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Ask the Experts

by Steve Rice & Richard MacLean
April 2003

POINT 2 POINT REMINDER: Achieving Environmental Performance

Also this month:

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REMINDER: THE NEXT *POINT 2 POINT*: In this era of uncertain political situations, fragile business conditions, and continued EH&S staffing cutbacks, what is your greatest fear -- and hope -- for EH&S organizations or their leaders, and why? If you would like to contribute to this discussion, please email your comments (125 words or less; please include your name and company/organizational affiliation) to point2point@enviropps.com. We will summarize the responses we receive in the next *Point 2 Point*. If you request, we will keep your name and affiliation confidential.

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Where can one find market research reports for the commercial wastewater treatment industry in the U.S.?

Steve: It seems that most of today's commercially available market research focuses on wastewater treatment technology, chemicals, water, and non-U.S. markets, primarily China, India, and Latin America -- not the U.S. commercial treatment services market.

Many of the companies that used to do market research on the commercial waste management industry have either folded or shifted into more ongoing, substantial market research areas such as healthcare and retailing. [The McIlvane Company](#) and [Environmental Information, Ltd.](#) are the only ones I know of that a) used to do periodic and subscription-based research on the environmental services markets and b) still exist, though even their offerings are just a shadow of what they used to be. [Marketresearch.com](#) also has reports available for sale although, again, for treatment equipment, chemicals, water, and non-U.S. markets.

That said, you have two remaining options:

1. Gather a group of like-minded sponsors and develop a multiclient research project to share costs. You should be entitled to a discounted share for establishing the group and contracting for the work. The disadvantage, however, is that any competitive advantage from doing the research will be lost because it will be shared with others.
2. Sponsor a proprietary market research study. While this may be more expensive, you can determine the precise scope, focus, and objectives. Be sure to include an exclusivity clause in your agreement to ensure that you are the owner of the results, and that the report and its contents cannot be resold without your permission.

Your best bet may be the second alternative, done by a small or independent consulting firm. That way you aren't paying for excess overhead, marketing, and administration. You might want to consider one of the larger market research firms, but I just don't expect those firms have retained a working knowledge of the waste-management services industry equivalent to being "on the 50-yard line" when the project starts.

Anyone that tells you that "we've been doing market research for industrial wastewater treatment services for XX years" warrants a background check before you sign a contract.

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How do you determine which are the most worthwhile EH&S conferences to attend?

Richard: As your question implies, in these tough economic times you want to make the most of these limited opportunities. Most EH&S professionals have the budget and/or time to attend

only one or two conferences per year. Local meetings are generally not a problem (other than the time factor), but anything involving travel and hefty conference fees can be problematic.

Many EH&S professionals attend their respective annual society meeting. Aside from making and renewing network contacts, the larger organizations such as the [Air & Waste Management Association](#) and the [American Industrial Hygiene Association](#) offer training sessions with continuing education credits. If you have not depleted your budget on one of these annual conferences, what else might be high on the priority list?

The very best way to select a conference is through recommendations from colleagues. I am the most familiar with management-oriented conferences; several have a solid reputation. The most well known, and well attended is the [Global Environmental Management Institute](#). [Organization Resources Counselors and the World Resources Institute](#) (specifically the BELL meeting) also run good conferences. Here again, your professional society is one of the best resources for getting good leads on which conferences are best suited to your particular field or interest area.

If you do not have a specific recommendation on a conference with a historical track record for excellence, there are a number of things to watch for. First, is this a commercial undertaking with a primary objective to make money for the conference organizers? Does the agenda seem overly opportunistic -- latching onto some issue of the moment? The glitz may be there, but is there substance? Is the agenda dominated by consultants or will company, NGO, academia, and government authorities be participating as well? Are the speakers nationally or internationally known?

Be particularly wary of agendas with the term "invited" after the speaker's name. I can invite the President of the United States, but that does not mean that he will show up to my conference. Government representatives from the EPA are known for being on agendas, only to not show up at the eleventh hour. This is not a negative assessment of EPA staffers; their first obligation is to perform their regular duties for us, the taxpayers.

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What billing rate should I charge for my independent consulting services? (Part III)

Steve: In the columns of the past two months I responded to the question about billing rates for independent environmental, health, and safety consulting professionals. This month I'll expand on those responses by providing guidance on how to translate your billing rate into mutually profitable project proposals.

There are several ways to structure proposals. The most common are:

- Cost plus expenses (e.g. time and materials)
- Fixed price
- Retainer fee

- Advisory fee

When using the *cost plus expenses* approach, be sure that the billing rate includes all salaries, overhead, taxes, and profit.

Clients usually prefer a *fixed price* though you should offer or agree to that only if a) you are familiar with what that type of project involves and b) the scope and deliverables are both clearly defined and within your control -- changes in scope or activity should be accompanied by a project change order signed by the client. The advantage of a fixed price is that you don't have to track and report your hours; the disadvantage is that you might wind up working for 50 cents an hour.

Retainer fees are mainly for longer-term, loosely-defined projects. *Advisory fees* are for short (one-half to two-day) assignments where the client is hiring you more for your expert knowledge and advice than for your time.

In some circumstances, especially with small or cash-strapped companies, you may wish or need to include contract terms that include equity or barter. If you seek an equity position in the company, be sure the agreement states the amount and type of equity, along with a date and buy-back price if the company doesn't go public. Bartering is useful if the client has something of value to you, but costs them little or nothing. I have used this approach to obtain office furniture, computer equipment, and even janitorial services. Be wary, however, of any deal that involves only these alternative payments -- always require at least partial cash payment.

If the client is reluctant or the project is not very well defined, break the project into separate phases, with the client retaining the decision to continue the project upon completion of each phase. In these situations, it may be wise to use your higher billing rates for the early phases in the event the project does not proceed to the latter phases.

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What are the EH&S core competencies required for professional success?

Richard: EH&S professionals, like most technically oriented professionals, have historically concentrated on improving their specialized skills. There is a growing body of evidence to indicate that technical skills are only one dimension of competence. Indeed, virtually all trained EH&S professionals are highly knowledgeable in their respective areas of expertise, yet some are able to achieve far greater success than other colleagues.

[Dr. James E. Leemann](#), adjunct professor at Tulane University, colleague, and former DuPont safety, health, and environmental manager, defines a competency as "a fundamental characteristic of an individual that can predict meaningful superior performance in a job." In both Dr. Leemann's research and his work to improve competencies inside companies, he has identified 16 competencies that distinguish superior performance among safety, industrial hygiene, and environmental professionals. When compared to other technical professional

occupations, EH&S must master two to three times as many competencies to be considered superior performers.

Dr. Leemann states that the areas where EH&S professionals need development and improvement are in the **cognitive, interpersonal, and intrapersonal** competencies.

Cognitive competencies focus on helping the EH&S professional figure out what's causing a problem and what to do about it. Some of these competencies include analytical thinking, conceptual thinking, and information seeking.

Interpersonal competencies provide an EH&S professional the skills to reach out to the appropriate individuals in the organization to obtain agreement on what the problem is and subsequently commit to identifying, developing, and pursuing solutions to the problem. Some of the characteristics that distinguish interpersonal competencies include involving others and relationship building.

Finally, **intrapersonal** competencies are all about personal effectiveness and maturity, which are internal traits that permit an individual to be successful. Some of these traits are self-control, perceptual objectivity, perseverance, and achievement orientation.

Fortunately, all of these competencies can be improved through training programs that are individually tailored to a person's current skill level in each area. Before training can commence, however, it is important to understand the roles and functions of the EH&S group within the business so that the training can be linked to both the success of the business and to the improvement in performance of the EH&S professional.

Steve adds: You may want to do a search of our past columns on [GreenBiz](#) for additional insights and suggestions. Our columns of November 2001, January 2002 and July 2002 also deal with this topic.

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Has greenhouse gas emissions trading become a viable business?

Steve: It's still embryonic and highly speculative. I've been keeping my eye on it for the past four years and have seen many people and companies sinking a lot of time, effort, and money into developing GHG emissions trading into a viable business. I do not think any of them have been very successful yet, much less profitable.

First, there are very high thresholds to entry:

- Participation in developing the policies and rules
 - Infrastructure to conduct trading
 - Contacts in government and industry to be aware of trading needs in advance.
- Of course, high entry barriers are good if you are the one able to invest the time and patience waiting for the market to develop in a viable industry.

In addition, the business is subject to several significant constraints, including:

- GHG emissions and impacts are global, yet there is no global framework and no pending likelihood for one.
- GHG emissions are diffuse and reductions are often temporary -- there will have to be a certification and periodic verification management system.

There is no requirement for GHG emission reductions or trading. Programs and initiatives can come and go too easily, resulting in an unstable and uncertain market -- hardly a haven to attract serious investors and businesses.

The March 2003 issue of [The Green Business Letter](#) has an excellent summary of the current status and difficulties with trading greenhouse gas emissions. You may also want to check out the material and links posted on The Emissions Marketing Association's [Web site](#). I am very interested in seeing how the market will eventually value GHG emission reductions.

Quite interestingly, these are many of the same factors associated with the development of the environmental management systems industry back in the early and mid 1990s -- and look how that has developed! The turning points for EMS were a) a global infrastructure via the ISO14001 standards and b) the auto assembly companies requiring it for their Tier 1 suppliers. Perhaps there are lessons for us to apply to GHG emissions trading?

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Postscripts – “The Most Ridiculous Item” Department: As many of you who read my columns and articles are aware, I greatly appreciate the concept of Bill O'Reilly's “No Spin Zone.” While I don't always agree with his positions or interviewing technique, his “no spin” premise and segment titles catch my attention. Borrowing liberally (pun intended) from his show, this month's Postscripts segment identifies the most ridiculous item I've received in the mail this month -- Unilver's “Sustainable Spinach” report.

While I admit I did not spend much time to read the 30- to 40-page, six-color glossy report, the question that ran through my mind over and over was “What ever drove them to spend the time and effort?” I bet the company could have created a new job (or two) for someone with what it cost them just to produce the report. Had I read the report more thoroughly, I might have also gotten a clue as to the need for, and purpose of, their initiative -- but I didn't. Worse yet, this is one in a series of reports that includes several other periphery foods. Efforts like this only hinder sustainability's effort to attract mainstream business attention -- and deserve to earn the “Most Ridiculous Item” designation.

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Got A Question?

Send your question about environmental management issues to Experts@GreenBiz.com

We can't guarantee that we'll answer every question, but we'll try.

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