

## Draw down: Architects don't expect speedy recovery

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There's no question it's been a bruising year for many local design firms that have laid off staff, cut expenses and pursued projects outside their areas of specialty. Few principals believe things will get better by the end of 2009.

Architectural billings for the 25 largest firms in Boston decreased by nearly 6 percent between 2006 and 2008, according to Boston Business Journal research.

Many architectural firms have already taken drastic steps to reduce staff and overhead. Now, at their leanest in years, the same firms are fighting their way through the recession determined to survive.

**Charles Tseckares**, president of **CBT/Childs Bertman Tseckares Inc.** — the top firm in Boston based on Massachusetts billings for last year — said the firm has been aggressive in managing overhead, reducing expenses and going after new work.

The firm finished last year with \$37.7 million in total billings, of which \$36.9 million came from projects in Massachusetts, according to Boston Business Journal research. Despite laying off 100 people — bringing head count to 150 — asking principals to put their

marketing hats on and bringing outsourced work back in-house, Tseckares said the firm will be lucky to finish the year with \$30 million in billings.

Tseckares said his firm had built up momentum in the first three quarters of last year, but when the downturn hit in full force in the fall, it felt like he was "hit in the face." He said that within 24

hours he received calls from developers and academic institutions that told him to stop work. One of those calls came from **Steven Belkin**, chairman of **Trans National Group**, who had hired CBT to

design a 1,000-foot tower in the heart of Boston's Financial District.

In total, 20 jobs were put on ice, leaving the firm with substantially less money coming in. Tseckares said the firm began to focus heavily on collecting money for past work. He also cracked down on the waste of office supplies and reduced the company's charitable giving.

Now, in addition to making headway in Abu Dhabi, where the firm recently won an \$800,000 master planning job for a resort and hotel, Tseckares is

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**David Manfredi**

Founding principal, **Elkus/Manfredi Architects**

partnering and teaming up with other firms to strengthen its chances of winning projects.

While every sector has suffered, firms heavily vested in commercial work have had trouble finding refuge in other markets since residential, retail, hotel and academic work have all slowed.

**Elkus/Manfredi Architects**, the No. 3 firm on the BBJ list with \$23.6 million in Massachusetts billings and \$44.1 million in billings overall, has been hit by the construction slowdown. The firm, which maintains just one office in Boston, is going where it can to find jobs.

"We're trying to get more out of the local market, but you follow the opportunities," said **David Manfredi**, founding principal. "2009 will be a challenging year across the whole profession and across the whole real estate and construction industry. Our revenue in 2009 will be down from 2008, no doubt about that."

Initial findings from the **DiCicco, Gulman & Co. LLP's** 2009 Architectural Study echo what firm principals are saying. Last year was tough, but this year is even tougher.

The survey of 30 Boston-area firms found bad debts rose, productivity slowed and overhead climbed as work disappeared in the fourth quarter of last year.

For some firms, a prolonged recession is going to mean making more difficult decisions, such as merging with other firms, to survive.

"I unfortunately think this isn't going to end quickly," said **David Sullivan**, a CPA and partner at **DiCicco Gulman** who headed up the study. "I think there's a lot of firms who are really looking at the viability of this business and need to make decisions."

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