

Self-deceiving numbers

If you have rosy outlooks on profitability, marketing, proposals, and backlogs it's time to clean up your numbers.

I never look at total proposals pending. It's a waste of time. I DO, however, look at total proposals MADE during the month. Then I see if this number is trending up or down.



Mark Zweig

EDITORIAL

A/E/P and environmental firms are usually owned and run by really nice people. Problem is, sometimes they tend to be overly optimistic and not hard-nosed enough to run their businesses profitably.

One tendency I have observed in firm owners and managers over the years is a propensity toward self-deception to make things seem better than they really are. Certain numbers that firms track are used – in part or as a whole – to justify bad decisions such as not cutting salaries, benefits, or staff when they should be. Here are a few examples:

■ **Profitability.** Some time back, we worked with an engineering firm in the Midwest to help with their business planning. I don't mind saying the owners were pretty arrogant. They knew everything and were better managers than anyone else because they were far more profitable (in the mid-20 percent range, according to their financials). The problem was their salaries were so low it artificially inflated their bottom line. Once you took all the principals and other key staff and adjusted their salaries to what was

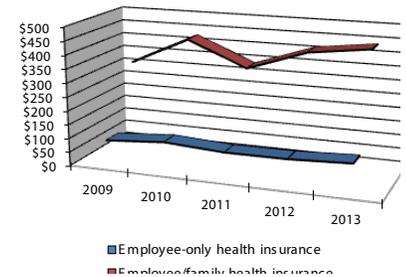
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TRENDLINES

Higher care



The 2013 "Policies, Procedures, & Benefits Survey" finds that health insurance premiums are on the rise for A/E firm employees. According to the study, the median employee-only and employee/family health insurance contributions both increased again this year. For instance, the employee-only health insurance contribution increased to \$100 a month from \$90 in 2012, after dropping to \$89 in 2011 from a high of \$102 in 2010. Meanwhile, the median employee/family contribution increased to \$436 this year, up from \$409 in 2012, after decreasing to \$335 in 2011 from \$424 in 2010.

– Margot Suydam, Survey Manager

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normal for people in their roles in a firm that size at that time, their bottom line was average. I never trust a profit number until I investigate the numbers that went into it!

■ **Marketing expenditures.** I've said before that marketing expenses in A/E/P and environmental firms are almost always inflated and the reason is that people charge time to marketing when they really aren't doing anything marketing-wise. The fact is, if you aren't billable just about anyone would look better if some of their time went to marketing versus general administration or some other overhead activity. Everyone knows that, so they tend to dump their unbillable time in marketing and it flows through the system, inflating the appearance of spending money on marketing. That makes companies feel like they are doing something to stave off flat or declining sales.

■ **Total value of proposals pending.** This is always a B.S. number because no one cleans it out like they should. So it grows and grows and becomes a source of pride for the principals to point to. "We have \$XXX million in proposals pending!" Subtext is, "We don't have to worry about a thing – let's go have an expensive lunch!" I never look at total proposals pending. It's a waste of time. I DO, however, look at total proposals MADE during the month. Then I see if this number is trending up or down. It's much more valuable.

■ **Total backlog.** This is another frequently overstated number. Again, I see jobs that are on hold; open end contracts where the full value of the contract IF it was used up would be (you should only show the value of work orders in "hard" backlog), as well as jobs where the fee won't be expended for years to come. All of these things – along with including subconsultants and reimbursables in backlog – can lead to a false impression that there's no urgency to get more work. And once again, we have fooled ourselves into a false sense of security.

If you do any of these things, it's time to clean up your numbers. You cannot afford to look at the world through rose-colored glasses! ▲▲

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

A/E BUSINESS NEWS

ASLA LAMBASTS SEQUESTRATION:

The American Society of Landscape Architects is disappointed in the federal government's failure to avert sequestration.

While few deny that the federal deficit and accumulated debt are real problems, the scale and timing of these cuts will significantly impact our fragile economy and could disproportionately impact small businesses, including small landscape architecture firms. ASLA is also very concerned that these cuts will result in the furloughing of thousands of federal employees, including federal landscape architects.

ASLA's fourth-quarter 2012 Business Quarterly survey results had indicated a steadier future hiring picture going into the first quarter of 2013. Ninety-eight percent of landscape architecture firms are small businesses, and about 24 percent of landscape architects are self-employed. Federal budget cuts could force these firms to change their spending and hiring plans as well as reduce their ability to meet their customers' demand.

These across-the-board spending cuts also mean fewer resources for much-needed infrastructure projects. Landscape architecture firms partner with federal, state, and local governments to plan and design community infrastructure projects to manage stormwater and design public spaces and transportation corridors. These projects save taxpayer money and provide community benefits including water and energy efficiencies.

Nancy Somerville, executive vice president and CEO of ASLA, said that "the message is simple: prolonged uncertainty in the federal budget process will continue to adversely impact landscape architecture firms and the economy as a whole."

ASLA urged President Obama and Congress to continue to focus on more targeted cutbacks, rather than across-the-board reductions. Their agenda must include working together to reinvest in U.S. infrastructure, the group said.

DODGE GROWING: The Dodge Momentum Index rose 6.3 percent in February, 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.

February's strong gain brought the index to 102.9 (2000=100), 23.4 percent higher

than a year earlier. The increase was the third consecutive monthly gain and the first time the index has surpassed the 100 mark since 2010. In fact, the index is now at its highest level since April of 2010, suggesting that the recovery for nonresidential building may be finally gaining some traction.

February's increase for the Momentum Index was due to an 11.9 percent surge in commercial projects; the institutional portion of the index remained mostly unchanged. The improvement in the commercial segment was driven primarily by robust gains for new office and store projects.

Some of the larger commercial projects entering the planning phase in February included a \$150 million General Motors Data Center in Milford MI, the \$110 million Gateway Plaza office building in Richmond, Va., and the \$90 million Tower Two Office Building at North Hills in Raleigh, N.C.

The largest project by far to boost the commercial component of the index was a \$400 million tenant improvement project to finish the American Dream Mall in New Jersey.

The sprawling complex near the Meadowlands has sat dormant since 2009, but Governor Chris Christie is pushing its new owners to quickly resume construction.

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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REWARD

How to recognize top performers

Some firms are really going the extra mile to reward those who go beyond expectations.

By LIISA SULLIVAN
Correspondent

How do you recognize top performers when they go above and beyond their job expectations? Is it all about money or are there special perks involved too?

DINNER, VACATION TIME AND POTENTIAL OWNERSHIP... OH MY!

Kevin John Phillips, CEO of **FPM Group Ltd., FPM Remediations Inc.** (Ronkonkoma, NY), a 100-person consulting engineering firm, says that the question of how to recognize top staff members when they go above and beyond expectations is one that he feels FPM has handled fairly well in the past.

"We are firm believers in rewarding high-functioning personnel," he says. "First, you don't have to be a superstar to get rewarded. We monitor billability very carefully and for all employees and for those that reach a certain level, they get an automatic dinner at a local restaurant. This reinforces their activity for the month."

Additionally, at FPM, staff that exceeds 40 hours per week can accumulate vacation time and take that time whenever they choose. And, high-performing employees who not only put significant time into projects, but also bring in work to the firm, are considered for firm ownership.

"Ownership starts with grant stock. Grant stock is stock that is given to the employee free of charge and enables the employee to participate in the firm's profits, kind of like a mini-ESOP," Phillips says. "In addition, FPM is keen



Kevin John Phillips, CEO, FPM Group Ltd.

on empowering high-performing employees who show a knack for entrepreneurship. For those employees, we have created profit centers. For each profit center that reaches its goal, 25 percent of the excess profit is distributed to the manager. Profit center managers are encouraged to share their distributions with their key personnel who have contributed the most to the profit centers' profit."

KUDOS TO YOU! William Bracken, president/principal engineer, **Bracken Engineering, Inc.** (Tampa, FL), 40-person multidiscipline engineering firm, says the company has provided a full range of rewards – from gift cards to a weekend in Key West.

"As part of our culture, Bracken Engineering makes every effort to recognize staff members when they go above and beyond the expectations of their job. This recognition is made by the management team and the staff," he says.

Bracken's peer-recognition awards are made during monthly staff lunches, when participants are able to award "kudos" to any other employee for something that they feel deserves recognition. A "Kudos award" is read aloud and the recipient receives a \$25 gift card from the company. Peer recognition awards also include quarterly employee awards.

"Our quarterly employee awards are nominated by staff and voted on by senior staff," Bracken says. "This award is also presented four times a year at the monthly staff lunch. All of the nominations are read aloud and the winner receives a plaque, their name added to the company plaque and a \$100 gift card."

In addition, officers at Bracken Engineering are able to recognize extraordinary effort in a non-conventional manner as deemed appropriate and commensurate to that effort. This approach typically involves additional time off and is selected in lieu of monetary reward for two reasons. First, extraordinary efforts typically consume considerable personal time and take time away from family. It's important to recognize that the family, as well as the employee, is making sacrifices.

"Therefore, we try to reward the family too," Bracken says. "In the past, we have sent employees and their families on three-day weekend getaways to Key West, Hilton Head and New Orleans."

The second reason that Bracken selected this approach in lieu of additional money was simply to ensure that the employee is able to realize the full value and not lose 30- to 50 percent of it.

"We gush over each success with sincerity and appropriately (false praise does no one any good)."

PRAISE EVERYDAY; SHARE THE NEWS.

Sam Schwartz, CEO of **Sam Schwartz Engineering** (New York, NY), an interdisciplinary transportation engineering and planning firm, says that they are big believers in positive reinforcement.



Sam Schwartz, CEO, Sam Schwartz Engineering.

"Not a day goes by without receiving some praise from a client, some achievement reached, like a P.E. li-

See RECOGNITION, page 8

GOOD TO KNOW

Forty three percent of firms offer **spot bonuses**. Of those, **94 percent** are for **exceptional individual effort** above and beyond that of project needs.

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

NEWS

Report highlights financial value of green buildings

World Green Building Council showcases cost-effective green building benefits throughout the world.

A new comprehensive report from the World Green Building Council, highlights that there are a large number of compelling benefits from green buildings received by different stakeholders throughout the lifecycle of a building.

The report, “The Business Case for Green Building: A Review of the Costs and Benefits for Developers, Investors and Occupants,” examines whether or not it’s possible to attach a financial value to the cost and benefits of green buildings.

Today, green buildings can be delivered at a price comparable to conventional buildings and investments can be re-couped through operational cost savings and, with the right design features, create a more productive workplace.

“This report synthesizes credible evidence from around the world on green buildings into one collective resource, and the evidence presented highlights that sustainable buildings provide tangible benefits and make clear business sense,” Jane Henley, CEO of WorldGBC, said in a release.

“From risk mitigation across a building portfolio and city-wide economic benefits, to the improved health and wellbeing of individual building occupants, the business case for green building will continue to evolve as markets mature. Indeed we have already seen this momentum grow globally where in more and more places, green is now becoming the status quo.”

Key findings include:

■ **Asset value:** As investors and occupiers become more knowledgeable about and concerned with the environmental

and social impacts of the built environment, buildings with better sustainability credentials will have increased marketability. In fact, studies from around the world demonstrate a pattern of greener buildings being able to more easily attract tenants and to command higher rents and sale prices;

■ **Design and construction costs:**

Research shows that building green does not necessarily need to cost more, particularly when cost strategies, program management and environmental strategies are integrated into the development process right from the start;

■ **Operating costs:**

Green buildings have been shown to save money through reduced energy and water use and lower long-term operations and maintenance costs. The energy savings alone typically exceed any cost premiums associated with their design and construction within a reasonable pay-back period;

■ **Workplace productivity and health:**

Research shows that the green design attributes of buildings and indoor environments can improve worker productivity and occupant health and well-being, resulting in bottom line benefits for businesses;

■ **Risk mitigation:** Sustainability risk factors can significantly affect the rental income and the future value of real estate assets, in turn affecting their return on investment. Regulatory risks have become increasingly apparent in countries and cities around the world, including mandatory disclosure, building codes and laws banning inefficient buildings.

The report concludes that illustrating that by greening our built environment at the neighborhood and city scales, the green building industry can deliver on large-scale economic priorities such as climate change mitigation, energy security, resource conservation and job creation, long-term resilience and quality of life. ▲▲

CALENDAR

WOMEN IN DESIGN CONFERENCE: Women in Design conference: ZweigWhite’s first ever Women in Design and Environment Professions conference is scheduled for May 9 and 10 in Boston.

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

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

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

The program is being organized by Claire Keerl, principal and director of corporate marketing and Christine Brack, principal and director of consulting, both with ZweigWhite.

The multi-day event will include roundtable discussions, focus groups, networking sessions, as well as keynote presentations by industry leaders.

Issues that will be covered include:

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

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

OUTREACH

Marketing outside the box

Do research for your client, offer an app or write an article.

By LIISA SULLIVAN
Correspondent

No matter how you slice it, marketing is what helps to get business in the door. It has many other functions too... branding, communication and more. That's why it's important to allocate time and money to this important facet of your business so your message stays fresh and you stay one step ahead of the competition.

MIX IT UP. Karyn Tirabassi, marketing manager at **Capaccio Environmental Engineering, Inc.** (Marlborough, MA), a 30-person environmental consulting firm, says that Capaccio employs many innovative and "out-of-the-box" marketing techniques to set itself apart in the industry.



Karyn Tirabassi,
Marketing
Manager,
Capaccio
Environmental
Engineering, Inc.

She highlights the following:

- **Research/benchmarking.** "We have been conducting surveys to our contact list about various topics," Tirabassi says. "We compile the data and send out a comprehensive report with the findings. Our clients like to see how they measure up against their peers in certain areas. We have taken these reports one step further and have invited participants to an event to review the data and results received. Last year, we did surveys on current sustainability practices and on industrial wastewater treatment systems."
- **Complimentary offers.** "We provide many complimentary tools to our contacts such as our annual compliance calendar that lists all state (Massachusetts) and federal environmental and EH&S compliance dates," Tirabassi says. "This is a great tool that helps our clients to stay on top of the regulatory deadlines. It's also a good reminder that we are here to help if they need

assistance. We also provide flowcharts that help aid compliance, such as our new hazardous waste process or processing flow chart. This helps companies to determine which process category level they are in so they can determine which permit they need to apply for."

- **Web-based applications.** This year Capaccio started to offer its clients innovative applications to use with their smartphone or tablet.
- **Webinars:** "We are in our fourth year of providing free webinars on a variety of topics for our clients/contacts," Tirabassi says. "These have been very popular and have been a great lead generator." Capaccio records the webinars so those who registered and have an unexpected change of plans can still view the webinar at their leisure. "The recordings are also live on our website so others who are seeking this information can download them as well," Tirabassi says.

VOICE YOUR EXPERTISE THROUGH MEDIA. Brian Gallagher, director of marketing at **O'Neal, Inc.** (Greenville, SC), an industrial engineering and construction company, says the company regularly contributes articles, editorials and other items for local and regional newspapers.

"We look at it as an opportunity to be a thought leader by sharing our insights, perspectives and thoughts on certain issues," Gallagher says. "For example, we have written several op-ed pieces in the Greenville News. Topics have included our perspectives on legislation, funding for construction projects, renewable energy, and more."

Sam Schwartz Engineering (New York, NY) offers comprehensive traffic and transportation planning, engineering and design services to public and private sector clients. Sam Schwartz, president and CEO, believes that writing for publications is a good way to get your firm noticed. He writes several columns: "Gridlock Sam," which publishes on Fridays and Sundays in the New York Daily News and covers events, changes and closures that affect traffic and transit in all five boroughs;

MAX OUT THE WORLD WIDE WEB

WebMarketingToday.com is a great resource if you are looking for ways to utilize the web. Here is just a small sampling of some ideas that can help you boost your business:

- Create an e-book on a specific area of expertise
- Create an entertaining video and post to YouTube
- Develop online surveys using services such as SurveyMonkey.com
- Publish an e-newsletter
- Pursue email addresses aggressively by offering free products, such as informational white papers

"Transit Sam," which publishes weekly on Wednesdays in the Downtown Express and covers traffic and transit in Lower Manhattan (below 14th St.); and "Queens Traffic Guru," which publishes monthly in the Queens Chronicle and gives a monthly outlook of major events and closures that will affect traffic in Queens.

Each of the columns engages readers by responding to their letters with answers to questions about parking and traffic rules. The firm also creates and disseminates TransCentral, a weekly digest of Metro Transport News. TransCentral assembles the most up-to-date local, national, and international headlines related to transportation planning, engineering, design, and research. Designed by Sam Schwartz Engineering, TransCentral is a transportation-driven newsletter that is meant to act as a news resource/tool for practicing professionals of all kinds.

"We've also hosted launch parties in Chicago and New York for our pedestrian guide, 'Steps to a Walkable Community: A Guide for Citizens, Planners, and Engineers,'" Schwartz says "The guide features innovative, multidisciplinary tactics that have successfully improved and encouraged walking in communities around the country."

No matter what you decide to try, remember that marketing strategies, no matter how innovative, take time to gain traction. ■▲

Getting it

The leaders who 'get it' work hard at running the business like a business.

In my last column, I described the “middle squeeze syndrome” that has afflicted so many. My article prompted a letter from the CEO of one of those mid-sized companies, Frank Dudek of **Dudek**, who correctly stressed the need to focus and invest in ownership and leadership transition in order to prosper over the long haul. To Frank’s point, there are dozens, if not hundreds, of examples of companies in our industry that no longer exist because they failed to invest in that future.

The good news is that I see a growing number of company leaders “getting it”. That is running a healthy business and continually investing in their future. Nevertheless, it seems that many of the fundamental components needed to run a company for the long haul remain lost in too many people. Are these leaders “not getting it”? and if so, is it because they choose to operate the company like a “lifestyle business” – one that serves the desires of those few at the top. A lifestyle business is set up more to satisfy the passions or interests of those leaders – like producing technical papers and travelling the world to present them, having dozens of country club-like perks, having a “feel good” and perhaps over-collaborative work environment or paying themselves disproportionate bonuses to live a life that’s excessively comfortable. Conversely, the leaders who “get it” work hard at running the business like a business. They invest in the right things and spend their time doing the right things. They are good at balancing the short-term needs by managing the business soundly, while investing prudently in the future. And most are more interested in the long haul; creating that sustainable generational-type company.

So what are those crucial “getting it” components? I think my last article with the commentary provided by Frank’s response capture that list. They are also pretty well laid out in Jim Collins latest book – Great by Choice. His latest work suggests that the great companies weather the bad times and do well during the good times through fanatic discipline, empirical creativity and productive paranoia.

Without going into too much detail, fanatic discipline is running the business while using proven approaches and setting consistent goals. To illustrate this consistency, Collins uses the concept of a 20-mile march where one group of explorers perished while those who used this approach survived. They adhered to a concept he calls Specific, Methodical and Consistent (SMaC) – the set of practices they never waiver from. Empirical creativity is about trying things on a smaller and more focused scale



Gerry Salontai

GUEST SPEAKER

instead of “betting the farm” on something new. It is illustrated by the concept of shooting bullets to find the target instead of cannonballs to preserve your powder and be able to fight another day. Productive paranoia is about being vigilant of changes on the horizon and being prepared to take action. It’s illustrated in the ability to zoom in and then out within the environment of your business. And then respond with a specific action.

Pulling this all together, having a great business that endures the test of time in our industry really just comes down to a handful of things.

First, you need to have that vision and strategy; one that incorporates your core purpose, hedgehog and business model, which can all differentiate you; one that is continually looking over the horizon for new opportunities while constantly evaluating whether what you do still makes sense.

Next, keeping your company client-centered by empowering your people to deliver what you do best rather than encumbering or bogging them down with needless complexity and process that frustrates both.

Third, run your business like a business. Be disciplined and consistent in your approach

See GERRY SALONTAI, page 8

So what are those crucial ‘getting it’ components? I think my last article with the commentary provided by Frank’s response capture that list.

Leadership and career development

The pillars of a successful company can be distilled into two words.

A client recently asked me to make a short presentation to his senior team about leadership. Since I had done a series of one-day programs for ZweigWhite around the country in 2011, I certainly had put some thought into the matter. How to distill the essence of such a complex subject? Now, that's more challenging. As Mark Twain is reputed to have said (although one scholar attributes it to Blaise Pascal), "If I had more time, I would have written you a shorter letter."

Well, I had some time on my hands and accepted the challenge. As I thought about leadership, it seemed that the precious essence could be found in two words:

Aspire

Inspire

True leadership only happens when the place you're driving toward is, for you, a true passion; or as a fortune cookie that I received checking into a hotel a few days prior had said, "Great thoughts come from the heart." So you can only lead to places you **Aspire** to be. And aspirations are very different from ideas. Aspirations are what you believe in; they're things that have significance – to you and the world around you. They're ideas that have staying power for you. You're relentless and committed to making them happen. They're not a passing fancy.

In our session, I asked each of the participants to talk about the thing(s) they aspire to; that they're personally committed to; that go way beyond an assignment that someone made or something they think they "ought" to do. It turned out to be a great exercise. There were some wonderful surprises that brought forth sincere admiration among the group as they learned about each other's individual passions.

This brings me to the second word, **Inspire**. For you to achieve what you aspire to – things that are truly worthy, that will change your firm, the profession, or the whole world, that are really big ideas worthy of your energy and passion, you're going to need a lot of help. And the only way you're going to get it is by inspiring those around you; to bring them into your vision; and, having inspired them, to learn how to ask for their help. As we discussed this, some offers of help already began to be offered for several ideas put forth in the previous discussion.

I then suggested refining their aspirations a bit, asking that they focus on being more specific about what they



Ed
Friedrichs

FROM THE
CHAIRMAN

were leading. In other words, what part of your professional life and work does your leadership impact? It was time to begin to bring focus to those aspirations.

- The **firm** itself
- The **team** you work with in your firm
- Your **client relationships**
- **Projects** and the collaborative atmosphere that you foster among all participants
- An area of **expertise** within which you are becoming a thought leader for your clients, in your firm and in the profession

I then asked them to consider what outcomes they expect to derive as a result of their leadership. Here are some examples showing you how to refine your objectives. Your aspirations will only be realized and you'll only be able to gauge your success if you can establish and measure results. You need hard metrics.

- **Community benefit** – In what specific ways are you making the world a better place?
- **Client benefit** – Are you achieving repeat and referral business? Can you measure and report improved business performance for your client's enterprise?
- **Organizational benefit** – Can you demonstrate that your team members are engaged and collaborative? Do people fight to be part of the teams you're leading? Is this creating a recruiting pipeline for your firm, constantly filled with applicants wanting to work with you?

See ED FRIEDRICHS, page 8

True leadership only happens when the place you're driving toward is, for you, a true passion.

GERRY SALONTAI, from page 6

and management. Ensure you are making the right decisions for the right reasons that focus on financial success in all categories. Don't fall prey to a "lifestyle" approach that benefits only a few and sacrifices the future for most.

Fourth, we are in a people business and it's crucial to recognize that company success is tied directly to people success. Take the time to hire the right people who will occupy the right seat on the bus while getting those who don't quite fit or perform either to a new seat or off the bus. Empower those right people to excel and reward them for success.

Last but not least, invest in your future. Spend profits in the right places. Investing in new markets, equipment/tools, training and leadership development are key to that future. Vigilantly retain some of that precious profit in the company to build a strong balance sheet to strengthen the company today and transition ownership in the future.

In the end, it's not about you; it's about building the future for others. ▽▲

GERRY SALONTAI is the founder of Salontai Consulting Group, LLC. Contact him at gerry@salontai.com.

ED FRIEDRICHS, from page 7

■ **Quality benefit** – Is your work being recognized through publications, awards, and other recognition for the benefits it delivers to your clients and the community? Is your research and innovation being published? Are you asked to speak about it?

Finally, I asked the group to define the personal role each of them would take to help make their firm more successful. Here is a list of roles that must be filled for a firm to run well, for the benefit of all stakeholders:

- **Lead client relationships** for sales, for referrals and for client satisfaction
- **Create an atmosphere** where people want to work collaboratively with you and each other to do work that makes your clients successful
- **Contract for services and manage their delivery** in a way that generates profits
- **Lead innovation** through thought leadership, knowledge dissemination and management
- **Create a collaborative atmosphere** with all project stakeholders so they bring their best and brightest resources and work effort to bear on your clients' matters

My client firm enjoyed the conversation. Then someone mentioned that they had been wrestling with their annual evaluation program and noted, "None of us like doing employee evaluations and our staff seems as excited about this annual event as they are about visiting the dentist. Why don't we get past employee evaluations and make this into a format for a career development program?"

And that's exactly what they're going to do. The senior team felt they'd enjoy the process much more and that their staff would as well. I'll let you know in a future post how it is working out. ▽▲

EDWARD FRIEDRICHS, FAIA, FIIDA, is a consultant with ZweigWhite and the former CEO and president of Gensler. Contact him at efriedrichs@zweigwhite.com.

RECOGNITION, from page 3

cense or receiving an award, winning a job or even being short-listed, being invited to speak somewhere or having an article published," Schwartz says. "We gush over each success with sincerity and appropriately (false praise does no one any good). We share the good news via staff emails or internal newsletters. Our PR department, when appropriate, sends out press releases and individuals may receive gift cards or small bonuses. We have adopted the target set by Steve Jobs: Be a Yardstick of Quality."

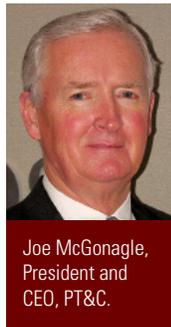
This year, Schwartz Engineering intends to give out metal yardsticks with engraved names of the recipients.

"The only difference is that the 'yardsticks' will be 35 inches in length, symbolizing that we should always strive for each and every yard," Schwartz says.

Apparently Schwartz is doing something right in this arena as the compa-

ny has grown; it now has 110 people in seven offices, nationwide.

BOARD PLAYS ROLE. At **Project Time & Cost, Inc.** (Atlanta, GA), a 220-person, international project management, construction management, and forensic consulting company, under the leadership of Joe McGonagle, the new president and CEO, PT&C continues to support the development of quality efforts and initiatives via a quality management board.



Joe McGonagle, President and CEO, PT&C.

During quarterly meetings, the board reviews high profile jobs and performance. Meetings include a "lessons learned" section to log "learning opportunities" for sharing with all of its associates in an effort to ensure that the company continues to grow and im-

prove.

"To reinforce quality as a significant part of our company culture, and to honor and reward positive examples, PT&C has introduced the 'Chairman's Circle of Excellence Quality Award,'" McGonagle says. "This annual award, including public recognition and a cash prize, is given to one employee from each PM/CM, forensic consulting, and corporate staff support, each of whom consistently demonstrate a sustained record of the highest-quality work."

A second annual companywide recognition, plaque, and cash prize is given to one employee exemplifying PT&C's commitment to its corporate values of integrity, respect, consideration and trust, innovation and calculated risk, teamwork and open, direct communication. The John Mandel Distinguished Service Award honors and remembers a dedicated, respected member of PT&C who passed away in 2010. ▽▲

RELATIONS

Employees are at odds; what now?

You're not forced to be friends with coworkers, but you have to find ways to coexist and get the job done.

By LIISA SULLIVAN
Correspondent

The prospect is unnerving. Two prized employees just don't get along. What to do?

"The bottom line is that each of us is here to complete a job while upholding the mission of the firm – face the issues so that you can get back to making that happen."

After all, in every work environment you get people of different backgrounds, experiences and personalities, and that doesn't always make for a copacetic team dynamic.

Pamela Fleming, human resources manager, **FUSCOE ENGINEERING, INC.** (Irvine, CA), a civil engineering firm for private and public clients, says that most of the time she finds that it is an issue of communication and respect. So, what does she do?

TAKE A PERSONALITY INVENTORY. "I will typically advise the parties to have a one-on-one conversation and attempt to resolve their issues," she says. "Depending on the volatility of the situation, I may mediate that conversation (if both parties feel it would be beneficial) to ensure that both feel heard and get equal time to talk, while guiding the conversation to a point of



Pamela Fleming,
HR Manager,
FUSCOE
ENGINEERING,
INC.

resolution."

Fleming adds that FUSCOE will take a "personality inventory" that helps all employees to communicate with each other in the way that they want to be communicated with. This goes a long way toward understanding each individual team member and how they are best approached.

"When things get heated, which is pretty rare, I will recommend 'dos' and 'don'ts' based on the varying personality types; that seems to help each person get a

better understanding of how to make it work," she says. "If that is not the expected outcome, then it comes to a point where there needs to be a team or schedule change."

According to Fleming, the worst thing to do when faced with conflict, or conflict management between employees, is to ignore it.

"The bottom line is that each of us is here to complete a job while upholding the mission of the firm – face the issues so that you can get back to making that happen," Fleming says.

DIFFERENT STROKES FOR DIFFERENT FOLKS. Alex Wilson, director of human resources, **W.K. Dickson & Co., Inc.** (Charlotte, NC), a multi-disciplined engineering firm, says that it's always difficult when two employees do not get along.



Alex Wilson,
Director of HR,
W.K. Dickson &
Co., Inc.

"We have found that we have to use different solutions in every situation," she says. "In some situations, we have compartmentalized the job to separate the functions, so there would be less interaction. In other situations, we have moved the employees to different departments. With

all situations, we have brought the parties together with a neutral, third-party to mediate a discussion of any issues that may be causing the strife."

TIPS FOR MEDIATING EMPLOYEE CONFLICT. Joan Lloyd of Joan Lloyd & Associates, a Milwaukee-based executive coach and organizational and leadership development strategist, suggests that you must first meet with each person, individually, to gain an understanding of the conflict. Make it clear that you expect each person to take responsibility for resolving the matter so they can coexist. Explain that you will facilitate the process, but they are responsible for the outcome. Make sure to keep each employee's manager in the loop along the way.

When you ask for information about the nature of the conflict, set some ground rules first. They should include the following:

- No personal accusations – stay focused on the facts
- No passing judgment or guessing motives of the other person
- Take responsibility for your part of the problem

See ODDS, page 10

GOOD TO KNOW

Seventy six percent of firms have policies that address employee grievances. Also, 86 percent of firms allow employees to view their personnel files.

Source: Policies, Procedures & Benefits Survey, ZweigWhite.
www.zweigwhite.com/p-1134-policies-procedures-benefits-survey-2012.php

ON THE MOVE

PERKINS+WILL HIRES: Perkins+Will (Chicago, IL), a 1,500-person architecture and design firm, announced that **Gregory Chang**, has joined the firm as a principal and will serve as an important firmwide healthcare design resource based in the Washington, D.C. office.

“My approach to client relationships aligns well with Perkins+Will’s commitment to collaborative client engagement. The firm’s belief in the transformational power of patient-centered design gives me a platform to continue to advance creative and innovative solutions for the challenges inherent in global healthcare design,” Chang said. “Perkins+Will’s agility to quickly leverage deep institutional knowledge and global resources promotes my focus to our client’s best success.”

Chang is widely recognized as a key contributor to the healthcare market across the country and internationally collaborating with a broad range of clients. Chang joins Perkins+Will from **AECOM/ Ellerbe Becket**, where he served as global market sector leader for healthcare and life sciences. Over the course of his more than 21-year career, Chang has been recognized with 23 professional and healthcare industry awards. He regularly shares his knowledge through speaking engagements, juries and globally published works.

SVT NAMES EXECUTIVE VP: **Majid Hedayati** has been named executive vice president of **STV** (New York, NY), an engineering, architectural, planning and construction management firm, and will head up the firm’s international division. Hedayati will pursue opportunities in the Middle East, Central Asia, South America and Canada. STV’s international division consolidates the firm’s international offices and projects and provides multi-disciplined services to clients in the global arena.

“Bringing all our international services under one group demonstrates our commitment to growing our international presence and bringing STV’s full range of services to clients worldwide,” said Dominick Servedio, executive chairman.

“Majid has extensive expertise managing large, complex assignments. He has been the director of one of STV’s largest departments, and we are confident in his ability to grow our International Division,” said Milo Rivero, STV president and CEO.

Hedayati has been with STV since 1992, and brings to this new role more than 32 years of experience. He is familiar with the international marketplace and served as the director of the firm’s transportation

and infrastructure division’s largest region. In this role, he was responsible for complex, multi-billion dollar highway, railroad, and bridge projects.

HELFRICH IS CERTIFIED: Architectural and engineering firm **George, Miles & Buhr, LLC** (Seaford, DE), announced that Associate **Morgan Helfrich**, has received architectural licenses in the State of Delaware and the Commonwealth of Virginia, and also on obtained certification from the National Council of Architectural Registration Boards. As an NCARB Certificate holder, Helfrich has been deemed to meet the highest professional standards established by the registration boards responsible for protecting the health, safety, and welfare of the public.

Helfrich has over 15 years of architectural experience, and has been with the firm of GMB for 7 years. She is specialized in a vast array of building types such as residential, commercial, healthcare, industrial, municipal, and educational. Helfrich also holds a professional architectural license in the State of Maryland. She is a LEED Accredited Professional, which provides a thorough understanding of green building practices and principles.

Helfrich is currently serving as project manager for a new fire station at NASA’s Wallops Island Flight Facility, which is being designed to achieve LEED NC 2009 Gold accreditation in a hurricane prone area.

LJA PROMOTES: **Ross Lucas** has been appointed southwest regional manager and leader of the Phoenix office of **Littlejohn Engineering Associates** (Nashville, TN), a 118-person surveying, site development engineering, municipal engineering, transportation, landscape architecture, urban planning, environmental engineering, industrial engineering and industrial hygiene and health and safety services firm.

Lucas relocated from the Nashville office of Littlejohn to Phoenix two years ago as part of the merger with Evans Kuhn & Associates. This appointment is a significant step in a planned management transition. Lucas has gained a thorough understanding of the local Phoenix engineering market, which together with his national engineering experience, gives a new perspective and adds to the capabilities of the Phoenix office.

As part of this planned management transition, **John Kuhn** moves to a senior consultant role, assisting Lucas and the Phoenix staff and consulting with clients regarding site acquisition, planning, entitlements, design and construction matters.

ODDS, from page 8

- Find a solution that will allow the work to get done
- Keep this private and don’t discuss it with others

Then, ask questions such as:

- 1) What is the problem? How does it affect work?
- 2) What are the root causes?
- 3) What have you done to contribute to the problem?
- 4) What is your common purpose?
- 5) What do you need from her/him to achieve that purpose? Have you told the person?

6) What have you done (or could you do) to resolve this?

“You should probably set aside a half-day or so for each employee interview,” Lloyd says. “If you stretch it out over several days, it could unravel. You don’t want to give employees time to fret about the process, badmouth the other person, lobby their own manager, or threaten to quit.”

Lloyd advises that when you call them together, add three more ground rules:

- Ask them to paraphrase what the other person said before responding. (This will force them to listen to each other. Ask each of them to summarize what the other person said, or restate, first.)
- Ask them to look at each other instead

of at you.

- Come up with a solution you can both live with.

“Usually, this is enough to get a feud resolved,” Lloyd says. “However, if the cold war persists, tell each employee that it’s irrelevant if they get along – they have to coexist professionally.”

If they cannot reach a mutual solution, make it clear it will have negative consequences for both parties, such as disciplinary action or worse.

“It will take a firm, calm approach at the negotiating table to get the results you need. But in the end, if they don’t resolve it, negotiation ends and you and your fellow manager(s) should decide how to proceed,” Lloyd says. ▲▲

PROFILE

CFO plays active role

Proactive and results-oriented Bryceon Sumner leads by example.

By BRYAN SULLIVAN
Correspondent

Bryceon Sumner is no stranger to achieving success in leadership roles. Most recently, in November 2011, **Callison** (Seattle, WA), the global architecture and design firm of approximately 900 employees, announced his appointment to CFO. Sumner had recently worked with Callison in a consultant capacity on acquisitions and special projects and now leads Callison's business oper-



Bryceon Sumner,
CFO, Callison.

"The CFO is one of the most important executive positions in most businesses. I believe the same executive qualities and skills that apply to all other 'C' level executives apply to all CFOs."

ations.

Prior to joining Callison, Sumner held numerous roles as COO, CFO, and division president for several private and public companies in a variety of industries. His most recent experience was as COO and executive vice president for Global Experience Specialists, a marketing services firm, where he led worldwide operations and finance.

He has a master's degree in professional accounting from the University of Texas, Austin, and a bachelor's degree in

See SUMNER, page 12

A CONVERSATION WITH BRYCEON SUMNER

THE ZWEIGLETTER: What major accomplishment are you most proud of since you have been with the firm?

Bryceon Sumner: I led the financial negotiations and the integration of a major acquisition for Callison. In late December 2011, we purchased **Barteluce**, a marquee luxury retail architecture firm. Within four months of the acquisition, Barteluce was fully integrated into the company. All key staff members were retained, and together with systems and ecosystem needs, combined into one space, creating a cohesive and collaborative office. Double-digit growth has resulted.

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

BS: The CFO is one of the most important executive positions in most businesses. I believe the same executive qualities and skills that apply to all other "C" level executives apply to all CFOs.

(According to Sumner, the top five strengths for a CFO are:)

- 1) Outstanding judgment in people and decisions.
- 2) Ability to empathize and build great relationships.
- 3) Commitment to learning the "craft" – financial management and operations as they expand and change.
- 4) Ability to enable and motivate all stakeholders in the business to measure themselves against sound business metrics.
- 5) Ability to build a team, motivate them to achieve their highest performance possible and take great pride in the company and the people they serve with.

TZL: What are your top priorities for 2013?

BS: My top priority will be to help Callison achieve the same outstanding performance in 2013 that we have been able to achieve in 2012. We have a set of initiatives in the areas of employee hiring and retention, financial and cash flow management, and current and new client revenue growth. I believe that our talented team, together with our great clients, will make 2013 the best year in our history.

TZL: How would you describe your work style?

BS: Very collaborative with a strong drive to clarify goals and responsibilities because I see how critical this is for people to succeed at all levels. It's not always very easy to achieve. I also try to set aggressive goals for myself and others and seek a wide range of mentors to grow personally and professionally. I am very proactive and results-oriented, and I assume the best way for those under me to know what to do to succeed is for me to lead by example.

TZL: What are the top three challenges facing A/E firms in the coming year? What will you do to overcome these challenges?

- 1) **Right sizing their business for the current markets and industries they are in.** We have exceptionally strong financial analytics and a seasoned executive team that has much experience "right sizing" businesses. We follow very clear guidelines.
- 2) **Continuing to transform skills and solutions to meet client expectations in a rapidly changing world.** We have an aggressive "talent acquisition" strategy and a successful education infrastructure we call "Cal U," with more than 500 training curriculums.
- 3) **Avoiding the wrong "new business strategy" in response to very uncertain global economic conditions.** Our executive team is a mix of diverse backgrounds, all working together to make informed decisions. Our method of tapping into our broad network of advisors across such disciplines as geo-politics, economics, real estate, finance and technology, helps us achieve a critical perspective for business-strategy decisions. ▲▲

ZW15 INDEX

AN INDEX FOR THE A/E INDUSTRY: The ZweigWhite 15 returns with this issue of **THE ZWEIG LETTER**. The ZW15 is a market-weighted index designed by ZweigWhite to track the performance of

publicly traded AEC and environmental consulting firms in the United States. We will publish the index once a month as a guide to the performance of the biggest companies in the design industry.

Company Name	Ticker	Share Pricing				Market Multiples		Efficiency		
		Closing Price	% of 52 Wk High	52 Wk High	52 Wk Low	Market Cap	TEV / Revenue	TEV / EBITDA	Return on Equity	Return on Assets
AECOM Technology Corporation	NYSE:ACM	30.17	95.7%	31.53	14.50	3,150	0.5x	8.8x	-2.9%	3.5%
Ecology & Environment	NasdaqGM:EEI	12.49	73.5%	16.99	10.61	53	0.4x	9.3x	4.0%	2.4%
Emcor Group	NYSE:EME	37.79	94.7%	39.91	25.32	2,540	0.3x	7.3x	10.8%	4.9%
Fluor Corporation	NYSE:FLR	61.28	91.9%	66.67	44.99	9,970	0.3x	8.7x	16.6%	5.6%
Hill International	NYSE:HIL	3.38	57.8%	5.85	2.74	129	0.5x	11.7x	-2.5%	0.7%
Jacobs Engineering Group	NYSE:JEC	47.61	94.3%	50.48	33.61	6,210.0	0.5x	7.6x	11.0%	5.9%
KBR	NYSE:KBR	30.04	79.1%	38.00	22.09	4,450.0	0.4x	9.5x	8.2%	3.2%
Michael Baker Corporation	AMEX:BKR	24.10	87.9%	27.43	17.84	232.0	0.3x	5.1x	4.1%	2.6%
Chicago Bridge & Iron	NYSE:CBI	52.39	95.5%	54.85	32.48	5,060.0	0.9x	9.0x	23.0%	7.9%
Stantec	TSX:STN	40.41	95.0%	42.55	25.77	1,850.0	1.3x	9.4x	17.9%	7.8%
Tetra Tech	NasdaqGS:TTEK	29.06	95.6%	30.39	23.41	1,870.0	0.9x	8.8x	11.2%	5.9%
TRC Companies	NYSE:TRR	6.40	74.9%	8.54	4.27	185.0	0.6x	8.4x	27.3%	3.5%
URS Corporation	NYSE:URS	41.54	92.0%	45.15	32.13	3,190.0	0.5x	6.4x	10.1%	4.5%
Versar	AMEX:VSR	4.34	91.0%	4.77	2.14	41.0	0.3x	2.9x	12.7%	9.6%
Willdan Group	NasdaqGM:WLDN	2.23	57.2%	3.90	1.14	16.0	0.1x	-2.2x	-70.7%	-6.1%
						Mean	0.5x	7.4x	5.4%	4.1%
						Median	0.5x	8.7x	10.8%	4.5%

Data current as of Feb. 26, 2013.

SUMNER, from page 11

business administration/accounting from the University of Georgia, Athens. He is also a graduate of the Harvard University senior executive program.

PLAYING AN ACTIVE ROLE. Sumner is responsible for maximizing Callison's financial performance by providing direction and insight into the planning, development and control of financial operations in support of its strategic and operational objectives. He directs the operations of the financial, treasury and accounting functions and participates in the firm's strategic and operational planning. He analyzes financial data and develops programs that are designed to enhance revenue, contain costs and improve profitability.

Additional responsibilities include:

- Continually "professionalize" the financial operations of the firm.
- Oversee and develop the budgeting, financial analysis, financial and management reporting functions.
- Ensure that financial systems, personnel and processes provide the necessary information for firm management, the practices and staff to be successful.
- Build credibility with management and staff by understanding the numbers and providing insight about the key business drivers.
- Help evaluate the strategic alternatives for Callison and its various practices.
- Establish clear and open lines of communication and translate complex information into understandable terms.
- Closely monitor A/R and collections. Develop standardized

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? Knowing the answers to these questions can give your firm an edge on the competition.

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.

collections processes to ensure payment of fees in a timely manner.

- Work closely with Callison's bank on daily operational and cash flow matters, and the negotiation of firm borrowing arrangements as needed.
- Facilitate and support the annual review by outside auditors.
- Elevate, strengthen and further develop the finance, acquisition, and integration capabilities as Callison continues to grow organically and through acquisitions.
- Provide active M&A support, evaluation, implementation, and post transaction integration.
- Oversee and develop financial reporting systems that provide better real time information. ▲▲