

GENERAL CONTRACTORS, OWNERS, DEVELOPERS

- Why MWBE Participation Matters
- Finding Qualified MWBE Firms
- Compliance Process + Rules
- Mentorship
- Good Payment Practices

WHY MWBE PARTICIPATION MATTERS

The City of St. Louis released a report examining the use of diverse businesses and diverse workers on City contracts. This 2024 Contract Disparity Study found significant disparities between the availability of qualified MWBE firms and their utilization on contracts, indicating that many qualified and responsible businesses are not participating in the marketplace at levels that would otherwise be expected given their availability.

The study recommended continued efforts to improve contracting opportunities and assist with reducing barriers to participation.



CITY OF ST. LOUIS CONTRACT DISPARITY STUDY REPORT

WHY MWBE PARTICIPATION MATTERS

	Utilization %	Availability %	Disparity Index
African American-owned	10.8	14.44	70
Asian American-owned	.29	2.88	10
Hispanic American-owned	1.20	10.42	12
Native American-owned	.09	1.19	7
Total MBE	11.66%	28.93%	40
WBE (white woman-owned)	6.93	23.47	30
Total MBE/WBE	18.59%	52.40	35
Majority Owned	81.41	47.60	171
Total	100.00%	100.00%	/

2024 St. Louis Disparity Study

The figure demonstrates an MBE disparity ratio of .40 which is half of the .80 minimum threshold that is used to indicate **substantial** disparity between the availability of qualified firms and their actual utilization.



Disparity Ratio = Availability / Utilization x 100

FINDING QUALIFIED MWBE FIRMS

Only relying on preexisting relationships can unintentionally limit competition and reduce working opportunities for firms who have not had the chance to enter an existing network. Proactively seeking out and inviting certified MWBE firms to bid supports participation goals, increases eligibility for federal or local funding and contributes to the construction industry in St. Louis.

General contractors should seek out qualified firms early in the procurement process, provide adequate time for bid preparation, and build relationships with MWBEs before projects are advertised. Several directories and certification databases are available to assist general contractors or owners in identifying qualified MWBE firms. Please reference the directories below:

DIRECTORIES

[SLDC City of St. Louis M/WBE Directory](#)

[MRCC DBE Directory](#)

[Missouri Office of Equal Opportunity MBE/WBE Directory](#)

[Heartland St. Louis Black Chamber of Commerce Directory](#)

FINDING QUALIFIED MWBE FIRMS

Best Practices for General Contractors Seeking out MWBE Firms

- Expand bid lists regularly instead of only relying on previous subcontracts
- Outreach during preconstruction
- Advertise bid opportunities through multiple channels
- Clearly define scope of work and qualification requirements
- Host networking events for small businesses
- Attend networking events hosted by business assistance organizations (MOKAN, SLDC)

FIND NETWORKING EVENTS:

[SLC3 – Council of Construction Consumers](#)

[Associated General Contractors of America | MO Chapter](#)

[Associated Builders and Contractors](#)

[American Subcontractors Association | Midwest Council](#)

COMPLIANCE

Compliance regulations are required for the MWBE program to run effectively. Compliance is intended to promote accountability and ensure that MWBE firms are offered opportunities to compete for work. General contractors should be familiar with the compliance requirements established by the project owner before procurement even begins. The requirements can include number of outreach activities, maintaining records of bid solicitations and responses, reporting subcontract awards, and tracking participation throughout the duration of the project.

Typical Penalties for Non-Compliance

- Disqualification from eligibility to bid on projects for a period
- Imposition of liquidated damages
- Withholding of tax incentives



Examples of Compliance Regulations

[Fly STL Certification and Compliance Rules](#)

[City of St. Louis MWBE Official Guidelines](#)

[SLDC Contracting & Compliance](#)

WHAT ARE GOOD FAITH EFFORTS

Good Faith Efforts is the common metric used to determine whether or not a project put in satisfactory effort in engaging with MWBE firms. The actions of the contractor must demonstrate they made genuine, proactive, and reasonable efforts to identify, contact, and engage qualified MWBE firms throughout the procurement process. Effective outreach must begin early and clearly communicate the scope of the project.

EXAMPLES OF GOOD FAITH EFFORTS

The efforts must encourage meaningful participation from diverse groups. Examples of good faith efforts include, but are not limited to, expanding bid lists, utilizing certified business directories (with proof of utilization), hosting or attending outreach and networking events. Be sure to keep proper documentation of all contacts and outreach efforts, so that if there is a failure to reach proper MWBE participation, there is a paper trail document efforts for recruiting MWBE firms for a particular project.



MENTORSHIP

Investing in the growth of small businesses is integral to the success of the construction industry in St. Louis, especially since recent global trends indicate a rising societal devaluation of trades and apprenticeships.

Mentorship programs provide emerging contractors with opportunities to learn from experienced firms, gain exposure to commercial construction, and the technical/operational skills to compete for larger projects.

General contractors and developers benefit from more capable commercial workers and a competitive subcontractor pool.

Below are several mentorship strategies that benefit both owners and contractors

Partner Small Firms with Experienced Contractors

By connecting smaller MWBE firms with experienced subcontractors that have successfully completed similar scopes of work, emerging businesses can gain practical experience, while also gaining operational knowledge such as project management, scheduling, documentation, and communication expectations.

Create Joint-Venture Opportunities

Creating Joint-Venture (JV) Opportunities is one of the most risk averse strategies that owners can employ to promote minority business growth. JV combines the resources, expertise, and networks of two or more independent companies. The prime managing partner typically holds 51% or more ownership, while MWBE partners hold a smaller but meaningful share which allows MWBEs to bid on projects they might not qualify for alone, leveraging the prime's resources while sharing profits, risks, and governance responsibilities. This strategy helps build experience but reduces project risk for the owner and general contractor.

Invite MWBE FIRMS to Preconstruction Conversations

Including qualified MWBE firms in preconstruction meetings or design-assist conversations provides exposure to project planning and lets firms better understand and meet owner expectations. It also fosters necessary relationship building for a smooth construction experience.

MENTORSHIP

Share Contract Knowledge

Commercial contracts can be time-consuming and convoluted for small businesses with limited staff capacity and experience. Providing educational resources or workshops that explain common contract provisions, payment terms, change orders, retainage, insurance requirements, and risk allocation helps firms understand these concepts before bidding which reduces misunderstandings and improves project performance.

Invest in Workforce Development

Construction industry success in St. Louis is dependent on a healthy subcontractor workforce and investment in the next generation of tradespeople. Partnering with organizations such as Ranken Technical College, unions, or universities to expand access to careers in construction is beneficial for the long-term health of the community and construction firms.

Networking Opportunities

One of the biggest challenges for MWBEs is getting their foot in the door. Hosting contractor networking events or roundtables can help MWBE firms build relationships with developers, general contractors, and suppliers. Strong business relationships can lead to future partnerships and more bid options.

GOOD PAYMENT PRACTICES

WHY PAYMENT PRACTICES MATTER

Cash flow is one of the greatest challenge that small businesses face. Unlike larger firms that have greater financial reserves or access to capital, many MWBE firms have to pay employees, purchase materials, secure equipment and cover insurance costs before ever receiving payment for completed work. Extended payment cycles create significant financial strain and limit a firm's ability to take on additional projects or respond to unexpected project changes.

Clear and fair payment practices improve the project performance and reduce financial risk for all parties involved. Reliable payment practices also encourage businesses to focus on the quality of their work without needing to secure short-term financing to remain operational.

Contractors with healthy cash flows are better positioned to retain skilled employees and maintain quality project schedules. Owners and general contractors could engage in fair payment practices to strengthen the subcontractor market and promote a positive construction industry in St. Louis