Who Owns America’s Major Construction Companies?

Families and Individuals Own Many of the Companies, But You May be Surprised to Find Out Who Owns the Rest

What is the ownership structure of the largest construction firms in America? This past spring, FMI set out to answer that question by identifying approximately 436 companies operating as construction firms whose annual volume was in excess of $100 million, excluding home builders and builder/developers. A survey was completed on each firm, and the results are summarized in this article.

Single Owner

Only 11.2 percent of the 436 companies are 100 percent owned by a single individual. This
is a much lower percentage than for the construction industry at large and reflects the size and age of the targeted firms.

Most have been in existence long enough to have gone through some change of ownership from the original founder. Another 3.2 percent of the companies had a single owner who controls more than 51 percent of the shares.

**Family Ownership**

More than 32 percent of the firms are controlled by a single family. When combined with the single owners noted above, the total percentage of the firms controlled by a single owner and/or his family becomes almost 47 percent.

Based on this statistic, we can conclude that almost half of the largest construction firms in the United States are still controlled by the founder and/or his family.

**Employee Ownership**

Non-related employees own all the outstanding shares of 17 percent of the firms. Another 11.5 percent have at least partial ownership by a group of individual employees.

Only two firms in the group, or less than 1 percent, are totally owned by an Employee Stock Ownership Plan, while 4.4 percent of the firms have at least some ownership through an ESOP.

Based on these statistics, employee ownership is almost seven times as like-
ly to occur through direct ownership by individuals as through an ESOP.

**Corporate Owner**

For 5.2 percent of the companies, the major shareholder is another larger, domestic corporation. This means that 23 of the largest firms are owned by corporate entities that are not otherwise involved in the construction industry.

Additionally, 65 companies, or 14.9 percent, are controlled by foreign owners, and three other firms have foreign entities that own minority interests. Virtually all of this investment in U.S. construction firms by foreign entities has occurred during the last 20 years.

**Outside Investors**

Conventional wisdom says that very little capital flows into the construction industry from non-industry sources. The fact that only 3.7 percent of the companies have outside private investors owning part or all of their shares confirms that notion.

There are 47 firms that are either totally or partially publicly traded or owned by a public firm. That represents 10.8 percent of our sample, and recent activity indicates that this number may increase in the future.

**Conclusions**

Based on trends in the marketplace and the maturing of the U.S. construction market, we would expect to see a decline in the 47 percent of large construction companies owned by families or single individuals.

The natural evolution is toward more employee ownership of the large firms. Also, the number of firms controlled by other companies or private investors...
Based on trends in the marketplace, we expect to see a decline in the 47 percent of large construction companies owned by families or single individuals will likely grow from the 31 percent level of today.

Finally, capital requirements caused by ownership succession and by the privatization phenomenon will require more firms to seek outside sources of ownership.

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