

**SPEAKERS:** **Peter S. Macrae, AIA**  
VIRTUAL PRACTICE FRAMEWORK

**Charles R. Heuer, Esq, FAIA**  
MANAGING RISK WHEN RUNNING A VIRTUAL PRACTICE

**Kevin J. Collins, RPLU, Associate AIA**  
CHALLENGES TO PROFESSION AND PRACTICE IN A VIRTUAL PRACTICE

**MODERATOR:** **Lira Luis, AIA, NCARB, LEED AP**  
INTRODUCTION, Q & A



# VIRTUAL ARCHITECTURAL PRACTICE - AN ALTERNATE REALITY

**PRODUCED BY AIA PMKC + AIA TRUST**

1.5 LU/CES



Credit(s) earned on completion of this course will be reported to **AIA CES** for AIA members.

Certificates of Completion for both AIA members and non-AIA members are available upon request.

This course is registered with **AIA CES** for continuing professional education. As such, it does not include content that may be deemed or construed to be an approval or endorsement by the AIA of any material of construction or any method or manner of handling, using, distributing, or dealing in any material or product.

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Questions related to specific materials, methods, and services will be addressed at the conclusion of this presentation.

# Course Description

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This course will explore the various forms of virtual architectural practice and how it differs from traditional practice. Legal and insurance requirements will be addressed, with special emphasis on issues related to employment, licensing, and technology and ways to manage them.

The course agenda is as follows:

- The Experience of a Virtual Practitioner
- Legal Requirements: Do They Differ?
- Insurance & Technology Considerations
- Wrap-up & Questions

# Learning Objectives

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At the end of the this course, participants will be able to:

1. Understand various forms of virtual architectural practice.
2. Understand legal requirements for workers.
3. Understand some of the risks associated with technology, policies and procedures to manage them.
4. Understand the different types of insurance coverage that should be considered.





# Virtual Architectural Practice Model

Peter S. Macrae, AIA

09.12.2018  
AIA PMKC | AIA Trust  
Virtual Architectural Practice | An Alternate Reality



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MARCHING WITH A DIFFERENT PERSPECTIVE





# Post-Recession Necessity: Invention Offspring

Enabled by Technology  
The Internet Phenomenon

Wireless = Siteless

Go To Meeting – Skype – Dropbox – WeTransfer – ShareFile



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# No Traditional Overhead or Fixed Expenses

No Rent: Home Office

No Payroll: 1099 Consultants - Not Employees

No Equipment: Printshop & Overnight Delivery



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# Classic World-Wide-Web Diagram

Nodes: Individual Skill Sets

Global Interconnectivity: Deep Structure “Grayed-Out”

Specific Connectivity Per Project: Surface Structure “Highlighted”



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# One Week to Establish

Domain Selected | Web Site Reserved: Go-Daddy

LLC Named: Attorney

Federal EIN: Attorney

Bank Account: Accountant

Finances: Accountant



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# What is Architectural Cash-Flow Work?

Retail | Restaurant Prototype Rollout  
Design | Build T||  
Facility Assessment & Draw Verification

Financial Discipline  
No Line of Credit Required



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# Current Makeup [+/- 7 Years]

Team 1 - Team 4: National Restaurant Chains

Team 5: International Corporate T||

Team 6: One-of-a-Kind Projects

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# Incubator of Solopreneurs

No Employees

Everyone Does What They Do Best: No Work Outside of Skill Set



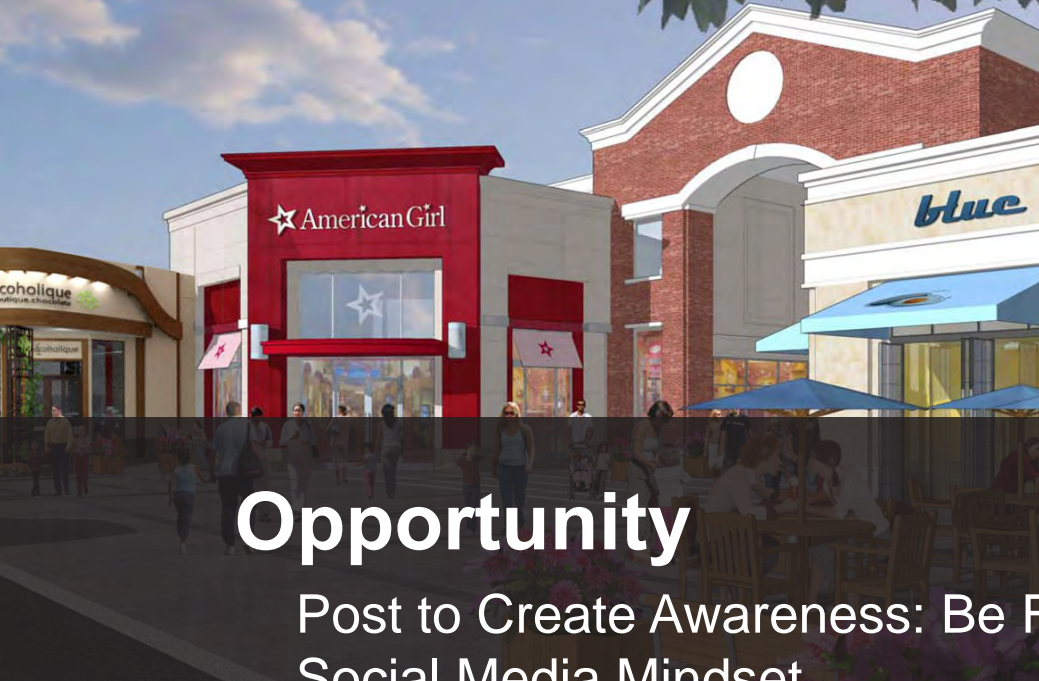
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# Opportunity

Post to Create Awareness: Be Found  
Social Media Mindset  
No Traditional Marketing  
The Cell Phone Office



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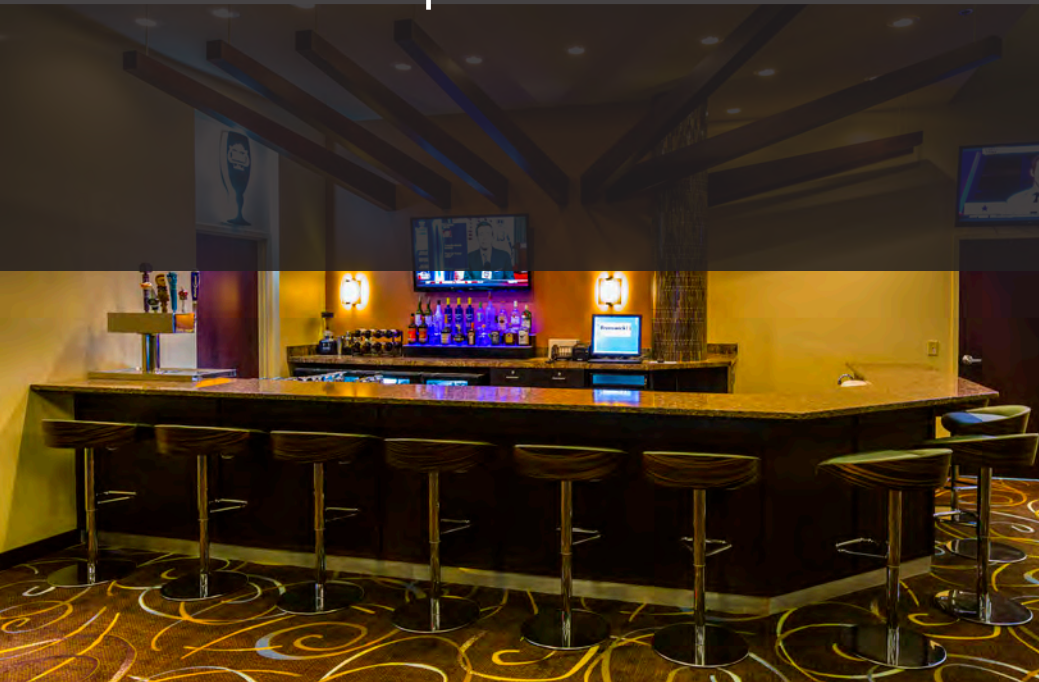
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# Model is Alive

Grows and Shrinks with Market Economy  
Amorphous Amoeba



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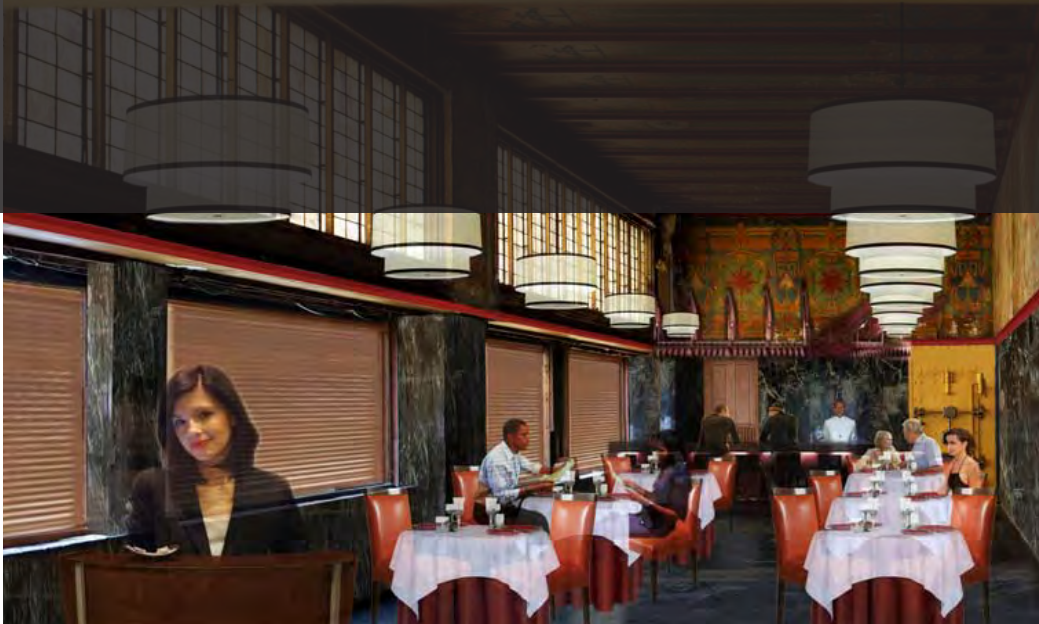
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# What's Next?

Not About Legacy  
Not About Creating a Firm to Sell



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# LIFELONG COLLABORATOR



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## AIA TRUST: RISK MANAGER FOR AIA MEMBERS

1. Identify Various Risks
2. Determine How to Avoid or Manage Them
3. **theAIATrust.com**





## DIFFERENT WAYS TO PRACTICE

- Sole Practitioner
- Employees but no office
- Mixture of employees and contractors
- Less: HR Responsibilities, Overhead Costs, Commuting
- More: Flexibility, Diversity, Family Time
- Ongoing: Legal Requirements







### CHALLENGES

- Business Structure
- Independent, Motivated, Self-starter, Employees
- Adequate Insurance Coverage
- Marketing Your Firm





## MORE CHALLENGES

- Meetings & Communications with Workers
- Tracking State Business & Professional Registrations, Continuing Education Requirements
- Clarifying Roles & Responsibilities



## BUSINESS STRUCTURES

- Sole Proprietorship
- General Partnership
- Corporation
  - Professional Corporation, PC
  - S or C Corps
  - Limited Liability Company or Partnership (LLC or LLP)







### Important Risks to Consider

- Misclassification of Employees vs. Contractors
- Employee Liability Issues
- Liability for Independent Contractors
- Insurance Coverage Gaps, Increased Risk Exposure
- Cyber Security



## Misclassification of Employees vs. Contractors

- “Consultant” means independent contractor & NOT “employee”
- Worker must be free from “employer’s” control & direction in performing the services.
- Service provided by the worker must be outside “employer’s” usual course of business.
- Worker must be customarily engaged in an independent trade, occupation, profession or business of the same type.



## Employee Liability Issues

- **Cost and Flexibility Benefits**
  - Employment taxes or Workers Comp
  - Benefit & Retirement Plans
  - Tort Liability
  - Simplified Record-keeping
- **The Issue of Control**
- **Temporary Employees**
- **Leasing Employees**





### Liability for Independent Contractors

- The Role of the Employer
- Use of Independent Contractors
- Licensing Issues



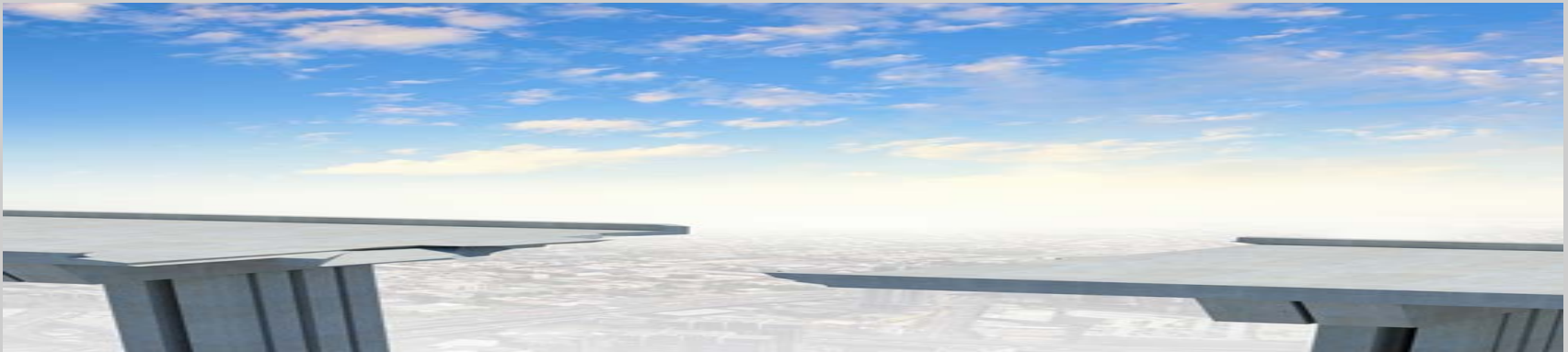


### Liability for Independent Contractors

- The Role of the Employer
- Use of Independent Contractors
- Licensing Issues

## Insurance Coverage Gaps & Increased Risk Exposure

- Professional Liability Coverage
- Addressing the 'employee' or 'contractor' approach to resources
- Need for strong risk management practices





## Cyber Security & the Role of Technology

- Project Extranets
- Technology Exposures When Employees Depart





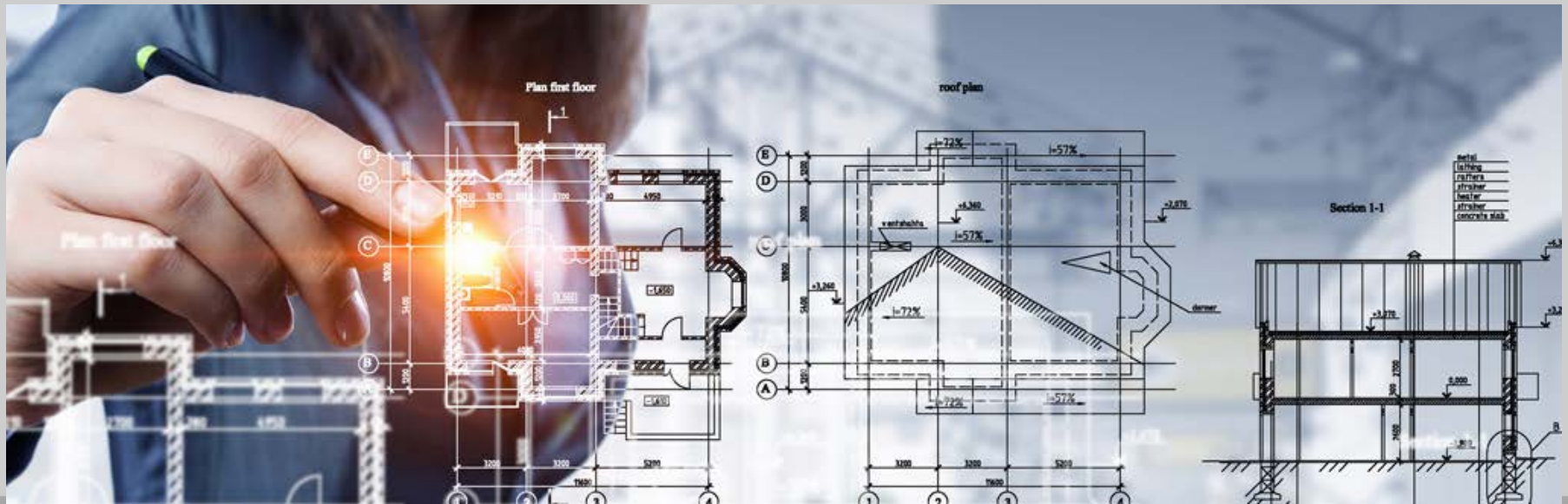
# **VIRTUAL PRACTICE: SOLUTIONS**

- **Project Extranets**
- **20 Factor Test for Worker Classification**
- **Hiring Professional Advisors**



## SOLUTIONS

- Planning: appropriate profit margins, time allocations, staffing models & stream of alternate income for first year.
- Set Policies & Procedures, Employee Handbook





### SOLUTIONS

- Meet with Insurance Broker
- Consider a Professional Employer Organization (PEO)
- Consider LegaLine for Legal Information





Read the  
AIA Trust  
Guide to  
Virtual  
Practice!



## Guide to Virtual Practice

### Contributors

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### What Is Virtual Practice?

Today, a new reality in architectural practice is that most architects are no longer interacting across their workstations. Instead, they are 'virtually' sharing ideas and drawings across digital platforms. Nearly every practicing architect engages in some form of "virtual practice" because the pace and practicalities of life demand it—employees travel or relocate, must limit work time for family responsibilities, or want to take on other enterprises as consultants. The virtual architectural practice model is far more flexible than traditional practice—and may be all but recession-proof since it can grow and shrink with market fluctuations.



### APPENDICES—

*A. Contract Law*

*B. Tort Law*





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# In Practice

## Risk Management Guide

There's also  
a shorter  
version, Risk  
Management  
Guide

### An Architect's Guide to Virtual Practice

#### Summary

Today, a new reality in architectural practice is that most architects are no longer interacting across their workstations. Instead, they are 'virtually' sharing ideas and drawings across digital platforms. Nearly every practicing architect engages in some form of "virtual practice" because the pace and practicalities of life demand it – employees travel or relocate, must limit work time for family responsibilities, or want to take on other enterprises as consultants. The virtual architectural practice model is far more flexible than traditional practice – and may be all but recession-proof since it can grow and shrink with market fluctuations.

The benefits of virtual practice may include near zero fixed overhead expenses – in contrast to substantial costs associated with traditional brick-and-mortar firms such as rent, computer hardware, infrastructure and more. In some cases, employee payroll and benefits become a thing of the past when the firm limits workers to consultants or independent contractors; however, **there are important regulations that must be followed, discussed more fully in the complete white paper accessed by clicking here.**



#### Virtual Practice Differences

The virtual architectural practice model may be ideal for Millennials who prefer flexible work arrangements. Parents





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## Q & A

MORE INFO AT:

[HTTPS://NETWORK.AIA.ORG/PRACTICEMANAGEMENT](https://network.aia.org/practicemanagement)

[HTTP://WWW.THEAIATRUST.COM](http://www.theaiatrust.com)

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This concludes The American Institute of Architects  
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