THE ZWEIG LETTER

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HR | FINANCE SUPPLEMENTS

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April 8, 2013, Issue 1002

Tune up your responsiveness

There are many things you can't control, but this one you can. Here are seven ways you can be more responsive.

There are things you CAN do, regardless of the rest of this stuff. One of those things – a significant differentiator that will make your clients LOVE you – is to simply be more responsive.

Mark Zweig

EDITORIAL

You know, in this crowded A/E field we all work in there are many variables we cannot control. You cannot control salary caps some state agencies have. You cannot control maximum allowable overhead rates other government agencies may require. You cannot control starting salary expectations, health insurance rates, the prices your competitors are willing to sell their services for, the going rate for office space in your town, the payroll tax rates that you have to pay, etc. There are constraints that most people in this business servicing particular clients and living in a specific area will have to work with. These constraints may make it difficult to achieve a real competitive advantage.

But there are things you CAN do, regardless of the rest of this stuff. One of those things – a significant differentiator that will make your clients LOVE you – is to simply be more responsive. Here are some ideas on how to make a responsiveness culture a reality:

1) Get someone great on the front desk – someone who understands that client inquiries and problems need to be dealt with swiftly.

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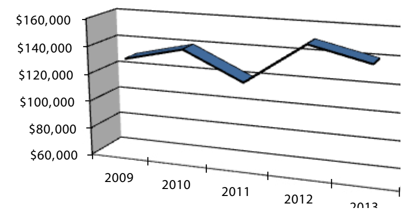
ALSO INSIDE

TRENDLINES

Principal fall



The 2013 "Principals, Partners & Owners Survey" finds that the median base salary for A/E/P and environmental consulting firm principals has decreased to $140,000 this year.

This follows a significant increase in 2012 to $150,000 from a five-year low of $120,000 in 2011.

In 2010, principals' median base salary rose to $140,000 from $130,000 in 2009.

– *Margot Suydam, Survey Manager*

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2) Don't turn your phone off. This is especially true if you are the boss. People need to reach you. Clients don't want to wait.

3) Have a policy that between the hours of 8 a.m. and 10 p.m. all calls and emails will be either answered immediately or responded to within 15 minutes.

Have a policy that between the hours of 8 a.m. and 10 p.m. all calls and emails will be either answered immediately or responded to within 15 minutes.

4) Only promote people into principal roles who are as committed as you are. Leadership by example is so critical that you cannot allow anyone at a leadership level who doesn't have responsiveness as their middle name.

5) Celebrate the examples of employees who respond quickly.

6) Buy smartphones for every single employee in the firm.

7) Make sure the "click here for more information" link on the company's website is being sent to someone who will respond immediately. Ditto for your company Facebook fan page. Inquiries there have to be monitored and responded to quickly.

A couple weeks ago we were doing a Principals Academy seminar and I had one of the attendees argue with me about whether or not they should have to keep their phone on at night and respond to calls or emails. I'm not the one setting the rules here! Your clients are. The competitive nature of the business today is. Don't write me your hate letters. Either get on board or get left behind. The choice is all yours.

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

A/E BUSINESS NEWS

LANDSCAPE ARCHITECTURE MONTH: In honor of National Landscape Architecture Month in April, landscape architects across the country will host a variety of activities to celebrate the profession and show how the profession promotes public health. This year's theme will be "Healthy Living Through Design."

According to Nancy Somerville, executive vice president and CEO of the American Society of Landscape Architects, landscape architects have long been creating environments that encourage daily exercise, provide clean air and water, and even supply nutritious food. This helps combat growing epidemics of depression, obesity, diabetes, asthma and heart disease.

To mark the month, the entire April issue of Landscape Architecture Magazine is available online for free.

National Landscape Architecture Month also encompasses Earth Day on April 22 along with the April 26 birthday of Frederick Law Olmsted (1822-1903), the father of American landscape architecture and the designer of New York City's Central Park and other iconic landscapes.

Since Olmsted's time the field of landscape architecture has taken a lead in solving environmental problems and promoting civic planning for healthy living. Recent innovations include green roofs, sustainability certification, green infrastructure, and active transportation measures including complete streets.

Some of the events throughout National Landscape Architecture Month include:

- Showing a documentary film about women landscape architects, "Women in the Dirt," to audiences throughout the state of New York
- Sharing information about landscape architecture with the Vermont state legislature
- Working in partnership with the National Park Service to unveil a new design for the Shasta Rail Trail in Northern California
- Organizing joint advocacy events in Kansas and Missouri
- Connecting with hundreds of students at a local design high school in Kentucky to discover future landscape architects.

Learn more at the National Landscape Architecture Month website, www.asla.org/ ationalLandscapeArchitectureMonthDetail.aspx.

INDUSTRY RECOVERS: The construction industry has begun its recovery and 2013 will show meaningful gains in what has been a sluggish industry, according to construction executives surveyed by Engineering News-Record magazine.

The ENR Construction Industry Confidence Index (CICI) for the first quarter of 2013 shows a dramatic leap in expectations about the current and near term by construction and design firm executives.

The Q1-2013 CICI, which measures industry sentiment for market sectors and trends, is 64 on a scale of 100, indicating a belief that the market is in recovery mode. This quarter's figure is significantly higher than the Q4-2012 CICI rating of 50, where survey respondents characterized the market as still in decline and struggling to make real gains. The index is based on 376 responses to surveys sent to more than 3,000 domestic firms on ENR's lists of leading contractors and engineering firms.

As for the current market, only 13 percent of industry executives polled believe it is still in decline, while 32 percent believe it is growing.

Further, 44 percent believe the market will be in growth mode within the next six months. Construction executives firmly believe that there will be a full recovery in 2014, with 58 percent saying the market will be on the upswing, compared to only 8 percent of respondents who believe the market will continue to be in decline in 12 to 18 months.

THE ZWEIG LETTER

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TOP PLAYER

Steady growth hallmark of success

Hot Firm never rests on its laurels, works harder, and hires the best.

It has been 25 years of steady growth for **Environmental Standards** in Valley Forge, Pa. Twenty five years that culminated with a coveted spot in **THE ZWEIG LETTER** 2012 Hot Firm List, where the 116-person environmental quality assurance, data validation, and consulting geosciences firm placed at No. 24.

Rock Vitale, Founder and Principal, Environmental Standards.

"There are no shortcuts. Treat every job like it is your dream job and do the best work possible."

Rock Vitale founded the company in 1987 with the goal of providing niche consulting services in the environmental consulting arena. The company grew quickly in the early 1990s and added several key staff members.

In this interview, Vitale talks about the values that have brought Environmental Standards this far and how his father Rocco Vitale instilled him with a strong work ethic.

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

Rock Vitale: If you are hot, you can be cold so I am not sure I can embrace that term. I founded the company in 1987 and we have had steady growth for almost that entire time. I think slow and steady wins the race.

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

RV: It might give us more visibility, but I am not sure it will make a difference in how we run our day-to-day business. Our clients expect quality work and that will of course continue.

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?

RV: Never rest on your laurels, work harder than everyone else, and hire the best people.

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

RV: I am not sure how to answer whether we will be "hot" in 10 years. I expect our culture to remain the same as well as making sure we are an industry leader in the service we provide. The biggest threat is ensuring potential clients understand the value of what we do.

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

RV: Always improving efficiencies and embracing the latest technology.

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?

RV: I worked with my father on his ice cream truck for two summers when I was 13 and 14 in Brooklyn, N.Y. He was an incredibly hard worker, very persistent and a problem solver. Some of the things he taught me were to "make hay while the sun shines" and not over extend myself.

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

RV: That would have to be my father. He came of age during the depression and while he did not have the benefit of a formal education, he succeeded by working hard. He was a very big figure in my life. He gave me my strong work ethic, which is necessary for anyone looking to be an entrepreneur.

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

RV: People who think outside the box.

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

RV: Managing the care of my elderly parents. My father died two years ago at age 90 and my mother is 94.

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?

RV: There are no shortcuts. Treat every job like it is your dream job and do the best work possible.

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

RV: How do you manage your employee healthcare costs?

2013 INDUSTRY OUTLOOK: Drawing from analysis from ZweigWhite's expert management consultants, data from ZweigWhite's management surveys, interviews with industry leaders and forecasters, and a survey of A/E/P and environmental consulting firm leaders, the 2013 A/E/P and Environmental Consulting Industry Outlook will provide you with the kind of insider information that you can use to make business decisions so that 2013 is a more successful year.

In these extraordinary times, A/E/P and environmental consulting firm leaders need access to extraordinary insight and information about what to expect and how to handle the myriad of challenges currently facing them. When can A/E/P and environmental consulting firm leaders expect to see a real, sustained improvement?

For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/p-2152-2013-aep-and-environmental-consulting-industry-outlook.

NEWS

Homeowners looking to renovate

Houzz survey reveals top drivers, challenges and spending for U.S. renovation activity.

Significantly more U.S. homeowners are moving forward with renovation projects compared to this time last year, according to the second annual Houzz & Home survey that garnered more than 100,000 responses from the Houzz community of 14 million monthly unique users.

A majority of the homeowners surveyed also believe now is a good time to remodel (53 percent), and 58 percent of those planning projects in the next two years will hire professional help. The study also found that three-quarters of homeowners believe that now is a good time to buy a home. Together with a Commerce Department report showing the rate of single-family home construction at its highest level in four and a half years, the results of this study point to a strengthening economy, housing and renovation market.

The 2013 Houzz & Home survey is the largest survey of remodeling and decorating activity ever conducted, covering historical and planned projects, the motivations behind these projects, and the impact of the economy on home building, renovation and decorating plans among Houzz users across the U.S. and around the world. The study yielded detailed data at the national, regional and metropolitan area level, which Houzz used to examine regional differences in priorities and spending.

The number of homeowners who say they will delay their projects because of the economy has dropped to 45 percent from 52 percent last year, and homeowners are more likely to cut back in other areas, such as vacations and other big ticket purchases, rather than delay or decrease budgets for their home plans. While improving the look and feel of the space is still the key driver for recently completed projects (83 percent), the number of homeowners who remodeled to increase their home value has increased to 54 percent from 47 percent in 2012.

Bathrooms and kitchens top America's renovation project list again this year, with 28 percent of respondents planning a bathroom remodel or addition, and 23 percent planning a kitchen remodel or addition in the next two years. In terms of dollars spent, kitchens command the lion's share. Over the last five years, nearly four in ten home improvement dollars have gone into kitchens and survey data indicates future spend is likely to follow the same trend.

Over the last five years, homeowners on average spent $28,030 to remodel their kitchens, however spending varies widely at different budget levels. Homeowners spent an average of $54,942 nationwide for a high-end kitchen, $22,390 for a mid-range kitchen, and $7,133 for a lower-budget kitchen.

The study also found that homeowners renovating at the higher-end were more likely to go over budget than those doing more modest renovations, though a significant number reported going over budget at all project levels. Fifty-six percent of those doing a high-end renovation, 42 percent of those who did a mid-range renovation, and 31 percent of those whose renovation was lower-budget also spent more than expected on their projects.

The Houzz & Home Survey was emailed to registered users of the Houzz website between January and February 2013. Edge Research conducted the survey.

You can download the full report at http://info.houzz.com/HouzzHome2013_hh2013.html.

RESOURCES

PRINCIPALS, PARTNERS & OWNERS SURVEY: Have you been struggling to resolve disputes, clarify expectations, and set policies that work for principals in your architecture, engineering, or environmental firm? Or would you just like to see how you and your firm stack up in comparison to hundreds and hundreds of other principals from around the country?

Look no further! The new edition of the most comprehensive study ever undertaken of owners and top managers of U.S. architecture, consulting engineering, and environmental consulting firms – ZweigWhite's 2013 "Principals, Partners & Owners Survey of Architecture, Engineering, Planning & Environmental Consulting Firms" – is now available. It's the one annual report for, by, and about principals and top managers in U.S. A/E firms, and it's the only source of inside information on the issues that principals are concerned with.

For the 2013 edition, principals from across the U.S. were questioned about their compensation, perks, privileges, ownership, work habits, professional backgrounds, personal life, and feelings about business practices, fellow principals, and industry issues. Their responses were then tabulated and analyzed. The result is an eye-opening 230-page report covering the roles, responsibilities, risks, and rewards of being a principal. The Principals, Partners & Owners Survey has the lowdown on ownership, stock appreciation, buy/sell agreements, non-compete agreements, voting rights, and more.

The survey will help you:

- Learn what's normal in terms of principal compensation and perks
- Find out what common issues principals in firms like yours are grappling with today
- Make sure you're getting what you're worth in every way, including company cars and other special benefits
- Learn what it takes to become and stay a principal in a firm in this industry
- Discover what other firms are doing in terms of employment agreements, non-competes, and stock buyback provisions
- Find out how principals in firms like yours manage their time and break down their work day

For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/p-2153-principals-partners-owners-survey-2013.

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MARKETING

Inspiring spaces: Practicing what you preach

The use of office space makes it easy to showcase firm talents to clients and keeps employees happy too.

By BRYAN SULLIVAN
Correspondent

Sometimes what you suggest to your clientele does not always happen in your own firm. In other words, you don't practice what you preach. And, when it comes to A/E firms, the design of an office space can really highlight a firm's talents and attract not only employees, but clients too.


Stacy Chambers, Managing Director, NELSON.


Jason Rosenblatt, Design Director, NELSON.

Designing and problem-solving are two of the most important offerings in any A/E firm. So, what does a space need? **NELSON** (Philadelphia, PA), a 400-person design, architecture, engineering, space planning and space management firm, serves as a prime example of how firms are using spaces to entice clientele and inspire employees' performance.

"Our working conditions no longer supported our own process and didn't promote the product that we design. We knew that we needed to make some changes and decided to take the plunge."

Here, we focus on three office space remodels: New York, Boston and Chicago.

New York space increases productivity. John Nelson, founder and principal of design in NELSON's New York office, explains how the first of these three renovations (two years ago) came to be.

"We quickly found ourselves in the midst of issues that we advise our clients on every day," he says. "The idea of losing existing, large, private cubicles to an open, more efficient desk system was frightening to our staff, yet the existing conference and meeting spaces, both formal and casual, were inadequate and the lack of collaborative areas was equally frustrating. Our working conditions no longer supported our own process and didn't promote the product that we design. We knew that we needed to make some changes and decided to take the plunge."

Perhaps the most dramatic shift was in an area called the "Teammate Café" – a visual and functional centerpiece of the office that combines the ordinary work areas of the library, coffee bar, and pantry into something special.

In this teammate work area, the use of benching allowed Nelson to provide more square feet per person throughout the office in terms of additional staff collaboration/meeting areas as well as "hoteling" space for virtual workers and visiting staff from other firm offices.

"As a result, project productivity has increased," Nelson says.

Boston's office sheds light on process. Stacy Chambers, managing director at NELSON's Boston office, says that both previous spaces lacked a variety of open and closed collaborative spaces. Workstations were not designed to accommodate the technology and materials they used most.

"Initially, our staff had to 'learn' about the many ways they could use the new space. They are now enjoying the full spectrum of the collaborative spaces that the new space has to offer. We also find them using the space in unexpected ways," Chambers says.

The positive elements that resulted from this remodel included:

- **Natural sunlight.** It is now abundant. Staffers were craving light, which was scarce in the previous space. This was due to space selection, not space design.
- **Storage.** Appropriate common storage for the materials the staff uses keeps the space organized and ready for tours, which have become part of the firm's daily routine.
- **Branding.** Development of a formalized branding package has allowed the staff to express pride in their work.

"We learned that listening to our clients, at all levels of the organization, provided valuable input into the process," Chamber says.

Space functions rethought. Jason Rosenblatt, design director at NELSON's Chicago office, says that the new office took some rethinking about workspace function and operations as well as meeting/collaboration and support spaces. He outlines the following:

- **Workspace:** "We are transitioning from a 6-by-6-foot L-configuration, panel workstations to denser, 5-foot

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GOOD TO KNOW

Firms have a median of three offices, though the number of offices per firm ranges from one to 160.

Source: 2012 Marketing Survey, ZweigWhite: www.zweigwhite.com/p-1150-marketing-survey-2012.php.

Learn to say 'No'

Are you holding your firm back by always saying 'Yes?'

STEPHEN LUCY

BEST PRACTICES

No! Ironically, we use this word freely with our kids or pets to set boundaries. But does anyone say "No" easily when prospects and clients come rushing through the door with more work? Most of us are reluctant to use the word, but using it properly can be an essential part of your business success.

So you might ask, "How can the use of this negative possibly be a positive for my business?" I think the real question should be, "How can you remain positive about the future of your business if you are afraid to ever use the word 'No'?"

Learning to say "No" is a responsibility that every member of the firm must embrace, and it must be acknowledged and explained by firm leadership to be understood and valued by all.

New business pursuits. One of the more volatile areas for this discussion involves new business pursuits. During this economic downturn, how many of us have immediately said yes to the opportunity of new business, sometimes in the complete absence of any real data regarding the complete scope and requirements? I know I have. Instead of jumping on every RFQ or RFP, each pursuit should be weighed against the overall business goals of the firm. Here, you must exercise your thought processes and bring your analytical skills to bear. You don't have to explain your decisions to "go" or "no go" to your peers at a certain level, but, if you are asked, you should be able to explain why you said "no go."

Your decision can present a great learning opportunity. If you do not have the service expertise or if your fees will not enable you to make a profit, these decisions can be explained succinctly. When you have a different strategic focus, however, your explanation must dovetail with your business plans so that your professional team understands why you have elected not to chase a specific pursuit.

The better you communicate your firm's business goals and path, the stronger your team's focus becomes.

Staffing. When your firm's pipeline becomes so full and your team so busy, decisions to hire are often random and based on your overload. We have been in this boat before. In recent years, however, we have been forced at times to learn to say "no" by redeploying professionals in other areas to work on critical projects. We need to learn from that experience and continue to question the need for staff additions even as our workload increases. Hiring just for the sake of hiring is not a sustainable model.

Spotting excess capacity from a global firm view is essential to your profitability and progress. Fully utilize staff whose expertise is available. One of the benefits of cross-sector participation is the camaraderie that is generated on a time-critical project and the opportunities that may arise in the future from being flexible and adaptable as a team.

Clients. The power of the word "No" to your clients is important. For example, you shouldn't take on work for which you do not have the expertise or capacity. The best way to ensure repeat business is not to try to do something you are uncomfortable or unqualified to do. Similarly, you should not take on work for a fee that is completely unreasonable. Your client will remember how cheap you can go and it may be impossible to garner an equitable fee in the future.

See STEPHEN LUCY, page 8

> Learning to say 'No' is a responsibility that every member of the firm must embrace, and it must be acknowledged and explained by firm leadership to be understood and valued by all.

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A better way to secure talent

Recruitment process outsourcing allows a provider to be your corporate recruiting team and couldn't have arrived at a better time.

Jeremy Clarke

SEARCH SAVVY

There's a growing trend in our industry – a talent solutions trend known as "recruitment process outsourcing" (or RPO for short). RPO is not a newcomer to the world of recruiting by any means. Companies in many industries have taken advantaged of RPO-type services for a number of years, but the movement seems to have finally gotten a foothold in the AEC industry… and the timing couldn't be better.

So what exactly is RPO? In simplest terms, an RPO service provider acts as an external team of corporate recruiters for the clients they serve. When a company decides to partner with an RPO service provider, they are entering into an arrangement that allows the RPO provider to collaborate within (or even oversee) all of the recruitment functions of the company. So we're talking about a solution that is much, much broader than simply finding talent. We're talking about your own dedicated (albeit, outsourced) corporate recruiting team.

When should you consider an RPO arrangement? That's a tougher question because client needs vary. For the most part, an RPO can be an effective arrangement for organizations with limited in-house recruitment staff anticipating significant recruiting volume. It's also an excellent option for firms that may have numerous recruiting needs, but do not have the scale or resources yet to hire internal recruiters. Perhaps the biggest consideration (and advantage) is cost. Most contractual arrangements under an RPO span one calendar-year and usually incorporate all or most of the open positions that a client company may anticipate throughout the year. Because that's true, RPO arrangements are much more cost-effective than single-search arrangements because they virtually eliminate all of the multiple large fees associated with individual placements and replace them with a single flat monthly fee, paid to the RPO service provider over the life of the annual contract. Typically, the flat monthly fee is dictated by the number of anticipated positions over a calendar year and is sometimes accompanied by a nominal "success fee" paid to the RPO provider for each placement made.

Here's a rather generic example of this pricing model: Let's say that ABC Engineers has budgeted 10 openings over the next 12 months at a median salary of $80K for each position. Assuming an average third-party placement fee of 20 percent of base salary, you could anticipate paying around $160K to fill all 10 positions. Under an RPO arrangement, you may pay an RPO provider an $8K fee per month for 12 months – or $96K for the same number of positions. Not only have you saved $64K in base fees but you have gained the added advantage of soup-to-nuts management of all recruiting processes rendered by the RPO provider… which brings me to my next point.

Because an RPO provider assumes much more ownership of the client's entire selection process (as dictated by the client) than single search arrangements, HR teams and RPO providers typically experience greater collaboration, continuity and accuracy in candidate selection processes. Additionally, long-term familiarity between the two firms tends to increase the speed with which jobs are filled, while also improving consistency and compliance throughout the selection process. Ultimately, the goal in any RPO arrangement is to see the RPO provider work as a more seamless extension of your firm's recruitment interests. In my experience it's the hands-down optimum solution for quickly growing firms in an improving market; an excellent strategy for any enterprise to hire better people faster… and at a far friendlier cost.

JEREMY CLARKE is the director of executive search consulting with ZweigWhite. Contact him at jclarke@zweigwhite.com.

RPO arrangements are much more cost-effective than single-search arrangements because they virtually eliminate all of the multiple large fees associated with individual placements and replace them with a single flat monthly fee.

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benching workplaces. The reduction in workspace allows our teams to be closer together," he says.

- **Meeting/collaboration:** The new office eliminated the boardroom. "We provide one 10- to 14-person, enclosed meeting room, three enclosed three- to four-person team rooms, one six- to eight-person open teaming space, and a large, open multi-function space," Rosenblatt says. "The multi-function space is large enough to accommodate our entire staff for training, team meetings or events. It has a variety of flexible furniture options, from mobile training tables to casual seating. The multipurpose area is also located along the window line, with excellent daylight and views. It's a highly flexible space that we imagine being used in a variety of ways throughout the day."
- **Support spaces:** "Our reception area is more open and transparent, with an inviting coffee bar instead of low, static lounge seating. We have thought of it as a multipurpose space that can be used for a variety of functions," Rosenblatt says. "We have also designated an area of the floor as an 'innovation workplace.' It is a lab space where we can experiment with notions of mobile work, unassigned workspace, try out new furniture products, and act as a forward thinking work environment where we can demonstrate to our clients, and discover for ourselves new ways of working."


Joseph Tattoni, Principal, ikon.5.

OUT IN THE OPEN. Joseph Tattoni, principal at **ikon.5** (Princeton, NJ), a 18-person award-winning architectural firm, says that all employees are in an open studio space; there are no offices.

"Everyone sits in generous workstations with pin-up space and is encouraged to customize their work environment with personal and architecturally inspiring paraphernalia. Staff is organized by project so that team members are physically near each other," Tattoni says.

"Everyone sits in generous workstations with pin-up space and is encouraged to customize their work environment."

The three firm principals are seated at the same workstations as the employees and are located in the middle of the studio. The staff can see and hear the day-to-day operations and discussions of the principals, contributing to a very open and transparent working environment.

HUM A TUNE; CATCH A VIEW. There is also a central playback speaker system throughout the studio that is played all day long. Each staff member has an opportunity to be a 'DJ' for a month or longer and the location on the Milestone River provides for not only musical, but professional inspiration. Adjacent conference rooms boast spectacular views of a nature and wildlife preserve.

STEPHEN LUCY, from page 6

As an opportunity presents itself from your client, you may want to say "Yes" to everything that client proposes. If you do, remember that you have lost those staff resources to that project. If your response is a marginal "Yes" not within your strategic plan, then the decision to pursue may impact your ability to do something more appropriate and profitable.

The bottom-line: Be comfortable explaining to a prospect or client why your firm deserves the fee you have quoted or may not be the best fit for their project. Based on my experience, they will remember and respect you for your candor.

EXPANDING MARKETS OR LOCATIONS. One of the best "No" decisions we ever made was to move out of an active market. The question we should have asked initially was, "Why expand there?" We didn't drill down or study the market with a sound business plan. We just emotionally said "Yes." It was a painful and costly learning experience. You only want to learn this lesson once!

The cost of venturing into a new market or geographic location is not just the hard cost of the initial investment. It also requires the focus of existing staff and business leaders to provide continuing guidance and leadership to the venture, time that must be weighed against existing commitments. If you cannot afford to lose effort in your existing markets, then you must decline to expand.

EQUIPMENT AND TECHNOLOGY. Technology moves so fast today that people become enthralled with the idea of obtaining something new and discarding something almost new, such as equipment, software or other technology support. Trying to keep up with the technology of other firms just so you can claim to be equal is not a valid reason to expend your hard earned funds. Asking whether new technology is a "need" or a "want" is just good simple discipline.

If the technology doesn't meet your strategic needs, or lead to greater efficiency with your work, why adopt it? At least annually, we review available technology, identify the technology that may have benefit for us and evaluate the cost versus benefit of each. Several years ago, we used this process to determine that the cost of LiDAR technology exceeded the benefit of bringing that technology in-house. The same process was evaluated the following year, and we determined the expenditure was beneficial as we had also identified and had begun to develop non-typical markets for the use of the technology.

ESTABLISH YOUR LIMITS TO GROW. "No" is not a negative word. "No" can generate positive impact if properly used. If you are doing the right things to demonstrate that you are making clear business-focused decisions, and your staff understands what your business plan is, "No" can be viewed in a very positive, strategic way.

There is a great deal of power in diversity of thought in business, but, by focusing on your direction, you will end up on a strong and successful path for your firm, your people and your projects.

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MORALE

Motivation yields high-performing workplace

'With few exceptions, people are motivated by positives instead of negatives, carrots instead of whips, strokes instead of lashes.'

By LIISA SULLIVAN
Correspondent

Employee motivation remains central to the health and success of companies. When an employer dedicates resources to motivational strategies, they increase the likelihood for their employees to put their best foot forward on a continued basis.

According to engineering management experts Alberto Petroni and Pierluigi Colacino, companies generally utilize three methods of motivation that can be used separately or in conjunction with one another. These methods include:

1) Formal strategies written into human resource policy;

2) Incentives, rewards and recognition; and

3) Informal management techniques.

However, within the industry, firms generally use a combination of these methods, placing a strong emphasis on both leadership strategies and incentives for employees.

What do the pros say? Management leadership is integral for ensuring that employees remain motivated and vested in a company's vision.

Renee Sylvestre-Williams, a business consultant, says, "Managers who don't create the right opportunities for their employees, don't communicate with them, and don't appreciate them, often find themselves dealing with a high turnover rate."

Reflecting on organizational leadership, Mark Zwilling, a business management contributor for Forbes Magazine, says, "Employees value having strong leaders, who incent them to do their best, just as much if not more than money."

"Managers who don't create the right opportunities for their employees, don't communicate with them, and don't appreciate them, often find themselves dealing with a high turnover rate."

Effective leaders dedicate time and resources to ensuring that their work environment places an emphasis on each employee and creates a safe space for the employee to learn and grow. In addition, effective leaders act as mentors for their employees, leading by experience and not by their position in management. In combination, these things become motivators for employees and result in job retention and employee job satisfaction.

A recent study conducted by the American Physiological Association indicates that the number one reason people leave their place of employment is under appreciation. Great recognition by organizational leadership can lead to transformed organizational culture immediately – employees feel valued and are motivated to succeed. One can then assume that individuals who receive praise are more likely to increase their productivity, relate to colleagues better, nurture and sustain relationships with customers, and stay with their employer.

In addition to the role that leadership plays in employee motivation, incentive and reward systems are also used as a popular motivational technique for employers. A 2009 McKinsley Quarterly study found that non-financial motivators play a role that is equal to and sometimes greater than traditional financial incentive packages. The non-financial incentives measured included things such as praise from managers, attention from organizational leaders, and the opportunity to lead projects. The study's authors asserted that these non-financial incentives are essential in ensuring that the company fosters a working environment where employees feel that their opinion and their personal wellbeing is valued, and that they are given many opportunities for career growth.

What does the industry say? In the design industry, the trend has been for companies to undertake creative motivational strategies, offering unique and creative solutions to energize their employees.

Staci Landress, human resources director at **Watermark** (Lowell, MA), a 80-person environmental consulting firm that specializes in engineering, construction management and operations, says, "Employees participate in team-building workshops through-

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GOOD TO KNOW

Only 12 percent of firms report they've found alternative forms of incentive compensation to be more motivational to employees than cash or monetary awards.

Source: 2012 Inentive Compensation Survey, ZweigWhite: www.zweigwhite.com/p-1153-incentive-compensation-survey-2012.php.

ON THE MOVE

LEO A DALY PROMOTES: International architecture/engineering firm **LEO A DALY** (Omaha, NE) announced the promotions of **James Brader** to CFO and **Eugene Corrigan** to controller.

Brader, who previously served as the firm's controller, will direct the firm's financial policies, including accounting, budget, credit, insurance, tax and treasury. He succeeds Robert Luhrs, who retires after a 40-year career with the 900-person firm.

Brader joined LEO A DALY in 1986 as an accounting intern and has since been promoted to accountant, senior accountant, assistant controller and controller. Since becoming controller in 2000, Brader supervised a staff of 25, processed payables, receivables, payroll and billings for more than 2,000 projects a year, maintained the firm's ledgers, and performed complex accruals, financial analysis of projects and offices, and internal and external reporting. He also successfully managed four acquisitions and spearheaded the firm's Leadership Institute, a professional development program, for two years.

"Ever since Jay Brader joined LEO A DALY, he has demonstrated a great understanding of our business, vision and culture, and played a pivotal role in the firm's growth," said Charles Dalluge, LEO A DALY's executive vice president. "I am pleased that he will succeed Bob Luhrs, whose contributions to the firm have been immeasurable."

Corrigan will direct the firm's accounting functions, including establishing and maintaining its accounting principles, practices, procedures and initiatives. He has more than 20 years of experience in finance and accounting for architecture, engineering and construction firms. Corrigan, who joined LEO A DALY in 2005, has served as finance manager and director of operations of its Minneapolis office and subsequently as corporate director of financial management.

THE LOUIS BERGER GROUP HIRES: The Louis Berger Group, Inc., a 6,000-person engineering, architecture, program and construction management, environmental planning and science and economic development services firm, announced that **Kirit Mevawala** has joined the firm as director of rail and transit. Mevawala, based in the company's headquarters in Morristown, N.J., will serve as the project manager for the Northeast Corridor Maglev project between Washington, D.C., and New York and support other rail and transit initiatives throughout the company.

"Kirit brings more than 32 years of experience with expertise in designing and constructing major transportation projects," said Cosema Crawford, senior vice president of engineering for U.S. operations. "I am very excited to have him on board with us."

Mevawala has worked on projects from conceptual stages through completion, spending the bulk of his career at the Metropolitan Transportation Authority of New York.

For the past decade, he worked exclusively on the design and construction of the $16 billion Second Avenue Subway, a new 8 1/2 subway line with 16 stations currently under construction in Manhattan. He led the project in multiple capacities, first as the design manager directing preliminary and final designs, then as construction manager and subsequently program manager. Previously, Mevawala managed construction on the 63rd Street Line Connector, a major and complex underground rail link in Queens.

ARUP HIRES: Arup, a multidisciplinary engineering and consulting firm announced it has hired **Joseph Edge**, associate principal, and **Christopher Taylor**, associate principal, to augment its regional transit market offerings. They will be located in Arup's New York office.

"Both Joseph and Christopher bring unprecedented experience to Arup's transit group," said Gillian Blake, principal and leader of the infrastructure practice team at Arup New York. "Joe's strengths are in project and program management of major highway and transit projects and his immediate impact will be advantageous to Arup's oversight role on the Tappan Zee bridge project. Christopher has extensive capabilities centered on high speed rail, commuter rail, and subway projects that will directly benefit the delivery of a high speed rail project in Texas."

Edge is a senior project and program manager with more than 27 years of experience in running major domestic and international large-scale projects and programs for highways and rail infrastructure. Edge excels at the commercial and contractual aspects of design-build and traditional projects and programs. His main responsibility will be to oversee the New NY Bridge Project (Tappan Zee Bridge), the first design-build transportation project in New York State.

Taylor serves as project manager and lead engineer for railroad right of way and station projects. His primary responsibility will be to deliver a major high speed rail project in Texas, while growing the rail business in the northeast out of the New York office.

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out the year and attend team-building community events such as hockey games." In addition, Landress says that Watermark "regularly sends company-wide emails recognizing a job well done" to call attention to the efforts of its employees.

Other firms take a more hands-on approach to motivation, offering community programs that encourage employees to give back to their community and become vested members of the community.

Roshelle Pavlin, human resources director at **Dade Moeller** (Richland, WA), a 100-person firm that specializes in occupational and environmental health sciences, notes that they take a community approach to employee motivation and has a company-wide giving committee.

Dade Moeller managers "encourage employees to participate in the giving committee and direct funds to their pet charities," Pavlin says. The opportunity to drive the allocation of funds to community gives employees the opportunity to "help an organization they believe in," and in turn to serve as stewards of the community.

Remember motivation when striving for company growth. Patrick Lynch, a business management expert, sums up the importance of employee motivation best when he says, "With few exceptions, people are motivated by positives instead of negatives, carrots instead of whips, strokes instead of lashes. If a manager creates a team atmosphere and makes the achievement of team goals the ultimate goal of each individual, most employees can figure out how to meet the expectations and be successful, both for their own good and for the good of the organization."

In conclusion, managers must value their employees and foster a sense of investment in the work and vision of the organization to increase employee retention and have a successful business that continues to thrive in the new economy.

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OPERATIONS

Small firms often without CFO

However, as companies grow, they should consider part-time help, at the least.

By LIISA SULLIVAN
Correspondent

So, the business is growing. While you may or may not have an accountant on hand, what about your bigger financial picture? Is it time to hire a CFO or are things fine the way they are? Many small firms find that a combination of efforts works best.

PROS AND CONS. Janice Reilly, business manager at **Studio G Architects** (Boston, MA), a 12-person firm, says that she is currently in charge of managing the firm's finances. She does everything from accounts payable to budgeting to taxes and everything in between.

"We do have a CPA who does our taxes and provides accounting advice as needed," she says.

Reilly adds that the biggest negative to this situation is that no one else has a good handle on the finances and if something was to happen to her, the consequences could be quite negative.

Gerald McKenzie, principal at **BHB Consulting Engineers** (Salt Lake City, UT), a 34-person firm, says that the structural engineering operation has a part-time, in-house bookkeeper who handles typical expenses.

"We have an in-house engineer who plays the role of a CFO, who handles the company revenue," he says. "We also have a payroll contracted company and use an outside accounting firm to handle our taxes and offer insight into auditing and reviewing our books."


Gerald McKenzie, Principal, BHB Consulting Engineers.

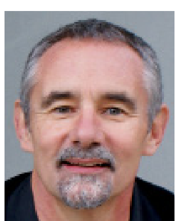
McKenzie says that handling the firm's finances through multiple entities has both pros and cons.

The pros include:

- Information is in-house
- Information is readily available
- Schedules and reports are provided on demand
- It's cost-effective
- Outside payroll service keeps us up-to-speed on regulations
- Outside accounting firm has the expertise and time that BHB doesn't to handle taxes

The cons include:

- Part-time bookkeeper is off-site
- Timing is rigid when using payroll services


Tom Lenchek, Principal, Balance Associates Architects.

Tom Lenchek, principal at **Balance Associates Architects** (Seattle, WA), a 7-person firm, wears the hats of CEO, COO, CFO and a few other things – "Plus, I even do some architecture now and then," he laughs.

"While I am responsible for the firm's finances, we do have a bookkeeper who comes in once a week for general bookkeeping, payroll, accounts receivables, payables and quarterly taxes," Lenchek says. "Our administrative person does our billing and generates weekly project fee status reports for our Monday morning office meetings. This is a fairly general report that just gives total fee, amounts expended and amounts remaining for each project. This gives everyone, including myself, the ability to see where we are at on all of the projects in the office. If we have any issues, then we can look in more detail at any given project. We also generate accounts receivable, P&L and cash-on-hand reports, so I can stay informed about our overall financial position. We have an accountant to handle year-end taxes and who is also available to deal with the big picture financial issues such as long-term planning."

Lenchek says that he is pretty happy with the arrangement.

"I get weekly snapshots of where we stand financially. Then once a month at billing time, I spend about a day or so looking at billings, project status, overall finances and projections. I feel I have enough information to stay informed without spending so much time that it becomes a burden and does not get done," he says. "Of course, finances are always more fun to review when you are making money than not, but they are even more important to stay on top of when times are tough."

CONSIDER A COST-EFFECTIVE CFO. Caron Beesley, owner of April Marketing, says that many small business owners can be overwhelmed; they often wear many hats and it is tough to step away from the day-to-day details and look at the business as a whole. A CFO can help with these worries, and needn't break the bank in the process.

Beesley says that if your business is

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GOOD TO KNOW

Firms dedicate a median of 4.6 percent of their total staff to finance and accounting. Large firms are more likely to have full time, dedicated finance and accounting staff members.

Source: 2012 Financial Performance Survey, ZweigWhite: www.zweigwhite.com/p-1141-financial-performance-survey-2012.php.

FIRMS ON THE MOVE

MERRICK & COMPANY MOVES HQ: Merrick & Company, a Colorado-based firm, has announced that its newly located corporate headquarters is open. The office moved from Aurora to One Greenwood Corporate Center, near I-25 and Orchard in Greenwood Village.

Approximately 280 employees moved to the new office location.

"Merrick is very excited with the move into this building that provides our employee-owned company a great headquarter facility for the future," said Ralph Christie, Jr., chair and CEO. "This eventual LEED certified and Green Globes building provides a great work environment for our employees and visiting clients and business partners, that is accessible to light rail. This is an exciting time in the history of our Colorado-based firm."

Merrick intends to achieve a minimum of LEED Silver certification and Green Globes status of the office. Some sustainable aspects of the newly renovated 103,500-square foot building include:

- All paints, adhesives, fabrics, and flooring products are low VOC products
- High efficient systems (mechanical/electrical, HVAC)
- Construction team diverted more than 50 percent of construction waste/debris from landfills
- Purchased renewable energy credits from a local wind power utility to provide all energy needs
- Reuse of some existing materials (some furnishings and portions of existing ceiling)
- Use of high efficiency water fixtures and faucets, reducing anticipated water usage by over 35 percent compared to a baseline use

SEPI ENGINEERING & CONSTRUCTION MOVES: Sepi Asefnia, president of **SEPI Engineering & Construction** (Raleigh, NC), a firm providing civil engineering, planning services, and construction services to private and public sector clients across the Southeast, has announced that the firm has relocated their Wilmington office to 5030 New Centre Drive, Suite B.

The move will allow the firm to accommodate recent staff growth and provide an even higher level of service to federal clients at military bases and other facilities located in the Wilmington area.

Don Carmen, quality control and federal program manager, and Greg Thompson, site/civil/survey manager, will continue to lead the office, which receives support from SEPI Engineering & Construction offices in Raleigh and Charlotte, N.C.

"We are excited that our business has grown so much in the coastal area to necessitate the relocation of our Wilmington office," Asefnia said. "By giving our staff the space and resources this new facility provides, we will be able to continue to grow and expand our services in the future."

CHAZEN RELOCATES OFFICE: The Chazen Companies (Poughkeepsie, NY), a 100-person full-service firm offering engineering, land surveying, environmental, planning, and landscape architecture services, relocated its North Country office to a larger location as a result of recent and projected growth. The new office is located at 375 Bay Road in Queensbury, N.Y.

Chazen first expanded into the North Country by opening an office in downtown Glens Falls in 2000. Chazen also has an office in Troy to serve its clients in the Capital District.

"Chazen is pleased to reaffirm its commitment to the North Country by expanding our office," said the firm's President, Mark Kastner. "Our new office allows Chazen to provide expanded levels of service to our clients in the North Country, and we look forward to being part of the region for many years to come." The office continues to be led by Chris Round, vice president of planning services.

Chazen's recent and projected growth in the North Country are the result of various engineering, community infrastructure and economic development projects in a number of North Country municipalities, including Glens Falls, Queensbury, Fort Edward, Lake Luzerne, Ticonderoga, Saratoga Springs, Lake George, Plattsburgh, Potsdam, Newcomb and Speculator.

Recent projects include assisting Speculator with the development of a Hamlet Revitalization Plan, and Potsdam with its Raquette River Waterfront Plan. Chazen is also helping Lake George upgrade its wastewater infrastructure, as well as rethink the town's principal gateway with an eye toward converting NYS Route 9 to a pedestrian friendly 'Complete Street'.

Helping make North Country communities better places to live and work gives great pleasure to the firm's planners, landscape architects and engineers who call this region home.

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growing fast, then you could consider hiring a CFO on a part-time or as-needed basis. Management consulting firms often offer this type of service. If budget really is an issue, consider the volunteer services of SCORE, a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship.

Beesley also advises that if a firm is still not quite ready to make that CFO move, due to being in a start-up or growth mode, it needs to consider hiring an accountant. If it already has one, it should lean on their services a bit more.

"Having someone else to take care of the daily financial obligations, such as account payables and receivables, payroll, and taxes will help you make sound judgments to benefit your personal and business finances," she says.

An accountant can save you time and clear up much of the confusion that you experience when it comes to managing your finances.

"Generally, as start-ups grow, they hire outside accounting firms. Often, the accountants handle only the taxes and maybe the payroll," Beesley says. "If the company continues to grow, and its financial reporting requirements become more complex, the chief executive might decide to bring on a full-time controller who can take charge of maintaining the business's general ledger and bank accounts. On the other hand, the decision to bring on a finance chief is often tied to strategic decisions, like performing competitive market analysis, raising capital or securing credit."

"Having someone else to take care of the daily financial obligations, such as account payables and receivables, payroll, and taxes will help you make sound judgments to benefit your personal and business finances."

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