THE MONTHLY UPDATE FOR ENGINEERING, ARCHITECTURAL,
PLANNING, CONSULTING, AND DESIGN FIRM OWNERS

ioma
Business Intelligence at Work

PRINCIPAL´S REPORT

ISSUE 09-08 WWW.IOMA.COM/DESIGN AUGUST 2009

Build Your Business by Finding the Right Match

In today's market, how can small or specialty firms find new business and reach new markets? Teaming, partnering, and joint venturing are ways to find markets that may be new to you. Suzanne Lowe, president of Expertise Marketing, investigated how firms are using these methods in a panel discussion at the ACEC national conference in Washington, D.C.

Suzanne began by defining the difference between teaming and a joint venture as follows: "Teaming is the classic prime contractor-subcontractor relationship. A joint venture is a legal entity that is developed for the purpose of a specific project, providing the entities or all parties in the relationship with adequate protection."

Lowe began by asking the panel, "Is it better to wait to be approached for a teaming arrangement or should you be more proactive?"

Heidi Van Luven, P.E., director of transportation, A. Morten Thomas + Associates (A/E firm, Rockville, Md.) "If you want the work, you have to be proactive, instead of waiting for the RFP, especially if you're thinking about finding other partners. Closely follow what's coming up—where the money flow is going and how to read the documents and talk to the clients. Research is the key here. However, you need to be both proactive and reactive. You need existing relationships with consultants you've worked with in the past, then you have to react quickly when the opportunities come, because lead times get shorter and shorter, and the end product can't be rushed.

"Talk with the client. Go right to the horse's mouth, and try to understand the process that they have. They often help by introducing us to other members of their organization. We have a consulting services contract with a DOT client and they are more than happy to have us come in.

"If you're able to get a team together to establish a joint venture for our state, you need a federal ID number for the team's prime, and the subs will all have written agreements. You want to make sure that you have an agreement, no matter how good the handshake is. Make sure your outline is clear as to who is going to lead the project and that all joint venture partners agree; then document it. Get familiar with the process, the mechanics. In the end, it's all based on who has the best relationship with the client—who has the credibility, plus who has the key players."

Ed Garrigan, vice president, Land Services Division, C.T. Male Associates, P.C. (E/A firm, Albany, N.Y.) "Our challenge is finding the right partner that needs our service, and we face that all the time. There are some other challenges that we face that are internal. For example, architects will not use our service because we have architects on staff. Also, we do not team with direct competitors.

"It's important to cross-sell all your services. It's also important that your entire firm is successful, not just an individual or division. The project managers should take part in this or clients will go to others to get services you could provide as well. We need to understand the teaming firm's deliverable requirements, not how we would have delivered the service. That has to be determined ahead of time. You also have to prepare the deliverables to the quality level that the client agency wants.

"We find that some of the smaller firms are not exclusive, we feel that long-term relationships are important, and we've been more successful with firms that are exclusive to us. Some states frown upon nonexclusive arrangements. However, small firms believe it doesn't benefit them to be exclusive for 10 percent of the fee."

Ken Brown, Leading Edge Land Services Inc. (surveying, mapping, and GIS firm, Atlanta) "I do a lot of teaming with the design community and the biggest challenge is to 'make that call' and offer what I have to contribute to the

Caveat Comments From Participants of Small and Large Firms

- As departments grew within our company, there has been more resistance to teaming with firms that are perceived as a threat. Instead, we try to cross-sell additional services.

- A written teaming agreement is the most important part of the project. Once you start the joint venture entity, you have problems with liability insurance and other issues that become major conflicts. We won't even enter into a proposal until a teaming agreement has been signed by a principal. The larger the firm you team with, the less chance that you actually get the work it promised, unless the promise is in writing. So the teaming agreement has to come before the proposal, because afterward everyone wants to get as much of the work as possible.

- We do not sign a contract with the client until we have a teaming agreement on a task force basis before we do the proposal. It's a master service agreement with everything tied down, leaving only the scope to fill in.

- We've seen a trend away from joint ventures. Nothing official, but the agencies do not encourage them at all.

- Sometimes we form a joint venture arrangement to go after the project, but don't sign a formal legal entity until awarded the contract.

- I think teaming agreements are a joke. I'm not an attorney, but I can read them and know they won't stand up in court.

- Address the split of the fee up front or it will lead to trouble later.

- Share in the cost to pursue the work

- You need one agreement to pursue the work and another to do the work.

- We have a Memorandum of Understanding when we pursue a very large project. We share the costs to market the project in a teaming arrangement.

project. I'm always looking at what I can bring to the table beyond our quality of work. The nature of teaming is finding enough 'client hot buttons' that your team can provide.

"Often the prime needs a key project manager (PM) and uses our principal as the PM in a joint venture arrangement whereas they wouldn't use a sub's principal as PM in a teaming arrangement. According to client representatives, joint ventures are more frowned upon by owners, since there's no single point of contact and the joint venture muddies the communication channel. There must be a designated point of contact."

Tim Cawood, VP and Survey Manager, McKim & Creed (civil/surveying firm in Raleigh, N.C.) "We're chasing the federal dollars now, and many projects are 100 percent 'set-aside,' which excludes us completely unless we team with a small business enterprise, minority business enterprise, or disabled veterans set-asides now. One of the emerging business owners told me about the Federal Mentor Protégé Program. A larger firm can be a mentor to multiple protégés and can provide services for that protégé, whether it is IT or other technical skills and be reimbursed by the government up to $100,000 a year or get small business credit. If you have such a program, it shows up really well in a proposal. However, you need a written agreement between the mentor and the protégé because the funds come through them. They can keep the money if an issue arises between the two of you, so you have to set up a separate joint account with them to get access to the money. It's like raising a child: The prime is responsible for the sub. It's not a technical program; it's a business program. It's all about helping the small guy."

For more information on this program, visit www.acq.osd.mil/osbp/mentor_protege/, www.sba.gov/aboutsba/sbaprograms/8abd/mentorprogram/index.html and www.state.gov/m/a/sdbu/c14690.htm. ❑