AIA Minnesota
Innovative Practice Forum

lift
challenge
inspire

August 14, 2013
International Market Square
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
Ann Voda, AIA,
Jon Buggy, AIA
Steve Fiskum, FAIA
Tom Hysell, AIA
Brian Tempas, AIA
Rachel Riopel Wiley, AIA
Sara Ibarra, Assoc. AIA
Beverly Hauschild-Baron Hon. AIA
Mary Larkin

Survey Consultants
Cameron MacAllister Group
Scott Simpson, FAIA
Senior Director, KlingStubbins
Teaming with Success

New Collaborative Strategies for the A/E/C Industry

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.
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.
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 (O, 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
100% compliance rate for schedule and budget
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."
Jon Buggy, AIA
AIA Minnesota Past-President &
Director, Gensler
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
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
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 in a 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
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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>TABLE 8: Using Third-Party Advocates (includes owner’s rep firm responses)</strong></td>
<td></td>
</tr>
<tr>
<td>Always</td>
<td>23%</td>
</tr>
<tr>
<td>Depends on Project</td>
<td>37%</td>
</tr>
<tr>
<td>Never</td>
<td>41%</td>
</tr>
</tbody>
</table>
## Owners’ Reps / Program Managers:

### TABLE 9: Reasons for Using Third-Party Advocates

<table>
<thead>
<tr>
<th>Reason</th>
<th>Owners</th>
<th>Owner’s Reps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Augment in-house staff</td>
<td>42%</td>
<td>20%</td>
</tr>
<tr>
<td>Smoother project delivery/Better estimating</td>
<td>26%</td>
<td>60%</td>
</tr>
<tr>
<td>Lack of in-house expertise</td>
<td>21%</td>
<td>40%</td>
</tr>
<tr>
<td>Selecting/Managing the architect</td>
<td>21%</td>
<td>0%</td>
</tr>
<tr>
<td>On bigger, more complex projects</td>
<td>16%</td>
<td>0%</td>
</tr>
<tr>
<td>Problems with Third-Party Advocates</td>
<td>16%</td>
<td>40%</td>
</tr>
<tr>
<td># of Respondents</td>
<td></td>
<td></td>
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</table>
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
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>
<thead>
<tr>
<th>TABLE 10: Challenges &amp; Barriers</th>
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<tbody>
<tr>
<td>Poor management</td>
<td>22%</td>
</tr>
<tr>
<td>Lack of budget accountability</td>
<td>22%</td>
</tr>
<tr>
<td>Poor documentation</td>
<td>20%</td>
</tr>
<tr>
<td>Arrogance</td>
<td>9%</td>
</tr>
<tr>
<td>Adversarial team relations</td>
<td>13%</td>
</tr>
<tr>
<td>Problems with low-bid contracts</td>
<td>9%</td>
</tr>
<tr>
<td>Contract/Scoping problems</td>
<td>9%</td>
</tr>
<tr>
<td>No real problems</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>17%</td>
</tr>
</tbody>
</table>
Summary Findings
Advice to the architectural community.

<table>
<thead>
<tr>
<th>TABLE 12: Advice to Architects</th>
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</thead>
<tbody>
<tr>
<td>Be a true partner</td>
<td>28</td>
<td>55%</td>
</tr>
<tr>
<td>Take control: coordinate, manage, document, communicate</td>
<td>19</td>
<td>37%</td>
</tr>
<tr>
<td>Bring innovation and technology to clients</td>
<td>11</td>
<td>22%</td>
</tr>
<tr>
<td>Advocate your value</td>
<td>8</td>
<td>16%</td>
</tr>
</tbody>
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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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