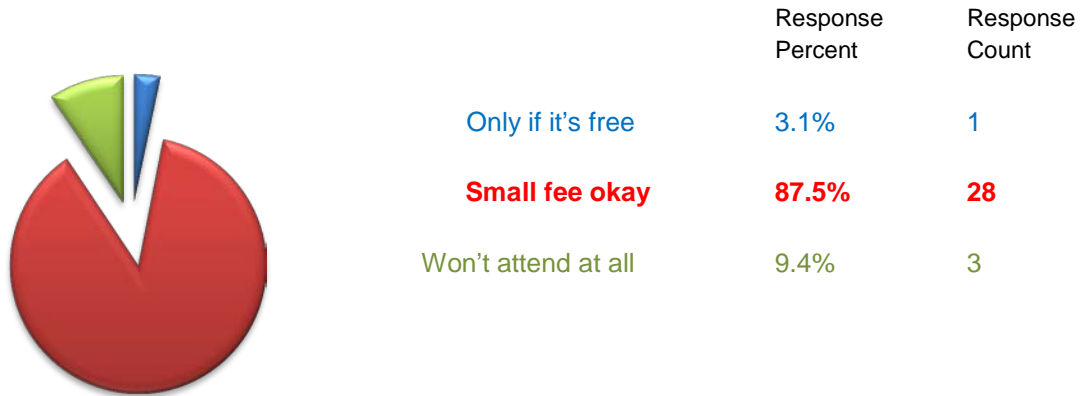
What time of the year is best for training?



	Response Percent	Response Count
Winter (Jan – Mar)	87.1%	27
Spring (Apr – Jun)	6.5%	2
Summer (Jul – Sep)	3.2%	1
Fall (Oct – Dec)	3.2%	1

Survey participants would participate in training even if it requires a small fee.

Would you attend training if it had a minimal fee for attendance?



Survey participants have indicated that some things that are holding them back from expanding their business are as follows: Economy, Financial, Capital, Crew Capacity, Cost of Health Insurance, Recruitment and Retention, Bonding, Time, and Estimating

List the top 3 issues that are restricting you from expanding your business:

- *Access to capital*
- *Additional work*
- *Employee recruitment and retention*
- *Time to focus on sales (rather than daily management of the business)... but we are getting there*
- *Cash Flow*
- *Working capital*
- *Fear*
- *Billable hours*
- *More work*
- *Bonding*
- *Population in area; gravel does not transport very easily*
- *Competition*
- *Costs for advertising*
- *Government regulations*
- *Time*
- *Amount of bid's awarded*
- *Lack of work*
- *Success at landing projects*
- *Getting contracts from bid proposals submitted*
- *Having no assistance in industry working in*
- *Bids & estimates not being accepted*

Survey participants want to diversify their business, but lack the following in order to do so: Capital, Work, More contracts, Project goals, Qualified workers, Money, Keeping up with new paperwork and Networking.

What would help you further diversify your business?

- *Access to capital and project participation*
- *Larger lines of credit*
- *Financial investment*
- *More work opportunities to expand my knowledge base*
- *Prompt payment and clear expectations in the erosion control arena*
- *Trying to expand into GIS and future new technology in the industry*
- *Funding*
- *Cheap interest for loans*
- *BEING ABLE TO RECIEVE MORE BID'S*
- *The economy to prosper*
- *Financial Assistance*
- *Move into highway projects*

Most survey participants have both a business plan and a marketing plan.

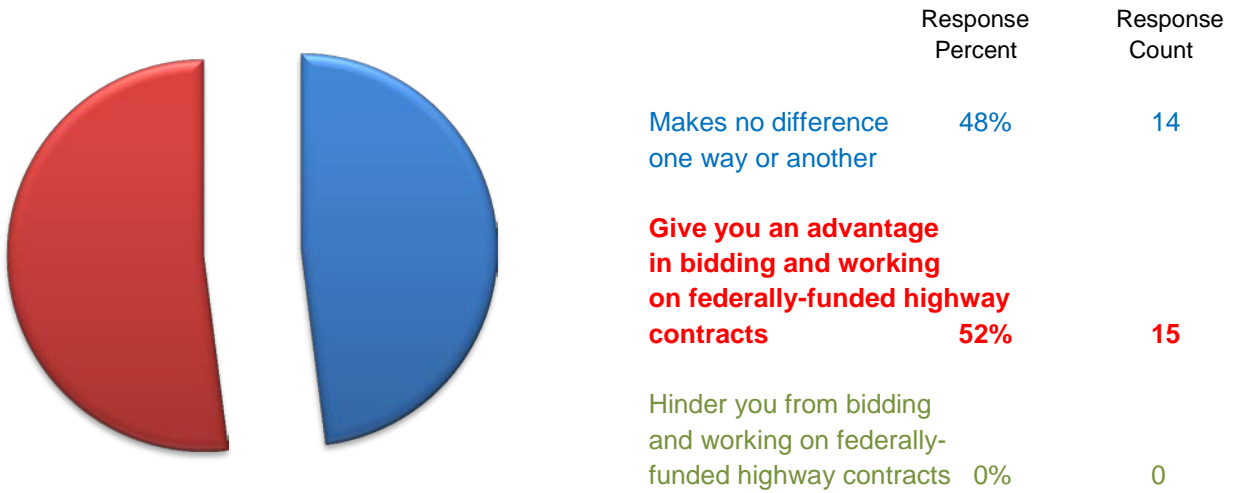
Do you have a business and/or marketing plan for your company?



	Response Percent	Response Count
Business Plan	48%	12
Marketing Plan	2%	8
Both	44%	11

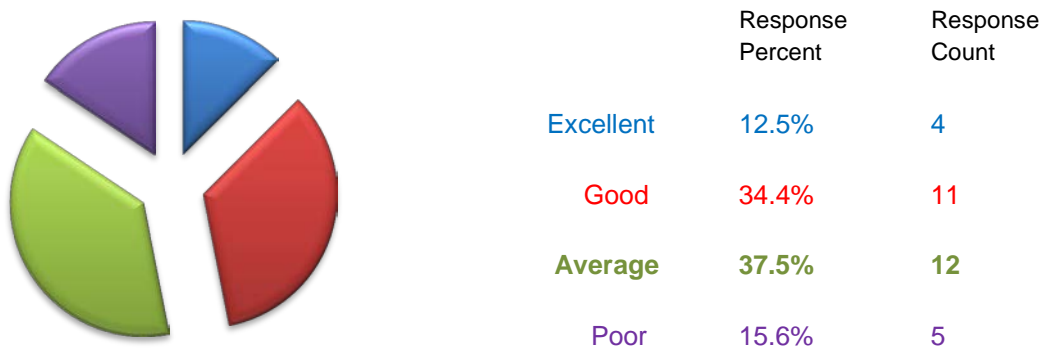
In obtaining contracts, most DBEs think that their DBE certification makes a slight difference.

In obtaining contracts, does your DBE certification:



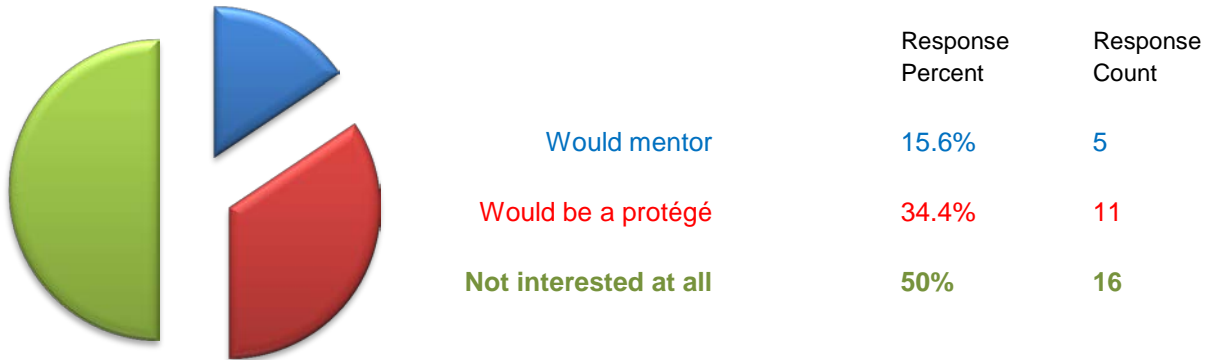
Most survey participants indicated that their current financial condition was average.

Rate your current financial condition:



Most survey participants do not have an interest in becoming either a mentor or a protégé.

Would you consider being mentored or mentoring a protégé?



Survey participants had the following ideas to help build the relationship between Subcontractors and Prime Contractors:

What ideas would you suggest to help build the relationship between subcontractors and prime contractors?

- *Have a rating system for both Primes and Subs. A way for each company to learn about each other in an objective way and know how the company truly is to work with.*
- *Additional networking opportunities*
- *BBQ (social with food)*
- *Speed dating*
- *Something tied to important folks (legislators? governor? a major in-state conference or event?)*
- *Maybe introductions to primes that could use our services and coaching in how to identify the best matches for my business*
- *Why do contractors not use DBE on the ground floor of a project? The design, surveying, and environmental assessment phase should require/encourage the use of DBEs, i.e. give more points to the bidder if they use a DBE firm*
- *The prime contractor being more precise on the days they want you in. A lot of time the prime will call you in and you move in all the equipment, get employees lined up only to be put on hold. Then payroll is being paid and the subcontractors other jobs are put on hold while the prime contractor finishes up their work or the other subcontractor. There is a lot of stand around time and money wasted because of the prime's poor planning*
- **COMMUNICATION**
- *Educate the Primes that DBE and 8(a) will only make business better for all*
- *Teamwork*
- *While the DBE Summit was an outstanding resource...where were all the Primes???*

In comparing the Needs Assessment from 2012 to 2013, there were 81 participants in 2012 and 33 participants in 2013. We are not sure why the participation dropped off so significantly, we gave all contacts more time and contacted more people to participate. Most participants were DBEs and DBE participation decreased from 40 to 33. There was also less participation from the non-DBE contracting community. Non-DBEs decreased from 31 to 3 this year.

In 2012, almost 10% less participants bid for MDT projects. The percentage of participants bidding on MDT projects was 38.9% as compared to 48.1% in 2011. In 2011, a larger percentage of participants did *not* bid on MDT projects, that percentage was 52.8%. Of those, 2.8% bid as a prime and 36.1% bid as a subcontractor.

It appears that the trend of working for other agencies than MDT decreased to 61.1% as compared to 2011 figures of 72.5% of the participants. Many of the participants indicated that they do a lot of work for other government agencies including out of state agencies.

Regarding prompt payments, 75.9% of contractors were being paid on time, while 24.1% of contractors indicated that they are not being paid per MCA 28-2-2103. There are other issues other than being paid on time, including primes withholding payments and not paying within the allotted payment times.

Satisfaction with the DBE Supportive Services program increased considerably this year with a "very satisfied" response of 71.9% increasing from 49% in 2012. Noted in 2012 that for the categories "somewhat dissatisfied" and "very dissatisfied" combined, there were only 2 respondents.

Current financial situations of participants seem to have remained fairly close to 2011 levels with most participants rating their current financial condition as "Average" as compared to "Good" from 2011. "Poor" financial conditions are on the increase from 2011 levels.