

# Montana Department of Transportation 2011 Needs Assessment



# DISADVANTAGED BUSINESS ENTERPRISE 2012 NEEDS ASSESSMENT

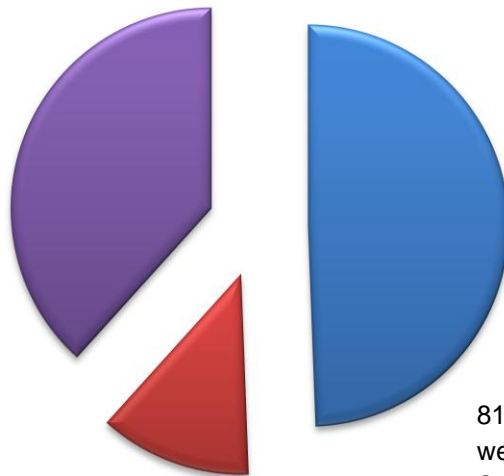
## INTRODUCTION

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 needs assessment survey of four principal groups in December 2011 and January 2012

- 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
<b>Disadvantaged Business Enterprise (DBE) Firms</b>	<b>49.4%</b>	<b>40</b>
Agency or association serving minority and/or women-owned businesses	12.3%	10
MDT or interagency personnel	0.00%	0
Non-DBE prime contractor or prime consultant	38.3%	31



81 respondents completed the 2012 web-based Needs Assessment Survey. The majority of respondents (49.4%) 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	48.1%	39
No	48.1%	39
Prime	14.8%	12
Subcontractor	25.9%	21
<b>Totals</b>		<b>81</b>

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

	Response Percent	Response Count
Yes	40.0%	32
No	56.3%	45
Prime	13.8%	11
Subcontractor	17.5%	14
<b>Totals</b>		<b>80</b>

### Rate your experience working on MDT projects:



	Response Percent	Response Count
Very Satisfied	24.0%	18
Somewhat Satisfied	21.3%	16
Neutral	38.7%	9
Somewhat Dissatisfied	10.7%	8
Very Dissatisfied	8.0%	6
3		
<b>Totals</b>		<b>75</b>

## **Barriers working with MDT**

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

Some barriers to doing business with MDT include: treatment and attitude towards small contractors, primes using the same old subcontractors, changing requirements, change orders, confusing pre-design requirements, too much paperwork, bonding capacity, contract bidding training, and cash flow.

### **List the top barrier you see in working with MDT:**

- ✓ The MOU that the State has with the tribes, very gray area
- ✓ Bonding and mobilization
- ✓ Inspectors attitude and personal feelings
- ✓ Size and magnitude of jobs
- ✓ Small projects are more within our reach to bid as prime
- ✓ No DBE goals, "we promise to try and use DBEs" by the primes is a joke
- ✓ Time constraints, late season
- ✓ Contractors that cannot do a job for the bid they submitted and then expect the subs to make up for their loss
- ✓ Don't see a lot of barriers
- ✓ MDT's negative attitude toward contractors
- ✓ Distance
- ✓ MDT projects are set up with excessive administration that makes it difficult for small companies to comply with
- ✓ Way too confusing, paperwork is a nightmare
- ✓ Type of contracts available
- ✓ MDT never wants to see change
- ✓ Cash flow
- ✓ Large primes that can outbid smaller contractors almost every project
- ✓ Internal problems within MDT
- ✓ Not all bids are easily available
- ✓ Primes always use the same contractors

Survey participants are working with other government agencies as well as with MDT. The work as a prime was slightly higher than working as a subcontractor. Other agencies that survey participants worked for include: Department of Environmental Quality, Fish, Wildlife and Parks, Department of Commerce, Bureau of Land Management, Federal Aviation Administration, Forest Service, U S Air Force and the USDA.

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

	Response Percent	Response Count
<b>Yes</b>	<b>72.5%</b>	<b>58</b>
<b>No</b>	<b>23.8%</b>	<b>19</b>
<b>Prime</b>	<b>30.0%</b>	<b>24</b>
<b>Subcontractor</b>	<b>25.0%</b>	<b>20</b>
<b>Totals</b>		<b>80</b>

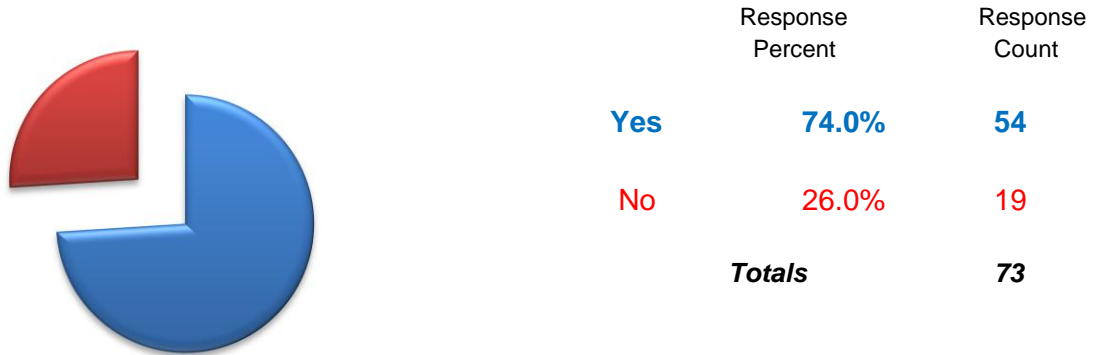
**Please list the top 3 other government agencies you have worked with in the last year:**

- ✓ *Department of Environmental Quality (9)*
- ✓ *Fish, Wildlife and Parks (8)*
- ✓ *Forest Service (6)*
- ✓ *Department of Commerce (5)*
- ✓ *USDA (5)*
- ✓ *Bureau of Land Management (4)*
- ✓ *Federal Aviation Administration (4)*
- ✓ *U S Air Force (4)*
- ✓ *City of Billings (3)*
- ✓ *DNRC (3)*
- ✓ *Department of Defense (3)*
- ✓ *FHWA (3)*
- ✓ *Small Business Administration (3)*
- ✓ *Yellowstone County (3)*
- ✓ *Economic Development Administration (3)*
- ✓ *Army Corps (3)*
- ✓ *Central Federal Lands Highway Division (CFLHD) (2)*
- ✓ *Department of Administration (2)*
- ✓ *DPHHS (2)*
- ✓ *GSA (2)*
- ✓ *Lewis and Clark County (2)*
- ✓ *Montana Air National Guard (2)*

- ✓ *Western Federal Lands Highway Division (WFLHD) (2)*
- ✓ *Wyoming DOT (2)*
- ✓ *Bonneville Power Administration (2)*
- ✓ *Department of Education (2)*
- ✓ *Indian Health Service (2)*
- ✓ *Missoula County (2)*
- ✓ *BIA*
- ✓ *Bureau of Reclamation*
- ✓ *Chippewa Cree Tribe*
- ✓ *City of Great Falls*
- ✓ *City of Hamilton*
- ✓ *City of Missoula*
- ✓ *Confederated Colville Tribes*
- ✓ *Confederated Salish and Kootenai Tribe*
- ✓ *Department of Military Affairs*
- ✓ *FEMA*
- ✓ *Governor's Office of Economic Development*
- ✓ *Helena School District #1*
- ✓ *HUD*
- ✓ *Health Resources and Services Administration*
- ✓ *Idaho Transportation Department*
- ✓ *Malmstrom Air Force Base*
- ✓ *Montana Natural Resource Damage Program*
- ✓ *Montana University System*
- ✓ *Montana Office of Public Instruction*
- ✓ *National Science Foundation*
- ✓ *Rural Development*
- ✓ *State of Montana A & E Division*
- ✓ *Stillwater County*
- ✓ *Town of Browning*
- ✓ *US Dept of Agriculture*
- ✓ *US Treasury*
- ✓ *Utah DOT*
- ✓ *Washington DOT*
- ✓ *Wyoming AML Program*

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.

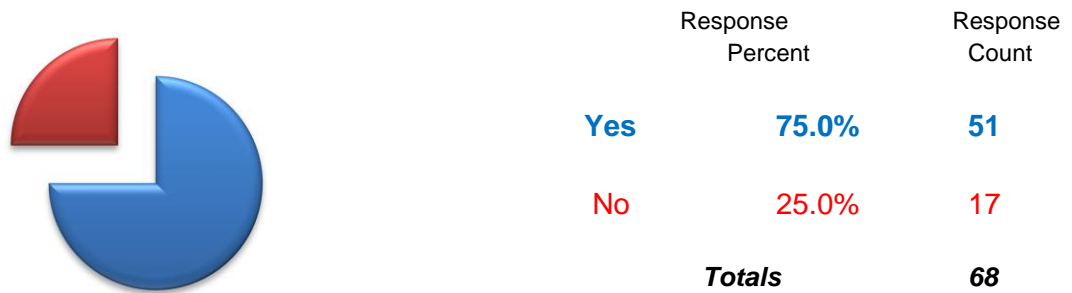
**Are you being paid within the allotted time frame stated in your contract, per MCA 28-2-2103?**



**Are there other issues related to payments for service?**

- ✓ Agencies ask for emergency work, and then take forever to get contracts and payments out
- ✓ MDT not paying for the quantities that are performed
- ✓ State slow to pay
- ✓ Inspectors leaving off items for pay estimates and/or not being thorough with quantities
- ✓ Primes dragging their feet to pay subcontractors
- ✓ MDT does not care about getting subs paid on time
- ✓ Contracted engineers do not always get their paperwork in for reimbursement in a timely manner
- ✓ Doesn't want to pay the 1% gross receipts tax
- ✓ Department holds back monies due to the contractors
- ✓ 1 ½ years after paving was completed, MDT assessed penalties against the project
- ✓ Excessive close out documents that are redundant to receive final payments
- ✓ State does not pay for all the work that has been done. Have done \$27,000 worth of work, but only paid for \$18,000 of it
- ✓ Federal government pay system is very disorganized and some agencies are impossible to received payment from
- ✓ Automatic payments sometimes don't work or are hard to check on
- ✓ Ordering quantities, perform the work, then quantities are re-measured
- ✓ Not predictable, hard to plan for cash flow
- ✓ Project closeout is delayed by months (even years), delays final payment of mob and other lump sum items, current contract sets no time limits on closeout
- ✓ General contractors do not ask for payments on a regular basis, which means that subcontractors are waiting for a long time to get paid.
- ✓ Never paid in a timely manner

**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, small jobs, more supportive of small businesses, Printing opportunities, IDC assistance, Work closely with other economic development agencies, Make sure different needs are being met for different companies, Other programs available for all walks of business, not just construction, More access to capital and bonding, Networking, Provide legal advice, Prompt payment compliance, More one on one time with Supportive Services.

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

- ✓ OSHA
- ✓ Concrete
- ✓ Asphalt certifications
- ✓ Payroll, tax and accounting methods
- ✓ Business skills training (payroll laws, accounting, business plans, strategic planning)
- ✓ Marketing training
- ✓ Human resources training
- ✓ Computer training
- ✓ Safety, EEO, DOT enforcement
- ✓ EMTA
- ✓ Project management
- ✓ Technology training
- ✓ Proposals
- ✓ Contract management
- ✓ Quickbooks
- ✓ Federal 8a certification
- ✓ Trench Safety
- ✓ Estimating
- ✓ People skills
- ✓ Driving
- ✓ Financial grants
- ✓ Networking
- ✓ Surveying
- ✓ Drafting
- ✓ Engineering
- ✓ ACI Flatwork Finisher
- ✓ Legal
- ✓ Collection
- ✓ Business plan writing
- ✓ Professional training
- ✓ Bidding
- ✓

**Who are you currently using for your training needs?**

- ✓ Whoever offers it
- ✓ ACI
- ✓ DBE program
- ✓ On-line resources
- ✓ Internet
- ✓ Internal
- ✓ Self
- ✓ Private firms
- ✓ Associated Employers
- ✓ Montana Safety Service

- ✓ Vendors
- ✓ Insurance company
- ✓ SBA
- ✓ Tribal
- ✓ Montana Contractors Association
- ✓ Conferences
- ✓ Professional Trade Organizations
- ✓ Avitus Group
- ✓ Lake County Community Development
- ✓ FAA Civil Rights
- ✓ Local/area instructors
- ✓ Professional associations

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)	75.4%	49
Spring (Apr – Jun)	9.2%	6
Summer (Jul – Sep)	3.1%	2
Fall (Oct – Dec)	12.3%	8
<b>Totals</b>		<b>65</b>

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?**



	Response Percent	Response Count
Only if it's free	17.8%	13
Small fee okay	71.2%	52
Won't attend at all	11.0%	8
<b>Totals</b>		<b>73</b>

Survey participants have indicated that some things that are holding them back from expanding their business are as follows: Bonding, No jobs, Qualified help, Cash flow, Highway funding, Amount of paperwork required to produce a bid, Getting projects, Personal reasons, Business isn't stable enough to expand yet, Competition bidding too low, Economy, Financing, Marketing

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

- ✓ *Knowing who to talk to about federal issues*
- ✓ *Unfair playing field*
- ✓ *Bonding*
- ✓ *No jobs*
- ✓ *Not enough local jobs*
- ✓ *Lack of use by GSA users*
- ✓ *Qualified help*
- ✓ *Cash flow*
- ✓ *Highway funding*
- ✓ *Amount of work required to produce a bid*
- ✓ *Personal reasons*
- ✓ *New business isn't stable enough to expand*
- ✓ *Competition bidding too low*
- ✓ *Economy*
- ✓ *Type of Business*
- ✓ *Working with honest contractors*
- ✓ *Financing*
- ✓ *Ability to market to government officials*
- ✓ *Time*
- ✓ *Lack of E-commerce*
- ✓ *Networking*
- ✓ *Fear*
- ✓ *Location*
- ✓ *Ability to process and comply with the permitting and compliance*
- ✓ *Paperwork*
- ✓ *Training*
- ✓ *Labor funding*
- ✓ *Age of business owners*
- ✓ *Workload*
- ✓ *Unknown future payroll tax cut*
- ✓ *Low price bidding rules*
- ✓ *Lack of opportunities*
- ✓ *Low consumer confidence*
- ✓ *Political influence*
- ✓ *Pending legislation*

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?**

- ✓ *Capital*
- ✓ *More work*
- ✓ *More skilled employees*
- ✓ *More contracts*
- ✓ *Not sure*
- ✓ *Develop natural resources in MT*
- ✓ *More assistance for businesses that are not related to MDT*
- ✓ *Goals on consultant projects*
- ✓ *Marketing*
- ✓ *Website development*
- ✓ *Economy improvement*
- ✓ *Reduction of government controls*
- ✓ *Learning other fields*
- ✓ *More contractor survey jobs*
- ✓ *Paperwork reduction*
- ✓ *Networking*
- ✓ *Loans or grants*

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	30.4%	17
Marketing Plan	5.4%	3
Both	64.3%	36
<b>Totals</b>		<b>56</b>

In obtaining contracts, most DBEs do not think that their DBE certification makes a difference one way or another.

**In obtaining contracts, does your DBE certification:**



	Response Percent	Response Count
<b>Makes no difference one way or another</b>	<b>81.3%</b>	<b>39</b>
Give you an advantage in bidding and working on federally-funded highway contracts	14.6%	7
Hinder you from bidding and working on federally-funded highway contracts	4.2%	2
<b>Totals</b>		<b>48</b>

Most survey participants indicated that their current financial condition was still good despite the downturn in the economy.

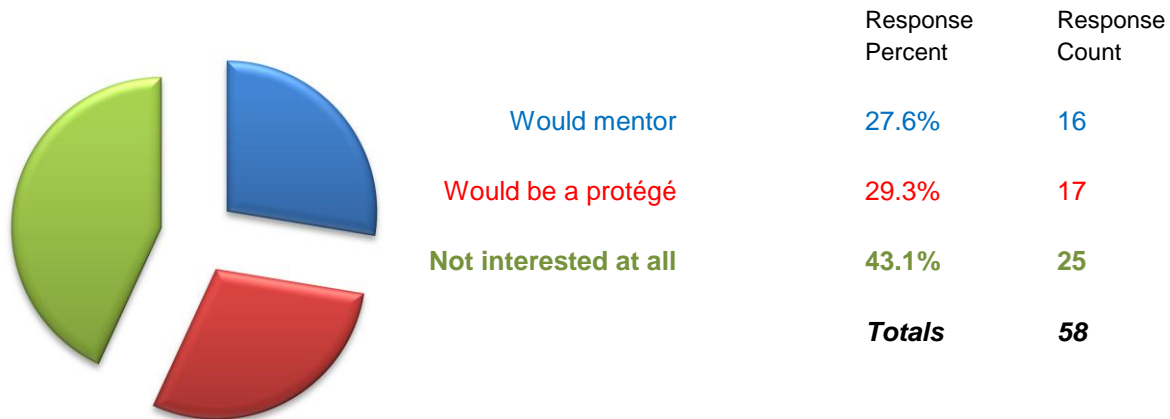
**Rate your current financial condition:**



	Response Percent	Response Count
Excellent	13.9%	10
<b>Good</b>	<b>36.1%</b>	<b>26</b>
Average	31.9%	23
Poor	18.1%	13
<b>Totals</b>		<b>72</b>

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?**

- ✓ Educating primes to establish relationships with subcontractors
- ✓ Primes need to pay their subcontractors for their work
- ✓ Easier access to more projects
- ✓ Focus on mutual benefits
- ✓ It was easier to do this when everyone met in Helena for the monthly bid lettings
- ✓ Meet and greet with estimators
- ✓ Networking
- ✓ Create a website that would match mentors and protégés
- ✓ Provide joint training to both primes and subs
- ✓ Provide lists of active contractors/subcontractors to DBEs
- ✓ Outreach
- ✓ MDT needs to get more involved with MCA

In comparing the Needs Assessment from 2011 to 2012, there were 104 participants in 2011 and 81 participants in 2012. Most participants were DBEs and DBE participation decreased from 51 to 40. There was also less participation from the non-DBE contracting community. Non-DBEs decreased from 41 to 31 this year.

In 2011, slightly more participants bid for MDT projects. The percentage of participants bidding on MDT projects was 48.1% as compared to 47.1% in 2010. This was exactly the same percentage as participants *not* bidding on MDT projects, that percentage was 48.1%. Of those, 14.8% bid as a prime and 25.9% bid as a subcontractor.

It appears that the trend of working for other agencies than MDT remained close to 2010 figures at 40% of the participants working on MDT projects and 56.3% not working on any MDT projects. Many of the participants indicated that they do a lot of work for other government agencies.

New questions to the Needs Assessment in 2012 included information regarding prompt payments. 74% of contractors were being paid on time, while 26% of contractors are not being paid on time. There are other issues with being paid on time, including not paying for quantities, not paying on time, assessing liquidated damages after the project has been completed for some time and excessive paperwork.

Satisfaction with the DBE Supportive Services program dropped slightly this year with a “very satisfied” response of only 49% dropping from 57.4% in 2011. Noted in 2011 that for the categories “somewhat dissatisfied” and “very dissatisfied” combined, there were 7 respondents.

Current financial situations of participants seems to have improved with most participants rating their current financial condition as “Good”, which is up from “Average” in 2010. “Excellent” and “Average” financial conditions of participants are on the rise and “Poor” financial conditions are on the decline.