

Organization Helps Minority Businesses with Construction Contracts

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By Emily Stevenson

Construction projects around Greenville are in no shortage, but small, minority-owned businesses often have difficulty obtaining some of the many jobs available. One Upstate nonprofit works to change that.

“As we hear of opportunities, my role is to contact the owners of those projects and encourage them to utilize minority-owned businesses and give them an opportunity to compete for some of the work,” says S. T. Peden.

Peden is the chairman and CEO of the Minority Economic Development Institute Inc., a nonprofit founded in August 2007 to serve as a resource which aims to increase the economic assets of minority individuals and minority-owned businesses. Although the Institute will work with any minority business to help them take advantage of market opportunities, they primarily focus on those in the construction industry—an industry in which small and minority-owned businesses need all the help they can get.

“Construction is a very closed industry,” Peden says. “We have the ‘good ‘ol boy’ network here in Greenville. They have people they’ve been working with for years, and it’s hard for a new business to break into those areas. The construction industry has survived because they have subcontractors they’ve worked with over the years, and they can count on them.”

A common misconception is that small, minority-owned businesses are unable to complete the work at the level of their larger corporate counterparts.

“Too often, good quality small businesses are overlooked due to broad misconceptions that they cannot perform,” says Shawn McCullough, general manager of ML Builders, LLC. “The Institute is producing sound businesses that can compete in this challenging business climate.”

McCullough was referred to the Institute years ago by the supplier diversity manager at Greenville Health System, which has partnered with the Institute since its inception 11 years ago. He says the most critical assistance his company received was access to local construction opportunities.

“The institute is critical to bridging the gap between small businesses that need access to opportunities for growth and end customers that need exposure to small business that are capable of providing a quality service competitively priced,” McCullough says.

If a small and/or minority-owned business can breach the industry walls, it can be incredibly lucrative.

“Right now, there are approximately \$2 billion of construction projects on the books that we know about, that have been announced in Greenville,” Peden says. “We continue to stay in touch with the owners of those projects so we aren’t forgotten.”

Unfortunately, despite their competitiveness, minority-owned firms are often overlooked. Peden says one business owner he works with frequently takes trips to Alabama to find and complete work. Other owners have found success in nearby Columbia, Charleston, and Charlotte, N.C., but not in the Upstate.

“When I’ve talked to the minority-owned firms who have the capacity to do work in Greenville, they will tell you that 80 percent or more of their work comes from outside of Greenville,” Peden says. “That’s a major factor that we have to work on. These are companies that are headquartered here, live here, buy homes here, pay taxes here, but they can’t get work here. Unless a company has a real commitment to be inclusive with all sectors of the community, particularly the minority sectors, they don’t get an opportunity.”

McCullough says that small- and minority-owned businesses are the “economic engines” to the local economy, but that many decision-makers don’t understand the importance of small business inclusion and how that impacts the local communities. Although some corporations have made a conscious effort to increase the diversity of their supplier base, most have not.

“Too often, supplier diversity is assigned to a person(s) that are also responsible for other functions within their organization,” McCullough says. “As a result, they are spending a small percentage of time on this issue as a part of their workload resulting in a program that is not effective.”

He suggests that training programs, mentor-protégé programs, and joint venture programs should be available for minority businesses to help develop more infrastructure to ultimately compete for contracts or be better subcontractors to large prime businesses.

Peden agrees.

“We work with the minority contractors to make sure they have what we call the infrastructure that’s needed,” he says. “Many of them are good tradespeople, whatever their trade is, they’re good at it, but many of them lack experience in the infrastructure of the business.”

A 2016 State of S.C. Commission for Minority Affairs study found that of the 3,289 African American-owned businesses in Greenville County, only 183 have paid employees. They don’t have a staff back at the office taking care of estimates and covering the office while they’re out doing business development. But that’s not to say they’re not competitive - or vastly important to the community.

“They bring trades and skills that are needed,” Peden says. “They bring a degree of being citizens of the community. They are dedicated to what they do. They are concerned about their community.”

Adds McCullough, “These same individuals that are given job opportunities spend their earned dollars on housing, goods and services in those same disadvantaged communities. Therefore, minority businesses must be able to thrive and grow their companies.”