

Strategies for Repositioning in the Upturn Economy

Many principals of firms are already looking beyond the current downturn and taking steps to benefit from the next upward economic swing. Research conducted recently among 150 principals found that about 5 percent of firms were really in trouble, and another 5 percent were just fine. However, the remaining 90 percent were concerned with what they saw coming.

First and foremost, a firm must address the expense side of the income-expense equation.

Some firms had already taken steps, while others were about to take steps to deal with the decline in revenue that they anticipated coming this year. Once the responses were in, they

were grouped into areas of initiatives that were outlined by Peter Piven, FAIA, principal consultant of the Coxe Group, in a webinar presented by the AIA, Positioning Your Firm for the End of the Economic Downturn.

Restructure the firm's organization and operation. First and foremost, a firm must address the expense side of the income-expense equation. Among the suggestions mentioned in the survey was reorganizing the studio with what is called the "bench concept," having fewer people in less space by eliminating designated workstations. To improve competitiveness, revisit office standards and graphics and move strongly into building information modeling. "Accelerate efforts toward LEED accreditation, since not having it will be a negative differentiator in the future," Piven explained. Consider changing the firm's ownership status to qualify as women's or minority business enterprise, because these firms will provide specialty and project management services to the large, publicly funded projects that are now on the horizon.

Pursue different delivery methods. Many firms suggested going beyond the traditional design-bid-build approach by establishing closer relationships with developers. Push design build, and promote integrated project delivery. "Act like a broker and put developers together with clients that have access to funds," Piven suggested.

Redirect marketing efforts. Invest more in market and client research to gain a competitive edge. To expand your firm's geographic reach, you may find an opportunity to open an actual or virtual branch office. You have time during this downturn to improve your firm's collateral materials, including your Web site, where you should put an emphasis on keeping in touch with your clients. Also, increase your firm's visibility by publishing and speaking, because it is an important way to become recognized as an expert.

"Expand your partnering with other firms and connect with engineers and contractors that may have access to clients that you do not. Give special consideration to teaming with large or out-of-town firms that can use your expertise and expand your access to other clients and markets. Establish relationships with lenders, realtors, builders, even estate planners and attorneys to learn about upcoming projects as early as possible," Piven advised.

Promote sustainability. Sustainability has rapidly become widely recognized by clients as a necessary ingredient for their own success. You may be able to promote infrastructure analysis to improve energy efficiency, tenant improvements, renovations, and LEED services on buildings that are not competitive environmentally. Also familiarize your clients with Existing Buildings

Operations & Maintenance, the specialized LEED program. You may be able to work with local planning agencies to incorporate LEED requirements into the planning process. As a demonstration to substantiate your commitment to sustainability, you could install a photo-voltaic system in your own office, so clients can view it in operation when they visit.

Seek public funding opportunities.

Conventional wisdom, proven by the stimulus package, is that funding for large public capital development will be substantial. Small firms are also looking for small projects that could fall under the federal sole-source procurement process. They've created business units around specialty types: senior living, transportation, schools, health care, and the military. Many firms encourage and assist private-focused clients to seek publicly funded work.

As part of the webinar, 1,100 firms were asked a live polling question: Are you currently repositioning your practice? The results were:

- Currently repositioning, 41.75 percent;
- Considering repositioning, 31.3 percent; and
- Neither, 31 percent.

Overall positioning strategy. Keep future firm leaders engaged. Even while dealing with pursuing work for the near term, position the firm for where the leaders want it to be in three years and beyond. Consider affiliation strategies ranging from project-based to strategic alliances to mergers and acquisitions. Expand the firm's services to include offerings that improve clients' likelihood of success, such as financial strategies, branding strategies and implementation, and operations and maintenance.

Markets and business development.

Sustainability, once considered a positive differentiator, will soon be a negative differentiator for those who don't have those capabilities. You may find opportunities for planning services are stronger in some sectors than are opportunities for architecture or engineering. "Planning services are front-ended, less costly, and likely to be more valuable to clients who are looking ahead. The main goal today is to follow market trends closely and make the necessary moves to change position early," Piven stressed.

Suggestions regarding clients.

Now it is even more important to sustain relationships with clients: past, current, prospective, and stay connected at many levels. Talk with them often to find ways to assist them. Provide sketches and feasibility studies to help clients develop their projects and assist with finding grants and fund-raising. Offer to develop their projects in phases to alleviate large fees, and encourage clients to take action by showing them the ability to capitalize on current construction cost reductions. Those who help clients in their business, such as realtors, financiers, and leasing agents, can also be influential when the time is right for projects in the future when the economy heads for the upswing.

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