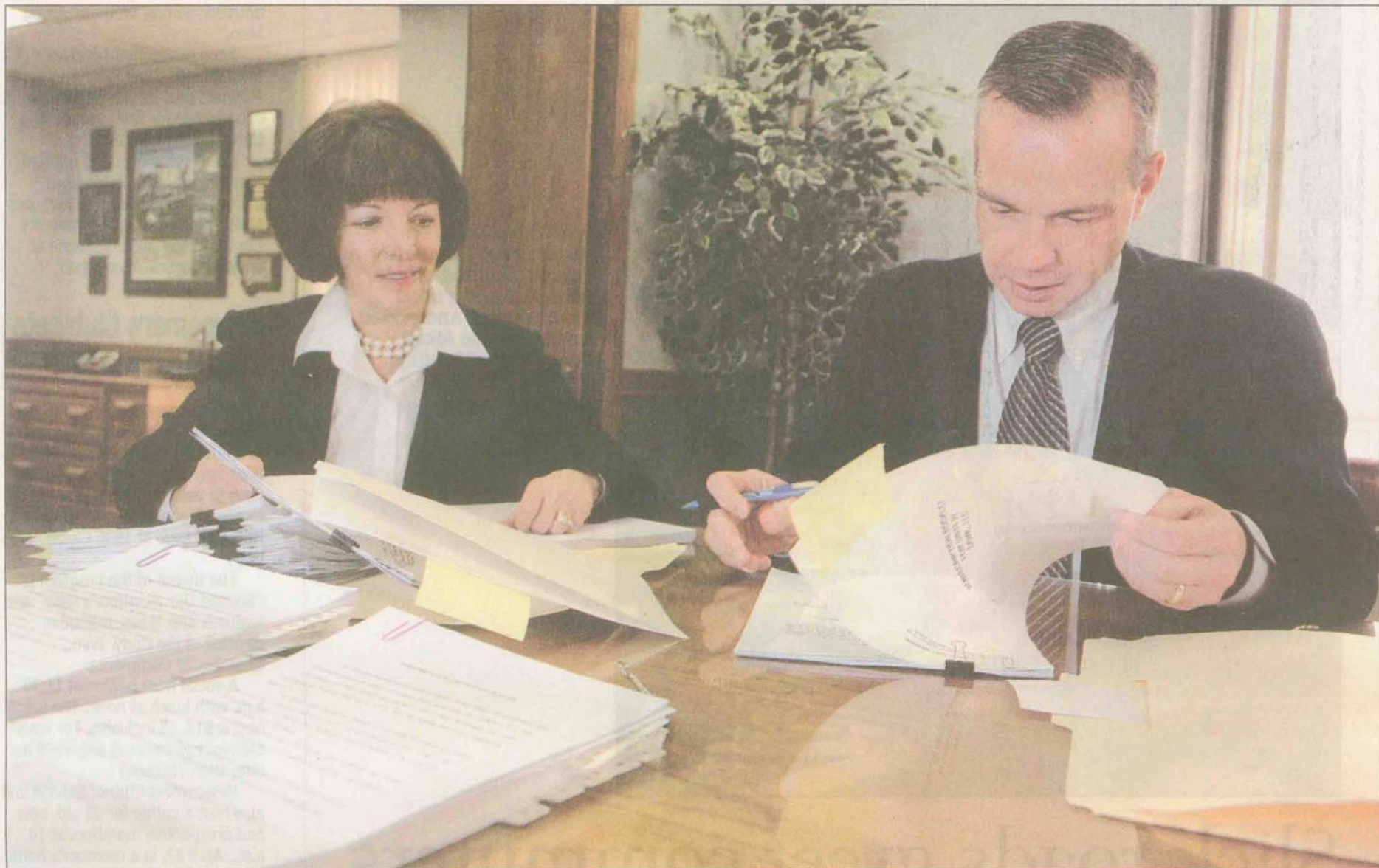


# LOCAL & STATE

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JAMES WOODCOCK/Gazette Staff

Karen Fagg of HKM Engineering and Stewart Osgood of Dowl Engineers in Anchorage sign legal documents which merge the two companies.

## HKM Engineering finds Alaskan mate

By JAN FALSTAD  
Of The Gazette Staff

In recent years, corporate America has focused on mergers and acquisitions to build bigger companies in the hope of slicing off a larger piece of the economic pie.

The fact is, though only about a third of these big mergers work out, the majority dissolve into disappointing earnings, massive layoffs and sharp leadership clashes.

That's why hearing the top executives of two privately held engineering companies discuss their recent merger seems downright old-fashioned.

Effective today, Billings-based HKM Engineering is merging with Dowl Engineers of Anchorage. HKM, formed in Billings in 1955, is best known for ramrodding repairs to the Beartooth Scenic Byway after sections were wiped out by massive mudslides in May 2005.

### Airport projects

More than a year ago, HKM started talking with Dowl Engineers of Anchorage about working together on some airport projects. Those talks quickly morphed into a courtship.

"It was such a natural fit we decided to marry the two companies," said former HKM President Karen Fagg,

who now is vice president of Dowl LLC, the parent company of Dowl Engineers and HKM.

Stacks of contracts were signed Monday at HKM's offices in the Granite Tower in downtown Billings.

"We see a very bright future for these merged companies and we look forward to increasing our employees and our client base," said Dowl President Stewart Osgood of Anchorage.

Both companies have 200 employees. Both companies approach projects, clients and employees the same way, according to Osgood and Fagg, but work in different areas.

About 80 percent of HKM's business comes from government projects, especially highway, water and wastewater projects. About 40 percent of Dowl's clients are government projects, with 35 percent commercial work.

"We were virtually mirror images of each other," he said. "Both of our companies are coming from a position of strength. No one needs to do this. Both of us see the benefits."

HKM is helping to rebuild the Airport Road, Highway 3 and North 27th Street intersection in Billings, which should start late this summer or in early fall.

The company is also designing a wastewater system for Moonlight Basin ski resort south of Bozeman, as

it did for the Big Sky Resort.

"That's why Big Sky exploded with development a few years ago," Fagg said.

HKM also is building a wastewater project linking the industrial park west of Butte with the city and is halfway through a six-year project to bring another water supply into Worland, Wyo., and other neighboring towns.

### Hiring staff

The merged company has offices in Alaska, Arizona, Montana, Washington and Wyoming. Not only will current employees keep their jobs, but the newly formed corporation will be hiring to staff an additional office in Phoenix and will need more information technology experts.

"Because we've both been so lean, there isn't much overlap," Fagg said.

Thirty-eight senior employees, including 20 at HKM, will be owners in Dowl LLC.

No multinational corporation or Wall Street investment bank was hired to cut this deal. Instead, Osgood, Fagg and their teams worked out the details step by step.

"Had there been a third party, we wouldn't be here today," Fagg said. "It really is the personal touch. If you're only interested in the revenues, you

aren't as interested in the employees."

No purchase price was disclosed.

Fagg will handle projects and employees in the lower 48 states. A company in Alaska, NANA Regional Corporation Inc. owns 51 percent of Dowl.

With a business card half the normal size, Osgood eschews long titles and uses the simple title of president.

"We're both very busy, small companies in many respects," Osgood said. "One of our goals is to stay that way, keep the small company atmosphere while getting bigger."

Both company executives were so busy that they had to put merger talks on hold for a month or two to work on pressing projects.

As for the commute, Fagg doesn't worry.

"It's easier for me to get to Anchorage than to Lander," Fagg said, saying that the Wyoming trip takes a five hour one-way drive or a flight through Minneapolis, Denver or Salt Lake City.

So far, no celebration is planned.

"We're engineers. Engineers don't celebrate," Fagg said, laughing.

As much work as it took to complete the merger, Osgood said the real work of integrating the companies starts now.

Contact Jan Falstad at [jfalstad@billingsgazette.com](mailto:jfalstad@billingsgazette.com) or 657-1306.