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Sky's *the limit*

How Matrix New World Engineering has carefully positioned itself for a major expansion push.

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A group of New York and New Jersey Matrix staff members at the 2023 JP Morgan Corporate Challenge 5K in June in Central Park.

With new private equity partner, Matrix Engineering ready to level up

Jessica Perry // October 23, 2023 // 8 Minute Read



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Maybe you've heard this story before. She's a licensed professional engineer, and he's a geologist. They meet as colleagues in the late 1980s and embark on a collaboration that persists today, as husband and wife as well as co-founders of **Matrix New World Engineering**.

From its start as a company founded in a spare bedroom backed by credit cards, Matrix has grown to a 250-person engineering firm based in Florham Park with an additional New Jersey location in Eatontown. Beyond the Garden State's borders, the company has established offices in New York City; Phoenix, Prescott and Tucson, Ariz.; New Orleans and Baton Rouge, La.; and Essex, Conn.

But that's just the first act. A few years ago, Executive Vice President Dennis Petrocelli told NJBIZ that he and his wife, Matrix President Jayne Warne, were approached with an unsolicited offer from a private equity firm. Though that wasn't the opportunity the leadership team ultimately pursued, it did open a new realm of possibility for the then-30-year-old firm, which is now seeking to quadruple its ranks in the coming years.

Matrix primarily focuses on environmental, civil infrastructure and engineering.

Its New Jersey base played a big part in the company's early progress, according to Petrocelli, affording it the opportunity to work on large infrastructure projects, including the Hudson-Bergen Light Rail. He explained that taking advantage of subcontractor opportunities on "mega projects" helped the company to carve out a niche for itself.

"The focus ... was never really to do commoditized work, but to work on interesting projects and bring in good people," Petrocelli said. "And so up in the Northeast, we focused on infrastructure, climate change, resiliency work [and] marine engineering."



Petrocelli

In the wake of Superstorm Sandy, the company was involved with resiliency projects in New York and New Jersey and regional needs continue to help Matrix expand its operations. As offshore wind efforts ramp up, Petrocelli said the sector has become part of Matrix's business. That includes providing survey, laser scanning and marine services for the **Atlantic Shores Offshore Wind Project** in South Jersey.



Shown is a Matrix staff member in Puerto Rico during the company's Hurricane Maria Damage Assessment work in 2017. Matrix primarily focuses on environmental, civil infrastructure and engineering.

"Not necessarily the offshore work, but we're involved with the permitting and engineering required when the power comes onto land—so near shore," Petrocelli explained. "And then on-land distribution of the power generated by these offshore wind farms, which require a lot of permitting and a lot of engineering and environmental studies."

When a client approached the company about a significant project in Arizona, it helped Matrix to establish a foothold in the Southwest. That was reinforced when the firm acquired the company. Now, there are more than 40 employees working in The Grand Canyon State. Similar to how it established itself in the Northeast, Matrix has

found success on the opposite coast by tuning into the local needs.

"Out in Arizona we're heavily involved in hydrogeological studies," Petrocelli said. Being it's the desert, "water issues are paramount for development and continued economic growth and we have a team of world class groundwater modelers that do these studies to demonstrate whether projects are feasible or not," he explained. "We also work through municipalities, helping to expand their well field by doing geologic studies and the sort of modeling associated with that."

A later expansion into the Gulf region followed a similar trajectory: After getting involved with the cleanup of the **2010 Deepwater Horizon – BP Gulf of Mexico Oil Spill**, Matrix hired new team members and established a presence in the area.

“We manage wetland mitigation banks and various types of eco assets for large, Fortune 500 companies,” Petrocelli said of the region’s demand. “Then [we’re] also involved in the oil and gas world, where we’re doing studies associated with new pipelines and pipeline installs and more, sort of, upcoming is we’re taking some of the resiliency and wind experience we have and starting to get that down into the Gulf, cause the Gulf is sort of the next area for wind farm development.”

A bigger pond

But to continue growing, Matrix executives knew they couldn’t go it alone. “We felt like, you know what? We took this company pretty far – and to get further we were going to need a financial partner,” Petrocelli said.

This past May, Matrix announced a partnership with **True Environmental** to help the company pursue its growth plan. Petrocelli declined to disclose the size of the infusion but offered that a significant amount has been reinvested in the company.

True Environmental, backed by **Halle Capital**, works with consulting and engineering firms to provide capital solutions to accelerate growth and liquidity events for ownership transition. Based in New York, Halle pursues investment opportunities in health care services in addition to business and consumer services. According to the firm, it partners with experienced management teams to build businesses in “highly fragmented markets with durable secular tailwinds.”

As Petrocelli described it: True Environmental is the management team put together by the private equity firm, and Matrix is the basis of the budding platform. “We’re working, really on a partnership level with the private equity firm,” he said, adding later that, “Ultimately, I think we’ll evolve to change our branding and our name to True, but that could be several years down the road.”



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– *Dennis Petrocelli, Matrix New World Engineering*



Though M&A activity in the sector took a hit in the first half of 2023 amid economic uncertainty and a challenging market, at the midway point in the year, PwC predicted that the market would recover in the second half. According to the firm’s 2023 engineering and construction industry midyear outlook, in the first quarter of 2023 total deal value was just half of the \$31 billion in value recorded in Q1 of 2022. For all of last year, total deal value was \$107 billion.

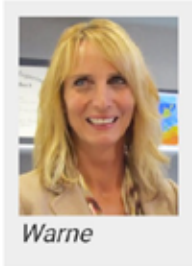
But a lot of that consolidation has been concentrated at the top. In a 2019 McKinsey & Co. report exploring M&A in engineering and construction, the firm found that the sector was “seeing a merger wave” that in recent years had played out with more combinations “of large, multinational companies, as compared with the acquisition of smaller, more boutique companies.”

Matrix isn’t set on disrupting the megafirm space; Petrocelli says they see an opportunity in the mid-range.

Overall, the field is occupied by those large companies “that are global or national and have thousands and thousands of staff,” Petrocelli explained. “And then on the other end of the spectrum, there’s tens of thousands of very, very small companies ...”

In 2020, the ACEC Research institute found that nearly two-thirds of engineering firms had fewer than 20 employees, while the largest 30 employed more than one-third. “And we’ve always felt like it’s such a fragmented industry, and there’s been so much consolidation that there was a real place for a mid-size firm that was really skilled, still had ... a homey/employee-focused atmosphere,” Petrocelli continued. “And so, our goal was to bring out a partner to help us get into that 1,000-2,000-person range.”

After two years interviewing private equity firms, Matrix “finally found one that we felt really good about.”



“This partnership is a significant milestone in Matrix New World’s continued evolution, supporting our vision of investing in our talented and dedicated people to better serve our clients. In True Environmental, we have found a group that shares our values, respects our culture, and is committed to supporting our growth,” Warne said when the partnership was announced.

In the midst of market uncertainty, PwC pointed out that there are also opportunities in the sector’s M&A space. “As company valuations decline amid rising interest rates and softening demand, companies with healthy balance sheets and financial flexibility are identifying opportunities to acquire strategic assets to help position them as market leaders,” according to PwC. “Corporate experience will become an especially important element in deal outcomes, as diligent companies with M&A experience have a proven playbook to navigate uncertainty and complete successful deals.”

With more resources now at its disposal, Matrix is better poised to take advantage of the moment. Since closing in May, the new partners are working to identify “other acquisitions that will expand us out geographically, bring in complimentary services and help us grow,” Petrocelli said. “And that’s our goal for the next five years.”

“We could not be more excited to partner with Jayne and the Matrix leadership team to create the foundation upon which to build a world-class environmental, engineering and infrastructure consulting firm,” Halle Senior Partner Jay Abramson said in May.

People first

Beyond growth, the True Environmental partnership offers the potential for personal growth. “For our team, it gives them the opportunity to sort of grow further in the company, continue to work on really interesting projects—give their career a boost, because it’ll be, hopefully, a larger organization with more opportunity,” Petrocelli said.

Matrix's building scale could also help to attract new employees amid a **shortage** that has sparked high demand and competition for workers in the sector.

While there is plenty of work – and more to come – in **April**, American Council of Engineering Companies President and CEO Linda Bauer Darr wrote to President Joe Biden warning that the U.S. does not have enough engineers to do the work called for in the Bipartisan Infrastructure Law, the Inflation Reduction Act, and the CHIPS Act.

According to the U.S. Bureau of Labor Statistics, from 2022-2032, overall employment in engineering and architecture is projected to grow faster than the average for all occupations. That is expected to result in approximately 188,000 openings each year, on average, due to employment growth as well as the need to replace workers that leave the sector for good.

Petrocelli said the labor shortage is “the biggest hurdle that we’re trying to overcome.” When the partnership was announced, Warne remarked that it would enhance Matrix’s “position as a preferred employer for innovative planners, engineers, and scientists.”

And Matrix does have a record for employee satisfaction. In 2022, **the firm ranked No. 39** in the medium company category of NJBIZ’s Best Places to Work in NJ program—the results of which are determined by feedback from participating firms’ own employees. At the time, the company highlighted perks including work from home options and a compressed work week.

“We have some really talented folks,” Petrocelli said of the Matrix team. “We made them the stars and we enable them and provide them support and resources, and that’s just the way we’ve grown our company.”

“Matrix New World has built a terrific company centered on deep employee engagement and exceptional client service,” Jim Stamatis, CEO of True Environmental, said when the partnership was announced.

New frontiers

Pairing with True Environmental is also allowing Matrix to expand its service offerings.

In the past, Matrix has not offered what Petrocelli called “program management,” though it is versed in the managed components that are subject to such purview. Now, they’re building a team to develop that part of the business. “[I]f you can capture some projects that require large scale program management, it feeds all of the various components of the company,” he explained. “So, it’ll feed environmental services, it’ll feed engineering, it’ll feed survey.”



Matrix surveyors provide HD laser scanning services at the Statue of Liberty. “We have some really talented folks,” Executive Vice President Petrocelli said of the Matrix team. “We made them the stars and we enable them and provide them support and resources, and that’s just the way we’ve grown our company.”

He described the expansion as a complimentary service to those Matrix already provides, and something that would not have been possible without partners “who can invest in bringing in the talent required to build out and market that service and likely purchase a company that’s already operating in that space,” he said.

Matrix has also started offering digital services, helping companies get a handle on and use their complex data from a central dashboard. “So, let’s say one company that has 30 locations around the country, we’re working with their environmental coordinator to consolidate data relative to permits, relative to worker health and safety, relative to environmental [and ESG] compliance ... and then they can more easily access it, control it, and understand it.”

As for where Matrix is seeking to expand its footprint, Petrocelli said he and Warne, along with their new partners, are working to identify potential acquisitions. Pointing out that, historically, the company has been successful working on projects where water meets land, he identified Florida, Texas and California—but added that there has also been research into firms in the central part of the country.

Despite its broadening horizons, Matrix has no plans to leave the Garden State. “We love New Jersey. We started in New Jersey, started growing up in New Jersey, so I don’t see us ever really leaving New Jersey,” Petrocelli said. “Our headquarters operations are really based in New Jersey and handled by really good New Jersey people, so there’s no discussion about relocating our headquarters.”

And Warne and Petrocelli are not going anywhere either.

“You know, we could have sold the company,” Petrocelli said. “We were always getting approached by bigger companies wanting to buy us.” Finding a partner, on the other hand, seemed to offer the best route to maintain the identity and culture that Matrix has cultivated during its three decades in business.
