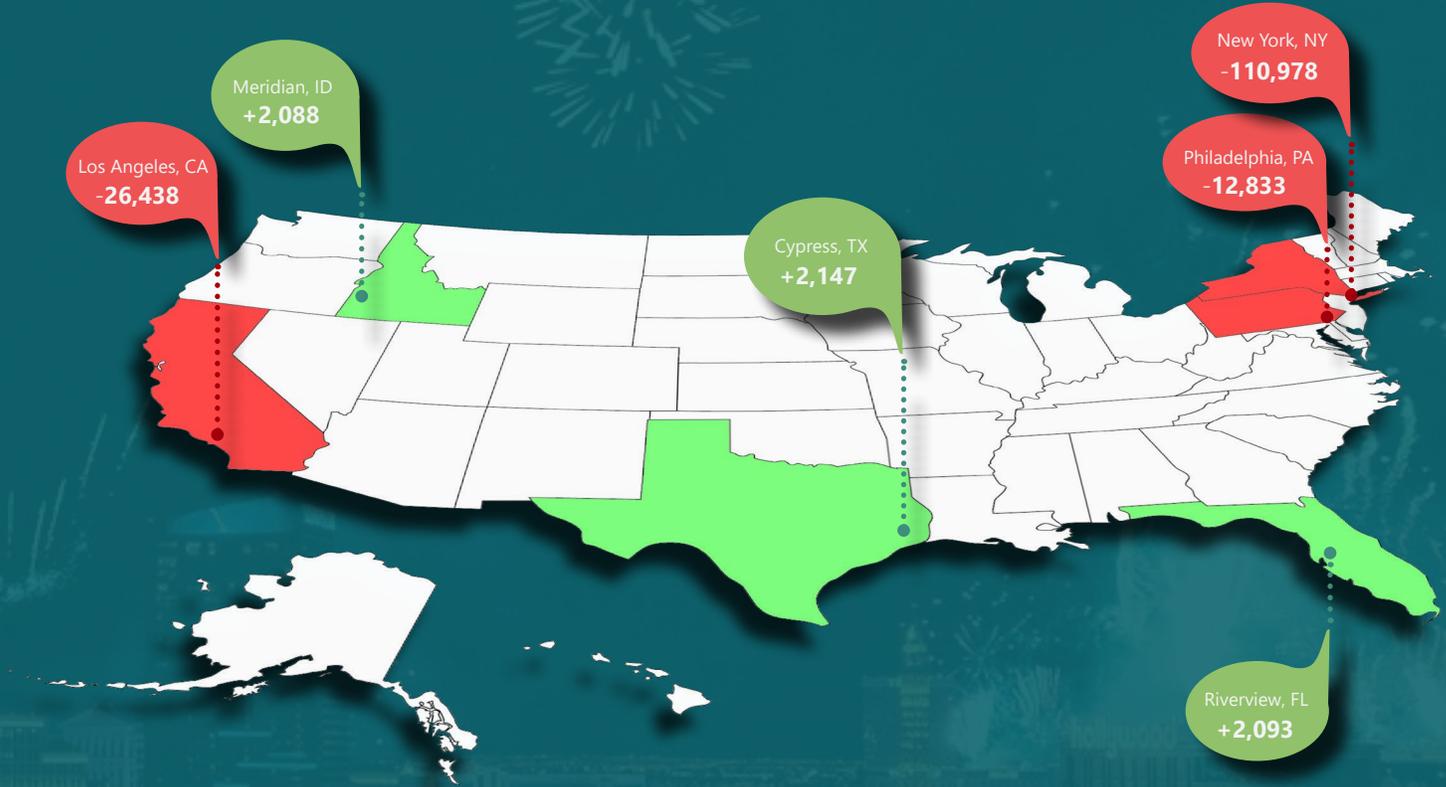


Data-Driven, A/E/C Strategies For Sustainable Success

CITIES THAT GAINED AND LOST THE MOST MOVERS DURING THE CORONAVIRUS

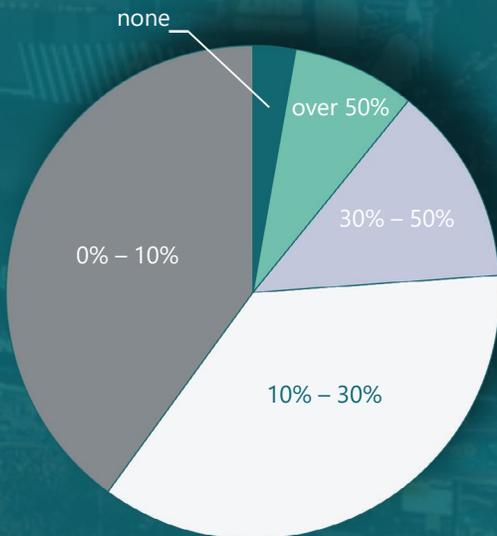


Source: Data pulled from total USPS change-of-address requests filed between February 1, 2020 and July 31, 2020. To calculate the data, MyMove took the total number of moves to each city and subtracted the total number of moves from it.

MORE on p. 2

WE TALKED TO PROJECT MANAGERS ...

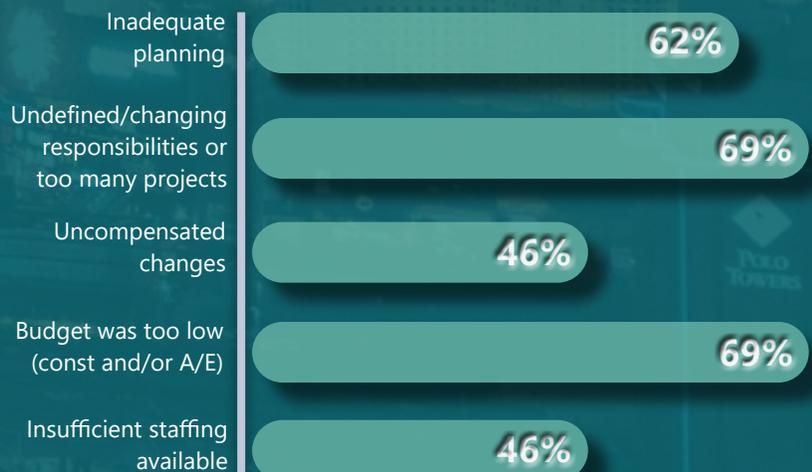
TIME PMs SPEND ON BD



Source: Attendees of A/E/C Project Management Association's training, "When A/E/C PROJECT MANAGERS Lead BUSINESS DEVELOPMENT, Everyone Wins"

MORE on p. 4

BIGGEST PROJECT PROBLEMS



Source: Attendees of A/E/C Project Management Association's training, "Project Planning—Plan and Manage Your Project Better"

MORE on p. 5

'COLLECTIVE' REDESIGNS PROCESS, DELIVERS VALUE

While collaborating in late 2019 on a high-end, single-family home reconstruction in Southeastern Connecticut, architect Hope Proctor and interior designer Caryn Paradis had a revelation—their collaboration was yielding a greater overall value for the client because the insight they received from each other helped both produce better work.

They also concluded that adding other skilled and like-minded A/E/C professionals would create a formidable team that would benefit each participant, as well as the project.

REDESIGN IS BORN

The pair contacted a builder they both knew and liked, Peter Giordano, Jr, of Prominent Development, to weigh his interest. After a few meetings and some robust discussion, The REdesign Collective was born.

More than a networking group, but not a formal company, the REdesign Collective is focused on high-end residential renovation and construction projects on the coasts of Connecticut and Rhode Island. In addition to Proctor Architecture LLC, Caryn Paradis Interior Design and Prominent Development, the Collective includes Tim Bray of Seaport Real Estate Advisors. Giordano's son, Peter III, of Adaptive Strategist, adds his marketing and operations skills to help the Collective move forward as a group.

READY EXPERTISE

"I've been in networking groups before, and the major difference with the Collective is that you don't have to work with just anyone; these people are all at the top of their game," says Bray. "When someone in the group is hired, they're connected to people who can help in all areas of the process."

Proctor says the Collective's ideal client has the means to create a high-end residence, but not the time to search for the perfect property or to closely manage the details of design and construction. "The real estate piece makes us different from a design-build collaboration," she says. "A potential client would ideally go to Tim, and then, without having to worry about anything else, work through the group to get their dream home completed."

INCREASED DEMAND

Although the Collective is still in its infancy as a defined group,

team members have worked together in various configurations. One overriding principle is that every project does not need to involve every member.

"No one is threatened by competition," says Kim Vickerman, design coordinator for Paradis Interior Design. "Peter may get a lead, but they may already have an architect or interior designer. Everyone understands that. But we all know we have people we can rely on when we need them."

The COVID-19 pandemic, which coincided with the group's official start, may actually increase demand for the Collective. As wealthy people move out of large cities—particularly New York City—and seek to build or renovate luxury homes in suburban areas of Connecticut or Rhode Island, opportunities grow.

"As people exit bigger cities, or work more remotely, the amenities to run a business out of the home become more important," says Giordano, whose company has three components—Tier 1 for new construction, Harbour Towne for renovations, and Encore for property management.

"Sticking a home office in a spare bedroom isn't enough. They need to feel comfortable working from home and be able to jump in and out of their work and home lives."

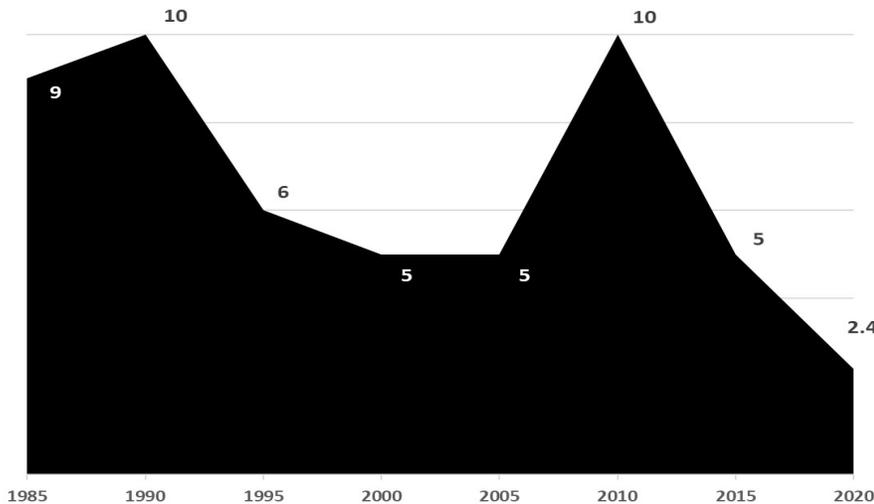
THE FUTURE

The Collective is new enough that some aspects of its mission remain undetermined. While its prime target is high-end coastal residences, the group won't refuse an ideal inland project. There is no stated goal to become a single corporate entity, but no one discounts the future possibility.

"We feel like this is a way we can streamline the process," says Paradis. "We're all seasoned professionals, and we're aligned in many ways."

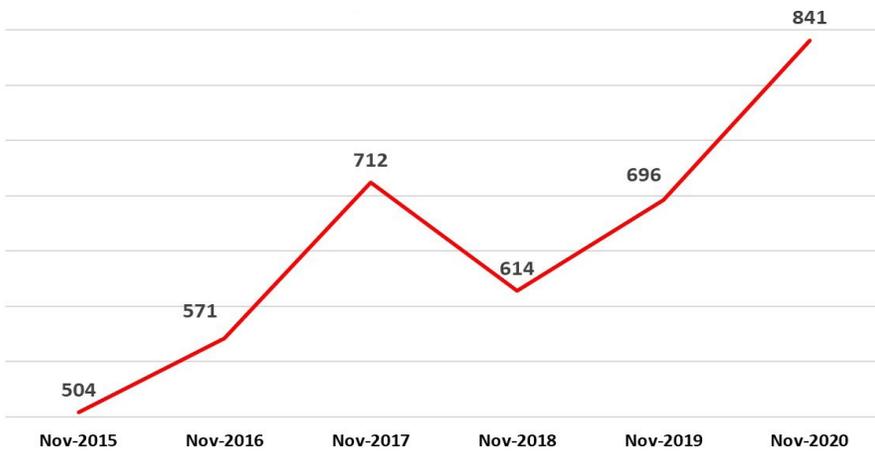
We all have the same work ethic and ethics. Projects are like a relay race, where you're constantly passing the baton back and forth. Getting Peter's input on what it will take for Hope's design or our interior design to be constructed is invaluable in the planning process, and that works both ways. Knowing that we're working with people with a common mindset makes the process so much less stressful." ■

**THE SUPPLY OF PREVIOUSLY OWNED SINGLE-FAMILY HOMES
FELL TO 2.4 MONTHS IN OCTOBER —THE LOWEST SINCE 1982**



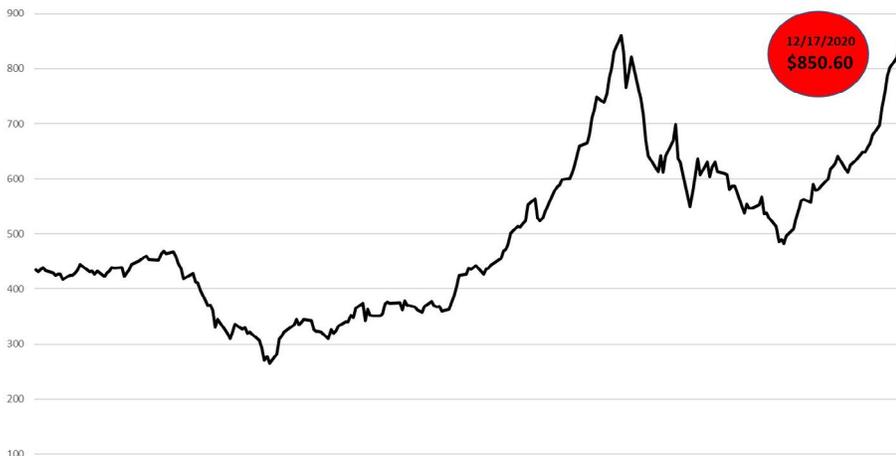
Source: National Association of Realtors

**NEW SINGLE-FAMILY HOME SALES
Seasonally Adjusted — Thousands of Units**



Source: U.S. Census Bureau

LUMBER PRICING



Source: Nasdaq

BY THE NUMBERS

\$900 BILLION

The \$900 billion COVID-19 relief package includes provisions that National Association of Home Builders championed: (1) small business relief from burdensome loan forgiveness requirements, (2) rental assistance for renters and landlords, (3) and funding for state and local HBAs.

2021

Moving into 2021, the AIA looks forward to working to move forward at least the following tenets: funding for best practices for school design to promote healthy, safe learning environments; increase STEAM investment and student debt relief; catalyze accessible and affordable housing; buildings that use less energy; tax incentives to spark resilient; and sustainable, and equitable development.

97%

Global Views surveyed nearly 600 respondents in the commercial building sector and found flexible office footprints and lease contracts are the two biggest trends. An overwhelming 97 percent of respondents believe that large corporate tenants globally will aim for a portion of flexible office space as a result of the pandemic and more flexible lease contracts will also become the new normal, predicted 66 percent of respondents.

WHEN PMs LEAD BD, EVERYONE WINS

The more A/E/C project managers get involved in marketing and sales, the better the leads and chances of successful, long-term relationships with clients.

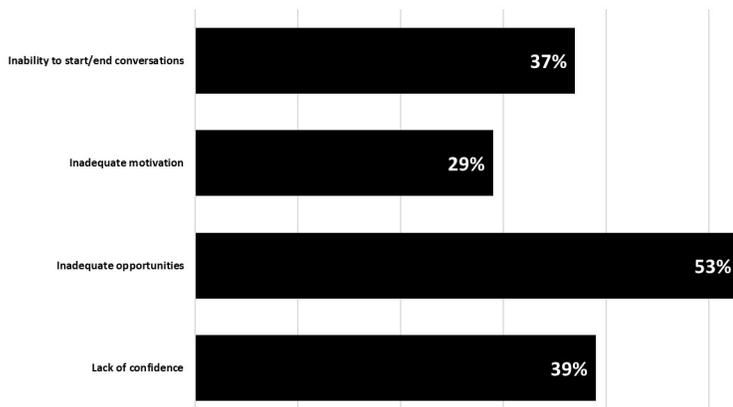
“It’s really part of your own self-preservation,” says Christopher P. Martersteck, AIA, LEED AP, DBIA, AECPPM.

NINE STEPS

Tend to be introverted? That’s not uncommon in this industry, so Martersteck has outlined nine steps for successful networking and business development:

- 1. BUILD CONFIDENCE.** If your firm has another office, give a brown-bag lunch presentation of the projects you’re working on in your own location. “It gets you in front of a supportive crowd and enhances your presentation skills at the same time.”
- 2. BE PREPARED.** Know how you want to open conversations and learn how to end them gracefully. Also, relationship building is still old-school even when it’s done remotely. Facial expressions and body language count.
- 3. CREATE NARRATIVES.** “Stories are what helps people remember what you said.” Talk about how your firm has previously dealt with critically important issues your client is facing now.
- 4. LISTEN WELL.** “You’ve got one mouth and two ears, so be sure to listen at least twice as much as you’re talking.” Ask clients about their biggest challenges, and don’t forget personal questions that show you care at a deeper level. What do they read? What are their outside interests?

WHAT KEEPS YOU FROM NETWORKING EFFECTIVELY?



Source: Attendees of A/E/C Project Management Association’s Training, “When A/E/C PROJECT MANAGERS Lead BUSINESS DEVELOPMENT, Everyone Wins”

- 5. COMMUNICATE REGULARLY.** Meet in person, make phone calls, send informal handwritten notes, connect on social media. This can also include invites to presentations (as long as they’re not sales presentations).
- 6. ASK LEADING QUESTIONS.** Examples: How are we doing, really, and how could we do better? Has anything changed in your world that we might be able to help with? Would you be willing to introduce us to others who may need our services?
- 7. MAKE A LIST.** Write down between eight and 12 clients you can use for referrals or future business. Set aside some time on a Tuesday, Wednesday, or Thursday morning to call just one of those clients. “Once you have cycled through, start the cycle again. Do not let one week go by without having reached out.”
- 8. DRIVE ADDITIONAL REVENUE TO THE FIRM.** “Scope creep can be a marketing opportunity—more sales and revenues, minimal marketing costs, no competition, minimal price pressure, terms already agreed.” Be sure to save this for quality clients only, especially strategic clients that get corporate-level attention.
- 9. DO THE MATH.** Eighty percent of annual revenue generation comes from repeat clients, and 20 percent comes from new clients. However, business development budget consumption is 20 percent for repeat clients and 80 percent for new clients. Having a solid business development plan in place for the people you already work with makes sound financial sense.

NEVER STOP

“Never stop selling your services and your people by talking about the great things you’ve done and how you’ve done them,” notes Martersteck. “Show them how different you are than other firms.”

Clients are most enthusiastic when they can come back to the same project leader every single time, because they are satisfied with the combination of leadership and management.

Says Martersteck: “You are worth more to them if you can be their agent and advocate.” ■

9 STRATEGIES TO START A PROJECT RIGHT

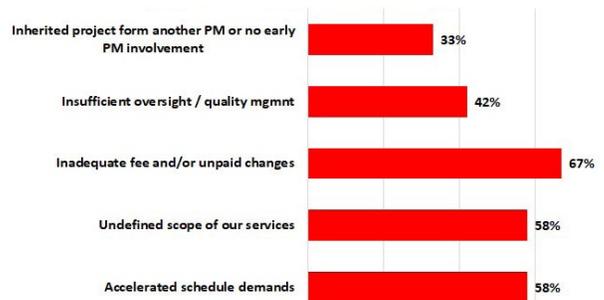
Projects are launching much more rapidly these days, making it critical for project leaders to be intentional about first steps. Christopher P. Martersteck, AIA, LEED AP, DBIA, AECPM offers these nine strategies:

- 1. DEFINE THE DETAILS.** Better budgets are based on better detailed scope development. When working with clients seeking fee reductions, migrate to a detailed analysis of deliverables rather than just examining the much broader fees for each phase. They will quickly realize the only way to significantly cut costs is to reduce the scope—which is best for you and your firm.
- 2. ANTICIPATE CHANGES.** Always get prior written authorization before making any adjustments. Martersteck has never seen a project move forward without changes, so prepare accordingly and be vigilant—and solicit the support of your team in identifying potential changes they may be embarking on.
- 3. GET YOUR TEAM ON BOARD.** Inform them by setting goals and seeking input and commitment. They will see potential changes first. “In the past we treated our team members like mushrooms—kept them in the dark, watered them occasionally, and hoped they’d grow.” These days everybody should know their deliverables, budgets, and schedules.
- 4. CUT OUT COMPETITORS.** Start the proposal and scope development process “when the project is just a gleam in the client’s eye.” Convert the project’s loosely defined goals into manageable tasks, anticipate problems, and manage risks.
- 5. START WITH A VISION.** Get clients to describe their vision, then convert vague critical success factors—both the client’s and the firm’s—into clear performance objectives with SMART goals: specific, measurable, achievable, relevant, and time-bound. A client wants an environmentally friendly building? Achieve a LEED rating. Your firm wants to make a reasonable profit? Achieve or do better than your budget goals, and you will earn the net profit built into your billing rates—or more.
- 6. CHARGE FOR PROPOSAL COSTS.** Depending on project size, fleshing out your draft plan—your proposal—into a fully detailed Project Management Plan could take a couple of hours or the better part of a week. Firms that create a thorough proposal then are able to “roll that cost into the project cost, become

cash-flow positive immediately, minimize overhead expenses, and have an amazing project road map document that becomes a super high-level differentiator—and an initial deliverable to charge for.”

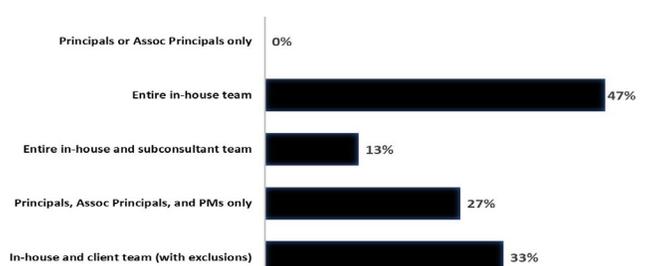
- 7. REMAIN FIRM.** Stay true to work, organization, and accounting breakdown structures. Don’t change the scope, schedule, budget, or resources unless there is a contract modification—unless you are tracking individual hours expended against deliverables in an enterprise resource management system. ERP is the apparent wave of the future, but it means being much more detailed and accurate in recording hours on time sheets.
- 8. BE PREPARED.** Multiple plans are needed for effective communication, prioritized opportunities, risk management, quality control, change management, and client care. Summarize and share all plans with your internal team. External teams do not need to view opportunity or client care plans.
- 9. END ON A TOP NOTE.** “No matter what the project size, you’ve got to be able to get a process of endorsement.” ■

REASONS FOR PROJECT PROBLEMS



Source: Attendees of A/E/C Project Management Association’s training, “Project Planning—Plan and Manage Your Project Better”

WHO SEES THE PM PLANS?



Source: Attendees of A/E/C Project Management Association’s training, “Project Planning—Plan and Manage Your Project Better”

2020 INDEX

TOPICS

ACCOUNTABILITY

	ISSUE	PAGE
Accountability Begins with Key KPIs	MAY	10
Judge Performance Ruthlessly	DEC	4
Measuring for Success	JUN	3

BD AND MARKETING

Think Solutions not Products	MAY	10
Optimize Your Next Virtual Interview	AUG	10

CLIENT MANAGEMENT

Chance to do Business with Someone Else	FEB	5
CX Factors into Firm Culture	JAN	2
Exceptional CS	DEC	10
Feedback the Foundation of CX	JUL	8
Growth Through Relationships	JAN	9
Lessons Learned from Becoming a Client	MAY	11

COLLABORATION

Cross-Training Helps Collaboration	MAR	10
------------------------------------	-----	----

COMMUNITY

Discussions on the Forum	APR	6
Discussions on the Forum	MAY	5

COMPENSATION

Think Solutions not Products	MAY	9
Optimize Your Next Virtual Interview	JAN	4

COVID-19

8 Thoughts	AUG	5
Black Death to Black Friday	JUN	9
Reopening the Workplace	JUN	4

CULTURE

5 Ways to Combat Burnout	OCT	2
10 Ways to Fight Back the Fear	MAY	8
Act on What Employees Do Right	FEB	9
A Living Legacy	DEC	9
Blend Work and Life	DEC	2
Cost of Culture	JUL	6
Culture Leads to Excellence	JUN	10
Deal with Young Professionals	APR	10
Handbook and Culture	AUG	9
Keep Culture	OCT	9
Maintain Culture With Communication	NOV	9

DESIGN

A Renewed Look at Design	NOV	10
Serve the Community	DEC	8

ESOP

Consider 7 Cs	JUN	8
---------------	-----	---

FINANCIAL MANAGEMENT

2019 and 2020 Financial Data	SEPT	4
Business is Business	APR	4
Foundational KPIs to track	JUN	12
Immediate Need, Cash, Cash, Cash	APR	11
Operations Managers and P&L	MAY	12
Overhead Costs have Dropped	OCT	12
PPP Forgiveness	JUN	2
PPP Loan Information is Public	JUL	10
Pre-Project Labor	FEB	12
Stress Test Your Firm	AUG	2

FORECASTING

Plan for Further Growth	FEB	2
-------------------------	-----	---

HIRING

A Tool for Hiring	FEB	11
-------------------	-----	----

HUMAN RESOURCES

A/E/C HR Shares	OCT	5
FFCRA Compliance	DEC	12
NY Invalidates Parts of DOL Guidance	SEPT	5

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INDUSTRY

A/E Future Remains Bright	AUG	6
Congress Extends FMLA	APR	9
First the Good News	JUL	2
Flourish Amid the Pandemic	AUG	4
Future Affect on A/E/C Firms	SEPT	6
Insider's Look at Immigration	NOV	4
Move to Where You Are Going	SEPT	2
No Employees? No Problem	APR	8
Opportunities in Construction	OCT	10
What Should A/E/C Expect Now?	NOV	2

INFRASTRUCTURE

The WH and the Presumptive Nominee	AUG	8
------------------------------------	-----	---

INTERNSHIPS

Big Internship Strategy	FEB	10
-------------------------	-----	----

LEADERSHIP

Change is Inevitable	JAN	11
From Asking to Making Decisions	MAR	12
Select Your Next CEO	DEC	5

LEGAL

8 Steps to Better Contracts	AUG	8
-----------------------------	-----	---

MEMBER SPOTLIGHT

August Spotlight Cook	AUG	11
December Spotlight Lewis	DEC	11
November Spotlight Mollman	NOV	11
October Spotlight Azerbegi	OCT	11
September Spotlight Kurton	SEPT	11

MERGERS & ACQUISITIONS

Grow Through M&A	MAR	2
Integrating 2 Firms	JUL	4

OUTSOURCING

Outsource Admin to Focus on A/E/C	SEPT	10
-----------------------------------	------	----

PROJECT MANAGEMENT

7 Strategies for PM Success	JUL	10
Bad News Doesn't Improve with Time	SEPT	9
Focus on the Schedule	MAR	4
Go/No-Go Tool	SEPT	12
Managing Scope	JUL	12
Paying Project Managers	MAY	6
PMs are Always in Demand	JUL	9
PMOs to Better Manage Projects	SEPT	8
Stop Putting Out Fires	FEB	8
Tool to Manage Small Projects	AUG	12
Who Should Manage Our Projects	JAN	12

PRICING

From Commodity to Value-Based Pricing	NOV	6
Value-Based Pricing	FEB	6

PRODUCTIVITY

Maximize Productivity	MAR	8
Two Approaches	MAR	9

QUALITY

Keep Quality Through Processes	NOV	8
--------------------------------	-----	---

RECRUITMENT & RETENTION

4 Tactics to Recruit Top Talent	OCT	4
Don't Give Up	OCT	6
Find and Keep Unicorns	JAN	8
Recruitment and Retention Gets Difficult	JAN	6
Staff Climb the Ladder	MAR	5

STRATEGIC PLANNING

Forecast the Future	OCT	8
Plan for Uncertain Times	JUL	3
Position to Grow	AUG	5
Save Even When it's Pouring	AUG	3
Use the Balanced Scorecard	FEB	4
What is Strategic Planning?	DEC	6
What is Strategic Planning?	MAR	6
When Opportunity Knocks	JUL	11

WOMEN-OWNED

Focused on Excellence	JUN	11
-----------------------	-----	----

WFH

4 Keys to Telecommuting Success	APR	11
Is Working from Home Efficient?	MAY	2
No one is Saying 'No' to Teleworking	APR	2
Staff Who Wish to Work From Home	APR	12
The Virtual Office	MAR	11
WFA Manners Matter	SEPT	3
WFH Policy	NOV	12
WFH--Where We Stand Now	MAY	4

YOUNG PROFESSIONALS

Paying Young Professionals	JUN	6
----------------------------	-----	---

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6 TIPS TO GET MORE GOVERNMENT CONTRACTS

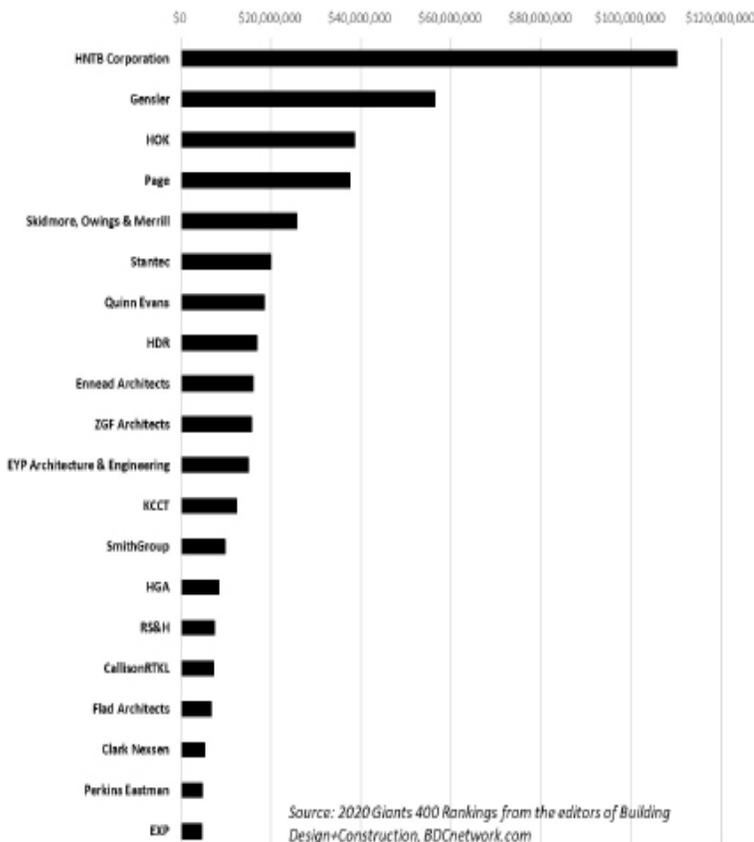
Small businesses have a great advantage when it comes to winning federal contracts. For example, each department in the federal government has a goal to spend about 23 percent of its budget with small businesses. They also look for opportunities to work with companies that are owned by women, minorities, or veterans, or are located in a Historically Underutilized Business Zone (HUBZone).

ONCE IN

“Generally speaking, it’s a pretty safe market once you’re in,” says Jennifer Schaus, principal at J. Schaus & Associates, a specialized consulting firm in Washington, D.C. “In the commercial world, particularly in this day and age, you don’t know if your client is still going to be in business after COVID,” she adds, “but the government is buying now more than ever.” On top of that, federal contracts tend to be multi-year engagements that are usually renewed—so prices increase, and, subsequently, margins grow year after year. Schaus provides six more insights into federal government contracting:

1. **Visit www.SAM.gov.** Here you’ll find contract opportunities, contract data reports, and other useful

TOP 20 A/E FIRMS – FEDERAL CIVILIAN GOVERNMENT



resources. Market research and competitive analysis can be compiled by vendors to better understand how much money is being spent by agency and department.

2. **Highlight past performance.** Try not to be all things to all people. “Focus on the one piece of your business that is most profitable, do it well, and become known for that.” Good customer references at the state and local level typically translate well into opportunities at the federal level.
3. **Network.** “It’s almost easier now because the match making has gone online.” Research associations and organizations that have government program managers as members, then pursue them.

Because so many events are now held virtually, people from all over the country can participate without having to travel to D.C.

4. **Strategize with a partner.** A joint venture may enhance your capabilities. “Just like in the dating world or when buying a car, conduct due diligence.” Is the potential partner reputable? Will you work well together? If you decide to proceed, make sure you agree on a strong contract.
5. **Consider hiring a consultant.** Know that just because someone has worked for the government doesn’t mean they are the best fit to help you win a contract. You want a team or someone “who understands the federal government, your business and value proposition, and has relationships with program managers on the federal side.” You also want to obtain a fair timeline of sales and pipeline-building activities.
6. **Have patience.** There are some one-hit wonders, but businesses typically can expect to invest between 18 and 24 months and about \$100k annually in people and tools (data, contract vehicles, etc.) before landing their first government contract.

Conduct upfront analysis, marketing, sales, and business development and you’ll have the best chance of earning the federal government’s interest.

“There’s competition,” Schaus admits, “but the more you know about the market, specific opportunities, and competition, the better able you’ll be to play the game.” ■

PLAN ON OPTIMISM TO SUCCEED

Ward Isaacson brings a positive disposition to every conversation, even when it involves a global pandemic. “We feel like we’re rounding the corner,” says the president of Pope Architects.

“It’s been challenging, but we think we managed it pretty well. We see a light at the end of the tunnel.”

OPTIMISM FIRST

Isaacson leads a team of 75 architectural and interior design professionals working for the St. Paul-based firm that was named to the PSMJ Circle of Excellence. His optimism is shared by the rest of the leadership team.

“It’s a diverse group, but we’re all on the same page about who we are and where we want to go. Everyone is committed to the success of the firm,” he says, adding that cohesion was critical in guiding Pope Architects through the worst of the pandemic.

“When you’re facing adversity, even a little dysfunction within the team can sink you,” he says. “We’ve built a culture of collaboration and creativity, and surrounded ourselves with people who are talented, smart, and fun to work with.”

2020 COE WINNER

This year, the firm was selected to the PSMJ Circle of Excellence while also being named one of the best places to work in the Twin Cities by a local business publication.

“To be recognized both for business success and workplace culture in the same year was gratifying,” he says. “We feel like we’re doing something right.” Isaacson attributes some of the firm’s stability through the pandemic to the range of its work: “We do a bit of everything, from housing and corporate offices to education, healthcare, and worship. Everyone finds a home and develops a specialty without losing flexibility if they want to explore other interests. If work in one market practice slows down, we can shift to balance staff with workload effectively.”

While most of the work is local, he says the firm designs senior housing projects around the country and has successfully managed them remotely throughout the pandemic.

“Now that we’ve proven to ourselves that we can do work on a national scale,” he says, “we look to continued expansion in other states and regions.”

HASN’T BEEN EASY

None of this is to say that the last nine months have been easy for the firm. Not surprisingly, the pandemic has had a huge impact on their healthcare business as well as on corporate office design. As Isaacson points out, “No one knows what an office environment is going to look like when this is over.”

Pope Architects is a case in point: the firm’s staff has been working remotely for about nine months. How the office will look post-pandemic is still a question. One option, Isaacson says, is to schedule in-office hours for each worker about every two weeks, with no more than 15 people in the office at one time.

“We’re working on a long-term office reintegration plan for resuming business following CDC guidelines,” he says. “We think it’s important to get people back into the workplace. We’re in a creative business. In-person collaboration is what we do.” ■



Learn more:

<https://www.psmj.com/survey-participation>

8 WAYS TO BUILD A BETTER CULTURE

A company like Kimley-Horn doesn't get recognized 13 times as one of FORTUNE's "100 Best Companies to Work For" by maintaining the status quo.

Instead, it takes a creative approach that at first glance may appear to breed chaos. No job descriptions. Work routinely shifts between offices. Guidelines instead of policies.

The result is a highly profitable firm with an annual turnover rate well below the industry average.

STRONG CULTURE

"We're designed to be a little free-flowing, and we like it that way," says Executive Vice President Barry Barber. "The idea is you put good people into a good strong culture, and they'll make really strong decisions."

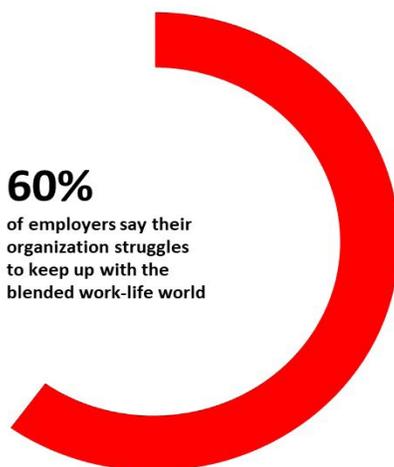
How to build a strong culture? Barber offers eight pieces of advice:

1. **Be transparent.** Employees "want to know what's going on and they want promises fulfilled." Lately, to keep them in the loop, the firm has sent out more than 30 messages on how COVID-19 is affecting business.
2. **Make performance matter.** Offer opportunities to grow. Encourage good performance "and when the company does well, the people should do well."
3. **Have recruiting materials that accurately describe the culture.** Barber received a green book titled "Philosophy" when he joined the firm in 1994—a book that now, after a few minor rewrites, is called

"Culture and Philosophy." Kimley-Horn also has a purple book on practice building, a gold book on being a well-rounded analyst, and an orange book on growth. A book on leadership—no color assigned just yet—is in the works.

4. **Reinforce staples.** Every training class addresses honesty, integrity, ethics, exceptional client services, high expectations, sharing and caring, and sustained profitability. Drill down on these and other important topics like entrepreneurship, or trust and partnership.
5. **Get consensus.** "In our firm, the more authority you have, the more incumbent it is on you to consult with others."
6. **Rethink titles.** Kimley-Horn stopped putting job titles on business cards after a client, sitting around a table of employees, collected several and then asked a question he thought mattered more than job titles: "Who's going to do the work?"
7. **Focus on new employees.** Help them understand why the firm does what it does. At Kimley-Horn, new hires receive a Passport to Success encouraging them to learn about its culture and start cultivating relationships. Completing the passport earns them a purchase at the company store. Annually, employees in their early years receive multiple coupons to take anybody in the firm to lunch (even senior execs). Spouses and domestic partners receive a welcome packet that includes a certificate to take another Kimley-Horn couple to dinner. The firm also offers a series of monthly activities for the first 18 months, to highlight workplace culture.
8. **Recognize and reward.** In addition to significant annual bonuses, Kimley-Horn employees can recommend a co-worker for a \$50 "extra effort" award, while a "spot bonus" goes to someone who, for example, works weekends for months on end. That last one is worth hundreds of dollars and can be personalized. "If they're in the process of renovating their back yard, we might say, 'Hey, we're going to buy you a gas grill.'"

"A well-articulated culture allows employees to know what to expect," says Barber. "The result is we have happy people—and when we have happy people, we have happy clients." ■



Source: MetLife's The New Work-Life Reality, 2020

PSMJ MEMBER SPOTLIGHT

JANUARY

NAME:

William (Bill) Hopkins

POSITION:

Principal/Operations Director

FIRM:

Hanbury

NUMBER OF YEARS IN THE A/E/C INDUSTRY:

26



BIGGEST CHALLENGE IN YOUR CAREER?

The obvious response is COVID, but a recurring challenge I continue to face is managing scope-to-project (construction) budget. Every project we work on seems to go through the same vicious cycle of design-VE-redesign-VE-redesign, etc.

WHAT IS A KEY TIP YOU COULD PROVIDE TO AN EMERGING LEADER?

Our firm is looking for future leaders who show they have that “fire in the belly,” those who actively seek out new responsibilities and opportunities to engage in many diverse facets of the company. I also tell new employees to be proactive and very vocal when he or she sees a door opening. Don’t wait for someone to ask, as those opportunities will likely go to someone else who speaks up first.

WHAT’S YOUR FAVORITE MOMENT OF YOUR CAREER SO FAR?

Hearing a young designer tell me she appreciated the confidence I placed in her by delegating new tasks and responsibilities. She said she learned more in six months on that one project than she had in the last few years as an intern at another firm.

GUILTY PLEASURE:

NFL “Red Zone.”

FUTURE PREDICTION:

Design-build contractors will play an increasingly influential role in the design of projects. Conversely, Construction Manager-at-Risk delivery will be a vague memory.

ASK THE EXPERTS

QUESTION:

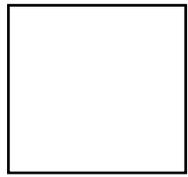
How best to improve profitability, project performance, and overall project manager proficiency?

ANSWER:

“A lot of firms struggle in these areas,” says JJ Brantingham, co-founder of Planifi, based in Somerville, MA.

Brantingham and Planifi project executive Don Archibeque offer six tips to lessen this struggle:

1. **Estimate well.** Think about whether you can standardize a bit more, and use the right cost escalators. If your project won't be finished for five years, roughly calculate what rates will be in 2025. “And you want to make sure that no matter who puts the estimate together, you have someone else asking questions about the scope of the overall project,” says Archibeque.
2. **Keep staff informed.** Communicate scope and budget to staff throughout a project's life cycle to make sure everyone understands intended plans for execution. It's easy to do and will help the project stay on track.
3. **Review and update the original plan.** Projected numbers often vary from actual cost. Making sure project managers monitor the plan regularly increases the window of opportunity for course corrections and chances of overall project success. “You become more proactive decision makers,” says Brantingham.
4. **Capture out-of-scope work early.** Even if you don't charge for it, no-cost change orders should still find their way onto a request log for documentation purposes.
5. **Charge for out-of-scope work when necessary.** That request log may come in handy, since you'll want to avoid an emotionally charged conversation about additional services or scope compensation. “The goal isn't to nickel and dime the customer,” says Brantingham. “It's to show what you're willing to do for 'free' so that when you do need to charge for work, you're showing the overall value of the firm.”
6. **Assign accountability.** More and more firms are making project performance one person's responsibility. This can be a part-time function—reviewing issues with project managers, troubleshooting challenges. “It's also an opportunity to mentor the person who is executing the work,” says Archibeque. “That's going to build good leadership for the future.”



ASK THE EXPERTS

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