Overview in Scope and Context of Managing the Professional Practice
1 Structures, management and markets

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Introduction

The professions have a long history, including clerics, medics and lawyers, with varied modern origins, for example in the western part of the globe in the nineteenth century. Modern professional practice is typically defined by exclusive expertise captured in a body of knowledge (BoK). Such bodies are usually regulated institutionally and prescribe values, including:

- trustworthiness;
- formal association, certification and registration with the relevant professional body;
- serving the public interest.

The knowledge and codes of professional conduct provide a basis for operation that in many other areas of industry and practice would need to be established through management within the organisation (cf. Mintzberg, 1979).

The built environment professions, the focus of this book, are similar in these respects. Architects, engineers including various specialisations, surveyors in various forms and land use planners are established disciplines recognised by the institutional arrangements described, although the planning profession largely has its origins in the public sector activity rather than commercial activity, although recent times have seen a growth in private professional practice in this discipline. Project management and facilities management are emergent professions. For project management, there are several BoKs – for example the project execution emphasis of the Project Management Institute’s PMBoK®, the more strategic BoKs of the Association of Project Management and the International Project Management Association and the Japanese ENAA demonstrate a diversity of approaches and BoKs that are
‘thin’ compared to those of medicine or architecture. Therefore, practice is dynamic and diverse according to the maturity of the profession, and is also affected by the regulatory and market conditions by nation and professional institution.

In recent decades there has been a crisis in the professions, which has been evident within the built-environment professions too. Society has generally become more educated and confident to challenge professional ‘expertise’ (e.g. O’Neill, 2002a), which is reinforced by a multitasking mentality and a greater ‘DIY culture’ in some nations. In the built environment, there have been different challenges in different places. In China, for example, large municipal design institutes have been subjected to increasing commercial rigour and have also been evolving new forms of provision. In the UK, as another example, in the late 1980s and throughout the 1990s several changes were of note. The built environment professional fee scales became subject to competitive bidding, perceived poor project management from architects and poor marketing and financial control of professional practice were becoming critical whereby change became inevitable. Architects have narrowed their focus in the UK – as in many countries – on the creative aspects. There has recently been migration ‘up the food chain’ to put increased emphasis upon master and urban planning amongst some practices. Concurrently traditional quantity surveying practices transitioned to cost consultant and project management activities. Financial management, especially cashflow management, has improved, although marketing remains poorly understood, especially by architects. Human resource management is underdeveloped. Despite the common cry that ‘people are our greatest asset’, practice does not always match the rhetoric. Investment in people is low, which although understandable given labour market mobility and the multiplicity of firms, is also a real challenge, given how much effort practices make to keep clients compared to keeping good staff. More surprising is the lack of investment in social capital, specifically the knowledge and skills that are spread and embedded across the practice, frequently called core competencies that add value (e.g. Hamel and Prahalad, 1996) and dynamic capabilities that improve effectiveness and efficiency (Teece et al., 1997). This is surprising considering that professional practice is essentially a knowledge-based industry, much of the knowledge being embedded as tacit knowledge and skills derived from experience that comprise competency and core competencies.

These trends have led to less reliance upon professional expertise in the sense of being willing to pay for a basic service, especially where intangibility weakens bargaining positions: the effort and value of the inputs; the awareness of the contribution that the finished facility (outputs) will make to organisational (including household) well being and performance; and the value to wider society as onlooker and end-user. Bargaining positions are not strengthened for practices delivering high
value, because added value from intangibles such as tacit knowledge and core competencies are difficult to assess at any time, especially before delivery. This is not helped by clients, even sophisticated ones, who switch from seeking firms with a differentiated focus in boom times, to having a price focus for selection under slump conditions.

New procurement forms have added to the mix over the decades, changing the power relationship between client and professional. Design and build, construction management contracts, various design-build-finance-operate forms of contract, including PFI and PPP contracts, tend to increase contractor power at the expense of the professions.

Yet buildings and built environment facilities are becoming more complex, and client demands more sophisticated. Value, especially added value, is in demand, particularly amongst clients where certain facilities form a vital element for their competitive advantage or public profile. Part of sophistication has been the focus upon accountability, especially performance measures. This is a double-edged sword – essential, yet if dominant over the trustworthiness ascribed to professionals adds to the challenge in that it conveys the message, ‘we don’t trust you’, or as Anora O’Neill stated, ‘In the end, the new culture of accountability provides incentives for arbitrary and unprofessional choices’ (2002b).

Professionals end up concentrating resources and effort into satisfying key performance indicators (KPIs) rather than delivering what is really required – value and added value. This, coupled with the form filling to be placed on corporate and public sector panels of suppliers, plus satisfying procedures for prequalifying for competitive bids has a net corrosive effect. Whilst it makes reasonable sense for individual organisations to make such demands, the sum adds significantly to costs while margins are forced down by competition. The consequence is higher long-term prices, or compromises in quality – the very thing that clients are trying to reassure themselves about or insure themselves against. One solution is growth of the professional practice into larger companies to obtain economies of scale and scope in managing the growing set of bureaucratic demands, increasing the competence base in breadth and depth to meet complexity requirements and taking advantage of cost differences in different national markets – another notable trend of the past decade or so.

Geographical diversification of large practices has been a major trend, coupled with mergers and acquisitions. The peak of the recent boom saw a considerable number of mergers and takeovers as cash reserves were employed and pooled to increase market penetration and geographical spread. Large multidisciplinary practices have emerged in this trend. A further wave of takeovers has occurred near the bottom of the recession, 2009–10, as well-placed firms, which managed cash flow and built up reserves in the boom are buying up struggling practices, even large ones, as they reposition themselves with higher market share for the return of growth market over the coming years.
This corporatisation of professional practices carries its own problems. Increased market power and reduced national allegiance has the effect of reducing reliance on professional institutional requirements and norms. It also tends to render the firms more self-interested rather than their pursuing independent judgment on behalf of clients (cf. Chapter 2 by Graham Winch). Furthermore, it can distance them from the ethical issue of serving public interest. This is exacerbated by some professional bodies becoming more introverted and thus failing to adequately serve their members’ interests, which is not an easy task where the disciplines are redefining their roles, as cited earlier for quantity surveyors in the UK (cf. Ormrod Committee, 1971).

There are a number of general trends – institutional context and the value of professional expertise, deregulation and intensity of competitive forces, new forms of procurement and market power, accountability and trustworthiness, self-interest versus broader stakeholder and societal interests, the importance of social capital and concentration at the top into large practices undertaking increasingly complex projects – that have led to considerable change in the professions, which have been, and are being, expressed in different ways in different regions and nations. These affect the way professional practices are structured and managed and hence operate in the market. The market too affects the management and structuring of professional practice. These trends will continue and be reconfigured as part of change. In other words, an ideal state does not exist, but that is not to say that people should not pursue ideals in their discipline and in managing professional practice. The important point is to be aware of the trends and prevailing conditions, and to pursue goals that will work in the current and emerging context, and that are informed by ideals and aspirations. The chapter will consider each of the main dimensions – markets, structures and relationships, and their implications for management – starting with markets.

Markets and management

Services in general account for 70% of employment and value added in OECD countries (OECD, 2005, cited in Jewel et al., 2010). Growth is concentrated in the G7 countries (Brook, 2008; Jewel et al., 2010). Markets are further clustered into centres of activities.

World clusters

Many sectors of economic activity are concentrated in centres of global excellence, often referred to as world clusters. The most well-known
world cluster is probably Silicon Valley in California where expertise in IT development resides. World clusters typically embody forces of competition and cooperation in the market. Being in a climate of creativity, access to expertise in general and the benefits from drawing upon a labour market with specific expertise in domains of specialisation are key factors feeding off each other in self-reinforcing ways.

Where are the world clusters for the built environment professions? Los Angeles, New York, London and Tokyo are consistently recognised as such. Chicago was a key location but has lost a premier position, whilst Shanghai is arguably in the ascendancy. As will be argued below, world clusters are not defined by large international firms located in one place, although it is instructive to cite Knox and Taylor (2005) on the location of international architecture firms, who show London as the dominant location with nearly twice the score from their calculations of New York, with San Francisco, Singapore and Los Angeles following and Tokyo ninth; and, according to ENR data, over the past decade the UK generally has consistently captured 12–13% of the international design market in the built environment (Hetherington, 2008). Attention has also been drawn to detailed design and production information being undertaken in branch offices or outsourced to other practices in low-cost international locations (Tombesi, 2001; Tombesi et al., 2003; see also Chapter 2 by Graham Winch).

The reasons for geographical clusters in the built environment include:

- regional and national-level competitive advantages based on world cities as both strong domestic markets and links to global markets;
- network effects of each location as global financial hubs and skill concentration based upon cultural factors of creativity and communities of practice.

For example, London, as a cluster, was thought to finance, design or project manage up to 25% of global projects (Ive and Winch, 1999). Based upon ENR data (1999), they estimated 19 of the top 200 design professions were located in New York, and 12 were located in London. Therefore, the location of the projects is secondary to the mobilisation of resources to service and realise projects in the world cities and across the globe. Changes in technology and corporate strategy of leading multinationals in this sector tend to increase the proportion of these activities in the world clusters for the built environment, although the pressure to relocate routine activities, especially production information, to lower-cost locations will increase (Ive, c. 2001). This will potentially create discontinuity of service and may dislocate some key skills and could also inhibit knowledge transfer along the labour market chains that is necessary for maintenance and reinvigoration of the competitive advantage in the longer term. Ive states that much of the training and many of the skills are embodied in employees from overseas. This may be
an important inhibiting factor to sustaining the competitive advantage of London in the long run without additional indigenous initiative and capacity development, but reinforces such centres as places to gain experience and enhance résumés or curriculum vitae amongst each new generation of professionals.

Evidence of innovation within professional firms, specifically the top 25 cost management consultants, was recently tested for the London cluster. A total range of innovation was present, and collaboration between the practices and service providers to them was found to be significant, although purely confined to very specific areas and organisations. Surprisingly, very few innovations were driven through clients, professional institutions and the influence of competitors (Page et al., 2003), a factor confirmed in revisiting this issue (see Chapter 9 by Stephen Pryke).

The health and future success of these clusters for the built environment is therefore economically dependent upon the following factors:

1. Cluster factors:
   - The ability of firms to exploit their respective markets.
   - The ability to develop their capacity and competencies through a comprehensive set of integrated networks – project networks, communities of practice and industrial networks, which create links in the cluster yet also linkages beyond the immediate cluster.

2. Regional factors:
   - The development of the economic, institutional and social infrastructure to support the clusters for the built environment.
   - The maintenance of each cluster as a world city.

These factors are closely related, requiring the institutional bridge-building that adds value to the existing institutional structures, personal networks and discipline networks, including communities of practice (Wenger, 1998). The cluster factors are worked out through a combination of competition in the market, both on the broad scale and amongst themselves, and collaboration. Profitability, market share and other performance measures are all outcomes of successful innovation, application of knowledge and judgement, and other activities that add value. Collaboration is facilitated through networks, professional and trade bodies, as well as through research and higher education institutions. The scope of collaboration is limited within a cluster by the resources available and by market functions. Resource constraints in the market are not the only ones. Competitive advantage from the perspective of the firm is also a limiting factor. Many firms, especially some internationally prominent consultants, believe that they must protect their market position and knowledge. Competitive advantage is quickly eroded and the lifespan of factors of advantage has been decreasing over recent years, as innovations become generic solutions and later
routinised applications. However, the most powerful players are internationalising through organic growth and acquisitions to have a major office in several of the world clusters.

A world cluster does not simply comprise practices undertaking global projects. A wider infrastructure is required beyond these players and the institutional context, including SME consultants, international construction groups, specialist employment agencies, financial institutions and agencies lending in the project/built environment sectors and strategic higher education linkages. High levels of knowledge transfer are needed within practices, between practices, through the employment market, imported from outside and via higher education institutions – see Figure 1.1.

### Size of professional practices

Why are built environment professional firms typically smaller than other professional practices, such as law and accountancy? Is it a management or market factor? It is partly a function of market size and demand patterns, but it is also a management issue as will be explored in the next section. As a market, demand is less for the built environment professions than for many other professions, for example medical and accountancy professional services. Demand is also lumpy and subject to greater severity in booms and slumps compared to accountancy and

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**Figure 1.1** The context for a world cluster for the built environment

<table>
<thead>
<tr>
<th>Cluster Context</th>
<th>The Cluster for the Built Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTEXTUAL STAKEHOLDERS</strong></td>
<td><strong>KEY PLAYERS</strong></td>
</tr>
<tr>
<td>Government</td>
<td>International consultants</td>
</tr>
<tr>
<td>Legislature</td>
<td>Public–private clients</td>
</tr>
<tr>
<td>Institutional bodies and agencies</td>
<td>Professional institutes</td>
</tr>
<tr>
<td>Employers’ leaders and senior managers</td>
<td>Other representative bodies</td>
</tr>
<tr>
<td>Labour market structures and agencies</td>
<td>Employees</td>
</tr>
<tr>
<td>End users</td>
<td>Higher education</td>
</tr>
<tr>
<td>General public</td>
<td>Financial institutions</td>
</tr>
<tr>
<td></td>
<td>International contractors and supply chains</td>
</tr>
</tbody>
</table>

Conducive culture, supportive regulatory and educational climate
Cluster and domestic demand
Capacity building and knowledge transfer from higher education
Knowledge transfer for creativity, innovation and problem-solving
Developing provision to match future needs
legal services, which experience reasonably high demand levels even in a recession. The effects of boom and slumps are developed further below.

It is also a function of the demands of managing creativity and problem-solving. Management requires shorter spans of control to manage resources, whilst teams need flat structures of intense interaction and knowledge sharing to generate high-quality creative inputs and to lever tacit knowledge in problem-solving for complex tasks and project working in environments of high levels of complexity and uncertainty. This is characterised by the studio model in architecture, which contrasts with the more routinised practices of accountancy where departments and teams are large and management operates with large spans of control, or the more independent and cellular activities of legal firms where work is more self-regulating in management terms. These management dimensions are also developed further below.

Built environment professional practices continue to grow as projects become more complex. Growth occurs both organically and through acquisition. Acquisition achieves economies of scale and scope. Geographical diversification within a discipline and diversification by acquiring specialist areas of expertise as well as by discipline are commonplace. Acquisitions are presented as mergers of practices or takeovers. In practice, all mergers tend to become takeovers as certain cultural norms and management practices emerge as dominant by default if not by design post-merger. Table 1.1 is a snapshot of engineering-related takeovers and mergers reported at the peak of the boom at the upper end of the market in the UK in order to illustrate the prevalence of this type of activity.

Some practices pursue takeovers as a keystone of growth, for example Atkins and Scott Wilson (Table 1.1), and WSP in the UK. Takeovers are particularly pursued towards, and at, the peak of booms. Professional practices are essentially cash generators in financial terms, therefore reserves and liquidity are high as economic growth conditions prevail, provided that owners do not draw down profit and dividends to the maximum limits. Practices may sell to other firms for several reasons, some of the main ones being (i) the succession problem where existing partners or shareholders cannot, or do not want to, buy out principal equity owners as they leave or retire – a particular problem amongst architects (see Chapter 18 by David Stanford); (ii) where partners or directors wish to pay themselves at a premium rate yet want cash injection to survive and go to the next stage of development; (iii) where privately owned companies would rather be acquired by another private organisation rather than become a public company for the next growth phase; and (iv) where practices are weak in the market through overstretched management, overextending their financial reach.

Takeovers are not only prevalent at the peak of the market. They commonly occur at the bottom of the slump and into the upturn, as financially strong practices acquire weaker ones in order to build market
share. At the time of writing a series of these acquisitions is in train, particularly characterised by large US conglomerate consultant groups acquiring large national and international practices in other locations.

Management over the economic cycle – booms and slumps

One of the keys to sound financial management of professional practices is the management of resources against the boom–slump cycle – see Figure 1.2. Professional practices are not typically asset-rich organisations; they are typically cash generators. Cashflow management is therefore the key discipline, which includes the creation and management of cash reserves. The experience during the growth phase of the economic cycle is one of the most difficult phases to manage because success here will largely determine the ability to survive the downturn and to grow market share emerging from the slump. This growth phase is characterised by very healthy cashflows. The minimum requirement is to divide the cash into three: (i) replenish the working capital for the current workload, (ii) invest in continuing expansion, and (iii) take

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**Table 1.1 Engineering growth by takeover and merger reported 2007**

<table>
<thead>
<tr>
<th>Acquiring company</th>
<th>Acquired company</th>
</tr>
</thead>
<tbody>
<tr>
<td>AKS Ward</td>
<td>two civil and engineering practices</td>
</tr>
<tr>
<td>Atkins</td>
<td>MSL Engineering and Mantrix Associates</td>
</tr>
<tr>
<td>Bay Associates</td>
<td>Supporta plc (in 2006)</td>
</tr>
<tr>
<td>Black &amp; Veatch</td>
<td>Gleeson</td>
</tr>
<tr>
<td>Blyth and Blyth</td>
<td>Cowan &amp; Linn</td>
</tr>
<tr>
<td>Building Research Establishment (BRE)</td>
<td>Building Performance Group</td>
</tr>
<tr>
<td>Capita Symonds</td>
<td>Church Lukas and Ruddle Wilkinson Architects</td>
</tr>
<tr>
<td>George Hutchinson Associates</td>
<td>Livingston Gunn Projects</td>
</tr>
<tr>
<td>GWynedd Consultancy</td>
<td>Gwynedd Council consulting and maintenance services (2006)</td>
</tr>
<tr>
<td>Hyder</td>
<td>Bettridge Turner, Munich Project, Cresswells Associates and ACLA</td>
</tr>
<tr>
<td>Hill International</td>
<td>Knowles (2006)</td>
</tr>
<tr>
<td>McAdam Design</td>
<td>Geodelft Environmental</td>
</tr>
<tr>
<td>Mott MacDonald</td>
<td>Pettit</td>
</tr>
<tr>
<td>Mouchel Parkman</td>
<td>Ewan Group, Honagold &amp; Hills and Traffic Support</td>
</tr>
<tr>
<td>Nolan Associates</td>
<td>Erinaceous Group</td>
</tr>
<tr>
<td>RPS Group</td>
<td>Burks Green, Ecos Consulting, Harper Somers O’Sullivan and Thonger Safety Associates</td>
</tr>
<tr>
<td>Scott Wilson</td>
<td>Roscoe Postle Associates, Ferguson McIlveen, Cameron Taylor Grant DGP</td>
</tr>
<tr>
<td>Strainstall Group</td>
<td>Soil Dynamics (Malaysia) and The Railway Engineering Group</td>
</tr>
<tr>
<td>TPS</td>
<td>Carillion’s consultancy business</td>
</tr>
<tr>
<td>White Young Green</td>
<td>Adams Kara Taylor, JC Warnock, Tweeds, Nolan Ryan, Trench Farrow and Farningham McCreadie</td>
</tr>
</tbody>
</table>

Source: *New Civil Engineer*, 2007.
profits (or pay the owners high salaries and declare less profit). A fourth consideration is an important requirement for long-term success, namely the creating of sizeable cash reserves in the forthcoming period and setting up of a sinking fund to survive the inevitable slump. This will require moderating the profit-taking. It will also have an impact upon the ability to expand. Both are good things, especially moderating expansion because this becomes more expensive and efficiency drops simply because staff become more expensive, and hiring new recruits often means taking on people who are less productive or less skilled, owing to pressures in the labour market (cf. Bayer and Gann, 2006). It also has the consequence of being more critical as to which clients and which projects to take on, but as many practices take on clients that are overextending themselves towards the peak of the cycle, this can lead to fewer bad debts or underpayments.

Just before the peak of the cycle, when competitors are expanding, it is hard to rein in expenditure by freezing expansion of staff numbers, to hold staff salaries at reasonable rates and to withdraw from or substantially reduce speculative work (or demand payment at cost). The significance of this is prudent action that is arguably a matter of integrity and definitely a matter of ease of management. When the downturn comes, it is easier to manage reductions in staff numbers, pay freezes and cuts, and morale of those still in employment if the practice is not perceived as having been cavalier at the peak of the boom. It is also less expensive so
less of a drain on the cash reserves as cashflow will be in a better position than that of peer practices.

If it is hard to rein in expenditure just before the peak, then it is even more difficult to know when the peak is coming – 97% of the top UK consultants were recruiting in 2007 (Building, 2007). The answer to this usually lies outside the built environment sectors. Although they are usually involved in the downturn in some central way, the signs of a pending downturn can usually be seen elsewhere. There are normally economic indicators and commentators that highlight emergent problems in some other markets; for example, there were problems with some financial markets in the recent downturn a year before the sub-prime market induced the ‘credit crunch’, and some commentators were worried about the hedge fund markets even though they did not end up being part of the substantive problem.

It is essentially better to slightly misjudge the peak and hold costs too early than to leave it later. The practice may lose some profit but this will normally be less than the bad debts and costs incurred by expanding too much and then retreating. There is considerable evidence that downsizing does less in reducing costs and increasing productivity than expected, and harms morale extensively (McKinley et al., 1995). The practice will have good cash reserves and in the depths of recession some of the core staff you do not wish to lose can be kept. This is not philanthropy but keeps capacity comparatively intact to respond as clients slowly begin to invest and the practice can build market share at the expense of competitors. This is where prudent action towards the peak really pays off towards the end of the slump and into the upturn.

It pays off in two ways. First, there is some capacity to innovate and develop new ways of doing things for the emergent markets. Second and most importantly there is capacity to build market share, which will largely determine success in the coming growth market. Practices struggling financially at this stage will not have this opportunity. And hence, the cycle is complete, but note that positive cashflow will be experienced ahead of the competitors that are not as well managed, and this gives opportunity not only to continue to expand, but also to build up new reserves for the next cycle before others feel the benefits of growth.

Size also affects the ability to manage the boom and slumps. Large firms have more historical experience generally and should be more secure financially. Small firms are more agile. It is the medium-sized professional practice that has less room for manoeuvre (BD Practices, 2009), whose founders may be most tempted to extract too much income in the growth market and have least experience of managing the period near the peak and into the downturn.

Growth can be organic or through acquisition as cited earlier. Whatever path or combination, a matrix describes the options (Figure 1.3), setting out the investment and risk. To this needs to be added the management risk associated with geographical diversification, although this is not such a
problem for many practices where branch offices are given high degrees of relative autonomy compared to many sectors. However, some of the international multidisciplinary practices, growing through acquisitions, such as AECOM or Atkins, face more intense challenges about quality and consistency of service, reputation and branding.

![Figure 1.3 Ansoff matrix for growth](image)

**Structures and management**

**Growth and transition**

Growth is seldom smooth. This is not simply a function of market conditions and market management, but also a function of internal management. Most practices undergo growth, a plateau period and subsequent growth. This is due to barriers of management whereby the span of control reaches its limits and new capacity has to be built. Capacity can be built vertically so a new tier of management can coordinate the lower levels or a new team has to be added horizontally with space consequences too. There seem to be plateaus experienced at around 12 people, 30–50 people, 100 staff and 300 staff. It varies according to discipline and the particular span of management control.

The creative professional practices tend to adopt the studio model of organisation with a shallow hierarchy to allocate resources and a horizontal team beneath to facilitate interaction for creativity and problem-solving. The more routinised the profession the more hierarchy with a larger span of management control there tends to be, so the barriers to expansion tend to be experienced later. All, however, will tend to experience each growth stage similarly – see Table 1.2. At the limits of each stage a crisis is experienced and nascent practices need to emerge as
more dominant. While formal structures, systems and procedures support and facilitate transition, in every case it starts with informally asserting new dominant norms and informal routines (cf. Nelson and Winter, 1982).

**Structure and coordination**

Within the different types of professional practice – flat structures of intense interaction and knowledge sharing to generate high-quality creative inputs and lever tacit knowledge amongst many architects, more routinised activities of accountancy firms with departments operating under large spans of management control, the more independent, cellular activities of legal firms undertaking higher levels of self-regulated work – there are some common elements that are reflected in the way these firms are structured and coordinated. Mintzberg (1979) identified six types of structure with corresponding coordinating mechanisms of management, which has been developed an extended (see Table 1.3), of which the professional bureaucracy is one, but not usually the only one reflected in a professional practice and not always the dominant one. Added to Mintzberg’s original conception is the virtual organisation, which recognised the formal rise of virtual organisations through the internet, but also the increasing recognition of informal

**Table 1.2 Typical experiences of growth**

<table>
<thead>
<tr>
<th>Growth stage</th>
<th>Barrier to growth</th>
<th>Overcoming the barrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage I</td>
<td>Crisis of leadership</td>
<td>Growth through team working</td>
</tr>
<tr>
<td>Stage II</td>
<td>Crisis of autonomy</td>
<td>Growth through strategic direction</td>
</tr>
<tr>
<td>Stage III</td>
<td>Crisis of control</td>
<td>Growth through delegation</td>
</tr>
<tr>
<td>Stage IV</td>
<td>Crisis of bureaucracy</td>
<td>Growth through coordination</td>
</tr>
<tr>
<td>Stage V</td>
<td>Crisis of independence</td>
<td>Growth through collaboration</td>
</tr>
</tbody>
</table>

**Table 1.3 Organisations, structures and management coordination**

<table>
<thead>
<tr>
<th>Organisational type</th>
<th>Structure</th>
<th>Prime coordinating mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machine organisation</td>
<td>Machine bureaucracy</td>
<td>Standardisation of work processes</td>
</tr>
<tr>
<td>Diversified organisation</td>
<td>Divisionised</td>
<td>Standardisation of outputs</td>
</tr>
<tr>
<td>Innovative organisation</td>
<td>Adhocracy</td>
<td>Mutual adjustment</td>
</tr>
<tr>
<td>Missionary organisation</td>
<td>Value-based and/or franchise</td>
<td>Standardisation of norms</td>
</tr>
<tr>
<td>Entrepreneurial organisation</td>
<td>Simple structure</td>
<td>Direct supervision</td>
</tr>
<tr>
<td>Professional organisation</td>
<td>Professional bureaucracy</td>
<td>Standardisation of skills</td>
</tr>
<tr>
<td>Virtual organisation</td>
<td>Networks and project teams</td>
<td>Pooling competencies and standardisation of systems</td>
</tr>
</tbody>
</table>

Source: adapted and developed from Mintzberg, 1979.
associations through, for example, industrial networks, communities of practice and temporary multi-organisational teams – see Table 1.3.

Figure 1.4 depicts these structures and mechanisms, based upon an ideal type presented in an organic form: the strategic apex at the top, a middle line of management coordinating technical and discipline related matters (technostructure) and administrative (support staff) inputs, which are then linked to the operational core and underpinned by core values or ideology. Mintzberg (1979) argued in practice firms departed from the idealised type, proposing the first six of the seven types presented in Tables 1.3 and 1.4, and Figure 1.4.

The professional organisational will probably dominate most professional firms, but this is not automatic. Any organisation may therefore exhibit several types to produce certain configurations of coordination that are subject to change and amendments as firms change their plans and react to emerging situations from internal and external factors. The professional firm is one of the types – see Figure 1.4 – where education, training and standards of practice are largely developed outside of the firm through educational as well as professional institutional requirements. Regulation of standards is typically external too:

All that training is geared to one goal, the internalization of the set of procedures, which is what makes the structure technically bureaucratic . . . But the professional bureaucracy differs markedly from the machine bureaucracy. Whereas the latter generates its own standards – through the technostructure, enforced by its line managers – many of the standards of the professional bureaucracy originate outside its own structure, in the self-governing associations its professionals belong to . . . (Mintzberg et al., 1979: 373)

This induces the standardisation of inputs required for professional competence (knowledge and skills), with the consequence that practice management can be conducted with a ‘light touch’ compared to many organisations for controlling and coordinating operational activities. Most organisations are characterised by more than one organisational type, one dominant, with another in tandem to provide a combination, which lends some of the unique characteristics to the practice that render it distinctive in the market, so what sorts of combinations are complementary? Many practices start with an entrepreneurial organisation in tandem with the coordinating mechanism of the professional organisation. The entrepreneurial organisation requires direct supervision as a coordinating mechanism made possible because the practice is very small with the entrepreneurial founder not just supervising but deeply involved with the team and tasks – see Figure 1.4 and Table 1.4.

As practices grow, the founder entrepreneur cannot be so deeply involved in most tasks (Stage I, Table 1.2), yet will retain stronger supervisory oversight, assigning day-to-day activities to people
Idealised model of mechanisms

Standardisation of work processes

Strategic apex

Operating Core

Techno-structure

Middle line

Support staff

Ideology

Professional expertise and codes learned externally to the practice

Standardisation of outputs

Mutual adjustment

Standardisation of norms

Direct supervision

Standardisation of skills

Pooling competencies and standardisation of systems

Figure 1.4 Models of organisational structure and coordination
<table>
<thead>
<tr>
<th>Organisational type</th>
<th>Prime coordinating mechanism</th>
<th>Decision-making</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machine organisation</td>
<td>Standardisation of work processes: Procedural:</td>
<td>Procedural:</td>
</tr>
<tr>
<td>Efficiency drivers</td>
<td>Suitable only for the most routinised markets where tried and tested solutions are required. This is essential to conduct the high-volume, low-margin typical in these markets.</td>
<td>Flow-line processes are ideal, including the way in which decisions are taken. Control rather than flexibility is important. Compliance to the systems and procedures is seen as essential.</td>
</tr>
<tr>
<td>Diversified organisation</td>
<td>Standardisation of outputs: Accountability drivers</td>
<td>Reputation based:</td>
</tr>
<tr>
<td></td>
<td>Quality and consistency of services across diverse disciplinary areas and across geographical locations.</td>
<td>Peer reputation as well as client reputation important in maintenance of brand. Tends towards being risk averse which can stifle the creativity and problem-solving valued in the marketplace and can lead to high levels of self-interest at the expense of clients, stakeholders and society. Compliance and internalisation of values is expected.</td>
</tr>
<tr>
<td>Innovative organisation</td>
<td>Mutual adjustment:</td>
<td>Merit based:</td>
</tr>
<tr>
<td>Learning drivers</td>
<td>Inventiveness and problem-solving by thinking outside of the box is central. Flexible working with listening and sharing knowledge is an important means to make progress.</td>
<td>Learning sometimes requires rejection of group norms necessary at times, and ruthless pursuit of potential is sometimes necessary, although strong leadership is also needed to keep activities and costs within bounds. Respect and merit are used to resolve tensions between these different courses of action.</td>
</tr>
<tr>
<td>Missionary organisation</td>
<td>Standardisation of norms:</td>
<td>Belief based:</td>
</tr>
<tr>
<td>Drivers for attraction</td>
<td>Conviction that the service is needed is held onto and thus the aim is to line activity to the mission and then attract those who demand the service. Franchises, ethically orientated and evangelical businesses are suited to this mode of operation.</td>
<td>Decisions are evaluated against a set of core values and beliefs in general and then subjected to evaluation at a more detailed level of compliance.</td>
</tr>
<tr>
<td>Entrepreneurial organisation</td>
<td>Direct supervision:</td>
<td>Autocratic:</td>
</tr>
<tr>
<td>Drivers giving direction</td>
<td>All activity must be aligned to the vision and requirements of the entrepreneur, and this is conveyed directly or absorbed through relationships by osmosis.</td>
<td>Decisions are top-down. Compliance to the vision and direction is seen as important.</td>
</tr>
</tbody>
</table>
responsible for particular projects. A project form of organisation now emerges and will tend to supersede the entrepreneurial coordination in time, which is ‘virtual’ in that the project form is frequently temporary within each professional practice and the temporary form comes together with other disciplines to create a temporary multi-organisation design team (cf. Cherns and Bryant, 1984).

The founder retains the overall span of management control, resources especially knowledge and imagination being pooled at project level to generate the quality of service amongst the most creative professions (Figure 1.4 and Table 1.4). Architects and some of the most creative and innovative engineers tend to adopt the studio model of working to maximise creative – a particular expression of the professional organisation with both a virtual project character and elements of adhocracy for innovation via mutual adjustment – see Figure 1.4 and Table 1.4.

The more creative professional practices may also exhibit features of the adhocracy structure for the innovative organisations. Whilst the studio model encourages sharing knowledge and facilitating team creativity, some personal and sometimes small group ‘space’ is needed to pursue and develop new ideas – along the lines of a laboratory of the imagination – where the inventive and innovative is initially formulated and then iteratively tested and refined in the studio involving the architecture or engineering team. This process is arguably less relevant to cost consultant and accountancy practices, but is relevant to some management consultants, especially at the upper end of the hierarchy and to certain legal activities where is structurally hidden due to the preference for more cellular working.

<table>
<thead>
<tr>
<th>Organisational type</th>
<th>Prime coordinating mechanism</th>
<th>Decision-making</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional organisation</td>
<td><strong>Standardisation of skills:</strong></td>
<td>Expertise based:</td>
</tr>
<tr>
<td><strong>Proficiency drivers</strong></td>
<td>Acquired externally from professional institutions, training and continuing professional development.</td>
<td>Expertise enhanced through experience and professional requirements. Internalisation is key, in order to proficiently contend with societal and client politics in relation to the brief and broader requirements for the service.</td>
</tr>
<tr>
<td></td>
<td>This covers expertise associated with the discipline, any wider body of knowledge, ethics and codes of practice.</td>
<td></td>
</tr>
<tr>
<td>Virtual organisation</td>
<td><strong>Pooling competencies and standardisation of systems:</strong></td>
<td>Negotiated:</td>
</tr>
<tr>
<td><strong>Delivery drivers</strong></td>
<td>Task-driven activity, with pooled competency and system resources.</td>
<td>Decisions are seldom taken without consultation: within teams, across functions and organisations and through short-distance hierarchical negotiations.</td>
</tr>
</tbody>
</table>

Table 1.4 (Continued)
The missionary organisation’s standardised norms may be present and particularly relevant under two organisational configurations. First, highly creative practices, which are also called the strong idea practices (Coxe et al., 1987; Winch and Schneider, 1993), especially the signature architects or ‘archistars’ (see Chapter 6 by Beatrice Manzoni), that have a high profile and strong brand in the market (see Chapter 7 by Hedley Smyth and Sofia Kioussi; cf. Chapter 15 by Kate McGhie) can generate that profile and brand by the values and norms of the founding individual being tacitly imposed on other employees. This is not the case for all strong idea firms as creative design diversity is valued as part of its cultural norms (see Chapter 10 by Ken Shuttleworth). Second, where practices are setting up new branch offices, there may be a desire in the early stages to embed the values of the practice, especially where (many of) the management have not come from one of the existing offices. As with the entrepreneurial structure, this ideological thrust may prove temporary, yet some practices may retain or seek to maintain such structures and coordinating mechanisms in the longer term.

The growing and emergent trends of conglomerate multidisciplinary practices, such as AECOM and Atkins, may place emphasis on the consistency of service quality delivered. One solution to this is the adoption of the divisionalised practice into departments of business units that can be monitored and held to central account for quality. This can induce so-called ‘silo thinking’ and thus is at the opposite end of the spectrum to the studio model, but if carefully managed and structured, it can be utilised for overall coordination with other structures and processes working within business units and for particular disciplines. The built environment professions are probably somewhat ‘behind the learning curve’ for establishing these structures yet managing cross-pollination and learning through inter-business unit networking compared to the advertising and media professions, for example WPP (Grabher, 2002; see also Chapter 2 by Graham Winch).

The machine bureaucracy is the least relevant structure to the professional organisation. Whilst there may be elements present, especially amongst the most routinised practices undertaking standardised work, the built environment professions undertaking project work are amongst the least able to follow this form because projects are inherently dealing with high levels of uncertainty (Winch, 2002) and ambiguity (Daft and Lengel, 1986).

Managing imagination and value generation

Returning to the studio model because of its distinctiveness, further exploration is warranted. The studio model has its origin in the artists’ studio or ‘atelier’ (the attic quarters of vertically segregated Parisian
housing). The studio or atelier has a short hierarchy to maintain the supervision, which is sometimes partly negotiated socially or informally rather than by appointment, along the lines of the artists’ studio or collective. Some hierarchy is needed to manage matters in any studio and this always has a formal element in commercial practice, even if it is self-appointment by the founder. The short or shallow hierarchical management control tends to be direct (cf. entrepreneurial) for each studio to flexibly allocate resources between the several projects typically allocated to each studio in the practice. Bayer and Gann (2006) have analysed bidding strategies suggesting that allocating under-employed staff is more efficient than having a separate bidding function. Management coordination may grow as studios grow to coordinate quality across the studios, which will become more important as practices grow, diversify geographically through setting up branch offices and offer a range of services and disciplines. It becomes dominant for international multi-disciplinary practices.

The studio model is particularly important for strong idea architecture and engineering practices (Coxe et al., 1987; Winch and Schneider, 1993; see Chapter 2 by Graham Winch). Most professional practices will share similar values partly for professional reasons and partly because of the culture of the firm (cf. professional bureaucracy and missionary organisation). Studio managers within the practice will model and impart these practice values, yet there is typically room for individual expression and negotiation of a studio ‘flavour’ to the culture, except where a strong idea architect (cf. innovative adhocracy) or ‘archistar’ ruthlessly imposes their design values across the whole practice (cf. missionary organisation). In terms of cultural theory, the studio model adheres closest to the clan and adhocracy cultural positions of Cameron and Quinn (2006) and the competitive individualism and egalitarian enclave of the cultural theory model of Douglas (1999), whereas the more routinised or strong delivery practices adhere to the other positions in the cultural models of hierarchy and market, and hierarchy and competitive individualism respectively – see Figure 1.5.

Ainamo (2007) considered these differences in terms of (i) resourced-based coordination mechanisms in creative development work where participative and organic design teams or design centres are the loci of resources, and (ii) structure-based coordination mechanisms in creative development work where function and product management are the two loci for focusing resources in more hierarchical and mechanistic structures (see also Chapter 3 by Antti Ainamo).

The studio model has survived and developed as it is most effective in generating creativity and problem-solving. The values inform this process, but it is this type of experiential learning and knowledge sharing which is characteristic of design practices generally and strong idea firms in particular. Kraut et al. (1976) stressed the importance of informal
communication within group interactions, finding that 85% of all communication was informal, of which 50% was the product of people working in close proximity (cf. Stanton et al., 2003), underlining the importance of tacit knowledge sharing (cf. Polanyi, 1958; Nonaka and Takeuchi, 1995) and reflective practice (Schön, 1983).

Learning in professional practice tends towards the experiential or affective rather than the cognitive per se in alignment with the Kolb learning cycle (Figure 1.6).

This has been further developed to account for the creative industries (Figure 1.7), whereby the creative tension is maintained between assimilating/accommodating on the one hand and diverging/converging on the other hand, converging and divergence also being in tension and conflict at times (Beckman and Barry, 2007). These tensions can generate creative excitement and challenges for employees as horizontal processes...
tend to be managed informally ‘amongst equals’. The project designer and studio manager frequently participate as equals, yet intervene in hierarchical mode to ‘call time’ and freeze the process as part of the management of resources and to control quality of output. Heads of projects and studios may play these dual roles – horizontal creativity and hierarchical control – the skill being to know which role is being acted upon at any time and communicate this to other studio members so as not to inhibit the creative flow.

Figure 1.7 The creative learning process

Relationships and management

Relationships and value

Mintzberg said that professions gather around expertise, not values – see the professional and innovative organisations in Table 1.4 (Mintzberg, 1979; cf. Mintzberg et al., 1988). Dunn and Baker (2003) said that the old model of revenue calculated as people power $\times$ efficiency $\times$ hourly rate is being superseded by a new model of profitability derived from intellectual capital $\times$ price $\times$ effectiveness, which places greater emphasis on people’s knowledge and how they work together. Practice managers regularly say, ‘people are our greatest asset’, especially when they pitch for work. As noted, investment does not always match the assertion albeit for some understandable reasons. However, it is a different and more profound point that is developed in this section: the importance of relationships.

It is right that the professions gather around expertise (Mintzberg, 1979), but that does not mean that they need to remain primarily gathered around expertise, and the successful practices cannot do so to
secure success in the future. The expertise and competence (knowledge and skills developed individually and organisationally in theory and practice) are the tools. As Pryke and Smyth (2006) drew attention to in project management the medium-term historical fetish for tools and techniques has, until recently, overlooked the fact that they are only as good as the hands they are in individually and in teams – it is people who add value working together. In the professions the ‘tools and techniques’ are embedded in the people. Whilst certain theoretical and practical aspects can be codified as explicit knowledge, much remains implicit knowledge, especially the knowledge and skills that are experiential or affective and are derived from psychomotor learning (such as riding a bike) which are applied by habit. Indeed, the intangibility of these attributes is sometimes hard to express and articulate to oneself, leave alone to others. Yet it is these attributes that constitute the expertise and competence of the professions, and which are mobilised through working relationships.

There remains a lack of awareness amongst the built environment professions of the importance of relationships. Consequently, relationships are typically poorly managed amongst the professions. Although there has been improvement over the past quarter century or so, the full scope remains unappreciated and under-managed. Yet, there are many practices, from the large professional ones with global reach to small local ones, that are perfectly capable of delivering excellent cost control, high-quality design and engineering in their markets and for their chosen segments – what economists call the delivery of value added or more colloquially meeting the professional requirements of the discipline. This is insufficient in competitive markets for complex projects for demanding and sophisticated clients. Therefore, it is the professional practices that lever the expertise and competencies from their people with greatest effect that will go beyond those minimal requirements – what is conceptually termed social capital that will deliver added value. This social capital is embedded in people and is mobilised through relationships. Relationship management will therefore become a key driver of future competitive advantage (e.g. Grönroos, 2000; Gummesson, 2001; Christopher et al., 2006; for the built environment see Smyth, 2000; Pryke and Smyth, 2006).

**Relationship management**

Relationship management started with relationship marketing, which the professions have intuitively followed for decades in business development, and more systematic approaches have emerged amongst practices – which is not to be confused with customer relationship management (CRM) software, which is a tool that can be an aid to relationship marketing and management. There are essentially two ways
in which relationship management facilitates added value creation and delivery:

1. **Internal relationship management** is used to facilitate the mobilisation of social capital embedded within individuals so that this is captured in the service, and the management of the service, so that both the content and its delivery are more effective for the client. This is building upon existing mechanisms, for example the studio model which provides a fertile context for both the development and sharing of social capital, whereby relationships are actively managed to enhance the process – ‘investing’ in people so they feel more valued, investing and facilitating competency development, providing systems and procedures to further enhance working together especially at critical stages of projects. This is not especially demanding in investment costs and in some cases may only be enhancing what is already achieved. In some cases, this may cut across efficiency drivers, which will need to be addressed by distinguishing between efficiencies that help the client and client budget, and efficiencies that help practice profitability. All the evidence is that enhancing relationship management adds to short-term costs but enhances repeat business and profitability, service effectiveness that looks beyond the short term is preferable to short-term efficiency gains (e.g. Reichheld, 1996; for the built environment see Smyth, 2000).

2. **External relationship management** is used to secure business at the crudest level, which most practices recognise. Significantly, it is used to understand the client requirements that go beyond the request for proposal and briefing documentation towards understanding their business and project strategies, the underpinning and largely unarticulated expectations, and what motivates the key decision makers personally and for the organisation. Working with the client during the business development stages and beyond creates opportunities to reflect upon their needs and inject these into the solutions, which is part of the co-created value process (Prahalad and Ramaswamy, 2004). The practices that arguably have most opportunity to do this are the weakest at it, for example strong idea architects that see the design as an artefact to be accepted on its creative merit – see Chapter 7 by Hedley Smyth and Sofia Kioussi.

What this highlights – especially the second point – is that value delivered by the professions is not ultimately the product of inputs, which is the old model for generating revenue (Dunn and Baker, 2003), but value is the product of market need, in other words what clients want implicitly or explicitly beyond the minimum expected requirements of a competent professional. This is the arena of competitive contest for the next growth market. It will be the practices that are most effective in these ways,
incrementally improving over the cycle, that will build market share and be profitable.

What other issues does the management of relationships raise? Some of the systems that can be applied are outlined elsewhere – see Figure 1.8 (from Pryke and Smyth 2006) and Figure 7.1, (Chapter 7 by Hedley Smyth and Sofia Kioussi) that are developed from established work by Storbacka et al. (1994) in a project setting. A few of the most obvious and general are set out below, but there are many issues, and practices need to select the ‘turf’ on which they compete that matches the added value expectations in their market segments and for their (potential) clients.

Project teams are frequently temporary and reconfigured for new and different projects. This can mean that knowledge and skill profiles are selected at a general level and the relevance at a detailed level of creativity, problem solving and decision-making is left to accident or coincidence to a degree. Projects teams and studios or departments are not watertight structures and so organisational networking can solicit valuable inputs, knowledge management systems (based more, or as much, on relationships as IT solutions can help). Studios provide an interface between the project team and the practice as a whole, representing a form of programme management structure, but many practices could benefit from enhanced programme management, particularly if this is relationship based.

Figure 1.8 The investment and cost dynamics of relationship management for project working
Expertise-driven practices tend to conform to the traditional norms of working in projects which, perceiving project work in terms of tasks (Handy, 1997), is task-orientation (Pryke and Smyth, 2006) at an operational level. A senior management role involves encouraging staff to raise their heads and widen their horizons, and helps them not only to look beyond the immediate tasks but more significantly shifts their vision from the task orientation per se (which is equivalent to the production orientation in other sectors) to a complementary client orientation (equivalent to the customer orientated shift made in many other sectors a long time ago). This helps to change the inward focus, indeed the individualism, in many practices, especially small and medium-sized ones. The problem with individualism, no matter how determined and efficient the working, is individuals who:

- require quick and repeated feedback, the solution being to be tolerant of and work with (rather than ignore) impatience;
- get bored quickly, the solution being to provide broader yet clear goals;
- hate repetitive tasks, the solution being to provide rewards including job satisfaction, be encouraging and facilitate internal and external networking;
- seek new challenges, the solution being to give authority to build and manage external relationships using practice systems and procedures;
- require personal growth, the solution flowing from the above;
- need trust and respect, the solution being to show (by demonstration) commitment to staff.

The solutions to individualism are labour-intensive and time-consuming, and may be challenging for entrepreneurial managers as this implies more of a servant–leader role – forms of facilitation and empowerment from management. However, the direct investment cost is low in terms of the balance sheet, and it may prove decisive in terms of the bottom line over an economic cycle.

Over time, market strengths become mainstay activities – from added value to value added – because competitors copy, staff leave and transfer knowledge and capabilities, and clients come to expect such services as standard. Even the strong idea firms become strong service and delivery firms in time, through this process and as management increasingly apply the innovative generically, and eventually in a routine way (cf. Coxe et al., 1987; Winch and Schneider, 1993; Chapter 2 by Graham Winch). Relationship management is something that can refresh the service and can be developed and enhanced long term. It has been argued that relationship management is a fertile and necessary area for competitive positioning, yet there are internal as well as market reasons for so doing. As professional practices grow, the individual
employees find themselves further away from the centre both structurally and physically. Even managers can feel psychologically further from the heart of things as the practice grows – see Table 1.2. One reaction can be to become more individualistic. The same thing can happen to the firm: that is, as it grows large, the practice can ebb and flow away from its values and the professional ethos. This can create conditions in which the employee(s) can identify more with the client than the employer or discipline. This is fertile ground for the non-decision-making and mobilisation of bias that yields to corruption (Bachrach and Baratz, 1970), for example the Enron scandal in which accountants Arthur Anderson were caught up. As the practice grows, opening branch offices, becoming multidisciplinary and acquiring competitors, the organisation gains power and prestige, and perhaps the professional institutions are of less interest in any one country. Thus, organisational self-interest grows at the possible expense of professional values and playing an independent role (cf. Chapter 2 by Graham Winch).

Whilst size matters because local and regional market characteristics determine the scope for service firms to internationalise (Javalgi et al., 2003), maintenance of professional standards does too and a focus upon relationship management can assist with countering these tendencies.

### Relationship management and trust

One of the core values for all professions and a foundation of any effective relationship is trust. And therefore, this section will conclude with a look at trust in the built environment professions.

It has been found that trust amongst the design team and with the client is far higher than with other inter-organisational relationships in the built environment (e.g. Smyth, 2005; cf. Smyth, 2006; Smyth and Edkins, 2007). Trust can be inward focused or self-interested, but it would seem that the larger the number of team members – design team members, real estate and planning consultants and client – the greater the social orientation of outward focus tends to be and trust levels broadly increase in line with that (Smyth, 2005), which could be seen as somewhat counterintuitive. However, Thompson (1998) found the quantity surveyor role tended to erode the conditions of trust in the client–contractor relationship. Smyth (2005) found that the quantity surveyor/cost consultant has a considerable drag effect on developing socially orientated trust. This evidence is inter-organisational, yet the most recent evidence shows that the quantity surveyor/cost consultant tends to undermine trust between disciplines within their own organisation, namely with project managers (Ayres and Smyth, 2010). Whilst this is partly a function of the role of challenging other team members, especially on grounds of
cost, it is partly a function of focusing on expertise and task rather than relationships:

*The quantity surveyor/cost consultant has a professional role that inherently creates tensions in the relationships, giving rise to a need for them to develop a broader set of competencies beyond immediate professional requirements. (Smyth, 2005: 211)*

It has also been found across many built environment organisations (e.g. Smyth and Edkins, 2007) and in the professions (Smyth, 2005) that management have left relationship management generally and trust specifically to individual responsibility rather than proactive management. Yet trust, and hence relationships, are at the heart of the professions. Therefore, for internal and market reasons the survival of the professions and the competitiveness of individual professional practices is dependent upon how management address these issues.

### Summary and conclusion

The chapter has addressed a range of issues, particularly challenges to the professions, the increasing global reach and consolidation of large practices in the marketplace, the structures and management implications of different organisational structures, and the importance of relationships in capturing and delivering value.

Relationship management has been highlighted as an important and arguably neglected area. Evidence to support this neglect points to the scope for practices to secure competitive advantage on this basis. Many of the other chapters describe and analyse issues that are conducted and are addressed through people working together in effective ways.

The demands upon the professions are going to increase from project specific complexities, including sustainability issues, which includes greater consideration beyond the project and service lifecycle, to a range of other factors from regulatory requirements to corporate social responsibility. Coordination within and between organisations is central to effective delivery and in many cases the professional practice plays a key role as a systems integrator. Such systems are human as much as mechanical or procedural, if not more so. Social capital, therefore, is not only the input into projects and services in the shape of expertise and knowledge, it is the very thing that helps people to work together in relationships. This is not purely a function of individual responsibility but is a also a function of strategies, systems and procedures that comprise relationship management of the professional practice.
References


