

# Washington University, big contractors mentor young minority-owned firms

By Jacob Barker • St. Louis Post-Dispatch  
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On most days, about 425 construction workers are busy on the east end of Washington University's campus.

With a 790-space underground parking garage, new academic halls and a visitors center all under construction as part of the \$280 million project to fill in what used to be six acres of surface parking, McCarthy Building Cos. is working with about 50 subcontractors and suppliers on the project.

One of them, though, is getting special treatment.

It's not just a business relationship between Ladue-based McCarthy, one of the largest general contractors in the region, and piping and fabrication subcontractor STL Direct Mechanical. The two are part of a program Washington University started to pair construction subcontractors owned by racial minorities with some of the region's largest general contractors who mentor the small firms and help them grow.

"In the end, Washington University and McCarthy want us to succeed, they want to help us," said Mishaal Taqui, president of STL Direct Mechanical. "They're doing it for all the right reasons, not just to make numbers."

Many public entities, such as the Metropolitan St. Louis Sewer District and the city of St. Louis, use capital projects to help minority- and women-owned construction firms grow their business. But they often do it by setting goals for a percentage of work to be performed by firms owned by minorities and women.

"Sometimes goals are limiting on building capacity," said Stephanie Smith, manager of supplier diversity at Washington University, who helped design the mentorship program. "Sometimes the institution of goals keeps companies always in that subcontractor role."

Washington University is taking a different approach. Smith's office offers coaching for the smaller firms as well as free business classes at the university for employees at the construction companies. The general contractor mentors provide feedback on the subcontractor's bids, suggesting back-office improvements or changes in how they prepare estimates.

The university helped make the introductions between the firms. In STL Direct's case, for instance, it had never worked with McCarthy before.

“They’re picked because we believe they’re subcontractors who have the potential for significant growth and significant contribution,” said Hank Webber, Washington University’s executive vice chancellor and chief administrative officer. “We’re trying to help these firms be successful and grow to the capacity where they can be successful in the open market.”

Smith spent almost a year preparing and recruiting the region’s big general contractors into the program, as well as scouting subcontractors with potential. The program launched in October 2017, about the time the East End campus project began.

“East End was just a great catalyst because it’s such a huge project,” Smith said.

McCarthy agreed to pair up with STL Direct Mechanical and began the relationship by helping the young firm — Taqui and a partner launched it just under three years ago — perform a “SWOT” analysis, short for strengths, weaknesses, opportunities and threats.

It’s a different relationship than a general contractor has with a typical subcontractor, said Ryan Freeman, McCarthy’s vice president of operations, who is overseeing the project on Washington University’s campus. There’s more transparency than usual, giving Freeman and those at McCarthy a glimpse of some of STL Direct’s business practices that lets them help diagnose problems and offer advice.

“The more we can help grow quality subcontractors in the market, the more successful we’ll become,” Freeman said.

The mentorship program isn’t a guarantee of work on future projects. The subcontractors still have to bid and demonstrate quality results.

“You have to work hard and prove yourself, and that’s what my guys do,” STL Direct’s Taqui said.

But the pairing has already paid off for his firm. When work on the parking garage wraps up, the subcontractor already has a job lined up with McCarthy on the planned James M. McKelvey Sr. Hall, a project expected to stretch into 2020.

Besides McCarthy, Washington University has persuaded other contractors who frequently do work on campus to mentor smaller minority-owned firms. S.M. Wilson is working with Sledroc Construction and Pearl Street Electric. Alberici has paired up with Penn Services and Phillips Concrete. Tarlton has Carr Flooring. Clayco is coaching Brandt Contracting.

Smith expects the participating firms to continue the mentor and mentee relationship for another two years or so before cycling out of the program so other firms can pair up with the big general contractors. By that time, she hopes, the initial class will have grown to a point where they’re first-tier subcontractors working with the big construction firms in town and hiring their own, second-tier subcontractors.

Webber said about 22 percent of its East End subcontractors were minority- or women-owned firms.

“The long-term success of the region depends on shared prosperity,” he said. “I would hope that if we’re successful, the next time we do an East End project, in 10 years, instead of being at 22 (percent) we’re at 30.”