

execute. Through tracking time and productivity, firms are able to establish benchmarks for developing fees on new projects. By learning from past projects, one can more accurately develop a marketing and fee strategy for new projects.

Many design firms have at least one key leader who is a doer/seller. In other words, the key marketing person is also the one leading the project delivery effort. In a small practice the process of selling and doing can be easier to control. One gets a project, does the project, and then searches for another project. While this process can lead to times of being very busy and others that are slow, the small practice generally can anticipate these shifts in the workload. However, the larger the practice, the more these ups and downs cause problems with cash flow and staff. Today many offices are diversifying into two or more areas to make sure that when one practice area is slow, another is busy. Diversification can even out the ups and downs of the business. Depth of expertise and leadership focus is key to this diversification.

Other practices have full-time dedicated marketing staff who focus solely on developing project leads and client relationships. Others use a combination of business development staff and administrative support staff, working with senior marketing staff (usually principals) who are experts in their given program area, such as interior design. This format usually exists in a large firm where staff resources are sufficient to support such an organizational strategy. A great deal of contract design is based on responding to Requests for Proposals (RFPs), which often requires extensive resources of time and documentation to prepare properly. The proposal can often be the first and only opportunity one has to get in front of prospective clients. Without focused and appropriate proposals, your one chance to make an impact can be lost before you are even in the game.

Your marketing approach should be developed based on your target market and the maturity of your service offerings. Generally, marketing costs range between 8 and 10 percent of your overall budget. If you are entering a new market area where you have little or no reputation or experience, marketing cost can be considerably higher. Your approach to entering a new market can vary depending on your reputation and knowledge. By using research, writing papers, speaking at public forums where potential clients or partners may be in attendance, and publishing your findings, you can build a strong professional reputation which will enable you to broaden your product offerings.

Whether you are compensated by a markup on product, an hourly rate, or one based on a cost per square foot, the bottom line is that your talent and the time you take to develop your ideas are the key to your success. For sound financial planning it is necessary to track accurately the time you spend to service your clients. Without this data you cannot manage the resources necessary to run your business successfully.

FINANCIAL MANAGEMENT TOOLS

Alice:

Would you tell me please, which way to go from here?

Cheshire Cat:

That depends a good deal on where you want to go.

Alice:

I don't much care where.

Cheshire Cat:

Then it doesn't matter which way to go.

Lewis Carroll, *Through the Looking-Glass*, 1872

If you do not know where you want to go, how can you possibly get there? We all struggle with this issue. In today's fast-changing business environment, not only are we under pressure to change, but also our clients are constantly reevaluating their lives, both professional and personal. To help us try to get a handle on where we are going, there are some tools such as strategic planning we can use to guide us.

Strategic planning is the lead effort in business organization planning and growth. It sets the stage for change, provides a framework for everyday decision making, and guides an organization into the future. It helps an organization decide which fork in the road to take. The strategic planning process was used by many of the nation's top corporations in the past, but it has gained new status through the use of scenario building. Strategic planning enables us to look at multiple options for the future and therefore be prepared to react proactively to the world around us.

In its most basic form, strategic planning is a process that involves analysis of the world around us—not just the design world—through investigating the current trends. What is happening now—and what will happen later?

- ***Economically***
- ***Technologically***
- ***Politically***
- ***Culturally—socially and demographically***
- ***Environmentally***