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## Sacramento engineering firms take on international giants

Local companies protect their turf despite marketing disadvantage

Sacramento Business Journal - by [Robert Celaschi](#) Correspondent

Among the 25 largest engineering firms in Sacramento, fewer than half have a local headquarters. A decade ago, the locals on the list outnumbered the out-of-towners by two to one.

The homegrown firms don't see themselves as the underdogs.

"We can hold our own fine," said David Bennett, chief executive officer of Eco:Logic Engineering, an environmental engineering and consulting firm based in Rocklin.

That's not to say it's always easy. Bennett's biggest challenge is going head-to-head with international engineering conglomerates with seemingly endless marketing resources.

"That's most definitely a competitive advantage: They are better at talking people into hiring them than we are," he said.

"It's tough on locals," agreed Eddie Kho, president of **Morton & Pitalo Inc.** "The big boys come in and say they can do just about everything."

Some can do quite a bit. Once they get a job, national firms can draw on expertise from other offices in other states. Or, if a national firm loses a bid for Sacramento work, it can simply look somewhere else.

"There's no question that there are good folks in the big companies. They live here too," Bennett said. "But we have to stay. We don't have another market to draw on if we sour this one."

On the other hand, the locals have their own advantages. For one thing, this is their turf.

"The big firms don't necessarily have the local expertise," Kho said. "Each jurisdiction has its own quirks as far as how they handle projects. If you work in a certain jurisdiction, you have to know how they work. And we do."

"I'm a (**California State University Sacramento**) grad. A lot of my fellow Sac State alumni work for these agencies. Thirty-one years of local knowledge and colleagues that work in local agencies, they help."

### Tried and true

Repeat clients are key, Kho said.

"We tend to go back to those that we have worked well with in the past. They know us; we know them," he said.

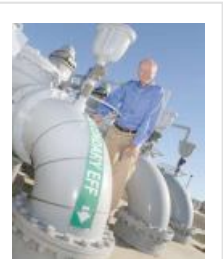
Buzz Oates, for decades one of the most successful developers in the Sacramento area, has been a Morton & Pitalo client since the company started in 1977. Likewise, the engineering firm has been involved in most of the specific plans for the city of Roseville over the years.

To capitalize on such relationships, Morton & Pitalo has tried to expand the scope of its work over the past five years, adding such services as traffic engineering and landscape architecture instead of always contracting it out.

Big competition can sometimes be too big—a hazard when competing with a community-based practice.

"They have a pretty broad experience base, generally on very large projects," said George Nolte Jr., chairman of **Nolte Associates Inc.** "They have minimum thresholds of projects that they compete on. When they try to come down and compete with the community-based firms, which are richer in their knowledge of how the community works, at times it becomes more difficult for them."

Having the right niche also helps. In the case of **Buehler & Buehler** Structural Engineers Inc., "We're the only structural



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Eco:Logic CEO David Bennett shows off the Lincoln Wastewater Treatment Plant, one of his firm's projects: "Having water expertise in California is probably the safest profession you can be in right now."

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engineering firm on the list,” company president David Hutchinson said of the Business Journal’s list of the 25 largest engineering firms, though several civil engineering firms also provide structural services. Marketing itself largely to local architects, Buehler & Buehler has a huge advantage with its local headquarters, he said. From there, it’s a natural step for the local architect to introduce Buehler & Buehler to the architect’s branch offices elsewhere.

“We have reached out geographically and we have competed against larger firms outside the area on projects outside the area, and we have been successful when we show them what we can do,” Hutchinson said. The distant jobs have included a parking garage in Tempe, Ariz., and a movie theater in Dallas.

### **Blurry lines**

The lines are not always clear between big and small, local and out of town. After 13 years in business, Eco:Logic now has 150 people in six offices, including shops in Reno, Nev., and Stockton. Sacramento-based **Wood Rodgers Inc.** also does business in the Bay Area, Reno and Boise, Idaho. Nolte Associates has offices throughout California, plus Colorado, Utah and Mexico.

If a firm has done work long enough in a particular place, it might not matter so much that the headquarters is elsewhere. Nolte makes a point of getting involved with bond issues, **Habitat for Humanity** and other community improvement issues.

“I think if you went into Utah or Colorado, or any of the other places where we are, I’m not sure they think of us as a California-based firm,” Nolte said.

The biggest difference between the Davids and Goliaths is company culture, Bennett said.

“I guess the reason we’ve been successful is we never made it a goal to grow, and we don’t have any profit goals,” he said. “That’s a little counterintuitive, but if you are going to be a great engineering firm you have to concentrate on doing great engineering and not get distracted by profit goals.”

Nolte, likewise, doesn’t have a quantitative growth goal.

“It’s not part of our mission to grow by 20 percent a year or be the biggest on the West Coast,” Nolte said. “We’ve found what works well for us is to build a client base of firms we can have a good working relationship with.”

Eco:Logic’s niche is a plus for staying independent.

“We specialize in water quality in the Western states. So having water expertise in California is probably the safest profession you can be in right now,” Bennett said. Northern California once had a lot of smaller companies that did water-related engineering, but few are left. It also makes Eco:Logic an attractive buyout candidate. Bennett recalled probably 18 offers over the company’s 13-year life, some of them very lucrative.

“There’s enough money there to retire and golf all day, for sure,” he said. “The ironic thing is we were always taught in school that that’s the goal. But when you are confronted with that and you love what you do, that’s the goal.”

Morton & Pitalo likewise has rejected buyout offers.

“We get them all the time,” Kho said. “We want to stay local. We are one of the oldest local civil engineering firms at this point.”

Nolte seems to get a buyout offer monthly, its chairman said, but he has no intention of selling the company his father founded. To that end, this year he handed the CEO job to Ken Rudolph. One reason behind acquisitions by larger companies is that small firms do a poor job of passing the baton to a new generation, Nolte said.

“This is almost like the second wave, the first wave being my father’s generation, which built their practices after World War II. A number of those firms didn’t survive,” he said. “They weren’t absorbed; they kind of disappeared.”

He’d rather see the third wave take over than cash out.

“There’s a lot more to life than money,” Nolte said. “It really kind of starts with why you became a design professional in the first place. This is part of our intellectual and emotional makeup.

“It’s good to pass that organizational platform on to others so that they can get the same satisfaction.”