

JAMES R. FRANKLIN, FAIA

# CURRENT PRACTICES IN SMALL FIRM MANAGEMENT:

AN ARCHITECT'S NOTEBOOK

- 1 MAKING PROJECTS
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- 4 MANAGING STAFF
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- 6 MANAGING THE FUTURE



THE AMERICAN INSTITUTE  
OF ARCHITECTS

**JAMES R.  
FRANKLIN,  
FAIA.  
RESIDENT  
FELLOW,  
THE AMERICAN  
INSTITUTE OF  
ARCHITECTS**

TOOLS  
TIPS  
TACTICS  
EXERCISES  
STRATEGIES

|   |                              |  |  |  |  |  |  |  |  |  |  |  |  |
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OPTIMIZING THE SMALL FIRM

Research by the Resident Fellow at The American Institute of Architects is conducted in anticipation of publication. The ideas, facts, opinions, recommendations and conclusions expressed in such a published work are solely the responsibility of the author(s) and not The American Institute of Architects. Publication by the AIA does not constitute approval or endorsement by The American Institute of Architects or any of its component chapters.

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## ACKNOWLEDGEMENTS

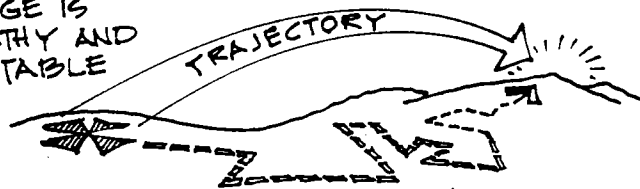
On this page, in lots of books, authors frequently say there are too many contributors to list by name. That's true here, but the real problem is I no longer remember where I first learned much of what's presented.

This book started 20 years ago as a jumble of notes from meetings and handouts from seminars.

I've always believed architects should share everything about their approach to practice -- except their lists of prospects. That attitude paid off in 35 years of practice. The more I disclosed to colleagues, the more they shared about how they worked. We all benefitted.

The folks in my office grew to hate my going off to AIA national Practice Committee meetings or to professional development courses -- I always came back with new ideas to try out. Over the years that file of management tips grew and changed. And so did the firm.

CHANGE IS  
HEALTHY AND  
INEVITABLE



I found the most radical changes in the firm -- and the most unpleasant ones -- resulted from trying not to have any changes.

It is useful to think of the firm in terms of its trajectory -- but the reality is probably closer to the way an ant finds its way. It's always working toward its goal -- but never in a straight line for long.

Over the years a lot of good ideas accumulated; most got modified; some got lost. When a tip didn't work we tinkered with it. When something new came along, we integrated it or threw the old one away. I'll be changing my copy of this book as I go along. I hope you'll be changing yours. Even tips that work grow stale -- lose their energy. I also hope you'll share the improvements you come up with.

The AIA Practice Committee provided a lot of what's here. So did a number of consultants. I want to acknowledge their invaluable help over the years, and have listed some of the primary contributors on the next page.

I also want to thank two people who have contributed to the actual book-making out of that jumbled file of 20 years of tips, and who have pushed me to keep at it:

Ava J. Abramowitz, Esq.  
Vice President  
Victor O. Schinnerer & Company  
Chevy Chase, Maryland.

H. Kennard Bussard, FAIA  
Renaissance Design Group/  
Bussard Dikis  
Des Moines, Iowa.

## CONSULTANTS

All these people are quite expert in a number of areas. Listed below beside their names are some of the topics and areas of expertise often associated with them. The listings in no way indicate any limitations of theirs -- only the limitations of my own knowledge of what they do. They have been wonderful sources of information over the years; My special thanks to each of them

Ava J. Abramowitz, Esq.  
Victor O Schirmer & Company, Inc.  
Two Wisconsin Circle  
Cherry Chase, MD 20815-7003  
(301) 961-9800

Risk Management  
contracting  
people skills

Boyce Appel  
Appel Associates  
86 Allen Road  
Atlanta, GA 30328  
(404) 255-3200

Organization development  
Intervention  
Conflict resolution  
Empowering, influencing  
behaviors

Doug W Beauchamp  
Time Binder  
P.O. Box 460730  
San Francisco, CA 94146  
(415) 255-0517

Time Management

Howard G Birnberg  
Birnberg & Associates  
1227 West Wrightwood Ave.  
Chicago, IL 60614  
(312) 664-2300

Project management  
small firm marketing  
firm management

Weld Cox, Hon. AIA  
The Cox Group  
Two Mellon Bank Center, Suite 102  
Philadelphia, PA 19102  
(215) 561-2020

Firm management  
Organization development  
Marketing

Gerre Jones, Hon. AIA  
Professional Marketing Report  
10415 Casador del Oso  
Albuquerque, NM 87111  
(505) 298-9119

Marketing

William C. Ronco  
Averch-Ronco Associates  
247 Washington St. #22  
Winchester, ME 01890  
(617) 721-2110

Interventionist  
Firm diagnostics  
Organizational development  
Self assessment

Stuart W. Rose, AIA  
Professional Development Resources  
4501 Q Lane, N.W.  
Washington, D.C. 20007  
(202) 362-0800

Marketing  
People skills

Peter Piven, FAIA  
The Cox Group  
Two Mellon Bank Center, Suite 102  
Philadelphia, PA 19102  
(215) 561-2020

Financial management  
Firm management  
Contracting

William W. Sternbergh  
Center for Creative Leadership  
500 Laurinda Drive  
Post Office Box P-1  
Greensboro, NC 27402-1660  
(919) 288-7210

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David Sibbet  
Graphic Guides, Inc.  
832 Folsom Street Suite 810  
San Francisco, CA 94107  
(415) 882-7760

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problem solving through  
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Frank A. Stasiowski, AIA  
Practice Management Associates, Ltd.  
Ten Midland Ave.  
Newton, MA 02158  
(617) 965-0055

Practice management  
Project management  
Firm profitability  
CADD, Computer info.  
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Fred A. Stitt  
Guidelines Publications  
P.O. Box 456  
Orinda, CA 94563  
(415) 254-9393

Checklists for project and  
firm management  
Hardware/software info  
re: Apple  
Guidelines newsletter.

William L. Ury  
Associate Director  
The Program on Negotiation  
at Harvard Law School  
500 Pound Hall, Harvard  
Cambridge, MA 02138  
(617) 495-1684

Workshop through the AMA  
on negotiation

Edward T. White, Professor  
University of Arizona  
P.O. Box 4664  
Tucson, Arizona 85717

Author: "Presentation Strategies  
in Architecture" ©1971  
Architectural Media, Ltd.  
(Great graphics !!)

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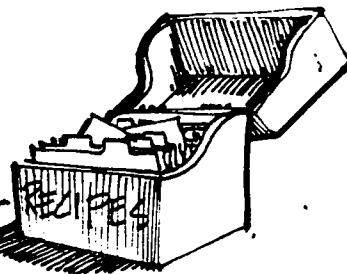
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## ABOUT THIS BOOK

This is a collection of management tips and ideas that have worked for other architects. Like handed-down recipes, they have all been tested over time -- most of them modified by trial and error.



THEY ARE MEANT TO BE TINKERED WITH.

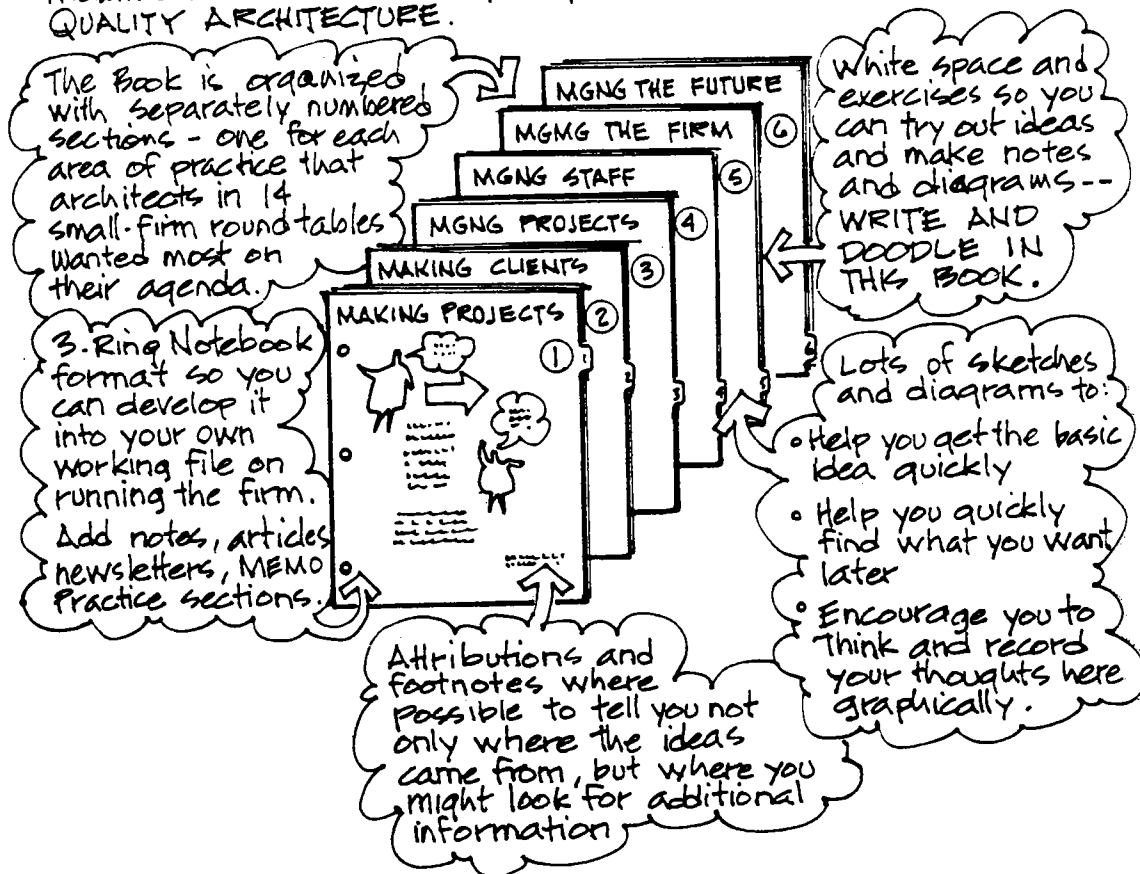
Look for the basic idea of what's here and invent your own recipes for success from the ingredients at hand.

Look for the least thing you can do and still be effective. Clients pay you for project services, not firm management.

Yet without effective management you risk

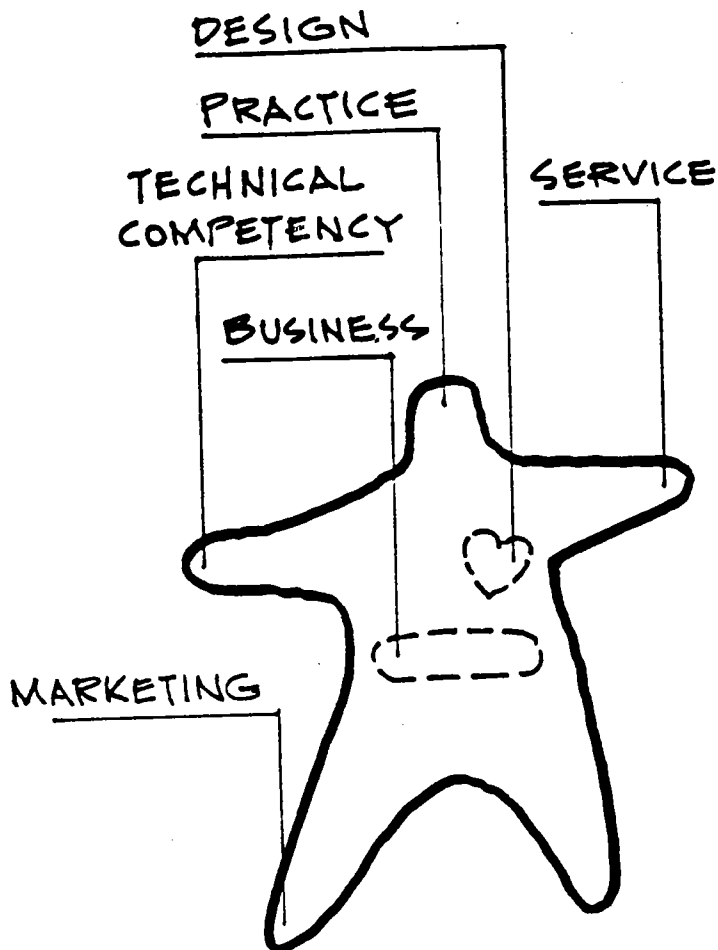
- Loss of, or lack of development of good staff
- A financial roller coaster
- A practice subject to whims and pressures of the market.

The point of this book is to help you become more competitive by spending less time and stress/energy on management -- and maximum time on what you got into this profession to do -- QUALITY ARCHITECTURE.



## THIS BOOK

Jumbles a lot of different things together -- marketing with risk management, service with design --  
That's because that's how it is .....



It's useful to look at these various essentials of a firm as though they were separate and distinct from each other. That helps us analyze and learn - so long as we keep in mind they are all integral parts of every healthy, full-bodied practice.

"You can't change just one thing".

There is no way, nor should we try to conclusively deal with any item on the typical small firm agenda as being really separate and distinct.

Weld Cone: "For too long we have worried about the practice of practice and the design of design. There's only the one thing - ARCHITECTURE."

## AGENDA ITEMS

- Marketing
- Negotiation
- Client Management
- Pricing/collections
- Contracts
- Paper + time management
- Service/Services
- Joint ventures + consultants
- Staffing + staff management
- Delegation
- Quality Control \*
- Design management
- Planning

These are the agenda items typically brought up by participants in AIA small firm roundtables - except the last three which are always added as a matter of principle!

Add your own -- what do you go home and complain about at night? Worry about?

|                          |       |
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\* NOTE: If you check this list against the index-- everything got specifically included except Quality Control-- It's part of everything.

## TAKING STOCK

If this book is to be useful, you must be able to consider what it says in terms of your own practice.  
Here's how in 5 steps - (15 minutes).

**STEP ① QUICK!** In no more than 3 MINUTES List here the 5 greatest INTERNAL strengths and weaknesses of your firm.

| 5 GREATEST STRENGTHS | 5 GREATEST WEAKNESSES |
|----------------------|-----------------------|
| 1.                   | 1.                    |
| 2.                   | 2.                    |
| 3.                   | 3.                    |
| 4.                   | 4.                    |
| 5.                   | 5.                    |

②

WHAT'S OUT THERE? (LIST IN 3 MINUTES, MAX.)

WHAT ARE THE EXTERNAL FORCES?

| 5 GREATEST THREATS TO THE FIRM FROM OUTSIDE IT. | 5 GREATEST OPPORTUNITIES IN THE MARKETPLACE |
|---|---|
| 1.  | 1.  |
| 2.  | 2.  |
| 3.  | 3.  |
| 4.  | 4.  |
| 5.  | 5.  |

- ③ Take a couple of minutes to look back over your lists.
- Anything to add?
  - See any connections between threats/weaknesses?
  - between strengths/opportunities?

- ④ NOW .... sit quietly for 2 minutes and reflect on what you just wrote. Don't think of solutions or try to analyze problems and Don't skip this step.



JUST  
CONSIDER  
WHAT  
IS -- IN TERMS OF:

MARKET  
CLIENTS  
PROJECTS  
STAFF  
FIRM ORGANIZATION/MGMT.  
YOURSELF

- ⑤ **LAST STEP:** Assume for the moment that you are one of a pair of twins. The you sitting here is going to send a quick message to the you that's over there running the firm. Tell that other you the plain truth -- the good first, then the bad -- about the firm. You'll have chances to revise or update your diagnosis later. For now, just send an honest evaluation of current status. And fast. 5 minutes, max.

|                           |
|---------------------------|
| DATE:<br>1. THE MARKET IS |
| 2. THE CLIENTS ARE        |
| 3. THE PROJECTS ARE       |
| 4 THE STAFF               |
| 5. THE FIRM               |
| 6. YOU ARE                |

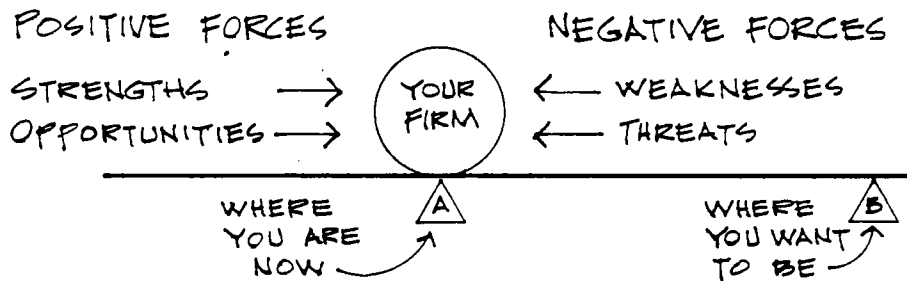
If you really did the TAKING STOCK exercise well, chances are, you listed some "YEAH, BUTS".

"Yeah, but that's just my perception ...."

"Yeah, but that's only a feeling ...."

Psychological facts are still facts. Most good hard-headed business decisions are based as much on perceptions as on tangible evidence or deductive analysis. The "yeah buts" can be positive forces when you make them overt -- get them out in the open so you can work with them.

### FORCE FIELD THEORY



In the TAKING STOCK exercise you identified forces that have your firm locked in its present position at point **A**.

As you go through the rest of the book there will be further exercises and opportunities to fill out the picture even more, to identify additional forces, to reinforce or modify your diagnosis.

LOOK FOR THREE THINGS:

- ① WHERE YOU WANT TO BE **B**.
- ② WAYS TO MAXIMIZE OR ADD TO THE POSITIVE FORCES
- ③ WAYS TO DECREASE OR ELIMINATE THE NEGATIVE FORCES.



# SECTION 1.

## MAKING PROJECTS

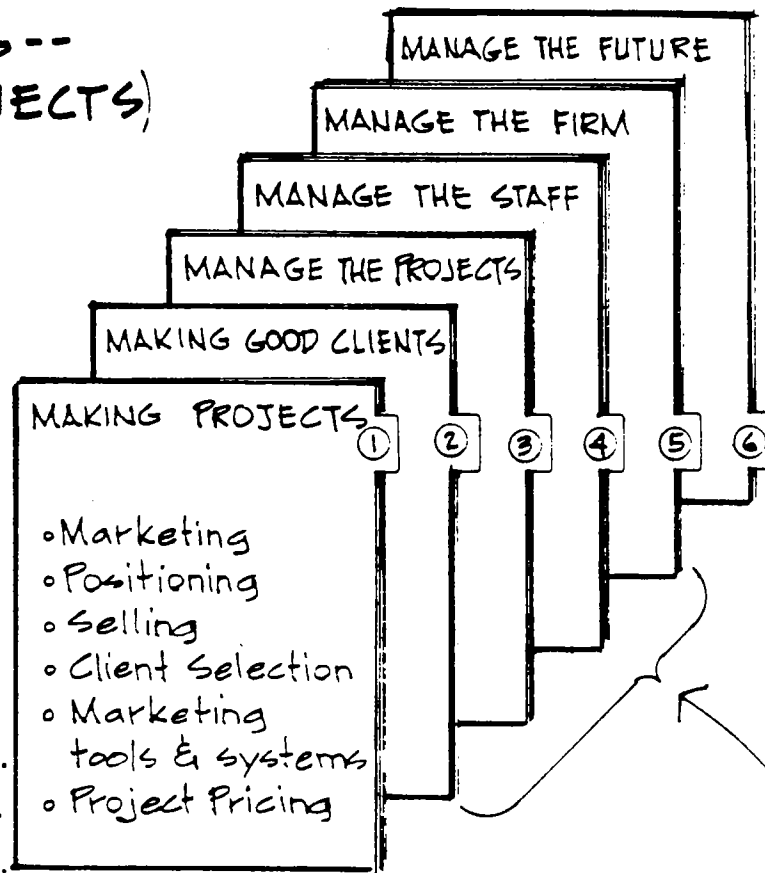
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## MARKETING -- (MAKING PROJECTS)

Comes first in this book because in six years of small-firm roundtables, it always came first on the participants' agenda

BUT IN REAL LIFE, MARKETING ISN'T FIRST. IT'S ALWAYS.

It's in the relationship you build with clients. It's in the flexibility and responsiveness you impart to the firm and your staff. Most of all it's in the excellence of the projects you do ---

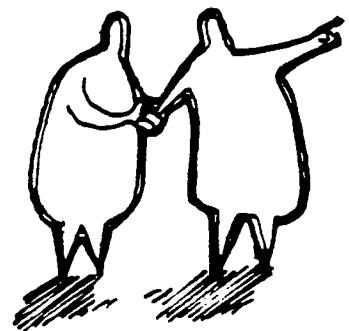


YOU HAVE TO DO THE REST  
TO DO MARKETING BEST.

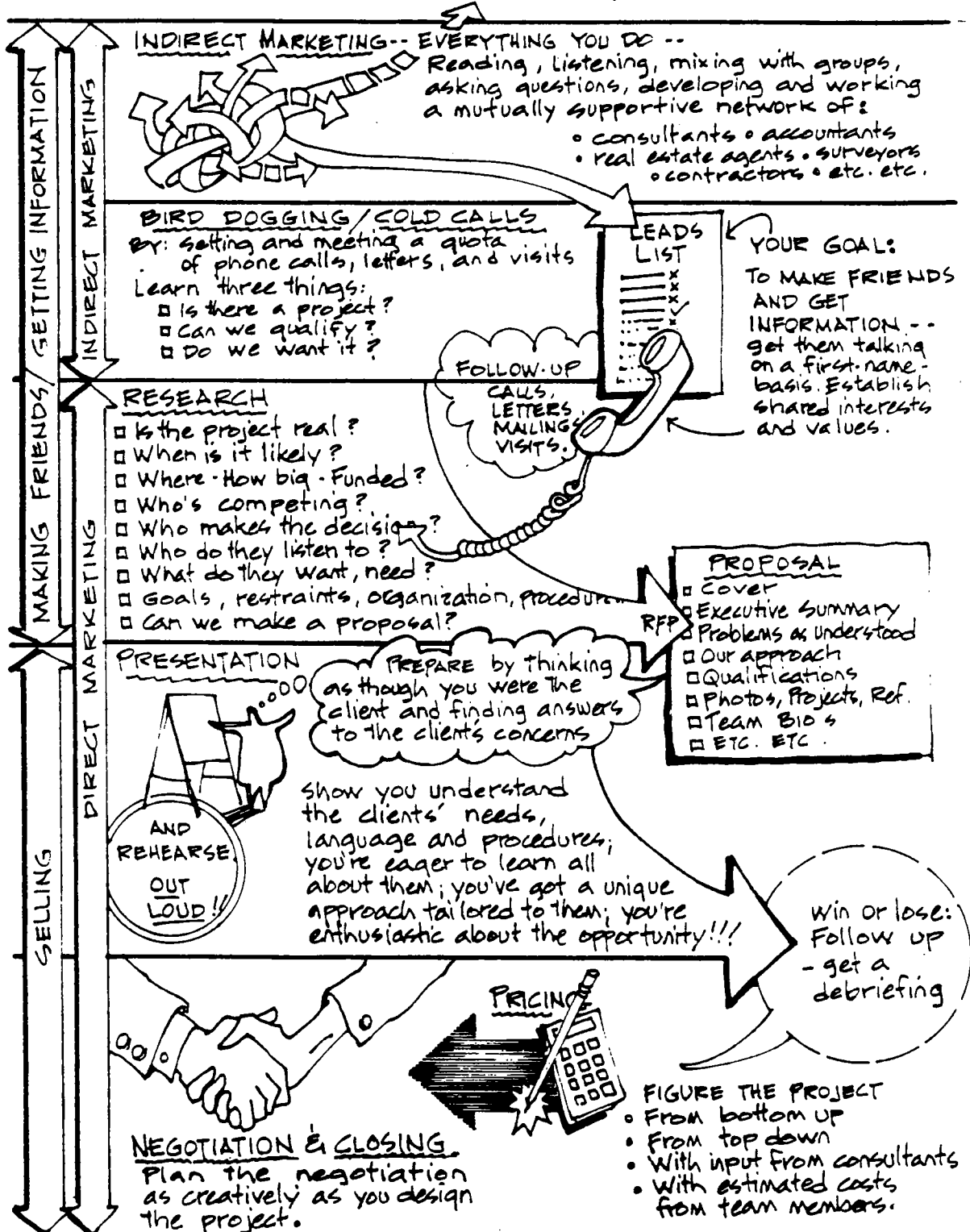
That's why, in small-firm management workshops, we deal with all the issues of doing excellent projects and having excellent staff and firm before we talk marketing.

The lawyers have a saying: "The definition of a principal is it's anyone who can bring in clients".

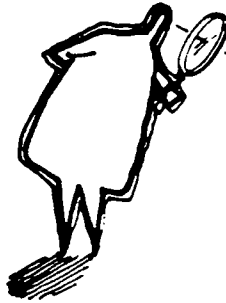
Clients want to deal with leaders with vision and the ability to make it happen.



# MAKING PROJECTS



# MARKETING



Don't be intimidated by jargon.  
Experts scrutinize and break  
marketing into:

- Positioning
- Public Relations
- Marketing Research
- Lead development
- Proposal writing
- Presentations
- Coordination
- Selling
- Closing
- etc., etc.

There are really only two  
basic kinds of marketing:

## ① DIRECT MARKETING

What you do that targets  
a specific project.

## ② INDIRECT MARKETING

Everything else you do.

Everything (including going to the bank or the P.T.A.,  
shopping for groceries, inspecting a project, etc.)

Of the two, indirect marketing is possibly the more  
important.

Two quotes to explain indirect marketing from the  
small firm viewpoint:



"PROPER MANNERS IS ONLY A MATTER OF TREATING  
EVERYONE IN PRECISELY THE SAME WAY."

(From 'My Fair Lady')- subcontractors,  
morticians, surveyors, lawyers -- what they  
have in common:

- They can furnish leads.
- They can eventually  
show up on building  
committees or as clients.

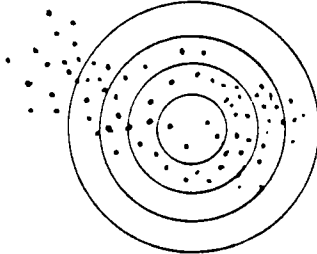
"80% OF WINNING IS JUST SHOWING UP." (Woody  
Allen)

The trick, of course, is finding out  
where, when, and for what - That's  
the purpose of indirect marketing.



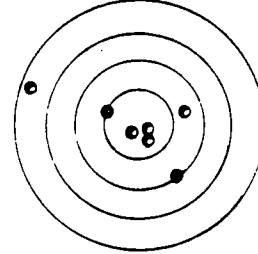
## DIRECT MARKETING - TWO APPROACHES

SHOTGUN



- ▣ Requires a lot of resources over time to be successful.
- ▣ Lets the market (and luck) control your destiny.
- ▣ Can tempt you to undertake projects outside your area of competency.
- ▣ Can lower your hit rate and eventually your self esteem and credibility.
- ▣ May be the only choice in markets limited politically/demographically
- ▣ Requires tremendous energy and time.
- ▣ Is frequently the essential strategy for starting a practice.

RIFLE



- ▣ Lets you act on the market, not just react.
- ▣ Lets you build a body of work and a level of expertise in project types you are good at.
- ▣ Is good risk management.
- ▣ When you lose, it hurts more.
- ▣ Works against expanding your market -- can lead to problems of unintended specialization.
- ▣ Allows better ability to size up and accept/reject clients
- ▣ May result in missed opportunities.
- ▣ Requires a lot of nerve and will power.

Regardless of your approach, be selective about the clients you market. It's much easier and less destructive to a relationship to let them down gently at the outset than it is after you've "courted" them.



On projects gone sour, most architects report they had ignored an internal "warning bell" right from the very beginning.

Next time your alarm goes off about a prospect, take time to check it out.

## HOW DO YOU POSITION YOURSELF ?

- How do you want your clients to see you ?
- On what basis do you want them to select you ?
- How do you plant yourself in their minds ?

List below at least 3 of the projects that were the most enjoyable and rewarding in your career so far. Then list at least 3 that were the worst for you personally.

| PROJECTS (BEST) |  |
|-----------------|--|
|                 |  |
|                 |  |
|                 |  |
|                 |  |
|                 |  |
|                 |  |
|                 |  |
|                 |  |
|                 |  |

| PROJECTS (WORST) |  |
|------------------|--|
|                  |  |
|                  |  |
|                  |  |
|                  |  |
|                  |  |
|                  |  |
|                  |  |
|                  |  |
|                  |  |

Now think back to the beginning of each of those projects. How did the client regard you and how did they indicate it? Beside each project listed jot down key words or phrases to justify to their golfing buddies why they hired you instead of some other architect.

Examine your list again. Is there anything the clients or their projects on either list had in common? Consider:

- Project type: by function? User Group?
- Client type: Committee vs: Owner/User vs: Developer vs: Public Agency
- Budget: High end or low?
- Client attitude toward you?

What you're looking for is a market profile of clients you work with best. With that profile in mind, fill out the CLIENT DESIGN VALUES ASSESSMENT on the next page -- As you think they would answer it.

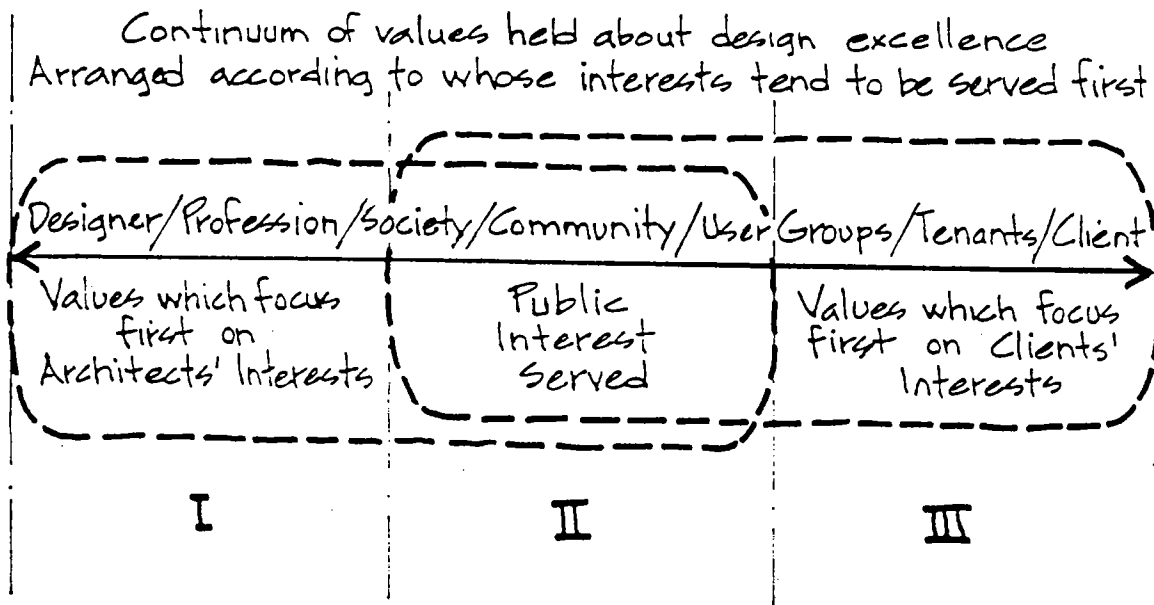
## CLIENT DESIGN VALUES ASSESSMENT QUIZ

How would your targeted client fill this out to define what they hold to be design excellence? In each of the horizontal lines below there are three statements -- each is a characteristic on design quality. There are no wrong answers. In each line across, number each statement as 1, 2, or 3, in the order the client would rate its importance; 3, for most important, 1, for least important. Total the ratings for each column. The vertical column with the highest score contains the aggregate of choices that most nearly reflect your targeted client's value system regarding design.

| COLUMN I   | COLUMN II   | COLUMN III   |
|--|---|--|
| Context is the departure point, the inspiration for a bold innovative statement about it <input type="text"/>                              | Recognizes, recalls, and builds harmoniously on local cultural and physical context <input type="text"/>    | Sets strong image, distinct and new to its locality. Stands out. <input type="text"/>          |
| advances the art of architecture through a significant design statement; explores new ideas; great clarity of concept <input type="text"/> | beautiful to the eye; a place to experience over and over; user-friendly <input type="text"/>               | striking and handsome, meets or exceeds space requirements <input type="text"/>                |
| technologically innovative—demonstrates uses of new materials and systems or new uses for proven ones <input type="text"/>                 | great flexibility—functionally innovative; circulation easy and self-evident <input type="text"/>           | uses readily available materials and systems in proven and efficient ways <input type="text"/> |
| uses highest quality materials commensurate with its use <input type="text"/>  | public and community support assure economic feasibility; excellent life-cycle costs <input type="text"/>   | best possible value for the construction money <input type="text"/>                            |
| transcends style categorization—arresting and thoughtful <input type="text"/>  | good human scale; timeless in its design—invites participation and reflection/activity <input type="text"/> | timely, current design; strong, compelling image; attractive <input type="text"/>              |
| elegance in both materials and craftsmanship sets new standards for quality in all levels of detailing <input type="text"/>                | appropriate durability for its intended use <input type="text"/>  | builds easily and well; meets schedule and budget <input type="text"/>                         |
| explores new ways to satisfy client and user needs <input type="text"/>  | environmentally responsible—is and feels safe. <input type="text"/>   | meets or exceeds all codes, regulatory and program requirements <input type="text"/>           |
| uses client program as a vehicle to expand our awareness and our concepts about design <input type="text"/>                                | satisfies but transcends the client's program to also serve community needs <input type="text"/>            | meets the stated wishes of the client in an exemplary way <input type="text"/>                 |
| TOTALS <input type="text"/>  | <input type="text"/>  | <input type="text"/>   |

# THE CLIENT DESIGN VALUES ASSESSMENT QUIZ

Is based on the notion of a THREE-TRACK CONTINUUM



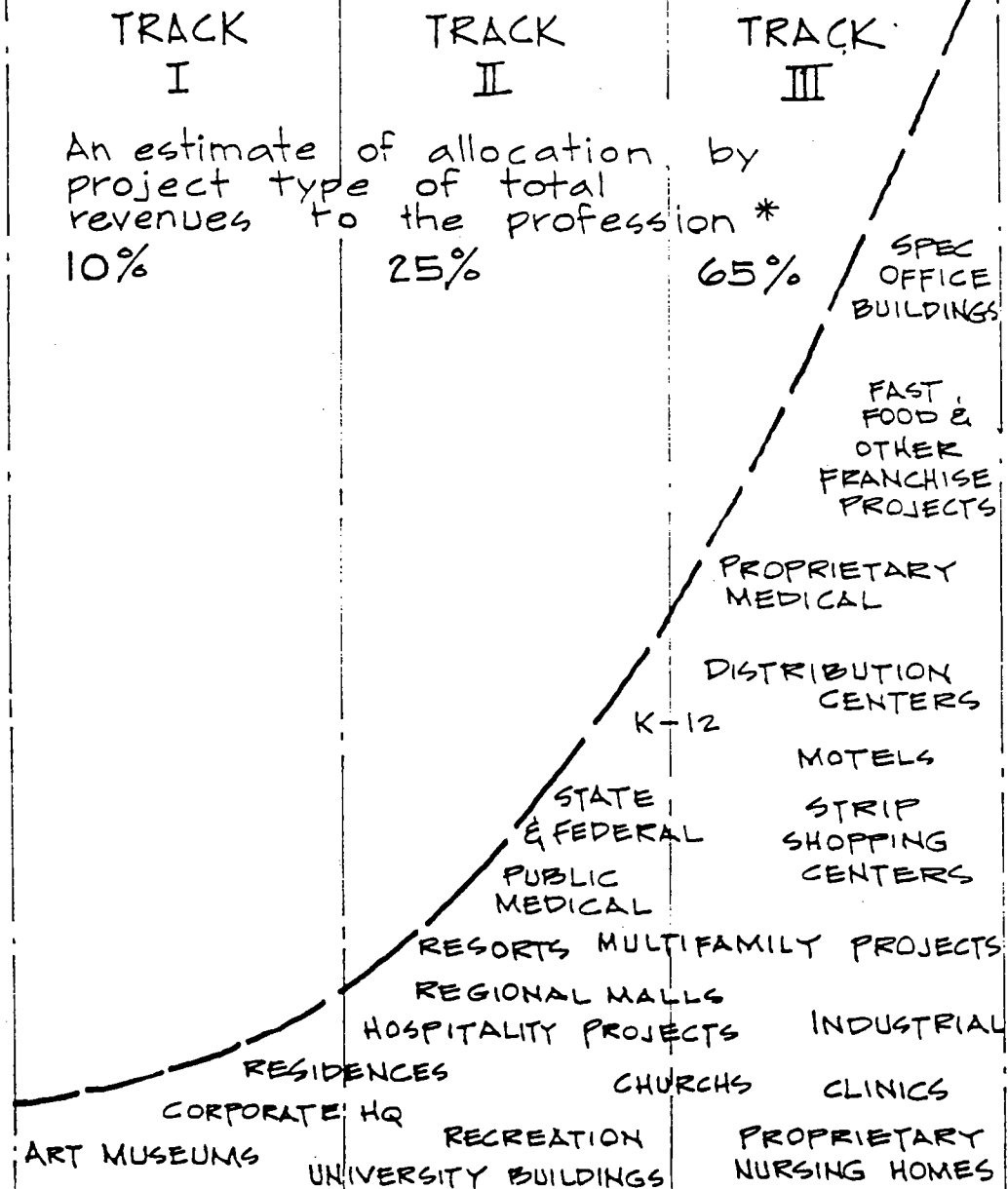


# THE THREE-TRACK CONTINUUM OF VALUES HELD ABOUT DESIGN EXCELLENCE

| FOCUSES FIRST<br>ON SERVING THE<br>INTERESTS OF:                                   | TRACK I  | TRACK II  | TRACK III  |
|--|--|---|--|
|  | Designer/Profession/Society/Community/User   | Groups/Tenants/Client   |  |
| TYPICAL<br>DESCRIPTIVE<br>PHRASES ABOUT<br>DESIGN GOALS<br>OR DESIGN<br>EXCELLENCE | <p>Advances the art of Architecture • Elegant in all its details • Great clarity of concept • Explores new spatial relationships • Innovative • May transcend categorization by style • Contrasts sharply with its context • Highest possible quality • Technically innovative • Strong personal expression • Expands our awareness and our minds • Esthetically significant</p> | <p>Recognizes, recalls and builds on its context • Circulation easy and self-evident • Highly flexible for multiple uses • A place to experience over and over • Beautiful • User friendly • Durable • Harmonious • Is and feels safe • Culturally contextual • Energy efficient • Good life cycle costs • Technically excellent • Ecologically considerate and environmentally responsible •</p> | <p>Striking and handsome • Meets budget and schedule • Clear concept • Sets strong distinctive image which is new to its location • Uses readily available materials and systems in new, efficient ways • Meets and exceeds functional requirements • Good value for the construction cost • Value added through design • Feasibility good • Technically excellent for the money •</p> |
| TYPICAL<br>PROJECT<br>TYPES  | <p>CORPORATE HQ<br/>PRIVATE RESIDENCES<br/>ART MUSEUMS<br/>UNIVERSITY BUILDINGS<br/>COMMERCIAL INTERIORS<br/>AQUARIUMS</p>   | <p>RECREATION PROJECTS<br/>BANKS<br/>PUBLIC TRANSPORTATION<br/>K-12<br/>HOSPITALITY<br/>PUBLIC HOSPITALS<br/>REGIONAL MALLS<br/>HISTORIC PRESERVATION<br/>WATER-FRONT DEVELOPMENTS</p>  | <p>Clinics<br/>PRIVATE HOSPITALS<br/>STRIP CENTERS<br/>SPEC. OFFICE BLDGS.<br/>INDUSTRIAL</p>  |

# THE THREE-TRACK CONTINUUM:

WHERE THE MARKET IS —



\* Based on data from the 1987 AIA Fact Book

## POSITIONING: "YOU ARE WHAT YOU EAT"

That health-food adage is just as relevant (maybe more?) to architecture firms as it is to people.

A good way to analyze its implications is to identify one or more firms you admire. It's also true you become what you compete with. Pretend you've just taken a position with the firm you admire as marketer. Your job is to sell the firm to the clients you targeted on the two preceding pages. Write your marketing messages below:

---

DESIGN

---

SERVICE

---

TECHNICAL COMPETENCY

---

DELIVERY

---

PROJECT COST CONTROL

---

SCHEDULE/TIME

---

FEE

---

Now apply those messages to your own practice and market. EXAMPLE: If your message for the last two items was "Whatever it takes to get the best project", you probably shouldn't spend much time pursuing strip center developers. If your message about DESIGN was "We can have you three alternatives within a week", maybe you should.

If you couldn't honestly sell your firm with those messages -- couldn't deliver on the promise -- what changes should you consider? How could you team up with other architects or consultants to make it possible? What continuing education would help qualify you?

What can you do in indirect marketing -- socially or in the business community -- to begin to position yourself and send the proper message?

**ARCHITECT SELECTION:** Why do clients pick one architect over another? Usually for one of the reasons listed in Column A along with a combination of some of the reasons listed in Column B.

**A**

- ① GOOD PERSONAL EXPERIENCE WITH THE SAME ARCHITECT
- ② THE ARCHITECT HAS DONE EXCELLENT PROJECTS JUST LIKE THE ONE THE CLIENT WANTS
- ③ THE ARCHITECT HAS DONE PROJECTS OF A DIFFERENT BUT RELEVANT TYPE THE CLIENT LIKES
- ④ THE ARCHITECT HAS DONE EXCELLENT PROJECTS (OF ANY TYPE)

Many Clients are reading "YOU AND YOUR ARCHITECT" to help in architect selection - better read it.

**B**

- ☐ A perception of excellent service
- ☐ Good general reputation
- ☐ A perception of a unique or impressive approach or service
- ☐ Technical competency
- ☐ Financial stability
- ☐ Adequate staff for the project
- ☐ Assurance of speed of service
- ☐ Good proximity to either the client or the project
- ☐ Connections/experience in the project location re anticipated political, regulatory, or funding difficulties
- ☐ Price or terms
- ☐ Good Chemistry
- ☐ Good references
- ☐ Innovative or excellent design

Column A is in typical priority order. Column B is in no order at all -- priorities vary with client, project type, and local conditions.

As a general rule, if you are below the mid-point in column A for a particular project, you'll need a lot of strength in Column B.

Notice most of the criteria in Column B are intangibles. They are a matter of perceptions you can influence or create through marketing.

The very best marketing of all, however, is to have excellent projects to your credit, and former clients who will say so.



Which is why so many young firms starting out market on the strength of

- ☐ Chemistry
- ☐ Service

**SELLING** Say you've done your marketing and client development well (sections 1.1 and 2.1). There still comes the time to sell. Everything till now has been based on building a reliable foundation for a strong working relationship -- and on making sure the expectations of both you and the client are realistic.

All that still applies to selling -- to closing -- except now, if you're competing with other architects, things are suddenly relative. The client is trying to compare your firm with the others.

Depending on circumstances, the client may perceive you as large or small, local or out-of-town, expert or novice at the project type. Through the use of joint ventures, associations, teams of consultants, or the gas needed to drive one hour, even sole practitioners may find themselves selling in any of these six classifications.

You need to stay honest, yet put yourself (and/or your team) in the most favorable light possible.

Here are some examples.

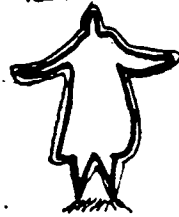
#### LOCAL

- We are here for the long haul. We have a personal stake in the community as well as a professional one. We intend to live with the results just as you do.
- We are here every time we are needed--we are only (—) minutes from you, (—) minutes from the site. We'll know when to be on the job, without you or the contractor having to call us.
- Fees spent locally get respent 7 times locally. Keep the money in our own town.
- Even if we end up with an out-of-town contractor, most of the actual work will be done by local people. If they screw you, they will have to work with us for years to come. We keep score . . . and they know it.

#### OUT-OF-TOWN

- We are purely professional - no local bias or pressures to use anything or anybody on your project other than what's best for it. If it meets your needs and wishes we will fight to get it for you. You wouldn't be talking to us if we weren't specially qualified.
- In an information society there's no such thing as "remote". Here is how we plan to manage project communication and coordination.
- The fee for architecture services is about 1/10 of 1% of the life cost of the project. Pick the best.
- We offer fresh eyes, new ideas, objective evaluation of the performance of the contractor and all the subs. And we have a basis for comparing their work to the best work in other localities.

ON THE ONE HAND, the project will probably go to the architect who wants it most. Sell them what they want to buy rather than what you want to sell. Within the bounds of honesty, sell what's in their interest.



ON THE OTHER HAND, the first, ongoing, and most important task in controlling your risk and liability is making sure the client's expectations are realistic. Say what you'll do. Do what you say.

#### SMALL FIRM

- Today's fast-breaking technology demands a generalist overview and one point responsibility — that's me.
- We are not encumbered by in-house engineers who try to be expert for every project type. We assemble the best team we can from consultants who are truly expert for your unique project. Most of the nationally recognized designers agree with us—they don't have engineers in-house.
- Your project is a big one to us. It means a lot and will merit our day-to-day attention at the top. It won't get relegated to lower echelons. In our firm the same architect (me) personally controls (design, specs, etc).
- Just as in your business, in architecture it all comes down to people. You want to deal with the people who make the professional judgments — not with computers or technicians.
- Your job means so much to us, you can be assured we won't be shifting personnel.
- We are a close-knit office — overview and coordination of all aspects of a project are automatic - everybody in the office overhears everything—there is no compartmentalization. It's all one-on-one.
- Contractors — just like you — want to deal with and tend to pay more attention to the head of a firm.
- There is a limit to the number of people who can effectively work on a project. Regardless of firm size, it always comes down to the project team. We are just that — a team — and plenty big enough.

#### LARGE FIRM

- "Master Builder" impossible in today's industry. A team of specialists is required.
- We've got in-house capability and therefore have tested relationships and team-work among well-qualified specialists — we stress coordination — we don't expect you to fund our experts' organizational learning curve. You'll get a dedicated team to see your project through.
- There is a reason we are the size we are—we have to pay attention to service and responsiveness. You'll get a project manager assigned 100% to your project with oversight by a partner.
- Technology is moving so fast, it takes a firm our size to afford (CADD, Quality control systems, continuing education, etc, etc., if true).
- We have staff depth and plenty of 2nd opinions to assure the quality of professional judgments.
- We can ride out "stop-and-go" on a project when necessary.
- We aren't dependent on outside consultants, so coordination is built in—it's automatic.
- Construction administration (or specs, design, project management, etc.) is a discipline all its own — it deserves an expert such as ours.

### VERY LITTLE EXPERIENCE

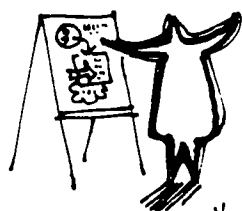
- Caudill: "An architect who claims to have done 10 schools may really have only done one school 10 times". We have no preconceptions. We'll be working to answer your needs as you define them.
- We'll be looking for break-throughs. Your project and your site offer unique opportunities. You deserve more than a cookbook solution.
- Let's talk about what's unique to your project and how we would approach the design.
- No assembly line with us. We work hard at staying generalists. Similar but different project types keep us from getting stale. Here are examples of different projects we've done that had similar concerns--and how doing them gives us the diverse experience to qualify us to do well with your project.
- We do lots of different project types to keep ourselves enthusiastic and growing professionally. Nothing is by rote or done without our full, professional attention. We have to pay attention.

### A LOT OF EXPERIENCE

- Everybody likes a winner - which is why we keep being selected for projects like yours. You've got a lot at stake here. We've got a demonstrated track record.
- We have no learning curve on this and won't ask you to pay our tuition. Instead of our time being spent learning the project type, we can focus on what's unique about your specific needs.
- Let me show you all the projects like yours we've done. You'll want to talk to our other clients for this type of project. Here is a list of references.
- Because your project type is one we like and work with a lot, we naturally research it and continually stay abreast of latest advances in design and technology relevant to it. We've already got a head start on anybody else you'll talk to.
- Though we are proud of our design, it's still only 15-20% of the service we provide. You want experts on the technical aspects - people who've been there and have seen all the variations. We've got a lot at stake in our reputation for doing this type project.

- ☐ Selling with the right words is important - but no more so than:
- ☐ Saying them with enthusiasm and commitment
- ☐ Doing the right things while you say them.

Architects take their own ability to sketch for granted. To most clients it's like magic. Try



drawing on a flip chart while you talk. Even simple bubbles, stick figures and arrows rivet their attention--

It brings home the point you have a special expertise they don't!!

Nothing, on the other hand, is more boring than a slide show after the first 5 minutes.



**WHATEVER YOUR PRESENTATION STYLE--PRACTICE -- OUT LOUD!**

## CLIENT SELECTION

This is from Ava J. Abramowitz Esq., Vice President of Victor O. Schinnerer & Company. Ava has taught Practice at Harvard and tours the country helping architects learn how to practice smarter.

SMALL FIRMS complain they're always reactive rather than assertive. There are some very positive steps you can take toward controlling more of your own destiny.

A GOOD FIRST STEP IS TO BE MORE SELECTIVE ABOUT THE CLIENTS YOU WORK FOR. REMEMBER - SELECTION IS TWO-WAY.

### FACTORS TO CONSIDER

- ① CLIENT HISTORY. What baggage do they bring to the project from their previous experiences with design and construction? Consider it in terms of your own capability and career goals
- If their experience has been disastrous and you demand autonomy and trust ...
  - If their experience has been wonderful with a fine, experienced architect, while you're just starting your firm ...
- EITHER WAY CAN CAUSE YOU PROBLEMS IN CONTROLLING AND MEETING THEIR EXPECTATIONS.



- ② MANAGEMENT STRUCTURE. When there are problems, will you have access to
- The person who can fix it?
  - The person who will evaluate your performance in the end?
- ③ CLIENT ATTITUDE. When the tough decisions have to be made, how will the client weigh your professional expertise:
- fight it
  - rely on it
  - ignore it and turn to others?
- ④ SOLVENCY. Does the client have enough money to pay for:
- Your services
  - The project
  - A reasonable contingency?



⑤ REPUTATION. When things go bad, how does the client resolve disputes? Do they confront problems or hide from them? Attack or negotiate? Problem solve or panic?

⑥ COMMUNITY TIES. Is their standing going to help or generate obstacles in any of these:

- Local community (grassroots people, neighborhood associations, etc.)
- Financial community (power structure)
- Regulatory community

And where will they be 10 years from now?

⑦ CHEMISTRY. The best projects seem to derive from mutual trust and respect for the strength, leadership, and expertise that both client and architect bring to the project.

Warm personal relationships are a bonus, but not necessary. Some of the best clients are tough, brusque, and fair.

On the other hand, you want to check yourself for signs of incipient fear and loathing.



Are you really willing to talk and deal supportively and professionally with this client -- every day, if necessary -- for the life of the project?

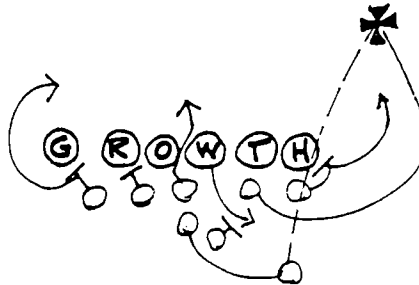
FOR WHAT IT'S WORTH .... The signature firms roundtable participants add an eighth factor to Ava's list. The star firms all seem to consider potential projects in terms of how they fit into an overall body of work.

- Will the project be one the firm will be proud to have done?
- Is the project of a type the firm can do well and efficiently? Profitably?
- Will the project be a learning experience, professionally?
- Will the project serve to position the firm better or worse with the intended market?

**YOU ARE WHAT YOU EAT.**

That's especially true of small firms.

## GETTING THE GOOD PROJECTS



Most small firm practitioners who say they want to grow their firms, report they want to do so in order to have a chance at the "Good" projects.

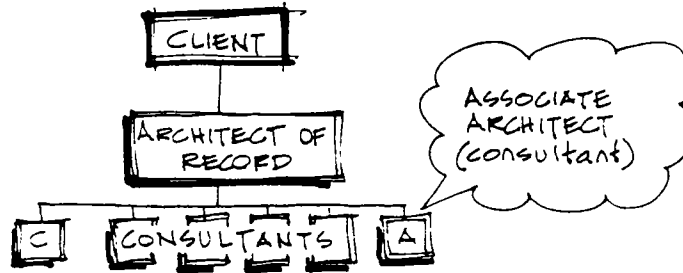
Obviously, all "good" jobs are not big, though the profit to be made on big projects and the contingency -- the room for error -- is normally greater.

Here are a few ideas for going after the big projects -- "end runs" that allow you to qualify without growing the firm.

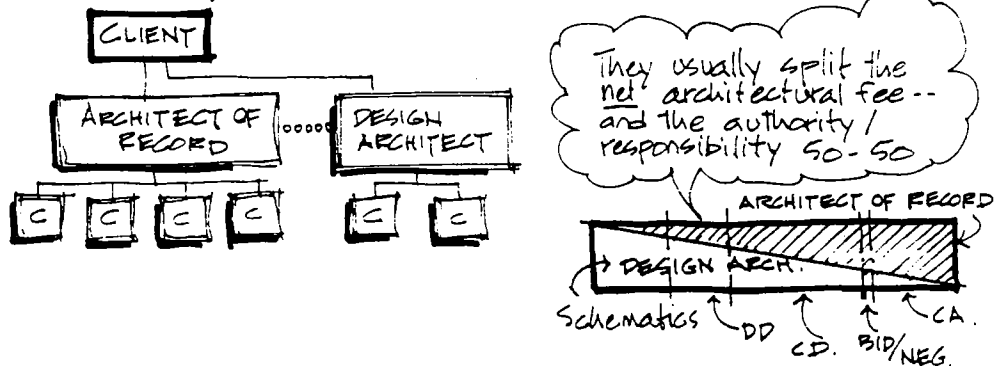
BUT - Remember there are wonderful and notable architects (such as Fay Jones and Arnie Bystrom) who focus on single family residences and other small projects out of choice. The star designers at the 1989 Signature Firms Roundtable said they always do some houses each year because that's where they could learn more. It's possible to redefine what you mean by a "Good" project.

# COLLABORATION

ASSOCIATIONS (Are really prime-to-consultant relationships)

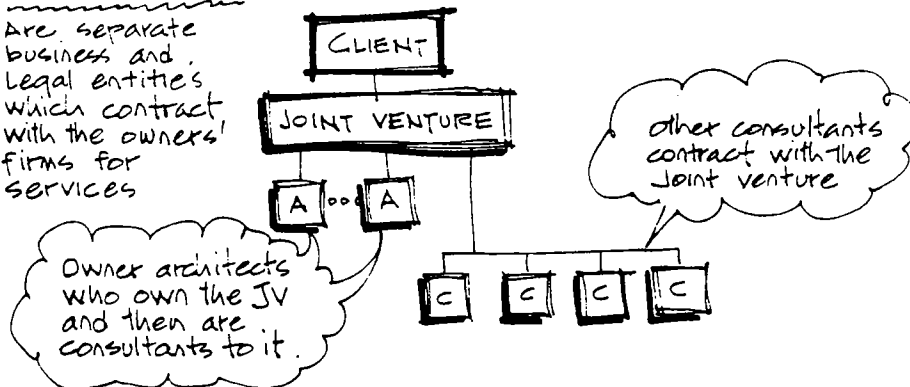


When "star" design firms associate to furnish only the design, they want separate contracts and only a memorandum of understanding with the local architect of record:



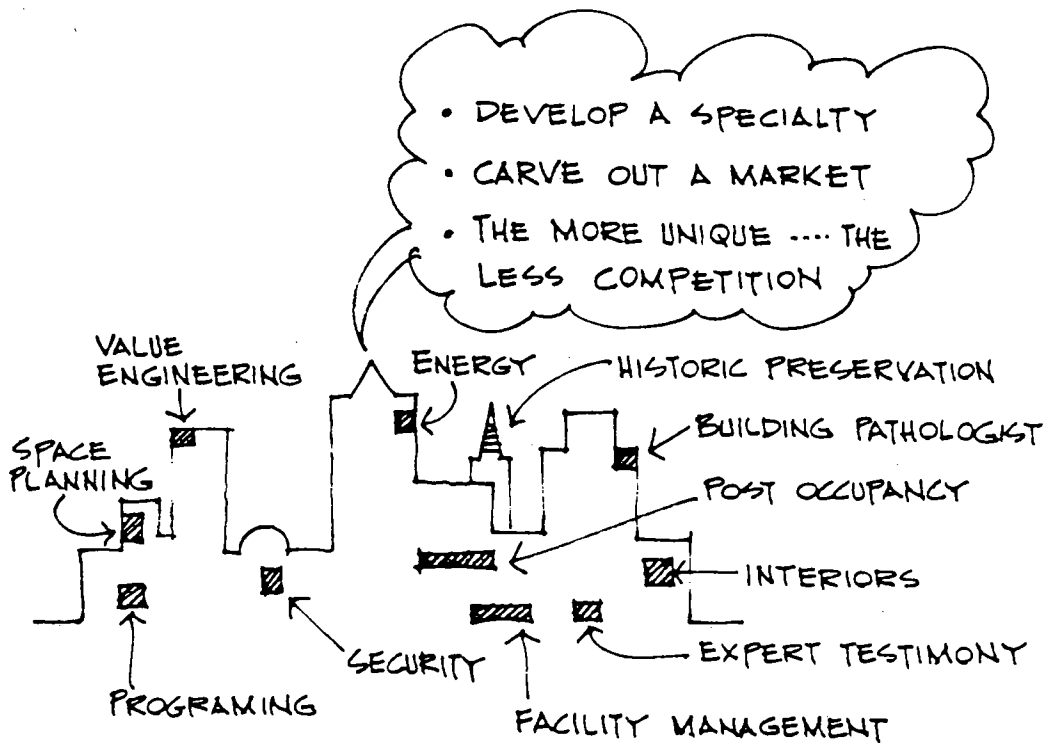
## JOINT VENTURES

Are separate business and legal entities which contract with the owners' firms for services



# EXPANDED SERVICES

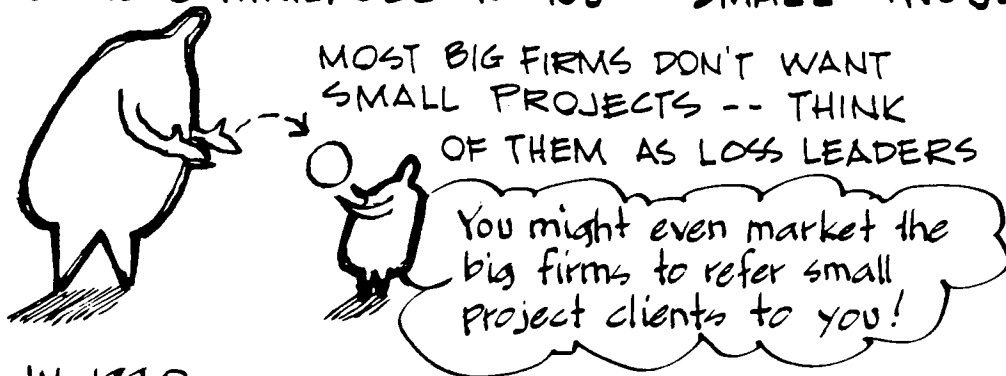
THIS FROM KEN BUSSARD, FAIA:



MANY ARCHITECTS SPECIALIZE BY PROJECT TYPE --  
SOME DEVELOP VERY PROFITABLE SPECIALTIES  
BY SERVICE "NICHE"

AVA ABRAMOWITZ: "The only difference between  
a rut and a niche is attitude."  
If you feel you're in a rut,  
perfect and refine it into  
a market niche !!

## ONE NICHE AVAILABLE TO YOU -- SMALL PROJECTS



IN 1990

The AIA held 5 research roundtables involving architects who specialize in small projects. By "small", they mean smaller than a house -- not necessarily residential, but remodelings and additions of that scale and involving, impacting the client that much.

Many of these architects have developed this market niche by choice -- getting to do it all themselves, have greater design freedom + professional growth, etc... All of them do small projects for profit.

MARKETING SMALL PROJECTS is virtually all by indirect marketing. Who writes an RFP for a kitchen remodeling? But small project practitioners do actively market:

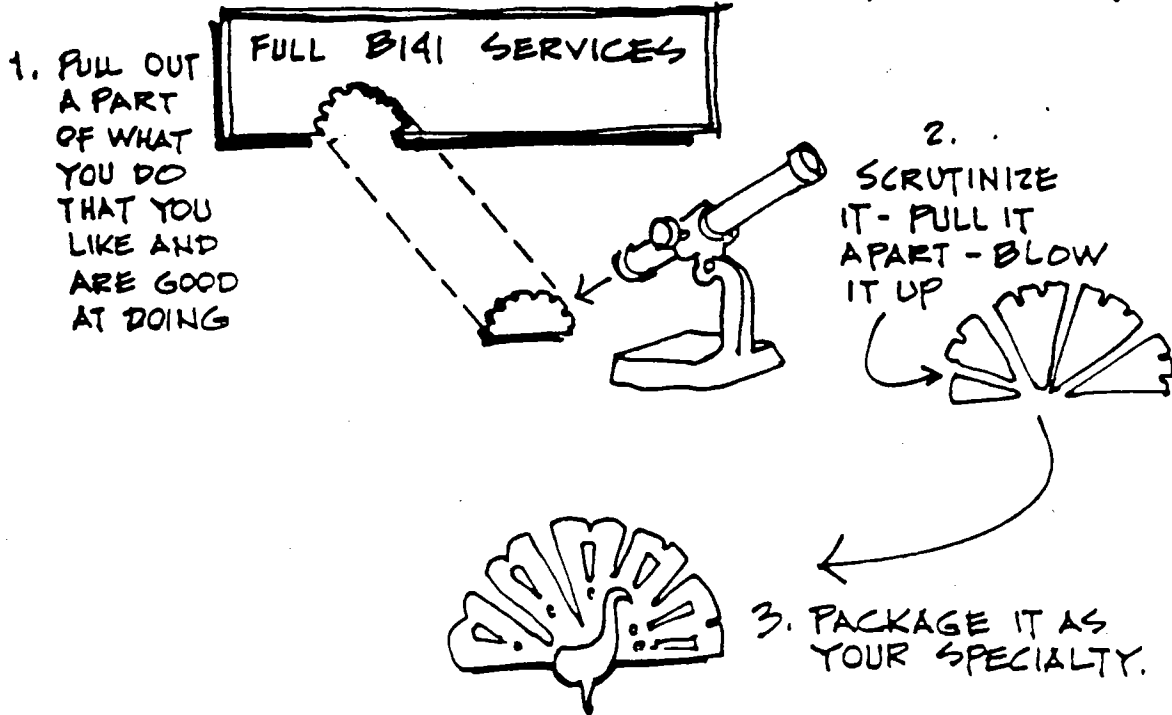
SEE SECTION  
3 FOR TIPS  
ON DOING  
SMALL  
PROJECTS  
SUCCESSFULLY

- ☐ COMMUNITY ACTIVITIES
- ☐ BOOTH AT LOCAL HOME AND GARDEN SHOW
- ☐ DESKTOP/QUICKPRINT FLYERS
- ☐ PARAGRAPH IN LOCAL AIA DIRECTORY
- ☐ YELLOW PAGES
- ☐ ARTICLES IN NEWSPAPERS, NEIGHBORHOOD NEWSLETTERS

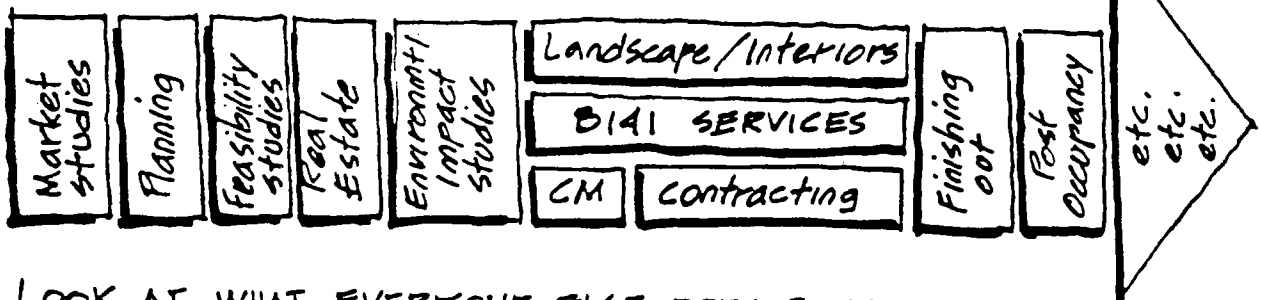
Small-project practitioners (and some of them have 20-person firms!) report they like both the challenge and the personal relationships of the small project and advertise that fact in their printed marketing material!!

# EXPANDING YOUR OPTIONS : SOME WAYS TO GO ABOUT IT

## Ⓐ NICHE-BUILDING: A SUB-SPECIALTY



## Ⓑ EXPANDING YOUR SCOPE:

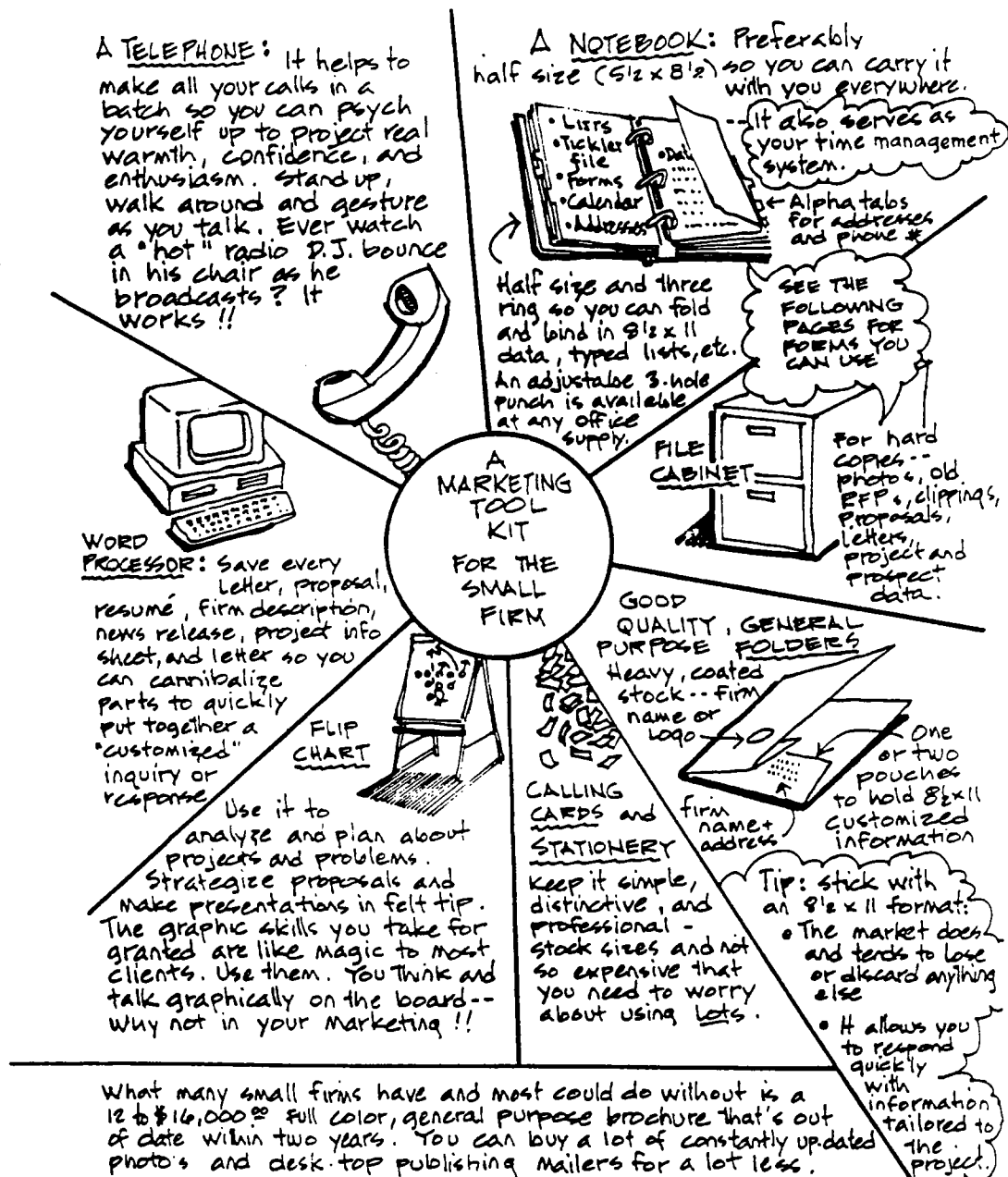


LOOK AT WHAT EVERYONE ELSE DOES TO MAKE A PROJECT HAPPEN OR KEEP IT SUCCESSFUL. DEVELOP YOUR EXPERTISE, BECOME QUALIFIED AND ADD IT TO YOUR REPERTOIRE AS AN ARCHITECT

TIP: some architects are now forming business alliances or umbrella organizations to furnish "one-stop shopping".

## Ⓒ SPECIALIZATION: Concentrate on serving one client type -- or doing only one project type.

# MARKETING TOOLS



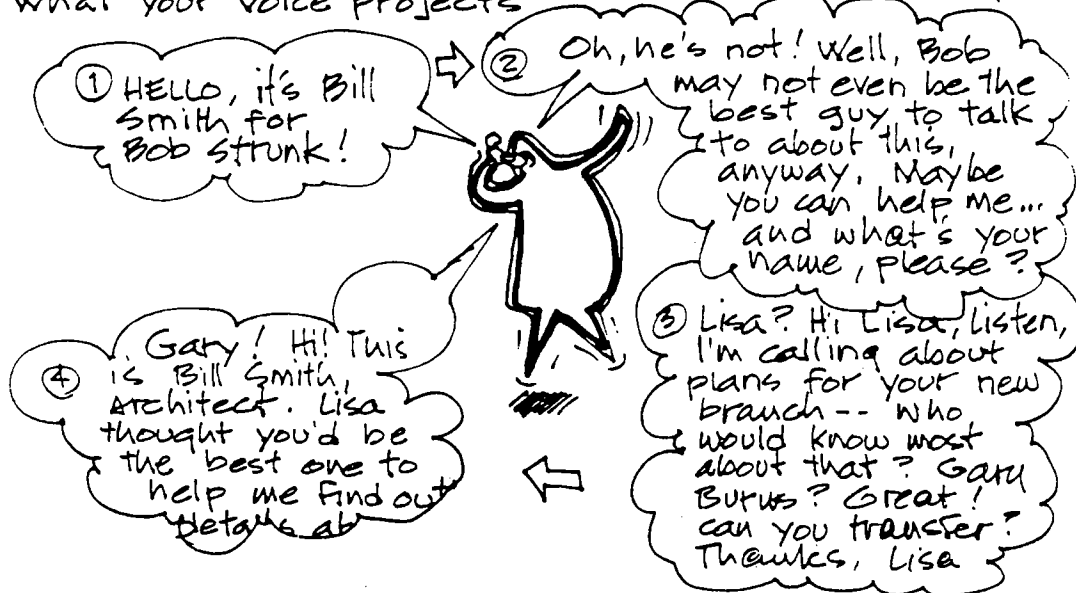
What's shown here is about the minimum. But it can also be thought of as a maximum. Keep it simple. Over time you may want to add light table, projector, slide file cabinet, etc., etc. The real marketing system is you!

## ABOUT TELEPHONES

Try clustering your calls - at least your marketing calls - one batch mid-to-late morning, another mid-to-late afternoon.



GET YOURSELF "UP" FOR PHONING, both psychologically and physically. Try standing up -- gesturing and acting enthusiastically while you talk -- it changes what your voice projects.



Try to use first names and a lot of self confidence to get past their screening system. Try to send specific, non-verbal signals that you're controlling the conversation. Show a genuine interest in and concern for the gatekeepers along the way.

Remember your objectives in calling:

DON'T SELL - THAT COMES LATER

- To make friends, or at least friendly contacts.
- To learn about potential work
  - Is there a project? size, type, funding?
  - What is the timetable for it?
  - What are the obstacles it might face?
  - Can you qualify for consideration?
- To make an appointment, if there's a reason.



# MARKETING PLAN

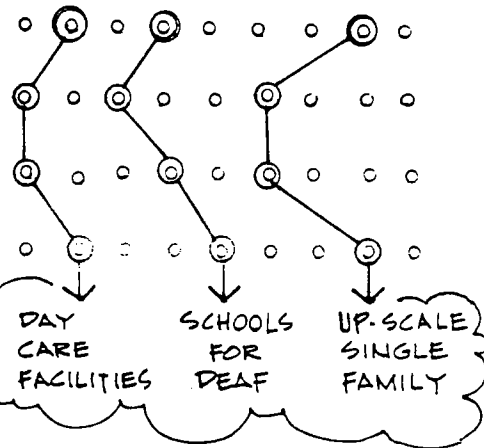
THE FOLLOWING WAS CONTRIBUTED  
BY H. KEN BUSSARD, FAIA.

WE NEED A .....

## SIMPLIFIED MARKETING PLAN (A READERS DIGEST VERSION) FOR SMALL FIRMS

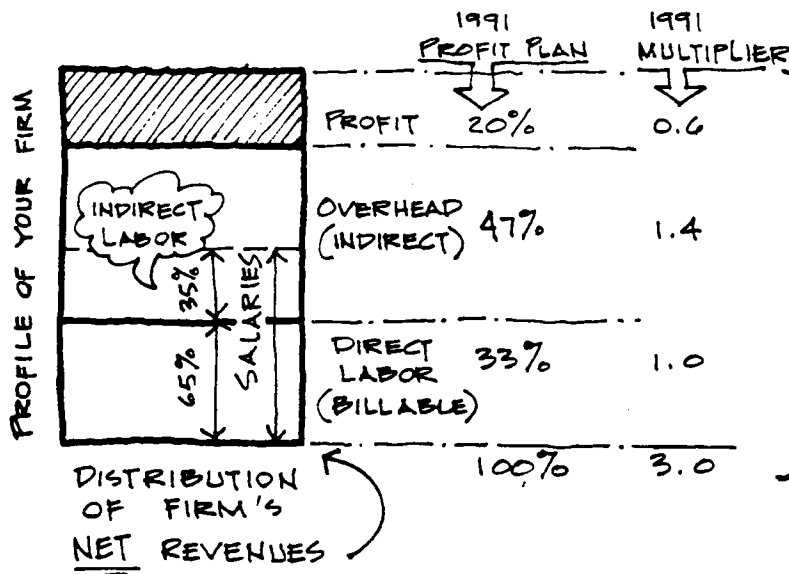
### TASK #1: WHAT IS OUR MARKET?

1. PROJECTS & CLIENTS WE ENJOY
2. PROJECTS WITH BEST CLIENT SATISFACTION
3. PROJECTS THAT ARE PROFITABLE
4. PROJECT TYPES WITH A FUTURE



EXAMPLE OF  
MARKET  
DEFINED

### TASK #2: WHAT CAN WE SPEND FOR MARKETING?



PROFIT PLAN  
EXAMPLE -  
SEE SECTION  
5 - "FINANCIAL  
MANAGEMENT"  
FOR HOW TO  
DERIVE IT

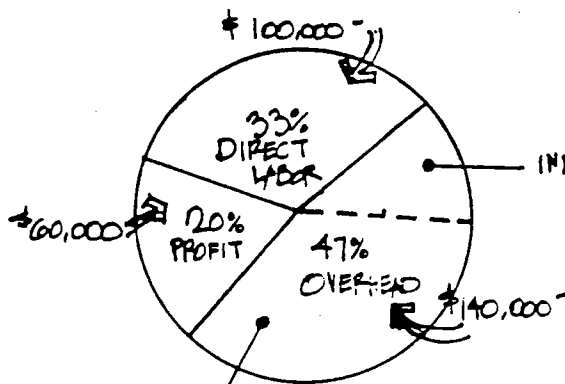
## MARKETING BUDGET

EXAMPLE.... USE NET REVENUES (GROSS BILLINGS - CONSULTANTS + REIMB.)

5-PERSON FIRM (1 PRIN., 1 P. ARCH., 2 TECH + 1 SEC)

5 X PROJECTED NET REVENUES PER FULL TIME EQUIV. PERSON = NET REVENUE

5 X \$ 60000 / FTE = \$ 300,000 - FIRM NET REVENUES



INDIRECT LABOR - THIS IS WHERE YOU GET YOUR MARKETING LABOR BUDGET

SAWY DOLLARS  
PRIN @ 250 HRS X \$25/HR = 6250  
P. ARCH @ 100 HRS X \$18/HR = 1800  
SEC @ 120 HRS X \$7/HR = 840

MARKETING LABOR = \$ 8090

INDIRECT COSTS - THIS IS WHERE YOU GET YOUR MARKETING INDIRECT BUDGET

YOUR MARKETING PLAN

1. AIA STATE HONOR AWARDS - PHOTOGRAPHY
2. NEWSLETTER - WRITER, PRINTING & MAILING
3. TWO DAY CONF ON MARKETING AIA IN DC
4. TARGET SPECIFIC
  - A. DAY CARE FACILITIES - SLIDE SHOW + CALLS
  - B. SCHOOLS FOR DEAF - VIDEO TAPE + CALLS
  - C. UP SCALE HOUSING - MEALS AT CLUB, FLYER + HOME SHOW BOOTH

| OUTSIDE COSTS, TRAVEL ETC | IN HOUSE LABOR |
|---------------------------|----------------|
| 600-                      | 500            |
| 1500-                     | 800            |
| 1500-                     | 800            |
| 1800-                     | 2400-          |
| 2400-                     | 2000-          |
| 1200-                     | 2500           |

MARKETING BUDGET

MARKETING INDIRECT BUDGET: \$ 10,000 + 9000 = 19,000

# SAMPLE MARKETING FORM

| FIRM &<br>PEOPLE  | PHONE        |            |              | CORRES. |              | MTG | STATUS  |
|---|--------------|------------|--------------|---------|--------------|-----|---|
|   | ✓            | Left<br>wd | Call<br>back | IN      | OUT          |     |   |
| Ajax Widget<br>Company<br>124 East 3rd<br>Bypass W. Va.<br>47402<br>Phone (555) 555-1212<br>Pres: Thomas J. Plotz<br>Sec: Gladys<br>Plotz - Redskin Fan<br>Gatekeeper<br>Bernie Jumpz<br>(U. Va. '72)<br>Bubba Smith<br>Assistant to<br>Jumpz<br>(Leonard C.) | 6/23<br>1989 | 6/30       | 7/9          | 7/16    | 7/18<br>3:00 |     | Studying Feasibility Morgantown<br>45,000 sq discount Warehouse<br>outlet -<br><br>Per Linda + Smith: Plotz will<br>be available.<br><br>Send info on Blooie project,<br>Simplex Branch and<br>JMAX Outlet (Photo's?)<br>7/20 ~ Sent + photo's<br>Plotz got info → Smith<br>Smith called - wants mtg.<br>7/28 2:00<br>Hot prospect! get zoning<br>map + quad sheet for site.<br>See Memo to file 7/28 |

Frank Smith, Atlanta marketing consultant, says he keeps a form like this for every prospect; That when he lands the client it gets transferred to the project file. As time goes by he keeps adding fresh forms to the stack and staples them together to form a chronological history of the business relationship.

# SAMPLE MARKETING FORM

| PROJECT & STATUS                                     | EST. CONST<br>COST | EST.<br>FEE       | x %<br>WILL<br>GO | x %<br>WILL<br>GET | = PROJECTION      |
|--|--------------------|-------------------|-------------------|--------------------|-------------------|
| Sporlock ofc - 4500 \$ start Feb.                    | 250,000            | 15,000            | .90               | .75                | 10,125            |
| Blakely House - 12/89                                | 400,000            | 36,000            | .50               | .50                | 9,000             |
| Shibley Shipping Renovation<br>11/15/89              | 75,000             | 7,500             | 100               | 100                | 7,500             |
| Soovran Branch Bank<br>(30mm problem) 6/90?          | 250,000            | 15,000            | .20               | .30                | 900               |
| Soovran Branch Bank 2/89<br>Zoning study + predesign | —                  | 10,000            | .90               | .30                | 2700              |
| <del>Steakly House</del><br>Knot separation          | <del>475,000</del> | <del>57,000</del> | <del>.80</del>    | <del>.80</del>     | <del>36,480</del> |
| Richley Sea Food Rest.<br>(on hold) 8/90?            | 750,000            | 75,000            | .10               | .3                 | 2250              |

Here is a form to help you get an overview of income projections. Along with a bar chart, it can begin to tell you what to count on and when.

It's also helpful in indicating where to realistically spend your time and resources in marketing



**EXAMPLE:** A developer asks you and 4 others for free sketches on a million dollar prestige project. You estimate you would spend \$8,000 to compete.

Estimated Fee = \$75,000  
 x % It's for real: x .50  
 x % you'll win: x .20 = \$7500.00

Spending \$8000 to get \$7500 isn't a very good deal unless there are other very strong considerations. e.g: Equity in the project, Marketing residuals (photos, model, press releases, etc.), or valuable contacts (other than the developer) to be gained.

# PRICING THE FORMULA:

$$\text{PRICE} = \% \text{CONTINGENCY} \times \text{PROJECT COST} \\ + \text{MARKETING COST} \\ + \text{PROFIT}$$

Direct costs, but also an appropriate share of indirect costs.

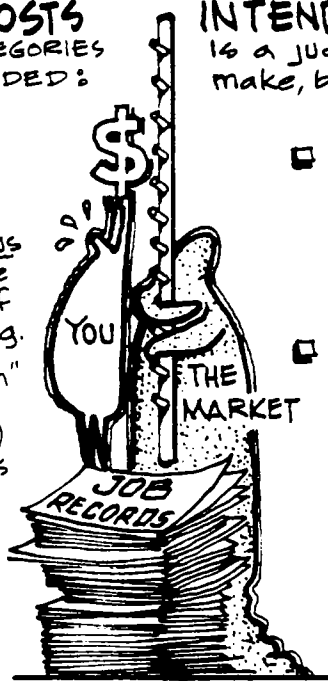
## ANTICIPATED COSTS

THERE ARE SEVERAL CATEGORIES OF COSTS TO BE INCLUDED:

- ❑ COST OF SERVICES to include direct costs of labor and other direct expenses -- PLUS the appropriate share of the indirect costs of keeping the firm running. This is the "Break-even" rate from your profit plan (see Section 5) x the number of hours estimated to do the project.

- ❑ If consultants are required, get their prices now -- don't estimate for them. Add the appropriate mark-up to cover your risk and the cost of coordination and quality control.

Even at this early stage, it's a good idea to mock up an 8 1/2 x 11" cartoon set of working drawings. Delegate this task to any staff who will work on the project. They learn from the process, but also buy in to the pricing while they do it. There's a strong, implied commitment to live up to their estimate of drawings and hours required.



## INTENDED PROFIT

Is a judgment you make, based on:

- ❑ Your "base-line" profit you have computed in your profit plan -- or what you could make investing the money -- or perhaps it's what local developers expect.
- ❑ PLUS an amount based on your relative strength in the market place for this specific job or project type. Use the criteria listed on the "ARCHITECT SELECTION" page as a checklist. Judge the added value you bring, the extent of any "lock" on the project you think you have.
- ❑ PLUS (OR MINUS) an amount for the strength or weakness of the market itself. How much competition is there and how hungry?

FRED STITT CAUTIONS YOU TO THINK OF PROFIT AS A COST OF PROVIDING SERVICES: It's the extra income that pays for investment in continuing education to keep you competent -- for facilities and equipment to improve your services -- for research to improve projects. It's also the necessary reserve to carry staff through slow times or cover when clients or contractors go bankrupt.

- ❑ Add in the cost of marketing (hours + expenses) to date and extend it by an estimate to cover negotiation as well as preparing and getting the contracts signed -- Yours and the consultants'.
- ❑ ALWAYS FACTOR IN A PERCENTAGE FOR CONTINGENCY. Base it on your judgment of the relative complexities of the project and the client. Add to it, if you don't yet know for certain the scope of services actually required. Think back. When was the last project that went as planned?

Even with a reliable data base on previous project costs, all six factors in that equation are still

JUDGMENT  
CALLS



THAT'S SCARY. There are some things you can do, however, to increase your comfort level.

### ① GET SECOND OPINIONS

- (a) Get your partner or a staff member to do the cost calculations independently from you and compare.
- (b) The consulting engineers giving you prices on their services often are in a position to know the percentage fees other projects have been going for. It's in their interest for you to stay financially healthy - ask them.
- (c) Get a second opinion from yourself. You need to do this to prepare for negotiation, anyway.
  - ❑ Figure the cost of the project conservatively. Assume everything will go wrong or take maximum time -- staff turnover, redesigns, hostile zoning hearings, uncooperative builder, lots of change orders, etc.
  - ❑ Now figure the job again with everything going well. "Count the beans" both ways -- numbers of meetings, drawings, trips to the site, etc.
  - ❑ You've now gone a long way toward setting the range of fees within which to negotiate. But go one more step. Express them as a percentage of anticipated construction cost. Compare that to the usual market rate. If your price is still higher, work it top down from the market rate. What services could you provide? Would you want the project at that figure?

### ② BUILD YOUR OWN RULES OF THUMB. It's much easier if you do a lot of the same project type. But even if you don't, you need quick approximations of what it takes for your firm to do projects in terms of:

- ❑ Hours per sheet of drawings and set of specs by project type
- ❑ Monthly allowances for direct office expense by project type
- ❑ Hours per square foot of building by project type and, of course,
- ❑ Fee as % of construction cost by project type and size

All these can help you cross-check your pricing -- and make mental rough estimates when interviewing prospects.

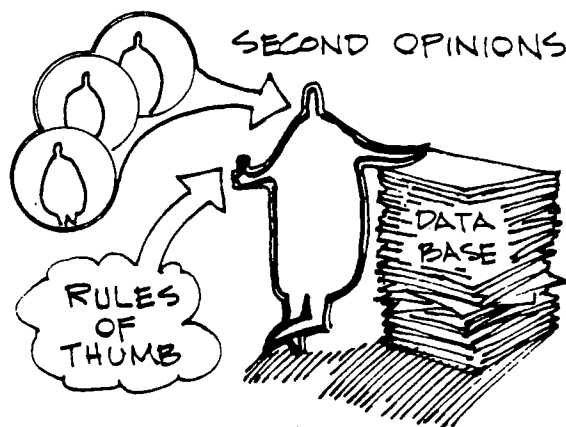
### ③ BUILD YOUR DATA BASE OF PROJECT RECORDS.

MOST FIRMS build their data base of pricing information from a time card system. Some keep it as simple as noting dates and hours worked in the margins of their drawings. You can post an anticipated schedule on the drafting room bulletin board each week and have everybody note actual times spent on that. Many keep a computer log or paper ledger for each job. Whatever system you use, keep it simple enough so it stays up to date and readily available when needed.

It's a good idea to keep a file -- notebook, ledger, computer -- as a record of all direct costs of each project: consultants fees, prints, long distance calls, travel, postage and shipping, etc.

You can turn this into a total project record by adding time spent (by phase), project area and description, fee, the names and addresses of contractors and other participants, etc.

This, plus your calculations described in section 5 "FINANCIAL MANAGEMENT" as you monitor financial performance, can develop a very effective data base.



The more you can involve your staff in the entire pricing process, the better resource they can become for you.

(You don't really think they don't already know everybody's salary -- do you ??)

The more reliable these can become the more comfort you can take from them. They all depend on the experience of your firm.

Comparative data about what other firms were paid has very limited value. It's your overhead, your cost, your profit, that matters.

## This image shows a full page of primary-ruled notebook paper. It features multiple sets of horizontal lines designed to help young learners write neatly. Each set consists of three lines: a solid top line, a dashed middle line, and a dotted bottom line. These sets are repeated down the entire length of the page, providing ample space for handwriting practice. The paper is otherwise blank, with no text or other markings.

## This image shows a full page of primary-ruled paper. It features a solid black vertical line on the left side, creating a margin. The rest of the page is filled with horizontal dotted lines, providing a guide for handwriting practice. There are no other markings or text on the page.



# SECTION 2.

## MAKING CLIENTS

|  |      |
|--|------|
| Client development                                       | 2.1  |
| Service and the service ethic                            | 2.2  |
| Respective roles: client and architect                   | 2.7  |
| Pre-proposal meets with clients                          | 2.8  |
| Communication: straight talk -- active listening         | 2.9  |
| Negotiation  | 2.11 |
| How and ideal negotiation might work                     | 2.16 |
| Preparing for the negotiation                            | 2.17 |
| Negotiation Preparation Worksheet                        | 2.21 |
| Negotiating against stonewalls, attacks, dirty tricks    | 2.22 |
| Contracts and contracting with clients                   | 2.24 |
| About the Law  | 2.27 |
| The standard of professional care; Negligence; Liability | 2.28 |
| Basis for fee determination                              | 2.33 |
| Contracting tips   | 2.34 |

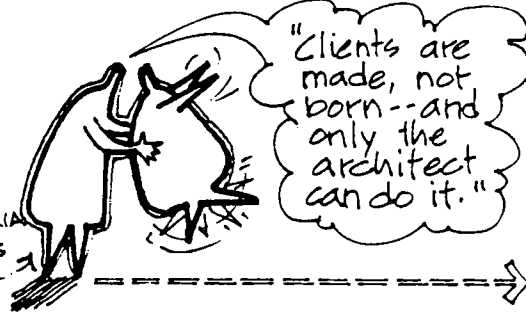
## CLIENT DEVELOPMENT

In 1989, The AIA (with the help of the Cox Group and the U. of Penn) held two roundtables \* involving principals of star design firms and several big, full service firms. The goal: To find out how the big names do it -- how they get, organize, and carry out their projects.

### ONE THING THEY ALL SAID:

They spend a lot of time organizing and educating their clients to be good at clienting each project

George Hartman, FAIA  
Hartman Cox Architects



- ☐ Even the same client on two different projects will behave differently, due to the specifics of project goals, funding, user group needs, etc. etc.
- ☐ Since every project is unique, only the architect can provide client development services. School programs, educational TV, AIA publications and programs all help precondition or give recognition to good clients -- but don't expect them to do your job for you.
- ☐ Client development requires a considerable investment of your genuine interest in, curiosity about, and concern for the client. It takes patience, unflappable affability, courage, and time.
- ☐ Not making this investment up front, however, can lead to re-designs, misunderstandings, compromises that hurt the project -- even lawsuits.

Approach client development as a key service you provide -- helping clients become the best they can be. (But remember-- all this comes after careful selection -- A bad client for you probably can't be made a good client by you.)

\* Footnote: Signature Firms roundtable, March 1989  
Star Firms roundtable, October 1989  
Both reported in two AIA books:  
"In Search of Design Excellence"  
"Keys to Design Excellence."

---

## CONSULTANT DAVID MAISTER ON SERVICE:

---



→ Satisfaction = Perception  
(with the Service) minus  
Expectation

TWO IMPORTANT POINTS ABOUT THAT FORMULA:

[1] No matter how well you control the quality of your work, it may not be good enough if you can't control the expectations and perceptions of your client.

[2] None of the 3 factors in the equation:  
- Satisfaction  
- Perception  
- Expectation ....  
is tangible or quantifiable!

Every successful architect knows you have to service the client -- not just the project!

Maister then says: There are three factors required for professional success:

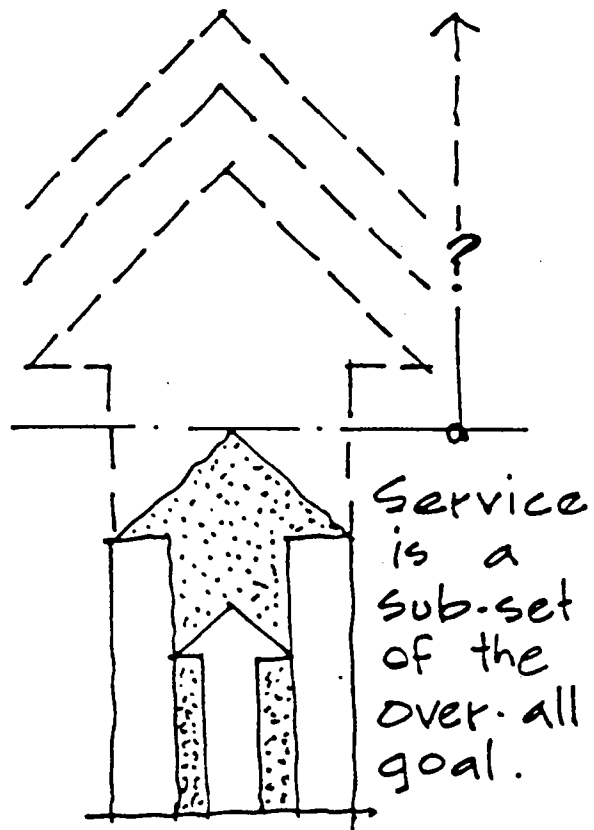
- [1] AVAILABILITY
- [2] AFFABILITY
- [3] ABILITY ..... IN THAT ORDER.

---

But keep service in its proper perspective. Knowing that service is a key to marketing, risk management... and business success, some architects come to perceive it as their only goal in architecture. If service is truly your goal, fine. But the goal of the profession includes good architecture.

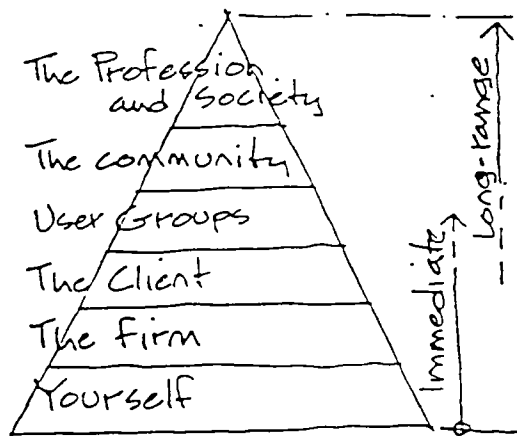
In surveys for the "Vision 2000" program, clients told the AIA they hire architects for their design abilities and to get better buildings.

FOR MOST ARCHITECTS —



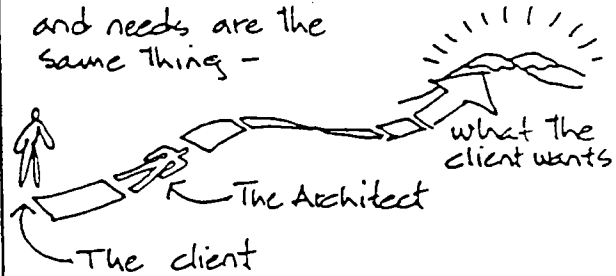
# SERVICE

you can think of service in terms of a hierarchy of needs; much like Maslow's hierarchy of human needs:

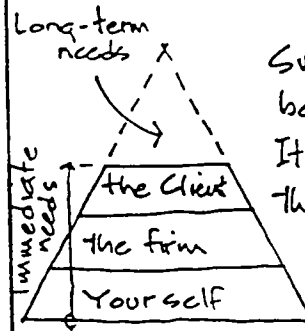
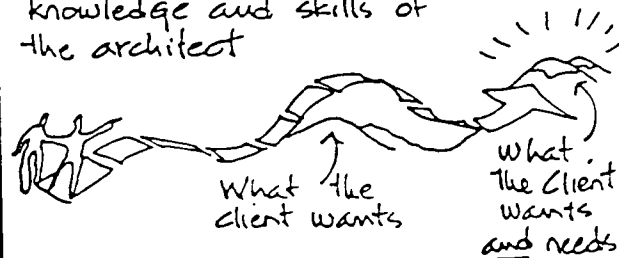


Because our buildings outlive our clients and ourselves, the long-range beneficiaries of service are of special importance to architects.

There is one way "service" is used that can be dangerous. Many small firms report they deem "service" to be their goal. The potential problem is that it assumes the client's wants and needs are the same thing -



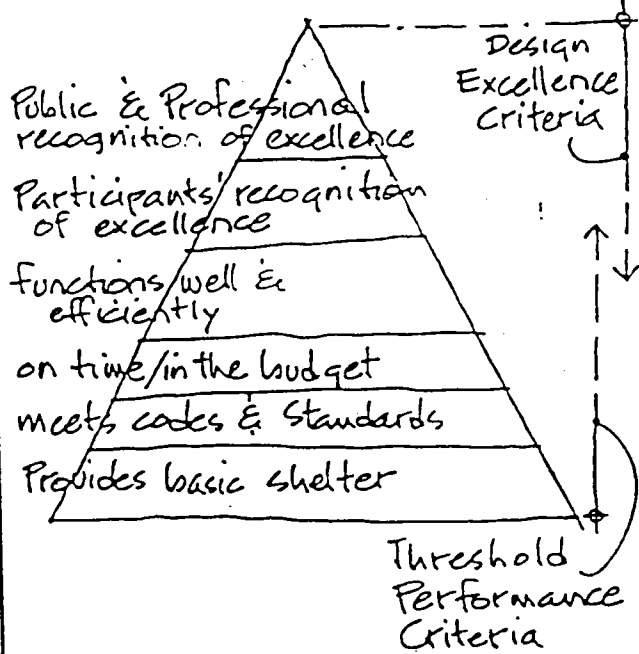
If the architect only does exactly what the client wants, neither is getting the benefit of the professional knowledge and skills of the architect



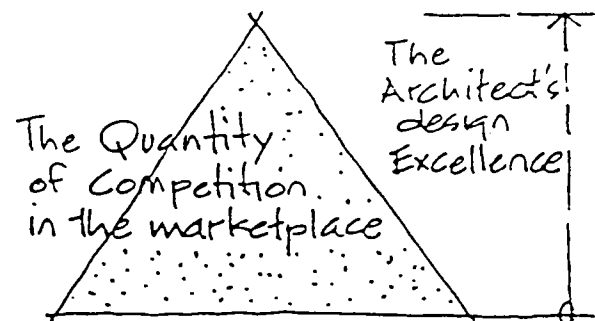
Such a strategy may be very short-sighted. It may even ignore the obligations of both the client and the architect to serve the Public interest

Or - If we paraphrase Maslow's hierarchy in terms of design excellence; a strategy of doing only as much as the client knows enough to want:

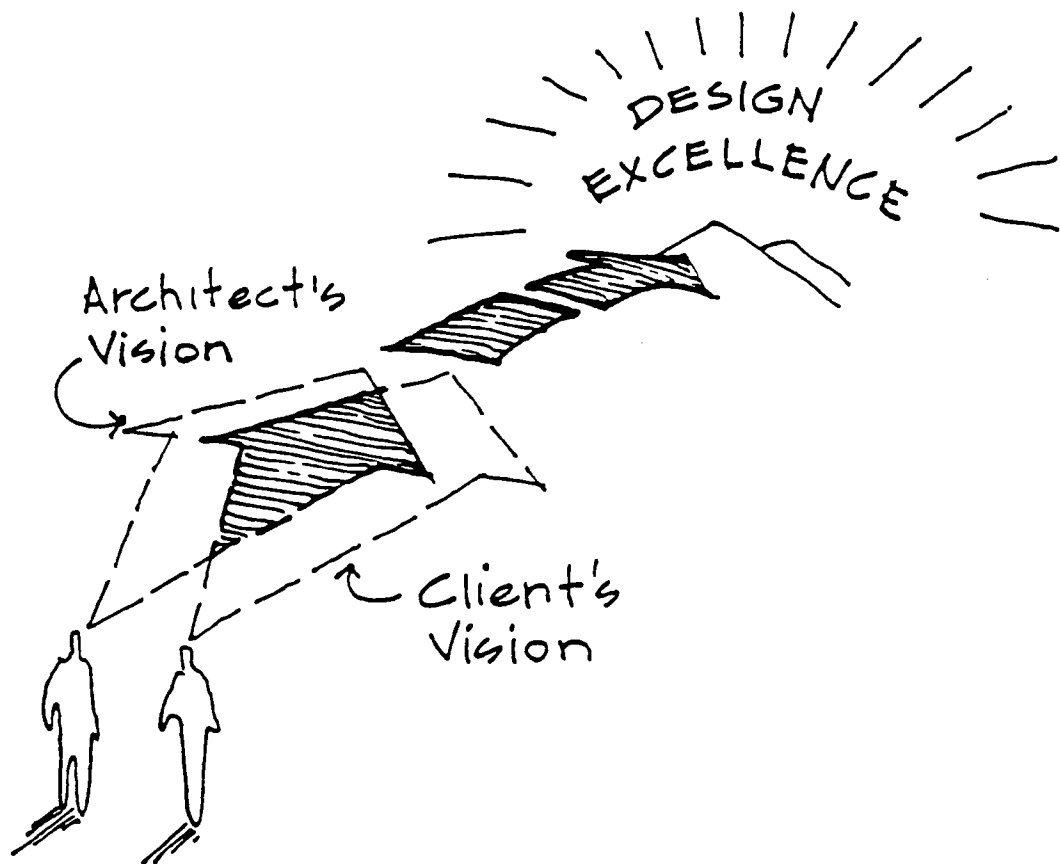
1. Denies the architect the peak experience the profession has to offer ....



2. It also denies the architect the best of all marketing tools - design excellence

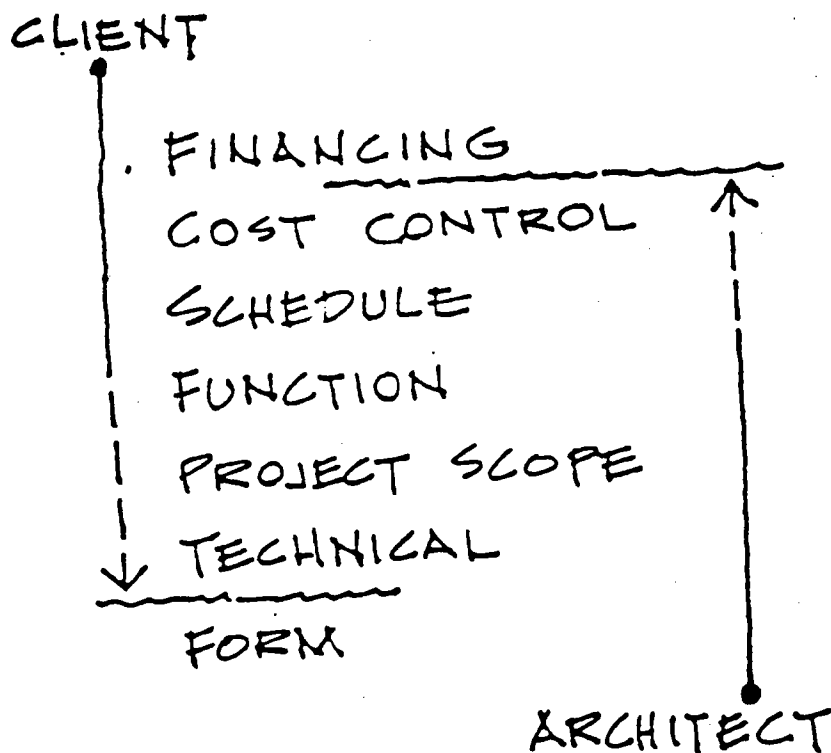


In studies of excellent projects, researcher Dana Cuff (USC) found that good clients and good designers did not share a single vision of the projects. They each held to their separate goals which overlapped sufficiently to allow them to jointly achieve excellence.



Findings of the 1989 "Signature" firms research roundtable substantiated Cuff's findings.

The star designers at the roundtable made it plain they expected the client to handle the project financing; the client expected them to provide the design. On everything else they worked very closely together.



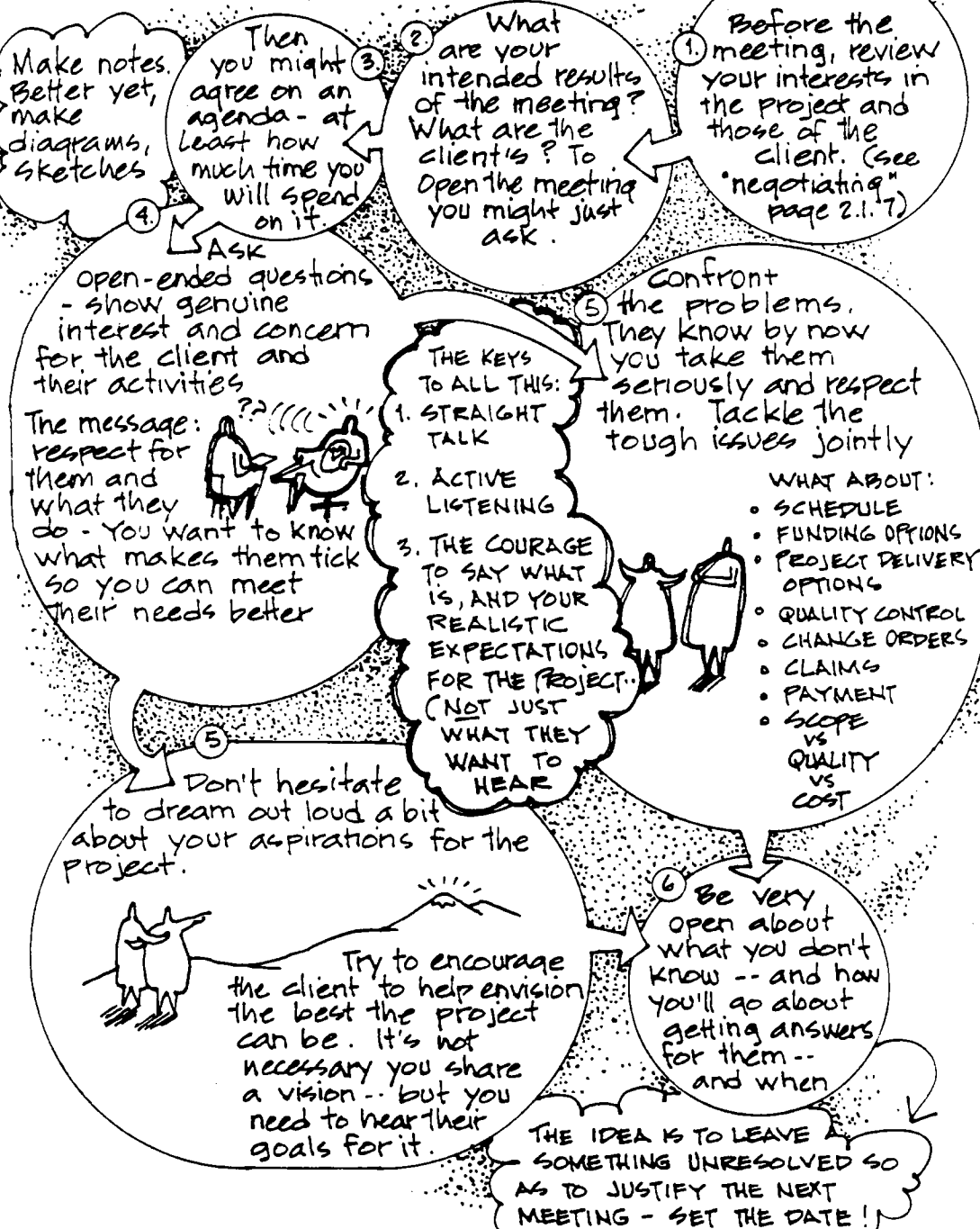
Tip: Expect your clients to expect you to control the design.

In today's market the only thing to beat good service as a marketing strategy is good architecture!

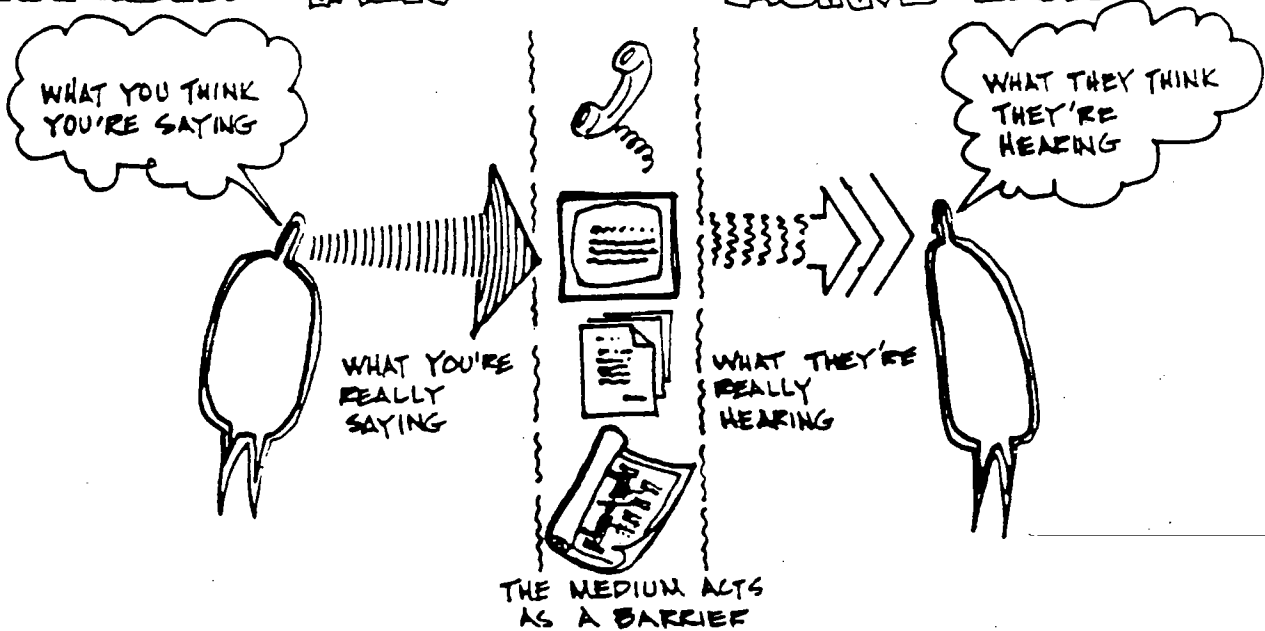


# PRE-PROPOSAL MEETINGS

HELPING THE CLIENT ACHIEVE REALISTIC EXPECTATIONS:



# COMMUNICATIONS: STRAIGHT TALK AND ACTIVE LISTENING



COMMUNICATION IS TOUGH ENOUGH - GET FEEDBACK!  
GIVE FEEDBACK!

## STRAIGHT TALK

1. Speak for yourself. Use "I" statements.  
"It's important to me."  
"My impression is different."
2. Say what you see and hear.
3. Say what you think.
4. Say what you feel.
5. Say what you want
6. Describe your actions
  - Past: "I tried to call you."
  - Present: "Sorry, I wasn't paying attention."
  - Future: "I'll write you a clarification memo."

AND

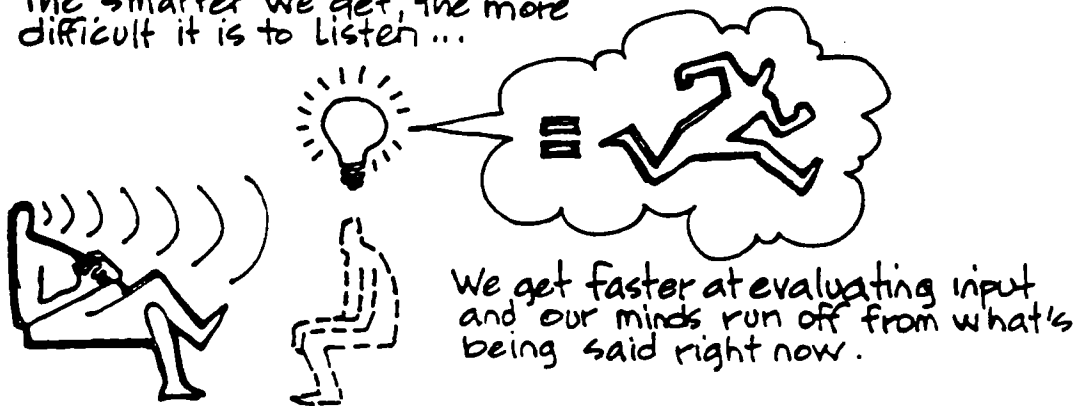
## ACTIVE LISTENING

1. Observe - watch and listen for what they
  - think
  - feel
  - intend
  - do
2. Acknowledge by paraphrasing  
"What I hear you saying is...."
3. Encourage: "Fill me in on ...."  
"I'd like to hear more about..."
4. Check out with open-end questions: "How did that make you feel?"
5. Interpret - ask yourself what they left out what they think feel, intend or did. Fill in the blanks for them out loud.  
"Sounds to me as though you wanted ...."

# MORE ABOUT ACTIVE LISTENING

(A lot of this came from an excellent workshop Boyce Appel -- Appel Associates -- puts on several times a year in Atlanta.)

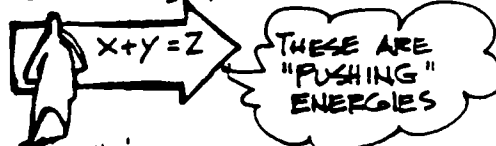
The smarter we get, the more difficult it is to listen...



## ACTIVE LISTENING INVOLVES

- THE KEY
- Accepting that differing positions are both valid and useful.
  - Believing that the other has information, viewpoints and insights that are legitimate and important to know about.
  - Using skills that you can develop through practice. But it's hard and serious work. The hardest part is to be aware of what you yourself are doing. By habit, and without realizing it, most of us spend about 90% of our time and energies using persuasion --

reasoning  
and  
proposing



Try concentrating on using "pulling" energies.

- RECEPTIVE ENERGY
- THE WAY TO BEGIN IS TO PAY ATTENTION TO WHAT ENERGIES YOU AND OTHERS ARE USING.
- INVOLVING: Asking for others' ideas, suggestions, views
  - LISTENING: Paraphrase, summarize, reflect feelings, give interpretations and check to see if you got it right.
  - DISCLOSING: Admitting uncertainty + mistakes or discomfort. Making yourself vulnerable and asking for help.
  - FINDING COMMON GROUND: Highlighting shared values, beliefs, agreements.
  - VISIONING: Imaging ideal outcomes and asking the other to participate in the vision.

# NEGOTIATION IS A KEY DESIGNER'S SKILL

Principals of some of the nation's top design firms say that star design architects are also very good negotiators.\*

star designers have an unswerving, relentless commitment to project excellence.

Each project is a major personal commitment;

- PROJECT SELECTION
- NEGOTIATION
- DESIGN

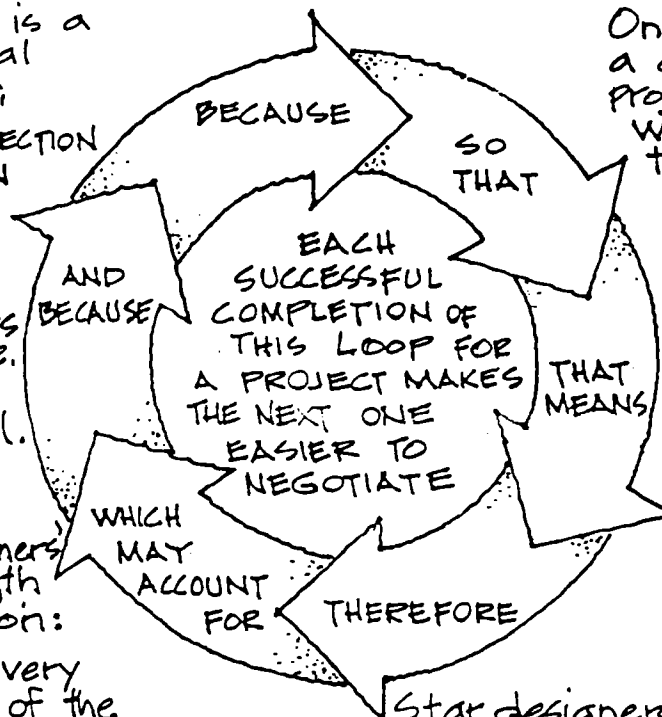
are about the only things star designers won't delegate. Negotiation is a key skill.

The star designers' proven strength in negotiation:

They have a very clear vision of the extreme and sustained involvement they will personally demand of themselves for the life of the project.



YEAH, but where do I enter the loop ??



Once they take on a client and a project, they do whatever it takes for as long as it takes to achieve that excellence.

What star designers do is controlled by project needs -- not the in-house budget.

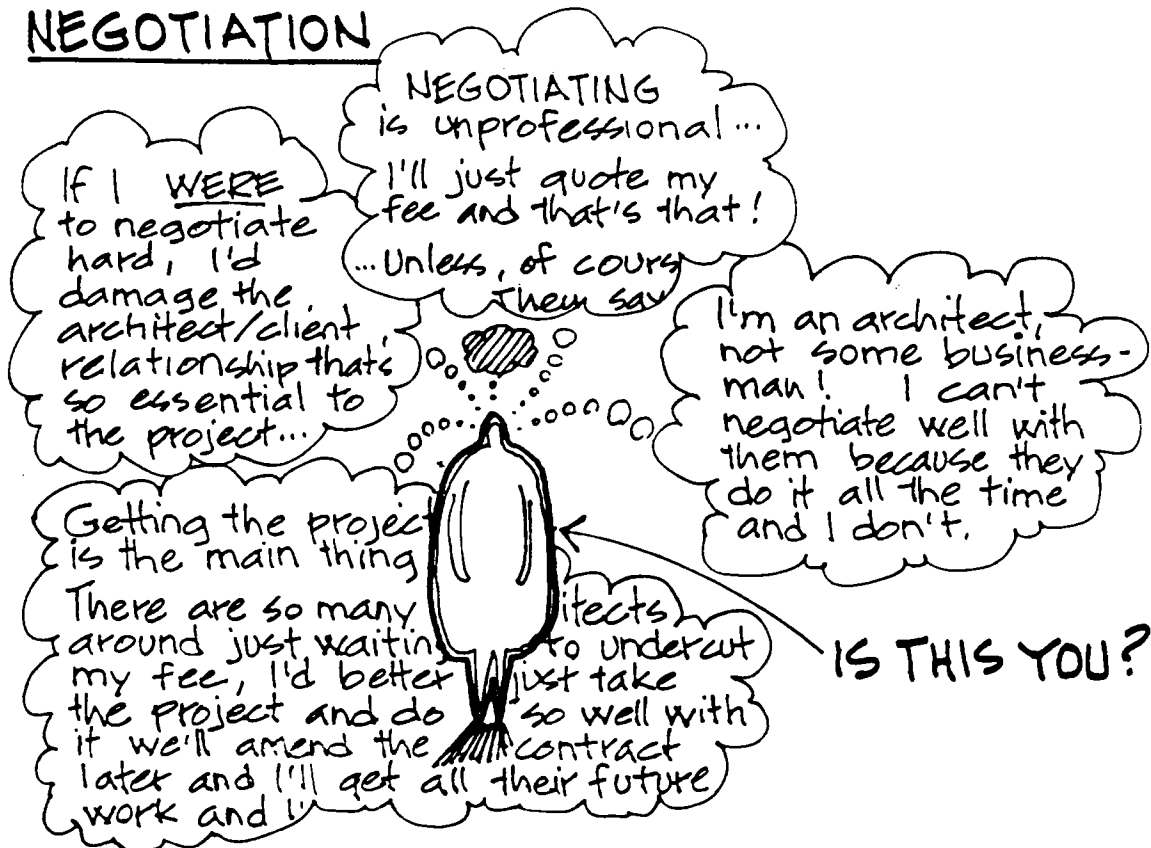
Star designers want to be very sure up front that

- THE CLIENT { Both chemistry and financial stability. }
- THE PROJECT { Potential for both professional growth and excellence. }
- THE FEE { Appropriate for the quality of service the project deserves }

all warrant their high level of personal commitment. They're very selective.

\* Reported from research roundtables  
"Keys to Design Excellence"  
AA Press, 1989.

# NEGOTIATION



## WE ARE ALL NEGOTIATORS

Negotiating is the normal way we communicate back and forth with spouse, partner, staff to:

- GET THE RIGHT THINGS DONE
- THE BEST WAY POSSIBLE
- WITHOUT DAMAGING THE RELATIONSHIP.

What's different about negotiating a project with a client?

- ① The stakes are often higher. (and that's good!)
- ② You don't have a strong relationship yet.
- ③ The process is usually more structured.

So what you need is a structured process for negotiating that can help build a relationship.

This is the best book  
we've seen yet on how to  
negotiate - it's in paper back -  
Don't just read it - use it as a planning  
resource before each negotiation

## Getting to YES

Negotiating  
Agreement  
Without  
Giving In

by  
Roger Fisher  
and  
William Ury

with Bruce Patton,  
editor

QUOTES FROM A 1989  
RESEARCH ROUNDTABLE:

WARREN COX of HARTMAN,  
COX & ASSOCIATES:

"The single most important  
thing on the job is  
negotiating the fee."

FRED CLARKE III, CESAR  
PELLI & ASSOCIATES:

"The bad news or the  
good news comes  
when you sit  
down to set the  
fee -- and it  
stays good or  
bad from then on."

PENGUIN  
BOOKS  
1983

If negotiation is the single  
most important thing you do  
on a project, you owe the  
negotiation the same design  
skill and creative thinking  
you bring to the project  
itself.

The rest of this is adapted, by  
permission, from "GETTING TO YES."  
The authors' approach to negotiation  
is especially well suited to architects  
since it doesn't depend on power,  
trickery or telling lies up front in  
order to leave room for splitting the  
difference later.

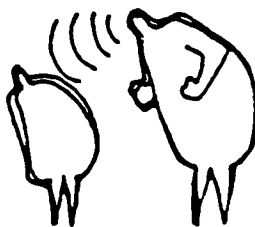
**BUT:**  
If you have trouble  
negotiating, don't  
feel lonely. Most of  
the best known  
architects report  
the same problem.

Adapted with permission from  
GETTING TO YES, by Roger  
Fisher and William Ury.  
New York: Penguin Books 1981

## POSITIONAL (TRADITIONAL) NEGOTIATING

|                         | SOFT                             | HARD                                    |
|-------------------------|----------------------------------|---|
| THE GOAL:               | Reaching agreement               | Winning                                 |
| PARTICIPANTS:           | Friends                          | Adversaries                             |
| ABOUT THE RELATIONSHIP: | Make concessions to cultivate it | Demand concessions as a condition of it |
| TRUST OF OTHERS:        | You do                           | You don't                               |
| YOUR POSITION:          | You change readily               | You dig in and hold                     |
| YOUR BOTTOM LINE:       | You disclose                     | You hide and mislead about              |
| TO REACH AGREEMENT:     | You accept one-sided losses      | You demand one-sided gains              |
| YOU INSIST ON:          | Agreement                        | Your position                           |
| CONTEST OF WILLS:       | You try to avoid                 | You try to win                          |
| PRESSURE:               | You yield to                     | You apply                               |

THE ARCHITECT'S  
FEAR: IF I  
negotiate soft  
I'll probably  
lose -



BUT if I  
negotiate  
hard, I'll  
endanger the  
essential  
relationship

Adapted with permission from  
GETTING TO YES, by Roger  
Fisher and William Ury.  
New York: Penguin Books 1981

# THERE'S A BETTER WAY!!

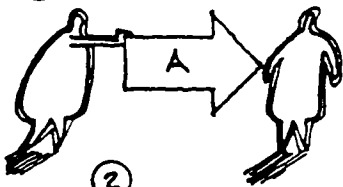
| PROBLEM  |   | SOLUTION ←  |
|--|---|---|
| POSITIONAL BARGAINING: Neither hard nor soft is in the architect's interest - you lose even when you win |   | Change the game - Negotiate on the merits                   |
| SOFT   | HARD  | PRINCIPLED  |
| Participants are friends   | Participants are adversaries                          | Participants are problem-solvers                            |
| The goal is agreement  | The goal is victory                                   | The goal is a wise outcome reached efficiently and amicably |
| Make concessions to cultivate the relationship   | Demand concessions as a condition of the relationship | Separate the people from the problem                        |
| Be soft on the people and the problem  | Be hard on the people and the problem                 | Be soft on the people, hard on the problem                  |
| Trust others   | Distrust others                                       | Proceed independent of trust                                |
| Change your position easily; make offers   | Dig in to your position; make threats                 | Focus on interests, not positions; explore interests        |
| Accept one-sided losses to reach agreement   | Demand one-sided gains as the price of agreement      | Invent options for mutual gain                              |
| Insist on agreement; yield to pressure   | Insist on your position; apply pressure               | Insist on using objective criteria; yield only to principle |
| Disclose your bottom line  | Mislead as to your bottom line                        | Avoid having a bottom line                                  |

Adapted with permission from  
GETTING TO YES, by Roger  
Fisher and William Ury.  
New York: Penguin Books 1981



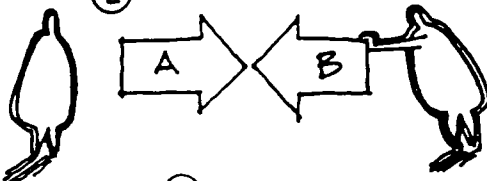
# HERE'S HOW AN "IDEAL" NEGOTIATION MIGHT WORK:

①



You make a proposal.

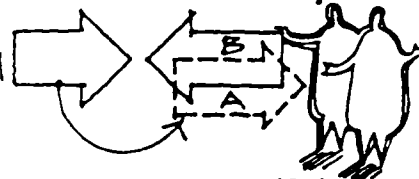
②



They make a counter-offer, stating their position, which you listen to very carefully so as to learn the underlying interests behind their position.

③

You sidestep their proposal by neither resisting it nor agreeing

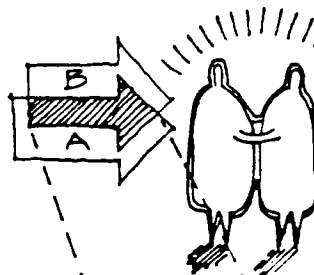


At the same time, you acknowledge them, showing respect for them personally.

You ask clarifying, problem-solving questions that are open-ended -- can't be answered Yes/no.

You "play back the tape" so far, to show you heard what's in question .....

④



Except, you reframe the question to include the interests as well as the positions of both of you. The message: Personal respect and that "we" have a shared problem.

You agree with as much of their position as possible (even the smallest part) and expand it into "their great idea" -- a break-through strategy

⑤



The "we" then work together on the strategy to find a mutually beneficial agreement based on the merits, rather than on the relative power or strength of will of either of you.

⑥





But remember the 1st rule of negotiating: Never make an important decision at the negotiating table. Unless  $C=A$ , take a break, sleep on it.

TO MAKE IT WORK THIS WELL TAKES SKILL AND PREPARATION

# PREPARING FOR NEGOTIATION

Your negotiations with clients result in relationships and projects that can span years. Take time to design your negotiations with as much care as you design projects.

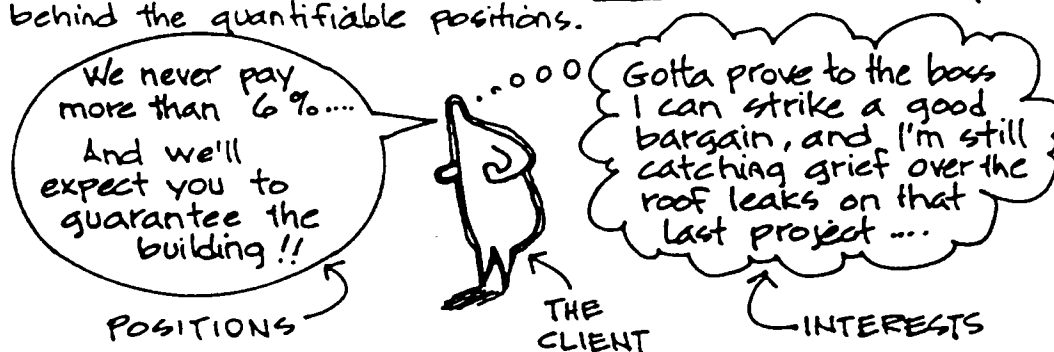
## TWO GENERAL RULES:

|  |   |
|--|---|
|  <p>The authors of "Getting To Yes" recommend:<br/>FOR EVERY MINUTE YOU EXPECT TO SPEND NEGOTIATING SPEND TWO MINUTES PREPARING PROCESS AND STRATEGY.<br/>If there are several negotiating sessions leading to final agreement, that means the same number of preparation sessions.</p> |  <p>TEAM UP with someone to prepare. Get help from staff or partners - you all have a lot at stake. Even a sole practitioner has someone -- spouse, consultant, accountant. You need someone to listen, rehearse you, critique -- but mostly to brainstorm, which can't be done alone.</p> |
|--|---|

## SIX STEPS TO PREPARE YOU

### ① BRAINSTORM INTERESTS

- Describe for your team or partner the project and the positions of you and the client -- the previous offers and counter-offers, if any, or what you expect. Assumptions are dangerous, so ask the team for theirs so you can develop a range of possibilities.
- Have the team members individually jot down lists of your interests, then the interests of the client. Interests are the intangibles behind the quantifiable positions.



- Make a combined list. Don't criticize or judge any ideas yet. Just make a list, discuss, and add anything that suggests. Have fun with it -- imagine what could possibly motivate the client. Discover what you really want out of the deal.
- Now prioritize -- pick the top three (or combinations) for both you and the client. Which are shared? Opposed?

② INVENT OPTIONS (still with the team)  
That satisfy the interests  
of both you and the client

Play "What if."

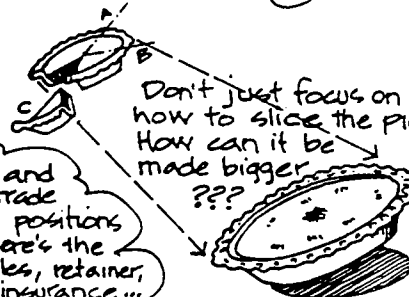
If you didn't have  
AIA B141, licensing  
laws or General  
contractors, what  
would be possible  
that isn't now?

Look for  
the break-through  
strategy....  
What would you do if  
you knew you couldn't  
fail?

Professional services  
contracts are full of terms and  
conditions. What can you trade  
off on some to make client positions  
on another acceptable? There's the  
fee, time, payment schedules, retainer,  
interest, authority, project insurance...  
Then there's the concept of multiple  
bases for fees - some services at  
hourly rates, others lump sum

Don't just focus on  
how to slice the pie --  
How can it be  
made bigger  
???

Look for the shared  
interests you and the  
client have. How can  
those provide pre-  
or post project  
service opportunities?



③ RESEARCH  
FAIR STANDARDS that you and your client can  
turn to as a precedent -- or independent 3rd parties  
you could agree would be objective in breaking a  
dead-lock:

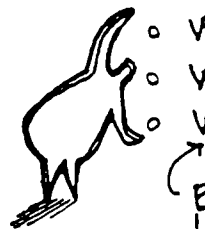


- State or Federal contracting officers
- Respected and experienced clients of similar projects
- AIA Documents staff and publications
- Your insurance carrier
- Market rates
- State fee schedules
- Municipal Engineers or attorneys
- The AIA Handbook or "You and Your Architect."
- A respected attorney
- A qualified construction mediator or arbitrator.

For Example: For a public school project,  
you could get terms of the contract, fee  
information, and project delivery system  
by checking with other school boards  
with award winning projects in other  
parts of the country -- it's public  
information

Adapted with permission from  
GETTING TO YES, by Roger  
Fisher and William Ury,  
New York: Penguin Books 1981

#### ④ ESTABLISH THE RANGE OF OFFERS



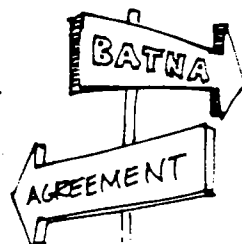
- What you really want
- What you will be content with
- What you can barely make do with.

But avoid setting a deal-breaker, bottom line - Keep it fluid. Go into the negotiation listening for new information and ideas, looking for trade-offs  
Instead of a bottom line

#### ⑤ DESIGN YOUR BATNA

The BATNA is your source of power in the negotiation. It's essential you be very specific in its design.

Develop it to the point of making it realistically very attractive to you -- just marginally less attractive than the least acceptable offer you developed in step ④



Best  
Alternative  
To a  
Negotiated  
Agreement

Adapted with permission from  
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THERE'S ALWAYS A BATNA. To take an extreme example, let's say you're down to a two-person firm in a terrible market and desperate for the project. As a BATNA, "Go after other projects" hardly sounds convincing; it gives you no negotiating power. Instead you might develop the following:

- Lay David off next payday.
- Take Sue up on her idea to sublease and share office expenses.
- Spend 50% of my time marketing homebuilders. I've got a list.
- Make, at minimum, 3 calls or visits a week to collect A/R's.
- Finish the Hudlow and Taylor jobs myself -- say, in 2 months.
- Call all the big offices to find David a job and offer to do shop drawings or specs for them as a sub. I'll do that by Friday.
- Over the weekend, start definite plans for that move to the coast we've always talked about -- in case nothing else breaks in 2 months -- we're moving!

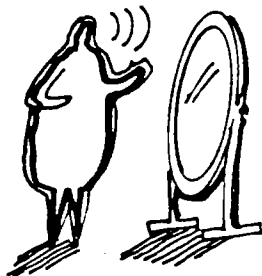
Now: Figure out the client's BATNA and how you can convince them it's far less attractive than hiring you!

## ⑥ REHEARSE

Try out your opening pitch  
and your options --

ALOUD -- Preferably  
with your partner or  
staff til it rings true.

If all else fails, say it  
into the rear-view mirror  
on the drive over.



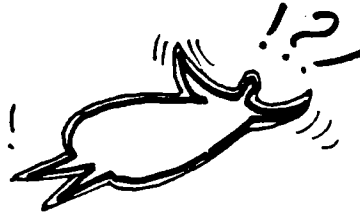
Try it several ways. You don't  
want a set, memorized  
speech -- just a solid level  
of comfort in dealing with  
the issues.

There's more money to be made  
(or lost) in negotiation than  
in any other phase of the  
project.



Just as important -- negotiating  
is a key to making sure the  
expectations of both you and  
your client are realistic and  
fully understood.

SO DON'T "WING IT" -- PREPARE!



Adapted with permission from  
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New York: Penguin Books 1981

# NEGOTIATION PREPARATION WORKSHEET

## INTERESTS

| MINE | THEIRS |
|------|--------|
| 1.   | 1.     |
| 2.   | 2.     |
| 3.   | 3.     |

## OPTIONS

|    |
|----|
| 1. |
| 2. |
| 3. |

## PRECEDENTS / STANDARDS

|  |
|--|
|  |
|--|

## OFFERS

|                  |
|------------------|
| 1. Aspire to:    |
| 2. Content with: |
| 3. Live with:    |

## BATNA

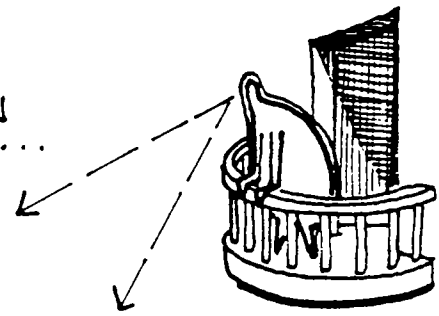
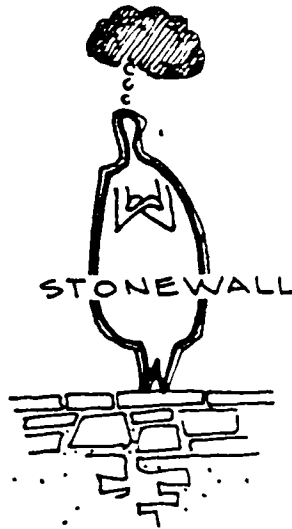
|        |
|--------|
| MINE   |
| THEIRS |

From William L. Ury. Adapted with permission from his forthcoming book GETTING PAST NO (working title) Bantam Books, 1991

# BUT

○○ EVEN WITH FULL PREPARATION  
WATCH OUT FOR THESE TACTICS .....

- That's in the state contract and can't be changed.
- It's Company Policy.
- It's out of my hands.
- We never pay more than ....
- We don't do business that way.
- I could never justify ...
- Architects are always late + over budget.
- You had too many change orders on that last project.
- I got 5 good architects just waiting ...
- Take it or leave it.
- Don't you want our business ?
- What'd you do-- pull that fee out of your-- ( )
- You architects are all alike-- build monuments to yourself and don't know the real world.
- Great! We got a deal, then-- except there's this one more thing--
- Hey, I'd go along, but our comptroller--
- Just go along on this and we got this great job coming up that--
- Trust me-- sign here-- we can always amend later ...



## WHEN YOU SPOT ONE

Give no immediate reaction. Instead, "Go to the Balcony" for a moment and recognize their tactic for what it is. Don't get sucked into their game. They're good at it or they wouldn't play it. If you can let them know you recognize it without playing it, their game is neutralized.

## DON'T:

- COUNTER-ATTACK
- GIVE IN
- GIVE UP

## INSTEAD:

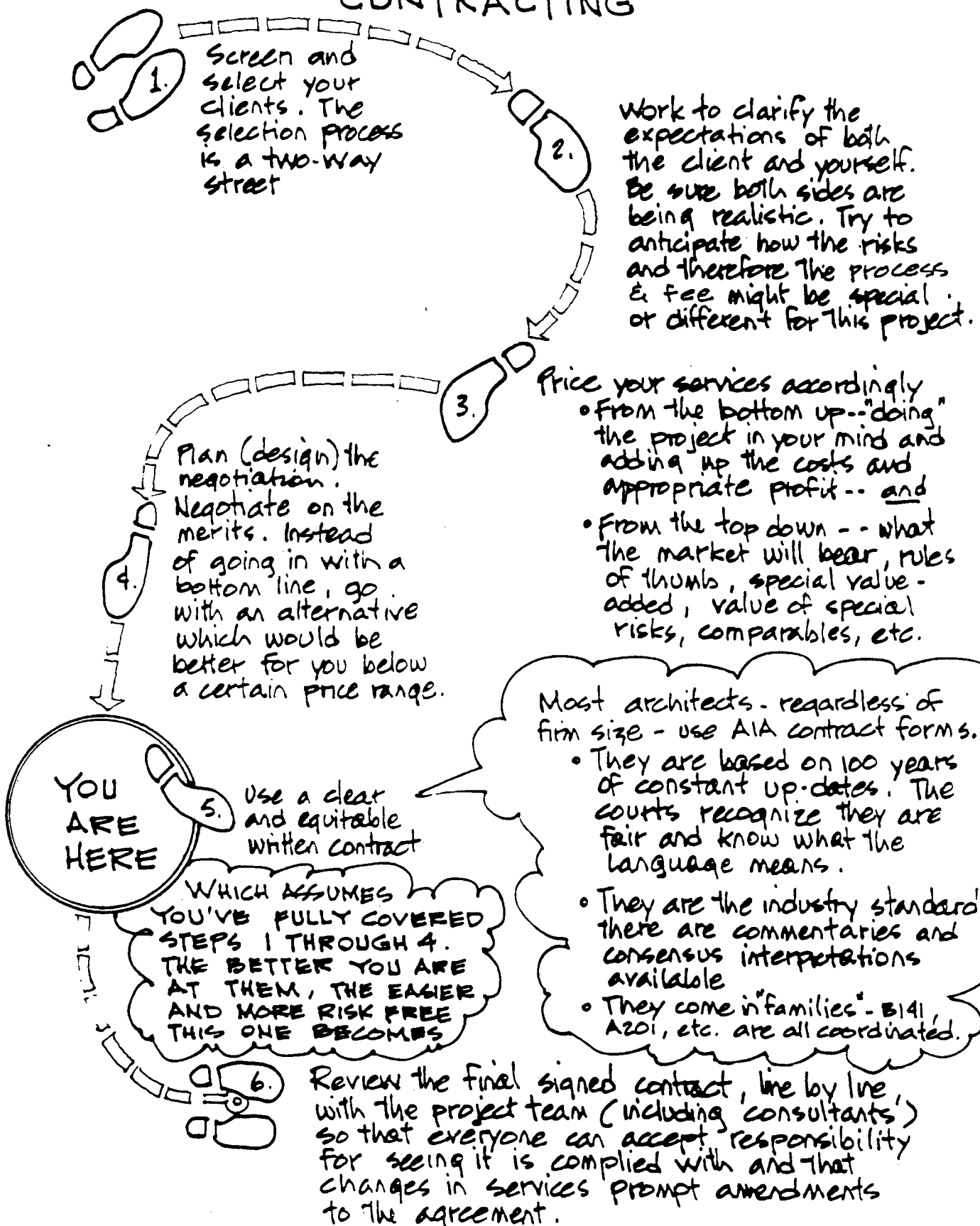
Listen carefully for any counter offer hidden in their tactic.

Then return to step ③ on page 2.1.6

Except, now you have the additional problem of helping them save face and still retreat.

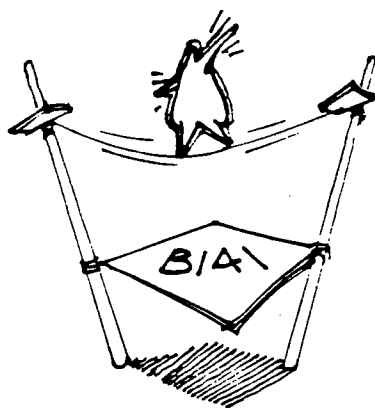
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# CONTRACTING





# CONTRACTS



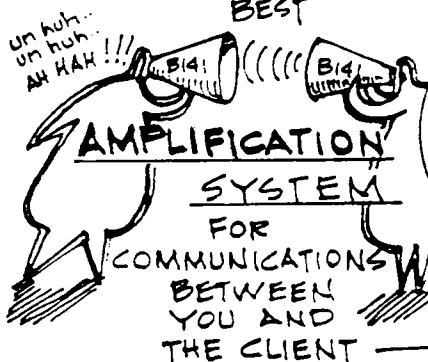
## ARCHITECTS

Tend to treat the B141 as a safety net nobody needs or thinks about unless things go wrong. They just sign it as is.

THAT'S turning the greatest strength of the B141 -- it's being the industry standard -- into a dangerous weakness.

## THINK OF THE CONTRACT

AS  
YOUR  
BEST



## ABOUT THE B141

There's a tendency to think full contracting procedures are an unnecessary luxury on the small projects.

WRONG!

Small projects typically have less contingency -- no room for error.

Don't overlook the B141 for projects of limited scope

SOME ARCHITECTS advise preparing an outline of the contract for review with the client before the B141 is prepared and presented.

HERE'S A FORMAT:

## OUTLINE OF AGREEMENT

① Outline who will do what in each phase

- Predesign (add'l svc.)
- Schematics
- Design Development
- Construction Documents
- Bidding/negotiation
- Construction Administration
- Close Out
- Post Construction (add'l svc.)

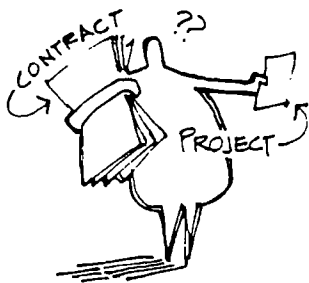
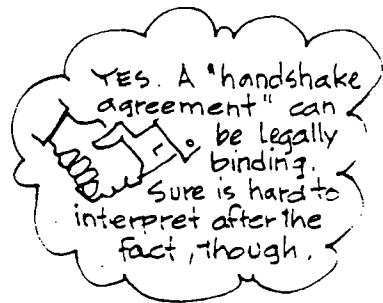
② SPECIFIC ARRANGEMENTS

- Additional Services { optional
- Reimbursements { contingent
- Cost estimating / budget
- Retainer / Payments / Compensation
- Schedule
- Owner's responsibilities
- Termination
- Any special provisions

This is to help you avoid glossing over, or skipping review of key parts - and avoid bogging down in B141 boiler plate and minutiae

## MORE ABOUT CONTRACTS:

The AIA forms are written to cover projects for any client type, any project type, anywhere. No wonder they don't precisely cover what you or your client might agree to for a specific project! The AIA issues instructions for customizing the language.



Some architects feel that for small projects with unsophisticated clients and builders, the AIA forms are too cumbersome - they scare people.

Others report that the smaller the project and the more unsophisticated the client, the greater the need to use the full forms -- even B141 -- as a way to educate the client and clarify their expectations.

But if you decide to use a simple letter of agreement for the small project, here are some suggestions about what should be included:

- Scope of project
- Scope of services (how you'll know it's finished)
- time considerations (when it begins, at least)
- payment (how much, how often) and anything else the client furnishes
- who are the parties to the agreement
- how the agreement can be terminated if either party becomes dissatisfied.

Here's how to go about it. ① List everything to be done or decided.

Tip: This is also the basis for reviewing any contract the owner proposes.

② decide who (client, architect, builder) is most capable to do or decide each thing

③ Try to allocate both the authority and the responsibility accordingly -- don't give one without the other

Tip: Get a lawyer's help.

Some architects who do lots of the same sorts of small projects hire a lawyer to help them write a warm, professional sounding, but brief letter of agreement that becomes the office standard for all such projects. (e.g. house remodelings).

Tip: Read the AIA B141 commentary before you start.

It's keyed to tell you which provisions in the B141 are crucial and which are just matters of business judgments, and therefore negotiable.

A QUICK WORD ABOUT THE LAW: THERE ARE BASICALLY THREE KINDS.

1.

### CRIMINAL

Has to do with right and wrong - actions are brought by the state - enforced through fines and imprisonment. Almost nothing in architecture fits -  
-- exceptions: antitrust and willful (criminal) negligence

2.

### REGULATORY

Has to do with actions brought by the state to protect public health, safety and welfare - examples: codes, licensing, etc. Enforced by fines, revoking license, etc.

3.

### CIVIL

Actions are brought by one individual against another - has to do with personal grievances - enforced by payment of money to compensate for damages

violation of regulatory law is a pretty clear case of negligence -

But other than that, almost all legal problems architects get into are matters of civil law.

It's useful to think of civil law as no more than a set of rules by which individuals can anticipate the possible consequences of their actions. You may have a strong aversion to breaching a contract. Yet people and firms frequently do so as simple business decisions when the anticipated results of carrying it out are worse than the possible consequences of not doing so.

The point here is not to encourage you to violate any law or to damage anyone's interests, but rather to help you keep a balanced perspective about what's at stake -- money and professional reputation -- rather than moral wrong-doing.


When you enter into a contract with your client, you undertake to carry out certain duties. If you do not do so within a standard of professional care (reasonableness), you are negligent. If your negligence causes harm, you incur liability. Every project involves risk. The idea is not to avoid all risk, but to manage it.

# ABOUT THE STANDARD OF CARE:

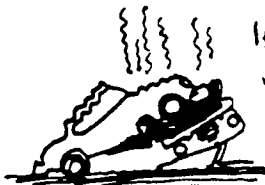
A GOOD WAY TO THINK ABOUT THE PROFESSIONAL'S STANDARD OF CARE IS THROUGH AN ANALOGY WITH DRIVING A CAR.

- ❑ The state licenses you to drive if you qualify by passing the tests. Being a licensed driver carries the obligation to comply with traffic laws but also to drive with reasonable, prudent care. Thank goodness! Our health, safety and welfare depend on every other driver having that same obligation.
- ❑ It's left up to you, the driver, to choose your routes, times of travel, and, within an acceptable range of alternatives, your vehicle and speed.

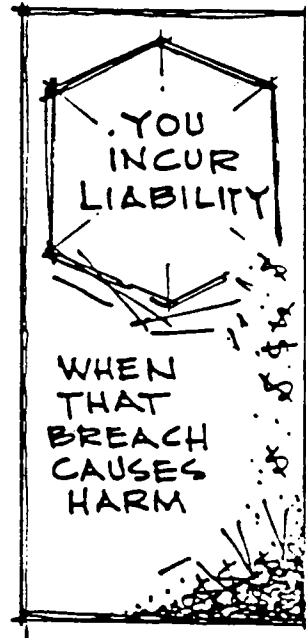
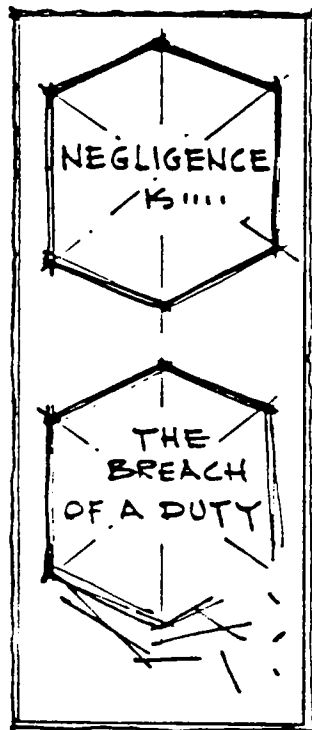


- ❑ If you run a  you are negligent. Always.

If it's 3:00 AM and no one is within sight, you have incurred no liability.

-  If, however, you hit another car in the process, you become liable:
- (a) to fine and imprisonment under state law
  - (b) for damages owed the other driver under civil law.

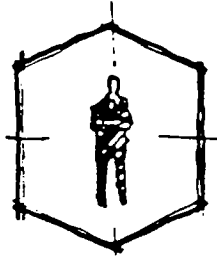
- ❑ The standard of professional care is rather like that. Being licensed obligates you to be reasonable and prudent. It also acknowledges your special competency, skill and professional ability to serve the public.



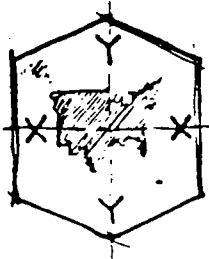
HOW YOU  
FULFILL  
THAT DUTY  
DETERMINES  
WHETHER YOU  
MEET THE  
STANDARD OF  
REASONABLE  
CARE

NEITHER  
STANDARD CONTRACTS  
NOR THE LAW REQUIRES  
PERFECTION FROM YOU.

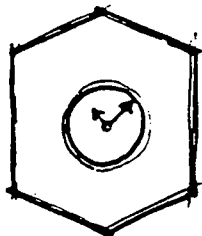
OUR COURTS DEFINE A  
STANDARD OF REASONABLE  
CARE AS NO MORE THAN:



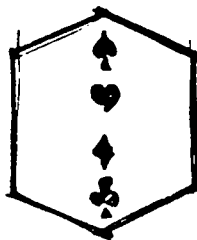
WHAT ANOTHER  
REASONABLY  
PRUDENT  
DESIGN  
PROFESSIONAL



IN THE SAME  
MARKET  
AREA,



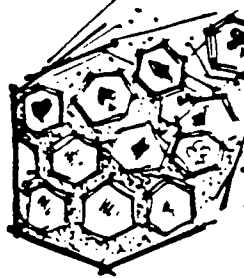
IN THE SAME  
TIME FRAME,  
AND



GIVEN THE  
SAME OR  
SIMILAR  
CIRCUMSTANCES

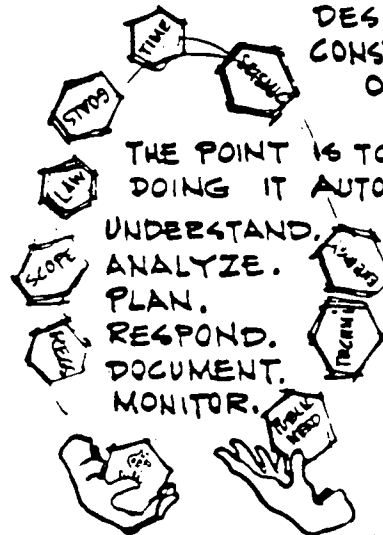
WOULD HAVE DONE.

AND "THE SAME OR SIMILAR CIRCUMSTANCES" IS NOT A

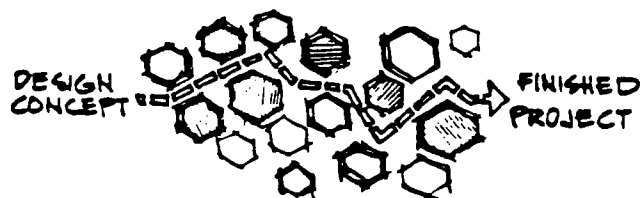


BUNCH OF WILD CARDS, EITHER. THEY'RE THE VERY THINGS THAT, AS A DESIGN PROFESSIONAL, YOU'RE TRAINED TO DEAL WITH.

THEY'RE ANY AND ALL THE FACTORS YOU AUTOMATICALLY JUGGLE IN THE DESIGN AND CONSTRUCTION OF EVERY PROJECT.

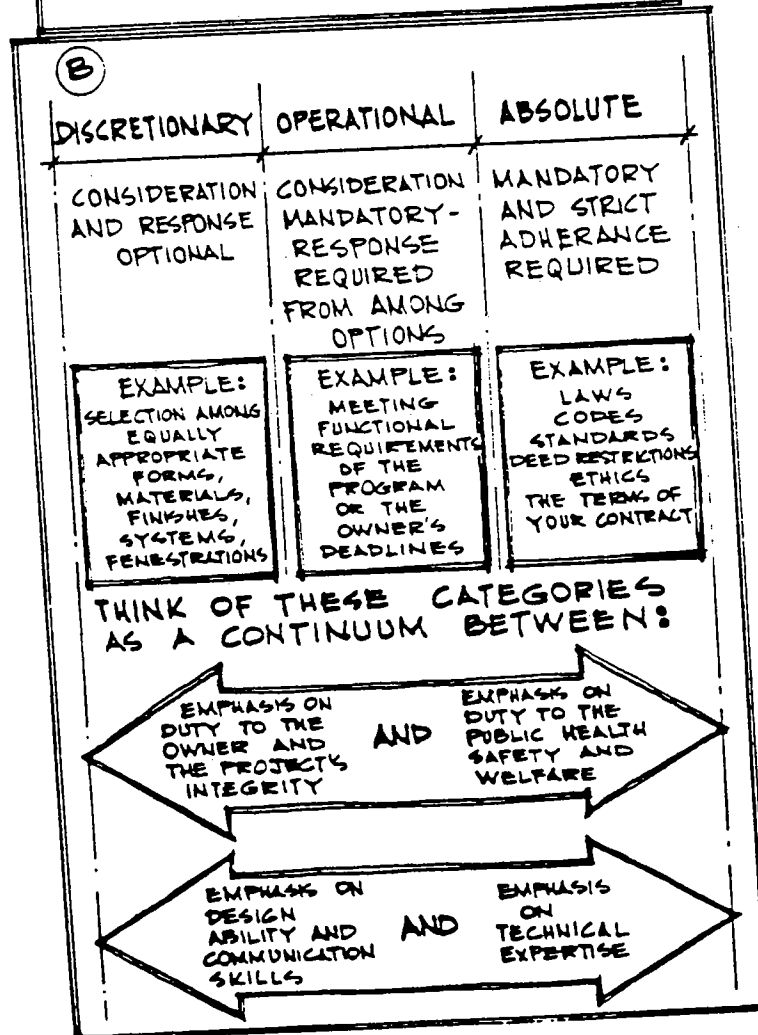
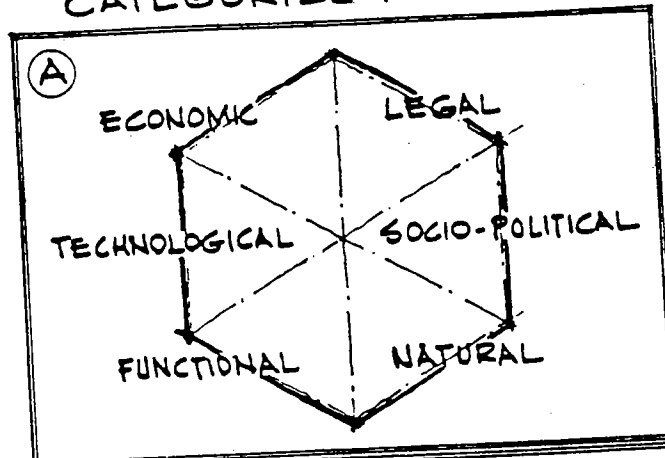


THINK OF THEM AS MODIFIERS. EACH CAN MODIFY YOUR COURSE OF ACTION.



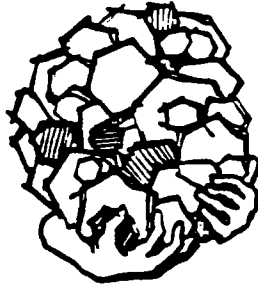
ANY CHANGE IN THEIR COMBINATION CAN, TOO.

## TWO USEFUL WAYS TO CATEGORIZE MODIFIERS

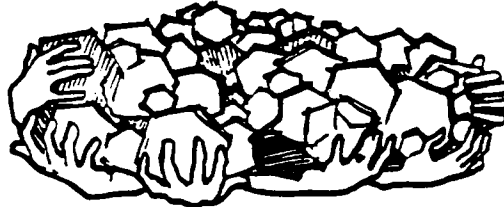




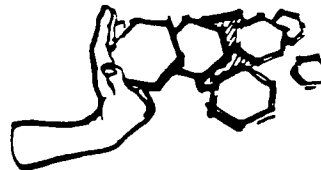
IN THE NEGOTIATION OF YOUR CONTRACT  
YOU CAN CONTROL THE SCOPE OF  
YOUR SERVICES, THE EXTENT OF  
PROFESSIONAL  
LIABILITY  
EXPOSURE YOU'LL  
INCUR, AND THE  
FEE APPROPRIATE  
TO THOSE SERVICES  
AND TO YOUR RISK.



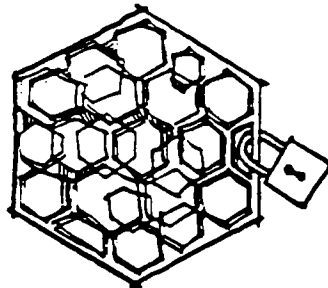
YOU CAN DECIDE TO UNDERTAKE THE  
ENTIRE PROJECT BY YOURSELF.



YOU CAN TEAM WITH JOINT-VENTURERS  
AND CONSULTANTS TO PROVIDE COMPRE-  
HENSIVE COMPETENCY - AND SET A  
FEE CONSISTENT WITH THAT APPROACH



YOU CAN ELECT TO  
LIMIT YOUR SCOPE OF  
WORK BASED ON YOUR  
PERSONAL COMPE-  
TENCY AND BUSINESS  
OBJECTIVES.



YOU CAN DECIDE TO  
REJECT THE PROJECT  
IN WHOLE OR IN PART  
GIVING UP THE FEE  
BUT AVOIDING THE RISK.

BUT ONCE IT'S LOCKED INTO A CONTRACT  
THE PROJECT TAKES OVER AND THE  
STANDARD OF REASONABLE CARE IS  
DETERMINED BY THE REQUIREMENTS OF  
THE PROJECT REGARDLESS OF YOUR FEE,  
COMPETENCY, DESIRE OR AVAILABLE TIME.

## CONTRACTING TIPS

Try to contract lump sum for those services where you can be expected to control scope and duration; the rest on an hourly basis.

### THE RATIONALE:

**PREDESIGN**  
Propose an initial letter of agreement referencing the B141 as the contract form governing

#### **SCHEMATICS**

The final contract is then signed based on approved schematics

#### **DESIGN DEVELOPMENT AND**

#### **CONSTRUCTION DOCUMENTS**

#### **BIDDING NEGOTIATION**

#### **CONSTRUCTION ADMINISTRATION**

HOURLY

LUMP SUM

HOURLY

Star designers report they are doing predesign as a separate and essential phase of service. They say it's a key to achieving quality design. Try for an hourly basis -- at least hourly with an up set maximum.

Both scope and duration of schematics are controlled by others -- the client, design review boards, regulatory officials, etc.

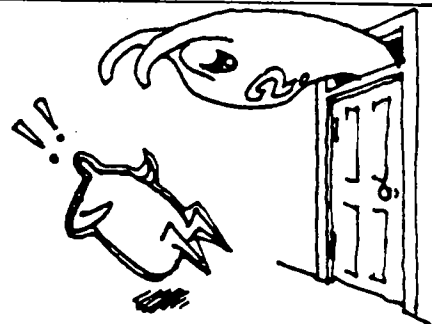
More importantly, the client gets more value per hour spent here than in any other phase. Some smart developers set a fixed deadline and pay for as many hours as their architects can cram in.

The scope of the project isn't really known till the end of schematics. At that point you should be able to take responsibility for scope and duration of D.D. and C.D. services.

Both you and the client lose control of scope and duration of your services in B/N and C.A. Market forces, weather, supplier delivery schedules, and the luck of the draw in who is low bidder on each of all the subcontracts -- many factors combine to set construction administration requirements.

Perhaps all that sounds too complicated for the size and type of projects you usually do.

At least, when a job comes in "over the transom," take it on an hourly basis until the scope is set.



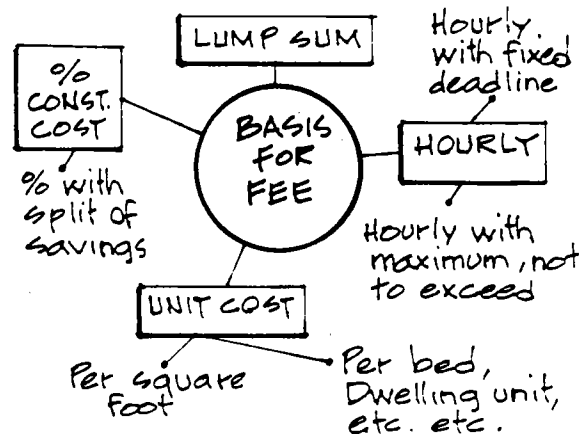
## BASIS FOR FEE

How Flexible should you be? Stasiowski advises having only two bases for determining the fee:

LUMP SUM  
and  
HOURLY

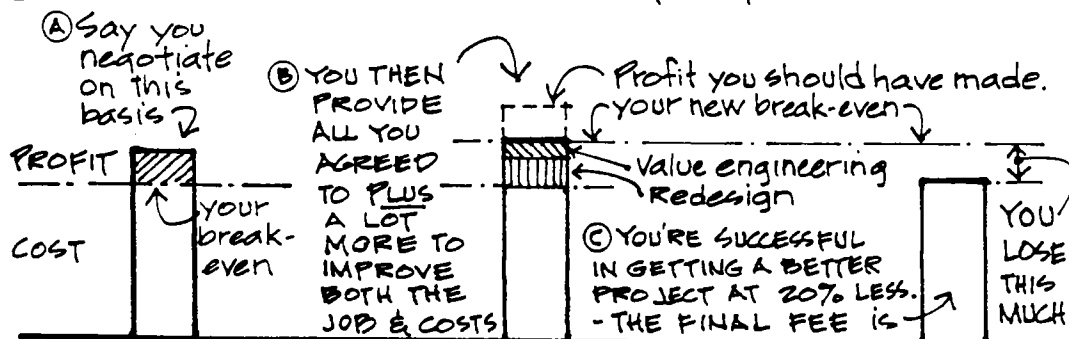
More than that increases administrative burden and the probability of mistakes and delays.

If the client mandates another basis, Frank advises you negotiate an additional administrative charge!?



**% OF CONSTRUCTION COST** continues to be used because it's so easy to calculate it has become an industry-wide rule of thumb as a basis for comparison. It is NOT recommended here as the basis for a contract:

- ① It's too easy. It invites both you and the client to skip any thorough analysis - or shared understanding - of project needs.
- ② In a falling market, % fees can hurt you seriously.
- ③ In a boom market with rapidly rising prices you can make a windfall profit - and risk an angry client who suspects you of loading the project to pad your own fee.
- ④ The "going rate %" is based on average fees paid for all the junk you see getting built. If you and your client want anything better, throwing percentages back and forth won't help.
- ⑤ There's a fundamental flaw in the principle:



ON A PERCENTAGE OF CONSTRUCTION COST FEE BASIS, THE BETTER YOU DO AS A PROFESSIONAL, THE WORSE YOU DO IN BUSINESS.

[illegible][illegible]

# SECTION 3.

## MANAGING PROJECTS

|   |      |
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| Doing small projects successfully                         | 3.2  |
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| Design excellence: what is it? How do we know?            | 3.10 |
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# MANAGING PROJECTS

Out of 14 small-firm roundtables and 6 workshops on small-firm management, not once have the participants put project management on their agenda. When architects feel ready to open their own practices is usually when they feel their major strength is in running projects. Not only that --

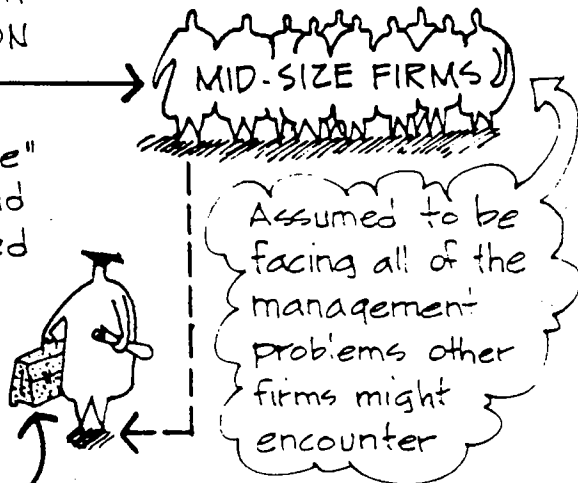
THE ARCHITECT'S HANDBOOK OF PROFESSIONAL PRACTICE (AIA, 1987) devotes a whole volume to how to do projects. It's the best.

OLD SAYING: "When art critics get together, they talk about ART. When artists get together, they talk about the price of paint and canvas."

So WHY HAVE A SECTION ON PROJECT MANAGEMENT HERE ???

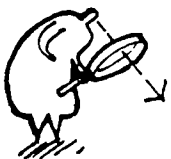
1 The Handbook was written with an approximately 10-PERSON FIRM in mind. →

2 Mid-size firms also "graduate" many of the people who found the 1000± new firms started each year. Many of these architects carry with them their old firm's way of doing projects. Do you have any excess baggage left from that experience?

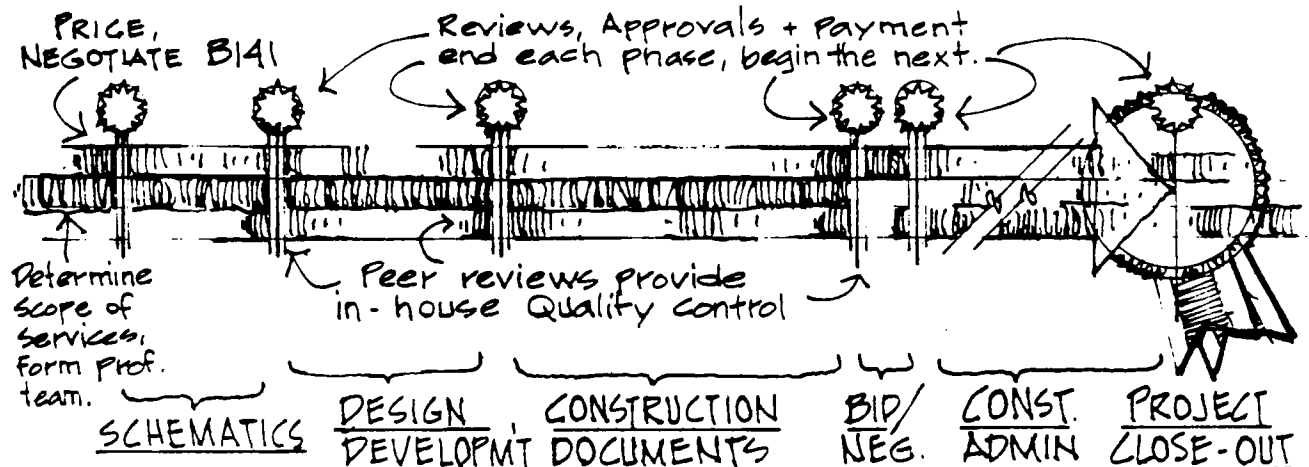


3 A lot of new and useful project management information has been developed through research roundtables since 1987.

"IN 1989, principals of star design firms told us they "undermanage" their firms just like the small firms are managed. The stars told us they concentrate on projects -- the real reason they (and you) became architects in the first place."



IN 1990, small-project practitioners told us how some of the ways they are successful doing very small projects are very different from (though still based on) what the Handbook and your training in a larger firm might lead you to do.



We tend to think of a "Typical B141 project", involving a team of professionals and a series of stand-alone phases:

- ☐ Each phase building on the previous in linear sequence
- ☐ Each beginning and ending with reviews, approvals and authorizations -- both in-house and from the client
- ☐ Each phase laps the others to provide a "seamless service"
- ☐ Each phase has a separate package of documents just for that phase -- and often even a separate team of architects and engineers.

**\* SMALL-PROJECT METHODOLOGY**, however, is reported by architects who specialize in it, as more spiral than linear, and involving only one design professional throughout, who does it all:

### DRAWINGS, SPECS, ESTIMATING

**1st MEETING:** Agree on program, design options and probable solution, logistics, range of probable costs, services, fee.

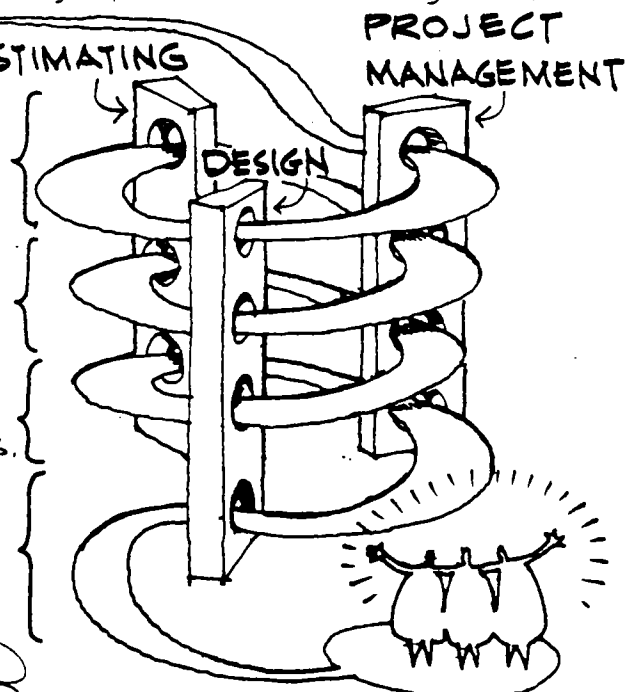
Draw it up, get builders' suppliers' availability, rough prices. Contract.

**2nd MEETING:** Review, modify, approve design. Push for negotiated builder's contract. Get paid.

**3rd MEETING:** Confirm approvals of drawing(s), price, materials, systems. Get builder on board.

**CONSTRUCTION MEETINGS:** Direct, clarify, modify design, specs, logistics, procedures, and cost to evolve the optimum solution

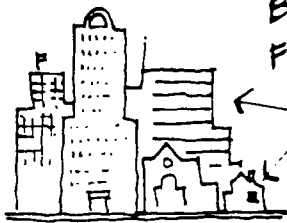
**\* SMALL PROJECTS:** Not necessarily residential remodeling, but of that scale and having that degree of client involvement.



The owner/the architect/the builder team up to evolve the design and incrementally implement it at each cycle. It's all relationship and working things out as they arise...

## MORE ABOUT SMALL PROJECTS

Five research roundtables (nation-wide in 1990) reveal that thousands of architects seek and specialize in small projects. They report that being successful in the small project market niche is not just a matter of doing less of the same things you do on larger projects. It means omitting some things entirely and doing other things very differently as compared to the "B141 project."

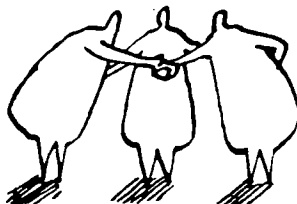


BUT THE STANDARD OF CARE IS EXACTLY THE SAME FOR ALL PROJECTS, NO MATTER HOW BIG OR SMALL.

IT IS THAT YOU ARE RESPONSIBLE FOR USING REASONABLE, PRUDENT, PROFESSIONAL JUDGMENT GIVEN THE SPECIFIC CIRCUMSTANCES.

THIS DOES NOT TELL YOU HOW TO MEET THE STANDARD OF CARE. IT DOES SUMMARIZE WHAT SMALL-PROJECT PRACTITIONERS ACROSS THE COUNTRY REPORTED ABOUT HOW THEY DO SMALL PROJECTS. ESSENTIALLY, THEY SAID:

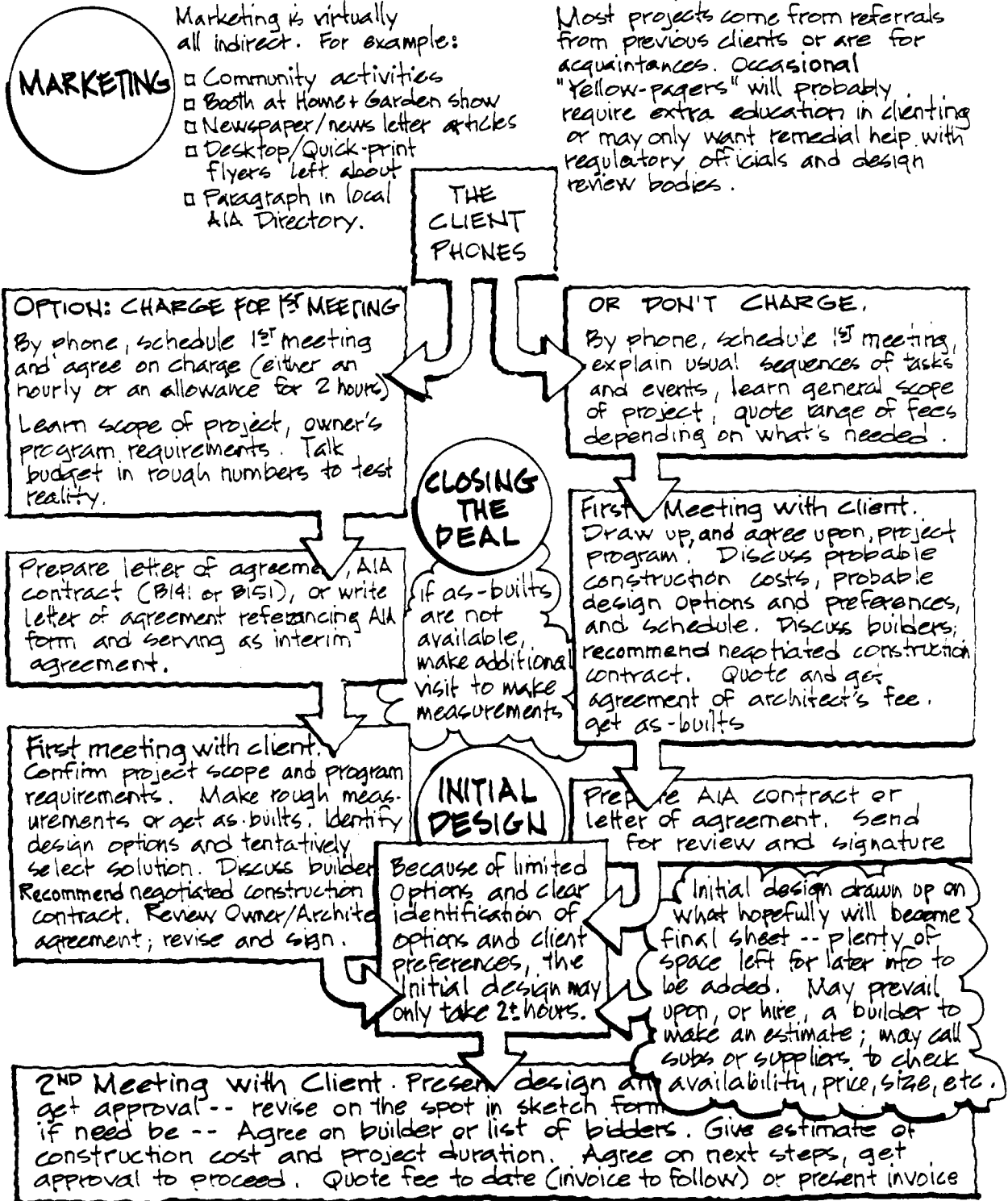
- ❑ Do (don't manage or delegate staff doing) the project.
- ❑ Typically, do not contract to do and don't provide Design Development drawings, certificate of payment forms, change order forms, etc. All services are based on Handbook, B141, and A201 knowledge but are generally simplified and abbreviated to the point that the actual forms would be inappropriate - or, at best, irrelevant. TRY B151.
- ❑ Minimize the number of desks the project touches in-house.
- ❑ Try to make one drawing (or set of drawings) serve throughout the project. Add information as needed rather than redraw.
- ❑ Analyse each project as a unique set of problems suggesting their own appropriate requirements for solution.
- ❑ Concentrate on relationship and immediate response to both people and problems. Meet often.
- ❑ Keep lots of memos to file, client, and builder as the documentation of the project, rather than cumbersome, confusing forms.



THE NEXT TWO PAGES GIVE A COMPOSITE OF REPORTED PROCEDURES.



# COMPOSITE: REPORTED SMALL PROJECT METHODOLOGIES



## PERMIT DRAWINGS

Normally required in large urban areas or wherever "no" or "slow" growth trends make the permit process lengthy or complicated. Make separate permit drawings, or severely edit design drawings to show ONLY what the regulatory body requires. In some areas this step can still be omitted.

### IF PROJECT IS NEGOTIATED:

Revise/add detail to the initial drawings to clarify approved design. Meet with selected builder to confirm cost estimate or revise design to meet it. Agree on means, methods, materials. Agree on subcontractors and have them design mechanical and electrical systems.

The Client's approval to apply for a permit is a good test of how "real" the project is. If not previously done, get project under contract now.

### IF PROJECT IS BID:

Revise initial drawings to show approved design. Hire or prevail upon builder to estimate; hire or prevail upon subcontractors with engineers to design MEP.

## BID DOCUMENTS

Based on info and drawings from builder, subs and suppliers, publish final bid sets for final confirmation of price.

Phone local supply houses to check price and availability of selected materials/systems. Prepare in sticky-back form the equivalent of 6 to 15 typed pages of outline specs. Integrate into drawings.

Based on information from subs, suppliers, and builder, complete bid set by adding information and/or additional drawings.

3rd Meeting with Client. Builder, Owner and architect meet to confirm price and intent, condition of premises, construction access, conditions and schedule.

Owner/Contractor agreement signed. Architect paid.

3rd Meeting with Client. Review, approve bid sets. Present invoice and obtain payment. Instruct Client on bidding procedures.

## BID, NEGOTIATION PHASE

By their own appointment, bidders are interviewed by the owner, who issues bid sets.

Owner receives bids, consults with architect to select successful bidder. Architect and bidder work together to revise design if necessary to meet budget.

## CONSTRUCTION CLARIFICATION DRAWINGS

Construction Clarification drawings are usually needed after the Owner/Contractor Agreement is signed and are furnished as the need evolves - some design continues to take place throughout construction.

## CONSTRUCTION ADMINISTRATION PHASE

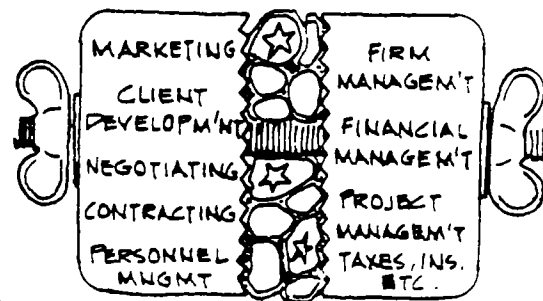
Observation and phone memos are kept, along with a master list of changes agreed to in the course of the work. Periodically owner, builder, and architect discuss net contract changes and percentage complete. There are no formal change orders or certificates.



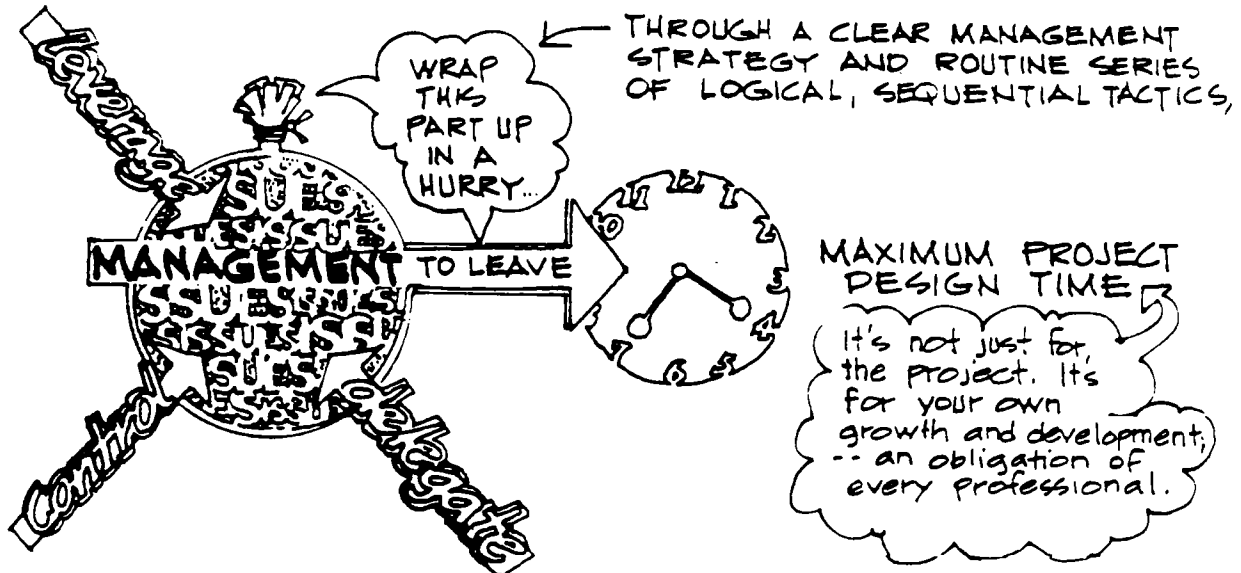
Most architects entered the profession to design excellent buildings and thereby leave the world a better place than they found it.

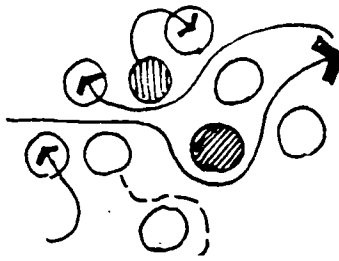
In response to the pressures of business, however -- the demands of running a firm, too many feel forced to abandon the continued development of their own design abilities. They feel they must choose between success and becoming better designers.

Recent research roundtables involving principals of some top design firms assure us the star designers face all the same business pressures you do. And that success and design excellence are complementary, rather than mutually exclusive (see "KEYS TO DESIGN EXCELLENCE", AIA Press, 1990).



"CURRENT PRACTICES IN SMALL-FIRM MANAGEMENT" (AIA Press, 1990) presents an overview of all those issues of running a firm with the underlying purpose of helping you gain efficiency at all the required business and management tasks -- thereby leaving you more time to do what you started out to do -- GOOD ARCHITECTURE.





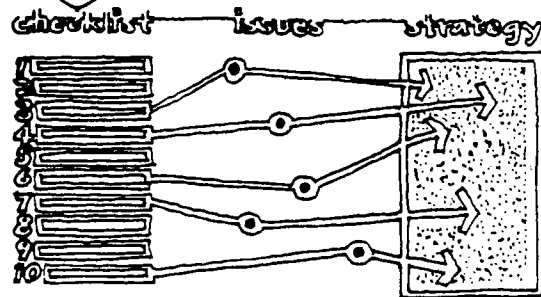
There are efficiencies to be gained in how you design, too.

..... NOT, however, through the use of sequential, routine office standards, as in the case of gaining efficiency in technical or administrative matters.

Such a checklist approach to design process can produce short-term time-savings. But if design quality is an issue, it can also result in redesign.

True efficiency in design comes from:

Knowledge,  
experience,  
designing attitude



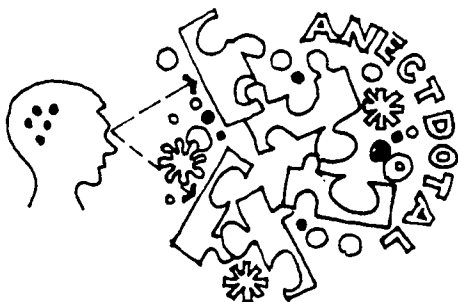
A lot. George Hartman: "The only reason I'm any better at design than anyone else is that I do it all the time -- that's all I do."

Joe Escherick: "The secret to design excellence -- paying attention."

In "DESIGN THINKING" (MIT Press, 1986),

Peter Rowe points out an episodic pattern

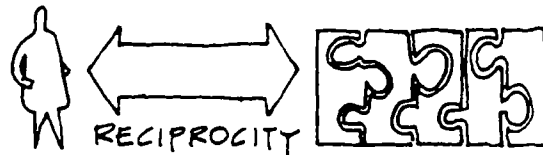
to designing architecture ..... And that the episodes have a consequential connection to one another rather than a sequential one. So possibly Escherick's "paying attention" encompasses a constant awareness of what's happening in the project and of one's inner, intuitive, responses to the design changes while they are evolving.



Design is not science, nor was our investigation of it scientific. What's presented here has been distilled from a wealth of anecdotal information. The star designers no more design using the same processes than they design the same solutions for the same problem.

But they do all seek (some in unique ways) to have each design problem speak to them about how it can best be solved.

It is up to the individual architect to strive for design excellence through processes that are effective for them on that specific project.



## DESIGN EXCELLENCE -- WHAT IS IT AND HOW DO WE KNOW ??

There is no consensus definition  
of design excellence.

### WE DO KNOW:

- ❑ Design excellence is the architect's best marketing.
- ❑ Design excellence drives the way architects go about getting, organizing, and doing projects
- ❑ Design excellence is a major issue in the architect's choice of:
  - Partners
  - Clients
  - Staff

Design excellence, and what architects think and believe about it, is at least as central to their profitability and success as the ways in which they practice and manage.

In fact, it's so integral to the business success of architects that it's surprising we continue to make a distinction between the two things: design and practice.

Weld Cox: "For too long we have worried about the practice of practice and the design of design. There's just the one thing --- architecture".



## SUCCESS AND EXCELLENCE

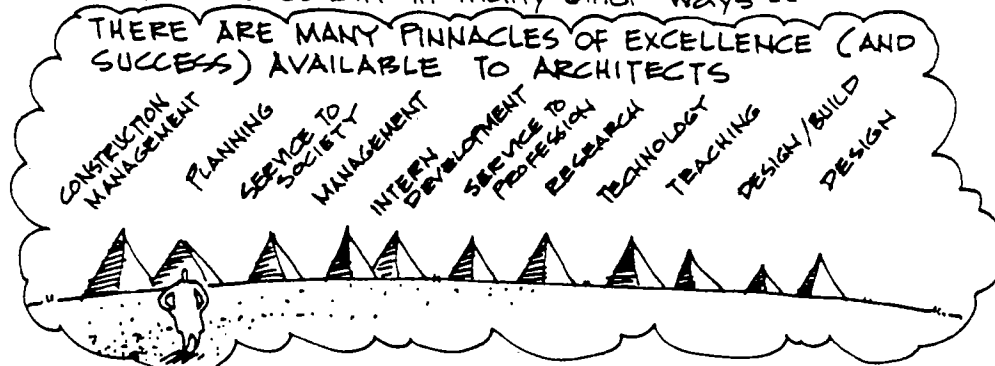
What's confusing: For most of the world, excellence (no customer complaints, increased sales, worker safety, etc.) is all quantifiable, all part of making a profit.

We often speak of successful projects, but for our purposes here, think of success as the long-term result of your practice or the performance of your firm. It involves such indicators as prestige, status, power, financial rewards.

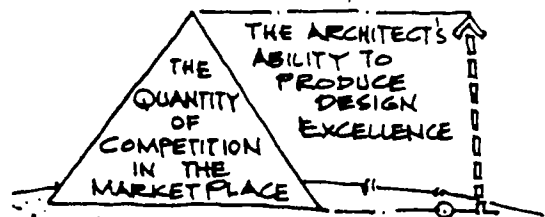
Most architects would add to that list such indicators as service to society and having provided services for a body of excellent work.

One of the things that separates the professional from the non-professional: we hope and work for success, but it's not automatically part of excellence. Lou Kahn died bankrupt. Successful architects die every week that you and I will never hear of. Design excellence is not the same thing as success in the terms the world uses. We operate from a different set of values.

In fact, only projects have design excellence. Firms can be excellent in many other ways --



On the other hand, not only architects but the whole world values design so highly, that in most cases, you can think of that pinnacle as a quantification diagram of your competition in the marketplace! For us, success and excellence are very different things, but each can be a medium for the other.



# DESIGN EXCELLENCE

For her research, Dana Cuff \*  
defines it as:

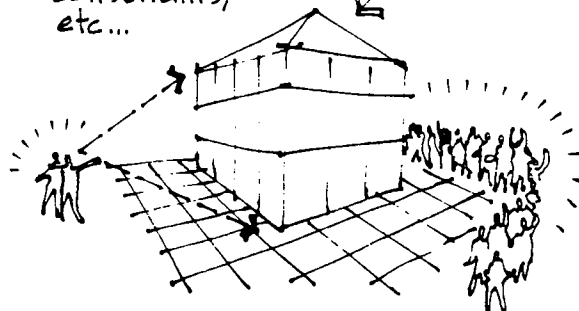
"THE PERCEIVED QUALITY OF THE EXPERIENCES  
A BUILDING OR PLACE PROVIDES FOR THREE  
GROUPS OF PEOPLE:

## THE PROFESSION:

Through design,  
awards, publications,  
emulation, etc...

## THE PARTICIPANTS:

Clients, architects,  
consultants,  
etc...



## THE PUBLIC:

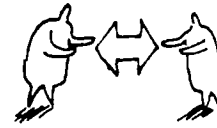
User groups, tenants,  
the community, through  
approval, support, pride,  
enthusiastic use ....

Over time  
~~~~~

\*"Excellent Practice: The Origins Of  
Good Buildings": A Final Report To  
the National Endowment For the Arts.  
1989. Written by Dana Cuff, faculty  
at USC. The report details the  
research of three award-winning  
projects to determine what  
methodologies were used to achieve  
their design excellence.

That definition says a lot:

- That design is a social act involving interactions; even negotiations at every step of the work.



- That design excellence is not a set of absolute objective characteristics. It's not quantifiable, it's qualitative and experiential -- you have to be present to win.

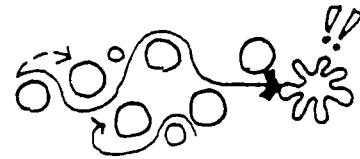


- That design excellence requires tenure. It's not a one-off beauty contest on opening day



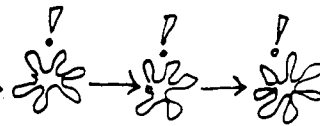
- That design excellence does not reside in a firm or a person. It's project specific.

Cuff: "All architects can achieve design excellence; just not all the time."



What's heartening is that each project presents a new chance!

What's needed is an attitude, an approach, some processes that will maximize your odds at winning -- and improve the consistency with which you achieve design excellence →



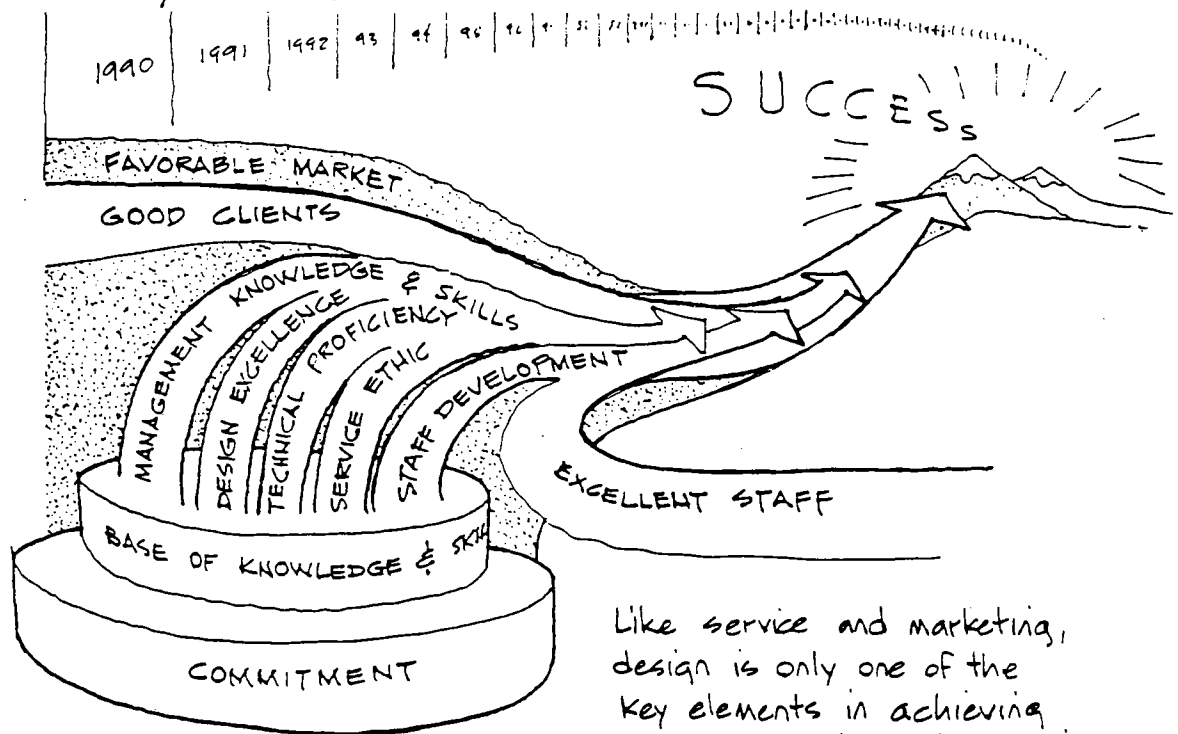
On the following pages are tips from the 1989 research roundtables involving principals of design firms that are known for consistently excellent projects.



## GOOD DESIGN : GOOD BUSINESS

Many fine and dedicated architects, whose goal (and effort) is to achieve success, make design excellence the cornerstone of that success.

The following tips from star design firms and the information on design critiques is applicable whether your purpose is improving your own design abilities or facilitating design quality assurance in your firm.



Like service and marketing, design is only one of the key elements in achieving success. But by improving your design, a lot of other things begin to fall into place. Like attracting good staff and good clients.

WHAT STAR DESIGNERS HAVE IN COMMON:

## ① COMMITMENT AND FOLLOW-THROUGH

The one thing that was absolutely unanimous among the signature firms Roundtable participants was their unswerving drive to produce excellent projects.

They talked of architecture as idea, architecture of meaning, architecture of such quality that it is worth devoting whatever it takes for as long as it takes to see it built just so.

It's as though, having given every reasonable attention to the courtship -

- Client Selection
- Negotiation
- Predesign -

Once committed, the firms seriously take on the projects "for better or for worse."

They did not admit to having any "bread and butter" projects.

Of course, for them as for you, some projects are more profitable than others, depending on size and previous experience in that project type.

They evidently strike a balance between the more or less "money makers and new or challenging projects."

Most continue to do private residences for the learning experience!



## SPECIFIC TIPS FROM THE SIGNATURE FIRMS ROUNDTABLE

Read these for insights to improve your design performance — but also for a sense of what it would be like if you patterned your firm after a composite of what we heard at the Signature Firms Roundtable. It's obviously not for everyone.

### ② FOCUS ON PROJECTS

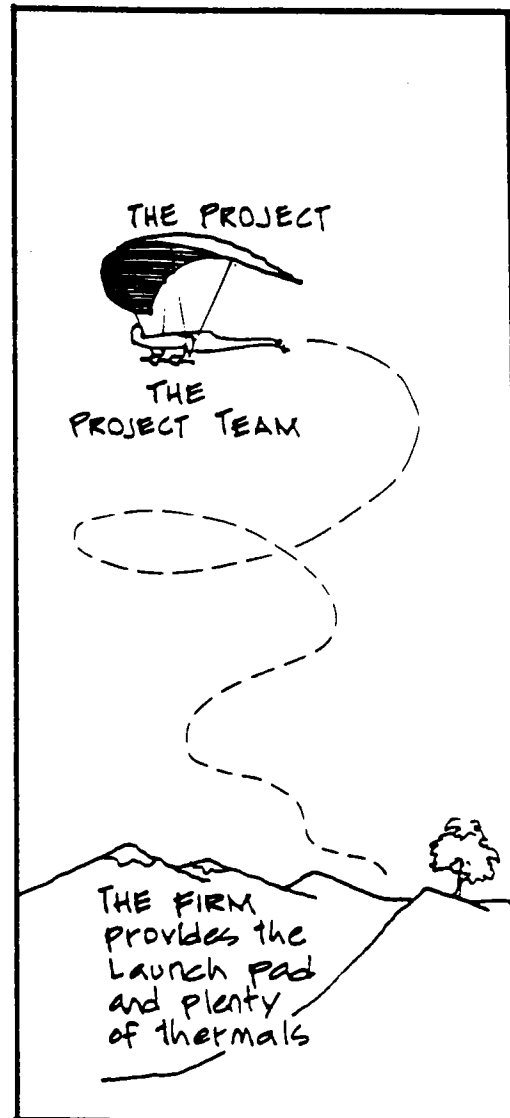
Think of the firm as, first of all, a collection of projects — Doing them well is the only reason for everything else.

"The issues that exist are the issues you choose to deal with." Focus on project excellence and think of ways to measure and assure the quality.

- Try weekly project pin-up sessions within each project team.
- Double the number of your board crits and the time you spend discussing your aspirations for the project.
- Make sure the whole staff knows the commitment is there.

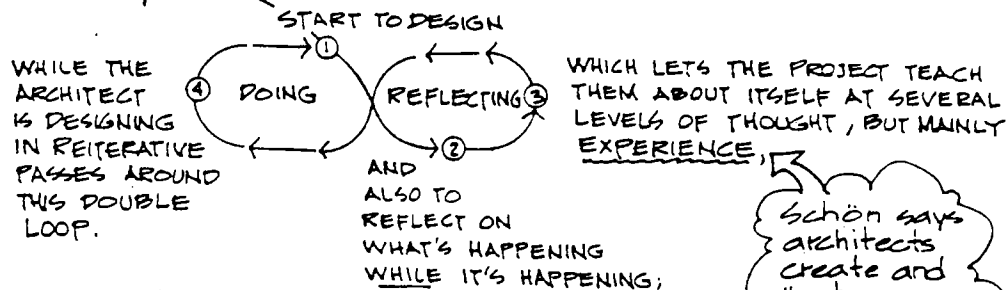
It sounded as though the Roundtable firms were "undermanaged" in exactly the same way most small firms are.

Yet, some of them have 100+ total staff. Very few support staff. The issues they choose to deal with are mostly projects.



### ③ BASE EACH PROJECT'S PROCESS ON THE SPECIFIC NEEDS OF THAT PROJECT

In the book "THE DESIGN STUDIO" \* Philosopher Donald Schön (MIT) says architects do more than they know how to talk about. That they



This is not too different from what is commonly reported by authors -- That their books take on a life of their own while being written. They "tell" the authors how to write them.

The question is -- how early on can you coax the project into "speaking" to you about it's own design problem and solution? Look at all the variables:

| WHO                           | WHERE              | MEDIUM                |
|-------------------------------|--------------------|-----------------------|
| • You alone                   | • At your office   | • sketches            |
| • You and the client          | • theirs           | • mass models         |
| • You and users               | • on a plane       | • CADD                |
| • - staff (with you or alone) | • with children at | • finger paint        |
| • - consultants               | • the playground   | • etc. etc. etc. .... |

One of the neat things about small firms is their flexibility. You probably have more leeway in how you approach project organization and design than the famous designers who gave us this tip.

Don't let the way you were taught in school -- or the firm you interned with -- become a rigid standard procedure. Stay open to finding fresh or unique ways to work. And open to the ways your staff work best also -- Alone, in teams, before, during, or after hours. Productive Flexibility is a rare luxury more affordable to you than to large firms.

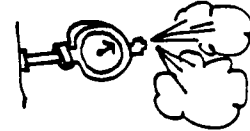
\* 1985, RIBA Publications Limited.

Schön says architects create and "enter a virtual world" through the use of overlays of transparent yellow trash paper -- that they truly experience the project.

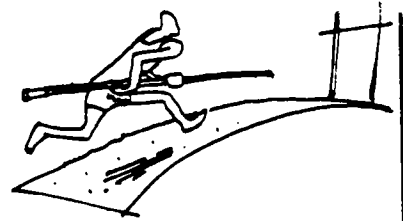
## ④ EXTEND PREDESIGN

- Invent ways on each project to force yourself to not start immediately into design. Ways to get the client involved in and paying for this "discovery phase."
- What are the 5 or 6 real issues the project brings you to solve?
- How many ways can you translate the design constraints into three-dimensional potential forms without designing the building?
- How many ways (writing, diagrams, mass models, etc.) can you describe both the minimum requirements and your highest aspirations for the project. Say how you will know later that you succeeded.
- Describe (without designing the building) the strongest, best formal concepts to be explored in the design. What concept(s) will be strong enough to withstand all the trade-offs and compromises that are part of every project.
- Involve the client. This is the time for the two of you together not only to confirm the program and budget, but also to reconfigure, re-create the project and the client's expectations of it and of you.
- This is also a good chance for the client to learn to be good at it - The client's buy-in to the concept and those 5 or 6 key issues is essential before you begin design on the basis of them.

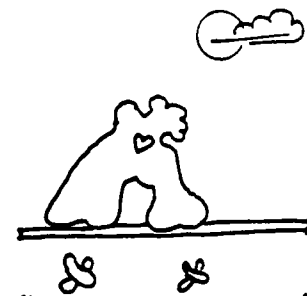
Think of Pre-design as building up a head of steam -



As Forcing yourself to make a really good approach -



And as Courtship!



But think of it a lot!

(Roundtable firms said they spend 30-45 days in this phase.)

## ⑤ DESIGN. DESIGN. DESIGN.

George Hartman: "The only reason I'm any better at designing than anybody else is I do it all the time."

The signature firms reported their design partners spend about 70 - 95% of their time designing. The managing partners spend as much as 30% of their time at it.

That means turning over to someone else a lot of the administrative, personnel, and business matters -

Just the reverse of what most other successful architects report they are willing to delegate.

The business decisions the signature firm principals don't delegate:

- Client selection
- Fee determination and negotiation
- Performance evaluation of the associates.

| GENERAL ALLOCATION OF DESIGN PRINCIPAL'S TIME | SIGNATURE FIRMS | OTHER FIRMS * |
|-----------------------------------------------|-----------------|---------------|
|                                               | 55-80%          | 5-10%         |
| WITH CLIENTS                                  | 5-40%           | 10-20%        |
| ADMINISTRATION                                | 5-25%           | 45-85%        |
| ACTUALLY DRAWING                              | 0%              | 0-40%         |

\* Reports from "other firms" vary a great deal due to differences in size and organization

And this, only because there's nobody to delegate it to. The associates then evaluate the rest of the staff.

## ⑥ START WITH A STRONG CONCEPT

Remember the 4th tip listed -- EXTEND PREDESIGN?

There were a number of very excellent reasons given for doing that:

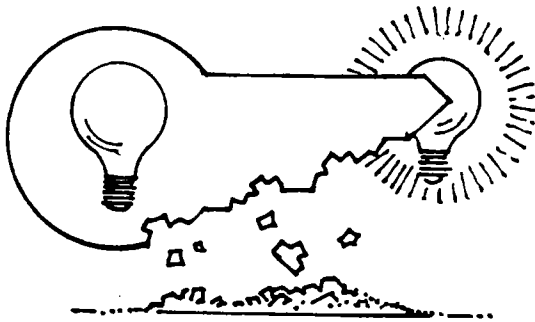
- ❑ Client development
- ❑ Buy-in by everyone -- client, staff, consultants -- to a design concept
- ❑ To develop the 5 or 6 key issues to be explored and resolved in the design
- ❑ To expand the "basic B141" services, adding a needed "Discovery" phase -- and getting paid for it

Then the 5th tip was to CONSTANTLY DESIGN -- and the signature designers do that through crits rather than drawing.

You can think of both those tips, along with this one, as a sequence -- all of them as strategies toward setting up a

- Datum point
- Base line
- Score card

One key to design excellence --



Start with a concept so strong it can withstand all the erosion that is inevitable on every project.

- against which the final design will be judged
- But more importantly, as an agreed-upon basis for keeping the project design focused as it evolves --
- As a defense against all the "hot ideas" you, your staff, consultants, and client are going to come up with mid-way through the project.

Apparently, the design process in the star firms is very public. Everyone talks design constantly and all ideas are welcomed --

so long as they are always examined in terms of the STRONG CONCEPT.

# ⑦ DON'T GIVE AWAY DESIGN CONTROL

## ▪ WITH STAFF:

The signature designers say they control 100% of the design decisions on every project.

How? They don't do any drawings!

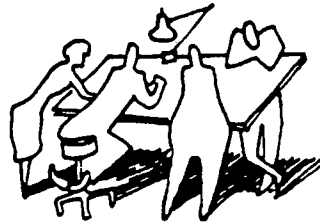
- Hone your skills at board crits and keep staff focused on the 5 or 6 key issues you've set to be solved. Always protect the concept you envisioned and judge alternatives against that high standard.

## ▪ WITH CLIENTS:

Stay flexible and open on any question of function or technology - either the project's or the client's.

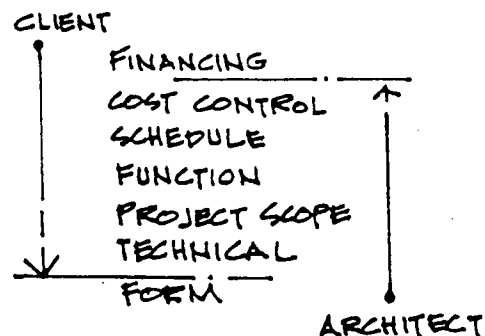
Keep talking about how it works or needs to work. Return again and again to the concept and the key issues you both agreed to.

- Expect them to expect you to control the design. That's why they hired you.



The signature firms spoke of their drafting rooms in terms of graduate school design studios -

And they reported almost NO staff turnover through voluntary resignations!





# HOW PROJECT DECISIONS GET MADE

Stu Rose has analyzed a lot of architecture firms according to a typology system developed by a Michigan management guru named Likert.

The system is based on four alternative behavior styles the boss may use:

Rose reports most architects behave as autocrats or benevolent autocrats but think they operate consultatively !!

There is no right or wrong way, of course -- it's just a matter of which style is most comfortable for you and effective for the staff and the projects.

## THE IMPORTANT POINT:

It's not an "either/or" question. It's "both/and", provided you are consistent about which areas of the practice you are going to use which style in. From recent investigations, it appears the star designers consistently behave in two styles:

AUTOCRAT in areas such as client selection, negotiation, staffing, and establishing the concept, the aspirations for the design.

CONSULTATIVE on actual project design. Having set the criteria, the standard for excellence for that particular project, and the "score card" against which to judge the design, they work very much in the open -- lots of discussion and crits.

IT'S REPORTED THAT STAR DESIGNERS:

- ① CONTROL 100% OF DESIGN FOR EVERY PROJECT.
- ② DESIGN IN THE OPEN THROUGH INCESSANT CRITS
- ③ HAVE ALMOST ZERO VOLUNTARY STAFF TURNOVER

Those of their staff who have been interviewed agree with at least the first two points.

The star firms compared their drafting rooms to graduate school design studios !!

It was also reported that star design firms practice an "up and out" staffing policy, which may account for part of the third statement. "Voluntary" means the staff decides on their own to leave the firm.

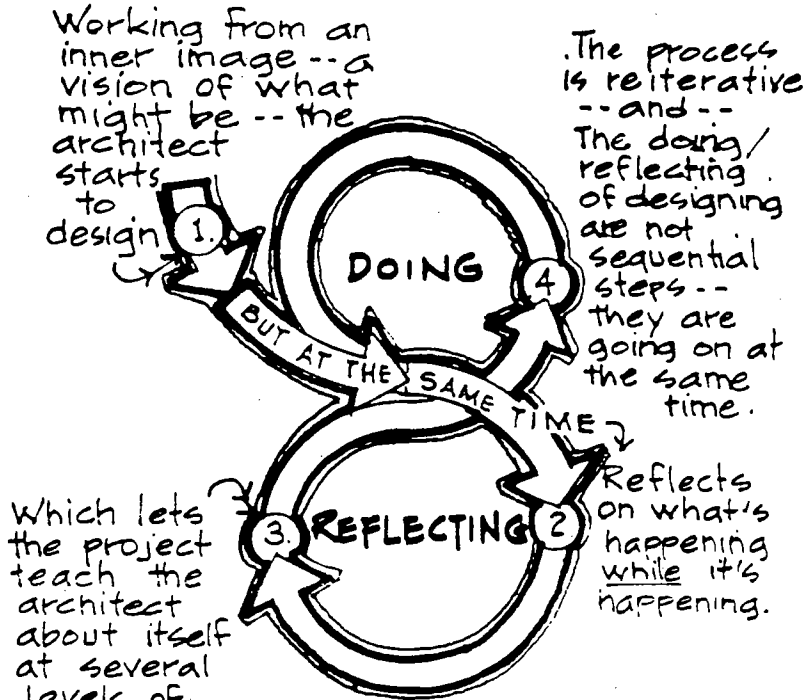
|                                                                          | SPEED | EASE | CONSISTENCY | MORALE | POTENCY |
|--------------------------------------------------------------------------|-------|------|-------------|--------|---------|
| AUTOCRAT<br>"I DECIDE".                                                  | +     | +    | +           | -      | -       |
| BENEVOLENT AUTOCRAT<br>"I DECIDE, THEN SELL IT TO THE REST OF THE FIRM." | +     | +    | +           | -      | -       |
| CONSULTATIVE<br>"I DECIDE, BUT FIRST I HAVE TO ASK".                     | -     | -    | -           | +      | +       |
| PARTICIPATIVE<br>"WE DECIDE".                                            | -     | -    | +           | +      | +       |

The "that's not in MY job description" or "so what?" factor

LIKERT, a strong teacher of the 1960s, wanted us all to become participative -- some of us tried it!

# HOW ARCHITECTS DESIGN

In his books "THE DESIGN STUDIO" (1985 RIBA), and "THE REFLECTIVE PRACTITIONER" (1983, BASIC BOOKS, INC., NY) Philosopher Donald A Schön (MIT) describes the process of actually designing as a double-loop system. You're learning while you're doing it.



David Haviland, RPI, and editor of the AIA HANDBOOK, talks about the same thing in terms of the "Reciprocity between the designer and the project." Star design firms, asked at the "signature firms" Research Round-table what sorts of things they want in hiring staff: "People who can reflect on what they're doing"

thought, but mainly EXPERIENCE. Schön says that in order to design, the architect enters the "virtual world" of the project. Through the use of overlays of sketch paper, the designer truly experiences the project as though it were built.

Through the use of sketch paper, lots of alternatives can very quickly be experienced.

EACH OF US DEVELOPS PERSONAL WAYS TO FACILITATE THE PROJECT'S SPEAKING TO US THAT ARE EFFECTIVE FOR US INDIVIDUALLY.

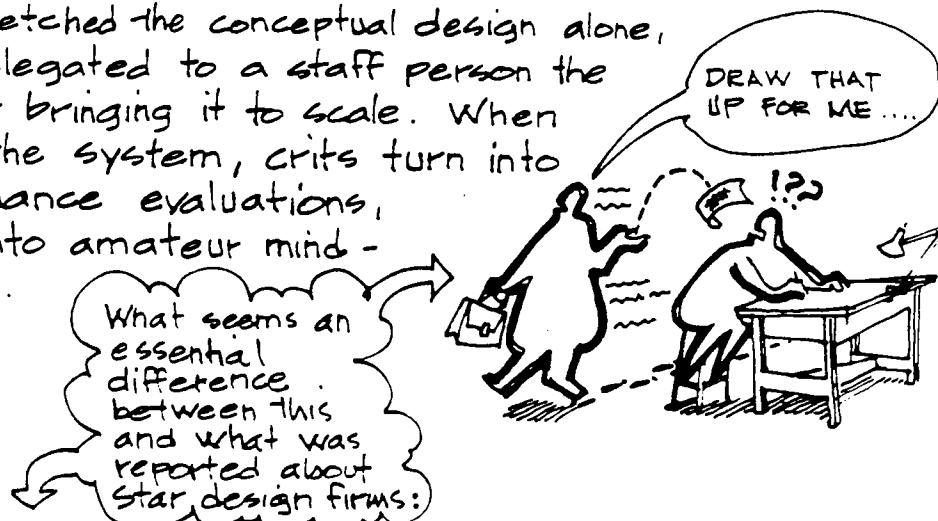
WHO  
alone --  
with staff,  
clients,  
contractors,  
users

WHERE  
Home,  
office,  
client's turf,  
at the site,  
on a plane

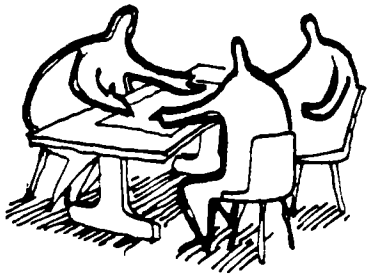
MEDIUM  
sketches  
scale drawings  
CADD  
rough models  
mock-ups

Unless you are willing to be restricted by the limits of what you, yourself, can personally produce -- or give up control of key design decisions -- the challenge is to learn to achieve the double-loop doing/reflecting experience of the project through crits.

TRADITIONALLY, of course, lead architects have sketched the conceptual design alone, then delegated to a staff person the task of bringing it to scale. When that's the system, crits turn into performance evaluations, staff into amateur mind-readers.



Star designers may not even make the first sketch, instead challenging several of the staff to explore the potential of the site through massing studies or models. The design principal then selects one or parts of several alternatives for further study.



Even when the star provides the concept sketch, they delegate with thorough discussion so that staff understand the historic allusions, the metaphors and aspirations -- the sense of place that the designer had experienced while conceiving the design approach. And it may be only an approach.

Subsequent crits are not just to make sure the staff is drawing to scale what the star sketched. They provide a way for the team to evolve the design. The star designer decides -- controls -- through a consultative process of critique of many alternatives.

The crit process somehow becomes a vehicle for the designer to reflect while doing (Schön's term) -- a way for the designer to enter and experience the "virtual world" of the alternative that staff has studied and presented.

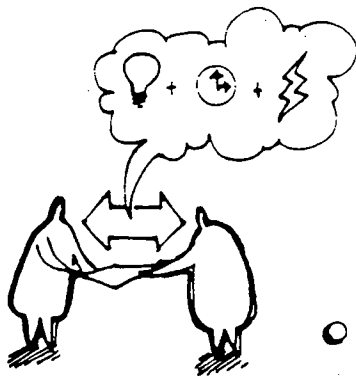
Of course, in order to critique a project, there must be a design to critique, which means you must have completed the predesign and effectively delegated the task of designing, or drawing up a to-scale version of your sketches.

## ☐ PREDESIGN



- Focus on your aspirations for the project, not just constraints or bottom-line threshold performance criteria.
- Say what you want the project to achieve, not how you want to achieve it.
- Boil it down to the 5 or 6 things the design must achieve for it to be really excellent.
- Get everybody's buy-in. (Likert's Benevolent autocrat)

## ☐ DELEGATE



- Define the things that only you can do.
- Define the rest of the job in terms of:
  - WHAT - media, scale, format of drawings/models.
  - WHO - responsibilities, who's accountable for what, who must be checked with or informed, who supports and how.
  - WHEN - start, finish, how many hours to spend, what has priority, or slides.
  - INTENDED - how we'll know that we won
  - OUTCOME (the "5 or 6 things" from Pre-design) who will see the results and for what purpose; why it's important.
- Encourage early feedback, schedule first crit.
- Review your vision/aspirations for the project. Ask for commitment.
- Check understanding -- ask them to "play back the tape" to you.

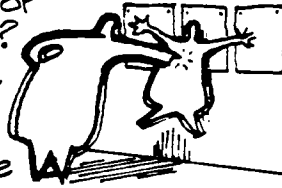
In this, as in all the steps of designing through the crit process, you act not as a manager, but as a leader. The difference is that a leader has and uses all the skills and know-how of the manager, but in addition, has a vision and the ability to motivate others to achieve it.

# EFFECTIVELY DESIGNING BY CRITIQUE --DESK CRITS

We stress here the importance of crits, but also mentoring.

How do you give (or get) good crits?

And how is that the same as, or different from, the mentor/mentee interchange?

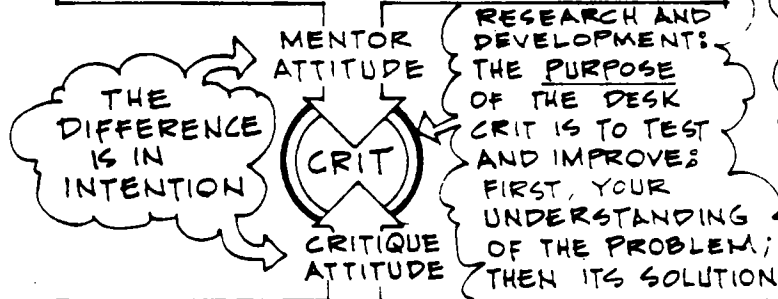


Hugh Newell Jacobsen, FAIA, and winner of more design awards "than anybody living", laments the fact that most architects haven't gotten a decent design crit since leaving school. Many of us, thinking back to the crit-and-jury system we lived through, think it's been longer than that.

But if you did get good design crits in school, make a quick list of the behaviors, skills and attitudes of the critics that helped the breakthroughs happen on your projects.

Elizabeth Plater-Zyberk teaches and practices. She says she crits in the office exactly the way she crits her students. She never says, "Do it this way."

Yes, you want the person you crit to succeed, and you want to use behaviors and give useful information that will help them perform better--do better work.



## ASSUME:

- The person you're criting is giving you their best and have reasons behind it.
- Those reasons are both valid and useful input to you as you design.
- You will learn those reasons best through flexibility and open discussion.
- It's your design, your final decision.

## 1. ATTITUDE: "This is R&D for me and the project."

What can the design problem tell me about itself through this person's alternative view of its best solution? How can I help us both discover a better one?

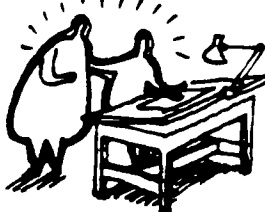
What are the questions I can raise to test my pre-design assumptions and, at the same time, "suggest next steps to try?"

## 2. LOGISTICS AND VENUE:



Neutral ground, level playing field, eye contact, fewer distractions

vs:



Frequent, incremental, shorter, "over-the-shoulders"

There are advantages and disadvantages to both, depending on the capabilities of the person you are criting, and the stage of the work.

The third option, of course, is the Friday afternoon pin-up review session. In the star firms we researched, that a routine team function.

SO FAR,  
WE HAVE CONSIDERED.....

### THE REASONS TO DESIGN BY CRIT

- Better projects - design excellence.
- More capable staff, better satisfied with the job.
- Your increased professional growth and capacity to design more projects better.

### LOGISTICS AND VENUE

- Frequency and duration based on the needs of the project and the capabilities of the person receiving the crit.
- Level playing field with eye contact vs: incremental input.

### THE APPROPRIATE ATTITUDE WITH WHICH TO APPROACH THE DESIGN CRIT

- What staff has to offer is valid and useful.
- The crit is R&D for both me and the project.
- I retain final say; it's my design responsibility, but I will decide very much in the open with lots of discussion and alternatives.
- I'm not doing this to check up on how well my instructions have been followed so much as to experience and evaluate what's new + different from my version

NOW CONSIDER THE  
APPROPRIATE SKILLS AND  
BEHAVIORS DURING THE CRIT

#1.

### ACTIVE LISTENING

THE KEYS:

DON'T JUDGE, DON'T  
PROBLEM-SOLVE

That  
comes  
Later

#### □ ENCOURAGE

- "You know, I've always had trouble with...."
- "Fill me in on ...."
- "It looks (interesting, formidable, deconstructionist, Richardsonian etc.) Tell me about ....."

#### □ PARAPHRASE

- "If I read your sketch properly, you see this building as ....."
- "Let me be sure I understand. You want the users to ....."

#### □ CHECK OUT WITH OPEN-ENDED QUESTIONS

- "Tell me more about how this  
(can't be answered yes/no.) (meets the program requirement to...)  
(serves the owner's concerns of...)  
(meets or changes our predesign goals.)  
(recalls the 19th century concept of...)  
(relates to the context, traffic flow, etc., etc.)
- "How do you feel about this ....."

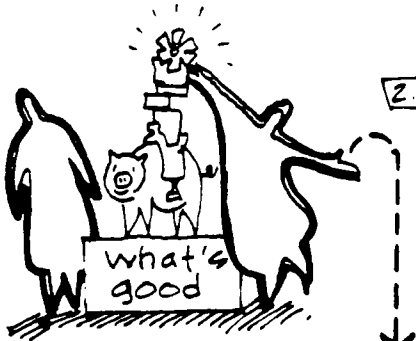
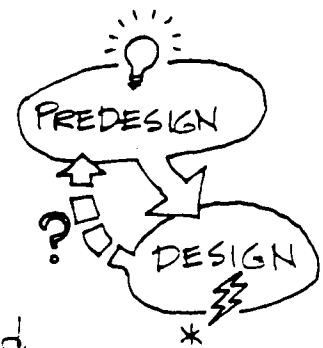
These are also key  
skills for the person  
receiving the crit!

# THE CRIT

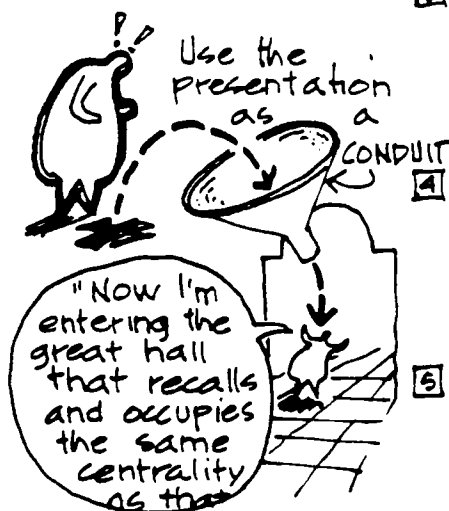
At this point, your active listening has satisfied both of you that the person receiving the crit understands that you understand the drawing or model, but more importantly, their intentions for the design solution. They know they've been heard. It's time now for the actual critique. Try this sequence:



- 1 Summarize predesign goals as a checklist-- the "5 or 6 things" become the scorecard. Or perhaps the design you're critiquing calls the predesign "5 or 6 things" into question? Examine the issue aloud.



- 2 Say what's good about the solution and WHY. Be specific. What does it recall in history? In your own experience? What do those references suggest that can help extend this design? Where could that lead? "Piggy-back" on what's good.



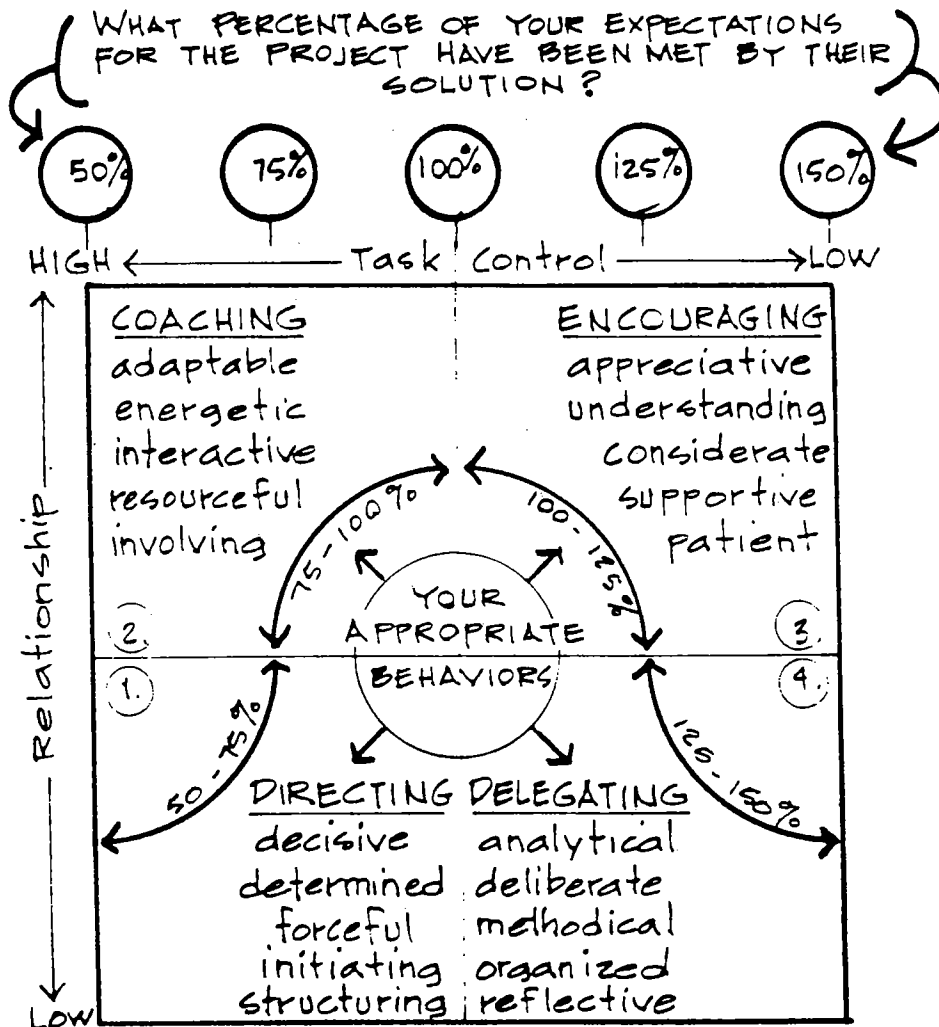
- 3 Then say what should be deleted, improved, changed -- and why. Suggest sources for alternatives -- better ways to approach that part -- what or who might help.

- 4 Overlay, sketch, diagram, use metaphors, think out loud, anthropomorphise. Experience Schön's "virtual world" of the design with live coverage as you go.

- 5 At the end of the crit, summarize, confirm the understanding, agree on next steps using the appropriate behaviors.

# YOUR APPROPRIATE BEHAVIOR IS BASED ON THEIR PERFORMANCE.

How you respond to the person receiving the crit should be based on how you respond to their proposed design.



The Center for Creative leadership teaches the use of this matrix in business and industry. It seems to also have good application for choosing the appropriate critique behavior somewhere in between ①: "Do this next" and ④: "This is great! I'll look in occasionally, but try not to interrupt you!"



# MENTORING

Thinking back over the tips from the star designers, two important findings:

- ① The star designers "don't draw". They sketch over others' drawings, using over-lays, make quick diagrams, talk a lot.
- ② The star designers give lots of board critiques. They may spend entire days giving crits.

If you add to those two a sincere interest in the professional development and personal success of the staff - then you're a long way toward a working definition of ....

CONSTRUCTIVE CRITICISM

EFFECTIVE DELEGATION

+

WANTING THEM TO SUCCEED

↓

MENTORING

As Long As you insist on staff being extensions of yourself, you're limiting what the firm can accomplish and encouraging staff turnover.



The principals of the signature firms seem to be open, friendly, very fine people. But that's not why they coach, give good crits, and delegate everything except:

1. Design decisions
2. Project/Client selection
3. Negotiation/Contracting
4. Performance appraisals of the people just below them.

Doing projects is the part of practice most small firm architects are most comfortable with - their internship was largely in production. So the tendency is to direct and control it very tightly.

But production is also the easiest and safest thing to delegate

- The results are all there in black and white for you to check.
- The best quality control comes from the checker not being the drafter.

They do it because it's in their own interest and the interests of the project.

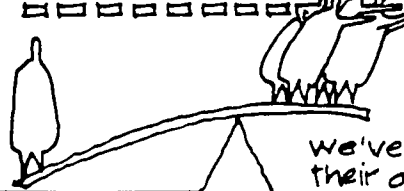
However:

Their low turnover rate indicates it's also in the interest of their staff.

GOOD MENTORING is  
good business  
good professionalism.

In the previous pages  
we have discussed

**LEVERAGING**



Designing

**EXCELLENT  
PROJECTS**

through the motivation  
and leadership of staff.

we've gotten tips from star designers that  
their attention to design excellence must

carry through production -- even construction. If you  
are to emulate this star-quality commitment and  
follow-through, Leverage becomes even more essential  
to project management after schematics.

**PROJECT  
MANAGEMENT  
IS THERE A  
SIMPLE  
VERSION?**

① GET  
WORK

⑦ EXPERIENCE  
PERSONAL GROWTH  
& SATISFACTION

KEN  
BUSSARD  
puts it  
this way

② DO QUALITY  
DESIGN

**MANAGEMENT  
CYCLE**

⑥ BE  
PROFITABLE

③ GET THE  
WORK  
DONE

⑤ GET IT BUILT

④ GET PAID

FOR A  
LARGE  
FIRM OR  
A LARGE  
PROJECT,  
THE  
PROJECT  
MANAGER'S  
JOB:

- Establish scope of services.
- Identify special needs of client.
- Identify quality of design required by client.
- Identify consultants.
- Negotiate fees and write contracts.
- Maintain regular communications with client.
- Budget and monitor the fee.
- Establish schedule.
- Assign manpower.
- Identify roles within team.
- Perform cost control tasks.
- Coordinate work of consultants.
- Conduct regular team meetings.
- Monitor changes in scope.
- Monitor agency and regulatory requirements.
- Help maintain team morale.
- Facilitate quality control.

UNLESS you're  
going to restrict  
yourself to the  
small-project market  
niche -- Or limit  
yourself to doing  
a very few projects  
at one time -- you  
must leverage --

**DELEGATE.**

1st step: decide  
from that list what  
really has to be  
done -- make  
checklists.

2nd step: decide  
what only you  
can do.

# HOW TO DELEGATE

4 kinds of delegation -  
Try not to use them all up on the same person!



DO NOTHING UNLESS I TELL YOU!

TELL ME BEFORE YOU DO ANYTHING!

DO IT AND THEN TELL ME! ?  
DO IT AND DON'T BOTHER ME!



## CHECK LIST

1. Define what only you can do.
2. Define the rest of the job in terms of:
  - WHAT - The mission - what must be done to succeed - upper goals and lower limits - and why it's important.
  - WHO - responsibility - who's accountable, who must be checked with, informed. Who supports.
  - WHEN - start, finish, how many hours to spend - what comes first or can slide.
  - INTENDED OUTCOME - How we'll know that we've won.
3. Encourage early feedback - schedule the first time.
4. Define level of limits of resources and level of authority.
5. Define information system - format - what needs to be recorded - what saved.
6. Ask for commitment.
7. Check understanding.

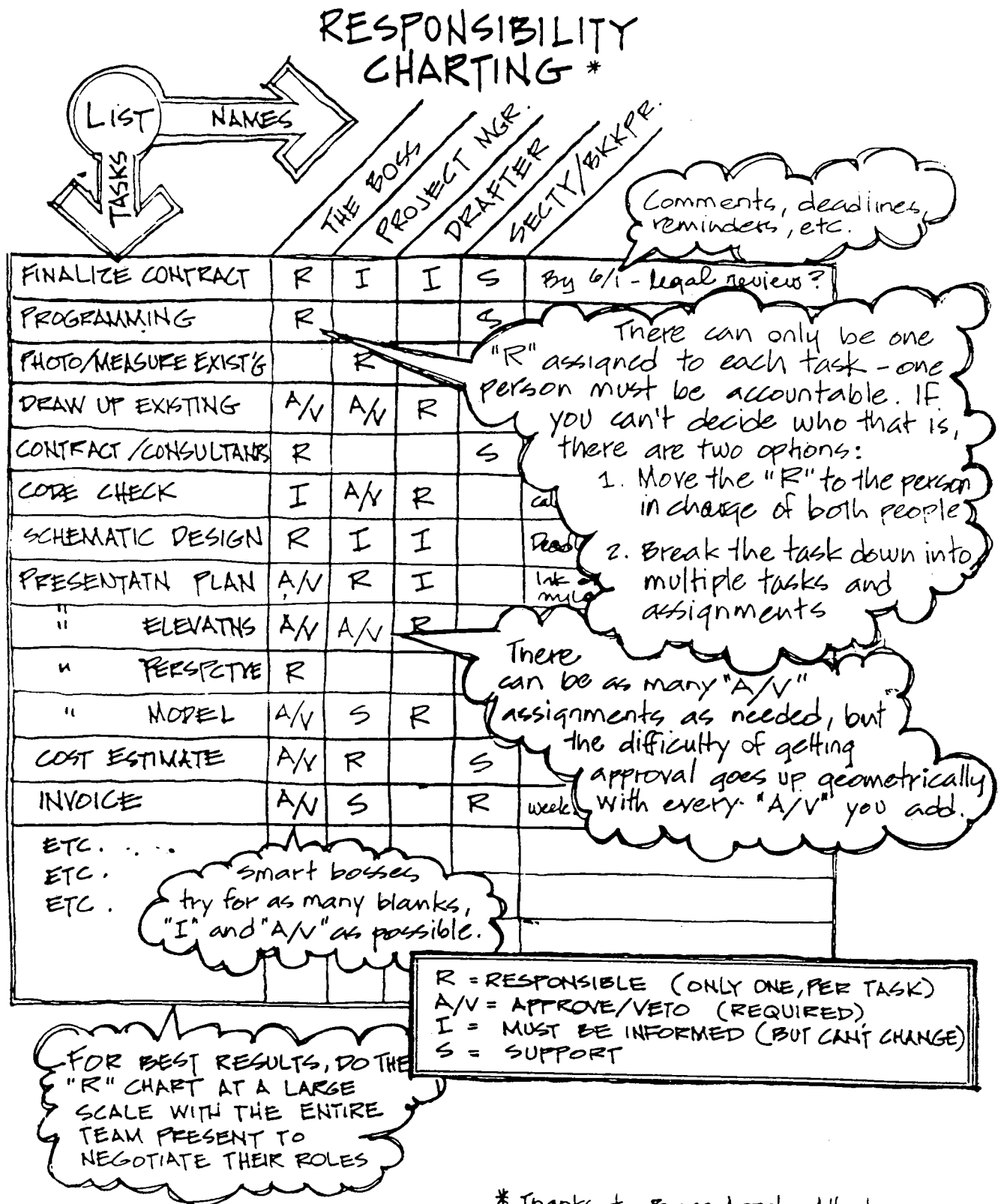
BUT THERE ARE REALLY ONLY TWO RULES: \*

I. ONLY DO WHAT ONLY YOU CAN DO!

II. GUARD AGAINST UPWARD DELEGATION!

\* IF YOU WANT THE FIRM TO GROW

THE VERY BEST DELEGATION, of course, occurs when team members negotiate their own assignments and deadlines. Here's a format and procedure.

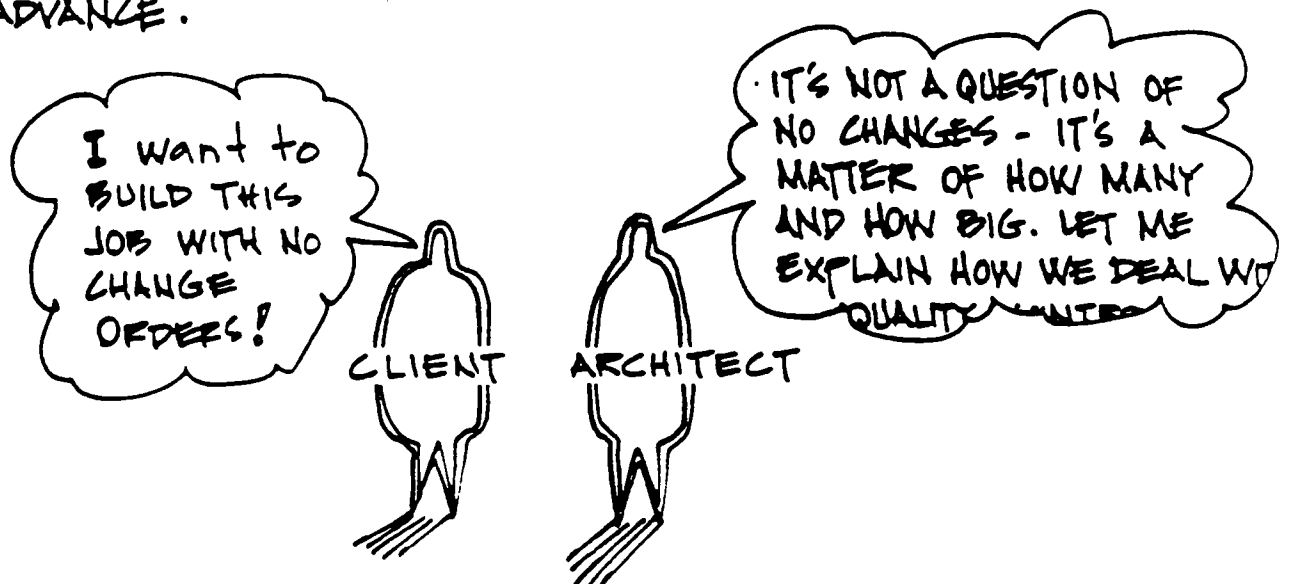


Note: A lot of the ideas presented here come from Ava J. Abramowitz, Vice President of Victor O. Schinnerer & Company, Inc. The next two pages especially:

**MANAGING CHANGE:** DURING CLIENT SELECTION YOU WILL HAVE PREPARED YOUR CLIENT FOR THE CHANGES THAT ARE BOUND TO HAPPEN. WHEN CHANGES OCCUR, THE WAY YOU HANDLE THEM CAN MAKE THE DIFFERENCE BETWEEN A HAPPY CLIENT AND A JOB GONE SOUR —

- ▣ INFORM THE CLIENT
- ▣ CLARIFY CLIENT EXPECTATIONS
- ▣ ANALYZE OPTIONS
- ▣ PRESENT OPTIONS
- ▣ DOCUMENT CLIENT DECISIONS
- ▣ UPDATE THE CLIENT

THAT'S AFTER THE FACT. OF COURSE, THE REAL SECRET IS TO ANTICIPATE CHANGES AND PREPARE THE CLIENT IN ADVANCE.



AGAIN - FROM AVA ABRAMOWITZ:



RULE ONE: DON'T PANIC

## WHEN CLAIMS ARE MADE

Be  
warm,  
professional,  
courteous.  
Ask  
questions

- ▣ THANK THE CLIENT FOR BRINGING THE MATTER TO THE FIRM'S ATTENTION.

- ▣ "I WILL LOOK INTO THE PROBLEM AND GET BACK TO YOU".

And do it  
now - get  
out there  
and see  
for yourself

- ▣ DETERMINE NATURE OF THE PROBLEM AND AVAILABLE OPTIONS

- ▣ DEVELOP A STRATEGY WITH COUNSEL AND INSURANCE ADVISOR

or somebody  
You're under  
attack. You  
need a  
second  
opinion

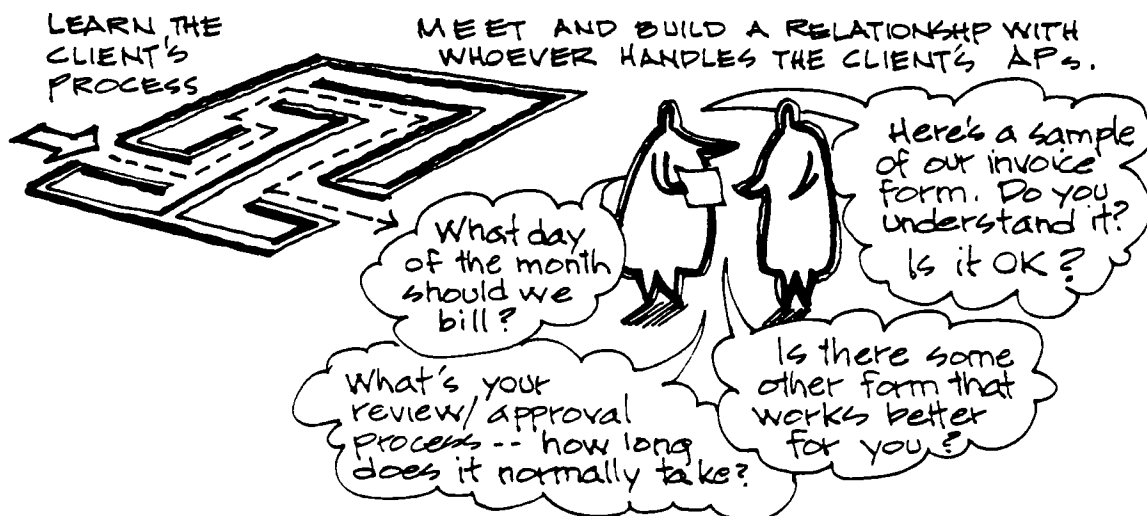
- ▣ RESPOND TO CLIENT

WITH AT LEAST TWO OPTIONS AND  
THE ADVANTAGES OF EACH - AT THIS  
POINT, IT'S THEIR PROJECT - THEIR  
DECISION.

## COLLECTIONS

(This page is a combination of stuff from William H. Haire, AIA, Oklahoma State U. and from Frank Stasiowski, AIA, PSMJ -- with some tinkering along the way by the Practice Committee + others.)

- ① If at all possible, get a retainer up front to be credited to your final. There are enough problems in being an architect -- no point in taking up banking on the side.
- ② Discuss invoicing/payment procedures with the client before submitting the first invoice; adapt to client preferences



- ③ Submit a projected invoicing schedule and review it with the client. Some architects expand this into a cash-flow requirements projection for the entire project. The point is to keep the client from having nasty surprises -- but also to make sure they understand what you expect to be paid and when. **KEEP IT CURRENT.**

- ④ Bill promptly and completely. One of the signature firms principals (a managing partner) said he considered invoicing an art form.

- Use the agreed form.
- Check it thoroughly for errors and misspellings

IF YOU DON'T ASK FOR THE MONEY YOU WON'T GET IT.

- ⑤ Live up to the terms of your contract and keep the contract current. Amend it promptly when project conditions require changes in scope or duration of services. Don't give the client a good reason to delay, avoid or dispute payment.

## COLLECTIONS: THE "WATER-TORTURE" METHOD

The idea is that you decide up front -- either for a given project, or as a matter of policy for all projects -- how long you're going to be willing to wait for your money before you stop work on the project.

As an example, say you decide on 2 months, because your retainer actually pays for your costs for that long.

You develop a follow-up tactic -- and script it out -- for every week in the two months. Put it in the form of a checklist to be followed on schedule. Have a tickler file, time management system (page 1.2.5) or a staff member push you to follow the schedule. Here's an example:

| WHEN        | MESSAGE                                                                       | TO NE                                                                              | CONTACT                                     |
|-------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------|
| WEEK 1<br>💧 | "Did you get the invoice?"<br>(This can be in the course of other discussion) | Friendly, but don't use humor in any of this                                       | Project leader -- normal client contact     |
| WEEK 2<br>💧 | "About our invoice. Did you look it over? Is it OK?"                          | Sollicitous, but this is a special call.                                           |                                             |
| WEEK 3<br>💧 | "Do you need additional information? Clarification?"                          | "                                                                                  |                                             |
| WEEK 4<br>💧 | "Can I come over and walk the invoice through?"                               | Concerned but still pleasant                                                       | You                                         |
| WEEK 5<br>💧 | "When can we expect payment?"                                                 | brisk and business-like                                                            |                                             |
| WEEK 6<br>💧 | "Can I meet with you to collect payment?"                                     | All business                                                                       |                                             |
| WEEK 7<br>💧 | "Payment is overdue. Should we stop work?"                                    | Dead-pan                                                                           | Preferably some one the client doesn't know |
| WEEK 8<br>💧 | "We have stopped work. Should we notify our attorney?"                        | In case the client does pay at this point, you don't want the relationship damaged |                                             |

If the client hasn't paid by this point you might have your lawyer send a letter. The most effective collections are done in person, however. Go see the client. Non-payment is usually a symptom of their anger or frustration over something else. Go prepared to negotiate (Section 2.2)

Think long and hard before you sue (or place a lien). That always results in their lawyer getting involved -- their lawyer will most often advise them to sue you for negligence.

How much is it really worth to you to "win" ??



[illegible][illegible]

# SECTION 4.

## MANAGING STAFF

|                                                           |      |
|-----------------------------------------------------------|------|
| Why it's important                                        | 4.1  |
| Adjusting your management behavior to fit employees needs | 4.3  |
| Influencing behaviors                                     | 4.4  |
| About mentoring                                           | 4.5  |
| Personnel performance evaluation : forms and process      | 4.6  |
| Brainstorming -- The process                              | 4.8  |
| Time management                                           | 4.10 |

# STAFF MANAGEMENT

The discussion of most of the important skills you need for staff management has been spread through other sections of the book.

That's because architects tend to think first (naturally) about clients and projects. But what comes first isn't always the most important.

After the project is won or lost, done or forgotten, what's left is the staff.

- |            |                                                                                                                                                         |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| SECTION 1. | <ul style="list-style-type: none"> <li>Relationship development</li> <li>Selling</li> </ul>                                                             |
| SECTION 2. | <ul style="list-style-type: none"> <li>Meetings</li> <li>Communication</li> <li>Straight talk</li> <li>Active Listening</li> <li>Negotiation</li> </ul> |
| SECTION 3  | <ul style="list-style-type: none"> <li>Delegation</li> <li>"R" charting</li> <li>Mentoring</li> </ul>                                                   |

The other reason to put these skills in other sections of the book is to help you get the tone right. As you review them, flip the names, terms, and content to fit staff situations, but keep the tone of the transactions with at least as much respect and cordiality as in those with clients

## THE FIRM'S STAFF

### THEY HAVE A RIGHT TO EXPECT

- Your best efforts at job security
- A say in what they do and how
- Loyalty and integrity
- Interesting and challenging work
- reasonable pay, hours, conditions
- their best efforts

### YOU HAVE A RIGHT TO EXPECT

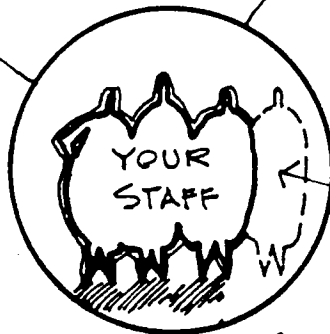
EMPLOYMENT IS A TWO-WAY STREET

The staff is the firm's most valuable asset.

More valuable than its cars, computers, furniture

Unlike all those things, staff can be expected to function better with age - as they gain

- Experience
- Talent
- Skills
- Ways of working that suit the firm.



The work they do earns the Firm's Fees. How they work determines:

- Profit or loss
- The quality of the projects
- The firm's Prestige/Image.

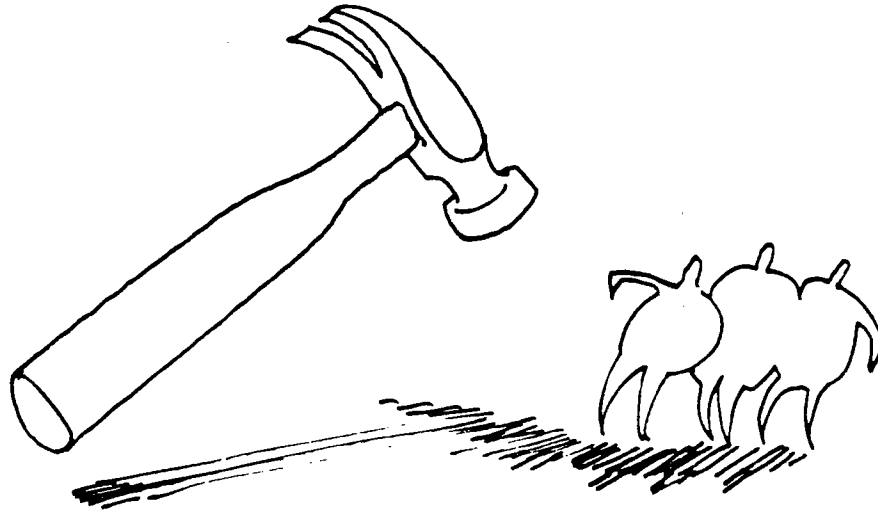
The firm's largest investment is in staff.

When they leave that investment is lost.

Consultants estimate the average cost of replacement at \$25,000<sup>00</sup> per person.

It takes, on average, a full year for a new employee to reach full efficiency.

" WHEN THE ONLY TOOL A MAN  
OWNS IS A HAMMER ....



... HE TREATS THE WHOLE WORLD  
LIKE A NAIL !"

## THE SECRET OF GOOD MANAGEMENT

IS TO MANAGE EACH INDIVIDUAL IN THE MOST  
EFFECTIVE WAY TO HELP THAT INDIVIDUAL  
SUCCEED &

# ADJUSTING MANAGER BEHAVIORS TO FIT THE NEEDS OF THE EMPLOYEE

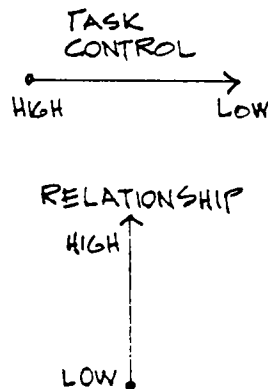
The four-box matrix below provides a way to decide which management behaviors from you will be most effective with each employee.

The matrix plots the degree to which you personally direct and control the employees in their tasks

versus:

The degree of the relationship developed and maintained between you.

Your judgment of the employee's PERFORMANCE tells you which sorts of management behaviors to use.



For example, when a new, "green" employee starts work, the relationship is nil and you are very controlling. Over time, you find things to praise them for, build up the amount of relationship, and coach them.

As their competence and your trust grows, you can afford less relationship and control. Both of you get to the level of delegation appropriate for them.

YOUR APPROPRIATE BEHAVIORS:

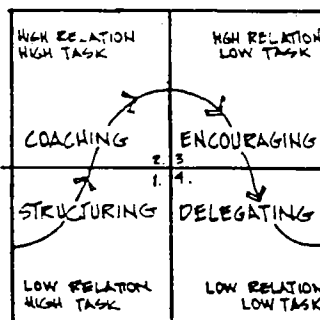
ADAPTABLE  
COACHING  
ENERGETIC  
INTERACTIVE  
INVOLVING  
RESOURCEFUL

DECISIVE  
DIRECTING  
DETERMINED  
FORCEFUL  
INITIATING  
STRUCTURING

YOUR APPROPRIATE BEHAVIORS:

APPRECIATIVE  
CONSIDERATE  
ENCOURAGING  
PATIENT  
SUPPORTIVE  
UNDERSTANDING

ANALYTICAL  
DELEGATING  
DELIBERATE  
METHODICAL  
ORGANIZED  
REFLECTIVE



The arrows and box numbers 1 → 4 show the progression both you and the employee intend and hope for. At any time performance falls off - drop to the next lower box.

NOTE: UNLESS YOU'RE MANAGING IN THIS AREA OF TASK CONTROLLING, YOU'RE PROBABLY NOT TRAINING YOUR SUCCESSOR - IT'S YOUR FUTURE COMPETITOR, INSTEAD!

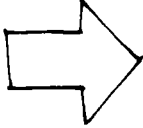
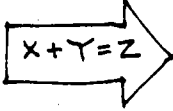

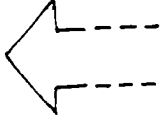




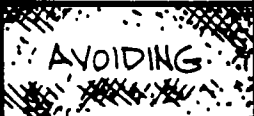
PERFORMANCE LEVEL OF THE EMPLOYEE



DOING 100% OF THE JOB EXPECTED

From: Robert S. Bailey  
Center for Creative Leadership

check these optional behaviors for **INFLUENCING OTHERS**  
 Then check yourself -- Most architects PUSH about 90% of the time!

| ENERGY                                                                                                    | STYLE                                                                                                     | BEHAVIOR                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PUSHING</b><br>       | <b>PERSUADING</b><br>    | <ul style="list-style-type: none"> <li>◦ <b>PROPOSING:</b> Ideas, suggestions, recommendations, questions that suggest a proposal.</li> <li>◦ <b>REASONING:</b> facts and logic in support or opposition; argument for or against; rhetorical questions.</li> </ul>                                                                                                                                       |
|                                                                                                           | <b>ASSERTING</b><br>     | <ul style="list-style-type: none"> <li>◦ <b>STATING EXPECTATIONS:</b> needs, demands, standards prescriptions.</li> <li>◦ <b>EVALUATING:</b> Positive or negative judgment; personal and intuitive.</li> <li>◦ <b>USING INCENTIVES AND PRESSURES:</b> Specifying the ways and means that you control which meet others' needs.</li> </ul>                                                                 |
| <b>PULLING</b><br>     | <b>BRIDGING</b><br>     | <ul style="list-style-type: none"> <li>◦ <b>INVOLVING:</b> soliciting views, ideas, and information from others. Encouraging participation.</li> <li>◦ <b>LISTENING:</b> Paraphrasing; summarizing; reflecting feelings; giving one's interpretation of other's position.</li> <li>◦ <b>DISCLOSING:</b> Admitting mistakes; revealing uncertainty; making oneself vulnerable; Asking for help.</li> </ul> |
|                                                                                                           | <b>ATTRACTING</b><br>  | <ul style="list-style-type: none"> <li>◦ <b>FINDING COMMON GROUND:</b> Highlighting common values, beliefs, ideas, agreement or synergy.</li> <li>◦ <b>VISIONING:</b> Viewing future with optimism; picturing ideal outcome. Using positive metaphor, analogy, or word pictures. Using emotional language.</li> </ul>                                                                                     |
| <b>MOVING AWAY</b><br> | <b>DISENGAGING</b><br> | <ul style="list-style-type: none"> <li>◦ <b>POSTPONING:</b> To a future time</li> <li>◦ <b>PROCESSING:</b> standing back to review working methods, procedures.</li> <li>◦ <b>CHANGING THE SUBJECT:</b> Includes the use of humor to defuse tension.</li> <li>◦ <b>TAKING A BREAK</b></li> </ul>                                                                                                          |
|                                                                                                           | <b>AVOIDING</b><br>    | <ul style="list-style-type: none"> <li>◦ <b>AVOIDING:</b> Backing down; dismissing real differences; discarding objectives; with drawing from the situation.</li> </ul>                                                                                                                                                                                                                                   |

If you possibly can, go to Boyce Apal's course on influencing behaviors. He has you practice them all -- on video camera! Excellent learning experience!

# ABOUT MENTORING

- ① First and always - you must maintain a sincere interest in the other person's succeeding
- ② JUDGE THE WORK - NOT THE PERSON. Always try to say what you like before you criticize. Lead with active listening (SECTION 2)

STUDIES show the best mentor usually is NOT the boss. Reward experienced staff for mentoring others.

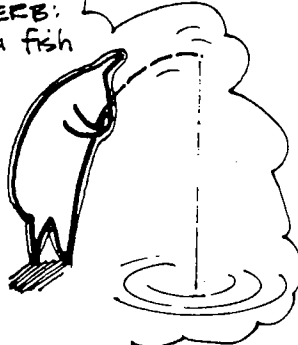
Where you need to mentor: DESIGN CEITS (see section 3)

- ③ NEVER MISS A CHANCE TO TEACH (And teaching means their learning, not you talking!)

## OLD CHINESE PROVERB:

"Give a person a fish and you satisfy their hunger for a day. TEACH a person to fish and they will never go hungry"

The employer's version: TEACH an employee to fish and you will never go hungry, either! It's in your interest to mentor.





- ④ Where possible, let people work the way that suits them best: Team vs: alone  
Flex time  
Physical set-up  
equipment

- ⑤ Try to have each person compete only against her or himself. Especially, don't you compete with them for the client - encourage their relationship with firm clients.

- ⑥ OPEN DOOR POLICY. If they think they need to see you, they do. If they think there is a problem between you -- You've got a problem.

The only time to delay is if you are too angry to follow these steps!

- Within reason, answer a question with a question
  - What all did you consider?
  - Have you looked into .... ?
  - Can you tell me more about the problem -- restate it?
- Try to insist that staff present not only the problem, but also three options and their recommendations. Stay open. There's more than your way to skin a cat. 
- Don't say no -- or yes. Say what's good about their idea, then what doesn't work and why.
-  BRAG IN PUBLIC (and private, but brag) Look for chances to give specific praise. Most professionals respond best to positive reinforcement.
- DISCIPLINE IN PRIVATE - BUT do it now. Don't wait for your resentment to grow and their memory to fade:
  1. "When you" (be specific)
  2. "It"
    - endangers the firm...
    - risks the following...
    - delays the work on...
    - damages your relation...
    - Makes me feel ... "
  3. "So I (feel, think)..."
  4. "If you repeat that (action), then I will ...."
  5. "The next time (preferred response)"
  6. "Do you understand?"

# PERFORMANCE EVALUATION FORM

NAME: (Employee name, number, etc.) PERFORMANCE PERIOD: FROM date TO date

| MEASURABLE PERFORMANCE TARGETS                                                                                                                                                                                 | WEIGHT* | RATE  |   |   |   |   | SCORE |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------|---|---|---|---|-------|
|                                                                                                                                                                                                                |         | 1     | 2 | 3 | 4 | 5 |       |
| 1. Marketing: Make 4 cold calls<br>Bring in 2                                                                                                                                                                  | 10      | ✓     |   |   |   |   | 5     |
| 2. Become CAD operator                                                                                                                                                                                         | 10      |       | ✓ |   |   |   | 5     |
| 3. Handle small accounts                                                                                                                                                                                       | 30      |       |   | ✓ |   |   | 37    |
| 4. Draft targets and their weights (not hours - weights) are drafted by the employer at the beginning of the evaluation period. Make sure they are measurable - WHAT GETS MEASURED? Hours - do at spec writing | 15      |       | ✓ |   |   |   | 15    |
| 5. Thrift Shop project 1 day (65 days are budgeted)                                                                                                                                                            | 25      |       |   |   | ✓ |   | 38    |
| 6. Limit personal calls to 2/day. Meet in on time. All shop drawings turned around in 2 days. Phone log kept up.                                                                                               | 10      |       | ✓ |   |   |   | 10    |
| QUALIFICATIONS AND ADJUSTMENTS                                                                                                                                                                                 | 100     | TOTAL |   |   |   |   | 112   |

**HOW TO USE THIS FORM:** The measurable performance targets and their weights (not hours - weights) are drafted by the employer at the beginning of the evaluation period. Make sure they are measurable - WHAT GETS MEASURED? Hours - do at spec writing

There are several ways to use this part of the forms

1. To record negotiated clarifications or amendments (either before or during the evaluation period)
2. To list performance targets that can't be quantified
3. To record evaluation comments at the end of the period.

It's easier if everything can be kept on one 8 1/2 x 11, so both parties can keep a copy handy - use the back!

At the end of the evaluation period, the employee and the employer do independent ratings and then meet to compare and reach agreement

Must total 100%

150% is max score

A blank copy of the form is on the next page in case you want to try it. But a form is only a tool.

If you want to know how well you're doing in personnel evaluations, look for answers to two questions:

1. How many worthwhile aspirations did the employees put on their draft of the forms -- aspirations and professional goals that surprised you? A major reason for the whole process is to motivate them. Is it working?
2. How many surprises did you hit them with as criticisms? That's bad. It means you're not being timely and straight with them.



# PERSONNEL PERFORMANCE REVIEW

Reviewer \_\_\_\_\_

Employee \_\_\_\_\_

Position \_\_\_\_\_

Date \_\_\_\_\_

| Role/Result Area | Priority | Rating |     |   |       |       | Wt.<br>% of<br>Job | Wt.<br>x<br>Rtg. |
|------------------|----------|--------|-----|---|-------|-------|--------------------|------------------|
|                  |          | 1/2    | 3/4 | 1 | 1-1/4 | 1-1/2 |                    |                  |
|                  |          |        |     |   |       |       |                    |                  |
|                  |          |        |     |   |       |       |                    |                  |
|                  |          |        |     |   |       |       |                    |                  |
|                  |          |        |     |   |       |       |                    |                  |
|                  |          |        |     |   |       |       |                    |                  |
|                  |          |        |     |   |       |       |                    |                  |

Action/Comments

# BRAINSTORMING

is a structured problem-solving process that can be tremendously effective and quick with any small group.

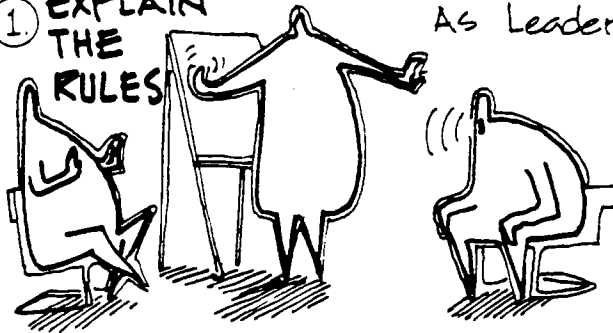
There is statistical proof from research and countless workshops that groups make better decisions than do individuals -- provided the groups decide on the basis of consensus.

Remember, we put some critical skills -- Active listening, selling, negotiation, etc. -- in other sections of this book so you'd practice them on clients first, then set the same tone in using them with staff.

This is the same thing in reverse. Practice it with staff so you can use it with client groups. It can become a powerful way to get the best information and consensus agreement from both.

Note: Consensus doesn't mean you all agree. It means ① each of you is satisfied you've been heard and fully understood and ② All of you are willing to go along with the decision. To get there, try "playing back the tape" of what you hear a "hold-out" saying until they agree you've got their meaning to their satisfaction. A good shortcut is to write all positions on a flip chart. The best way to hurry the process, however, is to brainstorm.

## ① EXPLAIN THE RULES



As Leader/facilitator, your job is to

- Present the problem
- Explain the rules
- Record (use a flipchart)
- Keep time
- Keep energies high
- Keep the group focused
- Keep the participants "safe" from each other -- help them hazard being open and forthcoming.

That means you can't be a participant. Tell them this. Agree how much time to spend.

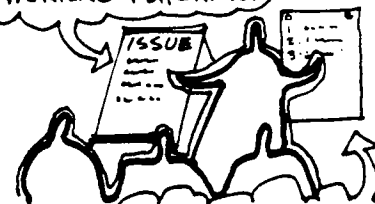
## ② DESCRIBE THE PROBLEM

Explain the issue or problem, giving them the background. Record any immediate answers or recommendations.

Do this in order to:

- (A) Make sure the participants know they've been heard and taken seriously,
- (B) Get the "pat" answers out of the way of the creative process.

THE WORKING FLIPCHART



THE "YOU WERE HEARD, WE'LL DEAL WITH IT LATER" CHART

### ③ STATE THE PROBLEM

Agree on the problem. Make it one simple statement starting: "HOW CAN WE ....." Have them do the work -- you record.

### ④ BRAINSTORM

Tell them to work for quantity and speed - forget quality or making good sense.



Give the group 1 1/2 minutes to list as many answers as possible (you'll keep time)



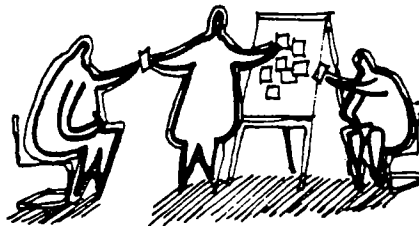
At the end of the first minute tell them to "get crazy" -- to list the funniest, most wild and improbable solutions they can -- forget cost, scale, time -- no restraints.

### ⑤ RECORD THE RESULTS

on the flip chart, having each member in turn call out ONLY the ideas not already mentioned. Again, work for speed - not a pretty flipchart.

THE RULES ARE:

- NO DISCUSSION
- NO JUDGMENT
- NO RIDICULE
- NO QUESTIONS (other than for clarification)
- NO CRITICISM



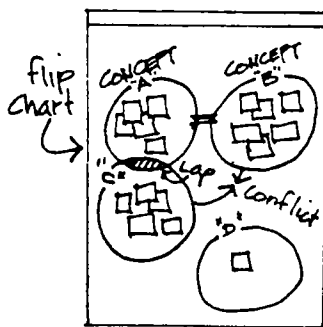
Tip: Enlist the help of two of the group to take turns recording each idea in bold felt-tip on "Post-it" Memo pads -- you just put them on the Flipchart



Then ask for any further ideas that have occurred to members through listening to each others lists - record.

### ⑥ CLUSTER DIAGRAM

SYNTHESIZE, CLARIFY THROUGH QUESTIONS, CATEGORIZE



do this, only if it seems obvious -- Don't spend a lot of time -- Don't try to be exact

### ⑦ PRIORITIZE

To avoid peer or political pressure skewing the results, try giving each person 3 "votes" and polling them on each item -- thumbs up or down. Then discuss the favorites and work for consensus.

If the decision is one that you, as boss, will make alone, you still will gain good information, but can stop with a sense of their priorities (no group decision) -- Thank them and tell them when you expect to decide.

# TIME MANAGEMENT



Most office supplies have racks of time management binders, dividers, and forms.

There are good consultants' courses offered.

If you are an orderly person who doesn't need it Great! Forget it.

If you are typical of many of us and find yourself

- chronically late to or missing appointments
- losing important notes to yourself
- over-committing your time
- forgetting to return calls;

Perhaps you should get a time-management system. If you do, spend enough on it so you'll feel duty-bound to use it.

The real secret is having a system that works for you, then using it to the exclusion of all else. Which means you have it with you all the time.

The no-frills version has: ① CALENDAR - keep it in pencil

② To-Do List: One per week, reviewed daily to add, change and revise priorities

③ ALPHABETICAL TABBED DIVIDERS:

- As a phone directory
- As a filing and information retrieval system

The principle is to have a place to write things to yourself only once;

- To be able to find them again when you need them
- To have them find you before you're late dealing with them.

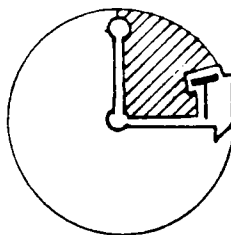
For most of us, it's a little like God giving Adam dominion over the animals by letting him name them.

If you can list all the things that might jump up and bite you, you feel a little more in control. If your list is in an ongoing system that helps you deal with those things more efficiently -- then you will be more in control.

Doug Beauchamp teaches you should distinguish what's urgent from what's important -- and that you never want items to grow to be both

4 categories of priority

|      | URGENT | IMPORTANT |
|------|--------|-----------|
| 1. ● | ●      | ●         |
| 2. ○ | ○      | ●         |
| 3. ● | ●      | ○         |
| 4. ○ | ○      | ○         |



# TIME MANAGEMENT SYSTEMS ....

So-called "Organizers" -- are like Small boys. Properly utilized, almost any of them will work ....

**BUT ONLY IF YOU:**

- ① Work with it right beside you at all times
- ② Set the priorities, always differentiating between what's

**IMPORTANT**

VERSUS:

WHAT'S MERELY URGENT

- ③ Keep it simple and flexible.

Some of the systems on the market seem so complicated it's as though you either have time to manage the organizer or be an architect, but not both!

For years I've been running my life out of a system called Time Binder

from

Doug Beauchamp  
P.O. Box 460730  
San Francisco, CA  
94146-0730

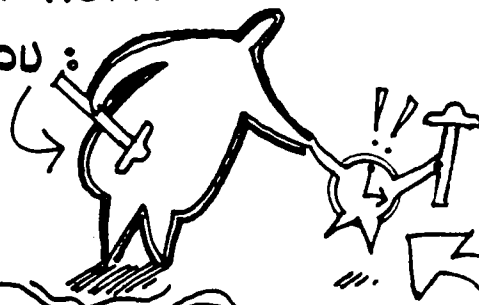
Phone: 415/255-0517

Doug has simple forms that work for me and an instruction manual.

There are many other systems on the market, as well.

You can even assemble your own from the shelves of any good office supply.

But if you keep finding two-week-old wads of notes to yourself, you need some sort of system!!



One of them will do the whole job.

Two of them will do half the job.

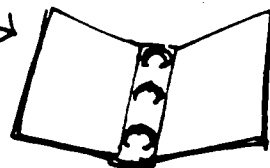
Three of them will make a hopeless mess of the job.

Pick one and stick with it!



HERE ARE THE COMPONENTS that I consider essential in a time management system -- again, based on what works for me -- Beauchamp's Time Binder

- ① Good quality, 3-ring, ( $5\frac{1}{2} \times 8\frac{1}{2}$ ) half-size notebook

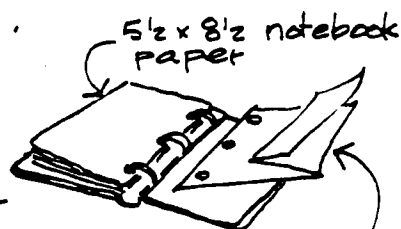


BINDER

- Good quality so you won't be embarrassed to have and use it in absolutely every meeting and situation -- expensive enough so you might be less careless about leaving it behind.

- 3-ring half-size so it's small enough to carry easily and so

- ④ You can readily buy stock, 3-ring paper to fit, either plain, gridded, or lined



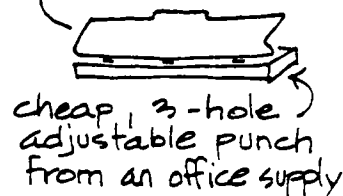
And

- ⑤ You can bind in  $8\frac{1}{2} \times 11$ " or  $8\frac{1}{2} \times 14$ " sheets of lists, calendars, and other important standard size papers folded and punched

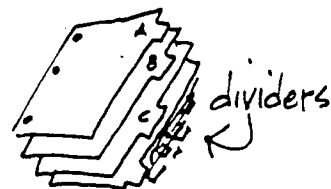
$8\frac{1}{2} \times 11$  or  $8\frac{1}{2} \times 14$  sheets

And

- ⑥ You can reduce standard sized pieces of paper (even  $11 \times 17$  computer printouts) on a photocopier, then trim them to  $5\frac{1}{2} \times 8\frac{1}{2}$ , punch and bind -- Maximum flexibility and they're still legible, even if hard to read!



cheap, 3-hole adjustable punch from an office supply



- ② A set of alphabetized, tabbed dividers for information retrieval, but also to serve as your address book. Names, addresses and phone numbers are written on the dividers, themselves

Color-coded or numbered tab dividers (5 or 6, max) are also useful for important, on-going areas of interest or long-term projects. One of these sets aside my "personal" section and the divider is covered with credit-card, bank account, passport and insurance policy numbers



(Always kept in pencil!)

can serve as a time sheet

From the bottom up:  
phone calls to make.



\_\_\_\_\_

USE A PRIORITY  
CODE: 1

Using open symbols lets you note their status: slash mark for "begun" or "left word". X out means completed

| CODE | CONDITION |        |
|------|-----------|--------|
|      | IMPORTANT | URGENT |
| ◇    | ✓         | ✓      |
| □    | ✓         |        |
| ○    |           |        |
| △    |           | ✓      |

[illegible]

## This image shows a blank sheet of white paper with horizontal ruling lines. A single vertical line runs down the left side of the page, creating a margin. The horizontal lines are evenly spaced and extend across the width of the page. There is no handwriting or other markings on the paper.



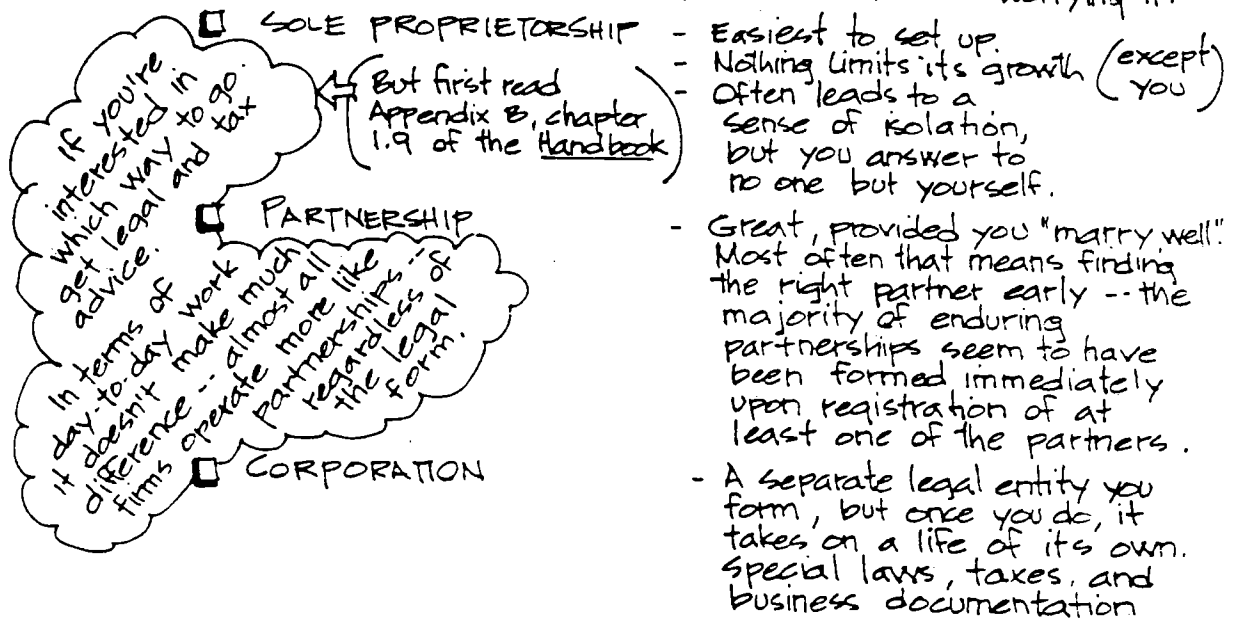
# SECTION 5.

## MANAGING THE FIRM

|                                                                                     |      |
|-------------------------------------------------------------------------------------|------|
| Dealing with lawyers, accountants, liability insurance —                            | 5.1  |
| Some management resources; what to do with them —                                   | 5.4  |
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## LEGAL ORGANIZATION

THREE FORMS — Unless your lawyer or CPA has strong reasons you should, don't spend a lot of time worrying it.



## LAWYERS AND ACCOUNTANTS

The best information on how to pick a lawyer: in Handbook chapter 1.6, page 13. "Selecting an Attorney" by Ava Abramowitz.

You can easily extrapolate from it a good approach to picking an accountant, too.

Ava's message: Competence, Chemistry, Price, mutual trust and respect.

One additional note - They may use Funny words, but lawyers and CPA's are really talking common sense -- keep asking questions (Active listening) until they put information into a form you're sure you understand. Then trust your own judgment.

An example: If a lawyer or CPA tells you you operate just like they do -- that you sell services on the basis of time -- Don't go along with it. They may be right in principle, but the complexities of your fees being based on so many different things (if, hourly, lump sum, %) makes their pat solution unworkable for you.

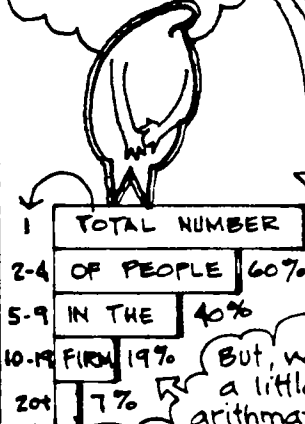
Trust yourself - Only you know how you operate. Only you are qualified to select from among the many options for doing so. Their job is to provide advice on what options are available, an recommendations.

# PROFESSIONAL LIABILITY

## 'ERRORS & OMISSIONS' INSURANCE??

Insurance companies and architects have a lot in common. Both sell services that involve accepting risk, both require payment in return for the risks they accept. Most architects (not firms, architects -- see below) and all insurance companies transfer a portion of their risks through insurance. Insurance companies buy reinsurance -- much of it from international financial concerns. So, many of the fluctuations in what's available to you in liability insurance are the result of what's going on in the global \$ market.

FROM THE 1990 AIA FACT BOOK: "PERCENTAGE OF FIRMS GOING BARE"



But, with a little arithmetic about how many architects work for which size firm, you find that 72% of practicing architects work in firms that carry liability insurance!

One other thing you may want to know about insurance companies - the very smallest firms are their least profitable market. That's because administrative costs of providing coverage are about the same, even for the lowest coverage.

As part of the AIA Commended Program, Schinnerer is committed to providing insurance to even the smallest qualified firms

In the past, we've seen sharp fluctuations in cycles from "hard" markets (insurance was hard to buy and very expensive) to "soft" markets where it was readily available at much cheaper rates. Some say that through tougher state government regulation we won't see such violent cycles in the future, but warn that some companies may just go out of business when the states won't allow rate increases. It's a good idea to do a little investigation before you buy. To find out what the market is currently doing and something about the companies you're considering:

- ☐ Watch for the annual report in MEMO
- ☐ Talk to your closest AIA Liability Committee member or call the staff director at (202) 626-7537.
- ☐ Get a broker to check, or

The person I always call is Ava Abramowitz, Vice-President of Victor O. Schinnerer and Company (301/961-9800) They run the AIA Commended Program. Ava has helped with a lot of this information and goes around the country teaching courses Schinnerer calls "Risk MANAGEMENT" and I think of as "Street-smart architecture" -- good courses. Even if you go bare, you may want to subscribe to Schinnerer's Guidelines publication -- \$75.00 a year

The insurance companies analyze your practice by project type, services offered, track record, etc.

They compare the results with statistics about other firms like yours so they can set an appropriate premium for accepting the risks you choose to transfer to them.

Buying insurance is a little bit like betting that eventually something will go so wrong you couldn't have taken care of it by yourself, and selling you insurance is a little like betting you'll conform to their statistics and they'll have the appropriate reserve set aside to take care of it if needed.

One thing to check on: What sort of loss-prevention program does the company provide its insureds? training? contract review? tools? data? guidelines?

# SHOULD YOU BUY LIABILITY INSURANCE ?

It's purely a business judgment to make, based on several factors:

- ① Your own experience with, and judgment about your technical competency and quality control.
- ② Your judgment of the potential of your clients suing you -- most suits against architects are brought by their clients. How well do you do in client development -- in controlling their expectations? (section 2).
- ③ Your market's characteristics -- and those of any markets you intend to develop.

For example: ☐ Projects run by committee tend to be high-risk -- churches, schools, condo owner associations etc.

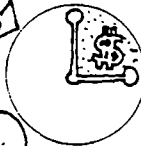
☐ Many public bodies or agencies and some private corporations won't hire an uninsured architect

☐ Joint ventures and associations frequently bring on the need for insurance coverage as a condition of getting the project.

On the other hand, most small Project Practitioners tell us they go bare and when problems come up, they "take care" of them immediately - That's a way of saying they're self-insured.

In a sense it's saying "PAY NOW OR PAY LATER"

The only thing you can't afford to do is ignore the issue. Eventually, something will go wrong. What will you do now to be ready?



If your practice is all small projects (Section 3, page 3.2) you might decide going bare is no more expensive, a lot easier on you and the client, and gets you more referrals for future work. Lawsuits are labor-intensive for everybody!

- ☐ Option: purchase low coverage, low deductible? (still not cheap)
- ☐ Option: purchase with high deductible? (cheap 'til trouble hits.)
- ☐ Set aside an emergency fund each year as part of overhead and go bare? (pay as you go)
- ☐ Put everything in your spouse's name and try to be judgment proof? (the divorce rate is a lot higher than the frequency rate of claims!)

None of those options is easy, but while you're worrying about what course to follow, we can offer one sure recommendation: Read and thoroughly understand the Abramowitz chapter (1.15) in the 11th edition of the ARCHITECT'S HANDBOOK OF PROFESSIONAL PRACTICE (AIA, 1987): "RISK MANAGEMENT". Then, when you do your profit plan, budget money for some option that lets you respond appropriately when claims arise.

Here are figures reported in the 1990 AIA FACT BOOK:

| Firm Size | Insurance Premium | Premiums as a Percentage of Gross Revenues | Deductible as a Percentage of Gross Revenues | Percentage of firms reporting no claims |
|-----------|-------------------|--------------------------------------------|----------------------------------------------|-----------------------------------------|
| 1. —      | \$6,200           | 9%                                         | 6%                                           | 95%                                     |
| 2-4 —     | 10,400            | 6%                                         | 7%                                           | 91%                                     |
| 5-9 —     | 16,800            | 4%                                         | 3%                                           | 85%                                     |
| 10-19 —   | 34,500            | 4%                                         | 2%                                           | 77%                                     |
| 20+ —     | 116,800           | 7%                                         | 7%                                           | 60%                                     |

## MANAGING THE FIRM: SOME RESOURCES AND WHAT TO MAKE OF THEM.

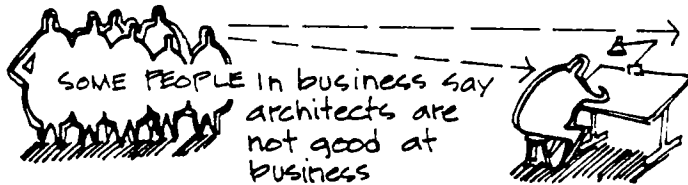
The very best resource written on managing architecture firms is THE ARCHITECT'S HANDBOOK OF PROFESSIONAL PRACTICE.

In addition, there are some 20 other books on the subject in just the last few years. Not only that, if you add in all the books on management in general that are written, the resource is enormous.

Some small firm practitioners read a lot on management - Peters, Drucker, Waterman, Iacocca, whoever -- because it lets them consider problems and recommendations more in the abstract. They feel it's useful to first get some distance from their own practices and then learn how it applies to them.

The truth is, you should read all management books that way -- even the HANDBOOK. Even though it is now being accepted in courts of law as evidence in determining the standard of care for architects, it still is not written specifically about your firm, or even your type of firm.

Yes, you should have the Handbook and use it. But always read it with an eye for what's not only appropriate, but essential for your practice and your firm size. TRUST YOURSELF. Don't blindly follow recommendations or copy the example of firms with 3 or 4 times your staff size.



WHICH IS FAIR ENOUGH:

- Architects define success differently.

Success, in architecture, means not only all the quantifiable indicators business people use --

but also quality in the projects that result from the services provided; quality in the service to society provided by those projects.



On the other hand, it is a business world, and considering the differing values and goals of architects -- and the small amount of time typically spent on business and management, most architects are probably potentially good at it -- again, TRUST YOURSELF.

There's a management saying that applies here: WHAT GET'S MEASURED, GET'S DONE. It's a way of saying --

IF YOU WANT TO GET BETTER AT:

SAVING MONEY  
MAKING MONEY  
GETTING PROJECTS  
STAFF DEVELOPMENT  
ARCHITECTURE

THEN PAY ATTENTION TO:

BUDGETING + OVERHEAD CONTROL  
BUSINESS, PRICING, NEGOTIATING  
MARKETING + COMMUNITY ACTIVITY  
MENTORING, STAFF EVALUATION  
PROJECTS

Within reason, and assuming common sense, it's a matter of values.

# WHAT VALUES DRIVE THE FIRM?

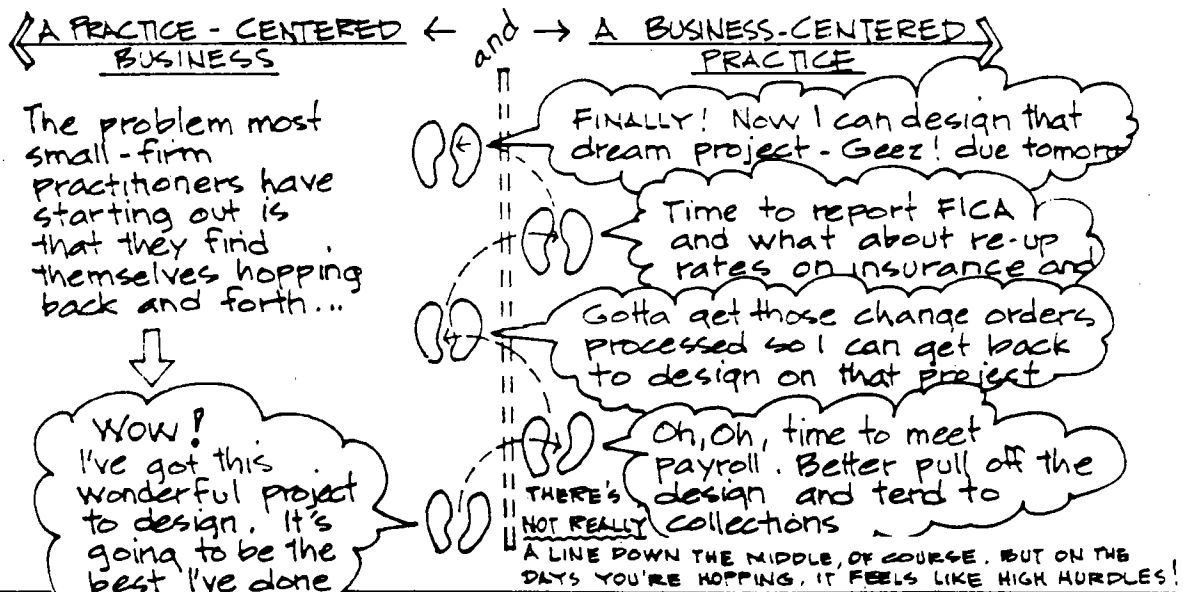
VALUES AS DETERMINANTS OF ARCHITECTURE FIRMS: There are two books on the subject.

1. KEYS TO DESIGN EXCELLENCE, (AIA, 1989) by this author, is about the value systems of clients and architects about design as a determinant of what sorts of practices and firms evolve.

2. SUCCESS STRATEGIES FOR DESIGN PROFESSIONALS: SUPERPOSITIONING FOR ARCHITECTURE & ENGINEERING FIRMS, (New York: McGraw-Hill, 1987), by Weld Cox, et al. deals with values of every sort other than design. This book is the seminal work on the various types of firms, what client and architect values drive them, and how to strategize to achieve success in them.

An article summarizing the book and its 42 master strategies for success is reprinted from TECHNOLOGY Magazine, May/June 1986 and included at the end of this chapter.

The Cox Group book defines the architects' values as lying on a continuum between



## 3 OPTIONS:

- 
- ① You can find real pride, fulfilment and excellence in management itself, leading others to join with you in marching the firm forward to growth and success - on either side of the Cox continuum you choose.

- ② You can develop your own abbreviated form of just enough management to do what you want at the scale of your own personal capability -- like an intricate dance step where your balance shifts easily, in time, and by intention.

- ③ You can keep hopping.

\*Reprinted with permission from  
*Architectural Technology*, May/June 1986.

# Charting Your Course

## *Master strategies for organizing and managing architecture firms*

BY WELD COXE, HON. AIA; NINA F. HARTUNG; HUGH H. HOCHBERG;  
 BRIAN J. LEWIS; DAVID H. MAISTER; ROBERT F. MATTOX, FAIA; AND PETER A. PIVEN, FAIA

*"Things are so variable you can't just sit down and write a formula."  
 —Overheard at the AIA Practice Management Conference in  
 New York City, October 1985.*

THE SEARCH FOR THE BEST WAYS TO ORGANIZE AND MANAGE architecture firms has occupied more and more attention over the past generation. The goal is always simple: Find the format that will enable the architecture firm to provide excellent service to the client, do outstanding work recognized by peers, and receive commensurate rewards in professional satisfaction and material returns. The answers, as the observation quoted above reflects, have not been so simple to find.

As management consultants with the opportunity to analyze literally hundreds of architecture firms, we have found the search for ideal management methods challenging. Each time we've observed a format that appears to work well for some or many firms, an exception has soon appeared, contradicting what looked like a good rule to follow. For example, some firms do outstanding work organized as project teams, others are very successful with a studio organization and still others get good results from a departmentalized project structure. One of the major puzzles for observers has been finding a relationship between the project delivery system used by firms (that is, "how we do our work") and how the organization itself is operated (that is, "how we structure and run the firm").

After years of study, and trial and error, a model has begun to emerge that holds promise for making some order out of these issues. At the heart of this new model is the recognition that although no one strategy fits all firms, there is a group of understandable principles with which almost any firm of architects can devise its own best strategy.

The model derives from observing that two key driving forces shape the operation, management and organization of every architecture firm: first, its choice of *technology*, and second, the collective *values* of the principals of the firm.

*Technology*, in this sense, refers to the particular project operating

system or process employed by the firm to do its work. The choice of technology resolves such questions as: Are we going to work in teams or departments? Will we have one design director or do we all design our own work? *Values* refers to the personal goals and motivation of the principals in charge of the firm. The choice of values answers these questions: Why do we do what we do? What do we want to receive for our efforts?

### TECHNOLOGY SHAPES THE DELIVERY PROCESS

Recognition of the importance of technology in shaping architecture firms is particularly derived from work conducted by David Maister during his years as professor at the Harvard Business School. In studying other professional firms generally—especially law and accounting firms—Maister recognized a pattern in the key technologies they all use. He defines these technologies as:

- *Brains (expertise) firms*, which provide service to clients who wish to retain "the smartest kid on the block"—at almost any cost. These firms give their clients new ideas.
- *Gray-hair (experience) firms*, which customize ideas, but rarely are positioned at the cutting edge. Clients of these firms recognize that the problems they themselves face have probably been dealt with by other companies; the client therefore seeks an organization that can offer know-how based on past experience.
- *Procedure (execution) firms*, which serve clients who know that their problems can be handled by a broad range of firms and who are seeking a professional firm that can give them a prompt start, quick disposition and low cost.

Figure 1 is an illustration of Maister's model for positioning professional service firms. The diagram illustrates the relationship of these technologies and the best markets for firms that specialize in each.

The impact of different technologies on the shape of an architecture firm is profound. For example, a firm where the partner-in-charge directly executes the project uses a technology different from that of a firm where the partners hand the execution of projects over to project managers. Similarly, a firm that organizes projects around a single design director has a technology different from one that allows each project team to make its own design decisions.

Applying Maister's work specifically to architecture-firm technology, three categories—similar to the generic categories above—emerge:

- *Strong-idea (brains) firms*, which are organized to deliver singular

*Ms. Hartung and the Messrs. Coxe, Hochberg, Lewis, Mattox and Piven are principal partners of the Coxe Group, Management Consultants (Philadelphia). Mr. Maister, a former professor at the Harvard Business School, is now head of Maister Associates, Management Consultants (Cambridge, Mass.).*

expertise or innovation on unique projects. The project technology of strong-idea firms flexibly accommodates the nature of any assignment, and often depends on one or a few outstanding experts or "stars" to provide the last word.

■ **Strong-service (gray hair) firms**, which are organized to deliver experience and reliability, especially on complex assignments. Their project technology is frequently designed to provide comprehensive services to clients who want to be closely involved in the process.

■ **Strong-delivery (procedure) firms**, which are organized to provide highly efficient service on similar or more-routine assignments, often to clients who seek more of a product than a service. The project technology of a delivery firm is designed to repeat previous solutions over and over again with highly reliable technical, cost and schedule compliance.

It is important to recognize that there is nothing judgmental being implied about the architectural quality of any of these technologies. At their most successful, firms specializing in each technology still exhibit strength in all areas of design, service and delivery. It is the emphasis that makes the difference. This emphasis may be shifted by the preference (strengths) of the architects in the firm, or by the marketplace.

Take the hospital market, for example. The modern hospital was first the province of hospital specialists (strong-idea firms). As the ideas these specialists developed were understood across the hospital industry and the architectural profession, the center of the hospital market shifted to strong-service firms, whose strength was the ability to offer close, experienced attention throughout the very complicated process of building or rebuilding the modern hospital. After proprietary health-care clients entered the market in recent years, a share of hospital work has gone to strong-delivery firms, which specialize in adapting the standard specifications of the proprietary owners to different situations.

Obviously, these technologies often overlap. Clients frequently

want a kind of service that incorporates some aspects of more than one technology, and some architecture firms, similarly, deliver services that do not clearly fall within just one of these groups. Nevertheless, it is worth noting that there is a general progression in the way technologies evolve in every firm and every market. New ideas originate in strong-idea firms. As the ideas become understood and accepted in the marketplace, they are then widely applied by strong-service firms. Eventually, when the ideas can be routinized and are in demand by client after client, some or all of the work will move on to strong-delivery firms, where repetitive projects are turned out and efficiency is the key. Thus, it is important for firms to pay attention to how their technology matches the evolving market.

The different technologies, when they are working best, require notably different project-operating organizations, staffing patterns, decision structures, etc. Technologies in architecture firms influence:

- Choice of project process
- Project decision-making
- Staffing at the middle of the firm and below
- Identification of the firm's best markets
- What the firm sells
- What the firm can charge
- Best management style

Technology is the fundamental driving force that shapes the professional design process of the firm, and it is becoming recognized that all really successful firms have a clear and consistent project process. Those firms that try to be all things to all types of clients tend to have the most difficulty optimizing their work and or their organization.

One immediate example is in staffing. Strong-idea firms will hire the best and the brightest right out of school and expect turnover after a few years. Strong-service firms seek career-oriented professionals and try to retain them so their experience is available to future clients. Strong-delivery firms, on the other hand, will hire

FIGURE 1

David Maister developed this "Model for Positioning the Professional Service Firm," based on analyses of all types of professional services. Within each field, Maister found that firms could be categorized by the skills they offered, and observed that the kind of work each performed reflected this. The model shown

here uses various kinds of health care as an analogy to clarify these distinctions. Consider how firms specializing in each type of service would differ in: billing practices, staffing, marketing, use of systems, management style, training and recruiting, firm size, etc.

| BACK ROOM<br>ADDED VALUE                                   |                                                                           | FRONT ROOM<br>ADDED VALUE                                                      |                           |
|------------------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------|
| Execution-Intensive<br>Programmatic<br>Low Client Risk     | "Pharmacy"<br>(Familiar, Routinizable Work:<br>Consultation Not Required) | "Nursing Ward"<br>(Familiar, Routine Work:<br>Consultation Service Sought)     | Procedure =<br>Execution  |
| Diagnosis-Intensive<br>Nonprogrammatic<br>High Client Risk | "Surgery" (Complex, High Risk:<br>Client Does Not Seek Involvement)       | "Psychotherapy"<br>(Complex Problem: Client<br>Wishes to Be Involved, Advised) | Gray Hair =<br>Experience |
| Consulting<br>Technical Skill<br>Content of Work           |                                                                           | Consultation<br>Interactive Skill<br>Process                                   | Brains =<br>Expertise     |



## A way of life or a means of livelihood?

paraprofessionals and use computers to apply standard details and procedures over and over again at the most efficient cost. The senior partner in charge/project manager of a strong-service firm, who is accustomed to giving individual attention to each aspect of complex projects, is rarely geared to provide the fast, efficient, routinized service desired by the strong-delivery client. Thus, the difference in staffing models makes each technology so distinct that it would be difficult to have all three models operating in top form in the same firm. The tables that accompany this article illustrate similar contrasts in strategies for all the different areas of the firm influenced by its choice of technology.

### VALUES SHAPE MANAGEMENT STYLES

The second driving force that shapes architecture organizations is the values of the professionals leading the firm. The fundamental differences in values become evident if one examines the word "practice," which is so often used by professionals to describe their organizations, in contrast to the word "business."

*Practice*, as defined by Webster, is "the carrying on or exercise of a profession or occupation . . . as a way of life." *Business*, on the other hand, is defined as "a commercial or mercantile activity customarily engaged in as a means of livelihood."

When the two definitions are compared from a management perspective, what stands out is the contrast between "a way of life" and "a means of livelihood." What is becoming evident is that many architecture firms are practices first and businesses second, while others are businesses first and practices second. Therein lies a whole new perspective about what goes on in such organizations. The basic difference is their bottom line:

- *Practice-centered* professionals, who see their calling as "a way of life," typically have as their major goal the opportunity to serve others and produce examples of the discipline they represent. Their bottom line is *qualitative*: How do we feel about what we are doing? How did the job come out?
- *Business-centered* professionals, who practice their calling as "a means of livelihood," more likely have as their personal objective a *quantitative* bottom line, which is more focused on the tangible

| TECHNOLOGIES | Strong Delivery | A                          | B                          |
|--------------|-----------------|----------------------------|----------------------------|
|              | Strong Service  | C                          | D                          |
|              | Strong Idea     | E                          | F                          |
|              | VALUES          | Practice-Centered Business | Business-Centered Practice |

FIGURE 2

The best organizational and management strategies for architecture firms depend on the kinds of technologies it uses and the values subscribed to by firm principals. This matrix divides firms into six categories, based on these distinctions. Each category has its own "master strategy."

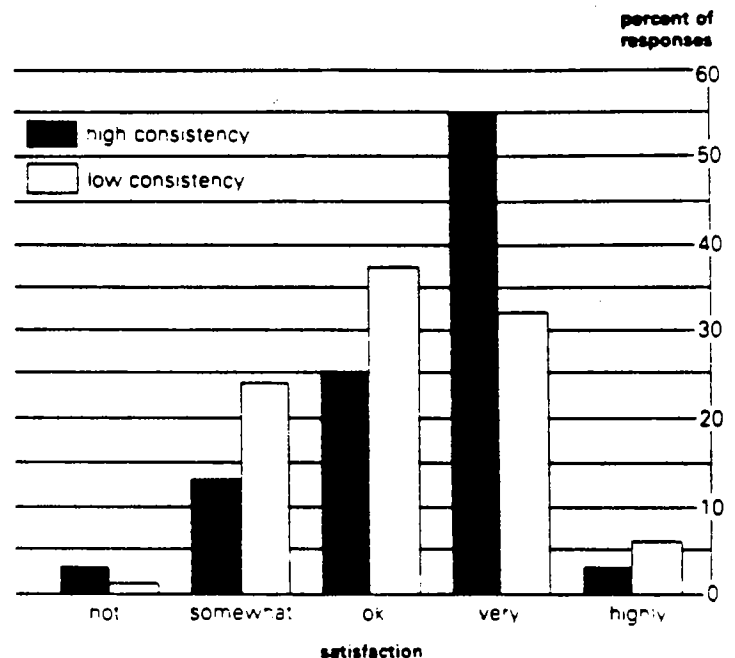


FIGURE 3

Principals of firms that fall most completely into a single category (as shown in Figure 2) report a far greater degree of satisfaction with the way their firms operate than respondents from firms that exhibit less consistency.

rewards of their efforts: How did we do?

As with technologies, it must be emphasized that there is nothing more noble about either choice of values. The choice is an entirely personal, largely self-serving one, derived from how individual architects view their missions in life and what they hope to get out of their lives in return for working.

What is important about this distinction is the recognition that although all successful architects clearly strike a balance between practice values and business values, it makes a significant difference which of the two is primary. The choice can be expressed as a spectrum with practice-centered architecture firms at one end and business-centered firms at the other.

The different positions—practice-centered versus business-centered—will lead to very different choices in significant areas of organization and management. Practice-centered firms, for example, tend to prefer partnership structures, where the leadership is collegial and decision making is often by consensus. Business-centered firms, in contrast, work well in corporate models, where there is a clear hierarchy of roles and decision making is by chain of command. The practice-centered model is frequently preferred by principals who like to work as closer doers—getting and carrying out their own work. The business-centered model is frequently preferred by principals who see marketing as a departmentalized function, with the work handed to operating departments to carry out.

Both values can produce equally successful results in client service, design quality and even profitability. The choice of values, how-

ever, can make significant differences in the best way to structure the firm. Values in architecture firms influence:

- Organizational structure
- Organizational decision-making
- Staffing at the top
- How the firm markets
- Identification of the firm's best clients
- Marketing organization
- Profit strategy
- Rewards
- Management style

What is most valuable about recognizing values as a key force shaping architecture firms is seeing how important it is that all the leading professionals in the firm share similar goals. Depending on these values, different organizational patterns will work best. Any effort to compromise values will inevitably weaken some of the choices of organizations, and consequently weaken the firm.

### MATRIX INTEGRATES TECHNOLOGY AND VALUES

When the two key driving forces described above—technology and values—are looked at in combination, they form a matrix within which the differences between firms, and the best strategies for different firms, become clear. The matrix (Figure 2) produces six basic types of firms, each of which will have a distinctive "best strategy" for each consideration described above. Examples of each of these best strategies are given in the accompanying tables (Figures 4–10).

The model gives, for the first time, a clear picture of why some

firms succeed doing things one way, while others can be equally successful doing things quite differently. Also clear is that it will be very difficult to optimize any firm that mingles too many of the different strategies. And when this recognition is combined with the understanding that the best clients and best markets for each different technology are quite distinct, it is possible to take a whole new view of how firms can best position their strengths to serve their clients.

In a recent test of the implications of this new model, the Coxé Group surveyed by questionnaire a sample of about 100 firms of different sizes, different markets and different organizational formats. After answering a series of questions to define its position on the matrix, each firm was asked to rate its level of satisfaction with the way the firm was currently operating. The results are illustrated in Figure 3. Those firms that showed the highest level of consistency in conforming to the best strategies for their position also reported the highest level of satisfaction with the way their organizations were working. The Coxé Group plans additional research to further validate the implications of the model, but this initial sample confirms the essential hypothesis. Those firms that have a clear notion of what they do best (their technology) and a common set of goals (their values) have always succeeded the best—for themselves and for their clients.

*The chart below, and those on the following pages, reveal rudimentary "master strategies" for each category of architecture firm. Once a firm decides which type of practice it is (e.g. an "A," "B," "C," "D," "E" or "F" firm), it can follow the suggestions in the appropriate box to gain insight into the best ways to organize and manage the firm.*

FIGURE 4 Best Strategies for PROJECT PROCESS AND DECISION MAKING

|                            |                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                   |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strong Delivery            | Projects are processed through departments or teams, headed by a principal in charge, in accordance with standard details and specifications developed through experience. The PIC makes the decisions. Success is achieved by delivering a good product over and over.                        | Projects follow an assembly-line process in which established standards are critically important. Since the product is standard, the client may deal with several job captains over the course of the project. Quality control is the key to client satisfaction. |
| Strong Service             | Projects are delivered through project teams or studios whose principal in charge (the closer/door) has a high degree of project decision-making authority. Strong, technically oriented people provide quality-control input, but project success relies on the authority of the closer/door. | Projects are headed by project managers and delivered by departments whose department heads have quality control and project decision-making authority.                                                                                                           |
| Strong Idea                | Projects are delivered via highly flexible teams, organized around each job, which take their creative direction from the idea (design) principal.                                                                                                                                             | Projects are delivered via stable teams or studios, often organized around different client or project types. Design principal(s) maintains project authority.                                                                                                    |
| Practice-Centered Business |                                                                                                                                                                                                                                                                                                | Business-Centered Practice                                                                                                                                                                                                                                        |

FIGURE 5

**Best Strategies for ORGANIZATIONAL STRUCTURE AND DECISION MAKING**

|                                   |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                        |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strong Delivery</b>            | Closely held as a proprietorship or corporation by one or a few design professionals who manage a vertical organization. Decision making tends to be autocratic. Thrives as long the principals stay closely involved.                   | "Investor"-owned by insiders or outsiders who delegate much of the operations and management. Decisions are largely based on a standardized process or SOP. Works well as long as the firm's process/product does not become obsolete. |
| <b>Strong Service</b>             | Broadly owned by professionals structured as a partnership or as a corporation functioning as a partnership. Organizational decision making is by consensus. Functions best when owners share similar professional capability and goals. | Closely held proprietorship, partnership or corporation with owners making decisions by majority rule. Decisions are clearly oriented toward meeting the goals of major owners.                                                        |
| <b>Strong Idea</b>                | Owned by a sole proprietor or a few equal owners who function as partners. Their ideas and creativity in projects drive the firm, and few organizational decisions are made.                                                             | A proprietorship or small partnership (or closely held corporation functioning as a partnership). Organizational decisions are tailored to maximize the application of one or a few original ideas.                                    |
| <b>Practice-Centered Business</b> |                                                                                                                                                                                                                                          | <b>Business-Centered Practice</b>                                                                                                                                                                                                      |

FIGURE 6

**Best Strategies for STAFF RECRUITMENT AND DEVELOPMENT**

|                                   |                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                            |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strong Delivery</b>            | Recruit experienced professionals who are committed to getting the job done efficiently. Financial compensation—base and bonus—tend to be higher than industry norm. Limited job security, except at top.                                          | Hire and train paraprofessionals to do maximum amount of the work via standardized procedures. Invest in training, not salary and benefits, to keep costs low, efficiency high. Factory-like culture with compensation by job classification, publishable benefit package. |
| <b>Strong Service</b>             | Recruit career-oriented professionals with strong sense of commitment to client. Reward via stability of practice, good benefits, pensions—average or below-average salary. Goal is to retain experience via low turnover.                         | Hire experienced professionals comfortable in corporate-like structure, as workload requires. Higher pay, limited benefits. People at top are entrenched; less loyalty to staff in event workload declines.                                                                |
| <b>Strong Idea</b>                | Young bright professionals are attracted to the firm to be associated with one of the leaders ("gurus") of the profession. Typically receive below-market salary, minimal benefits and move on after a few years unless tapped to an inner circle. | Recruit young bright professionals interested in learning from the firm. Compensation often below industry norm—attraction is working on interesting projects. Turnover is encouraged as staff develop experience, want higher rewards.                                    |
| <b>Practice-Centered Business</b> |                                                                                                                                                                                                                                                    | <b>Business-Centered Practice</b>                                                                                                                                                                                                                                          |

**FIGURE 7** Best Strategies for SALES MESSAGE AND TYPE OF CLIENTS

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                   |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strong Delivery</b>            | Best clients are volume developers and organizations interested in reliable, proven, repeat-type solutions. Sell the firm's proven track record and knowledge and understanding of principal(s) about how to get through the system and agencies. Past clients return because of proven track record and rapport with the principal(s).                                                        | Best market is one-time or repeat client unconcerned with originality and/or clients looking only at bottom line. Sell proven product, standardized design, assembly-line ("it will only take a minute and we'll have it all done") package deal.                                 |
| <b>Strong Service</b>             | Best markets are institutions and agencies with complex projects that seek reliable solutions and expect to be involved in their project's evolution. High repeat business from well-satisfied past clients. Sell closer/door experience, technical skills and commitment to remain on top of the job with personalized approach tailored to the client.                                       | Best markets are major corporations and agencies with large, mainstream projects where the client expects to delegate execution of the project after making the selection. Sell proven track record, known or demonstrably competent project manager and organization's strength. |
| <b>Strong Idea</b>                | Best clients are those with unique, one-of-a-kind problems, or "patrons" with individual or corporate egos to be satisfied. Clients are always the top decision makers, who may bypass input from their organization. The sales message is the reputation of the "guru" leader, and a track record of successful innovation, both design and technical, and/or solutions to uncommon problems. | Best markets are usually clients seeking leading-edge solutions that have been successfully tested by others, e.g., developers or lower-risk corporations and institutions. Clients respond to "sizzle" and messages like "innovation that is cost effective."                    |
| <b>Practice-Centered Business</b> |                                                                                                                                                                                                                                                                                                                                                                                                | <b>Business-Centered Practice</b>                                                                                                                                                                                                                                                 |

**FIGURE 8** Best Strategies for MARKETING APPROACH AND MARKETING ORGANIZATION

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strong Delivery</b>            | Principal(s) sells one-on-one; may frequently proactively take opportunities to past clients. Effective advertising and public relations campaigns keep the principal's and firm's name in front of the market. Marketing staff supports these efforts.                                                                                                                                                           | Marketing is carefully planned and managed. Sales representatives find and sometimes close leads. Bidding opportunities are welcomed. Advertising promotes a standard product/service. Often rely on heavy entertainment of prospects. Blanket coverage of conventions.                                                                                                          |
| <b>Strong Service</b>             | Marketing relies on closer/door principals strong at finding and courting clients. Facilitative marketing manager (who may be a principal) encourages broad staff participation in marketing, produces high-quality brochures, publishes a client newsletter, seeks regular publications in both professional and user-oriented publications. Good record of design awards, particularly by trade or user groups. | Centralized marketing and sales department, under a strong marketing director, is responsible for preparing the marketing plan. Frequent use of "bird dogs" to find leads, publication of articles oriented to meeting client needs, targeted direct mail, client seminars, some advertising. Sales are closed by one or a few principals who delegate work to project managers. |
| <b>Strong Idea</b>                | Marketing is generally unplanned, relies almost entirely on reputation developed via books and/or articles, professional society awards, entry in premier design competitions, frequent speeches and often a faculty appointment. Marketing staff, if any, responds only to inquiries.                                                                                                                            | Marketing is actively planned, particularly efforts to get to know specific clients, seek publicity, publish articles in leading magazines and produce effective brochures. A marketing coordinator will keep the program moving.                                                                                                                                                |
| <b>Practice-Centered Business</b> |                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Business-Centered Practice</b>                                                                                                                                                                                                                                                                                                                                                |

*"Strong-delivery" firms compete on the basis of price*

FIGURE 9 Best Strategies for PRICING AND REWARDS

|                                   |                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                            |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strong Delivery</b>            | This firm specializes in producing a relatively standard product over and over again. It will do best charging lump-sum fees—its profits come from efficiency. Maximizing efficiency—reducing the costs of production—produces high monetary rewards for the principals.                                              | This firm also seeks high monetary rewards, but achieves them by maximizing volume. Its standardized product and assembly-line process for delivering it thrive on volume. Thus, the firm can often bid low to keep volume up. Lump-sum fees are essential.                                                |
| <b>Strong Service</b>             | Given the choice, this firm will price all its work hourly, producing steady cash flow with moderate profits. Rewards here relate to security for many in the firm—increase in salaries, increase in benefits, share in profits, and growth to ownership.                                                             | For this firm to maximize return, the task is to focus on profitable activities, minimizing nonbillable time, carefully controlling overhead. This firm can do well on lump-sum fees, hourly rates without an upset or cost plus fixed fee. Rewards are high monetary returns for the few at the top.      |
| <b>Strong Idea</b>                | The essential reward for this firm is, simply put, fame. What is most important is wide recognition of the importance of the ideas because fame will bring new opportunities to develop new ideas. Economically, this firm will do best if it charges high rates based on the value—not the cost—of what it delivers. | This firm, having business values, will seek monetary rewards as well as fame. It will strive to capitalize monetarily on the innovative ideas it develops via value-added premiums, royalties and the like. It will not consider itself successful unless it makes money, as well as builds a reputation. |
| <b>Practice-Centered Business</b> |                                                                                                                                                                                                                                                                                                                       | <b>Business-Centered Practice</b>                                                                                                                                                                                                                                                                          |

FIGURE 10 Best Strategies for LEADERSHIP AND MANAGEMENT

|                                   |                                                                                                                                                                                                     |                                                                                                                                                                      |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strong Delivery</b>            | Authoritative owner leads firm and establishes a working environment that attracts professionals willing to subordinate themselves to, and implement, the defined management policies.              | Owners delegate operations authority to managers who structure rigid processes to keep the "assembly line" working.                                                  |
| <b>Strong Service</b>             | Broadly-based ownership with many equals. Can thrive on weak leadership as long as all are committed to the goals. Consistent organizational management provided by a facilitative general manager. | Owner(s) establishes leadership direction and assigns strong management authority to a CEO, who is likely to be the most influential (or majority owner) among them. |
| <b>Strong Idea</b>                | Strong leadership based on ideas/values and projects precludes the need for structured management, relying rather on administrative support.                                                        | Strong leadership based on ability to draw ideas/creativity from others. Management is a coordinating and administrative function.                                   |
| <b>Practice-Centered Business</b> |                                                                                                                                                                                                     | <b>Business-Centered Practice</b>                                                                                                                                    |

# SELF-ASSESSMENT QUESTIONNAIRE TO DETERMINE YOUR FIRM'S TYPOLOGY AND POSITION IN THE SUPERPOSITIONING MATRIX<sup>1</sup>

## Instructions:

Step I. Mark the appropriate answer to each of the following questions.

1. Is the firm's ownership:
  - a. Closely held by members of the firm acting as a partnership?
  - b. Held by one or more outside investors?
  - c. A broad partnership or broadly held corporation?
  - d. Closely controlled internally with a corporate attitude?
  - e. A proprietorship or small partnership with approximately equal ownership?
  - f. A proprietorship or small partnership with equal ownership?
2. How are firmwide decisions made?
  - a. By the dictates of a professionally oriented leader.
  - b. By the book, following a one-time set of rules.
  - c. By consensus of the owners or managers.
  - d. By the majority vote of controlling owners.
  - e. Benevolently, by the leader(s) after input and collaboration of others.
  - f. Autocratically, by the dictates of a business-oriented leader.
3. How do you staff?
  - a. We are largely a group of highly specialized professionals with some lower-paid technical staff.
  - b. We have a few professionals plus a highly trained staff of paraprofessionals able to produce most of the firm's work.
  - c. We have many professionals and staff who are relatively well compensated and have been with the firm for many years.
  - d. We have some specialized, high-level professionals who stay with the firm and a large technical group that turns over frequently.
  - e. The brightest and best come to us; we ask a lot of them and expect that they will leave after a few years.
  - f. We recruit the best and the brightest; they often leave after a few years.
4. How does the firm market?
  - a. The principals sell; others do the project work; we sometimes advertise.
  - b. We rely on sales representatives who are supported by advertising and competitive bidding.
  - c. We have an active marketing program managed by a marketing professional. The principals participate actively by courting, closing, and being involved in projects.
  - d. We organize around a centralized marketing department (PR, marketing assistance, bird-dogs, etc.). The marketing principal(s) sell(s); others largely do the projects work.
  - e. Our clients come to us. We publish and seek awards to maintain visibility. We succeed without a formal marketing program.
  - f. Our clients come to us. We publish and seek awards; however, we have a planned marketing program.

---

<sup>1</sup> Extracted with permission from Success Strategies for Design Professionals, Coxé et al, New York: McGraw-Hill, 1987

5. How does the firm primarily organize to deliver project services and products?
  - a. Departmentally.
  - b. Clearly defined assembly line process.
  - c. Closer/owner-led design teams or studios.
  - d. Departments with project managers providing continuity on projects.
  - e. Design teams brought together on an ad hoc basis.
  - f. Fixed design teams or studios.
6. How are project-related decisions made?
  - a. Our work is primarily the result of the standard process; design decisions are made by a lead designer.
  - b. Our designs are standardized, and solutions are largely decided by the clients.
  - c. The project manager or closer-principal who obtains and manages the project makes the design decisions.
  - d. The department head makes them.
  - e. The design principal makes them; each job is consciously made different.
  - f. The design principal makes them; successful solutions are often repeated.
7. What is the best route to achieve maximum rewards in your firm (however you define rewards)?
  - a. High monetary rewards through maximizing efficiency.
  - b. High monetary rewards through maximizing volume.
  - c. Security for many-- salary and benefits, profit sharing, growth to ownership.
  - d. High monetary returns for a few at the top by focusing on profitable activities.
  - e. Fame.
  - f. Fame and fortune
8. What is the predominant pricing system in your firm?
  - a. Lump sum, getting as much as we can.
  - b. Successful bidding.
  - c. Hourly, with upsets.
  - d. Hourly, open-end.
  - e. Higher hourly rates and/or multiples than competitors.
  - f. Higher lump sums with value-added premiums.
9. How would you describe the majority of your clients?
  - a. Volume developers or entrepreneurs.
  - b. National chain clients with standardized building requirements.
  - c. Institutions.
  - d. Government or municipal.
  - e. Patrons in large and small organizations, and individual clients seeking unique solutions.
  - f. Corporations, institutions, and agencies seeking unique expertise.

**Step II. Transfer your answers for questions 1-9 by checking the appropriate boxes in the lettered columns below. Total each lettered column.**

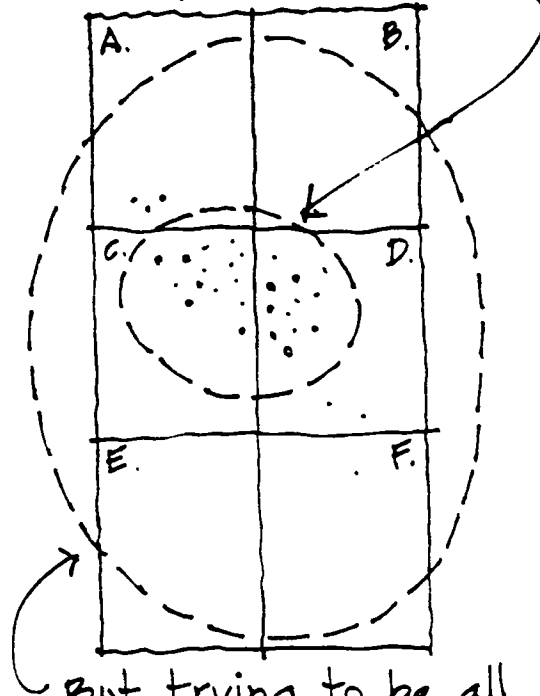
| Question                  | a                        | b                        | c                        | d                        | e                        | f                        |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. Ownership              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Firmwide decisions     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Staffing               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Marketing              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Project organizations  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Project decisions      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Rewards                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Pricing                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Clients                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Total                     |                          |                          |                          |                          |                          |                          |
| Technology-value position | <u>A</u>                 | <u>B</u>                 | <u>C</u>                 | <u>D</u>                 | <u>E</u>                 | <u>F</u>                 |

**Step III. On the Superpositioning Matrix below, indicate the typology of your firm. Place a dot in the appropriate box of the matrix for each of the answers you gave in that category. Most firms will fall in more than one category. It's useful to indicate where your firm predominately positions itself, perhaps by drawing an "amoeba-like" form encompassing all the dots.**

|   |   |
|---|---|
| A | B |
| C | D |
| E | F |

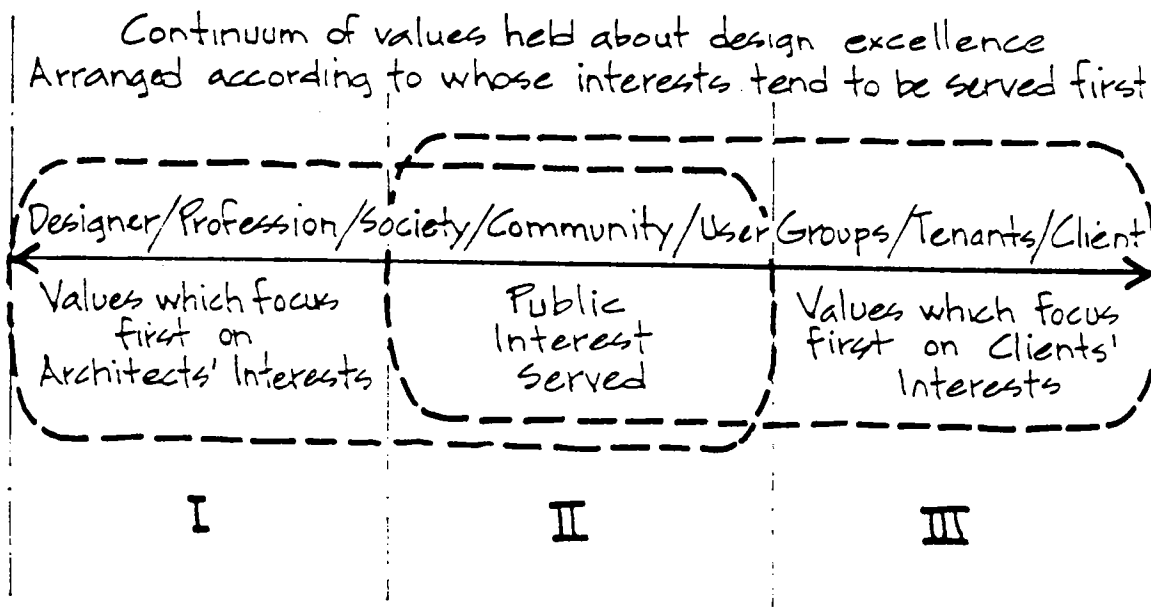


Almost no firms fit neatly into only one box of the matrix.



But trying to be all things to all people causes management problems.

AND THEN -- regardless of the business vs: practice value-set developed by the Coxé Group with Maister, there is also a set of values held about design; perhaps a correlation between the two.



Remember: Design excellence can be (and frequently is) achieved in all three of the tracks

## Characteristics of Design Excellence:

This is a summary of a much longer and detailed list compiled by Robert Shibley, School of Architecture, SUNY, Buffalo, from the Young Architects Forum at Grassroots '89.

### A List from the Young Architect's Forum.

1. Response to, and from, users, clients, and the public
2. Connectedness to surrounding context and contextualism
3. Aesthetics, expression, and sensory stimulation
4. Social awareness and responsibility
5. Technical concerns
6. Problem solving and function
7. Flexibility and adaptability of the architect
8. Concern for the environment
9. Creation and use of new ideas

## WORKING LIST FROM A MEMBER FIRM

(This an actual list that has been in use since November 1987. It was developed by the firm both to guide their staff and to assist in evaluating the work of their firm and of others. They titled it "Criteria for design".)

1. **SENSE OF PLACE**  
Is there a memorable, landmark quality about the design that projects an experience of architecture as place?
2. **STRENGTH OF CONCEPT**  
Is the concept unique and clearly supported by all the elements of the design?
3. **FRESHNESS AND INNOVATION**  
Is the design on the cutting edge of thinking and capable of being precedent setting?
4. **PROBLEM SOLVING OBJECTIVITY**  
Have we solved the client's program logically, analytically, and without preconception?
5. **FIT INTO CONTEXT**  
Does the design appropriately respect its site and context and feel natural in its setting?
6. **CLARITY OF ORGANIZATION**  
Does the arrangement of spaces, functions, and/or building elements easily promote its use?
7. **CLARITY OF CIRCULATION**  
Is there a clear sense of entry, internal orientation, and spatial sequences to facilitate user movement?
8. **CLARITY OF FORM**  
Is there a clear form and comfortable massing; does the project hang together at the detail level?
9. **QUALITY OF SPACE**  
Are the exterior and internal spatial sequences clearly articulated by appropriate use of materials, details, and light?
10. **SPIRIT**  
Does it possess that "something extra" unique to our projects that uplifts the human experience?
11. **USER VALUE**  
Are both the client's program and users' experience enhanced by the design solution?
12. **EXPRESSION OF PURPOSE**  
Does the design clearly and freshly say "what I am" in a generic sense which promotes its purpose?
13. **WORTHINESS OF PUBLICITY**  
Are there images, benefits, and truths about the design that will be newsworthy to lay people and future clients?
14. **BUILDING TECHNOLOGY**  
Are there clear integration of building systems, elegance of detailing and freshness in technology used?
15. **COST EFFECTIVENESS**  
Is this project, through its efficiency of layout and simplicity of construction, the "most for the money"?
16. **IMPACT ON DESIGN BUDGET AND SCHEDULE**  
Is the execution of the design realistic within the balance of the design time and fees?
17. **MATERIALS**  
Is there high craftsmanship in fitting and detailing materials together in a harmonious manner?
18. **ADAPTABILITY**  
Can this design be changed economically, either through conversion or expansion to meet future requirements?

## DESIGN VALUES SELF-ASSESSMENT QUIZ

How do you define DESIGN EXCELLENCE in architecture? In each of the horizontal lines below there are three statements—each is a characteristic of design excellence. There are no wrong answers. In each line across, number each statment as 1, 2 or 3 in the order you rate its importance; 3 for most important, 1 for least important. Total your ratings for each column. The vertical column with the highest score contains the aggregate of choices that most nearly reflect your own beliefs, your personal value system regarding design excellence.

| COLUMN I                                                                                                                                   | COLUMN II                                                                                                   | COLUMN III                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Context is the departure point, the inspiration for a bold innovative statement about it <input type="text"/>                              | Recognizes, recalls, and builds harmoniously on local cultural and physical context <input type="text"/>    | Sets strong image, distinct and new to its locality. Stands out. <input type="text"/>          |
| advances the art of architecture through a significant design statement; explores new ideas; great clarity of concept <input type="text"/> | beautiful to the eye; a place to experience over and over, user-friendly <input type="text"/>               | striking and handsome, meets or exceeds space requirements <input type="text"/>                |
| technologically innovative—demonstrates uses of new materials and systems or new uses for proven ones <input type="text"/>                 | great flexibility—functionally innovative; circulation easy and self-evident <input type="text"/>           | uses readily available materials and systems in proven and efficient ways <input type="text"/> |
| uses highest quality materials commensurate with its use <input type="text"/>                                                              | public and community support assure economic feasibility; excellent life-cycle costs <input type="text"/>   | best possible value for the construction money <input type="text"/>                            |
| transcends style categorization—arresting and thoughtful <input type="text"/>                                                              | good human scale; timeless in its design—invites participation and reflection/activity <input type="text"/> | timely, current design; strong, compelling image; attractive <input type="text"/>              |
| elegance in both materials and craftsmanship sets new standards for quality in all levels of detailing <input type="text"/>                | appropriate durability for its intended use <input type="text"/>                                            | builds easily and well; meets schedule and budget <input type="text"/>                         |
| explores new ways to satisfy client and user needs <input type="text"/>                                                                    | environmentally responsible—is and feels safe. <input type="text"/>                                         | meets or exceeds all codes, regulatory and program requirements <input type="text"/>           |
| uses client program as a vehicle to expand our awareness and our concepts about design <input type="text"/>                                | satisfies but transcends the client's program to also serve community needs <input type="text"/>            | meets the stated wishes of the client in an exemplary way <input type="text"/>                 |
| TOTALS <input type="text"/>                                                                                                                | <input type="text"/>                                                                                        | <input type="text"/>                                                                           |

# THE THREE TRACK CONTINUUM OF VALUES HELD ABOUT DESIGN EXCELLENCE

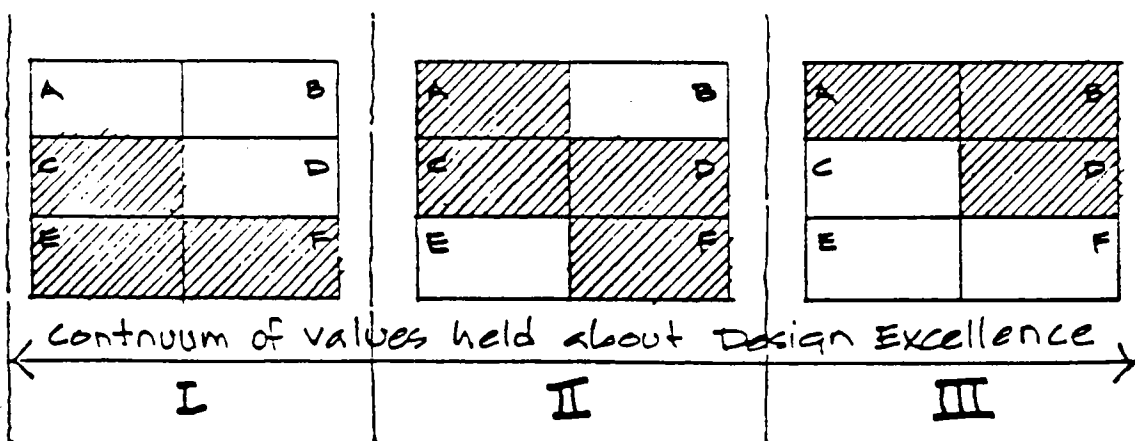
| FOCUSES FIRST<br>ON SERVING THE<br>INTERESTS OF:                                   | TRACK I                                                                                                                                                                                                                                                                                                                                                                          | TRACK II                                                                                                                                                                                                                                                                                                                                                                                          | TRACK III                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                    | Designer/Profession/Society/Community/User                                                                                                                                                                                                                                                                                                                                       | Groups/Tenants/Client                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                        |
| TYPICAL<br>DESCRIPTIVE<br>PHRASES ABOUT<br>DESIGN GOALS<br>OR DESIGN<br>EXCELLENCE | <p>Advances the art of Architecture • Elegant in all its details • Great clarity of concept • Explores new spatial relationships • Innovative • May transcend categorization by style • Contrasts sharply with its context • Highest possible quality • Technically innovative • Strong personal expression • Expands our awareness and our minds • Esthetically significant</p> | <p>Recognizes, recalls and builds on its context • Circulation easy and self-evident • Highly flexible for multiple uses • A place to experience over and over • Beautiful • User friendly • Durable • Harmonious • Is and feels safe • Culturally contextual • Energy efficient • Good life cycle costs • Technically excellent • Ecologically considerate and environmentally responsible •</p> | <p>Striking and handsome • Meets budget and schedule • Clear concept • Sets strong distinctive image which is new to its location • Uses readily available materials and systems in new, efficient ways • Meets and exceeds functional requirements • Good value for the construction cost • Value added through design • Feasibility good • Technically excellent for the money •</p> |
| TYPICAL<br>PROJECT<br>TYPES                                                        | <p>CORPORATE HQ<br/>PRIVATE RESIDENCES<br/>ART MUSEUMS<br/>UNIVERSITY BUILDINGS<br/>COMMERCIAL INTERIORS<br/>AQUARIUMS<br/>WATER-FRONT DEVELOPMENTS</p>                                                                                                                                                                                                                          | <p>RECREATION PROJECTS<br/>BANKS<br/>PUBLIC TRANSPORTATION<br/>HOSPITALITY<br/>PUBLIC HOSPITALS<br/>REGIONAL MALLS<br/>HISTORIC PRESERVATION</p>                                                                                                                                                                                                                                                  | <p>CLINICS<br/>PRIVATE HOSPITALS<br/>STRIP CENTERS<br/>SPEC. OFFICE BLDGS.<br/>INDUSTRIAL</p>                                                                                                                                                                                                                                                                                          |

What types of firms work best in each of the tracks of the value-set continuum?

Correlation: Look at the article "Charting your course" -- a summary of the Coxé Group/Maister work on typology of design firms.

In the article, the superpositioning matrix is reproduced 7 times, each providing strategy recommendations for each of the 6 firm types on the following topics:

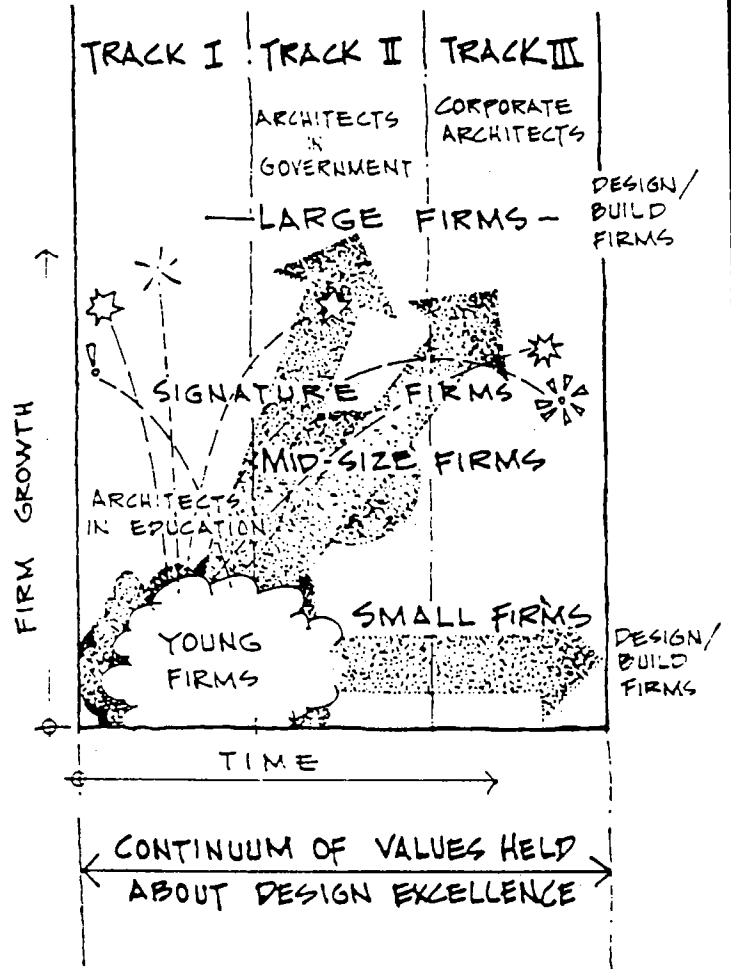
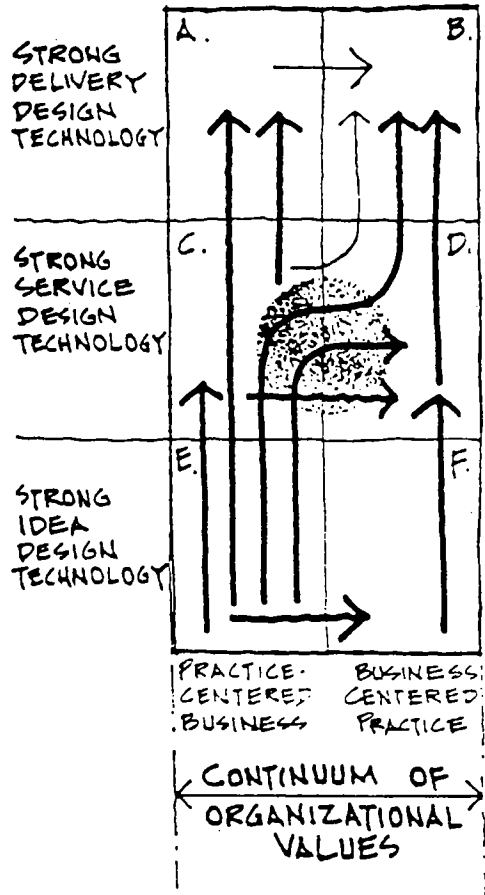
- Project Process and decision making
- Organizational structure/decision-making
- Staff recruitment and development
- Sales message and type of clients
- Marketing approach and organization
- Pricing and rewards
- Leadership and management



An examination of the 42 recommended strategies (7 each for 6 types of firms) indicates what types of firms might be best suited to which client and project types. The closer the correlation between the values held by the architect and those of the client, the more comfortable and effective the architect will be.

# TYPICAL MIGRATION PATHS FOR FIRMS THAT REPOSITION

## SUPERPOSITIONING MATRIX





## A SELF-ASSESSMENT EXERCISE

Note: the following exercise should take no longer than 45 minutes. You may want to make it the subject of the next staff get-together or partners meeting. If so, the first several steps should be individual work, comparing results with each other after step 4.

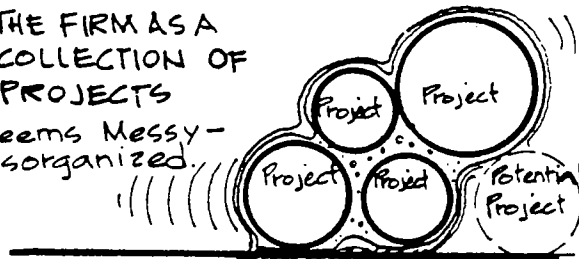
1. On a clean piece of paper, jot down as many criteria as you can that you think are essential to design excellence. Work for speed and quantity. Try to fill up a page. (3 minutes, maximum)
2. Compare your list with the ones included in this paper, adding any of their items you forgot.
3. Now review the list, striking off those criteria that don't apply to the project types your firm does or wants to do.
4. Prioritize the items on your list from most important down to the least.
5. Draw a line down the center of a page and quickly list on one side all the project types you can think of for which you would expect the clients to agree with your list. On the other side of the line list those project types for which you think the clients would have a problem with your list or not hire you if they knew your list.
6. Rate yourself: how well do your values match those of your clients? Of the rest of the members of your firm? Is there any correlation between problem projects in the past and the list of probable problem clients you made? Most importantly, are you marketing jobs now where you think there's a good "fit"?
7. Now consider your options. They may include refocusing your marketing efforts, adjusting your proposed fees for certain project types, or, as the "Coxe-Box" book suggests, rethinking your management strategies.

The previous pages have given you a lot of information on the typology of firms -- very useful, particularly if you are in a period of growth, picking a partner, dealing with ownership transition, etc. etc. On the other hand, many small firms remain very flexible and do well operating in immediate and direct response to projects.

Some of the firms at the Signature Firms Roundtable have as many as 100 people. Yet they talked of the firm as little more than a collection of projects -- "Just a way to enable more people to work on the (design) problem."

### THE FIRM AS A COLLECTION OF PROJECTS

Seems Messy - disorganized.



Like an amoeba held together mostly by you and a bit of transparent stuff called firm management and organization. But that's a very effective model.

It suggests that the "minimalist" manager measure -- primarily pay attention to -- two things:

- ① The projects
  - productivity
  - design
  - technical quality
  - schedule, etc, etc.

- and
- ② Marketing
    - number of cold calls
    - number of leads
    - number of RFP's
    - number of new jobs

AND, OF COURSE, THE BUDGETS AND COSTS OF BOTH.

Looking at it that way can put a whole new perspective on all the vendors of specialty information resources, the complex hardware (and software) items, the gadgets and systems that media, salesmen, (and possibly your staff) keep telling you are necessary for successful management.

No doubt all of them are useful to some architects. But are they essential to your practice, or would they just distract you from what really is essential?

Here's a formula to help you stiffen your sales resistance. First, realize any discretionary money you have to spend comes only from profit on projects. Then fill in the blanks.

$$1000^{\circ} \text{ PROFIT} = \left( \frac{\quad}{\quad} \right) \text{CONSTRUCTION COST} \times \left( \frac{\quad}{\quad} \% \right) \text{YOUR AVERAGE FEE} \\ \times \left( \frac{\quad}{\quad} \right) \text{YOUR AVERAGE, OR TARGET PROFIT.}$$

"There's no real trick to running an architecture firm. You only have to do two things. Get projects. Do projects."

Si Morris, Morris Architects  
Houston and Orlando



EXAMPLE: Say you average a 7 1/2 % fee and a 15 % profit.  
 $1000 = \text{Const. Cost} \times .075 \times .15$   
 $\text{Const cost} = \frac{1000}{.075 \times .15} = 88,888^{\circ}$

In other words, for every 1000<sup>°</sup> of "discretionary" money you spend, you must market, provide full services for, and manage the risks for almost \$90,000 worth of construction.

# FINANCIAL MANAGEMENT

Nowadays, most firms have + handle their financial management on a computer. If you do, and find it timely and effective, then skip this.

On the other hand, there's reason to ask whether computers give small-firm practitioners such a Flood of information they can't keep up with it -- Do you use what you get when you get it? Is the information getting to you in time to help you keep the projects on track?



## YOU WANT TO BE:

- ❑ An architect--not an accountant
- ❑ Practicing without tripping over accountants and mysterious financial reports at every step
- ❑ Able to check the "financial temperature" of the firm and the projects at any time.

## YOU NEED

- ❑ SOME FINANCIAL GUIDEPOSTS
- ❑ A SIMPLIFIED, TIMELY, AND REASONABLY ACCURATE WAY TO MONITOR FINANCIAL PERFORMANCE FOR
  - EVERY PROJECT
  - THE FIRM AS A WHOLE

WILLIAM H. HAIRE, AIA, Oklahoma State University has developed the following way to do that for the "minimalist" manager.

FINANCIAL GUIDEPOSTS come from a PROFIT PLAN - which is also an estimated Operating Budget.

Profit planning can be approached in several different ways. This is a bare-bones version applicable to any small firm.

**PROFIT PLAN: STEP ① - ESTIMATE EXPENSES** (omitting "pass-throughs" such as reimbursables and project-related outside consultants fees)

- ❑ Salaries of principals and employees (include planned adjustments)
- ❑ Payroll taxes and benefits costs of all personnel, including as appropriate:
  - FICA (social Security)
  - Unemployment Insurance
  - Workers Compensation
  - Other legal requirements
  - Health Insurance
  - Planned incentives
  - AIA/other dues
  - Continuing Education

These are the bare min

- Office expenses - Use past history as a starting point; estimate based on anticipated changes over the next year.

Include, as appropriate, such things as:

- Auto expenses
- Firm dues and subscriptions
- Business entertainment
- Rent
- Utilities
- Office maintenance
- Insurance
- Depreciation
- Taxes and licenses
- Marketing tools
- Telephone, FAX
- Travel
- Accountants services
- Legal services
- Interest on business related debt
- All consumable supplies

**STEP ② - SET PROFIT GOAL:** Gross dollar amount or percentage of expenses. Look back at the discussion on profit in Section 1. "Pricing"

**STEP ③ - EXPENSES + PROFIT GOAL = NET REVENUE GOAL**  
("NET" because you have omitted reimbursables and outside consultants' fees)

| EXAMPLE PROFIT PLAN ( FIGURES ARE ILLUSTRATIVE ONLY - NOT RECOMMENDATIONS ) |                                     |                                       |            |
|-----------------------------------------------------------------------------|-------------------------------------|---------------------------------------|------------|
| 5 PERSON FIRM -                                                             |                                     |                                       |            |
| ① SALARIES                                                                  | Principal (1 @ \$52,000)            | 52,000                                |            |
|                                                                             | Registered Architect (1 @ \$37,440) | 37,440                                |            |
|                                                                             | Technical Employees (2 @ \$25,000)  | 50,000                                |            |
|                                                                             | Secretary (1 @ \$14,560)            | 14,560                                |            |
|                                                                             | Total Salaries                      |                                       | \$ 154,000 |
|                                                                             | PAYROLL TAXES AND BENEFITS          |                                       | \$ 18,000  |
| OFFICE EXPENSES                                                             |                                     |                                       |            |
| • Rent                                                                      | 13,000                              | • Insurance (auto, office, liability) | 16,000     |
| • Utilities                                                                 | 5,500                               | • Office Supplies                     | 3,500      |
| • Telephone                                                                 | 2,500                               | • Travel                              | 9,500      |
| • Equipment purchase/maintenance                                            | 5,000                               | • Printing                            | 4,500      |
| • Postage, shipping                                                         | 1,500                               | • Marketing tools                     | 5,000      |
| • Publications                                                              | 1,000                               | • Other                               | 1,000      |
|                                                                             | Total Office Expenses               |                                       | \$ 68,000  |
|                                                                             | TOTAL EXPENSES                      |                                       | \$ 240,000 |
| ② PROFIT GOAL @ 25% x TOTAL EXPENSES (240,000 x 0.25)                       |                                     |                                       | \$ 60,000  |
| ③ NET REVENUE GOAL                                                          |                                     |                                       | \$ 300,000 |

In architecture, revenue (and profit) is generated by  
DIRECT SERVICES LABOR ..... people working on projects.

**DIRECT SALARY EXPENSE (DSE)** -- the salary cost of hours charged to projects (billable time) -- is the best and most easily used common denominator for planning and timely measure of financial performance.

Financial guideposts, in the form of **DSE MULTIPLIERS** can be easily calculated from a Profit Plan that has been restated to isolate expected DSE.

This can be done by applying an expected **EFFICIENCY RATIO** to total salaries

**EFFICIENCY RATIO = DIRECT SALARY EXPENSE ÷ TOTAL SALARY EXPENSE**  
OR

**DIRECT SALARY EXPENSE = TOTAL SALARY EXPENSE × EFFICIENCY RATIO**

Efficiency ratios will be different for different firms, but statistical surveys indicate that most achieve about 65 percent overall efficiency (averaging all principals and employees) to maintain reasonable profitability.

The other 35% is spent on nonbillable (indirect) time, such as for marketing, sales reps, general office administration, AIA, vacations, holidays, sick leave, etc.

THE EFFICIENCY RATIO should be monitored periodically because it reflects the firm's ability to generate revenue:

LOW EFFICIENCY RATIO = LOW REVENUE POTENTIAL

HIGH EFFICIENCY RATIO = HIGH REVENUE POTENTIAL

| RESTATED EXAMPLE PROFIT PLAN (Using 65% Efficiency Ratio) |           |
|-----------------------------------------------------------|-----------|
| DIRECT SALARIES ( $\$154,000 \times 0.65$ )               | \$100,000 |
| INDIRECT EXPENSES:                                        |           |
| Indirect Salaries ( $\$154,000 \times 0.35$ )             | \$54,000  |
| Payroll taxes and benefits                                | 18,000    |
| Office expenses                                           | 68,000    |
| TOTAL INDIRECT EXPENSES                                   | \$140,000 |
| TOTAL DIRECT SALARIES + INDIRECT EXPENSES                 | \$240,000 |
| PROFIT GOAL @ 25% x EXPENSES ( $\$240,000 \times 0.25$ )  | 60,000    |
| NET REVENUE GOAL                                          | \$300,000 |

#### ■ CALCULATE PLANNED DSE MULTIPLIERS (Item ÷ DSE)

- To pay for DSE  $\$100,000 \div \$100,000 = 1.00$
- To pay for indirect expenses  $140,000 \div \$100,000 = 1.40$
- To add profit  $60,000 \div \$100,000 = 0.60$

PLANNED NET MULTIPLIER = 3.00

Multiple of salaries to use for minimum hourly rates

#### ■ USE NET MULTIPLIER TO SET MINIMUM HOURLY BILLING RATES

EXAMPLE:

- Principal  $3.0 \times 25^{\circ} = 75^{\circ}/\text{hr.}$
- Registered Architect  $3.0 \times 18^{\circ} = 54^{\circ}/\text{hr.}$
- Technical staff  $3.0 \times 12^{\circ} = 36^{\circ}/\text{hr.}$
- Clerical/Administrative  $3.0 \times 7^{\circ} = 21^{\circ}/\text{hr.}$

Low Efficiency Ratio increases necessary "break-even" multiplier (more indirect hours, fewer direct hours).  
Result: Lower profit margin, unless Net Multiplier is increased through greater production efficiency.

THESE ARE MINIMUM rates needed to meet the Profit Plan. Actual rates charged should be based on the considerations listed in Section 1, "PRICING" -- the value of services and client/market considerations.

#### ■ CONVERT PROFIT GOAL TO A PERCENTAGE OF INCOME:

$60,000 \div 300,000 = 20\%$  (from the example above). This is the figure you need for day-to-day project management. When a new project comes in, set aside 20% off the top of the fee as untouchable. What's left is what the project must be done for, if the profit plan is to be met.

## USE ACTUAL NET MULTIPLIER EARNED TO MONITOR FINANCIAL PERFORMANCE REGULARLY

The only information needed is  
**NET REVENUE EARNED**  
 (from invoices or estimates)

**DIRECT SALARY EXPENSE**  
 (from time sheets and hourly salary rates)

- QUICKLY
- EASILY
- WITH REASONABLE ACCURACY
- WITHOUT ACCOUNTANTS

And the basis for determining the fee--  
 Lump sum, % const. cost, per unit, etc is irrelevant!

**EXAMPLE:** (All money amounts rounded to nearest \$100)

|           | 1.<br>Net Rev.<br>Earned (÷) | 2.<br>DSE (=) | 3.<br>Net Mult.<br>Earned | 4.<br>Break-even<br>Multiple (=) | 5.<br>Profit<br>Multiple (=) | 6.<br>Approx.<br>Profit (loss)<br>(2 x 5.) |
|-----------|------------------------------|---------------|---------------------------|----------------------------------|------------------------------|--------------------------------------------|
| PROJECT A | \$20,000                     | \$6,800       | 2.94                      | 2.4                              | 0.54                         | \$3,700                                    |
| PROJECT B | 35,000                       | 11,000        | 3.18                      | 2.4                              | 0.78                         | 8,600                                      |
| PROJECT C | 12,500                       | 5,500         | 2.27                      | 2.4                              | <0.13>                       | <700>                                      |
| PROJECT D | 41,000                       | 11,700        | 3.50                      | 2.4                              | 1.10                         | 12,900                                     |
| TOTALS    | \$108,500                    | \$35,000      | 3.10                      | 2.4                              | 0.70                         | \$24,500                                   |

ALTHOUGH not 100% accurate (due to possible variations in the "Break-even" Multiplier), this method of monitoring provides a simple and timely means to stay abreast of financial performance--

And to determine if and on which projects corrective action is needed 90% accuracy NOW is far more valuable than 100% accuracy 3 weeks from now!

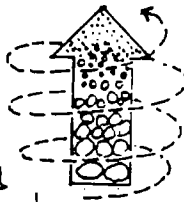
The "Break-even" Multiplier is the only variable factor. It should be re-calculated periodically, using accrual-based financial information (you will probably need your accountant for this). In the meantime, check your efficiency ratio. If it is holding about as planned, your "Break-even" probably hasn't changed much. Unless, of course, some other large indirect expense has come up unexpectedly.

## TIPS FOR INCREASING PROFITABILITY (AGAIN, THANKS TO BILL HAIRE)

- ❑ HAVE A PROFIT PLAN AND A MARKETING PLAN. Firms that do, fare better financially than others.
- ❑ SPEND MORE TIME ON PRICING AND NEGOTIATION PREPARATION. It's the best way to know when it's right to be assertive.
- ❑ MAXIMIZE DIRECT (BILLABLE) HOURS. Keep your Efficiency Ratio as high as reasonably possible.

- ❑ MAKE DIRECT HOURS PRODUCTIVE. Keep work and people organized for high design and production efficiency. Work from the general to the particular

The point of all the "front-end" work stressed in this book is to work around the project through client and concept development,



predesign and design -- All in a way that deals with what's important at increasing levels of detail. Working from general to particular avoids having to rethink and redo.

Remember the "80/20 RULE" on most things, 80% of the job gets done with 20% of the effort. Always do the next 80% first.

- ❑ CONTROL INDIRECT EXPENSES. Ask yourself: Will it

If it won't do at least one of these, consider your calculation of what the expenditure represents in profit from a successful project.

- (a) Improve the firm's marketing ability
- (b) Improve the quality of projects or services
- (c) Increase efficiency (reduce marginal cost?)

On the other hand, it's a lot easier to make money than to save it. Don't go to extremes.

- ❑ UNCOMPENSATED SERVICES: MAKE CONSCIOUS DECISIONS ABOUT THEM. If you have a contract and you live up to your end of the agreement -- expect the client to do the same. If there are additional services, get the client's agreement that's what they are and bill for them - unless you both agree you'll provide them under some separate agreement.

There may be circumstances where free services are appropriate -- good marketing, a way to contribute your fair share, or a way to repay an obligation.

But remember that even if you charge no fee, the standard of care and your exposure to risk are exactly the same as though you had.

It's usually a good idea to be sure the beneficiaries know the market rate of what you do



- ❑ AVOID UNREIMBURSED REIMBURSABLES. They add up to a lot of money, directly reduce profit, add nothing to quality. But consider negotiating a lump-sum average amount to be added to each invoice -- It avoids the client thinking you're nickel-and-dimeing them, and keeps bookkeeping to a minimum for both of you. Particularly if there's a disputed invoice.
- ❑ CHECK PROJECT NET MULTIPLIERS OFTEN. Early warning is your best hedge against low profitability

↑ ❑  
 Add other tips as you hear them  
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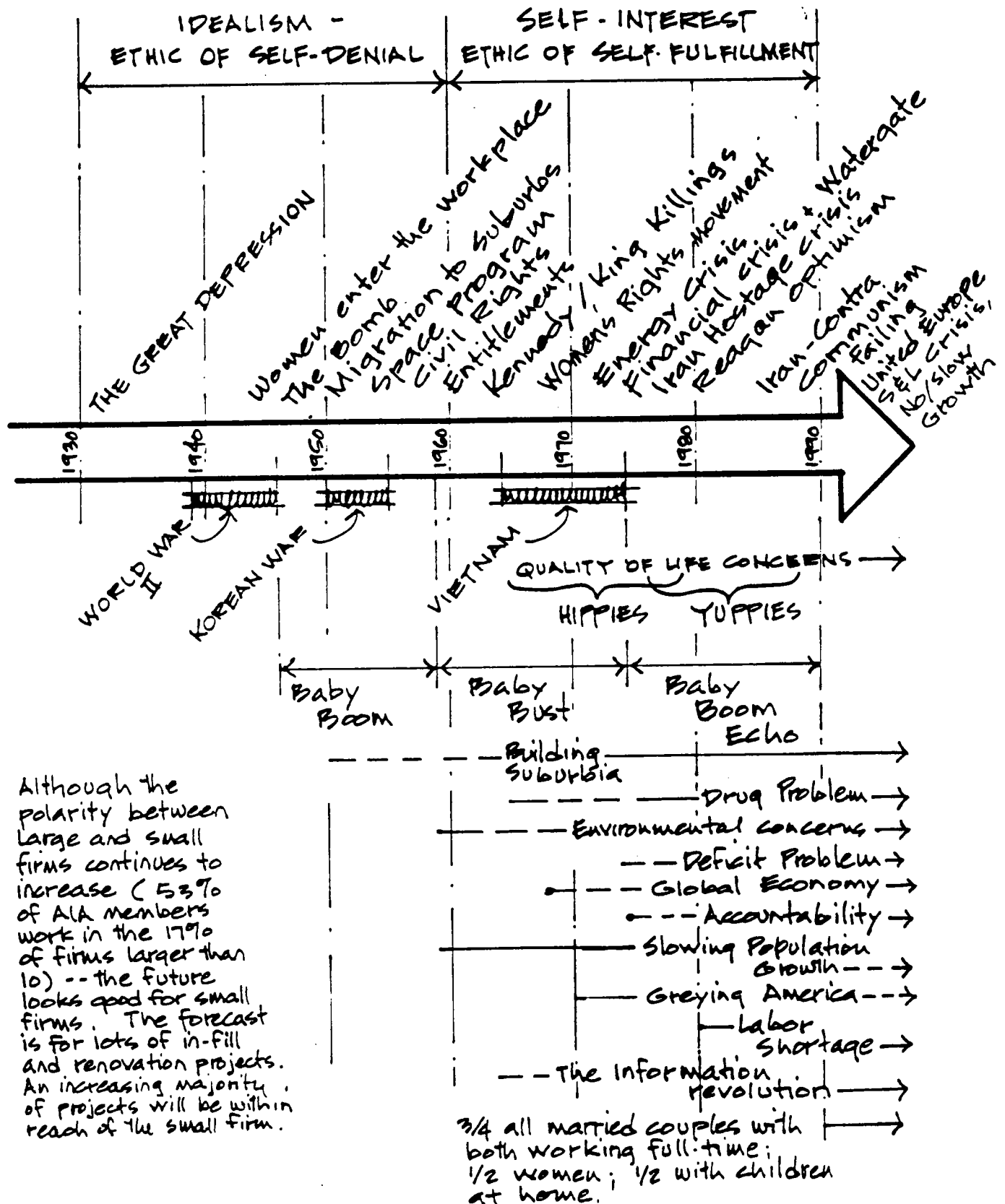
## This image shows a full page of primary-ruled paper. It features a vertical solid line on the left side, creating a margin. The rest of the page is filled with horizontal dotted lines, providing a guide for handwriting practice. There are no markings or text on the page.

# SECTION 6.

## MANAGING THE FUTURE

|                                                     |      |
|-----------------------------------------------------|------|
| Projected trends                                    | 6.1  |
| How it's different practicing in a small firm       | 6.2  |
| What small firms say about their practice           | 6.4  |
| To grow or not to grow ?                            | 6.5  |
| Alternative practice forms: Clinic, Network, Merger | 6.8  |
| Strategic Planning -- step by step                  | 6.11 |

# WHAT'S AHEAD ?



IS IT REALLY DIFFERENT PRACTICING IN A SMALL FIRM, AND IF SO HOW? THROUGH A SERIES OF 10 SMALL FIRM ROUND TABLES THIS PICTURE EMERGES AS A GENERALIZATION.

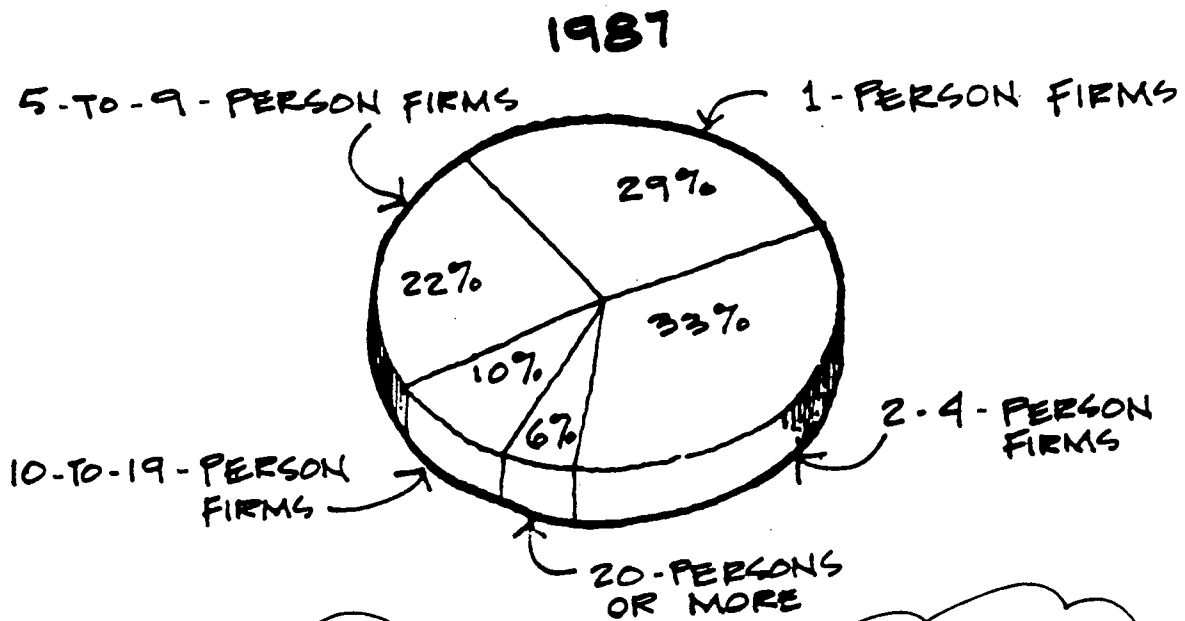
MOST OF THE DIFFERENCES ABOUT PRACTICE IN A SMALL FIRM, RATHER THAN A LARGE OR MID-SIZE FIRM, ARE A MATTER OF DEGREE.

|                          | DIFFERENCE<br>IN DEGREE | DIFFERENCE<br>IN KIND |
|--------------------------|-------------------------|-----------------------|
| DESIGN CONTROL           | ●                       |                       |
| ADMINISTRATIVE HASSLE    | ●                       |                       |
| FINANCIAL STABILITY      | ●                       |                       |
| PERSONNEL PROBLEMS       | ●                       |                       |
| MARKETING PROBLEMS       | ●                       |                       |
| DESIGN VALUES HELD       | ●                       |                       |
| LIABILITY                | ●                       |                       |
| VARIETY OF WORK          | ●                       |                       |
| COMPETITION              |                         | ●                     |
| BENEFITS                 |                         | ●                     |
| DISCRETIONARY MONEY/TIME |                         | ●                     |
| PLANNING                 |                         | ●                     |

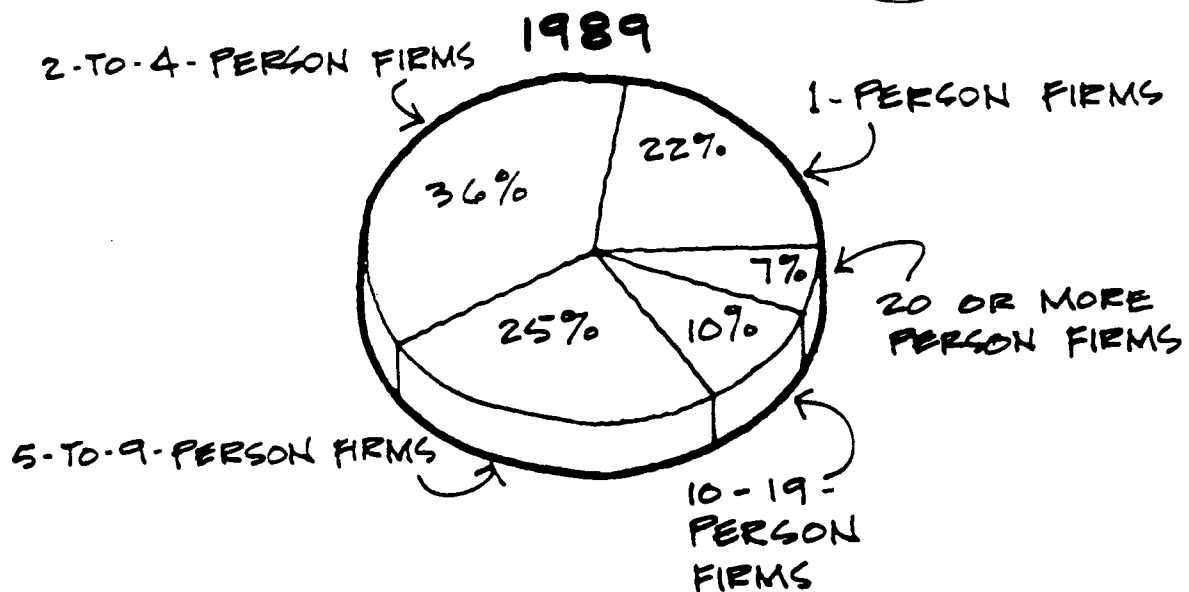
Differences in competition, benefits, and discretionary money/time are results of being in a small firm. Small firms are preyed on from the margins of the industry and are vulnerable to competition by builders and non-professional designers.

Lots of small projects (the diet of the small firm), means lots of "threshold" project administration costs. Even if the percentages remain the same, the 3% to 8% that a large firm might budget for continuing education or marketing is a lot more in real dollars than the same percentage for the small firm.

What's interesting about "planning" is that small firms do not usually report they do any. It may be that this is a partial cause of small firms rather than a result of their size!



## OTHER RESOURCES - NETWORK !!



Small firms form a healthy majority of architecture firms in the USA. They are the backbone of our profession. Many get together at AIA meetings, form luncheon clubs, talk frequently by phone. Some even trade services, sub for each other, redline check sets and specs. They keep time and settle up at year-end in accordance with pre-agreed common rates.

# WHAT SMALL FIRMS SAY

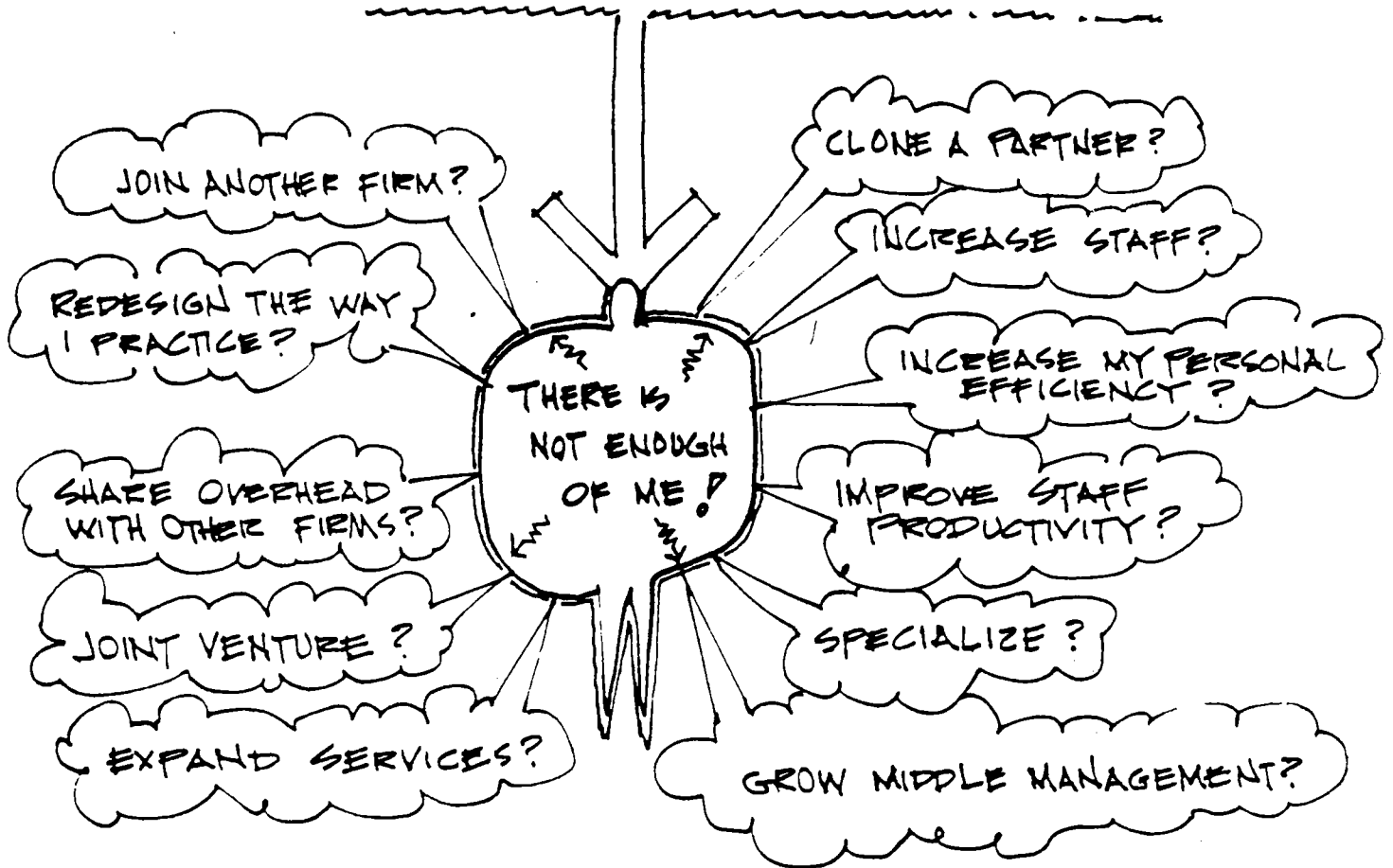


1. I do it all. Pride and independence.
2. No bureaucracy - the firm doesn't get in the way.
3. I get to control and do all the design.
4. High level of personal service to, and involvement with clients.
5. More than I made working for others.
6. Low overhead - can always survive a bad market.
7. The staff is a team - great communication - close relationships
8. Quality assurance is built in.
9. Total personal discretion - ultimate flexibility/responsiveness of the firm.
10. Problems, when they come, are smaller.



1. There's not enough of me.
2. No back-up. No middle management
3. I'm not doing what I set out to do as an architect.
4. More, and different kinds of competition - builders, engineers, illegal practitioners.
5. Lower ceiling on the most I can expect to make.
6. Market restricted to a small geographic area
7. Not enough people to compete for the good big projects.
8. No second opinions, no crits - feel isolated.
9. No risk capital and I always have to be there. I don't control my own destiny.
10. Problems have a magnified impact:
  - Cash Flow
  - Staff turnover
  - Start/stop projects
  - Personal health
  - Lawsuits
  - Overhead.

AS A SMALL FIRM ....  
WHAT ARE MY OPTIONS ??

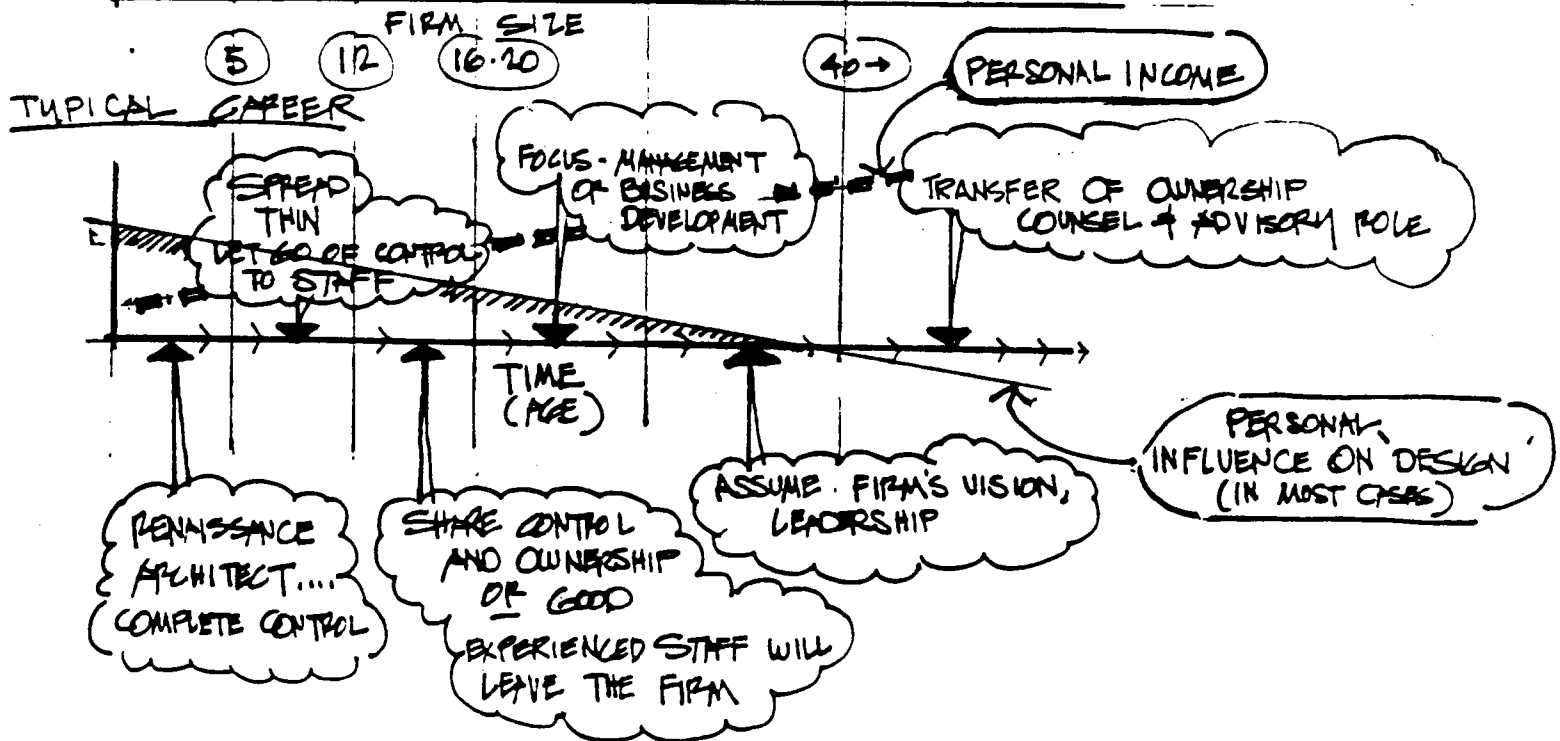
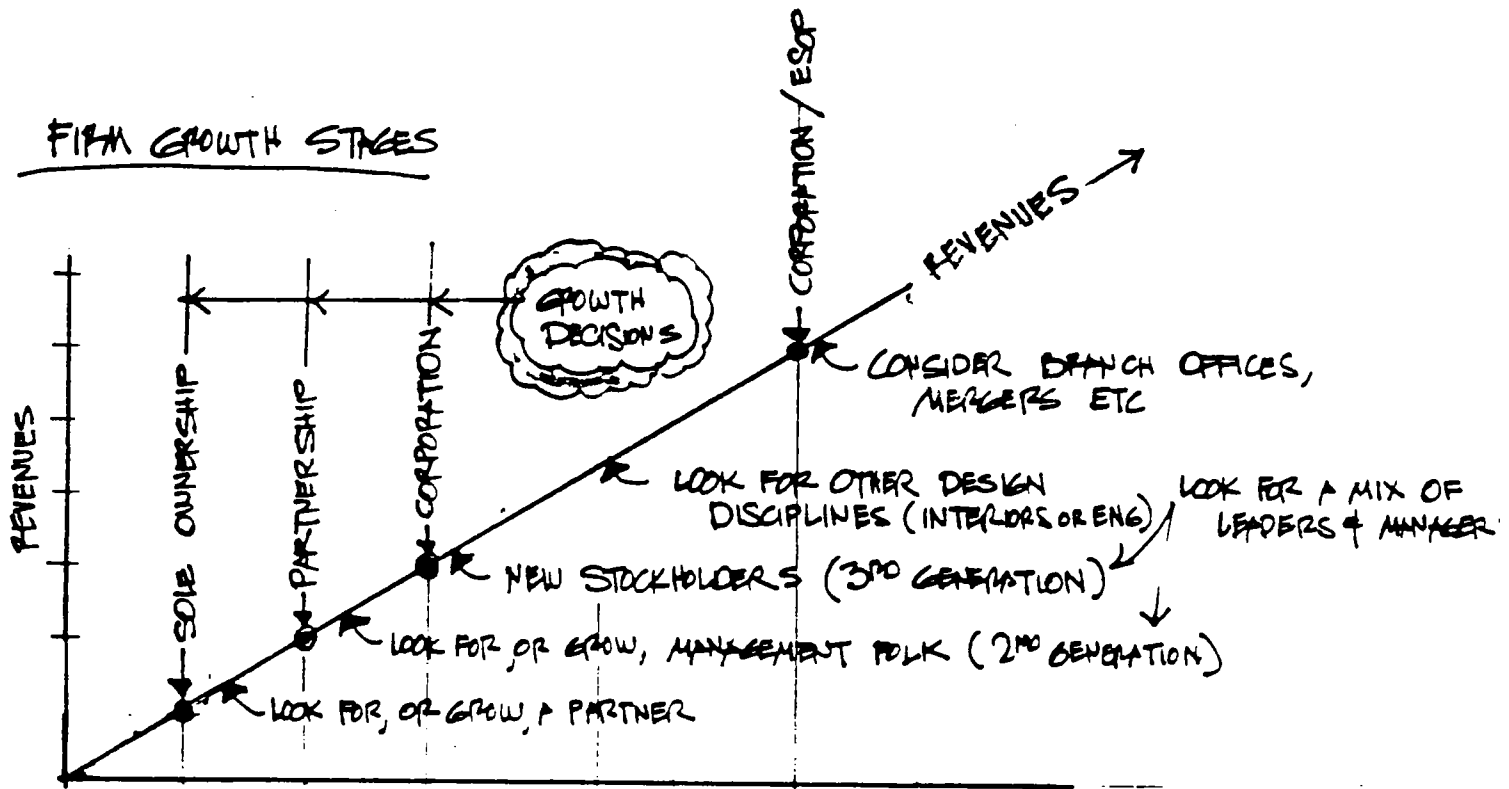




↓ (This page by Ken Bussard, FAIA)

SMALL FIRM - IF I GROW ..... WHAT HAPPENS ?

### FIRM GROWTH STAGES

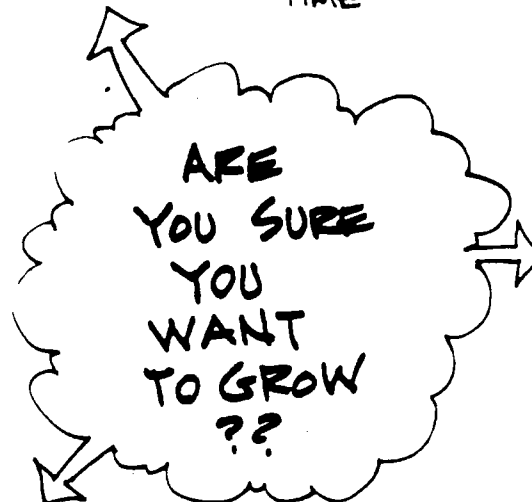
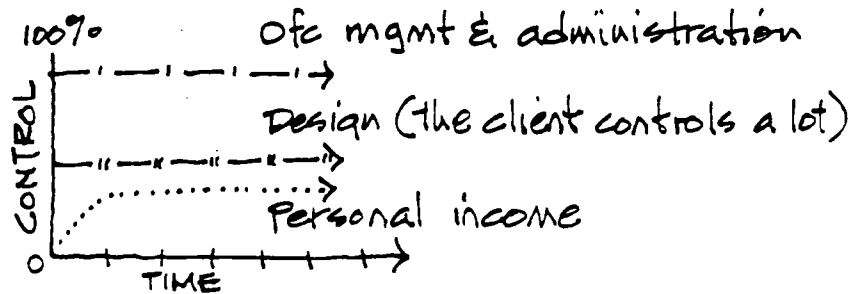


Every year about 1,000 architects leave the firms they work for in order to start their own independent practices. Most of them have some hazy idea of growing the practice into a thriving, excellent firm. Growth is almost always a goal.

But there are trade-offs. Here are some dangerously sweeping generalizations to illustrate what's involved in heading up three kinds of firms --

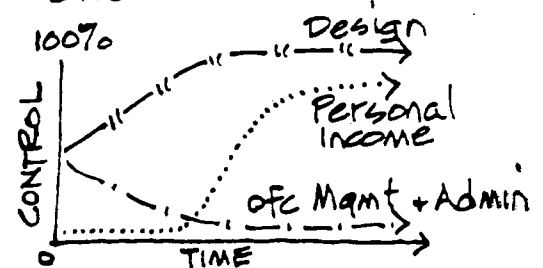
### SMALL FIRMS

The most often reported positive aspect of small firm practice is the pride the owner takes in doing and controlling everything



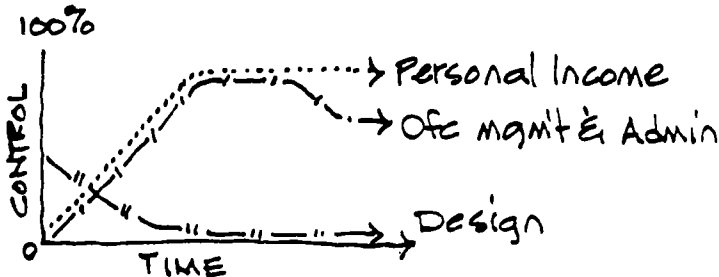
### STAR DESIGNERS

Report that the secret of good design is to do it to the exclusion of almost everything else.



Top designers report that while they set policy and fees, they delegate almost everything else.

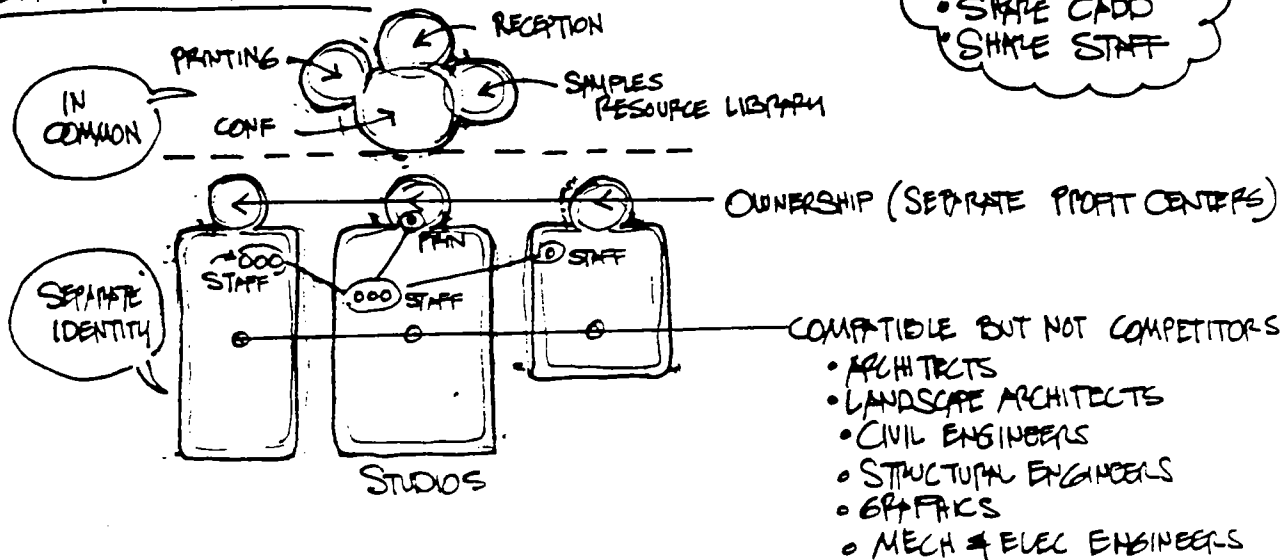
LARGE FIRMS - Heads of the bigger and better-managed firms report that office management and administration are full-time responsibilities



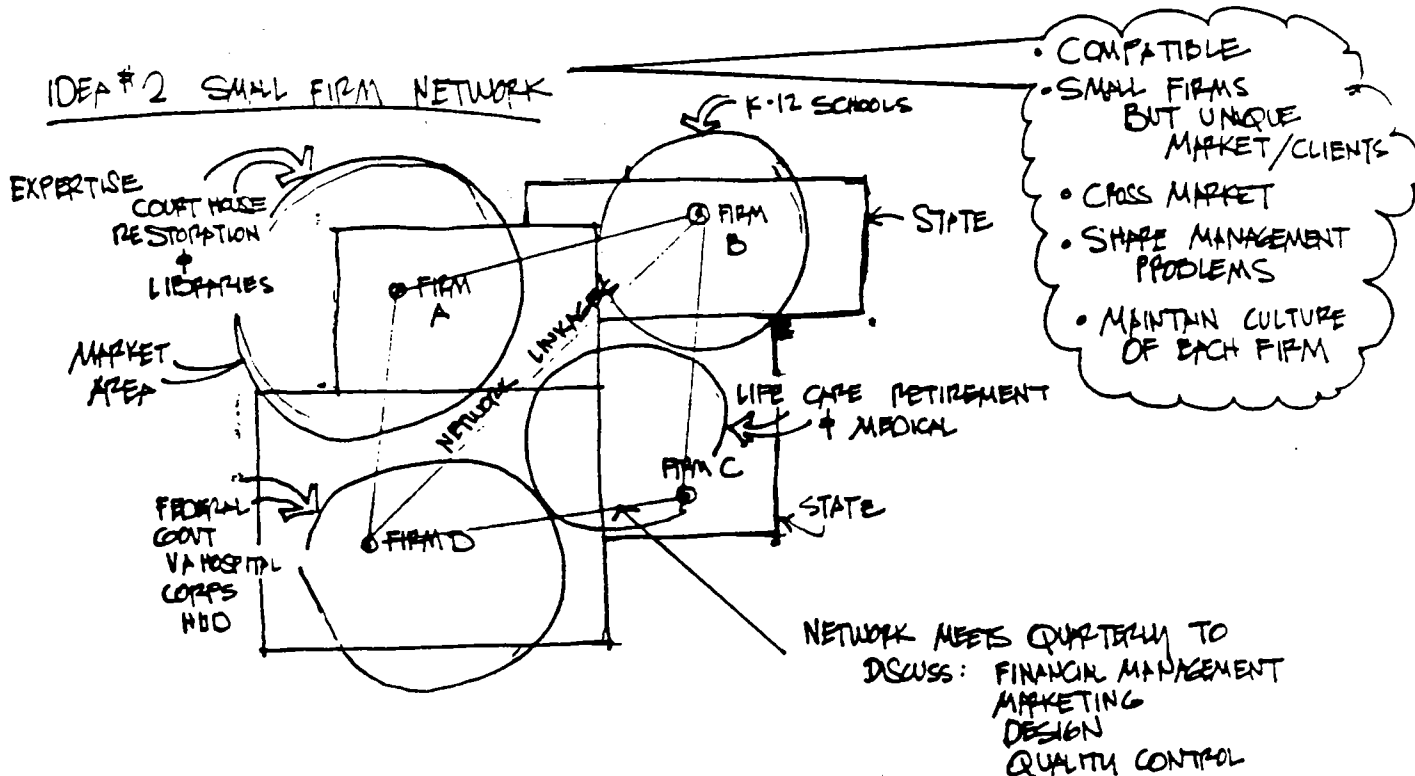
This page from Ken Bussard, FAIA

STAY SMALL .... BE BETTER .... BE SMARTER!

## IDEA #1 CLINIC CONCEPT

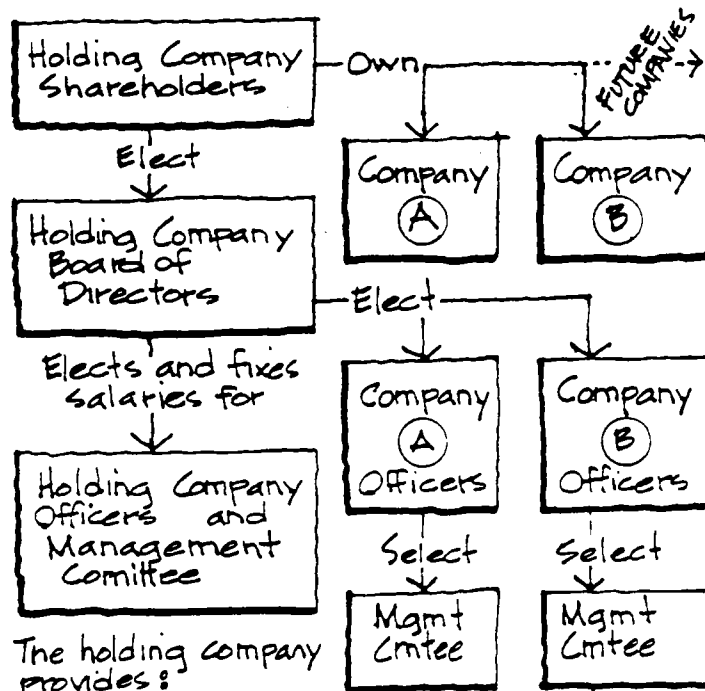


## IDEA #2 SMALL FIRM NETWORK



Bussard Diki's did, in fact, network and after experience working together with their sister firm - merged !!

## MODEL OF A MERGER



The holding company provides:

- E+O Insurance
- Employee benefits
- Bookkeeping
- Accounting
- Payroll
- Project records
- Project database
- Cross-marketing
- Joint marketing
- Tax prep./reporting
- Return on investment for its owners.

The idea is that Companies A and B retain everything to do with being architects on projects. The Holding Company does as much as possible of the rest for a profit.

Each subsidiary firm Markets, negotiates, contracts, staffs, designs, produces, bills and collects for its own projects

Each subsidiary firm pays to the holding Company:

- A percentage of net fees for administration
- An agreed-upon amount to provide the targeted ROI to holding company shareholders

The idea is that Companies A + B decide on and achieve their own levels of profitability independently of each other.

# STRATEGIC PLANNING

## BEFORE STARTING THIS BOOK

You were given a short exercise to help you evaluate:

- The firm in terms of strengths and weaknesses
- Your market threats and opportunities

Now is the time to look back at that evaluation.

Were you on target?

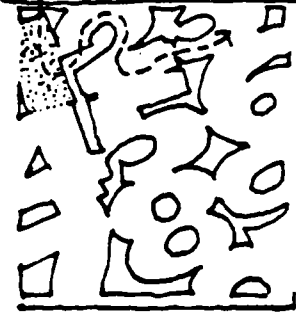
That exercise is actually the first step in strategic planning

The following pages outline the full process. If you did a good job at the beginning, just amend it now in light of the insights and reconsiderations you've experienced through working your way through the book. Then skip to step 3. in the following.

# STRATEGIC PLANNING--STEP BY STEP

## ① WHERE ARE YOU NOW?

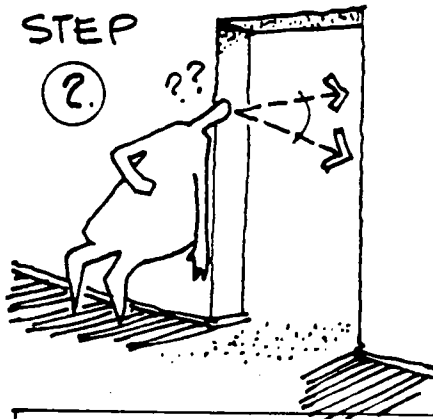
QUICK! IN NO MORE THAN THREE MINUTES LIST THE FIVE GREATEST INTERNAL STRENGTHS AND FIVE WORST WEAKNESSES OF YOUR FIRM.



| FIVE GREATEST STRENGTHS | FIVE WORST WEAKNESSES |
|-------------------------|-----------------------|
| 1.                      | 1.                    |
| 2.                      | 2.                    |
| 3.                      | 3.                    |
| 4.                      | 4.                    |
| 5.                      | 5.                    |

STEP

(2.)



# WHAT'S OUT THERE ?

NOW -- IN ONLY THREE MINUTES,  
LIST THE SIGNIFICANT FORCES  
AND CONDITIONS EXTERNAL  
TO THE FIRM. WORK FOR SPEED  
AND IMMEDIATE RESPONSE -- WHAT  
THREATS AND OPPORTUNITIES EXCITE  
YOU? PREOCCUPY YOU?

|                     |                          |
|---------------------|--------------------------|
| 1. GREATEST THREATS | 1 GREATEST OPPORTUNITIES |
| 2.                  | 2.                       |
| 3.                  | 3.                       |
| 4.                  | 4.                       |
| 5.                  | 5.                       |

STRATEGIC  
PLANNING:  
STEP 3.



.....NOW THE FUN PART.

JUST AS YOU IMAGE A PROJECT YOU'RE  
DESIGNING -- WALK THROUGH IT AND REALLY  
EXPERIENCE IT IN YOUR MIND -- IMAGE  
NOW YOUR WORLD 5 YEARS FROM NOW.  
YOU HAVE ACHIEVED EVERYTHING YOU SET  
OUT TO DO! BASK IN THE PRIDE AND GOOD  
FEELINGS OF TOTAL SUCCESS. SAVOR THE MOMENT.

NOW JOT DOWN IN THE SPACE BELOW HOW IT IS THAT YOU KNOW  
YOU'VE WON. DREAM AS THOUGH THERE WERE NO POSSIBLE WAY TO FAIL.

---

WHERE ARE YOU? (OR WHAT SORT OF PLACE)?

---

WHAT ARE YOU DOING?

---

WITH WHOM (OR WHAT SORTS OF PEOPLE)?

---

WHAT SIZE IS THE FIRM + WHAT IS IT BEST KNOWN FOR?

---

WHAT IS YOUR POSITION IN THE ORGANIZATION?

---

WHAT ARE YOUR PRIMARY ROLES?

---

WHAT ARE THE CHIEF INDICATORS OF YOUR SUCCESS?



#### ④ STRATEGIC PLANNING - NOW TELL YOUR STORY.

THE FIRST THREE STEPS OF THE PROCESS HAVE ALL BEEN PRIVATE WORK. THIS STEP WORKS BEST IF TWO PEOPLE DO THE FIRST THREE STEPS INDEPENDENTLY AND NOW TAKE TURNS INTERVIEWING EACH OTHER LIKE JOURNALISTS. IT'S STILL FIVE YEARS IN THE FUTURE. YOU ARE SO SUCCESSFUL, ARCHITECTURE MAGAZINE WANTS TO PRINT A CASE STUDY ON YOU. LIST HERE THE HIGHLIGHTS OF YOUR PATH TO YOUR PRESENT SUCCESS.

☐ LIST MAJOR EVENTS THAT LED TO YOUR PRESENT SUCCESS.

☐ LIST THE PEOPLE WHO HELPED MOST SIGNIFICANTLY.

☐ WHAT DID THEY DO, EXACTLY?

☐ HOW DID YOU BUILD YOUR RELATIONSHIP WITH THEM?  
WHAT MOTIVATED THEM TO HELP YOU?

☐ WHAT OBSTACLES DID YOU HAVE TO OVERCOME?

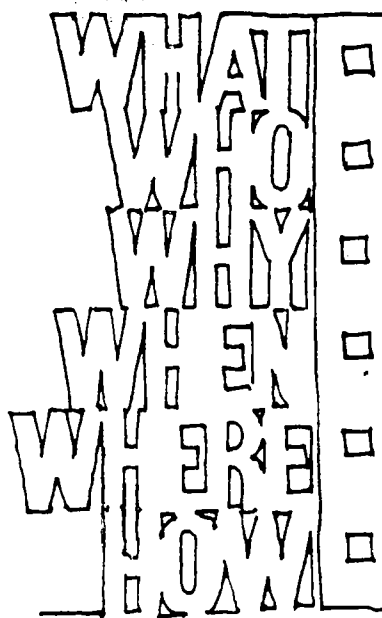
☐ HOW DID YOU GET THE RESOURCES, SKILLS, KNOWLEDGE TO DO ALL THIS?

☐ WHAT WAS THE FIRST STEP YOU TOOK ON THE ROAD TO SUCCESS 5 YEARS AGO?

⑤ SO FAR, YOU'VE BEEN WORKING FROM THE TOP DOWN.

If you did it well, and there's a real resonance and excitement to your story, start now on the tactics to implement your strategy.

Start from today -- work from the bottom up -- plan to make that first step really happen -- starting now.



[illegible]

## This image shows a blank sheet of white paper with horizontal ruling lines. A solid vertical line runs down the center of the page, creating two equal-width columns. The horizontal lines are evenly spaced and extend across the entire width of the page, including over the central vertical line. There are no markings, text, or other graphical elements on the page.