AIA Minnesota

Innovative Practice Forum

August14, 2013
International Market Square

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Ann Voda, AIA

President, AIA Minnesota

Architects in Commerce Research Initiative (AICRI)

How do we understand and advance the value of architects in the marketplace?

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AICRI Committee

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Jon Buggy, AIA

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Survey Consultants

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Scott Simpson, FAIA

Senior Director, KlingStubbins

Teaming with Success

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New Collaborative Strategies for the A/E/C Industry

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Scott Simpson, FAIA, LEED AP

Senior Director, KlingStubbins (a Jacobs Company)

Industry Metrics

30% of projects do not meet budget or schedule

37% of materials wind up as waste

92% of owners do not believe CDs are adequate

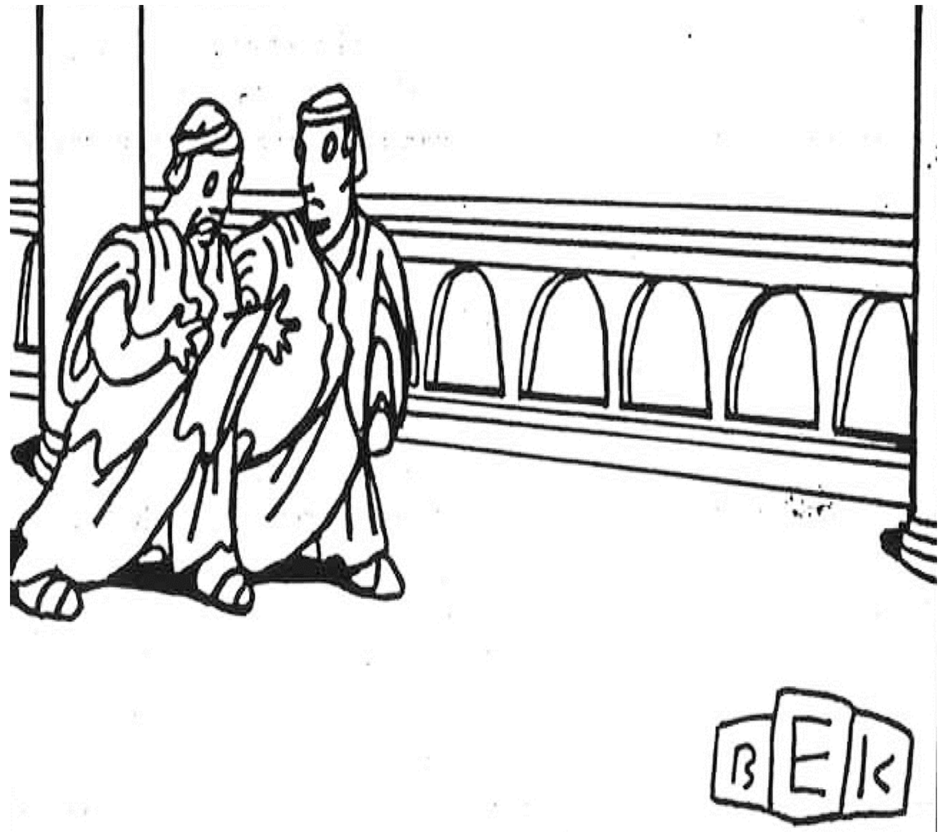
90% of long term ownership cost occurs after construction

Sources: CMAA and The Economist

Conclusions: The A/E/C Industry as currently configured is designed to fail.
We have the right ambitions, but the wrong processes.

Endemic Causes

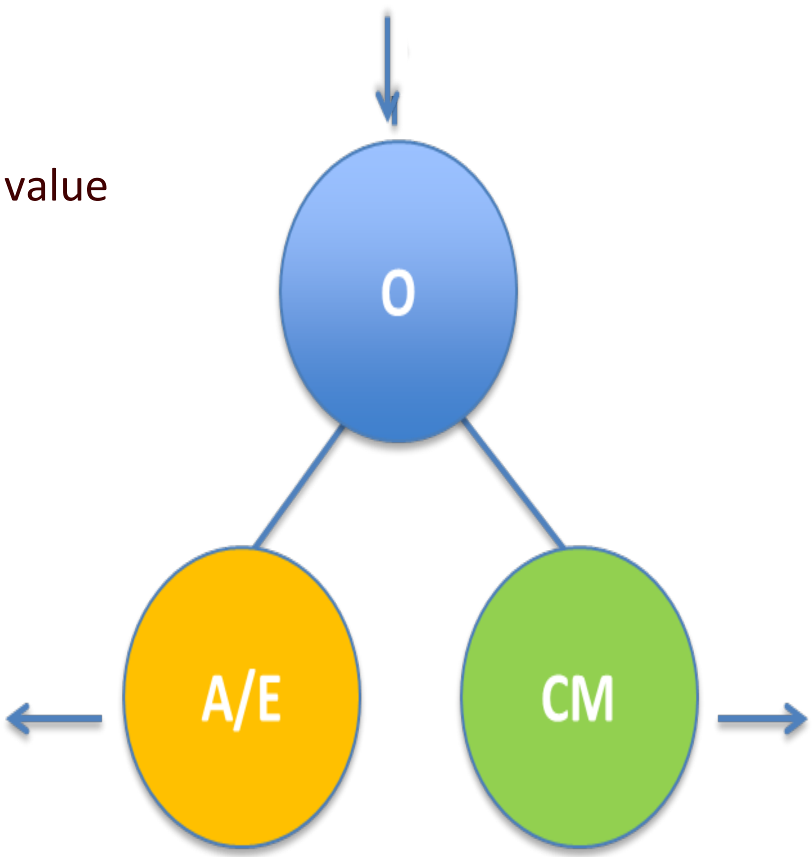
1. Contracts
2. Silos
3. Handoffs
4. Bidding



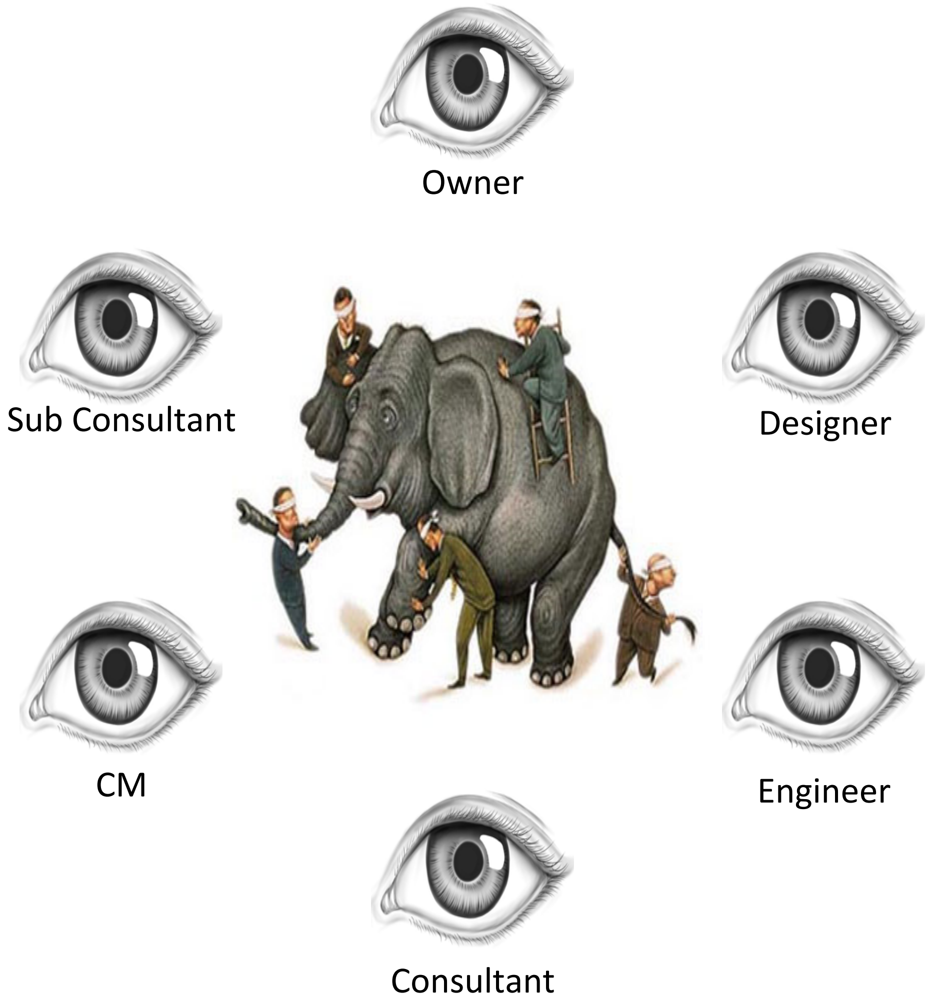
"My contractor told me Rome would only take a day."

Contracts

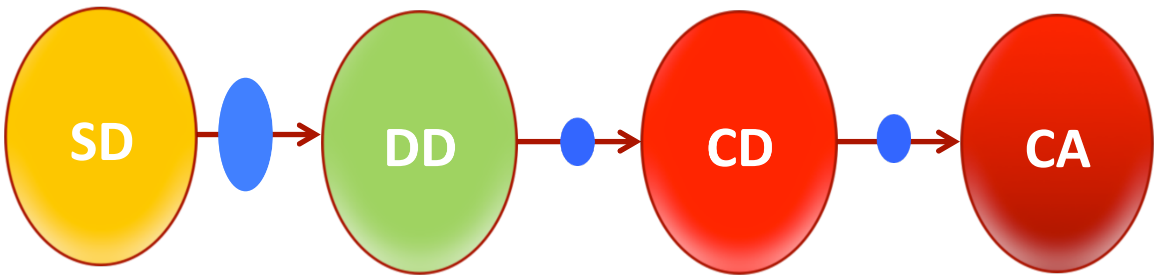
1. Lack of alignment
2. Misplaced incentives
3. Too much focus on risk vs. value



Silos



Handoffs



Hard bidding

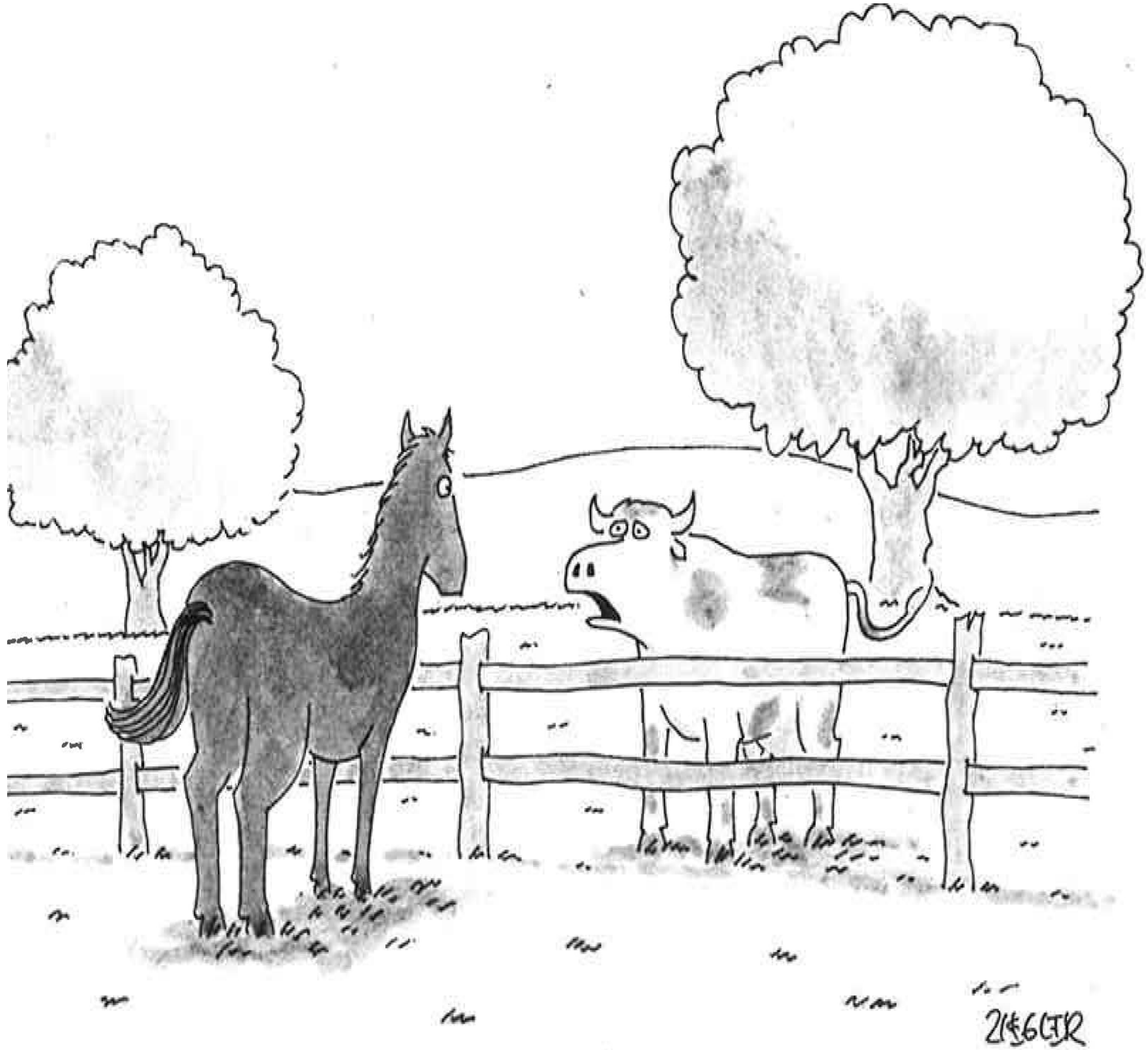
"Sir, the following paradigm shifts occurred while you were out."

What's different now?

1. Projects are more complex.
2. Codes change frequently.
3. New emphasis on sustainable design & energy conservation.
4. New materials & products.
5. Technology (BIM, simulation, big data, etc.).
6. New delivery processes (D/B, IPD, prefabrication, etc.).
7. Need for speed.
8. Focus on predictable cost.
9. Increasing awareness of long-term ownership cost.

Big Message:

Design & Construction is a team sport; it's time to move from contention to cooperation

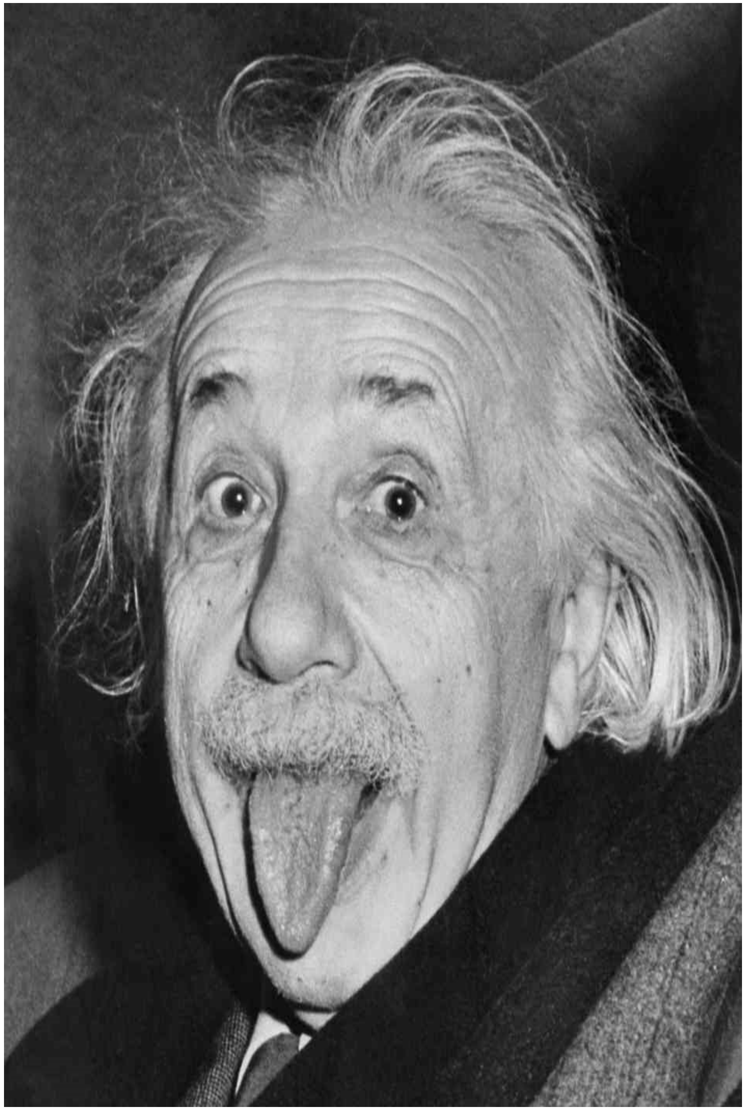


"I've been a cow all my life, honey. Don't ask me to change now."

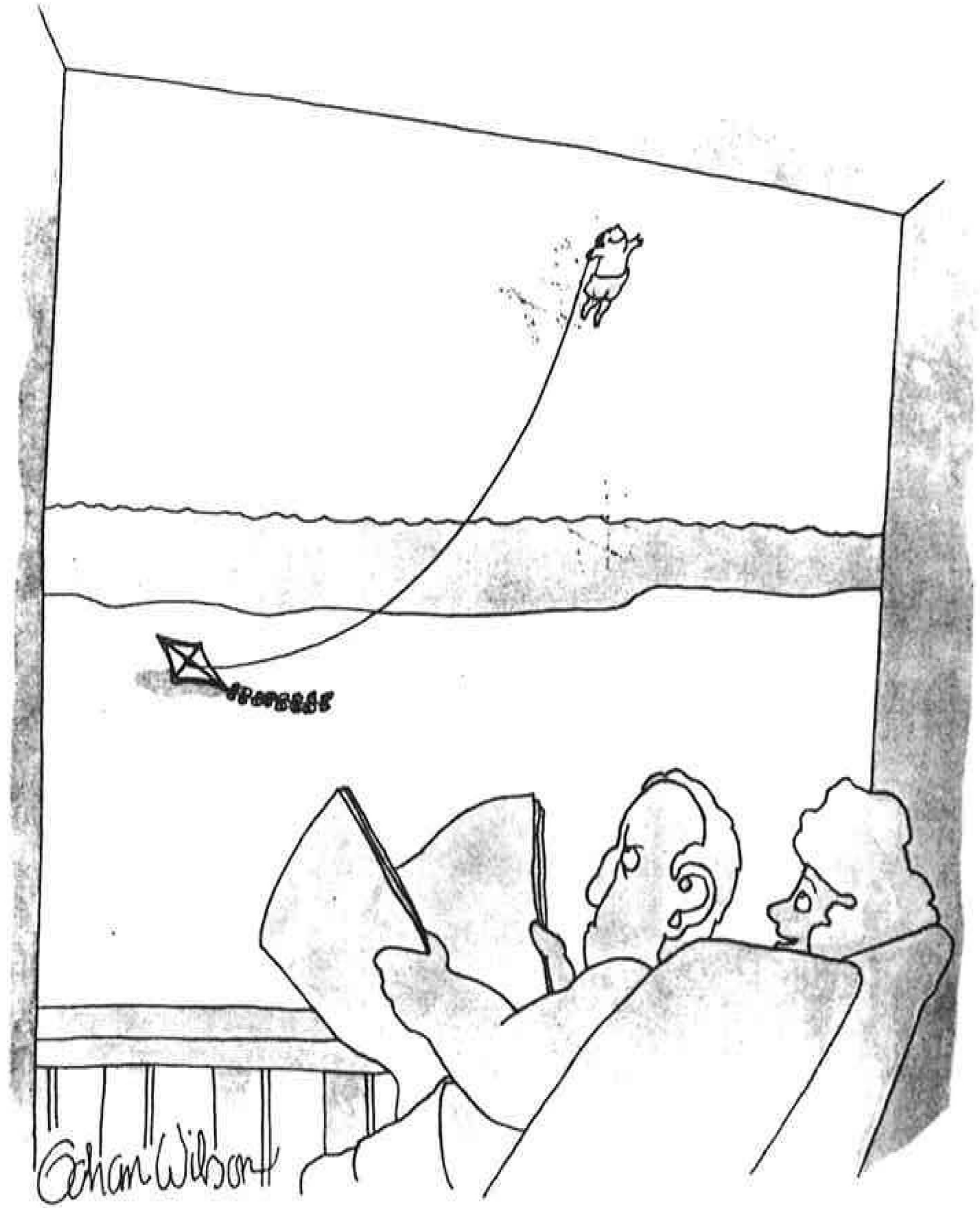
Shifting Models of Value Creation in the A/E/C Industry

Traditional Model
Buildings as cost centers
Buildings as static objects
Architects as form givers
Conventional SD/DD/CD/CA process
Deliverables: plans, sections, elevations
Professional silos
CMs and subs isolated from design
Architects not involved in means and methods
No energy use analysis
No life cycle cost analysis
Two-party contracts (O/A and O/CM)
Traditional single-payer insurance policies
Litigation common
Hard bidding
Shop drawings and submittals
Minimum pre-fabrication
30% non-compliance for schedule and budget
37% waste factor for materials
Schedules measured in years
Cost-based design fees

Future Model
Buildings as revenue generators
Buildings as interactive systems
Architects as value creators
Continuum of service (design/documentation/delivery)
Deliverables: 3-D and 4-D simulations
Integrated teams (0. NE, CM. suppliers, subs)
CMs and subs involved in design
Architects as part of integrated building process
Energy use analysis becomes standard
Life cycle cost analysis becomes standard
Multi -party contracts with performance metrics
Multi-party insurance policies
No-sue clauses common
Continuous cost management
Eliminated (embedded in BIM technology)
Majority of systems pre-fabricated
I 00% compliance rate for schedule and bud
5% waste factor for materials
Schedules measured in months
Value-based design fees



“Doing things the same way while expecting different results is the definition of insanity”



"He may be doing it wrong, but it looks like he's having fun."

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Jon Buggy, AIA

AIA Minnesota Past-President &

Director, Gensler

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Survey Summary Findings

Integration Leads to Innovation/ Exploring New Practice Models

Summary Findings: **Comments for context**

"I think we are very fortunate in Minnesota. We have a lot of fantastic architects here."

Small Developer

"Stress to them how much I enjoy working with them….I've really benefitted from my experience with architects and I want them to know that. "

Medium Public Agency

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Summary Findings: **Comments for context**

"I would like to say I think it's great that the architects are doing this to understand their clients' needs.
I think it is a step in the right direction."

Small Contractor

"Your questions were spot on…"

Large Healthcare

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Innovation: **Working Definition**

"something new that creates value"

The Future:

Five-years out, two trends were clear.

Our Clients' Desire:

1) A more integrated design & construction process.

2) Specialized services from their architects.

The Future:
A more integrated design and construction process.

"…we are starting to move away from (architecture) firms who have less experience working closely with CM's."

Medium Education

"…I think you are going to see a more integrated process in which the architect's goal will be to orchestrate, direct and coordinate ina much more integrated & dynamic process…"

Large Developer

The Future:

A more integrated design and construction process.

"I think you will see more collaboration as we move ahead. That might mean the architect's role becomes a little diminished as we bring specialty contractors on board early on and they do the more complete set of drawings. The industry is moving in that direction and I know that's not something the architect wants to hear."

Large Contractor

The Future:

Specialized services from their architects.

"We may hire them to do fewer projects, end to end, but use them for more specialized efforts..."

Large Corporate

"I think they are always going to have to be expanding their roles when it comes to green design, sustainability, and the latest technologies related to both..."

Small Developer

The Future:

Specialized services from their architects.

"…I think that in the future, the overall scope of work architects perform will not change, but we will demand more LEAN services from architects…"

Large Healthcare

"Well, it is interesting you ask that. I think architects have something about the way they work and process information that can help us look at operations."

Medium Public Agency

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The Future:

Specialized services from their architects.

"…So, it is the way of looking at the space, using design thinking to see how people are using the building, etc. We'll be using architects to help us think more creatively about the space."

Medium Public Agency

Owners' Reps / Program Managers

TABLE 8: Using Third-Party Advocates (includes owner's rep firm responses)	
Always	23%
Depends on Project	37%
Never	41%

Owners' Reps / Program Managers:

TABLE 9: Reasons for Using Third-Party Advocates

	Owners	Owner's Reps
Augment in-house staff	42%	20%
Smoother project delivery/Better estimating	26%	60%
Lack of in-house expertise	21%	40%
Selecting/Managing the architect	21%	0%
On bigger, more complex projects	16%	0%
Problems with Third-Party Advocates	16%	40%
# of Respondents		

Owners’ Reps / Program Managers:

Selecting and Managing the architect

“We do bring in an owner’s rep, who is a third-party, to push ideas out of our architects. We want them to do value engineering from Day 1.”

Small Developer

“We felt the architect underserved us, functioning both as the designer and as the owner’s agent. We needed an independent voice – someone who could navigate the terrain between the architect and the contractor.” ***Small Not-for-Profit***

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Owners' Reps / Program Managers:

Problems with Third-Party Advocates.

"…Where they (Owners' Reps & PM's) become a problem is when they try to isolate the architect & contractor from the client. Collaboration always gets better results."

Medium Contractor

"I know some of them (OR's / PM's) make sure the owner thinks they are great and make the architect look bad…I think that is what led to the IPD approach."

Small Owner's Rep

CHALLENGES / BARRIERS:

With the team or process.

TABLE 10: Challenges & Barriers		
Poor management		22%
Lack of budget accountability		22%
Poor documentation		20%
Arrogance		9%
Adversarial team relations		13%
Problems with low-bid contracts		9%
Contract/Scoping problems		9%
No real problems		9%
Other		17%

Summary Findings
Advice to the architectural community.

TABLE 12: Advice to Architects		
Be a true partner	28	55%
Take control: coordinate, manage, document, communicate	19	37%
Bring innovation and technology to clients	11	22%
Advocate your value	8	16%

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Panel Discussion
Question & Answer

Scott Simpson, FAIA

Senior Director

KlingStubbins

Derek Cunz

VP & General Manager, National Products Group

Mortenson

Clare Tande

General Counsel & Corporate Secretary

HGA

Rachel Riopel Wiley, AIA

HDR Architecture &

Member of AICRI Committee

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Member Feedback
Next Steps

Providing Value

Industry Trends, Technology, Project Delivery, Design

Communicating Value

Internally and Externally

Member Value

Advocacy and Licensure

Research

Public Relations

What's Next?

1) Gather more member feedback via surveys, polls,& interviews

2) Share these findings with members at our Annual Meeting at this November's Convention

3) Continue to engage members and the public through a **2014 Public Relations Campaign**

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