This model is the product of literally generations of direct and personal experience with the business side of the construction industry -- including much experience with the many government programs said to encourage the growth and development of minority, women and other "disadvantaged" business enterprises (M/W/DBEs).

The most obvious and controversial of these programs are the procurement programs that work their will on the award of government contracts and subcontracts. Much has already been said about these programs -- and more will surely be said in the future. For now, it is enough to observe that these programs have not had a significant and lasting impact on the vast majority of the construction firms that they purport to serve. Relatively few of the targeted firms have become successful and effective competitors, capable of making their own way in an open market. It is true that some of the targeted firms have become competitive but the number pales in comparison to the great volume of work that federal, state and local programs have set aside.

As already acknowledged, Mr. Ron Stempel is the original source of much of what this model includes. When Mr. Stempel began researching the matter for the Port of Portland, he found that the government contracting programs were enriching a few big firms but having little if any impact on the vast majority of M/W/DBEs. The competitive base of such firms remained small. And their turnover rate was high.

Mr. Stempel also found fault with the government's traditional approach to management, accounting and other professional support services. He found that M/W/DBEs were accessing these services randomly. He found that the government had excessively limited the amount of help that such firms could get. And he found that the government had made no effort to measure the effectiveness of the services that it could provide.

AGC intends this model to respond to all of these problems. The association intends the model to help develop a broad base of emerging business enterprises that can survive and even thrive in a competitive environment. Some of the firms may perform public work. Others may prefer private work. Whatever the case, AGC hopes to help these firms become a vibrant part of the industry that AGC remains proud to represent.

More immediately, the association hopes to make professional support services far more effective instruments of emerging business development. Experienced hands should guide the emerging firms that need these services. And the services themselves should be available -- when needed, and not two weeks later. AGC also wants to measure the services' impact, focusing more attention on the

Over the course of time, each generation of construction men and women has assumed the responsibility for preparing its successor. Indeed, in the construction industry, this has long been the "natural order" of things. It has been woven into the industry's culture and it remains one of the many things that makes the industry so attractive. AGC intends to respect this long tradition. The association believes that many of the industry's well-established firms are interested, willing and able to share their accumulated business acumen.

The mission of the model program is to build a broad base of emerging business enterprises capable of performing high quality construction at competitive prices.

The program's immediate goals are two. The first is to increase the volume of work that emerging business enterprises are capable of winning -- and profitably performing -- in open competition. The second is to broaden the base of their activity, increasing the number and long-term stability of such firms, and spreading their activity throughout the building, highway, heavy, industrial and utility sectors of the industry.

The measurable objectives of the model program are four. The first is a higher than average survival rate for the program's protégés. The second is continuous improvement in the financial strength and bonding capacity of those firms. The third is consistent success in meeting the objectives included in each protégé's individual business plan. The fourth is a high rate of successful transition out of the program in one to three years.

As it accumulates data on the performance of its protégés, the program should also define and apply other appropriate benchmarks.

And in at least its first few years, the program should also seek a steady increase in the number of mentors and protégés that it brings together.

To succeed, the program must be well rooted in the local business community, for that is where emerging business enterprises will find the resources and other assistance they need to overcome educational and other impediments to their success. Those most deeply involved in the program will be the program sponsor and the well-established contractors (whether prime contractors or subcontractors) that agree to provide mentors. The program sponsor must also network with surety

One of the program sponsor's key responsibilities is to structure the interaction among the many players, and particularly between mentors and their protégés. The working relationships among the players must be flexible and yet rigid enough to produce results. Once strong, the relationships between mentors and their protégés' will empower the latter to make effective use of a service provider, and eventually, to build their own relationships with the other players.

This model requires two mentors for each protégé. It contemplates at least monthly meetings among the three. At these regularly scheduled meetings, mentors and their protégés should work through a written agenda. At the heart of that agenda should lie the protégé's business plan. Together, mentors and their protégés should identify the steps necessary to implement that plan, and should agree on a set of specific actions@13(t)-mmnprotégntify noy kme blyg thtmvnff thnex(era)12(tregé's (u)3(ly)-3()9m-3(s)12(-@rkin-3(. M

Mentors have to make themselves readily available to their protégés. In fact, their time is their most important contribution to the program. Among other things, mentors have to attend all meetings -- including but not limited to the regular monthly meetings that the program sponsor will schedule.

Between the regularly scheduled meetings, mentors have to be available to help their protégés address any significant business problems that the latter may confront. In effect, mentors have to be "on call." Mentors should not be expected to address routine matters but they should be there to help with any significant business issues.

In sum, mentors should help their protégés (1) set targets for improvement, (2) set deadlines for hitting those targets and then (3) meet those deadlines. Mentors should regularly review their protégés' business and action plans, and as their protégés grow and develop, mentors should keep close tabs on their protégés' key business indicators, including their cash flow, work in progress and recent bids. Mentors should also teach their protégés how to market a construction company.

Mentors' experience can be expected to help protégés:

Identify any weaknesses in the latter's general or financial management;

Identify the professional services that could help address those areas;

Identify any seminars or other educational programs that protégés should take; and

Directly impact protégés' engineering, project and construction management.

The second appendix is a sample agreement to participate in the mentor-protégé program. The program sponsor should require all mentors and protégés to sign such an agreement.

Protégés should also have certain responsibilities. They should be required to attend all regularly scheduled meetings and to help complete the agenda for those meetings. Between such meetings, protégés should be required to make every reasonable effort to implement the business decisions that

The third appendix is a sample report form that protégés should be required to complete each month, in advance of their regularly scheduled meetings with their mentors.

Surety companies and brokers that serve the local business community also have to take an active part in the program. The program sponsor needs to take advantage of their unique ability to encourage and help protégés reach the point where they are bondable. At least some of the surety companies and brokers can and should agree to meet with the protégés:

Below are some standard operating procedures for the selection of mentors, for the selection of protégés, for the assignment of mentors to protégés, and for meetings between the two.

Either alone or in conjunction with the advisory board, the program sponsor should seek out and interview all potential mentors. In the course of the interview, and in other ways that it finds effective, the sponsor should assure itself that the candidate understands and accepts the program's expectations and is truly committed to making the program work.

The advisory board and program sponsor should invite the emerging business enterprises in the local construction industry to enroll in the program. The board and/or sponsor should also interview the firms that do apply, to identify and/or darify each firm's needs.

The invitation to enroll in the program should make it clear that all applicants must complete and submit a program application, a balance sheet and an income statement. The board and sponsor should use the balance sheet and income statement to conduct at least a cursory financial pre-review, before interviewing an applicant. This pre-review should include a comparison with standard industry ratios.

The board and sponsor may also want to require all applicants to have a minimum number of years in business. In any case, they should not accept new start-up companies.

The fourth appendix is a sample application form for emerging business enterprises interested in enrolling in the mentor-protégé program.

The advisory board and program sponsor must also designate two mentors for each protégé. In deference to federal and other antitrust laws, the board and sponsor should hesitate to ask well-established companies to mentor firms that compete for the same work. In any case of doubt, the board and sponsor should seek the advice of competent legal counsel.

Mentors, their protégés, the service provider and the program sponsor should meet at least once each month, at a regularly scheduled time and place. The sponsor should arrange these meetings, and the sponsor should prepare a written agenda for each. The service provider should take notes on the meeting, and at the conclusion of each meeting, the service provider should distribute a written report on the meeting to all of the participants.

The report should outline the protégé's most recent efforts to implement its business plan and the results of those efforts. The report should also list the protégé's current needs. Mentors and protégés