

MARSTEL-DAY LOOKS TO BE LEADER IN SOLVING ENVIRONMENTAL CHALLENGES

Rebecca Rubin is president of Marstel-Day, LLC (Fredericksburg, VA; www.marstel-day.com), a woman-owned, small certified HUBZone business with multiple prime contract vehicles and offices in Fredericksburg and Alexandria, Virginia, and Oakland, California. Marstel-Day has strong environmental management and conservation qualification in both the public and private sectors. The firm's team brings to its clients more than 250 years of combined experience in resolving complex environmental and land management issues, by utilizing innovative solutions and partnering strategies.

EBJ: How has business been in general over the past year, in terms of revenue, profitability, and business opportunity?

Rebecca Rubin: "It has been a very good year for us, one in which we have seen our program areas develop in breadth and depth. Our revenue and profits have also risen."

EBJ: What impact, if any, did your firm experience as a result of the burst of the housing bubble and the downturn in the property transaction market in 2007?

R.R.: "Most of our property transactions have a fairly long arc involving not only disposal but also engagement on remediation issues and long-term planning for conservation and restoration; we have not seen those elements wane."

EBJ: What impact, if any, has your firm experienced to date as a result of the financial meltdown in September and October 2008? What potential impacts do you foresee as a result of the credit crunch, both on your clients and your own plans for growth?

R.R.: "The effects on us have been few; this has been a growth year for us. We are saddened, though, to observe the loss of access to credit previously extended to small businesses. The across-the-board closure of many small business credit accounts could deal a stunning blow to many small businesses who were not prepared, and who would rely on credit to close the gap during tough times."

EBJ: What actions or policies that could be beneficial for the environmental industry do you expect from the Obama administra-

tion? What do you see as the likelihood of those policies taking effect, and why?

R.R.: "I could imagine at least three workable, realistic policy measures: 1) Since the majority of businesses in the U.S. are small, the Obama administration should be expected to take measures to strengthen the role of the U.S. Small Business Administration (SBA) (Washington, DC; www.sba.gov). While such a measure need not be specifically aimed at environmental firms, it may be the case that a rising tide would lift all boats. 2) Within the context of small businesses, the new administration may wish to focus a significant part of its attention on the HUBZone program, which is aimed at improving the economic status of the lower-income communities by encouraging firms to situate their principal offices within such communities. Coupling the economic revitalization aspects of the HUBZone program with such desirable environmental measures as incentives for HUBZone employers who invest in telecommuting, ride sharing, or the provision of employee metro transit tickets would help to establish an environmental ethic and focus attention on the environmental aspects of business, especially in lower-income communities. 3) We should expect to see new executive orders that will directly require the assistance of the environmental business community in ways that would involve reshaping of the national energy and transportation infrastructures, making them less vulnerable, more efficient, and more resilient."

EBJ: What has been the principal aim of your strategy over the past couple years (e.g., growth, profitability, diversification, focus on core competency, focus on new customers, international opportunities, etc.), and what strategic goals are you pursuing for the next few years?

R.R.: "We have never really described our strategy in growth terms. Our key interest is in being leaders in solving complex environmental challenges, and of doing our best work in the field of conservation consulting."

EBJ: What is your total revenue and number of employees, and how have those

numbers changed over the past couple years?

R.R.: "Marstel-Day has continued its trajectory of sustained growth and successful acquisition of highly qualified individuals to meet clients' project requirements, while sustaining its compliance with HUBZone residency requirements throughout the period."

"Total revenue for 2008 is projected to be approximately \$5.5 million. This is up over 29% from 2007's \$4.2 million, which was up 52% over 2006's \$2.8 million."

"In 2008, Marstel-Day has averaged about 35 employees, and a half-dozen dedicated consultants. In 2007, we averaged about 25 employees, finishing the year with 30, again with a half-dozen dedicated consultants. In 2006, we averaged about 15 employees, finishing the year with 20, again with a half-dozen dedicated consultants. This program growth has been achieved in accordance with HUBZone residency requirements."

EBJ: Is the concept of sustainability becoming more concrete to your customers, and, if so, what specific service areas does it encompass?

R.R.: "Generally speaking, I think people have a better sense of what is *unsustainable*, rather than what is *sustainable*; what is *unsustainable* is sometimes more obvious, and painfully clear in hindsight. When people talk about sustainability, I sometimes think they are really using the word to mean, 'How much can we develop before we start to undercut the carrying capacity of a given habitat?' instead of asking themselves the question, 'What is the very best thing to do for this ecosystem?' There is a tendency to wait until a situation becomes unsustainable before people will even notice. The one area in which I have started to observe a sharper and a meaningful focus on sustainability is water resources, perhaps driven by such events as the devastating flood effects attending Hurricane Katrina."

EBJ: Are any of your customers buying services that are driven by the pursuit of sustainability?

R.R.: "The U.S. Army, on both the military and civil works sides, is becoming more focused on sustainable water practices. Marstel-Day's water resource practice is providing the Army with information and tools to support sustainable water resources management in three key, interrelated areas:

First, Marstel-Day has developed an innovative water demand forecasting methodology for the U.S. Army Installation Management Command (IMCOM) (Arlington, VA; www.imcom.army.mil). This approach has been applied by Marstel-Day at the Army's Fort Bragg and is currently being considered for application at other Army installations. Second, Marstel-Day is taking a lead role in helping the U.S. Army Corps of Engineers (Washington, DC; www.usace.army.mil) to measure and incorporate social well-being and public health and safety analyses into the agency's civil works water resources planning process. Third, Marstel-Day is analyzing the vulnerability of populations to flood events so that such information can be incorporated into flood damage prevention and emergency management planning. Marstel-Day's work is significant, because it pushes the boundaries of sustainability analysis by finding ways to incorporate hard-to-measure but important 'social vulnerability' issues into public planning processes."

EBJ: Do you have any international business? In which countries and for which client sectors is international business growth taking place, and what factors are driving that growth?

R.R.: "We were recently awarded a five-year, international contract in support of the Defense Security Cooperation Agency (DSCA) (Washington, DC; www.dsca.mil) and the Office of the Secretary of Defense (OSD) Office of Policy, to help provide support in cultivating partnerships between the North Atlantic Treaty Organization (NATO) (Brussels, Belgium; www.nato.int) and partner nations, through the Partnership for Peace (PfP). This major NATO initiative aims to enhance cooperation and stability in central and eastern European countries while increasing interoperability between the partner nations (PN) and NATO. There are currently 20 PfP member states located in Europe and Central Asia. We serve as the primary liaison from the Office of the Assistant Secretary of Defense for Partnership Strategy to the DSCA, OSD/Central Asia, OSD/Europe, and NATO, U.S. Combatant Commands, and partner nations in Central Asia, Southern Caucasus, and eastern and south-east European countries."

EBJ: How does your business break down?

R.R.: "Marstel-Day has three aspects to its work: First, we are a provider of leading-edge environmental planning services, primarily but not exclusively to the federal government, and in this context our main practice areas now include net environmental benefits assessments, NEPA analyses, and encroachment management; water resources; energy security and climate change; and property disposal, especially for long-term conservation. Second, we are also working in the realm of security cooperation for the U.S. Department of Defense (Washington, DC; www.defenselink.mil), within the Partnership for Peace program arena. Third, we operate at the intersection of those two areas: environment and security. Where those two fields meet is the realm known best by the term 'environmental security,' in which situations of crisis can be either created by environmental (natural resource) dilemmas, or averted by environmental foresight."

EBJ: Where do you see your best growth opportunities, in the short term, in the long term, and by customer, service, or geographic region?

R.R.: "National energy policy directs the U.S. government to diversify its energy supply with renewable resources. Of course, common sense alone would get most of us there anyway, but some states are further ahead than others in their planning and integration of renewables and the struggle for success without the constant need for federal subsidies. We see California as a major market for us, and to this end, we have really focused on expanding our west coast footprint."

"Our newly appointed western regional manager, Dave Peixotto, is anchoring our west coast office in Oakland, California. Dave has extensive experience leading and managing major design, engineering, construction, and environmental programs both in the private sector, and with the U.S. Army Corps of Engineers. Immediately prior to joining Marstel-Day, Dave was the Port of Oakland's utilities department manager, where he oversaw the public utility activities of both the Oakland seaport and the Oakland airport, served as a commissioner with the not-for-profit joint power agency Northern California Power Agency (NCPA) (Roseville, CA; www.ncpa.com), led the deployment of a major solar energy system at the Oakland airport (the first at a major U.S. airport), headed the Oakland

Airport Terminal Expansion Program and initiated a successful U.S. Green Building Council (USGBC) (Washington, DC; www.usgbc.org) Leadership in Energy and Environmental Design (LEED) certification effort for the new terminal area. So, we feel we are now better positioned to serve Marstel-Day's existing client base and to extend Marstel-Day's environmental policy and planning services into the expanding California environmental market."

EBJ: What service areas are you considering as new business practices?

R.R.: "Marstel-Day recently launched its water resources practice, led by Dr. C. Mark Dunning, who has more than 30 years of experience in water resources planning and management. He served as chief of future directions for the U.S. Army Corps of Engineers, with responsibilities for the development and implementation of the strategic plan for the Army's Civil Works Program, and for the development of water resources authorizing legislation. His specialties include not only water resources plan formulation and project evaluation, but also such broader areas as strategic planning, public participation and consensus building, conflict resolution, and group process design."

EBJ: What growth do you forecast, for your company and for your sector of the environmental industry, over the next two to three years? The next five years?

R.R.: "There has obviously been a great deal of focus on energy issues lately, as we as a nation have really tried to grapple with the fact that the recent oil 'shock' was not a shock at all in the classical sense, but the peaking of world oil supplies. This, of course, has created a huge emphasis on alternative transportation systems and the need for a transition of much of the accompanying energy and transportation infrastructure. The momentum accompanying all of this rising concern, especially as it is inexorably tied with the climate crisis, has actually deflected some of the attention on what I think is probably the more difficult issue over the long arc: water resources, by which I mean both water quantity and water quality. We face tremendous threats from flood events on the one hand and desertification scenarios on the other. Water resources, both on the demand and the supply side, is where I expect to see the focus

shift, if not right away then certainly in the next five years.”

EBJ: What policy initiatives, economic instruments, and/or government activities would you advocate to stimulate more market growth in the environmental industry?

R.R.: “One could imagine a set of policy incentives that would in effect create a ‘climate corps’ at the federal level, and perhaps the state and local levels, that would be charged with such various missions as distributed energy production; infrastructure retrofitting to achieve energy conservation; accelerated environmental cleanup and restoration (brownfields) incentives that would allow for in-fill development in urban areas that could reduce transportation and energy requirements for consumer and work activities; support more aggressive methane recovery from landfills projects; and, the more aggressive inclusion of natural resource values in the assessment of civil works and other government infrastructure projects that could lead to wetlands restoration, reforestation, and other carbon sink developments.

“Economic instruments that incentivize distributed energy production capability (e.g., solar roofs, neighborhood windmills, and conservation retrofitting) to developers and consumers could transform renewable energy production development, both lower our carbon footprint and reducing strains on the distribution system as more and more neighborhoods, communities, and regions became either self-sustaining or significantly less dependent on long-distance transmission of electricity.

“The government, especially the federal government, should be a leader in applying its policies and in using its investments to advance these policies. One sees how the dramatic purchasing power of the Department of Defense, for example, can lead to economies of scale in industrial production for systems that might not reach a critical mass in the marketplace alone. The government should charge the Council on Environmental Quality (Washington, DC; www.whitehouse.gov/ceq) and the U.S. Department of Commerce (Washington, DC; www.commerce.gov), with their related missions in science and environmental quality, to join together for a high-level strategic review of investment priorities for USG research, development, and acquisition to

accelerate the further development of green industries in the environmental sector—industries that promise the keys to sustainable, recaptured, and carbon-free energy production; to land remediation, redevelopment, restoration, and conservation; and, to ensuring our environmental security through the century and beyond. In this context, the U.S. government must act concertedly and cooperatively with other nations throughout all the globe’s regions to reach consensus on environmental policies and to share U.S.-developed technology with emerging economies to ensure that carbon-reduction, energy efficiency, and water- and ocean-preservation strategies are implemented globally.”

EBJ: How do you see climate change issues affecting your business?

R.R.: “People used to focus mainly on the sources of climate change, and the debate was over who’s to blame—nature or humankind. Lately, though, there is a more positive shift as to what to do about it, and in this sense, there is now the inescapable recognition that climate issues touch nearly every aspect of the natural and the built environments. So, what we are seeing is an acceptance on the part of our clients that an assessment of climate issues needs to be an integral part of nearly all the work that we do for them.”

EBJ: What do you think are the key issues facing CEOs today in terms of internal management issues (finance, recruitment/retention, operations, marketing/business development, compensation, ownership transition, insurance/medical costs) and broader external industry-wide issues (regulations, enforcement, new services, new technology, broader policy initiatives, lobbying)?

R.R.: “I think that the logistics of doing business is going to emerge, in fact has already emerged, as a priority area. Logistics is part of the interface between management and personnel, and in this sense it is an internal issue no different than a compensation package.

“Employees care, for example, a great deal about how they get to work. They care about how long it takes and how much it costs, and in this day and age, they also care about how environmentally friendly their commute is. There is a big question out there for management of how to get people to and from work in a changed transporta-

tion environment, one in which the peaking of world oil is a forcing function, and yet not everyone has access to mass transit. Even where mass transit is available, management still must contemplate which transportation incentives to use, and how to be both environmentally committed and economically smart about finding the best possible options.

“I suspect this is going to get interesting, and hopefully result in some very creative thinking. At a minimum, we may all find ourselves working from home, wearing bunny slippers and drinking coffee while we prepare for our first of many video-teleconferences on our home-based, portable interface. As a secondary and related point, a number of companies are probably rethinking their locus of operations, to areas that are more affordable. All of these transitions probably have long-term positive effects, but they can cause a lot of perturbations in the course of doing business unless they are well thought-out and neatly executed.

“The response to this question (what key issues are facing CEOs today in terms of broader external industry-wide issues) probably depends on what part of the industry you are in. I would offer the observation that there is a whole generation of people who went through their training and education at a time when environmental issues were up and coming but not quite there yet. Now a lot of CEOs and other managers are realizing that some retraining is needed because the vital issues of the day are fast transforming into those where the environment will be a major focus.”

EBJ: What are your most pressing personnel issues, what steps are you taking to find the people and skills you need, and what have you done to ensure a high level of retention?

R.R.: “In addition to all the usual issues, we also have the somewhat unique distinction of being the only HUBZone government contractor in the Fredericksburg, Virginia, region. So, not only do we need to go through all the ‘usual’ processes of finding and recruiting top-notch employees, but also (by federal law governing the HUBZone program) 35% of those employees must live in a qualifying HUBZone census tract. So, this adds a unique dimension to our recruiting challenges.”

EBJ: Has the flow of bid opportunities and proposal activity increased throughout

2008, decreased, or stayed about level? What customer areas are showing most movement?

R.R.: "Bid opportunities have remained level through 2008. Being a small company, we are selective in what we bid on due to the high cost of organizing for and preparing formal bids. Our primary market is the federal government, and movement in this market for our kinds of services has remained relatively consistent with prior years."

EBJ: What recent changes, if any, have you made in your procedures for making bid/no bid decisions, and what market factors influenced those changes?

R.R.: "One aspect that has changed in our bid strategy is a decision to not limit ourselves only to small business set-asides, even though we are ourselves a small business. We find that we are able to be competitive in full and open competitions, if we make our bid selections wisely."

EBJ: What new methods are you using to generate leads, and what methods have been most effective? Are you using the Internet for leads or any commercial service? In what ways has the Internet improved delivery?

R.R.: "As a small business, we rely primarily on fundamental practices; we use client referrals to expand our network, monitor existing government Internet services, and purchase and use the services of firms who filter government contract opportunities. We also established a high-level board of advisors to aid in marketing the company's services, and to help us remain selective about the types of work we engage in as we continue to grow and develop."

EBJ: Do you have a full-time business development department, or is the function interspersed with technical and/or billable people? Do you think small or large companies approach business development in fundamentally different ways?

R.R.: "Our full-time business development department is pretty much one and the same with our management and senior-level professional staff. In a small firm, that is to be expected. Larger businesses certainly have a greater reach; they can be in more places simultaneously, but, on the other hand, they have more work that needs to be generated in order to support their operations. So, I think it all evens out in the end."

EBJ: What do you think differentiates you most from your competitors?

R.R.: "You know, there is a lot of work out there and there really is room for everyone. In this sense, we do not necessarily view firms as competing with each other. Our perspective is that it is sort of like applying to college—you put in multiple applications, and you and the right school sort of find each other. The fact that you get rejected here or there, while someone else gets accepted, is fine because just down the road there will be some other entity with whom you are a better fit."

"The bid and proposal process is like that; it is a winnowing process, no different than any other. I do think there are certain aspects of our agenda that differentiate Marstel-Day: We are a HUBZone company, and in addition to trying to continue our successes as a company and our good work for our clients, we are also spending a lot of time and focus on adherence to the premise of the HUBZone program itself, which is to help economically disadvantaged communities thrive. We constantly ask ourselves how we can better inform our clients and their contracting offices about how important this program is and how we can better educate them on the HUBZone Rule of Two."

EBJ: What is the HUBZone Rule of 2, and how is it relatable to environmental business?

R.R.: "The Rule of 2 stems from the Small Business Reauthorization Act of 1997, and it states: 'Notwithstanding any other provision of law... a contract opportunity shall be awarded on the basis of competition restricted to qualified HUBZone small business concerns if the contracting officer has a reasonable expectation that not less than two qualified HUBZone small business concerns will submit offers and that the award can be made at a fair market price.' This requirement is mandatory for all contracts other than those placed against U.S. General Services Administration (GSA) (Washington, DC; www.gsa.gov) schedules, or those less than \$100,000. Further, if there are not two HUBZone firms identified by the contracting officer as required for a competitive set-aside, the contracting officer is permitted to do a sole source set-aside for a qualified HUBZone company. It doesn't take much imagination to realize how powerful an economic tool this can be for small environmental busi-

nesses that is also a qualified HUBZone firm."

EBJ: Is information technology a differentiator for you, or is it merely necessary to keep up-to-date in service delivery?

R.R.: "It is a huge differentiator, and it is one of the areas we work on every day because it is so closely connected with many of our other goals and objectives as an environmental firm, such as being able to transfer knowledge and information without turning everything into a major meeting or commute. In 2006, we were one of only a handful of firms selected to participate in the City of Alexandria, Virginia, telework program, and we have just been inducted into the telework Virginia program, becoming its first client in Fredericksburg, Virginia. By working together with the telework program offerings, we will have access to technologies that we might not otherwise contemplate."

EBJ: What will be the keys to success for consulting/engineering firms over the next few years?

R.R.: "Patience. There may be stimulus packages on the way, but a true economic recovery will take a long time. Firms need to focus on securing their long-term objectives."

EBJ: How do you feel about the progress (or lack thereof) we have made on environmental issues in the past 40 years or so and the role the environmental industry has played?

R.R.: "Since you asked, my view is pretty negative. Let's face it, despite all the lofty goals, most rivers in the U.S. are either overwhelmed by nutrient issues affecting the rivers' fundamental health, or their waters cannot be swum in by humans without risking illness, or both. Most fascinating of all, we seem to have come to a point of national acceptance that it is OK to stand on the bank of a river and look at it, but not swim in it. I applaud the efforts such organizations as Friends Of The River (Sacramento, CA; www.friendsoftheriver.org), who have been the great bulwark against further degradation of our river ecosystems, but they need more help than we are giving. Similarly, many summer days, we are asked to stay inside because there is an ozone alert. If we are not working to resolve these issues, then we are participating either actively or in consent by silence while our ecosystems are systematically destroyed."

“What I would most like to see is a renewal of the mission of the U.S. Fish and Wildlife Service (FWS) (Washington, DC; www.fws.gov). The ecological integrity of its preserves may be key to such species preservation as can be accomplished in the climate crisis. The Fish and Wildlife Service’s 100 million-plus acres of refuge-quality land must be preserved. Further, additions to the National Wildlife Refuge System (Washington, DC; www.fws.gov/refuges) must be undertaken and protective buffers to these lands must be given in order to guard against the very serious and advancing threat of urban encroachment; and a mandate for an ecological leadership role on the part of the FWS must be made an important part of the national agenda.”

EBJ: What do you feel are the most pressing environmental and social issues today and in the longer term?

R.R.: “Awareness. Fundamentally, this is what is still lacking. The specific issues will vary by person (mine are outlined above), but unless there is awareness that something is amiss, the issues cannot be fully formed in the minds of any of us.”

EBJ: What motivates you most in your work and how does that translate down to your employees and colleagues?

R.R.: “I think that all of us at Marstel-Day are interested in something more than just a job. I believe we all get it that there is real work to be done for the environment and for all of the areas that it touches.”

EBJ: How have the environmental problems you’ve been asked to solve changed over the years (i.e., more complex, more geographically dispersed, more stakeholders, harder to identify the primary client)?

R.R.: “Over the past eight years, environmental issues at the governance level have been seen more as ‘compliance’ issues rather than the bedrock issues that they truly are. What this has done has taken something that is as complex as the ‘web of life’ itself and presented it as more of a ‘check the box’ issue. In the days and years ahead, we should all hope and strive for something better that would not only dignify the problem but press forward on meaningful solutions—beyond compliance.” ■