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JANUARY 1997

# WorkingWoman



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# Contracting women

**As the building trades move from blue collar to white, women are moving with them. Result? Construction has suddenly become the hottest field for women entrepreneurs. By Laurel Touby**

**L**AST AUGUST 1, CAROLYN STRADLEY CAME HOME, dropped her briefcase, and plopped down in her favorite armchair. Worn out from work, she was looking forward to a soothing hour or two in front of the TV. Instead, what she saw on the screen made her sit up straight. Sprinter Michael Johnson was standing in the Olympic stadium, getting ready to compete in the two-hundred-meter finals. As he took off down the track, Stradley's throat began to tighten. "Could there be a bump on the track? Is he going to fall?" she wondered. Fortunately for her, he didn't. The track on which Johnson won the gold medal that day was perfectly even, down to the last millimeter. In fact, when he was interviewed later about the race, he said it was the best track he had ever run on. Carolyn Stradley was relieved but not surprised. After all, she built it.

If you are a paving subcontractor like Stradley, you hardly ever see your work on television, and you certainly aren't likely to have a star athlete compliment your pavement. No doubt about it, winning the contract to build the track for the 1996

**New school meets old: Ellen Aschendorf (left) wires smart buildings, and Carolyn Stradley (above) builds racetracks.**

Olympics was about as good as it gets, and for the owner of C&S Paving, that level of success had been a long time in coming.

Stradley started out in 1979 the way most people in the construction industry did—the hard way. Her only asset was a dump truck, and she shoveled hot asphalt out of it by herself. Like most small contractors, she was a tradesperson and a laborer. And she was one of the first women in Atlanta to try to break into the industry. The early years were tough, like the time some of the men on a job site locked her in a portable toilet, heaved the toilet onto a loader, and shook it with her inside. "That ought to teach her a lesson," one of the guys said when they finally let her out. "Women don't belong in construction."

That was then; this is now. The Silver Spring, Maryland-based National Foundation for Women Business Owners (NFWBO) recently reported that between 1987 and 1996 construction—not PR, marketing, or retail—was the fastest-growth area for women business owners. The NFWBO's calculations, based on U.S. census figures, showed that the number of women starting construction businesses has increased 170 percent over the past nine years. Last year, over 320,000 female contractors



employed more than a million people and took in \$130.4 billion in revenue. This incredible growth is partly a numbers game—women make up only 7 percent of the industry as a whole, but then in 1987 that number was practically zero, so any change would seem monumental. Still, it's not the statistics that make this trend so compelling. What's interesting is why doors are suddenly opening: professionalization. Fewer of the people who run these companies are coming up through the shop like Stradley, and more are getting into the business as Ellen Aschendorf did.

Aschendorf is president of New York-based Egg Electric, a \$15 million electrical subcontracting business currently working on several jobs, including electrical maintenance for Shea Stadium, home of the New York Mets. Aschendorf has never worked as an electrician; she has an accounting degree from the State University of New York. She may go on the job site once a week to troubleshoot, but mainly she spends her time on things like bid negotiations with high-profile clients. The folks at Egg don't just rewire buildings; they take the specifications, analyze them with an up-to-the-minute design program, and reengineer the job to save money.

Over the last two decades, the construction industry has been undergoing a slow, massive change. No longer is it the province of men and a few women like Stradley who got their start with little more than a dump truck and experience on the job. Bidding on and completing a project requires a whole new constellation of professional skills, from law and accounting to computer technology and high-tech engineering. Major legislation such as the Americans With Disabilities Act and the Occupational Safety and Health Act, as well as new environmental regulations, has

forced contractors to either bone up on the laws themselves or staff up to deal with the paperwork and specifications. And the technology of building is changing—today, some contractors work more with handheld computers and plasma cutters than shovels and concrete. "They have to be more adept at financial management, risk management, and negotiating the regulatory apparatus than ever before," says Michael

red. What this means is that the straw boss mentality is giving way to a new, more sophisticated business style, and female contractors are perfectly poised to prosper.

### Hiring Instead of Firing

One of the most important areas of change is employee relations. Construction is extremely transient and seasonal. Labor costs are high, and good workers are hard to come by. To stay ahead of competitors, business owners have to control turnover costs and maximize their labor pool. Denise Norberg, who inherited Gust A. Norberg & Son (a Chicago stair maker with \$1 million in sales) from her father, broke up the clock-watching union mentality of her workers by including them more in the business process. After she took over, Norberg had a party for all twelve of her carpenters and office staff and showed them financial statements, backlog numbers, and how much billable work each carpenter had on an annual basis. She printed business cards for them and

More and more, construction companies are run by MBAs instead of craftsmen.

encouraged an entrepreneurial spirit. Her openness paid off in lower absenteeism and record productivity—on one job, Norberg was able to cut work hours by 68 percent. The carpenters now act like a miniature sales force, visiting job sites on their own time and drumming up new business for the company. By demanding professionalism from her workers and delivering respect in return, Norberg has been able to keep 50 to 60 percent of the employees she started out with eight years ago, an unheard-of feat.

Relationships with site laborers are only part of the new approach. Subcontractors who were once fanatically independent are waking up to the value of consultants. "There is a trend in the industry towards reducing risk," says Renée Sacks, president of the Conference Cen-

Kennedy, general counsel for Associated General Contractors. "As a result, more and more construction companies are being run by MBAs than craftsmen."

This is especially true of subcontractors. Many of the larger general contractors—the guys who supervise every aspect of a job, from cement mixing to bulldozing—have long realized the need for a strong background in management and finance. It's the subcontractors to whom they parcel out specialty work like paving, roofing, and painting who are finding it harder to compete in the new environment. Construction is an industry where 1 and 2 percent profit margins are common and bankruptcy rates are in the teens. Every decision can make the difference between profitability and taking a tumble into the



ter, which designs professional education programs for the contracting industry. Consultants are a big part of the picture. Katie Tyler, the owner of Tyler II Construction, in Charlotte, North Carolina, can vouch for this. Tyler, who got her start designing retail space for an architectural firm, used her technical skills and contacts in the real estate market to grow her interior construction business to the \$2.5 million sales mark. Then she hit a plateau. Tyler realized she couldn't continue to grow the business if she had her hand in every pot. She hired a consultant, who convinced her to get an on-site manager so she could focus on business development. As a result, revenue has grown to \$10 million in only three years. "I'm running things more like a company than a fiefdom or family business," says Tyler. "My goal is to get Tyler II to the point where it can run without me so I can sell it to the employees or do something else with it when I decide to move on."

### Emerging Markets

If Tyler does decide to move, there will be plenty of opportunities. Changes in both the regulatory arena and the technical side of the business have opened up huge new markets. Jody Trenter, the CEO of Earthmovers, a \$1.5 million equipment company in Scottsdale, Arizona, became so involved in following new OSHA regulations that she decided to start a consulting division that would concentrate on safety. "Being the owner of a company, I had to make sure I was in compliance with health and safety regulations," she says. Trenter was spending 30 percent of her time worrying about it, so why not hire an ex-OSHA inspector and help others figure things out, too? Revenues from consulting make up 25 percent of Earthmovers' total business.

Ellen Aschendorf also carved out a specialty niche for herself, doing the more complicated high-tech wiring necessary for "smart buildings," the kind that can regulate (Continued on page 70)

**Dot Norman: High-tech software gives her a competitive edge.**





# Construction Sites

**I**f you have any doubts about the high-tech change that's taking place in the construction business, just go on-line. But make sure you have a fast modem. There are hundreds of construction-related Web sites out there that will appeal to both industry types and the average consumer. With just a click of your mouse, you can find out where to buy lumber in Louisiana or scan housing prices in Vancouver.

• **National Association of Home Builders (www.nahb.com)**

Hot real estate markets, loans and interest rates, plus daily news briefs that focus on the housing market (e.g., "Will Cisneros Stay at HUD?"). The research center provides information on national seminars and market updates. This site has great graphics, even a humor column.

• **Associated General Contractors (www.agca.org)**

Over twenty publications that offer advice on management, bidding, and how to improve productivity. There's a guide to local group contacts across the country, and a list of upcoming events. There's an interesting occupational section that lists job descriptions and qualifications for all sorts of construction industry workers, like draftsmen, architects, and estimators.

• **Construction Law Forum (www.constrlaw.com)**

Contractors can pull actual court cases off this site and get advice on common bidding mistakes, risk management, and negotiating skills.

• **American Institute of Architects (www.aia.org)**

Not surprisingly, one of the slicker-looking home pages. It has tips on

choosing the most cost-effective architect, case studies involving real architects and clients, and profiles of dozens of firms.

• **Associated Builders and Contractors (www.abc.org)**

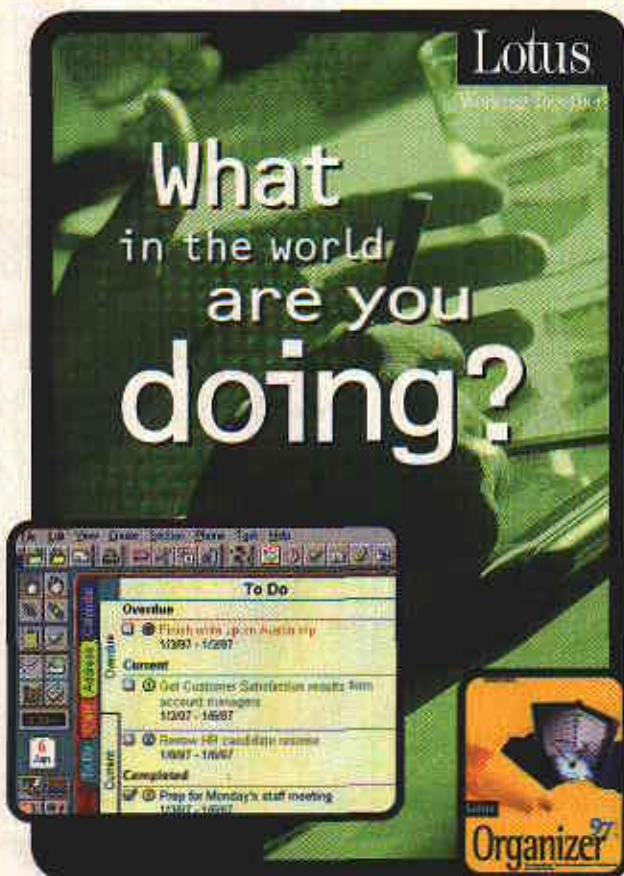
If you can't afford a consultant to help you figure out OSHA requirements, click here. You'll also find news on the ABC's ongoing fight with the AFL-CIO, an industry outlook for 1996, and legal advice for contractors.

• **American Society of Home Inspectors (www1.mhv.net/\_dfriedman/ashhome.htm)**

A good home inspector can spot hidden defects in a house, saving you thousands. This site lists certified inspectors across the country, plus the most common home problems inspectors come across. You can also plug into a national network of real estate listings.

• **Occupational Safety and Health Administration (www.osha.gov)**

Concerned about new regulations, labor issues, or safety on-site? Check out the latest OSHA press releases, as well as detailed studies of issues like violence in the workplace and asbestos control. Get personalized compliance updates by plugging in specific company information.



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## CONTRACTING WOMEN

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their own lighting and heat, turning things off and on, up and down, as needed. Some can even sense when all the people have left a room and shut off the lights. The technology involves not just wires but also microchips and advanced timing and sensing devices. Aschendorf has developed relationships with Johnson Controls and Landis & Staefa, companies that manufacture these specialty electrical systems. They bring her up to speed on the technology, and together they are better equipped to go after big clients, like Met (Continued on page 72)



## CONTRACTING WOMEN

(Continued from page 70)

Life, that can save thousands with smart buildings.

With all these complicated elements—high-tech buildings, intricate regulations—just getting a winning bid together requires a lot of savvy. Dot Norman, an Atlanta-area contractor, costs out projects step by step. If Norman forgets to factor in some part of a job, her \$12,000 estimating software will come back and ask her about it. Estimates now take three hours instead of three days, and Norman can give her clients information on disk rather than paper, a major selling point.

### Hitting the Books

Not surprisingly, the number of professional construction training programs has doubled over the past ten years. According to Dan Dupree, head of the American Council for Construction Education, the next genera-

tion of subcontractors will come out of four-year construction education programs at schools like Purdue, Texas A&M, and Auburn rather than out of the trades.

But not all the old-line contractors are being left behind. There is more continuing education and networking going on than ever before. As the former president of the American Subcontracting Association, Denise Norberg has put together seminars on accounting, tax and lien, engineering, and management that are being snapped up by people like Jody Trenter, who got her start in business with a \$75,000 loan from her mother. Organizations like Professional Women in Construction hold networking parties for contractors, real estate developers, architects, and designers who want to mix and mingle. Surprisingly, as much as 60 percent of the crowd is male. "As long as they bring the green and bring women from their companies, we let them in," says president Lenore Janis.

At Auburn University, in Alabama, John Mouton, head of the department of building science, says he has seen a steady increase in the number of women getting construction-related engineering degrees. Mouton says there is a tremendous demand for these graduates in the work force. Women make up 10 percent of the class, and the university estimates that the number will double every five years until it hits 40 percent. Mouton believes the women coming out of these programs will eventually run their own subcontracting—and even general contracting—companies. "They can only go so far in somebody else's business," he says.

### Looking Ahead

The current state of the industry puts the odds in their favor. The real estate slump that nearly finished off many contractors in the late '80s is lifting. Construction certainly isn't growing as fast as, say, the information services or software industry, but it is still the largest contributor to the GNP. In fact, while some economists had predicted a decline, the Department of Commerce recently released figures showing that spending on new construction has reached a record annual rate of \$574.4 billion, thanks in part to a surge in new government housing and municipal improvements.

Couple this news with new opportunities for refurbishment of commercial housing and interior construction, and you've got a field that's ripe for entrepreneurs who can figure out how to exploit the new niche markets. As Aschendorf, who recently won three more years of electrical maintenance work at Shea Stadium, puts it, "You have to stay on the cutting edge." These days, she says, construction is less about who can sweat the most and more about developing good relationships—something women know all about. ■

*Laurel Touby is a New York-based freelance writer who specializes in small business and workplace issues. She has written for Business Week and Glamour.*

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