

A Decade of Expanded Services

**Presented by Mary Breuer
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For NeoCon 2002**

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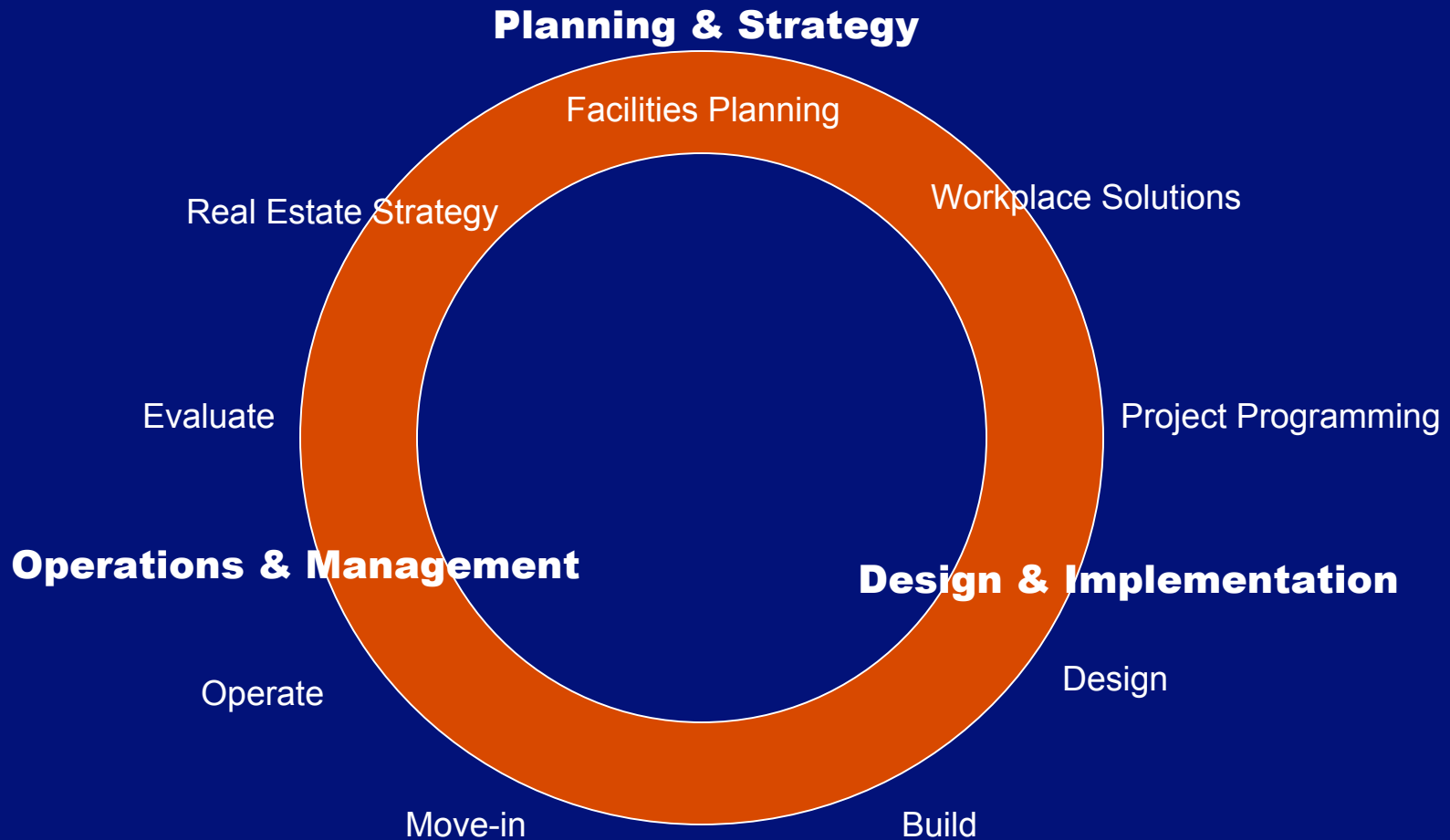
- **WHAT** are the expanded services that we're talking about here?
- **WHY** would you consider adding them to your practice?
- **HOW** should you organize?
- **WHO** succeeds?

Non-traditional services

- Build on intellectual capital
 - Different from AEIP
 - Become “of counsel”

Opportunities abound !

Opportunities abound !



What architects know about their clients

Structure

Culture

Business objectives

Workflow

Decision-making process

Firm	Name of expanded service
Callison	Development Advisory Services
	Callison Program Management
DLR	Strategic Facilities Analysis
Ellerbe Beckett	Consulting
Gensler	Gensler Consulting
HDR, Inc.	HDR Consulting
Heery International	Program Management
	Community Outreach
Hillier	Strategic Facilities Consulting
HOK	Program Management
McClier	McClier Consulting
RTKL	Development Consulting
Swanke Hayden Connell	Workplace Consulting

Architects'
knowledge

Outside
examples

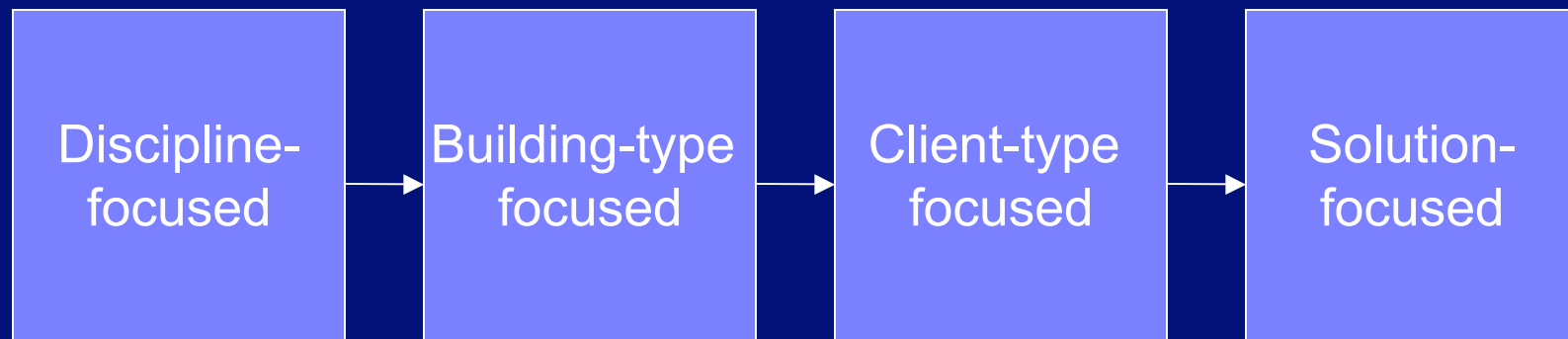
**Non-traditional
Service**

Architects'
frustration

Strong economy

Market demand

Continuum of expanded services



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graph BT; Solution[Solution] --> Client[Client]
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Client

Solution

- Customized
- Business-based
- Decision support

A Trusted Advisor

What trusted advisors get

- Increased revenue growth and profitability

Hourly rate differences

	Architectural Firm	Consulting Firm
Mid-level project manager/architect	\$75 - \$85	\$100 - \$120
Senior project manager	\$110 - \$120	\$160 - \$180
Principal	\$200 - \$220	\$260 +
Average profitability (pre-tax, distribution)	11%	30 – 35%

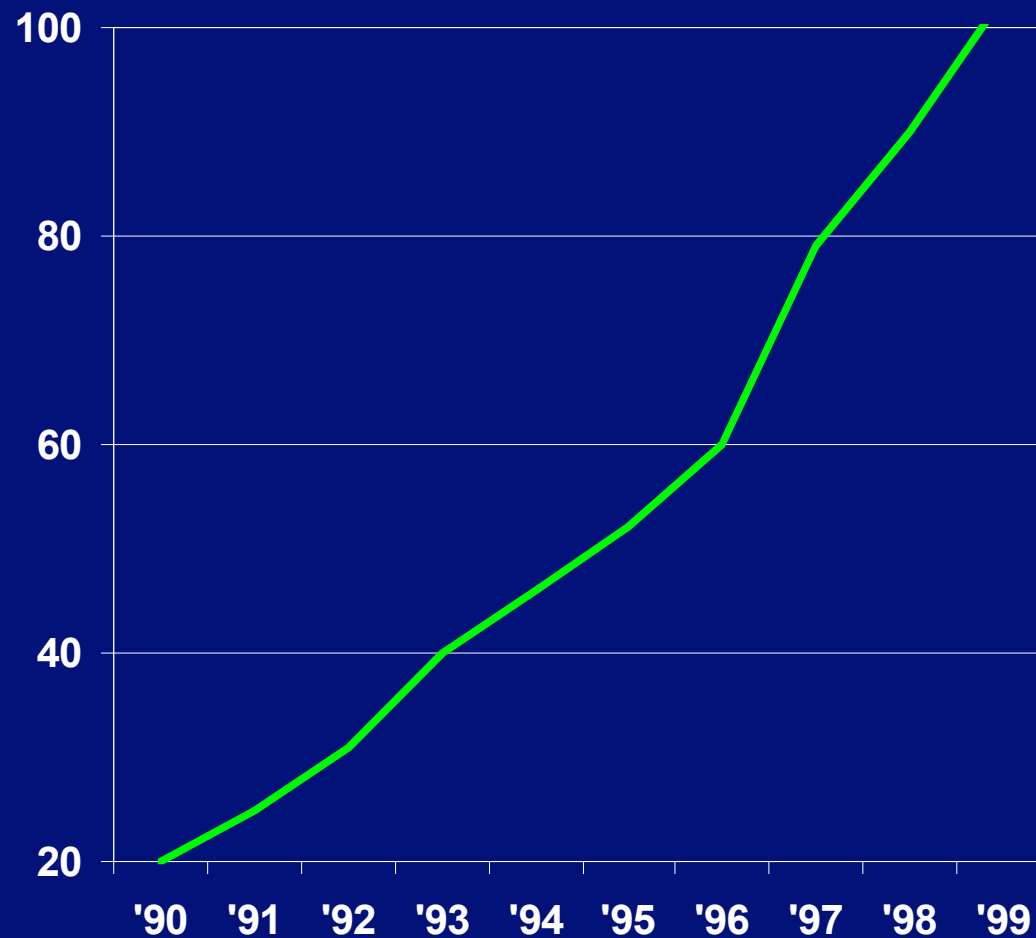
The Accenture experience

- 1950s: Consulting initiated within Arthur Andersen
- 1984: Consulting becomes more profitable per partner than accounting and tax
- 1989: Creation of Andersen Consulting as separate enterprise “capable of competing with IBM or EDS”
- 1998: 800% growth in revenues in 9 years
- 2000: Rebranded to Accenture

What trusted advisors get

- Increased revenue growth and profitability
- Faster revenue growth

Worldwide consulting revenues in billions



From *Fortune*, June 12, 2000

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BUT...

- Resource dilution
- Potential loss
- Market confusion
- Distraction
- “Not what we do”
- Misunderstanding of value

Design firms as Trusted Advisors:

Where are we today?

Client

Architecture

Architecture/architectural design
Interior design/architecture
Engineering
Graphic Design
Planning
Space/Facility Planning
Master Planning
Construction Administration
Urban Planning/Design
Landscape Architecture
Programming
Construction Planning and Estimating
Project Management
Facility Management
Multimedia/Information Services
Site Analysis/Selection
Consulting
Utilities Computation/Analysis
Building Design
Education
Medicine
Value Engineering
Furniture Selection and Specifications
Program Management
Construction Management
Environmental Design
CADD
Design Build

2020

In the move toward consulting...

- Idiosyncratic Nomenclature
- Unbundling
- Building linkage
- AE's have the most diversity
- Larger firms= more services

What trusted advisors get

- Increased growth and profitability
- Faster revenue growth
- Builds client respect/loyalty
- More clients for the whole firm
- Differentiation and competitive advantage

Warning:

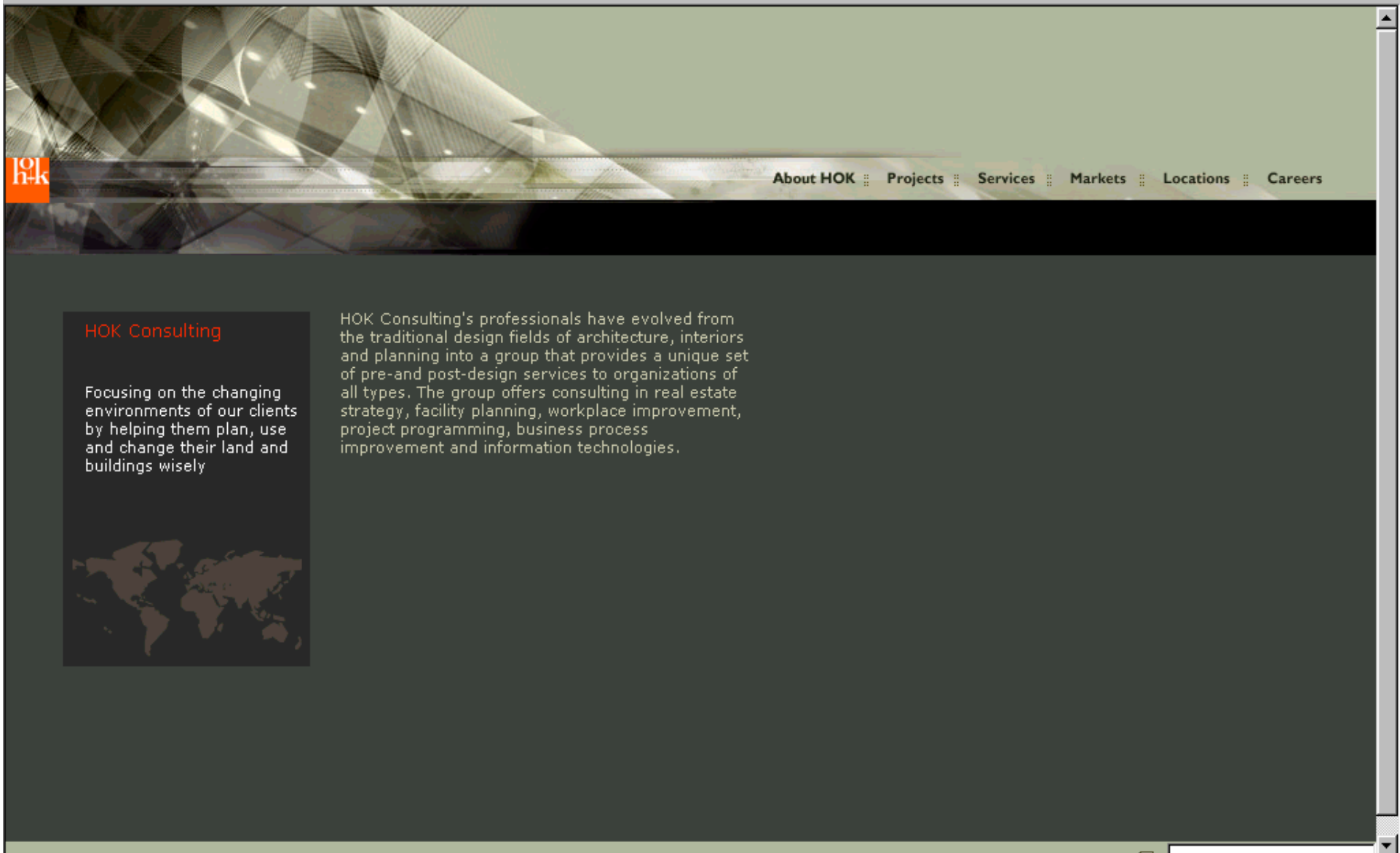
**Low Barriers
To
Entry!!**

Interview questions:

- Describe the general business model and growth plan
- Has it changed over time? Why?
- Current status: size in revenue and people; number of locations; components of offering
- Would you call it a success? Why/not?
- What have been the three biggest problems?
- What would you do differently if you were starting it today?
- What are your plans for the future?

Typologies

- **HOK Consulting** = Classical model
- **EYP Mission Critical Facilities** = Big Financial Success
- **HLW Resources** = Unfinished story
- **Skyscraper digital** = Creative refocusing



hok About HOK :: Projects :: Services :: Markets :: Locations :: Careers

HOK Consulting

Focusing on the changing environments of our clients by helping them plan, use and change their land and buildings wisely

HOK Consulting's professionals have evolved from the traditional design fields of architecture, interiors and planning into a group that provides a unique set of pre-and post-design services to organizations of all types. The group offers consulting in real estate strategy, facility planning, workplace improvement, project programming, business process improvement and information technologies.



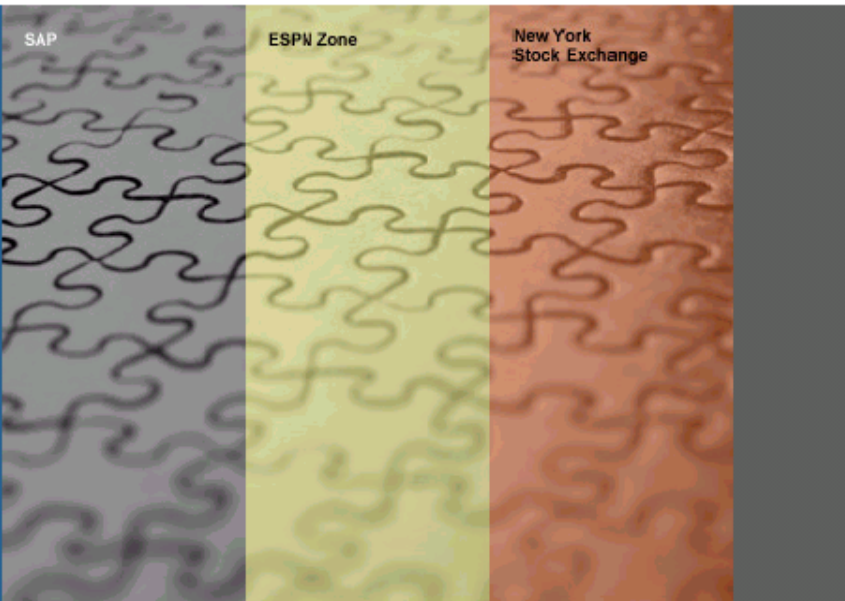
Facilities Management

[At A Glance](#) [FM Technology](#) [On-Call/On-Site](#) [Cost Segregation](#)

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HLW Resources is the technology-driven, facilities management group of HLW International. HLW Resources provides people and processes, as seamless integrated disciplines, into any facilities team. By structuring innovative staffing and project delivery methods, we provide a flexible framework, which enables our clients to take on new challenges in a rapidly changing business environment. Our services are as unique as clients' needs and focus on outsourcing, technology consulting, and workplace related facilities management.

[Project List](#)



NEW & NOTEWORTHY	FM Glossary	Industry Happenings	Featured Project: Toyota	
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Coming soon! A new site and a new look for EYP...

Einhorn Yaffee Prescott Architecture and Engineering P.C. (EYP) will unveil an exciting new website in the spring of 2002. The site will reflect a renewed commitment to design excellence through integrated architecture, engineering and responsive client service. Until the website's renovation is complete, you can obtain more information about EYP by clicking on this temporary website's contact page.

Einhorn Yaffee Prescott is an award-winning 425-person firm specializing in the design of environments worldwide for College and University, K-12 Schools, Corporate and Government clients. We have a particular expertise in facilities involving Science and Technology, Historic Preservation and Sustainable Design.

LIST OF SERVICES

- Professional Services
- Specialized Services

- Offices
- Schools
- College & Universities
- Retail
- Food Service
- Financial Facilities
- Operations Centers
- Civic
- Manufacturing/ Distribution
- Land Planning

- Interiors
- Engineering
- The Design Studio
- Technology Consulting

- FM Strategies
- Skyscraper Digital**

Skyscraper Digital

Skyscraper Digital helps clients imagine the possibilities. The team of architects, artists and computer whizzes create computer-generated images that enable clients to visualize a project, bringing it to life long before it's built.

Using sophisticated computer technology borrowed from the motion picture industry, the studio creates animated computer images that can take clients on a 3-D tour of their project. Clients get a feel for spatial elements inside of projects as well as different design options early in the project's life.

Skyscraper Digital has found a home for its unique services in just about every market the firm serves. And the technology is also used outside the architecture and engineering industry. For projects outside the architecture arena, Skyscraper Digital provides digital imaging services to such clients as economic development organizations, furniture manufacturers and other corporations.

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Murphy M. Trogdon
President
Skyscraper Digital



What do these ventures have in common?

1. A rocky road

What do these ventures have in common?

1. A rocky road
2. Things changed

Organizational forms

Form	Separate Branding	Financial Measurement
Loose network embedded within core business	Probably not	Integrated
Branded offering inside core business	Yes	Can be integrated or separate
Independent profit center within core business	Yes, but linked to parent	Separate
Independent business	Yes	Separate

Brand evolution

From legacy to
independence

Integrated;
part of legacy

Uses parent
name

Separate brand;
reference to
parent

Totally
separate →

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What do these ventures have in common?

1. A rocky road
2. Things changed
3. Can be profitable
4. Earlier investment = stronger practice

What do the failures teach us?

- Poor introduction into practice
- Lack of comprehension by firm
- Poor understanding of goals
- Perception of threat to core business
- Insufficient funding
- Alienation of key staff

Low Barriers to Entry: Build the business case

- Value proposition
- Funding
- Return on investment
- Impact on the enterprise
- Structure
- Leadership

Some Advice

1. Commit to change management
2. Broadcast your plan
3. Make the rules clear
4. Make marketing a focus
5. Hire the right leader
6. Compensate according to value
7. Keep it simple

What have we learned about expanded services?

- Many opportunities
- Larger firms already successful
 - Increased revenue and profit
- Builds strong bonds with clients over time

What else?

- Needs strong business plan
- Internal colleagues are biggest challenge
- Invest a little: incubate the startups

Questions to consider

- What is success? Always revenue?
- How will new service impact core business?
- How will you diffuse internal resistance?
- Is it better to buy or ally than build?

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