

Design Firm Leadership

August 19, 2018
Subject to revision

Syllabus, Fall 2018

ARC 327R | ARC 386M | ARI 350R | ARI 386M

Professor:

Dr. Richard Jennings, FAIA

Time:

Tuesdays, 2-5 pm

Room:

SUTTON 2.110

Description

This course introduces students to the management and leadership of professional design and engineering firms including architecture, interior design, planning, architectural engineering, landscape architecture, civil and structural engineering, MEP engineering and other types of professional service firms operating in the AEC industry. Using lectures and case studies, written assignments, and presentations by real-world clients and principals of successful professional firms including architecture, structural engineering, interior design and real estate development, this course invokes a considered inquiry into the nature and challenges of producing high quality design and engineering services within the context of the business realities of professional practice. This course provides insights into such issues as: industry conditions within which professional service firms operate; the process of starting, managing and leading those firms; marketing, branding, and positioning of professional practices; business planning and strategic decision-making for design firms; professional service firm economics and financial management; methodologies for establishing and negotiating adequate professional service fees, determining economic billing rates and billing multiples; budgeting and controlling firm professional labor costs and expenses; management theory and its practical application to professional service firms; the unique nature of design and engineering firm organizational culture; communications, risk assessment and mitigation; succession planning, professional service firm valuation and ownership transition.

Assignments

Assignments include assigned readings, three individual written assignments, and a final paper, project, or case study on a topic of the student's choice that is relevant to the course in lieu of a final examination. The individual assignments include preparation of a business plan explaining how one might start and lead a new design firm; development of a financial model of a professional design firm; and an essay on design firm leadership and culture. The final project is a 10-15 page essay on a topic of the student's choice that is relevant to the course, or alternatively, a case study of a design firm that is in context with the topics covered in the course.

Evaluation

Student evaluations will be based on attendance and class participation (25%), the three written assignments (35%), and the final paper, project, or case study (40%). If you must miss a class, assignment, or project in order to observe a religious holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence. The UT Honor Code applies: http://deanofstudents.utexas.edu/sjs/spot_honorcode.php

Textbook

No textbook is required for this course. All of the suggested readings and references for this course will be provided in digital PDF format via the Canvas website and include numerous articles and excerpts from texts on business planning, leadership and management of professional service firms, and other publications such as The Architect's Handbook of Professional Practice; The Next Architect and How Firms Succeed, by James Cramer and Scott Simpson; The Trusted Advisor by David Maister, and other relevant publications. The Architect's Handbook of Professional Practice, is available via the UT library website at: <http://www.utxa.eblib.com.ezproxy.lib.utexas.edu/patron/FullRecord.aspx?p=1443899>

Syllabus

- Session 1 September 4 **Introduction and Overview of the Design and Construction Industry**
Course overview, discussion of topics to be covered, assignments, grading, review of syllabus, pedagogical expectations; introduction to the scope and dimensions of professional design practice, leadership and management; overview of the design and construction industry; industry trends; types of professional design firms; career opportunities.
- Suggested Readings:** Adams, "Pearls From My Career;" Zenger, "Making Yourself Indispensable." PSMJ, "Five Leadership Skills."
- Session 2 September 11 **Starting and Leading a Design Firm**
Discussion of the process of starting and leading design firms; preparing a business plan, choosing partners, capitalization and funding, hiring people, organizing for success, management and leadership; forms of practice.
- Suggested Readings:** AIA 4.2, "Starting an Architecture Firm," from The Architect's Handbook of Professional Practice 15th Ed. Sahlman, "How to Write a Great Business Plan" and "Business Plan Elements;" Thompson, "Pathway to Principal;"
- Guest: Milton Hime, AIA, Founder and Principal, Studio 8 Architects.** *Founded in 2003, Studio 8 has grown to a staff of 30 people with offices in Austin and San Antonio providing architecture and interior design services to an impressive array of clients. The firm's designs have been recognized by the American Institute of Architects and the International Interior Design Association. Design is the firm's passion and its goal is to create notable work through collaboration with its clients. (Confirmed.)*
- Assignment 1:** Prepare a high-level "Strategic Business Plan" for a new design firm. Due before midnight, September 25.
- Session 3 September 18 **Firm Identity, Strategy, and Strategic Planning**
Introduction to categories of design firms, markets, project delivery and pricing as strategy, diversification and firm planning. Discussion of strategic planning; positioning design firms in a competitive environment; discussion of analysis techniques.
- Suggested Readings:** AIA 4.3, "Strategic Planning for the Design Firm" from The Architect's Handbook of Professional Practice; Coxe, "Charting Your Course;" Cramer, "Better Perpetrator Than Victim;" Russell, "Is Bigger Better?"
- Guest: Jeff Pace, Managing Director, HPI Real Estate Services.** Jeff Pace leads HPI's Corporate Services group and directs the tenant representation

and investment sale business lines. During his 30 years of experience in commercial real estate he has negotiated leases representing over 8 million square feet valued in excess of \$1.4 billion, overseen the acquisition/disposition of over 3 million square feet of office projects valued over \$600 million, development of 2.5 million square feet of Class “A” office projects and provided asset management oversight for 6 million square feet of office projects. (*Confirmed.*)

Session 4 September 25

Marketing, Pricing and Negotiating Design Commissions

Discussion of how design firms obtain commissions; the “Marketing Telescope;” the proposal process; determining fees; and negotiating agreements.

Suggested Readings: SMPS, “Sell-Do-Win-Business; AIA 5.1, “Marketing and Public Relations” and AIA 5.2 “Seeking the Project” from The Architect’s Handbook of Professional Practice; Weber, “Beyond the House.” Resources: Jennings, “Marketing Terms;” McGraw-Hill, “Marketing for Architects;” Scotti, “6 Ways to Make your Sales Pitch More Powerful.

Assignment 1, “Strategic Business Plan” due before midnight.

Session 5 October 2

Continue Marketing Discussion

Differentiating the design firm in the competitive professional design services environment; capitalizing on the special expertise of design firm founders and leaders.

Suggested Readings: Fisher, “Branding from the Inside;” AIA 4.4 “Firm Identity and Expertise” from The Architect’s Handbook of Professional Practice; “Keys to Business Development for Newly Promoted Architects;” Wickersham, “Changing the Way We Practice Part I – Gehry.”

Guest: Kevin Blackburn, Principal, STG Design. *Mr. Blackburn, a graduate of Texas A&M University leads STG Design’s marketing and business development group. Founded in 1976, STG Design has offices in Austin, Houston, Nashville and Tucson. The firm employs an integrated approach to architecture, interior design and planning. STG has designed Civic, Cultural, Commercial, Education, Entertainment, Healthcare, Hospitality, Industrial, Interiors, Planning and Urban Design, Religious, Residential Multi-Family and Sports project types. (Exact date to be confirmed.)*

Session 6 October 9

Nontraditional Design Practice

Discussion of alternatives to traditional design practice: consulting and advising, integrated practice, designer-led design-build firms, and other nontraditional practices and careers.

Suggested Readings: Kim, “Blue Ocean Strategy;” Nanda, “Strategy and Positioning in Professional Service firms;” Wickersham, “Changing the Way We Practice Part II – SHoP.”

Session 7 October 16

Introduction to Design Firm Economics

Discussion of design firm accounting, finance and economics; the basic accounting equations; the “matching concept;” cash versus accrual accounting; introduction to financial statements including key accounting concepts; Income, Balance Sheets, and Cash Flow statements.

Assignment 2: Prepare an “Economic model of a Professional Design Firm.”
Due before midnight, November 6.

Suggested Readings: AIA 8.1, “Financial Planning” and AIA 8.2 “Financial Management Systems” in the Architect’s Handbook of Professional Practice; Pederson, “How to Make Money;” XL Insurance, “Getting Paid.”

Guest: Charles Naeve, P.E. co-founder of Architectural Engineers Collaborative. *Chuck Naeve is founding principal of Architectural Engineers Collaborative. He has managed structural engineering projects and business activities of engineering firms for over thirty years. Chuck has practiced extensively in the United States, as well as internationally. Known for creating architectural structures in support of building architecture, and for developing sustainable building structures in harmony with the natural environment, Chuck has been recognized with honorary membership in the American Institute of Architects, Austin and Texas Chapters for his significant contributions to the field of architecture and to the built environment. (Exact date to be confirmed.)*

Session 8, October 23

Design Firm Operations and Financial Performance

Continue discussion of the financial metrics of successful design firms; performance indicators; utilization planning; the multiple concept; professional compensation; project reporting and control; managing for profitability.

Suggested Readings: AIA 8.3 “Maintaining Financial Health,” The Architect’s Handbook of Professional Practice; Design Intelligence, “Metrics of Success.”

Session 9 October 30

Understanding the Client & the Trusted Advisor Concept

Discussion of types of clients, their expectations, needs and perspectives; coalescing the client and team; discussion of differing perspectives of clients and design professionals; strategies and tactics for more effective client management; introduction to the “trusted advisor” concept by David Maister and how it can facilitate improved client relationships; discussion of how architects can become more than consultants to their clients.

Suggested Readings: Maister “The Trusted Advisor Notes;” AIA Thinking Like a Client; Maister, “Young Professionals Cultivate Friendships;” AIA 6.1, “Client Relations” from The Architect’s Handbook of Professional Practice.

Guest: Gregory J. Weaver, Executive Vice President, Catellus Development Corporation. *Mr. Weaver is responsible for acquisitions and development throughout the country’s Southern and Midwest regions. He also currently leads the Mueller airport redevelopment, a 700-acre, sustainable mixed-use development in the heart of Austin, Texas; Prairie Glen Corporate Center, a 92-acre corporate campus and part of the 1,200-acre Glenview Naval Air Station redevelopment situated 20 miles north of Chicago; and CirclePoint Corporate Center, a 65-acre, 1.3-million-square-foot office project in Westminster, Colorado.*

During five years of ProLogis ownership, Mr. Weaver served as Catellus’ President and Managing Director and was responsible for integration and branding activities, as well as providing oversight for the company’s mixed-

use developments nationwide and a \$1 billion retail portfolio. (Exact date to be confirmed.)

Session 10 November 6

Delivering Design Services

Overview of design firm organization and the process of project delivery approaches, including traditional and alternative approaches such as design-build, CM and Integrated Project Delivery.

Assignment 2 “Economic Model of a Design firm” due before midnight.

Suggested Readings: AIA 11.4, “Project Delivery Methods” from The Architect’s Handbook of Professional Practice; Simpson and Cramer, Revisiting the Design Enterprise Cycle.

Session 11 November 13

Design Firm Leadership and Culture

Discussion of people, organization and culture as applied to design firms; how leaders set and influence design firm culture.

Suggested Readings: Pressman, “Creating Firm Culture for Innovative Design;” DeLong, “When Professionals Have to Lead Chap 1-3 Outline;” Goleman, “What Makes a Leader?” Also additional articles on leadership for professional design services firms will be uploaded.

Assignment 3: Prepare a “Design Firm Leadership & Culture” Essay. Due before midnight, November 27.

Session 12 November 20

Seeking Design Quality at a Profit

How design firms pursue quality design and yet remain economically viable. Discussion of the conundrum design firms often face when attempting to deliver the highest quality design solutions for their clients while keeping their firms economically viable.

Suggested Readings: Ladendorf, “When Practicing Architects Must Manage.”

Session 13 November 27

Ownership Transition

Discussion of the life cycle of professional firms; planning for the future; leadership succession; ownership transition; buy-sell agreements; methods of valuing design firms for internal transfer of ownership; and the selling, merging and acquiring of design firms.

Suggested Readings: AIA 4.9, “Ownership Transition” from The Architect’s Handbook of Professional Practice; Pressman, “Succeeding at Succession;” AIA, Essential Elements of Ownership Transition.”

Assignment 3 “Design Firm Leadership & Culture” due before midnight.

Session 14 December 4

The Future

The importance of leadership in design practice; discussion of trends affecting the future of design practice; innovative practice models; the effect of disruptive technologies and other trends and forces affecting design practice. Summary of course topics follows.

Suggested Readings: Zaleznik, “Leaders and Managers;” Simpson, “Outrageous Predictions;” Council for Interior Design Accreditation (CIDA), “Future Vision.”

Contacts & Hours

Dr. Richard Jennings, FAIA
Adjunct Professor of Architecture
Email: rjenn@msn.com
Mobile: 512-496-6450
Office Hours: By Appointment

Assignments

Assignment	Topic	Due Date
Assignment 1	Strategic Business Plan	September 25, 2018
Assignment 2	Financial Model of Firm	November 6, 2018
Assignment 3	Design Firm Culture Essay	November 27, 2018
Final Project	Final Essay, Topic of Choice	December 11, 2018

Guest Speakers (*)

Speaker	Firm	Date
Milton Hime, AIA	Studio 8 Architecture & Interior Design	September 11, 2018
Jeff Pace	HPI Real Estate	September 18, 2018
Kevin Blackburn	STG Design	October 2, 2018
Charles Naeve	AEC Structural Engineers	October 16, 2018
Gregory Weaver	Catellus Development	November 27, 2018

(*Speaker dates to be confirmed)

Instructor

Dr. Richard W. Jennings, FAIA is an Adjunct Professor of Architecture at The University of Texas at Austin School of Architecture and Senior Consultant with the Environmental Financial Consulting Group (EFCG) in New York City, the leading M&A advisory and financial consulting firm focused exclusively on the AEC industry, providing advisory services to architecture and engineering firms in the areas of valuations, mergers and acquisitions, internal ownership transition, peer benchmarking, and financial consulting. Previously a Lecturer in Architecture at the Harvard University Graduate School of Design, Dr. Jennings has more than 30 years of experience leading design firms, the design and construction of large-scale commercial projects, and real estate development projects. He co-founded a nationally-operating architectural and planning firm with offices in Houston and Dallas and for almost two decades served as its managing principal, president and CEO. Prior to founding that firm, he was a Principal and Division Director of a 700-person Houston-based global architecture, engineering and construction

management firm. A Fellow of the American Institute of Architects, Dr. Jennings is registered to practice in multiple states and holds a National Council of Architectural Boards (NCARB) certificate. He has been elected to the College of Fellows of the American Institute of Architects (FAIA) and is a member of the Project Management Institute (PMI) and other associations. He is a director of the Charles Moore Foundation in Austin. He was a founding member and researcher of the Harvard University Integrated Practice research initiative and the Zofnass Program for Sustainable Infrastructure, where he authored a number of case studies. Dr. Jennings taught Professional Practice at Rice University School of Architecture. He holds a Doctor of Design (DDes) degree and Master of Design Studies (MDes) degree with Distinction from the Harvard University Graduate School of Design where he received the Dimitris Pikionis Award for highest academic record. Dr. Jennings also holds Master of Business Administration (MBA), Master of Architecture (MArch) and Bachelor of Science degrees.

University Policies

Religious Holy Days

By UT Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holy day, I will give you an opportunity to complete the missed work within a reasonable time after the absence.

Q Drop Policy

If you want to drop a class after the 12th class day, you'll need to execute a Q drop before the Q-drop deadline, which typically occurs near the middle of the semester. Under Texas law, you are only allowed six Q drops while you are in college at any public Texas institution. For more information, see: <http://www.utexas.edu/ugs/csacc/academic/adddrop/qdrop>

Student Accommodations

Students with a documented disability may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259 (voice) or 1-866-329-3986 (video phone). <http://ddce.utexas.edu/disability/about/>

- Please request a meeting as soon as possible to discuss any accommodations
- Please notify me as soon as possible if the material being presented in class is not accessible
- Please notify me if any of the physical space is difficult for you]

Academic Integrity

Each student in the course is expected to abide by the University of Texas Honor Code:

"As a student of The University of Texas at Austin, I shall abide by the core values of the University and uphold academic integrity."

This means that work you produce on assignments, tests and exams is all your own work, unless it is assigned as group work. I will make it clear for each test, exam or assignment whether collaboration is encouraged or not.

Always cite your sources. If you use words or ideas that are not your own (or that you have used in previous class), you must make that clear otherwise you will be guilty of plagiarism and subject to academic disciplinary action, including failure of the course.

You are responsible for understanding UT's Academic Honesty Policy which can be found at the following web address: http://deanofstudents.utexas.edu/sjs/acint_student.php

University Resources for Students

The university has numerous resources for students to provide assistance and support for your learning, use these to help you succeed in your classes.

The Sanger Learning Center

Did you know that more than one-third of UT undergraduate students use the Sanger Learning Center each year to improve their academic performance? All students are welcome to take advantage of Sanger Center's classes and workshops, private learning specialist appointments, peer academic coaching, and tutoring for more than 70 courses in 15 different subject areas. For more information, please visit <http://www.utexas.edu/ugs/slc> or call 512-471-3614 (JES A332).

The University Writing Center

The University Writing Center offers free, individualized, expert help with writing for any UT student, by appointment or on a drop-in basis. Consultants help students develop strategies to improve their writing. The assistance we provide is intended to foster students' resourcefulness and self-reliance. <http://uwc.utexas.edu/>

Counseling and Mental Health Center

The Counseling and Mental Health Center (CMHC) provides counseling, psychiatric, consultation, and prevention services that facilitate students' academic and life goals and enhance their personal growth and well-being. <http://cmhc.utexas.edu/>

Student Emergency Services

<http://deanofstudents.utexas.edu/emergency/>

ITS

Need help with technology? <http://www.utexas.edu/its/>

Libraries

Need help searching for information? <http://www.lib.utexas.edu/>

Canvas

Canvas help is available 24/7 at <https://utexas.instructure.com/courses/633028/pages/student-tutorials>

Important Safety Information

BCAL

If you have concerns about the safety or behavior of fellow students, TAs or Professors, call BCAL (the Behavior Concerns Advice Line): 512-232-5050. Your call can be anonymous. If something doesn't feel right – it probably isn't. Trust your instincts and share your concerns.

Evacuation Information

The following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety/>

Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when an alarm or alert is activated. Alarm activation or announcement requires exiting and assembling outside, unless told otherwise by an official representative.

- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.

- Students requiring assistance in evacuation shall inform their instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors. Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Link to information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency