

Practice From Vulnerable to Valuable

By Barry B. LePatner, Esq., and Roy R. Pachecano, AIA

Architects need to reposition themselves in the client's eye if they ever hope to regain a significant role in the building process.

For much of the 25 years I have been involved in issues affecting the built environment, I have been cautiously optimistic that architects could recapture their former role as the masters of the building process and return as a key player in the design and construction worlds.

Regretfully, I am no longer so optimistic. An overview of the efforts architects have made since the early-1900s recession offers little sign that they have learned about either improving their outdated methods of service delivery or developing a competitive acumen attuned to today's business environment.

Architects, first of all, need to recognize that our economy is increasingly based on investment in technology and the flow of information. New technology makes it possible to deliver design services in a more efficient and cost-effective fashion. Today's new business environment also calls for flexibility on the part of service providers. This means that architects need to create teams that can deploy quickly and nimbly to serve clients on projects of any size and in any location.

Indeed, architects need to think about everything they do for clients differently in today's information economy. They need to listen to clients to learn their business goals, and study the issues confronting them in their operations.

Preaching Good Design

Today, however, architects have an ideal opportunity to turn around this worrisome trend. Some of the business world's top thinkers and consultants are preaching the gospel of good design, telling business clients about the need to incorporate top-flight design into their company offices, images, and products. For instance,

Tom Peters, the 1980s management guru, states in his recent book entitled *The Circle of Innovation* (Knopf): "Design isn't just hiring a great designer. Design surely isn't merely 'prettifying.'... [W]hen design makes a difference, it is...a way of life."

This message appears to be falling upon the deaf ears of the design world. Fewer firm principals than ever have realized how critical it is to either modify the way they have been providing services, or risk becoming an even more irrelevant part of their clients' future building plans. The indifference of architects to heed today's business trends is strikingly illustrated by industry surveys showing that profitability and optimism are not much better for firm principals than they were during the early-1990s recession. Indeed, the majority of profits in the building and transportation markets since 1990 have gone to contractors and

Architects have retreated from their traditional construction responsibilities, a trend that corresponds directly with the rise of the construction manager. Architects served as silent accomplices in the wholesale giveaway of the “master builder” role they held until the early 1970s, ceding services and fees to others in the building industry.

engineers, while the “do-it-yourself” market is taking away millions of dollars in potential design fees.

Despite the excellent economy, architects remain mired in a recessionary mindset. Rather than becoming competitive business people, they’d simply rather deny that they have competition. This trend is sadly evident in recent attempts by the American Institute of Architects to prohibit engineers and interior designers from securing work traditionally performed by architects. At the state and local levels, the AIA is attempting to influence the language of licensing statutes by distinguishing architecture from other design professions. Such designations, however, only further alienate the architect from a potential client who, in asking for services provided by an interior designer, will purposely seek out an interior design firm.

In the past such territoriality has proven to be both self-defeating and embarrassing. The architectural profession must become less defensive and more offensive by studying successful business and market models if architects are to survive increasing competition both from forces within and outside the profession.

Much of the problem stems from the fact that architects have retreated from their traditional construction responsibilities over the past 20 years. Not coincidentally, this decline in services corresponded directly with the rise of the construction manager. Architects lost critical elements of their services to others because they weren’t comfortable playing the larger role of building advisor to their clients. Through passivity and inaction, architects ceded services and fees to others in the building industry. How long will it be before architects realize they have hit bottom in the marketplace by continuing to offer up the same ill-suited brand of services they have provided for the past 100 years?

In the interest of improving the architect’s marketing acumen today, I have several recommendations. First, we must define the new business environment that design professionals are confronting. Broadly speaking, it is characterized by the following five qualities:

Increasing client sophistication. Clients are more savvy about their programmatic needs.

Pressure for returns. Clients, particularly corporate real estate managers, increasingly need to show a direct return on what they spend for property management and professional services. Before selecting an architect, they assess if their expertise will add to the project.

Technological mastery. Clients have little patience for professionals who can’t work with their chosen technologies, particularly their communications methods. Technological dinosaurs need not apply.

Global perspective. Clients want worldly, widely experienced consultants. A global perspective, if not global presence, is mandatory. Even if one’s clients and practice are local in nature, product selection and technological demands for new construction command a global comprehension of building products and construction methodologies.

Talented teams. Talent exclusively at the top no longer carries the day. Successful firms develop and retain competent professionals at all levels. Clients will not wait to have all issues discussed and addressed solely by the principal of the firm when dozens of critical issues can be handled by smart, experienced professionals working under them.

If architects can take any lesson from the past decade of boom and bust, it should be that they can no longer passively accept the premise that they need to make so-so profits during the good times and suffer miserably when times are bad.

Architects remain mired in a recessionary mindset. Rather than being competitive, practitioners would simply deny that they have competition by keeping allied professionals from securing work traditionally performed by architects. Such territoriality has proven to be self-defeating and embarrassing.

Practitioners must break away from this defeatist pattern by adapting their firms to reflect the enlightened business mindset of their client: To wit, by moving beyond merely serving as the client's project designer to become a direct participant in all elements of the client's building and human resource needs. The times demand that architects become full-time, trusted advisors to their clients, trading limited involvement for that of a comprehensive relationship embracing all the client's ongoing design and construction needs.

The New Client

Who are these new clients waiting for you to provide the services they need to meet their business goals? In the new global economy, a small sample looks like this: corporations seeking to recycle old warehouse facilities into new high-tech, back-office computer operations; small companies utilizing Internet communications looking to design and build open-area offices to meet constantly changing business needs; corporate facilities managers in downsized companies who want flexible facilities that can expand and contract as their companies' economic needs demand; pension fund and investment bankers trying to determine which shopping centers or hotels are economically feasible for their real estate portfolios; universities and other public institutions that need to add new research and laboratory facilities; banks who must balance new branch offices that meet the needs of 24-hour banking with their daily business customer services; and public libraries incorporating new computer tools to attract new users.

The above scenarios represent a fraction of the new services calling out for design professionals to meet the opportunities offered by today's clientele. *Architects will only become a key part of the client's project process by acting like the quintessential corporate executive;* by asking the same kinds of questions that executives ask; and by studying the problems of their clients' world with the same perspective of those decision-makers. Only then will the design professional be able to convince the corporate client that they can make a difference as part of that process.

Committing to profitability

Most of all, the leaders of today's architectural firms must not shy away from the need to make profits to keep the entire operation moving along smoothly. He or she should not be content to accept the historically paltry profit percentages that place the architect at the lowest professional rung of financial security. Arthur Gensler, principal of his eponymous firm, one of the nation's architectural success stories, summarizes his outlook on profits: "I've never thought profits were anything to be embarrassed about. I don't understand why architects who add enormous value to a project should make nothing while developers and corporations, who are the recipients of our work, gain great value from it."

Those are the facts. It will be up to today's generation of architects to make their profession a more interesting, productive, and profitable one than that which they inherited. ■

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