

# Some tips to help design firms add accountability

We all know the stereotyped image of design firms. Considered artistic, creative and inventive, architects are rarely known for their strong financial management skills. The perception remains that architecture firms lack the management savvy and operational efficiencies of other businesses.



## INSIDER VIEW

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Yet if design firms are to be viewed by our clients as true business partners, creating sound financial and operational practices is a must. After all, clients are stewards of financial accountability in their organizations, and they expect the same professionalism from those they do business with.

Profitable firms are able to work together as a team to strike a balance between our creative and business sides. Solving client problems requires both skills. When we apply business insight to help a client succeed, we show how truly creative a design firm can be.

Among the most successful tactics for generating profitability awareness:

- **Business basics orientation:** Each new employee should be shown how the business works. Designers are visual communicators. At our firm, we use visual orientation tools including a flow chart illustrating the direct connection between weekly time sheets and the financial health and profitability of the firm. This demonstrates to new employees the focus and respect we have for the business, and the tools establish appreciation for the revenue side of architecture.

- **Awareness meetings:** These meetings are used to communicate financial goals and encourage awareness of sound business practices. Whether scheduled as brown-bag sessions or held as impromptu stand-up meetings, the result of these get-togethers

is a commitment from staff to help run the firm as a business. Topics include liability insurance and risk management, project documentation, effective communication with clients, and coordination with other team members on project milestones, budget tracking, deadlines, and additional services.

- **Project vigilance:** At our firm, project managers receive weekly project financial reports providing fast, up-to-date information on their projects. This allows for any necessary course corrections and gives them one more reason to keep communications current with all team members. Weekly progress meetings include the CFO and the firm's management team to review progress and anticipate problems. These meetings provide support for creative solutions and offer a dose of peer pressure to make sure problems are addressed before they can sink the project budget or schedule.

- **Expedient billing:** Quick turnaround of invoices is approached as an extension of client service and is a key accomplishment for creating profitability. Developing the discipline to invoice as close as possible to when the service is delivered makes good business sense.

- **Managing overhead:** Perhaps the most important aspect of profitability is proactive management of the always escalating overhead costs of the firm. For example, we take a hands-on approach to managing professional liability insurance and health insurance. Employee health plan premiums are reduced by buying "value" policy provisions that carry high deductibles for services rarely used; these deductibles are paid for by the company.

A profitability culture — nurtured and monitored every day — creates a rewarding experience for clients, staff and firm ownership.

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