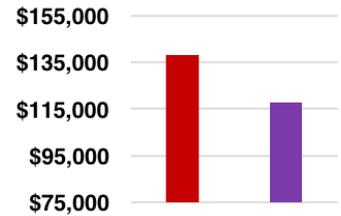


TRENDLINES

NSR/FTE



Among firms engaged in M&A activity, the **average buying firm** produces 15 percent more net service revenue per full-time employee than the **average selling firm**, with NSR/FTE of \$138,000 and \$117,000, respectively, according to Zweig Group's 2016 *Merger & Acquisition Survey*. (Special discount to TZL subscribers: Use code **TZL25OFFSURVEY** to order this survey at 25 percent off on zweiggroup.myshopify.com/collections/frontpage)

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More on BODs

"Is it time you took a look at your BOD and retooled it? Make it an asset instead of a necessary evil!"



Mark Zweig

EDITORIAL

Boards of directors, or BODs, in the typical A/E firm are pretty much a mess. They tend to suffer from the same maladies in so many companies. Some of these include:

- **They have too many directors – all of whom are employees and owners in the firm.** It's not uncommon to see BODs that are the size of GM's, and in a 100-person A/E firm. That's ridiculous. The BOD needs to be a small group of people who are creative and contribute to running the overall enterprise. And diversity is a plus here.
- **They don't have any outside directors and if they do, they're the wrong ones.** "Wrong" is typically your regular outside accountant or attorney. "Right" is experienced leaders from the industry or industries you serve; retired successful CEOs from inside or outside of our industry, and other successful people who know how to run a business.
- **They meet too often.** Instead of once a quarter for four to six hours, A/E boards often meet monthly for days at a time. Insane! Better to meet less often for a shorter time. The BOD will get more done and be less likely to get seduced into working on stuff that is not within the BOD's purview.
- **They get into the operations.** Because they tend to not have any outsiders on the BOD and because they meet so often, inevitably A/E boards get sucked into the mire of the day-to-day details of how to run the firm. Then they don't do their real BOD duties.
- **They devote their agenda to looking in the rearview mirror versus looking out the windshield toward the future.** I'm talking about review of performance. It's a waste of time. Past performance data should go to all before the meeting. As far as past performance

See MARK ZWEIG, page 2

MORE COLUMNS

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IN MEMORIAM

BELOVED ARCHITECT FALLS TO HIS DEATH IN NEW YORK Architect Bruno Travalja, 52, of Ridgewood, New Jersey, died September 15, 2016, after falling from the roof of a 48-story tower in Manhattan. Travalja, owner of **Crowne Architectural Systems**, lost his footing while taking measurements for an outdoor terrace, according to various news reports. Travalja was not wearing a safety harness at the time of the fall, according to press reports.

His obituary appeared in *The New York Times*.

Beloved husband of Alexis. Loving father to Taylor, Luca, and Aidan. Adoring son to Mirela. Bruno was predeceased by his father John. Bruno's greatest hobby was his work, his children and wife were everything but work was a very close second. He was loyal and trusting to a fault. Simply the most honest human being. He will be greatly missed by his in-laws Idio and Mila Ilijasic, all his family in Canada that is too big to name. His huge extended family in Queens, his dearest friends who were his family and the Crowne Architectural family that was his life. Visiting hours were held at the Feeney Funeral Home in Ridgewood, New Jersey, and the funeral mass was held at St. Luke's RC Church in Ho-Ho-Kus.



Architect Bruno Travalja, Crowne Architectural Systems

BUSINESS NEWS

ALCOA NAMED SUSTAINABILITY LEADER ON DOW JONES INDICES For the 15th year in a row, **Alcoa** has been named as one of the world's leading companies for sustainability on the Dow Jones Sustainability Indices — a globally recognized and reputable benchmark for corporate responsibility and sustainability.

"As we prepare to launch two strong companies in the second half of 2016, we will continue using our innovation, creativity, and passion to deliver net-positive benefits to the environment, communities where we operate, our employees, and our shareholders," said Kevin McKnight, chief sustainability officer.

Highlights of Alcoa's 2015 sustainability performance include:

- Achieving 2020 greenhouse gas intensity target five years ahead of plan by reducing absolute greenhouse gas emissions by 5.5 million metric tons and improving our greenhouse gas emission intensity by 31.3 percent from our 2005 baseline.
- Became one of the first companies to sign the American Business Act on Climate Pledge. As part of that pledge, committing to reduce absolute U.S. greenhouse gas emissions by 50 percent versus a 2005 baseline and also demonstrate a net reduction of greenhouse gas emissions from

the use of products equal to three times the emissions created by their production – all by 2025.

- Alcoa-developed high-performance aluminum, titanium, and nickel-based alloy products are found from nose to tail on every high-growth commercial aircraft platform. These products produce lighter, more fuel-efficient planes with highly efficient engines and smaller carbon footprints.
- Alcoa Micromill material, which produces automotive parts that are twice as formable and 30 percent lighter than parts made from high-strength steel, debuted on the 2016 Ford F-150 truck.
- During 2015, improved bauxite residue storage efficiency and rehabilitation rate. In addition, finalized biodiversity action plans for three locations, and minimized global mining footprint.

The Dow Jones Sustainability Indices are the longest-running global sustainability benchmarks worldwide. Following a best-in-class approach, they measure the performance of the world's sustainability leaders based on a comprehensive assessment of long-term economic, environmental and social criteria that account for general and industry-specific sustainability trends.

MARK ZWEIG, from page 1

goes, the meeting should only be dealing with questions and surprises – not a review.

- **The rest of the agenda deals with operations.** A poor performing office. Review of salaries for all employees. Review of small purchase decisions. All wrong. The agenda should be dealing with shareholder well-being issues, strategic planning, and looking to the future, as well as unplanned financial crises and policy stuff.

Is it time you took a look at your BOD and retooled it? Make it an asset instead of a necessary evil! ➤

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

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PROFILE

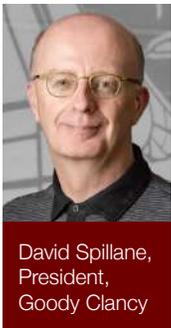


The Ruth Mulan Chu Chao
Executive Education Center, Harvard
Business School. / Goody Clancy

Change agent

Ireland-raised David Spillane likes both the past and the future, kayaking in the sea, and doing whatever it takes to keep his firm nimble.

By LIISA ANDREASSEN
Correspondent



David Spillane,
President,
Goody Clancy

Like many of his colleagues, David Spillane, president of **Goody Clancy** (#7 Best Firm Architecture), a 75-person architecture, planning and preservation firm, went to Boston to attend graduate school. Raised in Ireland, he arrived in Bean Town after working in Dublin and London. His roots are in architecture, but over the course of his career his practice evolved to focus on planning and urban design.

In 2000, he joined Boston-based Goody Clancy as director of planning and urban design, became a principal in 2007, and president in 2014.

“As a leader of our planning practice, my work centered on working with large groups of people to envision change, build a coalition for change, and execute change,” he says.

A CONVERSATION WITH SPILLANE.

The Zweig Letter: What are some of the most significant changes you have seen within the firm since you have been there?

David Spillane: Over the past 10 years, we’ve expanded geographically and our areas of specialization have grown deeper. We’re working nationally with colleges and universities on science and technology facilities, business schools, student life buildings, makerspaces and innovation centers, and campus plans. In our preservation practice, we have worked on more than a dozen National Historic Landmarks and are central to the federal government’s single largest project this year, the transformation of St. Elizabeths Hospital to the new headquarters for Homeland Security. Our planning practice was recognized by the American Planning Association with its National Planning Excellence Award for a Firm in 2013, a very prestigious honor.

Our organizational model has evolved, and that’s made a significant impact. We’re nimbler and better able to adapt and make better, faster decisions on issues – big and small. We used to operate entirely on a consensus-based model; today, we remain highly collaborative, but it’s my job to ensure lack of consensus does not lead to inaction and missed opportunity.

We’re also increasingly transparent within our firm

See Q&A, page 4



Q&A, from page 3

about every aspect of our business. There is an immense appetite, especially among our younger staff, for information about every aspect of our work – successes, failures, good news and bad. This has been really important, and it's unlocking a lot of energy and creativity for us.

TZL: What are your key strengths? What do you feel the key strengths are for an effective leader?

DS: I like change. I like thinking about the future. I'm a pretty good listener. I have a reasonable amount of patience. I admire excellence, in any activity, however modest. Effective leaders have an orientation to action, to take responsibility for failure, and to have the awareness and flexibility to understand what's needed from them in a given situation.

TZL: How would you describe your leadership style?

DS: Collaborative. My sense is that when we're all swimming in the same direction, success may not be guaranteed, but it's far more probable.

“Effective leaders have an orientation to action, to take responsibility for failure, and to have the awareness and flexibility to understand what's needed from them in a given situation.”

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

DS: The period between 2009 and 2011 was a challenging one for us as a firm. It forced us to make difficult decisions around layoffs, salary reductions, and other changes. We said goodbye to people who had made important contributions to our practice. In retrospect, we should have made some of the tougher decisions faster, which would have enabled us to recover quicker and mitigate risk for everyone. We're an employee-owned firm and it's now my responsibility to everyone here to make hard, but necessary decisions faster.

TZL: What's your vision for the future of Goody Clancy?

DS: That's the big question. It's a conversation we're having now. In my mind, it begins with innovation, which is such an important success factor for a mid-sized firm like ours. We currently have a teaching partnership with Roger Williams University to lead an innovation studio. It's the research topic where our interests and our future converge.

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

DS: We just completed the Chao Center for Executive Education at the Harvard Business School. Our team created a building that's a linchpin of the campus, a beautiful and comfortable place expressly designed to foster interaction and engagement, and yes, a place where innovation in business happens.

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

DS: We aspire to foster a culture of continuous improvement in every aspect of our work. We understand that our success is driven by the talent and capabilities of the people we attract, develop, and retain. We want to be known as a great place to work, so we are delighted that we were recognized as a Best Firm to Work For by Zweig Group in 2016.

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

DS: We've recently begun an exciting new project for the School of Engineering at Virginia Commonwealth University. We're also working with the University of Louisville on a new academic building – the first one built there in decades – that includes a student success center. Additionally, we're doing a major laboratory renovation at the University of Connecticut and a new business school building at U Mass Amherst. On the planning side, we are part of the Hartford Interstate 84 design team, which is the single largest infrastructure project happening right now in the United States.

TZL: Are you married? Children? Pets?

DS: Yes, to all three.

TZL: What's one thing most people at the firm don't know about you?

DS: Most people would be surprised to learn that I was born in Guyana and grew up in Ireland.

TZL: Do you have a favorite vacation spot?

DS: Somewhere near the water with a book.

TZL: What's the last book you read?

DS: *The Signal and the Noise* by Nate Silver.

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

DS: Rosabeth Moss Kantor, a professor at Harvard Business School, once wrote, “Anything worth doing looks like a mess in the middle.” I find this to be insightful, inspiring, and occasionally reassuring.

TZL: Who is a leader you admire? Why?

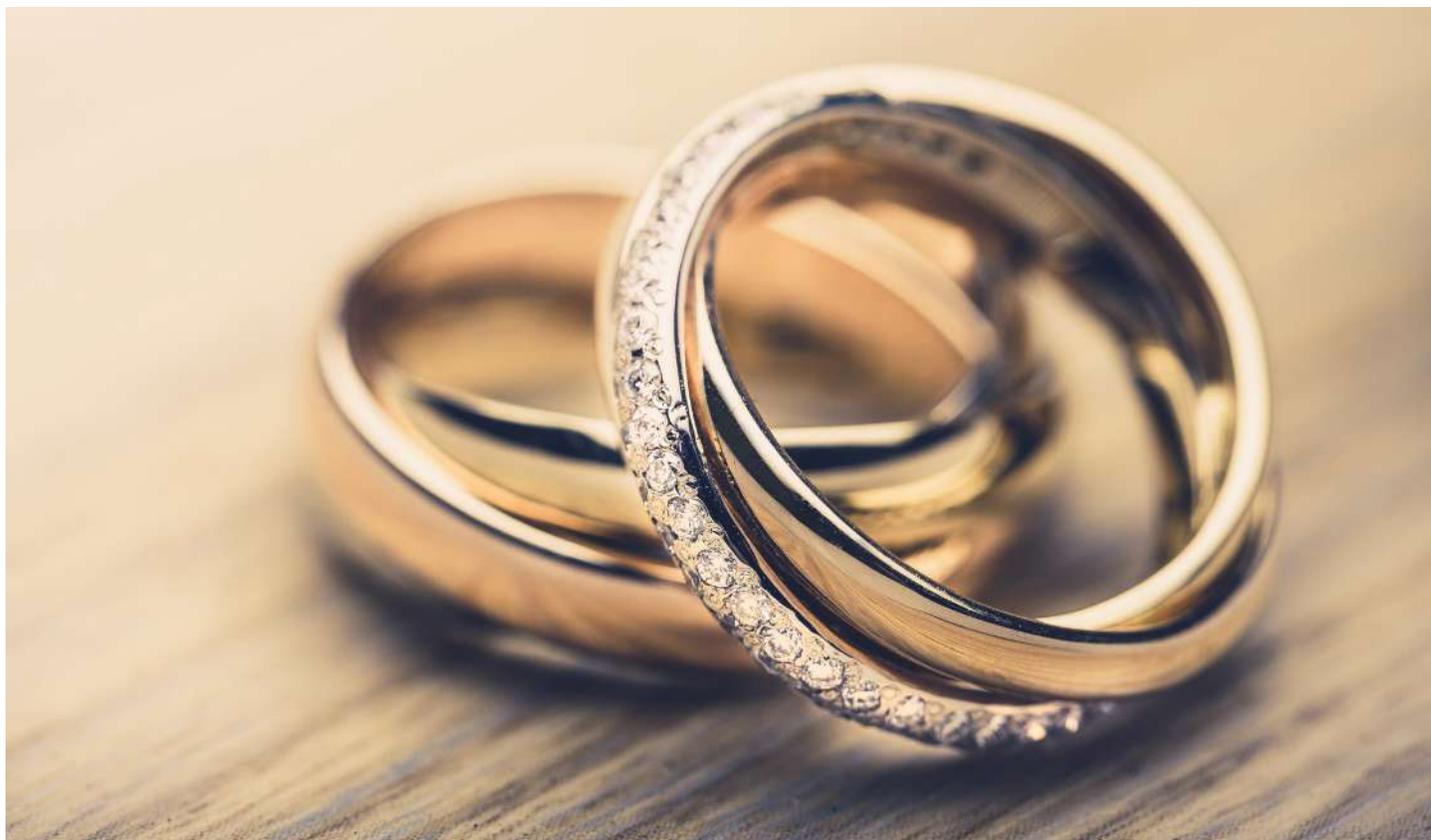
DS: Bill Belichick, New England Patriots. It's a wonder to see team-building, preparation, and precision executed at such a consistently high level.

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

DS: I love ocean kayaking. I grew up near the ocean in Ireland and any activity in, on, or by the water is compelling to me. These days I spend summers in a kayak in Maine. It can be a battle with hypothermia and I have to avoid becoming a speed bump for lobster boats.

TZL: What's your favorite lunch?

DS: It's not so much a meal as a place. I enjoy sitting outside on a park bench near our office. It's a setting that seems to encourage informal and insightful conversations. ▀



Blind date

If your firm is looking to marry, don't get hung up on the 'perfect match.' Keep your eyes open and you might meet that special someone you didn't expect.



Jamie
Claire
Kiser

M&A INSIGHTS

As consultants, we all find ourselves at times torn between delivering what the client wants and what we believe the client needs. Just as clients of A/E firms come in with a vision for their project that has no clear relationship with their budget, firm leaders come to us with their ideal M&A targets and carefully defined parameters.

Probably the most common “push back” on our end comes when our client – buyer or seller – comes to us with an extensive list of requirements for the target firm. I used a (somewhat) facetious example in a recent seminar to illustrate my point: “I’m a buyer who wants an architecture firm with between 35 and 45 employees, based in Charlotte, that specializes in commercial and healthcare design, no work at all in the education sector, revenue per employee in the upper quartile of the industry, a strong second tier of client-facing leaders, no client concentrations greater than 20 percent of revenue over the last five years, and profitable performance.” Then, the kicker: “And it needs to be a good deal for us!”

It’s great – and, in fact, imperative – to have a solid idea of what you are looking for. This becomes a

“This becomes a problem when we find a firm in our research that doesn’t check every box, but might otherwise make a ‘happy marriage’ between firms.”

problem when we find a firm in our research that doesn’t check every box, but might otherwise make a “happy marriage” between firms. To continue the marriage metaphor, consider how different your spouse may be than what you would have described as your idea of a “perfect match.” If you won’t go on the blind date, you may miss

See JAMIE CLAIRE KISER, page 8



SPOTLIGHT ON: Superfund

PROFILE



Portland Harbor, a working port and one of the nation's most complex superfund sites.

A not-so-super cost estimate

At \$746 million, the EPA's lowball price tag for cleaning up the Portland Harbor Superfund site is 'wishful thinking,' according to one important critic.

By RICHARD MASSEY
Managing Editor

The Environmental Protection Agency recently released its feasibility study for the remediation of one of the nation's most complex superfund sites, the harbor along the Lower Willamette River in Portland, Oregon, and was roundly criticized for botching the cost estimate.

The 10-mile stretch of waterway, contaminated by PCBs, PAHs, DDT, and heavy metals, has been an ongoing source of conflict and environmental planning since at least 2000, when the site was designated as a superfund. But the EPA, in announcing its preferred \$746-million remediation plan – limited dredging and capping, and a predominance of monitored natural recovery – only raised more questions.

The biggest of which, based on comments from interested parties, seems to be this: How did you come up with your numbers?

The City of Portland, the Port of Portland, and the Lower Willamette Group, a consortium of busi-

nesses potentially liable for the river's pollution, all said the cost estimate is way too low. Since those entities could end up paying the lion's share of the cleanup costs, the price tag for them is a key point of emphasis. And the EPA, they say, got it wrong.

"We recognize there are a lot of uncertainties around cost at these early stages. This is one of the most complicated sites in the country. We're confident EPA can adjust those numbers to be more accurate."

"The City believes the proposed plan underestimates the actual cost of the Alternative I by as much as 50 percent to 100 percent," says the city in response to the EPA's plan.

Taking the city's estimate into account, the cleanup cost would look more like \$1.1 billion to





\$1.5 billion. So where, according to the city of Portland, did the EPA go wrong?

“The City is concerned about the accuracy of the EPA’s proposed plan cost estimates, particularly the assumptions about construction parameters such as sediment management area footprints, continuous dredging, volumes dredged and thickness, and/or types of capped layers,” the city says.

“This is one of the largest economic and environmental issues facing Portland. The stakes are high.”

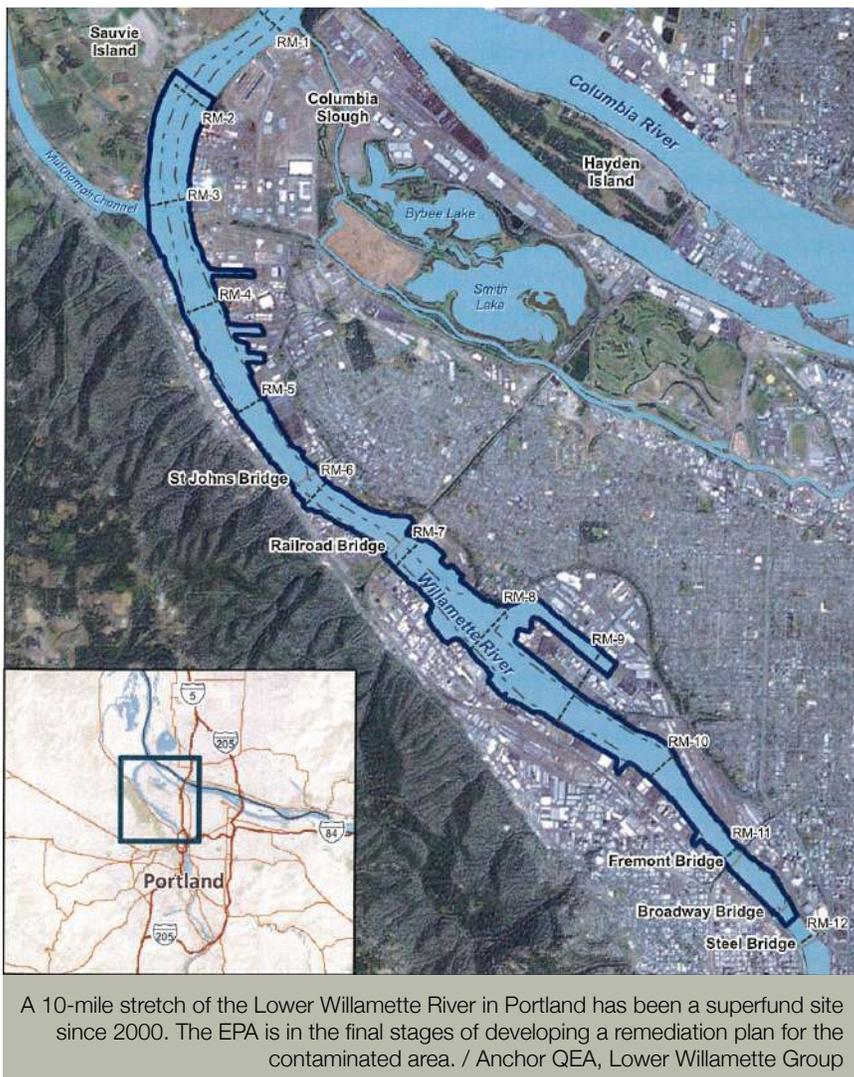
While Portland ultimately called the plan a “reasonable starting point to move forward with the cleanup,” the city also acknowledged that “the cost evaluation presents a misleading estimate of the total remedy cost to the public, and could impact the willingness of performing parties to step forward and lead the larger cleanup effort.”

Annie Von Burg, a senior program manager with Portland’s Bureau of Environmental Services, says that while the city’s comments are strong, they are meant to improve the overall plan, not impugn the EPA.

“We recognize there are a lot of uncertainties around cost at these early stages,” Von Burg says. “This is one of the most complicated sites in the country. We’re confident EPA can adjust those numbers to be more accurate.”

Referencing the undergirding sentiment in Portland, a city known for its environmental awareness, Von Burg says, “In general, there’s been a wide array of comments, from ‘This plan is not enough,’ to ‘This is too much,’ and everything in between.”

More than 140 potentially responsible parties have been identified by the EPA as polluters. And at some point, the cost for the cleanup will have to be divvied up among those found to be liable. As that scenario unfolds, the Lower Willamette Group will remain on center stage. Composed in part by important companies like Arkema Inc., Bayer CropScience, BNSF Railway, Chevron USA, and Union Pacific Railroad Co. – companies that could bear the brunt of the cleanup cost – the Lower Willamette Group, or LWG, has already spent in excess of \$100 million doing its own assessments of the superfund site.



And the group is not happy with the conclusions arrived at by the EPA.

In its request for a dispute resolution regarding the EPA’s feasibility study – a dispute resolution that does not include the city of Portland or the Port of Portland – seven members of LWG had this to say: “EPA’s estimated costs for performing each of the alternatives continue to omit significant cost elements and dramatically understate other cost elements on the basis of unrealistic and in some cases impossible assumptions about dredge production rates and volumes, remediation waste processing, engineering design, construction management, best management practices EPA intends to require, and the present value of money.”

The Zweig Letter was unable to reach the EPA for a statement.

The agency is under pressure to address the comments from Portland stakeholders and produce a record of decision by the end of the year. Adding to the urgency surrounding the Portland Harbor Superfund, Von Burg says, is the looming presidential election between Hillary Clinton and Donald Trump. Regardless of who wins, the new president, among

See SUPERFUND, page 8

JAMIE CLAIRE KISER, from page 5

out on a match made in heaven! Plus, if you have too many requirements for the target firm, I can assure you that it is highly unlikely that the firm will be a good deal financially. Firms are very willing to pay a premium for getting what they believe is exactly what they want. And sometimes that's too much.

We try to convince our clients to walk the fine line of having a strategy, but also of being open to pursuing unique opportunities as they arise. There are so many firms out there and so many synergies to be had – look for ways to be flexible when you're presented with something novel that could be a total game-changer for your firm.

“If you won't go on the blind date, you may miss out on a match made in heaven!”

Another area that we often push back on is the degree of approval needed from the client before we reach out to firms. Requiring client approval to have an overview or feeler call with a potential firm is a great example of an unnecessary review process that slows down your transaction.

SUPERFUND, from page 7

many other obligations, must appoint an EPA administrator, a move that could potentially stall the Portland project for years if the record of decision is not in place before the new administration moves into the White House.

“This is one of the largest economic and environmental issues facing Portland,” Von Burg says. “The stakes are high.”

Once the record of decision is in place, the engineers and planners can move in and begin designing and implementing the plan.

“That's the next phase of this whole thing,” Von Burg says.

Other mega waterway sites being overseen by the EPA include the Hudson River in New York, the Lower Passaic in New Jersey, and the Lower Duwamish in Washington State.

The Lower Willamette River in Portland has been an industrial waterway for over a century, and has been redirected, straightened, filled, and deepened, and its shores have been raised, filled, stabilized, engineered, and armored to accommodate commercial activity. A working harbor that handled 8.3 million in total tonnage last year, the Port of Portland supports thousands of jobs and generates millions in state and local taxes. Major tenants include Schnitzer Steel, Georgia-Pacific, and Del Monte Fresh Produce. With so much to gain, and perhaps to even lose, with a site-wide cleanup, it's

“Firms are very willing to pay a premium for getting what they believe is exactly what they want.”

Whether you're a buyer or a seller, one of the most effective outcomes that a consultant can provide is bringing as many qualified opportunities to the table as possible. That means a lot of phone calls, a lot of emails, and a lot of vague conversations. We provide enough information to assess whether there is a viable fit, then we report back to the client, who ultimately makes the decision on whether to pursue the particular lead. We do not reveal the identity of our client until they have approved the discussion. Restricting the contact list before we even know if there is interest in the conversation, or requiring a review process before what essentially amounts to a “cold call,” does not help our clients close deals.

Your consultant wants to find you the best possible opportunities, and just as you are more than willing to provide creative solutions to help your clients achieve their goals, let your own consultants “wow” you with imaginative thinking in areas within their expertise. ▀

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

not surprising that the port chimed in on – and criticized – the EPA's plan.

In particular, the port objected to a CDF, or confined disposal facility, at Terminal 4, a 262-acre area with seven berths.

“We are not interested in taking on long-term management of a facility that our neighbors adamantly oppose, and one with uncertain economics and risks,” the port says in a September 6 press release.

“EPA's preferred alternative is the product of illusory goals for cleanup and wishful thinking related to time and costs and is not a sensible, reliable solution.”

LWG, which sponsored a 950-page report on the superfund – a report researched and authored by Windward Environmental, Kennedy/Jenks Consultants, Integral Consulting, and Anchor QEA – seemed perturbed that the EPA allegedly deviated from an agreed upon, collaborative process to reach its own conclusions.

“EPA's preferred alternative is the product of illusory goals for cleanup and wishful thinking related to time and costs and is not a sensible, reliable solution,” says LWG. ▀

EPA ALTERNATIVE I AT A GLANCE

■ Dredge volume: 1.8 million cubic yard	■ Cap area: 64 acres	■ Years to monitor: 23
■ Dredge area: 150 acres	■ Enhanced natural recovery: 59.8 acres	■ Cost: \$746 million
■ Dredge/cap area: 17 acres	■ Monitored natural recovery: 1,876 acres	
	■ Years to build: 7	

Source: EPA



Strategic and predictive

As we move deeper into the final quarter of the year, now's the time to look ahead to 2017's backlog, pipeline, and cash flow.



Ted
Maziejka

FINANCIAL FITNESS

As we move deeper into the last quarter of fiscal 2016, senior leaders of many firms we work with are grappling with the following:

- Accelerated work effort going into October, November, and December to meet client-spending needs.
- Accelerating collections to insure cash flow needs are being met for year-end activity (bonus, capital expenditure acquisition, etc.).
- Managing their 12-52-week cash flow projections.
- Balancing resource planning to meet the financial and schedule constraints of the work effort.
- Preparing their accounting professional support for tax planning for 2016.
- drive marketing, business development, and sales elements that will convert into spending needs in 2017.
- Resource planning to address how well positioned the staff needs are based on the backlog and pipeline of work.

So, what are your plans as you enter the last quarter of 2016?

“Is the firm on track to meet the financial goals that were established? What course corrections were made to achieve the quarterly goals?”

As our focus at Zweig Group is to continue to assist our clients to be successful, here are some areas that your firm should be addressing:

STRATEGIC PLANNING/BUSINESS PLANNING. If your strategic plans were in place in 2016, how has the firm

See TED MAZIEJKA, page 10

Some of our clients enter into the last quarter of 2016 preparing to address business planning efforts for 2017 that relate to their strategic planning efforts that have taken place before 2016 started.

They, along with their in-house financial management teams and business development teams, are preparing the following for 2017:

- Office/service line budgets for 2017.
- Marketing plans that tie into the strategic plans that



TED MAZIEJKA, from page 9

achieved those targets based on quarterly assessments of the goals that were codified when the planning effort was undertaken in late 2015? Is the firm on track to meet the financial goals that were established? What course corrections were made to achieve the quarterly goals?

Or, has the firm not kept up with the plans, and the attainment of the goals was shelved because “We were just too busy to focus on that effort.”

More importantly, what will you and your firm do going into this period to ensure that the effort on the items that are detailed for 2017 will be tracked and monitored?

Is there someone assigned from either practice leadership or the financial management team to be the gate keeper of this effort? Their job is to challenge those that are responsible for goal attainment to prove that they are meeting the monthly or quarterly review points that will deliver success. If there are areas that are underperforming, they have the responsibility to also challenge those individuals to quickly address areas that are off track and bring to senior leaders’ attention the need to address those areas.

PREDICTABILITY. This is a big one, and it is one that we harp on our clients as they manage their business during the year. The following are the critical elements to being predictive rather than reactive.

1) Backlog of existing work. What is your current backlog of contracts that are authorized by your clients? Authorization can either be a signed contract, notice to proceed, email, or a note on the back of a napkin, whatever you have in place that allows you to commit resources for your firm that the client has agreed to.

Can you, along with your financial team, produce a clear and accurate backlog report for the life of your projects that schedule the flow of work over the months remaining on the projects and is monetized at a push of a button out of your financial reporting systems?

If yes, congratulations, you can look down the road with some clarity on how the firm’s workload is going to support the staff.

“What will you and your firm do going into this period to ensure that the effort on the items that are detailed for 2017 will be tracked and monitored?”

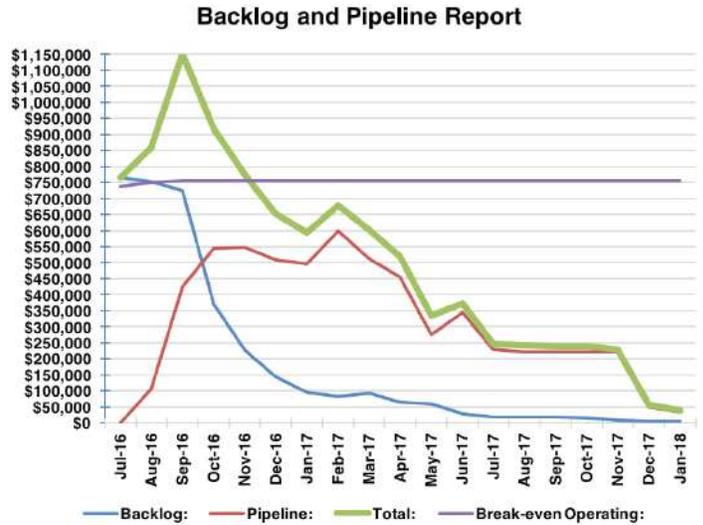
If no, you are running blind in your ability to manage staff and resource planning on your projects, and that is not a good place to be. The problem with not being able to review this with a button push is that the effort on the part of senior leadership and project managers to produce this manually will deliver information that will be outdated by the time the data is reviewed.

2) Pipeline of opportunities. Just like the backlog, the pipeline of all proposals can be monetized and reviewed to address work load and future staffing needs in advance of the work entering the firm.

If all proposals were resource planned and assigned either a 25 percent, 50 percent, or 75 percent probability of award, and if all of that information is entered into your accounting system with planned start date, work schedule dates by month and end dates, the pipeline of proposals above 75 percent can allow your firm to really examine where the resource needs will be.

If they are truly the future efforts that the firm is confident of award, regardless of when and the schedule, this gives the firm a window into seeing how resources would be impacted, as well as how the backlog is being replenished.

The following chart shows the power of putting the backlog and the pipeline together, and the information and predictive look at where the firm is headed.



The greater the accuracy on the backlog, the more confident senior leadership can be on where the firm is going. It sounds simple but it is often difficult to have the project managers and financial management work in concert to deliver this really valuable data.

The chart is not just a graphic depiction of the backlog and the pipeline. The graph reflects potential, and gives you the opportunity to review how your firm is going to handle the gap between existing resources, future needs to meet potential future schedules, and the integration of new resources.

3) Predictive cash flow review. What are your firm’s current cash flow reviews? Are you still addressing a daily review of “what did we get in today” after the mail is opened?

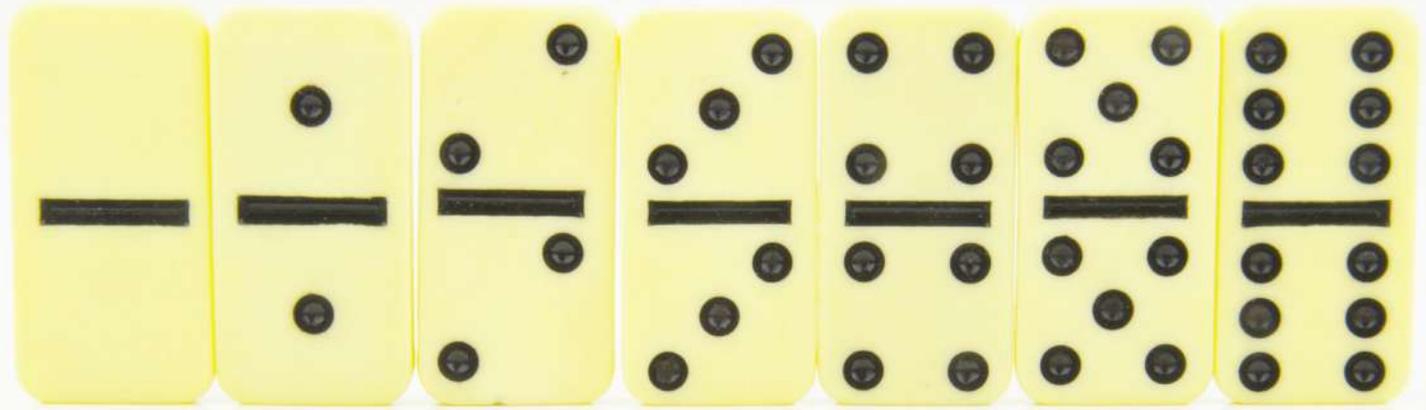
Best practice firms are looking forward to cash need requirements 12 weeks ahead on both the incoming projection of cash from clients and the cash outflows in the form of payroll, fixed costs, and variable costs.

I often liken the cash flow process to riding down the road on a bicycle, head down, and you don’t see the semi that just stopped in front of you. You are now bug splat on the back of a big rig. That is the daily cash flow review.

Predictive cash flow review is much safer. You are on the bicycle, head up, sun shining, and you have a clear picture of the road ahead. ■

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OPINION



The 'double yes' theorem

Collaboration between centralized and decentralized resources is the ultimate secret weapon effecting success in any organization.



Javier
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POP
MARKETING

To centralize or not to centralize. Is that the question? For years, leadership groups and marketing professionals across the AEC industry have debated which approach is more effective in their organizations. As much as everyone loves to be right, the correct answer probably falls somewhere in the middle. This is a quintessential gray area, but one that in its ambiguity can prove to be beneficial for every firm.

Take the Avengers, for example. Each superhero is fantastic in his or her own right and usually fights evil forces by themselves in their particular region. Heck, the Mighty Thor even hails from a different planet and confronts foes in multiple "realms!" Even when having an incredible track record and being extremely successful in their "zones," however, these superheroes need to come together at some point and work as a team. Avengers: Assemble!

"Each superhero is fantastic in its own right and usually fights evil forces by themselves in their particular region."

S.H.I.E.L.D. (Strategic Homeland Intervention, Enforcement and Logistics Division) is a fictional centralized agency that, for the most part, focuses on the bigger picture when dealing with threats to Earth and humanity as a whole. The Avengers were assembled in order to maximize

each superhero's strengths and establish best practices for the superhero community. Each side of this proverbial coin, S.H.I.E.L.D. and the Avengers, benefits greatly from the other, just as centralized and decentralized marketing staffs' coexistence proves 100 times better than the alternative.

In this context, the answer to the two questions: 1) Should we centralize marketing? and 2) Should we decentralize marketing? is a double yes. Based on your organization, there are multiple ways and degrees in which to design the right combination, but one thing is certain: each "side" must complement, support, and contribute to each other's functions. Let's take a look at some key areas affected by this "double yes" theorem:

1) The Iron Man: marketing and business development tools. Technology is a moving target and includes a never-ending quest for optimization, and Tony Stark is the quintessential programmer. To this end, the ongoing maintenance of marketing tools and its content is the main character in this

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TRANSACTIONS

THE FALCON GROUP ACQUIRES MAXIM MANAGEMENT GROUP The Falcon Group has completed its acquisition of Maxim Management Group. The recent acquisition advances the Falcon Group’s mission of providing full-service engineering, architectural, and project management solutions to the multi-family residential, commercial, and hospitality market sectors.

As part of the acquisition, Max Sadik joins the Falcon Group as a restoration specialist. “I am excited to bring my sales and management experience to the Falcon Group,” says Sadik. “And believe there is going to be great synergy between myself, the team and our clients moving forward.”

The combination of the two companies will increase the value the Falcon Group delivers to its client base. “We are very excited about our

recent business venture, said Principal William Pyznar. “Adding the local project management and general contracting background to our already strong restoration engineering and management team will bring a deeper level of insight and service to our clients in Southeast Florida. We look forward to providing a focus on clear, constant, transparent project communication, and value engineering to exceed the expectations of our clients, with long-term durability in mind.”

TEXAS FIRM NAISMITH ENGINEERING TO JOIN HANSON Hanson Professional Services Inc., a national engineering, planning, and allied services consulting firm, has entered into an agreement to acquire Corpus Christi, Texas-based **Naismith Engineering Inc.**

The addition of Naismith, a full-service engineering, environmental, and surveying

consulting firm, is part of Hanson’s strategic plan to expand its national presence by 2020. “This growth and the expansion of our footprint is a natural progression for us,” said Sergio Pecori, Hanson’s chairman and CEO. Hanson already has one office in Texas. “Naismith provides the geography and services complementary to us so we can work with our customers and theirs,” he said.

John Michael, Naismith’s chairman and president, will become a senior vice president at Hanson and will lead business development efforts in Texas.

“NEI prides itself on our personal approach to meeting the needs of our clients, and joining the Hanson team will give our clients access to an expanded array of engineering, environmental and planning capabilities,” Michael said.

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movie. The conceptualization and development of tools like customer relationship management and project performance databases can kick start from any region/area/department, but the probabilities of adoption, success, and continuous improvements rely in the standardization of processes. Bottom line, these tools need to be managed and maintained from a central location, but the quality of the content is greater if it comes from decentralized centers.

“Every marketing staff member is an essential piece of the overarching puzzle and the collaboration between centralized and decentralized resources is the ultimate ‘secret weapon’ effecting success in any organization.”

2) The Mighty Thor: marketing paradigm changes. The God of Thunder can manipulate weather patterns and affect change on command. Whenever cultural paradigms need to shift, their degree of success is usually tied to the core of its birth. Changes that are born internally, say from a specific region, are more easily extrapolated to the rest of a company than when they are proposed from a “corporate” standpoint. Nothing trumps a relatable success story in the quest for converts and eventual believers.

3) The Black Widow/Hawkeye: comprehensive knowledge of suite of services. Just as this femme fatale is a master multilingual powerhouse, a central department should be the go-to resource for a 30,000-foot view of the range of services offered by the company. Marketing staff aligned to specific services, in turn, will be able to provide in-depth descriptions, case studies, access to successful submittals, and direct others to the right experts needed for any particular pursuit – similar to the targeted Hawkeye approach. Think of this as the broad strokes in a mural versus the intricate details of an oil painting. Both can be beautiful.

4) The Captain America: staff collaboration. Belonging is a strong and inevitable feeling that exists in human nature;

humans need to be accepted as members of a group. Poor Captain America felt completely out of place waking up after 70 years and playing a part of the Avengers and S.H.I.E.L.D. undoubtedly helped him cope with his new reality. When your marketing is decentralized, the staff still should collaborate as a team. Ongoing meetings to discuss best marketing practices, trends, unusual pursuits, new capabilities, and many other topics, will foster a much needed bond. From their vantage point, a central marketing group can alleviate intense workloads and juggle concurrent deadlines experienced by a regional team.

5) The Hulk: strength in marketers’ numbers. Decentralized profit centers can have a harder time budgeting a strong marketing group. A chronic illness in our industry is marketing departments being understaffed. Usually individuals are stretched too thin and this is one of the main causes of the amount of talent jumping ship to other industries. Central teams, through their bird’s eye view, can paint a clearer picture as to what is needed across a company. A comprehensive analysis of overall and regional ongoing activities, assignments, campaigns, return on investments, staff growth, and revenue projections, is an essential part of the process to determine the right number of central and decentralized marketers. Your marketing team should be able to make a Hulk-like impact in your organization.

“Your marketing team should be able to make a Hulk-like impact in your organization.”

As Henry Ford said: “Coming together is a beginning; keeping together is progress; working together is success.” Every marketing staff member is an essential piece of the overarching puzzle and the collaboration between centralized and decentralized resources is the ultimate “secret weapon” effecting success in any organization. If you feel like a blend of various superheroes or, like me, like the Mighty Thor, the call is the same: Assemble! ▀

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