

Positioning your firm to just say no

Practice Matters

By Herb Nadel, FAIA

Most architects compete so hard for work that it seems only a handful actually get to choose their projects and their clients. These are the stars, people like Richard Meier, FAIA, Cesar Pelli, FAIA, Renzo Piano, and Norman Foster, whose personal architectural styles have won them so much acclaim they are inundated with requests to design projects around the world and who can afford to turn down work.

Actually, even less known firms, large or small, can decide what kinds of work they will do. The key lies in strategic business development, rather than the kind of short-term thinking that considers only the profit to be gained from each new project. Taking any job that comes along simply to make money may be fine for architects who are just starting out, but in the long term it can diffuse your firm's energies and resources and keep you from devoting them to getting the kind of work you want.

Developing a business strategy

Many of these ideas seem simplistic on the surface, but in the race to stay ahead, they are often forgotten. Begin simply by determining whether the firm should grow, or if you and your partners are happy with your income and comfortable with the current number of employees. No matter what

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people tell you, bigger is not necessarily better. Large firms have certain advantages, such as offering more services, but they also have more complex management issues, as well as increased payrolls and overhead expenses. This exercise is a good starting point for other planning activities, such as creating budgets for marketing and hiring.

Next, look at which market sectors your firm is engaged in. Are you and the other members of the firm really interested in doing this kind of work? How profitable is it? Can your firm establish local or regional dominance designing these types of buildings? Is the work compatible with your staff's talents? Once you have decided that the firm's future lies in continuing to do the same types of building, you should move to protect this niche by establishing a reputation as the "go-to" firm for that kind of work in your region. You will effectively limit the number of future competitors.

Protecting your market sectors goes hand in hand with building and retaining client loyalty, one of your firm's greatest assets. Sometimes retaining that loyalty may mean taking on jobs that are not challenging as design problems, that might normally be too small for your firm, or that might not be profitable. Even the firms that are already able to pick and choose their work have to consider that if they turn a job down, the client will be forced to go to another architect and will perhaps

stay with this new firm. Consider that the small jobs are often great training opportunities for younger staff members. By the same token, when other competitive firms turn down work for these reasons, this can create an opportunity for your firm to show what it really can do.

Change or diversify your work

Niche positioning can be great, but your strategic-planning process may indicate that too much of your firm's income comes from within one sector of the market. If, over the last few years, your firm specialized in offices for dot-coms, for example, it may have done well last year only to be suffering now. Remember, you can only say no to jobs that are on the table.

Or, if you've found yourself designing offices because your firm hasn't acquired enough experience to move into the more specialized work that you prefer, it is also hard to say no to the work you already do well. Diversifying or changing the building types requires attempting to determine which market sectors will be profitable in the years ahead. This requires research and will demand marketing [see "Marketing: The Unsung Heroine of Successful Architectural Practice," page 66 in this issue], as well as the help of someone who keeps a close eye on the economy and reports on the construction market. If you decide to diversify, you will need to identify key clients and market to them.

Consider a new territory

You may also want to assess whether it is worth the risks involved in opening or acquiring an office in a different geographic area.

Geographic diversification will certainly help the firm grow, if you have decided that this is desirable, and it will limit the impact of regional overbuilding or local economic downturns that might occur in the area where your established office is located. California architects, for example, might spend extra time and money to secure a project in a nearby state or even in Mexico or the Pacific Rim. Obviously, expansion to another location is fraught with many issues that are not within the scope of this article. In any case, it should not be done without heavy market research, together with an assessment of the potential for economic growth in the new region and the method of managing the new branch.

Build up your firm's talent

Whether you're thinking of going into new market niches or opening a new location, you will need to hire additional staff. The decision to hire specific individuals can go a long way to helping establish credibility in your firm's ability to design a different type. If you are opening an office in another community, new employees can help you develop relationships with key individuals and understand local laws and customs.

Growth may seem counterintuitive to "just saying no," but only by managing your firm's options can you join the ranks of the firms that choose which jobs they do. ■