THE ZWEIG LETTER
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HR | FINANCE
SUPPLEMENTS
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January 5, 2015, Issue 1085

What to pay a new employee

As hiring picks up in 2015, make sure you are taking all factors into consideration, Mark Zweig writes.

Determining what to pay someone you're trying to hire is always a thorny subject. What they make currently, what others in the firm make, what their expectations are, relative cost of living where they are now versus where you will put them – there are many factors to consider.

Mark Zweig

EDITORIAL

Some years ago, I got a call from a good client and friend of mine. He ran a good-sized A/E firm in the Midwest and needed some help with recruiting. They desperately required a strong engineering project manager with a healthcare HVAC design background. He wasn't happy with the capabilities of the five other PMs they had with HVAC backgrounds. None of them were strong enough to handle the big project they'd just landed (according to him).

We discussed all the requirements for the job and then I asked him what they would be willing to pay. His response was $90,000 max base pay because that's how much they paid the other people there (the ones he wasn't happy with, mind you!). I asked him why he thought we would be able to find someone better than the five he already had and entice him or her away from their present employer for the same pay he's giving others who aren't as good. He didn't really realize the low probability of that occurring until I pointed it out to him!

Determining what to pay someone you're trying to hire is always a thorny subject. What they make currently, what others in the firm make, what their expectations are, relative cost of living where they are now versus where you

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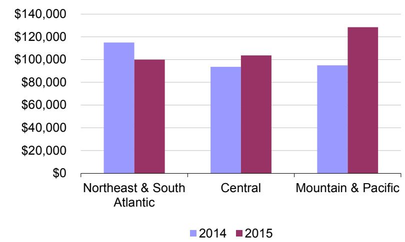
MORE COLUMNS

TRENDLINES

Tech worth



Zweig Group's 2015 Salary Survey of Engineering Firms finds that base salaries for CIO/IT Directors at engineering firms in various U.S. regions have fluctuated from last year to this year. In the Central region, for example, the median base salary for CIO/IT Director increased from $93,600 to $103,724. Meanwhile, CIO/IT directors in the Mountain & Pacific region also saw an increase, from $95,000 to $128,500. In the Northeast and South Atlantic region, however, CIO/IT Director's median base salary decreased from $115,000 last year to $100,006 this year.
– *Margot Suydam, Director, Research*

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A/E BUSINESS NEWS

ABI SOFTENS Buoyed by sustained demand for apartments and condominiums, coupled with state and local governments moving ahead with delayed public projects, the Architecture Billings Index has been positive for seven consecutive months.

The American Institute of Architects reported the November ABI score was 50.9, down from a mark of 53.7 in October. This score reflects a slight increase in design activity (any score above 50 indicates an increase in billings). The new projects inquiry index was 58.8, following a mark of 62.7 the previous month.

As a leading economic indicator of construction activity, the ABI reflects the approximate nine- to 12-month lead time between architecture billings and construction spending.

The AIA has added a new indicator measuring the trends in new design contracts at architecture firms that can provide a strong signal of the direction of future architecture billings. The score for design contracts in November was 54.9.

"Demand for design services has slowed somewhat from the torrid pace of the summer, but all project sectors are seeing at least modest growth," said Kermit Baker, AIA chief economist. "Architecture firms are expecting solid mid-single digit gains in revenue for 2014, but heading into 2015, they are concerned with finding quality contractors for projects, coping with volatile construction materials costs and with finding qualified architecture staff for their firms."

Key November ABI highlights:

- Regional averages: South (57.9), West (52.7), Midwest (49.8), Northeast (46.7)
- Sector index breakdown: multifamily residential (56.8), mixed practice (52.6), institutional (51.3), commercial/industrial (50.6)
- Project inquiries index: 58.8
- Design contracts index: 54.9

CONSTRUCTION STARTS UP IN NOVEMBER At a seasonally adjusted annual rate of $677.8 billion, new construction starts in November climbed 13 percent from the previous month, according to Dodge Data & Analytics (formerly McGraw Hill Construction). Nonresidential building had a particularly strong month, lifted by the start of several unusually large projects, including two massive manufacturing plants and an airport terminal redevelopment. The nonbuilding construction sector also contributed to the latest month's surge, boosted by a liquefied natural gas facility. Meanwhile, residential building retreated in November, as multifamily housing settled back from its brisk pace in October. For the first eleven months of 2014, new construction starts on an unadjusted basis were $530.8 billion, up 7 percent from the same period a year ago. The November statistics raised the Dodge Index to 143 (2000=100), up from a revised 127 for October and marking the strongest month so far in 2014.

MARK ZWEIG, from page 1

will put them – there are many factors to consider.

Finding out what they currently make is crucial but many firms don't even ask for it. The best way is to just come out and ask. When the person says, "I make $100K," the next questions out of your mouth should be, "How does that break down? What portion of that is base pay? Bonus? Overtime? Benefits?" You may very well find out they actually earn a base salary of $80K, which could radically affect your assessment of that person's value to you and prospects of accepting an offer of $95K.

Looking at your existing staff honestly is another factor. If you love them you'd better consider the risk of bringing someone in from outside at a higher price. If you think you need to upgrade, be ready to pay a higher price than what you're paying everyone else now. And here's the truth of it: It will be hard to hire someone as good as the people you have now without paying that person more than you pay everyone else because their current employer probably values them similarly to how you value your other similar-capability staffers.

Salary surveys are one way to get some external data reference beyond what the person says they are currently making and beyond what you are currently paying your similar people. But beware. The geographic groupings they put people in may not make sense or reflect where you are. "Southern States," for example, would include Atlanta but could also include Greenwood, Miss. The price tags for people with similar backgrounds could be quite different in those two locations. So looking at what people with an architectural degree, registration, and 10 years of experience "earn" could be an apples to oranges comparison.

Cost of living is yet another factor. Yes, it is a lot more expensive to live in San Francisco than it is the DFW area. But "no," the salaries in the Bay Area are not correspondingly higher over the DFW area. So salaries do NOT automatically go up in higher cost areas. Yet, this is bound to be a factor for anyone considering a new job.

There are many factors to consider in what to pay someone. We haven't even discussed bonuses, benefits, and relocation packages. The best companies are going to be throwing all kinds of "deals" out there but will pay the greatest attention to base pay. Base pay is what someone can count on and is always the most important number in anyone's compensation package. Not to mention higher salaries make it harder for people to leave your employ because other companies can't afford 'em. My guess is you'll be doing a lot of hiring in 2015. I hope this helps!

MARK ZWEIG is the chairman and CEO of Zweig Group. Contact him with questions or comments at mzweig@zweiggroup.com.

THE ZWEIG LETTER

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OUTLOOK

How's 2015 shaping up?

Small to large firms are reaping the benefits of sound planning, expecting continued growth and opportunities.

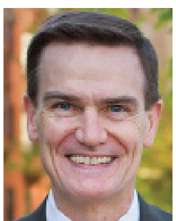
By LIISA SULLIVAN
Correspondent

What do firm leaders see in their crystal balls for 2015? Is there growth? Retraction? New services being added? And, how is the strategic plan evolving based on what's happening in real time on the ground?

Bob Gomes, President, Stantec.

"Our strength is in the diversity of our business model, which helps us to mitigate risk."

MITIGATE RISK; STAY THE COURSE. Bob Gomes, president, **Stantec** (Edmonton, AB), a 14,000-plus-person firm that provides professional design and consulting services in planning, engineering, architecture, surveying, and project management, with more than 200 offices in North America, says that while there is currently uncertainty in the market and even "panic on the streets" as a result of falling oil prices, he's not concerned about oil prices because they have been through this many times before.



Randy McCourt, President, DKS Associates.

"Our strength is in the diversity of our business model, which helps us to mitigate risk. Working on thousands of projects for hundreds of clients in many geographic locations and in different sectors ensures that we do not have to rely on a few large projects or clients, or one particular sector, for our business. This contributes to the consistency of our performance and enables us to adapt to changing trends," Gomes says.

Stantec expects steady growth, especially in the United States, in response to emerging economic activity, particularly in the buildings and infrastructure businesses. Stantec also anticipates the close of the acquisition of **Dessau** and expectant about additional clients and services stemming from the broader Stantec platform.

Stantec's continues to focus on its long-term strategy; it does not change its strategy based on changing market conditions, Gomes says. "We stress test our strategy against a changing economy and we modify it as result of the economic situations that change from time to time, but the long-term strategy remains consistent."

ADDING STAFF AND SERVICES. Brant Lahnert, CFO, **KL&A** (Golden, CO), a 54-person structural engineering and building firm, says they expect to have a slightly better year in 2015 than in 2014 (which was a very good year).

"We plan to grow staff by about 10 percent," he says. "And, we will continue to promote and expand our core services of consulting structural engineering, and steel construction management. We are looking to develop new business in the area of off-site fabrication."

Lahnert says several positive signs point to driving forward excellent performance for KL&A over the next two to three years. They include:

- The firm is 20 years old. "We are in our 'prime' as far as having experienced, but energetic leadership and a talented young staff. We are constantly improving the quality of our work and the productivity of our company. This will yield good results for us over the next few years."

"We are in our 'prime' as far as having experienced, but energetic leadership and a talented young staff. We are constantly improving the quality of our work and the productivity of our company."

- A business model that integrates steel design and construction is most in demand when the construction market is hot. "I believe that market is heating and is about to get pretty hot," Lahnert says.
- The U.S. economy and, construction in particular, is still on the upside of the cycle. "On the upside of the cycle and while the cycle is peaking are the most reliable times for us to be very busy, expanding our markets and having good profitability," Lahnert says.
- KL&A is in a sweet spot – in the front range of the Rocky Mountains. "The area of metro Denver and northern Colorado is a vibrant growing community reminiscent to me of the south, bringing a lot of energy and technology with them. Denver has done a remarkable job of renewal and planning over the last 25 years and we are now reaping the benefits."

Lahnert says that when it comes to adhering to the strategic plan, KL&A takes a very flexible and positive view.

See SHAPPING UP, page 4

TALK TO US
Do you have an interesting story to tell? Is your company doing things differently and getting results? Let us know. We'd love to contact you and feature you in an upcoming case study. If interested, please email LSullivan@zweigwhite.com.

CALENDAR

THE PRINCIPALS ACADEMY 2.0 The Principals Academy 2.0 is an updated version of the Zweig Group's crash course in all aspects of managing a professional services firm.

The program is presented by a team of speakers – including Zweig Group Founder and CEO Mark Zweig – with extensive experience working with and for A/E firms. They have a clear understanding of what it takes to survive, and even thrive, in any economy.

The Principals Academy 2.0 is updated with the latest approaches to leading a successful firm in this new economy, including an expanded focus on business development, strategic planning, and financial management. The Principals Academy 2.0 is like a two-day MBA for technical professionals and is the most impactful two days you can spend learning to build your career and your firm.

The two-day agenda covers six critical areas of business management from the unique perspectives of architecture, engineering and environmental consulting firms, and is presented in tutorial and case study workshop sessions.

The Principals Academy 2.0 program includes an extended Q&A session with industry leader Mark Zweig and the panel of speakers. This provides the attendees an opportunity to discuss in-depth the issues facing them at their firms with advice offered from industry leading experts.

Upcoming events include March 12 in Houston and June and 14 in Seattle.

For more information or to register, call 800-466-6275 or log on to https://zweiggroup.com/seminars/tpa/.

BECOMING A BEST SELLER Could every person in your firm describe your services in a succinct and persuasive way that demonstrates what sets you apart from the competition? It's not enough to have the technical expertise to complete projects, you need seller-doers who can convey excitement and tailor the message for the audience.

That's why Zweig Group developed a one-day program that will help anyone who could possibly be involved in selling and who wants to be more successful and increase their value to their employers – design and technical professionals as well as marketing and business development professionals, principals, managers, architects, engineers, planners, scientists, surveyors, designers; anyone who wants to know more about selling. Becoming a Better Seller was specifically developed to help design and technical professionals become more comfortable dealing with clients and promoting the firm and your services.

Seminars will be led by Mark Zweig, Zweig Group CEO and founder, or Chad Clinehens, executive vice president, Zweig Group.

Seminar dates scheduled for 2014 include Feb. 26 in Scottsdale, Ariz. and April 9 in San Francisco. Group discounts are available for teams of four or more attendees from the same firm.

Please call 800-466-6275 or log on to https://zweiggroup.com/seminars/better_seller/.

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"We do a lot of planning, but we expect that we will need to react to situations as they actually present themselves rather than blindly following a plan," he says. "We spend a lot of time developing processes that respond quickly to changing circumstances."

Randy McCourt, president of **DKS Associates** (Portland, OR), a 120-person employee-owned transportation planning and engineering firm, is projecting modest growth and steady development of emerging transportation service areas – nothing like big or rapid growth, but stable growth.

"We are one-third of the way through our 2014-2017 strategic plan and all things are on track and on pace, he says. "Our most difficult issue has been recruiting infill senior leadership."

Charlie Bolyard, chairman/CEO, **MBP** (Fairfax, VA), a 283-person multi-disciplined construction consulting firm, says that with a targeted increase in sustainability and energy conservation he expects the firm to continue to grow through 2015.

"As owners are doing more with less, they want to see value added cost savings in the services we provide," he says. "And with sustained pressures on client's operating budgets and attention to sustainability, we are identifying new service offerings and the evolution of these new services with realistic targets and achievable goals designed to grow the firm organically and geographically."

Relevance yields opportunity. Merilee Meacock, partner, **KSS Architects** (Princeton, NJ), says that this 65-person firm is experiencing incremental growth and is cautiously optimistic that low interest rates and fuel prices will provide continued development opportunities.

"We are enhancing our master-planning services in order to become more relevant and effective in the marketplace, as many projects evolve as hybrid partnerships between university, developer, contractor, financial institutions, city, state, and federal agencies. For KSS, this movement plays to its strength as holistic planners, designers and builders, and benefits from the intuitive emphasis it places on human relationships – as well as those of stone and steel.

"To that end, we continue to hire smart and driven individuals at the mid-level with a focus on five to 10 years of experience," Meacock says.

As for its portfolio, KSS will look to diversify within its core markets of learning, commerce and community, while at the same time exploring the intersections where its market segments overlap.

"It is here, at these intersections, where KSS brings added value to the table: What we learn from one market experience can be applied to another; advances in one technology can be adapted for yet another," Meacock says. "It is at once deliberate, yet organic – a natural progression of applied knowledge and experiences. Above all else, we have found the projects at these intersections to be exciting, fulfilling, and ripe with opportunity."

TZL time machine

10 years ago

HEADLINES Editorial: Cross-selling/up-selling current clients | Should the CEO also be chairman? | What's working in A/E marketing | Small Firm Corner: Exponential shares teaming lessons | Hiring your first CFO | Hot Firm: Abacus uses three-pronged growth strategy

Should the CEO also be chairman? That's the question posed in the Jan. 3, 2005 issue of THE ZWEIG LETTER (#593). Ponder for a moment before reading on.

Ok, what's your conclusion?

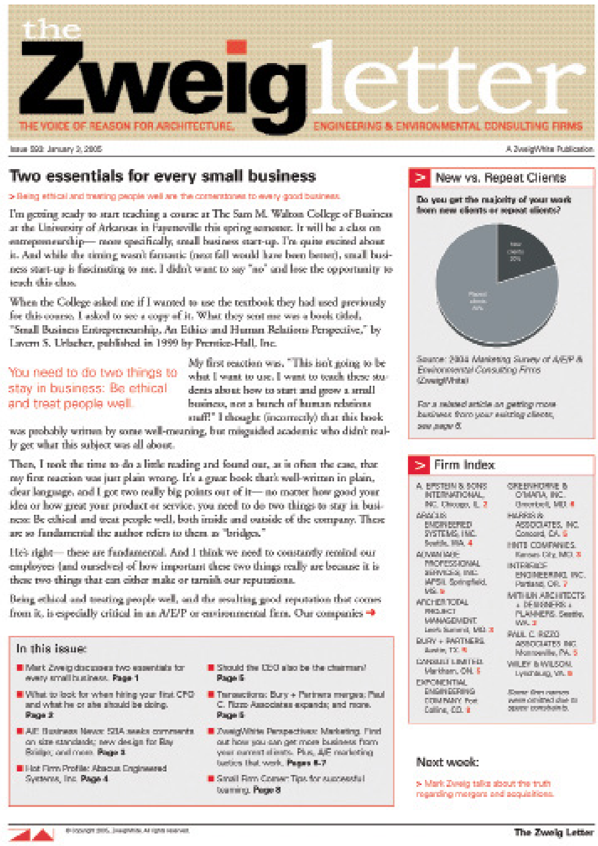
According to the firm leaders who chimed in for the article, there's not definitive answer. Some said it's the perfect fit, others that it's too much for one person to handle, and yet others said the two roles shouldn't mix.

Controversial and contentious elsewhere in business, for some A/E firms, the position of chairman is a part-time role that is more of a middle ground between being CEO and retiring. Others interviewed believed that being a chairman is a full-time responsibility, although they said they wore both hats successfully, believing that the roles complemented each other.

For others, having one person fill both roles isn't such a good idea. Having someone other than the CEO act as the chairman ensures that he or she will look at the firm more objectively, a firm chairman told THE ZWEIG LETTER. Separating the roles also makes it easier for the CEO to be held accountable by the board, another said.

In his editorial, Mark Zweig discussed two essentials for every small business: being ethical and treating people well.

"Being ethical and treating people well, and the resulting good reputation that comes from it, is especially critical in an A/E/P or environmental firm. Our companies tend to be one of two types of firms— either local or regional service providers that are thoroughly plugged into the communities we work and operate in, or highly specialized service providers serving one or more tightly defined client market sectors," Zweig wrote. "The important thing to remember is in either case, bad news travels fast. If you do something unethical— such as not pay a subconsultant promptly after you as the prime were paid by your client— tongues will wag, and it will hurt your ability to team with good subs in the future."



the Zweig letter

THE VOICE OF REASON FOR ARCHITECTURE, ENGINEERING & ENVIRONMENTAL CONSULTING FIRMS

Issue 593: January 3, 2005 | A ZweigWhite Publication

Two essentials for every small business

> Being ethical and treating people well are the cornerstones to every good business.

I'm getting ready to start teaching a course at The Sam M. Walton College of Business at the University of Arkansas in Fayetteville this spring semester. It will be a class on entrepreneurship— more specifically, small business start-up. I'm quite excited about it. And while the timing wasn't fantastic (next fall would have been better), small business start-up is fascinating to me. I didn't want to say "no" and lose the opportunity to teach this class.

When the College asked me if I wanted to use the textbook they had used previously for this course, I asked to see a copy of it. What they sent me was a book titled, "Small Business Entrepreneurship, An Ethics and Human Relations Perspective," by Lavern S. Urlacher, published in 1999 by Prentice-Hall, Inc.

You need to do two things to stay in business: Be ethical and treat people well.

My first reaction was, "This isn't going to be what I want to use. I want to teach these students about how to start and grow a small business, not a bunch of human relations stuff!" I thought (incorrectly) that this book was probably written by some well-meaning, but misguided academic who didn't really get what this subject was all about.

Then, I took the time to do a little reading and found out, as is often the case, that my first reaction was just plain wrong. It's a great book that's well-written in plain, clear language, and I got two really big points out of it— no matter how good your idea or how great your product or service, you need to do two things to stay in business: Be ethical and treat people well, both inside and outside of the company. These are so fundamental the author refers to them as "bridges."

He's right— these are fundamental. And I think we need to constantly remind our employees (and ourselves) of how important these two things really are because it is these two things that can either make or tarnish our reputations.

Being ethical and treating people well, and the resulting good reputation that comes from it, is especially critical in an A/E/P or environmental firm. Our companies

New vs. Repeat Clients

Do you get the majority of your work from new clients or repeat clients?

Source: 2004 Marketing Survey of A/E/P & Environmental Consulting Firms (ZweigWhite)

For a related article on getting more business from your existing clients, see page 6.

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Next week:

> Mark Zweig talks about the truth regarding mergers and acquisitions.

The Zweig Letter

20 years ago

HEADLINES Editorial: Institutionalize your success | Audio tapes | Marketing

This story, titled "Audio tapes," arches back to a time when many A/E firms spread the knowledge through reels of taped seminars. This was the case back on Jan. 2, 1995, when THE ZWEIG LETTER published the article (issue #91).

Don't laugh. It may sound like the Stone Age, but today don't podcasts and webinars serve precisely the same purpose?

That said, the article offers a few suggestions that can be easily applied to podcasts or webinars:

1. Set up a library.
2. Target specific people in your firm to receive certain tapes.
3. Select tapes to listen to based on your situation.
4. Recognize the limitations of audio tapes. Comprehension may not be as good as reading.

In his editorial, Mark Zweig wrote about institutionalizing your success. By that he meant "getting your firm to the point where it can be successful without you having to maintain a 150% motivation level every day, or work 70 hours every week."

zweig group

OPINION

Looking forward to 2015

The outlook is brightening and that means more work for everybody.

Bernie Siben

THE FAST LANE

My business is mostly proposals and strategic/marketing planning. The proposal side of the business is all about overflow. When an A/E firm marketing department becomes "overcommitted" and a new RFQ or RFP that seems to "have their name written all over it" appears, I get a call. While the economy finally appears to have turned the corner, the A/E business has lagged somewhat behind.

On the private sector side, companies were holding onto their cash, waiting to make sure the recovery was real – and hoping the rate of recovery would pick up – before they made any investments in plant and/or inventory.

> For those areas that touch most heavily on the A/E industry, this is a very positive outlook for residential, commercial and industrial development, all of which will continue to feed public and other private sector markets, especially that of public infrastructure.

On the public side, the tanking of the real estate market and subsequent precipitous decline in home values gave cities and counties a near apoplectic wake-up, as shrinking property tax revenues forced them to get really stingy about providing services – often having to make across-the-board cuts in those services.

On both sides of the business, RFQs and RFPs in most sectors were fewer and farther between. There was little need for outside proposal writers – even among firms with no bias against outsourcing their marketing activities.

So the last few years have not been a picnic for many independent consultants; many of them have given up, closed their businesses and taken full time employment.

As 2014 began, I allowed myself to feel hopeful about my firm's future prospects, partly because I was seeing some of my clients experience growth – in one case, phenomenal growth. But I was still in "hand-to-mouth" mode for the early part of the year.

At the halfway point of 2014, I began to feel like I was seeing more requests for meetings to discuss my services. A few of these led to new clients, which is always a thrill. My favorite client decided to make a strong push into the public sector and gave me six opportunities this year.

I even got the opportunity to work for a client outside the A/E world – something else I was trying hard to achieve.

As of this writing, I visit 50-plus public sector websites once or twice each week looking for RFQs and RFPs that might interest my clients. These sites include Texas cities, counties and regional transit agencies, as well as a few state and federal websites. Many of my opportunities this year have come from this activity.

Every time I look at these sites, there seem to be more and more solicitations for professional services, particularly among the cities and public transit agencies. This increase strengthens and validates my more positive expectations for 2015.

With land development seeming to drive growth in a lot of other sectors, I asked Will Schnier, CEO of **BIG RED DOG Engineering | Consulting**, a fast-growing Texas engineering firm that operates in both the public and private sectors, what he was anticipating for 2015. He said: "All market indications tell us we're going to see an increase in single-family residential projects in San Antonio and Houston. A shortage of available tracts of unencumbered land will ultimately slow new single-family growth within the Austin city limits, pushing that growth toward suburban

See BERNIE SIBEN, page 8

OPINION

Losing valuable people?

A test of your staff's commitment to you so you know what to fix.

Ed Friedrichs

FROM THE CHAIRMAN

Architects and engineers are seeing increased activity in the marketplace and firms are hiring. This is not news to most of you, I suspect. It certainly is the case with the firms I'm working with today. In fact, some firms have a voracious appetite for additional talent and are aggressively poaching from other firms. How secure and committed to your firm are your employees?

I've frequently mentioned the Gallup book, "First Break All the Rules" and am reminded daily of the pertinence of their 12 key questions regarding workplace moral. Their message is simple. If your people answer yes to these 12 questions, they are "deeply committed" to their work, and by extension, deeply committed to the firm that they are a part of. Here they are:

1) **Do I know what is expected of me at work?** (Do my team members have clear job descriptions, and clarity around projects, tasks and expectations?)

2) **Do I have the materials and equipment I need to do my work right?** (Do they have the resources they need to succeed in their role?)

3) **Do I have the opportunity to do what I do best everyday?** (Do you have people in the right jobs, where they can use and build on their strengths?)*

4) **In the last 7 days, have I received recognition or praise for doing good work?** (When was the last time you praised the individuals in your team? If it wasn't in the last week, it's not regular enough. People crave recognition – your role as leader is to encourage and cheerlead your team.)

5) **Does my supervisor or someone at work seem to care about me as a person?** (Do you know who your team members are as people, not as employees?)

6) **Is there someone at work who encourages my development?** (Do you provide opportunities for your staff to learn new skills and feel like they are moving forward?)

7) **At work, do my opinions seem to count?** (People leave managers, not jobs. What structure do you have in place for your team members to provide their feedback? And do you listen when it's given?)

8) **Does the mission/purpose of my company make me feel my job is important?** (Do your team members know how their role fits into the bigger picture?)

9) **Are my co-workers committed to doing quality work?** (Are you letting poor performers set the standard or are you encouraging people to lift the bar? The standard your walk past is the standard you set. Good performers can be demoralized if poor standards are accepted in others.)

10) **Do I have a best friend at work?** (Are you providing opportunities for your team to grow supportive relationships at work? Work is a big part of their lives, so it's vital for people to have fun and friendship.)

11) **In the last 6 months, has someone talked to me about my progress?** (Are you providing regular reviews and feedback to help people with a sense of direction at work?)

12) **This last year, have I had the opportunity at work to learn and grow?** (Are you providing opportunities for advancement?)

Environments that foster a culture built around each of these ideas won't easily be found elsewhere. If your people know that it is your intent to build your firm on these principles, they'll also be more likely to explore what it's like in the firm that's trying to lure them away.

I've used these questions with firms I've worked with to help leaders determine how well they're doing. Buy the book, use SurveyMonkey to poll your staff, and you'll learn very quickly how vulnerable you may be. If anyone who is part of

See ED FRIEDRICHS, page 8

FEEDBACK

Money-makers should offer insight

Sometimes resentment results from lack of understanding about intensity of selling.

In his editorial "Resentment for the money-maker," published Nov. 17 (issue #1080), Mark Zweig wrote about how top performers are often the target or resentment inside AEC firms. Carrie Stallwitz at Witz PR wrote:

Mark -

I just read your article and needed to reply...

I've witnessed this many times too (not as The Money Maker or The Resenter, just a bystander!). I think the resentment sometimes stems from misunderstanding. I saw this the most when it came to seller/doers responsible for business development. Client lunches, golf outings, fancy dinners – the non-sellers view all those efforts as just the "fun" stuff. Yet until you do it, you don't know how much work it is, and how tiring that can be. And of course after the "fun," all the work is still waiting to be done too. I think it helps when The Money Maker offers insight into what they actually do; invite others along to a client lunch, explain the goals of working the room at a networking function, and be a mentor to those who want it. Not every person is cut out to be a seller/doer, but every person at a firm has a vested interest in the firm's performance.

Thanks for your always-insightful column.

- Carrie

Mark Zweig responds:

Thank you, Carrie! You and I have shared those observations for sure. All the best to you!

- Mark

ED FRIEDRICHS, from page 7

your leadership team thinks this is nonsense, perhaps it's time for new leadership, because people who answer yes to each of these questions are simply not interested in going somewhere else. Environments that foster a culture built around each of these ideas won't easily be found elsewhere. If your people know that it is your intent to build your firm on these principles, they'll also be more likely to explore what it's like in the firm that's trying to lure them away.

** I also highly recommend another Gallup book titled "Now Discover Your Strengths," which elaborates on point 3 above.*

EDWARD FRIEDRICHS, FAIA, FIIDA, is a consultant with Zweig Group and the former CEO and president of **Gensler**. Contact him at efriedrichs@zweiggroup.com.

BERNIE SIBEN, from page 6

markets. The majority of the residential growth in Austin will be focused on high-density infill development and redevelopment. We've already seen a significant increase in commercial projects, including office and hospitality uses, in the Austin area in 2014 and expect that to continue in 2015. Industrial and multifamily growth is expected to remain positive in Houston in 2015."

And since the Internet has been full of stories in the last few months about rising housing values all across the United States, I have to anticipate that there will also be a similar resurgence of development and infrastructure-related projects nationwide.

On Dec. 16, the projections for 2015 from "Kiplinger's Economic Outlooks" (www.kiplinger.com) include business spending up 7 percent, housing starts up 20 percent, new home sales up 25 percent, unemployment down to 5.3 percent by year's end and retail sales up 4.5 percent.

The combination of renewed interest in development and industrial investment, along with the rising home values and the expected rise in property tax revenues – hopefully to previous levels – should lead to the initiation of utility (water wastewater, storm sewer, etc.) and transportation infrastructure (residential street, county road, state and interstate highway, bridge, airport, public transit, etc.), projects that were tabled over the last several years due to the lack of funds.

All in all, for those areas that touch most heavily on the A/E industry, this is a very positive outlook for residential, commercial and industrial development, all of which will continue to feed public and other private sector markets, especially that of public infrastructure.

For independent marketing consultants like me, this hopefully indicates more frequent instances of "overcommitted" marketing staff, resulting in a greater need to outsource marketing activities or grow internal marketing staff, leading to increased opportunities to do what we do best – assisting A/E and related firms win work, grow and prosper.

BERNIE SIBEN, CPSM, is owner/principal consultant of The Siben Consult, LLC, in Austin, TX, providing strategic and marketing services to AEC, environmental and other firms nationwide. Contact him at 559-901-9596 or bernie@sibenconsult.com.

OUTLOOK

2015: The year of engagement

Firms are seeing more work and putting more effort into keeping employees engaged and happy.

By LIISA SULLIVAN
Correspondent

Kimberly Filion, Director of Finance and HR, JMZ Architects and Planners, P.C.

Janie McDermott, Director of HR, Principal, BRPH Architects – Engineers, Inc.

The New Year is here – an opportunity for a fresh start. So, what are you planning to do to keep employees engaged and happy to come to work this year? After all, a happy employee is one who stays.

Little things mean a lot. Sue Slade, HR manager, **Spicer Group, Inc.** (Saginaw, MI), a 161-person professional engineering, land surveying, community planning and architecture services firm, says that a few years ago they started an in-house group called the Employee Appreciation Committee. This committee looks for opportunities to thank employees in small ways.

The committee comes up with creative ideas to have fun at work that don't require a lot of time or money, and employees really seem to enjoy taking part in the activities. A few activity examples include:

1) Team contests (where groups compete and share prizes)

2) Lottery tickets (where everyone has a chance to win)

3) Employee appreciation week (each day of the week there is a focus on something different, such as lunch for the entire staff, small treats in mailboxes, chair massages in the office, build your own ice cream sundaes, etc.)

4) During hunting season, Spicer Group holds "Buck Hunting" activities for those who've been "left behind" at the office

5) Paycheck lotteries (10 random numbers are drawn and the winners get a small cash prize or gift certificate)

6) During the Olympics, Spicer Group organizes small competitions and gives out gold, silver, and bronze awards made from large Peppermint Patties.

"Nothing we do is time-consuming or expensive," Slade says. "And, the employees have fun participating. These past few years have been very busy and employees at Spicer Group work hard. They look forward to these employee appreciation events, so the plan for 2015 is to do more of the same. It may not sound like a lot, but it works."

Getting busy. Kimberly Filion, associate, director of finance and human resources at **JMZ Architects and Planners, P.C.** (Glens Falls, NY), a 25-person firm, is pleased to say that work is what is keeping people's spirits lifted.

"Work has been slow for the past 18 months or so, but we are now looking at a backlog of more than 33 months," she says. "Our goal is to keep our employees engaged by offering them the opportunities to work on unique projects that have come our way. They are all looking forward to being busy again."

> "Our goal is to keep our employees engaged by offering them the opportunities to work on unique projects that have come our way. They are all looking forward to being busy again."

BRPH Architects – Engineers, Inc. (Melbourne, FL), a 280-person international architecture, engineering design, and construction services firm, has also seen an increase in workload.

Janie McDermott, director of human resources, principal, says that with this increase in workload comes more demand on employees.

"We understand that more work means more time spent at the office by our team members. One way we show our appreciation is through a weekly effort called 'Fun Fridays'," she says. "Throughout the year, we host a fun activity during working hours on Fridays for our employees to enjoy. This helps break up the day and powers them through the work week."

One of the most popular Fun Friday events are chair massages. Massage therapists visit the offices for the afternoon and employees can sign up for 15-minute massages. Other popular events include scheduled visits from the ice cream truck.

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ON THE MOVE

SYSKA HENNESSY HIRES Syska Hennessy Group, Inc. (New York, NY), a global consulting, engineering and commissioning firm, announced that healthcare engineering specialist **Harish Chopra** has joined as an associate partner and regional Healthcare Practice leader. He will be based at the firm's Chicago location.

In his new role, Chopra will be responsible for further growing Syska Hennessy Group's already strong healthcare engineering practice, which has designed more than $5 billion of new or renovated medical facilities across the country in the last five years alone. As a firm, Syska Hennessy Group is renowned for its wide range of healthcare engineering services including the master planning, renovation and new construction of acute care hospitals, children's hospitals, ambulatory care centers, tertiary care facilities, medical research facilities, academic medical centers, vivariums, and military hospitals.

Chopra has over 20 years of overall general engineering experience with more than 12 years of specific healthcare sector proficiency. He has significant experience designing energy-efficient systems that are also beneficial for patients, staff and visitors at healthcare facilities. The addition of Chopra adds to the leadership depth of Syska Hennessy Group's Chicago location, which has enjoyed a substantial increase in clients over the last few years.

Throughout his career, Chopra has served in various roles, including principal, project manager and project mechanical engineer on a number of healthcare projects of varying scope and complexity in healthcare facilities throughout Michigan, Illinois and surrounding Midwestern states. Prior to joining Syska Hennessy Group, Chopra was a principal at **Ted Jacob Engineering Group**, an MEP consulting engineering firm working primarily on healthcare projects.

TERRATHERM HIRES TerraTherm, Inc. (Gardner, MA), a 70-person provider of environmental thermal remediation services and technologies, announced that highly respected health and safety expert **Brian Duffy** has joined the company as Corporate Safety & Compliance manager.

"TerraTherm is fortunate to have someone in this position with his experience, credentials and practical approach. With the number of projects in the operation and construction phase, timing couldn't be better for us to 'up our game' with a focus on safe practices," said John Bierschenk, TerraTherm CEO and president.

Duffy brings more than 13 years of experience in identifying, evaluating and controlling workplace exposures to hazardous chemicals and other safety and health hazards at leading companies in the industry, such as Raytheon, **Tighe & Bond, Inc.**, and **URS Corporation**.

Duffy is currently working with management and field staff at all project locations to provide cost effective strategies to minimize site hazards. Additionally, Duffy is establishing a new Safety Committee, updating written compliance programs, and developing a new safety and health training program.

ARUP APPOINTS Arup (London, UK), a multidisciplinary engineering and consulting firm with a reputation for delivering innovative and sustainable designs, announced the addition of three senior engineers in its Los Angeles office. **Richard Prust**, principal and geotechnical skills network leader; **Saif Hussain**, associate principal and senior structural engineer; and **Robert Tomlinson**, associate and senior mechanical engineer further enhance the firm's practice and represent nearly 100 years of combined technical expertise in their respective fields.

Prust is a principal in the infrastructure group and Arup's geotechnical skills network leader in the Americas. Prust is a civil engineer with over 25 years of experience leading major infrastructure projects on multiple continents. His expertise ranges from geotechnical engineering to multidisciplinary project management of major transportation projects worldwide.

Prust joined Arup's London office in 1988 and has worked in Arup offices on three continents during his tenure with the firm. He recently relocated from Arup's Seattle office to expand the leadership of the infrastructure and geotechnical group in Los Angeles.

Hussain recently joined Arup as an associate principal and senior structural engineer. Hussain has more than 35 years of professional experience specializing in the analysis, design, evaluation, review, and construction of complex projects worldwide. He is internationally recognized for his expertise and work in seismic hazard evaluation and mitigation methods, such as performance-based seismic engineering, seismic base isolation, and energy dissipation.

Tomlinson recently joined Arup as an associate and senior mechanical engineer, bringing 37 years of mechanical engineering and MEP project team leadership experience. Tomlinson specializes in mechanical HVAC engineering, energy systems design and analysis, and MEP project management for a wide range of building types, including hospitals, laboratories, central plants, university buildings, high-rise office buildings, retail/entertainment, public assembly, aviation facilities, justice facilities, and transportation facilities.

ARCADIS HIRES ARCADIS, a natural and built asset design and consultancy firm based in the Netherlands with a U.S. division based out of Highland Ranch, Co. announced it has hired **John Kersten** as a market development manager to support global growth initiatives of the planning and business advisory market sector. Based out of ARCADIS' Orlando office (Maitland), Kersten will work to expand the size and scope of the planning and business advisory practice from capabilities, client and geographic reach perspectives.

"John is an expert at helping clients recognize opportunities for increased operational efficiency and project funding strategies," said Raul Torres, director of ARCADIS' planning and business advisory practice. "His ability to bridge capital project development programs with funding approaches enables clients to move needed infrastructure improvements."

Kersten joins ARCADIS with more than 25 years' experience providing financial advisory consulting on a variety of projects associated with water/wastewater, electric and natural gas utilities. His experience includes the full range of utility finance issues, including transaction due diligence, utility efficiency, debt issuance support, valuation analyses for acquisitions and mergers, alternative capital financing analyses, utility formation/regionalization, ratemaking/cost of service and strategic and business planning. Kersten has provided business advisory services for 25 of the top 50 largest cities in the U.S. He has guided more than 100 water and electric bond issuers through the bond market process that resulted in more than $5 billion of proceeds for clients.

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These events are scheduled weekly throughout the year and are in addition to regular events planned by BRPH's recreation committee, which is in charge of hosting monthly birthday celebrations, holiday luncheons and company picnics.

"We also offer employees flexible work schedules so team members have more control of their schedules," McDermott says.

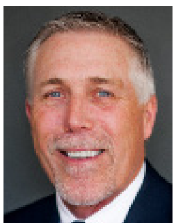
FINANCE A SUPPLEMENT OF THE ZWEIG LETTER

CONTRACTS

How to avoid nickel and diming

Better evaluation and pre-design planning will help mitigate most issues, but if change orders occur, discuss openly and take measures to avoid habit creation.

By LIISA SULLIVAN
Correspondent



Jon Lindberg, Principal, GALE Associates, Inc.

Michael Jansen, CEO, IIW, P.C.

Brad Strittmatter, President, Olsson Associates.

No one likes to be nickel and dimed. So, what can A/E firms create clearer contract terms from the get go to ensure that clients do not fall prey to these tactics? Clear communication and sticking to your guns seems to be the best strategy.

Understanding not if… but when… Jon Lindberg, principal, **GALE Associates, Inc.** (Weymouth, MA), a 100-person engineering and planning firm, says that clear contracts start with a well-defined and communicated scope of services, followed by a well-written contract that provides fairness in its terms and conditions, while allowing the professional to operate within the "standard of care" for their industry and discipline.

"These things aside, helping a client understand that change orders will happen is critical for a relationship," he says. "No designer can write a perfect specification. Importantly, the use of 'unit price items' in the contract and bid forms to define the costs associated with unknown quantities will help take some unknowns into account in advance."

Lindberg further explains that client expectations have to be communicated during the design and preconstruction phases with the use of contingency budgets, along with constant reinforcement that change orders (or COs) can – and most likely will – happen.

Overall, the better the evaluation and pre-design planning, the better the communication, the better the design package, the more accurate the documents and the less potential for COs.

However, all projects should expect and plan for some COs.

"We have found that when communicated from the beginning, all parties understand the costs better and are more likely to maintain strong partnerships, leading to pleased clients. And we all know a happy client is a returning client," Lindberg says.

Accentuate the positive. **IIW, P.C.** (Hazel Green, WI), an 80-person civil engineering firm, draws from past experiences to plan for future contracts.

Michael Jansen, CEO, says that past experiences will often shed light on specific services that may need to be added during a project – whether or not they are part of the initial scope. Citing specific examples is an effective way to enhance a mutual understanding of the project responsibilities and needs. Jansen says these first two steps are the most important:

> "Helping a client understand that change orders will happen is critical for a relationship. No designer can write a perfect specification."

1) **Meet in person**. A client's appreciation of the value of a firm's services depends heavily upon how the firm communicates with them. In turn, IIW has the opportunity to communicate how its services align with the client's objectives.

2) **Approach contract changes positively**. Rather than viewing a conversation about contract changes as a burden, approach it as an opportunity to build a stronger relationship with the client. If the initial contract negotiation was beneficial to the relationship, and you did what you said you would do up to that point in the project, the conversation on contract changes starts from a much more positive place.

Under versus over. Brad Strittmatter, president, **Olsson Associates** (Lincoln, NE), a 900-person engineering and design firm, says that in today's world firms often intentionally under scope a project knowing the client will need additional services along the way.

"This skews the client's initial evaluation of competitive proposals, unless that client is intimately knowledgeable of the work and cost structure that

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TRANSACTIONS

NELSON ACQUIRES In a move that marks 2014 as a record-setting year, **NELSON** (Philadelphia, PA), a 500-person global design, architecture, engineering and consulting services firm, has acquired **EHS Design** (Seattle, WA), a full-service design firm. This is the fifth merger for NELSON in 2014 and marks a year-end revenue growth of 60 percent for the firm – ranking them at the very top of the industry's high growth firms.

EHS will bring more than $3.5 million in net fee billings and 21 Seattle-based teammates. With the consummation of this transaction, the firm will have grown annual net fee revenue by $24 million – 60 percent growth, to 65 million dollars annually. This move significantly expands NELSON's reach into the western U.S., anchored by a new hub office in Seattle.

Founded by Jack Emick and Mindy Howard in 1977, EHS Design developed an impressive client list and reputation through dedication to their clients and a unique and empowering culture. Rapid success ensued, and with the firm merging with **Paul Seibert & Associates** in 1992, continued its evolution into a full-service design firm with emphasis on corporate interiors and architecture for retail, financial, civic, government and multi-family residential clients.

"Our vision for NELSON has led to just under 30 mergers throughout the past 14 years," said John "Ozzie" Nelson Jr., chairman and CEO of NELSON. "This joining achieves one of NELSON's goals to continue to expand our services to new strategic geographies."

A part of the transition is the shift of firm management to Mia Marshall, who will take over the reins as managing principal of the Seattle office as part of the expansion.

The deal became effective Jan. 1.

DOWL HKM ACQUIRES **DOWL HKM** (Anchorage, AK), a full service planning and engineering firm, announced the addition of **Buckhorn Geotech**, a 25-person civil, structural, and geotechnical engineering firm, to its portfolio.

Buckhorn is headquartered in Montrose and Gunnison, Colo. and has a strong presence on the Western Slope that will help solidify DOWL HKM's position in Colorado. DOWL HKM will merge its Montrose office with Buckhorn's office. This will result in three DOWL HKM offices in Colorado.

DOWL HKM President Stewart Osgood said the acquisition makes strategic sense, but more importantly benefits both DOWL HKM and Buckhorn's clients.

"Buckhorn brings additional, local experience to our Colorado clients," Osgood said. "At the same time, DOWL HKM offers Buckhorn's clients a full-service firm. We are going to do our best to delight them with our expanded services so they'll choose us for all of their project needs."

DOWL HKM now has 24 offices with 425 employees throughout Alaska, Arizona, Colorado, Montana, Oregon, North Dakota, Washington and Wyoming.

FIRMS JOIN FORCES **CannonDesign** (Grand Island, NY), a large integrated global design firm, is acquiring and merging with **Astorino** (Pittsburgh, PA), a multidisciplinary firm, in a deal that strengthens processes, assets and opportunities for both firms. The merger increases collective capabilities, opens new markets and enhances value for clients.

The firms cited their close alignment on values, vision and culture as the foundation of the new relationship – both CannonDesign and Astorino place a premium on design solutions that address unique challenges faced by clients.

"Together, our talented professionals will pursue outcome-based design solutions that optimize our clients' performance," said Gary Miller, co-chairman and CEO of CannonDesign. "This merger brings added value and opportunity to both organizations."

The merger also extends CannonDesign's presence in the markets Astorino currently serves and positions the firm to expand capabilities into industry innovations for project delivery offering increased choices for clients. A Design Led-Design Build division to be led from the Pittsburgh office will advance innovative methods for project delivery. Louis Astorino, Jr., who spearheaded Astorino's Design Led-Design Build practice group over the last decade, will lead this strategic growth initiative nationwide.

"CannonDesign is a recognized global leader, and we've partnered on projects in the past," Astorino said. "We are compatible in culture, and complementary in talent, experience and capabilities."

While strengthening the firm's existing focus on healthcare, education and corporate commercial markets, CannonDesign will gain access to Astorino's breadth and depth of talent and experience in both standard architectural services as well as innovative processes in research, design and construction. The firm also will gain access to a valued network of relationships in Pittsburgh and Abu Dhabi, vibrant regions with high growth potential.

NICKEL AND DIMING, from page 11

is being proposed," he says. "When this happens, we often do not provide a proposal if we know our competition is going to use this strategy, unless we are confident our client understands the apples to oranges comparison of proposals at the outset. If they do, we are able to properly scope the project and include appropriate fees."

Strittmatter finds that this is the best way to avoid change orders that appear to the client as nuisances or for work that should have been included in the original contract.

Alternatively, when faced with situations where Olsson is already under contract and the client has requested additional scope that is small, but measurable, before sending change orders for small fees they evaluate the total current and expected workload with that client.

"In most cases, if we believe we are in a situation where 'nickel and diming' with change orders is justifiable, we will contact the client for an in-person conversation as to the cause," Strittmatter says. "We will evaluate our original understanding of the scope, the client's expectations, and specific requests by the client's project manager that might be causing the need for frequent minor change orders."

Strittmatter offers three tips for creating more accurate contracts:

- Communicate with your clients about project scope and contract type options (sell value, not time) well before the project contract is drafted.
- Don't be afraid to approach your clients about the competitive forces in play that will create nickel and diming situations.
- Stay true to your belief in how you do business. If nickel and diming is not part of your strategy, do not fall into the trap of doing so for the sake of earning a few dollars, even if it requires walking away from a project.