

Act Local, Think Global

For many design businesses, international growth is a “survive-and-thrive” strategy. The challenges can be daunting, but the rewards can be great. A group of veterans share 10 key strategies for going global.

BY PAT MATSON KNAPP

It's no news flash that the world is indeed becoming flat. Globalization is an economic and cultural reality. And many design businesses that have traditionally focused their efforts on North American markets are finding the soil may no longer be as fertile as it once was.

“In the next 10 years, the landscape will change for all of us, both those selling services and those buying them,” predicts Patrick Gallagher, principal of museum planning and exhibition design firm Gallagher & Associates. “If you aren’t pursuing new markets and new relationships, you may not be able to ensure your company’s survival.”

Gallagher chaired SEGd’s Eighth Annual Symposium on Exhibition and Experience Design (August 11-13, 2011), themed “Act Locally, Think Globally.” To explore the challenges and opportunities of working internationally, Gallagher invited a cast of consultants, clients, and design firm leaders who have navigated the headwaters of international expansion and were willing to share what they’ve learned. Design firm principals Jan Lorenc, David Vanden-Eynden, and Tracy Turner, and designer Ericka Hedgecock also shared their insights on working internationally. Collectively, these thought leaders amassed 10 key strategies for international growth.



Patrick Gallagher,
Gallagher & Associates



Rick Lincicome,
AECOM



Jan Lorenc,
Lorenc + Yoo Design



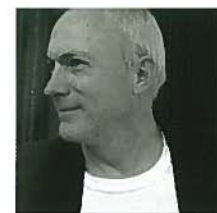
Brad King,
Lord Cultural Resources



Hernán Saurit,
Gallagher & Associates Asia



Tracy Turner,
Tracy Turner Design



David Vanden-Eynden,
Calori & Vanden-Eynden
Design Consultants



Ericka Hedgecock,
ESI Design/Ralph
Appelbaum Associates

1 Act local. For the largest architectural practice on the planet, going global means thinking local. AECOM’s international growth strategy follows the philosophy created by EDAA founder Joe Brown, whose company merged with AECOM in 2010. “Go local, regional, national, and global. And keep doing it over and over again,” says Rick Lincicome, executive vice president and principal of the Planning Design and Development business line at AECOM.

AECOM identifies emerging geographies, analyzes the hierarchy of need, and determines where its services can fit in. This approach requires the company to make local connections, establish local partnerships and bases of operation, and be culturally aware. “To be relevant, you have to be culturally aware. That’s why it’s crucial to have a local base.”

“Follow the relationships, not the competitions,” advises Lincicome. “Eighty-five percent of our work comes from small projects, and we get those by making phone calls, making connections, every day over many years.” Almost half of AECOM’s 45,000 employees work outside the U.S.

Lincicome also advises going global with your existing clients and partners as they expand internationally. “For example, we’re seeing globalization of the U.S. government. We’re doing lots of work for U.S. government in Guam and the Far East.”



“We’re presently focused on Asia because that’s where our best opportunities have emerged. If you’re risk-averse, the U.S. is where you want to be. But if you’re ready to work really, really hard, Asia is where it’s at.”

—JAN LORENC

2 Track economic growth. For large design and planning firms like AECOM and consultants such as Lord Cultural Resources, tracking economic growth is the most effective way to focus international marketing and growth efforts.

Brad King, vice president, management consulting for Lord Cultural Resources (Toronto), the heritage, cultural, and arts consultants working in 49 countries worldwide, says GDP was solidly concentrated in North America and Europe in the 1980s, but has been shifting eastward since then. By 2050, it will be focused in Asia, particularly on Western China.

King’s firm also tracks the progress of the world’s largest cities. Today 380 of the world’s top 600 cities in GDP are in developed countries and 220 are in developing countries. By 2025, the

pendulum will swing in the opposite direction: only 130 of the top 600 cities will be in the developed world, while 470 will be in developing nations.

“We’ve grown up in North America with the idea of western hegemony, but I’m convinced we’re in the middle of a major sea change,” notes King. “These developing countries are getting richer all the time, and the development of new cultural institutions is following the growth of GDP.”

AECOM monitors growth in the world’s cities, particularly in the developing world. The population of Shenzhen, China, for example, has grown 3,000% percent in the last 30 years. “In this exploding growth, you need to identify the hierarchy of needs that will arise and identify where your company fits in,” Lincicome advises.

Gallagher & Associates Asia, a subsidiary of Gallagher & Associates (Silver Spring, Md.) completes its Asian projects with the help of local offices in Shanghai and Singapore. China is investing heavily in preservation of its wetlands, and the National Wetland Museum of China near Hangzhou is the first museum dedicated to these important natural resources. Gallagher was responsible for the museum planning and exhibition design. (Photo: Johnny Ma, Gallagher & Associates)

3 Recognize that cultural and educational improvements follow the wealth.

The explosion of high-profile cultural institutions in the Middle East illustrates the basic premise that where there is wealth, cultural and educational improvements will follow. Abu Dhabi's Saadiyat Island cultural district, the Frank Gehry-designed Guggenheim, the Performing Arts Centre by Zaha Hadid, and the Louvre Abu Dhabi by Jean Nouvel are all part of a strategy to promote tourism in this city-state.

"Abu Dhabi has 9 to 10 percent of world's known oil reserves. Its leaders are thinking ahead to when the oil dries up or the demand decreases, and planning to be a major cultural hub for the Middle East," says King. "They're looking at economic diversification through tourism development, and you will see this trend spreading."

Educational improvements will also follow, he notes. "In Saudi Arabia, for example, the current educational system is rote and Koran-based. They need to educate and develop their youth—they have a very young population—in order to make progress." Projects like the King Abdulaziz Center for World Culture in Dharan are part of this trend.

As emerging economies continue to grow, these nations will also begin to promote ideological or political goals—a trend illustrated by a new museum in Patna, India. Two millennia ago, Patna was the cultural capital of India, home of the founder of Buddhism, and the place where the Kama Sutra was written. Today, it is the poorest state in India, with the lowest literacy rate in the country. A progressive state government wants to reclaim its glory days, and believes a world-class museum will help.

Projects in Asia often come with big budgets and a high degree of creative freedom. Lorenc + Yoo's work for Vanke, China's largest real estate developer, includes this resort, spa, and villas in Guangzhou, China. The project included branding, wayfinding, entry features, and site sculpture. (Photos: Lorenc + Yoo Design)



"In previous years, being a U.S.-based EGD firm was an advantage. Some Asian clients still like the bragging rights of having a Western design team but that is diminishing as local design firms hone their skills."

—DAVID VANDEN-EYNDEN

4 Understand the financial and legal hurdles.

As any firm that has investigated doing business internationally knows, the financial and legal challenges can seem overwhelming. Draconian tax and employment laws, complex banking regulations, the need to limit financial risk, and even the potential for political regime change or revolution can be major issues.

"A lot of our business is with governments, so that seems low risk. But we also know that governments can default. To hedge your risk, it's worthwhile looking into securing foreign receivables," says King.

International clients may also want guarantees that your company is financially stable. And you may not be able to command as high a percentage of upfront fees as you would like. When King's firm was hired by a client in India, after an extensive process, "they agreed to pay us 10% up front but wanted a bank guarantee of the same amount."

Lincicome cautions to never proceed with work unless and until a contract is in hand and the up-front payment is made. "Get it or don't go ahead."

But in China, cautions Jan Lorenc, principal of Lorenc + Yoo Design (Atlanta), projects can be so fast-paced that "you may not have a contract in place before you are finished designing. If you choose not to begin designing before a contract, you will not get the job."

He adds, "I'm not sure if a contract really matters because if you team up with the wrong client you may not get paid. Legal action is not worth it. This



means we must finance our operations internally when taking on work overseas. And regardless of the situation, payment will always be three to six months behind. And if there is an economic collapse like in Dubai, you may also need to be prepared to lose your fee altogether or have to accept much less than was billed."

Before going in, you should also be aware of the local tax implications for your corporation, and for individuals. Some countries have prohibitively high withholding tax rates. "Malaysia was 20% for a Canadian company for a while," King notes. In India, tax status changes according to the number of permanent employees in the country. And if you set up an office, you may be liable for double taxation: both in that country and in your home office.

The bottom line: do your homework. If you company lacks the resources to do the research, hire someone familiar with the local laws, tax structure, contracts protocol, and banking system.

And a final word of caution from Lincicome: "Learn how to negotiate, and walk away from bad business."

Gallagher & Associates worked with architects SmithGroup on the Normandy American Cemetery Visitor Center in France. The project was for the American Battle Monuments Commission, a U.S. government agency that maintains 24 World War I and II cemeteries worldwide. (Photos: Guillaume Murat)



5 Understand the human resource challenges.

Human resources are another huge issue. Who will actually do the work? Will you fly your staff in for short periods of time, or work with a local firm? Is it worthwhile to establish a project office for one project? Or are the opportunities so awesome that you may want to incorporate in that country? What is the cost to your employees in terms of the stress of travel, time away from home and office, and productivity?

The answers depend on the particular project, of course. For very large, long-term projects, clients often require staff in residence. "The benefits are tremendous both for the firm and the individual because there are so many things you cannot learn as a fly-in consultant," says Gallagher. "This can be an amazing growth opportunity for you and your staff, and better prepares your company to work in other cultures."

Lorenc + Yoo Design is so committed to its work in China that it has hired a Mandarin-speaking architect/designer who works from the firm's Atlanta office but travels with Lorenc on every trip to China. "It's crucial that the person

translating also understands the language of design."

Having employees physically in place overseas brings another set of challenges: visa requirements, inoculations, local laws and customs, and housing to name just a few. In addition to its headquarters in Silver Spring, Md., and an office in San Francisco, Gallagher's firm has offices in Singapore and Shanghai. In five years, he predicts 30% to 50% of his firm's work will be overseas.

Ericka Hedgecock, who now works for ESI Design from its New York offices, spent two years in Ralph Appelbaum Associates' Beijing office, working primarily on the China State Shipbuilding Corporate Pavilion at the 2010 Shanghai Expo. Learning Mandarin and experiencing China's unique cultural and business challenges were life-changing for her. "China is a complex machine, rapidly changing and morphing, and I found myself constantly engaged and stimulated," says Hedgecock. "A major challenge was finding balance between work and personal time in an environment that is constantly in flux."

For the Azia Center, a high rise in Shanghai's rapidly developing Pudong financial district, Calori & Vanden-Eynden created a stylish logotype and brand identity and signage elements that complement its sleek, crystalline design (by Kohn Pederson Fox Associates).



6 Partner strategically. For many companies, especially smaller firms, finding the right partnerships is the most important strategy for working internationally.

"By finding good partners, you can leapfrog some of the challenges and, while the process may be slower than pursuing work as a prime contractor, the results will come," says Gallagher.

Gallagher lived in Singapore in the early 1980s and maintained the connections he made there. "Those relationships allowed me to build new connections, establish banking and legal connections, and have a leg up in the real estate market. We started with a

joint venture office and later purchased it outright and became a wholly owned subsidiary."

"Partnering is definitely the way to go for a firm of our size," says David Vanden-Eynden, principal of Calori & Vanden-Eynden Design Consultants (New York). "Larger firms can more easily absorb a money pit like a branch office."

Tracy Turner, Tracy Turner Design (New York) says most of her work is now international, resulting from strong and longstanding relationships with architects like I.M. Pei and Cesar Pelli, as well as with developers. "Of course everything we do is about relationships, and providing good work that sustains those relationships." She lived in India for three years in the late 1990s, "and I was able to develop some strategic partnerships while I was there."

Cultivating local partners has been Lorenc + Yoo's primary strategy for international growth. After initial assignments in South Korea, the firm has

Working with long-time collaborator I.M. Pei, Tracy Turner Design (New York) completed a broad range of design services for the Suzhou Museum in Suzhou, China, including branding, signage, and exhibition graphics. (Images: Tracy Turner Design)

gone on to do work in the United Arab Emirates, Ukraine, Japan, and China.

Local partners provide key local connections, are helpful in translating and decoding the language, and serve as local content experts. Lorenc + Yoo's Korean partners, for example, participated in the design process and construction administration for the UPS pavilion at the 2008 Beijing Olympic Games. "This allowed us to be there, in a sense, every day without spending months away from home."

Forging the right alliances can be tricky, but thorough research of potential partners—including local references, their experience in the local culture, and their past performance on similar projects—is essential to forging good partnerships.

Calori & Vanden-Eynden created layered, fan-shaped signage to reinforce architectural cues at the massive new international exposition center in Suzhou, China, designed by Skidmore, Owings & Merrill. The super-sized primary site identification sign pylons, more than 80 ft. high, match the scale of the complex. (Photos: Robert Frost/SOM)



"India is a very unique situation. They're not quite ready to pay the fees that foreign consultants are used to getting. But there's a lot of money being made there and the scope and nature of projects are changing."

—TRACY TURNER

7 Cultivate relationships, not jobs. "At the end of the day, your clients aren't buying design," says Gallagher. "They're buying service, and they want to know you'll be there to meet their needs."

That means committing to the proposal process fully, making serious "face time" commitments once the project is secured, and extensive travel. "But if you're the kind of person who loves to experience new cultures and wants to give yourself and your staff room to grow, you'll find your passion."

Face time is extremely important to many international clients, and titles matter. "They want to know the head of the company is actively involved in the project and available to them at any time," Gallagher adds. "Relationship building at the top is very important." A current contract in Israel requires Gallagher to be in country once a month.

Vanden-Eynden says that while email, Skype, and video conferencing can make communication easier, there's no substitute for "real" face time. "I once flew to Shanghai to meet with a prospective client because I knew that unless I met face-to-face with the design team and the client, I had no chance at the job. It cost thousands of dollars in travel costs and several days out of the office, but we did get the job."

Lorenc agrees and adds another piece of advice. "Show up in person—and bring your own translator." He also stresses the importance of connecting personally with your clients—an even more difficult task if language is a barrier. "You must share a meal, share experiences, and laugh together."

8 Actively develop cultural intelligence. Local manners and customs are important, but cultural differences often operate on a deeper level than, say, bowing properly or not handing anything to anyone using your left hand.

"Sometimes clients have been educated in the West so they seem much more Westernized than they really are," says King. "The tendency is to let your guard down, but that is a big mistake." He remembers asking an Asian client for feedback on a project; when he didn't receive it, he went ahead with the concept. "It eventually came back as a complete rework," he recalls. "They thought it was more important for them to redo the work than to cause me to lose face. If I had been paying attention, I might have seen the signs. I was fooled because they seemed completely Westernized."

King keeps journals while he's traveling. "I find that helps me think through things... why they laughed or didn't laugh... why this worked or not... I find that personally very useful." He also makes it a point to read local papers and watch local television and, of course, to learn a few words of the native language. "It's a nice lubricant."

Hernán Saurit, director of Gallagher & Associates Asia, says he has learned how deep cultural differences can go. "In China, for example, it's so hierarchical, you are never going to make contact with the real decision-maker. Lower-level staff are sort of like the food tasters for senior management, but there's no direct input from the top. That results in a lot of redesign."

Keeping staffs culturally diverse is important, he adds. "In Asia, they want the U.S. business philosophy and talent, but with a local presence. So finding the right mix of Western and Asian staff is important, and training and transfer of know-how are key."

Ericka Hedgecock, who had worked in Italy and Finland before working in Beijing for two years with Ralph Appelbaum Associates, says that language and cultural differences can actually have a silver lining. "Nonverbal communication is a powerful tool. Images and drawings become your best tool to break language barriers, and provide each person on your team an accessible way to share their ideas and feedback. I found this practice greatly strengthened my own design communication skills, and allowed for improved clarity in the expression of concepts and narratives."

9 Be prepared to rethink processes and schedules. Consulting processes and work pace vary widely from country to country, and North American standards don't always translate across borders. Be prepared to adapt to 24/7 operation, schedules that seem impossible by North American standards, and widely divergent consulting practices.

"We use the creative workshop as a valuable tool, but it doesn't work in all cultures," notes King of Lord Cultural Resources. "In some countries, such as Saudi Arabia, educational systems don't develop creative or analytical skills, so they want to know why you're asking their opinion!"

Linciome of AECOM says differences in specs and construction documentation can also be a major challenge. "The whole issue of schematics, design development, and construction documents doesn't necessarily translate. It's very country-specific. In the Middle East, they use primarily European contractors, so the system is based on UK terminology and standards."

Most dramatic are the tightly-condensed project schedules, particularly in China. "Although project scheduling was familiar for us in Dubai and Korea, the projects in China are four times faster. You have to be ready to mobilize your staff for quick turnarounds," says Lorenc.

10 Reap the rewards. While the financial and personal investments required to do work internationally are huge, the rewards can also be significant. High fees, generous fabrication budgets, and almost infinite creative possibilities are a few of the advantages. International credibility is another.

"International work has allowed us to work on larger projects with great visibility," says Lorenc. "And the creative freedom is sometimes incredible."

Yet Lorenc's primary mission, he says, is to learn from the context and history of the places he works and travels. Gallagher agrees. For him and his employees, perhaps the richest reward is constant learning about different cultures and ways of life. That learning, he notes, makes his firm's work better all the time. ☒

The Shanghai National History Museum, with architecture by Perkins + Will and museum planning and exhibition design by Gallagher & Associates, will open in 2012. (Images: Gallagher & Associates)

