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# MBE

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**ROCK!**



# MBEs

## WHO

*Each fall, we highlight minority business enterprises that are doing exceptional work within their industries and their communities. In this issue, we take a look at two men who have charted extraordinary paths to success on totally different trajectories. Hoyt Hsiao is carrying on his father's*



**Hoyt Hsiao & Kevin Narcomey  
build communities as they  
build their businesses.**



By Tanya Isley

*legacy of building better lives  
and communities while erecting  
and renovating buildings and  
facilities. Kevin Narcomey is  
creating his own legacy through  
his commitment to his Native  
American heritage, lifting  
as he climbs. **These are MBEs  
Who Rock!***



**SHAW-LUNDQUIST  
ASSOCIATES INC**



*Photos: Audrey Dempsey*

**Hoyt Hsiao** joined his father's general contracting business, **Shaw-Lundquist Associates Inc.**, in 1987, looking to make a difference but never considering that someday he'd take his



Hsiao with his brother, **Holden**, vice president, who manages the Las Vegas, Nevada office.

father's place and oversee the entire operation. Almost three decades later, not only is he the company president and CEO, but he has also steered his father's company through one of the most brutal recessions in U.S. history and propelled it into a multimillion-dollar business—one of the 20 largest general contracting firms in Minneapolis/St. Paul and one of the largest Asian-owned contractors in the United States.

Hoyt's father, **Fred Shaw**, co-founded the company with **Lyle Lundquist** in 1974 on principles of integrity and pride, after a 20-year career in construction. Shaw had immigrated to the United States from China in 1945 for postgraduate work at MIT and the University of Minnesota. It was there, while pursuing his Ph.D., that he started estimating projects for construction firm **Orville E. Madsen & Sons**. Over the next 20 years, he helped build the company into one of the largest general contrac-

tors in the Upper Midwest.

Although it appears that father and son have different surnames, there is an interesting motive for this divergence that came about early in Shaw's career. Fred Shaw came to the United States as Feng Hsiao, but was known as Fred Shaw in his professional life.

"H-S-I-A-O [phonetic spelling is "Xiāo"] is our real last name," explains Hoyt. "[But] that was a little too hard for people to pronounce. So [Orville Madsen] said, 'Why don't you change it to Fred Shaw, S-H-A-W?' And, that's how he developed his reputation. When he and Lyle Lundquist

started our company, he kept the 'Fred Shaw' for business purposes."

It is typical Chinese tradition for the heads of the family businesses to be succeeded by family members who carry on the business tradition, and usually it is the oldest offspring who fills that role. But, after a few years at the company, Hoyt's older brother **Howell**, didn't think the business was a good fit for his career aspirations. That paved the way for

Hoyt to put his University of Minnesota Carlson School of Management business degree to use when his father retired and named him successor in 2009.

When Hoyt took the helm of the St. Paul-based business, most of the United States was at the tail end of the Great Recession. However, the construction industry was one of the most impacted industries, and the effects of the recession lingered for several years. Some sectors of the industry continue to struggle to bounce back to pre-recession levels. According to the Bureau of Labor Statistics, from 2007-2009, the average number of construction establishments fell from 891,032 to 831,969, a 6.6 percent drop. By the end of 2012, total firms reached a low point of 743,452. The industry didn't really experience a recovery until 2013 when the numbers began to increase. Since then, there has been an uptick, with the number of firms inching up 1 percent to 751,085 in 2014.

Like many firms, Shaw-Lundquist



Holden Hsiao, Hoyt Hsiao, **Russ Davis**, vice president of Construction, **MGM Resorts International**, and **Chris Rowe**, managing director, **Shaw-Lundquist Associates, Inc.** at The Park in Las Vegas, Nevada.

was hit hard by the recession, but due to his father's astute planning and

Hoyt's leadership, the company was able to absorb its losses and bounce back. And despite the challenges he faced and the toll it took on his company, Hoyt looks back on that period as one of his proudest moments.

"We were fortunate; we had some longer-term projects that kind of carried us through for the first few years. But [by] 2011-2012, the recession's effect was hitting us as well, so our revenues dropped significantly. We were fairly successful in keeping most of our people with us through that whole timeframe," he says. "That is one of the things I look back at now and feel good that I was able to help provide that leadership and guidance through that—making it out of that and being able [put us] on a path for growth for our company."

Hoyt's exceptional leadership can be seen in the scale and quality of projects that Shaw-Lundquist has completed during his tenure. The company's client roster spans a variety of industries and includes such heavyweights as **3M**, **Home Depot**, **Walmart**, **Xcel Energy**, **Blue Cross Blue Shield of Minnesota**, **Caesars Entertainment Corporation**, and **Best Buy**. The company's Las Vegas office, which is run by Hoyt's younger brother, **Holden**, recently completed a large project with **MGM Resorts International** called The Park, "an immersive outdoor dining and entertainment space offering a collection of diverse restaurants, engaging public art, and dramatic desert landscaping."

One of Shaw-Lundquist's clients is **Wells Fargo**, for which it has performed work in the Minneapolis area. **Bill Wilkinson**, director of Wells Fargo's New Branch Development team, praises the company's expertise and hopes the financial services company will be able to work with Shaw-Lundquist on projects in other parts of the country.

"The workmanship has been ex-

cellent. Ultimately, I think they'll be looking to branch out as the company grows into other markets, and we would absolutely be more than willing to bring them along with us and do [the] work that we do in other markets. The experience has been a very, very positive one," Wilson says.

Although Shaw-Lundquist has a long history of accomplishments, the company's success hasn't been without the criticism that many minority firms face. In 2008, Shaw-Lundquist won a \$29.5 million project to renovate and expand the Jarvis Hall of Science & Technology for the **University of Wisconsin-Stout's** science, technology, engineering, and mathematics programs. Shaw-Lundquist won the contract, despite its bid coming in \$1.3 million above the lowest bidder. A Wisconsin state senator objected to the award and wanted to call a special legislative session to erase any preferences for contractors based on race or gender. In defense of its actions, the state cited a law that permits, but does not require, its Department of Administration to award projects to minority firms that come within 5 percent of the low bid.

Hoyt believes that the criticism was born of a widespread belief that programs that are created to level the playing field for minority and woman-owned businesses are unnecessary—and in some cases, likened to reverse discrimination. However, he also recognizes that as a minority firm with \$120 million in annual revenue last year, his company is in a precarious position because of its size.

"We're kind of at an awkward size where we're typically too large for a lot of minority business enterprise programs for the public sector. But then, we're still too small to really be super competitive with some of the bigger firms, we don't have access yet to programs for financing and insurance that they do—which they're able to use as potential profit centers," he

says. "For our industry, once you get to a certain size, you have more access to those programs. We're just not at that size yet, or that scale."

During his tenure, Hoyt has amassed a number of honors and awards, including being named the 2015 Entrepreneur of the Year by the **Metropolitan Economic Development Association (MEDA)**, the Twin Cities' largest minority business advocacy group. Most recently, he was inducted into the **National Association of Minority Contractors (NAMC) Hall of Fame** at the NAMC 47<sup>th</sup> Annual National Conference. The Hall of Fame honors members who have distinguished themselves over the years by their professional achievements and contributions to the NAMC community. Hsiao's father was a founding member of the NAMC-Upper Midwest Chapter in 1983, received an award for Outstanding Individual Performance in 1992, and was also inducted into the Hall of Fame in 2004.

When Fred Shaw founded Shaw-Lundquist, he envisioned a long-lasting, family-owned business that would build better lives, build relationships, and build a better community. And this common thread still runs through the fabric of the company under Hoyt's leadership.

"A lot of people get into construction because they like to see the physical aspect of a building going up, and be able to drive by it and say, 'I helped build that.' We want to go beyond that. We're actually looking at what the facility or building is being used for, and how we are helping build better lives by not just hiring crews and people working on it, but the people who will eventually be using the building. When we look at apartments, we're creating homes for families, and creating a place for people to grow and develop. When we build schools, it provides educational opportunities for kids," Hoyt says.

## Taking the Opportunity to Give Back

In contrast to Hsiao's entrepreneurship path of following in his father's footsteps, **Kevin Narcomey** didn't have those same opportunities growing up as a member of the Seminole Nation of Oklahoma. However, he is charting his own course as founder and CEO of **Osceola Consulting**, a leading management consulting and information technology services focused on the energy and utilities industry.

Narcomey started his California-based business 10 years ago, after a 20-year stint with global consultancy Accenture, with a burning desire to leverage his deep industry and consulting experience to provide opportunities to other minorities.

"This is my opportunity to build a minority-owned business in the true spirit of promoting diversity. I felt somewhat of an obligation, and an opportunity to give something back to the community," Narcomey says.

That deep sense of obligation to the community is rooted in his background in Oklahoma, where he grew up as the youngest of three boys of a single mother who worked two jobs to provide for her sons. Because of his family's financial situation, when the time came for Narcomey to attend college, his options for paying for his education were limited. It was either get a job and pay for it himself, or, hopefully, land a scholarship.

"I applied for various scholarships, and was able to get a Native American-sponsored scholarship. As part of that, you had to write an essay saying what you would do if you were to get this scholarship, and how would you return this back to your community eventually."

Narcomey received the scholarship and attended Oklahoma State University. But the question and his subsequent answer stayed with him and inspired him to expand his busi-

ness operations with the opening of the company's first Technology Delivery Center (TDC) on the Morongo Indian Reservation in Banning, CA in late 2015.

For the initial launch of the TDC, Narcomey's company hired its first 20 local employees in and around Riverside County to work on the reservation. Osceola worked with the Morongo leaders to transform a former casino office space into the center which provides services and expertise to utility clients such as **San Diego Gas & Electric (SDG&E)** as well as other clients in the banking and technology sector. The TDC provides technology and business services that would typically be outsourced to offshore technology centers.

However, the TDC now brings this work onshore to Riverside County.

"The whole idea is to work with the local workforce development programs—create high-end, high-value technology jobs that wouldn't otherwise have been available," Narcomey says. "We're working with the Riverside County workforce development [program] and we're working with the state. We're going to create a state certified apprentice program later this year. They'll help us with training, so we can hire locally for entry-level positions, train the individuals, and staff them on managed-services projects."

Moving forward, Narcomey has already begun talks to expand operations within the current facilities and

grow from 20 employees to potentially 100. He sees the Morongo initiative as an enterprise that can expand and benefit people beyond the local reservation area.

"We're looking at recruiting Native Americans from other tribes, all the



Narcomey with his wife **Brenda**.

way from Eureka to the border of Mexico. We would offer relocation packages so they can come work for us for a couple of years, get the skills, and then go back to their local communities or wherever they want to enter the workforce. They should feel free to use this as a stepping stone for retooling or gaining those skills," he says.

**Laura Atkinson**, senior director of SDG&E Information Technology Program Management Office, views their partnership as a positive experience for all involved. "It's an absolutely wonderful model in trying to do something great for the community, and bring jobs to a local community, [and] partner with a tribal council," she says.

For Narcomey, Morongo is just the beginning of what he envisions as an exciting plan to broaden the company's diversity objectives nationwide by creating jobs and investing in local communities. "We've talked about creating a Northern California version of it, and that probably would be our next step. I've also talked to my own tribe in Oklahoma, and we've also talked to some tribes up in the New York area. We may go a different route there—toward an urban center, not even necessarily Native American, but toward an urban technology center where we can hire from African American, Hispanic/Latino, and other disadvantaged community groups. I'm really excited about it, because it's exactly what we're trying to do with giving things back."

Osceola's efforts have not gone unnoticed. Recently, the company received the prestigious **Southern California Minority Supplier Development Council** 2016 Supplier of

the Year (SOTY) Award for Class 3 recognizing its "growth, job creation, procurement from other minority businesses, strong business performance, and community involvement." It was also announced that Osceola was selected as one of four regional **National Minority Supplier Development Council** SOTY award recipients, from which the national Class 3 awardee will be selected.

Kevin Narcomey started his journey with an essay on how he could give back to his community. And that memory has fueled his current success and provides the groundwork for his future endeavors.

"I would like to see us continuing to return the favor, in the sense of helping other minority businesses, other women-owned businesses, [and] helping to grow other startups. I'd like to see more of that. We're heavy in California, and I think we have plenty of opportunities to expand across the U.S. with our Osceola East practice.

I would like to see geographic expansion and continue the partnering and networking and really grow that. And I think everything else will really fall into place." ♦

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