

**Emerging Small Business (ESB) Program  
Biennial Report (ORS 200.160)  
December 2013**



## **Introduction**

The Oregon Department of Transportation's (ODOT) Emerging Small Business (ESB) Program seeks to help Oregon's small business community overcome barriers to participation in the state's multi-billion dollar public contracting process. This helps small Oregon firms increase their capacities to perform and maintain business, and then expand their market shares.

In accordance with ORS 200.160, which states that *the Oregon Transportation Commission shall appoint a committee to recommend plans whereby the Department of Transportation may assist emerging small businesses in overcoming barriers to participation in state public improvement and maintenance projects. The committee shall report biennially its recommendation to the commission and to the appropriate legislative committee. [1991 c.517 §2; 2005 c.683 §8]*, the Emerging Small Business (ESB) Advisory Committee meets quarterly and is comprised of the following ODOT staff: Chief of Staff, State Maintenance and Operations Engineer, Deputy Director for Central Services, and Office of Civil Rights Manager.

The Advisory Committee monitors and provides oversight on all aspects of the ESB Program, including educational and mentoring programs to meet the two main objectives of the ESB program:

- Short term – provide immediate contract opportunities on ODOT contracts
- Long term – develop ESB firms' ability to grow and compete for larger ODOT contracts

## **ESB Program Overview**

The ESB program is comprised of three elements:

- **ESB Project Delivery Program** – Selection and management of improvement and maintenance contracts for ESB firms
- **Project-Specific Mentor Protégé Program** – Through the program, a facilitator from the Small Business Development Center (SBDC) Network and several seasoned contractors participate as mentors to assist ESBs in various topics ranging from marketing to on-site operations.
- **Small Business Management Program** – In partnership with the Small Business Development Center Network, located on statewide community college campuses, the program offers classes in business management to ESB firms.

Funding for the ESB Program is defined in statute and requires ODOT to dedicate up to one percent of its highway construction contracts to the ESB program. Funding for the 2011-2013 biennium totaled \$8.35 million. The budget dedicated \$8 million to ESB Project Delivery Program, \$200,000 for the Mentor Protégé Program, and \$150,000 to support services through the Small Business Management Program.

## **ESB Project Delivery Program**

The ESB Project Delivery Program started more than 20 years ago for the express purpose of giving small companies the opportunity to experience a prime contractor relationship with ODOT on moderately sized (under \$100,000) public works projects, set aside for exclusive bidding by ESB firms. In this environment, ESB contractors are often mentored by ODOT project managers to learn how to work with government contracts, gain new understanding for public contracting practices, and build relationships that often generate repeat business opportunities.

ODOT's region and district management staff select projects based on the needs of the region of the state and the interest in creating contracting opportunities for ESB firms. In selecting projects, consideration may be given to ensuring projects do not overuse any one particular trade and that projects are evenly distributed to ESB firms across the state. In the 2011-2013 biennium, ESB firms completed 175 projects totaling \$8.1 million throughout the state.

ESB projects have solidified partnerships and provided beneficial safety improvements throughout the state. For example, in Central Oregon, ODOT worked with Deschutes County and the communities of Tumalo, Terrebonne and Bend, all of whom identified speed at three busy intersections as a top priority. In an effort to help the traveling public slow down, an ESB contractor installed driver feedback signs at three high profile and dangerous intersections which has greatly improved safety in these areas. In Eastern Oregon, ODOT worked with the Confederated Tribes of the Umatilla Indian Reservation and local tribally owned business to solve a safety and sight distance issue at heavily used exit 216 on I-84. The ESB contractor provided fill and widened out the guardrail which resulted in greater sight distance improvement. The next phase of this project will begin in the spring of 2014 when another ESB firm will install an electrical cabinet and lights at the busy ramps. ODOT is currently working with the tribes on an IGA for maintenance and legacy costs for the lights.

## **Project Specific Mentor-Protégé Program**

The Project Specific Mentor-Protégé program, created in response to a 2007 legislative budget note, pairs ESB firms with larger, more experienced contractors and consultants as mentors to provide additional guidance and direction to ESB firms wishing to improve their capacity to perform on ODOT-related work. Through the program, protégé firms expand their professional network of potential business partners, learn to seek out resources to bridge identified business knowledge and management gaps, and meet a host of active, committed business and technical contacts, which can enrich the protégé's business practices as they grow. Evidence of a long-term positive impact will be the emergence of these firms as they enter the ODOT bidder pool as active participants, thus increasing competition, potentially moderating prices and delivering higher quality projects.

During the 2011-2013 biennium, program modifications were made, introducing a local facilitator from the Small Business Development Center Network to each mentor-protégé teams to act as facilitator. The SBDC facilitator schedules regular team meetings, documents and distributes meeting minutes, notes and action items, and monitors protégé development. The SBDC facilitators work along with local supportive services to focus on identifying and meeting the highest priority needs of the protégé.

The program enrolled thirteen firms in the 2011-2013 biennium. All thirteen firms held additional certifications beyond ESB, which included M/W/DBE. In the 2013-2015 biennium, the Project-Specific Mentor-Protégé program is anticipated to include 20 protégé firms based across the state.

### **Small Business Management Program**

One important aspect of the ESB Program is the development and growth of ESB firms. ODOT seeks opportunities to provide supportive services in the form of training and webinars to facilitate the growth of ESB firms.

Small Business Management courses cover business management topics, peer networking and ODOT specific procurement topics. These courses are taught by experienced business instructors and use curriculum developed from Small Business Management training statewide. Funded through the ESB Program and delivered by the Oregon Small Business Development Center Network, the program enrolled 40 firms in classroom and web-based environments. Each class session is approximately three hours, meeting once per week during a nine-week class cycle, or once per month in a nine-month class cycle. Participants are guaranteed up to 18 hours of business specific advising. In 2011, class enrollments expanded to include all certifications including minority-owned, women-owned and disadvantaged business enterprise (M/W/DBE).

### **Summary**

ODOT's ESB Program assists emerging small businesses in overcoming barriers to competing for public improvement and maintenance contracts. The ESB Advisory Committee will continue working with, and monitoring, the ESB Program to ensure that project delivery and supportive services aspects of the program continue to provide benefits to the ESB community, resulting in experienced firms that are competitive and ensure Oregonians receive quality projects at fair market value