

## Collect YOUR money



Mark Zweig

Some strategies are not pleasant, but it's your money, Mark Zweig writes.

**I**t has always amazed me how lackadaisical A/E firms are about collecting money owed to them by their clients. It's like we have some sort of low self-esteem or something.

"We'd like to get paid Mr. Developer client – 110 days is a long time to wait – but if you want to give us another project to work on now I guess we can wait. By the way, how do you like your new Mercedes-Benz AMG S63?"

It's ridiculous! Lawyers and accountants collect their bills in half the time it takes firms in this industry to collect theirs. Why? Because they expect to get paid – and aren't embarrassed to ask! Even if you do have the cash in your business to waste by financing your clients' businesses, you cannot let old receivables sit out there. The likelihood of collecting them – in full – decreases over time.

Here are my suggestions on what you should be doing to get paid faster:

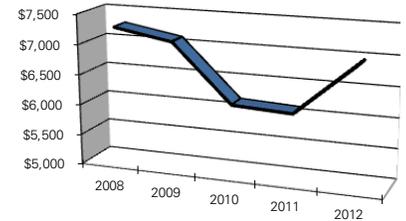
- 1) Bill faster.** Get retainers or advance payments. At least make an attempt! And always bill with deliverables. Don't wait to bill once a month.
- 2) Send the bills out via email.** Why wait for snail mail? Email always gets there – and always gets there faster with the push of "send." Also paves the way for an electronic follow-up by your accounting people (not PM) in seven days or less. "Did you receive our bill? When can we expect to get paid?"
- 3) Use accounting staff as front line bill collectors, not PMs.** It kills me when firms argue with me on this point. Accounting people will make the calls – it's their job! PMs won't. They don't want the unpleasantness of asking for money – heaven forbid! Seriously, you will get your money faster using your accounting people as the bad guys. However, if there is a quality or deliverable issue, obviously you will have to involve the PM.

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## TRENDLINES

### Edging up



The amount environmental consulting firms pay for rent and utilities per employee increased for the first time in recent years, according to the 2012 "Financial Performance Survey of Engineering Consulting Firms." This year, the median rent and utility cost per employee rose to \$6,954 from \$6,104 in 2011. On the decline from a high of \$7,266 in 2008, rent and utility cost per employee saw the biggest drop in 2010, when it declined to \$6,152 from \$7,096 in 2009.

– Margot Suydam, Survey Manager

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# Embrace creative intelligence



Marilynn Mendell

Getting to know the creatives in the marketing department and their process.

GUEST SPEAKER

Many people don't realize that there are different kinds of intelligence. Most people associate IQ tests as the true measure of intelligence when there are a variety of types. Schools were set up to support industry and IQ tests got developed to recognize potential stars to fit into the corporate culture.

But there's another kind of intelligence out there that is particularly relevant to A/E firms: Creative intelligence.

America was actually built by creative thinkers and independent entrepreneurs who were more right- than left-brain and they tended to be the self-starters, entrepreneurs and inventors. Right brain people, the weird creative types, often fail miserably when given standardized tests. Creative geniuses (occasionally introverts) generally fly under the radar and can be hard to spot. Recently two authors wrote important books about the creative process. Jonah Lehrer wrote, *Imagine, How Creativity Works*, and Alan Rowe wrote, *Creative Intelligence, Discovering the Innovative Potential in Ourselves and Others*. Working with people who seem a bit scattered in their thinking, or who seem to be daydreaming more often than normal, or who connect unusual dots and make associations that "normal" people miss, can be challenging to understand but these two books can help. They might also show why allowing day dreaming can be profitable.

It is essential to cultivate an atmosphere where creative people can flourish. They tend to prefer quiet, incandescent lights and visual stimulation. By the way, everyone is creative. It's just that most people begin to turn off their knack for innovation around 10. The book, *Drawing on the Right Side of the Brain* explains a bit more about the mental process.

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Dyslexia can be part of a creative's profile. However, many people have no idea they see things differently because of it. For people working with creatives the challenges can be as wide and varied as trying to keep them interested while they perform mundane tasks, to double-checking spelling and simple arithmetic.

Creative people get idea blocks the same way as writers get stopped. When this happens, they find several ways to kick-start the imagination process. Any kind of free association can bring forth an avalanche of inspiration. Sometimes designers make up stories while walking through grocery stores. A walk past the catsup might begin a mental conversation like: "Once there was a spicy red prince who lived," then when they pass the pickles they think, "in a deep dark sour woods who was married to Princess Gherkin." Letting stories evolve while meandering through a store allows the brain to free associate which, in turn, can lead to totally new directions and ideas. Sitting down with a journal and just starting to write anything that comes to mind for an hour will do the same thing. Usually.

Another trick for some might be turning off the radio and phone while driving and letting interesting thoughts come forward. Others insist that just before falling asleep they pose a problem to their brain – directly. The solution usually percolates up into the conscious waking mind by morning. If ingenious thoughts don't arise with the sun, then they go for a long walk in a wooded area to generate amazing ideas.

When quiet, rest, and random story telling don't work, people reach out for other methods to jump start idea bursts. There's a book called *Creative Sparks*, by Jim Krause, that can help. Some teams prefer Roger von Oech's *Creative Whack Pack* or IDEO's *Method Cards*.

Brainstorming, if it's done right, can be beneficial as well. Just follow a few simple rules. Change the place. Stay away from normal surroundings where bad memories reside. Go to a restaurant or a museum cafe. Bring in accountants, architects, and IT people. Keep the group makeup to 80 percent people who have worked well together successfully for years and 20 percent new folks. Mix teams often always maintaining the 80/20 ratio.

When the incredible award-winning brilliant idea finally appears and the team works at warp speed to get the concept galvanized before it slips away into the abyss, an outsider needs to be brought in

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## SURVEY

# Architecture firm revenue down by 40 percent

While the economy has recovered, revenue and employment levels still lag at A/E firms.

Since the beginning of the recession in early 2008, architecture firms have collectively seen their revenue drop by 40 percent and have had to cut personnel by nearly a third. Despite a national recovery from the recession in 2009, construction activity continued to spiral downward, according to the recently released 2012 “AIA Firm Survey.”

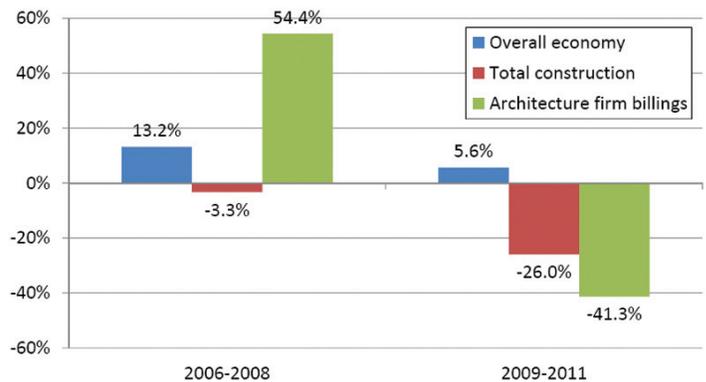
Total construction spending levels, which exceeded \$1 trillion in 2008, fell to under \$800 billion in 2011. As a result, gross revenue at architecture firms declined from more than \$44 billion in 2008 to \$26 billion by 2011, a 40 percent decline over this three-year period.

Such a significant reduction in firm revenue produced a comparable reduction in employment. Construction payrolls peaked in early 2007 and steadily declined through mid-2011 due to the housing downturn. Since then, there has been very little recovery. Positions at architecture firms have generally followed the path of the broader construction industry. Due to the heavy reliance of architecture firms on nonresidential construction activity, payroll positions continued to grow through mid-2008. But at that point they dropped sharply through early 2011 and have not recovered much since. Between 2007 and 2011, more than 28 percent of positions at architecture firms disappeared, more than erasing the 18 percent increase in architecture positions seen during the 2003–2007 upturn.

The general downsizing of firms has also produced a change in staff compositions. In the 2009 AIA “Business of Architecture” report, 60 percent of payroll positions were architecture positions (including interns and students), 21 percent were other design professionals (with engineers and interior designers accounting for the largest shares), and the remaining 19 percent were technical and support staff. By the beginning of 2012, these proportions had changed significantly. The largest losses were in technical and nontechnical staff, positions that generally were not directly billable on projects. Architecture staff positions increased their share somewhat over this period, while the share of oth-

er design professionals remained essentially unchanged. Other key finds from the 2012 AIA Firm Survey:

## DECLINE IN REVENUE AT ARCHITECTURE FIRMS OVER LAST THREE YEARS



Source: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Census Bureau; and the American Institute of Architects.

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Other key finds from the 2012 AIA Firm Survey:

- S Corporations is the most common legal structure at firms
- The number of LEED APs on staff nearly doubled in the last three years
- The share of firm billings from renovations, rehabilitations, additions, and other construction projects increased substantially in the last three years
- More than two-thirds of international billings in the last three years were from projects in Asia, the Middle East, or Latin America

The survey is available in the AIA bookstore, [www.aia.org](http://www.aia.org).

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for an objective review. It's important at this stage to have solution people at the table. Clients and principals can provide invaluable critiques when suggestions are given with the best intentions and where there is an atmosphere of safety and trust. They may look at the presentation and say, “I don't get it.” Or they may say, “That's too complicated for our audience.” Because the designers are often too close (and attached) to a project, creative people really need

constructive critiques as a way to get unbiased input and that first visceral reaction. Great teams appreciate the input and go back to the drawing table armed with a wonderful puzzle to solve. At this juncture the process is fairly easy. Creatives thrive on getting the message just right. And that leads to an article about time management... ▲▲

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