

Miscellaneous ramblings

Some common sense stuff



Mark Zweig

Valuable advice, coming straight from Mark Zweig.

“Common sense is not so common” – that’s what my old boss, Michael Latas, used to say 32 years ago. He was right. Some of the stuff I see A/E and other businesses do blows my mind. It’s just not smart!

Here’s some of what I’m talking about:

- **Sending bills out via snail mail instead of electronically.** Why would anyone do that today? Unless the client requires a hard copy bill, there’s no reason to send one. It will just slow down your collection period! Send your bills electronically. You’ll get your money faster. Also, billing once a month versus throughout the month.
- **Borrowing to pay bonuses.** I still see companies that make money on an accrual basis, rather than on a cash basis, borrowing on their AR lines to pay bonuses out to owners and employees. This is a bad practice! They start the new

year out in the hole cash-wise and sometimes never recover from it. If you don’t have the cash in-hand, don’t pay it out!

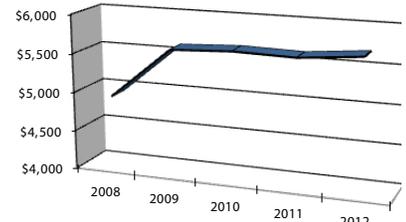
- **Having a comp time policy.** This kind of policy states that once a salaried employee works 40 hours in a week they can take the rest of the week off. Where did anyone EVER get the idea that this kind of policy makes sense for a firm in this business? Listen to me – I know – YOU CANNOT MAKE MONEY WITH SALARIED STAFF WHO ONLY WORK 40 HOURS PER WEEK! The average workweek for your salaried people should be 44- to 46 hours. You will make a profit when they all do this and probably lose money if they don’t.
- **Doing pre-employment personality testing.** This is another thing that is a bad idea. All you are doing is exposing yourself to a potential lawsuit when you don’t hire someone because of their test scores on a test that you cannot prove is a reliable and valid predictor of on the job performance.
- **Cutting labor costs.** Why do so many firms cut billable people out at the bottom and leave a bunch

See MARK ZWEIG, page 2

Why do so many firms cut billable people out at the bottom and leave a bunch of highly compensated, less-billable-than-they-should-be people at the top?

TRENDLINES

Staying healthy



With the increasing costs of healthcare, A/E/P and environmental consulting firm spending on group insurance has seen a steady increase over the last few years. ZweigWhite’s 2012-13 “Operating Expenses Survey” finds that group insurance costs per employee has climbed from a low of \$4,932 in 2008 to a five-year high of \$5,686 this year. Jumping to \$5,592 in 2009, then to \$5,630 in 2010, this ratio dropped slightly to \$5,613 in 2011, only to increase again in 2012.

– Margot Suydam, Survey Manager

FIRM INDEX

BIOENGINEERING GROUP.....	6
Bowers + Kubota Consulting.....	6
HDR Engineering, Inc.	8
Hunton Brady Architects.....	6
KL&A, Inc.....	6, 9
LJA.....	10
Parsons.....	10
Sam Schwartz Engineering.....	5
Thornton Tomasetti.....	10
Wiley Wilson.....	11

HR | FINANCE

SUPPLEMENTS

Pages 9 - 12

INSIDE

- JERRY ALLEN AWARD: Offering many lessons in courage. Page 5
- FEATURE: Working half time at full pay. Page 6
- F&A ADVISOR: Proactive sales. Page 7



And the winners are...

Page 3

A/E BUSINESS NEWS

MARKET ON THE REBOUND: The just-released 2013 Dodge Construction Outlook by McGraw-Hill Construction predicts that total U.S. construction starts for 2013 will rise 6 percent to \$483.7 billion, slightly higher than the 5 percent increase to \$458 billion estimated for 2012.

"As reported by McGraw-Hill Construction, new construction starts in 2010 edged up 2 percent, followed by another 1 percent gain in 2011, and 2012 is headed for a 5 percent increase to \$458 billion. This still leaves the volume of total construction starts 32 percent below the 2005 peak on a current dollar basis, and down about 50 percent when viewed on a constant dollar basis," said Robert Murray, McGraw-Hill Construction's vice president of economic affairs. "The modest gains experienced during the past two years have in effect produced an extended bottom for construction starts, in which the process of recovery is being stretched out."

"The fiscal cliff poses a significant downside risk to the near-term prospects for the U.S. economy and the construction industry. Assuming that efforts to cushion the full extent of the fiscal cliff are successful next year, keeping the U.S. economy from sliding back into recession, then there are several positive factors to benefit construction, including low interest rates and improving market fundamentals for several project types," Murray continued.

Based on significant research and in-depth analysis of macro-trends, the 2013 Dodge Construction Outlook details the forecasts for each construction sector, as follows.

- Single family housing will grow 24 percent in dollars, corresponding to a 21 percent increase in units to 615,000 (McGraw-Hill Construction basis). The positives for single family housing have become more numerous – the pace of foreclosures has eased, home prices are stabilizing, and mortgage rates are at record lows.
- Multifamily housing will rise 16 percent in dollars and 14 percent in units, marking healthy percentage gains, yet slower growth than what took place during 2011 and 2012. Improved market fundamentals will help justify new construction, and this structure type continues to be viewed favorably by the real estate finance community.
- Commercial building will increase 12 percent, a slightly faster pace than the 5 percent gain estimated for 2012. Both warehouses and hotels will benefit from lower vacancy rates, while store construction will feature more upgrades to existing space and the derived lift coming from gains for single family housing.

The increase for office construction will be modest, as new privately financed projects continue to be scrutinized carefully by lenders. Next year's level of commercial building in current dollars will still be more than 40 percent below the 2007 peak.

- Institutional building will level off, following the steep 13 percent drop estimated for 2012. For educational facilities, K-12 construction will slip further while college and university construction should at least stabilize. Healthcare facilities are expected to make a modest rebound after this year's downturn.
- The manufacturing building category will grow 8 percent, showing improvement after its 2012 decline.
- Public works construction will slide an additional 1 percent, as federal spending cuts in particular restrain environmental projects. The new two-year federal transportation bill should help to limit the impact of spending cuts on highways and bridges.
- Electric utility construction will drop 31 percent, after reaching a record high in current dollars during 2012. This year was boosted by the start of two very large nuclear power plants, and projects of similar magnitude are not expected for 2013. The expiration of federal loan guarantees for renewable energy projects would also dampen construction in 2013.

Copies of the report with additional details by building sector can be ordered at <http://analyticsstore.construction.com/index.php/2013-dodge-construction-outlook.html>. Additional reports and projections are available from McGraw-Hill Construction Research and Analytics, http://construction.com/market_research.

GLOBAL LEED: A new set of Global Alternative Compliance Paths, or Global ACPs, are now available for all commercial projects pursuing LEED green building certification using the 2009 versions of the rating systems. Global ACPs offer a flexible method for projects around the world to demonstrate compliance with the LEED credits that are traditionally more challenging for projects outside of the U.S.

The use of LEED outside the U.S. continues to grow rapidly. In 2012, projects outside the U.S. pursuing LEED certification make up over 50 percent of all floor area of all registrations. As the most widely recognized and used green building program, LEED is certifying 186,000 square meters of commercial building space each day, comprising more than 49,100 LEED-certified and registered projects in 135 countries.

MARK ZWEIG, from page 1

of highly compensated, less-billable-than-they-should-be people at the top? This is never a recipe for success. You make your money on your junior staff when they are salaried, work a bunch of hours and bill all their time to jobs. The other thing I think is a bad practice is across-the-board pay cuts. When times are bad, cut at the top first – and most.

One more thought... I have a really hard time reading much of drivel out there that's written by management experts. It's so cliché-filled, so full of four syllable words, and so much of the same stuff I've already seen or heard before that I just can't waste my valuable time on it. But occasionally you run into someone who really makes some sense. One of those authors is a fellow named Tony Kucharski – a 27-year-old owner of a Chicago, Illinois-area finance company. While there's usually something one could pick on as it relates to his spelling or writing quality, the message is clear and simple – hence the name of his blog, "Business Uncomplicated." Check him out at <http://businessuncomplicated.com>. He's wise well beyond his years. ▀▀

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

THE ZWEIG LETTER

38 West Trenton Blvd., Suite 101
Fayetteville, AR 72701

Mark Zweig | Publisher
mzweig@zweigwhite.com

João Ferreira | Managing Editor
jferreira@zweigwhite.com

Christina Zweig | Contributing Editor
christinaz@zweigwhite.com

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

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

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

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

© Copyright 2012, ZweigWhite. All rights reserved.

HOT FIRM 2012

And the winners are...

In an event to remember, final rankings of **THE ZWEIG LETTER** 2012 Hot Firm List were announced at **THE ZWEIG LETTER** Hot Firm black tie dinner and awards ceremony Oct. 25 in Aspen, Col.

Just as in 2011, **Cardno USA, Inc.** topped the ranking, followed again by **exp Global Inc. Surveying and Mapping, Inc.**, No. 20 in 2011, completes the 2012 top three. (See complete list below.)

The awards ceremony closed the two-day **THE ZWEIG LETTER** Firm Conference – the most anticipated event in the A/E industry, held yearly. The event has been held every October since 2000 at exciting locations throughout the U.S.

THE TOP 5

#1 Cardno USA Portland, Ore.

#2 exp Global Inc. Maitland, Fla.

#3 Surveying and Mapping, Inc. Austin, Texas

#4 gkkworks Irvine, Calif.

#5 Sullivan International Group, Inc. San Diego

The Zweig Letter



Rank	Firm Name	Headquarters	State or Province
1	Cardno USA	Portland	OR
2	exp Global Inc.	Brampton	ON
3	Surveying and Mapping, Inc.	Austin	TX
4	gkkworks	Irvine	CA
5	Sullivan International Group, Inc.	San Diego	CA
6	Vanir Construction Management, Inc.	Sacramento	CA
7	Allen & Shariff Corporation	Columbia	MD
8	HAKS Engineers, Architects and Land Surveyors, PC.	New York	NY
9	Nobis Engineering, Inc.	Concord	NH
10	Dade Moeller	Richland	WA
11	MMM Group Limited	Thornhill	ON
12	HR Green, Inc.	Cedar Rapids	IA
13	Klohn Crippen Berger Ltd.	Vancouver	BC
14	Buckland & Taylor Ltd.	North Vancouver	BC
15	Engineering/Remediation Resources Group, Inc. (ERRG)	Martinez	CA
16	Watermark	Lowell	MA
17	EN Engineering, LLC	Woodridge	IL
18	T.Y. Lin International	Francisco	CA
19	Finley Engineering Company Inc.	Lamar	MO
20	JBC Associates, Inc.	King of Prussia	PA
21	Golder Associates	Redmond	WA
22	Mabbett & Associates, Inc.	Bedford	MA
23	SEPI Engineering & Construction, Inc.	Raleigh	NC
24	Environmental Standards, Inc.	Valley Forge	PA
25	MTE Consultants Inc.	Kitchener	ON
26	BSI Engineering Inc.	Cincinnati	OH
27	Sovereign Consulting Inc.	Robbinsville	NJ
28	Hill International, Inc.	Marlton	NJ
29	GATE, Inc.	Houston	TX
30	Harrison French & Associates, LTD.	Bentonville	AR
31	Woodard & Curran	Portland	ME
32	M&S Engineering	Spring Branch	TX
33	Tectonic Engineering & Surveying Consultants PC.	Mountainville	NY
34	Hatch Mott MacDonald	Millburn	NJ

Rank	Firm Name	Headquarters	State or Province
35	Pond & Company	Atlanta	GA
36	Larson Design Group	Williamsport	PA
37	S&ME, Inc.	Raleigh	NC
38	TEAM Integrated Engineering, Inc.	San Antonio	TX
39	Tobolski Watkins Engineering, Inc.	San Diego	CA
40	Environmental Management & Planning Solutions, Inc	San Francisco	CA
41	Gateway Engineers	Pittsburgh	PA
42	Cobb Engineering Company	Oklahoma City	OK
43	SSE	Poplar Bluff	MO
44	Sam Schwartz Engineering	New York	NY
45	Trihydro Corporation	Laramie	WY
46	Weston & Sampson	Peabody	MA
47	Bartlett & West, Inc.	Topeka	KS
48	Tetra Tech, Inc.	Pasadena	CA
49	Houston Engineering Inc.	Fargo	ND
50	Infrastructure Engineers, Inc.	Saint Cloud	FL
51	KCCT Architects	Washington	D.C.
52	MBP	Fairfax	VA
53	Landpoint, Inc.	Bossier City	LA
54	MacKay Sposito	Vancouver	WA
55	Butler, Fairman & Seufert, Inc.	Indianapolis	IN
56	Pennoni Associates	Philadelphia	PA
57	Patterson & Dewar Engineers, Inc	Norcross	GA
58	SRP Environmental LLC	Shreveport	LA
59	Coffman Engineers, Inc.	Seattle	WA
60	Clark Nexsen Architecture & Engineering	Norfolk	VA
61	HRP Associates, Inc.	Farmington	CT
62	Walker Partners, LLC	Waco	TX
63	A. Morton Thomas & Associates Inc.	Rockville	MD
64	Bowers + Kubota Consulting, Inc.	Waipahu	HI
65	Garver, LLC	North Little Rock	AR
66	CTL Engineering, Inc.	Columbus	OH
67	Marstel-Day, LLC	Fredericksburg	VA
68	Mead & Hunt, Inc.	Madison	WI
69	Bernardin Lochmueller & Associates	Evansville	IN
70	Michaels Energy	La Crosse	WI
71	HSA Engineers & Scientists	Tampa	FL
72	R&M Consultants, Inc.	Anchorage	AK
73	Fagan Engineers	Elmira	NY
74	Nederveld	Grand Rapids	MI
75	PDC Inc. Engineers	Fairbanks	AK
76	Enviro-Safe Consulting, LLC	Germantown	WI
77	Shea Carr Jewell	Olympia	WA
78	Gunda Corporation	Houston	TX
79	Delta 3 Engineering, Inc.	Platteville	WI
80	CobbFendley	Houston	TX
81	Integrated Design Group	Boston	MA
82	Maser Consulting, PA	Red Bank	NJ
83	Westwood Professional Services	Eden Prairie	MN
84	Crawford Architects, LLC	Kansas City	MO
85	Hammontree & Associates, Limited	North Canton	OH
86	Aquaterra Environmental Solutions, Inc.	Overland Park	KS
87	Bowman Consulting Group	Chantilly	VA
88	Degenkolb Engineers	San Francisco	CA
89	Integral Consulting Inc.	Seattle	WA
90	Slater Hanifan Group	Las Vegas	NV
91	Cherokee Enterprises, Inc.	Miami Lake	FL
92	Shive-Hattery Group, Inc.	Cedar Rapids,	IA
93	Miyamoto International	Sacramento	CA
94	Apex Companies, LLC	Rockville	MD
95	Calvin, Giordano & Associates, Inc.	Fort Lauderdale	FL
96	Hanson Professional Services, Inc.	Springfield,	IL
97	Structural Integrity Associates, Inc.	San Jose	CA
98	Binkley & Barfield, Inc.	Houston	TX
99	All4 Inc.	Kimberton	PA
100	CME Associates, Inc.	Woodstock	CT

AWARDS

Offering many lessons in courage

Sam Schwartz wins Jerry Allen Courage in Leadership Award.

By CHRISTINA ZWEIG
Contributing editor

On the morning of Sept. 11, 2001, Sam Schwartz walked alongside the World Trade Center, just across the street from his home, and got on the subway. Ten minutes later he arrived at

“Schwartz has grown his company throughout the recession and now has seven offices across the United States. In doing so, he has been able to give his employees confidence in their job stability and continued to hire those who were otherwise unemployed.”

his office at **Sam Schwartz Engineering**, just a mile north, and heard a loud boom. Schwartz, the company’s president and CEO, quickly learned that he narrowly missed being in the midst of the worst terrorist attack in U.S. history. By the time the second plane hit, Schwartz was on the phone encouraging his wife to leave their Battery Park City apartment and to make her way to the office. He gave the same instructions to his son, who lived three blocks away. An hour later, his wife arrived at the office covered in debris, but unharmed. His son also made it safely to the office. With everyone together, Schwartz immediately made a plan to get his 30 employees and his family to safety, a plan that included cramming eight people and a cat into a compact car to head north of the city.

After the tragedy, Schwartz was left homeless for two weeks and had to move his office out of the evacuation zone into a local university so he could quickly get started on many assignments. Schwartz and his staff were charged with restoring access and general transit service to the communi-



Sam Schwartz,
President and
CEO, Sam
Schwartz
Engineering.

ty hit hardest by the attack, which meant heading back to his demolished neighborhood. Schwartz lost six colleagues – his loss only increasing his determination to restore some amount of stability for his fellow New Yorkers. This was not just a job to Schwartz, it was his moral and patriotic responsibility.

This event was one of many in a history of courage for Schwartz. As a fearless leader who has made countless difficult decisions, including mandating the controversial closure of the Williamsburg Bridge between Manhattan and Brooklyn, Schwartz clearly

demonstrates the attributes represented by Jerry Allen and the Courage in Leadership Award.

Schwartz’s history of leadership and public responsibility began in the mid 1980s, when he worked as the first deputy commissioner for the NYC Department of Transportation. Before Schwartz arrived on the scene cables had snapped on the Brooklyn Bridge, killing a tourist and stranding tens of thousands of people. Schwartz worked aggressively to understand the magnitude of the problems and develop a long-term solution, which he published in the seminal book for bridge managers, “Spanning the Twenty First Century.”

With his appointment in 1986, Schwartz discovered that the Manhattan Bridge cables were in danger and shut half the bridge down, including two subway tracks. His boldest decision came in 1988, after his inspection team found cracked beams supporting traffic and subways that mathematically should have collapsed. He ordered the shutdown of the entire Williamsburg

ABOUT THE AWARD

Born in Texas in 1940, and the first of his family to graduate college, Jerry Allen seemed destined to make an imprint on the AEC Industry, one that would exceed his lifetime. Jerry Allen was a friend and mentor to Mark Zweig, founder and CEO of ZweigWhite.

After serving as city engineer for the City of Fort Worth, Texas Public Works Department, Allen joined **Carter & Burgess, Inc.**, a 40-person engineering, surveying, and landscape architecture firm, on April 28, 1969. Working there for more than 33 years, he became the company – and the company became him.

Known not only for being the CEO of Carter & Burgess, but also as an innovative and inspirational leader, under Allen’s direction Carter & Burgess grew from some 200 employees and \$17 million in revenue in 1988, to 2,300 employees and \$381 million in revenue by 2002. Allen, who was an incredible athlete and in fantastic physical condition most of his life, was struck down by colon cancer at age 62.

In his honor, The Jerry Allen Courage in Leadership Award is given each year to someone working in an A/E/P or environmental firm who has demonstrated in a unique way, personal courage in their actions that have impacted their firm. The award winner is one that has overcome obstacles courageously to advance a firm to a new level of success and accomplishment.

A portion of the proceeds from the awards program will be donated to The American Cancer Society.

Bridge. The Bridge carried 250,000 people daily in cars, trucks, buses and subways. His actions are widely recognized to have saved thousands of lives, though they risked his career with the DOT, which ended two years later as a result of fallout from the closure.

STEPPING OUT. After starting his company in 1995 with one intern and a determination to create positive change with the transportation infrastructure in NYC, Schwartz slowly but consistently secured and completed

See SAM SCHWARTZ, page 12

LEADERSHIP

Working half time at full pay

What do you do when a senior partner has retired on the job?

By LIISA SULLIVAN
Correspondent

It's not a situation that seems to arise too much, but employers should be prepared if it does. What's the problem? Well, you have a senior partner who seems to be sitting back on his laurels and is "retiring" while still on the

"If this person is truly not doing anything, the other employees will see this and it will affect morale. You rarely regret the decisions involving people who are asked to leave, but you almost always regret the inaction that allows poor performers to remain."

job. What do you do? How do you motivate this person and get him back into a more productive role?

NO CURE? CUT IT OUT. Greg Kingsley, president and CEO of **KL&A, Inc.** (Golden CO), a structural engineering firm, says that while "fortunately" he cannot speak from personal experience, as a senior partner he hopes that the situation would be recognized well in advance of being a real problem.

"We often talk frankly about our motivations, needs and desires in our roles at KL&A, both among senior partners and among all of the staff at different levels," Kingsley says. "However, if it did happen, I would hope to be able to speak openly and identify the root of the problem and set some expectations."

Kingsley says that the most difficult problem to address would be where a situation outside the workplace was having a detrimental effect on motivation.

"Again, I would like to think we could find a solution, but it's certainly not a



Brian Bowers, President, Bowers + Kubota Consulting.

situation that could be tolerated for very long," he says. "It would have to have a powerfully de-motivating effect on all the company staff – a cancer from the top, if you will. If it could not be cured, it would have to be cut out."

DON'T KILL OTHERS' MORALE. Brian Bowers, president of **Bowers + Kubota Consulting** (Waipahu, HI), a 120-person full-service architecture and engineering firm, says that he would likely handle the situation as he would with any other employee who was not performing (assuming the partner is not the majority

shareholder).

Bowers advises that a candid conversation about expectations should take place, giving the person time to change their behavior or their duties. Converting to part-time should also be discussed as an option.

"Document the process and use progressive discipline as needed to include involuntary termination if necessary," Bowers says. "If this person is truly not doing anything, the other employees will see this and it will affect morale. You rarely regret the decisions involving people who are asked to leave, but you almost always regret the inaction that allows poor performers to remain."

PUT IT IN WRITING. **Hunton Brady Architects** (Orlando, FL), a design-oriented architecture and interior design firm, uses two different solutions; both are defined in the shareholder employment agreement and are age dependent, says Charles Cole, president. They are written into the agreement as:

- 1) At age 67 or greater, the shareholder remains employed at the discretion of

the other shareholders. The non-performing partner would be asked to retire under the terms of the shareholder agreement.

- 2) Under age 67, the discretionary bonus is significantly decreased by the board of directors.

"We have used this effectively in the past," Cole says.

LOSE ENERGY SUCKERS. Wendi Goldsmith, CEO at **BIOENGINEERING GROUP** (Salem, MA), a science, engineering, landscape design, energy planning, and construction management firm, says that while she has not had to deal with this problem directly, she knows of other firms that have.



Wendi Goldsmith, CEO, Bioengineering Group.

"I often see senior firm owners at other companies who are clearly NOT adding value," Goldsmith says. "While I have taken note of many highly engaged senior partners, I have also seen some who clearly give the impression that they are taking and not giving.

These people have an energy-sapping impact on their firm, especially for the generation coming up behind them."

Goldsmith says that people who "retire while on the job" often refer to wisdom and insight from past times that clearly does not tie in with current trends and statuses.

"They play a lot of golf and otherwise take time off at 'fun' outings, which would be fine if it included schmoozing clients, or coaching/mentoring younger colleagues," she says. "However, I see far too little of that and it makes me feel like my firm, with its limited resources, is actually well poised to outperform some of the larger firms out there – which we often have."

Goldsmith says she wishes to be reminded to never lose sight of these observations as her firm continues to evolve and grow. ▲▲

Proactive sales



Hobson Hogan

F&A ADVISOR

If a third-party sale is in your future, you need to be proactive about the process.

If you read Mark Zweig's columns or blogs, you know where he stands when it comes to marketing. He is a firm believer in creating a marketing plan that is proactive – reaches out to potential clients and touches them often. There are many firms that have taken this approach to heart and have been very successful with it. You would think that when it comes time for firms to sell their business and not just their services, they would take the same approach. You would be wrong.

In almost every other industry in our vast economy, firms that have decided that a third-party sale is in their best interest go out and proactively try to find the best match in terms of fit and price. For many reasons, most design firms have decided to sit on their hands and wait for the phone to ring. They may talk to a handful of buyers over the course of two or three years and find that, in the end, nothing worked out quite right and they have squandered precious time.

There are few events in the history of a business that will be more important than a sale to a third party. Based on the importance, it would seem that firms would want to be in control of this process, rather than reacting to others. There has been much academic research done on transactions that have occurred with a buyer-initiated/single-source process and seller-initiated/multiple-source process. The research shows without a doubt that firms that create a competitive process yield higher prices than those that negotiate with only one party.

Buyers understand this all too well and many will discourage sellers from engaging in a process because

they do not want the price driven upwards. There is a reason why firms have resources that go into the marketplace to find exclusive deals. You also have to be cognizant of how the buyer's representative is being compensated. In some cases, they may have a quota of firms they need to contact or they may be paid based on reaching certain milestones. Just because someone calls from a larger buyer does not mean that they are necessarily interested in purchasing your firm.

Price is not the end all for every seller. Often, cultural fit and certainty of closing are of equal or greater importance. Many firms create a process with multiple parties to ensure more than just a higher price, but also to give themselves the opportunity to find firms that are committed to closing a transaction. A multi-party process also helps you compare the cultures of different firms and find the best fit for your firm. Many owners of A/E/P and environmental consulting firms think that a "process" involves calling every firm with even the most remote possibility of interest; this is just not the case.

While a broad process gives you a higher likelihood of finding the best fit, the owner ultimately controls who you target and how the process will be run. Hiring an outside firm to do the upfront legwork can help keep you focused on running your business rather than calling 10, 20, or 50 firms that may have interest in your firm.

Aside from contacting multiple parties, there are proactive things you can do today to ensure your firm is ready to go to market when the time is right. First, clean up any potential contingent liabilities. Second, get your financial reporting and administrative house in order. Focus on keeping better records and keeping things up to date. Look hard at owner's compensation and either eliminate perquisites that would not pass the smell test with a buyer or start keeping detailed records so you can show buyers where your firm spent money on owner's extras. Lastly, make sure that your key employees will be tied-up and loyal to the firm so you can show buyers that the staff that has made things happen in the past will be there for the future.

If a third-party sale is in your future, you need to be proactive about the process. Regardless of the timing or the format, you need to take the initiative. Waiting for the right opportunity to fall into your lap is not a prudent strategy for something so important. ▀▀

W HOBSON HOGAN, a senior consultant at ZweigWhite, assists AEC firms with strategy formulation and ownership transfer issues, including buyer and seller representations. Contact him at hhogan@zweigwhite.com.

In almost every other industry in our vast economy, firms that have decided that a third-party sale is in their best interest go out and proactively try to find the best match in terms of fit and price. For many reasons, most design firms have decided to sit on their hands and wait for the phone to ring.

Managing your proposal time



Wally Hise

Use strong time management skills to meet deadlines and maximize your team's productivity.

Emotional timeline of a proposal: Day 1 – blindly optimistic; Day 5 – concerned; Day 10 – frustrated; Day 15 (half-way mark) – panicked; Day 20 – stressed; Day 25 – hopeful; Day 30 – relieved; Day 31 – exhausted. Does this sound familiar?

To be fair, not every proposal is a rollercoaster ride or a doomsday scenario. But many of us have lived through the painful ones, crawled out the other end (battered and beaten down), and wondered what went wrong. One common thread that I observe on the tough proposals is a lack of basic time management.

The job of a proposal manager is multifaceted: organizer, leader, coach, and disciplinarian. To complicate matters, you have to manage not just your time, but that of team members too. And there may be virtual participants, people working remotely. Here are some techniques for time management that can help in many situations.

- 1) Work in blocks of time.** Rather than giving an assignment and waiting for one or two days, or longer, to see results, ask for a working draft back at the close of business. "Impossible" is the typical response. Not so. Dedicate a two-hour block of time during the day to write; this is long enough to make progress, but not so long that fatigue or distractions will take over. The goal should be progress, not perfection.
- 2) Eliminate distractions.** Nothing kills productivity like distractions. I know this will be hard, but close out applications like email and instant messenger; people don't respect "busy" or "do not disturb" tags on your name. Put a sign on the door – and close it tight. Turn the ringer down on the office phone and put your cell

MARKETING METRICS

Rather than giving an assignment and waiting for one or two days, or longer, to see results, ask for a working draft back at the close of business. 'Impossible' is the typical response. Not so.

phone in a drawer, briefcase or purse. Writing time is precious.

- 3) If YOU don't have to do it, delegate.** Many management, research, editing and creating tasks are busy work for you, but could be growth opportunities for others. Clear your plate by identifying activities that someone else can easily do, or can learn, with some instruction and coaching. You'll get back double the amount of time it takes you to explain the task and free up your calendar for more pressing proposal work.
- 4) Prioritize tasks.** What has to be completed first to keep making forward progress on the document? Evaluate all requirements and determine the critical path to reach the next milestone. Believe it or not, sometimes you don't need to have a section completed or all requirements addressed in order to get a review copy distributed.
- 5) Schedule frequent check-ins with the team.** For my current proposal effort, our team is together on site. We review the status of the entire document as a team, section by section, at least once a day. Each section has a status, an owner, and next actions. This may sound tedious, but it is an effective way to keep everyone on the same page and focused.
- 6) Conduct crisp meetings.** Everyone is busy, tired and under pressure when preparing a major proposal response. Frequent or long meetings can be one more distraction and nothing saps energy like an unproductive group discussion. Set a time limit for meetings – 15 minute check in, half hour status, hour pricing review – make clear assignments as you close on each agenda item and keep to the schedule so participants can get back to work.

And don't forget about your extended team. Critical tasks may lie with subcontractors who have an important or niche role. Getting technical and pricing input from these individuals can be even more difficult since they are outside the control of your company. Use the tips above, especially items 4 through 6, to keep them on track too.

It is very likely that your proposal is not the sole focus of participants. You may have other pursuits to keep moving forward, the project manager has clients with pressing needs and technical staff have billable work to do. Exercising your control as proposal manager, and applying critical time management skills like the ones listed above, is all about maximizing the productivity of your team. ▀▀

WALLY HISE is vice president of federal marketing for **HDR Engineering, Inc.** (Omaha, NE). Contact him at wally.hise@hdrinc.com.

BEST FIRM 2012

KL&A, Inc. has near zero turnover

Best Firm To Work For offers horizontal organization, diverse work and opportunities for engagement.

By LIISA SULLIVAN
Correspondent

Many things seem to contribute to KL&A, Inc.'s Best Firms To Work For status, but it all starts at the top.

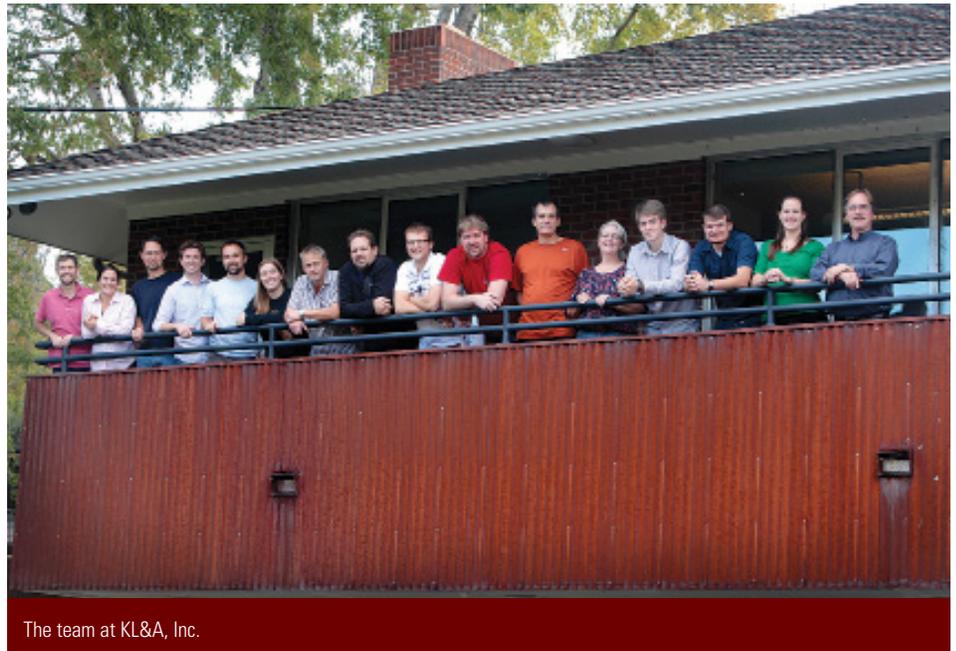
Greg Kingsley, president and CEO of Golden, Col.-based structural engineering firm, says that what he values most about getting this award is the overall feedback the firm receives from the process itself (whether it places on the list or not) and also that it helps attract talented individuals to the company.

KL&A, Inc., which employs 42 people, came in at No. 8 in the structural engineering category.

KEEP EMPLOYEES COMING BACK FOR MORE. Kingsley says that first and foremost, firm leaders have worked to establish the mindset that work and the workplace should be enjoyable since employees spend so much time working.

"As we make decisions, we keep this idea in mind," Kingsley says. "For example, during our entire 18-year history, all of our workspaces have been large, with an open floor plan and operable windows. Many of us eat lunch together and we are friends outside of work. We are open with information, both strategic and financial, because that gives intelligent workers peace of mind. We are also performance oriented, not rule oriented, because this gives workers the freedom to balance their lives based on individual needs."

As a result, this mindset makes KL&A an enjoyable place to work and the firm has a near zero voluntary turnover.



The team at KL&A, Inc.

WHAT MAKES THEM A TOP FIRM?

Here's what Kingsley says:

- "We are horizontally organized, so talented people do not feel like they have the weight of a hierarchical pyramid above them.
- "We have an extremely diverse book of work, which keeps everyone engaged and learning. This includes beautiful architectural buildings and innovative delivery of buildings of all kinds and materials.
- "Our construction work is very rewarding, as engineers feel that they are engaged and valued in all aspects of a project, not just a single silo.
- "We have formalized programs for mentoring, personal career development, reviews, and training.
- "Our base compensation is fair and we share profits in a fair way that is consistent with what we have promised in the past.
- "Our books are open, so everyone is able to understand all aspects of our business.
- "We care about our employees

FAST FACTS

What is the firm's mission? To revolutionize the way buildings are designed and built through integrated project delivery and uniting the engineering and construction process.

Office locations: There are three offices in Colorado: Golden, Loveland, and Basalt and one in Buffalo, Wyo.

Who founded? Greg Luth, Helmut Krawinkler and Doug Rutledge founded the company with the intention of achieving the stated mission. Very shortly thereafter, they were joined by Brant Lahnert, and finally by Greg Kingsley, who were on board for the revolution (revolutionizing the way structures are designed and built).

.....
and have excellent benefits."

TOP FIRM/TOP TALENT. As Kingsley reported above, the publicity of being a best firm has had a substantive and positive effect on its recruiting efforts.

"Young people especially are motivated to work in a positive, people-centered

See KL&A, page 10

ON THE MOVE

DUFFY JOINS TT: Thomas Duffy, a structural engineer with more than 25 years of experience in bridge and kinetic structures, has joined **Thornton Tomasetti** (New York, NY), an international engineering firm, as a senior vice president. Duffy, previously a principal associate with **Hardesty & Hanover** (Boston, MA), a full service infrastructure engineering firm, will be working closely with Building Performance Practice Leader and Managing Principal Gary Panariello.

Duffy's move to Thornton Tomasetti will enhance the firm's expertise in three key areas: bridge and transportation forensics; kinetic structure design, especially movable roofs for stadiums; and business development across the Building Performance practice. Duffy's breadth of experience will also strengthen the strategic alliance between Thornton Tomasetti and Hardesty & Hanover.

"Tom's depth of knowledge of Hardesty & Hanover will allow us to more rapidly connect the dots between the two firms," said Tom Scarangelo, Thornton Tomasetti chairman and CEO. "He will enhance our ability to help clients evaluate the early design and integration of kinetic structures into their vision – but most importantly he will expand our clients' ability to implement those designs, either through the Thornton Tomasetti/Hardesty & Hanover partnership or through any partner of their choice."

Duffy joined Hardesty & Hanover in 1986 and has focused on project management and business development. His bridge credits span nearly a dozen states, from the Verrazano Narrows and George Washington bridges in New York to the Carlton Lift bridge in Bath, Maine, and the Third and Fourth street bridges in San Francisco. He has worked on multiple projects outside North America, including bridges in Waterford, Ireland, Northern Ireland and in Manchester, U.K. His professional credits include eight retractable roof structures, an expertise that dovetails with our stadium and arena work.

Duffy's relationship with Thornton Tomasetti extends more than a decade and includes collaboration with individuals in many of our offices. He was involved in a number of structural evaluation and forensic projects, such as the movable roof bearing replacement project at Miller Park in Milwaukee, Wis., on Safeco Field in Seattle, Wash., the rehabilitation of the Roosevelt Island Tramway in New York City and the evaluation of tornado damage at the Lambert-St. Louis International Airport in Missouri.

PARSONS PROMOTES: Parsons (Pasadena, CA), a design/design-build, program/construction management firm, announced the appointment of Todd Wager as president of Parsons Transportation Group, Inc. (PTG), effective Oct. 15. PTG, a primary business unit of Parsons Corporation, is one of the largest providers of management, engineering, and planning services to government transportation agencies and private transportation providers across the globe. In his new role, Wager will be responsible for the business unit's worldwide

operations.

Wager joined Parsons in 1996 and has since held a succession of management positions throughout the corporation both in Europe and the United States. He began his career with Parsons in project management, working in a broad range of customer segments encompassing infrastructure and environmental projects in the oil, gas, and water markets. Wager's most recent position was president of Parsons Government Services, Inc., Parsons' largest business unit. In this capacity, he was responsible for overseeing Parsons' government business, which includes the defense, energy, environmental, infrastructure, security, and intelligence markets. In 2011, he led the acquisition of SPARTA, Inc., a leading provider of systems engineering, cybersecurity and mission support services to the U.S. Government.

He is based in Parsons' corporate headquarters.

"Todd's experience with acquisitions and strategic planning, coupled with his diverse international business background, is an asset to Parsons," said Chuck Harrington, Parsons chairman and CEO. "He successfully led the re-platforming of our government services business unit over the past three years and his growth orientation and dynamic leadership is contagious. We have a very strong transportation business and I am certain that Todd will lead our transportation group to even higher performance and growth levels."

LJA HIRES: Houston civil engineering firm **LJA** announced that Danny Miller has been promoted to vice president in the firm's Austin land development division.

Miller has been with LJA for over six years, and has provided engineering leadership for a variety of projects with very diverse circumstances and design constraints. He has been instrumental in the development and expansion of LJA's services and client base in the multi-family, commercial, and retail markets in the Austin area. Miller has over 22 years of experience in land development and site development projects throughout the Central Texas area, and over 18 years working in the Austin area. His experience includes site assessments, feasibility studies, conceptual planning, cost estimating, drainage studies, permitting, construction plans and documents, and construction phase services. Miller has a thorough understanding of the City of Austin's land development regulations and design criteria, as well as the Cities of Georgetown, Cedar Park, Round Rock, Bee Cave, and Pflugerville regulations, and TCEQ Edward's Aquifer regulations and applications. Miller's land development experience includes project management and design for a range of projects, including large master planned communities, retail shopping centers, multi-family residential, industrial sites, office campuses, senior living facilities, infill developments and affordable housing developments in Austin and the surrounding areas.

KL&A, from page 1

workplace," he says.

For example, Katie Clark, marketing coordinator, says that she loves that KL&A principals promote growth in ways that are mutually beneficial and cater to one's interests and talents.

"KL&A is a great company to work for, plain and simple," she says.

Zac Brownson enjoys the diversity of the project portfolios and says that it

is refreshing to work with like-minded colleagues over this diverse project portfolio.

THE GOLDEN RULE. When it comes to creating an amenable environment, the philosophy at KL&A hinges on the definition of the Golden Rule: "One should treat others as one would like others to treat oneself." As a result, the founders set out to create a culture where everyone would feel comfortable and projects would be delivered with care.

"When we first started the company,

four of the five leaders of the company came from backgrounds other than traditional structural engineering design (steel fabrication, forensic engineering, and academic research)," Kingsley says. "From the beginning, we set out to create a company that we wanted to work in, and did not feel constrained by a history of 'how it's done.' To the extent that we knew how things were done, we explicitly intended to question that, from the way drawings were done to the way projects were delivered to owners." ■▲

PROFILE

CFO is patient, consistent and vigilant

Mac Frankfort helped bring firm from the brink to its prosperous status today.

By BRYAN SULLIVAN
Correspondent

Mac Frankfort has spent the last 15 years in the A/E industry as a CFO. He is now the CFO at **Wiley|Wilson** (Lynchburg, VA), a 175-person full service architecture and engineering firm. He first started his career in sales in building materials and construction and then moved into finance. It was this experience in the construction and materials side of things that gave Frankfort a well-rounded perspective that he continues to use today.

NOT AFRAID TO TAKE ON CHALLENGE. Frankfort has been with Wiley|Wilson for 12 years. The firm was going through an ownership transition when he was hired as CFO. His predecessor didn't like what he saw so he found another opportunity; but Frankfort thought it was an exciting challenge.

"Despite the fragile position of the company, there was a great deal of excitement about the future with a new management team and employees in place," Frankfort says. "I had a chance to make a bigger impact with this firm than with the one I was leaving and I was willing to take the chance that we could make it work."

Today, Frankfort's top responsibility is to keep the firm financially stable and legally compliant. All other duties, such as reporting, forecasting, and risk management, fall under this main objective. As with any CFO, Frankfort's focus must be on the firm's mission. He achieves this by getting back to the basics.

"I stay focused on those basic beliefs of patience, consistency and vigilance and strive every year to make sure those principles are reflected in my work," he says.

A CONVERSATION WITH MAC FRANKFORT

THE ZWEIG LETTER: What major accomplishment are you most proud of since you have been with the firm?



Mac Frankfort,
CFO,
Wiley|Wilson.

Mac Frankfort: Helping the company to strengthen its financial position from near non-existence to very stable. Our transformation over the last 12 years is pretty remarkable and I'm proud of the role I've played in that success.

TZL: How would you describe your work style?

MF: I'm definitely hands off. I have a very good group of people working with me and I stay out of their way and let them do their job.

TZL: What are your key strengths? What do you feel the key strengths are for an effective CFO?

MF: I'm very patient, very consistent, and I am focused on staying the course. Any CFO needs to be patient and consistent over the long haul. Focus on the basics and keep it simple because, at its core this is a very simple business and I think it's a mistake to over-complicate things. I also believe that you have to constantly guard against letting the appeal of potential big gains in the short term move you into risky waters.

TZL: What are the top three challenges facing A/E firms in the coming year?

MF: I would say that most A/E firms are facing the same challenges: finding work, attracting and retaining top talent, and keeping up with emerging technology.

TZL: What will you do to overcome these challenges?

MF: Like most challenges, we solve them thanks to a group effort by our management team to develop viable and actionable resolutions. From my perspective, the challenge lies in ensuring that any proposed solutions don't expose us to unnecessary risks, so I'm constantly balancing how to mitigate our exposure

without suppressing any creativity.

TZL: Where did you earn your degree?

MF: I earned my BS in Business Administration from the University of Arizona, and my MBA from the Darden School at the University of Virginia.

TZL: What is your favorite part of your job?

MF: Hands down, it's the great privilege of working with everyone here at Wiley|Wilson. At all levels and in all disciplines, this is a very talented workforce and I am regularly impressed with the types of projects we book and the final work we produce. We're a family and we genuinely care about each other.

TZL: What do you enjoy in your spare time?

MF: I read a lot and I really enjoy working in the yard.

ABOUT WILEY|WILSON

Wiley|Wilson was founded by Edgar C. Wiley as a consulting engineering firm in 1901.

In 1913, E. John F. Wilson joined Wiley and the partnership of Wiley & Wilson was formed. This partnership expanded and grew into a multi-disciplined architecture, engineering and planning firm serving a solid base of industrial, commercial, and governmental clients.

In 2000, the firm became an employee-owned firm through the establishment of an Employee Stock Ownership Plan (ESOP). The firm is now 100 percent employee-owned.

In 2008, the firm implemented a new brand image and changed its name to Wiley|Wilson. The tagline "Constant Progress" was introduced signifying the evolving face of Wiley|Wilson.

In 2012, Wiley|Wilson was named the 10th Best Multidiscipline Firm To Work For by ZweigWhite.

Today, the company operates a total of four offices. Locations include Alexandria, Va., Atlanta, Ga., Richmond, Va., and Lynchburg, Va.

IN BRIEF

ABI SURGES: Billings at architecture firms in September increased at their fastest pace since late 2010. The American Institute of Architects reported the September Architecture Billings Index score was 51.6, up from the mark of 50.2 in August. This score reflects an increase in demand for design services (any score above 50 indicates an increase in billings). The new projects inquiry index was 57.3, compared to a mark of 57.2 the previous month.

“Going back to the third quarter of 2011, the multi-family residential sector has been the best performing segment of the construction field,” said Kermit Baker, AIA chief economist. “With high foreclosure levels in recent years, more stringent mortgage approvals and fewer people in the market to buy homes there has been a surge in demand for rental housing. The upturn in residential activity will hopefully

spur more nonresidential construction.”

As a leading economic indicator of construction activity, the ABI reflects the approximate nine- to 12-month lag time between architecture billings and construction spending.

Key September ABI highlights:

- Regional averages: West (53.4), South (51.9), Northeast (49.5), Midwest (47.2)
- Sector index breakdown: multi-family residential (57.3), institutional (51.0), commercial / industrial (48.4), mixed practice (47.8)
- Project inquiries index: 57.3

The regional and sector categories are calculated as a three-month moving average, whereas the index and inquiries are monthly numbers.

SAM SCHWARTZ, from page 5

successfully one project after another. Schwartz’s firm grew to 60 employees and was well on his way to great success when the attacks of 9/11 occurred. After the attacks, Schwartz watched as one contract after another was cancelled due to financing difficulties, pushing the financial future of his firm to the brink. Instead of giving up, Schwartz continued to invest in his company over the next 10 years, putting up his NYC apartment and his home on Long Island as collateral to keep his business going and his staff employed. As the hard times continued, Schwartz refused to lay off any of his employees and continued to put his own finances at risk. His courage and determination paid off and today Schwartz is the CEO of a successful firm and works with a loyal staff of over 100 people, which he considers family.

Schwartz’s achievements are numerous. He founded two NYC public schools and is dedicated to studying cities and their infrastructure. He set up a long-term bridge capital and maintenance program within a new City Bureau of Bridges that he created, and says NYC bridges are the strongest they’ve been since World War II. Schwartz is also known for having coined the word “gridlock.”

Schwartz’s award application states that throughout his career, he has exemplified a strong devotion to those that work with him.

“He puts a significant amount of his attention on the growth and happiness of

“(Sam Schwartz) puts a significant amount of his attention on the growth and happiness of his employees and has always and continues to provide an open forum for them.”

his employees and has always and continues to provide an open forum for them. Schwartz has grown his company throughout the recession and now has seven offices across the United States. In doing so, he has been able to give his employees confidence in their job stability and continued to hire those who were otherwise unemployed. Today Sam supports a staff of 100-plus employees and has doubled revenue through the recession,” the application states.

Runner ups for this year’s award include: H. Ralph Hawkins, chairman and CEO, **HKS, Inc.** (Dallas, TX), who survived kidney disease to go on to build a firm that is in the top 10 in sustainable design. D. Wayne Klotz, president and CEO of **Klotz Associates, Inc.** (Houston, TX), who made great strides in promoting engineering as a profession to young people and fostering civil engineering education, all while running a successful firm, and Michael Kuppinger, executive vice president, **Environmental Systems Design, Inc.** (Chicago, IL), who demonstrated impressive leadership in his community and in his firm. ▲▲

RESOURCES

OPERATING EXPENSES SURVEY: Are you overlooking obvious ways to be more profitable?

It’s always important for firm leaders and financial managers to keep overhead costs in check, and every design and environmental firm has costs that can be cut in one area or another. Where does the fat reside in your firm? Where can you minimize spending to maximize profits? Get the answers to these questions and many more with ZweigWhite’s 2012-2013 “Operating Expenses Survey of Architecture, Engineering, Planning & Environmental Consulting Firms.”

Newly updated for 2013, this survey has the latest, most detailed statistics available on operating expenses for firms just like yours. Get data on everything from how much the average firm spends on professional liability insurance to how much it spends on hardware and software.

The 2012-2013 Operating Expenses Survey will show you how to:

- Set your firm’s 2013 budgets based on accurate industry benchmarks
- Identify excessive overhead expenses
- Justify budget cuts or increases
- Learn how much money to spend on marketing
- See how much other firms are spending on bonuses, 401(k) plans, and other benefits
- Get a handle on rent and utility costs for firms of your size and region

We packed this report with tables, and broke the data out by firm type, region of headquarters, staff size, growth rate, and client base so you can make apples-to-apples comparisons between the survey statistics and your own firm. We also included trend data so you can compare your firm’s spending history to the industry norm.

Whether it’s time to set budgets in your firm or just time for a check-up on expenses, don’t get into this important process without first getting a copy of this book. Hundreds of firms have not only used this annual report to tackle their toughest budgeting issues and predictions, but they’ve also used it to ferret out and eliminate wasteful spending – and to boost profitability. Use the report to find the elusive line between making a profit and losing your shirt.

For more information or to buy a copy, call 800-466-6275 or log on to www.zweigwhite.com/zw-1166.aspx.