

## A measured approach

Richard Roberts, [21-27 April 2011](#)

TEN-year-old Quantitative Group, ranked the leading niche/specialised services firm in **HighGrade's** latest exclusive mining consulting sector survey, has hardly been constrained within the specific fields in which it set out to offer high-level expertise. Principal John Vann said QG had achieved 30% compound annual growth since 2004.

But he puts "managing growth" at the top of a list of priorities for the now 20-person outfit, which has built – or in many cases reaffirmed – a reputation for excellence in the resource estimation and geostatistical technical consulting areas, and in risk studies and due diligence.

"Our intention is to stay focused on quality and growth without bounds is a threat to that," he told **HighGrade** this week after what sounded like a particularly gruelling work stint for the 48-year-old geologist/geostatistician who was technical director at SRK prior to establishing QG with fellow geologist Scott Jackson. Scott Dunham joined the pair as a director in 2006.

Vann was "under the pump" more often than not when **HighGrade** pressed him for an interview in the wake of our most recent consulting sector survey. More than half the 220 responses from exploration and mining companies to the survey nominated a niche/specialised firm and QG headed a group that included fast-growing emerging consultancies and some established commodity-sector focused groups.

Apart from his role as a director of QG and his very active participation on the consulting side of the business, Vann is adjunct professor at the University of Western Australia and the University of Adelaide where he is called upon to supervise post-graduate students.

"Our projections indicate continued growth, driven by the SBPE [scenario based project evaluation] part of the business," he said.

Most of QG's 14 full-time professional consultants work in the company's core resource evaluation business, but also cross-functionally with other staff including those developing and deploying its innovative SBPE business platform (which has applications in the area of financial evaluation of options and also geometallurgy) and a new team starting to provide mine planning functionality that will maintain close links with the SBPE group.

Vann describes SBPE, a product of 18 'person years' of development, as "a completely new way of evaluating projects that gives highly granular and risk-characterised cash-flows and product specification".

"We are building a second business around scenario based project evaluation, but our core group will grow more slowly from now on," he said.

QG has two part-time research assistants (in statistics and geology) and the company has offices in WA, Queensland and New Zealand.

"Over half of our work is outside Australasia, mainly in Asia, Africa, North and South America," Vann said.

The core resource estimation/geostatistical technical consulting area had enjoyed "very strong growth", while QG had also been doing a significant amount of resource auditing and due diligence work for majors such as BHP Billiton, AngloGold, Anglo American and Xstrata.

Integrated, or holistic, risk studies was another growth area.

"This area includes geometallurgy, where we have a strategic alliance with world leaders in technology at JK Tech and also have full sponsorship of the AMIRA P843a Geometallurgy research, and the use of [SBPE] to evaluate whole-of-value-chain risk and opportunity using conditional simulations as inputs," Vann said.

"Two key drivers of [QG's] growth have been the lack of senior technically experienced people in the resource evaluation niche within client organisations, and the increasing capital requirements for projects which is driving a stronger focus on the risk on inputs."

Asked about recent comments by SRK Australia boss Brian Middleton on the quality of competition being provided by smaller, niche mining consulting firms, and the likelihood of sector consolidation led by the bigger firms, Vann was adamant companies such as QG had a vital role to play as independent service providers.

"We see QG as being a viable niche consulting firm that can compete with the best internal people in the best of the large firms," he said.

"In particular, we spend heavily on research and development, building connections with universities and encouraging our people to pursue post-graduate options and research, to differentiate ourselves in the eyes of customers as high-end strategic consultants who add real value.

"In a very active market like this there is always a dynamic in favour of acquisition of smaller firms by larger firms, but it is not a fait accompli, and it won't always benefit customers who are looking for specific leverage from the knowledge and experience more expert consultants can bring.

"The core philosophy of QG revolves around two propositions. First, we want to employ the best people [which] requires flexibility and good conditions. For people joining QG in the geostats area, there is nowhere they can go and work with a larger team of specialist people. Plus we have a commitment to research and development and pursuit of new approaches that is exciting for the team.

"We have had one professional person leave the firm since 2005, and this speaks for itself.

"The second proposition is that QG want to deliver a valuable and sustainable advantage to clients that use our expertise. The Our Skills On Your Team moniker in our marketing has been consistent for a decade, and we take it seriously as a promise to clients. We seek ongoing engagement with clients and collaborative approaches to solving real problems for businesses. This also feeds back into attracting and retaining good people, because such clients make interesting work.

"Another aspect of this is that QG have focused strongly on the communication of technical solutions and risks in terms of business value proposition."

On the question of where QG would and wouldn't post its staff (including the principals!), Vann said peoples' safety was paramount.

"All engagements are assessed from this view point," he said.

Which meant that when Vann said something about being close to expiry on his last job, it wasn't the environment that was wearing him down.

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