



F&M MANAGEMENT LTD.
Corporate Advisors

The Strategic Advisor

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An Exciting New Initiative



F&M is organizing the first annual Canadian Environmental and Engineering Conference: a venue whereby senior executives in the industry can meet and discuss key issues facing the industry. The conference will create a platform through which executives can exchange views on these critical issues facing the industry and their organization. There will be an excellent opportunity for the executives of the industry, for the first time, to gather, network and discuss many of their common interests. The conference will include speakers and panelists from the attending executives and experts in the field.



Vancouver - September 19, 20, and 21, 2018

Senior executives from the following companies have already registered:

- Canada North Environmental Services
- ClearStream Energy
- Clifton Associates Ltd.
- CM3 Environmental
- Ecofish Research Ltd.
- Englobe
- Environmental Risk Information Services
- Ghostpine Environmental Services Ltd.
- Hatch
- HMR Engineering
- John Wood Group PLC (Formerly AMEC)
- Keystone Environmental Ltd.
- Matrix Solutions Inc.
- Nichols Environmental Ltd.
- North Shore Environmental Consultants
- PINTER & Associates Ltd.
- Ramboll Group
- SNC Lavalin
- Stantec
- Summit Liability Solutions Inc.
- Terrapex Environmental Ltd.
- Trace Associates Inc.
- Vertex Environmental Inc.
- Watters Environmental Group Inc
- WSP Global Inc.

Visit www.ce3c.ca for more information



Is collaborating with your competitors a good thing?



A few years ago, when I was president of a consulting company, I collaborated with many of my competitors. The objective

other companies in your industry can help everyone to work towards accomplishing common goals and make the industry as a whole and individual organizations more prosperous.

Steve Jobs, Apple CEO, was in desperate need of a cash infusion in his Company. He approached Bill Gates and Microsoft to invest in Apple. Gates agreed to cooperate. He recognized that keeping Apple in business, (although some considered Apple a competitor of Microsoft) was brilliant. This partnership resulted in Microsoft making a much higher margin on the software than Apple made on the hardware. As a brilliant

stronger resulting in benefits to individual members in the industry.

The CE3C conference is the first step for our industry leaders to start collaborating with each other and sharing challenges with their peers. We encourage you to register by visiting the Conference website at: www.ce3c.ca For the first time the environmental industry associations from across the country are supporting an initiative that effects all their members.

Since the registration opening, 30 companies and their executives have registered for the conference.



was to win more market share, keep my employees occupied with rewarding work, improve the bottom line and I also hoped it would help me to become a more successful executive. I wondered however, if collaboration was preferable to defeating them and which would help me to achieve my goals as the president of the company.

Sharing information, as long as it is not proprietary or sensitive in that it may impede a business' operation, may pay off in the long run. Pooling resources with

executive and leader, Bill Gates realized that Apple is a hardware company and would never be in direct competition with Microsoft.

The genesis of creating a platform for Environmental and Engineering Executives to meet annually is to promote sharing information, exchanging ideas to improve the industry as a whole and to discuss the particular challenges we face. Through collaborative efforts by these leaders, the industry will become

If you are an executive of an environmental engineering and consulting company in Canada, CE3C is one conference you do not want to miss.

*Faramarz Bogzaran, CMC, EP
Managing Partner*

An Elephant Named Commoditization



Our industry is under constant financial pressure because the varied services we provide are becoming indistinguishable in the eyes of our clients. The key effect of this commoditization is that the pricing power (that is, our ability to set reasonable billing rates) is weakened; when products and services become similar from a client's point of view, they will tend to buy the cheapest.

For example, take the Phase 1 Environmental Site Assessment. Hundreds are completed every day across Canada, as it is required by most commercial or large scale residential real estate transactions. It is arguably the most important study in the site assessment process. A thoroughly completed Phase 1 will help protect a client from experiencing future environmental risk. Also, it serves as the foundation document for the rest of the site assessment and remediation process.

Yet, most clients in transactions don't see it this way. It is just another box to check. Many don't understand the value of this document and therefore will find the cheapest Phase 1 possible. Many consultants have accommodated by lowering the price of the Phase 1. Often this is accomplished by assigning their most junior staff members to complete the assessment and assigning the review of these documents to newly qualified professionals.

If you were about to enter a litigation that had the possible financial downside of six or seven figures, would you be comfortable having the case strategy mapped out by an articling student? Of course not! So why are many clients accepting of this situation when it comes to mapping their environmental strategies and potential environmental risk?

Many of our other services are under this type of pressure. I've seen standing offer agreements competitively bid on a "per metre of borehole" basis – same pricing scheme one would use for selling a length of rope. Or reverse auctions for long-term environmental monitoring contracts; a literal race to the bottom. A race, in my opinion, where there are no winners.

What are the underlying reasons for commoditization in our industry? Of course, there is no simple answer, but a list of some of them are compiled below. Not sourced from any financial studies or economic gurus – but rather my simple observations over the past 20 years.

- We tend to be poor promoters of our services. Many of us, including myself, are poor sellers and marketers. Generally, we are scientists and engineers who have studied our craft well and look forward to completing good technical work. We didn't pursue careers in business or sales because that is not where our interests lie.
- Uneducated clients. Many clients don't understand the nature or importance of our work; therefore, little economic value is attached to it. Whose fault is this? See the next point.
- We tend to be poor technical communicators. Even those of us who have developed a talent for presenting material are not speaking to the client's business needs – or even speaking the right language. I participated as a third-party during

a presentation to a client about a contaminated site. The presentation consisted of many contour diagrams showing the concentrations of various contaminants in soil and groundwater. Speaking with the client afterwards he was thoroughly confused because he didn't understand what a contour diagram was or how it worked! The presenter just assumed that the client had a certain level of knowledge.

- We seem not to value our own services. Lawyers (rightly or wrongly) value the service they provide. They expect payment for these services – so much so that they will most always collect prepayment, a retainer fee, prior to even opening a file for you. They also are never found to be in a bidding war to win work. It seems that our industry is almost the opposite case. Too often the consulting firm with the lowest rate, not the best knowledge or experience, wins the work and we struggle for payment sometimes after the work is completed.

The commoditization of basic services in the environmental and engineering sectors are setting uncomfortable precedents. Based on a review of some recent standing offer contracts all our professional services are being viewed as commodities.

What is the solution? The first step is to discuss the issues and find the root causes. The above assessment is limited and many executives in the industry have far better insight. As such, an entire panel session in the upcoming Canadian Environmental and Engineering Executives Conference has been devoted to this subject. My hope is that starting the discussion in this open forum will lead to real solutions to the issues of commoditization.

*Leroy Banack, M.Sc., EP
Senior Partner*

IT Governance



Organizations have become significantly more dependent on information and technology. They use IT to generate profit, improve customer service, manage employees effectively and to create efficiencies. As a result, companies' executives expect the use of IT to improve business performance, provide competitive advantage and support achieving business goals.

In order to accomplish the desired financial and operational results, a company needs IT Governance (ITG) to create a framework to ensure IT decisions and their results are aligned with the overall business strategy and values of the company. Failure to effectively manage IT-related activities will impact a company's growth adversely.

ITG is a part of the overall Corporate Governance Strategy of an organization. ITG is defined as the processes that ensure the effective and efficient use of IT in helping a company to attain its goals.

The main objective of ITG is to manage IT operations, to enhance company's performance and to support accomplishing a company's main objectives. ITG focuses on whether IT assets are utilized efficiently, and IT risks are avoided or mitigated effectively. It involves setting direction, establishing standards and principles, defining authority for decision making and accountability, committing and prioritizing investments. ITG is usually believed to be more useful for medium to large businesses, however, it is scalable, and can be applied to small businesses as well.

In conclusion, maximizing value from IT investments is very important for business. The key success factor is to determine and evaluate measurable business results. As exciting as the latest technology or trend is, organizations must carefully assess IT-related requirements and investments to ensure they are not investing their resources where it will result in minimal or negative return and provides no value.

*Mojgan Bogzaran, CPA, CGA
Senior Associate*

Who is F&M

F&M Management Ltd., offers a range of corporate advisory services to the engineering/consulting and environmental sector with emphasis on the following disciplines:

- Mergers and Acquisitions
- Management Buyouts & Company Valuation
- Strategic Planning
- Business Optimization
- Management Transition & Corporate Restructuring
- Management Training
- Program Management & Implementation

Visit our website for more information on how we can assist you with your organization's business success.

M&A News

Q1-2018

- **Stantec** (Edmonton), signed a letter of intent to acquire **Norwest Corporation** (Calgary), an energy and resources firm.
- **Stantec** (Edmonton), acquired **ESI Consulting** (Shrewsbury, UK), an environmental consulting firm with capabilities in groundwater, land, and sustainable development.
- **POWER Engineers** (Hailey, ID) acquired **MITKOR Consulting** (Edmonton), a 30-person firm that offers distribution engineering services and supplementary transmission design services.
- **McIntosh Perry Consulting Engineers** (Ottawa) acquired **Luiz Leon & Associates** (Surrey, BC), a structural engineering firm.

- **Stantec** (Edmonton), acquired **Cegertec** (Saguenay, Canada), a provider of engineering and project management services for the power, industrial, building, and infrastructure markets.
- **8IBI Group** (Toronto), a global design and technology firm, acquired **GreenOwl Mobile** (Markham), a leader in mobile technologies for smart cities.
- **SLR Consulting** ("SLR"), a leading global environmental and advisory consultancy, announces that it has agreed to partner with **Charterhouse Capital Partners** ("Charterhouse"), a leading European private equity firm, to support the business in its next phase of growth and development.



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