

Golder Associates Turns 50 - Evolving to Meet Client Needs

AUTHOR:
John Boyd, P.ENG.

ORIGINALLY PUBLISHED IN:
Canadian Consulting Engineer Magazine
December 2009

General Motors topped the "Fortune 500" list in 1960, the year Dr. Hugh Golder and two colleagues got together in Toronto to form what is now Golder Associates. By 2008, GM had dropped to ninth place in the Fortune 500 and the list was led by Wal-Mart Stores Inc., a company that was not even in existence in 1960.

Much has changed in the world during Golder's first five decades. The story of how Golder Associates has evolved to meet those changes can provide some "lessons learned" for other organizations about what has been successful – and not-so-successful.

While the current global company with 7,000 employees in 160 offices is a long way from a handful of professionals working out of the original walk-up office in Toronto, much of what has helped Golder thrive was set into the company's DNA in its early years.

WIDESPREAD EMPLOYEE OWNERSHIP

At the beginning of Golder's history, the standard practice in professional firms was for equity to be held by a small group of founders. Other employees would be expected to work hard to build the company's value, for the "privilege" of paying a higher price for the equity if and when a founding owner decided to sell. This seemed to be rather one sided and accordingly, Golder Associates took what was then an almost-revolutionary step of opening up equity participation to a wider range of employees. Ownership is now available to all full-time employees, and a major percentage of employees worldwide are shareholders.

Shares are offered directly or through a voluntary payroll deduction plan. Shareholding does not buy status in the firm, but significant shareholding is a requirement for acceptance as an Associate or Principal – the two levels of senior leadership. Employee ownership makes the job personal. As Vic Milligan one of the founders put it,

"Nobody in the history of the automobile has ever washed a rental car." Employee ownership also gives the company better control over its future, without external shareholders squeezing management for short term gains at the expense of long term development.

However, it also means that the company does not have access to deep outside pockets with which to fund growth through major acquisitions as do some of our publicly-traded competitors. In a world where mergers and acquisitions are creating an environment of globe-spanning giants, Golder's employee ownership model has followed a less spectacular but more uniform pace of growth than some of our competitors.

Ownership is held in the Golder group which promotes cooperation between the regions – everyone benefits. Cyclical shifts in regional economy and in different areas of consulting rarely happen at the same time, and the Golder share model helps even out variations in performance. Historically, Golder share ownership has been on the best investment its shareholders have ever made.

LOCAL AUTONOMY, UP TO A POINT

The geotechnical services with which the company started depended on being able to provide clients with the benefit of local

knowledge and local connections. To provide this local focus, Golder soon expanded into other cities. This led to a culture in which each office ran its affairs in a relatively autonomous fashion, depending on the wisdom of local leadership.

As the company expanded across Canada and into the United States, the United Kingdom, Australia and other parts of the world, it has kept to this model – local staffing and leadership although global linkages within business areas are also critical. The currently-popular term is "glocal" – local understanding supported by global resources. We have found it important that the Golder company in each "new" part of the world – recent expansions are into having offices in Russia, India and Turkey -- are not asked to sink or swim on their own. It is expected that the longer established entities will provide technical and financial support while the new operation finds its way.

One advantage to this distributed leadership structure is that decisions are made based on sound knowledge of local realities. The downside is that major, company-wide decisions can sometimes take longer than optimal to both make and implement, and wide ownership makes it necessary for everyone to be convinced of the need for a change.



An unintended side effect of local autonomy is that the company operates without a physical head office. The Golder entity in each region has a president, and there is a global president as well, but there is no permanent headquarters facility built around these people, and new leaders generally do not have to move to take charge.

There is also an expectation that leadership is not a life sentence. For example, we recently appointed a new global President, Brian Conlin, after his predecessor, Rick Firlotte, announced his intention to step down, indicating that he felt that ten years was long enough for a person to exercise leadership and that it was time to let someone else take the reins. While in some companies, stepping down from a senior role such as this might create pressure to leave the company, possibly through retirement, at Golder there is “life after management.” At all levels – whether office managers, sector leaders or presidents – leaders are encouraged to stay and develop another role for themselves after their time in leadership is completed. Leadership changes bring fresh ideas and because no stigma is attached to changes, the company keeps that experience and knowledge to use in other ways.

In Golder’s early years, before e-mail, the Internet, the easy electronic sharing of documents and cost-effective conference calls, this type of distributed leadership and long-distance collaboration was challenging. It has become much easier with the fruits of

the telecommunications revolution. Golder was an early adopter of electronic tools, and continues to push the envelope in areas such as collaborative workspaces and resource sharing through the internal network.

PEER RESPECT RULES

Early in Golder’s history, the decision was made to focus on technical excellence as a major differentiating factor. It has meant that acceptance into the ranks of Associates and Principles is based on demonstrated leadership abilities, peer respect for the technical excellence of one’s work, and trust that the individual is worthy of representing the company.

This was relatively easy to determine in Golder’s early years – our work was focused on geotechnical engineering, and most of our clients understood what we did and so could provide feedback on the technical performance of Golder professionals. At an early stage, expansion into new technical disciplines taught us to respect different skills and different business needs. Today, the glue that holds the company together remains the peer administered Principal and Associate system.

EXPANSION, BUT AT A MEASURED PACE

The wide employee-ownership model means that when Golder expands, either into a new service line or a new geographic area, it does so in a careful, considered way. Almost always, the guiding principle for expansion is demand from our existing clients or a passionate desire on the part of one of our existing staff to take on new challenges. For example, in the late 1970’s and early 1980’s

when environmental issues and legislation started to affect our clients, we realized that the range of Golder’s technical skills and credibility could help clients respond to these new demands.

In growing this new service line, however, we found that it was difficult to attract people with the wide range in skills that were required – we did not yet have a track record in the biological sciences for example. The best way we could jump-start our environmental practice was through acquisition of companies with existing staff and reputation in the marketplace, which we did. We have used the same technique to grow the business in other technical and geographical areas, but always with a concept of what our core competence should be. At first it was a geotechnical focus, then it was broadened to the subsurface, now other aspects of the environment and energy. While there are many stories in the business world of acquisitions and mergers that failed to work – witness Chrysler and Daimler – acquisition due diligence at Golder has a focus on determining whether the culture and values of the other company will mesh with ours.

We expect that Golder will continue to grow by a combination of “organic” growth, acquisitions and mergers, to meet client needs. It is our intention to grow “taller not wider,” offering more services to existing clients and to try to be the most respected firm in each of our business areas. In this way, we will continue to evolve to meet our clients’ needs, just as we did at the start, nearly 50 years ago.

ABOUT THE AUTHOR



John Boyd, P.Eng., has a professional background in rock mechanics, and during his 35 years with Golder Associates, he worked on a wide range of mining and civil engineering projects. His expertise is in nuclear waste, tunnelling, underground power installations, tailings containment hydrogeology and mine water management. He started the Canadian company’s environmental sciences practice in the late 1970’s. At least half of his time was in senior management. John Boyd was President of the International Federation of Consulting Engineers (FIDIC) from 2007 to 2009. He retired from Golder Associates in 2010. For more information, contact Info@GolderFoundation.org



Golder Associates is a company internationally known and recognised for its commitment to technical excellence. Its founders started the employee-owned company with a vision to help its clients solve complex problems in the fields of ground engineering and environmental sciences. As part of this commitment and in the spirit of the company’s origins, Golder Associates created the Golder Foundation in 2013 to help further knowledge and learning.

For more information, visit GolderFoundation.org