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STAT OF THE MONTH

**30% TO 50%
HIGHER** A FIRM'S
VALUE IN AN ACQUISITION VS.
A MANAGEMENT BUYOUT



\$22.21 BILLION

the increase in design revenue
from 2007 to 2016 (from \$69.6B to
\$91.81B). (Source: ENR)

FEATURED ARTICLE

TWO IMPORTANT QUESTIONS: PART 1

by John Doehring, CMC

Running a successful business is hard – and design and environmental firm principals must juggle a myriad of projects, problems, initiatives, and issues each and every day. Much of the time we live moment to moment – sweating the small stuff and focusing on the urgent. We'd like to be more strategic, but today keeps getting in the way.

But when I pause, standback a bit, and reflect on what's really most important for the firm (not just what's urgent) – I

conclude that there are two, central, overarching questions that every leader must ask (and answer) for long-term, sustainable success. These two questions are "How do we grow today?" and "Who's going to run it tomorrow?" We'll look at the first of these questions now (and come back to the second in a subsequent post).

The answer to how we grow the firm today is discovered through addressing a series of related and more specific questions, including: **CONTINUED / PAGE 2 ►**

HOW TO GET A RAISE: 5 TIPS TO MAKING PERFORMANCE EVALUATIONS WORK FOR YOU

by Talin Espinoza

Most A/E/C firms with more than 15 employees have regular performance evaluations. Come January, you can probably expect your boss to come knocking, ready for your 1:1. Many people suffer through them and put them out of their minds until next year. What if there was a way to make your performance review a celebration of the value you bring to your team?

The following strategies will ensure you get the most out of your 1:1. If you are facing a performance evaluation, here are 5 tips to make the time with your boss work for you:

1. Know Your Role: It's critical to have a clear understanding of your role and your boss' expectations. Ensuring you meet your boss' needs is one way to define success in your role. If your position was not clearly defined or changes have

occurred to create ambiguity, don't be shy to ask and even demand clarity. If you're not on the same page with your boss, you may be setup for failure.

2. Keep Track Of Your Victories Year-Round: Documenting your accomplishments is the best way to ensure your work is recognized. Consider keeping track of proposals won, deadlines met, or new initiatives implemented. It's all too easy to forget by December the good you have done in March. Bring a report of those accomplishments to your review and don't be shy to show it off. The evaluation is about you. It's harder to disagree on accomplishments when they are written down and documented.

3. Check In Regularly: Keep a copy of the goals you agreed to last year close

CONTINUED / PAGE 2 ►

- **What is our vision, where are we headed, what are our big, bold, crazy objectives?**
- **What is our target market, what growth are we after, where do we want to play?**
- **How should we compete, what's unique about our firm, why should clients care?**
- **Who in the firm is going to do this work? Who are the marketers, sellers, and client specialists – and who will have these responsibilities when the current rainmakers leave?**

Defining the vision and market focus of the enterprise is the central core of strategic planning – and the best way to get disciplined, focused, and intentional growth. And further detailing market segments, differentiation, and competitive positioning is the centerpiece of marketing strategy. Planning (strategic, marketing, and operations) is accomplished over a short and finite period of time – weeks to months.

On the other hand, transferring business development and client relationship acumen from one generation to the next requires considerably more time and effort – and much more than most firms are investing today. Consider the current situation in your company (e.g., how growth happens now). Don't your results come through folks who have themselves grown and developed over a long period of time – sometimes 20+ years? Today's rainmakers didn't begin with all the answers – they had to learn the ropes through experience, practice, mistakes, effort – and a lot of work. Given this, why is it that so many of leaders today believe that junior professionals can pick up these skills with little effort – and over the next couple of years instead of twenty?

How the firm will grow is a crucial question – and right at the center of organization success. Part of the solution will come through a disciplined, comprehensive strategic planning initiative. (If your organization doesn't have a plan today [or it's not up to date], then this should be job one.) But part of the answer must also come through a longer term effort to select, expose, train, mentor, and develop your less experienced professionals in the skills of client management and business development. This takes real effort. It's not going to be easy, but it can be done.

No doubt, these are challenging questions – but also real opportunities. Solid answers, along with appropriate action to achieve your big goals – will put your firm way out front, and far ahead of those who focus only on today. ●



John Doehring is Executive Leader of Advisory Services and Training at PSMJ Resources, Inc. He advises A/E/C firms in the areas of business strategy and planning, marketing and growth, organization development, and operations transformation. He has successfully led dozens of strategic business planning and operational improvement engagements for a wide range of client organizations.

DID YOU KNOW?

According to the findings of the Society for Human Resource Management (SHRM) 2016 Holiday Schedules survey, more than half of the survey respondents said their workplaces will be closed the day after Christmas (a Monday) in 2016. And 44% said their workplaces would be closed the day after New Year's Day (a Monday). What holidays are you offering to your employees this year? (Source: The HR Specialist; SHRM)

by. Check them quarterly or even monthly. Managing your own performance and helping yourself staying on track is one of the key qualities that separate average performers from excellent ones. It's easy to lose focus when your time is in demand and you're working hard. Checking in regularly will bring you back to where you need to be.

4. Know Your Strengths And Put Them To Work:

If you're excellent at client relations, find a way to utilize that strength while working toward your goals. You know your strengths better than anyone else, including your boss. Working to invest those strengths, to the benefit of your company, will mean delivering work you are proud of. Knowing your strengths can also help frame goals for future years; goals that showcase your abilities and yield results.

5. Talk To Your Boss Beforehand: Your review should not include surprises for you or your boss. If you have something significant to discuss, do so beforehand. If you want a significant raise, start laying the ground work by having conversations about it now. Your actual review should only finalize and document how perfectly aligned and synergized you are with your manager.

Year-round check-ins and documentation of your progress will set you up for success and ensure your performance evaluation is painless. As a final thought, consider offering to write your own goals next time. It's a shortcut to expose whether or not you and your boss are on the same page. It can also help you structure your role to ensure your strengths shine. ●



Talin Espinoza is a graduate of the Art Center College of Design where she studied Advertising Design. Currently serving as the Senior Vice President of Strategic Growth for Twining, Inc., she

specializes in revenue driven marketing, strategic growth facilitation and customized marketing and branding plan authorship and execution.

PNW

A/E/C PRICING AND NEGOTIATIONS WORKSHOP

It could be a project contract, a change order, or any other potential dispute brewing on a design or engineering project. Issues - small and large - like these pop up every day and you probably end up in the middle of them more often than not.

Your client is putting intense downward pressure on fees and, in some cases, expecting you to accept changes for free. You are frustrated and anxious feeling like you don't have the leverage or the power to push back. You worry that the client will walk and that you are putting the firm and your own financial well-being in jeopardy.

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Do you have some new, innovative tips to share with others about running an A/E firm? PSMJ is looking for great writers and stories for Professional Services Management Journal! Writing for PSMJ is a remarkable opportunity to enhance your authority, add to your professional resume, bring name recognition to your company, and see your name and contact info in print in a prestigious and highly regarded journal. If you're interested, please write to Lauren Terry, PSMJ's Editor, at lterry@psmj.com.

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PROFESSIONAL SERVICES MANAGEMENT JOURNAL

PUBLISHER / Frank A. Stasiowski, FAIA
EDITOR / Lauren K. Terry
GRAPHICS/LAYOUT / Marc Boggs
PUBLISHED BY / PSMJ Resources, Inc.
10 Midland Avenue, Newton, MA 02458
TEL / 617-965-0055
EMAIL / customerservice@psmj.com
VOLUME 43 | ISSUE 10

PSMJ is published monthly by PSMJ Resources, Inc.
Annual subscription price: \$397.

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THE PRINCIPLE OF REINFORCEMENT

by Dave Burstein, P.E.

There are three forms of communications: written, verbal and body language. The principle of reinforcement states: In order for your message to be received and understood, you should use at least two of these three forms. For example, if your primary means of communication is written, you should reinforce that message with some form of verbal communication (since it's not possible to reinforce written communication with body language). Of course, the optimum is to use all three forms of communication if you really want an important message to be completely understood. Here is a guide to using various forms of communication to reinforce others: ●

Primary Communication Method	REINFORCED BY		
	Verbal	Written	Body Language
Letters			
Memos			
Telephone calls			
E-mails			
Face-to-face meetings			
Web meetings			



David Burstein, P.E., is a Principal with PSMJ Resources, Inc., where he provides consulting and training services on the subjects of strategic planning, marketing, project management, human resources, quality, finance and ownership transition.

DID YOU KNOW?

ACCORDING TO THE HARVARD BUSINESS REVIEW, CREATIVE JOB TITLES CAN ENERGIZE WORKERS.

In step one of a research study by the Academy of Management Journal, employees were given time to reflect on their job's purpose as well as questions of identity. Then, employees were asked to brainstorm new titles for themselves, sometimes crowdsourcing ideas from other employees.

The result? The researchers found that the "initiative reduced stress by helping people focus on the more purposeful aspects of their jobs" and "titles can be vehicles for agency, creativity, and coping." What are some examples of creative titles?

- CFO: "The Minister of Dollars and Sense"
- Office Manager: "The Keeper of Keys"
- Engineers at Disney: "Imagineers"

Firms that have tried this challenge at company meetings have had success in engaging their employees, and though such titles often don't end up on business cards, these "alternative" titles have been seen in emails—resulting in a topic of conversation (and a welcomed giggle) from clients and co-workers.

What creative titles can you come up with for your engineers, project managers, and HR managers?

HOW TO DEVELOP A NON-EXISTENT EQ

by Lauren K. Terry

Last April in Seattle, WA, at PSMJ's largest HR Industry Summit to date, PSMJ consultant (and resident best-dressed man), Bill Hinsley, presented a stunning session on the importance of the Emotional Quotient (also known as EQ or EI, Emotional Intelligence) in the work place—especially in the A/E/C work place. Here, we outline some of his most salient points and demonstrate how you can apply them to your daily routine.

First, what is EQ? According to our handy friend Google, EQ is “the capacity to be aware of, control, and express one’s emotions, and to handle interpersonal relationships judiciously and empathetically.” Perhaps even more telling than Google’s definition, however, is its illustration sentence: “(EQ) is the key to both personal and professional success” (italics mine).

To understand EQ, and how it relates to the A/E/C industry, it’s best to take on its four components separately: self-awareness, self-management, social awareness, and relationship management.

SELF-AWARENESS – KNOW THYSELF

According to Hinsley, every A/E/C professional needs to cultivate a clear awareness of the emotions, strengths, weaknesses, and values that drive decision-making. By doing so, you become aware of your “starting point” with the outside world—how you engage, interact, and ultimately behave. Without that “starting point”—that deep dive into self-awareness—it can be difficult, if not impossible, to know where your decision-making ends and someone else’s begins.

WHAT TO DO:

To help you achieve clarity on your EQ “starting point,” there is a host of professional assessments to help you. Here are some of our favorites:

- *TRACOM Personality Skills (which we administer in our PM Bootcamp)*
- *PeoplemapSystem*

Do a search on Google for these systems, and more. You’ll find a plethora of scientific (and not-so-scientific) tests. Choose the one(s) that work best for you and your team.

SELF-MANAGEMENT: KNOW WHEN TO “HOLD ‘EM AND WHEN TO FOLD ‘EM”

The key to self-management is learning how to control and/or redirect your disruptive emotions to better adapt to the circumstances at hand. Why is this important? Beyond keeping your temper in check at the office (and therefore not attracting unwanted attention from your boss), it also ensures that work (and relationships) keep moving forward. Let’s face it: it would be disruptive if we shared ALL (or even some) of our emotions, and the fact is, if you’re having a bad day, your team doesn’t care. It’s about sharing the right information at the right time.

WHAT TO DO:

Develop discipline. A great way to do this, according to Hinsley, is to foster a relationship with a colleague or communications partner—someone on your team that can provide feedback and act as a sounding board. In this situation, it’s better to have a peer than a mentor assume this position. Discipline yourself to keep your mouth shut until you’ve had the opportunity to talk to your communications partner. It takes practice, yes—but the rewards are clear: better relationships, a more productive work environment, and a better reputation.

SOCIAL AWARENESS: GUESS WHAT? IT’S NOT ALL ABOUT YOU

We’ve all been told to put ourselves in another’s shoes—but how often do we really walk in them? Social awareness is

about developing empathy and compassion for those around you. Typically, in the A/E/C space, we see this on two scales: the micro-level (in teams) and the macro-level (in senior management). There are different tactics for addressing both levels:

Micro-Level

This level is personal and often peer-to-peer. For example, if a team member is having difficulty delivering on a design, you can develop the awareness to understand that and offer help. Some questions to ask:

- *How do I relate to people on my team?*
- *How would my team members describe my relationship with them?*
- *What do I do if a teammate is having a bad day?*
- *How can I put my needs on hold to address the concerns of my teammates?*

Macro-Level

Senior leaders often attempt to build social awareness by determining how the “we” of a company can merge (or complement) the “me” of the individual. Magic can happen if that alignment exists, but in its absence lives a lack of empathy from both leadership and team members. A question to ask: *how does the firm’s purpose align with the individual’s purpose?*

WHY IS THIS IMPORTANT FOR A/E FIRMS?

Developing social awareness is critically important for people in the A/E/C industry because we work in a predominantly technically driven field in which we often achieve more of our accomplishments through team work than as individuals. Often times, technical professionals shy away from interpersonal or “soft” skills—and anyone who as a BS, MS, or Ph.D. in a tech discipline knows that educational opportunities in communication, interpersonal communication, and emotional intelligence are simply not on the course schedule.

Many A/E firms are also interdisciplinary. If your firm isn’t interdisciplinary, it is

CONTINUED / PAGE 5 ►

How to Develop a Non-Existent EQ (continued from page 4)

likely you work with teaming partners – or clients – who have a different technical background. So, the need for EQ becomes even more important as you advance in your career because of the high risk of having people from two different disciplines talk past one another.

WHAT TO DO:

At the micro-level, a leader or team member with strong emotional intelligence will be able to deliver more for a team. This may require formal training. It requires technical skill to do a design, right? Consider formal EQ training as a part of your training and development.

For the macro-level, if you're in a position of senior leadership or creating work teams, advocate for not only the right technical makeup, but also a diversity of soft skills in your team. Remember, a missing component, regardless of hard or soft skill, can weaken teams. Senior leaders need to articulate the firm's purpose clearly and set up teams to learn about and take advantage of alignment of hard and soft skills. In both cases, both team members and senior leaders have the opportunity to move forward in their careers by understanding the interpersonal dynamics that are at play in any given situation.

RELATIONSHIP MANAGEMENT: KNOW YOUR INFLUENCE

Author Napoleon Hill once said: "Think twice before you speak, because your words and influence will plant the seed of either success or failure in the mind of another." Personal and professional success is often largely achieved through developing the ability to communicate and motivate others to get the results you want. True, developing meaningful relationships can be difficult when faced with multiple daily distractions, and you didn't necessarily get into this business to build relationships with other people; you got into it to build *things*. But, as any project manager who's lost a repeat client can tell you, building relationships with colleagues, clients, regulators, and contractors is imperative to individual and team success.

WHAT TO DO:

Your team and individual goals should include objectives related to relationship management, particularly understanding roles and responsibilities. Questions to ask:

- *Does everyone understand their role and responsibility on this project?*
- *If you're a PM, do you really have your goals, roles, and responsibilities filled out for the project? Or do you need to dig deeper to get to your contribution and how it boosts the overall goals of the team?*

Remember, your title on a business card doesn't necessarily dictate your responsibility on the job. Once individuals understand their responsibilities on a project, they are better able to interact with one another and shift their interactions with others from project to project to project. In PSMJ's Project Management Bootcamp Manual, there is a tab just for determining – and documenting – roles and responsibilities of PMs. If you'd like a copy of this information, please email Lauren at lterry@psmj.com.

Working on your and your team's EQ will ensure more satisfied workers, a more productive workplace, boosted employee engagement, lower turnover, and help create a safer, more peaceful work environment. So, what are you waiting for? ●



Lauren K. Terry is the editor of PSMJ. She can be reached at lterry@psmj.com.

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DOES YOUR INTERVIEW PRESENTATION MISS THE MARK?

by Pete Kienle, CPSM, FSMPS, MBA

Does your firm ever respond to an upcoming project interview like this?

- *Dust off and edit the latest PowerPoint for the new project interview?*
- *Tend to spend a lot of time in practice sessions “editing slides by committee?”*
- *Fill the interview with qualifications rather than addressing hot buttons?*
- *Find yourself doing the practice one hour before the interview?*

If you answered yes to any of these questions, you are in the majority of A/E/C firms. You can change your process and use this guideline to improve your presentations.

PREPARATION AND PRACTICE

It’s easy not to take interviews seriously when technical professionals believe that billable work is their first priority and everything else can be addressed if they have “extra time.” Let me ask... when was the last time a marketing or technical professional had “extra time?” Because interviews and winning new projects is the lifeblood of any firm, we have to make it a priority. Interview activities must be scheduled appropriately or things won’t happen. One of my marketing mentors used to say, “It’s like a crying baby in church; it must be carried out.”

Most interviews need at least three practice sessions after the key message and interview outline are set:

1. Rough-run though of the key points and topics each presenter will cover in their allotted time.

2. Dry-run with each person presenting exactly what they will say and do with team members making comments/suggestions. Don’t let a presenter slide with, “I will say something like this or whatever comes to mind.” That is sabotaging the effort of practicing.

3. Dress rehearsal. That includes from how you will walk in and introduce yourself to answering questions that are likely to be asked. No stopping and starting or pausing to tweak slides.

IDENTIFY THE HOT BUTTONS

Every team will address the obvious and tell how they are the best thing since sliced bread—done a hundred projects, received 10 design awards, exceeded expectations. In truth, no one really cares. Think WIFM—what’s in it for me. Each person on the selection committee wants his concerns addressed, but how do you know what that is?

Organizations often have “blackouts” from short list to interview, meaning you are not allowed to contact committee members or you will be disqualified. So the key is you must find out and figure out how to address the hot buttons before the RFP is issued, which involves BD research and work. That’s why marketer’s advise not pursuing an RFP you received and did not know was coming out without meeting with the key contacts before the RFP to understand the issues. Responding to an RFP can often cost \$10,000 or more and then to plan and conduct an interview can be really costly—often as much as \$15,000 to over \$100,000.

PRACTICING FOR THE Q&A

Many interview teams get so behind in practicing for interviews that they do not have time to brainstorm possible questions. Committee members ask questions that are very important to them (for example, a contracting officer about money) and your answer can be the difference in winning or losing. There are two questions that are almost universally asked.

The first is usually about cost – can we build this facility for \$20 million? It would be a good idea to craft your answer before the interview. The other question is schedule – can we build this facility and have it open for school starting on August

20? The answer to this question can have a big affect on getting the project. Not only do you need to answer each question right but also give proof to support your assertion.

Cost and schedule are just two questions – in 15 minutes of Q&A, a committee will often ask 5-10 questions. Hot buttons and key challenges change on every project. Plan to spend two to five two hours to identify possible questions and develop answers. Did you know that Winston Churchill spent one hour deciding what to say and how to say it for every minute of a speech—or 20 hours prep for a 20 minute speech. Words do make a difference.

It’s often good to discuss your ideas for approaching an interview with a third party, say a friend in the same business, a mentor or a marketing consultant. Answers from a third party usually can bring to life important issues. The key here is to invest the time in BD before the RFP is out, identifying the hot buttons and how you will approach them, and spend the time to practice the presentation.

And one final thing, please do not start your RFP cover letter or the interview with the words “we are pleased.” It’s just too common and doesn’t set you apart. ●



Pete Kienle, FSMPS, CPSM, MBA and past SMPS National President with Kienle Communications LLC In addition to reviewing and recommending how to upgrade proposals and marketing materials, the firm specializes in interview coaching and training, and business development training. For more information, e-mail pkienle@kienlecommunications.com or visit www.kienlecommunications.com.

\$275 BILLION...
the potential fallout from the Flint water crisis.

ARE YOUR NEW MANAGERS ADRIFT ON THE JOB? by Pamela A. Scott

Victor Lipman, an experienced senior executive, recently wrote in *Harvard Business Review*:

“I realized I’d received much more management training in the last five years than I did in the first 20 years – when I really needed it – combined.”

What are we doing for our next generation of leaders? Are we giving them a firm foundation of management skills that they can build on as they rise through the ranks? Or are we saying, “We’re promoting you to manager. Good luck.” And setting them adrift?

I was promoted to a management position when I was 23. I got no training for that role. I wonder how much better life would have been for my large staff and myself if someone had taught me skills and given me tools for the job.

Victor Lipman says, “We can’t afford to overlook the junior managers who would most benefit from management knowledge.” Amen to that!

If you need data to see the value of investing in new managers – be it training, mentoring, coaching or whatever label you use – check out this info.

- ***The No. 1 reason people quit is their manager (conventional knowledge).***
- ***60% of new frontline managers fail within the first two years in their new role. (Business Wire Survey 2007)***
- ***47% of new supervisors receive no supervisor training. (Ken Blanchard Company)***

When managers are effective at employee development, their employees

- ***Perform up to 25% better than peers***
- ***Are 29% more committed***
- ***Are 40% more likely to stay with the organization. (Corporate Executive Board Company)***

Things change a lot when you become a manager. Just yesterday a new manager told me he was going nuts because of all the new things he’s supposed to do. And, of course, he’s getting little help from above. New managers are no longer focused on day-to-day work and getting things done. Now, it’s about:

- ***Building a team***
- ***Leading your team***
- ***Setting and meeting team goals***
- ***Developing the people on your team***
- ***Communicating up, down, and across***
- ***Resolving conflicts***
- ***Delegating***
- ***Holding people accountable***
- ***Meeting with senior management***
- ***And learning a ton of new skills***

And, of course, the new managers can no longer be just one of the guys at lunch. It’s time to make new lunch buddies.

OPTIONS FOR HELPING NEW MANAGERS

What can you do, as a busy executive or manager in your A/E firm? There’s training, of course—in classrooms or seminars and online. But training only goes so far. And people frequently forget what they’ve learned in that seminar. In an 8-hour training session, each participant will only learn 3-5 points covered in the material. A day later, that participant can recall only 33% of what he did learn. After a month, the participant’s retention is down to a 21%.

The antidote to forgetting is to apply and practice the material. Adults learn by

- ***layering new information on top of past experiences***
- ***making the information fit within their mental model***
- ***practicing using that information or new skill***
- ***revising the understanding of that skill based on lessons learned***
- ***practicing again until the skill becomes ingrained.***

And it takes time.

Here are some suggestions for lower-cost, just-in-time ways to develop managers.

Start with a new manager competency checklist. Your HR department probably has that. Sit with a new manager and together decide what competencies the new manager needs to develop. Set a schedule for focusing on one competency a quarter.

Pick a book, which you provide, to help the new manager learn the skill of the month. Each week for a month spend 15 min. with the new manager discussing what one thing he gained from that week’s reading. Discuss how the new manager can implement that with his team.

Find a TED talk on your skill of the month. Have the new manager watch the talk, then share with you (in person or via email) the key points from the talk and how the new manager will implement them.

Hold monthly lunch-and-learns on the competencies you’re focusing on. Have new managers team up to discuss their growth on that competency.

Pair a new manager with a senior manager who can coach on the targeted competency. Use this as an opportunity for the senior manager to pass along knowledge that you don’t want to lose when that person retires.

Use your intranet or email to share articles that you want new managers to read and comment on. Ask them how they’ll apply this new knowledge in managing their team.

Once a new manager becomes proficient at his new competency, have them teach that competency to his team or to another new manager. The best way to learn a subject is to have to teach it to another person.

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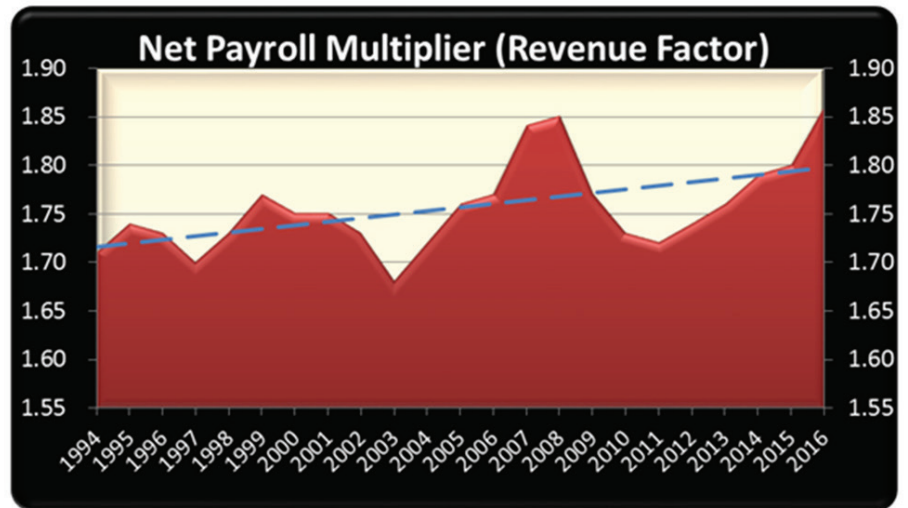
THE A/E INDUSTRY IS DOING BETTER THAN CONSTRUCTION

In July 2016, McKinsey & Company published “*Beating the Low-Productivity Trap: How to Transform Construction Operations*,” an article written by Jose Luis Blanco, Mauricio Janauskas, and Maria Joao Ribeirinho. Using statistics from the Organisation for Economic Co-Operation and Development, the authors concluded that:

“Fewer than 15 percent [of 30 major public engineering and construction companies from 2005 to 2015] consistently enjoyed double-digit growth and margins for earnings before interest, taxes, depreciation, and amortization (EBITDA).”

Here are some thoughts on the article by PSMJ’s leading A/E growth expert (and resident chart master), Dave Burstein, P.E.:

What about privately held firms? I have always struggled to compare EBITDA of publicly traded firms to EBBT for privately held firms. The main problem is that performance bonuses are considered an operating cost at publicly traded firms, whereas they are considered



part of profits at privately held firms. On the other hand, equity distributions are considered part of profits for both groups. Because of tax reasons, privately held firms don't separate the reporting of performance bonuses from equity distributions, so it makes it hard to compare the two groups.

One way to look at labor productivity in the A/E sector is to track the multiplier on total labor (Net Payroll Multiplier). As you can see from the graph below, this has swung in tune with the overall

economy. But the long-term trend seems to be positive. So I think the A/E part of the industry is doing better at productivity than the construction part of the industry. However, because construction costs are many times higher than design costs, the A/E sector's improved productivity doesn't have much impact on the overall construction industry. ●

MERGERS AND ACQUISITIONS – HOW TO DESTROY A GOOD FIRM AND THE CAREERS OF GOOD PEOPLE

by Michael Ellegood, P.E.

Several years ago, after my discharge from the Army, I joined a well-respected West Coast consulting firm. The firm was owned by six gentlemen, all in their early sixties and all dedicated to the profession. A very practice-oriented business. As time went on, I became personally successful and, in time, was elected to the Board.

After participating in a few board meetings it became apparent that the major issue facing the Board was developing a transition plan that would protect the interests of the six owners while still maintaining the legacy of the firm and providing a bright future for the employees. After investigating many

options, the owners opted to sell. Thus, we were acquired by investors concerned less with the legacy of the firm, its reputation, the employees, and the clients than in their near term ROI.

There was an immediate and radical culture change that went from putting the clients' interests first and advancing the profession to improving EBIT, utilization rate, and looking for the next change order. Project meetings went from a problem solving collaboration to looking for methods of improving the job cost multiplier. Within a few months, the best of the staff began to leave, myself included.

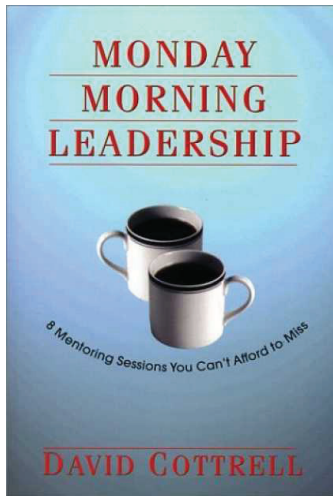
I joined another national firm with a primary role of business development. Again, I was successful becoming a Senior Vice President and, like déjà vu, elected to the Board. Same scenario, the primary shareholders wanted to retire and sell out, the next generation did not have the resources to initiate a buyout so to the market we went.

We became part of a larger, business-focused conglomerate and history repeated itself. More singular focus on profit, backlog, burn rates, risk avoidance (don't do anything innovative), but now, we began to manage cash flow – to the point that some vendors insisted on cash

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BOOK REVIEW: MONDAY MORNING LEADERSHIP: 8 MENTORING SESSIONS YOU CAN'T AFFORD TO MISS

by Scott D. Butcher



Last month the leadership at my firm began reading the book *Monday Morning Leadership: 8 Mentoring Sessions You Can't Afford to Miss* by David Cottrell. It was recommended by a management consultant and is now discussed at monthly team meetings.

The book is not new – It was first published in 2002, and updated in 2009. But the advice within the pages is timeless. These days it seems like “story” business books are popular, and this one certainly fits that bill. However, instead of being a leadership fable; that is, a work of fiction intended to demonstrate business advice, this is an

honest recollection of a series of eight mentoring sessions between a struggling manager and an executive coach who happened to be a personal friend of his father.

It is a very quick read – roughly 100 pages of narrative with liberal use of white space. But sometimes it is the short books that provide a higher impact because the reader doesn't have to wade through extraneous text that takes away from the ultimate message, not enhances it.

In this case, we are given a real-world problem, along with an honest, inside account of how a mentor guided a manager to change his thinking, modify his behavior, and deal with the challenges his department was facing. Although our narrator happened to work for a Fortune 500 company, the mentor's advice is worthwhile even if you only happen to be managing one person! In fact, you don't need to have direct reports to gain some insight, as it really boils down to these things:

- Take responsibility
- Always be positive
- Be proactive when facing challenges
- Be an excellent time manager
- Focus on “the main thing”
- Understand the people around you
- Always do the right thing
- Keep people motivated

There are a lot of worthwhile nuggets in this little book. Of course, it may very well be that you find nothing “new” in the mentor's advice; and yet, viewing his advice through the challenges facing our narrator helps to bring things into focus.

Ultimately, this book was written because of the mentor. The book's narrator (David Cottrell) had to agree to share what he learned as a condition of the mentor agreeing to work with him! Instead of passing the advice on one person at a time, Cottrell opted to package the information into a simple, easy-to-read book that you can read in one sitting.

I think the management consultant working with my company is on to something: her advice was to discuss the book in a series of meetings, where our managers can apply the lessons learned to real-world experience in the A/E/C industry.

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Mergers and Acquisitions...

(continued from page 7)

up front. Not a happy place to work. Again, I and many of my colleagues left.

My next iteration was with another large national firm but one that could articulate an established ownership transition plan. No more worries about ownership transition and the corporate culture trauma that goes with it. In working with other firms as a consultant, I learned that my experiences were not unusual. A cultural change is to be expected. From my and others' experiences, we can conclude the following:

- **Ownership transition is a fact of life in the consulting business. If you start a consultancy, include ownership transition as part of your business plan. Start the transition planning early and keep it current.**
- **If you work for a consulting firm, learn what the ownership transition plan is. If there is not one, expect to be part of the chattel when the firm sells.**
- **Ownership transition will engender a cultural change; expect it.**
- **The value of a consulting firm is in its people. If you are considering purchasing a firm, be very careful to include a transition plan that will retain key valued employees. ●**

In semi-retirement, I am a frequent blogger, writer and editorializer, proudly signing my name: Michael S. Ellegood, P.E.

Are Your Managers New Adrift...

(continued from page 7)

And always remember my motto:
Numbers may drive the business, but people drive the numbers.^R ●

Pamela A. Scott, an executive coach, owns MentorLoft.com, committed to helping young professionals learn what they need to know to advance in their careers. Pam also serves as an outsourced mentor for A/E firms. You can reach her at pam@MentorLoft.com or 404-248-9475.

THE POWER OF A GOOD WORK BREAKDOWN STRUCTURE (WBS)

by Charles Nelson, AIA, LFRAIA

In my lead article in the September PSMJ newsletter, I wrote “To fully develop the requirements for a good WBS takes more space than I have in this article, so I will devote a future paper to that topic.”

Here it is. A good WBS has several important functions:

1. Identifies the tasks that have to be completed, so fees proposed can be based on reality.
2. Aids in understanding the resources required for the project.
3. Is an excellent tool for fee negotiations: If the client wants to reduce the fee, it means somebody else will have to carry out some of the scheduled tasks.
4. Is critical in being able to update and evaluate your budget status as you go through the project.
5. Serves as a framework for progress reporting to client.
6. Forms the basis for setting up a bar chart or Gantt chart.

WHAT MAKES A GOOD WBS?

The right approach to creating a WBS:

1. Is scalable – fits the size of the project.
2. Ensures that costs are sufficiently broken down such that serious overruns in any task won't seriously derail the budget (see Max. task value amounts in the top line of the matrix to the right).
3. Is based on an honest assessment of the hours required for each task, and the charge rates of people properly qualified to undertake that work.
4. Recognizes that different project types require different breakdown categories.
5. Separates all management tasks and puts them in a separate Project Management “Stage” – these are the non-design tasks that typically span multiple Stages.
6. Treats change orders as additional task items in the relevant Stage.
7. Facilitates correct invoicing.

USING THE WBS

Begin with a 3-tier template similar to that shown on the right – which of course will vary according to the project – this is just an example to illustrate the principle.

Select the column that suits project size.

1. Prior to sending out a fee offer, create a WBS for all projects that have a fee value of more than \$25,000.
2. If you have no control over business development, create the WBS before you do anything else (such as start designing).
3. Estimate hours and experience requirements for each task and apply your corresponding charge rates to arrive at values for each task.
4. Since you will never be able to get reimbursed for all changes, make some allowance with each task for small changes – the easy way is to allow an extra 10% of hours. However, based on the project situation, you might choose to allow more or less in various Stages.
5. For tasks about which there is insufficient information to estimate scope (e.g., latent conditions), either include a reasonable Allowance (and ensure it's so identified) or identify it as a risk item that cannot be priced until further information is obtained.
6. Avoid “exclusions” – that's a negative idea. Alternatively, identify areas of potential scope that may be required. Describe them, but do not attempt to guess at costs.

THE BENEFITS OF A GOOD WBS:

When submitted with the proposal, they add clarity and gravitas to the offer. If not submitted with the offer, but discussed at the CLIENT kickoff meeting, they form a basis for in-depth discussion of what the team will be doing at the various project stages, and help to flush out discrepancies in expectations of services to be performed.

• *The WBS will always help to identify real costs to complete the project, and help team leaders figure out which changes should be variations, and which not.*

• *The WBS forms the basis for Earned Value Analysis – which simply can't be done without it. Using EVA is the ONLY foolproof way to anticipate and therefore pre-empt potential cost blowouts and schedule issues.*

• *Client invoices based on actual work completed are more likely to be paid without question by the client.* ●



Charles Nelson, AIA, LFRAIA, is the Director of PSMJ's Australasia practice. He is also known for writing and speaking extensively on project and practice management.

Charles can be reached at cnelson@psmj.com.

Book Review (continued from page 9)

One of the nuggets of advice from the book's mentor is to always be reading – if only for ten minutes a day. Read business books, time management books, leadership books, strategy books, and more, which will make you a better leader. Picking up *Monday Morning Leadership* is a good way to start. ●



Scott Butcher leads the marketing and business development programs for JDB Engineering and affiliate companies. He also serves on the company's board of directors and chairs

the inter-company professional development committee. Scott is a prolific author, having published 13 books and currently completing his 14th and 15th titles.

3%...

growth in public construction spending in 2015 (3% more is expected in 2016; 1% in 2017)

STAGE	Small projects WBS Fee \$25k - \$50k Max. task value \$10k	Medium projects WBS Fee \$50k - \$250k Max. task value \$20k	Large projects WBS Fee more than \$250k Max. task value \$30k
Initiation/Startup	(No breakdown)	Brief / Return brief Site analysis	Brief / Return brief Site analysis Risk analysis Select other consultants
Schematic Design	(No breakdown)	Siting / context design Concept designs	Siting / context design Concept designs Presentations 3D Models
Design Development	Finalize design Set up BIM model	Finalize design Set up BIM model Outline specification	Finalize design Design approvals Set up BIM model Outline specification Presentations
Documentation	BIM model Schedules Specification	BIM model Door/window schedules Room finish schedules Specification	Materials research BIM model Door/window schedules Room finish schedules Specification Tenancy design Value Engineering
Bidding / Procurement	(No breakdown)	(No breakdown)	Contract documents Clarifications / Addenda Tender evaluation
Contract Admin	(No breakdown)	CA meetings Site inspections Closeout	CA meetings Submissions & RFIs Construction variations Site inspections Closeout
Project Management	(No breakdown)	Generate PMP Project design meetings	Generate PMP Project design meetings

WHO'S BUYING & SELLING?

HERE'S YOUR MONTHLY LOOK AT SOME OF THE LATEST A/E/C MERGERS AND ACQUISITIONS MAKING HEADLINES.

August 22, 2016 – WSP | Parsons Brinckerhoff (New York City, New York) has acquired substantially all the assets of CRC Engineering, P.C. (New York City, New York), a design, field services, and commissioning firm for central utility plants and cogeneration systems. As an addition to its power group, WSP's acquisition of CRC reinforces their expertise in power generation, transmission and distribution, energy systems for buildings, underground storage of hydrocarbons and deep injection wells.

August 12, 2016 – Stantec (Edmonton, Canada) signed a letter of intent to acquire Edwards & Zuck (New York City, New York), a firm focused on providing mechanical, electrical, and plumbing design to a number of diverse market sectors. "Their embrace of innovation and their commitment to community engagement will further elevate our presence in key markets and geographies," said Bob Gomes, Stantec President and CEO. PSMJ initiated this transaction and provided transaction advisory services for Edwards & Zuck.

August 4, 2016 – Terracon (Olathe, Kansas) acquired ROC Geotechnical Consulting Engineers(Rochester, New York), a four person geotechnical and soils testing firm. "This opportunity allows us to further strengthen our presence in the area and draw upon the excellent regional history and reputation of an established upstate New York firm," said David Gaboury, Terracon's president and CEO. "Gaining this area expertise aligns with our commitment to bring even greater resources to our clients."

THE INTERVIEW COACH

HELP THE TEAM TELL YOUR STORY TO CLOSE THE DEAL by Wally Hise

For many projects, clients will invite shortlisted firms to an interview. Typically the interview consists of providing a summary of qualifications from the proposal, and answering questions to address any deficiencies. I recently had the opportunity to prepare a team for such an event, and since I hadn't played the coach role in a while, I learned a few things again.

The coach's role is to lead the team through the process, and do everything possible to ensure that your firm is selected. While there are a lot of things you can do, I've addressed five elements below that you must build into the preparation process.

- **Message** – before meeting with the interview team, read the proposal and any pre-marketing notes thoroughly to understand the message. Put it in your own words so you can clearly communicate it to team members. In some cases, presenters may not be familiar with a proposal and message developed by marketing staff.

- **Presentation materials** – get involved early to shape the presentation and leave behind. Develop a structure to reiterate your firm's qualifications, and the message. If you join late and inherit these materials, there's a strong chance that members of the interview team will already be committed to words, images, and format, leaving you very little latitude to be creative in your approach.

- **Team building** – gather the team for a quick ice breaker. Even if they know each other, this is a different working scenario from an ordinary project. The initial meeting could take place over dinner to make introductions and small talk. Some coaches use fun facts and gimmicks; not me. I prefer a more natural setting, and save the formal instructions of interview preparation for later.

- **Practice** – when you run practice sessions, strike a balance between authority and flexibility. On one hand, you are in complete control to tell the team what to do, how to do it, and when to do it. On the other hand, recognize that presenters may be distracted (getting behind on other project responsibilities), nervous (not used to speaking under pressure), or unwilling participants in the process (they were told to attend the interview). A flexible stance will accommodate these factors that are out of your control.

The number of practices is ultimately determined by the amount of time you have and the progress you're making. At a minimum, practice for content: are all of the ideas and messages covered? Practice for flow: is there a comfort among team members with their interaction and speaking transitions? And practice for timing: will the team cover all slides in the allotted time? Additional practice runs will help presenters feel more relaxed and natural.

- **Questions** – The fifth element of preparation is to ensure that the team is ready to answer questions. This also requires practice in a realistic setting, so incorporate a mock Q&A into one or more of your final practice runs. My belief is that under every question is a concern, so answers need to be realistic and reassuring.

- **Run the Q&A like the project** – everything goes thru the PM. In that spirit, your PM always takes the question, and paraphrases or divides it up into sections if necessary. Based on the topic, have him announce up front who will provide the answer, if it's someone else (e.g., "I'm going to have Nancy address that in a moment"). Say a few general words, and turn it over to the designated person; this will give them a few seconds to prepare.

- **Team members can "add on" to a response, but not "pile on."** My rule is no more than one add-on is allowed, and there are only two reasons to do this: you have useful insights to share, or someone gave incorrect or incomplete information. Even if a team member's answer is wrong, never say that. Just "add on" to what he already said (e.g., "I'd like to add to that...").

- **Tough questions are for the team to answer, not just the PM** – It's everyone's responsibility to think of good answers, provide ideas, and use examples to demonstrate your knowledge. This portion of the interview is an opportunity to show creativity.

- **Address the whole panel when you respond, not just the questioner** – Try to maintain a high energy level during Q&A. And remember, you're still in selling mode, so in addition to providing a factual response, be quick to articulate the benefits your firm brings.

The final responsibility of a coach is to close out the process after the interview. This includes an internal debrief with the team to document what went well, what you could have done better, and questions asked by the client.

These will be useful for the next time. An external follow up will consist of a note to the client thanking them for the opportunity to interview, and re-stating why you are the best team to work with them. Most firms don't do this; they just wait for the results, and hope to be selected. ●



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