

RBC Industry Update

RBC architecture industry roundtable

With the past year's decline in the economy, a greater government commitment to sustainable infrastructure, and an accelerated move to a greener future through both social change and legislation, society appears to be moving away from the notion of consumption for consumption's sake. What does this mean for the profession that shapes so much of the world we live in?

We recently brought together three individuals associated with the architecture profession — **Chris Ouellette**, a LEED Accredited Professional and an Associate in RBC's Corporate Environmental Affairs Group, **Jon Hobbs**, Executive Director of the Royal Architectural Institute of Canada, and **Bryce Rositch**, a partner in the Vancouver-based firm of Rositch Hemphill and Associates Architects. Together, they share their views about the architecture profession today and what may be in store for the future.

Chris Ouellette

Mr. Ouellette is a LEED Accredited Professional and an Associate with RBC's Corporate Environmental Affairs Group. The group plays a leadership role in implementing RBC's Environmental Blueprint whose purpose is to reduce the bank's environmental footprint, promote environmentally responsible business activities, and offer environmentally responsible products and services to its clients. Prior to joining RBC, Mr. Ouellette worked in various financial and operational capacities for a number of real estate firms, including FirstService and O&Y Properties. Mr. Ouellette currently completing a Master in Environmental Studies at York University.

Jon F. Hobbs, B. Arch., M.Pl., OAA, MRAIC

Mr. Hobbs received his Masters of Planning (Urban and Regional Planning) in 1979 from Queen's University, then went on to become a Member of the Ontario Association of Architects and the Royal Architectural Institute of Canada. Mr. Hobbs is one of four founding members of the Canada Green Building Council — a new organization responsible for training and administration of the LEED™ Canada, a green building rating system.

Bryce Rositch, MAIBC

After receiving an Architecture degree in 1980 from the University of British Columbia, Mr. Rositch opened up his architecture practice in 1984 and formed the current firm of Rositch Hemphill and Associates Architects in 1991. Mr. Rositch has played numerous roles in the Architectural Institute of British Columbia (AIBC) including President and Treasurer of the AIBC and Chair of the Building Envelope Task Force.

We'd like to thank all three of our roundtable participants for taking the time to share their views on the architecture profession.



Q A lot of government stimulus infrastructure projects — schools, hospitals, transportation facilities — will require architectural services. How can firms ensure they get a share of this?

Bryce Rositch: I know there's a lot of public sector work out there, but our work is almost all private sector, so I think the others will be in a better position to answer that question.

Chris Ouellette: I think it's important that firms not get locked out of the discussions from the beginning — and that means being able to demonstrate that you understand the principles of sustainability. Governments at all levels are looking for this — both with infrastructure and other spending — and in some cases it's being built right into by-laws and zoning regulations.

Jon Hobbs: I think most of these public sector projects will be on the MERX electronic tendering system, so firms have to be diligent in monitoring it for opportunities. But one of the concerns we have is the time restriction the federal government has placed on these projects. They're requiring a very accelerated timeline as part of the deal for providing funding to other levels of government — and good design and construction typically take longer than the year the Feds are giving it. We've written to John Baird, the minister in charge of infrastructure, to extend this timeline and we're waiting for a response.

If it means that the only jobs that will be funded are already in the pipeline, then it becomes a construction project and architects will be shut out of the process entirely. And even if design is required, rush jobs rarely result in great work. That's why we're expressing our concern.

Q What international market do you think has the most potential for growth for architects?

Chris Ouellette: One of the key opportunities I see is taking advantage of regional differences between North America and Europe. We're focusing our green building expertise on the institutional/commercial side while Europe is gaining a lot of traction on the residential side. I think it's inevitable that this difference will ultimately disappear. So firms that are quick to bring their commercial expertise over to Europe can gain exposure to the leading edge of green residential design while they're there, then use these learnings back in Canada.

Bryce Rositch: Most of our work is in the multi-residential and resort areas, and we've had a lot of success in Asia and in the Caribbean and Mexico. I think Asian countries in particular appreciate the talents that Canadian architects bring to the table, especially West Coast Architects who are a little closer geographically.

Jon Hobbs: I agree. I think there are good opportunities in Asia, and China in particular has been very strong for Canadian firms. The Canada Mortgage and Housing Corporation research also suggests that Eastern Europe and Russia will be strong markets for architects, but I haven't had a chance to look at the research that closely yet.

Q What are the risks in pursuing business abroad?

Jon Hobbs: I think one of the greatest risks is just the upfront cost in pursuing the work. It can be a long drawn-out process and costly in terms of both time and money — with no guarantee of success. This can really make it prohibitive for smaller firms to pursue this type of work. I think another risk that firms have to be aware of is making sure they get paid and can get their money out of the country.

Bryce Rositch: I agree completely on the issue of payment. You're dealing with a different way of doing business, and you really have to ensure that your financial interests are protected upfront — before you commit a lot of time. Another issue is language, and ensuring you understand the needs of the client. In both Japan and China, we've made use of interpreters, but sometimes you don't have the confidence that the interpretation is accurate enough to capture the nuances of client needs. It can get tricky.

Chris Ouellette: Related to the language issue, I think it's important not to underestimate the risks involved on the cultural level. Understanding the cultural environment is even more critical in green building projects, which by their nature involve more collaboration and integration. It's no longer just about interfacing with and understanding clients — there will be a higher level of interaction between architects and planners, engineers and the trades.

Q What will be the architect's greatest role in the move to green solutions and energy sustainability?

Chris Ouellette: Architects have a tremendous opportunity to lead what is becoming an increasingly integrated design process. Buildings are no longer just about shelter. They're becoming a more critical part of the landscape — and can create energy, purify air and water — and are designed in such a way that they can adapt to our future needs. The silo method of design — the exterior for the architects, the floor plans for the sales guys, and the systems for the engineers — is being replaced by a “whole building” approach to design. Architects are well positioned to lead this process and there's tremendous upside for those that can leverage this opportunity.

Jon Hobbs: I completely agree. The facilitator role in the “Integrated Design Process” is a natural one for architects. Some will be taught, some will learn as they go, and others are just naturals at this type of thing. It really involves listening and resolving conflicting requirements from different stakeholders and coming up with a building design solution that works for everyone.

Bryce Rositch: I think there's also a role in encouraging clients to consider sustainable initiatives — and showing them how these can either be done within budget or in a way that produces other benefits, such as future cost savings or positive public relations. Architects have been very green-conscious for a long time — it's really the magnitude of the green initiatives that have increased over the last few years. I think we've always been ahead of this trend, so we need to keep encouraging clients and bringing them along that curve.

Q Many P3 projects are large. Do architecture firms have to be of a certain size and scale to bid successfully on these?

Jon Hobbs: I have to say that at the moment we're mostly hearing complaints from our industry. The P3s are really structured so that only the large firms have a chance — especially with the bundling of projects that really increase the scale. It's very difficult for small and medium-sized firms to compete, and they represent a huge portion of our industry, with 75% of firms in Canada having five employees or less. We want all firms in the marketplace to have access to these opportunities, so we'd like to see some change in how these are managed.

Bryce Rositch: I think the larger firms do have an advantage, but I'm not sure you necessarily have to be large to be considered. In many cases, the contractor will really be your client and you'll be partnering with them on a solution. I'd think that even a firm of 12 people or so could have some success in working on these types of projects.

Chris Ouellette: Right now, P3s tend to be focused on larger projects — so yes, scale is an asset. But I think it's still early days for the P3 model in Canada. The model was really pioneered in the U.K., and if you look at what they're doing in the U.K. now, many projects are now down to single schools and buildings — something within reach of any architect. The Canadian P3 model could evolve in much the same way.

Q If a firm's business has slowed down, what can they do to take advantage of any downtime to reinvest in the firm?

Bryce Rositch: We felt the slowdown last fall, and we encouraged staff to update their professional skills by covering course fees and giving them the time needed to do it. We also used the time to clean up the little things that needed doing at the end of projects, so we really used the time to get caught up. We were fortunate that our compensation structure was set up in a way that could withstand the downturn. We've had a pay-plus-bonus structure for several years now, with bonuses paid out at year-end or upon completion of a successful project. So when things slowed down, the bonuses went but we didn't have to reduce base pay or lay off staff. That's really positioned us well, as it's much busier now.

Jon Hobbs: I think if firms can afford it, it's a good time to upgrade skills. And the trend has already begun toward Building Information Modelling, which will require many architects to upgrade their skills and many firms to upgrade software and hardware.

Chris Ouellette: It's an ideal time to reinvest in educating employees — especially in terms of the evolution of sustainability and green buildings in institutional and commercial design. The LEED AP designation is reaching well beyond the architecture industry and extends to planners, facilities managers, bankers and many others. Everyone is gaining skills in this area, and it's important for architecture firms to do the same. It's really becoming a common language and new standards are being created.

Q Should firms be pursuing strategic alliances with construction or engineering firms to gain a greater share of design-build projects?

Jon Hobbs: Absolutely. These can be great arrangements for both sides in terms of design-builds. Many firms have had a lot of success in dealing regularly with a construction firm partner.

Bryce Rositch: To me, any kind of relationship with a general contractor is a good one, assuming you've worked well together in the past. We recently took on a highrise project that came from a contractor we worked with successfully on a previous job. These are definitely good relationships to cultivate.

Chris Ouellette: I agree. And going back to my point about the integration of the design process, it's becoming increasingly important that key players are able to work together. Partnerships and strategic alliances reassure clients that you have a track record of working well with other professionals and experts and understand the benefits of collaboration.

Q Do you think the landscape in your industry will have changed once the economy recovers?

Bryce Rositch: I don't think there'll be a significant change. The one thing we're doing that others might also be doing is expanding the scope of projects that we work on. In addition to our regular work, we're going after some smaller projects too, and some different work — in our case a hospice and a community centre. But we felt the slowdown a lot less on the west coast than other regions of Canada. B.C. is not overbuilt in any category — residential, commercial or industrial. Financing is really the biggest issue holding things back.

Chris Ouellette: I'm not sure there will be any change relating to the recession and subsequent recovery. But I do see a move to more niche markets for architects because of the green building movement. This isn't a fad. If you look at the U.K., the government has mandated all new homes to be carbon-neutral by 2016. And most federal agencies in the U.S. are only building LEED right now, including retrofits. It's the way things are going to be. There won't be a one-size-fits-all solution anymore. Each project is going to be assessed on its own, and each will need a new set of solutions. A key question for each building will be how to best harness the natural systems in our environment to make it better. That will require more emphasis on design and greater specialization I think.

Jon Hobbs: I think that there'll be more value placed on design in general and, in particular, on sustainable design. I think conspicuous consumption found its way into many building projects, and what I see happening is an appreciation for smarter designs. Most architects embrace this as it really puts their skills to work in a better way. They understand value and efficiency and can bring this to more projects because that's what people are now looking for. It's really a great trend for our industry.

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