

4.8 Practicing in a Global Market

Roger B. Williams, FAIA, JIA, and C. Richard Meyer, FAIA

The excitement and rewards of working on an international project must be tempered with a clear understanding of the culture of the client, with attention to minimizing risk for the design firm.

As we begin a new millennium, many of the world's economies depend on one another for goods and services, and many architecture firms are competing for the first time in a global market. International practice has become a reality for American design firms.

The clients developing, using, and financing buildings in foreign countries are likely to have the same goals as clients in the United States. For the architect practicing internationally, the differences—and potential issues—in taking on international projects arise from the transparency and clarity of the client's goals. Differences in language, privacy, trust, legalities, and accessibility all make foreign design projects quite different from U.S. projects, and these issues can present obstacles that at times appear insurmountable.

Nonetheless, work in the international arena offers U.S. architects new opportunities to diversify markets and seek new venues for their talents and experience. Like most opportunities, these come with new challenges. International architecture practice requires new understandings of cultural issues, business practices, technical knowledge, and professional standards. Extra dedication, patience, and skill are required to complete the project and to satisfy the foreign client or foreign conditions for a U.S. client.

THE CLIENT

The greatest challenge designers face when undertaking international design projects is understanding their clients. What is the client's real motive in commissioning a building? It could be image in terms of scale, design, or expense, or the client could be looking for a high-profile, high-status designer. It could be functional performance that cannot be obtained from locally developed designs. It could be economic return or social betterment. It could be access to resources that are not available locally, such as equity, materials and technologies, or tenants.

Understanding foreign clients—regardless of their motives—is far more complicated than understanding clients on domestic projects. One exception is a project abroad for a multinational company, particularly one that is based in the United States. Otherwise, most foreign-based companies and government agencies are organized differently than their American counterparts. It is not unusual to work with a client who is removed by one or more layers from the actual decision maker or the entity funding a project. It is difficult in some cultures to be as direct in business dealings as in the United States or Europe—to move past agents and representatives and directly interact with the actual client.

Roger B. Williams is a former principal with Mithun Partners, Inc., in Seattle. He has participated in numerous collaborative development projects abroad and served as the 1999 chair of the AIA International Committee. **C. Richard Meyer** is a former principal with Callison Architecture, Inc., a Seattle firm with international experience throughout Asia and the Pacific Rim.

Between 2003 and 2005, the top international locations in which U.S. architecture firms practiced were Central America and the Caribbean, Western Europe, the Pacific Basin, Canada, and the Middle East.

2006 AIA Firm Survey

Projects for U.S.-based multinational clients overseas tend to follow the American model, so it is easier for architects to gain access to a foreign market by following their American clients there. However, opportunities for overseas work certainly increase when an architecture firm adds foreign entities to its client list.

Clients primarily look for project-type experience and firm reputation in a particular building type, such as retail, entertainment, medical, and office buildings. Projects that can afford to carry the cost of an overseas designer are by necessity rather large, and the reputation of the designer is expected to match. In addition, some clients look for connections to U.S.-based funding, business expertise, or tenants for their business, government, or organizational venture. Commercial clients may expect architects to introduce them to proven corporations in the United States and Europe. Such expectations often place a U.S. firm in a situation not encountered at home, where the role of architects is much more narrowly defined and expectations are familiar.

In addition to the business and social differences, international clients may develop buildings in a different way and for different reasons than U.S. clients:

- There may be heavy, even excessive, government involvement.
- Relationships can be more important than economic feasibility.
- The client may be property-rich but have little concept of the development process.
- Regulatory and entitlement processes can be daunting.
- Much of the development is in heavily populated, densely built urban settings.
- Sites are often irregular, crowded, and composed of a group of difficult, small parcels with different or no infrastructure.
- Market research is often unavailable.
- The concept of programming is unknown or very different.

Generally, finding clients in other countries begins with identifying markets, then finding the names of individual organizations and key contacts in those markets.

Existing American Clients

When an architect works on an overseas project with an existing American client seeking to expand its business overseas, the architect, of course, already has a relationship of trust with that client. This relationship should give the architect an advantage in pursuing international design work for this client.

Even though U.S. clients are generally more comfortable working with U.S. architects on overseas projects, both client and architect must understand the rules, standards, expectations, and customs of the foreign location. In developed countries, the local standards of quality and due process are similar to those of the United States and therefore transfer easily. Other countries, especially underdeveloped ones, may desire U.S. development, design, and construction techniques and standards, but request or require the architect to adhere to local methods, standards, and customs. In many countries, it is advisable for the client or the American firm to secure a local firm to assist with these issues. In fact, the client will often insist that a local design expert assist with cultural, legal, environmental, and logistical issues.

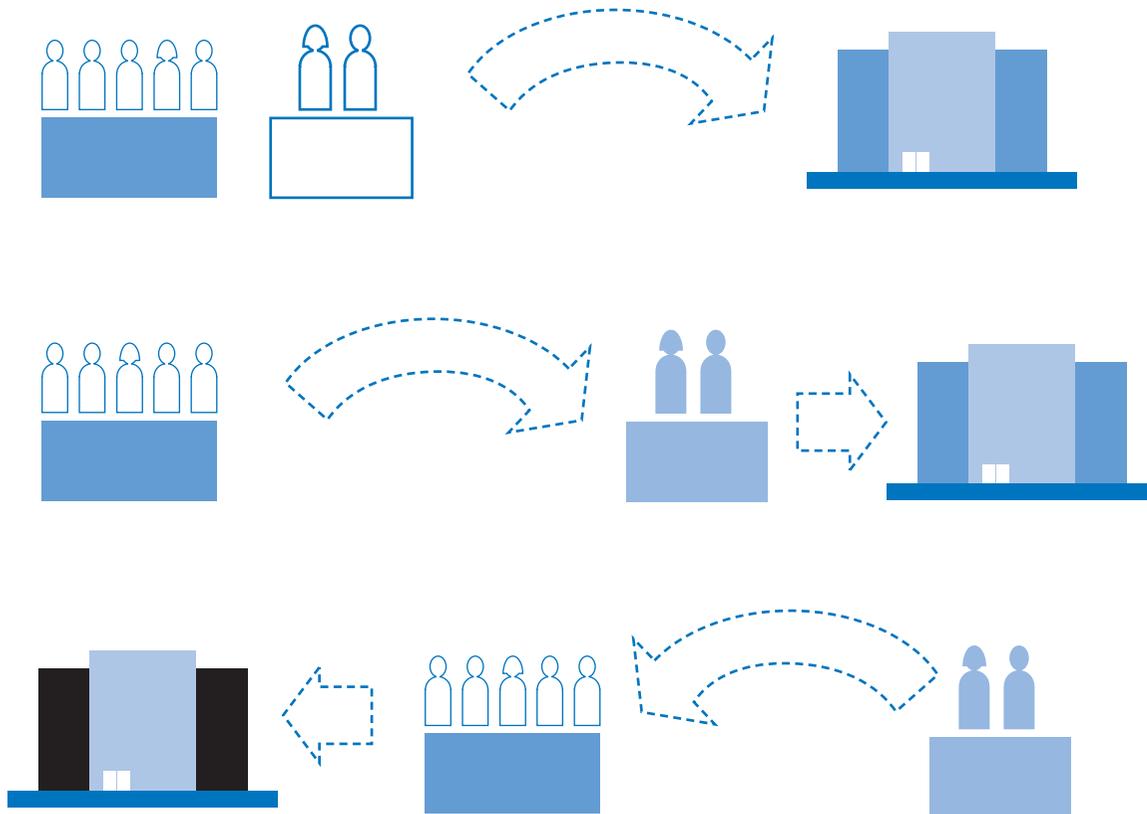
American/Foreign Joint Ventures

American/foreign joint ventures are often established to develop buildings with American specialties. These relationships are quite similar to those in which an American architect works for an American client overseas. This type of client is different only because it is partly foreign and, therefore, marketing efforts must reach audiences in more than one country. Building types for which foreign businesses and governments often seek to enter into a joint venture agreement include these:

- Retail facilities
- Entertainment and sports facilities

U.S. client categories and international building projects they may pursue:

- *Corporations.* Regional or foreign headquarters, manufacturing facilities, staff housing
- *Hospitality.* Resorts, hotels, spas
- *Entertainment.* Amusement and theme parks, sports venues
- *Technology/science.* Laboratories, research, health care, environmental facilities
- *Special uses.* American lifestyle/expertise, retail facilities, other services and products



Variations in Global Practice. Each international project may have a unique set of relationships depending on the client, project location, and whether a foreign firm is used as a partner for performing the services.

- Technology centers
- Transportation facilities
- Hospitality facilities
- Convention facilities

Institutional and Government Organizations

Various institutions and the U.S. government are good sources for international projects. Among their building projects are the following:

- Embassies and military installations, including military housing
- Trade and commodities associations
- Educational institutions, from vocational schools to universities

The Foreign Individual or Company

Citizens of many foreign countries have a special interest in American design. Foreign clients will have a variety of reasons for hiring American architects, and these frequently are related to the level of development in the client's own country. Clients searching for a signature designer may be less demanding of specialized knowledge about a particular building type. Others are searching for design expertise, perhaps in program, function, or feasibility, which they cannot get at home.

Highly developed nations, such as Canada, Australia, Japan, some Middle Eastern countries, and those in the European Union, will most likely be interested in hiring American firms when they need specific expertise in areas such as these:

- Communications technology
- Biotech laboratories

- Retail shops or centers
- Corporate interiors
- Senior and special needs housing
- Sustainable design/resource management
- Universal design

In developing nations, private and government clients typically search for architects who can help them build a solid foundation for, and in, their country. Projects these clients would commission, as well as those listed just above as common in industrialized countries, include the following:

- Infrastructure (e.g., roads, utilities, commercial districts) and companion buildings
- Transportation facilities
- Housing for urban and rural settings, with special attention to energy conservation
- Health care facilities, including hospitals and clinics
- Industrial facilities for the manufacture of products from raw materials and from capital resources
- Resorts, including traditional, recreational, and eco-resorts

Foreign Corporations in the United States

International work includes buildings on American soil for clients from other countries. While U.S. law, standards, and contracts will prevail, the architect will also need to understand foreign business cultures and personnel relations. Some of the most common examples of this type of project are the expanding facilities of foreign automobile, telecommunications, and electronics manufacturers. In many cases, architects can learn valuable lessons from the foreign entity about project management, human resources, negotiation, industrial process, and foreign building products.

In all cases, a firm understanding and appreciation for the cultural and business customs of the foreign country being represented in the United States is essential. For example, a client's U.S. headquarters could be in Los Angeles or Kentucky, but the control could be in Nagoya or Helsinki.

International Design Competitions

Many countries, such as China and those in the European Union, secure public design work exclusively through open or invited competitions. Such competitions can provide architects with access to international projects, but weighing the rewards and risks of these opportunities is critical. The Union of International Architects (UIA) has established guidelines for competitions, which add veracity and predictability to the process and the compensation. However, private competitions everywhere (including in the United States) may play by their own rules.

Developing a preliminary design for competitions usually involves a large expense, and few foreign clients expect to fully reimburse for this. In addition, client selection of architecture teams is not always based on qualifications, design skills, solutions, compensation, or other factors an architecture firm can control. Government politics, corporate politics, business and personal relationships, and family issues can influence the selection of firms. If, despite these difficulties, a project is received through an international design competition, the winning firm will reap both foreign and domestic benefits from the resulting publicity. Another way to access international projects through competitions is to be part of a multinational competition team that includes firms from the client's country.

DEVELOPING A PLAN FOR INTERNATIONAL PRACTICE

Issues that an international practice plan should address include the following:

1. Reasons for pursuing an international market

- To respond to a strong personal interest
- To expand a firm's growth
- To hedge against domestic economic cycles
- To look for new markets for specialized areas of expertise
- To strengthen a domestic practice
- To vary the work of a practice
- To pursue a challenge
- To create new profit streams
- To follow a firm's mission

2. Risks involved in international practice

- Potential drain on senior staff resources
- Financial risks
- The effect on domestic clients
- Possible lack of U.S. legal protections
- Physical and health risks to staff members overseas
- Possible ethical concerns
- Limited control over the outcome of a project
- Likelihood of occasional tax and currency surprises

3. Market analysis

- Why is your firm interested in working in this country?
- Is there a need for the firm's services in this location? If so, for how long?
- Is good design and quality building valued?
- What other U.S. architecture firms are working in the country?
- What does it take to be competitive in the business environment of the country?
- Are prevailing fee levels adequate?
- Can the fees be paid in U.S. dollars? Are there tax issues?
- What special skills, resources, and advisers are needed?
- What have been the major risks and rewards for U.S. firms already working in the country?
- Does your firm have local resources that can help the firm obtain projects and complete work efficiently?

4. Goals for work overseas

- What country or countries will be the primary focus?
- What projects or project types will be targeted?
- How much time and expense will be budgeted?
- What results (new projects, types of projects, sales revenues, profits, etc.) would make the effort worthwhile?
- What results would trigger abandonment of the effort?
- Does the firm's long-term strategy involve a commitment to permanent presence in the country? If so, how much of a presence?

5. Evaluation of the architecture firm's strengths and weaknesses

- Are your firm's services needed in the target country or countries?
- Is the firm competitive with other firms already working there?
- Does the firm have the contacts, knowledge, and local relationships to operate effectively in the country?
- Can the firm communicate effectively in the country where the project is located?
- Can the firm spare the senior management time required?
- Does the firm have the financial resources for the initial effort?

6. Development of a marketing plan

- Who are the international clients?
- How will the firm generate leads?
- How will the firm qualify leads and determine whether they are worth pursuing?
- Who is going to follow up and how?
- What is the usual approach for obtaining work in the country? Is architect selection qualifications based, does it involve a design competition, or is there a process unique to the country?
- What are the prevailing fee levels, and how are contracts structured to make sure they are adequate?
- Who is going to make the sales presentations, and what are the important issues?

7. Management and operations issues

- Who is going to manage the marketing effort? Who will follow through if projects are obtained?
- What will be done in the home office, and what will be done in the country?
- How will travel and other costs be minimized?
- What resources are available to facilitate projects?
- What technology is necessary to facilitate the work?
- What steps (registration, etc.) does the firm have to take to operate legally with minimum tax exposure?

8. Development of a financial plan

- What should the budget be for exploratory trips, marketing, and competitions, if necessary?
- How much is the maximum that can be invested before some project income is generated?
- What is the projected cash flow for the first twelve to twenty-four months of operations?
- What are the accrual-basis projections for revenues and expenses for the first one to two years?

Adapted from An Introduction to International Practice by Bradford Perkins (Wiley, 2007).

U.S. architecture firms have found that marketing costs for international work are about the same as for domestic work.

2006 AIA Firm Survey

Working with a Foreign Architect

There are two ways to work with a foreign architect. A foreign client can contract with a U.S. design firm to work with an architect from the client's country, or a foreign architect can contract with a U.S. architect to collaborate on a project. With either approach, access to designers from the foreign country can ease the transition for an American architect and eliminate many of the cultural, political, and economic risks. Nonetheless, because of the constant change and frequent turmoil in many areas around the world, and the associated volatility of their economic, political, and social conditions, architects must undertake a serious business analysis of the risk involved before agreeing to work abroad.

BUSINESS CONSIDERATIONS

The typical American perception of right and wrong business practices and legal rights or guarantees is somewhat insular. Foreign countries often have different business ethics than those espoused in the United States, so architects interested in international work should thoroughly research the business practices of a foreign country before taking on a project, as well as become fully informed about the U.S. Foreign Corrupt Practices Act.

Marketing Strategies

Architecture firms interested in attracting international projects or clients should create marketing and public relations programs that will be effective in an international setting.

These programs should be based on sound knowledge of the foreign countries a firm wants to target. The U.S. government has information about the economic and political status of countries and their industries and business sectors. The Department of Commerce Foreign Commercial Service (with offices in most major U.S. cities and some overseas capitals), the State Department, U.S. embassies abroad (by country of interest), foreign embassies, consulates, and trade offices in the United States are excellent resources. Also useful are guidebooks, travelogues, and seminars.

Once architects have gained a feel for the economic outlook of a specific country, they can prepare marketing materials that address potential clients there. The materials can be bilingual or completely in a foreign language, and should conform to the metric and paper standards of the target country. Another effective way to reach potential clients in a foreign market is through print publications such as national and international newspapers and magazines or journals that specialize in architecture or business. Architects can contribute articles about work with a foreign client and about their firm or its projects. Such articles are often more acceptable to foreign clients than advertising.

Teaching or lecturing in association with universities can also be effective in countries where strong associations between professionals and academics are encouraged. Seminars and lectures presented in foreign cities for American trade organizations and the U.S. Chamber of Commerce can provide direct access to business leaders in many locales. Topics can include design, project types, construction types, construction materials, sustainable design, the development process, interior architecture, and U.S. business practices.

Introductions to potential clients can be garnered from trusted contacts identified through government agencies, the International Union of Architects, or other sources developed by an architect or architecture firm. Meeting foreign clients through fee-based third-party introductions is another expedient way to enter the international market. For a fixed fee or a percentage of profits from the work an architect acquires, an agent, representative, or broker can smooth an architect's landing in a new country.

However, exercise caution and check references when hiring a third party, since it can be frustrating and expensive if connections do not lead to actual decision makers. To mitigate this possibility, an agent's compensation can be tied to payments the architect receives from clients.

Marketing internationally can be a costly venture. In addition to the expense involved in developing marketing materials that target one or more countries, costs can include staff time devoted to international marketing activities, as well as travel to visit potential clients to establish personal relationships.

Branch Office

Opening an office in a foreign location may be the ultimate way to reach a specific international market. It is important to weigh the costs and benefits associated with such an endeavor/undertaking. For example, employing staff in a foreign city offers a tangible image and market advantage, easing language and customs barriers, client contacts, staff recruitment, and production efforts. Conversely, a branch office is expensive to establish, can be difficult to control, and can be a drain on senior staff members, who will likely manage both the home and branch office for a certain period. Consulting with peers who have already established international branches can be helpful.

Risk and Financial Management

It is critical to scrutinize the financial condition of potential clients as part of the development of an international practice plan. However, it is usually difficult to ascertain the financial health of a foreign entity. Often, project financing is not as transparent as in the United States. Feasibility and real conditions are not always well defined, and financial stability can quickly flutter and stall in many countries. While the U.S. government or international banks can describe a nation's overall economic health, investigating private entities requires more effort. Architects can research a prospective client's assets and credit rating through U.S. banks and accounting firms with foreign departments, foreign credit bureaus, and U.S. financial ratings companies such as Dun & Bradstreet. The U.S. Department of Commerce Foreign Commercial Service and the Export/Import Bank can be helpful as well.

Architects may find it more financially feasible to work with foreign clients that have American subsidiaries. In some instances, the client's assets in the United States can be used to secure design fees. However, even when a client is a large multinational corporation or foreign government, the client's finances may pass through filters, layers, and approvals that can delay or deny payment to the architect.

Other ways to help guarantee payment could be specified in the contract. Some suggestions follow:

- An irrevocable letter of credit can be conditioned upon shipment of documents.
- An agreement can be reached that your statement of project completion is acceptable evidence to the bank for payment.
- An escrow account can be set up that will be drawn from upon evidence of completion of a phase or task.
- A retainer can be credited to the final invoice that is sufficient to cover all the work being done between regular payments.
- A fixed schedule of monthly payments for a specified amount—not necessarily related to the work performed—can be established.

Foreign companies are often aware of how difficult it is for U.S. firms to enforce payment provisions offshore, and may take advantage of the situation by requesting more work as a basis for payment. Also, in many countries, a contract is considered a starting place for negotiation, not the final word. It is important, therefore, for architects

to align their expectations with those of a client before work begins and to hold the client to the letter of the agreement.

Agreements

Two AIA documents were developed for use in international practice. When using B161–2007 and B162–2007, architects should include a detailed definition of services, reimbursable expenses, and the concept of phases. In addition, architects should also address tax issues, the type of currency to be used for payment, methods of resolution for payment, and termination procedures.

Regarding taxes and currency, it is helpful to include contract provisions to ensure the client pays all applicable local taxes. In addition, it is preferable for contracts to specify payment in U.S. dollars, but if payment in a foreign currency is unavoidable, the contract should address currency fluctuations or a currency insurance policy should be considered. A pay-when-paid provision in subcontractor and joint venture agreements can be included in the contract, along with provisions for a right to stop work or withhold deliverables in case of nonpayment.

It is also a good idea to send clients two invoices, one for services and one for reimbursable expenses, so that questions about expenses will not delay payment of fees. Contracts should specify what materials and services are expected from the client before architectural services begin.

Responsibilities

When U.S. architects work with a foreign client's local architect, it is critical for the three entities to establish a sound understanding before the project begins regarding

CONTRACT PROVISIONS

Consider the following suggestions when working with your attorney to make sure a contract for an overseas project minimizes your risk of not being paid. Then be prepared to stand by the provisions it contains to enforce your rights.

- Confirm that all payments are net of taxes. Pass the taxes on to the client through "net of taxes" contract provisions.
- State explicitly the currency to be paid. Payment in U.S. dollars is always best. If payment is in a foreign currency, address the issue of currency fluctuations. Architects should not be in the business of currency speculation. Consider purchasing a currency insurance policy if payment in dollars is not an option.
- Include "pay when paid" provisions in subcontractor and joint venture agreements.
- Assert the right to stop work in case of nonpayment. Contract for the right to withhold deliverables.
- Include ownership of documents and copyright provisions (which is often a sticking point).
- Address dispute resolution. International arbitration is increasingly popular and is institutionalized through the American Arbitration Association.
- Specify the right to bill by fax, which can eliminate one to two weeks on accounts receivable.
- Send two invoices, one for services and one for reimbursable expenses, so that questions about expenses will not delay payment of your fees.
- Specify what materials and services are expected from the client before architectural services can commence.
- Identify the client representative who is authorized to approve your work and payment.
- Provide suspension and termination procedures. Overseas projects have a tendency to be delayed or end abruptly. When they cease, the right to stop work and be paid is critical.
- Define reimbursable expenses explicitly. Many overseas clients are not familiar with the concept.
- Consider requesting a retainer to determine a client's intent and protect you from delayed payment.
- Be aware that foreign capital can be frozen or prohibited from leaving the country.
- It is best to contract with a U.S. entity for international projects.

design standards, roles, client interface, compensation, and public appearances. It often takes diligence to maintain balance and roles throughout a project, particularly when navigating foreign language, customs, business practices and legalities.

Regulations

Codes and standards in many countries are increasingly performance-based. However, basic knowledge of the International Building Code (IBC) and International Residential Code (IRC) is sufficient for the design phases in most international work. Where applicable, special consideration should be given to seismic, wind, moisture, and extreme temperature conditions. These conditions are generally similar to those in certain regions of the United States, unlike fire code requirements, which differ widely from country to country.

U.S. anticorruption laws outline restrictions that apply to services provided by architects in the United States and abroad. For example, the Foreign Corrupt Practices Act of 1977 regulates the corporate accounting and control practices of U.S. firms that work overseas and restricts payments to officials of foreign governments.

PROJECT DELIVERY

Following is mention of just some of the differences that may be encountered by American architects working abroad.

Developing Relationships

Working with clients abroad will demand more time than most architects expect. The American client-architect relationship typically focuses on work and executing common project goals, but this is not necessarily the case elsewhere. It is customary in many cultures to develop relationships that extend beyond the tasks at hand. Personal connections and references may be paramount, particularly in Asia, the Middle East, and Latin America. People in these places are accustomed to spending more time with each other and can be offended by American “gotta go” working methods.

Identifying the Scope of Work

Definition of scope is critical for international work. What is expected, what is delivered, and what is in the contract are worded differently than in the United States, and project delivery methods often vary in some regard. Nonetheless, delivery of a quality project on budget is a global issue.

Most U.S. architects practicing internationally are engaged solely for work during design phases or for special services. This is due in large part to the perceived value of engaging American architects for their particular knowledge of programming and their technical expertise, lifestyle invention, and strong conceptual design.

In other instances, U.S. architects working in foreign countries only provide predesign (feasibility and programming) and design services, while local architects provide documentation, code compliance, permitting, engineering, and construction administration. This arrangement limits

MANAGING FOREIGN CLIENT EXPECTATIONS

Clients from other countries can have similar or very different expectations from their American counterparts. Be alert for the following differences:

- The level of completeness of each service and product should be specifically described and mutually agreed upon to avoid undefined or misunderstood deliverables.
- The true purpose of a project can be different from how it appears to the U.S. architect.
- Compensation amounts and methods are different. Foreign clients are often unfamiliar with the value of the architectural service being provided. Consequently, they are unwilling or unable to afford the level of service required for the project's success.
- The expectation of “winning” is high in many cultures, and for some foreign clients the ends justify the means.
- Negotiation tactics vary widely.
- Clients often expect “loss leaders.” Thorough, uncompensated design solutions are frequently required before the architect or development/construction teams are selected.
- Clients sometimes expect the American architect to bring the money or the tenant to the project.
- Many foreign clients expect the architect to be a true generalist and provide services that in America are specialized or unrelated.

the U.S. architect's control over detailing and implementation on projects, but it also greatly reduces or eliminates risk and liability.

A method of delivery originated in the United Kingdom and gaining prominence in the European Union, Canada, Australia, and parts of Asia is the Private Finance Initiative (PFI), a public-private partnership developed to reduce risk and improve quality and budget accuracy in public projects. With the PFI method, the contractor is responsible for all aspects of the project from design through maintenance and sometimes operation. This and other team approaches are the norm in many countries and foreign localities.

COMPENSATION

The greatest risk for the architect practicing overseas is the risk of not being paid completely, or at all. Even an ironclad assurance of compensation is useless if you are paid in a currency that suddenly plummets in value against the dollar, wiping out your profit. Adding to the risk are blocked currencies or monies you are not permitted to take out of a country, particularly in some of the countries of the former Soviet Union and China.

To reduce payment problems, many experienced firms receive much of the contract paid in advance. When possible, they ask for a retainer sufficient to cover the largest payment increment, which is then credited against the last payments. Where political stability or client funding is in question, firms may require full payment up front for certain tasks approved by the client. Another approach is to require establishment of an escrow account held by a neutral third party, through which the firm is paid as the work is completed.

If a firm has a contract with an entity other than the U.S. government or an organization such as the World Bank or the United Nations, a secure method of payment can be arranged. Perhaps the best solution is payment in U.S. dollars via a bank wire transfer. If that is not possible, insist on payment in a stable currency that is readily convertible, such as the euro or the British pound. Some clients and international funding agencies will want the architect to take some of the fee in the local currency as a matter of public policy. In this situation, do not accept more than you can spend on rent, equipment, local staff, local travel, and other local expenses. Firms may want to buy insurance against currency fluctuations, as well.

One very common payment arrangement is a letter of credit. Such a document is especially important when it is difficult to get good credit information on an overseas client. A client that cannot obtain a letter of credit probably does not have a good relationship with its bank. Accept only an irrevocable, confirmed, or advised letter of credit (which cannot be canceled or to which a second bank adds its guarantee).

Foreign clients typically schedule payments differently than American clients. In some countries, it is common to withhold payment until all work is completed to the client's satisfaction. At a minimum, payment is provided by phase rather than on a monthly schedule. This can lead to severe cash flow problems. A three-or-more-month accounts receivable is not uncommon. For example, some PFIs are structured for a limited number of payments at key project milestones, which can mean the architect does not receive final payments until the project has been occupied, or later.

The U.S. Export-Import Bank can help design professionals by providing foreign credit risk protection. Export credit insurance is one of the most expensive ways to protect foreign receivables, but it enables small firms to offer competitive payment terms. An insured architect can offer more liberal payment terms—180 days, for example—if it is assured by the Export-Import Bank of getting paid. One of the bank's major goals is to increase the export of services that are in strong demand among developing nations and to expand the number of small businesses using its programs.

In other countries, reimbursable expenses are often left undefined but included in the gross amount of the fee. Before your firm incurs any expenses, carefully define whether reimbursable expenses are included or excluded and be prepared to negotiate an amount for them.

REAPING BENEFITS FROM GLOBAL PRACTICE

International practice can be fraught with stumbling blocks, as can any new venture, but the benefits are likely to be high if you take care to understand the client, the national and organizational culture, and local customs. As American professionals practicing overseas, you and your firm offer something special to foreign or U.S. international clients. With unique or uncommon expertise, and a heightened commitment to the place and client, architects can reap the many intrinsic and tangible rewards of practicing around the world.

For More Information

An international practice checklist and several country-specific checklists prepared by the AIA International Committee can help architects identify basic information needed to practice internationally. (www.aia.org/intl)

The International Trade Administration of the U.S. Department of Commerce provides assistance to construction industry companies and professionals interested in providing their services internationally. (www.ita.doc.gov)

The International Union of Architects (UIA) offers a link to the Web site of the national architects' organization in each member nation and information about the activities of member organizations and UIA meetings and subcommittee efforts, as well as UIA publications. (www.uia-architectes.org)

4.9 Ownership Transition

Hugh Hochberg

Every organization undergoes systemic changes that present both problems and opportunities. Some of these changes result from the transitions inherent in maturing businesses; others reflect changes in leadership and ownership.

As an architecture firm evolves, it undergoes transitions in organization, management, and operation. For example, changing accounting procedures, expanding computer system capabilities, experimenting with a new project management structure, and revising a profit-sharing plan all require adjusting the firm's organization and management, including its approaches to staffing, marketing, financial management, project delivery, and risk management.

Some transitions require fundamental changes in a firm. These transitions most often revolve around questions of growth (and shrinkage): Does the firm need to add a partner? Does it need more division of labor and thus more structure? Should it spread out the responsibility for design? Other changes focus on aging: How does the firm plan for the transition of ownership and leadership to others?

Hugh Hochberg is a partner with the Coxe Group in Seattle. He has consulted for thirty years to professional service firms on leadership, management, marketing, and ownership transition.