

The Rationale for Strategic Planning

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SUMMARY

Architecture firms are proficient at thinking strategically about how to tackle a project; that's how they earn their fees. Think about taking on a design assignment for a client: you undoubtedly have a certain way that you approach the work so that you're sure that you've listened to the client's needs, addressed them in a way that meets the schedule and budget for the project, and designed a solution that will help the client achieve his or her vision. Thinking strategically about your firm allows you to leverage those same analytical, organizational, and problem solving skills that you already possess as a design professional to envision, plan, promote, and implement an exciting future for your own firm.

MOTIVES FOR STRATEGIC PLANNING

What would justify taking otherwise billable and immediately profitable time of your key people away from valued clients to develop a strategic plan? The justification is simple: it is nearly impossible to maintain even the status quo for your firm—much less to grow—over the long term without a plan.

Many successful firms have already institutionalized a strategic planning process and take advantage of it regularly, enjoying the accomplishments that they have been able to achieve as a result.

Firms typically decide to undertake a planning process for one of two very basic reasons:

- There is something—or some things—wrong that needs fixing
- There are opportunities that should be available to the firm that it is somehow missing

In short, either something's wrong, or something's not right *enough*. Most often, it's both.

A firm's leadership may sense that there is more potential in the marketplace than their firm has the capacity or savvy to capitalize on. They may see evidence of operational or management problems within the firm. At the extreme, they may even feel the pressure of a threat so dire that it could lead to the end of their company.

Here are some of the more common scenarios that spark firms' interest in strategic planning:

- **Sensing opportunities to grow**, but not being able to attain them. If your firm isn't growing, then it's being left behind. Opportunities are everywhere, but some firms find themselves unable to take full advantage of them even in the boom times. Their constraints may have to do with marketing, project management, staffing, or geographic limitations. A stagnant firm is unappealing to both clients and employees—and even to prospective employees.
- **Difficulty in recruiting and high turnover**. Design firms can find themselves competing for employees as actively, if not more so, as they compete for work. There may be issues about the culture of your firm that cause it to attract or to lose valuable talent.
- **Competition**. When you face losing a share of your market to competitors, your marketing program has to demonstrate to your clients that you truly understand their needs.
- **Waning profits**. If your firm isn't achieving its profit potential, what do you need to improve in order to do so?
- **Ownership transition**. Almost all architecture firms started small with an ownership structure—often a single owner or small group of equal partners—that may no longer be appropriate or even viable. The financial impact of an ownership transition can sometimes be a make-or-break situation for the future of a firm.

- **Leadership succession.** Above all other issues that a firm faces, transitioning from one leader—in many cases the firm’s founder—to the next generation of leadership must be well thought-out and executed, far in advance of the transition itself, in order to succeed and therefore perpetuate the firm.

The strategic planning process is an opportunity for you to *take control of the destiny of your firm*. You can decide what you want your firm to be, visualize its potential, understand the circumstances in place today that could stand in the way of your getting there, and devise and then take the steps necessary to the achieve the future you desire.

THE BUILDING BLOCKS OF STRATEGIC PLANNING

A complete, compelling, and doable strategic plan should include each of the following components.

Mission. The mission expresses the essence or purpose of a design firm. It gives people inside *and* outside the firm a common understanding of the firm’s reason for being.

Vision. The vision is a big-picture, long-term description of what a firm aspires to become at some specified point in the future.

Initiatives. Key initiatives refer to the positive ideas that would propel the firm toward its vision; key issues describe the major obstacles that will hinder a firm’s ability to achieve its vision.

Goals. A firm’s goals are short-term (shorter than the long-term vision) quantitative, measurable targets that the firm sets and toward which it will gauge its progress and for which it will be accountable.

Strategies. Strategies are the ideas a firm develops to address its key issues and reach its goals.

Action plans are the shortest-term (often one-year) specific “tactical” tasks that the firm will implement in order to put its strategies into motion.

Simply put, firms that know where they want to go are much more likely to get there than firms that don’t plan their journey.

About Our Contributors

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RESOURCES

More Best Practices

The following AIA Best Practices provide additional information related to this topic:

- 06.06.05 New Firms Grow with a Marketing Plan
- 06.02.03 Business Planning for Small Firms
- 06.02.04 Seven Attributes of Design-First Firms

For More Information on This Topic

See also “Strategic Planning for the Design Firm,” by Jack Reigle, in *The Architect’s Handbook of Professional Practice*, 14th edition, pp. 103–115. The *Handbook* can be ordered from the AIA Bookstore by calling 800-242-3837 (option 4) or by sending an e-mail to bookstore@aia.org.



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Key Terms

- Practice
- Business planning
- Practice management
- Strategic planning
- Business plans