



## NEWS RELEASE

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Contact: Sam Carradine  
(202) 778-3638  
[scarradine@surety.org](mailto:scarradine@surety.org)

### **SFAA, ESSEX COUNTY, NJ, OFFICE LAUNCH SURETY BONDING PROGRAM FOR SMALL, MINORITY & WOMEN-OWNED CONSTRUCTION CONTRACTORS**

NOVEMBER 30, 2009, WASHINGTON, DC—A program launched November 5, 2009, in Essex County, NJ, will help small, minority and women-owned construction contractors. By participating in this program, these contractors will improve their business operations so they can qualify for surety bonding. Qualifying for surety bonding enables contractors to participate in federal, state and local government funded projects.

Seeking to promote economic development and enhance opportunities for these contractors to pursue business with Essex County and other counties in New Jersey, the Essex County Office of Small Business Development and Affirmative Action (SBDAA) partnered with The Surety & Fidelity Association of America (SFAA) to establish the Essex County Bonding Readiness Program.

“Essex County’s Bonding Readiness Program is the first-ever multiple county bonding program geared towards helping those target business populations in need of the necessary credentials to apply for government contracts,” said Essex County Executive Joseph N. DiVincenzo, Jr.

“For the past two years,” added SBDAA Director Deborah E. Collins, Esq., “we have courted the idea of launching a bonding program in partnership with The Surety & Fidelity

Association of America. It was just an idea then, but today, the idea has become a reality with the receipt of a federal earmark from the U.S. Small Business Administration. Once again, Essex County makes history as we work to ensure that small, women, and minority business owners are positioned to achieve success in bidding on contracts in the public sector.”

SFAA plays an active role in diversity nationwide by assisting in educating small, minority, and women-owned contractors on how to obtain surety bonding or increase their bonding capacity and by providing technical assistance and program resources to state and local governments in the areas of contractor development and bonding support. The Essex County program features educational workshops and a bond readiness component modeled after the SFAA Model Contractor Development Program.

“We are excited to launch this bonding initiative in partnership with the Essex County Office of Small Business Development and Affirmative Action,” said SFAA President Lynn M. Schubert. “This program is another reflection of the surety industry’s commitment to helping small, minority, and women-owned businesses obtain surety bonds or increase their bonding capacity. Our Model Contractor Development Program has been implemented in several state and local jurisdictions throughout the country, where it has been highly successful in qualifying these contractors to participate in the public construction bidding process. We are confident that Essex County and its contractors will experience the same benefits and outcomes.”

During the educational workshops, participants learn how surety bonding relates to all aspects of their business operations and specific approaches and techniques that result in a successful bond application. Training focuses on business planning, banking and finance, construction accounting and financial management, bonding and insurance, claims and dispute resolution, marketing, estimating and bidding, and project management and field operations. The bond

readiness component consists of one-on-one interactions with surety bond producers, underwriters and other professionals who work with participants to help assemble the materials and information necessary for a complete bond application. These professionals also work with participants to address any omissions or deficiencies that might deter the successful underwriting of a bond.

Preparing small and emerging contractors for surety bonding or increased bonding capacity is a critical piece in ensuring that they are able to play a significant role in government contracting. “Many times, what is perceived to be a surety bonding problem actually is a contract qualification problem,” SFAA’s Schubert explained. “One of the primary purposes of surety bonds is to assure that a contractor is capable of performing a construction contract. Not all contractors qualify for all construction projects or surety bonds. This initiative provides the training resources and information these contractors need to eliminate barriers hindering successful surety bond underwriting decisions.”

A contractor’s ability to provide a surety bond to guarantee completion of a project, both public and private, is an essential element in the decision to award the contract. Women, minorities and other small business owners often have less experience and access to working capital. “This can make it difficult for them to obtain bonding,” Schubert said, “because a contractor’s credit worthiness and experience are among the most significant conditions insurers consider in the underwriting process.”

The Essex County program will consist of an eight-week comprehensive business development course that will be offered four times a year over a two-year period. The goal is for each contractor who successfully completes the program to obtain a bond, a bond line, or increase his or her bonding capacity through education and direct assistance in the bonding process.

Environmentally Based Green Building Owner Cindy Malinchak is excited about the program. “I have worked on some public sector projects, but only as a subcontractor because I could not bid on programs,” she said. “I am excited about participating in this program because it is a great networking opportunity and I look forward to enhancing my credentials and better positioning myself to bid on projects in the future.”

Accolade Construction Group, Inc. President Faisal Ahmed, added, “Participating in the County’s Bonding Readiness Program will not only provide us with valuable information about bonding, but will also provide access to experts that can help us better understand how important estimation and other aspects are.”

New Jersey Professional Estimators Association President Joseph P. Majewski will present a workshop session in December on marketing, estimating and bidding. “Many people were given the designation of a ‘small business,’ but they were not trained to compete for big bids,” he said. “We are excited to work with Essex County and the SFAA to provide this valuable information to business owners.”

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