

## EDITORIAL

# Driving success

Ten tips from Mark Zweig on how to attain your goals.

As a leader in your firm, it is your responsibility to drive success. I think many people in leadership roles in A/E/P and environmental firms forget this. They instead think their job is to manage, or to sell, or to participate in a lot of meetings— but really, all that is secondary to driving success.

“Driving success” has many connotations. Certainly, it has to include financial success. No firm can tell me how successful they are if that definition doesn’t include revenue growth. Revenue growth is a validation that the marketplace likes what the firm is doing. Without it, you can’t really convince me you are so successful— or will be for long. Anything other than revenue growth is a rationalization for not doing what you have to do to drive success.

It also includes many other factors.



Mark Zweig

Quality has to be there, though one could argue if it weren’t, revenues wouldn’t be growing (for long). Employee satisfaction is another success variable. Cash flow is another. Awards received could be another. Profitability is yet another success factor,

but focusing solely on profitability as a success measure never made much sense to me. Who cares if someone makes a twice-industry average of 20% profits if that is only 20% of \$500K in revenue, versus making 10% profit on \$20 million in revenue? I would take the latter any day.

As a leader who drives success, what does it take? My experience over the last 31 years in this business tells me:

**1) You need to have a clear idea of where you are trying to go with the firm and what you are trying to do.**

No one can drive success if they haven’t been able to define what that success looks like. And, by the way, I like high goals, even if they aren’t achieved. I think the notion that all goals must be clearly achievable is bullshit. What’s wrong with stretching and trying for something you aren’t certain you can do?

See MARK ZWEIF, page 2

Profitability is yet another success factor, but focusing solely on profitability as a success measure never made much sense to me. Who cares if someone makes a twice-industry average of 20% profits if that is only 20% of \$500K in revenue, versus making 10% profit on \$20 million in revenue? I would take the latter any day.

## INSIDE

■ TOP PLAYER: Hard work a hallmark of success.

Page 3

■ NEWS: AIA brings legislative priorities

to Washington. Page 6

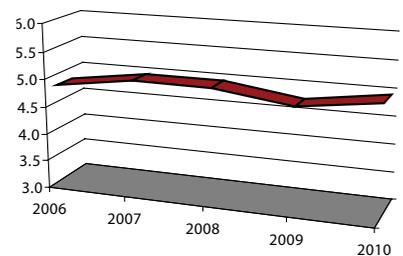
■ FINANCE: Financial leaders face frustrations. Page 11

## Win work by being a better listener

Page 4

## TRENDLINES

### Staff ratios



Professional/technical to administrative staff ratio (medians)

Despite a slew of layoffs in recent years, the ratio of professional or technical staff to administrative staff has remained steady for the past 10 years, according to the 2010 *Financial Performance Survey*.

This ratio is useful in measuring the amount of direct versus indirect labor in a firm. Professional/technical staff includes all employees who devote the majority of their time to specific projects.

Administrative staff includes anyone who is generally non-billable, such as marketing, operations, or other support staff. In 2009, the median ratio dropped to from 5.0: 1 to 4.8: 1, but went back up to 5.0: 1 in 2010.—Margot Suydam, Survey Manager

*Correction: The chart in the Jan. 3 edition of Trendlines on the topic of data storage incorrectly identified the value in the X-axis. The correct value is gb (gigabytes).*

## FIRM INDEX

Baskerville.....	10
Bioengineering Group.....	5
C. H. Fenstermaker & Associates, Inc.....	12
ECS.....	10
EFK Moen.....	11
GLMV Architecture.....	11
Gunda Corporation, LLC.....	3
Jaster-Quintanilla.....	10
LJB Inc.....	10
Perkins Eastman.....	5, 10
Shive-Hattery.....	4
SSOE Group.....	5
Taylor.....	11
Trow Global.....	10
WSP SELLS.....	11

## A/E BUSINESS NEWS

**LEED AWARDS OUT:** The U.S. Green Building Council has named the recipients of its 2010 LEED for Homes Awards, recognizing projects, developers and home builders who have demonstrated leadership in the residential building marketplace. The awards were presented during the 2010 Greenbuild International Conference & Expo held in Chicago in November. The award categories recognize innovative multi- and single-family projects, production builders, affordable housing projects and developers, an overall commitment to LEED for Homes, and Project of the Year.

The 2010 Project of the Year award was given to the 100K House in Philadelphia, built by Postgreen. The LEED Platinum home was recognized for its outstanding performance and innovation that soared above and beyond the scope, requirements and prerequisites of LEED.

Sacramento Habitat for Humanity received the award for Outstanding Program Commitment. In 2010, seven of its homes earned LEED certification at the Gold or Platinum level.

The Outstanding Production Builder award was given to Artistic Homes for its outstanding achievements— and future commitments— to green home building in New Mexico. With more than 230 LEED-certified homes in its portfolio, Artistic Homes is the most prolific single-family market rate builder of LEED-certified homes, and is the only production-scale builder in New Mexico delivering only LEED-certified homes.

Blue Sea Development Company was honored with the Outstanding Affordable Developer award for projects such as the LEED Platinum General Colin L. Powell Apartments, Morrisania Homes in the Bronx and the Eltona, the first affordable rental LEED Platinum building in New York State.

The Outstanding Single Family Project award was given to 3404 Talon Court in Wilmington, North Carolina, built by ILM Design Build. The gut rehab project is one of the highest scoring LEED for Homes projects nationwide, earning 113.5 points.

Outstanding Multifamily Project was awarded to Bastyr Student Housing at Bastyr University in Kenmore, Washington, built by Schuchart Construction. Though initially targeting LEED Gold, the project's final certification exceeded expectations by achieving Platinum, and completing the project under budget and ahead of schedule.

MARK ZWEIG, from page 1

**2) You have to personally demonstrate that you are contributing to that success and willing to do whatever is within your power with very few limits to make the firm successful.** That means doing, selling, putting in the hours, taking pay cuts when necessary, getting on a plane when you have to, and so much more.

**3) You have to have a passion, enthusiasm and love for the business.** You are the head cheerleader. If you are down, everyone will be. If you are up, SOME (not all) of your people will be. The more who are “up,” the better. “Up” people are simply more likely to try harder and stick with it in spite of setbacks or obstacles.

**4) You have to be seen, heard, and ever-present in the minds of all members of the organization.** E-mails, calls, visits, management by walking around, participation in projects, a clean business plan, and just plain old time spent with people is what it takes— so they KNOW what you are thinking and what you want.

**5) You have to be willing to confront all “uglies” that are a threat to the organization— both inside and outside of the company— courageously.** Clients who are abusive, partners who retired on the job, greedy people, selfish people, clients who don't pay— all of these and more have to be confronted. To the extent you do the things no one else is willing to do will greatly impact your power to drive success in the organization.

**6) You have to deal with all personnel problems quickly and decisively.** I just said it to my business partner the other day: Once you get the basic revenue, cost, and cash flow problems under control the next thing that rears its ugly head and will be there forever is HR problems. People don't get along, someone's feelings get hurt, someone isn't doing their job, etc. You have to confront these issues immediately and with a clear approach.

**7) You have to be able to make any decision without endless study and with incomplete information.** Some people in this business— most— are trained in science and engineering and planning— and they can never have enough information to make a decision. This attitude KILLS momentum and actually works against success. Not to say I advocate willful ignorance and flying blind— I don't. But we err too far

on the side of caution and it kills the energy of the organization.

**8) You have to be willing to acknowledge mistakes and do what it takes to rectify them.** Everyone makes mistakes. You will build more of a following by saying “I screwed up and made a mistake” than you ever will by justifying it.

**9) You have to be able to demonstrate you are knowledgeable and competent.** No one— especially the smart people we have in THIS business— has any respect for people who don't know their discipline. This is fundamental. Without discipline knowledge at anything other than an entry-level position, you will not be able to lead anyone and drive the success of the enterprise.

**10) You have to be able to prove your ideas work (through evidence that they do work).** You get credibility by showing you know what you are talking about. No proof = no credibility.

You better be someone who enjoys driving success. I find it fun. If you don't, however, get out of the way for someone who does. ▀▀

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

[www.twitter.com/zweigwhite](http://www.twitter.com/zweigwhite)

**THE ZWEIG LETTER**

*The voice of reason for architecture, engineering, and environmental consulting firms.*

**320 Rollston Avenue, Suite 102  
Fayetteville, AR 72701**

Mark Zweig | Publisher  
[mzweig@zweigwhite.com](mailto:mzweig@zweigwhite.com)

João Ferreira | Managing Editor  
[jferreira@zweigwhite.com](mailto:jferreira@zweigwhite.com)

Amy Sherrill | Editor  
[asherrill@zweigwhite.com](mailto:asherrill@zweigwhite.com)

Tel: 800-466-6275  
Fax: 508-653-6522  
E-mail: [info@zweigwhite.com](mailto:info@zweigwhite.com)  
Online: [www.thezweigletter.com](http://www.thezweigletter.com)  
Twitter: [twitter.com/zweigwhite](http://twitter.com/zweigwhite)  
Blog: [zweigwhite.blogspot.com](http://zweigwhite.blogspot.com)

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

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

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](mailto:TheZweigLetter@TheYGSGroup.com).

© Copyright 2010, ZweigWhite. All rights reserved.

## TOP PLAYER

# Hard work a hallmark of success

Hot Firm leader offers bullet points on how to get on the list.

Ramesh Gunda knows success isn't easy, but he calls for not giving up, no matter how many obstacles get in the way. Gunda is the president of **Gunda Corporation, LLC** (Sugar Land, TX), a 27-person planning, engineering and management services firm in the areas of civil, traffic and transportation engineering.

Now completing 10 years in business, GUNDA is number 28 on *The Zweig Letter* 2010 Hot Firm List. "We have grown every year since inception and planning to continue the growth in the future," Gunda says.

In this interview, Gunda talks about the components of success, and how working of the betterment of the community is the firm's ultimate purpose.

## **The Zweig Letter: What does it take to be a Hot Firm?**

### **Ramesh Gunda:**

- Vision for the future—the ability to plan for growth and be prepared to meet the needs that come with the growth of staff, clients and projects.
- Dedication.
- Determination, not to give up.
- Planning and execution.
- Passionate and loyal employees.

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

### **RG:**

- All of the above.
- Support and help from my wife.
- People willing to teach me.
- Staff willing to go the extra mile.
- Deliver quality services to our clients on schedule.

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

**RG:** My first paying job was conducting a transportation survey when I was

in the senior year of my civil engineering degree. Learning is fun and you get paid for it.

## **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?**



Ramesh Gunda,  
President,  
Gunda  
Corporation, LLC.

**RG:** All the things you mentioned and more. Help clients achieve their goals, no matter how difficult it may seem or how many obstacles may be in the way; find creative solutions to challenges; see a project that started as an idea turn into a tangible result that helps the community.

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

**RG:** It takes unrelenting hard work and determination to succeed... not giving up, not taking no for an answer, building and maintaining relationships. Failure is not an option.

Know the difference between clients' "needs" and "wants."

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

**RG:** More consolidation and globalization. Financial pressure, green economy and alternative delivery are influencing it. We are going to expand to other niche markets that are complementary to what we do and continue to grow.

## **TZL: Do you hold someone as a**

"It takes unrelenting hard work and determination to succeed... not giving up, not taking no for an answer, building and maintaining relationships. Failure is not an option. Know the difference between clients' 'needs' and 'wants'."

## **special mentor? How did this person influence who you are?**

**RG:** I believe in learning from all you come across. I hold Edwin Friedrichs (former boss and senior VP at Walter P More) as a special mentor who has given me opportunities to make mistakes and learn.

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

**RG:** Commitment. When they are committed, they will do whatever it takes, you never have to worry about the task you have given them.

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

**RG:** Playing chess blind-folded.

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

**RG:** How can we learn from each other?

## **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?**

**RG:** Don't look for a job. Look for the opportunities to learn. ▲▲

**GET IN THE NEWS:** The fourth installment of ZweigWhite's Marketing Management Webinar Series goes live Feb. 10 from 1 to 2 p.m. EST with a session titled "Getting your Firm in Print, on the News, and on the Web." Generally overlooked in the A/E world, a robust media relations programs can be an effective marketing tool for raising the visibility of your firm's projects, services, and corporate accomplishments.

For more information or to register, call 800-466-6275 or log on to [www.zweigwhite.com/zw-1068.aspx](http://www.zweigwhite.com/zw-1068.aspx).

## BOOKS

# Report gives cautious outlook

A/E/P Industry Outlook reports hope and uncertainty for 2011.

If the A/E/P and environmental consulting industry has learned one thing in 2010, it's that recovery doesn't happen overnight.

Last year there was an expectation that 2010 might provide the steady and slow turnaround that the entire U.S. economy desperately needed after the recession.

According to the 2011 *A/E/P and Environmental Consulting Industry Outlook*, 2010 didn't exactly bring the gradual and steady improvement that would mark an upward trend to recovery.

The economy is looking somewhat stronger, but still uncertain, and for the third year in a row, this uncertainty is the hallmark of this year's edition of the report.

The 2011 *A/E/P and Environmental Consulting Industry Outlook* helps top executives in architecture, engineering, planning, and environmental consulting to develop more informed and accurate strategic business and marketing plans even during market uncertainty.

The 176-page book draws analysis from ZweigWhite's expert management

consultants, data from ZweigWhite's management surveys, interviews with industry leaders and forecasters, and a survey of architecture, engineering, planning, and environmental consulting firm leaders.

"We make forecasts for our local market segments each year," says Greg Kanz, marketing director at **Shive-Hattery** (Cedar Rapids, IA), a 300-person architecture and engineering consulting firm. "It's interesting and insightful to compare our research with ZweigWhite's national overview."

Ed Friedrichs, chairman at ZweigWhite, says the insights provided by ZweigWhite's expert team will warn you of obstacles and alert you to opportunities.

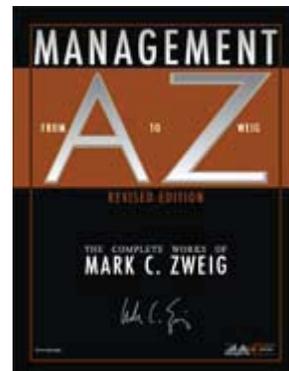
"As a practicing professional, I relied heavily over the years on ZweigWhite's informed assessment of market trends to handicap which opportunities were most likely to bring a high return for our firm," Friedrichs says. "Now that I'm a part of ZweigWhite and know the depth of market knowledge that goes into preparing the *A/E/P and Environmental Consulting Industry Outlook*, I can assure you of the value you'll gain from reading it." ▲▲

The 2011 *A/E/P and Environmental Consulting Industry Outlook* is available now for ordering at [www.zweigwhite.com/zw-1063.aspx](http://www.zweigwhite.com/zw-1063.aspx).

## RESOURCES

### MANAGEMENT FROM A TO ZWEIG:

*Management From A to Zweig, Revised Edition* is a journey through the halls of A/E/P and environmental consulting firm management from the founder of ZweigWhite, Mark Zweig.



For more than two decades, Mark has been the voice of reason in the A/E/P and environmental industry. His weekly editorials in *The Zweig Letter* have inspired, informed, and sometimes infuriated A/E/P and environmental consulting firm leaders across the country.

And we have every editorial Mark has written for *The Zweig Letter*— more than 750 articles in all— in one massive volume of his collected works on such topics as leadership, ownership transition, marketing, business development, recruitment and retention, and more.

In his collegial and straightforward style, Zweig gets right to the heart of the matter in each of his articles. He tells it like it is, shoots from the hip, and doesn't hold back his opinion on anything, which is exactly what makes his advice so valuable. Not only does he have the experience and the wisdom to know when something isn't working right, but he's also got the guts to face the firm leaders who aren't addressing these issues. His insight can help lead you to a better future at your firm.

This compendium of Zweig's writings is sure to be a resource you'll use over and over again. Thousands of firm leaders just like you have embraced Zweig's gospel of growth and have experienced the resulting success of a well-managed firm.

Let *Management From A to Zweig, Revised Edition* walk you through the whole alphabet of challenges and opportunities you'll face in the A/E/P and environmental consulting industry!

For more information or to order a copy, call 800-466-6275 or log on to [www.zweigwhite.com/zw-545.aspx](http://www.zweigwhite.com/zw-545.aspx).



THE ZWEIG MARKETING LETTER  
MARKETING EXCELLENCE AWARDS



Firm Success.  
AWARDS

**ENTRIES FOR THE ZWEIG MARKETING LETTER 2011 MARKETING EXCELLENCE AWARDS ARE BEING ACCEPTED NOW!**

**The 2011 Marketing Excellence Awards will recognize the most ambitious and outstanding in-house marketing initiatives by A/E/P and environmental firms based in the U.S. and Canada.**

Firms can apply in any or all of the following nine categories:

- Website • Advertising • Direct Mail Campaign •
- Target Marketing • Special Event Marketing Campaign •
- Media Relations Campaign • New Media • External Newsletter •
- Custom Magazine •

**Don't wait! The deadline for entries is March 18, 2011**

For more information, submission requirements, and an entry form, please go to [www.zweigwhite.com/go/mea2011](http://www.zweigwhite.com/go/mea2011)

**It's been a long few years. Reward your firm and marketing team with the recognition it deserves — SUBMIT TODAY!**

Questions | contact Sarah Nasznic at: [snasznic@zweigwhite.com](mailto:snasznic@zweigwhite.com) or 508-318-5508

## STRATEGY

# Win work by being a better listener

Innovation and quality  
= work. Communication  
+ innovation + quality  
= more and more work.

By JOÃO FERREIRA  
Managing Editor

A conversation with Wendi Goldsmith about finding out what clients want—fine-tuning your value proposition accordingly—can quickly degenerate into a “chicken or the egg” debate.



Wendi Goldsmith,  
CEO,  
Bioengineering  
Group.

Goldsmith, CEO and founder of **Bioengineering Group** (Salem, MA), a 90-person environmental planning and restoration firm, agrees that collecting client feedback is very important, but she believes that her value proposition is so unique that a great deal of client education is also necessary.

So, do you do what clients want, or help them find what they want?

Every case is different, but there are some general rules several firm leaders agree on. First: develop lifetime clients through superior offerings. Second: talk to them often. Third: find what they want and adjust your offerings—even if that means sometimes you have to help them find what they want.

“We often walk a fine line with our clients,” Goldsmith says about the third point. “We aim to stretch our clients out of their comfort zone.”

Goldsmith describes Bioengineering Group as a “continual improvement, constant innovation, and adaptive management processes” firm that often gets called upon to clean up others’ messes—problems other firms failed to find solutions for, or for which their solutions failed.

So, communication, more than one-way feedback, is essential. It’s more of a discussion about how the firm’s innovative solutions can solve problems.

“You want to talk with each client often,” Goldsmith says.

**WASH, RINSE, REPEAT.** Aaron Schwarz, principal and executive director at **Perkins Eastman** (New York, NY), a 600-person architecture and design firm, says client satisfaction starts with winning the work over and over through a long-cycle approach.

“The value proposition that Perkins Eastman has developed over 25 years starts with being good listeners and understanding what is most important to our clients,” says Schwarz, who is managing principal of the firm’s Mumbai office and leads the higher education practice area. “During the business development process, we do our homework to understand who the client is, what their aspirations are, and what they are trying to achieve with the new environment we hope to design for them.”

Then comes the educational process (“We demonstrate to the client how our team’s specific experience, expertise, and approach to the assignment is the right match,” Schwarz says) and constant communication.

“We communicate with our potential client through a medium and vocabulary that they can easily understand and relate to—through active listening we get immediate feedback that shapes the discussion,” Schwarz says. “Once we are awarded the project, it is a continuation of the design dialogue. We listen and learn: who the client really is, what they aspire to be, and what they are trying to achieve with the new environment we are designing. We use our creativity, experience, and expertise to strategize along with our clients on how to get the best value for their investment, both on the initial cost side and the long-term operations perspective.”

**THE PERSONAL TOUCH.** Vincent DiPofi, director of business development at **SSOE Group** (Toledo, OH) a 900-person architecture and engineering firm, says good old personal touches are the most effective approach with key clients (those that make up 80% of

the firm’s business). The firm has what it calls an account manager for each of those relationships.



Vincent DiPofi,  
Director,  
Business  
Development,  
SSOE Group.

“This is usually a principal or senior associate within our firm and is usually the person who ‘owns’ the relationship,” he says. “We tend not to have figureheads on the account and prefer someone who can make decisions on a day-to-day basis.”

DiPofi says that typically some level of account management plan is put into place as an extension of the firm’s business planning process.

“This person is responsible for continuous communication with the client, communicating back to the operations team, and confirming delivery with the client,” he says.

As a supplement to personal contact, SSOE conducts customer satisfaction surveys. The firm puts a large focus on data-driven results and, according to DiPofi, two very important measures clearly show a competitive advantage:

- 1) 97% of clients surveyed said they would recommend SSOE to a colleague.
- 2) 125 clients have been with SSOE 20 years or longer.

“The first measure tells us how we did our job; the second measure tells us we were able to turn project success into relationship success and provide that strategic advantage,” DiPofi says.

**THERE’S FEEDBACK, AND FEEDBACK.** Goldsmith of Bioengineering Group says that not all feedback is equal. Some feedback can help you do a better job with your current project; other feedback can help you improve your value proposition overall.

In the end, it’s all good.

“We use the feedback to take us to the next frontier,” she says. ▀▲

“We often walk a fine line with our clients. We aim to stretch our clients out of their comfort zone.”

NEWS

# AIA brings legislative priorities to Washington

Unfreezing credit, regulatory burdens, building retrofits, and transportation law all on the agenda.

By AMY SHERRILL  
Editor

Creating jobs in the design and construction industry is the theme in this year's top legislative priorities of the American Institute of Architects.

The AIA will present its top four legislative priorities to the 112th Congress that recently convened.

The AIA's top four legislative priorities— unfreeze credit; reduce regulatory burdens; increase incentives for building retrofits; and update transportation law— were formed after listening to the needs of its members, says Andrew Goldberg, senior director of federal relations with the AIA.

Although there have been "some glimpses of hope in the past two or three months," there is still a need for jobs in the industry, Goldberg says.

**UNFREEZE CREDIT, CREATE JOBS.**

Thousands of needed construction projects that would employ millions of Americans are on hold because credit is frozen. Banks received billions in federal taxpayer bailouts; now it's time to ensure those banks lend, according to the AIA.

Congress should pass legislation such as the Equal Treatment of Covered Bonds Act, which would create a market for the kind of bond that has been used in Europe for capital projects and is generally more secure than other securitized bonds, like mortgage-backed securities, the AIA says in a news release.

Advocates say such a bill could unleash a market for sounder, more straightforward financing.

The premise was that the regulations for getting credit were very loose, but now the "pendulum has swung all the way the other way where even good, sound projects are not getting funded," Goldberg says.

The AIA also supports the Capital Access for Main Street Act, which would help prevent large numbers of commercial foreclosures and free up credit to help small business get back to work, he added.

**REGULATORY BURDENS HOLD SMALL BUSINESS BACK.**

Small architecture firms and sole practitioners know all too well the burdens of high tax rates and cumbersome paperwork. In 2010, the AIA helped defeat a plan to increase payroll taxes on thousands of small architecture firms that organize as S corporations, according to the release.

Now Congress needs to pass the Small Business Paperwork Mandate Elimination Act, which would repeal the expensive and unneeded new Form 1099 paperwork requirement slipped into the health care reform bill, according to the AIA.

"There is an enormous amount of paperwork for businesses where the architect is also the CFO and the HR office," says Goldberg.

Anytime your firm spends more than \$600, you have to file this 1099 form, he says.

"So you buy two iPads for your office and you're filling out paperwork," Goldberg says.

**BUILDING RETROFITS ENGINE OF ECONOMIC GROWTH.**

Across the country, building owners, state and local governments, and school districts want to lower energy bills by retrofitting their buildings, but lack the financing to do it, according to the release.

By increasing incentives for efficient building designs and renovations that show real results, Congress can create jobs while securing our energy independence.

This creates jobs and increases incentives for building or retrofitting buildings to be more efficient, Goldberg says.

Congress should increase the Energy Efficient Commercial Building Tax Deduction from the current \$1.80 per square foot to \$3.00 per square foot, the AIA argues.

**TRANSPORTATION BILL TO GET COMMUNITIES MOVING.**

The American transportation system is broken, Goldberg says.

Crumbling infrastructure and rising congestion have crippled our nation's competitiveness, reduced safety, and increased greenhouse gas emissions, according to the AIA release.

In addition, outdated transportation laws and tax policy have slowed down projects, deprived the public of a voice in the planning process, and forced Americans into longer and longer commutes.

The current tax incentives for building/real estate activities do not adequately take into account locating developments near transit systems, for example, according to the AIA.

Congress needs to renew these laws and invest in transportation planning, Goldberg says.

"When architects work, the nation builds," said AIA President Clark Manus in a news release. "By following these four core principles, Congress has a chance to enact policies that unleash the entrepreneurial spirit of America's design professionals, create economic growth, and rebuild our struggling communities and aging infrastructure." ▲▲

More information about the legislative priorities agenda is available through the American Institute of Architects web site at [www.aia.org](http://www.aia.org).

"When architects work, the nation builds. By following these four core principles, Congress has a chance to enact policies that unleash the entrepreneurial spirit of America's design professionals, create economic growth, and rebuild our struggling communities and aging infrastructure."

## CLARK'S CORNER

# Declaration of Independence for design firms in 2011

Using debt to finance a management buyout is a good strategy.

**M**anagement buyouts and recapitalizations are not just for *ENR* 100 firms. Entrepreneurial founders and principals at profitable firms with revenues from \$10 to \$100 million should consider refinancing their debt to raise capital for management buyouts, acquisitions, organic growth initiatives, and overall, for stronger, more flexible financial structuring to compete against larger firms.

The debt versus equity lender approach for management buyout financing is better for a successful firm with positive growth trends that wants to maintain its independence. Most leveraged buyouts or management buyouts are financed by a private equity group or financial buyer. In those management buyouts the PE group usually ends up with a controlling stake, even though most of the buyout financing is provided by third party debt providers. By using debt to finance the buyout, these private equity firms are able to invest little of their own capital and still produce substantial returns for their investors that far outperforms the value realized by previous undercapitalized ownership and management.

If you want to be a savvy entrepreneurial firm owner, use those same debt financing sources and techniques to fund the buyout of your senior principals and shareholders interested in exiting, or in acquiring an outside firm, but without the private equity group involved. This type of transaction has an upside



Jeff Clark

that is shared between management and the selling owner. This can be attractive to a seller because the purchase price is often higher than a private equity firm will pay, while management gets the opportunity to own substantially more equity. This type of buyout can also be more personally satisfying, giving the rewards to the owners and managers who have worked together for years to build the value in the company. These types of deals require a lot of discipline in shopping the company to various lenders for the best terms on senior and junior subordinated debt. A skilled and experienced corporate financial advisor at our firm or another can tell you what the "ballpark" terms out there are after reviewing your financial situation in more detail.

In order to get the best terms, you need to swing away, meet with these lenders and negotiate aggressively. The main tradeoff to weigh in choosing a senior or junior debt lender is flexibility and liability versus lower interest.

Senior lenders and your traditional local banker may fit in this category. They can issue loans to firms and look for several ways to secure/collateralize their interest on assets, both company and personal, or based on cash flow. More progressive senior lenders that operate on a regional and national level use cash flow and positive growth trends in evaluating an A/E firm. They can lend you from two to three times your proforma EBITDA (what your company's projected earnings are before interest, taxes, depreciation and amortization) at very low interest rates, but require very restrictive covenants that can cripple firm operations in order to get the best terms for interest and amortization schedules.

So basically, in choosing a senior lender, you need to make sure you negotiate the best terms for flexible business operations going forward and find one with a reputation for thinking outside the box when things go bad, and they might, if your firm doesn't hit its projections.

If you need more flexibility and

To get the best terms, you need to swing away, meet with these lenders and negotiate aggressively.

leverage for acquisitions or organic growth, a "mezz" lender or mezzanine capital provider that offers junior subordinated debt is a great way to go. Four to five times EBITDA leverage is possible for many *ENR* 500 firms with junior lenders. Cash interest can vary from 12% to 20%, plus PIK (payment in kind that defers cash interest payments until end of loan term for additional percentage fee, usually 4 to 8%), and possibly warrants (options that can be converted to equity stake). This may sound expensive but compared to putting all your personal and company assets at risk for one acquisition that could fail and destroy everything you've worked for, it seems well worth it for many successful firm owners used to acquiring firms and setting up a "newco" (new company) for the acquired firm with a separate financing structure, thus limiting the liability to the parent firm and principals. If you choose the right mezz lender, you will find that they are interested in helping you with the strategic plans of your firm and when projections are not met, they are more likely to roll up their sleeves and work with you to get the company performing per plan.

Once you decide on the right advisor, many doors may open up for you that you never thought would or even existed. You can control your own destiny with much more favorable terms than you ever imagined. Management buyouts, acquisitions, recapitalizations are all within your reach if you dare to declare and adopt the discipline required for successful corporate finance and capital restructuring. ▲▲

To discuss how ZweigWhite investment bankers can help your firm with any of the opportunities mentioned above and to ensure your firm maintains its independence to compete, call us today so we can help.

JEFF CLARK is managing director and principal of the M&A team for ZweigWhite. He can be reached at 919-931-9936 or [jeffc@zweigwhite.com](mailto:jeffc@zweigwhite.com).

## GUEST SPEAKER

# Creating loyalists

Ask your clients one simple question.

I recently received an automated voice survey from my phone carrier as a follow-up to a service issue. The survey was two questions. The first was: “Enter a number from one to 10 on your phone to indicate your likelihood to refer our company to someone else, with one the lowest and 10 the highest.” The second was: “Record a message at the beep explaining your score.”

The customer service department at the phone company may have picked up a copy of *The Ultimate Question* by Fred Reichheld. He has made a career out of measuring the effectiveness of customer surveys. His surveys don’t measure satisfaction on wide spectrum of criteria but revolve around this ultimate question: How likely are you to refer? It turns out that the strength of referrals is the common denominator in high-performing companies, whether large or small. Companies that rank higher on the scale have more loyal customers and more sustained growth.

There is nothing earth-shattering about that, except that Reichheld breaks out the scores to show companies how they can improve their scores and profits. Respondents who rate a firm either a nine or a 10 are “enthusiasts,” and will do more for new business than any marketing campaign. Those who rate a firm either an eight or a seven are “vulnerable,” meaning they can go either way and can be swayed by a competitor. The “detractors” fall into the one to six range and are particularly toxic to reputations, spreading negative stories like wildfire.

Reichheld then creates what he calls a Net Promoter Score by subtracting the percentage of detractors from the promoters. Most companies are at around 40%. Costco has an NPS of 79%; FedEx has one of 56%. Firms



Leo MacLeod

can raise their NPS in two ways: by lowering the number of unhappy customers and raising the number of really happy customers. I’ve used Reichheld’s methodology in my surveys for design and construction clients,

and here’s what I’ve found:

**1) Not good enough.** Companies that rate seven or eight these days are vulnerable to price. A firm doesn’t have to be awful (one through six) to be at risk. If you think a seven or an eight is good enough, think again. Buyers are more willing to take risks to save some money these days. And with more competitors bidding on projects, the incentive to look around is greater.

**2) Improve performance.** Not much is needed to move those sevens and eights up to nines or 10s. Look at the reasons for their responses. Most often, firms get a qualified strong number of seven or eight because “it depends” on the project or who’s on it.

Ask if it’s OK to waive anonymity, so you can link clients with their responses. (I get 90% compliance when asked if I can share the source.) You can then determine how you can ensure that certain clients get the “right team.”

Align your best people with your best clients, particularly with your key accounts.

In addition, spend resources on training staff to be better communicators and problem solvers. Lack of responsiveness and “owning” problems consistently drags down numbers. The bar is set fairly low in terms of expectations of client service in the A/E/P and environmental consulting fields. Even if you surprise your clients some of the time, you can boost your numbers significantly.

**3) Fix problems.** World-class firms that track NPS jump on any detractor score, immediately defusing problems and making every attempt to fix it. Design firms that get nines and 10s earn those marks by gracefully surviving tough jobs— redesigning, rebuilding or writing big checks to make it right.

**4) Avoid problems.** On the other hand, it’s wise to avoid trouble in the first place. In this economy, it’s tough to be picky, but it pays in the long run to

It turns out that the strength of referrals is the common denominator in high-performing companies, whether large or small.

make intelligent project decisions. If it doesn’t feel right and you can bite the bullet, pass. I have come to believe that picking the right work for your firm is one of the most important decisions you can make.

Bad jobs rip through profits, burn people out and create negative reputations. Think of it this way: What is the lifetime value of having someone bad-mouth our firm versus the lifetime value of someone lauding our performance?

**5) Keep it simple.** Many firms want to gather too much information via surveys. It’s not practical and your response rate decreases. You also won’t often achieve clarity on what you need to work on because you’ll be looking at too many things. Simply measure your referral power and ask what it will take to elevate it to a nine or a 10.

If you really want to improve your score, survey your customers more than once every three years. There’s a balance between not asking often enough and pestering. For instance, ask the referral question at the end of each project. Track how well each employee is improving their likelihood for referral. Educate them on the importance.

Focus on the few levers that will lift you to the next level. Companies that embrace continuous quality improvement continually measure their performance. With so much to cram into every day, having a simple metric— one number— will help you stay focused on achieving your goals.



LEO MACLEOD is a strategic marketing and new business consultant, who lives in Portland, Oregon. Contact him at [leo@mainspringmarketing.com](mailto:leo@mainspringmarketing.com).

Article originally published in *Daily Journal of Commerce*.

## SURVEY

# Most in profession earning more

Salaries at U.S. architecture firms in 2010 increasing for most positions, pointing to positive outlook

By AMY SHERRILL  
Editor

Salaries at leading U.S. architecture firms increased for many positions despite unstable economic times, according to a new report released by ZweigWhite.

A number of top managers have seen their base salary go up in 2010, according to ZweigWhite's 2011 *Salary Survey of Architecture, Interior Design, and Landscape Architecture Firms*.

The report found that average annual base salaries for such top management titles as CEO/president/managing partner, marketing director, and branch office manager increased in 2010. In addition, senior positions such as senior architect, intermediate architect, associate/architect, project coordinator, IT manager/specialist, and business development representative saw salary increases as well.

The project coordinator position salary increased in every region except the North Central, which is comprised of Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas. Salary range was from \$49,710 in the North Central region to \$61,096 in the Mountain region.

Branch office manager salaries increased in every geographic region except New England, which is comprised of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. Salary range was from \$109,210 in the New England region to \$145,719 in the South Atlantic region.

Also, in 2010, average salaries for junior architects, CADD operator, marketing manager/coordinator, marketing assistant, accounting payroll clerk, office manager, executive assistant, administrative assistant, human resources

coordinator, and receptionist/phone operator increased.

The marketing manager/coordinator and marketing assistant positions increased in every region except South Central, which is comprised of Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas.

Salary for marketing manager/coordinator ranged from \$53,291 in the North Central region to \$65,088 in the Mountain region.

Salary for marketing assistant ranged from \$39,554 in the South Central region to \$50,667 in the South Atlantic region.

Accounting payroll clerk salary increased in every geographic region except Mountain, which is comprised of Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada. Salary range was from \$39,314 in the Mountain region to \$50,273 in the South Atlantic region.

**SOME SALARIES FELL.** However, a fall in salaries has been observed in the average annual base salaries for the following senior positions: CFO/Financial manager, COO, vice president, HR director/manager, CADD manager, mechanical engineer, structural engineer, project manager, principal, and bookkeeper/accounting supervisor.

The human resources director/manager salary fell in every region except the Middle Atlantic, which is comprised of New York, New Jersey, and Pennsylvania. Salary range was from \$72,869 in the South Central region to \$87,823 in the Pacific region.

The salary for CFO/financial manager decreased in almost every geographic region except for the Pacific, which is comprised of Washington, Oregon, California, Alaska, Hawaii, and Guam, where the base salary increased. Salary ranges were from \$91,610 in the South Atlantic region to \$142,869 in the Pacific region.

COO salaries decreased in every region in 2010.

In addition, average annual base sala-

ries decreased for interns and drafters.

The salary for interns fell in every region. Salary ranges were from \$37,852 in the North Central region to \$40,945 in the South Central region.

The sample size of 186 architecture, interior design, and landscape architecture firms is made up of mainly firms with more than 100 employees, which accounted for 33%, and then firms with 50 to 99 employees with 25%. Firms with one to 24 employees accounted for 24% of the respondents and firms with 25 to 49 employees came in at 11%. Seven percent of the respondents were firms with an unspecified number of employees.

Thirty-eight percent of the firms described themselves as architecture while 27% said they were A/E (primarily architecture) and 27% said they were architecture/interior design. Eight percent of the respondents described their firm as architecture/landscape architecture.

The 2011 *Salary Survey of Architecture, Interior Design & Landscape Architecture Firms*, a 102-page book, reports on and analyzes annual base salary information on all positions at architecture, interior design, and landscape architecture firms in such departments as design, engineering, marketing, information technology, administration, and management. The report features comparison tables where the base salary for each position is broken down into demographic subgroups such as firm type, firm staff size, and region of office.

The purpose of the report is to help firm leaders, managers, and human resource directors compare salaries in their own firms to salaries in other firms just like their own. Data are included of all types and levels of staff, from intern architects, engineers, and technicians, to administrative, operations, and management staff, ranging from entry-level to principal status.



An electronic report or printed book is available for purchase from ZweigWhite at [www.zweigwhite.com/zw-1016.aspx](http://www.zweigwhite.com/zw-1016.aspx).

## BY THE NUMBERS

# Recruiting ongoing activity

Survey finds that identifying the best people is always a concern. Also, firms are getting ready to hire.

By JOÃO FERREIRA  
Managing Editor

**A**/E/P and environmental consulting firms seem to be proactive when it comes to recruiting, findings from the latest *By The Numbers* survey reveal.

According to the online survey, 40% of participants reported that recruiting is an ongoing, everyday activity, even when times are bad, because it creates a pipeline of qualified candidates.

However, 33% said they only hire when they need to fill a position. Nevertheless, about 20% of respondents said they are reconsidering that strategy.

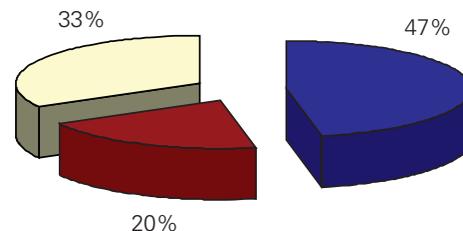
“Our approach/philosophy toward talent acquisition is that, just like marketing, you build relationships with candidates over time that hopefully will land you the right person for the job,” said Steven Berkowitz, director of talent acquisition at **ECS** (Chantilly, VA), a geotechnical engineering, environmental consulting, construction materials testing, and facilities consulting firm. “We have talked to some people for more than a year before they joined ECS. (We) have dedicated staff focused full-time on identifying the best and the brightest candidates.”

Stephen Lucy, managing partner with **Jaster-Quintanilla** (Dallas, Texas), a 135-person consulting engineering firm, said that “firms should never be complacent and think that 100% of your existing staff is a top performer.” Thus, recruiting needs to be an ongoing activity.

“In addition to continually evaluating existing staff, you should be evaluating potential new staff which requires you to continually recruit,” he said. “This has been especially true during the downturn as so many quality professionals have been in the market and thus available to enhance the capabilities of our staff.”

Nevertheless, according to the survey, a number of firms (20%) interrupted or

### ARE YOU RAMPING UP RECRUITMENT AND STAFFING ACTIVITIES IN 2011?



- Yes, we need to start hiring soon.
- No, we're still in recession mode.
- We'll have to wait and see.

tweaked ongoing recruiting activities during the recession.

“The recession hit us hard, but we’re rebuilding now and, instead of directly ‘recruiting,’ we have kept up our marketing efforts to keep the firm on people’s minds. This new environment requires new strategies,” said Pam D’Arcy, director of human resources with **Baskervill** (Richmond, VA), a 125-person architectural, engineering, interior design, and sustainable design firm.

**RAMPING UP.** According to the survey, 47% of firms are ready to start hiring after the prolonged slump, but 33% of respondents said they are still in a wait-and-see mode while 20% said they are still in a recession mode and not hiring.

“We only have one new hire in our budget this year. We used to treat recruiting as an ongoing activity, but given the economy, there is no point in revving up good candidates and then letting them down. I feel that could leave a bitter feeling and harm our reputation. Right now we are continuing to share resources internally and cross-train to get us through,” said Laurie Iulg, human resources manager with **LJB Inc.** (Dayton, OH), a 190-person architecture and engineering firm.

“We have continued to hire staff throughout the downturn in the economy,” Lucy said, in contrast. “This has been both to expand our total staff size and to enhance the quality of our staff through replacement of some underperforming existing staff. We project that our hiring will continue.” ■▲

## ON THE MOVE

### NEW PRINCIPAL AT PERKINS EASTMAN:

**F. Bradford (Rick) Drake** has joined the Perkins Eastman (New York, NY), a 600-person architecture and design firm, as a principal.

Based in the firm’s Oakland, California, office, Drake joins Managing Principal Leslie Moldow and Principal Dan Akol to continue Perkins Eastman’s growth on the West Coast, while contributing to the firm’s growing international practices in health care, science, and education. He will also focus his efforts on Washington, D.C., pursuing work within the federal government.

Drake joins Perkins Eastman from **Stantec**, where he recently served as a vice president and the practice leader for architecture in the Western U.S. He has extensive hospital and university design experience, and brings an international perspective to best practice discussions. He has extensive involvement with large and complex design/build projects in Europe and Canada.

“Rick Drake is a worthy addition to the firm’s national leadership in health care, science, and education. His commitment to design excellence and experience in many of Perkins Eastman’s core practice areas will serve as a fitting complement to our growing international practice,” said Bradford Perkins, chairman and CEO of Perkins Eastman.

### TROW GLOBAL HIRES: Ben Schwartz

has been appointed to the role of chief human resources officer at **Trow Global** (Brampton, ON), a 3,400-person consulting engineering firm. Schwartz previously served as corporate executive vice president, Human Resources, for World Color Press Incorporated.

“Ben’s experience with high-growth organizations and his ability to lead the development and implementation of contemporary people strategies will further enhance our progressive human resource programs,” said Vlad Stritesky, president and CEO of Trow Global. “Ben’s talent and leadership in the full spectrum of human resources practices will support the achievement of our growth plans and being recognized as an employer of choice. We are very pleased to have him on our team.”

As a member of Trow Global’s Executive Committee, Schwartz will report to the CEO and will be responsible for leading human resources initiatives across the entire company, including the overall leadership and people strategy as well as the successful integration of employees from companies joining the organization.

## TRENDS

# Financial leaders face frustrations

It's an unpredictable world out there, because practitioners are ill-prepared on financial matters and cash flow can be a challenge.

By AMY SHERRILL  
Editor

One of the main challenges CFOs face in the A/E/P and environmental consulting industry is unpredictability.

In a field where numbers are supposed to make sense, not knowing what to budget for long-term projects can leave a CFO scratching his or her head.

Gary Davidson, principal and CFO with **Taylor** (Newport Beach, CA), a 58-person architecture and planning firm, says that although the firm's project managers do a good job of estimating their staffing needs a few months out, the nature of the business makes longer-term projections difficult at best.

"Variables such as opportunity tracking, contract negotiations, client-driven changes, and project phasing can make revenue timing very frustrating to predict," Davidson says.

Deltak *Vision's* project planning and resource utilization module has been a huge help to Davidson, but it's no crystal ball.

Human-controlled variables are still the biggest challenge to reliable projections, he says.

**RECESSIONARY FRUSTRATIONS.** The unpredictable economy provides its own frustrations.

Linda Moen, president of **EFK Moen** (Saint Louis, MO), a 35-person civil engineering firm, says the unpredictability of overhead as the firm's workload rides the roller coaster of recession/ARRA projects/fast-delivery project schedules/changing market demand is her main challenge.

"Trying to set up project budgets and

predict profitability based on an overhead that is a moving target, mainly due to fluctuations in billability, is tough," Moen says. "Project managers have to monitor a budget based on hours when the overhead is fluctuating without a good feel for profitability."

In general, the fact that EFK Moen employs mostly engineers and technical staff and professionals who do not have a financial/accounting background is also a frustration.

"We don't always define terms in the same way, so we often miscommunicate or fail to understand the meaning of what our accountants are telling us or the outcome that results from company/tax decisions—internally with financial reports and externally with our tax accountants and auditors," she says. "Having an internal accountant (ours have always been part-time) is very valuable."

**WHERE'S THE MONEY?** Not getting paid for services rendered is another pet peeve.

James Casterton, chief financial officer at **WSP SELLS** (Briarcliff Manor, NY), a civil engineering firm and part of the London-based **WSP Group plc**, says a challenge currently facing the industry is to try to balance staffing levels with workload.

"Managing staff utilizations is a very important part of our business, which has become more difficult over the past two years as clients have had to stop and start projects due to funding issues," Casterton says. "We manage this process by preparing rolling three-month forecasts for all employees and monitoring these forecasts to actual utilization levels on a weekly basis."

However, his main frustration lies in obtaining timely payment for legitimate work completed. This splits into two separate categories: public clients and private clients.

Payment from public clients can get delayed as contracts and agreements, especially for extra work, go through various departments and people for approval. These processes can take many months, which is frustrating and can put additional pressure on cash management.

"To mitigate this risk, we ensure project managers submit supplemental agreements on a timely basis and keep the client informed on the project at all times," Casterton says.

The risks with private clients are different. Private clients sometimes delay payment, and even refuse payment, even if work was completed satisfactorily. This leads to additional legal fees being incurred to recover these monies. This is a known potential risk when working with private clients, "so we ensure this is minimized as much as possible," Casterton says.

"Before we work for any client, we ensure they have a good reputation," he says. "We do not commence any work until we have a strong signed contract in place. If payments are delayed during the project we will consider stopping work until any issues are resolved and ensure final reports are only provided once all payments have been made."

Larry Van Horn, senior vice president and CFO with **GLMV Architecture**, (Wichita, KS), a 135-person firm, says some of his challenges in the job include getting billings and job status reported in a timely and consistent manner.

"Forty to 50% of our dollars goes to consultants (engineers, mostly), so it is important to know what we have committed to them and where they are in their progress," Van Horn says.

Other challenges include finding cash flow—where new business is coming from; follow-up on billings/collections; and, making sure the debits and credits equal. ▲▲

"Trying to set up project budgets and predict profitability based on an overhead that is a moving target, mainly due to fluctuations in billability, is tough."

## GUEST SPEAKER

# Economic downturns and the propensity to panic

Recognizing crises come and go and what needs to be done to survive them is essential during difficult times.

When I first started working, a wise CPA imparted me with the economic facts of life: “Things are not good for very long, and things are not bad for very long.” Currently, we are in the “things are not bad for very long” stage of our economy.

History tells us which actions to take and which to avoid during economic downturns:

- Don't panic
- Don't retain the wrong clients
- Don't lose focus
- Keep management consensus
- Don't lose your nerve
- Don't be inconsistent
- Know where you stand financially
- Stop beating a dead horse
- Don't engage in delusional thinking
- Recognize the cheese has moved

Human nature will separate us into two groups of people. The optimists think that everything will work out, and you do not have to do anything different to survive in this economy. Then, on the other side of the coin, we have people who look at history and proactively change things to avoid the pitfalls identified by those who have survived similar economic downturns.

If you fall in the optimistic category, perhaps you will find this information



J. Dan Lavergne

entertaining and believe you will not experience the pain of the recession. However, if you fall in the pessimistic category, you will look at yourself and do what you can to avoid the pitfalls that other people have experienced in the

past.

Not panicking is a good way to start navigating our present economic situation. Times have been tough in the past, and we have always managed to work our way out of them. This time we face different challenges, but with careful planning we will overcome our difficulties.

Clients are the lifeblood of every business. During hard times, the tendency leans toward keeping every client at all cost. However, in reality, some clients are not worth keeping if they will not pay for the services, have a history of litigation, questionable integrity, etc.

Steve McKee talks about the loss of focus, lack of management consensus, loss of nerve and inconsistency in his book, *What Happens When Growth Stalls* ([www.WhenGrowthStalls.com](http://www.WhenGrowthStalls.com)). McKee's examples and stories of what happens in a downturn give fantastic insights to the inner working of firms and situations under stalled growth.

When you finish McKee's book, you need to read Sydney Finkelstein's *Why Smart Executives FAIL*. Finkelstein provides examples of mistakes executives have made and the outcome. If you read this book carefully, you will see yourself, your organization and your fellow workers in similar situations. Once you pick up Sydney's book, you will not put it down until you finish it.

The last thing we need to do is to step back and ask ourselves if our business model or our markets have changed because of this downturn. The hardest thing to recognize is change, because human nature does not want

Clients are the lifeblood of every business. During hard times, the tendency leans toward keeping every client at all cost. However, in reality, some clients are not worth keeping if they will not pay for the services, have a history of litigation, questionable integrity, etc.

### FINANCIAL PERFORMANCE SURVEY:

The information in 2011 *Valuation Survey of Architecture, Engineering, Planning & Environmental Consulting Firms* is based on over 225 actual valuations of A/E/P and environmental consulting firms!

Each year, ZweigWhite conducts a nationwide survey to identify design and environmental firms that use an internal formula for valuation, that have been merged or acquired, or that have been appraised by an independent valuation consultant. These firms supply us with information on their type of business, revenues, profits, growth, assets, and so on. Then, for each firm we calculate six different value ratios (e.g., TIC value per employee, TIC value/net revenue, etc.) and compare these by firm size, type, region, reason for valuation, and more. The result is rock-solid comparative data relied upon by thousands of firms.

For more information or to order a copy, call 800-466-6275 or log on to [www.zweigwhite.com/zw-1048.aspx](http://www.zweigwhite.com/zw-1048.aspx).

to acknowledge change. Yet, if you see sales and profitability declining, you owe it to yourself to take a good, honest look at your business model and relevant markets and ask yourself if something has shifted. Spencer Johnson wrote a short, light-hearted book about change called, *Who Moved My Cheese?* Will we see ourselves within the pages and read “the handwriting on the wall,” or will we ignore the situation until it is too late to react?

Every decade has its unique crisis, from the S&L (savings and loan) crisis to when interest rates were pushing 20%. We will survive the crisis of today. With careful planning, we might just be able to come out of this downturn with good momentum and in a stronger financial position. ▲▲

J. DAN LAVERGNE is the vice president of finance and chief financial officer of **C. H. Fenstermaker & Associates, Inc.** (Lafayette, LA). Contact him at [dan@fenstermaker.com](mailto:dan@fenstermaker.com).