

BENCHMARK ENVIRONMENTAL CARVES OUT STRONG NICHE IN WIRELESS TELECOM MARKET

With environmental laws like the Clean Water Act (CWA), the Endangered Species Act (ESA) and the National Environmental Policy Act (NEPA) now woven into the fabric of the economy, environmental consulting & engineering is riding on the wave of economic development. Whether the construction project involves a housing development, a highway, a power plant, or a telecommunications grid, the environmental preparatory work—assessing impacts on wetlands, habitat, and air and water quality—must come first and can have a significant impact on the final look and feel of the project.

As long as the economy is healthy, then, there's opportunity for environmental consulting firms big and small to stake out claims in any or all of these infrastructure development segments, in any region of the country. For **Benchmark Environmental Consultants** in Dallas (www.benchmarkenviro.com), the primary source of business has been wireless telecommunications activity in the five-state area encompassing Arkansas, Louisiana, New Mexico, Oklahoma and Texas.

Ask Benchmark President Kelly Walker to identify the biggest highlights for her company over the past two years, and she doesn't hesitate: "The stronghold that we have taken in the telecom industry is the entire highlight. Over the past two years, we took over and dominated in that field." The company works with all the "majors" in wireless telecom in this region, and this work accounts for the majority of Benchmark's sales, she reports.

How does a firm with \$2.3 million in revenues last year come to dominate a field with competitors as large as URS and Terracon? It will come to no one's surprise that "client service" is the principal reason cited. "This is a demanding client base," notes Walker. "A lot of the medium and large firms can't serve them. Our organization is very flat, and because of that, we can move so much more quickly. If there's a problem, I'm going to know about it."

Walker expects her firm to generate about \$2.8 million to \$3 million in revenues this year, which would put Benchmark's revenue growth ahead of the consulting and engineering

sector's pace. Margins on a project-by-project basis range from 10 to 15%, and sometimes to 20%. The key has been "the niche we're in, and the size we are," says Walker. In financial data compiled by the likes of the **Environmental Financial Consulting Group (EFCG)**, "you see clearly that the small firms make much more money than the medium-size to mega-firms," she notes. "We don't have the overhead, and we're very efficient. I've worked for large firms, and you see the overhead burden there. It straps your margins, no question."

Expanding regionally in the wireless business will be a key to future growth, but given the cyclical nature of telecom and the perils of being too closely tied to a single client sector, it will not be the only part of the growth strategy. "Wireless telecom has its peaks and valleys," Walker observes. "The indications right now are that it's going to grow at a good rate. Our strategy is to do more organic growth—getting more from existing clients, and pursuing new clients. We'll also pursue more government work at the state and municipal level, and we'll make some acquisitions.... And we'll take a very close look at margins. I'm conservative; I'm not a growth monger. I believe in controlled growth. I don't have any interest in being on the 'fastest growth' lists."

Entering the public sector markets will mean finally capitalizing on Benchmark Environmental's status as a woman-owned business. "I never tried to leverage that," Walker confides. "We wanted to be a good environmental firm first. Now, I'm trying to take advantage of that status. We have a couple of government contracts—at Dallas-Fort Worth airport and with the schools. We'd never done the state and municipal work, and we're going to be doing more of that this year."

WEATHERING THE CYCLES

Right now, 85 to 90% of Benchmark Environmental's business is with the private sector. Ultimately, well down the road, Walker wants a 50-50 split. In the short term—meaning over the next couple of years—she'd like to see the public sector work grow to about 25% of sales. "The goal is to weather the economic cycles," she remarks. "You can't become totally recession

proof, but you do want to minimize the risk."

As Walker sees it, the biggest growth opportunities have a strong regulatory foundation—specifically, in the permitting required to upgrade or expand municipal and industrial infrastructure. In Dallas, for example, the water, wastewater, transportation and other components of the basic infrastructure can barely keep up with the population growth. Furthermore, it is not older regulations exclusively that are fueling the growth. New asbestos regulations in Texas, for example, have been "phenomenal" for business, she said. "It's been Republican-driven, I might add, and it's been great."

Benchmark Environmental expects to diversify its service base into new sectors, such as civil engineering and natural and cultural resources management, as well as strengthen its geotechnical engineering capabilities. The firm plans to achieve these ends primarily through acquisition. "We need these capabilities to do the municipal and state work," notes Walker. "These clients like one-stop-shopping. They want to give the civil and environmental work to one firm rather than break it out.... You can build new capability internally, or you can team with people. We have teamed with some firms, and in the federal arena you have to do that. In the state and local markets, you can do both, but we want to have the capability on hand, in civil and natural/cultural resources."

In bringing on new skills through acquisition, however, Walker will be very cautious to ensure that there is a match of cultures. Benchmark has a flat, flexible organization that requires people who are comfortable with autonomy and responsibility, she says. "We have to find people who are very efficient—who are not living and dying by time sheets. We're looking for technically competent people who have the business acumen and who can fit into a culture with tremendous autonomy. If you are someone who isn't credible with deadlines, and who doesn't take care of business, you just don't fit here."

In the end, it's all about client service, she declares. "If you are not meeting your clients' needs, they will go somewhere else. And there's always somebody else. What we do is maintain very close contact. Our managers know everything that's going on in their world, and are always looking for ways to serve them more and sell them more. That's the key to our success." ■