

A SPECIAL REPORT

FOR EXECUTIVES
OF PRIVATELY-HELD
AEC FIRMS

A NO-COST PLAN FOR GROWING YOUR BUSINESS

The Challenges for Privately-held AECs

Times are tough. The majority of the world economies are stagnant. Many potential clients are holding off on capital spending, waiting for their country's economies to turn around. As a result, most AEC firms have had to cut back on staff – not just cutting out the “fat,” but being forced to cut to the bone. And they have difficulty competing with international firms. Larger firms, with multiple operations around the world, can afford to keep a dedicated, advanced 3D CAD group that can be used as a shared asset throughout the corporation. The smaller AECs can't afford the software or the higher salaries the multi-nationals can.

Evidence the Problem Exists...

Chron, Inc. “Businesses That Have High Failure Rates.” Construction: Despite an improving U.S. and global economy, construction companies represented the biggest percentage of failed businesses globally -- 20.2 percent -- and the second largest proportion in the United States -- 13.7 percent -- the financial research firm Dun & Bradstreet Limited reported in mid-2012). Research by the University of Tennessee found that less than half -- 47 percent -- of U.S. construction companies were still operating four years after start-up.

[\(source\)](#)

Dun & Bradstreet, “Outlook on Small Business Failure and Recovery” December 2012 - The small business sector remains mixed, following a stagnant six months. Dun & Bradstreet's monthly composite Small Business Health Index (SBHI) declined by one point in October 2012, reflecting the larger holding pattern of the past half year. The Index value stood at 95.4, a 3-point decline from its May peak. Manufacturing and Transportation declined 3 points, while Retail and Construction indices slid 2 points.

[\(source\)](#)

“Business failures in the construction industry.” Wiley Online Library June, 2008 - The objective

of the research presented in this paper is to explore the factors associated with company failures in the context of the construction industry. The study indicates that budgetary and macroeconomic issues represent 83% of the reasons for construction company failures. This implies that firms that take vigorous administrative measures to address budgeting issues and that react promptly to economic conditions by implementing appropriate strategic policies should be able to avoid failure.

[\(source\)](#)

The Public Works Group reports in their July 2011 article, The Rise and Fall of Engineering Consulting Firms, “It's no secret that engineering consultants have been hit hard by the economic downturn. Some firms closed completely while many firms had to lay off technical staff and institute furlough days.”

[\(source\)](#)

“Economic Soft Patch Delays Construction Recovery,” Construction Executive Magazine, November, 2013. “A recent survey of construction CFOs indicates much of the confidence that had been building during the past year through the first quarter of 2011 dissipated during the second quarter.

The extent to which this is due to rising construction materials prices, tightening credit conditions and emerging economic weakness is not clear. What is clear is the economic soft patch likely will postpone the eventual recovery of commercial and industrial construction...”

(source)

Oct 15 (Reuters) SNC-Lavalin slashes full-year profit forecast. SNC, one of the world’s largest construction and engineering companies, now expects net income for 2013 to be C\$10 million to C\$50 million, compared with its earlier forecast of C\$220 million to C\$235 million.

(source)

Additional Challenges...

- Smaller AEC firms have a difficult time keeping talented people. Engineers, and especially designers have a tendency to

move from one company to the next one that has a project. This turnover costs money in training new personnel and lost opportunity costs when the right people can’t be had.

- Many of these smaller firms are organized as sole proprietorships and partnerships. They cannot raise capital like the larger, incorporated companies can.
- Often smaller AECs would like to bid on a project, but the client insists, for example, on Intergraph file formats and they’re an AutoCAD shop – or vice-versa. Another lost opportunity.

Offshore Outsourcing can open up more business opportunities for your firm

- If you are the principle executive of a privately-held AEC firm, you may not have explored the benefits of outsourcing CAD services. Perhaps you have only one office or may be several small satellite offices located in cities where important long-time clients have their major operations. In this situation, you may not feel you are equipped to deal with what you may perceive as the complexity of outsourcing to an off-shore company.
- Once you understand how easily CAD outsourcing can be accomplished, new avenues of business opportunities will open-up to your organization. Earlier you were reluctant to bid on certain projects because of the client’s advanced CAD requirements, you

now can feel confident pursuing these additional often more lucrative assignments.

- Using offshore outsourced services, smaller firms like yours can compete with the large multi-nationals. You can offer your clients (and new prospects) services such as 3D Modeling, Rendering and Animation. You can demonstrate to clients yours is a progressive organization with design capabilities second to none.
- Personnel retention becomes less of a problem. The firm can cut back on less skilled positions and thus afford to pay more to their “stars.” This can be a very successful formula. We can look to the Sports Arena for an example of this principle.

In the world of basketball what a team needs to have is two top stars to attain championship caliber surrounded by an interchangeable supporting cast. A Michael Jordan plus a Scotty Pippen equals six NBA championships.

A Kobe Bryant plus a Shaquille O'Neal equals three consecutive championships (more if they hadn't broken up). You can use this same analogy in retaining your "stars."

And another often overlooked issue is that staff retention is also helped when employees feel a sense of pride in the accomplishments of their company – large or small. The ability of your company to showcase its advanced design capabilities can instill pride in everyone.

- With this added capability, small AECs can have the best of both worlds: to their clients they have the technical capability that formerly only the large firms had; but they still can be able to maintain the close personal relationships that only smaller firms enjoy. Often the head of the small AEC has, over the years, developed a personal relationship with one of the top executives within their client firms.

Your Number One Outsourcing Solution

IndiaCADworks – “We are a values-based global organization providing customer-centric solutions to the highest standards of excellence, creating value to all stakeholders.”

We take the worry out of offshore outsourcing. And you pay for only the resources you use. No more buying expensive 3D CAD systems and software and paying for training your people on specialized systems. Using IndiaCADworks, you only pay for the resources you use.

Building these costs into your bid proposals means that you apply profit to our services. We become a profit center to your enterprise, not a fixed cost – which it would be if you invested in all of that hardware, software and training.

Frequently Asked Questions (FAQ) about Offshore Outsourcing:

Q1: Isn't Offshore Outsourcing complicated?

A1: When working with IndiaCADworks, nothing could be further from the truth. We take responsibility for the entire process of setting up the systems required for our working relationship. We seamlessly become your Virtual Office. Your project data will be well secured. We're not novices at this. IndiaCADworks has been performing successful outsourcing for over 11 years. And we've worked with over 400 clients worldwide. Rest assured, your partnership with IndiaCADworks will be easily accomplished and efficiently executed.

Q2: For a North American firm, dealing with a company that is eight or nine time zones away, doesn't this make for difficult communications? “When my people are working, theirs are asleep.”

A2: This time zone difference is in fact is a tremendously powerful advantage. Your design engineers can rough out preliminary flow diagrams and architectural layout drawings, and then transmit those drawings (over an Internet-based, Virtual Private Network) to IndiaCADworks. While your people are sleeping, IndiaCADworks engineers are

converting your sketches and preliminary drawings to 2D or 3D CAD files.

By the next morning, when your people show up for work, the preliminary drawings and specifications they had sent to India are now available on your network for your engineers review and markup.

Your people then markup the drawings and transmit them back to IndiaCADworks, where they would be available the next morning in Bangalore. And so on... Finished drawings can be released for construction and transmitted to a field office at the plant site – which could be anywhere in the world. Compression of the development cycle for new products:

Studies have shown that “By using ‘experts’ that are dedicated to a specific service, companies can take advantage of the methodologies that these “experts” have developed over time to shorten the product development cycle and to produce a cost effective, and efficient engineering outcome. These include tried and proven solutions that are common across various problem sets.”

(source)

Q3: How can I possibly keep track of the work product quality and schedule timeliness of a company I never even see?

A3: When we start working together, IndiaCADworks assigns an account manager who will be responsible for performing quality audits on all of the work we do for your firm. The account manager will be your company’s single point of contact into our organization. We recommend you likewise assign a manager on your side to be our single point of contact. This way responsibility for

work product quality is clearly defined. And be assured, because of our preeminent position in the Offshore Outsourcing Industry, IndiaCADworks attracts the best talent around. You will always be working with the “A Team.”

Q4: “My firm knows our industry and our clients best. We know how our clients like to have their projects executed. How can an offshore company possibly give my clients the same service they are used to with us?”

A4: This is a non-issue. YOU will still be the point of contact with your client. Our services will act as an extension of your own. We become your new virtual office extension. We perform all work as directed by you and in the manner of which your clients demand.

Q5: Does outsourcing help reducing operational costs?

A5: Yes, you will experience a significant labor cost savings by partnering with IndiaCADworks. But you will, more importantly, be saving money by not having to purchase expensive 3D software and personnel training. With us, you pay for only what you use, when you use it. In slow periods your capital is not tied up in high equipment costs. And your skilled designers won’t be sitting on the bench – at your expense.

Under those circumstances, the most important asset of your company – your people – can, and often does, walk out the door.

Why you should act now?

“After a period of subdued economic growth due to dwindling backlogs and declining demand, engineering companies are set to rebound; the economic recovery will boost demand for construction projects and improve profitability, particularly among...operators that provide high-margin services like construction management, and those firms using computer-aided design systems, which provide cost-effective project assessment. For this reason, industry research firm IBISWorld has updated its report on the Engineering Services industry.” Los Angeles, CA (PRWEB) April 28, 2013.

(source)

The Next Step:

Go to our website: <http://www.indiacadworks.com> and see for yourself the benefits of working with a premier outsourcing service. Click on the Contact Us button to get directly in touch with one of our representatives.