# AIA Practice Management

## Opportunities and Understanding for International Practice
## Questions & Answers Log

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1. **Q:** What about the impact of immigration? [Kenneth Hayes]
   **A:** For a country's population to remain stable—neither grow nor shrink—the average number of births per woman has to equal approximately 2.1. In the U.S., that number is currently 2.06. (For comparison, the rate for India is 2.8, most of Western Europe is between 1.7-1.8, and much of Africa is between three to four plus.) The growth of the U.S. population is being fueled by immigration; hence the real U.S. population growth rate is .9%/year.

2. **Q:** What technology do you see penetrating beyond BIM? [Thomas Baker]
   **A:** Parametric design.

3. **Q:** Do you see a change in the demand for educational spaces (Higher Ed and K-12) given the demographic changes? [Thomas Baker]
   **A:** The children of the younger baby boomers are currently fueling the need for higher ed facilities (not so much K-12 as most have passed that stage in life.) Once these people pass through the educational system, the need for higher ed facilities will be prompted by competition among institutions for the relatively fewer number of potential students.

4. **Q:** I disagree with some of the reasons architects are adopting BIM. We are not all choosing to use BIM technology because of outside pressure from contractors and owners. We are choosing to use it because it is a much better way to design, produce, and coordinate work, to name a few. The attitude of architects getting pressured by contractors and owners to adopt emerging technologies such as BIM is one of the primary reasons architects are losing their competitive edge and services we can offer to owners. In my opinion, Architects need to do a much better job of shaping the AECO industry rather than letting others do it for them. [Jonathan Perry]
   **A:** Certainly if architects can take a more assertive position with respect to technologies like BIM (as well as in many other areas) the profession can head off more potential marginalization. BIM may very well today be a "better way to design, produce, and coordinate work." But the point made in the webinar was that architects working in CADD didn't conceive of BIM; it was developed by software companies and promoted to design firms in much the same way as Microsoft, Apple, or any software company only survives by marketing and selling "improved" products.

5. **Q:** In some of my recent experiences and discussions with colleagues around the industry it seems that many of the larger firms (the big acronym named firms) have the appearance that they are moving more toward design only, or design theory and think tanking rather than full service. Does this seem to be a valid statement/trend? [John Frisco]
   **A:** I have not personally experienced this trend. In fact, I see more of the opposite: large "acronym named firms" making acquisitions to broaden their suite of services.

**6. Q:** Historically what is the trend of age of AIA members? Seems to me AIA members are older because they are the professionals who can afford the cost themselves or who are senior enough for firms to pay for their membership. I wonder what the average age of ALA members is. [Stella Nicolet]

**A:** An interesting theory! Unfortunately, I do not have access to this information.

**7. Q:** This is pretty good, especially for smaller firm leaders. A lot of folks have been looking at these issues for a while as strategic issues for AIA. The project delivery issue is important, not in agreement with Ray on proliferation of IPD. Talent attraction and retention is huge. [RK Stewart FAIA]

**A:** The project delivery issue is certainly important, but I maintain that IPD will be with us for the foreseeable future, but not become the mainstream project delivery system. I'm glad to have validation—from this source and others—that talent is indeed a huge issue for firms, and will be more so going forward as demand increases and supply decreases.

**8. Q:** How is the lack of attention being paid to practice matters, professional practice and risk management and the more technical aspects of architecture in accredited schools affecting the status of the profession and trends for firms to deal with? [John Frisco]

**A:** Most architecture curricula contain a professional practice module, but the effectiveness of those courses varies considerably from school to school. Also, the strong emphasis in school remains on design, so very few students apply themselves with that same diligence to learning about professional practice. That means that the educational burden in this area will have to shift to the employers/firms as interns learn to become practicing architects.

**9. Q:** Have you done any research or have any opinion on architects and firms relinquishing more and more responsibility in terms of delegated design or leaving more and more to outside sources such as engineered systems hired by the contractors or cm's (as an example exterior stud systems or skin systems)? [John Frisco]

**A:** I'm afraid I don't have personal knowledge about this trend.

**10. Q:** IPD is viewed much differently as you go west to east with eastern clients much more reluctant to try it. Also market sector variables are huge. [RK Stewart FAIA]

**A:** This phenomenon is likely due to the early adoption/pioneering of IPD in northern California healthcare projects. There are lots of variables, and geographic perceptions may level out over time.

**11. Q:** There are a variety of reasons why the number of AIA members increases over time. Does the number of licensed architects, both AIA and non-AIA, increase at the same rate? [Robert Hotes]

**A:** I don't have access to this data. It is possible to get the number of architect members of the AIA, but I am not sure that NCARB will release comparable information.

**12. Q:** Have you seen anything from a competition standpoint - and what I mean by that is due to economic issues larger and medium sized firms have gone through layoffs and/or splits as you suggested in a few of your slides? Some of those let go have joined forces and created their own firms and/or sole practitioners may have increased in number? Have you seen this or have any opinion on this in terms of market share and/or competition - or have you basically seen just a decrease in practicing architects due to the economy overall? [John Frisco]

**A:** The statistics I showed indicate an increase in the number of firms, some of which are spin-offs from larger firms or simply entrepreneurial architects either joining forces or going solo to start their own firms. I believe this contributes to the extremely large proportion of small architecture firms (an interesting difference from engineering firms).

**13. Q:** Do you have any insight into pricing trends for architecture firms that are purchased, i.e., price / earnings or other valuation measure? [Helen Jeffery]

**A:** There are many variables that affect the value of a firm to a prospective buyer. At least two industry sources publish and sell annual surveys of firm valuations and sales: ZweigWhite and Rusk O'Brien Gido + Partners.

**14. Q:** Do you have anything to say about architects losing the role as the primary designers on projects; for instance, the increasing prominence of architectural "designers"? [Roger Harris]

**A:** I don't have an answer for this question.

**15. Q:** Great presentation. [Jorge Pierson]

**A:** Thank you.

**16. Q:** What are the profit margins of other service firms such as management consultants or accountants? [Martin Powell]

**A**: While the median profitability for architecture firms is 12%, law firms average 20% and accounting firms average 21%.

**17. Q:** How does the growth in the AIA Members and firms which is outpacing construction growth relate to the decrease in the available talent pool? [Jessica Pearson]

**A:** The majority of architecture firms are very small, so while the number of AIA members and firms may increase, they do not represent a proportional increase in available architects to be hired by larger firms.

**18. Q:** As a non-baby boomer, I have to focus on the future. Have you identified any architecture practices/firms that are doing exemplary work at developing the leaders of tomorrow? [Emily Grandstaff-Rice]

**A:** More firms were undertaking these types of development programs before the recession, and understandably many put their programs on hold. Only now are some firms resurrecting their previous efforts. I can't really answer the question by identifying specific firms. One resource, however, is the annual ZweigWhite "Best Firms to Work For" competition in which one of the criteria is training and development.

**19. Q:** How do you see the demographics of the future architects impact the profession - for example the female versus male graduating architects? [Jessica Pearson]

**A:** I'm not sure whether the question is about the number of female vs. male architecture graduates, but the unfortunate reality is that many women architects (and other professionals) put their careers on hold to raise families. This is one of the factors (but certainly not the only one) leading to a disproportionate number of men in firm leadership positions.

**20. Q:** Are there organizational design options that will facilitate the extended, non-traditional services? [Martin Powell]

**A:** I am not sure of the intent of this question.

**21. Q:** What role do you anticipate A/E firms worldwide will have on the US market? [Eric Brendler]

**A:** There are already firms from outside the U.S. working here, but there are also many U.S. firms working elsewhere in the world. I do not foresee that firms from outside the country will have a significant impact on U.S. firms except in unusual circumstances.

**22. Q:** What is one example of the "perfect" A/E firm of the future? Services provided, project delivery systems utilized, types of abilities of staff, etc. [Richard Hayes]

**A:** I don't mean to be evasive, but I haven't encountered the "perfect" firm yet. In my consulting experience, different firms bring different strengths to different areas. A probably unfair generalization is that too many firms fall into patterns and keep doing what they always have been doing until something shakes them awake: loss of clients; loss of employees; etc.

**23. Q:** Do you have recommendations for project/staff management software for small firms to help allocate staff resources and project scheduling, besides Fast Track schedule or Microsoft Project that are geared toward construction schedules. [Kenneth Hayes]

**A:** Recommendations like this are beyond the scope of the webinar.

**24. Q:** What do you have to say about women... specifically those who exited the field to raise families and are now looking to re-enter. Are there demographics available, and are there trends in how they are finding ways to successfully reintegrate? [Betty Avary]

**A:** I wish I had statistics on this, but I don't. I do think that firms will eventually realize what a resource women who temporarily left the profession can be, even those with small children who can only work in an office during the middle of the day. I also think that technology will allow increasing numbers of people—of course including women—to work remotely from home at any points in their careers.

**25. Q:** It seems IDP has hurt our profession ranging from retaining employees/future leaders because of length of time to acquire licensure to getting the required experience base. Do you have any thoughts on this? [Vincent Di Bella]

**A:** The challenges of IDP are just one factor in discouraging young people to enter the profession of architecture and pursue licensure. More important is the fact that architecture firms—because they are relatively unprofitable compared to other businesses—do not pay intern architects, or even recently licensed architects, generously.

**26. Q:** Using multiples of EBITA what is the average multiple for small firms being bought? [John Mogge]

**A:** There are many variables that affect the value of a firm to a prospective buyer. At least two industry sources publish and sell annual surveys of firm valuations and sales: ZweigWhite and Rusk O'Brien Gido + Partners.

**27. Q:** Humbly disagree - BIM is better - made our work better. We are learning to add value to our clients. [Jessica Pearson]

**A:** BIM may very well be better. But the point made in the webinar was that architects working in CADD didn't conceive of BIM as something better; it was developed by software companies and promoted to design firms in much the same way as Microsoft, Apple, or any software company only survives by marketing and selling "improved" products.

**28. Q:** Thanks Ray! Are you aware of any group within industry, including the AIA, that is studying/parsing professional demographics in more detail? To your point about the increase in number of firms (census) not matching the increase in number of architects, how many graduates still practicing vs. registered vs. firm income etc.? [Mark Rylander]

**A:** Only two organizations do any sort of analysis in this area: the AIA and NCARB. The AIA's information is available in their bi-annual Firm Survey. I can't speak to NCARB's releasing such information.

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