

Headline: BREAKING BARRIERS

Programs helped Marshall become wealthy

SubHead: Throughout the country's history, African-Americans have been locked out of the mainstream. Many black business owners struggle with discrimination, even as government extends a hand.

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Text: As one of the elder statesmen of New Orleans' African-American community, Nolan Marshall has spent his life trying to break down barriers to black businesspeople.

He's been the target of racial slurs and job discrimination, and a beneficiary of affirmative action. Ironically, his first business -- which catered to all-black high schools in the South -- was virtually wiped out by desegregation.

Now 76, Marshall has reinvented himself several times in the past half century. He's been a photographer, an insurance agent and a fast-food entrepreneur. But he's best known as the owner and founder of Nolmar Corp., a company he started in 1978 out of the trunk of his car and has turned into one of the most successful black-owned businesses in New Orleans. In the past decade, Nolmar's annual revenue has climbed to almost \$9 million as the janitorial firm diversified into construction and restaurant supplies.

Today, Marshall drives a new Lexus and lives in a \$425,000 home in the fashionable Lake Oaks neighborhood near what used to be Pontchartrain Beach.

Much of the credit for his success, Marshall said, goes to local programs aimed at helping disadvantaged businesses.

Since 1989, Nolmar has been paid at least \$9.6 million under such programs as either a prime contractor or subcontractor, according to a study by The Times-Picayune of records from disadvantaged business enterprise programs in New Orleans. That's more than nearly any other company participating in the seven programs studied by the newspaper.

Nolmar's success was responsible for making Marshall a millionaire eight years ago. Public records show he's worth as much as \$1.8 million today, and Nolmar has become one of the 10 largest janitorial firms in the city.

That Marshall is respected in the New Orleans business community is unquestioned. He's been secretary/treasurer of the New Orleans Regional Chamber of Commerce, vice president of the World Trade Center and a member of the New Orleans Business Council.

He was a member of the New Orleans Aviation Board for 15 years, and in 1985 he helped coordinate Mayor Dutch Morial's unsuccessful drive to change the city charter to allow him to seek a third term.

Marshall's success raises questions about why he still is eligible to participate in programs aimed at helping struggling companies gain a foothold in the business community. Although he undoubtedly needed the programs in the past, some minority businesspeople say it is time for Marshall to graduate and make way for a new wave of disadvantaged entrepreneurs. Others say Marshall should remain in the programs as proof they are working.

For his part, Marshall acknowledged that he no longer is disadvantaged, and he said he no longer needs such programs to keep his business afloat. But, he said, he'll probably never realize his dream of becoming as big as Boh Bros. Construction Co., a local construction giant, if he has to go it alone.

"It'd be much harder, but being who we are and what we do, I think we would survive and I think we'd do well," Marshall said. "But we might not grow so well. . . . We'd have to beat the bushes more, be more hands-on."

Victim of success

Marshall has been denied disadvantaged status at least four times in the past decade, records show. The first rejection came in 1990, when staff members at the Sewerage & Water Board found that Marshall's company was too big to qualify for its program because its annual sales exceeded the agency's \$2 million limit.

In 1998, Nolmar was denied disadvantaged status on three occasions by a panel of academic experts responsible for making such determinations for the water board and the New Orleans Aviation Board. The panel found "no social or economic justification" for Nolmar's inclusion in the program.

Despite those denials, Nolmar was kicked out of neither program. Water board officials continued to give the firm work even after the 1990 notification from agency staff of the company's status.

Agency officials were unable to comment on the 1990 case, but they said a recent decision to keep Nolmar in the program came after Marshall made a personal appeal to the five university professors who rejected his application in 1998.

Some panelists said they were swayed by Marshall's claims of continuing disadvantage.

"His presentation was sufficiently effective to let us believe that if he would not be able to participate under this program, that his number of contracts would be diminished so significantly that he would probably fold," said James Blackwell, a retired sociologist

from the University of Massachusetts who serves on the panel. "And we did not want that to happen."

When told of Marshall's acknowledgment to the newspaper that he's no longer disadvantaged, however, Blackwell said, "Obviously, if he told me that, we would not have certified him."

'A white man's world'

One of the issues on which the panel focused is Marshall's personal net worth. At \$1.8 million, it makes Marshall one of the richest people in the DBE program. Even after subtracting Marshall's equity in his home and business, it far exceeds limits placed on those who can qualify for federal DBE programs. The U.S. Small Business Administration doesn't accept new applicants whose net worth exceeds \$250,000. The U.S. Department of Transportation, which oversees programs in New Orleans and elsewhere, recently set a \$750,000 net-worth cap.

In an interview with The Times-Picayune, Marshall said his personal financial condition is less important than the color of his skin.

"This is still a white man's world," Marshall said. "You can walk into a meeting with the same qualifications, and . . . nine out of 10 times, or nine and a half out of 10, you have little or no consideration, even today."

Providing his company with preferential treatment on public contracts is one way of breaking that barrier, he said.

"If there is a limit and it stymies growth, how are you ever going to be a Boh Bros. Construction Co.? How are you going to create jobs for people and promote them to different levels of employment, create different retirement programs for them?" Marshall said.

Developing business sense

Marshall's business history illustrates how difficult it was for black-owned companies to thrive in the days before and immediately after the civil rights movement, and how federal, state and local disadvantaged business enterprise programs have become so much a part of the fabric of minority business opportunities today that many such businesses believe they cannot be successful without them.

Marshall's story begins half a world away, on the tiny coral crescent of Peleliu. In 1944, he was a member of the 1st Marine Division, which took heavy losses ousting the Japanese from the island in cave-to-cave fighting.

"The Lord has a reason why I'm still here," Marshall said. "I should have been dead when I was in the Marine Corps. Seventy-three percent of the guys in my outfit were killed."

Marshall mustered out of the Marines in December 1945 and returned to New Orleans, but he had contracted tuberculosis. Confined to home while recuperating during a relapse in 1948, Marshall took up a new hobby: photography. It soon became a career opportunity, as he found accounting, which he was studying at Xavier University, to be boring. He went to work for the owner of Sackett Studios on Canal Street.

"He'd heard I was a fairly decent amateur," Marshall said. "He offered me a job for \$125 a week."

Maurice Sackett's idea was to have Marshall open a "colored" studio in New Orleans, called Lincoln Studios, to capture business from all-black high schools. But after Marshall's first week and a half, he came back with only \$15 in deposits on graduation pictures. Sackett let him go, telling Marshall he didn't think the venture would work.

A \$215 beginning

Marshall decided to strike out on his own. With \$215 in his pocket, most of which he had collected after losing his job at Sackett Studios, he went to the Eastman Kodak store on Canal Street, where he'd been buying film. Marshall said the clerk laughed at him, asking, "What do you expect to buy with this?"

After rummaging around a back storage room, the clerk rounded up some used lights, light stands and a portrait tripod. A friend contributed an old-fashioned bellows portrait camera. The bellows, a collapsible cloth attachment used to focus the camera, was full of holes. "I took black tape and patched it up," Marshall said.

The final piece of the puzzle fell into place on Marshall's first photo shoot, when students at Clark High School mistakenly loaded a four-legged stool from the school into the back of his car when he had finished work. Fifty-two years later, that stool still stands in Marshall's second-floor office at Nolmar's D'Hemecourt Street headquarters.

"I guarantee I've taken the pictures of 100,000 students out of that bench," Marshall said. "I won't get rid of it."

Marshall decided to diversify his business after running into a salesman with Herff Jones Co., a national manufacturer of high school rings. Marshall offered to act as the salesman's agent at the black schools where he was selling photos.

"He said, 'You know, that's a good idea,'" Marshall said. "But he told me straight out his company didn't hire coloreds."

A spokeswoman for Herff Jones Inc. said she was unaware of such a policy then.

"We had representatives in Jackson, Miss., and Florida back then, but as far as who they hired, there's no one around who would know," Jeanette Blackstone said.

Zenith and nadir

Marshall said he had better luck with Al Carter, a black salesman for L.G. Balfour Co., another national ring company. Carter cut a tough deal: He would let Marshall represent the company in New Orleans, but Carter would keep half of all Marshall's commissions, and an additional 5 percent would go to Balfour's regional sales chief.

Marshall took the deal, but he quickly grew unhappy with the arrangement. After a year, he offered to buy the territory from Carter, who again set a stiff price: \$90,000, or five times what Marshall said he made in commissions during his first year.

It took Marshall five years to pay off the debt, and by then he had become a fierce competitor in the market. To keep track of all the orders he was handling -- class pictures, rings, and eventually graduation caps and gowns -- Marshall developed his own IBM punch card computer program. Each school would get a monthly accounting of student orders and payments. The photos cost \$18 for a first-class package.

"I wiped out my competition, absolutely steamrollered them," Marshall said.

By 1968, 20 years after he started the business, Marshall had the biggest operation in Louisiana, selling photos and other services to 114 all-black high schools in four Southern states. Annual revenue was up to \$1.5 million, and Marshall -- who rewarded himself with a new Cadillac once a year -- was personally pulling down more than \$100,000 per year. He was among the most successful African-American businessmen in New Orleans.

Then the bottom fell out.

'Crunch'

In 1970, the U.S. Supreme Court ordered the desegregation of all schools in Louisiana, Mississippi, Alabama, Georgia, Texas and Florida. Initially, Marshall thought it was great news for his company, that he finally would be able to crack the color barrier and sell his wares to all high schools.

"I was driving back from Houma and I heard it on the radio, that they'd declared an end to segregation in schools in the South," Marshall said. "Man, I was jitterbugging in my car, I felt so good."

The euphoria didn't last long. Across the South, black high schools were closed and their students bused to white high schools. And, as Marshall discovered, those schools already had agreements for rings and photos from white salesmen. Even worse, Marshall was forced to refund deposits of more than \$150,000 to black students who moved to new schools, draining his finances to near zero.

"I had a school in Hammond and Southdown High School in Houma, and those were the only two schools where black students were transferred into white schools that gave me business," Marshall said. "I went from 114 schools to six or seven. . . . I didn't have anything left. I didn't go bankrupt, but I had taken 20 years to develop a business that went crunch overnight."

Marshall's prospects seemed to improve, however, when Balfour, the ring manufacturer, came to him with an offer to buy his photo studio and turn it into a nationwide operation. The deal would mean a move to Kansas City, Mo., but it also would have generated at least \$1 million for Marshall.

Then more trouble arrived. On a business trip to Houston, where Marshall was to give a presentation for Balfour on his computerized sales methods, Marshall's new career hit a roadblock.

"'Let me tell you something: You don't turn my office over to no nigger,'" Marshall recalls the Houston office manager telling Balfour executives.

Word of the incident made its way back to Balfour headquarters, where David Schlothauer, a senior executive, quickly penned a note to Marshall asking him not to get discouraged about his "welcome." Marshall still keeps that letter in his desk.

A spokesman for Commemorative Brands Inc., which now owns Balfour, confirmed that Schlothauer was with the company at the time, but said present company officials have no knowledge of the Houston incident.

But the episode was a sign of things to come. Marshall's career at the company effectively ended in 1973 when the elder member of the Balfour family died before the company completed the purchase of Marshall's business or implemented his business system.

Discouraged, Marshall bailed out, turning over the few remaining accounts he had to his oldest son, Nolan Marshall Jr., who still operates it today.

Opportunity

Marshall tried a little bit of everything after his photo business fell apart. He sold life insurance for a couple of years. He worked as a commercial real estate broker. He even tried his hand at fast food. Using recipes supplied by a friend who operated a Houston restaurant chain, Marshall opened Uncle Al's Fried Chicken at the corner of Melpomene Street and Claiborne Avenue. Startup costs were largely covered by a \$100,000 loan from the U.S. Small Business Administration.

Marshall couldn't make a go of the business, so he sold it to Church's Fried Chicken. But Marshall said the venture wasn't a total failure because it introduced him to Rudolf

Ramelli, the supplier of cleaning goods for Uncle Al's and owner of one of the city's biggest janitorial supply companies.

"One day, Rudy came to see me," Marshall said. "He had heard I was involved in sales, and the oil companies needed someone to sell them janitorial supplies offshore."

Ramelli offered Marshall a deal: He would help him get started if Marshall would give him 5 percent of his sales. Startup costs would be low, because Marshall would buy his cleaning chemicals from the manufacturer on consignment.

"My father knew there was a niche for a minority company to sell janitorial supplies," said Robert Ramelli, the present owner of Ramelli Janitorial Services. Ramelli said the two companies were able to help each other.

"At one point, Ramelli helped Nolmar try to get established in certain markets it couldn't get into," Robert Ramelli said. "And Nolmar helped Ramelli to get involved in markets they couldn't get into. . . . We've been competitors -- but also friends -- for as long as Nolmar's been in existence."

Marshall moved beyond supplies when one of his customers asked whether he knew what to do with the stuff he was selling. "He said, 'This place is filthy. Why don't you clean it for us?'" Marshall recalled. "Well, that was an idea."

Cleaning up

That first \$500-a-month contract led to more work. Marshall's company began servicing offshore oil rigs, along with oil company warehouses and offices. He soon added pressure washing, which led to waterproofing, repairing and replacing gutters and roofs, and other general contracting work.

In those early years, Nolmar pulled down its share of public and private contracts. Marshall saw no reason to use his minority status as a way to gain an advantage

"We didn't form Nolmar on the basis that we were a minority firm," said Marshall, whose partner, Robert Donnes, is white. "As a matter of fact, we did not want to have a firm depending on being a minority. . . . I figured we could compete with anybody, and we stayed that way for years."

Marshall said Donnes, who owns 27.5 percent of the company, paid a price for going into business with an African-American. "Terrible things have been said to him," Marshall said. "You'd be surprised at the flak they gave him."

Nolmar didn't get involved in disadvantaged business programs until 1986, when a buyer for a state agency explained that Nolmar's participation in future contracts would be limited unless the company was certified under the state's minority business enterprise program.

"He said to us, 'We're very pleased with the service we're getting, the quality, the promptness. It's just too bad you're not a minority firm, because we could buy a lot more from you,' " Marshall said.

"I said, 'Just what the hell do you think I am?' " Marshall said. "And he opened a book and said, 'All the minority firms are in there.' "

It was the state's list of certified minority business enterprises.

Growing pains

After seeing what the state program could do for Nolmar, Marshall applied for every program in the metro area, eventually receiving certification as a disadvantaged business from all seven local agencies that have DBE programs.

So far, Nolmar has received public work from all but one. The company's contracts have ranged from janitorial services to construction work, and recently it expanded to include restaurant supplies.

"We were solicited mostly because of our minority status," Marshall said. "By that, I mean large majority corporations came to us and wanted to associate with us because they needed a minority."

For example, ServiceMaster Co. approached Nolmar in 1992 when the national cleaning company wanted to bid on a contract to manage the maintenance and janitorial services for the Orleans Parish School Board. The job required the winning bidder to subcontract at least 25 percent of the work to a disadvantaged business.

"All we supplied were management and training," Marshall said. ServiceMaster "put up all the money. They had the expertise, background and support."

The contract subsequently was expanded to include groundskeeping services, a bonus that ultimately led to Nolmar's most public failure. As the local point man for the partnership, Marshall was grilled by the School Board in 1997 when principals began complaining about grass so high that children couldn't play outside.

Though administrators eventually gave the firm good marks for its performance, the damage was done. Instead of giving the partnership a two-year extension of the contract as requested in 1999, the School Board agreed to a six-month extension and promptly put the whole contract up for bid. ServiceMaster and Nolmar subsequently lost the contract to AME Services, a local firm that underbid the ServiceMaster team by \$700,000.

Marshall said his company was unfairly blamed for the grass-cutting problems. The School Board didn't approve his negotiated contract until more than six months after

board members agreed to hire his firm. By then, Marshall said, some of the grass was as high as 6 feet.

Campaign contributions

Despite criticism over the grass-cutting contract, Nolmar remains one of the largest beneficiaries of the School Board's program for disadvantaged businesses. In 1997, at about the same time the board was grousing about the grass, it agreed to give Nolmar a piece of a contract to oversee \$175 million worth of construction, including 101 separate renovation and construction projects.

By working as the disadvantaged partner of Parsons-Fleming, which won the contract, Nolmar will receive \$1.4 million in fees over the life of the ongoing contract, records show. Marshall said his company is fulfilling its part of the deal by supplying five full-time employees to Parsons-Fleming.

In the battle to win the contract, Nolmar presented the board with endorsements from a variety of people, including School Board member Gail Glapion, to whom the company has made several campaign contributions, and then-City Councilwoman Peggy Wilson.

Altogether, Nolmar and its owners have contributed more than \$40,000 to local public officials who oversee disadvantaged business programs. And although many DBEs say they could never afford such largess, Marshall said it hasn't been an imposition for him.

"That's not so much," he said. "That's only \$4,000 per year."

Marshall also said he doesn't think the contributions helped him get public work. "We deserve it," he said. "We do our work. We do everything we are supposed to."

The Marshall plan

Marshall's success has fueled some envy and resentment in the minority business community. At a School Board meeting on disadvantaged business issues in April, Marshall was criticized by the owners of disadvantaged businesses for not using his position on the construction management team to help the next generation of African-American entrepreneurs get more work through the board's \$175 million construction program.

"I know Mr. Nolan Marshall was involved in the process with Parsons-Fleming. Where is he these days? I don't see him here," complained construction company director Albert Thorpe Jr., an African-American who said his firm can't find work in New Orleans. "I don't see him helping us get any business."

Glapion declined to comment on Marshall's performance on the construction management contract, but Marshall said he deserves credit for the help he has provided to

other minority-owned firms. When asked for an example, however, Marshall said, "I wouldn't want to say."

Other minority businesspeople say it is time for Nolmar to graduate from programs aimed at helping disadvantaged firms.

"Nolan has started over so many times," said David Guidry, an African-American who owns Guico Machine Works and serves as a commissioner for the Port of New Orleans. "He is now a formidable competitor in a tough industry. That is how those things should be used -- as a stepping stone."

Marshall said the success of his company has become something of a liability, so he's turning away from the Nolmar name and forming new businesses under separate identities. One of his family's first new ventures is Empire Janitorial Services, which is owned by his children.

"Almost all of these associations we have with other companies are all Nolmar," Marshall said. "Well, we're going to put an end to that. We're going to make it Empire."

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Caption: In 1978, Nolan Marshall started Nolmar Corp. out of the trunk of his car. Today, the company is one of the most successful black-owned firms in New Orleans.

'We didn't form Nolmar on the basis that we were a minority firm,' said black entrepreneur Nolan Marshall, whose business partner, Robert Donnes, left, is white. 'As a matter of fact, we did not want to have a firm depending on being a minority....I figured we could compete with anybody, and we stayed that way for years.'

Ramelli Janitorial Services, owned by Robert Ramelli, above, and Nolan Marshall's Nolmar Corp. are competitors but have helped introduce each other to markets they otherwise would have been locked out of .

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