

# ACEC Indiana

## Short List

PUBLISHED FOR ACEC INDIANA MEMBERS

### A View From the Other Side

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What if the shoe was on the other foot?

Let's imagine for just a day that all of the primes are turned into sub-consultants with the wave of a magic wand. Poof, you are now a M/W/DBE firm. How would that change the way you interact with these firms

Consider this scenario: The Best LLC is considering closing its doors after 27 years of business. A shrinking market share, high cost of operating the business, and a couple of bad years of losing on high risk projects contributed to this action. In nearly three decades Best has not primed a job despite numerous attempts. They were either told they did not have enough experience, not enough staff, not enough resources to be pre-qualified, not enough, not enough, not enough... How could that be when the firm has almost three decades of experience, a talented staff, and is well respected for its work in the consulting community and conceivably by most owners/clients?

Over the years, Best survived off assignments that represented three to five percent of the total contract amount of the jobs awarded to the primes it partnered with. Imagine having to maintain an operation off such percentages. In fact, in one year alone Best had over 50 jobs that produced annual sales of \$400,000. Surviving off these percentages was once a mainstay for Best, but these days it is not enough to cover escalating business costs, remain competitive in a very competitive environment, and certainly not enough to capitalize the business and escalate into growth mode. So, Best is contemplating selling the firm – folding to the challenges of the marketplace and a lack of real opportunity to increase capacity and stabilize its legacy.? This story happens all too often in the M/W/DBE world.

What is the moral of this story? All too often, small businesses all across Indiana close their doors for real things that challenge the best of us. And, for those small businesses that are also M/W/DBE the normal issues are compounded by some of the institutional impediments

these firms face everyday such as access to capital, access to opportunity, hand outs vs. a hand up. It is difficult to survive on the M/W/DBE percentages alone. The more successful M/W/DBE firms diversify their business model with a balance of public and private work with the latter usually allowing greater opportunity to negotiate fees. Likewise, the more successful firms tend to be more inclined to approach a business partnership with a prime looking for ways to provide a value-added service over and beyond the M/W/DBE goals. We all know that clients look at the total picture when selecting a team. A significant number of clients are beginning to assign more value to those prime/sub partnerships that promote diversity and meaningful involvement of M/W/DBE firms. For example, in 2007, Eli Lilly and Clarian committed to implement the Indiana Construction Roundtable Diversity Initiative that allows owners/clients to rate bidders based on their diversity initiatives.

So, what do you do the next time you are contemplating filing a waiver or sharpening your pencil to complete a “good faith effort” form? Try contacting ACEC Indiana or

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### Upcoming Event

April 27-30 - ACEC Annual Convention & Legislative Summit, Wash. D.C.

<http://www.acec.org/conferences/annual-08/index.cfm>

other resources to identify potential M/W/DBE partners that match the qualifications you are seeking for a specific proposal. Arrange a meeting of the minds to ink a deal that will be mutually agreeable for all parties including building the winning team based on qualifications first vs. the M/W/DBE goals exclusively. Consider ways to mentor M/W/DBE firms and assist in ways that will help increase their capacity. And, above all look at building these relationships on a solid ground because you never know when you will be invited by a M/W/DBE to be a sub-consultant. Now the shoe is really on the other foot...

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