

Practice Management

1. What is management

There are 5 main management functions:

- Planning
- Organising
- Staffing
- Directing and leading
- Controlling

Koontz and O'Donnell (1984)

Planning

- It is the basic function of management.
- Deciding what needs to happen in the future and generating plans for action

Organising

- It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organisational goals.

- Organising as a process involves:
 - Identification of activities.
 - Classification of grouping of activities.
 - Assignment of duties.
 - Delegation of authority and creation of responsibility.
 - Coordinating authority and responsibility relationships.

Staffing

- It is the function of manning the organization structure and keeping it manned.
- Staffing involves:
 - [Manpower Planning](#) (estimating staffing requirements in terms of searching, choosing the person and giving the right place).
 - Recruitment, selection & placement.
 - Training & development.
 - Remuneration.
 - Performance appraisal.
 - Promotions & transfer.

Directing and Leading

- Determining what needs to be done in a situation and getting people to do it.
- Direction is the personnel aspect of management which deals directly with influencing, guiding, supervising, motivating staff for the achievement of organisational goals.
- Direction has following elements:
 - Supervision**
 - Motivation**
 - Leadership**
 - Communications**

Controlling

- It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organisational goals.
- Checking progress against the plans of the organisation.

- In theory the functions of management may be separated but practically these functions are overlapping in nature
- Each function blends into the other & each affects the performance of others.

- Important to understand that there are good designers and there are good managers
- Effective management complements the design process allowing greater design freedom and opportunity
- Poorly managed outcomes can lead to poor publicity which will effect the future of the organisation

2.Practice Models

- Remember you have lecture material from the legal section of this course which also covers this

(a) Sole Design Practitioner

- May be set up from home
- Usually doing residential work
- Business by word of mouth
- May also sell product
- Owns the assets of the business
- The profits of the business are the personal income of the sole trader for tax purposes

Advantages:

- Simple to form the business
- Reduced compliance costs
- Not reliant on partners or directors - the sole trader is the boss

Disadvantages:

- Lack of protection for personal assets if the business fails
- Difficult to raise finance
- Limited ability to expand the business
- Possible lack of support (no other partners or directors)

(b)Design Partnership

- Two or more people carrying out business together
- May allow larger work to be undertaken
- May have greater market place credibility

Advantages:

- Partners can provide support for one another
- Don't have to be any formalities in setting up the partnership
- In the past this was the business model for many professions with sole trader as the only other option

Disadvantages:

- The partners remain personally liable for the debts of the partnership
- One dishonest or incompetent partner can cause trouble for the remaining partners
- The interest in the partnership is not easily realisable (succession, etc)

(c) Sole practitioner or partnership with employees

- As the business grows it may take on other staff – designers, admin staff, salespeople, etc

(d)Limited Liability company

- Is a separate legal entity – distinct from its business owners
- Register of companies is held by the Companies Office

Advantages:

- The liabilities of the company are not the liabilities of the shareholders – so shareholders have protection for their personal assets
- Raising of finance may be easier than for sole trader or partnership (but shareholders will usually be asked to provide a personal guarantee)
- Shares in the company are easier to issue and transfer
- The company structure provides an easier structure for company growth

Disadvantages:

- The property of the company is not the property of the shareholders
- Cost of set up (also for winding up)
- Compliance costs in operation
- Possible loss of control through transfer of shareholding

(e) Residential/ retail store

- Sales only without a strong design focus

(f) Residential/ retail store with design function

- May be larger
- May include furniture and furnishings, etc

(g) Commercial store

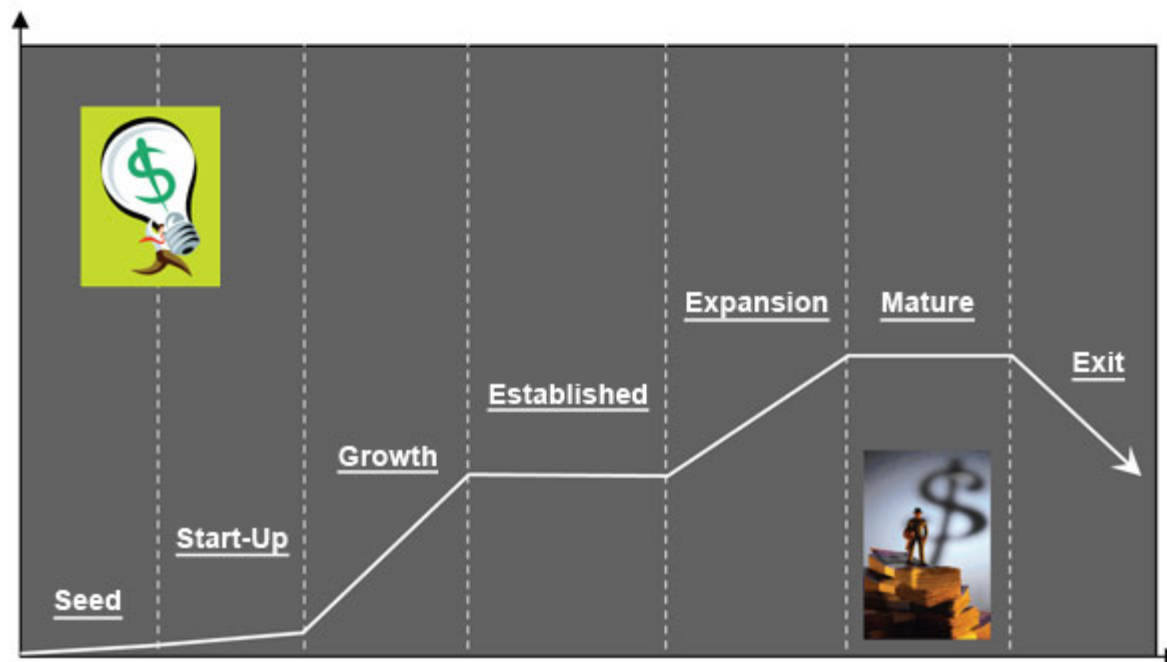
- Similar to residential/retail store but with greater emphasis on commercial fit-outs

(h) Architectural firms

- Do not sell product (why?)

3. Practice Development

- Business Life Cycle



Start-up

- Established niche area of operation.
- Establishing client base
- Need operating capital.
- Cashflow is critical – operating expenses & growth
- Cost minimisation
- Establishing systems

Growth

- new challenges surface in response to growing market acceptance, revenue and customers.
- Profitability is strong and competitors start to emerge.
- Companies look for ways to improve their processes and serve their customers better.
- Additional resources – staff and plant
- Greater number of projects
- Greater variety of work
- Principals spend more time managing than doing
- Cashflow still critical

Maturity

- Confirmed reputation and market credibility with high level of experience
- Profitability is steady
- Focus on enhancing productivity by refining business processes.
- Regular evaluation of organisation goals and strategies – stay up to date, respond to market changes

Decline

- Lack of challenge
- Left behind - change in the market landscape, changing consumer preferences or the introduction of new products and services
- This prefaces the exit stage of the business process life cycle where the business gets sold or shut down (lack of succession).

4. Practice types

Practice centred

- Collegial
- Flat management structures
- Consensus decision making
- Career orientation
- Low staff turn-over
- Maximise experience
- Marketing by the principals
- Personal involvement with clients
- Qualitative rewards
- Ignore business necessity

Business centred

- Corporate model with managing director
- Chain of command
- Staffing on a project by project basis
- High staff turn-over
- Tenure of core staff only
- Marketing departmentalised
- Clients passed from specialist to specialist
- Quantitative rewards
- Inflexible structure

- These represent the poles of practice types
- Usually this is more of a continuum with most design organisations sitting somewhere in between

5. Professional Behaviour

What defines a profession ?

- Body of knowledge
- Extensive education process – degree
- Professional body which develop a code of behaviour with disciplinary responsibility
- Registration process – public protection
- Public recognition of status
- Relatively high income
- Life long learning
- Paid for what we know not what we achieve
- Altruism
- Relative autonomy

DINZ code of Ethics

- **1 Introduction**

All members agree to comply with the code

- **2 Compliance with code**

Complaints procedure/ disciplinary powers

- **3 Responsibility to the public**

Social, ecological, professionalism, integrity, honesty

- **4 Responsibility to clients**

Act in client's best interest, confidentiality, privacy, autonomy from suppliers (reveal financial inducements), conflict of interest, defined project scope

- **5 Responsibility to other designers**

Uphold the profession, establish prior design terms, unfair criticism of other designers, , not plagiarise, encourage new designers,

- **6 Responsibility to the Profession**

Not accept money to recommend others, further the standards of the profession, records of experience, exchange of knowledge

- **7 Remuneration**

Fair, not accept payment where impartiality impaired, work to be charged for unless for charity

- **8 Promotion and Publicity**

Truthful, factual, acknowledgement of joint authors, not make public statements concerning clients without their permission

Architects – 4 principals in the code of conduct:

Competence

Responsibility

Integrity

Impartiality

Bound by act of Parliament

Licensed Building Practitioner

- Change to Building Act 2004
- From 1 March 2012 critical building work that is known as Restricted Building Work, must be done by an LBP (Licensed Building Practitioner).
- Licensing promotes, recognises and supports professional skills and behaviour in the building industry
- Currently competency based
- From 2015 will be qualifications based

What is restricted Building work

- design and construction of a house or small-medium sized apartment's primary structure (eg, foundations and framing) – to ensure the building can withstand vertical and horizontal loads
- design and construction of a house or small-medium sized apartment's external envelope (eg, roofing and cladding) – to ensure the building is weathertight
- design of fire safety systems (eg, sprinklers, fire alarms) for small-medium sized apartments – to ensure people are adequately protected from the dangers of smoke and fire.

Application process:

- Application form including personal details, work history, project records, evidence checklist, referee details (client, contractor and other consultants). Detailed requirements for 2 projects
- Send in the application then undertake an interview with an assessor
- Assessor will make recommendation on which class of licence will be issued

- Reminder - assignment 2 is on the blog site
- You should act professionally in your dealing with the practice to which you have been assigned
- Practices are giving up their time – be respectful
- Assign a contact person for your group to liaise with the practice person
- Allow enough time before hand-in to get practice sign-off
- You can be preparing your in-class presentation while this is happening