The growth of SRK throughout the 1980s, and the organisational change that produced, sparked a self-conscious discussion within the company about its values, its core business and its culture. More and more partners came to agree that the group share structure and worldwide network of corporate entities that had developed over the years needed to be rationalised. The entire group was in want of better order in the same way as the South African unit had needed restructuring. It was also clear that the founders and first generation of the company needed an exit strategy, which was complicated given the turmoil in South Africa and the size of their shareholding.
During the 1980s, the holding company for the group, and the funder of much of the development, was Steffen, Robertson and Kirsten Inc., registered in South Africa.

Exacerbating the situation were the problems that South African consultants were running into in other parts of the world — whether it was obtaining visas or simply the spectre of the anti-apartheid albatross. Although SRK professional staff still attended conferences, visiting specialists still arrived, and staff still worked extensively in South America, in Australia and elsewhere, it was time to deal with the political disadvantage.

“It got to a point where we really weren’t able to maintain the holding company of the group in South Africa,” Middleton says. “We weren’t able to stay with the corporate structure. We had to look at options. We had many more people, more business units, we needed a structure and a strategy that would allow us to maintain the same culture — the sharing, the collegial atmosphere, the technical excellence, the commitment to treating people fairly, all of those core values — but in an ever-growing organisation.”

Steffen, Robertson and Kirsten International, registered in Canada, had been created to look after the North American companies, and potentially to be the holding company for assets outside of South Africa. For a while the group had been run using the two companies, SRK Inc. and SRK International.

By 1990, Hendrik Kirsten was stridently advocating a more active global board to co-ordinate work among the growing number of entities. Most resisted, though, and wanted to leave each geographic unit on its own to make its own decisions. Kirsten felt the company was making a major mistake out of misplaced parsimony — more group management meant higher costs.
Strengthening Corporate Resources

As a result of these concerns, in 1990, Steffen asked Paul Schmidt, a friend and a former family financial advisor, to join the firm's accounting team and help resolve some of the issues. A chartered accountant, Schmidt had spent six years handling the Steffen family retail, transportation and farming interests, from 1982 through 1988, in Swaziland. But he had moved back to South Africa for his children's schooling and established a private accounting practice there. He joined SRK as its financial director on June 1, 1990.

“It was the first serious attempt by the group to unify financial reporting on a worldwide basis,” Schmidt explains. “A decision had been made to make a better attempt at integrating the units and globalizing the group.”

The concern was felt across the board, and was essentially about getting the company’s fiscal house in order. Everyone agreed with that goal, no matter where they worked.

Accountant Darrell Sandison arrived in the Vancouver office in 1991 and saw immediately that those kinds of changes were needed — the company had grown too large for the way it was being managed. From the time SRK was established in Canada, Robertson's wife, Renée, had done the accounting on a part-time basis. By 1990, it was way beyond what she had signed on to deal with — or should have been asked to do. And it was symptomatic of an organisational issue languishing unaddressed.

Sandison got the job when the person initially hired to replace Renée didn't work out. A certified general accountant, he was a Manitoba boy who moved to Vancouver in 1988 after obtaining his professional certification. He went to work for KPMG, which did the annual financial statements for the Canadian SRK office.

“I had already worked about five or six years in public accounting, and wanted to get some experience on the private industry side,” Sandison says. “I came to oversee the accounting function for the Canadian operations and to pull together the North American operations. Although Andy Robertson hired me, I worked more directly with Keith Robinson, who was then president.”

From doing the external annual review, Sandison knew the firm intimately. “I thought: I can really make a difference. There were a lot of areas where I could see improvements were needed, and I felt that I could be a real catalyst in those improvements.”

Bob Klumpp, brought in to deal with Denver's financial affairs at roughly the same time, saw things the same way. Born in the suburbs of Detroit, he had obtained a financing and accounting degree from the University of Colorado at Boulder. Klumpp had worked for two engineering companies previously, but in 1991 he was looking for work.

“The friend who provided the job lead said, ‘I don't know if you want this job, because these guys are in deep trouble … ’ I needed a paycheque,” Klumpp jokes.

At that time, the U.S. part of SRK North America had offices in Denver, Reno, Seattle and Columbia, South Carolina.

“The Ridgeway Gold Mine project was large, but the Columbia office was really just a branch of Denver rather than a stand-alone unit,” Klumpp says.

It was within that context that Schmidt began to reconcile group financial practices after two decades of growth and change. The increasing international work, the success of SRK UK, the promise of South America and Australia, and the concerns about the North American unit were all taken into consideration.

The primary impetus for a new corporate holding company located outside South Africa was that few
people would invest in a firm based in a country seemingly primed to explode with an inter-racial bloodbath. There was hope — Nelson Mandela had been released after 27 years in prison on February 11, 1990, and the last race laws had been abolished — but too much palpable fear remained. As long as SRK remained a South African–based consultancy, attracting investment and encouraging employee ownership weren't going to happen easily.

SRK’s second-generation leadership — led by Middleton, Rigby, Chris Page and others — also wanted to see shareholding broadened. They wanted wrinkles within the corporate structure smoothed out and the relationships among the international units streamlined. The separate companies had grown significantly, and the lack of boundaries or guidelines needed to be dealt with. Although the units were defined geographically, globalisation was a reality. SRK needed internal organisational systems to enable it to service clients no matter where in the world they operated or what geographic unit did business with them.

In North America, the issues had a different complexion, in part because the unit had been independent throughout its life and had developed its own rules. The birth of the U.K. unit, discussions about expanding into South America and Australia, and the resulting shift of SRK’s vision — from inward expansion to global development — threw that difference into sharp relief. Simultaneously, growing internationalisation and mergers in the mining industry emphasised the need for an increased level of corporate homogeneity.

There had been a time when any problem could be resolved over Friday night beers, and once upon a time, Steffen, Robertson, Kirsten and a few other principals could meet a handful of times a year to discuss whatever concerns arose. Those days were gone. Input from across SRK was required.

Cardiff Accord

“With the support of Oskar and Hendrik, who gave me carte blanche,” Middleton says, “I set off to do the strategic planning for the group and get a team to put it all together as we had in South Africa. Keith Robinson got similar support from Andy, and Neal Rigby from his partners in the U.K. We had a group meeting and said we needed to put the group back together again and start really functioning like an integrated international group consultancy. Aside from the day-to-day operations, there were concerns about share ownership and core values. Although Oskar, Hendrik, Andy and others from that era had started selling their shares, there was no methodology to it.”

In part, the challenges grew out of SRK’s commitment to a practice-centred culture. At the heart of it all was the idea of the consultant building his or her business and co-operating with other consultants who were building their own businesses where it made sense. By co-operating, they cut costs and spread risk while maintaining their working independence — some specialising in tailings, others in slope stability; some building larger practices than others. Eventually, however, when enough consultants came together, managing the collaborative and interlocking aspects of their relationship required full-time attention. That meant that someone had to be concerned with the business of the practices.

SRK had become more than a collection of practices sharing offices and financing — there was huge added value in the sum of its parts. The collective was no longer just an umbrella; to mix metaphors, it was also a rainmaker. It made things happen, and managing the collection of practices had to be its own business.
Over time, SRK had also become a business of businesses. These were separate companies of slightly different engineering and scientific specialisations, with an assortment of managerial perspectives and concerns that single practices, or even groups of geographically related practices, didn’t have to face. If that business of businesses wasn’t run as well as the practices, the firm would surely fail.

The individual geographic units didn’t follow global guidelines — there were none. The CEO of the U.K. unit or the CEO of SRK US addressed problems as they arose, with inevitable inconsistencies across the group. Steffen, Robertson and Kirsten Inc. — the South Africa–based holding company — owned at least 30 percent of each geographic unit and had voting rights it could exercise, but in practice the people in each office made their own decisions based on what was good for them.

“Ultimately, we needed to stop some of the unhealthy competition that was occurring between the units and bring the partners together in exactly the same way we brought the South African practice together in 1988,” Kirsten says. “We had to get people together and manage the business across the globe, otherwise we were going to be infighting all the time.”

Kirsten believed that internal competition would, in the end, cripple the firm. He had been making periodic visits to the North American and U.K. units to try to provide corporate cohesion and knit the firm together. A conflict in South America — when the three units realised they were engaged in work and pursuing contracts on the continent without realising what the other units were doing — underscored the problem. In that earlier instance, Steffen traveled to Denver and presided over a meeting in an effort to bring some consistency and order to what the various practices were doing.

But it required more, and many SRK executives were practice leaders, not organisational men.

As a result, in early 1993, the CEOs of South Africa, North America and the U.K. met in Wales and hammered out what they called the Cardiff Accord. Middleton, Robinson and Rigby agreed upon a series of more formal policies about how the group would operate on a global scale rather than on an individual unit basis. The haphazard, gum-and-sticky-tape approach that had previously characterised the decision making was over.

Until then, the company had not even had a guideline that reminded staff, “If you want to talk to a client in the U.K., keep the U.K. unit informed.” The firm was not now advocating that staff not talk to clients outside their geographic area but that everyone should keep their colleagues informed, to avoid a situation whereby four SRK offices were phoning the same client.

The Cardiff meeting was the first time a high-level discussion about the future of SRK and such issues had been conducted without Steffen, Robertson or Kirsten being present. It was an important moment in the history of the firm, a generational changing of the guard. As usual, they met on a Saturday to avoid disrupting the workweek, and a temporary secretary typed up the minutes.

The first page of the proposed accord came back, and Middleton began to read it to the others in the room: “The SRK group of consulting enigmas …”

The men guffawed; the temp cringed and stammered out apologies.

“Whoa, whoa, whoa! Leave it!” Middleton assured her. “We like it!”

The laughter around the room seemed appropriate — an echo of the sense of fun that had enlivened every Friday night in the early days of SRK.
The Glue that Binds

In 1994, as the process of global reorganisation continued, Andy Barrett was asked to assume an “international co-ordination” role. This involved periodic visits to the various offices and other activities aimed at better integrating the group. After a visit to North America, he produced a white paper suggesting some changes to the company’s architecture and also a recommitment to core values. He cited the requisite managerial gurus and listed business reasons for the moves, concluding: “The glue that holds the units together is not tight control by top management, but personal relationships among the producing managers themselves. These ties are based on respect for each other’s abilities, priorities and problems, as well as on a shared commitment to future goals and directions. Producing managers don’t communicate via strictly formed hierarchical avenues. They communicate up, and down, and across their complex web of relationships.”

In Barrett’s view, group co-operation had to be built not only on emerging guidelines such as those contained in the Cardiff Accord but also on processes that would ensure globalisation was fostered organically. Barrett wanted to see group co-operation re-grounded in a shared vision of desired culture, values and beliefs. Group companies should co-operate out of choice and commitment to the spirit of partnership. Companies that did not wish to participate as part of the group should be free to leave.

“The ‘voting control’ philosophy could then be dropped,” Barrett says. The group, he argued, would be held together by a desire to work with each other because of the benefits of being part of a global organisation committed to excellence and shared values. There should be no need to “force” any issue by means of control. Once voting control was removed as an issue, the function of the holding companies could change. “The roles of managing investments could be separated from that of co-ordinating the operating companies.”

Barrett wasn’t alone in these ideas, and his paper was really more a reflection of an evolving consensus within the company rather than a groundbreaking, transformational document — it crystallised what many were thinking. He believed that once voting control and the perception of top-down management were removed, the structural debate would become less urgent and less emotional. Shareholding could be controlled with ownership ceilings to prevent the dominance of a few individuals.

“In theory, under the earlier structure, the original holding company always had control,” Barrett explains. “But what does ‘control’ mean in reality? All it means is you can replace the board of directors. All you can really do is say, ‘We’re going to call a special meeting and elect our own directors.’ But when you are talking about another geographic unit — you don’t have people there — who would replace them?”

Barrett said it made more sense to establish some basic rules, and that to be a member of the broader SRK family, you must obey those rules.

“The glue that binds the group shouldn’t be the theoretical control that the holding company exerts,” he added. “It should be a choice to be there, that we chose to be in this collective relationship, that it’s more a peer-to-peer approach than a question of ‘control’ and somebody above being able to pull strings.”
PROFILE: Chris Page

Chris Page was many things within SRK — a sounding board, a wry raconteur when he wanted to be and a quiet repository of company lore. From his arrival in the South African office in 1981 to his move to Vancouver in 1986 to his place on the Global Board in 1995, Page had watched as SRK underwent its myriad transformations. But he pooh-poohed the idea that this gave him any insight into its institutional workings. "It just goes over the top of my head sometimes," he quips. "What I have learned is that people within SRK expect you to be able to do your own thing as quickly as possible. SRK can take characters that are very, very strong personalities and give them enough space to do their own thing and grow. I think that is SRK’s biggest strength. Others need support and it provides that too. Some people never write reports and you need to provide them with some support there. I remember Oskar prevaricating and giving the client all sorts of excuses. Finally, the client rang up, and Oskar said, ‘Funny you should ask, it’s sitting on my desk.’ A message came back: ‘Please send desk.’" But one of Chris’s strengths (and maybe a “weakness”) was an ability, which he saw as a necessity in a very difficult market, to reinvent himself to become what clients needed and then to keep several steps ahead of the client and still deliver a reasonable mining option. When Chris arrived in Vancouver, SRK was hanging on by its fingernails and reinvention was a do-or-die necessity.
Old versus New

Andy Robertson had been the provisional architect of SRK’s Byzantine corporate structure. What had started as three people in a professional partnership had grown into a group of national corporate entities with multiple shareholders and complex relationships. A cadre of senior people held sway as the largest shareholders of the South African holding company. SRK Inc.’s shareholding was not evenly distributed at the international level. The only shareholders were individuals who either were or had at some point been based in South Africa. And it always held a controlling interest of 51 percent in the other units.

The group fees (2 percent of revenue) — then known as royalties, the tariff imposed by the holding company and collected from each unit to pay the group’s collective costs — were an issue too. The North American unit received the lion’s share of those fees through the group’s “investment” in the nascent non-consulting companies — Gemcom Services Inc.; Robertson Barrier Systems Inc., a subsidiary promoting a proprietary double-flexible membrane liner for containing hazardous fluids with a new level of security, which looked promising; and Robertson InfoData, the forerunner of InfoMine Inc., which became a very successful mining information portal.

There were debates about the value of these ventures to SRK. Robertson felt he was wearing too many hats and involved on too many levels to satisfy himself or keep everyone happy. His attention was fragmented by all the demands on his time and also by his own nature.

“We had a conversation with Andy about how we might take the group forward,” Middleton says. “Andy wanted at that stage to continue funding the ventures, as these were important to him. The rest of us believed that we should focus on being a consulting practice using proceeds from our efforts to reward shareholders and grow the consulting business; the outside interests and ventures should stand alone.”

It proved impossible, however, to tease apart the separate firms in a way that would allow Robertson to continue working at SRK in a capacity that appealed to him without incurring huge tax liability from the sale of his shares and the restructuring of the assets. There was a significant tax cost for SRK, too.

“It would hurt them and me,” Robertson says. “In the end, we couldn’t work out a way to sort it out, so I said, ‘Well, the only way forward is for me to sell completely out of SRK and begin consulting independently.’”

Although fraught with emotion, Middleton says separating the business interests turned out to be relatively easy and amicable once the decision was made that Robertson would leave the company he had co-founded.

“We were able to work through how we would split SRK: we would take the North American practice, Andy would take the ventures,” Middleton explains.
Robertson was completely onside. He continued to work as an associate, formed Robertson GeoConsultants and continued to develop his other businesses.

In October 1994, as it celebrated its 20th anniversary, SRK announced Robertson’s departure. “As SRK heads towards its next major milestone, a quarter-century in business, I wish the firm success and prosperity,” said the man whose energy had been so vital to SRK. “I believe a solid foundation exists for a continued close and beneficial association.”

The partnership was very good to him, he said, and everyone remained very good friends.

“It was the best of both worlds as far as I was concerned, because they could do the most with the legacy that I left, and I had enough legacy that I took with me of my own. I'd developed enough presence and contacts that it was easy to keep busy and in a smaller way to re-grow.”

For 17 years, Robertson was an amazing leader for SRK in North America. He left an indelible stamp on the company. His departure marked the end of SRK’s second decade of growth and the end of the era dominated by the founders. For its first 10 years, the firm had been very much the realm of that initial partnership, a family business in spirit; the second had seen it grow into a kind of thriving private university faculty — a sometimes unruly group of brilliant minds, an energetic company of adventurers chasing work around the globe. It faced the third as a nascent international boutique mining consultancy.

There were about 150 employees in the North American unit when Robertson left. In Vancouver, Cam Scott, Kelly Sexsmith, John Chapman, Rod Olason, Daryl Hockley and Peter Healey sat together in a conference room, digesting the dramatic news.

“Andy was the public face of the company,” Hockley says. “The rest of us could do the work but none of us were known to clients in the way that Andy was. I think it was Rod Olason who eventually said, ‘Look, Andy’s left but we’re the people who have been doing the work for the last several years and we know we can continue to do it. We just have to get out there and tell the rest of the world that we were always the ones doing the work.’ None of us actually quite believed that story, but we told ourselves that anyway.”

Hockley says he left the meeting and called a senior client.

“’I’ve got some bad news for you,’ I told him. ‘Andy Robertson is leaving the company. But I want you to know all the people who’ve done your work over the years are still here.’ His response was, ‘Sorry to hear he’s going, but now I can deal directly with the people who do the work.’”

For Hockley, that was a great moment in terms of increasing his confidence: “We haven’t really looked back since.”
SRK Global

The changes in North America spurred and accelerated the corporate restructuring. Middleton, Barrett and Schmidt focused on replacing the South African holding company. They considered locating the new holding company in various tax shelter countries, including the Turks and Caicos Islands.

“In the end, we decided for various reasons to set up SRK Global — then known as Steffen, Robertson and Kirsten (Consulting) Ltd. — in the U.K.,” Schmidt explains. “It was an English-speaking country with many double-taxation agreements worldwide. It’s fairly central in terms of travel and many other logistical issues, financial capital and everything, so we registered Global there.”

The U.K. also made a lot of sense given the challenges SRK faced in transferring money and assets out of South Africa. With its holding company in the U.K., the firm was not regarded as an offshore, tax-haven dodge with dubious connections; it felt welcomed. With a new entity, the next challenge was to broaden the shareholder base.

Schmidt said that with a new structure in place, the second step was inviting other shareholders into a U.K.-based entity, which was far more palatable an investment than a firm based in South Africa. The firm also moved the assets held by the South African firm into the U.K. holding company.

The first meeting of the new global board was held in Cardiff in 1995. It included Steffen, Kirsten, Middleton, Robinson, Rigby, Page, Stacey and Dorey. Schmidt and Barrett were invited as observers, but were not directors at that point. The board decided to hold an executive meeting of geographic-practice managing directors (ExCo) from the different practices three times a year. They would braid SRK back together — meeting regularly, talking about co-operation and integration, and slowly putting in place the structures essential to make the group function as a more unified entity. Middleton was appointed the first group CEO.

Under evolving rules, the global board and ExCo together established group direction; sought out development opportunities; evaluated options for the development of the international consulting business; promoted co-operation on projects and technical matters between consulting practices; managed and co-ordinated group activities; and produced and reviewed group policies, procedures and standards. The global board set the tone, co-ordinated the units and provided funding where needed.

As SRK expanded in the future, new units would be held by the new global entity. The principles for expansion would be the same, no matter where the company went, and each unit would operate in a similar fashion: empowered and entrepreneurial but within more clearly defined guidelines. SRK offices had traditionally followed their clients around the globe. It had all been opportunistic, but now it needed to take place in a clearer framework. The company had come of age as an organisation.

As the SRK board and ExCo settled into their new roles and the group became a more coherent global organisation, the time came for senior leaders to have increased participation in policy and strategy. The concept of a global principals group was mooted, and the first meeting was held in Amsterdam in 2001. At this meeting, some 40 senior consultants from around the world debated foundational issues including vision, values and strategy. The broad participation at this
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forum, the first time so many individual partners had come together, was instrumental in transforming the perspective of the senior professionals from a local to a global one.

The global principals group — now known as the practice leaders group — includes those who have earned recognition as “consultants in their own right,” who generate significant amounts of business and have demonstrated a long-term commitment to SRK. Current practice leaders issue invitations to promising employees who display the required commitment to the company and shareholding. It is the company’s steering committee, and as SRK established more and more offices around the globe, its role became more and more important. 

SRK corporate structure 2001