

Keys to making lots of money in the A/E business



Mark Zweig

Mark Zweig enumerates a series of actions and credos that will help you maximize your potential.

Think whatever you will of me but no one can deny I've been at it for 32 years in this business, studying what works and what doesn't. I have seen some people do incredibly well (making millions a year) and others barely getting by.

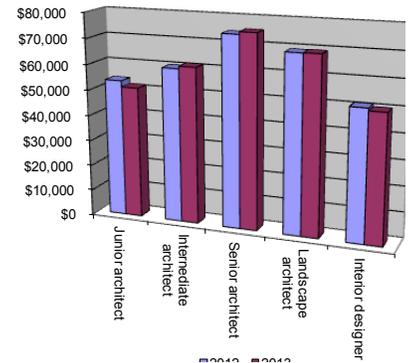
So here's what it takes to make a lot of money in this business:

- **Believe that it is possible.** You will never make any money in this business if you don't first believe it's possible. You wouldn't believe how many people want to argue with me about this – telling me you CAN'T make money in the A/E business. I have the data! More importantly, I've seen the numbers in most of the companies we have worked with over the years.
- **Have high expectations for yourself.** It all starts with YOU. Do you think you deserve to do well? If you don't really think you deserve to do well, you won't. If you do, however, you probably will do well. Reprogram, if necessary. Shed the guilt and self-consciousness.
- **Build a brand.** Brand names always get paid more. Coca Cola. Budweiser. Gensler. CH2M-Hill. EDSA. DPZ. Syska and Hennessey. T.Y. Lin. I could go on and on – this is no complete list. But you get the idea.
- **Focus on one or just a few markets.** You can't be everything to everyone – and you cannot especially be a brand – unless you really focus your business and get really good at something.

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You will never make any money in this business if you don't first believe it's possible. You wouldn't believe how many people want to argue with me about this – telling me you CAN'T make money in the A/E business. I have the data! More importantly, I've seen the numbers in most of the companies we have worked with over the years.

TRENDLINES Up and down



Salaries have generally remained steady at leading architecture firms this year, according to the 2013 "Salary Survey of Architecture, Interior Design, and Landscape Architecture Firms." Some titles, however, saw small increases in base salary from 2012 to 2013: senior architects from \$74,267 to \$75,267, intermediate architects from \$60,000 to \$61,000, and landscape architects from \$69,000 to \$69,121. Meanwhile, junior architects' median base salary decreased from \$53,688 to \$51,336; and interior designers' decreased from \$51,000 to \$50,000.

– Margot Suydam, Survey Manager

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Deliver on marketing promises

MARK ZWEIG, from page 1

High prices comes from being focused on a niche and being one, if not THE top firm that does what you do. It also comes from asking for a high price. It also comes from having really good people and good marketing – which you cannot afford (for long) unless you have high prices.

■ **Overwork yourself and your people.** It's always been one of the keys to making money in this business.

Get all your salaried people working 46- to 48 hours per week versus 40. You just improved your productivity by 15- to 20 percent over a firm that works 40-hour weeks. That's why morale has to be high and the firm needs a real purpose for its existence. You'll make more money.

■ **High prices.** High prices comes from being focused on a niche and being one, if not THE top firm that does what you do. It also comes from asking for a high price. It also comes from having really good people and good marketing – which you cannot afford (for long) unless you have high prices. These things all work together and in concert.

■ **A willingness to say “no” to things your gut says you shouldn't do.** Bad projects, bad clients – you don't want either of them. You have to say “no” or you will have losing jobs, bad client relationships, public failures, or lawsuits.

■ **Being willing to say “yes” to things you haven't done before.** It's the only way you can grow and develop new service lines and project expertise. And that's how you'll grow. And growth is related to profitability. If you don't buy that argument, consider this one: Would you rather make a 10 percent profit on \$10 million in revenue or 10 percent on \$100 million? ▲▲

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

A/E BUSINESS NEWS

LEED ON TOP: A recent analysis performed by the U.S. Green Building Council shows that buildings in the sample are performing in the top 11th percentile in the U.S. in terms of energy usage and the average ENERGY STAR score for those LEED buildings is 89 out of 100 possible points. The analysis was based on LEED projects that have submitted data to USGBC both voluntarily and as required by LEED 2009.

The majority of the 195 buildings that were analyzed certified under the existing building rating system. The buildings ranged in size from 2,000 to three million square feet, with the average being 254,000 square feet. The buildings were a mix of office and retail buildings.

“The ENERGY STAR data we've released gives us an indication as to where the numbers are trending. In the coming months we will be releasing additional LEED energy information,” said Scot Horst, senior vice president, LEED, USGBC. “Green buildings provide a host of benefits and LEED has spurred significant growth in energy-efficient buildings across the globe.

For the last two years, USGBC has been tracking the performance of LEED buildings that are reporting their energy and water use data. Consistent with these findings, these LEED projects demonstrate source energy use intensity that is on average 47 percent lower than the national average (as reported through EPA Portfolio Manager). Under the current version of the LEED program, USGBC requires building owners to submit energy and water use to help projects understand and improve building performance.

Meanwhile, the U.S. green building market continues to accelerate, according to McGraw-Hill Construction's 2013 Dodge Construction Green Outlook report. The value of green building has seen growth from \$10 billion in 2005 to \$78 billion in 2011. In 2012, the total market – non-residential and residential – is expected to be worth \$85 billion, and by 2013, overall new green building is projected to rise to between \$98 billion and \$106 billion. By 2016, this number is expected to reach \$204 billion to \$248 billion.

According to the report, Green building remains a bright spot in a still uncertain economy. Green is expected to represent 44 percent of all commercial and institutional construction in 2012, growing up to 55 percent by 2016. Residential green construction is also on the rise. It is expected that by the end of 2012,

green homes will comprise 20 percent of the market, and in 2013 a 22- to 25 percent share by value is expected, equating to a \$34- to \$38 billion opportunity. By 2016, this share by value is expected to increase to 29- to 38 percent – an estimated \$89-\$116 billion – based on the current single-family residential construction forecast.

To break it down further, while education construction is down, green has remained a stronghold at 45 percent, continuing to be the largest opportunity for green building. The office market has the largest share of green with 54 percent in 2012, a bright spot considering the overall expected growth of the sector in the near term.

EMPLOYMENT DOWN: Construction employment declined in 28 states from October 2011 to October 2012 even as 31 states and D.C. added jobs during the past month, according to an analysis by The Associated General Contractors of America of Labor Department data. Association officials noted that residential construction gains were being undermined by the broader business uncertainty being caused by the threat of the looming fiscal cliff.

“The industry remains stuck in neutral, with close balance each month between the number of states that add or lose construction jobs,” said Ken Simonson, the association's chief economist. “Despite a strong pickup in homebuilding and multifamily construction, uncertainty about the fiscal cliff appears to be holding back private investment, while public agencies keep trimming construction budgets.”

THE ZWEIG LETTER

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PRACTICE

Deliver on marketing promises

Do what you say you will and take care to adjust the message depending on the audience. Oh, and follow-up.

By LIISA SULLIVAN
Correspondent

Glossy marketing campaigns may look great, but what happens if a firm does not deliver what it promises? It's important to make sure you put

"A very effective means to get the internal team aligned around promises we make is to review the proposal and interview materials at the project kickoff meeting."

your money where your mouth is to ensure that marketing promises are delivered and a healthy balance is attained.

MARKETING MESSAGE MUST RUN DEEP. Mahwesh Hansraj, marketing coordinator at **Foresite Group, Inc.** (Norcross, GA), a civil engineering, landscape architecture, transportation and telecommunications firm, says that the key to successful branding is to deliver on promises every day.

"Foresite Group has spent more than a year analyzing client feedback and employee surveys to develop our brand message," she says. "This message is the guide for all of our marketing decisions and it is constantly being conveyed through effective communication, firm-wide."

And, because all of Foresite's employees are brand advocates, the message is a key component of the recruiting process – right from the beginning.

"We seek candidates who exemplify these qualities and who complement our brand characteristics," Hansraj says. "The marketing department, along with human resources, also manages our firm's intranet; this is an effective tool for continual collaboration



Mahwesh
Hansraj,
Marketing
Coordinator,
Foresite Group,
Inc.

and communication across all of our offices."

The Intranet is updated multiple times each week with both internal discussions and external feedback. This open flow of communication is vital in maintaining a cohesive brand message among Foresite Group employees because every employee is a representative of the brand and is responsible for fulfilling Foresite Group's marketing promises.

ATTAIN BALANCE. Foresite Group has defined marketing and social media plans to

guide its use of each marketing medium.

"We cater our content according to each audience; for example, we post technical information and industry updates on our blog and post more informal office updates and employee event photos on our Facebook page," Hansraj says. "Large corporate announcements, like our recent addition of a structural engineering department, warrant print media that is delivered to a much targeted audience."

Hansraj says that it is also important to not only define your audience, but to determine adequate timelines for updating each marketing endeavor too. By dividing responsibilities within the marketing department, Foresite can follow these schedules and share the workload.

"Lastly, it is necessary to maintain a targeted, consistent approach in your marketing practices. Otherwise, your audience will get lost in the generic media that is flooding our industry already," Hansraj says.

Fritz Embaugh, CEO at **+one Design/Construction** (Baton Rouge, LA), an architectural and construction com-

pany, says that his firm's philosophy is to shy away from paid advertising as much as possible.

"We believe strongly in the power of engagement marketing, earned media and cause-related marketing," Embaugh says. "Attaining balance for us comes more as an issue of manpower and time commitment rather than choosing one avenue over another."

KEEP IT CONSISTENT. Foresite Group maintains an in-house marketing team that understands its design services, company culture and marketing goals.

"Especially during a time of rapid corporate growth, this strategy has been the best method for us to maintain an authentic and consistent voice in across all of our marketing mediums," Hansraj says.

Embaugh of +one explains that the firm promotes its ability to lead a project from design to completion.

"We do not only work on the first phase and then hand it off to another contractor; we can implement smart design through a smoother, more cost-aware process," Embaugh says. "By doing both design and construction, we can plan for construction contingencies at the schematic level while also building the design without confusion of intent."

For example, +one is currently working on a \$1.2 million residence and the client recently commented on +one's ability to respond to her detailed questions and comments.

"It is only because we have led the entire thought process, from schematic to construction, that can we respond responsibly and timely, keeping the entire picture in mind," Embaugh says.

So for +one, marketing promises equals customer service that is consistent and clear.

"We also have in-house marketing, but marketing duties are not all that

See **MARKETING**, page 4

CALENDAR

WOMEN IN DESIGN CONFERENCE: In the near future, women are projected to account for 51 percent of total labor force growth, says the U.S. Department of Labor, Women's Bureau. Yet, women make up less than one-quarter of the architecture workforce, 9.7 percent of the civil engineering profession, and roughly 13 percent of other engineering professions.

ZweigWhite will present a conference May 9-10, 2013 in Boston focusing on issues that relate to women in the male-dominated design and environmental professions. The program is being organized by Claire Keerl, principal and director of corporate marketing and Christine Brack, principal and director of consulting, both with ZweigWhite. The multi-day event will include roundtable discussions, focus groups, networking sessions, as well as keynote presentations by industry leaders.

Issues that will be covered include:

- Work/life balance
- Women as bosses
- Mentoring women in design, engineering, and environmental consulting
- Encouraging women to enter the profession
- Physical presence (how this impacts coworkers and clients)
- Career paths for women
- Women and the path to principal
- The age factor

- Alternative careers for women in design and environmental professions
- WBE status

For more information about this upcoming conference email Claire Keerl at ckeerl@zweigwhite.com or log on to www.zweigwhite.com/conference/women-in-design-and-environmental-professions.

PRINCIPALS ACADEMY DATES ANNOUNCED: The Principals Academy, a crash course in all aspects of managing a professional services firm, has new dates scheduled into 2013.

Upcoming dates include Nov. 29-30 in San Diego, March 7-8 in Las Vegas, June 13-14 in Chicago, Sept. 19-20 in Boston, and Nov. 14-15 in San Francisco.

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

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

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

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the position is responsible for,” Embaugh says. “We wanted someone in house who could completely understand our corporate philosophies and goals.”

Wally Hise, vice president at **HDR Engineering** (Salt Lake City, UT), says that this firm also uses in-house marketing staff predominantly for activities including business development, proposal preparation, and marketing communications.

“This is more of an informal decision, which makes sense from the standpoint of presenting a consistent view of our firm’s capabilities and overall message. It is also more efficient, so we do not have to educate others on our processes, resources, message, and other related items,” Hise says. “There are a few exceptions where we use external resources, namely to prepare and coach presentations, and for strategic planning. While these two may seem counterintuitive to the first stance about consistency and education, the people we use for these activities are long-time consultants or former staff who have a solid foundation in our firms’ approach to marketing.”

PROCESS PLUS BEST PRACTICES. HDR Engineering uses a combination of process and best practices at various stages in the project lifecycle, namely kickoff, during execution and at project conclusion.

“In many cases the techniques can be used at several stages,” Hise says. “A very effective means to get the internal team aligned around promises we make is to review the propos-

al and interview materials at the project kickoff meeting. The project manager and marketing lead can point out key aspects of our proposal to participants, including commitments made. That session can be naturally followed by a kickoff meeting with the client to review the scope, schedule, and expectations, highlighting any changes that may have occurred between proposal submittal and contract signing. Ask the client to define the outcome using open-ended dialog like, “This project will be a success if _____.”

During the course of the project, HDR uses various methods to “check-in” with the client, including visits by the project manager or operations management, and formal client report cards to rate its work. These two activities are also used at project conclusion.

“When the project ends, it’s good practice to have a close-out meeting with the client. In my experience this is often neglected as people turn their attention to the next project or deadline,” Hise says. “At the close-out meeting, review the report cards, review the definition of success and expectations, and get feedback to use for the next proposal and project with this client. Also be sure to share the insights gained with your internal project team, comparing the outcome from your client’s perspective to the initial plan.”

Hise adds that it is also good practice to include operations management in proposal and pricing reviews to make sure they buy in to the approach, staffing, and level of effort required to meet project objectives stated in the RFP and scope of work. ▀▲

SURVEY

Salary changes follow odd rationale

Climbing out of the recession, salary changes are minimal at architecture and landscape architecture firms. The good news is things aren't getting worse.

By CHRISTINA ZWEIG
Contributing editor

Most job positions have seen small salary increases during the past year at architecture and landscape architecture firms. However, management level salaries are still a far cry from 2009 levels, the 2013 "Salary Survey of Architecture, Interior Design & Landscape Architecture Firms" found.

"No surprise here. When times are tough, owner pay is the first place to cut. It has happened in the design industry across most companies in most areas," says Mark Zweig, founder and CEO of ZweigWhite.

Intern salaries have varied little. Though last year's survey found median intern salaries to be down 3 percent from 2009, this year's survey saw small increases to \$41,000, a less than 1 percent decrease from 2009. New England, previously the region with the lowest intern salaries, has moved to the top of the list with a median salary of \$42,250.

Though entry level positions haven't seen drastic salary reductions, the numbers may reflect a lack of new jobs.

"Opportunities for new graduates in architecture and landscape architecture are few and far and between. No surprise salaries aren't growing quickly for lower level positions in this climate," Mark Zweig says.

SOME SMALL INCREASES. Still, specific jobs in the industry have held their value. Drafters have seen steady increases in salary levels, growing a little over 1 percent from last year and 12.3 percent from 2009. CADD operators have also seen increases in salary, growing 2.22 percent over last year to a new high of \$46,000.

Landscape architects, junior architects and senior architects have all had modest increases over the past four years.

SOME BIG DECREASES. The hardest hit of all design staff were principals, who have seen a steady decrease in median salary since 2009, reaching a new four-year low of \$115,000 in 2012. Interior designers have continued to see salary decreases as well.

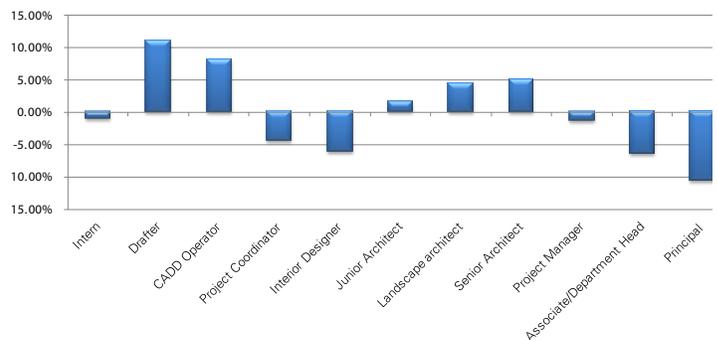
Associates/department head salaries are still down almost 6 percent from 2009, but saw an increase a little over a 1 percent from last year. The median salaries of project coordinators saw a similar trend.

In administrative/management positions, growth was found

SALARIES IN 2013



PERCENT CHANGE FROM 2009



Source: 2013 "Salary Survey of Architecture, Interior Design & Landscape Architecture Firms."

"Opportunities for new graduates in architecture and landscape architecture are few and far and between. No surprise salaries aren't growing quickly for lower level positions in this climate."

in almost all positions, except business development representatives, a position that saw salary decreases of 12.37 percent after increasing last year.

Administrative assistant salaries have remained constant.

Technology has become an increasingly complex and necessary part of architecture firm operations. IT manager/specialist median salaries have reflected this trend, continuing to increase over the past four years, and growing 2.22 percent from last year. Technology upper management may be viewed as an overvalued position in today's climate as CIO/IT directors were reported in the 2013 survey to be a whopping 20 percent below 2009 levels. The position did see small increases in median salaries between last year and this year.

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Beware of large liability risk projects



Robert Hughes

GUEST SPEAKER

Losses can be devastating for certain types of projects and design firms should take steps to protect themselves.

Design firms can add another challenge to those already posed by the enduring sluggish economy: They're as likely as ever to experience a professional liability claim. Roughly, one in five firms face one or more professional liability claims in a year, according to Victor O. Schinnerer. Significantly, some projects that may represent lucrative business opportunities also may inherently be far riskier than others, including those involving waste water treatment plants, bridges, and roadways.

That's not to imply these projects should be avoided, but design firms should approach them with a clear understanding of the potential exposures and take appropriate measures to manage their risk.

Most (80 percent) professional liability claims against design firms occur during the project's construction phase or within two years after completion, but lawsuits involving wastewater treatment facilities show that some exposures can linger. In 2011, two workers were killed when a wall collapsed at a Tennessee wastewater treatment facility several years after the project was completed. The claim seeks \$17 million in damages and alleges the design firm (which designed the project in 1996) should have known the wall's integrity would be compromised over time based on the materials used in construction.

In this case, even if the engineer ultimately avoids a judgment or settlement, defense costs can be substantial. Generally, for every dollar in settlement there is likely a dollar spent in defense costs. While most design firms typically carry a limit of \$1 million of professional liability insurance, given the loss of life and the owner's need to rebuild the facility, a \$1 million limit is far from adequate.

Design firms involved in wastewater treatment plants also may face exposures related to construction cost overruns or situations where processing capacity or operational savings don't meet expectations. And it is not just large or jumbo projects; in one instance, a treatment plant expansion ultimately cost \$4.8 million, including cost overruns of nearly \$600,000.

While cost overruns are not unusual, in this case the general contractor sued the city, which blamed the engineering firm for the loss. Ultimately, the settlement with the design engineer was for \$275,000, just under half the original \$600,000 amount. This result, along with the relevant defense costs, exhausted the small design firm's available professional liability insurance.

Bridge construction is another area that could involve substantial risk. Professional liability underwriters typically consider routine bridge design as low risk. Yet, if the bridge span exceeds 250 feet, the project becomes much more complex and risky. Design firms should consider the length of the bridge in determining the appropriate professional liability insurance limits to carry.

Delaware's Indian River Inlet Bridge shows what can go wrong. After spending millions for construction of the bridge approaches, the Delaware Department of Transportation (DelDOT) indicated the approaches had to be removed due to excessive settlement. DelDOT filed a \$19.6 million lawsuit against the bridge design firm and its geotechnical subconsultant for various alleged errors, including failing to account for soil settlement under the earthen roadway embankments. The suit shows the potential magnitude of bridge claims (a smaller engineering firm with \$1 million or \$2 million of insurance could be buried just defending a \$19.6 million claim).

Highway work zones represent another major exposure. In the past five years, more than 4,700 people were killed and 200,000 were injured in highway work zones across the country. While contractors typically have significant "work zone" risk, design firms also face exposures. Traffic safety in construction and maintenance zones should be a high priority in every project – from planning through design and construction.

A single-vehicle construction work zone accident in Florida involved multiple fatalities. In this case, the engineering firm did not recommend or implement a reduction in the work zone speed limit, noting that it was convinced the client would not approve it.

Most (80 percent) professional liability claims against design firms occur during the project's construction phase or within two years after completion, but lawsuits involving wastewater treatment facilities show that some exposures can linger.

See ROBERT HUGHES, page 8

Firing your customer



Tony Kucharski

GUEST SPEAKER

It should be avoided under reasonable circumstances, but sometimes there's no choice.

In my business, at any given time about 20 percent of customers probably need to go.

Some are too needy. Some are making the company lose money. Others just don't pay their bills in a timely manner.

If you're a perfectionist, accepting this reality can be a difficult thing to do. After all, you want to make every customer happy, right? You want to make every transaction a great one.

The reality is that you're never going to achieve this. I've seen it in warehousing. There are some customers who are just never satisfied no matter how hard you work for them and I'll eventually send these people out to go bother our competition.

You're in business to make money. Breaking even only keeps you alive in the short term; and, without profit, the market will eventually eat you. The doors will close.

Winning every battle is not an option. Customers who are consistently losing you money have to go.

DON'T MAKE SNAP JUDGMENTS. Even your best customers are going to have bad days. Part of good business is realizing that and being gracious enough to not overreact on every little flaw.

For the most part, if a customer has three or four "emergency" situations a month that require extra attention, we always try to accommodate their needs in the name of good business. Just as you would help out a good friend from time to time, it's best to put in some extra work to maintain a long-term relationship.

REHAB THE CUSTOMER. To use the friend scenario again, if one of your buddies asks for a ride somewhere every day, borrows money twice a week, and then yells at you on top of all of it, something is going to have to change.

First, always try to work with the offending customer, as they may honestly be in the dark about how inappropriate their behavior is. Maybe they think you'll always be able to go into "emergency mode" for them, because you have in the past. Maybe they don't realize how much their demands are weighing on your staff.

Firing an employee right off the bat is usually a bad idea. Unless the customer walks into your office and throws a stapler at your head, it's better to first seek a resolution to the problem. Just as it's cheaper and easier to help an employee improve than to find and hire a new one, it's better for the bottom line to save the customer relationship.

Open communication can remedy many situations. But if an offending customer is ignoring your words, then you may need to send a message with the next invoice.

ADD FEES. At this point, you may need to raise prices on your needy customer. More work and attention on your end means more costs incurred, which means the price needs to go up.

In warehousing, we will raise prices if a customer shows up with "right now" demands on a daily basis. A handful of "emergencies" a month is one thing, but extra attention every day creates big operational problems.

Expecting something with no prior notice in warehousing is no different than showing up at a dentist's office without scheduling an appointment, then throwing a fit when you don't get in. Sure, we might be able to pull this off, but it comes with a price.

We'll add fees, and one of two things happens: the customer gets with the program, or we make extra money off their stupidity.

THE LAST RESORT. If the customer continues to throw a fit and insists you give more than you reasonably can, you have to calmly stick to your guns and explain why the fees are necessary.

The vast majority of the time, this will take care

See TONY KUCHARSKI, page 8

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IN BRIEF

ABI IN RECOVERY MODE: Billings at architecture firms accelerated to their strongest pace of growth since December 2010. The American Institute of Architects reported the October Architecture Billings Index score was 52.8, up from the mark of 51.6 in September.

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 59.4, compared to a mark of 57.3 the previous month.

“With three straight monthly gains – and the past two being quite strong – it’s beginning to look like demand for design services has turned the corner,” said Kermit Baker, AIA chief economist. “With 2012 winding down on an upnote, and with the national elections finally behind us, there is a general sense of optimism. However, this is balanced by a tremendous amount of anxiety and uncertainty in the marketplace, which likely means that we’ll have a few more bumps before we enter a full-blown expansion.”

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

Key October ABI highlights:

- Regional averages: South (52.8), Northeast (52.6), West (51.8), Midwest (50.8)
- Sector index breakdown: multifamily residential (59.6), mixed practice (52.4), institutional (51.4), commercial / industrial (48.0)
- Project inquiries index: 59.4

TONY KUCHARSKI, from page 7

of things. Eventually, the higher numbers will get to the customer’s manager and the situation will remedy itself.

However, if you’ve gone through all these other steps and the customer is still losing you money, or continues to verbally abuse your staff, it’s time to let them go.

You may “lose” them to a competitor but odds are the competitor will just inherit the same headaches and lack of profit margin you had.

ROBERT HUGHES, from page 6

Unfortunately, the firm couldn’t provide any supporting documentation. The ensuing lawsuit, citing the engineer for negligence, resulted in a multi-million-dollar settlement paid by the engineer’s professional liability insurer.

There’s no question these losses can be devastating. Design firms should take steps to manage related risks, including:

- Identify risks inherent to each phase of the project. Simply understanding the risks leads to higher awareness and better management.
- Pay attention to scope of work and other contractual provisions. Avoid taking responsibility for jobsite safety, as well as overly broad indemnification language.
- Be sure the owner has stipulated adequate insurance requirements for all project participants, including naming the design

SALARIES, from page 5

HR director/manager median salaries increased almost 5 percent from last year, but still are 5 percent below levels found in 2009.

COO salaries followed a similar trend, though their median salary increased 22.22 percent from last year to this year, reaching \$132,000. However, this is still significantly lower than 2009’s median salary of \$165,000.

“No surprise here. When times are tough, owner pay is the first place to cut. It has happened in the design industry across most companies in most areas.”

CEO/president/managing partner salaries saw a little more than a 3 percent increase this past year, but at \$149,552 are still are not close to 2009’s \$175,000.

While many firms cut marketing expenses from their budgets during the recession, it appears that this year marketing staff are seeing resurgence in compensation, something that might indicate a renewed focus on marketing.

Median salaries for marketing directors increased almost 20 percent from last year, though still remained almost 8.5 percent lower than 2009 levels. ▲▲

And once the bad client is gone, you have room for a profitable customer.

It’s simple. Emotionally, however, it’s tough to pull off. But simple.

I’m curious as to what you’ve been through. Fired any customers this year? ▲▲

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firm and your subconsultants as additional insureds on their general liability insurance.

- Seek mutual waivers of subrogation for any claim covered by another party’s insurance (especially, property insurance).
- Be sure your firm carries adequate insurance limits. Consider your firm’s exposure, its risk appetite and contractual requirements (which increasingly require \$3- to \$5 million of professional liability coverage).
- Use experienced insurance advisors to help you evaluate risk, reduce the likelihood of claims, and structure an appropriate, cost-effective insurance program.

With appropriate diligence, you can avoid large losses or help minimize their potential effect on your firm. ▲▲

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OFFICE

Location, location, location

Whether the choice is urban or rural, several factors play into office location and layout.

By LIISA SULLIVAN
Correspondent

Is your office in the suburbs or downtown? Does it have access to public transportation? What's its overall layout like? Whether you like it or not, it's likely that all of these factors may play a role in your recruiting efforts.

"The cities where we are located have undergone a renaissance in their downtowns and some of our staff lives near our offices, so they can walk or bike to work. Our Charlotte office is near the new light rail system and some of our staff uses that to get to work."

DESTINATION... DOWNTOWN. **STUDIOS Architecture** (Washington D.C.), a 163-person firm, also has offices in Los Angeles, San Francisco, London, Mumbai, New York, and Paris. They are all in downtown areas.

Bernadette Singh, associate principal and HR director, believes that since all locations are easily accessible to public transportation, downtown status makes recruiting easier.

"While I cannot prove this, we do mention our conveniently located office if someone is coming from out of the area," she says.

LS3P ASSOCIATES LTD. (Raleigh, NC), a 203-person multidisciplinary firm that offers architectural, interior architecture and strategic visioning services, also has most of its offices in downtown areas, including locations



Katherine Peele,
Managing
Principal and VP,
LS3P.

in Charleston, S.C., Columbia, S.C., Greenville, S.C., Charlotte, N.C., and Wilmington, N.C.

Five offices are in downtown areas. The Wilmington office is in a bustling urban area, but not downtown "proper" (though LS3P is considering moving this office to a true downtown location).

Katherine Peele, managing principal and vice president at LS3P, also believes that these downtown locations help to attract new employees, particularly younger staff.

"The cities where we are located have undergone a renaissance in their downtowns and some of our staff lives near our offices, so they can walk or bike to work," Peele says. "Our Charlotte office is near the new light rail system and some of our staff uses that to get to work."

RURAL LOCATION PLAYS UNIQUE ROLE. Francesca Hartop, CEO at **Yost Engineering** (Portsmouth, OH), a 27-person firm, says that they are a horse of a different color. The office is located in what is called the HUBZone area – an area with high unemployment and low socio-economic-educational attainment status; it's a semi-rural area.

While this location does not make it easy to recruit, Yost is part of the effort to rebuild small towns that used to rely on factory jobs into small cities that support tech jobs and a knowledge-based workforce.

"For people who do not have a personal connection to the area, relocating to

this small city 90 minutes from a metropolitan area can be isolating," Hartop says. "It is important to find people who are interested in living/staying in the area, and make social connections and group support part of their onboarding."

Playing a trick on globalization, Yost has been the target of domestic "outsourcing." The firm offers cost-effective, labor-friendly alternative to overseas outsourcing of projects and services. Additionally, the firm benefits from the area's lower cost of living, which allows more investment in R&D and product development, so it can pass along higher quality and value to its clients.

YOST appreciates that outsourcing can be an important strategic decision for many companies, for many reasons. And, the benefits of outsourcing to rural America are many. They include:

- Lower operational costs
- High quality
- No language barriers
- No time-zone disconnect
- No negative customer feelings
- Support domestic job creation and retention

"We have a depth of expertise that we leverage to support the needs of our clients; most of them are larger companies that are outside of this region," Hartop says. "As a small firm, we can very nimbly migrate our products and services in response to rapidly changing demands in both the healthcare and technology sectors."

OPEN LAYOUTS ATTRACT. It's not just location, but also physical layout that plays a role in hiring. Singh of **STUDIOS Architecture** says that since the firm recruits mainly architects and designers, office layout is a relevant factor.

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ON THE MOVE

RETTEW HIRES: RETTEW (Lancaster, PA), an engineering, transportation, environmental consulting, planning, surveying, safety consulting and related services firm, recently welcomed **Matthew Malozi** as manager of the firm's Lehigh Valley/northeastern Pennsylvania/northern New Jersey region.

"Matt not only brings a wealth of engineering-related and leadership experience to RETTEW, he has a sincere commitment to the region and dedication to serving clients and the community," said Mark Lauriello, president, RETTEW. "I welcome Matt to RETTEW."

As regional manager who works primarily from RETTEW's Lehigh Valley office, Malozi is responsible for overall business operations within his region, including management and oversight of RETTEW's Lehigh Valley (Allentown), Athens (Bradford County), and Schuylkill Haven (Schuylkill County) offices, which collectively employ a total of 35 staff. Malozi also leads RETTEW's regional business development efforts, and he is tasked with building RETTEW's reputation in the area for client commitment and stellar project and service delivery. Additionally, he is responsible for developing, maintaining and strengthening key client relationships, managing and mentoring regional staff, and shaping and guiding the future growth of RETTEW in the region, with particular focus on transportation, civil/municipal, and environmental engineering services.

Malozi has 19 years of experience in the engineering industry. Prior to joining RETTEW, Malozi served as chief operating officer of a transportation engineering firm, where he presided over business operations, including the firm's financial operations, human resources, corporate communications, information technology and facilities.

"I'm pleased to serve in this capacity for a growing firm in a growing region. It's a tremendous opportunity to have a positive impact on the area where I grew up and where my wife and I are raising our family," said Malozi.

BHC RHODES HIRES: Kennis Mann joined **BHC RHODES** (Overland Park, KS), a civil engineering and surveying firm, as a project manager in their utilities services segment. Mann brings more than 40 years of experience in fiber optic telecommunications (FTTH) design and construction projects. His addition will help meet the high demand the company is seeing from existing telecom customers as well as expand its services. His immediate focus will be on fiber to the home projects for customers across the U.S.

In addition to managing projects, Mann's responsibilities will include customer relations and business development with existing and new customers to ensure quality and services are top priorities. His professional history includes the role of journeyman lineman with NPPD, president and CEO of Midwest Contractors, Inc. and engineering specialist with an international engineering firm. While with Midwest Contractors he acquired extensive fiber optic cable system construction experience and developed relationships with

municipalities, telecommunication companies and utilities. He is versed in all aspects of project execution and is a certified fiber to the home professional (CFHP). His experience includes FTTH design, electric distribution, automation and control and construction and construction management.

"The demand for fiber to home in rural and suburban areas is bringing growth opportunities. Kennis will play a key role in our strategic plan to grow our utilities business through delivery of exceptional customer services to a diverse customer base," said Bill Brungardt, BHC RHODES director of utilities services, and executive vice president.

LJA HIRES AND PROMOTES: Houston civil engineering firm **LJA** announced that **Les Dodson** has joined them as a construction manager in the firm's East Houston office.

Dodson has more than 30 years of hands-on experience in all phases of water distribution system management, operations, maintenance, and construction activities. His experience includes nine years as the water distribution superintendent for the City of Texas City. Dodson's previous experience includes working with the City of Greenville, Texas as lead operator responsible for operating and maintaining the city's surface water treatment plant. For the City of Carrollton, Texas, Dodson was an operator over the city's water distribution and sanitary collection system, and he also served as an equipment operator for the maintenance of infrastructure for the City of Corinth, Texas.

Dodson will be responsible for management and supervision of construction management activities for various municipal projects, including job site visits, consultation and advice to clients during the projects' construction phase. He will review plans, attend bid openings and construction meetings; and review and approve estimates, RFI's, shop drawings and O & M manuals. In addition, Dodson will attend district meetings and city council meetings.

Meanwhile, LJA has promoted **James Ross** to vice president in the firm's Houston Land Development Division.

Ross has 16 years of civil engineering experience, including engineering design and management. He has worked on numerous land development projects and has provided leadership for successful projects utilizing his engineering and business acumen. His experience includes feasibility studies, creation of construction plans and documents for underground utilities and paving for subdivisions, construction phase services, roadway reconstruction and widening, and serving as a district engineer for various MUDs and TIRZs.

Ross, who has been with LJA for 15 years, currently supervises engineering operations and manages the design and construction of land development projects. In addition, his position involves interacting with clients and managing the coordination process with various governmental agencies.

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"Most people find our layout and design impressive," she says. "For example, in the D.C. office, we have the 'unfinished' look and most architects find this interesting; conference rooms are visible from the reception area. The layout is the same in San Francisco. The design of the reception area appeals to this employee population. The NYC office is a wide open floor plan. There are no offices and potential employees are encouraged by this layout since it suggests open communication with teams and access to management."

Peele of LS3P says that their offices also have very open lay-

outs. "These open layouts tend to encourage collaboration and transparency," she says. "I strongly think that this assists in attracting new employees – the quality of space(s) is very important."

Yost provides an open office environment as well. Hartop feels that this layout is inviting to potential hires.

"We inhabit a historic 1890s factory building that allows for a very open office environment," she says. "This type of layout facilitates informal teaming and as-needed mentoring."



REVIEW

Slow but steady recovery

Just like the economy at large, the design industry has gone through fits and starts.

By LIISA SULLIVAN
Correspondent

Much like the Architecture Billings Index, firms report performance that tends to trend up and down. We talked with two firms to see what was happening on their front lines.

Stephen Lucy, managing principal at **JQ** (Dallas, TX), a structural and civil engineering and surveying services firm, reports a rise in workload and in opportunities in 2012, especially in the second half of the year.

For four consecutive years, JQ has been named to ZweigWhite's prestigious Hot Firm List, which recognizes the fastest growing A/E/P and environmental consulting firms in the U.S.

HIRING IS ON THE RISE. At JQ, there has been a marked increase in opportunities in the private sector, which is a good indication that the economy is beginning to come out of the slump of the last several years. Due to the increase, JQ is beginning to hire again and to return to the staffing levels it had before the recession.

"We have stayed relatively even during the recession and have fortunately not experienced the significant variations as shown in the ABI," Lucy says. "We have benefited from being in Texas, which has not had the dramatic swings in workload as experience in other parts of the country, and also from being focused on the governmental and institutional markets."

SECTOR GROWTH. At JQ, the water infrastructure market remains strong.

"The need was already there, but the continued growth in the Texas popu-



Stephen Lucy,
Managing
Principal, JQ.

lation, coupled with the recent drought, has continued to push water projects as a priority for the region," Lucy says. "We have also seen an uptick in manufacturing-related work with many corporations reinvesting in their facilities or expanding their presence in Texas and the surrounding states because of the available workforce and good business climate."

Healthcare also remains strong, with the shift to providing more community-focused facilities – creating opportunities with some clients on a national level.



Carl Roehling,
President
and CEO,
SmithGroupJJR.

Carl Roehling, president and CEO of **SmithGroupJJR** (Detroit, MI), an architecture, engineering and planning firm, is responsible for the company's strategic direction and marketing.

Roehling is seeing continued growth in the educational arena.

"Universities continue to renovate, and much of the work is financed through bond or other cash flow financing," he says.

RESPONDING TO FEE PRESSURE. Lucy reports that while workload is increasing, JQ is still experiencing fee pressure; in some cases greater than in previous years.

"This is especially true with some institutional clients who rely on governmental allocations for their funding as their budgets are cycling down and they are trying to stretch their dollars as far as possible," he says.

This is a buyer's market in which clients have the advantage of choosing among numerous architects competing for every commission. According to the Greenway Group, a consulting organization for the design and construction industry, it is not uncommon for public or institutional clients to receive more than 50 responses from architects willing to bid on a project.

As a result, to survive in this demanding new environment, A/E companies must be creative, client-focused, competent, collaborative, cost-effective and global.

IT'S A HOLLOW RECOVERY. Roehling has been with SmithGroupJJR for many years and he's served as principal for numerous notable SmithGroupJJR projects, including Chrysler World Headquarters, Detroit Tigers' Comerica Park and the Visteon Corporation headquarters, known as "Visteon Village." He is respected as an innovator who strives to create and integrate new, more effective processes.

"Both our workload and net revenue are up and staffing was also up for the year. But, it has flattened and 2013 will be the same or slightly less. I call it a 'hollow recovery,'" Roehling says.

He adds that projects are slow to start and, in many cases, stop and start.

INCREASE IN OCTOBER – BUT NOT GREAT... The U.S. Department of Labor's Bureau of Labor Statistics reported that the economy added 171,000 jobs in October; this included 17,000 in construction, and 1,500 in architectural and engineering services.

For the architecture and engineering sector, the 1,329,500 people employed in October was 30,200 more than a year ago (for an annual increase of 2.3 percent). For construction, the 5,539,000 employed is 20,000 more than a year ago (for an annual increase of 0.4 percent). ▀▀

TRANSACTIONS

FIRMS MERGE: Leveraging recent client growth and the nascent economic recovery, **Mithun** (Seattle, WA), a landscape architecture, planning and interior design firm, and **Daniel Solomon Design Partners** (San Francisco, CA), a urban design and urban housing, announced a merger which immediately elevates the combined firm's capabilities in the design for urban residential, mixed use, office, civic, cultural, academic, and institutional clients to meet demand for livable, sustainable cities worldwide.

DSDP is merging into the existing Mithun San Francisco office at 660 Market Street. The integrated team of Mithun architects, landscape architects, urban designers, planners and interior designers will operate as Mithun/Solomon to maximize the depth of experience and relationships established over four decades by the well-regarded Solomon firm. DSDP has earned over 100 design awards for such seminal projects as the Brower Center / Oxford Plaza in Berkeley, the Mosaica Housing Community and Broadway Family Apartments in San Francisco, and urban planning of downtown Sacramento and San Francisco State University.

Mithun, which will retain its name outside the Mithun/Solomon office, has developed a diverse and highly respected portfolio of work since its founding in 1949, including recent projects such the Lander, Terry, & Maple Residential Halls for the University of Washington, the Mariposa neighborhood redevelopment for the Denver Housing Authority, multiple projects for Google in the Silicon Valley, two projects in Yosemite National Park for the Yosemite Conservancy, plus thought-leadership initiatives such as its EcoDistrict Assessment Protocol for the Portland Institute of Sustainability. The practice holds over 130 design awards in its 60-year history.

DSDP's three principals, Daniel Solomon, Anne Torney and John Ellis, become partners at Mithun in joining San Francisco-based Mithun principals Sandy Mendler, António Pares and Roger Gula.

"This merger reinforces Mithun's commitment to urbanism and urban housing as a key component of a healthy world," said Mithun Chairman and CEO Bert Gregory. "At all scales, Daniel Solomon Design Partners' work is characterized by design excellence, a nuanced and learned response to context, and a commitment to environmental responsibility."

FIRMS CONSOLIDATE: WHPacific, Inc. (Anchorage, AK) announced a recent consolidation of **Sivuniq, Inc.** (Anchorage, AK) into the overall WHPacific operations. Both companies are owned by NANA Development Corporation. Effective Oct. 1, 2012, this consolidation expands the level of comprehensive multimedia environmental services offered by WHPacific to public and private sector clients. WHPacific is now one of the largest multidiscipline architecture and engineering firms based in Alaska, with 400 staff members, 16 offices throughout Alaska and the Lower 48, and annual revenues in excess of \$60 million. WHPacific is the largest Native American-owned architecture/engineering firm in the United States.

Sivuniq has worked closely for several years with WHPacific on various environmental and construction projects in Alaska, the Lower 48, and internationally. This existing working relationship, as well as common ownership, makes the consolidation of operations a seamless transition. The enhanced capabilities within WHPacific are further supported by NANA Development Corporation, which connects WHPacific to an extensive network of dedicated professionals, skilled worldwide partners, and stable financial resources.

"WHPacific and Sivuniq have services that are extremely complementary with each other, and this consolidation will allow us to leverage the best of both organizations," said WHPacific President Robert Macomber. "Sivuniq's strong history of operations and technical environmental service offerings will be a tremendous asset to our clients. We feel we can now offer the best in planning and

design in conjunction with strong environmental expertise."

"This consolidation is a promising step for our environmental business line and signals even more growth and success ahead for our firm," said former Sivuniq President Brad Chastain. "By consolidating with WHPacific, a strong industry leader, we will have the opportunity to contribute to exciting new growth as part of an overall larger enterprise."

WHPacific's expanded environmental services provide innovative solutions for environmental challenges. Key environmental services include the following:

- Environmental studies and planning
- Biological and ecological services
- Permitting and compliance services
- Restoration services
- Environmental management systems
- Health and safety services
- Munitions response

CAMERON ENGINEERING BUYS: Cameron Engineering & Associates, LLP (Woodbury, NY), a full service multi-disciplined consulting engineering and planning firm, announced the acquisition of **Laszlo Bodak Engineer, P.C.** (New York, NY), a well-established mechanical and electrical engineering firm. As an affiliate of Cameron Engineering, the new company will operate under the name of **Bodak-Cameron Engineering**.

"After almost 28 years of organic growth, it is exciting for us to expand the firm's breadth of focus and technical resources with our first acquisition in the City," said John Cameron, Jr., Cameron's founder and managing partner.

The Bodak firm which was founded in 1985, the same year as Cameron Engineering, has served both municipal and private clients both here and abroad. The firm's founder, Laszlo Bodak, is an experienced and distinguished professional engineer with over forty years of engineering experience.

Bodak-Cameron Engineering will operate from the former firm's business location in mid-town Manhattan at 45 West 36th Street.

FIRMS ON THE MOVE

ADVANTAGE MOVES: Advantage Engineers, LLC (West Chester, PA), a 100-person engineering firm, has expanded its West Chester office in order to better serve its clients and to accommodate recent growth in the Philadelphia market.

The new office will bring together technical expertise in telecommunications, geotechnical, environmental, and ecological engineering, providing personal service from project initiation through completion.

The new office has expanded to a 5,000-square-foot facility and has the capacity for 26 full-time staff members. The current team of 15 is comprised of engineers, project managers, geologists, construction inspectors, and environmental specialists.

"The office expansion will also allow for technology upgrades and a more efficient use of our resources. As the Philadelphia market remains strong, we expect to see continued growth across all of our service lines and look forward to the West Chester office continuing to meet the needs of our clients," said Edward Balsavage, managing principal.