

A GUIDE FOR AEC FIRM PRINCIPALS:

The Leadership Skills Gap in Your AEC Firm... and How to Close It

Why your best technical people struggle to lead after promotion— and what you can do about it right now.

You didn't promote your best engineers and architects because they were great managers. You promoted them because they were great engineers and architects. And somewhere along the way, you hoped the leadership part would just... happen. For most firms, it doesn't.

Inside, see how to address PM leadership skills gaps:

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SECTION ONE

The Uncomfortable Truth About Technical Talent

Every principal in the AEC industry knows this moment. You have a skilled engineer or architect — sharp, technically brilliant, clients love their work — so you move them into a project manager role. You give them responsibility for a team, a budget, a client relationship. And then you wait.

Within six months, you notice things. The team seems uncertain. Good junior staff start quietly looking elsewhere. Deadlines get missed not because of technical errors, but because nobody caught the warning signs early enough, or nobody felt comfortable raising them. The project manager is working harder than ever — and somehow producing less.

This is not a talent problem. It's a leadership development problem. And it is far more common than most firm leaders want to admit.

“We spend years developing the technical skills of our people and almost no time developing the leadership skills that will determine whether those people can run a team, retain clients, and grow the firm.”

The AEC industry has a structural challenge: the path to leadership runs directly through technical excellence. We reward the people who can solve the hardest design problems, and we assume that same intelligence will translate into the ability to motivate, communicate, delegate, and coach. It rarely does — not without intentional development.

The good news is that leadership skills are learnable. They are not personality traits you are born with. They are concrete, practicable behaviors that can be taught, practiced, and refined. The question is whether you are creating the conditions for that learning to happen in your firm.

SECTION TWO

What the Forces Shaping AEC Demand of Your PMs Right Now

The pressures on AEC project managers have never been more complex. Talent is harder to attract and retain. Client expectations have risen. Project complexity has increased. And the generational composition of most teams spans four distinct cohorts, each with different expectations of how leadership should feel.

4**Generations working side-by-side on AEC teams**

Each responds differently to authority, feedback, recognition, and communication. PMs who know only one style of leadership will struggle to get the best from their people.

#1**Reason AEC staff leave: their direct manager**

Not compensation. Not workload. The relationship with the person they report to. Your PMs are either retaining your best people — or costing you them.

60%**Of project risk is communication-related**

Scope creep, missed deliverables, and client disputes almost always trace back to unclear expectations, avoided conversations, or poor feedback.

2x**The multiplier effect of a skilled PM**

A PM who can coach, delegate effectively, and create a culture of accountability will develop junior staff twice as fast — expanding your capacity.

In this environment, technical competence is the floor, not the ceiling. The PMs who will drive your firm forward are the ones who can inspire a team, navigate a difficult client conversation, deliver feedback that actually changes behavior, and resolve conflict before it becomes a project problem. These are leadership skills — and they need to be developed deliberately.

SECTION THREE

Six Behaviors That Separate Struggling PMs from Great Team Leaders

After decades working alongside AEC firms — observing what drives project success, team retention, and firm growth — PSMJ has identified a consistent set of leadership behaviors that distinguish project managers who merely get work done from those who build strong teams, loyal clients, and lasting legacies within their firms. These are specific, observable, coachable behaviors.

- **They know their leadership style — and they adapt it.**

Effective AEC leaders understand that there is no single right way to lead. They can be coaching-oriented with a junior designer who needs to build confidence, more directive with a team under deadline pressure, and collaborative when building consensus among project stakeholders. The best PMs develop the self-awareness to recognize which approach the moment requires.

- **They communicate the “why” — not just the “what.”**

Teams that understand the purpose behind their work perform at a higher level. Great PMs connect the daily grind to a meaningful destination. They talk about values, not just deliverables. They create context, not just tasks.

- **They lead with empathy — and it makes them more effective, not less.**

Empathy — the ability to recognize and respond to how another person is feeling — is the foundation of every productive conversation a project manager will ever have, from a difficult client call to a performance discussion with a struggling team member. PMs who develop empathy make better decisions and build more loyal teams.

- **They delegate for development, not just efficiency.**

Weak delegation assigns tasks. Strong delegation assigns responsibility — for an outcome, with the autonomy and resources to achieve it. This is how firms develop bench strength and how PMs create the space to operate at a higher level themselves.

- **They give feedback that actually changes behavior.**

Most PMs either avoid feedback because it feels uncomfortable, or deliver it in ways that generate defensiveness rather than improvement. Learning to calibrate feedback to the person and the moment is one of the highest-leverage skills a PM can develop.

- **They create accountability — and that builds trust.**

Accountability, done well, is an act of respect. It tells your team: I believe you are capable, I've given you what you need to succeed, and I'm going to check in because I care how this turns out. This is what distinguishes teams that perform consistently from those that don't.

FRAMEWORK**The Five Practices of the Most Effective Leaders**

Research by Kouzes and Posner identifies five consistent behaviors among the most effective leaders. In AEC, these translate directly into project team performance. The best AEC leaders **Model the Way** by living the values they espouse. They **Inspire a Shared Vision** by connecting their teams to the purpose behind the project. They **Challenge the Process** by pushing for better, not just adequate. They **Enable Others to Act** by building trust and developing confidence. And they **Encourage the Heart** — recognizing contributions and reminding their team why the work matters.

SECTION FOUR**The Coaching Conversation: Your PM's Most Underused Tool**

Ask most AEC project managers what coaching looks like and they will describe a formal performance review, or a moment of giving someone direction after a mistake. That is not

coaching. Coaching is the practice of asking open, curious questions that help another person think more clearly, solve problems more independently, and grow in the process.

In an industry where PMs are typically promoted for their ability to provide answers — to clients, to junior staff, to principals — the shift to asking questions instead of providing them feels counterintuitive. But it is transformational.

When a PM asks “What do you think we should do here?” instead of immediately giving a solution, they signal that they trust the other person’s thinking. They create an opportunity for the junior staff member to develop their own problem-solving capability. And they free themselves from being the bottleneck on every decision — which is what limits a PM’s ability to grow into a principal role.

“The best coaching questions are open-ended and neutral in tone. They create space for the other person to think — which is exactly what you want your team to learn to do.”

Learning to coach is not about having a credential or following a rigid script. It is about building the habit of asking before telling, listening before responding, and trusting before controlling. These habits, practiced consistently, transform a project manager from a technical expert into a team multiplier — someone whose presence makes everyone around them better.

For firm principals, this has direct business implications. A PM who can coach develops junior staff faster. A PM who develops junior staff faster gives you a deeper bench. A deeper bench gives you the capacity to take on more projects, serve more clients, and pursue the growth you are trying to achieve.

SECTION FIVE

Conflict Is Inevitable. Poor Communication About It Is Not.

No project of any meaningful size runs without conflict. Conflicts arise between team members over design approaches. Between the project team and the client over scope.

Between a PM and a subconsultant over schedule. Between firm culture and individual expectations.

The question is never whether conflict will occur. The question is whether your PMs know how to navigate it constructively — or whether they avoid it, escalate it upward, or handle it in ways that damage relationships and erode trust.

Most technically trained people have a difficult relationship with conflict. Engineering and design education trains you to find the right answer, not to sit with ambiguity or to engage productively with people who see things differently. As a result, many AEC professionals default to one of two patterns: they avoid the conflict entirely, or they approach it through logic alone — which ignores the emotional dimension of every human disagreement.

Effective conflict communication requires a different skill set — the ability to manage your own emotional response, understand the other person's perspective, identify what is actually at stake, and navigate toward a resolution that preserves both the relationship and the project outcome. These are learnable skills. They just need to be taught.

WHAT THIS MEANS FOR YOUR FIRM

The Cost of Avoided Conversations

Every difficult conversation your PM delays is a problem that grows. A missed deadline warning becomes a client dispute. A performance issue left unaddressed becomes a team culture problem. A scope concern not raised early becomes a fee erosion crisis. When you invest in developing your PMs' ability to communicate through conflict — to have the hard conversations early, clearly, and constructively — you are directly protecting your firm's margins, your client relationships, and your team culture.

SECTION SIX

What You Should Demand from a PM Leadership Development Investment

When a firm principal sends a project manager to a leadership development program, they are making a bet. They are betting that the time away from the office and the registration investment will yield something measurable in return. That is a reasonable expectation — and one worth thinking through clearly.

The most effective PM development programs are not lecture series. They are intensive, interactive experiences that require participants to examine their own leadership style, practice new behaviors in real time, and build a concrete plan for continued growth. Here is what a well-designed program should produce, in concrete terms for your firm:

01 A PM who understands their own leadership style

Self-awareness is the foundation of every other leadership behavior. A PM who understands how they show up — their natural tendencies, their blind spots, the styles that come easily and the ones that require effort — is far better equipped to lead adaptively.

02 A PM who can develop the people around them

Coaching, delegation, and feedback are the three practices that determine whether a PM grows the capability of their team. A PM who returns from training with concrete tools in each of these areas is worth more to your firm than one who can only execute work themselves.

03 A PM who holds their team accountable — positively

Accountability that is built on clear expectations, clear capability, clear measurement, clear feedback, and clear consequences is not punitive — it is respectful. PMs who learn to create this environment build teams that deliver consistently and with less drama.

04 A PM who can navigate conflict and difficult conversations

The avoided conversation is one of the most expensive things that happens in an AEC firm. PMs who develop the skills and the confidence to address conflict early, constructively, and with empathy protect both relationships and project outcomes.

05 A PM who has a personal growth plan — and uses it

The best programs send PMs home with more than notes. They leave with a concrete, personal leadership development plan — specific behaviors to practice, resources to engage, and a structure for continuing the growth beyond the program itself. That is where the real return on your investment compounds.

Developing your project managers into genuine leaders is one of the highest-leverage investments you can make in your firm's future. It affects retention, performance, client satisfaction, and your ability to develop the next generation of principals. The gap between technical talent and leadership effectiveness is real — but it is entirely closable.

TAKE THE NEXT STEP

Build the Leaders Your Firm Needs

PSMJ's *Communication, Coaching, and Leadership for AEC Project Managers* is an intensive two-day program that gives your PMs the frameworks, the self-awareness, and the practical tools to lead more effectively — starting the day they return. Interactive, AEC-specific, and built for the realities of your firm.

Learn more and register at:

psmj.com/cclpm

For over 50 years, PSMJ has been the leading advisory group devoted to the business of AEC.

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