MOVING TO AN INTERNATIONAL PRACTICE: Small, Medium, Large—Guidance for All Practices

Course Number WE300
Wednesday, June 19, 1:00 pm – 5:00 pm
3.75 Learning Units
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*Developing an ever strengthening network of global resources for AIA members and opportunities for best practice globally.*
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Learning Objectives

1. **Recognize the challenges, risks, opportunities, and rewards of practicing internationally.**

2. **Discover the resources** and tools available to architects to help them develop a successful global business strategy.
Learning Objectives

3. **Discuss** how other architects have addressed cultural, human resource, legal, and business issues to have successful business practices in major global regions such as China, the Middle East, and India, in addition to emerging markets in Africa.

4. **Assess** a firm's readiness to expand into an international practice regardless of the size of the practice.
Workshop Agenda & Approximate Timings

1:00 – 1:30 p.m.

• Notices, Learning Objectives and Agenda
• Introduction of the presenters
• Audience self-introductions
Workshop Agenda & Approximate Timings

1:30 – 1:45 p.m.

• Facts & Figures – A Workshop
  Introduction / James M. Wright, AIA
Workshop Agenda & Approximate Timings

1:45 – 2:00 p.m.

• Global Practice and the AIA Abroad
  An Overview of AIA Global Resources: Components, Accords and Opportunities
  / Christine Bruckner, FAIA, LEED AP.
  BEAM Professional
2:00 – 2:30 p.m.

• How the Federal Government Can Help—Policies & Programs /

*Eugene Alford*, U.S. Department of Commerce International Trade Specialist

*Terri Batch, MPA*, U.S. Department of Commerce International Trade Specialist
2:30 – 2:45 p.m.

- Global Practice in a Large Firm, with Lessons for Everyone /

Jill Lerner, FAIA
2:45 – 3:00 p.m.

• Filling in the Blanks– a Local Perspective / William Lim, FAIA, HKIA
Workshop Agenda & Approximate Timings

3:00 – 3:10 p.m.

• Break / Scene Change
Workshop Agenda & Approximate Timings

3:10 – 3:15 p.m.

• Introduction of Panelists
Workshop Agenda & Approximate Timings

3:15 – 4:00 p.m.

- Workshop Panel Discussion
Workshop Agenda & Approximate Timings

4:00 – 5:00 p.m.

• Interactive Audience/Panel Discussions
Speakers

Christine E. Bruckner, PhD., FAIA, HKIUD, Beam Pro, LEED AP
Principal, CE Bruckner Architect & Sustainability Consultants
Chair, AIA International Committee Advisory Group
Secretary, AIA International Region
Immediate Past President, AIA Hong Kong
Speakers

Eugene Alford
Senior Trade Specialist, U.S. Department of Commerce
Speakers

Terri Batch, MPA
Senior Trade Specialist, U.S. Department of Commerce
Speakers

Jill N. Lerner, FAIA
Principal, Kohn Pedersen Fox Associates
President, AIA New York
Speakers

William O. Lim, FAIA, HKIA, NCARB
Principal, CL3 Architects Ltd.
President, AIA Hong Kong
Speakers

Session Organizer

James M. Wright, AIA
Principal, Page Southerland Page LLP
Vice President, AIA International Region
Workshop Participants Introductions
Facts & Figures—A Workshop Introduction

James M. Wright, AIA
Principal, Page Southerland Page LLP
Vice President, AIA International Region
International work in general...

• Comprises about **7%** of total gross 2011 billings (all firms)

• **Doubled** in the last decade

Source: AIA, “The Business of Architecture”
International work in general...

Within the past three years:

• **13 percent** of all firms have had international work

• **Two-thirds** of international billings in Asia, Middle East, or Latin America

Source: AIA, “The Business of Architecture”
International work in general...

Within the past three years:

More than half of firms > 50 staff have international work

Source: AIA, “The Business of Architecture”
International work in general...

Within the past three years:

20% of firms with 10-49 staff have international work

10% of firms < 10 staff have international work

Source: AIA, “The Business of Architecture”
International work in general...

In 2011, about 25% of firms not currently pursuing international work are interested in doing so...

Source: AIA, “The Business of Architecture”
International work in general...

**Top five** international markets by percent of billings:

1. Middle East (20%)
2. Latin America/Caribbean (19%)
3. China (15%)
4. East Asia/Pacific (11%)
5. Canada (10%)

Source: AIA, “The Business of Architecture”
International work in general...

Remaining five international markets by percent of billings:

6. Africa (8%)
7. Western Europe (7%)
8. South America (5%)
9. South Asia/India (4%)
10. Eastern Europe/Central Asia (3%)

Source: AIA, “The Business of Architecture”
International work in general...

Large firms: more than half of international revenue from the Middle East and China

Less clear geographic pattern for mid-size and small firms

Source: AIA, “The Business of Architecture”
International work in general...

In-country design partnering:

- **40%** of large firms partner with locals

- **50-67%** of mid-sized and small firms partner with locals

Source: AIA, “The Business of Architecture”
International work in general...

Services offered:

• Over *70%* of all firms provide front-end design services

• About *37%* provide construction documents

Source: AIA, “The Business of Architecture”
International work in general...

Smallest practice areas:

interior design and master planning

Source: AIA, “The Business of Architecture”
International work in general...

Top five market assessment factors 2008-2011:

1. Understanding of the local culture (75%)

Source: AIA, “The Business of Architecture”
International work in general...

Top five market assessment factors 2008-2011:

2. Having a contact in that market (65%)

Source: AIA, “The Business of Architecture”
International work in general...

Top five market assessment factors 2008-2011:

3. Ability to work with a local consultant (63%)

Source: AIA, “The Business of Architecture”
International work in general...

Top five market assessment factors 2008-2011:

4. Ability to work with a local architect/engineer (55%)

Source: AIA, “The Business of Architecture”
International work in general...

Top five market assessment factors 2008-2011:

5. Visiting the country before conducting business (40%)

Source: AIA, “The Business of Architecture”
International work in general...

Talking with the U.S. Commerce Dept. country expert:

• Only 9 percent of all firms reported utilizing this resource...

• Though a third of large firms work with Commerce

Source: AIA, “The Business of Architecture”
Of the 2011 top 250 revenue-earning firms

The **top 50** revenue-earning firms reported:

28% revenue from international clients

Source: AIA, “The Business of Architecture”
Large/Medium/Small...

Of the 2011 top 250 revenue-earning firms

The middle 50 revenue-earning firms reported:

9% revenue from international clients

Source: AIA, “The Business of Architecture”
Large/Medium/Small...

Of the 2011 top 250 revenue-earning firms

The **bottom 50** revenue-earning firms reported:

7% revenue from international clients

Source: AIA, “The Business of Architecture”
Demographics of Architects (2008)

Source: Helen Davis Hatch, FAIA, tvsdesign, Global Practice Design Colloquium, 2012

Country

Australia, Brazil, Canada, Chile, China, France, Germany, India, Indonesia, Italy, Japan, Korea, Rep., Mexico, Russia, S. Africa, U.K., U.S., Vietnam

Source: Helen Davis Hatch, FAIA, tvsdesign, Global Practice Design Colloquium, 2012
Comparative Demographics

U.S.:
~ 33 architects/100,000 people

Sources: Architects Council of Europe; Col·legi d'Arquitectes de Catalunya; Architecture Ideas; Design Intelligence
Comparative Demographics

Europe:

~ 80 architects/100,000 people

Sources: Architects Council of Europe; Col·legi d'Arquitectes de Catalunya; Architecture Ideas; Design Intelligence
Comparative Demographics

Europe:

~ **80** architects/100,000 people (the extreme: Italy at **210** architects/100,000 people)

Sources: Architects Council of Europe; Col·legi d'Arquitectes de Catalunya; Architecture Ideas; Design Intelligence
Comparative Demographics

India:
less than 1 architect/100,000 people

Sources: Architects Council of Europe; Col·legi d'Arquitectes de Catalunya; Architecture Ideas; Design Intelligence
Comparative Demographics

China:
less than 1 architect/100,000 people

Sources: Architects Council of Europe; Col·legi d'Arquitectes de Catalunya; Architecture Ideas; Design Intelligence
General Construction Industry Trends

Last year (2012):

Domestic contracting by U.S. firms rose 6.1%

General Construction Industry Trends

Last year (2012):

Domestic contracting by U.S. firms rose 6.1%

International contracting jumped 22.4%!

General Construction Industry Trends

Last year (2012):

International contracting market revenue amounts to **24.4% of total revenue**

General International Economic Trends

The global economic bright spots the past three years: the BRIC countries (Brazil, Russia, India, China).

Source: CIA World Factbook; Economist Intelligence Unit; International Monetary Fund
General International Economic Trends

The global economic bright spots the past three years: the BRIC countries (Brazil, Russia, India, China).

The next bet on growth: Vietnam, Egypt, Turkey and South Africa

Source: CIA World Factbook; Economist Intelligence Unit; International Monetary Fund
General International Economic Trends

From BRIC to N-11

The “Next 11” economies that will drive global growth:

Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, Korea, Turkey and Vietnam.

Source: PageSoutherlandPage Analytics
General International Economic Trends

From BRIC to N-11

At the end of 2011:

**Mexico, Indonesia, Korea and Turkey** (also known as MIKT) made up 73% of all Next 11 GDP.
General International Economic Trends

KPMG International’s Global Construction Survey 2012:

The one constant in the global marketplace is the insatiable demand for infrastructure in all forms...

Source: PageSoutherlandPage Analytics
General International Economic Trends

KPMG International’s Global Construction Survey 2012:

The “old” imperatives:
Commercial, residential, institutional and industrial building projects

replaced by...

Source: PageSoutherlandPage Analytics
General International Economic Trends

KPMG International’s Global Construction Survey 2012:

...construction associated with:

Energy, natural resources, transportation, communication and technology.

Source: PageSoutherlandPage Analytics
General International Economic Trends

Key findings from the ENR International Survey 2012:

Among the world's regions, the biggest gainer was the Latin America/Caribbean market (up 37.8%)

Source: PageSoutherlandPage Analytics
General International Economic Trends

Key findings from the ENR International Survey 2012:

The world’s largest international market, the **Asian/Australian** region, rose 26.3% (with a volume about three times the Latin America/Caribbean market)

Source: PageSoutherlandPage Analytics
General International Economic Trends

Key findings from the ENR International Survey 2012:

Even the troubled European market was up 14.4%
General International Economic Trends

Key findings from the ENR International Survey 2012:

Even the troubled European market was up 14.4%.

The only world market that did not see gains: the U.S., down 4.8%

Source: PageSoutherlandPage Analytics
Thank You

Open forum panel following to discuss more of the above with expert panelists in part two of this workshop following presentations.
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