

## Entrepreneurial thinking

Show paints difference between risk-takers and everyone else. Mark Zweig shares some additional food for thought.

Getting a critical mass of people who understand that growth is a mandate and not just something you do when everything else is perfect is also going to make life easier for you. It isn't easy – but you have to keep recruiting.



Mark  
Zweig

### EDITORIAL

Watching “Shark Tank” episodes back-to-back last night was a great case study in the differences between entrepreneurs and most other businesspeople. It really got me thinking of entrepreneurs versus managers in the AEC business.

If you've never watched the show, you should. The “Sharks” (Mark Cuban *et al*) listen to pitches from people who have businesses or products they are trying to get the sharks to invest in. The sharks then either destroy them because of the lunacy (or idiocy) of their request or make them an offer – with or without the cooperation of another shark or sharks. Pretty cool deal. The sharks all put their own money into these businesses. Although I'm sure some aspects of the show are staged (I don't believe in reality TV that actually is reality), the main premise of the show is real. These sharks invest in business ideas pitched on the show.

One of the things you immediately notice about the sharks is they are quick to make a decision. Sure, they may ask a question or two, but they can decide whether or not they like a business or idea very quickly. Being quick to make a call is not how most people operate. They see that behavior as risky or

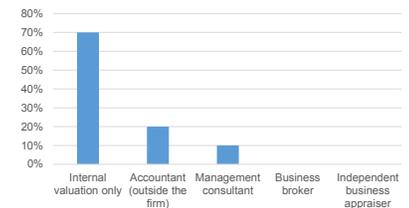
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## TRENDLINES

### Who performed valuation



Zweig Group's 2015 Mergers & Acquisitions Survey finds that the vast majority of A/E/P and environmental consulting firms performed internal valuations only for their latest acquisition. When asked who performed the valuation for their most recent acquisition, 70 percent of respondents said they only conducted an internal valuation. Twenty percent of valuations were done by an accountant (outside the firm). Only 10 percent of firms utilized a management consultant for their most recent acquisition. No firms reported having a business broker or independent business appraiser value their latest acquisition in this year's survey. – Leah Santos, Research Analyst Assistant

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irresponsible. But the sharks see any indecision as what it is (you can't make a decision) and lose interest quickly when would-be investment partners cannot immediately respond to their offer or offers. Sometimes I really feel sorry for the people who couldn't act when the opportunity was right in front of them.

Another thing you see with the sharks is they understand the value of a proven concept versus an untested one. When people who have actually gotten their businesses off the ground and running at a profit show up they are usually much more interested in them than in those who just have a product or idea. Credibility comes from what you have done. Regular businessfolk are often seduced by an idea or person. Sharks are more skeptical. They can be seduced – by performance.

The sharks aren't afraid to buck a trend. Just because four sharks may say "no" to someone doesn't mean a fifth shark won't say "yes." They are each very independent thinkers and can do their own thing. While they clearly have some respect for one another they don't shy away from disagreement. Nor are they shattered or disturbed if the other sharks don't go along with them.

The sharks are also very free with their opinions. Most of them aren't going to hold back whatever is on their mind – good or bad. Sure, that makes for good reality TV. But I don't think these people are acting. "Regular" businesspeople are typically much more reserved and fearful of hurting someone's feelings than these sharks are.

If you are reading this column, there's a good chance you could be a "shark" in what you perceive to be a tank full of other kinds of fish. It may be frustrating to you at times that the other folks you work with don't react as quickly as you do, or can't make a decision on something, or seem to be more worried about others' feelings than they are getting something done. Or maybe they just get easily seduced by unproven concepts that sound exciting. Whatever the case is, unless you are the majority owner and undisputed dictator in your firm you can't just push a button and make things happen (Hell, you can't do that even when you are the "dictator"). People have free will, they are intelligent, and they need to be convinced.

Even though you may have a stellar track record in every single thing you've done, not everyone is wired like you. The skeptics may see your success in spite of brashness more as a function of luck than skill. You need to sell them every single day on your vision and your ideas. Here are some thoughts:

- **Data helps.** People like information. Find the information that helps articulate the problem or opportunity at hand and share it.
- **Time helps.** The time you spend with people better allows you to share your logic and put it all together for those who may not see it.
- **Validation helps.** Small tests – and small successes – help build credibility. Big successes even more so! Look for validation and don't be afraid to share it.
- **Freedom of expression helps.** As the leader, it's your job to create that culture – and not just for yourself but for everyone. Everyone needs to know they can air their opinions. If they are wildly divergent from yours, you have to tolerate them, just as they have to tolerate your opinions. This culture of openness is essential to moving forward in spite of differences.
- **Recruiting more "sharks" helps.** Getting a critical mass of people who understand that growth is a mandate and not just something you do when everything else is perfect is also going to make life easier for you. It isn't easy – but you have to keep recruiting. Entrepreneurial thinking really can spread; it is something people can learn. I've witnessed firms in this business go through a complete metamorphosis.

An important point: Contrary to pop culture's generally accepted conventional wisdom, entrepreneurs are not better or superior human beings. They are different and like all individuals, each have their strengths and weaknesses. It's kind of like the tools in your toolbox. A box-end ratchet isn't an inherently better tool than a vise-grip pliers. Different tools serve different purposes

As the leader, it's your job to create (a freedom of expression) culture – and not just to create for yourself but for everyone. Everyone needs to know they can air their opinions. Entrepreneurial thinking really can spread; it is something people can learn.

and we need many kinds of "tools" (i.e., "people") in our tool chests. Entrepreneurs are simply often better equipped to run growing enterprises in a rapidly changing dynamic environment than more traditional managers. In my experience, we all need more entrepreneurial thinking! ▀

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**THE ZWEIG LETTER**

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# The need for an outside perspective

Hiring from within the industry can become incestuous, so be sure to look for outside expertise for fresh ideas.

By LIISA ANDREASSEN  
Correspondent



Steve  
McConnell,  
Managing  
Partner, NBBJ.

## GOOD TO KNOW

According to Hireology, a research company, the most innovative work often happens when people from different backgrounds come together. When current mindsets are challenged, the ultimate result is an all-around more stimulating environment.

Does recruiting talent outside the industry lead to innovation? According to the Management Innovation eXchange (MIX), an open innovation project aimed at reinventing management for the 21st century, it does. In many industries today, there tends to be a recycling of the same ideas, the report says. Companies hire from within their industry, which only serves to pass the same ideas from company to company. This practice does not incubate or even encourage transformational solutions; it simply reinforces the status quo.

“The environment for almost every industry is changing more rapidly than ever, putting a significant premium on adaptability and new ways of doing business,” says Alan Gard, consultant for MIX. “Completely brand new (good) ideas are few and far between, so repurposing old ideas is to some extent necessary. But if we are going to repurpose old ideas, why not apply them in a completely different context? This can be just as effective as a new idea and is likely to be way more efficient.”

**HOLISTIC EXCELLENCE.** NBBJ (Seattle, WA), a 750-person global architecture and design firm, appears to be embracing this concept. They recently appointed Juli Cook as COO to oversee the firm’s global operations. Prior to starting with NBBJ, she worked with a digital content, entertainment and licensing company and also has experience in the financial sector.

Steve McConnell, managing partner, says that the architecture and design professional services sector is based on a business model that dates back centuries, can be a bit too insular, and is ripe for innovation.

“Architecture is so much more than the creation of an artifact,” he says. “Architecture can improve worker productivity, systems performance, the health of patients inside hospitals and the overall experience of humanity. As we aspire to turn our industry from a ‘hardware-based’ to a ‘hardware-and software-based’ model, we seek expertise within and outside the industry to help us achieve our mission.”

McConnell says that Cook brings tremendous experience to NBBJ, having been a creative thinker and innovator at other companies. He explains that

she has a holistic understanding of operational excellence.

McConnell adds that they also took this same approach when recruiting a new CMO.

“We ended up hiring Tim Leberecht, who previously led marketing and business development at Frog, a brand development and marketing agency in San Francisco,” he said.

“Completely brand new (good) ideas are few and far between, so repurposing old ideas is to some extent necessary. But if we are going to repurpose old ideas, why not apply them in a completely different context? This can be just as effective as a new idea and is likely to be way more efficient.”

**WEIGH THE PROS AND CONS.** When it comes to cons, McConnell says that he has a difficult time identifying any negatives.

“We never want to fall into the trap of the status quo. In a fast-changing economy, and especially in a complex industry such as architecture, we should always question everything we do. Having Cook onboard allows us to get a fresh perspective on our business practices and initiatives. It also allows us to identify potential new revenue streams or ones that should be eliminated,” he says.

NBBJ hires strategic recruits from within and outside the industry. Ultimately, leadership finds that adding staff who are not traditionally from the field stimulates new thinking and direction, which is why they also have medical doctors, PhDs, economists, registered nurses and anthropologists on staff.

Hireology, a predictive analytics company, shares some pros and cons of hiring from outside the industry.

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## 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 2015 include 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/](https://zweiggroup.com/seminars/better_seller/).

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## OUTSIDE, from page 3

### The pros:

- **New connections for your business.** New hires from outside your specific industry will bring an entirely new network along with them. You never know when one of these connections will provide the helping hand you may need.
- **Innovative environment.** The most innovative work often happens when people from different backgrounds come together. When current mindsets are challenged, the ultimate result is an all-around more stimulating environment.

### The cons:

- **Careful consideration is needed.** Candidates who have no prior experience in the position you are hiring for are going to require a different kind of consideration than those who do. Be sure that you are willing and prepared to put in the time and to figure out who can make the transition.
- **More training time.** A new hire from outside the industry is going to need some time to assimilate into the role. They're going to need to learn the ins and outs of your industry and

“Architecture is so much more than the creation of an artifact. Architecture can improve worker productivity, systems performance, the health of patients inside hospitals and the overall experience of humanity. As we aspire to turn our industry from a ‘hardware-based’ to a ‘hardware- and software-based’ model, we seek expertise within and outside the industry to help us achieve our mission.”

they will need some additional guidance to do this. Before you decide if this is the right move for your business, consider how urgent your needs are. ▀

# Catch (and keep) rising stars

Several proven strategies that will help keep staff engaged and in place.

By LIISA ANDREASSEN  
Correspondent

## 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.

It's something you likely know, but we'll say it again... replacing staff members that leave can be costly and time-consuming. The solution? Don't let them go. Here are some tips to help you keep those rising stars.

**CREATE COOL SPACES.** A well-designed office can dramatically improve employee innovation, morale and even retention. Jeff Chaitman, workplace design expert and vice president at IdeaPaint, a business that helps other businesses work more efficiently, effectively and happily through intelligent workplace design, offers two recommendations to consider when designing effective workspaces:

■ **Create work environment choice.** Say goodbye to your elbow room. According to a 2013 Workplace Survey by design and architectural firm **Gensler** (San Francisco, CA), the average square foot of space per worker dropped from 225 to 176 square feet between 2010 and 2012, and it's expected to approach 100 by 2017. But this drop in personal space doesn't mean that the overall amount of office space is decreasing. Actually, many companies are using this reclaimed space to create diverse work environments that employees love, allowing them to have more flexibility in where they work, think, create, and engage with colleagues. That flexibility drives performance and innovation. In fact, companies that grant employees choice grew more and had one-third the turnover versus more traditional organizations.

■ **Give everyone a seat at the table.** Good ideas can come from anyone, from upper management to interns and new hires. Chaitman said offices that maintain open workspaces foster more democratic brainstorming meetings and therefore capitalize on the employee knowledgebase.

**FORM AN ESOP.** Due to the service-based nature of the industry, A/E firms realize that their employees are their most valuable assets and ESOPs have been used by A/E firms as a competitive edge to attract and retain top talent. A good industry example of how the ESOP structure can help add talent and grow a business is **HDR Inc.** (Omaha, NE), an 8,500-person architecture and engineering consulting firm, with more than 200 locations worldwide. It has been an ESOP since 1996. According to Terry Cox, CFO, "We have been able to use the ESOP culture to our advantage when it comes to successfully negotiating and integrating acquisitions. Most firms in the industry are private and

closely held, so the process of managing who gets ownership and how much is difficult. The ESOP allows new employees to see the huge opportunities of ownership, especially when people can relate their performance to firm value."

**INVEST IN STAFF DEVELOPMENT.** Job Science, a staffing software business, reports that offering staff a chance to sharpen their skills, develop new ones and obtain certifications or other education is a great way to keep them engaged. And you needn't fear they'll take their skills and leave so long as you offer them opportunities to use these new skills. This carries some expense, but is far cheaper than hiring on a replacement who may be similarly disaffected.

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**UNDERSTAND AND ENCOURAGE EXPECTATIONS.** Job Science also advises that you should be aware of staff who may be planning to leave within say five to 10 years. Understand these expectations and offer opportunities to keep those with a plan on track within your company (when possible) so that you don't have to replace them with someone who may become unfulfilled at some point as well.

For those of your employees who don't express goals and may seem content where they are, you need to dig in and encourage them to develop some goals if they don't have any. You could brainstorm with them on career plans and then identify opportunities for them to evolve – whether it's new responsibilities, a transition into management or a lateral move to another branch with an opportunity that could be a logical next step.

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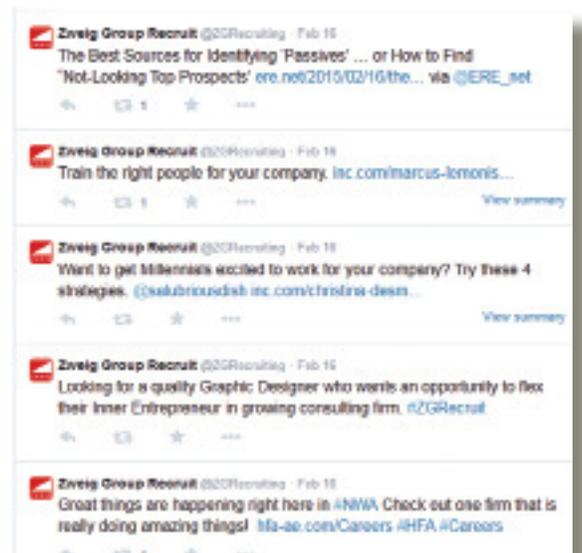
The consultants and experts at Zweig Group lend almost daily advice on Twitter. It's hard to capture everything, so every so often we'll do a recap of some of the most relevant posts in this space. Enjoy!

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# Marriage between marketing and HR

Will they finally say 'I do' in 2015, a year when the synergies are becoming more apparent.



Kelly  
Thompson

## GUEST SPEAKER

Years ago, human resources professionals focused primarily on personnel and their tasks were typically administrative in nature. Marketing professionals, on the other hand, didn't even exist in the design industry, since even the simplest forms of marketing were forbidden (based on the first Principles of Practice adopted by the American Institute of Architects in 1909). Fast forward to 2015, when these functions have become strategic forces in A/E firms. While it's obvious both groups have performed well independently, there seems to be some merit in having the two form a consortium.

Could it be that 2015 leads to a more formal marriage (cue in the pipe organ)? In addition to having complementary skills and talents, the two disciplines ultimately share a common goal – to attract and engage people in the mission/brand of the firm. It's true that HR typically attracts suitable employees and marketing is aimed at attracting the best clients, but it's all about leveraging people and people equal brand.

Why is now a good time for the two teams to tie the knot?

- 1) Brand and employee engagement.** Brand management at A/E firms is usually handled by the marketing department. Most of the energy expended in defining and building a brand aims to communicate your company's values, and its services and products to (potential) clients and other stakeholders. But wait, aren't the strongest brand ambassadors the people who work with your firm and who have been recruited by the HR team? When marketing and HR work together more proactively it's more likely that, whether internal or external, every interaction, engagement or mention supports the brand and consistently portrays the brand's intent.
- 2) Internal and external communication.** Communication is most effective when it's consistent. Internal and external perception undoubtedly influence each other and with HR and marketing more closely aligned there becomes an increased likelihood of adopting a mindset in which the recruitment experience is much like a client experience. It also encourages more active internal communications (starting during the first days of orientation) that demonstrate how employees should live the brand.
- 3) Talent acquisition.** You've heard the phrase "sales is recruiting is marketing." There is a war of talent

In addition to having complementary skills and talents, the two disciplines ultimately share a common goal – to attract and engage people in the mission/brand of the firm. It's true that HR typically attracts suitable employees and marketing is aimed at attracting the best clients, but it's all about leveraging people and people equal brand.

that continues to get more intense and recruiters have become salespeople. Much like marketers, recruiters have to build strong relationships and be able to sell candidates on the culture of the firm. This starts with well-branded, well-written recruiting ads that differentiate your firm and appeal to what motivates your target audience.

- 4) Innovation culture.** Did someone say differentiate? At **Little**, we've found our culture to be one of our top differentiators – both with clients and potential talent. While a culture of innovation should evolve organically, a combined team of HR and marketing professionals is more likely to proactively manage, refresh and refocus what can often be your biggest differentiator. Conversely, it could be the number one deal breaker in recruiting and retaining talent – especially millennials. How is your HR team capitalizing on culture at your next recruiting fair?

- 5) Social media outreach.** The Internet has become a place to share our most genuine selves; where professional and personal trajectories meet and sharing

See KELLY THOMPSON, page 8



## IN BRIEF

**REGULATIONS FOR DRONES** The Department of Transportation's Federal Aviation Administration proposed a framework of regulations that would allow routine use of certain small unmanned aircraft systems (UAS) in today's aviation system, while maintaining flexibility to accommodate future technological innovations. The FAA proposal offers safety rules for small UAS (under 55 pounds) conducting non-recreational operations. The rule would limit flights to daylight and visual-line-of-sight operations. It also addresses height restrictions, operator certification, optional use of a visual observer, aircraft registration and marking, and operational limits.

The proposed rule also includes extensive discussion of the possibility of an additional, more flexible framework for "micro" UAS under 4.4 pounds. The FAA is asking the public to comment on this possible classification to determine whether it should include this option as part of a final rule. The FAA is also asking for comment about how the agency can further leverage the UAS test site program and an upcoming UAS Center of Excellence to further spur innovation at "innovation zones."

The public will be able to comment on the proposed regulation for 60 days from the date of publication in the Federal Register, which can be found at [www.regulations.gov](http://www.regulations.gov). Separate from this proposal, the FAA intends to hold public meetings to discuss innovation and opportunities at the test sites and Center of Excellence. These meetings

will be announced in a future Federal Register notice.

"Technology is advancing at an unprecedented pace and this milestone allows federal regulations and the use of our national airspace to evolve to safely accommodate innovation," said Transportation Secretary Anthony Foxx.

The proposed rule would require an operator to maintain visual line of sight of a small UAS. The rule would allow, but not require, an operator to work with a visual observer who would maintain constant visual contact with the aircraft. The operator would still need to be able to see the UAS with unaided vision (except for glasses). The FAA is asking for comments on whether the rules should permit operations beyond line of sight, and if so, what the appropriate limits should be.

"We have tried to be flexible in writing these rules," said FAA Administrator Michael Huerta. "We want to maintain today's outstanding level of aviation safety without placing an undue regulatory burden on an emerging industry."

Under the proposed rule, the person actually flying a small UAS would be an "operator." An operator would have to be at least 17 years old, pass an aeronautical knowledge test and obtain an FAA UAS operator certificate. To maintain certification, the operator would have to pass the FAA knowledge tests every 24 months. A small UAS operator would not need any further private pilot certifications (i.e., a private pilot license or medical rating).

### KELLY THOMPSON, from page 7

passions enrich us as people, professionals and an industry. While a marketing department typically holds the reins to the firm's blog, opportunities to engage with potential talent on Facebook, Twitter and LinkedIn multiply if your HR team is in the mix. It's time both marketing and HR equally embrace a social makeover that works toward attracting/retaining top talent and clients alike.

**6) Industry presence.** HR and marketing teams collaborating on the aforementioned items will no doubt advance your industry presence. How your brand is perceived and what it stands for in the marketplace (based on your internal and external communication efforts) will be a critical consideration by your next new hires and clients. Of course an integrated social media strategy will bolster your industry presence and no doubt drive significant business impact.

If 2015 proves to be the right time for a more proactive, combined effort between human resources and marketing, I wouldn't count on a reduction in workforce or expense as some of this synergy and efficiency could be lost if resources are spread too thin. We may also see more hybrid positions that bridge the two groups: marketers with HR sensitivities and HR professionals with business-related acumen.

I can already imagine the possibilities of celebrity supercouple nicknames if the two say "I Do." HRketing, Marsources, Humarktg – maybe not quite as catchy as Kimye, Brangelina and Bennifer. ▀

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### RISING STARS, from page 5

**COMBINE AUTONOMY WITH FEEDBACK.** Exact Source, a talent solutions firm for the A/E industry, says that telling staff what management goals are and then letting them figure out how to deliver offers empowerment – circumstances most people desire. You then need to provide feedback as the work goes along – whether it's at milestones or timely increments. This feedback offers a balance of autonomy and critique that should keep staff engaged with their work.

**ASK AND REALLY LISTEN.** Ask what your employees really want, Exact Source also recommends. Don't do it in a for-

mal sit-down or poll, but just a casual chat. Ask what they like about benefits, what else they would like and what their friends and colleagues at other companies have that's different that they want. Some programs you may not be able to offer, others you may – but many you'll never even consider unless you ask.

Overall, Katy McDonald, COO at Exact Source, says that if you create a strong company culture, keep up to date with current compensation trends, structure incentives that reward in the short- and long-term, and create an environment where people want to be, where they are protected, safe, and treated fairly – they won't want to leave. ▀

## PEOPLE MATTERS

# The 'what to pay' quandary

Firms take many factors into consideration, including position specifics, cost of labor, and survey data.

By LIISA ANDREASSEN  
Correspondent



Liz Uzzo,  
VP of HR,  
H2M architects +  
engineers.

**I**t's a subject that can be a little touchy. Salaries. Discussions often take place behind closed doors in whispered tones. So, how do firms determine what to pay people? What variables come into play before an offer is placed on the table?

**CONSIDER MULTIPLE FACTORS, THEN GO FOR IT.** Liz Uzzo, vice president of HR, **H2M architects + engineers** (Melville, NY), a 265-person full service consulting and design firm, says that they rely heavily on multiple salary surveys to come up with pay ranges. They then reevaluate those ranges every two years. In addition, they also turn to the following to help determine fair salaries:

"What I've discovered over the last 12 months is that just about every candidate we meet is looking for more than what I see in surveys and what the market is paying."

- Data received from candidates during the interview process.
- Information from external recruiters.
- Network of established HR professionals.

"We generally pay at the market for most positions and we use a merit-based system," Uzzo says. "We certainly pay more for top performers."

All of H2M's offices operate out of a region with a similar pay scale. The difficulty is that being located on Long Island they have to compete with New York City salaries – and that can be challenging.

"What I've discovered over the last 12 months is that just about every candidate we meet is looking for more than what I see in surveys and what the market is paying," Uzzo says. "I think the last five years have hurt many in this industry and workers are trying to rebound and are asking for higher salaries to make a move."

Uzzo says that they do pay a premium for specialties for a position such as an HVAC engineer with healthcare industry experience. Those salaries are determined on a case-by-case basis.

"I think a lot will shake out in the next 12 months," she says. "It will be an interesting year for recruitment and retention."

Laura Hartman, senior manager, HR business partner at **Kleinfelder** (San Diego, CA), an 1,800-person global science, architecture and engineering consulting firm, says that they also take several factors into consideration when determining pay, including:

- Education
- Years of relevant experience
- Certifications/licenses required for the position
- Internal equity

An applicant's primary discipline can also make a difference in pay (i.e., a scientist versus an engineer; a geologist versus an environmentalist).

"We also ask for current salary (including breakdown of what is base compensation and what is bonus) and what the applicant's expectations are," Hartman says.

Much like what is happening at H2M, Hartman says that you will sometimes find salary expectations to be out of line for what the position is worth.

Kleinfelder uses a formula that calculates cost of labor versus cost of living.

"Cost of labor can be similar in two very different labor markets," she says. "So, to help us balance that out, we look at location and determine if the area is at the national average or above/below the national average based on our salary surveys and adjust compensation accordingly."

Hartman says Kleinfelder also relies on a number of salary surveys such as: ECCE, NECSS and FMI for industry-specific positions and Towers-Watson

See WHAT TO PAY, page 10



## ON THE MOVE

**SVT HIRES Tibor Menyhert** has joined **STV** (New York, NY) as vice president and chief information officer. He brings over 21 years of experience in information technology leadership and support. Menyhert will report directly to Milo Rivero, STV's president and chief executive officer.

"Tibor brings to STV strong business and technical skills and a keen awareness of IT's impacts on the technical and financial side of the business," Rivero said. "He is an expert in IT governance and planning and has extensive experience in global information technology."

Prior to joining STV, Menyhert was the vice president and chief information officer for the Power Group division of a multibillion-dollar engineering, construction contracting and power equipment company. There, he was responsible for the management of the IT group, aligning its strategy to meet the firm's worldwide business requirements. He also directed the planning, acquisition, development and operation of the firm's computer, telecommunication and information systems. Prior to that, he was with a major insurance firm, where he managed the IT infrastructure services of its corporate headquarters and 35 national offices.

Founded more than 100 years ago, STV has provided planning, engineering, architectural, construction management and environmental services for transportation, infrastructure, facilities and energy projects.

**FINLEY HIRES Finley Engineering Group** (Tallahassee, FL), a bridge design and construction engineering firm, has hired **Gene Stanger** as CADD manager to its growing. Stanger will provide support to the team of drafters by assisting in the development, implementation and execution of CADD standards.

Stanger has 27 years experience in transportation and bridge projects. Some notable projects include McCollister River Bridge over the Iowa River in Iowa City and Clark Street Bridge over Black Hawk Creek in Davenport. Stanger's career has been progressive and he has previous experience managing a group of drafting technicians. His responsibilities as a manager included establishing drafting standards, developing a CADD Manual, quality control of production drawings, as well as managing personnel, projects, and product.

Stanger will be assigned to the Bayonne Bridge Navigational Clearance Program Approach project in New York/New Jersey where FINLEY is providing construction engineering for the precast concrete segmental approach structures that are being built using a launching gantry.

"I'm looking forward to becoming part of the FINLEY team. A team effort brings amazing results when you combine an entire groups' experiences. Having the unique ability to grasp many software platforms and many engineering disciplines should be of benefit to a more specialized role as CADD Manager. It will be exciting to start working on the large-scale and more challenging bridge projects FINLEY is working on throughout the world," Stanger said.

"Gene brings a unique background that combines technological knowledge, as well as superior management skills. Gene's military background, prior management experience and his development and implementation of a CADD Manual and quality control will be an asset to our team. We work on some of the most challenging bridge projects and quality is our highest priority," said Craig Finley, President, FINLEY.

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### WHAT TO PAY, from page 9

for non-technical positions. They also subscribe to Economic Research Institute information.

**IT'S A PACKAGE DEAL.** Robert Coons, director of finance, **Randall Paulson Architects** (Roswell, GA), a 27-person firm, says that they always consider a person's pay as a whole package of items:

- 1) Salary – Not necessarily the highest in the market, but one they feel is appropriate considering the remainder of the benefits listed below.
- 2) Participation in a bonus pool for non-shareholder employees (which is comprised of a pre-determined percentage of the company's pretax cash profit).
- 3) 401(k) – Including a 4 percent match.
- 4) Health, dental, vision, long-term and short-term disability insurance, and life insurance – 100 percent paid for employee.
- 5) Three weeks of time off (four weeks after five years and a fifth week sabbatical after seven years with an extra paycheck).
- 6) Lunch "n" learns – monthly with a free lunch.
- 7) Company retreats (one per year that is overnight at a different location, and one in town for one day).

"For the most part, we try to base a new hire's base salary on the range of what category that we will be placing them in, and we search for the appropriate candidate that would best fit in that category," Coons says. "The other factors of what they are currently making and cost of living may come into play somewhat; but to a lesser degree."

As the interview process progresses, and the talk of pay comes up, Coons says that they attempt to emphasize the additional benefits on top of the salary as well as the ability to grow with an established and highly-thought-of design firm.

"The prospective hire may have a higher salary offer somewhere else, but when you consider our extra benefits, our offer may be superior," Coons says. "And we encourage them to compare the additional items on an apple-to-apple basis before deciding. We don't push the prospective new hire too hard in making up their mind, but lay out the facts. After all, someone who is only looking at procuring the biggest salary may not be the right fit for Randall-Paulson."

Like H2M and Kleinfelder, Coons reviews salary and benefit surveys to help to determine staff salaries – primarily, the biannual AIA salary guide, in addition to the Zweig Group benchmarking surveys on salaries, bonuses and benefits. ▀

## CASH POSITION

# Firms back in the money

Cash positions have improved since the dark days of the recession, thanks in part to conservative financial philosophies.

By LIISA SULLIVAN  
Correspondent



William Egan,  
CFO, EHS  
Support, LLC.

**H**ow does cash flow look these days? Are A/E firms liquid or are they strapped for dollars? These three firms say their cash position going into 2015 is looking pretty fluid.

**MONEY IN THE BANK.** William Egan, CFO, **EHS Support, LLC**, a 68-person environmental, health, and safety solutions specialist that is all virtual with no offices, reports that EHS is a fiscally conservative company that believes in responsible growth.



Susan Quiroga,  
CFO, Schnabel  
Engineering.

“Between cash and accounts receivable, we maintain a position of strength with regards to our available cash, receivables (that will turn to cash), and our overall liquidity that is available for operating capital purposes and to fund strategic initiatives.”



Brenda Nichols,  
Senior VP, CFO,  
Larson Design  
Group.

“Between cash and accounts receivable, we maintain a position of strength with regards to our available cash, receivables (that will turn to cash), and our overall liquidity that is available for operating capital purposes and to fund strategic initiatives,” he says.

Susan Quiroga, CFO, **Schnabel Engineering** (Glen Allen, VA), a 320-person civil engineering firm, says the company’s cash position looks pretty much the same as it has in the past.

And much like EHS, Schnabel maintains a somewhat conservative fiscal outlook.

“We have a philosophy of maintaining cash in the bank and not borrowing against its line of credit for operating expenses,” she says.

Brenda Nichols, senior VP, CFO, **Larson Design**

### CARPE DIEM

Bill Conerly, a former corporate economist turned economic consultant, wrote in a recent *Forbes* article that banks should do well in 2015, thanks to economic growth and higher interest rates. According to *Forbes’* economic forecast for 2015-2017, the economy will expand throughout 2015, prompting the Federal Reserve to boost short-term interest rates in the spring or summer.

*Forbes* says loan volumes will improve and consumers will continue to grow their credit, but only in pace with their overall income. Look to four to 5 percent consumer loan growth with the big gains being in commercial and real estate loans.

Commercial and industrial loans have three triggers: accounts receivable, inventories and capital spending. Receivables will grow along with the overall economy, about five percent. Inventories will probably grow just a little faster, as inventories grow or contract on more than a one-for-one basis with the overall economy. Capital spending, however, will be the largest force for greater C&I volumes. Businesses are loosening their purse strings and will do so even more in 2015.

As a result, it’s a good time for businesses to increase their bank lines. With the economy helping earnings and cash flow, you’ll want to make sure that your company has the working capital it will need – either in a boom or a bust.

**Group** (Williamsport, PA), a 270-person engineering, architecture and surveying firm, says the company’s cash position is also about the same as it was in 2014. However, their A/R and WIP (work in progress) is up, which leads to cash in an average of 54 days and 80 days respectively.

“Overall, our outlook for 2015 is stronger than it was in 2014,” she says.

**BANKS AT-A-GLANCE.** So, what about banks? Are they working with A/E firms? Are they friendlier than they have been in the past? Egan believes that banks have plenty of cash available for lending purposes, but that they may be taking longer to make decisions.

See MONEY, page 12



## TRANSACTIONS

**MILHOUSE ACQUIRES Milhouse Engineering & Construction, Inc.** acquired **Zroka Engineering, PC.**, a woman-owned structural engineering consulting and design firm. Both firms are based in Chicago. With the acquisition, Milhouse becomes the largest African American-owned engineering and architectural company in Chicago and one of the fastest-growing in the United States. Joining forces with Zroka greatly expands Milhouse's breadth of structural engineer capabilities and increases its market competitiveness, enabling the company to offer a broader, more diverse range of services in multiple practice areas.

"Zroka Engineering's advanced capabilities in structural engineering and design further diversifies our already broad portfolio of services and increases our value proposition to customers across multiple market disciplines," said Wilbur Milhouse III, president and CEO of Milhouse Engineering & Construction. "I am pleased to join forces with a firm that has a proven track record and deep talent bench that will move Milhouse closer to our goal of becoming the largest full-service professional engineering firm in the City of Chicago."

Milhouse offers civil, construction, environmental, mechanical-electrical, plumbing and fire protection, structural, and architectural services. It specializes in 11 markets including aviation, construction, education, energy, environment, facilities, healthcare, power, program management, parks and recreation, and water/wastewater. By joining forces with Zroka, the company will additionally be able to perform services for various types of structures.

Milhouse's structural team will be led by Deborah Zroka, a structural engineer with over 30 years of experience working in the transportation industry, including 23 years as a business owner; and Stan Kaderbek, director of Civil & Transportation, who has 38 years of experience in private practice and public service. He has also served as deputy commissioner/chief engineer for the Chicago Department of Transportation and commissioner of buildings for the Chicago Department of Buildings.

"On behalf of the staff and the entire executive team at Zroka Engineering, I want to thank Wilbur Milhouse for providing us with the vision to combine forces to expand our practice areas and capture additional market share," Zroka said. "I'm delighted to become a part of a company on the fast-track with a stellar reputation that has extended economic opportunity to professionals in the field. We look forward to collaborating and putting our combined market and business intelligence to work."

Founded in 2001, Milhouse has experienced exponential growth, winning competitive bids to work on high-profile projects.

**FIRMS MERGE TFMoran Inc.** (Bedford, NH), a regional full-service engineering firm, has merged with **MSC Engineers** (Portsmouth,

NH), a civil engineering and land surveying firm.

The merger allows MSC, now a division of TFMoran, to substantially expand its traditional survey and civil engineering services by adding structural engineering, landscape architecture, wetlands delineation, traffic engineering and construction inspection services, said Robert Duval, president of TFM.

"With the addition of MSC, an established engineering firm with a long history and solid reputation, we can offer more value and convenience to our clients not only in the Seacoast area, but throughout the region," Duval said.

The new office will retain the MSC name and current location at 170 Commerce Way in Portsmouth. The current staff contacts and phone numbers will also remain unchanged.

J. Corey Colwell, former president of MSC, will serve as Portsmouth division manager.

**MICHAEL BAKER INTERNATIONAL BUYS Michael Baker International** (Pittsburgh, PA) a global provider of engineering and consulting services, will further enhance its West Coast operations with the acquisition of **Pacific Municipal Consultants** (Rancho Cordova, CA). Offering planning, environmental and municipal services, PMC has award-winning expertise in environmental services and customized development projects, and is on the leading edge of climate change and sustainability planning. The firm has a diverse client base, 140 employees and seven offices in key California markets.

PMC is a privately owned company established in 1995. The firm delivers a wide range of capabilities to diverse and highly regarded public and municipal sector clients, including technical staffing for municipalities and public-oriented organizations.

"PMC brings a talented team of individuals to our organization in a region that is extremely important to Michael Baker International," said Tom Campbell, chairman of Michael Baker International. "PMC has an established reputation as a creative, client-focused industry leader and will be a major complement to our growing practice in environmental services."

"Joining Michael Baker International is a major strategic opportunity for PMC," said Phil Carter, president and founder of PMC. "Not only can we bring our expertise to Michael Baker International's client base, we can now expand our offerings to our current clientele. This also allows us to compete for large, high profile, complex engagements with greater project diversity."

Michael Baker International will integrate PMC into its Western Region operations, and Phil Carter will play a key role in the combined company. PMC offices are located in Rancho Cordova, Chico, Oakland, Monterey, San Diego, San Luis Obispo and Long Beach.

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## CASH POSITION, from page 11

He says that following the Patriot Act and the Great Recession of five years ago, banks are much more careful with their lending. He recommends that A/E firms in need of credit should start early and not wait until they need the money because it may be too late at that point.

"The issue is the process takes much longer than it used to, therefore the key is to put a line of credit in place before you need it and to ensure you have everything the bank will need to make the process easier," he says. "In order for the bank to lend cash, you need to instill their confidence re-

garding your ability to lead and grow your company."

Quiroga believes that banks are a bit friendlier to most industries. Why? In general, she attributes this behavior to improved economic conditions, but she also believes that the competition among banks to get new customers is forcing them to be more congenial and to offer deals that just weren't possible in the few years after the 2008 banking crisis.

Nichols says that LDG's relationship with the bank has never been strained. However, their borrowing needs have been minimal. ▀