

'Marketing in Today's World'



Mark Zweig

Get going on the five items Mark Zweig shares below.

Marketing in the A/E/P and environmental consulting world – or the world as a whole – is not like it used to be. Times have changed!

But so many companies in our business still don't get it. They're doing the same things they used to do and wondering why it doesn't work. Look at architects, for example. The AIA recently announced that billings at the typical architecture firm decreased by 40 percent from 2009 to 2012! That's horrific and on a parallel track with video rental stores.

So if you're tired of the situation and want to break out of the rut in 2013, here are some things you should be doing:

1) Add names (good names of people who can buy or influence the decision to buy your services) to your marketing database. And get email addresses! If you have 10,000 names, bump up your list to 50,000. If you have 50,000 names, increase your list to 250,000. Harvest all the names in your employee Outlook directories. Rent lists. Buy lists. Hire interns to find names and addresses and add them to your list. Publish the size of your list internally and drive the numbers up. It is all about scale and probabilities. Make them work in your favor!

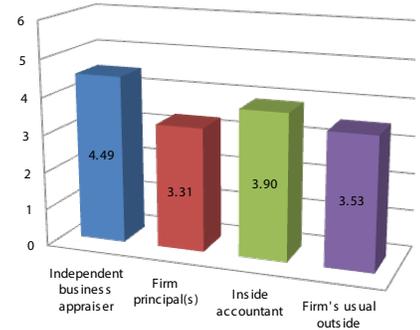
2) Get assistance from an outside company knowledgeable about email marketing. You don't want to be "blacklisted" as spammers and then your regular emails may not even get through to clients. The experts and the providers they'll use to distribute your marketing messages know how to avoid this. I don't understand it all myself but I know that what they do won't break you and e-marketing will still be a whole lot more cost-effective than direct mail.

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It is a brutal environment we're in. I don't want to see you – my friends – suffer. I do like to see you being successful and happy. That's why I am touring the country with my new and constantly evolving 'Marketing in Today's World' seminar.

TRENDLINES

Independent voice



The 2013 "Valuation Survey" finds that A/E/P and environmental consulting firms that have valuations performed by an independent business appraiser tend to yield a significantly higher TIC value/EBITDA ratio (4.49) than those performed by other appraisers. This might be explained by the tendency of firm principals and accountants to rely on formulas, which can undervalue the typical A/E firm. For example, those firms that had firm principal(s) conduct their last valuation had the lowest median TIC value/EBITDA ratio (3.31).
– Margot Suydam, Survey Manager

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Design industry in the info age

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3) Send out lots of emails. You are going to be emailing to these people relentlessly – perhaps two- to five times a week – with helpful information. It works. News events, news on your company, photos from the field, legal updates, funding sources for projects, meeting invitations, conference reports, original research data, etc., etc. There's no one formula for this stuff. It has to change constantly. Make whatever you send brief though, with attention-grabbing subject lines or... "Delete!"

4) Overhaul your website. This is the first place potential clients go to learn about you. Make it simple, clear and easy to understand what you do. Make it easy for people to find out where to contact you on your site. And make sure you do the SEO stuff (search engine optimization) so when someone googles a topic relevant to your firm's expertise your name pops up early on the list. Again – get outside help here for site design (possibly) but most definitely for SEO. There are a zillion providers doing this stuff.

5) Create a culture of responsiveness. When clients respond to your e-marketing or "click here for more information," you need to be absolutely sure no one waits more than MINUTES to hear back from you. Everything today is moving at an accelerated pace. Like it or not you can acknowledge it and adjust the way you are doing things or you will be a victim of this changing economy.

It is a brutal environment we're in. I don't want to see you – my friends – suffer. I do like to see you being successful and happy. That's why I am touring the country with my new and constantly evolving "Marketing in Today's World" seminar. Maybe I will see you in San Diego in early February? But even if not, get going on the five items above. Time's wasting and the longer you wait the harder it will be to catch up. ▲▲

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

A/E BUSINESS NEWS

SPROUTING UP: Perkins+Will (Chicago, IL), a 1,500-person international architecture and design firm and K-12 building experts for more than 75 years, announced the completion of construction of the first modular Sprout Space classroom this January. Every aspect of the Sprout Space classroom was designed with the goal of enhancing student learning. The design incorporates green building strategies that eliminate energy costs, create a healthier learning environment, and reduce construction costs.

Sprout Space has a threefold mission: to provide healthy, sustainable, and flexible spaces for students to learn. Currently, more than 7.5 million children are being taught in temporary classrooms. Perkins+Will's goal in creating Sprout Space is to use the firm's institutional experience and design thinking to address issues associated with temporary classrooms. These issues include lack of local educational resources and declining test scores nationwide. Perkins+Will is addressing these issues by redesigning the classroom from the inside out to produce a new generation of affordable modular classrooms.

Sprout Space was the modular category winner of the Open Architecture Challenge: Design the classroom of the future by Architecture for Humanity and the Open Architecture Network. It creates an innovative solution to the continuing need for mobile classrooms. A paradigm shift in the modular classroom, the design is informed by decades of Perkins+Will research into how academic buildings can address the needs of students, teachers, and school administrators. Sprout Space's dynamic design encourages various teaching styles and seating arrangements, impromptu collaboration among peers, and outdoor learning through its exterior teaching walls. Sprout Space is a high-performance and cost-effective alternative not only to modular classroom units but, to traditional school buildings as well, as it has the ability to be implemented as a permanent structure. Environmentally focused Chattahoochee Hills Charter School, located 30 miles South of Atlanta, will be the first such permanent K-12 installation and will be composed entirely of Sprout Space classrooms.

DODGE CONTINUES TO RISE: The Dodge Momentum Index rose 3.2 percent in December, according to McGraw-Hill Construction. The Momentum Index is a monthly measure of the first (or initial) report for nonresidential building projects in planning, which have been shown to

lead construction spending for nonresidential buildings by a full year. The December gain brought the Momentum Index to 94.9 (2000=100), up from November's revised 91.9. After showing a hesitant upward trend during the first seven months of 2012, the Momentum Index settled back from August through October, and then stabilized in November. This coincided with the economic and political uncertainty that dampened investment during that time. The December rebound for the Momentum Index brings it back close to the 95.4 reached in July, which was the highest reading reported during 2012. The latest month's upturn may also be the initial sign that the uncertainty that restrained plans for construction is now easing, with the November 2012 elections now final and the fiscal cliff being averted for the time being.

December's increase for the Momentum Index was due entirely to a pickup by its commercial building segment, which advanced an impressive 9 percent relative to November. New plans for stores and office buildings were stronger in December, and several notable warehouse developments also bolstered the Index, including plans for two new Amazon distribution facilities in Dupont, Wash., and Fort Worth. In contrast, the institutional building segment of the Momentum Index dropped 2.4 percent in December, weighed down by a reduction in the number of new hospitals entering the planning phase. The retreat for the institutional building segment is likely to continue for a while longer, given expected cutbacks in federal spending and state budget constraints.

THE ZWEIG LETTER

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

Mark Zweig | Publisher
mzweig@zweigwhite.com

João Ferreira | Managing Editor
jferreira@zweigwhite.com

Christina Zweig | Contributing Editor
christinaz@zweigwhite.com

Tel: 800-466-6275
Fax: 508-653-6522
E-mail: info@zweigwhite.com
Online: www.thezweigletter.com
Twitter: twitter.com/zweigwhite
Blog: zweigwhite.blogspot.com

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

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

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

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TOP PLAYER

The differentiation factor

Hot Firm's spot on list is confirmation of its status among peers.

Throughout its 40-year history, **Buckland & Taylor Ltd.** (North Vancouver, BC), a 144-person specialty bridge engineering design firm, has focused keenly on differentiating its offerings in an already specialized market.

Such focus remains today as the firm, which is part of Danish consulting group **COWI**, reaches the No. 14 on **THE ZWEIG LETTER** 2012 Hot Firm List.

Steven Hunt, the firm's president and CEO, said the ranking is a validation of Buckland & Taylor's view of the market.

In this interview, Hunt talks about engineering expertise, quality, globalization other trends in the industry.

THE ZWEIG LETTER: How does it feel to be a Hot Firm?

Steven Hunt: It provides good feedback on our business performance relative to peer firms. There are a number of well respected firms in our specialty area in the Hot Firm List and our collective presence validates our view of the market.

TZL: How valuable will the Hot Firm status to your brand?

SH: For a number of reasons we decided several years ago that we would grow our business. We need to attract qualified staff, and we think the Hot Firm status is one of the ways we can demonstrate that we have great career opportunities for prospective employees.

TZL: List three ingredients that allowed you to thrive when others have failed in difficult times? In other words, what makes a Hot Firm in 2012?

SH: In our case we are a specialty bridge engineering design firm and we are very focused on the services that differentiate us from other firms. Also, for



Steven Hunt, President and CEO, Buckland & Taylor Ltd.

“There is truly global competition now in the engineering and construction of major infrastructure projects. We need to be competitive not only within the North American market, but also in the international market.”

much of our 40-year history we have worked for both owners of bridges and construction contractors. This has provided us with the track record and relationships to allow us to take advantage of the very strong trend to design-build procurement of bridges.

TZL: In 10 years, do you think you will still be a Hot Firm? What are the major threats to business success today?

SH: That is our plan.

Our success depends on maintaining an absolute focus on quality and this requires a high level of engineering expertise, supported by a great business.

There will be a very large demographic shift when the baby boomers retire, so we need to ensure that the next generation is ready for technical and business leadership.

TZL: What are the major trends you must embrace to stay competitive?

SH: We have embraced distributed engineering to enable us to engineer major projects using staff across many time zones. This will only increase, so we need to continue investing in the best technology to connect our staff, clients and projects.

There is truly global competition now in the engineering and construction of major infrastructure projects. We need to be competitive not only within the North American market, but also in the international market.

TZL: On a personal note, do you remember your first paid job? What did you learn then that still influences the way you work today?

SH: At age 15 I worked as a busboy in a busy restaurant. This taught me a lot about hard work and customer service.

TZL: Do you hold someone (inside or outside the industry) as a special mentor? How did this person influence who you are?

SH: I have been lucky to have had a number of mentors in each of the three firms I have worked for in a 30-year career. As a very young engineer I had the opportunity to work alongside some very senior partners, and observe how they interacted with clients. They had great business success by developing personal relationships, and also taking the time to really understand the client's business. I have always aspired to combine sound technical expertise and good client relationship and business skills.

TZL: What's the one trait you most admire in people?

SH: Optimism and the ability to make the best of any situation.

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NEWS

AIA and NIBS launch building knowledgebase

Digital library will serve as repository for peer-reviewed research.

The American Institute of Architects and the National Institute of Building Sciences have developed the Building Research Information Knowledgebase (BRIK), an interactive portal offering free online access to peer-reviewed research projects and case studies in all facets of the built environment, from pre-design through occupancy and reuse.

“By providing a portal to comprehensive research and data, this initiative is intended to help better educate the entire real estate marketplace on how design strategies and innovations can have a profound impact on building performance. The BRIK offering is an entry-way to show quantifiable proof of evidence-based design approaches,” said Robert Ivy, AIA chief executive officer, in a release.

“The BRIK website is for professionals by professionals,” said Henry Green, NIBS president. “BRİK users can view the peer review process each article has undergone, and, thanks to BRIK’s system of individually applied search tags, target the type of research they need at the moment. They can help their fellow users by commenting on and tweeting about particular articles. BRIK also allows knowledge contributors to share findings in their own professional fields with a much broader audience.”

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With contributions from government agencies, architecture firms, academics and research groups, the initial online offering will focus on health-care facilities, learning environments and high-performance building types and contain 500 different reports. Additional building types will be added in the near future. The first BRIK knowledge contributors to sign memorandums of agreement with AIA and NIBS are HKS/Center for Advanced Design Research & Evaluation, the Environmental Design Research Association and the Center for Healthcare Design.

Features of BRIK research include:

- **Interactivity:** all users may comment on and rate research projects publicly.
- **Comprehensive search ability:** research projects are searchable by text, title, keyword, taxonomy and contributor.
- **Events calendar:** BRIK keeps users abreast of research-related events concerning the built environment.
- **Connectivity:** BRIK will feature RSS feeds, Twitter links, and bookmarking capabilities.

For further information on BRIK and on how to become a Knowledge Contributor, visit the “Frequently Asked Questions” section on the website home page, www.brikbase.org. ▀▀

CALENDAR

MARKETING IN TODAY’S WORLD: Marketing in our industry is changing! It is not business as usual for A/E/P and environmental firms. The tough economy and the increasing power of the Internet and electronic communications are changing everything marketing-wise. Spend the day with the industry’s leading management expert, Mark Zweig, for an in-depth discussion of how marketing needs to adapt to deliver results now.

Attendees will learn:

- The role management needs to play in marketing
- How everyone in the firm can be selling
- Ways to help technical people overcome marketing-phobia

Upcoming events are scheduled for Feb. 7 in San Diego, April 11 in Indianapolis, and May 9 in Charleston, S.C.

For more information or to register, call 800-466-6275 or log on to www.zweigwhite.com/seminars/mktsem.

PRINCIPALS ACADEMY: The Principals Academy, a crash course in all aspects of managing a professional services firm, is coming to several cities in 2013.

The program is presented by a team of speakers – including ZweigWhite founder and CEO Mark Zweig – with extensive experience working with and for A/E firms. They have a clear understanding of what it takes to survive, and even thrive, in any economy.

The two-day agenda covers six critical areas of business management from the unique perspectives of architecture, engineering and environmental consulting firms, and is presented in tutorial and case study workshop sessions.

- Business planning
- Financial management
- Project management
- Ownership transition planning
- Human resources management
- Marketing/business development

The Principals Academy program also includes a case study workshop session that will provide an opportunity to practice implementing these management strategies in a supervised test-case scenario.

Upcoming events include March 7 and 8 in Denver, June 13 and 14 in Chicago, Sept. 19 and 20 in Boston and Nov. 14 and 15 in San Francisco.

For more information or to register, call 800-466-6275 or log on to www.zweigwhite.com/seminars/tpa.

TECH

Design industry in the info age

2013 is the year of mobility and cloud expansion (and the search for the killer app).

By BRYAN SULLIVAN
Correspondent

This time of year is all about planning for the future. Firms discuss everything and anything that may give them an edge. Technology is on the front burner when it comes to what is needed to perform in this rapidly changing world of A/E.

From the mobile world of tablets, smartphones and apps to computers with powerful software, and data storage such as clouding: all are needed to perform at lightening fast speeds and to meet client needs accurately.

APPS AND CLOUDING LEAD THE WAY. Katie Carara, marketing director assistant at **ARCHITECTURAL ENGINEERING DESIGN GROUP** (Denver, CO), says that this firm is taking advantage of apps and clouding when it comes to technology.

And, the firm plans to continue to use these and find more ways to make the workplace more mobile in 2013.

AEDG focuses on lighting design, electrical engineering, communication systems design, and A/V systems design. Carara says that the firm's principals took the time to come up with some of their favorite apps. They are as follows:

- **Notability** – This app is great for writing notes, doing quick sketches, drawing on top of photos. For instance you can take a picture with your iPad of an existing storefront and sketch the proposed upgrades on top of the photo.
- **WinAdmin** – This app is ideal for remote desktop connection. It allows you to connect to your computer desktop remotely and work like you are sitting at your desk, using your iPad.
- **Bluebeam Revu** – This app is perfect for PDF document review and markup. It's made by the same people who make

the desktop version.

- **AutoCAD WS** – AEDG uses this app to review drawings in DWG format; it's not very useful as a drafting tool.
- **iAnnotate** – This app is used to view and markup .PDF files. This is a great app for marking up drawing sets at meetings as well as to use for site observations. "We can visit a site with an iPad and this app and make all the necessary punch list item notes right on the plans and share our comments

"Like businesses across all industries, AEC firms are trying to identify opportunities for improving work processes and services provided to clients. The search for the 'killer app' is on."

more easily with architects and owners," Carara says.

- **WritePad** – This app is a great note-taking software package that has handwriting recognition. It allows you to take notes during a meeting with a pen/stylus, rather than using a keyboard. You can then share notes as editable text with others.
- **Dropbox** – "We actually don't really use this app directly, but we do use the Dropbox service to save a multitude of files remotely and to keep the memory storage off of our iPads. It also allows us to more easily share with other team members," Carara says.
- **Google Drive** – AEDG uses Google Drive for many shared documents and this app makes it easier to share and view versus just trying to do it straight from the web.
- **Gotomeeting** – This is a nice app to help with the Gotomeeting process of remote conference calls.
- **DisplayLink** – This allows the iPad to serve as an additional monitor. It works well when you need a second screen from your laptop and you are out of the office.
- **Quickoffice** – This allows the use of Dropbox to share Word, Excel, and Power Point files on the cloud.



Karl Fischer,
Managing
Partner, FuzelT
Solutions.

Finally, specific seminar apps are also great.

"We used one at Green-Build in November and it really helped us to keep track of seminars and other events at the conference," Carara says.

THE KILLER APP. Karl Fischer, managing partner at FuzelT Solutions, a strategic IT consultant that focuses on the individual and diverse needs of each client, founded in 2008, agrees that the world, and the profession, are going mobile.

"There is no doubt that mobile is at the forefront of technological development and exploration now and for the foreseeable future," Fischer says.

"Like businesses across all industries, AEC firms are trying to identify opportunities for improving work processes and services provided to clients. The search for the 'killer app' is on."

Fischer, who is experienced in establishing technology infrastructures, creating operational processes and procedures, enhancing business principles, finding creative value opportunities, and positioning organizations for growth, believes that clouding is one of the top technologies being used by firms.

"The commoditization of IT functions and services is the underlying theme driving just about all technology development in our industry," he says. "Moving your data, email and communication services into the cloud is key. You name it; it can be done in the cloud."

WHAT ABOUT IPD? Fischer says that the concept of IPD (integrated project delivery) has always been around and someone just finally tagged it with an

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Finding your replacement



Tony Kucharski

GUEST SPEAKER

Don't assume your best employee will be your successor.

It's been said a million times that the best salesperson is not the best manager. Despite that phrase becoming a cliché, it's all too common in business for an owner or general manager to choose the best employee and just shove that person into the successor role.

In architecture, this can be especially disastrous. Architects, by definition, have amazing minds. However, the incredible skill set required to plan a building has very little in common with running a company. One deals primarily in math and physical space and has a definite conclusion to each product; the other deals in constant unknowns, and isn't something you can walk away from at 5 p.m.

That doesn't mean that an amazing architect can't also be an amazing successor, but what it does mean is that designing a building is not the same thing as dealing with cash flow, human resources, profit margins, motivating the workforce, and a hundred other things a leader must deal with during any given week.

On the other hand, you don't want your worst-performing architect sitting down in the CEO's chair

in the event of your absence, since a successor must understand the product, inside and out.

CHOOSE A FEW, WATCH CAREFULLY. When you've identified a handful of successor candidates, it's time to sit back and observe for a bit (you will see more if you don't tell the candidates that they're candidates).

A few things to watch for:

■ **How do the candidates interact?** Every leader is in sales. Leading means managing relationships with vendors and customers. It means hiring, firing, and disciplining. And it means that the leader is ultimately the figurehead of a business, even if it's only during your absence. A successor without incredible interpersonal skills can quickly turn a thriving company into a disastrous situation.

■ **Can the candidates delegate?** You may have an architect at your firm who turns in amazing work, by never trusting anyone, working long after the office is closed and insisting on perfection. These might be strong architecture traits, but they're leadership flaws. The head of an organization is no place for perfectionists. Businesses thrive when employees and customers are happy, cash is flowing in, and a great product is going out the door. Stopping any of these elements to make sure things are perfect will eventually damage everything. Companies work best when everyone in the organization works in areas where their natural strengths already lie. But this can't happen when a leader keeps all the work on his or her desk, and refuses to delegate tasks and responsibility.

■ **Is the desire there?** Most employees will jump at the chance to earn more money, but it's your job to look deeper to see if a successor candidate just wants to move up, or deep down actually wants to lead. Because whatever you're going to pay for the promotion isn't going to cover the headaches, stress and general anxiety that you're dumping on this employee.

This may sound like a lot to consider, and it is. But, if you start observing potential candidates now, it's fine to take a few months to see who fits the requirements on your list. ▀▁

TONY KUCHARSKI is the president of K-1 Financing, Inc. He can be reached at Tonyk@k1finance.com. For more thoughts from Kucharski visit www.businessuncomplicated.com.

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Acting as owner's agent



William
Quatman

GENERAL COUNSEL

Things every 007 should know.

While watching the recent James Bond thriller *Skyfall*, I thought about the phrase “secret agent,” and what liability the British government would have for the acts of agent 007. The law of agency is well established in the U.S., but follows different rules depending on whether the agent is “disclosed” or “secret,” and whether the agent has actual or implied authority to bind his client, the “principal.” An architect or engineer plays three distinct legal roles on each project: 1) as an *independent contractor* of the owner when preparing plans and specifications; 2) as *owner's agent* when administering or supervising construction; and, 3) as *arbiter* (or judge) when deciding disputes. The second role is the one most akin to James Bond, that as owner's “agent.”

DISCLOSED AGENTS. Owners routinely designate an architect as their disclosed agent. The practice is so common that courts have even held that the architect's role as agent during construction inherently gets its authority from his appointment in the capacity of architect, “for the functions of an architect are well known.” – See, e.g., *Davis v. Bush & Lane Piano Co.*, 265 P. 417 (Ore. 1928). However, that authority has its boundaries and is not unlimited. The scope of the agent's authority must be determined in each case from the specific contract under which the architect is employed. See, for example, Par. 4.2.1 of the AIA's A201 General Agreement, which says: “The Architect will provide administration of the Contract ... and will be an Owner's representative during construction... [and] will have authority to act on behalf of the Owner only to the extent provided in the Contract Documents.” A201's Par. 4.1.2 limits the architect's authority when it says, “Duties, responsibilities and limitations of authority of the Architect as set forth in the Contract Documents shall not be restricted, modified or extended without written consent of the Owner, Contractor and Architect.”

So, you may not be James Bond, but you are likely a special agent for your project owner. If you are ‘shaken or stirred’ by this revelation, review your contracts and talk to your lawyer about the rules of agency.

Generally, when an architect or engineer authorizes, accepts, or rejects work, within the scope of delegated express or implied authority, those actions normally will bind the owner. In a 100-plus-year-old Michigan case, the architect was described in the contract as the owner's agent and given authority to accept the contractor's work on the owner's behalf. Even though some of the work was defective, the owner was barred from making that claim. The court said that a certificate of acceptance made by the owner's unquestioned agent, acting entirely within the scope of his express authority, “bound the owner, in the absence of any showing of fraud or collusion, as much as though he himself had signed it.” – See *Young v. Stein*, 116 N.W. 195 (Mich.1908). As the old case points out, accepting defective work is fertile ground for litigation and this has resulted in numerous disputes over the scope of an A/E's authority. For this reason, contracts must be clear on the agent's authority during construction.

Being a disclosed agent (as opposed to “secret”) can benefit a design firm. For example, in a 1987 Missouri case, a contractor sued the project owner but settled the suit with an agreement that released all claims against the owner, “its officials, officers, agents and employees.” – See *Tri-City Const. v. A.C. Kirkwood & Assoc.*, 738 S.W.2d 925 (Mo.App. W.D. 1987). The contractor then sued the engineer but the court granted summary judgment in favor of the engineer, holding that the engineer was the owner's representative *and agent* and, therefore, was covered by the release.

APPARENT AND IMPLIED AUTHORITY. With some exceptions (noted below), when an architect's actions are outside the scope of his or her authority, the owner will *not be bound*, unless the owner's actions or words would permit a reasonable person (such as a contractor) to conclude the agent had apparent authority, or that the architect's acts are implied as “incidental” to its express authority. The legal doctrine of “apparent authority” holds that an owner can be bound by the acts of its agent even *when outside* the scope of its authority if a third party reasonably relies on the agent as being authorized to act. However, to cloak an agent with “apparent authority” requires the owner engage in some conduct by which a reasonable person would conclude that the agent had “actual authority” to act. Due to the danger of this doctrine, mere statements or comments by the agent usually are not sufficient to create apparent authority, unless they are made in the presence of the owner. Even

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RESOURCES

2013 VALUATION SURVEY: Do you know how much your A/E/P or environmental consulting firm is worth? If you're an owner of an A/E/P or environmental consulting firm, you can't risk not knowing the value of your business. 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.

The 2013 "Valuation Survey of Architecture, Engineering, Planning & Environmental Consulting Firms" is the definitive resource for helping you find out! With the survey data included in this report and ZweigWhite's exclusive Z-Formulas, you'll be able to quickly and easily learn what your firm is worth.

The 2013 Valuation Survey will help you:

- Use ZweigWhite's exclusive Z-Formulas to quickly find out how much your firm is worth
- Use over 225 case studies to make reliable comparisons of value between your firm and others in the industry
- Find out what makes one firm more valuable than another
- See how growth rate, staff size, firm age, and other factors affect firm value
- Settle internal ownership transition disputes armed with the latest data about firm values

For more information or to buy a copy, call 800-466-6275 or log on to or log on to www.zweigwhite.com/p-1167-valuation-survey-2013.php.

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TZL: Describe the most challenging thing you have ever done/the biggest challenge you have taken on outside of work.

SH: Raising our children has been the most challenging and rewarding activity outside of work.

TZL: What lesson learned would you pass along to a recent college graduate embarking on a career in the A/E/P and environmental consulting fields?

SH: Take the time to master a technical field, and at the same time be very observant and learn as much as possible about the business environment. This will equip you to ride the inevitable ups and downs in the economy, and allow you make good career decisions.

TZL: What question would you ask of another Hot Firm leader?

SH: What were your challenges in growth and how did you overcome these? ▀▀

INFO AGE, from page 5

acronym and the industry underwent a renewed focus on smoother workflow among project teams.

"This focus was sparked by the explosion of BIM (building information modeling) and the benefits derived from its adoption," he says.

"I believe there are certain IPD tools that are very useful and there will be a continued effort to keep advancing technologies that are focused on project workflow."

What Fischer does question with this global focus on mobile is whether the business needs of the industry are actually driving the solutions or if the technology developed for the needs of other industries is being forced upon the industry.

"Many currently have myopic perspective and may need to rethink," he says.

The future will tell. ▀▀

WILLIAM QUATMAN, from page 7

if the agent acts outside of his or her authority, an owner can be bound if the owner later ratifies the agent's actions. As one court said, "A principal, knowing of the acts of his agent, or of facts putting him on notice thereof, who fails to object cannot be heard to deny the agency but will be held to have acquiesced in and ratified his acts." – See *Brown v. Maryland Cas. Co.*, 442 S.W.2d 187 (Ark. 1969). The doctrine of "implied authority" is a close cousin. Under this theory, an agent is impliedly authorized to undertake those acts that are necessary and incidental to accomplishing duties expressly authorized.

AGENT'S KNOWLEDGE. In a 1968 construction case, the court recognized that under California law, "The principal is chargeable with, and is bound by the knowledge of, or notice to, his agent, received while the agent is acting within the scope of his authority, and which is in reference to a matter over which his authority extends." – See *Trane Co. v. Gilbert*, 267 Cal.App.2d 720, 73 Cal.Rptr. 279 (Cal.App. 1968). But this rule does not necessarily apply when the architect is acting in the role of independent contractor

during the design phase. A 1991 South Carolina case dealt with that issue. When the architect specified asbestos-containing materials, it was argued that since the architect was the owner's agent, that knowledge was imputable to the owner once construction begins. Recognizing the three distinct roles an architect plays, however, the court rejected this theory, stating, "This argument undermines the legal distinction the law provides for the different roles of an architect. The Court sees no justification for imputing the architect's knowledge about the selection of building materials to an owner simply because construction begins on the building as specified and designed." – See *Blue Cross and Blue Shield of South Carolina v. W.R. Grace & Co.*, 781 F.Supp. 420 (D.S.C. 1991).

So, you may not be James Bond, but you are likely a special agent for your project owner. If you are "shaken or stirred" by this revelation, review your contracts and talk to your lawyer about the rules of agency. ▀▀

G. WILLIAM QUATMAN is an architect and general counsel at **Burns & McDonnell Engineering Co.** (Kansas City, MO). Contact him at bquatman@burnsmcd.com.

SURVEY

Health benefits and compensation trends

Design firms can follow general trends in these studies to make decisions in 2013.

By LIISA SULLIVAN
Correspondent

For more than 70 years, The Segal Company in New York has provided benefits and human resources consulting for multiemployer trust funds and public-sector organizations. The firm recently released reports that revealed trends for healthcare cost and compensation in 2013.

SEGAL HEALTH PLAN COST SURVEY. The 2013 “Segal Health Plan Cost Trend Survey” reveals that health benefit plan cost trend rates for 2013 are expected to decline to the lowest level in 11 years of trend forecasts, with most medical and all prescription drug projected trends dipping into single digits. The 16th annual survey was completed by managed care organizations, health insurers, pharmacy benefit managers and third-party administrators.

Trend is a forecast of per capita claims cost increases that takes into account various factors such as price inflation, utilization, government-mandated benefits, and new treatments, therapies and technology. Although there is usually a high correlation between a trend rate and the actual cost increase assessed by a carrier, trend and the net annual change in plan costs are not the same. Changes in the costs to plan sponsors can be significantly different from projected claims cost trends, reflecting such diverse factors as group demographics, changes in plan design,

administrative fees, reinsurance premiums and changes in participant contributions.

Notable findings from the survey include the following:

- Almost all medical plan types are expected to experience trend increases under 10 percent (with the exception of fee-for-service/indemnity plans). All managed care cost trends are forecast to be in the single digits.
- Trends for health maintenance organizations (HMOs), preferred provider organizations (PPOs)/point-of-service (POS) plans are projected to be approximately one percentage point or more lower for 2013 than were projected for 2012.
- The prescription drug trend for active participants and early retirees is projected to be 6.4 percent, a drop of more than 13 percentage points from 10 years ago.

The survey also examined 2013 projected medical trends by service type (hospitals, physicians and prescription drugs). Price inflation is the biggest element of cost increases.

In addition to compiling forecasted trend rates, this survey examines the accuracy of 2011 projections, noting that the accuracy of trend assumptions, subject to both underwriters’ conservatism in predicting future events and a natural lag in the underwriting cycle, is best measured by comparing projected trend to actual trend over multiple years.

The report also examines the projected impact of the Affordable Care Act on health benefit offerings. In the short term, the law is expected to increase

costs of plans’ sponsors by only a minimal amount. The vast majority of survey respondents (86 percent) indicated that the cost impact on 2012 plan trend of implementing the law’s preventive care coverage requirements for plans that lost “grandfathered” status was two percent or less. Given that the Affordable Care Act will not lower health care costs or inflation in the short term, programs for sponsors relevant to reducing the cost of care and the prevalence and severity of disease are also highlighted.

SEGAL COMPENSATION SURVEY. Based on an analysis of organizations that have completed their 2013 salary-increase budgets, Segal predicts modest compensation increases that are consistent with patterns set in recent years, which is generally in agreement with ZweigWhite’s design industry specific surveys.

WHAT ABOUT INFLATION? While employers are primarily concerned with the cost of talent rather than the cost of living, from January through September 2012, the consumer price index for all urban consumers rose 2.1 percent over the same period in 2011. This compares to a 3.1 percent increase for the same period between 2010 and 2011. The current rate of inflation continues to be low. Because it is lower than last year, the actual 2012 salary-increase budget of 2.7 percent to 2.8 percent means employees’ purchasing power is relatively unchanged.

It is important to note that since the data is provided through September 2012 only, results may change in the fourth quarter. Factors that could lead to a higher increase in the CPI include energy and food prices.

EMPLOYEE PRIORITIZATION AND DIFFERENTIATION. According to this survey, companies should continue to consider salary-increase budgets as an investment in talent and prioritize al-

Changes in the costs to plan sponsors can be significantly different from projected claims cost trends, reflecting such diverse factors as group demographics, changes in plan design, administrative fees, reinsurance premiums and changes in participant contributions.

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ON THE MOVE

IA APPOINTS: IA Interior Architects (Los Angeles, CA), an interior architecture and workplace strategies firm, announced the firm's 2013 appointments.

Francis Bruns (Dallas), **Sheri Ginett** (Raleigh), **Pietro Silva** (San Francisco), and **Reetika Vijay** (Boston) are promoted to principal.

Karen Adela (Corporate), **Arnold Bautista** (Corporate), **Paul Comeau** (Boston), **Karen Dahlstrom** (Seattle), **Mark Gundacker** (Corporate), **Erik Hodgetts** (New York), **Josh Khanna** (Seattle), **Buzz Riley** (New York), **Stephanie Schmitz** (Denver), **Kristen Streeter** (Washington, DC), **Kit Townley** (London), and **John Varholak** (Washington, D.C.) are promoted to senior associate.

Melissa Carter (Raleigh), **Patrick Chatfield** (Seattle), **Heather Dausch** (New York), **Stephanie Douglass** (Washington, D.C.), **Jason Flory** (Corporate), **Lindsay Foster** (San Francisco), **Courtney Harms** (Denver), **Clinton Johnston** (Corporate), **Yoko Matsuno** (New York), **Chester Mietus** (Chicago), **Lisa Piper** (San Francisco), **Neil Schneider** (Chicago), **Matt Sisk** (Washington, D.C.), and **Matthew Wasylciw** (San Francisco) are promoted to associate.

"These appointments represent not only hard work, but also commitments to enhancing the client experience and raising the bar in our industry. I am extremely proud of each of these individuals and am grateful they are part of IA Interior Architects," said David Mourning, president and CEO.

VHB PROMOTES: VHB (Watertown, MA), an 850-person planning, landscape architecture, engineering and environmental firm, has named **Doug Landry** senior vice president for Land Development Services. In his new role, Landry will be responsible for leading the overall strategic direction of the land development practice for the firm. Collaborating closely with leadership throughout the company, he will work to promote the consistent delivery of high quality skills and services to clients, expand VHB's client base, and market share.

"Doug brings an excitement and enthusiasm for the practice as well as a wealth of experience and market knowledge to his new role,"

said Bill Roache, VHB's chief strategic officer. "Clients will benefit from his great record of accomplishment delivering comprehensive, integrated services to a diverse set of municipal, corporate, developer, and institutional clients."

Landry joined VHB in 1995, following eight years working in the public sector. Most recently, he served as managing director of the firm's Watertown land development practice, and has been instrumental in developing, guiding, and maintaining VHB's prominence in the Massachusetts market. Landry has significant experience in formulating strategies for the review and approval of major and complex land development projects such as the McLean Hospital Redevelopment in Belmont, WGBH Headquarters in Boston, Franklin W. Olin College of Engineering in Needham, the Naismith Memorial Basketball Hall of Fame in Springfield, all in the state.

"I look forward to working with my VHB colleagues to continue delivering value, quality, and success for projects in all segments of the real estate market up and down the East Coast," Landry said.

URBAN PROMOTES: Urban Engineers, Inc. (Philadelphia, PA) a 200-person consulting firm that offers transportation, planning, program management, and construction services, announced the promotion of **William McGarrigel** to regional manager for Maryland, Delaware, and New Jersey. He will be responsible for generating business development for all markets and services in the three states. McGarrigel will also continue to serve in his role as vice president and office manager of the firm's Cherry Hill, N.J. location.

McGarrigel has more than 20 years of professional engineering experience in the management, design, and planning of complex transportation projects within the Northeast and Mid-Atlantic regions. Having joined Urban in 1995, he has grown with the organization, serving in a number of roles and providing services to a wide range of clients focused in New Jersey, Delaware, and Pennsylvania. Within his current role, McGarrigel has helped increase Urban's presence in New Jersey by growing the client base and expanding the list of services provided.

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locations to their top performers. It's important to remember that prioritization is even more crucial in difficult times, when companies still need to reward their best and brightest, but have a relatively small pool of money.

Companies should not give up on pay differentiation, even if budgets are small. One approach is to provide salary increases only for certain employees, such as top performers, employees in critical jobs or those whose compensation is below market. A second approach is to carve out a portion of the budget and deliver that exclusively to the highest-performing employees.

Sibson Consulting, a division of Segal, research indicated that top-performing pay-for-performance companies were nearly twice as likely to give their best performers merit increases that were three percent or more than what they gave their average employees. Over the

past few years, when merit increases were approximately 2.5 percent or less, top performers at these companies were twice as likely to see increases of five percent of base salary or more. This shows that while differentiation may be difficult, it is possible.

EXECUTIVE COMPENSATION. Projected 2013 salary increases are equivalent to those for the exempt and non-exempt populations. While there is not yet enough data to indicate a meaningful trend, this does suggest that companies are transitioning away from the pre-recession practices where executive increase outpaced those of other employee segments.

TRANSPARENCY PLAYS ROLE. Sibson also reports that a good communication plan is vital. Employees who have a good understanding of the compensation process and think decisions are made "fairly" are substantially more satisfied with their compensation out-

comes, even if the increase levels are lower. This highlights the importance of managing communications and creating transparency in the compensation system.

LOOK TO THE FUTURE. Actual salary budget increases for the last two years (2011, 2012) have approximated Sibson's study projections. So, as long as companies remain confident in their financial forecasts and there is general stability in the global economy, this trend is likely to continue. Salary-increase expenditures could, however, quickly derail by volatility generated by hot-button issues such as the fiscal cliff, tax policy, etc.

Organizations have shown that if any of the above factors affect their growth and profitability forecasts they will not hesitate to reduce or eliminate their salary-increase budgets. A lesson learned from 2009 is that the amount budgeted may not always be the amount that is spent. ■▲

PROFILE

Stuart Forbes thrives on financial challenges

He is hands-on and helped company through growth spurt.

By LIISA SULLIVAN
Correspondent

Stuart Forbes is a chartered accountant with 25 years experience with audit, accounting, financial systems and tax. He is currently the vice president of finance at **Klohn Crippen Berger** (Vancouver, BC), No. 13 on **THE ZWEIG LETTER** 2012 Hot Firm List.

Formed in 1951, KCB has a long history of participation in some of the largest and most challenging engineering projects in the world. Many of these projects have helped develop resources, reclaim landscapes, build communities and stimulate economies.

KCB offers a full range of services in oil and gas, mining, environmental, water, power and transportation. The firm provides engineering services throughout the world from 13 offices in Canada, Australia, Peru and the United Kingdom and is registered in Papua New Guinea, Mongolia, and more recently Brazil. KCB has more than 500 employees.

WHO IS STUART FORBES? After graduating with a mechanical engineering degree at the University of British Columbia, Forbes worked for Coopers & Lybrand Chartered Accountants for six years, auditing mining and forestry clients primarily. He then went on to work in various senior accounting roles in the railway, forestry and hydro-electric industries and was involved in various acquisitions, financial system conversions and startups.

He has been with KCB for five years and is responsible for accounting, financial reporting, taxation, payroll, cash management, internal controls, financial information systems, corporate records, general insurance and office leases. His position is also responsible for developing and monitoring invoicing and project accounting practices and procedures in the various offices.

As vice president of finance, Forbes is also required to be part of the company's risk assessment committee, which monitors proposal and project risks within the company.

"It's exciting to work for a growing and successful company because there are continuous financial challenges and areas for improvement," he says. ▀▀



Stuart Forbes, VP of Finance,
Klohn Crippen Berger.

A CONVERSATION WITH STUART FORBES

"It's exciting to work for a growing and successful company because there are continuous financial challenges and areas for improvement."

THE ZWEIG LETTER: What are some of your major accomplishments that you are most proud of since you have been with KCB?

Stuart Forbes: The company has grown significantly during the last five years, more than doubling its revenues and starting five new offices. Managing the growth and raising the quality of performance have been a challenge. Improvements have been made on a number of different fronts – we now have a stronger finance team, an improved payroll system, accounting processes are working better, taxation issues are better understood and we are more transparent to management and the board of directors. Reporting is also faster due to improved processes and new tools.

TZL: What are your key strengths? What do you feel the key strengths are for an effective CFO?

SF: For KCB's particular management style, current size and recent growth experience, a CFO has needed to be hands on and very much involved in the day-to-day processes and improvements. Opportunities in overseas markets require that finance staff develop an in-house ability to arrange banking and set-up companies in countries with diverse corporate, labor and tax laws.

TZL: How would you describe your work style?

SF: Hands-on, improvement and completion oriented.

TZL: What are your top priorities for 2013?

SF: In 2011, we recognized that we were not utilizing our 10-year-old financial system to its fullest potential; we did not have the staff to support the desired improvements. With staff now in place and the general ledger "reformatted," we are now in a position to implement a number of overdue native modules and third-party add-ons such as electronic employee expense reporting, invoicing and purchase orders and consolidations.

TZL: What is your favorite part of the job?

SF: The variety.

TZL: What do you enjoy in your spare time?

SF: I have two small children who absorb most of my spare time. ▀▀

TRANSACTIONS

BERGMANN BUYS: Rochester, N.Y.-based **Bergmann Associates** has acquired **Gantt Huberman Architects**, a well respected, 26-person architecture firm in Charlotte, N.C. This will be Bergmann's 12th regional office location and first in the Carolinas, bringing the total employee count to 375. Other offices are located in the states of Pennsylvania, Florida, Ohio and Michigan.

The acquisition is consistent with Bergmann's strategic growth plan, which calls for projected revenue of \$100 million by the year 2018.

"Bergmann is planning smart and sensible growth with a goal of further developing our expertise and bench strength needed to better compete with larger global firms," said Tom Mitchell, Bergmann's CEO. "We plan to honor the Gantt Huberman Architects brand and reputation in the Charlotte region and invest in that office as we integrate the two companies."

Gantt Huberman specializes in higher education, civic and governmental design, all of which will complement Bergmann's existing businesses. It is the plan that the Charlotte office will expand its current services to include the retail market as well as the research and manufacturing market in the short-term, and eventually into the transit and transportation industries.

"We are thrilled to join the Bergmann family, a company that shares many of the values, principles and visions that Gantt Huberman Architects believes in," said Harvey Gantt and Jeff Huberman, partners and founders of Gantt Huberman Architects.

Gantt Huberman has over 40 years of heralded work boasting many project and professional awards and honors. Both partners have served in professional leadership roles, including Harvey Gantt's two-terms as mayor of the City of Charlotte (1983-1987). Bergmann Associates has more than three decades of success, now serving as a trusted advisor to many clients that are household names in the retail, higher education, transportation and governmental sectors.

This acquisition is the second in three years for Bergmann Associates. In 2010, Bergmann added the **Ledy Design Group** to its Lansing, Michigan office, which proved successful in helping to grow the architecture and engineering practices in that region.

MCKIM & CREED, INC. BUYS: McKim & Creed, Inc (Raleigh, NC), a 400-person engineering, geomatics (surveying) and planning firm, announced that it has purchased the assets of **United Engineering Group, Inc.**, also in Raleigh.

UEG provides mechanical, electrical, plumbing and fire protection design services for the energy, healthcare, higher education, state government, industrial and transportation markets. The company is a leader in the design of solar photovoltaic systems and containerized energy storage systems for solar and wind energy production, and recently won a People's Choice Award from the American Council of Engineering Companies for its work on a facility in South Carolina that simulates hurricanes to test housing structures. The 40-person UEG was established in 1949, and has offices in Raleigh, Charlotte and Asheville, N.C.

The acquisition of UEG expands McKim & Creed's engineering capabilities and services, and strengthens the company's experience and expertise in the energy, healthcare and educational markets.

"United Engineering Group has a long and distinguished history of outstanding engineering for hospitals, K-12 and higher education facilities, campus electrical distribution systems, central power plants, and other sophisticated mechanical, electrical, plumbing, and fire protection systems across the Southeast," said Michael Creed, chairman and CEO of McKim & Creed. "Combining our strengths with those of UEG enables us to increase the services we offer, and enhances our ability to develop sustainable, cost-effective electrical and energy solutions for our clients."

UEG Chairman Roger Woods will oversee McKim & Creed's energy and electrical design services. "We are excited to join McKim & Creed. We believe our MEP services, as well as our electrical testing group, will complement the wide range of services already provided by McKim & Creed," Woods said.

PARSONS BRINCKERHOFF BUYS: George Pierson, president and CEO of **Parsons Brinckerhoff Group Inc.** (New York, NY), announced that **Subsurface Group Inc.** (Houston, TX), has joined **PB Energy Storage Services** in the US Power and Energy Division of Parsons Brinckerhoff. Subsurface Group is a professional consulting and engineering firm providing services in underground injection, underground storage, specialty wells, petroleum and natural resources, and environmental science. Headquartered in Houston, the group also has offices in Baton Rouge, La., and South Bend, Ind. In its 2012 fiscal year, the 37-person Subsurface Group had revenues of approximately \$50 million.

"We are pleased to have the Subsurface Group as part of Parsons Brinckerhoff. The Subsurface Group's recognized expertise in underground injection and specialty wells complements Parsons Brinckerhoff's recognized expertise in underground storage for oil & gas, energy, and industrial clients," Pierson said.

Joseph Sheldon, president and co-owner of Subsurface Group, said, "As part of our ownership transition plan, we are pleased to know that our employees will be part of an organization which is dedicated to technical excellence and will offer them career opportunities moving forward."

John Fleniken, vice president and co-owner of Subsurface Group, said, "The complementary skill sets of both groups will combine to provide a unique and robust full service offering to our clients in the oil & gas, chemical, and industrial markets."

In a letter to all employees of Parsons Brinckerhoff and Subsurface Group, Pierson said, "The addition of Subsurface Group as a new part of our U.S. Power and Energy Division aligns with our strategic goal of expanding the services we can provide to the energy market."

FIRMS PARTNER: EYP Architecture & Engineering (Albany, NY) and **BJAC** (Raleigh, NC), have announced a strategic partnership to enhance services and expand their base of expertise and geographic reach called EYP/BJAC a partnership. Both firms share a deep commitment to a knowledge-based practice, leveraging research, specialized experience and design excellence to advance the mission and vision of their clients.

BJAC provides design to healthcare, education, research and municipal clients, along with a broad range of in-depth services, including architectural design, programming, master planning, healthcare master planning and interior design. EYP Architecture & Engineering is an integrated architecture and engineering firm specializing in sustainable design for higher education, government and corporate clients. Honored with numerous national awards, one of the firm's primary focuses is on critical and relevant research into improving the performance of all types of facilities.

The new partnership, marking EYP's commitment to growth in North Carolina, will combine EYP's strength in research and expertise-driven design with BJAC's extensive healthcare and medical education design portfolio. The combined firm will be led by EYP President and CEO Tom Birdsey, and BJAC Founding Partner Lou Jurkowski.

"The EYP/BJAC partnership perfectly aligns with EYP's commitment to expertise-driven design," Birdsey said. "Through this partnership, we add depth and breadth to our areas of expertise and provide BJAC clients access to expanded resources and new areas of expertise. We work for many of the best clients in the world, and BJAC is located in a market rich in higher education, research and healthcare institutions."