

STRESSING A STRONG CULTURE, ALTA ENVIRONMENTAL LOOKS TO EXPAND FOOTPRINT IN SOUTHWEST

Leaders of environmental consulting and engineering firms often talk about the importance of their corporate culture to their value proposition and to their success, and there is no doubt that they mean it. But when Ryan Kerrigan, CEO of **Alta Environmental** (Long Beach, CA) describes his firm as a “culture-first organization,” you get the sense that he’s directing a laser-like focus on the one element of the company’s value proposition that outshines all the rest.

“We spend a lot of time on our Consultants Compact, outlining the commitment of our consultants,” he tells EBJ. “And we really live it. We make hiring and firing decisions based on a cohesive, collaborative, and multidisciplinary culture.”

Cultural fit is the foundation for any addition of staff or for any acquisition, Kerrigan stresses. “We’re constantly having conversations in the marketplace with people who can add to bench strength and service lines. In addition, when teams or small firms are at the point of transition, we’re ready to talk, as long as that cultural fit is there. It takes a long time to get the chemistry right and cultivate client relationships, so we’re looking for people who want to make a long-term commitment. I can see people with very strong resumes, but they have made only three- or four-year commitments to specific firms. That’s typically not the type of person who ends up at Alta.”

Behind the emphasis on culture is a focus on providing a broad range of environmental services to a certain level of clientele, according to Kerrigan. “We aspire to be a true multidisciplinary firm, serving the important needs of important clients.”

In particular, “we focus on the largest of the public and private sector clients,” including Fortune 500 companies, some of the largest public agencies at the city and county level in California, and some of the major utilities in the West. The firm’s top 20 clients in 2012 had average revenue of about \$10 billion each.

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The goal is for Alta, historically a California-centric firm with “occasional” clients in adjoining states such as Arizona and Nevada and in Hawaii, to fill out a presence in the Southwest—the historic “Alta California,” the territory of Spain and then independent Mexico encompassing California, Arizona, Nevada, and portions of Utah, Colorado, and Wyoming. Acquisition will be part of that growth—but only as long as that cultural fit is there, as Kerrigan notes.

The company, which Kerrigan describes as a small firm in the under-\$20 million revenue category, employs about 40 people at its Long Beach headquarters and at offices in Irvine and Phoenix. Individual staff are located in Los Angeles, San Diego, and Las Vegas. Services span five categories: air quality; building sciences; environmental, health, and safety (EHS); site assessment, remediation, and closure; and transaction-related environmental services.

Kerrigan reports that Alta has been growing consistently for several years, and that 2012 was the firm’s strongest year ever, with revenue growth of 23%. Looking at about eight months of year-to-date data, he projects that revenue will grow a solid 15% in 2013.

The internal drivers for the growth include that cohesive, collaborative culture. “We work well together, and that opens up a lot of internal opportunities,” says Kerrigan. “We’re hiring better and better talent, and we’re very focused on growth. We have lots of internal processes and capabilities that make sure we get the brand in front of decision-makers.”

From a market perspective, “we have had some good progress in the aerospace industry and in heavy industry.” As an example, the company recently won a major three-year contract with Los Angeles World Airports (LAWA) to provide on-call environmental and sustainability services in support of daily operations and capital projects at LAWA facilities, which include Los Angeles International Airport (LAX) and three other Los Angeles-area airports.

M&A DRIVING FORTUNE 500

The heavy industry and aerospace industries account for three or four of Alta’s largest wins and client opportunities within the past 12 months or so, Kerrigan estimates. A driving factor is the environmental compliance needs associated with mergers and acquisitions among Fortune 500 companies, he says, citing recent work for two multibillion-dollar companies in particular.

In addition, “we’re absolutely starting to see some of the redevelopment work coming back,” he tells EBJ. “There are some juicy projects coming out of the ground in terms of redevelopment of land in California and Arizona. We’re on the first stages of projects that are probably going to be multi-year planning, permitting, and

Continued on page 2

cleanup opportunities, which we haven't seen a lot of lately."

By comparison, some of the public agencies, including school districts, "have been soft in some of their spending in recent years," Kerrigan points out. Still, the company has been winning some new work with public-sector entities, so the revenue balance—about 60% private and 40% public—has remained fairly constant. "We'd like to see those [public] relationships come back strong."

Kerrigan and his management team are big believers in working with credit-quality companies. They will work out arrangements with smaller companies or entities they don't know, but "we'll be quick to pass on an opportunity in which we don't think we'll be paid on a timely basis."

Alta Environmental survived the recession quite well, due to a couple of factors, according to Kerrigan. "We are constantly working on upgrading our systems. Our business today has changed and improved dramatically from two years ago, and that was a big change from two years before that." In addition, "we had the luxury of doing a couple of acquisitions during the recession, so we grew the top line, and we did some business engineering in a positive way—not with the layoffs and downsizing that was typical of the industry."

As of late summer, Alta Environmental was in the process of developing its five-year strategy. The key elements of the plan

include building "bench strength" in California and filling out the Alta California footprint. The firm also seeks to add to some key services areas, such as sustainability planning and work related to the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA).

Kerrigan sees the challenges ahead for his company as mirroring those of the environmental C&E industry generally. "We're always trying to identify quality clients that take their EHS compliance needs seriously and that are able and willing to pay for quality, and we are trying to maintain pricing integrity, which is something that engineering firms are not particularly good at."

That said, "I don't see any changes in the nature of our services towards commodification," he concludes. "There will always be a push towards driving out cost, but that's not specific to the environmental industry. There is a ready ear for presenting the value of quality." □

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