

Cliché master management junkies

The motherload list of truisms that makes Mark Zweig's blood boil.

The problem with using language like this isn't that it makes me unhappy – the problem is it makes your employees unhappy. They will think there's something wrong with you.



Mark Zweig

EDITORIAL

One benefit of aging has been a certain calmness that I now have that I didn't have when I was younger. That makes each day a little nicer for me (and probably everyone around me!).

That said, one thing that still gets my blood boiling is the cliché-wielding management junkies both inside and outside of our industry. Some of them take their knowledge of the latest pop management psychology and buzzterms to a level where they even try (and sometimes succeed at) making a living off it as "coaches," "facilitators," and organizers of one sort of group or another where other management junkies congregate.

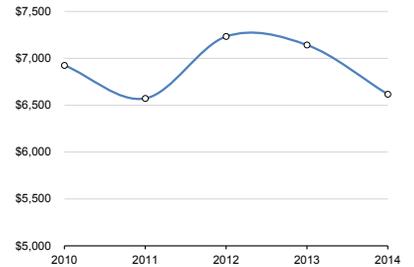
Some of the blather these people put out is downright unbelievable. Do they know how they sound? For example, I got an email yesterday from a fellow who organizes get-togethers for groups of business managers in our area. This is a direct quote from the email: "Our first session was centered on leading oneself, catalytic to our other qualities and capabilities being optimally valued."

This, my friends, is pure BS. The problem with using language like this isn't that it makes me unhappy – the problem is it makes your employees unhappy. They will think there's

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TRENDLINES

Small savings



The median amount that firms pay for rent and utilities per employee has decreased again this year to \$6,617, according to ZweigWhite's 2014 Financial Performance Survey. The recently released report finds that, after rising to a five-year high of \$7,234 in 2012, rent and utilities per employee decreased to \$7,143 last year. In 2011, the median rent & utility cost per employee dropped to \$6,573 from \$6,926 in 2010.

– Margot Suydam, Director, Research

TZL time machine

The headlines 10 and 20 years ago.

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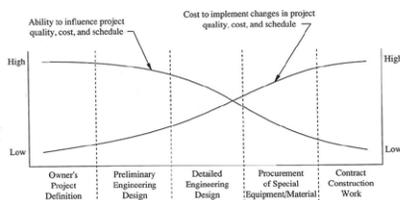
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A/E BUSINESS NEWS

ABI WAVERS: Following a modest two-month recovery in the level of demand for design services, the Architecture Billings Index again turned negative last month. The American Institute of Architects reported the March ABI score was 48.8, down sharply from a mark of 50.7 in February. This score reflects a decrease in design services (any score above 50 indicates an increase in billings). The new projects inquiry index was 57.9, up from the reading of 56.8 the previous month.

"This protracted softening in demand for design services is a bit of a surprise given the overall strength of the market the last year and a half," said Kermit Baker, AIA chief economist. "Hopefully, some of this can be attributed to severe weather conditions over this past winter. We will have a better sense if there is a reason for more serious concern over the next couple of months."

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

With this release, the AIA has added a new indicator measuring the trends in new design contracts at architecture firms that can provide a strong signal of the direction of future architecture billings. The score for design contracts in March was 48.2.

Key March ABI highlights:

- Regional averages: South (52.8), West (50.7), Northeast (46.8), Midwest (46.6)
- Sector index breakdown: multifamily residential (52.1), commercial/industrial (49.6), institutional (49), mixed practice (47.6)
- Project inquiries index: 57.9
- Design contracts index: 48.2

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something wrong with you. They will think you are foolish. They will think YOU think they are stupid. But most importantly, they will lose respect for you and confidence in you.

Here are some of the popular buzzwords and my reaction to them:

- **Mindshift.** Our local TED talks are focusing on "mindshift" this year. What the Hell is that? Is it how to get people to change their mind about something? This is drivel!
- **Content marketing.** There's nothing new here. It just means give people information they value instead of just trying sell them something outright. We have been using this for 30 years. Let's just call it what it is: useful information that will make someone read or listen to your marketing message and maybe even save it.
- **It is what it is.** Really? I thought it is what it isn't. There's just no need to see this because you aren't saying anything when you do. Is this supposed to be profound? I think not.
- **At the end of the day.** I don't care about today. I care about the beginning of the next day.
- **Onboarding.** We used to call this "orientation." I still do. Seemed like a perfectly good word anyone could understand.

- **Thought leadership or Change leadership.** Thought leadership just means "knowing your shit." That's the way I plan on phrasing it. "Change leadership" just means "change agent." Seemed like a perfectly good term as it was.

- **Raise the bar.** Set a higher goal.

- **Think outside the box.** Nowadays when you hear this you are supposed to say, "Think like there is no box." I would just say, "Let's pretend there are no constraints."

- **Bandwidth.** You hear this a lot these days. "We just don't have the bandwidth." What was wrong with "capacity?"

- **On the bus.** I'm so tired of the "Good to Great" clichés I could write an entire article on that alone. Why is this book a bible to its zealot followers? I do not necessarily believe that what is good for a Fortune 100 publicly traded billion-dollar company is good for a privately held design/planning/environmental firm! And how about Circuit City and Fannie Mae as "great" organizations?

There are so many more clichés but I'm out of space. Forgive me if I go dance with the elephant in the room now after I get a drink from a firehose! 🍷

MARK ZWEIG is the chairman and CEO of ZweigWhite. Contact him with questions or comments at mzweig@zweigwhite.com.

BAD BRIDGES: Data from a new government report show that if all the structurally deficient bridges in the United States were placed end-to-end, it would take 25 hours driving 60 miles per hour to cross them. That's like driving the 1,500 miles between Boston and Miami. And it's a problem that's close to home.

An analysis of the 2013 National Bridge Inventory database recently released by the U.S. Department of Transportation shows cars, trucks and school buses cross the nation's more than 63,000 structurally compromised bridges 250 million times every day. The most heavily traveled are on the Interstate system.

The ARTBA analysis of the bridge data supplied by the states to the USDOT found:

- The 250 most heavily crossed structurally deficient bridges are on urban interstate highways, particularly in California. With one exception, all are at least 39 years old.
- Pennsylvania (5,218), Iowa (5,043), Oklahoma (4,227), Missouri (3,357) and California (2,769) have the highest number of structurally deficient bridges; Nevada (36), Delaware (56), Utah (117), Alaska (133) and Hawaii (144), the least.
- At least 20 percent of the bridges in four states – Pennsylvania (23 percent), Rhode Island (22 percent), Iowa (21 percent) and South Dakota (21 percent) – fall in the structurally deficient category.

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PROCESS

Defining clear project goals

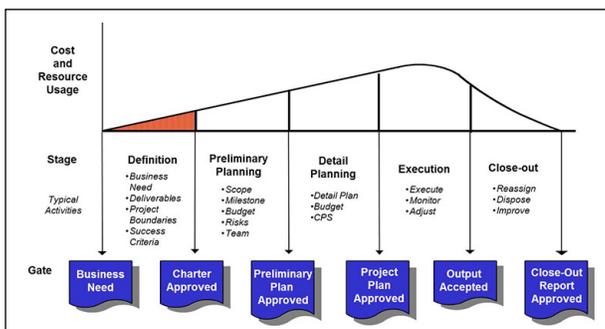
Process that includes identifying, tweaking, and monitoring goals, as well as implementing a clear plan for delivery, is followed by successful firms.

By LIISA SULLIVAN
Correspondent

You've landed the project. Now, it's time to jump into action. But don't jump too soon. It's important to have a clear map of project goals, define stakeholders and then have ways to monitor progress and encourage accountability.

APPROACH IN PHASES – IT'S A PROCESS. It's no surprise that a firm named **PROCESSPLUS** would put process to the test. Grant Mitchell, principal and project manager for the Cincinnati, Ohio-based 109-person engineering and architecture firm, says that process there is, "very deliberate."

"First, it's crucial to understand the client's success criteria for the project (overall project goal)," Mitchell says. "We ask, 'What would put this project in the hall of fame?' This question creates dialogue between all project stakeholders and defines critical aspects of the project's success. PROCESSPLUS works to define goals associated with the completion of a project phase (milestones) as the basis for control throughout a project."



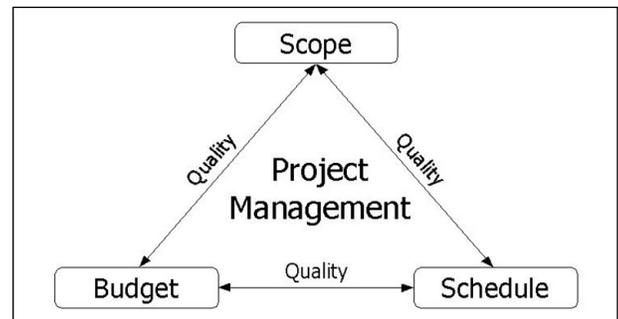
Using the project success criteria as the standard, the company follows a process to help ensure that each project is executed using a consistent approach. The process defines the sequence of steps that need to be taken to deliver the service as defined by the client. Specific milestones associated with each particular phase must be accomplished before moving through the "gate" and on to the next phase of work.

"As we move through the process, the milestones are reviewed against the overall success criteria to make

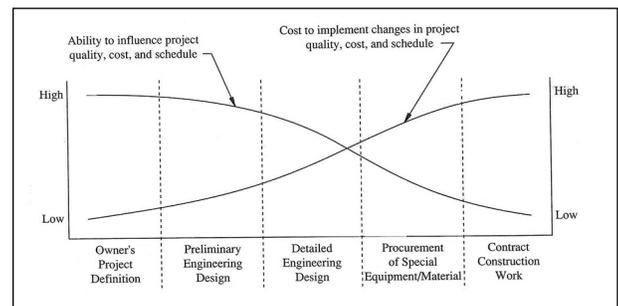
sure all project stakeholders are in alignment with the overall project goals," Mitchell says.

As described above, it's customary for PROCESSPLUS to use a phased approach to effectively scope and manage projects. Throughout each phase, project scope, schedule and budget are kept in the forefront of all planning sessions. The quality and effort given to the definition of these three components throughout the project help cultivate the completion of a successful project.

It's illustrated as follows:



And, as illustrated below in the "Cost Influence and Change Impact Curves," PROCESSPLUS believes that recognition and consideration of these three constraints in the early phases of a project will enhance the ability to influence a project's quality, cost and schedule. Likewise, the firm can minimize the need to implement significant changes during later phases of the project, resulting in quality compromise, and increased budget or schedule.



ADDRESS SOFT AND HARD GOALS. At **Perkins+Will** (Chicago, IL), a 1,650-person interdisciplinary, research-based architecture and design firm, Cary Garner, principal, healthcare group, says, "The client dictates and we deliver."

They first meet with the clients to establish key decision makers. "It's important to clearly identify the

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stakeholders at the onset.” Garner says. “Then there’s an initial kick-off meeting with stakeholders. We never presume what their goals are. We come to the meeting with blank paper and open minds. Often times, clients are a little fuzzy about their specific goals and we help them to sort it out. We also work to build on those goals even more, if need be.”

Garner says that there are always “hard” goals such as budget and timeline, but there are “soft” goals too that address culture, image, workforce and the client’s overall responsibility to the environment and community at large.

“Once the goals have been hashed out, we provide the client with a goal or mission statement for their review. It’s distributed among the stakeholders and typically includes about eight- to 10 bullet points outlining each goal. We tweak it as needed. This process of going back and forth is invaluable.”

ACCOUNTABILITY MATTERS; INTERACTIVITY HELPS.

In order to hold all team members accountable, PROCESS-PLUS uses a process called “interactive planning” where all stakeholders with interest in the project mutually agree on project objectives, plan, roles and responsibilities as well as the delivery strategy to meet those objectives.

This process allows for cost to be influenced, mostly in the initial phases. The options and studies provided during the early stages of the project are evaluated to ensure that critical decisions are made with the most pertinent information available at that time. As design and engineering progresses, the ability to influence decreases, while the cost of change increases. This interactive coordination continues throughout the project with all stakeholders being held accountable using standard project control systems.

During project planning, scope is typically estimated and forecasted as being executed by employee “Z” with a particular position (i.e., senior engineer, designer, etc.) at a particular time. If the project manager has a preference as to whom a particular task(s) is assigned to, he or she will make this preference known to the appropriate department manager as soon as possible. If the project manager has no preference, or the preferred employee is on another project, the department manager will assign someone with the required skills.

Throughout the life of a project, staffing is evaluated by the project manager on a weekly basis. Any required staffing change is communicated to the department manager. Ultimately, it’s the responsibility of the department manager to assign resources and provide the project manager with the appropriate solutions that meet the designated scope within the allocated schedule and within budget.

“The project manager is ultimately accountable to the success of the overall project,” Mitchell says.

At Perkins+Will, most often the senior project manager oversees the day-to-day project management duties, but if there’s a serious problem, a principal will get involved to make sure the project gets back on track.

WAYS TO STAY ON TRACK. Perkins+Will employs the following methods to ensure projects stay on track:

- Project goals are written down on large posters/boards in the team areas so the team can refer to them often. It’s very visual.
- Many contracts state that they get paid on how well they meet those goals; that’s an added incentive.
- Periodic project monitoring and immediate course correction.
- Monthly web-based surveys (usually Survey Monkey) to the client stakeholders. Questions revolve around current level of satisfaction. Managers review the results. “Overall numbers in the eight to nine range are comforting,” Garner says. “Anything below a seven is cause for concern. At that point, we go back to the client to determine what needs to change, have a meeting and get things back on track as quickly as possible.”

“We come to the meeting with blank paper and open minds. Often times, clients are a little fuzzy about their specific goals and we help them to sort it out.”

PROJECT MEMORANDUM DICTATES DIRECTION.

At **KCI Technologies, Inc.** (Sparks, MD), the largest employee-owned, multi-disciplined engineering firm headquartered in Maryland, employing more than 1,000 people, Nate Beil, president, says that after meeting with the client to determine needs and requirements, the project manager develops what KCI calls a “project memorandum.” It includes the following information:

- Client name
- Project scope
- Criteria
- Schedule
- Cost
- Administration
- Quality control

Beil says that this form is part of KCI’s quality management system (or QMS), which has achieved ISO 9001:2008 certification.

These project memorandums are distributed to the entire project team. Depending on the size of the project, detailed schedule and milestone deliverables are described and regular team meetings occur.

“Our Oracle financial system generates project management reports that allow for definitive financial goals broken down by task and provide a bar for judging performance,” Beil says. “In addition, the firm’s QMS requires that managers solicit feedback on client satisfaction at scheduled major milestones as well as upon project closeout. Results from online client questionnaires are routed through our chief client services officer, who reports quarterly on the firm’s performance and works individually with managers who are not meeting client expectations.”

So, identify, tweak, monitor and deliver. ■▲

HISTORY

TZL time machine

10 years ago

The May 3, 2004 issue of **THE ZWEIG LETTER** (#560), ran a series of articles focusing on business benchmarks. The articles tackled the topics of overtime, rent and utility costs, and leadership compensation.

In its most recent issue (April 28, 2014, #1053) **THE ZWEIG LETTER** took a close look at the 2014 Principals, Partners and Owners Survey, dissecting the question of minimum eligibility requirements for leaders. The survey also found that a rising number of design firms report firing or laying off a principal due to non-performance.

The 2004 focus article tackled the topic of compensation, which had been holding steady for some years. Of interest: Firm leaders' base salaries increased sharply from 1997 to 2002 – a 41 percent increase. Salaries also increased gradually through most of the early and mid-1990s. In fact, the only year the median salary fell was 1997 – which saw a decrease of 5 percent from the previous year. However, from 2002 to 2004 the medium base salary for firm principals in all job categories remained unchanged at \$120,000.

Do you know what that number is in 2014? The 2014 edition of the survey, at www.zweigwhite.com/p-2193-principals-partners-owners-survey-2014, has the answers.

Meanwhile, in his editorial Mark Zweig told how he'd like to come up with a version of the Johnny Paycheck hit "Take this job and shove it" especially dedicated to architects and engineers who have to deal with bad clients.

He followed with a list of tell-tale signs of bad clients and jobs to be avoided:

- Clients who endlessly negotiate on every little thing.
- Clients who continuously run down the other A/E firms they have worked with.
- Clients who don't want to have a clear scope and that too early in your relationship tell you they just want to have a "relationship of trust."
- Clients who don't return phone calls promptly.
- Clients who always find fault with what you did in an attempt to stall.
- Clients who dangle the carrot of the next job.
- Clients who constantly remind you that you owe them.
- Clients who arbitrarily pay you less than what your bill is or who take discounts that aren't authorized.
- Clients who brag too much about all the money they have and then nickel and dime their consultants.
- Clients who have overhead caps, salary rate caps, or billing rate caps.

20 years ago

Is internal competition good or bad? It can be very bad, but not always.

An article in the May 2, 1994 issue of **THE ZWEIG LETTER** (#58) said the following: "Internal competition, just like *external* competition, is a fact of life. Everyone in an organization is always being judged and everyone is always competing. You compete to be hired by a company, you compete to carve out a secure place for yourself, you compete to be promoted, you compete for bonuses, and so on. There is always going to be internal competition. You can't (and shouldn't want to) stamp it out completely."

So, if there are benefits, what are they, and what can you do to quell unhealthy internal competition?

According to the article:

- A lack of fair internal competition will keep away or drive away the most motivated professionals, who seek challenges and want recognition above their peers.
- Look at who's complaining about internal competition.
- Internal competition is *counter*-productive when it means pitting people or groups directly against each other on the same task.
- Accountability and rewards are a two-edged sword, which can create healthy or unhealthy competition.
- Beware of managers who use competition against another group in the firm to motivate their troops.

In his editorial, Mark Zweig wrote about changing the organization structure. "While I'd love to say that every time an organization structure changes, it's for the better, I'm not that naïve," Zweig wrote, pointing out trouble spots that occur during the process or getting organized. To know:

- Directors of QA/QC.
- Directors of Special Projects.
- Committees running the firm.
- Rotational positions for the president, CEO, or treasurer.
- Multi-partner reporting.
- Partners or owners filling all management roles.
- Partners not reporting to anyone.
- Associates who come from all over the company but really don't have a clear-cut role.
- Pooled CADD.
- Strict discipline departments.
- Geographic-based structures.
- Titles like "Senior Executive VP."

Watch for hidden design-build warranties

Design professionals need to keep a keen eye out for flow-through of any warranties the design-builder signs up for.

There used to be an ad on television for a certain men's clothing company, where the company's founder said, "You're going to like the way you look... I guarantee it!" While it may be fine for a clothing company to give an express guarantee, design professionals need to be careful making similar assurances in their contracts.

THE EXPRESS WARRANTY EXCLUSION. Every professional liability insurance policy includes an exclusion that reads something like this: "This policy does not apply to any Claim or Claim Expenses based upon or arising out of any express warranty or guarantee." The reason is simple. Risk underwriters for insurance companies assess the risk of professional negligence, not perfection. Negligence means conduct falling below the standard of care for your profession (i.e. what another architect or engineer would do in the same or similar circumstances). A warranty or a guarantee is defined, by contrast, as "an assurance for the fulfillment of a condition" or "an assurance of the quality." The margin of error for an express guarantee is zero. Courts do not expect perfection from design professionals, nor from doctors, lawyers or other professionals. But this does not prohibit someone from signing a contract that holds them to a higher standard.

For example, in a recent Florida case, the architect contracted that its design would meet all applicable codes. The court said, "Where an express provision within a professional services contract provides for a heightened standard of care, however, the professional must perform in accordance with the terms of the contract * * * If the professional contracts to perform duties beyond those required by ordinary standards of care, the quality of that performance must comport with the contractual terms. * * * In other words, an architect can contractually commit to perform under a standard of care higher than the common law standard" – *School Bd. of Broward County v. Pierce Goodwin Alexander & Linville*, 2014 WL 1031461 (Fla.App. 4 Dist. 2014). The message here is that if you agree to deliver a perfect project, the courts will hold you to that obligation. This brings us to the design-build contracts published by various organizations. While it is common for contractors to provide an express warranty on labor and materials, design professionals are reluctant to for the reasons stated above. But is there a hidden warranty buried in the design-build forms? Let's take a look at the three most often used: DBIA, AIA and ConsensusDOCS.

DEFINITION OF "WORK." DBIA and AIA each define



WILLIAM
QUATMAN

GENERAL
COUNSEL

"Work" as including "design, construction and services." ConsensusDOCS approaches it a little differently, using the terms "Design services" and "Construction services" in the definition of "Work." Then we turn a few pages to the warranty clauses in the design-build forms and find that there are some major differences. This language appears in paragraph A.3.5.1 of AIA's A141 – Exhibit A, Terms and Conditions (2004 edition): "The Design-Builder warrants to the Owner . . . that the Work will be free from defects not inherent in the quality required or permitted by law or otherwise." Wait a minute! Did the design-builder just warrant that the "design" will be free from defects? In an AIA contract no less? Yes, although that was probably not the drafters' intention when they included the term "Work" in the warranty clause.

See WILLIAM QUATMAN, page 8

Courts do not expect perfection from design professionals, nor from doctors, lawyers or other professionals. But this does not prohibit someone from signing a contract that holds them to a higher standard.

Finding management & leadership talent

Search outside the firm or groom from within?
To this author, the answer is obvious.

I wrote last month about a position description for an office leader. But where do you look for the talent to fill those leadership and management roles? I've heard too often lately, "We pirate them from other firms." And I certainly see a great deal of that going on. The "head-hunting" business is very active today as firms grow in response to expanding business opportunities.

I have some biases on this subject that I'd like to offer:

- 1) **Poaching from other firms** will only work if the person is unhappy where he or she is. If you base your offer on money or title and the person is willing to jump ship for those reasons, they're probably not the right person. More important is the potential cultural fit. Are they better aligned in their values and culture to your firm than they are where they're currently? If so, the match can succeed. If not, it will be a bust. If you poach from others as a pattern, though, you will alienate your competitors, and they *will* bad-mouth you. This does no good for your brand.
- 2) **Define the role you're recruiting for.** Nothing is worse than a lack of alignment between what your new leader thinks they're supposed to be doing/held accountable for and what you expect. Even worse is when the expectations of the new leader do not align with the expectations of those being led. Carefully define the expectations for all parties. Do it in writing, talk about it, review how it's going at least monthly during the first year.
- 3) **Cast to the person's strengths.** Very few firms do any kind of formal assessment of an individual they're hiring for a leadership role, depending instead on credentials and "feel" from the interviews. Several diagnostic tools are available. I like StrengthsFinder from The Gallup Organization (www.gallupstrengthscenter.com/?gclid=CNTWpa_b9L0CFQa-BfgodkzkAHA); DISC (www.thediscpersonalitytest.com/?view=Assessments_disc&gclid=COuLjovb9L0CFcprfgodMTsA9g); and Caliper (www.calipercorp.com). Any one of these will give you excellent insights into a person's strengths and blind spots. I would not hire a person, nor advance someone from within today without a rigorous evaluation of who they are, what leadership skills they have and the style with which they will deploy them. This will help you to cast them well – to not have unrealistic expectations of them, and to shape the way in which they will work to suit their individual personality. There is no "Mr. Wonderful" or "Wonder Woman." Each of us is unique and rather than expecting your new leader to shoehorn into the job description you've written, tailor the role to fit their strengths and take care to surround them with the complementary talents that fall outside of their passions and skills to be sure the whole job gets done.



Ed
Friedrichs

FROM THE
CHAIRMAN

4) **Do immersive "acculturation."** No person from outside your firm can step into their new role and act as though they've been a part of your firm for the last decade. However, for them to be successful for you, for themselves, and for the people they're leading, you'll want them to behave in a way that continues to build upon your unique brand. This requires a significant program of immersive acculturation. I'll write about that next month.

5) **Accelerate promising people.** When **Gensler** first appeared, we had no ability to attract senior leaders from other firms. They simply weren't interested. "Why would I want to join a start-up?" Architecture and engineering are not like technology, where one can go from start-up to IPO in 18 months and line people's pockets with cash from stock options.

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The best strategy is to build a pipeline from within, filled with high potential people that you spot when they're young, spend the time to nurture, mentor and expose to experiences.

WILLIAM QUATMAN, from page 6

The express DBIA “warranty” definition covers only “construction,” “materials” and “equipment,” with no mention of “Work” (they learned from AIA’s mistake). See, Paragraph 2.9.1 of DBIA 535 General Conditions (2010 edition). Turning to the one-year correction period (often misunderstood as the “one-year warranty”) this clause covers all “Work” – which would include “design” by definition, in both DBIA and AIA forms. But this is not an uninsurable warranty or guarantee, just an obligation to correct defects for the first year after completion. It is not a statement that the design is “free from defects.”

ConsensusDOCS appears to have been even more deliberate in its drafting, bundling the warranty and correction period into one section. While “Work” includes “design services” in the definition in paragraph 2.4.15 of ConsensusDOCS form No. 415 (2007 edition) – the warranty clause is quite narrow and never uses the term “Work.” The express warranty only covers “materials and equipment furnished” under paragraph 3.8.1. Very interesting! So where are we? The design-builder’s warranty does not cover “design” under the DBIA or ConsensusDOCS forms, but does under the AIA form.

THE DESIGN SUBCONTRACT. Turning to the architect’s agreement with the design-builder, AIA’s B143 (2004 edition), and Exhibit B thereto, we find that there is no “flow-through” of the design warranty to the architect. There is also no flow-through of any warranty obligations in DBIA’s document no. 540 (2010 edition), but pay special attention to the Standard of Care clause in DBIA paragraph 2.2.1. It states: “The standard of care for all design professional services performed by Design Consultant and its Design Sub-Consultants pursuant to this Agreement shall be the care and skill ordinarily used by members of the design profession practicing under similar conditions at the same time and locality of the Project.” While that is an insurable clause, not containing any express warranty or

guarantee, DBIA offers an alternative clause at the end of its form, which states in Article 15: “Notwithstanding Section 2.2.1 above, if the Design-Build Agreement, including but not limited to the Basis of Design Documents, contain specifically identified performance standards for aspects of the Work, Design Consultant agrees that all Services shall be performed to achieve such standards.” The DBIA form requires the parties to check a box to accept this alternative clause, making it an affirmative decision to expressly agree to achieve any performance standards. This is close to a warranty obligation if the “performance standards” in the design-build agreement mandate that the project perform at a certain level. Again, this is only if the box is checked, not the standard DBIA clause.

In the ConsensusDOCS form 420 (2011 edition), we find an insurable standard of care clause in paragraph 2.1, but a lead-in sentence that says, “The Design Professional shall furnish and provide the architectural and engineering services necessary to design the Project in accordance with the Owner’s requirements, as outlined in the Owner’s Program and other relevant data defining the Project.” Paragraph 3.1 adds, “Design Professional assumes toward the Design-Builder all the same obligations, rights, duties, and remedies that the Design-Builder assumes toward the Owner.” A word of advice here: While this is not a warranty, take a close look at the “Owner’s requirements” in the Owner’s Program and check out the Design-Builder’s “duties” for any design warranty or performance standards so as not to wander into a higher standard of care unintentionally.

Design professionals need to keep a keen eye out for flow-through of any warranties the design-builder signs up for. If you do this, you’re going to like the way you look if anyone claims that you warranted your services. I guarantee it! ▲▲

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Our only choice was to throw tremendous responsibility onto young people who showed promise, often bypassing more senior folks, even though they had significantly greater time in grade. Art started the firm when he was in his 30s; I became a vice president before I was 30 and started a new office in LA when I was 32; Jordan Goldstein became the managing principal of the very large Washington, D.C. office when he was in his 30s. We took many chances and expected young people (I was scared to death by the responsibility I carried versus the experience I had) to rise to the occasion. History has demonstrated the high success rate we had following this strategy. Yet, as firms mature, they risk falling into the trap of making only “safe” choices, i.e. someone with proven experience.

6) Grow from within. The best strategy is to build a pipeline from within, filled with high potential people that you spot

when they’re young, spend the time to nurture, mentor and expose to experiences. These are people you’ve allowed to take risks and accept responsibility. They may stumble a few times, but you’re there to dust them off, help them learn from their mistakes and to grow into strong potential leaders. The challenge is that if you groom people to be leaders and you don’t continue to grow to allow them to step into a leadership role, they’ll leave and lead somewhere else. But this tends to be a self-fulfilling track – as you groom them, they’ll build your business for you.

I suspect that you’ve probably guessed that I favor option 6. ▲▲

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

PROFESSION

The many facets of the HR job

The 'evil HR lady' of yore is long gone as the position has evolved to encompass many other areas.

By LIISA SULLIVAN
Correspondent

Human resources – it's all about hiring and firing, right? Wrong. Often times a task or two will fall to HR that may seem outside "normal" day-to-day activities. So, what's an HR manager to do? "Go for it," seems to be their mantra.

EMBRACING VARIETY. Tim Anderson, HR manager at **KJWW Engineering Consultants** (Rock Island, IL), a 473-person global engineering design consulting firm, has been in HR for more than 30 years; 13 of those at KJWW. During this time, he has "gotten involved in many unexpected events."

"People do and say crazy things," Anderson says. "HR needs to be able to put on many faces – personal counselor, investigator, legal advocate, baby sitter, security guard, and more."

"People do and say crazy things. HR needs to be able to put on many faces – personal counselor, investigator, legal advocate, baby sitter, security guard, and more."

Anderson first started in the HR industry as a recruiter and didn't realize some of the situations he would eventually encounter down the road. Fortunately, these unexpected happenings are not every day occurrences, but they do come up every few months.

Anderson recalls a situation many years ago, while working in New York City, where he had to fire a young woman in his boss's absence. It was the first time he had to do this.

"As I gave her the news, she told me that her boyfriend was huge and that he was going to give me a beating. That evening, I left the office looking warily around every corner. Nothing ever did come of it," he says.



Tim Anderson,
HR Manager,
KJWW
Engineering
Consultants.



Kimi Duplichan,
HR manager,
WHR Architects,
Inc.

At KJWW, Anderson says that they try to do everything they can to assist their consultants and make their lives easier – professionally and personally. Therefore, if something that is not traditionally "HR" is tossed their way, they take it on.

"Personally, I love the variety that HR offers, so learning about something new, taking on a different challenge, and being of assistance in another way, are all gratifying," Anderson says.

NO MORE 'EVIL HR LADY'. Kimi Duplichan, associate and HR manager, **WHR Architects, Inc.** (Houston, TX), a 135-person, full-service architecture, interior design and technology planning firm, says that human resources has evolved over the years from the basic benefits manager and policy enforcer to a much more significant role. HR is making significant contributions to recruiting and resource planning too.

"Recently, I've been working closely with our project managers and CFO, helping them to build successful project teams. I really enjoy participating in our bi-monthly staffing meetings and contributing to that effort," she says.

While Duplichan still enjoys and takes pride in building and supporting a workplace culture that puts people's needs first, she says that the true HR professional has so much to offer from a business perspective.

"The old 'evil HR lady' analogy is long gone in successful firms today," she says. "Today, HR is about being an open-minded, neutral, and trusted source for employees. People need to feel comfortable when talking about sensitive issues. And, my door is open all the time, literally. When something lands on my desk that is not HR related, I just deal with it. There's no reason to put it off on someone else. If I can't help, I direct them to someone who can. Luckily, I have a great assistant who helps me out with some of these things as well."

When you get right down to it, Duplichan says that much of her day involves doing work that doesn't necessarily fall within her job description. She admits she sometimes gets overwhelmed, but she always learns something.

"I know I'm in the right profession," she says. "I get overwhelmed, but I'm always fulfilled."

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ON THE MOVE

SVT PROMOTES: **STV** (New York, NY), a planning, engineering, architectural, construction management and environmental services firm, has promoted **Christopher Antoni** and **Joel Oppenheimer** to senior vice presidents.

Antoni is the chief engineer and operations manager of the firm's Energy Services Division and its energy subsidiary, STV Energy Services, Inc.

Antoni is responsible for overseeing the engineering and environmental services of multidisciplinary projects related to the petroleum and gas pipeline transportation, and electric transmission industries. He joined STV in 1995 and has more than 18 years of experience specializing in the design and project management of natural gas and petroleum product pipelines, site development, environmental permitting, storm water management, floodplain analysis, wetlands mitigation and stream restoration.

Oppenheimer is the firm's Baltimore office manager and head of STV's Transportation & Infrastructure practice in Maryland.

Oppenheimer has more than 30 years of experience in transportation planning and engineering design. He joined STV as a vice president in 2005 and is currently serving as the deputy program manager on one of Maryland's largest ongoing transportation initiatives, the Maryland

Transit Administration Red Line. This \$2.6 billion project includes a 14.1-mile east-west transit corridor connecting many essential Baltimore neighborhoods.

WAGGONER NAMES: **Waggoner Engineering** (Jackson, MS), a development, project management and engineering firm, has named **Anthony Jones** to the position of CADD III technician in the company's water resources division. He joined Waggoner in 2013 as a CADD technician in the firm's civil, structural and aviation division.

In his new role, Jones will be assisting with the firm's Environmental Protection Agency consent decree program management services, mapping and client relations.

"Anthony will be an asset to the water resources division, just as he was in his previous role in the civil division," said Joe Waggoner, founder of Waggoner Engineering. "We are happy to have him as a part of our team and know he will continue to use his excellent leadership skills and talent in an even greater capacity in this new position."

Jones has more than 19 years experience as a designer/draftsman, and has worked on projects, including the Milan road and pedestrian ADA compliance improvements in New Orleans and Camp Shelby sewer replacement in Hattiesburg, Miss.

RESOURCES

2014 FINANCIAL PERFORMANCE SURVEY: The 2014 Financial Performance Survey of Architecture, Engineering, Planning & Environmental Consulting Firms contains more than 30 different major financial performance statistics so you can find out exactly where your firm stands among your peers. Use the data from the overall sample or take advantage of the details in the tables to compare your firm to others by type, size, region of headquarters, growth rate, and client base.

Financial performance statistics are just the beginning of this comprehensive report – go beyond the revenue and profit data to chargeability, revenue factor, overhead rates, average collection period, backlog, staff turnover, and more to see which areas your firm could improve. Use the data on personnel expenses, rent and utilities, and professional liability insurance to see if your firm is spending more than necessary on overhead expenses.

In addition to financial performance and spending statistics, the survey also shows data on top financial managers and finance and accounting staff percentages. Does your firm have the staff resources it needs to stay on top of all financial and administration issues? Find out! This survey will show you the typical breakdown of F&A staff for a firm of your size.

The 2014 Financial Performance Survey also shows you historical revenue and profit data and growth predictions for the next three, five, and ten years. If you're a president, CEO, principal, or financial manager, you won't want to miss out on this data when it comes to developing your firm's strategic business plan.

This survey will let you take a hard look at where you've been, and it can help you plan where you're going. You'll have all the information you need to set goals and to know what kind of infrastructure is necessary to achieve those goals.

Topics covered in this comprehensive report include:

- Key financial statistics.
- Personnel costs.
- Growth projections.
- Finance & accounting staff.
- Other financial statistics.

For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/p-2195-financial-performance-survey-2014.

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IT'S ALL FAIR GAME. Jenny Weaver, HR manager, **Thrasher Engineering, Inc.** (Clarksburg, WV), a 309-person civil engineering, design and management firm, says that as an HR manager she honestly writes no task off as being outside the realm of possibility.

"I feel it's my goal to help any employee with any situation to make their professional experience at Thrasher as worthwhile as it can be," she says. "I'm not sure if it's really the responsibility of HR to help with stocking the kitchen, or assisting a new employee with finding a repairman, but these are the things we do. We want to ensure that the company

runs smoothly, and that employees are engaged. We want lasting and happy employees."

Weaver clarifies that if something does land on her desk that truly seems outlandish, she'll try to have a discussion with her supervisor on how best to proceed. If, after the discussion they feel it would be better handled by someone else, then Weaver asks that person to follow through.

"If not, I take the ball and run with it," she says. "I always accept it as a welcome challenge. Seeing something through from inception to completion brings a huge sense of accomplishment." ■▲

INCOME

Driving incentive and rewarding excellence

Survey offers glimpse into the structure and functionality of incentive compensation plans across design firms.

By LIISA SULLIVAN
Correspondent

How does your firm motivate employees and then reward excellence? ZweigWhite's 2013 Incentive Compensation Survey dug deep to get to the heart of this matter. At a glance, performance bonuses and profit sharing topped the list. And, while a few firms (11 percent) report that they have found a handful of effective motivational alternatives to non-monetary rewards, most (77 percent) have not. Other forms of incentive included holiday and spot bonuses, equity-based incentive plans, project bonuses, referral compensation, sales commissions, retention bonuses, signing bonuses, and service awards. However, here, we will focus on the top two.

REPORT HIGHLIGHTS. This 226-page compensation survey goes into a great amount of detail about the specifics of many different types of bonuses and awards, but here are a few key highlights:

- Firms report that their most successful incentive compensation plans are performance bonuses (49 percent); and profit sharing (26 percent).
- Only 11 percent of firms report they've found alternative forms of incentive compensation to be more motivational to employees than cash or monetary awards. Some of the most common motivators are time off, appreciation, recognition, and fully expense-paid vacations.
- Firms report service awards (16 percent) and signing bonuses (13 percent) to be their least successful incentive compensation plans.

A LITTLE ABOUT PERFORMANCE BONUSES. There's no doubt about it. Performance bonuses are the "Big Daddy" of incentive compensation plans in the A/E industry. Unlike profit-sharing plans, which are most often based on the profitability of the entire firm, performance bonuses can more accurately reward an individual for his or her contributions to the company. Top performers can establish clear differentiation from underperformers, providing more motivation for improvement and success.

Whether firms choose to base their plan on individual performance, overall company performance, and/or the performance of specific groups, firms

have several options regarding the structure of their performance bonus plan.

So, what's the secret to calculating performance bonuses? Is there a formula that firms like to use? Are they determined by using measurable metric criteria such as project profitability and chargeability, or do they place more emphasis on qualitative traits such as attitude, teamwork, and client service? According to the survey, measurable criteria accounts for 72 percent and 69 percent yield to qualitative traits.

As far as who determines the actual dollar amounts, that duty falls to the president, CEO, or managing partner (81 percent) and/or CFO/financial manager (35 percent). Firms also reported a wide range of formulas for determining performance bonuses, using everything from company profit margins to personalized scorecards and metrics.

A LITTLE ABOUT PROFIT-SHARING PLANS. So, what do these firms base their profit-sharing plans on – accrual or cash profits? And, if their profit-sharing plans are based on accrual profits, do they make adjustments for accounts receivable, work in process, or bad debt?

It seems that firms have several options regarding the criteria on which they base their profit-sharing plan. On the most basic level, they can tie their incentive compensation solely to the financial performance of the firm – if the firm meets profitability goals, then there is a payout, regardless of the contribution of particular units to the firm's profitability.

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HOW TO GET IT

The 2013 Incentive Compensation Survey is available at www.zweigwhite.com/p-2168-incentive-compensation-survey-2013

SURVEY PARTICIPANTS

Eighty-three firms from all over the U.S. participated in this survey and net service revenue ranged from \$250,000 to \$82.5 million; the median revenue reported was \$10 million. Firms' total payroll ranged from \$190,000 to \$270 million, with a median total payroll of \$4.83 million. The firms broke down into the following categories:

- Architecture or interiors (19 percent)
- A/E (primarily architecture) (9 percent)
- Single-discipline engineering (9 percent)
- Multidiscipline engineering (25 percent)
- Full-service engineering or E/A (16 percent)
- Design/build (2 percent)
- Environmental consulting firms (14 percent)

TRANSACTIONS

LEA BUYS: Nashville-based **Littlejohn Engineering Associates** has acquired the assets of **ICA Engineering's** Huntsville, Alabama office, including its backlog of projects.

Discussions had been held since the late fall when ICA Engineering (formerly Florence and Hutcheson, Inc.) determined their transportation-oriented business model would be best served by concentrating on markets outside northern Alabama.

Once this strategic decision was made at the ICA corporate level, the opportunity was presented to Littlejohn to make sure ICA's clients were being well-served throughout the transition.

Littlejohn, a 130-person surveying, civil, site development engineering, transportation, landscape architecture, urban planning, municipal and utility engineering, environmental engineering, industrial engineering and industrial hygiene and health and safety services firm, has had a presence in Huntsville since acquiring **GW Jones & Sons, Consulting Engineers, Inc.** one year ago.

Still operating as G W Jones and Sons, the office has grown from its roots of offering engineering and surveying to offering landscape architectural services also.

The addition of the ICA office to its growing G W Jones office, leaves Littlejohn with considerable strengths in northern Alabama.

This transaction adds substantially to the office's backlog, and strengthens the engineering, surveying and construction engineering inspection depth of the office.

This relationship is a win-win as both firms had a number of common clients.

In particular, ongoing projects with both the City of Huntsville and the City of Madison were able to be transferred without interruption.

"This transaction reinforces our commitment to Huntsville and North Alabama by adding experienced personnel to our current operation."

"It also allows us to expand our services with seasoned professionals in engineering, surveying and the construction inspection fields. We look forward to continue growing our Huntsville office and to providing the expertise and responsiveness our clients require," said Harry Wilson, principal and office manager.

The office has also added landscape architecture to its service offerings with the hiring of Josh Johnson.

With over 15 years progressive experience, Johnson brings extensive site planning, hardscape and landscape architecture experience to both private and public sector clients.

"Huntsville is a very exciting market," Johnson said. "It is one that is eager to benefit from the collaborative design approach we offer with keen sensitivities to our sustainable approach to planning and design for both our public and private sector projects. Being able to work in increasingly urban, mixed use projects with the talented engineers just across the aisle brings our clients a unique strategic advantage."

Johnson brings his years of land development services to the office as well as solid experience in municipal parks, recreation, streetscapes and all forms of pedestrian scale site improvements.

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On a more complex level, to work around the fact that units and individuals with subpar performances can still receive incentive compensation if profit sharing is based on the financial performance of the firm as a whole, firms may also base profit sharing on individual business units or service lines and/or office profitability.

Performance bonuses are the "Big Daddy" of incentive compensation plans in the A/E industry.

When it comes to basing profit-sharing plans on accrual or cash profits, it seems that firms that base their bonus programs on accrual profits may decide to adjust their distribution schedule to account for collections, work in process, or bad debt. For example:

- Practically all firms (85 percent) base their profit-sharing plan on the company's financial performance as a whole.
- Nearly half of firms (49 percent) base their profit-sharing plan on cash profits.
- Nearly half (42 percent) of firms that base their profit-sharing plans on accrual profits make no adjustments. Another 42 percent make adjustments for bad debt.

GREATEST CHALLENGES. Are there challenges surrounding incentive compensation plans? Yes. And, based on the responses of the survey participants, there is no one single answer to that question. The greatest percentage (23 percent) said it's funding these plans. ▲▲

FIRMS ON THE MOVE

WRS EXPANDS PRESENCE: **WRS Infrastructure & Environment, Inc.** (Tampa, FL), a provider of environmental remediation, civil construction and, technical services, announced the opening of its new regional office in Denver to meet the increasing demand of its long standing clients in the oil and gas, petrochemical, mining and energy industries as well as federal and state agencies.

This new office, at 14143 Denver West Parkway, Suite 100, Golden, Col., marks the continued growth of the organization in the intermountain and Western U.S. region.

Richard Santello, WRS CEO, said, "We are pleased to be opening an office in Denver to support our current clients in the western U.S. The Denver office will allow us to better deliver innovative services to our growing intermountain and western U.S. clientele in the mining, Petroleum and Energy Industries."

The Denver office is headed operationally by Dennis Dubbel, a seasoned professional with over 35 years of environmental, civil and heavy construction experience.

His experience includes project management, estimating, project oversight, project supervision and scheduling.

He is experienced in waste water treatment plant construction, excavation and disposal of contaminated soil, pond/lagoon closure, earthen dam construction, liner installation, leachate collection systems, and landfill capping and repair.

Eric Brown heads up business development and is an environmental remediation professional with over 33 years of experience assisting clients in the petroleum, chemical, mining and energy industries with their environmental challenges.