

Architecture Firm Marketing Practices

Survey

The Whetstone Group

Growth Tools for a Competitive Edge

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Survey of Architecture Firm Marketing Practices

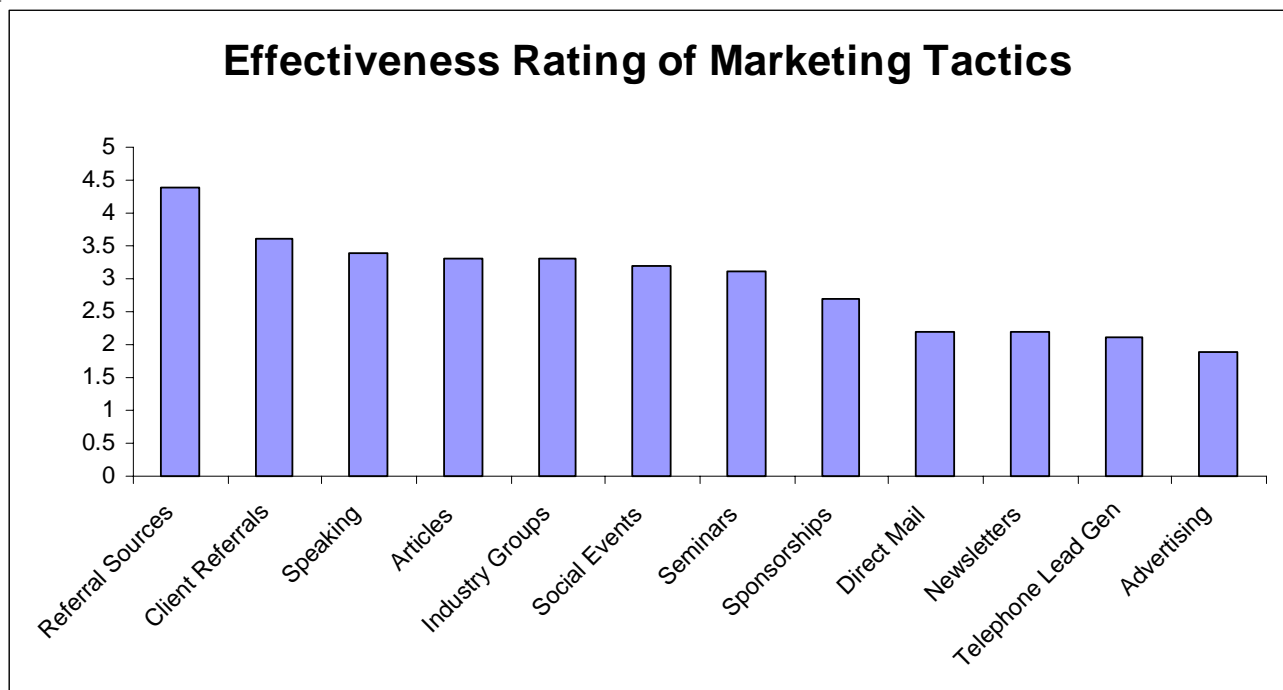
Introduction:

During the summer of 2006, approximately 100 U.S. architecture firms were interviewed to better understand how they go about marketing their firms. The survey was blind. Demographic data about the sample are presented at the end of this report.

Question: What types of marketing activities do you currently implement and how effective would you say each is?

A number of possible marketing tactics were listed and respondents were asked to indicate those they are currently employing and rate how effective they feel each tactic is. The bars below indicate the effectiveness rating; tactics are shown left to right in order of their effectiveness ratings. The percentage indicates those who said they currently employ each tactic.

Networking with referral sources is the highest rated tactic and is used by almost all the respondents. While 100% of the respondents indicate they participate in community and charitable sponsorships, this tactic is only rated average in effectiveness. Direct mail and advertising are also tactics frequently employed but not rated as very effective in terms of business development.



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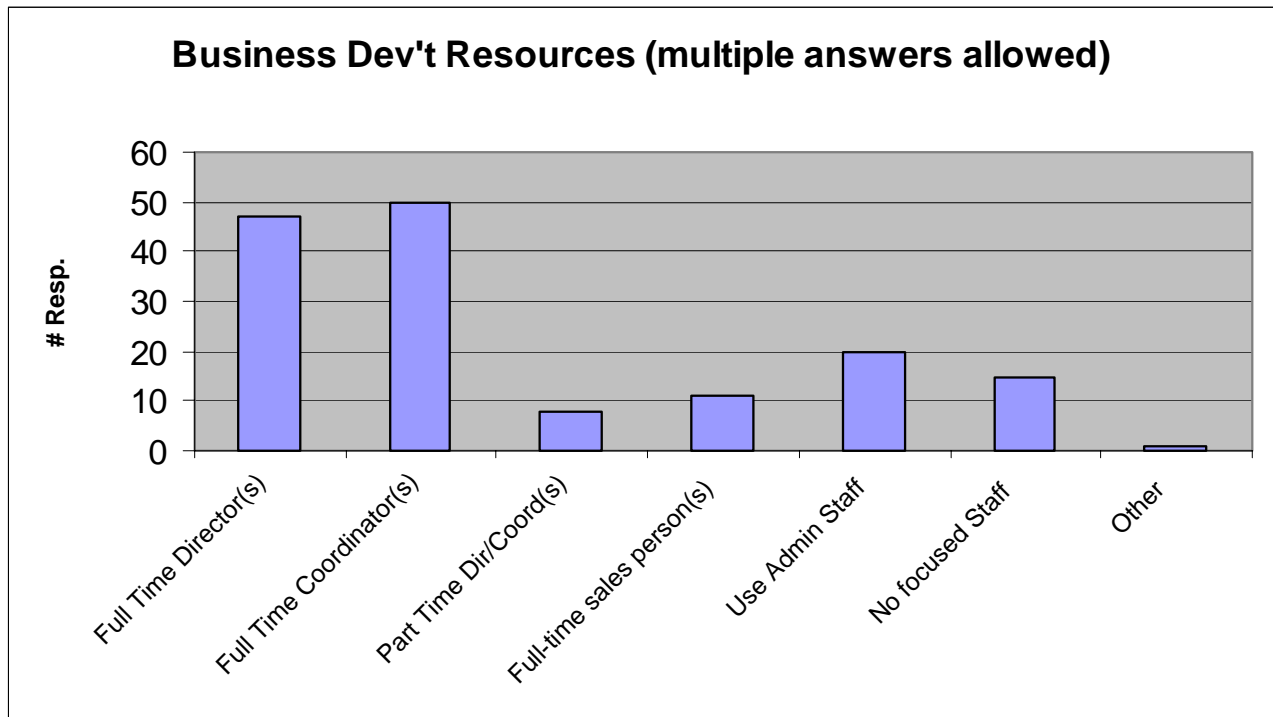
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Question: What kind of staff do you have focused on marketing/sales?

Respondents were asked to indicate what type(s) of business development resources they employ – multiple answers were allowed.

Approximately half the firms employ full time marketing director(s) and/or full-time marketing coordinator(s). About 20% utilize administrative staff to help with marketing.



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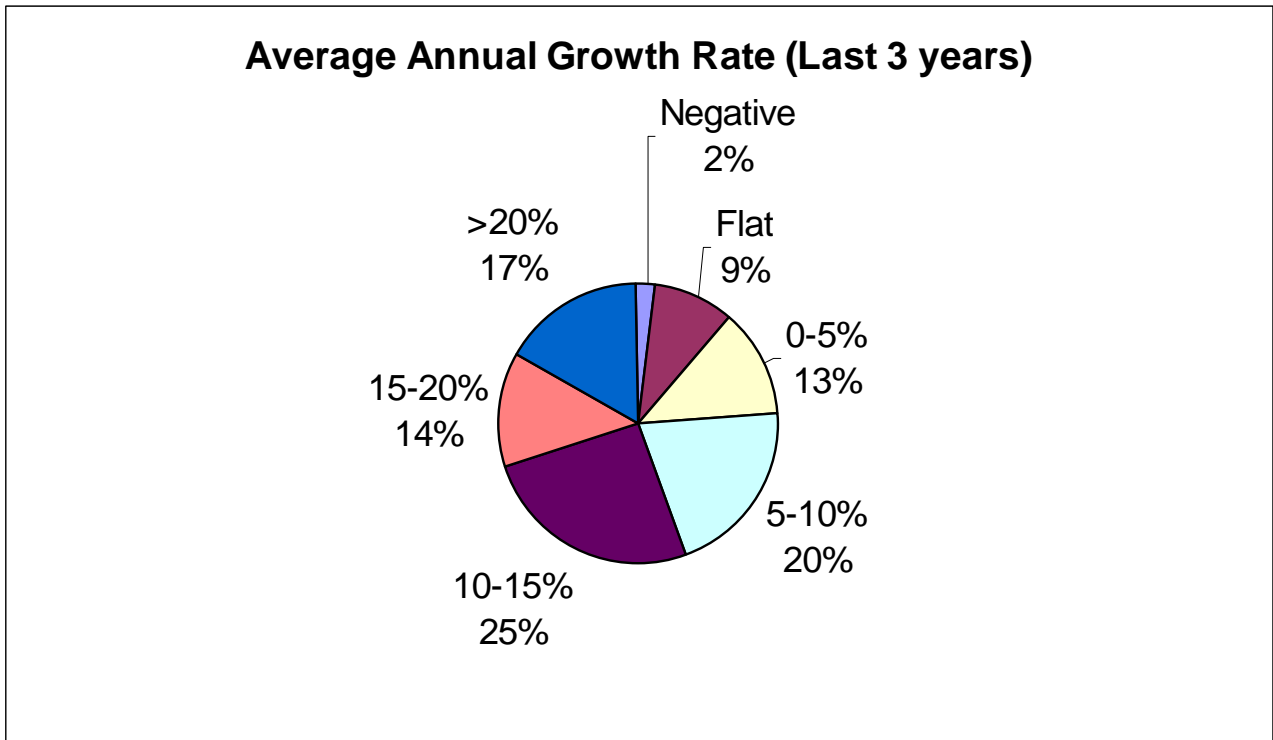
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Question: How has your firm grown in annual net fees for the past three years (average growth rate)?

The respondents were fairly evenly distributed, with slightly over 10% indicating flat or negative growth and over half reporting double-digit annual growth. Larger firms tend to grow faster: of those over \$15mm in annual fees, close to 80% report growing over 10%/year. Of those firms under \$15mm in annual fees, only about 40% show double-digit annual growth.



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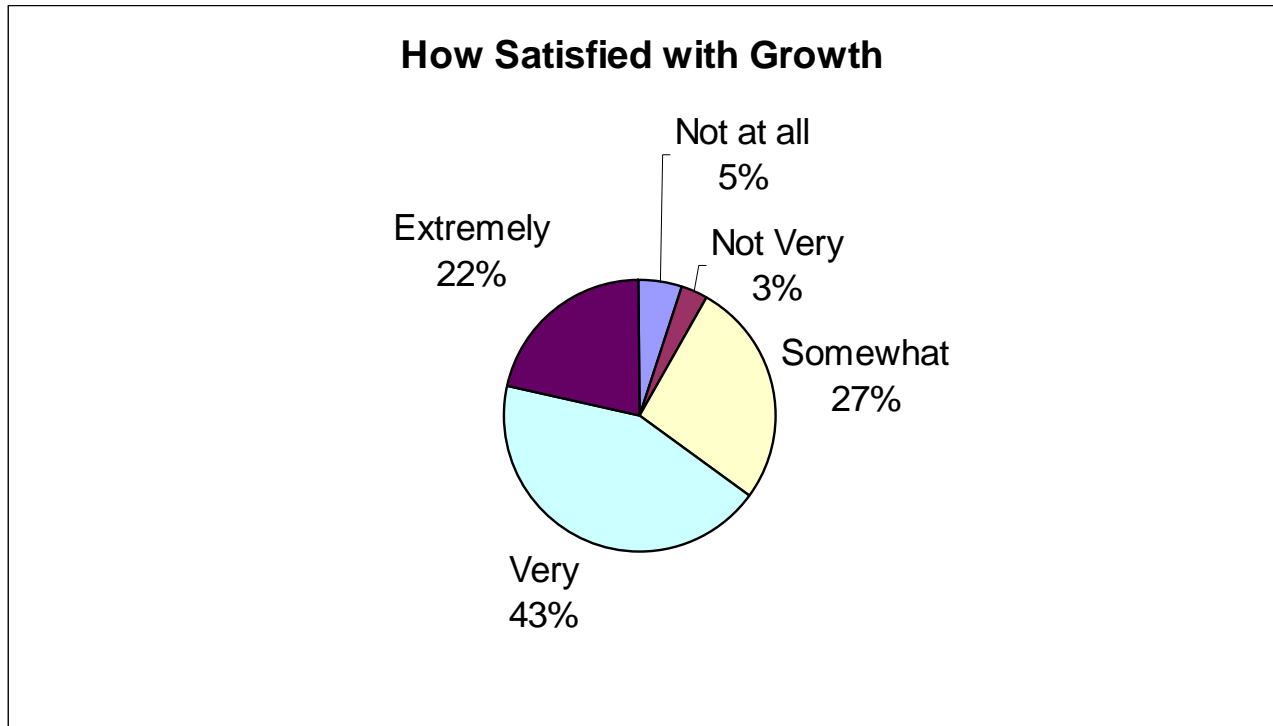
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Question: How satisfied are you with your firm's annual growth?

Most respondents indicated they are extremely or very satisfied with their firm's rate of annual growth.



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Question: How would you rank growth as an issue needing your firm's attention/focus?

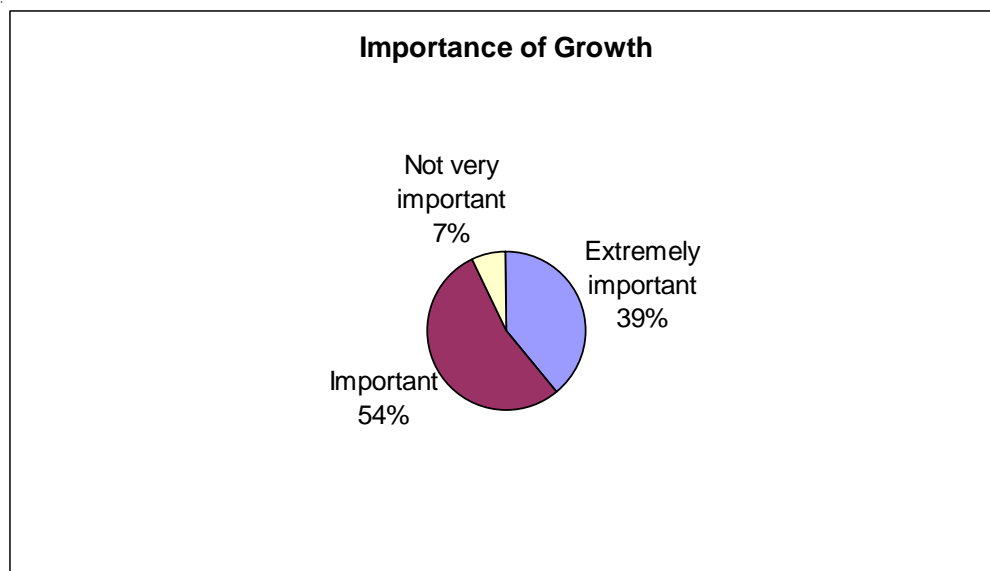
Respondents were asked to select one of the following three phrases to describe how they prioritize growth as an issue for their firm:

Extremely important – one of the top 1-2 things we need to deal with this year;

Important – we need to talk about it and make some effort, but we have more pressing issues this year;

Not very important – we have all the work we can handle and can't spend time focused on growth this year.

A little more than half of the respondents selected the middle answer, with close to 40% rating growth as extremely important.



Question: Approximately what percentage of your annual fees do you spend on marketing and sales each year?

When asked this question, 11 respondents (11%) replied that they didn't know. Of those that answered, the average percentage of annual fees reported was 4.84%. Larger firms (those greater than \$15mm in annual fees) tend to spend a little more: 5.9% of annual fees vs. 3.93% spent by firms under \$15mm annual revenue.

There does not appear to be a correlation between the size of the marketing budget and annual growth rates.

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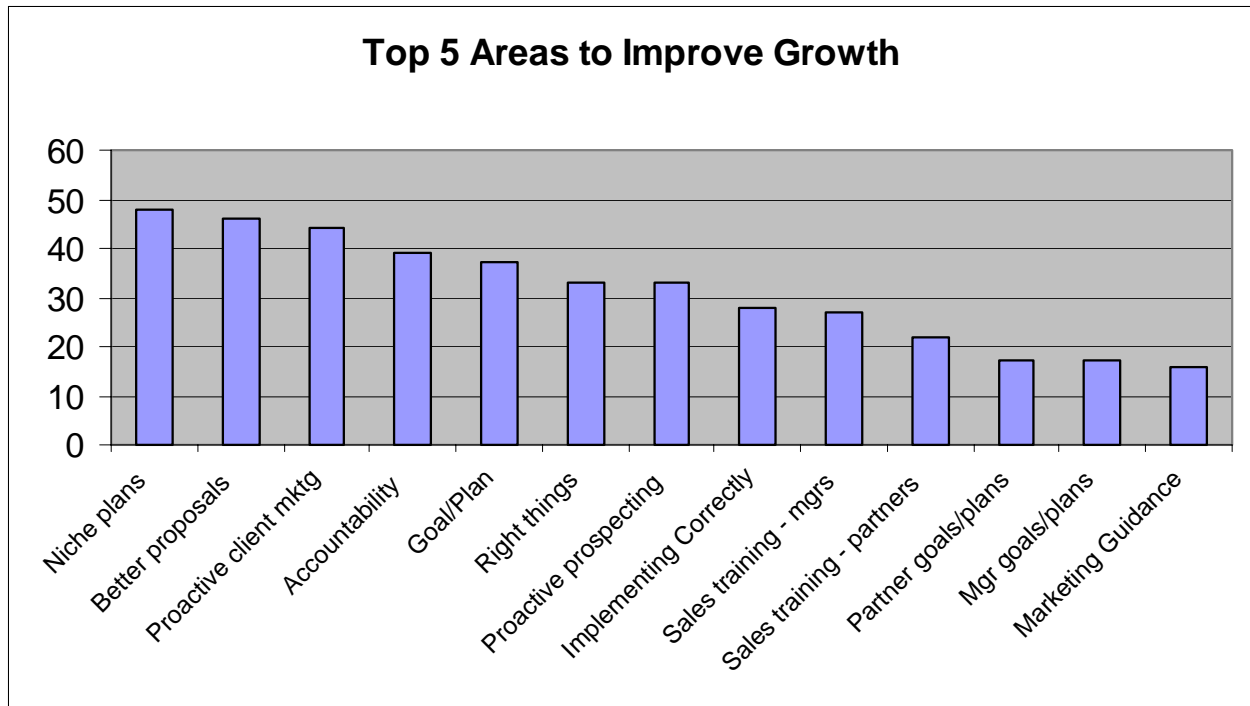
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Question: What are the top 5 areas you think would help your firm improve growth?

Respondents were asked to select 5 from a list of potential elements to help their firm improve growth rates. The answer most frequently selected was to develop detailed marketing plans for specific niches, followed closely by improve the quality of proposals and/or the proposal process, and learn how to be more proactive about marketing additional services to existing clients. Individual goals/marketing plans for partners and managers and guidance for marketing staff were the least frequently selected areas.



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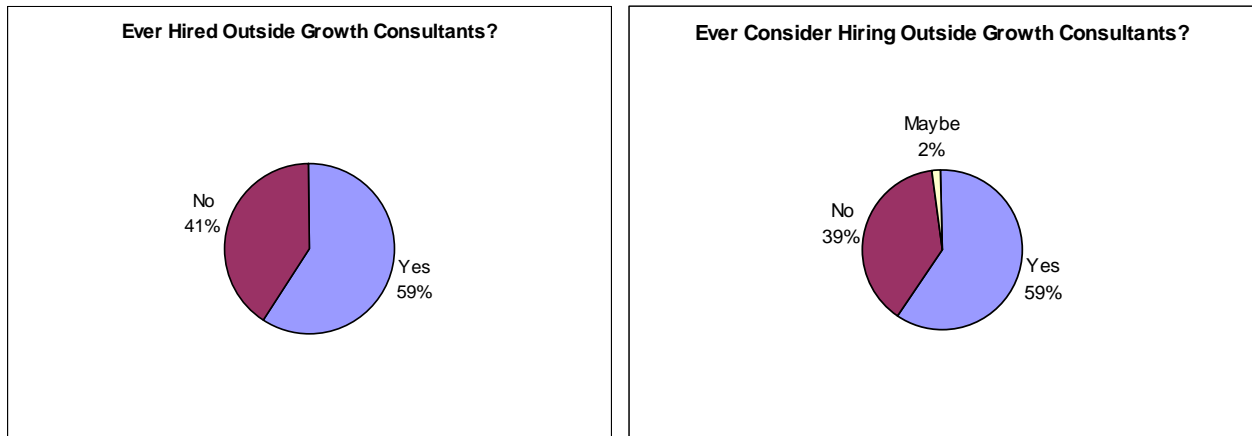
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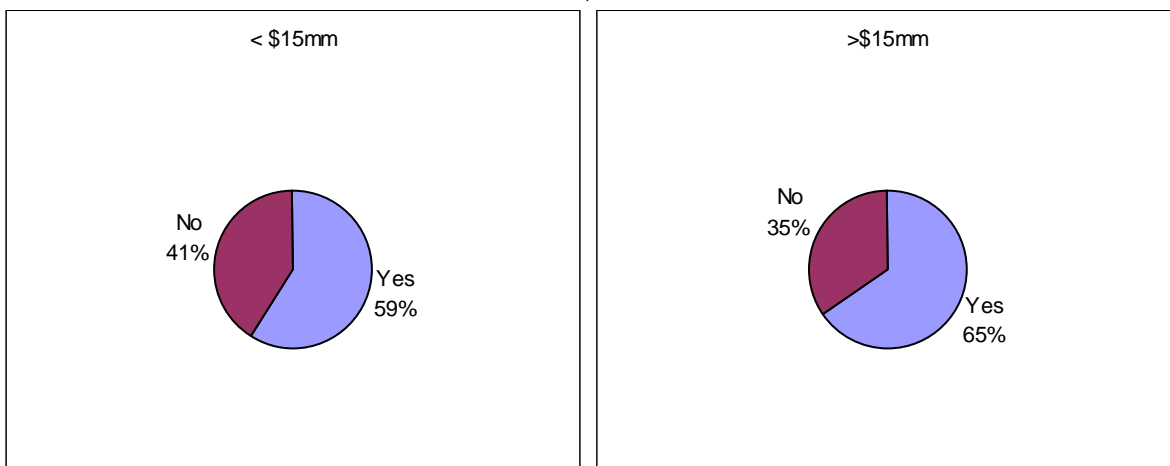
Question: Have you ever hired outside resources or consultants to help with growth efforts? Would you ever consider hiring outside resources or consultants?

About 60% of the sample have or would consider using outside marketing consultants.



Larger firms are slightly more likely to hire outside consultants than smaller firms.

Ever Hired Outside Consultants by Size of Firm (annual fees)



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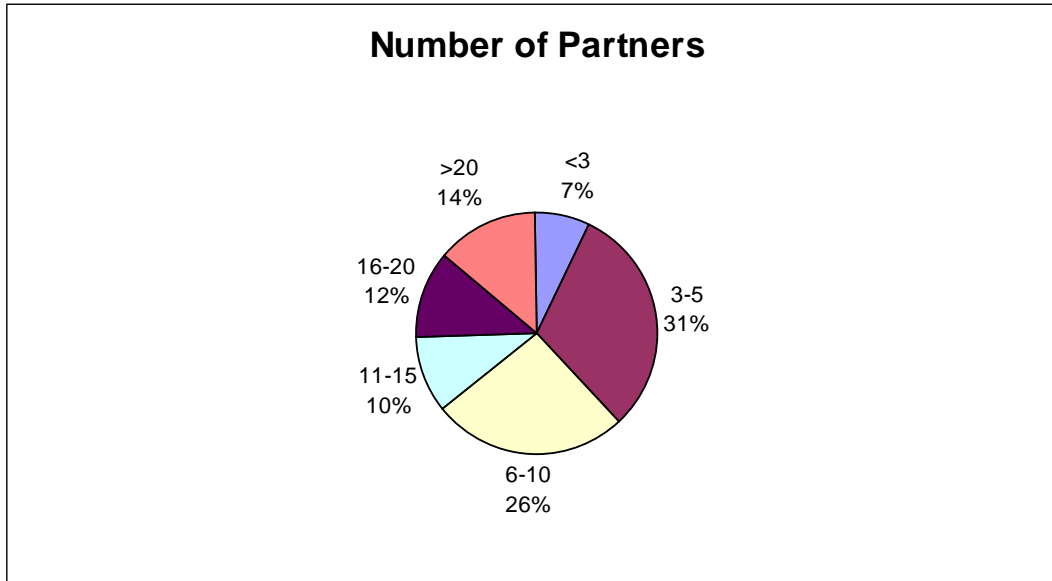
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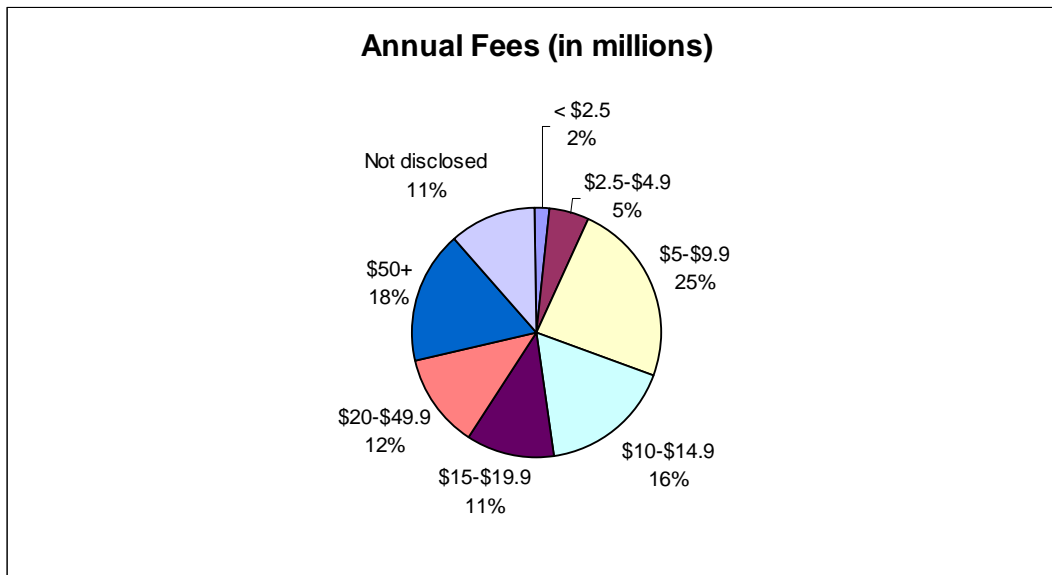
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Demographics - the respondents were asked the following demographic questions about their firm:

Number of Partners:



Annual Fees:



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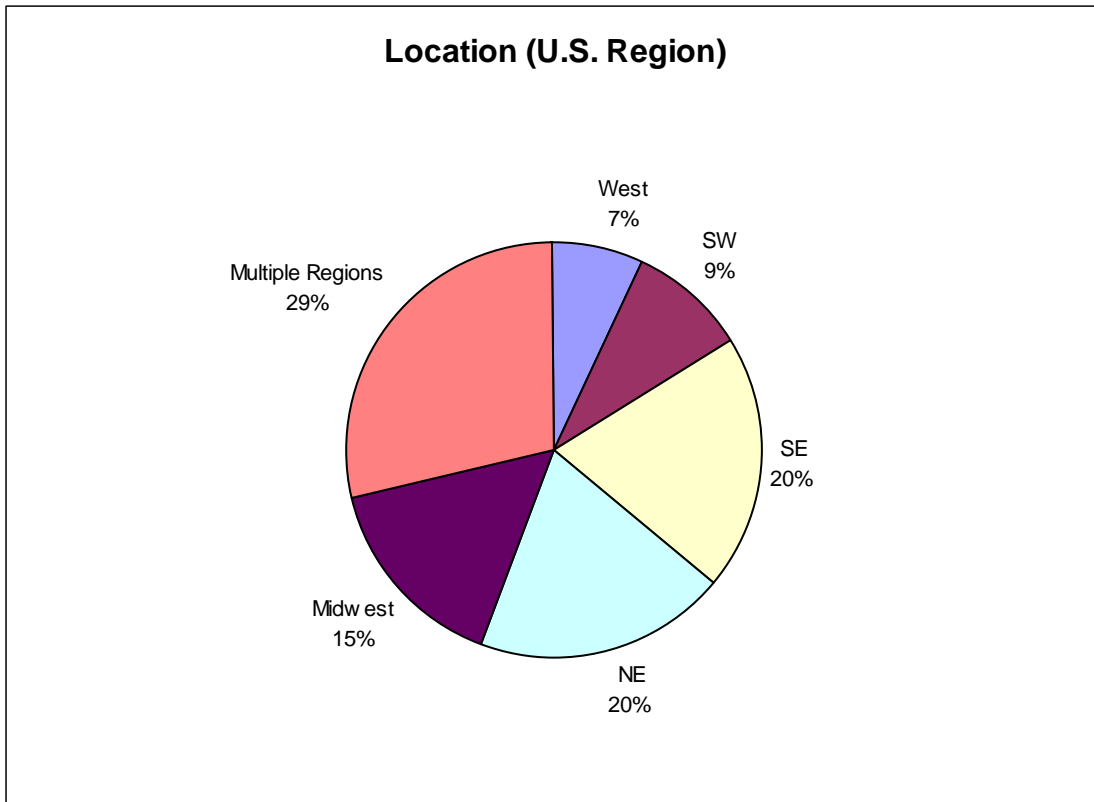
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Where Located:



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