



Making It **BIG** Overseas

Local architects are wielding their competitive clout to land major projects in other countries.

By EDIE GROSSFIELD

Some foreign clients come to U.S. firms in search of more advanced technology, says Ellerbe Becket Managing Partner Fred Richter. In return, those clients often provide an opportunity to do more daring designs.

There are the cultural differences, the language barriers, the jet lag, and more significantly, there are the fluctuating currency exchange rates that can wreak havoc with budgets, and the sometimes unstable political situations. Still, there are upsides for Minnesota architectural firms that take on projects in other countries: greater opportunities for creativity and for designing large-scale projects, the prestige that comes with beating out an international pool of competitors, and the chance to capitalize on the respected reputation that U.S. architects have for advanced design and technology.

David Dimond, president of the Minnesota chapter of the American Institute of Architects (AIA) and a design principal at the Minneapolis office of Perkins & Will, Inc., says that prior to 2001, the international marketplace for Twin Cities architectural firms was close to booming. The downturn in the economy since then has probably curbed some local firms' ability to seek international work, he speculates. But in a report compiled by the AIA Minnesota in November 2002, 22 Minnesota firms reported having projects in process in 32 other countries. And Dimond sees increasing opportunities in the future.

"The marketplace is growing—especially in design—rapidly beyond the boundaries of the region, or the country," Dimond says. Developers in other countries, especially those undergoing significant economic growth, are seeking out American expertise in design and construction, including new technologies and building safety codes.

Twin Cities firms are getting a good share of that work, Dimond explains, because the area is considered an important design center, thanks largely to the University of Minnesota's College of Architecture and Landscape Architecture. "There has been a real respect

for the design quality of both American and Minnesota architects," he says.

Local firms are finding ways to build on that respect, and finding their way to other countries through client relationships, acquisitions, and the personal and professional networks of their own staffs.

The Right Know-How, The Right Marketing

Established clients lead architectural firms to international work when those clients take their own business abroad. Through its relationship with American entertainment corporations like Disney and Warner Brothers, for example, the Minneapolis-based Cuningham Group says its Los Angeles office has designed theme parks and recreational facilities in Spain, Japan, and China.

Ellerbe Becket, based in Minneapolis and home to one of the state's largest teams of architects, acquired the Los Angeles firm Welton Becket in 1986, a move that set the stage for the growing volume of international work Ellerbe has done since then. At the time of the merger, Ellerbe had completed medical facilities in Saudi Arabia, and Welton Becket had done quite a few hotel and office projects in Asia, the Middle East, and Europe.

Its track record helped Ellerbe Becket compete for and win the Kingdom Centre project in Saudi Arabia in the mid-'90s, says Managing Partner Fred Richter. The center, completed in 2002, is a 3-million-square-foot, mixed-used development in Riyadh that includes hotel,

office, retail, and conference facilities, and features a monumental 30-story tower. The Kingdom Holding Company, which put the project up for bid, is owned by Saudi Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud, and chose Ellerbe from a field of more than 100 competing firms.

Having a few senior staff members of Korean descent facilitated Ellerbe Becket's entrance into the South Korean market. That's true, as well, for another Minneapolis-based firm, Parker Durrant International.

Stephan Huh, Parker Durrant's chief executive officer and president, is from South Korea. He joined the firm in 1972 while he was attending the University of Minnesota's architecture school, and beginning in the early 1980s, he marketed Parker Durrant's services in South Korea whenever he returned home to see his family. He lectured at universities there, wrote articles about U.S. architectural projects, and networked

with Korean businesspeople.

With a number of projects in South Korea under its belt, Parker Durrant is currently working on the world's tallest building, in Pusan. At a height of 1,622 feet and 107 stories, the Lotte World II tower, designed by the Minnesota firm and developed by the South Korea-based Lotte Group, is scheduled to be

completed by 2010 at a cost of \$1 billion.

Through its Minneapolis office and 11 other locations, Parker Durrant also has designed buildings in Taiwan, the Philippines, Japan, Australia, New Zealand, Chile, and Mexico. The com-



A 60-meter observatory bridge spans the inverted arch on Ellerbe Becket's Kingdom Centre in Saudi Arabia.

pany's current international ventures include a \$240-million, 3-million-square-foot, mixed-use development in the Chinese city of Dalian. Huh describes it as a Mall-of-America-esque shopping complex with retail, hotel, and entertainment facilities and three condominium towers. The Dalian project is scheduled to be completed by 2006.

Foreign developers are sometimes attracted to an American firm's particular expertise in, say, laboratories, schools, or government buildings. In Ellerbe Becket's case, experience with medical facilities has earned it contracts from foreign clients who want American-style hospitals and clinics.

"We are the most advanced country when it comes to health care facilities, whether it be building the air exchanges, the space per patient bed, or the layout of a surgical center," says Richter. "Other countries just look to America as being a little ahead of them. We probably have more advanced equipment in our buildings. So they want to get exposed to American technology."

However, both Richter and Huh emphasize that landing international projects requires a long-term commitment, and that contracts are seldom won by rushing the process.

"You must have a very wise marketing plan, and take the time to build it up. You have to make strong friends in your industry in foreign countries," Huh says.

Supercharged Projects

Expanding to other markets can make sense for architectural firms on purely economic grounds, but aside from that, many find the work exhilarating, Dimond says, especially on very large projects.

"There's sort of a supercharged quality to much of the work—the scale of the projects and the speed is so exciting to get involved in, because work that big doesn't happen very often in our region anymore. We're talking about projects the size of the Minneapolis Convention Center, which in our community, only one or two or three get built in one of our lifetimes."

Facing new competition from dozens of other countries is part of the thrill.

"To think, you're here in Minnesota and you're competing against people from England, France, Germany, Asia," says Dimond. "And if you win, you truly feel you are part of a global community."

Richter says architects at Ellerbe Becket enjoy travel and researching the culture of a place so they can incorporate its traditions into their designs. They find they sometimes have more creative freedom with international projects than domestic ones. Foreign clients seem less conservative, more willing to consider designs that are highly expressive, Richter says.

Finally, foreign markets can offer the chance to add just the right project to a growing company's portfolio. Though it has been searching for years—and even with the Lotte development to its credit—Parker Durrant has yet to get a U.S. skyscraper project. Huh says that until the firm began doing overseas work, its tallest building was five stories.

Risks with the Rewards

Venturing into foreign markets has clearly benefited Ellerbe Becket, Richter says, but "we want to keep the majority of our clients close to us. We wouldn't be comfortable just doing international work."

What are the risks? Dimond explains that if a serious problem should arise with an overseas project, the foreign architectural firm is often relegated to the bottom of the pay list. Alternately, a significant shift in currency exchange rates during the life of a project could mean getting paid less than expected. And then there are political factors that can interfere with completing a project and bringing in the revenue tied to it—unstable governments, or souring relationships between other countries and the United States.

Fluctuating economies around the world require some nimbleness on the part of architectural firms. Huh says he's learned this over the years as he has altered the ratio of Parker Durrant's domestic to international business. In 1997, the firm was doing about 70 percent international to 30 percent domestic business. Uncomfortable with the risks represented by that ratio, the firm reversed it, and just in time, Huh says. Asian markets slumped at the end of that year. "Obviously, we lost some money—quite a bit," he says,

due to developers' changing fortunes. "But luckily, we had cut back."

With the recent downturn of the U.S. economy, Huh has once again increased his firm's international business, and more than 50 percent of Parker Durrant's current projects are in other countries. Still, Huh says he will be more comfortable when his company's international business is back down again to something like 30 percent of the firm's total.

Looking ahead 10 years, Huh believes Asian markets will become a major focus for Minnesota architectural firms and others in the U.S. Some of the most profitable opportunities will be in Japan, he speculates, which this year began to see significant economic recovery. Huh says Japan has a shortage of architects and engineers because many of these professionals changed careers during the past several years when they could find no work. "If that's true, there will be an abundance of work," he concludes. "They like American architects—we're less expensive, and we have fresh new ideas." ■

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Parker Durrant's Lotte World II in Pusan incorporates colors and numbers meaningful to South Koreans.