

BROOKS RAND LABS AND APPLIED SPECIATION AND CONSULTING MERGE TO STRENGTHEN SPECIALTY METALS TESTING NICHE

The sweet spot for any business is to have a niche all to itself—to do something that nobody else does, or that nobody else does anywhere near as well as you do. Your brand is established, the market recognizes yours as the go-to business for your service, and even the peers in your field turn to you for help.

So what do you do when you almost have the niche to yourself, but there's one other business out there with comparable expertise and reputation. One option is to merge with that competitor, which can work very well when you and that business happen to have very complementary strengths and capabilities.

On April 1, 2015, **Brooks Rand Labs** (Seattle, WA) and **Applied Speciation and Consulting, LLC** (Bothell, WA) announced that they had done just that, merging the top two competitors in the field of specialty metals testing in the United States and creating a "powerhouse" of 40 to 45 professionals providing services to industry, government agencies at all levels, environmental consultancies, and other environmental testing companies.

"There are only a few labs in the country that do what we do—and we're merging with our top competitor," says Michelle Briscoe, president and CEO of Brooks Rand Labs, with palpable enthusiasm. "Both Brooks Rand Labs and Applied Speciation have been very successful. We have some overlap, but the two companies bring a lot of new capabilities to each other that will give us real strength in a wide variety of services that very few labs offer," she tells EBJ.

By way of example, she points to Brooks Rand Labs' strength in mercury speciation using cold vapor atomic fluorescence spectroscopy (CVAFS) and in ultra-low-level

mercury and methyl mercury analysis. Applied Speciation did not have those capabilities, but it does bring a broad range of high-level metals speciation services using a variety of chromatographic front ends coupled to inductively coupled plasma mass spectrometry (ICP-MS). "That's their bread and butter," says Briscoe. "And they do specialty cyanide speciation and analysis, which Brooks Rand didn't do before."

The combination is ideal from a management perspective as well, Briscoe points out. Applied brings a staff of 10 to 15 people to Brooks Rand's staff of 25 to 30 professionals (employment levels adjust seasonally), and the larger Brooks Rand has the more formalized corporate infrastructure with dedicated human resource, IT, and accounting staff and systems, "so there's no overlap in personnel, and there will be no staff reductions."

As the larger of the two companies, Brooks Rand also had well-honed systems to provide ease of contracting and complex deliverables to clients. "Applied always had the super-high-level speciation analyses that no one else offers, and now its customers can get these services with the reporting and wide range of electronic data deliverables that Brooks Rand has always provided," says Briscoe. "It's the best of both worlds."

Between them, the two companies have about 30,000 square feet of laboratory space in the Seattle area, which they plan to consolidate into a single facility sometime later this year. The two buildings do have some different operational systems, "and we're going to take our best practices and merge them before we move in together," Briscoe notes. "There's a lot that goes into evaluating those practices, so it will take a little time." Sometime later this

year, the company will roll out its logo and branding for its new name—"Brooks Applied Labs."

Brooks Rand Labs' history goes back to 1982, when the company was launched, but its real identity as a specialty metals testing lab was established in 1988. The company was finding that existing technologies and methodologies weren't keeping up with the detection levels for certain metals that were needed to comply with the Clean Water Act (CWA), so it developed from its own standard operating procedures (SOPs) methodologies that are now incorporated in the U.S. Environmental Protection Agency's (EPA) 1600 series. One of these was Method 1631—the above-mentioned low-level mercury testing by cold-vapor atomic fluorescence. "That's all 30 years ago now, but it was an important start in developing the market for what we do," says Briscoe.

The company has enjoyed success and growth along the way. Like many, if not most, other environmental companies, it suffered during the recession. After a low point in 2009, "we bounced back fairly quickly and have had nice, slow, steady growth since then," Briscoe reports. Owing in no small part to its position as a niche laboratory, profitability has been "very solid." With its number one competitor now in the fold, Brooks Rand expects to maintain its pricing levels and its profitability.

Briscoe estimates that Brooks Rand's client base breaks out as follows: 30% from environmental consultants; 30% from other environmental labs; 20% from government entities (and about three-quarters of that federal); and 20% directly from a range of clients, including private companies, non-profits, and specialized scientific research firms. She hastens to add that those percentages can change substantially from year to year based on one or two big contracts. Jobs can range from one-off projects to contracts providing steady work over a period of years.

Continued on page 2

In 2014, all client sectors contributed to growth, Briscoe says. "Overall revenue and profit were up. It wasn't our best year ever, but it was solid."

Applied Speciation and Consulting was formed in Tukwila, Washington, in 2004 by Russell Gerads and Dr. Hakan Gürleyük. The firm quickly grew out of its initial 1,400 square foot facility in the first year, and each year thereafter maintained fast-paced growth in footprint and revenue of over 80% on average. This progress culminated in the relocation of the company in 2009 to the current 17,000 square foot facility located in Bothell, Washington.

Applied Speciation and Consulting was not immune to the recession, but through perseverance and minor reorganization, the company repositioned itself in the market place to reach record revenue and profitability in 2014.

"The story of our company is one of the American Dream," says Gerads, Applied Speciation's CEO. "Having a passion for something you excel at, a pragmatic and logical approach to business, and a little luck along the way can still be applied in the business world. The best thing is we did it our way, and as a result the world has a commercial laboratory that performs analytical services that are not even being taught in graduate schools yet."

Coming in at annualized revenue level of roughly \$3 million, Brooks Rand is looking forward to leveraging Applied Speciation's capabilities to a revenue level in

the neighborhood of \$6 million for 2015, Briscoe estimates. "I expect we'll enjoy some efficiencies and growth will continue to be steady and perhaps a little more rapid than it has been in the past," she notes.

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One area of emerging opportunity that the combined company will be in a good position to pursue is the clinical, or biomedical, markets. Like other environmental labs, Brooks Rand and Applied Speciation had both begun to diversify out of the environmental market and into food and nutraceutical/pharmaceutical testing.

The new company will also expand its business with the Department of Defense (DOD) and the Department of Energy (DOE). Brooks Rand is DOD accredited—indeed, it's the only lab accredited by DOD for some of its methodologies, according to Briscoe—and it is DOE-audited. DOE does not give accreditation to labs, but rather "puts labs on its approved list by doing yearly audits—and the list is

short. That's been a great market for us, because there aren't many labs in the country that can do the low-level radioactive sample analysis and the specialty metals analysis that DOE requires."

This year will be all about the physical integration of the laboratory facilities and the "non-physical" integration of the sales forces and the client service functions, Briscoe sums up. "We'll make sure that we do it thoughtfully and carefully, to provide the full benefit to our customers." She declares confidently that any client concerns with the previously separate companies are being fixed by the merger. Brooks Rand now has the highest level of technical capability to take on the most complex projects, and Applied now has EPA methodologies that a client may have wanted in the past but couldn't get.

There are always hiccups in a merger, Briscoe acknowledges. A client may have liked some things done a certain way and can chafe a bit when procedures and deliverables change—even when the changes are for the better. "A report might look a little different, or parts of the QA section of the report might be in a different order. Those kinds of changes will take time for our customers to adapt to, but we have a very strong customer service team that will be very helpful in easing that transition."

Sustaining profitability will be absolutely important, Briscoe adds. It helps her do what she considers to be the most important part of her job—reinvesting in the company and in her employees. In her previous role as vice president of operations at a different laboratory, she had been a co-owner, but she's not one now, and she relishes the non-owner management role. "I really like being given autonomy by the owners to manage the company not only to create profit (which is critical), but to focus on staff retention, invest in new methodologies, and maintain our niche. And I love the work, and the people I work with. It's a blast." □

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