At PSMJ, we strongly believe in the old saying, “Tell me, I’ll forget. Show me, I’ll remember. Involve me, I’ll understand.”

That is why we have reengineered our O/T and M&A Roundtables into a workshop format that are case-study based. By using actual A/E firm examples of successful and failed transition and acquisition strategies, attendees get to absorb ideas and tactics to take back to their firms rather than just going home with ten pages of notes.
An Exclusive Roundtable Curriculum for A/E/C Visionaries

PSMJ Roundtables are designed to provide you with knowledge and experience that will enhance your leadership, boost your firm’s performance, and strengthen its position in the design industry.

Imagine you are ready to retire and sell your firm and …

• the Principals you were counting on to buy you out couldn’t afford it!
• there wasn’t a Principal on your payroll who could handle the responsibility of running your firm?
• you decided to sell your firm to another firm, but you couldn’t even name your price because you didn’t know the true value of your firm?
• your Principals don’t like being bought by an "outsider" and leave the firm (taking their clients with them)…then what happens to your firm’s value and the sale?

At this point, it’s too late to do anything about it … right?

14 Reasons You Need to Join Us!

1. Get answers to YOUR specific concerns
2. Address the critical details you’ve been neglecting
3. Correctly identify your firm’s marketability
4. Develop a plan to propel your firm into the future
5. Establish the true value of your company
6. Learn 15 negotiating strategies you can actually use
7. Successfully prepare your firm for the change
8. Keep your best staff in any transition
9. Learn how to avoid fatal mistakes
10. Unlock the full potential of your staff and resources
11. Balance the strengths and weaknesses of your plan
12. Define the future of your company
13. Recharge your leadership
14. Implement your vision

A PSMJ Roundtable Success Case

At a Roundtable last year, I was going through our unique PSMJ valuation calculation showing everyone how to justify each aspect of the value of their firm, when one of the participants suddenly bolted from the room. An hour later, he returned to the room, apologizing for his abrupt departure.

THE REASON: Upon hearing PSMJ’s 9 Step Valuation process, he instantly realized that the value of his firm, done by his CPA, was 100% below what it should be. Why was this news so urgently important? Shares of the firm were about to be given to 3 potential new partners that day! When he bolted out of the room, he immediately called his office, stopped the distribution, re-calculated the value and put over $100,000 more into his pocket.

Your Satisfaction is 100% Guaranteed

If you are unsatisfied with the quality of the Roundtable for any reason, or you feel it did not address your concerns or issues, please send us a letter detailing the reasons you were not satisfied, and we will arrange for you to attend another seminar/roundtable or return your investment in full. If you choose to receive the refund, we will refund 100% of the registration fee. There is virtually no risk—sign up today!

Facilitators

Guiding you through the complicated process are PSMJ’s leading transition consultants Brad Wilson, Don Thomas, Frank Stasiowski, Greg Hart, and Kate Allen.

Brad’s experience spans 18 years in the A/E/C industry in both design firm senior management and hands-on experience in mergers and acquisitions. He’s well-versed in the “ins-and-outs” of M&A and has facilitated transactions for hundreds of satisfied design firm clients.

Don has been actively engaged in the A/E/C industry for the past 40 years and has hands-on management experience in operations, construction management, design/build, and marketing/business development. Don specializes in strategic planning and firm valuations for PSMJ clients.

Frank has advised thousands of architects, engineers, landscape architects, and interior designers on a variety of management issues over 30 years. Among the managerial topic areas he consults on continually are strategy, marketing, leadership, mergers & acquisitions, capitalization, and leadership and ownership transition.

Greg has personally worked with dozens of architecture, engineering, and environmental consulting firms, including many ENR 500 firms, on M&A deals, ownership/leadership transition planning, and business valuations. He has been a frequent contributor to a range of industry publications and spoken to various audiences on topics such as M&A strategy and leadership transition planning.

Kate is PSMJ’s Survey Director, responsible for producing all of PSMJ’s industry-leading surveys. She also serves as a PSMJ consultant and instructor, primarily focusing on firm valuations, mergers & acquisitions, and ownership transition. Previously, Kate was a founding principal in a successful MEP firm.

For a more in-depth profiles on each of our instructors, go to: www.psmj.com/about-psmj/team/index.cfm

Toll-free: 1-800-227-7454 • Email: info@psmj.com

This Bootcamp earns you up to 12 AIA LUs and/or 12 PDHs.

PSMJ is registered with the Florida Board of Engineers, provider FE0053046 and with the Florida Board of Landscape Architects provider #3027, course #PS27605 (4 credit hours). Not all States and licensing boards accept these programs for learning units.

“Great roundtable. I learned what I didn't know and what I needed to learn.”
— Mark Gilliland, President - STOA Architect

“…”
— Jeff Cutler, AIA, Principal – 51 Architecture

“…”
— David P. Shively, AIA, FAIA, President – Shively Architecture

“…”
— John G. Charbonneau, AIA, President – John G. Charbonneau Architecture, Inc.

“…”
— Charles Johnson, AIA, President – Charles Johnson, AIA

“…”
— John Walker, AIA, President – John Walker Architects

“…”
— Peter Evans, AIA, President – Peter Evans Architects

“…”
— Steve Stedman, President – Stedman & Associates, Inc.

“…”
— Mark Runyon, AIA, President – Runyon Architecture

“…”
— Richard Schaar, AIA, President – Schaar Architecture

“…”
— Susan Schaal, AIA, President – Schaal Architects

“…”
— Gary Thomsen, AIA, President – Thomsen Architecture

“…”
— David P. Shively, AIA, President – Shively Architecture

“…”
— John G. Charbonneau, AIA, President – John G. Charbonneau Architecture, Inc.

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“A valuable and thought-provoking two days time well spent.”

“The presenter is an excellent speaker and is very knowledgeable in M&A.”
— Kerry Davis, Chief Financial Officer - Bohannan Huston Inc.
OWNERSHIP & LEADERSHIP TRANSITION
ROUND TABLE

March 4-5, 2014 / Scottsdale, AZ
May 13-14, 2014 / Washington, DC

It’s inevitable…someday you will leave your firm. It is never too early to make plans for your firm’s survival after your departure.

What You Can Expect at this Roundtable
PSMJ’s Ownership & Leadership Transition Roundtable takes a complex process and simplifies it into clear steps you can implement while running your business. A solid understanding of how the process works brings with it greater confidence, efficiency, and value.

1. Getting Started
• How to separate “ownership” from “leadership” and why?
• What are the 10 commandments of leadership development?
• What are the 7 key mistakes design firms make?
• What key trait should I look for in a new leader?
• How to evaluate the management performance of future leaders
• What are the 6 keys to a successful transition?

2. Selecting the Right Successors
• How to customize your criteria for picking leaders
• What are the 3 best ways to groom and measure the success of future leaders?
• What are the differences between 1st and 2nd generation owners?
• How best to make the offer to future leaders
• What to do if the selected owner says “no”
• What are the 5 best methods of resolving partner disputes?

3. Valuation
• What are the 6 valuation approaches used by accountants?
• What are my firm’s key risk factors?
• How much is my firm worth?
• How are intangible assets measured?
• How to address the buyer/seller gap in purging for stock

4. Terms of Successful Buy/Sell Agreements
• What are the 5 reasons non-compete don’t really work?
• What are the 9 factors that make up a proper buy-sell agreement?
• How can you indemnify former owners without killing the company?
• How can retirement payout be structured to avoid taxes?
• What are the 35 terms you need to implement right away?

5. Financing and Cash Flow
• How to finance the transition of stock
• What are the 3 key ways to minimize the tax impact of transition?
• What’s the best way to handle gifts of stock correctly?
• What’s the best way to manage the divorce or bankruptcy of a partner?

6. ESOP and Stock Option Plans
• What is an ESOP and is it right for your firm?
• What’s the best way to structure stock option plans to benefit everyone?
• What’s the best way to structure a successful shareholder agreement under ERISA?
• How to retain majority control of the firm while distributing stock

7. Handling the Logistics
• Who should be involved in transition planning?
• When and how to bring in legal and accounting advisors
• When is an outside consultant/mediator needed?

PSMJ Has Been Addressing Ownership & Leadership Transition Issues For Almost 40 Years
PSMJ’s Ownership & Leadership Transition Roundtable is designed for the leaders of today’s A/E/C firms who want to realize the value of their firms upon retirement. Together, we walk through a structured, logical approach to developing practical planning tools for your firm’s Ownership & Leadership Transition Planning. This Roundtable helps you understand and design a transition process to deal with this increasingly complex challenge.

Reserve a complimentary 50-minute one-on-one private consultation with either Brad Wilson, Don Thomas, Frank Stasiowski, Greg Hart, or Kate Allen. Space is limited and slots will be filled on a first come, first-served basis.

Receive PSMJ’s Digital Ownership & Leadership Transition Planning Tool Box
All registrants receive, with our compliments, PSMJ’s Ownership & Leadership Transition Planning Senior Executive Digital Tool Box, a $597 value as part of your registration. Packed with checklists, tools, sample agreements, and guides you can implement and share upon your return to the office. This tool helps you move ahead efficiently, with materials, tips, and documents you can actually use to make your Ownership Transition Plan come to life!

Don’t Declare That Internal Succession Plan Dead Prematurely
With all of the competing priorities that face an A/E/C firm leader, succession planning can often be one of those initiatives that just keeps getting pushed off. Whether driven by uncertainty about finding the next generation of leaders or just that nagging sense that succession planning is a bit like planning your own funeral, trying to get a succession plan formulated and executed can feel like pushing the proverbial piece of spaghetti...despite plenty of attempts, it just doesn’t seem to go anywhere.

Unfortunately, the end result of a broken internal succession planning can range from diminished stock value to outright failure of the firm. In many cases, the outcome is a situation where the principals sell the firm because it is what they have to do rather than what they want to do.

At PSMJ, we hear from firm leaders quite frequently wrestling with the notion of internal versus external sale and when to walk away from a broken internal succession plan and actively pursue an outside sale.

Of course, each option has its pros and cons and some circumstances will naturally dictate one option over another. But, for many firms, the issue really centers around whether sufficient efforts (both planning and execution) have been devoted to the internal transition. As such, here are five quick suggestions for ensuring that a succession plan is getting the attention that it deserves:

1. Build a dashboard. Assign one person (often the CFO) the job of building and managing a redemption liability model. Things are never carved in stone, but this model should forecast expected retirements/sell-downs and the associated financial implications, based on open dialogue with the key shareholders and some basic assumptions.

2. Keep communications open. Gather feedback from prospective shareholders and all staff. What do they see as the key benefits and concerns with being a shareholder? If given the chance, would they consider ownership? Why or why not?

3. Hire with an eye towards ownership. Even for the most entry-level position, be thinking about whether this individual could grow into an ownership position. Building a pipeline of qualified potential shareholders is often the biggest bottleneck in this process for many firms.

4. Don’t rush it. Getting traction on this often takes longer than you’d prefer...on the order of five to ten years to see real results. So, be patient on the execution of the plan.

5. Be flexible. In the course of the execution of a succession plan, key folks will come and go, circumstances will change, and unexpected opportunities may arise. More specifically, always be open to learning about external sale opportunities that come to light and how they may support execution of broader strategic objectives.

In the end, if an external sale is the best option available, the transaction process will go a lot smoother with the seller knowing that internal succession just isn’t an option. And, more importantly, all other things being equal, the seller that has taken steps to plan for ownership succession will always be worth more than the one that has not.

Source: PSMJ Newsletter © 2013 PSMJ Resources, Inc.

"Great content! Great discussion! Good mix of firms and people." — Sean Smith, Principals - Entuitive Corporation

“…” — Lindsey Henry, President - Midwest Environment Engineer

"The presenter is able to convey the M&A process in a very clear manner. "
— Lindsey Henry, President - Midwest Environment Engineer

"The course really addresses the future of the firm..."
Valuation Trends & Insights

with Brad Wilson

What do you consider to be the most pressing issue facing A/E firms in valuation today?

As many firm owners are looking at retirement in the near future, it is crucial that they have an accurate picture of the value of their firm. For many owners, the firm is their single largest investment and also the only investment without a value that is trackable from market data. ‘The Great Recession has rendered many firms’ old valuation methodologies or formulas inaccurate, but the owners are still making plans based on an invalid value.

What trends are you seeing in firm valuation that didn’t exist or are different than two years ago?

Valuations for all firms took a substantial hit during the recession but those firms that have resisted the commoditization of their services and maintained the expertise that makes them “special” in the eyes of their clients have seen their values rebound strongly. The firms that are much the same as their competitors and compete primarily on price are still so plentiful in the market that their values have stayed well below their pre-recession levels. In effect, the market has been divided into the “haves” and the “have-nots.” That is great news if you own a firm with a strong niche, but if you don’t, reconciling your expectations with the market can be tough.

How do you think valuation is being affected by cross-generational buying and selling?

The Baby Boomers are having a lot of trouble getting gen-x and gen-y to want ownership in their firms. Some of the problem belongs to the current owners, but some of it is also due to differences in the perceived “contract” between the firms and its key employees. Working for the same firm for 15 to 20 years is viewed as abnormal now, and in many cases, that is what is required to make an internal ownership transition work. Therefore, we see many more firms looking to sell externally but unable to achieve the desired valuation due to the conditions already described.

What do you think A/E firm leaders most need to do to prepare for Ownership Transition and valuation in the next five years?

If they still have five years to “work” on this issue, the best thing they can do is recruit and retain the best and brightest and hardest working staff they can find and then turn them loose on the business. Therefore, we see many more firms looking to sell externally but unable to achieve the desired valuation due to the conditions already described.

Can’t Come To Us?

PSMJ can bring our specialized expertise to your office! PSMJ’s expert consulting team can assist on a wide range of A/E business issues! Whether serving as your advisor through the purchase or sale process or assisting on valuation, strategic planning or training, we can help. Contact Sue LeConte today at (617) 965-0055 to learn what we can do for you!

As a busy firm leader, you are faced with many challenges. When it comes to a merger or acquisition—a no matter which side of the transaction you’re on—the challenges can be complex and even overwhelming.

What You Can Expect at this Roundtable

PSMJ provides our clients with real-world, how-to knowledge about growing your firm through acquisitions without wasting a lot of time and money and on selling your firm without putting your livelihood at risk in the process.

Over the years, we have developed and refined what we call our Critical Issues Checklist—23 must-do’s and must-understand items crucial to the success of any M&A transaction in the A/E industry. This list forms the backbone of our program and we go through every item to give you a complete picture of the M&A process.

Regardless of whether you are currently engaged in M&A activity or just considering if you should be, we guarantee that you will come away from PSMJ’s Mergers & Acquisitions Roundtable with a list of action items tailored to your needs. Through hands-on exercises, case studies and the shared experience of your instructor, you will identify the areas of greatest concern to you AND what you should do about them.

AGENDA

1. Internal and External Factors—What You Need to Know Before You Proceed
   • Current market conditions: how they are impacting M&A activity
   • Buyer expectations: what buyers typically look for in an acquisition
   • Seller expectations: how to work with buyers on price, deal terms and the process

2. Implementing the Search—How to Find the Right Fit
   • Identifying potential buyers
   • Identifying potential sellers
   • Making initial contact
   • Use of confidentiality agreements

3. Face-to-Face Discussions and Negotiations
   • How to conduct negotiations
   • Identifying and dealing with the critical issues
   • Reaching an “agreement in principle”

4. Valuations and Purchase Price—From Both Perspectives
   • Internal valuations vs. external valuations—fair market value
   • How buyers approach valuations: methodologies, adjustments
   • The buyer/seller gap and how to deal with it
   • How deal terms impact the purchase price

5. Preparing the Letter of Intent or Memorandum of Understanding
   • When is it time for an LOI
   • Binding vs. non-binding language
   • How to address the subject of price

6. Due Diligence—What’s Involved, How to Do It, Why It’s Crucial to the Buyer
   • Project due diligence—a big blind spot
   • How detailed should it be—how much time does it take
   • How to adjust the deal for unexpected issues that come up along the way

7. Integration and Business Planning—Your Key to Success
   • Degrees and types of integration
   • How and when to start planning for post-acquisition operations
   • Who should be involved
   • Changing the firm’s name

8. Completing the Process
   • Final negotiations
   • Purchase/sale agreement: typical elements
   • Other closing documents
   • Preparing for closing—legal and operational considerations
   • How to let everyone know

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