Getting PMs and Employees to Think (and act) Like Owners
Today’s Training

• Examine the 3 main problems affecting employee motivation and behavior

• Understand the 5 Shifts that will transform your staff’s mindset and behavior and have them take ownership in the firm’s financial success

• Uncover how other A&E firms have successfully propelled their team’s performance and results

• Consider some next steps to accelerate your own firm’s profits
This is for you if…

✓ You are concerned that your PMs aren’t paying close attention to project profitability

✓ Your firm has developed a great culture that delivers high quality projects, but struggles to hit profit targets

✓ You are a shareholder in a firm and tired of seeing PMs “give away” extras on projects

✓ You’re a project leader or manager who wants to move up to a leadership role in your firm and wants to know what to do to be successful

✓ You are constantly trying to get employees to follow processes, use systems and care about the firm’s financial health
#1 Employees Are Not Thinking About Your Business

• They are thinking about their own lives, finances, and families.

• They don’t understand the connection between their timesheet and their paycheck!

• But YOU pay for it with lost Profits, scope creep and low utilization
#2 Everyone is Working in Silos (teams, offices, groups)

- They have developed their own processes and systems and everyone believes their way is best

- There is a lack of consistency and we can’t get the most profitable best practices adopted across the company

- It feels like we are many different companies and there is resistance to change
#3 Project Managers are Great Technical People But Don’t Understand the Business Side of Their Projects

• They are developing scopes and estimates, doing proposals, managing people and resources and dealing with clients…and not prepared.

• They are focused on keeping clients happy and delivering high quality – not making a profit

• They avoid conflict and don’t like asking for money…or sales
Discovering the 5 SHIFTS
The Old Way - Top Down

- The owners made all the decisions behind board room doors
- Policies and processes were created and handed down to employees
- Staff were not engaged to solve problems
- Company financial information was not shared with staff

It creates problems because...

- Low buy-in and resistance to change from staff for internal initiatives
- Employees are not engaged and or motivated to provide new and better ideas
- Difficult for PMs to manage projects without critical financial project data
The New Way - Bottom Up

- Employees are asked for feedback and consulted before decisions are made
- Policies and processes are designed by employees
- Staff are engaged to solve problems and involved in implementation
- Firm leaders openly share financial data with PMs and employees

Eliminates problems...

- High level buy-in and reduced resistance to change for internal initiatives
- Employees are engaged and motivated to provide new and better ideas
- PMs able to manage projects with timely financial project data
- Improved communication between management and employees
Case Study Shift #1
Joe in Ohio

Wanted PMs to watch the bottom line and open books to staff but they needed business skills. Put two groups of Project Managers through Find the Lost Dollars program in 2016 and 2017.

Results:
- Firm is more transparent and sharing financial information
- PMs better manage projects and focused on project profits
- Profits have increased from 5% to 9% in 1 year
The Old Way - Limited Focus on Profits

- Culture of firm encourages focus on high quality regardless of budget
- Employees want to keep clients happy even if it is detrimental to the firm
- Employees are not focused on the financial success of projects or the firm

It creates problems because...

- Low project profits due to scope creep
- Employees consistently over-deliver and exceed allotted hours on projects
- Staff ignore scope and budgets are overrun
The New Way - Cultural Focus on Profits

- Culture of firm encourages focus on high quality and financial responsibility
- Employees understand why firm and clients need projects to stay on budget
- Employees monitor their daily activities, proactively manage their time, are aware of project scope and budgets, and want to know how projects are doing
- Employees are looking for ways to help the company succeed financially

Why it works...

- Projects are executed on budget
- Employees follow company best practices and understand their purpose
- Staff pay attention to scope and follow process to get change orders when needed
Projects going over budget. Employees focused on quality and happy clients. Worked with CFO and 20 employees through Find the Lost Dollars Program in 2017

Results:

- Now younger staff want to attend kickoff meetings
- Younger staff ask more questions and want to know how many hours tasks should take
- Profits have increased from 6% to 13% in 1 year
The Old Way - We Take Low Profit Projects

- The firm takes any project, even if it is not in line with strategic plan or with great clients
- Firm takes “Loss Leaders” in order to get new clients
- Go / No-Go process is non-existent or ignored

Profitability is killed because...

- Firm ends up with unprofitable projects and bad clients
- New clients never deliver results firm is looking for
- Not enough attention paid to the firm’s best clients
- Execution of strategic plan is compromised
- PMs can’t win...projects are losers from the beginning
The New Way – We refuse to take low profit projects

- The firm is selective about what projects to pursue
- New client pursuit is based on strategic plan or with great clients
- Firm refuses to take “Loss Leaders” in order to get new clients
- Go / No-Go process is followed rigorously

Benefits of the New Way:

- Firm ends up with high profit projects and great clients
- New clients value the work that the firm does
- The firm’s best clients are strategically and intentionally pursued and retained
- Execution of strategic plan is successful
E-team strategic plan called for strategies to increase fees and profits. Many projects losing money. Key staff went through Find the Lost Dollars program in 2017

**Results:**
- Immediately became more selective about projects / clients
- Employees more aware of treating best clients better
- E-team attributes higher profits to program
Shift #4 Lower Fees to Get Work

The Old Way - We lower our fees to get work

- Clients put pressure on firm to lower fees and want extras for free
- Estimates are created and then “discounted” in order to be competitive
- Assumption that the market won’t bear fee increases even though salaries and benefits costs are going up
- Services viewed internally and by worst clients as commodity

Why discounting doesn’t make sense in A&E projects...

- Projects have low margins and difficult to even make a profit
- Firm is not profitable because of increasing costs
- Employees don’t enjoy working with clients that don’t value their work
Shift #4 Won’t Lower Fees to Get Work

The New Way - We refuse to lower our fees to get work

- The firm looks for clients that value their work and don’t select based on fees
- Firm refuses to lower fees below a acceptable profit margin
- Fees are increased as needed to preserve fair profit margins
- Services are viewed as valuable and not a commodity

High-profit projects create momentum...

- Projects have good profit margins and easier to manage
- Firm is able to pay employees fair market value for their work
- Employees are happier working with clients that value their work
- PMs understand value the firm brings and not afraid to ask for change orders
Case Study Shift #4
Amber in California

Had many low fee projects and highest revenue client was not profitable (losing money). Firm profits too low. Has put two groups through Find the Lost Dollars program and all professional staff by end of ‘18

Results:

- Fired highest revenue client (employees ecstatic)
- Focused on selling on value instead of price
- One Sr. Engineer found $70K yr. in lost revenue
Shift #5 PMs Lack Business Acumen

The Old Way – Your PMs Not Trained on Business

- PMs promoted with little to no training
- Project management is learned at the “School of Hard Knocks”
- Many PMs don’t enjoy being a PM and aren’t suited or prepared for the role

This is why you are leaking profits...

- Projects are not hitting profit targets
- Utilization is not optimized
- Project Management practices are not well executed or even followed at all
- Difficult to hold PMs and employees accountable without understanding of financial best practices
The New Way – Your PMs are Trained on Business

- The firm invests in developing the business acumen of their PMs and even their employees
- The firm expects PMs to deliver profitable projects

You gain more and more profitability and build better systems and people over time...

- PMs are confident to deliver profitable projects
- PMs prepare better scopes and estimates
- Project budgets are monitored more closely
- It’s easier to hold PMs accountable for financial results
- PMs & staff are more motivated to help the firm’s financial success
Case Study Shift #5
Myrna in Texas

50 person architecture firm. Needed PMs to control project costs and get employees focused on profits. All PMs and business unit leaders did Find the Lost Dollars in 2016 & 2017

Results:
- Measurably reduced scope creep and budget overruns
- PMs paying more attention to project budgets
- More selective about what clients to take
- Profits are way up and culture is focused on the firm’s financial success
Which Road Will You Take?
Insanity: Doing the same thing over and over again and expecting different results.

Albert Einstein
Get On a 30-min Call With Me

✓ Identify the three biggest areas where you are leaking profits – and how much...

✓ Gain clarity around what it will take to make the 5 Shifts

✓ Walk away with a preliminary plan to tackle your biggest issues and find your lost dollars

www.aecbusiness.com/profit-analysis