

# contract

inspiring commercial design solutions june 2009

## you are not what you were

### What's wrong with how design firms are set up?

By Joan Capelin

Recessions are no fun for design professionals, an inherently optimistic tribe. Watching the budgets erode, followed obediently by the projects themselves; observing the clients in pain, with some acting badly as they head south; letting some of your own people go—it's tough.

This particular recession does bear a gift for design firm leaders: the chance to decide who's coming in when the recovery starts. However, while you can be secure that there will always be a need for your kind of work, how you practice in the future—and with whom—will differ from how you practice today.

Ask yourself during this quiet period: Do you feel that your design firm's structure is constraining? Could a different set-up be warranted? What is the real purpose of your firm? Who will help you get there? Who will the clients be when you are there?

At the recent AIA national convention, management consultant Hugh Hochberg of The Coxe Group, attorney James Frankel of Arent Fox, and, I, as a public relations strategist, discussed these questions with a large and vocal audience.

Our focus was how design professionals can get a new perspective on design firm composition. The program was based on my white paper for the Society for Marketing Professional Services Foundation. Titled "Resetting the Horizon Line," it questioned how people become owners of design firms and what's expected of them. (The 40-page document is available at [www.smps.org](http://www.smps.org).)

Starting with the thorny topic of licensure, the paper's blockbuster insight was that most states today permit professional service firms to be owned either in part or wholly by non-licensed individuals. And some firms have already brought their enabling support people into their key leadership positions and often into ownership: CFOs, COOs, IT, HR, corporate counsel, CMOs, public relations directors.

I observed that such diverse ownership isn't prevalent. Why not? Perhaps it is because of custom, exclusion except to acceptable professions, the small size of the firm, an already-crowded ownership table, negative perceptions about non-licensees, and ignorance about the opportunity to open ownership to other kinds of talent. And, equally to the point, ownership in some firms isn't necessary for these people to have authority and excellent compensation.

What's certainly called for in this century—if a firm is to satisfy the people who are delivering and receiving

While you can be secure that there will always be a need for your kind of work, how you practice in the future—and with whom—will differ from how you practice today.

services alike—is broader practice: multidisciplinary, with non-licensee equity participants, and, for sure, new services and business lines.

Being best in your class starts with understanding what your clients are missing: what prevents them from reaching their future? Some savvy firms have already shown how to do this: Cook+Fox gives rise to Terrapin Bright Green; Gehry Partners spins off to Gehry Technologies; Thornton Tomasetti creates its Property Loss Consulting Group; and a half-dozen healthcare firms add their variously named planning groups, including NBBJ, ZGF, HDR, and Steffian Bradley.

We observed that many businesses may not have the right clients to get them to the place they want to be. Do they come in at the right price? Do they appreciate you? Do they enhance who you are? Do they pay on time and at the proper price point?

Another issue for you to consider is whether you have the right people on your bus, sitting in the right seats. When you go into a competitive situation,

would it be hard for the client not to choose you, and at a higher price point?

Assuming that you are interested in helping your firm to surge ahead, even in this economy, then what leaders of new services could you add to the list of the enablers I enumerated above: people who will actually drive your firm and who will deliver? We added, for instance, project finance directors who find the money for the owner or developer; brand strategists who consider architecture, interior design, graphics, and industrial design all to be part of one activity;

and intellectual property monetizers [an awkward but accurate title for the right person] who take, for instance, your proprietary software and bring it to a grateful marketplace.

Do you need to have these people in your firm? Not necessarily. But you can affiliate—exclusively, please. After all, you are not what you were last year. No one is. Do you find this diversification a new idea that you'd rather not explore? Are you concerned that you don't have the skills, network, or time to achieve this? One alternative—and I'm not usually this harsh, but it's 2009: You could be driven out of business.

You ask your clients to try new ideas all the time, and you're pretty good at convincing them. This time, try "why not?" out on yourself. ☐

Joan Capelin is president of New York-based Capelin Communications and author of *Communication by Design*. For insights on how design firm leaders are handling the recession, listen to Capelin's "Sound Advice" podcast series at [www.capelin.com](http://www.capelin.com).