

CONSTRUCTION PROJECTS: DIVERSITY AND INCLUSION

Written by: Joe Bousquin, Senior Reporter, Construction Dive

Diversity and inclusion goals on construction projects have made a lot of news recently.

Not only has the industry spearheaded efforts to bring more diverse workers onto jobs with initiatives like Construction Inclusion Week, contractors are increasingly putting their money on the line, too.

Just look at Gilbane's \$4 billion commitment over the next five years to up the number of women-, minority-, and veteran-owned businesses in its subcontractor pool.

But meeting workforce participation goals on jobsites comes with its own challenges as well.

There are capacity issues, missed or untracked metrics, and compliance hurdles. In some of the most egregious cases, contractors allegedly use "pass-through" schemes to meet goals on paper, without actually doing so on jobsites.

To gain more insight into the issues around meeting supplier diversity goals on projects, Construction Dive talked with Paula Finch, an attorney at St. Louis-based Greensfelder who specializes in helping construction firms navigate this sometimes confounding area of jobsite management.



Well, you can't just say, "We tried." You need to show you did your research, who you contacted, and what the response was.

If there's an area that you're having trouble meeting the goals, then you need to demonstrate that you really don't have a qualified supplier who fills that gap.

It is, for good or bad. The unintended consequences of these goals can sometimes be companies that try and get creative so that their bid looks better than the guy who isn't trying quite so hard. Because everybody wants to have the best bid.

While the concept of supplier diversity is generally understood everywhere, there's all these intricacies out there that result in different aspirational goals. When you see it at the state and local level, they typically have some research behind it that suggests, "Hey, we're going to have a 2.5% goal for women-owned companies in transportation."

And that seems like a small number, but they do that because they know there's just not enough companies out there to fill that goal. They don't want to set up their bidders to fail. They want to set them up to succeed and they want to encourage them.

Great question.

At the federal level, and particularly at DOT, there are typically compliance groups within the supplier diversity division. So speaking from firsthand experience, Indiana DOT has a minority supplier division. They have their certification staff, they have their training staff, and they have their compliance staff.

The compliance people go out to the jobsites. They do field checks. They just show up at the jobsite and talk to the minority supplier and find out what's going on. They talk to the prime contractor, and engage with them.

But there are also reporting requirements. In Indiana, for example, both the prime and the sub are required to report the contract amount, the payment amount, and what the balance due is.

So there are two separate reports on the same job, and for that reason, those compliance people can often be a great referral source on the next job. Because they really get a feel for who does what.

From my experience in the Midwest, it's the norm. That said, compliance has been the weakest part of supplier diversity for ages. The compliance people just can't keep up.

They've had the problem with staffing and funding for years, long before it was a hot topic that folks were talking about.

Well, that comes down to business ethics. If there's one frustration that I've not been able to overcome in my career, it's the lpy Tflbb1lf005060400,0 deploy the \$1.2



Joe Bousquin is a Senior Reporter for Construction Dive. He has been covering construction since 2004. A former reporter for the Wall Street Journal and TheStreet.com, Joe focuses on the trends and challenges shaping the future of construction, development and real estate. He holds a master's degree, with honors, from Columbia University's Graduate School of Journalism.

Joe can be reached at jbousquin@industrydive.com.

Republished from [Construction Dive](#) online. Construction Dive is a leading industry publication operated by Industry Dive. Their business journalists spark ideas and shape agendas for 10+ million decision makers in the most competitive industries. The daily email newsletter and website cover topics such as commercial building, residential building, green building, design, deals, regulations and more.

Any views and opinions expressed in this article may or may not reflect the views and opinions of the Construction Management Association of America (CMAA). By publishing this piece, CMAA is not expressing endorsement of the individual, the article, or their association, organization, or company.