



Working through the Crisis of Confidence

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What a difference 9 months makes. Last summer I wrote about paying our people more, for the sake of the profession. Times were unsettled, but we were all very busy and competing for the available talent. Of course, it is all very different now. While some segments of the economy are holding steady or growing, the sectors related to housing and consumer spending are in rough shape. The employment picture for engineers has changed dramatically. How are you doing? What are you doing to survive? Rest assured, there is a future and this is a business cycle that will again turn up. We need to be heads up, understand where we are, do the best we can to maintain our firms, be persistent to provide value, and be prepared to accelerate the economic recovery through the use of new technologies when the time is right.

I recently heard the President and CEO of Wells Fargo Bank say that 18 months ago we experienced an unprecedented economic crisis that has since passed due to the quick actions taken worldwide to shore up the banking system. He also said that what we have now is an unprecedented crisis of confidence that is preventing economic recovery. Despite what the news media continues to report, there is money available for banks to loan, and they are making loans. I understand that bonds are being sold with government backing, many major projects are proceeding with design and construction, and the Federal Stimulus dollars aimed at construction will begin flowing soon. The good news is that America is finally saving again. The bad news is that too many of us are not spending and borrowing enough to get the economy moving again. These are very troubled times, but all is not lost, nor will it ever be.

In the mean time, survival is best managed with a clear understanding of where you are and what's coming. Dedication to understanding the current conditions from a variety of sources helps form a balanced perspective of what might happen. A good project accounting system can offer a clear picture of your practice and how it may be affected. Weekly timesheet entries and updated reports applied to the range of possible economic sce-

narios allows for confident decisions based in facts. Without the facts, it is almost impossible to transcend the crisis of confidence and become part of the solution. Of course, good

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accounting practices alone will not cover a shortage of work, nor pay the bills. It will support rational decisions related to how to price work, how to best use under-utilized staff, when to start cutting discretionary spending, how to modify and increase business development activities, and as a last resort, when to start the layoffs.

As the economy cycles every few years, some things never change. Our profession continues to be plagued by commoditization. Most of us do not want services to become commodities where price is the most significant distinguishing factor. Yet, all too often, we continue to bid for work, accept fees that are too low to be profitable, and cut back on the work we do to make ends meet. During

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a downturn, we assume that we need to bid lower to gain work and stay busy. I remain convinced that our services are valuable to our clients, and I continue to believe that they want full service on every project. When asked, they will pay an appropriate fee as long as the work is complete, on budget, on schedule, and done accurately. Resist the temptation to lower your fees and service; provide full service for a full fee.

We are entering a new era that will be marked by a new economy and a retooled infrastructure. Reurbanization, mass transit, alternate energy, and the growing call for sustainability and disaster resilience will be best served by a new style of structural engi-

neering characterized by an evolution to the next level of sophistication. We need to look closely at how we deal with uncertainty, and retool our analysis and design techniques so we can avoid wasting resources. We need to leverage the technological advances that are now available to not only serve our clients better, but also to deliver new levels of accuracy to our projects. Using the available time of underutilized staff to explore new opportunities and expand office capabilities is an excellent investment of the firm's profit during these tough times. It is investments that will allow a firm and our profession to emerge from the crisis stronger and better able to provide greater value.

Everyday I read everything I can, listen carefully to the stories of the businesses around me, and look for clues to understand the true reality of this downturn. We won't know when the bottom has arrived until we look down and realize it has past. Until then, I am committed to stay informed about the range of possible conditions we are in, take great care to monitor our business, invest our profits as needed to maintain our staff, and use their talents to secure the application of new technologies. I am focused on contributing to the restoration of confidence, not reinforcing the crisis. Will you join me? ■

