

Editorial | The New Year, a Time of Transitions

By Andrew Rauch, P.E., S.E., LEED AP, CASE Chair



First, I would like to take the opportunity to wish all of you a Happy New Year. I hope this year holds promise for you in your individual careers, for your firms, and for our profession. Second, I would like to extend a thank you and best wishes to Bob Barnett of the Alabama firm of Barnett, Jones, Wilson. Bob has been a fixture on CASE's Guidelines Committee for as long as I can remember, but is stepping back from his committee work as he moves into retirement. His down-to-earth approach has helped to keep our practice guidelines grounded in reality. I will miss his wit and friendship during our meetings.

This past fall, I had the opportunity to attend the ACEC Fall Convention in Hawaii, tough duty I know. As part of this conference, I attended the CASE Risk Management Convocation. The Convocation's three excellent sessions were interspersed among ACEC's fascinating plenary sessions. The first Convocation session was presented by Brian Stewart of Collins, Collins, Muir & Stewart, James Schwartz of Beazley and Rob Hughes of Ames & Gough. This session topic was on potentially hidden risks in design contracts, showing us the type of language that can creep into your contracts and raise your standard of care without your realizing it. The second session was presented by Dan Buelow of Willis A&E. This session provided the five primary areas of firm risk management. The information, and the case studies that went along with it, provided a terrific introduction to risk management for those new to it and a good refresher for those already more familiar with the concepts. The third session was presented by Karen Erger of Lockton Cos. and Eric Singer of Ice Miller LLP. This session presented some of the enduring, long-standing risks of the engineering profession along with several new, emerging risks. Their lighthearted style always makes the sometimes dry topic of contracts and risk management more interesting.

On the day before the convocation, I was able to attend ACEC's small firm roundtable. This session is an open discussion of topics generated from the attendees who are CEO's or other leaders from firms with fewer than 50 employees. I attend whenever I can, as I am always able to pick up nuggets of information and wisdom. These sessions, and the more informal ones that occur outside of the sessions and during our committee meetings, are one of my primary reasons for becoming and remaining actively involved in CASE.

The topic of most interest to me at this session was on firm ownership transition. It was generated by several different individuals from the leader of a multi-generational firm, from a second generation firm and from solely-owned first generation firms. Others in attendance offered ideas and practices on how firms are valued. Some are valued based on revenue; some are valued based on a combination of profit and asset value. One firm prices its stock at par value only using ownership as a means to distribute earnings. Other firms use an ESOP, either full or partial, to accomplish this goal.

A second theme in this discussion that resonated with the attendees was the differing approach of the next generation, the



Gen-X's and millennials, toward firm ownership. I know that I am generalizing, but the next generation of engineers does not put as much value on firm ownership as do the retiring baby boomer owners. This attitude, together with their tendency to move around during their careers, makes identifying these future leaders and potential owners much more difficult. When they have been identified, retaining them becomes the next challenge. Rather than complaining about these circumstances, as leaders we need to accept these challenges and find ways to capitalize on them for our firms.

Based on the experience of our firm and on various presentations that I have attended on this topic, work-life balance and having an opportunity to grow and learn are important factors for these upcoming leaders. Work-life balance is an aspect of your firm culture that may need to be modified if it is not appropriate. An atmosphere of continual learning will help with the second factor. CASE Tool 5-2 provides ideas for planning and monitoring the growth of young engineers. Although it is geared for those initial years of engineering practice, it can be adapted and modified to continue the growth of all the members of your firms.

If your firm has already identified your next generation of leaders and you have this transition plan in place, congratulations. If you are one who has the process underway, I wish you success in completing and implementing your plan. If you have not begun the process, my hope would be for you to understand that it requires a time commitment and encourage you to get started before it is too late. ■



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