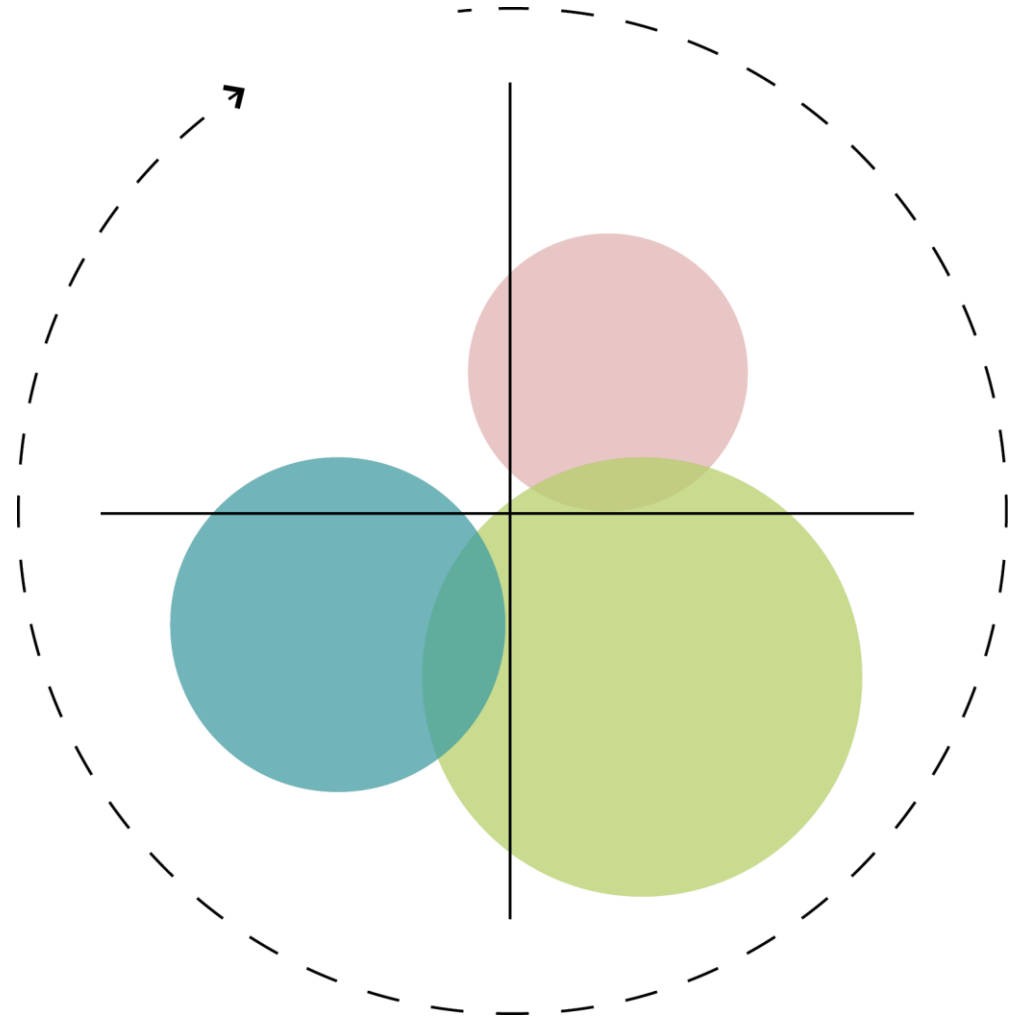


# EXPANDING OPPORTUNITIES FOR PHILIPPINE ARCHITECTS THROUGH CREM

Margarita Gancayco Barcia  
Delft University Of Technology  
Faculty Of Architecture And The Built Environment  
Track of Management in the Built Environment



## Presentation Flow

Introduction

Research Questions

Methodology

Literature Review

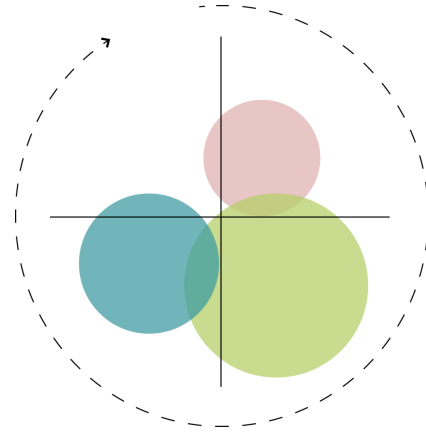
Empirical Research

Operational Research

Findings & Recommendation

Conclusion





# Introduction







# Architects cope with crisis through optimism



() - December 6, 2008 - 12:00am

The best way to cope with the crisis would be to hold on to positive prospects, or so says the members of the United Architects of the Philippines (UAP).

“Because of the recession, some developers are on a wait-and-see attitude and most of them are holding off their projects despite having a budget, and eventually we are affected,” UAP regional district C-1 director Alan G. Choachuy said.

## How COVID-19 will impact ASEAN: Deep recessions and a weak recovery

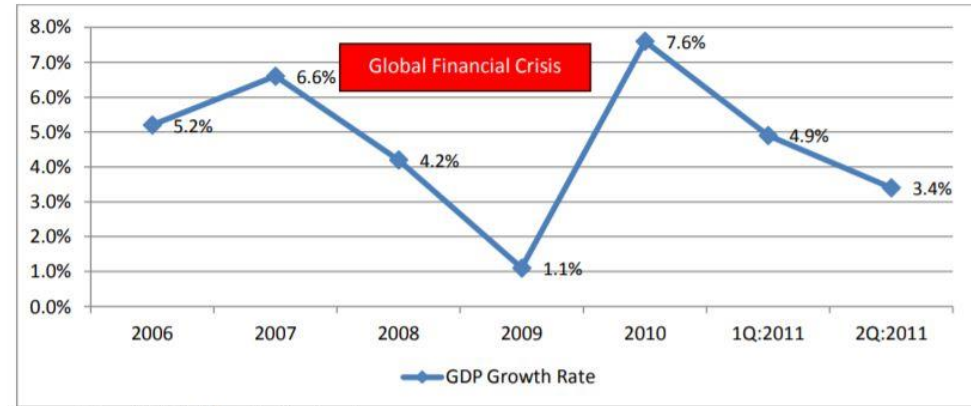


**Special**

May 19, 2020, by Raphie Hayat

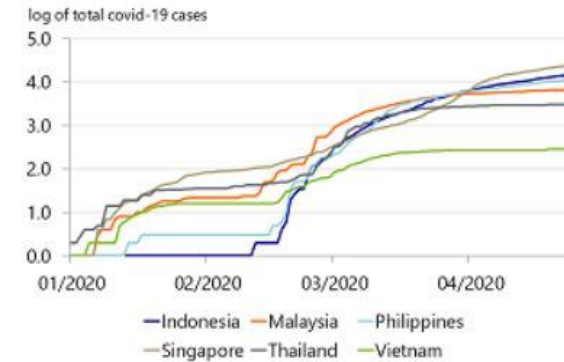
### I. Overview of the Macroeconomy and the Construction Industry a. Key Macroeconomic Indicators

Figure 1: GDP year-on-year Growth Rates



Source: National Statistical Coordination Board

### Figure 1: Curves are flattening in some countries, but rising in others



Source: Macrobond, WHO

"Architects, it is said, are to the economy what canaries once were to coal mines, an early warning system".

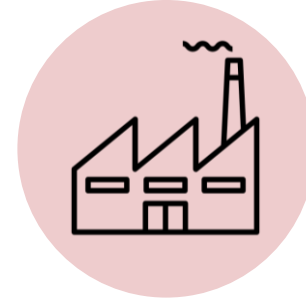




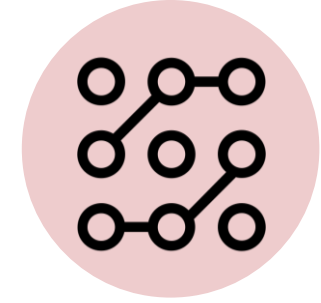
Highly affected by  
Economic changes



Vulnerable to changes  
due to globalization



Reliant on other industries



New technology



Lower financial  
capacity



Lack of expertise



Poor understanding of  
international & foreign  
market



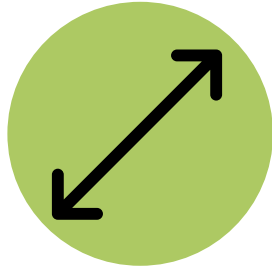
Weak political and  
governance systems



# Problem Statement

The vulnerable nature of the construction industry along with additional problems faced by developing countries paralyze the development of architecture practices in the Philippines.

# Goals



1. Expand the business opportunities of Philippine architects through adapting the business model transition towards architecture-CREM companies done by Dutch architects.



2. Examine how Dutch architects have future-proofed and grown their practices through CREM



3. Define the transition of business models from architecture to architecture-CREM to provide a sequential procedure of how the transition occurs.

# Scientific Significance

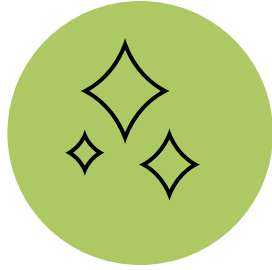


Contributes to the limited knowledge on the development of business strategies and models for architecture companies



Starting point for the scientific discussion and documentation of architectural business management in the Philippines and Southeast Asia

# Societal Significance



Provide insight and new possibilities to firms who need to adjust their existing models and for start-up companies in the Dutch and Philippine contexts.

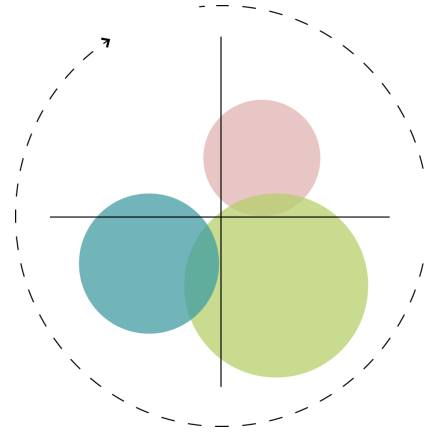


This thesis is relevant to South-East Asian architects, particularly Filipino Architects, as it introduces fundamental business management concept



This introduces the idea of CREM activities as a set of business opportunities and new revenue streams in the Philippine setting.





# Research Questions & Methodology

Main Research Question:

**“To what extent can architects in the Philippines replicate the architecture-CREM models created by Dutch Architects in order to create future-proof architectural practices?”**

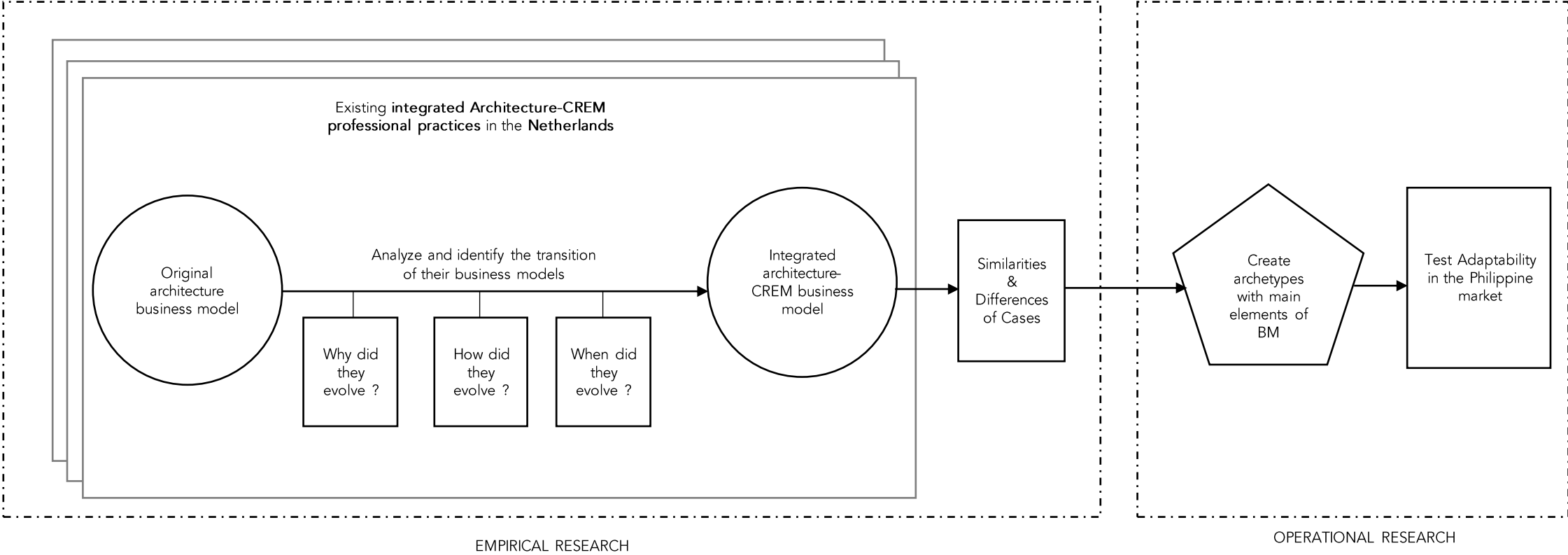


## Sub-Research Questions:

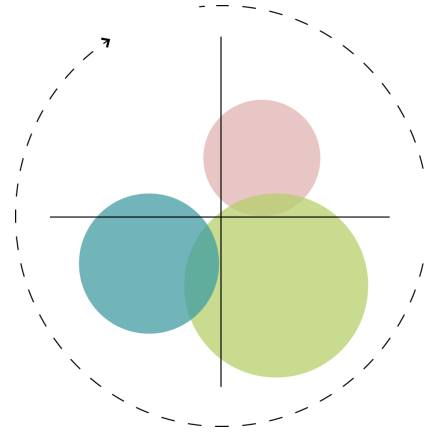
“To what extent can architects in the Philippines replicate the architecture-CREM models created by Dutch Architects in order to create future-proof architectural practices?”

- SQ1:** What real-estate management services have Dutch architects integrated into their businesses?
- SQ2:** How did Dutch architects transition their original business models towards the integration of real-estate management services?
- SQ3:** How beneficial was this endeavor to their professional practice?
- SQ4:** How replicable are the architecture-CREM business models of the Dutch architects in the Philippine context?

# Conceptual Diagram







# Literature Review

# The Business Model Canvas

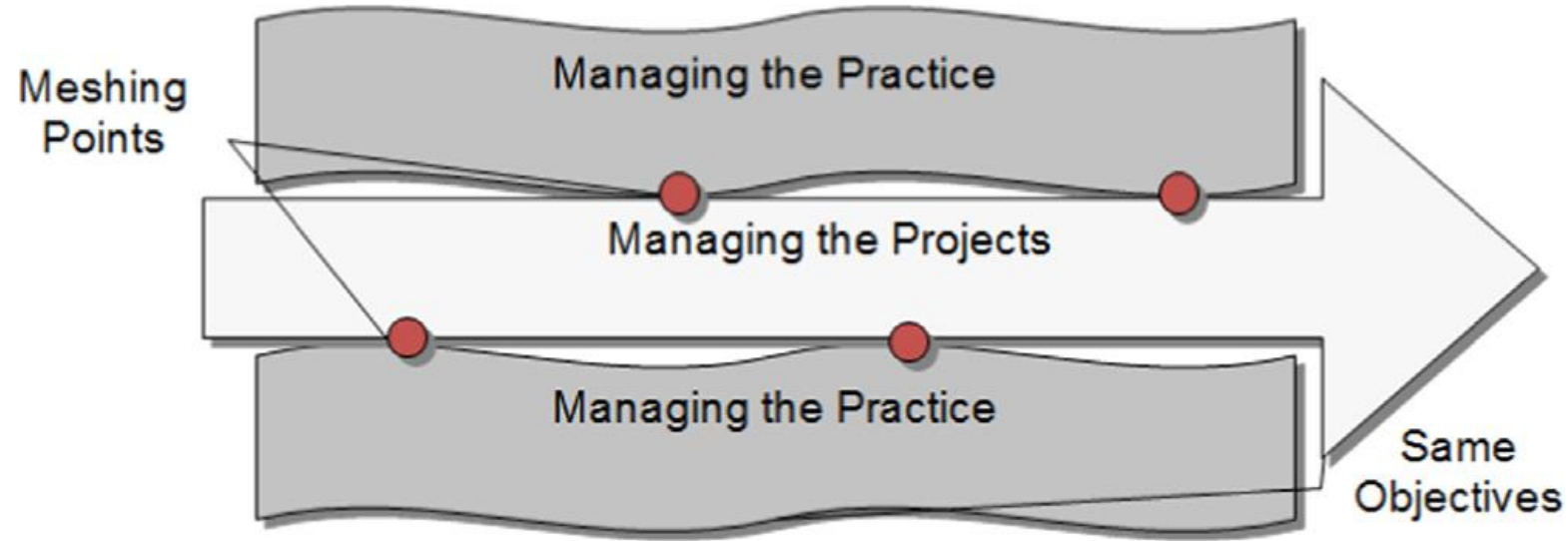
<b>Key Partners</b> facebook? other I'm bored sites? nature deficit disorder NGO's	<b>Key Activities</b> • problem solving • nudge - testing • platform - website & server
<b>Key Partners</b> Parents strategic alliances server place ↳ website builder?	<b>Key Resources</b> human resources ↳ our team intellectual resources ↳ our database physical resources ↳ our servers
<b>Cost Structure</b> Value-driven, economies of <del>scale</del> scale	

**ARCHITECTURAL  
MANAGEMENT (AM)**

**BUSINESS MODELS  
&  
BUSINESS MODEL CANVAS (BMC)**

**CORPORATE REAL ESTATE  
MANAGEMENT (CREM)**

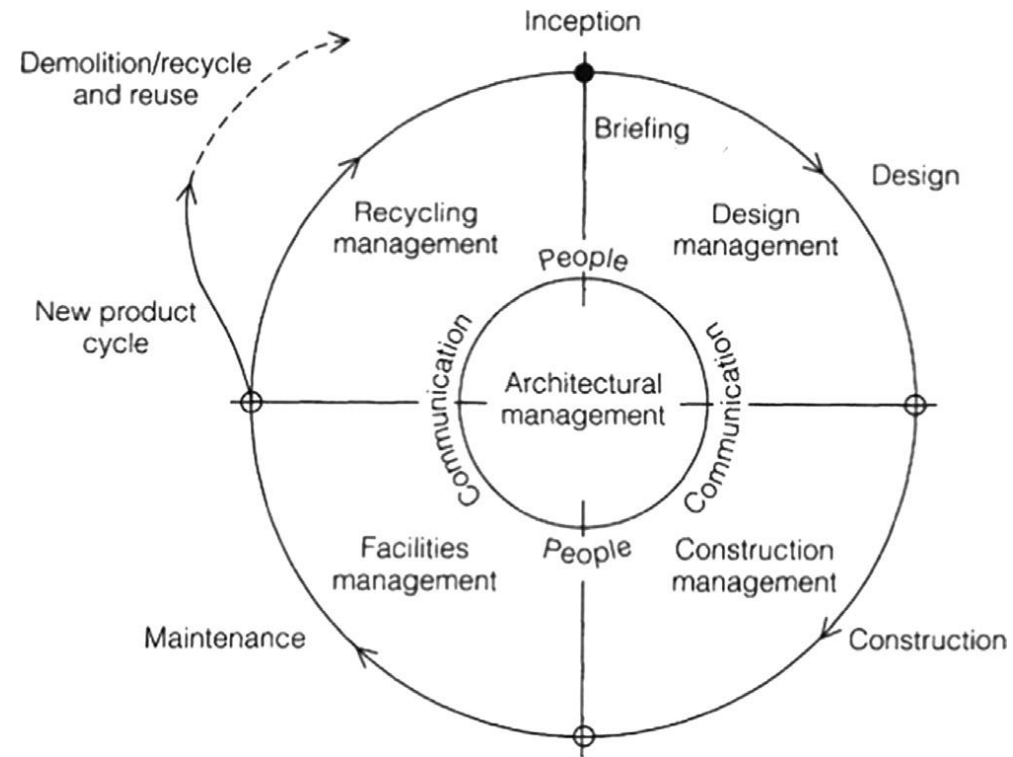
# Architectural Management (AM)



Graphical interpretation of Emmitt's (1999) AM definition

(Alharbi et al., 2015, p.2).

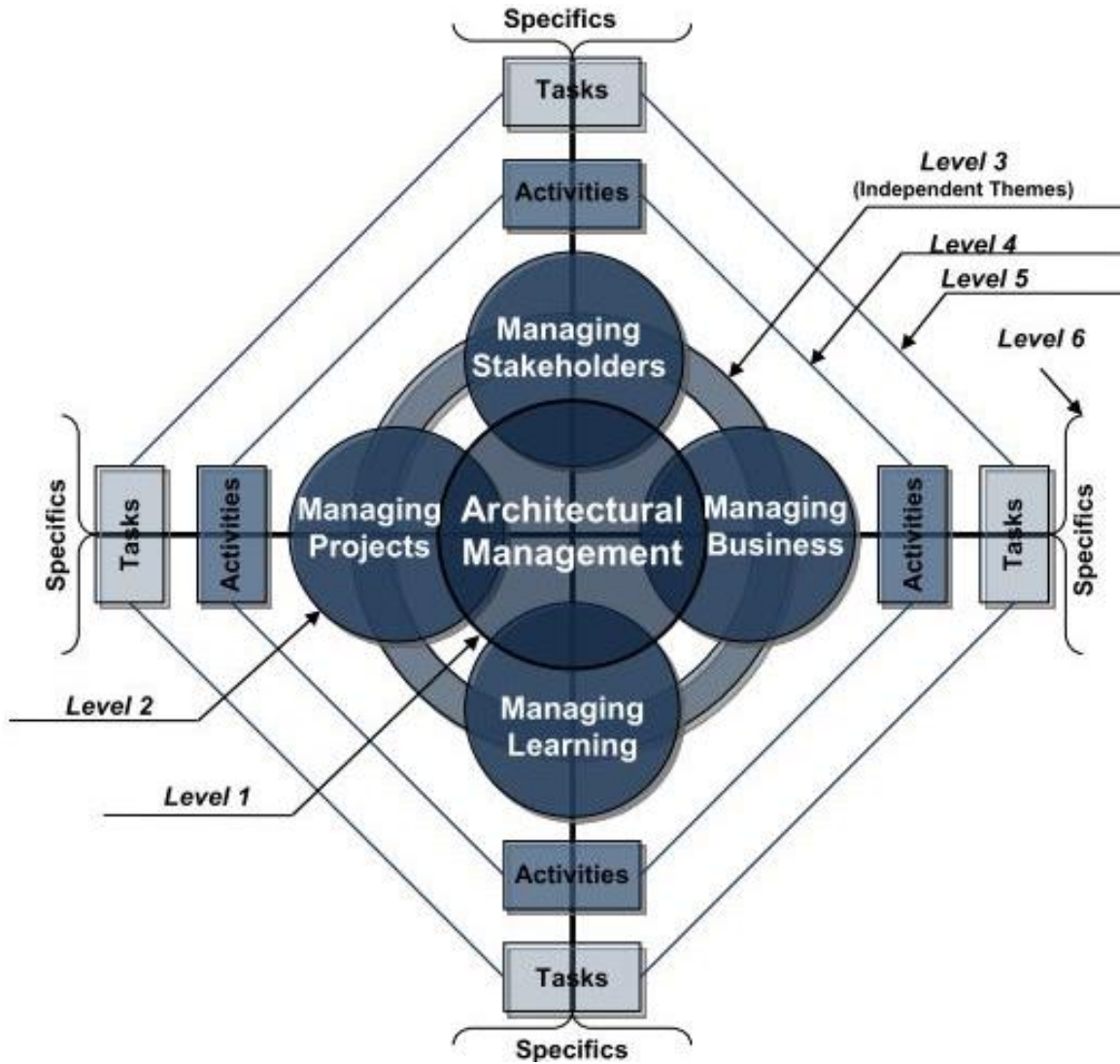
# Architectural Management (AM)



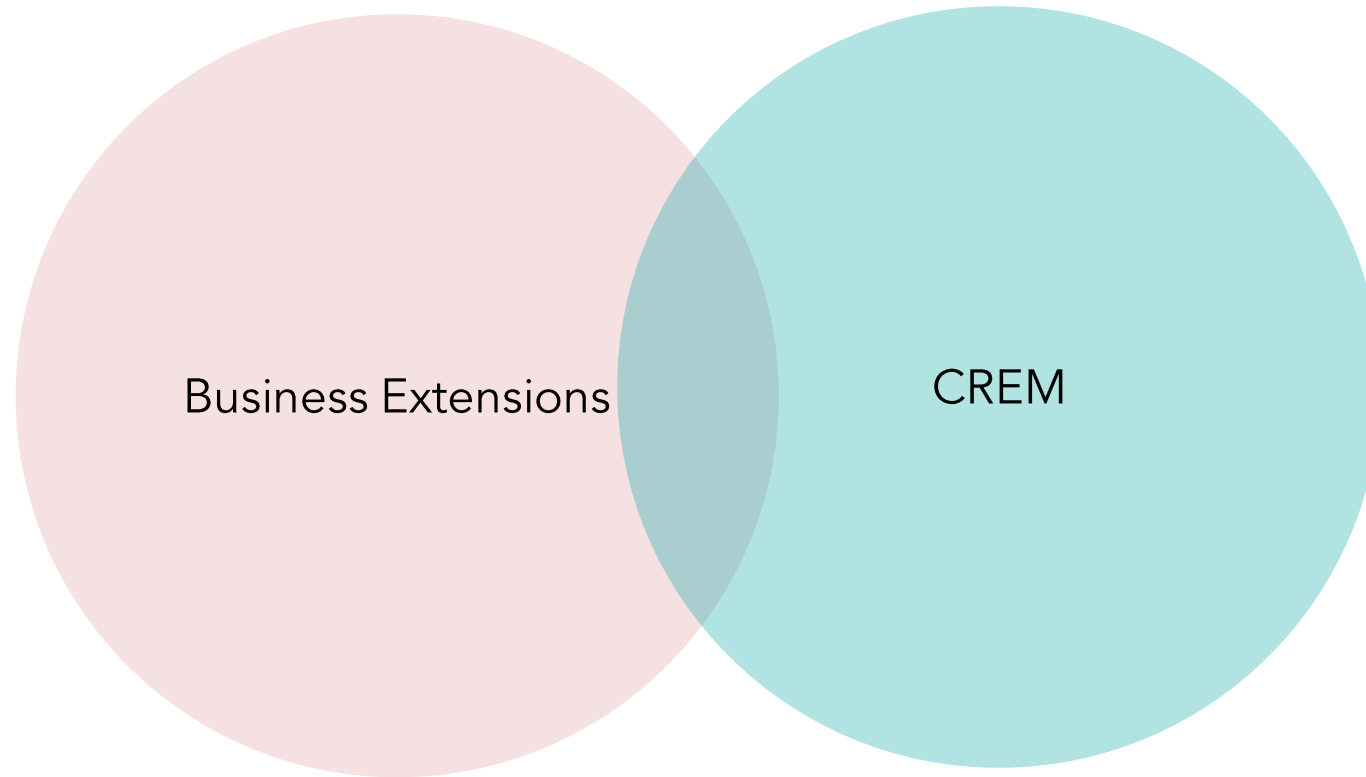
## The Position of AM within the Project Lifecycle

by Emmitt (1999) (Alharbi et al., 2015, p.2).





	Managing the Business	Managing the Projects	Managing the Stakeholders	Managing Learning
Activities (Level - 4)	Organisational Structure	Design Management	Stakeholder Identification	Business Realisation
	Financial Management	Construction Management	Stakeholder Involvement	Multidisciplinary Collaboration
	Marketing & Sales Management	Quality Management	Value Management	Academic Staff
	Ethical & Legal Issues	Property Development	Managing Social Responsibility	Industry Feedback
	Managing IT Utilisation	Managing Investments	Conflict Management	Admission & Graduation Issues
	Business Planning	Project Management	Stakeholder Analysis	Management Inclusion
	Human Resource Management	Facilities Management	Requirements Management	Simulation of Reality
	Managing Practice Growth	Construction Supervision	Managing Sustainability	Professional Bodies
	Managing the Working Env.	Engineering Consultancy	Educating & Guarding Clients	CPDs
	Knowledge Management	Other Business Ventures	Public Relations Management	Analogical Comparisons
Levels 5&6	To be developed by users to suit their individual needs			







## Corporate Real Estate Management

**“The management of buildings and parcels of land at the disposal of private and public organizations which are not primarily in the real estate business.”**

(Haynes et al., 2017).



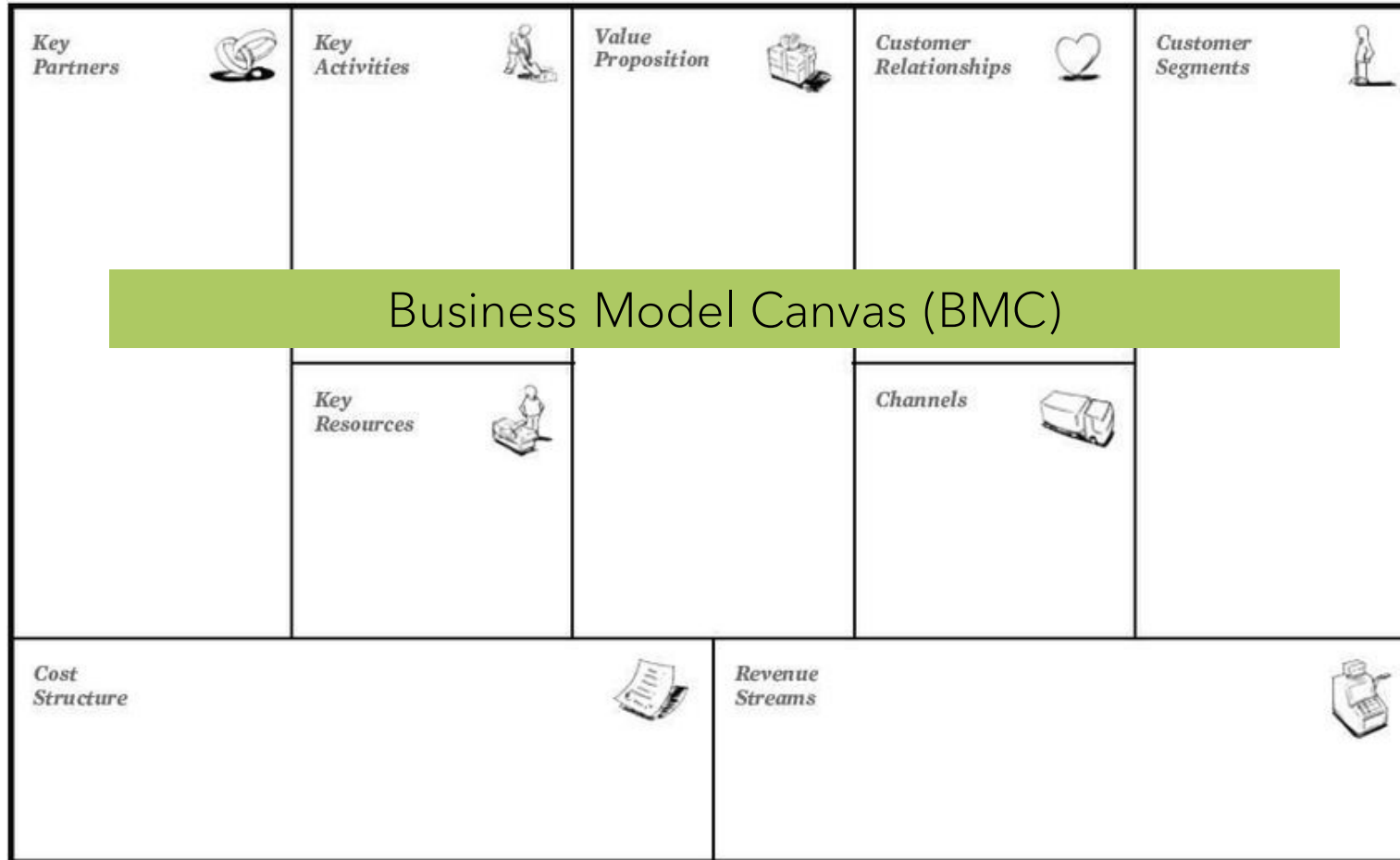


## Business Models

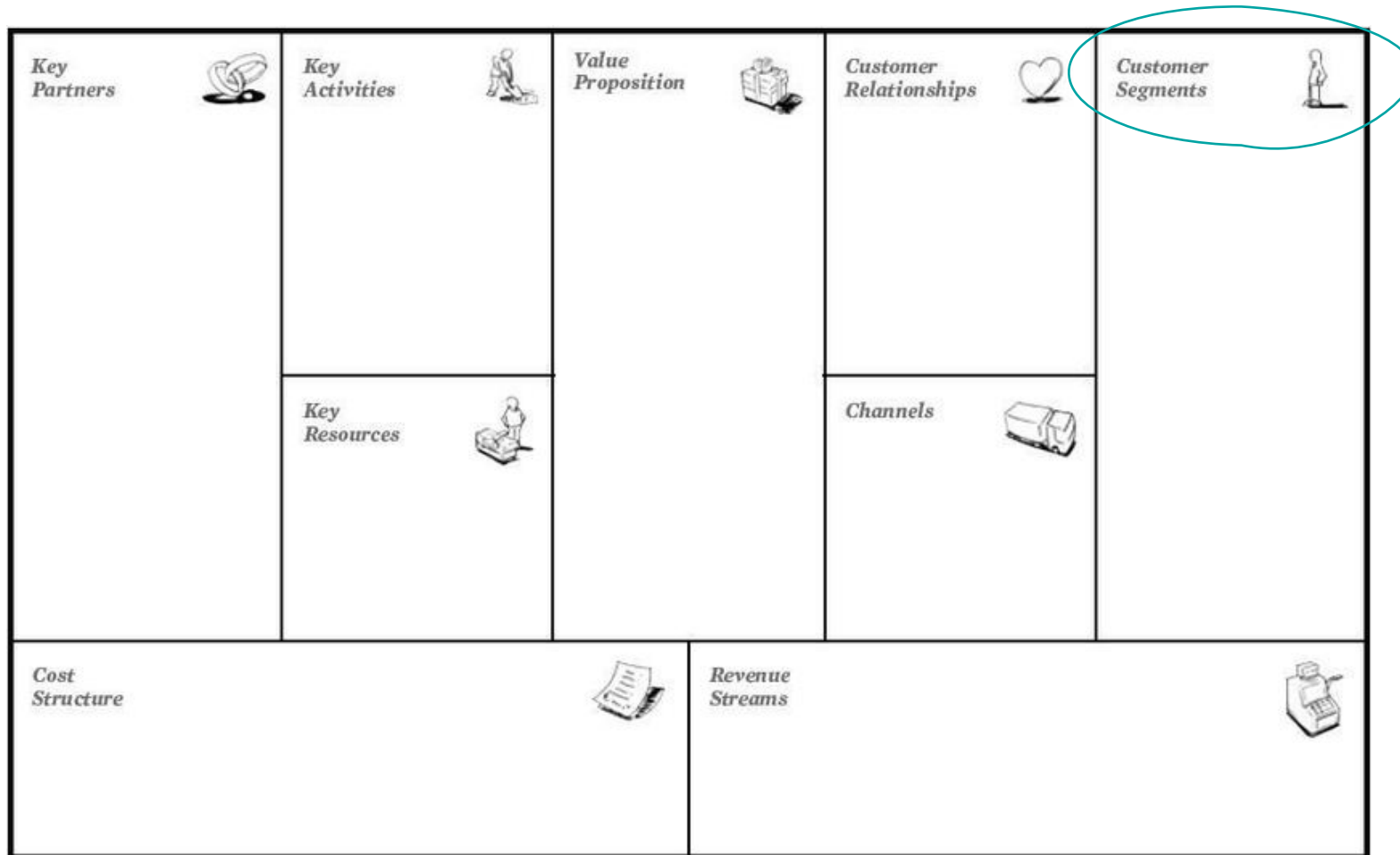
“the rationale of how an organization creates, delivers and captures value” (Osterwalder et al. , 2010).

(Osterwalder et al. , 2010).

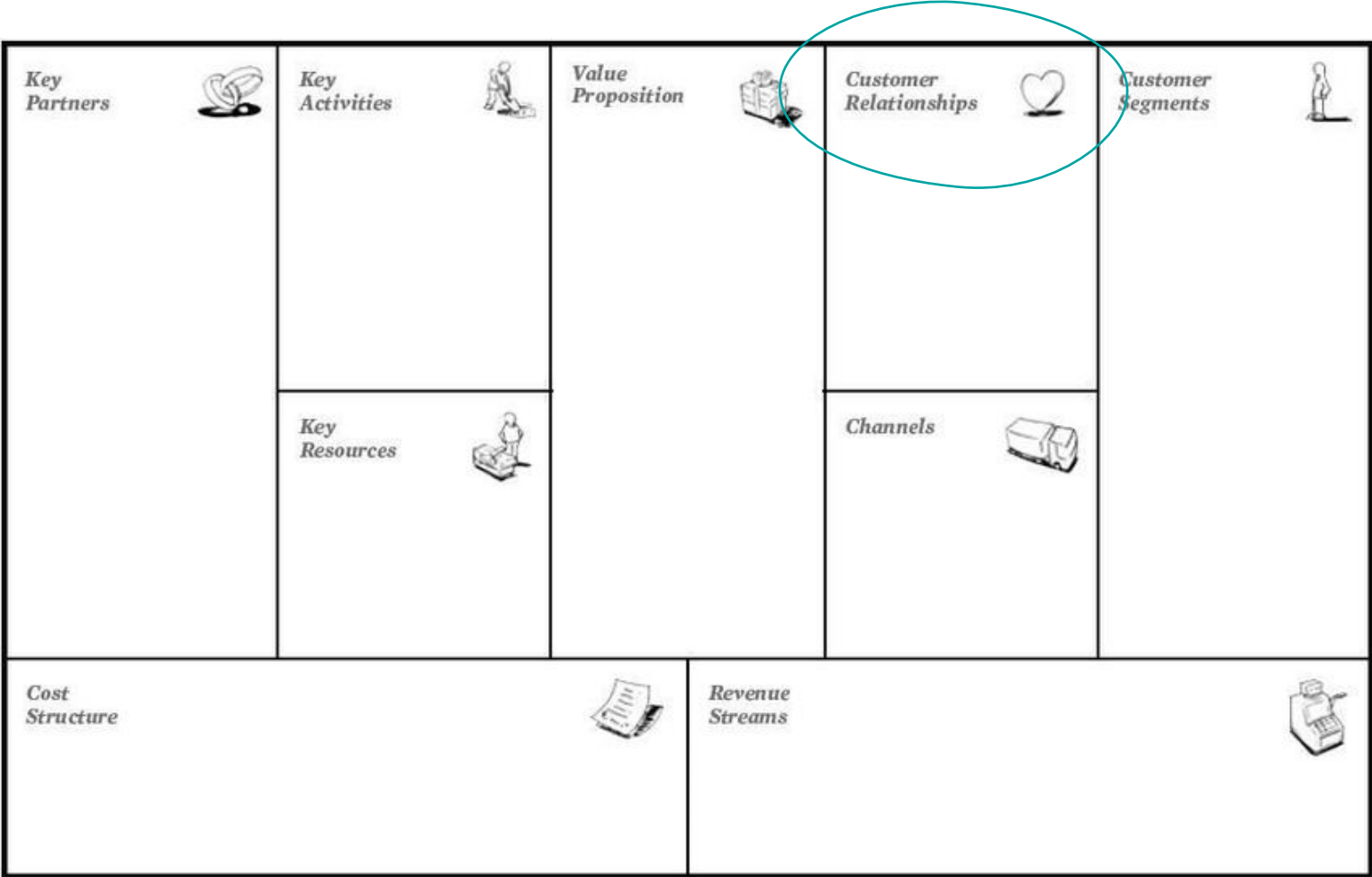
# Business Model Canvas (BMC)



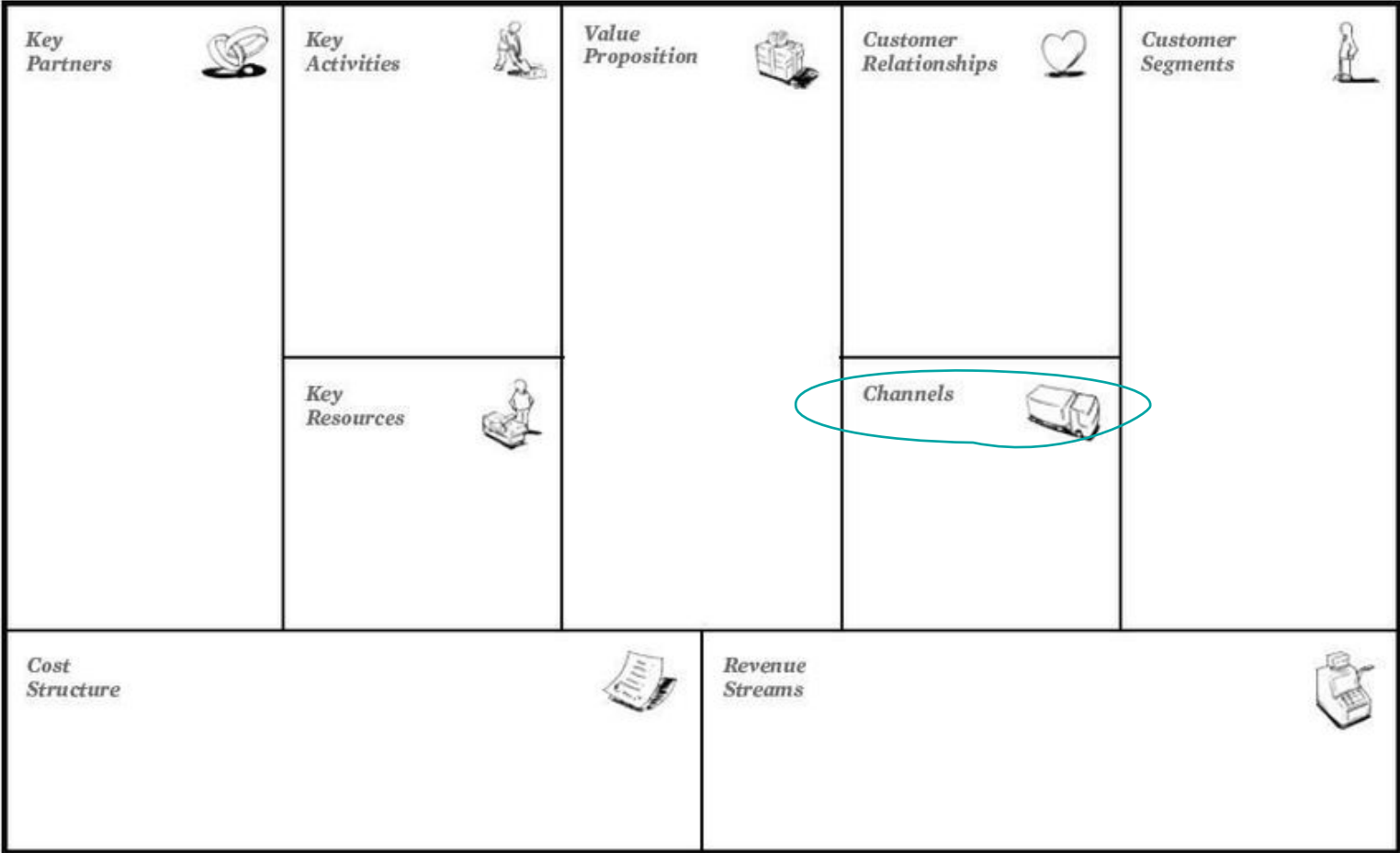
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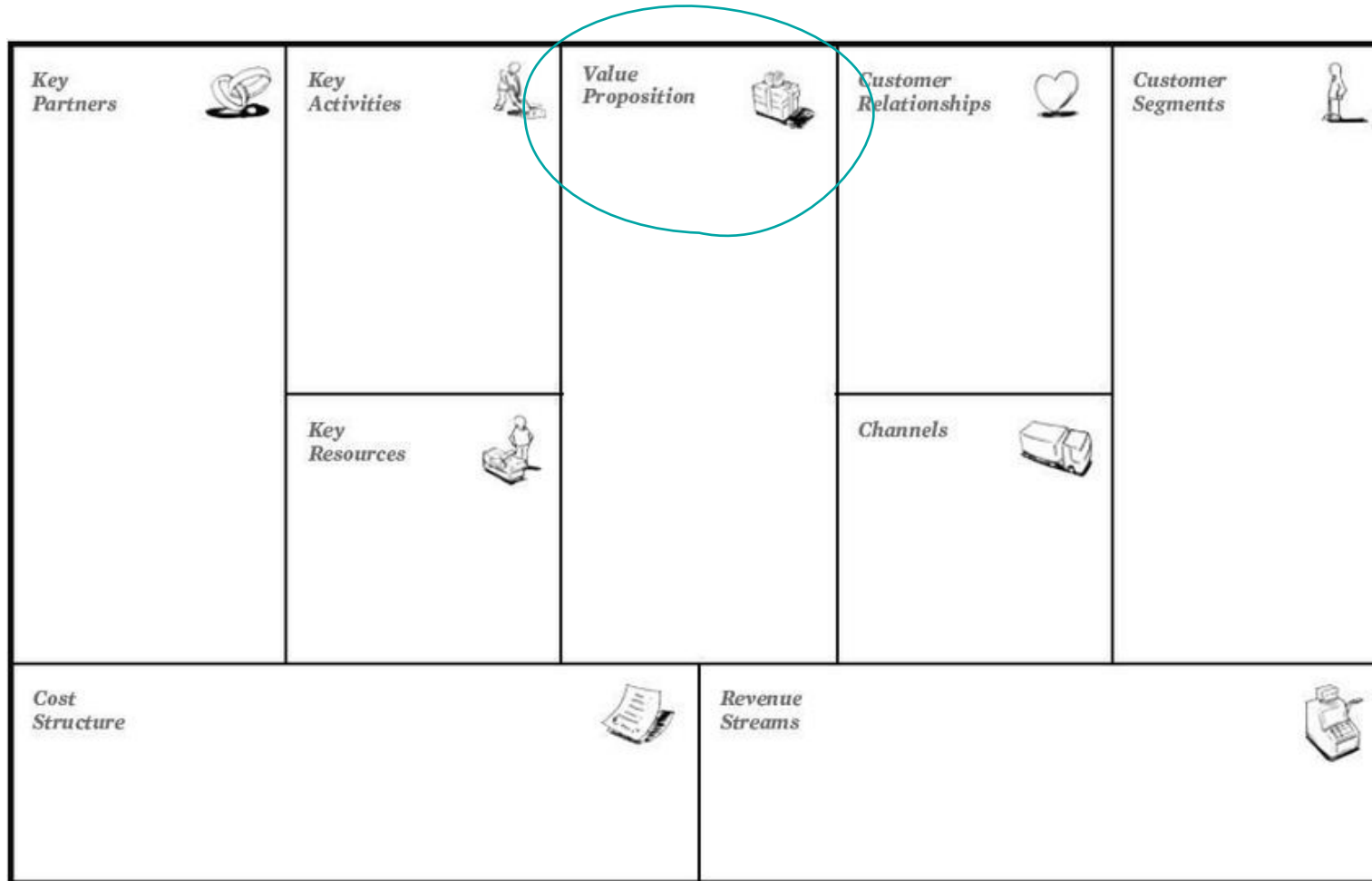


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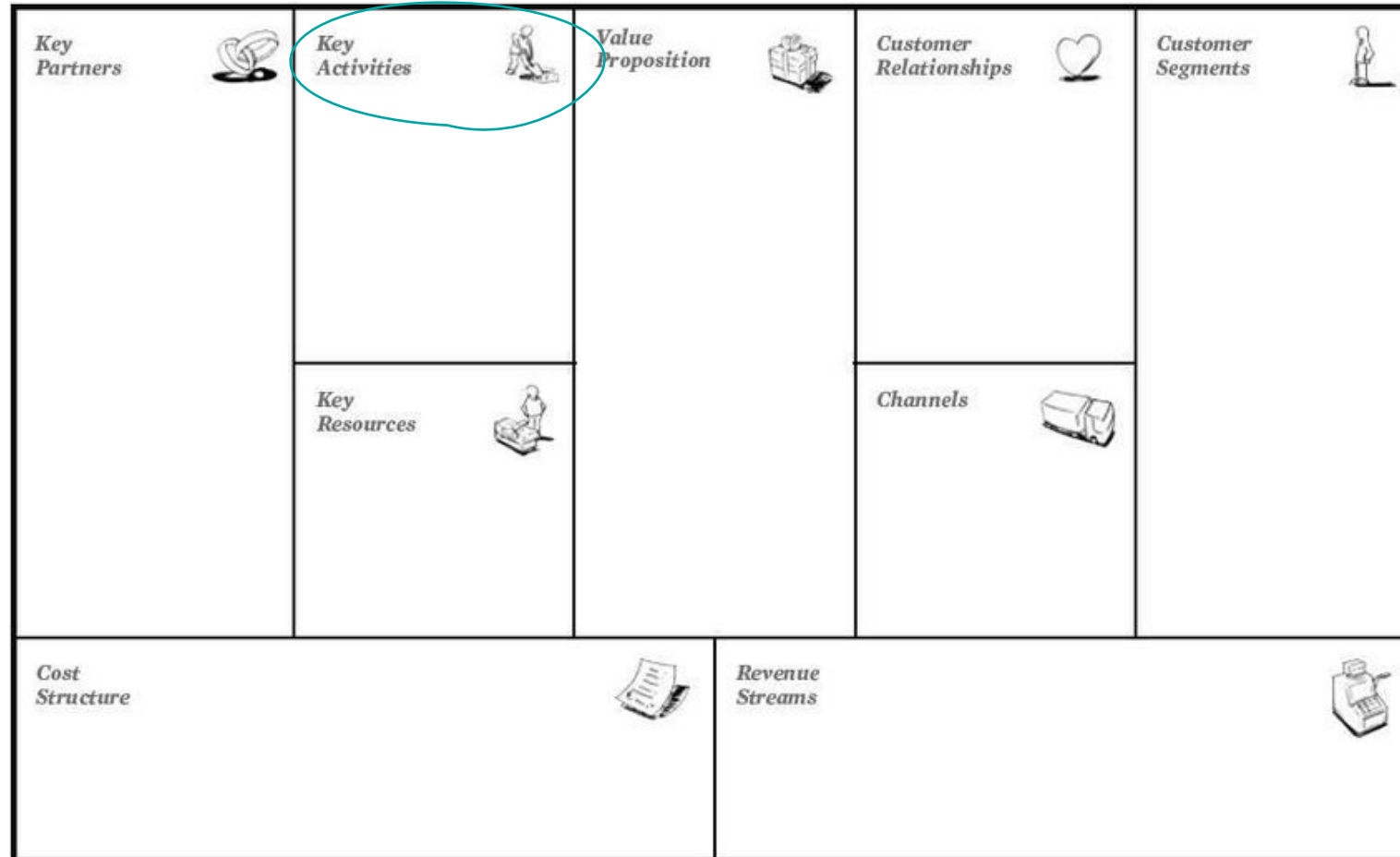




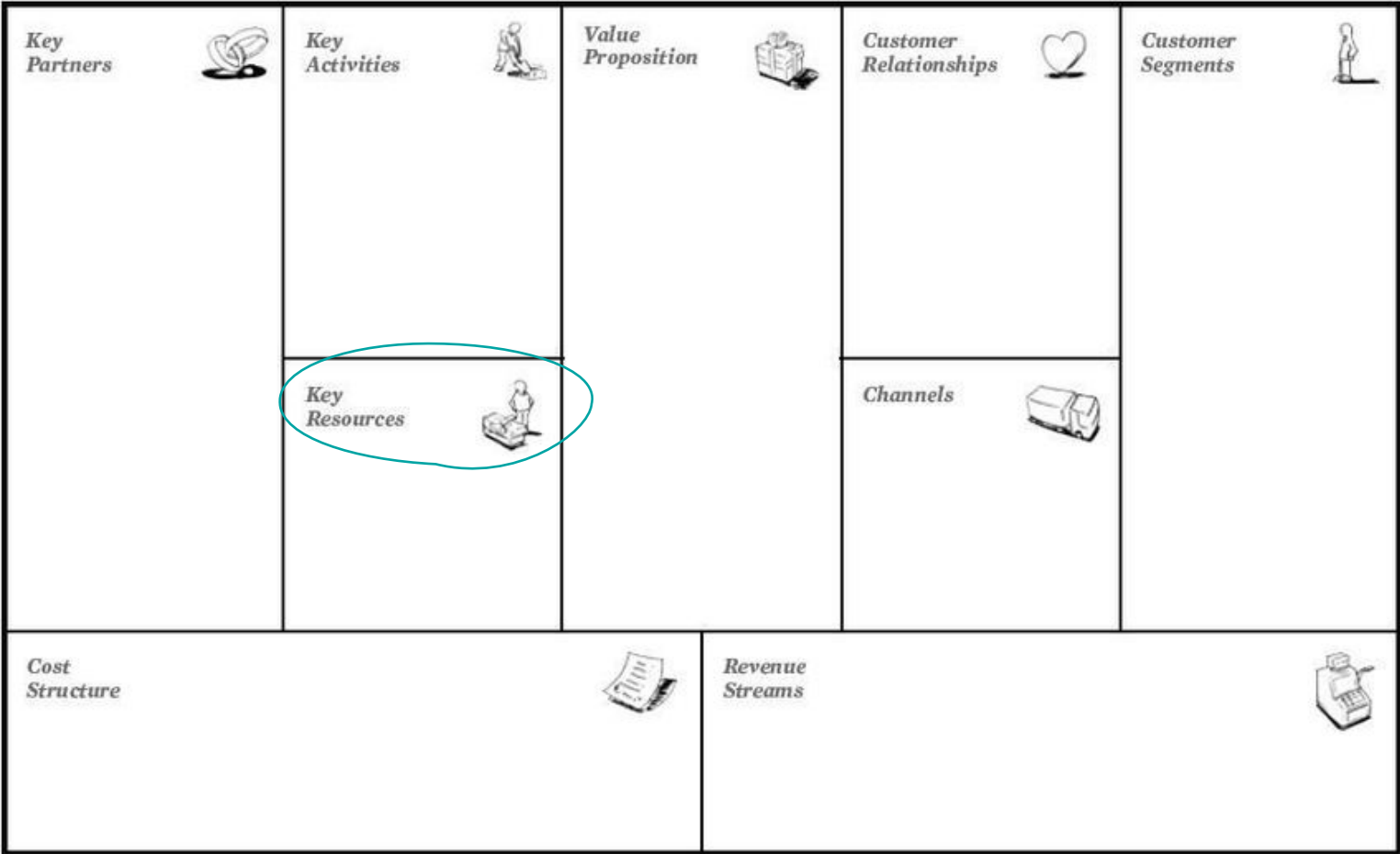
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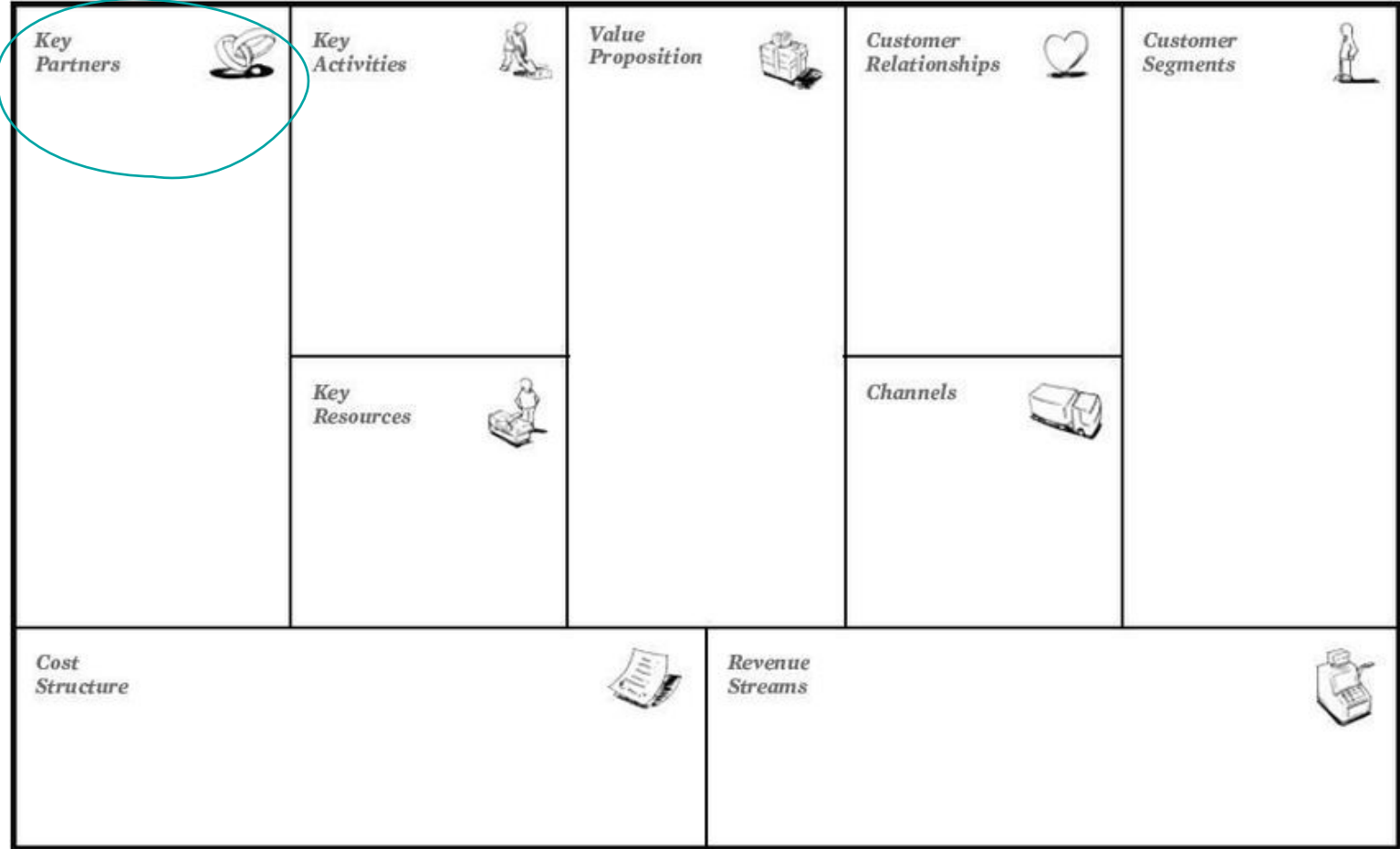
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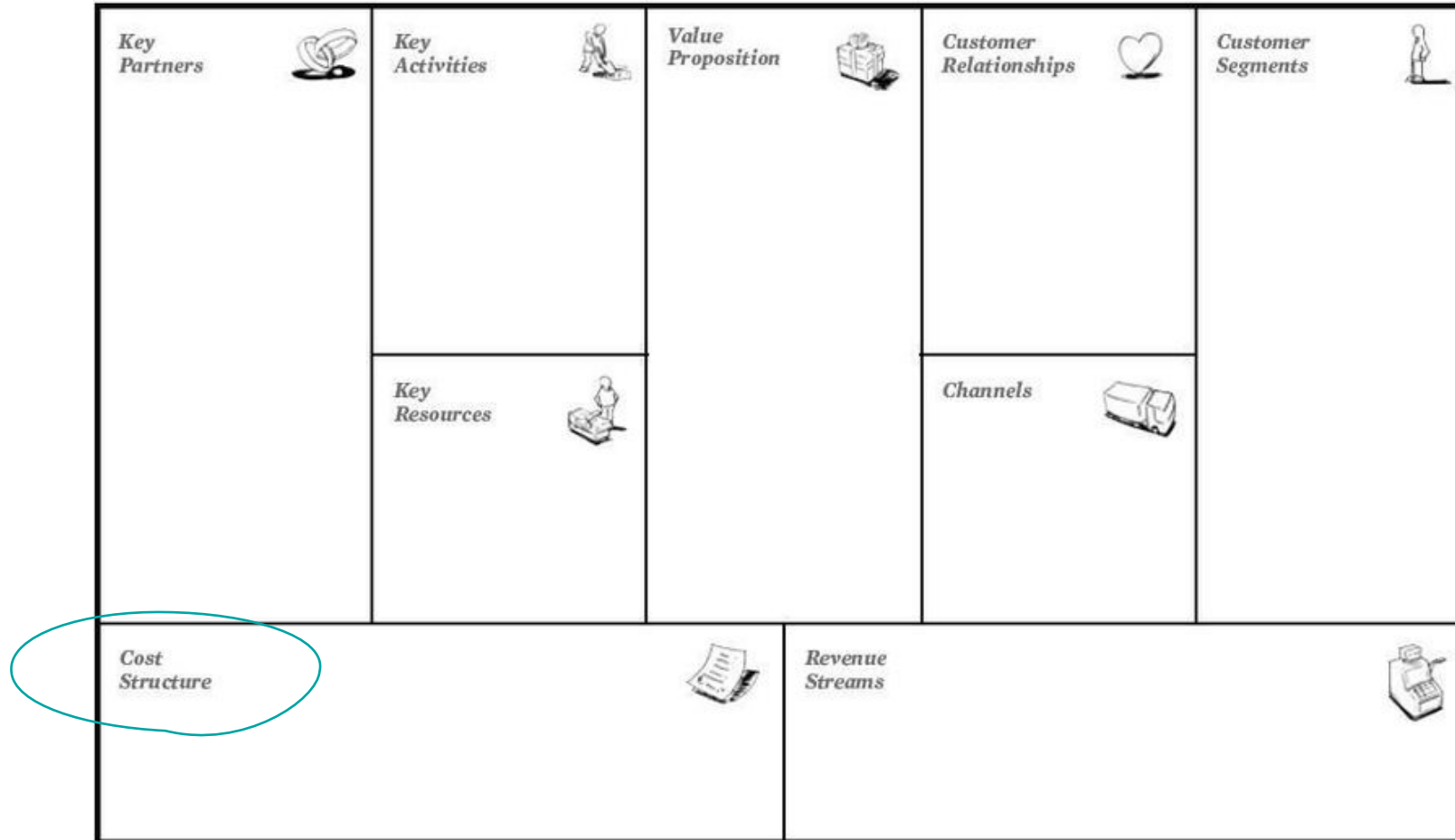
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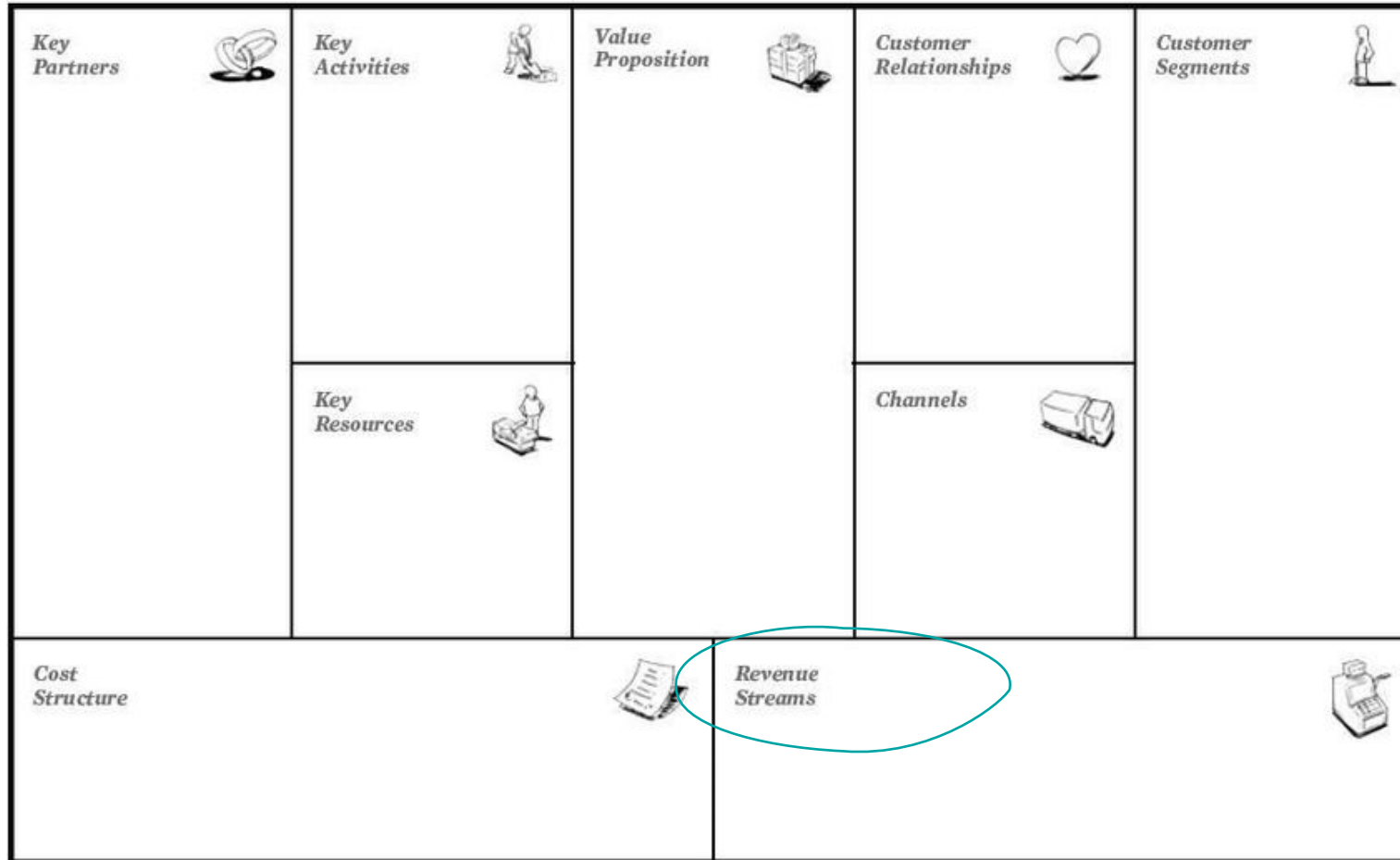
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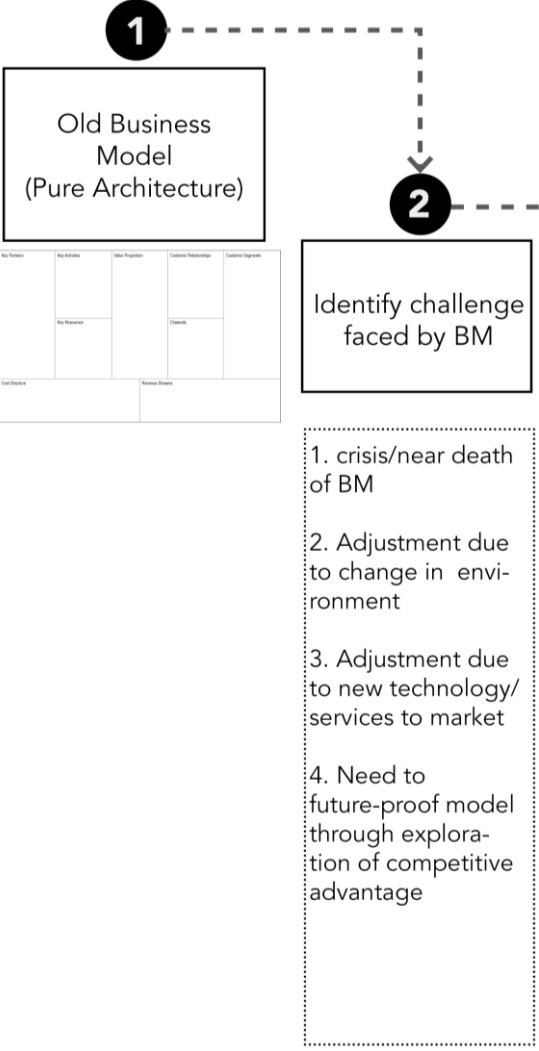




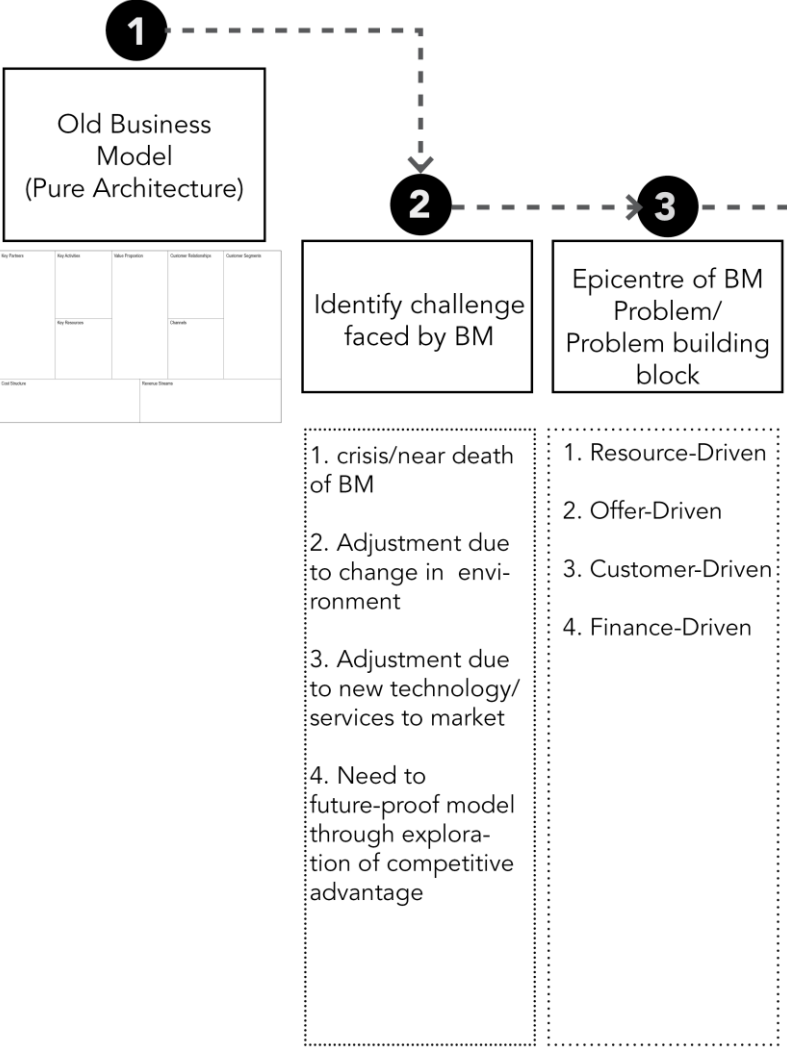
# Business Model Framework Analysis



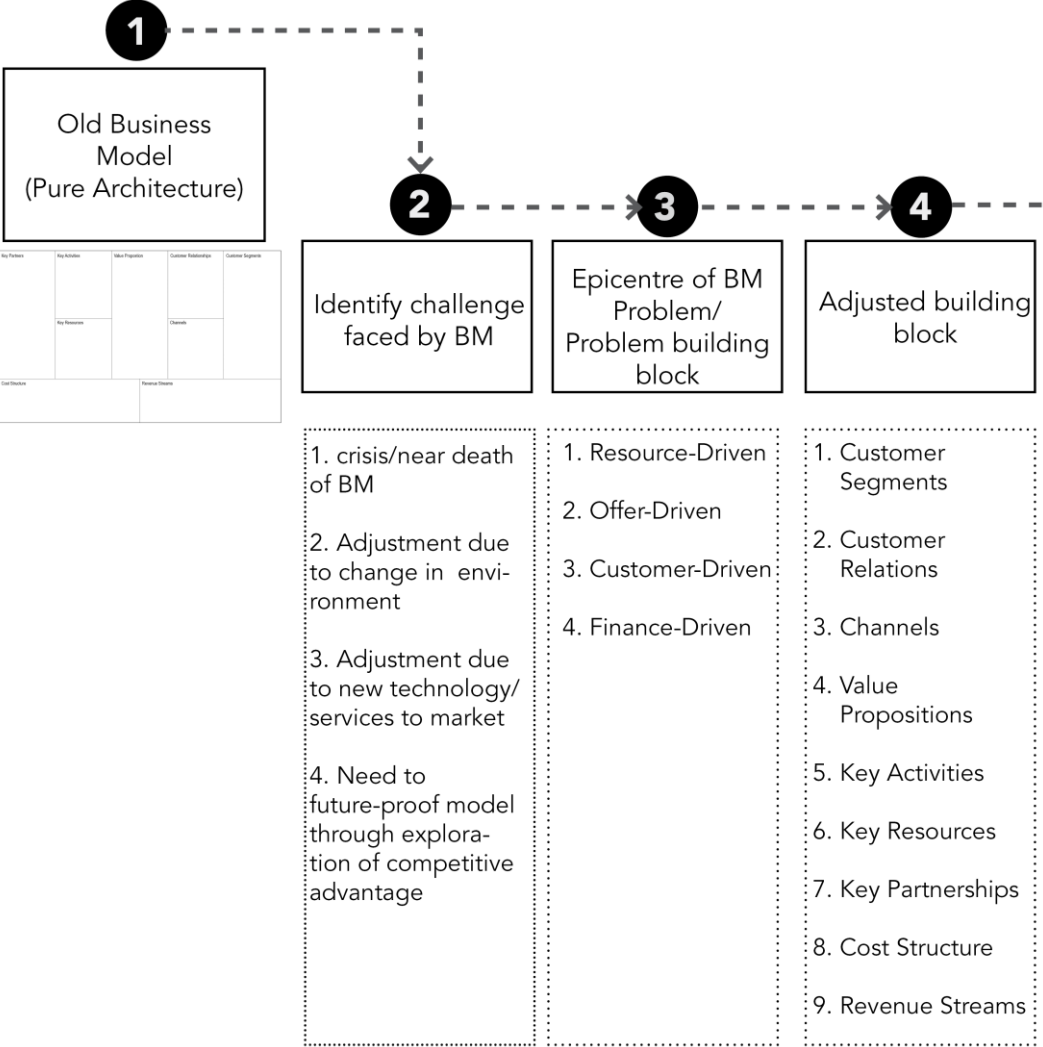
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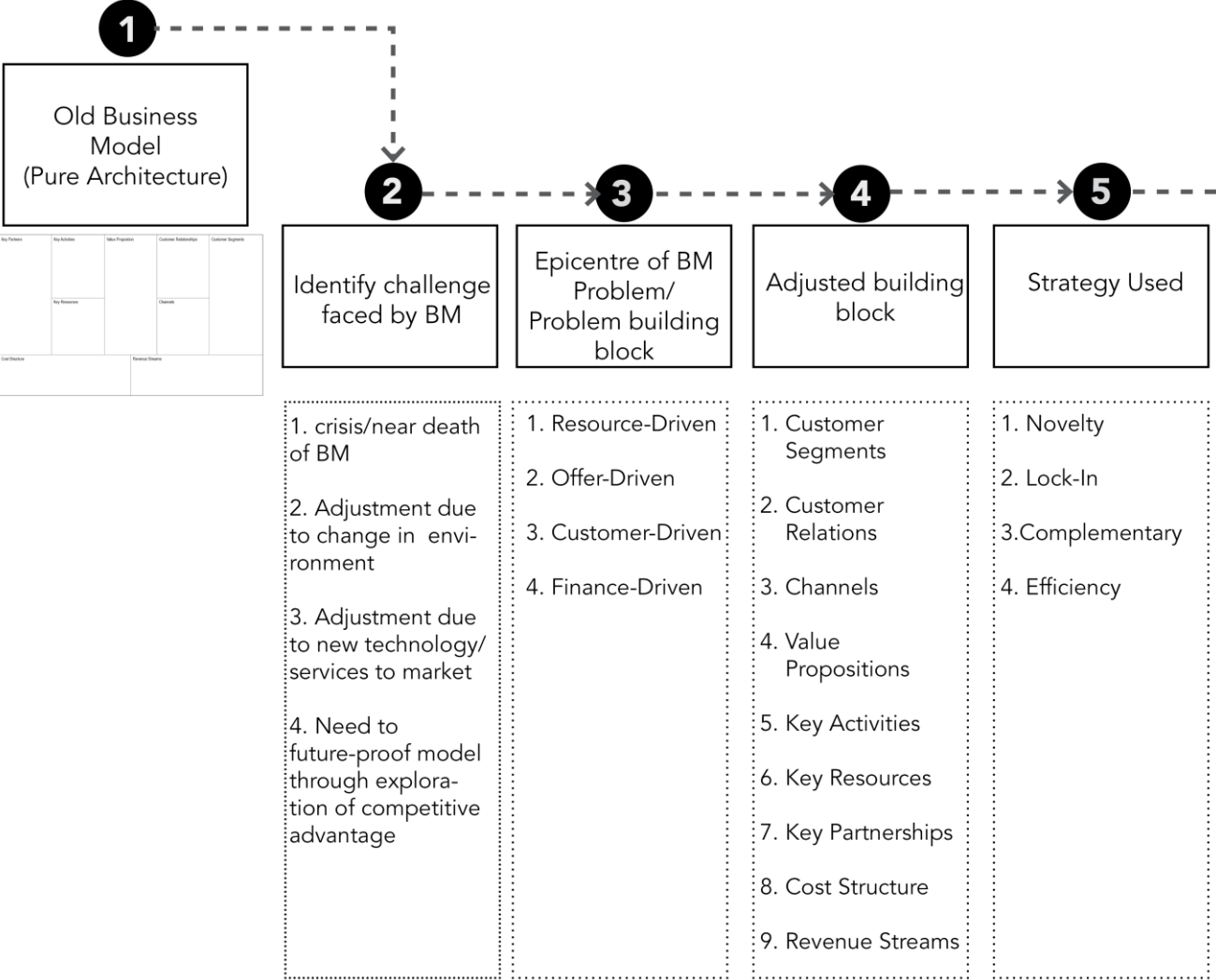
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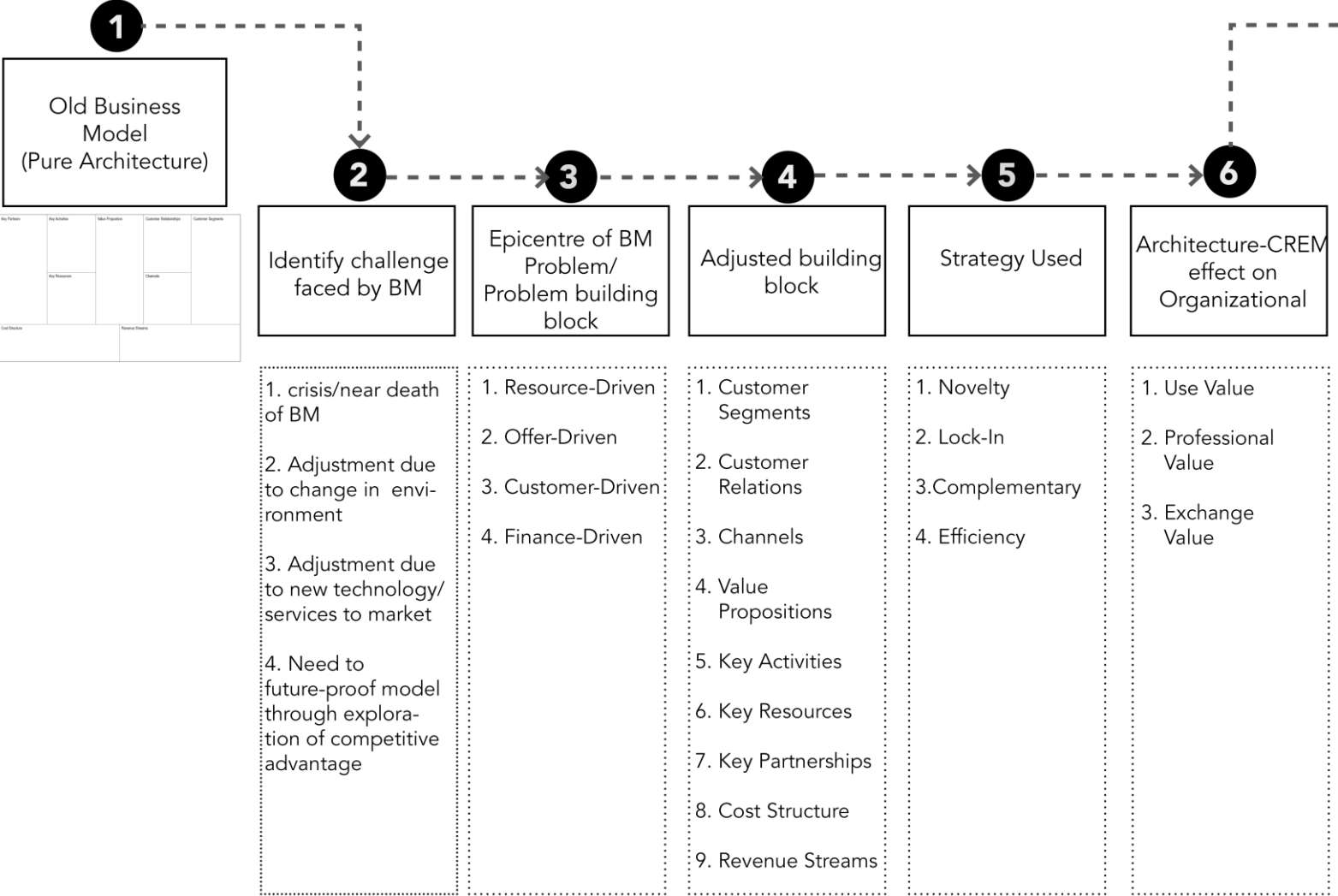
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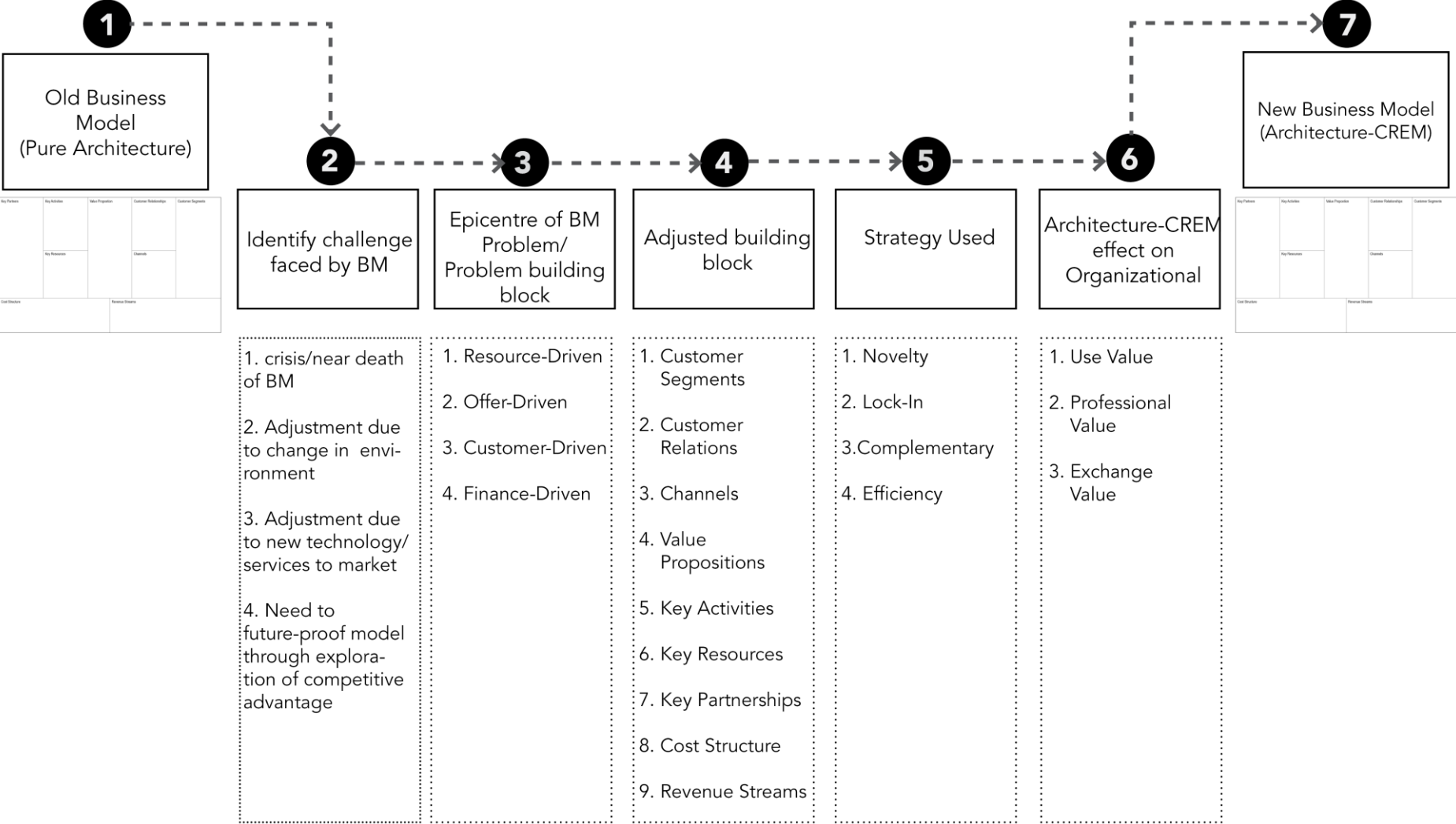


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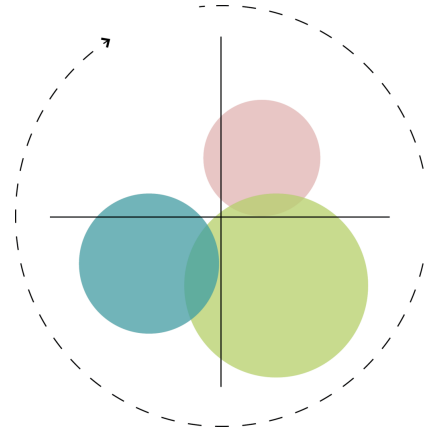


# Business Model Framework Analysis





**Info overload!**



# Empirical Research





**Challenge BM faces**

1. Crisis/nearth-death experience of BM	
1. Adjustment due to change in the environment	1. Due to the nature of their clients (large mult-national corporations), the services offered by PROCOS are largely influenced by larger work issues. Some examples of these are the changing EU sustainability requirements for construction, globalization, and COVID-19. They are constantly looking at the changing market and trends to identify how they can better serve their clients by addressing changing requirements that are brought by shifting environments.
1. Adjustment due to new technology/ services to market	1. Like the shifting environment, the changes brought about by the latest technology and processes drive what services PROCOS provides its clients. For example, the company has made sustainability and wellness a core principle in its designs since the beginning. However, this is no longer unique as majority of firms now provide this. The company needs to search for a more prominent offering along the lines of sustainability (i.e. WELL Building Services or other green building standards) that will elevate the company. Other items related to this challenge are the use of specific software and the offering of new design services related to the software.
1. Need to future-proof model through exploration of competitive advantage	1. Driven by an entrepreneurial spirit, the company is constantly researching on new technology and systems to leverage themselves in the future by utilizing these as offerings and ideas as business opportunities and new services to provide their clients.

**Epicenter of Problem**

1. Resource Driven	
2. Offer Driven	1. Driven by changes in the environment, the emergence of new technology and services to the market, and the desire to stay ahead of contemporaries, PROCOS continuously focuses on the improvement of business offerings and key services. The desire to adjust the value proposition to stay ahead of their contemporaries is the primary reason for the adjustment and improvement of the business model.
3. Customer Driven	
4. Finance Driven	

**Graphic representation of epicenter in BM**

--	--

**Type of Strategy**

1. Novelty	
1. Lock-in	1. The company focuses on providing the entire range of architectural and CREM services. The company is currently comprised of architects, designers, and IT specialists that focus on the design and development and of in-house programs. The facility management specializations are outsourced to their network of professionals. The company acts as a generalist who begins the design process as a space consultant and after the design is completed, connects the owner to different FM experts which they still oversee and monitor. The package they deliver to clients is a holistic and fully integrated design and CREM scope.
3. Complementary	
4. Efficiency	



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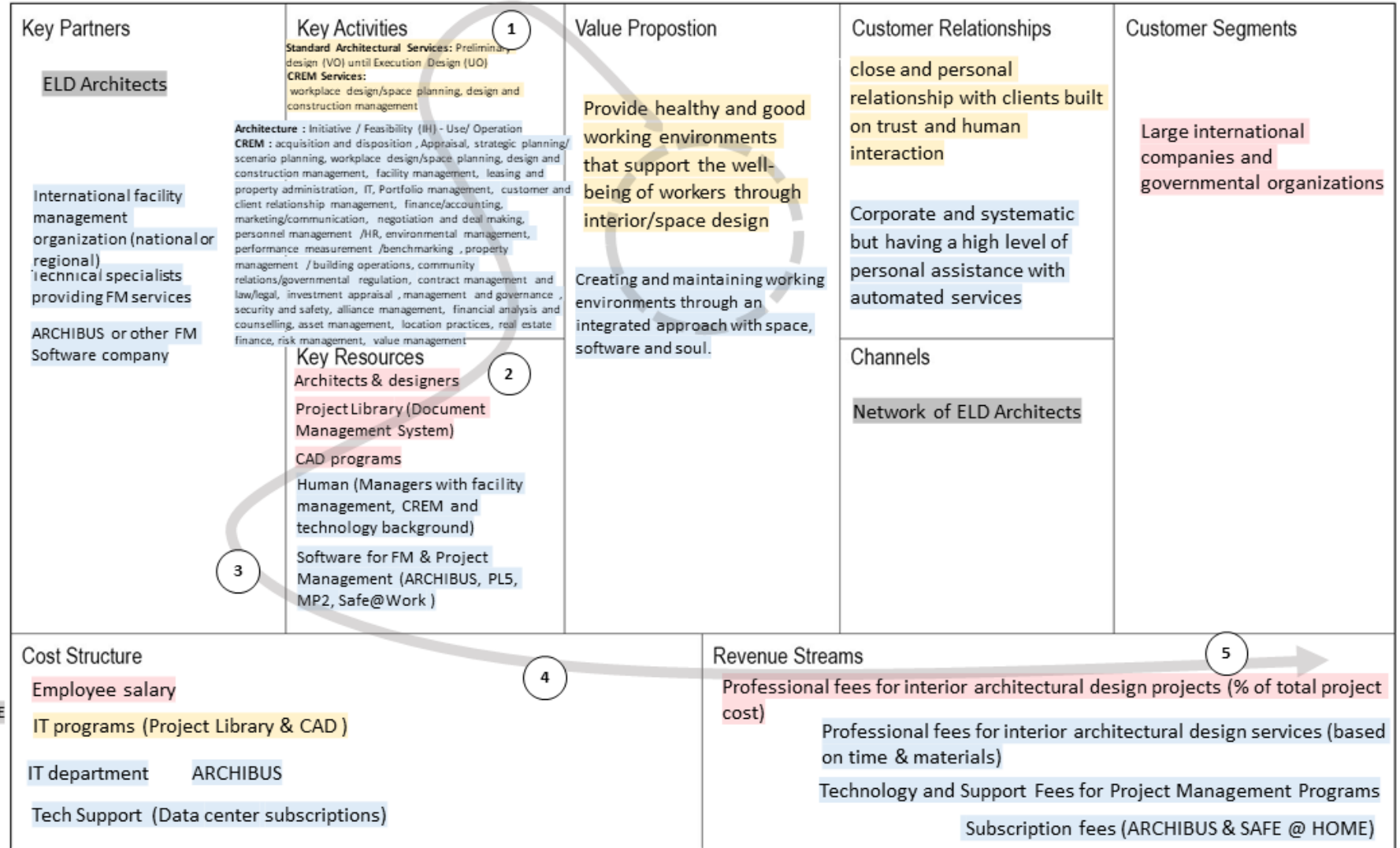


Current Architecture Business Model

Transition

New Architecture- CREM Business Model

1. Old Value Proposition		1. New Value Proposition
<p>Provide healthy and good working environments that support the well-being of workers through interior/space design.</p>	<p>From an interior design company under ELD, PROCOS designed the interior of ELD's projects. As PROCOS expanded, new managers with backgrounds in facility management, engineering, and technology entered the company bringing new knowledge which led to new services and collaboration with ARCHIBUS. ARCHIBUS technology to answer questions of their clients regarding the sizes of space their company was occupying which evolved to furniture and equipment management, and later Fm.</p>	<p>Creating and maintaining working environments through an integrated approach with space, software, and soul.</p>

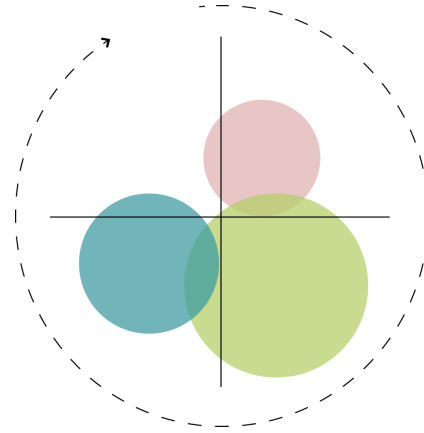


REDUCE/ELIMINATE

RAISE

CREATE

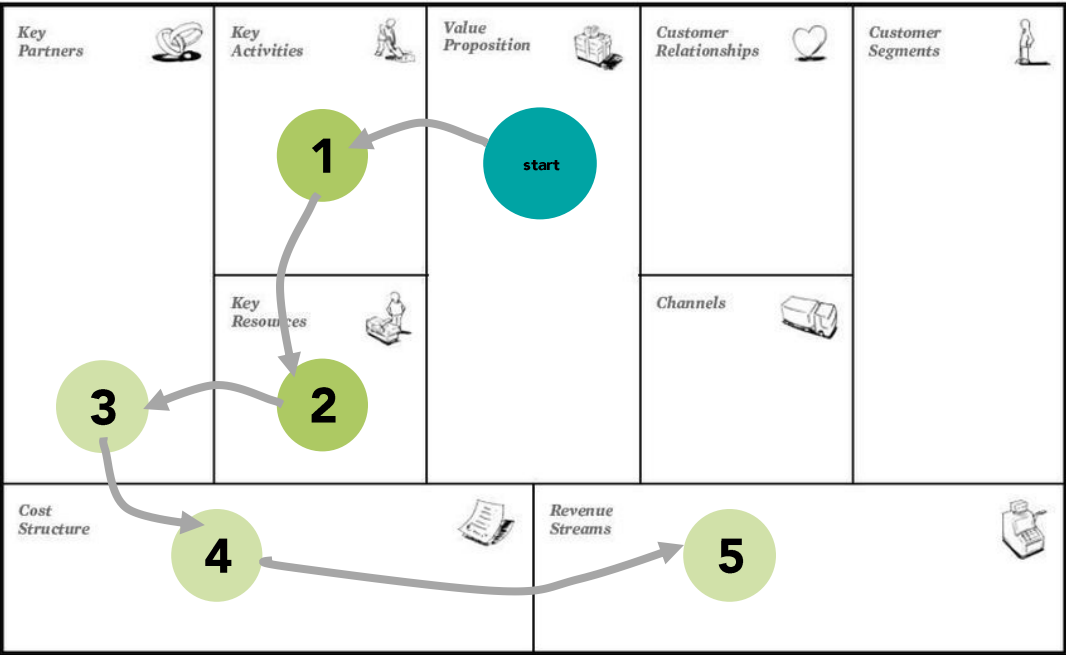
UNCHANGED



# Empirical Findings

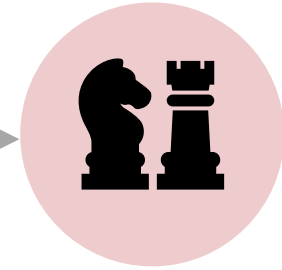
# Empirical Findings

1. All three cases have the same sequence of updating the blocks for the first two blocks:  
Epicenter of value proposition → key activities → key resources

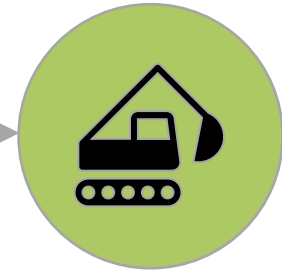


## Empirical Findings

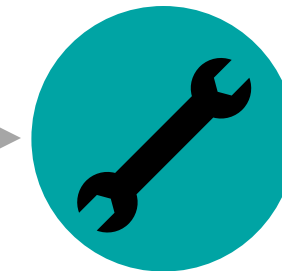
2. Each company has a specific “theme” focus for their CREM activities.



Predesign & Strategy



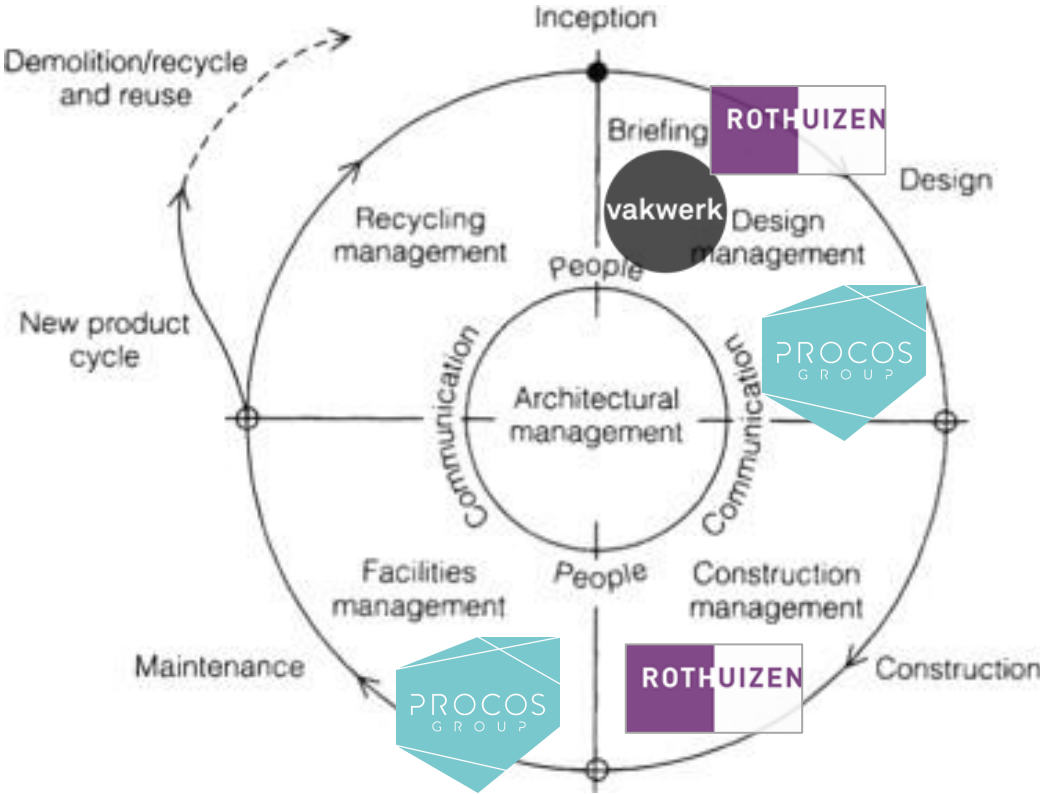
Construction



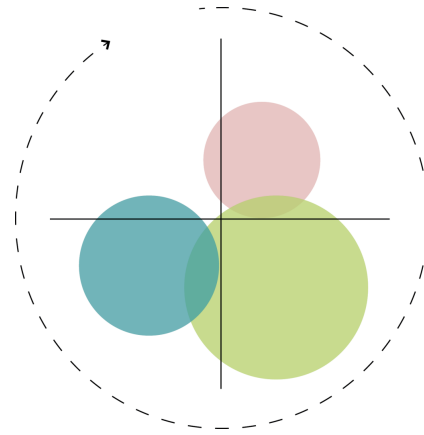
Facility maintenance

# Empirical Findings

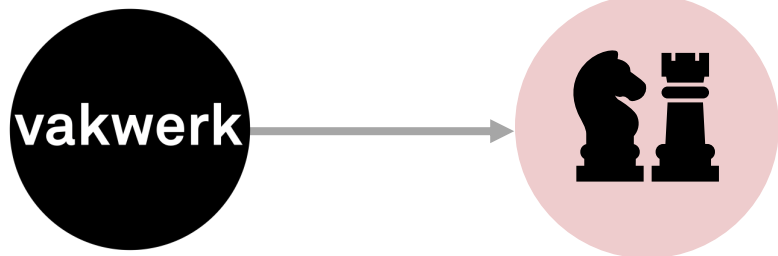
2. locate their thematic focus on different portions of the lifecycle







# Operational Research



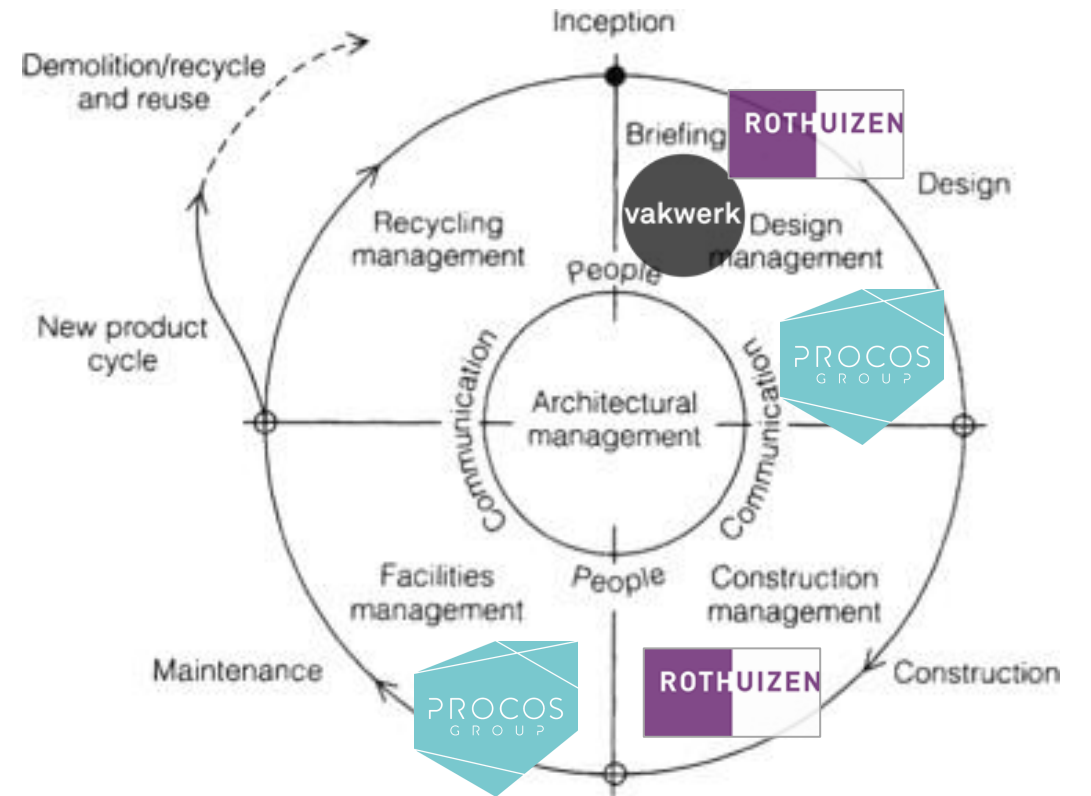
Predesign & Strategy



Predesign & Strategy



Facility maintenance

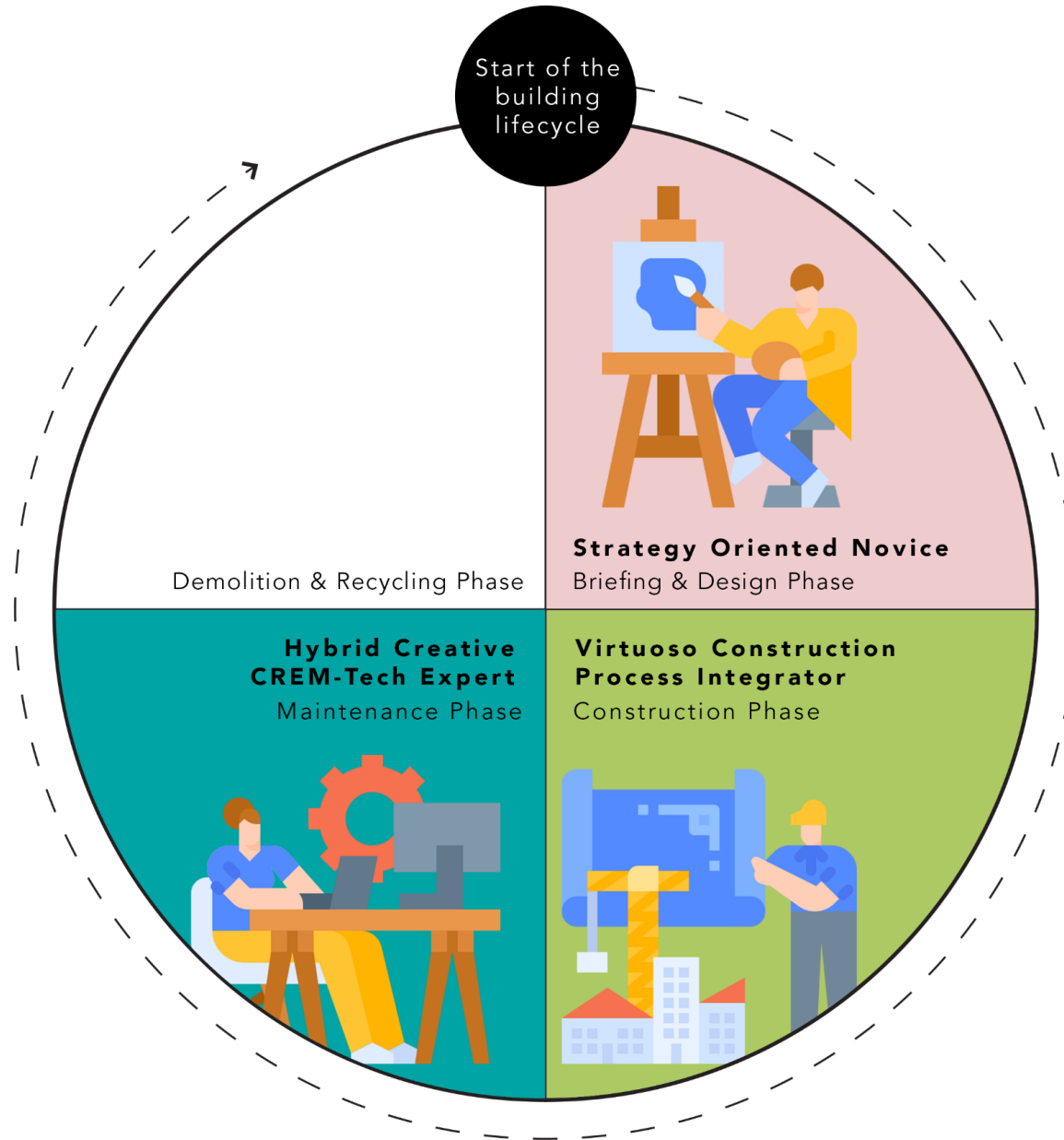


# Archetype

“a typical or perfect example of a particular kind of person or thing”


(Oxford Advanced Learner’s Dictionary, n.d.)

# Archetypes



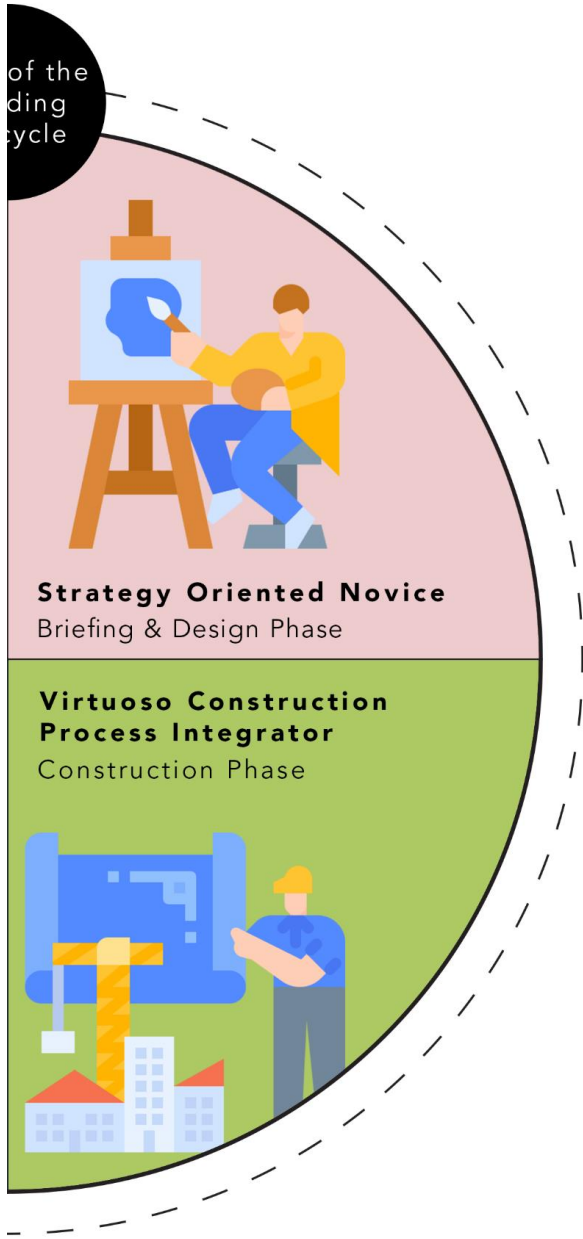
# Archetypes

of the  
ding  
cycle

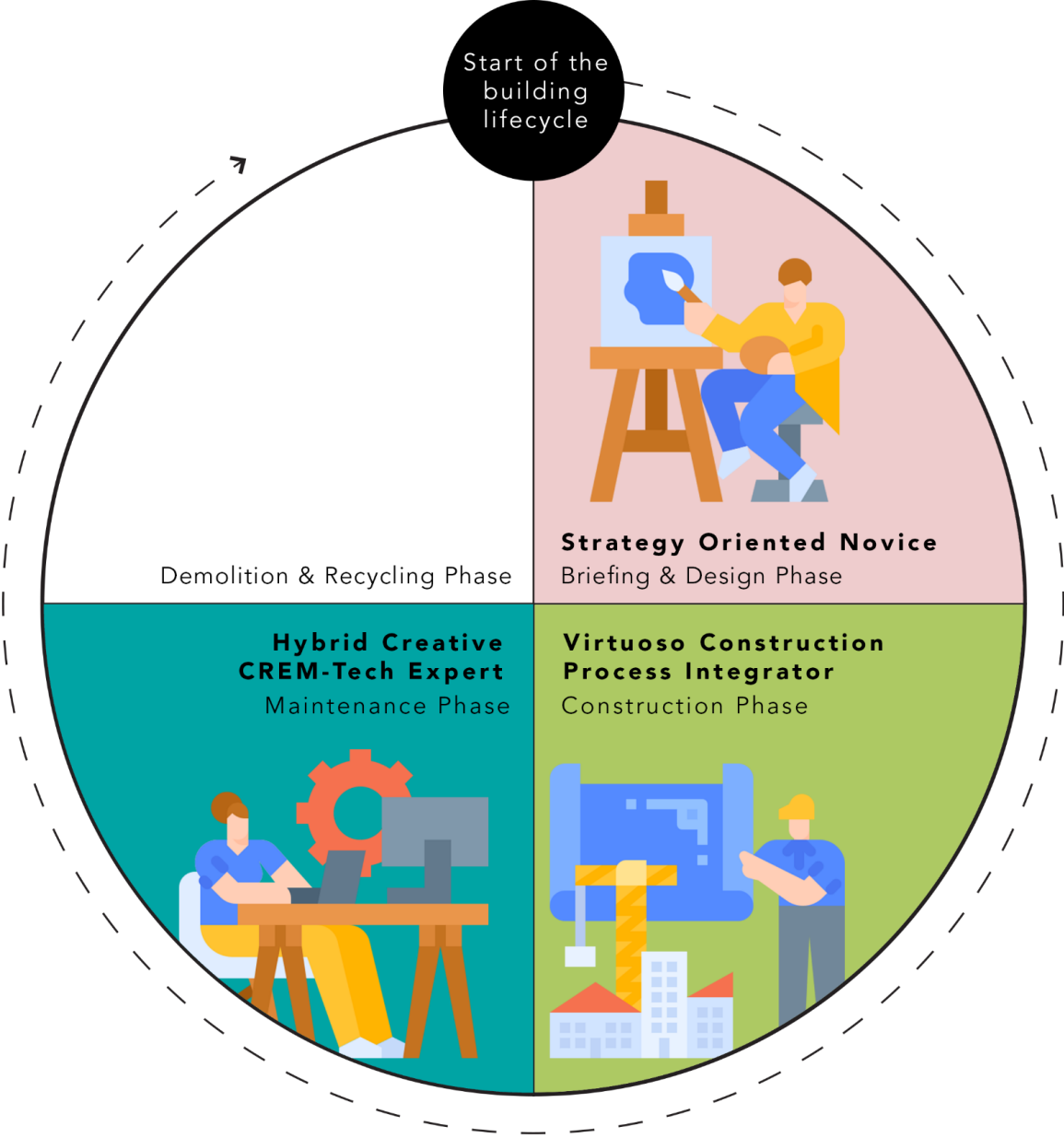


**Strategy Oriented Novice**  
Briefing & Design Phase

# Archetypes



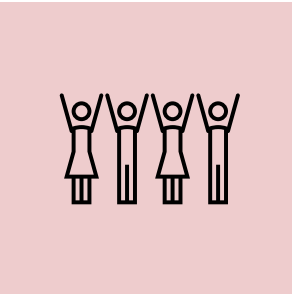
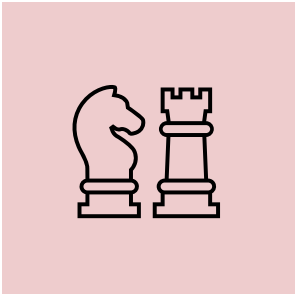
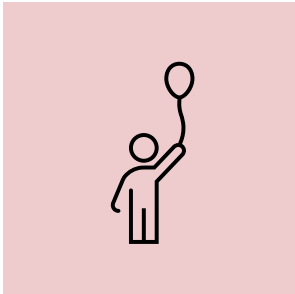
# Archetypes



# Archetypes



**Strategy Oriented Novice**  
Briefing & Design Phase



**Complimentary Strategy Focuses on bundling in-depth pre-design services and design services**

**Low level of CREM** Appraisal, strategic planning/ scenario planning, design/space design, design and construction management, project management/development, customer, and client relationship management,





# Archetypes



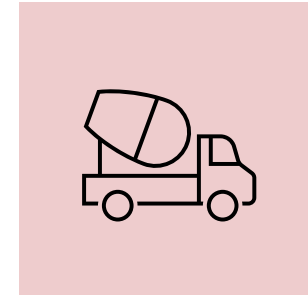
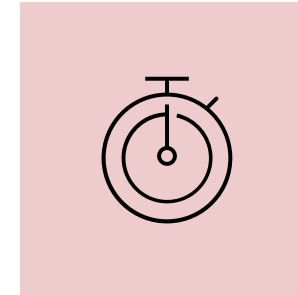
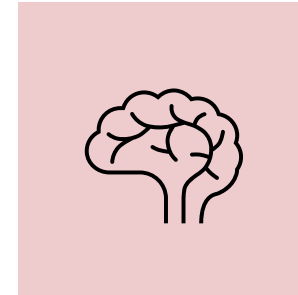
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**Strategies and designs** for the built environment that are created through an in-depth **process-oriented approach centered on user behavior, business awareness, and entrepreneurial innovation**

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# Archetypes



**Complimentary Strategy** improve the standards and construction quality of design and engineering through by integrating a construction management or “**system integration**” method to ensure the quality, cost, and schedule of construction is met.

**High level (16 out of 31)** with a focus on construction and project management.



# Archetypes



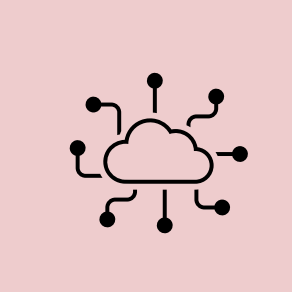
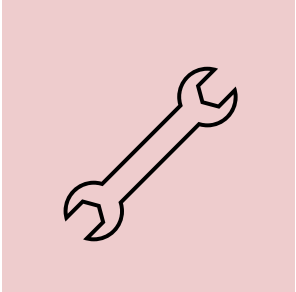
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“ensures that **design solutions are within the client’s boundaries of time, cost, and quality** with increased levels of innovation through shorter construction supply chains.”

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# Archetypes



**Lock-In Strategy** Full architectural design services and CREM activities with a focus on workplace design, facility management, and technology through a mix of inhouse capabilities & third-party professionals

**High level** (30 out of 31) with a focus on facility management.



# Archetypes



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“Design and maintain efficient and enjoyable working environments that are founded on people, principles, business processes, and technology.”

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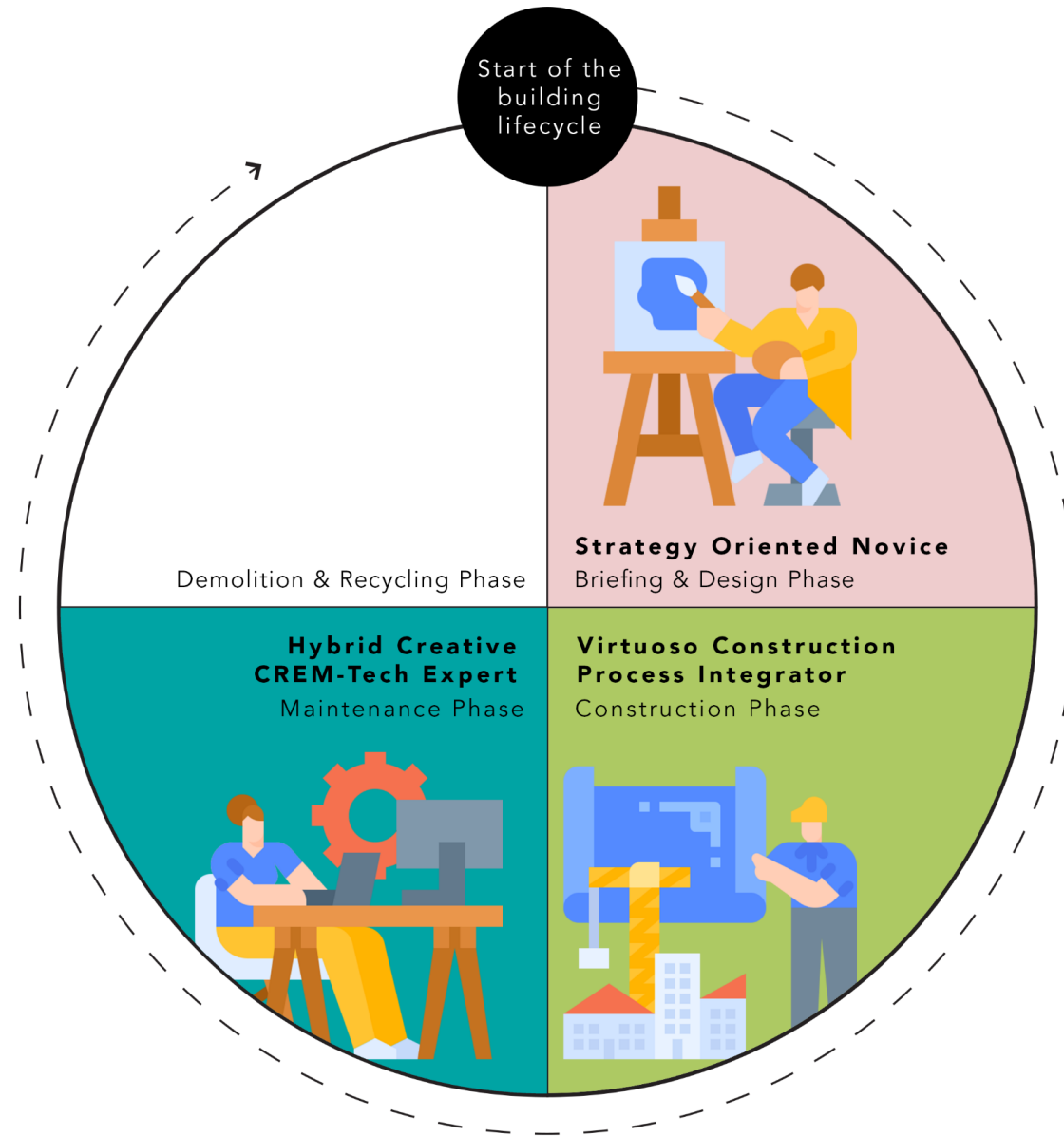






**How adaptable are these archetypes in the Philippines?**

# Adaptability in PH



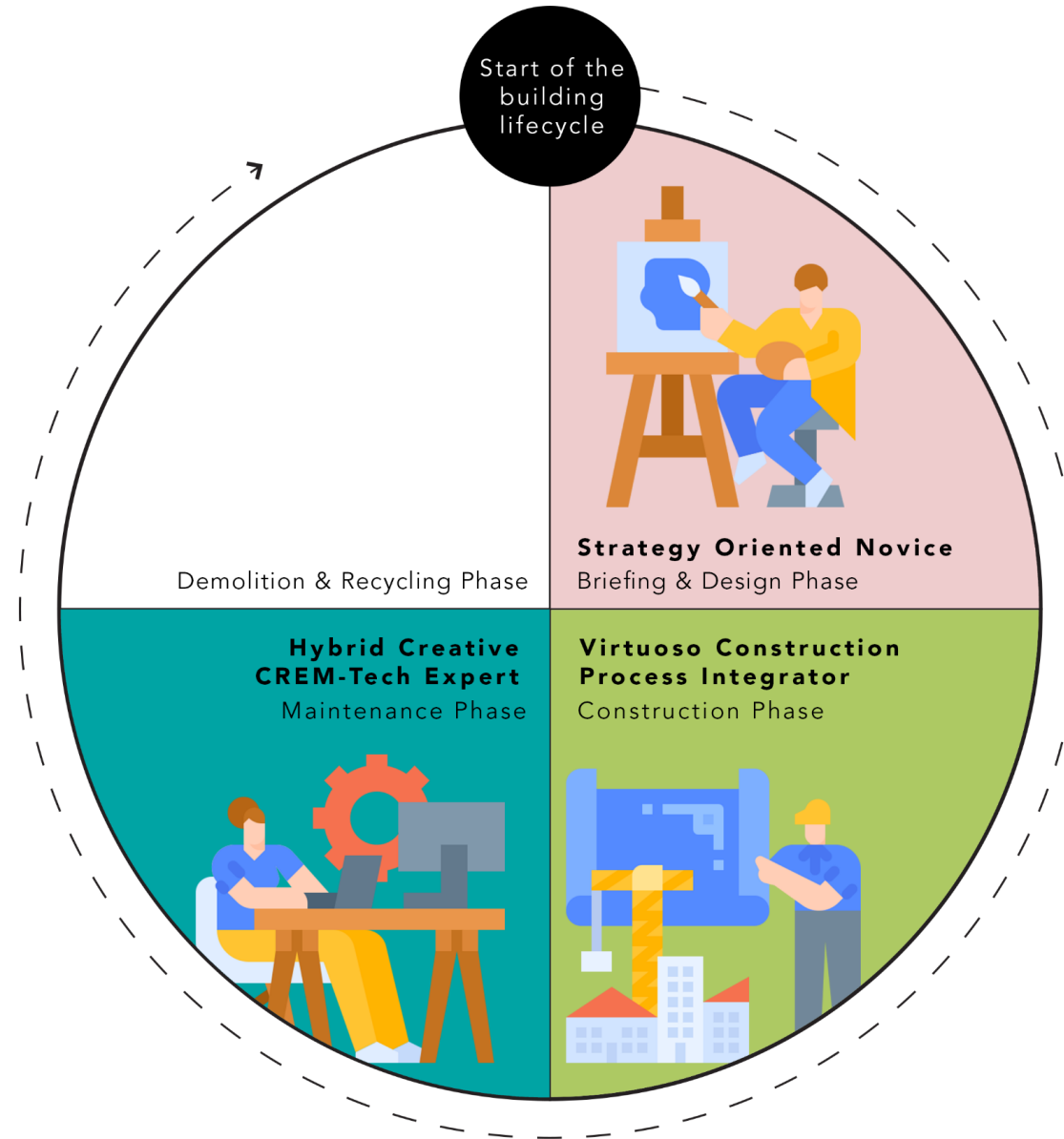
Difficult to adapt

Real estate finance & business modeling is not being used

Low level of maturity in market

Added-value Service

# Adaptability in PH



Design & Construction Integration in 1 firm= possible integrity issues

Lower risks but focusing on interior or small projects in higher numbers

High risks but high rewards

Potentially lucrative (% of construction cost)- easy to explain based on savings

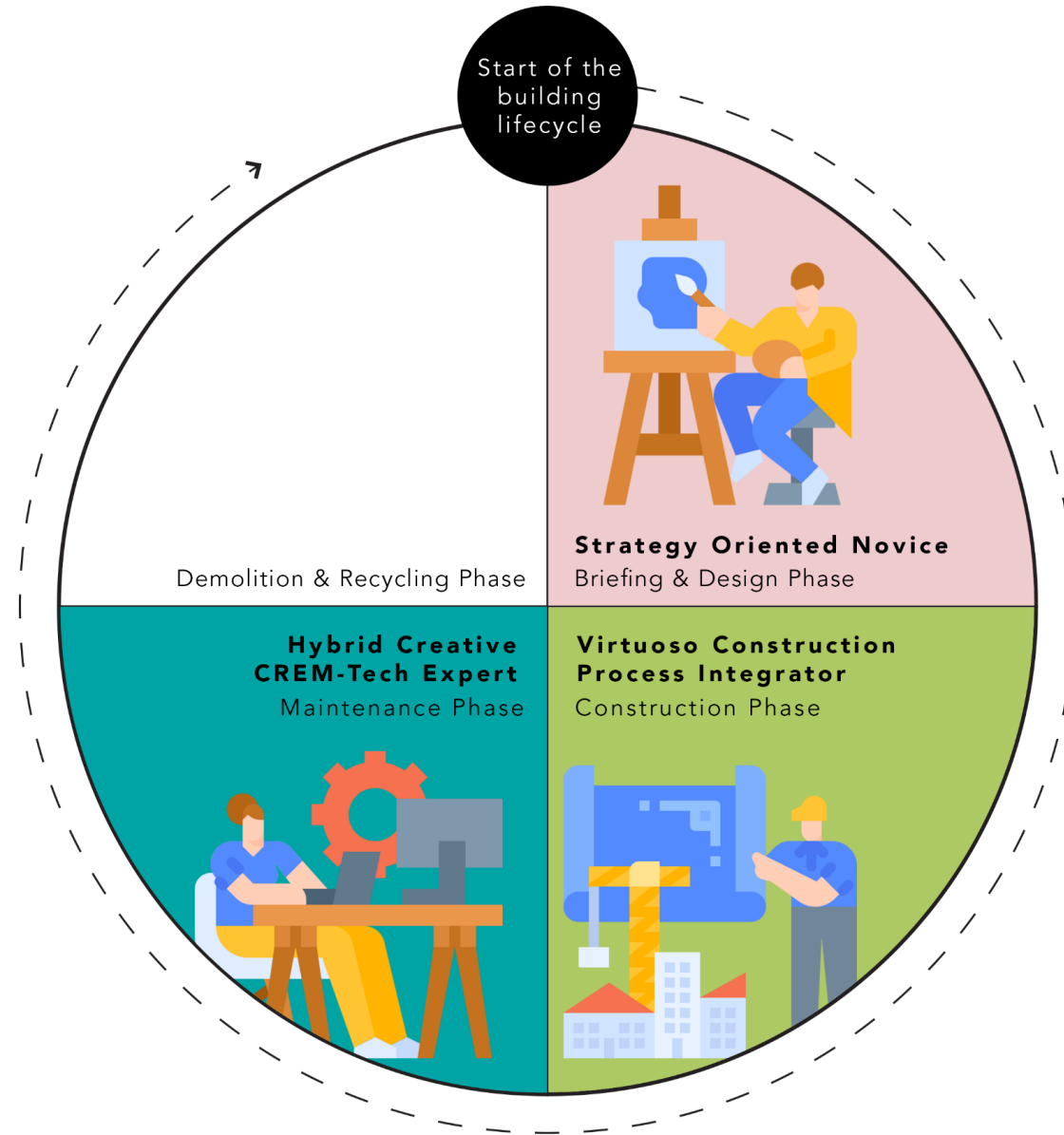
Skills required can be learned (scheduling & management)

Demand for professional construction management services

Most adaptable for small-medium of PH architects



# Adaptability in PH



Unique clientele

Requires high level of financial resources (tech & research)

Most unique offering

Possibility for large companies with a lot of financial resources

**Wrap it up!**

# Findings

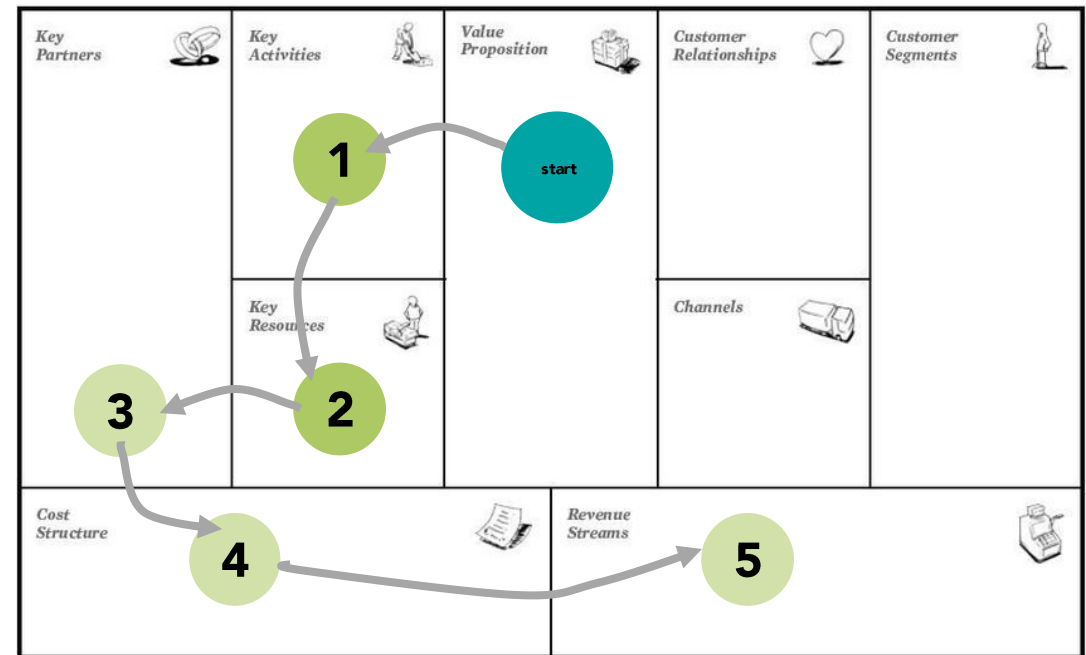
Dutch and Philippine architects are driven to innovate their existing business models due to **all four** challenges



# Findings

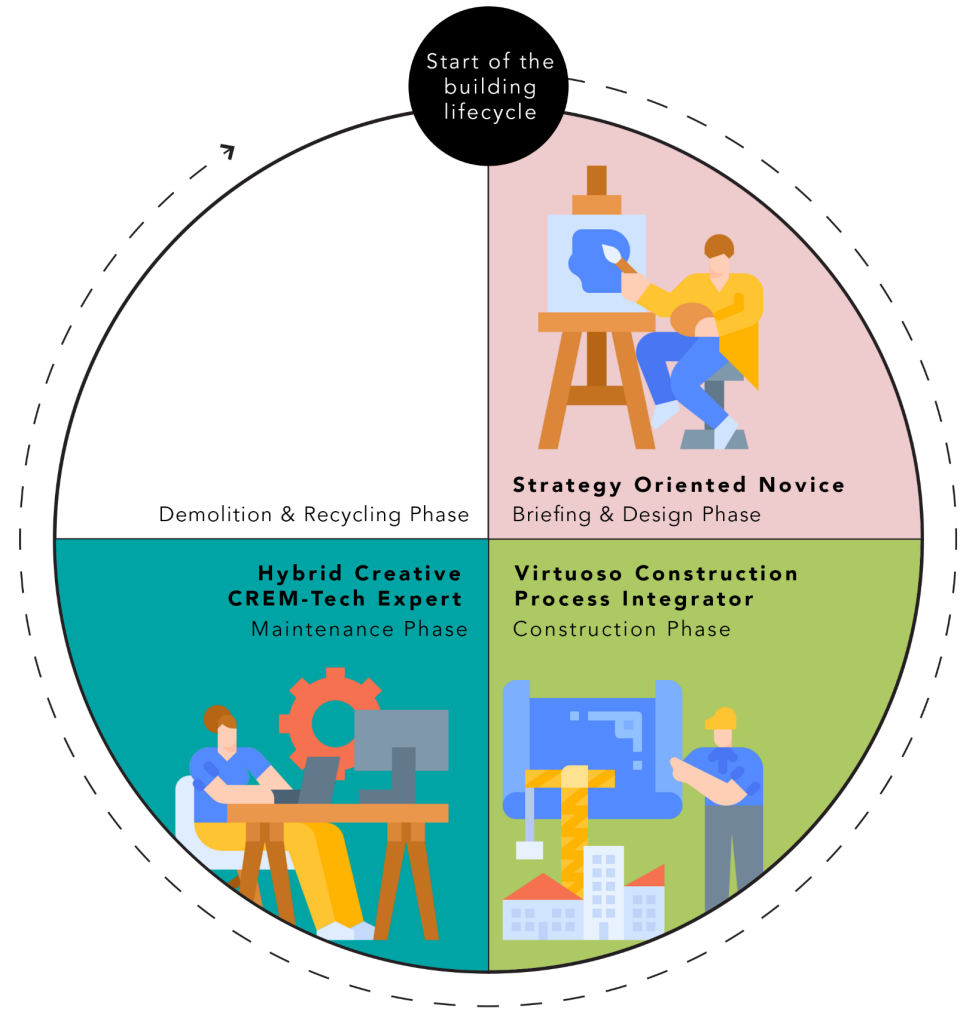
Architects can use the sequence identified to update their business models in a systematic manner

1. Key Activities
2. Key Resource
3. Key Partners
4. Cost Structure
5. Revenue Streams.



# Findings

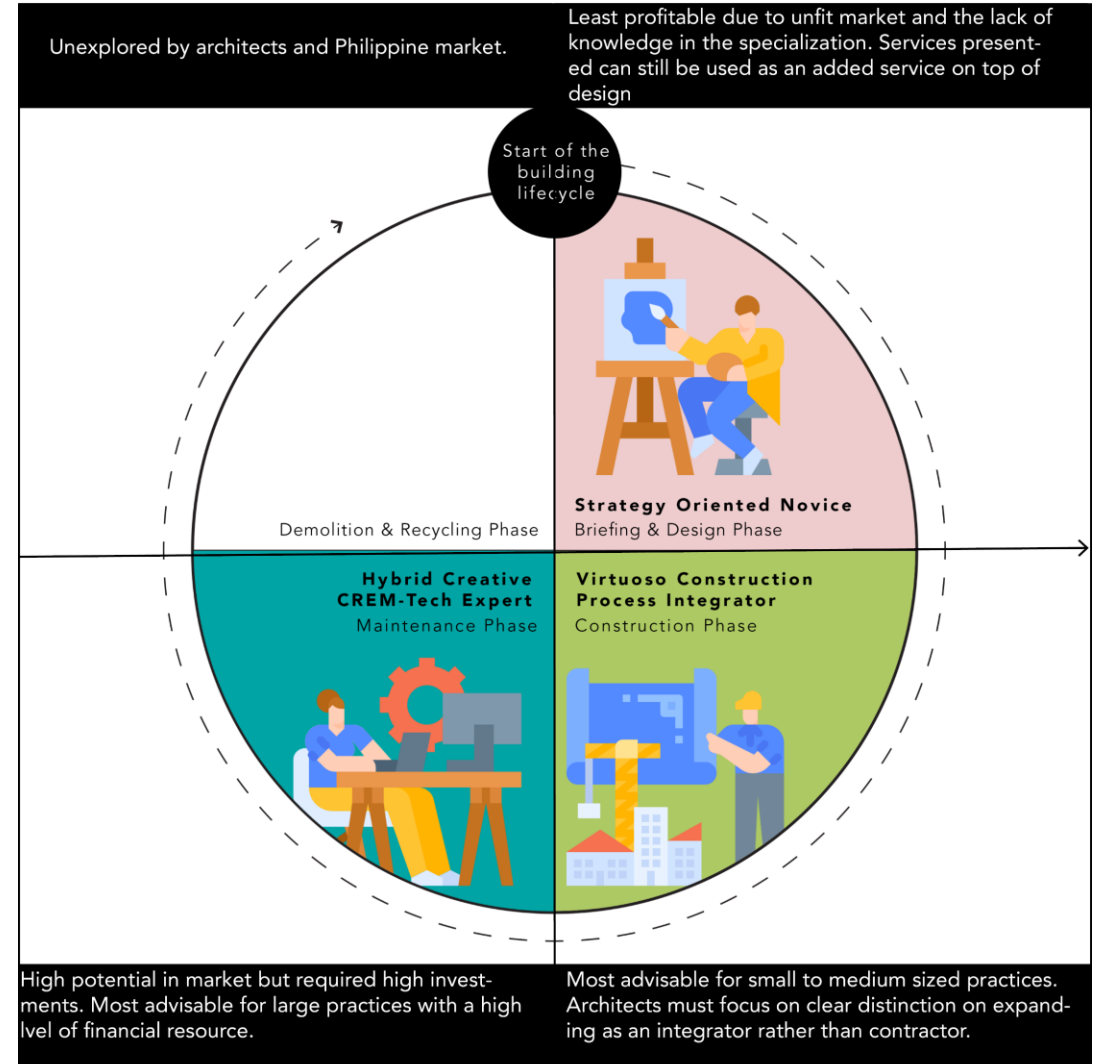
Discovery of 3 archetypes of architecture-CREM companies in the Dutch Market.



# Findings

Virtuoso Construction Process Integrator is most adaptable.

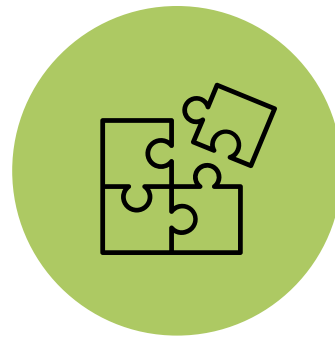
Hybrid Creative CREM-Tech Expert Is also adaptable for larger firms.



# Findings

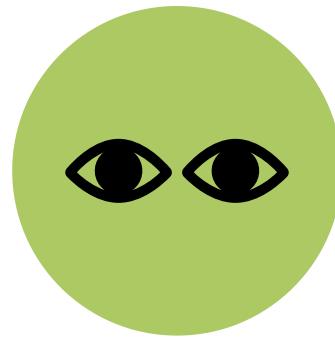
**“enlightened architecture-CREM”** professional is the main instigator of change within her co-professionals, clients and academe.

## Understand the Business Model and Reasons for Innovation

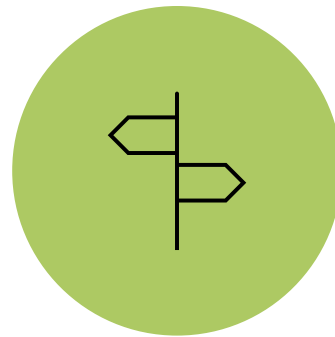




## **Awareness and Harnessing the Potential Opportunities Brought by CREM**

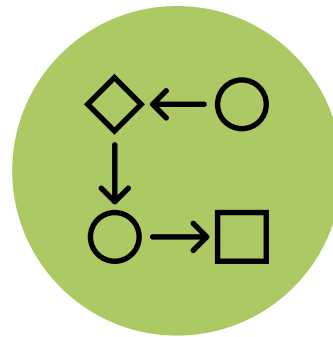


## Choice of CREM activities: Identifying which Quadrant is Most Suitable

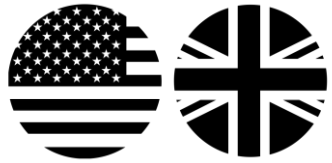


# Recommendation for Practice

**Integration: Point by point step of integration.**



# Future Research



1. United Kingdom and the United States presents themselves as viable research studies due to the growing popularity and necessity of CREM in these countries.



2. Other architecture companies to provide a more unique plethora of analysis and new "routes" for the business transformation, identifying more options for architects to improve their businesses.



3. Adaptability of archetypes in other Southeast Asian nations

**“We are called to be architects of the future,  
not its victims.”**

- R Buckminster Fuller



