

Northwestern University  
Executive Management for Design and Construction

**Business Strategy for Design Firms**  
**PROJ\_MGT 479**

**Course Objective:**

The fields of architecture and engineering (A/E) are dynamic professions. They influence our daily routines, shape the communities within which we live, and define the style of our times. From sole practitioner to large scale corporations, the A/E business manifests itself in a broad spectrum of models.

This course will provide an overview of a variety of topics and activities associated with leading an A/E practice. Architects and engineers must be able to assess opportunities, analyze risk, and navigate a multitude of pressures that impact a firm's design quality, financial performance, and reputation within the community. This course will use benchmark data and present real-world examples to illustrate the various decisions that architects and engineers must make as they define the way they model their professional practice.

**Week-by-week description of the course:**

**Week 1      Intro to Professional Services Firms**

There are many different facets to the A/E profession. This first class will present a variety of topics and issues associated with the practice of architecture and engineering, including the different types of firms, size and makeup of firms, how a design firm is organized, and the various markets in which they may practice. Also provided is a high-level overview of different project delivery methodologies and how one's fluency in these models can impact a firm's strategic planning and long-term sustainability.

**Week 2      Financial Performance**

While architects and engineers often begin their careers with aspirational ambitions, whether a sole practitioner or a large corporation, longevity in the profession requires financial stability. This class will present and discuss an overview of the different financial performance indicators that are commonly used by A/E firms. How a company is organized and how they run their daily operations have a direct impact on profitability. Profitability is managed through a combination of different strategies, including managing overhead expenses, determining staff utilization, and optimizing project performance. Topics reviewed and discussed in this class will include Gross & Net Revenue, Utilization, Net Labor Multiplier, Payroll Multiplier, Overhead, and Profitability.

**Week 3      Marketing, Sales and Business Development**

Every architect and engineer starts their career with the majority of their time allocated to project work. However, sustaining a consistent workload requires positioning yourself within the Market (Marketing), finding new project opportunities to pursue (Business Development), and executing successful strategies to win new work (Sales). This class will focus on a variety of topics that are important to building a practice and sustaining a consistent workload. Topics will include Strategic Planning, Business Development, establishing a Formal Go/No-Go Process, executing successful Sales Pursuits, and evaluating effectiveness through Win Rates.

**Week 4      Project Management**

The lifeline of every A/E practice is the projects on which they work. Project success is often defined in very different ways. Some firms look at profitability; some look at design awards; and some look at client satisfaction. But in every case, successful projects require strong Project Management. This class will look closely at how to set up a project up for success. Topics will include an overview of important contract provisions, such as costs, the difference between basic services and additional services, and the Standard of Care. Also reviewed and discussed will be other important project manager responsibilities, such as allocating staff (Resource Planning), monitoring financial performance (project multipliers and profitability) and various Key Performance Indicators, and Client Satisfaction.

**Week 5      Human Resources/Talent Management**

At its core, architecture and engineering is a people business and the heart of every A/E practice is its people. It is the people that invest their time (the A/E firm’s primary asset) and provide their creativity (the A/E firm’s value) that determines the success of any enterprise. Finding and keeping talented professionals is an extremely important quality of a high performing A/E practice. This class will examine the challenges that firms face as they strive to have the right people working on the right projects at the right time. Topics include Recruiting, Retention, Staff Development, Performance Reviews vs Coaching, and Continuing Education.

**Grade Determination:**

Homework..... 50%  
Class Participation .... 50%

***NOTE:** This course description explains the essence of the material covered. Canvas is the best source for the most up-to-date information about specific details for any given offering of the course.*

**Software:**

Excel spreadsheets

**Text:**

From the AIA Webpage:

Where architects stand: A statement of our values

<https://www.aia.org/resources/50766-where-architects-stand-a-statement-of-our-values>

AIA B101 Standard Form of Agreement between Architect and Owner  
AIA B201 General Conditions for the Contract