

Recent observations on leadership



Mark Zweig

In the age of sensory overload, Mark Zweig tries to weed out the good from the bad.

There is so much on Twitter, at conferences, in books, the paper and in magazines about leadership these days it is hard to ignore the topic – particularly on Twitter.

I'm sure it is a function of those whose Tweets I follow, but it seems like about 30 percent have something to do with leadership.

Here are a few of my recent observations on this topic:

1) There are more people out there pontificating on leadership that don't really know anything about the topic than you'd believe.

They have just read books on it. They aren't leaders themselves of anything. They don't run a business or some other organization. And they don't ever have an original thought. All of their "ideas" came from someone else. They cannot justify an opinion based on their experience because they have no valuable experience. I think this is bizarre! What other field could you go into with no demonstrable track record or experience and claim to be an "expert"?

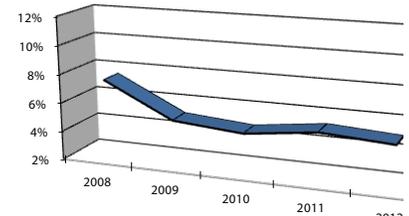
2) Know when it's time to pack it in. Seeing Loretta Lynn perform during a concert at the Walton Art Center here in Fayetteville this past spring really drove that home to me. She's 77. She could barely sing for more than a minute or two and then, thankfully, had a daughter there with her who could stand in for her. Loretta complained most of the night about being sick, too old, too tired, etc. If I could have spoken with her, I'd have said,

See MARK ZWEIG, page 2

There are, without question, some charismatic people who seem like leaders but really don't have your best interests at heart. They can be seductive and take you down a path of ruin. They lie, cheat, and steal all under the guise of some greater cause. But they aren't real.

TRENDLINES

No incentive



At a high of 7.5 percent in 2008, incentive compensation spending as a percentage of total payroll at A/E/P and environmental consulting firms has seen a steady decline in recent years. The 2012 "Incentive Compensation Survey" finds that incentive compensation spending as a percentage of total payroll decreased this year to 5 percent from 5.3 percent in 2011. This followed a slight increase in 2011 from a low of 4.7 percent in 2010. In 2010, however, this number had dropped from 5.1 percent in 2009. – Margot Suydam, Survey Manager

FIRM INDEX

ALL4 Inc.....	3
BWBR Architects, Inc.....	11
Centric Architecture.....	12
Chambers Group, Inc.....	11
Comprehensive Environmental Inc.....	5, 10
CTL Engineering Inc.....	3
Degenkolb Engineers.....	5
Draper Aden Associates.....	11
FPM Group Ltd.....	5
GATE Inc.....	3
GEI Consultants.....	11
Kjeldsen, Sinnock, and Neudeck, Inc.....	9
Mackey Mitchell Architects.....	9
PCS Structural Solutions.....	5
PDC Inc. Engineers.....	4
RAND Engineering & Architecture, PC.....	11
Schultz & Summers Engineering.....	4
Simpson Gumpertz & Heger.....	5

TO OUR SUBSCRIBERS:

The Zweig Letter will not publish Sep. 3 in observance of Labor Day.

INSIDE

- PM PERSPECTIVES: When too much is too much. Page 7
- BEST FIRMS TO WORK FOR: What does it mean to the winners? Page 9

How Hot Firms keep the heat on

Page 3

MARK ZWEIG, from page 1

There are more people out there pontificating on leadership that don't really know anything about the topic than you'd believe. They have just read books on it.

"Loretty, it's time to quit. You were awesome in your day but now it's time to sit in your rocker and enjoy your grandkids."

3) Language is crucial. The amount of clichés that some people use when talking about leadership and management is absolutely ridiculous. These people talk in riddles and try to impress you with their pop terminology and I all can think is, "If you really want to be a leader, you have to speak the language of those you are trying to lead." It isn't going to happen when your language sounds like B.S. to the person you are speaking with or writing to.

4) Watch out for bad role models. There are, without question, some charismatic people who seem like leaders but really don't have your best interests at heart. They can be seductive and take you down a path of ruin. They lie, cheat, and steal all under the guise of some greater cause. But they aren't real. If someone looks too good to be true, they probably aren't. ▀▀

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

The Zweig Letter
HOTFIRM
 conference
The Fastest Growing A/E/P • Environmental Consulting Firms

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www.zweigwhite.com/events/hotfirm/index.asp

A/E BUSINESS NEWS

GREATER BOSTON FIRMS IMPROVE: The 2012 Architectural Survey from CBIZ Tofias, part of the nation's seventh-largest accounting and tax provider, indicates the architecture industry in greater Boston continues to stabilize itself after two years of the sharpest declines in profit (2008 and 2009) since the survey began more than 25 years ago.

Architecture firms in Greater Boston in 2011 saw a slight improvement from the slowdown, which for most firms began in 2008. There were slight increases in the direct labor utilization rate (percentage of time worked on billable projects) and the profit per direct hour compared to 2010.

Most of the participants' statistics either improved or stayed flat as compared to last year's survey. Additionally, the overhead rate continues to be at a much higher level than several years ago when local industry profits were at a record high.

"The architecture industry in the Greater Boston area is showing encouraging, though not significant, signs of improvement," said David Swan, author of the report and Leader of the Architecture, Engineering and Consulting (A/E/C) Practice.

"The health of the architecture industry can be construed as a reflection on the state of the real estate market as architecture is often viewed as a leading indicator."

The 2012 Architectural Survey reported the following trends:

- The average profit per direct hour increased to \$6.89 in 2011, an increase from \$5.54 in 2010.
- The direct labor utilization rate rose from 61.4 percent in 2010 to 62.4 percent in 2011.
- Of all the firms surveyed, the more profitable firms achieved a direct labor utilization rate above 65 percent in 2011.

As stated above, the overhead rate continues to be higher – at \$59.09 per direct hour in 2011 – than it was several years ago when industry profits were at a record high. In 2007, for example, the overhead rate per direct hour was \$47.27.

To download a copy of the survey, visit <http://info.cbiztofias.com/2012-architectural-survey>. The survey is based on 2011 financial information supplied by CBIZ Tofias' architectural clients representing a cross-section of greater Boston architectural firms.

SOFTWARE ALLIANCE FORMED: James Benham, founder of Smartbidnet, announced the formation of the Construction Open Software Alliance at the Associated General Contractors of America's IT Forum in Chicago recently.

Speaking at the Sofitel Hotel on Chicago's Wacker Drive, Benham said the COSA will be a community of software developers and providers who support an open standard in construction software applications, in order to provide the most useful, integrated solutions to the end-user.

"Naming standards and methods of transport are things that should be decided, as standards, going into a project," Benham said.

The COSA is a supporter of the AGC's AGCxml data exchange schema, released in 2008. It has not been embraced a large percentage of the construction industry and Benham said it is the COSA's hope that a grassroots approach by software providers will encourage broader adoption.

Charters members of the COSA include Smartbidnet, Notevault, Online Plan Service, and eSub.

SUCCESSFUL PROJECT MANAGEMENT:

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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 NXPtprints, please contact The YGS Group at 717-399-1900, ext. 139, or e-mail TheZweigLetter@TheYGSGroup.com.

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HOT FIRM 2012

How Hot Firms keep the heat on

Members of exclusive 2012 Hot Firm List share their feelings on success.

By CHRISTINA ZWEIG
Contributing editor

What actions helped A/E/P and environmental firms get on **THE ZWEIG LETTER** 2012 Hot Firm List? We asked leaders of these successful firms about recent positive changes that have landed some on the list for the first time, and for others, continued a longstanding tradition.



C.K. Satyapira,
President
and CEO,
CTL Engineering
Inc.

“Change is constant at CTL. We have invested in technology to make it easy for the employees and the clients to communicate and document activity. Further, we continue to invest in educating employees on the best practices while seeking input from the employees themselves to improve.”

(While finalists have been notified of their presence in the 2012 Hot Firm List, rankings will only be announced at the 2012 Hot Firm Conference, Oct. 24 and 25 in Aspen, Colo. For more information visit www.zweigwhite.com/events/hotfirm/index.asp)

CTL Engineering Inc. (Columbus, OH) has been a successful company for a long time, but the status quo just isn't good enough.

“Change is constant at CTL,” says C.K. Satyapira, president and CEO of the full service consulting engineering, testing, inspection, and analytical laboratory services company that has made it to the list for the third year in a row. “We have invested in technology to make it easy for the employees and the clients to communicate and document activity. Further, we continue to invest in educating employees on the best practices while seeking input from

the employees themselves to improve.”

Satyapira says the success of the company is all about employees.

“CTL is a majority ESOP (Employee Stock Ownership Plan) since 1999 and our employees have achieved this success by incorporating an ownership culture into their regular routine,” he says.

When asked what making the Hot Firm List means, Satyapira said, “It is high honor to be listed as a Hot Firm, which includes us in the best firms in the architectural and engineering community. It is a recognition that truly belongs

to the employee owners of the firm.”

Like CTL, **GATE Inc.** (Houston, TX), a multidiscipline engineering firm, is focused on continuous improvement and employee ownership.



Lee Jordan,
Operations
Manager,
GATE Inc.

“We participate in Hot Firm as a counterpoint to our participation in the Best Firms To Work For awards. We want to demonstrate to our staff, and to the industry in general, that it is possible to retain and develop staff and treat them well while still growing a strong and profitable company,”

says Lee Jordan, operations manager.

The firm has made the list every year since 2009, and each year, the firm's placing on the list has improved.

“In order to ensure that we continue to rate well on the Hot Firm List in the coming years, we have changed our employee ownership strategy to broaden our ownership base among our senior management team,” Jordan says. “We are also in the process of implementing an ESOP program to give all our staff an opportunity to take a stake in GATE. Our experience to date is that this approach is energizing our whole team and making our future leaders think more deeply about how they will develop and how they may provide added value to our operations.”

Jordan says he will not be attending the conference this year. There's a good reason, nonetheless.

“We want to rotate staff through the event so that we send our younger staff and future leaders so that they can learn directly from others in the industry, rather than receiving second-hand information from our senior management team who have previously been the only attendees of the event,” Jordan says. “We expect this to broaden their horizons and help them develop a mindset that is more focused on strategic management than has been required from them to date.”



William Straub,
president/CEO,
ALL4 Inc.

ALL4 Inc. (Kimberton, PA), a 36-person environmental consulting firm, has shown consistent revenue growth for the first 10 years of their existence, says William Straub, president/CEO. But, in 2011, they decided to capitalize on the rapidly shifting regulatory climate to exceed their ambitious revenue goal by 10 percent. Though the firm made the Hot Firm List last year, continued improvement has been a priority, landing them on the list again this year.

Straub said, “Developing and implementing a successful and repeatable approach to new business development

See HOT FIRM LIST, page 4

HOT FIRM LIST, from page 3

(or ALL4 Initiatives), driven by regulatory or technology changes in the environmental arena” was a large positive change made by the firm.

“The approach entails: 1) identifying the opportunities; 2) developing the regulatory/technical expertise; 3) educating and enrolling our customers; and 4) executing the projects,” Straub says. “We completed two different ALL4 Initiatives in 2011, each generating over \$500K in new business development.”

PDC Inc. Engineers (Anchorage, AK), an 80-person multidiscipline firm that specializes in arctic and cold region design and construction, revisited their strategic plan. That’s an approach Royce Conlon, president, says helped the firm keep up the heat and stay successful, even in frigid temperatures.



Royce Conlon,
President, PDC
Inc. Engineers.

“We were very pleased to hear that we also made the 2012 Hot Firm List.”

“PDC revisited our strategic plan earlier this year to brainstorm with senior staff and focus our direction. Through this process we recommitted to our ‘Arctic Initiative,’ which focuses our staff on what we do best – cold region design serving the uniquely challenging Arctic and other cold region environments,” Conlon says.

“Knowing our niche and focusing on understanding our client’s unique requirements has been instrumental in PDC’s success,” Conlon says.

PDC placed on Hot Firm List for the first time in 2011, at No. 127.

“We were very pleased to hear that we also made the 2012 Hot Firm List – especially since the list is now limited to the top 100 firms... Moving up the ranking is a rewarding accomplishment, particularly when you consider the sluggish state of the economy,” Conlon says.

Stanley Schultz, owner and principal at **Schultz & Summers Engi-**

neering (Poplar Bluff, MO), a 70-person civil engineering firm, has made many changes in the business recently, changes that have undoubtedly earned him a spot on the Hot Firm List for the first time in the company’s history.



Stanley Schultz,
Owner and
Principal,
Schultz &
Summers
Engineering.

Schultz has a long and varied list of actions and improvements. Among them, he hired a part-time CFO (whom he met at a ZweigWhite conference in Kansas City, Mo., last summer).

“His influence has given me great confidence about our future,” Schultz says.

For other changes, Schultz says he “bought out my business partner so that I once again own 100 percent of the firm; established an office in my hometown so that the firm could maintain its Federal HUBZone status; increased our emphasis on training and professional development of our young staff; (and) started having managers’ meetings semi-annually that have served as great team-building events.”

Like many of the other firms on the list, Schultz attributes much of his firm’s success to employees.

“We work in four geographic areas and have three areas of practice (civil engineering, surveying, and materials testing),” he says. “Many years ago we cross-trained many of our employees to accomplish tasks in two or more of our areas of practice and, today, are able to shift our talent from one area to another as the workload demands.”

Schultz adds that making the list validates the risk he had to take to execute SSE’s vision for a growing company

“Engineers are not usually risk-takers and sometimes I think my wife thinks my appetite for risk is more than she signed up for 21 years ago,” he says. “I look forward to the conversation at the conference because I bet these firm owners and principals are experiencing many of the same anxious moments that my firm is.”

At the conference, Schultz says, “I hope to hear from my peers their opinion of where the industry is headed so that I may better plan for the future.” ▲▲

CALENDAR

MARKETING IN TODAY’S WORLD:

Marketing in our industry is changing! It is not business as usual for A/E/P and environmental firms. The tough economy and the increasing power of the Internet and electronic communications are changing everything marketing-wise. Spend the day with the industry’s leading management expert, Mark Zweig, for an in-depth discussion of how marketing needs to adapt to deliver results now.

Attendees will learn:

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

Upcoming events are scheduled for Sep. 20 in Sacramento, Calif., and Nov. 15 in Orlando, Fla.

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

PRINCIPALS ACADEMY COMING TO

MINNEAPOLIS: The Principals Academy, a crash course in all aspects of managing a professional services firm, is coming to Minneapolis on Sep. 13 and 14.

The program is presented by a team of speakers – including ZweigWhite founder and CEO Mark Zweig – with extensive experience working with and for A/E firms. They have a clear understanding of what it takes to survive, and even thrive, in any economy.

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

- Business planning
- Financial management
- Project management
- Ownership transition planning
- Human resources management
- Marketing/business development

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

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

GROWTH

CEO peer support... or not

Some CEOs are often leery of giving secrets away to the competition; others don't hesitate to seek advice from peers and others outside the industry.

By LIISA SULLIVAN
Correspondent

Some CEOs do it a lot, others not so much. When it comes to reaching out to other CEOs within and outside of the industry, reactions are somewhat mixed on frequency and topics.

TREAD LIGHTLY. Kevin John Phillips, CEO of **FPM Group Ltd.** (Ronkonkoma, NY), a 100-person engineering and environmental science firm, reaches out to other CEOs, but not that often.



Kevin John
Phillips, CEO,
FPM Group Ltd.

"We are a guarded bunch and it is rare that information that would help a competitor would be given out," Phillips says. "However, I have developed a good relationship with a few CEOs whom I trust and I do reach out to them for advice or guidance from time to time."

Phillips adds that he used to be part of a CEO group, but it required a time commitment that he did not think was a cost-effective use of his time. He notes that the group was a mixed one, which reduced the level of competition.

Eileen Pannetier, president and founder of **Comprehensive Environmental Inc.** (Marlborough, MA), a 25-person civil engineering and environmental consulting firm, likes to reach out to other CEOs within the industry to see how they are handling things. For example, she sees a number of her peers at American Consulting Engineers Council (ACEC) meetings in New Hampshire and Massachusetts.



Eileen
Pannetier,
President,
Comprehensive
Environmental
Inc.

"The areas of interest are usually teaming opportunities, benefits issues and insurance questions," Pannetier says. "Most of the other firms are small and not competitors."

She is currently not reaching out to CEOs outside of the industry though in the past she did, when she had

an outside BOD.

"I am interested in eventually joining a CEO peer group," Pannetier says. "I think it would be helpful, but I have yet to find a specific group that seems worth the investment of time and money."

REACH OUT; GAIN TRUST AND RESPECT. Brian Phair, CEO of **PCS Structural Solutions** (Seattle, WA), a single discipline, 40-person structural engineering firm, says that he makes an effort to reach out to fellow CEOs.



Brian Phair,
CEO, PCS
Structural
Solutions.

"On a quarterly basis, I have breakfast with a group of business leaders in our community. The group consists of presidents and CEOs of multiple backgrounds, such as developers, real estate companies, architects, port leaders, and even a few bankers. The group usually is around 15 people and we have a roundtable discussion on our industry trends, successes and challenges."

Phair finds these meetings helpful since he generally learns that his firm's challenges are similar to others, even if the businesses are different.

"You don't have to 'spill your guts' at meetings like this; the key is to have a group that is sincere and is willing to share ideas to continually improve our industry," Phair says. "Leaders shouldn't be afraid to talk to competitors. I have been around other CEOs where their demeanor completely changes when they see me or other competitors in the room, and they may even hover around common clients as if to protect them. Clients see right through this. I tend to always default to the fact that we all enjoy our industry and we have so much in common that we shouldn't be afraid to talk to each other, especially when it comes to making improvements."

For example, Phair refers to a recent encounter at ZweigWhite's Best Firms To Work For summit in Seattle.

"I walked over and introduced myself to the CEO of **Degenkolb Engineers**. We had a nice conversation and congratulated each other on being named #1 and #2 in the 'Best Structural Engineering Firms To Work For' competition. Our conversation quickly went into common challenges, successes, and business-related topics and was entirely positive and respectful. Our industry is continually designing and building fantastic structures; we should all be proud of each other's accomplishments," he says.

Glen Bell, CEO of **Simpson Gumpertz & Heger** (Waltham, MA), a 420-person national engineering firm that designs, investigates, and rehabilitates structures and building enclosures, agrees that respect, trust and sharing information is important. As Bell continues to seek new and better ways to run things, he finds reaching out to other CEOs within and outside of the industry to be most helpful.

See CEO, page 8

"Once a group has fostered and developed trust and respect among all peers, it will be productive and strong. I'm happy to say that this group has achieved this and we are all very lucky to be a part of it."

‘The Times They are a Changin’



Gerry Salontai

GUEST SPEAKER

Always run a healthy business while continually investing in your future.

Bob Dylan crafted the powerful lyrics in “The Times They Are a Changin’” in 1964 and the change has never slowed. The song title appears to be even more applicable now – change is even faster than ever before. There certainly is much written about change, the future, the “new normal” for business and how we will need to adapt. In all this there doesn’t seem to be a magic bullet or one-size-fits-all recipe to stay ahead of the pack.

Economic cycles are a fact of life. If you have more than a handful of years remaining in your career, there is a great chance you will enjoy times of prosperity or see another economic downturn cycle of some magnitude. Whether future cycles will be deeper, more frequent and have longer duration as global economic interdependency increases is anyone’s guess. The question is not whether the cycle will change – it’s when. The key is: How prepared are you to respond and take advantage of the opportunities that can arise in such times?

So what can leaders do to predict the future or at least prepare for change and uncertainty?

The short answer to this question is to always run a healthy business while investing continually in your future. The longer answer is a bit more complicated than that. I draw upon a combination of some of the great business reads relating to leading the business and strategy, combined with all the years of experience enduring a handful of economic cycles, in order to answer the question more fully. The following may help clarify what needs to be done.

First, companies that adapt well and are continually successful use the principles of strategic leadership in managing their businesses. These principles include creating a strong vision for the future, understanding the external competitive landscape and internal operating environment equally well, and always monitoring the progress of your strategies – refreshing them and making the necessary corrections when needed. Successful companies look at three horizons of growth in managing the present and planning the future of the business. They continually brainstorm ideas for new market sectors, products/ services and geographic expansion the company can move into in that most distant third horizon. These are possibilities that may or may not ever be realized. They then develop and invest in those ideas that have real potential in that second horizon while ensuring

the business is strong in the current horizon. And the real secret is to do this in an unbiased and highly critical way that again considers the external and internal operating environments – not using emotion and “favorites” that are within the comfort zone.

Second, and very complimentary to the first idea, is the use scenario planning. Scenario planning is not about predicting the future – rather it is an attempt to describe the possibilities that could exist. The result is a set of very plausible futures for which strategies can be developed to help guide the company through the available choices. Too much of company strategy today is treated as a routine exercise. Companies often take last year’s budgets and results and assume some modest variation for the upcoming year. When they do regular planning they fail to delve deeply into their business or look at how multiple external events that might impact the future. The chances of sustainable business success increase when you develop scenarios with key themes and underlying drivers that can be modeled; more importantly, identifying leading indicators that will help you prepare for different eventualities that result in a deeper understanding of your business and greater ability to adapt to change.

Finally, the most successful companies have fanatic discipline and are unwaveringly consistent in managing the business; Jim Collins identified this among the handful of traits in *Great by Choice*. The key to future success most often lies in what and how you do things today. The ability to deliver sufficient profit and maintain a strong balance sheet to not only sustain the business, but invest and finance the future, is paramount. Ensuring that you are financially sound in the majority of what you do allows you to enter both the upswings and downturns of economic cycles in a position of strength – thus taking advantage of the opportunities that are contained in each cycle. The most successful companies also make rifle shot strategic decisions by carefully weighing the alternatives that ensure the downside risk is less than the upside return. They know that when times are good growth is not a strategy. Rather, it’s the result of implementing good strategy. And they know that managing a solid and financially sound business is the bottom line.

So, what can leaders do to predict the future or at least prepare for change and uncertainty? Maybe the short answer is pretty accurate: Always run a healthy business while continually investing in your future. Always.

GERRY SALONTAI is the founder of Salontai Consulting Group, LLC. Contact him at gerry@salontai.com.

When too much is too much



Christine Brack

PM PERSPECTIVES

Project management is an important function but sometimes firms go a little overboard.

I write about the subject of project management every month for **THE ZWEIG LETTER** and typically hone in on a specific area – sharing information and ideas leaders and project members can use. There are also generalities that are worth noting that aren't necessarily threatening to the business but are also not really necessary in the business, and that's what this month's column will cover.

Given that project management is likely the most important function in the organization, many firms simply make it into more than it has to be and, in the process, make it messy and difficult to navigate. Most of you work in small- to medium architecture, engineering, and environmental consulting firms. They are not complex businesses. Here are some things to look for and ways to simplify things:

- **Too many project managers.** More often than not, firms have way too many "project managers." I put that in quotes because the only qualifier firms have for doing a head count on PMs is "sometimes they are, and sometimes they are not, depends on the size of the project." That isn't a good definition. It's vague and confusing to the PM and the rest of the team. If you have more PMs or associate PMs than designers or your entire team qualifies as PM or associate at any given time, you have too many. Being a PM is a tough role to fill, requiring skills and abilities most of your teams don't have (yet). Establish what it means to be a PM in your firm to really carry a project successfully from start to finish – including financial management, resource balancing, client relations, design judgment, diplomacy and decision-making abilities. Everyone else supports the PM and works toward building their skills.
- **Too many reports and numbers.** I was with a client recently to discuss project profitability. They covered

the table with stacks of reports that presented the same dismal information in lots of different ways. This industry loves reports and data but you only need one way to illustrate a project isn't doing well, not dozens. Maybe there is hope that one more report will show the situation differently. With current software, we can know the real financial picture instantly. However, many firms only begin the analysis after the fact or when it is too late to do anything about it. The purpose of all this data is to make decisions from it, so if you're just printing out endless reports and not doing anything about it you're defeating that purpose.

- **Too many "active" projects.** The last few years saw budgets and project sizes diminish and firms were fortunate to at least win a few small projects from clients. As a result, firms began to stretch out their list of "active" projects and this suddenly became very unmanageable too. Project managers talked of having 25 projects under their realm of responsibility and they were getting burned out. As a reality check, only about five projects were truly in process – the balance was never closed out properly. Or, as I discovered at one firm, post-project conversations with the client warranted keeping the project "open" in the accounting system. The final installment had been received and these chats were never going to be invoiced; they were either feel good conversations or legitimate follow-up questions months later. So, projects like these appeared on the project accounting list week after week and PMs became more stressed that their list of duties got longer and longer. Our relationships with clients continue long after but the project gets closed out.
- **Too much time spent on time.** It's because leaders are obsessed with watching every billable minute of the day that projects remain "open" so employees can account for all that expensive time and prove their utilization. Sometimes there is just too much analysis being done that steals away from the business you really have at hand – designing great projects and developing your teams to do it even better. If you know your teams well enough, then you know what they spend their time on, where they waste it and that they need time to grow to be more efficient. You don't need reports to tell you that.

Running a business is always going to be a challenge and the flood of information at our fingertips makes it tempting to dissect the organization to pieces. Unless real transformations are taking place after this analysis, too much is too much. Simplify these things and you'll find that your teams are more at ease and you have more time to do things you would rather be doing – things that really help your firm. ▲▲

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Running a business is always going to be a challenge and the flood of information at our fingertips makes it tempting to dissect the organization to pieces. Unless real transformations are taking place after this analysis, too much is too much.

NEWS

AIA predicts construction spending rebound

Strong demand for industrial facilities, and hospitality and retail to lead recovery.

Even with the myriad obstacles preventing a full scale recovery for the overall U.S. economy, the design and construction industry appears to have reasons to be at least modestly optimistic in the coming months and into next year.

A sharp spike in demand for industrial facilities so far this year, along with sustained demand for hotels and retail projects factors into what projects to be a 4.4 percent rise in spending this year for nonresidential construction projects – up from a projection of a 2.1 percent increase in the January forecast. The American Institute of Architects semi-annual “Consensus Construction Forecast,” a survey of the nation’s leading construction forecasters, also projects a 6.2 percent increase of spending in 2013.

“With companies looking to bring back manufacturing jobs from overseas, there has been a sharp rise in demand for industrial facilities, which is leading to an upward revision in projections

for future construction spending,” said Kermit Baker, AIA chief economist, in a statement. “Continued budget shortfalls at the state and local level, along with a depressed municipal bond market, are holding the institutional market back from seeing similar upticks in spending.”

Remarking on what risks exist that could undermine these projections, Baker added, “Federal tax and spending changes – the so-called fiscal cliff – that may come into play in early 2013, could upset the economic appletart and prove detrimental to recovery possibilities. We will likely have a better sense after the presidential election what will happen with regards to the Bush-era tax cuts, Social Security payroll tax, extended unemployment, and deficit reduction plans that will have a ripple effect that will extend to the construction industry.”

“There has been a sharp rise in demand for industrial facilities, which is leading to an upward revision in projections for future construction spending.”

MARKET SEGMENT CONSENSUS GROWTH FORECASTS

2012	2013
Overall nonresidential	6.2%
4.4%	
Commercial/industrial	10.2%
5.7%	
Industrial	8.1%
12.9%	
Hotels	18.2%
9.5%	
Retail	9.0%
6.2%	
Office buildings	8.7%
4.7%	
Institutional	3.0%
0.7%	
Healthcare facilities	7.5%
4.0%	
Education	1.1%
0.3%	
Amusement/recreation	2.3%
0.1%	
Public safety	0.1%
0.0%	
Religious	3.0%
-5.0%	

CEO, from page 5



Glen Bell, CEO, Simpson Gumpertz & Heger.

“I’ve been reaching out to other CEOs for 18 years now,” Bell says. “For the past few years, the majority of discussions have been related to the economy and market trends. Broader topics are numerous and include everything from personnel issues and how to better manage a BOD to difficult contract negotiations and professional development and training.”

Bell says that he often reaches out to CEOs of larger firms so he may prepare

for what lies ahead. In turn, he finds smaller firm CEOs reaching out to him to be forward looking as well.

When Bell first started working as CEO 18 years ago, he found a CEO peer group to be extremely helpful. He continues to be a member of that same group today. They meet once a month and their diverse backgrounds contribute to a positive collective experience. And, it’s the diverse backgrounds within the group that make it a less competitive environment than perhaps reaching out to A/E CEOs, even though that is still valuable. “When I first accepted the role of CEO, I was transitioning out of an engineering manager position. The transition was challenging and this peer group, over the course of several years, really helped to make me a stron-

ger, more forward-looking leader,” Bell says.

Bell explains that the group’s case study approach has been very helpful in solving challenges.

Each month, one of the CEOs will present a case-study challenge and, collectively, the group will review it and pose solutions to the problem at hand.

The most important things to maintain within these groups are trust and respect.

“Once a group has fostered and developed trust and respect among all peers, it will be productive and strong,” Bell says. “I’m happy to say that this group has achieved this and we are all very lucky to be a part of it.”

2012 BEST FIRM

What does it mean to the winners?

Singular focus on employees distinguishes Best Firms over and over.

Editor's note: This is the first of a two-part article covering the 2012 Best Firms To Work For rankings.

By BRYAN SULLIVAN
Correspondent

ZweigWhite's 2012 Best Firms To Work For winners have been identified and again distinguish themselves from their peers in the A/E/P and environmental consulting industry.

All of these firms inspire their teams to perform at the highest levels by creating an environment where employees feel valued, where they feel like they make a difference and where they can clearly see their contribution to the overall mission and success of the firm. Creating such a working environment attracts the brightest and the best in each of the fields represented by these awards.

So, we asked some of the winning firms what these awards meant to them.

Kjeldsen, Sinnock, and Neudeck, Inc. (Stockton, CA), a full service, civil engineering and land surveying and construction management services firm specializing in the design and construction of public facilities and public infrastructure projects, finished an impressive No. 3 in the Best Civil Engineering Firms To Work For category in this year.

This is the fifth consecutive year the firm made the ranking.

"It is very easy to be a Best Firm To Work For when the economy is going full tilt, when everyone has plenty of work and when companies' income/expense reports show plenty of black," says Stephen Sinnock, president of KSN for 35 years. "It is much more difficult to be a best firm when the economy is



Two 2012 Best Firms To Work For, above, the staff at Comprehensive Environmental Inc., No. 11 in the civil engineering category, and left, Kjeldsen, Sinnock, and Neudeck, Inc., No. 3 in the same category.

challenging like it is now, and everyone is anxious about the future of their jobs. KSN received this award because it cares about its employees, and the principals and staff work hard together as a team to provide stability and opportunity for everyone, which is so important in this still difficult economy. The best firm award is a direct result of the internal teamwork at KSN that has allowed us to navigate through this difficult economy better than many other firms."

When asked how this award could be used as a recruiting tool, Sinnock replied, "Firm culture and values are key considerations of top candidates when

evaluating employment opportunities, in many cases these are more important than salary and benefits. This award independently recognizes that KSN provides an excellent work environment, and will be viewed very positively by most quality candidates."

Mackey Mitchell Architects (St. Louis, MO), an architecture, planning and interior design firm that aims to create places and experiences that inspire, and are at ease with nature and their context, finished second in the architecture category.

See BEST FIRM, page 10

ON THE MOVE

IA EXPANDS TEAM: **IA Interior Architects** (Los Angeles, CA), an interior architecture and workplace strategies firm, announced that **Michel Hurst**, **Jason Franz**, and **Amanda Stokowski** have joined the firm's Dallas office.

Hurst, a project manager, has 18 years of experience in corporate interiors and has worked with clients such as Liberty Mutual, Ryan Inc., and Marcus & Millichap.

Franz joins IA from Jones Commercial Interiors, where he served as a designer. In Jason's new role with IA, he will work closely with IA Dallas's design team as a project designer.

Stokowski recently graduated from Texas Christian University and worked as a sales assistant for Knoll prior to joining IA. Stokowski's new role at IA is junior designer.

"We are so fortunate to have these exceptional individuals joining us to expand our Dallas office. Each brings a unique set of talents and skills, which will help us continue to provide the best possible service to our clients," said Frances Bruns, managing director.

KDG HIRES: **KGD Architecture** (Rosslyn, VA), a multidiscipline design firm, hired **Thomas Donaghy** as architecture director.

Donaghy brings 18 years of design excellence experience to the already vibrant office of KGD Architecture. His work in the United States ranges from large urban projects to single works of civic, cultural, and commercial architecture and is consistently sympathetic to contextual environments, sense of place and the connection between human experience and sustainable practices. Recently, Donaghy's design for the Maryland District Court of Rockville received an Award of Excellence from the 2012 AIA/AAJ as well as NAIOP MD/DC.

As a seasoned design leader, Donaghy brings an exceptional ability to foster an engaging design dialogue among the project stakeholders. His considerable experience on civic projects includes the Maryland District Court in Rockville, the Reston Police and Governmental Center, and the Montgomery County Circuit Court. Tom also has considerable experience in housing ranging from the Highland Bridge

Lofts in Denver to various hotels across the eastern U.S. and is currently working on various commercial developments along the Rosslyn/Ballston corridor and Tysons Corner.

"Tom's outstanding leadership and design skills will be instrumental in our strategic expansion into new market sectors. We look forward to Tom's involvement at the leadership level of our practice," said Tsutomu Ben Kishimoto, KGD architecture principal.

MOSELEY PROMOTES 22: It's not just the temperature that is soaring in August at **Moseley Architects** (Richmond, VA). Twenty-two professionals among the firm's six locations began the month as newly promoted staff. Recently shared at one of the firm's semi-annual staff meetings, President Stewart Roberson congratulated 12 new associates, nine new senior associates, and a new vice president.

In making the announcements, Roberson said, "There's a reason that Moseley Architects enjoys a leading role in the mid-Atlantic and across our nation. The strength of our outstanding architects, engineers, interior designers, sustainability experts, construction administrators, marketing, and administrative folks is without parallel. Each of these promotions telegraphs to all of our clients and the communities we serve that our firm is poised to make an even greater difference in the lives touched through our excellent designs. Indeed, our recently promoted colleagues form the core of a quality culture second to none."

Associates: **Kathy Brown** (Richmond); **Tony Burzese** (Virginia Beach); **Steven Cooke** (Charlotte); **Ashley Dennis** (Raleigh); **Craig Dobyns** (Richmond); **Eric Garcia** (Warrenton); **Lucas Hardy** (Charlotte); **Frank Knott** (Richmond); **Chris Rea** (Richmond); **Brian Wells** (Richmond); **Tyler Whately** (Richmond); **Bill Zawistowski** (Virginia Beach).

Senior associates: **Bob Baxter** (Richmond); **William Gaspar** (Richmond); **Jason Hopkins** (Charlotte); **Steve Nally** (Raleigh); **John Nichols** (Raleigh); **Stephen Phillips** (Warrenton); **Scott Shady** (Richmond); **Carrie Webster** (Richmond); **Chris Yago** (Richmond).

Vice president: **Lisa Demmel** (Richmond).

BEST FIRMS, from page 9

Cindy Petzoldt, human resources director (24 years with the firm) says, "This award reflects how strongly we value our people. Because it's important to us – we take the title of Best Firm To Work For, very seriously. We seek great people to do great work and recognize and reward them appropriately. We want every employee to be able to say proudly, 'I knew we were the Best Firm To Work For – and here's proof.' The news will spread (as it has in the past) and will surely have some influence on getting good people to take a long look at why and how we continue to be recognized with 'best practices' awards."

Comprehensive Environmental Inc. (Marlborough, MA), a civil engineering and environmental consulting firm, placed second in the environmental consulting category and 11 in the civil engineering category. Eileen Pannetier, president and founder of CEI, explains why this award means so much to the firm's culture and future.

"Being named as one of the nation's 'Best Firms To Work For' will help future recruits take notice of the opportunities CEI can provide," Pannetier says. "CEI has consistently improved our workplaces and given employees a high level of security, even in the face of recessions. Employees are

treated with a high level of respect, yet are also encouraged to reach their greatest levels of achievement through innovative projects and excellence in client service. The firm has remained competitive, profitable and independent during difficult economic times. We believe we have received this award because we have been able to provide our staff with a successful work environment that provides them with interesting and challenging work, excellent benefits and a sense of belonging to something special."

Pannetier also believes the awards will have an effect on the firm's future. "Receiving this award in both the civil engineering and environmental services categories is a great honor and confirms to our staff, clients and industry partners that CEI is an outstanding engineering firm to work for. This industry is very competitive and the awards help differentiate us to our best clients and future employees, who also prize excellence. We feel that as a 'Best Firm' winner now for three years in a row that this award will make future clients and recruits take notice of the opportunities we can provide to them." ■▲

The full 2012 Best Firms To Work For rankings are available at www.zweigwhite.com/events/BestFirmsToWorkFor/BestFirmsToWorkForWinners-2012.asp.

BEST PRACTICES

FY planning – lessons learned

Look at the big picture, manage collections, go with the flow and be responsive.

Editor's note: This is the second part of a two-part article.

By LIISA SULLIVAN
Correspondent

Fiscal planning is no cakewalk. But, if you plan properly and learn from past experiences, it's likely your experience this year may be sweeter than last. In the second part of this article dealing with fiscal planning, we surveyed a few A/E firms to see what lessons they learned and what they plan to do differently this time around.

LOOK AT THE BIG PICTURE. Stephen Varone, president of **RAND Engineering & Architecture, PC** (New York, NY), a 77-person firm, says that the most important lesson reinforced this past year was the more you grow, the more you need to delegate to stay productive.



Stephen Varone,
President, RAND
Engineering &
Architecture, PC.

"Micromanaging from the top just doesn't work," Varone says. "Rand does a volume business, and as we take on a surge of new projects, my partner and I, as the firm principals, can't afford to be involved in every one. We're here to handle big issues and stay in touch with the over-

all direction of how things are going, but we've found that it is much more efficient to delegate to the team leaders and allow them to figure out how to get it done. This approach only works, of course, if you trust your senior managers and have an organized team structure, which fortunately is true for us on both counts."

EFFECTIVELY MANAGE COLLECTIONS. One difficult financial lesson that RAND learned was in the area of collections.

"When it comes to collections, you can be too nice to your own detriment," Varone says. "We have long-term relationships with many property managers, but these managers don't always have sway over building owners when it comes to paying bills. We've been hurt by being overly forgiving with late invoices because we want to maintain those good relationships with the property managers. But ultimately our contract is with the owner, not the manager. When an outstanding bill becomes very large it puts you in an untenable position because the owner can hold it over your head by threatening not to pay the entire amount to settle even the smallest conflict. At some point, you have to tell the owner that you're stopping work, regardless of your relationship with the property manager, because we're the ones left holding bag if the owner doesn't pay."

GO WITH THE FLOW. Mike Ranum, CFO at **BWBR Architects, Inc.** (St. Paul, MN), a 113-person firm, says that their primary lesson learned is that, "Nothing ever goes completely according to plan."



Mike Ranum,
CFO, BWBR
Architects, Inc.

"The key is to have a process that identifies issues when they start to deviate, define the reasons for that variance, and move quickly to implement steps to correct or adjust to the new situation, again both good and bad," Ranum says.

Theresa Turner, CFO at **Draper Aden Associates** (Charlottesville, VA), a 180-person consulting engineering firm, agrees that you need to be ready for change because change is a constant.

"Strategic and operations planning must be continued in all business environments," she says. "Continually assessing market position, new opportunities and aligning those with internal operations should always be a priority. Adapting to change and looking for ways to take advantage in any economic environment is a key factor in long-term success."



Tom Kahl, CFO,
GEI Consultants.

Tom Kahl, CFO at **GEI Consultants** (Woburn, MA), a firm that provides a broad array of geotechnical, water resources, environmental and ecological science and engineering consulting services, advises that in a slow-growth economy, some monthly or quarterly setbacks are likely.

"Managers should focus on quickly identifying the source(s) of the setbacks, and quickly adjust," Kahl says.

CONTINUE TO RESPOND TO NEW WORK. "In addition to the ability to



Craig Neslage,
Executive VP,
Manager
of Operations,
Chambers Group,
Inc.

quickly adapt, change and be ready for anything that comes your way, it's also important to know when to ask for help," says Craig Neslage, executive vice president, manager of operations of **Chambers Group, Inc.** (Santa Ana, CA), an environmental consulting services firm.

"Our lesson learned is that the time to get extra help to respond to new projects is when business and profits are good and there is money to pay for whatever effort it takes to stay at the level we want to be," Neslage says. "If you don't, you may miss out on key opportunities."

TRANSACTIONS

PERKINS+WILL BUYS: Envision Design (Washington, DC), a 15-person design firm specializing in sustainability, announced that it is joining global multidisciplinary firm **Perkins+Will** (Chicago, IL), a multidisciplinary architecture and design firm. The practice will move in with Perkins+Will's Washington, D.C. office, managed by Stephen Manlove. Ken Wilson and Diana Horvat will join the company as principals.

Envision's experience spans multiple sectors, and is widely recognized for its exceptional work for associations and nonprofits, including Greenpeace, the World Wildlife Fund, Environmental Defense Fund, International Interior Design Association, U.S. Green Building Council, and Recording Industry Association of America. Additionally, the firm has completed high-profile projects for Al Gore and his investment firm Generation IM, Apple, CoStar Group, APCO Worldwide, and the Bill and Melinda Gates Foundation, among others. The company has been published in a number of top-tier design publications and has received more than 90 regional and national awards, including Firm of the Year in 2009 by the National Capital Region Chapter of the U.S. Green Building Council.

"Envision is constantly setting the bar when it comes to sustainability and high-quality design, and is one of the industry front-runners," said Manlove. "Their unwavering commitment to environmental responsibility and social well-being made them a natural fit to join Perkins+Will. Together we have the ability to design the most innovative spaces – that not only result in striking interiors, but more importantly, improve the lives of the people who inhabit them."

"Over the years, we've carved out a niche in the Washington D.C. area," said Wilson, who was Contract Magazine's "Designer of the Year" in 2005 and IIDA's first Sustainability Advisor, founding its Sustainability Advisory Council in 2004. "By joining Perkins+Will, we've aligned ourselves with one of the greenest design firms in the business. Our mutual commitment to deep green, innovative, high design makes this new partnership a game changer in the D.C. area and beyond. Together, we'll be able to offer existing and potential clients a broader range of services on a larger platform."

This acquisition is part of Perkins+Will's ongoing strategic development in talent, services, markets, and geographical presence, which enables the firm to bring more meaningful design to its clients while positively impacting society and the environment. The addition of Envision Design further strengthens Perkins+Will's already well-established presence in corporate interior design. Envision is primarily known for its expertise in cutting-edge, green corporate interior projects; however, its portfolio also includes renovations, base buildings, master planning, graphics, and product design.

Every professional at Envision is LEED accredited, creating an unparalleled focus on the integration of sustainable design practices. From the company's founding in 1999, this has been something that has set Envision apart from its competition – the idea that good design and green design are one and the same. Another distinguishing factor that has contributed to the firm's success is its deep commitment to clients, with Wilson and Horvat involved in every step of the design process.

FIRMS MERGE: Two of Nashville's leading-edge architectural firms – **Centric Architecture** and **Plummer Lowe Architecture & Design (PLAD) Studio** – are merging to benefit existing and new clients by enhancing each company's trademarks of ingenuity and collaboration for designing a diverse range of projects. The new firm will retain Centric Architecture as its name.

The new Centric Architecture balances experience and history with innovation and contemporary thinking. The company's expertise is demonstrated most clearly on recent renovations of the Trolley Barns in Nashville's historic Rolling Mill Hill neighborhood, where the newly combined firm is headquartered.

"This merger represents two inventive firms coming together to better imagine, design and execute projects for clients here in middle Tennessee and beyond," said Centric Principal Marion Fowlkes. "We found a great deal of synergy with PLAD – such as our mutual interest in designing quality, inspiring spaces, and our unwavering focus on each client's unique needs – that make this partnership an ideal fit."

Founded in 1955, Centric has led design and restoration projects in Middle Tennessee and throughout the Southeast. PLAD Studio formed in 2010 and quickly made a significant mark on Nashville with a mix of residential and commercial projects, including the renovation of the Grand Ole Opry House after that year's flood. Together as one team, the firm has deepened its roster of talented architects with expertise in key sectors such as education, religious, entertainment, justice design, banking and finance, historic preservation, and residential.

In addition to strengthening and expanding the firm's design capacity, the merger will ensure consistent, forward-thinking leadership and partner involvement on all projects. David Plummer and Justin Lowe, principals and founders of PLAD Studio, along with Centric's Gina Emmanuel, join existing principals Fowlkes and Jim Thompson in leading the firm.

In collaboration with both the public and private sectors, Centric helped to renovate downtown Nashville's Trolley Barns as part of the Rolling Mill Hill community redevelopment. The once-neglected brownfield is now reenergized into a thriving mixed-use neighborhood, where nonprofit organizations, technology companies, government agencies, and design and creative firms can now work and grow.

CANADIAN MERGE: Kasian Architecture Interior Design and Planning Ltd (Edmonton, AB), one of Canada's largest architecture, interior design and planning firms, has entered into an agreement to merge the practice of **HIP Architects** (Edmonton, AB) into its existing operations.

Founded in 1938, HIP Architects has evolved through seven decades of practice to create some of the most recognizable buildings in Alberta's capital city. These include the Art Gallery of Alberta, the Commonwealth Community Recreation Centre and the Sturgeon Community Hospital Expansion. Kasian also has deep roots in Edmonton, with its establishment in the city nearly 30 years ago.

HIP Architects provides consulting services to clients in Edmonton and Northern Alberta, with particular emphasis on the core areas of commercial and retail, conservation, culture and recreation, industrial and medical. Under the terms of this agreement, HIP Partners Stewart Inglis and Randy Krebes will become principals with Kasian. In addition, 15 members of HIP staff will transfer to Kasian's Commerce Place headquarters, significantly increasing office capacity and capability. Craig Henderson of HIP will continue in his position as senior consultant assisting with business development for emerging key clients and providing design leadership on complex new projects. This merger is the latest strategic growth investment for Kasian, building on the company's established track record of disciplined and pragmatic expansion.

Combined, Kasian and HIP Architects offer over a hundred years of design experience and share a strong common culture.

"Both companies have an established customer-focused delivery approach, with a desire to serve clients with passion, energy and commitment. This merger will enable us to continue providing sustainable, community-based solutions for clients, and an excellent platform of growth for our employees," said Randy Krebes, principal with HIP Architects.