The program will start promptly at 11:30am (cst)

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Willis A&E
Present:

“Tool Kit Tuesdays”
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Tool Kit Tuesday Schedule

• November 2\textsuperscript{nd} – Practice Toolkit
• November 9\textsuperscript{th} – Contract Toolkit
• November 16\textsuperscript{th} – Risk Management Toolkit

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  • “Raise Your Hand”

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To cancel a request to speak:
On the Participants panel, click Lower Hand.

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The Practice Toolkit
Major Areas of Concern (Other Than the Architecture)

- Making sure your people conform to legal requirements.
- Setting up the business
- Accounting and business systems
- Contracts
- Insurance
Professional Registration

• Must be licensed as a “design firm” by the Illinois Department of Financial & Professional Regulation.

• Two-thirds of “controlling partners” must be licensed.

• Must have full-time director/manager of architecture.
Forms of Business Entity

• Sole Proprietorship
• Partnership
• Corporation
  – Sub Chapter S
• Limited Liability Company
<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Liability Protection</th>
<th>Flexible Tax/Accounting</th>
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</thead>
<tbody>
<tr>
<td>Sole Proprietorship</td>
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<td>Partnership</td>
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<td>Corporation</td>
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<tr>
<td>Limited Liability Company</td>
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Agreements Between Partners

- Applicable to any legal entity
- Mutual buy/sell agreements
- Compensation need not correlate with power
- Factor both business and work effort into compensation
Business Accounting

- Accountant should have experience with professional firms, particularly architecture
- Some are AIA professional affiliates
- Interview more than one accountant
- Have accountant establish and teach the basic business systems (bookkeeping, check-writing, payroll, etc.)
Contracts

- Create your own standard contract forms
- AIA documents
  - Need a subscription
  - Good templates, many varieties
  - May be too complex/official-looking for small projects
- Letter/proposal may be simpler
  - More frequently signed without lawyer review
  - Work with a lawyer to develop
Substituting Into Another Architect’s Project

• Clear definition of scope of work
• Limit liability to your own work
• Indemnity for claims relating to prior architect
• Copyright or license to modify plans
• Letter of authority from prior architect to Building Department
Making New Partners

• Applicable to any legal entity
• Promotion from within is good business
• New partners from “outside” should bring business, capital or special skill
• Partnership need not imply compensation or power
• The firm name may or may not change
• New partners should “buy in” possibly over time
Hanging out your own shingle

• Can you take drawings and other documentation?
• Can you solicit business from your employer’s clients?
• Can your employment agreement prevent you from starting your own firm?
How Do You Find Business?

• It is wise to have a project or two in the pipeline when you open your firm
• Market yourself aggressively
  – Lawn signs in front of your projects
  – Give talks, presentations
  – Write a column for a local periodical
• If there were a definite answer to this question, we could charge a lot more for the Webinar!
Finding the Right Lawyer

• May be necessary for contract negotiations
• Unanticipated legal questions always arise
• Relationship with a lawyer provides credibility for the architect
• Pick a lawyer with significant architecture experience
  – Many are AIA professional affiliates
  – You should be a “loss leader”
Insurance
Insurance: Do you need it?

• Most contracts now require minimum levels of insurance.
• Without insurance, you may not be competitive in the market.
• One small claim can bankrupt a fledgling firm.
Insurance You Need To Consider

- Professional Liability
- GL or Business Owner’s Policy (BOP)
- Workers Compensation/Employer’s Liability
- Umbrella Excess
- Auto Liability

- Executive Risk Products (EPLI/Fiduciary/D&O)

- Employee Benefits (Health/Dental)
Insurance/Liability 101

• The liability of a Consultant is based on the principles of negligence.
• The liability of a Contractor is based on warranties and guarantees.
• Professional liability insurance covers a Consultant for their negligence.
• General liability insurance covers bodily injury and property damage.
Unique Features of PL Policies

• Claims Made v.s. Occurrence
• Report to trigger coverage
• Retroactive dates
• All Risk with Contractual Liability Exclusion
• Eroding Limits
• Mediation Credit
• Choice of Counsel
• Pre-Claim Assistance
Optional PL Coverage

- Dollar One Defense/Shared Expense
- Multi Year Policy
- Aggregate Deductible
- SJX
- Project Specific
- OPPI
- Wrap Up – OCIP/CCIP
Managing Change…

- Ownership transition
- M&A…
- Transferring projects
- Supplanting another design firm
- Foreign work
- JV or LLC
- Design Build
- Get your broker involved to assist you on issues to consider and managing risk
Know Your Terms & Conditions
A Primer for Contracts Toolkit

• Billing & Payment
• Consequential Damages
• Construction Phase Services
• Dispute Resolution
• Environmental
• Insurance
• Jobsite Safety
• Limitation of Liability
• Owner Provided Information
• Ownership of Instruments of Services
• Permits & Approvals
• Rejection of Non-Conforming Work
• Authority to Stop Work
• Termination
• Green Standard of Care
Special Thanks To

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THANK YOU!

Be sure to register for our next Toolkit webinar!