



Communicating Your Way to a Stronger Firm

Many firms are so focused on design that they often neglect basic management practices that, when overlooked, can undercut a firm's profits. One such practice is effective communication. Here's what you need to do to keep communication—and your projects—on track.

Poor communication within a firm and between a firm and its clients can result in more than inefficiencies, mistakes and missed opportunities. It can also significantly impact the financial health of your business. Consider the following:

The failure to effectively communicate leads to claims. In fact, in a major claims study, the Design

Professional group of the XL Insurance companies found that communication issues were a primary factor in over one-quarter of the claims and loss prevention file count. These issues also represented 22 percent of the claims and loss prevention file dollars.¹



Slipshod project team communication results in higher costs. Uncontrolled communication between team members—often a mixed bag of paper documents, phone calls, faxes, e-mail and poorly documented meetings—can lead to errors, delays and inefficiency. This can cause scope creep, schedule delays and quality problems, not to mention the potential costs of disputes and litigation.

Poor client communication means unpaid fees, loss of future business or worse. A client kept in the dark is an unhappy client. In one survey, when clients were asked which ability they felt was the most important in selecting a design professional, 52 percent of the respondents indicated “communication.” According to another survey, project owners believe that, “poor communication and poor collaboration is pervasive and impacts every phase of the construction process as well as everyone involved in the process—from owners and construction managers to architects, engineers and contractors.”² Keep in mind that the vast majority of unhappy customers never complain...they just don't come back.³ And the typical dissatisfied customer will tell eight to ten people about his or her problem.⁴

Time spent in unproductive meetings translates into wasted dollars. Surveys show that executives on average spend nearly half of their working hours in meetings. Add to that our finding that A/Es regard less than 30 percent of meetings as effective, and it's easy to see how much time is wasted in the conference room. Typically, A/Es complain that meetings are too long, are scheduled without adequate time to prepare and end without any clear result.

Failure to document changes in scope, work effort, schedule and budget can mean loss of compensation, delays and even claims. For example, if authorized changes in your work effort aren't well documented, you may find it difficult to approach the client for additional fees. You could end up working for days or weeks on your own dime, thus eroding any profit for the project. Further, in the event of a claim, this lack of documentation could seriously hamper your defense.

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Poor communication with staff costs money...and people. One survey showed that executives believe that 14 percent of each workweek is wasted due to poor communication between staff and managers—amounting to a stunning seven weeks a year.⁵ In addition, most managers spend at least 15 percent of their time dealing with issues that good communication skills and supporting communications could help resolve.⁶ A lack of open, honest communication also takes a heavy toll on staff morale, according to 52 percent of executives and 30 percent of workers surveyed about factors that negatively affect the workplace mood.

Poorly written communications can mean loss of a project, fees or even a lawsuit. Sloppy or unclear writing not only makes your firm look bad, it can set you up for expensive problems. For example, making a promise you can't keep ("guarantee") or using a red-flag word such as "supervise" in a proposal, contract or specifications can raise client expectations or even your standard of care. No matter what you intended, the courts will decide what your language communicated based on case law.⁷

Information overload is costly. The average employee receives nearly 200 communications (voice mail, e-mail, letters, memos and so forth) every day. In one study, 38 percent of managers polled said they waste a substantial amount of time trying to locate the right information, while 43 percent think decisions are delayed as a result of having too much information.⁸ Worse, in the midst of the deluge, you may overlook something important.

E-mail can be expensive. In addition to wasting time and lowering productivity⁹, e-mail can threaten your firm's financial health. In a lawsuit, the single most damaging form of electronic document may be an e-mail message that offends a coworker, unwittingly distributes copyrighted material or disseminates confidential or proprietary company information. All these things could be dredged up years later to build a case against your firm.

Convinced that poor communication can undermine your firm? The good news is that by improving your firm's communication, you can lower your risk and enhance your profits. The following are just a few of the principles of good communication that can lead to improved productivity, better client retention and fewer claims:

- **Communicate with your client.** From the earliest conceptual meetings, through refinement of your workscope, negotiation of your contract and the development of your design and right into construction, make sure your client is "on board" every step of the way. Seek continual client feedback and follow through on all promises.
- **Practice active listening.** This means listening to and then reiterating the other party's statements, emphasizing the feelings expressed as well as the substance.¹⁰
- **Develop a project communications plan.** To clarify everyone's role and responsibilities, define project team communication ground rules. Team members should know whom they need to inform or consult and from whom they need to seek approval regarding different types of project activities. To decrease information overload, the plan should also address the distribution of material—who gets what, and when.
- **Make meetings count.** Have a purpose, send an agenda, establish action items and follow up with detailed meeting minutes.



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- **Improve project documentation**, especially as it relates to changes in scope, work effort, schedule or budget. Document all discussions and decisions that may concern or influence a project in any way.
- **Establish a written policy on e-mail—and enforce it.** Make sure the policy warns against putting anything in an e-mail that the author wouldn't want printed in the local paper—or in a court record. The policy should also outlaw off-color or racy humor, venting, unguarded statements and other potentially dangerous content.
- **Pay particular attention to all your written communications.** Use the right words and the appropriate tone and vehicle for your information. Make sure the writing is clear and unambiguous. Have a colleague review important documents.
- **Establish a protocol to recognize and deal with difficult situations.** Putting off a problem only makes it more expensive to fix and more difficult to solve to your client's satisfaction. On the other hand, most clients will remain loyal if you handle their complaints in a prompt and satisfactory manner.

Good communication keeps your team members focused on their shared objectives of completing the project on time, on budget and in accordance with the client's requirements. Making an effort to improve communication should pay big dividends—figuratively and literally.

- 1 "Risk Drivers," *Design Professional group of the XL Insurance companies.*
- 2 "Fourth Annual Survey of Owners," published September 2003 by FMI Corporation and the Construction Management Association of America (CMAA).
- 3 TARP study
- 4 The Customer Connection, *Better Business Bureau.*
- 5 OfficeTeam® survey, September 1998.
- 6 Denver Business Journal, 1/27/97.
- 7 For more information, see "Red Flag Words" in *Lessons in Professional Liability*, published by the Design Professional Group of the XL Insurance companies.
- 8 Dow Jones Reuters Business Interactive Limited
- 9 "Email Addles the Mind," San Francisco Chronicle, May 4, 2005.
- 10 One good resource is *Listening Leaders: The Ten Golden Rules To Listen, Lead & Succeed* by Lyman K. Steil, Richard K. Bommelje, Beaver Pond Press, 2004.

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