

BUSINESS BEAT

Building a name for himself

Fred Shaw co-founded Shaw-Lundquist, the largest minority-contracting firm in the region.

You've likely seen the **Shaw-Lundquist** signs that are posted at construction sites throughout the metropolitan area.

That's a nice Anglo-Norwegian name, well suited for doing business as a construction firm in Minnesota.

But it doesn't say much about **Fred Shaw**, the man who built the company.

In his personal life, Shaw is better known by his original name, **Feng Hsiao**. By all accounts, Shaw is one of a kind in the Twin Cities and probably well beyond.

At age 86, he still puts in a full day at work, six days a week. **Tom Meyers**, an officer who has worked at the company since 1983, says he can't remember Shaw ever missing a workday.

Shaw still estimates the cost of the company's proposals before it bids for them, a skill that remains at the heart of the construction business.

Eagan-based Shaw-Lundquist is in its prime, coming off its biggest year ever and solidly positioned for the future.

Sales hit a record \$80.3 million for the fiscal year ended March 31, up from \$63.2 million a year earlier. The company has been debt-free for all but three days of its 33 years.

It's hard to imagine any of this happening without Fred Shaw.

Shaw immigrated to America in 1944 from China.

He co-founded Shaw-Lundquist when he was 55, in 1972. Asian entrepreneurs turn up frequently in Minnesota today, but they were rare then.

Fred Shaw is an unpretentious man who seldom seeks publicity. Now, like it or not, he is getting it showered onto him.

On Wednesday, the **Metropolitan Economic Development Association**, a leading support group for minority businesses here, will honor his company as the first inductee into



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its Entrepreneurial Hall of Fame.

Last year, Shaw was inducted into a similar body established by the **National Association of Minority Contractors**. **Alfred Babington-Johnson**, founder and CEO of the **Stairstep Initiative** in Minneapolis, delivered a passionate address nominating him.

"Fred has tremendous depth and breadth in everything a contractor needs to know to be successful," says **Dave Semerad**, CEO of the **Associated General Contractors of Minnesota**.

"He's one of those people who has a God-given talent to look at a blueprint and visualize what it's going to look like. I just don't know a nicer, better person in the industry."

Weiming Lu, president of the **Lowertown Redevelopment Corp.** in St. Paul, has worked with Shaw in various Chinese-American organizations since the 1960s. He says Shaw has built his company carefully, step by step, without depending on special relationships.

"He's very honest, straightforward, smart, hard-working and quick in making decisions," Lu says.

Shaw-Lundquist employs about 60 workers. Typically, the company does about 20 percent of the work on its jobs and farms out the balance to subcontractors.

Ranking immediately below Shaw as vice presidents are Tom Meyers and one of Shaw's sons, **Hoyt**, who uses his Chinese family name of Hsiao for business purposes, handles technology, finances and other internal functions. Meyers oversees the company's projects.

Shaw's other two sons, **Howell** and **Holden**, are also in the business.

So are two sons of co-founder **Lyle Lundquist**, who retired in 1984 and died four years ago.

Today, Shaw-Lundquist is the largest minority-contracting firm in the region. Hoyt Hsiao

PERSONAL SUMMARY

Name: Fred Shaw
Position: President, Shaw-Lundquist Associates

Age: 86
Birthplace: Xian, China
Family: Spouse, Jennie; sons Howell, 44; Hoyt, 40; Holden, 29

Education: Undergraduate degree in civil engineering from National Wuhan University, 1942; graduate degree in civil engineering from Massachusetts Institute of Technology; Ph.D. work in hydraulic engineering at the University of Minnesota, 1947-51

Career: Estimator and executive at Orville Madsen & Sons construction company, 1949-72; co-founder Shaw-Lundquist Associates, 1972, and president and principal owner

Activities: Member, Association of General Contractors since 1950; founding member, National Association of Minority Contractors, 1983; founding president, Chinese American Business Association of Minnesota, 2002

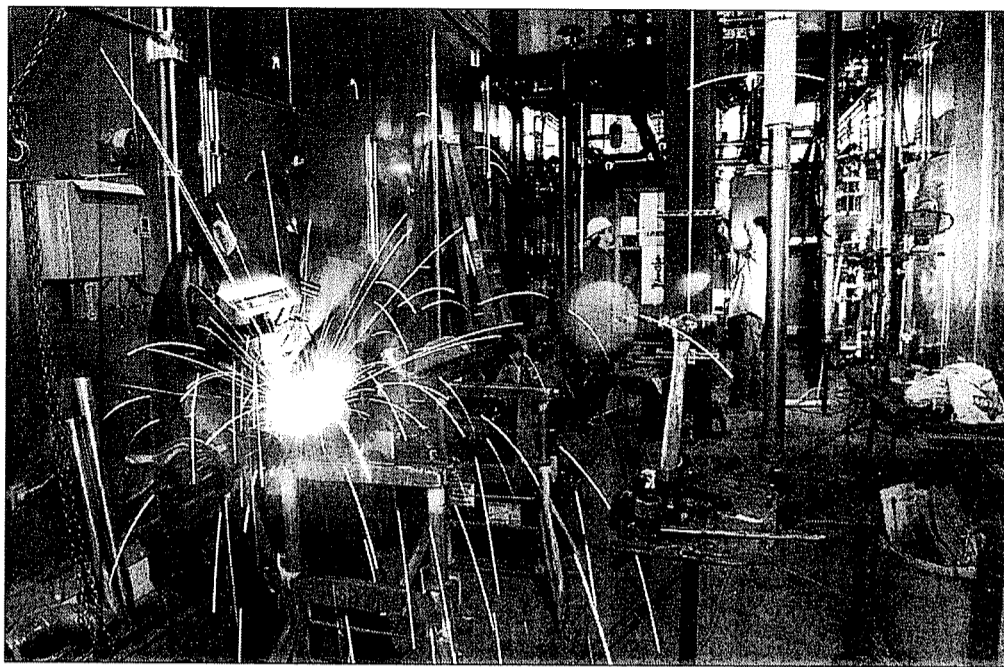
has led much of the firm's expansion since he joined the firm in 1987.

Shaw is a native of Xian, one of the largest cities in the interior of China. He earned an undergraduate degree in civil engineering in 1942. Those were war years in China, and the country was being ravaged. "You had to study by candlelight," says Shaw.

After he graduated, he helped to supervise construction of a warehouse for the Chinese government.

In 1944, he came to the United States to study engineering at the **Massachusetts Institute of Technology**.

Times were turbulent back in his homeland. The Chinese communists executed one of his four brothers.



Larry Lett, who works for **Area Mechanical**, welds water pipes May 19 at the Minnesota Department of Health and Agriculture laboratory, which is being built by Shaw-Lundquist in St. Paul.

PIONEER PRESS PHOTOS BY CRAIG BORCK

Shaw decided to stay in the United States. He came to Minnesota in 1947 to study hydraulic engineering at the **University of Minnesota**.

Two years later, he joined the Orville Madsen and Sons construction company here.

"Madsen told him that maybe he should go by Fred Shaw," says son Hoyt.

So he did, for professional purposes, but he also maintained his Chinese name for use with friends and family.

Shaw met Lundquist at the Madsen firm.

"He liked me. I liked him," says Shaw. "We became very good friends."

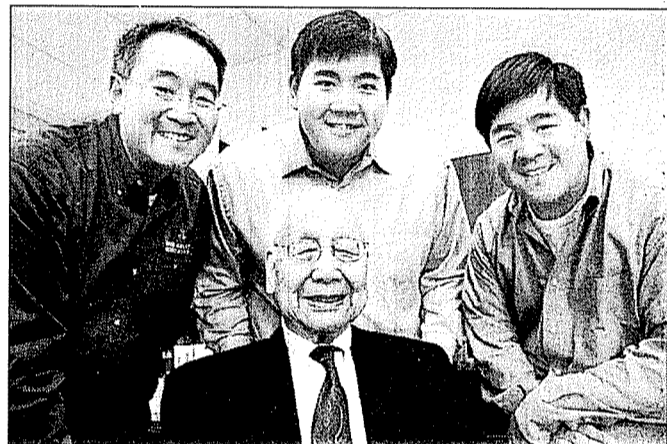
In 1974, Orville Madsen decided to move his firm to Wisconsin. Shaw and Lundquist didn't want to move, so they left to start Shaw-Lundquist.

They began building their company's reputation with key jobs at the **Minnesota Zoo**, the **Minneapolis-St. Paul International Airport**, and **Fort Snelling**.

In its early years, Shaw-Lundquist operated from rented quarters in the Sexton Building, at the edge of downtown Minneapolis. Shaw says the parking expenses exceeded the rent. In 1984, the company moved to Eagan; in 1997, it built its current headquarters there.

The company has come through some rough patches. In the late 1980s, the company lost more than half a million dollars in a dispute over liability for a financing guarantee. Litigation ended in an out-of-court settlement. Hoyt said the company was exploited in the episode.

"I learned a lot," says Shaw. Shaw's savvy at estimating projects has been a big factor in



Shaw-Lundquist's co-founder Fred Shaw, center, turned 86 on May 19. He still works full time with his sons Howell, Holden, and Hoyt. Shaw's company is the Metropolitan Economic Development Association's first Entrepreneurial Hall of Fame inductee.

the company's growth and success.

In the early 1970s, engineers stopped using slide rules to do the many calculations integral to construction. They turned to computers and calculators.

Shaw kept using his slide rules well into the 1980s then he hung them up. One of them went to the **Minnesota Historical Society** for an exhibit. Still, friends say that even without a slide rule or a calculator, Shaw is like a human computer.

In the bidding process, engineers for a contractor hoping to land a job must work from architectural specifications to make estimates of how much it will cost them to do the job. It's an art every bit as much as a science, and it's the talent that Shaw built his business on.

Hoyt says his father has an uncanny ability to estimate quickly and accurately the cost of a large chunk of a project —

say, a wall — instead of following a more orthodox procedure of costing out all of the many components of the wall.

"He does a lot of work in his head."

Babington-Johnson recalls that when he was starting an Upper Midwest chapter of the minority contractors group, he needed the backing of strong role models who had succeeded on their own. Shaw fit that description perfectly.

He hails Shaw as a model of accountability and a person of extraordinary integrity and foresight.

All of these ingredients have produced an outcome once unimaginable to Shaw.

"Growing up in China," he says, "I never believed I'd have my own business."

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