

PULSE POINT REPORT

Exploring the Impacts of COVID to
Architectural Practice Management
and Future Focused Opportunities
August 2021

- Client Engagement
- Employee Wellness and Mental Health
- Client Services – Innovation, New and Existing Business
- Remote Work – Impacts to productivity, collaboration, design, culture and employee expectations



Australian
Institute of
Architects

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ENVIRONMENT
CHANNEL



In July of 2021 we surveyed our members to learn more about how COVID has impacted key functions of managing their practice. As we have learnt over the last year and a half, the world can rapidly change overnight.

While the pandemic provides challenges for architectural practices around the Nation, through the results provided in this survey, we can see that practices are doing well at responding with agility to the market dynamics caused by COVID. I would like to commend the 27% of responding practices that are innovating their business model through the provision of new client services.

I would also like to personally thank our national corporate partner the Built Environment Channel who have supported this market pulse point publication and I trust that as each of you read the publication you will use the advice and data provided within, as both a tool to benchmark the activities within your own practice, and food for thought.

Julia Cambage
Chief Executive Officer



Sharing observations and ideas about the business of architecture is a sign of strength and camaraderie in a profession. Now more than ever, on the roller coaster of COVID are dialogues of this nature critical for the profession. Thank you to the 135 practices, representing 4700 architects who candidly shared their experiences and strategies of adaptation over the last 1.5 years. As an individual who is passionate about mental health in the workplace, I would like to highlight that while the data from this report was only collected weeks ago, we expect the current real world experience to be very different to what is reported in this publication. Please look after one another, people are lacking human connection and support. As leaders and responsible employers we need to do the best we can to support our colleagues through the hardships created by this pandemic.

Tony Giannone
National President

ABOUT THE AUSTRALIAN INSTITUTE OF ARCHITECTS

Established in 1930, the Australian Institute of Architects is the peak body for the architecture profession in Australia. We represent over 12,000 members globally and are dedicated to improving our built environment and the communities we call home by promoting quality, responsible, sustainable design.

The Australian Institute of Architects and its members are dedicated to raising the quality of the built environment for all and to the advancement of architecture. We seek to improve the health and well being of all who live and work in our diverse communities. By raising design standards in our cities, urban areas, commercial and residential buildings, the profession as a whole alongside the Institute plays a major role in shaping Australia's future.

THE BUILT ENVIRONMENT CON



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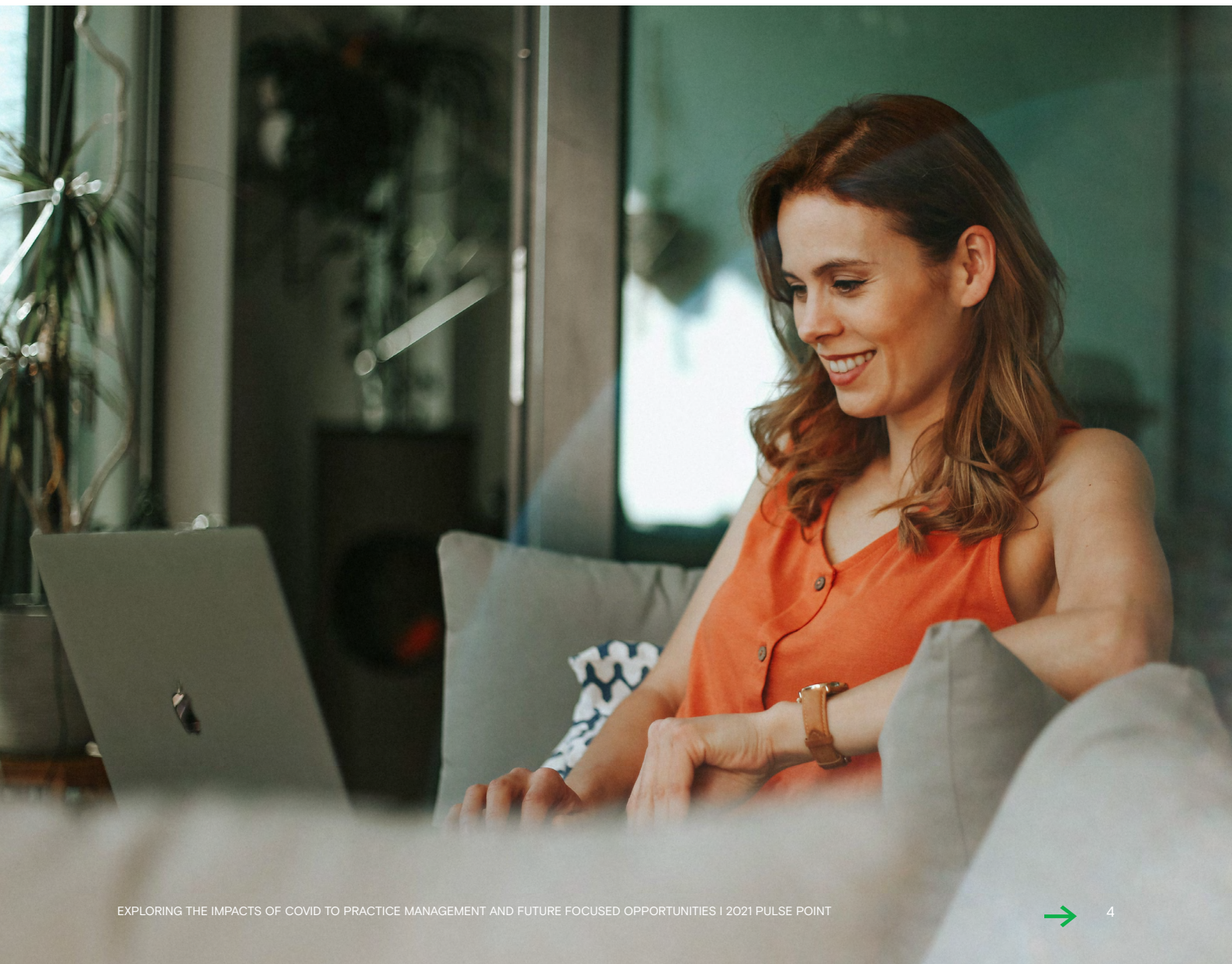
1_OVERALL GOAL & AUDIENCE

The purpose of this report is to provoke conversation amongst peers within Practice Management and Leadership on how we can harness the opportunities for growth and adaptation as a result of the dramatic changes to our operational environment due to COVID.

In this report we provide Pulse Point perspectives covering the following themes:

- Client Engagement & Business Development
- Employee Wellness & Mental Health
- Client Services - Innovation & Opportunity
- Remote Work - Impacts to productivity, collaboration, design, culture and employee expectations

In determining the key themes for this report, Institute and BEC Members provided feedback around key issues on their agenda. The data in this report has been gathered from Practice Leaders around the Nation, requesting they respond on behalf of the Practice. The report provides a series of data points in each theme. In some themes general commentary is provided, however in others the data speaks for itself. At the end of each theme key opportunities for Practices are highlighted for consideration. These insights are designed to be pragmatic and actionable.



2_A NOTE FROM THE BUILT ENVIRONMENT CHANEL



The changes in architectural workplaces nationally over the pandemic have been extraordinary. Whilst hybrid office models have been developed that afford flexibility and productivity, it remains the case that a critical component of architectural work is a collaborative and engaging studio environment. At Built Environment Channel, our aim is to support architects by providing greater connection to knowledge sources and help foster better team engagement. We hope that this report provides insight for architects in how to adjust successfully to these challenging times.

Andrew Stefanou
Chief Executive
Built Environment Channel



We've all been impacted somehow by this pandemic but what continues to inspire me is our resilience as a human race. Whilst we know working remotely can work for many, this valuable report affirms authentic connection as perhaps the most crucial component in building a productive and efficient workplace. More importantly, social connectedness is the key to positive social, emotional and physical well-being.

Donna Ward
General Manager
Built Environment Channel

In an industry first, the Built Environment Channel inspires and connects architects through a digital screen network. The channel allows firms to showcase their studio's latest projects, be inspired by global design, communicate important practice updates, engage their teams and stay connected to the latest industry updates from peak industry bodies.

Connection for your team to each other and the profession in four simple steps:

1.

Join the Built Environment Channel

2.

They will deliver and install a premium grade screen

3.

Schedule your content

4.

Be inspired, informed and stay connected

INTRODUCTION

During COVID The Australian Institute of Architects provided a rapid and wide ranging response of services to help members navigate the complexity of the pandemic.

Across all States and Territories our team advocated the economic impact of COVID to the Government, provided guidance material to navigate the ever adjusting operational environment, fostered connectivity through shifting our engagement activities online and more.

A substantial slowdown in projects and measurable shifts in employment were revealed as the biggest pandemic driven changes to the architectural profession. These findings had serious implications for jobs not only in architecture, but also in the broader construction sector which employs nearly 1 in 10 Australians. Ultimately this pushed the Australian economy into recession for the first time in 3 decades.

Each State and Territory has been impacted by COVID differently and while all States and Territories are largely in recovery mode from the pandemic, the ongoing and unpredictable lock downs continue and border closures remain.

In one way or another all Architectural Practices are impacted. This will change from State-to-State.

As one survey respondent indicated “The collective hangover is real” and within this report we highlight the collective COVID hangover across a handful of key Practice Management issues which are changing the way we engage with our team, clients, peers and workplace.



3_A MOMENT TO REFLECT ON 2020

KEY DATA REGARDING IMPACT OF COVID ON THE ARCHITECTURAL PROFESSION IN JULY 2020.

Before we explore the currently known COVID impacts on practice management, we must take a moment to reflect on how the dramatic handbrake of COVID impacted Architecture around Australia. Thinking back to July 2020, some States and Territories were operating back in the physical world, while others such as Victoria remained working from home with no signs of recovery in sight.

IN JULY 2020 THE INSTITUTE SURVEYED 430 INDIVIDUAL MEMBERS AND LEARNT THAT:

12%

of respondents indicated either they had become unemployed or had a change in their employment status as a result of COVID-19.

65%

of respondents (consistent across practice size) reported they have had projects that have stalled as a result of COVID-19.

27%

of respondents indicated that their practice had been forced to lay off or stand down staff. Among these the hardest hit cohort was large practices where 69% of respondents reported forced lay offs or stand downs.

63%

of respondents indicated that their practice had lost earnings as a result of the pandemic.

63%

of respondents indicated that government relief initiatives have been extremely or somewhat helpful with a similar percentage indicating they have accessed JobKeeper either themselves or through their employer.

There was a measurable shift in employment status with full-time employment decreasing from 69% to 60% and a corresponding increase in part-time and casual employment, to 14% to 2% respectively.

The increase in part-time employment status as a result of COVID-19 was consistent across genders. Women increased by 7% to 17% and men by 6% to 10%, reflecting the generally higher rate of part-time employment for women pre-pandemic.

33%

of respondents reported they were able to negotiate a reduction in practice overheads, with 46% reporting they haven't tried or needed to negotiate a reduction.

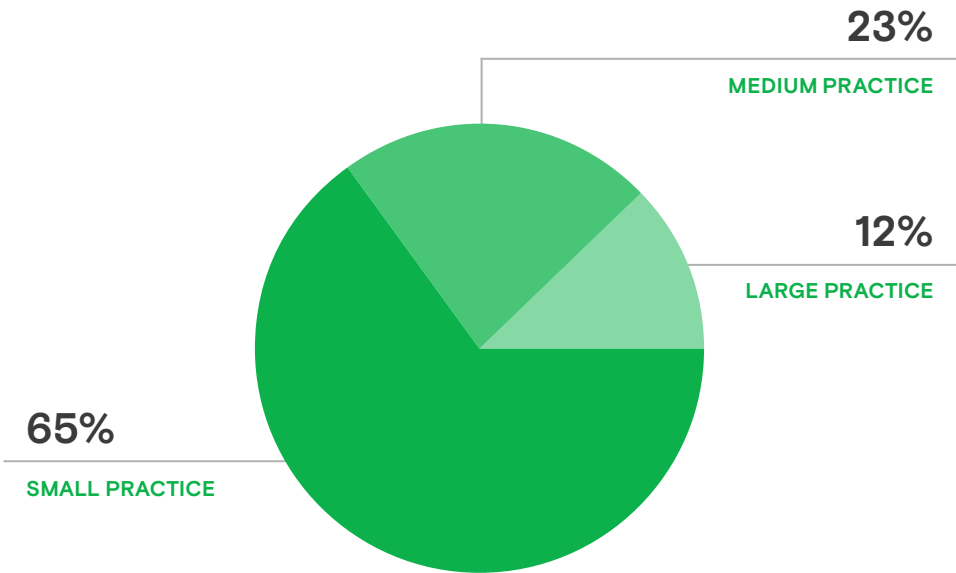
30%

of respondents indicated they are having supply chain issues due to delays from importing building materials from overseas – including, carpet, tiles, joinery, stone, steel, light fittings, windows, furniture and building facades, computers and equipment.

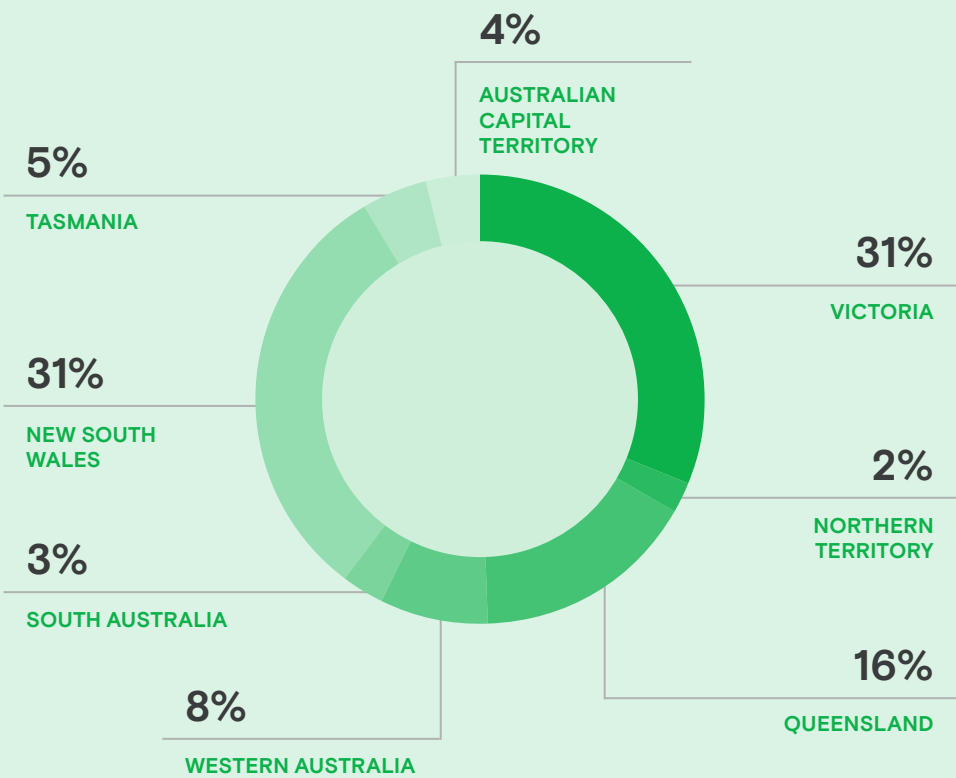
4_2021 SURVEY RESPONDENTS

In addition to the changes in the themes of exploration for each report, this report focuses on Practice responses vs the 2020 report which sought the feedback of the individual. The data within this report represents the views of over 135 practices around the country that employ approximately 4700 architects around Australia, IBIS World reports that the Australian Architectural profession employs 38,790 staff. The practice sizes vary and the geographic locations are seen to be representative of the typical split across Australian cities.

Practice Size



Locations

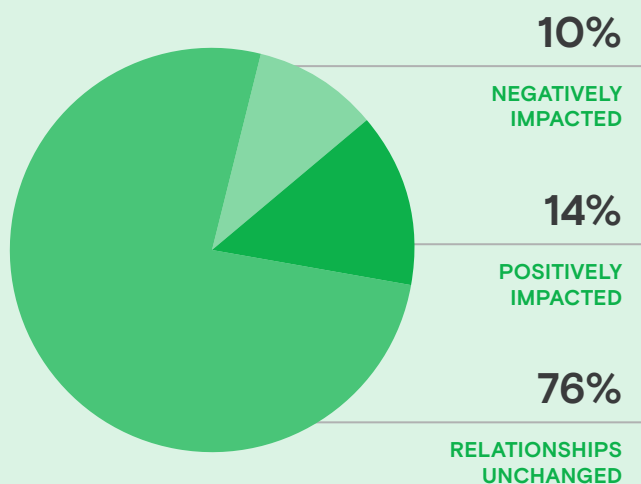


5_CLIENT ENGAGEMENT & BUSINESS DEVELOPMENT

THE IMPACT OF MOVING RELATIONSHIPS SOLELY ONLINE

Connection with clients is critical to maintaining relationships and winning new work. Pre-COVID networking and meetings largely took a face-to-face format. For varying periods of time Practices around the Nation were forced to move client interaction solely online.

Existing Clients



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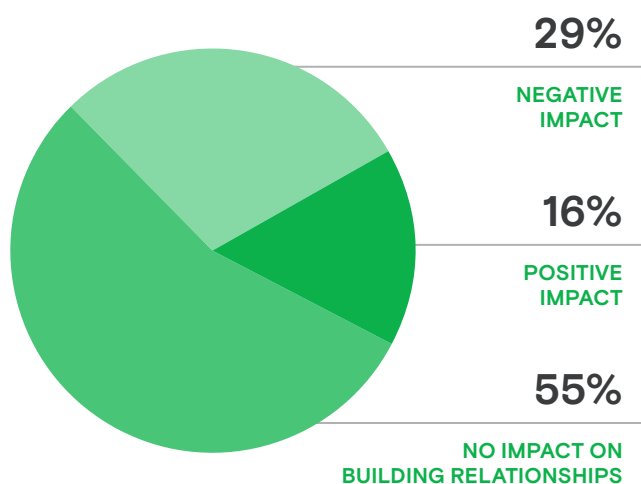
I ACTUALLY THINK THAT IT HAS ALLOWED LOCATION TO BE LESS OF AN ISSUE THAN IT WAS PRE-COVID, THUS BROADENING THE GEOGRAPHICAL OPPORTUNITIES FOR ATTRACTING AND MAINTAINING CLIENT RELATIONSHIPS.

PERHAPS INITIAL CONTACT IS MORE COMPLEX, BUT MAINTENANCE ONCE ENGAGED IS POSITIVELY IMPACTED.

”

76% of firms expressed that their relationships with existing clients remained unchanged as a result of forced online networking and meetings.

New Clients



“

IT IS HARDER TO MEET WITH NEW CLIENTS AS ONLINE IS A BIT AWKWARD FOR NEW CLIENT MEETINGS.

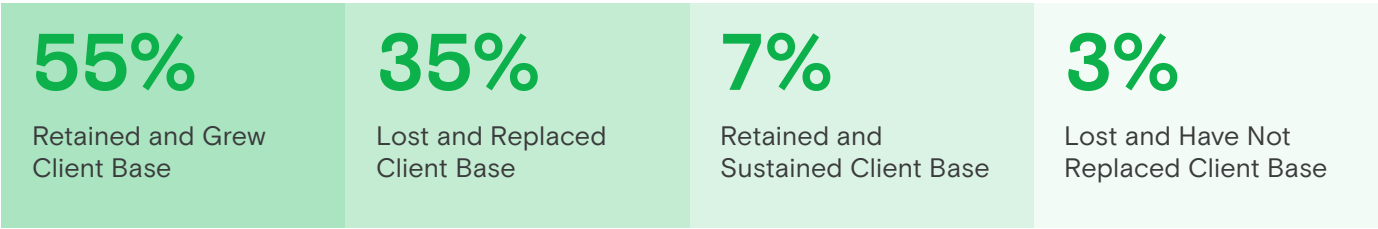
HASN'T AFFECTED ME GREATLY.

BUT FAIR TO SAY, NOTHING BEATS A FACE TO FACE MEETING.

”

Over half of responding practices reported that the shift to online client networking and engagement had no impact on building relationships with new clients. The negative impact of solely connecting online jumps from **10%** with existing clients to nearly one third **29%** with new clients.

CLIENT RETENTION AND GROWTH



MEETINGS AND NETWORKING

NEW EXPECTATIONS FOR THE FUTURE

We find that as a result of COVID firms find themselves connecting with clients for meetings and networking with new expectations.

78%

of respondents are now networking with clients through a new COVID norm, a combination of online and face to face engagements.

17%

of respondents have reverted to pre-COVID face to face only connection with clients.

5%

of respondents are solely connecting with clients online.

“

YOU CAN DIAL IN FOR MORE FREQUENT CATCH-UPS.

ONLINE NETWORKING HAS NOW BECOME AN ACCEPTED NORM.

WE ARE REGIONAL AND IT IS EASIER.

FACE TO FACE MEETINGS ARE INCREASING BACK TO NORMAL FOR LOCAL WORK BUT WE ARE TRAVELING FAR LESS FOR INTERSTATE WORK AND RELYING ON ONLINE COMMUNICATION FOR THOSE PROJECTS.

MORE ONLINE NOW NOT BECAUSE OF COVID [ANYMORE], BUT BECAUSE MORE PEOPLE ARE OPEN TO IT.

”

IMPACT THROUGH MARKETING

For many firms it can be difficult to assess where to invest time, effort and dollars into marketing activities. The following marketing activities have been reported to have had the most impact for firms in the last 1.5 years. It is important to note that in some cities opportunities for face-to-face events and speaking have been more frequent.

MARKETING METHODS IN TERMS OF IMPACT (LISTED IN ORDER OF IMPACT)

1. PUBLIC SPEAKING FACE TO FACE

2. PUBLIC SPEAKING ONLINE

3. THOUGHT LEADERSHIP

4. SOCIAL MEDIA

5. PR EDITORIAL

6. ADVERTISING



PRACTICES SHOULD SEEK TO CREATIVELY MAINTAIN RELATIONSHIPS THROUGH A COMBINATION OF ONLINE AND FACE-TO-FACE ENGAGEMENT

While face-to-face was considered primary for networking and client meetings pre-COVID, 78% of firms are now connecting with clients in a new combined format of online and face-to-face. If Practices work to maintain this, the restrictions associated with solely relating to clients through face-to-face engagement shift. Beyond the positive impact on sustainability, this means that long-term savings can be made in travel, flexible work can remain without the same risk of impacting client relationships, Practices can also access a larger talent pool and project pipeline.

Spend some time with your team curating a combination of meaningful experiences to connect with your clients, both online and face to face. For regional firms in particular, the benefits of investing in these strategies has the potential to be a game-changer.

CONSIDER ONLINE ENGAGEMENT AS A FUTURE SKILL REQUIREMENT FOR PERSONNEL WITH BUSINESS DEVELOPMENT RESPONSIBILITIES

Senior leadership wear many hats, including business development and the same individuals are not necessarily comfortable online. When recruiting or up-skilling staff who are responsible for client engagement and business development, consideration should be regarded to their comfort to networking both online and face to face. Please consider the following skill requirements to maintain an online component of business development:

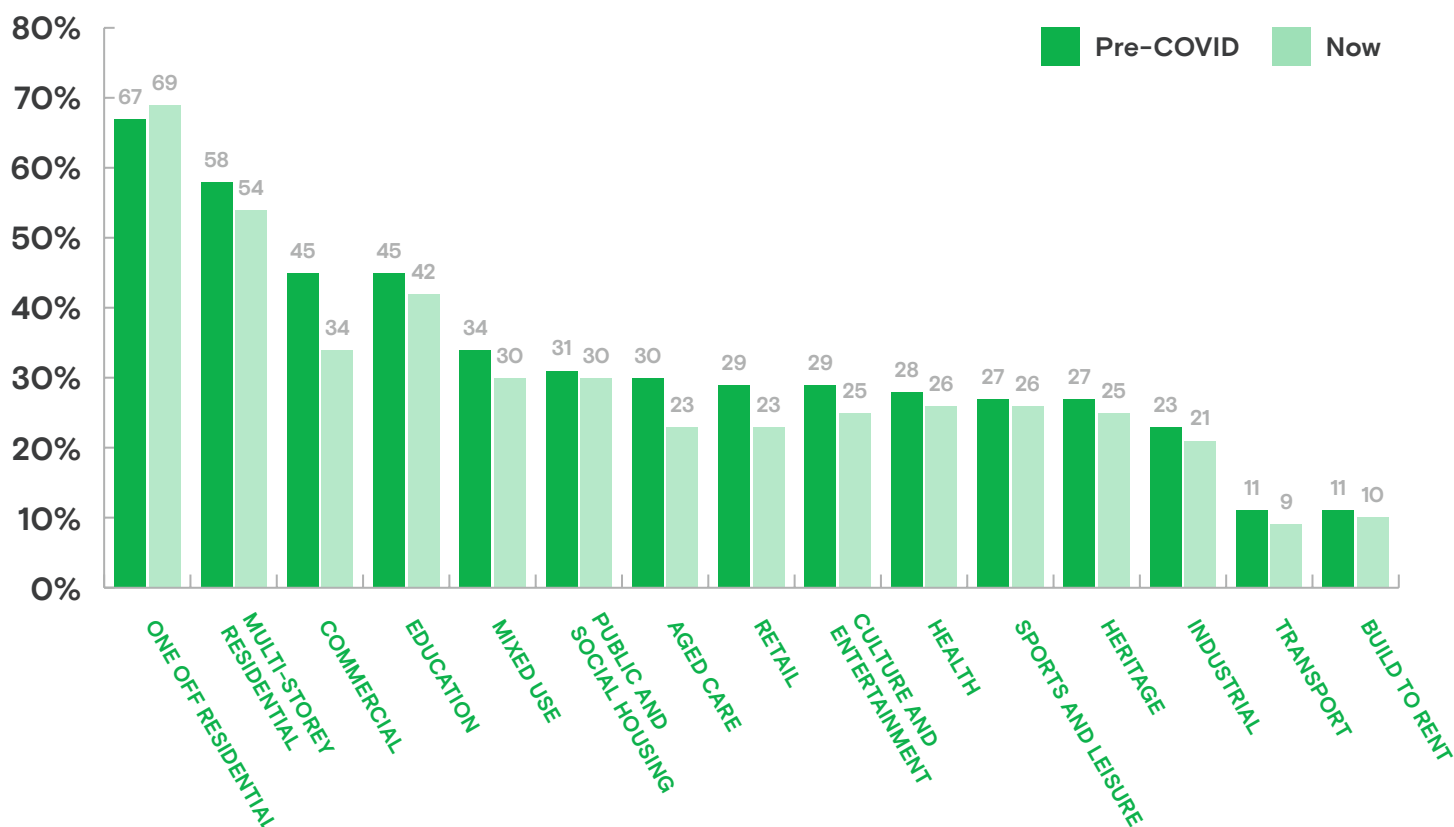
- Are they skilled in researching and accessing key contacts online?
- If public speaking is a critical business development tool for your company this consideration should also be queried in recruitment or provided with training support, as it should be assumed that events will remain in a stronger hybrid mix of face-to-face and online post COVID.
- Are they confident in using technology for meeting and networking such as Zoom, Microsoft Teams and LinkedIn?



6_CLIENT SERVICES - OPPORTUNITY & INNOVATION

PRACTICE PARTICIPATION IN SECTORS

All responding Practices were asked to list the sectors they worked in prior to COVID. Separately they were then asked to list the sectors they are working within now.



- The percentage of Practice participation amongst respondents has dropped across all sectors other than one-off residential projects.
- We see an additional **2%** of responding Practices working within single dwelling residential projects now vs pre-COVID.
- Given the remaining International border closures the drop in Education is less than anticipated.
- Some of the largest drops are in Commercial, Aged Care and Retail.
- The sample size of survey respondents within this report provides a valid Pulse Point of trends in the market, however this should not be considered as sound economic data.

TOP FOUR RESPONDENT OBSERVATIONS OF DECREASES IN OPPORTUNITY BY SECTOR

Respondents were asked to select the market sectors, which they had observed a decrease in project opportunities in over the last 1.5 years. As expected a decrease in total project opportunities was observed across all sectors. The chart below highlights the sectors in which most significant drops in total opportunity have been observed by respondents.



30%

Decrease in
Commercial
Offices



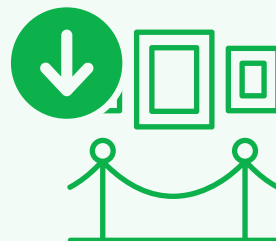
29%

Decrease in
Multi-storey
Residential



21%

Decrease in
Retail



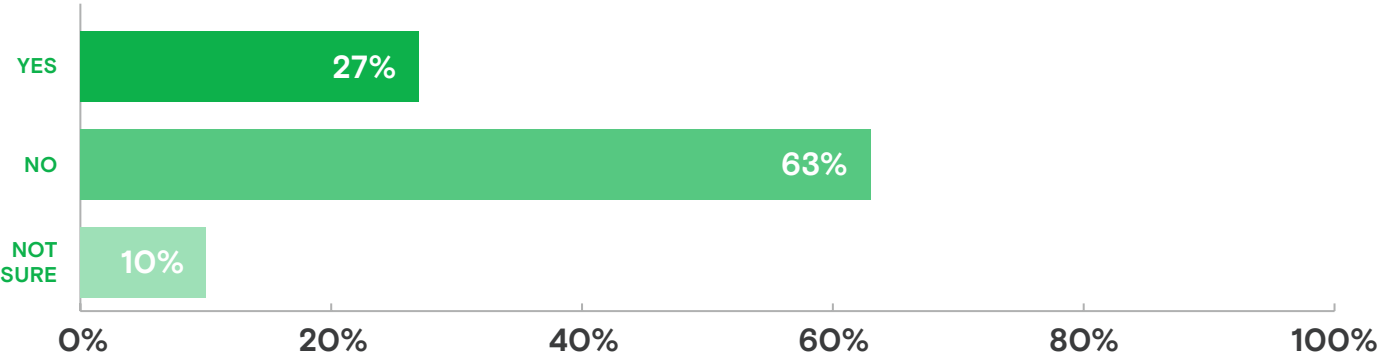
21%

Decrease
in Culture &
Entertainment

INNOVATION IN SERVICES

COVID encouraged many businesses around the world to be innovative and expand services. Respondents were asked if they explored new services to sell to clients over the last 1.5 years. While **63%** of respondents did not explore new services and **10%** were unsure, our interest lies with the **27%** that have. This **27%** reported a mixture of strategies to expand their services, with some expanding through a traditional approach of winning work in new sectors, others have taken a non-traditional approach.

PRACTICES BY PERCENTAGE THAT HAVE ESTABLISHED NEW CLIENT SERVICES OVER THE LAST 1.5 YEARS



“

WE HAVE EMBARKED UPSTREAM AND PROVIDED DESIGN ADVISORY SERVICES.

DIGITAL EVIDENCE GATHERING AND EXPERIENCE ARCHITECTURE.

STRATEGIC PLANNING.

PASSIVE-HOUSE ADVICE / MASS-TIMBER AND PRE-FABRICATION TECHNOLOGIES.

HI-END RENDERED FLY THROUGHES.

INCREASED OUR 3D DRAWING CAPACITY TO PROVIDE IMPROVED MODELLING OF PROJECTS AS A WAY OF DECREASING FACE TO FACE CONTACT TO SELL A SCHEME.

CIRCULAR ECONOMY, CIRCULAR DESIGN, ENVIRONMENTAL, HIGH-PERFORMANCE, SYSTEM APPROACH TO PROJECTS.

PLANNING, SAT APPEALS.

”

STEP BACK AND ASSESS OPPORTUNITIES TO EXPAND YOUR SERVICE MIX

Survey respondents indicated that two key strategies have been utilised for expanding their service mix:

1. Expansion into new project sectors
2. Developing new non-traditional services

For many firms the first strategy is clear and easy to follow, however developing new non-traditional services or moving vertically is a path less trodden and many firms will find themselves needing support. If your Practice is looking to expand its services lines the following questions and exercises could facilitate a workshop to commence the exploration of options.

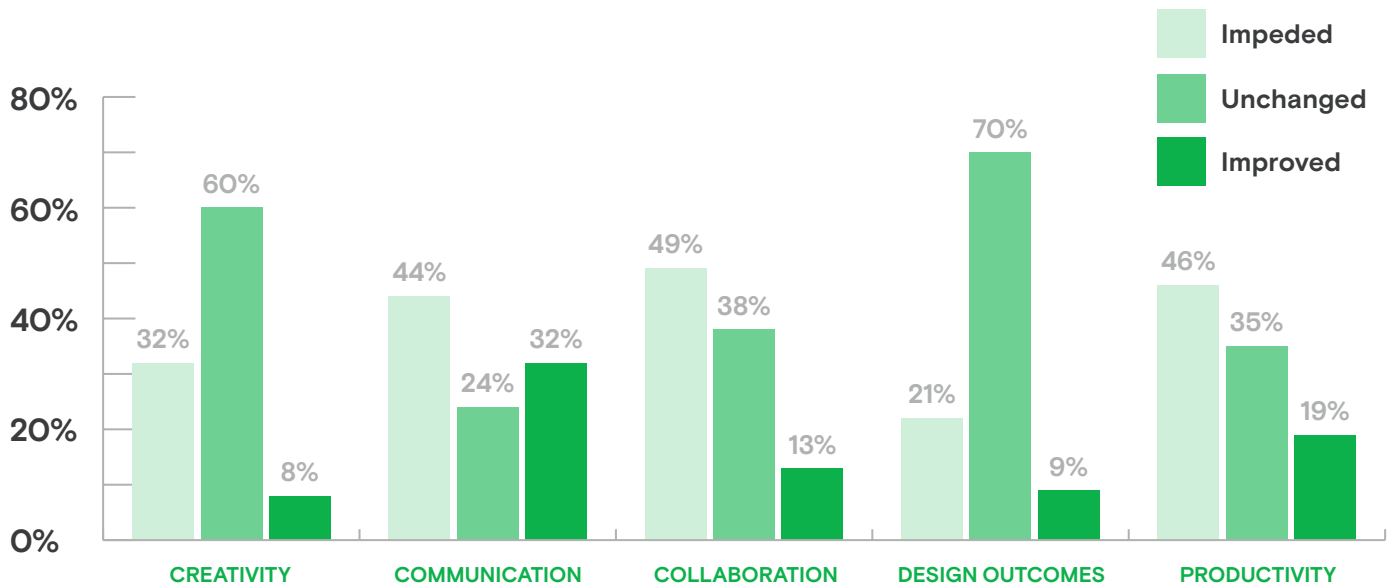
1. Looking across a project's timeline from inception (feasibility / opportunity spotting) to the end (post occupancy evaluation and operation management), generate a list of the services that are involved in the project.	2. Ask your clients what other services they procure?	3. Ask your team what are their other areas of interest within the built environment, and, what other problems do they believe the Practice could solve for the built environment?
4. Consider which of these services your firm is currently referring to other businesses?	5. From the perspective of your clients, what would be the benefit of these services being delivered from one team?	

These questions are designed to provoke thinking and ideation around opportunities for new services. Further questions are provided below to explore how these new services might be delivered:

- Do we have the skills in house currently?
- Do we need to bring these skills in house?
- Or, alternatively can we subcontract the work?
- Which of our clients do we have a strong relationship with, who will trust us to deliver something new?
- How will we price these services?
- What will our go-to-market strategy be?

7_REMOTE WORK – IMPACTS

CHANGES TO COLLABORATION, CREATIVITY, COMMUNICATION, DESIGN OUTCOMES, PRODUCTIVITY



While a majority of respondents (**60%**) believed that creativity remained unchanged, one-third, **33%** believe that creativity is impeded by remote work. Respondents reported that the impact of working from home on communication was varied however a significant **44%** of respondents learnt towards an impediment. Again, we see a mixed result with the responses regarding collaboration. The impact of remote work on collaboration was closely split down the middle with Practices reported to suffer an impediment by **49%**, with **38%** believing that collaboration remained unchanged.

Design outcomes were reported by **70%** of Practices as unchanged. We believe this reflects that the responding firms are working with a restrained personnel strategy for design, which minimizes the impact of remote work.

Much like the impact to collaboration and communication, productivity has received a split response, with **46%** believing that productivity was negatively impacted, **35%** reporting it unchanged and **19%** reporting improvements.

The mixed results in this portion of the survey indicate that the internal infrastructure and culture within a firm will direct the readiness and capability of the individuals within that firm to benefit from or be impeded by remote work; vs remote work having a definitive impact.

“

WHEN WORKING FROM HOME COLLABORATION CAN BE DONE, BUT IT'S NOT AS EFFECTIVE AS FACE TO FACE.

THERE ARE LESS OPPORTUNITIES TO SOCIALISE WITH OTHER ARCHITECTS / SUPPLIERS.

OUR WORK FROM HOME WAS A FAILURE, STAFF LACKED DIRECTION AND TIME SPENT ON PROJECTS ESCALATED.

PRODUCTIVITY HAS INCREASED DUE TO LESS TRAVEL AND TIME BETWEEN MEETINGS.

IF IN TARGETED SMALL PATCHES, PRODUCTIVITY GREW. IF THE PERSON SOLELY WORKED FROM HOME THEN IT REDUCED DUE TO LESS INTERACTION AND ACCESSING SUPPORT FROM THE TEAM.

”

TEAM EXPECTATIONS

When asked if the forced period of remote work changed their team's expectations, **75%** of respondents indicated that their team expected to maintain flexible work arrangements.



“

WE HAVE FOUND STAFF ARE NOW WORN OUT FROM THE EXTRA BURDEN OF THE WHOLE THING AND NOW STARTING TO GET UNWELL DESPITE ALL THE POSITIVE INITIATIVES. THE COLLECTIVE HANGOVER IS REAL.

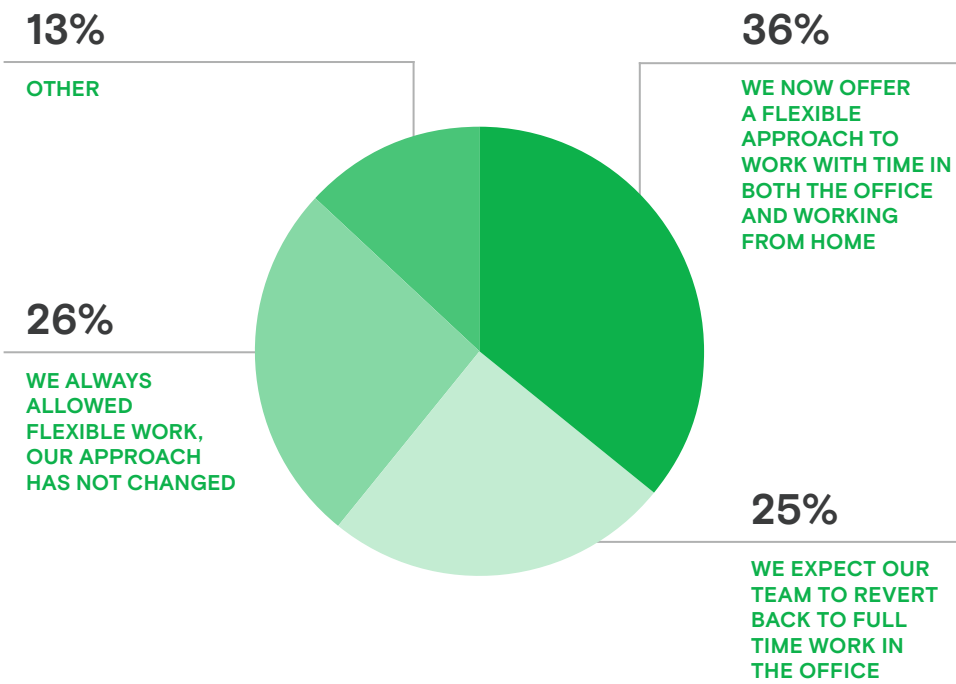
FROM A STAFF POINT OF VIEW THEY LOVED IT. FROM A PRODUCTION POINT OF VIEW IT WAS A DISASTER. THAT MAY BE A REFLECTION ON OUR CALIBRE OF STAFF? THE BIGGEST ISSUE IS THE TIME COST RATIO, IT IS OUT OF PROPORTION.

NOT REALLY. WE ALREADY HAD A FLEXIBLE WORK ENVIRONMENT THAT ALLOWED STAFF TO WORK FROM HOME. INTERESTINGLY, STAFF PREFER TO WORK IN THE OFFICE TOGETHER.

COVID HAS PROVEN THAT THE OFFICE CAN SUCCESSFULLY WORK

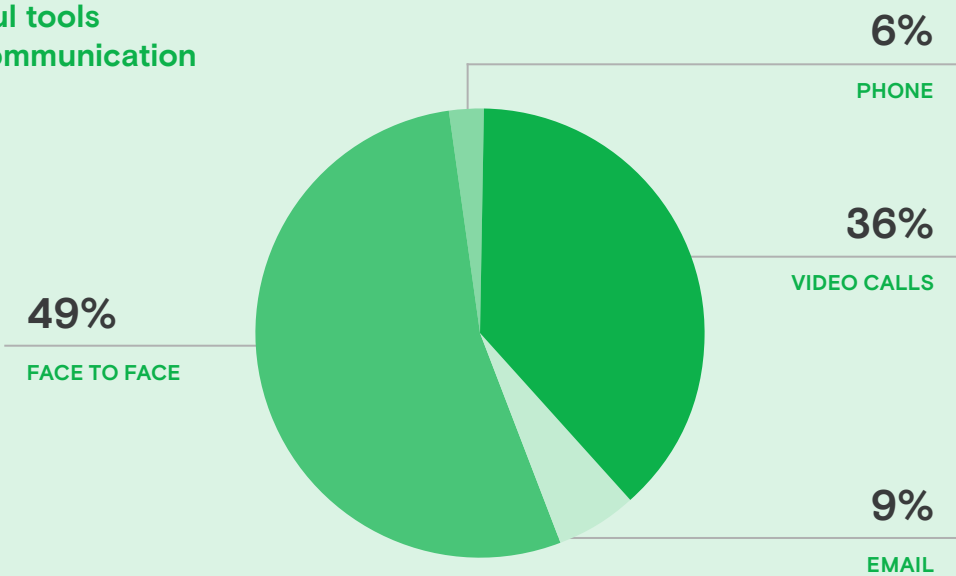
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COMPANY POLICY CHANGES



INTERNAL COMMUNICATION TOOLS FOR IMPACT

Most impactful tools for internal communication



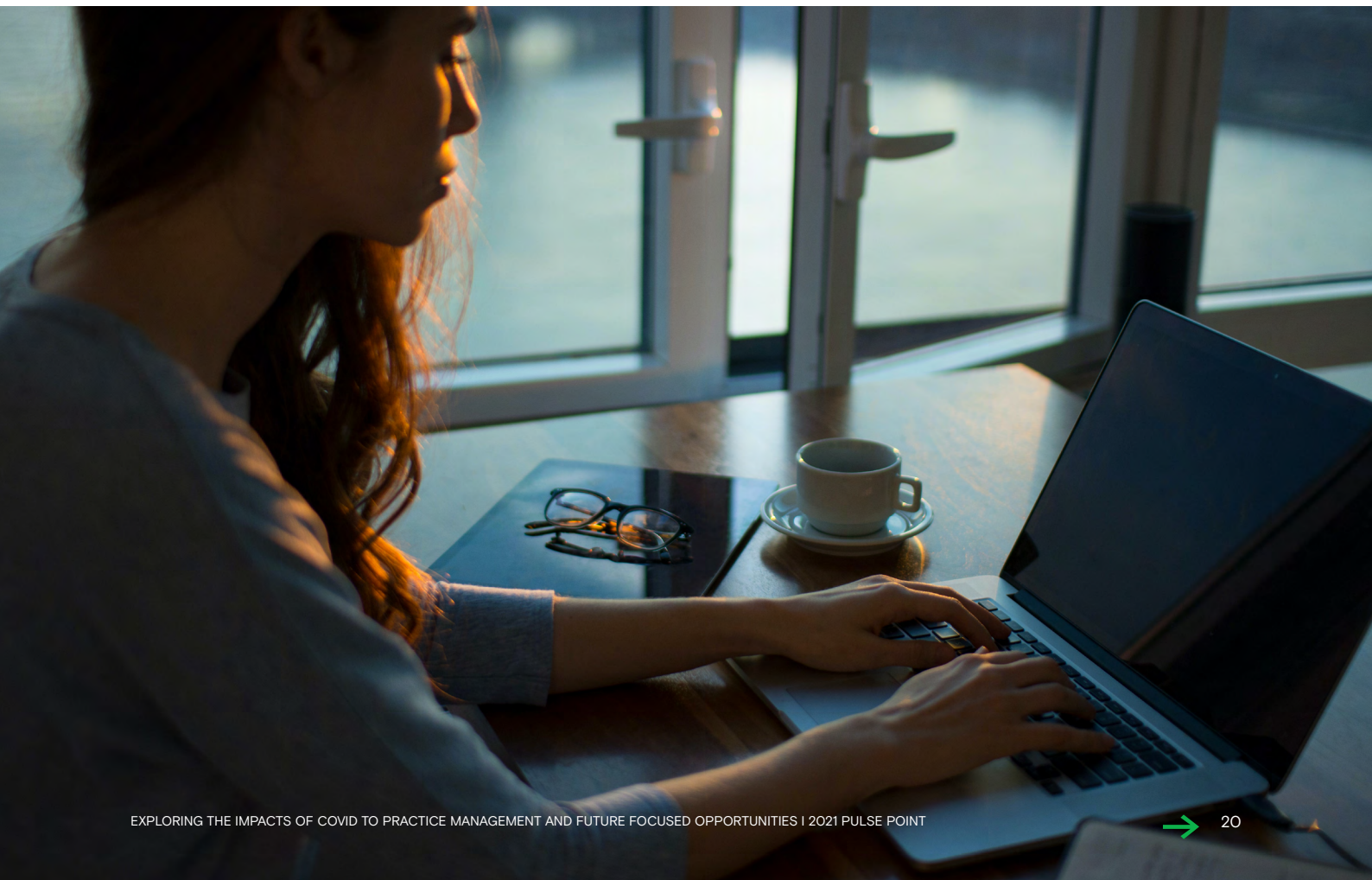
ADAPT TO REMOTE WORK – BECAUSE IT’S NOT GOING AWAY

Remote and flexible work isn’t going anywhere, so unless your Practice is happy to select from a restricted talent pool, exploring suggestions to harness the benefits of remote work and preparing your team to remain productive, collaborative and communicate well in a virtual office is critical.

In a normal circumstance where a lock down is not imposed, Practices can use strategies such as grouping flexible work days into teams. This ensures that a whole team will get face-to-face time to maintain creativity and collaboration.

A number of strategies can be implemented to help Practices maintain productivity, lift communication and collaboration in a remote setting such as –

- Asking team members to list seven priorities at the start of each day.
- Short scrum type frequent meetings.
- Implement live project management tools to create accountability on output.
- Ensure your team knows how to use the software available to them.
- Ask around to ensure your Practice is providing access to the most effective technology to support online engagement. Microsoft Teams was listed by survey respondents as the most effective tool for collaboration and internal communication.
- Survey respondents indicated that a mixture of face-to-face and video internal meetings were preferred. Within video meetings use functionality like polls, and Q&A and where possible multiple speakers to engage the audience.
- Events provide opportunities for collaboration and connection. For some it can seem that a virtual event does not have as much benefit as face-to-face, however connection to knowledge and the profession can come through an online event. Encourage your team to attend a mixture of face-to-face and online professional events to gain from the benefits of each within both settings.

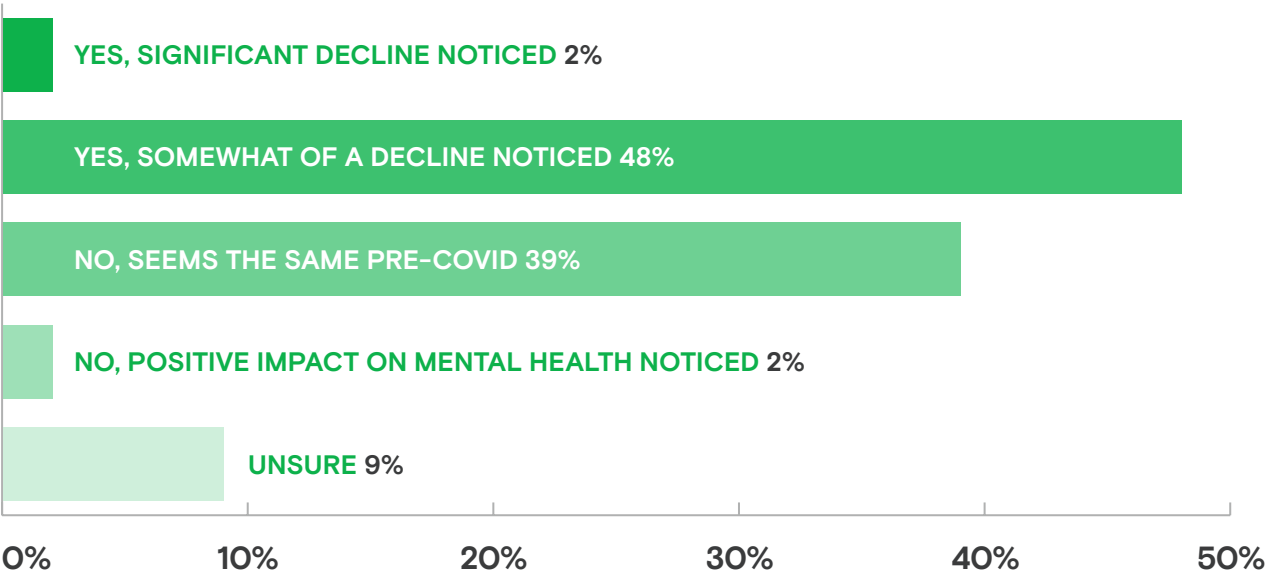


8_EMPLOYEE WELLNESS & MENTAL HEALTH

Please note - this data was collected in July 2021. While only weeks ago our world was very different at the time of data collection with NSW (31% of respondents) only just in home quarantine and VIC (a further 31% of respondents) operating in a free unquarantined environment. We expect that results in this area will have changed now).

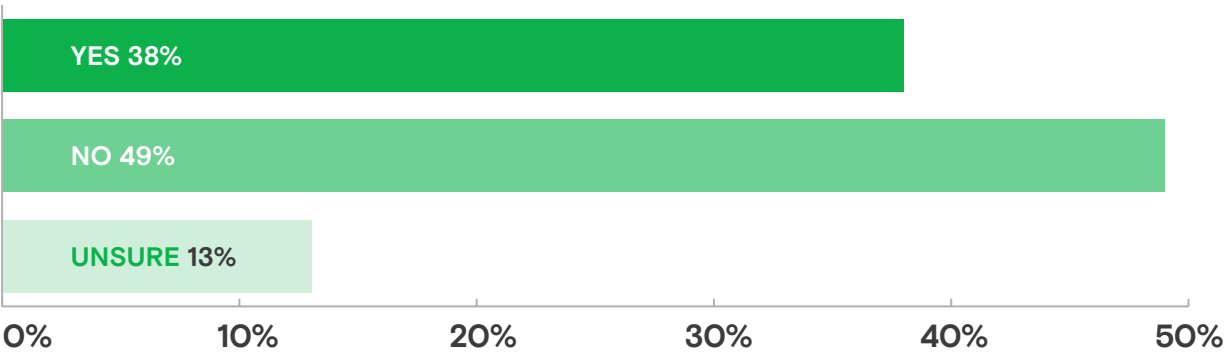
CURRENT CONCERNS

Reflecting to pre-COVID, 44% of respondents had no concern in regards to the mental health of their employees. However at July 2021, 48% of respondents report observing somewhat of a decline of mental health within their Practice due to COVID. 39% have observed mental health is currently on par with pre-COVID levels. Risks exist for the 9% of respondents who reported being unsure of the current state of mental health in their practice.



ONGOING CONCERNS

While many States and Territories are largely “back to normal”, society holds many silent traumas from COVID. The reality of sudden unexpected lock downs, distance between families both domestic and international, overhanging economic impact are some examples of concerns which are ongoing. For those who had pre-existing conditions such as anxiety, OCD or depression, before COVID the path to recovery will be longer.



AUTHENTIC CONNECTION AND COMMUNICATION – THE TOP TOOLS TO POSITIVELY IMPACT MENTAL HEALTH IN THE WORKPLACE

We asked survey respondents which tools have been the most impactful for addressing mental health in their Practice. The top three responses had a common thread, connection via authentic communication. These responses provide a great reminder for all leaders that genuine support, compassion and sometimes the simplest measures provide the most support.

Top three tools / actions to positively impact mental health in the workplace:

One on One Catch Ups:

One-on-One catch ups work best with a recurring schedule, agendas should be flexible and both participants should have an open mind. These conversations are designed to provide an informal discussion.

Employee Assistance Programs:

Employee assistance programs provide confidential counselling and support through face-to-face and online discussion with a professional.

Casual Group Catch ups Within the Team:

Team lunches, walking meetings, coffees and team bonding games were listed by respondents as some of the most common types of catch ups.





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