THE ZWEIG LETTER

WWW.THEZWEIGLETTER.COM

January 27, 2020, Issue 1329

Miscellaneous ramblings

"Don't guard the financial information. Don't have secrets or hidden agendas. When you screw up, admit it and apologize."

Mark Zweig

Every so often I have a lot I want to share, but no single topic is enough to devote a full article's worth of space to. This is one of those times! Here you go:

- **Twitter as a social media tool.** I have written a lot about social media in these pages recently because it takes up so much of our collective time and mental energy. One platform that I think is too often passed over by people in the A/E business is Twitter. I really like Twitter. It's a good distribution channel for your other social media posts and blogs created by your thought leaders. It is also a good way for people who can write a little – but struggle with writing a lot – to make a connection with influencers and those who could directly hire their firm. It can be a great news source for any topic you want to follow. You can also ingratiate yourself with clients and potential clients by liking and sharing their posts. Check it out. My Twitter handle is @MarkZweig and I share a lot of stuff from our firm, myself, and a variety of others that I think you may find valuable. I have made some amazing connections with people I could never access otherwise thanks to Twitter.

- **Getting away from giving it away.** Architects by and large are being asked to give away way too much to sell a job. Between outright requests for a certain number of free concepts, to design competitions with 20 other firms, design firms are getting abused by larger clients and in many cases, not only giving their best creative thinking away but also letting competitors take their concepts and run with them if and when the project turns into a real job. I encourage firms to say "no," and instead tell clients that they won't get the best out of the design firm that way and should instead pay for a one- or two-day design charrette where their top people work with the design firm's best people to do something really good that is tuned into their real needs. I know for a fact that many clients will shell out $7,500-$20,000 to do that if asked to, and the results of a session like this will undoubtedly be better than concept schemes cooked up based on a rudimentary written program sent out to the whole world. But you will never get this unless you ask and are willing to say "no" if the client doesn't go for it.

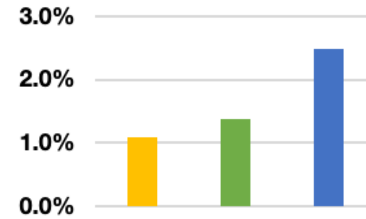
- **Videos as a marketing tool.** As our attention span and reading abilities decline, videos are becoming more and more popular in marketing for A/E firms. Are you using them effectively? Maybe instead of asking your best people to write, when they are reluctant writers at best, you could be better off recording an interview with them on a topic. That video, in whole or in part, can then be shared on your website and through a wide variety of social media platforms. With iPhones having such great cameras, you don't need any special equipment if you think that is a barrier. Editing is easy with widely available software.

- **It is time to kick up marketing NOW.** I saw a polling of CFOs

See MARK ZWEIG, page 2

TRENDLINES

Project manager salaries



Zweig Group's *2020 Salary Survey of Mountain & Pacific Engineering Firms* provides yearly base salary trends for engineers of all levels from states on the West Coast. Median base salaries for project managers in civil, mechanical, and electrical engineering roles were analyzed over a five-year stretch from 2015 to 2020. Over the last five years, PMs in electrical engineering roles have outpaced their engineering counterparts in annual pay raise two-fold.

Participate in a survey and save $320 on any Zweig Group research publication. Visit bit.ly/TZLsp to learn more.

FIRM INDEX

MORE ARTICLES

ON THE MOVE

BROWN AND CALDWELL'S GUS HRNCIR PROMOTED TO OWNER'S ADVISOR SENIOR PRINCIPAL Leading environmental engineering and construction firm **Brown and Caldwell** announced the promotion of Gus Hrncir to senior principal of the firm's growing owner's advisory group.

With 20 years' experience, Hrncir's background includes development-phase leadership and capture management of large water and environmental infrastructure projects and programs using collaborative delivery approaches.

In his new role, Hrncir will provide strategic advisory guidance to owners on maximizing the value of their procurements from project definition through RFQ/RFP development to evaluation, selection, and negotiations. Concurrently, he will offer counsel on choosing the most sustainable and cost-effective project delivery method.

"As an advocate for collaboration and building lasting relationships, Gus has consistently delivered exceptional service to our clients and partners in the municipal and private sectors," said Brown and Caldwell CEO Rich D'Amato. "This promotion is a testament to Gus' dedication to positioning Brown and Caldwell as the owner's advisor of choice, bringing rigorous project and program leadership to the most complex water-related and environmental challenges."

Since joining Brown and Caldwell in 2015, Hrncir's leadership, knowledge, and focus on teamwork have played an integral role in numerous clients receiving prestigious awards for bringing visionary, leading-edge projects to life. Award-winning collaborations include headworks improvements at Atlanta's RM Clayton Water Reclamation Center, a new Process Water Reclamation Facility for Bush Brothers and Company (Bush's Best Baked Beans), and combined sewer overflow enhancements for the Louisville/Jefferson County Metropolitan Sewer District.

An alumnus of the University of Texas at Austin, Hrncir is a design-build professional and based in Brown and Caldwell's Denver, Colorado, office.

Headquartered in Walnut Creek, California, Brown and Caldwell is a full-service environmental engineering and construction firm with 52 offices and more than 1,700 professionals across North America and the Pacific. For more than 70 years, our creative solutions have helped municipalities, private industry, and government agencies successfully overcome their most challenging water and environmental obstacles.

MARK ZWEIG, from page 1

recently that said 98 percent of them think we will have a recession some time this year. Not only are we overdue if normal economic cycles bear out, but it's also an election year and slowdowns are typical. In any case, we all know that selling work in this business takes time. That long cycle says you better get on it right now so when things slow down you have more opportunities that you are in line for than you would normally think you need. We have all been lulled into thinking this boom economy for the design and construction industry will last forever. That is making us lazy and complacent. But it won't. It never does. So start preparing now by over-investing in marketing activities and expenditures.

- **Building trust as a leader.** It starts with honesty and lots of sharing. That means you have to be yourself. You can't put on a front. And no one will trust you if they don't like you. So be humble and self-deprecating. If someone asks you a question about something that the firm is doing or considering doing, tell them the truth. Be willing to share your thinking about options you may be considering. Don't guard the financial information. Don't have secrets or hidden agendas. When you screw up, admit it and apologize. If you give your word, keep it. All of those things will affect whether or not other people trust you. And that trust is crucial if you want the commitment and support of your people.
- **Counteroffers are normal practice.** It's a fact that with the labor shortage in this business, nearly anyone who goes to turn their notice in will get counter-offered and pressured and guilted into staying where they are by their current employers. If you are making job offers to anyone who is currently employed, you have to prepare them either when you make the offer (or even before you do) to receive a counteroffer. Warn them that it will happen Ask why the company didn't do more for them before they held a gun to their head by trying to leave. And warn them that once they accept a counteroffer, their employer won't ever feel the same about them and will most likely start looking for their replacement. Get them ready to say "no" before it happens to them! And one more thing. Don't give people too long to make a decision. No one needs a week or two to say "yay" or "nay" to your offer. The more time you give, the greater the odds they will turn you down for a wide variety of reasons.

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

THE ZWEIG LETTER

1200 North College Ave.
Fayetteville, AR 72703

Chad Clinehens | Publisher
cclinehens@zweiggroup.com

Sara Parkman | Senior Editor & Designer
sparkman@zweiggroup.com

Christina Zweig | Contributing Editor
czweig@zweiggroup.com

Liisa Andreassen | Correspondent
landreassen@zweiggroup.com

Tel: 800-466-6275
Fax: 800-842-1560
Email: info@zweiggroup.com
Online: thezweigletter.com
Twitter: twitter.com/zweigletter
Facebook: facebook.com/thezweigletter

Published continuously since 1992 by Zweig Group, Fayetteville, Arkansas, USA. ISSN 1068-1310.

Issued weekly (48 issues/year) $250 for one-year print subscription; free electronic subscription at thezweigletter.com/subscribe

A sustainable future

Charting a sustainable future requires a willingness to critically evaluate your firm and prepare for the year ahead.

Stephen Lucy

Being an accountable leader assumes that you want to create a profitable path for your firm. For leadership teams, that means evaluating your team so you can effectively start a new year.

Here are nine business steps that are "must dos" if you are to succeed.

1) **Revisit your strategic plan.** Your strategic plan is a living document and deserves to be reviewed regularly as it is the overarching plan that should inform and guide all of your decisions. In Zweig Group's *2019 Principals, Partners & Owners Survey*, one of the top five challenges firm leadership must address is business strategic planning. Additionally, according to M3 Planning Inc., businesses using strategic plans are 12 percent more profitable than their peers. Yet, how many firms create the plan and then put it on a shelf to be consulted only when the next plan is developed? Create, execute, evaluate, and update your strategic plan.

2) **Update your SWOT.** Reassessing your strengths, weaknesses, opportunities, and threats is critical because our industry, as well as global conditions, continuously evolve. Markets change, clients change, talent is hired or leaves. Have you thoroughly discussed the impact of these changes and are you making decisions to mitigate and take advantage of the changing markets?

"To truly succeed, focus on the competitive differences between your firm and your competitors and capitalize on those differences to create new opportunities and grow your firm."

3) **Review your staff.** The number one problem facing our industry today is staffing. With continued growth, staffing demands mount, and, when the average industry turnover rate is 14 percent, the talent search is a continuous process. However, none of us just want any staff, we want the best staff and that requires assessment of your staff's abilities. Conducting formal 360 reviews face-to-face not only

See STEPHEN LUCY, page 4

ON THE MOVE

WARE MALCOMB ANNOUNCES SERGIO VALENTINI HAS JOINED LOS ANGELES OFFICE AS STUDIO MANAGER, ARCHITECTURE Ware Malcomb, an award-winning international design firm, announced Sergio Valentini has joined the Los Angeles office as studio manager, architecture. In this position, Valentini is responsible for leading the Architecture Studio in Ware Malcomb's Los Angeles office, and managing select projects.

Having previously worked at major firms in London, Chicago, and Los Angeles, Valentini brings more than 16 years of international architecture and design experience to the Ware Malcomb team. His experience includes both international and domestic projects including high-rise office, mixed-use, entertainment, aviation, residential, and hospitality. A multifaceted design professional, Valentini's background includes team and project management of complex projects at different scales in a collaborative, creative environment. His understanding of different markets and strong technical background influence his design approach delivering the highest standard of client service while creating spaces that are sustainable, site specific, and enhance the human experience.

"We are excited for Sergio to join our rapidly growing team in the Los Angeles market," said Radwan Madani, principal of Ware Malcomb's Los Angeles office. "His design talent and international experience will be an asset to every project in our Architecture Studio."

Valentini holds a master's degree in architecture from Politecnico di Bari in Bari, Italy. He has been active in industry associations such as the Council on Tall Buildings and Urban Habitat and is currently Chair of the Los Angeles chapter of the Royal Institute of British Architects.

Recent projects by Ware Malcomb in the Los Angeles area include: architectural design services for 2130 Violet Street, a nine-story mixed-use office/retail project in the Los Angeles Arts District; interior design services for the Soylent corporate headquarters located within the At Mateo campus in the Arts District; and master planning, architectural design, interior design, and branding services for The Mix at Harman Campus, a creative office redevelopment project located in the heart of the San Fernando Valley at 500 Balboa Boulevard in Northridge, California.

Established in 1972, Ware Malcomb provides planning, architecture, interior design, branding, civil engineering, and building measurement services to commercial real estate and corporate clients. With office locations throughout the U.S., Canada, Mexico, and Panama, the firm specializes in the design of commercial office, corporate, industrial, science and technology, healthcare, retail, auto, public/educational facilities and renovation projects. Ware Malcomb is recognized as an Inc. 5000 fastest-growing private company and a Hot Firm and Best Firm to Work For by Zweig Group.

STEPHEN LUCY, from page 3

helps you identify possible staffing issues but also provide important feedback to existing staff.

4) **Identify future key hires.** If you limit yourself to promoting from within, what opportunities are you missing out on related to talent and market presence? By being too insular, you run the risk of not being as competitive as possible. Key hires can be acquired through mergers and acquisitions or as solo hires to address new services or entry to growing specific market sectors. This practice can create greater competitive differentiation based on a key hire's talent and reputation.

5) **Review your benefits and policies.** Societal and generational changes must be reflected in your benefits and policies, and recognition of those changes clearly convey to your staff that you are aware and responsive to their needs. Your risk is not about being out of compliance with the EEOC. The greater risk in today's competitive hiring environment is about being out of sync with your staff and the labor market.

6) **Reinvest in your firm.** In the *40th Annual Deltek Clarity Architecture & Engineering Industry Report*, conducted in collaboration with the ACEC, SMPS, and AIA, large firms and high performing firms are focused on trends involving geo location, the Internet of Things, and developing strategic firm-wide technology plans. Smaller firms? Not so much, as they struggle with prioritizing the costs of technology, the costs of training, and the lack of champions to lead technology initiatives. We must reinvest in our firms to stay relevant and up-to-date, and to meet the expectations of our clients and staff.

7) **Embrace thinking outside the box.** Tap into the talent that will be leading your firm in the future. Establish a group to provide unorthodox input from the bottom up. Whether you call it an innovation group or "shadow" board, value the input and insight you receive from this younger group and engage in a two-way conversation about the path forward for the firm. These groups can provide a steady flow of fresh ideas, new thinking, and beneficial disruption to your existing processes.

8) **Engage your peers.** You should not feel like you are on this journey alone. If you are not obtaining regular input from your peers and clients, you should reach out to them as their constructive feedback will only make your firm better. According to the *Deltek Clarity Report*, only 46 percent of AEC firms are engaging their clients to measure client satisfaction. The effort you make to connect often helps to bridge relationships in the future.

> "Societal and generational changes must be reflected in your benefits and policies, and recognition of those changes clearly convey to your staff that you are aware and responsive to their needs."

9) **Different is better than better.** You must understand the marketplace, and that requires benchmarking. However, the information gathered should just create the basis from which you evaluate your firm and establish the goals and aspirations for your future successes. To truly succeed, focus on the competitive differences between your firm and your competitors and capitalize on those differences to create new opportunities and grow your firm.

Charting a sustainable future requires a willingness to critically evaluate your firm and prepare for the year ahead. As a firm leader, it is then incumbent on you to hold yourself and your entire firm accountable. And as I said in my opening statement, being an accountable leader assumes that you want to create a profitable path for your firm. I hope that is your goal and that 2020 will be your best year yet!

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.

Managing expectations

Managing a client's expectations is a delicate art that requires planning, restraint, and diligence.

David Coyne

In the AEC profession we strive to perform miracles. That may have elicited a cynical chuckle from you, and rightfully so. Most days, the best we do is to make steady progress toward an achievable goal. However, once in a while the client will call with a real dumpster fire of a problem, and we're just clever and lucky enough to arrive at the perfect solution that fixes it. It feels great.

But have you ever saved the day, only to get a surprisingly underwhelming response from the client? Perhaps they were lukewarm in their thanks, or didn't even acknowledge the achievement? Worse yet, perhaps they weren't even happy with the result, despite the fact that you just moved mountains for them. It can be frustrating and can lower your morale. It can even lead you to feel resentful toward that client, in light of all you've just achieved for them.

Perhaps – just maybe – it's not their fault at all. It's ours.

Our industry is not known for our detailed and eloquent messaging skills, and that's perfectly OK. We're trained to be scientists and engineers first, and communications often takes a back seat. But when it comes to making sure our clients are ultimately happy with what we do – which, let's admit it, is the point of this whole thing – we must be effective educators and communicators despite our innate discomfort or unwillingness. Firmly incorporated within our responsibilities for technical projects is the obligation to accurately communicate what we do and why we're doing

> "Whether you just handled a routine service or you completely saved the day, you'll know that [your client] will appreciate your success because it's exactly what they wanted and expected."

See DAVID COYNE, page 8

PROFILE

Phil Keil, director, strategic services.

Creating opportunities, one firm at a time

Phil Keil, Zweig Group's director of strategic services, knows how to put the pieces together to craft unique strategies and implementation plans for AEC firms.

By RICHARD MASSEY
Managing Editor

If you call him kind of nerdy, he might just agree with you. Phil Keil has chemical engineering and physics degrees, and actually enjoys the field of neuroscience. If that sounds esoteric and granular, it's because it is. The US Air Force veteran also has a keen mind for the big picture. He can engage with a firm, identify its problems, and then offer a step-by-step solution that can yield opportunities for years into the future.

SEVEN QUESTIONS WITH PHIL KEIL.

The Zweig Letter: In your role at Zweig Group, how do you Elevate the Industry?

Phil Keil: I put puzzle pieces together. My role is unique in that I have the opportunity to be deeply involved in crafting the purpose, vision, and mission for the firms we work with. We design unique strategies and implementation plans for each firm we partner with. The wonderful part of it is that we gather insight into the entire firm's direction, rather than divisions or segments. We aggregate the data. Our expertise is in crafting a customized plan that allows firms to grow and add value to their businesses, their people, their clients, and the community. It allows us to challenge the way things have always been done and take the industry to the next level, one firm at a time.

"Coming up with ideas is easy. It is the hard work of putting them into action where people fall short. Specific, measurable, and time-bound goals are essential."

TZL: In an ideal world, what's the lifecycle of a great strategic plan?

PK: The main thing is that it is a living and breathing entity. You start by gathering the research and observing the firm in a completely unbiased way. You determine how each component comprises strengths, challenges, opportunities, or threats by examining industry benchmarks and the positioning of the firm, then you ensure that everyone who helps in crafting the strategy has the insight, capability, and influence to be effective. Finally, you design the path forward. The most important filters, if done the right way, will be your purpose, mission, and vision. They will cascade into your firm's overall financial goal and inform your strategies, sub-goals, and action items. Once the plan is determined, the name of the game is how to communicate it effectively to staff so that they are motivated and empowered to take the new leadership roles that the plan creates. This drives the importance of a solid implementation plan and schedule. Then comes the hard part. You start implementing and executing. Throughout the implementation phase, constant vigilance in changing market, political, competitive, and other environmental conditions will be required to make adjustments along the way. At a certain frequency, we measure where we are and start the process all over again. The industry is constantly evolving, and we should be doing so as well.

"My role is unique in that I have the opportunity to be deeply involved in crafting the purpose, vision, and mission for the firms we work with. We design unique strategies and implementation plans for each firm we partner with."

TZL: You were in the US Air Force for five years. How did your service to our country shape your life and your career?

PK: The Air Force provided great perspective and a great work ethic for me. It instilled principles of integrity, service to others, and attention to detail. I had the opportunity to travel the world and learn from great leaders. The amount of training and experience I received was invaluable. One of the things I speak frequently to this industry about is the importance of both firm and individual values, principles, and morals, and how they guide your success or failure. My time in the Air Force was where I began the development process of what that looks like for myself. I don't think I'll ever know enough or be finished working on those things.

TZL: When it comes to strategy, what are firms getting wrong and how can they make it right?

PK: The first thing that comes to mind is implementation. Depending on the source, 70 to 90 percent of firms across the U.S. perceive their long-term planning process as a failure. The reason is due to lack of implementation. Coming up with ideas is easy. It is the hard work of putting them into action where people fall short. Specific, measurable, and time-bound goals are essential. Once those are determined, a list of action items and accountability measures must be put in place. A couple of other items that come to mind are firm owners' specific biases and, in some cases, limited vision.

TZL: You are educated in entrepreneurship and have been an entrepreneur. How does that background inform your role as a strategy consultant?

PK: An entrepreneurial/intrapreneurial mindset, and never being satisfied with the status quo, is valuable as an advisor and for staff at the firms we work with. It helps me provide strategies and think from various angles on how to tackle the many challenges our clients face all over the country. Additionally, after starting a few companies myself, I truly have a valuable perspective that I can offer. I've been there, not only on the engineering side, but also on the startup side.

TZL: How do you earn the trust of your clients?

PK: The simple answer is this: Being there for them. It's important to be responsive, knowledgeable, and to have high integrity. As I tell clients, you hire someone for their character and cultural fit with the organization. You have to be willing to tell them the hard things, not just what they want to hear. You must be willing to admit when you've made mistakes, or when you don't have the expertise and need to bring in someone else from the team to help.

TZL: When you are out in the field working with firms, what are some of the same systemic deficiencies you see again and again?

PK: The big ones are failures in communication, recruiting/retention, and how they utilize/understand marketing and business development. Another one is the lack of effective training and mentoring. Many firms, regardless of size, face similar challenges. The fun part is in how we address those specific challenges with each firm. The approach and the ability can be different. It is important to respect the culture and history of each one.

SPOUSE AND FAMILY: My wife, Shashi Gavini, is an internal medicine physician.

FOOD: If I had to pick one thing, ice cream. If I had to pick one nationality – Italian.

TRAVEL: My wife and I have travelled all over the world and love doing so whenever possible. We've been throughout Europe, India, and Asia. The next couple of contents will be South America and Australia. I'm also stubborn enough that when we check all the rest off, I'll have to travel to Antarctica to say we've been there, too.

PET: We have a brand new German Sheppard puppy named Knight.

HOBBY: This might be nerdy, but I have chemical engineering and physics degrees, so that is partially who I am. I enjoy neuroscience (started a company revolving around TMS and the treatment of clinical depression), playing with development of neural networks, and reading. Don't let that fool you too much, though. I enjoy getting involved in beach volleyball, ultimate Frisbee, flag football, and soccer leagues, as well as hiking and biking. Staying active is important.

Phil Keil can be reached at pkeil@zweiggroup.com.

BUSINESS NEWS

HEALTHCARE ARCHITECTURE FIRM, SIMONE HEALTH, DISCUSSES FACTORS TO KEEP IN MIND WHEN DESIGNING AN EMERGENCY DEPARTMENT

The emergency department of a healthcare facility receives some of the highest patient traffic flow as compared to the rest of a medical building. While an emergency department can be a key entryway and a patient's first contact with a medical facility, they're also a constant source of low patient satisfaction, with high crowding and high waiting times pushing potentially happy patients into a dissatisfying experience.

Healthcare architecture firm, **Simone Health**, has developed an extensive amount of emergency departments, giving them the expertise to know how to provide the best patient experience and avoid common pitfalls. Below, healthcare architecture firm, Simone Health discusses four major factors to keep in mind during the design process for a successful emergency department:

- **Patient and visitor volume:** If there's an overflow of people, crowding around different areas of the waiting room, patients often grow anxious this indicates a long wait ahead. Paying attention to patient and visitor volume and how it can grow over time is a key point to keep in mind when designing an ED. You must design an ED able to accommodate your current expected flow of patients and visitors, in addition to potential growth, especially during unpredictable intense waves of patient demand.
- **Workflow efficiency:** Organized, well-laid out employee processes directly translate into better patient experiences, so it is the next biggest focus after patient volume. Utilizing data-driven conclusions, organize staffing needs according to the highest efficiency, along with assessing the effectiveness of the physical ED space's layout are all important. Ask employees directly: what could improve to change the patient experience in a positive way? You might be surprised how much they pay attention to their own work-flow efficiency and the guidance they can give to creating better emergency room experiences.
- **Standardization:** This can mean standardizing work stations, like making where tools and devices are stored the same in every patient care area, as well as providing standard, partitioned beds to utilize valuable space without permanent, and inflexible, walls. Standardizing processes will make for a generally positive patient experience, as staff will be able to attend to patients efficiently, lowering treatment times. Standardization can also be done for the bedside charting and patient procedures to further simplify the process and provide better, straightforward care to patients.
- **Patient needs:** Taking the increasing number of ED patients with mental health concerns for example; if an ED department is not equipped with the right tools and staff to accommodate the increase in the number of patients coming in for these kinds of medical emergencies, then the patient experience will suffer. This rings true for any health issue coming in the ED that will go through demand fluctuations. To combat this, make sure you're analyzing trends in patient data to recognize a potential increase and allocate staff and resources there as needed.

Designing an effective emergency department is a key factor for increasing your overall patient satisfaction. Keeping the considerations above in mind while you design will make your ED run smoother and faster in the long-run, and may help increase both employee and patient satisfaction in their emergency department experience in your healthcare facility.

DAVID COYNE, from page 5

it, to build consensus and understanding, and most importantly, to make sure that the client is aligned with our objectives throughout the process. That way, when we achieve successes, both big and small, the client will appreciate them and be pleased with the outcome.

> "When it comes to making sure our clients are ultimately happy with what we do – which, let's admit it, is the point of this whole thing – we must be effective educators and communicators despite our innate discomfort or unwillingness."

Of course, this critical part of all projects usually isn't written into the technical specifications or the construction sequence. So, we need to make a special effort to manage expectations by incorporating these strategies into our project execution:

- **Be realistic from the start.** Sure, we all want to tell our clients about our great work. But it's one thing for you to say "We'll design an excellent building" and far, far another to promise "The builder will construct this in half the time." A shortened construction timeline may be what you both are hoping for, but the wise professional knows what variables may lie ahead and doesn't get caught up in expectational exuberance.
- **Keep a level head.** Have you ever started to see good results in the early stages of a project, only to see conflicting or negative results in its later stages? We've all been there; we get caught up in the early good news and can't wait to start our cheerleading routine in front of the client. Our optimism is infectious, and is hugely important, but until we know all of the data, we can't know 100 percent of the outcome. So instead, we must temper mid-project good news and act with restraint. And while that may be less exciting to deliver or for the client to hear, it's much more responsible professional behavior.
- **Check in early and often.** One of the biggest mistakes we as professionals can make is to get too far along a project timeline without checking in with the client. Remember, our clients are often in a dynamic environment and their needs and goals could evolve over the course of a project. We need to re-calibrate with them often to make sure that we're moving in parallel. If we fail to do this, we risk leaving an understanding gap that could lead to disappointment at the end of the project.

The management of a client's expectations is a delicate art that requires planning, restraint, and diligence. For most of us it requires a little movement outside of our comfort zone. But in doing so, whether you just handled a routine service or you completely saved the day, you'll know that they will appreciate your success because it's exactly what they wanted and expected. And that, of course, leads to more opportunities for us all to save the day in the future. So let's get out there and work those miracles!

DAVID COYNE is a principal and the COO of Liberty Environmental, Inc., which provides environmental consulting and engineering services to clients across the United States. Coyne can be reached at dcoyne@libertyenviro.com.

OPINION

Going through the motions

Examine your processes to determine why they're in place and whether or not they're worth your valuable time. If they're not, they may need to be changed or abandoned.

Chase Miller

Do you ever feel like you're just going through the motions day in and day out? The seemingly endless monotony of filling out forms and templates only to file them away in a folder or a drawer never to be seen or heard from again. Your wheels keep spinning, yet no matter how hard you work, you are not moving forward. There must be more productive ways to spend your time, but nevertheless the process must be followed.

This is so often the story of how we work in the AEC industry. From how we take meeting minutes, to the management of changes and the execution of contracts. It is crucial to understand how these processes impact our business, for both better and worse. Let's look at a few questions to ask ourselves about our processes and activities.

- **What is this activity or process being used for?** This critical first step is to identify what the document/process is being used for. Is it triggered by another process, or does it activate future work downstream? What is the end result, and the purpose of this activity? What information is being captured or created, and what is the value of this information?
- **Who will be impacted by this activity or process?** It is necessary to think about who is affected by the completion of this process or activity. Perhaps the process yields data that will be leveraged on future work, or maybe the activity is an effort to mitigate risk. What may not add value to your own work may yield significant value for someone else.
- **When will this activity or process be used/completed and with what frequency?** Timing will make or break a process. Doing work out of sequence will result in unnecessary waste and rework. Does the activity happen once, or is it a reoccurring activity that evolves as it moves forward? Will the work that is generated be used regularly, or will it only be used once? Where does this activity or process fit into the overall process

See CHASE MILLER, page 10

ON THE MOVE

MARK LANGAN PROMOTED TO PRESIDENT OF SCA ARCHITECTURE Cheryl Smith, founder and managing principal, announced that Mark Langan has been elevated to the position of president of **SCA Architecture**, a San Diego-based architectural firm formerly known as Smith Consulting Architects.

Langan has been employed at SCA Architecture for more than 30 years, serving as vice president since 2009. He has been integral to the firm's steady growth and success, having served as vice president-in-charge for many large, prestigious projects such as the Viasat campus expansion in Carlsbad, California, and the Petco National Support Center in Rancho Bernardo.

In his new role as president, Langan will continue to oversee projects ranging from office, manufacturing, research/development, retail, life sciences, and healthcare while also overseeing daily operations of the business. He will apply his 33 years of experience in the architectural field to mentoring and developing other staff members at the firm.

Langan received his bachelor's degree in architecture from California Polytechnic University at San Luis Obispo. He is a licensed architect in California and a LEED Accredited Professional.

Founded in 1988 by Cheryl Smith, SCA Architecture is a full-service planning, architecture, and interior design firm. In addition to corporate headquarters and office facilities, the firm has specialized expertise in retail, R&D, life science, medical, manufacturing, and industrial facilities.

SCA Architecture is a member of the U.S. Green Building Council, with extensive expertise in energy efficiency and sustainable design. The firm is comprised of 25 design and support professionals, and located at 13280 Evening Creek Dr. South, Suite 125, San Diego, CA 92128.

PATRICK S. O'NEALE, P.E. NAMED PRESIDENT OF MASSACHUSETTS WATER WORKS ASSOCIATION The Massachusetts Water Works Association announced that Patrick O'Neale, P.E. was appointed as president of the association, effective November 2019. O'Neale is a senior vice president at **Tata & Howard, Inc.**, a Northeast leader in water engineering and consulting.

O'Neale is a seasoned engineer with more than 38 years of consulting experience with specialized expertise in water treatment, water distribution system analysis, design, and construction. O'Neale has served on the Massachusetts Water Works Association Board of Directors since 2015 and has been a member of the Program Committee since 2010 where he most recently served as co-chair.

O'Neale is looking forward to serving as president and assisting in Massachusetts Water Works Association's commitment to the drinking water profession.

O'Neale's presidency will promote the new Massachusetts Water Works Association Vision Statement of professionalism, stewardship, and confidence in every drop.

"Tata & Howard has a longstanding relationship with the Massachusetts Water Works Association, and we are pleased to see Patrick take on this exciting new role with the organization," says Paul Howard, co-founder and senior vice president of Tata & Howard. "Patrick's passion and unwavering commitment to promoting clean and safe drinking water to the Massachusetts community will be a true asset as he assumes this position."

The Massachusetts Water Works Association, Inc. is a membership organization dedicated to the advancement of the drinking water profession. Through education and advocacy, Massachusetts Water Works Association is committed to public health by promoting a safe and sufficient supply of drinking water to Massachusetts consumers.

Founded in 1992, Tata & Howard, Inc. is a 100 percent employee-owned water, wastewater, and stormwater consulting engineering firm dedicated to consistently delivering innovative, cost-effective solutions in the water environment.

Tata & Howard has gained a solid reputation as an industry leader in the Northeast by bringing knowledge, integrity, and dedicated service to all-sized markets, both public and private. The firm has offices in Massachusetts, Connecticut, Maine, New Hampshire, Vermont, and Arizona.

CHASE MILLER, from page 9

timeline? Perhaps it will be more effective and impactful if it is accelerated or delayed.

- **How will this activity or process be used?** Thinking about how this activity or process will be used downstream impacts the way you work. How will the work or information you generate be used? Will it be filed away for record in case you need it, or will it influence action items for others to act on? In either case, you must consider how you work based on how your work will impact the project or business.
- **Why is this activity or process important to the project/business?** Lastly, we must understand the why. The why is arguably the most important question to answer and should point back to your vision and mission as an organization. Is this activity or process propelling you forward toward your vision? Does it enable you or does it inhibit you from achieving your goals as an organization? Without the why your work loses its impact and will result in activities and processes being skipped, corners being cut, and lack of buy-in from your team.

If we stop and ask ourselves these questions about our internal, and sometimes external processes, we can gain clarity and insight into why things are done a certain way. Just because an activity or process appears on the surface as a waste of time, that does not necessarily mean it is. You may not benefit from the result of your work, but it is likely that others do. Much of what we do in this industry is geared around working as a team, and we cannot isolate processes and view them in a silo. The way we work is evolving. Design is becoming more commoditized, and clients are expecting more for a fraction of the cost. Everything we do must add value to our work. If we are unable to identify that value then the process needs to be better understood, changed, or in some cases completely abandoned.

"Design is becoming more commoditized, and clients are expecting more for a fraction of the cost. Everything we do must add value to our work. If we are unable to identify that value then the process needs to be better understood, changed, or in some cases completely abandoned."

CHASE MILLER is the director of planning at BSA LifeStructures. He can be reached as cmiller@bsalifestructures.com.

OPINION

Putting your best foot forward

As market conditions for professional liability insurance evolve, there's a great deal you can do to position your firm for a more favorable renewal.

Rob Hughes

The AEC professional liability insurance market has been a buyers' market for the last 10 years; one of the longest "soft" markets ever experienced for this niche line of coverage. Yet, there are signs the market has leveled off; for the most part, rates were not decreasing further as we worked through 2019 policy renewals. In fact, there are actually some potential signs of a slight increase in rates, in particular for design firms with higher risk profiles.

Many of today's executive-level decision-makers at AEC firms haven't experienced increasing rates, let alone a hard insurance market. Indeed, market forces have been driving down rates and competition has prompted insurers to offer lower deductibles and broader coverages; you don't even have to ask for these enhancements!

However, just as you might prepare for a potential economic downturn, you should also be prepared for a change in the professional liability insurance market. An easy way to do that is to focus on factors you control that have measurable impact on the availability and cost of your professional liability (or E&O) insurance. This can best be accomplished by accurately completing your annual renewal application and by understanding how underwriters evaluate your firm.

While each carrier and their underwriters have their own unique way of evaluating and pricing risk, they all work within the same general guidelines. By knowing how your incumbent carrier factors in some of the following details, you'll help minimize surprises at renewal and will gain a sense of what to expect by way of renewal terms.

The ability to accurately predict your renewal quote gives you and your partners a leg-up on budgeting for the renewal. It also helps bring context to renewal terms and the advantages and disadvantages of moving your coverage. Here are three key factors to keep in mind as you approach your firm's professional liability insurance renewal:

See ROB HUGHES, page 12

BUSINESS NEWS

SCJ ALLIANCE TRANSITIONS TO EMPLOYEE-OWNED COMPANY October was a month filled with excitement for **SCJ Alliance** employees and President/CEO Jean Carr.

"I was privileged to announce to our employees that SCJ is now a 100 percent employee-owned company," Carr shared. "Being a 100 percent employee-owned company is a way for our founders and previous owners to reward our employees for their dedication and commitment, as well as preserve our unique culture."

The decision to establish an ESOP was a natural evolution, according to Carr. Under the plan, all eligible employees earn a yearly allocation of stock and the stock value increases as the value of the firm increases. The ESOP allocates stock to employees in the form of a retirement benefit similar to a 401(k) plan.

SCJ engineer Scott Sawyer shared his enthusiasm for the change, "I am very excited we have implemented a long-term solution for ownership transition. It lets us keep our focus on being great with our clients and with each other. With everyone pulling in the same direction I am certain we will continue our track record of success!"

ESOPs are most often implemented by shareholders who would rather see their company continue with employees as the new owners, rather than selling to a competitor or private equity group, and that was the case for SCJ. "We've been working on transitioning to an ESOP for the past few years and I'm very happy this has become a reality," Carr said.

ESOPs firms are also elligible for special tax advantages. These tax advantages enable employees to become shareholders at no cost to themselves. There are about 7,000 ESOPs in the U.S.

Founded in 2006, SCJ Alliance is a multi-discipline consulting firm serving public and private sector clients, large and small, urban and rural, with foresight, insight, imagination, and perspective. SCJ has been nationally recognized multiple times for award-winning projects, growth, and as a great place to work.

ROB HUGHES, from page 11

1) **Know how your carrier calculates the renewal revenue base.** Most but not all carriers draw on a three-year averaged revenue to calculate your ratable revenue base. However, there might be a significant swing in the average if the underwriter uses the past three years versus the past two years plus the projection for next year. A few carriers use just the most recently completed year as the only year in their calculation, while some use a five-year revenue average. It's also important to know if your underwriter has the leeway to use a longer period of years in its calculation; that might draw in a fourth or fifth year with lower revenues that bring down the overall average.

"For the most part, rates were not decreasing further as we worked through 2019 policy renewals. In fact, there are actually some potential signs of a slight increase in rates, in particular for design firms with higher risk profiles."

2) **Know which service areas are viewed as higher risk.** At the same time, be aware of the impact increasing or decreasing activities in specific disciplines of service might have on the renewal premium. A recent renewal offers a good example. The design firm provides architectural services, urban planning and design, and landscape architecture. Last year, 49 percent of the firm's revenues came from architectural design; however, at this renewal that amount jumped to 59 percent. Architectural services are considered among the higher risk services and coverage may be priced at three to four times the rate of either urban planning/design or landscape architecture. The increase in architectural services increased the gross renewal rate by 10 percent for this firm. That translated into a premium increase of $15,000. In the abstract, this firm may have thought the premium increase was unjustified. Nonetheless, given the context, the firm chose to renew with the incumbent carrier (it also took the time to double-check the 59 percent amount and confirmed it was accurate).

3) **Know your firm's loss experience.** All carriers use at least a five-year loss window when evaluating whether they will consider even offering to quote your firm. Then, they use that same loss experience together with other underwriting factors to determine the specific terms of the quote. This is true whether you've been with the same carrier all five years or if you've been with the carrier only for part of that time. Insist on seeing your firm's five-year loss runs (carrier issued summary of claims reported each policy year) at least once a year. The loss runs typically list the loss reserves for each file reported.

   However, some carriers no longer list actual reserves on the loss runs they issue; so, ask your assigned claim contact with the carrier if they've established any reserves. Do not assume that if the carrier hasn't informed you it has posted a reserve, you're "free and clear;" many carriers aren't proactive in keeping their insureds apprised of these "internal" decisions.

   Losses incurred in excess of the applicable policy deductible trigger underwriting action; the underwriter will debit your account depending on the amount and frequency of these losses. This will potentially increase the proposed rate by double digits while potentially prompting an increase in the renewal policy's per claim deductible. If you're not aware of loss reserves by the carrier, this "corrective" action may come as a total surprise even though it may be justified given any losses.

   That said, there is a benefit in having a long-term relationship with a carrier: the underwriter may have discretion to go beyond the five-year loss window as the guiding measure, stretching the loss window to your tenure with the carrier up to 10 years or more. If other years are loss free, your loss ratio (reserves – both posted and paid out – divided by premiums collected over the same period) will be lower. A recent example: a firm with a $250,000 loss was presented with only a 9 percent rate increase because the loss ratio for that firm over the 11 years of the insured-insurer relationship was still less than 50 percent. The five-year loss ratio was much worse and would have prompted a large rate increase.

As market conditions for professional liability insurance begin to evolve, there's a great deal you can do to position your firm for a more favorable renewal. It starts with understanding how underwriters view and price risk. It also calls for taking stock of your firm, including reviewing its loss experience and recognizing how its project mix and services affect its overall risk profile.

ROB HUGHES is senior vice president and partner at Ames & Gough. He can be reached at rhughes@amesgough.com.