

August 2006

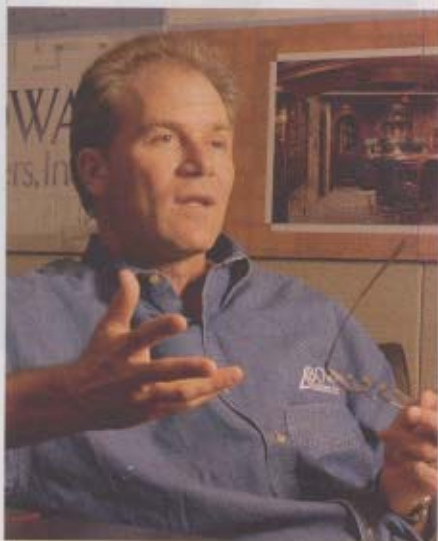
In-House Architects: Yes or No?

Different strategies for the design/build process

Whether you use an in-house architect, outside source or home designer, there are benefits and problems. This month's discussion deals with the good, bad and ugly of those different options.

Jud: *We're talking about the pros and cons of using an in-house architect. Chris, do you have an in-house architect?*

Chris: No we don't – we're a design/build firm.



Josh Baker, President
BOWA Builders Inc.

BOWA Builders is a high-end residential remodeling and construction company in the metropolitan Washington, D.C. area. BOWA has two offices — a main office in McLean, Va., and a satellite office in Middleburg, Va. With approximately 90 employees, the company does about \$40 million a year with an average job size of \$750,000. The company can do more than \$3 million a month.

Photo: Bill Geiger

Josh: We do, but for the lion's share of the work we do we don't engage our in-house architects – they just do a small part of our work.

Jud: *Chris, why don't you have one?*

Chris: I think the obvious reason for a company our size is the inherent overhead. We're a design/build firm, and the project developers do a fair amount of the initial designing. And we haven't felt the need to have in-house work when we can outsource it, or at this point we're still out-sourcing our formal design work. We do most of the informal design in-house.

Jud: *The in-house that you do – is there a particular software that you use?*

Chris: We use the dummed down version of Chief Architect. It's the \$500 or \$600 version and that serves their needs well. It's complex enough for them to portray what they need to but not so complex that they need a degree to run it. Works well for our developers.

Jud: *Josh, you do have an in-house architect – expand on that please.*

Josh: We do have in-house architecture as something we can offer. We use it for smaller projects, which are projects from three to five hundred thousand. We like it for projects that are relatively straight forward and particularly if they're on a fast track.

Jud: *So you're saying the in-house architects you have a little bit more control over, especially as far as speed is concerned, getting the project done?*

Josh: Certainly. We can manage our resources there so we can get the kind of focus that we want. Especially with a little bit more straightforward projects and projects where time we spend designing is a real issue.

Jud: *Cost-wise between in-house and using somebody outside – do you track that? Do*

you charge back to your individual jobs?

Josh: We do. Design is job-costed. It's a small profit center. It's a relatively small part of our business.

Jud: *Do your in-house architects do anything for anybody else besides you?*

Josh: No.

Jud: *Chris, your people doing design and using the software discussed, is there any time that you will outsource to get more complicated or get more detail?*

Chris: That's pretty typical. We'll conceptualize the project enough to do a preliminary estimate for the client, and if they're still bidding, we'll go ahead and outsource it to home designers. This is where we differ. We don't go down the architect path as much. Josh is in a totally different market. Our clients are still pretty cost-conscious, so we need to keep that in mind during the design phase and keep those costs down, and that's why we do it the way we do.

Jud: *When you get to that point, do you do a design/build contract so you get paid for some of that?*

Chris: We do. We have a feasibility study agreement that we have folks sign. That way we're being compensated for our time, although our project developers are commissioned sales people, and so they're speculating to a certain degree on their hours and we don't bill for their time. And that's mostly their choice – we've tried to get them to charge more for the company and get some billable hours coming in but it's their choice to not do that. But we do charge for all the hard cost during the design phase.

Jud: *Josh, do you charge for design/build, or do you have that on every project because of the size you have?*

Josh: We charge for all of our design services.



Jud Motsenbocker
Contributing Editor

Jud: Do you charge up front for that? When you go in and talk to the client and you know you are going to use in-house or outside – it doesn't make any difference – do you try to get a design contract right then?

Josh: Yes.

Jud: Price-based on the size of the project?

Josh: The cost of the design is based upon the size of the project.

Jud: And Chris, is that the way you do it?

Chris: Ours is more cost plus our time and materials agreement. We just bill them for what we do and we mark it up.

Jud: Why do you use an outside architect?

Chris: It leaves a lot of options open for us. Depending on the client, we can choose a designer that would fit well with them. If they are an upper end client, we may steer them toward an architect. So it gives us flexibility, and like I mentioned before, the overhead savings is the main reason.

Jud: Josh, can you elaborate more on why you go to the outside architect?

Josh: Because of our volume and the size projects that we do, I would have to have a staff of 20 architects if I wanted to do it in-house. More than that, we do so many different types of projects. Different firms have different strengths, weaknesses and styles, and I like to match up the client's style with the style of the architectural firm. And then we just need the wherewithal of a firm to handle these size projects.

Jud: Do you have a go-to architect?

Josh: We have go-to firms. We have sort of a stable of firms that we like working with – that's always expanding. We try to match a number of things. We try to match how the people communicate, their design taste, their schedule – all those go into who we decide would be best for the job.

Jud: Chris, do you have a go-to architect or

do you try to pick the architect?

Chris: We really have a differentiation between architects and home designers here. Maybe our market is a little easier or less pretentious but the bulk of our design work when we outsource goes to home designers, not credentialed architects. Like I mentioned before, that's cost. For what we're doing, it fits our needs quite well. A lot of times for our \$100,000 average job size, we're just matching existing; it's a 24 by 30 addition off the back with a family room and there's not a whole lot of creativity involved in that. Our outsourcing reflects that. It's "Hey, we just need this drawn up and drafted to meet code and to get a permit and to have a nice solid plan to build off of."

Jud: I think that's important for us to make sure we distinguish the difference between our architects and a home designer. We're in the same boat that you are in – we don't get into a whole lot of fancy designs.

Josh: That's typical for us too. There's always a real nice one that comes along, but most of the time it's just your average good old-fashioned remodel.

Jud: Which way is the most cost-effective and why?

Chris: The cost effectiveness plays a huge role. The kind of numbers we get from architects – as far as an up front quote – for our clients, a \$10,000 to \$20,000 design fee is completely out of the question. If we can tell them we can take care of the design process for \$5,000 or less, that's huge. That's their whole kitchen cabinet package or whatever. That's a big decision for us, and very few of our referrals are toward architects. That's the financial reason.

Josh: The in-house is the most cost-effective. It's the most efficient because there's direct communication; they're

in the office so it's less time and we can charge less than if we hired an outside firm.

Jud: Josh, do you bid differently when it's an outside architect?

Josh: No, I wouldn't say that. Obviously, there's a risk and reward in play, and if we don't know the architect as well, we may have more contingencies because we don't work with them enough to know as much of how the



Chris McDonald, Co-owner
The Artisan Group

The Artisan Group is an 8 year-old remodeling company in Olympia, Wash., specializing in residential remodeling. Artisan does the lion's share of its work in residential, rarely venturing into other types of work. Volume this year is going to be roughly \$2.5 million. Artisan has 14 employees and the average job size is jumping up to about \$100,000 which is about twice what it was last year.

Photo: Ron Wurzer/Getty Images

project's going to run. But we do price similarly in both cases.

Jud: *Chris, if it's an outside architect, do you do something different?*

Chris: No we don't. We bid and we figure what we have – no matter where it comes from we use the same formula.

Jud: *If a customer comes to you with their own architect and drawings, what do you do in that case Chris?*

Chris: I'd say typically we don't close those jobs. If I had one major complaint that I'd sing from the mountaintops to all architects in the world, it would be somehow to produce more accurate ballparking up front for the client. I think that's the number one disservice that architects we've dealt with do for their clients – portray an unrealistic cost

help us do our job that we think we can do pretty darn well ourselves. There's definitely a little cold war going on.

Jud: *Are you going to say that about a home designer too?*

Chris: They're a whole different animal – they're more like one of us. Architects are somehow us against them. A brief example: We brought a lead in, talked with them about their project, did a little preliminary work on budget, took them to a local architect that we'd been talking to. That architect then worked up a design form and sent it out to bid. We thought we were outsourcing a plan to somebody that they would just give back and say, here's your drawing. But the architect kind of took control of the situation. We felt like the lowly

We're able to help them with sourcing and if we get our subcontractors involved, sometimes they come up with suggestions, too. And we even work with them on how to detail some technical, structural things if they like. We really try to make it a collaboration.

Jud: *What makes for a good architect to work with? I think your idea of starting at the beginning and working together all the way through there not only helps control costs but also makes for a good working relationship with the architect.*

Josh: We try to make it a collaboration. If we can get there early on we can be a good resource for the client and the architect.

Jud: *Chris, anything else about working with the architect or designer?*

I think that's been our fear of working with them – horror stories we've heard about hands-on architects who want to help us do our job.

expectation for the project. Then we unfortunately come in and blow it out of the water. Consequently, they don't necessarily close those jobs.

Jud: *Josh, what about you?*

Josh: We absolutely do have customers come in with their own architects and drawings. We welcome that. It's a little bit different approach but certainly something we can handle pretty easily and do handle. It's probably 25 percent of our business.

Jud: *Are you going to bid that a little different because you don't know that architect?*

Josh: Some of them we know well and have a good relationship with them.

Jud: *Working with the architect – what is the key to working with them to keep cost under control?*

Chris: Our relationships with the architects in the projects we have done have been pretty hands-off from the architect. I think that's been our fear of working with them – horror stories we've heard about hands-on architects who want to

contractor. We felt slighted by that; it was a person that we brought to them. So this is where some of my attitude comes from.

Jud: *Josh, do you run into that kind of thing?*

Josh: No. Tell you the truth, I think you have a process problem there. You should hire the architect, not them. Your question, Jud, was what are the keys to a successful collaboration. One of the keys is to start the relationship as early as possible in the design process. We do have architects who count on us to take a look at plans at the early stages and give them some ballpark figures so they can make sure that they are working to a budget that their clients can handle. If you come in at the very end, then the die is cast and one, it could be over budget but secondly, you don't get to offer any potential help. The way we help our architects is budgeting, preliminary pricing. We help them with some of the engineering, particularly the HVAC.

Chris: We do the exact same thing only with the designer. I'm really trying hard to differentiate. With the designer, we work with them on the budgets, even though we did the preliminary budgets and the preliminary design going through the more formal design work. We continue to work with the designer through the iterations and we continue to estimate the job throughout the design phases. It's really similar.

Jud: *Chris, how do you deal with a problem architect or home designer? What kind of problems have you run into, and if you had to make a list of problems, what would the number one or two problem be?*

Chris: As I mentioned before, unrealistic cost expectations. That's a little different because it's an outside source coming in and asking our firm to bid. That sort of fixes itself very quickly. The job usually goes away because the job is way out of budget. In the process though, timing can be an issue. The out-time involved with the designers backed

up, and architects even more so. The out-time on one project right now is the fall and in our little design world, that's really slow – that's a problem. That might be another reason why we wouldn't outsource to an architect and use a home designer. That's only two or three weeks out or a month out at the most.

Jud: *Josh, give me your problem architect.*

Josh: We don't want to work with a problem architect, but there're always going to be challenges. We try to set some expectations. There are no perfect sets of plans. When we're out there in the field and something is inconsistent, we call the architects. We don't jump up and down or come running to the clients

rectly. When we got to start putting the bid together we realized the roof structure was not going to work, and when we went back to the home designer and asked him about that, he flat cut us off. He said, "you're done, you're not working for us." Once the project was started, it sat for almost six weeks before they figured out how to finish the roof. We were right – the contractor that took it, I'm not sure whether he even knew it or not – it was a bad situation. We stayed out of it and that was the best thing when it was all said and done.

Josh, what are some hints to other remodeling contractors as to how to pick an architect and also if there are any hints to rules and regulations as to how to work with them in a team effort?

Josh: Yes, but it's because it was a set of plans; it wasn't a personality conflict. It was a set of plans that I thought was just going to be too risky to build. I didn't think the client was going to be happy in the end, and I didn't like the details of it – in terms of something that I could stand behind and say; "This isn't going to leak. This is going to last as long as you have your house." It was just lack of comfort.

Jud: *Chris, ever walked away from one?*

Chris: Not during construction. We've walked away from a lot of architect projects. Certainly before because of the architect.

Jud: *Chris, let me go back to the home designer for a moment. Have you ever run*

Recognize that it's an expectation that plans aren't going to be perfect and not try to make people look bad but try to get things resolved.

– we just call the architects and say can you meet us out here and these are the issues. We try to problem solve. There are two ways you can go with those sort of things: you can point fingers or you can try to problem solve. Recognize that it's an expectation that plans aren't going to be perfect and not try to make people look bad but try to get things resolved. Level of detail is always a question. Different firms have different levels of detail, and trying to get enough detail so that we can build efficiently can be an issue. And another one is just pure timing. Around here, good firms are quite busy, and so turning around drawings can be a challenge.

Jud: *I think in our entire building business, all three of us realize it's a community project, it's a joint project, it's a team project, and we all have to work together and we all make mistakes.*

The reason I brought the home designer up again – we actually have some here in the central U.S. We were dealing with one and we probably handled the situation incor-

Josh: I would say visit them in their office. Look at their portfolio, their drawings, see if you're comfortable with their level of detail, how things are drawn. I would say talk to them about their philosophy, the kind of clients that they like, how much they like to be involved on the construction side of things. And ask how you can help them. Ask them how your relationship with them can benefit them.

Chris: Chat with some other folks who have worked with them and ask the hard questions – was this person easy to work with? It's all about relationships and personalities and making sure that we all get along. The home designers we work with – they're good guys, they're just nice people. And fitting our clientele to their particular styles – that's all part of choosing the right designer for us, too. Having designers that do the best for the type of work that we do is salt of the earth remodels.

Jud: *Have you ever walked away from a job because of an architect?*

into the problem where they design something and then especially roof structure [for example] has gotten involved and it just didn't work?

Chris: In my field, people would say that no drawing that we ever give them is actually real or accurate. As far as major faux pas, nothing comes to mind. A lot of minor "what was the designer thinking," – "there's no way we can tie this style in" or whatever – just minor stuff, no major problems.

Josh: It's happened once or twice where the roof is a bust and what's designed doesn't work. It's into some windows or a valley doesn't work. We call the architect out and say you've got some issues here. What's the best way to handle it? Again, it doesn't help anyone to just pound them into the ground. It's better to just get it fixed. **PR**



For the rest of the discussion on this topic and more **Best Practices**, visit

www.ProRemodeler.com/bestpractices