

Simplification for greater success

Look for ideas to simplify every single thing you do and the benefits will accrue, Mark Zweig writes.

Complication is harmful to quality. You cannot be good at everything. No one is. The more menu offerings you have, the greater the odds are your cooks won't know how to make some of them.



Mark Zweig

EDITORIAL

For those of you not aware of it, earlier this month ZweigWhite announced the combination of two of our magazines – CE News and Structural Engineer – into a new, expanded single publication, Civil + Structural Engineer magazine. It's all part of our efforts to simplify our business: for our readers, our advertisers, and sponsors – and ourselves.

The reason for simplification is simple (sorry for being so "simple" myself!): Over complication of an A/E or environmental firm (any firm) is a natural outcome of being in business a long time. The number of offerings tends to increase over time. Mature industries foster differentiation. Differentiation results in complication.

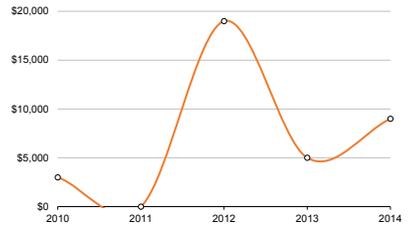
Complication is harmful to quality. You cannot be good at everything. No one is. The more menu offerings you have, the greater the odds are your cooks won't know how to make some of them.

The more complex your "offer" is, the harder it is to sell. The people doing the selling have to explain what you're selling and know about all of it. The wider the range, the less likely any one individual with your firm will be able to know about all your products.

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TRENDLINES

Like a yo-yo



Continuing to fluctuate year-to-year, the overall median bonus for A/E firm principals has increased to \$9,000 this year, according to ZweigWhite's 2014 Principals, Partners & Owners Survey.

This rise in principals' median bonus follows a significant drop last year to \$5,000 from a high of \$19,000 in 2012.

Principals' median bonus dropped to a five-year low of \$0 in 2011, from \$3,000 in 2010.

– Margot Suydam, Survey Manager

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A/E BUSINESS NEWS

HONDA BUILDS A HOUSE: Honda marked the opening of Honda Smart Home US, showcasing technologies that enable zero net energy living and transportation. The home, located on the West Village campus of the University of California, Davis, is capable of producing more energy on-site from renewable sources than it consumes annually, including enough energy to power a Honda Fit EV for daily commuting. A Honda-developed home energy management system and an energy efficient design will allow the home's occupant to use less than half of the energy of a similarly sized new home in the Davis area for heating, cooling and lighting. The home is also three times more water-efficient than a typical U.S. home.

Honda Smart Home US, construction of which began in April 2013, will serve as a residence for a member of the UC Davis community, whose selection will soon be announced. The fully furnished home comes equipped with a Honda Fit EV battery electric vehicle for the resident's daily transportation.

In addition to showcasing Honda's vision for sustainable, zero-carbon living and personal mobility, the home will function as a living laboratory where the company, along with researchers from UC Davis and Pacific Gas and Electric (PG&E), will evaluate new technologies and business opportunities at the intersection of housing, transportation, energy and the environment.

Honda's environmental efforts extend beyond personal mobility to address two of the primary sources of CO2 emissions: cars and homes. Together, energy used to power homes and light duty vehicles contributes to approximately 44 percent of U.S. greenhouse gas emissions in the U.S. Technology that enables distributed renewable energy generation to supply power to homes and cars seamlessly is one of the key potential pathways to address climate change.

UC Davis's West Village, where the Honda Smart Home is located, is the largest planned zero net energy housing development in the U.S. Opened in 2011, West Village is home to the university's internationally recognized research centers focused on energy efficiency, sustainability and transportation.

SUSTAINABLE EDUCATION: The Center for Green Schools at the U.S. Green Building Council, together with global education leader Houghton Mifflin Harcourt, released a National Action Plan for Educating for Sustainability, a call for action to ensure that Education for Sustainability (EfS) is accessible to all students across the United States. The plan outlines a robust goal for all 50 states to adopt a comprehensive green schools policy that includes a graduation requirement around sustainability literacy by 2040.

This plan marks the first time in the sustainability education movement that the most

notable leaders of education, top U.S. providers of K-12 academic content and practitioners on the ground have come together around EfS themes.

"When the U.S. Department of Education published its Green Ribbon Schools award, which called for all K-12 graduates to be environmentally literate, we received that as a directive for the community to band together and figure out how we will ensure that happens," said Rachel Gutter, director of the Center for Green Schools at USGBC. "This National Action Plan represents the perspectives of the leading minds and the strongest champions of EfS for the first time together with one voice committing to a series of actions that will ensure that every student graduating from a U.S. K-12 school will be environmentally literate by the year 2040."

The action plan contains 11 sections that examine critical elements involved in ensuring that every student receives sustainability education by 2040. These categories include: collaboration, economic drivers, integrated content and curriculum, leadership, policy, pre-service teacher preparation, professional development, public awareness, research, student assessment and teacher evaluation. Each section is authored by a different expert in the EfS field, with additional content provided by schools and business contributors, including leaders from United Technologies Corporation, Office Depot and Rep. John Sarbanes (D-Md.).

MARK ZWEIG, from page 1

Simplify. Do fewer things but be better at them. But simplify your business in other ways, too. Have fewer offices. Have shorter contracts. Use fewer contract forms. Shorten job numbers. Shorten the policy manual. Reduce unbillable project codes. Move out the people you don't need. Get out of businesses you shouldn't be in. Make your benefits program simpler. Simplify your proposals. Make presentations shorter. Make the organization structure simpler. Reduce the number of titles you have. Simply your legal form of organization – do you really need all of those different companies?

For those of you who are in love with the idea of creating committees, creating a committee on simplification may actually be one worth doing. Look for ideas to simplify every single

For those of you who are in love with the idea of creating committees, creating a committee on simplification may actually be one worth doing. Look for ideas to simplify every single thing you do and you'll drive cost out of your system.

thing you do and you'll drive cost out of your system as well as improve the overall performance of your firm! ▲▲

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THE ZWEIG LETTER

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THE TEAM

Getting everybody fired up

Skip the Ambien. Follow the advice from these firm leaders so you can build a winning team and sleep better at night.

By LIISA SULLIVAN
Correspondent

Do you have a team that fires on all cylinders? It's a challenge to make it happen. So, just how do you get the right lieutenants in charge so, as a firm leader, you can sleep easy at night?



Kevin Hickey,
Principal
Consultant, CEO,
All4 Inc.

START WITH THE VISION; RECRUIT AND RETAIN. Kevin Hickey, principal consultant, CEO, **All4 Inc.** (Kimberton, PA), a 42-person environmental consulting firm, says that alignment is the first word that comes to mind when he thinks of ways to get a team to “fire on all cylinders.”

“Ultimately, if your recruiting process is consistently finding highly accountable people and you treat them with respect, professionalism, and empathy, you won't need any Ambien.”

“Getting everyone aligned, first starts with a clear identification of the team's or organization's vision,” he says.

Once the vision is clear, Hickey says you should first identify the leadership traits that are important and necessary for the particular team. Next, set clear expectations and purpose, assess those traits against the skill sets of the leaders and match those leaders accordingly.

“We are currently developing an in-house ‘leadership academy’ specifically designed to identify and groom future company leaders consistent with

our vision of the term ‘leadership.’ Until that is complete, we will continue to routinely coach and support our team leaders. Ultimately, if your recruiting process is consistently finding highly-accountable people and you treat them with respect, professionalism, and empathy, you won't need any Ambien,” Hickey says.

At All4, the recruiting process is well established. Talent who are client-centric and well aligned with the company vision are identified. Once they are brought on, the onboarding process kicks in. This onboarding process is strategically designed to ingrain the culture consistent with the company vision.

“We like people to understand and buy into the ‘way of being’ at ALL4 during the recruiting and onboarding processes,” Hickey says.

As we all know, no system is ever perfect, so the next challenge at All4 is to make sure that everyone gives and receives timely feedback on a consistent basis.

“Each employee works with a career coach and meets with the coach routinely,” Hickey says. “This consistent communication helps us to keep everyone aligned with our vision and firing on all cylinders.”

OLD ADAGE: THERE'S NO ‘I’ IN TEAM. John Nichols, principal and Pre-K-12 education practice leader, **HMC Architects** (Los Angeles, CA), a 300-plus-person firm, says that to build a great team, you need people who share a common passion, are realistic about their strengths and abilities, and are flexible enough to adjust their role depending on the project and team dynamic.

Nichols relies on self-directed people who act as if they were running their own business. However, he says that it's important to seek team members who are interested in the whole team's

DON'T FORGET TO BUILD IN SOME FUN

Lonnie Laffen, CEO, **JLG Architects** (Grand Forks, ND), an 85-person architecture, urban planning, interior design, and construction administration firm, lists several ways to build a crackerjack team:

- Try to get everyone together on occasion. Communication works much better in person.
- Foster an environment of collaboration. That way you still work on communication even when you are in separate offices.
- Practice humor every day. It breaks down the barriers and makes it easier to communicate.
- Party when you get a chance. It's easier when you work with people you know.
- State clear goals at the beginning – from outcomes to schedules. Know what your clients want.
- A strong office culture allows you to attract and retain leaders.
- Hire great people and let them do their job. Remember that they will do it better than you – that helps you sleep at night.



John Nichols,
Principal,
HMC Architects.

success first. He cautions against people who pursue self-interests for personal profit, ego and control purposes.

“That cannot be tolerated,” he says.

Nichols advises that for architectural team success, you need:

- 1) An informed client who can make timely decisions, knows what they want, when they want it and how much they can afford to spend.
- 2) A principal-in-charge who can win clients and keep them happy.
- 3) A project manager who can tenaciously protect scope, schedule and budget.
- 4) A project designer who can get inside the client's head and define their vision.
- 5) The right balance of collaboration and healthy tension to keep things exciting.

See FIRED UP, page 4

NEWS

Groups join to develop building standard

2015 National Green Building Standard effort now includes ASHRAE.

The National Association of Home Builders, building science society ASHRAE and the International Code Council, developers of the ICC Family of Codes for the built environment, agreed to jointly develop the 2015 edition of the ICC/ASHRAE 700 National Green Building Standard.

This is the third edition of the standard and the first time that ASHRAE has partnered on its development.

“ASHRAE’s participation is welcome news for the home building industry,” said NAHB Chairman Kevin Kelly, a home builder and developer in Wilmington, Del. “This cements the position of the National Green Building Standard as the pre-eminent green standard for residential construction.”

In 2007, NAHB and ICC convened a consensus committee of home builders, code officials, product manufacturers, building science and energy-efficiency specialists and governmental representatives to develop the standard.

It was approved in 2009 by the American National Standards Institute (ANSI) as the first green standard for residential construction, development and remodeling. Since then, the National Green Building Standard has helped define and advance sustainable home building, remodeling and development – a sector expected to represent as much as a third of the market by 2016.

FIRED UP, from page 3

There are also a number of other critical players, like contractors, consultants, approving/inspecting agencies and financiers that need to be integrated into the team at various points along the way.

“One of the great advantages of being part of an established firm is that you’re able to select team members for the right ‘fit’ within a team dynamic on just about any project and for any client type,” Nichols says. “We also have a wealth of personality and performance data on every team member, so I have a sense of their potential for success as I make team assignments.”

And, once Nichols knows the client and project type, he assigns a dedicated principal-in-charge (PIC) to build that relationship, often months before a selection process is initiated.

HMC has a defined set of procedures it follows and team members apply with prospective clients when pursuing work. During this time, the assigned PIC builds trust and commitment with the client, gaining insight on team selection. The PIC also builds in planned capacity to the team’s workload to accommodate the assignment. As a result, the

Now known as the ICC 700 National Green Building Standard (NGBS), it was updated in 2012 by a subsequent consensus committee and again approved by ANSI. NGBS has been used to certify more than 32,000 single- and multi-family homes and residential developments for reaching its established benchmarks for energy, water and resource efficiency, indoor environmental quality, home owner education and site development.

“As one of the nation’s leading societies for building technology, ASHRAE brings years of experience and knowledge to the table, particularly in the areas of indoor environmental quality and energy efficiency,” said ICC Board President Stephen Jones and CEO Dominic Sims in a joint statement. “ASHRAE’s welcome involvement will help position the ICC/ASHRAE 700 National Green Building Standard even further ahead as the leading consensus standard in the industry.”

Applications to serve on the NGBS consensus development committee are open through April 6. That’s also the deadline to submit proposals to update or amend the new edition. The application and the proposal submission forms can be found at www.homeinnovation.com/ngbs, the website for the Home Innovation Research Labs, which again is serving as secretariat, or administrator, for the standard development process.

“ASHRAE is pleased to stand beside NAHB and ICC as a co-sponsor of ICC/ASHRAE 700,” ASHRAE President Bill Bahnfleth said. ▀▄

PICs take early ownership of clients, teams and projects. Nichols’ role is to periodically check-in with the PICs and clients to monitor successful progress.

“Okay. This is how it’s supposed to work... and it does most of the time,” he says.

BE AN OPEN BOOK. David Winter, vice president of business development, **Hart Crowser** (Seattle, WA), a 110-person geotechnical, environmental and natural resources consulting firm, says that a well-informed team is a high-functioning one.

Hart Crowser utilizes an in-house report to inform staff about what’s happening in the company. It’s called “The Short Report” and addresses items such as how the company is expanding and what specific metrics mean. It delivers good and bad news. Transparency is important.

Winter says that if you have good plan, it will all come together in the end. Strong leaders yield a strong team. You do what you have to. For example, sometimes it’s necessary to shift staff around to meet market shifts.

“It’s all part of building a strong team,” he says. ▀▄

SURVEY

The status of performance reviews

Most firms are still doing them, but they are not all doing it the same way, survey finds.

By CHRISTINA ZWEIG
Contributing editor

Hiring and keeping good people is at a higher priority than ever. How does the trusty old performance review figure into that equation today?

Information gleaned from ZweigWhite surveys and from interviews with experts sheds some light on the subject, allowing a true evaluation of the popularity and types of performance reviews.

Though performance reviews go by many different names in design and environmental consulting firms, they all serve a basic function: To evaluate employee performance regularly and systematically at all levels. Implementing a successful performance review system in an A/E/P or environmental consulting firm can ensure efficiency, act as a motivational tool and minimize employment-related liabilities.

ZweigWhite's 2014 Policies, Procedures and Benefits Survey finds that 86 percent of firms conduct regular performance appraisals or reviews of employees, and 65 percent of these firms report all employees participate.

Some firms use the same performance appraisal format for all employees, while other firms feel that not all employees should be reviewed based on the same set of criteria, since they have varied functional roles. The survey found that 70 percent of firms keep the performance appraisal format the same for all employees, though certain formats were more formal or restrictive than others.

Timing a performance review can be a sizeable task, especially in flourishing companies with busy workloads. More than two-thirds of firms conduct simultaneous performance reviews for the entire staff on an annual basis, and

one-third of firms report they'll conduct performance reviews off-cycle at the discretion of the employee's supervisor.

The survey found that in performance reviews of professional/technical staff, factors taken into account most often include technical skills and the ability to work well with others (94 percent each). Firm members most likely to have access to the results of the appraisal are the president, CEO, or managing partner (77 percent), though only 66 percent of firms reported the employee would have access to the results of the appraisal. Eighty-one percent of firms report they may adjust wages based on the results of performance reviews.



Jill Faulkenberry,
Director of HR
and Senior
Associate,
FreemanWhite.

ANNUAL REVIEWS

STICK. Jill Faulkenberry, director of human resources and senior associate at **FreemanWhite** (Charlotte, NC), a 104-person integrated design and consulting practice for the healthcare industry, says that performance appraisals have a similar format for everyone in the firm.

At FreemanWhite, reviews are conducted for new staff at six months after hiring, again six months later, and then annually around the work anniversary date.

"Team members meet with their managers in an evaluation style setting to discuss their individual goals as well as provide feedback about various areas and programs that FreemanWhite commits itself to," Faulkenberry says.

Compensation isn't tied directly to appraisals. "Appraisals are designed to be more of a goal review and goal-setting conversation that includes valued feedback from both member and manager in an environment that promotes professionalism and encouragement. Raises and bonuses are normally distributed toward the end of each calendar

year, whereas appraisals are conducted throughout the year. Mind you, individual performance is the driver of compensation decisions, and naturally, appraisal content would be considered with individual performance," Faulkenberry says.

Kristi Ploen, marketing director **Cannon Moss Brygger Architects** (Souix City, IA), a 39-person firm, says all employees undergo annual reviews.

"Over the past few years we have worked hard to do a better job of providing employees with meaningful, useful employee reviews that focus on personal development and positive changes, rather than mistakes or shortcomings."

"This is our benchmark to discuss not only the employee's performance, but what our leadership team can be doing differently, what's working and what's not with company policies/procedures, etc. It is also when we evaluate employee compensation, raises and bonuses," Ploen says.

Cannon Moss Brygger Architects also distributes an annual employee satisfaction survey covering topics such as communication, team culture, benefits, etc. – something that helps with the review process for the leadership team.

While the format of the actual review is the same, questions and items on each employee being reviewed differ based on their role/department in the firm.

"Each review has a different review team, so it is not just the president/CEO (for example) giving you all the feedback," Ploen says.

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5 ways your culture costs you money

Process-related problems plague companies, as well as internal resistance to change.

The culture of your firm is an intangible element of your business operations that directly impacts the behavior of your employees. Many firms develop their culture over time and are really not aware of the subliminal messages that are translated by their employees every day as they communicate with clients and make decisions that impact both their client relationships and the profitability of their projects.

Culture is defined by the Merriam-Webster dictionary as, “A way of thinking, behaving, or working that exists in a place or organization (such as a business).” The problem is, if you surveyed your staff and asked them about your firm’s culture, you would probably get many different answers, and some may not really be sure what your culture is.

In my book, “Find the Lost Dollars,” I describe the 10 “Culture Traps” that plague the A/E industry and cause firms to lose money in nine areas of their business. The common element that binds all of these cultural habits together is an overall lack of accountability. Very often employees will ignore policies and create their own sub-systems to manage their work. These inconsistent practices across the organization cost the firm money.

While many business leaders know that a lack of accountability is an issue for their firm, they often don’t realize the financial impact that this cultural practice has on their profits. Below, I describe five areas where this accountability gap directly impacts the bottom line.

1) Failure to document and enforce company processes.

If you walk around your office and ask your employees to recite your company’s defined processes in a number of areas, I would venture to guess that they either couldn’t or would have many different answers. When employees are not required to follow consistent processes to do their job, there tends to be inefficiencies that create duplicate data entry, too much reliance on spreadsheets and paper, and time spent looking for information and correcting mistakes. Clearly documented and enforced procedures force everyone to maintain higher quality as well as consistent and reliable communication and documentation that improves overall client relationships and project success.

2) Poor time management. One of the key areas lacking accountability in A/E firms is time management. Every minute of your employee’s time is worth money, yet most firms do little to ensure that their time is spent as effectively as possible. Improving time management systems and processes, requiring daily timesheet entry, and enforcing timesheet



June Jewell

GUEST
SPEAKER

policies is one of the most important improvements that an A/E firm can make to increase utilization, project billings, collections and cash flow.

3) Failure to manage scope creep and capture of extra services. There are several areas in the project execution and management process where money is lost due to lack of accountability. While many firms develop policies about how scope changes or out-of-scope requests are to be managed, I find that very few are truly following these processes. Employees will very often go ahead and do work that a client requests without written authorization. This can lead to excessive time write-offs, disputes with clients, large outstanding unbilled costs, and added project risk.

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While many business leaders know that a lack of accountability is an issue for their firm, they often don’t realize the financial impact that this cultural practice has on their profits.

Job description for an office leader

Inspiring collaboration and excellence delivers great results to clients.

I recently met with a young professional who aspired to lead an office one day. When I was active in professional practice, an inquiry like that would have made my day. It's not often a design professional envisions a leadership role, so when one does, I'm happy to take the time to offer reflections on what I've learned.

The transition from practice to undertaking the full range of things it takes for a professional practice to thrive is not easy. Sadly, professional schools teach little or nothing about what is involved in leading teams. Guidance is usually limited to a single semester, three-unit course on professional practice. The role is quite different for a sole practitioner than it is for someone leading an office of 100 people or more. The principles are the same, but the time dedicated to leadership can range from a few hours a week to a full-time job.

The office leader's role is not to "do" each of the elements I'll describe, but to be sure they're being done. The leader is responsible for setting direction and for the quality of execution. In the case of a leader of an office within a large, multi-office firm, he or she must also assure consistency with the standards and protocols of the firm.

The tasks start with the issues and details of running a business:

- **Accounting and budgeting.** Managing everything – from budgets and spending for capital projects to balancing overhead costs with fee income.
- **Contracts and risk management.** Assuring work is contracted at fees appropriate to the scope undertaken and the work plan is carefully budgeted and managed to the agreed scope and fee amount. It also involves quality control to limit risk exposure and incident management, should a problem occur.
- **Billings and collections.** Assuring invoices are sent on a timely fashion and that they reflect the work accomplished and are consistent with the contract. Monitoring collections and absolutely not allowing receivables to build; becoming involved personally with overdue accounts to assure there is no client dissatisfaction.
- **Human relations and personnel.** Assuring that all obligations relative to employment laws are being followed, guiding recruitment to achieve a high quality staff mix with the appropriate range of talents necessary to accomplish clients' work with excellence.
- **Marketing and sales.** Guiding the character and quality



Ed
Friedrichs

FROM THE
CHAIRMAN

of work being pursued to grow the firm as envisioned. Building long-term relationships with quality clients and becoming an "expert" in the markets served to build the reputation of the office.

- **Technology.** Acquiring and supporting the most appropriate and current technology to the practice. Providing training for staff to assure they're able to apply that technology well and consistently, focusing particularly on building standards that are used across the office.

Dysfunction in any of the above areas distracts everyone from the more important areas of firm performance:

- **Casting to strength.** Making assignments appropriate to each person's talent; teaming people with complementary talents.
- **Collaboration.** Fostering an environment of mutual trust in which people work effectively in teams; tolerating nothing less.
- **Rewards and consequences.** Creating a clear and consistent set of rewards and recognition for the level of quality expected; having clearly stated and consistently applied consequences for sub-par performance.

See ED FRIEDRICHS, page 12

The leader is responsible for setting direction and for the quality of execution. In the case of a leader of an office within a large, multi-office firm, he or she must also assure consistency with the standards and protocols of the firm.

JUNE JEWELL, from page 6

Creating a specific written policy including contract language, client communication protocol, tracking of extra services on timesheets, and requirements to have written authorization for all work performed is the first step. The next step is to ensure that all of these policies are being followed and the project scope is being reviewed during project kickoff meetings with the entire team. A ZweigWhite study found that only 40 to 50 percent of all project managers are reviewing the project scope with the entire team. This best practice alone can cause increased project revenues and profits, and reduced tension on the project team and with your clients.

4) Lack of investment in people and systems. Many A/E firms suffer from a distorted view of what things really cost and this actually manifests itself in the firm culture and value. I see companies that spend a great deal of money on people's time wasted in inefficient processes due to lack of training, or poor systems. This problem is especially common in small firms, where resources wear many hats, and project managers are promoted because of their technical skills – not their business acumen. I often see owners throwing people at problems rather than improving the overall business technology and knowledge platform required to advance the firm and increase necessary efficiencies to allow them to grow.

If you waste over \$50,000 per year on having your employees doing jobs they are not trained for, and wasting time due to lack of automation, it is an annual recurrence. Wouldn't you rather spend \$50,000 only once to provide training and/or improved systems? The true "soft" costs need to be considered when evaluating the benefits of improving your systems, or investing in employee development. Most PMs are not trained to perform all of the duties they are required to do, such as

business development, billing, hiring, collections, etc.

5) Adversity to change. Many A/E firm principals and staff are stuck in the past with how they run their businesses. The old adage, "That is how we've always done it" is the answer to many questions about why things are done a certain way. If you are still keeping paper project folders, not investigating in cloud computing, have an outdated website, and are not paying attention to social media to manage your brand image, then you may be behind your competition.

Technology and social engagement can be a competitive advantage, yet many principals question the value of LinkedIn as a valuable business development and recruiting tool. Believe me, your competitors are searching your employees on LinkedIn and you should have a good idea what is being said about your firm on the top three social media platforms, LinkedIn, Twitter, and Facebook. Those firms that constantly seek to improve and don't resist change will benefit from increased exposure and better employee engagement.

While you may work hard to instill strong values in your firm, your employees will respond more to what you do than what you say. By taking a hard look at the reality of how your culture of accountability is impacting the success and growth of your firm, you can start to understand what it might take to engineer your business for the future. ▀▲

JUNE JEWELL is the author of the Amazon bestselling book, "Find the Lost Dollars: 6 Steps to Increase Profits in Architecture, Engineering and Environmental Firms." She is the president and CEO of Acuity Business Solutions, an award-winning Deltek Premier Partner, focused on helping A/E firms and government contractors find opportunities, win business, deliver projects, and increase their profitability. Read more tips for A/E firms at her blog at www.AcuityBusiness.com/blog.

REVIEWS, from page 5

NO TRADITIONAL REVIEWS. Tony Schroeder, president **Choice One Engineering** (Sidney, OH), 30-person civil engineering firm says his firm uses a custom approach to performance reviews.

"We do not do 'traditional' performance reviews," he says. "Over the past few years we have worked hard to do a better job of providing employees with meaningful, useful employee reviews that focus on personal development and positive changes, rather than mistakes or shortcomings. For this reason, we have transformed the 'traditional' employee review into 'enjoyment checkups'."

These "enjoyment checkups" or ECs are a bi-annual process encompassing topics such as culture and behaviors, job analysis, career interests, employee job expectation, and personal development plan.

"In March and September of each year, the manager and employee have a discussion about enjoyment checkup, personal development, and building and recording specific plans to develop the employee's capabilities... We continue to improve the sequence and content of the EC by altering questions and discussion topics within the process to include a



Tony Schroeder,
President, Choice
One Engineering.

discussion of an employee's goals not just at Choice One, but in life, and how Choice One can help that person reach those goals. The EC will hopefully not only help the employee grow at Choice One, but also grow in the areas that are important to each individual," Schroeder says.

Choice One Engineering has made this review process a continuous and integrated part of company culture.

"In the past, with our former, more traditional employee reviews and then even with past versions of the ECs, we helped employees create worthwhile development plans to improve aspects of their work," Schroeder says. "This was good, but we had a critical flaw: once the development plan was recorded, we didn't touch on it again until the next EC. So in many ways, we were telling our employees 'get better!' but weren't helping them implement the plan or be held accountable for it. For this reason, we have added monthly '1-2-1' meetings that give managers and employees the chance to discuss and work on the development plans throughout the year." ▀▲

REAL ESTATE

Technology drives office space

Smaller, but more collaborative and engaging spaces for when you actually need to be in the office.

By LIISA SULLIVAN
Correspondent

The average amount of space per office worker has changed significantly in the last few years. The way we work and where we do it is not the same as it was 10, 15, or 20 years ago. Technology sits at the heart of this shakeup.

NEW SPACES BOOST UTILIZATION RATES. Norm Miller, a professor at the University of San Diego, Burnham-Moores, Center for Real Estate, explains that tenants are downsizing their offices, particularly larger public firms, as they increasingly adopt policies for sharing non-dedicated offices and implement technology to support their employees' ability to work anywhere and anytime. According to Miller, four major trends are impacting the office market:

- Move to more standardized work space.
- Non-dedicated office space (sharing), along with more on-site amenities.
- Growing acceptance, even encouragement, of telecommuting and working in third places.
- More collaborative work spaces and functional project teams.

"Historically, under the old corporate hierarchy, everyone had their own assigned office or work desk and we saw utilization rates of 50 percent or so," Miller says. "Firms that have moved to sharing space are seeing much more efficient utilization rates of 80 percent to 95 percent, sometimes using conference space seats to handle unexpected overflow. Some also have arrangements with temporary office space vendors like Liquid Space, Regus, HQ, Instant Space, as well as supporting employ-

ees working from home or third-party places."

"Some of it is also economic," Miller says. "That is, companies realized they could save money by minimizing excess space. But I believe the single biggest factor driving this trend is technology. Now that we have moved to cloud-based file storage and can access our work from anywhere and it can be easily shared, workers no longer have to be tethered to an office to be productive. Technology is very much at the heart of this transformation."

"Spaces are now a smaller and more efficient design for our custom work stations; this new design has proven very effective."



Ned White,
Senior Principal,
Intergroup
Architects.

OUT IN THE OPEN. Ned White, senior principal, **Intergroup Architects** (Littleton, CO), a 20-person firm, is seeing a trend toward downsized work spaces and more collaborative areas. It has become a discussion that surrounds almost every project.

"What we typically find is that the client will start with a very aggressive downsizing plan and usually moderate that as the design process evolves, to a final plan that includes some downsizing and some more traditional spaces. Usually corporate culture and politics prevent wholesale revisions to their current layout," White says.

Intergroup has undergone an office space evaluation as well. The company also did a fairly extensive review of workflows when it moved into its current building.

"The spaces are now a smaller and more efficient design for our custom work stations; this new design has proven very effective. We are also a totally open work environment. There are no enclosed offices for anyone," White says.



Matt Slagle,
Design Architect,
Tower Pinkster.

PRACTICING WHAT THEY PREACH. Matt Slagle, design architect, **Tower Pinkster** (Kalamazoo, MI) a 70-person architecture and engineering firm, says that it too has downsized individual office space to accommodate more collaborative spaces. Tower Pinkster also uses

technology through a telepresence system to communicate between its two office locations.

"We also have a new critique area that doubles as a touchdown location for employees and consultants from other offices and lower partition heights between employee work stations, which helps with natural daylighting," Slagle says. "However, its biggest paradigm shift in its office design has been to move the kitchen and dining area near the entry so that it can act as a social and gathering area. The idea that everybody congregates in the kitchen holds true and is welcoming to guests, while high-end finishes encourage users to keep it clean.

Slagle says that Tower Pinkster also uses its office space as an example of what their clients can do to enhance the work environment and how the overall design can create a more collaborative and team-centered space.

"We often tour clients through our space as a tool to communicate how the design works," he says. "Many clients are considering implementing something similar. It's definitely a shift

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ON THE MOVE

WAGGONER PROMOTES: **Waggoner Engineering** (Jackson, MS), a full-service engineering firm, has promoted **Brian Granger** to design team leader in the firm's water resources division.

In his new role, Granger will direct the project design team through planning and implementation and ensure compliance with company and industry standards. He joined Waggoner as a project engineer in 1998 and is currently a board-certified environmental engineer and experienced design engineer/project manager for the firm's water resource improvement projects.

"Brian has been a valuable member of our team for more than a decade," said Joe Waggoner, president of Waggoner Engineering. "We are eager to have his leadership, expertise and experience in our water resources division as we continue to advance exceptional client service."

WALTER P MORE HIRES: **Walter P More** (Houston, TX), a 300-person structural, diagnostics, civil, traffic, transportation engineering, and parking consulting services firm, has announced several new hires.

Bryan Brown, senior transportation planner, Houston, Traffic Engineering. Brown's background in urban planning and sustainable urbanism adds a unique skillset to our Traffic Engineering team. As a senior transportation planner, he brings an urban planning perspective to mobility projects and identifies creative finance and partnership opportunities.

Yavor Cekov, senior engineer, Houston, Structural Engineering. Originally from Vidin, Bulgaria, Cekov comes from a long line of architects and engineers who undoubtedly influenced his penchant for designing buildings. Cekov joins Walter P Moore with expertise in the structural analysis and design of high-rise residential and mixed-use structures. Fluent in all phases of design and construction, he has worked on several signature urban high-rise buildings.

Rob Field, senior project manager, Washington, D.C., Diagnostics. With a diverse background in structural design and sustainability, Field solves the challenges of building owners in the areas of building enclosure, renovation and restoration, parking restoration, and forensics. Since arriving in D.C. in 2006, he has further honed an expertise in challenging structural renovations of unique and historic structures.

Bryan Frank, senior project manager, San Francisco, Structural Engineering. Frank enjoys the inherent challenges of structural design, especially devising the structural systems that work best both functionally and architecturally. He is experienced in new building construction and seismic strengthening projects, most extensively in healthcare, educational, and government facilities. Frank has specific expertise in the detailed design of seismic force resisting systems and utilizing performance-based engineering methodologies in the seismic retrofit of existing buildings.

Randy Odinet, team director, Houston, Civil Engineering. Odinet has spent most of his 13-year career working on private development projects in the Houston area, ranging in size from large-scale drainage and land development to small urban site developments. As team director for Walter P Moore's Civil Engineering Group, Odinet is the primary point of client contact for the projects run by his team of project managers, engineers, and designers. Odinet provides the oversight of design and quality control processes, and is responsible for the financial management of the projects.

Virginia Sapkota, senior transportation planner, Houston, Traffic Engineering. Sapkota has 23 years of experience in transportation planning and engineering, including transportation systems planning, corridor studies, long-range planning, traffic impact analyses, and traffic operations. She is an expert in travel demand forecasting encompassing both model development and application.

Dean Shafer, senior engineer, Tulsa, Transportation Engineering. Early

in his 29-year career, Shafer moved to Houston to design offshore structures, designing one of the tallest offshore structures in West Africa and some of the heaviest lifts off the shores of West Africa and the Gulf of Mexico. He later came to Tulsa, where he has designed multiple bridges.

Karen Stanford, assistant project manager, Houston, Parking Engineering. A native of West, Texas, Stanford came to Houston to begin her career in project management and construction administration with the Texas Medical Center, where she was involved in the construction of numerous garages. Joining Walter P Moore's Houston Parking Group as an assistant project manager, Stanford brings experience with complex, multi-modal garages.

Viswanath Urala, senior engineer, Los Angeles, Structural Engineering. After brief stints at an AEC technology firm and a design firm, Urala re-joins Walter P Moore, citing that he needed to get back to "the great people, the great projects, and the employee values." Over his 17-year career, he has worked on mega projects with some of the world's foremost architects such as Frank Gehry and Santiago Calatrava, whose designs involved complex geometry. Most recently, Vish was part of a team awarded for their use of open BIM during the AEC Hackathon competition held at Facebook's headquarters.

ARUP APPOINTS OFFICE LEADER: **Arup** (London, UK), a multidisciplinary engineering and consulting firm, announced that **Felix Weber** has relocated from London to lead the façades team in its San Francisco office. Weber's broad skillset across many disciplines will provide clients in the San Francisco Bay Area and the Pacific Northwest with specialized façade and materials consulting advice with the goal of producing high performance buildings and specialty glass structures on a broad range of projects.

"Felix provides a specialized skill set with glass and materials that greatly benefits our West Coast clients," said Matt Williams, Americas façade practice leader. "The aspect of materials consulting is a fledgling skill in the Americas, and we're eager to see the interplay of these materials translate into efficient, functional, high performance building designs for our clients."

With specialties in structural façades and structural glass applications, Weber brings experience in the production and processing of glass, stainless steel, and other materials such as fiber-reinforced polymers and acrylic to his projects. While in London, Weber organized and delivered major projects, from large complex geometry and cable net façades and façades with super-size glass panels, to industry collaboration on innovative façade products and cladding systems involving composite materials and high performance insulation. He recently completed a glass lift shaft enclosure for a revolving elevator for Louis Vuitton in London's Selfridges designed by Gwenaël Nicolas. Two exciting greenhouse structures for Bombay Sapphire with Thomas Heatherwick Studio are due to be completed this summer.

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in layout (and culture) from what clients have been accustomed to in the past, but it's wonderful that we have an opportunity to show them that we practice what we preach. And it works."

So, it seems that office downsizing is here to stay as a new generation of workers will continue to require a more collaborative, flexible and social work environment.

"With increased density of populations and the increased ability to work mobile, the need for huge corner offices and closed-wall work environments will be all but extinct in the near future," Professor Miller says. ▀▲

REPORTS

Financial reporting behind the scenes

Well-managed firms continually assess their financial health and take appropriate measures to stay on track.

By LIISA SULLIVAN
Correspondent

“Reporting is the beginning of the conversation. It does not drive decision-making or strategy; rather, it is a tool that measures and reflects the effectiveness of the decision.”

How in-depth is financial reporting at your firm and just how deep should it go? What types of reports do you examine regularly and how do these aid in the financial decision-making process? These two CFOs at large-A/E firms pull the curtain back.

REPORTING BY SEGMENT. Financial reporting at **HKS** (Dallas TX), a 1,050-person architecture and engineering firm, is extensive. Larry LeMaster, CFO and principal, says that he has a reporting matrix that breaks out in three ways. They are:

- 1) Service line (architectural services, interior design services, structural services, programing services, etc.)
- 2) Market segment (healthcare, sports, hospitality, commercial, etc.)
- 3) Geographic region (each office is reported and rolls up to region – West, Mountain, South Central, etc.)

The strategic plan directs forecast-set-



Bryceon Sumner,
CFO, Callison.

ting. Each reporting segment has a forecast by quarter and actuals are compared to the forecasts. Any significant variances are discussed between the responsible director and executive team.

“The strategic plan is used to drive investment and resource planning,” LeMaster says. “Reporting is the beginning of the conversation. It does not drive decision-making or strategy; rather, it is a tool that measures and reflects the effectiveness of the decision.”

THE PARTS EQUAL THE WHOLE. At **Callison** (Seattle, WA), a 1,000-plus-person global architecture and design firm, financial reports are shared with everyone in the firm.

Bryceon Sumner, CFO, says that he provides differing levels of financial information, depending on need and interest.

“We try very hard to make the information provided to each group readily understandable and relevant,” he says.

Sumner says that his department shares overall financial information with owners and owner/executives on a regular basis. Callison also provides business line, office and individual client/project financial information on a monthly basis to the appropriate staff level. Key metrics go to all staff for measurement against their specific time chargeability goals.

ARE YOU A FINANCIAL REPORTING HERO?

Rivet Software, a provider of financial reporting systems to help companies create and consume financial data, understands that financial data needs to be accurate and accessible. Good data provides more opportunity for your company to invest in its next strategic direction. Here, Rivet offers five ways to become a financial reporting hero:

- **Dig for data; drive profits.** It's important to be able to show firm leaders exactly where the numbers are coming from. It will help you operate more efficiently.
- **Keep your enemies close.** Extensive and useful peer comparison capabilities enable your team to analyze and compare your company's performance with your peers and competitors.
- **Make your financial story matter.** Financial reporting should be interactive, not reactive.
- **Exceptional data + exceptional communication.** Improving the way financial data is communicated leads to better overall understanding of financial information.
- **Improve your team collaboration quotient.** Get the most out of your financial team. Ensure team members know their responsibilities and understand how to communicate and share that information.

“We also use the accumulated data from our reports to create our budgets and to supplement our strategic planning process for business goals and direction,” Sumner says.

Callison is fervently goal-oriented.

“From day one, staff members are given several goals they are responsible

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●●●● GOOD TO KNOW

Close to all firms (83 percent) produce financial statements monthly. Those that produce statements monthly typically take 10 business days after the close of the fiscal month to do so.

Source: 2013 Financial Performance Survey, ZweigWhite: www.zweigwhite.com/p-2155-financial-performance-survey-2013.

TRANSACTIONS

FST BUYS: Fay, Spofford & Thorndike (Burlington, MA), a multidiscipline engineering, planning and environmental consulting firm, announced the acquisition of **The Norfolk Ram Group** (Plymouth, MA), an 18-person environmental engineering, consulting and project management firm.

Celebrating its 100th year in business in 2014, FST now has nearly 300 employees in nine offices throughout the Northeast.

Founded in 1993, NRG specializes in comprehensive environmental management and site development/redevelopment services for industrial, commercial and real estate clients, municipal and government agencies, and the military.

FST President and CEO Peter Howe says the acquisition illustrates the firm's continued progress in fulfilling its strategic plan of expanding and bolstering its services geographically and across new markets.

"NRG has a strong reputation, outstanding leadership and an excellent group of environmental consultants and professional engineers," Howe said. "Adding NRG's people and portfolio strengthens FST's civil/site and wastewater practices, adds a significant private sector and municipal client base in Southeastern Massachusetts, and brings us new product lines in the environmental science sectors. In addition, the cross selling opportunities are substantial."

All NRG employees have transitioned to FST, including Mark Bartlett, managing partner. He joins FST as a vice president and associate.

The acquisition is FST's second in less than a year. In May 2013, the firm acquired **DeLuca-Hoffman Associates, Inc.** of South Portland, Me.

RESOURCES

2014 POLICIES, PROCEDURES & BENEFITS SURVEY: The key to growing your firm and reaching your strategic goals often rests with the quality of your employees, and the quality of your firm's policies, procedures, and benefits is critical to hiring and retaining a top-notch workforce.

But with benefits costs spiraling out of control, you also need to keep a close eye on the bottom line. How do you draw the line between offering benefits to attract the right staff to your firm and costly expenses that will break the bank?

The 2014 Policies, Procedures & Benefits Survey of Architecture, Engineering, Planning & Environmental Consulting Firms will help you benchmark your firm against industry standards so you can find out if you're overspending on benefits and compensation.

The survey will also provide you with industry norms on policies and procedures so you can support your policy decisions with hard data. Get all the benchmarks you need on compensation policies, benefits, HR staff, and other major HR issues.

The results are broken down by firm type, size, region, and other factors so you can make comparisons between your firm and others just like it.

All information is the most current available, so decisions about your firm's policies and procedures can be made with confidence.

For more information or to order a copy, call 800-466-6275 or long on to www.zweigwhite.com/p-2191-policies-procedures-benefits-survey-2014.

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- **Consistent pursuit of excellence.** Setting an expectation of excellence in all things – the work the firm does as well as the way it does it. Consistently advocating for the destiny the firm wants to reach as an enterprise and in its work; not coming up with an *idea-du-jour* each week or month, then dropping it for a new one.
- **Delegate well.** Empowering others through clear and careful delegation of tasks within the firm's work. Providing support and guidance. Neither "dump and run" or micro-managing.
- **Creativity.** Encouraging creativity through exploration and experimentation, but being very careful to maintain checks and balances to ensure the client is never at risk.
- **Failure.** Expecting people to apply their talents with care and diligence, using failure as a learning forum for everyone and fostering an environment in which no one feels shamed by the learning that takes place.

But the most important role an office leader undertakes is to be the steward of the firm's *brand*. A firm's brand is a reflection of its culture, which is the summation of the application of its vision, mission, core values, value proposition and key messages, each uniquely tailored to the different constituencies that make up the firm's stakeholders. A high-performing office leader accomplishes this when he or she and the office leadership team walk their talk *consistently* and *persistently*. Because they are so closely watched by their colleagues, they are the role models their colleagues will emulate. The office leader's performance is gauged a success when everyone in the office, along with consultants, contractors and other stakeholders, are inspired to work collaboratively to deliver great results for the firm's clients.

A tall order, but clarity about the office leader's role and consistency of his or her delivery in each of these areas results in high levels of success for the firm, attracting *great people* and *great clients* to deliver *great work*.

I would appreciate hearing from you about other characteristics of great office leaders that inspire you. Please comment to me directly or to ZweigWhite. ▲▲

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

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for attaining," Sumner says. "Financial areas of responsibility expand as the person moves to a higher level of responsibility and leadership. For instance, all of our architects and designers are aware of the number of hours they are responsible for each month. From there, the responsibility will expand to financial metrics on their client."

This financial data is also used for project pricing. The budget process for all of Callison's projects rolls up from individual projects to business line and then, ultimately, to company financials.

"So, the foundation of our financial management begins with each staff member and rolls into a financial mosaic used in our decision-making," Sumner says. ▲▲