

# Evolving Your Business and Practice Models: How “Net New Value” Drives Next-Level Success



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Iowa Engineering Conference  
May 20-21, 2026

**Business and Practice Model  
Evolution is New to Us**

**The Idea is to Think Bigger and  
be More Proactive**


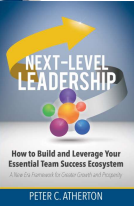
**“Be in a Position to be in a  
Position to Score”**



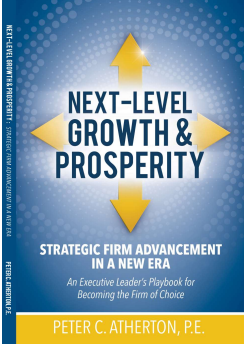


## About Peter C. Atherton, P.E.

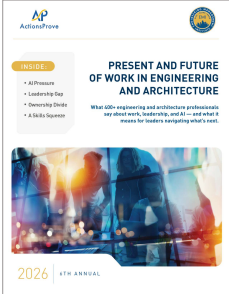
- Strategic firm advancement consultant, coach, author, speaker, independent researcher, podcast and mastermind host
- 30+ years in the AEC industry
  - Experience at all levels: project engineer, project manager, team leader, principal, major owner, board of directors
  - Experience with large, small, and mid-size firms on a local, regional, and international scale

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2026 4TH ANNUAL

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## Evolving Your Business and Practice Models: How “Net New Value” Drives Next-Level Success

- The Basics
- The Big “From-To” with Breakout Groups
- Where Pressure Exists
- Where Firms Get Stuck
- How to Find “Net New Value”
- Accessing the “Strategy Room”
- Summary and Resources
- Take-Aways, Next Steps and Remaining Questions

Roundtable Discussion to Begin: Name, firm, role... And have you ever thought about business and/or practice model evolution or made any related adjustments?

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# The Basics: Definitions



- **Practice Model**

- How your organization organizes its work internally
- How our work gets done, is structured, and delivered
- *Our professional operations infrastructure*
  - How we **create** value

- **Business Model**

- How your organization earns revenue, structures its offerings, and interacts commercially with clients
- How we monetize, contract, and get paid for the goods and services we provide to the marketplace
- *Our commercial architecture*
  - How we **capture** value



# The Big “From-To” – The AI/Advanced Technology “Inflection”

From	To	Biggest Questions and Opportunities

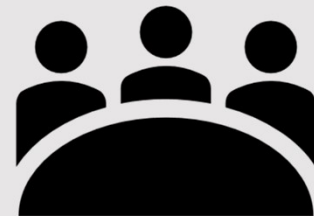
## The Big “From-To” – The AI/Advanced Technology “Inflection”

From	To	Biggest Questions and Opportunities
<ul style="list-style-type: none"> <li>70+ years of “knowledge work”                             <ul style="list-style-type: none"> <li>Acquire valuable existing knowledge and get paid to apply that knowledge</li> <li>Solidify your position with degrees, pedigrees, licensure, credentials</li> </ul> </li> <li>In professional services, we mostly sell our time to deliver that knowledge via:                             <ul style="list-style-type: none"> <li>Services (consulting, advice)</li> <li>Deliverables (reports, models, plans, specs)</li> </ul> </li> <li>We make most of our money through deliverables development and get paid via Time Charge/hourly, Costs Plus Fixed Fee, or Lump Sum % of construction type contracts</li> <li>We build our firms with “pyramid staffing” to distribute and execute work more cost effectively</li> <li>Our org. charts (from industrial age) provide order, predictability, stability</li> <li>Our promotions are based on scale: managing more production with great efficiency</li> </ul>	<ul style="list-style-type: none"> <li>A new era where:                             <ul style="list-style-type: none"> <li>The cost of existing knowledge is close to “free” and widely accessible (with <i>generative AI</i>)</li> <li>The cost of execution within existing systems is close to “free” and widely accessible (with <i>agentic AI</i>)</li> </ul> </li> <li>Implications:                             <ul style="list-style-type: none"> <li>Less labor with existing knowledge is needed and less labor is needed to execute within existing systems                                     <ul style="list-style-type: none"> <li>Possible layoffs</li> </ul> </li> <li>Opportunity to create much more from the same, if ambitious and strategic                                     <ul style="list-style-type: none"> <li>Increased revenue + profit /emp.</li> </ul> </li> <li>Workflows must be redesigned, not just “bolted on”                                     <ul style="list-style-type: none"> <li>Work led by humans and (partly or largely) executed by agents (and robots)</li> </ul> </li> <li>Competition increases and value propositions change: “Anyone can produce anything” digitally (or physically with 3D printers and robots)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>How fast?</li> <li>How complete for engineering (i.e., still have projects that are unique, needs to document for approvals, liabilities, and licensure requirements)</li> <li>How can we reimagine (and redesign) our firms to succeed in BOTH the present and the very different future?                             <ul style="list-style-type: none"> <li>Not be commoditized or compressed by lower cost execution</li> <li>Be on the upper part of the “K” and “E” economies</li> </ul> </li> <li>Be able to produce “net new knowledge”                             <ul style="list-style-type: none"> <li>Innovation and IP</li> </ul> </li> <li>Be able to produce “net new value”                             <ul style="list-style-type: none"> <li>Entrepreneurship (new applications of new and existing knowledge)                                     <ul style="list-style-type: none"> <li>Solve bigger client problems</li> <li>Achieve desired client outcomes with less risk or hassle and with better flexibility and adaptability</li> </ul> </li> </ul> </li> </ul>

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## Deeper Discussion Breakout Groups

- Topic: **The Big AI/Advanced Technology “From-To”**
- Questions:
  - How do you personally use AI and how does your firm?
  - Does your firm currently have a *vision* for how to use and leverage AI/advanced technology ... and if you were tasked with drafting or enhancing one, what should/must be clarified and/or included?
  - What currently either accelerates or inhibits both innovation and entrepreneurship in your firm?
- Format and Time
  - Timekeeper, notetaker, presenter
  - 18 minutes of team time
  - 1-2 minutes per group to share out (... and have notes ready to be collected and consolidated)



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# Where the Pressure Exists

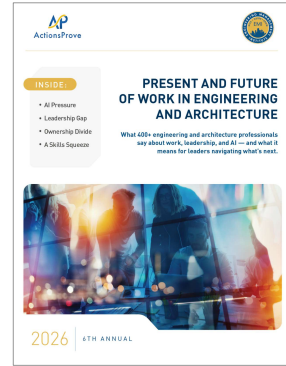
- **Business side**

\*Major market changes still pending – may not appear real\*

- Threats:
  - Increasing “Better, faster, cheaper” expectations
  - Increased commoditization and fee compression
  - “Disintermeditation”

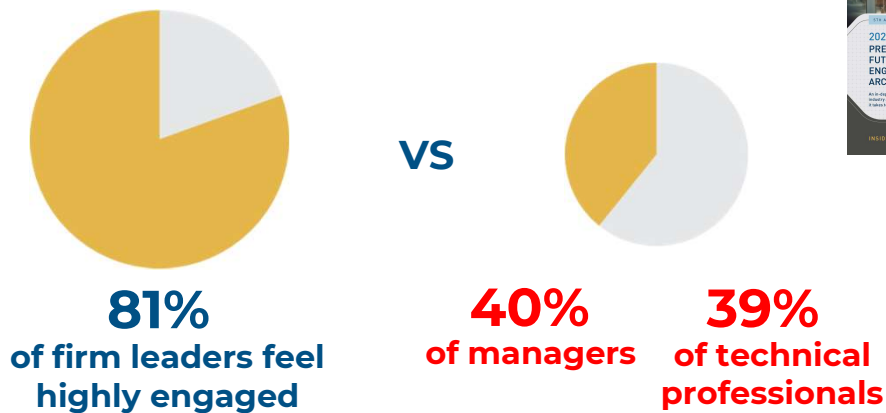
- **Practice side**

- Workflow/resourcing
- Standards/QA/QC
- “Superhero” vs team success model
- Talent attraction, development, and retention
  - 6 years of independent research →



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# A Dangerous Disconnect



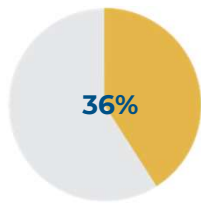
**Something is *not* working for today's workforce!**



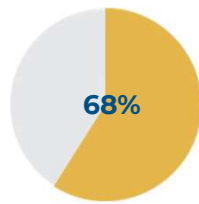
# Turnover Remains a Problem

47% (61, 68, 57% 2022-24; 38% in 2026) of professionals surveyed say they would consider leaving their current job in the next 12 months if the right opportunity arose

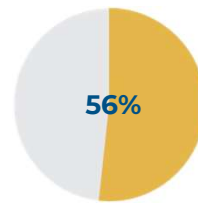
**In the context of years of experience, this becomes...**



for those with 20+ years



for those with 10-19 years



for those with 9 or less years



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## What Factors Influence Turnover

Figure 2 FACTORS THAT INFLUENCE TURNOVER



Q: What factors do/would influence you to consider leaving your current employer? (Shown as %.)

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## In 2026, We Flipped the Question

Which of the following would make you more likely to stay with your current firm for the next 3-5 years?



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## Where Firms Get Stuck

1. Leaders too busy to see the need for change
2. Leaders and managers too 'trapped' to change
3. Waiting on ownership and/or leadership succession to change
4. Undisciplined growth has led to a tangled "market matrix"
5. Have not adjusted to increased headcount growth
6. Geographic expansion has created leadership and ops "silos"
7. Lack of broad 'business sense' or financial literacy
8. Trapped in dual "time charge" and "lump sum" worlds



## How to Find “Net New Value”

- Back to the basics
  - Practice Model – how we *create* value
  - Business Model – how we *capture* value
- Definition of **value**:
  1. The amount of money something is worth
  2. An equivalent in goods, services, or money for something exchanged
  3. Relative worth, utility, or importance

What do all these have in common?

- They are subjective
- What’s the value of high quality and confidence, less risk, being on time, peace of mind, feeling proud, or being a part?



## How to Find “Net New Value”...

- Leveraging Logic Models

Likely “As-Is”	Inputs	Activities	Outputs	Outcomes



# How to Find “Net New Value”...

➤ It’s about us!

What is true about this column?

- Leveraging Logic Models

Likely “As-Is”	Inputs	Activities	Outputs	Outcomes
<b>Generate Value</b>	*Employee time *Technology	*Have meetings *Do work	*Deliverables (reports, plans, specs, etc.)	*Project completion
<b>Capture Value</b>	*Monitor usage	*Time charge, cost plus fixed fee, or retainer contracts	*TC, CPFF, or lump sum contracts	*Hopefully get repeat work and/or referrals
<b>Current Risks</b>	*More work than people (for many) *Massive technology change	*More needs *More stress *Less focus on innovation	*Variable quality *May not capture AI/advanced tech efficiency gains	*More burnout (or “opt-out”) *Less profit
<b>Future Risks</b>	*More technology reliance *Technology costs more	*Less new skills, workflows, and accountabilities	*Inability to meet evolving client expectations	*Less growth *Inability to lead



# How to Find “Net New Value”... Think about “others”

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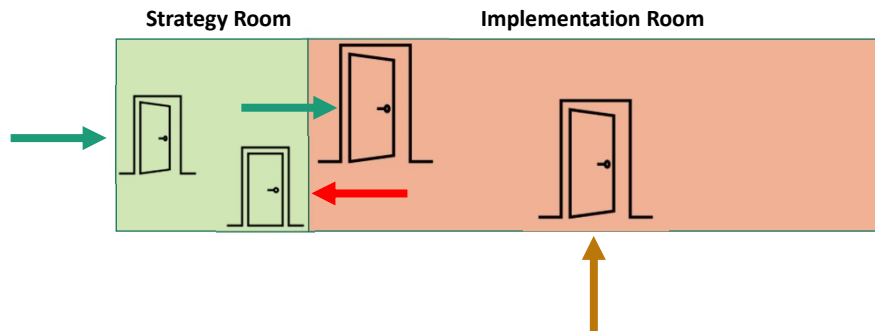
## How to Find “Net New Value”... Think about “others”

Client Outcomes (not just completed projects)	Determine What's Valued	Create New Value (Practice Model)	Capture New Value (Business Model)
<ul style="list-style-type: none"> <li>• Safer road(s)</li> <li>• Compliant treatment plant</li> <li>• Reliable pump station</li> <li>• Permitted site</li> <li>• New homes for a community</li> <li>• Occupied apartments</li> <li>• More 'heads in beds' at a local hospital</li> <li>• More students learning in new classrooms</li> </ul>	<ul style="list-style-type: none"> <li>• Capital costs</li> <li>• Operating costs</li> <li>• Time for completion</li> <li>• Higher quality</li> <li>• More creativity</li> <li>• More flexibility or adaptability</li> <li>• Less headaches, hassles, or lawsuits</li> <li>• Higher confidence</li> <li>• Peace of mind</li> <li>• Knowing more</li> <li>• Learning more</li> <li>• Looking good</li> </ul>	<ul style="list-style-type: none"> <li>• Better planning                             <ul style="list-style-type: none"> <li>• Move 'upstream'</li> </ul> </li> <li>• Higher quality</li> <li>• Faster delivery</li> <li>• More involvement</li> <li>• Better “experiences”</li> <li>• More sophisticated deliverables                             <ul style="list-style-type: none"> <li>• Digital twins</li> </ul> </li> <li>• Risk sharing                             <ul style="list-style-type: none"> <li>• Expertise-based</li> </ul> </li> <li>• Asset management and preservation                             <ul style="list-style-type: none"> <li>• Move 'downstream'</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Full cycle pricing</li> <li>• More lump sum contracting</li> <li>• Performance pay                             <ul style="list-style-type: none"> <li>• Budget</li> <li>• Schedule</li> <li>• Savings</li> </ul> </li> <li>• Subscriptive services                             <ul style="list-style-type: none"> <li>• Access to proprietary tools or IP</li> </ul> </li> <li>• Levels of service and prescriptive prices for productized services</li> </ul>



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## Accessing the “Strategy Room”



**Strategy room:** Ideas formed and decisions made on what to do and why → = valued expert, team member, partner

**Implementation room:** Project execution → path to bringing ideas to life... but can also be path to commoditization



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## Summary: Evolving Your Business and Practice Models

- Own this moment and take control
  - Stay ahead of disruption and help ensure public health, safety, and welfare
- Move beyond “existing” and toward “net new”
- Practice Next-Level Leadership
- Seek the “strategy room”
  - Think bigger, broader, and deeper and lead our clients as trusted partners
- Advocate for more QBS, lump sum contracting, and licensure protection

Our better future will not be an extension of the past

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## Resources



**INSIDE:**

- AI Pressure
- Leadership Gap
- Ownership Divide
- Skills Squeeze

What 400+ engineering and architecture professionals say about work, leadership, and AI — and what it means for leaders navigating what's next.



**How to Build and Leverage Your Essential Team Success Ecosystem**  
A New Era Framework for Greater Growth and Prosperity  
PETER C. ATHERTON



**NEXT-LEVEL GROWTH & PROSPERITY**  
STRATEGIC FIRM ADVANCEMENT IN A NEW ERA  
An Executive Leader's Playbook for Becoming the Firm of Choice  
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# Your Key Take-Aways, Next Steps, and Questions

## Agenda:

- The Basics
- The Big "From-To" with Breakout Groups
- Where Pressure Exists
- Where Firms Get Stuck
- How to Find "Net New Value"
- Accessing the "Strategy Room"



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**STRATEGIC PLANNING**

LEADERSHIP DEVELOPMENT

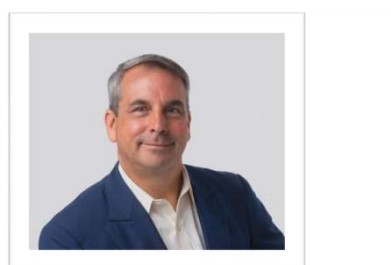
**EXECUTIVE COACHING**

CORPORATE IMPACT

**EXECUTIVE MASTERMINDS**

SPEAKING EVENTS

**THANK YOU...  
AND LOOK FORWARD TO  
CONNECTING AGAIN!**



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