

CASE STUDY

INTERNATIONAL CONSULTING WATER ACROSS BORDERS

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International consultancy in the water sector has changed over the past forty years, from pioneering in development cooperation projects of IFIs to company-driven business development with both public and private sector clients. As they positioned themselves for these changes, several Dutch consultancy firms increased their scale of operations through consolidation. The ramifications this had for company culture can be seen in the example of Royal HaskoningDHV. This article describes a brief informal study by Utrecht University of how the company adapted itself and how this was perceived by members of the baby boomer generation: consultants who still remember the early overseas projects, who saw approaches to international development evolve over time, and who personally had to adjust to changing operational circumstances. In their perception, international consultancy will never be the same even as more and more of their successors will spend part of their careers in overseas assignments.

Stories from international consulting in the water sector

Dutch consulting and engineering firms have a long history of pursuing overseas business: their home market is small but that smallness belies a large and internationally recognized reputation of the Netherlands in the water sector. A few Dutch firms have become truly international companies. One of these firms is Royal HaskoningDHV, a company with over 6,000 staff operating from a number of so-called home countries and serving clients in over 130 countries worldwide.

It was not always thus. Royal HaskoningDHV came about through a merger in 2012 of two until then independent consulting and engineering firms, Royal Haskoning and DHV, respectively. The merger of the two firms culminated a period of consolidation in the Dutch water sector, in which 30-40 years ago more than two dozen firms operated independently in the international arena.

The development of the international water sector since the 1970s became the collective experience of a generation of consultants born around 1950, who came of age during the rebellious 1960s, and started their working life in the idealistic 1970s. As the last members of this generation began retiring in the 2010s, in 2015 Royal HaskoningDHV's Water Division invited two master students at the University of Utrecht for an internship to conduct a short historical study of the company's development in the past decades as seen through their eyes. This resulted in "Water across borders",¹ a monograph based on a review of company personnel magazines and twelve interviews: eight consultants, two spouses, and two senior managers.

During the past 40-odd years the respondents of the study saw their companies grow from relatively small firms to a truly global enterprise with stakes in many countries and sectors. Along the way they experienced fundamental changes in the water sector, worked hard to broaden the client base, and adjusted their working

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practices to changing approaches in the development community.

Catalysts

A major catalyst for Dutch engineering/consulting firms' international growth was the creation in 1951 of NEDECO (Netherlands Engineering Consultants Group), an independent non-profit foundation aimed at promoting Dutch consultancy know-how and skills in the domain of land and water. In all, 28 firms and companies participated in this platform. The Netherlands government also supported it as it made it easier to find reliable contractors across the sector, and this led to a vast increase in international projects. By the early 1970s, the sector came to benefit from a new catalyst, i.e. the Dutch government's commitment to international development cooperation, which was implemented through the "Structural development program" under the auspices of the Directorate General for International Cooperation (DGIS) of the Dutch Foreign Ministry. A similar development occurred in other industrialized countries, and this also resulted in increased funding for development projects by international financial institutions (IFIs) such as the World Bank.

Both DGIS and the IFIs remained the most important clients for international projects through the end of the millennium. That there was also some risk to this became apparent in 1992, when the Indonesian president Suharto abruptly cancelled the development cooperation agreement between his country and the Netherlands following strong criticism by the Dutch Minister for Development Cooperation of Indonesia's actions in East Timor. All DGIS projects had to be stopped in short order, which caused significant upheaval to the companies' operations. Ultimately this became not only a glitch of anecdotal proportion – one of the respondents talks about how the company had to accommodate staff and their families who suddenly found themselves back in the Netherlands with no place to go – but also an eye opener: it validated a concern that had already been brewing for some time about the need to diversify the companies' international client base not just beyond DGIS but also beyond the development sector. This in turn provided the logic for setting up local offices in different countries with a brief to also develop private sector business – the first steps toward becoming a global organization.

Spreading the wings, wisely...

Meanwhile, the nature of the development projects had begun to change as well as they became increasingly broad and less technical in scope. Having focused initially on creating infrastructure such as irrigation systems, the development community quickly learned that such systems could not survive without attention for sustained operation and maintenance. And that this did not just happen by teaching system users to apply a few drops of oil now and then, or even by just training maintenance personnel. What was needed was much broader attention for managing the technical, social, economic, and organizational environment in which such systems – any systems – were to be managed. This was an essentially client-driven change, in the sense that donor organizations began to seek firms that could manage significant project components – indeed complete projects – dealing with “institutional development”. This led the firms to draw in a new breed of consultants, with backgrounds other than engineering such as economics, governance, anthropology, education, law, communication, etc. One of the respondents suggested that DHV was the first major Dutch consulting engineer to set up a special unit for institutional development.

The unit quickly grew in importance and by the early nineties even saw a sort of sub-division, with one part addressing the more general governance, finance, and legal aspects of organization building while another focused on (vocational) education projects. This even led to formal alliances with education institutions in the Netherlands. However, after a few years it became clear that the education projects were too far removed from engineering consultancy to be able to be pursued independently, while on the other hand the more general institutional work related to the firm’s core technical activities became more and more important as projects began to focus not on individual technical solutions but on overhauling entire sectors or e.g. master planning for long-term coastal defense in multi-stakeholder environments. From now on, the institutional aspect became an integral part of the company’s project activities, but with one overriding characteristic: that the projects themselves should not be too far removed from the technical roots of engineering consultancy.

Of cultures and values – task-oriented self reliance

What comes through in the interviews is the importance of cultural differences (between countries but also within the merged company), idealism, trust, confidence, social responsibility, reliability, and a sometimes awkward relationship with “profit” as a basic organizing principle of sustained private enterprise. In part, these aspects seem to define this generation as a whole, in another part they are consequences of operational circumstances, and in yet another part they reflect what may seem to be a self-selection process in an organization of professionals.

One of the more intractable issues for modern, result-oriented management of a consulting firm may well be the “nature of the professional”. This is well documented in management literature, and clearly reflected in the interviews: be they engineers or some other type of professional, the respondents all emphasize the need to deliver a high quality product for the client and a willingness to go to great lengths to do this. This seems to be a basic organizational value of long standing: the introduction of the study mentions a statement from 1942, when DHV celebrated 25 years in business, which observed that *“Apart from technical knowledge and practical experience, what stood out were honesty and reliability. The client’s interest came first. The objective was to do the right thing, even if that did not always produce the best financial outcome”*. To be sure a beautiful and inspiring thought, but one that may not ring everyone’s bell in this day and age and certainly a major challenge for the future. But it seems to be a lasting characteristic of company culture, as seen in a reference to an interview with the current CFO in a business newspaper, in which she laments sometimes having to explain that “profit” really is necessary to create a capacity for “improving the world”. In this regard the merger seems to have had an impact: while the respondents saw neither company as overly profit-oriented in the past, some did observe that profitability has become much more important since then.

Turning pioneers into bureaucrats?

Though perhaps personally inclined to pursue “better” at the expense of “good”, the respondents are not

totally blind to the need to control this aspect of their company culture. This is somewhat remarkable, given that in the early days of their careers this generation was steeped in a culture of independence and relatively loose control. These were the pioneering years of international consultancy, and almost to a man they fondly reminisce on the demands posed by the remoteness of their assignments, with limited means of international communication, some observing that they had contact with the head office not more than two or three times a year. Working abroad meant relying on your own team and making important choices independently, and this demanded mutual respect based on trust and confidence between the company and its overseas staff. This became a selection criterion and the respondents take great pride in the opportunities this presented. However, as one of them observed: you had to be pro-active, sitting still was not rewarded.

This culture of autonomy seems to have been unavoidable in the past, but the conditions that created it have changed fundamentally with new information and communication technology. This has enabled the company to monitor activities all over the world much more closely and, thus, be much better informed. A number of those interviewed said this sometimes made them feel as if they were no longer being trusted, but they realized this was not the true nature of the change. They too recognize that closer monitoring helps identify risks and problems more quickly and creates at least a possibility for quicker remedies. Still, they also share a concern that this could easily result in exaggerated bureaucracy. More importantly, the independent observer might conclude that in applying ever more detailed reporting requirements the company should be careful not to create a culture of “box ticking” where once it fostered “out of the box thinking”.

The impact of organizational changes

The study shows an interesting contradiction in how the respondents have perceived changes more specifically related to the historical path taken by the individual companies themselves. A good number feel that the 2012 merger between DHV and Royal

Haskoning went off rather smoothly because the two companies were rather similar. Yet several others point to what would seem to be quite significant differences between the two, such as the impression that DHV was more “socially” grounded (toward the workers) and less hierarchically oriented than Royal Haskoning. In fact, neither company was a stranger to cultural change for both had absorbed other organizations in the past. In Haskoning especially this appears to have resulted in significant cultural change or – in some places where this failed – tensions. Perhaps this is because unlike DHV, which (in the Netherlands) only absorbed small companies, Haskoning merged with IWACO, which at the time was a company of over 600 individuals priding themselves on their idealism for development work, and who apparently saw Haskoning as “pin striped consultants”. Ultimately, the IWACO culture seems to have been strong enough to make a difference, as some respondents observe that personal interactions became less formal and responsibilities were driven lower down the organizational pyramid.

Meanwhile, also DHV went through an existential change process, witness a reference to the 1988 Social Annual Report which mentions that during the 1970s the company sometimes appeared rather lethargic and perhaps even arrogant as it enjoyed an abundance of work. But this, too, changed during the recession of the early 1980s as contracts became harder to get and the idea of “lifelong” employment went overboard in a large collective redundancy. And also DHV had to deal with the diverging ideals and needs of the “development workers” abroad and the more traditional consulting engineers at home. In the 1990s this led to the establishment of DHV Consultants, an autonomous working company specifically geared to carrying out projects “far abroad”.

A shifting focus

At the level of personal experience – what was it like to be a development consultant for Royal Haskoning/DHV? – the respondents appear of one mind that consultancy as they have practiced it is a thing of the past. A major reason for this is a more jaundiced view in the organization of IFI-funded projects, which as one respondent observes was already

apparent in DHV following the dissolution of DHV Consultants in 2000. Perhaps this is also reflected in the fact that only three of the eight respondents were part of the former DHV as many of their former colleagues had already left the company before the merger. In fact, it suggests that the merger in 2012 generated more capacity again for these projects, as evinced by one former DHV consultant observing that the merger was a boost for the activities in Indonesia (which through the decades has been one of the major markets for both companies, especially for IFI projects). Nevertheless, as a matter of strategy the company no longer focuses mainly on IFI-funded projects for its international exposure, which now comprises about 50% of the business and in large part exists in more developed economies. Consultancy and engineering work in the different home countries has thus become much more similar to that in the Netherlands, with staff working on several short-term contracts for both public and private sector clients at the same time. This is vastly different from the traditional IFI and DGIS-type projects, in which staff took on generally full-time assignments not seldom lasting several years, typically dealing with policy development, (master planning for) large-scale infrastructure development, etc. By their nature, practical implementation of these projects came under the auspices of the relevant national governments and this itself became a defining characteristic of the experience of the employees involved: they established long-term working relationships with local civil servants, while only few of them worked extensively with the local private sector, even though diversification beyond the public sector had become a major goal in the respective companies' business development strategies since the 1990s.

Career development

This is what appears to set this generation apart from their present day colleagues / successors, who are increasingly being sent on more company-driven assignments to the "home countries" to develop public as well as private sector business all over the world, rather than to work on a specific long-term project acquired from the Netherlands. While today postings to the overseas offices may even take place in the context of career development, this was seldom

true for the older generation: their experience seems to be much more one of "cobbling together" ad hoc project experiences in their individual curricula vitae. In the process, they became more and more "marketable" for such assignments and this led to most of them spending their entire career abroad. But at the same time individual CVs could become "typecast" in just a few countries and regions, and as a group the "international" staff became different from the organization as a whole: their professional development was divorced from what was going on in the Netherlands and other countries and many were unable to build up professional networks there.

A major potential drawback for the employees was that their career development depended on the projects the company managed to "score", and that the location of assignments was influenced much less by company policy than by DGIS and the IFIs. If there was no suitable follow-on assignment, the consultant and his family often had to return to the Netherlands. Some were lucky enough or managed to make this coincide with the schooling of their children. However, even this was not always easy for the family because, having been abroad for so long, the consultants were often "too far out of the loop" to get assignments even to the companies' own projects in the Netherlands. While some managed to latch on to new developments coming off the ground in the Dutch market (allowing them to "get in on the ground floor"), and others entered into line management, a number of the respondents had to continue working overseas while their families stayed at home. This led several of them to observe that one should not stay abroad too long and too early in one's career and to try to switch between Dutch and international projects to keep irons in the fire in both markets.

"Last of the Mohicans"?

Whether this advice remains as urgent today for the younger generation as it was intended may be an open question, for much has changed in the international working arena. First of all, the traditional development contracts provide fewer opportunities: whereas in the early years the Dutch consultants were numerically dominant in the project teams they now are a minority.

(One of the respondents observes that his first project team was entirely composed of international staff, while his current assignment involved a team of fifty Indonesian specialists and just five expats.) Moreover, as Royal HaskoningDHV has become a transnational company with offices all over the world, it works more and more with local staff – international and local expertise are in direct competition and the added value of Dutch knowledge and staff is becoming less self-evident. And finally, the current generation appears less willing to accept long-term assignments abroad as they often interfere with the partner’s career development and, in any event, expat life has lost part of its gleam now that frequent international travel has become the norm for many. Taken together, this prompted one of the respondents to call the retiring generation the “last of the Mohicans”.

They went abroad not for expat luxury but because they wanted to make a meaningful contribution to the world. This idealism may not be surprising for these were “children of the 1960s and 1970s”, but their intrinsic motivation to deliver and to make it last fit well with the professional culture of the organization. They shared a genuine interest in being abroad, in the people and cultures they would encounter. This also relates to a shared sense of cultural relativism (this day and age not appreciated in all quarters). Several of the interviewees stated the obvious, i.e. that you cannot just impose your Dutch norms and values and, a common observation, that in foreign cultures it is even more necessary to look for “the question behind the question” than it should be back home. Several also observed that their role in the projects was often to be a “buffer” between the project ambitions formulated in e.g. the Netherlands and the everyday reality of what the local cultures and more specifically the individual counterparts could absorb.

Conclusion

The interviews show the different perspectives of the “tribes” that have populated the company over the years. The organizational cultures of Haskoning, IWACO, and DHV varied in idealism, hierarchy, and commercial orientation, but as time passed they have grown ever closer together. It is even possible that this

was easier to accept for the employees interviewed for this study than for their colleagues in the Netherlands. Not only because the reorganizations took place far from their actual duty station, but also because many already knew each other from the work place, as Dutch firms often collaborated in the same project teams overseas. As the different personnel magazines of those days show, the common identity of the Dutch consultants led to regular interaction between employees of Royal Haskoning, DHV, and IWACO, both at work and in the expat community at large. But more generally, both personally and professionally the respondents apparently shared a conviction and saw their international work as an enrichment of their lives. This could be seen as an affirmation that “Enhancing society together” is not just a slogan for Royal HaskoningDHV, but indeed reflects cooperation and social commitment as basic values that have characterized the company and its employees throughout its history. ■

1 *Water over grenzen, tien internationale carrières nader bekeken*, Willemijn Luchtenbelt en Wouter Le Febre, 12 juni 2015.