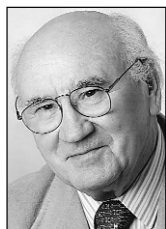


The Cutler story: nice guys finish first

Whoever said that nice guys finish last has never met Melvin Cutler and Frederic Mulligan. While turning a business born of frustration into an industry leader in design-build delivery of spectacular industrial, educational and elder-care facilities during their 35-year association, these two men — of different backgrounds but firmly shared values — have earned a reputation for honesty, loyalty and generosity.

Today Cutler Associates is a full-service, integrated, design-build construction firm.

It is a \$160 million company, with 150 employees, offices in Worcester, Allentown, Pa., and Tampa, Fla., a charitable foundation, scores of happy customers and a long list of award-winning buildings in three states.



Robert Z.
NEMETH

"I guess you can say we've been fortunate," Mel Cutler said with tongue in cheek during a recent interview. "But then you know

how the saying goes, 'The harder you work, the luckier you get.' We've worked very hard. We're also very smart." Both men have degrees in civil engineering: Mr. Cutler from the City College of New York and Mr. Mulligan from WPI. Both believe that cutting corners is bad for business, and satisfying clients is the key to success.

"I am a socialist in my heart and a capitalist in my head," Mr. Cutler told me. "At 39, I was working at Herbert Engineering and getting very frustrated. I didn't want to spend the rest of my life working for others." So he quit and, in 1972, opened an office on West Mountain Street. He contacted WPI and asked for one of their top 10 graduates. Fred Mulligan, a former Eagle Scout, was first in his class. He became the first employee of Cutler. Today he's president of the company.

"We never had a written contract or salary negotiations," Mr. Cutler said. "But we share the same ethical outlook. We believe in honesty and have never tried to take shortcuts. Fred is talented and trustworthy. He is logical; I tend to be emotional. We may differ on some business details but have never had a serious disagreement."

Mel Cutler doesn't have a formal title these days and has been referring to himself as the "founder." The capitalist part of him accounts for the fact that he is also founder of Flagship Bank & Trust in Worcester; Madison Bank in Tampa, Fla., a partner in various real estate ventures in Massachusetts and Florida, and principal of Cutler Capital Management, headquartered in Worcester. The socialist side turned him into a philanthropist.

Mr. Mulligan has full responsibility for running the business. "I don't need my name on the door," he said. He's proud of the fact that many of Cutler's employees have been with him for 20, 25 or 30 years. He is an outspoken advocate of the "merit shop" concept (it's also called "open shop") of hiring both unionized and non-union workers. That is in contrast with the politically charged Project Labor Agreement model that mandates hiring through union halls and enforces union rules in public construction.

"We're not anti-union, we're pro-fairness," Mr. Mulligan explained. "In New England 78 percent of construction professionals are merit shops. If you remove 78 percent of the available choices from any purchase, you would severely limit options." He cites a Beacon Hill Institute study revealing that PLA results in an 18 percent cost increase.

"Worcester could save millions of dollars on such projects as the Union Station garage, CitySquare and school construc-

tion," he noted. "It is ironic that Cutler Associates, one of the city's largest and most reputable construction companies, has been locked out of contracts in Worcester because we are a merit shop. That doesn't happen in other states."

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Cutler Associates has been a pioneer in integrated, full-service delivery. Rather than contracting separately for design and construction, the design-build method permits both functions to be performed by a single entity. It's the ultimate one-stop shopping. It's faster and cheaper than the conventional design-bid-build approach that involves several parties. Moreover, design-build places responsibility for the outcome in one hand. The concept goes back to the ancient master builders who designed and built the great cathedrals of Europe. "Design-Build" magazine lists Cutler Associates among the country's top 100 master builders.

In the mid-1980s, design-build accounted for only 5 percent of the domestic construction market. It has been gaining ground rapidly and is now expected to emerge as

the predominant method. Its efficiency has made it the choice in publicly funded construction as well. The construction of Worcester's new courthouse was held up until it was made design-build. The Cutler philosophy stresses complete customer satisfaction. "The real purpose of every construction project is to create value above cost," Mr. Mulligan explained. There are no overruns or missed deadlines. Design-build allows for fast-track delivery and often brings the project in under the estimated maximum cost. The fact that 75 percent of the company's business comes from repeat customers speaks volumes for its success.

It would take this entire page to detail all of Cutler's projects. The list includes the award-winning Bancroft School, apartment-style residence halls at Assumption College and the University of New Hampshire, the interior renovation of Jonas Clark Hall at Clark University and the campus center at WPI. Among the industrial projects are plants at Nypro in Clinton, American Superconductor at Devens and Karl Storz Endovision in Charlton.

Cutler built a fire/crash rescue station for Otis Air National Guard base on Cape Cod. It did historic restoration of the Warner Theater at Worcester Academy. Among the 35 elder care and assisted living facilities are Beaumont, Whitney Place, Christopher Heights and the Eisenberg Assisted Living Residence and The Willows. The list in Pennsylvania and Florida is just as long and distinguished.

Both men believe in good corporate citizenship and serve on the boards of numerous business, civic and cultural organizations. Mr. Mulligan is a member of the Massachusetts Port Authority's board of directors. The Melvin S. Cutler Charitable Trust is a multimillion-dollar entity that makes donations in an unusual way. The trust contacts employees, customers and key vendors to ask about their choice charities. The checks are then mailed to the individuals who forward them to the chosen charities. Mel Cutler celebrated his 70th birthday by sending 70 friends \$1,000 each to forward to their favorite charities.

Mel Cutler says he plans to "phase himself out" by 2010 and concentrate on playing golf and tennis in Florida. But Fred Mulligan has ambitious plans for the future. "In about 10 years, I envision a \$275 million company, with offices up and down the East Coast," he told me. Considering how far these two good nice guys have come since they hooked up, that should be a piece of cake.

Robert Z. Nemeth's column appears regularly in the Sunday Telegram.