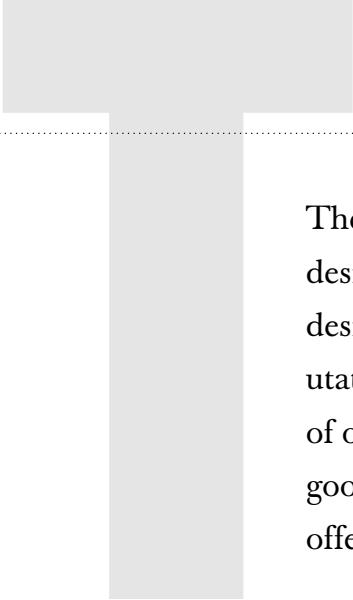


9

Financial Management

GARY E. WHEELER, FASID, FIIDA, AIA



The design professions have struggled between the art and business of design for decades. As artists we naturally focus on the aesthetic and design sides of our talent. However, as business people we have the reputation for ignoring the financial management of our firms and that of our clients. In order to do quality work we must have a foundation of good business practices as well as an understanding of what this can offer us.

By definition, financial management is the measure of our success in how well linked all the components of our business are (i.e., what we do, what it costs to do it, and how profitable these actions are). According to *Webster's New World Pocket Dictionary*, the definition of *financial* is “1. money resources, income, etc. 2. the science of managing money,” and the definition of *management* is “1. a managing or being managed; control, direction, etc. 2. the persons managing a business, institution, etc.” Regardless of whether one works for a large design or architectural organization or in a one-person firm, the same basic practices and principles apply.

First, a business plan—what we are trying to accomplish within a given practice—must be tied to our financial resources and goals. Strategic planning teaches us to review the world around us, to assess our impact on our business environment, and to plan to accomplish our goals and objectives. Therefore, financial management is not just the reporting of results, but rather is integral to practice management and success.

Financial management is necessary for two very simple reasons: first, because we want to do our very best work; and second, because we need to support our practice financially. Responsible financial management will provide and maintain the opportunity to do consistently more challenging work, and it will keep us in business!