

# Exporting Architectural Services: Considerations for U.S. Architects and Firms

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## SUMMARY

Emerging markets are a tempting location to set up shop to increase revenue, and many U.S. design firms have benefited from the excessive growth demands of emerging markets. But how do you know whether exporting your professional services is right for your firm? Before venturing overseas into burgeoning and tempting markets, make sure it is a strategic decision based on sound thinking.

## WHEN TO VENTURE OVERSEAS

Many U.S. product manufacturers operate on the premise that strength at home supports strength abroad. With few exceptions, companies have learned that it is usually unrealistic to pursue foreign sales for corporate financial strength if domestic operations are in trouble. Although offshore work and overseas sales can help to offset temporary downturns in domestic work—and can certainly augment domestic earnings—the parent company generally must have a solid domestic basis for operations before venturing abroad.

Similar maxims apply to the professional design services sector. Firms looking at prospects abroad must ask and answer two fundamental questions: Where are we strong, and how can we best project that strength? The mechanisms for obtaining commissions may vary widely and may involve unplanned or apparently random developments, but sustained success in foreign work is usually a subsidiary venture, drawing on the inherent strengths and well-being of the parent entity.

As with systematic efforts to secure work in any market, an examination of prospects for work abroad should commence with frank answers to deceptively simple questions.

**What does our firm do best, and for what are we best reputed?** These may not be the same things. It is vital to ensure that firms seeking to export services have something to offer that is both unique and sought-after. Reputation is everything in professional endeavors, and reputation has many dimensions. Seek to specify not only what you think

are your firm's best attributes and qualities but also what a determined client would be likely to learn about your firm when consulting with others, including past clients and competitors.

**Where are the key foreign markets for the kind of work in which our firm is expert, and how hospitable are they to foreign firms?**

It is not difficult to discover that a given country has launched a massive hospital- or school-building program, but it may not be quite as easy to determine whether foreign firms are welcome, merely tolerated, or plainly banned. If a U.S. firm's strength lies in designing advanced pharmaceutical laboratories, it may be natural and relatively easy to assess where else in the world such facilities are planned. What is not always so clear is how well-qualified local firms are to handle such work and how inclined they may be to partner with U.S. firms. Major national investments in infrastructure projects—for tourism and leisure facilities or for public transportation systems—often carry with them major opportunities for foreign participation, particularly if they involve international financial support and funding.

**Are we positioned to make sustained efforts to penetrate those foreign markets?** A firm that cannot afford to forego a significant period of time on the part of a senior partner or associate without direct project compensation, or that cannot sustain months of effort and expense without immediate return, is probably not in a position to make the needed effort to land a foreign project unless an opportunity is already at hand. Establishment—that is, setting up a fully operational foreign subsidiary according to terms imposed by the foreign host country—is surely the most extensive, and expensive, form of venture.

**Who are the most active companies and competitors in the key foreign markets?**

Knowing the scene is essential and not always difficult. Culling local trade journals and professional periodicals can reveal much about who does what, and where. A question to be addressed when assessing potential competitors—who might also be

potential collaborators, associates, or partners—is what your firm can bring to the bargain.

**How can we most effectively engage with persons in a position to hire us?** As is true with any effort to penetrate new markets, it's important to assess where resources are likely to be most effective. The key is to identify the client groups and representatives who make decisions and then put your qualifications and interests before them. Participation in international groups such as the International Council of Shopping Centers is one way to put ideas and prior work in front of potential clients.

Marketing consultants and public relations firms may be able to assist with efforts to export, but generally this is true only if they are well grounded in the foreign setting and have extraordinary connections with potential offshore client groups.

The U.S. government can also help to expand business opportunities for architects. For example, the personnel and resources of the U.S. Commercial Service, an element of the Department of Commerce, can link architects with specific projects and help to establish relationships that result in work.

The Commercial Service has turned increasing attention to promoting service exports, working on behalf of U.S. companies seeking overseas projects and joint ventures. Specialists from the service will consult with private firms and promote them. They can also perform customized market research—some free of charge and some at actual cost.

Through export assistance centers and a network of specialists and associates in foreign trade missions, the Commercial Service offers specialized market research, trade leads, and information about foreign firms seeking U.S. partners. Through sponsored videoconferences and trade missions, U.S. firms can present their capabilities to foreign governments, international organizations, and private companies in search of U.S. experience and expertise.

Firms already working in foreign markets and architects planning foreign trips can contact Commercial Service officers to schedule suitable meetings and appointments, often at costs well below those of private “finders.”

A simple truth in much international work, as in much domestic work, is that the work follows the money. If governments, international aid organizations, and entrepreneurs are pouring funds into a particular industry sector or locale, then that is where work is likely to be.

The U.S. government itself is a client for overseas work, with ample opportunities for firms of all sizes and backgrounds. The U.S. Department of State, for example, maintains that its overseas building projects are open to all qualified firms. Its Bureau of Overseas Buildings Operations is responsible for more than 15,000 facilities worldwide. The bureau adheres to a qualifications-based selection process for hiring design professionals, but many State Department projects require U.S. citizenship for all personnel who work on them as well as eligibility for security clearances.

Military construction programs of the U.S. Army Corps of Engineers and the Naval Facilities Engineering Command often entail procuring architectural services, usually in accordance with qualifications-based selection processes. Most military projects require that potential awardees register in the Department of Defense Central Contractor Registration database.

Maintaining that their policy is to retain the best qualified firms to complete a given project or piece of, the Corps of Engineers and the Navy cite qualifications that include: specialized expertise; capacity to perform the needed work in a given time under given conditions; well-established quality-control plans and strong records of past performance; knowledge of and prior experience in a specific project locality; and demonstrated success in achieving energy efficiency and reducing waste.

No matter what course is followed, a firm must define and highlight its special expertise and the factors that differentiate it from others. In short, a firm must explain *why* a foreign client—or any client, for that matter—should work with it, rather than with a local firm or a foreign competitor.

#### **About the Contributor**

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#### **RESOURCES**

##### **More Best Practices**

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

- 10.05.01 International Practice Checklist
- 10.05.07 Exporting Architecture Services Overseas
- 10.05.02 Managing International Teams

### For More Information on This Topic

See also “Practicing in a Global Market” by Roger B. Williams, FAIA, JIA, and C. Richard Meyer, FAIA, *The Architect’s Handbook of Professional Practice*, 13th edition Chapter 6, page 100.



See also the 14th edition of the *Handbook*, which can be ordered from the AIA Bookstore by calling 800-242-3837 (option 4) or by email at [bookstore@aia.org](mailto:bookstore@aia.org).



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### Key Terms

- Practice
- Project administration
- Project management
- International procedures