

Steed and Evans Limited: A People First Organization

by Angela Pause
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Sixty years ago, when Roy Steed and Denis Evans founded their structures and heavy civil engineering company, Steed and Evans Limited, it would seem natural as the engineers grew their business and their families, their offspring would be groomed for succession. After all, this was how many construction-related businesses operated at the time, beginning some of the long-standing family dynasties that exist today. But both Roy and Denis had worked for family businesses before and they knew that no matter how hard they worked, or how good they were, it would be the sons who took over the business, merit aside.

They didn't want that for their own company. They wanted the best people working with them, regardless of bloodlines. They agreed both in principle and practice, not to hire family for any job greater than a summer gig between school years. It was a bold business decision in those heady post-war boom years, and would set the tone for a series of carefully orchestrated and well-executed succession plans that would ensure the company was always run by those employees who had contributed to the growth of the company.

In 2014, the third generation of Steed and Evans employees are now at the helm, and the philosophy of ensuring that ownership would always be with people who had grown up with the business, says Malcolm Matheson, president since 2004.

The company always had an enlightened management style. In the 1970s, Roy and Denis introduced a fully vested pension plan for all salaried staff, which was an innovative move at the time. Several years later, a profit-sharing plan was implemented, increasing the employees' sense of ownership, which would further boost productivity and employee commitment.

ALL ABOUT GOOD PEOPLE

Proving that good people are what makes any business successful Roy and Denis implemented their first succession plan in 1989 when they offered a stock options plan to eight management employees. Four people were offered shares quickly as they were retiring soon, and the other four were offered shares over a 10-year period. Sharing risk and reward was a great incentive for success.

And there was reward. Roy and Denis were ambitious, savvy civil engineers (University of Toronto '49 and '50) who would go on to be inducted into the Ontario Road Building Hall of Fame 55 years after starting their business. When they began in 1953 they were building bridges, but in the 1960s a series of acquisitions in Niagara and Dartmouth, Nova Scotia diversified them into a road construction, aggregates and hot-mix asphalt organization. By 1967, a pivotal Area Maintenance contract moved them from a seasonal business to one that would

allow them to become one of the biggest players. At one point, an AMC contract with the Ministry of Transportation saw them performing summer maintenance, patrolling of the highways and winter plowing and salting of 1200 kilometers of highways from Strathroy to Georgetown and Fergus to Port Dover.

But everything changes. In 2012, S&E lost their bid to renew the Ministry of Transportation 12-year contract, and shut down their AMC division. Matheson and his team have responded to this new business challenge by transforming the former AMC division into the new Traffic Services Division, which supplies the necessary equipment for road closures during maintenance and construction. He is curious to see how the new contractor, Carillion, is able to take on the immense challenge of the AMC that S&E has so much expertise in completing.

ONE STOP SHOPPING IS AN ADVANTAGE

Matheson says the loss of the Area Maintenance Contract was significant and a tight economy has led to new challenges. But, he says, S&E has a competitive advantage in that it offers customers “one-stop shopping” as it has a broad range of in-house capabilities that his competitors do not offer. He points to the Ira Needles Boardwalk project, where they completed significant work for the owners who saw the benefit of a single point of contact instead of multiple project managers from variety of trades. S&E is no stranger to adapting to changing conditions; when a business no longer becomes profitable, they move on. Today Steed and Evans Limited is comprised of a healthy mix of businesses including Kitchener and Niagara construction (complete and reconstruction of city streets, roads and highways including sewer and watermain installation) as well as Heidelberg Aggregate, Heidelberg Asphalt, Cambridge Asphalt, Kitchener Asphalt and the Witmer Pit.

S&E is set to begin the \$24 million grade separation project at Weber and Victoria, which is expected to be a two-year long stint. The light rail transit project in Kitchener-Waterloo will see plenty more work for S&E as underground utilities will have to be shifted during construction.

GROWING UP IN THE BUSINESS

Matheson, who participated in a planned seven-year long buyout in 1996 along with Brian Barrett and Walter Nudyk, has been with the company since 1981. In that buyout, they purchased the construction, materials and road maintenance business and retained the name Steed and Evans Limited. Roy and Denis, with their newly named Steed & Evan Holdings Inc, retained the other businesses including the Peninsula Lakes Golf Course. In 2006, Barrett withdrew from day-to-day operations, leaving open the third planned succession that now included Paul Sousa and Jim Hurst, along with Matheson. “We have guys who grew up in the business, now owning the business,” says Matheson. The tradition of not employing family except for summer employment continues.

HEALTH AND SAFETY EXPERTISE

One of the driving forces behind Steed and Evans success was the deliberate and concentrated effort on having the industry's highest level of health and safety standards, says Matheson. From the very start, keeping workers safe was the company's number one goal. In 1963, Roy Steed was elected president of the *Construction Safety Association of Ontario*. To this day, every single incident report is examined by Matheson and his vice president, where it is tracked and examined for trends that can be addressed.

"Safety is a top down initiative, and always has been here," said Matheson. "Safety costs money, which we gladly invest. It's not any one thing to keep people safe, it's a lot of little things that add up." To stay at the forefront of health and safety, S & E have joined the COR program. "Every four to six years, we perform a major refresh of the entire system, like COR or a third-party audit. It keeps you fresh." This investment to safety is regularly acknowledged with a steady stream of safety awards from the industry.

S&E also has a deeply ingrained philanthropic culture, and is a generous contributor to the community. They are significant participants in the Ride For Dad (to raise money for prostate cancer research) and support many other charitable organizations such as Lutherwood. In 2012, S&E contributed \$150,000 to Conestoga College's new *Construction Materials Testing Lab* (CMT). Matheson says the company has a long-standing relationship with the college as many of S&E's salaried employees and managers are graduates of Conestoga, or enrolled in programs.

Contributing to the industry is part of the corporate culture; in 1961 Roy Steed served as president of the Ontario Road Builders Association (ORBA), making him the youngest president ORBA's history. Twenty-three years later, Denis Evans was elected president of the association. The management team at S&E continues with their intense involvement with the industry sitting on numerous boards and program advisory councils.

But what Matheson says makes Steed and Evans so successful is that everyone working there (220 full time equivalent employees, with more than 500 on the payroll) has a deep pride in his or her workmanship.

"Company pride is not something you can mandate. You have to build it, and its a lot of little things that do it," he remarked thoughtfully. Later that morning Matheson took this writer on tour of the Heidelberg Aggregate site, enthusiastically explaining how each of the machines intricately connected with conveyors did their work. He explained they had junior elementary schools bring classes through the site as part of the curriculum. "The kids love it," he said, grinning. It was obvious that Matheson does, too.