



# THE LAST WORD

## ACEC MEANS BUSINESS

### ESOPs: CREATING AN "OWNERSHIP CULTURE" IN YOUR FIRM

To an accountant, it is a qualified retirement plan. To a company founder, it is an ownership transition device. To an employee-owner, it is a way to own a "piece of the rock." To the IRS it's lost revenue. To clients of employee-owned firms, it is assurance that their work will be done by "the owner" and not by an employee who is worrying only about payday.

What can an Employee Stock Ownership Plan (ESOP) do for your firm? If you are in senior management, it will give you some allies in your efforts to communicate the need for everyone to put forth their best efforts all the time. When the ownership culture really takes hold, you will find that peer pressure does wonders to "motivate" colleagues in the firm. This takes the form of peers offering help and encouragement, but if that doesn't work, there is even peer encouragement to find other employment since poor performance is hurting "their company."

Is an ESOP right for your company? Does going ESOP mean you turn management over to anyone and everyone? How do you reward those top performers if you cannot "bestow" stock on them? Let's analyze these questions. An organization can use an ESOP to almost any level it desires. In fact,

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## ACEC BRIEFS SENATE SUBCOMMITTEE ON WETLANDS REFORM

At the request of one of the Senate Environment and Public Works Subcommittees, ACEC was invited to give an hour presentation about how wetland regulations are implemented in the field and how the regulations could be improved. ACEC was the first organization to brief the Subcommittee, and thus helped frame future discussions about wetlands reform. The Subcommittee is planning to draft and introduce wetlands legislation in the coming months. As part of this effort, the Subcommittee is inviting several stakeholders to suggest provisions to include in new wetlands legislation. ACEC's presentation was prepared with input from its Environmental Committee, members of Gannett Fleming, and consulting engineers and scientists from other ACEC firms across the nation. Representatives from Gannett Fleming and ACEC's professional staff gave the presentation to the Senate Subcommittee. For more information, contact Lydia Quinn at ACEC ([lquinn@acec.org](mailto:lquinn@acec.org)).

## ACEC MAKES INROADS IN ISTE A BILLS

Since ACEC debuted its recommendations on reauthorization of ISTE A last March, significant progress has been made in translating those proposals into legislative language and incorporating them into the two ISTE A bills pending before Congress. Part of that success was due to the wide, bi-partisan support ACEC's recommendations enjoyed in the Congress and in the transportation community. ACEC has been successful in including the following provisions in the ISTE A bills: • Bar states from opting out of QBS in perpetuity • Clarify single audit and overhead and salary caps provisions in the National Highway System Designation Act • Establish new procedures for environmental reviews and permitting of transportation projects under the National Environmental Policy Act • Allow advanced acquisition of rights-of-way • Provisions encouraging greater reliance on private enterprise. In addition, ACEC is working with Senate committee staff on revising proposals establishing a new Design-Build procedure and establishing a wetlands restoration pilot program. Contact Jay Hansen at ACEC.

## WANTED: MEMBERS FOR ACTIVE DUTY

President-elect Don Trim (Wade-Trim Group, Detroit, MI) is calling for volunteers to serve on ACEC committees beginning in May 1998. Committees are the backbone of the Council. They develop the policies that drive government affairs activities, design programs to meet member needs, and help carry out ACEC's many initiatives. Committee members – over 500 this year – are finding the benefits of working with their peers from around the country make service worthwhile. "Changes in our firm's role in the built environment are occurring. If we want them to be positive, we need to get more involved in the change. ACEC committees are engaging this change," said Trim. "It's very important to ACEC that new as well as long-time members become active at both state and national levels. I invite all interested members to apply for appointment to the committee of their choice."

For a list of current committees and their charges, check ACEC's web site (<http://www.acec.org>). Go to the "You're a Member" section and click on "Get Involved" (user ID is *acecmember*; password *design*). Committee nomination forms are available from state or regional Member Organizations, or from ACEC's Jane Bonvillain ([jbbonvillain@acec.org](mailto:jbbonvillain@acec.org)).

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some management consultants say that stock ownership in an ESOP Trust should not exceed 30-50% in order to allow maintenance of the traditional ways of rewarding outstanding individuals in a company by giving them stock outside of the ESOP. Others say broad employee ownership is fundamentally good and strive for 100% ownership of the company stock by the ESOP Trust. In the latter case, elections to the Board of Directors is a democratic kind of process with all of the implications that concept carries, and the top performers have to convince the stockholders of the ESOP Trust, not just a few top individuals, that they can best represent the stockholders' interests.

Is this healthy? It will really depend on how this is viewed by top management and by the rank and file members of the company. So, does an ESOP meet your needs? Is it a retirement plan, an ownership transition device, a financing technique or a way of encouraging employees to act like owners? The beauty of an ESOP is that it can be any or all of the foregoing. It is up to you.

By veteran peer reviewer Ken Anderson of Anderson & Associates, Inc. in Blacksburg, VA. For more information on starting an employee-owned company, Contact Ken at 800-763-5596 or visit <http://www.andassoc.com/esop.htm>

ACEC's Bookshop has several books on ESOPs. *ESOP Handbook: Practical Strategies for Achieving Corporate Financing Goals*. #1657. \$120. \$5 s/h: *Supplement: #1165-97. \$55. \$3*

**Editor: Francis George**



**AMERICAN CONSULTING  
ENGINEERS COUNCIL**

## PLAN FOR NATIONAL ENGINEERS WEEK '98

Your best opportunity yet to generate public awareness of your firm is on the horizon. During National Engineers Week '98, scheduled for February 22-28, 1998, you will be able to leverage national publicity efforts by creating your own local activities and public outreach. But you need to plan now to make sure that it happens. The E-Week Committee has developed an extremely readable planning kit that contains many ideas for your firm and your community, an E-Week planning calendar, talking points for school visits, a guide for "Discover 'E'" school programs, a poster, an order form for t-shirts, mugs and other hand-outs, and much more. Your Member Organization has more information, or contact Francis George at ACEC ([fgeorge@acec.org](mailto:fgeorge@acec.org)).

## ACEC VISITS LOCAL SCHOOLS IN SLC

During ACEC's Fall Conference in Salt Lake City, junior high school students learned that consulting engineering plays a vital role in their everyday lives. Students were also shown the benefits and opportunities available if they choose consulting engineering as a career. CEC/UT members J. Howard Van Boerum, President of Van Boerum and Frank Associates, Inc., and Michelle Flint, a civil engineer with Maxim Technologies, Inc., addressed students at Mueller Park Junior High School and Millcreek Junior High School in nearby Bountiful, Utah. They stressed to students that in choosing a career, you should consider what you like to do, not what you want to be. Other points highlighted by Van Boerum and Flint were the field's emphasis on math and science, the high starting salary college graduates can expect, and the chance to be in a field that offers challenging opportunities and personal satisfaction. They also showed videos from the "Newton's Apple Salutes Engineers" television series which highlighted the elements of bridge construction and sports venues. For more info, contact Daisy Nappier at ACEC.

## LARGEST DIVIDEND IN 14 YEARS: Over \$2 Million

The ACEC Business Insurance Trustees are pleased to announce a group dividend of \$2,056,260, or 26.3% of eligible premiums for the insurance year ending November 1, 1996. This is the largest dollar dividend declared since the program's inception in 1983. Dividend checks will be mailed to eligible ACEC policyholders in November. Dividend recipients include those firms that participated in the ACEC Business Insurance Program during the policy period of November 1, 1995 to November 1, 1996. Those firms not receiving a check by December 1 should contact the ACEC Business Insurance Center at 800-648-7631. Over 1,000 firms participate in the ACEC Business Insurance Program. The program is administered by J&H Marsh & McLennan, and The Hartford is the underwriter on the program. Since the current all-lines dividend program began in 1988 more than \$9,000,000 has been returned to ACEC firms through dividend payments.

## DESIGN FINANCE OFFICERS MEET IN DC

On September 22nd and 23rd, ACEC hosted the summer meeting of the Design Finance Officers Group (DFOG) in Washington, DC. DFOG is comprised of the Chief Financial Officers for some of the largest domestic and international consulting engineering firms, many of which are ACEC members. The group had the opportunity to hear from federal and congressional representatives who briefed them on recent changes in federal contracting practices and upcoming legislation of interest to our industry. Of particular note was a presentation by Congressman Bud Shuster (R-PA), Chairman of the House Transportation Committee on the upcoming reauthorization of the national highway funding legislation, ISTEA. The group also received presentations from representatives of the Office of Management and Budget and the White House.