

How to Scale Your Engineering Firm in 2023

8 min read



Civil engineering or mechanical engineering – no matter the type of engineers you hire or the kind of engineering services you offer, all engineering firms have one thing in common.

Key Takeaways

- **Adopt an Operating Framework for Stronger Business Leadership:** An operating framework will help you become a better business leader – in addition to being a great engineer – by enabling you to lead your engineering firm with a forward-looking mindset...
- **Hold Onto and Engage Your People:** Finding the right people and hiring them into your engineering firm can be highly challenging. So, when you do find a good employee, it's imperative that you actively take measures to hold onto that employee...
- **Get a Handle on Financial Management:** In order to set goals and benchmarks and then actually collect financial data and track your business's progress toward those goals, it's essential to have a robust back office that's fully equipped...

They're service-based businesses. This means your two most precious resources for growth are the people in your company and your time.

As a result, strategies for growing an engineering firm must focus on maximizing the ROI of your people and the time during each workday.

Your growth strategies should focus on factors like improving employee selection, employee management, time management, and productivity – and there are several smart approaches to optimizing all of these factors.

7 Growth Strategies for Engineering Firms

1. Adopt an Operating Framework for Stronger Business Leadership

An operating framework can help you get every aspect of your business organized by helping you define what success means for your company and define the goals and benchmarks that will help you be successful.

Once you've outlined your vision for your company's future, an operating framework will also help you determine more concretely what you actually need to do to make that vision a reality. This includes everything from mapping out your growth and identifying profit targets to

scheduling meetings and creating agendas that help you use that meeting time as wisely and efficiently as possible.

An operating framework will help you become a better business leader – in addition to being a great engineer – by enabling you to lead your engineering firm with a forward-looking mindset while implementing strategies in the now to push your business in the right direction.

Read More: [Why The Most Successful Businesses Run On Operating Frameworks](#)

2. Identify and Focus on Your Strongest Profit Streams

To grow your engineering firm, you need profits ([free cash](#)) that can be strategically reinvested in the business to grow your team, expand your office, or ramp up your marketing to penetrate a new market.

To focus on boosting your business's true profit drivers, you first need to identify what they actually are.

That means carefully tracking and categorizing all of your company's expenses and employee time. Additionally, you should be allocating overhead costs to projects in order to define your true cost of doing business.

This is where [job costing](#) comes in.

By using this kind of unit economics, you can pull profit and loss statements by class (job, client, job type, client type, department, etc.) to find out where you're generating profits and where you might actually be losing money. With this information, you increase profits by focusing on the type of work (clients or jobs) that generate the greatest profits for your business and stop working on those that are less profitable.

Are you [slicing and dicing](#) your financial reports to see your strongest profit streams?

It should be easy. [An experienced outsourced accounting team can help get this information at your fingertips. Learn more here.](#)

3. Hire the Right People

In order to grow your engineering firm, you need a team of people whom you can trust and rely on. If you don't hire the right people, then you'll find projects and workflows bottlenecking at your desk either because you don't have enough trust in your team to adequately delegate jobs or because your people do not have the right training, education, and experience to carry out their responsibilities.

Hire competent people. Provide them with the tools and training they need to do their jobs effectively and efficiently. Most importantly, hire people who fit your engineering firm's culture. You can hire the best engineer out there to work for you, but if their morals or integrity are questionable, you'll never be able to trust them, and trust is paramount when it comes to having a reliable team helping your business grow.

4. Hold Onto and Engage Your People

Finding the right people and hiring them into your engineering firm can be highly challenging. So, when you do find a good employee, it's imperative that you actively take measures to hold onto that employee. Ensure your people feel appreciated, are adequately compensated for their work, are provided with a competitive benefits package, have reasonable flexibility in their jobs, and feel respected by you.

Read More: [More Than You Think: The Cost of Employee Turnover](#)

Additionally, it's important to fuel employee engagement, which boosts productivity, by properly incentivizing your employees with both rewards and recognition for a job well done and especially for going above and beyond to produce quality work and to take care of your clients.

5. Improve Project Management to Optimize Workflow and Efficiency

When you're just starting out, maybe as an independent contractor who offers engineering services, you might have a handful of projects to manage at once. When you first grow, the projects increase, but it might be just you and one or two other employees to work with. In other words, workflow and operations aren't too difficult to manage at first.

As your firm grows, however, you'll take on an increasing number of projects and clients of various sizes. You'll have more and more employees to manage and assign tasks to, as well. Without a good project management system in place, this can quickly turn into a mismanaged mess that hinders productivity and negatively impacts client relationships and the quality of the services you provide.

Be sure you have a good project management tool in place that can easily be used and updated by everyone in your firm. This tool should allow you to track project progress and provide you with a bird's eye view of workflow. It should also help to streamline the categorization and tracking of expenses as well as employee time.

This AEC Firm Went From \$1 Million In Profits In Just One Year

How'd they do it? After setting up time-tracking integrations with QuickBooks®, this service business now has activity-based job costing to make data-driven decisions!

[---> Read The Full Story Here!](#)

6. Focus on Customer Retention

As your firm [grows](#), remember that retaining clients is as important as attracting new business. You should have a system in place for retaining new clients, keeping track of repeat clients, and increasing customer lifetime value.

Actively seek feedback from your existing clients to learn what you do best and how you can improve. Then actually take action to improve your services. Make sure you provide high-value services (or a unique selling proposition) to your clients to differentiate your engineering firm from the competition.

Additionally, focus on developing relationships with your clients and getting to know them as people, rather than just numbers. Your clients will value the relationship they have with you (if it's a positive one), and the idea of having to start over from scratch with a different company and a different team will help increase their loyalty.

7. Unify Your Marketing and Messaging

In order to become a larger engineering firm, you need to look and sound like a bigger engineering firm – and this means improving your branding and marketing. Consider working with a marketing agency to unify your brand and messaging across channels so that your company presents itself with a cohesive and confident image that appears trustworthy, reputable, and valuable to potential clients.

Bonus: Get a Handle on Financial Management – and Performance Tracking – by Outsourcing Your SMB's Accounting

In order to set goals and benchmarks and then actually collect financial data and track your business's progress toward those goals, it's essential to have a robust back office that's fully equipped with all of the essentials: tools, team, and technology. A solid back office that thoroughly collects data and generates regular, accurate, and reliable financial [reports](#) is vital when attempting to grow any kind of business. Without the solid foundation of a back office supporting your business and your future vision, you won't be able to erect an operating framework, evaluate your profitability, or make [data-driven decisions](#) to improve every aspect of your business.

Paying for an in-house, full-sized, full-time bookkeeping and accounting department is beyond the reach of most small and medium-sized engineering firms. There is, however, a solution for SMBs to access the power of a complete back office without having to foot the entire bill, and that's outsourced accounting.

Growing engineering firms can team up with a reputable outsourced accounting services provider to access the services they need when they need them, scaling the services as the business grows. With outsourced accounting, your firm can benefit from having a high-powered back office supporting all of its financial goals while not placing an intolerable burden on the budget.