Design Firm Leadership

Syllabus, Fall 2017

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 firms including architecture, interior design, planning, architectural engineering, structural engineering, landscape architecture, MEP engineering and other professional firms. Using lectures and case studies, written assignments, and presentations by real-world clients and principals of successful design firms, this course invokes a considered inquiry into the nature and challenges of producing high quality design within the context of the business requirements of design practice. This course provides insights into such issues as: the industry conditions within which design firms operate; the process of starting, managing and leading design firms; marketing, branding, and positioning of design practices; business planning and strategic decision-making for the design practitioner; design firm economics and the financial management of design firms; methodologies for establishing and negotiating adequate design fees, determining economic billing rates, and budgeting and controlling firm expenses; general management theory and its application to design firms; the unique nature of design firm organizational culture; risk assessment and mitigation; succession planning, design 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. Assigned readings will be supplied in digital format via the course website from The Architect’s Handbook of Professional Practice, 14th Edition, and other texts such as The Next Architect and How Firms Succeed, by James Cramer and Scott Simpson, The Trusted
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.


Session 2 September 12  
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.


Guest: Milton Hime, AIA, Founder and Principal, Studio 8 Architects.  
(Confirmed) 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.

Assignment 1: Prepare a high-level strategic business plan for a new design firm. Due before midnight, September 26.

Session 3 September 19  
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.


Guest: Jeff Pace, Managing Director, HPI Real Estate Services.  
(Confirmed) 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.

Session 4 September 26

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

Read: 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.”

Assignment: Assignment 1, Strategic Plan due before midnight.

Session 5 October 3

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.


Guest: Kevin Blackburn, Principal, STG Design. (Confirmed) Mr. Blackburn, a graduate of Texas A&M University and 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. (Confirmed)

Session 6 October 10

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.


Session 7 October 17

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: Assignment 2: Prepare an economic model of a design firm. Due before midnight, November 1.


Guest: Charles Naeve, P.E. co-founder of Architectural Engineers Collaborative. (Confirmed) Chuck Naeve is founding principal of
Chuck has managed structural engineering projects and business activities of engineering firms for over thirty years. 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.

Session 8, October 24

**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.

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

Session 9, October 31

**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.


**Guest:** **Gregory J. Weaver,** Executive Vice President, Catellus Development Corporation. (Pending) 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.

Session 10, November 7

**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:** Assignment 2 Economic Model due before midnight.

Session 11 November 14  
**Design Firm Leadership and Culture**  
Discussion of people, organization and culture as applied to design firms; how leaders set and influence design firm culture.  


**Assignment 3:** Prepare a Design Firm Leadership & Culture Essay. Due before midnight, November 28.

Session 12 November 21  
**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.  

Read: Ladendorf, “When Practicing Architects Must Manage.”  

**Guest:** Tracey Overbeck Stead, Principal, Tracey Overbeck Stead Interiors.  
*(Pending)* Award-winning commercial and residential Interior Designer. Graduated from the UT Interior Design program. Worked at Page Southerland & Page before starting her own firm.

Session 13 November 28  
**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.  


**Assignment:** Assignment 3 Design Firm Leadership & Culture due before midnight.

Session 14 December 5  
**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.  


Contacts & Hours  
**Dr. Richard Jennings, FAIA**  
Adjunct Professor of Architecture  
Email: rjenn@msn.com  
Mobile: 512-496-6450  
Office: Sutton 4.116  
Office Hours: By Appointment
Assignments

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<thead>
<tr>
<th>Assignment</th>
<th>Topic</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>Assignment 1</td>
<td>Strategic Business Plan</td>
<td>September 26, 2017</td>
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<td>Assignment 2</td>
<td>Financial Model of Firm</td>
<td>November 7, 2017</td>
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<td>Assignment 3</td>
<td>Design Firm Culture Essay</td>
<td>November 28, 2017</td>
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<tr>
<td>Final Project</td>
<td>Final Essay, Topic of Choice</td>
<td>December 19, 2017</td>
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Guest Speakers (*)

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<td>Gregory Weaver</td>
<td>Catellus Development</td>
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<tr>
<td>Tracey Overbeck Stead</td>
<td>Tracey Overbeck Stead Interior Design</td>
<td>November 21, 2017</td>
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(*) Dates to be confirmed

Safety

Please refer to and familiarize yourself with the UT Office of Campus Safety and Security recommendations regarding emergency evacuation: [http://www.utexas.edu/safety/](http://www.utexas.edu/safety/)

Instructor

Dr. Richard W. Jennings, FAIA is an Adjunct Professor of Architecture at The University of Texas at Austin School of Architecture and previously Lecturer in Architecture at the Harvard University Graduate School of Design. He is also a Senior Consultant with a New York City investment banking firm providing advisory services to architecture and engineering firms in the areas of valuations, mergers and acquisitions, and business consulting. Dr. Jennings has more than 30 years of experience leading design firms, designing and constructing large-scale commercial projects, and real estate development projects. He co-founded a nationally-operating architectural and planning firm and for nearly two decades served as its managing principal, president and CEO before selling the firm to a large international firm. Prior to founding that firm, he was a Principal and Division Director of a 700-person firm global architecture, engineering and construction management firm. A Fellow of the American Institute of Architects, Dr.
Jennings is registered to practice architecture in multiple states and holds the National Council of Architectural Boards (NCARB) certificate. He is a member of the College of Fellows of the American Institute of Architects (FAIA), the Project Management Institute (PMI), Academy of Management (AOM) and the American Planning Association (APA). He is a director of the Charles Moore Foundation in Austin. Dr. Jennings was a founding member and researcher of the Harvard University Integrated Practice and the Harvard University Sustainable Infrastructure research initiatives where he authored a number of case studies and papers and served as academic advisor. Dr. Jennings formerly taught Professional Practice at the 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. He also holds Master of Business Administration (MBA), Master of Architecture (MArch) and Bachelor of Science degrees.