

## U.S. ENGAGEMENT OVERSEAS DRIVES OPPORTUNITY FOR IRG

Since September 11, 2001, the U.S. government has substantially increased its level of overseas engagement, in terms of contributions by agencies like the U.S. Agency for International Development (USAID) towards the development of institutions that lead to more stable economies and democracies. As part of this effort, U.S. agencies are now much more actively engaged than ever before in the engineering component of these efforts—that is, in the construction of roads, dams, water systems and other forms of infrastructure that allows stable economies to function.

As a consulting firm supporting the development of such democratic and economic institutions and assisting on the "soft" side of these infrastructure projects, International Resources Group Ltd. (Washington, D.C.; [www.irgltd.com](http://www.irgltd.com)) is finding these to be very exciting times. Today, at any given time more than 400 IRG consultants are present in 22 or 23 countries working on long-term programs and projects and are on the ground in many more nations taking on shorter-term assignments, according to IRG President and CEO Asif Shaikh.

Environmental protection and sound resource management are critical components of IRG's economic development mission, Shaikh affirms. Yet while IRG has both competed and partnered with the likes of Black & Veatch and Tetra Tech, it is not the typical consulting firm profiled in EBI. "Our overriding goal is to protect economic growth. We do a range of things that are broader than the environmental work," Shaikh explains. "We approach the environment not as a set of services that we provide, but rather as an element of other sets of problems and issues that we seek to address."

A look back at the company's history shows how environmental protection and resource management figure into the firm's overall mission. IRG arose from the oil shocks of the early 1970s, when the dramatic increase in gasoline prices hit consumers hard and prompted them to begin asking questions about their use of the resource. IRG consultants provided answers, and from there, the firm developed the expertise to address the same issues with regard to other resources—soil, water, forests. "These resources had been cheap, abundant and taken for granted and suddenly needed to be used more wisely and kept from constraining economic advantage," Shaikh says. He adds that climate change is another issue—"we can think of climate as a resource, as a custodian of favorable environmental conditions"—and the company has developed expertise in that area as well.

IRG provides these services within its "resources" group, which is now only one of four principal practice areas. A second set of services encompasses the economics area, involving projects in macroeconomic growth and enterprise development in such areas as infrastructure and agriculture. A third, and now very large set of services, addresses what Shaikh refers to as "governance" issues, which has both "negative" and "positive" sides. On the negative side, IRG assists in the recovery of government institutions when a natural disaster, civil strife or some other event causes a breakdown in those institutions. On the positive side, "we help countries strengthen their government systems and make the move to democracy, with a small 'd,' in such activities as securing property rights," says Shaikh.

The fourth service area, and a rapidly growing one, involves "capacity building," which includes institutional strengthening and training, as well as knowledge management, which is "a strong emerging area for us and for our clients," Shaikh stresses. "Knowledge management is particularly important to the U.S. government and its constituencies. We view our role as the integrator, the ones who break the stovepipes."

Projects across these service areas—which by no means have sharp lines drawn between them—have kept IRG on a run of better than 22% compound average annual growth since Shaikh took over leadership of the company in 1991. Revenues are under \$100 million today, "but not far under," he discloses. The competition varies by sector—for example, engineering firms like Black & Veatch and Bechtel in water infrastructure, Chemonics International and Development Alternatives Inc. in capacity building and economic development and Accenture and BearingPoint in knowledge management.

A significant majority of IRG's work—about 80%, Shaikh estimates—comes from U.S. government contracts, "and of that, a significant majority is with USAID." A major highlight of the past year is IRG's receipt of an award, from the Professional Services Council, *Washington Technology* magazine, and the Northern Virginia Government Contractors

Council, as Government Contractor of the Year for the category of firms with less than \$75 million in revenues (in 2003). The occasion marked the first time ever that a USAID contractor, among the full spectrum of government contractors, was nominated for the award.

Another highlight of 2005 was the award of an indefinite quantity contract (IQC) by USAID to a joint venture between IRG and Tetra Tech for global water and coastal resources management services. This five-year contract has a ceiling of \$2 billion. Most significant was IRG-Tetra Tech's selection as program integrator for the development of an Indian Ocean tsunami warning system, serving the region that was devastated by last winter's tsunami. "That's a substantial and humbling assignment, because lives depend on our effort."

## MAJOR ENVIRONMENTAL DRIVERS

Water resources management is a "gigantic" issue worldwide and a major driver of IRG's business today, Shaikh confirms. Indeed, environmental issues are at the heart of many projects that directly address economic development throughout the world. "When you look at rural areas around the world, at deforestation, the siltation of rivers, soil and vegetation loss—all of these factors are driving down agricultural activity, and that's an environmental problem at its core. Any decline in the ability of the environment to provide services is probably one of the biggest drivers of our business."

Climate change issues are also providing an exciting and growing field of endeavor, particularly in countries like China and India, where the heavy use of coal is colliding with pressures to reduce emissions. In India, through implementation of its BenchMetrics program, IRG worked with cement and fertilizer industry associations to benchmark the industries' emissions profiles and thereby allow individual members of those associations to assess their performance. "This work has had a tremendous impact in prompting companies to adopt improved practices," Shaikh notes. In China, IRG has been working with the Asian Development Bank to assess the potential for reducing greenhouse gas emissions from industrial sources. And in Sri Lanka, IRG has been working on a project that is poised to generate the firm's first carbon-credit sale to a Dutch buyer.

For infrastructure engineering projects, IRG performs what Shaikh calls the "soft" assignments, distinct from design and construction, to make sure that the infrastructure will operate efficiently in the context of other social and economic needs and values. This work includes, but is hardly limited to, assessing the environmental and resource impacts of proposed projects. For example, when a toll collection system was proposed to finance the ongoing maintenance of a U.S.-built road in Afghanistan, it was pointed out that toll collectors, as targets for thieves would have a short lifespan, and that some other financing mechanism was therefore required. "There is a whole set of institutional issues like these that you must address to make infrastructure work, and that's been a driver for us," Shaikh said.

For a company like IRG, he says, the biggest challenge is staying "ahead of the curve"—that is, choosing among the myriad opportunities available in global economic development and then deciding whether to build the required expertise internally or through acquisition. "We are seeing opportunities that vastly exceed our capacity to respond to all of them." IRG has gone the acquisition route but generally relies on internal growth. "It's a twin challenge involving how you make these choices and how you partner."

Success involves not only making the right choices but also making the commitment to service quality, achieved through client reviews and aggressive auditing. In addition, "we have rock-solid systems for financial management, project management, recruitment, quality control, and proposals—all of the things you do again and again and again," notes Shaikh. Finally, "you need to recognize the importance of people, and to be hard-nosed about how you deal with them. We offer a great place to work, but part of that is ensuring performance. You have to keep the best. People who don't perform are letting down their peers and not serving clients."

The frontiers of economic development certainly provide stimulating opportunity for people with many skills and talents, he concludes. "We are at the beginning of an entirely new phase of our country's engagement with the rest of the world. It's fraught with dangers, but it's very exciting."