

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

Course Number WE300

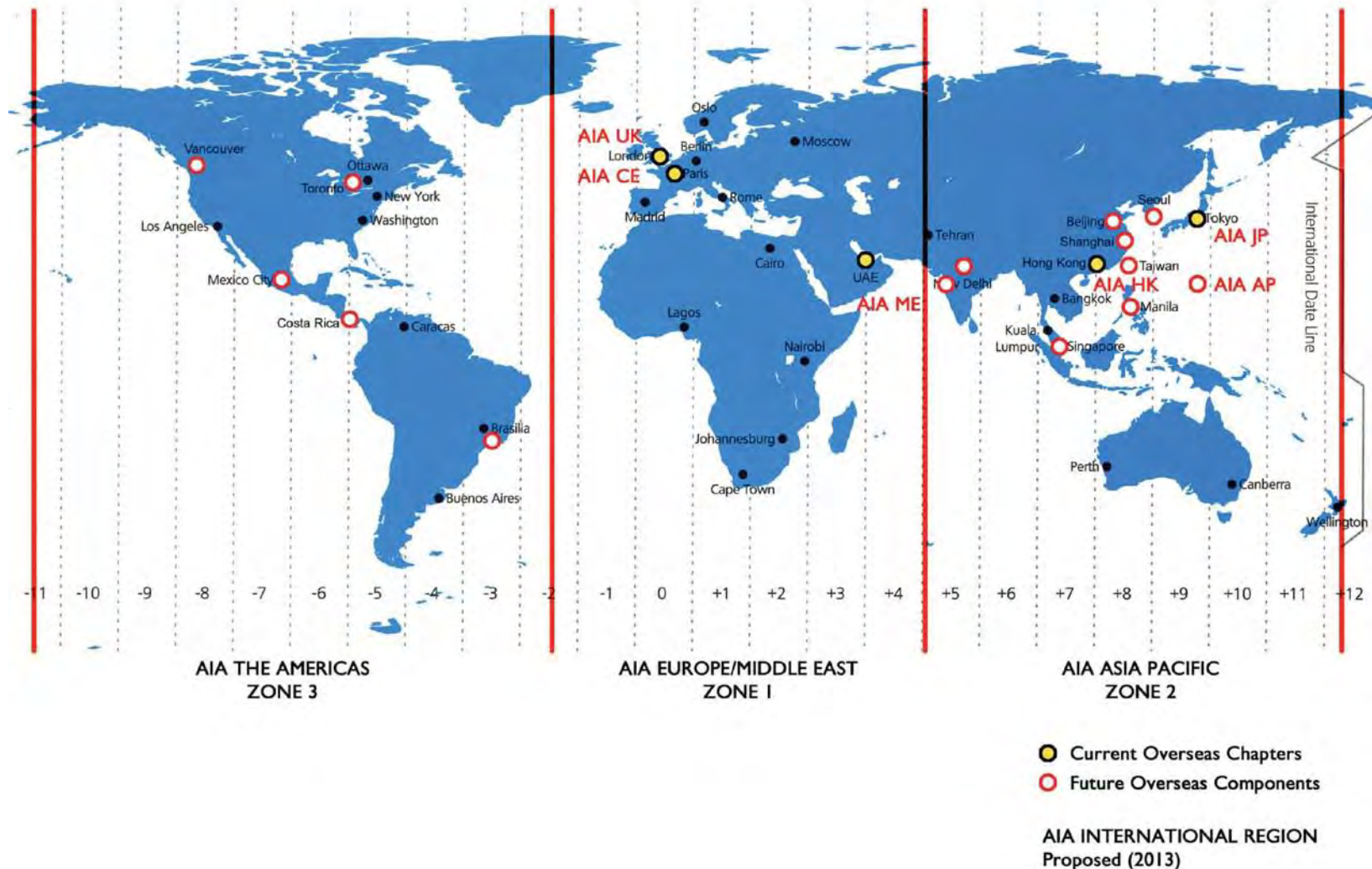
Wednesday, June 19, 1:00 pm – 5:00 pm

3.75 Learning Units

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Acknowledgments/Credits

The presenters are grateful for the contributions of AIA International Committee members, 2012 – 2013, and the AIA International Committee Advisory Group, 2012 – 2013.



Acknowledgments/Credits

The goal of the AIA International Committee and the AIA Committee Advisory Group:

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*

Workshop Agenda & Approximate Timings

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*

Workshop Agenda & Approximate Timings

2:30 – 2:45 p.m.

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

Jill Lerner, FAIA

Workshop Agenda & Approximate Timings

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



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



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%)

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%)

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

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



International work in general...

Services offered:

- Over **70%** of all firms provide front-end design services
- About **37%** provide construction documents

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%)

International work in general...

Top five market assessment factors 2008-2011:

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

International work in general...

Top five market assessment factors 2008-2011:

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

International work in general...

Top five market assessment factors 2008-2011:

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

International work in general...

Top five market assessment factors 2008-2011:

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

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

Large/Medium/Small...

Of the 2011 top 250 revenue-earning firms

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

28% revenue from international clients

Large/Medium/Small...

Of the 2011 top 250 revenue-earning firms

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

9% revenue from international clients

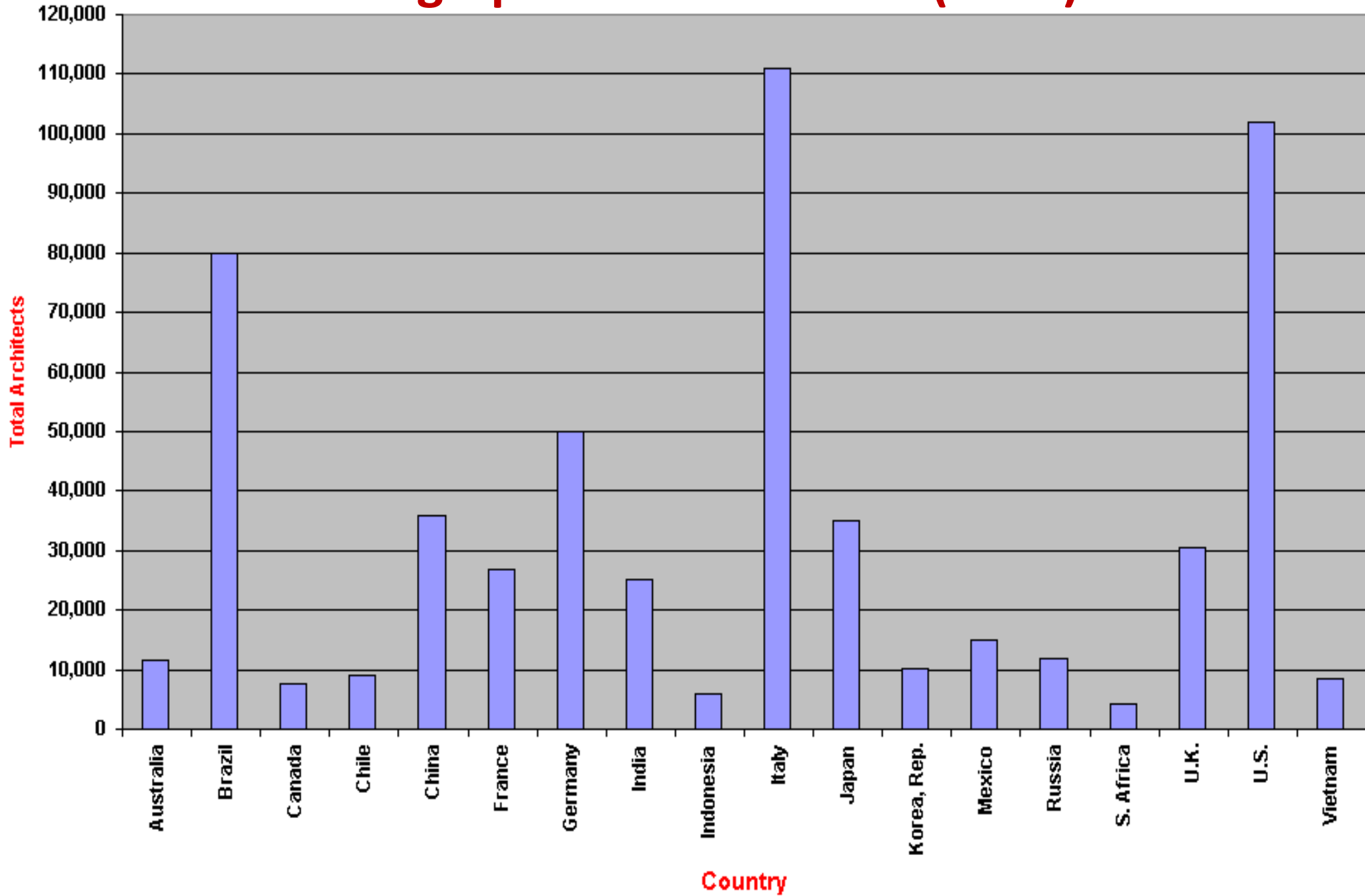
Large/Medium/Small...

Of the 2011 top 250 revenue-earning firms

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

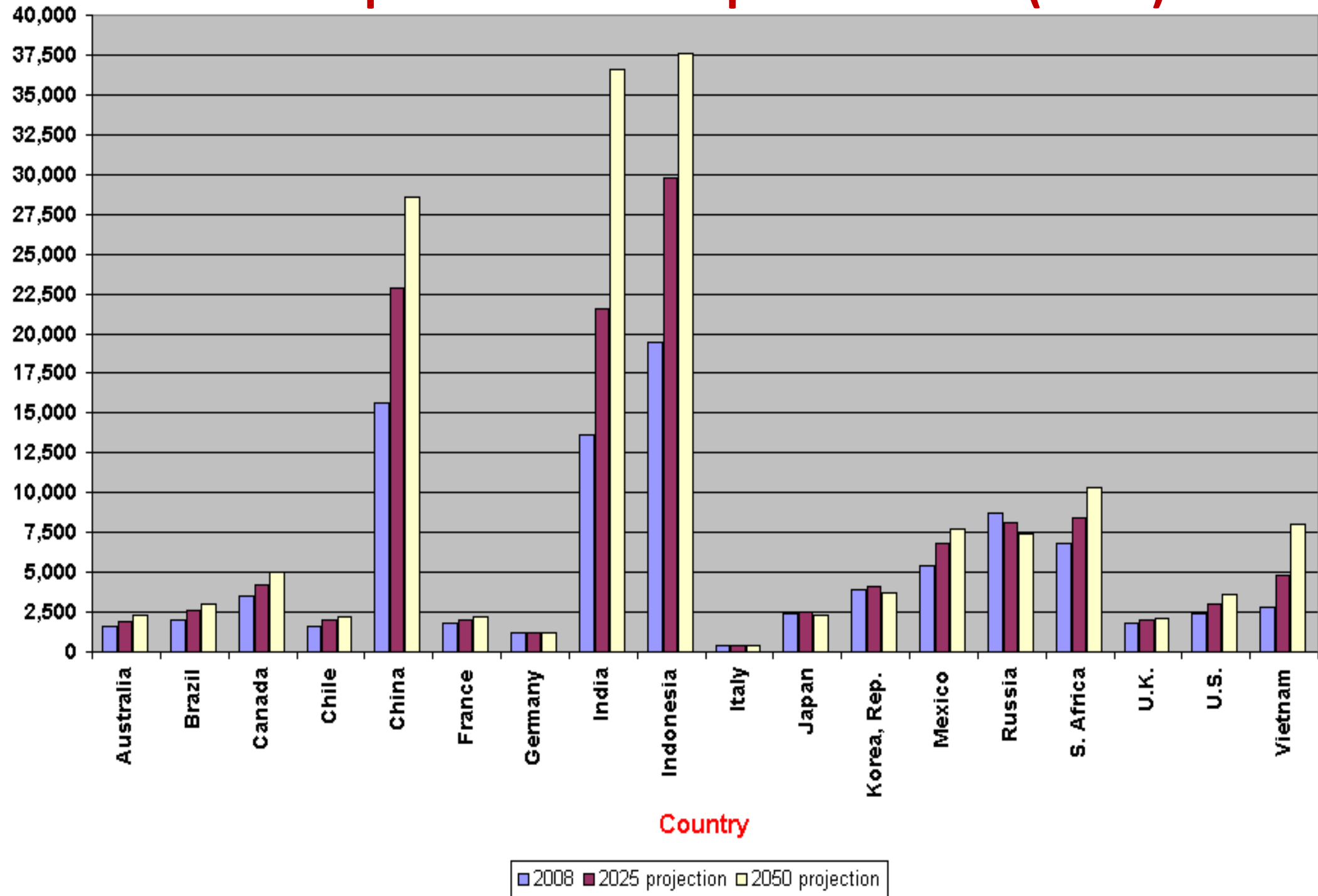
7% revenue from international clients

Demographics of Architects (2008)



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

Urban Population Served per Architect (2008)



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%**



Source: McGraw-Hill Construction Research & Analytics/ENR, May 20, 2013

General Construction Industry Trends

Last year (2012):

Domestic contracting by U.S. firms rose 6.1%

International contracting jumped 22.4%!



Source: McGraw-Hill Construction Research & Analytics/ENR, May 20, 2013

General Construction Industry Trends

Last year (2012):

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



Source: McGraw-Hill Construction Research & Analytics/ENR, May 20, 2013

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.

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...

General International Economic Trends

KPMG International's Global Construction Survey 2012:

The “old” imperatives:

Commercial, residential, institutional and industrial building projects

replaced by...

General International Economic Trends

KPMG International's Global Construction Survey 2012:

...construction associated with:

**Energy, natural resources, transportation,
communication and technology.**

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%)

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)

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%**



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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