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Oscar Venegas

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THE UNIVERSITY OF TEXAS AT EL PASO INSTITUTE OF ORAL HISTORY

Interviewee: Oscar Venegas

Interviewer: Homero Galicia

Project: Hispanic Entrepreneurs Oral History Project

Location: El Paso, Texas

Date of interview: March 10, 2009

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Transcriber / Summary: Vanessa Pantoja

Oscar Venegas was born in Juarez, Mexico and obtained dual citizenship in the United States and Mexico. Venegas is a graduate of Burges High School, here he was influenced to become financially successful. He enrolled at The University of Texas at El Paso and graduated with a degree in civil engineering. After graduating, Venegas started working for local businesses, R.E. McKee and Jordan & Nobles. In 1982, Venegas decided to go into business for himself instead of working for McKee and Jordan & Nobles. With previous knowledge of sales and project managing, Venegas began his own construction company. He was unable to get an SBA loan in El Paso, so he moved to San Antonio, Texas for a loan. Business did not go as planned because there was little to no profit for his company. He decided to move back to El Paso in order to make a larger profit. He began work with John Noble contractors and then invested in Urban Associates, Inc. with experienced business partners. Venegas' next business venture was his own business called VEMAC Inc. With experience, he was able to become more successful than before. This time Venegas had a more organized business plan which covered the company overhead and guaranteed profit by bonding and taking on more projects. Venegas recalls the first part of his career where being a hispanic was a challenge, but the market and population shifted to where he feels it is an advantage. Venegas stays active in the community by trying to hire UTEP graduates and is involved in the Hispanic Chamber of Commerce and labor unions in El Paso.

Length of interview 62 minutes

Length of Transcript 35 pages

Name of Interviewee: Oscar Venegas
Date of Interview: March 10th, 2009
Name of Interviewer: Homero Galicia

This is Homero Galicia beginning an interview on Tuesday afternoon with Mr. Oscar Venegas, the president of VMAC Inc. [This interview is part of the Paso del Norte Entrepreneurs Oral History Project.]

HG: Thank you for your time Mr. Venegas. So I wonder if you'd start by telling us about your upbringing, where you were born, where you grew up, what schools you went to, if you please.

OV: Well, I was actually born in Juárez. My father was from Meoqui Chihuahua originally, but he moved to Juárez and actually went to [inaudible] and actually went to Cathedral High School, and that's where he met my mother at St. Patrick's. So my mother was an American citizen. My dad was a Mexican citizen. My dad decided to have my born in Juárez for dual citizenship in the future. We actually officially came to the United States when I was two years old, and in fact, I was just talking to some people the other day about the bilingual program because my first language was Spanish when I started school at St. Pius, and it was called the Complete Immersion Program with my first (nun??), [I] learned English right away, and good penmanship (laughing) at St. Pius. I had three other brothers. My other brothers were all born here in El Paso. From there, I went to a public school, Burgess. My father wanted me to go to Cathedral, but we couldn't afford for me to go to cathedral, so I ended up going to Burgess High School. Burgess High School was a good experience also. Learned to compete at Burgess High School with kids that came from different economic backgrounds and had access to a lot of nice cars, and the good life, and I think it kind of shaped me in wanting to have some of those things later in life.

HG: Where did you grow up? What neighborhood?

OV: I grew up in the same neighborhood; it's called the Tejas addition. I guess I was about five years old to twelve years old, we lived at 6005 Texas Street, and then

there was a three bedroom house, one bathroom, and my dad decided to move around the corner to 1023 North Clark because it had three bedrooms and two bathrooms, and it was right across the street from St. Pius. So my brothers liked that because they just went right across the street, and so I grew up in that neighborhood.

HG: So there were three brothers?

OV: Four boys.

HG: And your father, what did he do?

OV: My father actually worked with American Airlines loading and unloading planes for thirty-three years until he retired at age fifty-five. My mother was a housewife, so she didn't work. She worked, actually, after my dad retired at (Lerner??).

HG: Your parents still—

OV: My mom's still alive. My dad passed away about five, six years ago.

HG: Okay, and after Burgess, you graduated what year?

OV: Graduated 1969 from Burgess, and from there, I enrolled in UTEP, and initially wanted to be an electrical engineer because all my friends were going into electrical engineering, only because that was supposedly the highest paid occupation that was available at UTEP.

HG: Did you have an interest early in high school in engineering, or—?

OV: Not really. Not really. I just went for, thinking of what was the highest paid opportunity when I graduated. I quickly found that electrical engineering was not for me, so my sophomore year I switched to civil engineering. The Vietnam War was going on pretty good then, and I think that helped me maintain my grades because you've got a student deferment as long as you maintain your grades. So I think that was an asset. Of all the crazy things, I think that was an asset because it made me buckle down, and pass.

HG: So did you go straight through UTEP?

OV: Went straight through UTEP. Actually, I have a childhood friend from kindergarten, still a friend today, named Joe Cardenas, also a civil engineer. We were friends at St. Pius, friends at Burgess, and friends at UTEP, so our lives have been together since I can remember.

HG: So you finished, what, in '74?

OV: Four years added to '69 is what, '73?

HG: Seventy-three. Okay. Tell me about your mother and father. What kind of messages did they give you growing up? What message do you remember from your parents?

OV: Well, my father was an only son, and he never knew his father, so he was very dedicated to us boys, and he would tell us that he didn't want a job better than loading and unloading planes because he wanted to spend as much free time as he possibly could with us boys. Although he always used to pressure me not to do manual labor, and always was pushing to, you know, go to college, and do something different than he did. My mother, being a housewife, she didn't go to high school, so she took a lot of pride in me going to college and finishing college. I appreciate my mom a lot because her ability to speak English and to

speak Spanish is flawless in both languages. My dad spoke English with an accent, but my mom's perfect bilingual. So I was always very impressed how she could play canasta with ladies from Juárez or, you know, converse with her neighbors that were all Anglo—first people on Texas Street, we're the only ones that spoke Spanish from initially moved into town.

HG: Really? When you moved to Texas, it was pretty much an Anglo neighborhood?

OV: Yes. Yes.

HG: I think Mr. Peinado built that. Did he build that—

OV: I don't know. Shafer was the one that sold us the houses.

HG: Okay, and your brothers, what did they—you're the oldest?

OV: I'm the oldest of four boys. My second brother had a career in construction also. He worked, like, for El Paso Sands for a while, and he actually worked for me for a while. Right now, he's retired disability. He's got real bad arthritis in both knees. My third brother also graduated from UTEP with a business degree, and he works selling medical pharmaceuticals in Dallas, Texas, and then the youngest brother is actually a state trooper here in El Paso.

HG: Okay. I bet [inaudible]. And so after UTEP—now, when did you meet your wife?

OV: I met my wife in UTEP.

HG: Okay.

OV: She was a Velarde and I was a Venegas and we actually sat in alphabetical order in our history class with a Dr. Bailey, and that's where we met, and—

HG: Where did she grow up?

OV: My wife grew up in the Tigua area on Cadwallader Street.

HG: Okay. Now after UTEP, when you graduated, then you're looking for a job?

OV: Yes. I was interested in getting employment right away, and actually, I spent a very short period of time with the International Boundary and Water Commission. A friend of my father's got me the job there, and went to work for, I think it was what they call a—I can't remember the labeling the government employees used. A G5 civil engineer.

HG: Yes. Okay, well that's good.

OV: Yeah. Eight thousand dollars a year. I was enjoying what I was doing. I was actually in charge of lining concrete ditches in the lower valley, and about three months later, at my house, I got a call from a gentleman called Mr. Kistenmacher, kind of a famous painter nowadays here at El Paso. He was the president of R.E. McKee, and he said, "Why don't you come to work for R.E. McKee Construction Company. And I said, "I already have a job." And, he says, "What are they paying you?" I said, "Eight thousand dollars." He said, "I'll give you fourteen thousand."

HG: How did he hear about you, or how did he call you?

OV: I had applied with him prior to graduating. I had applied with the local companies here in town, and he didn't have an opening at that time. So, yeah, I went in to work with R.E. McKee Construction Company. And I had a little bit of a

surveying background because I had worked for a survey crew at UTEP part time, and that's why he hired me and wanted me.

HG: So shortly after the boundary and water commission, you went to work for R.E. McKee?

OV: R.E. McKee.

HG: What was your job there?

OV: My job at R.E. McKee, they used to call us field engineer. I would have a laborer, and myself, and we would lay out the corners of a building, lay out the center of the elevator, lay out all the walls, lay out all the streets. It was basically a surveying job for construction guys. And I enjoyed doing that, and got very good at it very fast. Actually did that for about three years, and then R.E. McKee ran out of local work. I guess that was '76, '77. So they put me in the office on the second floor of their big building at—right now, I think it's Y.

HG: The YWCA?

OV: The YWCA on Texas Street, and that's when I learned that my UTEP education was a really good one because we had a guy from the University of Texas, and the University of Arizona State. We had a Notre Dame graduate, a New Mexico State graduate, all people with big, expensive universities type of backgrounds, and as soon as I went in there, everybody was asking me questions about how this was figured in the field versus what they had been doing. I quickly learned that didn't matter where you graduated from. It's what you know and how you work. If you work hard—that's the driver, it's hard work ethic, and I think El Pasoans and UTEP describe that.

HG: Where did you get that hard work ethic?

OV: You know, my father came from —[announcement over the intercom]—do you want me to turn that off?

HG: It's okay.

OV: My father did manual labor, so he would always put us to work, and we didn't mind doing the hard labor because it was just part of our family atmosphere. It didn't bother us, and so when I went to college and learning that I could do surveying, which was hard work. I can remember the engineer's name was Cook, and he said, "Let me see your hands, and you're not sunburned enough." (laughing) And I said, "But I can do it."

HG: You had to prove yourself.

OV: I had to prove myself.

HG: So when you went to the office at R.E. McKee, what did you do there?

OV: When I was at the office at McKee, we did what they call the estimating takeoffs. We would estimate everything in a project from the dirt work up to the finished products, and did that for about six months and hated it, and the lead estimator had actually transferred from there to a company called Jordan & Nobles, which is presently C.F. Jordan now. And he called me and said, "Do you want to get out of the office?" They had a job opening over at Jordan & Nobles, and I left R.E. McKee to go to work over there at Jordan & Nobles.

HG: You had made some friends there at R.E. McKee?

OV: Yes, I had quite a few friends. Still talk to a few of them today. The University of Texas (gratis) named Phil Dieter, he has his own small company that's called

Dieter & James. There was another guy there named Ken Simmons, the one that went to Arizona State. He had his own company, it was called Simmons Construction. He since retired, I think, and move somewhere to east Dallas.

HG: It seemed to be a cauldron of developing construction companies out of R.E. McKee.

OV: It was a good, very disciplined, structured environment, and I think it was a good way to learn construction.

HG: And then at Jordan & Nobles, you went there for how long?

OV: I was at Jordan & Nobles for, wow, I guess about a total of twelve years.

HG: Doing?

OV: Mostly what they call tilt wall construction, so empty warehouses for different developers, and would actually work with the developer on the pricing, and sizing, and pushing, and eventually I was pretty good at working with the client. They said that they wanted to make me the troubleshooting project manager. They had just constructed a hotel in Houston that had gotten hit by a hurricane, and it was a mess. They wanted me to go over there and fix the hotel. That was in 1982. So I decided that I would rather go into business for myself than go to Houston and try to straighten that out—a wet hotel.

HG: So in that process, what did you learn that really helps you today?

OV: The ability to negotiate and talk one-on-one with a client I think was probably my biggest asset during that period of time with C.F. Jordan. Paco Jordan, he's an excellent salesman. You know, he doesn't have a degree, but he can sell real

well, so I would go with him, and watch his techniques, and try to emulate what he did as far as trying to close the sale, or resolve differences.

HG: So did you learn from Mr. McKee himself, as well?

OV: No, at R.E. McKee, Dave McKee was the son, and he was the president, and he was fairly isolated, so he had some different vice presidents. There was a vice president named Cordero that was very thorough, and taught me a little bit of how to price things and estimate things.

HG: So who were your mentors at that time up until the time you wanted to go on your own?

OV: At R.E. McKee, probably Carl Simmons. Carl Simmons was the son of vice president Ken Simmons of R.E. McKee, and he was the one that taught me how to lay out buildings, and a lot of plan reading, and a lot of how you would take the estimate and compare it to what was being done in the field for cost situations, and then at Jordan & Nobles, there was actually a guy that had been a vice president at Hunt Construction Company who mentored me at Jordan & Nobles. We would actually ride together to work and he would give me all the invoices, and he would say, "Code them to where they go," on the way to work, and I would code all the invoices. And then he would actually even have me check, like, let's say we bought a hundred sheets of plywood, he would have me check that a hundred sheets of plywood times twelve dollars a sheet was the correct answer because sometimes we would have extension errors, and he would say, "Fix the ones that favor us, leave the ones that don't favor us alone." (laughing)

HG: Who was that that?

OV: Steve (Cerda??). In fact, we became very good friends, and he couldn't have children, and I actually was the godfather to his oldest son. He passed away at a

young age. He went back to work for Hunt and actually caught some sort of blood disease. They thought maybe from flying so much, but he passed away at age fifty. I miss him today.

HG: So then, you decided to start your own business. How did you come to that place in—?

OV: I was actually working at, it's called First Savings Bank, but now it's Bank of the West, and there was another young architect named—what was his name? It's been so long. Gomez. And he wanted to—

HG: Joe Gomez?

OV: Not Joe Gomez. I think his name was Robert Gomez. He wanted to start a construction company, and every time he'd see me, he'd say, "Look, I'll be the estimator; you be the builder. We'll start a new company," and, "let's do it, let's do it", and we kept talking, and he actually got laid off from Jordan & Nobles, and he started the company, and he says, "You know, I'll get some work", and he didn't get any work, and I was sharing my paycheck with him for about three months. And then I decided that it was bothering me that I was working for C.F. Jordan, yet I was trying to get some other work, so I went in and resigned, and went into partnership with him. And the first thing he tells me is that it's good that I came to join him because he couldn't make his truck payments, and now the company could pay for his truck. And as soon as he said that, I knew he wasn't a very good business partner because there was no money in the checking account to pay for his truck (laughing).

HG: Wow. So what did you do day one?

OV: So we parted our ways after that conversation.

HG: Really?

OV: Yes, and then I said, “Well, I need work. I need sales.” So that’s when I had also, you know, kind of tracked to what Jaime Torres was doing, and went to the El Paso SBA office and said, “Hey, I’m out here. I’m starting my company, and I’d like to see how you can become an 8a member.” And El Paso told me that they had plenty of 8a members. They didn’t need any more members, and to come back in a couple of years or something after I had a track record. So I called—I actually have a cousin in San Antonio, Ruben Armendariz. At that time he was working for the national labor relations board, which their offices were right across from the SBA offices in San Antonio. And he says, “Well, let me see if they have any 8a openings here in San Antonio.” And he went across and talked to Ralph [inaudible], and Ralph says, “Yeah, tell him to move to San Antonio and we’ll talk to him.” So that started the first company that I started in ’82.

HG: So you moved to San Antonio?

OV: Moved to San Antonio.

HG: Without any work here.

OV: Without any work here. My wife had a job here. She quit her job and we moved her and my two kids to San Antonio.

HG: You had what? A boy and a girl, or two boys?

OV: I have a son. At that time, I guess he was, let’s see, in ’82? He was born in ’76, so he would have been six years old, and my daughter would have been four years old.

HG: So here, you go to San Antonio with the hopes of getting 8a and a company. So how did you start?

OV: Well, my wife immediately started looking for a job, and what I did is, I said, "Okay, what can I do?" And because of my surveying skills that I had actually earned at R.E. McKee, I went and talked to a developer there in San Antonio that did housing projects and different projects, and he actually gave me a job locating trees on the lots. So if they were oak trees over twelve inches in diameter trunk, then I would lay them out according to the property corners where the locations of these trees are because San Antonio has a very strict tree ordinance that you can't cut down trees that have a trunk greater than six inches. So he needed this information so he could see if he could put houses or buildings on these things. And I did that for about six months, until my wife finally got a job, and we kind of, we're scrambling trying to make a living, basically, and I was also bidding work at the same time, trying to find some projects. I had taken out a second on my home here in El Paso and had \$30,000 that I got out of the second, and was quickly going through that money, you know, just buying insurance was \$6,000, I think, in deposits and stuff. When Ralph [inaudible] called me and says, "Okay, you're in, let's start getting some work."

HG: You already had your application done?

OV: Um-hm.

HG: Okay.

OV: I was a sole proprietorship so it was very easy filling out the information. I used my social security number instead of a VIN number, and—

HG: And they let you go in without the two years experience at that time? You—

OV: Ralph [inaudible] got a waiver because of my background being an engineer and then in construction. He got me a waiver.

HG: Fantastic. And you were talking about Jaime Torres. Was he there to help you? Did he—

OV: Well, you know, once I got in the 8a program, then I started getting the opportunity to put some pieces together on different projects. What ended up happening is that there was no bonding to insure these projects for a guy that only had, like, at that time, about \$22,000 at the time. So what I did is I formed a selling (silent??) joint venture with Jaime Torres on the first core of engineer's job so that he could provide the bond and I could go and do the work. And it was at Brooks Air Force Base. It was a \$4,000,000 core job, and what I did is I took my \$22,000 and met a banker, and got a line of credit, putting the twenty [thousand dollars] in the CD for sixty thousand, and use that sixty thousand until I got my first draw, and was able to build my first building. What transpired was kind of a rude awakening. The project, being a core of engineers project, it was very difficult. They were extremely picky, and it was a hard job for me to get completed. So some of the issues, like, they didn't like the brick flooring, or they didn't like this, or they didn't like it like that, and I'd have to do it over and over again. So as I did the project, my profits shrunk, and I had to hold my profits that I promised Jaime Torres, which he wanted, which meant that I didn't make the profit that I was gonna make, and quickly learned that I was covering my overhead, but I wasn't making any money.

HG: And how many months was this into the project?

OV: It was probably around the seventh month.

HG: Wow. So what do you do?

OV: Well, you know, I kept getting projects, kept working. I wouldn't use Jaime Torres anymore. I used C.F. Jordan on one. I used another friend, Frank James— Frank James Construction. Different people to help me with the bonding, and would split the profits with them, and my wife had studied and completed her CPA by that time, and she was doing the financial statements for me in-house so that at the end of year two and year three, she was doing the financial statements. And she was saying, "Well, your GNA's running around \$250,000, and, you know, you're doing about \$2,000,000 worth of work, and you're making about \$250,000 to cover your overhead, but you're not making any profit for growth." And about year five, she said, "You know what? The Savings and Loan business went down, the gentleman that I'm working for, he lost his oil leases to the Savings and Loan situation," she said, "I'm gonna call it a day and go back to El Paso. You can choose to go forward, or you can choose to come back to El Paso." So I, at that point, closed up my first business at that time and followed her back to El Paso, and closed the business. I think we ended up with about \$15,000.

HG: So you had worked as an 8a for five years in San Antonio?

OV: Work 8a for five years in San Antonio.

HG: And because of the bonding, having to share the profits so that you could get bonded, you weren't really making an profit?

OV: No. I was covering my overhead.

HG: And so you decided to close it after five years?

OV: Decided to close it after five years. Because I was in business for myself, and because, at that point, I (never??) understood how profit, I mean, how bonding worked. I just thought (I understood??), you know, that not only do you have to

cover your overhead, you had to make money. I was a pretty good businessman at that point. I called it getting my master's in business in San Antonio, 8a.

HG: So that's what that served you for.

OV: That served a very good purpose. So when I came back, I went back to work for Jordan & Noble, they took me back right away. John Nobles said, "You know, since you know something about business," he says, "I have—" I think he had five cranes. He says, "I'm gonna put you in charge of the crane rental business." And so what I did is I took care of the crane rental business, and I ran some [inaudible], and I captured all the cost that it took to operate these cranes, and maintain these cranes, and the bad debt collection—I spent a lot of time trying to collect monies that were due for the crane rental. John Nobles didn't care too much because it was both so that the cranes could do work for his ongoing construction company, but leased out, it was just additional revenue. And I showed him where if we rented all five cranes every day of the week, including Saturdays, the maximum earnings potential that we had—I can't even remember the number—somewhere right under a million dollars, and the costs were, like, \$700,000. So his vice president at the time said, "You know what, Oscar's spending way too much time, and doing too much with the crane business, but he can be making us more money being vice president of the industrial division." The warehouses, again. So they took me out of the crane business, sold all the cranes, and put me into the vice president of the warehousing building. At that time, it was called John Nobles Construction Company. Paco and John had separated. John decided to sell his interest to that vice president, a guy named John Steiner. I didn't like the way he did business, so I ended up quitting that business and going over to Urban General Contractors. That was, I think, in 1992.

HG: Way back, you came with John Nobles. How long were you with him?

OV: I was with him for about four years.

HG: And then you went to Urban—

OV: Urban General Contractors. I enjoyed working for Mario. Mario only took two or three jobs at Fort Bliss, core of engineer's jobs. I ran the jobs. It seemed very easy to me, having my 8a experience, knowing governmental contracting, and his organization was geared towards governmental work, so it was just a matter of execution.

HG: And he didn't have an 8a?

OV: He didn't have 8a. He had been in business since 1973. So when I went in, he had a vice president that was eighty-four years old. I replaced him. His name was Mr. Marrs, and just kept running the show for Mario until 1996.

HG: He brought you in as an officer though?

OV: As a vice president. And then in 1996, he has an older son named Mario also that works—at that time, was working for Fluor in California, and he invited him, you know, to take over the company, and the son said, "No I'm not interested in coming back to El Paso and running your company." He had a daughter in San Francisco and wasn't interested in running the company. He had another daughter that was working for the company, but she was an art teacher, and then a young son named Michael that was into computers, working for—you would know him if I said his name. Hector Holguin.

HG: Yes.

OV: Michael was working for Hector Holguin at the time.

HG: [Inaudible].

OV: So nobody wanted to get involved in construction at that time. So in 1996, he says, "I'm gonna shut this company down. I'm gonna draw my social security, or you come up with \$150,000 as your half buy in, and you'll form a new identity called Urban Associates Inc., and go forward." So I went home, I talked to my wife. I said, "I know you don't want to be in business anymore, but Mario's offering us an opportunity. We have to come up with \$150,000, and start again, what do you think?" And she said, "Well, I didn't want you to go into business again, but with a millionaire, and somebody who knows what he's doing, that's probably a good venture."

HG: Had you met Mario Montes at R.E. McKee?

OV: No. I knew that he had worked at R.E. McKee.

HG: Okay.

OV: Through the years, he had actually talked to me a few times and offered me jobs.

HG: Okay, so he knew you, you knew him.

OV: Yeah. And McKee guys used to keep in touch with McKee guys, believe it or not. Yeah.

HG: So you came up with the funds you needed?

OV: Yeah. My wife had \$75,000 in her pension plan, or her 401k, or whatever, so we used that \$75,000, and then there was a real nice banker, I can't think of his name—that was working—I think it was called N (M??)Bank at that time. We went and talked to him, and he lent us the other \$75,000. So I got my \$150,000.

Mario had his \$150,000, and the capital injection was \$300,000. And right away, we got—our first project was the El Paso Museum of Art. Six million dollars and so we got that project, and that was the very first project. And we worked together maybe, he stayed for about eighteen months, and then his urban office is right next door to where the old social security building was, so they were giving him a hard time about not paying him his social security because they would see him go to work (both laughing). So he said, okay, I'm just gonna stay home, and I'm gonna travel, and about that time, his son lost his job with Hector Holguin because Hector Holguin had sold a company to another outfit. I can't think of their name, and—

HG: Accugraph.

OV: Accugraph. So Michael came to worked for the company at that point, and again, it was going along pretty good for about a year, and Michael ended up buying 35 percent of Mario's shares; I was 50 percent, Michael was 35, and Mario was 15. And then my son graduates, and—

HG: In engineering, or—?

OV: A civil engineer. I think my son graduated in '99.

HG: Here in UTEP?

OV: Here at UTEP, and then he comes to work with the company, and we have a culture clash between Michael and my son David. So Mario says, "Well, you know, if the boys can't get along, let's just split it the way I did with my former partner, Sam," he says, "We'll just put the dollar amount in a hat, and the highest bidder wins." And around 2003, we put a dollar amount as to what—who wanted Urban Associates, and he outbid me, and at that time, I thought it was a lot of

cash, about \$600,000, and said, “Thank you very much, Mario” and started again as VMAC.

HG: So then, you just had to go out and start again?

OV: Start again. Start again.

HG: And that’s when you started VMAC?

OV: That’s when I started VMAC.

HG: And why VMAC? What does that stand for?

OV: Well, you know, not knowing who was gonna be the successful bidder, I didn’t really have any names, but my wife came up with VMAC because of the original company was Venegas Engineering Construction, VEC. She added the management and construction, VMAC. So she’s the one that invented the name, real quick.

HG: Okay, and so you had this cash that you could start your business with. So it was a different position than you had before.

OV: Very different.

HG: And you had all—

OV: I had a client base. We formed VMAC as a subsidiary of Urban Associates, and then we spun it off, and in order to have a, what they would call a tax advantage doing it that way, VMAC had to be spun off with a project and some equipment. So I took two pick-up trucks, an air compressor, a welding machine, and a Canutillo contract, and so I really left in very good shape. I had cash. I had a

contract. I had a few pieces of equipment, and I knew what bonding was this time.

HG: And consequently, Mario Montes with Urban was able to continue growing the business.

OV: Yes, Mario has done very well. He told me, he says, "You know," he says, "I want to help my son, Michael. I feel strong, and I think I can," he says, "at least go for sure, for five years." So Mario knows what he's doing, so yeah, it's been a very successful business.

HG: So now that you started your own business and you know bonding, you know, how did you build your bonding? How did you do that?

OV: I use a rule of thumb, everybody kind of laughs at me, but I just know what my costs are. So if my costs are, let's say my fixed costs are \$600,000. What I set out to do is to get one, two, or three projects that are gonna generate \$600,000 worth of profit, my break-even point. And then I tell myself, okay, I've covered my overhead, now I need to make money, and I go for that fourth, fifth, sixth project that brings in another \$300,000 or \$400,000, and I use that as my guide going forward, and every year end I say, has my fixed cost increased? Has it come down?

HG: So are those annual costs or fixed costs?

OV: My annual costs.

HG: Okay.

OV: For keeping the doors open.

HG: And so you had to get so many projects to break even.

OV: Yes.

HG: And then any more than that is [inaudible.] So how did you build bonding with that model?

OV: Well, what transpired is I ended up having a client, it was called Clint Independent School District, and interviewed with them for a project, and in fact, the superintendent said, well—not the superintendent—one of the trustees said, “How long has Oscar been in business?” And the superintendent said, “Couple of months.” And the trustee said, “A couple of months!” (laughing) But everybody knew me from the Urban days, so they gave me an opportunity that was probably beyond my bonding capacity at that time. What it was, it was a combination of projects totaling twenty-four million dollars. And because I couldn’t bond twenty-four million dollars, what we did is we started off by doing all the smaller projects, like twelve classroom addition to Horizon High School. Like, a bus transit facility for the Clint ISD. So what I did is I did all of the smaller projects, and at the end of one year, I had grown my cash from \$600,000 to \$1,000,000. So the bonding company came in and said, Oh, you did great, you know, with your job that you took at Canutillo plus Clint, you made all this money, and you’re doing good, so now we’re gonna raise your bonding capacity. And then I did the middle school that was twelve million dollars as a simple project.

HG: That’s a significant increase in bonding capacity.

OV: Yes, it almost doubled in a short period of time, by 2002, (let’s see??), ’03, I started—2005 my bonding had doubled.

HG: And so after that project, you grew your bonding again?

OV: Grew the bonding again and actually had a lot of work because of my bonding capacity, and that's when I got rated as the fastest growing Hispanic business in the United States.

HG: That started when, '02, '03?

OV: No, that was in '05, '06, and quickly realized that when you grow that fast, it's very hard to manage effectively.

HG: What do you mean?

OV: Well, you have to hire a lot of people, you know, just to staff up, and you don't know what you're hiring. You know, they have resumes, they say they built this, and they built that, but there was, you know, personality clashes with the other project managers that I had, and although I made a profit, I didn't make what I should have made as profit by increasing sales. So that was a good lesson learned at my older stage in business at this point in time. So last year I cut back, and I had a good year again. So it's not a matter of sales, it's a matter of what you can manage effectively.

HG: Wow. That's a long lesson to learn.

OV: Yes it is. Yes it is.

HG: Did your wife help you figure that out?

OV: My wife is, you know, from the first time we went in business back in 1982, since she was helping me with the books, and setting up the payroll, and everything else, and we had a part timer, we used to have some arguments. I'll give you an example. Let's say that one of my subcontractors, an electrician, he comes to me and says, "You know, your superintendent told me that he was gonna pay me this

additional \$1,200 if I did x, x, x, x.” And my wife would say, “Well, I don’t see anything, and here I don’t see a written change order.” And our subcontractor says that you have to have a written change order, or you don’t get your money. And I would say, “Nah, but we need to give him his money anyway because if he really did the work, and I need him in the future, \$1,200 is not gonna—” So we would clash on—she would take it a lot more personal than I would. I would say, “Let’s look at the long term. Let’s not look at today.” And so when I started Urban Associates as 50 percent owner in 1996 to today, she’s tried to stay away from really hard inputs.

HG: For family harmony.

OV: Yes, for family harmony (laughing).

HG: Smart. Okay, so now in 2005, where did all this work come from?

OV: Oh, you know, El Paso’s a great market. You know, it’s probably too good. I was just writing an attorney friend in Chicago that I’ve had so many opportunities to procure work here in El Paso in the last three months, seventy million dollars worth, and didn’t score any of the work, but at least the opportunity is there. And there’s probably another seventy million that I’m working on right now, and other communities can’t say that. And most of it, I think, I have to give our politicians, leaders, whoever that got the BRAC here. The BRAC, in itself, got a lot of excitement going, and at the same time, the school districts had to catch up, so there was a lot of school work. And then there was our traditional city work, and our PSB work, and our county work, and with everybody really, really busy, I was able to raise my fees a little bit and make more money. Today, we’re pretty popular. Everybody knows about us now. Now, I’m having to bring my fees down.

HG: Your bonding capacity now?

OV: Bonding capacity is pretty good. It's about sixty million aggregate for this market. That's sufficient.

HG: And are you became 8a again?

OV: No, I'm not 8a.

HG: Okay.

OV: Not 8a. In fact, I think it was about eighteen months ago, I got the firm what they call HUB zone certified because this office is in the HUB zone, and 35 percent of our employees come from a HUB zone.

HG: Okay. Good.

OV: So—

HG: Does that help you get work?

OV: It doesn't help us get work, but it helps the big contractor that hires me because then he can say, "I gave a HUB zone contractor six million dollars to do my concrete work."

HG: Is that primarily what you do now?

OV: On Fort Bliss, I primarily act as what they call a subcontractor doing concrete work for the mega contractors.

HG: Okay, so these big guys that are coming in and getting the big projects, those are your clients?

OV: Yes, like Hensel Phelps, I forget—I think their contract is for, like, for eighty-five million [dollars], and the concrete work for them is six million dollars.

HG: How would you describe your personal growth to this point?

OV: I feel that I've had to earn everything that I've got as a personal growth situation. I've tried a couple of things that should be, like, a great opportunity, land deals where you buy low, and then you flip it at closing and make a bunch of money, and they don't pan out. So I always say, "I have to earn my dollar." There's no easy dollars, you know? I play the lotto. I haven't hit the lotto.

HG: How about as a Hispanic? Has that had any impact?

OV: You know, I noticed that through the early part of my career, Hispanic was almost—I wouldn't call it a bad thing, but it wasn't a good thing. Like, my early years at McKee, I was one of the few Hispanics other than Cordero, and I was actually told by the superintendent, Simmons, that, you know, that I was a good worker, and a pretty good engineer. But being a Venegas, I'd never rise to the levels of management in the company, which surprised me, but that's what he said, and so I'd say the first part of my career, I thought that being Hispanic was a detriment. But then as the market shifted to more Hispanics in position of power, and the population shifted, I feel it's an advantage today.

HG: So as you came back to El Paso and started growing your company, how did the community of El Paso accept you, and deal with you, and treat you?

OV: Well, when I came back, you know, I was just an employee, and an employee now with what I call my master's in business, so I felt that El Paso, being from El Paso, it was a great place because I understood a little bit about business at that point, and the thing that makes a prime contractor successful in El Paso is having

a successful, what they call, subcontractor vendor base. A good relationship with those people—if those people work with you, and give you the best number, then you're gonna have the best number at bid time, or going forward, or the best performance. So being from El Paso, and knowing construction, and having a relationship with some of these subcontractors has been very valuable. I tried to avoid doing business with litigious type of business subcontractors, and that helps a lot too because everybody's just interested in getting in, doing their work, getting paid, and moving on to the next project.

HG: So what is your style of management?

OV: My style of management is, I try to push down the decision making to its lowest levels, yet I try to control flow through the office, so it's kind of a unique situation. I want the superintendent and the project manager to have authority to make things happen out there at the job site, but I also insist that we keep track of what that decision is. Let's say they want to spend \$2,000 to expedite something that wasn't in the estimate. They have the right to spend that \$2,000; we just need to amend our profit on there by minus \$2,000 so we know what we're doing.

HG: So what is your job now?

OV: You know, my job now is—I hate to say it, but it's almost the least enjoyable. It's collecting money and trying to procure work.

HG: Why collecting money? Why is that an issue?

OV: Well, the different clients, you know, they don't want to pay you if they feel that there's a chance that something may not get fixed, or there's a paper that's missing or something, so it's my job to go and talk to them and say, "How do we remedy this so I can get paid?" I'll give you an example. The PSB, very difficult to get paid from. Very difficult. They ask that you provide certified payrolls. So

if you have a subcontractor or vendor that does work, and does his certified payrolls incorrectly, then you don't get paid. So I have to go tell that subcontractor or that vendor, fix your payrolls, and then they say, Okay. And for some reason, maybe they're going through a leasing company, and that individual's no longer around, it can't get resolved. So I have to step in and talk directly with the PSB and say, do you want a letter from me saying that if this gentlemen ever surfaces again we'll give him his money, or we can send it to the Texas—the state of Texas for them to hold the monies. Or if you want to hold the monies, you hold the monies, but let's close this project out, and that's the kind of things that I have to get resolved.

HG: Wow. What would you say are the secrets to your success?

OV: I think one of the main things is to, believe it or not, is not to be afraid of the future, is my keys to success. My wife's very conservative, and I think she keeps me grounded, but I'm a risk taker, so to me, if you don't take risks, then there's no opportunities. I like to quote a guy from San Antonio, named Zachary that says, "Take the calculated risk, but take the risk."

HG: And your children, are they involved with you?

OV: Somewhat. My son is very involved with me. My daughter is very creative, so she helps me when I need creativity, like, proposals, you know, the covers, and the graphics, and stuff like that. She's very artistic so she helps me with that. My son loves the art of the deal and the negotiation portion of it. So he seems to be enjoying it. He has more of a type A personality, so I think he worries too much, where I have a more calm personality, and I trust in our United States system, that, you know, the opportunity's there, and it'll come, and as long as you keep pursuing it, you'll do fine.

HG: So what's the future for VMAC?

OV: The future for VMAC is, I think, with my son, it's probably very, very good. I hope. What I've been trying to stress to anybody that'll listen to me is that El Paso has good businesses, and they've got to give us a chance, and once we get the chance, then we get the bigger projects, then we can hire our kids and pay them a good wage. Because as long as they think that we can't do the projects, then we'll never get that opportunity to keep our kids here, and I fight that all the time. I don't know if you're familiar with the tech tool center for the PSB?

HG: Um-hm.

OV: I did that project. It was about six million dollars. I recently had a project for a sewage stream plant. I think it was about twenty million, and I submitted my data to try to get the opportunity just to bid, and I made it all the way till the very end, and they eliminated my firm, and there was two out-of-towners and one local firm got qualified to bid the job.

HG: Wow.

OV: And the out-of-towner, I mean, I think he's struggling right now with the concrete, so we're talking to him right now, giving him a price to be his concrete subcontractor. And therein lies the problem as a secondary person, how do I hire that UTEP grad? And so my goal is to try to keep El Paso business, El Paso expertise in front of the people so that the decision makers say, why not?

HG: How involved are you now in the community?

OV: I think more than ever. I didn't ever want to be so out front, more from the fear of the Jaime Torres situation, or any of that situation, but I think that in our particular case in El Paso, I think it's a better situation. I don't think that there's that much jealousy because there's a few successful Hispanic contractors, Urban

being one of them, Vistacon being another one. I was sad to hear about (Sam Core??) because he was a successful contractor, and there's some up and coming contractors. So I don't think being as proactive as I am is a detriment to my company or me [inaudible].

HG: And what are you most involved in right now in the community?

OV: Well, I've been going to a lot of these Hispanic Chamber of Commerce meetings, El Paso Chamber of Commerce meetings. Believe it or not, I'm actually having a meeting with the unions because I'm a union carpenter contractor, and the idea that a young man can get his apprenticeship through the carpentry for four years, and then have a journeyman's card at the end of those four years I think is important. If you're not gonna go to college, I think you need to get a good trade. So I'm also on their apprentice committee, so I'm also on the civil engineering advisory committee, and I've been interviewing a few candidates for the construction management division that they're trying to hire a professor for.

HG: Are you're talking about UTEP?

OV: UTEP.

HG: Okay. Well, one, I guess, final question would be, what advice might you have for a young Hispanic entrepreneur?

OV: You know, the only advice I got for them is that it's a wonderful time to try to go into business. I think El Paso doesn't look at you as being a Venegas or a Smith at this point. I think they're looking at you as, hey, you look like you can do the job, I want you to do the job, and I think my generation is more helpful towards the younger generation than the older generation was to me.

HG: In all of this, let me ask, how would you define integrity?

OV: You know, integrity—if you're being paid for something, I always like to use the example of, if you're paying me for a four-inch sidewalk, then I need to give you a four-inch sidewalk, not a three and a half inch sidewalk because if I give you the three and a half inch sidewalk, or a three-inch sidewalk, you're not gonna give me another sidewalk again. So integrity in my business is if you deserve—if you're paying for what you ask for, then you deserve to get that, and it's that simple. The other thing in my particular industry that I think is unique is that on bid day, people will call me and say my bid is \$3,268,003.04, and a week later, a month later, when I'm awarded the project, I write them a sub contract for that three million, they honor it. A lot of other industries and businesses, if it's not, you know, written down, and faxed, and certified, and everything else, it's not a deal, but in our business it is.

HG: You're talking about just a conversation?

OV: Um-hm.

HG: Because you know the people?

OV: Yes.

HG: And so a handshake's still valid in your business?

OV: Very much so. Very much so. More than, I think, any other business.

HG: Wow.

OV: I think if you can't trust a person's word, then, you know, we're in trouble. We're not gonna ever get that project built.

HG: Mr. Venegas, I really appreciate your time. The beautiful story that you have, and it's valuable, and I hope people can learn from it if it's put in the right places. So thank you, and I'm gonna end the interview now with Oscar Venegas.

OV: Thank you.

[End of Interview]

DRAFT