

## I wish...



Mark Zweig

Mark Zweig doesn't ask for much but he wishes firms would implement these initiatives.

**I**f the good fairy of management came down to see me and grant me three wishes, here would be some of them...

I wish A/E firm principals would be as concerned about negotiating a good fee as they are about what to do with the meager fee they typically settle for. If they did get a decent fee (let's say four- to six times raw labor instead of three or less times raw labor), management of the budget would be a lot less critical! Priorities are misplaced – making a profit on your projects starts with a proper fee. And the way to get good fees is to be the best at what you do (specialization) combined with building a brand such that the market recognizes that superiority. It also comes from ASKING for a good fee to start with!

I wish A/E firm principals wouldn't load up their new offices with so much overhead that they stand almost no chance of making a profit. I have seen this over and over and over again in the last 32 years. New office – new manager that the company wants to “support” and too much expensive space on a long-term lease right off the bat. Dumb! Then they hire an admin person immediately and start loading up with professional staff when the work isn't there to support them. This makes it impossible to make a profit short of a miracle. And miracles don't happen often...

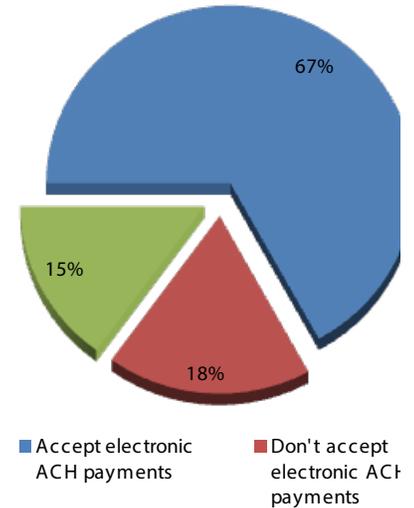
I wish A/E firm principals would be as rigorous in their efforts to clear out dead wood as they are in trying to keep everyone happy. I have railed on HR about this in the past but I do think that in many cases they have promoted the idea that all turnover is bad. It isn't.

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So many companies feel the need to chase after new markets when what they really should be doing is focusing on their current markets and specialties, where they can really make an impact. It is always easiest to get more work in fields you are recognized for.

## TRENDLINES

### E-pay up



Always looking to get paid in a timely fashion, A/E/P and environmental consulting firms increasingly accept electronic payments. According to ZweigWhite's 2012 “Fee & Billing Survey,” 67 percent of respondents report that they use ACH electronic payments, while only 18 percent said they do not. Another 15 percent did not answer the question.

– Margot Suydam, Survey Manager

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## A/E BUSINESS NEWS

**ABI SLUMPS:** Following the first negative reading in five months, the Architecture Billings Index has had a significant drop in May. The American Institute of Architects reported the May ABI score was 45.8, following a mark of 48.4 in April.

This score reflects a sharp decrease in demand for design services (any score above 50 indicates an increase in billings). The new projects inquiry index was 54, down slightly from mark of 54.4 the previous month.

"For the second year in a row, we're seeing declines in springtime design activity after a healthy first quarter. Given the ongoing uncertainty in the economic outlook, particularly the weak job growth numbers in recent months, this should be an alarm bell going off for the design and construction industry," said Kermit Baker, AIA chief economist.

"The commercial/industrial sector is the only one recording gains in design activity at present, and even this sector has slowed significantly. Construction forecasters will have to reassess what conditions will look like moving forward."

As a leading economic indicator of construction activity, the ABI reflects the approximate nine to twelve month lag time between architecture billings and construction spending.

Key May ABI highlights:

Regional averages: Northeast (48.6), West (47.6), Midwest (46.8), South (46.1)

Sector index breakdown: commercial/industrial (50.7), multi-family residential (48.9), institutional (45.6), mixed practice (41.5)

Project inquiries index: 54

**MOMENTUM LACKING:** McGraw-Hill Construction released its 2012 Dodge Construction Outlook Midyear Update projections, which revise the forecasts provided last October at the firm's annual Outlook Conference in Washington, D.C.

The Outlook Midyear Update predicts that total construction starts for the U.S. will increase 2 percent this year to \$445 billion, up from the \$434 billion reported for 2011. While slightly better than the flat performance for 2012 construction starts predicted last fall, the updated forecast still portrays an industry struggling to gain upward momentum.

"The construction industry has yet to move from a hesitant up-and-down pattern to more sustained expansion," said Robert Murray, vice president of economic affairs for McGraw-Hill Construction.

"After plunging 23 percent in 2009, new construction starts edged up only 1 percent in 2010 and were unchanged in 2011, so the modest 2 percent increase predicted for 2012 is really more of the same.

"The backdrop for the construction industry remains the fragile U.S. economy, which continues to see slow employment growth, diminished funding from federal and state governments, and the uncertainty related to the U.S. fiscal stalemate and the European debt crisis. On the plus side, energy costs are now receding, interest rates are very low, and lending standards are beginning to ease for commercial real estate development."

### MARK ZWEIG, from page 1

We need some turnover. Our selection processes are imperfect and we get the wrong people in roles they cannot perform. There are also those who have the ability to perform but whose attitudes and dysfunctional personalities create problem after problem. They need to go to make room for someone who may be better. Clean out the dead wood – make some space – and then spend some time working on getting people who fit into the role and the culture you are trying to create in your firm.

And if I had a really nice good management fairy who would give me a fourth wish... I would wish that A/E firm principals would stop coveting the other guy's business and instead realize they could probably do a lot more with what they are already doing. I see this happening a lot. So many companies feel the need to chase after new markets when what they really should be doing is focusing on their current markets and specialties, where they can really make an impact. It is always easiest to get more work in fields you are recognized for from clients who know what you do than it is to enter all new fields of endeavor or markets that have no awareness of you.

Guess what? I don't need a fairy to grant my wishes. I just need you – our readers – to listen and learn and implement. Go to it, folks! ▀▄▀

MARK ZWEIG is the chairman and CEO of ZweigWhite. Contact him with questions or comments at [mzweig@zweigwhite.com](mailto:mzweig@zweigwhite.com).

## RESOURCES

### PROJECT MANAGEMENT SURVEY:

Firms are always trying to figure out how to improve their project management techniques and procedures.

This is not surprising – effective project management and project managers can mean the difference between making and losing money, pleasing and losing clients, maintaining a good firm image and getting a "bad rep," and reducing liability and getting caught up in expensive litigation.

While books abound on how to manage projects with everything from scheduling systems to project management forms, the 2012 "Project Management Survey of A/E/P and Environmental Firms" is the only source of hard data available on how project management really works in the A/E/P and environmental consulting industry.

With this comprehensive study on project management, you'll find out how your competition handles project management issues and what you can do to make sure your firm does it better.

Get an inside, in-depth look at your peers' project management practices and gain valuable insight from project managers in firms just like yours.

For more information or to buy a copy, call 800-466-6275 or log on to [www.zweigwhite.com/zw-1145.aspx](http://www.zweigwhite.com/zw-1145.aspx).

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Published continuously since 1992 by ZweigWhite, Fayetteville, Arkansas, USA. ISSN 1068-1310.

Issued weekly (48 issues/yr.). \$475 for one-year membership, \$775 for two-year membership.

Article reprints: For high-quality reprints, including Eprints and NXPprints, please contact The YGS Group at 717-399-1900, ext. 139, or e-mail [TheZweigLetter@TheYGSGroup.com](mailto:TheZweigLetter@TheYGSGroup.com).

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## TOP PLAYER

# Design, service and competence

Firm bases success on providing outstanding client service, providing fulfilling careers and professional satisfaction and being financially successful.

Thomas Hayden's game of pool wasn't the only thing that evolved when he frequented pool halls in his

**"I believe I can attribute my successes in my career and life to two very important things. I learned how to learn and never stopped learning, and I have emotional competence."**

youth. He also grew emotionally competent.

Hayden, president of **Shive-Hattery, Inc.** (Cedar Rapids, IA), a 320-person architecture and engineering firm, credits at least part of his success on those early lessons and relationships.

"I learned self-awareness, self-management, social awareness and relationship management," he says.

Shive-Hattery is No. 132 in **THE ZWEIG LETTER** 2011 Hot Firm List.

Below are Hayden's thoughts on his personal and professional accomplishments.

**THE ZWEIG LETTER: What does it mean to be a Hot Firm?**

**Thomas Hayden:** It's always nice to see how you "measure up." And there it is always good to be recognized among your peers. It gives our employees some comfort to really understand how successful we are given the still uncertain times in the A/E industry.

**TZL: How did you get where you are today?**

**TH:** Learning, great teachers, a superb



Thomas Hayden,  
President,  
Shive-Hattery,  
Inc.

education, luck (that I took advantage of) and, of course, a supporting family.

**TZL: Do you remember your first paid job? What did you learn then that still influences the way you work today?**

**TH:** I worked part time for my grandfather Granville Thomas on his farms doing odd jobs of all sorts. It taught me that hard work is good, that making some money was good and that great fun was also important. He also taught me not to take myself too seriously as we all make

mistakes and have regrets. It's part of being human.

**TZL: What is it in your DNA that drives you to success? Is it audacity and risk-taking; a can-do attitude and a relentless pursuit of perfection; something else more abstract?**

**TH:** I believe I can attribute my successes in my career and life to two very important things. I learned how to learn and never stopped learning, and I have emotional competence.

I've already talked about my education. I have never lost my desire to continue to learn about my work, my business, the A/E industry, and about quite a variety of other topics. I'm a reader, with an extensive library of books I've read that have served me very well throughout my career. Even though I'm retiring in less than a year, I'm still reading and thinking about new ideas that will make Shive-Hattery an even better organization in the years ahead.

I junior high I started spending a great deal of time, outside of my schooling, in pool halls. I really loved the games, but I also became a student of the people who were mostly older than

me. I met all kinds of people, some good, some very bad, but always interesting to me. I learned from them. I learned what kind of person I wanted to be; what kinds of people seemed to be the most successful outside the pool halls.

What I learned then, and understand today, is emotional competence has been incredibly important to my ability to work with, lead and manage others. I learned self-awareness, self-management, social awareness and relationship management. For more on those topics I recommend *Primal Leadership* by Daniel Goleman, et al.

And, I got to be a very good pool player. Today, my game is golf and I wish I had the same abilities in that sport that I had playing pool. Challenges are great!

**TZL: In today's difficult business climate, what does it take to succeed? Is the spectrum of failure a motivator?**

**TH:** I can't say that I think very much about failing, I never really have. Of course I worried about a project that wasn't going well, or a difficult situation with a client or employee. But I didn't dwell on worrying about failure, but rather how to improve the situation.

In the world of the A/E business, I think success is driven by providing outstanding client service, providing fulfilling careers and professional satisfaction for our employees, and being financially successful. The important key to this is achieving all three of these – all at the same time. I use the metaphor of a three-legged stool. If any leg is broken the stool falls over and it's useless. Same for our business, I think.

**TZL: Where do you see this industry in 10 or 20 years? What trends are influencing it? What about your company?**

**TH:** I don't know. I never had a crystal ball that could look that far out on any topic.

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## TECH

# The rise of the BIM manager

As design firms move toward more complex processes, someone has to keep a handle on it all, experts say.

By JOÃO FERREIRA  
Managing editor

The ascension of building information modeling is creating new needs inside design firms. Not the least among them is the role of BIM manager.

**“You have to understand the BIM process in order to be successful with it. To be successful you can’t have drafters. Drafters don’t work well with BIM. It’s important that you loop in all the professionals.”**

Whereas computer aided drafting and design is a tool that produces deliverables, BIM is a process that captures design decision and requires a strategy to work. So, there are BIM coordinators, BIM managers and BIM directors.

“BIM has evolved to focus on the model, not the document,” said Michael Schroeder, CEO of BIM Jet Inc., and a speaker at ZweigWhite’s AEC Technology Strategies Conference June 7 in Cambridge, Mass.

The BIM manager – akin to a project manager – is seen as critical to the process.

“You have to understand the BIM process in order to be successful with it,” Schroeder said. “To be successful you can’t have drafters. Drafters don’t work well with BIM.

“It’s important that you loop in all the professionals,” Schroeder said.

Enter the BIM manager. This is someone who is a middle-person of sorts; someone who coordinates the process,

the people involved in the process and the technology itself. Among other duties, a BIM manager might lead the implementation of the BIM process, implement standards, training and procedures, facilitate relationships between designer and producer, and participate in BIM initiative teams.

For example, the BIM manager makes sure people adhere to BIM standards such as proper BIM model creation, development of BIM documents and workflows, creation of procurement models and process improvements methods such as lean design.

The BIM manager is also in tune with specific project needs, BIM collaboration requirements and integrates other disciplines’ use of BIM, for example.

“Have your IT coordinate very close with those BIM managers,” Schroeder said.

**THE BIM EXECUTION PLAN.** Schroeder said that firms initially tried to implement BIM in isolation, but that has backfired. To be effective, BIM needs a plan.

“You’re setting yourself for failure” if you don’t have a BIM implementation plan, Schroeder said. “Go out and reach out and engage with the various BIM execution plans out there.”

The BIM execution plan looks at every single element, information within each element and each level of information. The players within each project team establish the level of detail needed for each element before modeling even starts.

“That is of real value,” Schroeder said.

The BIM execution plan is also a living document, always live, always being updated.

“It has to be live, it has to be current,”

Schroeder said. Otherwise, users will not use the model.

**BIM AND THE CLOUD.** BIM manager’s talents will be increasingly called upon to manage interactions between design teams as collaborative approaches to design, such as integrated project delivery and enabling technologies such as cloud computing continue to grow.

Dennis Shelden, chief technology officer at Gehry Technologies, predicted that cloud services are “going to take off.”

“It’s the next big revolution in the AEC process,” he said during a session devoted to the emerging models of concurrent design and web paradigms that support new collaborative methods.

With that in mind, Gehry Technologies is working on a platform that allows a single integrated model – on that is always on, always connected and depends clearly web cloud services. Any inputs to any of the teaming parties’ design software will always be updated live on the concurrent design model. In other words, the web service interfaces in the back end, producing mashups in the front end.

“You already have this stuff. It’s just a question of connecting it,” Shelden said. “What we’re trying to do is to create this sort of centralized view.” ▲▲

#### INFORMATION TECHNOLOGY SURVEY: The

2012 “Information Technology Survey of Architecture, Engineering, Planning & Environmental Consulting Firms” has been updated with input from IT directors at leading A/E/P firms and contains all the latest data on IT systems, spending, staff, and more. Whether you need to find out how your firm’s spending stacks up among other firms in the design and environmental consulting industry; you’re looking to justify new hardware or software purchases; or you want to find out how other firms use project web sites, firm web sites, and other IT tools, this is the book for you.

For more information or to buy a copy, call 800-466-6275 or log on to [www.zweigwhite.com/zw-1143.aspx](http://www.zweigwhite.com/zw-1143.aspx).

## LEADERSHIP

# Relationship-nurturing starts at the top

Stay as close as practical; four leaders explain what they do.

By LIISA SULLIVAN  
Correspondent

Establishing and maintaining personal relationships with clients is an important aspect of account management. **THE ZWEIG LETTER** interviewed four firm leaders to ask them just how close they personally get to their clients.

Wendi Goldsmith, CEO and founder, **Bioengineering Group** (Salem, MA), a science, engineering, landscape design, energy planning, and construction management firm, says that not all clients are interested, willing, or able to engage in close personal relationships. However, when the chemistry is positive, wonderful working relationships are built.

“Many of our repeat clients jump from ‘happy customers’ to close friends who share belief systems, communicate freely with trust, and truly collaborate to get things done with excellent results,” Goldsmith says. “We strive to be trusted advisors, helping our clients to stay abreast of current trends, and often putting new research and policy into practice. When we succeed at our objective, it is not surprising that our key personnel forge strong bonds and lasting relationships with clients, and they with us. We are not just doing work, we are helping our clients evolve and achieve great heights.”

Goldsmith adds that Bioengineering’s clients often want to know what they can do better. They are looking for more than what is simply asked of them.

“When we succeed together, we celebrate, and that does not only mean sharing a great meal and a well-earned toast, it also means writing up and presenting case studies, submitting for awards and other forms of recognition, and generally sharing in accolades. And isn’t that the definition of what one’s closest friends and families do for each



Wendi Goldsmith,  
CEO and Founder,  
Bioengineering  
Group.

other?” Goldsmith says.

Joshua Carney, president, **Carney Engineering Group** (York, PA), a 10-person structural engineering firm, recommends staying as close as practical to clients.

“It’s the only way to maintain the kind of trust-based relationship, which keeps our services from being commoditized,” Carney says. “However, having said that, every client is different as to what they feel is comfortable, so we have to be careful on how relationships are handled. I try to encourage the relationships to occur throughout the depth of both my and our clients’ organizations. Those individuals may also move around to new employers so, accordingly, we focus on the personal relationship to maximize our ability to follow them to new employers as a provider of services.”

For example, Carney has two architectural clients that he has worked with for more than a decade. While they talk almost every day on work matters, they also try to meet for lunch, fishing and the like to talk about matters outside of work.

“They are good friends as well as clients,” he says.

William Bracken, president and principal engineer, **Bracken Engineering, Inc.** (Tampa, FL), says that as a small firm competing against much larger firms, Bracken Engineering does not have a competitive edge when it comes to marketing. The 34-person engineering consulting firm simply cannot spend hundreds of thousands of dollars each year marketing and schmoozing clients to maintain failing relationships. Instead, Bracken builds its client base one client at a time by focusing on maintaining a professional relationship strengthened by mutual trust and respect.

“Each client relationship begins on

a professional level,” Bracken says. “From there, every relationship will either evolve or dissipate over time based mainly on mutual trust and respect. Building and maintaining relationships with clients is one of the most important focal points of our business and without a doubt one of the trickiest. In fact, every member of our firm can and does impact our relationship with each and every client.”

Bracken finds the personal relationship somewhat tricky.

“I want us to work with like-minded clients who share our business ethos and desire for mutual trust and respect,” he says. “The trick is when finding those clients and building those relationships not to get too close. As for me personally, a few of those relationships that have evolved over time have turned into friendships. Some of those friendships have lasted, while others have not. Of those that did not last, most have been terminated because the professionalism was lost or conflicts arose. There have, however, been a few instances where the working relationship was terminated in favor of the personal friendship.”

Marjorie Simmons, CEO, **SHW Group** (Austin, Texas), a 250-person architecture firm, characterizes most of her relationships with clients as a “professional friendship.”

“The A/E business is a professional service business where trust and confidence, in many cases, are key elements to selection, smooth project progression and also play a role in collections and risk management,” Simmons says. “To build trust and confidence, you have to be willing to take the time to really get to know your clients and let them know you personally as well. The responsibility for initiating and promoting trust and confidence rests with the professional.”

For example, besides the occasional meal or round of golf, Simmons has invested personal time, energy and even financial resources in a client’s favorite cause or charity.

See RELATIONSHIPS, page 8

# Design delegation



Dan  
Knise

GUEST SPEAKER

When others design, architect or engineer may still be on the hook.

**D**esign delegation has been an integral part of the construction process for a long, long time. There has always been interplay between the drawings prepared by an architect or engineer and the detail necessary for the contractor to construct the final project.

Often, this additional design work is integral to the construction of the project and is considered a component of “means and methods.” In still other cases, for example structural steel, the fabricator or erector provides the detailed design for connections.

Despite this long history, the topic of design delegation has taken on increased importance as the design and construction industry continues to evolve. Some factors shining a spotlight on the practice of the architect or engineer passing some design responsibility off to contractors or other project participants are:

**Increased use of design/build delivery method:** Owners using design/build as a project delivery vehicle have an expectation that the design/build team (often architect and contractor) will collaborate to improve project performance and reduce cost and schedule.

**Focus on value engineering:** More and more contractors are being asked to find cost-savings by modifying either the construction sequence or materials, or changing the design of a project. While the architect or engineer often implements these design changes, there are instances, especially with specialty subcontractors such as mechanical, electrical or curtain wall, where the contractor takes on the redesign.

**Use of building information modeling:** The increased use of BIM has led to more collaborative approaches to design and construction, further blurring the lines of demarcation between true design and construction. This, too, has increased the likelihood of certain aspects of design work being delegated.

While design delegation is a fact of life, there are risks for architects or engineers when this work is passed off to others. Let’s examine some of the ways to address this risk.

**Contractual basis of design delegation** – State laws vary on how and even whether they address issues presented by design delegation. This creates a great deal of uncertainty surrounding how related disputes and liability issues might be addressed in the courts. The American Institute of Architects approved design delegation in 1997 when it issued A201-1997, section

3.12.10. The widely used clause, which was retained in AIA’s 2007 A201 document, addresses design services with respect to systems, materials and equipment, as well as construction means, methods, techniques and procedures. Among other standards, the AIA’s clause establishes a set of requirements for project oversight to be implemented by the lead design professional and stipulates that any design delegated to the contractor must be performed in accordance with applicable state laws by properly licensed professionals. In addition to the AIA document, last year, ConsensusDOCS provided an update to its standard agreement between Design Builder and Design Professional. The new version, ConsensusDOCS 420, generally considered more favorable to design firms than the previous edition, includes sustainability responsibilities and limitations of risk and describes the sharing of design information through BIM.

**Performance standard versus detailed design** – There are essentially two approaches for design firms to delegate design. They can establish a performance standard without specifying the method to achieve a stated result. In this situation, the contractor must meet the standard but is generally free to choose the materials and design to achieve the result. If the project fails to achieve the desired result, the contractor faces the risks associated with the unsatisfactory outcome. Alternatively, the design firm can detail the specific design to be followed and materials to be used. The contractor must follow the design without any deviation. In this arrangement, if the contractor follows the specifications provided, it is presumably insulated from exposures that might be associated with faulty design. However, the contractor still may assume exposures associated with its own negligence in conforming to the specifications provided.

**How insurance will respond** – A number of potential insurance issues arise from delegated design, including questions about the design professional’s coverage, whether typical contractor’s insurance policies might respond, and the availability of additional insured coverage to contractors. From the design professional’s perspective, your professional liability insurance covers you for both your direct liability and for any vicarious liability caused by others. Please note, however, that there is no coverage for means and methods of construction and design related thereto.

The contractor’s insurance coverage is more complicated as their general liability insurance covers only third-party bodily injury or property damage, not economic damages, and is likely to have a specific exclusion for “professional services.” A contractor to whom design is delegated should be required to have professional liability insurance. This insurance is readily available and is

See DAN KNISE, page 8

# Collaborate, morph or die...



Ed  
Friedrichs

FROM THE CHAIRMAN

A rant, a listening ear and some timely advice.

**S**o wrote a former colleague the other day, bemoaning the slow economy that he and other small practitioner friends are experiencing. As he put it, “I get a project that lasts for three months and then the world comes to an end and I have to lay everyone off.” By the way, don’t feel like the “Lone Ranger” on this one. Even at Gensler I rarely slept very well knowing that our backlog invariably looked like it was going to fall off a cliff in about 90 days because we took on so many small, incremental assignments. The only thing that made it work for us was that we pursued work with what I referred to as “serial consumers of our services” – clients who were always building, renovating or otherwise redeploying buildings requiring design services.

He went on to say, “I tried design/build a few years ago and it was terrific – easy to make money on a \$1 million home, but when the economy slowed down in 2008, I found that a \$300,000 addition that takes the same amount of time but generates only 25 percent of the fee just doesn’t work.

“On larger assignments, I can get myself into consideration by developing the client relationship only to be turned down when they realize how small my firm is.

“I saw the LA Dwell prefab tour this week. Prefab homes were supposed to be inexpensive alternatives to the typical construction method. They aren’t. They are a minimum of \$300/square-foot. I can build anything on any lot for \$300/sf. So why would you do a prefab other than it’s currently a cool thing to do? After quizzing one of the architects on this tour I figured it out. Time. It’s done in a few months, achieving considerable savings on carrying costs (and you don’t have to deal with subcontractor hell).

“I’ve been taking a couple of weeks to regroup and think about what is happening in my market and where to head next. As small as my firm is, I miss the personal interaction with other professionals that keeps me fresh, up to date on new ideas and technologies, and charged up. Sorry for the rant, but do you have any ideas?”

Here are some thoughts that I passed along to him:

It’s good to rant – as long as it leads you somewhere. So what have you figured out from venting?

Time has value. What can you do to save a client

time?

Being the builder is fine, but how about pursuing work as the builder’s partner? It offers you additional points of entry to a client who may be fearful of dealing with an architect.

Clients can’t afford and won’t pay for conflict (subcontractor hell). What methods can you employ that will circumvent those conflicts?

Some things do need to get built. He who is able to package the deal turnkey (design/construct/finance) and take full responsibility is most likely to get the job (and give comfort to the money source). In fact, the money source will pay you to place the money on anything they consider to be a safe bet, which leads to: He who vets the client (makes sure they’re really credit worthy, guides them on what they have to do to prove that to the bank) is the real hero.

You’re missing the camaraderie and sounding board of colleagues. I don’t blame you. When I retired, I knew I’d go fruitcake if I didn’t do something that put me in touch with thoughtful people – ones who were exploring, solving problems. Heck, I wanted to hang around with people who were changing the world! That is why I got into consulting, which has given me the marvelous and challenging gift of continuing to learn and grow through my associations with others.

The analog for a small firm like yours is to associate with other firms. This could mean creating a consortium of firms similar to yours that could combine forces when appropriate to pursue larger programs. It could also mean teaming with a larger firm. But why would a larger firm want to associate with you? You’ll have to describe that special something that makes you, well, uniquely you; the way you think and work that adds high value to a client relationship and is missing from the larger firm’s skill set. Is it your commitment to and extensive working knowledge of sustainable design? Could it be your relationship with governmental agencies; the planning commission, architectural review board or city council for a controversial project? Or, how about your current working knowledge of costs or building systems and your ability to convert brilliant design ideas into something that can actually be built at a predictable cost?

Your opportunity to build relationships with a firm or two that need your unique value adding skill is completely dependent on your actually having and

See ED FRIEDRICHS, page 8

**TOP PLAYER**, from page 3

Certainly there will be changes, as there have been in my 41 years in this business. But at the end of the day, design will always be required, great service will always be sought and we'll be blessed working with smart, caring people in our firms.

The successful firms will be the ones that really listen to their clients and always ask, "What could be?"

By the way, I don't buy in to the idea that the "mid-sized firms" (whatever that means) will disappear. If that were true, then small firms would never, ever become big firms. I've heard this idea repeated for 30 years and it's still not true.

**TZL: Do you hold someone as a special mentor? How did this person influence who you are?**

**TH:** I've already mentioned my grandfather; he was a huge influence. As my wife would tell you, I'm a rather independent person. But in the world of business, and the world within Shive-Hattery, early influencers were my two immediate predecessors in the job of president. One was what I would call a "marketing guy" and the other an "op-

erations guy." They both taught me. Once I became the president in 1995, I was so fortunate to be surrounded by a great team, a team where we all seem to mentor each other.

**TZL: What's the one trait you most admire in people and why?**

**TH:** As a student of people, picking one trait is really impossible for me. There are so many traits I admire in others. I suppose today I might chose loyalty. Loyalty to their family, their community, their coworkers and to their employer. Tomorrow, I might choose another trait to emphasize.

**TZL: Describe the most challenging thing you have ever done/the biggest challenge you have taken on outside of work.**

**TH:** Challenges come in different forms, like very uncomfortable challenges and energizing challenges. The most complex challenge was to move Shive-Hattery from a highly centralized to a highly decentralized organization. It took a very long time with the engagement of a whole lot of like-minded people.

My most difficult work challenge has been when I've had to fire a really good

person who was not capable of performing the job we had for them. Those are always tough, and should be.

Outside of work, my most difficult challenge has to do with a disabled relative – and I shouldn't say more in this public article.

**TZL: What question would you ask of another Hot Firm leader?**

**TH:** What is the next big idea for your firm? I'm a bit of a history buff. History is incredibly important to inform us today. But I would be most interested in what these leaders plan to do with their firms in the future. Maybe there's a really good idea I can steal!

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

**TH:** Figure out what kind of organizations fit you and your values. Is it consulting, government, corporate, not-for-profit, teaching? Get inside an organization that fits. Go with your passions and never stop learning. You'll be very successful in your career and, most importantly, you'll be happy. ▀▀

**DAN KNISE**, from page 6

written on a claims-made basis. Often, contractors carry only \$1 million or \$2 million of coverage, which may be insufficient for certain exposures associated with these projects and higher limits should be requested.

In light of the uncertainty associated with design delegation, design firms

must be diligent in their efforts to manage potential exposures. They should be careful to avoid contractual warranties and overly broad indemnifications – both likely to result in potentially significant uninsured exposures. Ideally, the contract would also include a waiver of subrogation. While design delegation represents an

exciting opportunity for the architect and engineer to play a broader role in a variety of emerging project delivery vehicles, they need to be vigilant to manage the potential expanded risks inherent in these arrangements. ▀▀

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**ED FRIEDRICHS**, from page 7

being able to define a unique value adding skill that you can align with their talents. Then partner with them – don't just associate for one targeted pursuit, but truly collaborate. Find ways in which 1 + 1 (you plus the firm you associate with) = 3 or more for the client, always defining your value proposition through the benefit your combined team will deliver to the success of the client's enterprise.

Don't restrict your partnering to other architects or interior designers; form

strong relationships with engineers and do truly collaborative design. Many assignments today, such as data centers, are engineering driven and led, so a small architectural firm that develops a strong working knowledge of a focused engineering-led project type can become the preferred partner for the engineer in the lead position.

Hope this helps! ▀▀

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**RELATIONSHIPS**, from page 5

"I believe in giving back and serving the community in a variety of ways, so when I can personally support a charity or community event that is near and dear to my clients, I view that as a win-win-win," she says. "They feel good, I feel good, and we are helping people and making a difference together. What better way to get to know someone and earn their trust than working with them, side by side, in service to the community?" ▀▀

## RECRUITING

# Building intern relationships

Firms often use these programs to find their future employees.

By BRYAN SULLIVAN  
Correspondent

Building working relations with institutions of higher education in the design category is one way to ensure your firm has a pipeline of new talent. Developing internships and/or co-op programs with these institutions is important for a firm's future. Networking, on-campus presence, and attending career fairs are just a few ways it can be done.

**“Internships can sometimes be looked at as an extended interview for full-time employment and give students the tools and knowledge they need to start out as successful employees once they graduate. Internships also help students to realize whether or not they are in the right field.”**

## PROMOTE YOUR FIRM ON CAMPUS.

Most schools are willing to work with firms on an individual basis to customize an internship program that is well suited to its needs.

For example, at Alfred University in Alfred, N.Y., the School of Engineering is very reputable, so many employers actually reach out directly to them when they need to hire an intern. The recruiting coordinator will then work with them on an individual basis to determine the best method to promote their company and position they are recruiting for.

Jill Crandall, assistant director of Experiential Education at Alfred University's Career Development Center, says, “We are lucky enough to have an in-house recruiting coordinator whose responsibility is to create relationships

with employers/companies.”

She says this is done in a number of ways: 1) the employer visits campus and conducts interviews; 2) the school conducts a résumé collection for the employer and sends them the book of candidates; and, 3) the school posts their position on its online job board – Saxon JobLink – where all students know to go to if searching for an internship, co-op or full-time job.

Beyond these reactive methods of recruiting companies, the Alfred University recruiting staff also makes cold calls to employers they think would benefit from hiring the school's students.

“We also have a great database of alum currently working in the industry who come back to recruit,” Crandall says.

Additionally, Alfred University holds annual career fairs in the fall and spring. In the fall the university holds the annual Engineering Career Fair, which attracts companies from all over the country.

“Many students get interviews and job/internship/co-op offers from participating in this event,” Crandall says. “There is also a program called ‘Employer in Residence.’ We invite representatives from companies to visit campus to critique résumés, assist with interview skills, and more. This is a great way for companies to get their name out there. I would encourage companies looking to attract students to develop this type of relationship with a school in their area. They can conduct an information session, or present an undergraduate engineering seminar.”

**NETWORK, NETWORK, NETWORK.** Arnold Bell, executive director at the

NC State University Career Development Center (CDC) in Raleigh, advises developing connections.

“The NC State University CDC is fortunate to have a well established array of partnerships through which to facilitate internship placement,” Bell says. “However, when presented with the need to identify new opportunities, we turn first for assistance to our extensive network of alumni, faculty, and university researchers with industry connections. This network expands CDC's access to industry opportunities, exponentially. If additional resources become necessary, the CDC will augment the process with information from state and federal labor agencies.”

So, once you have decided on what schools your firm wants to build a relationship with, follow these points to succeed:

- Sign up to participate in campus career fairs
- Sponsor mock interview events
- Host externship visits to company work sites
- Become a resource to campus student organizations
- Establish a partnership with the campus career services office

**BENEFITS TO BUILDING AN INTERNSHIP PROGRAM.** The benefits of a successful internship program are numerous: recruiting new talent, talent with up-to-date training and knowledge, prescreening, and more.

In the National Association of Colleges and Employers “Internship & Co-op Survey,” employers revealed that nearly 40 percent of their internship and co-op hires would account for their new full-time hires, which is why experiential education is so important in the overall college recruiting process. The study also revealed that employers expect to hire more college students for

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## ON THE MOVE

**WARE MALCOMB PROMOTES:** Ware Malcomb (Oak Brooks, IL), a planning, architecture, interior design, graphic design and civil engineering firm, has promoted Cameron Trefry to regional Manager for the company's Chicago office.

As regional manager, Cameron will have an expanded operations role, and overall growth and leadership of the Chicago office. Joining Ware Malcomb in 2007, Cameron has provided in-depth architectural knowledge and excellent service to clients. His experience includes master planning, architectural design, project management, business development, and client relations. Cameron has designed and managed major Build to Suit's, Corporate Headquarters, highly technical process driven, and automation intensive automated warehouses, food grade freezer cooler projects, industrial, office, renovation/remodels, and commercial projects.

"Cameron's superior architectural talents, and excellent client service abilities are reflected in the fine body of work he has been responsible for," Jay Todisco, executive vice president. "His enthusiasm, strong work ethic, and dedication to the company are directly responsible for success and the growth of the Chicago office."

**RMF APPOINTS:** RMF Engineering (Baltimore, MD), a planning, design, engineering, commissioning and facility assessment services firm, appointed Robert (Bob) Griggs to project manager. In his new role, Griggs is leveraging more than 30 years of technical and regional expertise to cultivate new client partnerships for RMF across the southeast region. His primary areas of emphasis are in the healthcare, higher education, and federal markets.

Griggs is also handling projects related to steam, heating and chilled water and electrical infrastructure system design. He is working from RMF's Atlanta, Ga. office, which opened last July in order to more appropriately serve its regional clients.

"RMF is committed to serving clients in the southeast region with

the highest level of professionalism, technical expertise, and local knowledge," said Duane Pinnix, president and CEO of RMF. "Bob's depth of expertise, coupled with his ability to build trusted client relationships is well paired with RMF's dedication to creating more value for our clients."

Griggs' expertise spans project management, client relations, business development, field investigations and design in the specialized areas of energy plants and central energy distribution systems as well as HVAC and plumbing systems for industrial, military and institutional facilities. He has worked with a diverse client base, including Emory University, Georgia Institute of Technology, Spelman College, Centers for Disease Control and Prevention (CDC), and US Army Corps of Engineers (Mobile District). Currently, he serves as an active member of the International District Energy Association (IDEA).

The news of Griggs' appointment comes on the heels of RMF's June 18 announcement of a tenth office opening. The new location is in York, Pa.

**TT appoints:** International engineering firm Thornton Tomasetti (New York, NY) announced that Kansas City Senior Principal W. Steven Hofmeister and Shanghai Senior Principal Yi Zhu have been elected to one-year terms on the firm's board of directors. The addition of Hofmeister and Zhu brings the number of directors to 10.

Hofmeister manages the firm's Midwest U.S. region, overseeing the Kansas City, Chicago and Denver offices. He has more than 25 years of structural design and project management experience. He has been with TT since 2004.

Yi Zhu oversees the firm's operations in China and helped to establish the Shanghai office in 2002. Zhu has more than 24 years of experience in design, construction and seismic research of structures worldwide. He joined Thornton Tomasetti in 1994.

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summer internships this year.

"Experiential education is so important in the overall college recruiting process," Crandall says. "Internships can sometimes be looked at as an extended interview for full-time employment and give students the tools and knowledge they need to start out as successful employees once they graduate. Internships also help students to realize whether or not they are in the right field."

Internships can also be the fuel needed for obtaining talent for new hires.

"A strong internship program can be an enormous asset to an organization," Bell says.

For example:

The presence of interns assures company access to a pre-screened pipeline of new talent. Potential new hires can

be previewed without long-term commitments.

An internship program can further enhance recruitment efforts by providing an effective strategy for promoting a company's brand identity within a campus community.

As interns return to campus, they spread the word regarding their experience to fellow students and faculty.

Intern placements also enable the company direct access to the intellectual capital of the students' institution of learning.

**RED FLAGS.** Despite all the positive aspects, there are some red flags that universities look for when it comes to intern programs. Here are some recommendations of what not to do.

"Among the more significant red flags include the use of interns as cheap labor, the absence of written-work plans, unsafe working environments, and in-

ternships which have no relevance to the student's academic studies," Bell says.

If word of a poorly-run program gets around, students report back to their schools and also other organizations. Building a positive program will equal a positive reputation.

"The Fair Standards Labor Act has issued a set of guidelines that employers can use to determine if their intern should be paid," Crandall says.

At Alfred University, once a student completes an internship or co-op, he or she is given a survey that asks about the value of their experience, among other things.

"If a student gives a bad review and does not recommend that company again to another student, then I would have concerns as well, but this has not happened since I have been here," Crandall says. ▲▲

## OWNERSHIP

# Choosing the best ownership structure

A look at the various options available and their complexities.

By LIISA SULLIVAN  
Correspondent

When starting a business, one of the first decisions to make is how it will be set up. Should it be a sole proprietorship, partnership, corporation, LLC – or something else?

Sonny Grover, alliantgroup executive vice president in the New York City office, is a CPA with more than 20 years of experience providing tax, mergers and acquisitions, structuring, and operational consulting to corporations, partnerships, and individual business owners all over the world. He says that 99 percent of A/E firms are typically set up as S-corps, C-corps or LLCs.

But there are other forms of ownership out there. When structuring an ownership, some of the most important factors to consider include:

The potential risks and liabilities for your business

The formalities and expenses involved in establishing and maintaining the various business structures

Your income tax situation

Your investment need

Additional factors include how state and local authorities will treat the company for tax purposes and how the company plans to grow or change ownership over time. Below, Grover describes the pros and cons of different ownership structures.

### SOLE PROPRIETORSHIP

**Pros:** Simple and inexpensive to create and operate; owner reports profit or loss on his or her personal tax return

**Cons:** Owner personally liable for business debts

### GENERAL PARTNERSHIP

**Pros:** Simple and inexpensive to create and operate; owners (partners) report their share of profit or loss on their personal tax returns

**Cons:** Owners (partners) personally liable for business debts

### LIMITED PARTNERSHIP

**Pros:** Limited partners have limited personal liability for business debts as long as they don't participate in management; general partners can raise cash without involving outside investors in management of business

**Cons:** General partners personally liable for business debts; more expensive to create than general partnership; suitable mainly for companies that invest in real estate

### C-CORPORATION

**Pros:** Owners have limited personal liability for business debts; fringe benefits can be deducted as business expense; owners can split corporate profit among owners and corporation, paying lower overall tax rate

**Cons:** More expensive to create than partnership or sole proprietorship; paperwork can seem burdensome to some owners; separate taxable entity

### S-CORPORATION

**Pros:** This type of structure offers tax advantages that are not available when operating a regular C corporation; S-Corps do not pay taxes on the company's earnings at the business level. Instead, an S corporation is treated as a pass-through entity that allows the owners to pass their share of company profits and losses directly to their personal income tax return.

**Cons:** Limited to 100 shareholders; no additional owners may be added; no ability to deduct fringe benefits provided to employees of the company who own more than a 2 percent interest in the company

### LIMITED LIABILITY COMPANY

**Pros:** Owners have limited personal liability for business debts, even if they participate in management; profit and loss can be allocated differently than ownership interests; IRS rules now allow LLCs to choose between being taxed as partnership or corporation

**Cons:** More expensive to create than partnership or sole proprietorship; state laws for creating LLCs may not reflect latest federal tax changes

### PROFESSIONAL LIMITED LIABILITY COMPANY

**Pros:** Same advantages as a regular limited liability company; gives state licensed professionals a way to enjoy those advantages; same as for a regular limited liability company

**Cons:** Members must all belong to the same profession

### LIMITED LIABILITY PARTNERSHIP

**Pros:** Mostly of interest to partners in old line professions such as law, medicine and accounting. Owners (partners) aren't personally liable for the malpractice of other partners; owners report their share of profit or loss on their personal tax returns.

**Cons:** Unlike a limited liability company or a professional limited liability company, owners (partners) remain personally liable for many types of obligations owed to business creditors, lenders and landlords; not available in all states; often limited to a short list of professions

### INCENTIVES AND TAX CREDITS.

Grover says that tax credits and incentives in areas such as research and development are available for just about all of these ownership set ups. And, remember you can change your structure as the business evolves. For example, you can start out as sole proprietorship or partnership and later, if your business grows or the risk of personal liability increases, you can convert your business to an LLC or corporation. ▲▲

## TRANSACTIONS

**JACOBS BUYS:** Jacobs Engineering Group Inc. (Pasadena, CA) and OCP S.A. (Casablanca, Morocco) announced their intent to acquire 100 percent of the shares of Team Maroc (Rabat, Morocco) through their Casablanca-based joint venture, Jacobs Engineering SA (JESA).

Officials did not disclose the terms of the agreement.

Team Maroc is 171-person full service engineering and management consultancy firm. The firm provides consulting and engineering services including studies, work monitoring and supervision, technical assistance, traffic and transport surveys and socio-economic impact studies. These services are offered for large scale projects for road infrastructure, highways, water supply, and a variety of building types.

The acquisition of Team Maroc is expected to enhance JESA's presence in Morocco's infrastructure business, complementing the current JESA phosphate business and enabling the merged entities to expand their client base and address new markets. The combination of resources is expected to broaden JESA's capabilities and increase its workforce through Team Maroc's complementary business culture and expertise.

In making the announcement, Jacobs Group Vice President Robert Matha said: "By combining the energies and skills of JESA and Team Maroc, we can build stronger client partnerships and expand our reach as a leading engineering company in the region."

Amar Drissi, OCP vice president in charge of operations, said: "This acquisition is a major milestone in JESA's growth strategy. Thanks to strong synergies and enhanced HR capabilities, the company will be well-equipped to efficiently address the national and international markets."

Anis Balafrej, Team Maroc chairman and CE, said: "Thanks to this alliance, Team Maroc strengthens its human and technical capabilities, extends its international reach, and enhances its capacity to satisfy its clients needs and to deliver complex projects."

JESA is equally owned by OCP and Jacobs. Jacobs and OCP entered into the joint venture in 2010. JESA offers a combination of engineering, project management and construction management resources and provides services to industrial projects both in Morocco and internationally.

OCP is a major global company specialized in manufacturing and marketing of phosphate products.

Jacobs is one of the world's largest and most diverse providers of technical, professional, and construction services.

**FIRMS MERGE:** Stewart Engineering (Raleigh, NC) and HadenStanziale (Durham, NC) have announced that the two companies have signed a memorandum of understanding to merge. Stewart Engineering provides engineering, technical and design services in the areas of structural, civil, geotechnical and transportation engineering, landscape architecture, surveying, construction services and greenway design. HadenStanziale is a full-service planning, landscape architecture, urban design, environmental graphics and civil engineering firm.

Stewart Engineering and HadenStanziale have worked on many projects together over the past 17 years, including the Undergraduate Science Building at North Carolina A&T State University, Duke School of Medicine Learning Center, the UNC FPG Child Development Institute, Chidley Hall at North Carolina Central University, the Discovery Science Center at the North Carolina School of Science and Mathematics, Raleigh-Durham International Airport's Terminal 2 and NC State University's SAS Hall.

This merger will make the new company one of the largest engineering and landscape architectural design firms based in North Carolina, with 115 total employees and 60 licensed professionals.

Neither company plans to lay off employees as a result of the merger. In the Triangle, staff will continue to work out of the Raleigh office of Stewart Engineering and the Durham office of HadenStanziale. The Charlotte offices of both firms will be consolidated into one location in the Queen City sometime in the coming months.

While the merger holds many advantages for the firms' clients, commitment to client service remains the highest priority. The merger will not affect current project teams, current project schedules or access to project team members.

Leaders of the two firms expect the details of the merger to be finalized within the coming months. Regular updates on the status of the merger will be communicated to current clients.

"Stewart Engineering and HadenStanziale have services that are extremely complementary with each other, and this merger will allow us to create a new firm that brings together the best of both organizations," said Robert Macia, president of Stewart Engineering. "HadenStanziale's strong history of award-winning landscape architecture and design work will be a tremendous asset to our clients. We feel we can now offer the best in planning and design in conjunction with strong engineering expertise.

"This merger is a promising step for HadenStanziale and signals even more growth and success ahead for our firm," said George Stanziale Jr., senior principal and co-founder of HadenStanziale. "By merging with Stewart Engineering, a strong industry leader, we have made a well-chosen strategic alliance that will provide us with new partners and an expanded client base."

**CHA AND RW ARMSTRONG MERGE:** CHA Consulting, Inc. (Albany, NY) and RW Armstrong (Indianapolis, ID), both large, multi-discipline engineering consulting companies, have merged to create a 1,250-person global firm.

RW Armstrong, now a wholly-owned subsidiary of CHA, will retain its name. RW Armstrong has 500 staff in 11 offices throughout the United States and five offices in the Middle East, North Africa, Azerbaijan and the Pacific Rim. CHA has 30 offices from Maine to Florida and Texas.

"We are very excited," said Ray Rudolph, CHA's CEO, "because both firms can now provide a range of services over a much larger international footprint. Our combined resources and size allow us to be even more competitive in seeking major projects."

He also noted that together, the two firms will create added value for their clients as well as more career opportunities for their staffs.

"This merger unites two firms with a common strategic vision and a powerhouse of talent," said Jim Wade, RW Armstrong's president. "Our clients' success depends on our ability to be innovative and agile so they can in turn deliver exceptional value to their clients. The broader mix of services assembled positions us to better meet their complex business needs."

He noted that CHA has substantial expertise and experience in providing services to industry, transportation agencies, colleges and universities, and energy utilities.

The merger creates a firm with total revenues in excess of \$210 million, thus making it one of the nation's 60 largest engineering companies. CHA anticipates having a workforce of 2,000 people by 2016.

Each firm was founded more than a half-century ago and each has developed long-standing relationships with their clients. Working collaboratively, the merged firms intend to expand their global footprint and strengthen their domestic base. ▀▴