

Break down the barriers



Mark Zweig

Your fate is in your hands. Mark Zweig offers five tips to help ensure success.

The election is over and now we can all get back to work. I thought it would never end. And while I won't discuss politics in these pages, I will say that I don't think whomever is in the oval office is going to make or break my business. As an industry made up of mostly small, privately held companies, we make our own way. We don't have powerful lobbyists representing our interests. We're not going to get special tax breaks or subsidies. We won't get saved by the government if we are about to tank.

That's fine with me. I really don't want any special help. Most "can-do" architects and engineers in business for themselves are pretty much the same way.

So if we (largely) control our own firms' success or failure, what can we do as individuals to do better from here on out? Here are my thoughts:

1) Get out of debt. Sell off unnecessary assets. Collect the money that's owed to you. Take less out of the firm. Do whatever you can to get out of debt because it is a barrier, plain and simple. Not only is the debt paralyzing psychologically, it also increases the risk of your entire enterprise to carry so much of it.

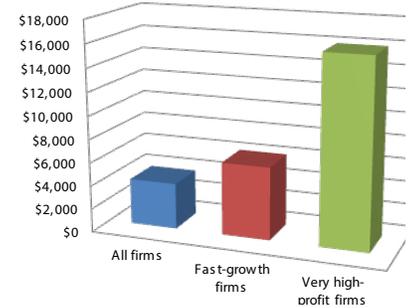
2) Fix accounting. You can't run a business if you don't know how you are doing. You need your financials done quickly – none of this being two months behind! You need accurate cash flow forecasting. You need to know how much cash you have on hand at all times. Not having this information is a barrier to high performance. None of this stuff is impossible to fix. Now is the time to finally do it!

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TRENDLINES

Better Bonus



According to the 2012-13 "Successful Firm Survey," bonus costs per employee at very high profit firms and fast-growth firms are significantly higher than for the overall sample.

The report finds that very high profit firms' and fast-growth firms' bonus costs per employee are a median of \$16,015 and \$6,250, respectively. Meanwhile the overall sample shows a median of \$3,949.

– Margot Suydam, Survey Manager

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The ingredients of success

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3) Reform/change roles/let go the people inside the company who are your biggest problems. You know who I am talking about. These are the people who “keep you awake at night” much more so than collecting your money or winning the next job. They suck the life out of you and cause you stress and ruin your otherwise good days. That’s an unnecessary barrier. Do something.

One of the problems that many of us share is we tend to over commit. I am a good example of that. I have too many jobs, boards, classes, cars, houses, kids, and more.

4) Free up your time. One of the problems that many of us share is we tend to over commit. I am a good example of that. I have too many jobs, boards, classes, cars, houses, kids, and more. While I do think over committing is a good way to get a lot done, you may have overdone it and now need to cut back on something because you have NO time left to devote to what is a higher priority. No time is a huge barrier to success – break it down!

5) Fear. Fear, while a necessary survival instinct, can also be a huge barrier to your success. What are you doing to overcome your fears? Fears about the economy, going broke, being embarrassed by failure or anything else. Fear has to be confronted so you can move ahead.

There are many barriers to your success – these and others. The question is: What are you doing to identify them and, perhaps even more importantly, overcome them?



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

A/E BUSINESS NEWS

DODGE SLIDES: The Dodge Momentum Index slipped another 0.6 percent over the month in October, according to McGraw-Hill Construction.

The Momentum Index is a monthly measure of the first (or initial) report for nonresidential building projects in planning, which have been shown to lead construction spending for nonresidential buildings by a full year.

The October Momentum Index retreated to 93.3 (2000=100), the third consecutive monthly decline following the most recent peak of 96 in July.

After bottoming out in mid-2011, the Momentum Index had shown a hesitant upward trend through July of this year, with monthly gains outweighing setbacks.

The recent loss of momentum for the index over the past three months can be attributed in part to the high degree of uncertainty affecting the U.S. economy and construction industry, reflecting the U.S. presidential election and the looming fiscal cliff.

In addition, plans for institutional building projects were particularly strong in recent months, but that strength dissipated in October given the continued tight budget conditions faced by states and localities.

The drop in the October Momentum Index was due entirely to a 1.3 percent decline in its institutional segment. In particular, the volume of publicly financed construction projects eased as fewer large-scale healthcare projects entered the planning phase.

The decline in institutional building plans was partially offset by stability for commercial building plans, following lower activity in this segment during the prior two months.

The commercial building segment in October was helped by an increase in new plans for office projects, including an Apple data center in Prineville, Ore. and a new headquarters for Samsung in San Jose, Calif.

Store projects entering planning also ticked modestly upward in October, supported by new plans for an outlet mall in Georgia.

Meanwhile, American Institute of Architects President Jeff Potter has called on Washington politicians to work together to solve the fiscal cliff facing the nation.

“Now that the election battle is over, we urge both the White House and the newly elected Congress to launch a new era of statesmanship by putting aside

differences on the budget and by enacting policies that will help put the economy on a more solid footing for all Americans,” Potter said.

In particular, Potter urged both parties to solve the impending budget impasse known as the fiscal cliff, where mandatory budget cuts and tax hikes threaten to cost more than 60,000 construction jobs beginning on Jan. 2, according to a recent AIA study.

The AIA’s legislative priorities are:

- Ease access to credit for borrowers, especially in the design and construction sector;
- Adopt a comprehensive plan to rebuild our nation’s aging infrastructure to make it to more resilient and sustainable;
- Renew existing and create new incentives to encourage energy conservation in government buildings and throughout the built environment;
- Enact tax and regulatory policies that benefit small businesses.

“In the coming weeks, the AIA plans to issue a more detailed strategy on its legislative priorities for 2013 and how they can help grow the economy,” Potter said.

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HOT FIRM

The ingredients of success

Hot Firm leaders sit around the table and share challenges and success tips candidly.

Editor's note: This is the second of a two-part series covering The Zweig Letter 2012 Hot Firm Conference.

By CHRISTINA ZWEIG
Contributing editor

The following article includes excerpts from the Hot Firm CEO roundtable at **THE ZWEIG LETTER** 2012 Hot Firm Conference in Aspen, Colo., on Oct. 25 and 26, led by Ed Friedrichs, ZweigWhite principal.



Q: What are the key ingredients of an A/E/P or environmental firm leader and how do they deal with challenges?

During a general discussion preceding the roundtable, organizers and firm leaders said that it is of utmost importance for a leader to understand what they do really well. But no leader acts alone; second to the ability to understand strengths is the ability to surround oneself with other people who can help. Especially in a growing firm, new partnerships and adding new people to the firm while keeping the core values of the firm strong, is a chief concern, they said.



C.K. Satyapriya, president of **CTL Engineering, Inc.** (Columbus, OH), a 260-person a full service consulting engineering, testing, inspection and analytical laboratory services firm, said, "Change is a constant, that's one thing I pride myself in. Be observant of environment and see what change is coming. Come up with potential solutions."

Firm leaders agreed that some of the most important jobs leaders face are articulating the vision, explaining why the firm needs to grow, and finally getting everyone to buy

"Leadership is about creating change. Build the organization that builds the business. We embarked on a change strategy. We wanted a highly collaborative, open book policy... (We wanted to) distribute decision making to whole management team."

into it. As the firm grows, people have to grow as well.



Tom Hayden, president at **Shive-Hattery Group, Inc.** (Cedar Rapids, IA), a 350-person architectural and engineering firm, said, "Leadership is about creating change. Build the organization that builds the business. We embarked on a change strategy. We wanted a highly collaborative, open book policy... (We wanted to) distribute decision making to whole management team."

From this philosophy, the firm began a change toward open doors, creating work stations, eliminating offices, and eventually developing the compensation plan enabling collaboration across the organization.

Many firms echoed the sentiment that it is often difficult to manage growth and new leadership but still continue the firm's founding philosophy.

Q: Consistent values and statements are vital to the success of any firm, but how can a firm leader keep these the same while a firm inevitably changes as it grows and expands?

Friedrichs said that parables are often prevalent in successful firms. "Firms that are about to have a consolidated view of who they are use common stories to unite. That's why we tell stories at board meetings. These stories are a way of transmitting a 'tribal' lore, a 'tribal' culture, about who we are and why we do what we do."



Many leaders feel like the firm is a direct reflection of themselves.

"I feel like my company is me in a way," said June Jewel, president and CEO of Acuity Business Solutions, a Reston, Va.-based firm that helps project-based businesses find opportunities, win business, deliver projects, and manage their organizations.

"Your role and view of yourself changes overtime," said Harrison French, CEO and founder of **Harrison French & Associates, LTD.** (Bentonville, AR), a 150-person architecture and engineering firm.

Paul Greenhagen, president and CEO **Westwood Professional Services** (Eden Prairie, MN), a 230-person multidiscipline firm, said his firm has gone through many changes over the past six years. The biggest challenge: "Bringing people from all different cultures together, and merging."

Royce Conlon, president, **PDC Inc. Engineers** (Fairbanks,

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Royce Conlon,
President, PDC
Inc. Engineers.

AK), a n 80-person multidiscipline firm, has been in her role for only a short time, though she has been with firm for 20 years. She said, "I am now in a position to try to make some changes. I had to ask myself, 'Why was I elected?'" Sometimes leaders are character-

ized as assertive or pushy, but Conlon says, "Or can put it another way: I challenge people to do their best and do their best for their clients."

A challenge for Conlon? "Financial accountability. Some of our past people are focused on doing the job and doing the job right and I don't want to lose that, but I think we can also be financially successful."

While a great leader can start and develop a firm, at some point the firm may become too large to successfully manage alone. A challenge firm leaders often have in growing firms is learning to let go and let others lead.

Friedrichs commented on the importance of this. "Often the growth throttle and the choke throttle to growth are based on the leadership team working in sync," he said.

"I want my job and position to be expendable. It's the sign of a strong company that no one person is indispensable. Giving everyone in the company the tools they need to succeed," said Charles Hammontree, president and CEO of **Hammontree & Associates, Limited** (North Canton, OH), a 53-person consulting firm that offers civil engineering services.

Tim Schauer, president and CEO of **MacKay Sposito** (Vancouver, WA) said, "Sitting back and being the last to talk instead of the first to talk is a big challenge. We want people to think for

"You get what you reward... and in a way a criticism is a reward too because it's attention. The more things you can identify that someone is doing well, the more often they will repeat it."

themselves."

While the above is true, it's also the leader's job to step up and say something if things are getting off track. This can be a common problem among creative types who often work and lead in design firms.

"A lot of people who are dreamers, who are futurists, who come up with great ideas, don't have the discipline to keep everyone in check," Friedrichs said.

"One of my weaknesses is holding people accountable," Jewel said.



Keith Sampson,
President and
CEO, SRP
Environmental
LLC.

Keith Sampson, president and CEO of **SRP Environmental LLC** (Shreveport, LA), 25-person full service environmental consulting, health and safety consulting, environmental services firm, agreed. He said that his weaknesses are "human resources and holding people accountable."

Many of the other CEOs present offered similar statements about making "tough calls" and keeping employees doing their jobs properly.

An hard-line approach isn't always the best solution, nevertheless.

"If someone is having trouble, instead of looking at them and saying they 'need to go,' I try to see if maybe they are in the wrong job... I want to play up their strengths," Sampson said.

Satyapriya said, "We are quick to criticize but not as quick to recognize achievements."

Friedrichs said, "You get what you reward... and in a way a criticism is a reward too because it's attention. The more things you can identify that someone is doing well, the more often they will repeat it." ▽▲

RESOURCES

SALARY SURVEY: Salaries at leading U.S. architecture firms nationwide have fallen prey to the economic slowdown. And yet, the recent economic pain has not been felt equally!

Which positions have been most affected? Do you, or others in your firm, have good cause to feel shortchanged – or to feel fortunate?

The 2013 "Salary Survey of Architecture, Interior Design & Landscape Architecture Firms" is the most up-to-date and comprehensive compensation survey for architecture firms across the country. Based on data from a broad sampling of architecture firms in the U.S. reporting salaries for all positions, this report is the gold standard for firm leaders looking to benchmark their own and their staff's compensation against their peers.

You'll get salary comparison tables for each position, broken down into demographic subgroups such as firm type, firm staff size and region of office so you can make reliable comparisons between your firm and others just like it.

Regions include: New England, Middle Atlantic, South Atlantic, North Central, South Central, Mountain, and Pacific. Descriptions and average years of experience are included for all titles in the survey.

Conducted in late 2012, the Salary Survey of Architecture, Interior Design & Landscape Architecture Firms gathered responses from more than 100 representative firms from all regions of the country to document base salaries of employees at those firms.

It's all here, laid out in an easy-to-read format for firms just like yours.

The Salary Survey will help you:

- Compare your staff's salaries to those in firms just like your own
- Find out what the normal salary range is for every type and level of position in architecture firms
- See how salaries change as firms grow in size and help you prepare for your own firm's future
- Evaluate salaries on a regional basis
- If you have offices in more than one state, see where employees are earning the most – and the least

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

PRACTICE

The language of subconsultant contracts

The nuts and bolts of writing a contract to ensure minimal change orders and cost overruns.

Editor's Note: Second of a two-part series.

By LIISA SULLIVAN
Correspondent

"If the prime agreement appears to be a fixed price lump sum contract, but requires the submission of a breakdown of the lump sum amount or requires that timesheets be submitted with invoices, does the upstream client really intend the prime agreement to be a fixed price lump sum contract?"

Contract writing can be seen as a burdensome and legalese-riddled endeavor, but experts assure that the correct language will go a long way to avoid project change orders and cost overruns.

FOCUS ON LANGUAGE. Michele Kidd, assistant general counsel at **exp** (Brampton, ON), a consulting firm that provides building engineering, earth and environment, infrastructure engineering, planning and design, program management and sustainability services, has some tips for minimizing change orders. They are:

- Have a well-defined scope both upstream and in the subcontract. This goes a long way to minimizing change orders. However, changes are inevitable on most projects. The key is to minimize changes for which the client will not pay.
- Include a provision in the subcontract that requires the subconsultant to take certain steps as a condition to having a change order approved. Tie approval of any change order to sign-off by the client. The contract should also ensure



Michele Kidd,
Assistant General
Counsel, **exp**.

that the subconsultant will continue to work while any change order is being requested or negotiated to avoid a delay to their work or the overall project schedule. Here is some language to consider:

Consultant may from time to time order modifications or changes to the Services by written change order ("Change Order"). Prior to the commencement of any Change Order, Subconsultant shall notify Consultant of any requested adjustment in Compensation or Schedule and provide justification for such adjustment. Consultant takes no responsibility for any change to Compensation or Schedule unless agreed to in writing.

If a technical direction constitutes a change to

Services in the opinion of the Subconsultant, it shall give written notice to the Consultant with seven (7) days. Until authorization to proceed with the change is granted by the Consultant, the Subconsultant shall continue to diligently perform the Services, including any directed changes or Change Order, in accordance with this Agreement. Consultant is not obligated to authorize any Change Order except to the extent authorized in writing by Client. Failure of the Subconsultant to comply with the requirements of this Section shall constitute a waiver by Subconsultant of any claim to any adjustment to Compensation or Schedule under this Agreement.

Kidd advises that when it comes to minimizing cost overruns, incorporate a "pay when paid" provision. For example:

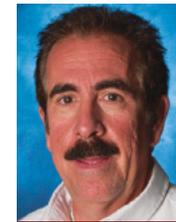
Consultant's obligation to pay Subconsultant is contingent upon receipt of payment from Client. Consultant may withhold from payment any amount withheld by Client in accordance with the Prime Agreement. Payment to the Subconsultant shall not be deemed acceptance of the Services and is subject to adjustment for any portion of the Services that must

be corrected or re-performed. Consultant shall be entitled to withhold such amounts as are necessary in the opinion of the Consultant to correct any portion of the Services which was deemed defective or deficient.

Kidd adds that you should also:

- Include an obligation on the part of the subconsultant to comply with certain notice requirements as set out in the section above, which are designed to give you notice when problems arise and have the potential to delay the project or increase costs. Failure to meet these obligations by the subconsultant denies it the ability to pursue the claim.
- Conduct due diligence on subs to ensure they are qualified, financially stable, and carry the appropriate insurance coverage and sufficient limits for the services being performed. Also, follow up to confirm that it can meet any contractual commitments – examples include HSE, insurance, bonding and any warranties.

BE CLEAR ABOUT COMPENSATION.



David Petrone,
Director
of Contracts and
Risk Support,
MBP.

David Petrone, director of contracts and risk support at **MBP** (Fairfax, VA), a multidiscipline consulting firm, says that it's also important that the compensation scheme for both labor and non-labor expenses in the subconsultant agreement be as specific/clear as possible. For example, is the prime agreement using a

fixed price lump sum or time and expense (or time and expense with a not-to-exceed amount) concept for labor costs? Are the non-labor expenses authorized by the subconsultant agreement consistent with the terms and conditions of the prime agreement?

"For instance, if the prime agreement appears to be a fixed price lump sum contract, but requires the submission of a breakdown of the lump sum amount or requires that timesheets be submitted with invoices, does the up-

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In the eye of the superstorm



Christopher Hillmann

GUEST SPEAKER

Engineering firm is among the first responders post disaster. Here's what happened on the scene through the eyes of the CEO.

The deadly weather event known as Superstorm Sandy wreaked havoc in New York, New Jersey and many other states on Oct. 29 and 30, bringing coastal devastation and producing a record storm surge in Lower Manhattan.

I returned to Lower Manhattan on Wednesday morning. The city was literally humming with the sounds of generators, pumps and pump trucks. The streets were becoming rivers of oil sheen-covered flood waters being pumped from the sublevels of high rises and small buildings. Drowned cars were on sidewalks and the smell of leaking diesel filled the air.

We had alerted clients before Sandy that **Hillmann Consulting** would be ready to assist in their recovery efforts and began receiving calls Tuesday morning, just as the winds were easing some. A number of our commercial property clients in Lower Manhattan had suffered substantial damage, with wet lobbies and completely submerged sublevels. A distinct river had also come up Broad Street and stopped only two blocks from the New York Stock Exchange. This was not just flooding, but subterranean aquariums with all of the mechanical systems and retail concourses full of water. Michael Nehlsen, Hillmann's COO, tapped into his extensive network and began arranging resources for our clients immediately. He deployed many of the

restoration contractors who had mobilized before the storm to our client's buildings.

It's Sunday night and now and most of the pumping is complete. Power has returned to much of Manhattan but not to most of the heavily flooded buildings. Hillmann has prepared protocols and bid documents for the cleanup of contaminated building materials and mechanical systems while protecting worker safety and assuring regulatory compliance. Many fuel storage tanks drowned and breached, leaving hundreds of thousands of gallons of fuel that must now be pumped out and recycled. Cleaning will occur while structural drying begins. Drying will prevent future microbial growth, odors, and weeping onto and into interior finishes when they are installed. Hillmann performs a lot of mold consulting but there will be no need if owners act quickly to remove porous materials and begin drying. Another wild card is that in the older buildings, some of the mechanical systems and fireproofing are insulated with asbestos. Remediation contractors are presently making emergency filings with the city in order to bypass the waiting periods.

When I arrived at Hillmann's headquarters in Union, N.J., on Tuesday morning, we had no power and 20 percent of the roof was lying in the parking lot. We immediately pulled out our gas-powered generators and repowered vital communications. We powered the building's T-1 panel so we could get our email and Internet back up as all of our offices are dependent on our Union email server. We set up a "command post" in a vacant ground floor office with lots of exterior light, plugged in our laptops and got to work. Our laboratory moved what equipment they could down to the command post and proceeded to analyze samples. Michael Nehlsen set up a 24/7 generator watch and scheduled people to shuttle to South Jersey to pick up fuel. Getting fuel in North Jersey remained a significant challenge nearly a week after the storm. Our response team travels into Manhattan via ferry from Jersey City or by car pool due to travel restrictions.

The business challenges of this and any large disaster we respond to are twofold: 1) how do we accommodate this vast and immediate influx of work while maintaining the same quality and timeliness of service for our everyday clients?; 2) how do we maintain our forward momentum with strategic initiatives, marketing and sales, and cash flow during a time when our resources are focused on a national

The business challenges of this and any large disaster we respond to are twofold: 1) how do we accommodate this vast and immediate influx of work while maintaining the same quality and timeliness of service for our everyday clients?; 2) how do we maintain our forward momentum with strategic initiatives, marketing and sales, and cash flow during a time when our resources are focused on a national emergency?

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Conference full of women



Christine Brack

PM PERSPECTIVES

Women are misrepresented in the design industry – and stereotypes don't help.

A few weeks ago, defeated presidential candidate Mitt Romney told a story during the second presidential debate that included the quip, "Binders full of women." The zinger rapidly became fodder for humor and several opponents said it offers proof of Romney's disconnect with the female population.

A few days later, I headed out of town for a strategic planning engagement. The client suggested dinner with him and his partner the night before so we could chat about the participants and expectations for the meeting.

I generally try to keep these sorts of conversations free of any political tone but my two clients were self-proclaimed liberals and they couldn't help but have another laugh at Romney's comment. The pre-election's debates and issues were as inescapable as they were heated – so we made an allowance for that brief diversion and then turned our discussion to business.

As they began describing the team that would be joining us the following day, they casually mentioned that out of 15 principals and associates, only one was female. "She's a talented girl but we're just not sure if she wants to become an owner. The challenge is so many women want to have kids and then aren't interested in returning full time."

The challenge is actually a bit larger than that. Let's consider:

■ **The industry makeup.** According to our 2012 "Principals, Partners & Owners Survey," 80 percent of principals are male and 57 percent of respondents don't believe there is a lack of diversity at the principal level. Likewise, our 2012 "Project Management Survey" reports that a staggering 90 percent of PMs are male. Even among our Best Firms to Work For, 70 percent of participants in the employee survey are male. We can

deduct from these numbers that the industry, even in the 21st Century, is still male-dominated – particularly at the leadership levels. I don't think this is because most women are running off to have babies.

■ **The current attitude.** The "girl" described above was not yet an owner, was in her mid-30s, and did not have children. I'm fairly certain she wouldn't appreciate her boss referring to her as a "girl" in outside conversation and I certainly hope she wouldn't want to go into business anyway with someone who still talks like this. Not the least to assume that her only hesitation in becoming a partner is because changing diapers is a lot more fulfilling. Some women certainly have made that choice, but not all can afford to or even want to. Firms shouldn't so blatantly buy into blanket stereotypes. Women can enjoy professional achievement as much as anyone – especially in design, engineering and environmental consulting.

■ **The changes needed.** This isn't meant to be a political topic, but no matter what side of the spectrum you view this from, this industry has a severe imbalance in talent at all levels. Even my very liberal client is guilty of keeping the upper-roster of management in the firm predominantly male while scorning a candidate's commentary. They aren't the only ones though. I've seen a lot of this in firms of all sizes and ages in the seven years I've been with ZweigWhite. The industry needs to seriously rethink how welcoming and supportive it really is to its members, not only in terms of hiring, training, mentoring, and promoting but particularly how it thinks and speaks of women at the personal level.

My colleague Claire Keerl, principal and director of corporate marketing at ZweigWhite, and I are currently developing a conference for women in this industry, to be held in the spring. If you have any suggestions or success stories you'd like to share with us, or are interested in sending the women in your firm, please contact me directly. I'm sure you have smart, talented principals, associates, project managers, and designers among you who would love to go. We would love to meet them. ▲▲

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W♀MEN

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PROFESSIONS

Women in Design and Environmental Professions

A conference for and about women in the industry

May 9-10, 2013 | Boston, MA

www.zweigwhite.com/conference/women-in-design-and-environmental-professions

For further information email events@zweigwhite.com

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stream client really intend the prime agreement to be a fixed price lump sum contract? Or, will the prime consultant and subconsultant only get reimbursed for actual hours worked?," Petrone says.

The subconsultant agreement should be clear that for matters arising out of acts of the upstream client, the subconsultant needs to be bound by the same dispute resolution procedures in the prime agreement and is only entitled to equitable adjustments in the performance schedule or pricing to the extent that the client grants such equitable adjustments.

DOS AND DON'TS. Experts share some top dos and don'ts:

Kidd says:

- Don't leave a gap between obligations made to the client and commitments secured from the subconsultant.
- Don't negotiate the subcontract as a separate process from negotiation

of the prime agreement. The two are linked. Treat the client agreement as the governing document. For example, do not agree to pay when you have not been paid or to approve a change where the client has not yet agreed.

- Don't be afraid to disclose the client agreement. Redact financial or other details where appropriate. If the subconsultant has been provided with that agreement, it is more difficult to argue that it was not aware of project requirements.
- Don't finalize the terms of the subcontract before the obligations to the client are clear. Ensure that to the extent notice or other information is to be provided to the client within a certain period of time, the corresponding obligation of the subconsultant to you allows for enough time to comply.
- Do insist on being included as an additional insured under the subconsultant's CGL policy on larger projects and obtaining insurance certificates before work proceeds.
- Do allow for termination of the contract for convenience, where possible.

John Hardy, president/CEO of The John Hardy Group, Inc. in Atlanta, a development services firm, says:

- Don't do work and commit resources to work without a clearly defined scope of work or fair compensation to allow an adequate scope of work to be developed. Clear, timely and concise communication is critical to success between both parties.
- Don't assume that merely incorporating the terms and conditions of the prime agreement into the subconsultant agreement is adequate. Adaptation/clarification of such terms and conditions is often needed.
- Do take time to have oral discussions with the subconsultant in addition to exchanging written drafts of the proposed contract.
- Do use examples to explain concepts in the contract. ▀▄



CHRISTOPHER HILLMANN, from page 6

emergency? The answer to the first is long hours and having personnel come from our other offices and subcontracting staff from a friendly competitor in the Midwest. The answer to the second rests with me and other senior managers to not get completely drawn into this situation for more than a few weeks. I was drawn into disaster mode for nine months after 9/11 and we saw a slide in revenue, sales and profit the following year. I managed not to get drawn into our response to Hurricane Katrina and we saw no such drop.

At about 8:30 p.m. on Wednesday night, two days into our response actions, I was in Hillmann's makeshift office, which was lit by a single lamp as our crews of young hygienists and environmental scientists came back from the city. They were in such good cheer as they planned the next day's work, calibrated their equipment, grabbed supplies and prepared their reports. It is something I will never forget. I had a lump in my throat. I was so proud of these dedicated young

people. They were working in such adverse conditions and going home to houses without power, heat or hot water and yet were so determined and focused. They were happy to do something productive in a grim situation.

Building engineers in lower Manhattan are an experienced and savvy bunch. I'm working with many of the same clients that we became so close to during our 9/11 recovery efforts. These are gritty and determined people that quickly go about the business of recovery. There will be a local economic stimulus as we rebuild the damaged infrastructure and many engineers are realizing an opportunity to replace outdated systems with up-to-date and vastly more efficient equipment. New York is a resilient city and will recover with aplomb. ▀▄

CHRISTOPHER HILLMANN is the co-founder and CEO of **Hillmann Consulting** (Union, NJ). A recognized industry expert and veteran, Hillmann has more than 27 years of experience in environmental consulting and expertise in hazard remediation. Contact him at chillmann@hillmanngroup.com.

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RECRUITING

Hiring practices – inside or outside?

Many firms are grooming their employees for higher flights, but they also keep their eyes open for outside help.

BRYAN SULLIVAN
Correspondent

Inside or outside – that’s the question. While people continue to remain unemployed for record amounts of time, many would think that the market is oversupplied. However, companies report that they are still finding it hard to locate appropriate talent for existing job openings. Some companies are promoting from within, while others continue to seek from the outside. We asked a few HR pros to tell us what they are doing to get ready for this post-election season.

HIGH RETENTION EQUALS ENTRY-LEVEL HIRES. Some companies have employees that stay with them for long periods of time and even retire from the firm.



Jen Salvesen,
Office Manager,
ARW Engineers.

Jen Salvesen, office manager at **ARW Engineers** (Salt Lake City, UT), a structural engineering firm, says that ARW has a unique perspective on this situation.

“Our employee retention rate is very high and we do not have the need to seek out senior or upper level personnel,” she says. “Nineteen of our current 24 employees have been with ARW for more than five years. Of those 19 employees,

“The toughest and most difficult to find are those with eight- to 15 years of experience. We always review internal candidates before we post a position, but there isn’t always a fit.”

10 have been here for 10-plus years. Promotions are from within our organization and new hires are usually entry level. Current workload and anticipated workload is what usually dictates our ability to hire. We have a close relationship with a local university and their engineering program. Our reputation supersedes us and we often have students requesting to intern for us and/or looking for full-time positions as they prepare to graduate. I feel this allows us to choose well-rounded and exceptional entry-level candidates.”

REHIRES CALLED UPON. A similar case can be found at **Douglas Wood and Associates** (Coral Gables, FL), a small structural engineering firm.

“We have 14 associates and we have not hired for a senior-level position in a couple of years. Our last hires were a junior-level engineer and a construction inspector. Both of these individuals were rehires,” says Douglas Wood, president.

PROMOTING FROM WITHIN. Rewarding those who have served the firm well seems to be the trend. Why look outside when the right person maybe within the ranks? That’s exactly what **Huckabee** (Fort Worth, TX), an architecture, engineering and management firm, is doing.

According to the company’s COO, Tom Lueck, Huckabee’s philosophy has been to promote from within.

“This is a great strategy as long as the staff growth rate expands at the same rate of business volume,” Lueck says. “During the recession, Huckabee has been able to maintain our team, while always looking for improvements. Due to the contracted mode of business

over a three-year period, some employees, even with programs and coaching in place, have chosen to stagnate. I used the word ‘chosen’ as professional growth is a personal obligation, not a sole corporate obligation. We have recently added some high-quality individuals to the team to help fill the holes created from stagnation. It is important to note that we are hiring quality individuals who are currently employed elsewhere, but were looking.”

Adding team members who are looking for growth opportunities is a key piece of Huckabee’s process. Ultimately, the firm looks at whether existing team or new members embrace the corporate culture and then delivers excellence to clients.

Keeping the right team in place during tough times can pay off when the economy gets rolling again in a positive direction.

EXPERIENCE IS TOUGH TO FIND.



Debbie Norris,
VP of HR,
Merrick & Company, Inc.

Filling a slot within an entry-level position is not as challenging as finding that senior level employee to fill the shoes of a retiring employee. Or maybe it’s that new account and it needs a senior-level hire to round out the team. No matter the reason, finding experienced team players is

never easy and for some – it’s tougher than ever.

Debbie Norris, VP human resources at **Merrick & Company, Inc.** (Aurora, CO), an international engineering, architecture, design-build, surveying, and geospatial solutions firm, says that Merrick has not seen a glut of candidates for most open positions.

“The toughest and most difficult to find are those with eight- to 15 years of experience. We always review internal

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ON THE MOVE

NEW BOARD MEMBER: The board of directors of **SCHMIDT & STACY Consulting Engineers, Inc.** (Dallas, TX), a MEP consulting firm, has elected **Strider Steele**, to the board as corporate secretary.

“Strider’s appointment is well deserved and reflects our firm’s commitment to developing our younger leadership to support our growth throughout the region,” said David Schmidt, president.

Steele joined SCHMIDT & STACY in 2006 and has been responsible for many of the firm’s large mixed-use and build-to-suit projects, as well as the design and coordination of major electrical systems in other market sectors, including power distribution, lighting and life safety projects. Steele’s track record includes diverse projects for international architecture firms, developers, end users and real estate professionals.

Steele’s appointment coincides with co-founder Ed Stacy’s decision to transition from his day-to-day responsibilities. With more than 40 years in the consulting business, Stacy will remain invested in the firm as a shareholder and continue to serve in an advisory role.

LEO A DALY PROMOTES: LEO A DALY (Omaha, NE), a 1,000-person architecture, planning, engineering, interior design and program management firm, promoted **Sian Imber**, vice president and former corporate director of public relations, to chief communications advisor to the chairman. The firm also appointed Linda Eggerss to replace Imber as the new corporate director of public relations.

Imber will work directly with LEO A DALY’s chairman and CEO, Leo A. Daly III, to direct and produce a monograph of the firm’s first 100-year history.

The monograph will record the firm’s projects, events, people and stories, from its founding by Daly’s grandfather in 1915, through its international expansion under Leo A. Daly Jr., and to its current position as a global leader in the architecture and engineering industry. She also will be working with the chairman on other communication assignments to enhance the firm’s overall global brand recognition.

Imber has more than 30 years of experience in public relations. After joining LEO A DALY in 1999, she spearheaded its strategic media relations efforts and was responsible for more than 3,000 media placements in newspapers, trade journals, online publications, television news segments and social media. During her tenure, she also co-directed and produced “Expressions of Excellence,” the firm’s first monograph featuring distinctive projects that illustrated the

diverse creative approaches to achieving design excellence within the firm.

“For more than 13 years, Sian has shown extraordinary leadership and has been an invaluable asset to me and the firm,” said Leo A. Daly III. “I am looking forward to working with her on the firm’s 100th anniversary monograph and capturing LEO A DALY’s rich history.”

In her new role, Eggerss will direct the public relations team, develop strategies and collaborate with the corporate marketing team to position the LEO A DALY Company, which includes the LEO A DALY and Lockwood, Andrews & Newnam, Inc. divisions of the firm.

Eggerss, who will be based in Omaha, has more than 25 years of experience in leading public and media relations teams for Fortune 500 companies. She previously worked with Meredith Corporation’s Better Homes & Gardens brand media group, where she served as a group editor overseeing the editorial production of five magazines with 15 annual issues and a website.

“Eggerss’ track record of leading communications teams and her significant experience as a writer, editor and media relations professional will be a perfect fit for our public relations team and the firm,” said Charles Dalluge, LEO A DALY’s executive vice president.

URBAN PROMOTES: Urban Engineers, Inc. (Philadelphia, PA), planning, design, and construction services firm, announced the promotion of **Michael Wagner**, to Ports and Waterways Practice leader. He formerly served as a project engineer. His new responsibilities will include overseeing the day-to-day operations of the practice, in addition to marketing and developing business within this service line.

Since joining Urban in 2001, Wagner has gained increasing responsibilities in the Bridge Services and Ports and Waterways practices. His diverse experience includes work on container and break bulk marine terminals, rehabilitation of industrial and commercial docks and piers, military facilities, ferries, and warehouses and industrial buildings. He has also been involved in the design and inspection of numerous bridge structures throughout Pennsylvania.

In addition to his duties at Urban, Wagner served as president of the Younger Members Forum of the American Society of Civil Engineers (ASCE) Philadelphia Section and was elected 2011 Young Engineer of the Year by the organization.

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candidates before we post a position, but there isn’t always a fit,” she says.

Twenty-five percent of Merrick’s openings are via employee referrals.

“We pay \$3,000 for exempt positions, \$1,500 for non-exempt positions and, on rare occasions, we have a key position that gets \$7,500,” Norris says.

Just recently, Merrick went through a leadership succession process. Ralph Christie, chairman and CEO, wanted to start the hand-off in preparation for his ultimate retirement.

“We did an internal search for the next

president and found that we had four internal candidates who were each qualified to take on the responsibilities of the role. We had a very thorough process over 12 months and selected one of the four as the next president. The other three are still working for Merrick and are very productive for the firm in their unique roles,” Norris says.

Norris adds that Merrick also conducts bench strength planning to see where

“The toughest and most difficult to find are those with eight- to 15 years of experience. We always review internal candidates before we post a position, but there isn’t always a fit.”

there may be skill and talent gaps in its potential leaders.

“We will help the individuals fill the gaps by on-the-job training, in-class training, coaching or, if we are not able to close that gap, we will hire externally. This is an ongoing process so that we can continue to build the pipeline for the next leadership group,” Norris says.



CASH

On smart spending decisions

When money is tight, investment decisions follow deliberate path.

By LIISA SULLIVAN
Correspondent

ZweigWhite's 2012-13 "Successful Firm Survey" shows that attitudes toward staff training, marketing and business development help define successful firms. And, when you break these characteristics down, smart spending decisions are at their core.

WELLNESS SPENDING PAYS. Greg Soleim, CFO at **EAPC** (Grand Forks, ND), a 100-person full-service consulting firm that offers architectural, wind energy consulting and industrial services, says that smart spending decisions have been a high priority at this company for the last few years. However, deciding where to spend has proven difficult.

"We have been experiencing solid revenue growth and a robust backlog, and with that have come increased overhead costs," he says. "Rising costs have a way of shifting the focus from smart spending to smart cutting."

Fortunately, growing staff numbers presented an opportunity for smart spending at EAPC. Soleim believes the spending will have far-reaching positive impacts.

"In July 2012, we bolstered our health and wellness program by adding a health club membership reimbursement benefit. This is available to all staff and their families, and although

it is an additional company expense in the short term, over the years we expect it to provide great monetary and non-monetary return," Soleim says.

Here are some examples of studies that support the decision to spend on wellness:

- The New England Journal of Medicine reported in 2009 that a Harvard study found that for every \$1 invested in corporate wellness, absenteeism costs were reduced by \$2.73
- Kalorama Information, a division of MarketResearch.com, revealed that the cost of employees coming to work while sick is double the cost of employees taking sick days.
- Compensation Today, a blog for executives who care about compensation, reported that corporate wellness programs reduce workers' compensation and disability claims costs by an average of 30 percent.
- A 2010 study published by the University of Phoenix says that employees who maintain healthy weight are more efficient and make better decision-makers.
- At a March 2010 conference, "Building the Business Case for Employee Well-Being," it was reported that people with any of the "big four" negative health traits (bad diets, physical inactivity, smoking, alcohol overuse) are one fifth as productive in the workplace as those without those traits.
- The Incentive Research Foundation, a group that funds and promotes research to advance the science, enhance the awareness and improve the appropriate application of motivation and incentives in business globally, reported that corporate-sponsored wellness programs contribute to more than \$3 saved for every \$1 invested.
- In a "Healthy Culture" (a service of the

Human Resources Institute, LLC) white paper, it was stated that supporting employee and community wellness is a strategy for demonstrating good stewardship, a positive work environment, and corporate citizenship.

So, given these statistics, coupled with having a self-funded health insurance plan, adding the health club reimbursement truly is a win-win situation for EAPC and its staff.

"There is no doubt that this will be a smart spending decision with lasting benefit to our growing multidiscipline A/E firm," Soleim says.

SELECTIVE SPENDING. Danelle Prezioso, director of communications and marketing, **MBP** (Fairfax, VA), a 256-person multi-disciplined construction consulting firm, says the company is very conscientious about its spending decisions.

"We have been selectively reducing our advertising spending and trade show participation for two years now," Prezioso says. "Primarily, we have cut back on industry tradeshow booth rentals and magazine and online advertising. We are still attending industry conferences and trade shows, but with the rising costs of booth space and advertising it made sense from a cost/benefit perspective to refocus our efforts on a more personal approach with our current and prospective clients," she says. "Our hands-on approach involves a personal touch with current and prospective clients to include informal events such as golf tournaments, company-sponsored receptions, dinner meetings, etc."

Cutting back in these areas has enabled MBP to keep its marketing and advertising from rising an additional \$250,000 year. ■▲



Greg Soleim,
CFO, EAPC.



Danelle Prezioso,
Director of
Communications
and Marketing,
MBP.

"There is no doubt that this will be a smart spending decision with lasting benefit to our growing multidiscipline A/E firm."

TRANSACTIONS

SHIVE-HATTERY BUYS: Shive-Hattery (Cedar Rapids, IA), a 350-person architectural and engineering firm, announced it has acquired **Design Organization, Inc.**, a 29-person architecture, interior design and planning firm, with offices in Chicago and Valparaiso, Ind. The acquisition allows Shive-Hattery to broaden its geographical reach and to strengthen its design capabilities in the higher education, corporate workplace, and healthcare markets.

"Shive-Hattery and Design Organization share similar client-focused cultures," said James Lee, Shive-Hattery president. "Providing outstanding service to our clients is one of the reasons why we exist and is key to our firm's long-term success."

Design Organization was founded in 1971. As part of the arrangement, Design Organization will operate as Design Organization, Inc., a Division of Shive-Hattery, Inc.

"Because we share client-centered values, joining Shive-Hattery made sense," said Spero Valavanis, president of Design Organization. "We will continue providing great service to our clients and will now be able to offer the capabilities of a full-service architectural and engineering firm."

PSI BUYS: Professional Service Industries, Inc. (Oakbrook Terrace, IL), a 2,300-person engineering and testing firm, announced the acquisition of the **Hi-Tech Testing** family of companies. Hi-Tech Testing is a full-service nondestructive testing, inspection and consulting organization with specialized data collection equipment and reporting capabilities. This acquisition closed and is effective on Oct. 18.

Founded in 1996, Hi-Tech Testing employs more than 300 personnel and has annual revenue of approximately \$55 million. Headquartered in Longview, Texas, Hi-Tech has branch operations in Deer Park and Corpus Christi, Texas; Vernal, Utah; and Seiling, Okla. Hi-Tech also has project offices in North Dakota and Ohio. Industries currently served by Hi-Tech are oil and gas pipeline, petrochemical, pulp and paper, railcar, utility, manufacturing, oilfield service and process. No management or personnel changes are expected as a result of this acquisition. Jamie Davis will continue as president/CEO of Hi-Tech Testing and will join PSI's executive management team.

"Hi-Tech is excited and confident in becoming part of the PSI family and in our ability to work together for continued growth and success," Davis said.

Murray Savage, president/CEO of PSI commented, "Hi-Tech vastly expands PSI's current radiography and ultrasonic capabilities as well as enhances PSI's nondestructive testing and inspection services. The combination of our two firms and our joint commitment to safety, quality and ethics fits perfectly into PSI's Information To Build On business model and One Company, One Call service delivery platform."

PSI, with \$260 million in annual revenue, provides a wide range of environmental, engineering and testing services, including: environmental consulting, geotechnical engineering, construction materials testing and engineering, industrial hygiene services, facilities and roof consulting, NDE, and specialty engineering and testing services.

FIRMS MERGE: Kasian Architecture Interior Design and Planning Ltd (Vancouver, BC), one of Canada's largest global architecture, interior design and planning firms, has entered into an agreement to merge the practice of **CJP Architects Limited** (New Westminster, BC) into its existing operations.

Founded in 1954, CJP Architects' nearly 60 years of experience has provided some of the most recognizable and well-received academic and healthcare facilities in western Canada. These include Douglas College's New Westminster and David Lam Campuses, the Performing Arts Expansion at York House School, the Northern

Rockies Regional Recreation Centre, as well as the B.C. Children's Clinical Support Building and Chilliwack Hospital Addition.

CJP has amassed extensive experience in both new designs and renovations for a broad spectrum of Western Canadian projects. CJP owner Brian Hulme will become a principal with Kasian and support its business development activities across various markets, with a particular focus in academic and healthcare sectors. In addition, CJP's staff of architects and technologists will transfer to Kasian's office located in Vancouver. This merger is the second for Kasian in as many months.

Kasian and CJP share a common approach to clients and employees.

"Both our practices are built upon serving the needs of clients and staff, and reflect a deep commitment to managing both with respect and transparency. In joining forces with Kasian, I am confident that the strong relationships we've been able to create with employees and clients alike will only be strengthened," said Brian Hulme of CJP.

"We are very excited to welcome CJP into Kasian. Their incredibly strong portfolio, particularly in educational facilities, will be an excellent addition and further enhance our capabilities in the institutional market sector," said Don Kasian, president of Kasian. "With the addition of CJP personnel, we will be able to expedite some recently won projects, as well as be better positioned to pursue new projects and continue our enviable track record of growth in British Columbia."

ARTHUR J. GALLAGHER BUYS: Arthur J. Gallagher & Co., an international insurance brokerage and risk management services firm headquartered in Itasca, Ill., announced the acquisition of **Aires Consulting Group, Inc.** (Batavia, IL). Terms of the transaction were not disclosed.

Founded in 1985, Aires Consulting Group, Inc. is a licensed professional architectural and engineering firm that provides environmental and engineering, health and safety, building sciences and design and construction consulting services to their clients throughout North America. They serve a diverse clientele including Fortune 100 companies, commercial and industrial entities, municipalities and state and federal agencies. Geoff Bacci and his team will operate under the direction of Gordon Padera, executive vice president of Gallagher Bassett Services' Risk Control Consulting Services Division.

"Aires is a great example of how we continue to find outstanding partners that will help us expand our client service capabilities. Their depth of knowledge in the environmental health and safety arena will be a significant enhancement to GB's risk control consulting services operation," said J. Patrick Gallagher, Jr. chairman, president and CEO. "In addition, they are highly regarded for their years of professional experience, innovative products and quality service. We welcome Geoff and his associates to our Gallagher family of professionals."

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 with ZweigWhite's 2012-2013 "Operating Expenses Survey of Architecture, Engineering, Planning & Environmental Consulting Firms."

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