

20 There are currently 20 members of the A/E/C Project Management Association who hold AECPM certification. To find out more, visit: <https://www.aecpma.org/>

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A/E/C PROJECT MANAGERS CAN NOW SHOW OFF THEIR EXPERTISE

Qualified project managers are one of the most critical parts of an A/E/C firm's success and sound project management is the foundation of every successful A/E/C project. But even the most seasoned PM can find themselves struggling to navigate changes in scope, major milestones, and staffing issues.

In response to the growing need to give clients and firms a better grasp of the tools needed by PMs to spearhead challenging A/E/C projects to a successful outcome, a new certification has emerged. Currently only a few A/E/C PM hold the credential, and only a few dozen PMs in the industry are eligible to pursue it.

SPECIALIZED CERTIFICATION

Until recently there just hasn't been a reliable credential to demonstrate industry-specific skills, says Mary Loden, P.E., PMP, AECPM, Kleinfelder's Vice President of Project Management. She joined other senior representatives on a task force to change that as they gathered the criteria for the new AECPM requirements that gives PMs a pathway to certification. She explains the importance of this new **CONTINUED / PAGE 2 ►**

FINALIZED TAX CUTS AND JOBS ACT

Congressional Republicans have finalized the Tax Cuts and Jobs Act, new legislation that slashes the U.S. corporate tax rate to 21 percent and individual taxes for wealthy Americans to 37 percent. Also, Republicans approved a 20 percent income deduction for pass-throughs.

While specific service industries, such as health, law, and professional services are excluded, the final bill now contains specific language stating that A/E firms are not subject to the limiting provision on pass-through status that applies to other service businesses, a concession after industry lobbying, primarily added to compensate for the loss of Section 199.

Moreover, joint filers with income below \$315,000 and other filers with income below \$157,500 can claim the deduction fully on income from service industries. This provision would expire December 31, 2025.

Be sure to access the "Final A/E Details of New Tax Bill" chart by going to "Newsletter Login" on psmj.com and logging in. ■

CERTIFICATION FOR A/E PROJECT MANAGERS (continued from page 1)

certification, goes beyond education, experience, and passing a certification exam.

Not all projects will thrive with the same project management principals in play—different industries have different priorities. Zoning regulations, project bidding, and building code compliances aren't covered in even the most prestigious PM certifications—that is why this certification is different.

SPECIFIC TO A/E/C

The AECPM certificate requires both formal training as well as work experience to become certified. Even if you don't have a PM title at your firm, you can gain the necessary experience by carrying out project management tasks for another PM, Loden explains.

In fact, Loden suggests that anyone with project management experience would benefit from becoming certified in their field, "The AECPM doesn't replace licensing or registration, but [it] is a good supplement to demonstrate project management competency," she says.

"Today's A/E/C Project Managers need to be able to deal with the often-complex planning and management of projects ranging from small-duration to mega-projects," Loden says. The AECPM credential demonstrates to colleagues, project stakeholders, and clients that a project manager has the ability to apply solid project management fundamentals to solving complex problems in new and unfamiliar situations, she explains. ■

BY THE NUMBERS

58

There are currently 58 charter members of the A/E/C Project Management Association. The first member joined the AECPMA in May of 2017.

28%

Twenty-eight percent of the current charter members of the A/E/C Project Management Association are women. They hold titles ranging from Director of Project Management and Principal to Associate Project Manager.

36

AECPMA Charter members represent nearly 40 architecture and engineering firms from across the United States and Canada.

100%

All charter members of AECPMA are working project managers. Titles range from CEO to Project Manager Associate.

ONLY MEMBERS OF THE A/E/C PROJECT MANAGEMENT ASSOCIATION CAN BECOME CERTIFIED

A/E/C PROJECT
MANAGEMENT
ASSOCIATION



Project Managers in the architectural, engineering, and construction (A/E/C) industry are joining an all-new organization, the A/E/C Project Management Association (AECPMA). New members are joining daily and the group is growing in response to the demand for an industry-specific resource and professional designation.

"A/E/C Project Managers now have a way to stand out against their peers and competitors by demonstrating project management competency in the A/E/C industry as well as leveraging access to leading data and insight on A/E/C project management," explains Dave Burstein, P.E., ACEPM, of PSMJ Resources, the A/E/C industry leader in project management training and an AECPMA partner.

"It is proven that those PMs who possess the necessary skills can significantly impact their client retention and bottom-line performance," he explains. "Until now, there just hasn't been a reliable credential to demonstrate industry-specific skills."

ON-DEMAND SUPPORT FOR ARCHITECTS IS HERE

Bay Area startup Studio-Desk bills itself as “on-demand support for architecture firms.”

The obvious question: isn't this just a clever way to describe a temporary employment firm?

Not so, says the firm's co-founder Marc Arnold, AIA. “We take a more task-based approach to getting things done,” says Arnold, who has developed a worldwide stable of freelancers with specialized expertise.

“When I go into a firm, I ask a lot of questions about work flow and the firm's process for completing a project. Then we look at what tasks can be done by freelancers. It's all about decanting the work flow of projects into tasks.”

NOT A TEMP FIRM

With temporary employment firms, it is much more of a guessing game, says Arnold. “When you hire temps, it's the same essential problem that firms have with their own staffs.

“You have people with a bundle of skills, but no staff person and no temporary employee is a perfect bundle of skills. You have tasks that need to be done and you give them to people, hoping they can accomplish them.”

Studio-Desk breaks the process down to the individual task, assigns it to someone skilled in the process, and charges a fixed fee. “That's why we call it ‘on-demand architecture support,’” says Arnold, who incorporated the firm along with two partners in June 2016.

CUSTOM MATCH

“They get support when they need it, and they don't when they don't need it. I'll get a call from someone saying they have something coming up next week. I'll identify a scope, create an RFP, and put it out to the freelance community to do a skills match and price match for the tasks that need to be done.”

Arnold says the process works better with a fixed fee because the responsibility to estimate the effort well is on the freelancers, as is most of the risk. The client also doesn't have to worry about counting hours.

They know they're going to get an outcome for a fixed price, he says. “Almost nothing we do is hourly,” he says.

U.S. TRAINED

Many of Studio-Desk's freelancers are U.S.-trained technical professionals who live overseas, which helps keep fees low. Some firms see the distance as a benefit, says Arnold.

“It's like they're running two shifts. When they arrive in the morning, they have something they can redline. They can get into a very productive rhythm.”

Other firms need the freelancers to be in the same time zone, which can be costlier due to the higher local wages. Nonetheless, the work that Studio-Desk takes on is rarely the kind that needs close, constant monitoring.

“The best jobs for us are the tasks that don't need to be checked on every hour or even every day,” says Arnold. “The ideal tasks for us are the ones that you give to someone and let them go do their thing for two to four days.”

An architect with an MBA and a history of working in management strategy and operations, Arnold got involved with Studio-Desk after a friend told him about two graduate students in Stanford University's startup incubator with an idea for servicing architecture firms.

He met with Cem Behmoaram and Saheb Sabharwal, both in their final semester, and helped them launch their idea.

“I thought it was brilliant,” says Arnold. “And with my architecture background and MBA, I was a good complement to it.”

Behmoaram and Sabharwal are not actively involved in running Studio-Desk, though they remain equal one-third partners with Arnold and offer frequent advice and counsel. Most of the firm's clients are small and mid-sized firms in the Bay Area, but Arnold says his firm is adding clients steadily and branching further out. ■

NEED NEW GRADS TO STAY? HELP THEM PAY

One of the top challenges of design firms is attracting and retaining top talent. With 71 percent of college grads leaving school in debt, a door of opportunity is now open for A/E firms. For those adding recent graduates to their teams—it's a win-win situation when you help these new grads solve their most pressing problem.

Firms have begun to address the problem faced by today's graduates:

- "We will pay off the loans, and we expect in return for the professional to 'pay it back' in what we have termed as 'sweat equity' over a five-year period," says Kenneth Wm. Smith, P.E., P.L.S., FACEC T. Baker Smith, LLC
- "One approach that I like is to pay off twenty percent of the debt (up to a limit) each year as long as the employee stays with the firm," offers PSMJ's David Burstein, P.E., AECPM.
- "To alleviate some of the burden on our employees, we provide a student loan assistance program to help send money directly to their student loans each month," notes Jack Kuttrus, P.S.

Currently, just over three percent of companies offer student loan repayment options (the number is expected to grow to five percent this year) giving firms a great chance to embrace this forward-looking employee retention strategy and jump ahead of their competition. ■

REPAYMENT > MATCH

In a recent survey of 1,736 indebted graduating students, half consider student loan repayment assistance to be an important workplace perk. Further, if given the choice, more than 45 percent say they would choose student loan repayment assistance over a 401(k) match.

4 BENEFITS WHEN YOU REPAY

Forbes identifies these benefits for companies that offer student loan repayment plans:

1. **Build trust**—When you offer employees a solution to their biggest problem—student loan debt—you become a trusted part of their lives.
2. Promote employees **financial well-being**—For each dollar you contribute towards your employee's student debt, you improve their financial well-being.
3. **Develop loyalty**—You know how to keep good employees forever? Give them something they value but can't get anywhere else.
4. Shape a **better culture**—When people are excited about the future, they are often happier and more fulfilled as employees. ■

ONLY WITH YOUR HELP CAN PSMJ SHARE VALUABLE BENCHMARK DATA

2018 participation is now open! Be sure to participate in this year's surveys and receive a complimentary PSMJ Benchmark Tool. The easy-to-use, Excel-based tool puts key metrics at your fingertips. Participants also receive a 40 percent discount on the final Survey Reports! Don't miss out on your chance to be part of these important studies.

2018 PSMJ SURVEY SCHEDULE

MANAGEMENT AND STAFF COMPENSATION

(Deadline: 2/23/18)

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!

CANSTRUCTION 2018—GREAT FOR FIRMS AND COMMUNITIES

Canstruction is a wildly popular charity event and exhibition open to A/E/C firms throughout the country. Directly benefits the needy in their local communities, firms enjoy helping other while challenged to use creativity to build sculptures made completely out of canned goods without the use of adhesives. All the canned food used are then generously donated to local food banks upon “decanstruction.”

HOW IT HAPPENS

Canstruction has been taking place in various cities since 1992. The more firms involved the better the competition. Usually, there is a theme announced and the sculptures must meet the criteria, but other than that the sky is the limit on creativity.

Syska Hennessy Group of Culver City, CA had 14 of their offices compete over the last several years. “It is a spirited competition that brings out very creative thinking and of course gives back to our respective communities,” says Gary A. Brennan, PE LEED AP, Co-President of Syska Hennessy. The participating firms create a team of volunteers to design, create, and build the sculptures. Some firms even donate funds to purchase the initial building products to get the project off the ground. Others challenge their employees to seek donations of canned goods for the project.

Kitchen and Associates Services, Inc. in Collingswood NJ has been involved in this charity for several years. They use this as a team building experience for their employees. “What I find is that it’s a great opportunity for staff to come together and self-manage/design/implement the event-typically the principals totally cede control to the team, and roles rotate year after year.”

According to Managing Principal Stephen Schoch, “They organize the design, do some fundraising, and it even spins off some internal social events to support the cause.” Awards are given based on some of the fun categories listed below:

- Best Use of Labels
- Best Meal
- Structural Ingenuity
- Most Cans Used

CREATE A CHARITABLE CULTURE

With firms looking to create or energize their charitable giving, Canstruction is traditional winner. It’s a win-win for employees, employers, and the beneficiaries of hundreds of thousands of meals generated by Canstruction sculptures all over the country. ■

Canstruction is set to kick off in October 2018. For more information, contact your local American Institute of Architects office or aia.org.

3 WAYS TO MINIMIZE THE RISK OF SEXUAL HARASSMENT

It’s not possible to prevent harassment from ever happening—even so, there are steps that can be taken to minimize the risk of sexual harassment at your firm. Attorney Mike Pospis of New York City represents plaintiffs in employment discrimination and sexual harassment cases, and has provided the following three tips.

1. Maintain and clearly communicate a zero-tolerance policy.

To decrease the likelihood of harassment ever happening, your firm must be intolerant of harmful behavior. “Explicitly stating that harassment in any form is unacceptable, coupled with a clear directive that those who violate will be subject to disciplinary action, may cause would-be harassers to think twice about their actions,” Pospis says. The policy should also include a clear mechanism for receiving and reviewing complaints. All employees must be made aware of the policy through an employee manual, company-wide intranet, and/or mandatory in-person trainings.

2. Take all complaints seriously.

Every accusation should be thoroughly investigated, regardless of who is being accused, who made the complaint, or the incident’s perceived severity. Pospis warns that “cavalierly disregarding employee harassment complaints may encourage bad actors to initiate or continue harmful behavior.”

3. Take swift and decisive action in response to any complaint.

“It is important to address any and all complaints of harassment in a timely manner,” Pospis says. He adds that, “the failure to do so will undermine your company’s perceived commitment to addressing this very serious issue.” ■

IS DIVERSITY NECESSARY FOR ARCHITECTURE FIRMS OF THE FUTURE?

The National Council of Architectural Registration Boards (NCARB) released its annual *By The Numbers* report late last year. The report reveals trends in education, paths to licensure, and diversity in the field. The demographics section shows that the field is growing in both gender and racial and ethnic diversity.

- 36% of newly licensed architects are women
- Women complete the path to initial licensure about 10 months sooner than men
- 42% of new Architectural Experience Program (AXP) participants identified as non-white

PATH MORE ACCESSIBLE

NCARB's CEO Michael Armstrong explains that the licensure path for architects had historically been longer than other professions. The organization pondered whether the path was creating unnecessary impediments, and chose to adjust requirements. The AXP now requires less hours and provides alternatives which Armstrong says should make it more accessible "for times when life gets in the way." Women, in higher numbers than men, leave work to be caregivers for relatives or to have children, and alternatives are helping ensure they can still complete their licensure paths in reasonable time.

Armstrong explains that the profession is seeing more diversity because there's an increase in diversity in the enrollment of architecture programs in universities nationwide. "People need to see people like them in the profession," Armstrong says, and diversity amongst faculty and in the leadership of architectural firms creates the visibility needed for this.

The American Institute of Architects' Washington, D.C. chapter is recognizing the need for recruitment at an even younger age. Their Design Like A Girl program pairs middle school females with mentors from the A/E/C fields in an effort to bring more gender equality to the industry. Michael Armstrong says programs like this "demystify the practice as being a stereotypically male profession."

LIMITATION TO DIVERSITY

There are limitations as to how diverse racially and ethnically the profession in the US will become. Being a fluent English speaker is critical in gaining licensure because the tests are currently only available in English.

When asked if NCARB would consider expanding the available languages, CEO Armstrong says, "If states need or require bilingual versions, we would respond."

NCARB hopes the coming years will see diversity in the field more proportionate to the US population. It's true the field is becoming more diverse in gender, race, and ethnicity, but is diversity a necessity for architecture firms of the future? NCARB's Michael Armstrong believes so because "it comes back to economic opportunities." He explains that diversity in the profession helps us relate more to our clients and to the public who in turn use the library, church, or museum. "We are a diverse country, becoming more so by the day", says Armstrong, and "it's important for the profession to demonstrate welcomeness, knowledge, and credibility." ■

IDENTIFY AND DEVELOP THE NEXT GENERATION OF FIRM LEADERS

Last year, PSMJ and Talent Matters collaborated to develop a success profile for A/E firm project managers. This profile drives a Harrison Assessment self-exam which is able to predict the success of potential project managers and help them accelerate their development.

This new Project Management Assessment Tool has turned out to be so popular that we are now launching our second performance benchmarking study – this time for Business Unit Leaders of A/E firms. We define "Business Unit Leader" as someone responsible for the business performance of a group of people. This category includes branch office managers, regional managers, department managers, studio directors, etc.

Our goal is to have at least 100 Business Unit Leaders from at least 10 A/E firms to participate in this benchmarking study. Participating Business Unit Leaders receive a complementary development report. Participating firms receive an exclusive briefing and a 50 percent discount on any assessments they desire for the first year. ■

DON'T OVERLOOK PM SOFT SKILLS

Project managers need to know the technical aspects of a project. But it's the soft skills—the people skills—that take effective leadership to the highest level.

"The success of a project absolutely depends on how well the project manager and the team work together," says veteran PM and organizational change agent Vicki Hoard, PMP, LSSBB, CSM, Management Consultant.

She offers five tips for achieving interpersonal mastery:

1. Improve your cultural awareness.

This applies to the team's culture, a client's culture, the stakeholder and political culture of an organization, and with the globalization of business is an increasingly critical tool for success. Toss preconceived notions, embrace diversity, and be open about efforts to educate yourself. You will see improvements in communication, productivity, and harmony on all fronts.

2. Don't be afraid of negative feedback.

Not everyone is going to support your efforts—and it's important to know and find out why. Encourage nonjudgmental one-on-one conversations, but also offer an opportunity to submit comments anonymously. Otherwise, people with information that could impact decisions may hold back. "You need to be able to hear whatever anyone else is going to tell you without shutting anyone out," Hoard says.

3. If you elicit information, use it.

Too many times project managers call meetings for input, where they document ideas and proposed changes—sometimes to details that could pose a problem or risk—then do nothing with the information. If you want people to give you their opinions, show them those opinions matter. Respect all sources.

4. Understand the process.

Know when a project is going to start, whether things are progressing on schedule, and what path to traverse if an unforeseen problem escalates. Some risk and process management comes into play; no matter the project or your level of expertise, ask questions about the processes and the real methods of how work gets done. "This is a great opportunity for learning potential pitfalls and for sharing best practices," Hoard says.

5. Commit to continuous self-improvement.

"You need to know what you know and what you do not know," Hoard says. "And if you're smart, you're going to know there's a lot you don't know." Start with identifying strengths not reflected on your resume. Practice active listening. Improve negotiation skills and you'll make more meaningful decisions and expand your influence. Ask yourself, "How can I be a better leader and a better peer to others?" ■

ONE UNINTENDED CONSEQUENCE OF THE NEW TAX LAW

by Dave Burstein, P.E., AECPPMA

Although it wasn't envisioned by the drafters of the new tax law, it may have one important consequence on the AEC industry. Currently, individuals working as independent contractors (1099s) have to pay both the employer and employee share of FICA and Medicare. That amounts to almost a 10 percent "penalty" vs. working as an employee.

However, the new tax law provides a lower tax rate for these individuals (if they set themselves up as a Sub S Corporation) that more than offsets this penalty. This can be particularly significant for retirees who want to keep working but not as full-time employees.

But if you do decide to use these individuals as 1099s instead of part-time employees, be careful about having them work on anything that may involve professional liability risk. Your insurance policy may not cover the work they do. ■

TOP 10 TRAITS OF A PM SUPERSTAR

PSMJ asked firm leaders what are the essential traits of a project manager superstar in the architectural and engineering firm space. Firms said, in order of importance:

- 1. TEMPO:** The enjoyment of work that needs to be done quickly.
- 2. TEAM:** The enjoyment of working closely in a cooperative team effort.
- 3. TOLERANCE:** The tolerance of following rules, schedules, etc., created by someone else.
- 4. LEAD:** The desire to be in a position to direct others.
- 5. TEACH:** The enjoyment of instructing, training, educating others, etc.
- 6. DIRECTION:** The tendency to provide others with clear direction or guidance.
- 7. COLLABORATIVE:** Able to make decisions with the help of others.
- 8. INITIATIVE:** Tendency to see what needs to be done and to proceed.
- 9. QUALITY:** Productive, yet still pays attention to detail
- 10. SYSTEMATIC:** Enjoyment of work that is methodical

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TEL / 617.965.0055

EMAIL / customerservice@psmj.com

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3 WAYS TO ACHIEVE CLIENT SATISFACTION AND PROFITS

by Richard Steinhart, P.E.

Project Managers are often caught in the middle of two, often competing objectives: the need to make clients happy and the necessity for profitable projects. When a PM achieves both simultaneously—everyone celebrates.

But how best to achieve both? The single biggest issue PMs face today is having too much to do. As schedules and budgets get compressed, PMs have more to do in less time. Better technology has decreased the time required to complete a project, but at the same time, project management requirements have grown.

Knowing this, what can PMs, PM leaders, and firm executives do? At least three things:

1. Train—The issue is often not the desire of the PM to train, or even the content. PMs are simply overloaded. They rarely have “extra” time to learn a new skill or brush up on firm methodology.

Leaders need PMs to understand the benefits of training. For example, it’s important that PMs see a direct correlation between time invested now and time saved in the future.

2. Method—PMs can achieve dependable results by following a reliable method consistently. PMs need to apply what they learn, across projects, for consistent results to be achieved.

Leadership must have PMs understand the results—time saved, profits earned, etc.—when projects follow a proven process.

3. Support—Management needs to see PMs as their clients. They need to ensure PMs have the resources they need when they need them. For example, support services such as legal, human resources, and marketing need to be a close part of the team.

The ultimate responsibility of client satisfaction and profitability is with PMs. These two objectives are not mutually exclusive. You can have a satisfied client with a project that went over budget—but you need to tell client up front and achieve agreement to pay for the extra services. ■

PARADOX TECHNOLOGY HELPS WITH HIRING

Reid Tolley, SPHR, certified master coach, and solutions partner of Harrison Assessments, says that employers are looking for three universal behaviors among employees:

1. Critical thinking. The ability to solve problems and make decisions.
2. Communication. Capable of speaking and understanding managers, suppliers, and coworkers.
3. Emotional intelligence. The ability to form and maintain important work relationships with peers, customers, and vendors.

And for those on the executive track, there is one more skill required:

4. Learning agility. Executives need to be able to teach themselves “on the fly” when they recognize “a gap” in what they know.

Harrison Assessments measures 175 behavioral tendencies or traits to help firms choose new employees. The program allows firms to build in the demands of the job as well as company culture to match employees with the correct position.

The secret of Harrison Assessments is Paradox Technology, which measures the imbalances of 12 traits: Opinions, Decision Approach, Strategic, Self, Motivation, Driving, Communication, Innovation, Delegation, Power, Organization, and Strategic Acumen.

Under each trait stand two paradoxes. For example:

• **Communication: Frank and Diplomatic.** “People who are balanced are able to use either or, or a perfect combination of frank or diplomatic,” says Tolley. But more often, people lean toward the paradox that has been most productive for them, because “we benefit from imbalances in certain circumstances.”

• **Innovation: Persistent and Experimenting.** For high levels of innovation, the employee ought to be capable of coming up with new ideas (experimenting) and follow-through of each idea (persistence). Much of the time, however, people lean toward idea generation or endless persistence, which can be problematic in a position requiring both skills.

Harrison Assessments offer a questionnaire for potential employees to take, and breaks down responses into multiple categories, including tasks the employee is willing or unwilling to do, what kind of work environment they prefer, and potential negative traits. When hiring new employees, remember that every skill set has its strength and its weakness, and it’s the balance that matters most. ■

DO YOUR HOMEWORK BEFORE YOU SELL

Karl Wohler of PSMJ’s Merger & Acquisitions Advisory Services suggests firms get everything ready well before starting the process of selling. “Make sure you have rock solid financial reporting for the past three years,” he says. Investing in CPA Reviewed financial reports for the three years leading up to the sale is a great investment.

Here are four more important steps:

1. Leadership Transition Plan

It is critical to have a leadership transition plan in place so that the value of the business is retained long after you transition out.

2. Learn about valuation

Do your due diligence in learning how businesses are valued, and develop reasonable expectations about how much your business is worth before developing a target sale price.

3. Management team

Have a functioning management team and financial system in place and develop a three-year ongoing plan for after you sell the business.

4. Culture fit

Culture fit is an important but often overlooked aspect of the selling process. A culture mismatch can mean a failed deal. Do your homework and be sure you are selling with an appropriate culture fit in mind. This piece can make or break the transition.

One last tip. “When engaging in discussion with potential buyers, be sure to bring valuation, culture fit, and other important issues to the table early in the process for a much more positive result,” Wohler says. ■

6 WAYS TO GET PAID FASTER

There's nothing more frustrating than having to pester your clients to get paid for the agreed upon work—the good news is these 6 Tips for Invoicing can make your clients pay on time says Thomas Moul, former CFO and current Director of Strategic Tax Services of Stambaugh Ness to help get you paid.

1. Set Clear Payment Terms In Your Contract

It's easy for clients to feign ignorance when they receive a particularly large invoice if the terms weren't outlined in the terms of contract. According to Moul, having a thorough contract and engagement letter sets a crucial foundation for future invoicing. "It's wise to have any dispute resolution written in the contract," Moul explains. Be sure to include clear payment terms that include ramifications for late payments as well as provisions that outline how to deal with unsuitable work.

2. Tailor Invoices For Each Client

If you have a solid contract that carefully identifies the scope of work, the payment terms should be in place allowing you to streamline itemized invoices. However, in some cases, like invoicing time and material, you may require more detail. According to Moul, barring lump sum or fixed fee work, most clients will require some detail on each invoice, but a wisely worded itemized invoice shouldn't leave any room for debate.

3. Go Digital

Moul recommends going digital to all his clients; Deltek makes software that's catered to project-driven industries

like A/E and it's a great way to translate completed work into an invoicing platform. Some government agencies, be it township or small municipalities, may not have the bandwidth to go entirely digital, even if you are. For these clients, Moul explains that setting up a clear payment plan and schedule.

4. Set Up Automatic Payment Reminders

As a rule, Moul always recommends payment reminders for past due invoices starting at the thirty day mark. "Depending on payment terms and the type of client, you may need to eventually go beyond the automatic reminders," Moul explains, but the more communication you have with the client about payment, the closer you are to resolution.

5. Offer Clients Early Payment Incentives

Moul advises setting up payment incentives in the contract that make clients actually want to pay on time. Financial incentives are a great negotiating tool while early completion can generate additional compensation to your firm and move the project along.

6. Be Consistent

Communication is the main ingredient to consistent timely payments, but remember you must be consistent as well: "If you're going to set terms, follow them and if there's an exception, make it the only exception." Moul explains. If those trusty payment reminders aren't getting you paid, make sure you have the courage to enforce penalties within the contract. ■

BETTER FIRMS COLLECT FASTER

When comparing the performance of the firms in PSMJ's 2017 Circle of Excellence against the overall survey results generated by the 360 participating firms, it is clear that firms in the upper percentile perform better when it comes to business operations including profitability, staff growth, cash flow, productivity, business development, overhead management, and turnover.

Below are the 2017 Comparison results (by percentile) for A/R collection days:

2017 Circle of Excellence Firms				
10th	25th	50th	75th	90th
44	50	63	82	100

THE INTERNET OF THINGS AND YOUR FIRM

IoT is a technology moving quickly from zero to 60 in our industry, sure to become a major factor for almost every firm and every project in the very near future.

In 1999, Kevin Ashton, the Executive Director of Auto-ID Labs at Massachusetts Institute of Technology (MIT), made a presentation to his other employer, Procter & Gamble, about a new concept in data connectivity, management, and analysis.

Not yet 30, Ashton described a vision of what is now known as the Internet of Things (IoT).

"Today, computers and, therefore, the Internet, are almost wholly dependent on human beings for information. Nearly all ... data available on the Internet were first captured and created by human beings by typing, pressing a record button, taking a digital picture, or scanning a bar code," Ashton explained.

"The problem is, people have limited time, attention, and accuracy. All of which means they are not very good at capturing data about things in the real world. If we had computers that knew everything there was to know about things, using data they gathered without any help from us, we would be able to track and count everything and greatly reduce waste, loss, and cost."

We would know when things needed replacing, repairing, or recalling and whether they were fresh or past their best."

TECHNOLOGY AMID US

Nearly 20 years later, the Internet of Things is an increasingly important factor in the work being done by A/E/C firms across all segments, says *PSMJ's 2018 A/E/C Firm U.S. Market Forecast*. "Big data," next-generation building information modeling (BIM), and social media marketing are other technology-based trends analyzed in the comprehensive, 285-page report.

The IoT is a major focus for technology companies, large and small. IBM, in a February 2017 blog titled "4 BIG ways the IoT is impacting design and

construction," wrote that it "is transforming every facet of the building – how we inhabit them, how we manage them, and even how we build them. There is a vast ecosystem around today's buildings, and no part of the ecosystem is untouched."

IoT TODAY

The blog described a few common uses for IoT technology in design and construction, including how the sensors in smart building components can interact with BIM to model and eventually monitor things like energy use patterns, temperature trends, and people movement. It also talks about the benefits of IoT in green buildings, prefabricated materials and construction management. The common theme is embedded internet-enabled devices relaying critical data to a central source.

Many A/E/C professionals are interacting with these and other elements of IoT today, but the revolution in our industry is just beginning.

Moxa, a provider of industrial networking, computing, and automation solutions, writes in a white paper, "Traditionally, companies have maintained their business assets using manual processes that are time-consuming and resource-intensive. The IoT brings with it a complete paradigm shift with respect to the operation and maintenance of industrial equipment. Instead of waiting for equipment to fail before fixing it, or scheduling time-based maintenance that sometimes leads to unnecessary maintenance of equipment and downtime, companies are adopting predictive maintenance strategies to stay ahead of the game."

As the Forecast piece further explains, the current and future uses for IoT extend from transportation networks, to water and wastewater systems, to buildings and industrial facilities. IoT is a technology moving quickly from zero to sixty in our industry, sure to become a major factor for almost every firm and every project in the very near future. ■

To learn more about PSM's 2018 A/E/C Firm U.S. Market forecast go here: <http://store.psmj.com/2018-a-e-c-firm-u-s-market-forecast>.

THE FUTURE IS COMING FAST, THINK DIFFERENTLY

Knowing a client's preferred work style, goals, and appreciating how it may need the physical space to reflect their culture is critical to long term partnering.

As an industry we must push our practices to remain competitive through the growth of new revenue streams, the application of technology, and strategic innovation.

To survive long term every A/E firm must actively seek feedback from clients to enhance future relationships, think differently about the inputs to the revenue stream, and where to seek out partnerships when necessary.

THINK DIFFERENTLY

The revenue stream needs to encompass more than time spent designing physical space. Reconsider the concept of billable hours by breaking down the practice into more specialized services to enhance the value of the client relationship by including:

- **community impact**
- **user experience**
- **needs analysis**
- **project definition**
- **post-build enhancements to your service offerings**

In short, add value to the client relationship by engaging with them regularly before, during, and after the ribbon cutting ceremony.

Knowing a client's preferred work style, goals, and appreciating how it may need the physical space to reflect their culture is critical to long term partnering between practice and patron. Building this into a revenue stream requires a mix of subject matter experts. Many forward-thinking firms have already begun to add marketing professionals to their client-touching team, but others have already hired:

- **business analysts**
- **user experience experts**

To reduce the initial capital outlay and risk of talent acquisition, pursue partnerships and affiliations at first then review the value proposition of each relationship prior to integrating it directly into your practice.

Such "collectives" was a recurring theme discussed at The Young Architects Forum in November 2017. The strategy appeals to young professionals because they foster flat nimble organizations, able to address opportunities by creating strategic partnerships as needed rather than carrying expensive lines of business for which demand may be variable.

Finally, when considering technology, consider that which facilitates communication between partners who may not work face-to-face. A companywide commitment to technology is also very important. Employees at all levels of the practice need to understand how technology can be used to foster communication and share ideas, as well as using that technology effectively and efficiently.

OPPORTUNITIES ARE THERE

Opportunity for the A/E/C industry will come from peripherally developing alongside industry and cultural trends. But are you aware of such growing movement.

Be attune to evolving trends and encourage staff at all levels of the firm to engage in strategic discussions to identify synergies between existing core competencies and trends. Brainstorm regularly and encourage thinking differently from what leadership has done before. Ask people to read and absorb new ideas regularly.

For instance, Building Information Management (BIM) isn't discussed outside A/E/C so adding it to your service offering may not yield the intended return. However everyone has heard of the "internet of things" (IoT). Be among the first to dovetail BIM with IoT to build client enthusiasm for your services.

The future of our industry belongs to those who embrace its uncertainty as an opportunity for growth and harness its potential through strategic partnerships and new revenue streams. ■