PRACTICE
MANAGEMENT

A guide for architects, engineers and
built environment design professionals

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#MoreTimeForDesign

PRACTICE MANAGEMENT

Practice management for architecture, engineering and construction design businesses (AEC) involves using data, tools and systems to make business decisions, allocate resources, streamline revenue/costs, and to generally promote growth and efficiency across your business. Effective architecture, engineering and construction design practice management enables you to achieve your business objectives and meet the needs of your customers, while maintaining control and visibility of your business trajectory.

In this guide, we focus on the key elements of practice management for AEC businesses to help you run your architecture, engineering, or construction design business more effectively, efficiently and profitably.

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PROJECT ACCOUNTING

Architecture, engineering and construction design (AEC) businesses want to operate as design professionals, not accountants where everything is about the general ledger. AEC project accounting — sometimes called job costing — is much more granular than business accounting. It's about understanding that behind every project is a series of transactions representing the business model that encapsulates the firm.

For this reason, you need a system (whether spreadsheets or specialist software) that allows you to break work down within the project and/or all the details associated with the project — such as the project manager, the type and size of project, types of work across the project, the term of the project, and the various business units and offices involved in the project. In addition, you should be able to separate elements of a project into phases, stages and even deliverable tasks, apply these to a defined budget, and report against all of these levels.

Your system should allow you to work to your preferred business model, giving you the ability to structure fees and costs how you need to. By understanding variables such as the associated costs, unbilled work — often referred to as work in progress (WIP) — invoiced value, and the comparison to budgets, you can gain an accurate picture of the current project performance and a view of what the future performance might be (cost to complete).

Summary:

- You must understand costs to set the correct rates and fees.
- You must work to an accurate budget for your work breakdown structure (phases, stages, tasks).
- Measure time per task accurately to understand costs and WIP value.
- Understand your budget vs actual costs to ensure you're making a profit.
- Send regular, accurate invoices and detailed invoices with the correct fee types, including progress claims.
- Review reports for the project and overall business profitability.
- Measure project performance to answer project completion date and cost at completion.
- Manage unearned income correctly.

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Project accounting features in Synergy:

| Projects | Reports | Dashboards | Rates and costs | Timesheets | Invoices | Accounting add-ons | Project performance |

CASH FLOW MANAGEMENT

'Cash is king' is one of those overly repeated clichés that never goes away because, when it comes to business, it's true. It really is crucial to ensure you are paid the right amount, on time.

Good practice management is about taking responsibility for processes to get your invoices out on time and keep the cash coming in — the more frequently the better. Follow this up with reminders to ensure you get paid on time. If you are one of the lucky few that can demand up front payments before any work is done, we salute you (and respectfully suggest you find tools to help with pre-billing, unearned income, and earned value management features).

The key difference for AEC businesses over other professional services, is that they often need to invoice for multiple stages and fee types at the same time. For efficiency, it's important to be able to do this on a single invoice. Quick invoicing takes advantage of the clients who pay immediately, or within seven days.

Being able to identify scope variations, isolate the transactions, and move them to a discrete project stage, is paramount and applies the appropriate commercial fee whether it be time and materials or fixed fee.

Summary:

- Send invoices regularly — higher frequency with lower values is better than lower frequency and higher values.
- Send invoices with multiple stages and mixed fee types as required for efficiency.
- Enable others in your project teams to send invoices.
- Match additional work transactions for scope changes and variations.

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Cash flow management features in Synergy:
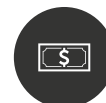
Projects   Reports   Timesheets   Invoices   Rates and costs   Accounting add-ons   Contacts   Project portal

BUSINESS DEVELOPMENT

Too many businesses put their heads down and plough through the mountain of work they have in front of them neglecting to ensure there is something else to do once the mountain is conquered.

Ask this question: where do your projects come from? Plans need to be developed to ensure you have a course of action to build and maintain a pipeline of work. This plan should be structured, constantly measured, and not reactive. Empower your staff to build relationships and build a steady flow of incoming work that allows you to be confident you will have work to keep the team busy in the future.

For much of the AEC industry, new business comes through the network of relationships. Keeping in touch with your network and keeping an ear to the ground is vital for any professional services business. Managing these contacts and conversations — relationships — is a key part of business development.

It's also vital to measure the value of such relationships against a business value — analysing past bids, win/loss ratios, the relationships providing the most profitable work, and opportunities from the interconnections between clients.

Summary:

- Allocate time to keep in touch with your network of colleagues, partners and relationships (What time? The time you just saved making your invoicing more efficient, of course!).
- Use a contact manager to record notes, to-dos and set reminders for calls and follow-ups.
- Tag contacts to make searching and reporting easier.
- Analyse job profitability so you know where your most profitable projects come from.

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Business development features in Synergy:

Contacts   Projects   Reports   Forecasting   Resource planning

FORECASTING

Do you know what kind of workload and billing you'll have in your business in the next few months? Does that workload include proposed work as well as engaged work?

Visibility into the future can mitigate surprises (not a management favourite). Forecasting is sometimes seen as a black art and, as the name suggests, it's not always 100 percent correct, but it's essential to have an idea of where you're heading. With a good practice management system and — pause for emphasis — good data in your practice, then forecasting can become more of a science.

Forecasting ultimately helps you see what cash you could have coming in (based on proposals or tenders won in the future) alongside the resources you'll need for that work, and the costs you'll incur doing the work.

It sounds obvious, but the balance you need is to make sure you have enough work for the people you employ and enough people for the work you need to complete.

Summary:

- Gather high quality and consistent data around engaged work and the probability of winning certain proposals or tenders.
- Map the expected payments for this work so you can understand what cash you're likely to have.
- Calculate the resources you'll need and costs you'll incur completing the work.
- Triangulate the value of opportunities with the expected commencement date and the likelihood of winning the bid.

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Forecasting features in Synergy:

Projects Forecasting Resource planning Staff management

RESOURCE PLANNING

If you know what work needs to be done now and in the near future, you are equipped to determine the resources (or staff), and the capacity of these, that you need to complete the work in a timely fashion and within budget. Knowing this allows you to plan a project and staff requirements on a day-to-day level, and at a more strategic level.

The strategic level gives you a roadmap of where and when you can develop staff, create new positions, recruit personnel and generally understand where to position the business around your resources as a whole. This is hard to do in a spreadsheet — use a system that gives you a thorough understanding of the resources you have at your disposal and to easily allocate these.

Resource planning ultimately helps you reduce idle time and maximise utilisation and efficiency.

Summary:

- Use forecasting to assess your capacity against workload.
- Use resource planning to understand how to balance the load with the people you have.
- Build a strategy to develop your staff and identify gaps that need filling.

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Resource planning features in Synergy:

Projects   Forecasting   Resource planning   Staff management

TECHNOLOGY

Today, being able to work anywhere and collaborate with project teams and clients is becoming an industry minimum for the AEC industry. The opportunity afforded by true multi-tenant cloud software, not the 'fake cloud' of server-based applications installed on a remote server, is one of working wherever and whenever you can get online — which is pretty much everywhere on any device.

Clients, partners and staff have minimum standards around the technology they use. Investing in technology is a terrific way to attract and keep great people. You need your technology to work for you and you need to ensure you develop the highest level of capability to get the most from your technology investments.

Whether it's the latest BIM solution, business management and collaboration tools, a cloud storage system for your project and company information that is accessible anywhere, or hardware to deliver results in the field, the right mix of technology to empower your staff is vital to the ongoing success of your practice.

Other benefits of pure cloud applications:

- No installation
- Mobility of data and applications
- No infrastructure or application maintenance
- Software is always up-to-date, evolving and improving

Summary:

- Don't spend a fortune on one giant piece of bloated software.
- Choose a selection of the best connected applications and make them work together.
- Look for software that allows you to collaborate with social-style communication to reduce emails and meetings.
- Ask whether the solutions being sold to you are pure cloud — find out what the difference is.
- Promote the technology as an advantage and benefit.

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Technology features in Synergy:

| Synergy add-ons | Project portal | Documents | Open API |

CONNECTED APPLICATIONS

Smaller firms can create huge wins and even compete on a larger stage using innovative, collaborative solutions. Connecting your cloud software applications to each other — a collection of best-in-class software working in harmony — beats an expensive, cumbersome all-in-one 'ERP' for every businesses that wants to be unshackled from the office.

An example of this is the opportunity afforded by open APIs enabling applications to connect to each other, meaning small firms can work with the best-in-class applications, each a specialist in what they do — reducing information silos and inefficiencies — without having to rely on a bloated, expensive gorilla software, juggling its many disjointed acquisitions and demanding huge, long-term fees, consulting, and an endless focus on upsell.

Business and project management software can connect to your accounting application, document markup, CRM, business intelligence, email marketing, and more.

Summary:

• Choose a selection of the best, connected applications and make them work together.

• Choose software that integrates with your favourite applications.

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Connected applications and Synergy:

Synergy add-ons   Project portal   Documents   Open API

PROJECT MANAGEMENT

It is important to ensure you have a consistent and structured approach to project management in your business. This may seem like a no brainer, as most professionals in the built environment sector do this day-in-day-out. But projects are repeatedly bogged down by emails, disjointed and fragmented communications silos, and arguments over which document or drawing is the latest.

How do you manage communication internally and between the various project stakeholders in today's collaborative environment? What is your structure for project information management? Does everyone have access to the same threaded conversations and project documents? To answer these key questions, cloud software with document management and shared portals is a good place to start.

There are systems to help you manage communications — whether that's connecting to Outlook to file emails to project folders, in social-style communications (think Facebook for projects), or tracking transmittals of documents. Systems like these ensure an audit trail and reduce risk.

Finally, if you have multiple offices, you want to have to have the advantage of a visible company-wide resource capacity and the ability share work between offices for greater efficiency. It's also important have financial clarity for the financial officers to report on local office and business-wide performance along with the inter-office and inter-project work. Complicated, but a valuable competitive advantage if done right.

Summary:

• Find tools that allow you to collaborate to reduce emails and meetings.

• Focus on managing your project documents in the cloud to reduce risk.

• Identify systems to centralise project information for a single version of the truth.

• Share communication with all associated project contents — don't rely on discrete email systems only.

• Track project performance for project managers and financial staff.

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Project management features in Synergy:

| Projects | Documents | Reports | Contacts | Project portal | Project performance | Forecasting | Resource planning | Staff management |

ACCOUNTING

In addition to your cash flow, it's important to understand your balance sheet and profit and loss (P&L) to give you a wider picture of the health of the business. You don't need to be an expert in this area, but it's important to have things in order (if only to be on the right side of the law).

AEC businesses do not want to run their practices like accountants on a general ledger basis. Systems that focus on the needs of the finance team rarely deliver operational benefits to the design teams or front office management. Many deliver monthly accounts more efficiently, but don't assist in the delivery of projects, the core of any design business.

Get the right assistance and use the right connected software to make visibility in this area simple. Your project accounting system should feed and receive data — invoices, payments, expenses, contacts —automatically to and from your chosen business accounting system, reducing double entry and making reporting and reconciliation easy.

Connecting your project accounting to your business accounting lets you run your practice like a designer, while your bookkeeper and accountant are happy to avoid double entry.

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Accounting features in Synergy:

Add-ons Projects Reports Invoices

LEGAL AND COMPLIANCE

Every business must comply with certain standards of governance no matter what industry they find themselves in. The most important thing, wherever you operate, is to understand what the compliance needs of your business are and set yourself up with a system that allows you to easily carry out and prove compliance when required.

Whether that is having a system and process that enables quality assurance or the risk management associated with adhering to contractual conditions of project contracts, today's software platforms promote transparency, accuracy, tracking and effectiveness while also providing peace of mind.

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Legal and compliance features in Synergy:

| Documents | Customisable security | Project portal |

GENERAL ADMINISTRATION

None of us can escape the need for those small tasks like filing, purchasing, managing and distributing office/company information, note taking and generally being across all aspects of the business. A consolidated practice management system helps in this area, so people can get access to the right information to perform these small administrative tasks quickly and effectively.

For instance, having business documents (HR, financials, supplier contracts, etc) filed in an easy to access digital folder, with records that allow notes and reminders to be added to these, can make auditing and tracking simple. It not only helps to carry out the tasks when required but reduces a lot of risk to the business.

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General administration features in Synergy:

| Documents | Contacts | Staff management | Dashboards | Customisable security |

CONCLUSION

Most of what we've discussed here revolves around systems. We all have systems in our businesses, but the focus should be on the tools that make things simpler, more efficient and give us the power we need to run the business better.

We touched on it in the technology section — find tools or software systems that are intuitive, built for your industry's needs, and help to consolidate what you use to manage your practice. You may be happy to use spreadsheets, email and a trusty filing cabinet. Is this really letting you flex your technical and professional muscle and allowing you to grow your business? Do they represent a system that will grow with you? Do they free you up to make the right business decisions? Invest some time and money into your systems for practice management and the payback will be generous.

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ABOUT TOTAL SYNERGY

We make Synergy — business and project management software for architecture, engineering and construction design people (AEC). Our goal is to give AEC people *more time for design*.

Synergy is like a **wingman** to your business — someone who's got your back in the business of designing the built environment. It's pure cloud software that works on any web-enabled device. All you need is an internet connection, web browser and your smartphone, tablet, laptop or desktop computer.

Synergy solves three key challenges for built environment design professionals:

- **Project accounting** (including timesheets, invoices, budgets, accounting add-ons like Xero and QBO, rates and costs, and profitability reporting)
- **Project management** (including documents, projects, work breakdown structure, phases, stages and tasks, and WIP reports)
- **Collaboration** (including communication, shared portal, shared documents, document audit trail, and more).

Who we are — #TeamTotalSynergy

Total Synergy has built business and project management software for architects, engineers and construction design professionals since 2000. Our focus is to create an engaging and fun working environment for our team. We believe that engaged people lead to great products and excellent user experiences.

We're a diverse bunch, united by our core values. We all love technology and work with a real focus on helping each other grow, and helping our customers fulfill their role in designing the built environment.

Total Synergy is a Microsoft Gold Application Development partner. Synergy is built in-house in Australia on the latest cloud technologies. We currently have offices in Sydney, Australia, and London, UK offering support to our global customers. Our North American office opens in 2018.

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