THE ZWEIG LETTER

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MARKETING SUPPLEMENT
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August 19, 2013, Issue 1020

Lessons from the Shanghai Circus

Mark Zweig offers three simple tips: specialize, coach and choose your team well.

The whole time I sat there watching, all I could think about was what it took for these young people to become so proficient at what they did.

Mark Zweig

EDITORIAL

I went to what some of us refer to as "Hillbilly Paradise" for a couple days with my family last week – Branson, Mo. It's an easy two-hour drive from where we live and with school starting for our seven-year-old the week after, I thought we should end the summer on some kind of a fun note.

In addition to our requisite day spent at Silver Dollar City – one of the best-managed theme parks in the country that I could easily write a separate editorial on – we also bought some tickets for "The Acrobats of China" show at 8 p.m. at the New Shanghai Circus. And WOW – we were absolutely blown away by what we saw!

These young athletes/performers could do things I had no idea human beings could do. Whether it was a dozen guys all juggling a half dozen hats at the exact same time flawlessly, or a young woman spinning 50 hula hoops while standing on the shoulders of someone standing on the shoulders of someone else, I have never seen anything like it. Every act was performed perfectly without a single obvious mistake. You would have to see this show yourself to believe it.

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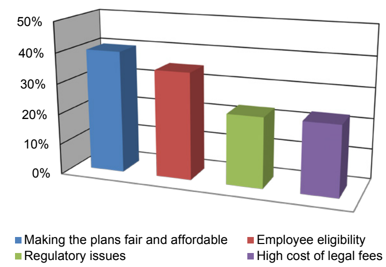
ALSO INSIDE

TRENDLINES

Expense spared



The most common challenge firms face when creating equity-based incentive plans is making the plans fair and affordable, according to ZweigWhite's 2013 Incentive Compensation Survey.

Close to half (40 percent) of firms responding to the survey said they found it difficult to make their plans fair and affordable, while 35 percent found that deciding which employees are eligible was the next biggest challenge.

Meanwhile, 23 percent (each) of firms reported that dealing with regulatory issues and the high cost of legal fees were challenging.
– *Margot Suydam, Survey Manager*

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A/E BUSINESS NEWS

ONLINE TOOLS AID QUAKE ENGINEERING: A new study has found that online tools, access to experimental data and other services provided through "cyberinfrastructure" are helping to accelerate progress in earthquake engineering and science.

The research is affiliated with the National Science Foundation's George E. Brown Jr. Network for Earthquake Engineering Simulation, based at Purdue University.

NEES includes 14 laboratories for earthquake engineering and tsunami research, tied together with cyberinfrastructure to provide information technology for the network.

The cyberinfrastructure includes a centrally maintained, web-based science gateway called NEEShub, which houses experimental results and makes them available for reuse by researchers, practitioners and educational communities.

"It's a one-stop shopping site for the earthquake-engineering community to access really valuable intellectual contributions as well as experimental data generated from projects at the NEES sites," said Thomas Hacker, an associate professor in the Department of Computer and Information Technology at Purdue and co-leader of information technology for NEES.

"The NEES cyberinfrastructure provides critical information technology services in support of earthquake engineering research and helps to accelerate science and engineering progress in a substantial way."

Findings from a recent study about cyberinfrastructure's impact on the field were detailed in a paper published in a special issue of the Journal of Structural Engineering, which coincides with a NEES Quake Summit 2013 on Aug. 7-8 in Reno.

The paper was authored by Hacker; Rudolf Eigenmann, a professor in Purdue's School of Electrical and Computer Engineering; and Ellen Rathje, a professor in the Department of Civil, Architectural, and Environmental Engineering at the University of Texas, Austin.

A major element of the NEES cyberinfrastructure is a "project warehouse" that provides a place for researchers to upload project data, documents, papers and dissertations containing important experimental knowledge for the NEES community to access.

MARK ZWEIG, from page 1

The whole time I sat there watching, all I could think about was what it took for these young people to become so proficient at what they did. Most of them, I would guess, were under 20 – with perhaps a few as old as 25. How many hours a day did they have to spend practicing? And how did they all manage to get along and work as a team – in spite of the petty dramas we can all imagine they must be going through? The intense focus of the work, activity, and energy culminates in a flawless team performance.

How does this apply to our world of A/E/P and environmental consulting? There are many lessons we can learn. Here are my thoughts:

1) **Specialize.** There is no way you are going to be good at anything being a jack of all trades. If you want good fees – nice jobs – and to be listened to by your clients, you have to specialize. It doesn't mean that the firm can't do many different things but the individuals in it need to focus. Just like the people who can send Chinese yo-yos 50 feet into the air and catch them at the same time – you won't be any good at anything unless you do a lot of it. This is fundamental and at the core of many firms' performance problems.

2) **Coach.** While the athletes may be the stars we see performing on stage, they wouldn't be there if not for the coaches behind the scenes. You (the principals and managers) are the coaches – or should be – for your stars (the designers/engineers/doers). Are you really doing all you can to help your people develop? That takes intense observation and a willingness to give immediate, honest feedback. We have problems with both of these in A/E firms. As the principals and managers, you are doing too many tasks that are below your skill level, therefore keeping others from getting the experience they need. You are too separated from your workers – physical office design and firm culture both contributing to this problem. You also don't take the time to observe and offer immediate feedback to your people. Our bad performance appraisal schemes work against that.

3) **Your whole effort is only as good as the weakest member of your team.** Once again – firms in our business do a horrible job at weeding out the dead wood. We just don't do it. Instead, we have been brainwashed to think all turnover is bad. It isn't. No team takes (and keeps) everyone who wants to be on it. To get a performance like I saw at the New Shanghai Circus you have to weed out the duds, the malcontents, the troublemakers, the lazy ones, the ones who just don't have the aptitude, and whomever cannot cut it for ANY reason. We like to keep everyone – and keep reshuffling them around. Then when a mistake is made that costs us reputation capital, we wonder why. This is why!

> We like to keep everyone – and keep reshuffling them around.

Think about what you could do with your business if you ran it more like a Chinese acrobat show. I would predict amazing accomplishments!

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

THE ZWEIG LETTER

38 West Trenton Blvd., Suite 101
Fayetteville, AR 72701

Mark Zweig | Publisher
mzweig@zweigwhite.com

João Ferreira | Managing Editor
jferreira@zweigwhite.com

Christina Zweig | Contributing Editor
christinaz@zweigwhite.com

Liisa Sullivan | Correspondent
LiisaS66@gmail.com

Bryan Sullivan | Correspondent
BryanWSullivan@gmail.com

Tel: 800-466-6275
Fax: 508-653-6522
E-mail: *info@zweigwhite.com*
Online: *www.thezweigletter.com*
Twitter: *twitter.com/zweigwhite*
Blog: *zweigwhite.blogspot.com*

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LEGAL

Wrestling with indemnification clauses

If they can't be toned down, design firms should be open to walking away from potential work.

By LIISA SULLIVAN
Correspondent

Editor's note: Second of a two-part article.

When an indemnification clause is unreasonable, what should the responsible design firm do about it?

In part one of this article, several A/E firm leaders identified language that made them uncomfortable. In this second part, they talk about what to do about it.

"Depending on the type of work and extent of risk, if we cannot come to an agreement, we may refuse to sign the agreement. In tough negotiations we will often ask our E&O carrier to help us with proposed language revisions."

Request modifications. Tom Barham, senior vice president and general counsel, **SCS Engineers** (Reston, VA), an 800-person environmental engineering consulting and contracting firm, says that if they come across what you would consider to be an unreasonable indemnification clause, they ask for a modification to reflect the scope of services and responsibility.

"Most clients are willing to accept an indemnification obligation which is fault-based," Barham says.

Dan Holland, principal consultant, **All4 Inc.** (Kimberton, PA), a 35-person environmental consulting firm, says that if the indemnification clause includes a host of parities that extend beyond the client, the client's officers, and the client's employees, this is considered unreasonable.

"We propose to trim the list to just those parties who are operationally and managerially responsible for the

Tom Barham, Senior VP and General Counsel, SCS Engineers.

actions of the client," Holland says. "Thus, agents and contracted parties to the client are excluded from indemnification."

Another unreasonable indemnification request involves a call to provide full indemnification for a client, even in circumstances where the client may be at fault.

"In this circumstance, we propose language that apportions the indemnification in accordance to the degree of negligence for which each party is accountable," Holland says.

All4 often also encounters situations where there is no limit associated with the indemnification.

"When this occurs, we propose to limit the liability to the contract amount or the amounts of payments already received," Holland says. "Although we are accountable for our errors and omissions, it's a good practice to avoid the situation where there is no monetary limit associated with correcting an error."

Holland explains that the majority of contracts All4 signs have indemnification clauses that require some modification to make the language more equitable.

"When we encounter a condition that we believe needs to be modified, we propose alternate language shifting the balance more in our favor while still retaining our accountability to the client," he says. "Depending on the client, we may include with the proposed language changes our position on why we are proposing the changes. It has not been our experience that clients deliberately craft one-sided conditions and many clients are amenable to revising their conditions when the basis for the revisions is explained to them. We have also found that follow-up phone conversations are helpful in the negotiation process in lieu of merely exchanging emails."

Jean Carr, Principal, Shea Carr Jewell.

Jean Carr, principal at **Shea Carr Jewell** (Olympia, WA), an engineering and planning services firm, says that when the company comes across unreasonable indemnification clauses in contracts, it typically begins by working with the prime consultant to revise the language to something both parties can live with.

"Depending on the type of work and extent of risk, if we cannot come to an agreement, we may refuse to sign the agreement. In tough negotiations we will often ask our E&O carrier to help us with proposed language revisions," Carr says.

What happens if modifications are not an option? Holland says that when a client refuses to change the indemnification language, All4 considers several factors before deciding on how to proceed. First, it considers the client's past history (Have other consultants experienced difficulty with the client on project work?). Second, it considers the future history of the client (Is the client someone All4 envisions having as a long-term client?) Once a trusted working arrangement is established, it can propose more equitable contract conditions. Third, All4 also considers the contract amount and duration to assess the risk to which it might be exposed.

"At the end of the process, we realize that there are some clients for whom the risk of signing a contract that is one-sided and contains onerous conditions is too great and we would forego the opportunity to provide services," Holland says. "Fortunately for us, we have had only a few instances where contract conditions have prevented us

See INDEMNIFICATION, page 4

NEWS

Dodge Momentum Index steadies

Modest growth points to improving environment, albeit with caution.

The Dodge Momentum Index held steady in July compared to the previous month, according to McGraw Hill Construction.

The index inched up 0.2 percent in July to 112.8; little changed from its June reading of 112.6. While July's growth rate was modest, the Momentum Index continues to hold onto the gains established earlier in the year and remains near its four-year high. This stability suggests that developers perceive the environment for new construction to be generally improving, but remain cautious about the tepid performance of the economy and its impact on market fundamentals.

The Momentum Index is a monthly measure of the first (or initial) report for nonresidential building projects in planning, which have been shown to lead construction spending for nonresidential buildings by a full year.

The July Momentum Index once again showed divergent paths for its main components: new plans for institutional buildings rose again, while commercial plans declined.

New development for institutional buildings increased 3.3 percent, bolstered primarily by a strong showing for amusement-related projects. Several casino projects entered the planning phase in July, including a $200 million slot machine complex in Tewksbury, Mass. Along with Tewksbury, three other towns in Massachusetts will be competing for the one slot parlor license to be issued by the state, including Millbury and Leominster.

Meanwhile, the commercial building component of the Momentum Index fell by 3 percent in July, weighed down by declines for new hotel and warehouse plans.

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from working with a client."

Glenn Birx, COO, Ayers Saint Gross.

At **Ayers Saint Gross** (Baltimore, MD), a 144-person professional design firm, Glenn Birx, COO, says, "Architects are already obligated by law to perform in a non-negligent manner, and if they fail to do so, then the client has recourse in tort. Some reasonable owners (but not, usually, their attorneys) will agree to delete it with that understanding."

When faced with objectionable indemnification language, Birx suggests the following (in order):

1) **Request the deletion of the entire indemnification clause.** This can be achieved if a client is educated to understand that he has recourse in tort by the laws of any state, and thus indemnification clauses are confusing and may change established law. Involve your carrier in this discussion.

2) **Failing the above, then suggest a mutual indemnification.** Reasonable clients will understand that this is a reasonable suggestion and will likely "soften" the language since they will be under the same obligation to you.

3) **Lastly, failing both of the above, limit the requirements of the indemnification clause to insurable acts only, by adding "negligent" to the description.** This is the least desirable, but acceptable, alternate language, to be suggested only if the client absolutely insists on keeping some sort of indemnification language in the contract.

Birx adds that if your client does not agree to any of the above, you should consider walking away from the project.

"You don't want to work for unreasonable clients who have shown that characteristic before you start working, do you?" he says.

CALENDAR

MARKETING IN TODAY'S WORLD: ZweigWhite's popular "Marketing In Today's World" seminar continues its series of one-day events throughout the nation.

Next stop is Los Angeles on Sep. 12.

Marketing in our industry is changing! It is not business as usual for A/E/P and environmental firms.

The tough economy and the increasing power of the Internet and electronic communications are changing everything marketing-wise.

Spend the day with the industry's leading management expert, Mark Zweig, for an in-depth discussion of how marketing needs to adapt to deliver results now.

Attendees will learn:

- The role management needs to play in marketing
- How everyone in the firm can be selling
- Ways to help technical people overcome marketing-phobia

For more information or to register, call 800-466-6275 or log on to www.zweigwhite.com/seminars/mktsem

PRINCIPALS ACADEMY: The Principals Academy, a crash course in all aspects of managing a professional services firm, is coming to several cities.

The program is presented by a team of speakers – including ZweigWhite founder and CEO Mark Zweig – with extensive experience working with and for A/E firms.

They have a clear understanding of what it takes to survive, and even thrive, in any economy.

The two-day agenda covers six critical areas of business management from the unique perspectives of architecture, engineering and environmental consulting firms, and is presented in tutorial and case study workshop sessions.

The Principals Academy program also includes a case study workshop session that will provide an opportunity to practice implementing these management strategies in a supervised test-case scenario.

Upcoming events include Sep. 19 and 20 in Boston and Nov. 14 and 15 in San Francisco.

For more information or to register, call 800-466-6275 or log on to www.zweigwhite.com/seminars/tpa.

HISTORY

TZL time machine

Planners as best sellers, summer doldrums dominate in August 1993 issue; maintaining staff motivated and strategic planning topics in August 2003.

August 15, 1993

THE ZWEIG LETTER revealed how planners may be the best sellers.

This is what planner Paul Puckli, then with the **The LPA Group Incorporated**, a Columbia, South Carolina-based A/E firm, had to say: "Being a planner and doing this day in and day out makes me a better marketer. The toughest thing I do is sell the public on what we're proposing."

The article continues by asserting that at "most multidiscipline engineering and E/A firms and you'll find a planner in one or more of the top marketing and selling positions – if not *the* top one."

According to Sylvia Wheeler, a former planner and then vice president of **Haley & Aldrich, Inc.** in Cambridge, Mass., "Planners are also big-picture people."

As Wheeler described it, planners have a "holistic" view of a project – how it's funded, what the public policy issues might be for a government project, and how to develop a team to address those issues.

Is this still true today? Are planners still the best sellers among seller-doers?

On the other hand, in his editorial Mark Zweig wrote about how chargeability declines this time of the year. "Welcome to August," he wrote. And just before he left on a two-week vacation, Zweig left readers with three topics that needed to be addressed:

"I'm *still* amazed at how engineers, architects, and scientists are trying to run their businesses without the right *numbers*."

"The matrix organizational structure doesn't work."

"Rush Limbaugh (enough said)."

the Zweigletter

THE VOICE OF REASON FOR ARCHITECTURE, ENGINEERING & ENVIRONMENTAL CONSULTING FIRMS

524: August 18, 2003

A ZweigWhite Publication

Thought leadership: Where the real action is

When you look at architects, management consultants, bridge engineers, computer programmers, artists, or any other "professional" in the classic sense, there is always someone or some people who stand out as the thought leaders. They are the most quoted. They are the most requested speakers at events. They are the ones everyone else is talking about. They are the ones clients will pay big bucks for. They are the most successful people at the very top of their respective fields. Being a thought leader is really what any good consultant should aspire to.

So if you accept the notion that becoming a thought leader is what all professionals really should be striving for, then the question becomes, "How DO YOU do it?"

For starters, not everyone CAN do it. But if there is a continuum, with thought leadership at one end, and never being known for a single new idea on the other, I think EVERYONE has the potential to move toward the thought leadership end of this scale.

If you accept the notion that becoming a thought leader is what all professionals really should be striving for, then the question becomes, "How DO YOU do it?"

Here's my recipe for becoming a thought leader— or at least moving in that direction— in your area of interest and expertise:

1. Pick a field that is narrow enough that you CAN become a thought leader. It has to be something you are really interested in and really passionate about, not just something you think is in demand. If it's too broad, it will be much harder to ever have the depth of understanding that it takes. The idea is to know a lot about something, not a little about everything.

2. Immerse yourself in the field. One way to be thought of as a leader is to actually BE a leader. The same applies to thought leadership. You need to continuously study every aspect of your field of interest in order to become a thought leader. Learn about the theories and thinking of those who are leaders in the field and other related fields.

In this issue:

- If you're looking to become someone who stands out as a "thought leader," Mark Zweig has a few tips for you. Page 1
- Weekly News: International companies work against corruption; plus Arup loses one of its leaders. Page 2
- As more A/E firms become IT solution providers, how are they competing against other IT firms? Page 3
- Feedback: One marketing executive sounds off about Mark Zweig's views. Page 3
- Calendar: Getting ready for Hot Firm in San Francisco. Page 4
- Guest Speaker: Jonathan Cohen takes a look at virtual building. Page 5
- Focus on Finance & Accounting: Upgrading your accounting system; plus, planning for the new year. Pages 6-7
- Surveys: Firms' information systems are becoming more homogeneous. Page 8

> Information Systems

Which of the following best describes your firm's information systems?

Extremely homogeneous	45%
Fairly homogeneous	50%
Fairly heterogeneous	5%
Extremely heterogeneous	0%

How do you hope to describe it 18 months from now?

Extremely homogeneous	58%
Fairly homogeneous	40%
Fairly heterogeneous	2%
Extremely heterogeneous	1%

Source: 2003 *Information Technology & E-Business Survey of A/E/P & Environmental Consulting Firms* (ZweigWhite)

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AMERICAN INSTITUTE OF ARCHITECTS (AIA), Washington, DC. 5
ARUP San Francisco, CA. 2
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AYRES ASSOCIATES, Eau Claire, WI. 3
BERRYMAN & HENIGAR, San Diego, CA. 3
BULBERRY SYSTEMS, Bismarck, ND. 3
COMPUCOM SYSTEMS, Dallas, TX. 4
EXPESITE.COM Columbus, OH. 3
FLUOR CORP. Aliso Viejo, CA. 2
GOVPARTNER.COM, San Diego, CA. 3
HOWARD R. GREEN COMPANY, Cedar Rapids, IA. 4
KADRMAS, LEE & JACKSON, INC. Bismarck, ND. 3
KS ASSOCIATES, Elyria, OH. 8
PENNONI ASSOCIATES, INC. Philadelphia, PA. 8
ROYAL INSTITUTE OF BRITISH ARCHITECTS (RIBA), London, England. 2
WD PARTNERS, Columbus, OH. 3

> Next Week

The Zweig Letter takes a look at boards of directors, and if their roles have— or should— increase during these troubled economic times.

August 18, 2003

As if **THE ZWEIG LETTER** editors were predicting the economic crisis that started in 2008, the August 18, 2003 of **THE ZWEIG LETTER** dedicates ample space to the topic of motivating employees during difficult times.

"Unemployment figures rise. Hiring stalls. The economy misfires. Firms ask their employees to do more work with less support in the form of frozen salaries and staffing levels that don't match the workload," the article starts. "It's depressing enough to read."

What follows is a list of recommendations, including focusing on positive aspects or working for the organization, increasing visibility and so on.

THE ZWEIG LETTER also dedicated ample space to strategic planning, with two reports on obtaining strategic input from project managers and getting staff to contribute to planning.

In his editorial, Mark Zweig wrote about the non-managing manager.

"There are a zillion of these people out there holding back their firms," Zweig wrote, offering a list of characteristics that define non-managers.

Here it is:

- It's someone who never prepares for meetings.
- It's someone who is late for every request for planning information.
- It's someone who can't sell another job because they are doing a job.
- It's someone who cannot prepare for or go to a presentation because they are doing a job.
- It's someone who ridicules everyone else who is not as billable or "project-centric" as he or she is.
- It's someone who decides relationships with peers aren't important.
- It's someone who is highly billable personally, but his or her workgroup isn't.

Have one of those?

Navigating emerging risks in public construction

Professional liability insurance is a critical form of protection, but be aware of related exposures.

Mike Herlihy

GUEST SPEAKER

The combination of an increasingly fragile national infrastructure and state actions that have eroded protection afforded by the statute of repose spells potential issues for design and construction firms involved in public projects completed in past decades. Even firms not directly involved in such work may inherit related exposures through mergers and acquisitions. As a result, design firms should take a closer look at their potential risks and review steps to protect themselves.

In its 2013 Report Card for America's Infrastructure,the American Society of Civil Engineers graded the country's bridges a C+, noting: "Over two hundred million trips are taken daily across deficient bridges in the nation's 102 largest metropolitan regions." By ASCE's count, some 67,000 bridges are "structurally deficient" and may require careful monitoring, restrictions, maintenance, repair, rehabilitation or replacement.

With respect to past projects, architects, engineers and construction professionals historically have been protected from enduring exposures by the various states' statutes of limitations and statutes of repose.

The statute of limitations typically prevents lawsuits against design or construction firms following a defined period of time after which an injury occurs that may have resulted from faulty design or construction. Additionally, except for New York and Vermont, states across the country have enacted statutes of repose. Unique to the construction industry, these statutes have a designated time period following the date of a project's substantial completion after which no legal action may be taken against a project's designer or contractor.

Unfortunately, protection under statutes of limitations and repose is being eroded. On Aug. 1, 2007 the Interstate 35W bridge in Minneapolis collapsed during rush hour, killing 13 people and injuring 145 others. The National Transportation Safety Board concluded an error by the original bridge designers caused the collapse.

To compensate the victims, state lawmakers enacted legislation creating a victim compensation fund. The law enabled the state to circumvent its 15-year statute of repose to file suit against the original designers of the bridge. Because the firm that designed the bridge no longer existed, the state sued the engineering company that in effect inherited the exposure through an acquisition in 1999.

After years of litigation, the state won a verdict against the engineering firm, which appealed the decision. The U.S. Supreme Court declined to hear the case and the matter was settled for nearly $9 million, which went into a $37 million state fund to compensate victims.

Subsequently, in 2012, the Connecticut Supreme Court ruled that Connecticut's statute of repose is preempted by the English common law theory of "time does not run against the king" (*nullum tempus occurrit regi*). This matter involved the construction of the University of Connecticut Law School Library, which was completed in 1996. Leaks discovered right after construction was completed cost $22 million over 12 years to repair.

In 2008, Connecticut filed suit against 15 parties involved in the project. Although the trial court dismissed the case based on the statutes of limitations and repose, the State Supreme Court overturned the ruling and asserted that no Connecticut state public official can agree in a contract to a statute of limitation or repose. Thus, designers and contractors lack such protection in suits brought by Connecticut state agencies.

See MIKE HERLIHY, page 8

Design and construction professionals can no longer rely fully on the legal protections under statutes of repose.

Getting your worth?

Are you able to charge the fees you think your services should command?

Ed Friedrichs

FROM THE CHAIRMAN

The July issue of Interior Design magazine featured the "2013 Rising Giants 101-200" – in other words, the second group of 100 interior design firms by fee billings. Once again, firm principals cited the dominant issues of concern had to do with not being able to obtain the fees they felt they deserved. So, I'll ask you how you feel about this subject: Do you feel you're being paid what you're worth? Or do feel as though your services have been commoditized?

The answers I hear to these questions never cease to amuse me. I ask every client I consult with the same questions and the answers follow the responses Interior Design received in their survey:

"I have trouble convincing clients to pay the fees that it is going to take me to provide the services they want."

"Clients treat our services like a commodity; they don't see the value in what we do."

"I struggle to make ends meet. Our clients have no sympathy for what it costs to do what we do."

Sound familiar? These answers could be coming from anyone in the architectural, engineering or environmental fields today. After all, we hear that times are still tough. The economy is still in the doldrums. But wait a minute, the Dow Jones Industrial Average continues to hit new highs. Somebody must be doing alright… like our clients. So why are they unwilling to pay us more?

Despite the whining from the present administration about the devastating effects of the sequester (OMG, cutting 4 percent across the board is going to shut down government services; we'll have to stop conducting White House tours), the private sector has cut 4 percent out of the cost of their business more than once during this recession while continually *improving* the quality of their products and services. Hello!?

The businesses that we solicit for our services are running lean. They drive a hard bargain for every product or service they buy. That's why their earnings and stock prices are at all-time highs. So wake up and be grateful that you have clients whose businesses are thriving. And understand that they're not buying services from you just because you're a nice person, nor are they going to pay you what you ask just because you think that's what you're worth or because that's what it costs you to run your business. They've learned to run lean, purchase discerningly and seek value in all transactions.

They're going to pay you what you're worth… *to them*! Your challenge is to figure out how to make yourself worth more *to your clients*. Here are two ways to define and enhance your value proposition in a way that clients will see value in – *for them*!

1) **Become the industry expert in your client's sector.** This means truly becoming known, through research you've done, papers you've written, speeches you've delivered, in your client's business. Own the knowledge about the sector; be able to benchmark your client against competitors. Know what their competitors are doing. Know how the place you're going to make or the systems that are most appropriate are going to affect your client's business performance. Be able to describe what other similar businesses have done and how what you can do will make their enterprise work better. Think long – define how your design solutions are able to adapt and respond to industry changes over time. Know what changes your client should be anticipating.

   In other words, you will be worth more fees to your client if you are able to provide them with knowledge, information and ideas that no one else they will speak with can.

2) **Be able to quantify the impact of your design solution on their operational effectiveness.** Find out what metrics your client

See ED FRIEDRICHS, page 8

They're going to pay you what you're worth… to them! Your challenge is to figure out how to make yourself worth more *to your clients*.

NEWS

AIA pushes for design-build reform

Lauds House Small Business Committee Chairman Sam Graves for introducing legislation.

The American Institute of Architects endorsed the "Design-Build Efficiency and Jobs Act of 2013" as a major step in reforming the outdated, lengthy and wasteful process the government uses to choose the services of design and construction firms for federal contracts.

"We commend Chairman Graves for recognizing the burdens current federal procurement practices place on the design and construction industry," said Mickey Jacob, AIA president. "Rep. Graves' bill will go a long way toward streamlining the competitive bidding process. It also ensures that the government gets the most for its money by removing impediments that discourage many firms from bidding for federal work."

"We urge Congress to pass this important reform bill as soon as possible," Jacob said.

Current rules cost design and construction firms more than $260,000 on median to compete for a federal design build project. That's because federal contracting officers have been increasing the number of finalists on projects, which forces firms to "bet it all" on a single project or – worse for the government – not bid on federal contracts at all. With more finalists, it actually costs the government more money to review the lengthy proposals, which is doubly inefficient for both the government and the competitors.

The Design-Build Efficiency and Jobs Act helps alleviate this problem in part by restricting the authority of contracting officers to require more than five finalists on a project, among other things.

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watches; which ones drive their business and which they're most concerned about. Measure before and after metrics gathered from clients you've worked with. Develop case models that demonstrate to potential clients how your designs have improved operating margins. Obtain testimonials from previous clients and present case studies to industry forums your clients participate in.

Tall orders, right? But, it's a tough, competitive marketplace and, if you cannot move your firm into this position of authority in the areas of service that you're passionate about, you're destined to be complaining next year about the same things:

"My clients won't pay me what I'm worth."
(You're only worth what you're worth to them.)

"I can't even cover my costs of doing business."
(Not your client's problem.)

It's up to you to make yourself worth greater fees from your clients; it's not up to your clients to figure out why they should pay you more. You have to be able to quantify the benefits.

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

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With infrastructure issues present throughout the U.S., other states may take similar actions following related catastrophic failures. Thus, design and construction professionals can no longer rely fully on the legal protections under statutes of repose.

In this environment, professional liability insurance policies represent a critical form of protection. However, these policies need to provide full prior acts coverage, so if a design or construction firm is unfairly targeted after the statute of repose, the insurance may at least pay legal defense costs. Some key points to keep in mind:

- Not all professional liability insurers describe their prior acts coverage as full prior acts. Some insurers require a specific prior acts date be shown in the declarations. Coverage will only apply if the act, error, or omission occurred on or after that date. So, make sure the date shown on the policy declarations matches the date when the firm first began business.
- Anytime you're buying or merging with a firm that started in business before yours, confirm with your professional liability insurer that its policy provides full prior acts coverage going back to the earliest date when the acquired firm or any of its predecessor companies first began operations. If the insurer requires a date be listed on the policy, have the insurer amend the policy so the earlier date becomes the new retroactive date.
- For all acquisitions, try to get the last application the target firm completed, at least five years prior loss runs, a copy of their professional liability insurance policy and, if possible, a list of their last five years of work. These measures are part of a prudent due diligence process.

Engineering firms also should monitor and support the ACEC lobbying efforts for increased infrastructure funding at the national and state level. Be aware of and support ACEC and AIA state-level efforts to protect architects and engineers through legislative action. Contact your local ACEC or AIA chapter to learn how you can help.

MIKE HERLIHY is an executive vice president and partner at Ames & Gough. Contact him at mherlihy@amesgough.com.

RIGHT NOW

Marketing and leadership

Firm leaders sometimes don't understand the value and the need, so be prepared to sell internally.

By BRYAN SULLIVAN
Correspondent

In A/E firms, marketing often takes a back seat. Often, architects and engineers have trouble seeing the value. This needs to change. Marketing captures business and keeps your brand on the front lines. Competition is fierce and marketing is a key tool to help you find the right work... and more of it.

"The era of 'a name, a face and a handshake' has faded and the need to and way we promote our craft and businesses has evolved."

TIME FOR A CHANGE. Duncan McPherson, principal and vice president, **Samsel Architects** (Asheville, NC), a 10-person firm that specializes in residential architecture, inns, galleries, retail, medical and educational facilities, says that the days of relying on only word-of-mouth marketing are gone. It's time to embrace more.

"As architects, many of our new clients have historically been based on 'who you know' – word-of-mouth, referrals and our work portfolio," McPherson says. "These have been the bases for marketing in the past, and it's challenging to hire someone outside the firm to do this. However, the era of 'a name, a face and a handshake' has faded and the need to and way we promote our craft and businesses has evolved."

McPherson explains that during the recession years, many architects learned, or at least were reminded of the need to market beyond word-of-mouth.

Duncan McPherson, Principal and VP, Samsel Architects.

"Digital media is still relatively foreign to some architecture firms, so assistance from marketing consultants on promoting websites, search engine optimization and using social media is helpful," he says. "Architects are visual people by nature and much of the digital world seems to be invisible, so marketing consultants who can show tangible information and visual results may get a toe in the door of a design firm's marketing budget."

INTROVERT VERSUS EXTROVERT MARKETING. Joel Hostetler, director of architecture/commercial, **MS Consultants, Inc.** (Columbus, OH), a 300-person, full-service engineering, architecture and planning firm, believes that architects generally fall into two categories: introverts and extroverts. Buy-in from both when it comes to marketing and selling services requires establishing a mutual understanding that every person plays a role in winning work – even if they don't meet face-to-face with clients.

"For extroverts, changing the notion of 'I'm chasing work' to 'I'm helping people,' may make the marketing process feel more dignified and valuable," Hostetler says. "Architects who are skilled in active listening and gathering key information often do best in front of clients. These individuals are able to ask the right questions and receive answers that get to the root of who a client is, what they desire from an architectural service provider, and even what projects the client may have coming up in the future. These architects are often the front-runners in the sales process, but importance still needs to be given to delivering this valuable client information to the rest of an organization."

Joel Hostetler, Director of Architecture/ Commercial, MS Consultants, Inc.

On the flip side, introverted architects often struggle to engage in or build relationships that lead to work with potential clients.

"Introverts, however, are often gifted at relating with others on an individual basis as opposed to a group setting," Hostetler says. "These people may find that their best approach is to wade into the shallow end of the relationship pool and, over time, edge deeper into the water. It's also possible that an introverted architect will never be fully comfortable in talking with clients at the frequency required to build a strong relationship and land a sale."

Hostetler advises that the talents of the "introvert" can still be put to good marketing use.

"Ask these individuals to write articles regarding architectural trends, company announcements, and key project descriptions for use in marketing material. This compelling and relevant content is critical, especially at the beginning of the sales process, and should not be overlooked," he says.

SOME OUTSIDE VIEWS. Sometimes the best view is from the outside looking in. Consultants play a huge role in helping firms capture their full potential.

Linda Rosenberg, president of Linda Rosenberg Marketing Consulting, says that marketing brings value to the table.

"Building a genuine relationship and demonstrating how you, as a marketer, can add value with strategic guidance are paramount. Marketers should ask insightful questions to understand the firm's objectives, niche, challenges, op-

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Capitalizing on mobility

Set your firm apart from your competition now and gain the attention and the business of clients.

Franceen Shaughnessy

GUEST SPEAKER

A friend of mine is on a camping/canoeing Canadian vacation and I'm jealous. Not because she is on vacation (I have too strong of a love for running water and electricity) but because she has managed to find one of the few remaining places that is truly "off the grid." For a precious week, she will be completely disconnected from Twitter, Facebook, email, and all other forms of mobile Internet, making her smartphone useless. Finding a place that is "off the grid" is like spotting an endangered tiger in the middle of downtown Boston.

While it can be daunting to find a place "off the grid," we live in the age of mobility. Gartner reports that, by 2016, two-thirds of all Internet traffic will be viewed on mobile devices. Global mobile data traffic will have increased 18-fold from 2011 to 2016. Marketing communications professionals need to take the mobility trend into consideration when developing communications plans.

Mobility offers immediacy via smartphones and tablets. Your clients can get their questions answered, instantly gaining information that will guide them in the decision-making process. If your firm isn't providing that information in a mobile-ready format, then clients won't hesitate to look elsewhere, including to your competitors. Firms must begin to run their business in real time to respond to clients and grab their attention and business.

It always begins with integration. If you have been following my columns, then you know I am a big proponent of integration when developing a communications plan. Your audience is receiving their information through a variety of communications vehicles, including mobile devices.

According to Adobe's The State of Mobile Benchmark survey, globally, websites are getting more traffic from tablets than smartphones. While tablet and smartphone users are both mobile, they behave very differently. Tablet users behave more like PC users in the way they browse and engage. Different marketing communications initiatives, such as your firm's website, need to take into account mobility and the different devices. Your clients WILL be viewing your material on their smartphones and tablets. With that in mind, you NEED to be aware how each initiative will be viewed on a mobile device.

Content for mobility. Even when pitching a byline article to a publication, mobility needs to be considered. While there seems to be a decline in hardcopy magazines, publishers of digital print content are enjoying steady growth in readership due in part to the release of new mobile devices and further adoption of digital magazines (Source: Adobe's The State of Mobile Benchmark). From August 2012 to February 2013, there was a 200 percent average growth in readers of digital publishing apps.

With this data in mind, it's vital for you as a marketing communications professional to understand the users' behaviors by device type. Most digital magazine consumers read with tablets – 75 percent of reading sessions occur on tablets and 23 percent on smartphones, according to Adobe's survey. Tablet use leads to more frequent, in-depth and longer reading sessions compared to smartphones.

So what does this mean for your internal client's byline article? Knowing that most of your clients will be reading this on tablet means that you have more leeway in terms of length and format. Instead of a short 300- to 500-word post, the byline article can range from 800 to 1,200 words. Paragraphs should be short, between three to 5 sentences, and it's still good to incorporate subheads or bullet points to help break up text.

But let's not get bogged down with just content.

- **Social media is king**. Mobile and social go hand in hand. Mobile accounts for a growing share of social media engagement with one-third of all likes on Facebook now occurring via a mobile device, according to Adobe's The State of Mobile Benchmark survey. After a slight dip at the end of 2012, the mobile share of Facebook "likes" jumped 56 percent between December 2012 and January 2013. And, yes, your firm should be on Facebook. Your clients are social. According to HubSpot's 2013 State of Inbound Marketing Annual Report, 41 percent of all companies that used Facebook for B2B marketing did acquire new clients via this network. Take your head out of the sand (this goes to firm leaders as well)

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PORTFOLIO

Cool, smart and talented people

Engineers have a serious job – but it's OK to have fun every now and then too! – as this campaign demonstrates.

By CHRISTINA ZWEIG
Contributing editor

Many successful firms are hiring again. A well-designed marketing campaign can celebrate current employees and draw the right kind of people to your firm. With the firm belief that happy people create happy communities, **Sanderson Stewart** (Billings, MT), a land development, transportation and water resources consulting firm, created a campaign that demonstrates their "ridiculously fun" culture, encourages those at the firm, and recruits more CSTP (Cool, Smart, Talented People).

In 2011, Sanderson Stewart's leadership team updated their vision statement to better reflect who they are as a company and who they want to be in the future. With the goals of becoming the partner of choice for 'A' clients seeking community development solutions by setting ridiculously high standards for service and innovation, and becoming a technology-connected network of small offices and mobile professionals working wherever you find CSTP, the team labeled their new vision "Ridiculocity," and says it is powered by CSTP. Being engineers, the firm even came up with a formula:

$$\text{Ridiculocity} = \frac{(\text{Service} + \text{Innovation})^{\text{Ridiculous}} \times (C+S+T)P}{\text{Ø}}$$

Kari Andren, associate and director of marketing, says, "To achieve our vision of *Ridiculocity*, one of the most important priorities is to attract and retain CSTP. So, as a part of the entire *Ridiculocity* program, we developed a list of qualities that we felt defined who a CSTP might be."

The firm developed this list (social, motivated, intelligent, positive attitude, creative and innovative, collaborative/team-oriented, effective communicator, continuous learner, work hard-play hard) with company-wide input and set out to create what they called a "CSTP Personality Campaign."

"The goal was to define the personality traits of a CSTP in a way that would define them in a relatable way and show our ridiculously fun culture at Sanderson Stewart. We chose fun, retro images of children and coupled them with quirky stories," Andren says.

The campaign consists of posters hung in all branch offices and a series of HR recruiting brochures. The recruiting brochures come in two forms: a greeting card-sized "individual personality" that is handed out at career fairs, and a larger, more comprehensive brochure that is mailed or handed out to potential employees wanting more information.

The campaign's approach is refreshing – no jargon, no complex mission statements, not even project photos, but the witty writing combined with hilarious photographs is sure to capture the attention of most.

SAMPLE CARDS: Sanderson Stewart's campaign approach is refreshing – no jargon, no complex mission statements, not even project photos, but the witty writing combined with hilarious photographs is sure to capture the attention of most.

On one card, a child with a bath towel cape, goggles, and a paper star on his chest stares defiantly at the sky. The caption reads, "Have no fear, Steve is here. Armed with nothing more than a bath towel, Steve's super powers are limited only by his creativity. And gravity. Why does he let his inner superhero shine? Because he wants to save the world one community at a time – and because the chicks dig it."

"We have continued this campaign through our social media outlets, and it is currently running on our LinkedIn company page. We are also in the process of redesigning our website and the personalities will feature prominently in the careers and culture sections," Andren says.

It's no surprise Sanderson Stewart has received a great response to this campaign.

"Our existing staff have recognized themselves and their coworkers in the irreverent personalities. Potential employees – particularly new college graduates – have associated with the CSTP ideals and have an instant understanding of the fun-loving culture that sets us apart from most engineering firms. They also understand that we are looking for only the best, most well-rounded employees. We have even had requests from clients and visitors to email them or even to purchase the poster series so that they can share it with their companies," Andren says. "This campaign was as much (or more) fun to create as it is to experience, and it has been a successful tool on our quest for *Ridiculocity*. We hope you find it ridiculously unique."

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and start thinking creatively about how you can help your firm capitalize on mobile social media.

- **Video is queen**. If social media is king, then video is queen. Mobile video consumption is on the rise for both smartphone and tablet users. Video consumption via smartphones has tripled year-over-year from 2011 to 2012 and for tablet users consumption has slightly outpaced smartphones, according to Adobe's survey. Mobile video should be part of your communications plan. Your clients are turning to it for information so why not start using it as a way to grab their attention and buy your firm's services.

More mobile technology means… With more mobile technology, firm leaders can expect an increase in solid data from their marketing communications professionals when tracking plans and programs. Smartphones and tablets will enable more accurate data about clients, providing better analytics for segmenting and targeting markets and thereby a better return on investment (ROI) from integrated communications programs.

The hard data can guide your marketing communications professionals better in developing plans that will provide a high ROI. Want to know if an article was relevant to that publication's readership? You will be able to get hard data – from the number of hits to the page to how long users stayed on the page – that will give you better insight into your target audience. In the end, mobile technology will not only save your firm time and money but will streamline your communications plans to clients who are more likely to buy your services.

If you are asking more from your marketing communications professionals, then you as firm leaders need to invest in mobile and its resources. You need to provide them with the budget that will allow for them to either learn how to develop a mobile strategy or to hire the talent to create such a strategy, including a person trained in internal communications who will manage the different internal stakeholders, such as IT, successfully.

The investment in mobile will pay dividends toward your bottom line. The window of opportunity is small but capitalizing on mobile now will set your firm apart from your competition – gaining the attention and the business of clients.

FRANCEEN SHAUGHNESSY is an independent integrated communications consultant for professional services firms. She has more than seven years of experience in public relations, journalism, and integrated communications. Connect with her on LinkedIn at www.linkedin.com/in/franceenshaughnessy or email her at fshaughnessy@gmail.com.

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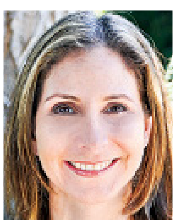
portunities, and competitive landscape, and then offer some business-building recommendations based on this information, prior to issuing a formal proposal. The right questions and research make all of the difference in developing appropriate recommendations specific to the needs of each architecture firm, while building a rapport," Rosenberg says.



Linda Rosenberg, President, Linda Rosenberg Marketing Consulting.

Paul Monahan, president, Paul Monahan Coaching and Consulting, says that for marketing executives, encouraging A/E leadership to embrace marketing and selling activities is about understanding where hesitation to marketing comes from, reframing what selling and marketing activities are designed to do and, finally, showing leadership exactly how marketing can help them grow their businesses. Most importantly, it is about understanding where the true problem really lies.

"So, what if the real challenge is not that architects don't care about marketing, but rather that you have not put together a compelling enough story to inspire action on the part of the leadership of my firm?," Monahan says. "Ouch. That can be a little tough to take. But when you look at the problem this way, you suddenly have more control over the outcome. Why? Because if it's up to you, then all you have to do is to behave differently, and you can yield a different result."

Ask yourself what you can do to create more buy-in to the importance of marketing and to embrace a well-thought-out marketing strategy for the firm.

Paul Monahan, President, Paul Monahan Coaching and Consulting.

"The time is now for you to embrace your own role in a new and exciting way, and create an internal marketing plan to campaign the very concept of marketing to your leadership," Monahan says. "You're probably saying to yourself: 'You mean I have to market the idea of marketing to my own leadership?' Well – sometimes the answer is YES. So, roll up your sleeves. Forget about how tough you think you have it because your leadership hasn't embraced marketing the way you would like for them to. It's not about them. It's about you and your willingness, desire and drive to create a compelling internal campaign."

Monahan says to engage your leaders, listen to their concerns, acknowledge and validate what you hear going on for them and then help them to look at the situation differently – help them to see what marketing really is… and is not.

Prove it. Jacqueline Weir, director of the architects and engineers services group at Feeley and Driscoll, P.C in Boston says that nothing speaks to principals better than data and results.

"Marketing types need to become a resource to the company and show firm leaders that times have changed and also show how their clients are starting to buy their services differently," she says. "In fact, it wasn't too long ago that marketing was not allowed in the profession. One thing firm leaders don't want is to fall behind their competitors. Ultimately, for marketing to be successful in an architectural firm it has to align with the company's strategic goals – so, obtaining buy-in is essential."

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