

On finding and keeping good people

Pent-up demand means more hiring, so here are some critical musts for attracting and retaining great people.

Freedom is probably the single most important contributor to self-worth and self-esteem and no really great person would work anywhere where they felt those things were compromised.



Mark
Zweig

EDITORIAL

July is a time for grilling hamburgers by the pool, packing everyone into the family Denali or minivan to go see the Grand Canyon, and for blowing up fireworks on the street in front of your house (former Chicago Bulls player Ronnie Brewer lives down and across the street – his display was beyond INSANE this year!). It's also when we celebrate our declaration of independence from our former British governors.

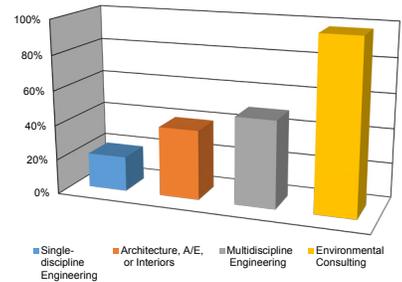
This need for independence got me thinking about how we – as individual organizations that want to grow and outlast our founders – can attract and keep those people who are really good and who could survive on their own working for us.

I know I seem obsessed with recruitment and retention lately but with two businesses to manage and grow, how can you blame me? Just yesterday morning I had a conversation with my V.P. of construction for Mark Zweig, Inc., on our ride out to a jobsite. We both agreed that the single limiting factor to our growth as an enterprise will be our ability to hire and keep some

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TRENDLINES

No dotted line



According to ZweigWhite's 2013 Fee & Billing Survey, environmental consulting firms are more likely to begin a project without a contract than A/E firms. The new study finds that environmental consulting firms report that a median of 98 percent of their projects are begun before a contract is signed. Meanwhile, multidisciplinary engineering firms and architecture, A/E or interior design firms report that 50 percent and 40 percent of their projects, respectively, start without a contract. Single-disciplinary engineering firms begin 20 percent of their projects without a contract.

– Margot Suydam, Survey Manager

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A/E BUSINESS NEWS

HOME REMODELING HOT: According to the Census Bureau, a 28.9 percent rise in new home sales since last year – coupled with a lack of premium existing properties on the market – is causing home renovation spending to hit a six-year high.

Power Home Remodeling Group, one of the nation's largest home remodeling companies, cautions homeowners to spend smartly on remodeling projects by investing in fundamental improvements such as roofing, siding and window replacement that will earn the biggest return on investment in this time of cautious optimism as the housing industry continues to slowly improve from the recession.

According to Remodeling Magazine, homeowners who invest in an upgrade to vinyl siding will recoup around 72 percent of the renovation's costs in added value to the home.

"Homeowners are investing money in their homes again as the cost of renovations is less than the cost of buying a new property and selling their existing property. Though it may be tempting for homeowners to make personalized improvements, it is important to spend money wisely when renovating and focus on upgrading basic home functionality to get the biggest bang for their home improvement buck," said Corey Schiller, Power's chief executive officer.

COLOR CODE: Organic, natural colors, simple prints, rustic finishes and open spaces are proving to be the top home design trends of 2013, according to newly released information by Pulte Homes, a national brand of homebuilder PulteGroup, Inc.

To view a collection of top home design trends, view the Pulte Homes Pinterest Board at <http://pinterest.com/pultehomes/design-trends-2013>.

"In years past, bold colors, ornate designs and expansive floor plans ruled the day. But today's homeowners are more focused on creating a soft modern feeling with a comfortable, casual and unfussy experience," said Janice Jones, vice president of merchandising for PulteGroup, Inc.

"Overwhelmingly, our homebuyers prefer spaces that can easily transition from family game nights to dinner parties with friends. To achieve that functionality, our 20-person design team is creating open, interworking spaces with a design and aesthetic that easily transitions from day to night, weekday to weekend."

MARK ZWEIG, from page 1

really great people who will allow me and him to move up beyond some of the stuff we're doing now.

But that's easier said than done. When it comes to attracting and retaining really great people (the ones who can be in business for themselves), here are some absolutely critical "musts":

The best people like to work with others whom they think are smart, capable, have a high energy level, and bring something unique to the table. These people create opportunities for all.

■ **Freedom.** The best people HAVE to believe they have some freedom. Freedom to make decisions. Freedom to come and go. Freedom to set priorities. Freedom in how they respond to problems. Freedom is probably the single most important contributor to self-worth and self-esteem and no really great person would work anywhere where they felt those things were compromised.

■ **Sense of purpose and ethics.** No one wants to devote the greater part of their lives to working for a company that steals from its clients or does things that harm the public. Nor do they want to be embarrassed and soil their own reputation. Reputation is the one thing money cannot buy and really outstanding people "get" that.

■ **Bureaucracy.** It kills motivation and morale. It's why really large companies lose good people and why good people have to leave their government jobs eventually. We all want to work somewhere where we can be rewarded based on our own merits and not some published pay scale. No one likes to fill out too many forms or enjoys spending endless hours in meetings (unless they are someone who doesn't want to work and accomplish things – not a "great" employee).

■ **Fellow team members.** Birds of a feather flock together. The best people like to work with others whom they think are smart, capable, have a high energy level, and bring something unique to the table. These people create opportunities for all. You cannot have many duds and place-keepers in your ranks and then expect great people to want to join and stay with the team. It just doesn't work that way.

Readers – pay attention to me on this stuff. I may seem obsessed but believe me, getting and keeping the right people is going to harder than ever – and more critical – as the pent-up demand for all types of construction starts to be realized.

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HALFWAY POINT

Growth front and center again

Firms are again believing and investing in growth as launching pad for a prosperous future.

By LIISA SULLIVAN
Correspondent

The year is half-over. The recession (hopefully just a bad memory now) forced many firms to eliminate the fat all the way to the bone to maximize profits.

So, now that the good times are allegedly around the corner, what's more important to A/E firms – growth or profits – or a combination of the two? Is it worth sacrificing profits now to gear up for the times ahead? Or, it is worth staying lean and profitable?



Kevin Phillips,
CEO, FPM Group
Ltd.

STABILITY COMES FIRST. At **FPM Group Ltd.** (Ronkonkoma, NY), a 100-person consulting engineering firm, Kevin Phillips, CEO, says his philosophy is to always be future-oriented and focus on growth.

“Growth gives you stability, and if accomplished correctly, can also provide profits,” he says. “The firm that focuses on profits does so at the risk of investing in the future of the firm. The result is that

the firm is more susceptible to swings in the markets, resulting in good and poor profit years, and this may lead to concern over mid-level managers' futures as well as a higher turnover rate.”



Douglas Wood,
President,
Douglas Wood
Associates.

Douglas Wood, president of **Douglas Wood Associates** (Coral Gables, FL), a 14-person structural engineering firm, explains that at this moment in time, his company too is focused on growth versus profit – but ever so cautiously.

“We have a definite surge of new work, and we're optimistic for more in the coming months,” Wood says. “On the other hand, competition is still strong, and we're still working a number of projects with fees that were determined in the depths of the recession. Therefore, we're hiring, but we're being very cautious – staying lean and making sure that we get the best people in the right positions.”

PROFITABLE GROWTH. At **Project Time & Cost, Inc.** (Atlanta, GA), a 240-person global project/construction management, cost engineering, and forensic services consulting company, Richard Kaufman, senior vice president of business development, says, “Many firms have responded to current business environments by reducing capi-



Richard Kaufman,
Senior VP of BD,
Project Time &
Cost, Inc.

tal assets (head count). Once these assets depart, your connectivity to corporate experience, projects, and past performance is diminished, impacting successful pursuits of future projects.”

Kaufman adds that “motivation for this strategy is clear and partially driven by Wall Street and investment groups who expect maximum return on investments. There is no quick fix. However, patience, along with measured risk, is my strategy for growth.”

Kaufman says that the primary keys for successful growth are:

- Keep an open mind for strategic hires. The best athletes will always find ways to increase market share.
- Start building a network of recently retired SMEs. Benefits are usually a non-issue and these SMEs can be available for short-term assignments as well as new opportunities.
- Be open to measured risk. Strategic acquisitions can turn niche companies into full service providers.

“As a company leader, it's my responsibility to provide a strategy for 'profitable growth',” says Joe McGonagle, president and CEO of PT&C. “PT&C is a versatile company; we can, and will, follow the dollars as the market dictates. Additionally, we are expanding our skills and market base, which may take us into tangible growth markets. We are looking at a respectable 15- to 20 percent profitable growth for this calendar year. Some niche players, such as those that only serve certain government sectors, may be hurting; PT&C is not.”

See GROWTH, page 8

“We want to grow. Growth offers exciting work opportunities for younger staff to get more exposure, and more rungs on the ladder to move up. But fast growth also means less food on the table this year, smaller bonuses at the end of the year, tighter raises and more budget scrutiny.”

GOOD TO KNOW

The most commonly cited business issue for principals is firm profitability/growth performance.

Source: 2013 Principals, Partners & Owners Survey, [ZweigWhite: www.zweigwhite.com/p-2153-principals-partners-owners-survey-2013](http://www.zweigwhite.com/p-2153-principals-partners-owners-survey-2013).

TOP PLAYER

A success story of endurance

Hot Firm winner has proven staying power with multiple showings.

Marstel-Day (Fredericksburg, VA), a 115-person sustainability consulting firm, has been a consistent presence on **THE ZWEIG LETTER** Hot Firm List. In 2012, the firm came in at No. 67, at No. 59 in 2011, 64 in 2010 and No. 99 in 2009 – to talk about recent years. President and CEO Rebecca Rubin attributes this kind of performance to a triple dose of endurance.



Rebecca Rubin,
President
and CEO,
Marstel-Day.

Here, she shares her thoughts on some of the issues Hot Firm leaders often have to tackle.

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

Rebecca Rubin: Marstel-Day has felt privileged to be a Hot Firm across multiple years. It feels good to know we have kept that up.

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

RR: As the Hot Firm name and identity grows, it becomes increasingly valuable.

TZL: List three ingredients that allowed you to thrive when others have failed in difficult times? In other words, what makes a Hot Firm in 2012?

RR: Endurance, endurance and endurance.

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

RR: I think it's conceivable that a changing climate will alter the face of the business world dramatically, from logistics to day-to-day operations to the types of services that companies offer.

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

RR: In my portion of the environmental industry, which is very focused on studies and analyses, it has been the usual trend to operate in a kind of "think tank" atmosphere where each individual almost becomes his or her own information repository. I see the future as more participative, more collaborative, and more interactive.

TZL: What lesson learned would you pass along to a recent college graduate embarking on a career in the A/E/P and environmental consulting fields?

RR: I would probably suggest that they focus less on salary and more on what they actually want to do, what matters to them. ▽▲

"I think it's conceivable that a changing climate will alter the face of the business world dramatically."

CALENDAR

2013 HOT FIRM CONFERENCE: THE ZWEIG LETTER Hot Firm Conference is THE most exciting annual event for A/E firms because it's all about how to achieve success in this industry.

Every October since 2000, ZweigWhite has recognized the fastest-growing architecture, engineering, planning, and environmental consulting firms.

This year's event will be Oct. 24 and 25 at the Eden Roc Hotel in Miami Beach, Fla.

Firms on THE ZWEIG LETTER Hot Firm List receive a special award during a black tie celebration dinner at THE ZWEIG LETTER Hot Firm Conference. CEOs, owners, presidents, principals and other leaders from the top design and environmental firms, along with entrepreneurs, authors, and business experts come to this conference every year to share industry news, compare strategies for success, learn from their peers, and leave with renewed inspiration for another successful year.

THE ZWEIG LETTER Hot Firm Conference features:

- Keynote presentations by CEOs of the most successful A/E/P and environmental consulting firms today
- Breakout discussion groups where firm leaders share strategies to common challenges
- Welcome cocktail reception on the first night of the conference
- Black tie awards reception and dinner with live music and dancing
- Beautiful locations where attendees can network and recharge and their spouses and families can relax

Here's what a few of the attendees from the 2012 conference had to say about the event:

- An exceptional opportunity to interact with CEO peers.
- Again excellent conference, I have attended 4 times and have never been disappointed in the content. Where else can someone in our industry share thoughts & ideas with the collective "best of the best"?
- Well organized; good opportunity for input. Considerable value for participants.

For more information visit www.zweigwhite.com/conference/hotfirm/.

To register call 800-466-6275 or log on to www.zweigwhite.com/conference/hotfirm/registration.php.

SURVEY

Project management still needs structure

Study finds that positions are often assigned haphazardly and training is regularly lacking.

By CHRISTINA ZWEIG
Contributing editor

Projects are the heart of what engineering, architecture, interior design, and environmental consulting firms do. The way in which these services are delivered is the key to making or breaking a firm's profitability – something that has become even more complex and challenging during the last few years. The recession has transformed the way many A/E/P and environmental firms are run, and in many cases has altered the way those in the industry view their profession and clients.

“With a stronger focus on the bottom line and competition fiercer than ever, internal project management methodologies and practices warrant a closer look...[the] project manager is a role of many dimensions and project management is a skill we will always be learning – no matter how many years we've been practicing it,” Christine Brack, director of consulting at ZweigWhite, wrote in the introduction to ZweigWhite's 2013 Project Management Study of Architecture, Engineering, Planning, & Environmental Consulting Firms.

HOLISTIC APPROACH. In the past, great architecture or engineering design alone never ensured the project would be delivered successfully, and certainly didn't ensure firm success. Today, more than ever, success depends on how clients, consultants, contractors, stakeholders, and community expectations are managed and balanced from concept through final delivery.

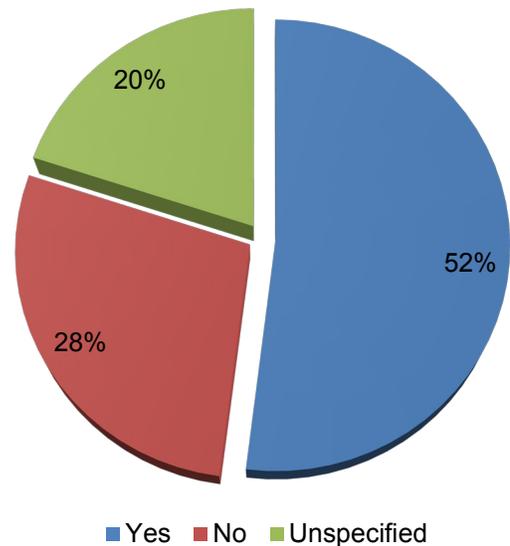
One of the most fundamental decisions a firm must make is how to structure project management. Each firm must make the most of their resources and chose a PM structure that allows them to best serve their clients. While the variations are infinite, the Project Management Study indicates that almost half of all firms (49 percent) organize project management by discipline or function and 46 percent are organized by market sector/client type.

Over half of firm leaders and project managers (55 percent) report their firm uses a hybrid structure (where PMs reside in discipline departments, the lead discipline is where the PM comes from, and there is a unique team for each project) when assembling teams for projects. Other common structures are a matrix structure (25 percent of firms), where PMs reside in outside departments or teams and each project has a unique team; and the “standing team/studio structure,” (15 percent) where there are permanently assigned project teams or studios.

At **Traffic Planning and Design** (Pottstown, PA) a 90-person engineering firm, 20 client managers oversee the en-

tire client relationship. Projects are assigned based on discipline, something that has evolved deliberately because of the firm's specializations and project types.

FORMAL REQUIREMENTS TO BE A PM?



Source: 2013 Project Management Study.

“We have it split so that private work is strictly handled by people on the private side, and public work is handled on the public side,” Glick says. “Work flows through a principal for a group, down to a project manager who maintains a relationship with the client and then the rest of the team. Teams are dictated by the project, though they are generally set with a core group of individuals.”

TEAM COMPOSITION. In the industry, depending on their firm's organization structure, PMs may or may not have staff permanently assigned to them. According to the study, 65 percent of firms have different teams for each project, 22 percent have some permanent, some assigned on a per-project basis, and 14 percent have permanently assigned teams.

Though Glick says the recession affected the types of projects that constituted the firm's workload, the project structure has continued to be an asset to the firm. “We used to have more private sector clients (80 percent), but during the recession we got to a more 50/50 (private/public sector work ratio), now we are getting back to more 60/40.”

Traffic Planning and Design has teams that deal strictly with their specialties; the firm has unique areas of expertise that helps them focus on particular client's needs.

“If a client comes to us with a DOT job, they know we have employees that have been here for a long time and they know

See PM STUDY, page 8

The visibility query

Reputation alone is not enough to grow your brand.

One can argue that your brand is your firm's most valuable asset – and they're probably right. But in the AEC industry, how strong are service providers' brands? Understanding your brand is the first step in determining not only how to strengthen it, but also how to grow your firm within the marketplace. At Hinge Research Institute, we looked at "How Buyers Buy A/E/C Services" and discovered some interesting findings on the importance of a firm's brand from the buyer's perspective.

Exactly what makes up a brand? And how does brand reflect how your audience sees you? Brand is not solely your mission statement, logo, website, advertising efforts, or even your firm name. Your brand consists of two key components: your firm's reputation (what people say about you when you're not around) and visibility (how well known your firm is in its target markets). Without one, the other will struggle. Let's look at why.

WHY REPUTATION MATTERS. The figure below shows the Reputation Rating of Sellers' Firms where we asked buyers to rate the reputation of AEC services firms on scale of 1-10 (10 being the highest reputation). Sixty five percent of buyers rated sellers' reputation very highly, while 47 percent of sellers rated their own reputation very highly.

What's interesting is how many more buyers than sellers rate firms as having a high reputation – AEC firms are selling themselves short. Only 3 percent of buyers rated firms as having a low reputation. In other words, buyers of AEC firms see their providers as having a much better reputation than the technical professionals recognize.

FIGURE 1: REPUTATION RATING OF SELLERS' FIRMS



Sylvia Montgomery

GUEST SPEAKER

This is a good start: many buyers already feel their AEC firm's reputation is strong. So far, we've got half of what makes a strong brand.

Next, Hinge looked at what characteristics winning firms have over their competitors who lost the business. What ultimately tips the scale for the winners?

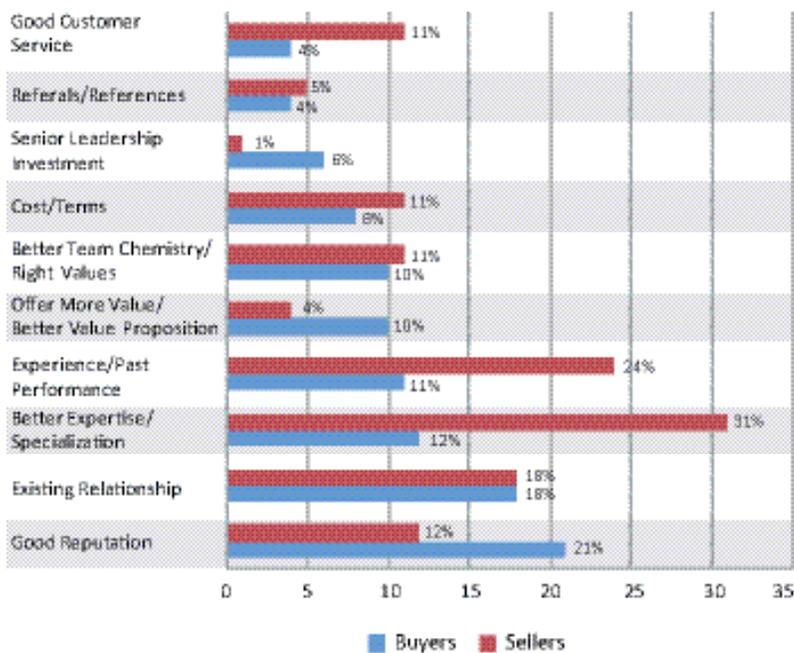
Figure 2 next page takes a look at these criteria. At 21 percent, we found that the front-runner is having a good reputation. A solid reputation is what will win business over a competitor with a less strong reputation, even more so than offering lower cost or specialized expertise.

WHY VISIBILITY MATTERS. Let's look at visibility, the second component to brand building. When we looked at visibility ratings for firms, we found only 28 percent of buyers rate sellers as having good visibility – a startling statistic. Sellers rated it even lower, at only 16 percent.

What can we take away from this data? We know that, overall, firms have a much stronger reputation than visibility in the marketplace from both the buyers- and sellers' perspectives.

This means that in order to improve your firm's brand and grow your organization, you must be more visible to buyers. After all, buyers tend to search for firms they or their colleagues and friends already know. And if no one knows about you, how will new clients discover you exist? It's this combination of a good reputation and clear visibility that truly make a strong brand.

BUILD YOUR BRAND. Now we know that reputation and visibility are the two key factors for a strong brand. It makes sense that a well-known, well-respected firm more easily attracts new clients, likely becoming more profitable. What else goes into achieving a solid, sustainable brand? Here are four additional factors to keep in mind:

FIGURE 2: WHAT TIPS THE SCALE FOR WINNERS?

- **A well-defined target audience.** You must clearly identify the audience to which your brand is directed. Your brand should be targeted “for someone” and steer away from trying to appeal to everyone.
- **Relevance to the success of the target audience.** You must contribute to your clients’ success. Helping your clients succeed will drive your brand growth even more.
- **A premium position.** Without a premium brand perception – meaning charging premium fees – people will start asking questions. “What’s wrong with their firm?” and “Are they really the best?” If you really are the best, it’s important to command a premium price.
- **Deliver your brand promise.** You must be who you say you are. Live up to the expectations you put in place and truly live your brand. If you don’t, clients and prospects will notice and your reputation will begin to suffer.

WHAT’S IT ALL MEAN? The lack of focus among AEC firms on brand building means that those who do know how to build a strong brand have a competitive edge. If your firm achieves both a strong reputation and clear visibility, your brand will strengthen while competitors not focusing on these things will fall behind.

For AEC firms, building a strong brand should include sharing insights on important client issues, offering proactive solutions, building trust through thought leadership and creating a culture of “Visible Experts” – a Hinge service mark that stands for individuals with strong expertise that are known for their mastery of a topic within a specific target audience.

There is a real opportunity for creating a competitive advantage. By focusing on building a solid brand, your firm will start to attract the best clients, gain top business partners, and build a talented team. Combined with a premium brand perception, these brand building efforts will undoubtedly set the stage for success. ▴▴

To learn more about “How Buyers Buy A/E/C Services,” check out Hinge’s at www.hingemarketing.com/library/article/how_buyers_buy_architecture_engineering_construction_services.

SYLVIA MONTGOMERY, CPSM, is a senior partner at Hinge, a branding and marketing firm for professional services. Montgomery is a frequent author and speaker on topics related to strategy, branding and marketing. For more brand building tips and a link to the research “How Buyers Buy A/E/C Services,” check out www.hingemarketing.com/library.

We know that, overall, firms have a much stronger reputation than visibility in the marketplace from both the buyers and sellers perspectives. This means that in order to improve your firm’s brand and grow your organization, you must be more visible to buyers.

GROWTH, from page 3



Samuel Schwartz, President and CEO, Sam Schwartz Engineering.

ANNUAL THEME SETS TONE. Samuel Schwartz, president and CEO, **Sam Schwartz Engineering D.P.C.** (New York, NY), a 100-person interdisciplinary transportation engineering and planning firm, says that it would be great to retain those big profits during growth periods, but in the A/E world, especially if you work for government, your accrued profits may look great as you grow, but try paying your bills on accrual.

At SSE there is an annual theme. This year it is, “The Future is What Matters.”

“Every decision we make is measured against that statement,” Schwartz says. “We want to grow. Growth offers exciting work opportunities for younger staff to get more exposure, and more rungs on the ladder to move up. But fast growth also means less food on the table this year, smaller bonuses at the end of the year, tighter raises and more budget scrutiny.”

SSE decided that 2013 was the year to embrace growth because the economy is more optimistic, both sides of the po-

litical aisle are talking about improving infrastructure and cities are experiencing renaissances all over the U.S.

“We are also taking the plunge, internationally, with marketing efforts and are working in Canada, the Caribbean, Russia and Africa,” he says. “To do this, not only do you forgo some profits, you need to have a deep-pocket partner. We have cultivated a relationship with our bank to increase our line of credit, take term loans on specific purchases to be there when the ‘big one’ comes along. We are also getting tougher on collections, requiring more ‘upfront’ with our private clients and even demanding mobilization payments for overseas work.”

Schwartz adds that the response from most employees has been supportive, despite tightening belts on raises and bonuses.

“Becoming an employee-owned company certainly helps because growth also means increased equity value even if profits are low,” he says. “We all carefully look at ZweigWhite and other formulae as we calculate company value; and size is a significant factor. We also realize that the future is where we will spend 100 percent of our time – and that’s what really matters.” ▀▄

PM STUDY, from page 5

they are going to get work done by people who have been doing that type of work for a while,” Glick says.

Another strong-suit of the firm is their low turnover rate.

PM SUCCESS/FAILURE. While skillful handling of project management leads to successfully completed jobs, repeat clients, and firm profitability, things can quickly go awry. Among the most common issues faced by firms in this area, external factors such as project owner/client requested changes (78 percent), inadequate understanding of project owner/client expectations (45 percent), funding issues, and unforeseen conditions, were found to have a large impact on projects. Internally, 64 percent of respondents to the survey listed communication breakdowns, 43 percent said inadequate fee for work required, a little over one third listed unrealistic deadlines/schedules, and an equal percentage said inexperienced professional/technical staff, all contributed to project issues.

Budgeting, accounting and other money related matters can pose a particular challenge to project managers.

Glick says, “The relationship with the client can make or break (the project). Client managers really want to please the client, but they are not always concerned with the accounting side.” He feels the training can help with this, but it’s not always an easy job.

MANY HATS. With PMs having to wear a variety of hats, and spending most of their time in project management, design or technical activities, and also a significant amount of time participating in marketing/business development (14 percent of the day), and firm/office management (12 percent of the day), there’s little time left for training or addi-

tional skills. Project managers say their biggest challenges are managing clients’ expectations (45 percent) and staying within the budget (41 percent).

“Accounting is an art, engineering is a science, it can be hard to try to teach accounting fundamentals to an engineer because they want to do the project well but don’t focus on these accounting things such as following up on the status of payment,” Glick says.

He says this gap “definitely comes from training,” describing a familiar situation: “A lot of times what happens (when someone is made a PM), is a trial by fire: ‘Hey, you’re a project manager, congratulations!’... Firms forget about all the procedures, training, etc., which is at the crux of a project, labor costs, and being profitable. You need to get profitable projects.”

While just a little over half of all firms have formal project manager requirements – the most frequently cited are an education or degree minimum and technical ability (each at a little over 75 percent) – many firms provide little or no formal training to PMs, nor do they give preference to PM candidates with management education. “On-the-job” training seems to be the norm. The study found that fewer than half of firms provide voluntary PM training, and only 27 percent of firms always provide training for PMs before they’re promoted to the PM role. The vast majority of firms rely on in-house meetings or lectures (75 percent) and/or on-the-job training (67 percent).

The most successful firms have taken their staffs’ strengths and paired them with technology, training, and support, to craft a team that ensures work is delivered on-time, on-budget, and to satisfied clients. ▀▄

HALFWAY POINT

Finding and keeping talent

People are starting to move again, but that is good news for business.

By BRYAN SULLIVAN
Correspondent

So, what's turnover looking like for the first half of 2013? Are people leaving? Staying? Are firms attracting more people from competitors? Now that we are at the halfway point, we thought we'd get a quick progress report on what A/E firms have to say about their current staffing situations.

STAFF IS ON THE MOVE. Bob Dylan was once well-known for a song called, "The Times They Are a-Changin'." The song, still heard over the airwaves, could easily reference what's happening in the job market today.

For the past several years, the labor scene has been somewhat different from what it is today.



Erin Bushnell,
Associate VP and
Director of HR,
Pennoni
Associates.

"We are definitely seeing much more movement of staff between firms."

Erin Bushnell, associate vice president and director of HR at **Pennoni Associates** (Philadelphia, PA), a 950-person engineering and consulting firm, says, "We are definitely seeing much more movement of staff between firms. The market has recovered to the point that people are less afraid to make a move to another firm. We've picked up some great

talent, but have also lost some as well. It's much more important now than it has been over the past few years to focus on recruiting and retention of top talent."

Sue Slade, HR manager, **Spicer Group Inc.** (Saginaw, MI), a 150-person professional engineering, land surveying, community planning and architecture services firm, says, "Turnover for the first half of 2013 has been a bit higher than normal for us. We lost a few, full-time people and one part-time person. All have moved on to jobs they feel will better fit their long-term goals. We lost one person to a competitor, two people to completely different positions than they held here at Spicer Group and one person moved on to a full-time job in another part of the state."

On the flip side, since the beginning of the year, the Spicer Group has also added 20 employees to its staff (18 full-time; and two part-time). It also hired 15 summer co-op students working in various departments and offices to help with the workload.

"We feel these are strong signs that the economy is beginning to turn around... finally... and it feels good," Slade says.

COMPETITION FOR TALENT IS HIGH. So, with the economy starting to move without its training wheels, the job market is beginning to open up again. Employees are not as afraid as they were in previous months to switch jobs, and that makes finding good talent ever more difficult.

"Heading into the second half of 2013, we're not done yet," Slade says. "The Spicer Group is very close to hiring another community planner, an architect-

tural technician and another design engineer. Competition for new hires is definitely tough, especially for applicants with several years of experience in the areas we need."

STEADY, BUT STILL CHALLENGING. Rob Evans, recruiting manager at **O'Neal** (Greenville, SC), a 250-person industrial engineering and construction company, says, "At O'Neal, voluntary turnover is running about two percent/year to date."



Rob Evans,
Recruiting
Manager, O'Neal.

"O'Neal has been fortunate enough to realize growth over the last few years, and as such, we've attracted more people from competitors," Evans says.

Evans says the job market is still poor in some areas (e.g., architecture, construction), but it does seem to be picking up overall for engineering and design.

"At O'Neal, we've also been fortunate to have increased our workload and have been adding design, procurement, construction and corporate staff," Evans says.

Evans admits that the company has also lost a few people.

"We've lost two people to geography and family considerations. They didn't want to leave O'Neal, but they moved to an area where we did not have a presence."

So, no matter where you are on the staffing front, the good news is that the market

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GOOD TO KNOW

Very high profit firms have seen a 5.9 percent increase in staff; fast-growth firms have seen a 9.1 percent increase in staff.

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

ON THE MOVE

HGA HIRES: **HGA Architects** and Engineers (Los Angeles, CA), an integrated architecture, engineering and planning firm, has hired **Brandie Meis** as business developer in the Los Angeles office.

She will direct business development and marketing initiatives for the firm's growing practice in healthcare, higher education, arts, public and corporate work throughout southern California.

"Brandie brings deep understanding of our business with experience as both an architectural designer and business developer," said James Matson, vice president and director of HGA's Los Angeles office. "She has particular knowledge of trends impacting clients within diverse market sectors. We are pleased to welcome Brandie as we continue to expand our client services in the region."

Meis has more than 10 years of professional experience in the architecture industry. She combines her architecture and design background with proficiency in public relations, marketing, corporate communications and business development.

Before joining HGA, Meis was director of marketing with **Koning Eizenberg Architecture** in Santa Monica, where she oversaw business development, marketing, public relations and web content. Previously she was with **KAA Design Group** in Los Angeles, where she segued from junior designer to director of marketing overseeing all business development and communication strategies. She was also owner of Artware, an art studio in which she created handcrafted jewelry inspired by organic patterns and architectural forms.

"HGA has an impressive portfolio of work and expertise across industries," Meis said. "The firm promotes a collaborative environment in which team members have a true passion for design excellence and making things happen for clients. I am excited about building new client relations and helping propel HGA forward in southern California."

BECKER MORGAN GROUP HIRES: **Jeremy Walbert** has joined **Becker Morgan Group** (Delaware, MD), an architecture and engineering services firm, joins the firm as an associate/structural engineer in the Salisbury, Md. office.

The addition of Walbert allows the firm to further enhance client

services by offering structural engineering capabilities in-house.

With over eight years of experience in the industry, Walbert previously worked as the senior project engineer at an architectural and engineering firm that serves the Mid-Atlantic region. Walbert's project experience with Becker Morgan Group includes a variety of projects throughout Chestertown, Easton, Cambridge, Ocean City, Millsboro, and Dover.

MERRICK HIRES: **Merrick & Company** (Aurora, CO), a 280-person international engineering, architecture, design-build, surveying, and geospatial solutions firm, welcomed new members to its Charlotte office.

Lisa Hagood joins Merrick as a civil engineering department manager and will focus on supporting the firm's private land development and municipal clientele. She is a registered professional engineer in North Carolina and offers nearly 25 years' experience in management, planning, and design within the civil engineering environment. Prior to joining Merrick, Hagood worked for the City of Mount Holly and was responsible for projects focusing on water, sewer, stormwater, and streets.

George Galambos recently accepted a position at Merrick managing water/wastewater municipal projects. He brings close to 20 years' experience in the planning, design, and management of water infrastructure projects. He has designed large diameter line extensions, high capacity pump stations, and treatment facility modifications. Additionally, Galambos offers his expertise in masterplanning, capital improvements, and asset management. Prior to joining Merrick, Galambos worked for **CH2M Hill** as a client services manager, working primarily on wastewater infrastructure programs.

"Lisa and George are great additions to our team," said Sandy Turnbull, vice president of Merrick.

"With their contributing talents, Merrick will be able to continue growing in private land development, public works, and water/wastewater services throughout the southeast region," Turnbull added.

TURNOVER, from page 9

does seem to be improving and there is movement, which is typically a positive indicator.

"All this hiring makes for busy times for HR professionals, but it is good news for people who are looking to move to another job, or trying to land that first position after college. Things are beginning to open up and although that could mean losing some good people to another opportunity, it also opens the door for others to join our company," Slade says. "It means growth and growth is a good thing."

RETENTION IS NAME OF THE GAME. Danelle Prezioso, director of communications and marketing at **MBP** (Fairfax, VA), a 260-person multi-disciplined construction consulting firm, says 2013's first half showed a strong retention rate of 95 percent. She adds that MBP has been growing at a more conservative level than before. The majority of team members coming on board now are rehires.

"We have been fortunate this year in that we have not had many leave us, but it can and will happen to every company for a plethora of reasons," Prezioso says. "We try very hard to



Danelle Prezioso,
Director of
Communications
and Marketing,
MBP.

retain our people, and if for some reason we can't, we wish them well and hope they will consider coming back to us in the future."

Prezioso emphasizes that MBP strives to keep its team members.

"We are not a widget manufacturer; we provide consulting services so we are a people-driven business. If our people are not happy, this attitude can have a trickle-down effect. People are interested more now in security and stability than ever before and if employers can't offer that, then retention levels will change drastically. The key is to grow conservatively and strategically, thinking long-term every step of the way," she says.

So, what's in store for the second half of 2013? We'll have to wait and see, but hopefully with the training wheels being removed from a fragile economy, there will be even more growth and jobs before 2014. ▀▄

HALFWAY POINT

Many still not willing to make a deal

Number of transactions is down while value is up.

By LIISA SULLIVAN
Correspondent

So, what's the climate out there for deal-making in the A/E industry? Are small firms buying other small firms? Or, are large firms swallowing up micro firms? We turned to ZweigWhite principal W. Hobson Hogan, who has a good handle on the pulse of this deal-making activity.

Hobson currently assists architectural, engineering and construction firms with strategy formulation and ownership transfer issues. He has an extensive background in finance, strategic planning, consulting and engineering, which provides him with an understanding of difficult organizational, operational and strategic issues facing the AEC industry.

LARGE LIKES LARGE. Hobson says that large firms in the industry are still only interested in larger acquisitions due to the difficulty in getting a good return on their investment in both time and dollars.

"Once a small firm is acquired by a larger firm, they may lose referrals from others in the industry's ecosystem because the acquirer may be a competitor," he says. "For engineering firms, they are likely to lose business as a sub-consultant because they may now be viewed as a competitor by the prime."

The exception to this rule is when a smaller firm has a niche service or industry that they serve and the clients are not likely to find that service elsewhere. Or, it is the service that drives a purchasing decision by the client, so the larger firm can then offer other services in conjunction.

DEALS ARE FLAT. Hobson says that the overall volume of deals at this point in time is flat and is comprised of firms that are somewhat forced to make a



W. Hobson Hogan, Consultant, ZweigWhite.

Hobson says.

He adds that there are not too many "serial acquirers" right now, though there are some private equity-backed firms such as **CHA** (Albany, NY), an engineering solutions and project management firm; **EYP** (Albany, NY), an integrated design firm; and **NV5** (Hollywood, FL), an integrated engineering, consulting and management solutions firm, that have made multiple acquisitions during the past 12 months.

CHA announced its most recent acquisition in January, when it purchased **Coler & Colantonio** in Boston. The firm has made at least four acquisitions in recent years. The company, which employs 1,400 across all divisions, is working to grow to 2,000 people by 2016. EYP has made clear its intention to become a \$100 million firm through acquisitions and internal growth. And, in April 2013, NV5 acquired **Consilium Partners** (Consilium) to further grow its program management capabilities.

Additionally, some even larger firms such as **Kleinfelder** (San Diego, CA), an employee-owned architecture, engineering, and science consulting firm, have also been active.

STOCKS PLAY A ROLE. "The bulk of mergers and acquisitions continue to be medium-sized regional firms merging with or acquiring smaller firms located in their footprint or in a contiguous area," Hobson says.

move due to ownership transition issues.

"There are some firms in particular geographies (anywhere where there is shale oil) that have done very well for the past three- to four years and are beginning to look at transactions based on economic, rather than demographic factors,"

QUARTER SNAPSHOT

The April issue of *Engineeringgrowth*, a quarterly analysis of global merger and acquisition activity in the engineering and construction industry produced by PwC, provided an overview of M&A results for the first quarter of 2013.

- Compared with the same period in 2012, deal volume and total value declined while average deal value increased to \$487 million as a result of four mega deals.
- Financial investor activity fell to just less than 27 percent of deal volume in the first quarter of 2013.
- Deals from advanced economies increased as a proportion of total deal volume and value, with advanced economy acquirers representing nearly 70 percent of M&A activity in the first quarter of 2013.

Though Hobson says that there is no data on the subject, his impression is that the majority of these transactions are primarily stock swaps with very little cash coming out to the sellers.

"The sellers get the stock of the buyer in return and since it is a larger organization, they likely offer a better opportunity for the sellers to redeem their stock upon retirement on a fair basis," he says.

MODEST GROWTH EXPECTED IN 2013.

At PwC, a company that helps organizations and individuals to create value through its quality assurance, tax and advisory services, H. Kent Goetjen, U.S. engineering and construction leader, says, "As the global engineering and construction sector continues on its path of slow recovery, we remain cautiously optimistic and expect the M&A arena to follow a similar trajectory of modest growth in 2013. Growing infrastructure needs, expanding urbanization, and the need for cleaner, environmentally friendly and sustainable energy and water continue to be the driving forces of M&A activity in the sector." ▀

Acting on retirement and succession

'Must haves' for business owners...
and the questions you need to ask.

If you own a business, you may well follow a “do it now” philosophy – which is, of course, necessary to keep things running smoothly. Still, you also need to think about tomorrow – which means you’ll want to take action on your own retirement and business succession plans.

Fortunately, you’ve got some attractive options in these areas. For example, you could choose a retirement plan that offers at least two key advantages: potential tax-deferred earnings and a wide array of investment options. Plus, some retirement plans allow you to make tax-deductible contributions.

In selecting a retirement plan, you’ll need to consider several factors, including the size of your business and the number of employees. If your business has no full-time employees other than yourself and your spouse, you may consider a Simplified Employee Pension (SEP) plan or an owner-only 401(k), sometimes known as an individual or solo 401(k). Or, if your goal is to contribute as much as possible, you may want to consider an owner-only defined benefit plan.

If you have employees, you might want to investigate a SIMPLE IRA or even a 401(k) plan. Your financial advisor, working with plan design professionals and your tax advisor, can help you analyze the options and choose the plan that fits with your combined personal and business goals.

Now, let’s turn to business succession plans. Ultimately, your choice of a succession plan strategy will depend on many factors, such as the value of your business, your need for the proceeds from the sale of the business for your retirement, your successor, and how well your business can continue without you. If your goal is to keep the business within the family, you’ll need to consider how much control you wish to retain (and for how long), whether you wish to gift or sell, how you balance your estate among your heirs, and who can reasonably succeed you in running the business.

Many succession planning techniques are available, including an outright sale to a third party, a sale to your employees or management (at once or over time), or the transfer of your business within your family through sales or gifts during your life, at your death or any combination thereof.

Many succession plans include a buy-sell agreement.



Jesse
Abercrombie

GUEST
SPEAKER

Upon your death, such an agreement could allow a business partner or a key employee to buy the business from your surviving spouse or whoever inherits your business interests. To provide the funds needed for the partner or employee (or even one of your children) to purchase the business, an insurance policy could be purchased.

Your estate plan – including your will and any living trust – should address what happens with the business in case you still own part or all of it at your death. The best-laid succession plans may go awry if the unexpected occurs.

All these business succession options can be complex, so before choosing any of them, you will need to consult with your legal and financial advisors.

Whether it’s selecting a retirement plan or a succession strategy, you’ll want to take your time and make the choices that are appropriate for your situation.

You work extremely hard to run your business, so do whatever it takes to help maximize your benefits from it. ▀▄

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