

## The heat is on, again

Richard Roberts, [31 March 2011](#)



THE Australian-based head of the firm judged all-round leader for the second consecutive year in **HighGrade**'s exclusive annual mining and exploration consulting survey says fast-growing emerging consultancies and competition across the mining industry for the 45-year-old professionals the industry failed to induct in sufficient numbers 20-25 years ago are "raising the game for all of us".

Brian Middleton, managing director of SRK Consulting in Australia, said the world's biggest mining consulting group was fighting as hard as everyone else for the experienced mining

engineers, geoscientists, metallurgists and other professionals wanted by big and small mining companies, and other service firms.

SRK, established in South Africa more than 35 years ago, passed 1000 staff for the first time last year.

More than 220 responses from Australian exploration and mining companies working in Australia and around the world to **HighGrade**'s 2011 survey ranked SRK the best overall technical consulting firm servicing the mining industry.

Leaders in key categories were SRK (geology); AMC Consultants (mining); GHD (environmental); Golder Associates (geotechnical); Lycopodium (metallurgical); Sinclair Knight Merz (engineering studies); Snowden (coal); and Quantitative Group (niche/specialised services).

Quantitative is among a host of smaller firms run by respected, experienced industry people who invariably worked for one of the big consulting groups at one stage. Geostatistician John Vann was technical director of SRK's resource group before he and others established Quantitative in 2001.

The decade since has spawned many more specialised firms and the growth seen by some of these in recent years has been spectacular.

"Yes, I'd agree there is a new type of competition out there," Middleton told **HighGrade**.

"In some ways we're very grateful that they are there because it makes us sharper. I think the worst case scenario is you're the only one providing certain services; complacency has to set in. It raises the game for all of us, which has got to be good for the image of consultants providing a really good service."

Middleton said South Africa still had SRK's biggest practice with about 350 staff, while North America had more than 200. Australia, the UK and Chile each had more than 100 staff (130 in

Australia). All up SRK has 19 global practices, including a contingent of more than 50 people in China.

"People are absolutely a limiting resource in mining and it's going to put huge pressures on all of us, no question.

"I think the fact that we've got more and more pressure on people is an issue for all of us," Middleton said.

"If we don't have the right quality people, and the competent people, yes we would have a problem going forward, as much as the mining companies themselves will if they don't have the right quality people. They're not going to be running mines as effectively and efficiently as they can.

"Our practices around the world are focusing on trying to ensure that the quality of our product is as good as we can make it.

"But there are pressures all over and when you look at the number of people [graduates, etc] being produced and coming into the sector ... it's picked up enormously since 5-10 years ago, but probably still isn't adequate.

"You've got the new gorillas on the block – China, Brazil; India has got to fire at some stage, and Russia is starting to get really busy. And then you've got all the 'stans which are really quite desirous of getting their mining sector up. And I suppose then you've got Eastern Europe. So potentially a lot of demand for people in the mining industry and I don't think we're producing enough worldwide to cater for that."

Global SRK boss Andy Barrett conceded in a recent interview that recruiting "very senior individuals ... will be extremely difficult" but he saw an avenue in looking for "mid-level staff" who could be trained up into senior positions.

Middleton took a slightly different view.

"I'm not even sure we can find the mid-level guys," he said.

"It's becoming more and more about lifestyle choices by people, and we're seeing people who want to spend more time with family, less fly-in-fly-out, move to consulting. They reach a certain stage in their careers and they make choices which are not necessarily driven by money, etc. So at the top end my sense is we're going to be ok.

"But I worry about the middle section because that section now comes from the 45-year-olds who should have been coming out of universities 20 years ago. But they weren't, because what was coming out 20 years ago people were being snaffled up by the IT industry and engineering wasn't a sexy career. We weren't making an effort to get the youngsters in – we weren't saying this is a great career to be in so mining and engineering, science and technology ... all of those areas 20 years ago weren't producing the graduates.

"They are the 45-year-olds of today. I think that is the gap we have worldwide.

"It's probably the guys out of university, who've spent 4-5 years out on a site, that we want to come back to consulting. Those are the guys we are going to have to train up [to senior level]."

While salary cost escalation is clearly a bugbear for service industries, Middleton said the dramatic rise in incomes available to graduates was not necessarily a bad thing for the industry.

"Look, I think previously we were saying to youngsters this is an exciting industry but we're going to pay you bugger all. Now they are going to get paid a hell of a lot more than in the past and hopefully they'll tell their colleagues that this is an exciting industry to be in, which it is.

"They can be our best recruitment tools as well."

Middleton said consolidation in the technical mining consulting sector over the past 10-15 years had led ultimately to the proliferation of smaller, emerging firms that were now building market share (and taking some). But he believes publicly-owned groups have felt the brunt of this.

"The publicly owned companies have a growth imperative don't they? We have seen companies acquiring lots of smaller organisations, obviously having the cash to do so, and not making the cultures work, really battling with those acquisitions, and finding people after a period of time are leaving and going back and setting up smaller independent consultancies," he said.

"So there is a bit of a cycle happening there."

Middleton said bigger infrastructure consultants were also becoming more active in the mining sphere.

"The mining industry is obviously galloping along, so they've been drawn into the sector," he said.

"But there are areas where independent specialised consultants will always have a role, and that's probably at the front end – valuation of resources, reserves, mine development ... areas where a huge amount of knowledge is needed."

Asked about SRK's defining traits, Middleton said: "Somebody asked to me a little while ago to write down what I believed was the culture, and I picked up my pen and ... eventually gave up the unequal struggle.

"I think some of the things that characterise us are independence; I think we put a lot of store in the growth of people and providing an environment in which they feel comfortable growing.

"We would like to be known as very professional, with lots of integrity.

"And of course technical excellence. That's one of the things that is absolutely part of SRK and we'd like to maintain that. There are going to be times when we're going to lose out to a cheaper bid but we'd like to think we provide good value for the money, and provide a very good technical result."

Recent interviews with technical mining consultancy leaders highlighted the recruiting challenge facing the sector in 2011.

"We see recruitment as the big challenge in 2011 especially at the senior to principal levels for all disciplines," AMC CEO Paul Harper said.

"People with the relevant experience between the ages of 30-to-45 are going to be hard to find. People who join AMC are looking for good career prospects where they can work on a variety of projects and travel to different parts of the world as part of their consulting assignments. AMC is also in a good position to provide a good lifestyle balance as all of the offices are in good locations. However, our greatest competitors for new staff are the mining companies who provide large salaries to lure people to the remote operations around the world."

Snowden chief Craig Morley said the search for mining engineers, geologists and metallurgists was a global one.

Despite losing consulting staff in 2010, Snowden wants to expand from 130 consultants to more than 200 in 2011.

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