

Bad behavior at work



Mark Zweig

Industry blessed with problem behaviors. Mark Zweig identifies six – and respective solutions.

Anyone who runs a business, office, or department has to deal with a wide variety of dysfunctional personality types. It seems like in the A/E/P and environmental business we are “doubly blessed” with more than our share of eccentric and problem behaviors.

Here are a few of them and my suggestions for how to deal with them:

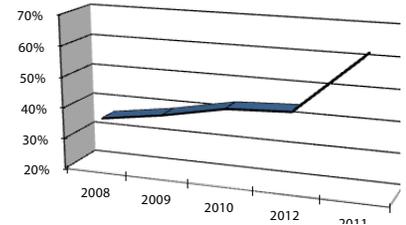
- 1) The martyr.** I don't know about you, but I'm sick of those who always want to be martyrs. “I'm staying late every night to work on this.” “No one else works as hard as me.” “If so-and-so did her job I wouldn't have to be working this weekend.” I'm not saying none of this is EVER true, but it's heard too often to be true all of time. Tell 'em that many other people work hard – not just them.
- 2) The constant talker.** This is the person who comes by your office every day and wastes 20 minutes of your day with trivia. You get to hear about all their maladies, what they ate for dinner last night and how their kid's softball coach is doing a poor job. Can you say “no interest?” You don't want to be miserable but at some point you will have to send them back packing.
- 3) The sexual harasser.** You'd think that in this day and age this type of behavior would be over. But it's not. There are still those people who think it's OK to touch, tell dirty jokes, and obviously leer at members of the opposite sex. Confront mercilessly and if they resist – get 'em out. You cannot afford the damage they'll do.
- 4) The skeptic.** You know who they are – they question everything you say or do, and never have any faith. These people can be useful if you are an over optimist but carried to an extreme become uber-irritants. Talk track record and ask them to decide what team they are on. And if the utility value of their skepticism is trumped by the annoyance of their public lack of faith and resulting morale damage, they need to go!

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With a credit hog it is all about them and how great they are. You can probably never give these people the recognition they want and need – plus they hurt morale. Weigh the cost versus benefit of having them employed.

TRENDLINES

Remote control



A/E Firms, it seems, are enabling growing numbers of their employees to work from home or while traveling with some form of remote access. According to the 2012 “Information Technology Survey,” the median percentage of firms that provide remote access reached a five-year high of 62 percent in 2012, climbing from 44 percent in 2011. In 2010, 43 percent of firms offered remote access, increasing from 39 percent in 2009 and 36 percent in 2008.

– Margot Suydam, Survey Manager

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A/E BUSINESS NEWS

GSA GETS SMART: The U.S. General Services Administration awarded a contract to IBM to develop and install advanced smart building technology in 50 of the federal government's highest energy-consuming buildings. Part of GSA's larger smart building strategy, this initiative will connect building management systems to a central cloud based platform, improving efficiency and saving up to \$15 million in taxpayer dollars annually. Commercial buildings account for nearly 40 percent of the United State's primary energy use and GSA owns nearly 182 million square feet of office space nationwide. Increasing building efficiency will help agencies meet President Obama's goal under Executive Order 13514 to reduce energy consumption in federal buildings by 30 percent by 2015.

Under the terms of the contract, IBM will develop a system to monitor building performance nationwide and stream data to a central facility, allowing faster analysis and more informed decision-making. This project uses innovative building management technology, linking major building controls in real-time to make federal buildings more energy efficient. When fully implemented, GSA will use newly available data and analytics to save energy and reduce building operating costs in GSA's entire owned inventory.

SMART HOME: Active House USA, a custom sustainable home under construction in the St. Louis suburb of Webster Groves, Mo., is bringing together leading green, sustainable, and environmentally conscious building practices from around the world for the first time in the United States.

The prototype home, which is expected to define the next generation of sustainable home building in this country, combines expertise from industry leading sustainable building practices in the United States and from European Active House Alliance practices. Construction began in early May and the 2,600 square foot home is scheduled for occupancy in September.

The Active House USA home was designed incorporating Active House Alliance standards utilized in existing Active House Homes built around the world, and to meet, or exceed, four North American sustainable building certifications: Energy Star, EPA Indoor Air Plus, Building America Builder's Challenge and ANSI ICC-700-the National

Green Building Standard.

The geographic location of the home is ideal because designing the prototype in St. Louis's mixed humid climate requires that cold and warm climate specifications be taken into account, allowing for easy translations of the prototype into other homes in the United States.

This prototype home is unique in that it is being built as an infill project in an historic neighborhood close to downtown shopping and restaurants. The original home on the lot was in poor condition and not a good candidate for renovation.

VELUX Group, the Danish parent company of VELUX America, was involved with the founding of the Active House Alliance in 2010 in Copenhagen Denmark. The Alliance has been involved with the construction of many Active House projects.

RESOURCES

FINANCIAL PERFORMANCE SURVEY:

The 2012 "Financial Performance Survey of Architecture, Engineering, Planning & Environmental Consulting Firms" contains more than 30 different major financial performance statistics so you can find out exactly where your firm stands among your peers.

And these statistics are just the beginning of this comprehensive report – go beyond the revenue and profit data to chargeability, revenue factor, overhead rates, average collection period, backlog, staff turnover, and more to see which areas your firm could improve. Data on operating expenses, personnel costs, finance and accounting staff, growth and profit projections, and more are also included.

In addition to financial performance and spending statistics, the survey also shows data on top financial managers and finance and accounting staff percentages. Does your firm have the staff resources it needs to stay on top of all financial and administration issues? Find out! This survey will show you the typical breakdown of F&A staff for a firm of your size.

This year, ZweigWhite has partnered with the American Council of Engineering Companies to update this important survey. Use the data from the overall sample or take advantage of the details in the tables to compare your firm to others by type, size, region of headquarters, growth rate, and client base.

For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/zw-1141.aspx.

MARK ZWEIG, from page 1

5) The credit hog. "Look at me – I'm great!" I sell more than anyone else and, besides, I am the only person who knows a thing here about anything. Plus, the clients only want me!" With a credit hog it is all about them and how great they are. You can probably never give these people the recognition they want and need – plus they hurt morale. Weigh the cost versus benefit of having them employed. If not good, let 'em go.

6) The bullshitter. They never accomplish a thing but they write damn good emails and memos. You know who I am talking about. The only solution I know is to lay out very specific performance criteria and hold their feet to the fire to accomplish these things. And if that doesn't work – cut the cord.

What problem behaviors do you see in your people and, more importantly, how are you dealing with them? Write to me at mzweig@zweigwhite.com and tell me all about it!

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TOP PLAYER

2011 Hot Firm best of selection

When asked what it means to be Hot, firm leaders have differing answers.

Over the past few months The Zweig Letter has given voice to the leaders of the members of the 2011 Hot Firm List. This week, we offer a selection of the best answers when firm leaders were asked: "What does it mean to be a Hot Firm?"

Ian Kline, president and CEO, **Cadmus Group** (Watertown, MA), an environmental consulting, energy and public health protection firm; No. 10 on the 2011 Hot Firm List:



Ian Kline,
President and
CEO, Cadmus
Group.

Receiving word of our No. 10 ranking on the latest Hot Firm List was an exciting and gratifying moment for us. It's great to be recognized within your industry, and it's particularly rewarding when that recognition comes from an outfit as respected as ZweigWhite. While we still have work to

do, our Hot Firm ranking tells us that we're making real progress toward our aspirations for Cadmus. As an employee-owned and mission-driven firm, we work hard to generate growth for well-defined reasons: to create opportunity and value for our employee-owners and to expand the positive impact we have on people's lives and the natural environment on behalf of our clients. Being a Hot Firm means we're getting there.

Samuel Schwartz, founder, **Sam Schwartz Engineering**, in (New York, NY), a 100-person transportation engineering and planning firm; No. 86 on the Hot Firm List.

"Hot" to me conjures up images of being cutting edge, vibrant and fun. It's

"'Hot' to me conjures up images of being cutting edge, vibrant and fun."

a good feeling to be hot but to be acknowledged as hot by ZW allows one to reinforce that message every day in tag lines, waiting areas and at meetings.

William Brown, president and CEO, **Wright-Pierce** (Portsmouth, NH), a 175-person civil and environmental engineering firm; No. 73 on the 2011 Hot Firm List.



William Brown,
President
and CEO,
Wright-Pierce.

Our goal is not to be one of the biggest firms in the country but it is to be among the best firms in our market sector. We view making the Hot Firm List as evidence that we are succeeding because of our focus on being an excellent engineering service provider.

Ted Rowe, president, **MTE Consultants Inc.** (Kitchener, ON), a 200-person civil, environmental, structural and surveying services firm; No. 67 on the Hot Firm List.



Ted Rowe,
President, MTE
Consultants Inc.

MTE Consultants Inc. is proud to be one of a select group of Canadian firms placed on Zweig White's Hot Firm List. This recognition is important for our staff as it validates and reinforces the exceptional effort that each and every member of the team puts forth in ensuring we meet our corporate goals and objectives. It also confirms for us that as we continue to pursue our growth initiatives in tough economic conditions, our corporate strategies are continuing to move us in the right direction.

Tony Bartolomeo, president and CEO, **Pennoni Associates** (Philadelphia, PA) a 900-person multidisciplinary engineering and design consulting firm;

No. 57 spot on the Hot Firm List.

It is a testament to the innovation and diligent work of Pennoni Associates' leadership team and staff to adjust as necessary in these uncertain times, not only to sustain the integrity of our firm, but to grow strategically in this tough economy.

Samir (Sam) Hanna, president, **SAM, Inc.** (Austin, TX), a 350-person geospatial data solutions firm; No. 20 placing in the Hot Firm List.



Samir (Sam)
Hanna,
President,
SAM, Inc.

For me, it is the continuous and relentless pursuit of perfection. I make a point to take a moment to enjoy success, but that doesn't hold my interest for long. More often than not, I am working the problem through in my head to see how we could have done it better, or anticipating

the next big challenge. It's not a restful place to be, but I wouldn't do it any other way.

Steven Sullivan, founder, **Sullivan International Group, Inc.** (San Diego, CA), a 150-person science, engineering and technology firm; No. 7 on the Hot Firm List.



Steven Sullivan,
Founder, Sullivan
International
Group, Inc.

It really means we're doing what we planned to do. Great plans are really only good if they are properly executed. Successful execution of our annual business plan is truly driven by our talented staff and their dedication to our valued clients – I know it sounds corny but it's the truth! This is all

driven by a culture built on solid core values and a clear mission and vision – something they can believe in and also feel they contribute to regarding the future success of the company. This also provides them with new technical and professional opportunities. ▲▲

SURVEY

Revenue ratios rebound as staffs shrink

A/E/P and environmental firms are getting more revenue dollars per employee than in previous years.

By CHRISTINA ZWEIG
Contributing editor

Net service revenue per total staff increased this year to its highest figure reported yet – but these numbers may not be as good as they initially appear.

According to ZweigWhite’s 2012 “Financial Performance Survey of Architecture, Engineering, Planning & Environmental Consulting Firms,” the median amount of net service revenue generated for each employee (including professional/technical and administrative employees) increased to

“These numbers are up because staff is down. Everyone has cut to the bone.”

\$125,781 this year. This is a 9.2 percent increase from last year’s record low. From 2002 to 2009, this figure increased steadily and then began a consistent decline; until the big 2012 jump. Net service revenue for only profes-

sional/technical staff followed a similar trend. Professional/technical staff were defined in the survey as those employees who spend the majority of their time on billable projects, regardless of their status in the firm.

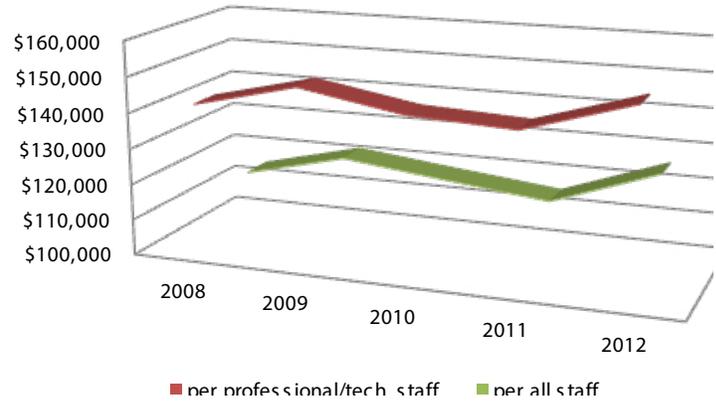
In the study of 156 firms, firm sizes ranged from small operations with less than 24 employees to large firms with more than 500 employees. Median net service revenue per total staff was highest for those companies with 250 to 499 employees, at \$133,593. Among those earning the least per employee, a meager median of \$118,106, were companies in the 50- to 99-employee range.

The overall median net service revenue per professional/technical staffer (\$151,302) increased this year to its highest point as well, though Mark Zweig, founder and CEO of ZweigWhite, notes that “admin staff gets cut first; this really boosts revenue per head.”

Firms in the 50- to 99-employee range had the hardest time competing with firms in other size categories in this area, and lagged significantly behind the overall figures at \$143,061.

WHERE ARE PEOPLE MAKING MORE? Certain regions of the United States are performing better than others. According to the survey, firms in the South Central region of the U.S. had higher median net service revenue per total staff than any other region, at a whopping \$145,206. The South Atlantic region had the lowest median net service revenue per total staff at \$115,732.

NET SERVICE REVENUE



Regionally, net service revenue for professional/technical staff differed from the figures for overall staff. New England had significantly higher professional/technical net service revenue, at \$169,366, while the lowest numbers, \$139,574, were reported in the South Atlantic region.

These numbers can increase due to two factors: revenue increase or staff decrease. Unfortunately, Zweig says, “These numbers are up because staff is down. Everyone has cut to the bone.”

STAGNATION STILL REIGNS... The survey found that staff growth held steady at a median of 0 percent for the second year in a row, after a steady decline that began in 2007 and ended in 2010 at negative 6.8 percent – a reflection of dramatic staff cuts.

The best indication of better economic times ahead is high net service revenue per staff and staff growth. Still, as a beacon for a brighter future, median net pre-tax, after bonus profit on gross revenue increased to 3.7 percent this year, up from 2.4 percent last year, and a 2010 record low of 2.1 percent. Historically, 2006 and 2007 had the record highs of 4.4 percent, a number that no longer seems unreachable.

The 2012 “Financial Performance Survey of Architecture, Engineering, Planning & Environmental Consulting Firms” represents a broad cross-section of architecture, engineering, planning, and environmental consulting firms throughout the United States. The survey collected data from an eight-page questionnaire filled out by firm presidents, CEOs, CFOs, and financial managers. Financial data came from the most recently completed fiscal year. The questionnaire was sent to a select group of U.S. architecture, engineering, planning, and environmental consulting firms. A total of 156 firms participated in the survey. The survey was confidential. ▲▲

The 2012 “Financial Performance Survey of Architecture, Engineering, Planning & Environmental Consulting Firms” is now available. For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/zw-1141.aspx.

PRACTICE

The case for evidence-based design

EBD is moving beyond healthcare into other disciplines within the design industry.

By LIISA SULLIVAN
Correspondent

Editor's note: This is the first of a two-part series on evidenced-based design.

Evidence-based design or EBD is a field of study that uses credible data to influence the design process. The approach has become popular in healthcare architecture and has proven itself to be a driving force in creating healing environments.

LifeStructures Metrics is the vehicle that **BSA LifeStructures** (Chicago, IL), a 248-person planning, architecture, engineering and interiors firm, uses to connect built environments to measurable outcomes and design facilities that improve lives. A pioneer of evidence-based design, BSA LifeStructures uses this tool to build upon the body of evidence by researching, monitoring, reporting and benchmarking data between facilities and organizations.

LifeStructures Metrics has been instrumental in creating designs that impact patient healing, safety and staff satisfaction. With a well-defined four-part approach of acquiring facility, satisfaction, operational and research metrics, BSA is also able to apply the principles of EBD in outcome-driven learning and discovery environments.

EBD IS APPLICABLE TO MANY ENVIRONMENTS. "The values and principles of EBD have no boundaries; they can be applied to any type of environment and we strive to do that," says Monte Hoover, principal at BSA. "In learning environments, we use lean principles to maximize shared space that can lead to reduced operating

"The values and principles of EBD have no boundaries; they can be applied to any type of environment and we strive to do that."



Monte Hoover,
Principal, BSA.

costs and a more efficient use of the overall square footage."

LifeStructures Metrics was implemented to showcase the value and return on investment BSA's facilities provide to clients, who have welcomed the initiative.



Julie Kern,
Director of
Facility Planning,
BSA.

"For our healthcare clients, EBD is factoring into Hospital Consumer Assessment of Health Care Providers and Systems (HCAHPS) scores," says Julie Kern, director of facility planning at BSA. "We're implementing design solutions in patient rooms that have been linked

to an improvement in patient satisfaction scores. For example, we are using noise-reducing materials to limit equipment noise and creating rooms that limit the number of tight and compact areas that are difficult to clean."

CONSTANT MONITORING. BSA measures success before and after its projects. The Lakeland Inpatient Pavilion is its best example of how they gauge the success of a project. The design team collected 53 metrics and made design decisions aimed at improving staff satisfaction, noise levels, infection rates and length of stay.

"For example, at Lakeland, infection rates declined by 57 percent and patient falls were reduced by 21 percent. For Lakeland, we created a report that described each metric, how it was measured, what design solution was implemented and how often it was measured. This information was also presented to the hospital's leadership team," Hoover says.

LESSONS SHARED IN NEW ENGLAND

AndersonPorterDesign recently founded the New England chapter of the Lean Construction Institute (www.lcine.org) and are attempting to provide learning tools and share lessons learned with their collaborators in the design and construction industry in New England.

This community consists of design and construction professionals throughout the New England region, along with owners, owner representatives and other related industry professionals. They seek to provide local lean support to owners, architects and designers, engineers, contractors, specialty contractors, and suppliers and invite owners and project delivery team members to meet together as a local user group to learn, share, and develop a lean community. As a regional forum for conversations among practitioners, the community will help create a new common sense for the AEC industry as LCI continues to build knowledge in design and construction.

DESIGN PHILOSOPHY. At **AndersonPorterDesign** (Cambridge, MA), a six-person design and consulting firm, Brian Anderson, founding partner, explains that they use EBD as a design philosophy with all of its clients.



Brian Anderson,
Founding Partner,
Anderson-
PorterDesign.

"We apply lean tools that enable us to collect data (evidence) and report on the data for continuous improvement, waste reduction, process improvement, design integration and overall documentation of value," Anderson says.

They find this approach to be effective with private developers, public and private institutions, retail, corporate and more.

"There are indeed many clients who do not request or demand this approach – we do it anyway," Anderson says. "It contributes to project success by putting the architect and owner in control of the value of design."

See EVIDENCE, page 6

EVENT PREVIEW

Marketing Excellence Awards

Entries available in seven categories; winners announced during summer.

THE ZWEIG MARKETING LETTER 2012 Marketing Excellence Awards will again recognize the exceptional marketing efforts of architecture, engineering, planning, and environmental consulting firms in the United States and Canada.

First-, second-, and third-place winners will be chosen in the following seven categories: web site, target marketing, special event marketing campaign, integrated marketing campaign, online marketing, social media campaign, and external newsletter.

A panel of marketing experts will determine the winners by the following criteria: measurable awards, creativity, and marketing objectives.

First-, second-, and third-place winners will be chosen in the following seven categories: web site, target marketing, special event marketing campaign, integrated marketing campaign, online marketing, social media campaign, and external newsletter.

Download the entry form for more description about each category and the submission requirements at www.zweigwhite.com/images/public-downloads/MEA_entry_form-2012.pdf.

For this contest, exceptional is defined as “having achieved measurable results and/or design excellence.”

A panel of judges composed of industry practitioners and ZweigWhite’s own experts will assess each entry based on results achieved (such as increased leads, more inbound inquiries, new projects, etc.), as well as creativity and marketing objectives.

All evaluations and constructive feedback from the panel of industry judges will be returned to entrants, who can utilize this expert insight to justify your bold decisions, or jump-start and improve your strategies for 2012 and beyond.

Winners will be announced in a summer month issue of **THE ZWEIG MARKETING LETTER** and on zweigwhite.com.

Winners will also be featured in The Zweig Marketing Letter articles throughout 2012.

CONTEST REQUIREMENTS. The Marketing Excellence Awards is limited to firms based in the United States or Canada that derive the majority of their revenues from the practice of architecture, engineering, planning, environmental consulting, or allied disciplines. Design/build firms that provide both design and construction services are also eligible.

The firm must have conceived the idea for the marketing campaign/piece internally (i.e. work outsourced entirely by hired consultants is not eligible). Printing, mailing, graphic design, or web design could be outsourced, for example, as long as the concepts are directed by the internal group.

The piece/campaign item must have been created and distributed in 2010 or 2011. Only firms that are in business as of Jan. 1, 2012 are eligible. ▀▲

EVIDENCE, from page 5

At the outset of project definition, Anderson solicits, “owner-defined conditions of satisfaction” to establish the project goals. They attempt to get as many of the key project participants present at that session (design consultants and construction management included). This promotes shared team understanding. AndersonPorterDesign then engages its design consultants to devise strategies to achieve stated goals.

“During design phases, we use set-based design to keep multiple sets of design options open as we move through the strategies toward agreed-upon goals,” Anderson says. “Multiple sets allow less rework to move from one to another when new informa-

tion becomes available during the process. We use various reporting methods throughout the process to continuously challenge and reaffirm the stated ‘conditions of satisfaction’ and goals. Upon project completion and at points afterward, we conduct post-occupancy evaluations to measure outcome to stated goals.”

Those post-occupancy evaluations then go through a feedback loop to become pre-occupancy evaluations when conducting new work for repeat clients or as shared experience for new clients engaging Anderson in similar work.

TRENDS IN HEALTHCARE. In the medical arena, Anderson says that they have closely followed trends coming out of evidence-based medicine (EBM) and evidence-based practice (EBP).

“Most of what I have discussed is what guides our practice in general and is based in lean design and construction,” Anderson says. “Healthcare is the largest consumer of lean design and construction in the U.S., originating with Sutter Health in northern California. Translational medicine/or translational research has been the driving force causing the design industry to react.

“Our practice is not in healthcare. However, we have been looking closely at lessons learned from that environment. We apply the scientific method to track design features ‘evidence’ wherever possible and to relate that to the tasks assigned to us,” Anderson says. ▀▲

Next week: A specific case study related to healthcare EBD.

Measuring quality-of-hire



Jeremy Clarke

SEARCH SAVVY

There should be three core evaluations of new hires every year.

When we look at the human resources organization, we have to concede that it is not a profit center. Contrarily, the HR function has become a significant cost center because its function has been relegated, in most cases, to investing resources and practices that are largely intended to mitigate certain risks to the firm. Nevertheless, there are some non-risk related practices developed by HR that are quite commendable and bring significant long-term benefit to the health and profitability of a firm. For example, practices that focus on developing morale, retention, succession planning, rewards, entitlements, etc. can all be quite effective toward encouraging employee effectiveness and productivity. Those results may or may not be realized in the immediate form of “dollars and cents,” but they are nonetheless wise strategic endeavors for any HR director. I was recently part of an evaluation of HR practices among “Best Firms” on a national scale and was quite impressed with the level of careful detail and resources applied to the aggressive development of these initiatives. The benefits were very real and very tangible toward the eventual bottom line.

That said, there is one crucial practice toward long-term profitability that no HR department should be without, and yet it is commonly overlooked, if not entirely ignored. I’m speaking of measuring “quality-of-hire.” It goes without saying that those entrusted with bringing new talent in the door function as critical gatekeepers of sorts. Your community may be home to 100,000 people... but your firm is home to only a select few. Because that’s true, the HR organization plays an immense part in the overall quality of your workforce. Attracting and retaining quality talent should be an “A list” initiative of every organization.

I’m certain that everyone reading this article understands the critical relationship between employee performance and revenue performance. However, there seems to be a disconnect in understanding this intrinsic relationship and developing initiatives that seek to measure and improve quality-of-hire (Interestingly enough, of the firms I evaluated in 2011, none had a protocol in place to measure quality of hire!). Rest assured, any firm willing to aggressively develop radical initiatives in this regard will enjoy significant advantage over its competitors in the not-so-distant-future.

So, how do we begin measuring for “quality-of-hire”? First, just keep it simple. The quality-of-hire metric should be developed as an annual, aggregate metric for all hires over the course of a calendar year. Secondly, we have to determine the baseline standard that we want to measure against. This may vary from firm to firm, but generically speaking there should be three core evaluations made of new hires in a given year.

1) New employees’ performance against the pre-terminated requirements of the job. To do this right, HR should mandate incremental, documented performance reviews at 30 days after hire, and then again after 90 days. Subsequent reviews should be mandated at every quarter thereafter for the first year of employment. I don’t want to attempt to catalogue the specific requirements that should be evaluated – that’s not the intent of this article. But I do want to stress that HR leaders should be mandated to collect and catalogue performance scores distinctly for new hires every year for the express purpose of determining an aggregate score for the quality of those hires.

2) Year-by-year retention comparison. This metric is a little easier. For this metric simply determine the number of new hires who are still with the firm after one year and then compare that number with new-hire retention from the year before and record it. Simple.

3) Hiring manager satisfaction rate. If you’re not surveying your hiring managers for quality-of-hire, this is an excellent time to begin. It’s rather easy – just develop a very simple, easy-to-complete, new hire survey and distribute it to the respective hiring manager every time a new hire is made. Consider using a brief three-point survey that asks managers to score their new employees from 1-5 in these areas: 1) job performance, 2) suitability/fit, and 3) promotability. Again, keep it simple and easy for the manager to complete/score. The intent is to compile an overall average of scores for all new hires within a calendar year.

PERFORMANCE, MANAGER SATISFACTION AND RETENTION. The ultimate purpose, of course, is to improve the level of future talent being brought into the organization by making fact-based adjustments to sourcing, interviewing and selection techniques based upon the techniques deployed in hiring past ones. Make measuring quality-of-hire an A-List priority for your organization and you’ll begin recruiting talent in a way that gives you significant advantage in the marketplace. ▀▲

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Managing projects 'off the road'



Ernie Burden

GUEST SPEAKER

A case study of a project in Alaska where everything had to come together right.

Think of a project that had logistical challenges, cost challenges, weather challenges, distance challenges and cultural challenges. Think of a remote area that turns out to be home to some of the biggest corporations in the world – the oil producers. Think about a native population versus the multi-national corporate person living in the same community.

“The challenge for us as a design team was going into that insular, off-the-road environment and picking up the cultural cues that existed. It was a series of extremes and stark contrasts. The biggest corporate dollars in the world are there and you are building next to moose and bears,” said Don Prochaska, principal of **Prochaska Associates**, an A/E firm in Omaha, Neb.

Valdez Alaska is the port where the 800-mile Alaskan oil pipeline terminates and one tanker with a million barrels of oil leaves the port every day. It is also home to an 11 acute care/ swing-bed facility of 69,000 square feet, the Providence Valdez Medical Center, which opened for business in 2004 at a cost of \$21 million. The oil corporation’s executives and workers share the Valdez Medical Center with local natives that also rely on this facility for healthcare needs. The A/E firm had just completed a new hospital on Kodiak Islands, Alaska. On word-of-mouth from that project, the firm was hired by the city manager of Valdez to evaluate their existing hospital and advise them on the best course of action. Should they expand it, renovate it, or level it and start all over? The feasibility study produced three viable options. Of those options, the city selected a complete replacement facility that evolved into the first all-new critical access hospital in the state of Alaska. The initial client was the city of Valdez, Alaska, but after the project’s completion it became part of the Providence Health Care System, headquartered in Seattle, Wash.

The project presented many challenges not normally encountered in construction. The biggest earthquake in the U.S., with a 9.2 magnitude, and the second biggest in the world, occurred in 1964, and the epicenter was very close to the site for this hospital, resulting in extreme seismic design criteria that had to be met for the replacement facility. The existing hospital on the site was built immediately after the earthquake by the Army Corps of Engineers in 1966

as a relief project for the area. The building would have lasted years, but was functionally obsolete.

“The first challenge was to convince the community that it would be in their best interest to demolish that building and replace it on the same site with a new state-of-the-art critical access hospital. That was not an easy sell, but people on the mayor’s taskforce were very diligent in doing their homework, resulting in a successful effort to move forward,” said Prochaska, architect and principal-in-charge.

The weather in Valdez averages over 29 feet of snow a year, though at times there is up to 42 feet of snowfall on the ground. Another challenge for the design team was going into a remote environment that had four-month-long transports for construction materials. All the materials to build this hospital had to be transported by barge from Seattle.

“If you forgot to put something on that barge, you’re going to wait another five months,” Prochaska said, “so the staging and pre-planning for construction was critical.”

Construction manager **JE Dunn** from Kansas City, Kan., built the hospital under budget, returning several hundred thousand dollars in savings back to the owner at project completion. There were no change orders on the project and this was done in the most expensive construction environment in the U.S.

“From our standpoint it was an exercise in managing logistics and an exercise in managing extremes,” Prochaska pointed out. “It taught us that sometimes the tougher the project, the more complex, the further away, the more variables there are, the better job of planning you do, applying your best project management skill sets, because you put your game face on. When we came up against adversities, we resolved them collectively. We had great chemistry with our team and our client, and great chemistry trumps everything else.” ▽▲

ERNEST BURDEN, principal of AEC Advisors, Inc (www.aecadvisors.com), was editor of numerous A/E/C industry newsletters over the past four decades, and author of numerous books including *Marketing To Win*, *Integrating the Client Relations Process*, and three illustrated dictionaries; *Illustrated Dictionary of Architecture*; *Illustrated Dictionary of Architectural Preservation*; and *Illustrated Dictionary of Building Design and Construction*. He can be reached at 407-284-1458 or aecadvisors@earthlink.net.

His latest book for ZweigWhite, *Successful Project Management in the A/E/P and Environmental Consulting Firm*, is available. For more information or to order a copy, call 800-466-6275 or log on to www.zweigwhite.com/zw-1099.aspx.

RETENTION

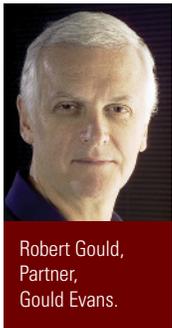
Firms with cool benefits; fun perks

These firms are keeping employees engaged and motivated with their offbeat offerings.

By LIISA SULLIVAN
Correspondent

In an effort to retain and sustain employees, sometimes firms need to think outside the box. Firms may need to look beyond traditional benefits such as healthcare to keep employees coming back for more.

GOING TO THE DOGS. At **Gould Evans** (Kansas City, MO), a 112-person firm that provides architecture, interior design, landscape architecture, planning and graphic design services to public and private clients, nationwide, dogs are welcome in the office.



Robert Gould,
Partner,
Gould Evans.

“Dogs help to relax our associates and clients,” says Robert Gould, partner at Gould Evans.

Roger Kenney, principal architect at **Kenney & Associates, Inc.** (Loveland, CO), an architecture firm, agrees that the firm’s dogs, Eli and Belle, only add to company morale. Eli has been with Kenney & Associates since 1999 and started when he was just 8 weeks old. Growing up in a Kudos box under Roger Kenney’s desk, he quickly developed into the firm greeter. Belle is a rescued foreclosure dog and also Eli’s new protégée. Kenney found her at the Lab Rescue and brought her back so that she can now learn to greet clients and chase pheasant.

“Sometimes the little things help break up the day and allow our leadership team to acknowledge the efforts of all of the employees.”

FAMILY-FRIENDLY. Gould adds that they also provide solitude nooks for private calls since the overall office has a very open environment. They even offer alcoves with lots of toys for kids to enjoy while visiting.

“Our associates work long hours and sometimes on weekends, we want the office to be very family-friendly,” Gould says.

And it’s not only the kids who have fun. Games are also provided for adults to encourage collaborative engagement.

Aside from the cool perks, all staff members are referred to as “associates,” rather than “employees.” This fosters respect for all members of the Gould Evans’ team.

“We want our office to be a fun and attractive place to work,” Gould says. “Plus, I think these things help with morale, retention, hiring and the overall perception of our firm in the professional community.”

THE COMFORTS OF HOME. Due to the nature of architecture and construction deadlines, **AG Architecture** (Wauwatosa, WI), sometimes expects its team members to work odd hours to meet client and project commitments.



Stephen Alexander,
Senior Principal,
AG Architecture.

“Sometimes the little things help break up the day and allow our leadership team to acknowledge the efforts of all of the employees. While we use ‘offbeat’ perks to show our appreciation, we also encourage social interactions between people in the office who don’t always get to work together on a frequent



There’s nothing like a little table tennis to break up a day at AG Architecture.

basis,” says Stephen Alexander, senior principal. “The tangible efforts we make also bring some comforts of home to the office.”

At AG, a lot revolves around food, which tends to provide a little extra comfort throughout the week. Here is a quick peek of some of its tasty offerings:

- **Bread Tuesday** – On Tuesday mornings, AG provides fresh-baked breads from a local bakery to get everyone’s morning off to a good start.
- **Cookie Thursday** – On Thursday afternoons, people can’t wait for the smell of cookies baking in the kitchen. There is always a variety, but they don’t last long. It’s just a nice treat to push staff through to Friday.
- **Beer:30** – At 4:30 on Friday, AG staff takes a little time to wind down from the week together. A variety of appetizers, a fridge full of beverages and conversation with colleagues allows people to walk out the door with a smile on their face.

FUN WITH FUNDRAISERS. And,

See **BENEFITS**, page 10

ON THE MOVE

GRAEF PROMOTES: GRAEF (Milwaukee, WI), an engineering and consulting firm, has named **Kevin Wood**, structural engineer, as a principal of the firm. Wood has been with the firm for more than 17 years. He specializes in bridge and transportation design projects for the Milwaukee office's transportation group.

"Kevin brings tremendous value to our team," said John Kissinger, president and CEO of GRAEF. "His unique insights, effective leadership and proven ability to complete projects on-time and on-budget make him a natural choice to serve as a principal for the firm."

Since joining GRAEF in 1995, Wood has played an integral role on many notable projects, including the distinctive cable stayed pedestrian bridge at the Milwaukee Art Museum, the U.S. Highway 151 railroad bridge in Fond du Lac, and the current Hoan Bridge inspection and redesign in Milwaukee.

In addition to his design work, Wood serves as chairman of the GRAEF Bridge Committee, was coordinator of the GRAEF Adopt-a-Highway effort, and is a member of the firm's Quality Assurance/Quality Control Committee.

CARDNO TBE HIRES: Cardno TBE, part of the Brisbane, Australia-based Cardno conglomerate, announced that Bruce Wirth has joined the firm as assistant director of water resources in the Clearwater, Fla. office. Wirth has over 30 years of professional experience and knowledge in water resource management, permitting, resource assessment, project implementation and executive management.

In this role, Wirth will support the water resources group in business development, project management, permit support and client liaison.

Most Recently, Wirth was the deputy executive director of the Southwest Florida Management District, which encompasses roughly 10,000 square miles in all or part of 16 counties in Florida and serves a population of more than 5 million people. For the last eight years in that position, Wirth oversaw the District's interests in water supply,

conservation, flood management, environmental restoration, land acquisition and use, capital project development and implementation.

He has worked with most all local governments in west-central Florida in matters of water supply, flood protection, water quality and environmental restoration, including work with the other four Water Management Districts within the state, Florida Department of Environmental Protection and the U.S. Army Corps.

HR GREEN PROMOTES JANES – Gil Janes has accepted the position of president for the transportation business line of **HR Green, Inc**, an engineering and technical services firm. Based in the firm's Cedar Rapids, Iowa, headquarters, Janes will travel extensively, giving leadership to HR Green's transportation business nationwide. The transportation business line currently focuses on three markets: highways and bridges, rail, and construction services.

Janes joined HR Green in 1981 and eventually became one of the firm's most influential leaders. Throughout his 31 years with HR Green, his distinguishing marks have been exemplary client service, a deep understanding of funding issues, and his knack for communicating difficult concepts in a highly accessible manner for the general public.

"There are so many great things happening in our transportation business right now, and I'm honored to lead this growing segment our company," Janes said.

Rick Cammarata, the previous president of HR Green's Transportation business line, will remain with the firm. Based in St. Louis, Cammarata will shift his focus to program management services on major infrastructure projects, as well as marketing in the St. Louis region.

"Gil is a great leader," said Cammarata, "and I enthusiastically support him in this new endeavor."

BENEFITS, from page 9

speaking of games, Kenney & Associates, Inc. hosts a "Fun Shot" to benefit a group called Colorado Youth Outdoors. This fundraiser takes place each year at the Sylvan Dale Guest Ranch in Loveland. All shooting participants take part in the full-day event; including a 100 round 12-station sporting clays course, social hour, dinner and participation in the raffles and auction.

EFFECTIVE STRESS RELIEVERS. There's nothing like a little table tennis to break up a day.

At AG, there's a ping-pong table in its kitchen/break room that adds a little excitement to the lunch hour. Competitive spirits come alive and after a few laughs and a game or two it makes it easier to get back to work.

Additionally, project deadlines and the stress of holiday shopping are never a good mix. AG understands that the

mall gets crazy at lunch.

"Who wants to end a hard day of work with the stress of traffic and shopping chaos?" Alexander says. "We encourage our team members to take advantage of the early opening hours during the week to help alleviate some of the stress of the holiday season. They can tackle the mall at 9:00 a.m. and then come to work knowing they have some items crossed off their gift list."

OUTDOOR SPACE, ART AND HEALTHY INCENTIVES. Courtney Rosenstein, associate and marketing manager at **Mithun** (Seattle, WA), a 96-person sustainable design and urbanism firm, says they know how to keep things fresh.

"One of my favorite things is our Threshold Gallery," Rosenstein says. "We have display space in our Seattle office entry and we host an opening for a new artist every six weeks. It's a great opportunity to discuss art and the cre-



Courtney Rosenstein, Associate and Marketing Manager, Mithun.

ative process with the artist and coworkers."

Mithun's Seattle office is also located on an historic pier on the downtown waterfront.

"The view of Elliott Bay and the Olympic mountains is a wonderful perk," Rosenstein says. "Our deck is especially popular on sunny Fridays during our weekly after-work happy hour."

py hour."

Mithun leadership also encourages employees to lower the carbon footprint of their commute by subsidizing mass transit passes and offering REI gift cards to people who bike or walk to work.

"I am among nearly a third of our staff who commutes to work each day via bike," Rosenstein says. ▀▲

M & A

Stay bonuses assure smooth transition

During the M&A process keeping valuable employees through retention initiatives is less costly than finding replacements.

By LIISA SULLIVAN
Correspondent

Stay bonuses are a type of incentive that reward employees who agree to stay for a specific period, such as two years, with a lump sum payment – usually a percentage of their salary.

During a merger and acquisition, stay bonuses may help to make the transition a smooth one.

Typically, stay bonuses should be tied to some type of performance measure or deliverable for the period during which employees are needed. If no incentive is provided, there may be a temptation to sit and wait out the stay bonus period, limiting productivity.

And while a stay or retention bonus is a simple concept and is commonly used during mergers or acquisitions of large companies, they are also applicable in the small, family-owned business arena as the impact of key employee loss or turnover can have a devastating effect on the business.

WHY STAY BONUSES? During a merger and acquisition, W. Hobson Hogan, a ZweigWhite consultant who specializes in mergers and acquisitions, says that the main function of stay bonuses is to entice personnel to remain with the ac-

quired firm.

“And while stay bonuses were more popular when it was easier for employees to jump ship to other firms, they can still provide a buyer with some insurance that employees who cannot be bound by a non-compete will be enticed to stick with their firm through a transaction,” Hogan says.

Additionally, buyers are not always the party to offer a stay bonus. In some cases, a seller will provide the bonus to the employees from the proceeds of the sale in order to mitigate risks of a mass employee defection.

“It is not uncommon for sellers to escrow monies for this purpose with the logic being that they received a higher price in excess of the bonuses they paid in order to keep people from leaving the firm,” Hogan says. “It can also combat any guilt from people who may not be retained by the buyer, since an involuntary separation can trigger the collection of the bonus.”

STRUCTURING STAY BONUSES Hogan says there’s no single way to structure a bonus program. The size and structure of a stay bonus depends on the demand for a particular skill in the marketplace and on how easily that skill can be replaced.

“For highly sought-after skills, retaining an employee through a bonus program is likely to be much less expensive and less disruptive than hiring a replacement from the outside,” Hogan says.

Stay bonuses are sometimes given relative to the salary employees receive; what an acquirer must be cognizant of

is that salaries may not necessarily be distributed in a way that reflects the true talent or productivity of resources inside a firm.

“In the due diligence process, an acquirer may find that a certain class of employee, such as senior staff who were not owners, were generally undercompensated,” Hogan says. “A stay bonus program for these employees may go a long way toward making them loyal to the acquirer and give them some long overdue recognition of their contribution to the firm.”

In most cases, a stay bonus is used for persons who did not own stock or will not receive stock as part of the transaction. Stock ownership typically creates a more sticky relationship and has benefits beyond a bonus program.

“In some cases you will see contingent payments to the owners of the business based on employee retention,” Hogan adds. “This is different than a stay bonus program because it does not reward the employee for staying, just the previous owners for maintaining an environment where their employees stick around.”

At a minimum, companies can use stay bonuses to ensure key employees stay with them long enough to get through the transition period after the deal closes. ▀▲

2012 M&A SURVEY: Is your firm considering a merger, an acquisition, or a sale? Or have you recently completed a merger or acquisition transaction?

If so, then you’ll want to see the survey results in the 2012 Merger & Acquisition Survey of Architecture, Engineering, Planning & Environmental Consulting Firms. The survey contains valuable information and data for buyers and prospective sellers alike, as well as comparative data.

For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/zw-1131.aspx.

“While stay bonuses were more popular when it was easier for employees to jump ship to other firms, they can still provide a buyer with some insurance that employees who cannot be bound by a non-compete will be enticed to stick with their firm through a transaction.”

INDUSTRY

Industry on wobbly wheels... still

ABI backtracks and backlogs are down.

Just when it seemed that industry was on the mend after a long recession, new signs are emerging that it's still a struggle.

After five positive months, the Architecture Billings Index fell below 50 in April. Then, a new study by the Associated Builders and Contractors indicates that construction backlogs have fallen in the first quarter of 2012, with a soft non-residential construction sector to remain soft during the summer.

“Considering the continued volatility in the overall economy, this decline in demand for design services isn't terribly surprising.”

“Considering the continued volatility in the overall economy, this decline in demand for design services isn't terribly surprising,” Kermit Baker, chief economist with American Institute of Architects, said about the ABI drop. “Also, favorable conditions during the winter months may have accelerated design billings, producing a pause in projects that have moved ahead faster than expected.”

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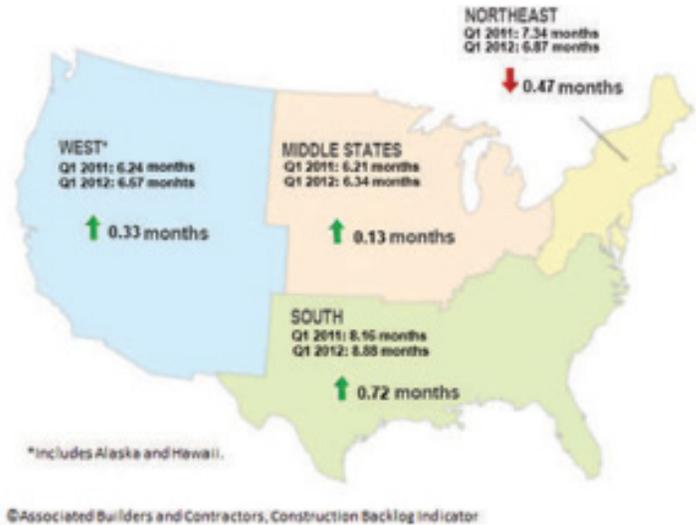
The AIA reported the April ABI score was 48.4, following a mark of 50.4 in March. This score reflects a decrease in demand for design services (any score above 50 indicates an increase in billings). The new projects inquiry index was 54.4, down from mark of 56.6 the previous month. The ABI reflects the approximate nine to twelve month lag time between architecture billings and construction spending.

Meanwhile, ABC's Construction Backlog Indicator (CBI) for the first quarter of 2012 declined 5.4 percent from the previous quarter, dipping from 7.8 months to 7.4 months, but is slightly higher compared to the first quarter of 2011. CBI is a forward-looking economic indicator that measures the amount of construction work under contract to be completed in the future.

“On the heels of a mixed bag of national economic news, CBI declined for the second quarter in a row,” said Anirban Basu, ABC chief economist. “The lull in nonresidential construction momentum is not poised to end in the immediate term. The nation's nonresidential construction activity will remain soft during the summer months, with flat to declining non-residential construction spending.”

“The ongoing instability in the nation's nonresidential construction industry appears to be related to the period of economic weakness that developed in the broader economy last year, as well as concerns regarding export growth due to recessionary forces in Europe. The result is that many prospective construction projects were cancelled or postponed,” Basu said.

CONSTRUCTION BACKLOG DECLINES 5.4 PERCENT



REGIONAL HIGHLIGHTS

- Compared to the first quarter of 2011, construction backlog is slightly higher in every region with the exception of the Northeast.
- In the West, construction backlog expanded by 0.46 months from the fourth quarter of 2011 to the first quarter of this year.
- The Middle States have the shortest backlog at 6.34 months and the South continues to register the lengthiest backlog at 8.88 months.

INDUSTRY HIGHLIGHTS

- During the first quarter of 2012, average construction backlog for commercial and institutional, and heavy industrial declined by less than half a month. Infrastructure fell by .52 months.
- The commercial/institutional segment of construction backlog expanded from 7.26 months in the first quarter of 2011 to 7.65 months in the first quarter of this year.
- Average construction backlog in the heavy industrial category slipped to 5.24 months this quarter – the worst performance in the history of this segment.

ABI KEY APRIL ABI HIGHLIGHTS

- Regional averages: Northeast (51), Midwest (50.1), South (49), West (48)
- Sector index breakdown: commercial/industrial (53.8), multi-family residential (50.5), institutional (46.6), mixed practice (45)
- Project inquiries index: 54.4 ▲▲