

STRATEGIC PLAN FOR SOUTHWEST INDIAN COMMUNITY'S CONSTRUCTION BUSINESS

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ABSTRACT: The Salt River Pima-Maricopa Indian Community (SRPMIC) of Maricopa County, Arizona, has determined that it needs to further the economic and social welfare of the community. The community has further determined that these needs might be most efficiently met by a profitable business that garners revenues to the community and income to the employees, furthers the community members' skills, and provides employment. The community presently has several entities that perform construction work on the reservation. Because of these successful operations, the SRPMIC believes that it can enter the market of supplying construction services to clients off the reservation. Determining the opportunities and threats in the marketplace, this study analyzes the potential for success of the community performing construction work off the reservation and outlines a strategic plan that describes the steps for implementing a business enterprise.

BACKGROUND

The Salt River Pima-Maricopa Indian Community (SRPMIC), consisting of more than 5,800 members, is a federally recognized Indian reservation located in Maricopa County, Arizona, which is located near the geographic center of Arizona. Phoenix, the state's capital, and other major cities such as Mesa, Scottsdale, and Tempe are all located within the county.

According to Valerie Schurz of the Finance Department of SRPMIC, the community's government employs approximately 650 people in 42 departments that provide members with services such as education, fire, police, health, legal services, public works management, community development, and vocational training. Under the aegis of the latter two services, the community operates several business enterprises, including a public landfill, riverbed-mining operations, and cement production.

Three tribal government departments, Planning & Engineering Services (PES), Public Works, and the Salt River Learning Center (SRLC) perform construction and/or engineering services on the reservation. In addition, two enterprises provide services both on and off the reservation. Salt River Sand & Rock (SRSR) is an established company that effectively controls the Phoenix area sand and gravel market, according to Wayne Hills, manager of the firm. Although owned by SRPMIC, SRSR chooses not to be a licensed minority business enterprise (MBE) because it does not need nor want to rely on the classification for obtaining work and does not want to concern itself with the legal and administrative requirements of the classification. The second enterprise, Phoenix Cement, specializes in providing portland cement products to contractors and ready-mix suppliers in Arizona.

Because of its successful construction, mining, and cement operations, SRPMIC believes that it can enter the market of supplying construction services to clients off the reservation and, by so doing, provide income and construction skills development to tribal members as well as profit to the tribal government.

This study describes the community's requirements regarding economic development, provides a working plan for im-

plementing the business to meet the community's goals of furthering its economic and social well-being, formulates a strategic plan for an off-reservation Indian community construction business venture that can serve as a model for future analyses of off-reservation business ventures, and provides a methodology for further research into similar business proposals. Other firms may use the approach used and recommended in this paper whether or not they are considering working on or near a reservation. Additionally, certain advantages described in the paper are specific to Indian reservations, but not necessarily to construction.

TRIBAL REQUIREMENTS

The "primary focus[es]" of the community's economic development plan have been employment, diversifying new businesses, creating a positive external image, proactive management, planned zoning and infrastructure growth, and quality of life (General 1988). Although immediate profitability is not a goal for the proposed business venture, tribal businesses should create an "environment conducive to investment" (General 1988).

The emphasis of the business should be to further the economic and social welfare of the community. Economic welfare will most likely be furthered by a profitable business that garners revenues to the community and income to the employees of the business, while the social welfare of the community will most likely be attained through a business that enhances the community members' skills and provides employment.

STRATEGIC ANALYSIS

To perform a strategic analysis of a firm, it is necessary to analyze both external and internal aspects relating to the firm. Of the internal strengths and weaknesses of a firm, Porter (1985) wrote, "The fundamental basis of above-average performance in the long run is sustainable competitive advantage (SCA)." The strategic advantage can be one of two basic types: cost leadership or differentiation (Porter 1985). A firm with cost leadership is defined as being "the low-cost producer in the industry," characterized by high volume and low profit margins. A firm with product differentiation offers a product that is or that may be perceived to be unique in the market (Porter 1985) and is characterized by low volume and high profit margins. Related to the strategic competitive advantage is the core competency, or the specific action, process, or product that the firm offers.

When considering aspects external to the company, a firm must identify opportunities and threats related to the company and the subject industry in the political, economic, social, technical, legal, and competitive environments. After considering

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the internal strengths and weaknesses and identifying the external opportunities and threats, a firm must seek to couple its sustainable competitive advantage with its foremost strengths and then structure the business around this relationship.

Six elements make up the strategic plan of a company: (1) the vision statement is a short phrase that explains why the company exists; (2) the mission statement, in two or three paragraphs, explains who the company is and what and how it performs; (3) the goals explain what the company intends to accomplish; (4) the objectives provide measures of the goals; (5) specific strategies explain how the company will accomplish the objectives; and (6) action plans, which are person-specific, identify responsibilities for carrying out the strategies.

METHODOLOGY

Objective of Research

The research for this study focused on two subjects: describing the characteristics of the community's construction entities to determine their strengths and weaknesses, and identifying characteristics of the Maricopa County construction industry to ascertain opportunities and threats that might affect the proposed business venture.

Method of Research

Internal

To describe the characteristics of the existing community construction entities, information was collected that broadly describes the entity's responsibilities, its resources such as staffing and equipment, and its strengths and weaknesses. The tribal government's 1995 *Plan and Budget* ("Public" 1995) for each department was reviewed, and interviews with members of SRPMIC's government were held. SRSR and Phoenix Cement company brochures were reviewed, and interviews were held with principals of the enterprises.

External

To identify the external factors that will affect the proposed business, information was collected that would describe opportunities and threats in the political, economic, social, technical, legal, and competitive environments of the Maricopa County construction industry.

RESULTS

Three tribal government departments perform construction and/or engineering services on the reservation.

Planning and Engineering Services (PES)

This department has five functions that are related to this study: (1) assuring, through a monitoring role, the timely and safe construction of public facilities ("Planning" 1995); (2) keeping accurate geographic and topographic community maps; (3) assuring accuracy and precision in recording land transactions, including establishing survey markings such as boundaries, monuments, and benchmarks; (4) assuring quality development within the community through enforcement of strict engineering and design standards; and (5) assuring the proper procurement of professional services and the production of quality design and construction work through construction management ("Planning" 1995).

Public Works

This department provides transportation services, water and sanitation infrastructure, and community facilities and grounds

and vehicular custodial care and maintenance. The department also installs, operates, and maintains community water and sewage infrastructure and provides sanitation services.

Salt River Learning Center (SRLC)

This is a program that provides eligible Indians with employment counseling, financial assistance, and vocational placement assistance. While training community members in construction, the center also provides several types of construction functions to the community, including both new construction and maintenance services. Additionally, the program offers classroom training at Scottsdale Community College, where students learn to operate computers, to read construction plans, and to do drafting on the computer. The program also teaches office skills such as filing, typing, and answering phones ("Apprenticeship" 1995).

STRENGTHS

Planning and Engineering Services

The department has highly technical equipment and employees who are familiar with all phases of the owner's role in construction project implementation and state-of-the-art surveying, engineering, and drafting software.

Public Works

The department has a broad and general knowledge of public works construction and minor building maintenance and construction, experience in on-reservation construction and maintenance, and expertise in water supply and sewer infrastructure construction.

Salt River Learning Center

The Learning Center has an ability to perform a wide array of construction services, pays program trainees a little more than minimum wage, resulting in cheaper construction costs for projects that use this program, and gives trainees a diverse background that includes construction, computer operating, and drafting skills.

Salt River Sand and Rock

The company has: (1) a positive, long-standing relationship with three of its customers who provide approximately 80% of the company's business; (2) the ownership of several of its sites and its equipment—including concrete and asphalt batch plants—thus significantly reducing the costs for producing concrete and asphalt. Geographically dispersed throughout Maricopa County, the sand and rock company is capable of reaching most areas of the county without excessive transportation costs, reducing the company's overhead, and furthering its production capabilities; and (3) it operates from a quarry that is predicted to produce quality products for the next 50–60 years.

Phoenix Cement

The company has, according to Jim Carmichael, president of Phoenix Cement: (1) a vast mining reserve with an estimated life expectancy of 100–150 years; and (2) an established position in the Arizona cement production market. The firm routinely commands a 30% share market of the Phoenix area cement market.

WEAKNESSES

All of the tribal government departments lack experience in the construction industry off-reservation and of the contrac-

tor's roles and responsibilities in construction projects. Some of their other weaknesses relate to this common weakness.

Planning and Engineering Services

The department has little control of on-reservation construction project schedules and coordination because of the large number of departments on the reservation performing construction and the volume of projects that overwhelm an undersized staff; few standard procedures and standard contract forms; and an inadequate size for handling the volume of work required, resulting in frequent need of consultants for planning, architecture, engineering, plan reviews, and construction management.

Public Works

The department lacks formal technical and managerial training, and little attention is given to the safety and technical regulations typical of the off-reservation construction industry.

Salt River Learning Center

The center is understaffed for the volume of work required of it, resulting in schedule delays and periods of no activity when circumstances dictate that construction crews relocate to work on critical or emergency projects. Also, little attention is given to off-reservation construction industry safety and technical regulations.

Salt River Sand and Rock

Because the majority of its business is in the Phoenix area construction market, the company's performance is directly linked to the market cycles of the Phoenix area. When building activity is near its various locations, the company can provide cheaper products due to lessened transportation costs. However, when Phoenix building activity moves away from the mining sites, other material producers may be able to provide a cheaper product.

Phoenix Cement

This company is dependent on the Arizona construction economy. The typically cyclical nature of the local construction industry directly influences Phoenix Cement's revenues. In boom construction periods, revenues are increased, while in poor construction periods, the opposite occurs. The unsteady local business environment requires prudent planning and budgeting, increasing the vulnerability of Phoenix Cement to a more geographically diverse competitor.

EXTERNAL OPPORTUNITIES AND THREATS

Political

Tribes can obtain grants through the Bureau of Indian Affairs "to stimulate and increase Indian entrepreneurship and employment through establishment, acquisition or expansion of profit-making Indian-owned economic enterprises" . . . (*Indian Business* 1991). This source of funds may aid the community in developing the business.

Three political threats to this business venture were identified: (1) funding to Indian communities may be reduced because of governmental spending reductions (Ichniowski and Winston 1995); (2) the high level of political activity in the tribal council (*Applicability* 1981). The resulting potential for favoritism in decision making may threaten the business; and (3) the conflict from the community's desire to create a positive public image and the potential negative public perception of the community if the business becomes profitable. If severe

enough, pressure from state and local constituents may force the community to adhere to more of the subsequently discussed administrative requirements than initially required.

Economic

Three opportunities in the economic environment related to this business proposal exist: (1) The increasing demand for homes, apartments, retail centers, and work places due to increasing population (Butler 1995). According to the 1992 U.S. Census, Phoenix grew in population 28.2%, and Mesa grew 94.6%, between 1980 and 1992, in growth ranking seventeenth and first, respectively, among all U.S. cities with 200,000 or more people; (2) The growth of Maricopa County. As the cities of the county increase in population, they tend to grow geographically outward. However, as this expansion threatens the desert environment, regulations may restrict geographical expansion. Such restriction on horizontal growth may result in vertical growth and in increasing demands for demolition and renovation construction; and (3) A potential increase in federal funds allocated to "the regional freeway system and the mandated regional transportation management system" (*Capital* 1995). This increase in federal funding to the region's transportation system will most likely increase the demand for construction services.

Four economic considerations may threaten this business venture: (1) The county's current migration rate and resulting increasing demand for construction services is predicted to decrease (Rex 1995). As county building expands geographically, it destroys the desert. Eventually, regulations protecting the natural conditions may halt this growth and, consequently, the demand for construction services; (2) Due to potential federal government spending reductions (Ichniowski and Winston 1995), the current levels of public works construction may decline; (3) The repetitive cycle of the cyclical construction market may not be acceptable to the community; and (4) The startup costs necessary to gain entrance into the market may not be affordable to the community. At a minimum, the business must obtain office space, equipment, a contractor's license, license fees, and insurance and must provide bonding capacity.

Social

Three primary social opportunities may exist for this business proposal: (1) if the proposed business is profitable, revenue may be provided to the community, creating sources of funding for such things as government programs, operations, and investments, and per capita disbursements; (2) the proposed business has the potential of providing income as well as training and skills development in construction-related fields to community members; and (3) the potential exists for an enhanced public image off of the reservation.

Three social threats may impact this business venture: (1) the distinction must be made as to whether the business will be primarily operated to provide training or to generate profit. The potential for failure may exist if these two somewhat antagonistic ideologies are given equal value in the philosophy of the company; (2) the potential growth and development from this business may be perceived by some tribal members as a threat to the culture and social history of the community; and (3) the questionably common poor attendance, "absenteeism and high turnover rates" may also threaten the proposed business (*Applicability* 1981).

Technical

Four significant technical opportunities exist for this proposal: (1) The community's access to inexpensive manage-

ment and technical consulting. The National Center for American Indian Enterprise Development exists "to get more Indians into business and keep them there with expert business advice" (American 1995). Furthermore, the United States government has an obligation to provide Indians with management and technical assistance (Indian Business 1991); (2) The need for several miles of freeways in the greater Phoenix area (Anderson 1995); (3) Recent regulations for contaminated site clean-ups. Arizona is the 26th largest hazardous waste producing state in the union. The regulations mandating cleanup may provide an opportunity for future construction work; and (4) Alternate procurement methods. The use of Design-Build and Build-Operate-Transfer contracts is increasing. In the Design-Build method, a single organization is responsible for both the design and construction phases of a project. The contractor assumes responsibility for construction and also for the operation of the project, after which the project is returned to its original client.

Four potential technical threats to this business venture were identified: (1) The relative sophistication of project owners off the reservation. The quality of work demanded by these owners typically surpasses that which is demanded by SRPMIC as an owner; (2) The increasing amount of fast-track construction projects. Owners are under extreme pressure to be the "first in the market" while at the same time creating complex and uncertain projects in less time without sacrificing cost, quality criteria, or customer and user satisfaction; (3) The increasing role of computers in the construction industry in estimating, scheduling, cost control, submittal tracking, and as access to on-line bid information; and (4) Safety regulations mandated by governing authorities. Safety methods that are only recently being recognized on the reservation, such as trench safety and asbestos handling requirements, are strictly adhered to off-reservation.

Legal

Two opportunities for this business venture regarding legal considerations exist: (1) Transactions on Indian lands have traditionally been considered exempt from state taxes (Getches et al. 1993). The community may be able to use this tax exemption to its advantage by carrying out the transaction of purchasing materials on its land; and (2) The community's inherent protection from suit (Getches et al. 1993). However, to facilitate business dealings, tribes can forego their immunity from suit by conducting business through entities separate from the tribal government (Getches et al. 1993).

Two legal threats relate to this business proposal: (1) A potential for the community's loss of its immunity from suit. Although rarely done, the U.S. Congress can waive a tribe's immunity from suit (Getches et al. 1993). Furthermore, "(v)iewed narrowly, urban Indians are outside the body of Indian law, which relates primarily to tribal government, jurisdiction in Indian country, Indian lands, and Indian resources . . ." (Getches et al. 1993). This lack of immunity may threaten the proposed business venture since the work will be off of the reservation; and (2) The array of requirements for obtaining construction contracts in the state of Arizona. According to Arizona Revised Statute section 32-1121(A)(1), SRPMIC is not required to be licensed for construction contracting [on the reservation]. However, most construction owners off-reservation require licensed, insured, and bonded contractors. To obtain licensing in Arizona, applicants must take and pass an exam that covers Arizona state contractor licensing laws and regulations, state and federal laws, construction project management, and business and financial management. Additionally, applicants must have four years of experience appropriate for the type of license sought, must post a license

bond, and must pay an application fee. Annual license fees are also required (Statutes 1995).

Because of the inherent risks of construction, and due to the fact that "[t]he law makes the independent contractor liable for damages caused by its own acts of omission or commission" (Clough and Sears 1994), contractors should obtain appropriate insurance coverage. Project owners typically require contractors to carry a variety of insurance policies, including worker's compensation, general liability, automobile, and accident coverage.

Besides insurance, contractors are usually required to obtain bonding from a surety agency. The bid bond is usually in the amount of 5–10% of the bid amount (Clough and Sears 1994). The contractor who wins the bid is also generally required to produce evidence of a performance bond and a payment bond, both usually in the full amount of the contract (Clough and Sears 1994).

The array of legal requirements regarding licensing, bonding, and insurance threaten the proposed business in two ways. First, the community must pay for these capacities, although this may be accomplished through grants or other community funding. Second, to acquire these capacities, certain proprietary information, such as financial and personnel records, may be required, which may not be acceptable to the community.

Competitive

The first competitive opportunity for this business venture is the possibility of performing construction work in other Indian communities in the Maricopa County area. The second competitive opportunity may come from the community's qualification as an MBE, which, in government-funded jobs, are often given special preferences in the awarding of contracts (Clough and Sears 1994).

Two competitive threats exist: (1) The proposed business may be competing with SRSR, lowering profit margins; and (2) The North American Free Trade Agreement (NAFTA) between the United States, Mexico, and Canada removed barriers that may prohibit foreign business dealings. Maricopa County's proximity to the Mexican border—approximately 150 miles on the Interstate—combined with the removal of embargoes through NAFTA, may provide an opportunity for Mexican contractors to competitively threaten the Maricopa County construction industry.

RECOMMENDATIONS

Based on the Maricopa County construction industry's opportunities and threats, as well as the community's strengths, weaknesses, and goals desired from its economic developments, the following strategic plan for the proposed business is recommended.

Mission

SRPMIC will profitably provide quality construction services to the Maricopa County area and, in doing so, will further the social and economic welfare of the community.

Goals

Two goals exist for this tribal construction business: to further the social welfare of the community and to further the economic welfare of the community.

To further the social welfare of the community, the business will focus on three social areas: (1) hiring as many community members as possible; (2) developing skills of community members; and (3) promoting SRPMIC.

To further the economic welfare of the community, the business will focus on two areas: (1) providing income to com-

munity members; and (2) providing revenue to the community in the form of net profit from the business.

Social

To meet the goal of hiring as many community members as possible, the business will employ graduates of the SRLC who are well versed in several areas of construction. Additionally, the business will attempt to promote staff from existing tribal departments and will use the expertise of the existing tribal departments that perform construction-related services. To further develop the skills of community members, the business intends to form a cooperative relationship with the SRLC, where trainees can receive on-the-job training both on and off of the reservation. By working for the business, community members will have opportunities to develop skills in both the office and field aspects of construction. Finally, to promote community products, the business will use construction materials from SRSR and from Phoenix Cement to the maximum extent possible.

Economic

Once the community's social goals are met, the business will attempt to meet the economic goals of providing income to community members and revenue to the community through maximum profitability. This will be accomplished by creating the business to perform work that couples the community's sustainable competitive advantage with the premier opportunity of the Maricopa County construction market. Furthermore, the business will be structured so that it is insulated from the politics of the community's tribal council.

Key Results Areas

The areas within the proposed business that are key to its success are defined from the community's own definition of success—furthering the economic and social well-being of the community. When conforming these definitions into a business structure, four key results areas emerge.

The marketing department will maintain the business' role of furthering the community's economic and social well-being by continually obtaining work that fully uses the community's sustainable advantage and by promoting community products and services. Within this department is the estimating function, which plays a key role in obtaining work.

The training department will maintain the business' role in furthering the community's economic and social welfare by implementing and operating training programs that both enhance community members' skills and increase profit.

The legal function will maintain the sovereign immunity of the enterprise. The loss of this immunity may threaten the community's desire to operate the business.

The business' production—the construction unit—is the core of the business and is responsible for building quality and cost-efficient products. Failure in this area will result in failure of the business.

Because of the potential conflict due to the community's competing dual economic development goals of profit and employment, it is difficult to measure success by meeting only one of the goals. Therefore, it is suggested that a measurement for the community's definition of success for this venture be formed from a combination of both profit and employment criteria.

Strategies

To meet the aforementioned goals, it is recommended that SRPMIC form a tribal enterprise to provide construction services in the Maricopa County area. This enterprise will act as

a general contractor, using the services of SRSR for supply aggregate, Phoenix Cement for providing cement, and the expertise and labor of tribal government departments and training programs. Although the enterprise has a small labor force to draw from, the existing community departments offer expertise in heavy construction operations such as asphalt and concrete paving, earth moving and, in general, building construction, including timber, masonry, and concrete construction. Another advantage is that the community already owns several pieces of heavy construction equipment.

Like most general contractors, the enterprise will perform some operations and contract for the others. Because of the community's advantage in construction aggregates and cement, it is recommended that the enterprise, as its core competency, perform materials-intensive operations on the projects it constructs, such as paving and earth-moving operations. Furthermore, the enterprise should focus its efforts on obtaining projects, such as paving and earth-moving projects, that are materials-intensive. More specifically, the community, and hence the enterprise, has the strategic competitive advantage of being able to provide quality materials at an inexpensive price, which it must couple with the most significant market opportunity—construction work on the other Indian reservations in Maricopa County.

To avoid its greatest weaknesses, its inexperience in construction work off of the reservation, the community should seek a gradual entrance into the market, moving to more advanced stages when the business has the capacity to do so.

The following internal and external strategies outline specific steps required to be performed by the community to help it meet its goals and objectives while vindicating its weaknesses. Internal strategies are those strategies that the community may undertake to meet the goals and objectives in establishing the enterprise, and external strategies are those that the enterprise can use to meet the community's goals and objectives through competition.

Because successful planning involves the frequent revisitation of previous plans to check the accuracy of prior assumptions, to follow the existing plans, and to create new plans, the enterprise should strategically plan in a three-year time horizon, continually revisiting the plan on a yearly basis.

Internal

The following three internal strategies are recommended to meet the goals and objective of the community and to structure the business in a competitive position.

Create Enterprise

Of importance here is the necessity of isolating the business from tribal council politics by creating a tribal enterprise. Historically, enterprises are governed by committees that report to the Tribal Council on a quarterly basis. Because the proposed enterprise would be entering the highly competitive Phoenix area construction market as a new company, it should pursue the MBE classification to gain a competitive advantage. For a new enterprise competing in the open market, this special preference may be necessary. However, the recent decision by the U.S. Supreme Court in the *Adarand* (Thomas 1995) decision casts some uncertainty on the future ability of minority business enterprises to obtain work through MBE quotas. Although being an MBE will most likely not prove to be a disadvantage in procuring future work, it is recommended that the enterprise not rely on the classification to obtain work.

Staff the Enterprise

Staff the enterprise to the maximum extent possible, with community members. At this preliminary stage of establishing

the enterprise, only management and office personnel are required; project-specific personnel will be acquired at a later stage. It is important at this stage to hire experienced management and office personnel. Their role is two-fold: they are to serve as expert advisors in establishing the business and they are to train community members to eventually replace them in their positions. These employees would most likely be hired from off the reservation and will have extensive experience in the construction industry.

Potential labor pools for the majority of the staffing include recent graduates—who are trained in horizontal and vertical construction and construction office methods—of the SRLC, as well as through internal hiring from the existing tribal government departments that currently perform construction-related services.

Obtain Facilities and Equipment

Because state taxes may not be applied to purchases on the reservation, the enterprise should base itself on the reservation, including its office space as well as any storage or maintenance yards where business transactions may occur. Two potential funding sources for these overhead purchases exist. The community can obtain a nonprofit grant under Public Law 93-638 (*Indian Self-Determination* 1991). Although this grant limits the recipient to nonprofit work only on the reservation, using the grant may prove to be an acceptable method of obtaining start-up funding while performing trial work on the reservation as an enterprise. Second, the enterprise will most likely be able to be funded through community means such as revenues from other enterprises.

The fact that state taxes cannot be applied on Indian reservations parlays into a competitive advantage for the proposed construction enterprise because it can procure materials, equipment, and supplies at lower costs than its competitors. Theoretically, this will lower the enterprise's overhead rates that it charges to projects, resulting in lower bids. Political pressure against Indian communities, when they take advantage of their sovereignty, is inevitable. To change this particular state tax-exemption practice, political pressure would have to reverse a time-tested and codified precedent.

External

The following four external strategies are recommended to meet the goals and objectives of the community by placing the business in a competitive position. These external strategies follow a four-stage process in which the enterprise evolves into providing construction services off of the reservation.

Begin Work on Reservation

The purpose of limiting the enterprise's initial operations to the reservation is to further determine the enterprise's capacities, requirements, and expertise prior to entering the riskier Maricopa County construction industry, in which it has no experience.

Work on Other Reservations

Do this within Maricopa County, either through agreements with the communities themselves, or through agreements with U.S. government agencies, such as the Indian Health Service and the Bureau of Indian Affairs. The enterprise will agree to perform the construction on the aforementioned reservations that is normally performed by the government agencies. The reason for this evolution from working only on SRPMIC to working on other Indian communities is to allow the enterprise to continue to further determine its capacities, requirements,

and expertise while working away from its home reservation, but again not in the highly competitive Maricopa County construction industry. By coupling the enterprise's strategic competitive advantage of performing materials-intensive construction and this premier opportunity, the enterprise will compete in its most strategic and advantageous position.

Evaluate

After performing work on SRPMIC and on other Maricopa County Indian communities, the enterprise should be ready to enter the Maricopa County construction industry. Although the enterprise will be continuously evaluating internal and external considerations, an evaluation of the enterprise is recommended at this stage to determine if the community's goals of furthering the community's economic and social welfare are being met.

The enterprise should examine its past performance, strengths, and weaknesses, as well as the opportunities and threats within the Maricopa County construction industry. After both an internal and external examination, the enterprise should decide if the internal characteristics of the enterprise, including its sustainable competitive advantage, are still compatible with the characteristics of the Maricopa County construction industry that were identified in this study. If the community's goals are not being met or if these internal and external characteristics are no longer compatible, the strategies may need to be refined.

It should also be determined if the additional opportunity of future heavy construction work in the county and the capacity of the enterprise are compatible. Once the capacity of the enterprise and the opportunity in the market can be coupled, the enterprise can transition to begin working in the greater Maricopa County construction industry.

Work in Maricopa County

If the internal and external characteristics regarding the enterprise and the Maricopa County construction industry identified in this study are still appropriate, and if the labor, expertise, and financial capacity of the enterprise are sufficient for entering the Maricopa County construction industry, the following actions are recommended.

1. The enterprise must fulfill the legal requirements, such as obtaining a contractor's license from the state of Arizona, as well as obtaining bonding capacity for the license bond and the bid, performance, and payment bonds and acquiring insurance. Of importance are the costs associated with each of these items. Again, similar to obtaining the facilities and equipment, the enterprise may be able to use a grant or may be able to secure these items from its own financial resources.
2. The enterprise must determine its volume of work, a most important function of a contractor's financial staff because, unlike other industries where volume of work is typically limited by plant capacity or staff size, construction contracting arguably has no such limits. The enterprise should probably concentrate on becoming a small- to medium-sized contractor, with the volume of work ranging between \$5,000,000 and \$15,000,000 annually. Two restrictions potentially limit the enterprise from becoming larger. The enterprise must be cautious to avoid effectively competing with SRSR, which could happen if the enterprise begins to compete on the levels on which the sand and rock company's customers and partners compete. Second, the enterprise is limited geographically because the majority of its labor supply, as well as its sustainable competitive advantage of cheap

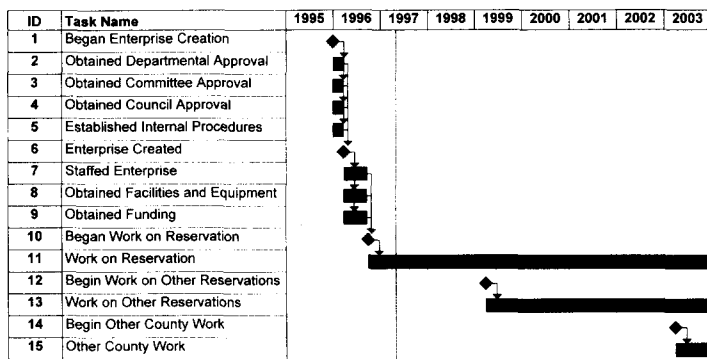


FIG. 1. Schedule for Implementing Enterprise

materials production, are dependent on Arizona and especially Maricopa County.

Time Frame

Establishing, staffing, and equipping the enterprise was accomplished within one year. The enterprise began work on the reservation in Fiscal Year 1997 (October 1, 1996), and will concentrate solely on the work on their reservation land for two to three years. In determining when to transition to the different stages (e.g., moving from working only on SRPMIC to other Maricopa County Indian reservations, and from these other reservations to the general Maricopa County construction industry), the capacity of the enterprise will govern. When the enterprise is capable, it can transition to performing construction work on other Maricopa County Indian reservations, remaining at this stage for a longer duration, perhaps three to five years. Finally, when the capacity of the enterprise is adequate, the enterprise can begin work in the Maricopa County construction industry. A bar chart schedule showing the implementation of the enterprise is shown in Fig. 1.

CONCLUSION

SRPMIC has written into its ordinances that businesses can be created by the community for the purpose of promoting the social and economic well being of its members. This study analyzed how meeting those requirements might be accomplished through a construction business venture. Regulations the community would be required to follow were reviewed.

This study also discovered that the community has significant advantages and disadvantages related to construction and identified several threats and opportunities in the market facing the community.

After determining that the community has an advantage in providing low cost materials to the Maricopa County construction industry, this study outlined a strategic plan that describes the steps for implementing a business enterprise that not only can compete profitably in the Maricopa County construction industry, but can also further the social and economic welfare of the Salt River Pima-Maricopa Indian Community.

APPENDIX. REFERENCES

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