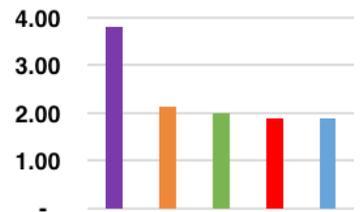


TRENDLINES

EV/BV ratios



According to Zweig Group's 2017 Valuation Survey, firms that underwent a valuation to **prepare for a potential sale or merger** had a median equity value/book value ratio of 3.8. Those done for the **requirement of a buy/sell agreement** had a EV/BV ratio of 2.14. Valuations for **internal ownership transfers** had a EV/BV of 1.99, and those done in order to **obtain financing** were 1.88, along with those done to meet an **ERISA/ESOP/IRS requirement**. (Special discount to TZL subscribers: Use code **SRVY35off** to order surveys at 35 percent off at zweiggroup.myshopify.com/collections/frontpage)

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The state of project management

“Perhaps it’s time to revisit the state of the art in project management in your firm. Are you doing what should be done to advance it, or continuing down the same path that isn’t giving you what you want from your PMs?”



Mark Zweig

EDITORIAL

Editor’s note: Originally published June 22, 1996

I’ll come clean. It’s time to fess up and share how I feel about the state of the art in project management today for A/E/P and environmental firms. It flat out stinks.

Look at a firm in this business with 20 PMs and here’s what you’ll find. Three really know what they are doing. Three more have the potential to be good PMs, but are unproved. Six are mediocre and produce inconsistent results. Six are completely ineffective. Two don’t even know they are project managers! I know I’m being harsh, but how many CEOs would tell me I’m completely wrong? Here’s more of my thinking:

1) There’s a big difference between being a PM and holding a project management position. When you manage something, it means you get results in spite of obstacles that crop up. When you just hold a position, it means you have no impact on the outcome of things. Too many of the PMs I talk to fall into the latter category. And the truth is, unless the PM is unusually motivated and aggressive, it’s easy to understand how he could start thinking results are beyond his control.

In a matrix organization, none of the people he needs to get the project out actually report to him. He has no control over any employee’s rewards. He doesn’t get accurate and timely project management reports. The scheduling system is non-existent or it follows the “he who has the most ownership gets the best staff” model. PICs are making promises to clients that can’t be kept or that are not disclosed

See MARK ZWEIG, page 2

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to the PM. And to top it off, nobody really expects things to go well because too often they don't.

2) PMs can't manage anything until they get the sale.

I hear PMs in client companies say it all of the time: "I don't mind managing projects, but I really don't want to have to sell." Well guess what folks. We all have to sell, especially PMs. Clients want to feel comfortable that the person who will be responsible for getting their project completed is excited about working for them and has the confidence that the job can be done within the budget and time frame required. They don't want a techno-geek with no confidence, who is unwilling to vary from his two-syllable monotone responses to questions posed during the selling stage. Not to mention that the best PMs always sell extra services, when possible, while they're doing the project. Weak PMs walk right past these opportunities.

3) Creating a satisfied client that will use the firm again is the ultimate goal of the PM.

I call this process "leaving a wake of goodwill." That's what it's all about. Unless we are talking about very large projects, a firm rarely makes any money the first time they work for a new client. The ramp-up time to develop relationships is very costly. The only way this expense is recouped is to work for the client again and again.

4) Communication skills are more important than any other skill for PMs.

The ability to write a clear meeting memo that all project team members can understand, explain to the client why things aren't going as planned, ask for extra fee when the client changes the scope of services required, or get somebody who doesn't work for you to want to help is what project management is all about. PMs can have all of the full-wall schedules, PERT charts, project incentive bonuses, and kick-off meetings they want, but if they don't have good communications skills, the project will turn out lousy.

5) No PM training program can turn a sow's ear into a silk purse.

Just like selling, some people are inherently more adept at project management than others. And despite your best efforts, some people working in A/E/P and environmental firms will not be bolstered by more training. Take the example of a 53-year-old engineer who we'll call "Chuck." Chuck has been designing highways for 30 years. He's an engineer's engineer – you know the stereotype – multiple pens in the pocket, short-sleeve dress shirt, and dated tie. Chuck is darn

good at what he does when we are talking about design. His numbers add up, his projects get built, and he knows how to prepare a set of highway plans and specs that the Arkansas DOT will like.

But Chuck is a lousy communicator. He doesn't want to sell, doesn't look successful or inspire confidence in clients, and he really doesn't have any interest in running projects. He likes – and is good at – technical work. Sometimes stereotypes exist for a good reason. There are plenty of "Chucks" out there who get moved into project management, but who will never be decent project managers. They simply aren't wired for it. Yet most companies feel compelled to run someone like Chuck through countless in-house and outside seminars in an attempt to change him into something that he isn't and doesn't want to be.

6) Disorganized people make lousy PMs.

You show me someone whose office looks like hell, who is always late, who can't find files he or she once had, and who generally operates in a state of chaos, and I'll show you someone who has a problem running a project in such a way that the firm makes money, the schedule is met, and the client ends up happy. And once again, no amount of training is likely to help. This disorganized project manager was probably showing signs of disorganization when he or she was five years old – the behavior pattern is well established by adulthood!

7) No PM can work to his potential in an undisciplined firm. When I speak of an "undisciplined firm," I am referring to one that doesn't have budgets on half the projects loaded into their project cost accounting system; a firm that assigns both PMs and PICs to every job, yet can't define the differences in those very different roles; or the company that doesn't maintain a central project file system and instead leaves all that up to chance.

I have seen situations where good project managers were ruined by a lousy, undisciplined company. The PM fails, and the company can't even blame him for non-performance due to the fact that so many other people in the firm aren't performing. So perhaps it's time to revisit the state of the art in project management in your firm. Are you doing what should be done to advance it, or continuing down the same path that isn't giving you what you want from your PMs? ▀

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

Take your advice
from Mark Zweig
to-go.



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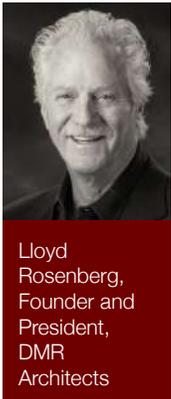


DMR ARCHITECTS

Know your market

New Jersey firm has a nice book of business thanks to a willingness to both study and influence the industry it serves.

By RICHARD MASSEY
Managing Editor



Lloyd
Rosenberg,
Founder and
President,
DMR
Architects

DMR Architects of New Jersey has been retained by six law firms in New Jersey and one in California for projects that encompass relocation assistance and retrofit, office expansion, interior renovations, and interior design. How was DMR able to win so much niche work? The firm knows the market.

“Law office redesigns and build-outs are a particularly robust category for architects as firms merge and respond to technology’s influence on their physical locations,” says Lloyd Rosenberg, founder and president of DMR Architects. “Lawyers need less space and less support staff and community uses such as law libraries are being downsized or eliminated. While a large conference room remains an integral asset in most large firms, there also is a need for a cluster of smaller offices so the various sides of contentious or confidential work can be efficiently performed.”

ROSENBERG TOOK THE TIME TO ANSWER A FEW QUESTIONS FROM THE ZWEIG LETTER.

The Zweig Letter: What kind of team do you assemble to win so much of this kind of work?

LR: DMR has built a diverse staff over its 25-year

history in response to market needs resulting in our being able to provide professional and urban planning including site analysis, sustainable services, facilitating public-private partnerships, engineering services, interior design, and project management. Our clients appreciate that we can provide so many services seamlessly under one roof as well as the network of colleagues that we can introduce them to in related fields.

“We’ve worked with a lot of law firms, but we’ve also worked with clients in other industries that have similar issues – downsizing and repurposing space, for example – that we’ve been able to convert into relevant solutions for our legal clients.”

TZL: You show a great deal of knowledge about what modern law offices have to have to serve the client. How did you obtain that knowledge?

LR: When we come into a law firm, they are asking

See Q&A, page 4



ON THE MOVE

MOLLY BEERMAN NAMED VICE PRESIDENT AND CONTROLLER OF ALCOA CORPORATION Alcoa Corporation announced that Molly Beerman has been named vice president and controller of the company, and she will serve as principal accounting officer.

“Molly is a seasoned financial professional with a successful track record at Alcoa of driving process and operational improvements,” said Alcoa CFO William Oplinger. “In addition to her accounting acumen, Molly’s experience makes her ideally qualified to take on this leadership role at Alcoa as we review our systems to run our new company more cost-effectively and efficiently.”

Beerman succeeds Robert Collins who has been controller since 2013 and will be taking a role outside of the company.

“Bob made a significant contribution to our

company during his 11-year Alcoa career,” Oplinger said. “Most recently, he played an instrumental role in the separation of Alcoa Inc. into two independent, publicly-traded companies. We thank him for his years of dedication and hard work and wish him well in his next endeavor.”

Since November 2016, Beerman served as director of Global Shared Services Strategy and Solutions and led the overall planning and implementation of financial and procurement activities in alignment with the company’s overall business strategy. Prior to that, she served in a consulting role to the Alcoa Inc. finance department relating to the separation transaction.

From 2001 to 2012, she held numerous leadership positions with Alcoa Inc., including as director of Alcoa’s Global Procurement Center of Excellence. In this role, Beerman

designed operational efficiency in requisition-to-payment and supplier management. She was also manager of North America Financial Accounting Services, where she led the team that provided accounting services to numerous locations. Beerman first joined Alcoa Inc. in 2001 as manager, Corporate Financial Systems, responsible for the global consolidation of financial statements.

From 2012 to 2015, Beerman was vice president of Finance and Administration for the Pittsburgh Foundation, a non-profit organization. Earlier in her career, she served in financial management positions at Carnegie Mellon University, PNC Bank, and the Pittsburgh office of Deloitte.

Beerman has a bachelor’s degree in business administration, accounting from Duquesne University in Pittsburgh, and she is a certified public accountant in Pennsylvania.

Q&A, from page 3

us to resolve functional issues. We’ve worked with a lot of law firms, but we’ve also worked with clients in other industries that have similar issues – downsizing and repurposing space, for example – that we’ve been able to convert into relevant solutions for our legal clients.

We also bring in our ability to envision what hasn’t been done yet and use that vision to address a law firm’s current needs in a way that recognizes that they are a distinct entity business with unique issues that require a custom-fit solution.

“DMR studies the architecture industry as much as we influence it. We are also committed to the continued education of our staff, and are not afraid to take ideas that we’ve seen in other industries and apply them to address needs in legal offices.”

TZL: What is the trick to winning this kind of work? Marketing, project management, pricing, experience in the field, specialized proposals, etc.?

LR: DMR has staff with skill sets that speak to clients’ needs at every stage of a project; we can be there for site selection and help negotiate with the real estate broker, provide the plans, manage relationships with the builder and other contractors, and take it all the way through to choosing the right paint colors and textures, and design for the furniture.

This has been a successful equation for 25 years, earning us both repeat business and referrals from our legal clients.

TZL: What is the market like in this niche field and how long has it been a “hot” market?

“Our clients appreciate that we can provide so many services seamlessly under one roof as well as the network of colleagues that we can introduce them to in related fields.”

LR: Lawyers have clients too, and they don’t want to pay by the hour for unnecessarily large offices, ostentatious furnishing, and oversized windows so that their lawyers can enjoy the view. DMR has seen an uptick in the need for downsizing and redesigning to speak to this. Additionally, similar to the healthcare industry, firms that can afford to are expanding by creating small satellite offices so that clients can see them within their community instead of having to travel larger distances to that firm’s headquarters.

TZL: In general, how does a firm anticipate a trend?

LR: People in our industry trigger the trends by looking at how our clients need to use their space and addressing their new business models in unique and creative ways. When our clients said they were not meeting with clients in their personal offices, and that they were using fewer paralegals, we made the “corner offices” smaller, and provided less room in the “bull pens” in order to make additional conference rooms.

DMR studies the architecture industry as much as we influence it. We are also committed to the continued education of our staff, and are not afraid to take ideas that we’ve seen in other industries and apply them to address needs in legal offices. We’ve taken a lot of the principles that have been applied to revamping marketing firm spaces for millennials and applied them to our legal clients. By doing so, we’ve created an environment that fosters innovation. ▀

OPINION



Crimes and misdemeanors: Part two

Get the word out to your people that any form of illegal conduct – bribery and racketeering among them – will be grounds for immediate termination.



William
Quatman

GENERAL
COUNSEL



Last week, attorney G. William Quatman, FAIA, Esq. wrote about a concerning and informative set of cases involving illegal activity among architects and engineers. He's back this week with a conclusive look at a few more cases of corruption in the A/E industry.

BRIBERY. In one 1993 case, a county executive was convicted of conspiring to violate federal bribery and extortion statutes, as well as conspiracy to commit mail fraud for taking a bribe from an architect. Evidence showed that the county executive received a \$30,000 payment shortly after he provided assistance to the architect in obtaining a \$2,275,000 contract for a multi-purpose civic center and arena. He was also charged with tax evasion for not reporting payment as income. The architectural firm attempted to characterize the payment as a "loan," and even back-dated a promissory note after the IRS began to investigate the

"Companies have been fined and design professionals have gone to jail for bribery, conspiracy, and kick-backs."

official's taxes. As to the architect, a jury convicted him of conspiracy and filing a false tax return, and he was sentenced to 18 months in prison, plus fined \$25,000.

See WILLIAM QUATMAN, page 8

SPOTLIGHT ON: Ki H

PROFILE



The Woodward Headquarters and Manufacturing Campus in Fort Collins, Colorado. For this project, Ghafari applied a full range of capabilities, from process design to architecture and facility engineering.

Tabbouleh or a baked potato

President and CEO of Ghafari, a big Michigan firm, has broadened its services, allowing it to weather tough times and maintain an era of growth.

By LIISA ANDREASSEN
Correspondent



Kouhaila "Ki"
Hammer,
President and
CEO, Ghafari

As president and CEO of **Ghafari** (Hot Firm #11 for 2016), a 500-plus person global engineering, architecture, process design, consulting, and construction services firm based in Dearborn, Michigan, Kouhaila "Ki" Hammer has successfully advanced a diversification strategy that not only helped Ghafari weather the Great Recession but has also enabled the company to experience steady growth.

"My transition from CFO to CEO came about from my ability to holistically comprehend all aspects of the business."

An accountant by background, Hammer began her career in the audit division of a major public

accounting firm, one of the "big eight." During that time, she was able to gain managerial experience which has helped her to take on the many roles she's had at Ghafari.

She joined Ghafari as CFO in 1986. She has served as president and CEO since 2000.

"My transition from CFO to CEO came about from my ability to holistically comprehend all aspects of the business," Hammer says.

A CONVERSATION WITH HAMMER.

The Zweig Letter: How have you seen Ghafari evolve over the years?

Ki Hammer: When I first started with Ghafari, there were only three employees and the firm was heavily involved with the automotive industry. Since then, we have grown and diversified tremendously and now specialize in a number of key



industries in addition to automotive such as aviation, corporate, education, healthcare, industrial, and manufacturing.

TZL: What are your key leadership strengths?

KH: My ability to work with a variety of people from different industries and backgrounds is key. I can also build strong teams that will support our clients through their respective businesses.

“Our belief is that employees who feel appreciated and valued are those who are able to perform better in a field that can often be demanding. We offer several resources to help our employees balance their personal and professional lives.”

TZL: How would you describe your leadership style?

KH: Collaborative, yet straightforward. I take pride in working with our team to find solutions to the challenges that our clients and business face.

TZL: To date, as CEO, what has been a top challenge and how did you deal with it? What was the outcome?

KH: The severe downturn of the automotive industry – where two of three of our biggest clients went into bankruptcy – during the last recession was tough not only for our clients, but for our employees as well. We worked really hard to diversify our client base to secure a better future for Ghafari and our employees and that helped us to persevere through those years.

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

KH: To be a growing and diversified firm. Our vision is centered on our values, which are to be an AEC firm of the highest reputation, one that is profitable, client-service focused, and committed to developing strong employees both professionally and personally.

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

KH: The Woodward Headquarters and Manufacturing Campus in Fort Collins, Colorado. Woodward, a longtime supplier of the aerospace industry with a celebrated history, wanted to transform a 100-acre site into a campus encompassing a new corporate headquarters and additional manufacturing and support facilities. This project granted us the opportunity to apply our full range of capabilities, from process design to architecture and facility engineering, to deliver a campus that will help Woodward achieve their goals: growing their business, attracting top talent, and creating jobs in their local community.

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

KH: We have always managed the company from a holistic business perspective predicated on outstanding client service with sound financial principles. To enable us to do that, we have taken great measures to provide a comfortable and happy work environment for our team members. In addition to helping us retain talent, we are also able to position ourselves as a destination firm for prospective employees. Our belief is that employees who feel appreciated and valued are those who are able to perform better in a field that can often be demanding. We offer several resources to help our employees balance their personal and professional lives.

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

KH: Yes. Our firm has experienced a great deal of growth and diversification over the last decade, entering new industries and geographic markets. As we have grown, so have the ways of representing the firm to our clients and even to our employees. Due to that fragmentation, we recently went through a comprehensive rebranding initiative during which we clearly defined a brand promise that unites our organization. We developed all-new messaging and visuals, including our logo, corporate website, and all of our marketing materials that allow us to better communicate this promise internally and externally.

TZL: Are you married? Children? Pets?

KH: My husband and I have been married almost 30 years, and we have three independent grown children, two sons, and a daughter.

“When I first started with Ghafari, there were only three employees and the firm was heavily involved with the automotive industry. Since then, we have grown and diversified tremendously.”

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

KH: I love to play card games; one of my favorites is Euchre.

TZL: Best vacation spot? Dream destination?

KH: I enjoy any place that is conducive to walking and discovering.

TZL: What’s the last book you read?

KH: *It’s Your Ship* by D. Michael Abrashoff.

TZL: What’s your favorite movie?

See Q&A, page 8

WILLIAM QUATMAN, from page 5

In an older 1958 case, seven defendants were charged with conspiracy to defraud the government on a military project for the Corps of Engineers. One of the partners of the A/E firm was personally charged with accepting a \$10,000 bribe from the contractor. The court said, "The clear purpose of the statute is to protect the public from the consequences of corruption in the public service." In 1975, 18 architects and engineers were charged with bribing a public employee to award an architectural contract for work on a state medical center campus in Kansas City. More recently, in late August 2016, the Department of Justice settled with a large A/E firm to resolve bribery charges involving a former firm executive and an ex-Department of Veterans' Affairs manager. The A/E firm agreed to pay \$12 million in penalties. The VA manager was sentenced to nearly five years in prison and a former 55-year old associate principal of the A/E firm was sentenced to nearly three years for making more than a dozen cash payments in exchange for exclusive information about VA projects, contracts, and business.

"'Racketeering activity' includes specific acts covered by federal criminal statutes, including mail fraud and wire fraud. Those who engaged in criminal schemes which use the mail, email, interstate fax, or telephone can be liable under RICO."

KICK-BACKS. In a 1997 case, an architect was sentenced to two years in prison and ordered to pay restitution for conspiring with an asbestos abatement subcontractor to over-bill for work that was not performed on a school district project. The federal government then sued the architect under the False Claims Act, recovering triple damage for the kick-backs of more than \$480,000, plus \$20,000 in penalties. In a 2005 case, a contractor was convicted of tax fraud. Evidence in the case showed that on three occasions, the contractor gave the project architect envelopes containing \$5,000 in cash bribes to secure contracts and bonuses for the construction company.

Q&A, from page 7

KH: I enjoy old movies. One of my favorite movies is *Sabrina*, the original with Humphrey Bogart and Audrey Hepburn.

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

KH: "Don't walk around with a chip on your shoulder." One of my first supervisors out of college told me that and it has always stayed with me.

TZL: Is there a leader you admire? Why?

KH: Mary Barra. She was appointed to a difficult position as CEO of General Motors having to face Congress to respond to situations she did not create, and has handled the position with confidence and dignity.

The architect testified that although he never reported the payments on his tax returns, they did not influence his handling of the project in any way. The court said: "This would make [the architect] a participant, if a minor one, in the conspiracy to avoid reporting income and paying taxes," although it does not appear he was criminally charged for taking kick-backs.

"Get the word out to your project managers and firm executives that no form of illegal conduct will be tolerated by your company and will be grounds for immediate termination."

RACKETEERING LAWS. The Racketeer Influenced and Corrupt Organization Act was enacted in 1970 to curb organized crime. However, the law is broad enough to impose civil liability on others who have no ties to organized crime. "Racketeering activity" includes specific acts covered by federal criminal statutes, including mail fraud and wire fraud. Those who engaged in criminal schemes which use the mail, email, interstate fax, or telephone can be liable under RICO. In one such case, an engineering firm and its senior partner and principal owner who carried on a 12-year scheme of corrupt and illegal activities in a three-state region on a number of major sewer construction projects were convicted of extorting money from contractors under their control and fraudulently overstating payment claims, as well as bribing public officials. The firm's principal was sentenced to 12 years in prison and fined \$85,000.

BE CAREFUL OUT THERE! Companies have been fined and design professionals have gone to jail for bribery, conspiracy, and kick-backs. Get the word out to your project managers and firm executives that no form of illegal conduct will be tolerated by your company and will be grounds for immediate termination. The risks and penalties are just too severe to treat this subject any less serious. ▀

G. WILLIAM QUATMAN is an architect and general counsel at Burns & McDonnell Engineering Co. Contact him at bquatman@burnsmcd.com.

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

KH: I enjoy working out and spending time with my friends and family.

"I take pride in working with our team to find solutions to the challenges that our clients and business face."

TZL: Favorite lunch?

KH: One of my favorite lunches is tabbouleh (a Middle Eastern salad). I also really enjoy potatoes – all kind. Baked, mashed, fried, you name it. ▀



What's the firm worth?

Sounds like a straight-forward question, but it's not. There are multiple metrics that can be used to determine a firm's value.



Jamie
Claire
Kiser

M&A INSIGHTS

What's the firm worth? I hear that question more than any other, from buyers asking about a firm they want to purchase, and from sellers weighing an offer. There are several ways to respond to this question, but as an analytical thinker, part of me hates every answer. The truth sounds like a cop out: You're worth what the market believes you are worth. I know, I hate that answer, too.

However, there are some metrics that can give us a good sense of where the market is in regards to valuation. I have several caveats to each metric (naturally), and I firmly believe that you cannot make strategic decisions in a vacuum behind a set of figures. We can approach value a few ways. We can look to objective metrics and multiples from a firm's income statement or balance sheet.

My personal preference is a firm's value as a percentage of net service revenue (defined as gross revenue less reimbursables and subconsultants). According to our *2016 Merger & Acquisition Survey of AEP & Environmental Consulting Firms*, the median price paid as a percentage of net service revenue was 73 percent. This year, firms believed that if they were to sell their company, they would receive a median purchase price of 75 percent

"What's the firm worth? I hear that question more than any other, from buyers asking about a firm they want to purchase, and from sellers, weighing an offer."

of NSR. If we are using revenue as a metric, we need to make sure that in the future the buyer isn't going to isolate the selling firm's clients, and we need to make sure that the selling firm's top rainmakers are retained after closing.

Many firms want to discuss profit, or EBITDA,

See JAMIE CLAIRE KISER, page 12



CALENDAR: FEBRUARY 2017



2.16-17 **CAPITAL DISTRICT E-WEEK CELEBRATION**

The purpose of this event is to raise public awareness of engineers' positive contributions to quality of life, promote the importance of technical education and motivate youth to pursue engineering and related careers to provide a diverse and vigorous engineering workforce. Our annual event is sponsored by local professional and technical membership organizations & The Foundation for Engineering Education.

location: Albany, NY

more info: bit.ly/2iuAGjZ

2.17 **FEDERAL ENGINEER OF THE YEAR AWARD**

The Federal Engineer of the Year Award, sponsored by the Professional Engineers in Government, honors engineers employed by a federal agency that employs at least 50 engineers worldwide.

location: Washington, D.C.

more info: bit.ly/1Xxl4Nh

2.21 **LEED GREEN ASSOCIATE TRAINING**

LEED is a green-rating point system, a scorecard to certify sustainably designed and constructed buildings. The LEED Green Associate credential shows employers that you are environmentally conscious and knowledgeable.

cost: \$240 for members, \$290 for non-members

location: Albany, NY

more info: bit.ly/2hzM55p



2.16-17 **THE PRINCIPALS ACADEMY**

This program is presented by a team of speakers – including Zweig Group founder and CEO Mark Zweig – with extensive experience working with and for A/E firms. The Zweig Group team has a clear understanding of what it takes to lead and grow a firm. TPA is continuously updated with the latest approaches to leading a successful firm with an expanded focus on business development, strategic planning, and financial management.

The two-day agenda covers several critical areas of business management from the unique perspective of AEC firms, and is presented in tutorial and case study workshop sessions.

cost: \$1,675

location: Orlando, FL

more info: bit.ly/2ihSlvP

2.28-3.1 **LEADERSHIP SKILLS FOR AEC PROFESSIONALS**

Leadership Skills for AEC Professionals is a two-day seminar that was specifically developed to provide design and technical professionals with the skills to become more competent leaders. This course helps attendees develop and reaffirm the leadership skills, strategies, and techniques that will help them grow personally and professionally.

Effective leadership skills are vital to the health and success of every company in any industry. Effective leaders motivate their teams to achieve exceptional results, inspire others to be better than they thought possible, and create an environment where everyone is moving in the same, positive direction.

cost: \$1,475

location: Washington, D.C.

more info: bit.ly/2ic47tH

FEBRUARY RELEASE

The *2017 Valuation Survey of Architecture, Engineering, Planning & Environmental Consulting Firms*:

- Zweig Group's exclusive Z-Formulas can be used to quickly calculate out how much an A/E/P or environmental consulting industry firm is worth. Simply input seven factors: staff size, net revenue, backlog, EBITDA, profit, book value, and interest bearing debt, for a rough value for any industry firm
- More than 225 case studies can be used to make reliable comparisons of value between your firm and others in the industry
- See how growth rate, staff size, firm age, and other factors affect firm value
- Chapter on valuation practices and ways to enhance value for design and environmental consulting firms



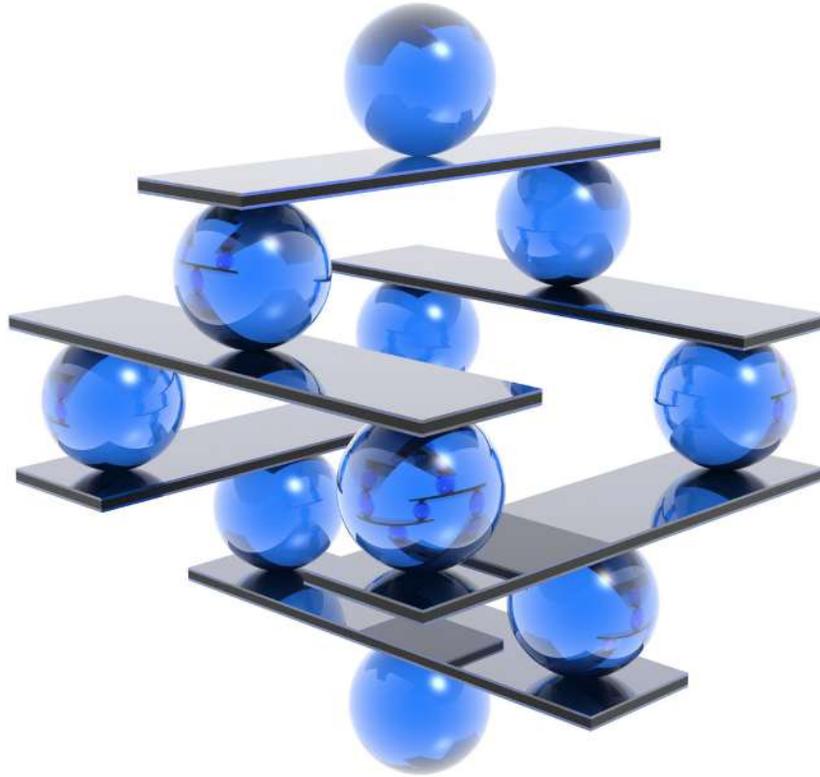
For more information, visit bit.ly/2iv2Coa.

Use the *2017 Policies, Procedures & Benefits Survey* to:

- Identify HR operating expenses that you can — or can't — afford to cut
- Benchmark your firm's medical, dental, and life insurance packages against those of your peers and against the firms you desire to be more like
- Support your firm's paid-time-off and other policies with hard data on industry norms
- Find out if firms are projecting benefits increases and make sure your budget aligns with the industry
- Get data on HR directors' typical backgrounds, education, roles, and compensation and find out how your HR staff stacks up



For more information, visit bit.ly/2iuWfRv.



Be flexible

Should a hardworking mom be able to ring the bell at work but also pick the kids up from daycare? You bet!



Cindy
Martens

GUEST
SPEAKER

Our company culture at **Affinis Corp.** (Best Firm #15 Civil for 2016) is built on five core values, one of which is balance. “We embrace the importance and worth of promoting balance between work and personal life.” When we wrote that value statement the business world’s definition of balance was generally seen as putting in your hours in the office and then disconnecting from work for family time. In the years since then, technology and other factors have changed the way the world thinks about work/life balance – in many circles the idea of work/life balance has been replaced with work/life integration. No matter what you call it, at Affinis Corp. we continue to focus on helping our co-workers make the most of their careers and their life outside the office.

This year, in addition to being named one of Zweig Group’s Best Firms To Work For, we were also honored with a When Work Works award by the Society for Human Resource Management. This recognition specifically focused on effective and flexible workplaces and gave us a chance to reflect on our policies and how they help our co-workers live out the firm’s values.

We have written policies for telework and flexible

“We embrace the importance and worth of promoting balance between work and personal life.”

schedules – and people use them. When practical, co-workers are supplied with laptops so they are free to work from other locations when it makes

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as their starting point metric. My contention with starting with a multiple of EBIT, or EBITDA, is that many firms have negative profit, which would make their value ... negative? Plus, using a multiple of profit overlooks one of the major opportunities that exists in M&A – a buyer managing the firm more efficiently than the previous owner using the same revenue stream, at least initially. Profit is not a worthless metric, to be sure, but it does begin a discussion early on about add-back items (items that would be ongoing versus those that would end when the deal closes).

“According to our *2016 Merger & Acquisition Survey of AEP & Environmental Consulting Firms*, the median price paid as a percentage of net service revenue was 73 percent.”

Other metrics that are frequently utilized in M&A negotiations include a multiple of adjusted book value (or a multiple of adjusted owner’s equity, to state it another way), a weighted average approach to either revenue or profitability to smooth out spikes over several years, or a price paid per employee.

Smart firms in M&A use more than one “rule of thumb” metric to guide the discussions and to help propose an initial value, but they always keep in mind that there is a strategic value to any firm that is beyond the spreadsheet. Additionally, they are always ready to incorporate new information or new adjustments into the figures. Things will not be as flat and straightforward as they appear on the financial statements for any firm once you progress into due diligence and learn more about the firm’s operations. ▀

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sense to do so. Our marketing manager, Peggy Amor, CPSM, regularly works from home after her kids are in bed, allowing her to have a shorter day in the office and pick them up from day care. When client meetings stack up around town and it doesn’t always make sense to come back to the office, co-workers can make the most of their time by working from a local coffee shop, not just the office.

“We have written policies for telework and flexible schedules – and people use them. When practical, co-workers are supplied with laptops so they are free to work from other locations when it makes sense to do so.”

“The first thing out of my mouth whenever people ask me what I like about Affinis is always ‘flexibility,’” Amor says. “Our leadership demonstrates that finding balance is important to them personally, which empowers the rest

FOR YOUR BOOKSHELF

With all the changes the A/E industry has faced in recent years, more firms than ever are including a merger or acquisition in their strategic plan. If you think a merger or acquisition may be in your future – and even if it’s not currently in your firm’s plan – you’ll want to see the results in the *2016 Merger & Acquisition Survey of Architecture, Engineering, Planning & Environmental Consulting Firms*. It’s the most comprehensive report available on the real buying, selling, and merging activity in the AEC industry today.

If you’re considering selling your firm, use the *Merger & Acquisition Survey* to:

- Find out what today’s buyers are looking for – who, where, and what
- See what kind of price you can expect for your firm
- Learn what’s motivating other sellers like yourself, and what buyers are hoping to achieve through an acquisition

If you’re considering buying another firm, use the *Merger & Acquisition Survey* to:

- Learn how long it takes to buy or sell a firm, from start to finish
- Find out how many firms are satisfied with the acquisitions they’ve made
- If you’ve recently completed a merger or acquisition deal, use the *Merger & Acquisition Survey* to:
 - Learn how the price you paid or the amount you received compares with other similar deals
 - Find out if your peers or competitors also recently completed any transactions
 - Compare the success of your firm’s transactions with other firms’ successful (or not successful) transactions

For more information, visit bit.ly/2icxrAg or call 800.466.6275.



of us to do the same. The freedom to be with my kids for quality time in the afternoons helps me be 100-percent present at work and for family time.”

These “balance” oriented policies are successful because of several other Affinis values – collaboration, servant leadership, and trustworthiness. Co-workers’ willingness to support each other at work and away from the office helps everyone strike a work/life balance while assuring project deadlines are met, and our clients consistently get the support they need. ▀

CINDY MARTENS, SPHR, SHRM-SCP, is manager of recruitment and retention at Affinis Corp. She can be reached at cmartens@affinis.us.