

# Benefits of Exporting Architecture Services

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June 2007

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## SUMMARY

U.S. firms seeking a competitive edge abroad have many reasons to open new offices in profitable locations. Some U.S. firms are beginning to export services to increase global revenues—but not as often as their international counterparts.

## U.S. VERSUS INTERNATIONAL FIRMS

Motives for international expansion vary widely, but architecture firms can rarely indulge in overseas practice forays for fun and adventure alone, even if those elements may be involved. The prospect of profits from new markets is usually at the core of efforts to export.

Architects and engineers abroad, especially from Western Europe and parts of Asia, have a long record of working outside of their national borders. To some degree, this is a legacy of empire; it also stems from long foreign trading relationships.

The Royal Institute of British Architects, for example, counts many hundreds of its members firmly established outside of the United Kingdom, largely concentrated in former colonies, mandates, protectorates, and royal holdings.

In contrast to architects from many other parts of the world, U.S. architecture firms must rely mainly on self-funded entrepreneurial ventures, the innate tenacity and acumen of firm principals, and their professional reputations to sustain concerted pushes into foreign markets.

## BENEFITS TO U.S. FIRMS

The U.S. Trade Representative has been supportive in matters affecting international trade in professional services, largely through supporting free-trade initiatives under auspices of the World Trade Organization. The U.S. Department of Commerce also has made efforts to involve architects in explorations of export opportunities.

Still, the U.S. government has not matched its foreign counterparts in promoting the use of U.S. architects worldwide.

The factors driving the move of business activities—including professional design services—out of the United States include the following:

**Lower-cost alternatives.** Technical talent and facilities cost appreciably less in many areas of the world than they do in the United States. Also, many foreign nations offer significant financial incentives to relocate or establish businesses, technical service companies, and manufacturing operations.

**Foreign talent and drive.** Highly talented researchers and technical workers are increasingly available throughout the world, and some nations now graduate more science and engineering students than the United States does. Firms facing global competition seek to attract the best and the brightest, wherever they are, and today many are outside of the United States.

**Better markets and better access.** One New York architect said recently that “it was easier getting and doing work in China than trying to compete for projects in Minnesota.” Businesses are naturally attracted to the market potential in rapidly developing economies, many of which are offshore, and proximity to customers can be an essential ingredient in effective competition. Globalization of practice also serves as a strategy for overcoming domestic market fluctuations, weathering changes in government business policies, and ensuring a foreign foothold.

**Expanding, modernized infrastructure.** Foreign governments are investing in universities, research facilities, transportation systems, energy technologies, advanced telecommunications networks, and other systems to compete more effectively. Regions of the world that now attract the highest levels of foreign investment can also boast the most advanced infrastructures.

**Favorable business conditions.** Although some countries that have attracted U.S. manufacturing operations fall far short in meeting such basic requirements as individual freedoms, respect for intellectual property rights, and worker protections, many U.S. companies point to less burdensome

taxation, regulation, and litigation environments as reasons for moving manufacturing operations to areas of Asia and Latin America, among regions. Some genuinely “business-friendly” regions, however, do meet rigorous social, political, legal, and environmental standards and criteria. Many companies active in Western Europe, for example, moved major customer-service operations to Ireland, where government incentives and a lower overall wage structure offered greatly reduced costs.

**Proximity to productive capacity.** Just as workers tend to migrate to places with jobs, work also moves to places with workers. Professional service work is no exception, and as global manufacturing migrates, other knowledge-based work may follow.

As U.S. architecture firms assess offshore opportunities and the potential for expansion into foreign markets, they might usefully consider what architects from foreign countries are doing in pursuit of similar opportunities.

#### About the Contributor

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#### RESOURCES

##### For More Information on This Topic

See also “Practicing in a Global” by Roger B. Williams, FAIA, and C. Richard Meyer, FAIA, *The Architect’s Handbook of Professional Practice*, 13th edition Chapter 6, page 100. *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](mailto:bookstore@aia.org).



##### More Best Practices

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

- 06.04.13 Adjusting to Foreign Business Customs and Practices
- 06.04.14 Exporting Architecture Services Overseas
- 06.04.10 Basics of Working Overseas

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#### Key Terms

- Practice
- Project administration
- Project management
- International procedures