

Report

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Retirement and Wealth Accumulation Planning

by James S. Redpath, CPA

How old are you? Ready for retirement? It doesn't matter what your age, you are probably like most people with some vision of retirement floating inside your head. It is never too soon (or too late) to think about retiring and managing the wealth you have accumulated (or hope to accumulate) over the years.

Capture your dream and put your future in order. Start by answering questions such as:

- What is financial freedom?
- How much will I need to live on in the future?
- Am I saving enough to provide future financial stability?
- Should I pay off my home mortgage?
- Should I borrow from my 401(k) plan?

Contact a good financial advisor who can help you answer these questions and many others, and turn your ideas into real dollars and cents through the use of a financial analysis. Set up some goals and budgets or adjust your current situation to match your existing goals. It doesn't matter where you are starting from, good financial planning can help steer you in the right direction.

By thinking about it today and contacting a financial advisor, you can help your wealth accumulate instead of letting those retirement dreams float away.

Business Management for Small Firms

*by Brian Wass, AIA
Inner Grove Heights, Minn.*

Business Management—now here's a topic sure to get an architect all excited and enthused. Yeah, maybe as much as yesterday's dried out burned toast, very dry and dusty. To make it worse, who among us received any business training in school? What do all those terms and jargon the bankers, accountants and management consultants like to use mean? Who cares? Well maybe *you* do when there is no money in the bank account. To keep that from happening, or worse—have the bank call you to tell you it *has* happened—a little Business Management maybe in order. You see, if you don't have a working understanding of your firm's costs, billings, cash flow, and direction, all of your hard work and excellent design may be a road map to the Poor Farm instead of Rich Acres. A sure recipe for early burn out, or worse, a Practice of Futility and Frustration. Life is too short for that sort of thing. So here are a few principles we use in our firm to get the job of Business Management done so we can concentrate on the Practice of Architecture.

1. *Educate Thyself*

Nobody in the world is going to care about your finances if you don't. We got our first education through a seminar sponsored by the Small Business Administration. Then we learned by doing. Later, after we had been in business a while and recognized some problems, the remaining blanks were filled in by a mentor type of



consulting program that our Chamber of Commerce sponsored. The AIA has since developed some wonderful seminars in this area. Learn the basics. You, your staff, your clients, your banker, and your accountant will all be happy you did. Now it is possible to hire a consultant to do all the work, but if you don't understand your financial position, or what you hope to achieve, who really is running your practice?

2. *KISS (Keep It Simple Stupid)*

Start simple; add what you need, discard what doesn't get used. In the dark ages, before computers, we did everything on paper, and very little of that. Now we have substituted computers, but the programs and the ease of using them remain simple. Perhaps this is a reflection of our minds. The reality is that we concentrate on providing Professional A/E Services, not accounting services. If it isn't easy to use and understand, or has no apparent purpose, we don't use it. The golf course and the lake are calling.

3. *Farm Out the Work*

Once you understand what is needed, get somebody else to do it as cheaply as possible. Our payroll, tax withholding, and tax payments are handled by a payroll service sponsored by our bank. Our accountant reviews the computer records and generates an income statement and balance sheet once a month. We have four partners, so we split up the responsibilities. One pays the bills and borrows money; one sees that the work gets billed and collected; one handles benefits; one hires and fires. This way we all can remain Design Professionals. If you don't have that luxury, perhaps a part-time bookkeeper or an outside consultant could be of help.

4. *Don't Reinvent the Wheel*

Architectural firms accounting needs are not complex. We use simple, inexpensive, off-the-shelf computer programs for everything, and sometimes only parts of the programs. Cheap but good software is available at your local store for:

- Money - the checkbook, line of credit, savings, and reports; cash flow, income statement
- Billing - time keeping, billing, accounts receivable, and project profitability
- Payroll - salaries, withholding, and tax payments
- Spreadsheets - are great for developing neat customized reports you can't get any other way. But don't use them for the whole shebang, unless this kind of software development is your hobby or your significant other is an accountant. Start simple, figure out what you need by using something. Upgrade if the simple program doesn't do the trick. Don't fix what ain't broke.

5. *See the Forest for the Trees*

Take the time to see how you're doing at achieving your goals and if your firm is doing better or worse than the rest of the profession. This takes a little homework for industry information, and good understanding of how and why you work as you do; but the payoff comes in not getting lost, confused, or frustrated. When we started our firm, we worked our little tails off. After a few years of this, we woke up one morning unsure if anything had been accomplished, wondering why we were doing this, confused about the future, and very tired. With the help of the aforementioned mentor, we clarified what we were doing, why we were doing it, and how we would do it. The fancy names for these are Mission Statement, Firm Philosophy, Goal, Budget, and Marketing Plan. Now we spend a few days once a year evaluating what has been

accomplished, what needs to be accomplished, and how it will get done. Everyone is now enjoying the view and sleeps much better at night.

6. *Just Do It*

All of this happens incrementally. A little done each day will keep the firm in order. Take time once a month, or at least once a quarter to see how you are doing, celebrate successes, recognize problems, and take corrective actions. Once a year get away, take a big perspective look, see where you are headed and chart a new course if needed. But whatever you do, have fun, be profitable, and enjoy life.

Epilogue:

So is our firm on easy street? Well not exactly. But if there isn't money in the bank, we now know why and what to do about it.

Planning Resources

by Donald Wardlaw, AIA
Oakland, Calif.

Keeping new work flowing in is a key concern of small project architects, especially when there isn't any flowing in. My two most persistent and harmful habits in regards to this problem are: an urge to solve the problem intuitively; and, having found that does not work well, a tendency to address the problem methodically when I do not have work, instead of when I do.

As I write, business is good, marketing is impromptu. My marketing practices are improving. My best insurance is that I have taken the time (ok, maybe there wasn't a lot of work then...) to read about marketing and I have written a plan. I'd like to share my thoughts on the value of planning, and a few resources you may find helpful should you choose to undertake the writing of your own business or marketing plans.

Many architects pride themselves in their ability to solve not only their clients most apparent needs but also other important needs which their clients may not be able to readily articulate. I call it getting to the bottom of things or making sure that fundamental problems are addressed. The design process is our magic wand. We are trained to use it to identify problems, perform careful analysis, and synthesize sensible or inspired plans which address the original problem. We can be quite good at taking our clients apart (gently of course) and designing spaces that fit them like a favorite pair of shoes.

Guess what! Writing a business/marketing plan is all about taking *yourself* apart. It is about recognizing impulses and preconceptions for what they are. [Your client comes to you because she wants a new family room wing on her house. You dig and find out what she really wants is something to block a neighbor's

view into her bedroom window, hence the new structure]. It is about making an honest assessment of who you are, what you do well, what you want to be, what you want to be able to do, and how do you get from where you are to where you want to be. It is a design problem.

One of the reasons we are effective at solving our client's problems is that behind our friendly demeanor there is often deep technical expertise. We know what questions to ask and understand many of their implications. So while the design process may give us tools to work in unfamiliar areas, we are at an advantage when the process involves, say architectural structures. A lack of familiarity with marketing and business planning concepts may hinder our ability to ask at the outset the right questions. Fortunately, the design process leads us to recognition of this and the need to do some research. I have found three sources that may help you understand what questions you need to be asking yourself in the preparation of a plan.

1) *Guerrilla Marketing: Secrets for Making Big Profits From Your Small Business*, Jay Conrad Levinson, 1993. Levinson has made a small personal industry out of the Guerrilla Marketing moniker. He has a keen appreciation of the need for non-traditional marketing approaches for small businesses. In this book you will slog through many ideas which are clearly more applicable to merchandise type businesses, but I found a few real gems and the questions I needed to write a marketing plan. Well worth the 12 bucks.

2) *Successful Business Plans for Architects*, Ronald A. McKenzie & Bruce H. Shoumacker, 1992. I am still chewing on this one, but I find it to be a real nuts and bolts primer on business planning and marketing. It may give some ground to *Guerrilla Marketing* on imaginative

technique, but it compensates with tight focus on our profession. The methods seem appropriate for even medium and large firms.

3) *The AIA Library*. One of the clear benefits of living in Washington D.C. would be ready access to this wonderful library. For the rest of us, however, the library offers two real valuable services. First is the book loan program. For the cost of shipping, you can borrow a book from the collection for 28 days. 28 day extensions are available. Second, they will run literature searches (called QuickSweep REPORTs) for you on topics of your choice. Following is an example of a QuickSweep REPORT I requested on business planning.

I hope these tools prove useful in devising workable plans to guide the growth and profitability of your practices. I found the writing of a marketing plan to be an engaging and worthwhile undertaking. Writing a business or marketing plan is a also good opportunity to see how your clients feel about working with you. I wanted to run right out and recommend myself to all my friends.

QuickSweep REPORT

Date: 29 January 1996
Client: Donald Wardlaw, AIA
Fax: (510) 268-0964
Researcher: Carole Twombly,
Reference Librarian
Tel: (202) 626-7493
Fax: (202) 626-7587

Subject: Business Plans
The results of a quick search are listed below. Most of these articles can be photocopied for a fee of \$10.00/article (member), or \$15.00/article (non-member) plus appropriate copyright fees. AIA members may borrow up to 10 books at a time for a loan period of 28 days.

ICONDA (Includes the Construction Index online)

Keywords: business plans

TI: Writing a Business Plan.

AU: Winans, Nina; Winans, Paul

SO: The-Journal-of-Light-Construction

PN: p.23

PY: 1994

DD: Apr. 1994

DE: management; planning theory; business management; marketing

AB: Need for a business plan and how to prepare one.

TI: Start Now to Develop Your Post-Recession Action Plans,

AU: Schreiner, Phil

SO: Building Design and Construction

PN: p.5

PY: 1992

DD: Oct. 1992

DE: management; economy; business game; business management; recession; strategic-planning

AB: Advice on outlining business plans for owners, construction managers, and architects.

TI: How to Design Your Practice.

SO: Architectural-Record

PN: p.37

PY: 1992

DD: Sep. 1992

DE: profession; architect; reference book; design firm; business growth; book.

AB: "Successful Business Plans for Architects", by Ronald McKenzie and Bruce Seboumacher.

McGraw-Hill Inc. (Publisher).

TI: How to Write a Business Plan.

SO: Ornamental/Miscellaneous Metal Fabricator

PN: p.42

PY: 1992

DD: Jul. 1992

DE: business game; computer; business growth; construction management

AB: "How to Write a Business Plan" program for any PC now available from AISB. American Institute of Small Business (Association).

TI: Firms That Make Annual Plans.

SO: Progressive Architecture

PN: p.47

PY: 1992

DD: Feb. 1992

DE: business game; business plan; newsletter

AB: According to "The Guidelines Newsletter" firms that make annual plans average 400% more income than firms that don't.

TI: 18 Crazy (Like a Fox) New Ideas,

AU: Stasiowski, Frank A.

SO@ Professional Services Management Journal

PN: p. I

PY: 1991

DD: Dec. 1991

DE business game; personnel management; business plan; motivation ; strategic planning
AB: New strategies for improving the firm's business plan.

TI: Planning for Success.

AU: Zall,-Milton

SO: Construction-Specifier

PN: p.33

PY: 1991

DD: Apr. 1991

DE: business game; financial management; business plan
AB: Charting your course to financial success with the aid of a business plan; questions to ask yourself. how to determine sales potential and location; how to attract customers; advertising; financing; and getting feedback.

Accounting System Check-up

by Robert G. Tautges, CPA

If you own your own business or are a key employee charged with managing operations you may ask yourself, "Do our accounting systems need a check-up?" Internal control systems are designed to reduce the risk of errors or irregularities (including theft and fraud),

or if they occur, insure that you have a system to catch them on a timely basis. You may have read about cases where trusted employees have absconded with significant sums money over a multi-year period.

Businesses evolve and systems along with them. Since you last reviewed your internal controls, have you:

- Automated systems?
- Re-assigned duties that had been segregated among several employees?
- Expanded the duties of key personnel?
- Shifted accounting functions to a remote site?
- Significantly increased your volume of transactions?

If your business is changing, sometimes a fresh look at your internal control systems can be very beneficial. Key areas to review include:

- *Assignment of Duties* - Do work assignments tend to cross-check the accuracy and completeness of staff tasks?
- *Financial Reporting* - Are financial statements produced accurately, in timely fashion and with comparisons to prior periods or budgets?
- *Unscheduled Internal Audit Procedures* - Does upper management (or the owner) periodically look deeper into routine transactions to verify their accuracy— invoices, employee expense accounts, cash receipts, etc.?
- *Computer System Controls* - Are control features implemented, understood and monitored?

Start with these items. You work hard for your success and don't want any "leaks" that may cut into profit.

Are You Reacting or Planning? Does Your Business Plan You?

by Preston H. Quirk, AIA
Nashville, Tenn.

"How soon can you have it? Not until next week! Can't you get it done sooner? I just want enough to get it past codes."

Clients often don't appreciate the planning work required to run a small architectural firm effectively. Projects can be small and on tight schedules for demanding clients. However, planning your business is important in order to be able to handle such projects efficiently and profitably.

Business planning for small firm involves two primary interrelated objectives - planning of the firm's workload and financial planning for each flow and growth objectives.

Workload

What are the primary sources for your work? Have you analyzed where your best and most profitable work comes from? Which types of projects provide the best referrals? The answers to these questions will help you analyze your practice and better target your marketing efforts. Evaluate your work and focus on the types of projects that are profitable as well as enjoyable for the firm.

All firms should have a system of some sort that helps track pending projects and the current backlog of work. These records often need to be reviewed on a weekly basis to guard against periods when work may not be plentiful. The time to begin searching for new projects is long before you complete your only large project.

I maintain a single spiral bound logbook with columns to keep track of projects and deadlines. This logbook has separate columns for the project name, date of the last meeting, date of next scheduled submittal to the client and date that the work is completed. Each project

is entered in the logbook in chronological order based on the date of the most recent review with the client.

A quick review of my logbook allows me to estimate the number of hours of backlogged work that I have, as well as providing a good record of the work completed on a project. When the backlog decreases, it is time to seek out new projects, or as in the past two years, decide which available projects to accept and which to decline.

Financial Planning

Closely related to the firm's workload are the firm's financial goals. In order to know the profit picture for a firm, it is important to plan the cost of doing business, and the net income that will result from the gross billings.

I use "Quickbooks" accounting software to help me plan and manage my firm's finances. Quickbooks allows simple tracking of categorized expenses and generates monthly reports of actual expenses as compared to a budget established at the start of each year. When I first started Quirk Designs four years ago, I established conservative (worst case) budget projections of monthly expenses and income. I determined my hourly rate on my minimum desired income each month plus the cost of expenses for each month. I wasn't certain how many hours I could bill each month, but I used a conservative estimate of 100 hours per month, not including non-billable marketing time, administrative time, and other miscellaneous tasks. Although I have had to pay more in taxes, I have been fortunate to bill 160 or more hours almost every month for the past four years.

On the first of each month, I do all of my billing for the past month, and run four standard reports - a balance sheet, budget reports for the year-to-date and month (these compare actual revenue and expenses to the budget), and a summary report of the year-to-date. A quick analysis of these reports gives

me a good recap of the past month and allows me to make adjustments for the future if needed. At the end of each year, I adjust my monthly budget amounts for each expense category based on the past year to establish target expense amounts for the next year. I watch carefully for variations each month and use this information to help plan for larger expenditures when they are needed. My experience has shown that keeping a close eye on the detailed costs of the business make it possible to plan for equipment upgrades, new office furnishings, and other major purchases. Knowing your expenses also helps you foresee when increases in hourly rates are needed or desired for the firm's financial growth.

With an enhanced knowledge of your firm's workload and operating costs, you can take a proactive approach to planning a more profitable, enjoyable and successful practice.

Growing from a Sole Practitioner through a Joint Venture

by Rachel Simmons Schade, AIA
Philadelphia, Penn.

This is a very exciting time for me, as my firm is experiencing a modest growth spurt. After seven years of being a sole practitioner, I am currently considering a partnership, and have been seeking new work with an architect friend. Our original plan was to joint venture on a project or two before forming a partnership, to give ourselves time to really get to know each other as potential partners. We are very protective of our friendship, and want to insure that it survives any business relationship we pursue. We have witnessed a number of partnerships come and go, and have decided that it would be a good idea to "live with each other" for a while before we "tie the knot".

As is often the case, external events occurred which offered us a chance to jump start the process. An ideal real estate opportunity presented itself recently so I relocated my office two months ago. Kiki Bolender and I now share a large sunny space. I brought my part time employee with me, who occupies a large second room, which also houses the library. Kiki has been on her own for just a short time, after five years of working for someone else and miscellaneous moonlighting projects. Another architect in the building shares basic office equipment with us (photocopier, fax, etc.)

The physical environment is far more professional than my previous digs, but it is the personal interaction that is proving to be the greatest improvement. I continue to work on the projects that I brought into the office, but now I have periodic input from someone at my level of experience. We have put together some terrific proposals, and a couple of them have come through. For our first major project, we will be

sharing all of the responsibilities to better learn about how each of us works. In the future, we'll probably trade off roles on a per job basis, but we want to make sure that neither of us gets pigeonholed into doing one set of tasks.

Both of us are interested in seeing projects built, in having a list of satisfied clients, in being active in the community, and in having fun at what we do. We each like figuring out details, and we like being active in the construction process. We require flexibility in the workplace in order to raise our young families. We seem to have parallel economic goals with realistic limitations.

We don't have a formal business plan. We wouldn't know how to write one. Nor does it seem appropriate to hire a consultant to help us prepare one, as we're not sure what our goals are yet. The joint ventures seems to be the right structure to get to know one another. I have worked with other architects on projects since being on my own and have determined, for various reasons, why they would not develop well into partnerships. In fact, I wasn't sure I was cut out to be a partner after having survived for eight years on my own.

So why rock the boat? Well, the projects are getting bigger, we're doing more institutional work, and we're being asked to submit proposals for public work. So the work load is putting a demand on my time. Also, I'd like to get my practice to the point where I can take some time off and not feel as though I'm leaving clients in the lurch.

By joining our energy and talent, we think we have a shot at making a terrific small firm. We plan to stay small in order to be able to continue to do all of the things we like in architecture. We'd like to develop a strategy for accomplishing these goals as we go along; to design a firm structure that works for our specific needs. We'll keep you posted.

A New Identity

by Gabriel Durand-Hollis, AIA
San Antonio, Tex.

Our architecture firm recently decided to give the interiors side of our practice its own identification. The experience could be applicable to anyone going into business, changing their logos and identification or establishing the interiors side of their practice.

- **Graphics.** The most time consuming but fun part of the work was to establish the graphics. Our graphics needed to say: bold, "breaking out of the box" and innovative. Those who have seen the finished product agree that it does this.
- **Identify audience.** We needed to get the word out to our existing client base and network of colleagues as well as new or potential clients. We developed a series of post cards that were mailed to a select group with the same graphics, paper, etc. telling them about our venture. The fourth card invited them to an open house.
- **Follow up.** Only then did we announce the name of the director of interior design and release it in the paper, etc. Any inquiries are immediately followed up with personal visits. We have press releases ready to go for our first couple of projects too.

The idea is two-fold: to tell everyone we exist *and* to get new work. You can't be hired unless clients know you're out there!

TIPS AND TECHNIQUES

Business (and Life) Planning

*by Sam Osborn, AIA
Atlanta, Ga.*

My intention is to have my business provide architectural services and interact with individuals in a very consistent manner that reflects those principles that I personally adhere to. For me those principles are very important to define. More importantly, adherence to these principles results in a consistently refined quality of service and relationships. Obviously, to put food on the table these principles must evolve into action. For me that evolution into action proceeds as follows:

ACTION PLAN GOALS

PURPOSE PRINCIPLES

Each step is strengthened and builds on the preceding and gives the office a clear direction that provides a structure in which our success can realistically be evaluated and create an environment in which some degree of contentment may be achieved.

Keep Options Open

*by Jerome Buttrick, AIA
Berkeley, Calif.*

In order to help insure a bright future for my practice, I think it is important to convey broader problem solving ability instead of highly specialized expertise. I don't want to be seen as simply a "residential" or "renovation" or "tenant improvement" architect. I want the flexibility to pursue new project types and to quickly adapt to changing economic conditions. Therefore, in presenting myself to prospective clients I stress the process of design, the skill with which I master it, and the benefits that can accrue to my clients from this.

SEP (Simplified Employee Pension)

*by Lavae Aldrich, AIA
Seattle, Wa.*

As you build your business, don't forget to plan for retirement. Meet with a financial planner and find out how easy it is to set up and contribute to a tax deferred SEP account. It works like an IRA, is just as easy to set up, and you can invest with as much flexibility. But it allows a self-employed person to invest more than the standard IRA and thus create a real pension. If you have employees, the rules are a little different and it's called SAR (salary reduction). Just like the big guys downtown, you and your employees can have a retirement plan.

Tips on Business Planning

*by Rachel Simmons Schade, AIA
Philadelphia, Pa.*

Contact your local Small Business Administration office. They often have very useful booklets which identify resources available for the small entrepreneur. If you want to find funding to get started, most banks and micro-loan agencies will require a business plan.

Colleges and universities with business degree programs often offer clinics or workshops to help small business prepare a business plan. Also look for branches of SCORE, Service Corps of Retired Executives, where you can get help from people with experience in your field.

Planning the Project— A Workshop Approach

by Daniel Jansenson, AIA
Los Angeles, Calif.

At the start of every new project, I meet with the client and the project's main participants to create a timeline of activities, and assign tasks and responsibilities. As the true project manager for this part of the work, I include the client as a member of the work team, and make sure the client's tasks and responsibilities are fully integrated into the work of the group. I also make sure that everyone understands the necessity for timely completion of their work: I make it clear that the work of the team depends on the specific outcome of each member's work. While for each project the client's particular responsibilities are different, I have never encountered a client who did not willingly - even enthusiastically - embrace their assigned tasks. In my experience, small project clients are eager participants in their projects, and will often assign themselves additional tasks beyond those I develop for them. Seeing the owner's participation in the work has also helped motivate other team members in the timely completion of their own, assigned duties.

The Planning Workshop

The first planning meeting is organized as a workshop, and takes place after preliminary documents have been sent out to the various participants. I try to include as many project participants as possible, from client to contractor and subcontractor, to consultant and suppliers. The purpose of the workshop is to develop a project timeline and schedule, a list of tasks and responsibilities, and to elicit hidden issues and problems that may be obvious to individual members of the team but which may not be self-evident to others. An additional benefit of the workshop is to bring the individual

project members together and help them work as a team, which helps greatly as the project unfolds.

I start the workshop by explaining the purpose of the meeting and the objectives to accomplish by its end. I also explain the workshop's procedures, which for small projects are very simple. I explain that I will be functioning as a moderator, writing down everyone's ideas, then helping the team narrow the ideas down to specific tasks. I also mention that at the end of the meeting I will send a memo to all the participants summarizing the meeting. I then start by drawing a preliminary timeline on a whiteboard, which includes a time estimate for my share of the work, and other items which I've thought about and developed, such as time estimates for permit processing, approvals, etc. I also mark important milestones, such as building permit approval, substantial completion, and so on. I will usually have developed these points in advance, on a small sheet of paper, but by writing it out on the white board in front of the participants I give them a chance to quickly think of their own portion of the work in a more general context. By the time I've completed this activity, a matter of a few minutes, participants are often ready to discuss their own schedules in surprising detail. I then start the discussion by pointing to one of the participants, usually at one or another end of the room, and asking them to begin describing their anticipated schedule. As I fill in the information on the whiteboard, I make sure to listen carefully for extra information which may not be part of the timeline, but which might benefit other participants. This information is often the result of participants' specific experience, and may include such things as water tables in the neighborhood, soil conditions, experience with building officials assigned to the project area, material availability, etc. I write this

information down on a separate whiteboard, for all to see.

As each participant completes their discussion, I move to the next team member, then the next after until all have had their say. By then, the timeline will have filled out, and the second whiteboard covered with comments and ideas. At this point I open the meeting for general discussion, and act as a moderator in order to enable all to participate. I have discovered that the team's extroverts inevitably dominate the discussions, and more timid members are often shut out of the discussion. Sometimes I find that tile subcontractors, for example, are intimidated by the presence of owners or structural engineers and remain quiet, and it is my job to specifically call upon them to elicit their views which are often filled with helpful and valuable information.

At the end of the meeting I mention again that I'll be sending everyone a memo summarizing the meeting's findings, and ask everyone to contact me with additional information developed after the meeting.

In my experience these planning workshops clearly show the participants the interdependent nature of the projects. Besides eliciting specific information and developing a realistic workable schedule, the workshops often bring home to the client and other participants the challenges each discipline faces in completing their work. When problems inevitably arise, it becomes much easier to arrive at workable solutions with the help of other team members who have witnessed the concerns and limitations faced by the owner and other participants.

Tools

1. Whiteboard. I use a flexible, portable whiteboard made by Avery Dennison, called Static Images, available in office supply stores. It is a large presentation pad, with white sheets made of a thin plastic material. Static cling

makes it easy to smooth onto any wall surface, and it accepts dry-erase markers. At the meeting's end, I peel the plastic whiteboard off the wall, and roll it up into a mailing tube for the trip home.

2. Computer Software. Besides Excel and my word processor, I use ClarisImpact, which has a timeline planning feature. You type in the starting date, tasks and estimated hours (or days) into a spreadsheet, and the program will generate a graphic timeline indicating milestones, etc. The program will also import data from other spreadsheets, to convert into timelines. It's very easy to modify and expand, if necessary.

MEMBER PROFILE

John Tagle Associates, Inc.
Architects & Planners

*by Cynthia Pozolo, AIA
Detroit, Mich.*

As the Small Project Forum expands its network through local advisors, constituents like John J. Tagle, AIA will make that network a success.

In 1993, John founded his three-person firm, John Tagle Associates, Inc., Architects & Planners, after more than 20 years of experience in the Architectural profession. During a career that took him from Michigan to Florida, then back to Royal Oak, Michigan he has handled project types in many market segments.

His firm now specializes in renovation work, primarily in the commercial sector. In an observation echoed by other Detroit-area small project practitioners, John noted the abundance of such remodeling work because owners are finding it more cost effective than green-field projects.

John looks to AIA conferences sponsored by PIAs as a resource in addressing issues such as computer applications, business planning and networking to facilitate growth strategy as guides for his firm's future.

He challenges members of the Small Project Forum to work toward the paradigm of architects working cooperatively for the overall strength of the profession. Partnering, contracting and personal referrals were key to the early development of John's firm, and he sees them as integral to the success of other small project practitioners.

The Small Project Forum wishes John Tagle Associates, Inc. continued success, as well as our thanks for sharing his thoughts, ideas and concerns with us.

GENERAL INFORMATION

Forum Notes

Some of you may have noticed a couple of extra months between this newsletter and the previous one. We have made an adjustment in our publication calendar and henceforth issues will come your way at 4 month intervals once again. Our previous schedule had our first newsletter of the year coming out too soon to include a good mailing roster of the new year's members. From now on you should receive your SPF report around April 1, August 1, and December 1.

The next report theme is "Marketing." Author material is due on or before January 15, 1997, to Cynthia Pozolo (address on back cover).

Each year we rotate in a new member to the advisory group and we have included with this issue a flyer announcing the position for those of you who may be interested in serving.

We are still interested in publishing examples of your work, sketches, details, cartoons, etc. Send to Donald Wardlaw in slide or 8 1/2" x 11" format. Thanks to all of you who have been contributing your time and ideas to the Forum. You are making this an interesting place.

All About You

by Donald Wardlaw, AIA
Oakland, Calif.

340 SPF members responded to our 1996 survey and the results offer an interesting perspective on small project and small firm practice. This survey is similar to the one we conducted in 1994 so the ability to make a comparable analysis adds another dimension to the analysis of current responses. As with the first survey, this one will be used to guide the development and focus of Small Project Forum programs.

Demographically you look like this:

- 95% are firm owners
- You have been licensed an average of 16 years. (Our senior member has 54 years licensure.)
- Smallest office size is 1, largest is 96, average is 2.8
- 43% are 1 man/woman offices, 78% are 3 people or less
- You consider 82% of your projects to be small.

There was no noticeable change in your project bidding, contract forms, and project phasing between the '94 and '96 surveys.

- 61% distinguish between schematic and design development phases
- 45% of your projects are negotiated bid, 53% competitive bid
- AIA Owner/Architect agreements are used 52% of the time, custom agreements 37% of the time, and no written agreements 8% of the time

A frequently asked question is "What is a small project?" Answers range from the intuitive "If you have to ask you wouldn't understand," to the analytical "A project type defined by architectural characteristics, personal relationships and practice methodologies which to varying degrees, on a project by project basis, differ from the characteristics, relationships and methodologies found on larger

projects." One of the defining characteristics is thought to be cost.

The second most frequently asked question is, "What is the cost range of a small project?"

- Your responses put the average cost range between \$33,000 and \$642,000.
- The highest value given to the low end of the range was \$500,000.
- The lowest value given to the high end of the range was \$25,000.
- The highest value given to the high end of the range was \$6,000,000.

Those of you who find low rewards from doing small projects are a small minority and fewer in the '96 survey than in the '94 survey.

- 3% find the rewards low (7% did in '94)
- 40% list medium rewards (49% did in '94)
- 54% list high rewards (up from 44% in '94)

I have heard many stories over the years of large firms doing small projects as a part of their marketing efforts, keeping major clients happy by doing their personal work at a loss for example. One of the aims of the Forum is to assist in the spread of knowledge about small project practice that will enable us to work profitably. This appears to be doable.

- 74% report that small projects are profitable (up from 68% in '94)

You do a variety of project types with single family residential being the most commonly cited. Some of you also cited educational facilities as one of your project types.

- 41% single family
- 12% commercial
- 9% office buildings
- 8% interiors
- 5% multi-family housing
- 4% each medical, municipal and worship

A common theme in our profession today is that success is and will be dependent on our ability to understand and respond appropri-

ately to the needs of our clients. Larger firms, and firms doing larger projects often work with repeat clients, or clients who have ongoing needs for architectural services. This makes knowledge about these clients and their needs something that can be readily studied. It is relatively difficult to study one time clients, or people that don't yet know that they are going to be a client.

Our first effort to understand your clients (at least from your perspective) produced some interesting results:

- The main reason you are hired is because past clients recommend you to someone
- Your marketing efforts on average are not bringing you much work (we don't really know if this is because you are not marketing or not marketing well)
- The numerical rankings are thus (1.0 is most significant)
 - 2.12 Client referrals
 - 2.51 Referrals by friends or other design professionals
 - 2.71 Previous experience with the client
 - 2.73 Your firm's reputation
 - 4.62 Your marketing

As to your clients concerns:

- You believe cost of construction is the most important concern of your clients.
- On average you believe that the cost of design services is the next greatest concern of your clients. This is most pronounced among firms noting low rewards. Firms noting high rewards cite design quality as the second most important concern of their clients, not cost of services.
- You don't believe that the size of your firm is an important concern of your clients. Since you are predominantly small it appears that there is no penalty for this in small project work.

- The numerical rankings are thus:
2.00 Cost of construction
3.05 Cost of design services
(3.40 high reward firms, 2.27 low reward firms)
3.18 Design quality (2.94 high reward firms, 3.73 low reward firms)
3.30 Time
3.88 Construction Quality (3.68 high reward firms, 4.27 low reward firms)
5.83 Size of firm

3) Your client mix is as follows:

- 41% homeowners
- 20% businesses
- 11% developers/investors (9% high reward firms, 24% low reward firms)
- 9% institutions
- 8% builders
- 7% government
- 2% design professionals

The final areas of exploration by the survey were your knowledge and information needs. We looked at the areas of expertise about which you felt either confident or lacking. We also asked you to identify the aspects of small project practice you find most difficult. Your responses to this portion of the '94 survey were influential in establishing the issues we have been examining in our newsletter and the programs we have developed for the national convention. Results from the '96 survey are being worked into our current agenda. Here are the areas about which you desire greater knowledge and the percentage responding alike:

- 73% pricing services (Ironically, the area you are most interested in is the one area we are enjoined from directly addressing—by the Justice Department/AIA consent decree.)
- 67% marketing
- 62% cost estimating
- 61% business planning
- 60% liability issues
- 58% computers in design
- 57% environmentally responsive design

You regard your greatest strengths as:

- 69% renovation
- 62% client communications

Comparing the '96 and '94 surveys the following differences emerge:

- You are more confident about agreements
- You are more confident about renovations
- You are more confident about computer use for contract documents and office applications.

In addition you show fairly strong interest in two areas we did not list in the '94 survey: environmentally responsive design (57%) and design build (43%).

There were a variety of responses to the question "*What is the most difficult aspect of small project practice?*" Here are the top ten reasons, the most important reason listed first, and the number making this choice in parenthesis.

1. Time management/coordinating multiple projects (48)
2. Marketing/keeping new work coming in (34)
3. Negotiating good fees/Owner resistance to fair fees (33)
4. Educating clients on the realities of design and construction (26)
5. Meeting client's budget/(often unrealistic) expectations (20)
6. Effort similar to large projects/client's don't appreciate (16)
7. High project management costs relative to fee (15)
8. Maintaining high standards of service/design (13)
9. Earning a good living, turning a profit (10)
10. Finding quality builders (9)

In response to the Forum business question "*Should the Small Project Forum rename itself the Small Firm and Small Project Forum in recognition of a need to address small firm issues in conjunction with small project issues?*" you responded 70% yes and 21% no.

Thanks to all of you who took a few minutes to enlighten the rest of us. The response rate was very good considering we weren't offering stamps or toasters. You are a fascinating and special group of architects. You make the Forum an interesting and special place.

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If you would like to report on issues relevant to the Small Project Forum from your area on a regular basis, we invite you to join our network of local Advisors. Please call Rosemary McMonigal, AIA.