

The enlightened leader



Mark
Zweig

In 2013, use the lessons learned in 2012 to have a better year – propelled by a slight breeze.

Like many readers of **THE ZWEIG LETTER**, I've been working to refine the ZweigWhite business plan this past week.

2012 was one heck of a year for us. We cut our costs to the bone at the beginning of the year, our revenue lumpiness straightened out, and we pretty much made money every month of the year. Now, with a much-improving economy and some wind (a slight breeze, rather!) on our backs, we expect to do well in 2013.

Here are some things we learned in 2012 that may be useful to you as you plan your 2013:

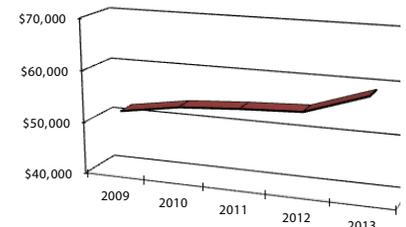
- 1) No losing months!** I have written this before but it is worth restating: You cannot "allow" yourself to think it's OK to lose money in ANY month for any reason. It's just too hard to make that up later. Keep your costs low so the hurdle is one you know you can cross every month and make a profit.
- 2) As things get better, don't repeat the sins of the past.** The "sins" are mainly spending too much money on expensive people, on overhead people, and on things you don't really need. I recently had an epiphany about what one of my worst management attributes is. I am an enabler. Because I care about my people, want to be loved myself, and don't want any of my managers to have an excuse for poor performance, I try to give them what they ask for. That could be anything from a new employee that I may not feel is necessary to a new desk chair I didn't think we needed either. Multiplied across many managers this enabling can cause a lot of problems. I am reformed. Can't let it happen again!
- 3) Work to get everyone being paid for – especially your top people.** Every dollar of labor cost needs to be offset by (hopefully) \$2 (or more)

See MARK ZWEIG, page 2

Whatever bad stuff happens (and happen it will this year – it always does), don't lose your cool. Tell yourself that you have survived many negative events and ups and downs. You'll survive this one, too.

TRENDLINES

Ticking up



According to the 2013 "Valuation Survey," the median TIC value per employee of all firms participating in the survey has been on a gradual climb in recent years. Moreover, this number has reached a five-year high this year. The study finds that the median TIC value per employee increased to \$58,934 from \$55,000 in 2012. In 2011, this ratio rose to \$54,458 from \$53,686 in 2010.
– Margot Suydam, Survey Manager

FIRM INDEX

Allen & Shariff	10
Bowers + Kubota Consulting.....	11
Comprehensive Environmental, Inc.....	9
Evergreen EDC.....	12
FPM Group Ltd.....	3
GeoConcepts Engineering, Inc.....	3
GHD	11
Huitt-Zollars	12
Kennedy/Jenks Consultants	9
MBP	11
Morris Architects	12
Mulhern and Kulp.....	3
SSOE Group.....	12
Terracon Consultants, Inc.....	12
The Liesch Companies – Environmental Consultants & Engineers.....	12
Withers & Ravenel.....	10

INSIDE

- EVENTS: Women conference speakers announced.
Page 4
- HR: When an employee asks for something. Page 9
- FINANCE: The costs of reporting and regulation.
Page 11

The fiscal cliff is over... now what?

Page 3

A/E BUSINESS NEWS

PCA PROPS HOUSING: Since 2005, tepid economic growth and high foreclosure rates have depressed home prices, bloating inventories and preventing start activity.

In 2013, economists are revising nearly a decade of pessimism and forecasting growth throughout the residential construction industry.

A new report from the Portland Cement Association projects total housing starts to reach 954,000 units in 2013, reflecting further improvement on 2012's nearly 30 percent growth.

"The possibility of one million starts in 2013 should not be dismissed," PCA Chief Economist Ed Sullivan said. "Although the first half 2013 will be mired in a fiscal cliff hangover, we are decidedly optimistic about second half economic growth, job creation and consumer sentiment – all of which translate into a stronger home sales and starts activity."

Even stronger growth in homebuilding is predicted to materialize in 2014 with starts surpassing 1.1 million.

In another optimistic turn from previous residential forecasts, PCA expects the recovery to be broad-based and is projecting all 50 states will see increases in single family housing this year.

Already underway in the interior U.S., the emergence of accelerating construction growth has begun to appear in some of the hardest hit states during the housing bubble burst. These regions are now likely to lead growth in coming years as the long depressed markets begin to return to housing construction rates consistent with their demographics.

"As the recovery unfolds, regions that once lagged recovery now begin to emerge as growth leaders. The Southwest and Southeast, for example, still have the weakest housing fundamentals on a relative basis to the interior U.S., but on a construction activity basis, given the extremely depressed bases from which these regions are recovering from, they will likely be the housing growth leaders in coming years," Sullivan said.

PCA expects multifamily construction to continue to grow at a strong pace as favorable fundamentals fuel the sector. Multifamily starts recorded a 55 percent gain in 2011 and 36 percent growth in 2012.

PCA expects an additional growth of

15 percent in 2013 to 277,000 units. Damaged credit due to foreclosure activity and tight mortgage lending standards have combined to create robust apartment demand.

HAITIANS REBUILD HAITI: As the third anniversary of the earthquake approaches, Haiti Public Works supported by **Miyamoto International**, a 150-person global earthquake and structural engineering company based in the West Coast, and various partners has repaired and strengthened 14,952 damaged households in the region, which has affected more than 105,000 people.

This work was performed by trained Haitian small contractors.

"The original 16 contractors aren't so small anymore," said Kit Miyamoto, CEO of Miyamoto International. "One company that I know grew from two people to a 100-person operation. Their business is strong and has provided a lot of jobs."

Through the training of over 6,000 masons and 600 engineers, a solid groundwork has been laid for better building practices and economic growth.

All of Miyamoto's programs in the region have been led by the Haitian commercial sector, small businesses and the MTPTC.

"It is so critical to provide sustainable economic development in Haiti," said Guilaine Victor, Miyamoto program manager. "It was an unprecedented disaster, but this could be a turning point for people in Haiti, and I am so honored to be a small part of this effort."

Alfred Piard, director of the MTPTC said that, "Here at the Ministry, we are working toward creating a stock of buildings that 15 to 20 years from now can resist future earthquakes."

The next step will be to tackle the repair or rebuilding of the 40,000 heavily damaged red tagged buildings in Haiti. Follow the progress with Kit Miyamoto's journal, which chronicles his experiences in rebuilding communities around the world.

Watch how Haiti is rebuilding itself to become an earthquake-resilient community at www.miyamotointernational.com/media/earthquake-chronicles/haiti-yellow-house-repair-program-2012/.

MARK ZWEIG, from page 1

of revenue. Tie the revenue to the people and if this isn't happening fix the problem. That "fix" could be reassignment to an area of the business that has work, pay reduction so the person can cover their costs, or a new contract from a client that only took a phone call to secure once you were cognizant of your need for it. In any case, you have to make sure everyone is being paid for.

4) Stay calm. Whatever bad stuff happens (and happen it will this year – it always does), don't lose your cool. Tell yourself that you have survived many negative events and ups and downs. You'll survive this one, too. Being calm and not letting your emotions get the best of you really helps you keep your head clear so you respond the right way to any crisis at hand. It's one of the few benefits of aging that I am really enjoying because anyone who knows me can attest I used to be quite a hothead in my youth and I am not now.

Good luck in 2013, All! May you – and all of us – prosper together!



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

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 NXPtprints, please contact The YGS Group at 717-399-1900, ext. 139, or e-mail TheZweigLetter@TheYGSGroup.com.

© Copyright 2013, ZweigWhite. All rights reserved.

POLICY

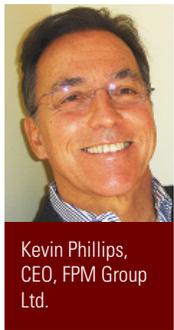
The fiscal cliff is over.. now what?

Firms must continue to plod through and begin to refocus on long-term planning for future success.

By LIISA SULLIVAN
Correspondent

Now that the infamous fiscal cliff is behind us, what does it mean to the average A/E firm? Are firms still in a wait and see mode or are they forging ahead?

TIME TO RETURN TO NORMAL. Kevin Phillips, CEO of **FPM Group Ltd./FPM Remediations Inc.** (Ronkonkoma, NY), a 100-person full service, multi-disciplined engineering firm, says that the recent resolutions made to avoid the dreaded “fiscal cliff,” do affect FPM directly.



Kevin Phillips,
CEO, FPM Group
Ltd.

“Seventy-five percent of our work is with the Federal government and some projects would have stopped dead, and we would have had to lay off personnel,” he says. “Now that the cliff has been averted by Congress we can get back to our normal lives.”

Joseph Kulp, principal at **Mulhern and Kulp** (Ambler, PA), a small structural engineering firm, says that like many firms, the firm is impacted by the overall economy.

“It was reported by the media that the United States would go back into a recession if the ‘fiscal cliff’ was not avoided,” Kulp says. “All of our business sources of revenue come from private owners and developers. Consumer confidence is such a big part of our economy and this deal will maintain the status quo. So, to the best of our forecasting ability, we believe that as long as the economy is either stable or growing, our business will continue to grow.”

LONG-TERM PLANNING NEEDS REVITALIZATION. So, what would hap-



Joseph Kulp,
Principal,
Mulhern and
Kulp.

pen in a perfect world? What would firms like to see happen next?

“In a perfect world, we would not be subject to this incompetence,” Phillips says. “There is no long-term planning that can take place with the present posturing. As a result, there is stagnation and

no clear future direction for firms that service the federal government. Probably, the most important item on the table for FPM is the appropriations for the Department of Defense.”

Kulp says that he would prefer to “take our medicine” now and deal with the economic readjustments required for the government to live in economic reality – with a real path to a balanced budget in five- to 10 years.

“While this, most likely, will cause economic recession and will have a negative impact on our business in the short run, it is what is required for long-term business success and prosperity for all,” Kulp says. “Unfortunately, most people and businesses are focused on what policies will directly help them financially, right now (which is what got us into this mess to begin with), rather than what is best for all of us in the long run.”

Kulp warns that, at the rate the government is spending money, there will be a very real fiscal cliff that we will go over in the near future (five- to 15 years). Until the path of long-term U.S. fiscal policy is altered to a responsible one, Kulp is not sure how small businesses can plan ahead very far with such un-

certainty, unless they live in ignorance, or use someone else’s money.

Ted Lewis, principal at **GeoConcepts Engineering, Inc.** (Ashburn, VA), a 50-person geotechnical engineering services firm, says that although a significant portion of their work is related to the Federal government and the DOD, the company made a conscious decision to avoid the fiscal cliff drama and to increase productivity in other sectors.

“Unlike Congress, we do not have the luxury of doing nothing. Regardless of whether Congress made a deal or money was available, we have to remain focused on keeping our employees productive,” Lewis says. “In the long-term, we will not be critically impacted by the two-month stop gap measure since government agencies do not plan/budget capital projects based on such a short timeframe.”

Lewis adds that he would like to see members of Congress fulfill their duty to serve the citizens of the United States by leaving partisan politics behind and considering the greater good for the country.

“For GeoConcepts, the most helpful item on the table would be adequate infrastructure improvement funding,” Lewis says. “Not only would infrastructure funding benefit our firm, it would also create jobs and invest in our country’s future.”

So, it appears that the bottom line is this: A/E firms continue to forge ahead and not look back. The fiscal cliff is behind us and firms must continue to plod through and begin to refocus on long-term planning for future success.



“Unlike Congress, we do not have the luxury of doing nothing. Regardless of whether Congress made a deal or money was available, we have to remain focused on keeping our employees productive.”

EVENTS

Women conference speakers announced

Speakers to tackle issues of communication, fear of success, and strategies to thrive in the profession.

Some female industry heavyweights are lined up to speak at ZweigWhite's first ever Women in Design and Environmental Professions conference, May 9 and 10 in Boston.

The roster includes Diane Landers, vice president and chief marketing officer at **GAI Consultants, Inc.**, Gerri King, social psychologist and organizational consultant, president of Human Dynamics Associates, Inc., and Karen Purcell, owner and founder, PK Electrical.



Gerri King,
President,
Human Dynamics
Associates, Inc.



Karen Purcell,
Owner and
Founder,
PK Electrical.



Diane Landers,
VP and CMO,
GAI Consultants.

While women are soon projected to account for 51 percent of total labor force growth, according to the U.S. Department of Labor, Women's Bureau, they make up less than one-quarter of the architecture workforce, 9.7 percent of the civil engineering profession, and roughly 13 percent of other engineering professions.

The Women in Design and Environment Professions conference tackles some of issues that relate to women in the male-dominated design and environmental professions.

For example, Purcell will discuss "Smart Strategies for Women to Thrive in Science, Technology, Engineering and Math." The session is designed to help women understand better and overcome the social and psychological hurdles commonly experienced in male-dominated STEM fields, such as pressure intimidation, fear, and stress, to name a few. The presentation will also provide strategies to overcome obstacles common in STEM.

King will present a talk titled, "Women In High Places: The Fear of Success." This presentation will provide attendants with an understanding of success-sabotage and present a better perspective on how to deal with it, as well as how to support and supervise those who exhibit avoidance behavior.

Landers will give a talk on, "Strong but not Strident: Verbal and Non-verbal Communication." The presentation will help attendants identify communication traits unaware to them

that might be preventing them from achieving their goals. Landers will show how to develop the skills to be assertive without being the "B-word!"

The presentation schedule will be available soon at www.zweigwhite.com/conference/women-in-design-and-environmental-professions/index.php.

The program is being organized by Claire Keerl, principal and director of corporate marketing and Christine Brack, principal and director of consulting, both with ZweigWhite. The multi-day event will include roundtable discussions, focus groups, networking sessions, as well as keynote presentations by industry leaders.

Additional issues that will be covered include:

- Work/life balance
- Women as bosses
- Mentoring women in design, engineering, and environmental consulting
- Encouraging women to enter the profession
- Physical presence (how this impacts coworkers and clients)
- Career paths for women
- Women and the path to principal
- The age factor
- Alternative careers for women in design and environmental professions
- WBE status

For more information about this upcoming conference email Claire Keerl ckeerl@zweigwhite.com or log on to www.zweigwhite.com/conference/women-in-design-and-environmental-professions. ▲▲

The roster includes Diane Landers, vice president and chief marketing officer at GAI Consultants, Inc., Gerri King, social psychologist and organizational consultant, president of Human Dynamics Associates, Inc., and Karen Purcell, owner and founder PK Electrical.

TECH

Apps design professionals are using

A comprehensive list of apps for architects and engineers – and for practical use on and off the field.

By LIISA SULLIVAN
Correspondent

As the A/E industry becomes more and more mobile, architects and engineers are taking advantage of so-called “apps.” These mobile programs often help employees to do their jobs more quickly and accurately. So, whether an app is being used for drawing, calculating, or helping you to prepare for a LEED-certification exam, you might consider experimenting with some of these handy and useful applications.

FIVE APPS FOR ARCHITECTS

1) Sketchbook Mobile App: This is a master tool for drawing and design. This is a highly creative tool that allows you to even draw digital sketches on a napkin. It has the renowned SketchbookPro Software paint engine embedded, so you can achieve very high quality brush or fluid paintings. It has 45 preset brush types, like markers, pencils, texture brushes or felt pens. All the brush settings are fully customizable, so that you are allowed to express your drawings and sketches exactly the way you envision them. It is a highly useful tool for architects and graphic designers alike.

2) CAD Touch R2: This is an iPhone application that is very useful not only for architects, but engineers, designers or carpenters. Thanks to its high standard embedded technology, the app allows you to draw with great precision floor plans, calculate areas/perimeters, and build complicated diagrams. Whenever you are satisfied with your drawing, you can instantly send it through mail.

3) Architect’s Formulator: This is a very comprehensive and highly professional app that contains 200-plus useful formulas for architects. Some of the formula sections include: Acoustics, Room Absorption, Reverberation Time-metric or Time-feet, Cantilever

Vmax, Uniform Load Tree Spans, Weight of Fine Aggregate, Bricks Needed in 8-, 12- or 16-inch wall, Design, Seating Capacity Area, plus many more.

4) LEED Green Associate Flashcards: This is a highly educational tool brought to you by LEED Teacher. More and more, architects are being asked about eco-friendly and green technologies. So, taking the LEED Green Associate exam is an important step in a career. These educational flashcards are designed to prep for the exam.

5) Buildings App: A highly useful, map-like application, this app features all the important buildings from around the world. This is a quick reference guide for both starter and pro architects, and within seconds it allows the user to locate the building he/she is looking for with comprehensive explanatory notes attached and location on map.

FIVE APPS FOR ENGINEERS

1) HVAC Professional: This includes all 200 formulas of the HVAC Formulator and adds 18 charts, as well as the complete International Mechanical Code. It has a variety of sections including air change, airside, boilers, BTU conversions, ductwork, energy values, heating design, heating requirements, humidity, loads, pumps, steam, temperature, water-side systems, and area calculations.

2) Graphing Calculator: Useful for engineers and scientists, the Graphing Calculator turns the iPad into a high-resolution function plotter and scientific calculator. Some of its features include: quickly plotting and tracing multiple equations on the same graph, custom keyboard to speed up entering equations, pinch to zoom and drag or slide for scrolling the graph in real time, taking screen shots, and emailing graphs to yourself.

3) Engineering Unit Conversion: This unit conversion tool is specifically designed for engineers, scientists, and students. It offers dimensions engineers need on a daily basis with all the units they commonly use. They can also



Larry Belvin,
Senior Cost
Consultant,
PT&C.

input negative values when required for temperature and gauge pressures.

4) Finger CAD: This is a computer-aided design (CAD) application for technical drawing. With FingerCAD, engineers can draw houses, bridges, mechanical components, geometrical figures, and everything they can draw with a common PC CAD.

5) TurboViewerX: TurboViewer X is a DWG viewer that supports both 2D and 3D CAD DWG files. The app allows multi-touch navigation as you pan, zoom, and 3D orbit around your DWG and DXF files. To view drawing files, you can send an email with the DWG or DXF attachments directly to your iPad. Drawing files can also be viewed through FTP, Dropbox, iCloud, and other cloud-based storage systems.

MORE PRACTICAL APPLICATIONS.

Brett Haddon-Cook, department manager and a project manager with **Project Time & Cost, Inc.** (Atlanta, GA), an international team of cost engineers, program managers, and forensic consultants, supplied the following list of applications and the purpose each serves:

■ **MII:** Software for compiling and reporting cost estimate information (Note: PT&C, working with and for the US Army Corps of Engineers, developed MII and provides training)

■ **Success Estimator; HCSS Heavy Bid; RS Means Cost Works:** Software for compiling and reporting cost estimate information

■ **PACES:** Parametric cost estimating

■ **RACER:** Cost modeling

■ **Excel:** Cost estimating/reporting, various analysis applications (PT&C uses many of the MS office apps)

■ **Intergraph Smart Plant:** View design files for industrial process facilities

■ **REVIT:** View BIM files from designers for various types of facilities

■ **P3/P6:** Scheduling software

■ **MS Project:** Scheduling software

3-D MODELING. Larry Belvin, a se-

See APPS, page 12

Focus on responsiveness



Marc Warren

GUEST SPEAKER

It is to client service what location is to real estate.

In the 15 years spent helping our clients perfect the art of client service, we have interviewed thousands of their clients to learn if their needs were being met. Meeting clients' expectations and needs, after all, is a client service objective in all firms, and, in fact, the reason for being in business at all. Receiving effective and consistently outstanding client service impels existing clients to give a firm more work. And, if marketed correctly, a firm's client service can be a very valuable sales and marketing tool to attract new clients.

To most clients, it is a given that a firm can and will do the technical work they say they will do. However, the quality of a firm's client service is not a given. Providing outstanding client service can play a pivotal role in a project's outcome and can also strengthen client relations. It is one area in which a firm can distinguish itself from all other firms offering the same services.

From a firm's point of view, the elements of outstanding client service may be different than for the client receiving it. This disparity is often the cause of losing a client or having to use scarce and valuable internal resources for damage control to get a project back on track. These are the extreme results of poor client service.

Moreover, consider clients who may be frustrated with some aspect of working with a firm but who are not so frustrated they will stop working with them, at least not on a current project. What are these clients saying about that firm to their colleagues and

how much business is that firm losing by providing mediocre service?

The client service that matters the most to the organizations that hire firms is the service that occurs between the firm's project team (and supporting administrative staff) and their project team. It is imperative for a firm to know the quality of their client service at that interface.

There are several components of great client service but the one that surfaces the most is responsiveness – in all aspects. Responsiveness is to client service what location is to real estate.

Responsiveness is not complicated. It means the firm's project manager (or an assistant) returns a client's calls/emails in a timely manner, every time. It also requires:

- Asking clients at a pre-project meeting for the best way to contact them
- Designating two points of contact for the client
- Providing regular project updates
- Adhering to project timelines
- Asking clients during a project if things are going as anticipated

Incidentally, of all the reasons we have heard clients were either upset with a firm or would not hesitate to give them more work, no one has ever said it was due to a firm's website, brochures or other marketing materials or initiatives. While these are essential components of a firm's marketing strategy, they do not determine or affect the quality of the firm's client service. This begs the question, why is client service usually under the umbrella of the marketing/business development area of a firm?

Delivering great client service is not capital intensive, it is attitude intensive. A firm will be repaid many times over if the firm (at all technical and administrative levels) adapts an attitude and commitment in their processes to provide consistently responsive service where it matters most – between their project teams and each client's project team.

What projects or client relationships would benefit right now from your firm taking a critical look at the responsiveness and overall quality of the client service you are providing? ▲▲

MARC WARREN is the president of Customer Follow Up, Inc. Contact him at marc@customerfollowupinc.com.

The client service that matters the most to the organizations that hire firms is the service that occurs between the firm's project team (and supporting administrative staff) and their project team. It is imperative for a firm to know the quality of their client service at that interface.

Merger compatibility



Hobson
Hogan

F&A
ADVISOR

When the sky is a different color on the other side, the likelihood of coming to an agreement is pretty low.

In today's environment, many firms believe that they must become more diversified and larger to compete. In most cases, firms turn to mergers and acquisitions as a way to fill this strategic objective. Merging with similarly sized firms has become the preferred path to achieve this strategic objective because it typically allows the firm to fill its need in one transaction, as opposed to finding several smaller targets over a longer period of time. With most firms coming off several down years in a row and the industry in a tepid recovery at best, a stock swap is a very compelling option for firms of all sizes because it does not involve cash flowing out of the coffers.

In a stock swap, two firms can trade in their old stock for stock of a "NewCo," which will own the assets of the two predecessor firms. Another option is simply to have one firm issue new shares that it will use as payment for the stock of the acquired firm. Typically, the acquirer is the larger firm; however, smaller firms may have some legal or accounting advantage to becoming the acquirer. The mechanics of the transaction are important, but the structure that investment bankers, accountants, and transaction attorneys come up with is secondary to finding a merger partner that your firm will be compatible with.

Firms looking for merger partners typically start by searching firms that have capabilities they want

in an attractive geography. Their strategy may involve adding services to their current footprint or extending services to new parts of the globe. Once they have targets that look attractive, then firms usually start probing into the target's culture: Is it design centric, is it run by architects or engineers, are they client-focused? These are all important questions, though it is rarely the reason that firms cannot come to an agreement. The number one reason why firms cannot come together is price.

A transaction not happening because of price? Shocking! I know this sounds pretty simple; however, it is a bit more nuanced than the greed or thriftiness of one side of the equation. When merging two firms, you have to merge two separate internal transition plans. The key indicator of whether a transaction will occur or not is how aligned or divergent the buy/sell agreements are. If one firm values itself very conservatively, it could find it difficult to pay a fair market value to a merger partner because it would dilute its current ownership. Conversely, a firm that has a culture where stock ownership is kept affordable, yet distributes a significant amount of its earnings every year, will find a firm that relies on capital appreciation as its primary return on investment to be incompatible with its corporate culture.

The fact is that ownership is the most powerful of all incentive plans. When searching for a merger partner, finding a firm that "checks off all of the strategy boxes" is simply the first step. In a merger, both sides should determine very early in the process how the merger partner implements its buy/sell process. Two divergent views of how new owners are brought in and current owners are bought out will not likely be overcome in the negotiation process.

Having the same accounting system, offices that you can consolidate, or complementary markets is nice. However, these factors are not typically what push a deal over the top. Two things are necessary to strike a deal – an agreement on price and terms. When the sky is a different color on the other side, the likelihood of coming to an agreement is pretty low. That is unless someone decides to pay cash. It is, after all, still king. ▲▲

W HOBSON HOGAN, a senior consultant at ZweigWhite, assists AEC firms with strategy formulation and ownership transfer issues, including buyer and seller representations. Contact him at hhogan@zweigwhite.com.

Published originally in the August, 2012, issue of CE News, a ZweigWhite publication.

The key indicator of whether a transaction will occur or not is how aligned or divergent the buy/sell agreements are.

AWARDS

AIA announces Honor Awards

Recognize Excellence in Architecture, Interiors, and Urban Design.

The American Institute of Architects has selected the 2013 recipients of the Institute Honor Awards, the profession's highest recognition of works that exemplify excellence in architecture, interior architecture and urban design.

Selected from over 700 total submissions, 28 recipients located throughout the world will be honored at the AIA 2013 National Convention and Design Exposition in Denver.

2013 INSTITUTE HONOR AWARDS FOR ARCHITECTURE

- Art Stable, Seattle. Olson Kundig Architects
- The Barnes Foundation, Philadelphia. Tod Williams Billie Tsien Architects
- Boat Pavilion for Long Dock Park, Beacon, N.Y. Architecture Research Office (ARO)
- Centra Metropark, Iselin, N.J. Kohn Pedersen Fox (KPF)
- Clemson University, Lee Hall College of Architecture, Clemson, S.C. Thomas Phiifer and Partners
- Mason Lane Farm Operations Facility, Goshen, Ky. De Leon & Primmer Architecture Workshop
- Milstein Hall, Cornell University; Ithaca, N.Y. OMA
- Morse and Ezra Stiles Colleges, New Haven, Conn. KieranTimberlake.
- The New York Public Library - Exterior Restoration, New York City. Wiss, Janney, Elstner Associates, Inc.
- Saint Nicholas Eastern Orthodox Church, Springdale, Ark. Marlon Blackwell Architect
- Vancouver Convention Centre West, Vancouver, B.C. LMN Architects + MCM/DA

2013 INSTITUTE HONOR AWARDS

FOR INTERIOR ARCHITECTURE

- Blessed Sacrament Chapel and Abbey Church Pavilion – Modifications to Marcel Breuer's 1961 St. John's Abbey Church Project; Collegetown, Minn. VJAA
- BNIM Iowa, Des Moines. BNIM
- Charles Smith Wines Tasting Room and World Headquarters, Walla Walla, Wash. Olson Kundig Architects
- Chicago Apartment, Chicago. VJAA
- Doc Magic, Torrance, Calif. RA-DA
- Lamar Advertising Corporate Headquarters, Baton Rouge, La. Eskew+Dumez+Ripple
- McAllen Main Library, McAllen, Texas. Meyer, Scherer & Rockcastle, Ltd. (MS&R)
- PACCAR Hall (interior), Foster School of Business, University of Washington, Seattle. LMN Architects
- Todd Bolender Center for Dance and Creativity, Kansas City, Mo. BNIM

2013 INSTITUTE HONOR AWARDS FOR INTERIOR ARCHITECTURE

- Burnham Place at Union Station Master Plan, Washington, D.C. Shalom Baranes Associates, PC HOK
- Coal Harbour Convention District, Vancouver, B.C. LMN Architects + MCM/DA
- The Great Lakes Century – a 100-year Vision, Great Lakes Region. Skidmore, Owings and Merrill
- Nanhu New Country Village Master Plan, Nanhu District, Jiaxing, China. Skidmore, Owings & Merrill
- National September 11 Memorial, New York City. Handel Architects
- Parkmerced Vision Plan, San Francisco. Skidmore, Owings & Merrill
- Rock Street Pocket Housing (RSPH), Little Rock, Ark. University of Arkansas Community Design Center
- Superkilen, Copenhagen, Denmark. BIG - Bjarke Ingels Group.

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.

ENGINEERING SALARY SURVEYS: The 2013 "Engineering Firm Salary Surveys" are the most up-to-date and comprehensive compensation survey reports for engineering firms operating in each region of the U.S.

Based on data from a broad sampling of engineering firms in the region reporting salaries for all positions, these reports are the new standard for firm leaders and human resources directors looking to benchmark their staff's compensation against their peers.

- Choose from these regional editions:
- Northeast & South Atlantic edition
- Central (north & south) edition
- Mountain & Pacific edition

For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/p-1159-salary-surveys-of-engineering-firms-2013.php.

RETENTION

When an employee asks for something

Productivity- and time off-related requests top-off employee wish lists.

By BRYAN SULLIVAN
Correspondent

While focusing on the balance sheet and backlog are top priorities for any business, these items may be negatively affected if you have unhappy employees. That's why it's important to make sure your employees' requests are being met to the best of your ability. It's important to listen and then sift through them to prioritize the most important ones – those are usually the ones that will help the employee to do their job better and more effectively. Whether its flex-time, new technology, professional training or simply better coffee... listening is half the battle in keeping your staff content.



Carla Erickson,
Director of HR,
Withers
& Ravenel.



Mary Cannon,
COO, Allen
& Shariff.

MEET REQUESTS AND YIELD RESULTS. Eileen Pannetier, president of **Comprehensive Environmental, Inc.** (Merrimack, NH), a 30-person civil engineering and environmental consulting firm, says that the company strives to create a work environment that staff appreciates and to provide the technology that people need to work efficiently and to produce results that they can be proud of.

“As we grow our business and create new avenues for business we most often receive requests for new software and field equipment based on the needs of our clients and potential clients,” Pannetier says.

She adds that the company also provides free Keurig coffee, ergonomic chairs, large-screen monitors/multi-screen stations and professional development training in many areas.

HIT THE ROAD WITH SMARTPHONES. Ruth Robinson, director of human resources at **Kennedy/Jenks Consultants** (San Francisco, CA), a 450-person full-service, multidiscipline engineering and environmental science consulting firm, says that she most often gets requests from the staff members who are on the road a lot.

“They typically ask for iPhones and very lightweight laptops,” she says. “Smartphones keep people connected faster/better and lightweight laptops are both convenient and easier on aging backs.”

For staff that is primarily based in-house, Robinson says that employees often request two monitors on their desks in addition to larger monitors.

SEVEN TIPS FOR PREVENTING EMPLOYEE VACATION SCHEDULING NIGHTMARES

HRDirect is an organization that develops and markets personnel products for businesses throughout the United States. Its products help companies organize and manage human resource functions, motivate employees, and stay in compliance with state and federal labor laws. The company provides advice when it comes to managing vacation time and paid time off.

HRDirect acknowledges that handling employee vacation scheduling and leave conflicts can be a nightmare. But some advance planning and some clear policies can make that easier to manage.

First, accept the fact that you can't please everyone.

Next, consider the following actions to minimize problems with both vacationers and those who will cover for them while they're gone. Do the following:

- 1) Discuss your employee vacation policy during the hiring and orientation process and provide employees with written vacation policies and procedures. Highlight the peak work periods during which vacations may be prohibited or restricted. If there are any conflicts with major religious or prior commitments, discuss them at that time to prevent surprises later on.
- 2) Clarify management's right to rearrange employee vacation schedules to meet in-house demands and changing market conditions. But be careful not to use this to unduly restrict employees from prime vacation periods.
- 3) Set a deadline for submitting vacation requests that gives you enough time to project how employee absences might affect production schedules and delivery dates to resolve any conflicts. Depending on your business, this could be anywhere from a month to a year in advance.
- 4) Prepare for the absences. If colleagues will cover vacationers' jobs, make sure those taking time off provide a summary of work in progress, major responsibilities, key contact information, how to access related files, and other pertinent data to meet crucial deadlines. Provide a checklist of needed items to help soon-to-be vacationers focus on what they need to set up/leave behind.
- 5) Parcel out vacationing employees' duties among several colleagues.
- 6) Offer premium pay, bonuses, or other employee incentives to those who agree to work during the most popular vacation periods when too many employee absences could be bad for business.
- 7) Allow workers in identical positions to trade off vacation dates among themselves, so long as it won't jeopardize production schedules or quality of work.

See EMPLOYEE, page 10

ON THE MOVE

PARTNER HIRES: Partner Engineering and Science Inc. (Torrance, CA), a 200-person environmental and engineering consulting firm, has hired industry veteran **Cody Taylor** as principal and national client manager. Taylor will be based in one of the firm's new offices located in Fresno, Calif.

With more than 17 years of experience in the environmental and engineering consulting industry, Taylor's new position consists of managing national due diligence assessments for SBA, lending institutions and residential, commercial and retail developers. He will also be responsible for pushing the firm further into the agricultural environmental services industry.

Prior to joining Partner, Taylor worked at two former Engineering News Record Top 500 Design firms as well as a Fortune 500 firm. During his tenure in the environmental and engineering consulting industry, he has served as a field project manager, client manager, regional manager, national client manager and national division manager overseeing, managing, coordinating and reviewing over 10,000 national environmental and engineering assessments.

With extensive experience managing all aspects of environmental and engineering due diligence assessments, Taylor has worked with national and regional clients, including food and retail franchises, residential and commercial developers, mortgage and real estate brokers, national property management corporations, individual property owners and buyers and financial institutions.

"I am very excited to be a part of the Partner team and I look forward to taking the helm as we continue to expand our services to agricultural producers and agribusinesses," Taylor said. "There is no question that our ability to provide superior and all-encompassing service to our customers will allow us to increase our market share in and around the Fresno area to both regional and national companies."

FINLEY PROMOTES: Robert Alonso, was promoted to office manager for the Orlando office at **Finley Engineering Group, Inc.** (Tallahassee, FL). Alonso will be responsible for the Orlando office business activities, project management and staff supervision for complex bridge design projects.

"Since joining FINLEY, Robert has expanded his expertise in complex bridge design, construction engineering and project management. He is a solid project manager, good leader and has excellent client relationships," said Craig Finley, managing principal. "In addition, Robert is becoming recognized by the industry for his exceptional client service and expertise. He has been asked to speak later this year at the 30th Annual International Bridge Conference on the construction of the US 281 Bridge Replacement over the Colorado River."

EMPLOYEE, from page 9

MORE PTO PLEASE. Carla Erickson, director of human resources at **Withers & Ravenel** (Cary, NC), a 100-person full-service civil and environmental consulting engineering firm, told us that the most frequent request she receives is for more PTO time.

The firm's policy states that an employee can take off time as they accrue their PTO hours.

Erickson explains, "Our policy has a clause that allows individuals to 'go in the hole' for up to 40 hours."

That basically means that the employee is taking time that he or she has not actually accrued, but can pay back.

The US-281 Bridge Replacement in Marble Falls, Texas, is a key project where Alonso is serving the project manager providing construction engineering services for this bridge.

Alonso is also the project engineer responsible for providing bridge design and construction engineering services for the Antlers Bridge Replacement in Shasta County, Calif. This \$125M cast-in-place prestressed segmental box girder superstructure consists of five spans, 1,942 feet long and 104 ft. wide. This challenging structure is being constructed on a new parallel alignment over a lake which involves seasonal water level fluctuations.

For another unique and challenging bridge project, Alonso was the project manager responsible for the design of a widening scheme and temporary support structure for the side launching the Checkered House Bridge in Richmond, Vt. This design-build bridge rehabilitation project widens the 83-year-old, 350-foot long bridge by 12 feet using a launching sequence on rollers while supported by temporary falsework. This is the first time such a technique has been tried on such a large steel truss bridge.

Alonso has more than seven years of experience in preliminary and final design, construction engineering and project management. He has worked on numerous FINLEY bridge design and construction engineering projects throughout the United States and internationally on a wide variety of bridge and temporary works structures that include concrete segmental, cable-stayed, steel box and plate girder bridges as well as routine structures.

CARROLL APPOINTS: The Carroll Engineering Corporation (Warrington, PA) board of directors announced that two new shareholders have been added to the ownership group of the consulting engineering, planning, surveying, and landscape architecture firm.

"The Board is extremely excited about this opportunity to offer shares of stock to two more employees," said Kenneth Heydt, president of CEC. "We are looking forward to their infusion of ideas shaping the future direction of the Company, and to allow for the continued succession of leadership from within that has been a foundation of success at CEC."

The new stockholders are:

Thomas Fik, manager of the Hillsborough, N.J. office. He has 20 years of engineering experience and began with CEC in 1995 as a design engineer and was promoted to office manager in 2011. Fik is responsible for all work performed in the New Jersey office.

Jean Marie Tucker, the accounting department manager with CEC. She has over 27 years of experience in all aspects of accounting. Tucker joined CEC in 2008 and became department manager in 2009.

"This was written more for those occasions for new hires who would have vacations planned prior to coming on board as an employee, or for emergency situations that may occur," she says. "I believe this part of our policy tends to be stretched to the limits from what its original intent was actually designed for."

LET'S BE FLEXIBLE. Mary Cannon, COO at **Allen & Shariff** (Columbia, MD), a 90-person design, build, manage service provider, says that flex time is the top talk of their employees.

"Work-life balance is highly valued by our management and employees," Cannon says. "Offering flex time has benefited us in attracting and retaining talented employees." ▲▲

LAW

The costs of reporting and regulation

If not adhered to, regulations can have costly consequences beyond what it costs to obey them.

By LIISA SULLIVAN
Correspondent

When it comes to reporting and regulation, firms vary in what does and does not affect their bottom lines. Health and safety seem to be the primary areas of concern.

HEALTH AND SAFETY PRACTICES.

Nancy Bean, health, safety and environment manager USA West for **GHD** (Santa Rosa, CA), a 6,500-person engineering, architecture and environmental science firm, says that workers' compensation claims and Occupational Safety and Health Administration (OSHA) violations seem to have the greatest affect on the firm's bottom line.

1) Worker's compensation claims:

"Too many claims, or outstanding claims, can raise your experience modifier rate (EMR), which is information that is requested when pursuing new jobs," she says. "It reflects health and safety practices within the company and the lower the rate the less of a risk you pose to a prospective client. So this could affect a company's ability to gain work."

Additionally, Bean explains that an EMR that is greater than 1.0 or 1.25 becomes a red flag for OSHA and can prompt "a surprise visit" or inspection

of your facility or job site/s.

"If you are running a good operation, you don't have much to worry about except for the fact that you really do need to understand the OSHA inspection process and how to respond to an inspector when they show up. Should the company be fined, it could not only cost money, but could also possibly damage your reputation," she says.

2) OSHA violations: "OSHA violation citations can be very costly, particularly to a small business," Bean says. "A company that has received repeat, willful, and serious violations ends up on an OSHA inspector's 'list' and will surely be watched and inspected during the course of the next few years. Usually, there is some sort of injury, incident, or complaint that occurred in order to alert OSHA."

Here is a link to some inspections that resulted in citations: www.dir.ca.gov/dosh/citation.html.

Note that the page indicates that the penalties were \$100,000-plus or were of significant interest to the media/public.

"So, not only do you have the out-of-pocket expense, but you have the expense of your reputation and the ability to retain or gain clients," Bean says.

PRICE REPORTING INTO RATES.

Roy Mitchell, CFO at **MBP** (Fairfax, VA), a 256-person multi-disciplined construction consulting firm, says that the company's regulation and reporting efforts include:

1) ARRA (American Recovery and Rein-

vestment Act) reports on a quarterly and monthly basis;

2) U.S. General Services Administration Industrial Funding Fee (IFF) reports on gross labor billings for projects utilizing the GSA Schedule; and

3) Local tax returns.

"Impacts to the bottom line are minimal as IFF fees are generally priced into our rates and reporting efforts are managed by our accounting team," Mitchell says.

LOOKING TO THE FUTURE.



Brian Bowers, President, Bowers + Kubota Consulting.

Brian Bowers, president of **Bowers + Kubota Consulting** (Waipahu, Hawaii), a 120-person architectural and engineering design firm, looks to the future of reporting and regulation. He says that he believes that the Patient Protection and Affordable Care Act (PPACA), commonly called Obamacare or the federal health care law, will have a significant effect on small business.

"Businesses in Hawaii have already been under a healthcare mandate since 1974 because of the Hawaii Pre-Paid Health Care Act," he says. "Under this law, businesses are required to offer health insurance to employees who work more than 20 hours/week."

The new federal law has a 30 hour/week minimum starting in 2014.

"While our firm actually provides fully paid healthcare coverage for our employees and their families as part of our firm's benefits and our corporate philosophy of being a 'Best Place to Work,' I do anticipate that many small firms will struggle with the cost of mandated health insurance coverage for employees once the Federal Law is fully implemented," Bowers says. ▀▀

"OSHA violation citations can be very costly, particularly to a small business. A company that has received repeat, willful, and serious violations ends up on an OSHA inspector's 'list' and will surely be watched and inspected during the course of the next few years."

TRANSACTIONS

SSOE AND EVERGREEN MERGE: **SSOE Group** (Toledo, OH), a global engineering, procurement, and construction management firm, and **Evergreen EDC** (Hillsboro, OR), a 300-person multidiscipline engineering, design, and construction management firm, announced a merger of the firms. The merger will expand both firms' geographic reach as well as provide their clients access to enhanced services and resources. The merged entity will operate under the SSOE Group name after a brief transition period.

Ranked No. 2 on Portland Business Journal's list of "Top Engineering Firms" (2012), Evergreen EDC has five offices throughout the U.S. (Oregon, New York, California, New Mexico, and Arizona). Since 1985, they have been providing innovative engineering and design services to the semiconductor, solar/photovoltaic, life sciences, advanced technologies, laboratories, and data center industries. Evergreen EDC's depth of experience complements SSOE's presence in their core markets. With the addition of Evergreen EDC's five locations, SSOE will have a total of 28 offices across five countries.

"SSOE and Evergreen EDC have a history of proven success together. Both firms share a common culture of delivering value and Great Client Service. This merger makes available more resources to support both SSOE and Evergreen EDC clients by expanding the range of services offered and our geographic reach," said Tony Damon, CEO of SSOE.

"The additional technical resources that this merger brings will increase our ability to meet accelerated schedules, broaden our range of technical services, as well as enhance our initiative in 3D BIM technology and Lean design. SSOE's broader U.S. and global footprint will allow us to support our clients across the U.S. and around the world," said Todd Alsdorf, president and CEO of Evergreen EDC. He continued by assuring that clients of both firms will see the transition as seamless. "We are already working closely together and know each other's systems. Our first priority, as always, is the success of our clients and their projects."

Operationally, reporting structures of the two firms will remain the same within the merged entity. All principals from both firms will maintain an active role in the merged organization. Client contacts and support teams will not change. Damon will act as CEO while Alsdorf will assume a position on SSOE's board of directors and management of the new Advanced Technology strategic business unit housing existing Evergreen EDC employees.

HUITT-ZOLLARS BUYS: **Huitt-Zollars** (Dallas, TX), announced that, as of Dec. 31, 2012, the firm of **Morris Architects** (Houston, TX), has become an operating entity of Huitt-Zollars, Inc.

"This transaction will significantly diversify our building design capabilities," said Bob Zollars, founder and CEO of Huitt-Zollars. "We are committed in the coming years to providing a truly integrated, balanced offering that delivers quality architectural and engineering services to both new and existing clients."

Morris, which will continue to provide services under its current name and leadership, is entering its 75th year of continuous practice as an architectural, interior design, landscape architecture, and planning firm, ranked in the top 10 largest architectural firms by The Houston Business Journal "Book of Lists." Morris' primary markets include commercial development, corporate offices, higher education, healthcare, entertainment, and hospitality. Morris is well known for its dedication to design excellence, with numerous national and local design awards from organizations including the Boston Society of Architects, the American Institute of Architects Houston Chapter, the American Society of Landscape Architects, and the Texas Society of Architects. Among their largest current commissions is the design of the new 1,000 room Marriott Marquis convention center hotel in Houston.

"Our current clients will find our commitment to service unchanged, and we are excited about the opportunities this presents for extending our market sector expertise and design skills to new cities, new clients, and new markets," said Chris Hudson, former CEO of Morris, now senior vice president and co-leader of Huitt-Zollars' Buildings practice group.

TERRACON BUYS: **Terracon Consultants, Inc.** (Olathe, KS), a 2,800-person engineering consulting firm, announced the acquisition of **The Liesch Companies – Environmental Consultants & Engineers** (Minneapolis, MN).

Founded in 1968, Liesch provides a full range of environmental services, including industrial hygiene, industrial water and wastewater, air quality, acquisition due diligence, environmental compliance, environmental engineering, solid waste and Brownfield services. Client sectors include agribusiness, airports, alternative energy, commercial real estate, facilities, government, healthcare, industrial, infrastructure, legal, mining and waste. Liesch has additional offices in St. Paul and Phoenix.

"We are excited to be joining forces with Liesch to expand our environmental services to clients," said David Gaboury, president and CEO of Terracon. "Their employees deliver expertise and service that is responsive and thorough with successful results. Their track record speaks for itself."

Terracon is retaining Liesch's 50 employees. Liesch will continue operating under the same name.

"Over the last 44 years, we have built our reputation on providing quality environmental engineering and consulting services," said Brian Liesch, CEO and managing principal of Liesch. "As we extend the same quality services to a larger market, merging with Terracon will allow us to continue to meet the diverse needs of our clients."

APPS, from page 5

nior cost consultant with PT&C, says that on several recent large projects, the company's cost engineers were provided 3D computer-based models for estimating rather than the traditional 2D plans.

"The key to productively using this environment for estimating is setting up a shot in 3D software and capturing the screen image," he says. "The programs of choice for image capturing and handling are Snagit by Techsmith Inc. and Microsoft Office Publisher. These images, shared with the team and combined with takeoff outputs generated from the 3D model, allow for rapid estimating turnaround." ▲▲

MERGER & ACQUISITION SURVEY: Is your firm considering a merger, an acquisition, or a sale? Or have you recently completed a merger or acquisition transaction? If so, then you'll want to see the survey results in the 2012 "Merger & Acquisition Survey of Architecture, Engineering, Planning & Environmental Consulting Firms." The 22nd edition of this comprehensive report includes all the latest data on the state of merger and acquisition activity in the design and environmental consulting industry. Whether you want to get a projected value for your own firm or one you're looking to buy or you want to find out how the details of the deal you recently made compare to other similar deals, this report has the answers you need. For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/p-1131-merger-acquisition-survey-2012.php.