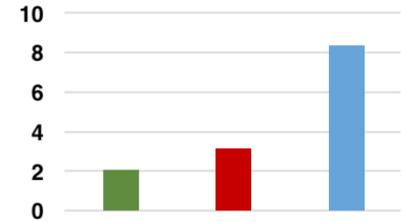


TRENDLINES

Median current ratio



Fast growth firms have a lower median current ratio (2.09) than other growth categories, like stable growth (3.17) and fast decline (8.36), which illustrates their constricted working capital position since they are using capital to fuel growth, according to the 2016 Financial Performance Survey.

(Special discount to TZL subscribers: Use code **TZL15FPS** to order this survey at 15 percent off on zweiggroup.com)

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Paying people properly

“Paying people properly – it’s one of those areas that is a constant issue for those who own and run a business – is essential if you want to win the talent war.”



Mark Zweig

EDITORIAL

Finding and keeping good people is getting increasingly difficult. Paying people properly – it’s one of those areas that is a constant issue for those who own and run a business – is essential if you want to win the talent war.

In the A/E business we’re locked into a lot of old-school thinking and arbitrary rules that don’t help us one bit. Like looking at everyone’s pay once a year. Or paying bonuses once a year. Or doing something like giving away Christmas turkeys or “Jam of the Month” club memberships instead of bonuses (although my brother has given us a “Bacon of the Month” club membership twice for Christmas and I will say it was much appreciated). None of these practices do a thing to motivate your people or help you keep them in your employ.

Here’s a better idea. If someone needs (read “deserves”), a raise, give them one. Doesn’t matter if it is on May 21 or August 12. Just do it. And if it needs to be \$5,000 this time and \$2,000 five months and three days from now, that’s OK, too. This is America. It’s great not to be told every single thing and how to do it. You can do what you like.

Bonuses? I am all about structure for bonus programs. Everyone needs to be tied into the success of the enterprise. If it is doing well then the individuals who work there should do well also. It should be completely linear and immediate. That also implies if the firm is doing poorly. In that case, no one should be getting any extra compensation. And if the firm is doing well and someone working there isn’t doing well then the individual

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Don’t get distracted by peripheral stuff

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A designer embezzlement

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BUSINESS NEWS

KNOWLES INSPIRES HIGH SCHOOL WOMEN IN ENGINEERING STUDENTS WITH AN EXCLUSIVE BEHIND-THE-SCENES EXPERIENCE Knowles Corporation opened its doors to 21 female high school students on July 15 for a behind-the-scenes look at life as an engineer. The immersive experience is part of Knowles' commitment to gender diversity in engineering and strong science, technology, engineering, art, and mathematics programs.

The Chicago-area students are part of the Women in Engineering Summer Program at University of Illinois at Chicago's College of Engineering. WIESP is a multi-week program designed for junior- and senior-level high school students with strong science and math skills. Knowles is one of the program's inaugural supporters. It aims to increase and diversify Chicago's pool of highly qualified engineers.

"If we encourage women to become engineers, we include a large segment of the population and the diversity of ideas they bring," said Jeffrey Niew, CEO, Knowles Corporation. "Engineer-driven advances, like the internet, have revolutionized the way we interact with humans and machines. If we create an environment that fosters curiosity and nurtures potential engineers, we will have a community primed to produce the next household name in technology. This will help drive economic

prosperity through jobs and opportunities."

In addition to the behind-the-scenes experience for WIESP students, Knowles is committing \$200,000 to the UIC College of Engineering in support of female engineering students. The donation supports WIESP and UIC's women in engineering scholarship program.

JACOBS WINS ADDITIONAL NASA SPACE VEHICLE PARACHUTE TESTING CONTRACT Jacobs Engineering Group Inc. has been tasked by the NASA Johnson Space Center to perform manned flight qualification testing on the parachute system for the Orion space capsule. The capsule is being developed for human deep space exploration.

In addition to testing, Jacobs' role also includes the production, delivery and installation of the flight parachutes for the first Orion Exploration Mission, a mission to circumnavigate the moon and return to Earth.

This task is valued at \$40.3 million and is a continuation of ongoing parachute development/test work Jacobs has been performing for the Orion Program since 2006.

Since 2007, Jacobs has completed 38 full-scale parachute system tests for NASA. It also provided the parachutes for the successful Engineering Flight Test 1 in 2014, where Orion reached an orbit of 3,600 miles above Earth.

COUNTDOWN



WEEKS

Until Zweig Group's 2016 Hot Firm and A/E Industry Awards Conference!



GOOD TO KNOW

Conference registration is **OPEN!** Please visit zweiggroup.com/conference/ for more details.

MARK ZWEIG, from page 1

either has to be fixed or move on.

Owners are yet another matter. There has to be a linear relationship between their "extra pay" (anything above base salary), and the amount of ownership they have. If these two are not closely tied then you will kill all interest in your ownership transition program. C-corps really struggle with this because **IF** they tie share of ownership directly to distributions or bonuses then the IRS disallows it as an expense. It becomes a dividend. This is certainly one place where "pass through entities" such as S-corps or LLCs really work better for A/E firms.

Finally, the condescending giveaways. You have to be careful with these. They can alienate people rather than making them feel good. If they get the idea the "Amazon Gift Card" was their prize while you got a new BMW 7-series ... well, they aren't going to feel real good about it. These things may be nice "extras" but they aren't good substitutes for something meatier, if you follow me.

Having good people – or not having good people – is all impacted by this stuff. Isn't it time you started questioning "how we've always done it" and started trying something new? **▶**

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

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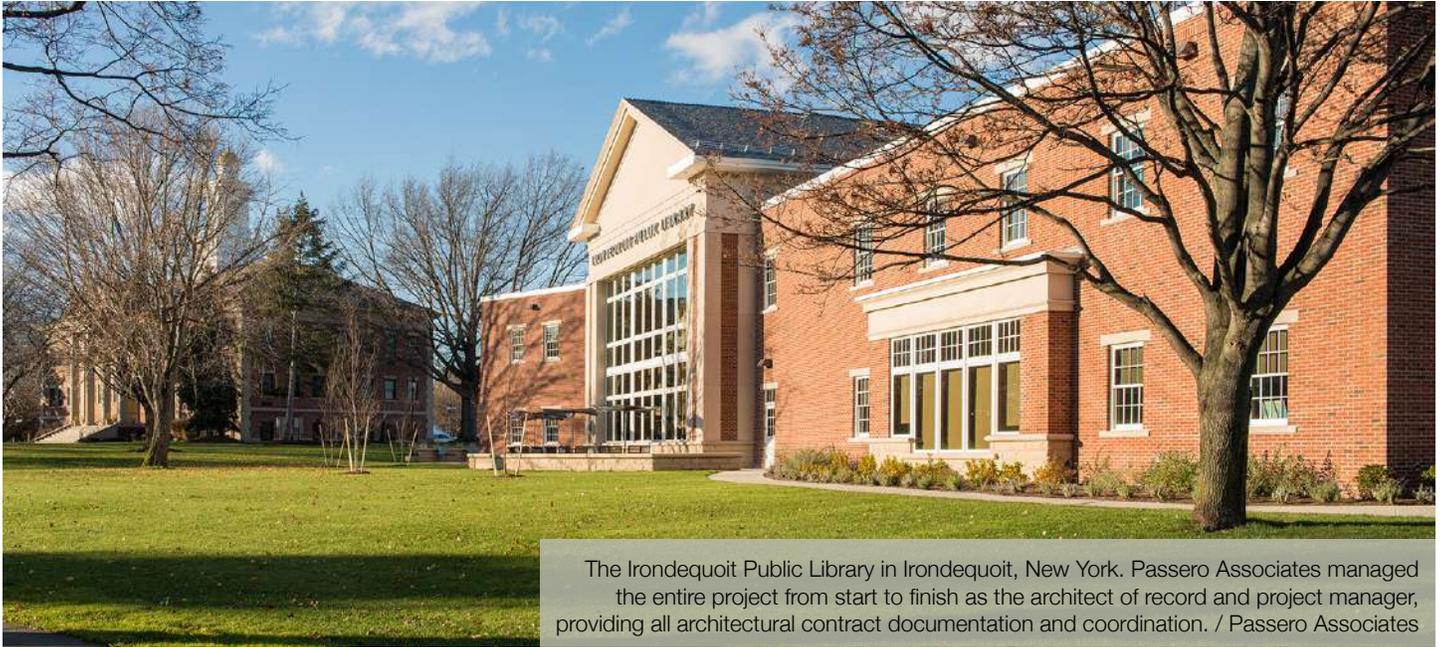
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PROFILE



The Irondequoit Public Library in Irondequoit, New York. Passero Associates managed the entire project from start to finish as the architect of record and project manager, providing all architectural contract documentation and coordination. / Passero Associates

Don't get distracted by peripheral stuff

In the form of growth, profitability, and important projects, multidiscipline firm based in upstate New York is reaping the benefits of a well-executed ownership transition.

By LIISA ANDREASSEN
Correspondent



Wayne Wegman,
CEO,
Passero
Associates

In 1977, when Wayne Wegman joined Rochester, New York-based engineering and architecture firm **Passero Associates** (Best Firm Multidiscipline #5 for 2016), there were 10 employees and they mostly represented local residential and commercial developers. Today, Passero Associates has 85 employees and they've added offices in New York, Florida, and Ohio.

Wegman's had the privilege of spending a majority of his career at Passero Associates. He became a partner in 1986, was named president in 2005, and then became CEO in 2013.

"Today, we work in more than 40 airports in five states and the Caribbean, and on development projects in 16 states," he says.

A colleague describes Wegman's leadership style as "inclusive and collaborative," adding that he's also an open-minded relationship builder, visionary, and committed to the growth and development of people. He's a continuous learner who constantly seeks feedback to improve.

A CONVERSATION WITH WEGMAN.

The Zweig Letter: What do you feel the key strengths are for an effective leader?

Wayne Wegman: Self-assessor, good listener, servant leader, and caring for staff and others.

TZL: To date, what has been your greatest challenge and how did you deal with it?

WW: To guide the transition of leadership from the founder to the next leadership generation. We had to formalize the way we operate, set roles and responsibilities, develop a system of accountability, measure performance, and set compensation based on results. Although it was challenging, I think we were successful as demonstrated by our growth and profitability over the past three years – 40 percent organic growth over the past two years. Our site engineering department has expanded their regional footprint into multiple states; our architecture department has completed award-winning public library and mixed-use building projects; and our aviation services department has expanded into the Caribbean, working on multiple airport projects.

TZL: What is your vision for the future of Passero?

WW: We need to prepare for a labor shortage in the next 10 to 15 years. This could impact growth. We need to focus on recruitment, expansion of our internship-to-hire program, employee engagement, and retention. I believe corporate culture can be

See Q&A, page 4



Q&A, from page 3

an important strategic asset to recruit and retain talented employees. It's also important to understand that millennials are the fastest-growing employee segment and are projected to represent a majority of the workforce within three years. My vision is to focus on developing a corporate culture that serves our employee base and achieves our vision to become an "Employer of Choice."

TZL: Tell me about a recent project that you are especially proud of.

WW: The new 38,700-square-foot Irondequoit Public Library replaces two library branches, and is centrally located, reinforcing the original vision for the civic campus, which included a library adjacent to the Town Hall. Passero Associates managed the entire project from start to finish as the architect of record and project manager, providing all architectural contract documentation and coordination. The new library enhances the symbolic and physical heart of the community, and is a source of pride for the entire Monroe County Library System and the town. Working with a team of local and national experts, Passero Associates brought to Irondequoit a modern library design that serves and enhances the community. The library features a traditional exterior, in fitting with its location on the Town Hall campus. The new library serves as the heart of the community, providing a modern public computer lab, a senior center, public meeting/activity rooms, a multifunctional maker's lab, a historic display, a teen reading and study area, and a children's center.

TZL: How have you helped your firm to outperform some competitors? What do you feel sets you apart?

WW: Our four cornerstones have led to our growth and success. These cornerstones are:

- Best people/fulfilling work environment
- Exceptional client service
- Outstanding results
- Growth and profitability

TZL: Is there any news you care to share about recent projects or anything else?

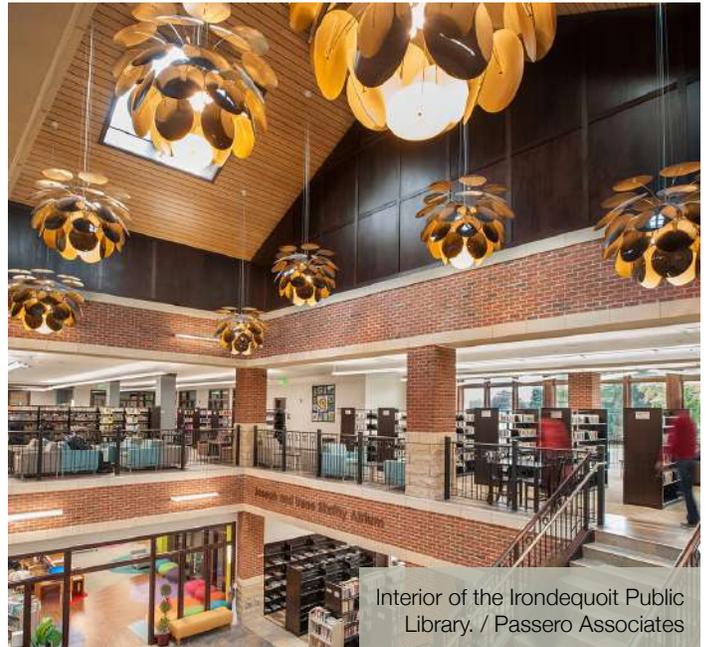
WW: Over the past couple of years, we have completed more than half a dozen projects that received local, state, and national awards. We are especially excited and humbled to be recognized as one of the top five Best Firms to Work For by the Zweig Group in 2016, as this award reflects the positive work culture we have created together and will continue to build and enhance.

TZL: Are you married? Children? Pets?

WW: I've been married to Julie for 34 years. We have three grown children who are scattered around the country in New York City, Chicago, and Cleveland.

TZL: What's been your best vacation spot? Dream destination?

WW: Finger Lakes region in upstate New York. South Africa remains on my bucket list.



Interior of the Irondequoit Public Library. / Passero Associates

TZL: What's the last book you read?

WW: *Zero to One* by Peter Thiel. Many millennials consider Peter Thiel the guru of start-ups. I read it with the hope of gaining a better understanding of how millennials think and what drives their engagement.

TZL: What's the last movie you saw in the theater?

WW: *Star Wars: The Force Awakens*. I watched it over the Christmas holiday with my family.

TZL: What's the best piece of work-related advice you've received?

WW: I used to be chronically late (five to 10 minutes), for meetings until a client asked me if I thought my time was more important than his. Since then, I stress over walking into a meeting late, and will apologize even for being a minute late. So, don't think or act like you are more important than anyone else.

TZL: Is there a leader you admire? Why?

WW: Ronald Reagan. He had two objectives during his presidency – end the Cold War and fix the economy. He surrounded himself with the best people to accomplish those two objectives, even a few he didn't particularly care for. He wouldn't let his administration get sidetracked from accomplishing those two objectives, and as we know, both were accomplished. A true lesson for CEOs: Stay focused on your important objectives and don't get distracted by the peripheral stuff.

TZL: When you're not working, what types of activities do you enjoy?

WW: Golf, snow skiing, water skiing, traveling, and spending time with my family.

TZL: What's your favorite lunch?

WW: Eggplant Parmesan at Roncone's, a small Italian restaurant in Rochester, New York. ▀



1-2-3

While the numbers behind failure are staggering, when you look at the characteristics of successful M&A transactions, the math is pretty simple.



Jamie
Claire
Kiser

M&A INSIGHTS

M&A transactions can fall apart for dozens – maybe even hundreds – of good reasons. There are obstacles and challenges every step of the way from starting the process until closing. No checklist could map all of the uniquely frustrating ways that deal-making can turn from exhilarating to infuriating. When you think of the individuality of every buyer and seller, not to mention all of the personalities involved and the emotions invested in the process, it sometimes seems like a miracle that transactions ever get to the closing table at all! I may not be able to list all the elements of failed M&A transactions, but I can say with confidence that all of the successful deals I’ve been involved with have had three basic characteristics.

- 1) **Communication.** Communication skills are critical in explaining your business, your management style, the value drivers of your company, and in building the relationship with the other side. Clear, straightforward communication lets you confront issues and discuss challenges head-on. M&A is about being transparent in your motives and your goals, in addition to talking through the problems, not avoiding them.
- 2) **Building trust.** I tell all of my clients to talk about whatever they want on the first call, but to focus the whole time on whether they trust the person on the other end of the phone. My (rather scientific) litmus test is to ask my client – buyer or seller – if they’d

“M&A is about being transparent in your motives and your goals, in addition to talking through the problems, not avoiding them.”

leave their dog in the care of the person they’re speaking with. If something in your gut is giving you pause about the person you’re dealing with, the deal almost always falls apart. The opposite may not necessarily be true – you may trust many of the individuals you speak with during the M&A process, but

See JAMIE CLAIRE KISER, page 8



SPOTLIGHT ON: Emb

PROFILE



A designer embezzlement

ACI Boland Architects of Kansas City was betrayed by an office manager who, over a decade, funneled millions into secret bank accounts.

By RICHARD MASSEY
Managing Editor

A long-time office manager at one of Kansas City's top design firms, **ACI Boland Architects**, recently pleaded guilty in federal court to embezzling nearly \$5.3 million in a two-pronged scheme that apparently financed a lavish lifestyle outside the office.

Jane Barnes, 53, of Lee's Summit, in early August pleaded guilty to wire fraud, bank fraud, and aggravated identity theft in a decade-long campaign of embezzlement.

Jane Barnes, 53, of Lee's Summit, in early August pleaded guilty to wire fraud, bank fraud, and

aggravated identity theft in a decade-long campaign of embezzlement that saw her accumulate an extraordinary array of payments for credit cards, transfers to family members, entertainment and travel, and dining, among other expenses, even though her authorized salary could be as much as \$88,900 a year with bonuses.

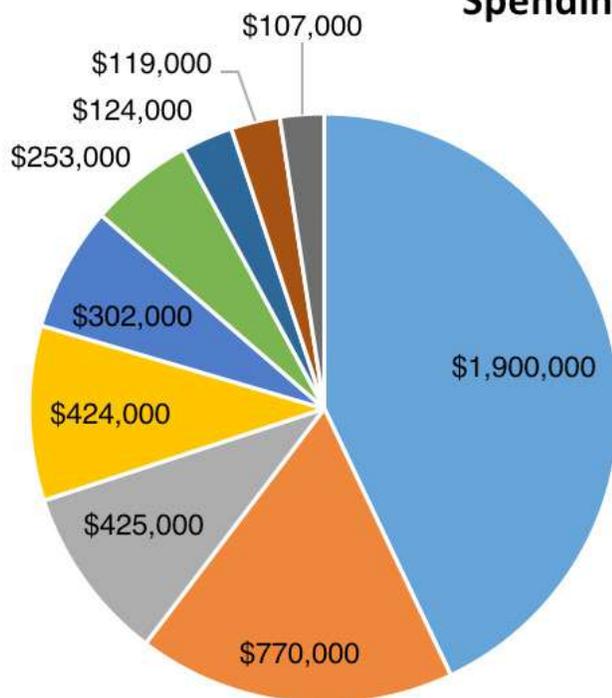
Employed at the firm from 1998 to her resignation in March of this year, Barnes inflated her salary with unauthorized disbursements through payroll from 2006 to 2011, and gave herself payments through forged payroll checks from 2010 to 2016, according to the case file in U.S. District Court for the Western District of Missouri. Barnes kept five separate accounts at four different banks. She was the office manager at ACI Boland since at least 2008.

Barnes faces up to 30 years in prison and a \$1-million fine on the charge of wire fraud, the



Spending spree

USDC-Western District of Missouri



- Credit card payments
- Transfers to relatives
- Entertainment, retail, and travel
- Vehicle expenses and loan payments
- Cash and cash equivalents
- Home expenses and mortgage payments
- Taxes
- Insurance and medical
- Restaurant and food

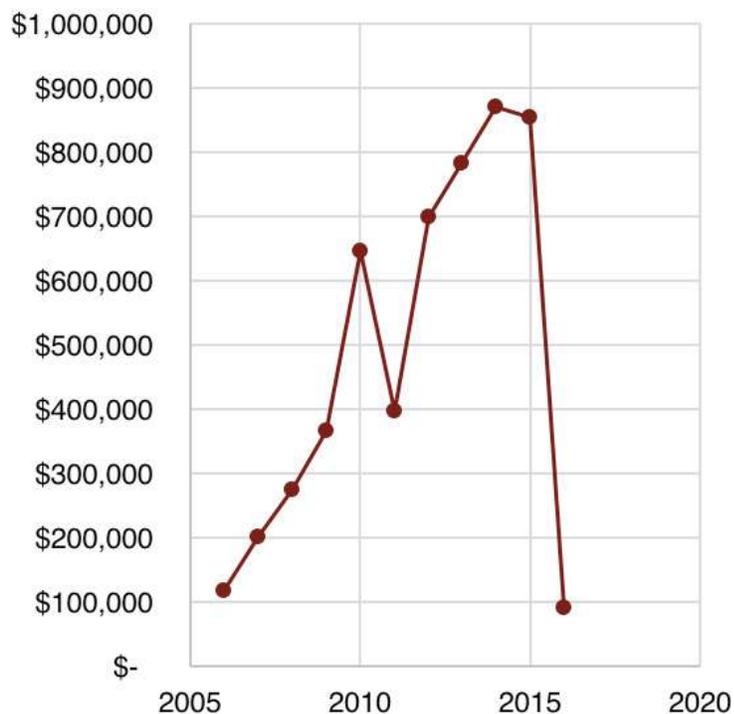
most serious charge she faces, and is set to serve a two-year mandatory sentence, consecutive to any other sentence, for aggravated identity theft, according to the August 2 plea agreement. On the charge of wire fraud, she faces up to 20 years in prison and a \$250,000 fine. She will be sentenced after a presentence investigation by the U.S. Probation Office. Under the terms of the plea deal, she must forfeit \$5,293,300, a 2014 Ford F-150 Crew Cab Raptor 4WD, a 2014 Ford Explorer Utility 4D Sport 4WD, and a 2013 Lincoln MKS, according to U.S. Attorney Tammy Dickinson.

According to the case file, Barnes funneled direct deposits into her accounts in the amount of \$1.62 million from 2006 to 2011.

According to the case file, Barnes funneled direct deposits into her accounts in the amount of \$1.62 million from 2006 to 2011. Barnes also used the initials of one of the firm's principals, M.K., on 359 forged checks she used to embezzle \$3.67 million from 2010 to March 2016. While a full name is not mentioned in the court file, Michael Kautz is listed as one of the firm's four principals on the ACI Boland website. Kautz is also listed as the chief contact for the Kansas City office, where

See EMBEZZLED, page 8

Embezzlement by year, both schemes



USDC-Western District of Missouri

JAMIE CLAIRE KISER, from page 5

there's only one party to the transaction – but I have yet to work on a deal in which my client says that they do not trust the person they are dealing with. M&A cannot be an adversarial process – it's about building a trusting relationship and teaming up to create a brighter future for everyone involved.

Lack of trust is expensive. Waiting to share information, or sharing information a bit at a time, just extends the time before the parties can understand if they are in the same ballpark in terms of value. Excessive due diligence – beyond what is reasonable to confirm what you thought when you made the offer in the first place – takes up the time of expensive people.

3) Accepting risk. Successful deals negotiate risk transfer and identify the real value drivers early on in the process.

“I can't tell you how many deals fall apart because one side has rejected any iota of risk. Buyers that are unwilling to accept standard business risks find themselves overpaying for firms that don't need to be acquired.”

I can't tell you how many deals fall apart because one side has rejected any iota of risk. Buyers that are unwilling to accept standard business risks find themselves overpaying for firms that don't need to be acquired. In the real world, key clients

EMBEZZLED, from page 7

Barnes worked.

Kautz did not respond to a request for comment, and neither did AIA Kansas City.

Dan Knise, president and CEO at Washington, D.C.-based **Ames & Gough**, a specialty insurance brokerage with a focus on architects, engineers, and law firms, says there's a policy to cover the actions of people like Barnes.

Over the course of the embezzlement, Barnes made off with an average of more than \$481,000 a year, and in 2014, her biggest year, defrauded her firm out of an astounding \$807,206, according to court documents.

“The insurance is known as employee dishonesty or crime insurance,” Knise says. “Every firm should carry this coverage.”

But for a lot of the firms with coverage, there's a few problems.

“Many that do carry it have inadequate limits of only \$25,000 to \$50,000,” Knise says. “We are finding that losses can be much bigger than that. Also, the basic crime coverage

“I tell all of my clients to talk about whatever they want on the first call, but to focus the whole time on whether they trust the person on the other end of the phone. If something in your gut is giving you pause about the person you're dealing with, the deal almost always falls apart.”

and star employees can walk out the door. Competitors can win work you thought you'd be able to get. These things happen. By the same token, selling your firm doesn't absolve you of all of the stresses of running a business once you sign on the dotted line. You're still on the hook for plenty of the risks and liabilities associated with your business. Sellers are paid a nice chunk of money on the belief that they are handing over a business that can generate future cash flow. Reps and warranties, earnouts, and employment agreement are reasonable requests from buyers to mitigate these cash flow risks from being different than represented.

I'm sure there are many more characteristics of successful M&A deals, but these seem to be found in deals of all sizes and when working with buyers and sellers. Email me with some of the other “tried and true” characteristics you've found in the market – we'd love to hear from you! **▶**

JAMIE CLAIRE KISER is Zweig Group's director of M&A services. Contact her at jkiser@zweiggroup.com.

included with the business owners' insurance policy often does not include computer fraud or funds transfer fraud, which are becoming increasingly more common as the way people are stealing monies. This requires the purchase of a stand-alone crime policy.”

Over the course of the embezzlement, Barnes made off with an average of more than \$481,000 a year, and in 2014, her biggest year, defrauded her firm out of an astounding \$807,206, according to court documents. At \$1.9 million, Barnes' biggest payments were for credit cards. But she also spent more than \$770,000 in transfers to relatives, \$425,000 for shopping and travel, and another \$424,000 on vehicles. She spent nearly \$108,000 at restaurants and for food.

The FBI investigated the case. U.S. District Court Judge Roseann Ketchmark is presiding. Assistant U.S. Attorney Kathleen D. Mahoney is prosecuting.

This is not the first controversy to roil the Kansas City architecture industry this year. **BNIM**, another major firm with deep roots in the city, abandoned its plans to renovate and occupy a building in the Crossroads Arts District due to vehement opposition from school district patrons who opposed BNIM's use of a major tax incentive to help finance the deal.

BNIM has since made arrangements to move its headquarters to the Crown Center in downtown Kansas City. **▶**



Set them free

Arbitrary or unduly bureaucratic rules demotivate employees, impose unnecessary constraints, and can even spark an office rebellion.



**Bill
Murphey**

**CONTINUING
ED**

Years ago, I started work at a new office where I had two administrative assistants supporting me. One late afternoon in my first week, I walked out of my office to go speak with a colleague and noticed one of the assistants sitting at his desk with a notebook at the ready. He was just sitting there. I asked him what he was doing and he told me he was waiting for me to go home.

I was dumbfounded. In a very caring, but not-so-subtle manner, I ran him out of the office and told him to never do that again. He was not allowed to simply wait for me to leave. If he was done with his work for the day, he could leave at any time, even if it was before the end of the “normal” business day.

- **Tell your employees to go home.** Your employees have lives outside of the firm. Encourage them to attend life events, such as evening classes, youth sporting events, or midday school events. If their personal life is in order, chances are their work life will fall into place.
- **Make your expectations explicit.** Let your employees know what is expected of them, so there’s no guessing. According to Zweig Group’s *2016 Policies, Procedures, and Benefits Survey*, 97 percent of firms

“Tell your employees to go home. Your employees have lives outside of the firm. Encourage them to attend life events, such as evening classes, youth sporting events, or midday school events.”

had a policy manual, so use that space to make your expectations clear. Make your policy manual electronic, so anyone can refer to it at any time.

The culture of that organization had been such that you were expected to stay at the office until

See BILL MURPHEY, page 10



BILL MURPHEY, from page 9

after the boss went home. If your boss left at 6 p.m., you left at 6:15. When you left at 6:15, those under you left at 6:30. And so on. The idea was that “you never know when the boss might need something.” Crazy!

The same went for the morning. If the boss normally showed up at 7 a.m., you showed up at 6:30 to prepare for the questions he may have when he arrived. Likewise, those working for you showed up at 6 to be ready for your questions. Utter insanity.

All of this meant that if you were at the bottom of the ladder, your day began before 6 a.m. and ended sometime after 6:30 p.m. It’s hard to motivate younger professionals when they’re caught in an accordion time trap.

■ **“Normal” hours for your business need not be restrictive.** Just because your office is open from 8 a.m. to 5 p.m. doesn’t mean everyone needs to be there the entire time. As long as someone is available to handle calls from clients, you’ve got it covered. It’s okay to have flexible schedules.

■ **Try to understand what your employees do to support you.** You may be surprised at the things they will do to keep you looking good.

In another office, I watched a department manager direct her salaried employees to remain at their desks until 5:30 p.m. every day. She thought they had been leaving too early each day. In reality, her team members worked hard every day and they were exhausted by the end of the normal business day.

“Holding your employees captive in the office until some magical point in time does not make them want to produce better results.”

So these outstanding engineers and project managers did what others might do when pushed too hard under arbitrary rules. They rebelled.

At 5 p.m., when people from the other departments were heading home, they put away their work and sat there. Some stared at the walls of their cubicles. Others read books. The lucky ones with windows simply stared out of them until 5:30. At exactly 5:30, they left the office.

This game of defiance lasted for about two weeks until the department manager’s boss called her into his office and taught her about the inverse relationship between arbitrary rules and productivity.

■ **Set them free.** Holding your employees captive in the office until some magical point in time does not make them want to produce better results. There will be times when you need to put in 14-16 hour days to get a job done, but most days shouldn’t be that way, so don’t needlessly burn out your employees.

“Just because your office is open from 8 a.m. to 5 p.m. doesn’t mean everyone needs to be there the entire time. As long as someone is available to handle calls from clients, you’ve got it covered. It’s okay to have flexible schedules.”

I once had a boss whose office was two time zones behind mine. He expected me to be in my office until he left at the end of the day “just in case he needed to reach me.” I was supposed to wait for his call (that may never come) until after 7 p.m.

I somewhat sarcastically reminded him that there was this really cool invention created by Motorola decades ago, called the cellular telephone. And I didn’t need to be in my office to use it!

Since I was 2,786 miles away from him, he really had no idea if I was in my office or not. Surprisingly, he pushed back on my suggestion that he call me on my cell phone and not my office line. Eventually, he relented and began calling my cell phone whenever he couldn’t reach me in my office.

■ **Unhook the tether.** Provide your employees with a cell phone. According to Zweig Group’s *2016 Cell Phone & Mobile Devices Survey*, 96.5 percent of respondents stated they use a cell phone for work-related business, yet less than 15 percent of partners and principals and only 10 percent of project managers are provided one by their firm.

Don’t think you have any arbitrary rules? Ask your employees. They’ll tell you exactly what those “unwritten” rules are and which ones need to go away. ▀

BILL MURPHEY is Zweig Group’s director of education. Contact him at bmurphey@zweiggroup.com.



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How would YOU respond?

A Q&A might be just what the doctor ordered if you want to shed new light on your career and the choices you've made along the way.



Ed
Friedrichs

FROM THE
CHAIRMAN

A start-up company I'm mentoring here in Reno profiled me in their online database. The start-up is a networking company set up to help people in the commercial real estate industry connect with each other and with resources. I sent a copy of my bio and answered a few supplied questions, which challenged me to think a little differently about my career. The questions and my answers follow, but I suggest that in addition to reading my responses, you formulate your own answers.

Has the profession of architecture been as much fun as you thought it would be when you started your training in the field?

I've always had fun in everything I do. In architecture, I've noticed many of my colleagues and competitors over the years take themselves way too seriously. Particularly with clients, I've looked for ways to inject fun in our relationships. It's why we've always ended up as good friends. Here's an example: When shopping for stone in Europe with a client and our contractor, we teased each other about gargoyles, as in "That one looks just like you!"

When it came time to install the stone skin on the building, I commissioned a gargoyle to look just like our client. We secretly installed it above a dining patio on the second floor and had a

champagne reception to unveil it. Everyone had a great laugh and, when my client retired, the owner of the building removed it and gave it to her as a retirement present. I love staging pranks that put a smile on everyone's face.

"In architecture, I've noticed many of my colleagues and competitors over the years take themselves way too seriously."

What's the coolest project with which you were associated? What made it special?

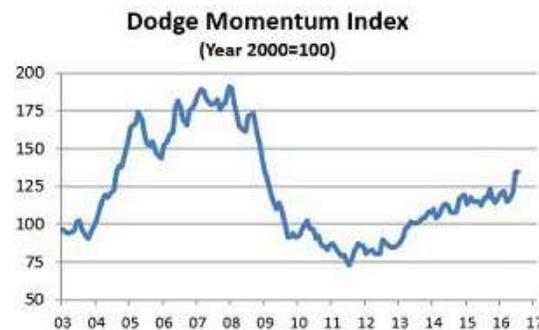
The cool projects are too numerous to mention,

See ED FRIEDRICHS, page 12



BUSINESS NEWS

DODGE MOMENTUM INDEX INCHES HIGHER IN JULY The Dodge Momentum Index moved slightly higher in July, increasing .5 percent to 134.7 (2000=100) from its revised June reading of 134.1. The Momentum Index is a monthly measure of the first (or initial) report for nonresidential building projects in planning, which have been shown to lead construction spending for nonresidential buildings by a full year. July's modest rise follows a substantial increase in June, which saw the Momentum Index climb 10.9 percent from the previous month. The Index has now moved higher in four consecutive months, the first such string of increases since late 2014. July's improved pace was due to slight gains for each of the two major sectors, with institutional planning up .7 percent and commercial planning up .4 percent. The recent rise in the Index from April through July suggests that planning for construction projects is progressing, albeit in an uneven pattern, despite concerns over the subdued rate of economic growth.



In July, 11 projects entered planning with a value that exceeded \$100 million. For the commercial building sector, the leading projects were a \$200 million mixed-use project in Sugar Land, Texas and a \$161 million office in Fremont, California. The leading institutional projects were a \$177 million hospital tower in Chapel Hill, North Carolina and a \$138 million hospital in Atlanta, Georgia.

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but the thing that made each of them special was our commitment to using design to enhance our client's business performance. One very special one was a call center which had a terrible employee turnover rate with an average longevity of less than six months. The client told us we couldn't spend a penny over the budget, and anyway, the client said, "Call center jobs are lousy, and no one is doing it as a career." We didn't allow the negativity to influence us, and a few special design features at no extra cost got longevity up to 11 months. While I would have liked that figure to be higher, the client was thrilled because the reduced cost of recruiting and training had more than paid for the facility.

Another example of a special project was an airline terminal at LAX in Los Angeles. The client's goal was to increase market share over its two biggest competitors. The result was a market share increase of almost 20 percent. We did it by carefully analyzing passenger experience within the terminal and designing renovations that were truly responsive to what passengers told us they wanted. For me, that's what makes a project special and brings great client referrals.

"A leader 'aspires' and 'inspires.' People watch the leaders in their organizations and, if they think the leader's aspirations are worthy, they'll work hard to help the whole organization to achieve them."

What's the single most important lesson about leadership that you seek to impart?

A leader "aspires" and "inspires." People watch the leaders in their organizations and, if they think the leader's aspirations are worthy, they'll work hard to help the whole organization to achieve them. The leader's role is to inspire everyone – not just fellow employees, but subcontractors, suppliers, even the planning commission – to support his or her vision. I did this by learning what each of the stakeholders was trying to accomplish, weaving the aspirations together to make it a collective vision.

"Architecture is a highly collaborative team sport. Because an architect has no authority over the contractor and subcontractors who are executing the design, the architect must create an atmosphere of trust and respect."

How do the skills involved with good architecture apply to effective leadership?

Architecture is a highly collaborative team sport. Because an architect has no authority over the contractor and subcontractors who are executing the design, the architect must create an atmosphere of trust and respect. Without that, little gets done, and nothing gets done right. Every business leader should adopt an attitude of humility and respect for every member of every team, inspiring an atmosphere of trust and commitment to achieve excellence. I think we all face that same challenge, regardless of our businesses.

If you had a mulligan on one decision you made in your life, what would you choose to do over?

Early in my training, I made the decision to shift from mechanical engineering to architecture and then to associate with a small firm that mirrored my values and operated in a manner that allowed me to do my best work and realize my potential as a leader. I've never regretted that decision or my path. I've been very lucky to be surrounded by incredible people who challenged and supported me. They gave me the knowledge, experience and confidence to make quick and mostly wise decisions, oftentimes under pressure and with potentially costly ramifications. While I don't have one decision that stands out as a do-over, I'd say a strength taken to an extreme can become a weakness. The ability to make on-the-fly decisions quickly and confidently is a requirement in our business, but there are times, both personally and professionally, that a thoughtful pause is advised. ▀

EDWARD FRIEDRICHS, FAIA, FIIIDA, is a consultant with Zweig Group and the former CEO and president of Gensler. Contact him at efriedrichs@zweiggroup.com.