THE ZWEIG LETTER

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June 1, 2015, Issue 1106

Killing your profitabililty

Highly profitable firms differ from others in 5 main areas; how does your organization stack up?

"There are some MAJOR differences in how highly profitable firms operate, how their people feel, and even how you feel when you walk in their doors."

Mark Zweig

EDITORIAL

When you see some A/E and environmental firms making record profits right now – and others still barely breaking even – you have to ask yourself: "Why?"

The truth is, there are some **MAJOR** differences in how highly profitable firms operate, how their people feel, and even how you feel when you walk in their doors, as opposed to the operations and feelings associated with firms that aren't highly profitable. Here are some of those differences:

1) **Highly profitable firms are NOT slaves to conventional wisdom.** They don't constantly look outside their firm to other mediocre-performing firms for management and marketing practices of that they can imitate and implement. They have confidence in their own abilities and instincts and instead only do what is best for their own firm. For example, just because many firms have a 12-to-one staff-to-owner ratio, doesn't mean they automatically strive to have a 12-to-one staff-to-owner ratio.

2) **Highly profitable firms eliminate unnecessary activities.** How many times have I written that too many meetings kill productivity and morale? Highly profitable firms get this idea. They know more people involved doesn't necessarily improve the quality of decision-making. They respect everyone's time and don't call meetings for things that don't require a meeting. Those big marketing meetings to discuss potential projects, for example, are usually a waste of time. Why have them? Ditto for formal performance appraisals. Tell people what they're doing well and poorly as it happens. And, why review time sheets before

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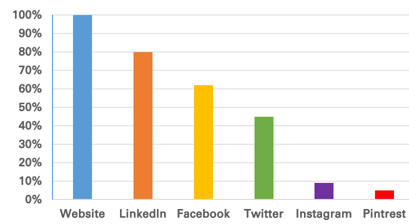
MORE COLUMNS

PLUS

TRENDLINES

Firms' online presence



Zweig Group's 2015 Policies, Procedures & Benefits Survey finds that all firms surveyed have a website, but not all are engaging on social media. Eighty percent of firms surveyed are on LinkedIn, 62 percent are on Facebook, and 45 percent are on Twitter. Only 9 percent of firms surveyed are on Instagram, and 5 percent are on Pintrest.
– *Leah Santos, research analyst assistant*

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TRANSACTIONS

VEENENDAALCAVE TO SELL TO NELSON Global architecture firm NELSON has an agreement to buy VeenendaalCave Inc., one of the top commercial interior design firms in Atlanta. The deal will close June 30, the firms said.

NELSON has a strong brand globally, but little name recognition in Atlanta, where the five largest players in commercial interior design are Perkins+Will, Gensler, ASD, **VeenendaalCave**, and Hendrick Inc. Those rankings are based on 2013 Atlanta design fees, the most recent year for which that data is available, according to *Atlanta Business Chronicle*.

Ozzie Nelson Jr., chairman and CEO of NELSON, called Atlanta the "gateway to the Southeast," and cited the powerful brand name VeenendaalCave built in the metro region. VeenendaalCave has designed the offices for companies including Jones Lang LaSalle Inc., CBRE Inc., Comcast, and Emory University.

VeenendaalCave represents NELSON's largest acquisition. Terms were not disclosed.

NELSON will now have more than 100 designers and support staff in Atlanta, the largest office in its operation. NELSON would employ almost 600 globally and bill more than $80 million in net fee revenue.

Earlier this year, VeenendaalCave conducted a nationwide search seeking an opportunity like the deal it struck with NELSON, said Ed Cave, VeenendaalCave's president.

VeenendaalCave, Inc., will keep its name for now but eventually transition into the NELSON brand.

VeenendaalCave, Inc. was founded as SmithCave & Associates by Robert F. Smith and Edward A. Cave in 1985. Shortly after Smith's retirement, SmithCave & Associated changed its name to Veenendaal Cave, Inc.

ON THE MOVE

CHAZEN ANNOUNCES NEW PRINCIPALS, ASSOCIATES The Chazen Companies (Poughkeepsie, NY), a civil engineering, land surveying, planning, environmental safety and consulting, and landscape architecture firm, announced that it has expanded its ownership with the addition of five principals and associates.

- **Principal:** Stuart Mesinger, vice president of land development
- **Associates:** Barbara Beall, director of natural resource services; Edward Larkin, manager of code compliance and inspection; Arlette St. Romain, director of environmental services; and Bruce Wells, director of land surveying

AISI WELCOMES NEW ENGINEER, ANNOUNCES FELLOW AWARD The American Iron and Steel Institute (Washington, DC), which aims to serve as the voice of the North American steel industry in the public policy arena, has hired **Jon-Paul Cardin** as an engineer in its Construction Codes and Standards division. Cardin will be charged with the initial responsibility of developing code-change proposals for the International Code Council Group B, committee work with the American Society for Civil Engineers and ASTM International, assistance in the review of the AISI standards, and project management for various AISI-sponsored research projects. Cardin comes to AISI from SCAFCO Steel Stud Company in Spokane, Wash.

AISI's director of construction codes and standards, **Bonnie Manley**, was named a Structural Engineering Institute Fellow at the 2015 Structures Congress in April. SEI is an institute of ASCE, and the SEI Fellow grade distinguishes members as leaders and mentors in structural engineering.

RICK BELL JOINS NY DEPARTMENT OF DESIGN **Rick Bell**, who led two of New York City's most prominent architecture trade organizations before stepping down about a month ago, has joined the city's Department of Design and Construction, according to *Architect* magazine. It was not immediately clear what role Bell had taken at the organization, which handles a $10 billion roster of infrastructure projects ranging from sewer and road repairs to the construction of courthouses and police stations.

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entry to the system. These and many other needless activities can be eliminated, and everyone can go back to work.

3) **Highly profitably firms have strong leaders who focus on their clients and markets.** The less profitable firms focus on internal matters and politics. Every highly profitable firm I see has someone(s) acting like competent leaders. These leaders minimize distractions for their people so everyone can stay on task and focused on what's really important. In unprofitable firms, ineffective leaders are constantly distracted with some minor problem or side-tracking opportunity or another.

4) **Highly profitable firms know their numbers**. They have good accounting that quickly closes out the month, cleans out the WIP, bills, and collects, and gives everyone in the firm the information they need to make good decisions for the present situation and the future. The numbers are so incredibly important and the profitable firms have good CFOs and Accountants who "get it" and are valued. The less profitable firms are in a constant state of confusion and debate about what's working and what isn't.

5) **Highly profitable firms won't tolerate non-performance from their people.** Everyone is productive – moving up – or, if not, moving out. The unprofitable firms have tons of dead weight – most often in the highest levels – that their leaders resolve themselves to carrying until the end of time in the name of "family" or some other nonsense. Highly profitable firms know you are only as good as your weakest link AND that good people absolutely hate being dragged down by duds.

So, where do you stack up? Are you highly profitable and enjoying these high times, feeling good about your future and that of your employees? Or, are you missing out? Maybe it's time to do things differently.

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HR A SUPPLEMENT OF THE ZWEIG LETTER

A juggling game

HR directors share their tools and techniques for thriving in an area that increasingly includes varied subfields and specialities.

By LIISA ANDREASSEN
Correspondent

Human resource departments are a hub of activity. Some may be responsible for everything from compensation and benefits to maintaining a solid recruitment program. How do they balance all of this and the everyday tasks, such as payroll, in addition to daunting areas, such as coaching or conflict resolution?

TECHNOLOGY AND STRUCTURE ARE KEY. Most HR departments typically start out focused on administration and compliance. As the company grows, the HR function matures and expands to focus on the strategies the company needs to grow and move from compliance to workforce automation to employee engagement and helping to drive the business strategy.

> "As HR professionals, we move from recruiting and staffing to compensation and benefits to training and development. Not to mention retention, coaching and problem resolution."

"The general rule-of-thumb is one HR employee for every 100 employees," says Laura Hartman, senior manager, HR business partners, Kleinfelder (San Diego, CA), an 1,800-person global science, architecture and engineering consulting firm. "However, with good technology the number of employees per HR employee can be increased. The time spent on administrative tasks will depend on how technologically savvy an organization is. The better the technology – including technology that allows employees a certain level of self-service (changing an address without having to fill out a form, send to HR, and then have them enter it into the system) – the less time spent on administrative functions and the more time can be spent on strategies to help the business move forward."

Hartman adds that, in order to help HR move into a more strategic role, managers need to be educated on how HR can help them with workforce planning, recruitment, training and development,

> "The general rule-of-thumb is one HR employee for every 100 employees."

compensation advice/strategy, talent review, and succession planning.

"In order for HR to move in this direction, the organization must recognize, value, and support these added services," she says.

HR departments can be structured in several ways but must always be structured based on business needs.

For example, Kleinfelder has three centers of excellence:

- **Shared services:** compensation, benefits, and HR administration.
- **Talent management:** performance reviews, training, coaching, and employee development.
- **HR business partners:** experienced HR generalists who assist an assigned business unit with talent reviews, workforce planning, and employee issues, among other areas.

A DATA-DRIVEN FUTURE. Kimi Duplichan, director of HR, WHR Architects, Inc. (Houston, TX), a wholly owned subsidiary of EYP (New York, NY) with 525 employees nationwide, says that in many of today's organizations, human resources includes multiple functional areas of responsibility.

"As HR professionals, we move from recruiting and staffing to compensation and benefits to training and development," she says. "Not to mention retention, coaching and problem resolution. Regulation compliance is another function that is at the forefront of HR's responsibility. This is the area that tends to give HR a reputation of 'enforcer' and rules and regulations tend to stifle the creative, visionary leader, especially in the design industry."

Duplichan explains that the role of the human resource professional seems to have evolved more quickly since the recovery from the recent recession. More and more, HR professionals are seen as key players in business operations and offer much

See JUGGLING, page 4

BUSINESS NEWS

SMPS RECEIVES HERMES CREATIVE AWARD The Society of Marketing Professional Services (Alexandria, VA), an AEC marketing and business development association, announced that it has won a Platinum 2015 Hermes Creative Award for its Marketer magazine redesign.

FLUOR AWARDED BRAZILIAN NATURAL GAS PROJECT Fluor Corporation's (Irving, TX) Brazil until was part of a consortium awarded a contract by Parnaíba Gás Natural for engineering, procurement, and construction of a natural gas field development project in the state of Maranhão. The Brazil-based consrotium, included Fluor, Construcap CCPS Engenharia e Comércio, and CFPS Engenharia e Projetos S.A. Fluor will book its portion of the $100 million contract-value in the second quarter of 2015.

HARGROVE CLIMBS 25 SPOTS IN ENR TOP DESIGN FIRMS LIST Hargrove Engineers + Constructors (Mobile, AL), a full-service EPC, automation, life sciences, and technical services firm with more than 1,000 employees, ranked No. 90 on *Engineering News-Record*'s 2015 Top 500 Design Firms list. The magazine's annual national rankings are based on design revenue for architecture, engineering, and environmental firms.

JACOBS RECEIVES AWARD, SEVERAL CONTRACTS Jacobs Engineering Group Inc. (Pasadena, CA), one of the world's largest and most diverse providers of technical professional and construction services, was honored by SunCoke Energy Inc. with its Supplier Excellence Award for projects executed at its operations in Haverhill, Ohio, and Granite City, Ill. SunCoke representatives noted Jacobs' relationship-based approach to cohesive team execution and its ability to identify savings to complete work under-budget. Jacobs had provided engineering design upgrade services and process improvements to Suncoke's facilities.

Jacobs announced that it was awarded a four-year contract by Sadara Chemical Company for engineering, procurement, and construction-management services. Sadara is building the world's largest chemical complex ever constructed in a single phase, with 26 world-scale manufacturing plants, in Jubail Industrial City II, Saudi Arabia.

Jacobs was also awarded a contract by EDF Energy to provide project management resources for its eight nuclear power stations and two technical centers in the United Kingdom. Company officials did not disclose the amount of the contract, but said the framework is for five years with two optional two-year extensions.

Jacobs also announced that it was awarded a contract from Bristol-Myers Squibb Company to provide construction management services for a new large-scale biologics manufacturing facility in Cruiserath, County Dublin, Ireland. Jacobs is also providing architectural and engineering services for the facility, which is being built to produce multiple therapies for the company's robust and growing portfolio of approved and investigational biologic medicines and to increase Bristol-Myers Squibb's biologics manufacturing capacity.

O'DELL RECOGNIZED AS YOUNG LEADER **Sean O'Dell**, Baxter & Woodman's infrastructure department manager, has been selected by the American Public Works Association as a 2015 recipient of the APWA Young Leader Award. O'Dell will accept the award at a recognition ceremony during the 2015 International Public Works Congress and Exposition in Phoenix in August. The Young Leader Award is giving to an individual under age 35, who has demonstrated commitment to the profession and the association and has shown potential for growth within the associations.

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more to organizations than record-keeping, payroll, and employee benefits administration. These administrative and transactional functions are still important and must be maintained accurately, even if the firm uses a service or a software.

"HR is moving in a data-driven direction," she says. "These analytics can help a firm to make fact-based decisions about their company's human capital investments."

A knowledgeable, reliable HR team is invaluable to an organization and allows more time to focus on business strategy through talent management, leadership development, and marketing in everything it does.

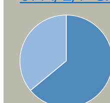
"Last year, WHR Architects merged with EYP, and I am proud to say that we now have a team of five HR professionals and each of us brings an area of expertise to the table that complement one another," she says. "We have a compensation and benefits specialist who is responsible for analyzing compensation data and evaluating job positions. Having this type of valuable and measurable data puts EYP and WHR in the forefront for attracting and retaining top talent."

She says that having a solid HR team to share the HR tactical responsibilities allows everyone to contribute more to business strategies and adds value to firm leadership.

"Recognizing the value and investing in HR can have a significant impact on a company's success," she says.

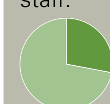
FIRM STATISTICS...

According to Zweig Group's *2014* Policies, Procedures, and Benefits Survey of A/E/P & Environmental Consulting Firms*:

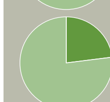


64 percent of firms have a personnel/human resources department or a full-time dedicated personnel/human resources staff.

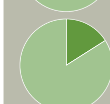
Of firms that do not have a full-time personnel/human resources staff:



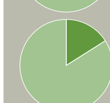
28 percent report that the firm's president/CEO/managing partner is responsible for personnel/HR functions.



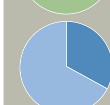
23 percent report that the firm's head of finance/administration is responsible for personnel/HR functions.



16 percent report that the firm's operations/office manager is responsible for personnel/HR functions.



16 percent report that the firm's vice president/principal is responsible for personnel/HR functions.



33 percent of firms say that the person who oversee their personnel/human resource operations – whether as his/her full-time job or as an additional responsibility – participates in the firm's business-planning process.

**Zweig Group's* 2015 Policies, Procedures, and Benefits Survey of A/E/P & Environmental Consulting Firms *is available today! Visit* Zweiggroup.com/surveys *for more information.*

OPINION

Reaching the right people

Today's competitive market – and the fact that the best employees are necessarily looking for a job – means your digital footprint must be big enough to reach everyone.

Randy Wilburn

RECRUITING NOTES

Creating a game plan for recruiting and retaining the best and brightest talent is not for the meek at heart. In the AEC industry, we are constantly faced with new opportunities and project deadlines, all at the same time. It's a constant reminder for us that we have to ensure that we have the best people in place to get the job done. No one ever hires a structural engineering firm to design or build half a building. Everyone wants a finished product, and that requires manpower.

In my past few months back at the helm of Zweig Group Recruiting, I have realized how important it is to have a solid plan to create a digital footprint in the area of recruiting for your firm. It's certainly a part of the overall strategic branding effort that most of our clients are undertaking to make their firm's websites more user-friendly, informative, and responsive to the needs of the client and general public. This is no longer an option, but a necessity.

According to Jobvite's statistics gathered on Recruiting in 2014, 94 percent of recruiters use or plan to use social media for recruiting. In addition, this same report cited that 73 percent of 18-34 year olds, also known as Millenials, found their last job through a social network.

In order to be successful in the AEC industry, there are several areas in recruiting that need to be fine-tuned to the point that they become second nature: You must have a strong applicant tracking system, also known as an ATS; you have to make sure that you can communicate the narrative or story that makes your firm a compelling place to work; and you have to be everywhere online with your job opportunities. I don't have enough space in this article to focus on all of these areas, but rest assured I will address them one by one in future issues. I want to first talk about Job Boards and what it takes to "be everywhere" with your job postings.

One of the biggest challenges I hear from clients and potential clients is that they don't know where to look for good people. I've said it before: "Good people are not necessarily looking!" But, it can't hurt to be where they may look.

Since the early 1990s, Job Boards have slowly become one of the dominant ways for firms to get their job postings out. What used to be strictly word-of-mouth, the Jobs section of the local newspaper, and internal job postings has now taken on a different form that is more deliberate and available.

But now, even the strongest of the Job Boards are taking heat from Social Media: The LinkedIns, Facebooks, and Twitters of the world are becoming fertile ground for recruiting.

According to Jobvite's statistics gathered on Recruiting in 2014, 94 percent of recruiters use or plan to use social media for recruiting. In addition, this same report cited that 73 percent of 18-34 year olds, also known as Millenials, found their last job through a social network.

I could keep killing you with statistics to make my point, but I just want to make it very clear that we are in a changing environment.

Of course, you may be wondering: What does all of this mean to me and my company?

See RANDY WILBURN, page 6

RANDY WILBURN, from page 5

It could mean nothing or everything, depending on where you stand with technology and how well you market the opportunities that exist within your firm. There are big and small job boards out there, and almost every job sector and discipline has a job site that is geared almost exclusively to it.

One of the biggest challenges I hear from clients and potential clients is that they don't know where to look for good people. I've said it before: "Good people are not necessarily looking!" But, it can't hurt to be where they may look. At Zweig Group, we advertise positions on several job boards for our clients, and we've even found that it can really be hit-or-miss when looking for the right engineer or architect.

Recently, Zweig Group decided to resurrect a job board we had started several years ago, and AECWorkforce.com is back up and running!

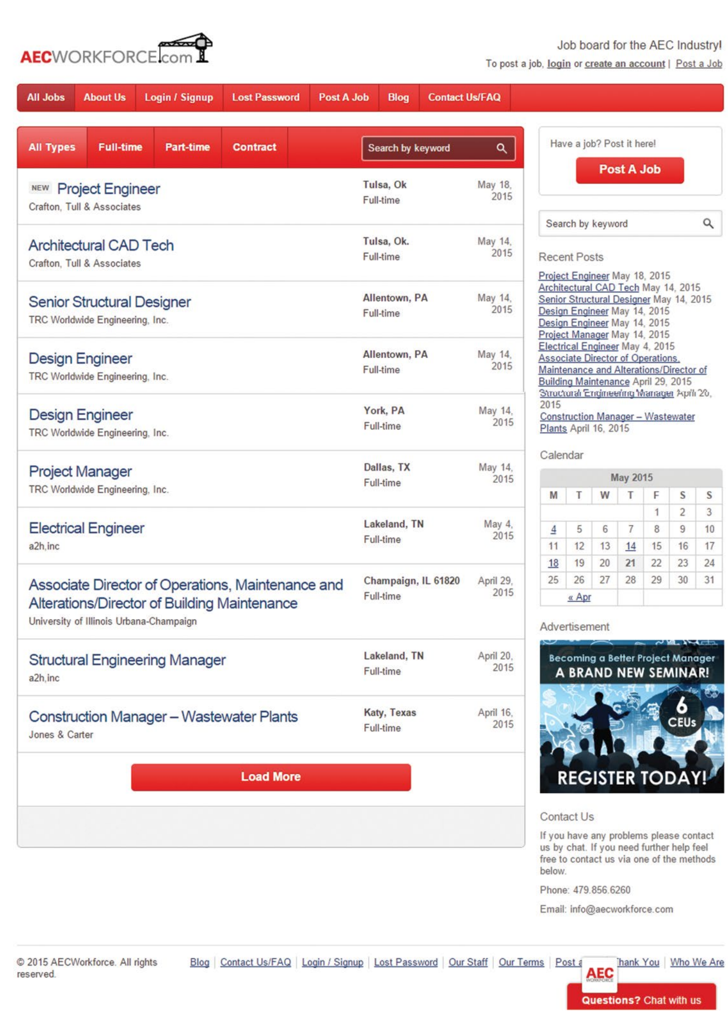
We jump-started this brand to offer AEC firms a place to advertise their most important positions and to identify talent that is appropriate for their needs. We are adding new AEC industry-specific jobs and encouraging AEC workers looking for new opportunities to visit the site and review all of the postings related to their expertise. It's not yet a perfect solution, but it's certainly a great start.

I believe that you have to "be everywhere" when it comes to recruiting, and a good place to start is posting on niche job boards like AECWorkforce.com and ramping up your social media presence so that the good people that are actually looking for work can find you. I know it sounds like a lot of work, and it actually is, but I've found that once you build a solid digital foundation for your recruitment program everything else can fall easily into place.

To find out more about AECWorkforce.com or to post a job for FREE, visit the site. In addition, if you haven't already, start taking social media seriously or if you are just perplexed about where to start, give me a call, shoot me an email, or hit me up on Twitter @RandyWilburn or @ZGRecruiting, and I will see what I can do to get you pointed in the right direction.

RANDY WILBURN is Zweig Group's director of executive search. Contact him at rwilburn@zweiggroup.com.

A FIRST LOOK AT AECWORKFORCE.com



Employers only need to create an account to begin posting unlimited jobs.

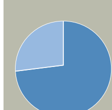
Job seekers can peruse recent listings or search for specific positions by keyword.

View upcoming Zweig Group events and seminars.

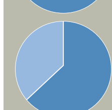
Zweig Group representatives are on-hand to help you navigate and post to the site.

MORE JOBVITE FINDINGS...

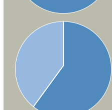
Results from Jobvite's 2014 Social Recruiting Survey indicate that to be more competitive in targeting top talent, modern recruiters must build an arsenal of traditional and digital tools.



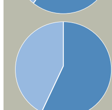
73 percent of respondents said they planned to include social networks in their recruiting efforts.



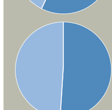
63 percent of respondents said they planned to include referrals in their recruiting efforts.



60 percent of respondents said they planned to include a corporate career site in their recruiting efforts.



57 percent of respondents said they planned to include direct sourcing in their recruiting efforts.



51 percent of respondents said they planned to include a mobile career site in their recruiting efforts.

94 percent of respondents said they use LinkedIn for recruiting.

66 percent of respondents said they use Facebook for recruiting.

52 percent of respondents said they use Twitter for recruiting.

21 percent of respondents said they use Google+ for recruiting.

20 percent of respondents said they use an RSS feed for recruiting.

15 percent of respondents said they use YouTube for recruiting.

The ABCs of 123

Q&A with heads of three industry firms sheds light on the skills required to get the best out of employees, the company, and yourself.

By LIISA ANDREASSEN
Correspondent

Pete Buck, Director of Audit & Assurance Services, Sapper & Miller.

Remember those fuzzy Elvis paintings? You painted by the numbers and … *voila* … you were a portrait artist! It was just that easy. Wouldn't it be great if you could create an equally easy way to communicate financials to less-inclined financial folks? Across the board, the answer seems to be a resounding "yes." In fact, the AIA tells its members that knowing financial basics is vital for managing projects profitably.

> "Use the narrative to highlight significant items and explain notable variances between budgeted and actual figures.. Make sure the necessary financial statements are prepared well in advance of board meetings and distributed to members at least one week before the meeting."

BEGIN WITH THE BOARD. Pete Buck, a director in Katz, Sapper & Miller's Audit and Assurance Services Department, provides accounting and consulting services for various industries. He says that, though board members typically bring a variety of talents and expertise to an organization, they do not always have extensive experience with financial and accounting matters.

NEED TO KNOW. According to Buck, at a minimum, the board needs to receive the following accurate financial information on a monthly or quarterly basis:

- Statement of financial position (balance sheet)
- Statement of activities (income statement)
- Cash-flow forecast
- Actual results compared to budget, and
- Operational figures (for example, cost per unit of service).

SET THE STAGE. Several steps can help management present financial information to the board more effectively. For starters, every board member should receive training on reading and using financial reports.

The board orientation process should allocate time for new members to meet the CFO or similar staff person and review the financial report format and understand the organization's critical financial factors. Board members can also meet with the COO or executive director for a review of the organization's financial results, the goals for upcoming programs, and information on new strategic directions. Periodic refresher sessions for veteran board members also are advisable.

HOW TO DELIVER THE NUMBERS. Buck advises that, before reaching the point of board training, a user-friendly format for the financial reports be developed. Bear in mind that graphs are often easier to understand than columns of numbers, and can provide a useful vehicle for sharing trending information.

A narrative section should also be provided, along with the numbers.

"Use the narrative to highlight significant items and explain notable variances between budgeted and actual figures," Buck says. "Make sure the necessary financial statements are prepared well in advance of board meetings and distributed to members at least one week before the meeting to give them time for review."

LET THE DASHBOARD DELIVER. A dashboard is a one- or two-page snapshot of key metrics.

"Management should work with the board to select the optimal indicators," Buck says. "Ideally, the handful of indicators most likely to communicate the organization's performance in critical areas should be presented – information the board can use to determine whether the organization is on track or if corrective action should be taken. Examples include cost-per-primary-outcome, cash reserves, and working capital. As with standard financial reports, benchmarks should be included for context. Remember, too, that numbers don't tell the whole story. Dashboards may also include brief narratives that demonstrate the company's work."

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ABC, from page 7

SHORT AND SWEET. Kevin Nisson, CFO at Karn, Charuhas, Chapman, & Twohey (Washington, DC), a 54-person, full-service architectural, planning, and interior design firm, says that getting architects to learn and understand the basics is most of the battle.

To help provide and communicate financial information effectively, Nisson finds that it is valuable to use graphical and visual aids, such as pie charts, bar graphs, and shapes with colors.

"I have learned that architects aren't very fond of rows and columns filled with data, and they'd much rather be given the information in a consolidated format, as in an executive summary," he says.

At Wantman Group, Inc. (West Palm Beach, FL), a 220-person multidisciplinary consulting firm that specializes in engineering, surveying and mapping, planning and environmental services, Tim Nicoulin, CFO, combines actual numbers and graphical presentations to make the most meaningful presentations.

"Visual and graphical representation is meaningful for both architects and engineers. It is also useful for all audiences, not just those in the design community, because it gives meaning to data quickly."

"The numerical reports and statements are more successful if they are condensed," he says. "For example, I use a six-line income statement for monthly reporting at the corporate and divisional level. Of course, it is necessary to be prepared with full details in order to respond to questions. Color charts are more useful than numeric tables for clearly demonstrating monthly and year-over-year trends or accumulations, proportionate contribution of any metric (such as profit) by any unit (such as division), and the composition of a billing rate."

Having served both architects and engineers, Nicoulin finds that it is important to know and understand his audience.

"Visual and graphical representation is meaningful for both architects and engineers. It is also useful for all audiences, not just those in the design community, because it gives meaning to data quickly," he explains.

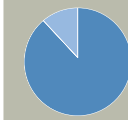
FIND A FINANCIAL CONFIDANTE. In addition to the graphical analytics, Nisson says that he seeks out architects with a little financial know-how.

"I have been very successful in finding an architect who seems to really understand the information and who may also have good experience," he says. "As a result, that individual becomes my liaison to the rest of the architectural staff when I'm trying to convey financial information."

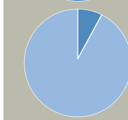
Ultimately, no single financial reporting approach or format works for every organization. Take time to consider the audience and its level of financial expertise when determining how to convey the information individuals need to fulfill their responsibilities.

NUMBERS BY THE NUMBERS

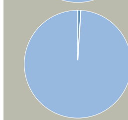
Zweig Group's *2014* Financial Performance Survey found that:



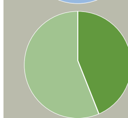
88 percent of firms produce financial statements each month



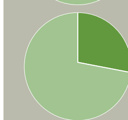
8 percent of firms produce financial statements every quarter



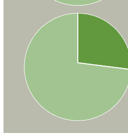
1 percent of firms produce financial statements once a year



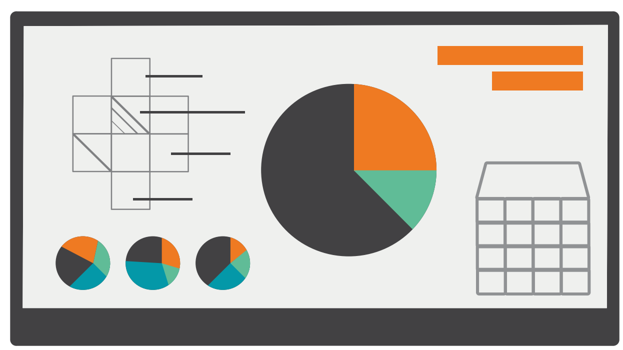
44 percent of firms issue monthly cash-flow reports



28 percent of firms issue weekly cash-flow reports



27 percent of firms issue no regular cash-flow reports



ALL ABOUT CHARTS & GRAPHS

- **Charts and graphs must be able to stand alone.** Charts are often printed and distributed, so they must be self-explanatory and have proper titles.
- **Data must be labeled to prevent confusion.** Currencies, percentages, weights, distances, dates, and other elements must be clearly identified.
- **Charts and graphs should be concise and convey only a few key points.** Trying to convey too much information in an overly complex chart only leads to confusion.
- **Data should flow logically from left to right and from top to bottom.** Information should be presented in the same manner that the reader reads.
- **The rule of significant figures should be followed.** Showing data to the nearest penny might not be necessary.
- **Charts and graphs are not birthday cards.** Simplicity is key.
- **Format files for printing before distributing them.**
- **Double-check your math.**

Source: Turnaround Management Association.

OPINION

When PM meets FM

Several organizations have found that bringing financial management staff onto the project management team results in heaven-sent synergies.

Ted Maziejka

FINANCIAL FITNESS

In Zweig Group's consulting practice, we see many firms grapple with the interface between project managers and financial management staff. It sometimes feels like there is a distinct difference in thinking, approach, processing of information, and communication. It's almost as if, to coin a well-known book, "Project Managers are from Mars, Financial Management Staff is from Venus"!

Best-practice firms that value the technical staff for their expertise and the administrative staff for theirs often find powerful synergies develop between the project managers and the financial management staff. In some cases, these connections are so powerful that the financial team integrates into the project team, supports and leverages the project managers' time, and adds tremendous value to the team and the firm, and contributes to the success of both.

> "Architectural, engineering, and planning schools do not place a great deal of emphasis on the financial and management aspects of firm management. Most technical professionals that we encounter are reluctant to deal with the financial aspects of contracts, fees, and collections."

The starting point of these synergies lies in a clearly delineated organizational structure within the firm in approaching client relations:

- **Principal in Charge - Firm ⇨ Client PIC**
- **Project Manager - Firm ⇨ Client PM**
- **Financial Staff - Firm ⇨ Client Financial Staff**

Architectural, engineering, and planning schools do not place a great deal of emphasis on the financial and management aspects of firm management. Most technical professionals that we encounter are reluctant to deal with the financial aspects of contracts, fees, and collections.

Who better to hand those responsibilities to than the folks who like to deal with dollars?

This relationship is communicated and clearly defined during project kick-off, when the contract is reviewed with the client for scope, schedule, and fees. It is critical during that meeting that the financial staff and elements of the project are introduced and defined. The firm's PM and PIC should walk away from the kick-off meeting with the client's financial team members' names, phone numbers, and email address.

This allows the firm's financial staff to immediately connect to the clients staff and work out all the contractual details: how the project will be tracked, what the invoice format and required contractual constraints are, and when the invoice is due to the client for review and payment. The process also establishes a dialogue that is invaluable during the duration of the project.

The financial team is also best adept to manage the collection process for the firm, as they have the relationship with the client's financial staff. Working with the PM, the financial staff can quickly flag when things are starting to go south with the client. With the firm adopting a clearly defined billing and collection process, the financial staff allows the PM to remain the prime client relations manager.

The following process allows for clearly defined expectations and mitigates risk of nonpayment by the client. This is clearly dependent on client contractual terms and applies to both new and existing clients as a standard operating procedure:

- **Day 1:** Monthly close of firm's financial data produces invoice draft review; allow one to two days for PM review.
- **Day 5:** All invoices are emailed to client (or uploaded to client defined site). If contractual requirement is to create physical copies, the financial team emails all invoices in addition to hard-copies.
- **Day 10:** A/E/P firm's financial staff emails client's financial staff to confirm receipt and request a date when payment will be made.

See TED MAZIEJKA, page 10

TED MAZIEJKA, from page 9

- **Days 30-35:** A/E/P firm's financial staff reviews aging status; call is made if payment is not received.
- **Day 35:** A/E/P financial staff asks PM to contact client's PM.
- Day 37: A/E/P PM determines there is an issue, reviews with PIC.
- Day 40: A/E/P PIC contacts client's PIC for clarification; if positive, he/she requests date and amount of check.
- Day 45: A/E/P financial staff advises PIC and PM on nonpayment.
- Day 45: A/E/P PIC stops services until resolution is clear.

Often, this process does not occur until 90 days. By that time, the damage could be done, deliverables turned over, and resolution unreachable, if there is a problem with this client.

"One of the more valuable ways firms integrate the financial staff into the project management process is by utilizing them in the role of assisting the PM with project controls."

One of the more valuable ways firms integrate the financial staff into the project management process is by utilizing them in the role of assisting the PM with project controls. This role leverages the PM by allowing the project controls staff members to assist in the financial management of the project. They become adept at the project scope, schedule, and resource allocation management. They are full billable, working with multiple PMs and multiple projects, and allow the PM to focus on managing the project team and the client. Firms that integrate this role find it to be invaluable, because the PM is able to focus on his/her expertise.

This was recently illustrated with a client who integrated Newforma as a project management tool that interfaced with Deltek Vision. They had implemented the Newforma tool, to the degree that all fee planning, scheduling, and resource allocation were done by the financial control staff during the proposal and fully integrated with Deltek.

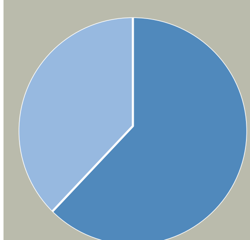
Once the project was awarded, the PM tweaked the system with staff, addressed any changes in scope and fee based on contract review with the client, and the project was part of the firm's backlog for weekly review. Staffing was defined for each team, office, and the firm, and the predictability allowed senior leadership to make resource decisions for new staff, computer hardware and software, and other equipment needs. The system also assisted in the evaluation of the pipeline of opportunities and the modeling of a predictable cash-flow review each week for the life of the project. The project controls staff provided accurate input of all information, which made the firm highly fluid in its decision making process.

Imagine that: One point of entry, fully integrated! When synergy develops between PMs and financial staff, it's truly a match made in heaven!

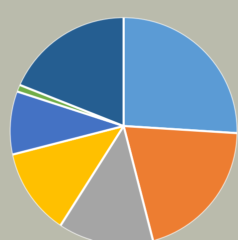
TED MAZIEJKA is a Zweig Group finance and management consultant. Contact him at tmaziejka@zweiggroup.com.

COLLECTION PROCEDURES

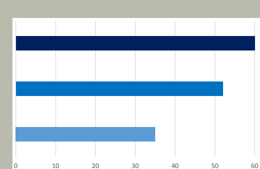
Zweig Group's 2014 Fee & Billing Survey of Architectural, Engineering, Planning & Environmental Consulting Firms finds:



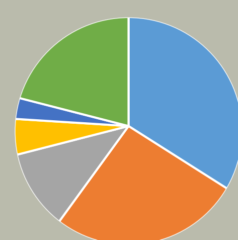
62 percent of firms accept automated clearing house payments, meaning that they can directly debit clients' checking accounts.



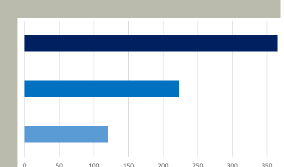
26 percent of respondents say it is the president/CEO/managing partner's ultimate responsibility to collect fees, **20 percent** say this responsibility falls to the project PM, **13 percent** say it's the project PIC, **12 percent** say it's up to accounting personnel, **9 percent** point to the CFO, **1 percent** say it's someone else's responsibility, and **19 percent** did not specify.



On average, firms begin making calls about unpaid invoices **52 days** after the invoice is sent. The lower quartile is **35 days**; the upper quartile is **60 days**.



34 percent of respondents say accounting personnel make the first call to a client regarding unpaid invoices, **26 percent** say this responsibility falls to the project PM, **11 percent** say the firm's president/CEO/managing partner makes the call, **5 percent** say it's the firm's CFO, **3 percent** say it's the project PIC's responsibility, and **20 percent** did not specify.

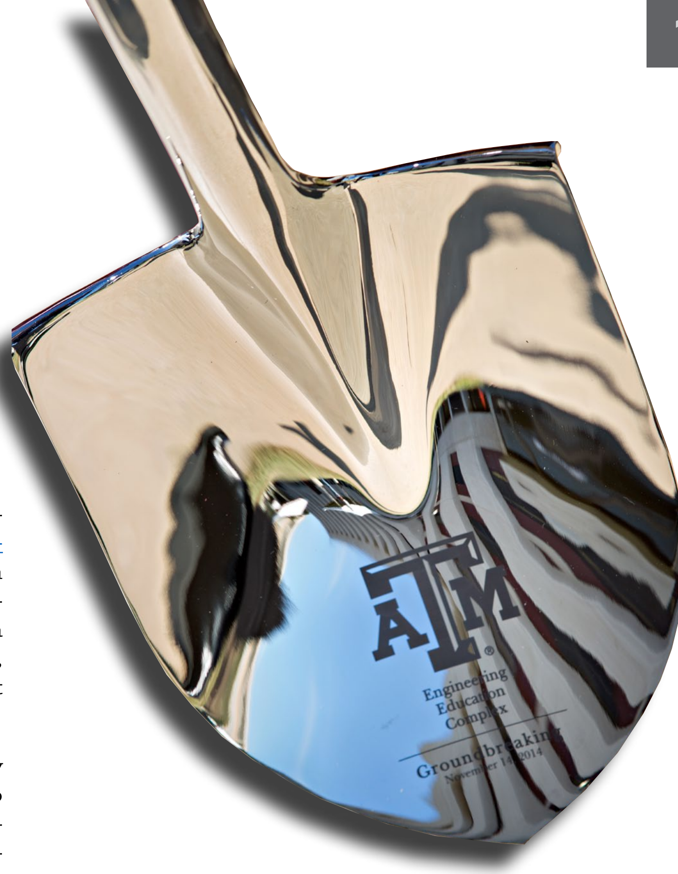


On average, firms turn unpaid accounts receivable over for collection after **223 days**. The lower quartile is **120 days**; the upper quartile is **365 days**.

DOING GOOD

Building the future

Zachry Group contributes to Texas A&M's engineering programs and facilities.



By LIISA ANDREASSEN
Correspondent

Twenty-five by '25 – to have 25,000 engineering students by 2025: That's the goal of Texas A&M University's Dwight Look College of Engineering, which would almost double current enrollment in its engineering programs. Zachry Group (San Antonio, TX), a 20,000-person construction and engineering firm, has donated $25 million to the cause, saying that it wants to expand its hiring pool.

Zachry officials say they hope the money will buoy the College of Engineering's aggressive plans to double enrollment and become the largest engineering school in the country. Supporting that expansion effort is also beneficial to Zachry, because the overall result is more qualified graduates looking for jobs.

"The desire of the Zachry Leadership Program is to maximize each participant's potential to contribute to business and society at large, allowing the opportunity for students to not only learn about leadership, but become overall better citizens in the community as they enter the workforce."

Last year, Zachry hired about 100 engineers, and it expects to bring on more than that in 2015. Finding enough qualified applicants for those jobs is difficult, the firm's leadership says, so boosting A&M helps both the company and the state.

"The timing couldn't be better because of the college's ambitious plans for growth coinciding with our increased demand for engineers," says A.J. Rodriguez, vice president for external affairs at Zachry. "This is an institution that's going to be the largest engineering school in the country. We have a demand for engineers and saw this as a very strategic alignment."

IT'S A TRIPLE PLAY. Zachry's donation is earmarked for three specific areas:

- Additions and renovations to the University's Engineering Education Complex (expected to be named the Zachry Engineering Education Complex). This 550,000-square-foot, $168 million structure is under construction and scheduled to open in 2018 as the hub of the College's undergraduate program.
- A new program designed to develop students into leaders. In the spring of their sophomore year, 100 students will begin the five-semester program, which is designed to provide them with a broader perspective of the world in which they live and work and empower them to become future leaders who humbly self-confident collaborative decision makers, who are well-versed in the free-enterprise system.

  "The desire of the Zachry Leadership Program is to maximize each participant's potential to contribute to business and society at large, allowing the opportunity for students to not only learn about leadership, but become overall better citizens in the community as they enter the workforce," says Tinsley Smith, director of community investment & philanthropy for Zachry.

  When fully established, student participants will receive scholarships each semester. Upon completion, students will receive 15 credit-hours and a certificate in engineering leadership. The first cohort of the Zachry Leadership Program will begin in January 2016.
- A new program that will hire teachers based on their work experience instead of traditional academic credentials. Recognizing the need for real-world experience and application, the endowment will enable the department to engage and place industry leaders in the classroom to share their experiences and mentor the next generation of engineers.

See DOING GOOD, page 12

TRANSACTIONS

CORNERSTONE ENVIRONMENTAL JOINS TETRA TECH Cornerstone Environmental Group LLC has announced that it will join engineering consulting firm Tetra Tech Inc. Zweig Group president and CEO Mark Zweig served as an advisor on the acquisition.

In an email announcing the decision, Kenneth Karl, president of Cornerstone Environmental says, "I am very pleased to announce that Cornerstone Environmental Group, LLC has joined the engineering consulting firm Tetra Tech, Inc.

"Tetra Tech shares the same commitment to technical excellence and service that Cornerstone prides itself on providing to its clients. You can expect the same level of service, leadership, and commitment you have come to expect from us. The same people will lead and perform your projects, with the added resources and service offerings of Tetra Tech.

"Tetra Tech is a leading provider of consulting, engineering, program management, and construction management services with 13,000 staff worldwide. *Engineering News-Record* ranked Tetra Tech as the No. 1 solid waste practice and the No. 1 environmental management practice in the United States in 2014.

"We are excited about the opportunities the acquisition gives us to provide you with even broader technical project execution capabilities for projects across waste management markets."

ON THE MOVE

DIPRA APPOINTS STAFF ENGINEER, PM The Ductile Iron Pipe Research Association (Birmingham, AL) has announced that **Josh Blount** will join the organization as a staff engineer and project manager. Blount has several years' experience working on water infrastructure issues.

DESIGN WORKSHOP PROMOTES 6 ASSOCIATES Design Workshop (Denver, CO), an international landscape architecture, planning, and urban design firm, has announced the promotion of six of its employees to the position of associate.

- **Anna Cawrse** began her career at the firm's Denver office in 2012 and has been involved with and led projects that tackle the complexity of urban design.
- **Amy Benoit Harbert** joined the firm's Houston office as its director in 2014.
- Since joining the firm, **Joshua Brooks** has been integral on several projects.
- **Amy Cotey** joined the firm's Lake Tahoe office in 2012 and actively promotes landscape architecture within the Sierras.
- **Emily Risinger**'s experience includes comprehensive planning, downtown planning, parks and open-space planning, and urban design.
- **Jon Brooke** joined the firm in 2014 as its Chicago Office director.

DOING GOOD, from page 11

The Dwight Look College of Engineering is the largest college on the Texas A&M campus, with more than 500 faculty members and more than 14,000 engineering students in 22 different programs in 13 departments. While these numbers are impressive, there is a critical and growing demand in Texas and the United States for more engineers. The Texas Workforce Commission is projecting a 19 percent growth in engineering jobs in the next 12 years -- this equates to more than 43,000 jobs.

"The '25 by 25' initiative is not just about increasing enrollment, but also about providing better instruction and student opportunities. We will transform engineering education to mold the engineer of the future," says M. Katherine Banks, dean of the College.

John Zachry, chairman and CEO of Zachry Group, adds, "We are very proud to make this gift as an expression of our commitment to corporate citizenship and education. At a time when there is a national shortage of engineers, we are excited to support the vision of Dean Banks and Texas A&M University to produce more engineers than any other institution. We view this as an investment in the future of our state and our country,"

EDITOR'S NOTE

Over the coming months, THE ZWEIG LETTER will highlight stories of firms that are engaging in acts of corporate social responsibility. Forthcoming topics include donations, company-wide volunteerism, and outreach to countries devastated by natural disasters.

If your organization has conducted or participated in a social outreach initiative – local, regional, national, or global – we'd love to tell your story! Please email details to Andrea Bennett at abennett@zweiggroup.com.

PARTNERSHIP PERKS

According to InnovationManagement.se, in 2009, companies sponsored more than $4 billion in university research in the U.S. Universities conduct the majority of federally funded research in cutting-edge fields, often giving them a clear lead in the race to create ground-breaking initiatives in these fields and at making them valuable open-innovation partners.

Large and small companies have begun exploring innovation partnerships with universities to feed their product-development pipelines. Firms that engage in such partnerships might expect to see benefits such as:

- The ability to explore new technologies and methods through university research labs, without having to invest in new employees or infrastructure.
- Insights from university faculty, who represent a wide range of expertise in several fields. For example, most engineering faculty are actively engaged in addressing leading industry problems in their respective fields.
- Increased agility in company product research efforts by tapping into various research areas at the university.
- Student interns/hires builds a pool of potential future employees who are already familiar with the firm and it's technology and culture, and who can make easy transitions to full-time positions.
- Helping the university develop curriculum also ensures that program graduates have received training necessary to succeed in the firm.
- University researchers typically opening share their scientific work, and most of their earlier works are publicly available. Therefore, a company seeking a subject specialist can utilize this available information to find and evaluate researchers before seeking their expertise.

In addition to funding specific buildings, programs, and teaching positions, firm leaders could also support universities – their alma maters, schools in their area, or schools that graduate many of their employees – by offering to serve on the university's or a specific college's or department's advisory board.