

It's hard to make a profit

"Cut out dead weight and toxic people, not just low level workers, marketing expenses, healthcare, and free Cokes in the lunchroom. Those kinds of cuts won't do much for long."



Mark
Zweig

I have worked in the AEC industry for 39 years. And as a professor teaching entrepreneurship for 15 years, I have seen the financials of as many as a thousand privately-held companies. And you know something that I have learned? No matter what business you're in, it's hard to make a profit.

Yet, even if monetary rewards were NOT your goal – and that IS the case for many architects and engineers I have known over the years – making a profit is essential to your survival.

It's conventional wisdom that a "lack of capital" kills more businesses than anything else. I always thought that was an absurd statement. If you had just enough money to lose forever you could stay in business indefinitely. A shortage of capital isn't the problem. It's a shortage of profits. When the firm is profitable, it generates its own capital.

It's interesting to me to see what my students do with their small business consulting projects when one of their charges is to increase profitability. And they aren't much different from the AEC firm owners we have worked with over the years. They think the only way to increase profitability is to cut costs. I had one student tell me this past semester that cutting costs was a requirement of the project. When I asked him where I said that in my syllabus, he pointed to the requirement of recommendations to increase profitability. The implicit assumption of nearly everyone is the way to do that is by cutting costs. But that's rarely the best way to be profitable on a sustainable basis.

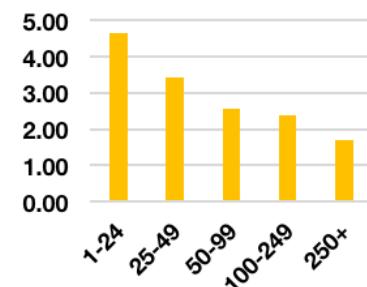
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TRENDLINES

Current ratio



In Zweig Group's *2019 Financial Performance Survey of AEC Firms*, current ratio was calculated by dividing a firm's current assets by its current liabilities. An increase in this liquidity ratio improves a firm's ability to cover its short-term obligations if necessary. While it's common within the industry to see an inverse relationship between current ratio and staff size as shown in the chart above, there are variables like work in process turnover and backlog that suggest larger firms are more focused on long-term goals.

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BUSINESS NEWS

SAGE RANCH PROJECT RECEIVES A 4-0 APPROVAL

IN TEHACHAPI The Sage Ranch Project received unanimous approval from the Tehachapi City Planning and Zoning Commission. **JZMK Partners** has designed a master plan for a 138-acre development adjacent to Tehachapi High School.

This development will have a total of 1,000 residential units, ranging from apartments, townhomes, and detached single-family homes,

from 1,000-2,600 square feet. Single-family lots will range from 3,200-5,500 square feet. The designs will encourage walkable and connected streets, strong streetscapes with porch front homes, and easy access to a hierarchy of parks, all while reducing garage impact and eliminating the need for walled communities.

JZMK Partners provides architecture, planning and urban design services both domestically and worldwide.

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What, then, does it take for an AEC firm to be profitable? Let's take a look at some fundamentals here:

- 1) Have demand that exceeds supply.** The best way to ensure profitability is to make sure demand exceeds supply. Cost cutters think the way to achieve that is to curtail supply. But that doesn't work for long. A better, more positive approach is to increase demand. That takes an investment in marketing. And that flies in the face of cost cutting – especially overhead-related cost cutting where everyone tends to focus their energies. I always call marketing an “off balance sheet investment” in the firm. Grow revenue versus reducing costs (and capabilities).
- 2) Raise prices.** Do you know how many AEC firm owners we talk to who tell us that demand exceeds supply, yet who won't raise prices in spite of that? It's crazy. When demand is greater than you can meet, you have to raise prices to increase your margins and reduce demand. Your alternative is non-performance. Never a good one!
- 3) Differentiate.** If you want to be able to raise prices, you have to be providing something people can't get anywhere else. That's the problem a lot of businesses have today. Think about it. You want to buy a new leaf blower. If two dozen online suppliers can all supply you with the same Black and Decker leaf blower in a day or two, which one will you buy it from? Odds are, whichever one has the lowest price. AEC firms are much the same way. Their services, pricing, and capabilities are perceived (and this is a critical word, “perceived”) by their clients as being more or less the same. If that's the case, why pay a premium? If you want a premium price, you cannot say and do and act the same as your competitors. You have to be different.
- 4) Specialize.** The best way that I know of to differentiate the services of one AEC firm versus another is to specialize. Be really good at doing something specific or at serving a particular type of client – so good that it makes you the obvious choice. Our own firm, Zweig Group, is a good example of that. We are experts in one industry. It makes it easy for us to win a strategic planning consulting job, or merger and acquisition job, because it's all we do and clients can't find anyone with more experience than we have at doing these things. Price is less of a consideration when you specialize because clients know you aren't learning how to do something at their expense. You'll be more efficient, anticipate problems, and do a better job in the end than a non-specialist would.
- 5) Inspire.** Getting everyone to care more and work harder always makes it easier to be profitable. You get more productive capacity out of less people. And work is done right the first time. The best way to accomplish that is through leaders who can inspire people. You have to “sell” your special Kool Aid. You need to stand for something. In short – you need to have a higher purpose than just making a profit, and you need to effectively communicate that to everyone in the organization to inspire them.

Of course, if all else fails you can always fall back on the fundamental idea that making a profit requires revenues greater than costs. This seems so obvious yet it is often forgotten. I never understood how a company doing \$20 million a year in revenue couldn't be profitable when all that was required is revenues greater than costs. This does mean cost cutting. But my version of cost cutting and that of most firm owners isn't the same. Cut from the top. Cut owner pay and benefits. Cut out dead weight and toxic people, not just low level workers, marketing expenses, healthcare, and free Cokes in the lunchroom. Those kinds of cuts won't do much for long. ■

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



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OPINION



Strong financial outlook

Survey data from Zweig Group's 2019 *Financial Performance Survey of AEC Firms* indicates strong financial performance industry-wide.



**Christina
Zweig
Niehues**

Zweig Group's annual *Financial Performance Survey of AEC Firms*, released in April, identified a strong positive trend in multiple key financial indicators, including profit, revenue, staff growth, and backlog.

The survey gathered data on financial metrics and methodologies from AEC industry firms of varying sizes, types, and markets across the United States.

With many leaders in the industry reporting difficulties in recruiting, average staff growth was 2.5 percent industry-wide. Firms on the West Coast and in the Mountain region reported averages of more than 5.5 percent and fast growth firms reported an average of 10.3 percent.

Staff turnover (voluntary and involuntary) was an average of 13.6 percent industry-wide, with higher numbers reported in architecture firms, firms of all types in the Mountain and South Central regions, firms with stable or declining growth, and, no surprise, firms experiencing low profit or losses.

Median pre-tax, pre-bonus profit on net service

revenue was almost 14 percent this year, well above pre-recession levels, and an increase from 12.7 percent last year. The profit metrics have remained on a generally overall upward trajectory since 2013.

"With many leaders in the industry reporting difficulties in recruiting, average staff growth was 2.5 percent industry wide."

Net service revenue per full-time employee also continues to rally. AEC industry firms are now generating a median of almost \$150,000 per full-time employee – an all-time high. Profit generated

See CHRISTINA ZWEIG NIEHUES, page 4





2019 FINANCIAL PERFORMANCE SURVEY

This survey is the best tool for finding comprehensive data on the financial performance, financial departments, challenges, methodology, and financial practices of AEC industry firms.

Key financial statistics.

Net service revenue and profitability measures, labor multipliers, turnover rates, and professional/technical to administrative staff ratios, and so much more. Data is also segmented by firm type, staff size, region of headquarters, growth rate, and client base, with multiple years of trend data for overall medians or means.

Personnel costs.

Five major types of personnel costs are analyzed in this publication including: payroll taxes, vacation, holiday and sick leave, group insurance, pension, profit sharing & 401(k) plans, and bonuses. Trend data is also given for historical spending comparisons. This section also includes data on workers' compensation premiums and claims.

Other financial statistics.

In addition to all the above information, this publication has data on additional financial topics – everything from financial software applications to cash flow reports and professional liability insurance.

Visit bit.ly/FPS1298 to learn more.

ON THE MOVE

MCLAREN ENGINEERING GROUP ANNOUNCES NEW PRESIDENT

McLaren Engineering Group announced that Jeremy Billig, P.E., has been named president. Billig, most recently the firm's vice president and New York City regional director, will lead McLaren along with Malcolm McLaren, P.E., CEO and founder. Billig's appointment follows a board-driven growth plan that includes the firm's recent expansions in New Jersey and Philadelphia, and the addition of several senior leaders.

During his 15-year tenure at McLaren, Billig has directed a range of engineering projects while starting and growing the New York City office to more than 40 staff. As the firm has expanded, Billig has managed McLaren's organizational planning efforts, including supporting the firm's merger and acquisition activity and developing a scalable structure to accommodate growth.

"Jeremy has seen our firm more than double in size since he joined us and has helped create our collaborative culture as an employee-owned firm," says Malcolm McLaren. "Jeremy and I will be working side by side to lead our company into its next phase of growth. It's with great excitement that we announce his new role as president."

"Jeremy's reputation as a meticulous professional with keen leadership qualities is well-deserved. With his guidance, the firm will continue our out-of-the-box thinking and application of Applied Ingenuity," continues McLaren.

An accomplished engineer, Billig has worked across the firm's 10 markets, ranging from entertainment venues and healthcare facilities to comprehensive structural work and restoration of landmarked buildings. His

CHRISTINA ZWEIG NIEHUES, from page 3

per employee was just over \$19,000, a staggering increase from 2015's \$7,146.

The contribution rate is the percentage of net service revenue remaining after all project costs (direct labor and other direct costs) have been covered. This number also hit a record high of 67.7 percent, indicating that industry firms are able to charge appropriately for their projects.

One of the strongest indicators of financial performance is revenue factor, which uses a combination of two financial statistics – chargeability and multiplier – to measure a firm's ability to generate revenue. It takes into account not only how much time the firm bills to jobs (chargeability), but also what it realizes in revenue compared to what it costs in terms of direct raw labor (net multiplier). This hit a three year high of 1.86.

AEC industry firms are collecting money fairly quickly – a median of 70 days (the second lowest number in the past decade)

standout projects include the Sentosa Crane display in Singapore, the Longacre Theatre renovation in New York City, and construction engineering design work for the Pulaski Skyway bridge rehabilitation in New Jersey. He also lent his talents to A-list entertainment events, including the Rolling Stones' 2005 tour and Lady Gaga's 2010 "Monster Ball" tour.

"Starting and expanding McLaren's NYC office has been a career highlight for me, and I'm eager to continue that growth trajectory company-wide," says Billig. "As we continue to earn accolades as one of the country's top engineering firms, I'm honored to lead McLaren into the next decade."

Billig holds a professional engineering registration in New York, Connecticut, Massachusetts, Florida, Maine, Vermont, Ohio, Michigan, and Wisconsin, with a certification in Special Inspections. In 2015, Billig was the recipient of the President's Award by McLaren Engineering Group, and in 2012, he was named a "Rising Star in Structural Engineering" by *Civil + Structural Engineer* magazine. In 2009, he was selected as "Young Engineer of the Year" by the New York Society of Professional Engineers. He holds two degrees in civil and structural engineering from Cornell University.

For more than 40 years, McLaren Engineering Group has provided innovative, customized engineering solutions for more than 15,000 projects. With more than 250 employees in 11 offices, McLaren is licensed in 49 states and serves 10 key markets. With experts in numerous engineering disciplines – and a passion for creativity and out-of-the-box thinking – McLaren can address any project's specific range of design requirements with technical excellence.

speaking to the overall quality of accounts receivable. Work backlog also hit a high of almost eight months, indicating another strong year ahead.

"Median pre-tax, pre-bonus profit on net service revenue was almost 14 percent this year, well above pre-recession levels, and an increase from 12.7 percent last year. The profit metrics have remained on a generally overall upward trajectory since 2013."

For more information on Zweig Group's *2019 Financial Performance Survey of AEC Firms*, which reports more than 100 different financial metrics for the AEC industry, visit bit.ly/FPS1298. ▶

CHRISTINA ZWEIG NIEHUES is Zweig Group's director of research and e-commerce. Contact her at cweig@zweiggroup.com.

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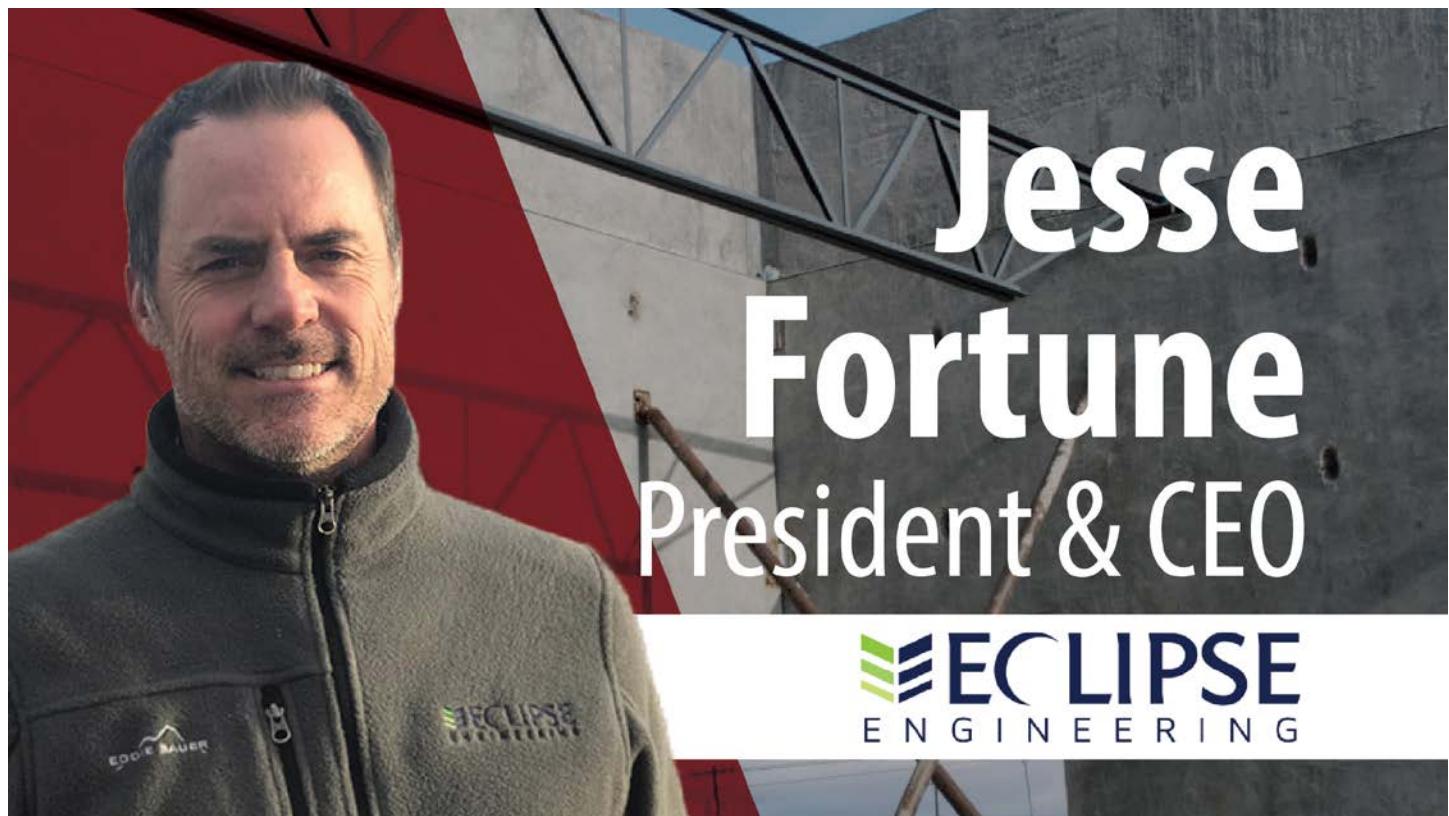
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Zweig Group exists to advance the AEC profession. Our Mission is to Elevate the Industry. We believe in a world that celebrates the built environment and recognizes its impact on individuals, communities, and commerce. Empowering organizations with the resources they need – to perform better, grow and add jobs, pay better wages and to expand their impact on the community – is always at the forefront of our action.

QUESTIONS?

For group rates, or if you have any questions, contact Melissa Swann at 479-305-3357, mswann@zweiggroup.com or visit zweiggroup.com.

PROFILE



Jesse Fortune President & CEO

ECLIPSE
ENGINEERING

Conference call: Jesse Fortune

President and CEO of Eclipse Engineering (Best Firm Structural #12 for 2018), a Montana firm that likes to have a little “phun.”

By LIISA ANDREASSEN
Correspondent

“When we identify an employee who fits just right into our organization, we find no value in making them wait around for 20 years to consider ownership,” Fortune says. “Everyone is on their own journey and sometimes that journey takes a little longer, but it makes zero sense to me to eliminate someone because they are not old enough.”

A CONVERSATION WITH JESSE FORTUNE.

The Zweig Letter: Do you tie compensation to performance for your top leaders?

Jesse Fortune: Compensation is tied to performance for every single employee at Eclipse – from new graduates to principals. In our opinion, rewarding poor performance is the same as asking the top performers to write the company a check at the end of the year.

TZL: Do you share base salary or bonus amounts with your entire staff?

JF: The football coach, Bill Parcells said, “You are what your record says you are.” In that vein, we work to individualize

salaries and bonuses as much as possible. This makes sharing base salaries or bonuses of a group, especially based on some uncorrelated variable like years of experience, difficult to do.

“Those with programming aptitude, people and management skills, and creativity, will be highly sought after. They will see higher wages and more opportunity. Those without these skills will be replaced, over time, with technology.”

TZL: How many years of experience – or large enough book of business – is enough to become a principal in your firm? Are you naming principals in their 20s or 30s?

JF: In 2001, 28-year-old Theo Epstein was named the president and CEO of the Red Sox, ultimately leading the organization to the first World Series championship since 1918.

My point is this: when we identify an employee who fits just right into our organization, we find no value in making them wait around for 20 years to consider ownership. Everyone is on their own journey and sometimes that journey takes a little longer, but it makes zero sense to me to eliminate someone because they are not old enough.

"We developed niches and dug for opportunities to add value for our clients which ultimately grew our company during a very difficult economic period."

TZL: Internal transition is expensive. How do you "sell" this investment opportunity to your next generation of principals? How do you prepare them for the next step?

JF: A long history of strong financial performance balanced with a culture of mutual respect sells itself. In addition to traditional mentoring and professional continuing education, we have an internal program called Leadership Eclipse. This is an evolving program and it currently has modules in:

- 1) Accounting
- 2) Financial management
- 3) Sales and marketing
- 4) Legal and insurance

In addition to this, we send them to a two-day boot camp for AEC principals.

TZL: When did you have the most fun running your firm, and what were the hallmarks of that time in your professional life?

JF: Every stage is fun for different reasons. Our response to the financial crisis of 2008 is something I'm very proud of. Our business, like many others, was hit very hard. We had to let go of some very talented employees. Those of us who were left, took significant pay-cuts. We saw many of our close friends out of work or worse. Our team responded with incredible grit. We developed niches and dug for opportunities to add value for our clients which ultimately grew our company during a very difficult economic period. It was and continues to be a defining moment for our current leadership and company.

TZL: Describe the challenges you encountered in building your management team over the lifetime of your leadership? Have you ever terminated or demoted long-time leaders as the firm grew? How did you handle it?

JF: Eclipse is a small engineering firm. The challenge is in asking a good engineer to do something that she/he has no formal training in, experience in, or, in many cases, no desire to do. You have this crazy scenario where your best engineers are assigned to a management position (remember the Peter principle?). It's perceived as a promotion and we usually get (and expect) a pay raise even though we're doing a job that we're less qualified to do. We often under deliver while reducing the amount of time we're spending at what we are paid to do. It's a major hurdle to growth. We are a relatively young company. To this point, we have handled it so far by encouraging large doses of self-study to refine our skill sets; and putting a lot of onus on each employee to manage themselves.

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

JF: Advocate.

TZL: What happens to the firm if you leave tomorrow?

JF: Our CFO, Rolf Armstrong and I work very closely and discuss all strategic decisions. He is more than equipped to handle all my responsibilities until a new CFO or CEO is selected.

TZL: With technology reducing the time it takes to complete design work, how do you get the AEC industry to start pricing on value instead of hours?

JF: I'm not convinced that technology has reduced the time it takes to complete design work. I recently reviewed a calculation package that was 95 pages. I've seen old-timers complete this same work by hand in three pages. That's 92 pages of calculations that added no value. To get paid for more value, we need to first deliver more value.

TZL: If the worker shortage continues, do you see wages increasing to encourage more talent to enter the AEC space, or will technology be used to counter the reduced work force?

JF: It's likely to be a combination.

See JESSE FORTUNE, page 8



YEAR FOUNDED: 1998

HEADQUARTERS: Missoula, MT

NO. OF EMPLOYEES: 35

OFFICE LOCATIONS: Missoula and Whitefish in MT, Portland and Bend in OR, and Spokane, WA.

SPECIALTIES:

- Structural design
- Concrete
- Steel
- Wood
- Timber
- Consulting
- Masonry
- FRP
- Aluminum
- AutoCAD
- Drafting
- Building permits
- Construction drawings
- Seismic anchorage
- AutoCAD LT
- Material handling

SECTORS:

- Commercial
- Educational
- Green design
- Log and timber
- Public sector
- Residential
- Seismic
- Wind

CORE VALUES:

- Energy – passionate, positive, can-do-attitude
- Communication – be responsive and accessible to our clients and colleagues
- Legacy – passing the torch to the next generation
- Integrated – many offices, one company
- "Phun" – have a little ... with style
- Sensitivity – maintain mutual trust, respect, and openness
- Elasticity – be flexible and embrace change; pursue a healthy work-life balance

ELEVATE / CELEBRATE

FACSCADEMY AWARDS A HUGE SUCCESS

Forensic Analytical Consulting Services, Inc. recently held its First Annual FACS Academy Awards to recognize the firm's staff members. This was the firm's way of poking fun at the Academy Awards while recognizing staff through a variety of categories like, Our People First, Client Relationships for Life, and Integrity of the Science Awards that relate directly to FACS's core values.

FACS also had amusing categories including The Calm, Cool, Collected Award for the employee who always keeps their cool, even under the most stressful situations. And there was the Spirit Award for the employee who always brings "fun" to the office.

The event was a huge success as employees even joined in on the Opening Number, a sing along with the firm's CEO and general

manager, which entailed a parody of "I Want The FACS Way" by their self-titled FACS Street Boys. The firm is already looking forward to next year's event.

Forensic Analytical Consulting Services, Inc. is an industry-leading environmental health consulting firm that delivers industrial hygiene and environmental consulting services throughout the United States.



JESSE FORTUNE, from page 7

believe the role of the technician will go away while the wags for those with other skills will go up. Those with programming aptitude, people and management skills, and creativity, will be highly sought after. They will see higher wages and more opportunity. Those without these skills will be replaced over time with technology.

"Compensation is tied to performance for every single employee at Eclipse – from new graduates to principals. In our opinion, rewarding poor performance is the same as asking the top performers to write the company a check at the end of the year."

TZL: Engineers love being engineers, but what are you doing to instill a business culture in your firm?

JF: We review and discuss the financial metrics of the firm on a monthly basis with the full team, regardless of their role. As experience is gained, more specific training is given for accounting, legal, and other business-related expertise.

TZL: The seller-doer model is very successful, but with growth you need to adapt to new models. What is your program?

JF: Churchill commented, "Democracy is the worst form of government, except for all those others that have been tried." The seller-doer is similar. Even on large scales, I believe the client is best served by having the person who sells the work deeply involved throughout the life of the project, hopefully lending expertise in the subject matter. Because of the psychological attachment associated with the personal relationship to the client, the doer becomes extremely "bought in." They are motivated to do their best for the client and that, in turn, is good business.

TZL: Are you currently pursuing the R&D tax credit?

JF: No. ▀

OPINION



What's new?

A recent Zweig Group promotion asked, 'Is your marketing fresh and clean?' The email went on to list 15 different marketing focus areas – the first being the marketing plan.



Jane
Lawler
Smith

How often have you thought about your firm's marketing plan? If you don't think about it too often, it might be comforting to know that history is on your side. In 1909, the AIA pretty much forbade it. This was one of the many messages shared at the Convention of the American Institute of Architects that same year: "Advertising tends to lower the standard of the profession, and is therefore condemned."

So now you may be saying, this is an odd way to start an article on marketing. Except that I will remind you that this was 1909, my friends! Not only is that more than 100 years ago, but think of all the innovation that has gone on in the world – and the field of marketing – in that time.

For firms with a marketing plan and a person or team dedicated to moving that plan forward, the temptation is strong to be happy with that state of affairs. After all, if we are being honest, we know many peer firms who have not achieved this level of marketing success. And however comforting those thoughts are, that is not the mindset that will maintain your success. A solid foundation is great and a stable plan and consistent effort is wonderful. But that and only that, over time, is

actually a recipe for staleness, stagnation, and, potentially, failure.

"For firms with a marketing plan and a person or team dedicated to moving that plan forward, the temptation is strong to be happy with that state of affairs."

The real challenge for us today is to ask ourselves, what's new?

As an example, only 15 years ago, white

See JANE LAWLER SMITH, page 10



ON THE MOVE

TALMAN CONSULTANTS HIRES DIRECTOR, HUMAN RESOURCES Talman Consultants, LLC, a leading WBE and DBE-certified civil engineering consulting firm, announced the hiring of Perry Sartori as Director of Human Resources. Sartori replaces Liane Adduci, who will continue to lead Marketing and Operations at the firm. He will report to Katherine Latham, managing partner.

"One of our goals is to advance women and diversity in engineering in the hopes of shaping the future of our industry. Talent is at the heart of that goal," said Latham, managing partner of Talman. "Perry's experience and passionate approach to developing talent and directing human resources strategy is a perfect match as we look to find the right people, develop our existing team, advance diversity and implement best practices in human resources."

A 20-year industry veteran, Sartori joins the firm from AbbVie, Inc. where he was a business human resources partner aligned with senior leadership in developing and implementing HR strategies, needs assessments and HR programs linked to business results. Prior to that, he was Director of Human Resources for Trustwave, where he managed global HR, Employee Relations, Performance Management, KPI's for top performers and best practices in change management and

talent acquisition. He began his career at MWH Global, Inc. where he partnered with management on HR strategy and conducted pre- and post-merger integration during his tenure there. Sartori also consulted and acted as Interim Director of HR for Lyric Opera of Chicago and the Chicago Architectural Foundation.

"Talman's success has been in large part the result of our steadfast commitment to a culture that promotes doing whatever it takes to deliver accountability and results to our clients, doing the right thing with integrity, honesty and purpose and welcoming diversity and differences of opinion," says Latham, managing partner of Talman. "It's a tall order and we're confident Perry's experience in helping growing firms maintain culture while building HR strategies is the right fit."

Sartori has a bachelor's degree in business administration from Lewis University and Certifications in Strategic Human Resources Leadership from the School of Industrial and Labor Relations from Cornell University. He is also a Certified Trainer DDI Targeted Selection and has given presentations on Leadership Through Respect, Preventing Harassment and Discrimination and the Blink Effect on Diversity in the Workplace.

"I'm looking forward to being part of Talman

as they continue to work towards redefining the face of engineering and developing best practices in HR, employee relations, professional development, recruitment and organizational and regulatory development," said Sartori. "Their vision is consistent with my experience and passion. My primary focus will be to ensure that Talman continues to be a great place to work for top talent."

Talman Consultants is a WBE and DBE-certified engineering design consulting firm specializing in underground utility infrastructure management. Talman's team of multi-disciplined designers, engineers and project managers has built tools, knowledge and processes to help utility leaders optimize and manage complex infrastructure projects from "Concept to Construction".

Talman serves as a strategic partner for utility leaders, helping them make smarter investment decisions to secure competitive advantage, based on a wealth of knowledge in both the design and construction of complex infrastructure projects.

Talman provides consulting, engineering design and review, regulatory compliance, leadership consensus building™, project life cycle optimization, permit acquisition, construction oversight, and restoration services.

JANE LAWLER SMITH, from page 9

papers were all the rage in marketing. If you wanted to demonstrate expertise, a white paper was the way to go. Pages of text. Sometimes with graphics. Very often delivered in hardcopy format.

Today, expertise must be demonstrated in brief. Twitter allows only 280 characters. Instagram allows 2,200 characters – but the emphasis is still on images, not words.

"Don't abandon the foundation – the plan and the consistent action. But don't let it grind your marketing to an end either. Inject freshness for your clients – the simple, direct, enticing, different, easy, new, fresh, clean."

As a mother of a rising high school junior, this situation is brought home to me, pretty much daily, in my mailbox. Institutions of higher education are reaching out to my daughter in myriad ways. No. 10 envelopes are plentiful and about 90 percent offer a white paper of some variety (yes, I do pay attention and track these things!). Some even give an option to choose what white paper fits you best.

However each mailer with its related white paper offer, despite the time and effort that may have gone into them, has wound up in the same place, with the same inaction.

Except for one. A full-color, fold-out postcard mailer. It focused on a particular college's study abroad opportunities and the offer of a poster of one of four locations that are part of the study abroad program. Simple, direct, enticing, different, easy, new, fresh, clean. And it worked!

So, is this the silver bullet solution? Colorful and tactile postcard mailers and posters? Of course not. But something new and thoughtful that will resonate with your desired contacts? YES!

Over the past year, what "new" have you brought to your marketing efforts? In the coming year, what "new" is to come?

Don't abandon the foundation – the plan and the consistent action. But don't let it grind your marketing to an end either. Inject freshness for your clients – the simple, direct, enticing, different, easy, new, fresh, clean.

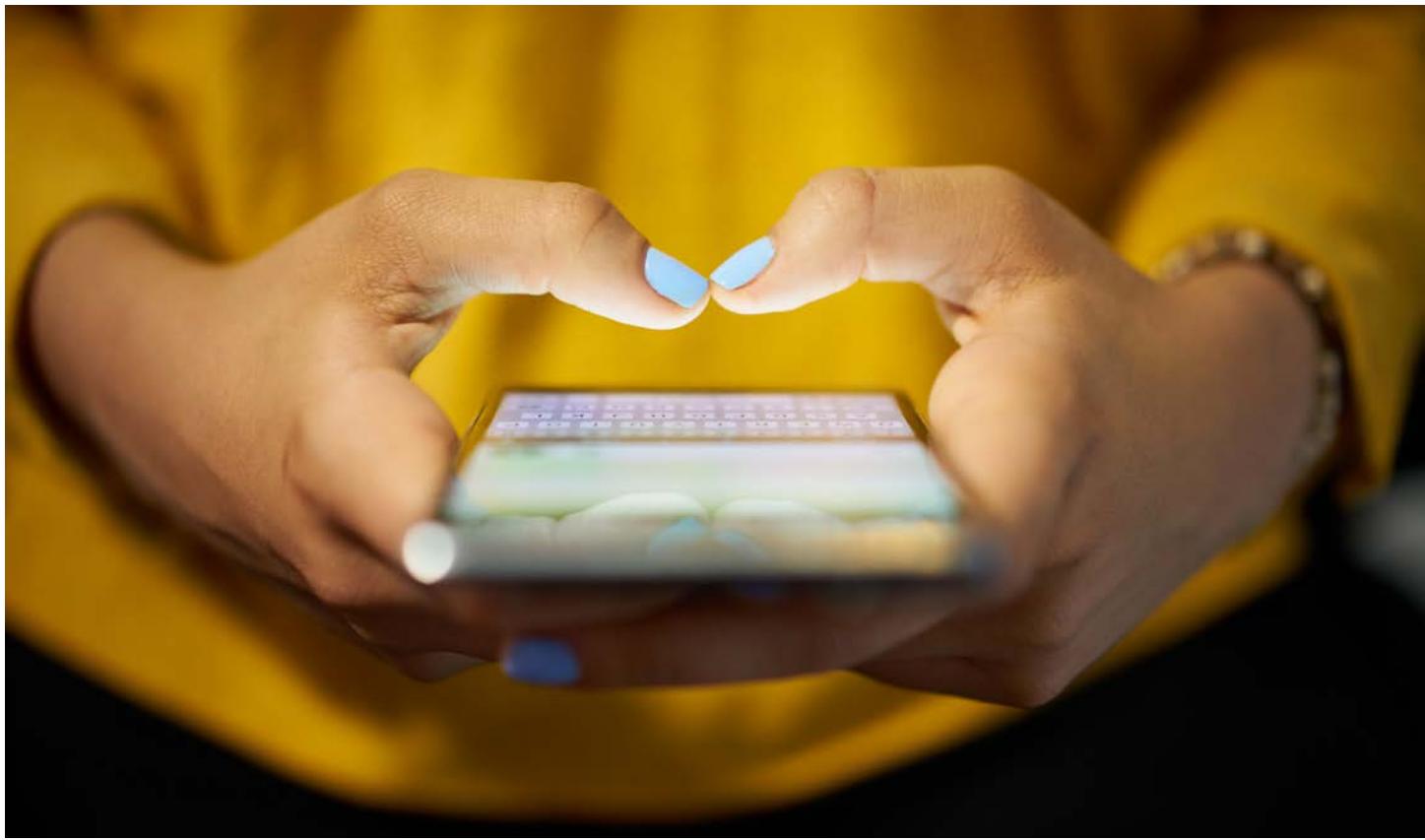
Seth Godin puts a different spin on it (and if you don't know Seth, you should!):

A note from 2020:

Twelve years from now, your future self is going to thank you for something you did today, for an asset you began to build, a habit you formed, a seed you planted. Even if you're not sure of where it will lead, today's the day to begin. ▀

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OPINION



Myth busting

In terms of feedback, there's a big difference between what millennials want and what you've been told they want.



**Mitchell
Shope**

Every corporate leader has heard the stigmas of the millennial generation: those hooligans grew up with social media for instant wide-spread validation, have Google allowing for immediate answers and information, and have an array of other resources at their fingertips to expect feedback and encouragement early and often.

Additionally, if you want to engage a millennial in the workplace, you'd better start by allowing flexibility and emphasizing work-life balance, right? And, of course, having been excessively coddled and receiving a trophy for each and every venture, the millennial generation is unable to understand true work ethic and just reward.

From a millennial perspective, which of these are founded, unwarranted, or influenced by outside factors?

I Myth 1: “Aren’t millennials renowned for craving feedback?” While a recent Gallup survey reveals millennials tend to desire consistent feedback more than their generational peers, there are several unaccounted-for factors that impact this gap. The millennial crowd, typically falling into the entry level or

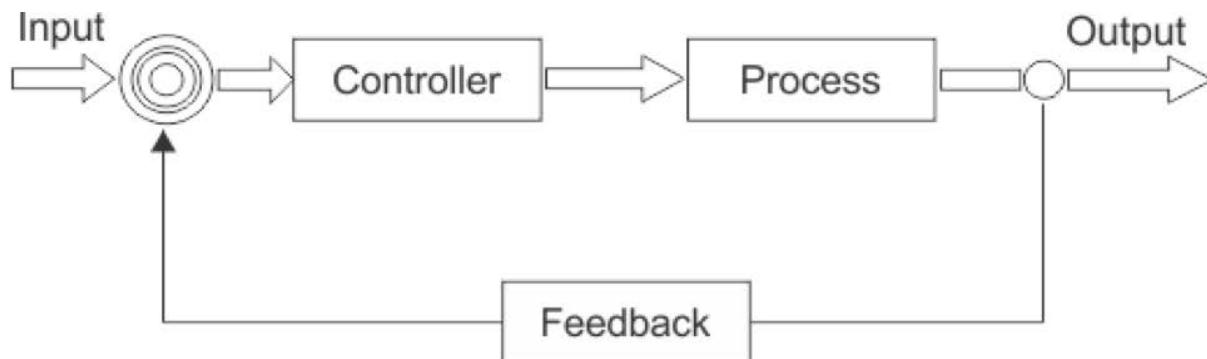
“Whether an entry-hire millennial or baby-boomer CEO, don’t desensitize yourself to the integral value of feedback and fall victim to the societal myths surrounding it.”

young professional arena, is frequently coming fresh out of school and thrust into a new and unfamiliar territory.

Compared to the visible structure and direct feedback received in collegiate education, working in the industry rarely provides such a clearly delineated framework. Offering criticism is unequivocally

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essential to the early development of a professional career, so many millennials identify with insights from their employer as crucial growth targets. Without this feedback, younger professionals' career development is at risk, so they will consequently crave a periodic dialogue about their performance.

■ Myth 2: “But I give my employees, especially younger professionals, constant feedback. It’s in our culture.”

Harrowingly few firms actually excel at implementing a system of consistent feedback because it's harder, more time-consuming, and less measurable than a scheduled performance review. While feedback can be positive or negative in nature, it must always be high in utility to perpetuate a truly effective system. This gap in utility usually divorces a consistent feedback system from a useful feedback system.

For example, “You did good work on that project,” while certainly well-received by the individual receiving the feedback, is not an effective performance assessment. Instead, try, “Your attention to client needs and immediate responsiveness helped adequately maintain expectations throughout the life of the project.” This provides specific, actionable, and focused feedback high in utility and positive in nature.

According to Gallup, 19 percent of millennials feel like they receive routine feedback from their employer. Much less important than the consistency, though, is that the dialogue is even opened at all. While encouraging a culture of seamless communication and streamlined evaluation is ideal, it's often far too unrealistic for typical teams. Instead, devote time to organized conversation between employees and teams to exchange high-utility feedback. Once a baseline trust is established, your culture of feedback will perpetuate itself.

■ Myth 3: “But why won’t my supervisor give me the feedback I deserve? I ask all the time.”

Despite millennials being more open and confident with their superiors than previous generations, a recent survey reveals that only 15 percent of millennials strongly agree that they routinely ask for feedback. While millennials are anxious to know what their leaders think of their performance, they expect the conversation to be started from management's side. Don't fall prey to putting the onus on your employees to understand their weaknesses – some will without your help, but some is not enough.

■ Myth 4: “But I don’t have time to provide all my employees with feedback – I barely have enough time to do my work and make it home for dinner.”

Quite simply, make time. Giving feedback doesn't require two hours per week per

employee, but it takes specific, intentional, and consistent effort.

Weekly check-ins of 10 minutes are remarkably effective in eliciting comfort and respect from your employees. If you are bogged down by a continuous cycle of keeping all the balls in the air, your situation will only improve once you sufficiently support those around you to shuffle off the rework.

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■ Myth 5: “Millennials hop around jobs like rabbits. Why should I invest in a young professional who will likely leave me for another employer in one or two years?”

This is possibly the strongest myth that has plagued the millennial generation; ironically, the Bureau of Labor Statistics shows that the median tenure with employers has increased from 3.5 years in 1983 to 4.6 years in 2014 – a steady, marked increase with low deviation.

With so much variability and lack of control around them, millennials are desperate for a clearly-defined career path that mimics the structure and experience of school. If they aren't receiving the mentorship, feedback, and career enhancement at their current job, they'll leave to find it elsewhere. By adequately investing in your young professionals, you endear them to your company and may find more loyalty than you expected.

Overall, many of these principles apply not just to millennials but to the majority of the workforce. While we're all pressed for time, it is imperative to provide dedicated, intentional feedback to your employees and co-workers. Whether an entry-hire millennial or baby boomer CEO, don't desensitize yourself to the integral value of feedback and fall victim to the societal myths surrounding it. ■

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