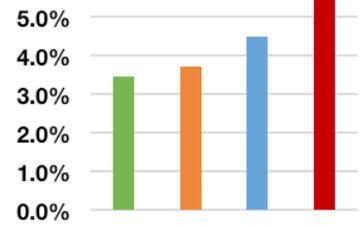


## TRENDLINES

### Staff size and profit



According to Zweig Group's 2017 Financial Performance Survey, researchers found that very high-profit firms run leaner in some areas than other firms. As a percent of total staff, **very high-profit firms** (3.4 percent) and **high-profit firms** (3.7 percent) required less staff for financial and accounting activities than **average-profit firms** (4.5 percent) and **low-profit firms** (5.6 percent). (Special discount to TZL subscribers: Use code **SRVY35off** to order surveys at 35 percent off at [zweiggroup.myshopify.com/collections/frontpage](http://zweiggroup.myshopify.com/collections/frontpage))

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## Strategies for success

“Here are some things that I have learned (or relearned) in the last seven years since I came back to the company I started in 1988 and sold in 2004.”



Mark Zweig

### EDITORIAL

I've written and said it many times. AEC firms have many different paths to success. There is no **ONE** single formula that always works better. Nor is there one magic bullet – a single thing a firm does or way it does something that makes it successful. Usually, it is a unique combination of many different things that makes up the “success” formula.

That said, here are some things that I have learned (or relearned) in the last seven years since I came back to the company I started in 1988 and sold in 2004:

- 1) Spend your time on what's working versus what isn't.** Our tendency is to do the exact opposite. We spend time and energy and resources trying to fix what isn't working instead of spending the same time, energy, and resources on what **IS** working. As a result, we get frustrated and fail to capitalize on the opportunities that are right there in front of us. And remember – if something isn't working – maybe there is a reason outside of your control.
- 2) If you are the boss, one of, if not the single most, important things you do is recruit.** You have to constantly build your team. You cannot just delegate this crucial activity to others in your organization. It will take your active personal involvement to find the truly great people you need to fill vacancies as well as those you need to add because they will bring new opportunities to the rest of your team. Recruiting takes selling. You have to be selling people on why your firm is a great place to work. It also takes creativity. You have to find new people using methods that everyone else isn't using. If you think that means going to LinkedIn, you're wrong!

See MARK ZWEIG, page 2

## MORE COLUMNS

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# Conference call: Calvin Ladner

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## ON THE MOVE

**RAJ ARORA, PE, JOINS JENSEN HUGHES AS PRESIDENT, STRATEGY & BUSINESS DEVELOPMENT**  
**JENSEN HUGHES** announced the addition of Raj Arora, PE, as the new president of strategy and business development in the Baltimore headquarters office.

Arora has 17 years of experience in leadership roles that span all sides of the fire and security value chain. Prior to joining JENSEN HUGHES, Arora served as VP/GM with Tyco in Switzerland for their Fire Detection and Special Hazard product businesses that totaled \$1 billion in revenue. He started his career with ADT Security Services and also served as an equity partner for 10 years at Arora Engineers, Inc., a family owned engineering consulting firm.

During his tenure with Tyco, Arora received two prestigious CEO awards for teamwork and financial growth. He also received the Top 40 under 40 award by Consulting Specifying Engineer and the Young Engineer of the Year award by the Engineers Club of Philadelphia.

Arora will play a vital role with developing JENSEN HUGHES' strategic growth goals. Paul Orzeske, CEO, noted, "We are very excited to have Raj join our team as we continue to grow and expand our capabilities to support our existing clients and the increased demand for our services."

Arora has a B.S. in fire protection engineering from the University of Maryland and is a licensed fire protection engineer in several states throughout the U.S.

**JOSEPH CIZEK, PE NAMED TEAM LEADER AT ATWELL**  
 Consulting, engineering, and construction services firm **Atwell, LLC** announced Joseph

Cizek, PE, has joined the firm as team leader, power and energy. Based in Denver, Colorado, his responsibilities include management of electrical design activities for renewable energy, pipeline and electrical transmission projects including site control, client relations, and oversight of project teams for the national firm.

Cizek has extensive experience in power engineering, generation, transmission and distribution engineering, and construction support and inspection. He is a member of the IEEE, and is a registered PE in 10 states. He earned his master's degree in electrical engineering from the University of Colorado, and is a veteran of the U.S. Army.

Before joining Atwell, Cizek was a key leader for a global engineering firm, responsible for managing a multi-disciplined group of technical professionals. He has served as team leader and lead electrical discipline engineer on major power projects across the U.S. and internationally, including coal-fired plant design, combined cycle power plants, design of emission control systems installed on existing coal-fired plants and associated sorbent injection systems, and power plant expansion projects.

"Cizek's management skills and experience in power engineering, generation, transmission and distribution engineering, and his extensive experience on large power projects are a great addition to our team," said Atwell Director, Power and Energy, Ryan Anderson. "He brings the industry knowledge, expertise, and responsiveness necessary to meet our clients' needs and help expand our growing power and energy market."

MARK ZWEIG, from page 1

**3) Getting your second-in-command in place is crucial!** It will ensure continuity of the firm if something happens to you. It is also the only chance you have at personal liberation. And it cannot happen overnight. The person you select has to earn the respect of everyone else in your firm. If they can't, they won't ever be able to succeed you.

**4) Everyone who works for you needs their second-in-command on board as well.** Because if they don't have them, you're vulnerable. Someone could get sick or die or suddenly leave for a new opportunity. You cannot afford to be setback by a problem that you should have anticipated. That's just stupid.

**5) Marketing takes a continuous and increasing investment if you want your firm to grow.** Show me a firm that isn't growing over a couple-year period and I will show you one that hasn't increased its marketing budget during that time frame. There is a direct link between what you spend and what comes out the other end. Not to say all marketing expenditures are good. Some work and some don't. That said, **NOT** spending more and expecting revenues to go up is unrealistic.

**6) Get someone good answering your phones.** This is no place for someone who sounds like they've had a lobotomy or cannot pronounce your company name or always gets phone numbers and names confused. You need someone intelligent and motivated on that front desk! So be equipped to pay better than starting wages for a McDonald's worker if that's what you want. Have a high standard for this crucial front door to your company!

I could go on but I'm out of time. Have a wonderful week and make it happen! ▀

MARK ZWEIG is Zweig Group's chairman and founder. Contact him at [mzweig@zweiggroup.com](mailto:mzweig@zweiggroup.com).



**THE ZWEIG LETTER**

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## OPINION



# Leadership (for the umpteenth time)

If we want to make this world a better place to live, it's up to us, and not elected officials, to make it happen.



Edward  
Friedrichs

FROM THE  
CHAIRMAN

**L**eadership is the single characteristic of behavior that determines a person's success as a professional. I can't write about it enough.

Last month I recommended a book, *A New Grand Strategy – Restoring America's Prosperity, Security and Sustainability in the 21st Century*. A singular theme evidenced throughout the book is the need for leadership within our communities. That means you and me, not some elected official or official "grandstander." It means real people with real ideas and a commitment to make our communities stronger, healthier, and more livable.

In an earlier blog, I wrote about Conscious Capitalism, the four prime tenets of which also demand leadership from each of us:

- Recognizing and fostering a sense of higher purpose in all that we do and the way we do it
- Having a stakeholder orientation, engaging each and

"Leadership is about follow-through. Once you've started taking your community in a new and more productive direction, your job has just begun."

every stakeholder in whatever undertaking we are involved in to enhance the quality of the outcome

- Being a conscious leader who is deeply aware of the higher purpose and stakeholder orientation of the endeavors you pursue, who makes the path you're on visible every day, and who inspires others to follow that path

See EDWARD FRIEDRICHS, page 4



## BUSINESS NEWS

**FLUOR SELECTED AS ENGINEERING SERVICES PROVIDER BY NCOC IN KAZAKHSTAN** Fluor Corporation was awarded a two-year engineering services framework agreement with North Caspian Operating Company for conceptual studies and front-end engineering for its projects in the Caspian region.

NCOC operates oil and gas activities under the North Caspian Sea Production Sharing Agreement, including Kashagan, one of the

world's largest offshore oil fields located in the Kazakhstan zone of the Caspian Sea, as well as the Kalamkas, Aktoty and Kairan fields in Kazakhstan.

"Fluor is delighted to have been selected by NCOC for these important projects," said Al Collins, president of Fluor's energy and chemicals business in Europe, Africa, and the Middle East. "Through early involvement, we can work with our client to optimize design

and construction solutions to deliver capital efficiency. We will leverage our extensive knowledge of executing oil and gas projects in Kazakhstan by applying our unique integrated solutions approach."

Fluor began working in Kazakhstan in 1982. Since then, the company has executed ongoing work in projects ranging from conceptual studies and front-end engineering design to mega undertakings.

EDWARD FRIEDRICHS, from page 3

- Creating and fostering a conscious culture, one in which your ethos – the values, principles, and practices – underlies the social fabric of your enterprise, supporting your higher purpose

Both *A New Grand Strategy* and the practice of Conscious Capitalism thrive on leadership from each of us. Reading through *A New Grand Strategy* tells the story well, starting with planning for walkable cities, where you can reach your daily needs – the grocery store, pharmacy, cobbler, barber shop/salon, dry cleaners, restaurants, and so forth – without driving. This demands a shift toward a more urban setting, which everyone from millennials to baby boomers are searching for. With the advent of autonomous vehicles rapidly approaching, you'll be able to get from point A to point B – that distance that is just a bit farther than you feel like walking right now – by accessing one from your cell phone. You won't have to own the vehicle, service it, or insure it.

A lot of parking structures may become redundant. Designed properly, we can convert those structures to hydroponic gardens and provide the produce you shop for right there in the neighborhood where you live, irrigated by recycled water that doesn't go all the way to the remote sewage treatment plant but is reused to irrigate urban farms, landscaping, and to flush toilets. What about power? Solar panels on top of your new urban settings, fed into a micro-grid, will light the LED lamps used to grow your produce indoors and for a lot of other power needs.

"In cities around the world today, groups of people are coming together to form a leadership consortium to design, codify, and do the leg work to shine the light on a future that costs less, works better, is more sustainable, and makes places that people are happier in and where they can find more joy in their lives."

But how will any of this be done? Won't cities have to rewrite their planning codes? Won't the local utilities – water, power, and waste – have to rethink and retool their approach to how they build, own, operate, and charge for their services? Of course they will. And here's where the demand for leadership comes in. In cities around the

world today, groups of people are coming together to form a leadership consortium to design, codify, and do the leg work to shine the light on a future that costs less, works better, is more sustainable, and makes places that people are happier in and where they can find more joy in their lives. Then comes the hard work of leadership – convincing governing bodies to build these ideas into planning and building codes to become "the way our city is going to be," not just another study that sits on a shelf.

"Everyone should feel his or her voice is being heard. And this must remain non-political. It's not about winning or losing. It's about coming to a strong consensus among all stakeholders that the direction being taken is not only good but consistently supported by the community."

All this takes active leadership from the community outside of government. Participants may be architects, planners, developers, and attorneys that take an interest in the physical aspects of the city. A big part of the leadership role is bringing elected officials and staff into the discussions. This is not about handing them a fait accompli, but rather engaging them deeply in the conversation in a way that honors and acknowledges their thoughts and ideas. Everyone should feel his or her voice is being heard. And this must remain non-political. It's not about winning or losing. It's about coming to a strong consensus among all stakeholders that the direction being taken is not only good but consistently supported by the community.

Finally, leadership is about follow-through. Once you've started taking your community in a new and more productive direction, your job has just begun. Many staff and elected or appointed officials in most communities suffer from inertia. They're concerned that if they take a direction on something, they'll be shot down or pushed aside. Displaying leadership requires courage, entrepreneurial energy, and the deep belief that you're doing the right thing.

My advice? Get out there and start leading. ▀

EDWARD FRIEDRICHS, FAIA, FIIDA, is a consultant with Zweig Group and the former CEO and president of Genster. Contact him at [efriedrichs@zweiggroup.com](mailto:efriedrichs@zweiggroup.com).



## Progressive design-build

The acronym is PDB, not to be confused with PBR, the beer, or PBR, professional bull riding. Bone up on the latest method of project delivery.



G. William  
Quatman

GUEST  
SPEAKER

**B**y some statistics, design-build accounts for some 40 percent of all non-residential construction in the U.S. today. As of 2016, there is now enabling legislation in all but three states to permit public owners to use design-build in some form, and to a varying extent. Most public procurement laws in the state and federal sectors utilize a selection method that has come to be known as the “best value” selection method. This is often known as a “three-step” selection process. In step one, the public owner issues a request for qualifications to design-build teams. Based on qualifications alone (like the Brooks Act for architects and engineers), the public owner short-lists the most qualified teams of design and construction professionals to three to five, tops. Then, the owner issues a request for proposals in the next two steps.

Step one is a technical proposal, which often includes some level of design submission, together with a schedule for completion and other specified criteria. The technical proposals are opened publicly, and ranked in accordance with pre-established criteria and a rating system contained in the RFP documents. At this time, the third step is invoked in which the owner opens the sealed price proposals. Those proposals are ranked in some fashion from lowest price to highest. The selection committee then combines the scores from steps two and three (technical and

price), to come up with a combined score for each short-listed team. The team with the top score, representing the “best value” to the public owner, is awarded the design-build contract. Price is often the dominant factor in these best value selections.

Under the best practices promoted by the Design-Build Institute of America, “Design-Build Done Right,” the top ranked team gets the contract, and the other short-listed teams receive a “stipend”



# SPOTLIGHT ON: Calvin

## PROFILE



## Conference call: Calvin Ladner

President of LJA Engineering (Hot Firm #2 for 2016), the largest employee-owned civil engineering firm in Houston (600-plus employees).

By LIISA ANDREASSEN  
Correspondent



Calvin Ladner,  
President, LJA  
Engineering

**L**adner has more than 35 years' experience in civil engineering serving both public and private clients. He's been involved in projects including design of interstate highways, municipal utility districts, and land development projects. He also has experience in the planning, design, and construction of water supply and wastewater systems, as well as roadways. He has been president of LJA for more than 20 years.

### A CONVERSATION WITH CALVIN LADNER.

**The Zweig Letter: What's your philosophy on fee/billing and accounts receivable? How do you collect fees from a difficult client?**

**Calvin Ladner:** Unfortunately, one of the ways bad clients reveal themselves is by not paying. We try not to have that type of client. If they have a reputation for being problem payers, we avoid working with them. It's in the best interest of our business plan to get rid of bad clients.

"If they have a reputation for being problem payers, we avoid working with them. It's in the best interest of our business plan to get rid of bad clients."

**TZL: What's the recipe for creating an effective board?**





**CL:** Finding knowledgeable and engaged people. The ESOP program helps get the engagement, and most of the leadership of LJA has been working in the field for 30 years or more – this provides many prospects from which to choose.

“We treat our employees well. There’s nothing like a happy employee to market and recruit for you. We constantly work at having fun and making money.”

**TZL: Is there a secret to effective ownership transition?**

**CL:** ESOP! Yes, Mark Zweig. I am a zealot! Whatever the structure, everyone must fully engage and embrace that business model.

**TZL: How do you go about winning work?**

**CL:** It varies by sector, but it always comes down to positive client relationships. Whether they are public or private; the client must know and trust the firm and manager.

**TZL: What’s the greatest problem to overcome in the proposal process?**

**CL:** A common challenge is having a clear and consistent go/no-go in place, and communication between the proposal team and our project managers. To address this, we have recently revamped our internal proposal quality assurance/quality control, which now includes a rigorous process and collaborative training for marketing and technical staff. Everyone clearly understands the mandate, their roles, and most importantly their accountability to each other.

**TZL: Once you’ve won a contract, what are the “marching orders” for your PMs?**

**CL:** Make the clients happy, and also make money. We also follow our QA/QC process and communicate internally and externally.

**TZL: How does marketing contribute to your success rate? Are you content with your marketing efforts, or do you think you should increase/decrease marketing?**

**CL:** Marketing is very important and is required to have any success in this business. You can never do too much marketing!

**TZL: What has your firm done recently to upgrade its IT system?**

**CL:** We’ve relocated to a co-location facility. Consolidating all of our systems and data to one facility improves our performance and reliability.

**TZL: What’s the best way to recruit and retain top talent in a tight labor market?**

**CL:** We treat our employees well. There’s nothing like a happy employee to market and recruit for you. We constantly work at having fun and making money. Our ESOP is our biggest seller, but we also have our Employee Relations Committee that represents each division’s employees’ needs; “LJA Cares,” which provides the opportunity for altruism in the community; the LJA Social Club that promotes team unity through recreational sports; and our annual company picnic, anniversary luncheon, and holiday parties.

**TZL: What’s the key benefit you give to your employees? Flex schedule, incentive compensation, 401(k), etc.?**

**CL:** As many as possible – but our ESOP is our key benefit. Being an employee-owner in the firm means every employee is directly connected to LJA’s success.

**TZL: How do you raise capital?**

**CL:** Internally.

**TZL: What’s your preferred strategy for growth, M&A or organic? Give us a synopsis of how your firm effected growth in the recent past.**

**CL:** Our strategy for growth is grow or die. It doesn’t matter if it’s organic or by M&A as long as we grow.

“We have recently revamped our internal proposal quality assurance/quality control, which now includes a rigorous process and collaborative training for marketing and technical staff. Everyone clearly understands the mandate, their roles, and most importantly their accountability to each other.”

**TZL: What’s the greatest challenge presented by growth?**

**CL:** Communication. It’s the greatest challenge. When you only have one office, it’s easy to just “holler down the hall,” but when you have 21 offices you need the infrastructure and corporate structure that allows the various groups to communicate.

**TZL: What’s your prediction for 2017 and for the next five years?**

**CL:** Moderate growth in the first and second quarters and then it should take off like 1994-2001 or 2002-2008. In 2016, the slowdown in Houston and Texas overall, was due primarily to oil companies pulling back. With the confirmed increase in oil/price per barrel and the Texas economy improving, this should lead to a much stronger economy in the coming years. ▀

## ON THE MOVE

### **HANSON TAPS EMPLOYEE TO PROVIDE LEGAL COUNSEL** Hanson Professional Services Inc.

has selected Dennis Hollahan, who works at the firm's Springfield headquarters, to become the company's first internal legal counsel. He will lead corporate strategic and tactical legal initiatives, provide senior management with advice on company strategies and implementation, and obtain and oversee the work of outside counsel.

"Dennis is a natural choice for us," said Sergio

"Satch" Pecori, P.E., Hanson's chairman and CEO. "His experience from private practice, the military, and our in-house land acquisition management will serve us well."

Hollahan was a captain in the U.S. Marine Corps and served as a helicopter pilot during Desert Storm and later as a judge advocate general for the Illinois Army National Guard. Prior to joining Hanson in 2008, he was the section chief for land acquisition and property management and a special assistant

chief counsel for the Illinois Department of Transportation. He has been a land acquisition project manager for Hanson, working on projects for clients including IDOT, the Illinois Tollway and Illinois county and municipal highway departments.

Hollahan earned a degree in economics and political science from Yale University and a Juris Doctor from Notre Dame Law School. He is an Illinois licensed attorney at law and a member of the Illinois State Bar Association.

or "honorarium" to help defray the cost of competition. Public procurement laws have been drafted around this best value model for many years. But some public owners are asking for an alternative method to hire design-builders, one that does not require a commitment to the design-build process all at once, and one that allows for more collaboration during the design development. Thus was born the process now being called "progressive design-build."

The term was coined by the Water Design-Build Council, whose member firms began to offer an incremental buy-in option for public owners in the water/wastewater sectors. In a two-step progressive design-build selection, the project's design, cost-estimating, construction schedule, and final GMP, or fixed price, are developed during the first phase, sometimes called the "preliminary services phase." This phase takes design development to a roughly 40 to 60 percent completion, sufficient to price the work and establish a reliable schedule. If the owner and design-builder agree on the schedule and the fixed price during the first phase, the final design, construction, and commissioning are completed during the second phase, which is sometimes called the "final design and construction phase."

In between the first and second step, the owner has an "off-ramp" in which it can decide that the cost or schedule are not acceptable, thus terminating the project; or: a) go forward with a design-build contract based on the phase one results; b) switch to design-bid-build; or c) solicit proposals from other design-build teams. The design-build team is compensated for its services in phase one regardless of whether the owner proceeds to phase two.

"Most public procurement laws in the state and federal sectors utilize a selection method that has come to be known as the 'best value' selection method. This is often known as a 'three-step' selection process."

Proponents of PDB say that this method allows better collaboration between the owner and the design-build team, because a single team works closely with the owner during phase one to develop a design together, rather than in a separate silo (as in a best value competition).

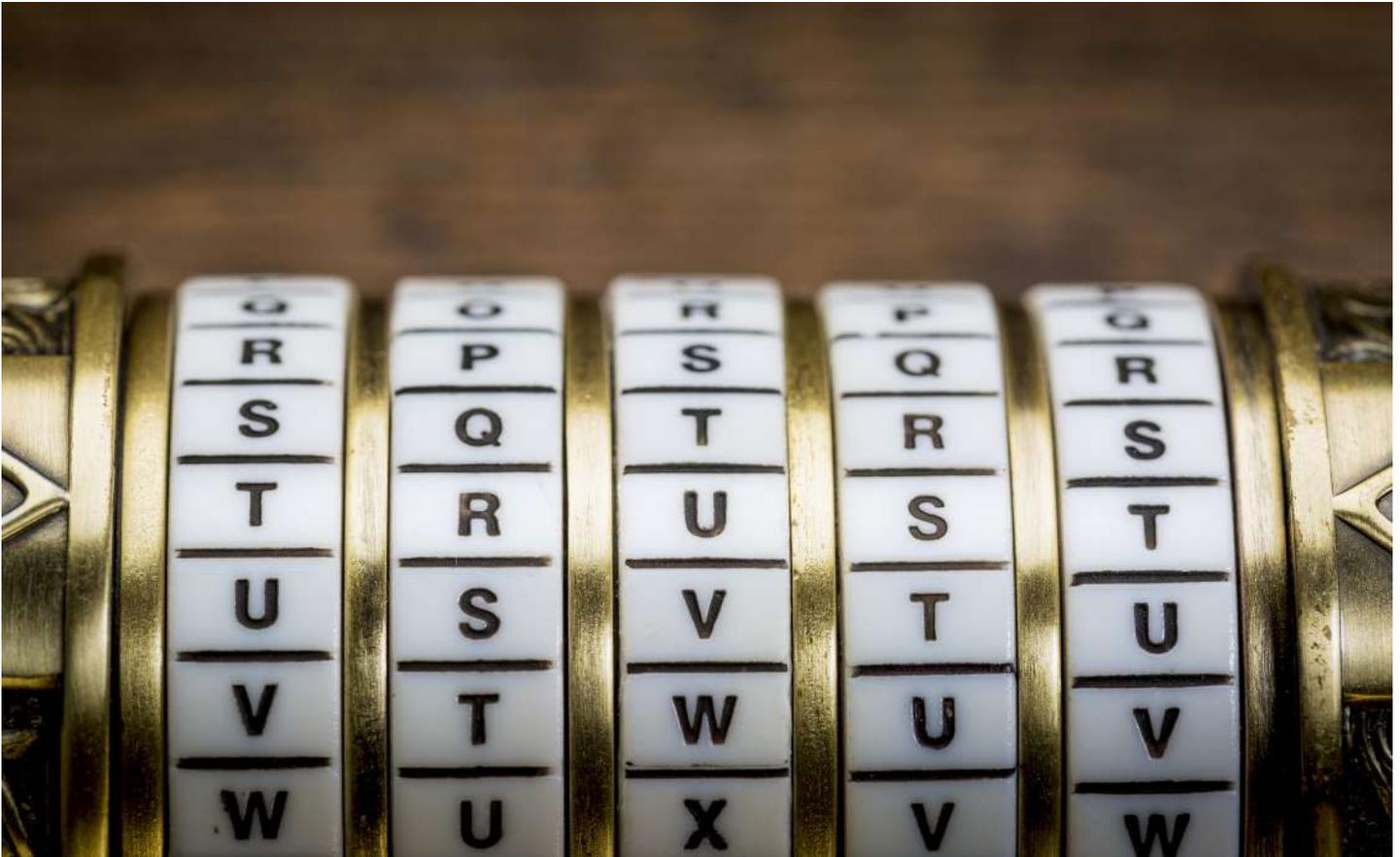
Even though the chosen design-build team in a best value selection can work with the owner post-selection to refine the design, many of the crucial design decisions have already been made and are "baked in" by the time the owner awards the contract. With a PDB selection, the design-build team is hired on qualifications before the design has been developed at all. Cost and schedule commitments are not part of the selection process until phase two, where the owner can opt out or opt to play. The owner can also participate in the selection of subcontractors and suppliers in PDB, before the teams are finally established.

"Proponents of PDB say that this method allows better collaboration between the owner and the design-build team, because a single team works closely with the owner during phase one to develop a design together, rather than in a separate silo (as in a best value competition)."

Since many procurement laws are drafted around "best value" selection, it may be necessary to amend the state statute or public ordinance to permit PDB as an option. In November 2016, the DBIA board of directors approved a new Progressive Design-Build Agreement (DBIA Doc. No. 545, 2016). This was the result of a two-year collaboration between DBIA and the WDBC to come up with a user-friendly, standard form for PDB, the first industry publication of its kind. Although the document is labeled for use for "water and wastewater projects," there is nothing in the form that limits its use to that sector. The form can be used for horizontal or vertical projects outside of the water space simply by altering the title page. For a deeper dive into the PDB world, the WDBC publishes a procurement guide, as well as forms for RFQ and RFP.

So don't look puzzled when your client asks, "What's the new method of project delivery called progressive design-build?" PDB is not to be confused with PBR (Pabst Blue Ribbon or professional bull riders). If you tell your client it's a beer, you'll be showing your ignorance of the latest trend, and that's no bull! ▀

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## Time to GRIPE

You want your firm to be more valuable at the end of the project than it was at the beginning.



Ted  
Maziejka

FINANCIAL

FITNESS

**M**any of our clients turn to us for assistance in providing project management training. We offer numerous programs that train managers, but our favorite way to make your firm more successful is to grow and nurture leaders.

From the time your engineer in training, architect in training, or fresh minds embark on their new careers, communicating and setting expectations from day one is critical. Create the pathway to principal that allows the young talent in your organization to participate in leadership opportunities.

If your organization is one that is driven by a clearer defined strategy, then you have moved beyond the acronym of TEAM and ascribe to the concept that drives strategic teaming: GRIPE.

In the past, TEAM focused on the idea that Together Everyone Achieves More (and we then hold hands and sing “Kumbaya?”). If we’ve created goals but not delineated them, what’s the real “more” we’ve “achieved?”

“Create the pathway to principal that allows the young talent in your organization to participate in leadership opportunities.”

The following are the key elements of GRIPE:

- **Goals.** The goals of the project, team, studio, office, region, line of business, and firm are clearly communicated, understood by all and are reviewed and measured to ensure success.
- **Roles and responsibilities.** The matrix of roles is clear to all. The hierarchy of responsibilities and authorities of the team, studio, office, line of

See TED MAZIEJKA, page 12





# ZWEIG GROUP SEMINARS

[zweiggroup.com/seminars/](http://zweiggroup.com/seminars/)

[events@zweiggroup.com](mailto:events@zweiggroup.com)

800.466.6275

## FINANCIAL MANAGEMENT FOR NON-FINANCIAL MANAGERS

The Financial Management for Non-Financial Managers seminar is designed to help design and technical professionals become more comfortable dealing with financial management and accounting and to help them gain a better understanding of the financial factors affecting professional business services firms.

April 19 - Washington, DC  
August 9 - Cincinnati, OH

## AEC BUSINESS DEVELOPMENT TRAINING

AEC Business Development Training is a one-day seminar that was specifically developed to help design and technical professionals in architecture, engineering, planning, and environmental firms become more comfortable dealing with clients and promoting the firm and your services.

April 27 - San Antonio, TX  
June 29 - Minneapolis, MN  
November 16 - Seattle, WA

### OTHER SEMINARS OFFERED IN 2017

- THE PRINCIPALS ACADEMY
- REAL MARKETING AND BRANDING FOR AEC FIRMS
- LEADERSHIP SKILLS FOR AEC PROFESSIONALS
- EXCELLENCE IN PROJECT MANAGEMENT

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[zweiggroup.com/seminars/](http://zweiggroup.com/seminars/) for more information





## What went wrong?

If you want to boost your project profits, analyze past failures, and use that knowledge to craft winning estimates.



June  
Jewell

GUEST  
SPEAKER

**W**e have all had projects that for some reason did not meet our financial expectations. Overbudget projects happen for many reasons, including bidding on the wrong one to begin with, underestimating the number of hours needed to successfully complete the job, failing to allow for delays and problems, or just not knowing the client well enough to anticipate what they really wanted.

Not only does your firm lose the profit margin associated with budget overruns, but they can also have a negative impact on client relationships and cause stress for your teams as they try to minimize the losses.

A great deal of value can be gained by analyzing past project failures to understand what went wrong, and designing safeguards, processes, and approvals to minimize the chances they happen again. The following are three of the most common issues with developing accurate estimates, and some structure and practices you can put in place to turn past project disasters into lessons that add protection for future jobs:

- 1) **Understanding the client's expectations.** One of the most common problems in accurately

developing a project scope is estimating a project before having all the necessary information. This happens for many reasons including the estimators' inexperience and lack of training, absence of a structured approach to project estimating, and just moving too fast – often at the client's request.

By evaluating the steps your team is following to create project estimates, and implementing a detailed and documented process to gather requirements, you can eliminate a lot of the guessing that occurs because not enough time and care is given to truly understand what the client's expectations are. An estimating checklist can provide some guidance as to what questions need to be asked and the information needed to be collected to develop a sound scope.

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business and firm are respected by all and a chain of command is maintained.

- **Interpersonal relationships.** We all understand what makes each of us tick, where our strengths and weaknesses are, and what we need as far as time and space in which to work.

I know if I enter a coworker's space before 8 a.m. and they have not had their first cup of coffee, I will experience a Snickers commercial.

- **Policy and procedures.** We start with the standards applied on all projects from a technical perspective. How are we integrating a quality control process into the work we do and how do we make sure quality control is scheduled with sufficient time? Are we providing the necessary information into the project management/financial management system that will allow the creation of an accurate backlog of work and pipeline of opportunities monetized for monthly review at a button push from the system?

- Oh, and let's not forget that we all understand why it's critical to enter time daily and to provide expense reports in a timely manner. And let's remember why the project manager must give the financial team accurate information when opening a project so that all team members can adhere to the contractual terms of our agreements.

- **Expectations/communications.** Probably the singular most important concept within the GRIPE system. Have client expectations been clearly discussed and communicated? Have we asked and written down the answers to the following questions?

- 1) What defines project success for the client?
- 2) What will keep the client up at night worrying about the success of the project?
- 3) What are the biggest risks that could derail a successful outcome?

All of these answers are written down and distributed to all team members so that everyone has them in front

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The more you can understand the level of quality, communication style, and preferences of your prospective client, the more you can build an estimate that meets their requirements and justifies your scope.

- 2) **Anticipate everything that can go wrong.** As mentioned above, one of the best ways to determine what can go wrong on projects is to review past projects and create a list of things that have gone wrong and situations that you want to avoid. Once the list is assembled, create a team of staff at different levels and analyze why money was lost because of each issue. Then brainstorm remedies to ensure that the leakage does not happen again.

- 3) **Build in room for changes.** Another important lesson that can be learned from past project overruns is that they will almost always occur! You can plan for changes and other issues that will cause projects to go over budget by ensuring that every project has a separate line item for contingencies. This could be an extra 10 to 20 percent that is only used when needed, but helps everyone, including your clients, plan for changes that will drive the budget up.

You can also educate your clients – in advance of winning a

of them at all times. If we prove we have the client's back, then we will achieve success, become that trusted advisor, and likely see more workflow from that client. The communication of these concepts, as well as the discussion and review, are a bidirectional process. The principal, PM, and team are all aware and communication flows both up from the team and back and forth from the PIC and the PM.

A recent ZG client recounted a story of how one of their clients hired them to provide planning, structural analysis, MEP support, and construction management oversight. A long relationship of trust had been established with the firm's principal. One day the client called the principal and asked him about a potential real estate investment and asked him to suggest a starting point for the negotiation. Although real estate expertise was not a core strength or specialty of the firm, the client trusted this principal!

After some research, the principal called the client and suggested a starting price that was significantly below what was being asked, and gave their client valid reasons for the offer based on the preliminary build review. The client presented the lower offer and it was accepted! We all can recount stories of how the trusted advisor role spans many areas that may not be in the firm's wheelhouse, and how that trust can turn into workflow.

Successful and ongoing communication between firm and client provides frequent opportunities to receive feedback. Feedback and the action on that feedback are key reasons why clients perceive that the firm and its team are more valuable at the end of the project than they were at the beginning. And goal-oriented teaming gives younger staff the chance to learn leadership, see the results of clear and effective communication, and carry these skills forward to grow the firm. Who can GRIPE about that? ▀

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project – about the possible changes they might want or need, and make sure they understand all the options available to them and the related cost. This will eliminate some of the "surprises" that can cause tension and disagreements about what extra services are really needed.

By establishing estimating templates that account for all the possible changes and include a line for contingencies you can ensure that your staff are following best practices and are aware of all possible options while creating the estimate.

Neither you nor your clients want your project to go over budget. By learning from past project experience, and building safeguards into your estimating processes, you can protect both your firm and your clients' budgets from exploding. Your clients will appreciate your professional approach and be much happier in the end as well!

What else have you done to ensure your estimates are accurate? ▀

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