

## Scott Wilson Scotland

### Extracts from Business Plans

#### Organisation – History, Organisation and Change

This data has been abstracted from Business Plans and reflects corporate history, organisation and change. Events recorded in any Business Plan generally reflect activity carried out in the previous year.

#### FY 1995 -1996 SWKC(S)L

##### 1.1 History

- Scott Wilson Kirkpatrick (SWK) established its first presence in Scotland in July 1960 when it was appointed by The Corporation of The City of Glasgow to advise on traffic studies for a proposed new ring road. Within a few months a branch office had been established in Glasgow and local recruitment was augmenting staff arriving in Glasgow from other parts of the firm.
- Initially the workload was centred on traffic and highway planning resulting in the publication of "A Highway Plan for Glasgow" in 1965 but as early as 1963, the final design of roads and bridges for initial sections of the ring road had commenced leading eventually to further design and supervision of construction of major sections of the urban motorway system in and around the City to the present day.
- In July 1971, Scott Wilson Kirkpatrick & Co (Scotland) was formed in recognition of the growing status of the organisation and in response to the aspirations of the, by then, largely Scottish management and staff.
- In March 1979, Scott Wilson Kirkpatrick & Partners (Scotland) was established linking the Scottish Firm more clearly and effectively with the UK and International organisation.
- The Scottish Company remained more or less dormant until May 1991 when its status was changed to Scott Wilson Kirkpatrick & Co (Scotland) Ltd to deal with the growing Design Build workload commissioned through construction companies.
- The Scottish Partnership and Company operated until Incorporation on 1 May 1995 when Scott Wilson Kirkpatrick & Co (Scotland) Ltd took control.

#### FY 1996-1997 SWKC(S)L

- Scott Wilson IDG

Scott Wilson IDG is a wholly owned subsidiary specialising in Railway Consultancy and reporting to SWK Holdings Ltd through the Scottish Board.

HB is Managing Director of Scott Wilson IDG which will be preparing its own Business Plan.

## 2.9 Notable Events in Financial Year to 30 April 1996

- 1 May 1995 : Incorporation of the SWK Group worldwide. This resulted in a cessation of trade by the Scottish Partnership and the transfer of business to the existing Scott Wilson Kirkpatrick & Co (Scotland) Ltd.
- Aug 1995 : IDG, The Infrastructure Design Group, a 65 strong consultancy based in Glasgow and specialising in Railway Consultancy was acquired from British Rail. At the same time, Mainline, a similar consultancy about 150 strong based in Swindon, was also acquired.
- Nov 1995 : The Directors' Conference in Cape Town.
- Nov 1995 : the Saltire Award for Civil Engineering Design was awarded to the Firm for the Design of the M74 Cleuchbrae to Ecclefechan.
- April 1996 : The English Firm merged with CRC (Cobham Resource Consultants) to form Scott Wilson Resource Consultants specialising in the Environment. The Edinburgh Office of the new firm is to co-ordinate its activities with the Scottish Firm.
- April 1996 : The very large site staffing requirements for the M74 have been reduced to five.

### FY 1997-1998 SWSL

Scott Wilson IDG remains a wholly owned subsidiary of SWKC(S)L specialising in Railway Consultancy and reporting to SWKHL through the Scottish Board.

HB, Managing Director of Scott Wilson IDG, is preparing a separate Business Plan for SWIDG.

### FY 1998-1999 SWSL

**Scott Wilson Railways (Scotland) Ltd**

SWR(S)L remains a wholly owned subsidiary of SWKC(S)L specialising in Railway Consultancy.

A separate Business Plan is being prepared for SWR(S)L by Managing Director HB.

### FY 1999-2000 SWSL

**Scott Wilson Railways (Scotland) Ltd**

SWR(S)L remains a wholly owned subsidiary of SWSL specialising in Railway Consultancy. While it works closely with SWSL and SWRL, SWR(S)L operates as an independent operating company.

A separate Business Plan is prepared for SWR(S)L by Managing Director HB.

## Review of the Scott Wilson structure in Scotland

The SWKCL RC Division Edinburgh Office has recently moved to new premises on the floor above SWSL's Office at Chester Street Edinburgh.

The merger of parts of SWR(S)L with SWSL is either in hand or being contemplated and some staff are temporarily or permanently seconded from one business to another.

Given the close proximity, inter-relationships and interdependence existing between the business divisions now operating in Scotland, the creation of the Business Improvement Unit and the Holdings Group Management Board make this an opportune moment to review the Scott Wilson structure in Scotland with a view to considering and implementing any further steps which might improve management, operations and profitability.

## FY 2000-2001 SWSL

### Scott Wilson Railways (Scotland) Ltd

SWRSL remains a wholly owned subsidiary of SWSL specialising in Railways Consultancy but it operates as an independent operating company working closely with SWSL and SWRL. No change in these relationships is envisaged but areas of common interest in admin, operations and marketing will be explored and acted upon.

- SWR(S)L remains a wholly owned subsidiary of SWSL operating as an independent OU having a strong working relationships with SWSL and SWRL. Recent proposals for a merger of SWSL and SWRSL were not supported by SWRSL and SWRL and so the status quo remains. It is intended that the close working relationship with SWRSL will be maintained and enhanced and that common business objectives will be identified and pursued. Any opportunities identified which might enhance Admin/support activities or reduce costs will be explored and developed as appropriate.
- In February, discussions took place with PMG and **RC Edinburgh**, who now occupy a floor of the SWSL office in Edinburgh, concerning a proposal that they should merge with, and become, an MOU of SWSL. It was expected that there would be mutual benefits and some economies from working together as a single entity, in the same market. However, the RC staff in Edinburgh have grown to like their semi independent relationship with RCOU and **have opted for the status quo**. It has been suggested that the issue might be reconsidered next year.

SWSL will, of course, continue to work closely with RC Edinburgh where possible.

## FY 2001 – 2002 SWSL

While SWR(S)L remains a wholly owned subsidiary of SWSL, it has effectively merged with Scott Wilson Railways for operational and management purposes.

A strong relationship continues however, on projects such as the West Coast Route Modernisation, where Scotland provides a major input on Bridges, Roads and Geotechnics, and in joint efforts to address Railtrack supply chain management and the broader railway market in Scotland and beyond.

## **RC Edinburgh**

RC staff in Edinburgh have continued to operate as an MOU of RC, collaborating with Scotland on various projects or bids when opportunities arise. A closer relationship has been forged and there are now better links between the staff of both organisations which share the same Edinburgh address. Talks have recently been completed concerning the merger of RC Edinburgh and Scotland to our mutual benefit on 1 May 2001. RC Edinburgh, which will become MOU6 within Scotland, have provided appropriate sections and items for inclusion in the Action and Financial Plans.

## **FY 2002 – 2003 SWSL**

### **Scott Wilson Railways (Scotland) Ltd**

While SWR(S)L remains a wholly owned subsidiary of SWSL, it has effectively merged with Scott Wilson Railways for operational and management purposes and plans are being put in place for a full merger.

The strong and mutually advantageous relationship with Railways continues on projects such as West Coast Route Modernisation, East Coast Mainline and the recently won Waverley Line, where Scotland provides Bridges, Roads and Geotech input. Railways also assist Scotland on a variety of Bridges and other projects both with Contractors and non railway industry clients. Ways and means of expanding this relationship are being explored with SW Scotland targeting non rail industry clients and R those within the railway industry.

Discussions have also taken place concerning a planned and coordinated Bridges, Geotech and Transport Planning support to R projects throughout the UK.

### **RC Edinburgh : Environment, Landscape, Tourism & Leisure**

The RC staff in Edinburgh have been successfully integrated into SW Scotland as MOU6 while maintaining close professional links with RC OU. The business environment within which MOU6 operates continues to be difficult but there has been more opportunity to work with other MOU's on projects and bids. MOU6 has contributed to the 2001- 2002 overview in 1.10 and has produced the MOU6 Plan in 5.2.

## FY 2003 – 2004 SWSL

### The SWHL Strategic and Business Plans 2003 - 2004

The SWHL Business Plan comprises the agreed OU Business Plans.

This year, the OU Business Plans are being prepared in parallel with 'Towards 2020' which aims to create a vision of Scott Wilson in the year 2020 and the steps that need to be taken to get there.

The Strategy Development & Strategic Planning Group (SDSP) have been collecting and presenting data on the OU's and MOU's and our customers. Two HMB Workshops took place (in Nov 2002 and Jan 2003) as did two meetings of the Future Forum, a staff group representative of age, grade and the OU's. Concern has been expressed about the process and some of the data presented to date. At the HMB Workshop in Jan 2003, the unstartling conclusion reached was that Scott Wilson was a major player in the Road and Rail Sectors, had significant capability in what might be called Property and had potential in Environment. There was a range of views concerning the relative importance of Market Facing Sectors or Regions. These views were discussed in depth at a third HMB workshop in Feb 2003 when it was decided that there should be a number of Regional businesses worldwide, each with internal sector facing MOU's. The exception is Railways which will focus on that Sector Internationally (outside HK & China).

The Directors in SWSL remain firmly of the view that the regional, client focussed general practice is demonstrably the best format to deliver profit, growth, client approval and staff satisfaction in this and other similar regions. It is on that basis that this Plan has been prepared.

### Towards 2020 – The Outcome

Following the third HMB Workshop in Feb 2003, the following strategies were agreed:-

- **Five Key Business Objectives**

- Increase Profitability

- Improve Cash Flow

- Encourage Sustainable and Profitable Growth

- Reward Leadership in People Management

- Recognise and Encourage Collaboration and Professional Excellence

- **Over a period of time, move towards market-focussed businesses in a number of identified sectors (Road, Rail, Property & Development, Resources, Consulting while recognising the strength of the current geographical dimension.**

- **Move towards one level of share ownership throughout the Group?**

- **From 1 May 2003, SW worldwide to comprise six Divisions, Scotland, Central, New, Railways, International, Asia Pacific.**

- Railways, Scotland and Asja Pacific to remain as currently structured.

- Central to comprise C + SW Piesold Derby. SWPE to remain autonomous but report to the Board through Central.

- New Division to comprise PPA, RC & SP + GSG (SW Piesold).

- International to comprise IO, SW Piesold Ashford + SW India. SW Africa to report to the Board through International.



## **Scott Wilson Railways (Scotland) Ltd**

- SWR(S)L remains a wholly owned subsidiary of SWSL but it has effectively merged with SWR for operational and management purposes. Plans are progressing towards a merger of SWR and SWR(S)L on 1 May 2003.
- There remains a strong and mutually advantageous relationship between SWSL and SWR on projects such as West Coast Route Modernisation, Waverley Line and Stirling Alloa Line where Scotland provides Bridges, Roads, Geotech and Environmental input. SWR also provides some specialist input to SWSL on bridges and other projects for DB Contractors.
- JPMcC assists in coordinating Bridges support from the OU's for SWR as and when required.

## **FY 2004-2005 SWSL**

### **Scott Wilson Railways**

- Scott Wilson Railways (Scotland) Ltd ceased to be a wholly owned subsidiary of Scott Wilson Scotland Ltd on 1 May 2003 when it became a wholly owned subsidiary of Scott Wilson Railways Ltd. All new railway business is now contracted through Scott Wilson Railways Ltd.
- There continues to be a strong and mutually advantageous relationship between Scott Wilson Scotland and Railways on projects such as West Coast Route Modernisation, Waverley Line, Larkhall to Milngavie Line and Stirling Alloa Line where Scott Wilson Scotland provides Bridges, Roads, Geotech and Environmental input. Railways also provides some specialist input on Scott Wilson Scotland bridge projects for DB Contractors.
- There are growing signs that Railways intends to grow some disciplines in-house, outsource to Shenzhen Office and centralise procurement of input from the Divisions. This could result in a significant downturn in workload for Bridges and Geotech which Scott Wilson Scotland would prefer to avoid. Scott Wilson Scotland has "staffed up for", and will continue to support, Railways activities until such time as a new policy is put in place.
- The current standing arrangements for dealing with Network Rail and other mainstream Rail clients is that Railways take the lead; Scott Wilson Scotland, on the other hand, takes the lead when dealing with DB Bridges Contractors and the like.

## **FY 2005 – 2006 SWSL**

On 1 May 2005, a reorganisation of the Main Board and Divisional Boards took place with consequential changes in responsibilities and reporting. Where appropriate, these changes have been incorporated in this Business Plan.

As part of the reorganisation, a Strategy Group has been set up to consider issues relating to the development of a Strategic Framework for the period 2006 – 2009. This workstream is underway. As part of the process a revised Corporate Mission together with Strategic Objectives and Values has been adopted as detailed below.

## **Towards 2020**

A strategic review of the market place and the future direction for Scott Wilson took place in 2002.

This led to some limited restructuring into the current Divisional Structure.

The 2020 exercise provided good evidence linking enhanced performance to those parts of the business that addressed well defined sectors (whether business, client or geographical), who were focussed on the delivery of major projects, or were flexible enough to respond quickly to changing market needs. Scott Wilson was generally rated highly by clients.

One of the outcomes was that, "over a period of time we would move towards a market-focussed business in a number of identified sectors (Road, Rail, Property & Development, Resources, Transport Planning, Advisory Services and Facilities Management) whilst preserving a strong regional presence to manage local clients and projects.

The most appropriate business strategy was considered to be to ensure that diversification in service provision, sector and region is maintained. The Group should also continue to position itself to secure a higher proportion of major projects in its selected markets.

Especially in the UK, we should maintain our focus on major public sector funded initiatives and markets such as road, rail, urban transport, urban regeneration, renewable energy, health and education.

### **The Scott Wilson Scotland Board and Management**

Following The Group reorganisation which is effective from 01 May 2005, responsibilities of Directors were redefined as follows:

- J P McCafferty was appointed as non-executive Chairman
- R T Hunter was appointed as Chief Executive Officer and reports to R. H Wall, Joint Group Chief Executive Officer (UK & Ireland).

### **Scott Wilson Railways**

- The mutually advantageous relationship between Scotland and Railways continues on projects such as West Coast Route Modernisation and the Larkhall to Milngavie line, where Scott Wilson Scotland provides Bridges, Roads, Geotech, Environment and, more recently, Project Management input.
- Railways continues to grow its own capability in some disciplines such as Bridges and is hoping to outsource some work to other lower cost SW centres such as Shenzhen. This needs to be monitored carefully to ensure that Scott Wilson Scotland does not over-staff in anticipation of workload that might be placed elsewhere.
- Relationships between teams, particularly at the working level, is very good despite former indications at the highest level that the services being provided to Railways by Scotland and other Divisions were sometimes less than satisfactory.
- Protocols have been put in position for pursuing rail work with contractors in Scotland. Railways always takes the lead when dealing with Network Rail and other mainstream Rail clients; Scotland takes the lead in pursuit of bridge and geotechnical projects with Contractors while Railways takes the lead when pursuing general rail projects. In all cases, cross selling of Scotland's and Railways' expertise is pursued.

## **FY 2006 – 2007 SWSL**

Scotland and Ireland Division is one of six Divisions in the Scott Wilson Group. The Divisional structure was introduced on 1 May 2005 and at the time the Division was known as Scotland Division with responsibility for operations in Scotland, North of England and Northern Ireland. In July 2005 a restructuring took place and the Division was renamed Scotland & Ireland Division with additional responsibility for operations in Ireland. In March 2006 the Group floated on the London Stock Exchange and became Scott Wilson Group plc. However, the Divisional structure was unaffected by this event.

## **FY 2007 – 2008 SWSL**

Scotland and Ireland Division is one of six Divisions in the Scott Wilson Group. The Divisional structure was introduced on 1 May 2005 and at the time the Division was known as Scotland Division with responsibility for operations in Scotland, North of England and Northern Ireland. In July 2005 a restructuring took place and the Division was renamed to Scotland & Ireland Division with additional responsibility for operations in Ireland. In March 2006 the Group floated on the London Stock Exchange and became Scott Wilson Group plc.

On 1 November 2006, the Group acquired Ferguson McIlveen LLP. Over 85% of their workload fell within the operational area of Scotland and Ireland Division. The Division had worked in JV with them in Northern Ireland since 1998. Operating from Belfast, Dublin, Glasgow, Londonderry and Middlesbrough, they brought a complimentary set of skills which considerably widened the sector activities of the Division. The integration effectively doubled the turnover and staff numbers in the Division.

## **FY 2008 – 2009 SWSL**

Scotland and Ireland Division is one of six Divisions in the Scott Wilson Group. Since July 2005 the Division has had overall responsibility for operations in Scotland, Northern Ireland, Ireland and the North of England as shown overleaf. In March 2006 the Group floated on the London Stock Exchange and became Scott Wilson Group plc.

On 1 November 2006, the Group acquired Ferguson McIlveen LLP whose main areas of business were in Northern Ireland, North of England and Ireland. On 25 July 2007, the Group acquired McLay Collier LLP who essentially operated within Scotland. Both acquisitions brought a complimentary set of skills which considerably widened the sector activities of the Division. The integrations effectively doubled the turnover and staff numbers in the Division. Over the last year or so, an exceptional effort has been made to integrate the systems and management of the acquired businesses.

The Group has indicated that it wishes to move to a more sector-based organisation. In the short-term this will have a significant impact on UK Central and UK South Divisions with a further development into a sectorised structure in FY 2009-2010. The implications for this Division are under review but for this financial year (FY 2008-2009) the Division will operate along its current lines. In addition, the Group wishes to centralise functional support activities. In this respect each of the functions are moving at a different pace and the first impact will be on our HR staff. The implications moving forward are not at all clear and it is an important task for Divisional Management to ensure that functional service delivery is not adversely affected during this time.



## FY 2009 – 2010 SWSL

Scotland & Ireland Division is responsible for operations in Scotland, the north and south of Ireland and the north of England. The Division has undergone significant development in the past three years as a result of organic growth and strategic acquisitions; since 2006 Revenue has grown from some £12m to £35m whilst the operating margin has grown from 8% to some 9.3%. This growth has also diversified the Division from a largely Roads orientated business, to one with a more balanced portfolio of clients across sectors. Currently the Division operates through Scott Wilson Scotland Ltd. As part of the Group's efficiency drive to move towards a single Operating Company, the business of the Division will migrate to Scott Wilson Ltd early in the financial year 2009/2010.

A characteristic of regionally based clients is the significant value they put on local knowledge and easy access to locally based project managers. The focus of the Division's CRM is therefore on establishing and maintaining long term relationships with clients, with the support and resources of the Scott Wilson Group, especially in specialist areas. This has proven to be a winning approach and is reflected in the Division's steady growth and its consistent achievement of performance targets.

Another aspect of a regional business is that staff are often multi-skilled and move between sectors and clients, in response to workload. To support this approach, the Division has been structured on an MOU basis, with MOUs working closely together in an integrated fashion. By the start of the 2009/2010 financial year, the Group's Operations will have moved to a Sector-based organisational structure within the UK and in the Regional Businesses across the globe. Therefore within the Division, the organisational structure is being aligned with this approach, by amalgamating MOUs into the three Sectors most appropriate to the scope of the Division's workload, namely Roads, Buildings & Infrastructure and Environment & Natural Resources. This move will be achieved from the start of 2009/2010 and will form the basis for further developments in support of the Group's strategic goals. To ensure an ordered transition throughout the year, the Division will report financially both in each sector and as a whole.

Going forward we expect to find a much more difficult marketplace in which we operate. Whilst we have weathered the financial storms so far we are very much reliant on our public sector activities going forward. Our operations in the south of Ireland have been seriously affected by the intense economic downturn in that country and we anticipate little activity in the next year.