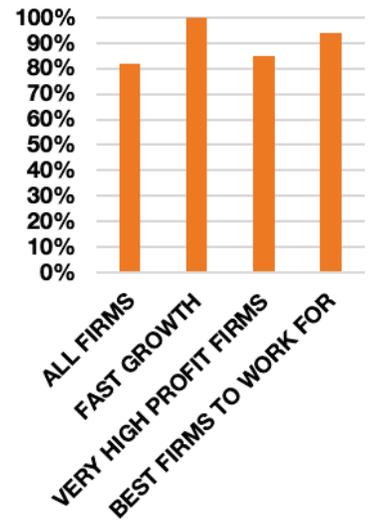


TRENDLINES

Benchmarking salaries



In Zweig Group's recently released [*2019 Best Performing Firms in the AEC Industry Report*](#), the fastest-growing, most profitable, and Zweig Group's 2019 Best Firms To Work For award winners are compared to industry norms. One interesting topic was how firms handled their compensation plans from budgeting to raises to benchmarking. Looking specifically at benchmarking, the top performing firms are more likely to benchmark their salaries to make a conscious effort to remain competitive within the industry. These firms are also more likely to budget for pay increases and maintain a formal compensation plan for employees to follow based on experience level and grade. Is your firm matching the competition in its compensation planning?

Practical leadership advice

"Being a leader means you have to keep growing and learning. We can all change. This includes you!"



Mark Zweig

Many people who run AEC firms end up in that position almost by accident. They either quit their jobs and start a new business because they are unhappy with their employers, or get promoted into the job as the result of a transition where they are the best of the available candidates inside the company. Even if neither of these describes the circumstances that led to leading a company in this business, the odds are the leader comes from either a design or technical background and has had little or no formal management or business training.

If this describes you, let me give you the benefit of my experience acquired over more than 39 years as a student of leadership in this industry:

- 1) Focus on the whole company.** Bad leaders divide and pit individuals and groups against each other. They also micro-analyze each piece for its profitability or lack thereof and act like that is good management. While it may be necessary to put scrutiny on a business unit or department, good leaders keep the focus on the whole. An AEC business is not necessarily the sum of its parts. Every unit will have its ups and downs. The most important thing is to have a profitable COMPANY.
- 2) Don't keep a lot of secrets.** Secrets breed mistrust. Trust is essential to your ability to get the support of the troops. No one can do it alone. You need lots of help. The more help the better.
- 3) Show humility.** Admitting mistakes is essential for all of us. We all screw up. But most people will forgive you if you CAN admit you messed up or made a bad call. And poking fun at yourself is an excellent tactic for showing humility and getting people to like you if you are a leader.
- 4) Set an example.** Follow policies. Don't be wasteful. Work hard. Do the right thing. Earn your keep. Be nice to the little guy. All of this and more is critical to the example you set for everyone else. You want them to look up to you. Be worthy of it.
- 5) Give credit to everyone else that you can.** It's always best to elevate your workers. Give them the accolades – in some cases even when they may not fully deserve it. You want to motivate them and encourage them, not demotivate them. Some design professionals struggle with this one.
- 6) Be responsive.** I sound like a broken record here. But you have to return calls and emails promptly. The sooner the better. And be on time for meetings, too. All of these things show respect for other people, both inside and outside of the organization.
- 7) Learn how to communicate.** That's something we all need to keep working on. Being succinct, clear and direct. Avoiding buzzwords.

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BUSINESS NEWS

DUDAIPAINÉ ARCHITECTS' INNOVATIVE BUILDING DESIGN GAINS USGBC'S HIGHEST CERTIFICATION

Duda|Paine Architects, a premier international design firm, announces its Emory University Student Center project has gained LEED Platinum Certification from the U.S. Green Building Council, the USGBC's highest rating.

The innovative 130,000-square-foot facility includes a combination of sustainable design elements that together set new green standards for student centers. The New Student Center is the first building on Emory's campus to receive LEED Platinum Certification.

"Achieving LEED Platinum certification for the Emory Student Center reflects our commitment to improve the environmental standards for resilient and sustainable architecture," says Scott Shell, principal at Duda|Paine. "The integration of innovative design and performance were the focus of the student center that set the precedent for future campus projects."

Duda|Paine worked with Emory University and Emory's Office of Sustainable Initiatives and with consultants Pattern R+D, Ecoworks, IMEG and MHTN Architects throughout the design process to integrate elements and features that would further OSI guidelines, which set a minimum of LEED Silver for all new construction.

Sustainable features integrated into the LEED Platinum Student Center include:

- A geothermal system field under McDonough Field, using the underground earth temperature to moderate the building heating and cooling needs year-round
- Solar-powered water systems
- Exterior shading through a sunshade canopy that unifies the Student Center complex
- Energy-efficient mechanical heating/cooling systems
- Window shade sensors that respond to sun conditions throughout the day

- Occupancy sensors
- Chilled beams in the majority of student life areas
- Ceiling fans set to automatically increase thermal comfort during hot months
- Daylight harvesting, with electric lighting automatically adapting to interior light levels
- Improved wall insulation to minimize heat gain/loss

The Emory Sustainability Vision and Strategic plan states, "Our vision for Emory is to be a model of transformative practices and sustainable choices at every level. From the copy room to the operating room, from the classroom to the residence hall – among academic units, healthcare units, and operational units – Emory will more deeply engage the challenges of sustainability and expand our leadership in higher education."

Emory's sustainability achievements are nationally recognized: the university is among the top 10 most sustainable universities in the nation, according to AASHE's 2017 Sustainable Campus Index. Since the Office of Sustainability Initiatives was founded in 2006, it has garnered many accolades, including the recent 2018 IDEA Innovation Award for its impressive water reclamation and reuse.

Duda|Paine Architects provides a full complement of design, interior design, architectural, planning and master planning services to a diverse array of international and national corporate, academic, wellness and cultural arts clients.

Duda|Paine Architects' enduring success results from an idea-based design process that engages participants and fosters inspiration to achieve visionary-built work.

MARK ZWEIG, from page 1

Knowing when to talk and when to shut up. Choosing your words carefully in all matters because you can see that words really do matter a great deal. It is a skill that can be learned.

8) Confront what has to be confronted. Doing the really ugly stuff that no one else can do is so important! All of the best leaders I have observed in this business over the years had to deal with matters such as unproductive or cancerous partners, bad employees, failed transitions, abusive clients, clients who won't pay, and so much more. Avoiding these things won't win you any followers, that's for certain.

There's more. Much more. I could devote whatever time and space we have to this topic for years. The bottom line is, being a leader means you have to keep growing and learning. We can all change. This includes you! ▀

MARK ZWEIG is Zweig Group's chairman and founder. Contact him at mzweig@zweiggroup.com.



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What is your risk model?

In any business, there are good risks and bad risks. Find out which ones are right for you.



**Stephen
Lucy**

Recently, I stumbled upon a group of our younger engineers who regularly meet on Friday afternoons to discuss life, family, and work. On this particular Friday they were engaged in a discussion about the risks associated with the engineering profession. Specifically, they were comparing the risks and rewards of an engineering career versus the risks and rewards related to various business careers being pursued by their peers.

Generally speaking, these young engineers believed that it was far easier to avoid risks by choosing another career because engineering exposed them to greater personal risks and did not offer the salaries obtained by their peers. In talking about the disparity of the risks and rewards, they cited examples of peers making twice the money without the risks or associated stress. Figuring out how to move up the food chain to be more impactful and financially successful seemed to drive this conversation. Their key question: Should we go back to school and do something else?

The more we talked, the more I understood their predicament and concerns as they were some of

“We owe it to our younger engineers to work with them to redefine their purpose and future, and to encourage reasonable risk-taking, both as engineers and as a business.”

my concerns when I was at a similar point in my career. Some of these concerns are our leadership team’s fault; others were for not discerning the risks that every firm undertakes to grow and succeed. So how do we separate bad risks from

See STEPHEN LUCY, page 4



ON THE MOVE

AMES & GOUGH APPOINTS JESSIE WITHEROW AS ASSISTANT VICE PRESIDENT

Ames & Gough, a leading insurance broker and risk management consultant specializing in serving design professionals, law firms, associations/nonprofits, and other professional service organizations, announced the appointment of Jessie Witherow as an assistant vice president.

"I'm pleased to announce Jessie's appointment as an assistant vice president," said Dan Knise, president and CEO, Ames & Gough. "She has been a stalwart contributor to the firm's success for many years and epitomizes what it means to be an Ames & Gough professional – client-focused, a team player, expert in her

area of responsibility, open to learning, and professional in her approach and demeanor."

Based in the Washington, D.C. office, Witherow is a senior account manager with Ames & Gough, responsible for the company's professional liability small-market program for architects and engineers throughout the mid-Atlantic region. She joined the firm in 2006 and served in various administrative and client team support roles prior to assuming her current responsibilities.

Before joining Ames & Gough, she attended Virginia Western Community College and George Mason University. A licensed property/casualty insurance broker, she is continuing

her education in the property/casualty insurance field.

With more than 1,500 architects, engineering firms, and other construction professionals of all sizes as clients, Ames & Gough is the leading insurance brokerage and risk consulting firm serving the needs of these professionals. Ames & Gough also has established itself as a committed, superior resource for law firms and associations and nonprofit organizations in need of professional liability, management liability, employment practices liability, cyber/network security and related insurances; as well as more typical property and casualty insurances.

STEPHEN LUCY, from page 3

good risks in our industry while addressing the concerns of this next generation of leaders? And what are the risks that are unique to our industry and to those we want to attract and retain in our industry?

THE BUSINESS RISK MODEL. There are common risks to any business and properly addressing those risks is critical to the success of any business. The fastest way to position your firm for failure is to fail to correct the bad risks; failing to act on employee issues; failing to diversify your staff from an ethnic/gender standpoint; failing to deploy technology that helps achieve, not hinder, productivity; not having sound financial controls in place; and failing to reinvest profits in the firm itself. In short, the risk is being willing to maintain the status quo.

"These young engineers believed that it was far easier to avoid risks by choosing another career because engineering exposed them to greater personal risks and did not offer the salaries obtained by their peers."

THE ENGINEERING RISK MODEL. Engineering does have some unique business and individual risks. Our profession is obligated both ethically and legally to act to safeguard and protect the public. We probably all remember the first time we placed our seal on a set of plans and the weight we suddenly felt on our shoulders. This tends to make engineers and the firms we create more risk adverse than other businesses and can lead us to make decisions which are not always in our best business interest.

We are conscientious to a fault. We often take on non-contractual scope of work and we step into the gap when others on the design or construction team do not keep up with project requirements. We are slow to elevate younger engineers believing that career tenure and project experience trump untried talent and entrepreneurial spirit. This thoughtful performance model is laudable but invariably leads to reduced rewards and lost opportunities with increasing frustration for younger staff.

BALANCING THE RISKS. How do we balance standard business risks with the unique risks associated with engineering consulting? First, you have to recognize that neither engineering risk nor business risk are mutually dependent. You must have the processes to control engineering risk while still taking the necessary business risks to create the opportunities to build a successful business. After all, we are all businesses that just happen to provide consulting services.

Some simple changes you can make that will have positive impacts on your firm and staff include:

- Push training and mentor-protégé programs that are active and not programs in name only. This takes commitment especially by leadership to champion the programs through participation.
- Increase opportunities for younger engineers. Give increasing project and leadership roles to those who have the abilities they will need to be successful. Age is not a skill and thus should not be pre-requisite for advancement.
- Establish open two-way communications across all staff levels about financials, staffing, and operations. Create the open, trusting culture that is necessary to control and overcome risk.
- Form an innovation group representative of technical and business functions. Task this group with review of operations and processes and give them the authority to advise firm leadership on needed changes.
- Reinvest in the firm. This will allow the firm to grow and, by not sucking all the profits out of the firm, leadership tangibly displays their belief in the value of the firm.

We owe it to our younger engineers to work with them to redefine their purpose and future, and to encourage reasonable risk-taking, both as engineers and as a business. We want them to understand that taking risks will allow us to reinvent the future, as well as help define their unique contributions to our firm and communities. And with those controlled risks come the financial and personal rewards that they perceive may only be available in other professions. ▀

STEPHEN LUCY is CEO of JQ with offices in Austin, Dallas, Fort Worth, Houston, Lubbock, and San Antonio, Texas. Contact him at slucy@jqeng.com.



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NOVEMBER 7-8

CEO ROUNDTABLE RETREAT • Houston, TX

Engage and interact with industry leaders to discuss current issues facing firms today and explore industry trends and next practices. This highly interactive session puts you in control of the subject matter with roundtable discussions designed to strike at the heart of what you need to effect change in your organization.

NOVEMBER 12

CREATING A CHAMPIONSHIP INTERVIEW TEAM • Orlando, FL

Winning work at the presentation stage in the competitive AEC environment requires thoughtful strategy, client-specific content, and thoughtful execution. Through a combination of coaching, role-play, mock interviews, and competition, this workshop teaches participants to create high-impact conversations through presentation that leads to winning project pursuits with client connection, confidence, and differentiation.

NOVEMBER 13-14

LEADERSHIP SKILLS FOR AEC PROFESSIONALS • Durham, NC

This program provides AEC professionals with the skills to become more competent leaders and helps attendees develop and affirm the leadership skills, strategies, and techniques necessary to grow personally and professionally.

NOVEMBER 13-15

SUCCESSFUL SUCCESSOR ROUNDTABLE • New Orleans, LA

Through curated roundtable discussions, incoming and newly-appointed executives learn principles to put into practice to help them become more effective in their role as the top leader in their firm. Discussion topics address common issues new leaders face in the C-suite including serving as the directional leader of a firm, transitioning from colleague to supervisor, successfully working with your predecessor, implementing change, and delegation.

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PROFILE



Set the tempo: John Brusa

President and CEO of Barton & Loguidice, a full-service consulting firm headquartered in Syracuse, New York.

By LIISA ANDREASSEN
Correspondent

Brusa became president and CEO of Barton & Loguidice in 2017 following his years as leader of the firm's Solid Waste Practice Area. As a licensed professional engineer in six states, Brusa has led engineering teams on many permitting, design, and construction projects throughout the eastern U.S. and he continues to stay engaged with the firm's solid waste practice area in his corporate leadership role.

"Our technical and professional reputation, coupled with our growth, draw people to us," Brusa says. "Growth shows prospective employees that the company is active and is doing things right. Growth provides opportunity, and opportunity is what people are looking for."

A CONVERSATION WITH JOHN BRUSA.

The Zweig Letter: How far into the future are you able to reliably predict your workload and cash flow?

John Brusa: The industry is currently in an exciting time with many sectors across the country being quite busy. While accurate forecasts are always difficult, B&L's outlook

is strong and our backlog continues to grow. At this time, our workload can be predicted out over 12-14 months in most practice areas. We've also seen some strong movement in receivables outstanding which has had a positive impact on cashflow.

TZL: What role does your family play in your career? Are work and family separate, or is there overlap?

JB: My faith and my family come first in my life. Work is certainly linked to my personal life since it provides for my family. My family keeps me focused on the importance of delivering on my career goals. I do my best not to bring my work home with me in a way that may negatively affect my family. Yes, there are times when I need to open my laptop at the kitchen table and work alongside my children as they study for school. I think that shows my children the importance of dedication and a strong work ethic. However, I definitely try not to bring work related problems home. I can't forget the importance of my wife in all of this. It's our teamwork in raising our family that helps contribute to our overall success.

There are also times when meetings and work commitments may overlap with family commitments. When conflicts occur, many times my partners will step up and cover for me and vice versa. B&L has a strong family culture and we feel it's important to maintain this culture, even as we continue to grow. At the end of the day I have two families and I do my best to manage the obligations for both.

TZL: What, if anything, are you doing to protect your firm from a potential economic slowdown in the future?

JB: While the industry is currently experiencing a period of prosperity, it's inevitable that things will slow down in the future. One of B&L's strengths is its diversity in services which helps greatly in periods of economic recession. Sometimes a particular practice area may be strong due to funding or other economic/regulatory factors while another might be in a period of transition. B&L's diversity has certainly been a significant factor in managing this risk during its 58-year history.

We continue to expand our service offerings by investing in our people and examining merger and acquisition opportunities where they make sense. Besides growing service offerings, B&L has expanded its geographic footprint, both organically and through mergers and acquisitions. Recessions don't always hit every geographic area the same way. Because of this, we believe geographic growth will help us be more resilient to an economic slowdown and allow us to provide services in various areas of the country.

It's also important to continue to invest in your people and infrastructure during a time of prosperity. You always need to strive to lead the way with technological advancements and invest in business infrastructure upgrades. When a downturn hits, you can focus your resources into your clients and projects instead of worrying about the expense of upgrades when cashflow may be constricted.

TZL: It is often said that people leave managers, not companies. What are you doing to ensure that your line leadership are great people managers?

JB: For some managers, effectively managing people comes naturally. For others, not so much. Leadership is something that can be learned and B&L has made significant investments in various leadership training programs

for our staff to manage people more effectively. Some training programs have been internal, while others have been multi-month external trainings offered by industry organizations. The core of these trainings comes down to emotional intelligence which we feel is critical in any organization, but especially in a firm with our size and diversity.

B&L also has strong family core values: teamwork, trust and integrity, inspiration and motivation. We look to invest in managers who embrace and implement these core values in their day-to-day work. People will want to follow these managers, not leave them.

TZL: What novel approaches are you bringing to recruitment, and how are your brand and differentiators performing in the talent wars?

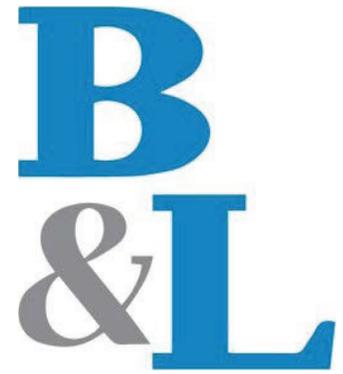
JB: Recruiting continues to be a strong focus. With steady growth in project backlog, we need to continue to add staff to support our overall expansion as well as to provide for transition. This can be increasingly difficult as the baby boomers are retiring from practice in both the public and private sectors, creating a wealth of opportunities for talented design professionals. Recognizing this trend, B&L has put various recruiting initiatives in place including an enhanced employee referral bonus program and investing in our HR and talent acquisition staff.

Our brand, core values, and our diverse family of practice areas has been key not only to filling open positions but in retaining staff. In addition, our technical and professional reputation, coupled with our growth, draw people to us. Growth shows prospective employees that the company is active and is doing things right. Growth provides opportunity, and opportunity is what people are looking for.

TZL: Is change management a topic regularly addressed by the leadership at your firm? If so, elaborate.

JB: Change management is definitely a topic we address at B&L – especially in today's dynamic business environment. It's also something we explore in great depth in our leadership trainings. Positive change is important to an organization and, when done properly, can inspire and motivate. To properly manage and implement change, you need to roll out the change in stages starting with a small group, then to a larger group and eventually to the

See SET THE TEMPO, page 8



HEADQUARTERS: Syracuse, NY

NUMBER OF EMPLOYEES: 282

YEAR FOUNDED: 1961

OFFICE LOCATIONS:

- Albany, NY
- Baltimore, MD
- Annapolis, MD
- Binghamton, NY
- Buffalo, NY
- Camp Hill, PA
- Fairfield, NJ
- Newburgh, NY
- New Paltz, NY
- Plattsburgh, NY
- Rochester, NY
- Somers, NY
- Syracuse, NY
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- Community planning
- Construction
- Energy and power systems
- Environmental
- Industrial
- Landscape architecture
- Municipal services
- Site design
- Solid waste
- Stormwater management
- Transportation
- Wastewater and water

SET THE TEMPO, from page 7

company overall. Using this method, you build consensus, allow for potential problems to be identified and corrected, and build a team of support to help implement and explain the change throughout the organization.

Over the last three years, our employees have seen a significant amount of change at B&L including leadership transition, mergers and acquisitions, and policy and benefits changes. I think we have been successful in positively managing change in a way that is consistent with our family and business core values by providing motivation and inspiration.

TZL: How often do you value your firm and what key metrics do you use in the process? Do you value using in-house staff or is it outsourced?

JB: As part of our firm's continuing transfer of ownership plan (CTO plan), B&L is valued on an annual basis as required by our shareholders agreement. The key financial metrics that are incorporated into the overall valuation include growth in book value, adjusted earnings, financial performance ratios, and transactional multiples of similar consulting engineering firms. Our annual valuation is prepared internally and reviewed by our outside CPA/consulting firm.

"The CEO is always looking to see what pieces to add or subtract to the ensemble to benefit the firm as a whole. You need to communicate and provide guidance to the firm leaders to help set the course and tempo for where the company needs to be in the future."

TZL: What financial metrics do you monitor to gauge the health of your firm?

JB: There are a variety of metrics used to monitor the health and wealth of a professional service firm. First of all, working with our CFO, controller, and practice area leaders, I find it's important to develop a firm-wide budget that provides a roadmap for the firm's expected financial performance that can be monitored monthly. We budget staffing, utilization, and revenue factor by practice area which is then rolled-up to a corporate-wide budget which includes overhead and projected pre-discretionary profit. On a monthly basis, we track our performance to budget on a month-to-date and year-to-date basis looking closely at staff utilization, gross profit, revenue factor, overhead rate, and pre-discretionary net income. We also closely monitor billings and cash collections while keeping a keen eye on the pipeline of work coming in the door through project backlog.

TZL: Ownership transition can be tricky, to say the least. What's the key to ensuring a smooth passing of the baton? What's the biggest pitfall to avoid?

JB: Certainly, having a comprehensive ownership

transition plan is critical to managing ownership and leadership transition. A solid, comprehensive plan will provide for all of the key components of effective ownership transition including valuation, funding, and a clear definition of the events leading to a required ownership transfer. We have also found that having a predictable transition model is key as this will provide opportunity to up-and-coming design professionals to assume key leadership roles. Like anything, the most important element to ensuring a smooth transition is communication and B&L has provided the appropriate level of transparency with regard to the operation of the CTO plan and the firm's current and historical financial performance.

The biggest pitfall to avoid in ownership transition is complacency – a firm's ownership transition model needs to be continuously evaluated and examined to ensure that all of the necessary resources in terms of human and financial capital are available to make the plan viable for the long-term.

TZL: Research shows that PMs are overworked, understaffed, and that many firms do not have formal training programs for PMs. What is your firm doing to support its PMs?

JB: B&L has developed B&L University, also known as "B&L U." B&L U is a training program designed for the professional and personal development of our employees. The program is structured with a tiered curriculum and specific courses are targeted for all levels of staff, from entry-level to management. Each curriculum includes mandatory and elective courses taught by a combination of internal experts and industry leaders outside the firm. The courses cover everything from software basics to leadership training. We recognize the importance of investing in our people and there is no better way than thoughtful and relevant training.

TZL: In one word or phrase, what do you describe as your number one job responsibility as CEO?

JB: Conductor. As CEO, you have to control the tempo of many things in a company. Some strategic items need to be expedited while others need to be modified or held back until ready for the proper timing for release. The CEO is always looking to see what pieces to add or subtract to the ensemble to benefit the firm as a whole. You need to communicate and provide guidance to the firm leaders to help set the course and tempo for where the company needs to be in the future.

TZL: A firm's longevity is valuable. What are you doing to encourage your staff to stick around?

JB: We feel that our diversity in practice areas, our culture, core values, and personal and professional growth opportunities provide our employees with all of the key ingredients for a long-term and rewarding career. We continue to invest in our people and our long-term strategic plan by way of competitive compensation and benefits packages as well as technology, infrastructure, and growth initiatives where they make sense. We work hard to stay "ahead of the curve" in these areas and hope that our employees recognize these key differentiators. ▀

SPONSOR



Don't get hit by the tail

In an M&A deal, the seller's professional liability insurance for legacy projects will likely come into play. Deal with it early on.



**Rob
Hughes**

Among AEC firms in all parts of the country, M&A remains a hot topic; activity continues to be high with many firms being sellers or buyers. Some are even exploring both buying and selling as they look to expand in some areas and limit their business in others.

In recent months, there's been a great deal written about the various risks associated with potential deals involving AEC firms, including those involving higher-risk disciplines or project types and how a firm's claim history may impact a deal.

One issue associated with M&A transactions that's received less attention, but remains a major challenge, is the disruption caused to both seller and buyer when issues involving tail coverage for the seller's professional liability insurance gets pushed back to the last few days before closing.

Specifically, the most common roadblock to closing a deal involves the number of years tail coverage is to be in place and the associated cost – or, more precisely, who pays for the coverage. One

“The most common roadblock to closing a deal involves the number of years tail coverage is to be in place and the associated cost – or, more precisely, who pays for the coverage.”

recent M&A transaction, for example, involved a buyer who was in the process of finalizing the acquisition of a firm about one-fourth its firm's size with a staff of 20 people.

See ROB HUGHES, page 10



ROB HUGHES, from page 9

In this case, a three-year tail policy from the seller’s insurance carrier would cost upwards of \$185,000. This cost hadn’t yet been accounted for by either party to the transaction. Because it involved a relatively significant amount compared to the seller’s annual revenues, it wasn’t clear to either party whether the insurance cost might completely derail the pending agreement.

All of this last-minute controversy is not only avoidable; in some instances, a well-planned approach for insuring future liabilities associated with past work can be a positive factor for a buyer, distinguishing it from other buyers in the market.

UNDERSTANDING PROFESSIONAL LIABILITY TAIL COVERAGE. Well before an A/E firm chooses to enter the M&A arena they should have a basic understanding of how their professional liability insurance works, including the protection it can provide against losses associated with legacy projects. The vast majority of design firms (certainly, those larger than one or two people) have professional liability insurance in place. This policy is often referred to as a “practice” policy as it technically covers the firm’s ongoing practice of architecture, engineering, etc. It is renewed on an annual basis, although some smaller firms may have a two-year policy term.

“By understanding the costs and coverage options early on, firms involved in these transactions can avoid delays and potentially difficult negotiations at closing. This will enable both buyer and seller to consummate the deal in a positive manner with a focus on realizing the benefits they initially envisioned from the combination.”

Most, but not all, of these insurance policies provide details of their tail policy options in the policy form itself or in the policy’s “declarations” page. With respect to duration, the most common options are for one-, two- or three-year policy terms. However, should you purchase a tail policy longer than one year, it is important to know that the limits of coverage are not reinstated annually; instead, they are spread over the policy’s entire duration. In other words, if you have a three-year tail policy with \$1 million in limits and have a \$1 million loss paid out in the first year of the policy, there is no limit left in the policy for the remaining two years.

Professional liability or “practice” policies also typically stipulate the pricing for each tail option as the cost is a function of the overall policy’s annual premium. Although not by any means universal, the typical pricing is: one year at 100 percent of the practice premium, two years at

150 percent, and three years at 185 percent. The premium is due in full at the time the tail policy is bound and typically cannot be financed as the entity involved often is in the process of ceasing operations – at least in its pre-sale/pre-tail form.

Here are some additional points to consider. As mentioned, the tail policy premium can be substantial. Nonetheless, it should not come as a surprise to either seller or buyer; the premium is set out in the practice policy.

“Even though the cost for tail coverage is typically a percentage of the overall premium for a design firm’s professional liability or ‘practice’ policy, they can be substantial and may affect the terms of an M&A deal.”

Everything discussed up to this point assumes the firm is buying a tail with the identical coverage limits and deductible as the seller’s existing practice policy. Otherwise, there may be a problem for a buyer (or seller) if there is the desire for a tail policy with higher or lower limits (and/or deductible) than the existing practice policy. Another challenge arises if the buyer or seller wants a tail policy with a duration longer than three years.

These types of “options” are typically not addressed in any way in the practice policy. However, your insurance broker has the ability (at your instruction) to pursue them and other possible coverage options with your insurance carrier. That stated, there often is little willingness by the carrier to offer anything other than the tail terms stipulated in the practice policy.

For longer duration tails, you may be able to get an agreement from the insurer to confirm its willingness to offer a “renewal” tail policy at the expiration of the initial tail policy. In addition, keep in mind that tail policy options are typically only available from your current insurer; today, even in the current competitive professional liability marketplace, very few carriers are willing to consider offering tail quotes to non-insureds.

Even though the cost for tail coverage is typically a percentage of the overall premium for a design firm’s professional liability or “practice” policy, they can be substantial and may affect the terms of an M&A deal. By understanding the costs and coverage options early on, firms involved in these transactions can avoid delays and potentially difficult negotiations at closing. This will enable both buyer and seller to consummate the deal in a positive manner with a focus on realizing the benefits they initially envisioned from the combination. ▀

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WRITE FOR THE ZWEIG LETTER

Have some advice for your peers in the AEC industry? Contact Sara Parkman at sparkman@zweiggroup.com for the chance to be featured in *The Zweig Letter*.



Accelerated growth

Growth and relationship management software turn marketing into the catalyst for growth: The four best practices for winning marketing teams.



Randy Reynolds

Within the booming AEC industry, there are always leaders. And then, there are followers. What sets the leaders apart is positioning their marketing teams as strategic drivers for success for accelerated pipeline and growth now and in the long-term.

The principles and the best practices of these highly successful marketing teams can be summarized in these four best practices:

1) Prepare winning proposals with speed and efficiency. While pipelines may be strong today, winning firms can't be complacent for the long-term – they know the time is now to build acceleration across all of their key business functions, especially marketing.

- Leading firms have elevated their marketing departments from simple proposal writers to strategic enablers: They invest in them to wow the right customers and build the business foundation for the future.

- Winning firms run their marketing processes like clockwork – not only do they have the right information at the fingertips of their strategic proposal development teams, they also use the latest tools in creating project proposals that delight.

- These teams don't need to source the same information within their organization every time they need to develop new proposals. They move with the speed, efficiency, and elegance of a modern, agile delivery system.

- The winning firms have embraced the most agile processes and adopted the latest tools so much so that they beat their competition with incredible speed and efficiency – 50 percent faster than the rest.

2) Accelerate efficiencies in the bidding process.

This is the time to bring order and control to your processes and put an end to rushed proposal submission, while at the same time eliminating wasted manual effort.

- Leading firms' marketing teams spend more time creating winning proposals than on manual work

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ON THE MOVE

AJIBADE ADEBOWALE JOINS AS SHIVE-HATTERY CHICAGO CREATIVE DIRECTOR Shive-Hattery announces that Ajibade Adebawale has joined as Creative Director in its Chicago design office.

Adebawale brings more than 20 years of architectural design and creative leadership

to this position. With specialty in commercial and workplace design, he will promote and nurture the design process for the Chicago office. In addition to mentoring staff, he will further integrate visualization technologies into the design process for an immersive and compelling client experience.

He was previously with **Wright Heerema Architects**.

Shive-Hattery is a 400-person architecture and engineering firm with offices in Bloomington, Chicago and Quad Cities, Illinois; Cedar Rapids, Iowa City and Des Moines, Iowa; and Valparaiso, Indiana.

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such as looking up past project information, contacts, and resume data.

- The marketing and business development power of AEC leaders comes from knowing where their firm has been historically most successful and knowing the right doors to knock on and when. With the right data at their hands, marketing leaders are also better equipped to know whether to price competitively or aim for higher margins.
- It's becoming increasingly critical to know and leverage the entire firm's relationship history to win right and fast. AEC marketing leaders know which relationships drove the most referrals and who your best references are. They can easily see and leverage those who helped in winning prior projects similar to the one your team is currently pursuing.

3) Foster seamless business development and marketing collaboration.

- Winning firms shift control of the firm's knowledge of relationships and prior project experiences from specific individuals to all employees. Winning AEC teams start from the same foundation, a common set of technology-enabled databases, proposal materials, and communication flows.
- They have abandoned the use of multiple, disparate systems, such as generic CRMs and have eliminated data being scattered across an organization in siloed financial and project management systems.
- They are working with their business development counterparts via unified, purpose-built systems and processes enabling them to effectively oversee the pursuit of new projects at each stage in the sales cycle and respond to inquiries quickly, efficiently, and professionally.
- The winning firms have ingrained the most agile processes and adopted the latest tools that can reduce report preparation and generation time by as much as 80 percent.

“After embracing growth and relationship management, these teams are empowered with insights, enjoy accelerated growth, and drive sustained marketing and business development success.”

4) Use the right marketing tech built for AEC firms. The smart ones, those ahead of their peers, use the right marketing tools for every job.

- Today's leaders have zeroed in on marketing technology solutions that address the complexities of proposal management and the intricacies of relationship management.
- By automating their approach to proposals with the proper

technology-enabled solutions, winning marketing teams work efficiently and eliminate wasteful hours spent tracking down resumes and project lists, thus freeing teams to focus on proposals that wow and delight prospects.

- Winning firms use integrated and intelligent marketing automation to send emails and win with analytics by tracking and measuring proposal success and failure.
- They enable better cross-team collaboration, strengthen the brand, and build stronger connections with prospects and customers, propelling their firm to always be top-of-mind for customers.

“By adopting and following the four marketing and proposal management best practices for the AEC industry, leading firms have delivered unrivaled results.”

If you're wondering how your firm stacks up against these winners, or whether your firm is deploying the right growth and relationship management strategy, consider these questions:

- Are your teams struggling every time you need to prepare a new proposal?
- Are your marketers truly enabled to deliver winning proposals with speed and accuracy?
- Does your firm have one source of truth for all contacts and key relationships over its history that fuel the business?
- Do you have multiple, disparate systems, such as generic CRMs and siloed processes hindering collaboration?
- Are current marketing processes making your company tread water versus being always on the pulse of the right projects and opportunities?

By adopting and following the four marketing and proposal management best practices for the AEC industry, leading firms have delivered unrivaled results. And after embracing growth and relationship management, these teams are empowered with insights, enjoy accelerated growth, and drive sustained marketing and business development success. As a result, winning marketing teams have also won a permanent seat at the firm's executive and strategy table. ▀

RANDY REYNOLDS is vice president of marketing at Cosential. He can be reached at reynolds@cosential.com. As the leading growth and relationship management software for the AEC industry for more than 20 years, Cosential has helped more than 1,000 AEC firms such as Skanska USA, KCI Technologies, DPR Construction, Robins & Morton, and JE Dunn Construction increase annual revenue and increase productivity in key business development and marketing processes by up to 50 percent.