

\$1 TRILLION

On January 24, Democrats led by Sen. Chuck Schumer (D-NY) introduced a proposal to spend \$1 trillion over the next 10 years to repair old bridges and roads, expand bus and rail systems, modernize ports, highways, airports, schools, grids, and more. This plan is through direct federal spending.

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PRIVATE/PUBLIC FUNDING OF INFRASTRUCTURE: WHERE ARE WE?

"Gravity always wins," says construction industry guru Barry LePatner, in a recent Wisconsin NPR interview. LePatner, attorney and author of *Too Big to Fall: America's Failing Infrastructure and the Way Forward* (2010), describes the erosion of the nation's roads, dams and waterways, airports, and nearly 600 bridge failures since 1989.

LePatner blames a lack of funding; the 18.5 cent gasoline tax hasn't seen a rise since the Clinton administration, and infrastructure maintenance became a back-burner priority (as it so often does) during the 2008 – 2013 downturn.

As we reported (*8 Reasons Trump Could be 'Yuge'*, Dec, p. 1), the Trump administration says it will work with state governments through public-private partnerships (P3s) to fund much of the infrastructure spending

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HIRING FREEZE MAY BE GOOD NEWS FOR A/E FIRMS

In January, President Donald Trump signed an executive order freezing hiring at all levels of the federal government—exempting only military and public safety personnel. The order will likely have positive implications for A/E firms even though Trump's order specifically forbids the hiring of contractors "to circumvent the intent of this memorandum."

With Trump's declared intention to prioritize infrastructure improvement and currently over 60 open positions listed on the federal government jobs site, it's difficult to see how many government projects will go forward without increased reliance on contractors. One area of concern, however, is that the agencies that oversee bidding and manage contracts will be among those left short staffed by a hiring freeze. In this area the following might happen:

1. There will be significant streamlining of current bidding, procurement, and management processes.
2. The bidding and contract management functions of the federal government will remain inefficient and simply slow down the procurement process, which may temper some of the positive effects of the freeze for private A/E firms.
3. Don't be surprised if you see an effort to streamline the procurement process by putting more emphasis on price. ●

needed across the nation. But P3s may be impractical for some infrastructure projects. LePatner explains why, and describes funding alternatives:

How do private investors recoup on public projects?

Essentially most P3 projects are long-term leases that return a steady investment based on tolls. In some instances, in addition to tolls on highways, there are other ways to secure returns via agreements with government agencies to share revenue from advertising placed on the roadway. Dam projects must be financed differently and are not as likely to see P3 investment.

The Obama White House was keen on the idea of a national infrastructure bank, any indications from the Trump White House?

The proposals on infrastructure have alluded to an infrastructure bank, but there is nothing concrete, and the GOP Congress has repeatedly rejected this concept over the past eight years.

You've applauded state-backed "green bonds," for example, used by California to finance. Does any legislation, existing or pending, offer promise for funding infrastructure?

State infrastructure banks currently exist in 33 states. They have had an excellent track record of providing seed money for infrastructure projects and enable private funding to supplement "seed" investing in the project by the state government, which gets its money back plus interest from the investors who get government security and lower interest on their borrowing.

Between P3s, infrastructure banks, and bonds—any opinion as to which is the most realistic/promising source of funding for infrastructure? There will need to be a combination of all three. ●

BY THE NUMBERS

56,000

Nearly 56,000 bridges nationwide are structurally deficient, reports the American Road and Transportation Builders Association (ARTBA). Get this list: <http://www.artba.org/deficient-bridge-report-home/>

5

The five states with the most deficient bridges are: Iowa (4,968), Pennsylvania (4,506), Oklahoma (3,460), Missouri (3,195), and Nebraska (2,361), reports the American Road and Transportation Builders Association.

75

In the US, the Department of Energy granted over 75 nuclear reactors renewals to extend their operating lives from the original 40 out to 60 years.

OROVILLE DAM: LATEST INFRASTRUCTURE FAILURE

The Oroville Dam spillway in California has held since 1968. But neglect, outdated codes, and a tight budget are all a part of the infrastructure failure. As far back as 2005, three environmental groups—the Friends of the River, the Sierra Club, and the South Yuba Citizens League—urged federal officials to require that the spillway, just an earthen structure, be shored up with concrete, reports *Mercury News*.

Those groups filed their motion with the Federal Energy Regulatory Commission (FERC), citing that the state-built-and-owned dam, finished in 1968, did not meet modern safety standards for extreme rain and flooding. Simply put, if the earthen spillway eroded, the overflow would flood the Sacramento River. FERC took its nod from the state Department of Water Resources (DWR), which seemed unwilling to foot the bill. So were numerous other water agencies, including the Metropolitan Water District of Southern California and the State Water Contractors.

A FERC statement at the time allowed that "during a rare flood event, it is acceptable for the emergency spillway to sustain significant damage." FERC is feeling the heat now, and reapplying it. The commission issued a statement "requiring California (DWR) to initiate immediate design of emergency repair to minimize further degradation of both the emergency spillway and the service spillway." ●



SEARCHING FOR SUSTAINABLE SUCCESS? START WITH YOUR PRACTICE MODEL

A perennial member of PSMJ's *Circle of Excellence*, Wright-Pierce is a model of sustainable success. While experiencing significant growth over the past decade, the firm has managed to maintain a high standard of achievement in the A/E industry. According to CFO John R. Nelson, there are four bedrock characteristics that have fueled the firm's stellar performance: 1) A client-focused culture, 2) a conservative approach to finances, 3) compensation that is incentive-driven, and 4) remaining privately held.

PRACTICE GROUP MODEL IS KEY

Sticking with the practice-group business model has been key. Three divisions make up the firm: wastewater, water, and civil. There are practice groups in each division that cover different regions of the country. Each practice group is responsible for all aspects of its business. Every group must:

- Develop a sustainable revenue base
- Ensure client satisfaction
- Mentor junior staff
- Onboard new hires
- Guarantee financial success

Nelson says this structure offers three major advantages:

1. Professional Growth and Satisfaction—This structure appeals to employees because each practice group has exposure to the full spectrum of projects its division takes on. It allows employees to gain experience and expertise on a wide range of different projects.

2. Accountability—Wright-Pierce follows an incentive-based compensation model, and a portion of the incentive pool is reserved for groups, Nelson says. So employees know that the measurable performance of their practice group affects their compensation. This leads to greater motivation and accountability within practice groups, and makes for stronger, more effective teams.

3. Continued Engagement—The practice group structure allows employees to keep a hand in the disciplines that attracted them to the work in the first place, even as they are promoted to more senior positions, and assume different responsibilities. Nelson says that all of the firm's project managers are "seller-doers." Even if they are no longer making calculations, they continue to have opportunities to participate in the creative side of engineering.

The success of Wright-Pierce's model is apparent, as the firm consistently meets its financial goals, and has an employee turnover rate that is lower than the industry average. But, Nelson remarks, the real bottom line is customer satisfaction. The firm's practice group structure allows for sharing of resources and talent to ensure that each project receives optimal staffing. So, for example, when a project in the Rhode Island area calls for the special expertise of an engineer in the Maine practice group, that engineer is deployed to the Rhode Island project.

"It is all about the customers," Nelson says. ●

SENIOR STAFF SURVIVE AND THRIVE WITH TRAINING

The practice group model at Wright-Pierce requires senior staff to develop proficiency in a range of skills. The firm offers all its staff significant, continuous opportunities for training.

To support the staff's acquisition of new skills, the firm recently implemented an extensive, nine-session training program for project managers and senior engineers.

In addition to covering topics such as Wright-Pierce's project management philosophy, there are modules covering:

- Business Development and Marketing
- Project Planning
- Risk Management
- Construction Documents
- Project Financial Controls
- Quality Control and Management
- And more

The firm plans to record the interactive sessions, and make them available for continued reference.

FOUND A GREAT PARTNER? PLAN THE BREAKUP TO PROTECT YOUR FIRM

2 STEPS TO A NON-COMPETE CLAUSE THAT DISCOURAGES DRAMA

All the unpleasanties of partner withdrawal can be avoided if the buy/sell agreement:

1. Defines competition clearly and quantifies it
2. Exacts fiscal penalties that discourage it

The following wording, from PSMJ's *The Ultimate Guide to Ownership/Leadership Transition*, may serve as a guide:

"If within twenty four (24) months of the date of withdrawal, the Selling Shareholder engages for hire in the practice of services actively being provided by the Company, within 75 miles of any offices of the Company, or if within said period he engages for hire in the practice of services actively being provided by the Company, for any client (existing or within the last sixty months) of the Company, then in such event the payment for the Shares will be reduced to seventy five percent (75%) of the most recent Fair Market Value or the amount paid for the Shares, whichever is lesser and paid out over a sixty (60) month period notwithstanding any other provision of this agreement."

Perhaps a withdrawing partner competes anyway, consider the 25 percent loss of shares an investment. Be bold, when writing the buy/sell and raise that penalty to 50 percent.

PSMJ Consultant Brad Wilson describes partner withdrawals—both voluntary and involuntary—as “traumatic for the individual and the firm, where clarity of emotion goes out the window.”

The solution to avoid such trauma? Anticipate all eventualities in a solid buy/sell agreement, Wilson says. “There’s no debate, no subjectivity of somebody’s performance. You avoid drama with black-and-white answers.” A few key terms of buy/sell agreements protect both sides, terms which the partners agree upon when heads are cool:

- **Performance standards and termination.** Performance must be quantified as clearly quantified as stock redemption terms, with for example minimum hours worked, and the owner’s primary responsibilities. If those include business development, but all new business is traceable to other partners, cause for termination is inarguable.

- **Valuation.** All partners want fair play (in case they end up withdrawing), so a current, market-based valuation protects all. The partners must agree upon a formula for valuation, which becomes binding in the buy/sell. Most valuation methods do not suit private firms, and PSMJ typically advocates this formula: **VALUE = BOOK VALUE + GOODWILL (A MULTIPLE OF EARNINGS)**. “Goodwill” is the excess a buyer would pay over fair-market value (FMV), based on factors such as project histories enabling future work, backlog, proprietary processes, reputation, and connections. A third-party valuation protects all shareholders, and PSMJ Consultant Bill Fanning advises using experienced A/E firm appraisers, saying “legal firms value A/Es like legal firms, and accounting firms do the same.” An experienced A/E appraiser analyzes the above factors plus:

- Recent balance sheets and income/expense statements
- Previous fiscal year-end financial statements
- Calculations of project backlog
- Accounts receivable aging list
- Past valuation reports

- **Terms of redemption.** Buy/sell agreements must stipulate sale of shares to the firm by the withdrawing partner; but most situations at higher levels of ownership involve payments over time on an interest-bearing note. Presuming voluntary withdrawal, typical terms may be:

The Selling Shareholder will receive, within sixty (60) months of the date of withdrawal and interest at the rate of nine percent (9%) per annum, one hundred percent (100%) of...Shares owned by him just prior to the date of withdrawal...paid in sixty (60) equal monthly installments... [I]f the monthly installments exceed the last monthly salary paid [then] the sixty (60) monthly installments shall be in the amount of the last monthly salary [and the] unpaid balance paid in the sixtieth month. ●

DISRUPTION: THINK 'ROI' BEFORE YOU FLY



You've heard it would take you months to obtain an FAA Small Unmanned Aircraft System (sUAS) Part 333 Waiver from the Federal Aviation Administration (FAA) for commercial use of drones. You may be denied, and now it hardly seems worthwhile.

No more, says Enrico Schaefer, who is the founding attorney at DroneLaw.Pro, in "Protecting Your Rights in the Air." As of mid-2016, the FAA loosened those waivers for "unmanned flight." You can be flying next week. "First you obtain a [FAA] Part 107 drone pilot license, before you can buy a drone for commercial purchase; it's not hard," says Schaefer. "You take a test for \$150, which has a 90 percent pass rate."

Look for ROI

But should you? Schaefer advises that to enjoy a worthwhile return-on-investment, you need to "cash" it like any other business opportunity with a budget for investment, management buy-in, and a program structure. This is because drone utility goes far beyond gorgeous brochure shots; it's a significant time and money saver. Among its uses (particularly in construction):

- "As-built" documentation, capturing, and memorializing conditions in real-time for later use in, for example, insurance claims.
- Infrared inspections, particularly of welds.
- Simplified traffic control and identification of site-related safety hazards.
- 3D modeling, for example, a videotape of an undeveloped site on which you later superimpose a design.
- Volumetric measurements of a given construction material, or perhaps topsoil wherever it is stored.
- Workforce safety management. Use drones to conduct safety audits of the site, and report back to risk managers. Schaefer expects that in the future, workers will eventually wear radio frequency ID tags (RFID) to identify them in real-time.

So implementing a drone is not as simple as giving the job to the enthused intern or tech geek.

You may find it easier to subcontract the job to a licensed Part 107 pilot, one with a pedigree in construction and its requirements. ●

7 TOUGH QUESTIONS TO ASK BEFORE BUYERS GET THE CHANCE

Before you take the plunge and put your design firm on the market, prepare for these seven tough questions that buyers are sure to ask you:

1. Why do you want to sell?

Let's face it, if business is that good, why do you want to sell? You want to paint a bright future for potential buyers, but you need a believable answer to this question.

2. Who are the critical members of your team?

Are you vital to the future of the firm? Consider your leadership team—figure out prior to the sale which members need to be motivated to stay on post-sale.

3. What makes your clients want to purchase your services?

Here you can list your strengths and competitive advantages. If you list challenges, prepare an accompanying statement of how these issues could be overcome.

4. What will you do after the sale?

This is an important question. Do you want to stay on or do you want to walk away? This is the time to decide—before you sell.

5. Will the sale affect business?

What will happen when the news gets out with employees, clients, and prospects? Do you have an internal communication plan in place? Are you able to handle a competitor's interest?

6. Opportunities?

What is the future outlook for your firm? Provide specifics such as investment in time, financial resources needed, and staff required to take advantage of upcoming opportunities.

7. What are the barriers to success?

List and address any situation that buyers might see as a purchase barrier. Present strategic plans that seek to ease or overcome each potential concern.

MANAGEMENT SALARIES WERE UP IN 2016, BUT TOTAL COMPENSATION A MIXED BAG

In the PSMJ webinar “Compensation Benchmarking Made Easy,” PSMJ’s Senior Principal Dave Burstein reports that management-level median base salaries at most A/E/C firms were up year-over-year from 2015 to 2016. But there were three very notable exceptions:

1. COO/Executive VPs took an \$11,154 hit, ending 2016 at \$160,846
2. Directors of Operations lost even bigger, down to \$127,000 (-\$14,000)
3. Directors of Administration were down to \$79,920—quite a tumble from \$95,490 (-15,570, the hardest hit of all)

Other managers who saw raises saw minor ones, generally. CEOs were up just a thousand, to \$181,000, while project managers were up \$3,000 to \$85,000. (A notable exception: board chairs enjoyed a \$15,969 raise to \$177,672, on average.) But before we hold bake sales for downtrodden A/E managers, let’s look at total direct compensation in 2016—median base salaries plus bonus.

Alas, directors of administration were still the top losers, down 19.4 percent. Second hardest hit were directors of operations at 13.5 percent. Still, those COOs and executive VPs were actually up 11.9 percent, more than in any other management position.

Position	Median Total Direct Compensation		Percent Change
	2016	2015	
Chairman of the Board	\$213,750	\$191,772	11.5%
Chief Executive Officer	250,000	235,812	6.0%
COO/Executive VP	231,559	206,845	11.9%
Senior VP/Senior Principal	199,917	183,748	8.8%
Other Principals/Partners	157,500	146,750	7.3%
CFO/Director of Finance	180,000	176,250	2.1%
Controller	107,000	100,060	6.9%
Business Manager	75,344	80,986	-7.0%
Director of Administration	83,377	103,500	-19.4%
Director of Operations	141,500	163,500	-13.5%
Director of Business Development	139,213	133,000	4.7%
Director of Marketing	91,250	95,746	-4.7%
Director of Human Resources	108,730	97,500	11.5%
Director of Computer Operations	110,100	104,001	5.9%
Branch Office Manager	132,736	130,115	2.0%
Department Head	121,985	124,163	-1.8%
Senior Project Manager	111,708	106,823	4.6%
Project Manager	91,748	85,000	6.7%

Board chairs and HR directors were both up a healthy 11.5 percent.

PSMJ’s analysis shows that management salaries are based chiefly on three factors, being: 1) Size of firm; 2) individual performance; and 3) position on the organizational chart. This is likely why directors of operations fared less well in 2016 than chief operating officers.

Burstein pointed out that survey results are bound to differ year to year, as PSMJ Survey respondents change year to year. ●

PSMJ INVITES YOU TO PARTICIPATE IN OUR 2017 SURVEY SEASON!

Be sure to participate in this year’s surveys and receive a complimentary PSMJ Personalized Benchmark Tool, customized just for you. The easy-to-use, Excel-based tool puts key metrics at your fingertips with a click of your mouse. Participants also receive a 40 percent discount on the final Survey Reports! Here’s what’s in store for our 2017 Survey Program.

Don’t miss out on your chance to be part of these important studies.

2017 PSMJ SURVEY SCHEDULE

BONUS & BENEFITS (Deadline: 1/13/17) Survey is Closed	MANAGEMENT COMPENSATION (Deadline: 2/24/17)	STAFF COMPENSATION (Deadline: 2/24/17)	FINANCIAL PERFORMANCE (Deadline: 4/14/17)
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Be on the lookout for email invitations to participate in this year’s Survey Program from PSMJ’s Research Group. Please opt in to our Surveys Email list at: <http://go.psmj.com/surveyoptin> and we’ll make sure you receive the questionnaire links.

Questionnaires are also available for download from our website. See our participation page for details on our fantastic participant perks, along with downloads of our free benchmarking webinars: <https://www.psmj.com/survey-participation>.



Participating in our Financial Survey is the ONLY way to be eligible for PSMJ’s prestigious CIRCLE OF EXCELLENCE!

4 WAYS TO LOWER RISK WHILE USING EPIT

In addition to saving time and money, electronic project information tracking (EPIT) programs provide a tremendous amount of support in a claim scenario. The reasons why a schedule slipped or a budget was exceeded are no longer a mystery. But no new aspect of project management comes without challenges. There are a number of steps you can take to make the most of EPIT while also lowering your exposure to a new set of risks:

- 1. Find out early in the contract negotiation phase if your firm will be required to participate in an EPIT system.** If so, find out which product will be used, and let your client know if you have particular experience or concerns with any of these systems. If there's one you're more comfortable with, by all means let your client know. If you're required to use an unfamiliar system, educate yourself.
- 2. If you're not in charge of system access, then discuss your privileges and permission levels with the program's administrator.** Ask to see the permission settings so you can determine the scope of information that's available and find out if your permission settings include everything you need to perform your services and manage potential liability exposures. If you're a prime consultant but not the program administrator, consider asking for permission that allows you to have a full log of all correspondence and documentation.
- 3. If you don't get access to actual PDF documents that are integral to performing your services, then you need to:** 1) Demand access and explain why access is important; 2) not take the project; or 3) determine how to modify your document retention practices to protect your firm in the event of litigation, such as creating detailed document descriptions in submittal responses. Also, consider negotiating your own copy of project documents at project close-out. Be extra diligent in reviewing your contractual obligations.
- 4. If you're the prime designer using BIM, you might consider a BIM management plan.** This review committee consisting of a chairperson and a lead for each discipline—general contractor, subcontractors, design professionals and even the owner—routinely meets to address changes to the construction documents to obtain buy in from each affected discipline, and to make sure the appropriate parties are providing the proper amount of review.

EPIT systems offer myriad efficiencies by promoting real-time collaboration and keeping all parties informed at each critical phase of design and construction. The systems' built-in transparency can effectively neutralize questionable delay claims and help prevent innocent parties from being named as defendants in a lawsuit. Proper planning, system access and permission levels, in conjunction with solid risk management practices, can help you excel in this environment. ●

Source: Brett Stewart, JD, XL Catlin Design Professional, brett.stewart@xlcatin.com

TIME SPENT DOUBLE-CHECKING CHANGES

Your bid should account for additional review that could result from using an EPIT system—especially if you're recommending or participating in a BIM review committee.

ASK COLLEAGUES ABOUT THEIR EPIT EXPERIENCES

Some EPIT systems require users to operate and think differently. Design professionals who fail to become properly trained on these systems may experience a high level of frustration and a steep learning curve. For example, EADOC does not track or store email while Procore's system incorporates email.

ASK TO SEE THE PERMISSION SETTINGS

If there's a delay claim brewing, having this information could help you head it off. If your permission is restricted, consider addressing the issue in your contract and disclaiming liability for any inconsistencies that occur as a result of having your permission restricted more than is normal. Depending on your level of access, consider a variety of additional safeguards in your client contract, such as a limitation of liability, a waiver of consequential damages, a waiver of claims, and an indemnity from your client. You should discuss specific contract language with competent legal counsel and your insurance broker.

USE PRECISE LANGUAGE IF YOU WANT TO PERSUADE

When you rely on overused phrases, it may be time to step back and think about what you are really trying to say. Here are worn words and phrases you need to avoid and verbiage to use in their place:

1. **Actionable**—If you find an item that you want to take action on, think about being more specific. Let people know that you are taking action that is practical, necessary, or critical.
2. **Bandwidth**—If you don't have time or resources you need to say so. This expression makes it sound that there is a possibility that the task can be completed.
3. **Buyin/Get on board**—What are you really trying to get from your audience? Maybe it is support, but it could be just agreement. Be as unambiguous as you can.
4. **Fish or cut bait**—Be wary of any sports jargon. When you want to stop a project, do so.
5. **Deep dive/drill down/get granular**—When you need to look closer at something, say so. Be exact. Do you need to explore or do you need more research or analysis?
6. **Holistic**—Be more straightforward when writing. If the services you are offering comprehensive or complete, say so.
7. **Move the needle**—Do you mean to get meaningful or measurable results? Or have you taken a bold step? Say what you have done instead of this vague phrase.
8. **Optimize**—This term is used way too much. Think about replacing with "improve."
9. **Robust**—Does the word "robust" resonate with your audience? It may be time to simplify your website and brochure language and tell people what you do for them and how useful your services can be for them.
10. **Seamless**—You may remember using the word "turnkey." In business there are few things that are easy or seamless. Instead of saying you'll make the project worry-free, maybe address doing the work for the client, instead.

YES, YOUR HOTEL THERMOSTAT IS IGNORING YOU

"When I pay \$100 a night for a hotel, I get to keep cool at night. I certainly expect to keep cool in a \$400+ Disney room."

The Wall Street Journal put it well, with its article "It's Not You: Hotel Thermostats Really Are Rigged." Try as you might to turn up the heat or lower the AC, it seems as if the thermostat is just there for show. "It doesn't

come as a shock to me," says Quentin Incao, CEO of Q Hospitality Management, which provides consulting and operational support to independent hotels and restaurants.

He points to three factors:

1. **Cost controls.** Guests are very devil-may-care about heat and air conditioning, and leave both running in the hours they are out of a room. So hotels have limited guests' freedom of control within a range of temperature, says Incao, "And that certainly became more pervasive in the operations I was part of as lead."
2. **"Green" design.** Incao described what he calls an "extreme case" of green design, being the Bardessono Hotel & Spa in Napa Valley, CA. Bardessono was perhaps the first LEED Platinum-certified luxury hotel. Sensors in a room detected if it was empty, and would turn off HVAC, turn off the lights and fireplace, even roll down window shades to cool the room in an eco-friendly way.

"It had its pluses and minuses," says Incao, chiefly that sensors detected that the room was empty if a guest sat still enough. In hotels that use motion sensors, guests find themselves having to wave their arms or otherwise move to trip the sensors.

3. **Control tied to property management systems.** Advanced property management systems (PMS, also known as hotel operating systems) enable tight environmental control by hotel operators. "A hotel because of their desire to be tech-advanced will tie the controls to the [PMS], so when a guest checks in and is walking to elevator, the system signals the room to go to whatever temperature they've set for check-in, which could be four or five degrees higher than if it's vacant." Still, the PMS limits the range that guests can control. ●

TURN AN ANGRY CLIENT INTO A LOYAL CUSTOMER

Even if a project disaster is an infrequent occurrence, dealing with them requires a strong game plan:

1. **Don't try to change a client's mind.** Try to understand the frustration or anger—empathize. As a firm leader, be genuine in your concern and listen; fair consideration is what is called for here, not blame on either side. Learn the skills of constructive dialogue—“How can I help?”
2. **Get specifics.** Offer to help, by getting the details. Visit face-to-face. What did the firm do wrong? What could the firm have done better? Take under-delivery into account: Did we promise the wrong deliverable? Did we overpromise on the right thing? Once you have listened—and taken notes—repeat back the issues as you understand them so you get the facts correct and show the client that you have been listening.
3. **Ask what is requested.** Empathize without affirming—“That does sound challenging” or “I can understand how upsetting that would be.” Apologize for the situation and then ask, directly, “What would you like to see done?”
4. **Look at the situation as an opportunity to improve.** Let the person who gave you honest feedback know he or she has helped you. Be clear about what you can and cannot do. If you cannot do more, explain why. Do not defend, but instead, focus on moving forward.
5. **Take steps internally.** Do whatever it takes to find a workable solution. “Bend over backwards” if necessary. Years later, clients will remember the remedy more readily than the problem.

Then, do whatever it takes to ensure it does not happen again. Whatever is done, however, is internal, not for discussion with customer. Follow up with the client. ●

WOMEN'S STRENGTHS AS PMs EXPLAINED BY A WOMAN

“Of course women are superb team leaders!” the A/E industry press would have it. “They have greater compassion and superior emotional intelligence!” Perhaps.

But those are life qualities; it is women's unique life skills that make them strong project managers. So says Araceli Garza, Managing Director at Studio ARQ, LLC, in Chicago. She is an 18-year industry veteran and a graduate of both Columbia University and the Illinois Institute of Technology. When she attended PSMJ's “A/E/C Emerging Leaders Workshop,” she was struck by industry statistics.

“It's a male-dominated industry, less than 10 percent female, but university grads are about 50/50 in architecture/engineering programs,” she says. “I made a comment that if more companies would consider the skills of female project managers, it would be a huge asset to their projects.” What does she believe those skills include?

- **Multitasking.** Garza describes that a woman who has spent years gaining the knowledge, credentials, and certifications to manage teams is likely have managed a family—with its thousands of demands.

“We come to a project knowing there's deadlines and how to meet those mini deadlines along the way aggressively. Juggling two worlds as a working parent becomes a good characteristic, because we're there to make a project happen.”

- **A willingness to ask for help.** “We're more apt to say ‘I screwed up,’ or ‘let's rethink this,’” says Garza. “There are so many projects [with male PMs] I can think of in which we think, ‘We could have changed direction three months ago, but here we are, stranded.’”

- **They feel no need to be “alpha,” and foster a professional tone.** Garza observes that when a woman enters an all-male construction meeting, “It removes the fraternity feel, out of respect.” That fosters a professional tone to the meetings, and a pretty civil one. “We're there not to one-up anybody, our focus is to see the project to completion. So I think we're more apt to want to negotiate and more apt to bring people together to try to solve the issues at hand.”

- **What about compassion?** That is less a factor than an ability to roll with the punches, says Garza. On those unfortunate occasions when she was the only woman on a site and was being ignored, “Compassion wouldn't get me noticed at that point.” What did get her noticed is being prepared and knowledgeable, and “That I am well versed in this, have years under my belt and know what I'm doing.” ●

3 REASONS ACCOUNTABILITY BEATS HANDHOLDING HANDS DOWN

Have you heard? Mentors are out, and accountability partners are in. An accountability partner is someone you share goals with, check in with regularly, celebrate wins, and figure out ways to overcome difficulties.

Here are three reasons why accountability partners are better for A/E firms than mentors:

1. **Peer to peer.** Accountability partners are ideally peers, whereas mentors tend to be more senior employees. Employees are more likely to be honest about the roadblocks they encounter with a peer than a superior.
2. **Easy to implement.** Every firm has a limited number of senior employees. In a mentorship program, senior employees may struggle to fit mentoring more than one junior employee into their already busy schedules. The ideal accountability partner is a peer, so there's no need to tax senior employees with additional responsibilities.
3. **Both partners benefit.** While there are great benefits to being a mentor, they usually don't include getting help with your own professional goals. A mentor's primary function is to help a junior employee, whereas both accountability partners benefit from meeting and sharing goals, successes, and challenges.

Who Benefits From An Accountability Partner?

Everyone! Even founders who report only to themselves can benefit from sharing their goals, successes, and struggles. As financial educator Adam Carroll says on the "Build a Better Agency" podcast, "What happens as a business owner when there is no carrot and no stick? Some of us will say, 'I need to get this done,' but we don't really build in any layer of accountability in the sense of, 'I'm going to bonus myself,' or 'I'm going to reward myself for getting this done on time.' And there is really no penalty because if I don't get it done, well, I own the place." ●

5 STEPS TO SUCCESSFUL ACCOUNTABILITY PARTNERSHIPS:

1. Find a trusted accountability partner
2. Share your goals
3. Set specific action items to meet your goals
4. Schedule regular check-ins
5. Revisit goals and action items periodically

Adapted from "Forget Mentors, Find an Accountability Partner" by Leigh Stringer on the *Quiet Revolution*.

REDUCE DISTRACTION TO GET STUFF DONE

by Gina Lucente-Cole

During the workday there are many diversions that pull us away from our focus. Steer your attention back to your tasks:

1. **Turn off your email.** Unless you are in a direct customer service role, only check email three times a day. This eliminates all temptation to constantly check your messages. New work that often comes with news messages tend to derail your efforts and scatter your focus, moving you away from your current, pressing tasks.
2. **Isolate yourself.** When you are under pressure with an approaching deadline, you may need to physically remove yourself from social distractions such as colleagues' side conversations. Reserve a quiet room, or if you like ambient noise perhaps a coffee house. Also, consider noise-cancelling headphones, and play either white noise or check out "playlists for studying" on Pandora or Spotify.
3. **Close your browser.** While some work requires the Internet for research, steer clear of any social media, news, or blogs. If you must go online, be clear about your reason—and once you get the required information, do not keep clicking and surfing. ●

Gina Lucente-Cole is an organization development and learning consultant with more than 20 years of project and team leadership, directing multiple departments in complex organizations. Reach Gina at glucentecole@gmail.com.

5 SECRETS TO BECOME A BETTER-PERFORMING PM

Project management requires a person to have knowledge that is gained from training, learned from experience, and is both “hard” and “soft.” While most in the field say it’s more of an art than a science, there is no substitute for experience and listening to those who’ve “been there, done that.” Here are five tips from a seasoned PM and organizational change agent veteran:

1. Define what to accomplish and get agreement—early!

Vicki Hoard, PMP, LSSBB, CSM, Special Project Lead, says working hard at the beginning will pay off big throughout and at the end of the project. Closely tie a project’s objectives to client’s expectations to get the team and organization’s leadership on your side.

2. A plan to follow is essential. Most PMs understand the no plan is above being altered. But a good plan will allow the PM to clarify priorities against specific business goals and objectives. The plan can be the foundation for capturing you and your team’s thought process and your roadmap to an objective. “Once written,” Hoard says. “Changes are taken very seriously and can be scored objectively, either positive or negative.”

3. Manage expectations and fight scope creep. Be upfront and honest. “Trying to avoid any conflict often makes it worse,” Hoard explains. One project can’t do it all. Have a process in place to deal with requests for changing or adding to a project’s deliverables. Get the details about how much it will take to get additional, even better outcomes, done.

“There is no substitute for experience and listening to those who’ve ‘been there, done that.’”

4. Lean on your team, and don’t take anything

personally. You may think that no one knows the project better than you do, but train yourself to listen. Often the team will figure out an answer when you do not deliver answers immediately. In fact, don’t take any business decisions to heart. You can seek consensus, but sometimes it is impossible to please everyone. “As project manager, you must think about the team, and you must also be a leader,” Hoard says.

5. You have power, use it. You may not have formal authority over the individuals assigned to your team. “This set of circumstances and the need to reach projects goals means you need patience, diplomacy, empathy, and situational awareness to get things done,” Hoard says. Your talent is to work with everyone and consider how people can be motivated, how they work and think, and finally communicate as clearly as possible.

Creating schedules, tracking costs, and defining dependencies—are often the most seen parts of PM, but are, in fact, the easiest things to do. “Let’s face it, any PM can move resources around, distribute meeting notes, and track tasks assigned. The most difficult, yet rewarding part of the job is working with people and love working with them to get work done,” Hoard says. ●

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DID YOU KNOW?

75%

Seventy-five percent of construction companies report they experienced a claim or dispute in the last five years. It is worse for general contractors, 83 percent. Defects are the most common and costly claims and disputes for owners, says a Dodge Data & Analytics study.

17.04%

The global BIM software market will grow at a compound annual growth rate of 17.04 percent during the period 2016 – 2020, says Absolute Reports.

8 EASY TWEAKS TO TAKE TALKS OVER THE TOP by Wally Hise

You may not have many chances to use a presentation to communicate a critical vision or message. Here are eight ways to go from ho-hum to unforgettable:

1. **Don't plan using an outline.** Instead, plan by collecting your thoughts over a few days. Then take your main ideas and supporting details and organize these into an order that makes the most sense from the perspective of your audience.
2. **Use a good graphic artist.** Work with someone who can bring your ideas to life with images. This creative step is an iterative process.
3. **Skip the average opening.** Start, instead, by getting close to the audience, in their physical space, to share a personal story related to the broader content or message. Walk around, make eye contact, and speak directly to individuals.
4. **Practice, practice, practice.** Get comfortable with the material, both the content and flow.
5. **Repeat key ideas.** Take a couple of critical points you want the audience to remember, and be sure to come back to them several times throughout the presentation.
6. **Interact with your audience.** Offer an opinion—this can be contrarian or a provocative view. Or ask a question so that participants begin a dialog with you.
7. **Engage with your wrap-up.** A good approach is to replace the standard “Q&A” heading on the last slide with, “Let’s Talk!” And always have a question to get the dialogue going.
8. **Close with a clear call to action.** What do you want people to do after your presentation? The next steps are obvious to you, but may not be for others hearing it the first time. Build your closing to clarify exactly what action you want, including a timeframe. ●


Wally Hise is vice president of federal marketing for HDR Engineering, Inc. (Omaha, NE). Contact him at wally.hise@hdrinc.com.

DID YOU KNOW? 15%


There was a 15 percent drop in design-firm M&A deals in 2016. This is the lowest level since 2013, reports *ENR*.

BUSINESS CHECKLIST MARCH

Here are a few important, if not urgent, ways to gear up for the rest of 2017.

 **Update responsibilities for the eight essential marketing program elements. Assign (if you haven't already):**

- Research: Conduct client surveys and inventory competitor materials.
- Internal marketing: Create a monthly prospect report.
- Networking: Who's responsible for referral requests? For speaking at industry events, or attending key conferences?
- Direct mail: Conduct prospect/client surveys.
- Media relations: Prepare articles for industry publications, and issue news releases.
- Marketing support materials: Update your capabilities brochure (print and digital) and obtain client testimonials.
- Online marketing: Improve your webpage and manage social media.
- Advertising: Develop both print and online ad campaigns and execute.

 **Update your buy/sell agreement. Firm's circumstances (like liquidity) and tax laws change yearly. Some considerations:**

- **Include a proper valuation.** Ideally, get an annual valuation, such that your buy-out terms are fair to both parties.
- **Define your firm's objectives.** What kind of company are you trying to create? What are your personal and professional objectives and vision for your firm's future?
- **Update terms of redemption, in both voluntary and involuntary terminations.** Maybe generous 24-month salaries were once doable, but now will bankrupt you.
- **Call your attorney—presuming that attorney is well-versed in buy/sell agreements.** Give him or her your objectives, explain the firm's current circumstances, and let your attorney create an entirely new buy/sell agreement that safeguards your firm as it is and lays down a foundation for the firm you want it to be.

5 TIPS YOUR PROPOSAL TEAM NEEDS TO GAIN AN EDGE

by Peter Kienle, FSMPS, CPSM, MBA

Here are five tips to make your proposal come to the top of the submissions.

1. Do your research.

In addition to online research, remember to call or visit anyone who might be connected to the project.

2. Always call.

Prepare a few questions, some open-end, to get your contact talking about the project. Often you will find out critical information not listed in the RFP.

3. Create a persuasive cover letter.

The most important part of any proposal is the cover letter. A one-page bulleted document that differentiates you from your competition is essential. Use metrics to make your case—people respond to and remember numbers.

4. Do a final edit.

Make it a priority to build in extra time for proofreading. As a former selection committee member, if I saw two or three typos, I stopped reading, and the proposal went into the “nay” pile.

5. Ensure timely delivery.

Remember the slogan “When it absolutely has to be there”? For a public agency, a 5:00 p.m. due time does not mean 5:04 p.m.—if it’s late it goes into the round file. Proposal managers know that any delivery service can be late, so if you are required to submit a hard copy, take it yourself if it is a local address. If a major proposal is due out-of-town, send it by three separate delivery services (USPS UPS, FedEx), and send it two days ahead for a next-day service. +

3 WAYS TO COMMUNICATE MESSAGING INSIDE, AND OUT

Garver is a firm with a strong brand both outside its walls and inside. With 22 offices in nine states, there’s little doubt that they’re the go-to firm for transportation, aviation, water, energy (among others). They plan responsibly, improve communities, and design beyond expectations. But Garver is also a recognized “Best Firm to Work For” winner as well. Every Garver employee knows the company’s brands. The firm’s Director of Human Resources Tatiana Herrington and Corporate Communications Leader Laura Nick spell out three ways this is done:

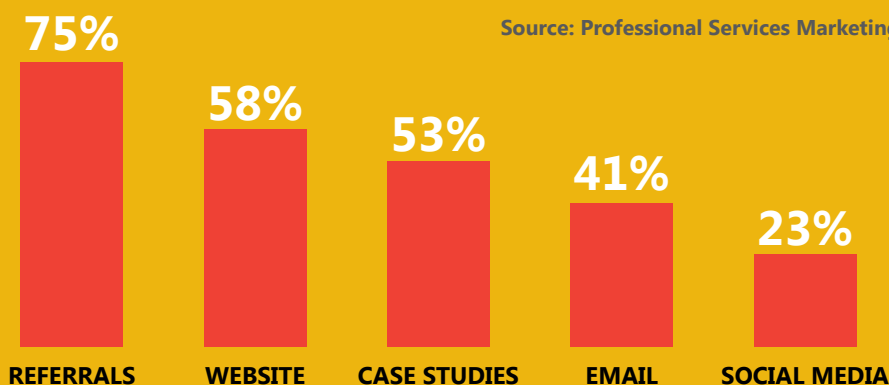
1. Employees understand Garver’s messaging. “Every interaction a client has with a Garver employee plays a critical role in representing our brand. Beyond client satisfaction, every encounter supports recruitment, retention, and respect within the communities we live in, and ultimately create a competitive advantage for us,” Herrington says.

2. Cultivate your brand. All 22 offices celebrate the top workplace award on the same day. “Competition drives participation so we challenge each office to show off their celebration with a photo contest. Photos are then shared with our internal and external audience on our social media platforms and earn high online engagement. Showcasing our ‘fun’ culture is a key brand message,” Nick says.

3. Assign branding liberally, not just to marketing. Nick says, “We take a three-pronged approach at showcasing our culture: 1) Our recruiting team leads selling the brand to potential hires, 2) the HR team focuses on promoting the benefits to current employees, and 3) the communications team seeks to maximize positive exposure of the brand to both internal and external audiences.” +

METHODS BUYERS USE

Source: Professional Services Marketing

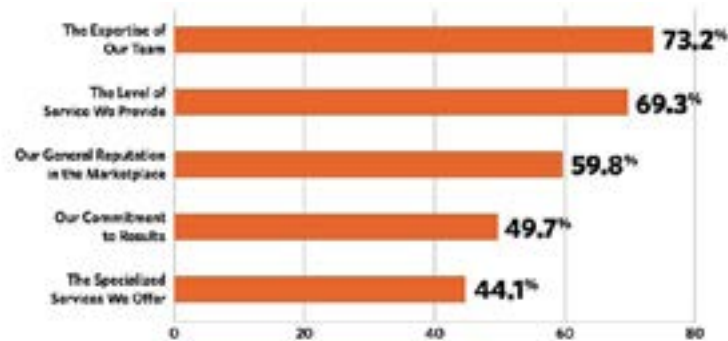


Examine which marketing tactics professional services firms use to get buyers to identify and learn about them. Let us know if you want us to send you a copy. Email ccocere@psmj.com, be sure to put, **METHODS BUYERS USE** in subject line, and we will send it right out!

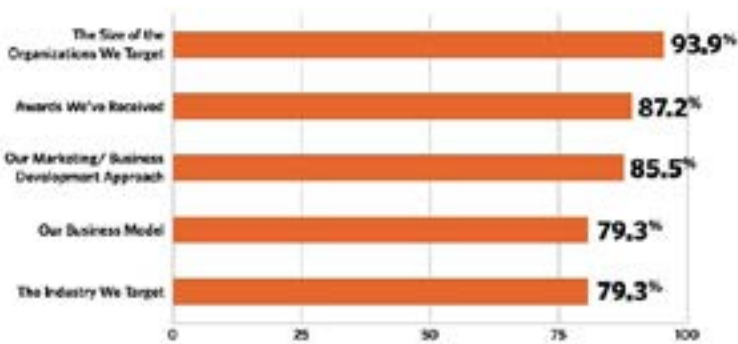
CUT THROUGH THE CLUTTER WITH DIFFERENTIATORS THAT MATTER

By Sylvia Montgomery, CPSM

According to Hinge's "2017 AEC Research: Marketing & Growth Insights," most A/E/C firms (more than 73 percent) present the expertise of their teams as their differentiator. But there are a few other, equally dismal differentiators, that fail to set firms apart:



In a highly competitive environment, differentiators are your number-one advantage. The best strategy is to look for direction from other industries. Here are differentiators used by other industries, but not prevalent amongst A/E/C respondents:



Your firm can have multiple differentiators. Combine them to create a powerful competitive advantage.

The chart above is not an exhaustive list. Also consider the following:

- Specialize in clients that share a common characteristic.
- All of your staff shares a specific characteristic or credential.
- Focus on solving a specific business challenge.
- Have a specific geographic focus. +

6 STEPS TO IMPROVE YOUR MARKETING EFFORTS OVERNIGHT

1. Focus when it comes to capabilities. Thought leadership is expensive, and clients are willing to pay a premium for it, if it also means getting the job done correctly.

2. Cut your expenses and stop spending money on those campaigns that do not work. Double down on those efforts that generate viable leads.

3. Concentrate on value, not features. Instead of the firm that provides design for waterproof balconies, show potential clients how the firm provides an installation that withstands severe weather and lasts twice as long as the competition. Be sure to include the personal and emotional benefits as well—multiple layers of protection (feature) offers client safety and protection (benefit).

4. Try personas. Spend some time thinking about the ideal client. Go beyond the basics. How do they spend their time? What are their habits? This exercise will help you design marketing collateral and a website that resonates with your audience.

5. Gather feedback. Insist that your staff collect and document feedback at the end of a project. Even better? Try to survey clients throughout the delivery of each project—make it part of the delivery methodology.

6. Set KPIs and goals. Go beyond numbers of RFPs, proposals, etc. If you use content marketing, how many people download a white paper, view a video, or read your blog each month? Is the number of visitors to your website up or down, month to month? +

USE AN INTERACTIVE TIMELINE TO TELL YOUR FIRM'S STORY

If you can create a spreadsheet you can generate an interactive timeline of your firm's history to post on your website or blog. It could be your firm's 50th or you just have a lot of news you want to share. TimelineJS allows you to present your firm's story in a fun and interactive way—sharing text, pictures, videos, maps, and more—and it is FREE.

