Leading vs. driving

“...fourth or fifth time since 1997 that Zweig Group has done one of these events coupled with a racing school. They always get me thinking.”

We just got back from Zweig Group’s CEO Roundtable in Scottsdale, held at the fabulous Valley Ho Hotel and Resort. After a great meeting led by our CEO, Chad Clinehens, where we tackled probably 20 or more “topical” topics in 15 minutes each, we spent our second and last day at a private racetrack on the edge of town driving exotic cars/hot cars at high speeds on the track.

Our instructors were two older Porsche factory team drivers. They gave us verbal instruction as well as some scary hot laps in a 15-passenger van to explain the track. They also sat in the cars with us (an orange Lambo of some sort, a Ferrari 458, a McClaren Supercar, a hot normally-aspirate Porsche 911, and a Factory Five Cobra race car sans windshield) while we drove to give further instructions (well, they couldn’t sit in the Cobra with us because it had only one seat!)

This was the fourth or fifth time since 1997 that Zweig Group has done one of these events coupled with a racing school. They always get me thinking. And while Chad opened up this last one with a presentation on the parallels of racing and running an AEC firm that he will likely share some or all of in these pages, I wanted to share my own thoughts and observations on high speed driving versus leadership as well. Here they are in no particular order:

1) Not everyone is cut out for the job. Just like driving a hot car on a race track, not everyone is cut out to lead a company. Some of it just can’t be taught. Instincts are instincts. Reflexes are what they are. Preparation helps reduce anxiety but it cannot overcome the fear...
ELEVATE / EDUCATE

BLACKSTONE ENVIRONMENTAL STAFF SUPPORTS REGIONAL SCIENCE OLYMPIAD Blackstone Environmental Senior Project Managers, Lindsay James and Anne Melia, volunteered at the Kansas Northeast Regional Science Olympiad on February 23 at Johnson County Community College in Overland Park, Kansas. James and Melia have supported Science Olympiad competitions many times. This year, James led the Blackstone team by preparing a comprehensive Water Quality exam suitable for both middle school and high school students.

More than 50 area schools competed in middle school and high school divisions. Teams of two students from participating schools had 50 minutes to complete the 100-point exam consisting of multiple choice, true/false, and short answer questions. At Blackstone, James provides geological and environmental consulting services to government and private clients. Her expertise includes a wide variety of environmental and solid waste projects with emphasis on groundwater compliance and hydrogeological site characterization.

Melia manages and supports projects for public, private and industrial sector clients. Her expertise includes environmental compliance and monitoring, site assessments, risk-based corrective action, permitting, solid waste planning and hazardous waste determination and more.

Blackstone Environmental is a consulting firm comprised of engineers, geologists, hydrogeologists, and scientists specializing in many environmental and engineering fields including solid waste and landfill services, environmental assessment and design, civil engineering, energy sector, natural resources planning and permitting, and regulatory compliance.

MARK ZWEBG, from page 1

in everyone. This applies to both high speed driving and leading a business.

2) Experience helps! I noticed when Dan Williams, CEO of Garver and our most experienced driver (he has prior track experience), got in a car, he shot right out into the track with a heavy dose of throttle and immediately went faster than the rest of us. The same thing applies to leading. You may be a great professional in your field, but there is no substitute for prior experience leading a group of people.

3) The flashiest and most powerful vehicle is not necessarily the fastest vehicle to get around a track in. The 550+ horsepower orange Lamborghini was the flashiest car there. And it was indeed fast and handled well. But the car the driving instructors preferred to take people in hot laps in was the 375-horsepower Porsche 911. One of them pulled me aside and said it was by far the best car there to go fast around the track in – and the most ordinary (if any of them were) least powerful car there. The same applies to leadership. Sometimes the quiet one, the one with the least flash and outward ego is the most effective person to lead a firm in this business, or any other for that matter.

4) There’s something to be said for having the latest model. Comparing the last model supercars – all of which have automatic transmissions and tons of computerized driving assistance – to the crude brute of the Cobra roadster – really pointed out some differences. While I have a history of liking overpowered cars with less than great handling, if you want to go around a track quickly, there’s no substitute for all-wheel drive and computers that know exactly what gear you should be in. Same thing applies to leadership. Sometimes some younger blood – schooled in the latest technology of business – can do a better job than us old dinosaurs. That doesn’t mean – like the Cobra – that we aren’t fun to keep in the stable, too!

5) You gotta have fun with it. The older I get the more aware of it I am that if you aren’t having fun – if you don’t really love what you do every day – just like driving a car – you need to move over and let someone else do it. While they may not drive just like you, they will hopefully do a better job of it!

If this kind of event sounds good to you, keep your eyes and ears open for our next one! And meanwhile, “drive” carefully!

MARK ZWEBG is Zweig Group’s chairman and founder. Contact him at mzwebg@zweiggroup.com.
Zero percent turnover (sometimes)

If you want to run a successful firm, there are employees you just have to keep. But in other instances, turnover can be a good thing.

Employees are our lifeblood in this business. Without our people we would not be able to serve our clients and deliver on projects. In today’s tight labor market, especially in rural areas, recruiting top talent is expensive, redirecting time and resources away from projects and firm strategies. In high-intellectual industries like ours, employee turnover rates higher than 10 percent are brutal. When employees leave, they take their knowledge, their license, their planned billable hours, and client relationships with them. However, turnover is not always bad. It is important for a firm to acquire new ideas and experience through hiring new employees.

A firm expects turnover in positions like engineers-in-training, who are intent on acquiring as much experience as possible, and administrative staff, who desire growth and promotion faster than the firm can support. Our best option is to plan employee turnover in the lower-level, higher supply positions and with the lower performing employees, and to strategically retain higher-level, lower supply licensed individuals and high-performance employees.

Creating a strategic employee turnover and retention plan, which identifies the employees and the positions you want to (must) keep and those you do not, can reduce unexpected turnover and unnecessary recruitment costs, positively impacting the bottom line.

To begin creating a turnover and retention plan, the firm must have a current strategic plan. This plan should identify the firm’s service regions, clients the firm will serve, and services the firm will provide. If you are a director of a market sector or department and your firm does not have a strategic plan, draft one for your own department. There are a lot of resources on the web on how to write a strategic plan.

Once you know the firm’s (or department’s) target
regions, clients, and services, evaluate your current staff. Identify employees and positions critical to fulfilling the strategic plan. If these employees left the firm, the strategic plan would require modification. Write their names down under a “0 percent turnover” (or 100 percent retention) heading. Next, identify employees who model the firm’s core values who have strong performance. These are the employees you would clone if you could. Write their names down under the “0 percent turnover” heading.

“Creating a strategic employee turnover and retention plan, which identifies the employees and the positions you want to (must) keep and those you do not, can reduce unexpected turnover and unnecessary recruitment costs, positively impacting the bottom line.”

Now that you have identified the individuals you want to retain, review the positions you expect a higher turnover in. These positions are easier to fill and less likely to hurt the bottom line when open. These positions may be easier to train as well. While reviewing the remaining employees, identify employees who are typically considered “toxic.” These are employees who are expensive to manage and who are typically involved with complaints. Write names of the “toxic” employees and those in the higher turnover positions under a heading labeled “strategic turnover.”

Now begin to plan strategies around retention and turnover. The “0 percent turnover” employees are the ones the firm will want to focus on with retention strategies. There are many research articles addressing ways to retain employees. The more difficult question is how to manage turnover while minimizing surprises and reducing unexpected costs.

While you expect some turnover, you want it on the firm’s terms, meaning you want to be in control of it. Some firms require some positions to leave after a period of time. This practice was formed after being “plagued” by irregular and unpredictable turnover in these positions. As explained in “A Market-Driven Approach to Retaining Talent” by Peter Cappelli, “[T]he firms now know who will leave and when, and can design key projects to coincide with analysts’ tenures.”

Another strategy is to create a culture that encourages entry-level employees to leave the firm to gain additional experience. Let employees know they are welcome back after gaining experience elsewhere. Demonstrate this by rehiring former employees who left on good terms. You can also begin conversations with employees to discuss a plan and timeline for their career. Most entry-level employees are thinking about their next move to gain experience and will share it with you if open communication and trust are established. It is common in today’s world for the younger generation to travel and explore before settling down. When there is trust and support, these employees will give plenty of notice, allowing the firm ample preparation time.

Turnover is inevitable and is in fact good at times. How a firm plans for turnover and retention will impact culture and correlate with the firm’s financial performance.
BUILD YOUR BUSINESS.  BUILD YOUR BRAND.  BUILD YOUR BRAIN.

October 02–04, 2019
Las Vegas • The Green Valley Ranch Resort and Spa

JOIN ZWEIG GROUP FOR THE ELEVATE AEC CONFERENCE

The Elevate AEC Conference is the AEC industry’s premiere experience to connect global leaders, solve industry issues, present next practices, and celebrate the most successful firms in the built environment.

Zweig Group’s annual conference is the largest gathering of award-winning AEC firms, making it the industry’s most comprehensive business conference for leaders and aspiring leaders of AEC firms in the US.

EXPANDED EDUCATIONAL OFFERINGS

This year, the Elevate AEC Conference marks another leap in the evolution of Zweig Group’s annual event with expanded educational offerings focused on firm management, senior marketers and HR professionals covering the latest strategies and emerging trends critical to grow your business.

M&A next

M&A Next is a full-day symposium (pre-Elevate AEC Conference event) designed to provide M&A education. The conference-within-a-conference will provide practical application through interactive roundtable discussions, expert panel conversations, and focused networking to connect leaders from across the country.

SAVE $200 ON REGISTRATION THROUGH JULY 15 using PROMO CODE: CSElevate zweiggroup.com/elevate-aec-conference

Zweig Group exists to advance the AEC profession. Our Mission is to Elevate the Industry. We believe in a world that celebrates the built environment and recognizes its impact on individuals, communities, and commerce. Empowering organizations with the resources they need – to perform better, grow and add jobs, pay better wages and to expand their impact on the community – is always at the forefront of our action.

QUESTIONS?
For group rates, or if you have any questions, contact Melissa Swann at 479-305-3357, mswann@zweiggroup.com or visit zweiggroup.com.
Land of 10,000 lakes: Jon Chiglo

When the veteran transportation engineer changed lanes from the public sector to a private firm, he used his blinker and stepped on the gas.

By RICHARD MASSEY
Editor

Jon Chiglo has been a principal and project manager in transportation for more than 20 years and currently serves as COO at WSB. Chiglo’s extensive experience includes program management, project management and delivery, design, construction, contract management, innovative and accelerated project delivery, and technical team supervision. Chiglo spent more than 17 years at the Minnesota Department of Transportation most recently serving as the Deputy Chief Engineer/Engineering Services Division Director. He also managed four of the top five largest projects MnDOT has administered and has worked in multiple district and Central Office roles.

“Empowering my team is important and it is not my job to make every decision or micromanage, but rather help solve challenges and act as a resource for success,” Chiglo says. “I want my team to feel that they have the confidence to make decisions at the right level.”

A CONVERSATION WITH JON CHIGLO.

TZL: You were with the Minnesota Department of Transportation for nearly 18 years before joining WSB. Did you experience culture shock? And, if so, what did you see in the private sector that you did not see in the public sector?

Mike Chiglo: I didn’t experience culture shock. Much like the Minnesota Department of Transportation, WSB has a strong culture. We provide our staff with flexibility, great benefits, and we’re lucky to have very talented individuals working here. There are things I miss about MnDOT, but what I really enjoy about WSB is the variety of clients we are exposed to and the opportunities we get to work closely with cities, counties, private firms, and different departments of transportation across the nation. The variety is exciting and comes with a new set of challenges.

The level of competition that exists among private firms was surprising to me. I’m a firm believer that collaboration creates success but understand that competition drives business. I’m enjoying learning the business side of a private company and it’s something I’ve always been interested in. At MnDOT, I was focused on being a good steward...
of tax dollars. At WSB, I’ve been able to think strategically about operations and how they can affect staff, clients, and the company.

TZL: WSB is an entrepreneurial growth firm. It’s also a large firm. How did you adjust to the business environment of an aggressive private firm?

MC: Throughout my career, I’ve been drawn to opportunities that challenge me. Where others may shy away from challenge, I find them motivating and have pushed myself to tackle them. I’ve savored WSB’s aggressive growth goals and I enjoy being part of a leadership team that actively seeks opportunities. These opportunities allow for professional development throughout our organization. In the time I’ve been at WSB, I’ve grown as a professional and have worked hard to elevate the success of our transportation group and company. We’ve set lofty goals and I look forward to achieving them.

TZL: President and CEO Bret Weiss is a well-known industry leader. What is it like working with him and his leadership team?

MC: Bret gives his leadership team a lot of latitude but believes in communication. I appreciate his management style and embrace the responsibility that Bret puts on his staff. He holds us accountable. I also think his entrepreneurial spirit has largely contributed to the success of WSB.

TZL: Your specialty is major highway projects that cost millions and take years to finish. How do you keep things moving forward over such a long timeframe, when so many things can change from beginning to end?

MC: Project success is built upon a strong team, especially when working on long-term projects. As a project manager, part of my job is to clear the path for people on my team. I like to set expectations from the beginning to ensure that my team feels ownership of the project. Empowering my team is important and it is not my job to make every decision or micromanage, but rather help solve challenges and act as a resource for success. I want my team to feel that they have the confidence to make decisions at the right level. Balancing responsibility is incredibly important, and when done well, leads to success for both the project and the team.

“The level of competition that exists amongst private firms was surprising to me. I’m a firm believer that collaboration creates success but understand that competition drives business.”

TZL: Along with your role as COO, you also act as WSB’s Transportation Group Manager. What’s the key to keeping your team engaged, productive, and on the lookout for new work?

MC: Keeping your team challenged by identifying the right opportunities for them is so important. I like to play to their strengths, but also give them room to grow. As a manager, it’s my job to understand the skills of my staff and identify opportunities that fit these skills. I focus on putting people in the position to be successful. An engaged team leads to successful project results. If you’re challenged and enjoying your work, you’ll perform better. I have a great team around me and I am constantly looking for opportunities for them to thrive.

“Throughout my career, I’ve been drawn to opportunities that challenge me. Where others may shy away from challenge, I find them motivating and have pushed myself to tackle them.”

TZL: Public awareness and community engagement are crucial to successful delivery of an important piece of public infrastructure. What are a few of the lessons you’ve learned about the engagement process during your years with MnDOT? And how did you transfer that knowledge to WSB?

MC: Transparency and speed of information is key to public engagement. The public expects accurate and quick information. It’s not fair for them to get their information from behind closed doors. Having spokespersons interacting face-to-face and leading communications efforts with the community is effective. We need to be direct and when possible, give immediate answers. Engineers aren’t known for being extroverts, but direct communication skills are becoming increasingly important.

For example, while working on Minnesota Highway 212, I went with a colleague to a neighborhood where an access was being changed. We spoke directly to residents and changed the access alignment immediately based on their feedback. The residents went from being outraged to grateful in a matter of minutes. Listening to the people that you’re impacting is vital to a project’s success.

TZL: The 2007 collapse of the I-35W bridge in Minneapolis: How did this affect you and what did you learn from this tragedy?

MC: The sensitivity surrounding this project was not lost on me, it aged me. Through this experience, I learned that a highly-functioning team – owner, contractor, and consultant – can accomplish enormous feats. Our team worked closely and resolved problems quickly and our issues resolution process was so effective resulting in few change orders. We worked together to quickly identify and implement solutions and the level of collaboration throughout this project was incredible.

On a personal level, this project humbled me. It brought to light the significance of engineering and how it impacts a community, both good and bad. If we do a bad job, it could result in tragedy. If we do a good job, it will improve our economy and quality of life. Unfortunately, we experienced both impacts during this project. The tragedy of the collapse was horrible. It reminded all of us of the risk we manage. The collapse of the I-35W bridge spurred a national effort to...
ON THE MOVE

OHM ADVISORS ANNOUNCES THREE NEW SHAREHOLDERS OHM Advisors' board of directors and partners announced the addition of three new shareholders: Lambrina Tercala P.E., ENV SP, George Tsakoff, P.E., and Matt Wendling, P.E. The partners were recently elected to the 57-year-old firm’s ownership group by fellow owners and partners. The announcement was made by OHM Advisors Board Chairman James Houk.

The new shareholders, nominated from among the firm’s many outstanding professionals, represent a range of disciplines, experience levels, and specialties. Each is recognized for their contributions within the firm, and dedicated service to clients and colleagues. The role of the shareholder is to contribute to the firm’s leadership and success, elect board members and future shareholders, and exercise voice in the future direction of the company.

“The addition of these three professionals to our partner group enables us to continue our aggressive growth strategy going forward,” said Houk. “As OHM Advisors continues to expand our national footprint, our shareholders’ commitment to our Advancing Communities mission will be instrumental in the company’s success in 2019 and beyond.”

Lambrina Tercala started her career with OHM Advisors in 2014 as a wastewater design engineer in the firm’s environmental water resources group. She has a deep strategic and business aptitude that lends itself to identifying growth opportunities and improved project performance.

Lambrina is a graduate from the University of Michigan with a bachelor's degree in civil and environmental studies and is an alumna of the 2018 OHM Grad School program – a focused 12-month curriculum that prepares OHM Advisors’ next generation of leaders.

George Tsakoff joined OHM Advisors’ Municipal Group in 2014 and immediately took on responsibilities with several long-standing municipal clients. In four years, he has grown a team within the firm’s municipal group that now leads five clients and more than $1 million in revenue as a principal-in-charge and senior project manager. With more than 20 years of experience, Tsakoff provides leadership for several major municipal partners in southeast Michigan.

Tsakoff earned a bachelor’s degree in civil engineering from Michigan State University and an master’s degree in civil engineering from Wayne State University.

Matt Wendling, P.E., has more than 22 years’ experience that includes feasibility studies, alternatives analysis, structural design, roadway design, non-motorized network design, wetland mitigation oversight and a variety of projects with the Corps of Engineers and various local agencies. He serves as OHM Advisors’ Michigan Transportation Practice Leader.

Wendling served 13 years in the U.S. Army, including two years stationed in Germany. He continues to serve through volunteering with his local American Legion Post. Wendling earned a bachelor’s degree in civil engineering from Michigan State University.

OHM Advisors is the community advancement firm. Founded in 1962, OHM Advisors delivers award-winning work across the architecture, engineering, and planning spheres. With more than 450 employees in 14 offices throughout Michigan, Ohio and Tennessee, the OHM Advisors team partners with leaders at all levels of government, school districts, developers, universities, and private companies, to create great places.

LAND OF 10,000 LAKES, from page 7

monitor the safety of structures across the United States, resulting in increased safety of structures. The public support for this project and the communication across multiple stakeholder groups was outstanding. We took a well-balanced approach and combined it with a highly-functioning team that showed the world the best of civil engineering.

“Empowering my team is important and it is not my job to make every decision or micromanage, but rather help solve challenges and act as a resource for success. I want my team to feel that they have the confidence to make decisions at the right level.”

TZL: You have experience with public-private partnerships. What’s the biggest key in making sure risk is properly managed, and to delivering the project as planned?

MC: I have a lot of experience with alternative delivery and the key to making sure risk is properly managed is ensuring it is assigned to the party that can most effectively manage it. Largely, projects fail over time due to poor communication. I believe that beginning projects with aggressive and frequent communication forms a foundation for success.

TZL: Design-build is a way to complete a project in a timely manner. As an engineer with experience in design-build procurement and team coaching, speak to the pitfalls of this form of project delivery, and how to avoid them.

MC: Risk management is a major factor in design-build projects. Again, assigning risk to the party that can best manage it is key in all types of project delivery. Design-build project success is also dependent on a collaborative environment. If you’re unable to build a collaborative team environment with the contractor, your project will struggle.

TZL: If you were sitting in a classroom with high school students, what would you tell them about the opportunities and lifestyle a career in civil engineering can provide?

MC: Just like any job, civil engineering is what you make of it. There are so many opportunities within this civil engineering industry that include career paths in transportation, municipal, water, wastewater, structures, environmental, etc. I encourage people to find their passion and pursue it. I’ve been fortunate throughout my career and civil engineering has helped me build both personal and professional successes. I’ve had several opportunities to work on some incredibly challenging and character-building projects. To me, the challenges inspire me. Watching the public react to a project that has improved their lives is satisfying. Civil engineering is solving problems that are environmentally sensitive, it’s shortening someone’s commute, it’s rebuilding a bridge after tragedy struck, or improving the safety of an intersection. From the outside, it may not appear the most glamorous of positions, but from a public service perspective, it’s extraordinarily rewarding.  —
With an awkward tip of the hat to The Clash, let’s acknowledge that for some, the idea of corporate growth can be a nebulous concept that can carry a negative connotation. Alternatively, for progressive AEC firm leaders and thinkers, it’s oftentimes one of the goals that we strive for.

Our premise is this: The opportunity for expedited personal career development within an AEC firm is tied to corporate growth.

I’ve often said that for an ambitious young professional in a landlocked and saturated market area within a stagnant AEC firm, it is extremely depressing to realize that your personal career advancement is directly tied to the unfortunate death, retirement, or termination of your supervisor. That’s just not an exciting place to be for someone who is wanting to grow and advance in their career.

On the other hand, firms that are dynamic and growing, opening new offices, acquiring new companies, expanding their service area into new geographic areas, or opening new lines of business, are often creating opportunities for their existing employees. Those opportunities include, and are certainly not limited to, climbing the management ladder or taking on more responsible client service positions.

“Corporate growth is often associated with the monetary reward of a growing company, but there is a strong case to be made for focusing on corporate growth as a retention strategy by providing opportunities for employees to achieve their career aspirations.”

Should I stay or should I grow?

The word growth is often associated with the bald pursuit of profits, but it’s really about the health of your firm and your staff.
employees with handsome offers. If we fail to provide opportunities for personal career growth within our firms, our rising stars will be very tempted to leave and pursue those opportunities elsewhere.

Corporate growth is often associated with the monetary reward of a growing company, but there is a strong case to be made for focusing on corporate growth as a retention strategy by providing opportunities for employees to achieve their career aspirations. We believe that the professional AEC workforce of the future will demand this type of approach and that firms with a reluctance to grow

MITCHELL FORTNER, from page 9

employees with handsome offers. If we fail to provide opportunities for personal career growth within our firms, our rising stars will be very tempted to leave and pursue those opportunities elsewhere.

Corporate growth is often associated with the monetary reward of a growing company, but there is a strong case to be made for focusing on corporate growth as a retention strategy by providing opportunities for employees to achieve their career aspirations. We believe that the professional AEC workforce of the future will demand this type of approach and that firms with a reluctance to grow

MITCHELL FORTNER, P.E., is president of KSA. He can be reached at mfortner@ksaeng.com, @MitchFortner on Twitter, or Mitch Fortner on LinkedIn.

“If we fail to provide opportunities for personal career growth within our firms, our rising stars will be very tempted to leave and pursue those opportunities elsewhere.”

MITCHELL FORTNER, P.E., is president of KSA. He can be reached at mfortner@ksaeng.com, @MitchFortner on Twitter, or Mitch Fortner on LinkedIn.

“Corporate growth is often associated with the monetary reward of a growing company, but there is a strong case to be made for focusing on corporate growth as a retention strategy by providing opportunities for employees to achieve their career aspirations. We believe that the professional AEC workforce of the future will demand this type of approach and that firms with a reluctance to grow

MITCHELL FORTNER, P.E., is president of KSA. He can be reached at mfortner@ksaeng.com, @MitchFortner on Twitter, or Mitch Fortner on LinkedIn.

“If we fail to provide opportunities for personal career growth within our firms, our rising stars will be very tempted to leave and pursue those opportunities elsewhere.”

MITCHELL FORTNER, P.E., is president of KSA. He can be reached at mfortner@ksaeng.com, @MitchFortner on Twitter, or Mitch Fortner on LinkedIn.
This article is a sequel to an earlier piece, “Understanding ESOPs (Part 1),” where we discussed the more intangible side of ESOPs, including culture, recruitment, and legacy. This follow up article will deliver clarity surrounding the more tangible side of ESOPs, specifically, the significant tax benefits available to both the selling shareholder and the surviving company.

When it comes to transitioning a business, a selling shareholder has finite options, including a strategic buyer, private equity, its management team, or an ESOP. These options all have different tax implications to all of the parties involved. It is important to note that ESOP ownership offers significant tax advantages to both the selling shareholders as well as the surviving company. In order to more accurately assess the economics behind all potential offerings, these tax advantages should be well understood before a shareholder commits to a preferred sale path.

ESOPs can only take the form of a C-corporation or an S-corporation. Because in its simplest form an ESOP is a qualified benefit plan, the contributions it makes to the trust (established to oversee the transaction on behalf of the employees) are tax deductible, thereby reducing taxable income. C-corps also have the ability to make a tax deductible dividend (typically allowable up to certain market driven parameters),
The bridge ended up being constructed by ODNR crews,” Less said. “The elements and challenges specific to the state park were such that we felt they would be the best choice. The ODNR is very familiar with what’s needed in the park and what’s restricted.”

Less said he felt the bridge was honored by ABCD because it is out of the ordinary, yet ideally suited for the location.

“The criteria for the design was as much aesthetic as it was engineering,” Less said. “It’s in the middle of a state park, so it’s made of timber and cable. We wanted the bridge itself to feel like an adventure, and that’s why we modeled it after the ‘Indiana Jones’ bridge.”

He credited Smithhisler for consistently supporting the bridge design and the engineers involved.

“A project like this that diverts from the norm takes initiative and it takes champions,” Less said. “Gus maintained his creative outlook and understood the vision when others didn’t.”

It wasn’t until people saw how much fun everyone was having and how many times pictures were being shared on social media that they realized its value and how well it fits with the park.”

Woolpert Roads and Bridges Practice Leader Ron Mattox, P.E., said Smithhisler and ODNR are familiar with Woolpert’s sound engineering and adventurous work.

“I did another project for the park in which we put a spiral staircase in, allowing climbers to get safely and creatively from one rock ledge to another,” Mattox said. “I think our track record is the reason we were selected for the job.”

Smithhisler thanked Mattox and Less for working with him through the design process and thanked the ODNR Division of Parks and Watercraft employees who built the structure.

“We weathered significant difficulties but completed a bridge that will be fun for park visitors for generations,” Smithhisler said. “While this project was not huge in scope or dollars, it will always be one of my most memorable accomplishments with ODNR.”

Woolpert is the fastest growing AEG firm in the country, delivering value to clients in all 50 states and around the world by strategically blending innovative design and engineering excellence with leading-edge technology and geospatial applications.

PAT STOLTZ & JIM SWABOWSKI, from page 11

which results in a further reduction of taxable income. Oftentimes, the combination of these two tax deductible line items can effectively eliminate an otherwise taxable situation.

Please note, this strategy does accelerate share allocation, and consequently must be analyzed and understood in order to assess the overall effectiveness and sustainability of the ESOP. A further benefit in a C-corp scenario is offered to the selling shareholders. In the case where at least 30 percent of the company is sold to the ESOP, the selling shareholders have the ability to elect a tax deferral of the capital gains of the transaction (Section 1042 of the Internal Revenue Code). This strategy can be an extremely effective mechanism, including the potential to permanently defer capital gain taxes. Please note, selling shareholders who elect 1042 tax deferral are not eligible to participate in the ESOP.

In the case of an S-corp ESOP (assuming 100 percent sale) the surviving S-corp ESOP is a federal tax exempt entity, and therefore is not subject to federal taxation. S-corp ESOPs are also exempt from most state taxes (please verify according to your individual state). It is important to note that in most cases an S-corp has the ability to convert to a C-corp (pre-transaction) in order for the selling shareholders to utilize Section 1042 deferral. However, there are certain restrictions governing the time periods for converting back to S-corp status which should be understood prior to making the election. Importantly, if a selling shareholder sells his or her stock as an S-corp, that selling shareholder is not eligible for 1042 tax deferral.

It is important to surround your AEC firms with banking partners who are dedicated to your industry, and understand the day-to-day challenges business owners face. Wintrust is among a select few commercial banks that, on a national basis, brings a dedicated team of professionals to provide financing to both the ESOP and AEC space. Consequently, we remain enthused about bringing ideas and much needed education to a business transition alternative that deserves continued focus and educational attention. We look forward to continuing to share our expertise and experiences with the group. 

Wintrust Financial Corporation is a more than $30 billion financial services company headquartered in the Chicago area. With its national niche lending groups, including Wintrust ESOP Finance and Wintrust Construction, Engineering & Architecture, our experts have the knowledge and expertise to provide a business owner in the AEC space with a relationship-focused partner and key trusted advisor. PAT STOLTZ and JIM SWABOWSKI can be reached at pstoltz@wintrust.com and jsswabowski@wintrust.com.