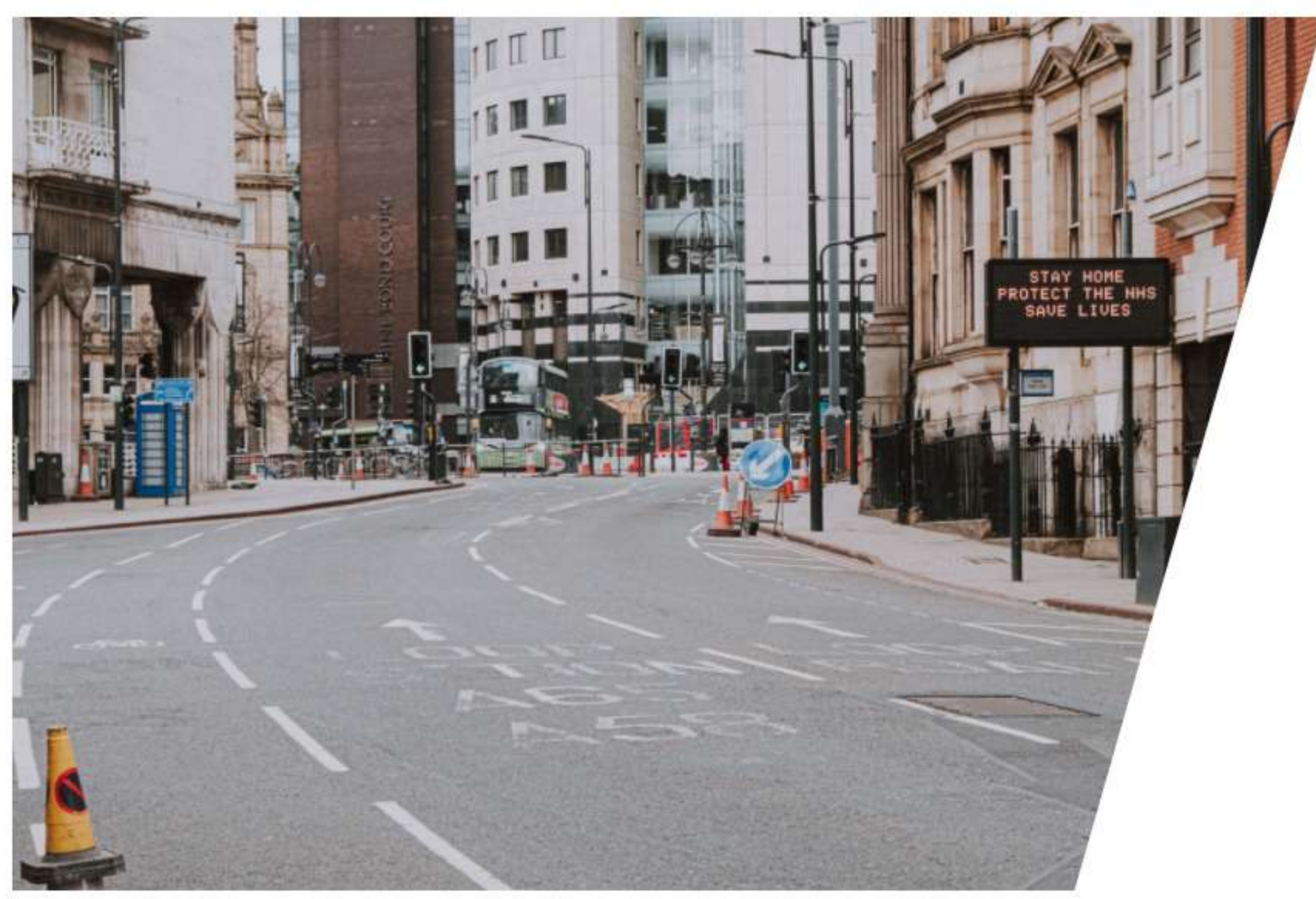




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What to do if you've had projects cancelled or postponed

Apr 16, 2020

• Article by Elisa Scarton

Postponed or cancelled projects are nothing new, but the government's stop-work orders following the [coronavirus outbreak](#) has transformed what was a rare occurrence into an industry wide phenomena.

We spoke to a handful of Australian designers and architects as well as an industry expert to get their strategies for dealing with postponed or cancelled projects.

It's not just you

You're not alone. Over the last three weeks, *ADR* has spoken to many in the Australian architecture and design industry, and almost all of them have experienced postponed or cancelled projects.

[Unemployment rates are predicted to reach 10 per cent](#) during the coronavirus pandemic. Two-thirds of Australian businesses have reported a [hit to revenue with one in 10 pausing trading altogether](#) and most analysts believe we're [headed for a recession](#).

In other words, take heart in knowing that it's not personal and doesn't reflect anything on your studio or practice.

Stay connected to your suppliers

We've all received emails from suppliers recently with messages of love, but Articolo founder and creative director Nicci Green says designers and architects should go a step further and pick up the phone. A lot of suppliers are still open for business even if you can't drop by their showrooms.

"I spend a lot of time now on the telephone speaking with people and talking about their selection, the materiality or the project, and what would be the right solution for it," says Green.

"I'm still responding to emails, answering enquiries and staying on top of things, and I think designers and architects should do the same."

Clients and suppliers shouldn't be under the impression that you're on vacation, so regular communication is necessary to prevent supply chain interruptions and maintain an honest business relationship.

Empathise with your clients

Earlier in the week, [Rob Mills spoke](#) about empathising with clients.

"It's particularly important to have empathy for them and just support them. So they know you're not going to be upset with them because they've put it on hold," he says.

"Clients feel responsibility to the people they commission. When they put a project on hold, it's not easy for them. Tell them: 'I completely understand. I sympathise. Your reasons make sense. And I just want you to know that when you're ready, we will be here.'"

A lot of those clients will have intentions to continue in the future. Some, Conrad Architects principal Paul Conrad says, are simply reevaluating whether it's a wise time to take big risks without having certain approvals in place. So maintain a dialogue with them even after they've pulled the pin. Put their files in a separate folder to come back to.

Revise budgets when possible

For those clients who are wavering, but haven't postponed or cancelled projects, a different approach is needed. Continue to generate concepts and vet sources to maintain enthusiasm, but also take the time to reevaluate the original budget.

"We've got a client at the moment that has decided to move out of Cabrini Hospital because of everything that's happening, and they want to refurbish their medical space," says Studio Tate director Carley Nicholls.

"We'd been through all the value management and the tender process and now they want to try and go back out and see whether the market is placed to do it cheaper, so we're talking to them about opportunities."

For projects that look like they're going on hold, Nicholls recommends understanding where your client is and what they're capabilities are, and doing as much as you can to get that project to a natural pause point to minimise their risks moving forward.

Defer to your contract

The Association of Consulting Architects (ACA) has developed special conditions for Australian Building Industry Contracts (ABIC) small works contracts to introduce the concept of force majeure, including pandemics.

ACA CEO Angelina Pillai says in the event that an unforeseen legal requirement adversely affects the ability of a party to perform its contractual obligations, the affected party is entitled to claim an extension of time, delay costs or request a variation to the contract.

ACA and Moray & Agnew Lawyers special counsel Chris Larcos advises "where contracts have already been executed, architects should work closely with clients and contractors to mitigate the risks to the project."

He recommends actively communicating with contractors and clients to forecast potential delays, methodically administering contracts in accordance with their terms and assessing and responding to claims in accordance with the terms of the contract.

Where construction contracts have not been executed, contractors are likely to request relief where they are delayed in, or prevented from, performing as a result of COVID-19.

Where owners are willing to provide such relief, there are some simple amendments that can be made to the ABIC SW-2018 Simple Works Contract to accommodate this, including the insertion of the ACA's [special condition](#).

Improve your online presence

When the government introduced [regulations limiting building inspections and banning live auctions](#), property groups had to get creative. Milieu director Shannon Peach says he's filmed a couple of display tours that will be available to anyone who enquires on a project.

"We wouldn't have considered virtual reality or something like that two, three, four years ago. And it was probably only 12 months ago that we started seeing that virtual realities could do what we design justice."

Peach says this is the perfect opportunity to embrace new technologies and present your projects to a captive audience. Update your website, highlight past projects on social media and share things that inspire you to keep the mood upbeat.

Improve your business practices

While you're at it, Paul Conrad suggests looking inwards.

"Think about what can be done now in this downtime to improve the nature of the business in terms of processes, training and strategies. How can this forced downtime be used to reflect upon that, upskill and improve certain aspects of the office, so you can come out the other side better?"

Carley Nicholls recommends creating a future-looking strategy and taking the time to do scenario planning.

"Your risk piece is really important. Studio Tate is about live, work and play. We do have multiple sectors because we don't want to open our risk up to just one sector. (fellow director) Alex (Hopkins) and I've always been conscious of that."

Consider diversifying

While both Rob Mills and Conrad don't recommend rushing into new areas or spinning your wheels looking for new work, Conrad says that if his back was against the wall, he'd "be doing anything" to survive.

"Practices need to look everywhere in terms of diversifying if they've had a lot of cancelled projects and business survival is the issue," he says.

"If that isn't necessarily the issue then I'm probably sticking to current strategies."

Nicholls takes a different approach, recommending diversifying your revenue stream.

"You can't stay stagnant. You've got to be looking for opportunity. You need to be evolving."

She says you should consider what opportunities might arise from coronavirus. One avenue might be businesses taking advantage of the working from home situation to refurbish their offices. Another is increased local and state government spending.

Consider other options before laying off staff

ACA CEO Angelina Pillai recommends consulting with staff and reaching a mutual agreement before lay offs.

"The [JobKeeper program](#) is aimed exactly at that, but there are several other arrangements employers could consider to retain staff."

She suggests offering employees the chance to use up their annual leave, take leave without pay and work reduced fractions. One arrangement that has been discussed increasingly is to 'second' staff between practices. The ACA is currently working on a human resources sharing portal to enable this.

Care for your staff

All of the architects, designers and industry experts we spoke to listed the mental health and wellbeing of their staff their absolute priority.

From dropping off little presents to regular virtual checkups and organising takeaway meals, these business leaders were adamant their staff was their biggest asset.

"It's really about making sure the staff is feeling valued and optimistic about the future," says Kate Challis.

"My focus is not about growing or expanding the business. It's just making sure that when we're back at the point where the projects start again, we've got a good team and a good business to return to."

One way Challis does this is by involving her staff in regular catchups to design their new studio.

"We've got a bit of extra time to concentrate on the new office space and it's psychologically really important because we're fully visualising ourselves in the future."

Seek relief

There is no doubt that COVID-19 will have an impact on your business in more ways than just postponed and cancelled projects, but help is available.

The Federal Government has introduced [a number of measures](#) that can help stabilise small and medium-sized businesses. Each individual state has also put forward its own relief packages.

The Australian Tax Office has introduced [a number of measures to help businesses](#), including boosting cash flow, instant asset write-off, the early release of superannuation and minimum drawdown rate, varying PAYG Instalments or claiming GST credits, and JobKeeper payments.

The ACA has [webpages to help you navigate these and other resources](#) at your disposal.

Stay up-to-date with developments in the A&D industry by [following ADR's coronavirus coverage](#).

Lead photo: Dan Burton.

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