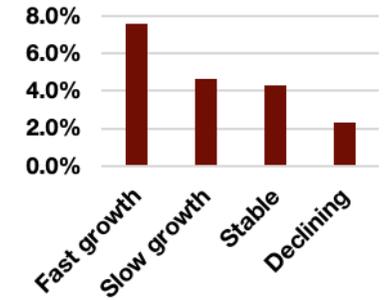


TRENDLINES

Total incentive spending



Zweig Group recently released its 2019 Incentive Compensation Report of AEC Firms, which displays a disparity in incentive spending among growth categories. Using median values graphed above, fast-growth firms spent more than 7 percent of their net service revenue on incentive compensation, whereas slow-growth and stable firms spent between 4 and 5 percent. Declining-growth firms spent less than 3 percent of their NSR. This is interesting because fast-growth firms were not always very profitable but still dedicated the most in incentive programs to motivate staff.

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Keep the celebration going

As we look to 2020, let's reflect on the last year and celebrate all that this industry has accomplished.



Kyle Ahern

As we at Zweig Group continue with our mission to Elevate the Industry, my focus has been on one of the major tenets of that mission: Celebrate. There has been a lot of momentum for celebrating after Zweig Group's biggest ever conference wrapped up in October with more than 350 people gathering to celebrate the best in the industry. I don't want the celebrating to be limited to just one night a year though. We need to be celebrating everything good from this industry as often as we can. I want to take a look back at some of the data and trends from the 2019 award winners that deserve to be celebrated as we wrap up this year.

■ **Hot Firms.** Let's start with celebrating one statistic in particular from our 2019 Hot Firms. The average Hot Firm added 100 employees between the end of 2015 and the end of 2018. That's 10,000 good, high paying jobs just among the 100 fastest growing firms in the industry. This is a serious number that needs to be celebrated! It also shows the kind of opportunities this industry has to offer.

■ **Best Firms To Work For.** The ratings for our Best Firms To Work For were up across the board in 2019, which means firms are working hard to improve themselves for their employees. Best Firms To Work For paid out more than \$281 million in bonuses in 2018. We should celebrate firms that recognize and reward the hard work of their employees!

Half of all Best Firms To Work For indicated that medical insurance premiums would not increase for their employees. With health care being such a hot topic in our country, it is great that the best firms in the industry are helping their employees.

Best Firms continue to invest in their employees by offering new or enhanced training programs. This is something that employees are vocal about wanting more of, so it's great to see firms answering the call to provide opportunities and invest in the growth and development of their people.

■ **Marketing Excellence Awards.** At Zweig Group, we have an entrepreneurial mindset and we always want to celebrate growth. One of the best ways we know firms can grow is by investing in marketing. It seems as though firms are embracing that idea as well and wanting to celebrate their marketing. We easily had a record number of entries for our Marketing Excellence Awards this year. We had more than double the amount of entries than our previous record. This is something we have been celebrating as it involves another tenet of the mission: Promote!

Nearly all of our MEA winners, 97 percent, planned to spend as much if not more on marketing this year than last year. CEOs of MEA winning firms embraced marketing and BD as they spent an average

See KYLE AHERN, page 2

BUSINESS NEWS

UC IRVINE MIDDLE EARTH TOWERS STUDENT HOUSING OPENS AT THE HEART OF CAMPUS

The 215,000 square-foot Middle Earth Towers housing and student-life center opened at University of California, Irvine in September, providing 495 students with energy-efficient, LEED-Platinum accommodations, dining, learning, and amenity spaces along the central campus Ring Road. Led by a design-build collaboration of integrated design firm **Mithun** and **Hensel Phelps Construction**, the new facility leverages critical university real estate at the academic core of campus with the introduction of higher density housing and vibrant student amenities that enrich the campus fabric.

Many will recall that Middle Earth is where Hobbits live in J.R.R. Tolkien's *Lord of the Rings* trilogy. The existing Middle Earth housing community for freshman and sophomore students at UCI was designed in the 1960s and named in tribute to Tolkien's enduring stories.

The expansion to UCI's Middle Earth features two residential towers above a mixed-use podium and richly landscaped base, echoing the natural form and color of the region's limestone canyons. In the towers, communities of student suites are connected on each level by a "Link Lounge" social amenity space complete with group kitchens, media viewing and laundry facilities. The two-story podium includes a 750-seat dining facility serving the entire campus population with 7,300 meals daily, amenity space for student interaction, multi-purpose classrooms and new headquarters for the university's housing administration.

As a design collaboration centered on UCI's objectives, the new Middle Earth Towers weave a multi-faceted community into the high-profile academic core of campus and advance the university's goal of a carbon-neutral campus by 2025. The vertical design expands the university's capacity to accommodate increasing enrollment and demand for on-campus housing.

"The Hensel Phelps/Mithun team continues to deliver projects that exceed our expectations on every level," said Brian Pratt, UCI assistant vice chancellor and campus architect. "In every measure: student experience, sustainability,

quality of the spaces, and connection to the campus, the Hensel Phelps/Mithun team's work on Middle Earth raises the bar for student housing."

This design-build collaboration between Hensel Phelps and Mithun builds on the team's prior success at UCI with the completion of Mesa Court Towers, another freshman student housing project on campus. Having designed more than 5,000 units of student housing through a design-build partnership, the Hensel Phelps and Mithun team has accrued an invaluable body of knowledge through a tested and successful track record of collaboration that benefits the project, the university and students. The team's collaborations also include Mesa Nueva, Nuevo West and Nuevo East graduate student housing for the University of California, San Diego.

Vitas Rugienius, operations manager from Hensel Phelps said, "The beauty in the design-build delivery method is the flexibility of choosing the right team for the right clients. UCI is an experienced owner, as well as a strong proponent of design-build and embraces the team collaborative atmosphere. Through this delivery method, we are better able to control the budget, schedule, and quality."

According to Bill LaPatra, partner at Mithun, "Our design-build partnership with Hensel Phelps unites the best of both companies to create high performance facilities and a vibrant, inclusive living-learning community that meets the students' and the university's needs. We are thrilled to contribute to the campus fabric and student experience at UCI."

Dorothy Faris, partner and landscape architect at Mithun highlights, "This is the first residential building on UCI's storied Ring Road. The landscape rises up and over the first floor to create a central terrace and landform that draws residents of the Middle Earth neighborhood to and through this student life center at the gateway to the academic core of campus."

The Middle Earth Expansion is designed to help the UCI campus achieve its goal of carbon neutrality by 2025. Building and site are designed to achieve LEED Platinum certification, reduce energy consumption and minimize its carbon footprint.

KYLE AHERN, from page 1

of 29 percent of their time on these activities. Sixty-one percent of winners are high or very high profit firms and 47 percent are fast growth firms. All of these number are worth celebrating as firms embrace the promote tenet!

As 2019 comes to a close, we don't want to be the only ones celebrating all the good this industry has achieved. I encourage each firm to reflect on the last year or two and celebrate all that you have accomplished. No matter how big or small, there is always something worth celebrating! Let's keep the momentum going and embrace celebrating as a key part of Elevating the Industry! ▀

KYLE AHERN is awards manager at Zweig Group. Contact him at kahern@zweiggroup.com.



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Make social media work for your business

“I used to be addicted to social media ... So I stopped. Today, I still use social media, though only for business purposes.”



Mark
Zweig

Social media. You can't escape it – it's such a big part of life today. I wrote an article for *The Zweig Letter* on November 11, “[Social Media and Your Business](#),” pointing out some of the negative aspects of social media, particularly how individual use of it can hurt productivity, client and staff relationships, and morale. Some of our own people didn't care for what I wrote, reason being one of the marketing advisory services we provide to clients is to help them with their social media marketing. I can see their point. While I stand behind everything I wrote in that article I probably needed to expand on it.

Let me start by offering that I used to be addicted to social media. I relentlessly posted pictures of my cars, motorcycles, houses, kids, and more, and commented on everything all my “friends” posted to show how clever and tuned in I was. But I fortunately saw the error in my ways on what a waste of time it was and how all I was doing was glorifying my own ego, thanks to my wife (who always provides good counsel). So I stopped.

Today, I still use social media, though only for business purposes. We use it very successfully to sell and lease out properties for our development company. And I use it to promote my management and business philosophy to hopefully benefit both Zweig Group and the Walton College of Business.

“Create a schedule for content creation and posting, and hold people accountable ... Consistently posting quality information will have a big impact on how useful social media is for your marketing.”

And yes, it can be a very effective marketing tool, because so many people use it and those who do spend a tremendous amount of time on it (one study claims one out of every eight minutes online is spent on Facebook, for example).

See MARK ZWEIG, page 4



ON THE MOVE

TERRACON ANNOUNCES KEY ORGANIZATIONAL CHANGES Terracon, a nationally known and respected consulting engineering firm, announces several strategic organizational changes designed to guide the company as it continues its pattern of growth.

Bob Cords, P.E., is now national director overseeing the leadership of the company's transportation and infrastructure, oil and gas, and logistics business sectors. Based in Terracon's Jacksonville, Fla., office, Cords has more than 35 years of engineering industry experience in operations management, client development, and project management. Recently, he served as a senior national account manager focused primarily on Terracon's logistics clients, and has been a business sector lead and division manager.

David Lipka, P.E., is now national director for transportation and infrastructure. Lipka

has more than 35 years of experience in geotechnical and materials engineering services with much of that experience focused on transportation and infrastructure projects. He has been serving as the national program manager for transportation and infrastructure focused predominantly in the eastern operating group, and has led pursuits for projects nationwide. Lipka is based in Terracon's Charlotte, North Carolina, office.

Mohammad Nasim, Ph.D., P.E., is now national director for geodesign services. A principal engineer with extensive experience working with federal, state, and local agencies, Nasim has led projects throughout the U.S., as well as internationally. His design and construction experience includes deep foundations, support of excavations, underpinning, ground improvement, numerical modeling, and seismic analyses. He is based in Terracon's DC Metro North office in Germantown, Md.

R. Sean Williams is now national manager of laboratory services. Based in Terracon's Chattanooga, Tenn., office, Williams is leading the company's plans for the growth of its laboratory services and providing technical support to operations. Williams brings more than 28 years of experience in laboratory and quality management experience to this role, including laboratory accreditation, and operation, development, and implementation of quality management systems.

Terracon is an employee-owned engineering consulting firm with more than 5,000 employees providing environmental, facilities, geotechnical, and materials services from more than 150 offices with services available in all 50 states. Terracon currently ranks 24th on Engineering News-Record's list of Top 500 Design Firms.

MARK ZWEIG, from page 3

It is also a good news source, although you have to be careful with that, too. I am "over-informed" on some popular news subjects, and the danger in that is it, too, can affect your mood!

So if you do want to use social media for business, here are some of my suggestions:

- 1) **Create and distribute lots of unique content.** You need **ALL** of your discipline and market sector experts writing something regularly (weekly – is that too much to expect?) about what they are doing, what they know, and what is happening with their (your) clients and projects. Get them to focus on providing information and opinions that will help your clients or promote their interests. Don't sell. Provide information. Post your employee writing on your own website – have a blog section where you warehouse it. Also have some white papers that you can provide for free to anyone who gives you their contact information. Do original research. Then repost links to that material through your Facebook, LinkedIn, and Twitter pages. And finally, ask the rest of your employees to help distribute that information through their own social media accounts.
- 2) **Be focused and consistent.** Keep everyone on track. Monitor your firm's and your employees' social media posts yourself. Be sure that you aren't straying from the original content distribution strategy and degenerating to employee birthday parties, travel meals, and blatant attempts to sell something. And create a schedule that you stick to for content creation and posting, and hold people accountable to that. It won't be easy, as most people slack off and use project workload as an excuse. But consistently posting quality information will have a big impact on how useful social media is for your marketing.
- 3) **Try some paid promotion.** Every one of the social media platforms has options for you to pay to promote your content. I can't claim experience with LinkedIn on paid promotion. I can tell you we have had a lot of success getting new "likes" and "followers" from paid Facebook advertising. I recently experimented myself with paid Twitter promotion

and found it less successful. You need to be running your own experiments. Getting lots of followers and the right ones is crucial to your success with social media marketing. The more you have, the greater the odds that someone who could hire you sees your stuff and thinks you have insight and other skills that could benefit them. Not to mention, you may grab the attention of other media the more followers you have which could help spread your message even further.

"Don't sell. Provide information. Post your employee writing on your own website – have a blog section where you warehouse it ... Do original research. Then repost links to that material through your Facebook, LinkedIn, and Twitter pages."

- 4) **Avoid the temptation to do more with it.** I have said it before but this bears repeating. Too many blatant ads for your services, too many charitable causes, too many birthdays, too many reposts or sharing of other firm's posts (unless they are clients!), and you will turn off your audience and lose your likes and followers. And never ever stray into politics. We live in a divided country and you run a 50/50 chance of alienating someone you don't want to alienate by posting anything remotely political.
- 5) **If this all seems unmanageable, get some qualified outside help to assist you with the entire process.** Don't just delegate your social media marketing to an inexperienced intern who doesn't understand what you want to accomplish with it – easy to do, but too risky!

I'm sure I could go on but have used all my time here. No doubt, the subject of social media marketing will come up again soon, so there will be more to come from me on this subject at some point in the future! ▀

MARK ZWEIG is Zweig Group's chairman and founder. Contact him at mzweig@zweiggroup.com.



2020 Seminar Calendar

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FEBRUARY

- 26 Elevate Your Recruiting & Retention Strategy
Seattle, Washington
- 27 Elevate Learning Series: The Basics of Business Development
Seattle, Washington

MARCH

- 12-13 The Principals Academy
Dallas, Texas
- 26 Elevate Learning Series: The Basics of Business Development
Washington, DC

APRIL

- 2-3 CEO Roundtable Retreat
Atlanta, Georgia
- 8-9 Elevating Doer-Sellers: Intensive 2 Day Workshop
San Francisco, California
- 23 Elevate Your Recruiting & Retention Strategy
Toronto, Canada
- 30 Elevate Learning Series: Communicating With Confidence
Phoenix, Arizona

MAY

- 19 Project Management for AEC Professionals
Tampa, Florida
- 21 Elevate Learning Series: Communicating With Confidence
Detroit, Michigan
- 27 Learn The Language of Business: Financial Management
Dallas, Texas

JUNE

- 11-12 The Principals Academy
Detroit, Michigan
- 17-18 Leadership Skills for AEC Professionals
Seattle, Washington
- 24 Elevate Your Recruiting & Retention Strategy
Denver, CO
- 25 Elevate Learning Series: The Power of Positioning
Denver, CO

JULY

- 14 Learn The Language of Business: Financial Management
Chicago, Illinois
- 23-24 The Principals Academy
Portland, Oregon
- 30 The Power of Positioning
Washington, DC

AUGUST

- 5-6 Elevating Doer-Sellers: Intensive 2 Day Workshop
Chicago, Illinois
- 12 Project Management for AEC Professionals
Dallas, Texas
- 20 Elevate Your Recruiting & Retention Strategy
Orlando, Florida
- 27 Elevate Learning Series: Building a Persuasive, Powerful, Pursuit Strategy
Vancouver, Canada

SEPTEMBER

- 24 Elevate Learning Series: Building a Persuasive, Powerful, Pursuit Strategy
Raleigh, North Carolina
- 30-2 2020 ELEVATE AEC Conference & Awards Gala
Denver, Colorado

OCTOBER

- 14 Project Management for AEC Professionals
Minneapolis, Minnesota
- 21 Elevate Learning Series: Creating a Championship Interview Team
Los Angeles, California
- 22 Elevate Your Recruiting & Retention Strategy
Los Angeles, California

NOVEMBER

- 5-6 The Principals Academy
Phoenix, Arizona
- 12-13 CEO Roundtable Retreat
Napa, California
- 19 Elevate Learning Series: Creating a Championship Interview Team
Nashville, Tennessee

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PROFILE



Bright future: Theodore Beltavski

President of R.E. Warner & Associates (Cleveland, OH), a 68-year-old full service, multi-discipline consulting firm that's in growth mode.

By LIISA ANDREASSEN
Correspondent

Beltavski has more than 35 years of management and engineering experience, primarily for heavy industrial and power generation and transmission facilities. And even after nearly seven decades in business, he says R.E. Warner & Associates is in “growth mode.”

“In general, people try to be optimistic when it comes to sales. Don’t let that happen,” Beltavski says. “Don’t hold extra manpower for a job you don’t have.”

A CONVERSATION WITH TED BELTAVSKI.

The Zweig Letter: How much time do you spend working “in the business” rather than “on the business?”

Ted Beltavski: The COO and I both spend a lot of time handling project concerns more than we need to. In fact, this question prompted a discussion between us to examine the situation at hand. We’re shooting for an 80/20 mix now.

TZL: What role does your family play in your career? Are work and family separate, or is there overlap?

TB: We have a good work/life balance. My wife and I have two kids in college and two in high school. This business can take over your time if you let it. I’m an early morning person, so I get in early and get out early.

TZL: What, if anything, are you doing to protect your firm from a potential economic slowdown in the future?

TB: It’s important to try not to be fragile. We work to spread out the business among clients – kind of like a mutual fund model. We got our start in the steel industry, but continue to examine new and emerging technologies (i.e., energy).

TZL: It is often said that people leave managers, not companies. What are you doing to ensure that your line leadership are great people managers?

TB: For the past four years, we've worked with a national company. The founder helps us to identify up and coming leaders. These people are called "Eagles." There's an analysis, follow-up, and much more. The program encourages equilibrium in all five pillars of a person's life: spiritual, emotional, financial, mental, and physical.

"We just went through [an ownership transition] five years ago. It's important to be very honest and to get young people bought in by giving them a lot of responsibility. They need to have a vested interest."

TZL: What novel approaches are you bringing to recruitment, and how are your brand and differentiators performing in the talent wars?

TB: We are active recruiters. People are the lifeblood of any company. We work with local colleges and offer mentorships and internships. Twice a year, we present at local colleges on the topic of what an engineering degree can do for a student's future. We're active on social media and keep our finger on the pulse of "unicorns." We attend professional gatherings and belong to professional associations. We bring energy and enthusiasm to the field and offer people three tracks: technical, project management, or executive.

TZL: Is change management a topic regularly addressed by the leadership at your firm? If so, elaborate.

TB: During the last four years, we've had a good number of long-term employees retire. They had a lot of history here and we work to get that knowledge transfer to happen as quickly as possible when new people come in. Introductions have to happen fast. It's also about managing a change in relationships, because as many of these people retire, their contacts retire too. It's something we are constantly working on and sometimes it can be like pulling teeth.

TZL: How often do you value your firm and what key metrics do you use in the process? Do you value using in-house staff or is it outsourced?

TB: We do it annually. We work with an accounting firm that preps for tax filing

and valuation. It's based strictly on book value.

TZL: Ownership transition can be tricky, to say the least. What's the key to ensuring a smooth passing of the baton? What's the biggest pitfall to avoid?

TB: We just went through this five years ago. It's important to be very honest and to get young people bought in by giving them a lot of responsibility. They need to have a vested interest.

TZL: What unique or innovative pricing strategies have you developed, or are you developing, to combat the commoditization of engineering services?

TB: Pricing varies based on client. Some are lump sum and some are rate. We stay away from exceeding contracts. It helps to work with agents to negotiate terms of payment. For example, some clients will agree to pay for a job within three days. That's great for cash flow and it also helps to win a lot of work.

TZL: They say failure is a great teacher. What's the biggest lesson you've had to learn the hard way?

TB: In general, people try to be optimistic when it comes to sales. Don't let that happen. Don't hold extra manpower for a job you don't have. And project managers have to get change orders.

"The future is bright. We're seeing more diverse populations in classrooms and there are also more people in general. Engineering classrooms that used to be filled with 30 students are now filled with 90-100 students."

TZL: In one word or phrase, what do you describe as your number one job responsibility as CEO?

TB: People development. I work to remove obstacles too.

TZL: What happens to the firm if you leave tomorrow?

TB: I'm 100 percent confident that the firm would carry on with no problem. I'm already working on an exit strategy,



HEADQUARTERS: Cleveland, OH

NUMBER OF EMPLOYEES: 50

YEAR FOUNDED: 1951

NUMBER OF OFFICE LOCATIONS: 2

MARKET SECTORS:

- Metals
- Federal, state, and local government
- Chemical
- Manufacturing
- Commercial and institutional
- Power

MARKET SERVICES:

- Civil
- Structural
- Mechanical/HVAC
- Electrical
- Process and piping
- Instrumental and controls
- Industrial engineering
- Environmental science and engineering
- Architecture
- Surveying
- Construction administration

VISION FOR FUTURE GROWTH:

- Continue to create leaders in the business and in the community
- Continue to develop a culture of physical and spiritual wellness for the company and its clients
- Grow through attracting the most talented people who fit into a culture of success and accountable communication
- Continue an upward trajectory of increased revenues and profits
- Stay on the leading edge technology in the industry
- Evolve the firm's ownership for generations to come through staff development and welcoming new partners with an entrepreneurial spirit

See BRIGHT FUTURE, page 8

BUSINESS NEWS

FOX ARCHITECTS POSITIONS FIRM FOR FUTURE GROWTH THROUGH STRATEGIC MANAGEMENT ADVANCEMENTS AND NEW ADVISORY BOARD FOX Architects,

an interdisciplinary architecture and interior design firm, announced strategic management advancements to better position the firm to deliver industry-leading design solutions to increasingly complex projects. The advancements include a new role for the firm's founder Bob Fox, AIA, IIDA; the promotion of Derek Wood, AIA, to managing principal; the addition of an advisory board; and increased roles and responsibilities for principals Andy Yeh, Assoc. AIA; JP Spickler, FAIA; and Jim Allegro, AIA.

Fox will transition from managing principal to chairman of the firm's new advisory board and will remain as a principal focused on building the firm to design more complex, and fully integrated projects, while also helping to increase the value of its work for clients. He will also be responsible for growing the firm's capacity, reach, and leading the firm's overall strategic plan.

"Our vision is to continue to provide meaningful and valuable projects for our clients and the community," said Fox. "Today, projects are multifaceted and require specialty disciplines to execute. From sustainability and environmental impact, to technology, security, wellbeing, and financing, the complexity of today's buildings necessitates a new strategy. Merging our talent in one office location was our first step toward delivering the best interdisciplinary expertise to our clients. The expansion of the principals into their new roles, myself included, now positions us to better leverage our unique talent and skills, build partnerships, meet our client's needs, and grow our practice."

Derek Wood will advance from his role as principal to managing principal. Wood will oversee the day-to-day management of the firm, execute FOX Architects' strategic plan, and ensure the long-term goals established by

the principals and under the guidance of the firm's new advisory board are met.

"Bob and our principals have done a great job guiding the evolution and growth of the firm," said Wood. "We've established FOX Architects as a firm that provides tailored environments at a variety of scales and typologies. The work that we do is very complex and sophisticated – it takes high-performing teams working together to provide provocative and innovative design solutions to the many challenges our clients ask us to solve. We believe that our interdisciplinary approach is more holistic, bringing more integrity and consistency to the designs we produce. We look forward to continuing to build upon our strengths to bring cutting-edge design to our clients."

The firm's new advisory board will include approximately eight industry leaders, each bringing specific expertise in business growth valuation, diversity, law, marketing, venture capital, and former clients. The addition of an advisory board to the firm's structure will expand expertise, project opportunities, improve operational performance, refine the reputation, and more effectively achieve the firm's strategic goals.

"In my new role as chairman, I'll have more bandwidth to engage deeply with the industry relationships and connections I've cultivated over the last 30 years," added Fox. "We have already begun to fill our advisory board with professionals from our community who can provide us with valuable knowledge on trends, resources, opportunities, and sound direction as we identify and explore new business opportunities."

Established 16 years ago, FOX Architects embarked on its growth strategy in 2017 by first combining its two offices into its current studio office, which the firm designed, located at 1240 22nd Street, NW in Washington, DC. Establishing one space has provided an opportunity in which all principals, architects,

and designers can collaborate to deliver the best interior and exterior environments for the firm's clients. This award-winning space has improved the exchange of ideas and attracted top talent necessary to design such projects.

In 2018, the firm announced the appointment of its first chief operating officer, Lisa Revitte, to oversee the operational functions and harness the energy and talent of the firm.

Principals Andy Yeh, Assoc. AIA; JP Spickler, FAIA; and Jim Allegro, AIA will assume new roles and responsibilities that are vital to support the firm's continued growth strategy.

Yeh will serve as the Studio Operations Principal and will lead the day-to-day studio operations across all service lines, such as interiors, architecture, graphics, workplace and landlord strategies, among others. His role is vital to achieving a successful interdisciplinary project approach that allows FOX Architects to efficiently develop complex, integrated projects.

Spickler's role as design principal will also include a broader reach, overseeing not only the architecture studio's design direction but expanding that vision across all disciplines, including interiors and integrated projects.

As interiors principal, Allegro will build on his years of expertise designing high-performing, fully integrated interiors and workplace projects, with a focus shifted to larger-scale projects. He will also lead the charge in a new client satisfaction and research initiative across all disciplines.

Transitions will continue to take shape over the next six to 12 months, with titles formally changing in January of 2020.

FOX Architects is an integrated, award-winning architecture and interior design firm in Washington, D.C.

BRIGHT FUTURE, from page 7

though I don't anticipate leaving anytime soon. We have a finance committee of three and an HR committee of three – it's all about learning and cross training.

TZL: Diversity and inclusion is lacking. What steps are you taking to address the issue?

TB: The future is bright. We're seeing more diverse populations in classrooms and there are also more people in general. Engineering classrooms that used to be filled with 30 students are now filled with 90-100 students. It's also not just about diversity in race/gender, it's about diversity in skill set. We hold regular company sensitivity trainings to make sure people understand changes in the workplace.

"We do our best to be proactive and encourage a strong work/life balance. We all work together to pick up the slack for each other as needed. We care about each other and have each other's backs. It's a very supportive culture here."

TZL: A firm's longevity is valuable. What are you doing to encourage your staff to stick around?

TB: Culture. We do our best to be proactive and encourage a strong work/life balance. We all work together to pick up the slack for each other as needed. We care about each other and have each other's backs. It's a very supportive culture here. ▀



Your professional sword

You have to keep the blade sharp through the long process of making key connections, educating oneself, and repeatedly rising to the challenge.



Hank
Thomas

Careers in the design profession have always been a little different, and one of those things that, if you are not in one, it's difficult to understand. The commitment to the work is overreaching and extensive. The pay is small for the time requirement. The choice to be at work verses engaged with other things in life, most people don't understand. Many relationships – personal and professional – have fallen to the wayside because of the unique culture of this profession. Designers, for the most part, aren't like everyone else and they always strive to be better no matter the cost.

One of the best analogies that I have developed for this is a sword. Throughout history great swords were crafted over time. The craftsperson began with raw material and took months if not years to create steel that was heated and folded over many times to create the hardest and sharpest sword possible.

Like the craftsperson, a designer exits college with raw material. We have all of the basic knowledge of what it takes to become a professional. You begin your career with that first job, large hammer strokes, and those details that you draw over and

over until you understand them. You see them in your sleep. Then the sharpening begins, this takes a little more time. Under the tutelage of other professionals you learn and expand your knowledge. Sometimes testing it at war. During meetings with clients or city council you are asked questions that you must know or help with.

You become a better professional as time passes. As your knowledge grows you switch stones for your blade. Promotion and changes allow you to refine and broaden your knowledge; your

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BUSINESS NEWS

BERGMEYER ESTABLISHES WEST COAST BASE IN LOS ANGELES

Bergmeyer brings its philosophy of creating distinctive user experiences to the West Coast, establishing its official presence in downtown Los Angeles. "Our company culture is founded on innovation, entrepreneurship and an open-minded approach; principles that cutting-edge West Coast cities, like Los Angeles, embody," notes President Mike Davis, FAIA, LEED AP. "Putting down roots in downtown LA allows us to formally expand our service area within a region that is a hotbed of creativity."

The more than 90 person architecture, interiors, graphics, and brand strategy design firm works with national and international clients across a variety of market sectors, including retail, workplace, commercial, education, restaurant, hospitality and residential, in addition to serving notable California corporations. Recently for California Closets, Bergmeyer created a uniquely branded showroom experience, designing both its Richmond headquarters, and its current San Francisco flagship, while also establishing prototype standards for implementation across the U.S. Bergmeyer also designed the flagship for the San Francisco 49ers Team Store at Levi's Stadium in Santa Clara.

"Design is about people – our clients and their clients, customers and constituencies," says vice president Rachel Zsembery, AIA, LEED AP BD+C, an expert in experiential retail design. She adds, "From our new base in downtown Los Angeles, we can even more effectively, efficiently and meaningfully interface with clients in the western U.S. and Canada."

Bergmeyer's portfolio creates emotional connections through environmental experiences and an integrated, multi-disciplinary approach to strategy and design.

- **Shop:** From brand strategy and concept development to developing prototypes and designing concept stores, pop-ups, and flagships, Bergmeyer delivers compelling on-brand experiences that achieve measurable results.
- **Eat:** From fast casual to fine dining and destination restaurants, Bergmeyer works with brands to create memorable experiences.
- **Work:** By designing and implementing programmatically-complex workspaces and integrating flexible multi-use spaces, Bergmeyer balances aesthetics with function for a diverse clientele.
- **Live + Stay:** From authoring the next chapter for historic landmarks through creative adaptation to bringing new communities to life in residential, university and hotel environments, Bergmeyer works with builders, developers and planners to deliver distinctive projects.

Bergmeyer designs for its clients' clients, the people whose lives are most impacted by the firm's work. Through an open and engaging design approach Bergmeyer turns brand values into physical experiences.

NEW TWISTED TUNA RESTAURANT IN JUPITER FLORIDA RELOCATES UP TO 50,000 BEES DURING REMODEL

In May, The Twisted Tuna founders, Kenny and Rachelle Gibbs and their son Billy Forbes, closed on their newest location at 353

S US Highway 1 in Jupiter Florida. Demolition work of the previous restaurant's interior build out began soon after. Months later while inspecting the exterior of the building for new paint, Forbes noticed some bees near the roof on the front of the building.

"I saw a lot of bees along the wall and thought there must be a pretty big hive up there," said Forbes.

Local exterminators offered to get rid of the bees but Rachelle Gibbs had another idea.

"We contacted a local beekeeper and asked if it was possible to relocate the bees. Al 'The Bee Guy' from CWM came to inspect the bees and said if we rented the lift he would relocate them to a nearby farm. So that's what we did," said Rachelle Gibbs.

The weather was warm and sunny in September when Al started carefully removing the hive. By mid day more than 75 pounds of honeycomb had been collected. A beehive like this one could have as many as 50,000 bees or more.

"I'm glad we were able to save the bees and relocate them. Bees are such an important part of our lives and the food that we eat," said Kenny Gibbs.

The Twisted Tuna anticipates opening their new Jupiter location in this month and continues to look for ideal locations to expand their brand. The remodel work is being done by **Mel-Ry Construction**, interior design by Carey Design Group and architecture services provided by **Metro Architectural Group**.

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professionalism grows. You become a better designer. Always sharpening, always learning, doing your best to surround yourself with the best people that you can; helping yourself become the best designer and professional that you can be.

"Whatever it takes, just like any warrior, your sword is what you take into battle every day. Make sure you keep it as sharp and strong as possible. Your team and the profession needs you."

In order to become the best professional that you can, you have to surround yourself with the best people. You can do this in a couple of ways:

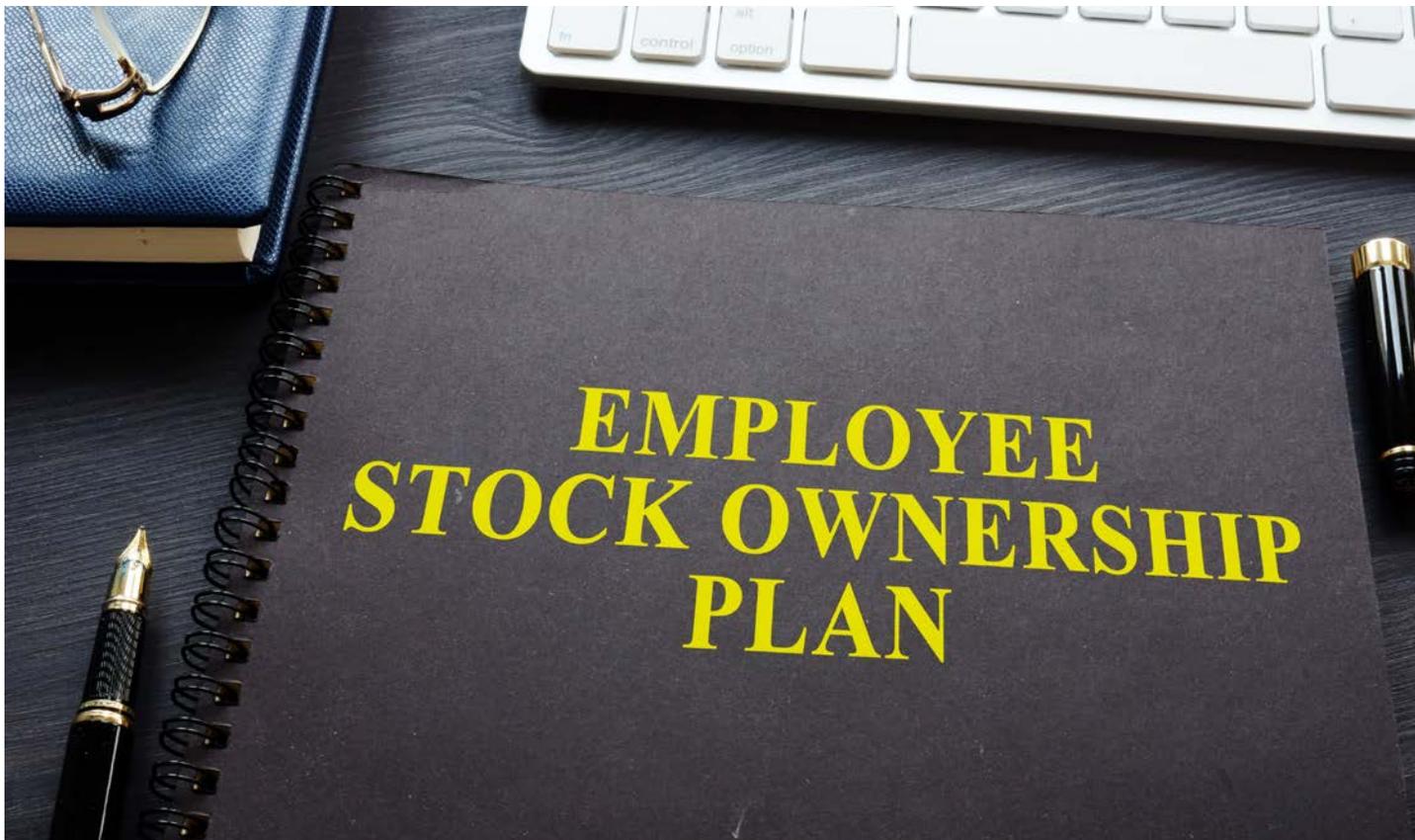
1) Ask to work with different people in your office. If you look around and see people who are respected and proficient at what they do, be sure to ask them questions. See if you can get on projects with them. Watch them. They are respected for a reason; they have sharp swords.

2) Read or watch. There are so many periodicals, like this one, which contain the collective wisdom accumulated by many people over many years. Find something you are interested in and make it your specialty. Find a niche. Become the go to person in the office for that specific thing. Maybe it's ADA requirements, maybe its city codes. Be the best person at your office at something. You may not have the sharpest sword overall, but you can develop a sword that is sharpest for certain tasks.

3) Challenge yourself. If there is no one in your place of employment who challenges you, and you have looked for all other ways to help make yourself a better professional, you should possibly look for a challenge in another location. Maybe something new is what it takes to keep you interested and build your career and make you become a better professional.

Whatever it takes, just like any warrior, your sword is what you take into battle every day. Make sure you keep it as sharp and strong as possible. Your team and the profession needs you. **■**

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Understanding ESOPs (Part 4)

It's important to understand your business model and the various outside factors that can affect the execution of an ESOP transaction.



Pat
Stoltz



Jim
Swabowski

This article serves as a continuation of our Understanding ESOPs series, with the first two articles focused on the tangible and intangible benefits of ESOPs. Our third article discussed the importance of planning for a potential ownership transition. This article will focus on the various outside factors that can affect the execution of an ESOP transaction.

WHERE WE ARE IN THE ECONOMIC CYCLE. Generally speaking, the debt that enters the company's balance sheet with the purpose of transitioning ownership does not directly enhance the company's operating performance. For this reason, it is important to understand your business model and the outside forces that can have both a positive and negative impact on your business's performance. While many businesses weather economic cycles very well, some businesses tend to cycle with the economy's general mood. Here are a few common themes we look for to help mitigate potential negative impacts of movements in the economic cycle:

- The management team has experience navigating

various economic cycles and remain involved post transition

- The business model has a defensible market position
- Interest rate protection is utilized to preserve cash flow in a rising rate environment
- Patient debt behind our senior financing (seller subordinated debt)

WHAT IS THE VALUATION MARKET. Because the ESOP trustee (fiduciary) will hire its own financial advisor, it is important for the selling shareholder to understand the potential value on the front end. For this reason, we strongly recommend an

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BUSINESS NEWS

CS ENERGY COMPLETES LARGEST SOLAR PROJECT IN BURLINGTON COUNTY, NEW JERSEY

CS Energy, announced the completion of the Cinnaminson Township capped-landfill solar project for Public Service Electric and Gas New Jersey's largest electric and gas utility. The 13 megawatt-dc Cinnaminson Township site is the largest solar development project undertaken to date in Burlington County.

Built over a Superfund site, the 25-acre project is part of PSE&G's Solar 4 All program, which is concentrating on turning landfills and brownfields green by building solar farms on otherwise unusable sites.

The program aims to develop 158 MW-DC of universal solar capacity, enough energy to power more than 25,000 New Jersey homes, and as with every Solar 4 All project, the Cinnaminson project will provide clean,

renewable energy to all PSE&G customers, including those without existing solar systems.

The landfill solar sector is one of the most difficult categories of project sites, and CS Energy has performed development, engineering, procurement and construction services on more than 154 MW of landfill projects to date. Although development of the project over the capped-and-closed Cinnaminson landfill included complex permitting, interconnection, and switchgear coordination, CS Energy was able to deliver the site to the utility on schedule.

"By converting unproductive land into a solar power generation plant that provides clean energy to the grid, PSE&G is helping to create a healthier environment and also making solar power available to all of its electric customers," said Matthew Skidmore, CEO of CS Energy. "Solar 4 All is an innovative program, and

we are proud play a key role in its ongoing success."

One of the primary goals of our Solar 4 All program is to help develop and maintain a strong solar industry that creates jobs and generates economic development in New Jersey," said Todd Hranicka, PSE&G's director of solar energy. "So we are proud of our longstanding relationship with CS Energy and pleased that we were able complete another successful project with them."

CS Energy is a national leading integrated energy company that develops, designs and builds optimized projects in the solar, storage and emerging energy industries. CS Energy's attention to detail and collaborative culture has enabled them to successfully develop and install over 650 MW of solar projects since their early initiatives in 2004.

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advisor who deeply understands value and the trustee negotiation process. Valuation multiples are derived from many different inputs. As a selling shareholder, it is important to have a baseline understanding of those inputs and the potential impact on value. See below for a few common factors that may influence value:

- Company life stage/growth prospects
- Overall market position
- Customer/market/geographic diversification
- Majority/minority sale
- Pre-transaction debt
- Interest rate forecast – factored into discounted cash flow calculations
- Public comparisons market

“Executing on a succession plan is typically a once in a lifetime event. Just as a business takes years, often decades, to develop, a succession plan should be well planned for.”

HOW MUCH LEVERAGE IS BEING CONTEMPLATED/CAPITAL MARKETS

APPETITE. When transitioning ownership, maximizing shareholder liquidity is often one of many goals of the selling shareholders. This is not necessarily a poor goal, however, it needs to be understood in the context of the stage in the economic cycle, as well as the ability for the capital markets to deliver. Because EBITDA multiples are a commonly understood cash flow identifier, banks frequently utilize this calculation in determining leverage parameters. It is important to note, most business failures result from weakened performance, coupled with an overleveraged capital structure. Maintaining a financing structure that allows some cushion for sub-

“Surrounding oneself with the appropriate professionals and planning accordingly will position your company for a successful transition to ESOP ownership.”

standard performance is of paramount importance when transitioning your business. Below we have listed a number of items that can affect leverage multiples/financing:

- Customer concentrations
- Consistency and predictability of cash flow
- Sensitization of performance/potential downside modeling
- Free cash flow conversion
- Overall collateral pool

PROFESSIONALS. As we stated in our previous article, when working through a succession plan such as an ESOP, it is important for a business owner to surround himself with professionals who are experienced in ESOPs. As a relationship focused bank, we certainly appreciate loyalty amongst long-term business partners. However, utilizing attorneys, accountants, advisors, or bankers that are not regularly involved in ESOPs will not only put the transaction at risk, but will likely create elevated costs in completing the transaction.

Executing on a succession plan is typically a once in a lifetime event. Just as a business takes years, often decades, to develop, a succession plan should be well planned for. Surrounding oneself with the appropriate professionals and planning accordingly will position your company for a successful transition to ESOP ownership. ▀

Wintrust Financial Corporation is a \$34 billion financial services company headquartered in the Chicago area. With our national niche lending groups, including Wintrust ESOP Finance and Wintrust Construction, Engineering & Architecture, our experts have the knowledge and expertise to provide a business owner in the AEC space with a relationship-focused partner and key trusted advisor. PAT STOLTZ and JIM SWABOWSKI can be reached at pstoltz@wintrust.com and jswabowski@wintrust.com.