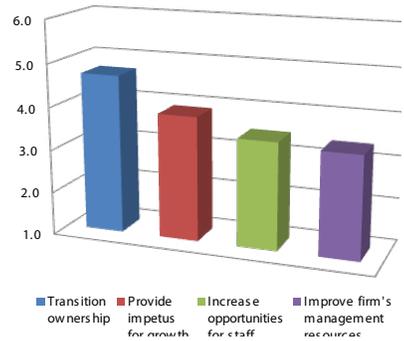


The art of the sale

Sometimes it's more about gut, patience, clarity and follow-up than just following recipes.

TRENDLINES

Checking out



Ownership transition and increasing opportunities for staff are the most important objectives that firm leaders hope to achieve through a firm sale, according to the 2013 "Merger & Acquisition Survey." On a scale of 1 to 6, transition ownership ranks an average of 4.7 while providing impetus for growth ranks a mean of 3.9 in importance. Following close behind are such goals as increasing opportunities for staff and improving firm's management resources, which both rank 3.5 and 3.4, respectively.

— Margot Suydam, Survey Manager

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I am talking about closing the deal – getting the client to “sign on the line that is dotted!” (to quote an Alex Baldwin line from the 1992 film, “Glengarry Glen Ross”).



Mark Zweig

EDITORIAL

You can talk all you want about the science of selling (and believe me, there is a body of knowledge on the subject), but when it comes down to it there's no getting around the fact that it is also equal parts art.

Let's preface this discussion by stating that I don't think just anyone can sell A/E or environmental services. By “sell,” I am not referring to what is commonly called “bird-dogging” in our business – where you find and qualify a prospect that you then turn over to someone else to close. I am talking about closing the deal – getting the client to “sign on the line that is dotted!” (to quote an Alex Baldwin line from the 1992 film, “Glengarry Glen Ross”).

Closing the deal takes more skill and is definitely harder to do. Here are my thoughts:

- 1) You have to be talking to the right person in the first place.** No amount of science on selling is going to help you if you aren't selling to the decision-maker. Don't waste time with the wrong person(s).
- 2) Enter as high up in the organization as you can.** I have always believed

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FOCUS ISSUE EXPANSION

The impetus behind new offices; managing systems across multiple offices; tracking performance across offices

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and still do that if you can sell to the founder/CEO/top administrator in the agency/etc., then they will *force* the decision down through their ranks. Maybe “force” isn’t a good word – let’s say “sell” you down through their ranks instead. Either way, it’s always harder clawing up than it is falling down.

3) Selling is always easier and fees will be higher if they call you versus vice-versa. This is fundamental to the “art.” The relationship is different all the way through when they came to you looking for help versus you going to them looking for work. That’s why I have always been such a fan of brand-building and positioning activities so no “seller” ever has to make a cold call. Instead, they react to opportunities, define client needs, and close.

4) Use a pre-close test to gauge any potential resistance. This is asking questions such as, “When would you like us to start working on this project?” or making a statement such as, “Our fees will probably be around \$50K give or take \$5K” to see how the client responds.

5) Sometimes it is best to start with a small sale first that can lead to a larger sale later. It’s kind of like when a restaurant gives you a little taste of wine in an attempt to sell you a whole bottle. There’s nothing like easing the client into working with you. A paid two-day design charrette may be the way to get the whole job. Or doing a \$3,000 audit of some sort may be a good door-opener. Or even just a paid one-day consultation might clear the path for a larger sale later.

6) Minimize mid-sale surprises. This means you have to be careful quoting any kind of prices or schedule too early in the process unless you are absolutely certain you can live with that. By the same token, if you don’t get some idea of what the client’s budget and schedule are and what it is going to cost them/how long it will take out there early enough there could be a disconnect. It’s all in the art of the sale process.

7) The “close” is so much easier if the proper expectations have been set very early on. When you are dealing with the right people, have been forthright, expectations are clear, and trust is high, closing will be a formality and easy to secure.

The best sellers don’t lose it at the end.

8) Gauge post-sale satisfaction early on to minimize chances of cognitive dissonance setting in. Make a call or visit early in the project to see how the client is feeling about their decision to work with you. Deal with any problems then versus later. ▲▲

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

A/E BUSINESS NEWS

DODGE SHINES: The Dodge Momentum Index rose 2.7 percent in January, 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 January increase for the Momentum Index marked its second monthly gain in a row, lifting it to 97.6 – the highest reading since mid-2010. This recent upturn follows a moderate decline for the Momentum Index that took place from August through November, when uncertainty related to the November 2012 elections and the looming fiscal cliff generally dampened investment. With the election results final and the fiscal cliff averted for the time being, plans for nonresidential building projects that may have been deferred are now moving ahead.

January’s increase for the Momentum Index relative to December was the result of stronger activity for both its commercial and institutional segments. The 3.1 percent gain for the institutional segment in January was driven by a surge in new hospital projects entering the planning pipeline. These included a \$202 million second phase to the Advocate Christ Hospital Patient Tower in Illinois and an \$80 million expansion at the Geisinger Medical Center in Pennsylvania. The 2.3 percent gain for the commercial segment in January reflected an uptick in plans for new offices and stores. These included such projects as a new Chevron Office Complex in Texas and a mixed-use tower in San Francisco, which entered planning.

ECOBUILD COMING TO INDIA: Ecobuild India, the international sustainability conference and exhibition program at the Bombay Exhibition Centre from April 16-18, will be one of the largest events for sustainable design and construction in the built environment.

Ecobuild India will bring together a wealth

of top sustainability experts to debate and share their unique perspective on the agenda for India’s sustainable future and the hot issues in the built environment.

Designed to inspire, educate and inform, the three-day dual track conference program will feature key industry speakers, government officials, academics in cutting-edge debates and high-level discussions to cover topics such as “Tackling climate change - what’s the best strategy for India?”; “The key challenges before the government in balancing environment and development? Resolving the water conundrum”; “Collaboration in the area of energy poverty, Protecting our rich biodiversity among other issues.”

The prominent speakers include: Chandrashekar Hariharan, CEO, Biodiversity Conservation India Ltd.; S. Padmanabhan, director, South Asian Regional Initiative for Energy, senior energy advisor, USAID/India; Aaron Schwarz, managing director, Perkins Eastman; Architect Yatin Pandya; Architect Ashok Lall; Arun Kumar, MD, Sun Power; Anil Gupta, Prof. Indian Institute of Management, Ahmedabad; Dipankar Dey, Indian School of Business, Kolkata; Prof. Rajiv Mishra, principal, J J School of Architecture; N K Ranganath, managing director, Grundfos India; Manit Rastogi, managing director, Morphogenesis; Aamer Azeemi, managing director, Emerging Solutions Advisory, CISCO; Mili Majumdar, director, Sustainable Habitat Division, The Energy & Resource Institute; Niranjana Khatri, GM, ITC Hotels, among others.

For the full program line-up, please visit www.ecobuild-india.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

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TOP PLAYER

The 'Golder Excellence'

Hot Firm doesn't respond to investors and takes the long view.

As the headline reads, **Golder Associates** strives for excellence. "Golder Excellence" stands for technical quality and client service, a motto the employee-owned global 8,000-person consulting, design, and construction services firm founded in Toronto in 1960 lives by every day.

Golder is No. 21 on **THE ZWEIG LETTER** 2012 Hot Firm List.

Here, Brian Conlin, president and CEO, talks about how being employee-owned allows Golder to focus on the long term, how market volatility makes geographic and market diversification important, and other major trends in the industry.

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

Brian Conlin: It is rewarding because our business growth is a confirmation that our services are in demand and that our brand and reputation are strong.

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

BC: I think this can be valuable as a recruitment tool. Fast-growing companies are places of opportunity, and are therefore attractive to 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?

- 1) We have a strong culture rooted in our purpose, vision and values, which influences our business decisions and strategic plans.
- 2) Our commitment to what we call "Golder Excellence" – that's our name for the combination of technical quality AND client service that we believe helps us build lasting relationships with our clients.
- 3) Most importantly, employee-ownership, complemented by distributed leadership: Golder is 100 percent employee-owned, which allows us to take the longer term view. We're not trying to meet short-term earnings targets to satisfy the needs



Brian Conlin, President and CEO, Golder Associates.

"Our clients and projects are getting bigger and their needs more sophisticated. We need to be able to deliver a consistent level of technical quality and client service, regardless of geography or type of service."

of external investors who don't have a connection to our organization. And we are led by an engaged group of principals and associates from around the world who have an important ownership stake in the organization and help to shape its direction, and who are guardians of our culture.

TZL: In 10 years, do you think you will still be a Hot Firm?

BC: It's difficult to predict whether we will be a Hot Firm in 10 years – there are so many factors that can affect growth rates. I do feel confident in saying that in 10 years we will continue to be a successful employee-owned firm, making decisions that are rooted in our values.

TZL: What are the major threats to business success today?

BC: Market volatility, such as the pressures on commodity prices, can create uncertainty for our business, making geographic and/or sector diversification important.

The drive by some major client organizations to "commoditize" the professional services we offer and focus only on price is another threat. We need to be efficient in how we run our business, but cost can't be the only factor – it has to be balanced against the value of our contributions: technical quality, client service, impact on the environment and other considerations.

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

- 1) **Globalization of our clients.** Our clients and projects are getting bigger and their needs more sophisticated. We need to be able to deliver a consistent level of technical quality and client service, regardless of geography or type of service.
- 2) **Changing demographics/demand for talent.** If we want to continue to meet the needs of our clients, we need to have the right people in the right roles and give them the tools they need to be successful. It starts with having a compelling employee promise that appeals to different generations of workers – and then meeting that promise.
- 3) **Sustainable development.** We are operating in an era in which the social and environmental performance of

See TOP PLAYER, page 4

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 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.

TOP PLAYER, from page 3

“Be interested – explore different aspects of your business, be mobile, be willing to take on new opportunities.”

organizations is just as important as their financial performance. The work we do for our clients gives us a unique perspective on the challenges of sustainable development. The services most needed today to solve challenging technical and societal issues in sensitive environments are services that we provide. This presents a world of opportunity for our company, and our people, to fulfill our purpose of, “Engineering Earth’s Development, Preserving Earth’s Integrity.”

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?

BC: While I was in high school, I worked on a farm. That job taught me about servant leadership, how farmers provide and lead from the ground up. I also learned about the importance of seeking clarity (or being clear) about what needs to be done to achieve success – like learning how to stack a load and not to let the bales of hay become unstable, or you have a big mess in front of you!

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

BC: Victor Milligan, one of Golder’s founders, was a great mentor to me. I learned a lot from his way of doing things, and from his passion for excellence and integrity. The advice and coaching he gave me and the knowledge he shared

helped me to excel and build a fulfilling career with Golder.

TZL: What’s the one trait you most admire in people and why?

BC: I admire honesty and integrity, because they are vital for building trusting relationships.

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

BC: I have had a lifelong passion for music, and when I was much younger, I played a couple of instruments – the piano, the organ, but especially the guitar. I had always played by ear. I decided that I wanted to learn how to play classical guitar, and I knew that I’d have to learn how to read music to be successful. When I was practicing, I had to force myself to read music instead of relying on playing by ear. It was a real struggle.

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?

BC: Be interested – explore different aspects of your business, be mobile, be willing to take on new opportunities. Whatever you do, don’t be afraid to ask questions. If you don’t understand something, keep asking. Better to ask the “stupid question” to get the clarity you need to do your job well than to do it poorly because you’re afraid to admit what you don’t know.

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

BC: How do you maintain the same level of quality and pride of contribution when you’re in a period of such rapid growth? ▲▲

EXPANSION

The impetus behind new offices

Whether it is to serve the entire country or to enhance regional services, expansion should be always aligned with firm strategy.

By LIISA SULLIVAN
Correspondent

When it comes to opening a new office, most firms agree that local connections are vital to a new location's success and decisions are never entered into lightly.

COMMUNITY ENGAGEMENT. Tony Rohr, national managing principal, **Gould Evans** (Kansas City, MO), a multidisciplinary design firm, says that opening a new office in New Orleans was a natural fit.



Tony Rohr,
National
Managing
Principal,
Gould Evans.

"We don't want to grow just for the sake of growing, we want to grow to be successful."

Currently Gould Evans has six locations (including New Orleans) and 100 employees.

Rohr explains that all of the locations are in interesting cities with temperate climates, high growth, and heritage architecture.

Right now Gould Evans is subletting a space in New Orleans, but plans to build its own space in the city in the spring.

"After Hurricane Katrina, we did a lot of work in the city," Rohr says. "We worked in the area for a number of years and established connections with local talent. As a result, we kept an eye

on the market as we had already built some credibility in the region and it would have been a shame to let that go. We hated to say, 'We're done here.'"

So, it was a natural move to have a more formal presence.

"It is our goal to grow the office organically," Rohr says. "We want to work with people from the area. New Orleans is one of those cities that responds better to local talent and we identified someone who was a perfect fit to lead the charge. Culture trumps strategy every time. People make the office work and allow us to compete in a more vibrant way. We have local presence, but national resources."

Gould Evans is able to tap resources across the firm. Rohr says that this is a huge sales tool for hiring new talent. For example, people from its San Francisco office may get to work in New Orleans and people from Tampa may get to go to Phoenix.

Rohr admits that Gould Evans opened other offices in the past that they had to close and attributed the problem to not having the right mix of people and to having too much overhead.

"We don't want to grow just for the sake of growing, we want to grow to be successful," he says.

EXPANDED SERVICE PROMISE. Jeffrey Armstrong, chairman and founder of **Armstrong Forensic Engineers** (Tampa, FL), a 18-person forensic services firm with five offices that provides technical consulting to legal, insurance, and corporate clients, says that a focus on rapid response is the impetus for expansion.

In the fall of 2012, Armstrong announced the opening of a new office in Salt Lake City, Utah, and the hiring of respected forensic engineer, Alan Asay. Armstrong's presence in Utah complements the firm's offices in Florida, Illinois, Michigan, and Texas and rounds out its platform for providing rapid response inspection services within eight hours throughout the U.S.

Armstrong says that the cons of opening a new office are evidently the added expense of rent, utilities, staff, supplies, licenses, taxes, etc., but he also says that there are pros, including bringing Armstrong closer to its clients.

"It also opens doors to engineers and potential hires in new areas. We learn as a company from each new office," Armstrong says.

While Armstrong has no immediate plans to open additional offices this year, the firm plans to hire additional engineers and staff at existing offices.

"If a good opportunity evolves during the year, we would be open to expansion," Armstrong says.

MORE ACCESSIBILITY. **CobbFendley and Associates, Inc.** (Houston, TX),



Amy Goudie,
Marketing
Executive,
CobbFendley and
Associates, Inc.

a 186-person professional civil engineering and land surveying services firm, offers regional presence throughout Texas with offices in Bedford, Frisco, Austin, San Antonio and Albuquerque, N.M. Pearland, Texas, is its most recent new location.

Amy Goudie, marketing executive at CobbFendley, says that the firm has been providing engineering and surveying services in the Houston bay area for several years and realized that it could serve its clients better through a local office staffed with full-time engineers and surveyors.

"We chose Pearland for the new office location based on its accessibility to major freeways and the proximity to a number of our clients in Galveston, Brazoria and Southeast Harris Counties, including the Cities of Seabrook, Clear Lake Shores, La Porte, Baytown and Pearland," she says. "In addition, we have staff members who live in the area and we felt it was important to staff offices with local employees who

See NEW OFFICES, page 8

It does bear repeating

Everyone carries around a little insecurity in them.
Everyone.

I had a few interesting interactions and conversations with firm leaders, project managers, marketing directors, and principals at several different companies recently. Their situations were all a bit different but there was an underlying “something” that connected them, though I couldn’t quite put my finger on what it was. They weren’t able to articulate what they were wrestling with during our discussions either. Then, over the weekend, I was sitting with a good friend and the stories I’ve been storing away from these experiences revealed an interesting phenomenon: *everyone suffers a little insecurity.*

Probably there’s no one who sees this more than project managers. A quick Internet search will yield a fair amount of information on the identification and sources of insecurity, its development, and the personal and professional menaces it brings with it. I don’t need to go into that.

A client of mine who travels a great deal shared what he wrote to one of his project managers based in one of the firm’s branch offices. It may be wise to accept that your very experienced team does have an occasional bout or two of insecurity; it may also be a good time to be expressive and appreciative beyond frosty performance evaluations.

Dear Jim,

I am on my way to Phoenix this morning to see a client but wanted to follow up on our conversation from earlier this week. I could sense something was “off” so I appreciate you sharing your concerns. I didn’t realize what was going on but I think we both can say that issue is now wrapped up and well behind us so we can move forward. It is a good lesson learned.

Though it may appear obvious, and I get caught up in my own grind that I simply don’t think about these things, it does bear repeating that your contribution to these aggressive projects has been invaluable. The client is extremely happy; your ideas and out of the box thinking are exactly what is needed. You’ve taken the lead on the upcoming marketing and PM meetings and not only is that appreciated from a logistics and workload perspective on my end, but as one of our best project managers, your insight is going to produce a very effective session for every person attending - also exactly what we need. I know I’m looking forward to it.

We had a successful year and put a lot of sweat into making it happen. I know we’re going to have an even more prosperous year and have fun doing it. At the end of the day, it’s something



Christine
Brack

PM PERSPECTIVES

you can and should be proud of. I for one am grateful for everything you bring to do what you do there – attitude, approach, tireless effort. Working together has been a fortunate experience for me and I know you can say the same. We have come a long way from when we first opened these doors.

Sincerely, Bill

Being a project manager means shouldering lots of daily pressure – keeping clients happy, meeting deadlines, ensuring projects are profitable, managing teams, working with consultants, getting it all right, and making it all happen. In today’s economy, PMs also don’t want to lose their jobs and are constantly proving their worth to their bosses. At the same time, they feel all sorts of eyes are on them all the time to be this “expert” the industry demands. They look at their peers and think others have their act totally together and wonder how it is done effortlessly, while they are struggling and second guessing their abilities.

Not everyone is motivated or soothed by a bonus or salary that is merely a fair exchange for a lot of hard work and long hours. Most project managers, despite age, experience, or gender, fight insecurities along with all the phone calls, meetings, and emails that make up their project life. Sincere appreciation goes a lot further and doesn’t cost a thing – except maybe some pride on the side of the leader who is insecure about being expressive. ▀▲

CHRISTINE BRACK, PMP, is a principal with ZweigWhite who specializes in business planning and project management best practices. Contact her at cbrack@zweigwhite.com.

Most project managers, despite age, experience, or gender, fight insecurities along with all the phone calls, meetings, and emails.

Risk and insurance issues in M&As

Mergers and acquisitions offer firms and their employees great opportunity for reward. At the same time, risk lurks at every corner. Here's how to address it.

With merger and acquisition activity expected to rise, design firm buyers or sellers need to consider the related risk and insurance issues. This should encompass a broad-based evaluation that goes far beyond insurance. In other words, parties should really be thinking about risk from an "enterprise risk management" (ERM) perspective. ERM examines risk impacts in several key areas:

- **Strategy** – How does the combination fit each firm's strategic goals? Are there synergies? New capabilities or geographic territories?
- **Operations** – Does the acquirer have the management talent/time to ensure timely integration? Are there management systems to ensure proper oversight? How will client relationships be affected?
- **Financial** – How will the combination affect profitability, capital structure, and expenses? Are there economies of scale? Are accounting systems compatible?
- **Human capital** – Will the right people stay and be motivated by the combination? What will it take to align compensation, incentive, benefit, and other plans and processes?
- **Compliance/security** – Are there legal hurdles? How will information systems mesh while ensuring security and availability of needed data?
- **Reputational** – How will this combination be viewed by stakeholders? Can the firms manage the transition period and avoid distractions?

Taking time to evaluate these issues on the front-end and then develop plans to address each area can help ensure a successful transaction and ongoing success.

ADDRESSING CERTAIN RISKS WITH INSURANCE.

Although ERM, by definition, goes well beyond insurance, there are some risks that either can or must be addressed by insurance. For architects, engineers and other construction professionals they include exposures arising from professional services, which can be covered by professional liability insurance (PLI). These policies are written on a claims-made basis, which can complicate M&A deals.

Special care must be paid to issues related to so-called "tail coverage" and retroactive dates to ensure continuity of protection. In addition, claim and circumstance reporting requirements suggest careful attention to uncovering claims or potential claims and reporting such to insurers on a timely basis.

Beyond professional liability, there are a few other



Dan
Knise

**GUEST
SPEAKER**

claims-made policies that should also be reviewed and appropriate action taken including:

- Directors and officers' liability (D&O);
- Employment practices liability (EPLI);
- Fiduciary liability; and
- Employee benefits liability (part of the general liability policy).

In the context of an M&A, both D&O and EPLI insurance can be important to protect the firms and their individual executives. Since any merger or acquisition involves strategic and financial decisions that are subject to interpretation, there is always the chance that one or more disgruntled shareholder will file suit against the officers and directors. D&O liability insurance provides important protection against such suits.

At the same time, there are often employment decisions that come with combining organizations, heightening the potential for an employment-practices claim covered by employment practices liability insurance.

See DAN KNISE, page 8

Since any merger or acquisition involves strategic and financial decisions that are subject to interpretation, there is always the chance that one or more disgruntled shareholder will file suit against the officers and directors.

IN BRIEF

CONGESTION NATION: As traffic congestion continues to worsen, the time required for a given trip becomes more unpredictable, and researchers now have a way to measure that degree of unreliability, introduced for the first time as part of the annual Urban Mobility Report (UMR), published by the Texas A&M Transportation Institute (TTI).

The Planning Time Index (PTI), a measure of travel reliability, illustrates the amount of extra time needed to arrive on time for higher priority events, such as an airline departure, just-in-time shipments, medical appointments or especially important social commitments.

If the PTI for a particular trip is 3.00, a traveler would allow 60 minutes for a trip that typically takes 20 minutes when few cars are on the road. Allowing for a PTI of 3.00 would ensure on-time arrival 19 out of 20 times.

PTIs on freeways vary widely across the nation, from 1.31 (about nine extra minutes for a trip that takes 30 minutes in light traffic) in Pensacola, Fla., to 5.72 (almost three hours for that same half-hour trip) in Washington, D.C., according to the study by TTI, a member of The Texas A&M University System.

Rankings of the nation's most congested cities vary slightly from year to year, and many of this year's top 10 are repeat performers. Washington, D.C. tops the list, followed by Los Angeles, San Francisco-Oakland, New York-Newark and Boston. The second five include Houston, Atlanta, Chicago, Philadelphia and Seattle. The report

DAN KNISE, from page 7

OTHER INSURANCE CONCERNS. The workers' compensation loss history of the acquired or merged firm can create its own "tail" issue. Prior claims affect a firm's workers' compensation experience modification factor (EMR), which is based on a firm's loss history over a three-year period and impacts the amount of a firm's premiums directly.

Acquiring a firm with a higher EMR may increase your insurance premiums and affect your ability to win certain jobs as some owners (e.g., petro-chemical) require project participants to have an EMR of 1.00 or below. While exceptions will be made often with proper explanation, there is the real risk of losing business opportunities due to a too high EMR.

Another issue is the need to scrutinize and coordinate carefully listing of "named insureds" on insurance policies going forward after the merger or acquisition. Since being an "insured" establishes coverage under the policy, it is important to ensure that all past and ongoing entities be appropriately named. This is especially true as more and

NEW OFFICES, from page 5

are invested in the area, and therefore invested in our clients."

CobbFendley had the official ribbon cutting with the Pearl- and Chamber of Commerce in October and received a lot of positive feedback from clients about its accessibility.

"Some would say that the best part about the office is its close proximity to Chick-fil-A, but the opportunity for growth in the area is the office's strongest attribute," Goudie says.

provides a detailed illustration of traffic problems in a total of 498 U.S. urban areas.

In addition to PTI, the 2012 UMR also debuts an estimate of the additional carbon dioxide (CO2) emissions attributed to traffic congestion: 56 billion pounds – about 380 pounds per auto commuter. The total financial cost of congestion in 2011 was \$121 billion, up \$1 billion from the year before and translating to \$818 per U.S. commuter. Of that total, about \$27 billion worth was wasted time and diesel fuel from trucks moving goods on the system.

The methods and measures developed by TTI and used in the Urban Mobility Report have been successfully implemented for policy making and prioritizing congestion-mitigating projects," says report co-author and researcher Tim Lomax.

"In light of the recent signing of the Moving Ahead for Progress in the 21st Century (MAP-21) Act, there is greater importance on using such measures to prioritize transportation improvement spending to get the highest investment return for the public."

Researchers say that the most effective way to address traffic congestion varies from one urban area to another, but that in all cases, a multi-faceted approach should be used, relying on more efficient traffic management and public transportation in addition to new construction. Travel options such as flexible work hours and telecommuting should also be part of the mix.

more we are seeing claims arise years, and even decades, after the actual incident or error and after previous insurance policies have long since expired.

Finally, consideration must be given to the financial impact of deductibles and policy audits. Who is responsible if six months from now a bill comes in to cover a deductible on an old claim or a premium due audit is issued on a past workers' compensation policy? Often contingencies are set up at the time of closing just to cover such unknowns. In any event, it is far easier to contemplate such issues on the front-end versus after the transaction is complete and the new organization is moving forward.

Mergers and acquisitions offer firms and their employees great opportunity for reward. At the same time, risk lurks at every corner. A thoughtful risk evaluation and effective action plan for addressing such risks is critical. The best advice: Consider risk early in the process and lean on your risk and insurance advisor/broker for assistance. ▲▲

DAN KNISE is the president & CEO at Ames & Gough. Contact him at dknise@amesgough.com.

So, what will 2013 bring for CobbFendley? Currently, the firm does not have any plans to open another office this year. However, it is reviewing the viability of some locations outside of Texas for future locations.

"As part of our vetting process, we will review the marketplace to determine the specific need for an office and meet with personnel to find the right person to lead a new office," Goudie says. "CobbFendley is never averse to expanding, but we do work diligently prior to making any commitments to make sure it is the right decision for the firm, our staff and our clients." ▲▲

EXPANSION

Managing systems across multiple offices

Keeping lines of communication open is critical to a firm's success and firms are taking full advantage of technology to make it happen.

By BRYAN SULLIVAN
Correspondent

Most large firms and a few small firms in the A/E/P and environmental business have regional, national and even a global presence. As a result, it's important to have reliable systems in place to manage these multiple locations – poor management may lead to lost revenue.

EFFECTIVE INTERNAL COMMUNICATIONS.



Danelle Prezioso,
Director of
Communications
and Marketing,
MBP Inc.

Danelle Prezioso, director of communications and marketing, **MBP Inc.** (Fairfax, VA), a multi-disciplined construction consulting firm, explains how MBP effectively communicates on an internal basis.

“We use Ultipro, which assists in managing our human resources-related efforts to include recruitment, performance reviews, time-off requests, leave balances, benefits, etc. All team members have access to this software through a secured login that is accessible through the Internet,” she says.

MBP also uses Deltek Vision for marketing-related purposes such as team member résumés and firm project data that is necessary for proposal production. It also includes a company-wide Rolodex, as well as conferences and tradeshows that are attended, reporting and business development efforts.

“These software tools keep our business efficient and help us to work smarter,”

Prezioso says. “They are easily accessed by our team members across multiple U.S. locations and overseas.”

PROJECT AND STAFF MANAGEMENT.



Bob Rayes, CIO,
SHWGROUP.

Bob Rayes, chief information officer for **SHWGROUP** (Dallas, TX), an architectural, engineering and planning firm, says that the firm has proactively adopted work-sharing across its eight offices, allowing it to operate with a single pool of resources, leverage expertise, and utilize all available staff regardless of project location.

“Our Newforma Project Analyzer is a key tool in the evolution of how we manage our staff and work across offices,” Rayes says. “The focus of Project Analyzer is on project scheduling, budget, staffing, and project tracking, which all allow for efficient firm management.”

SHWGroup’s project management and operations management staff members are the key beneficiaries of this software and the data it provides. The central location allows for a distributed model. Each project manager now has the ability to view the project schedule, budget and team assignments of any project across the entire firm. This includes a view into each staff member and their availability over the coming months. SHWGROUP’s operations’ managers oversee the projects in their local office and facilitate the loaning and borrowing of staff from other offices utilizing this information.

“All of our project data, together with weighted opportunities, is rolled up into a single set of forecasting views. These views show our future workload on a total billings basis, departmental staffing, and individual workloads,” Rayes says. “Using this information as key indicators, we are able to accurately understand our staffing requirements

in a particular location and across the firm. This helps to reduce or eliminate overreaction to temporary spikes in work as well as provide sufficient warning to prolonged lulls. The combination of generalized global views and specific project/staff level views are the key to being able to understand what is happening locally and across the firm.”

Zebra, a tool developed internally, is used to set goals and track employee performance across all levels of SHWGROUP. It provides the ability to conduct annual performance reviews across offices. The system collects information on employee utilization, project experience, personal information and prior performance reviews in one single, easy-to-use interface. Eventually, it will also use this to track employee skills, relationships, and professional development activity.

FIRM-WIDE COMMUNICATIONS.

SHWGroup is also proud of its internal communication structure. Its integrated phone system, firm-wide video conferencing, and instant messaging solution (which includes desktop sharing), all contribute to improved communication among staff.

Project team meetings are regularly conducted using the video conferencing system and screen-sharing tools. These systems allow for management to be dispersed across offices.

“Our CEO, CIO and several directors have or still do operate in remote offices away from their primary teams,” Rayes says.

COMMUNICATION CRITICAL. Delcan

(Markham, ON), a large multidisciplinary engineering, planning, management and technology firm that provides a broad range of integrated systems and infrastructure solutions, has a global presence and is innovative leader in how communications should be executed smoothly and effectively.

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ON THE MOVE

LEO A DALY HIRES: **Edward Benes** has assumed the role of vice president and general counsel of international architecture/engineering firm **LEO A DALY** (Omaha, NE). Benes will handle all the legal issues of LEO A DALY and its subsidiary Lockwood, Andrews & Newnam, Inc. Benes will succeed Jerry Norris, who served in this role for 30 years. Norris will stay with the firm as special counsel on a part time basis.

Benes, who joined LEO A DALY in Aug. 2012 as deputy general counsel, has nine years of experience as an attorney in the construction industry. Before joining the firm, Benes served as senior counsel at Newmont Mining Corporation, providing legal support for the company's capital construction projects group. Prior to that position, Benes was vice president and senior counsel at **AECOM Technology Corporation** (Pasadena, CA), where he supported its Midwest region and North American design-build group.

Prior to becoming an attorney, Benes worked as a professional engineer and project manager for seven years. As an engineer, he worked for several consulting firms in Chicago, where he designed numerous civil engineering and infrastructure projects.

"In the short time Ed Benes has been here, he has become invaluable to our firm, and I am pleased that he will serve as our general counsel for many years to come," said Charles Dalluge, LEO A DALY's executive vice president. "There is no one better qualified to succeed Jerry Norris, whose contributions to the firm have been immeasurable."

CARDNO APPOINTMENTS: **Cardno TBE** (Clearwater, FL), a member of the Cardno family of companies, a full range of consulting, design, engineering and construction services, including civil, environmental,

transportation planning and design, right-of-way acquisition/relocation, subsurface utility engineering, surveying and mapping and utility coordination firm, announced that **Brian Britain**, has been named the company's health and safety director. Britain will ensure company-wide health and safety through development and implementation of workplace safety programs, procedures and policies across multiple office locations. He will support and monitor project work, assist managers with safety plans and job hazard analysis, develop/implement safety training programs and conduct incident reviews/investigations, among other responsibilities.

"Brian is the perfect person to oversee Cardno TBE's rigorous Zero Harm approach to safety in all our operations," said Craig Snyder, chief operating officer. "Cardno's corporate-wide Zero Harm initiative means no harm to anyone, at any time while at work. This approach is reinforced by our safety policies, processes and systems."

As a Cardno associate since 1984 and current branch manager for the Albuquerque office, Britain has extensive experience in engineering, safety and environmental management crucial to his recent appointment. His experience also reflects an in-depth knowledge of OSHA, EPA and general construction and many state regulations. His mission is to work with Cardno TBE company-wide to ensure safety in all offices, including the assurance that all employees are following safety and policy procedures.

As a 28-year veteran at Cardno, Britain's responsibilities have included directing and coordinating the activities of all staff within in the Albuquerque office. Since 1991, he has been the site manager of an ongoing asbestos and lead management program at Sandia National Laboratories.

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Jeneane Prince, COO, Corporate Development, Delcan.

Jeneane Prince, COO, corporate development, says that Delcan's effective use of technology is critical to efficiency, innovation and success, but as an organization accountable to shareholders, internal technology deployments are weighed against a cost-benefit scenario, which at times may not always

equate to using the most sophisticated technology.

Prince says that, "A virtual team is one that is divided by physical space, typically does not share the same time zone and most likely, but not always, is separated by organizational borders. Although rapidly changing, as the younger, technology-savvy generations join the workforce, those who self-identify as 'boomers' still expect some sense of presence to establish enough trust with teammates to create or innovate together as a team. Therefore, Delcan has built tool suites that are financially feasible and provide some sense of pres-

ence, while still leveraging a reasonable return to shareholders."

Currently, Delcan uses:

- Instant messaging for quick one-on-one items (this has proven to be very useful);
- Smartphones – these are valuable tools for quick communication and the video functionality is especially valuable for field staff to archive and collaborate better;
- A variety of collaboration software that allows synchronous contributions to drawings and documents; and
- Videoconferencing.

In concert with the technology discussed above, there is the webinar family of software: WebEx, GoToMeeting, etc. At their simplest level of functionality, these combine the use of video, voice, document sharing and chat rooms. Delcan has a company-wide license with WebEx, but if a team member is more comfortable with another platform, it allows for some flexibility. WebEx is used extensively for collaboration, especially when the meeting includes reaching a large population. One of the largest uses has been for train-

ing, including new employee onboarding. These applications allow visualization and a safe way to ask questions via the chat box without interrupting the flow of training. This low-cost application brings together employees in offices of more than 300 as well as an office of five, allowing for greater levels of connectivity. It neutralizes the perceived dominance of office size, and puts all users more at ease, making the training environment more friendly and open.

Technology applications are also instrumental in achieving efficiency in Delcan's new employee onboarding process. Using the applicant tracking system, all new hires apply online; employee data is automatically extracted from the résumé and is populated into the applicant tracking and human resources information system. This system is used to provide all of the Delcan departments, from accounting to engineering manager, with timely and accurate data, from a single source. This system has not only saved manpower, as it has decreased manual data entry drastically, but also allows for report generation – a valuable tool for board-level decision making and proposal forms.

EXPANSION

Tracking performance across offices

Tools are aplenty and firms are making full use of them to track various metrics. But which are relevant?

By LIISA SULLIVAN
Correspondent

Multiple offices typically means bringing in more projects and enhanced market share, but it can also lead to challenges when it comes to project, proposal, financial tracking and more.

TRACKING YIELDS IMPROVED CLIENT COMMUNICATION.



Brian Gallagher,
Director of
Marketing,
O'Neal, Inc.

Brian Gallagher, director of marketing, **O'Neal, Inc.** (Greenville, SC), a 250-person industrial engineering and construction company with three offices in the Southeast, says the company tracks design, procurement, construction, and job performance: safety, financial, and scheduling.

"We track various project information using Timberline, Primavera, BST Financial package, and through our collaborative website," he says. "We also have some additional proprietary tools."

O'Neal tracks information on design, procurement, construction cost, schedule, and other relevant project management information. It's able to provide its clients proactive cost control and document management to ensure projects are executed successfully and com-

"We do not run profit/loss statements by office, but we do run purchase/loss statements for projects, project managers and market sectors (healthcare, government, science/technology/industry, justice and education)."

pleted on time and on budget.

"We also have recently started to use iPads for our construction project managers in the field," Gallagher says.

DELTEK VISION SOFTWARE SERVES MULTIPLE TRACKING NEEDS.

Becker Morgan Group, Inc. (Dover, DE), an architecture and engineering company, also has three office locations with a total of 68 employees. It tracks billings per office and proposals per office via the 330 module in Deltek Vision, which is designed specifically for this purpose.

Patti Phillips, CFO and senior associate, says that each office is set up as its own organization.

"We track income statements and financial performance for each office in addition to utilization (office, person, overhead, etc.)," she says.



Ellen Belknap,
President, SMRT.

Ellen Belknap, president of **SMRT** (Portland, ME), a 91-person full-service architecture, engineering and planning firm with five office locations, says they also use Deltek Vision accounting and project management software.

"The software allows us to track operating expenses by office," she says. "We do not run profit/loss statements by office, but we do run purchase/loss statements for projects, project managers and market sectors (healthcare, government, science/technology/industry, justice and education). We manage our gross operating expenses by benchmarking against industry standards."



Andy Platz,
President,
Mead & Hunt.

Andy Platz, president, **Mead & Hunt** (Madison, WI), a 450-person multifaceted firm that provides consulting services in architecture, engineering, planning and environmental sciences with 26 offices, says the company tracks multiple items.

"From a project financial view, we track project and group multipliers, employee productivity, AR, work in progress, new work brought in by month and projected billings for the next quarter," he says.

As part of its business development efforts, Mead & Hunt tracks potential opportunities from very early investigating stages, to the go/no-go and proposal and interview process, through to the complete project lifecycle, including submittal types, hours of effort, win/loss ratios.

"We track pipeline based on our estimated chance of winning the project, including projects we've been awarded, but haven't received a signed contract. In addition, we track client satisfaction through client surveys and interviews with clients," Platz says.

Mead & Hunt also uses Deltek Vision software to track financial metrics.

"By using this software, we have developed a company-wide enterprise resource planning software that we use to track pursuit efforts, client interactions and relationships, marketing strategies, competitive analysis, and marketing proposal information," Platz says. "Meetings are held to review financial and business development metrics and almost all employees have access to these metrics online. We can keep a very open book culture that allows most employees to have access to this information to use it as a tool to

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FIRMS ON THE MOVE

CHAZEN BELONGS TO EMPLOYEES: The Chazen Companies

(Poughkeepsie, NY), a 100-person engineering, land surveying, environmental, planning, and landscape architecture services firm, announced that it has become an employee-owned firm by implementing an employee stock ownership plan.

Chazen was able to create an ESOP as a result of recent changes in New York State law with respect to ownership of certain professional corporations. Prior to January 2012, only engineers, land surveyors, architects and landscape architects licensed by the State of New York were permitted to be shareholders in their professional corporations. With the change in law, employees not licensed in any of these professions and ESOPs are now allowed to collectively own up to 25 percent of a professional corporation.

"I am absolutely thrilled that Chazen has become an employee-owned company," said Mark Kastner, the firm's president. "Our employees are the foundation of our business. Without our 100 dedicated professionals, Chazen would not be able to provide the outstanding levels of service our clients have come to expect for over 65 years. Our ESOP will allow all of our employees to share in the benefits of their hard work and the success of the company, and the plan is a critical component in the firm's ownership transition strategy."

Chazen's senior principals, Richard Chazen, and Daniel Stone, added, "Chazen is truly a generational company." Richard's father, Milton Chazen, founded The Chazen Companies in 1947, and turned control of the firm over to Chazen and Stone in the mid-1980s.

"We are very pleased to continue the tradition started by Milton, in which ownership of Chazen remains within the firm and passes from one generation of owners to the next. Our Employee Stock Ownership Plan adds an entirely new element to this tradition, and we congratulate all of Chazen's employees on becoming employee-owners in the firm."

GEI EXPANDS: GEI Consultants, Inc. (Woburn, MA), a 500-person civil, geotechnical, environmental, water resources, and ecological science and engineering firms, announced it has expanded into Minneapolis. Jonathan Murer, branch manager, and Curt Mann, senior professional, have joined GEI to lead the expansion. Both Murer and Mann have extensive experience managing transportation, utility and energy-related projects for clients in the north central United States.

Murer and Mann provide local environmental and engineering services for GEI, integrated with civil, geotechnical, water resources and ecological science and engineering services supported by hundreds of GEI's technical experts from across the U.S., including more than one hundred GEI Central Region colleagues.

"Jonathan and Curt have a reputation for excellent client advocacy and a client-first approach, which dovetails with GEI's standards of

strong client service delivery. In addition, their project experience parallels the needs of clients we support across the country, particularly in the environmental services field for freight rail, energy and utility clients," said Ray Hart, GEI's chief operating officer. "Given their track record with projects in the north central United States, we are very excited for Jonathan and Curt to lead this strategic expansion, buttressed by full-service support from colleagues across the region and the firm."

Murer has 23 years of experience in environmental consulting serving the needs of industrial clients. He has worked successfully with freight rail clients for more than 21 years. As a project hydrogeologist and project manager, he has planned and implemented subsurface investigation and remediation activities at numerous railroad-related project sites. His experience as a geologist and project manager associated with subsurface remediation projects has involved planning for, leading, and performing project activities that include sampling of soil, sediment, groundwater, surface water, soil and groundwater corrective actions, and regulatory negotiations leading to site closure.

Mann has 16 years of experience as a project manager and environmental engineer specializing in the completion and management of environmental site assessments and remediation projects for clients within the transportation, utility and oil industries. He is particularly skilled with regulatory communications and negotiations; site characterization and evaluation; construction management and supervision; response action planning and implementation; and remedial system design, installation, and operation.

M&A 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 2013 "Merger & Acquisition Survey of Architecture, Engineering, Planning & Environmental Consulting Firms."

The 23rd 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 order at pre-publication special price, call 800-466-6275 or log on to www.zweigwhite.com/p-2146-Merger__Acquisition_Survey__2013.

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Gary Skog, Corporate Chairman and CEO, Harley Ellis Deveraux.

improve performance."

TRACKING BREAK-DOWN. Gary Skog, corporate chairman and CEO of **Harley Ellis Deveraux** (Southfield, MI), a 210-person architecture and engineering firm with five locations, says the company tracks a host of information under

the following corporate systems:

FINANCIAL:

- Gross and net revenue by location and studio (market sector)
- Net multiplier by location and studio
- Chargeability by location and studio
- Expenses by location and studio
- Backlog by location and studio
- Profitability by location and studio
- Cash flow

- Accounts receivable by studio

- Days to collect

MARKETING:

- Sales by location and studio
- Marketing expenses by location and studio
- Sales projections by location and studio
- Hit rate by studio
- Sales per marketing dollar by studio
- Competitive/non-competitive pursuits.

