Relationships key to success

Six suggestions from Mark Zweig on how to form and keep relationships alive.

Mark Zweig

EDITORIAL

> Relationships are critical if you are going to be able to overcome pricing issues or service/ quality problems. You want people to like and trust you and understand that you are a good person who is serious about your work and cares deeply about them as an organization and as individuals.

I never liked the idea that a consulting business should have its marketing based on personal relationships. I just don't like being too dependent on people. Doing what it takes to have a brand – where clients come to you because of your company name, not because of specific individuals who happen to be employed there – is much better.

While I realize few firms ever get to this "nirvana" state marketing-wise, I still feel the same way. But that doesn't mean you don't want your people to have good relationships with their counterparts in your client organization, as well as with regulators and those in a review and approval capacity, and those in other firms you work with as subconsultants or teammmates.

Relationships are critical if you are going to be able to overcome pricing issues or service/quality problems. You want people to like and trust you and understand that you are a good person who is serious about your work and cares deeply about them as an organization and as individuals. This won't happen if you don't have a relationship with them. If all you are is a name and they know nothing about you the slightest problem could become a good reason to dump you.

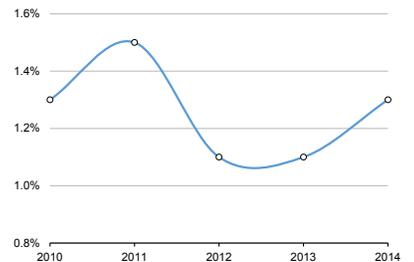## MORE COLUMNS

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TRENDLINES

NSR % spending up

A/E/P and environmental consulting firm spending on 401(k) plans as a percentage of net service revenue (NSR) increased to 1.3 percent this year, according to the Zweig Group's 2014-15 Operating Expenses Survey. After dropping to a five-year-low of 1.1 percent in 2012, the median firm contribution to 401(k) plans as a percentage of NSR remained the same in 2013. In 2011, this number climbed to a five-year-high of 1.5 percent, rising from 1.3 percent in 2010.

– *Margot Suydam, Director, Research*

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THE VOICE OF REASON FOR A/E/P & ENVIRONMENTAL CONSULTING FIRMS

A/E BUSINESS NEWS

ABI CONTINUES TO SURGE With all geographic regions and building project sectors showing positive conditions, there continues to be a heightened level of demand for design services signaled in the latest Architecture Billings Index. The American Institute of Architects reported the September ABI score was 55.2, up from a mark of 53 in August. This score reflects an increase in design activity (any score above 50 indicates an increase in billings). The new projects inquiry index was 64.8, following a mark of 62.6 the previous month.

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 September was 56.8.

"Strong demand for apartment buildings and condominiums has been one of the main drivers in helping to keep the design and construction market afloat in recent years," said Kermit Baker, AIA chief economist. "There continues to be a healthy market for those types of design projects, but the recently resurgent institutional sector is leading to broader growth for the entire construction industry."

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.

Key September ABI highlights:

◗ Regional averages: South (55.3), Midwest (55.1), West (54.2), Northeast (51)

◗ Sector index breakdown: multifamily residential (55.3), institutional (54.9), mixed practice (53.8), commercial/industrial (50.8)

◗ Project inquiries index: 64.8

◗ Design contracts index: 56.8

CONSTRUCTION STARTS UP New construction starts in September advanced 10 percent to a seasonally adjusted annual rate of $604.1 billion, according to McGraw Hill Construction. The increase followed an up-and-down pattern during the previous two months, and brought activity to its highest level so far during 2014.

Nonresidential building registered a sharp gain, helped by an elevated pace for several institutional categories plus another brisk month for manufacturing plants, while the nonbuilding construction sector (public works and electric utilities) also strengthened. Running counter in September was a decline for residential building. During the first nine months of 2014, total construction starts on an unadjusted basis were $419.5 billion, a 5 percent gain compared to last year.

The September data lifted the Dodge Index to 128 (2000=100), up from a revised 116 for August, and slightly ahead of July's 126 (the previous high for this year).

"While the progress for construction starts has been uneven at times on a month-to-month basis, the quarterly averages show that an upward trend has been re-established," said Robert Murray, chief economist for McGraw Hill Construction. "In this year's first quarter, construction starts fell back 10 percent, but then climbed 6 percent in the second quarter and another 6 percent in the third quarter."

MARK ZWEIG, from page 1

So how do you form these relationships? Here are my thoughts:

1) It takes time. There's something to be said for working with someone over an extended period of time. You really get to know and trust each other. This is more easily done with subconsultants and suppliers than with clients, obviously, as you aren't in control of the latter. But one thing is for sure: Don't be one of those people who always lets the new client seduce you away from the old. It's critical to take good care of your current clients if you are going to have long-term ones.

2) Show some loyalty. Show some loyalty to the people you work with and who work for you. Don't always make them compete on price. Have some trust to let them go ahead and work and then send you a bill. And have some loyalty to your clients, too. See point #1 above.

3) Don't let the nickel get so big that it hides the dime sitting behind it. What I am talking about here is just getting so cheap that any out of scope request from the client is met with your corresponding extra services agreement to be signed by them. Some people just don't get this idea. And I'm not suggesting that you let your clients walk all over you, either. That's another problem some folks in this business often have.

4) Don't over-rely on email. One problem with the "e-generation" (those weaned on cellphones and computer screens) is that many of them seem to lack face-to-face social skills. People have to pick up their phones and CALL other people. And better yet: Get in the car or on a plane and go SEE them sometimes. Then maybe they will connect your name with a face and a real person.

5) Get the other guy talking about themselves. Ask lots of questions. There's one thing everyone likes to talk about — themselves. Use this to your advantage. People will like you if you get them talking about themselves. They'll never trust you if they don't like you. And you won't have a good relationship with someone who doesn't trust you.

6) Don't speak ill of the other guy or complain about them. You really have to be careful about this. It could get back to them. Even if it doesn't, your complaints or negative talking could affect the attitude of other project team members and how they will interact with the client. And that, in turn, could affect your relationship with them. ◢

MARK ZWEIG is the chairman and CEO of Zweig Group. Contact him with questions or comments at mzweig@zweiggroup.com.

LEADING

Where leaders find advice

Outside peer groups, inside senior team members, friends and family, and staff are all fair game.

By LIISA SULLIVAN
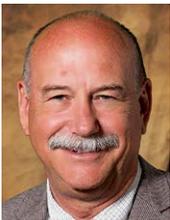Correspondent

Robert Coons, Director of Finance, Randall Paulson Architects.

Michael Knopf, CEO, QUAD KNOPF, INC.

Keith Marcott, Executive VP, Trihydro Corporation.

Leaders are used to blazing the path for others, but who do they turn to when they are in need of counsel? For many, it depends on the situation, and mixing it up seems to be the key.

TURNING TO OUTSIDE LEADERSHIP GROUPS. Peter Moore, president, **Chen Moore and Associates** (Fort Lauderdale, FL), a 43-person civil engineering, environmental engineering, planning, landscape architecture, GIS and construction observation service firm, says that he became a partner at the firm at the age of 27, and then president at 32. He admits that, often, he has had a difficult time finding a suitable peer group where he can obtain candid advice.

"I've found out the hard way that seeking counsel with family or longtime friends is far too often slanted toward a favorable opinion in my own favor when I needed objective counsel."

"I've found out the hard way that seeking counsel with family or longtime friends is far too often slanted toward a favorable opinion in my own favor when I needed objective counsel," he says. "However, I've been fortunate enough to have been involved with several community (county and state) leadership organizations. Involvement with these organizations has given me the ability to make 'adult friends' who are both close to me personally, but also have the ability to be objective in their opinions about myself and my decisions."

Currently, Chen serves on the board of Leadership Broward and has also been through the Florida Engineering Leadership Institute (a program through FICE/ACEC Florida) and, most recently, Leadership Florida.

SURROUND YOURSELF. Robert Coons, director of finance, **Randall Paulson Architects** (Roswell, GA), a 25-person firm, knows that not any one person knows it all.

"Those leaders who have any real substance to their

character will realize this, and seek counsel to make appropriate, business-related decisions when the time arises," he says. "And, seeking counsel should not be thought of as the easy way out of a situation, but as a means of solidifying your course of action (i.e., what will happen if I do this, or what will happen if I do that?)."

Coons says that you should surround yourself with people who are smarter or more knowledgeable than you. Here are some things he does:

▪ Hire an outside business consultant on retainer who has expertise in providing counsel to firms your size. This is a great person to bounce ideas off of.

▪ Join a like-minded peer group where the members share ideas and offer suggestions in a confidential manner.

▪ Put your CPA and attorney on speed dial for tax or labor-related issues that may arise in the normal course of business. A 15-minute phone call may cost you $150, but that is pennies considering the fact that one wrong move in either of these areas can cost you "big time."

So, half the battle, Coons says, is knowing when to seek counsel.

"Don't be afraid to do so, it's all downhill from there," he says.

"Those leaders who have any real substance to their character will realize this, and seek counsel to make appropriate, business-related decisions when the time arises."

IF THE SHOE FITS... At **QUAD KNOPF, INC.** (Visalia, CA), a 106-person multidiscipline engineering and architecture firm, Michael Knopf, CEO, says that who he seeks counsel from depends on the situation.

"I have several senior colleagues in other local firms who I know well through the ACEC Sequoia Chapter," he says. "I consult with them often. They are helpful for a number of situations. I also have maintained a great working relationship with our former outside Board Chairman, Joel Bennett, a former industry executive with a broad range of

zweig group

RESOURCES

OPERATING EXPENSES SURVEY Are you overlooking obvious ways to be more profitable? It's always important for firm leaders and financial managers to keep overhead costs in check, and every design and environmental firm has costs that can be cut in one area or another.

Where does the fat reside in your firm? Where can you minimize spending to maximize profits? Get the answers to these questions and many more with Zweig Group's 2014-2015 Operating Expenses Survey of Architecture, Engineering, Planning & Environmental Consulting Firms.

Newly updated for 2015, this survey has the latest, most detailed statistics available on operating expenses for firms just like yours. Get data on everything from how much the average firm spends on professional liability insurance to how much it spends on hardware and software.

We packed this report with tables, and broke the data out by firm type, region of headquarters, staff size, growth rate, and client base so you can make apples-to-apples comparisons between the survey statistics and your own firm. We also included trend data so you can compare your firm's spending history to the industry norm.

The 2014-2015 Operating Expenses Survey will show you how to:

◾ Set your firm's 2015 budgets based on accurate industry benchmarks

◾ Identify excessive overhead expenses

◾ Justify budget cuts or increases

◾ Learn how much money to spend on marketing

◾ See how much other firms are spending on bonuses, 401(k) plans, and other benefits

◾ Get a handle on rent and utility costs for firms of your size and region

For more information or to buy a copy, call 800-466-6275 or log on to https://zweiggroup.com/p-2217-operating-expenses-survey-2014-2015.

IN BRIEF

AECOM COMPLETES ACQUISITION **AECOM Technology Corporation** (Los Angeles, CA), has completed its acquisition of **URS Corporation** (San Francisco, CA), with broad support from stakeholders following approval of the merger agreement by URS' stockholders and the stock issuance proposal by AECOM's stockholders at each company's respective special stockholder meetings held on Oct. 16.

Each share of URS common stock will be exchanged in the merger for per-share consideration of either $53.991 in cash or 1.8879 shares of AECOM common stock, at the election of the holder, and only non-electing holders will receive a combination of cash and stock as provided for in the merger agreement. The stockholder election deadline was 2 p.m. Pacific Time on Oct. 15.

"Today is an exciting and historic day – for our industry, for AECOM and URS, and for our nearly 100,000 people around the world who are serving our clients in over 150 countries," said Michael Burke, AECOM chief executive officer. "Beyond the compelling benefits that this transaction creates for our combined clients, stockholders and employees, the combination of AECOM and URS dramatically accelerates our strategy of creating an integrated delivery platform with superior capabilities to design, build, finance and operate infrastructure assets around the world."

The acquisition further diversifies and broadens AECOM's market presence, as URS brings strong sector expertise in important end markets, including oil and gas, power and government services. URS also adds to AECOM's construction capabilities, deepening a core competency that AECOM will be able to leverage across its global platform.

"During the past three months, as we have advanced our integration planning efforts, my belief that AECOM and URS had highly complementary operations and cultures has been solidly confirmed," Burke said. "Our leaders have collaborated to develop a comprehensive integration plan that will leverage our greater scale across our global platform. We are confident that we will achieve our target of $250 million in annual cost synergies."

ADVICE,

Mark Laska, President and CEO, Great Ecology.

international experience. Of course, I depend daily on various members of my senior management team."

Janel Freeman, CFO, QUAD KNOPF, says that she typically seeks counsel from Knopf, but will also turn to the senior management team as needed.

"Michael is usually my go-to person," she says.

Keith Marcott, executive vice president, **Trihydro Corporation** (Laramie, WY), a 390-person engineering and environmental consulting firm, agrees with Knopf that it depends on the situation. He says he is most likely to bounce ideas off other members of the leadership team.

"There is a small group of folks in that circle that represent a diverse group of backgrounds and points of view, so I sometimes find it helpful to pulse more than one person to get different viewpoints," he says. "In addition, I also have some good, trusted friends in other companies within the indus-

try who are often a great source of insight."

SHAKE IT UP. Mark Laska, president and CEO, **Great Ecology** (New York, NY), a 34-person integrated science and design firm, has several go-to resources. They include:

◾ **Wife.** She has watched the business grow from vision, to inception, to a thriving and functioning company for more than 15 years. "She knows me better than anyone," he says.

◾ **Forum.** This is a business group of six other CEOs and company owners who meet monthly to discuss mutual business issues. It acts as an advisory board. "These are people who tend to share common problems and issues in other industries and I share a deep level of trust with them," Laska says.

◾ **Friends.** There are three- to 4 friends in the industry at other companies who are deeply knowledgeable about business issues. "They are excellent external sounding boards," he says.

◾ **Mentor**. Paul Zofnass, CEO of the Environmental Financial Consulting Group, is a trusted advisor to many environmental consulting firms. "He is one of my mentors," Laska says.

◾ **Staff.** "If I am not listening to the people I work with on a daily basis, then I am not paying attention to the world in which I live and the sandbox where I play!," he says. ◢

SURVEY

Expenses on the upswing a good thing

It means that firms are in growth mode and spending
where it matters most to ensure performance.

By CHRISTINA ZWEIG
Contributing editor

Christopher
Hillmann,
President/CEO,
Hillmann
Consulting, LLC.

Zweig Group surveys and firm leaders across the AEC industry are all talking about changes this year that are impacting expenses and compensation in a big way.

Firms are growing and thriving again and Zweig Group's 2014-2015 Management Compensation Survey shows total compensation for most manager and director positions is on the upswing in nearly every region and discipline.

Among the big changes, a renewed focus on workplace benefits, IT support, and HR support are commonplace. Marketing directors also saw an increase in total compensation, and financial directors' median total compensation increased by $15,000/year.

> "We are currently experiencing high growth and are managing the additional overhead increases that accompany rapid expansion."

SURVEY & SAVE
Participate in Zweig Group surveys and receive a significant discount! Help your own firm and others like it by contributing your knowledge and experiences to the data that leaders of architecture, engineering, and environmental consulting firms are using the build their annual firm plans. To see open surveys, log on to https://zweiggroup.com/survey-participation.php

Compensation for IT directors has been on a slow and steady rise, with the median total compensation amount in 2014 increasing by $9,000 to $116,000. It's no surprise that fast-growth firms have a strong need for good IT management, and it's something they aren't hesitating to pay for. The median total compensation for an IT director at a fast-growth firm was $120,000, quite a bit more than the $112,500 paid in the rest of the industry.

Growth and an abundance of work has led to hiring and a stronger need for HR support at AEC firms.

GROWTH FUELS HR SPENDING. Shawn Glick, principal, **Traffic Planning and Design, Inc.** (Pottstown, PA), a multidiscipline transportation engineering firm with 100 employees and eight offices says, "We are currently experiencing high growth and are managing the additional overhead increases that accompany rapid expansion. Naturally, labor and associated costs (taxes, payroll service, HR support, 401(k) and other fringe benefits) have increased due to our total staff increasing 10 percent this year.

"After adding two new offices to better serve our

HR DIRECTOR TOTAL COMPENSATION
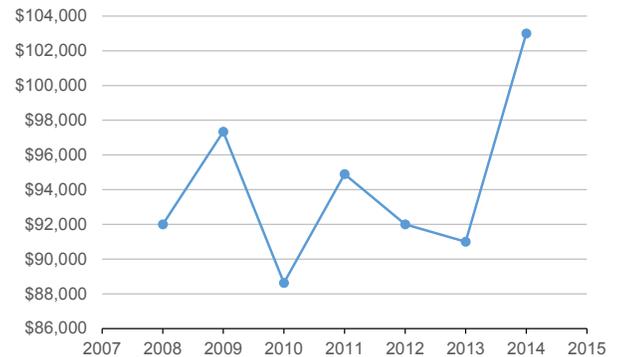
Source: 2014-2015 Management Compensation Survey, Zweig Group: https://zweiggroup.com/p-2215-compensation-survey-package-2014

clients in existing markets, typical overhead costs such as rent, utilities, communications, hardware and software licensing, etc. increased as well."

The firm came in at no. 33 in the Civil Engineering category of the 2014 Best Firms to Work For rankings.

The 2014-2015 Management Compensation Survey reported HR director compensation has reached the highest level in the last 10 years. Total compensation in 2014 was a median of $103,000/year – a 13 percent increase over 2013. While it may seem apparent that fast-growth firms need to invest more in HR, total compensation packages at fast-growth firms significantly outpaced their brethren. They paid $165,000/year in total HR director compensation, compared to $118,500 in the overall sample.

Zweig Group's 2014-15 Operating Expenses Survey reported that firms typically spend about 1 percent of net service revenue on HR. They also spend a median of $3,000 on each new hire and $1,389/year on each employee – a number that has increased over the past year.

A focus on employees is necessary for growth and success; therefore "investments in the team" have to be made in some shape or form. Christopher Hillmann, president/CEO at **Hillmann Consulting, LLC** (Union, NJ), a 96-person firm that was no. 57 on the 2014 Hot Firm List, says, "First and

OPINION

PMP exam myths – true or false?

They can be difficult to eradicate.
Here are six, debunked.

Cornelius Fichtner

GUEST SPEAKER

You have read the Project Management Institute's (or PMI) publication, "A Guide to the Project Management Body of Knowledge" (or PMBOK Guide), from cover to cover; studied other project management-related texts; and you feel you are preparing well to take and pass the Project Management Professional (or PMP) exam. There are, however, a number of myths related to the exam process and the exam itself that you are not sure are valid. In this article, we are going to take a look at six myths related to the PMP exam process and bust them so you can quit worrying about what is true and continue with studying for and taking the exam.

Myth 1: You need to score a 61 percent to pass the PMP exam. No. While this was true at one time, it is no longer the case. Passing the PMP exam is no longer determined by the percentage of questions you answer correctly. It is calculated using a sound psychometric analysis. In essence, this means that the harder questions are worth more than the easier questions. So you get a higher score if you answer more of the harder questions correctly and a lower score if you answer more of the easier questions correctly. The minimum score needed to pass is determined by the overall difficultly of your individual exam.

Myth 2: Only PMI registered education providers are authorized to give PMP exam prep courses. No, there is no authorized or unauthorized training material for the PMP exam. Several types of training companies can provide training for the PMP exam, which may include courses or programs offered by PMI Registered Education Providers (or REP); training companies or consultants; PMI component organizations; employer- or company-sponsored programs, distance-learning companies, which need to include an end-of-course assessment; or even university or college academic or continuing-education programs. Essentially, anyone can provide training for the PMP exam. The advantage of ensuring your training comes from a PMI REP is you have the assurance that the provider has been reviewed by PMI for standardization and quality.

Myth 3: Obtaining the PMP Certification will lead to a higher salary. That depends. The potential to see an increase in salary depends on several factors, including your country of employment, years of experience, and the average size of projects you manage. Every year PMI

> The potential to see an increase in salary depends on several factors, including your country of employment, years of experience, and the average size of projects you manage.

conducts and publishes information related to their salary survey. In the 2012 report, it was found that even with a sluggish economy, the average salary for a PMP credential holder had risen. However, there is no guarantee that passing the PMP exam will lead to a higher salary.

Myth 4: The exam application audit process uses applicant profiling. No, the exam application audit process is completely random. When completing your PMP exam application, keep in mind that you may be audited, so be prepared just in case you are selected. Make sure you are 100 percent truthful, have documentation to back up anything you claim on your application, such as training certificates, and mention to current and former employers or colleagues that you are applying to take the PMP exam in case they are contacted by PMI to verify any assertions on your application. Think of this application as a job application; there is a chance that your references will be checked.

Myth 5: You must know the Inputs, Tools & Techniques, and Outputs (or ITTOs) by heart. No, you do not need to spend time

OPINION

5 steps to help your PMs succeed

Improve PM skills, reduce frustration, and stop bad habits that
have been handed down by PM mentors.

**June
Jewell**

**GUEST
SPEAKER**

It's really hard to be successful as a project manager in an AEC firm these days. There are more demands on their time, with fewer resources and more to learn. Yet, I consistently see many firms that do not do everything possible to ensure their PMs are given the tools, support and skills training to deliver successful and profitable projects.

With the recent growth in the AEC industry, it can be even harder to evaluate PM performance, and hold them accountable. It is also difficult to determine the skills they need to be successful, and the best way to help them improve so we can realize happier clients, as well as profitable projects.

First we need to agree on what makes a successful PM. Surprisingly, profitability is rarely on the Top 3 list for most firms. However, I would like to argue that it is essential for true success. We tend to focus appropriately on client satisfaction, and then look at project quality, ability to get additional work from the client, and adding the project to our experience qualifications, and finally, financial success. With project profitability so low on the list, it is easy to see why many firms will do anything to keep clients happy, despite continuous budget overruns and write-offs.

There are some steps you can take to increase the likelihood of project management success, as defined by both happy clients and profitable projects. The following are five steps you can take to improve PM skills, reduce frustration, and stop many of the bad habits that have been handed down through multiple generations of PM mentors:

1) **Assess what is really happening in your firm every day.** You can't address the specific issues causing project management ineffectiveness unless you know exactly what is going on at a granular level. This type of an assessment should include a detailed evaluation of three essential components: 1) people; 2) processes; and 3) technology. I recommend conducting a firm-wide assessment that will enable staff from every level of the company to weigh in on where they see bottlenecks, inefficiencies and gaps in training and accountability. You should be asking the following questions to understand what is hampering PMs from performing at their top level:

▪ What slows them down every day as they try to respond to project deadlines, client inquiries and team management?

> With the recent growth in the AEC industry, it can be even harder to evaluate PM performance, and hold them accountable. It is also difficult to determine the skills they need to be successful, and the best way to help them improve so we can realize happier clients, as well as profitable projects.

▪ Does the firm have clear processes for handling important PM responsibilities such as managing new opportunities, writing proposals, estimating, managing project scope, time management, and billing and collections?

▪ Are your systems helping or hindering the execution of all of their key responsibilities?

▪ Are employees relying on lots of spreadsheets and are they wasting time looking for information?

▪ Are employees following important processes, such as timesheet entry and submittal?

▪ Is the company holding people accountable to hit target utilization, revenue, and profitability goals?

▪ Are the employees and particularly PMs trained to do all aspects of their jobs?

2) **Understand the impact of improving processes, systems and people.** In order to prioritize how to improve your project management, you need to understand how big the problem is and the financial and intangible benefits of revamping processes, upgrading systems and developing your people. You can do this by calculating the potential financial and efficiency effects of just a 1 percent increase in three of your key metrics – such as your win rate, utilization rates and project profit margins – evaluated by PM, discipline, client type and office/geography. Once you realize the impact of just a small change in these metrics, it will be easier to prioritize which areas to focus on first.

3) **Develop a plan for improvement.** Now that you have a better understanding of what is holding your PMs and the firm back from maximum profitability, and the impact of improving it, develop a detailed plan that takes each of the issues you have found and evaluates what needs to be done in each of the three key components – people, processes and systems. Create initiatives for your company, including responsibilities, priorities and deadlines. These initiatives may include developing new processes to ensure that everyone is following best practices, new systems to automate key functions, training to ensure that everyone on the team knows what to do, and internal practices to hold PMs accountable.

4) **Implement the improvements.** Now it is time to start implementing the improvements that will provide the biggest benefit to your PMs and the bottom line of your firm. However, this is where most firms fall flat. Change is difficult, and with everyone so busy, well intentioned internal improvement projects often don't get the priority or focus they need to be successful. Here are a few suggestions to ensure that your most important non-client related projects are effective at improving PM behavior and project profitability:

◼ **Executive sponsorship.** Without support at the top, no internal initiative will be successful. Ensure that firm leaders are onboard with providing the budget and resources needed, and support the changes that need to happen.

◼ **Treat the initiative as a project.** Give internal projects the same treatment you would for client projects with a scope, budget, timeline and responsibilities. You already know what it takes for a billable project to be successful and internal initiatives need the same level of planning.

◼ **Communicate well and often.** Explain to the entire team why the improvements are so important to the company, including the value to clients, the team, stockholders, and to them personally. This will go a long way to getting everyone engaged and supportive.

◼ **Set goals and expected outcomes.** Develop measurable goals so that you can determine if the initiative is successful.

5) **Measure and monitor results frequently.** In order to ensure continued effort and focus are placed on the initiatives that the firm has deemed as top priorities, you need to decide on specific metrics and financial results that can be measured and monitored on a monthly basis. Your PMs will give their attention to the issues given the most emphasis. Improving PM success will come from holding them accountable, and will require a regular pattern of reviewing results, coaching and consequences.

Your PMs may not all be superstars, but by following the five steps above, you can make measurable improvement to the bottom line, make their jobs easier, and ultimately improve the overall quality and service delivered to your clients. ◢

JUNE JEWELL is the author of the book "Find the Lost Dollars: 6 Steps to Increase Profits in Architecture, Engineering and Environmental Firms." She is the president of AEC Business Solutions, focused on developing tools and training to help AEC firms make more money on their projects. Learn more about how to improve your project management performance at www.AECBusiness.com.

foremost, Hillmann Consulting has a great team. Our staff is strongly committed to client service in both scientific and business terms. Team members will travel willingly to any location, at any time, when there is a client emergency or expedited request, without complaint. Revenue per employee continues to rise annually because our team knows the firm is committed to them. We overtly value their opinions, work ethic, and personal and professional growth while valuing their family commitments. Furthermore, Hillmann continually implements annual strategic plans, consistent and flexible marketing, business development efforts, and updated technology and work spaces."

Breaking down HR expenses, the Operating Expenses Survey found that HR staff labor accounted for the biggest portion of HR-related expenses at 38.1 percent; training comprised 30.7 percent and advertising 13 percent. HR software, college programs, travel, relocation, promotional materials, and recruiting firms all made up smaller portions of the overall HR expenses.

The Operating Expenses Survey also notes increases in incentive compensation and increases in bonus costs per employee.

LOWER INSURANCE COSTS. One area of operations that has seen a decrease in expenses is group insurance costs as a percentage of total labor. This number fell slightly to 8.5 percent from 8.7 percent in 2013. Group insurance costs were a median of 5.2 percent of total costs, though dollar amounts have remained relatively consistent at $5,961/employee.

"Surprisingly, our healthcare costs have seen the largest decrease this year. TPD has a self-funded plan with CIGNA where we pay a fixed plan administration fee, but pay for all the claims up to an agreed upon max cost for the year. By aggressively educating our staff to stay in network and participate in our wellness plan activities, TPD has been able to keep our cost down this year since our claims and utilization are down. This allows TPD to keep employee copays and premiums low, while offering a very rich plan," Glick says. ◢

HR

STAFFING

Recruiting: A strategic endeavor

Finding a new hire used to be a drawn-out process, but these days speed has become of the essence.

By LIISA SULLIVAN
Correspondent

Laura Hartman,
HR Manager,
Kleinfelder.

Pam Gower,
HR Director,
Pond & Company.

TALK TO US
Do you have an interesting story to tell? Is your company doing things differently and getting results? Let us know. We'd love to contact you and feature you in an upcoming case study. If interested, please email LSullivan@zweigwhite.com.

How do firms go about creating a simplified recruiting process that identifies, interviews and hires the best people who are available now? And, just how important is speed in relation to recruitment when the competition is lurking?

Make it easy; technology helps. It used to be that recruiting was a very tactical, behind-the-scenes approach to find qualified candidates. Today, it's much more of a strategic endeavor – at least in the opinion of Laura Hartman, HR manager, HR Business Partners, at **Kleinfelder** (San Diego, CA), a 1,908-person global science, architecture and engineering consulting firm.

"Part of our strategy is making it easy for candidates to make it through the door," she says. "We've examined a number of our processes and recruiting methods to see how they might be streamlined and designed to provide an accessible, positive candidate experience."

For Kleinfelder, technology is an important piece of that strategy.

"We make use of talent networking as part of our Advanced Technology Service/Internet along with mobile device-friendly applications," she says. "It seems that the job seekers of today want an immediate response and we try to provide it to them through the use of this technology. Quick responses are key to recruiting top people."

A balancing act. Pam Gower, HR director, **Pond & Company** (Norcross, GA), a 260-person architecture, engineering and planning firm, says that talent acquisition is a real challenge in the A/E industry right now and she suspects it will remain so for the foreseeable future.

She says that while keeping things simple in the area of recruiting is a nice idea, it may be trickier to implement than meets the eye.

"Simplifying the process of recruiting is a challenge," Gower says. "Oversimplifying could risk quality assurance and regulatory compliance. But,

overcomplicating could jeopardize acquiring the right talent at the right time and in recruitment timing is everything."

Of course, simplification has its importance, so any firm seeking to simplify the process must consider what they can live with and without.

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For example, Gower poses the following question: Can an interviewer complete a report recapping their time with a potential candidate or is there a more efficient way to document the feedback and eliminate the step?

"At Pond, we approach each hiring opportunity as a project, complete with a scope, deadline, budget, partners, vendors and prospects," she says. "Each project comes with its unique challenges and opportunities and proper planning needs to go into the effort at the onset. We have found that when we approach a hire using this methodology it seems to go smoother, meet the desired objectives, and gives the appearance of simplicity."

Speed versus timing. Gower says that speed is critically important in recruitment, if warranted. So, what is warranted?

She explains that with certain candidates or business needs, that moving quickly might be very important. However, there are times when both the candidate and the business are prepared to invest all the time everyone needs to be comfortable and certain about their decision.

ON THE MOVE

PSI PROMOTES Professional Service Industries, Inc. (Oakbrook Terrace, IL), a 2,300-person environmental, engineering and testing services firm, announced three promotions.

Jonathan Sink was appointed as principal consultant for its Construction Materials Testing Service line. Sink will be the primary principal consultant for PSI's Tampa office. He serves a dual role as senior engineer and manager of Tampa's Construction Services Department and has been with PSI since 2012.

David Barndt was appointed principal consultant for the Construction Materials Testing Service line. Barndt will be the primary principal consultant for PSI's offices in Waukesha, Green Bay, Chippewa Falls, Menasha, Ripon, Wisc. and Eagan, Minn. He has more than 20 years of experience in geotechnical engineering, construction materials testing and environmental consulting. Based in PSI's Waukesha office, he serves a dual role as senior vice president and has been with PSI since 1981.

Bryan Sy was appointed as principal consultant for its Construction Materials Testing Service line. He will be the primary principal consultant for PSI's offices in McKinney, Fort Worth and Dallas, Texas. Based in PSI's McKinney office, he serves a dual role as district manager and has been with PSI since 2007.

MACKAY SPOSITO NAMES MacKay Sposito (Vancouver, WA), a 165-person consulting firm specializing in energy, public works and land development, announced the addition of a new leader.

Kris Strickler will lead the firm's company-wide transportation services as the director of Transportation. Strickler has over 15 years of leadership experience in the transportation sector. A well-known advocate in Salem, Ore. and Olympia, Wash., Strickler will forward his passion for regional multi-modal transportation solutions at MacKay Sposito. His diverse résumé includes leadership roles at ODOT, Project Director for the Columbia River Crossing, as well as engineering design positions within WSDOT.

"Kris is a valuable addition to our leadership team. With his extensive résumé and respect within the industry, we are pleased he chose our firm to help guide the future of transportation and mobility," said Tim Schauer, president and CEO of the firm.

MacKay Sposito's expertise spans design, planning and project management, master-planning, civil engineering, landscape architecture, land surveying, construction management and land development for both public and private sector clients.

POND HIRES Alex Holbrook recently joined **Pond & Company** as associate and program director of Building Systems, a robust team of engineers providing mechanical, electrical, fire protection and energy and commissioning services. Holbrook brings over 24 years of experience in electrical systems design. His most recent position was principal at **exp U.S. Services, Inc.** in Atlanta, where he was responsible for strategic planning and company excellence.

While with exp U.S. Services, Holbrook was the project manager and lead electrical engineer for a $28 million, 180,000-square-foot addition to an existing pharmaceutical manufacturer near Minneapolis. From planning through construction, Holbrook coordinated the design effort across multiple geographies and fostered trusting relationships with the owner, contractor and subconsultants.

"We are excited to add Alex as our new program director and associate. He brings a breadth of invaluable experience managing operations across a wide geographic area and specialized design experience in several niche markets, including mission critical and healthcare," said Jeff Meier, Pond executive vice president.

"Rather than 'speed,' we prefer to use the term 'timing.' This helps to emphasize the graceful approach which allows for a broader understanding of how to close the deal," Gower says. "More important than speed, we have found effective communication to be the critical component. It's absolutely true that lack of proper communication – timely, accurate, clear, honest, and reliable – will weaken and undermine the effort to build a talented workforce." ◢

SIMPLIFY THE PROCESS

Jobvite, a recruiting platform for the Web, provides the following six steps for a more simplified recruiting process:

▪ **Streamline the process.** Many companies have a separate process between hiring internally and externally, but having two hiring processes will double the hiring-time cycle. A more effective process would be to have the entire hiring cycle (internal and external) managed by a single point of contact (usually within talent acquisition). This person, or team, would be responsible for reviewing and qualifying the high potential slates, looking for additional internal talent, and also managing the external search process. In most cases, this approach would cut the hiring cycle time at least in half.

▪ **Plan ahead: Know your hiring roles.** Once you have a team to focus on recruiting, you must make sure they are well-trained. Define your recruitment team in advance, who is going to interview, what specific points will they cover, and how you will come together to exchange feedback. Everyone should know their roles, from screening résumés to making the final offer, and the communication should be frequent and clear.

▪ **Recruit constantly.** The more people your funnel in, the more likely are you to get the right person for the job. If recruiting is truly of critical importance, use a fully integrated social recruiting process. Getting a head start and having a funnel of ready applicants is the essential starting point. Make sure you have a process for making decisions quickly. The recruiter needs to send very high quality candidates up the ladder and the final decision-maker needs to make a decision in 24 hours.

▪ **Think outside the box.** Sometimes, a résumé isn't the best indication of the right person for the job. Someone may look good on paper, but lacks the personality for the position. A person's flexibility, hard-work ethic and willingness to learn will sometimes trump years of experience if the more seasoned worker is unwilling to grow.

▪ **Don't cookie-cutter interviews.** Many companies waste time on asking typical interview questions that could be applied to any job. Instead, try and immerse the candidate into a scenario that mirrors real life. For example, the candidate will be asked to work on a mini-problem with their future team members, or will be asked to present their boldest ideas to a panel. These scenarios allow the candidate to showcase their skills and approach to more than one person at a time in a manner that is concrete and highly transferable to the open role.

▪ **Focus on quality new hire training.** Well-trained employees mean lower turnover rate. New employee orientation packets are important. They should include things like pertinent policies, harassment training and ergonomic training. An onboarding process for all employees to help with acclimation is also key.

FINANCE

A SUPPLEMENT OF THE ZWEIG LETTER

EXPENSES

Cost-busting strategies you can use

Firms identify biggest overhead and other general expenses and offer strategies on how to keep them under control.

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TALK TO US
Do you have an interesting story to tell? Is your company doing things differently and getting results? Let us know. We'd love to contact you and feature you in an upcoming case study. If interested, please email LSullivan@ zweigwhite. com.

How to slow down the endless upward march of overhead and general expenses is a challenge finance professionals at A/E firms face every day. What are they worried about most? And more importantly, what are they doing to keep such expenditures in check?

INSURANCE AND TAXES. Jack Raudenbush, vice president, **Raudenbush Engineering, Inc.** (Middletown, PA), a 40-person, full service engineering firm, is finding that insurance and taxes continue to rise at paces beyond what the industry is able to absorb without fee increases.

"This takes away from our profit, so that's a significant concern," he says. "Why? Because these are factors that are beyond our direct control. And they are expected to continue to rise."

So, what is the company doing to handle the situation?

Raudenbush says the firm is working to control insurance costs by reducing benefits or passing a portion of the increased premium cost onto employees. It is also trying to control tax costs by engaging the assistance of tax accounting advisors who are able to locate expenses that the company can claim as write-offs.

LICENSING FEES AND TECHNOLOGY. Derrick Green, accounting manager at **CRB** (Kansas City, MO), a 725-person architecture, engineering, construction and consulting firm, says that they are finding increased costs in the software licenses and yearly maintenance plans.

"As technology changes at a rapid pace, the request for newer hardware from staff increases with every new release and technology," he says. "In order to keep our heads above water, we are working with multiple providers to find the best price and sometimes we are even are looking at multi-year maintenance plans to reduce the overall cost."

On the hardware front, Green says that the company purchases standardized computers, assuring the storage capacity and power to run various software platforms.

"These standardized computers should have the ability to last the entire lifecycle we have budgeted for hardware," he says.

> "As technology changes at a rapid pace, the request for newer hardware from staff increases with every new release and technology."

10 TIPS TO HELP KICK EXPENSES TO THE CURB. Bloomberg Businessweek advises that making small changes to reduce expenses and improve profitability can help prevent more painful cuts later on. Here are 10 ways your company can trim costs without touching your core business.

1) **Don't be a lightening bug.** Reduce your energy use. For example, switch to compact fluorescent lighting to save electricity. Cut your heating bill with better insulation and windows. On the road, slow down and use GPS systems to boost mileage and reduce fuel costs.

2) **Send them packing.** Send some or all of your staff to work from home to save on the cost of office space. You'll also save workers money and time commuting.

3) **Be an early bird.** Take advantage of discounts that suppliers may offer for paying invoices early. Often trade terms offer two percent off for payment within 10 days. A little can add up to a lot.

4) **Essential travel only.** Cut business trips that don't generate revenue. If you have to go, opt for less expensive flights and hotels. For example, Kiplinger, a trusted website for personal finance and business forecasting, recommends a few lesser-known travel sites such as: www.Bing.com/Travel; www.AirfareWatchdog.com and www.Yapta.com.

5) **Make a deal.** You may be able to get a bargain on new office space or renegotiate better terms on your current lease.

TRANSACTIONS

BOWMAN BUYS **Bowman Consulting** (Chantilly, Va.) announced that, effective Oct. 1, it has acquired **Omland Engineering Associates** (Cedar Knolls, NJ), a 40-plus-person engineering firm with offices across New Jersey. With the addition of Omland, Bowman continues to expand its national presence with over 500 professionals located in more than 30 offices throughout 13 states and the District of Columbia.

Omland Engineering was founded in 1997 by Stanley Omland. Omland began with a book of select private and municipal clients, and over the years has grown and diversified to provide multiple disciplines, including site/civil engineering, municipal/public works, surveying, landscape architecture, master and city planning, and traffic and transportation engineering.

Over the past three years, Bowman has advanced its national expansion strategy with acquisitions and cold starts in Phoenix, Denver, Pittsburgh, Austin, Chicago, Safford, Ariz., Charleston, S.C., Southern Florida, and now New Jersey. Omland Engineering will operate under its current brand through the remainder of the year, after which it will transition to Bowman Consulting.

SWCA BUYS **SWCA Environmental Consultants** (Phoenix, AZ), announced that it has acquired **Turnstone Consulting** (San Francisco, CA).

Founded in 2000, Turnstone is an environmental planning firm serving clients in Northern and Central California. Well known and respected for its successful environmental impact report services, Turnstone provides a full range of environmental planning, review, and permitting services under the California Environmental Quality Act.

Marquee projects in San Francisco include the Treasure Island/Yerba Buena Island Project, Parkmerced Project, Chinese Hospital Replacement Project, San Francisco Municipal Transit Agency Transit Effectiveness Project, Millennium Tower, and The Mexican Museum and Residential Tower Project at 706 Mission Street. Notable projects outside San Francisco include the Kaiser Modesto Medical Center, Calaveras Dam Replacement Project, and Vallejo's Mare Island Revised and Restated Specific Plan.

This acquisition expands SWCA's market presence in California and furthers the company's position as one of the largest environmental compliance firms in the U.S.

SWCA has provided environmental consulting services since its founding in 1981 with a focus on planning, natural and cultural resource management, permitting, regulatory compliance, water resources, and climate change consulting. The company's growing team of professionals combines scientific expertise with in-depth knowledge of permitting and compliance protocols to develop technically sound, cost-effective solutions for environmental projects throughout the United States.

Turnstone principals Nancy Cunningham Clark and Barbara Sahm will continue to lead the planning and permitting experts in San Francisco.

CORNELIUS FICHTNER, from page 6

memorizing the around 500 ITTOs described in the PMBOK Guide. Instead you need to understand the concepts behind them. It is possible you will have questions on the PMP exam such as, "Which of the following is not an input to the Create WBS process?" where memorizing the ITTOs may help. However, it is more likely you will have questions that relate to how or why a specific ITTO is used in a process and memorization will be of no use to you when answering those types of questions. So, your goal needs to be to fully understand the concepts of each process in the PMBOK Guide, not the memorization of the ITTOs.

Myth 6: You need 35 PDUs before you can take the PMP exam. Almost. You need are 35 contact hours before you take the PMP exam – not 35 Professional Developmental Units (or PDUs). So you are required to have at least 35 contact hours to be eligible to take the PMP exam. You do not need to worry about PDUs until you have obtained your PMP certification. Then you must follow PMIs Continuing Certification Requirements and earn 60 PDUs every three years to maintain your PMP Credential. Remember, you need contact hours before taking the PMP Exam and PDUs after.

There are many PMP exam myths, and it is often difficult to distinguish what is the truth and what is myth. Myths can be difficult to eradicate so remember, anytime you come across something that makes you scratch your head or say "hmmmmm," you can verify what you have heard or read by checking the PMP Handbook or writing to PMI customer care; they are happy to help dispel myths. ◢

CORNELIUS FICHTNER, PMP, CSM is a noted PMP exam prep expert. He has helped over 26,000 students prepare for the PMP exam with The Project Management PrepCast and offers a PMP Exam Simulator.

COST-CUTTING, from page 11

6) **The second time around.** Buy secondhand. Find office equipment and furniture at a fraction of the retail cost as other businesses liquidate or unload their assets.

7) **Trade away.** Trade goods and services with other businesses to reduce cash expenditures.

8) **Manage inventory.** Only keep those supplies that you need in stock to reduce your overhead. It may not sound glamorous but getting a handle on inventory can make the difference between profit and loss.

9) **Cut your tax bill.** Take advantage of tax deductions for new equipment purchases, hybrid cars, and other expenditures.

10) **Audit fixed assets.** Clear your books of assets you no longer have to reduce your insurance bills and taxes.

Matthew Cooper, CPA at Matthew Accounting, also recommends that you cross-train employees.

"Have employees train each other on their tasks where it makes sense. You can avoid costly temp help and relieve overworked departments," he says.

JUST DON'T TRY TO CHANGE EVERYTHING AT ONCE. Establishing new procedures takes a little work. So, tell us, what costs are worrying you and what are you doing about them? ◢