Practice

The Other Bottom Line: Postmodern Metrics

by James R. Franklin, FAIA

The Modern movement in architecture was conceived in the 1920s as a way of making the entire world better through "international" design. Addressing the world's problems with abstract, functional, and technologically rational design solutions, we declared ourselves true modernists—totally objective. Which we never were, of course. As always, both the practice and design of architecture remained highly subjective—guided by intuition and a value system centered on service and relationship. Given our clients' vaunted reliance on detached reasoning at the time, our set of user-friendly values left the profession vulnerable to allegations of being poor business people. Which, along with the simple abstract lines of our architecture, made it easy—even logical—to commodify and cheapen buildings, all in the name of Modernism. "And don't take it personal," they told us. "It's only business."

Corporate America, which *was* only business, was busy proving its modernity with "scientific management" and "value-neutral" objectivity, exemplified by—perhaps culminating in—Milton Friedman writing a now infamous 1970 *New York Times Magazine* article, "The Social Responsibility of Business Is to Increase Its Profits." In support of this position, economists and accountants assured us that America's success was (still is) measured by the GNP—our level of production for consumption. That everything's quantifiable. That the true measure of a company's success is a bottom-line matter of stock price.

Irrational for the good of it

Then came Postmodernism, which in architecture proclaimed that Modernism is only a style and that some of the most interesting things in art—as in life—don't have to make total sense. As though to prove the point, many architects are currently working hard to transcend rationalism in most of today's leading-edge design—perhaps doing nothing *irrational* but clearly working with something in addition to Modern reason and functionality. On the other hand, Richard Meier isn't doing so badly by hanging in there with a rather pure Modernism. We're caught among conflicting standards of excellence in a wonderfully contentious time of Postmodern flux.

Similarly, business is doing its own Postmodern thing with every bit as much dissention. Management consultants, CEOs, consumer advocates, and market analysts are all stridently contending over mutually exclusive business strategies while the management literature (e.g., Peter Drucker's *Post Capitalist Society* and John Dobson's *The Art of Management*) call for audits of *businesses,* not just their books. In short, there is good potential for a serious effort by Corporate America to learn how to manage as architects always have—for the good (and in the best interests) of all the stakeholders in the firm and its projects. What a green idea!

Value beyond dollars

Yet plenty of corporations—and business people—are still in denial, and one major impediment to their conversion may be the lack of a credible and accepted alternative to standard methods of bookkeeping. What's needed is a system of metrics by which to reliably quantify qualitative progress—the equivalent of balance sheets that would track value by counting something other than money. Perhaps this is a chance for architects to take the lead in beginning to quantify what we mean by *value-added*—finding a way of keeping score of business successes in addition to making money. Yeah, I know—just one more damn thing to budget and keep track of. But we all already do budgeting and keep timesheets—how much more bother would it be?

Anyway, if tomorrow's potential success seems worth today's overhead, here are some ideas of what might count and be accounted for—not all of them at

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once, of course. It's your choice of a few that are meaningful to your practice:

Potential Quantifiers of Firm Quality

- Percentage of projects as "walk-ins" from repeat clients and their direct referrals
- Annual hours of continuing education—either taught or attended—per firm member
- Community-service hours from the organization as a whole, and the number of invitations to firm members to provide civic service or advocacy
- Number of mailings to past clients on issues purely having to do with their business and best interests
- Budgeted non-chargeable hours spent on inhouse projects to improve teamwork—such projects to be discussed by team members and agreed upon in advance
- Number of good clients successfully handed off from principals to emerging professionals—with the clients happy about these transitions
- Number of cost-cutting improvements developed in reliable project processes
- Percentage of top ratings from a routine (and mandatory) client feedback system used at intervals on every project
- Number of new tasks developed as billable expansions of services to meet client needs
- Number of awards to, or publications about, the firm or its members
- Retention of staff
- Hit rate—the win/lose ratio of projects gotten to projects pursued
- Demonstrated knowledge of the client's business on the part of the firm's client contacts
- Size, complexity, civic worth, etc. of new project types
- Inquiries for employment.

Some of those ideas come from discussions with good architects, first at the San Francisco offices of Gensler and of Gordon H. Chong & Partners, then in a seminar at the 2001 AIA National Convention in Denver. Others are adapted from David Maister's excellent new book, *True Professionalism*, in which he notes: "What you do with your billable time determines your current income, but what you do with your nonbillable time determines your future."

Maister points out that non-chargeable time amounts to probably 800 hours a year *per firm member*—more than need be spent in unplanned, albeit well-intentioned expediency. He proposes tracking three categories on timesheets:

- Income time (chargeable)
- Investment time (creating your future)
- Administrivia time (the rest of non-chargeable that you can't not do).

The goal would be to plan, budget, and treat designated investment time as seriously as income time and have an alternative bottom line for tracking what is arguably the true value of your practice. What gets measured gets managed.