THE ZWEIG LETTER

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EDITORIAL

Make meetings matter

Take a good look at their length, purpose, attendance, and agenda, Mark Zweig writes.

Mark Zweig

On a flight out to the West Coast earlier this week, I was sitting on plane next to an interesting fellow. "Matt" was one of the top managers at Clorox— an engineer turned sales guy turned general manager of a business unit.

Somehow we got to talking about Bob Lutz and his new best-selling management book, *Car Guys vs. Bean Counters*. (On a side note, I got introduced to Lutz via Ed Friedrichs of our firm.) I sure hope that A/E and environmental firm managers read this work. Lutz— who had top management jobs at Ford, Chrysler, and GM— knows more about business and management than anyone I've seen in a long time. He has no patience for the BS processes so many "well-managed" firms consider best practices. I don't want to spoil it for you— read the book!

One thing Lutz mentions in his book is how much time was wasted in fruitless meetings where he set new records playing Brickbreaker on his BlackBerry. That's what Matt (the Clorox fellow) and I got to talking about. Why are so many meetings such an incredible waste of time?

Here are a few things we came up with:

1) Microsoft *Office* has a one-hour default time to all calendar additions, and that leads to longer-than-necessary meetings. Matt pointed this out and said he always limits his meetings to 45 minutes. "People can just talk faster," he said. I agree. What a waste of money. We think nothing of having our $200-250/hr principals wasting their potentially billable time in too-long meetings. Matt provided another good analogy— he said meetings are like plants in a pot. You give them a "bigger pot" (i.e., longer time period), and "they grow."

2) We need to spend a lot less time on review in meetings. Send all that out in advance. Ask for questions. If none, move on to the business at hand! Better yet, field the questions in advance of the meeting. Address them individually or if it appears necessary, provide your

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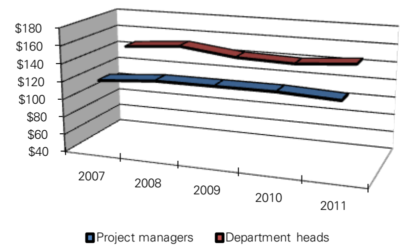
I have run many meetings in my day. If that is your job, then you need to provide the agenda AND you need to keep everything on track. If the agenda is ignored and the meeting gets off track, you are to blame and no one else!

TRENDLINES

Billing rates



Median billing rates for both project managers and department heads have been on a steady incline since 2001, reaching all-time highs in 2008, according to ZweigWhite's *2011 Fee & Billing Survey*. The study finds, however, that billing rates have fluctuated or stayed the same in recent years. For department heads, the median billing rate decreased to $145 in 2009 and 2010. This year, it increased to $150. Meanwhile, the median billing rate for project managers climbed to $125 in 2008, where it remained steady in 2009 and 2010. However, that number dropped to $122 in 2011.

— *Margot Suydam, Survey Manager*

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INSIDE

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I think this is a huge problem that pervades everything we do in this business. We make things too complex!

answer to everyone who will be attending PRIOR to the meeting. Why wait and waste time?

3) Have a tight agenda. And stick to it. I have run many meetings in my day. If that is your job, then you need to provide the agenda AND you need to keep everything on track. If the agenda is ignored and the meeting gets off track, you are to blame and no one else!

4) Meeting size is crucial. The fewer people, the more likely you will be able to get something done. The larger the group, the harder it is to come to any sort of resolution. On top of that, the larger the group, the more likely you will end up with someone who wants to sidetrack the meeting. You know the type— they always focus in on some obscure detail or trivial matter that takes everyone's attention from the real matter at hand!

5) A good e-mail may suffice and you won't need a meeting at all. People need to be concise, however. Matt said he is working with all his people to be more effective written communicators and pare things down. He said one of his guys— a brilliant engineer and manager in his own right— is too wordy. He takes 50 pages to describe what Matt can boil down in one. I think this is a huge problem that pervades everything we do in this business. We make things too complex! We have to be better written communicators. And this IS actually something you can train people to do better (not like a lot of what we do in this business!).

Take a look at your meetings— the length, the purpose of them, who comes, what's on the agenda— and make sure they are not only necessary but don't waste precious company resources. You'll be glad you did!

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

A/E BUSINESS NEWS

SHAKY BUILDING: The *Las Vegas Review-Journal* reported that the unfinished Harmon tower at CityCenter is virtually unrepairable and could collapse in a "code-level" earthquake.

The conclusion has been reached by **Weidlinger Associates** (Marina Del Rey, CA), a structural engineering and applied mechanics consulting firm, which was hired by MGM Resorts International to examine the 27-story building, according to the paper.

In the report, Weidlinger Associates said they ran several tests on the building and found missing or misplaced reinforcing steel in columns, beams, shear walls, and transfer walls throughout the tower below the 21st floor, according to the *Review-Journal*.

The Harmon, part of the $8.5 billion CityCenter, was originally designed by the firm of famed British architect Lord Norman Foster as a 47-story hotel and condominium tower. In 2008, building inspectors found structural work on the Harmon did not match plans submitted to Clark County. The construction issues involved improperly placed steel reinforcing bar, commonly known as rebar, according to the article.

The Harmon's construction defect issues became the focal point of a lawsuit between MGM Resorts and Perini Building Co.

LEED VOLUME: The U.S. Green Building Council (USGBC) announced that LEED Volume Program for Operations & Maintenance is now available for existing green building projects. The program, which focuses on operations and maintenance needs, debuted at the 2011 BOMA International Conference held in Washington, D.C.

The LEED Volume Program streamlines the certification process for high-volume property owners and managers of existing buildings and new construction projects. Utilizing a prototype-based approach, the program enables large-scale builders, owners, and managers to achieve consistency in green building improvements, allowing them to earn LEED certification faster and at a lower cost than would be possible with individual building reviews.

The Operations & Maintenance track was shaped by 11 commercial real estate firms, national retailers, hospitality providers, colleges and universities, local and state governments, and federal agencies.

CALENDAR

MARKETING IN TODAY'S WORLD: Marketing in our industry is changing! It is not business as usual for A/E/P and environmental firms. The tough economy and the increasing power of the Internet and electronic communications are changing everything marketing-wise.

Spend the day with the industry's leading management expert, Mark Zweig, for an in-depth discussion of how marketing needs to adapt to deliver results now during the Marketing in Today's World seminar.

Attendees will learn:

- The role management needs to play in marketing
- How to develop a good business plan that works in today's market
- How everyone in the firm can be selling
- Ways to help technical people overcome marketing-phobia
- How to get the right marketer on board and what that person should accomplish
- The right way to use social media successfully

Event dates are August 18 in Cincinnati, August 19 in Chicago, Sept. 15 in Denver, Sept. 16 in Dallas, Nov. 3 in Charlotte and Nov. 4 in Atlanta. For more information or to register, call 800-466-6275 or log on to *www.zweigwhite.com/seminars/mktsem/index.asp*.

THE ZWEIG LETTER

The voice of reason for A/E/P, and environmental consulting firms.

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TOP PLAYER

Success built one project at a time

Maximizing value for the client and the community is Hot Firm's reason for being.


Kenneth Boroson, Principal, Kenneth Boroson Architects.

"We have a responsibility to help our clients create significant value."

Kenneth Boroson gets it. The principal at his namesake architecture studio, **Kenneth Boroson Architects** (New Haven, CT), succinctly and eloquently covers the basics of what it takes to succeed in this profession in this interview.

Those include: maximizing value for the client, a spirit of collaboration, focus on community, taking responsibility, and the list goes on.

Read Boroson's interview below to find out how he led his 18-person firm to receive an honorable mention in *The Zweig Letter* 2010 Hot Firm List.

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

Kenneth Boroson: It's great to be recognized. With the trials and tribulations of the current economy, being recognized as a Hot Firm has been a great morale booster for our office staff. Recognition has also helped with current and potential clients as it gives them the confidence of the strength and viability of our firm.

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

KB: Providing strong design and responsive service, one project at a time. We have found out the hard way that you are only as good as your last project. We focus on providing the best service possible on our current projects. This philosophy has led to repeat business and long-term client relationships, which have helped create business stability.

***TZL*: Do you remember your first paid job?**

KB: Renovation to a townhouse to create accessible law offices.

***TZL*: What did you learn then that still influences the way you work today?**

KB: Be particularly meticulous when working for a client where former partners own the building and the remaining partners are the tenants. This was an unusual situation where the landlord was the full set of original partners and the tenant was a subset of the original partners. The balance of power shifted during the design so that the majority of the original partners were no longer the tenant. Suffice it to say there were disagreements between the landlord and the tenant on what each was willing to invest in the project. If it wasn't so stressful it could have been a pilot for a sitcom.

***TZL*: What is it in your DNA that drives you to success? Is it audacity and risk-taking; a can-do attitude and a relentless pursuit of perfection; something else more abstract?**

KB: The pursuit of maximizing value for our clients and our community. We are a firm that believes we have a responsibility to help our clients create significant value while doing so in a way that strengthens our neighborhoods and community. It is our reason for being and it is what drives us to success.

***TZL*: In today's difficult business climate, what does it take to succeed?**

KB: Perseverance, diversification, strategic partnering, and luck. Perseverance— If at first you don't succeed (and there are a lot of firsts these days) try, try again. Diversification— A good mix of public/private clients and project types has been helpful to offset the areas of work that have collapsed. Strategic partnering— Creating win-win partnerships helps multiple firms. Luck— Don't count on it but appreciate it when it comes.

***TZL*: Is the spectrum of failure a motivator?**

KB: Most of the time. Other times, failure is exhausting.

***TZL*: Where do you see this industry in 10 or 20 years?**

KB: Integrated design and construction services.

***TZL*: What trends are influencing it?**

KB: Budget, schedule, and building information management.

***TZL*: What about your company?**

KB: We are in full gear shifting from 2D computer programs to 3D modeling as the basis for our design and construction documentation. We are working with consulting firms with the same capabilities to minimize conflicts and assist in coordination prior to construction. We are beginning to utilize material take-offs attached to the modeling to determine material construction costs of our designs prior to completing them at each phase.

***TZL*: Do hold someone as a special mentor? How did this person influence who you are?**

KB: Yes, Thomas Kerns (principal at Kerns Group Architects). He was a true mentor to me at my first architectural internship. As principal of the firm, he sat with me outside at lunchtime and taught me to sketch. I visited him about six months ago after almost 20 years and he still speaks passionately about architecture with regard to broad concepts and supporting individual details. Tom is a talented, classy guy who helped get me excited about architecture.

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

KB: Taking responsibility for one's actions. I am frustrated by the amount of finger-pointing and posturing that occurs in our profession. Those who take responsibility to do the job they are retained to do help to reduce the adversarial process and create an atmosphere of cooperation. It's a lot more fun.

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SUSTAINABILITY

Green performing well and growing

The environmental and economic forecast is bright for green.

By BRYAN SULLIVAN
Correspondent

More and more firms are pursuing green renovation and new green building projects, many of which are the result of clients requesting these services. The reasons to choose green (or sustainable) building and renovation over conventional practices are numerous. Two of the top ones include:

- **Environmental stewardship:** Over the long run, green design and construction reduces environmental impact and carbon footprint. Energy efficiency, water conservation, air quality, environmentally responsible materials, and a reduction in waste sent to landfills are only some of the ecological benefits.
- **Economic benefits:** In most cases, building green lowers operating costs and increases the overall asset value. Increasingly, green buildings qualify for tax rebates and other incentives in most states and towns.

Duncan McPherson, principal, **Samsel Architects, P.A.** (Asheville, NC), has been with this seven-person full-service architecture firm since 1999. In the last three years he has seen a surge in green renovation projects.

Duncan McPherson, Principal, Samsel Architects, P.A.

"Today, approximately one-third of our projects are green renovations," McPherson says. "Many of our projects come to us through referrals; the rest come through our web site and Internet searches."

McPherson believes that green renovations are extremely viable during recession times.

"We have several clients who were planning to build new and decided to renovate their existing homes instead. And, technology and competition have brought prices down on many green features and products, so return on investment is getting shorter and shorter," McPherson says.

David O'Sullivan, Principal, O'Sullivan Architects.

Tim Wittmann, project engineer for **Davel Engineering & Environmental, Inc.** (Menasha, WI), a seven-person land development, engineering studies, environmental services, site development, public works, and land surveying firm, also agrees that the green building and renovation movement is becoming more mainstream.

The future of renovation *vs.* new construction may be more dependent on the larger economic picture and Wittmann attributes this to a growing resource scarcity.

"Certainly green projects are viable; renovations/redevelopments are subject to financial incentives produced both by the market and government initiatives," Wittmann says.

David O'Sullivan, principal at **O'Sullivan Architects** (Wakefield, MA), a five-person architecture and project management firm, also sees the future of green building and renovations to be a viable area to pursue now and in the future. "As fuel prices climb, technology improves, and people are more educated on the possibilities, this trend will continue to spike," O'Sullivan says.

LEED ON. Today's most popular framework for green building is LEED (Leadership in Energy and Environmental Design.) The U.S. Green Building Council, a Washington, D.C.-based nonprofit trade group, created the system in 2000 to help promote, instruct, and evaluate sustainability.

LEED has a grading system. Points are awarded for air quality, recycling and energy efficiency, among other measures. The more points— the higher the grades, which go from basic certification to silver, gold, and platinum.

McPherson's firm has two LEED AP on staff and they have successfully administered the LEED-certification process on a dormitory project they designed that achieved a LEED-Platinum rating.

O'Sullivan has two LEED professionals and one certified green designer though the National Association of Home Builders (NAHB).

"We offer our clients renovations to comply with the latest energy codes and explain to them the benefits of going further in applying energy-saving retrofits," O'Sullivan says.

Wittmann says that, "Currently, we are seeing a handful of green projects annually; these are nearly all new development projects where the developer is seeking LEED accreditation. Market demand specifically with association of LEED projects are becoming more and more prevalent."

UPDATE CONTRACTS. A growing coalition called ConsensusDOCS produces best practices construction contracts that are fair to all parties involved in the design and construction process. Recently, the ConsensusDOCS Coalition updated its core construction contracts to better reflect today's industry. These changes include a better incorporation of building information modeling (BIM), green construction considerations, and claims mitigation to encourage better project results.

"While the construction industry has contracted under depression-like conditions, there is now growing acceptance that a better contractual foundation is required for successful project results," says Brian Perlberg, executive director of ConsensusDOCS. "Construction parties that can successfully communicate and collaborate will survive and thrive."

"Today, approximately one-third of our projects are green renovations. Many of our projects come to us through referrals; the rest come through our web site and Internet searches."

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TECHNOLOGY

Tide is shifting in favor of BIM technology

However, a blend of two- and three-dimensional technologies still prevails.

By JULIE KYLE
Editor

Editor's note: This is part one of a two-part series.

Technology is an essential part of business operations— and it changes at a breakneck pace that sometimes makes something obsolete before it is even fully implemented.

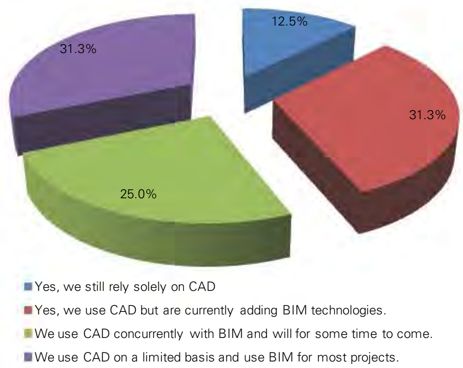
Three-dimmensional building information modeling is rapidly replacing 2D design software and many firms are preparing for the inevitable changes it will bring to their design practices.

Thirty-seven percent of respondents to ZweigWhite's *2011 Information Technology Survey of Architecture, Engineering, Planning & Environmental Firms* indicated that CAD/BIM/technical applications are among their top information technology priorities this year.

In response to rapidly evolving IT needs, the editors of *The Zweig Letter* held an informal survey in which readers were asked whether they have implemented BIM technologies fully into their design practices. According to the responses, practitioners are starting to move beyond two-dimensional computer-aided design (CAD) programs in favor of BIM. Only 12.5% of firms responding to the survey still rely solely on CAD, while 31.3% say they use CAD but are currently adding BIM technologies. Twenty-five percent indicated they currently use CAD concurrently with BIM and will for some time to come; 31.3% reported using CAD on a limited basis and using BIM for most projects. None reported making the full transition to BIM yet, but all expect to at some point. Just when that will take place remains to be seen, and will be influenced by many factors including training, widespread market acceptance, and cash to pay for integrating the BIM process and related software.

Architects at **SHW Group** (Plano, TX), a 220-person architecture firm, use BIM for most projects, only utilizing CAD on a limited basis, said George Houhanisin, principal and director of operations, eastern region. SHW Group is an architectural and engineering firm with $50 million in gross fees with eight offices in Texas, Virginia, Washington, D.C., and Michigan.

BIM OR CAD?



"Ninety-five percent of our projects are produced utilizing BIM technologies with Autodesk *Revit* software as our platform," he said. "Our firm still utilizes CADD software to produce only small renovation projects that do not require 3D modeling. CADD programs may also still be utilized during the schematic design phase for major projects, but more as a sketching tool, as a designer in the past may have used trace paper."

EARLY ADOPTERS. **Klingner & Associates, P.C.** (Quincy, IL), a 95-person architecture and engineering consulting firm, still uses CAD, but is currently adding BIM technologies, said Michael Klingner, president. "Our firm was an early regional leader in micro-based CAD, implementing field-to-finish surveying in the mid-1980s, *Roadcalc* and later *Microstation* transportation design, and fully networked CADD office-wide in the early 1990s using *Wildsoft*, *AutoCAD*, and *Microstation* software. We have owned *AutoCAD Architecture* and *Revit Architecture Suite* for several years, but used it mostly for 3D images for marketing, client presentations, project presentations, and coversheets," he said.

Klingner & Associates has just begun seeing clients request or ask about BIM services within the past year or so, Klingner said. "We are currently working on our first major BIM project. This project is a state correctional maximum security prison construction project using BIM to document special inspections, and we expect to be working on two full architectural, mechanical, and structural BIM design projects the second half of 2011.

"As we do transportation work as well as many small commercial and industrial projects, we anticipate traditional CAD will be our primary tool over the next few years. Five years from now we may be looking at more demand for BIM across the board," Klingner said.

Jim Lovell, president, **Confluence Consulting Inc.** (Bozeman, MT), an environmental consulting firm specializing in the study, design, and restoration of aquatic resources, says the firm's designers still rely on CAD to some extent. "We use GIS for a lot of our work as an environmental consulting firm. We do not see any value in integrating BIM at this time."

Firms that aren't seeing the need for the new technological application will have to get on board at some point, especially if they work on government projects, as much of the federal government is moving toward requiring BIM on their building projects. Currently the U.S. General Services Administration, Army Corps of Engineers, Air Force and Coast Guard are requiring BIM on specific projects. Even state and local governments are looking for BIM in their projects. Francis LaSala, the environmental manager for the City of Tuscon, Arizona, said that he does not rely on CAD. Wisconsin and Texas recently have adopted BIM deliverable standards for buildings, and other state and local governments are likely to follow.

Many said they believe the number of projects with BIM will continue to increase as the benefits become more apparent and the process is better understood.

> "Ninety-five percent of our projects are produced utilizing BIM technologies with Autodesk *Revit* software as our platform."

ON THE RECORD

Challenging times

In the recession, marketing is as important as ever, but it's not easy.

With the onset of the recession, budget cuts affected marketing efforts— at a time when increased marketing was dearly needed. In this On the Record feature, two firm leaders share how they faced the challenge.

Rick Worrel, president of **Affinis Corp.** (Overland Park, KS), a transportation civil engineering firm, says when it comes to facing marketing challenges, it "comes down to the development of a new skill set, one that has nothing at all to do with engineering." Worrel then makes reference to Herbert Hoover's memoirs:

There is the satisfaction of watching a figment of the imagination emerge through the aid of science to a plan on paper. Then it moves to realization in stone or metal or energy. Then it brings jobs and homes to men. Then it elevates the standards of living and adds to the comforts of life.

This is what we do. It truly is our life's work and our calling. And, though it seems like it should be enough, it isn't. In the real world, to build our business each of us must adhere to our mission: To build long-lasting relationships with co-workers, clients, and colleagues by listening, learning, delivering, and celebrating.

For some this is easier said than done. Engineer jokes aside, we're not all comfortable in taking the steps required to build a new business relationship. We can talk all day about RCBs and stormwater control but contacting a new prospect to ask for a meeting can seem daunting.

To address this need we implemented a multi-faceted business-development approach that began by bringing in a marketing planner. We formed an eight-member team to hone our business strategy by focusing on training and best practices. After identifying client touch points and messaging and differentiation points, we developed new marketing tools, including an up-to-date capabilities presentation.

Along the way we learned that training plays a major and ongoing role in business development. Making engagement strategies a priority, we use brownbag lunches, our book club discussions, as well as external training offerings. We also assessed co-workers' strengths and weaknesses and developed a mentoring program that is helping each employee identify new business opportunities and develop appropriate client and prospect engagement strategies.

This is a work in progress, but we are seeing results and we are celebrating each victory.

Geoffrey Butler, president, **Butler, Rosenbury & Partners** (Springfield, MO), a 90-person architecture, engineering, interior design, planning, and development firm:

Our biggest markets are dead. We are marketing in our secondary markets where we are not the dominant player. We are spending more time getting direct contact to the decision makers and working to identify and secure the work before the whole free world gets wind of it.

Making it happen

Improving the service delivery process a challenge for many.

If you could change or improve an area of your service delivery process, what would it be? That's the question we asked of firm leaders for this On the Record feature. Read their answers below.

Herman Thun, president, **LZT Architects Inc.** (Ashland, VA), an eight-person architecture firm:


Herman Thun, President, LZT Architects, Inc.

Continue to reduce time to process a project, to increase fees for projects, to improve quality control to minimize errors, and to increase creative design capability.

Kevin Phillips, CEO, **FPM Group Ltd.** (Ronkonkoma, NY), a 100-person full-service environmental and traditional engineering firm:

I would improve the delivery of proposals. About 50% of our proposals to governmental clients get delivered within two hours of their due date and time, no matter how long the proposal response time is. We can't seem to get everybody to get the concept of "pens down." Missing deadlines are rare, but the stress it puts on the organization is too large not to expect future problems in personnel and quality issues in the proposals.

> "Improve delivery of proposals... We can't seem to get everybody to get the concept of 'pens down.'"

Marjorie Simmons, CEO, **SHW Group** (Plano, TX), a 220-person architecture firm:


Marjorie Simmons, CEO, SHW Group.

Consistency. We have a very solid track record of exceptional client service and project delivery but how we go about achieving that across the entire firm varies. We need to consistently communicate best practices and share stories of success and lessons learned to ensure we are continuously improving in this vital part of our practice.

Stephen Chan, COO, **Telamon Engineering Consultants Inc.** (San Francisco, CA), a civil engineering consulting firm:

Better collaboration platform, better integrated project delivery, digitizing document control, and better trained project manager in the A&E field.

Overcoming the resistance to technology adoption such as united communication protocols (go-to meeting replacing face-to-face, tele-presence, cloud-based document management...)

OPERATING MODE

Good revenue projections

How ya get ’em and what ya do with ’em.

In addition to things like design excellence, exceptional client service, quality assurance/quality control and good, fundamental technical design, I believe that the lifeblood of running a successful practice has to involve *good* revenue projections.

Let’s take a look at the practices and procedures that must be in place in your firm if you are going to have reliable revenue projections. Once you are there and have a sustainable plan for producing these forecasts, you can then apply this information in ways that will guide key decisions in the area of financial management and firm operations.

Are you ready for yet another guy telling you about project work plans? Not sure you can handle it? If you are doing it consistently and it is part of your firm’s culture, I am sure you’ll enjoy and agree with most of what is in this article. If you’ve already bailed on me, then maybe you need to take another look at this because if you are trying to run a firm without a strong project management culture utilizing project work plans, then you are just plain lucky if you have been successful. These work plans can be simple or not, on the back of a napkin, or in *Excel*, or be created within an enterprise software solution that has a project planning component. It really does not matter, but the enterprise solution or software integrated with accounting and time-keeping will do one thing that the napkin and *Excel* won’t— it will synchronize actual hours with planned hours in one place— and that’s very important, we know.

During the years in which I’ve been involved in project management and firm operations, much debate has

Stephen Evans

ensued about the level of detail needed for a project work plan. This is my motto: “Prepare project work plans that serve the project manager and teams, do not prepare plans that you must serve.” In other words, prepare the project plans to the level of detail that works for you and the team and do not go to a level of detail that is hard, if not impossible, to manage. I think that three, maybe four, in some cases, levels in the work breakdown structure (WBS) are fine for most projects, don’t take too long to prepare, and provide a manageable plan that can be monitored and updated as required. Planning to two levels where you simply add staff/resources at the phase level is not detailed enough in my opinion; however, I’ve seen it work well for experienced project managers who are very engaged in the project work.

Following is the WBS described above:

Level 1— project name

Level 2— phase name

Level 3— task name

Level 4— sub-task name

An example of a common task would be “building elevations,” and associated sub-tasks would be “north elevation,” “south elevation,” etc. For most purposes staff assignments are made for the building elevations to be completed over a period of time and Level 3 is really as far as you need to go to manage the project. Are you considering a Level 5 in your plan? That is micro-managing and you are definitely serving the plan, not letting it serve you and your project team.

We hear this statement all the time, “I only have small projects, a lot of them, and don’t have the time or see the need for doing project plans.” Response: Project plans for small projects don’t need much detail, certainly don’t take much time, and if you are going to use resource utilization reports to help manage your staff, you have to do them. Yes, you do want to use resource utilization reports to measure the chargeability of your staff and once you get to the point where you have accuracy and regularity in this metric, you’ll never be able to live without it. Do project plans for all projects, no exceptions.

A hands-on project manager who is *directly* involved in the production of the project can have a great influence on resources and the efficiency of completing a project on schedule. On the other hand, mega projects typically require a project manager doing more “management” and less “production” that, in my opinion, necessitates a more detailed work plan as a rule with appropriately timed monitoring and updates. There once was a PM named Dennis who planned his mega projects with resources at Level 2 in the WBS. This fellow had a few years under his belt, a team of people who worked together as a team over the years, and his profitability was usually between 30 and 40% consistently. No kidding, really! Dennis is the only person I’ve known to be able to do this, including the author of this article, who planned projects to Level 3 after spending way too much time and energy beforehand on Level 4. Find your path through all this, try different approaches along the way, and you’ll end up with a process and work plan design that will serve you well.

So now that we have every project manager doing their plans and all project work plans in the system we roll it all up and, like magic, have our good revenue projections. If your firm is already doing this then you’re among the minority. If you have decided your firm needs to do this, it must be accompanied by commitment from the leadership of the firm and a person or persons who will be the shepherd of the software and process of work planning. And it will take time, measured in months, not days... The investment will pay off.

STEPHEN EVANS is the director of Operations Consulting at ZweigWhite. Contact him at *sevans@zweigwhite.com*.

Are you ready for yet another guy telling you about project work plans?

MARKETING METRICS

Marketing is part of the team

Bring marketing staff into your business development and management activities.

All firms are organized differently. In many larger firms, marketing services is separate from business development (sometimes called account management, or sales). While all of these functions are focused externally, marketing leads or supports things like advertising, conferences and tradeshows, branding, promotions, and the web site, to name just a few. To ensure there isn't a disconnect between marketing and sales, management needs to take conscious steps to include marketing in key activities.

- **Share your strategy.** Marketing staff need to understand "the big picture" in order to contribute effectively. Our marketing function reports through me and is embedded within the business. However, it's still a challenge for me to make sure that all staff participating in marketing are aware of our overall direction and major initiatives. Why? Our strategic direction is set by the market sector (business) leader, client managers, business development leaders, and me. We know the clients, services, and competitors better than anyone in our company. So, I need to take extra time to communicate and interpret the strategy with those who report to me.

- **Work on major pursuits.** Most strategies to win new projects or contracts include some level of making your firm more visible to the client. Activities may include sponsoring events, giving presentations, and implementing an advertising campaign. This is where the marketing and sales interface is critical. I like to include marketing in the capture team, instead of just adding things to their "to do" list. I find that when they are in tune with the rest of the team in terms of the messages we are trying to convey, marketing materials are on target and require less review and revision.

Wally Hise

- **Participate in team meetings.** Our market sector holds two meetings each year when we invite a broad cross section of people to discuss major clients and pursuits, industry trends, and internal initiatives. One of these meetings is dedicated to tactical planning for the coming year. While it isn't feasible to have our entire marketing team attend each meeting, I create a place on the agenda where at least one of our staff members can attend and provide a positive contribution. During a recent meeting we provided an overview of the initiative to update our intranet and organize marketing collateral, proposal resources (example documents, debriefs, interview questions, and answers), and client-specific information. Most of the participants were surprised with the volume of resources available to them.

- **Check in.** This one may sound obvious, but it's easy to let a week or two slip away without communicating, especially when you are not working on a project together and team members are remote. I make a conscious effort to touch base with all of our staff on a weekly basis, even if I don't need something. I'll admit that I typically have an "excuse" to call or stop by, maybe to check on progress of a proposal, or discuss the status of one of our longer-range initiatives. Of course the conversation will wander into other areas, including personal interests and/or challenges at work. A quick 15- to 30-minute talk can make a big difference and can lead to staff feeling more connected.

- **Ask for their opinion.** Get input from your marketing team members on a variety of topics, even ones that fall outside their area of responsibility. Marketing has a different view of your business world; a view that can provide great insight and ideas that you may otherwise not consider. Everyone wants to be heard, and this is a great way to engage people.

During my career I've worked in companies of various sizes. In our industry, marketing can easily take a back seat or play a support role to other business functions. When you engage the insight, creativity, and talents of your marketing staff, you will build a positive team atmosphere and get better results.

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

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BOROSON, from page 3

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

KB: Parenthood: It speaks for itself.

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

KB: Have you been able to obtain additional work from being recognized as a Hot Firm and if so, how?

***TZL*: What lesson learned would you pass along to a recent college graduate embarking on a career in the A/E/P and environmental consulting fields?**

KB: Learn 3D modeling and make sure you are passionate about your career choice. Then get ready for the rough and tumble, and a challenging ride.

RECRUITING

How to engage passive job seekers

Many people might be interested in a new career, although they may not be talking about it.

By LIISA SULLIVAN
Correspondent

Recruiting passive job seekers is not for the meek. There are typically two types of passive job seekers: ones who are content and ones who are not.

The first group may be willing to make a move should the right situation aggressively present itself; the second group may simply need a gentle prod.

Ryan Williams, human resources administrator at **Milhouse Engineering & Construction, Inc.** (Chicago, IL), a 60-person firm, finds that many people who are part of the second group and remain in jobs where they are unhappy didn't necessarily start out that way.

"Over time, employees may develop a level of disdain for their current company due to a number of reasons," Williams says. "However, we've found that the majority of reasons chiefly relate to a lack of upward mobility and to receiving little to no recognition for their accomplishments during their career."

SURVEY SAYS… A Jobvite survey taken in the fall of 2010 reported that nearly two-thirds of America's workforce (an estimated 77.5 million people) is ready to leave for another job. Another survey by Harris Interactive on behalf of Plateau Systems reported that a majority (74%) of employed full-time/part-time and not self-employed workers would consider a new job opportunity, even if they were not actively looking.

RECRUITMENT TIPS AND TOOLS. Persuasion and gaining confidence are the keys. So, if you are ready to begin recruiting passive job seekers, ask these questions first:

- Is the position being offered desirable enough?
- Are you a strong enough employer brand to call and convince the candidate to shift?
- Are you "active" enough to lure a "passive" candidate?

Once you have answered the questions and decided to pursue this group, the discussion that takes place between the recruiter and the passive job seeker must be compelling and garner interest. For instance, you will want to be prepared to answer questions such as, "Why is this a dream job?" Will the passive job seeker get to do interesting work and interact with talented peers? The presentation needs to be convincing enough to demonstrate that their work will be valued and there will always be growth opportunities.

Here are some places to begin your search:

- **Proactive networking.** Business seminars, job fairs, trade shows, and networking forums are all positive ways to locate passive job seekers. E-networking sites are also a good tool.

  "Our recruitment initiatives include on-campus interviewing; intern/co-op programs; and use of online-recruitment boards," says Dan Gagliardo, a senior associate and director of human resources at **Birdsall Services Group, Inc.** (Sea Girt, NJ), a 375-person engineering and consulting firm.

  To successfully recruit from this demographic, the company has to be prepared to offer a comprehensive and competitive benefits package, compensation, and, most importantly, a solid career path with realistic goals and rewards for commitment and performance.

  "We offer employees a superior level of career stability, continued recognition for their achievements, and the opportunity to be a part of a fast-growing, innovative organization," Williams says.

- **Employee referrals.** An employer can also ask his high-performing employees to refer other high-performing employees working elsewhere.

Dan Gagliardo, Senior Associate and HR Director, Birdsall Services Group, Inc.

  "Our positive employee base, during what has been a protracted economic downturn, has continued to maintain a steady stream of employee-referred candidates," Gagliardo says. "Our field professionals are the best ambassadors for our being a well-regarded and collegial employer; this has always led to a positive résumé flow of qualified candidates. Continuing to build on already strong internal employee relations is truly the key to our continued success."

- **Post openings on top niche job boards.** Doing this will increase chances of locating passive job seekers (i.e., *NicheBoards.com*, a leading alliance of employment web sites in North America). Niche sites possess the type of targeted information and job advertisements that the best job seekers crave. Candidates can hone in on their area of expertise to learn something new that can help their careers.

  Top niche boards also make it easy for passive seekers to learn about opportunities and submit applications discreetly. They allow candidates to register anonymously and to receive confidential job alerts by e-mail that inform them when a job matches their career goals.

- **Outside recruitment firms.** Julie Maves, human resources manager at **Erdman Anthony** (Rochester, NY), a 300-person engineering infrastructure solutions firm, says that outside headhunters and recruiting firms can also be a valuable resource. "I've been in the business for more than 20 years and have developed some deep relationships with people at these firms," she says. "As a result they ensure that we get top-notch, quality people; they fill our orders with ease because they know who we are and what we want."

SEARCH SAVVY

The quality of speed in selection

Three simple steps to improve the process.

In a recent interview, the following question arose: "What takes higher priority for you, speed or quality?" I've thought about that question and came to the conclusion that, in some regards, the question is somewhat deceiving because it assumes that speed and quality cannot congruently occupy the same enterprise. The obvious inference is that one must be forfeited to some extent in order to achieve the other.

This inference may be accurate in many circumstances, but when we broach the subject of acquiring talent, the best firms in this sphere are careful to acknowledge the synergy— not the dichotomy— between speed and quality… and they map their selection process with that understanding in mind. Top firms seek and identify inefficiencies in their selection process to engineer a candidate delivery system by which the best candidates in the market are identified, introduced, assessed, and hired quickly and aggressively. Why? Because they know the best candidates come with a limited "shelf life." They know top talent is in significant demand, and they intentionally engineer delivery systems that facilitate aggressive selection. Their selection process is finely tuned so that they can turn a candidate on a dime, and that singular attribute distinguishes them in the war for talent.

Clarification: I'm not suggesting speed at the expense of good evaluation. If that's your impression, then you've missed my point. What I'm suggesting is *efficiency*— a very important distinction. I'm suggesting achieving the same level of candidate quality with better economy of time and effort. Listen, the speed by which selection elements are executed is

Jeremy Clarke

directly proportionate to the efficiency of your candidate delivery system, and ultimately your capacity to capture the best candidates. This is the intrinsic relationship between speed and quality in the recruiting space. Having established this premise, the obvious question to ask is: Where/how does a firm begin in an effort to evaluate the *process efficiency (PE)* of its candidate delivery system? This seemingly daunting evaluation is rather simple. There are really only two metrics that need to be examined: time-to-present (TTP) and time-to-fill (TTF). TTP measures the time required for a recruiter to identify and present the winning candidate into the manager's selection process, while TTF traditionally measures the total time required to fill a position from the date the position is posted until offer acceptance. With this in mind, the efficiency of your selection process is just a matter of basic math between the two measurements: *PE = TTP ÷ TTF x 100 (as a percentage)*.

As an example, let's say Susan (our recruiter) presents a candidate to Bill (our hiring manager) five days following the active posting of Bill's job requisition. After 31 days, Bill decides to offer that candidate the position and the candidate accepts, thus filling the position. In this example, our TTP is five days divided by our total TTF of 36 days, and then multiplied by 100 (as a percentage) to reveal our final process PE. In this example that's 14% (or 86% inverted).

Tracking these two measurements will require a little diligence on the part of your recruiting/HR team… but it's not much to ask considering the return on effort. After all, you cannot hope to improve what you are not willing to measure, right? Once your firm has established a median PE based upon your own market dynamics, you can begin to strategically introduce candidate selection process components in a way that allows you to evaluate the validity of those components. As a generic starting point, a good PE is at or around 80%. A higher percentage is always better. A lower percentage may reveal that there are some inefficiencies that could be hindering your firm from capitalizing quickly on top level talent, maybe even losing them to a competitor.

That said, here are just three simple suggestions for leveraging easy and effective improvements to your selection process: 1) map; 2) identify; 3) communicate. There are many more, but this is a good start:

- **Map your current process on a white board and count the number of candidate screening-points it takes to get to the offer stage.** As a general rule, the process should be limited to: 1) recruiter telephone interview, 2) hiring manager telephone interview, 3) on-site interview, 4) offer. If your process has six or more screening-points it's inefficient.
- **Identify key stakeholders to participate in the selection process, and *disallow all others*.** It never ceases to amaze me to hear about candidates having to make multiple on-site visits to interview with random employees who have a peripheral stake at best in final selection. It's inefficient and costly.
- **Communicate the candidate selection process clearly across the entire selection team.** Everyone should know what the selection map looks like, as well as their expectations in the process. For example, managers have only 48 hours to respond to presented candidates. Further, qualified candidates are to be phone interviewed by said manager within five business days. Further still, on-site interviews are to take place within 10 days following a successful manager phone interview, etc. You get the point. Map it and communicate it. I've found service level agreements (SLAs) to be helpful tools toward holding stakeholders accountable to timeliness and efficiency.

Deploying these three simple adjustments, accompanied by incremental measurement, will radically improve your PE and will position you to engineer a candidate delivery system that facilitates aggressive and confident selection. Begin integrating this today.

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BEST PRACTICES

The qualities of an exceptional CFO

What a good one does, and what a good one does not.

By JULIE KYLE
Editor

Curiosity. Empathy. Honesty. These characteristics were listed by several firm leaders who responded to a request by editors of *The Zweig Letter* for comment about whether the CFO or appropriate finance chief was doing a good job at their firms.

All agree that a successful CFO displays strong leadership capabilities and plays a major role in the strategic positioning of the company's interests.

The desire for a strong, vested senior executive who can help the firm manage its growth strategically was the primary reason why **Woodard & Curran** (Portland, ME), a 600-person integrated engineering, science, and operations firm, recently underwent a CFO transition, says Douglas McKeown, CEO.

For McKeown, a finance chief's job goes beyond than what they can do for the company. He says that what a CFO doesn't do can be just as important as what they do.

Doug McKeown, CEO, Woodward & Curran.

"One risk to watch out for with CPA-trained CFOs (which I think is important) is the tendency to let their audit background creep in to the point where they are telling you what you *can't* do *vs*. what you *can* do. They need to be on top of that, but it can't define who they are or you don't have a strong partner at the table. "'How can we do it' should be asked, not, 'This is why we can't'."

RISK AVERSE. Perhaps financial professionals pay closer attention to possible risks than possible rewards, McKeown says.

"That's a good way to put it," he says. "I think they are conditioned to find what might be wrong against a prescribed audit process and to report that *vs*. looking for what might be possible. But that skill— when managed right— is very valuable. It just can't dominate their perspective."

Marjorie Simmons seconds that emotion. Simmons is the CEO of **SHW Group** (Plano, TX), a 356-person architecture and engineering firm specializing in the design of learning environments.

"A person who can only identify problems but not develop solutions is not desirable," she says. "A negative person who focuses more on what we 'can't' do *vs*. what we 'can' do is also not desirable."

SHW Group's CFO Matthew Snider has also maintained a positive relationship with the firm's bank to ensure access to the appropriate level of capital, and has also put unique strategies in place to help meet financial objectives.

EMPATHY AND CURIOSITY SOUGHT— APPLY WITHIN. Beyond the given technical ability to juggle the numbers, empathy was among the most attractive CFO traits listed by leaders, including Simmons. She says Snider does an excellent job of acknowledging the challenges, listening to concerns and obstacles, and then most importantly, working to solve the issues, she says. Translating financial concepts into terms that are easily understood by all helps educate on how the firm is doing financially.

A fear or unwillingness to share bad news, closed-mindedness, and operating with a closed-door policy are undesirable penchants, as well as providing data in a way that cannot be easily interpreted, says Herman Thun, principal architect for **LZT Architects, Inc.** (Austin, TX), an eight-person architecture firm.

"Our CFO, Blanca Mireles, is doing a great job because she keeps me informed regularly of our cash flow needs, our aged accounts, our yearly budget, our direct *vs*. indirect percentage, and she keeps on top of the invoicing cycle," he says. Receptiveness to constructive criticism, a willingness to learn, permitting accounts to see "daylight," and the willingness to teach young architectural interns about the financial facts of life— all impress Thun.

Curiosity about the business is an important characteristic echoed by McKeown and John Klinedinst, president and CEO of **C.S. Davidson, Inc.** (York, PA), a 122-person consulting engineering firm. "Not just reporting what the numbers are, but what they mean and variances and trending: 'WHY is something doing that...'"

For Carl von Hake, CFO of **JBA Consulting Engineers** (Las Vegas, NV), a 150-person engineering consulting firm, the ability to strike a balance between patience and assertiveness, and properly discerning when to exercise each, is the most essential personality trait. "A finance chief has to be a trusted advisor and not just someone who puts numbers into reports.

"I think the reason why many accounting folks tell people what they *can't* do is because the accounting staff becomes the keeper of processes, policies, and procedures. When these are violated, the accounting staff tries to keep it from happening and, on the back end, becomes the snitch," von Hake says.

"A very wise person once told me that, in any business, there are finders (the people who bring in business), grinders (the people who actually perform the work) and minders (the folks that make sure things are done correctly). The finance chief is always the chief minder."

"One risk to watch out for with CPA-trained CFOs (which I think is important) is the tendency to let their audit background creep in to the point where they are telling you what you *can't* do *vs*. what you *can* do."

F & A ADVISOR

Do you fear inflation?

The prescription for success in a high-inflation environment is to make sure that you are strong in managing the basic functions of your firm.

Hobson Hogan

Recent headlines showed that PIMCO, a bond manager, had pocketed over $50 million in trading profits at the expense of its counterparty, Morgan Stanley, on a trade involving TIPS (Treasury Inflation Protected Securities). PIMCO had bet that long-term inflation would pick up, causing the price of TIPS to increase, whereas Morgan Stanley disagreed and took the other side of the trade. These headlines seemed to cement the conventional wisdom that higher inflation is inevitable and will rear its ugly head once economic growth returns to historic trend levels.

Everyone seems to have an opinion on inflation and only time will tell whether your forecast proves to be correct. Today's business media harps on increasing inflation, though they do not always tell you why inflation is so important or what it means to you as a business person. One of the first things you should understand is that some inflation is good; it is a sign of a growing economy. If you do not think so, ask Japan about how destructive a deflationary environment can be. A little inflation is healthy; a lot of inflation can be destructive. To use a golf analogy, inflation is like a hook and deflation is like a slice— neither is desirable, but a hook is easier to correct and therefore the lesser of two evils. Now that I have oversimplified a complex and controversial subject to six sentences, it would be wise to examine how inflation can affect your firm's finances to make sure that you are prepared for the long term.

First, let's examine inflation's effect on debt. Inflation can be helpful to borrowers if your debt has fixed interest rates. Inflation helps those with fixed interest rates because the dollar you will pay back tomorrow is worth less in real terms than the dollar you owe today. Most debt instruments do not have fixed interest rates and are typically set to a benchmark, such as LIBOR or Prime. In inflationary environments, interest rates typically increase due to investors requiring higher returns to counterbalance the effect of inflation on their returns and the Federal Reserve's actions to quash inflation. The majority of firms will see their interest cost increase due to increasing interest rates, the increase will be dependent on how the loan's benchmarks react to inflation and the terms of the loan. So if you have been budgeting low interest payments on your variable loan, you may want to start increasing those costs in your budget. The recent debt crises in Europe have shown that rates can increase quickly when the market turns south.

In an inflationary environment, costs are rising; however, inflation is simply a term for a basket of costs in the economy and we know that not all costs rise or fall at the same time or at the same rate. Today we pay more for gasoline than we did 10 years ago; however, the cost of a good laptop has dropped significantly over the same period. Some businesses will increase their prices to keep pace with their rising costs, trying to strike a balance of maintaining demand throughout their price increases. Every sector of the economy and every business will face unique issues in a high inflation environment. Inflation may increase to moderate levels or possibly soar, though prices for engineering or architectural services may stagnate or possibly drop during the same period. This would be the worst of both worlds, increasing costs without the pricing power to pass those cost increases to your clients. This scenario is unfortunately a possibility if construction activity does not rise above its anemic level.

Inflation is defined as rising costs. However, one person's costs are another person's revenues. If inflation is primarily driven by commodity prices, there will be sectors in engineering that will benefit from increased work on behalf of their clients. If inflation is driven by fast growth in emerging economies, then firms with significant international exposure may benefit. Firms that are diversified over many sectors and geographies are likely to weather the storm because they are more likely to have exposure to sectors that are growing.

The primary issues facing firms in a high inflation scenario are the same as a low inflation scenario— market overcapacity and a lack of demand. The prescription for success in a high inflation environment is to make sure that you are strong in managing the basic functions of your firm— billing quickly and accurately, creating strong and lasting relationships with your clients, maintaining flexibility to meet market demands, and managing your long-term liabilities in a prudent manner. If you manage these aspects of your business, low or high inflation, you will be poised for success.

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To use a golf analogy, inflation is like a hook and deflation is like a slice— neither is desirable, but a hook is easier to correct and therefore the lesser of two evils.