A successful start-up of the architecture firm

A study on strategies in the initial phase of the architecture firm

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Harde klappen voor architecten: branche gehalveerd

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Nederlandse architectenbureaus verkeren al jaren in zwaar weer door de crisis, maar de situatie lijkt nu nijpender dan ooit. De branche is sinds 2008 in omvang ruim gehalveerd en ook voor volgend jaar wordt een verdere daling van omzet en werkgelegenheid voorzien.

Turnover (x 10^6)

FTE

Year	Turnover	FTE
2008	1.670	19.500
2009	1.095	14.150
2010	900	11.300
2011	807	10.300
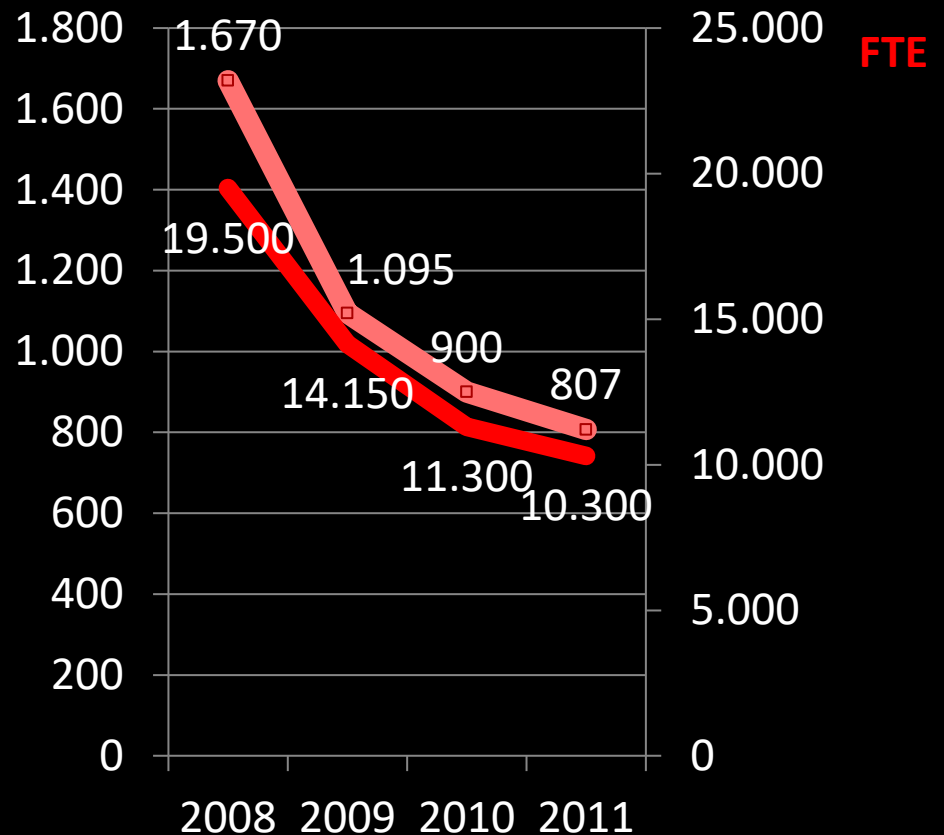
BNA, 2012

Top 10 lowest income for graduates after 1.5 years

Education	Net monthly salary
Social cultural studies	1750
Artificial intelligence	1725
Architecture	1725
Industrial design	1625
Cultural antropology	1575
English	1550
Philosophy	1500
History	1500
Other languages	1425
Art history	1400

Elsevier, 2009

Percentage of economically sound firms

BNA, 2008
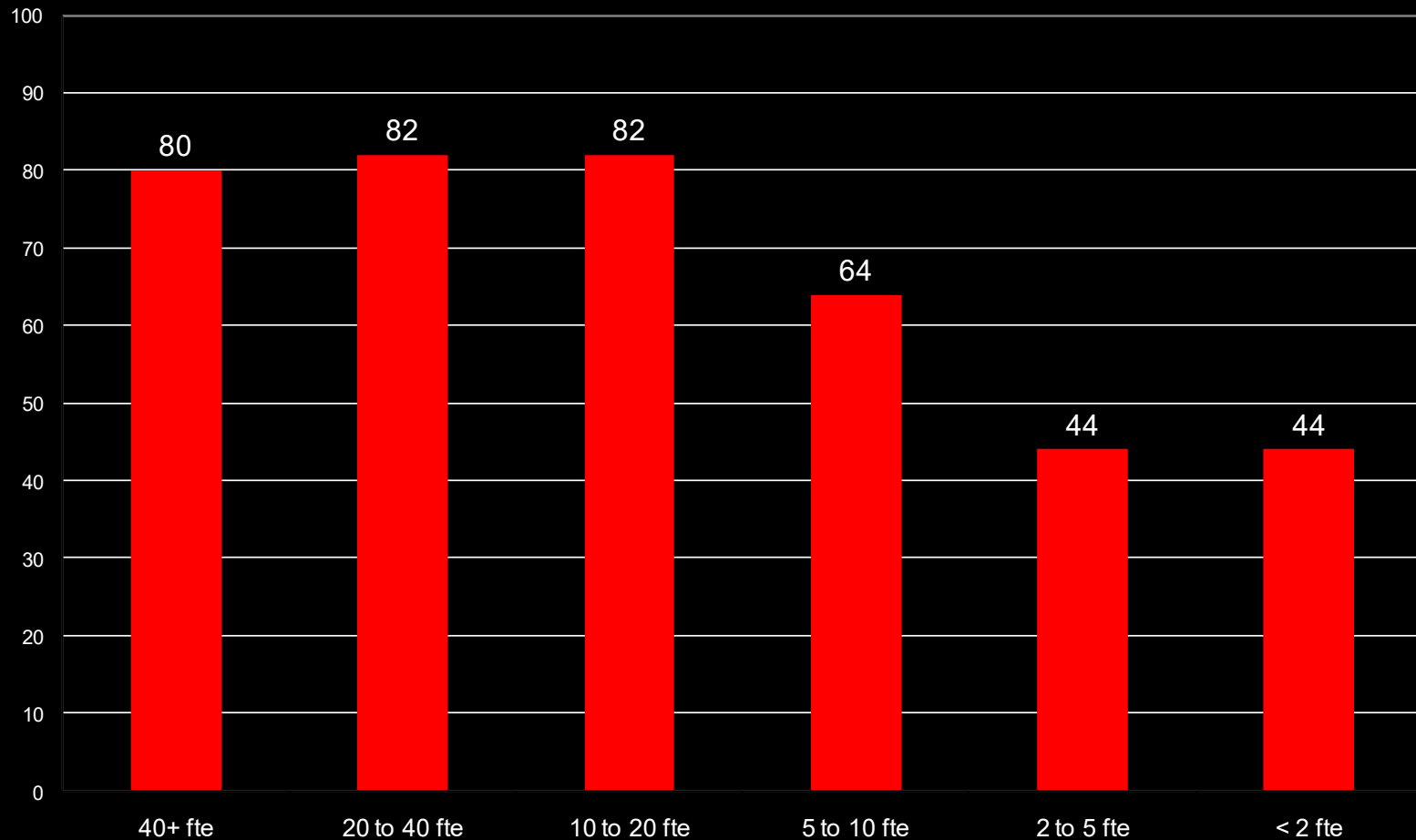
Problem statement

"Due to a lack of work, experience, finances and network, the initial phase is challenging for architecture firms. It is a highly competitive market, where architects are unprepared for their business management and often experience difficulties in finding the balance between the business and practice side of their firm."

Research question

"Which relations exist between strategies used in the start-up phase of the architectural firm and the success as experienced by these architects?"

Secondary research questions

#1 "Which issues do architects face in their start-up phase?
#2 "What determines the feeling of success for different types of architects?"
#3 "Which strategies are used by starting architecture firms to obtain their success?"
#4 "Which characteristics define different architects and architecture firms?"

Characteristics

Issues → Strategies → Success
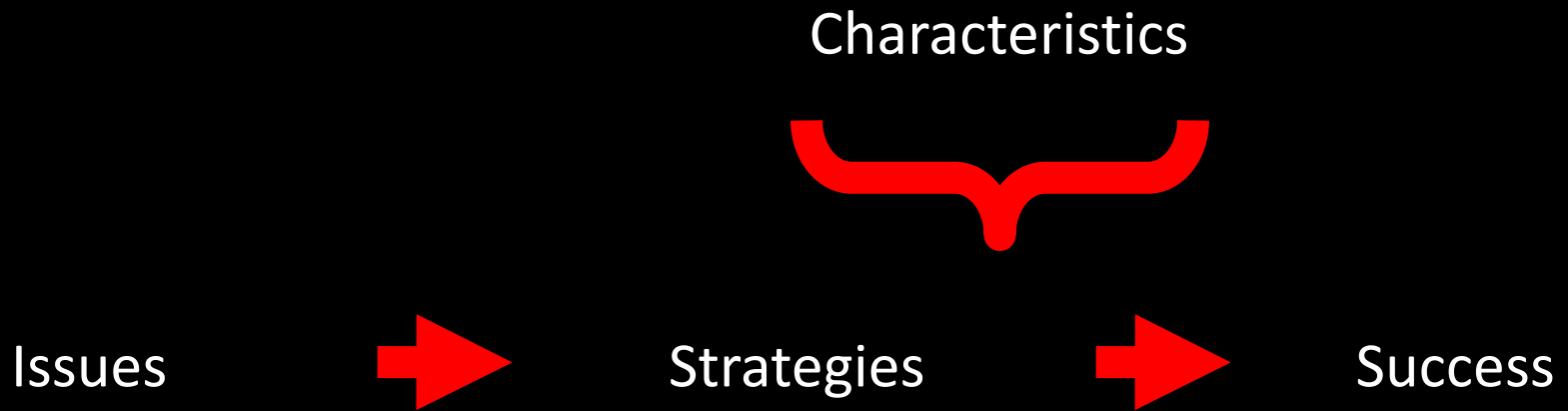
Four parameters

- Issues
- Success
- Strategies
- Characteristics

Mixed method

- Qualitative
  - Literature
  - Interviews
- Quantitative
  - Survey
  - Data analysis

Exploratory research

Literature

-Studies on the profession

-Guide books

Interviews

-11 interviews/ 12 architects

-3 rounds

-Find variables for survey

-Insight in the profession

Survey

-308 respondents

-Mostly younger architects

Data analysis

-3 methods

    -One-way ANOVA

    -Logistic regression

    -Cross tabulation

-Compare data with literature, interviews

Four research parameters

- The architect's *issues*

- The architect's *success factors*

- The architect's *strategies*

- The *characteristics* of the firm and architect

Practice vs Business

The efforts related to the design and those related to the survival of the firm.

Subjective

No objective means of measuring the quality.

Individual

An honourable profession with a distaste for marketing related matters.

Commercialisation & professionalisation

Client is no longer the user.
Sophistication of the client.

Changing role of the architect

From manager to designer.
From generalist to specialist.

Traditional organizational diagram

Contemporary organizational diagram

Commercialisation & professionalisation
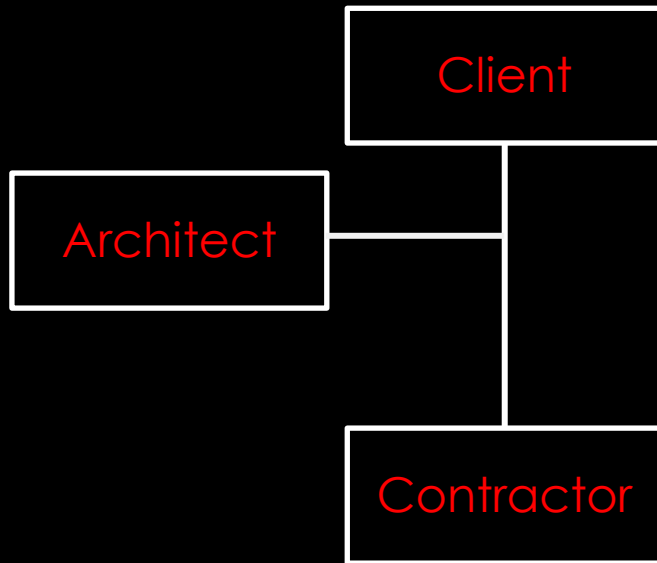
Client is no longer the user.
Sophistication of the client.

Changing role of the architect
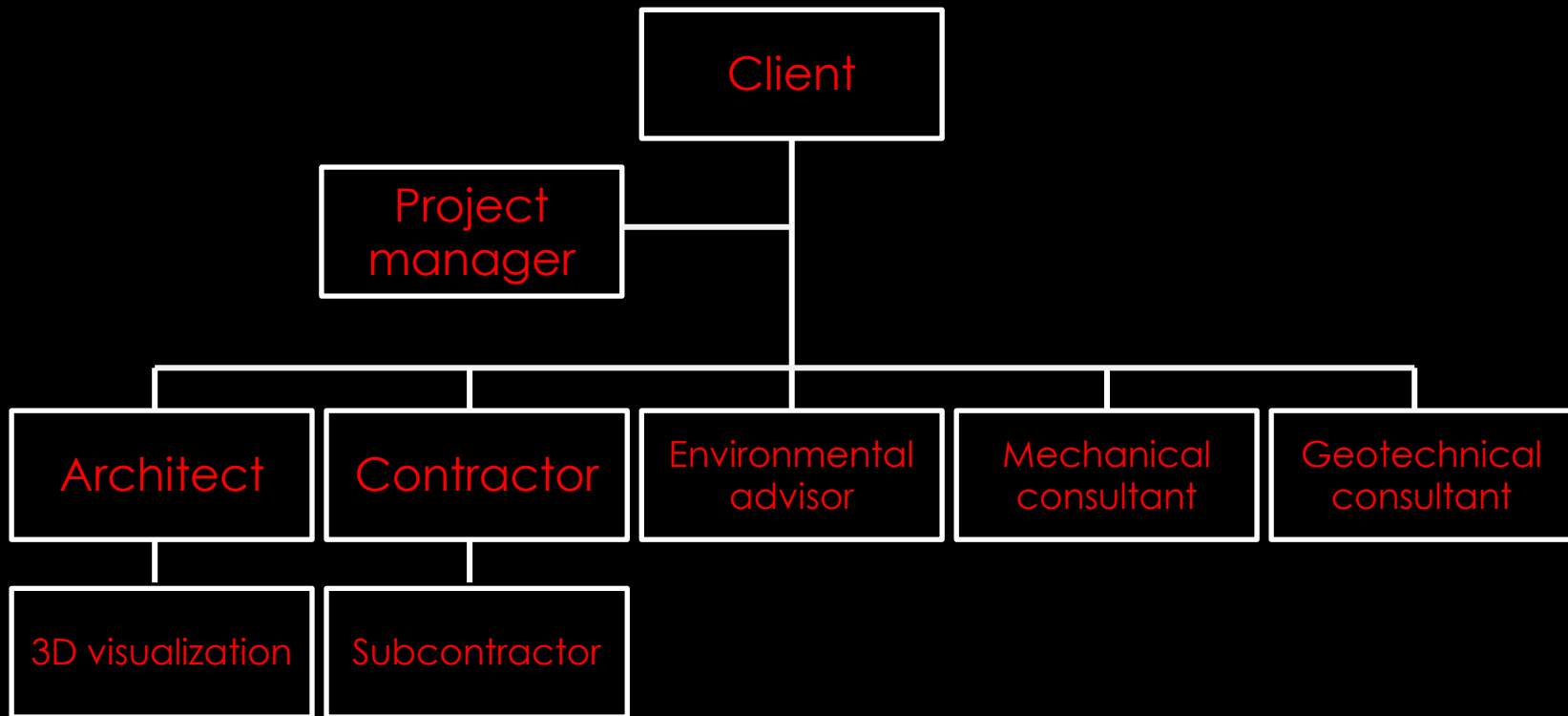
From manager to designer.
From generalist to specialist.

Image of the architect

Egocentric soloist

Core problems

1. *There is not enough work for the architect*
2. *The architect does not have an extensive network*
3. *The architect does not have a reputation to rely on*
4. *The architect does not have sufficient financial resources*
5. *The architect does not have enough experience, both as a designer and as an entrepreneur*
6. *The architect lacks a business oriented work method.*

Success factors

To gain sufficient income
To earn above sufficient income
Satisfaction in projects
Enjoyment in the profession
To earn publications
To win competitions
To win architecture prizes
To gain the appreciation of the client
To gain the appreciation of the public
To gain the appreciation of peers.
A specific firm size
A stable business
Relevance as an architect
Fame

Success factors

-Income

-Firm size

-Achievements

    - Publications (*recent, at the start of the career*, in *professional literature* and *in total*)

    - Competitions (*recent, at the start of the career* and *in total*)

    - Architecture prizes (*recent, at the start of the career* and *in total*)

-Subjective success (*personal success* and *firm success*)

Strategies

Start-up strategies	Work Portfolio	Experience Knowledge	Income	Reputation	Network	Business orientation
Problems						
A Business plan						🟥
B Appeal for a grant			🟥			
C Appeal for a loan			🟥			
D Work elsewhere		🟥	🟥			
E Cooperation with young firms	🟥	🟥				
F Cooperation with experienced firms	🟥					
G Cooperation with other businesses					🟥	
H Maintain a website					🟥	🟥
I Maintain a social media profile					🟥	🟥
J Maintain a (micro) blog					🟥	🟥
K Architectural network		🟥				
L Social network club					🟥	
M Hobby club					🟥	
N Volunteer work					🟥	
O Other activities in the constr. industry	🟥		🟥			
P Other design activities	🟥	🟥	🟥			
Q Work in a niche				🟥		
R Specialise in a current issue		🟥		🟥	🟥	

Strategies

Strategies	Problems					
	Work Portfolio	Experience Knowledge	Money	Reputation	Network	Business orientation
Firm activities						
1 Activities in construction	X	X	X			X
2 Other design activities	X	X	X			
3 Research	X	X		X		
4 Consultancy	X	X	X			
5 Other	X					
Niche						
7 Specific buildings				X	X	
8 Specific clients				X	X	
9 Specific style				X	X	
10 Specific process				X	X	
11 Specific organisation				X	X	
Personal activities						
14 Architectural elsewhere	X	X	X			
15 Calculations	X	X	X			
16 Consultancy	X		X			
17 Research	X			X		
18 Construction supervisor	X	X	X			X
19 Management	X	X	X			X
20 Teacher	X	X	X			
22 Other means of inc	X					

Architect characteristics

Architect's age

Household composition

Attended school

Study activities

Year of graduation

Years of experience

Previous experience

Firm characteristics

Feeling of start-up

Firm age

Number of principals

Firm size

Typology

Firm Typology

Typology	Strong idea	Strong service	Strong delivery
Alt name	Studio	Office	Business
Basic idea	My idea	Our client	The product
Quality	Innovation	Relation management	Functional expertise

W. Coxe, 1987

Four research parameters

- The architect's *problems*

- The architect's *success* factors
  - Income
  - Firm size
  - Achievements
  - Subjective success
- The architect's *strategies*
  - Start-up strategies
  - Career strategies
  - Working hours
- The *characteristics* of the firm and architect
  - Architect characteristics
  - Firm characteristics
  - Firm typology

Results

-A survey was used for data gathering
-The methods of data analysis can only find correlations, no causal relations

Results

-A list of strategies and their correlations with success
-General conclusions

General tendencies

-The most distinguishable differences are between starting firms and experienced firms.
-General conclusions

Results

	Success factors						
	Income	Firm size	Publ.	Comps.	Arch prizes	P success	F success
Start-up strategies							
A Business plan	+						
B Appeal for a grant		+	+	+	+		
C Appeal for a loan			+	+			
D Work elsewhere	-	-			-		-
E Cooperation with young firms	-	-					-
F Cooperation with experienced firms				+	+		
G Cooperation with other businesses	-					+	
H To maintain a website							
I To maintain a social media profile							
J Maintain a (micro) blog			+				
K Architectural network	-						
L Social network club		-					
M Hobby club	+						
N Volunteer work	-		+	+			
O Other activities in the constr. industry						-	-
P Other design activities							
Q Work in a niche			+				
R Specialise in a contemporary issue		+	+	+	+	+	
Working time							
S During start-up	+	+	+	+	+	+	+

Results

Success factors							
	Income	Firm size	Publ.	Comps.	Arch prizes	P success	F success
Firm activities							
1 Activities in construct							
2 Other design activities							
3 Research			+	+	+	-	-
4 Consultancy							
5 Other							
6 None	+						
Niche							
7 Specific buildings	+	+	+	+	+	+	+
8 Specific clients			+	+	+		+
9 Specific style				+			
10 Specific process			+		+		
11 Specific organisation							
12 Other							
13 No niche		-	-	-	-	-	
Personal activities							
14 Architectural elsewhere	-					-	-
15 Calculations							
16 Consultancy							
17 Research							
18 Construction supervisor							
19 Management							
20 Teacher			+				
21 Other means of inc	-					-	-
22 None	+					+	+
Working time							
23 Overall	+	+	+	+	+	+	+

Typologies

-Mostly *Strong Service* firms

-Most important in the design:
- -The client (32%)
- -The user (22%)
- -Innovative ideas (14%)

-A shift in typologies
-A professionalisation of the architectural profession

Research question

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Thank you.