THE ZWEIG LETTER

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HR | FINANCE SUPPLEMENTS

Pages 9 - 12

June 17, 2013, Issue 1012

Be more effective now

The year is half over, so here's eight things you can do now to improve performance, Mark Zweig writes.

You have to bring in work. You aren't selling anything to anyone they don't need. Find ways to help your clients and then let them know about those solutions. Don't be afraid to ask for the sale.

Mark Zweig

EDITORIAL

Time's a-wastin'. The year is now approaching halfway (time flies, doesn't it?). You cannot keep rationalizing away poor performance and plan to make it up later in the year. At some point, there isn't enough "year" left to make it up.

Here are eight things YOU can do to be more effective NOW as a leader and manager working in the A/E or environmental business:

1) **Put in honest hours at work.** Stop doing so much personal stuff, gossiping, chit-chatting and wasting time. Work harder and more intensely.

2) **Confront.** When an employee is not performing up to your standard, inform them immediately. Don't let it fester or save it for performance appraisal time.

3) **Sell.** You have to bring in work. You aren't selling anything to anyone they don't need. Find ways to help your clients and then let them know about those solutions. Don't be afraid to ask for the sale.

4) **Pay for yourself.** Selling is great. It's fundamental. But so is billing. You need to be doing something a client will pay

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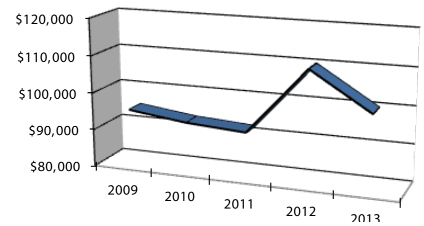
ALSO INSIDE

TRENDLINES

PM decline



ZweigWhite's 2013 Project Management Study finds that project managers' median base salary dropped to $100,000 this year, after climbing to a five-year high of $110,000 in 2012.

The median base salary for project managers was, however, on a gradual decline in previous years, falling to $92,000 in 2011, from $93,000 in 2010, and from $95,000 in 2009.

– *Margot Suydam, Survey Manager*

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NEW FEATURE

TZL time machine

THE ZWEIG LETTER debuts a section called "TZL time machine" where we do a retrospective of issues published around this time 10 and 20 years ago. Enjoy!

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for. Cover your salary with your personal billings. Then everything else you do is "bonus" and you won't be a drag on the company.

5) **Recruit.** This business takes good people at all levels. You have to be on the lookout for talent at ALL times IF you are to be able to get that talent when you actually need it. Sell the company to the best people out there who can make a real difference in your firm – now and in the future.

6) **Maintain relationships.** You have got to take the time to call and see your clients, valued subconsultants and even key employees. Every relationship takes TIME. If you don't invest time you won't keep it alive.

This business takes good people at all levels. You have to be on the lookout for talent at ALL times IF you are to be able to get that talent when you actually need it.

7) **Stop procrastinating.** Email inbox full? Clean it out. Client not paying? Get serious about trying to collect. Piles of paper on your desk? File them. Stop letting everything mount up. Deal with situations as they occur versus later.

8) **Stop being negative.** If you don't think a project can turn out well, how will anyone who works for you? If you don't think the company can be successful, how can anyone else? If you don't believe the client is worth serving well, how will anyone else? This is fundamental. You have got to be positive to get positive results.

Try these things for 30 days. I guarantee you will get more done, feel better, and be more successful – or we'll give your money back!

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

RESOURCES

PROJECT MANAGEMENT STUDY: Firms in our industry are always trying to figure out how to improve their project management techniques and procedures. This is not surprising. Effective project management and project managers can mean the difference between making and losing money, pleasing and losing clients, maintaining a good firm image and getting a bad reputation and reducing liability and getting caught up in expensive litigation.

While books abound on how to manage projects with everything from scheduling systems to project management forms, the 2013 Project Management Study of Architecture, Engineering, Planning & Environmental Consulting Firms is the only source of hard data available on how project management really works in the architecture, engineering, planning, and environmental consulting industry.

With this comprehensive study on project management, you'll find out how your competition handles project management issues and what you can do to make sure your firm does it better. Get an inside, in-depth look at your peers' project management practices and gain valuable insight from project managers in firms just like yours.

Data are broken out by firm type, staff size, region of the firm's headquarters, firm growth rate, and firm client base so you can make specific comparisons. Updated for 2013 with all the latest available statistics on project management and project managers, this book has the answers you need to improve your firm's project management.

Topics covered in this survey include:

- Organization: Do the majority of firms in our industry organize themselves by a matrix, standing team/studio, or hybrid structure? What do other firms of the same type, size, and region as yours do? Organization structure serves an important role in A/E/P and environmental firms, as it dictates how project teams are decided and consequently, may affect the project itself. If you're a firm leader, you can't afford to miss these survey results.
- Project administration: Do firms budget for project management? If so, what percentage of the total project budget is typically allocated for project management? Many design professionals may believe that an activity is not billable unless it specifically involves design. But firms that don't budget for project management at all, or do inaccurately, may be selling themselves short. Is yours? Find out how your project management budget compares to other firms just like yours!
- Project websites: Has your firm jumped on the project website bandwagon yet? Many of our survey respondents have! Find out what they have to say about who's responsible for setting up project websites, who can usually access the sites, and whether they think these sites are truly an effective project management tool.
- Project managers: Several chapters on project managers themselves cover everything from their age, gender, and education, to their time management and responsibilities, to how much they earn. Whether you're a firm leader looking to find out what you should expect from your project managers, or you're a project manager looking to compare your salary or other aspects of your job to your peers, you don't want to miss these statistics.

This is just a sampling of the information you'll get in the 2013 Project Management Study. Presidents, CEOs, COOs, and project managers will find all the statistics they need to improve their firm's project management in this one book. You'll be able to compare your firm's project management side-by-side with firms just like yours and find out how you stack up.

For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/p-2160-project-management-survey-2013.

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PRACTICE

Develop better sub relationships

The importance of good contracts and contract management plans.

Editor's note: First a two-part article.

By LIISA SULLIVAN
Correspondent

In a perfect world, design teams and subcontractors would be equal partners, right? Well, we all know the world is not perfect. And, in a complex project world, it is common to have disparate teams working together on a project. So, how do you work to ensure an equitable relationship?

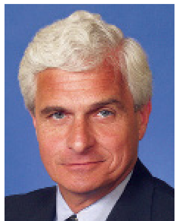
"While they can be partners, there will always need to be a prime and a sub. And, it's up to the prime to be very specific about expectations in a cordial and respectful manner. It's the key to a long-term relationship."

CLARIFY, CLARIFY, CLARIFY. Frederick Aufiero, owner of **Aufiero Engineering and Consulting LLC** (Bedford, MA), a civil engineering firm, was formerly the vice president of **Kleinfelder**'s risk management/expert witness/litigation support practice. He says that an effective and balanced relationship has many components, but most importantly starts with 1) a solid contract arrangement; and 2) a strong management plan.

It's important for the prime consultant to make the contract between parties as clear as possible.

"While they can be partners, there will always need to be a prime and a sub," Aufiero says. "And, it's up to the prime to be very specific about expectations in a cordial and respectful manner. It's the key to a long-term relationship."

SUBCONSULTANT CONTRACTS. "Once a design firm has selected subconsultants for a project, it wants to be certain it has a written contract with them for services," Aufiero says. "Subconsultant agreements may take various forms. One form is a general subconsultant agreement that contains the overall conditions a firm wants in all subconsultant contracts. The subconsultant's scope of services and fees can then be added."



Frederick Aufiero, Owner, Aufiero Engineering and Consulting LLC.

Other types of agreement/contract forms can be on-call or task-order service agreements.

"These can provide a convenient way to work with subconsultants that a firm has worked with previously and where the client project contract is structured on the same basis," Aufiero says.

Another option is to use standard agreement documents, such as those produced by the American Institute of Architects or the American Council of Engineering Companies. These organizations have industry-approved prime/subconsultant contract forms that can be a good starting point if a firm does not have a company standard.

Aufiero advises that you consider the following issues with respect to subconsultant contracts:

- Do not use the subconsultant proposals as the contract. Language in proposals generally does not make good contract language. Often it is not sufficiently definitive and may contain statements about items that the subconsultant may or may not be committing to do on the project.
- If the subconsultant's proposal is to be added to the contract as an exhibit, be aware of the general conditions in the subconsultant's proposal/contract form. A firm must delete those general conditions that do not conform with the general conditions in the prime/subconsultant agreement contract. If there are overlaps in the general conditions language, it will only cause confusion should there be an issue that is later contested.
- Subconsultants should be required to carry professional liability insurance at an appropriate level that corresponds with their responsibilities and impact on the project. A firm must get an insurance certificate that clearly spells out the professional liability coverage and deductibles that the subconsultant has.
- Never give a limitation of liability to a subconsultant unless there is one with the client. A subconsultant's proposal/contract form will often contain a limitation of liability in the general conditions. As mentioned above, this is something a firm needs to read carefully so as not to provide protection to the subconsultant that it does not have as the prime consultant.
- Make sure to effectively flow down, incorporate, and give precedence to all desired and mandatory terms and conditions in the prime contract with the client. To the extent the design firm's subconsultant contract terms do not line up with its prime contract terms, the design firm takes risks it will need to justify taking or effectively mitigate.

MANAGE THE SUBCONSULTANT. Once the contract is agreed on, a plan to manage and oversee the work is needed. The scope of services

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GOOD TO KNOW

Seventeen percent of very high profit firms and 11 percent of fast-growth firms never pay subcontractors or subconsultants before getting paid by the client.

Source: 2012-2013 Successful Firm Survey, ZweigWhite: www.zweigwhite.com/p-1163-successful-firm-survey-2012-2013.php.

A/E BUSINESS NEWS

LEED EARTH: In an effort to accelerate sustainable development around the world, the U.S. Green Building Council, creators of the LEED green building program, announced a new campaign offering free LEED certification to the first green building projects to certify in the 112 countries where LEED has yet to take root.

Coined "LEED Earth," this campaign aims to bring LEED certification and thereby better-performing buildings into new markets. All building types are welcome to participate across the suite of LEED rating systems.

"LEED is a global language and can become a catalyst for incremental change toward a sustainable future. USGBC is committed to bringing LEED to every country in the world while continuing to foster innovation and achievement in existing global markets," said Rick Fedrizzi, president, CEO and founding chair, USGBC.

"Buildings are the single greatest contributor to greenhouse gas emissions of any sector, and the least costly way to alleviate the environmental stresses of our changing planet. LEED is the tool to get the job done."

With LEED projects in 140 countries and territories, 1.5 million square feet of construction space earn LEED certification each day, the equivalent of nearly four Empire State Buildings a week. To participate in the program and register a project, contact us at LEEDEarth@usgbc.org. For the campaign's rules and regulations click www.usgbc.org/resources/leed-earth-rules-and-regulations. Share your involvement in the campaign or follow updates on Twitter with hashtag #LEEDEarth.

ULI CONTEST FINALISTS CHOSEN: Five projects have been selected as finalists for the Urban Land Institute Urban Open Space Award, a competition that recognizes outstanding examples of transformative and vibrant public open space – large and small – that have spurred economic and social regeneration of their adjacent communities.

This year's finalists are the Yards Park in Washington, D.C.; Wilmington Waterfront Park in Wilmington, Calif.; Cumberland Park in Nashville, Tenn.; Brooklyn Bridge Park in New York; and the Village on False Creek in Vancouver, B.C. The winning project will be announced at the ULI Fall Meeting, set for Nov. 5 through 8, 2013 in Chicago. A $10,000 cash prize will be awarded to the individual or organization most responsible for the creation of the winning open space project.

The five finalists were selected from an impressive collection of entries, representing urban areas throughout North America. Since the program is not meant to be a landscape architecture or urban design competition, the jury selected finalists based on overall project design and how each impacted or revived their surrounding areas.

"Submissions for the 2013 ULI Open Space Award reflected the impressive creativity that is blossoming across North America as cities provide outdoor opportunities for relaxation, an amazingly broad range of physical activities, and a sense of community for citizens and visitors of all ages," said jury chairman M. Leanne Lachman, president of real estate consulting firm Lachman Associates LLC in New York. "Each finalist park draws folks in and encourages them to stay and actively participate, enlivening their neighborhoods and tightening the fabric of their cities. Passive and active recreation are delightfully alive and well in our urban areas, as evidenced by ULI's five award finalists."

TIMBER TOWER: **Skidmore, Owings & Merrill LLP** (Chicago, IL), a major architecture, interior design, engineering, and urban-planning firm, is proposing a new structural model for tall buildings: wood.

The goal of the Timber Tower Research Project was to develop a structural system for tall buildings that uses mass timber as the main structural material and minimizes the embodied carbon footprint of the building.

The structural system research was applied to a prototypical building based on an existing concrete benchmark for comparison. The concrete benchmark building is the Dewitt-Chestnut Apartments; a 395-foot tall, 42 story building in Chicago designed by SOM and built in 1965.

SOM's solution to the tall wooden building problem is the "Concrete Jointed Timber Frame." This system relies primarily on mass timber for the main structural elements, with supplementary reinforced concrete at the highly stressed locations of the structure: the connecting joints.

This system plays to the strengths of both materials and allows the engineer to apply sound tall building engineering fundamentals. The result is believed to be an efficient structure that could compete with reinforced concrete and steel while reducing the carbon footprint by 60 to 75 percent.

SOM believes that the proposed system is technically feasible from the standpoint of structural engineering, architecture, interior layouts, and building services. Additional research and physical testing is necessary to verify the performance of the structural system. SOM has also developed the system with consideration to constructability, cost, and fire protection.

Reviews from experts in these fields and physical testing related to fire is also required before this system can be fully implemented in the market. Lastly, the design community must continue to work creatively with forward thinking municipalities and code officials using the latest in fire engineering and performance based design to make timber buildings a viable alternative for more sustainable tall buildings.

Check it out at www.som.com/publication/timber-tower-research-project.

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in the subconsultant contract must be written clearly, with identified deliverables milestones and a clear statement of the fee and how the subconsultant will be paid. A firm will also need to think about how it wants to manage the subconsultant's activities. Should it hold weekly or less frequent meetings to understand the subconsultant's progress on the work and to answer any questions it might have? There may also be the need to coordinate and integrate subconsultant activity, particularly if more than one subconsultant is on the project.

A firm needs to make it clear to the subconsultant what the performance expectations are so that its level of performance meets the same level of performance being held to by the client. This also will provide the basis of monitoring the subconsultant's progress and quality of performance at project meetings. A firm should also require a quality assurance/quality control (QA/QC) program plan from the subconsultant. By doing this, a firm will be putting them on notice that there are clear expectations of their level of performance with regard to QA/QC. Implementing safety and quality controls will also provide another topic of conversation at progress meetings.

Note: Part two will address integrated project delivery (IPD) as another effective option.

HISTORY

TZL time machine

The past can teach valuable lessons, so with this issue, THE ZWEIG LETTER debuts a section called "TZL time machine" where we do a retrospective of issues published around this time 10 and 20 years ago. Enjoy!

June 1993

Back in June 1993 accounting software was already a topic of debate among A/E firms. Instead of coming from the heavenly cloud, however, software came in CDs wrapped in plastic.

From a three-part article published on June 15, 1993, issue #28 of **THE ZWEIG LETTER**: "When a design or environmental consulting firm buys an integrated project accounting package, it should be getting more than a shrink-wrapped box full of disks and manuals. Most firms need help to get the most of these high-priced, mission-critical applications. In theory, breaking in a new accounting package involves adjustments on both sides: First, you learn to do it their way – with some help from competent technical support, hopefully. Then if it still won't do what you want, there's always customizing available from the vendor."


the Zweig letter

The weekly management advisor for architecture, engineering, planning & environmental consulting firms

A ZweigWhite Publication

516: June 16, 2003

From 35,000 feet...

Personal Digital Assistants

Inside

Firm Index

Next Week

Overcoming barriers to technology.

Then the article goes on to interview A/E firms on their trials with accounting software: "After buying the **Timberline** software (Timberline Software Inc., Beaverton, OR), Judy Anderson found it was quicker to try and correct initial system glitches herself rather than rely on the experts at the software company." Sound familiar?

Nevertheless, "A successful customizing tale is told by **Ogden Environmental & Energy Services**, a 1200-person firm based in Fairfax, Virginia. When Ogden began taking on projects with award-fee contracts, John Clouse, Vice President of MIS, had **BST** (BST Consultants, Inc., Tampa, FL) modify the system so he could bill correctly. Thanks to the modification and BST's custom invoice feature, 98% of his invoices are totally automated."

Meanwhile, in the same issue, Mark Zweig tackled the topic of procrastination in an editorial titled "Just do it."

"Personally, I have *no* patience for those who always *plan*, yet never start; those who never *finish* what they start; and those who have every excuse in the book for *not* doing something that they should be doing to get where (they say) they want to go. It's maddening!," he wrote.

June 2003

While the June 15, 1993, issue of **THE ZWEIG LETTER** contained all of three articles, the June 16, 2003 issue, published 10 years later, contained many more articles, including the TZL "Advisor," a two-page supplement dedicated to strategic planning.

The supplement contained two articles: "Succession planning – A handy reference guide and "Leadership transition – what works and what doesn't."

Mark Zweig, meanwhile, wrote his editorial from 35,000 feet above ground. Something in the editorial also rings true with current firm leaders: hard times.

Here's a sampling:

"Monday morning, 10:15 a.m. I'm on another plane, this time heading for Seattle. When I pulled up to the Terminal B parking garage this morning, I noticed the woman who checked out my GMC Yukon Denali for a bomb in the back was the same one who checked my car two more times in the last week.

"Like a lot of our clients and my fellow partners and associates at ZweigWhite, I'm traveling a lot these days. It's not that I love it (though I do confess that I love the work)... I have to. I have to work harder than ever before to earn my keep. That means doing talks, seeing clients, and being billable on consulting jobs.

"Regardless of anything you read in the papers (I don't trust any of 'em, anyway), the recession is still on full-bore for the majority of the companies that make up the A/E and environmental business. That means more firms than ever need our help. And more of our clients are on the road, too, doing whatever it takes to keep bringing the work and cash into their firms."

Creating your leadership pipeline

Current leaders also need the inspiration and drive to lead the process.

Gerry Salontai

GUEST SPEAKER

The Great Recession has been over for some time now. Gone are the days that were more about survival than growth. The business of growing the company is back. The call for leaders to lead the way is out.

Whether you managed well through the recession or were impacted severely – and companies that struggled have more ground to make up because they shed some of those up-and-comers in that effort to survive – most companies struggle with leadership.

Many businesses are not fully prepared to transition leadership duties from one generation of leaders to the next. Keeping the baby boomer generation at work is only a stopgap solution. It's past the time to get back to growing leaders.

How do you identify, develop and retain those leaders of the future? It's hard work and takes constant vigilance to be successful (the best companies work at this continually). An important first step that is often overlooked is the assessment of the leadership style within your company. Leadership studies argue that the best type of leadership is determined by situational variables in an organization – which can vary between types of businesses, companies in the same business and over time. Identifying the leadership style that best fits a company includes the assessment of the type of work, the complexity of the organization, the qualifications of the followers and the broad culture that exists. The assessment of the best style(s) that fit your company increases the chance you will find and develop the best candidates to lead.

How do you recognize a good leader? This initial step of finding leaders seems to be the most elusive. One must always be on the "prowl" for potential leaders who work for you now and those you could attract to your company to add strength to the "bench." The ability to influence others, communicate well, deliver results, a positive attitude and resilience, vision, integrity and a team attitude are just some of the traits to look for. You can usually spot them in action during every day activities. They tend to be good with clients, their peers and subordinates. Leaders participate well, ask good questions and strive to make constructive contributions during the conduct of meetings. And leaders almost always accomplish the goals or tasks you give them and have a voracious appetite to take on more.

So now you've found potential leaders. What's next? You need to invest the time and cost of developing them to realize their full potential. It's a continuous process that takes full commitment. But it doesn't take a sophisticated Harvard-type development program to be successful. Leadership development can be scaled for the size of a company – accomplished through simple programs and activities. Leaders are best developed by simply participating in the learning and sharing experience of your business. Informal mentoring, coaching, special company projects/assignments, providing promotional opportunities and formal education all provide an opportunity to develop leaders.

The first step in development is to measure the potential leader's readiness and, more importantly, the learning "gaps" that need to be filled. Essentially, what qualities, experience and skills will they need to be successful? The best approach is also to look at each of these candidates based on future potential – using the "what got you here may not get you there" philosophy.

See GERRY SALONTAI, page 8

The ability to influence others, communicate well, deliver results, a positive attitude and resilience, vision, integrity and a team attitude are just some of the traits to look for. You can usually spot (potential leaders) in action during every day activities.

What you write and how you write it

Good communication includes good writing.

Christine Brack

PM PERSPECTIVES

Everyone sort of scoffs at the English Lit majors in college – questioning the validity of such a general degree and wondering what sort of jobs those graduates land upon finishing. By all means, teaching is a great profession and the subject matter no less important than any other, including – say – engineering or architecture. Despite the rigor the course of study that engineering and architecture present, too often the skill of good written communication is lost in the process.

Over the last several months I have noticed a trend in requests (now that training budgets are back in place!) for writing skills demonstrations or workshops for project managers. The issue is typical: the PM is technically superb, juggles all the moving parts skillfully, takes wonderful care of the client, and is thorough in problem solving. However, his emails ramble, include misspellings, incomplete sentences, poor grammar, and tones that are easily misconstrued as harsh and condescending.

Many principals would defend that technical and managerial skills place higher on the essentials list than writing style. Not every project manager is the perfect specimen in all talents, but ignoring the inadequacy altogether also isn't a good resolution. Here are a few reasons why and a few easy suggestions to address them:

- **Anything written is a representation of the firm.** With all the people involved in projects, all the stakeholders who receive communication or read reports, there are too many eyes that literally see the intelligence of a project manager through those written words. If the project team is scattered or remote, or if team members haven't met the PM author, poor style and bad grammar usage can quickly diminish his legitimacy. At the hourly fees firms try to justify charging for superior project management, quality, and expertise, it's not a helpful sell when at $200/hour, she spells and writes like a seventh grader.
- **By this point, it's not a surprise.** The road to becoming a project manager presents ample opportunity for one's abilities to be well known – some that indicate promise and some that show a need for improvement. Because we all rely on email heavily during the day, throughout the week, on any project; one's writing ability is one that is immediately noticed – especially if it's subpar. Willingly advancing someone with glaringly bad writing skills to take on the role of project manager and not suggesting assistance for it is a reflection of poor leadership.
- **Enroll in a simple course.** With the proliferation of community colleges, online learning, distance learning, and self-guided learning, there are plenty of ways to find a basic writing course and make it easy to fit your busy schedule. If it's important, you'll find a way to make it work.
- **It's professional, not remedial.** It may be difficult to have a conversation with a trusted project manager and tell them that their emails and reports are atrociously written. It many even sound demeaning. Consider again the perception built by those on the outside who read these things. This is a professional environment; it warrants good grammar and style. It isn't an attack on one's education at any level. It is, however, simply asking for professional representation of the firm.

No one is expecting project managers to be the next Nobel Laureate in Literature. Communication and good practice of it – especially in writing – is a skill that shouldn't be overlooked or ignored simply because it wasn't on the college roster of required courses.

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Many principals would defend that technical and managerial skills place higher on the essentials list than writing style. Not every project manager is the perfect specimen in all talents, but ignoring the inadequacy altogether also isn't a good resolution.

NEWS

Profits and hiring on the rise in Boston

CPA firm survey confirms continued growth in business volume in Greater Boston.

After three years of slow but continuing improvement, architecture and engineering firms are healthier now than at any time since the start of the great recession, according to initial findings of the 2013 Architectural and Engineering Study from DiCicco, Gulman & Company LLP, a CPA and business consulting firm specializing in the A/E industry.

This soon-to-be released survey benchmarks financial performance and other key indicators based on input from over 40 architecture and engineering firms headquartered in the greater Boston area. The study, conducted annually, contains some of the most comprehensive financial data available on the A/E industry.

"Most firms are doing better than they did in 2011," said Chad DaGraca, a partner in DCG's A/E practice.

While the report shows a 2.6 percent increase in profits, perhaps more significant is the fact that firms also increased hiring, made investments in infrastructure and saw continued growth in the volume of their business. "These are signs of a true recovery," DaGraca said.

One reason for the improvement is renewed activity in the private sector. Many companies – including a good number of the Fortune 500 – have been loosening their purse strings and investing in new buildings and facilities. "Companies are spending money because they have more confidence in the overall direction of the economy," DaGraca said.

At the same time, the residential housing market has stabilized and is improving in certain markets across the country. With more work to be found in the housing sector, firms that were forced to bid on other types of projects are increasingly returning to their normal line of work.

While competition remains stiff, there are clear signs of easing within the industry. The average billing multiple, for example, rose again in 2012, increasing to 3.12 from 3.08 in 2011.

Likewise, the utilization rate, which is the percentage of time worked on billable projects, rose slightly to 65.3 percent, putting it above 65 percent for the first time since the recession.

While the survey focuses on 2012 data, responses indicate that 2013 will likely show continued improvement, DaGraca said. Another indication of continuing industry growth, he said, is the AIA's Architectural Billings Index, which has reported growth in design firm billings for eight of the last nine months. "We are still not back to pre-2008 levels, but we are moving in the right direction," said Dave Sullivan, partner in DGC's A/E practice.

As A/E firms gain strength, Sullivan expects to see many firms tackling long-range strategic initiatives such as succession planning, the impact of industry consolidation, and staff development. Staffing, for example, is getting increased attention as firms try to make sure that they have people with the right skill sets in the right positions. Employees are also beginning to look for new opportunities as the job market eases. Turnover has been relatively low over the past two years, but that will change in 2013, so firms need to be prepared for those changes and have a plan in place to attract and retain good people.

"Industry consolidation and succession planning will continue to be among the leading challenges for the industry in 2013," Sullivan said. "The recession has put more pressure on the demographic shift in firm ownership created as the baby boomer generation heads to retirement. Firm owners need to plan early to execute a successful succession plan and to achieve their longer term ownership goals for the firm. This is not an easy task, as many firms will attest to."

GERRY SALONTAI, from page 6

A development program should be constructed at the highest level of the company to monitor and track progress of all candidates in the company. It can, however, be administered very simply through the annual goal-setting and review process. The key is to have "candid" dialogue about not only dreams and aspirations – but also those areas of improvement needed during their leadership journey. Above all, and after all efforts are made for development, if there are serious flaws that prevent a candidate from being successful, they should be told.

HOW DO YOU KEEP THOSE WHO SHOW THE MOST PROMISE? This is perhaps the most difficult part of this journey. A company certainly needs to create an environment for leaders to continue to grow and prosper while rewarding them for their accomplishments. The key is to continually challenge them with new and varied assignments. It's also important to bring them along in selected decision-making forums you may have in the company. Simply put, engaging future leaders constantly in the business will keep them loyal and tied to the company.

This article was not meant to be a comprehensive outline of a program for finding, developing and keeping leaders. Rather, I hope to inspire those reading this to get their programs back on track or focus on current efforts with greater intensity. The talent war has arrived and building a bigger pipeline of leaders for your future is critical for a sustainable company.

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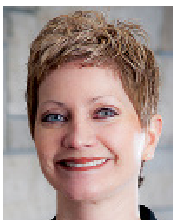
WORKSPACE

Working in the open… or not

Three firms, three philosophies on space.

By LIISA SULLIVAN
Correspondent

Open versus closed workspaces – the debate continues. What works for one firm, may not be great for another. It often comes down to company culture, mission and demographics.



Michelle Gramelspacher, Assistant Controller, Butler, Fairman & Seufert, Inc.

SOME SEPARATION IS GOOD… At **Butler, Fairman & Seufert, Inc.** (Indianapolis, IN), a 135-person civil engineering firm, the office is mostly arranged as cubicles. However, they are low cubicles and that creates an open setup. All owners (including the president) in addition to each department head, have their own office.

Michelle Gramelspacher, assistant controller, says that there are pros and cons to both open and closed spaces.

When it comes to open spaces, she says that while they may encourage a team environment with lots of collaboration, they may also decrease productivity, create disturbances and cause employees to forego their privacy.

"Closed environments allow for privacy and the ability to keep out noise during a work crunch and also allow for private conversations, when necessary," Gramelspacher says. "However, they can also create such a separation that it creates a loss of community and a lost grasp of what is happening in the office."

MIX IT UP… Karen Moorefield, associate, director of corporate development at **HuntonBrady Architects** (Orlando, FL), a 69-person architecture and interior design firm, says that the company has a combination of cubicles, custom-built workstations and private offices. Most of the cubicles are 8- by 8-foot and include panel systems for some privacy. These are mainly used by architects, designers and technical staff.

Karen Moorefield, Associate, Director of Corporate Development, HuntonBrady Architects.

"Our custom-built workstations with storage areas – for drawings and reference binders – are used by project managers and some associate principals. The private offices are occupied by the senior principals, marketing, accounting and HR. Chuck Cole, our president, also has a private office with a small conference table for smaller group meetings," Moorefield says.

She adds that more closed work areas function well for how they work, their overall firm culture, and what they have transitioned into.

"Privacy is a driving factor – especially for HR and accounting. Therefore, we have needs for the combination of different work areas (cubicles or offices)," she says.

Moorefield explains that they:

- Allow staff to personalize their cubicles (or offices), but in keeping with the professional office image, which provides a fun degree of individuality (as well as some sport team rivalry). It gives staff a sense of personal space and creates a functional work setup.
- Vary lighting for individuals and allow people to position their monitors and keyboard specifically for their needs.
- Provide panels to buffer noise levels, allowing for better concentration.

"Having staff in cubicles does not preclude collaboration at all," Moorefield says. "At any point in time, one can walk through the studio and see impromptu meetings happening between two or more 'cube-mates'."

PREP FOR CHANGE AND GROWTH. On occasion, Moorefield says that they may have to move staff around to accommodate specific staffing needs (some departments "borrow" staff for a long-term project or a reassignment).

"We tell everyone not to get married to their workstation," she says. "Those we have moved have stated they like the change and their new neighbors. We also experienced some staff growth about six years ago, which meant that we had to acquire additional cubicles, but we were fortunate to have planned for future growth and had the additional floor space."

Currently, HuntonBrady occupies approximately 20,000 square feet on one floor.

"We laid out the entire office based on the needs of our market groups – healthcare, commercial, education and interior design and our operations' areas (president, office manager and accounting, HR and marketing offices)," Moorefield says. "For collaboration purposes we needed the market groups to be close to one another. Our principals are located in offices with glass walls in the vicinity of their market group. By locating staff in the studio near their project groups and leaders, it is easy to see who is around and available. The cubicles and the custom workstations have plenty of storage and layout space. Architects tend to work on multiple projects and having their project information readily available is critical."

Additionally, HuntonBrady has five conference rooms that are used for typical meetings, but also as in-house collaborative meeting rooms. They vary in size and can accommodate four to 40 people. The café is also used for meetings.

"The bottom line is that we have a work

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ON THE MOVE

PERKINS+WILL PROMOTES: The San Francisco office of 1,500-person architecture and design firm **Perkins+Will** (Chicago, IL), announced the growth of its leadership group with **Andrew Wolfram** having been promoted to principal and **Sara Andersen** to associate principal.

Further promotions went to **James Mallery** and **Tim Meador**, who have both been named associates. Additionally, office new hires include design principal **Jeffrey Till** and senior associate **Paul Schuette**, who joins the Planning+Strategies practice.

Wolfram is the Preservation+Reuse global leader for Perkins+Will and has more than 25 years of experience working on the adaptive reuse of significant historic buildings as well as other complex urban projects.

Wolfram has now been appointed as principal in the San Francisco office and will continue his focus on transformative and significant work in adaptive reuse and urban infill.

Andersen serves as the interior design discipline leader for the San Francisco office. Schuette will be the regional leader of the firm's Planning+Strategies practice, which is an established practice that is extending its reach to the West Coast. Mallery has been a project architect at Perkins+Will since 2008. Meador serves as a digital practice manager.

The Perkins+Will San Francisco office has a distinguished history and portfolio of award-winning architecture, interiors, and urban design projects across the region, nation, and world.

LJA PROMOTES: **LJA** (Houston, TX), a 300-person civil engineering firm, announced that **Amanda Carriage** has been promoted to project manager in the Land Development Division.

Carriage has more than eight years of civil engineering experience in the hydraulic and hydrologic engineering and drainage fields. Her responsibilities have included performing drainage and flood protection studies, writing drainage reports, and creating floodplain maps based on the results.

She has modeled several small and large scale watersheds in addition to using hydraulic and hydrologic modeling software to demonstrate improvements between existing and proposed conditions.

In her new position, Carriage will perform various management tasks for land development projects including supervision of staff, attending district meetings, and coordinating project activities with clients and governmental agencies.

KAI TEXAS HIRES: **KAI Texas** (Dallas, TX), a program management, construction management, architecture, and mechanical/electrical/plumbing engineering and planning services firm, recently welcomed master planner and urban designer **Herman Howard**.

Howard, a Georgia-based architecture specialist previously from **Studio H Urban**, joins KAI's southeastern team as director of planning and urban design.

Prior to joining KAI, Howard served as a co-founding partner, CEO, and president of Studio H Urban. Before founding Studio H Urban, he also worked for six years at HOK's Atlanta office as principal of the Aviation & Transportation Group.

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area for everyone, whether it's an office, a cubicle or a custom workstation as well as the ability to accommodate 82 employees in-house if we ever need to grow to that number again," Moorefield says.

Angie Lee, Vice President, SmithGroup JJR.

WORKPLACE OF THE FUTURE. At **SmithGroup JJR** (Ann Arbor, MI), an 800-person design firm, Angie Lee, vice president and director of the firm's Workplace Practice, says that they have migrated toward an open plan concept focused on balancing collaboration spaces with several choices of areas to work from within several of their offices across the U.S.

"Mobility is key," Lee says. "The technology to support internal and external mobility is paramount."

Currently, SmithGroupJJR's president and CEO Carl Roehling occupies an office, but when he is away, the office can be used as a shared conference space. Additionally, the firm's chairman David King is a teleworker without an assigned space.

As a practice leader, Lee also operates as a "free address" and does not have an assigned office space. She is based in Washington, D.C., and travels to other offices and client locations.

"Some people argue that they need acoustical privacy to be productive, but that argument could be more founded on prestige or perceived hierarchy. So, while they will fight for having a private office, others revel in being surrounded by their colleagues. This group is stimulated by their energy and willing adopters to open, benching-type solutions provided that there are other areas for focus work," Lee says.

Lee does not believe there is a "right or wrong answer." Among things that need to be addressed when considering work space areas are:

- Industry and market
- Corporate culture
- Recruitment and retention
- Demographics of the talent pool
- Competition
- Change tolerance
- Technology

SmithGroupJJR first considered a "Workplace of the Future" model because its utilization rate was hovering around 70 percent. That meant it had lots of seats open and unoccupied.

The firm grew via mergers and acquisitions and its office spaces were inconsistent.

"Our journey to becoming 'One Firm' included office design," Lee says. "It was time for SmithGroupJJR to create our own branded office environment that carried a consistent experience in the workplace. We began that journey three years ago, and now three of our 10 offices have migrated toward the 'Workplace of the Future' model. As leases come due, all other offices will be designed the same."

COSTS

Company culture trumps all

When difficult financial decisions are called for, firms are careful not to disturb what sets them apart.

By LIISA SULLIVAN
Correspondent

So, you've been told its time to tighten the belt, but what happens when what makes sense financially goes against company culture? What do you do?

Dave Balz, VP, Organizational Development, Haskell.

ALIGN ACTIONS WITH VALUES. Dave Balz, vice president of organizational development at **Haskell** (Jacksonville, FL), a 780-person design-build firm, explains that Haskell's culture is wrapped around its values: team, excellence, service and trust. And, when difficulty arises, it does not necessarily have to be in conflict with values.

"Our values exist to guide us consistently through difficulty. They create a benchmark for our actions," Balz says. "Because we have our values clearly and simply stated, we can look at financial and staffing decisions through the telescope of a long-term 'lens.' This helps to avoid reactive short-term decision making."

Haskell regularly assesses financial forecasts, projects its business needs and thoughtfully adapts its resources. When it comes to staffing and benefits, its view is, again, one of long-term consistency.

"People come to Haskell for careers, not simply jobs. And we take that relationship seriously," Balz says. "Similarly, when making HR decisions we endeavor to align our actions with our values."

A TEXTBOOK CASE. Geoffrey Butler, architect and president, **Butler, Rosenbury & Partners, Inc.** (Springfield, MO), an 18-person design firm comprised of architecture, structural engineering, planning and development professionals, says the company has been a textbook case for making hard business decisions to ensure the financial viability of the firm. In 2008, Butler, Rosenbury & Partners employed 93 professionals. Sixty-six percent of the business then dried up and it had to go through three sets of layoffs.

"The first set consisted of people who needed to go. They had been hired in the boom years in a hurry, when talented professionals were scarce. They were not pulling their weight and were not needed. We were careful to call everyone together after these individuals were let go (which we did as humanely as possible with a severance package) and we explained the why and how of the layoffs. We assured everyone that we were working hard to provide for a firm that could sustain itself in tough times," Butler says.

The second set of layoffs was directed to talented people who Butler, Rosenbury & Partners simply did not have work for. The third and final set of layoffs was the toughest.

"These were people who were part of our muscle. They were people who we relied on for their expertise and they included some partners. The people let go had duplicate skills as others in the firm, so it became a matter of deciding who could carry the firm further," Butler says.

During this whole two-year process, Butler, Rosenbury & Partners maintained its culture and did its best to "value" its people. All of the principals took significant salary reductions – not deferred salaries, but reductions. Butler says that his was almost cut in half. Others averaged 35 percent. Staff members took 30 percent pay cuts but were the first to begin to get their salaries raised as their skill sets improved and business rebounded.

Today, Butler, Rosenbury & Partners is proud to say that they are profitable and business is rebounding in markets that disappeared five years ago.

"We have trimmed our overhead to the point that the more work we get, the more profit we can generate compared to our bloated condition in 2008," Butler says. "While the list of the things we did to maintain our financial viability is too long to list, the thing we did not do was change our culture. Culture has nothing to do with perks."

THINK LONG TERM. Morrison-Shipley Engineers, Inc. (Fort Smith, AR), a 50-person civil engineering and land surveying services' firm, has always hired people with the firm belief that they will be long-term employees rather than just temporary "bodies" to get through the rush times.

Greg Shipley, president, says the firm's deliberate and selective growth of staff has allowed it to retain and develop employees who come to embody the

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GOOD TO KNOW

At the majority of firms (75 percent), there's always more than one person present when a layoff occurs (aside from the person being laid off). Twenty percent of firms offer outplacement assistance to all laid-off staff.

Source: 2013 Policies, Procedures & Benefits Survey, ZweigWhite: www.zweigwhite.com/p-2150-policies-procedures-benefits-survey-2013.

TRANSACTIONS

VIGIL-AGRIMIS JOINS ESA: Environmental Science Associates (Oakland, CA), an environmental science and planning consulting firm, announced that **Vigil-Agrimis**, a Portland-based professional design firm specializing in water and natural resource management, has joined with ESA. The merger supports ESA's strategy to deepen technical services through added expertise in ecosystem restoration, landscape architecture and water resources engineering.

"We have teamed with Vigil-Agrimis on several projects in the Northwest and we realized that we complemented each other nicely through shared core values, including a commitment to client service, technical excellence, product quality and fiscal responsibility. This was a logical step in formalizing that relationship and expanding both firms' capabilities and service offerings throughout the lower Columbia and Oregon," said Gary Oates, president of ESA.

Ken Vigil, president and founder of Vigil Agrimis said, "By joining ESA, Vigil-Agrimis can provide our clients with greatly expanded staff resources and capabilities. Further, our staff will have added opportunities to expand into regional environmental planning and ecosystem restoration."

Ken Vigil and Paul Agrimis will become ESA vice presidents and lead strategic business integration and expansion of environmental hydrology in the Pacific Northwest alongside Marjorie Wolfe, ESA's watershed program director. Vigil and Agrimis bring more than 40 years of successful, award-winning experience in river, wetland, and coastal restoration. Vigil, Agrimis and their staff of more than 20 engineers, hydrologists, landscape architects, and environmental scientists have been providing clients with premier environmental services for over 14 years. They join a team of 50 staff located in ESA's Portland and Seattle offices and more than 300 in offices throughout California and Florida.

FIRMS ON THE MOVE

ROSSETTI MOVES HQ: Rock Ventures, along with Bedrock Real Estate Services, announced that **ROSSETTI** (Southfield, MI), a 60-person international architectural planning and design firm, will move its headquarters to the historic Federal Reserve building located at Fort and Shelby streets in the heart of downtown Detroit.

Beginning this July, ROSSETTI's team of 60 talented architects, planners and designers will occupy the fourth floor, or 13,000 square feet of space, in the Federal Reserve building located at 160 Fort St., which has been vacant since 2004.

ROSSETTI has also been hired by Bedrock to redesign the entire building, breathing life into the celebrated bank building by developing state-of-the-art, unique and creative offices and ground floor retail spaces.

Matt Rossetti, president of ROSSETTI, said the firm, currently based in Southfield, Mich., is looking forward to moving back to the city, where it was initially founded in 1969.

"Our team is thrilled about working in downtown Detroit, given the urban nature of our designs and our business," Rossetti said. "The city is becoming a creative center attracting some of this country's most innovative and inspiring artists, designers and new economy business. There is so much energy in the city that it made perfect sense to return to our roots and come back home and seize the opportunity in Detroit.

"The redesign will pay homage to the architectural significance of the past and respect its ancestral bones," Rossetti added. "At the same time, we plan to incorporate new workplace design concepts, such as an open floor plan, collaborative team spaces and use of natural materials."

ROSSETTI has designed high-profile projects worldwide. In the city, the architectural firm is known for the new Cobo Hall & Convention Center, Blue Cross Blue Shield of Michigan Headquarters, Ford Field, Compuware World Headquarters, Greektown Casino-Hotel and recently, Chase Tower at Campus Martius Park.

Rock Ventures purchased the 176,000-square-foot Federal Reserve building last year. The original structure was built in 1927. In 1951, an eight story glass and marble annex designed by Minoru Yamasaki (the renowned architect who designed the World Trade Center) was added and connected to the 1927 structure.

"Downtown Detroit continues its rapid ascent to greatness. If you were still skeptical, the announcement of a world-class architectural and design firm like ROSSETTI locating its headquarters to the urban core should remove any lingering doubts. 'Opportunity Detroit' is real and it's where the new entrepreneurial companies and creative class will be doing their thing for years to come," said Dan Gilbert, chairman of Rock Ventures, an umbrella entity formed to provide operational coordination, guidance, and integration of a diverse portfolio of companies, investments and real estate.

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cultures of Morrison-Shipley rather than serve with short-term attitudes. As a result, the average licensed professional tenure exceeds 12 years. To that end, many decisions that Morrison-Shipley makes financially, center on the question, "What is the best decision for keeping staff intact?" Bottom line: the firm sells its people and its talents; without them it does not exist.

"It is important to our firm's owners that Morrison-Shipley provides staff with the best possible benefits within the realm of what we can afford," Shipley says. "Often times, our insurance agents tell us we are doing way more than the norm for our employees, yet to us this is how we want it to be. Certainly, we have had to make adjustments in recent years to our benefits packages, but at the same time we have tried to offset them with other enhanced benefits."

Greg Shipley, President, Morrison-Shipley Engineers, Inc.

For example, the firm recently began awarding an additional week of vacation time after seven years of service. This has been received by staff favorably.

Shipley says Morrison-Shipley does not have any established policies on overtime pay, furloughs, etc. nor is it likely to in the future.

"We promote a laid-back and reduced stress working environment, and it has always been the attitude of the ownership that our employees know what they need to get done and when it needs to be done," Shipley says.

In the end, firms agree that while sometimes financial sacrifices may need to be made, culture needs to stay intact.