AIA MN Recovery Task Force – Observations

Current Situation:

- Total annual revenue of architectural firms has declined 20-25% since the high point reached in 2007. Unemployment or underemployment in the profession reflects this fee decline.
- Recovery of architectural fees will be slow – particularly due to reduced asset value and tight lending in commercial real estate (housing, offices, hotels, retail).
- At full recovery, the industry may be smaller than it was in 2006 and 2007. A leverage bubble drove excessive construction in those times.
- Recovery will be led by smaller sized projects, but less likely to led by housing, which normally comes out of recessions first.
- Corporate profits and borrowing are mostly back to normal and they will start projects.
- Changes in attitudes and government policies will drive sustainability projects and energy savings projects
- Building owners will upgrade their existing facilities to reduce expenses and increase operational efficiencies in response to tight economic times.

Long term trends:

- Skills formally provided by architects (over generations) have become complex specialties and now separate consultants (code review, cost estimating, specialty lighting, facade engineering, project management, etc.) have become the norm on complex projects.
- Current skills may also go this way (LEED rating, BIM Management, digitizing of existing buildings, etc.)
- BIM technology and globalization may reduce the architect’s role in the construction document phase. (controlled by owners, contractors, consultants, suppliers?)
- The steady advance of interdisciplinary partnering (design/build, IDP, negotiated GC, design assist, etc.) for projects has reduced the importance and scope of the architect’s leadership.
- The rise of Program Managers (Owner’s Representatives) has had profound impact on larger projects and has removed the architect from the position of being the direct advisor to the owner.
Strategies for architects going forward:

- Develop a business plan for change – reduce long term staff and expenses, add special skills
- Become expert in specialties that may have been lost to consultants. Project Management? Code analysis?
- Focus on emerging specialties and become expert.
- Become expert as an asset manager. Help building owners use and maintain their properties in ways that save them money. Learn new lighting technologies and show how they can be applied to save money in existing buildings, become an expert on finding government and utility incentives for building modifications.
- Position your skills for first projects in recovery – remodels, energy upgrades, tenant improvements, building assessments, building re-use studies, urban planning around infrastructure projects,
- Be active and network in your community to identify projects not clarified yet. Be an advisor and advocate – show your value
- Strengthen partnerships where you might provide new or unique skills. BIM for contractors, BIM for building owners on existing buildings, architectural support for engineers leading infrastructure projects, contract with government agencies as an auditor to verify compliance with new building and energy regulations.

What can the AIA do to help?

Become a business advisor to firms:

- Provide seminar on merger and acquisition issues. Provide list of legal and accounting resources.
- Research outsource services for HR, accounting, marketing, etc. (or combined source)
- Advice on lease renegotiations.
- Investigate ‘office suites for designers’ concept for IMS run by an executive suites operator.
- Investigate new technologies for firms, such as Google apps.
- Clearinghouse for used equipment/furniture.

How can the AIA support changing strategies:

- Investigate federal and state incentives and regulations in process that may be opportunities for architects.
- Detailed membership directory with profiles on AIA website?
- Provide access to broader and more in depth educational resources so that architects can acquire new specialties.
- Strengthen connections to large scale building owners to feature the many skills that architects can bring to them to help manage their assets.
- Survey regular buyers of architectural services and have them tell us what our 'brand' is and how we can provide better value.
- Take control of project leadership. Make Owner Representative firms get accreditation and standardize their services. This could be an AIA National project and architects would be the first group to do the training and get certified. Get other partners involved for support - Association of General Contractors, GSA, ASHRAE, etc.