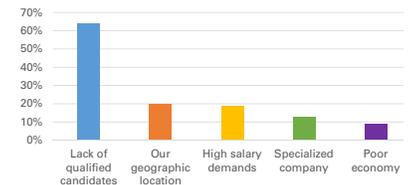


## TRENDLINES

### Reasons for hiring difficulties



Zweig Group's [2015 Policies, Procedures and Benefits Survey of A/E/P & Environmental Firms](#) shows the biggest recruitment obstacle for firms is a **lack of qualified candidates**, with 64 percent of respondents citing it. **The firm's geographic location** is the second biggest concern at 20 percent, followed by **high salary demands** at 19 percent, **specialized company** at 13 percent, and **poor economy** at 9 percent. — [Vivian Cummings, research analyst assistant](#)

## Working in a cult of personality

Inspiration is necessary for technical/design professionals and those who manage projects to be successful.

“See, the problem is, we act like project-related work isn't important and, instead, only achieving certain business goals is.”



Mark Zweig

### EDITORIAL

I watched an outstanding documentary recently on the life of Henry Ford. I learned a lot about him – and heard some of what I already knew, as well – but it got me thinking. He was undoubtedly a genius on some levels and incredibly successful. A “star” in business by any standard. Many of us who are lucky enough to have long careers in the A/E business will at one time or another either work for or with someone who is – like Henry Ford – incredibly charismatic.

If you are currently in a situation where you work for a “starchitect” or “starengineer” or some other charismatic (and often egocentric) leader, you know there are pluses – and minuses. It isn't always easy! It can put you on an emotional roller-coaster, if you let it.

Let me give you some advice:

**1) Form relationships/alliances with the people the “star” respects.** There are always people whom the star respects. It could be a long-term employee or another partner in the company or a trusted advisor. In any case, you should quickly figure out who these people are and form relationships with them, because you may need one of these people to run interference for you on something critical. The only way that's going to happen is if you have a relationship with them. So, go see them. Ask them to lunch. Get their advice.

**2) Never directly challenge the star.** Ask questions. Provide information. But don't say “no.”

See [MARK ZWEIG, page 2](#)

## FIRM INDEX

<a href="#">Becker Morgan Group</a>	12
<a href="#">BLT Architects</a>	12
<a href="#">Burns + Beyerl Architects</a>	7
<a href="#">CH2M HILL</a>	11
<a href="#">Dannible/McKee and Associates Ltd.</a>	6
<a href="#">Kieran Timberlake</a>	12
<a href="#">KPF</a>	12
<a href="#">Lidstone &amp; Associates</a>	4
<a href="#">NBBJ</a>	12
<a href="#">Society for Marketing</a>	
<a href="#">Professional Services</a>	4
<a href="#">Strogoff Consulting</a>	6
<a href="#">Thornton Tomasetti</a>	12
<a href="#">Wenck Associates Inc.</a>	4
<a href="#">Wiss, Janney, Elstner Associates</a>	4
<a href="#">W. R. MEADOWS</a>	2

## MORE COLUMNS

■ **M&A INSIGHTS:** Managing expectations. [Page 3](#)

■ **FINANCIAL FITNESS:** Time is on our side ... Or is it? [Page 5](#)

■ **RECRUITING NOTES:** Contingency vs. retained recruiting. [Page 9](#)



## Intern Insights

[Page 11](#)

## SPOTLIGHT ON: Your worth

[Pages 6, 7](#)

## A LOOK AHEAD

#HOTFIRM2015 COUNTDOWN



DAYS

MARK ZWEIG, from [page 1](#)

The star will not respond well to a flat refusal to do something. He or she will see that as a personal rejection, and it will be a huge negative for you when it comes to your relationship. Things won't likely turn out well for you if that happens.

- 3) **Learn from the star.** They've got some magic; that's why they are a star. You may initially be turned off by them and their big ego, but realize they provide you with an outstanding opportunity. Listen. Observe. Figure out how they became the star that they are. This experience could possibly change your life!
- 4) **Try to forgive their social lapses.** They may not introduce you. Or they could forget to give you credit when it's called for. Or they may just seem rude or aloof. If you let everything bother you, you'll be likely to snap or otherwise misbehave and deprive yourself of a learning opportunity. And remember, just because someone acts a certain way doesn't mean they think that way. You have got to be forgiving to work with or for a star.
- 5) **Figure out what drives them and always keep that front of mind.** Is it their legacy? Is it their public image? Is it their need for control? Whatever it is, try to figure that out and then use it as a means to influence the star. Maybe this sounds too manipulative to you? Then, you don't know how to work with a star!
- 6) **Show respect – always.** Because their egos are big (often fueled by a deep-seated insecurity) – stars need a lot of respect. They may not always see the need to give it back – don't get me wrong – but you have to give it. If the star wants to be addressed as "Ms. So-and-so," don't fight it. If she always needs to sit at the head of the table, plan on it. If he is always 10 minutes late for a meeting, be ready for it.
- 7) **Don't cut the star out of the information-flow.** He or she really hates being uninformed or caught off-guard. In fact, sometimes he or she may oppose a decision or stop something from happening JUST because he or she wasn't uninformed and to show that he or she can do it. Paranoia is often part of the star's personality. Don't fuel it!

Got any other thoughts on this topic you'd like to share? If so, [email me!](#) ▀

Mark Zweig is founder and CEO of Zweig Group. Contact him at [mzweig@zweiggroup.com](mailto:mzweig@zweiggroup.com).

## BUSINESS NEWS

**WRS ENVIRONMENTAL SERVICES OFFERS NEW STATE-OF-THE-ART EQUIPMENT** [WRS Environmental Services Inc.](#) (Yaphank, NY), a leading provider of environmental services, has announced the addition of its new WRS HEPA High Rail Guzzler to its line of equipment and technologies. This new state-of-the-art equipment offers the industry's most advanced truck mounted industrial vacuum for the extreme demands of the rail industry. To further increase the capabilities of this vacuum unit, WRS, in conjunction with the manufacturer developed this unit to be the first HEPA industrial high rail vacuum truck in the country.

The WRS HEPA High Rail Guzzler features a steel boom that extends to the ground, eliminating common wear problems that the vacuuming of ballast stone causes on conventional hose setups. A rear-door mounted operator station is incorporated to give total vacuum and track mobility control from the rear of the vacuum unit. This station provides full control of the vacuum system, high rail creep drive and braking system, boom movement, and all safety features, such as the emergency stop and vacuum relief.

Forward and reverse are hydrostatically controlled via a heavy-duty creep drive transfer case with a joystick control mounted on the operator's station. This creep drive allows the Operator to move the vacuum unit forward and reverse along the tracks without interruption of the vacuum activities, providing total operator control of the vacuum truck from a rear mounted control station. Additional safety is provided with a specially designed high rail camera option increasing operator visibility of blind spots on the sides and front of the vacuum unit. Full visibility of the boom and rail area are viewed on the multi-function display by the operator from the control station.

"WRS utilizes state-of-the-art equipment and advanced technologies as well as a highly trained workforce to provide customers with quality workmanship, innovative and customized turn-key solutions," said CEO Michael Rodgers. "The addition of the HEPA High Rail Guzzler to WRS fleet will allow us to better serve our clients and offer cost effective solutions."

More BUSINESS NEWS, page 12

**THE ZWEIG**  
LETTER

38 West Trenton Blvd., Suite 101  
Fayetteville, AR 72701

Mark Zweig | Publisher  
[mzweig@zweiggroup.com](mailto:mzweig@zweiggroup.com)

Andrea Bennett | Managing Editor  
[abennett@zweiggroup.com](mailto:abennett@zweiggroup.com)

Christina Zweig | Contributing Editor  
[christinaz@zweiggroup.com](mailto:christinaz@zweiggroup.com)

Sara Parkman | Editor  
[sparkman@zweiggroup.com](mailto:sparkman@zweiggroup.com)

Megan Halbert | Design Assistant  
[mhalbert@zweiggroup.com](mailto:mhalbert@zweiggroup.com)

Liisa Andreassen | Correspondent  
[lsullivan@zweiggroup.com](mailto:lsullivan@zweiggroup.com)

Richard Massey | Correspondent  
[massey@zweiggroup.com](mailto:massey@zweiggroup.com)

Tel: 800-466-6275

Fax: 800-842-1560

E-mail: [info@zweiggroup.com](mailto:info@zweiggroup.com)

Online: [www.thezweigletter.com](http://www.thezweigletter.com)

Twitter: [twitter.com/zweigletter](https://twitter.com/zweigletter)

Blog: [blog.zweiggroup.com](http://blog.zweiggroup.com)

Published continuously since 1992 by Zweig Group, Fayetteville, Arkansas, USA. ISSN 1068-1310.

Issued weekly (48 issues/yr.). \$475 for one-year subscription, \$775 for two-year subscription.

Article reprints: For high-quality reprints, including Eprints and NXTprints, please contact The YGS Group at 717-399-1900, ext. 139, or e-mail [TheZweigLetter@TheYGSGroup.com](mailto:TheZweigLetter@TheYGSGroup.com).

© Copyright 2015, Zweig Group. All rights reserved.

# Managing expectations

Whether ordering dinner or acquiring an A/E/P or environmental firm, a little communication goes a long way in fostering effective transactions.



Jamie  
Claire  
Kiser

## M&A INSIGHTS

**M**y husband and I had dinner one evening last week at one of our favorite local restaurants, an upscale place with a gracious staff and fantastic fare. Or, at least, we went to the restaurant with the intention of having dinner. Our server took our orders and disappeared. An hour-and-a-half after we ordered, our wine glasses had been empty for 45 minutes and I had to take action – which is never pleasant to do in one of your favorite “usual” spots in a small town.

We ended up cancelling our order, to the complete surprise of the server (“Are you serious?” she asked when I waved her over). The manager came over 10 minutes later and told us that the restaurant was unusually busy for a weeknight, and she was kind enough to tell us that she wasn’t going to charge us for the food. The reaction of the server and her manager, neither of whom apologized, was enough to put us off the restaurant for the near future.

“Think about how the people that you deal with could benefit from regular updates, and call me if you need restaurant recommendations in Northwest Arkansas.”

As is my nature, I had to pick the incident apart over the next few days. What went wrong? Why did that happen? What’s the lesson? Naturally, my thought process spilled over from a restaurant experience to transactions in general and, finally, to mergers and acquisitions. My conclusion: Managing expectations through clear communication fosters effective transactions – whether you’re buying dinner or an architecture firm.

With that in mind, here are some simple rules you’ve heard 1,000 times, but that bear repeating because they’re true:

- **There is no such thing as over-communicating.** Communication among your team during the acquisition process is crucial to rapid and functional decision making. People often forget to share information or erroneously assume that everyone is in the loop. Send a weekly update email out to your team or schedule a recurring progress call.
- **Communicating is a mix of giving and taking.** Listening is a key component of communication. Pay attention to the concerns of various stakeholders.

“Managing expectations through clear communication fosters effective transactions – whether you’re buying dinner or an architecture firm.”

If someone cares enough about something to share it with you, don’t dismiss his/her concern. Show respect and keep quiet. In M&A, the listeners are often top executives who have a valuable set of skills. The downside to dealing with those in leadership is that they have developed a long-standing set of assumptions. M&A, however, is all about handling the unknown. Good listeners are able to relax their assumptions, process information critically, and consider new possibilities.

- **Respond quickly and meaningfully.** Respond to emails and other communication as fast as you can, but make sure that you are actually communicating and not just trying to throw the ball back into the court of the other party. If you can’t respond meaningfully to something in a short amount of time, make that your response – “I need some time to check into your question; I’ll respond to you before the end of the day tomorrow.” Process information in emails instead of firing off a poorly contemplated response as soon as it hits your inbox.
- **Explain your understanding.** I’m working on the initial due-diligence phase of a deal right now, and the potential buyer asked my client for information that seemed beyond the scope of what would normally be requested at this time. I eased any potential frustration by picking up the phone, calling the potential buyer, and asking if there was something that they were having a hard time understanding, or why they otherwise felt that this information was important. Understanding the motivation for the request changed my client’s perception. We got a reasonable explanation and moved forward.
- **Lists are your friend.** Before calls or meetings, write down a few things that you want to make sure that you share. I bring a pad of paper with me into

See [JAMIE CLAIRE KISER, page 4](#)



## TRANSACTIONS

**WAI EXPANDS SERVICES TO COLORADO** [Wenck Associates Inc.](#) (Maple Plain, MN) has expanded services to Colorado to increase their footprint in the Rocky Mountain Region through a merger with [Lidstone & Associates](#) (Fort Collins, CO).

Founded in 1986, Lidstone specializes in ground water resources, surface water engineering, stream restoration, civil and mining engineering, and other professional services primarily in Colorado, Wyoming, Texas, and Oregon. They have offered a full range of services, from environmental permitting to feasibility studies, engineering design, and construction management. Going forward, the company will now be known as Lidstone & Associates – A Wenck Company and service offerings will expand into air quality, environmental management and regulatory compliance, environmental review and assessment, facility and process engineering, industrial hygiene and safety, natural resources, real estate, site assessments, sustainability, traffic engineering, waste management, and water resources. Effective July 1, the 15 full-time and three part-time employees from Lidstone joined the existing Wenck staff of more than 275.

Founded in 1985, Wenck Associates is a leading engineering and consulting firm dedicated to providing innovative solutions through strategic engineering, environmental, and consulting services. With 14 offices in six states, Wenck's operating companies (Wenck Associates, Wenck Construction, Wenck Real Estate, Wenck Response) provide clients a united team of engineers, scientists, and business and construction professionals.

## FIRMS ON THE MOVE

**WJE OPENS SOUTH FLORIDA OFFICE** [Wiss, Janney, Elstner Associates](#) (Northbrook, IL) has announced the opening of its new office in South Florida. The branch will be led by Principal and Unit Manager Leandro Etcheverry, who most recently served as manager of the firm's Houston office.

"We are thrilled to establish a local presence in this important, growing, and vibrant region," said Etcheverry. "We look forward to not only being closer to our many valued Florida clients, but also to introducing our services to those who need help in solving their construction-related problems across the state."

Senior Associates Tricia Fitzgerald and Karen Zimnicki join Etcheverry in providing the full-range of WJE's services from the new location.

## ON THE MOVE

**SMPS ANNOUNCES APPOINTMENT OF CEO** The [Society for Marketing Professional Services](#) (Alexandria, VA), an A/E/C marketing and business development association, is pleased to announce the appointment of **Michael Geary** as its chief executive officer, effective October 8. Geary succeeds Ronald Worth, who served as SMPS CEO for 16 years. Tina Myers has served as interim CEO since March.

"We're thrilled to have Michael join SMPS," said SMPS President Barbara Shuck. "His association experience in architecture and construction, and enthusiasm for the A/E/C industry are critical components to ensure the Society's vision to serve members, their firms, and the profession."

Geary brings more than 20 years of association management experience to SMPS. He joins the Society from AmericanHort, the horticulture industry's trade association, where he currently serves as president and CEO. He also served as executive director of the independent American Institute of Architecture Students and senior director for the National Association of Home Builders.

"I am excited and honored to join the SMPS team and looking forward to the tremendous things we will accomplish together to enhance the profession and serve our membership," Geary said.

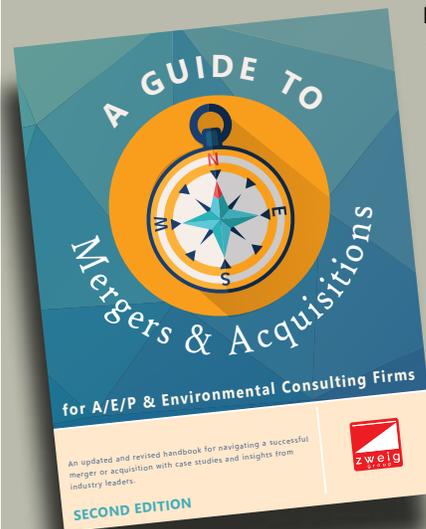
**JAMIE CLAIRE KISER**, from [page 3](#)

calls to help me stay on track. Especially in an acquisition, where there are many moving parts, it's important to have a method for making sure that your position is clearly articulated.

My dinner experience could have been fantastic, if the server had shared key information with us when it was available, instead of avoiding me and my husband: "I just wanted to let you know that a large table ordered ahead of you. Do you mind to wait for your food? We are happy to bring you a round of drinks or an appetizer on the house – sorry about that." The server would have had two customers who were happy to be there and could adjust their evening plans based on a few pieces of the puzzle that were unknown to us when we were neglected. Think about how the people that you deal with could benefit from regular updates, and call me if you need restaurant recommendations in Northwest Arkansas. ▀

JAMIE CLAIRE KISER is director of M&A activity for Zweig Group. Contact her at [jkiser@zweiggroup.com](mailto:jkiser@zweiggroup.com).

### FOR YOUR BOOKSHELF



Many owners of A/E/P and environmental consulting firms aren't familiar with the M&A process. Zweig Group's [Guide to Mergers & Acquisitions for the A/E/P & Environmental Consulting Firms](#) draws on the experience of M&A advisors, attorneys, and CEOs of firms that have been through the process and includes several informative interviews, articles, and case studies.

[A Guide to Mergers & Acquisitions for the A/E/P & Environmental Consulting Firms](#) – an updated and revised version of the *A/E Mergers & Acquisitions Cookbook* (2007) – is a straightforward guide to the complicated transactions that can catapult your A/E/P or environmental firm from run-of-the-mill to extraordinary.

Learn how to prepare your A/E/P or environmental firm for a merger or acquisition. Find appropriate targets and get tips for drafting a letter of intent. Get strategies for conducting thorough due diligence. Learn about standard transaction documents and structuring the deal. Prepare for closing the deal, and learn the post-closing integration issues to look out for. Read case studies of real-life mergers and acquisitions in the A/E/P and environmental industry. The publication will be released October 15. Preorder now at [zweiggroup.com/books.php](http://zweiggroup.com/books.php) and save \$100.

## OPINION

# Time is on our side ... or is it?

Technical professionals should appreciate the importance of timely and accurate time-sheets for determining appropriate project billing and more.



Ted  
Maziejka

FINANCIAL

FITNESS

**F**or most A/E/P firms, it is the talent, technical expertise, and experience that are sold to clients in the form of hours. The form of the agreement with the client is either a contract for time and materials, a fixed-fee contract, or some variation.

The only way that the firm can accurately track the contract performance is to evaluate how many hours were planned on the project (the project budget), how those hours are expended (the actual cost), and then how those hours compare from a performance perspective. Project managers are normally assessing the estimate to complete, which compares the performance of the contract to their assessment of work to be performed.

“A/E/P firms offer their technical staff great salaries, direct deposit of paychecks, exceptional benefits, incentive compensation, free coffee, and fantastic work environments. Why is it so difficult to get a time card in return?”

Critical to all of this is the capture of staff time in the form of a time card, or time-entry status. Most of the angst between the financial management staff and the technical staff is the continuing issue of getting the time in when it is due and required.

A/E/P firms offer their technical staff great salaries, direct deposit of paychecks, exceptional benefits, incentive compensation, free coffee, and fantastic work environments. Why is it so difficult to get a time card in return?

Project managers overseeing the multitude of tasks and responsibilities rely on accurate time-tracking to contracts to generate performance assessment on the project.

Without accurate and frequent entry of time to the tasks performed, the PM can be placed in a compromising position when the time cards are prepared days after tasks are performed. In fact, most project management systems – such as Deltek Vision and AJERA – allow for daily entry

of time so that tracking of performance can be compared and viewed on the PM dashboard. Additionally, applications that allow for time entry into Apple iPhone, Android, and Windows devices create efficient ways for staff to never be too far away from providing a visible and quantifiable expression of the work they do!

We recently provided a project management and leadership training program to a firm that had used Deltek Vision and then integrated Newforma into its practice.

By creating one point of entry for information, accurately broken down into resources, hours, and schedule, this firm could predictively review staff hours, performance to budget, schedule of tasks, and even predictive cash flow. The critical component was daily entry of accurate time data.

From the president/CEO to the receptionist, everyone understood how important the entry of time was in this system, how critical it was for project managers to be able to evaluate project performance. One of the more important statements the president made to the PM was that “without frequent entry of time during the day, it is likely that we would be creating false records on our clients’ projects.”

This firm was so committed to a high degree of project delivery that if someone input his or her time days after the task was completed, a call was made and a meeting was scheduled to review whether that recording of time was inaccurate or a false reflection of the task accomplished.

A further degree of concern on accurate time recording is when the firm enters into public sector work at the local, state, or federal level that is governed by state or federal acquisition regulations. Not only do these entities require detailed time cards and have the ability under contract terms to audit the firm’s time card

See [TED MAZIEJKA, page 8](#)



# SPOTLIGHT ON: Your



## Valuations can be invaluable

Knowing your firm's value can give you the upper-hand in transactions, especially mergers and acquisitions; experts suggest bringing on a consultant to help manage the task.

By LIISA ANDREASSEN  
Correspondent

**M**any A/E firm owners really don't have a solid grasp regarding their firm's worth. And, if you're an owner, you can't risk not knowing your firm's value. Whether it's for external purposes, such as a firm sale or merger, or internal purposes, such as ownership transition or ESOP purposes, all firm owners should know what their investments are worth.

**HOW DO YOU START THE VALUATION PROCESS?** Estimating the value of a privately held business is a complex discipline. [Dannible/McKee and Associates Ltd.](#), performs valuation studies for design firms across the nation and reports that these are just some things to consider:

- Future earnings potential
- Growth rate
- Strength of the business' balance sheet
- The capabilities and depth of your management team
- The competitive environment in which it operates
- The outlook for the markets it serves

"Firms that have recent and steady growth and a healthy backlog command a higher value than those that do not."

Michael Strogoff, principal of [Strogoff Consulting](#) suggests:

- **Start with a specialized consultant.** There are plenty of good resources about how to value architecture, engineering or design firms. Consulting firms that specialize in ownership transitions develop a fair-market value based on a handful of factors including adjusted net worth (book value), weighted net income, weighted net fees, projected fees, and backlog of unearned fees. These factors produce a range of a firm's value. For example, some consultants value a firm at between one and one-and-a-half times adjusted net worth for an internal transition or between two and three times for an external sale. Other consultants value a firm at between three and five times weighted net income or apply a percentage of their average earnings to their backlog of unearned fees. The mystery is in how to narrow these ranges to gain a more precise indication.

See [VALUATIONS, page 8](#)





## Mastering fees begins with a profit plan

Determining fees is important for accurate billing and for creating a profitable firm; to begin, leaders should assess expenses and goals to establish desired revenue.

By LIISA ANDREASSEN  
Correspondent

How do you set your fee and billing rates? Do you compare and contrast? It's a fine line to walk between maintaining top profits, while remaining competitive in the marketplace so customers turn to you time and again.

**START BY BENCHMARKING.** Benchmarking your firm's billing rates is important because your rates directly impact revenue. If you bill your services at rates lower than other firms in your peer groups without simultaneously winning a higher volume of work or obtaining a larger number of hours, it limits your profitability.

Steven Burns, spent 14 years managing his firm [Burns + Beyer Architects](#). After creating ArchiOffice, a smart office and project management solution for architectural firms, Burns brought his management expertise to BQE Software. He says that financial health starts with creating an operating budget or profit plan.

**EASY AS 1-2-3.** Burns says that there are three steps to creating a profit plan:

- 1) **Estimate your expenses.** Don't include any of those that are reimbursed by your client (printing, travel, pass-through consultant fees, etc.).
- 2) **Set a profit goal.** This is generally thought of as your return on investment. It's a percentage of your total expenses. All the effort and money you put into the business should return a profit. What's the return you want to see?
- 3) **Add your expenses with your profit goal to get the net revenue goal.** Your net revenue goal is what you plan to invoice your clients for your services.

**KNOW YOUR EFFICIENCY RATIO.** Burns adds that architects and engineers earn their revenue (and profit), by working on projects. So it should come as no surprise that the most common denominator for planning and measuring financial performance is the direct salary expense. This is the salary cost of the hours charged to projects (your billable time).

He says that these are the numbers that will be used to determine the values such as the target break-even, profit and revenue amounts. But in order to do this you need to know your efficiency ratio.

- Efficiency Ratio = Direct Salary Expense/Total Salary Expense
- Direct Salary Expense = Total Salary Expense x Efficiency Ratio

So how do we know the efficiency ratio for your firm? Accord-

ing to Burns, there are statistical surveys that show, on average, architectural firms achieve about 65 percent. This averages all employees, including principals. Though principals might only be 50 percent efficient (spending 20 of their 40 hours each week billable on projects), interns might be 95 percent efficient.

**SET IDEAL BILLING RATES.** The planned net multiplier is an incredibly important number to help determine minimum hourly billing rates. Burns provides the following example for an architecture firm:

Cost Rate and Ideal Bill Rate			
	Principal	Project Architect	Architect Intern
Gross Annual Salary	\$100,000	\$75,000	\$35,000
Payroll Tax (15%)	\$15,000	\$11,250	\$5,250
Health Insurance	\$8,000	\$4,000	\$4,000
Retirement Plan	\$3,000	\$2,250	\$1,050
Net Cost/Year	\$126,000	\$92,500	\$45,300
Gross Hours/Year	2,080	2,080	2,080
Vacation	(120)	(80)	(80)
Holiday/Personal Leave	(80)	(80)	(80)
Net Hours Worked/Year	1,880	1,920	1,920
Net Cost Rate/Hours Worked	\$67	\$48	\$24
Planned Net Multiplier	2.85	2.85	2.85
Ideal Billing Rate	\$191	\$137	\$67

As long as your office maintains the 65 percent efficiency rate, you must bill your principal at \$191 an hour, your project architect at \$137 an hour, and your architect interns at \$67 an hour to obtain the desired profit.

"Granted, some firms don't like to look at the global efficiency rate, opting instead to evaluate the ideal bill rate for each employee based on their true efficiency level," Burns says. "But that's a whole other discussion."

For more information on how to set your fees and bill rates, check out Zweig Group's *2015 Fee & Billing Survey of Architecture, Engineering, Planning & Environmental Consulting Firms*, the standard guideline for architecture, engineering, planning and environmental firms looking to find the balance between competitive pricing, quality design, and firm profitability: [zweiggroup.com/surveys](#).

TED MAZIEJKA, from [page 5](#)

records, but the inaccurate entry of time can distort overhead allocation. Especially under these types of contracts, the firm's overhead rate is evaluated for the derivation of the overall fee and profit. If inaccurate labor is posted to overhead and not direct costs or projects, it distorts the overhead labor and ultimately the overhead rate!

So, what are some ways to get everyone in the firm to hit this critical deadline?

- **Lead by example.** Senior leadership of the firm has to set the example, and they need to embrace the importance of daily entry. Those leaders could provide a great example by pulling out their mobile devices and asking projects managers as they visit – while practicing management by walking around – about the project task they would like their time to go to. They

could then enter that data for the PM, in real-time!

- **Share the critical metrics.** If the staff is given critical performance metrics and senior leadership presents them in a consistent format monthly, the importance of time card input becomes tangible to firm performance and project performance.
- **Ensure integrated data.** The most powerful and useful tools are those that allow time card entry to impact resource allocation, budgets, schedules, and performance. By the firm investing in these highly valuable and time saving systems for the PMs, project management no longer requires hours of data manipulation to determine where the firm is headed.

**BACK LOG PERFORMANCE – HOW PREDICTIVE?** Backlog, or the value of fees remaining on projects, should be accessible with the push of a button in an integrated project management system. In most firms that we work

with, when we ask to see backlog, it is one column of data. When we ask to see backlog over the year or life of the project, it is non-existent. When firms try to extract as a PM/staffing of resource exercise, it takes weeks, and upon review of the information, the data is no longer valid, projects have accelerated or been put on hold and the whole exercise has wasted valuable and precious time of PM and financial management staff!

So, as the song goes: "Time is on my side, yes it is."\*

In the A/E/P world it can only be if you capture it daily and accurately and use it to make predictive and forecasted decisions! ▀

TED MAZIEJKA is a financial and management consultant for Zweig Group. Contact him at [tmaziejka@zweiggroup.com](mailto:tmaziejka@zweiggroup.com).

*\*Written by Norman Meade; performed by The Rolling Stones, 1964.*

VALUATIONS, from [page 6](#)

- **Find out where you fit in.** Once you have a valuation range, you can develop a more precise fair-market value by ranking your firm against others. You'll need to determine criteria and then if you rank extremely high across the board, you can safely use the high end of the valuation range. On the flip side, if your firm ranks low, use the lower end of the range.
- **Assess ability to obtain new business and deliver it profitably.** The quantitative factors commonly used to value a firm assume that a firm's recent history is a good indicator of its future. While this assumption is true to some degree, these qualitative factors also affect a firm's ability to garner future work and generate future profits:
  - Reputation in the marketplace
  - Ability to differentiate itself from competitors
  - Quality and depth of portfolio
  - Extent of contacts and resources
  - Current and potential market penetration
  - Skills and experience of its key people
  - Breadth of client base and geographic reach
  - History of repeat clients
  - Special areas of expertise
  - Delivery methods and efficiencies
- **Steady growth and healthy backlog of work.** Firms that have recent and steady growth and a healthy backlog (usually six months of work or more) command a higher value than firms that do not. When looking at backlog, the amount of work under contract is more valuable than work not yet under contract or awaiting authorization.
- **Resources, assets, and cash flow.** Firms with a solid infra-

structure of equipment and software, good cash flow and access to capital have longer staying power and are better positioned to respond to new opportunities and market cycles. On the other hand, undercapitalized firms are more vulnerable and, therefore, of reduced market value.

- **Strong skill levels. The design, technical and management skills of a firm's staff directly influence the quality of its work, the premium fees it can negotiate and its risk management.** Evaluations of a firm's QA and risk management programs, professional training programs, awards, professional recognition, management resources, and experience are strong indicators of the firm's overall technical, design and management skill level.
- **Appropriate lengths of time current owners can, and will, stay during a transition.** The value of professional service firms is closely linked to leaders. Firms with well-planned transitions that ensure effective, uninterrupted leadership are worth more than firms without. On the other hand, owners who remain beyond their productive years (or at the expense of the development of incoming owners) reduce the firm's market value.
- **Amount and quality of intellectual capital.** Firms with the expertise, resources, and tools to give them a strong marketing edge over their competitors; deliver higher-quality services; and produce high-quality work more efficiently will command a higher value than firms lacking such intellectual capital.
- **History of litigation and claims.** The value of firms with a history of litigation, settlement claims, or bad debts, or whose book of business might cause a buyer's insurance premiums to jump will be discounted to account for higher risk profile.

Check out the latest valuation survey by Zweig Group at: [zweiggroup.com/surveys](http://zweiggroup.com/surveys). With the survey data included in this report and Zweig Group's exclusive Z-Formulas, you'll be able to quickly determine your firm's worth. ▀

## OPINION

# Contingency vs. retained recruiting

Industry Veteran Mark Zweig uses 3 decades of experience to offer insights on one of the hottest topics for AEC leaders looking to grow their firms effectively.



Randy  
Wilburn

### RECRUITING NOTES

I recently returned from a Principals Academy event in Seattle, where one of the main topics discussed among firm leaders was the use of and fundamental differences between contingency and retained recruitment searches. It seemed that no one in the room really understood how these services break down nor the pros and cons of using either. I tracked down Mark Zweig and interviewed him on the subject.

Contingency recruiters or “head hunters,” which is not a very PC term, have been around for decades. AEC firms have used them to varying degrees with various amounts of success and some epic failures.

Retained recruitment is a more nuanced version of recruiting that can pay off in the short- and long-term, if done correctly. I was introduced to the retained-recruitment model by Mark more than 17 years ago. Mark has been around the block a few times in this industry, and he’s seen it all.

**Randy Wilburn:** Mark, we’ve talked over the years about the idea of contingency recruiting versus retained recruitment. Can you explain why you feel that contingency recruiting is not a good method to utilize in our industry?

**Mark Zweig:** I started out as a recruiter after I got my MBA and got into this business in 1980. I worked for an executive search firm in St. Louis that was a retained-recruitment firm. I really got my schooling there. There’s just so many differences. Let’s just go over some of the key ones.

First off, the quality of people that work in a contingency firm is completely different from the quality of people you’ll find in a firm that’s doing recruiting on a retained basis. You hate to generalize, and certainly there are some good people that work in contingency firms, but, traditionally, that side of the recruitment business has about a 350 percent turnover rate, so, those organizations have continuous turnover. They typically pay a very low pay rate, usually a draw against commission of \$300 a week, or something of that nature. And, it’s basically a pure commission job. Most people just don’t want to work in that environment. If you’re somebody that has a college education or a master’s degree or you have some experience in the business world and you’re used to making a certain living, you’re not going to

“My No. 1 piece of advice is stop thinking about recruiting as a way to keep bad people out and start thinking about it as a sales process where you’ve got to get good people in.”

work for somebody for pure commission or \$300 a week with a draw against commission. The sense of ethics is a lot different, too. A lot of contingency recruiters will do anything to make a fee.

Contingency recruiting is like a probability game: I throw so many balls of mud against the barn wall and hope that one will stick. They have terms for the ones that do. One of them is MPC – “most placeable candidate.” Then recruiters call or email companies trying to get this candidate interviews.

It wouldn’t be uncommon for a candidate – let’s say it’s a mechanical engineer with a background in HVAC design – to be sent out to 200, 300, 400, even 4,000 companies via email, fax, or phone call. So, even if you eventually hired this individual, one of my big problems with the contingency model is that person has been sent out to so many other companies that the odds are high they’re going to continue to get inquiries for interviews and job offers after they accept your job, which means that they don’t stay on the job a long time.

That’s another big issue. The candidates placed by contingency firms typically don’t last as long on the job. Many times, they are unhappy or they’re actually looking for a job as opposed to the candidate found by a retained recruitment firm, which is going out into the market and contacting people who aren’t looking for a job to see whether they’re

See [RANDY WILBURN](#), page 10



RANDY WILBURN, from [page 9](#)

open to discussing an opportunity. If someone makes a job change under that set of circumstances, they're more likely to be rational about it and do it much more carefully and thoughtfully and last on the job longer than someone who's out looking.

**RW: Do you think it's short-sighted on the part of firms to gravitate toward contingency recruiters with the idea that they don't want to throw a lot of money to this situation?**

**MZ:** I think it is because they're compromising. They're not going to get the same quality of candidate, they're not going to get the same effort from the recruiter. I mean, think about it! Contingency recruiters are only going to be working with companies that are making job offers quickly that they think they can get somebody hired at. If the contingency recruiter perceives the firm's requirements as too picky, its leadership too finicky or too difficult to please, they'll quickly move on to other pastures. You may think that the contingency recruiter is actually working for you, but he or she isn't. And then, you're wasting time, and the real loss is the opportunity cost of not having that individual on board. So that's a problem.

But hiring the wrong person is a huge problem. It's costly. You spend money and time in interviewing and relocation expenses possibly, paying the fee, getting the person up to speed, and then it also hurts management's credibility. You look like you're incompetent, and that's bad. It also looks bad to your clients, especially if they have any interaction with somebody who then doesn't last on the job. So yeah, I think it's short-sighted. A lot of people think contingency recruiters are working on their behalf, but they're not. In a contingency firm, the recruiter works on his own behalf.

If you get somebody in a retained recruitment firm, these are salaried employees. They can have a much longer horizon for how they define success, the only measurement of building a long-term client relationship of mutual benefit.

**RW: What is the benefit to a company to engage and work with a retained recruiter on an annual contract basis as opposed to a job-by-job basis?**

**MZ:** The primary benefit is the recruiters really get to know the company, the managers, and the culture of the client, so they have a great idea of the kinds of people that will fit in there and last over the long-haul. It's like looking at a company from the outside very superficially or working somewhere for a year or two or three: You're going to know that company a lot better. You're going to know its culture better. You're going to know how to work with it to please its managers. The longer-term the relationship, the more effective the retained recruiters are going to be. And, they're always going to be keeping an eye open in the course of everything they do for the kinds of people that they think would be appropriate for your organization.

**RW: You have more than 30 years of experience in this industry. Is there anything that has stayed pretty consistent in the way people approach AEC recruiting?**

**MZ:** I think that if there's been any theme that's recurring, it's that good people who have the design or technical abilities that you're looking for that also have the business

skills, the communication abilities, and the other characteristics that you're looking for are in short supply. They've always been in short supply.

You can fill a job with someone who meets the technical requirements. But is that person going to be your future star and business leader? The whole 35 years I've been in this business, it doesn't matter what discipline you're talking about – engineers, landscape architects, architects, interior designers, construction administration people, surveyors – finding people that have these other attributes that ultimately make them successful, they've been in short supply.

The other thing is to reexamine what the retained recruiter can really do for you. Finding the people to talk to – that's only step one. And, to some extent, that's easier today because we do have some of the resources that we didn't have in the old days, such as the Internet. But that doesn't mean getting people to move and take a new job is easier. That may be harder today: People are more skeptical. They're more rooted in where they are. Relocation and changing jobs may seem riskier than it did in the past. Your good retained recruiter is really giving you the insight into the candidate's thought processes at every step along the way and giving you information that's going to help you hire this person and create a situation that he or she can be successful in. It's so much more than just, "Here's a body, now it's up to you to hire them."

Good retained recruiters are going to help you hire this person at the best price that's affordable for you. It's kind of like real estate. In one of my other businesses, I'm a developer, and I have a design-build contracting firm. I never try to cut out my real estate agent, because he always earns his keep in the negotiation and closing processes. If we get a contract that closes, it's because he's very carefully working both ends of the deal. If we sell a house, I get the highest price I'm going to get. Many times, I've been willing to throw in the towel and he's like, "No! I think we can do better." And he's never been wrong.

Think of the retained recruiter like that: They're going to help you. They're working for you to get the best person and to get that person on board with their heads screwed on straight about what they can expect, so they're going to be happy over the long haul. That's just a lot more than, "Here's a candidate you can hire."

**RW: Imagine you're in a room with CEOs of engineering and architectural firms. What would be the singular piece of advice that you would give them based on your experience, from a recruiting and retention perspective?**

**MZ:** My No. 1 piece of advice is stop thinking about recruiting as a way to keep bad people out and start thinking about it as a sales process where you've got to get good people in. Once you have the mindset that we're trying to get the best people to want to work here, and then you select the best people, you're going to be more successful building your company. Let's face it, talent is the key to building one of these businesses. Yes, a great brand name is probably your greatest asset. But, if you've got a great brand name, you've got to back it up with good people, and the good people are going to make that brand what it can be. You've got to be out there selling to get good people in. If you can do that, you'll be successful. ▀

## Intern insights

Architecture, engineering, and environmental firms looking to bring on interns – that might lead to full-time employees – should make friends with universities.



By LIISA ANDREASSEN  
Correspondent



Kim Pattillo,  
University Relations,  
CH2M  
HILL

**I**nterns can be the lifeblood for many companies. They're eager, closely connected to new technologies, and willing to share ideas. Interns can be the future of your company, so it makes sense to hire the smartest and most capable. But how?

“One of the many benefits of a summer internship is that it is really a three-month interview for both the student and our managers.”



Heidi Thiede,  
Director of  
Marketing  
& Business  
Development,  
BLT Architects

**BUILD UNIVERSITY RELATIONSHIPS.** Kim Pattillo, university relations, [CH2M HILL](#) (Englewood, CO), a 25,000-person global consulting, design, design/build, operations, and program management firm, says that they have a centralized university relations team that works with targeted universities to help students learn about CH2M and the opportunities they have to offer.

“Students respond really well to our global internship program which is designed to supplement the hands-on learning of their internship with professional development,” she says. “Personally, I believe one of the best strategies is to understand what students are looking for in an employer and a career. It's important to know that it can change with each class and there can be regional/school difference.”

See [INTERNS](#), page 12

### Four steps to success

Allyson Willoughby is senior vice president of people and general counsel at Glassdoor. She leads the company's HR and legal departments and advises that before you undertake the important task of recruiting interns, consider these four tips for success first:

- **Develop an internship plan.** The best interns are looking for a valuable work experience, and they don't want to waste their time with an unorganized or disjointed internship experience. Before you offer a student or recent grad an internship, make sure you know exactly what that internship will involve. For instance, the best internships are project-based with clear goals and timelines. Sit down and talk with staff to determine which departments could use interns and how many. Next, brainstorm potential projects that an intern could work on and realistically complete (or at least complete a portion of) during a semester's worth of work.
- **Make the work meaningful.** Ask yourself what potential interns will gain from their experience with your company. In addition to possible income, the best interns will expect to receive work experience, connections, knowledge and skills that they can leverage to help them get their next jobs. Many interns hope to get an opportunity to contribute to or create a work product that they can show other potential employers. Regardless of how much you decide to pay your interns, make sure you can articulate why this opportunity is valuable to them. If you're going to offer something unpaid in exchange for college credit, don't forget to check to make sure you're in compliance with labor laws.
- **Use internship recruiting sites.** Once you've determined how the internship will be structured and the value it will offer to potential interns, start communicating the opportunity online, just as you would with other job openings. But in addition to posting it on places such as social media sites, job search sites and your company's careers site, check into internship-specific job sites or go directly to university career centers.
- **Build relationships with higher education venues.** Especially if you're interested in hiring local talent, go close to the source: the colleges and universities located nearby. Get to know faculty members in the departments where you're most likely to find interns that fit your needs, as well as professionals in the career center. Invite these people to lunch or to take a tour of your office, provide guest speakers from your company for their classes or career programs, and participate in campus career and internship fairs. When you need an intern, ask your higher education contacts for referrals.



# BUSINESS NEWS

## THORNTON TOMASETTI TO HOST AEC TECHNOLOGY SYMPOSIUM, HACKATHON

[Thornton Tomasetti](#) (New York City, NY), an international engineering firm, will present its third annual Architecture, Engineering and Construction Technology Symposium and Hackathon on Friday, September 25, from 9 a.m. to 5 p.m. at Baruch College’s Engelman Recital Hall, 55 Lexington Ave., New York. The symposium will explore topics such as data-driven city planning, machine learning for building design, the benefits of open-source development, and state-of-the-art development in AEC research.

The symposium will be followed by a two-day hackathon designed to challenge participants to generate new ideas and processes for the AEC community through data-driven design and web-based applications. The weekend also will include workshops covering topics such as Dynamo, Grasshopper, various APIs, and 3D printing.

A reception will follow the AEC Symposium, from 5 p.m. to 7 p.m., at Hardings NYC, 32 E. 21st St. The Hackathon will be Saturday, September 26, and Sunday, September 27, from 8 a.m. to 3 p.m. at Grohe Live! NYC, 160 Fifth Ave. Participants can register for the event at [eventbee.com/v/aectechnologysymposium](http://eventbee.com/v/aectechnologysymposium) 2015.

Members of Thornton Tomasetti’s CORE studio will speak at the symposium, including Principal Robert Otani and Associate Justin Nardone. Other speakers include Dr. Constantine Kontokosta, deputy of the NYU Center for Urban Science and Progress; Christopher Connock of [Kieran Timberlake](#); Luc Wilson of [KPF](#); Andrew Heumann of [NBBJ](#); and Alex Lirtsman and Gareth Price of Ready Set Rocket. Additional speakers will be named in the coming weeks.

The AEC Technology Symposium and Hackathon brings together professionals to discuss recent advances in computational design, analysis, construction and fabrication and to collaborate on new ideas and processes for the AEC industry. For more information, visit [core.thorntontomasetti.com/event/aec-technology-symposium-2015](http://core.thorntontomasetti.com/event/aec-technology-symposium-2015).

## ENR RANKS BECKER MORGAN GROUP AMONG MIDATLANTIC DESIGN FIRMS

[Becker Morgan Group](#) has been recognized by *Engineering News-Record* as a 2015 MidAtlantic Top Design Firm, ranking No. 62 in the region and No. 6 in Delaware, among many national and international design firms. The firm also ranked No. 6 in Master-Planned Development/Site Infrastructure and No. 19 in Education. This annual list of Top Design Firms includes architects, engineers, and other design professionals doing business in Delaware, Maryland, Pennsylvania, Virginia, Washington D.C., and West Virginia.

## INTERNS, from [page 11](#)

At CH2M, the intern program is viewed as an entry-level talent pipeline.

“One of the many benefits of a summer internship is that it is really a three-month interview for both the student and our managers,” Pattillo says. “Managers really like having 10-12 weeks to ‘interview’ potential full-time hires. Other benefits include bringing renewed energy and ideas to the table.”

And, Pattillo shares that retention of those who went through the intern program is higher than those who did not.

CH2M’s global intern program is inclusive of all business groups. In the U.S., they hire around 140-160 interns each summer with around 80 percent falling into the STEM fields.

Heidi Thiede, director of marketing and business develop-

## HIGHLAND HILLS LIBRARY AWARDED LEED GOLD CERTIFICATION [KAI Texas](#)

(Dallas, TX) announced that Dallas Public Library - Highland Hills Branch has been awarded LEED Gold. The LEED rating system, developed by the U.S. Green Building Council, is the foremost program for buildings, homes, and communities that are designed, constructed, maintained, and operated for improved environmental and human health performance.

“Designing a LEED Gold library wasn’t just about earning the certification,” said KAI Texas President and COO Darren L. James. “We worked with city officials to create a sustainable library because smart design creates a healthy and environmentally responsible library for patrons. In doing so, this library also reduces operational costs for the city of Dallas and taxpayers.”

“The success of the Highland Hills library is a true testament of the hard work put forth by every member of the team,” said Pamela Todd, senior interior designer. “Earning this certification was due to the collective commitment from everyone on the team to earn the highest number of points, and follow through on our commitment to design a sustainable library.”

The 19,500-square-foot building is one of the larger libraries built in Dallas and one of seven LEED Certified libraries in the Dallas Public Library system. The building is served by a geothermal HVAC system utilizing the energy from the earth to heat and cool the library. The mechanical rooms are centrally located at the transition from entry to circulation area and supply air through ducting systems concealed in a crawl space. The data and electrical outlets are flexibly located and can be adjusted because they are run in raised floor under the stack and seating areas.

“We are proud to have achieved LEED Gold,” shared Project Manager Stefan Kesler. “We are very happy with the low energy and water consumption. The energy use is lower than we expected – 60 percent less than a building built to today’s energy code. The library’s water use is also 40 percent less than the national standard.”

The library has 24 public computers, Wi-Fi access and self-checkout stations to enhance users’ experiences.

“Buildings are a prime example of how human systems integrate with natural systems,” said Rick Fedrizzi, CEO and founding chair of US-GBC. “The Highland Hills Library project efficiently uses our natural resources and makes an immediate, positive impact on our planet, which will tremendously benefit future generations to come.”

ment, [BLT Architects](#) (Philadelphia, PA), a 58-person firm, says that their recruitment strategy also includes outreach to target universities in addition to:

- Career fair attendance
- An annual design competition
- A comprehensive social media strategy

In 2015, BLT hired three new graduates that interned while in school. In any given year, BLT has at least three interns.

“Having interns helps us to better understand new technology and tools and infuses new energy and collaboration,” Thiede says.

Interns at both CH2M and BLT are paid for their work and school credit varies based on the school’s program.

If you’re looking for a strategy, network with other A/E firms to find out what’s working, and not working, for them. Your intern insight will be sharp in no time. ▀