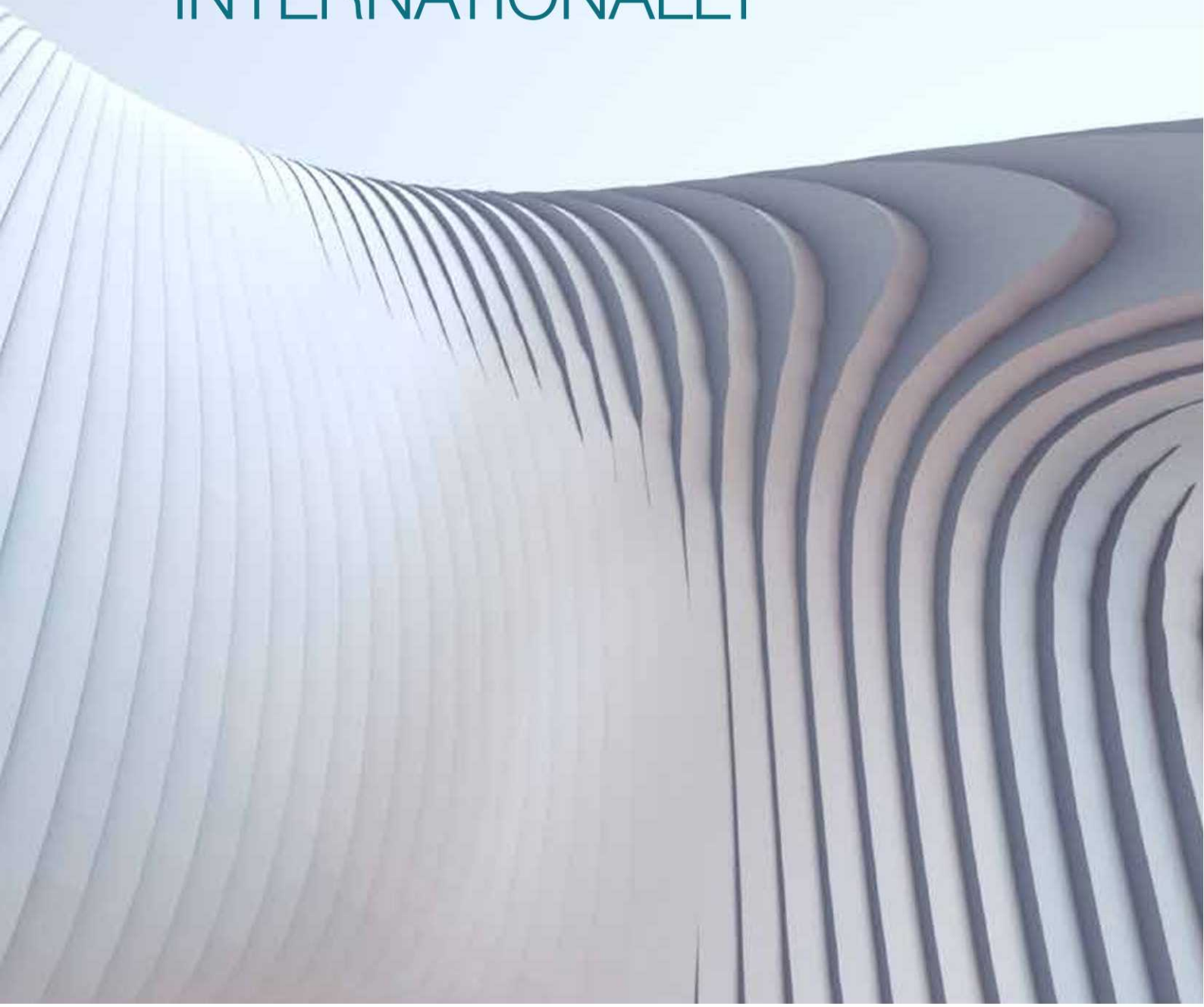
ARCHITECTS' COUNCIL OF EUROPE GUIDE TO WORKING INTERNATIONALLY



ARCHITECTS' COUNCIL OF EUROPE
CONSEIL DES ARCHITECTES D'EUROPE

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INTRODUCTION

INTERNATIONAL TRADE IS EXCITING, INTERESTING, CHALLENGING AND ENJOYABLE

Trading successfully across borders can strengthen your practice and help to make it more innovative and resilient to economic fluctuations. The Architects' Council of Europe (ACE) encourages dynamic, enthusiastic practices with the necessary drive to grow internationally.

This guide aims to assist architects to develop international business opportunities and secure long-term success by adopting a strategic approach to their ventures into new markets. Although produced by the ACE in Europe, this guide could be equally valuable to all architects who wish to internationalise their practices, wherever they are located. Some of the support services listed in this guide are specific to the EU, but the principles are universal.

Our advice to architects is to take control of their international activities by, first, identifying those countries that offer the best potential markets for their specific services and, second, developing a strategy for approaching those countries that offer the best chance of success.

This guide presents a framework for the provision of architectural and related services in the international marketplace.

The framework is relevant to all practices, regardless of how much experience they have of working internationally, from those embarking on their first overseas project to experienced practices wishing to improve their business performance. Following the process outlined here will not only help you to maximise the returns on your investments but should also ensure that the experience of working with your international partners is an enjoyable one.

The guidance is presented in six sections, detailing the key elements for internationalising your practice, to help you structure your approach:

① Why export?
② Are you ready to export?
③ Researching international markets
④ Planning and market entry
⑤ Finance
⑥ Useful information.

It should be noted that the advice presented here is not intended to be definitive or exhaustive. Each practice is unique, with its own individual set of skills, knowledge and expertise. This guide is designed as a framework to stimulate your thinking and decision making.

COMMITMENT

Although it may appear obvious, as an initial step it is essential to confirm that everyone in your practice is fully committed to delivering in the following three key areas to ensure success in international markets:

- **Management** – working internationally presents greater challenges than working in your home market, so your whole management team must be fully committed to making it a success.
- **Service** – each international market is different, and markets change, requiring you to adapt your approach and focus to achieve first-rate service provision.
- **Capacity/resources** – make sure that your practice's production, management and financial capacities can meet the demands of delivering international projects.

> **"Europe boasts a rich mix of people, culture and architecture, tradition and innovation. European architects realise distinctive, unique and exceptional designs."**

As this quote from the ACE brochure *Work with European Architects!* suggests, European architects can be a great asset on any project, and particularly when working internationally. European declarations on urban and architectural quality, such as the Leipzig Charter,[1] the Pact of Amsterdam[2] and the Davos Declaration 2018 on *Baukultur*,[3] reinforce this background and demand that European architects use their skills to transform tangible policies into committed practice. Consequently, European architects can be relied on to use their sound professional foundation and other advantages successfully when working internationally.

[1] www.eukn.eu/fileadmin/Files/Publications/2017_Ten_years_Leipzig_charter/report_english.pdf
[2] https://ec.europa.eu/regional_policy/sources/policy/themes/urban-development/agenda/pact-of-amsterdam.pdf
[3] https://davosdeclaration2018.ch/media/Brochure_Declaration-de-Davos-2018_WEB_2.pdf

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CONTENTS

INTRODUCTION 2
1. WHY EXPORT? 4
2. ARE YOU READY TO EXPORT? 5
3. RESEARCHING INTERNATIONAL MARKETS 8
4. PLANNING AND MARKET ENTRY 12
5. FINANCE 15
6. USEFUL INFORMATION 18

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|1| WHY EXPORT?

Seeking overseas business is a logical strategy for many firms, especially if they are already successful in their home market and are looking to grow.

Working internationally may be more challenging than providing services solely in your home market, but it will expand your client base and offer access to new opportunities. Taking this step may entail additional risks. However, by reducing dependence on your home market you may achieve a wider spread of risks – for example, risks of non-payment or company liquidation linked to cyclical problems in one market may be offset by stronger performance in another. Additionally, working in a different country will expose you to new ideas and present opportunities to develop new partnerships, which can benefit your practice in a host of ways, including in your home market.

The American Institute of Architects recognises in its best practice document that operating abroad allows its members to benefit from:

- **lower cost alternatives** – technical talent and facilities may cost less in many areas of the world and many foreign governments offer significant financial incentives to encourage firms to relocate to their countries
- **foreign talent and drive** – highly talented researchers and technical workers are increasingly available throughout the world
- **easier access to a wider market** – opening doors to new customers, revenue and ideas
- **expanding modernised infrastructure** – many foreign governments are investing heavily in universities, research facilities, transportation systems and telecoms networks
- **favourable business conditions** – involving less bureaucracy and offering more business-friendly tax regimes.

HOW DO OPPORTUNITIES ARISE?

International business may very well come to you, perhaps following a recommendation from one of your home market clients or existing overseas partners, or as a result of enquiries you have been making in a certain region.

However, you may have to look actively for opportunities, by researching overseas markets and approaching potential partners or clients.

In assessing any international enquiries you receive, always ask yourself "Am I in charge?". An approach to your practice from abroad is likely be driven by the enquirer's desire to meet their own objectives, not yours. Develop only those enquiries that match your objectives and drive the discussion to your own benefit.

TYPES OF INTERNATIONAL BUSINESSES

According to the British Chambers of Commerce, businesses which trade overseas categorise themselves as one of four different types:

- **Passive** – Exporting is not part of your business plan. International opportunities arrive unsolicited and you will follow them up if you don't have to go out of your way to do so.
- **Reactive** – You will develop an international offering in response to an opportunity if one arises but your international activity is unplanned and hard to predict.
- **Adaptive** – You are beginning to plan your international trade activity but do not yet have a clear target market strategy. You will adapt your offer to suit market conditions.
- **Strategic** – International trade activity already forms a key part of your business strategy. You are clear about where your business is going financially and have a definite plan for getting there.

The British Chambers of Commerce have observed that strategic businesses report the highest year-on-year growth in international trade.

The ACE recommends, therefore, that architectural practices adopt a strategic approach to international opportunities.

|2| ARE YOU READY TO EXPORT?

This section will help you determine whether you, your business and your services are ready to enter the international marketplace and whether you can adopt a strategic approach to each opportunity.

As part of this process, you will have to assess your situation from a new perspective: you may be competing successfully with international companies in your home market, but exporting your services means engaging your international competitors on their home ground. You must be well prepared to meet this challenge.

RESOURCES

Making a success of working internationally requires careful preparation. You will find a vast amount of information available online and from partner institutions, addressing all the essential questions you have to consider. Some examples of useful sources are given below and section 6 of this guide offers further suggestions.

- Establish where you want to go. Identify your **target country** or region and ask yourself what type of clients you want to include in your **target group.**
  - Useful sources of information include national trade organisations and ministries of foreign affairs.
- Check out the **cultural** (and religious), **political and professional differences** between the country/region in which you wish to offer your services and your own country. Identify any major dissimilarities and consider any modifications you may need to make in your professional and contractual negotiations, and possibly also in your business conduct.
  - Check whether local architectural or trade organisations, ministries (of economics and/or foreign affairs) and others have published country information that could be useful. For example, the Network for Architecture Exchange (NAX), in cooperation with Germany Trade & Invest, publishes annual guides on architectural services in various foreign markets for German planners who would like to work abroad.
  - Find out if your own country has **cultural institutions** in your chosen target country (e.g. Alliance Française (France), Goethe-Institut (Germany), Instituto Cervantes (Spain), British Council (UK)) and get in touch with them.
- Make contact with other institutions and individuals (such as ministries, professional associations and organisations, networks and practices that have already undertaken projects in your target country) to gain an insight into **possibilities, risks** and **chances of success**. They may also be able to provide specific information on the **legal framework, procurement processes**, cash flow applications, **fiscal affairs** and **employment issues**.
  - Contact the branch of your national **chamber of commerce** in your target country/region. They can be a very useful first point of contact and have a wide range of market information available.
  - Is there an **architects' export network** in your home country? Some European countries have established them: for example, France (Architectes Français à l'Export – AFEX), Germany (Network for Architecture Exchange – NAX), the Netherlands (BNA International) and the UK (RIBA International). Get in touch with them and see how they can support you.
  - Speak to fellow architects who have already worked in your target country/region. In addition to conducting your own internet searches for potential contacts, it is worth noting that some of the networks mentioned above offer a database of contact architects – experienced architects who are willing to share their knowledge and answer your questions.

SKILLS

It is important to analyse why you want to work abroad, which skills you will need in order to be successful and whether this way of doing business will actually suit your practice. From general export literature we know that the topic of "internationalisation" is most frequently raised when the economy in your home country experiences a downturn, so it is vital to be honest with yourself when considering why you want to export your services in the first place.

SOFT SKILLS AND SELF-KNOWLEDGE

The experiences of colleagues in the architecture sector have shown that working internationally is often initiated by an unsolicited approach that just happens to be a good fit for one of the office's representatives. There is nothing wrong with seizing an unexpected opportunity, but you must also know yourself well, which includes recognising your strengths in your current market(s) and examining your motivation for embarking on an(other) international adventure. The following points highlight areas for consideration:

- Have you spoken to experienced exporters and learned from them? What is their motivation for working abroad and does it match yours? What would you like to achieve in, say, 5 or 10 years' time?
- Which method of acquiring new foreign business suits you best? Do you see your business approach as passive, reactive, adaptive or strategic? (See section 1 for an explanation of each business type.)
- Knowing yourself is essential for building self-confidence. Acknowledge your strengths and qualities, but also be aware of your weaknesses. This process involves listening to others and setting your ego aside – you need to adopt a cooperative attitude as an entrenched mindset is unlikely to bring you success.
- Working internationally can work out very differently from your original plans. It is useful to have the right mixture of assertiveness/authority and the ability to adapt. Don't be afraid to seize opportunities; be courageous. You will make mistakes, but don't let them put you off pursuing your goals.
- Are you prepared to work as part of a bi-national or multi-national team and share both the responsibility and the success? In some countries there is a legal requirement for you to partner with an official local architect or architectural practice if you wish to establish yourself and undertake projects.
- The importance of cultural and social sensitivity cannot be over-emphasised because there are always social, political and inter-cultural differences involved in working internationally. Research them thoroughly in order to avoid making mistakes.
- Be curious and patient ... and open to new ideas!

PROFESSIONAL COMPETENCES

On a more practical level, carrying out a detailed internal analysis of your office can produce interesting results. It might lead to improvements in your current business as well as informing your future plans for doing business abroad. Start by answering the following questions:

- Is international trade part of your broader plan to grow your business?
- In which markets are you already active in your home country?
- What is the common denominator among your current clients?
- How do you do business in your current market(s), and who are your current competitors?

Clearly, your practice must possess certain basic competences before it can realise business development opportunities abroad:

- Language skills relevant to your future market are essential. Do you currently employ or need to recruit interns or colleagues with the language skills required in your potential export market?
- Qualified employees are vital to deliver the necessary quality of service. Do you have sufficient numbers of skilled, qualified employees for both your home base and/or to send to your target country/region in order to process overseas enquiries and handle orders? If not, what do you have to do to train them or to recruit (and retain) them?
- You need an international web presence. Is your web developer sufficiently experienced to develop one?

Answering the above questions will allow you to build a clearer picture of the current state of your practice's competences and the actions necessary to address any deficits.

KNOWLEDGE

In addition to knowing yourself and mapping the necessary skills for making your international venture a success, it is crucial to collect as much relevant information as possible on your intended export market.

KNOW YOUR EXPORT MARKET

Exporting your services and working internationally might be (very) different activities from those you are used to at home. Also, there may be huge differences between the various foreign markets. Given the fact that architects do not sell tangible products in one-off transactions, but instead deliver services over an extended period of time, it is absolutely essential to investigate your target export market thoroughly before you commit valuable resources to any overseas project. The following questions offer a starting point for this investigation:

- Have you identified the market in which you want to operate? Have you visited the country privately or as part of a trade mission? Have you familiarised yourself with the culture, business attitudes and ways of negotiating? Do you feel comfortable with these crucial factors? Can you rely on your ability to "learn by doing"?
- Do you know if it is feasible to practise in your potential export market? Is your title or qualification recognised there? Which role do you plan to take on in the designing and building process?
- Are you familiar with the liabilities and potential risks in your new market? How do these relate to your home market? Will your current insurance cover your new activities? Do you want to face these risks alone, or is it better to work with a local partner, at least initially?
- Can the intellectual property in the services you provide be protected in your target overseas market?
- Do you know where to find sufficient information to allow you to make an informed choice of export market? Did you compare a number of interesting potential markets? Have you looked into market attractiveness using tools such as MABA analysis (which uses portfolio analysis to give insights into Market, Attractiveness, Business position and Assessment) and Porter's five power model (which helps to identify where the power lies in a business situation)? Do you know how to analyse your portfolio in the context of your new market? Have you considered using product/market combination tools and other portfolio analysis tools? (Section 3, on researching international markets, deals with this topic in more detail.)

MANAGEMENT

Before starting to export your services to a (new) foreign market it is sensible to audit your own company. Who will actually be involved in your international business? Acquiring commissions might take longer than in your home market, so it is sensible to consider the allocation of responsibilities in the future; for example, who will be the point of contact in your home office, who will actually travel to meet potential clients, what fields of expertise are necessary and how can these be acquired. The following questions provide an initial framework for addressing these issues:

- What is the structure of your organisation? Who is involved, who will be responsible for international business and, in practice, who will work on the international commissions?
- Is it clear who will be directing the foreign work? Who will look after sales and marketing and promotion of the business abroad? How much time are you willing to devote to these activities, which will initially not generate any revenue?
- Do you have a well-developed sales and marketing plan?
- Are you or your partner/manager able to dedicate time to implementing an international plan? Is your financial position sufficiently robust to implement this expansion?
- In terms of your ambition and motivation, it is sensible to consider concrete targets that you might want to realise in, say, 5 or 10 years' time. Do you have the financial and human resources to both sustain your marketing, acquisition strategies and home market project work for a couple of years and also support expansion into overseas markets?
- Do your services meet the standards required in your target international market?
- Are you equipped for the long haul when it comes to investing time, money and skilled professionals? International work requires a long-term commitment so having a strong home base is vitally important. Be clear about your financial budget and how much time you can afford to invest before taking the plunge.

Take your time over the decision of which country/region is most interesting and manageable for your office. Success in the long run may only be achieved through devoting concentrated effort to developing your business in your chosen overseas market.

PREPARING YOUR OFFER

It makes sense to consider what makes your practice and your services special, or even unique, in order to convince potential clients that they should commission you. These unique selling points (USPs) might relate to your achievements in your home market or what you can bring to potential foreign markets. Ideally, you should look into the specific requirements of your preferred target market and define your USPs in terms of that particular market's needs, to develop a strategic export profile.

- Construct a business proposition that is focused and to the point and that showcases your unique specialisation.
- What is your strategic profile? What do you bring to the (new/foreign) market? Which of your services will you promote abroad because they are the most feasible to export? (Consider design phases, types of commission, geographical regions and current topics and issues.)
- Can you prove the accuracy of your profile using your own material, such as a portfolio of completed projects? Do you have a clear vision and mission, and is it available to clients, for example on your website, via social media or as presentation materials?
- Can you prove the strength, quality and validity of your proposition using other people's material? What do people say about you? Which awards and publications can you present?

Once you have thoroughly examined your motivation and readiness to accept the challenges of exporting your services, it is time to research the potential markets.

|3| RESEARCHING INTERNATIONAL MARKETS

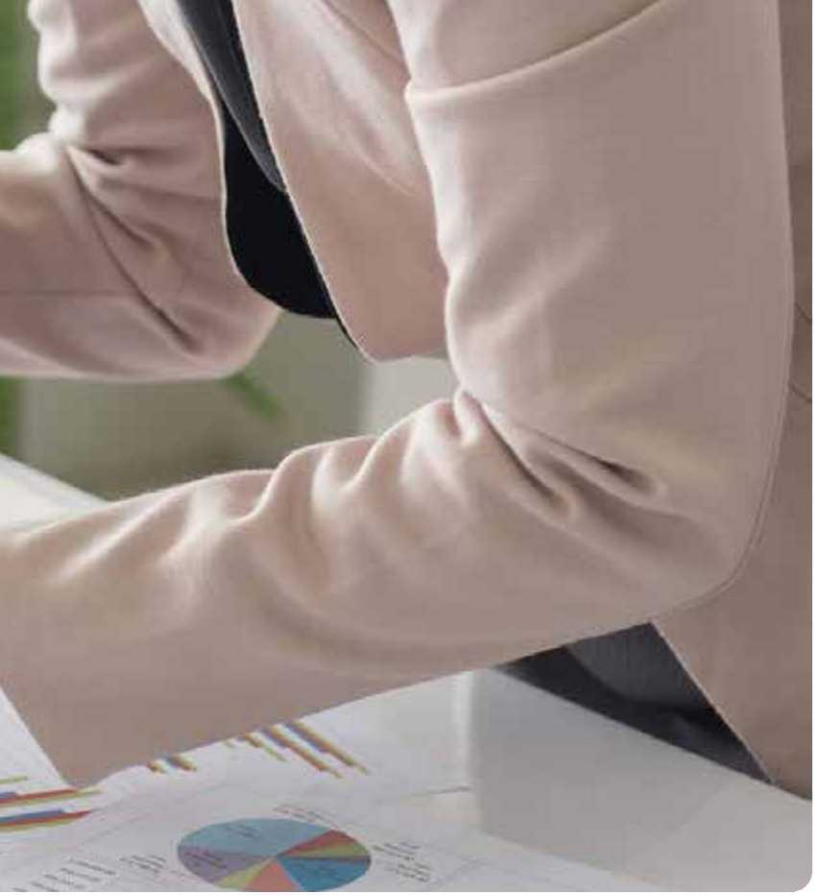
Targeting specific countries or regions for developing your business opportunities abroad will ensure that enquiries for your services come from those markets that are most attractive and interesting to you. The market selection process described below can help you control where the international interest in your services arises.

Before thinking about overseas markets, you need to be very clear about your practice's position in your home market. Recognise your strengths and define them carefully. For example, you may have a particular strength in education, infrastructure projects, hotels or healthcare or have expertise in low-carbon buildings. You will undoubtedly wish to play to these strengths when you market your practice abroad.

However, many practices will receive enquiries or project opportunities directly, whether through an existing contact or from an unknown source. These approaches can appear very exciting and flattering. In many cases they will be genuine projects that should be considered but, on occasion, they could be more risky or even fraudulent. Therefore, before jumping in, step back, take a breath and give the proposal careful consideration.

Ask yourself whether this opportunity is right for your practice. Do you know enough about the client? Have you got the resources to deliver the project? Do you have the appropriate financial backing? Will the project fit in with your future strategy and plans for your practice? Do you have enough knowledge about the market/country and the project type/sector? Do you understand the regulatory, legal, contractual and liability implications of the project? In short, take control and do not allow enthusiasm for the new opportunity to sweep you blindly along. Make sure you ask the important questions and get the answers you need to feel comfortable and in control.

EXAMPLE OF A MARKET RESEARCH PROCESS



DETERMINING YOUR SELECTION CRITERIA

Developing a systematic and objective process for selecting and prioritising international markets is a helpful first step in identifying the target country that best suits your practice. This approach will help you to focus your resources on the most productive markets and allow you to set medium- and long-term goals.

One way of assessing markets is to consider two specific dimensions of doing business. For each potential market, ask the following questions:

- How much demand is there for your services?
- How easy would it be for your firm to operate there?

To answer these questions, you need to identify criteria that reflect demand and ease of doing business in your particular sector.

Demand criteria for your services could be high levels of activity, either currently or anticipated in the future, in markets within your specific target sector (e.g. infrastructure, retail, housing) or strong growth in your end-user sector (e.g. leisure, universities). Alternatively, the overall size of the construction sector may be your demand criterion.

Criteria for **ease** of doing business might include the language spoken, the level of threat to personal security, similarity of the regulatory environment to that in your home market, corruption index scores or, simply, whether other architecture firms you are familiar with already operate there.

You can then plot the countries under consideration on the two dimensions: demand and ease. Countries will fall into one of the four quadrants shown in the figure below, enabling you to identify which markets warrant further investigation.

Useful sources of information for undertaking a comparative market appraisal of countries are listed in section 6.

Using this simple procedure to rank potential countries by ease of doing business and demand for your services will produce a clear hierarchy of the most promising target markets for your practice.

RESEARCHING YOUR TARGET MARKET

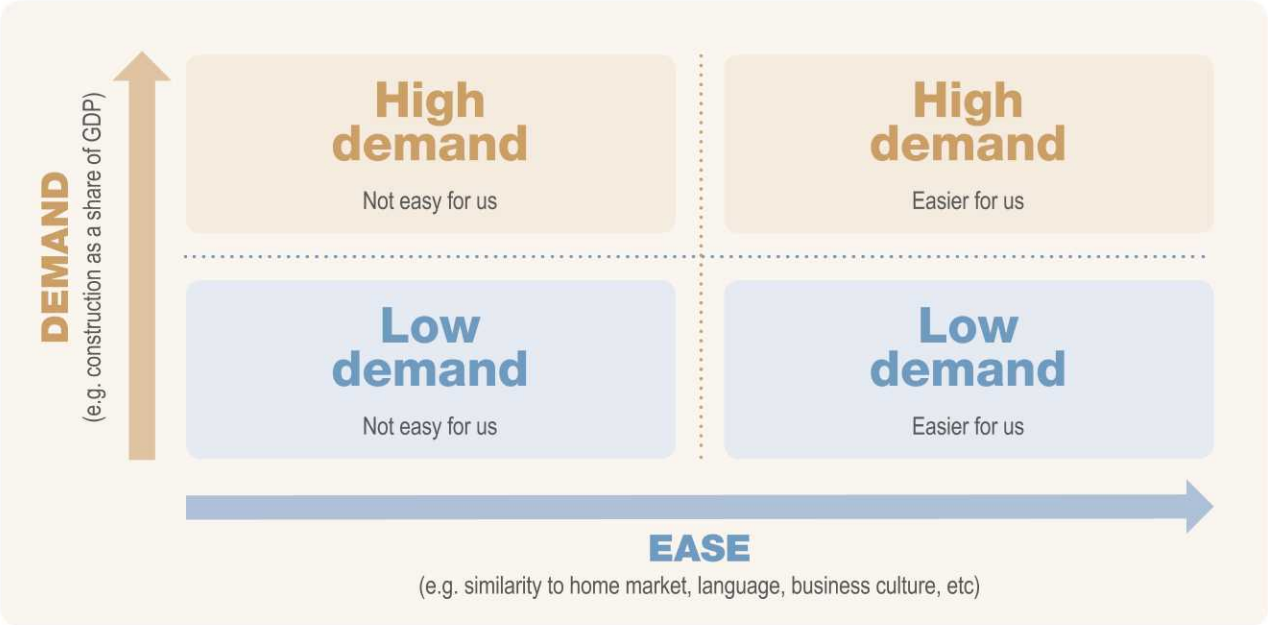
Once you have prepared your offer, identified your target market and devised your market entry strategy, it is time to ensure you have all the information you will need to make your new venture a success.

Structure your research to ensure you have a good understanding of the key characteristics and requirements of the target market or country.

A significant amount of your research can be done without leaving your office. Through internet searches, speaking to local experts, attending events and reading market research reports, you can gain valuable insights into your chosen market and how best to approach it.

Once you have completed this initial stage, you should check the accuracy of your home-based research by visiting your chosen country to carry out research in the field. This will give you a real feel for how things work there and help you to decide whether it really is the right place in which to focus your efforts.

Your home-based and field research should aim to find the answers to key questions that will enable you to proceed with confidence. You need to establish whether your offer will work in your chosen market and if your entry strategy will be effective.



The following paragraphs detail possible subject areas to consider. This list is not intended to be exhaustive or definitive; there may be other information that you want to gather.

DO YOU UNDERSTAND THE CONSTRUCTION BUSINESS IN THE CONTEXT OF THE TARGET MARKET?

Aim to understand the construction methods used in your target market and any laws regulating the building construction process. Assess the capabilities of the country's domestic construction industry and determine the feasibility of using international contractors. Similarly, assess the use, availability and quality of local building materials. Identify the government departments that control the construction process (planning departments, environmental protection agencies, regional authorities, etc).

ARE YOU CLEAR ABOUT MARKET SEGMENTATION, STRUCTURE AND TRENDS?

Study the size, structure and growth of your potential market and the segments within it, looking out for trends that might reveal opportunities.

DO YOU HAVE A CLEAR INSIGHT INTO HOW THE ARCHITECTURAL BUSINESS OPERATES?

Your research should help you to understand:

- the typical scope of a contractor's services
- the procurement processes for public sector and private sector projects
- the relationships between the owner and contractor and the architect and contractor
- the typical scope of professional services
- what form of contract, professional indemnity insurance requirements and fee schedule are most commonly used
- clients' expectations in relation to duty of care
- intellectual property protection in the region.

CAN YOU ACCURATELY ANTICIPATE POTENTIAL CLIENTS' NEEDS, EXPERIENCES AND BEHAVIOUR?

Aim to understand where clients in the target market usually turn to in order to find an architect and the processes they go through, and what experiences they have of working with local and international architects.

DO YOU HAVE AN UNDERSTANDING OF YOUR COMPETITORS' STRATEGIES?

Develop an appreciation of the key players, competitors and those with a high level of influence in your target market.

WHAT ARE THE EXPERIENCES OF SIMILAR ARCHITECTURAL PRACTICES OPERATING IN THE TARGET COUNTRY?

Speak with fellow home and international practices that have established themselves in the target market to gain an insight into their experiences.

IS THERE ANY FUNDING AVAILABLE FOR PROJECTS?

Projects are funded by various methods, some publicly and some privately. Local government, architectural bodies and other architects in the target market can advise you on this issue.

WHAT IS THE REGULATORY AND LEGISLATIVE ENVIRONMENT?

Architecture is a highly regulated profession. Make sure you understand how the business environment works in your target market. Some questions that you may want to consider are given below:

- Do you have a clear understanding of the regulatory and registration requirements of your chosen country?
- Is there a legal requirement to enter into a partnership with a local practice to submit drawings and gain approvals?
- Do you understand the legal obligations of working in partnership with a local practice?
- What tax, legal and professional indemnity issues might arise?
- Are there any currency risks or banking procedures specific to the target region or restrictions on repatriation of your fees?
- Where written contracts are required, are you clear about how these are negotiated and enforced?

Bear in mind that using a local partner will help with most of the necessary work in this area, but it is wise to double-check important issues by making your own enquiries.

WHAT ARE THE CLIMATIC CONDITIONS LIKE?

Make a careful study of the specific climatic conditions that affect buildings in your target market, as these may differ significantly from those in your home market. Try to speak to a local expert to gain a better understanding of the challenges.

WHAT CULTURAL DIFFERENCES SHOULD BE TAKEN INTO ACCOUNT?

Understanding the social and business customs of your target country is, of course, essential to establishing successful business relationships in overseas markets. Each country or region will have its own unique customs, ranging from forms of greeting, social/professional expectations, attitude to the exchange of gifts, attire and taboos right through to how contracts, whether oral or written, are handled.

In addition to obvious issues relating to religion and gender, attitudes to time-keeping and punctuality (in both social and professional situations) differ enormously and can have a significant impact on project planning, scheduling and decision making. In many cultures, people can be more forthright, or much more reserved, than is usual in your home market. You need to be well prepared.

Social customs, such as holidays, might impact on your ability to deliver services or meet your obligations if they interrupt construction of a project.

COMPLETING YOUR FACT FINDING

During the data-gathering stage it is important that you maintain a consistent approach – put the same questions to as many people as possible in order to get a reliable consensus view. Keep an open mind and avoid making decisions too quickly. Once you have gathered your data, take the time to fully **analyse** the results to help plan your future actions.

|4| PLANNING AND MARKET ENTRY

PLANNING – DEVELOPING A STRATEGY

As Benjamin Franklin reputedly said, "If you fail to plan, you are planning to fail!". Once you have completed the market research process discussed in section 3, the next step is to plan your strategy for entering your target market. This involves crystallising your understanding of what your firm would ideally like to achieve by working internationally and the path you will take to get there. Clarifying your position involves careful consideration of questions such as the following:

- What resources can you commit to this venture?
- How can you develop sufficient visibility to access the target market?
- What type of projects are you interested in and how do you want to carry them out?
- How will you measure success?
- How can you mitigate risks and avoid potential pitfalls?

General strategies for entering an international market may include:

- following a local or overseas-based client (usually one with whom you have a strong existing relationship) into a new market
- winning an architecture competition
- effective marketing or the strength of your reputation, particularly on the basis of a core area of expertise
- network partners (architects, engineers, contractors, other knowledge-intensive services firms, etc).

While each of these routes may involve a different strategy, they also have common planning considerations that require attention. The principal considerations are detailed in the following subsections.

PLANNING FINANCES

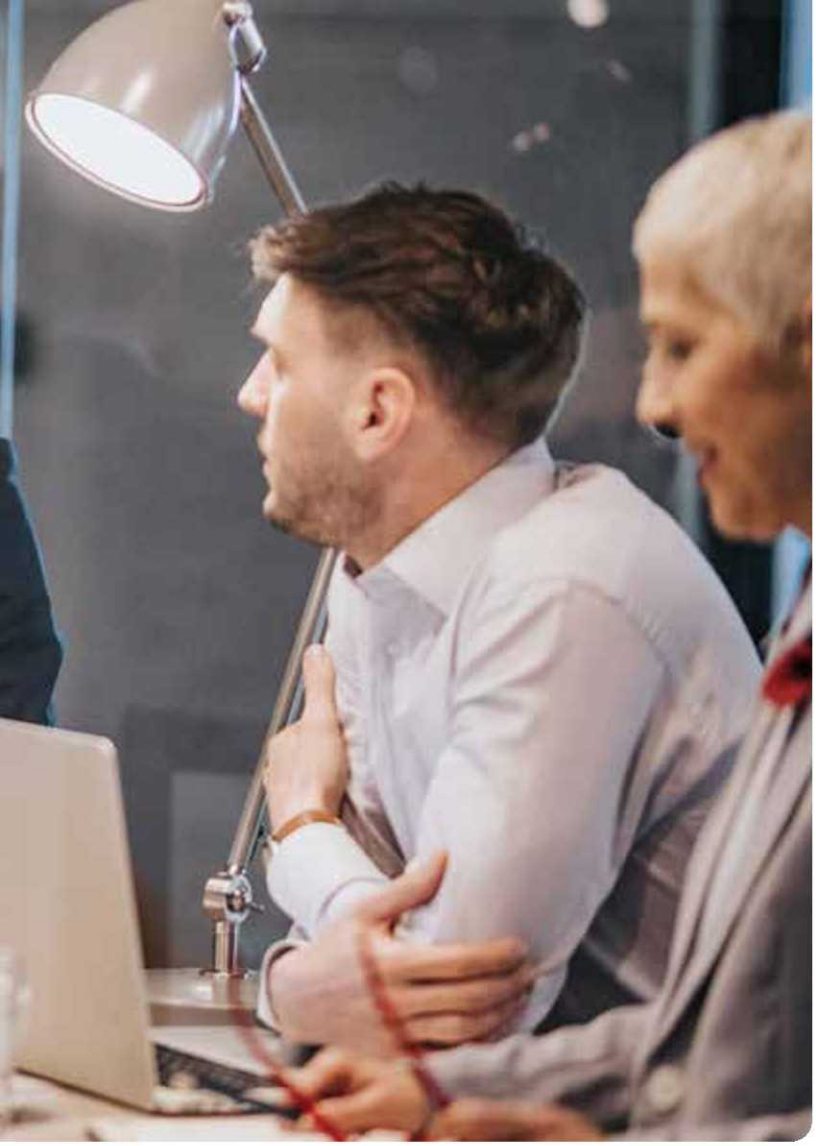
A strategy to launch your practice on the international market takes time to develop and will give rise to additional costs over and above those involved in working in your home market. You should typically allow a period of three years for the preparation of your business plan, to give you time to fully appreciate the costs involved and to explore potential sources of export aid from your home country (such as the state, local authorities, insurance, subsidies, etc).

ASSEMBLING YOUR HUMAN RESOURCES

How will you obtain the necessary knowledge of local market conditions? How much time can you afford to commit to the venture? Who will be involved? How will the responsibilities currently being undertaken by those persons be managed? How will the firm ensure that home and export-market related tasks are shared between practice partners? The often extensive lead times of overseas projects mean you will have to maintain a balance between your practice's home and international development and to spread any risks between the two.

PLANNING VISIBILITY/COMMUNICATION ISSUES

In an export market environment, clients have to place their trust in an architect's expertise, relying heavily on the strength of their built project portfolio and references. A local client entrusting a contract to a foreign architect with no prior experience in that country assumes a risk. You need to identify the specific advantage or knowledge that your firm can bring to a client/area to make your offer sufficiently attractive to justify that risk. You should target a geographical area, and preferably a specific market sector (for example, hospitals, cultural/heritage centres, luxury hotels, green buildings, etc), in



which to promote your completed projects or specific skills. Find an effective way of making your skills and experiences visible to key networks, which may include local government, decision makers and other influential players or potential clients. Robust and effective communication processes must be devised to reassure potential clients that any disadvantage your practice might encounter from being perceived as an outsider can be overcome. In this respect, you might find the services of a consulting company whose approach matches your practice's ethos to be useful. Actions to address these issues might include:

- developing communication tools in the target country language (website, brochures, etc)
- recruiting trainees or employees from the target country or with previous experience of working there
- mastering the language, learning about local habits, customs and practices
- identifying networks related to your country of origin in the target country:
  - official networks (embassy, chamber of commerce, national export or investment agency, etc)
  - country of origin expatriates (architects, contractors, engineers, developers, etc)
- locating your target country's networks in your country of origin (export clubs, parliamentary associations, diplomatic networks, etc).

PLANNING FOR FUTURE PARTNERSHIPS

Trusted partners who understand and can help to manage the decision-making process in the local context will be vital to your success. You should therefore establish a network of potential local collaborators, not only local architecture practices but also other service providers (such as legal support).

PLANNING THE BASIS OF YOUR OVERSEAS PRESENCE

Will the type of commissions that you are seeking be awarded on a single project basis or through a restricted competition involving shortlisted architects, or will framework agreements that could support a longer term presence be involved? How will this affect the type of partners you will seek?

MONITORING THE PLAN

You should review and evaluate your strategy regularly, so that you don't rush into making decisions prematurely. It is important to give yourself the chance to consider firm-specific market or international uncertainties (political/economic crises, conflict situations, etc) and how these risks might be mitigated. You need to reassess your firm's circumstances rigorously as your knowledge of the target market grows, or your position within it changes, since a new market environment inevitably means that you will initially have less control.

PLANNING MARKET ENTRY CONSIDERATIONS

Once your strategy leads to actual engagement on a project, the practical considerations for delivering your services need to be taken into account. Your planning phase should involve thinking ahead to consider what these might involve and how they can be implemented.

MARKET ENTRY – PRACTICAL CONSIDERATIONS

If your strategy for market entry is successful and an agreement to undertake a project is signed, you will be faced with a number of practical considerations related to:

- determining the basis of your overseas presence
- entering into a contractual relationship with a client
- entering into a contractual relationship with a local consultant.

DETERMINING THE BASIS OF YOUR OVERSEAS PRESENCE

This usually involves choosing between two options:

- **a temporary set-up:** negotiating a temporary liaison with a local firm of architects or setting up a local office on a temporary basis, or
- **a permanent set-up:** establishing a permanent office or subsidiary in your target country or setting up a joint venture with a network partner (architect, engineer, contractor, etc), possibly including:
  - a representative to undertake market intelligence gathering (perhaps appointing a perceptive recent graduate)
  - the creation of an architectural firm, if permitted under local legislation.

How you choose the basis of your overseas presence will depend on a number of factors, including the nature of the services or the type of presence required by the project (in terms of both contract obligations and the need to safeguard the firm's brand), the degree of local knowledge required and the likelihood that repeat services will be provided in that country or region.

ENTERING INTO A CONTRACTUAL RELATIONSHIP WITH A CLIENT

Entering into a contractual relationship to provide services in a new market involves many of the typical considerations involved in providing services in your home country. However, there are a few additional aspects that you may have to address, as outlined below.

- **Governing law:** When working in a foreign country, governing law is a key consideration, as the risks of dealing with a dispute in a legal system and/or language with which you are unfamiliar are extremely high. You should seek neutral ground, rather than defaulting to the legal system of the client's country.
- **Obligations to work to recognised laws and/or standards:** It is vital to be familiar with local laws, standards and expectations. The assistance of a local collaborator may be particularly important in this respect.
- **Definition of the services:** So that both you and your client can reach a clear understanding of your obligations under the contract, both in general and at different phases of the services, you must have a clear definition of what services you are to provide. The design process varies between regions, so you may be required to provide services you don't normally provide and/or at different stages to your usual practice (for example, be clear on what is expected at the planning application stage).
- **Procedures for deliverables:** Following on from the above, you must know exactly what it is you will be expected to deliver.
- **Payment terms:** Particularly in situations where payment cultures may be difficult (e.g. where a country's clients have a reputation for failing to pay a final bill), you need to ensure your contract allows for staging of payments and has clear payment terms.
- **Payment currency:** Where the payment currency differs from that of your home country, you may have to include measures to safeguard against market fluctuation.
- **Termination considerations:** Due to the additional risk of deploying resources in a foreign market, you need to consider termination arrangements carefully, to safeguard your practice against the possibility of sudden and/or ad hoc termination.

ENTERING INTO A CONTRACTUAL RELATIONSHIP WITH A LOCAL CONSULTANT

Establishing a relationship with a local consultant will require you to put a contractual agreement in place. This may involve some of the considerations outlined above as well as other aspects related to the following.

- **Responsibility:** You need to establish clearly the role and responsibilities of the other consultant(s) (such as a local architect), either in the agreement with the client or as a separate agreement between you and the consultant. Compiling a responsibility matrix can be a useful exercise for defining the different roles at the respective design stages.
- **Authority:** It is important that you define at this stage how the lines of command and communication should be managed.
- **Rights of representation:** You should have a clear agreement with the local consultant about your rights to market the project and how your respective roles should be credited.
- **Sharing of fees:** You need to consider how your contractual relationship (for example, joint venture, subcontracting) affects the arrangements governing the division of fees (or profits and losses).

Once the practical considerations have been resolved, it is time to consider the financial aspects of the venture.

|5| FINANCE

Within the European Union, an architect's role and scope of services in the building process are traditionally consistent and understandable throughout the market, allowing the related fee structure to be readily established. The situation outside the EU can be significantly different, requiring serious examination of the market expectations of key players in the building process. This complicates the clarification of the term "architect's fee" and the calculation of appropriate fees for an architect's services. It requires a clear understanding of the particular market circumstances and the ability to adopt different approaches in situations where performance is not the only measure of success.

It is worth mentioning that, in certain countries, the term "architect" is generally associated with the term "engineer". It is therefore important to clarify the services that you are offering and to make sure that the architect's role in the building process is categorically defined and stated.

ASSESSING THE COST OF WORKING INTERNATIONALLY

Exporting your practice's services may require you to invest considerable financial resources over a long period, which may be very different from your routine expenses.

It is advised that you prepare an initial checklist of anticipated disbursements, along with prospective costs, to allow you to plan, budget and control the funds that you propose to dedicate to the venture. The table opposite offers a simplified grid format for this purpose, divided into four stages – Research, Marketing, Office set-up and Office maintenance – with potential disbursement items applicable to each of those stages. This table is simply a starting point for you to adapt as appropriate to provide a tool for both prognosis and control of your financial resources.

FINANCING OF EXPORT ACTIVITIES

One of the crucial factors for export activities is the source of financing, especially at the initial stage. Each country has its own tools for providing financial support for such ventures, including state and private entities. However, one tool which is common to the whole EU is the *de minimis* aid programme, which provides considerable support for initial export activities. At later stages, an export credit guarantee can offer exporters security against the insolvency of a foreign customer or prolonged non-payment when selling goods or providing services with a deferred payment date.

You should check whether a state-owned development finance institution operates in your target country. This may offer state aid to qualifying enterprises by way of loans, credit guarantees, venture capital funds, etc. (See section 6 for information on state aid and officially supported export credits.)

OTHER FINANCE-RELATED ASPECTS

CULTURE

The cultural norms and traditions of any given market will determine the best approach to adopt in initial negotiations with a new client. Understanding the client's culture is no less important than the content of your proposed service offering or the competitiveness of your fee. As a European architect you are, by definition, expected to deliver a specific quality of service and architectural aesthetics. The

	Human resources	Legal services	Travel	Insurance	Marketing tools	Exhibitions, etc	Premises	Staff training	Other fees (e.g. bank)	…
Research										
Marketing										
Office set-up										
Office maintenance										
…										

client's expectation of a highly professional delivery of your services means you will have to observe the appropriate social norms and conduct throughout the collaboration period. It is worth noting that, in many regions, an endorsement delivered via spoken word by a respected member of the local community is of the highest value and carries more weight than an architect's professional credentials.

CLIENTS' NEEDS AND EXPECTATIONS

In many regions, your status as a European architect creates expectations of a higher level of professional performance than would be expected of a home market provider. However, you should not make any claim to greater proficiency, which might appear arrogant. Tactfully offering advice on fresh approaches might be sufficient to affirm the client's assumptions. By giving proper guidance, you should steer your client away from wishful thinking and towards identifying their actual requirements. As an architect, you are expected to provide reasonable recommendations on potential solutions that incorporate the latest advances in architecture and building technologies.

THE ARCHITECT'S ROLE IN THE BUILDING PROCESS

It is vitally important that your role as architect is clearly defined in accordance with the building process in the specific market and the country's established traditions. You must be sure that all parties are clear about your place within the contractual hierarchy, the services and responsibilities expected of you and the role you will play in the decision-making process.

LICENSING

Most countries do not usually impose a mandatory requirement to hold a local licence or certificate granting authorisation to perform the services of an architect during the early stages of service provision. However, the client may expect you to be able to extend your service provision beyond the initial stages, so it is important that you clarify your options for obtaining any necessary authorisation. In many cases, it is advisable to team up with local partners while you are establishing the basis of your service provision. Having a written breakdown of rights and responsibilities is crucial to avoid future controversies and disagreements. It is worth bearing in mind that allowing a dispute to arise in a foreign environment does not bode well for your future success.

SERVICES

Before you can decide on the most appropriate fee structure to adopt, you need to understand the typical scope of an architect's services in your target region. You must clarify whether the architect's fee typically includes other consultants' fees since, in markets where the architect is also considered to fulfil the role of lead consultant, it is common to expect all other consultants' fees to be included in the proposal. However, where the architect is engaged simply to deliver an architectural design, the client may expect several experts (such as fire, environmental or sustainability consultants) to be part of the proposed team, each with their individual fee structures.

STAGES OF THE CONSTRUCTION PROCESS

The stages of the construction process may be broken down differently in different markets, with the names and content of the stages varying between regions. The ACE's Scope of Services, for example, defines the different stages at which an architect may provide services over the span of a building project (see section 6). Nevertheless, there is a common assumption of the following basic division throughout the design community, which is readily understandable for less experienced clients (for simplicity, and to avoid confusion with already established systems, a simple numeric sequence is applied here):

- Stage 1 – Pre-design
- Stage 2 – Design
- Stage 3 – Construction
- Stage 4 – Post-construction.

Typically, the architect's basic fee will cover services provided during Stage 2, while additional remuneration may be applicable to any services required during Stages 1, 3 and 4.

The design stage is divided into several sub-stages, where common sense dictates the following basic divisions:

- preliminary design
- design development
- production of construction documents.

Overlapping between stages and sub-stages is expected, as is a more sophisticated and project-specific breakdown – these will be matters for further negotiations with the client. However, these basic divisions clearly identify the design process. This approach may serve you as a starting point for bilateral discussions and development of the related content, services and deliverables,

although you and your client may decide to use any established system that is acceptable to you both.

The adoption of a system of division of stages and related content that is consistent with that which you use in your home market is highly advisable, if such an option is feasible. However, it is worth bearing in mind that your client might be unwilling to accept specific sequences, terms and expressions taken from a different culture. In that case, cooperative development of a mutually acceptable system – from simple schemas and basic meanings into a more complicated system – will ensure that the final agreement is absolutely clear to both parties.

PROJECT DOCUMENTATION AND DELIVERY

The type of project delivery required can have a significant impact, not just on the architect's fee but also on the time frame and the client's expectations. It is relatively easy to agree on the number and content of traditional blueprints, whereas computer-aided design (CAD) delivery can complicate the matter considerably. There is often a need to provide electronic documents in different formats and to consider the use of specific platforms and the need to make printer-friendly adjustments. The increasing demand for designs to be developed using a building information modelling (BIM) environment makes the formatting of deliverable documents or 3D models even more complicated. In this case, as the architect, you would be responsible for ensuring that your client realises the consequences of such a request, not just in the initial stages but throughout the building process, and that the whole design team is thoroughly prepared for the exchange of design information in BIM format.

METHODS OF COMPENSATION

There are several methods of calculating the architect's fee. Determining which method is the most appropriate for a given project will require you to consider a number of variables. It is common to use different methods of fee calculation for different stages of the project or for specific services, unless the contracting parties follow a given fee scale. Throughout the design community, the following methods are commonly adopted:

- fixed fee
- time basis
- percentage basis.

FIXED FEE

The fixed fee method is used for projects or stages where the scope of services and outcome of the project are well defined and clear to both parties. It is customary to use a fixed fee for the early stages of a project or in situations where design development is based strictly on agreed preliminary design documents.

A fixed fee is a convenient means of compensation for most novice clients. However, it carries a degree of risk for the architect. For example, the client might request additional services or design input. It is therefore important to carefully elaborate the design brief, the scope of the work and the expected design deliverables.

Practical experience shows that it is becoming more common outside Europe to base fixed fee calculations on the square metreage of the design subject (most commonly the total m^2). This method is readily understandable for a client and easy to recalculate during the later stages.

TIME BASIS

Time-based fees are useful in situations where the architect is required to provide services of varying scope. They are particularly used for the construction and post-construction stages and when design changes or adjustments are required.

PERCENTAGE BASIS

The most common way of calculating the architect's fee was, historically, based on a percentage of the construction cost. This method is still used in well-established markets or where there is a strong relationship between an architect and a client. However, in rapidly changing markets it can be difficult, or even impossible, for the parties to agree on the terms and amount of the construction costs. This is the main reason why this method is less common among recently established associations between parties from different cultures. Architects should also be wary of using this method in markets where construction costs are relatively low. However, it should be borne in mind that this is still a widely used method for referencing the architect's fee.

THIRD PARTY CERTIFICATION

In addition to mandatory approvals by governmental bodies, it may be customary in your target country to obtain third party certification, even in the early stages of the design. This requirement might include the services of several independent consultants, which the client, by default, expects to be incorporated in the architect's services. Such provision may include experts in fire safety, environmental design, sustainability issues, traffic management, etc certifying the design's fitness for purpose in the early stages. It is important that you identify such parties in advance and itemise their expenses within your overall architect's fee to avoid later disagreements over the feasibility of the design in general.

PROFESSIONAL INDEMNITY INSURANCE

Architects' professional indemnity insurance is principally covered in one of two ways – as a standard annual insurance policy covering the overall practice or as an exclusive policy covering specific projects or services. It is important to consult your insurance company to determine whether your standard policy is applicable to works outside your home country and inform the client about such cover. In many cases, the client may expect a separate insurance policy to be issued by an insurance company that provides related services in your target country.

REIMBURSABLE EXPENSES

In addition to the architect's standard fee, it is usual to expect expenses incurred in the interests of the project, but which are not the subject of an exact estimate, to be covered. Reimbursable expenses may include travel costs, models, mock-ups, presentation materials and other project-related expenditures not directly covered by the standard fee but included within the scope of services.

Such an approach is taken for granted in many markets, while in other places it might be unusual or even unheard of. Therefore, to avoid unnecessary disputes, it is important that you clearly define all reimbursable expenses, along with the agreed mode of compensation.

REPATRIATION OF THE FEE

Repatriation of funds, or "fee in account", is an unfamiliar concept for most architects. However, this process may give rise to significant expenses if the client settles an invoice, not in the architect's homeland, but in their foreign account, which is the most common case in practice. It is important that you clarify the situation relating to taxes, and other financial duties, since even in so-called tax-free regions multiple tolls are imposed specifically in cases where currency exchange and cross-border transactions are anticipated. It will also be important that you choose a bank that levies competitive fees for such transactions.

CURRENCY RISKS

When working in jurisdictions where the euro is not a local currency or is not widely accepted as a contract currency for external consultants, it is of vital importance to consider possible exchange rate fluctuations. The use of a "currency corridor" is a commonly adopted practice, where contracting parties agree on the highest and lowest margins of volatility of the local currency against the euro, thereby protecting both parties from under- or over-payment for agreed services.

|6| USEFUL INFORMATION

ARCHITECTURAL COMPETITIONS

COMPETITIONS PUBLISHED BY INTERNATIONAL AND NATIONAL ORGANISATIONS

Architects' Council of Europe (ACE). Architectural Design Contests:
www.ace-cae.eu/practice-of-the-profession/architectural-design-contests

International Union of Architects (UIA). Competitions:
uiaarchipu.cluster023.hosting.ovh.net/webCompetition

OTHER ONLINE SOURCES

ArchDaily. Architecture Competitions/ Opportunities:
www.archdaily.com/search/competitions

Bustler. Competitions:
http://bustler.net/competitions

Competitions.archi:
http://competitions.archi/cat/all-competitions

Competitions. Architecture:
https://competitions.org

World Architecture Community. Competitions:
https://worldarchitecture.org

FINANCING

European Investment Bank (EIB). InnovFin: EU finance for innovators:
www.eib.org/en/infocentre/videotheque/innovfin-eu-finance-for-innovators.htm?lang=enhtm

European Investment Fund. Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) (venture capital and mezzanine finance to expansion stage SMEs operating across borders):
www.eif.europa.eu/what_we_do/equity/single_eu_equity_instrument/cosme_efg/index.htm

Official Website of the European Union. Access to finance (apply for loans and venture capital, supported by the European Union):
https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance

REGULATIONS GOVERNING AID AND EXPORT CREDITS FOR FINANCING EXPORT ACTIVITIES

Official Journal of the European Union:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1407
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011R1233

FEES AND SALARIES

American Institute of Architects. Architect Magazine (US):
www.architectmagazine.com/topic/salary-firm-surveys

Payscale:
www.payscale.com

Honorarordnung für Architekten und Ingenieure HOAI (Germany):
www.bak.de/w/files/bak/03berufspraxis/hoai-vergabe/bgbl113s2276.pdf

MARKET ACCESS

Architects' Council of Europe (ACE). Market access information:
www.ace-cae.eu/international/market-access-information

EU Gateway. Business avenues:
www.eu-gateway.eu

EU Project Innovation Centre (EUPIC):
www.eupic.org.cn

European Business Council in Japan:
www.ebc-jp.com

INTERNATIONAL ORGANISATION SITES FOR NEWS AND EVENTS

International Union of Architects:
www.bak.de/w/files/bak/02architekten/05internationales/1454321930v4bbw8wd2dq42ph7.pdf

International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM):
www.iccrom.org

UN-HABITAT:
https://unhabitat.org

United Nations Educational, Scientific and Cultural Organization (UNESCO):
https://whc.unesco.org

NON-GOVERNMENTAL ORGANISATIONS

Global Alliance for Urban Crises:
http://urbancrises.org

MARKET RESEARCH

European Commission. Market Access Database: Exporting from the EU – what you need to know:
http://madb.europa.eu

ICEX (Spain). Facility Cost Simulator for exporting services:
www.icex.es/icex/es/navegacion-principal/exportadores-habituales/informacion-de-mercados/simulador-costes-de-establecimiento/index.html

World Bank. Doing Business database of business regulations:
www.doingbusiness.org

REAL ESTATE

The following annual events are a good way to meet local clients and partners and to get information on real estate projects currently under development.

MIPIM:
www.mipim.com

MIPIM Asia:
www.mipim-asia.com

Cityscape Global in the Middle-East:
www.cityscapeglobal.com

Cityscape Doha:
www.cityscapeqatar.com

For an overview of international fairs in the real estate sector, consult:
www.eventseye.com/fairs/zst1_trade-shows_asia-pacific_real-estate.html

SOURCES OF HELP, ADVICE AND GUIDANCE

Creative Europe Programme. Provides support for Europe's creative and cultural sectors:
www.creativeeuropeuk.eu/find-partner
https://ec.europa.eu/programmes/creative-europe/calls_en

Eureka Network. Research and development funding and coordination:
www.eurekanetwork.org/network-projects

Enterprise Europe Network. Offers help to create international partnerships, advice for international growth and support for business innovation:
https://een.ec.europa.eu

Archinect. Discussion forum for architects:
https://archinect.com

ArcDog. A social network for architects:
http://arcdog.com

Quora. A question-and-answer site with entries on the experiences of architects working abroad:
www.quora.com

ARCHITECTS' SERVICES

ACE Scope of Services
www.ace-cae.eu/uploads/tx_jidocumentsview/Overview_of_services_that_architects_can_provide_over_the_span_of_a_building_project_-_GA1_2014.pdf

RIBA Plan of Work 2013
www.ribaplanofwork.com

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CONSEIL DES ARCHITECTES D'EUROPE

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SECRETARIAT GENERAL
Conseil des architectes d'Europe AISBL
Rue Paul Emile Janson, 29 B-1050 Bruxelles

Tel. : +32 (0) 2 543 11 40
Fax : +32 (0) 2 543 11 41

info@ace-cae.eu
www.ace-cae.eu