

DEFINITION, DIFFERENTIATION, DELIVERY AND DEMONSTRATED VALUE DETERMINE EH&S SERVICE FIRM SUCCESS IN THE 21ST CENTURY

By David L. Elam, Jr., Summa Consultants Inc. Elam founded Summa Consultants in 1999 to help environmental, health and safety service organizations develop clients and improve processes, performance and profits. He began his career in 1975 collecting water samples for a state regulatory agency. He has conducted academic research in marine environmental chemistry, served as a corporate environmental manager for a forest products company, and spent more than 20 years as an environmental and management consultant. As an environmental consultant he advanced from project scientist to vice president of an ENR Top 25 environmental firm

Today's buyer of environmental, health, and safety (EH&S) services is much different from the buyer of 1980. EH&S service providers often speak of increased buyer sophistication, meaning that their clients know much more about environmental technology, regulations and service delivery than they did two or three decades ago. But the difference is more than increased environmental expertise. Today's EH&S services buyer also has expanded responsibilities and accountabilities, functions with less support, and is tuned to bottom-line performance.

It's important to understand that these differences shape how buyers—often facility EH&S managers—procure EH&S services, and how EH&S service providers must respond to sustain success in the future. EH&S managers, like other managers, are busier than ever with duties that include more than “management.” Twenty years ago, an environmental group at a major industrial facility might have included a manager with process and environmental knowledge, mid-level professionals with expertise in specific environmental media, technicians to collect samples and reduce data, and an administrative assistant to prepare correspondence and maintain records.

Today, the same facility might have a single EH&S professional. That individual will be expected to have a thorough understanding of the industrial processes and the environmental regulations affecting the industry, to achieve compliance through collaborative efforts that do not impact production, and to perform support activities like data reduction, word processing, reporting and recordkeeping. Today's EH&S managers need EH&S service organizations that cost-effectively support a “just-in-time” production environment by delivering services in ways that reflect real understanding of the EH&S manager's work environment.

Buyers of EH&S services, however, see few differences in service providers, leaving them to select vendors on the basis of price. Browse the web pages and marketing collateral of a random selection of EH&S service companies and, apart from the graphics, one will find very little to differentiate the various providers. Each company will claim that it offers high-quality, client-centered solutions arising from some combination of “partnering,” years of experience, a network of offices, and a multidisciplinary staff with “full-service” capabilities.

Twenty or thirty years ago, expertise, experience and geographic location may have been enough to differentiate a capable EH&S service provider. Today, however, technical expertise and familiarity with local requirements are readily available, often from several prospective vendors.

Because all firms make similar claims, the time-constrained EH&S manager is thus forced to select a provider on the basis of price. Like today's job seekers, who must customize resumes and cover letters, EH&S service providers must tailor their offering and service delivery to the specific needs and sensitivities of the EH&S services buyer.

LIMITED HELP FROM EMSS

Companies find it difficult to identify bottom-line value in EH&S functions. *Chemical and Engineering News* recently reported that companies with environmental management systems (EMSS) have compliance records that are nearly the same as companies without such systems (“Environmental Progress,” October 25, 2004, page 45). Furthermore, the article reports that companies with EMSS do not differ significantly from firms lacking such systems in terms of toxic releases, major air pollutants or hazardous waste generation.

These findings suggest that, even after making significant investments in the imple-

mentation of voluntary EMSs, organizations see these systems as cost and compliance management tools instead of operational management tools, with the potential to add value by driving energy conservation, resource utilization and reducing waste generation. EH&S managers understand how their responsibilities contribute to the bottom line; however, the pressures of day-to-day duties often prevent them from documenting those contributions.

VALUE TRUMPS PRICE

EH&S managers find value in EH&S service providers who can help them advance, document and demonstrate the bottom-line value of environmental functions and projects. If the offered solution is simply compliance, the assignment will go to the firm that can deliver results for the lowest price. How can EH&S service companies respond to buyers' needs and achieve success in 2005 and beyond? Quite simply, by engaging in four key actions:

- 1. Define your organization.** Instead of trying to be “everything to everyone,” successful EH&S service organizations assess their capabilities, define themselves in terms of their strengths, and seek business in markets where those strengths are valued. For example, a small firm that offers highly responsive and personal service may stake a claim to change-intensive industries like semiconductor or pharmaceutical manufacturing, where on-call, secure and confidential relationships are prized. Large firms that can effectively provide multiple services in multiple markets can organize resources by practice area, client type, or geography (or an appropriate combination) to achieve definition. Highly focused marketing collateral, web content, and permission-based electronic newsletters that address specific client needs define the organization in terms that the client can understand and value.

- 2. Differentiate your organization from competitors, and make sure your people can connect the distinguishing characteristics to value.** Most EH&S service organizations find it easy to detail the features of the firm but often fall short when explaining how those features translate into unique benefits for the buyer. Successful differentiation requires an understanding of and a passion for the client's business. Once the client's business is understood, a differentiation strategy can be built around competitive advantage, cost savings, or time savings; however, the differentiation strategy must be specific.

For example, the small firm achieving success as a provider of responsive and personal service to change-intensive industries demonstrates that it understands that confidentiality and speed to market are critical for client success in these highly competitive industries. The firm provides a task-oriented project manager and a close-knit project team, and makes it easy for the client to engage its services. The firm's marketing materials and proposals illustrate in clear terms how these resources translate into project confidentiality and fast-track performance. Any number of firms can provide quality work at a competitive price, but there are very few that can provide quality work, complete project confidentiality, and consistent fast-track performance.

3. Deliver services that fully satisfy client expectations, and measure that satisfaction. Successful EH&S service firms perform assignments knowing that they are preparing for the next one. They recognize project work as the highest form of business development. These firms conduct project-opening meetings and prepare project work plans to make sure the project team understands the requirements. The project manager communicates project progress to the client at regular intervals, even if progress reports are not a contractual requirement. These firms eliminate organizational layers that add to project cost and schedule without producing value that the client can clearly identify.

Successful firms recognize that client satisfaction is the true measure of quality. They do not rely on repeat business as evidence of client satisfaction, because they understand that repeat business may be driven by resistance to change or fear of the unknown. Instead, they use client satisfaction surveys to evaluate performance and drive continual improvement. Collectively, these actions contribute to performance that produces satisfied clients that award repeat assignments in areas of demonstrated expertise and provide opportunities in new business areas.

4. Demonstrate value after project completion. The pressures of project schedules and budgets often limit the project manager's time to think about how the client's organization benefited from the project. A few minutes spent thinking through these issues and documenting them can lead to stronger client relationships. For example, instead of closing the report transmittal letter with "thank you for selecting

AMEC EARTH & ENVIRONMENTAL PURSUES DELIVERY CAPABILITY ACROSS THE GLOBE

AMEC Earth & Environmental (www.amec.com) is a 2,400-employee, 100-office division of the international engineering and services company AMEC. The company provides a broad range of environmental, geotechnical, infrastructure, water resources and materials engineering and consulting services to public and private clients. The firm's major clients are grouped into eight main sectors: Commercial, consumer/industrial products, energy/oil/gas, forest industry, transportation/infrastructure, mining/metals, "pharmachem," and government. Jim Beechinor is the firm's executive vice president.

EBJ: Did the economic slowdown, any after-effects of 9/11 or the ongoing "war on terrorism" noticeably affect your business, and what signs of recovery, if any, have you observed in 2004?

Beechinor: We did experience a slowdown last year in the United States, but its effects were cushioned by the fact that our division also has substantial operations in Canada and is part of the worldwide AMEC, an \$8.4-billion company with operations in more than 40 countries.

As for 2004, our Earth & Environmental division is experiencing record revenues and significant new bookings. Our revenues over the past nine months have resulted in a 32% increase from the first nine months of 2003. And our U.S. operations have not merely rebounded; they are thriving with a remarkable 50% increase in revenues compared to the first nine months of last year.

Through the month of October, Earth & Environmental logged more than \$464 million in new bookings this year. Many of these bookings have completion dates in 2005 and some in 2006, positioning us for continued growth in the near term.

our firm to perform this important water recycling project," a project manager sensitive to project value might close with "we are pleased and proud to have helped your company reduce fresh water consumption by 60%." Similar language, offered as forward-looking project results in the proposal, can also communicate a perspective that is lacking in the competition.

Any EH&S service firm can implement these actions to achieve higher levels of success. Firms with a passion for their clients, courage and confidence to choose this course, and the discipline to stay the course will enjoy success in our mature and competitive market. ■

EBJ: Do you still consider and position yourself as an 'environmental' firm or have you found a better way to position your firm to your market?

Beechinor: Yes, we see ourselves as an environmental firm, but we've always had a strong history and strength in geotechnical and materials engineering. That's why we refer to ourselves as an earth and environmental company. More recently, we've expanded our business into infrastructure, particularly as it relates to water resources and the U.S. federal government.

EBJ: Do you have any international business? In which countries/clients is growth taking place and why?

Beechinor: Before we merged with AMEC, our international work favored following our North American clients globally and supporting their project work. Having said that, we had a Moscow operation for more than 10 years supporting oil and gas companies and related to environmental impact assessments, as well as a Frankfurt, Germany, operation supporting primarily Department of Defense clients. Our strategy with AMEC has changed recently, and we see more of a need to set up an in-country delivery capability and provide services in concert with AMEC around the world.

For example, we currently are working on a number of significant projects across the globe, including Exxon's Sakhalin Island project in Russia, typhoon-recovery work on the remote island of Guam, and restoration work in Iraq, both as a partner with **Fluor Corp.** and separately under a contract with the Air Force Center for Environmental Excellence. In addition, under a contract with the European Space Agency, we are using satellite technology to help companies locate land subsidence problems at sites in Germany, South Africa, Peru, United Kingdom, Canada and the United States.

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