

## What it means to be an owner

Mark Zweig tackles the misconceptions with four examples.

Everyone has free will. They will each need to be sold, convinced, cajoled, influenced, listened to, loved, and paid attention to if you want them to act the way you want them to. It isn't easy.



Mark Zweig

EDITORIAL

I started out in business at a young age, buying and selling bicycles, then motorcycles and then cars, on my Mom and Dad's street corner. Then I had a variety of other ventures until I started Mark Zweig & Associates (which later became ZweigWhite) in 1988 and Mark Zweig, Inc., my design/construct/development company, in 2005. I've also been an owner involved with some startups and other A/E firms.

The point is this: There are a number of misconceptions some people have about what it means to be an owner in the firm. I'd like to disarm those now...

**1) Just because you are the owner it doesn't mean you rule.** NO ONE has to do what you tell them to do or want them to do. Everyone has free will. They will each need to be sold, convinced, cajoled, influenced, listened to, loved, and paid attention to if you want them to act the way you want them to. It isn't easy. You cannot just issue an edict and expect everyone to do it. If you do happen to be one of those people who thinks this way, you're going to be doomed to a life of misery and frustration.

**2) Just because you are the owner it doesn't mean you get all the money – or even the lion's share of it.** Of course, some people who own businesses DO think this way. But their long-term success and options are very limited as a

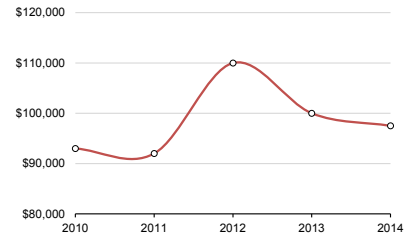
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### TRENDLINES

#### Deflating PMs



Project managers' median base salary has been on a decline in recent years, according to ZweigWhite's 2014 Project Management Study. The recently released report finds that project managers' median base salary decreased to \$97,500 this year, following last year's drop to \$100,000 from a five-year high of \$110,000 in 2012. On a gradual decline in previous years, the median base salary for project managers dropped to \$92,000 in 2011 from \$93,000 in 2010.

– Margot Suydam, Director, Research

#### 2014 MARKETING SURVEY

**Participate and save!** The deadline is Friday, June 20. Take the survey at [www.zweigwhite.com/survey-participation.php](http://www.zweigwhite.com/survey-participation.php)

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## A/E BUSINESS NEWS

**NCARB SUPPORTS LICENSING CHANGE** The National Council of Architectural Registration Boards announced their endorsement of a new path for architecture students – licensure upon graduation from an accredited program. Developed by the Licensure Task Force, a group comprised of leaders from NCARB, AIA, AIAA, NAAB and ACSA, this new track would integrate internship and examination requirements into the years spent completing a professional degree in architecture.

This proposal would offer certain benefits, among them, shortening the timeline to licensure for students who know their career path in advance and adding more opportunities to bring people into the profession early in their educational careers.

“While licensure upon graduation may not work for all schools or all jurisdictions,” said ACSA president Norman Millar, “we laud NCARB’s collaborative process with schools, students, and the profession to facilitate licensure.”

Millar, who represents ACSA on the Licensure Task Force, anticipates that this new opportunity will encourage collaboration between educators and members of licensing boards and the profession, allowing for more conversations about the goals and missions of architecture programs.

Schools will have the chance to participate in the pilot program later this year through a Request for Information, followed by a Request for Proposals in 2015. “We look forward to an open process that allows architecture programs in any U.S. jurisdiction to work with their boards to see if their mutual interests can be advanced,” Millar said.

**GREEN CANADA** Canada stands as the largest international market for LEED green buildings and boasts more square meters of LEED-certified space than any other nation outside the United States, according to a new report released today by the U.S. Green Building Council.

LEED in Motion: Canada is the latest in a series of reports from USGBC designed to provide a holistic snapshot of the green building movement in international markets. The report equips green building advocates with the insight and perspective to understand the use of the globally recognized LEED rating system and to make a strong case for sustainable building activity.

LEED in Motion: Canada is a full account of all LEED activity in the nation, outlining the locations of its 1,633 LEED-certified projects, which total 22.3 million gross square meters of real estate.

Featuring forewords from Mueller and Vancouver Mayor Gregor Robertson, the report highlights how LEED works in Canada, explaining the mechanisms driving its adoption including its global recognition, emphasis on building site location, focus on reduction of energy use in the building sector and numerous health and productivity benefits for building occupants.

To illustrate the movement toward a sustainable building sector in Canada, the report features project profiles and testimonials from green building project leaders who speak to the merits of green design and construction using the LEED system.

“As the first country to adopt LEED outside of the United States, the Canadian building industry embraced the LEED system early on to create what is now a strong base of over 1,600 certified green building projects across the country,” said Thomas Mueller, president and CEO, Canada Green Building Council. “I am very pleased about our 10-year collaboration with USGBC to transform the building industry in North America. This report highlights the advanced work Canadian professionals are doing to reduce carbon emissions and affect positive change on environmental and human health issues using market-based solutions.”

LEED in Motion: Canada is available as a free download on the USGBC website.

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result. You have to pay people well – make them feel like if they work hard they will be treated fairly – and share the booty (liberally) if you want to keep them around and keep the whole thing growing and moving in a positive direction. That means you have to take care of them FIRST before yourself if you want to really get their loyalty and convince them their efforts and care will pay off.

**3) Just because you are the owner doesn’t mean you get special privileges.** The perks that you allow yourself (dinner with the spouse on the company nickel, Thursday afternoons off for golf, etc., no matter how well-deserved they are) have the potential to demotivate other people there. Even coming into the office late when you got back home from a business trip at midnight the night before could be criticized or misinterpreted by others.

**4) Just because you are the owner it doesn’t mean you don’t want everyone else to feel like one, too.**

Many times owners think they are the only ones with a lot to lose if they fail or the company fails, but the employees do, too. Their job is their livelihood. It may not be that easy to replace that job. It’s like they are self-employed and have one client – your company. That is a very precarious position. Acknowledge it. Recognize it. Embrace it. And consider this. These people didn’t START companies. They are going to be more risk-averse than you are.

It doesn’t matter that you started the company or own it now. You are constantly being judged. Truthfully, no one cares about the sacrifices you made or the risks you took to get where you are. The sooner you figure this out and accept it, the better off you’ll be. It takes a team to do anything worthwhile and you have to feed that team – physically, ego-wise, and even spiritually – to keep it together. ■▲

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## LEADERSHIP

# Office visits remain critical to leaders

Firm leaders are still doing the rounds and visiting offices on a regular basis but technology is aiding with 'face-to-face' contact.

By LIISA SULLIVAN  
Correspondent

If your firm has more than one location, you likely understand the variety of challenges that go along with spreading your presence. Keeping communication open is typically at the core of any successful operation. So, how do firms do it? Are leaders still making "house calls" or is technology playing a greater role?

**TECHNOLOGY STRENGTHENS; IT'S NOT A SUBSTITUTE.** Thomas Mosure, CEO and president, **MS Consultants** (Columbus, OH), a 350-person multidiscipline engineering, architecture and planning firm with nine offices, believes that even with a wide variety of virtual meeting technology available, it is still important to meet face-to-face with staff and clients in each office location.

"There's no substitution for making personal connections and expressing the vision of where the company is going," he says. "Supporting your leadership in different geographical areas is also important to all, and visiting office locations frequently helps to show that the company 100 percent backs your geographical leadership and management."

Mosure makes it a priority to visit each office at least twice a year and sends representatives more often – as needed for client meetings, important regional conferences, engagement and learning, and growth development.

"There is no replacement for my presence on certain issues of global connection and my presence, especially with staff, further strengthens company-wide trust and confidence," Mosure says. "When a representative does go to other office locations, it is done to introduce the individual to both clients and staff and to fulfill their own subset of responsibilities, not purely a substitution for mine."

Technology does serve an important role, however. For example, the ability to enhance relationships between office locations through video conferencing is key. Video is used multiple times a week and, more often, by personnel in nearly every role in the organization. It is supplemented by project delivery technology that supports 37 technical areas, virtually connecting each of the company's nine offices and staff.



Thomas Mosure,  
CEO and  
President,  
MS Consultants.



Calvin Ladner,  
President, LJA  
Engineering, Inc.



Jeffrey Biskup,  
President and  
CEO, CRB.

"This technology also helps us keep to one of our core values: making people our priority," Mosure says. "Where we would usually have a phone conversation and/or a conference call, we now use video conferencing to talk 'face-to-face.' It strengthens our company working as one team when we get to see the faces of all team members, regardless of location, each day."

"There's no substitution for making personal connections and expressing the vision of where the company is going. Supporting your leadership in different geographical areas is also important to all."

**IT TAKES A COMMITTEE.** Calvin Ladner, president, **LJA Engineering, Inc.** (Houston, TX), a 400-person, eight-office multidiscipline, consulting engineering firm, serving both the public and private sector, agrees that it's important to visit all offices as well, but sometimes he needs a little help.

"We accomplish this 'by committee,'" he says.

What does that mean? It means that either he or one of the senior management staff visits the other offices on a monthly basis.

Ladner admits that technologies such as Skype and webinar software have made it easier to communicate between offices when holding monthly division meetings with the Austin and San Antonio offices.

**FACE TIME AIDS RETENTION.** **CRB** (Kansas City, MO), a 670-person global network of consultants, engineers, architects and constructors, has 12 offices. Jeffrey Biskup, president and CEO, also realizes the importance of personal visits. He makes an effort to visit each office at least once a year, and more frequently when possible. He will typically schedule client meetings along with CRB staff meetings, so he is often in many offices several times a year.

"Visiting the offices regularly is an important part of sustaining and building the CRB culture in growing offices," Biskup says. "This is also key to attracting and retaining top talent. We place a high priority on face-to-face time with our people."

Like most firms these days, advancements in technology and video conferencing make it possible to conduct meetings electronically, decreasing the need for travel. At CRB, it's routine for staff to col-

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## NEWS

## Cautious outlook for the industry

Digital world slowing down the need for brick and mortar.

**F**MI, a provider of management consulting and investment banking to the engineering and construction industry, released its Q2-2014 Construction Outlook. The forecast shows cautiously optimistic growth, as the forecast has been lowered a percent since the Q1-2014 Outlook.

Construction-put-in-place for 2014 is now predicted to increase 7 percent over 2013 levels.

One reason for the prediction, is the growth of the digital world. With e-commerce becoming a larger market, especially in the retail and educational industries, brick and mortar will inevitably grow at a slower rate. This trend also is slowly affecting office, travel, recreation and even healthcare, as more time is spent online.

Select market predictions include:

■ **Residential.** Affordability, mobility and uncertainty in the job market has been evident as new-home growth is slowing and renting remains a safer

choice for many. With new jobs and pay scales not rising as fast as costs, the forecast has been adjusted from 18 percent growth to 12 percent in 2014.

■ **Commercial.** With retail production slowing, due to the above-mentioned expansion of e-commerce shopping, the industry growth rate will slow to 6 percent in 2014.

■ **Healthcare.** With political uncertainty continuing to hold off new healthcare facilities, the forecast is for CPIP to remain flat in 2014. However, the \$40.8 billion in new construction is expected to continue at a sustainable pace.

■ **Education.** The largest sector of total nonresidential CPIP, education's slowdown is a large contributor to slower growth in construction overall. 2014 will see only 1 percent growth in the market sector.

■ **Transportation.** Construction for the transportation industry is one of the few areas that continues to see solid growth, with 2014 predicted to grow 7 percent. The shale oil boom, as well as the proposed \$73.61 billion transportation bill are large contributing factors.

Download a copy of the full report at <http://info.fminet.com/acton/fs/blocks/showLandingPage/a/9013/p/p-000f/t/page/fm/1>. ▀▀

### OFFICE VISITS, from page 3

laborate electronically across the office network on a daily basis.

“Technology can reduce the wear and tear on our staff by allowing them to stay home and participate by video conference, and it can provide a much needed break from what at times can be heavy travel schedules,” Biskup says. “However, technology can never really replace face-to-face meetings.”

As CEO, Biskup says that it's one of his goals to personally engage employees – whether that happens conducting a state-of-the-business meeting in each of their offices, sitting in on a team discussion, or simply passing people in the hall.

“Video and teleconferencing can often inhibit the personal interaction needed

“Visiting the offices regularly is an important part of sustaining and building the CRB culture in growing offices. This is also key to attracting and retaining top talent.”

to develop and maintain relationships and the cohesiveness that are keys to CRB retaining our top talent,” he says. “Retaining the right people is critical to delivering thoughtful, creative solutions for clients. Although technology has its place, face time is still critical in our organization, and it's always my preferred meeting choice.” ▀▀

## RESOURCES

**INFORMATION TECHNOLOGY SURVEY** Is your firm state-of-the art in computer, mobile device, networking, Internet, telephone and email technology?

How much did your firm spend on computers last year? How much on networks, hardware, software, training, consultants, and everything else? Was it too much or not enough?

On one hand, you can't afford to underinvest in information technology to run your business.

On the other hand, you can't afford to over-invest, driving up overhead and making it impossible for you to compete. So how do you determine what's normal for IT spending in a firm of your type, size, or region?

If you're looking for answers to information technology dilemmas, you need the 2014 Information Technology Survey of Architecture, Engineering, Planning & Environmental Consulting Firms.

Updated this year with input from IT directors at leading A/E/P firms, this report contains all the latest data on IT systems, spending, staff, and more.

Whether you need to find out how your firm's spending stacks up among other firms in the design and environmental consulting industry; you're looking to justify new hardware or software purchases; or you want to find out how other firms use project web sites, firm web sites, and other IT tools, this is the book for you.

The information is broken out by firm type, staff size, region of the firm's headquarters office, firm growth rate, and client base so you can make comparisons between your firm and others just like it.

Find out how much other firms of your size, type, or region are spending on information technology.

See how many IT staff are typical for a firm of your size, and get background, qualifications, and compensation data for IT directors and managers.

Get the hard facts on the systems and platforms in which firms are investing.

Make sure your firm is on the leading edge – not the bleeding edge – of technology.

For more information or to buy a copy, call 800-466-6275 or log on to [www.zweigwhite.com/p-2197-information-technology-survey-2014](http://www.zweigwhite.com/p-2197-information-technology-survey-2014).



## SURVEY

# More firms unhappy with leaders

Drastic action that includes firing and layoffs reported by more firms – but is it necessary?

By CHRISTINA ZWEIG  
Contributing Editor

Is the economic recovery serving as an impetus to do some “spring cleaning” of dead weight in A/E/P and environmental consulting industry firms? Though many successful leaders in the industry still can’t imagine having to fire a principal, ZweigWhite survey results point to an increase in this level of drastic action.

When is enough, enough? **THE ZWEIG LETTER** correspondent Liisa Sullivan recently wrote about the difficulties of managing a situation where a shareholder isn’t pulling their weight in an article titled, “When partners aren’t sharing the load,” published on May 26. While a number of strategies exist to get non-performers back on track, a time comes when firing or laying off a principal is a necessary move.

The number of firms that have reported firing or laying off a principal due to non-performance has risen nearly 10 percent in the last year, ZweigWhite’s recently released 2014 Principals, Partners and Owners Survey has found.

While only 28 percent of firms fired a principal due to non-performance in the 2013 version of the survey, more than one-third (37 percent) report doing so this past year. Additionally, nearly 20 percent of firms report firing a principal due to misconduct.

Whether principals feel compelled to oust one of their own or not, ZweigWhite found that 30 percent of principals, partners, and owners stated that principal(s) in their firm abuse their position by failing to pull their weight.

“In this day and age, margins are too thin and markets too tight to carry overpriced dead wood at the top. Not to mention the damaging effect it has on morale,” says Mark Zweig, ZweigWhite founder and CEO.

**THE OTHER SIDE OF THE COIN.** Keeping partners sharp and engaged is a conscious decision and part of the DNA at **DES Architects + Engineers** (Redwood City, CA).

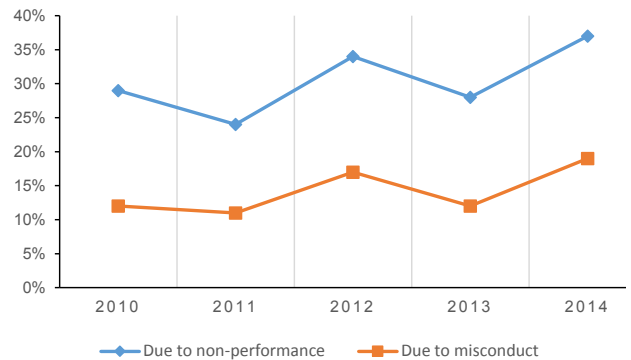
Steve Mincey, principal/CEO, said he can’t imagine having to fire a principal.

“I am shocked by your statistics,” he says. “The four executive partners (third generation of owners) of

DES have been together for 30-plus years. Although we count ourselves as lucky to have connected with such dedicated, hard-working and talented professionals, I never imagined that so many other companies would be dealing with challenges associated with non-performing partners.”

Mincey says DES has flourished over the years because each partner brings unique and distinguishable skills and expertise to the table.

## FIRMS THAT HAVE FIRED A PRINCIPAL IN THE PAST YEAR



“In this day and age, margins are too thin and markets too tight to carry overpriced dead wood at the top.”

“It’s odd, but we are stronger because we are so diverse,” Mincey says. “That freedom to excel in the area that each of us finds invigorating is what keeps the practice profes-

sionally rewarding and what keeps each of the partners actively engaged. I suppose it would be a very different feeling if we didn’t each share common values like hard work and respect for what the other partners bring to the table.”

A focus on relationships and quality is at the heart of DES Architects + Engineers, creating a level of participation that requires everyone to stay involved.

“We have consciously maintained our company at a certain size so that we – along with our senior staff – may each actively participate in projects and foster deeper relationships with our most valued clients. And we learned long ago that a single office location allows for each of us to get energized by the exciting work of the other partners and staff,” Mincey says. “That’s certainly not the right formula for conquering the world, but probably the right formula for keeping partners at the top of their game and fully engaged.” ▲▲

Find the 2014 Principals, Partners and Owners Survey at [www.zweigwhite.com/p-2193-principals-partners-owners-survey-2014](http://www.zweigwhite.com/p-2193-principals-partners-owners-survey-2014).

# Blind spots

Could what companies don't see ultimately harm their brand?

**W**e think we do everything rationally. We make plans, we use tools, and we have freedom to choose. Could there be relevant and pertinent information to be derived by careful examination of birth ranking, country of origin, and parental occupations? Could an internal nasty atmosphere lead to lost clients? Not always, granted, but successful results may occur at a greater frequency than with emotionally charged gut reactions. Choice comes with a price: it's called careful consideration. What if a subtle roadmap could help reveal concealed blind spots that might negate, quantify, or at a minimum help managers gain awareness regarding the gut's predictable influences that might ultimately provide a more harmonious business atmosphere? We've also heard platitudes about viewing the world through rose-colored glasses and we have a rudimentary understanding of lie detectors and facial recognition software. Most of us fail to take into consideration an applicant's ethnic background for fear of reprisals for possibly crossing over into a politically incorrect arena. Others ignore a designer's arrogance as just creative license and give them a wide berth. One mean person can't affect the whole office, right? Several try on the latest fads and follow the crowds touting open space and benching as the new workplace environment. Do we weigh the effects these blanket decisions might have on employees or the company's image? The internal workings of a firm have a direct impact on how clients react. How many stop to consider how marketing affects our choices? Do you think independently when the fashion industry provides subliminal messaging that proclaims a year's color whereby everything suddenly becomes puce and choices narrow to a single shade? Are buyers making independent choices? In order to expedite a fast hire, does process get thrown to the wind, ignoring directives to check references and school transcripts? Are most business choices concluded by gut or by a distanced objective analysis?

Malcolm Gladwell's persuasively argued "Blink" suggests we should go with our gut. However, sometimes innards have a way of following the wrong path. Without totally dismissing gut instincts, it is possible to utilize research, in addition to our sense perceptions, to overcome unconscious bias that could result in a wrong decision. In Amy Chua and Jed Rubenfeld's recent New York Times article, "What Drives Success?" the authors write, "Willful blindness to facts is never a good policy," and suggest that examining statistics often produces different answers than what might be imagined. Their evidence points to unquestionable differences defined by upbringing, circumstances, and



Marilynn Mendell

## GUEST SPEAKER

ethnicity that create major differentiators. By removing instinctive blinders and taking into account predisposed markers for success, hiring directors might arrive at the ideal intern, marketing manager, or project manager. Chua and Rubenfeld posit that there are three elements of a personality that show more promise of success: a person must simultaneously feel superior and insecure and have impulse control. Scales often get tipped when offices inadvertently let inexperienced people hire, often choosing by good looks, a nicely written résumé, or from their alma mater.

And yet if we know the facts, then can we really *see* them or are we incapable because of cultural or other mentally embedded blind spots? In "The Art of Choosing" Sheena Iyengar says a person seriously trying to make an objective choice might have to take a step back and ask if anything we pick is really a rational conscious choice that we make as part of our prepackaged DNA or are our minds totally programmed in a nurture

See MARILYNN MENDELL, page 8

The one-size-fits-all approach or the latest fad for what's the right way to conduct a practice may not work for all personalities, ethnic backgrounds, or cultures.

# Stopped to listen lately?

Listening provides direction to path forward; helps to avoid disappointments.

**W**e all have probably lived these scenarios. You have a client whom you have worked with for 20 years through good times and bad. You know their wants, desires and aspirations and proudly share that you have this strong connection to everyone who asks. Then one day you find out that a competitor just won the crown jewel of projects from them. And how about that up-and-coming manager who suddenly departs to join the competition?

What happened? How could they do this to you and your firm? The real question you should be asking is not how they could do what they did, but how did you fail to know the true nature of the relationship? The problem is that you took the relationships for granted. Did you spend any time during those good and bad times listening to your client or your employee?

The importance of listening cannot be overstated. It is an essential part of any true conversation. Like a conversation, effective listening is an interactive process in which you must stay actively engaged to garner the best outcome. All service professions benefit from active listening as it results in higher levels of customer satisfaction. So how do you get started?

**TAKE NOTHING FOR GRANTED.** This may be the hardest step as you have to admit that you don't know everything. You don't want to start the listening process with embedded preconceived ideas of what your customers want, what they know about you or how you can assist them. If you assume you already know those answers, you are less likely to ask the questions you need to ask or listen for the information you need to hear.

**ENGAGE YOUR CLIENTS AND PEERS.** You need to listen to all constituents who impact your firm's performance or provide your firm opportunities. So as you would expect, you need to seek out and actively engage your clients. You should also engage peers as they are having conversations with many of those same clients and can be both a source of feedback regarding your firm's reputation and of information about potential clients and market conditions.

Interviews with a cross-section of your clients and peers are a very effective method of listening, but may be best conducted by an impartial third party. Just as you have preconceived thoughts, so do they. Use of a neutral interviewer removes the bias and allows for a more in-depth discussion. Additionally, the interviews can be conducted anonymously, which may make some



STEPHEN LUCY

## BEST PRACTICES

participants more open to providing critical comments about your firm.

These interviews should include questions about the client's view of the relationship with your firm, assessment of your skills and differentiators, their understanding and opinions on your firm's current and future leadership, thoughts on additional services you can provide or markets you can serve, and the client's future business plans and how you can assist with those plans. You want to gain a broad review of your firm, so ask questions about all firm activities. You might be surprised by how open and forthcoming your clients are!

**LISTEN TO YOUR STAFF.** A motivated and focused staff is the most valuable asset of any A/E/P company. Yet all too often, this is the group that we tend to take for granted or only engage when there is some form of crisis, such as the departure of key personnel. There are

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Like a conversation, effective listening is an interactive process in which you must stay actively engaged to garner the best outcome. All service professions benefit from active listening as it results in higher levels of customer satisfaction.

MARILYNN MENDELL, from page 6

versus nature kind of way, depending on what culture we were born into? She illuminates multitudes of ways choices from the gut get proved wrong or that are due to massive subliminal marketing influences from myriad sources.

Hilary Austen wrote an article in the Rotman titled, “Faulty Models: How Intangible Mental Infrastructures Lead Us Astray” that boils down to this: Our mind provides creative representations of the world, but it can never objectively record the real thing. A mental infrastructure is a special type of mental model, marked by three interdependent characteristics. When in place, mental infrastructures:

- 1) Persist, often subconsciously, to constrain our perception over time;
- 2) Assume the look of fact and the feel of common sense; and
- 3) Direct the construction of social and tangible infrastructures.

And in the very same Rotman issue, Karen Christensen wrote “Incidental vs. Integral: Understanding Your Emotions” where she interviews Stéphane Côté, who explains that certain emotions “we carry with us to a decision have nothing to do with a decision.” These incidental judgments might be caused by emotions absorbed by us after two hours in a traffic jam that can leave lingering feelings of frustration and anger, as opposed to integral emotions that belong to the actual choice based on say, a mathematical calculation. And in that same issue, Christensen interviewed Daniel Goleman, who explained that interpersonal limbic regulation is a process “whereby one person transmits signals that can alter another person’s cardiovascular function, hormone levels, and their immune functioning.” NPR did a show on that subject a few years ago about how rotten apples spread, causing offices to develop the rotten barrel syndrome. And Goleman adds, “From a business standpoint, bad moods in people who serve customers are always bad news. First, rudeness is contagious, creating dissatisfied, even angry customers; second, grumpy workers serve customers poorly, with sometimes devastating results.” He goes on to talk about patients served by depressed caregivers have a death rate four times higher than cheery workers. This isn’t hooey. Study after study has shown how negative office cultures have deleterious effects.

My point is: Not seeing these changes can affect how a company is seen and experienced, which ultimately affect the brand and its image, and revenue stream.

These philosophical-sounding statements have a direct impact on how business can be conducted. Conclusions from these studies play a substantial role in business and should be examined carefully before hiring new recruits or making management course shifts – turning a whole operation into a place for collaborative interaction when a specific group may only be able to function in a deterministic leadership atmosphere. If it works in the U.S., then it must work in Japan. Understanding these human biases, large corporations often put applicants through rigorous tests, dozens of interviews with diverse people, and request real life projects to be submitted before hiring occurs. They perform all of these calisthenics with the hope that these non-emotional, objective, and unbiased hoops

The internal workings of a firm can have direct consequences on the client experience. Therefore, careful consideration should occur when hiring, managing, or randomly redoing an office environment. Think about consciously performing occasional spot checks to gauge the sour factor, set up written guides that spell out warning signs, administer tests, and scrutinize credentials in a different light.

will aid in the right choice before thousands of dollars get spent hiring the wrong applicant. Smart companies test new office environments before implementing radical overnight changes.

The one-size-fits-all approach or the latest fad for what’s the right way to conduct a practice may not work for all personalities, ethnic backgrounds, or cultures. We jump on the collaborative work spaces bandwagon just as quickly as the assembly line workers followed Ford’s dictates that insisted that a better widget could be produced if everyone cooperated. We discovered that factory workers developed all sorts of physical and mental ailments while participating in the daily grind of the factory floor’s repetitious labor movement. As office drones of the 21st century, the open office appears to be a breakthrough approach that promises to promote innovation and the spread of ideas through osmosis, rather than in a training room with a teacher up front. But here, even in this seemingly innocuous place, could blind spots be lurking? Is this atmosphere really better for all or is it like Ford’s initiative: A means to reduce overhead guised as a new revolution in healthy and creative environments? Will we develop hearing problems just like the factory workers because in lieu of the much needed privacy in order to think, we don headsets with music that could be harmful to our eardrums? Will the introvert become a raving maniac without solitude and go postal? Who knows?

The point to all of this is that we have to pay more attention to the underlying reasons to hire someone and place that person in front of clients; how we manage our employees from a physical architectural infrastructure, and from a cultural background and a mental mindset. The internal workings of a firm can have direct consequences on the client experience. Therefore, careful consideration should occur when hiring, managing, or randomly redoing an office environment. Think about consciously performing occasional spot checks to gauge the sour factor, set up written guides that spell out warning signs, administer tests, and scrutinize credentials in a different light. ■▲

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## WORKFORCE

# Reacting to employee offers

HR leaders advise against making counter-offers since employees may not be fully committed to the company anyway.

By LIISA SULLIVAN  
Correspondent

So, an employee tells you that he has gotten an offer from the competition. What do you do? Do you match the offer or do you wish him well in his future endeavors?

**GET TO THE BOTTOM FIRST.** “When employees say, ‘I wasn’t looking; they approached me,’ it’s likely only half the story,” says Mark Morgenfruh, VP of HR, **Larson Design Group** (Williamsport, PA), a 270-person engineering, architecture and surveying firm. “Employees wouldn’t come forward with competitors’ offers if they had not actively pursued the opportunity. And, this proactivity could be due to a poor employee/manager relationship or perhaps more money. And, if compensation is the key, it’s always good for a firm to stop and think if the employee is ‘in it’ for the right reasons.”

Compensation is truly about long-term, sustainable employment with competitive wages, incentives and healthy retirement benefits that over the course of a career drastically exceed a few thousand in base pay that only satisfies the “now” mentality, Morgenfruh says.

Karen Moorefield, associate and director of corporate development at **HuntonBrady Architects** (Orlando, FL), a 70-person design-oriented architecture firm, agrees. She says that there’s a sense of lack of loyalty when an employee can be wooed away just for the money.

“And, we don’t like being placed in a position to counter offer for our own employee,” she says.

Moorefield says that many questions come to mind when an employee wants to have the “offer talk.” It’s evident that the employee has already interviewed with the competing firm, so there was either some serious recruiting happening, or the employee was being proactive.

Moorefield wants to know who is making the offer, what they offered, and most importantly – why the employee is considering making a move.

“We then consider the impact on the firm, projects

and clients,” Moorefield says. “We may also need to look inwardly to see if we created this situation that caused them to look elsewhere or to be approachable from the outside.”

When an employee wants to have this conversation, Moorefield likes to bring in at least one principal so they can spend time having a direct conversation to find out what’s ahead and to do their best to create a feasible solution for all parties involved.

What HuntonBrady refuses to do is to get into a bidding war.

“In one case, the situation was resolved with a title and a modest raise. In another, the solution was to provide more challenging opportunities so the employee could prove himself and grow within the firm. Complete open dialogue with these employees worked, since they are still with us 10 years later,” Moorefield says.

**THE TROUBLE WITH COUNTER OFFERS.** Morgenfruh says that he tries to convey to managers and employees that, historically, most counter offers will eventually fail.

They fail because they kill the relationship in distinct ways:

- 1) The firm starts looking for a replacement because they know the employee is “looking.”
- 2) The firm begins to question the employee’s commitment to the organization.
- 3) If the employee has tried to address work-related issues (including compensation) before getting an offer, it’s insulting when the employer suddenly says, “We’ll match it” only because the employee now has an offer.
- 4) If an employee didn’t address issues beforehand, then they never gave their manager a chance, and that reflects poorly on him or her.

“All of this makes for ill feelings, a broken relationship and contributes to some of the reasons why counter offers are often unsuccessful,” he says.

That said, if Larson Design Group is approached by an employee who had another offer, HR managers ask these questions first to determine their reaction:

- Do we need this position anymore?
- How critical is their role?



Mark Morgenfruh, VP of HR, Larson Design Group.



Karen Moorefield, Associate and Director of Corporate Development, HuntonBrady Architects.



Trotter Hunt, Executive VP, Hunt, Guillot and Associates.

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## ON THE MOVE

**MICHAEL BAKER INTERNATIONAL PROMOTES Michael Baker**

**International** (Pittsburgh, PA) a 6,000-person global provider of engineering and consulting services, has announced the promotion of **Maier** (Mike) **Sidani**, vice president, to chief engineer of the company's expanding Northeast Region.

Sidani will work with the company's local office executives and project managers, maintaining a client focus for engineering projects and pursuits across the region, while maintaining an active role in production planning, risk management and quality assurance on major strategic regional projects. Over the past 20 years at Baker, Sidani has been invaluable in enhancing the capabilities of the various engineering disciplines to meet the rising challenges of our nation's aging infrastructure and to bring multi-disciplinary services to the complex projects of the Northeast Region.

"As our most experienced project manager on complex assignments, Mike defines superior project execution and service to our clients," said Mike Brescia, senior VP and Northeast regional director for Baker International. "In his new role as chief engineer for our Northeast Region, we intend to have Mike share his best practices and depth of experience with all of our project managers to replicate success across the organization."

Sidani has extensive experience in managing the planning and design of major and complex multi-disciplinary transportation projects including bridges, causeways and highway interchanges. Most notably, Sidani served the New Jersey Department of Transportation (NJDOT) as project manager for the Route 21 Viaduct Replacement and Route 280/21 Interchange Improvement projects in Newark, Route 52 Causeway Replacement between Somers Point and Ocean City, and most recently the ongoing Pulaski Skyway Rehabilitation project. In past years, Sidani has served as director of project management and quality assurance, as well as director of engineering for Baker, where he oversaw the implementation of the quality assurance program, as well as enhanced the production capabilities

throughout the office, and most recently, functioned as office principal for the Newark, N.J. office.

**KSA HIRES George** (Tony) **Davis**, senior aviation planner, joined **KSA** (Longview, TX), a 170-person consulting, management, engineering, architecture, planning, surveying, and construction services firm, significantly enhancing the firm's aviation planning services. Davis has 26 years of experience delivering aviation services to airports and airlines as a direct employee and as a consultant. He specializes in project management, airport master planning, airport valuation analyses, business planning, alternatives evaluation, environmental planning, site selection, activity forecasting, facilities development, land use compatibility, and airport layout plan review.

Davis has served as a project manager or lead airport planner for master plans, business plans, and airport layout plan updates, ranging from large hub to general aviation airports. In addition to identifying the future needs of airports, many of the studies he performed have focused on the benefit/cost analysis to assist sponsors in determining the viability or justification of expansion or new development. KSA has teamed with Davis on a number of planning projects, and he is part of the KSA team that is completing an Airport Master Plan for Clovis Municipal Airport in New Mexico.

"The addition of Tony Davis to the KSA team takes the company to a new level. Tony's skills will allow KSA to pursue more complex aviation planning assignments. In addition, we see opportunities for Tony to guide other clients' planning endeavors, too," said Steve Creamer, KSA's aviation division leader. "By employing Tony, KSA will be able to provide a full complement of aviation services, which will allow us to better serve existing and future clients in the FAA's Southwest Region from one shop. Tony's experience at airports across the country, ranging from Dallas Executive Airport to JFK International Airport, New York, New York, will open new markets for KSA."

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- How well is he/she performing in their role?
- How difficult is it to carry the workload until a replacement is found?
- How hard is it traditionally to fill that position?
- "In the rare instance that we decide to pursue a counter offer, we require a copy of the offer letter," Morgenfruh says.

**PREPARE FOR SHOPPING AROUND.** Prevention is always better than cure, so it's best to cultivate an organizational culture where employees are encouraged to talk things out before it comes to a resignation or presenting a competitive offer.

Moorefield says that HuntonBrady takes pride in providing competitive pay, fair treatment and growth opportunities. The firm strives to ensure that every employee knows they are valued. But, there's always the chance that someone out there will try to get an employee to make a leap.

At **Hunt, Guillot and Associates** (Ruston, LA), a 350-person multi-disciplined project management and engineering services firm, Trotter Hunt, executive vice president, says that you never want to lose a good employee.

"Studies will tell you that an employee rarely leaves over salary alone – there is usually something else at play," he says. "At HGA, we try to be responsive to our employees' needs all the way around – from compensation and benefits to training and career development."

It must be working because HGA's revenue has grown an annual average of 30 percent over the past 10 years.

"We know the market for talent remains competitive and our employee salaries have kept pace," Hunt says. "Our goal is to be proactive, so that our employees don't have a reason to leave."

About three years ago, Moorefield forewarned leadership that when the market started shifting, HuntonBrady would have to prepare for competitor poaching, or shop-around-employees.

"It's currently a 'sellers' market' with an inflation premium for talent," she says. "We'll continue to deal with it if and when it happens. I have a personal mantra I've been using for almost 14 years: recruit, reward and retain. We prefer to be proactive, but when we have to be reactive, we'll do what we have to for the betterment of the firm and the employees." ▀▀

## ZW15

# Time has come to seize the day

May's performance is not impressive for firms in the ZW15, but better times are just around the corner.

By RYAN RENARD  
Consultant

Design firms are struggling to catch their footing in May. While fewer firms had a 1 percent or greater decrease in price per share this month, the overall percentage loss across the ZW15 index increased – from 56 percent down in April to 62 percent in May.

This loss was overshadowed with an overall percentage gain of 19 percent across the index this month, thanks to the big leaders: **ENGlobal** (+37 percent), **Wildan Group** (+25 percent), and **Ecology and Environment** (+13 percent).

ENGlobal (Houston, TX), a 1,700-person energy-related engineering and automation services firm, had the highest percentage growth, 37 percent, after a 28 percent increase last month as well. The company has more than tripled its price per share (or PPS) since June 2013.

With all the new contracts and the bad weather behind us, the firms on the ZW 15 seem poised to begin design and construction and reap the rewards. After a hard winter and spring, everyone should be ready to get up and seize the day.

Wildan Group (Anaheim, CA), a 600-person provider of technical and consulting services to public agencies, utilities, and commercial and industrial firms, grew its PPS by 25 percent. Wildan Group was selected in May to provide energy planning and auditing to a school district in Southern California.

Ecology and Environment, Inc. (Lancaster, NY) is an environmental management services provider with 1,150 employees.

The firm received the American Council of Engineering Companies' honored Diamond Award in the water resources category for the firm's groundbreak-

ing work on the Town of Carroll Groundwater Treatment System in upstate New York.

The firm with biggest loss in price per share this month was **Versar, Inc.** (Springfield, VA), with a 16 percent drop. This was most likely the result of a \$130,000 net loss for the quarter ending March 28, after a \$98,000 net income last quarter.

**TRC Companies** (Lowell, MA), a 3,000-person national engineering, consulting, and construction management company, suffered a 12 percent drop in its PPS.



See how the ZW15 Index member firms have fared in May. Chart on page 12.

This is after another 12 percent loss in April. TRC is not out, though, and has seen a backlog increase of 5 percent and can now proceed beyond the increased expenses that are reported to blame for the net loss after a net service revenue gain of 6 percent.

After all those April showers, we saw some real acquisitions blooming in May for **Stantec** (Edmonton, AB). Stantec is a full-service architecture, planning, engineering, surveying, environmental consulting, and project management firm with 13,000 employees.

The company issued letters of intent to **SHW Group** (Plano, TX) and **USKH, Inc.** (Anchorage, AK). SHW Group is a 300-person provider of architectural, interior design, planning, and engineering services to higher education and K-12 clients through its offices in Texas and the Mid-Atlantic states.

USKH and its 130 employees provide fully integrated architectural, landscape architecture, engineering, environmental, planning, and surveying services across offices in Alaska, Washington, and Montana.

Contracts were also plentiful this month with **KBR, Inc.** (Houston, TX) winning six front-end engineering design (or FEED) contracts.

**Jacobs Engineering Group** (Pasadena, CA) was on the receiving end of several contracts awarded by the Pentagon. **Hill International** (Marlton, NJ) and **Foster Wheeler AG** (Baar, Switzerland) saw a few contracts going into their backlog as well.

With all the new contracts and the bad weather behind us, the firms on the ZW 15 seem poised to begin design and construction and reap the rewards. After a hard winter and spring, everyone should be ready to get up and seize the day. ▀▄

## ZW15

Ticker	Name	Market	Share Pricing							Valuation				
			Market Cap	Close Apr 30, 2014	Close Jun 30, 2014	Beginning of Month Change	% Month Change	Change from 50 -day MA	% Change from 50 -day MA	EPS	EV/ Revenue	EV/ EBITDA	Price/ Sales	Price/ Book Value
ACM	AECOM Technology Corp	NYSE	3.18B	32.42	32.14	(0.28)	-1%	(0.08)	-0.26%	2.48	0.48	8.58	0.40	1.47
CBI	Chicago Bridge and Iron Co.	NYSE	8.81B	80.07	81.40	1.33	2%	0.32	0.40%	4.69	0.89	10.69	0.75	3.60
EEL	Ecology and Environment	Nasdaq	45.94M	9.58	11.00	1.42	13%	0.80	8.02%	(1.10)	0.32	(16.13)	0.38	1.19
EME	EMCOR Group Inc	NYSE	3.01B	45.99	44.52	(1.47)	-3%	(0.45)	-1.00%	1.99	0.46	9.46	0.46	1.98
ENG	ENGlobal	Nasdaq	93.97M	2.16	3.41	1.25	37%	1.06	43.67%	(0.12)	0.60	23.16	0.63	3.87
EXPO	Exponent Inc.	Nasdaq	930.24M	70.42	70.73	0.31	0%	0.95	1.36%	2.86	2.78	12.27	3.26	3.85
FLR	Fluor Corp	NYSE	12B	75.70	75.08	(0.62)	-1%	0.02	0.02%	3.96	0.40	7.48	0.47	3.24
FWLT	Foster Wheeler AG	Nasdaq	3.4B	34.28	33.86	(0.42)	-1%	0.51	1.50%	1.02	0.92	12.96	1.04	4.35
HIL	Hill International Inc	NYSE	263.17M	6.72	6.35	(0.37)	-6%	0.12	1.86%	0.05	0.70	9.62	0.49	1.92
JEC	Jacobs Engineering Group Inc	NYSE	7.33B	57.70	55.07	(2.63)	-5%	(2.39)	-4.12%	3.01	0.61	10.31	0.58	1.65
KBR	KBR Inc.	NYSE	3.64B	25.37	24.29	(1.08)	-4%	(0.10)	-0.41%	1.54	0.35	6.44	0.49	1.38
STN	Stantec Inc	NYSE	2.89B	59.31	61.92	2.61	4%	2.30	3.86%	2.99	1.75	13.02	1.66	3.34
TRR	TRC Companies	NYSE	160.49M	5.93	5.30	(0.63)	-12%	(0.21)	-3.67%	1.06	0.41	5.58	0.43	1.32
TEK	Tetra Tech Inc.	Nasdaq	1.7B	28.67	26.61	(2.06)	-8%	(1.08)	-3.98%	0.09	0.91	14.52	0.89	1.66
URS	URS Corp	NYSE	3.09B	47.12	45.00	(2.12)	-5%	(1.33)	-2.89%	2.73	0.47	7.21	0.29	0.81
VSR	Versar Inc.	NYSE MKT	32.79M	3.94	3.40	(0.54)	-16%	(0.35)	-9.62%	0.01	0.25	23.38	0.30	0.86
WLDN	Willdan Group Inc	Nasdaq	49.07M	4.67	6.25	1.58	25%	1.64	33.13%	0.47	0.39	8.53	0.53	2.14
DJIA	DOW Jones Industrial Avg.	NYSE		16580.84	16717.17	136.33	1%							
*information at close of day June 2, 2014										Average	.75x	9.83x		
										Median	.48x	9.62x		

## STEPHEN LUCY, from page 7

myriad methods to solicit input from individual staff members, including performance reviews, mentor-protégé programs or just one-on-one conversations. You can also use roundtable discussions to gain input on specific topics – provided all involved share openly and all respect the input of the participants.

To engage the entire group, we have found surveys to be effective. Although not as in-depth as interviews, surveys can still provide valuable information regarding specific employee issues such as compensation structure, benefits and work environment. The key is to make these surveys as short and direct as possible. We also participate each year in ZweigWhite's Best Firms to Work For partially in hopes of winning the honor, but primarily so we can gather broad input from our staff and benchmark against our competitors.

**DON'T FORGET YOUR COMPETITORS.** Finally, you should listen to your competitors to gain a complete understanding of your firm and your markets. Although you probably will not have direct conversations with competitors, you can learn much about the market and how you are positioned in the market by "listening" to the actions of your competitors. Are they adding services? Did they just

make a key hire? How did they win that contract? Comparing this information with that obtained from your clients can provide a roadmap for your future plans.

**YOU MUST FOLLOW THROUGH.** Listening is only effective if you evaluate the information gained, identify areas needing change, and implement the changes. Failure to respond to a problem identified by your clients is more harmful than simply not knowing about the problem. If others are going to invest time to provide you their input, you have to be prepared to invest your time and resources to take action. You must clearly illustrate that you value the relationship. Also, as you implement changes, you need to let them know of the changes and how much you appreciate their desire to be a true partner with your business.

*Effective listening shows you value your relationships.*

**INCREASE YOUR FIRM'S VALUE AND YOUR VALUE TO THE FIRM.** We all want people to pay attention to what we have to say and your clients and staff are no exceptions. Listening and following through with what you are told are the highest compliment you can pay anyone. Becoming an active listener will make you a more effective leader and a valuable asset to your firm and your clients. ▀▀

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