

INSIDE: MARCH MARKETING INSERT

This month's issue of PSMJ Newsletter contains a two-page insert. These two pages are devoted exclusively to marketing and business development tips and strategies!

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INFRASTRUCTURE SPENDING KEEPS RISING, BUT ONLY IN THEORY

It is "time to rebuild our crumbling infrastructure," said President Donald Trump said his State of the Union speech in January. He asked for a \$1.5 trillion infrastructure bill that streamlines permitting and approval processes to one or two years for projects involving transportation, water, ports, schools, and the electrical grid.

Also released that week was an annual study by American Road & Transportation Builders Association (ARTBA) study, which found 54,259 bridges to be structurally deficient. One of those bridges is found every 27 miles of the Interstate Highway System.

WHERE'S THE STRUCTURE?

Trump's statements were too simplistic, building industry experts say. A sudden influx of capital into infrastructure spending, however, requires a systematic approach. What kind of infrastructure projects would be addressed? How and where, industry experts ask.

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TRUMP CALLS FOR \$1.5 TRILLION FOR REPAIRING AND UPGRADING

President Donald Trump seeks to create \$1.5 trillion to repair and upgrade U.S. infrastructure seeded with \$200 billion of federal spending. "For too long, lawmakers have invested in infrastructure inefficiently, ignored critical needs, and allowed it to deteriorate. As a result, the United States has fallen further and further behind other countries," Trump said last month in a Presidential Message to the Congress of the United States. "It is time to give Americans the working, modern infrastructure they deserve."

To turn \$200 billion into \$1.5 trillion, the president looks to state and local governments. The match of federal allocation is four-to-one. States have grown used to funding infrastructure projects and the White House hopes to accelerate and amplify that trend. According to a senior administration official, those states who have already started implementing programs will not be penalized for their forward thinking, there a lookback provision. ■

"Congress knows it'll be a lot harder done than said," says Dave Bender, executive director of the American Council of Engineering Companies-Illinois, which represents and lobbies for 225 engineering firms in Illinois.

They raise further concerns that no matter how much money is involved—Trump's \$1.5 trillion or the \$4 trillion the American Society of Civil Engineers claims is needed—the funding wouldn't instantly resolve the industry's skilled labor shortage. Nor will it constantly replenish funds for the ongoing activities necessary to keep infrastructure in shape. That's why it's time for an updated, inflation-pegged gas tax.

GAS TAX AND LABOR SHORTAGE

"Thirty-three states in the last few years have raised gas taxes to fund their own infrastructure projects, irrespective of the [federal] government not sending them money," said Barry LePatner, corporate construction lawyer and author of *Too Big to Fall: America's Failing Infrastructure and the Way Forward*.

Those engineering firms that have ramped up the number of employees over the past couple of years have done so, he says, because they're working on local or state projects. "If we had more federal dollars, many more firms would be adding a lot more people," LePatner says. ■

BY THE NUMBERS

25¢

The American Society of Civil Engineers recommends increasing the federal gas tax by a quarter per gallon to "fill the funding deficit and ensure reliable funding for the future."

67

The average age of the nation's 54,249 decaying bridges across interstate highways is 67 years. If federal infrastructure spending continues at this pace, these bridges could age another 40 years before they're repaired.

\$1.5 trillion

A year ago Senate Democrats proposed spending \$1 trillion on infrastructure. In his State of the Union last month President Trump upped the ante by encouraging Congress to create a bill for \$1.5 trillion in infrastructure spending.

CHANGING OF THE GUARD IN NEW YORK

The Tappan Zee Bridge just north of New York City was erected when the Baby Boomers were kids. Since the mid 1950s it carried some 140,000 cars a day across the Hudson River between Westchester and Rockland counties. Like the Boomers, and much of the country's infrastructure, the Tappan Zee has reached the point of retirement. Its users are lucky; it'll be replaced by a newer model.

Crews are reverse engineering the bridge to dismantle it. They will clean resulting debris that will likely contain asbestos, lead paint, and another potentially carcinogenic group of chemicals called polychlorinated biphenyls. They will also salvage a tremendous amount of material which, according to *The New York Times*, amounts to 302,000 tons of concrete, 46,790 tons of steel, 13,192 timber piles, 196 columns, and more than 2,000 deck panels. These parts will be used for other infrastructure projects. The expected completion date of the dismantling is 2019.

The newer model is a cable-stayed bridge. It will feature six overlook points of the Lower Hudson Valley and reach some 420 feet above the water, according to a website designed specifically for providing frequent updates about the old and new bridges. In addition to an overhead clearance of 139 feet, it will also have four lanes of travel in each direction and extra wide shoulders. It will have a dedicated bike and pedestrian lane and bus lanes. It is expected to be completed this year, for \$3.98 billion. ■

3 REASONS FIRMS SHOULD GIVE EMPLOYEES CREDIT CARDS

Many firms struggle with the decision to hand out credit cards to field crews and engineers for company expenses. Some cut checks to employees prior to company outings on a per diem basis, while others let employees use their own finances and then file a reimbursement form with accounting.

Here are a few reasons you should offer an employee a company credit card:

1. You trust them

This employee has been with your company for years and although you are aware of the dangers of fraud, loss, or that this employee might make personal charges, you are confident that this person will be responsible.

2. Ease of use

A company card makes handling expenses easier for employees, accounting, and the company. There's no need for employees to fill out reimbursement forms, and therefore accounting doesn't need to match reimbursement forms with receipts. You can also set limits for specific employees.

3. Card benefits

Depending on the credit card, you may be able to earn points. The more you or an employee uses the card, the more points you earn.

EFFICIENT IS BEST

Beyond an ordinary company card, David Burstein, a director and senior consultant of PSMJ Resources, says personal secured credit cards work best. He says that when he was at Parsons they used company credit cards for employees' business expenses. The accounting department then had to match charges between employee expense reports and credit card bills, and this consumed a lot of time.

Then the business switched to personal secured credit cards. Although the business was technically liable for any charges that were left unpaid, "this was never a problem," Burstein says, even with thousands of employees.

Personal secured credit cards:

1. Free up accounting time
2. Allow for efficient buying
3. Typically keep employees honest

NEW TECHNOLOGY

Whether your company decides to offer each employee a card or keep credit cards only among principals and directors, technology is advancing and new developments are continually being made with credit cards and software. For example, Concur Expense Solution is one way to handle expenses. David Gardner, chief executive officer of Coffman Engineers, says "We use Concur for our expense reporting system, which ties into our BST accounting system." Gardner's company also uses the Expense Mobile App, which allows users to take a picture of a receipt with their camera phone, and these upload directly to Concur. ■

ACCEPT THESE 7 BAD EXCUSES? THEN AGREE TO LOSSES

Most firms know why they don't make as much of a profit with some projects, but here is a quick reminder of what PMs report as the reasons why:

1. Performed out-of-scope work without written approval
2. Used higher-priced staff to do the job that was budgeted for staffer making less
3. The designer kept charging to my project
4. Client refused to fully-fund project management tasks
5. Late review uncovered work that needed to be redone
6. Client refused to pay for internal project controls
7. Started work without a signed contract

TOTAL REWARDS PROGRAM HELPS MOTIVATE WITHOUT MONEY

If you're a manager at an A/E/C firm, it could happen at any time: An employee walks into your office asking for a raise, and you know your company is not in a financial position to give one. How do you respond?

Vickie Oakley, a consultant with PSMJ Resources, has three pieces of advice:

1. Be prepared
2. Be transparent
3. Know your employees

"You should have an answer ready for every member of your team," Oakley says. Without divulging personal information, be as open and informative as you can about the financial state of the firm or their department, she advises.

"These are educated, professional people. They get it, and they appreciate honesty. Otherwise, you build mistrust, and nothing kills employee engagement faster," she says.

MONEY CAN'T BUY ME LOVE

If you can't offer them more money, what can you offer that will help retain key employees? "In addition to financial compensation, always be thinking about what benefits you can offer," she says. "Look at the big picture. I call it a Total Rewards Program."

When it comes to benefits, Oakley says that each generation of workers looks for something different. For example, baby boomers are nearing retirement age. They may feel comfortable financially, so money may not really be a driver, but they're not ready for that gold watch—they want to remain productive. Oakley suggests:

- Offering a part-time work schedule that enables them to stay on the job while reducing your financial obligation.

- Holding wellness clinics and other healthcare-related activities that may address their concerns about living a long and active life.

Workers from Generation X and so-called "Nexters" (who are now in their late 30s and 40s) are more focused on finances, as they struggle with raising their families and paying college tuition. What's more, they like to be in control of their money.

For these folks, Oakley suggests offering contributions to:

- 401K or retirement plans
- Health savings accounts (HSAs)
- Flexible spending accounts (FSAs)

Soon to pass baby boomers in size is the millennial generation. More than any other group, Oakley says, millennials are passionate about giving back to their community. "When I go to recruiting fairs, as soon as I lay out signage or other materials about our environmental work, these young people flock to the booth," she notes. "Giving them time or support to work for their favorite cause is a powerful incentive."

The newest group on the job market are entry-level professionals right out of college—what Oakley and others call Generation Z. While it may be too soon to know this group's preferences in-depth, Oakley suspects they will be drawn by non-traditional work styles. She suggests you be prepared to offer such perks as:

- More time off
- Working from home
- Help toward advanced degrees

As the economy improves, retaining employees will become more challenging, especially if offering raises is difficult. Providing creative benefits targeted to each worker will go a long way in keeping your team on board and on task. ■

IF YOU CAN ONLY FOCUS ON 2 FACTORS— MAKE IT THESE TWO

Among key performance indicators, which are most integral to achieving growth in profitability, overhead management, cash flow, productivity, staff growth, and turnover? According to PSMJ consultant, David Burstein, PE, AECPPM “If you can only focus on two factors, I’d recommend the Net Direct Labor Multiplier and Labor Utilization Rates. These are the two areas that drive profitability.”

FOCUS ON PROFITABILITY

But how can you capitalize on these two areas to heighten your firm’s profitability?

- **Labor Utilization Rates:** These rates reflect the number of hours or percentage of total paid time that is billable. Utilization directly correlates to profitability—the higher the utilization rate of individuals, the greater the firm’s bottom-line revenue.

To focus on utilization, first start tracking it. Next, make sure you are billing projects correctly. Then, make sure you are focusing your 40-hour work

week on project tasks first (i.e. billable), and you can tackle administrative, business development, and sales efforts after regular hours. And encourage staff to ask their supervisor where they can fill in when they have a lull in project work.

- **Net Direct Labor Multiplier:** Defined as net revenue divided by direct labor and calculated firm-wide, this number represents how well the firm manages project profitability (see how this is directly impacted by staff utilization above?) The multiplier tells us how many fee dollars are earned for every dollar spent on salaries.

How can you maximize yours? Because this multiplier assumes all related project costs are reimbursable, it’s important to capture all project costs—this includes items such as equipment needed/used, mileage, etc. Also, it’s important to ensure you achieve your labor utilization rates. Finally, improving project management skills and preventing project budget overruns can help increase your multiplier. ■

FIND THESE 4 TRAITS—AND UNCOVER A GOOD PM

The benefits of Project Managers can be invaluable in advancing project work efficiently and smoothly. Ralph Kison, CSE, CME, Growth Through Learning, Inc. says that effective and successful PMs “build trust, motivate and inspire the team, and keep them moving toward the deadlines.” Kison finds that successful Project Managers (PMs) have the following four traits:

- 1. Naturally assertive.** People can modify behaviors, but an innate, natural orientation to be more outward or gregarious makes for an efficient PM. When the situation requires it, a strong PM will naturally step in and give direction to get the project moving.
- 2. Sociable.** Leaders can lose credibility if they are seen as too social, but when a PM is social enough to be approachable they will function like a catalyst or galvanizer of a team. Approachability aids in building trust and communication amongst the group.
- 3. Quick paced.** PMs must be able to make decisions with a sense of urgency. A quick-paced mentality helps move the project along, and ensures pieces are not sitting stagnant.
- 4. Sees the big picture.** The best PMs are not micromanagers. They know how to draw upon their specialist team members to handle the deep dives. In doing so, their trust and humility highlights the work of the team instead of hogging the limelight for themselves. ■

USE FREELANCERS FOR BIM PROJECTS

Making the leap from two-dimensional, computer-aided design (CAD) to three-dimensional building information modeling (BIM) can be difficult for small and mid-sized architecture firms. But architecture support firm Studio-Desk is helping some firms bridge the gap, according to cofounder and president Marc Arnold, AIA.

"Breaking into Revit, which is what most firms currently use, can come with a high cost," says Arnold, who previously worked as operations director for three of the world's largest architecture firms. "We can be a gateway to Revit. Our freelancers can build them models so they can see it and interact with it; it gives them a baseline to work with."

WHERE FREELANCERS STEP IN

Helping a client firm advance to BIM software such as Revit can also make Studio-Desk's freelancers more efficient and effective in their roles.

Arnold says that the freelance community is so accustomed to using BIM technology at this point that his providers will sometimes even model a project in BIM, then back it down to CAD if the client firm is not yet at the 3D stage.

"In a sense, it's pulling some small and mid-sized firms to a higher level of practice," says Arnold. "If they're open to it, it can make them more competitive. A small firm can insinuate itself into situations where they're competing effectively with much larger firms."

Arnold tells about one client without BIM expertise that submitted a proposal requiring it, knowing they had Studio-Desk to provide the expertise. They won.

Arnold says some firms still use other 3D programs such as ArchiCAD and Vectorworks, which they can accommodate, but that these instances are relatively rare.

Whatever program they're using, however, BIM is becoming more prevalent throughout his firm's work. "The clients and contractors are starting to drive it," says Arnold. "They want it for construction or clash detection. But they want it." ■

DO YOU CHARGE FOR BIM FILES? SHOULD YOU?

When it comes to whether you should invoice contractors and subcontractors when sharing Building Information Modeling (BIM) files there is no universal answer.

For Bergmann Associates in New York, it depends on how the files will be used:

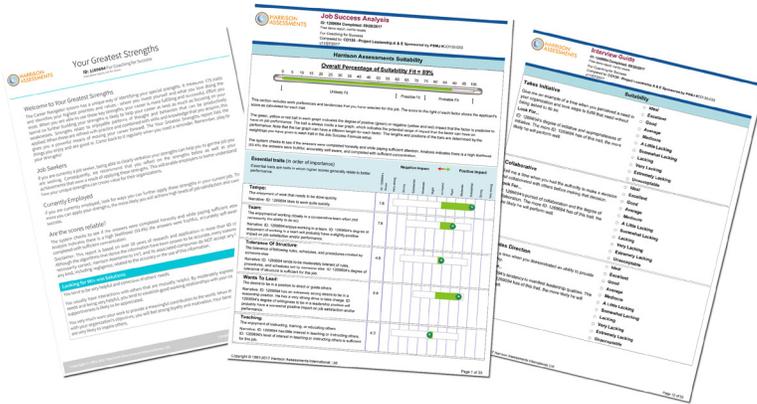
- **No charge.** With collaborations, models on design-builds are a shared starting point. Basic information is generated for architectural, structural, mechanical, and electrical systems, then subcontractors replace that information with their own, more sophisticated details.
- **Charge.** Additional expenses are associated when more elaborate models are needed for cost-estimating or material takeoffs. An LOD (Level of Development) 200 model with generic placeholders, for example, would cost less than an LOD 500 model that is a field-verified representation in terms of size, shape, location, quantity, and orientation.

"You just have to be upfront with your expectations," said Steve Pyrkosz, Northeast Region Building Design Manager at Bergmann.

Given that the 3D process allows A/E/C professionals to plan, design, construct, and manage buildings and infrastructure more efficiently, conversations about BIM costs are bound to come up soon if they haven't already. Here are some other considerations:

- Be sure to have a signed liability form before releasing the file.
- If you must, charge a fee to cover handling costs only. ■

A NEW TOOL IN YOUR SELECTION KIT



The challenge of finding just the right candidate to fill a specific position has become more complicated as the labor market narrows and baby boomers retire.

Baby boomers are taking with them vast volumes of knowledge and experience. The younger workforce often referred to as “Millennials” is an entirely different breed of employee with different values, behaviors, and experiences.

USE THE RIGHT TOOL FOR THE JOB

With five generations currently in the labor market, it is more critical than ever for staffing professionals to rely on the most effective tools possible to find the best person most qualified to do the job.

Historically, Myers Briggs personality assessments were used to gauge all the facets of a potential candidate. However, this test is a broad-spectrum personality test and does not tell you everything you need to know. There is also the possibility of falsification of data and misrepresentation if the individual wanted to try and answer in a way they think you want to hear. Licensed practitioners of this test will tell you; this test is not for selection purposes.

HARRISON ASSESSMENTS FOR SELECTION

A better tool explicitly designed for hiring selection is the Harrison Assessment that uses 16 groups of eight descriptive phrases. The person taking the assessment puts each phrase in an order according to their specific preferences. By using individual preferences, a company can better pinpoint the

suitability of the position and match it up with the right person.

Essentially, the Harrison Assessment tool is a behavioral analysis, and when combined with the educational background, eligibility, and suitability information, you can accurately predict the success of an individual within a specific role.

The Harrison Assessment works so that individuals cannot trick it or respond in a way that is inconsistent or the test will abruptly end. Therefore you get a purer, more accurate reading of behavior and compatibility.

Vickie Oakley, an HR Professional for 35 years, who is licensed and certified in both tests, believes that “assessments are going to become more a part of the hiring process. Organizations will use them to help them train and develop positions and help individuals find careers that make them happy and fit their specific needs.”

Oakley also believes that the gap in the workforce is widening and to remain profitable and spend their staffing dollars wisely, companies will come to rely heavily on resources such as the Harrison Assessment. ■

PSMJ has developed an A/E-specific Project Manager Harrison Assessment. Find out more here: <https://www.psmj.com/ae-project-manager-performance-benchmarking>

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GET PAID TO TRAIN YOUR STAFF!

A number of states offer financial assistance to help with the expense of training employees. For example, Summit Engineering, Inc., a 40-person engineering firm in Santa Rosa, CA, has been recently accepted into the California Employment Training Pan (ETP) program. After meeting certain prerequisites, Summit now receives money for each hour that qualified employees spend on work-related training. The money received can then be reinvested in the company to offset costs of additional training.

In the California program, training can be internal or external, but must have an overall trainee to teacher ratio of not more than 20:1. Summit's Lunch-and-Learns are examples of trainings that typically qualify. Employees who are eligible must be working at least 35 hours/week, meet minimum wage requirements, and still be employed 90 days after the training is completed.

Although this program is specific for California, other states offer similar training initiatives. If you are a California-based company, contact Rob Sanger, Workforce Incentives Director at the CA Manufacturers & Technology Association at rsanger@cmta.net or visit the ETP website directly at <https://etp.ca.gov>. ■

NEED THE BEST ENGINEERS? RETHINK YOUR RECRUITMENT EFFORTS

It's not that engineering candidates are in short supply—only highly qualified ones. Overall, employment of engineers is projected to grow four percent from 2014 to 2024, adding about 65,000 jobs, according to the U.S. Labor Department. But that doesn't mean those jobs are being filled by applicants well-equipped to handle fast-paced schedules in a rapidly changing industry. To get those, firms need to think a bit differently about their recruitment efforts.

The most successful recruitment source for New York-based LaBella Associates is its employee referral program, which accounted for one-third of the firm's new hires in 2017. "Those people tend to be good candidates because they're being referred by someone putting their reputation on the line," says Michele Ebenhoch, LaBella's director of human resources. Here are other ways to secure the best candidates:

- **Create an attractive culture.** One with inspirational leadership that encourages teamwork and continuous learning, appreciates the nuances of diverse talent, and embraces new technologies. This will be even more important with civil engineering positions expected to grow eight percent—twice as fast as engineering positions in general. The annual median pre-tax pay for the profession was \$101,000 in 2016, reports the American Society of Civil Engineers.
- **Support curiosity and creativity.** With more buildings pushing boundaries in design, structural engineers need to feel they can approach challenging projects quickly with untraditional solutions, including those developed and fine-tuned on the job. PayScale puts the annual median pay at \$80,400.
- **Boost your brand.** The U.S. Labor Department anticipates employment of mechanical engineers to grow nine percent, with the best prospects going to those who stay ahead of the latest technology advances. Take advantage of social media, try employee testimonials in your recruitment video, and list opportunities for advancement in addition to salary and benefits. Annual median pay: \$84,190.
- **Branch out.** Show you're just as analytical and attentive as the electrical engineers you're trying to employ by meeting them where they hang out. Search personal blogs, GitHub, Stack Overflow in addition to LinkedIn. Annual median pay for this specialty: \$94,210. ■

SHARE FINANCIAL INFORMATION TO BUILD TRUST

“We like to keep our staff happy,” says Jenifer Navard. “Happy people do their jobs well.” As chief financial officer of Eskew+Dumez+Ripple, a New Orleans-based, multidisciplinary design studio, Navard does her part to keep the company’s 49 employees happy by sharing with them the firm’s financial information on a regular basis. Not only does this help staff understand the firm’s strategy and process, and their role in it; Navard believes it also helps to build an environment of trust in the workplace.

KEEP THEM INFORMED

“Every employee has an interest in how the organization is doing financially, but they probably won’t ask you about it directly,” she says. “Instead, in the absence of information from management, they’ll create answers to their own questions. If they see a lot of revenue coming in but they’re not getting a raise, they might assume management is keeping it all for themselves. Or, worse, that you simply don’t know what you’re doing.”

Navard encourages managers to present financial information frequently; she gives one-hour presentations twice a year, and five to 10 minute updates quarterly. As to what kind of information should be included in the presentation, Navard offers words of advice.

- **Make sure it’s appropriate:** Provide sufficient information to answer staff questions about financial topics of general interest. These could include the firm’s financial plan, income targets, and expenses.
- **Make it understandable:** Rather than diving too deep into detailed spreadsheets, distill the financial data into a few key metrics that everyone can grasp; operational expenses, marketing costs, and total salaries, for example.
- **Make it relatable:** Use consistent terminology when referring to financial measures. For example, Eskew+Dumez+Ripple assigns a number called “Actual Performance Level” to identify the net architectural fee/direct labor for each current project. Because employees see these measurements at every presentation, they become familiar benchmarks.

What do you do when the financial news is bad? Navard says offering regular updates should mean that staff is prepared to handle the truth. “If you consistently share financial updates with your staff, and inform them of the strategic decisions that are being made and why,” she says, “they will have the tools to understand when the news isn’t good.” ■

IDENTIFYING TALENTED PMs IS NOT A PUZZLE

There are many assessment tools available today to help you hire and train people who may become great PMs. These tools can help you narrow your candidate list or build project management skills in existing staff. But there is one that is readily available that no one uses which can tell you whether a person—or a team—has what it takes to be a good project manager and team member. It’s time consuming, so it will probably never catch on like the current tools firms use.

However, if a person can master this tool—or a team can work together to get the tool done correctly—there is no doubt he or she can be a PM or be a part of a great team. What is this tool? Believe it or not, it’s a 1,000-piece jigsaw puzzle! To complete a 1000-piece puzzle you have to display many of the same critical skills and characteristics that a good PM exhibits. These skills and characteristics include:

- Patient
- Strategic
- Observant
- Committed
- Persistent
- Organized
- Focused

4 KINDS OF PMs ARE ON YOUR TEAM—NOT ALL ARE GOLDEN

What's the definition of a successful project manager? You might answer, "They delight the client every time, and bring in new project after new project." But what if those projects aren't making a profit for your firm? Ah, there's the problem. To be successful, a PM must strike a balance between pleasing the client and bringing in the profits, says Bill Hinsley, a PSMJ consultant and instructor at its A/E/C Project Management Bootcamps. Hinsley advises firms to track these priorities using a graph, created by PSMJ partner Client Savvy, which measures PM performance by showing the correlation between each project's profitability and client evaluations.



SUCCESS IN THE DETAILS

PMs who routinely fall in the top right quadrant meet or exceed profit goals while delighting the client. Not surprisingly, Hinsley says these PMs should be supported by managers with all the resources available, and given additional opportunities for growth.

"These people are golden," he says. "You would clone them if you could." PMs in the top left quadrant delight the client but fall short of their profitability goals. Why? Hinsley says they may have poor pricing skills, or they may be mismanaging projects. Possible remedies:

- Make sure the PM and their principal concur on profit goals

- Send them to training to help them hone their budgeting and management skills
- If numbers are not a strength, consider reassigning them, perhaps into a marketing position

Falling into the lower right quadrant means the PM is exceeding profit goals but has unhappy clients. They may simply be difficult to work with. Remedies:

- Enroll them in training or a program to build social skills
- Partner them with another team member, one who can act as the external face of the firm while the PM works internally
- If they're a poor fit for this particular client, consider re-assignment

PMs who routinely fall into the lower left quadrant are not meeting profit goals and their clients are unhappy. Consider these performers carefully, Hinsley advises. "You could send them training, or to learn soft skills," he says, "but would that be the best decision long-term? Chances are these folks are not at all happy where they are. If they came from a technical job with less client contact, and succeeded there, the best thing for everybody might be a return to that position to build their technical strengths."

WHEN TO RUN ANALYSIS?

Hinsley believes it is critical to run these analyses regularly, perhaps every quarter, for the long-term health of the PM function at your firm and to enhance client satisfaction and profitability.

"For principals, it's an opportunity to gain insight into how your PMs are performing," he says. "And for the PM, especially for younger team members, it's a chance to get invaluable feedback on how you're doing." ■

5 WAYS TO AVOID SCOPE CREEP

Scope creep is a common problem in the A/E/C industry. Clients often ask you to do work that was not included in your original scope of work. Since we all want to please our clients, we tend to do what they ask and hope we can still complete the project under the original budget.

When we go over budget, we go crawling back to our clients with our tail between our legs asking for more money for the out of scope work they asked us to do. Often, the client either forgot they asked you to do the out of scope work, or they feel the work should have been included in your original scope of work all along. When the situation gets to this point, chances are both you and your client will not be happy with the final resolution.

REDUCE CREEP

Here are five ways to reduce the amount of scope creep that happens and/or lessen the impact to you and your client:

1. Know Your Contract and Scope of Work—

The number one thing you can do is to truly understand what is, and what is NOT, in your current scope. If you wait until the project is done to determine what your contract required, it will be too late.

2. Document, Document, Document—

Make sure to document any request for out of scope work when it is requested. At a minimum, follow up the request with an email to the client outlining what was requested, what you anticipate the cost will be to complete the request, and why you feel it is out of scope. Ask the client to respond back that he or she agrees with your understanding and authorizes you to begin work. Even if they don't respond, at least they can't argue that they were never told the work was out of scope.

3. Get Signed Change Orders Before Beginning Work—

In an ideal world, we would always be

able to get a written, signed change order before beginning the out-of-scope work. After all, this is typically what is required in the contract terms and conditions. In the real world, these requests for out of scope work often happen when the project has a very tight schedule. Waiting for all the paper work to be in place before beginning the work would cause the project to fall behind and put you out of favor with the client.

4. Show the Client the Value and Efficiency

You Bring—

Let's say your client asked you to do three tasks that were, in your mind, out of scope.

You documented these requests as discussion in item two above, including an estimated fee for each item which came to a total of \$30,000.

When you formally go back to the client and ask for more money to cover these out of scope items, if you were able to do the work for less than the \$30,000 then you are showing the added value you bring to the client. This is much better than going to the client for a request for say, \$25,000 at the end of the job only to find out his expectation was that it would cost only \$10,000 because you never told him what you thought it would cost from the beginning.

5. Review Project Scope and Finances with

the Client Before You Run Out of Budget—

It is recommended that you do a thorough review of the entire budget and scope with your client, including any out of scope work, when the budget is about 75 percent spent. This way the client is, once again, made aware of the out of scope work that may be impacting your ability to complete the original scope on budget. This gives both you and your client time to adjust the final scope or budget before the project goes over budget.

Unfortunately, scope creep will always be lurking around every project. Following these recommendations will provide you with more control over the scope creep. ■

EVERY STRATEGY NEEDS A GOOD FOUNDATION

A/E firms need strategies they can execute. For insights, we spoke with PSMJ's Senior Consultant, John Doehring.

What makes a great strategy? Strategies are less plans of what to do than an atlas of where not to go. Great strategists narrow their focus so they can execute fewer things better. To give context about why they chose to pursue certain paths and not others and to align everyone, they offer:

- The strategy's mission
- The why of execution
- The vision of the strategy
- How the strategy will be executed

How should A/E firms execute a great strategy?

It's difficult to know whether you've executed well unless you establish specific, measurable goals. Instilling objectives with clarity also helps commits people to act. When they can see the finish line, it's tangible. Holding yourself accountable is also easier when goals are specific and measurable.

If a strategy produces poor results, how can you tell if it was the execution or the strategy that was weak? When you can measure performance, it's easier to tell if it was the execution. If a key hire

doesn't pan out, for instance, you'll know your strategy was fine if their performance wasn't. Or you can quantify your interview process. But when errors in execution are harder to analyze, such as failing to enter a new market, A/E firms need to consult their specific, measurable goals.

Should strategy come from the top and execution the bottom?

A healthy organization makes bottom-up and top-down decisions. Top-down strategies bring order to uncertainty. Still, one or two people can't make great decisions for everybody always. To execute any strategy, leaders must empower workers to adjust the strategy when appropriate, while ensuring everyone stays the course.

If an A/E firm had to change one thing about their execution, what should it be? A/E firms should shift their idea of successful execution away from revenue and perfection. Often, the tendency is to ask: "How billable am I?" when the strategic emphasis might also seek to understand and improve client satisfaction. A mediocre strategy well-executed is not necessarily better than a great strategy poorly executed. ■

KEEP YOUR PROJECTS ON TIME AND WITHIN BUDGET

Sometimes it seems that our projects are slowly being pulled away from their budgets and schedules. It's impossible to prevent a project from adhering to the plans at all times, says Ralph Kison, CSE, CME, Growth Through Learning Inc. He suggests five ways to help you keep your projects on time and within budget.

- 1. Establish culture.** It's best to invest in team building and vision setting at the onset. By vision setting early you avoid unclear roles and ambiguous deliverables.
- 2. Utilize communication.** Open lines of communication across all levels of team members is paramount to keeping stakeholders adequately informed and making decisions swiftly.
- 3. Value transparency.** Clearly defined roles, deliverables, and methods of measuring success are pivotal in keeping your project running on schedule.
- 4. Check in regularly.** Kison calls his regular check ins "accountability sessions" because they do more than just discuss project work. These meetings ensure team members are aware of all work and responsibilities.
- 5. Communicate yellow immediately.** There shouldn't be a reason to fear changing the status of the project from green to yellow or red. New risks will be noticed sooner by project teams who are checking in regularly. ■

4 WAYS TO WIN MORE INTRODUCTIONS

Call them referrals. Think about them as networking. But to grow your business you must ask the people you know, or the people your dream client knows, for an introduction:

- **Ask for help.** People love to help people—when they are able. If you want to meet a friend of a colleague, ask by saying, “I was wondering if you could help me with something...”

- **Think beyond just your client base.** Make sure you reach out to past customers, industry partners, friends, and family. The more people you can reach out to the better.

- **Do some research.** Have specific companies (types, size) in mind. Get on line and find conferences where speakers are from these kinds of organizations and then attend.

Or spend some time on LinkedIn and research employees that are part of those companies and who may know someone who is already part of your network.

- **Work at it.** Can you ask for one introduction a day? When you make it a part of your sales plan, asking for an introduction becomes second nature. ■

NEVER AGAIN A NETWORKING NOVICE

Next time you are at a networking event—where potential clients gather—remember the following quick tips:

1. **Reach out—before the event.** If you are given a list of attendees, reach out via email before the meeting or conference. Introduce yourself. Many events have mobile apps now for this very reason. Be sure to use them.

2. **Move around and meet many people.** Introduce yourself and start conversations. Offer your business card. Ask questions and listen to the answers you get. Be curious and find out more about people and their businesses.

3. **Help people.** With some practice you will learn how to talk with people and quickly learn their business challenges. Maybe it's why they are attending the event. You may just be able to offer a solution to a few people you meet.

4. **Follow up right away.** When you get back to the office send a “nice to meet you, look forward to speaking again” email. At the very least they will have your contact information and they can now match a name to a face. ■

5 QUICK WAYS TO BOOST BD

Limited time? Limited money?

Here are five tactics you can do today to boast your firm's BD efforts:

1. **Reach out to current clients** and ask for:

- Testimonials
- Referrals
- Reviews
- Recommendations

2. **Decide what services your firm offers** and craft an easily understood elevator speech.

3. **Go where your clients are**—associations, professional meetings, conventions—at least twice a month.

4. **Begin posting** a blog, podcast, video, or white papers. Send out a monthly client email newsletter to share posts.

5. **Get serious about social media.** Share awards your firm has won, community work, employee pets, etc. ■

WHEN YOU'RE BUSY, DEVOTE MORE TIME TO BD

Too busy to find new business? Your need to find more time will solve itself if you don't take advantage of the strong economy. Taking advantage of the economic upturn means taking care of existing customer, of course, but it also means putting aside more time to finding new, successful clients.

When it comes to engineers and architects, the amount of time devoted to marketing/business development increases with years of experience and size of firm. According to PSMJ's **2017 A/E Staff Compensation Benchmark Survey**, A/E professionals with more than 20 years of experience spend about 12 percent of their time working on marketing and BD. The larger the firm, the more time is devoted to finding new business.

For example, environmental engineers with more than 20 years of experience in firms with staff sizes of between 101 to 250 devote 25 percent of their time to marketing and business development.

But despite a strong economy, PSMJ's **2017 Management Compensation Benchmark Survey** reports the amount of time managers and staff devote to find new work is holding relatively steady, with firm leaders devoting much of their time to marketing and selling the firm's services. ■

2018 PSMJ SURVEY SCHEDULE

MANAGEMENT AND STAFF COMPENSATION

(Deadline: 3/2/18)

FINANCIAL PERFORMANCE

(Deadline: 4/13/18)

Please opt in to our Surveys Email list at: <http://go.psmj.com/survey-info-opt-in> and we'll make sure you receive the questionnaire links.

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



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

5 WAYS TO KEEP IN TOUCH

Most experts recommend keeping in touch with potential clients.

But how when reaching out does not come naturally?

Here are five ways to keep top of mind with those we'd love to do business with:

- **Send a note.** Say "thank you" for the person's time. But make it hand written.
- **Tell them about an upcoming event.** Forward the information via e-mail, or send a ticket for admission if it happens to be local to the prospect.
- **Try a formal business letter.** An alternative to the personal note is a more business-like communication that summarizes the topics discussed during your initial meeting.

In conclusion, provide a few suggestions for follow up.

- **Email a link to an article about a relevant topic.** Maybe it's a blog published by you or someone else in your firm.
- **Reach out with webinar invites.** This can be cost effective especially if you record the presentation and use it on your website. ■