



## **The Role of Marketing Planning in Small-Sized Architectural Firms**

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# *Marketing Planning In Small Architectural Firms*

**A report on the role  
of marketing planning  
in small-sized  
architectural firms**

**By: Fuat Jaw Soo**

# ARCHITECTURE

## THE ROLE OF MARKETING PLANNING IN SMALL-SIZED ARCHITECTURAL FIRMS

by

Fuat Jaw Soo

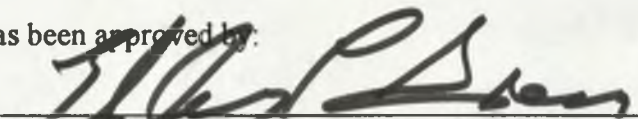
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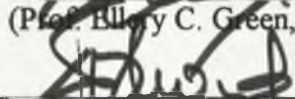
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This Master Report has been approved by:

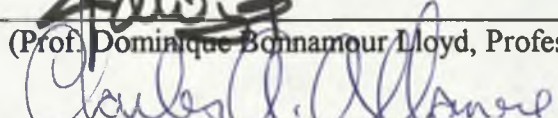
Committee Chairman:

  
(Prof. Hilary C. Green, Professor of Architecture)

Committee Member:

  
(Prof. Dominique Bonnamour Lloyd, Professor of Architecture)

Committee Member:

  
(Prof. Charles Albanese, Professor of Architecture)

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## (I) INTRODUCTION

"In the 90's, the externally-focused firms will be the only design firms to prosper."

*David Rinderer, Mngt. consultant*

### ABSTRACT

In today's competitive market in the architectural profession, there are still a lot of small sized architectural firms that do not apply pro-active marketing in seeking out commissions. One of the major reasons is that they do not fully understand the concepts of marketing and the benefits of marketing that effect the profession. It is clear that firms which apply active marketing strategies have done better financially than those that don't. In order to apply marketing strategies effectively in business, a well organized plan has to be incorporated by the firm. A plan which serves as a guideline for the firm to implement and evaluate its marketing strategies is imperative.

For many small (less than 10 persons) architectural firms, marketing can be too costly and time consuming. Thus, I will examine the role of marketing and marketing planning in small sized architectural firms. The goal is to generate an understanding of what marketing is, and how marketing planning can be applied to the practice of small architectural firms.

## INTRODUCTION

Providing architectural services is considered a business because it involves the trading of architectural design ideas for financial profit. Money is involved, as well as people, in almost every architectural project. Human and financial resources have become the most important aspects in the architectural profession. A successful architectural firm goes beyond how well the architects can draw or design. It also includes management skills that keep the firm in a stable financial status. It is clear that the firm has to gain enough profitable projects in order to cover the firm's expenses and make a profit..

As the architectural profession becomes more competitive day to day, more and more architectural firms have taken the initiative to actively seek out their clients in order to gain more commissions. However, only a few of the large sized architectural firms have the capability and resources to implement massive marketing strategies. These large firms have a plan that lays out their business direction and goals, as well as helps them to evaluate and modify their business strategies.

According to a recent survey by the AIA, about three quarters of the architectural firms in the United States are small sized (10 persons or less) firms, and most of these small sized firms operate without a marketing plan. Although there are several reasons why they do not have a marketing plan, the most critical reason is that these small firm's architects still hold a misconception about marketing, and downplay the role of marketing planning in the administration of architectural firms.

Several questions have been raised when it comes to marketing in small architectural firms. How can small architectural firms justify the cost of massive marketing? What is the role of marketing planning in smaller architectural professions? Does a one person firm differ from a five person firm in marketing

strategies? Do these small sized architectural firms really need to implement a marketing strategy in order to survive?

### **HYPOTHESIS**

If the small and medium sized architectural firms implement a marketing plan, they will gain more clients and commissions.

### **RESEARCH OBJECTIVES**

My main objectives of this research include:

1. To find out the significance of marketing planning;
2. To gain knowledge about marketing in architectural firms, especially small sized firms; and
3. To study the role of a **written** marketing plan in implementing marketing strategies.

### **RESEARCH METHODOLOGIES**

Two methods were used in the research process:

1. Literature Research:

Books and articles about marketing and marketing planning were read. The research focused on the process of strategic marketing planning and method in preparing a marketing plan. Then a comparison of marketing planning for general businesses and marketing planning designed specifically for architectural firms was conducted. The literature research also focused on marketing research as well. All factors needed for marketing research, such as information on population trends and economic forecasts were evaluated.

## 2. Questionnaire and Interviews:

A survey questionnaire was developed to understand the marketing strategies and methods used in architectural firms. The survey was also developed to find out the role of a written marketing plan in operating an architectural firm.

The questionnaires were sent out to one hundred small sized architectural firms in the city of Los Angeles, which was randomly selected from the AIA's profile. In order to accurately reflect the whole population, the sample group were selected by random selection method(*Business Statistics, Meek*). Choosing Los Angeles as a survey location turned out to be a wise decision. In the recent slow economy of Southern California, it could clearly reflect the strengths and weaknesses of the marketing effort in firms.

Interviews were conducted with several architectural firms in the Los Angeles and Tucson areas. Although the main focus was on small sized firms, several interviews were conducted with medium and large sized firms. The intention was to show the differences in operating larger and smaller firms.

Questions related to the firm's status, marketing goals, strategies, and planning were asked during the interviews. The advantage of going to an interview is that it provided me the insight in operating an architectural firm. Several firms showed me their marketing plans and marketing materials which helped me greatly in expanding my knowledge of marketing.

## (II) CONCEPT OF MARKETING

"Marketing has to do with the creation of credentials; sales is going up and knocking on doors."

*William E. Flaig, Marketer*

### **THE NEED FOR MARKETING**

There are many professional service firms, such as: doctors, lawyers, accountants, and lawyers, which formerly had no competition. However, in recent years, the number of these professions has increased. For example, more and more architectural firms have emerged which has created a strong competition in the field of this profession. Architectural firms have to gain enough profitable projects in order to support their business operation. This is where marketing becomes the essential role in the architectural profession. Marketing aligns a firm's services with the requirements of the marketplace. Marketing is more than selling. Instead of merely pushing services that a company is willing to provide, marketing creatively interprets customers' needs and develops appropriate benefit packages.

### **CONCEPT OF MARKETING**

#### **Defining the Concept of Marketing**

To understand how marketing works, we must first understand the concept of marketing. Contrary to most people's belief, marketing involves more than just selling. It involves information gathering that helps to organize a firm's activities, strategies, and operations.

The concept of marketing emerged in the 1950s as a new philosophy of business management. Before that time, most organizations had only a so-called "concept of selling". The difference between these two concepts is that the "concept of selling" focuses on what has already been produced and attempt to be sold to consumers, where as the "concept of marketing" focuses on what the consumer needs and wants now.

The marketing concept advocates that a business organization:

- (1) exists to satisfy the wants of its targeted clients,
- (2) approaches decision making from the systems view of management, and

(3) seeks to earn a satisfactory rate of return on the principals' investment in the firm.

### *Clients Orientation*

In client-oriented firms, present and potential clients' wants come first. Clients are the focal point of all decision making in the organization, and all functional areas (marketing, finance, research, design, production and so on) are geared to satisfy targeted clients' wants.

Client-oriented firms do not consider the marketing task complete once a sale has been made. Such firms provide after-sale services, and through research, check up on how satisfied their clients are, as well as what they can do to enhance that satisfaction. For example the post-occupancy evaluation in the architectural profession is a type of service that can evaluate the satisfaction of the clients.

### *System View of Management*

To carry out the concept of marketing in a firm, we need the coordination of all departments. That is where the system view of management plays an important role. The system view of management focuses on the interdependence among an organization's various personnel and departments and the need to coordinate their activities to satisfy targeted clients' wants more effectively and to achieve a satisfactory rate of return on investment.

The system view also recognizes that the organization is a subsystem, not only of the industry, but also of the socioeconomic system within which it exists. Just as a person is a citizen of his or her community, so is a business organization a corporate citizen. This perspective of the organization is becoming more important.

### ***Goal Orientation***

The view of the concept of marketing is that client orientation should be generated to achieve the organization's goals. By providing services that satisfy its targeted clients' needs and wants, the organization will achieve its goals. For example, architects whom services satisfy their clients needs will in return fulfill their own goals in financial stability and social recognition. These goals can be expressed in many ways: 1) achieving a specified percentage increase in profitable volume of sales, 2) achieving a specified percentage increase in market share, and so on. (Schoell & Gultinan, *Marketing*, Allyn and Bacon, 1987)

### **Implementing the Concept of Marketing**

Because it is a philosophy, the concept of marketing will not accomplish anything until it is put into practice, and individual in the firm has to work together to implement the firm's philosophy.

### ***The Principal's role in marketing***

Because implementation affects all departments and personnel within the firm, the principal must market the marketing concept to other members of the firm. Although the concept ultimately must be embraced by all personnel from top to bottom, this stimulus for change must come from the top.

### ***Organizational Restructuring***

Many firms have had to restructure their organizations in order to implement marketing concepts. This usually includes creating an information system for gathering data, such as the lifestyle and the buying behavior of their targeted clients.

### *Implementation Problems*

Most architectural firms always find it difficult to implement the marketing concept, especially the smaller ones. Although the firms recognize the importance of marketing, there is a great deal of resistance toward adopting the idea that services are created to satisfy clients' wants and needs.

For example, most firms were discouraged when they found out that the survey type research of targeted clients' wants did not provide a definite answers to exactly what clients want. Another reason is the firm lacks the resources and capabilities to conduct the research. Most small architectural firms find it necessary to put their entire human resource into production and design, but fail to see the importance of marketing research and planning. Some people feel threatened, especially those who do not understand or accept the concept. For example, a lot of architects said they do not market their services, but by providing satisfactory services to their clients they are marketing their services in a way. Another potential problem is impatience. The education and reorganization processes cannot be carried out overnight. A lot of firm gave up their marketing effort after a year of unsuccessful attempt. However, marketing process, in order to succeed, requires several years.

Small architectural firms also tend to spend less on marketing activities. The lack of financial support for marketing may also partially explain why these small firms do not promoted their services aggressively. It is difficult to develop an effective marketing program without a strong financial, as well as philosophical, commitment to the function.

## MARKETING STRATEGIES

### **Defining Marketing Strategies**

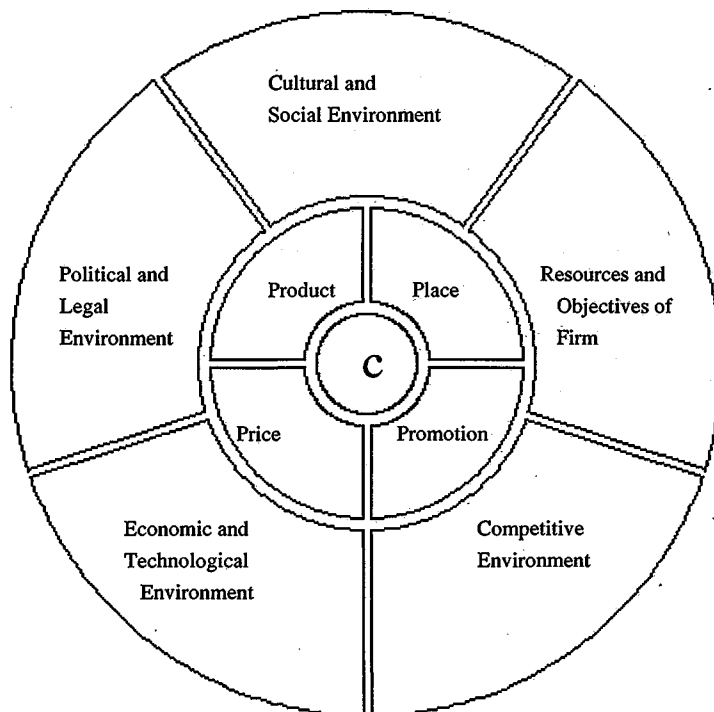
Marketing strategy is a broad plan of action for using an organization's resources to meet its marketing objectives. It defines a specific **target market** as the focus for the marketing effort and specifies a **marketing mix** to satisfy the needs and wants of that target. Thus the formulation of a marketing strategy involves selecting and analyzing a target market, and creating and maintaining a marketing mix to satisfy that target or targets. Marketing strategies can be unique and different from firm to firm. One marketing strategy that works for one firm may not work for another. It all depends upon the firm's capabilities and the current economic situation.

### **Defining "Target Market"**

A target market is a well-defined set of potential clients with common needs and wants whom the organization is attempting to satisfy. Marketers use marketing research to study markets and choose their target market. Much of this research focuses on understanding clients' lifestyle and buying behavior. Marketer can also divide markets into segments in order to do a more effective job of satisfying the people in each segment or segments. This **segmentation** is usually divided demographically. For architects, we should concentrate our research on both the users and the developers of the facility. For example, we may be selling architectural services to school boards, but the users are the teachers and students. Therefore, segmentation by the age of projected populations will help us to see the increase in the number of students, which may mean more school projects.

## Defining "Marketing Mix"

The marketing mix is a set variables that can be controlled by firms. When a firm provides services to satisfy its target market, it is called **market offering**(Shaw, Roy T., *Marketing*, 1989). The market offering is the result of combining the four controllable variables in the marketing mix: 1) product which can be a tangible good or an intangible service (such as architectural service), 2) place, 3) promotion, and 4) price. Marketing personnel blend these four variables (also commonly known as "4P's" in marketing) to create a mix that satisfies the target market.



(Marketing Mix Diagram: Outer ring: uncontrollable variables; Inner ring: Controllable variables, also referred as marketing mix, or 4P's)

For example, in an architectural firm, the **product** can be the services provided by the firm, which can be divided into management services, design

services and all of which can be clearly defined. Services can also be divided by the type of building an architect specialized in, such as: custom home, educational facilities, hospital facility, high rise corporate office buildings, etc.

The **place**(location) too is very important for the organization. Where is the architectural services are needed and how the firm can approach its clients to deliver it services are essential to the firm. Firms in Arizona will have difficulty in servicing clients in New York City, unless they have a branch office there. Since the architectural design process usually involves intensive communication with clients and users, it is almost impossible to keep the communication flowing smoothly, through only long distance phone calls, fax and mail. Furthermore, most of the clients are unwilling to deal with firms out of town.

Firms that are located in smaller towns will also have difficulty in marketing it services for high rise buildings. Therefore, the selection of location for your business is as important as the services you provide.

The **promotion** for architectural services is very different from selling tangible goods. The former requires intensive personal contacts, and trust between client and architect. Therefore, referrals from satisfied clients become perhaps the most valuable **promotional tools**(also known as "marketing methods") for the architects, even in today's professional practice. Other alternatives have been used by a lot of architectural firms, such as advertising in magazines, entering a design competitions, making cold-calls, and sending out brochures and proposals to potential clients to promote their services. In recent years, more and more architects have taken the initiative in seeking out commissions and implementing a more pro-active marketing strategy.

Traditionally, architects generated their revenues by charging their clients according to the percentage of the total construction cost. Today, many architect charge their services by either hourly rate or a lump sum fee. The price of

architectural services varies widely from architect to architect and from project to project. **Price** has become the most difficult variable to control in the architectural profession. Due to the lack of understanding of the complexity of the architectural process, most clients are unwilling to pay higher fees for architectural services. In order to gain higher service fees, the value of the services has to increase as well. For example, improving the quality of the production drawing will increase the value of the firm's service. (*Stasiowski, Negotiating Higher Fees, Whitney Library of Design, 1985*)

There are several ways a firm can communicate its values to its clients, for example:

1. Good design means a more productive environment for the users.
2. Time savings in construction process.
3. Dollar savings in construction costs.
4. Good design enhances the ability to lease a space with higher rent, and so on.

### **The Differences Between Services and Tangible Goods**

In order for the marketer to market an architectural service, the marketing personnel should be familiar with the various distinctions between services and goods. They are:

1. *Nature of the product.* A good is an object, a device, a thing; it is primarily tangible. A service is indeed, a performance, or an effort; it is primarily intangible.
2. *Client involvement.* Often clients are actively involved during the creation process of the service product. For example the clients are highly involved in the design of how the building is going to look and function. A two way communication is essential during the design phase.

3. *Quality control problem.* Architectural services are mainly produced by people. Different architects in a same firm will have different ideas towards a same project, and it is very hard to maintain a consistent quality unless a set of rules have been spelled out.
4. *Services cannot be stored.* Since a service is a performance, it cannot be stored, warehoused, or inventoried. What architects sell are their own experiences, knowledge, and creative ideas, which can only be stored in their mind, and can not be counted like tangible goods.
5. *It is difficult to improve efficiency of services.* Because many services rely heavily on people rather than machines, it is difficult to raise output and efficiency. Regardless of how many clients the architect has, he can only accept a limited number of projects at one time without changing the size and character of the firm. (Carl McDaniel Jr., *Marketing*, 1987)



### **(III) MARKETING PLANNING**

"Marketing planning is a design problem."

*Jim Morgan*

### THE NEED OF A MARKETING PLAN

Planning your future will provide you with a real competitive advantage. A plan, for example, might uncover a market niche not yet penetrated by other firms. By carefully adopting the idea into long-range planning strategies, the firm can be in a position to step forward some time in the future with all the proper credentials in place. By developing a structure to address problems, a firm has a better chance to succeed. (Ronald A. McKenzie, *Successful Business Plans for Architects*, 1992)

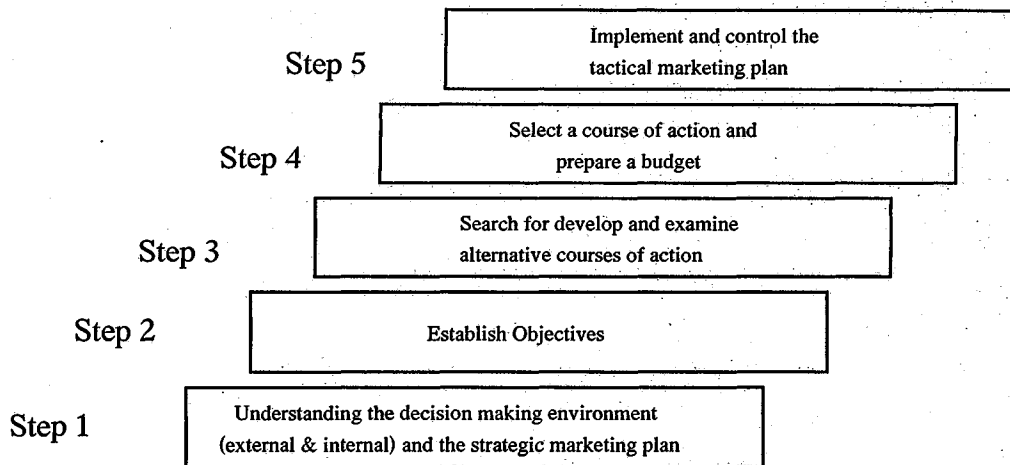
For long-term success in marketing, the firms must plan their present and future strategies. This must be done in the face of constant changes, as well as in light of present conditions. An understanding of the environments within which the firm functions is essential in a marketer's planning process. (Shaw, *Marketing*, 1989)

### MARKETING PLANNING

Planning is a process of laying out in our minds or on paper the steps necessary to achieve our goals, although outside factors may affect performance (The Conference Board, *The Marketing Plan*, n.d.). However, most marketing planner believe that it is better to put the marketing plan on paper, as Frank A. Stasiowski stated : " The physical act of writing down your goals is a powerful motivator toward achieving success (Stasiowski, Frank A., *Starting a New Design Firm*, 1994).

The marketing planning process includes:

- (1) *Market Research,*
- (2) *Market Analysis,*
- (3) *Definition of Marketing Objectives, and*
- (4) *Establishment of the Schedule and Implementation mechanics.*



### **(Steps in Tactical Marketing Planning)**

## **MARKETING PLANNERS**

There must be a leader who manages and coordinates the plan, who is responsible for approving the content, who is essentially responsible for the firm's bottom line, and who is not afraid to make decisions. This is most likely the principal. Small architectural firms' principals may find themselves in a position where they are responsible for all of the planning and marketing. If they don't want this degree of control, they can begin to share the responsibility with other members of the firm.

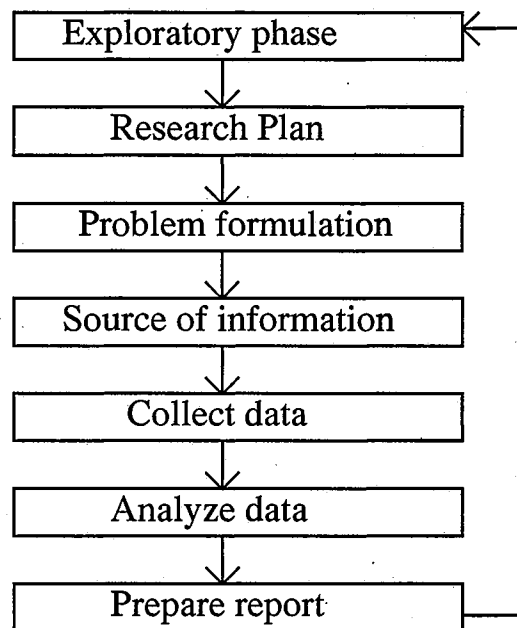
As more people are included in the planning process, the firm's motivation and cooperation will increase. This will do more for a firm's harmony.

## **MARKET RESEARCH**

Market research is the systematic process of gathering, analyzing, and interpreting relevant information for decision making. The purposes of market research are:

- (a) to reduce uncertainties involved in the decision making process about marketing activities in general and about specific aspects of marketing;
- (b) to monitor and to help control the performance of marketing activities.

There is no standard procedure that can be followed in all marketing research. Different product's markets require different investigations and different information. Following is the general research process which can be used as a reference.



**(Market Research Process:** *In order to obtain an updated information of the market, the researcher has to check and modify the report constantly.*)

Market research is the first step toward preparing a marketing plan. Market research has two major parts: primary and secondary.

**primary research** refers to actual contact with users and potential users of your services to see what their reaction toward your services. This may take the form of questionnaires or interviews.

**Secondary research** is something that nearly anyone can do. Use of existing data, whether tabulated in the form that you need or not, is secondary

research. In developing a marketing plan, secondary research can be the main source of information. For instance, looking at population trends and the demographics of your service area is a form of secondary research. So is the informal study and evaluation of your competitors. Secondary information can be obtained from:

1. *Magazines* such as *Architecture*, *Architectural Record*, *Progressive Architecture*, and other professional journals. Such magazines usually have a certain section devoted to market research on topics such as market trends and other economic indexes that can help in understanding the market trend.
2. *Government Research*, such as a population census, can be studied in order to forecast the market trend in architecture. Similar information also can be obtained from local government surveys.
3. *Newspapers* can provide information on changes in government regulations, and the current economic status.
4. *Personal Conversation*, One of the best secondary sources available is personal conversations with key people in the construction industry or community. For example, an architect can visit local developers or facility managers in hospitals, for advice and gather information.

All selections for resources should be just as carefully made as selections for population data. Some information is available from different sources, with contradictory results. Consider the source before using the data.

### **Problems in Market Research**

There are differences between market research for professional service firms and for products. The market research for the services can encounter serious difficulty. Some of these problems are as follows:

(1) *Ethical:* Traditionally, the professionals have regarded marketing as unethical. A lot of fraudulent TV advertising by other professionals have created a bad image for proactive marketing.

(2) *Size:* Most architectural firms are too small and too local to conduct research work at even the most elementary levels.

(3) *Economic:* Some firms cannot justify the financial outlays involved in market research.

(4) *Managerial:* Market research is often regarded as an unnecessary expenditure by most architectural firms. Some of the managers or principals of the firms lack the requisite training in marketing and the skill in the interpretation and use of marketing research data, and therefore fail to appreciate the benefit of marketing research.

(5) *Researchability:* The information that does exist for professional services industries is often fragmented and scattered among specialized fields and can be relatively inaccessible to the firm's market researcher. For example, it is very difficult for architects to gain information about their clients behavior in general. Each clients are unique and important, and most of the architects are not willing to share their client's information with others. Therefore, the qualitative research by interviewing each clients is more suitable than the questionnaire type survey (also called quantitative research) for an architectural firm. (Cowell, Donald, *The Marketing of Services*, 1984)



#### **(IV) ELEMENTS OF A MARKETING PLAN**

"Success without a clear sense of direction seems to be short-lived."

*Authors of The Executive Guide to Strategic Planning*



## ELEMENTS OF A MARKETING PLAN

To be a working document, the plan should address the past, present, and future. The plan starts with:

- (1) *setting objectives*, that is, deciding what you want to do. Then
- (2) *determining how you're going to do it*, identifying the necessary tools and the factors that may handicap your firms. This step includes stipulating the proper strategy and the details of its implementation.

## COMPANY MISSION

The company mission is also called the mission statement. It is a brief outline of the specific measurable goals you intend to reach. An effective mission statement includes these four elements:

- (1) *Aggressiveness*. An effective mission statement should reveal the seriousness of hitting a target or reaching a goal.
- (2) *Simplicity*. It should be clear and concise.
- (3) *Inspiration*. A mission statement should challenge people to meet their goals.
- (4) *Focus*. A mission statement should serve a strong purpose in the business. (*The Conference Board, The Marketing Plan, n.d.*)

For example instead of saying "we want to focus our service in housing project", it should state "we will develop seven new housing projects in every year." A mission statement not only states the marketing objectives but also the financial and production effort required as well.

A mission statement can be divided into three parts:

### (1) *Statement of Objectives*

In written form, describe what you want the business to accomplish. For example, you may decide that you want to be the leading architect who specializes

in small health care facility in town, or to be commissioned to larger developing project in your service area. Keep the objective simple and basic at this point. Remember to be honest with yourself at all times when writing the statement of objectives. Correctly evaluating your own personality, capabilities, and your personal values before writing the statement will help the most.

**(2) *Description of Business***

Next describe in exact terms what your business is. Are you only designing custom homes or are you designing other building types as well? Do you do design only and no construction documentations or are you doing into design/built work too?

**(3) *Nature of the Target Market***

Lastly, the mission statement should describe your perception of the client base that you want to serve. Is your market area experiencing a population boom? What effect will that have on your clients? For example, the architect who specializes in health care facility design should pay attention to the growth of the aged population and health conscious population.

If the market area is becoming a center for financial services it may need more office space, which means more office buildings will be constructed or remodelled. And if the local government services are expanding or contracting, it may result in more construction. All of these are potential markets for architects. Check out the business environment of the area. Ask question such as how many potential client are there? Does the town have several big corporations or are those mainly smaller organizations? Where is the town shopping center? What is the basic industry of the area? How many service and support employees are in the area? Is there a growing need for new roads, bridges, residential and commercial

development within a practical service radius? Reading the local newspapers can be very helpful in gathering this kind of information.

Whatever you think that is going on in your community, geographic area, or client group that might affect your business opportunity should be written in a brief statement.

## **MARKET ANALYSIS**

The market analysis is a process of interpreting the information that you research and gather.

In this section, we are going to analyze the market trends of your service location. Factors, such as economic conditions that may affect your business, your firm's resources, revenue projections, and potential competitors will require considerable study.

### ***(1) Economic Conditions***

The economic conditions in the area that you served can greatly affect your business. If there is a recession in your area, consider which kinds of businesses are affected the most and which ones are not. For example, during the recession, people will tend to keep their old car, instead of buying a new one. As older cars need more maintenance services, car repair shops will start to boom, creating a new market for architects too. Finding out the economic cycle of your market will help you accurately forecast changes in the market trend. All these facts should be noted.

### **Population Trends**

Population trends and demographics for your firm's service area should be considered. If your community is drawing more older people, you may want to look into providing services in retirement homes or health care facilities. In residential development, if the community is drawing a younger work force,

perhaps you should look into providing service for apartment development. In other words, any significant change in the demographics can have a positive influence on your business if you understand and prepare for the trends as they develop. Information on population trends can be obtained from a government census or local business associations.

### *New Opportunities*

This portion of the forecast specially focuses on the impact of outside influences on your client that will help you. For example a new condominium development at the nearby beach may open new markets for recreational facilities or any other support facilities like banking service, shopping mall, and etc.

### **(2) *Company Resources for Marketing***

Unlike the manufacturing or retailing business, the most valuable assets for architectural firms are the human resources.

Simply list your employees' names, major areas of responsibility, particular talents and education, and any other contribution that they can make to the organization. In quick terms this is a reference list of your human resources. Always keep a high quality of firm's human resources is needed to meet the challenge of your company objectives. By providing adequate training for your employees will enhance the marketability of the firm.

### **(3) *Projection of Revenue***

In this section, writing down one sentence or two describing all factors likely to affect your revenues should be sufficient.

What economic conditions will affect your revenue? In specific terms, what economic conditions will affect your business in the next quarter? year? two year? Although most small architectural firms do not have a clear ideal of how its business will be in two to five years from now, professional journals and magazines may provide some insight into developments anticipated within the next

few months to two years. New market trends affect how we market by changing the focus from one type of client or building to another.

#### **(4) *Marketing Methods***

You might want to list the marketing methods that you will use to promote your firm's services. This could take the form of improving your advertisement, making more cold calls, improving networking skills, entering design competition and listing with an agent.

#### **(5) *Competition***

In this portion list out your competitors by their firms' names. Who is in charge? What markets do they serve that you also serve? What are the strengths and weaknesses of these firms? Who are their clients? Who is the person in charge of marketing in these firms? What kind of marketing methods do they use? If possible, find out what percentage or share of the market each one has.

List each positive and negative factors about your competitors that affect their clients' buying decision and satisfaction.

The market analysis process will help you to understand your market and your competition. Even if you are small, with only two employees, just the process of organizing your thoughts and listening to others will generate information that was there but never before utilized.

### **MARKETING OBJECTIVES**

Marketing Objectives are the focused goals of the marketing effort. The intention is to develop the information from marketing research and analysis into something that can be used as a working document. A marketing objective statement is different from a mission statement. As the mission statement states the long term goals, the marketing objectives statement usually focuses on short term objectives, in order to achieve a long term mission.

### *(1) Statement of Objectives*

As the first step in this section, write a sentence or statement that describes in what direction you want your marketing efforts to be directed, by reviewing the information assembled in the previous sections.

Looking down the road, describe where you want your firm be in 2 and 5 years. List out the due date for your marketing goals, such as the market share of your service area, numbers of projects, specific clients you want to target, or revenue or profit you want to reach.

Remember to set your marketing goals at a reasonable level. Setting the goals too difficult or too easy to reach can have a negative interference to the motivation level of the work force.

### *(2) Organization*

List out how you think your marketing organization works, describe their areas of responsibilities and particular qualifications. Anybody involved in your marketing should be included--your advertising agency, account executive, marketing coordinator, or anyone else whom you regularly include in your marketing efforts.

## **MARKETING STRATEGIES**

Marketing strategies are actions that firms use to achieve their marketing objectives. This section should state what you are going to do and how you are going to reach your marketing objectives.

List out the marketing methods you use, how much money and time you are willing to spend on each of the methods. Describe how you are intending to rely on advertising or networking. You should also list out the reasons why you are choosing this marketing strategy, because if the strategy doesn't work for your firm, you can track down what went wrong.

How are you going to utilize your company's resources to market your services? List out every employee and their job description. Then try to find out how you can improve their job quality to help the firm's images. Are there other ways to expand your service area? Some architectural firms expand their service into contracting, and some promote their services into facility management. There are many marketing strategies used by different architectural firms, and each strategy should have its own characteristics and methods in order to stand out from the rest of the competitors.

Stay clear on your company's mission and marketing objectives at all times while figuring out your marketing strategy. For example, if your marketing objective is to focus your services on housing design, do not spend your marketing efforts responding to school projects. Remember that it is impossible to satisfy all the unlimited market demands with your limited resources.

### **MARKETING BUDGET**

It is hard to say what amount of funds used for a marketing budget is appropriate. The amount varies from firm to firm, client type to client type, and building type to building type. However, according to recent research, most business organizations spend about 5 to 7 percent of their company's annual budget to marketing activities as a steady plan. (*Harvard Business Review*, May-June, 1994) But new firms may need to spend more to stimulate and generate their market and clients.

The implementation and media selection should be spelled out on a monthly, quarterly, and yearly basis. Like everything else in the plan, be prepared to modify this, but only after a reasonable time has elapsed to evaluate results.

Compensation details for the employees who are involved in marketing should be spelled out. If you, as the principal of a firm, are involved in marketing,

try to compensate yourself from marketing budget as well, don't wait for the year-end bonus. This will provide adequate information on your marketing budget.

### **SCHEDULE AND ASSIGNMENTS**

In this portion, you would spell out who is going to do what and when. The most effective way to accomplish this is to present the plan draft to your key employees as a group (remember: every employee is somewhat involved in marketing, especially in smaller architectural firms). Make sure that specific dates are set for the completion of each marketing activity. For example, you might want to set a completion date for your marketing brochure or schedule who should call your clients on specific dates, etc. When you set the time frame, make sure that all affected personnel can meet the deadlines. Otherwise you will lose their participation at the outset because they will perceive the plan as "the impossible dream" due to the fact that the deadline was unreasonable. Be careful how you decide.

### **IMPLEMENTATIONS AND CONTROLS**

Implementing a marketing strategy requires constant evaluation and control of the course of the strategy. You may do an excellent job of writing a marketing plan, but only to put the book away and never check back. If you have the problem in implementing the marketing plan, perhaps you should find a partner who is more result orientated or employ someone to do the job for you. Review your marketing information quarterly-- not just the strategies or tactics described in the plan, but all the data. Is the competitive information still accurate, reflecting the current situation? Will new products cause you to change your marketing mix? Was the basic strategy based on incomplete or inaccurate data? Modify the data, then modify the strategy.

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## A DESIGN FOR MARKETING PLAN

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*Firm Name:* \_\_\_\_\_

*Address:* \_\_\_\_\_  
\_\_\_\_\_

*Marketing  
Director:* \_\_\_\_\_

*Time  
Period:* \_\_\_\_\_

## **Table of Contents**

### **(I) Mission Statement**

*Statement of Objective*

*Description of Business*

*Nature of the Target Market*

### **(II) Market Analysis**

*Economic Conditions*

*Population Trends*

*New Opportunities*

*Company Resources for Marketing*

*Projection of Revenue*

*Marketing Methods*

*Competition*

### **(III) Marketing Objective**

*Statement of Objective*

*Organization*

### **(IV) Marketing Strategies**

### **(V) Marketing Budget**

### **(VI) Schedule and Assignment**

**(I) Mission Statement**

1. *Statement of Objective: ( A brief statement of what you want to accomplish in business, and a simple but clear outline of the specific measurable goals you intend to reach.)*

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2. *Description of Business: ( In one paragraph, describe the service you are providing, list out your strengths and limitation)*

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3. *Nature of the Target Market: ( List out the end-user groups of the building types you targeted demographically)*

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**(II) Market Analysis**

1. *Economic Conditions: ( A brief statement of the economic condition in your service location, what kind of business is booming, and what is declining)*

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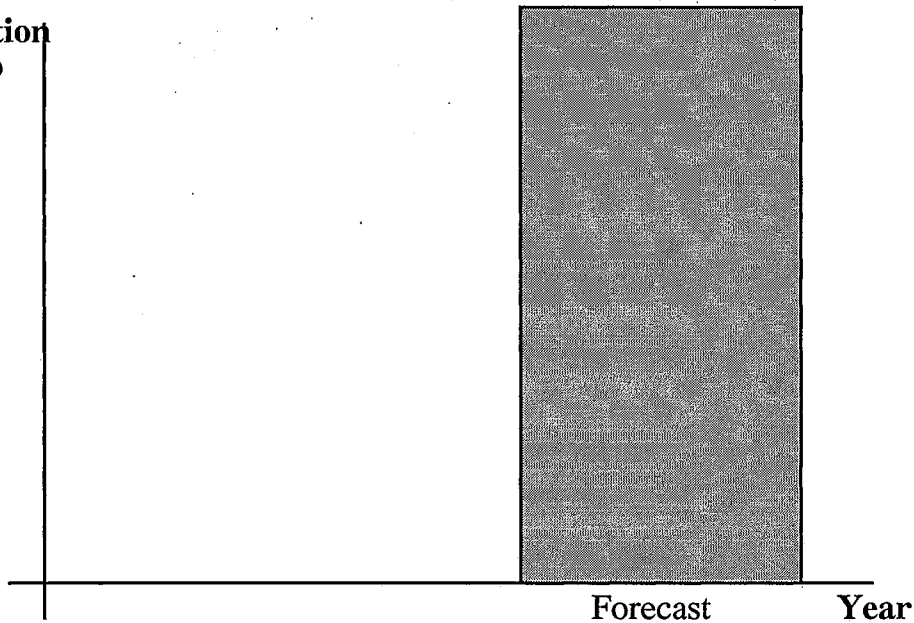
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2. *Population Trends: ( Draw a few graphs to show the population trends using the data gather from local business organizations or a government census, then write a brief statement that shows how this population trend can benefit your firm. )*

Population  
Group



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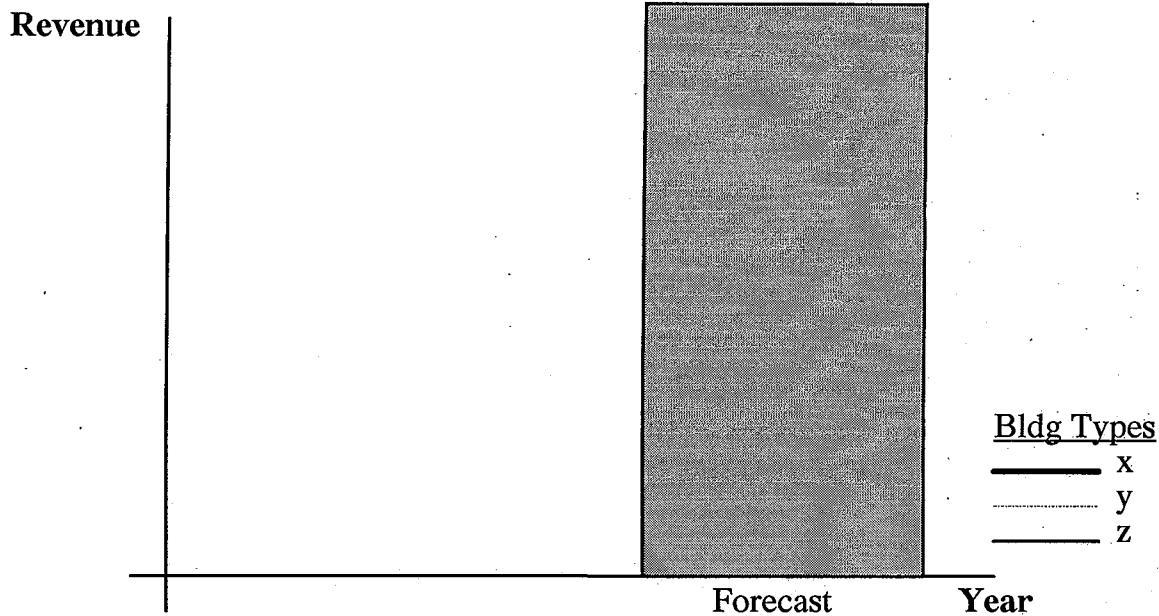
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[illegible]



6. *Marketing method: ( List out the methods you are going to use to promote your services. For example: advertising, cold calling, business gathering, etc.)*

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7. *Competition: ( List out your competitors by name, information such as the competitors' addresses, persons involve in marketing, their strengths and weaknesses, their clients and their marketing methods)*

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**(III) Marketing Objective**

1. *Statement of Objective: ( A statement that describes in what direction you want your marketing efforts to be directed and where you want your firm be in 5 and 10 years. And also list out your marketing goals with due date.)*

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2. *Organization: ( List out the people who are involved in your marketing process, their responsibilities and qualifications. List out outside agencies-such as advertising agencies, newspaper companies etc, if they are involved in your marketing efforts.)*

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1. *Description of strategies: ( A statement to describe how you are going to achieve your marketing goals, and the reasons you choose this strategy.)*

[illegible][illegible]

[illegible]

(V) REPORT ON QUESTIONNAIRE

"You can only sell what the person is interested in buying today."

*David G. Cooper, AIA*

## INTRODUCTION

This questionnaire was developed in January of 1994, and send out to one hundred small sized architectural firms in the city of Los Angeles, accounting for 60 percent of all small architectural firms in Los Angeles. 20 percent of the architects responded to the survey. The result represented an acceptable sample group, therefore, it can accurately reflect the total population. All data from the survey was tabulated and aggregated so that no individual firm could be identified from the survey.

Architects usually need their clients' commissions in order to support their practice. However, the problem is how effectively can the architect promote his services and manage his marketing strategies. This survey was intended to find out the marketing strategies and marketing planning used by small architectural firms. It was not intended to inform what architects should do, but instead, what were they doing.

The questions in this questionnaire were extracted from the "AIA's Annual Firms' Report" and specially developed, modified, and aimed at small firms in their approach towards marketing strategies.

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**MARKETING PLANNING IN ARCHITECTURAL FIRMS**

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**QUESTIONNAIRE**

This survey is being conducted to identify the importance of marketing planning in the business development of architectural services. The information you provide is confidential. All data will be aggregated so that no individual firm can be identified from the final report. Thank you in advance for your time in assisting with this project.

Please return the survey in the accompanying postage-paid envelope by **March 25, 1994**.

**1. Does your firm have a current written marketing plan?**

- ☐ Yes  
☐ No

A. If you answer Yes on 1,

I. How well does your marketing plan work for your firm?

- ☐ Very well  
☐ Fair  
☐ Not at all

II. When did you start to incorporate the marketing plan in your firm?

\_\_\_\_\_ Year

B. If you answered No on 1, please state the reasons why your firm did not incorporate a marketing plan.

\_\_\_\_\_  
\_\_\_\_\_

**2. How many people in your firm are involved in full-time marketing tasks? (Marketing tasks include: contacting clients, preparing proposals, designing brochures, newsletters, articles, etc.; and organizing presentations)**

\_\_\_\_\_

**3. What percentage of your firm's annual budget is allocated towards marketing activities? (Marketing activities include: salary, preparing brochures and proposals, travel and entertainment expenses, etc.)**

\_\_\_\_\_ %

**4. Do you do "in-house" marketing research? (research on the client's needs and background, marketing trends of architectural services, the development plans of your clients and prospects)**

- ☐ Yes  
☐ No

**5. Please check the designation that best describes your firm:**

- ☐ Architecture  
☐ Architecture/Engineering  
☐ Engineering/Architecture  
☐ Architectural/Interior Design  
☐ Architecture/Planning  
☐ Architecture/Contracting

6. What percentage of your firm's clients are repeat clients?

\_\_\_\_\_ %

7. How often do the representatives of your firm visit your clients in person?

For Past Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

For Present Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

For Future Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

8. How often do you call your clients by phone?

For Past Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

For Present Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

For Future Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

9. How often do you contact your clients by letter?

For Past Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

For Present Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

For Future Clients:

- ☐ Once a week  
☐ Once a month  
☐ Once a year  
☐ Never

10. How many people work in your firm now? And how many worked there 5 years ago?

(Now) \_\_\_\_\_

(5 Year Ago) \_\_\_\_\_

11. How often do people in the following position visit prospective clients to sell their services? Please circle the number corresponding to the amount for each person listed.

	Never				Extremely Frequently
Principal	1	2	3	4	5
Associate	1	2	3	4	5
Project Manager	1	2	3	4	5
Project Architect	1	2	3	4	5
Production Staff	1	2	3	4	5
Clerical/Secretary	1	2	3	4	5
Other, please specifies _____					

12. What kind of the following marketing tools are you using? Please circle the number corresponding to the amount for each marketing tool listed.

	Never				Extremely Frequently
Referral	1	2	3	4	5
Publishing Articles	1	2	3	4	5
Professional Brochures	1	2	3	4	5
Advertisement on Magazines	1	2	3	4	5
Newsletters/Direct Mails	1	2	3	4	5
Phone Calls	1	2	3	4	5
Trade Shows	1	2	3	4	5
Yellow Pages	1	2	3	4	5 (contd.)

Other, please specify \_\_\_\_\_ 1 2 3 4 5

13. When was your firm established?  
\_\_\_\_\_ Year

14. Do you think architectural firms which have implemented a marketing plan react better to change in market trends?

- ☐ Yes  
☐ No

15. Does the fluctuation in the economy affect your firm's size?

- ☐ Yes  
☐ No

16. Does the fluctuation of economy effect your firm's income?

- ☐ Yes  
☐ No

17. Where have your projects been located over the last 5 years? Please write down the percentage on the blank space provide.

\_\_\_\_\_% Los Angeles County Area  
\_\_\_\_\_% State wide (California)  
\_\_\_\_\_% Outside California  
\_\_\_\_\_% International  
100% Total

18. Do you target your services to specific building types?

- ☐ Yes  
☐ No

19. What kinds of projects has your firm designed over the last 5 years? Write down the approximate number of projects designed in the blank spaces provided.

**Residential**

Apartments \_\_\_\_\_  
Single Family Housing \_\_\_\_\_  
Multi-Family Housing \_\_\_\_\_

**Government**

Transportation \_\_\_\_\_  
Community Center \_\_\_\_\_  
Office Building \_\_\_\_\_  
Justice Facility \_\_\_\_\_  
City Hall \_\_\_\_\_  
Museum \_\_\_\_\_

**Education**

University and College \_\_\_\_\_  
Elementary and High School \_\_\_\_\_  
Vocational Training \_\_\_\_\_

**Entertainment and Recreation**

Theatres \_\_\_\_\_  
Restaurants \_\_\_\_\_  
Auditoriums \_\_\_\_\_  
Hotel and Resort \_\_\_\_\_  
Sport Center \_\_\_\_\_

(Continue The Next Page)

Health Care Facilities

Doctor's Office \_\_\_\_\_

Hospital \_\_\_\_\_

Laboratory \_\_\_\_\_

Nursing Home \_\_\_\_\_

Rehabilitation Center \_\_\_\_\_

Commerce Buildings

Manufacturing Plant \_\_\_\_\_

Warehouse \_\_\_\_\_

Retail Shop \_\_\_\_\_

Shopping Mall \_\_\_\_\_

Office Building \_\_\_\_\_

Bank \_\_\_\_\_

Maintenance Buildings and Garages \_\_\_\_\_

Others \_\_\_\_\_

Thank you very much for your time and patience in providing me the information and assisting my research. Please return this questionnaire to Fuat Soo, 11 E. California St., #J, Arcadia, CA 91006.

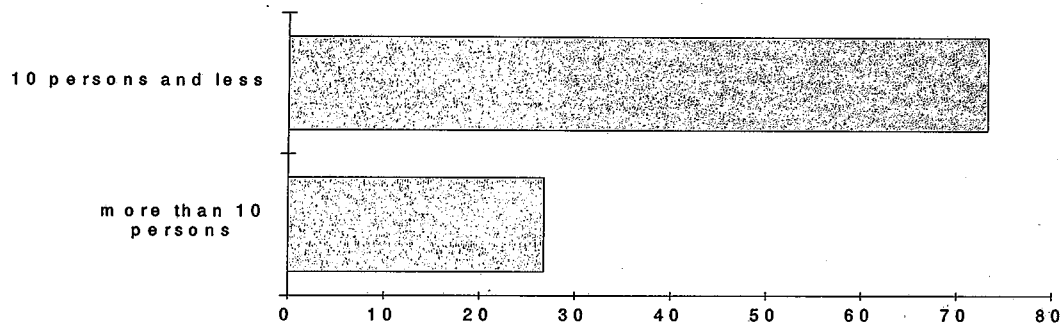
There will be another phase to this research. I will send you a sample outline of a marketing plan for an architectural firm, along with a questionnaire seeking your opinion of the sample marketing plan. Should you be interested in this second phase, please write your address in blank space below.

Firm's Name: \_\_\_\_\_

Attn.: \_\_\_\_\_

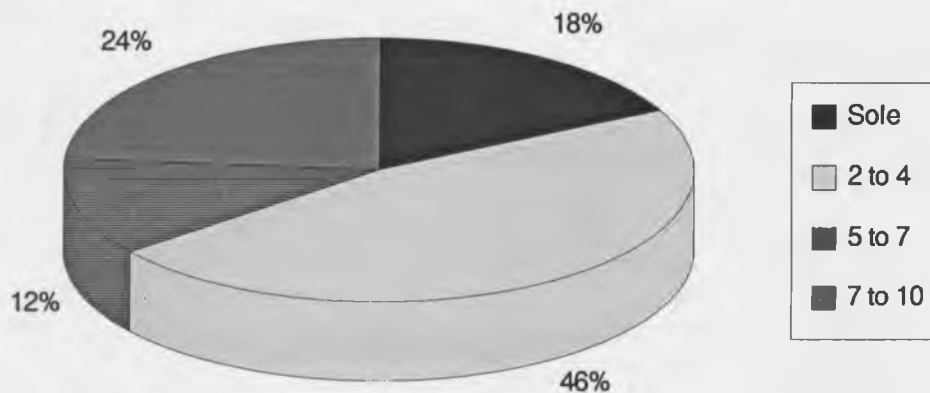
Add.: \_\_\_\_\_

Phone: \_\_\_\_\_



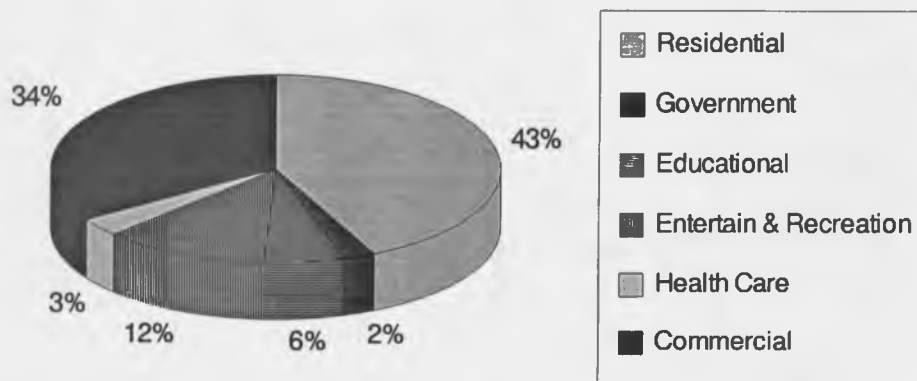
**Chart 1: *Distribution of Los Angeles Firms by Size***

Above is the distribution of Los Angeles firms by size according to my research. Approximately 73% of the architectural firms in the city of Los Angeles are operated with less than 10 employees, including their principals. However, research done by the American Institute of Architects(1991 *AIA Firm Survey Report*), show that 86% of the architectural firms nationwide are operated with less than 10 employees. We can see that larger firms are more likely to locate in larger cities, such as Los Angeles. However, this does not mean smaller architectural firms do not have market niches in larger cities. Although smaller architectural firms which focus their services on residential and smaller development projects tend to relate more to the population trends rather than the development of local industry, it is important to see the interrelationship of the larger corporation development to the small residential project. For example, if a corporation moves its major office or factory to a city, it will bring in new immigrants to the city, and create a market for smaller architectural firms.



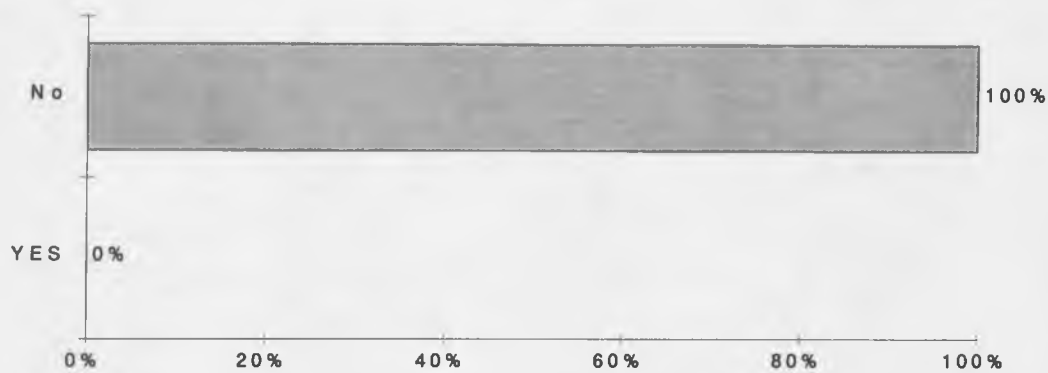
**Chart 2:** *Distribution of Small-Sized Firms by Size*

This is the result from my research on small firms in the city of Los Angeles. This chart shows that the majority of small architectural firms in the Los Angeles area consist between 2 to 4 persons. 34 percent (Percentage of firms under 10 persons X Percentage of firm with 2 to 4 persons= $73 \times 46\%$ ) of the architectural firms in the city of Los Angeles are 2 to 4 persons firms. (36% nationwide from 1991 AIA Firm Survey Report) The majority of the responding firms have been down sizing to 2 to 4 persons firms in the last five years. The major reason for the firms' down sizing is due to the recently slow economy in Southern California.



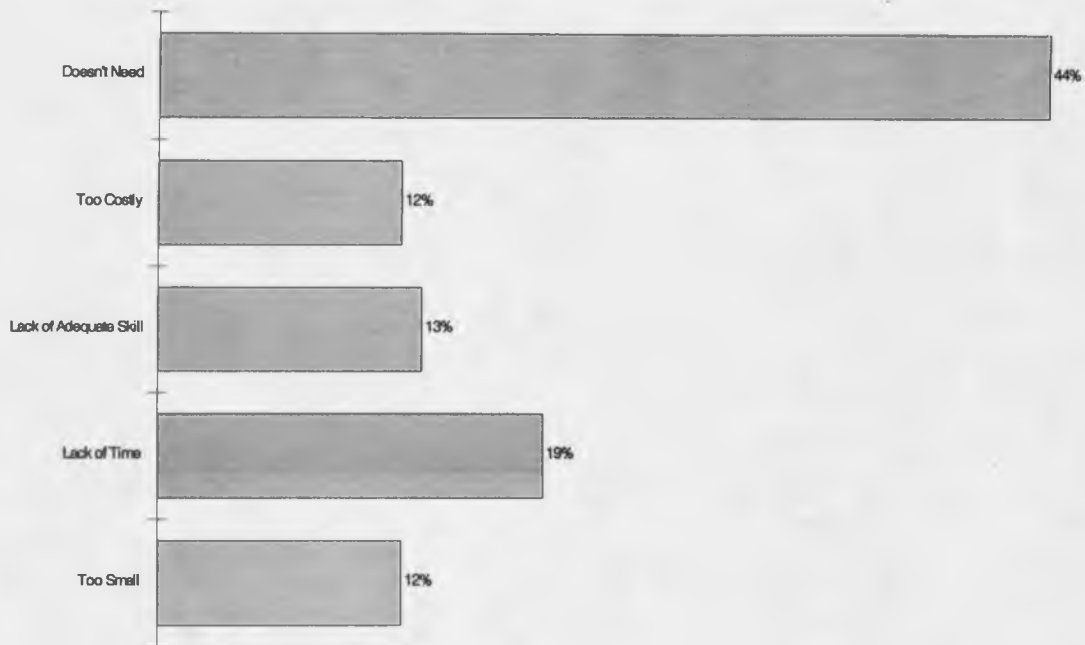
**Chart 3:** *Projects done by the Small Sized Firms*

The majority of the small sized architectural firms focus their services the most on residential projects (43%), followed by commercial projects (34%), and focus the least on health care and government projects. Due to the lack of technical knowledge and human resources, small sized firms are unable to market their services to other building types, such as health care and education, which are rapid growing markets for architects. Most of the responses from my survey show that small sized architectural firms have not intended to target their services into any specific building types. On the contrary, they tend to pick up any job that comes to them, and the market has driven their services instead. It shows that these small sized firms are not fully in control of their business.



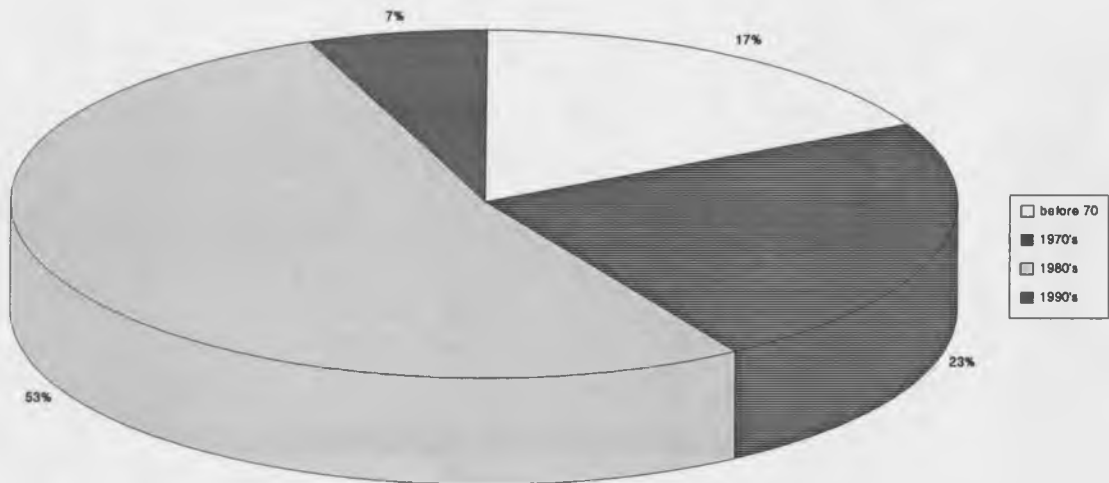
**Chart 4:** *Number of Small Architectural Firms with A Written Marketing Plan*

In all of my survey responses, none of the small architectural firms have a written marketing plan. This reflected that they are not aware of the importance of the marketing plan. This has become a disadvantage to these small sized firms in the competitive marketplace. Without a well written marketing plan with defined marketing goals and directions, a firm's employees might not be aware of the firm's goals. For example, the principals might want to target their firm's services mainly on design oriented projects, but their employees or partners might go the other way to focus toward production.



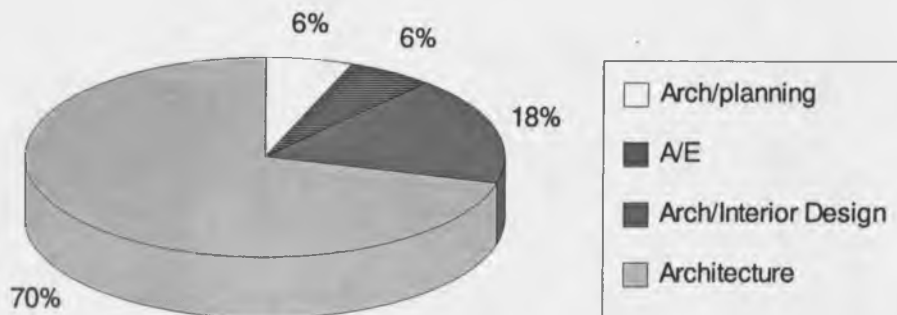
**Chart 5:** *The Reasons why the Firms did not incorporate a Marketing Plan*

Surprisingly, 44 percent of the responses stated that they do not need a marketing plan for their firm. It is sad to see that even in this competitive marketplace, there are still a lot of architects who do not see the importance of marketing and marketing planning toward their firms. Marketing planning is not solely an activity for larger firms, but should be implemented from small to large, new to old firms at all times. Always remember that a marketing plan is a guideline, a memo, and also an evaluation tool for your firm's performance. In order to better control your firm's future direction a marketing plan is a must.



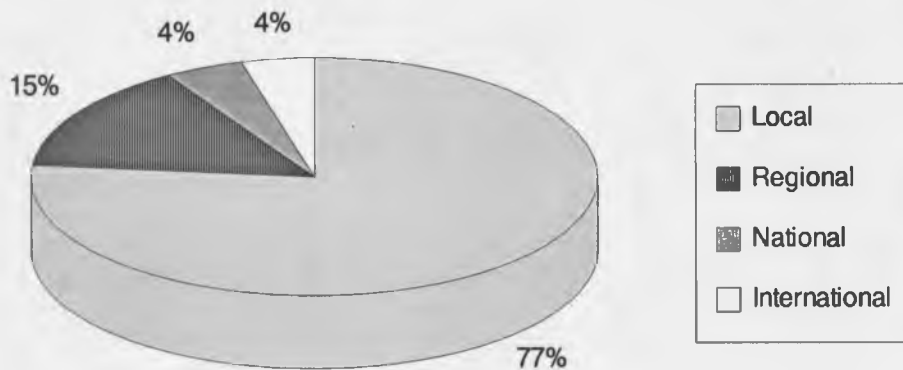
**Chart 6:** *Distribution of Firms according to the Years Established*

53 percent of the small architectural firms in the city of Los Angeles were established during the 80's, during the time of the growing economy in Southern California. However, most of these firms have either downsized or gone out of business. See chart 13.



**Chart 7: *Distribution of Firms by Type***

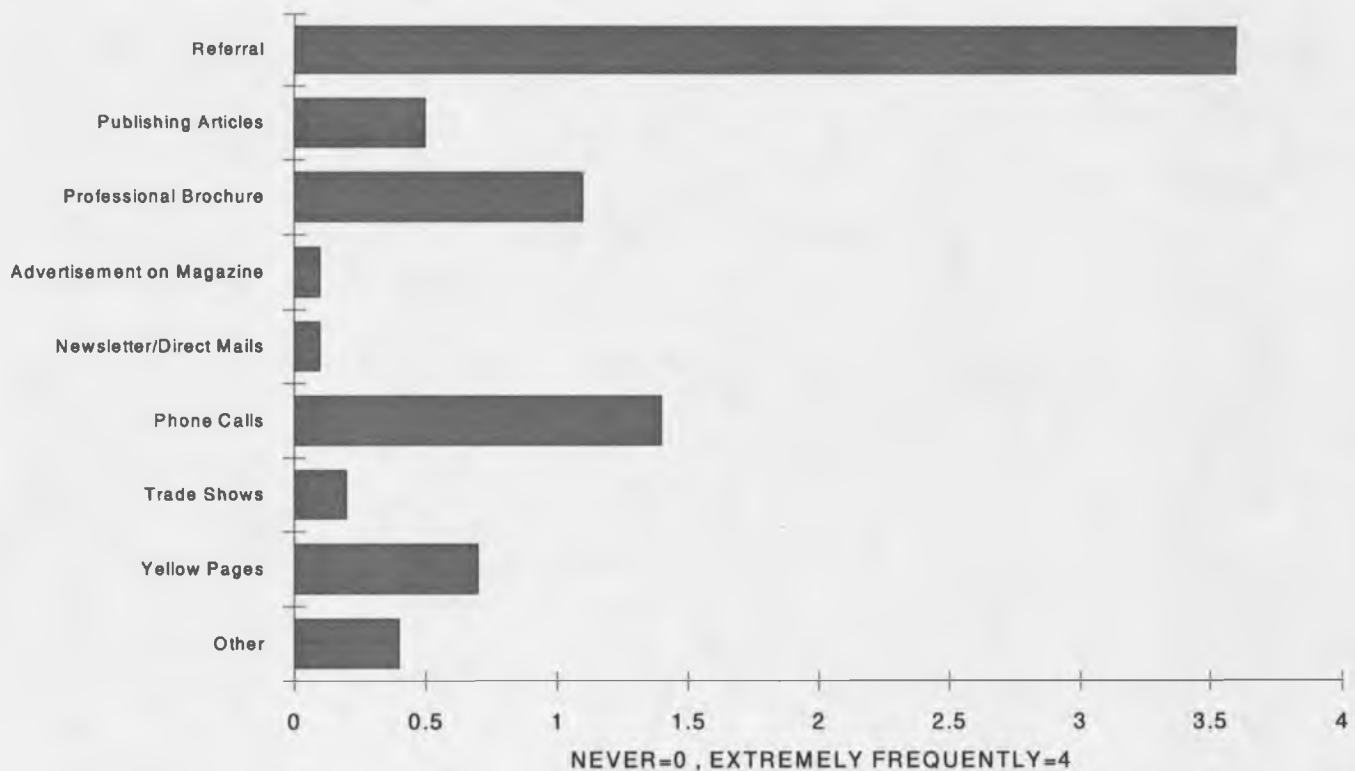
The majority of the small sized firms in the city of Los Angeles only provide architectural services. However, they do provide planning services for some smaller projects.



**Chart 8: *Scope of Firms' Practice***

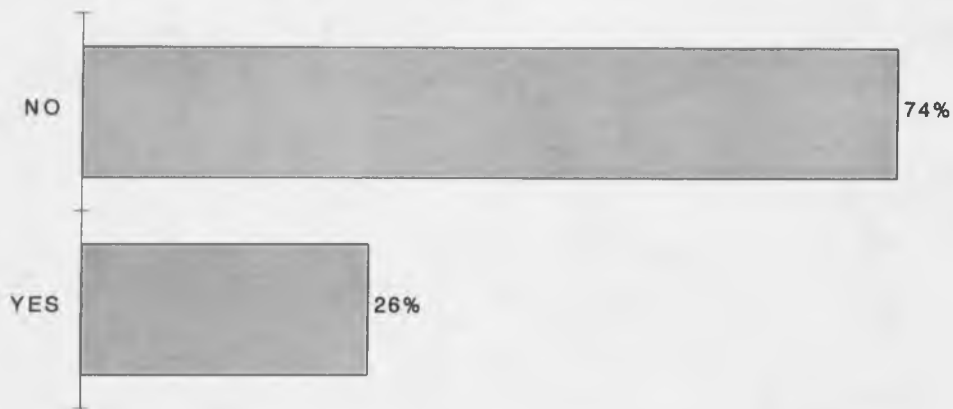
Most of the small sized architectural firms are targeting their services to the city of Los Angeles and the Los Angeles county area. Due to the lack of resources, it is very difficult for small firms to expand their market location. As

location is one of the four major factors that affect the firm's business (see section II : "concept of marketing" ), it is important to market services where they are needed. Firms that focus their services on a single location, will probably be less flexible in expanding their services, and encounter more financial difficulty during a recession than firms which have a multiple market location.



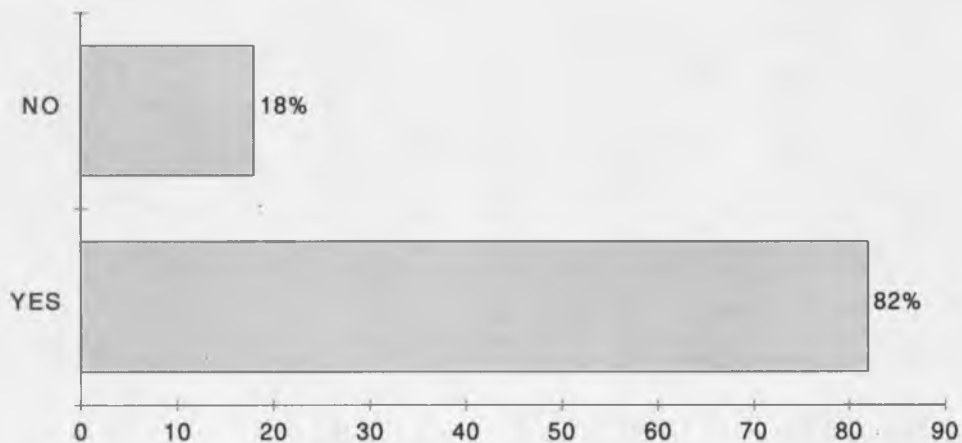
**Chart 9:** *Promotional Tools Used by Small Architectural Firms*

Most of the small architectural firms still depend on referral or "word of mouth" as their main promotional tool to obtain the commission of their projects. However, more than 70 percent of the surveyed firms which have increased in firm size during the last 5 years, have also focused heavily on "cold call" techniques or "professional brochures" to market their services(see chart 13). It shows that the business in firms which are proactive in marketing are less affected by the fluctuation of the economy.

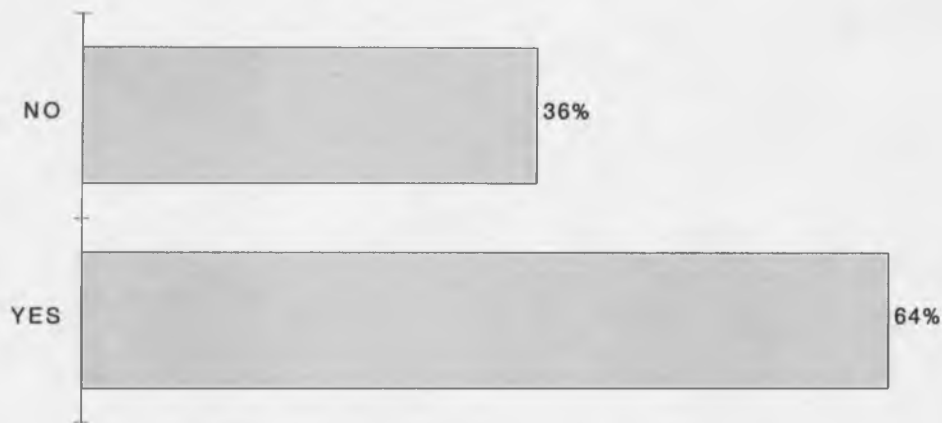


**Chart 10: *Firms with Full Time Marketing Personnel***

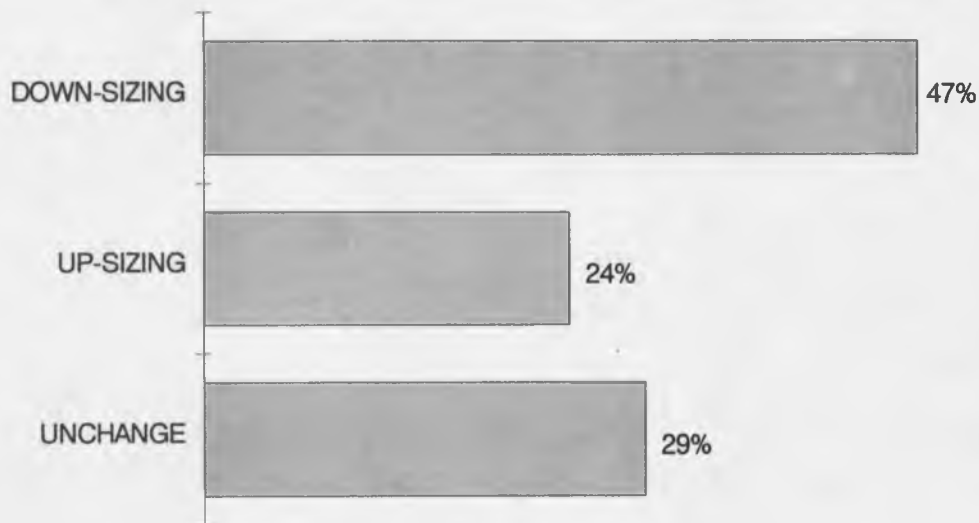
In this survey, It shows that the majority of the small firms do not have a full time marketing personnel. However, almost all of the firms' principals are involved in some kind of marketing activity. The principals regularly visit their firms' prospective clients to market their services.



**Chart 11: *Do Fluctuations in the Economy affect the Firm's Income?***



**Chart 12:** *Do Fluctuations in the Economy affect the Firm's Size?*

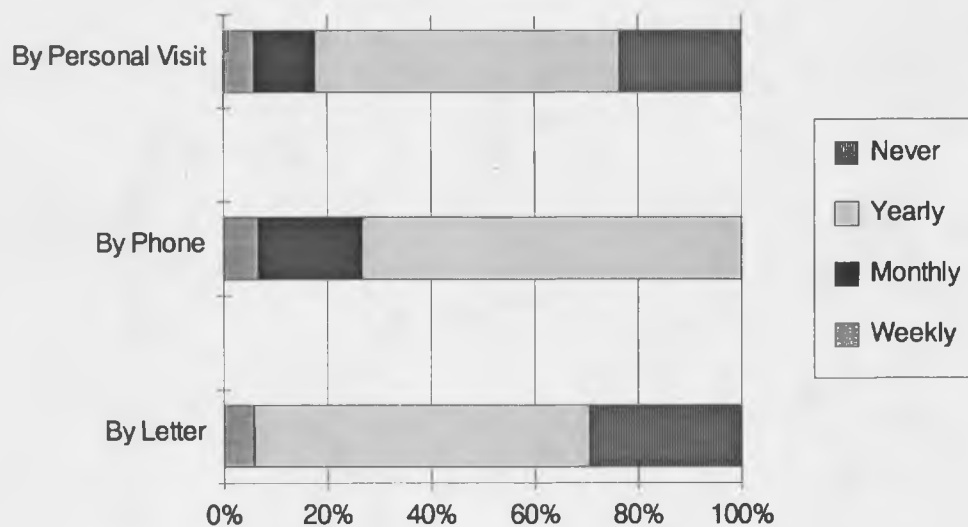


**Chart 13:** *Firms Change in Firm Size from 5 Years Ago*

Most of the responses of my survey, stated that the fluctuation in the economy does affect their firms' income and size. Although a firm's size is not as greatly affected as a firm's income, most of the small firms have been downsizing during the last five years. This is mainly due to the recently slow economy in Southern California.

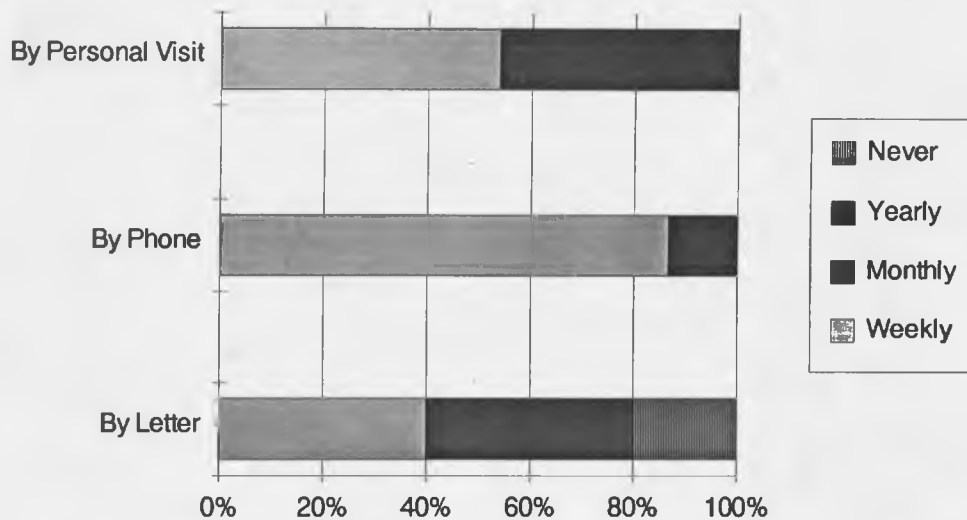
However, 24 percent of the small architectural firms are still prospering in the slow economy. All these successful firms have several common characteristics, for example, all have a specific personnel to focus on the marketing

tasks ( usually a principal or firm's marketer). Besides using "referrals" a marketing tool, they also market their services actively, using cold-calling and professional brochures. The majority of these successful firms target their services to specific building types. Although a marketing plan was not incorporated in these firms, they do have a proactive marketing strategy and they all believe that a marketing plan will help them to react better to changes in market trends. All this information shows that proactive marketing is vital in the business of the architectural profession.

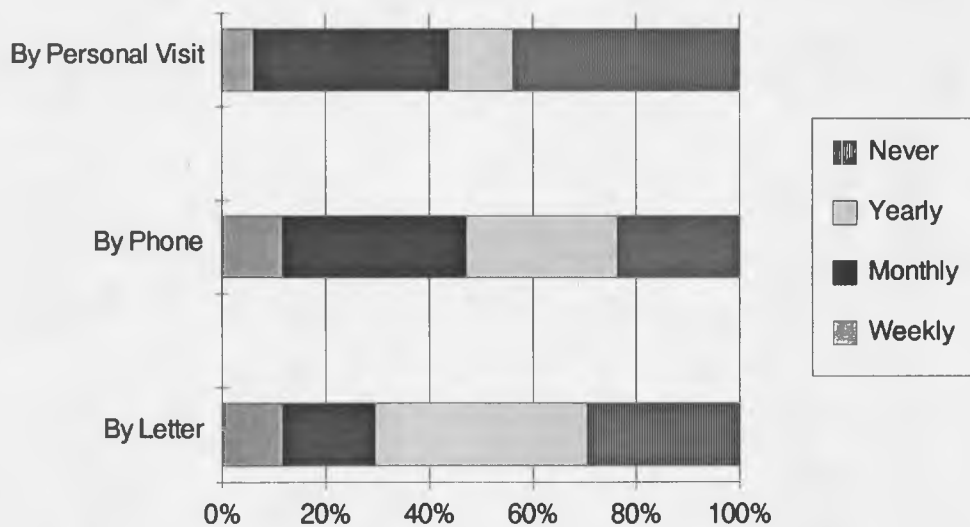


**Chart 14:** *Percentage of Firms using the Following Methods to contact Past Clients*

(For Example: 73 % of the firms use the telephone on a yearly basis to contact their past clients)



**Chart 15:** *Percentage of Firms using the Following Methods to contact Present Clients*



**Chart 16:** *Percentage of Firms using the Following Methods to contact Prospective Clients*

There are three major ways an architect can make contact with his/her clients. They are by personal visit, by phone, and by letter. However, the most widely used method by architects to contact their past and present clients is by phone call. Personal visits is rated as the second most popular method. The

architects market their services to their prospective clients mainly through phone calls and by mail. Half of the survey responded that they never visit their prospective clients in person. Since the most effective communication method (in terms of personal relationships which are essential for promoting a firm's services, and also in getting immediate feedback from the prospective clients) is personal visits. It is a disadvantage to just send a letter or make a phone call to prospective clients. It is best to first call for an appointment rather than a job commission, and try to build up the relationship and understanding with the prospective clients during the meetings. (Cooper, David, *Finding & Signing Profitable Contract*, 1993)

**(VI) REPORT ON INTERVIEW**

" There's a major differentiation between those who plan and those who don't. Without a plan, you'll drift in and out with the tide."

*Fred Stitt*

## INTRODUCTION

In order to understand how an architectural firm markets its services, several interviews have been conducted during the course of my research. My main intention of these interviews was to find out the marketing strategies used by larger, as well as smaller, architectural firms. By studying the operation of an architectural firm, I have gained a more realistic understanding of how marketing works in the architectural profession.

### "FIRM A "

#### About the Firm

Firm A is a small architectural firm in the Los Angeles area. The firm consists of two principals, one of which is a registered architect, and the other, a general contractor. The firm also includes two production staff, and two part-time administration assistants. The firm was established in 1987 by three principals while the economy in Los Angeles was booming. The firm is not only doing architectural services, but on some projects the firm is also involved in contracting and investment. The principals consider their firm as a design/contract and developing firm. The firm specializes its services in residential projects, but also has experience in commercial buildings, such as doctors offices and retail shops. The firm's recent projects include a golf course club house and a 14-unit town-house.

#### Marketing Budget

The firm spent about five percent of the annual company budget on marketing. These expenses included travel expenses, preparing company portfolios, annual gathering expenses, and lunch meeting expenses for clients.

### Marketing Tasks Force

Firm "A" does not have full time marketing personnel. The principals are responsible for client contacts, fee negotiations, presentations and preparing marketing materials. However, when necessary, the drafters and the part-time assistances will have to help in preparing for the marketing material.

### Price

The firm service fee is strictly based on the percentage of a project's construction cost(estimated cost). Sometimes the firm was forced to have a design fee decrease in order to get certain contracting jobs. The principal said that the firm is trying to survive through the currently bad economy, and needs more projects, small or large, just to keep the firm operating, without even making profit. They sometimes do receive retainers from clients before providing services, depending on how well they know the clients.

### Product

The firm provides a design/build service to most of its clients. These design/build services have attracted some developers to the firm, since these developers' clients will only have to deal with one firm. The firm services include site planning, architectural design, scheduling, budgeting and estimating; construction documents, preparation of contract documents; and general contracting documents. One of the principals also stated that they tried to provide a faster service with the help of computer drafting. Speed is one of the characteristics of the firm's services.

**Place**

Almost all of the firm's projects are located on the eastern side of Los Angeles county. The firm recently relocated its location where it can be near most of its contracting projects. However, the firm will only provide architectural design and working drawing services for projects located further away.

**Promotion**

Firm "A" does not conduct any active marketing promotion. When asked about how they can satisfy their clients, the principal said the firm usually takes a great deal of responsibility to make sure the projects go well. This is one of the reasons the firm gets into contracting, in order to oversee the building quality, and also have the advantage of keeping in touch with his clients throughout the projects.

**Sources of Leads**

The firm's design projects are mainly commissioned through referrals from previous clients. By providing a good service to every client they have, most of their clients come back to them, and most of the time bring more clients to the firm. This is how the firm builds up its client list.

**Marketing Planning**

When asked why the firm does not have a written marketing plan, the principal answered that they do not have the proper training to do a marketing plan and do not have the time and money to conduct any marketing activity. He believes that marketing plan is essential to the firm, and would like to have one in the future.

The principal said most of their clients have become their friends. The firm's clients ranged from small clients in house remodeling to real estate developers. The firm involvement in developing is through the invitation of their developer's clients. Even though, they did not earn a lot of money in the developing deal, these projects kept enough income for the firms.

## "FIRM B"

### About the Firm

Firm B is a two person architectural firm located in the city of Los Angeles. The firm employs one part-time production staff along with the owner, who is a registered architect. The firm was established in 1985 by the architect and his former partner. The firm solely provides architectural services in custom home design. The principal considered his firm as a design oriented firm. He stated that he, nowadays, he charges higher fees for design than the construction documentation.

He started his architectural business by contracting construction drawing work from other firms and by referrals from personal friends to do house remodelling and additions, then gradually developed into doing custom home design. However, he still picks up remodeling work now and then from his previous clients.

### Marketing Budget

The firm does not have a fixed marketing budget. As a sole proprietor, the principal does not have a clear separation between marketing or other company expenses.

### Marketing Task Force

Firm B does not conduct any proactive marketing. All its clients are referrals from the architect's past clients and personal friends. The principal himself is in charge of everything from administration to design, and the drafter is taking care of the production phase. He spends about 70% of his office time communicating with his clients daily, most of the time by phone, and occasionally by visiting his clients.

**Price**

The firm usually charges about 7 to 8 percent from an estimated construction cost. The principal usually will charge his clients by hourly rate if he feels that the clients do not have a clear idea of what they want. He said that a client who does not know what he/she wants will keep changing the design, and the firm will have to spend more time to complete the design.

**Product**

Similar to most of the small architect firms, the principal provides design and construction documents for the clients. However, he also visits the job site when requested by owners on some projects. He stated that he preferred not to be involved in construction administration, as it takes away from a lot of his office hours. He also tried to come out with several different design alternatives for each project. He believes that by providing more design alternatives the client will be encouraged to participate in design process.

**Place**

Although the office is located in Los Angeles, most of its projects are scattered around the county area. The firm was never commissioned a project outside the Los Angeles area.

**Promotion**

The principal will usually keep a file of his finished home, such as a drawing, photo or information regarding the project, in order to upgrade his

portfolio. He stated that the portfolio helped his clients to generate their ideas, and most of the time ease up the communication problem during the first meeting.

### **Sources of Leads**

He mentioned that clients who come to him usually are referred by neighbors or friends. Therefore, a good design and satisfied clients are very important in his networking. He also tried to keep close contact with his past clients. He often calls or has lunch with his past clients. Some of his past clients have become his close friends.

### **Marketing Planning**

The firm does not have a written marketing plan because he feels that a small firm like his does not need one.

## "Firm C"

### About the Firm

Firm C is a 5 person architectural firm in the city of Pasadena. The firm consists of 3 architects, one production assistant and one administrative employee. The firm was established in 1985 by the principal himself. The firm has been involved in several renovation and revitalization projects in the city in recent years. However, besides the commercial projects, the firm also specializes in multi-family residential projects. Almost 70 percent of the firm's projects are either commercial or residential projects.

### Marketing Budget

The firm spends about six to eight percent of its annual budget on marketing the firm's services. The expenses include preparing proposals, printing costs for the marketing materials and some travel expenses.

### Marketing Tasks Force

Each associate architect in the firm has their own client groups, and they deal directly dealing with the clients. However, the architects do not work independently on every project. They are able to pull in expertise from one another on several projects in order to show the clients their firm's qualifications.

### Product

The firm provides services in planning, architectural and interior design. The firm wants to expand its services in historical preservation, as they have been involved in several historical preservation and reuse projects before. They would like to become involved in overseeing the construction process, in order to control the quality of work.

### **Place**

Most of the firm's projects are located in the Los Angeles area. However, it also has had projects in other parts of California, such as San Diego and a few other states. The firm likes to focusing on the market in southern California for now, especially on the reuse and revitalization projects.

### **Promotion**

The main promotion tool for the firm is a good proposal. A clear and simple proposal which attracts clients' attention and understands their needs is essential. A good design and personal attitude also play a main role in promoting the firm.

### **Sources of Leads**

Although most of the firm's projects are commissioned through referral, they do get information on job openings from other sources. Their professional consultants, business acquaintances and local business organizations provide the firm with information about new developments in town as well.

### **Marketing Planning**

The firm does not have a written marketing plan. However, it has a business brochure which shows the firm's background and its mission. The principal stated that it is very time consuming and costly to conduct marketing research. Although the principal and his associates have an idea where they want their firm to be in the future, they do not have any written marketing strategies.

## "FIRM D"

### About the Company

Firm D is a nationwide architectural firm. They have two headquarters in the country, one in Seattle, Washington, and the other in Columbus, Ohio. The firm has created a nationwide reputation in health care facilities. In fact, the firm has been highly ranked in health care facility design for the last few years. The organization has eight offices throughout the United States, with staff members of over 450. In every office, there are different personnel who are specialized in a certain area of health care facility design, and they are transferred to certain locations where their specialties are needed.

The branch offices in Tucson consists of 20 employees, which include 15 registered architects, a marketing director, one interior designer, one architect in training, and two administration personnel.

### Marketing Budget

The Tucson Office spends about five percent of its annual budget on marketing activities. This amount of money is used for the salary of the full-time marketing work force, travel expenses, cost of printing material, cost of communication with clients, etc.

### Marketing Tasks Forces

Although this office has only one full-time marketing employee, the firm considers every employee as a member of its marketing work force. Communication is the main task for the marketers as described by the marketing director. Her daily work is to make phone calls to the company's project prospects, previous clients and consultants. She also attends meetings and interviews held by their clients and some other associations. Her work includes

writing a proposal, preparing marketing materials, such as, project plates, description of projects, marketing plans, writing and sending out letters of introduction about their company. She also evaluates and controls the marketing activities.

### **Place**

The organization has offices in Phoenix and Tucson, Arizona. The Tucson office mainly focuses their services to the southern part of Arizona state and the Phoenix office concentrates on the marketing in northern and mid Arizona. However, an architect from Tucson may be assigned to a project in northern Arizona, depending on the qualifications and availability of the architect. Sometimes, architects from one office have to relocate to another office, whenever his/her expertise is needed.

### **Product**

This office provides architectural design, interior design, construction management and planning. A majority of the staff are registered architects. They are responsible for producing the design and drawing work all by themselves. This will enable them to have a better understanding of the projects.

### **Promotion**

The firm does not advertise in magazines. However, it does help the publications to prepare articles about their projects when approached by the publishers. The firm's architects sometimes write articles about a specific building type to be published in magazines. The firm does not have a standard brochure that can introduce the firm, but a proposal with detail information about the firm is prepared easily in house when required. Project plates with a brief description and

pictures of projects, are used to demonstrate the expertise of the firm. They are usually sent along with the proposal. Occasionally, they go to trade shows to promote their services to their prospective clients.

### **Target Market**

The firm targeted their services in health care, education, and government projects. Throughout the years, the firm has created a reputation in their target market by showing their expertise in these areas.

### **Marketing Plan**

As the marketing director noted, every company has their own different format for a marketing plan. An effective marketing plan for one firm may not work for another. The firm has a written marketing plan. Although the plan is for the whole year, it is evaluated on a monthly basis. The materials in their marketing plan include a list of prospective and previous clients, the objectives of the marketing plan, the targeted annual revenue and schedule of the firm's marketing activities.

## "FIRM E"

### About the Firm

Firm E is a mid-sized architectural firm located in Tucson, Arizona. The firm has 25 workers; nine registered architects, ten production workers, and six administrative personnel. It has a different management style from the traditional medium sized architectural firm. Whenever the firm receives a new project, it forms a new team, with people skilled in certain specialties to take charge of the whole process. The team is terminated after the project is done.

### Marketing Budget

The firm spends about two to three percent of the annual budget on marketing. This budget mainly goes into proposal preparations, and the salary of one full time marketer.

### Marketing Tasks Forces

The principal considers each worker as one of the firm's marketers. This is why they are constantly providing their clients with friendly service. Their main job is to listen to the clients' needs, and try their best to fulfill and satisfy their clients' needs.

The principal will always keep in contact with his clients by calling them every two months, and checking up on the clients' building's condition. The post occupancy service has created a reputation with its clients as having client oriented architects, who always listen to their clients' problems.

### Place

Most of the projects are located in the southern Arizona area, mainly because of the accessibility to their clients. The firm does not only provide their services in city of the Tucson, but to other areas in southern Arizona such as: Sierra Vista, Bisbee, Tombstone, Douglas, Nogales, Green Valley and Phoenix as well.

### **Product**

The principal described his firm as a full service firm which looks for clients who are willing to let the architect take the responsibility from the beginning to the end of the project, from design, to production, finally to construction. He explained that most architectural projects are always passed on to the contractor in the construction phase, which is also the final phase. Therefore the clients usually only remember their contractors, and forget about their architects. By following the project to the final phase, a longer relationship with a client is created.

### **Promotion**

The firm has published articles about their projects in several magazines. Although the publications do not guarantee gaining new projects, they are a good materials for showing to their clients, and enhancing their reputation through third party references. They also publish their new projects in the newspaper's in news release section to announce a new commission. By including the owner, and the contractor in their news release, they can get better recognition and trust from the community, by showing that they provide a satisfying service to their clients. All these publications are free in cost, except for having to spend the time on writing the article themselves and providing pictures of the projects. The principal also

mentioned that vertical pictures are more likely to be posted on the cover page of magazines.

The firm also keeps the publications as a promotional tool to show to their prospective clients, as a reference to support their abilities.

About 70 to 80 percent of their work is from repeat or referred clients. The rest is through responses to proposals. The firm is very selective in responding to proposals. They only pick the ones that they feel they have the capabilities to handle. This makes the chances of being short-listed greater. About seven to eight out every ten proposals they send out are short-listed to interview, and only about three of them will be given the project.

### **Target Market**

The firm does not target its services to specific building types, but to specific client types. It looks for the clients who need full architecture services and are willing to pay full fees. Clients, such as experienced builders and primary users of the buildings, are on the top of the clients' list. This is because they believe that by dealing with the users, they can provide a better understanding to fulfill the clients needs and design a better building, which in turn will also help to boost their reputation every time they turn in a good design.

Their recent jobs have been tenant improvements and historical preservation works.

### **Marketing Plan**

The principal stated that the firm does not have a written marketing plan, since it has been growing very rapidly in recent years. Also, it has been very hard

to predict the out come of the economical cycles in the recent economy. However, he believes a marketing plan is important for business development.

## "FIRM F"

### About the Company

Firm F is a mid-sized sole proprietorship architectural firm. They see themselves as a firm specialized in innovative, environmentally responsive architecture and construction. They keep their company size at a manageable level to offer better and higher quality services. The clients will always be dealing directly with the principal.

Their staff consists of seven persons, including two registered architects and two architects-in-training. They also work closely with their engineer and consultants in order to have better control of the design process.

They are experienced in the design and renovation of educational facilities. The principal has received several awards for his excellent designs and the firm's works have been published nationally several times.

### Marketing Tasks Force

The firm consists of three part-time marketing workers, two of those are responsible for preparing proposals and competition entries. Each of these workers spends about 40 percent of his/her time conducting marketing tasks. The principal himself is responsible for contacting clients and overseeing the whole marketing operation.

### Product

The firm provides a design/build service to most of its clients. With a construction work force of 12 persons, they are able to provide their own construction services. The break down of the firm's services includes: architectural programming; adaptive re-use strategies; master planning; site planning and analysis; architectural design; interior design; scheduling, budgeting

and estimating; preparation of contract document; construction contract administration; and general contracting services.

### **Place**

Most of the projects are located in the southern part of Arizona state, where the company is located in Tucson, Arizona. However, they provide their services to places outside of the Tucson area, such as San Pedro. They also have projects in the Phoenix area.

### **Promotion**

The firm does not advertise in magazines; however, it does help publications to prepare articles about their projects. Sometimes, they submit a profile of their design projects to the publisher, when there is a home award competition. Magazines such as Architecture, Sunset, Phoenix Home and Garden and Fine Home Building are the main sources for them to promote their reputation.

### **Targeted Marketing**

The firm does not target its marketing towards a certain building type. However, the firm does have a lot of designs in public projects, such as educational facilities, libraries, museums, and visitor centers. The firm only accepts one single family residence each year due to the work load of the public projects. However, whenever they design a residential project, they are usually be given the contracting job too. This design/build service can better control the budget, time and most importantly the design and construction quality.

### **Sources of Leads**

Most of the sources of leads are from referrals. Most come through engineers and professional consultants. Although they do not subscribe to the

Commerce Business Daily, their friends or consultants sometimes send them information regarding job openings. The principal has joined several social clubs, and serves as a committee member in some of the associations. This is believed to help create a good reputation within the community.

## "FIRM G"

### About the Company

Firm G is one of the larger architectural firms in the Tucson area. It has offices located in Phoenix, Arizona; in Spartanburg, South Carolina; in San Francisco, California; and in Santa Clara, California. The firm also has project site offices located in Billing, Montana; Shiprock, New Mexico; Golden, Colorado; and Santa Monica and Fremont, California. Since the early 1970s, Firm G has planned, programmed and designed more than 400 major projects throughout the world with construction costs in excess of \$4.0 billion.

Approximately 85 percent of the firm's commissions are in the areas of complex industrial and institutional facilities. The professional teams that have assembled to provide services for their clients usually have advance experience and knowledge about the specific facilities. This expertise has become a decided advantage to any current or future client with whom the firm may be involved.

### Marketing Budget

The company spends about 10 percent of the annual company budget on the marketing department. This amount of money is used for the salaries of the full-time marketing work force, the fees for trade shows, travel expenses, and printing brochures and material used for marketing.

### Marketing Tasks Force

The firm consists of 12 marketing workers, about five percent of the company's total work force (227 persons). Three of the sales representatives are responsible for gathering information about job openings and contacting

prospective clients. Each of them is focused on different building types: clean rooms, hospitals, and general. One of the managing principals is the director of marketing. The marketing coordinator is in charge of the organization of the marketing department. Occasionally the director of marketing and the marketing coordinator involved in the sale work also. Two graphic designers are responsible for preparing presentation boards for trade shows and brochure designs. Six clerks are responsible for binding the brochures, typing letters and preparing proposals for prospective clients and putting together articles that go into the brochures.

### **Price**

The firm uses different ways of charging for services, depending on the nature of the projects. There are two major ways this is done: by charging a percentage of the project's construction cost, and by charging on an hourly basis, depending on how long the project design is and who is involved. They do not receive a retainer from the client before the submission of proposal.

### **Product**

The firm provides a spectrum of architectural, engineering, and construction services, which includes: Management of Owner's Design and Construction Program; Site Planning; Long Range Master Planning; Facilities Needs and Analysis Investigations; Facilities Feasibility Studies; Functional Programming; Space Programming; Manufacturing Process Equipment Layout; Budget Analysis and Development; Cost Estimating; Processing Regulatory Agency Approvals; Zoning Case Issues and Consulting; Architectural Design; Structural Engineering Design; Mechanical HVAC, Piping, and Fire Protection Design; Electrical Primary/secondary, Control, Communication, Detection System Design; Process

Equipment Delivery, Installation and Hook-Up; Energy Recovery, Conservation, and Life Cycle Costing; Interior Architecture; Signage and Graphic Design; Custom Furnishings Design; Construction Inspection; Construction On-Site Administration; Construction Management; Landscape Architecture Design; and Civil Engineering Design.

### **Place**

Most of the projects are located on the west coast of the United States, mainly because there is a lot of competition on the east coast. The firm has branch offices in several states of the U.S. where the firm can market its services faster and more successfully. It has also expanded its market to foreign countries, such as China, where high-tech facility designs are needed.

### **Promotion**

The firm does not advertise in magazines; however, it does help publications to prepare articles about their projects. This is free of charge, and can be considered as free advertisement. The firm also has written articles in architectural magazines. Although the articles do not help to get leads, they are great in creating a good reputation. Most of the articles are reprinted for promotional brochures, and sent out along with the proposal to the prospective clients as a reference. The firm also goes to trade shows for clean rooms and hospital facilities. Most of the time, it only has the presentation boards ("billboard" in marketing term) in the show. This technique creates some leads for the firm. The firm has three full-time sale representatives conducting the work of contacting prospective clients in order to strengthen their relationships with them.

**Targeted Marketing**

As the firm targets its services to specific building types, such as clean rooms and laboratory facilities, it is able to concentrate its work force on a specific expertise. This brings the advantage of cutting on down the competition and providing better services for the clients through professional expertise.

**Sources of Leads**

Since the firm has targeted its services to specific building types, it has created a reputation in this area. Prospective clients who see the presentation board or articles in magazines call them for information, and the sales personnel follow up with phone calls and letters. The marketers in the firm also look up Commercial Business Daily and newspapers, as well as listing with agencies to gain information on job openings. Some unannounced projects become known through referrals from consultants, engineers, facility managers and executives in their clients' companies.

## (VII) CONCLUSION

" You never get it right, if you never write it down."

*Anonymous*

## CONCLUSION

The result of my survey has clearly shown that most of the small architectural firms do not operate with marketing planning. Reasons such as lack of time or money were given. However, it is obvious that the main reason is that the small firm architects do not understand the concept of marketing and the benefit of planning a marketing strategy. As Frett Stitt: stated: " Most people who get into practice don't really plan it out. Basically, they're drifting. They know it would be silly to do a deck remodel without a plan, but they don't plan their careers. There's a major differentiation between those who plan and those who don't. Without a plan, you'll drift in and out with the tide." (*Architectural Record*, August 1994)

We know that the small firm's architects make phone calls and visit their clients during their daily working hours. However, are all these actions taken because the firms have followed a well organized marketing plan toward achieving their marketing goals, or just because every other architect does so.

Through the interviews, I have observed that firms which plan for their marketing effort outperform the ones which don't. Several strategies have been used by these successful firms, such as, targeting its market toward growing population trends, providing other services, such as design/build and consultation works, and Built-Own-Transfer strategies (*Levy, Japan Big Six, 1993*). Nevertheless, it all depends on the architect who understands his/her own strengths and limitations to come up with a strategy. As one of the firms' marketing directors stated, every single marketing plan ought to have its own uniqueness and focus in order to reevaluate annually to correct for changes in market.

We have to accept the fact that not every architect is able to turn in an awarded project to promote his/her reputation. Therefore, in order to be stable in its financial status, he/she has to market his/her services differently. Traditionally,

clients have taken the initiative approaching the architect in almost all of the projects. However, there are still a lot of small architectural firms waiting for their prospective clients to give them projects to design. I do not oppose the idea of getting design projects from referrals, but the concept of marketing needs the marketers to make the first move and the first call to prospective clients in order to expand their clients' network.

Networking for referrals is widely used as a marketing method (also called "promotional tools") in architectural firms, from large to small. Therefore, a word from a satisfied client is better than a thousand words from an advertisement. I once heard an architect say "It is the architect's fault if the clients want a green building and the architect can not provide. It is the client's building, not the architect's."

In my literature research, I found that it is not difficult to plan for marketing strategies. Although it is time consuming in certain sections of the planning process, is beneficial in the long term effect on the firm's business.

Surprisingly, the research showed that a written marketing plan did not play an important role in small architectural firms. The reasons include:

1. The principals of these small firms are conducting all the marketing activities him/herself;
2. The principals are doing well with the plan in their mind, why write it down; and
3. The principals do not need to communicate his/her marketing goals and strategies with large amounts of personnel.

Although the marketing plan, written or unwritten, is essential to the architectural profession, we have to be aware that the plan would not work if it was not implemented and evaluated. Constant evaluation of the marketing plan will help to adjust our course of actions toward the marketing goals, and make

changes during the early stage if problems occur. One of the common problems in small firms is the unplanned rapid growth in business that has crippled the quality of their services.

A marketing coordinator once told me that most of the architects in architectural firms do not understand the role of marketing, therefore, try not to be involved in it. They would rather design and stay away from marketing if they were allowed to. If the principal of an architectural firm does not understand the concept of marketing, it is very difficult for the marketer to implement the marketing plan. Marketing is not solely the work of the marketing department, but the entire firm must be involved.

As the result of this research, I am convinced that marketing is essential and will play a major role in future professional practice. My understanding of the architectural practice is clear, and I am better prepared and more confidence to enter the practice of the architectural profession.



## (VIII) REFERENCES

" Decide who you want to be. Then become it."

*Anonymous*



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