

Marketplace Research

Who Is the Client's "Trusted Advisor?"

Are architects willing to compete with management consultants?

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Who provides the best client service? Management consulting firms will tell you they do—you can't read a magazine or turn on the TV without seeing an ad for ACCENTURE—the new name for Andersen Consulting—their Institute for Strategic Change, and their Strategy and Business Architecture branch.

On the other hand, more and more architects find that the further they move from the "commodity" of design (that is, the strict design of a building), the greater the value they hold in the eyes of the client—and the greater the fees they generate.

These firms—architecture and management consulting—describe themselves as the client's "trusted advisor," a term coined by the big five management consulting firms to describe the role they play in relation to the client. With Zen-like fervor, they perceive themselves being "one with the client." Description of this trend is widespread; it pervades today's popular management texts, which talk a lot about creating value, not for—but rather *with*—the client.

Looking at the "consulting community," many architects see other professionals entering "their" territory, especially in preproject country (programming and predesign) as well as in implementation-services land (construction, project, and facilities management).

Has the architect's role diminished?

Is this perception of invaded territory true? What happened to the *architect* who serves as advisor to the client—that professional who excels in the integration process and knows the client's business beyond facility needs? Haven't we always known that the client sees the facility as the manifestation of a business need, rather than as a "building" per se?

Did the architect ever serve as the "trusted advisor," or has the profession always focused solely on the facility and its integration with the design disciplines leading to construction?

While the architect focused on the building and said—more often than not—"we don't do that," other professionals seized the opportunity to fill a void (or, some say, invented a need and fulfilled it for the client). In *Clients for Life: How Great Professionals Develop Breakthrough Relationships* (Simon & Schuster, September 2000), authors Jagdish Sheth and Andrew Sobel tell us that one becomes a trusted advisor "when one consistently develops collaborative relationships that allow one to have a major impact on the clients and their decisions."

Have we hesitated to move "beyond the building" out of fear of risk involved, or because we are stuck in a closed definition of the practice of architecture? We must face the fact that today's business world is "blurred"; professional boundaries constantly and quickly change shape. In the business world, everyone makes a contribution to the client's business, be it through consulting, design, architecture, construction, or project

management. Some play very focused positions; others work to integrate the whole.

What does the trusted advisor do?

So what is the role of a trusted advisor? Charles Green, David Maister, and Robert Galford, authors of *The Trusted Advisor* (Free Press, October 2000), give us some clues. Trusted advisors:

1. Focus on the client
2. Take risks to advance the relationship with a point of view
3. Go beyond creating a "win-win" situation to true collaboration.

The architect is qualified to take on this role by virtue of the skills and talents he or she develops through learning and using the creative design process. The role of "trusted advisor" simply entails expanding those skills and talents in a broader application.

Expanding the skills can also bring with it expanding fees. Ever wonder how the "consultant" bills \$200–\$300, compared to a principal architect, who usually bills in the \$100–\$125 range?

Architect-led consulting firms tell us they bill in the ranges of:

- Mid-level project manager, \$ 100-120
- Senior project manager \$160-180
- Principal \$260-320

And achieve 30-40 percent profitability.

For the traditional architecture firm, the numbers range from

- Architect \$75-85
- Senior project manager, \$110-120

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- Principal, \$200-220

With an average profitability of 20 percent.

It's true that the consultant's clients tend to be large firms who don't blink an eye at what they're paying for their services. More important, however, the consultants' clients are convinced they are receiving value that will help them fulfill their business strategy.

Architecture firms are beginning to take on this type of role, and those architects who have evolved into "design consultants" are seeing the same financial results as the "management consultants." *The AIA Firm Survey 2000-2002* indicates that 2 percent of traditional firms, and 13 percent of "nontraditional" firms characterize themselves as "consulting firms." This is beyond the fact that many more firms are now offering a broader range of services in-house, compared to three years ago.

Firms such as these believe that an architect working with a client creates value for the economy, society, and community. They also realize that the building—the object to which architects traditionally are so deeply committed—has no value unless it directly connects to the strategy, economics, and context it serves. These are the architects who are in a position to seize the market opportunity that many management consultants have already seen.

The management consultant's value proposition

The management consultant has defined a value proposition different from that of the architect. Management consultants choose a bigger sphere of influence, market their services as directly related to the client's business strategies, and—alarmingly—have "allowed" a narrow niche for the architect within that sphere. As we have seen, management firms—as well as specialty consultants, project managers, and facility managers—provide services that many feel usurp the architect's ability to provide services that are "leveraging out" from pure facility design. And one might ask, "Who has relinquished the responsibility?"

The architectural consultant's value proposition

Numerous architecture firms have decided to adopt this value proposition themselves by establishing "consulting entities," sometimes internal to the firm itself, sometimes external. The architectural thought processes and talents the firm puts to work within the consulting wing are the same as those used in the traditional part of the firm, but the value propositions are different. In many cases, the "consulting" staff members earn higher salaries, and the clients pay more. (The resulting professional diversity oftentimes causes disruption within the firm.)

Firms such as OPX, RNL Design, Little

& Associates, OWP&P, and HOK are enjoying great success through consulting businesses that allow them to work in areas beyond—yet related to—the facility. OPX considers design as the "connector" bridging the gap between client strategy and implementation. As a consultant, the firm provides organizational strategy to many clients, giving them heightened awareness of their mission and value. This can lead to OPX providing additional services, such as designing or reinventing an organizational structure, which in turn leads to implementation, which may be the design of a building. In short, OPX integrates staff expertise in organizational strategy into the services they provide to clients, which include Ernst and Young.

RNL Design takes a different approach. The firm develops strategic alliances with other professionals while they assume the role of trusted advisor to the client. They have instituted in-house training to help their architecture staff understand the cultural shifts and behavioral changes that will enable them to excel in their new role.

Management consulting firms are the competition

In case you haven't noticed, the architect's greatest competition is the management consultants. Some architects will recognize this and be able to use their talents and provide service with

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value beyond that which the management consultants can offer. Applied to the client's business, the architect's methodology, flexibility, and grounding in facility know-how are superior to those whose feet are planted solely in the business world. Clients will move from the heavy and slow best practices of the management consultant to those the architectural consultant has to offer.

And architecture graduates will return to architecture firms! It's been said that Arthur Andersen Consultants in 1999 hired more architecture graduates than did any one architecture firm. Management consultants know the value of the

architect's education and thought process and are willing to hire architecture graduates, often at salaries 20–30 percent higher than in the typical architecture office. (The consultants' fee rates allow them to absorb the difference easily.) Yet they talk of working with architects and interior design firms for the "design" portion of the client's project, reinforcing the categorization of design as "only" a commodity.

My informal research shows that more than 50 percent of graduating architecture students were searching outside the field for ways to express their design values. Architecture firms should take note: if they themselves form consulting entities— with associated values, salaries,

and billing—they can recapture a great amount of the market and attendant job applicants. If they do not, management consultants will take over this area of practice.

Overall, we can see that the traditional architecture firm is evolving, and the greatest change will be in those firms that choose to include or establish separate consulting groups, thus partnering with clients to build greater value. However, this change to bring the consulting arena within the broader architectural community needs to be fostered by the profession's desire to meet the needs of the client, user, and broader community. This, in turn, will allow architects who participate to leverage and grow. ■■