# **R&D** Outsourcing

# How an architectural low-cost airline is fighting for the market in Moscow and the regions



Olga Smolenskaya, head of the Unicum bureau, first made the pricing transparent in her company, and now she is creating an architectural Uber out of it

Olga Smolenskaya (Photo: Arseny Neskhodimov for RBC)

The correspondent of RBC magazine meets with the owner of the architectural bureau "Unicum" Olga Smolenskaya in a Moscow bakery: the company does not have a presentable office, which plays the role of a visiting card in this market. Employees work remotely, Smolenskaya monitors the execution of tasks using a CRM system. Thanks to a non-standard business model, the company manages to fulfill orders at a price two to five times lower than the market value and compete even with regional players, whose prices are much lower than in Moscow, Smolenskaya says. Automation and streamlined business processes can be used to create a new model of "architectural Uber," she said.

## Reluctant progressive

"I am not a genius architect, but a good specialist with a rational approach to business, which helped me to link the creative part of the architectural business with the real world," Smolenskaya says about herself. Already in her first year at Moscow University of Architecture, she decided that the main thing in her profession was practice, and went to work as an assistant to an architect in a small design bureau. In four years, she grew to a senior architect, began accepting orders for the development of projects of country houses and interiors, and in 2005 she decided to open her own business - she registered the Unicum bureau, hiring classmate Vyacheslav Doronin as the first employee.

Residential complex Academic in Nalchik, at the intersection of st. Lenin and st. Tlostanov (Photo: "Unicum")

We worked together - we designed houses and interiors and handed over to the customer the plan, according to which the construction proceeded. At first, only the architectural part of the project was carried out, and the development of engineering networks and the design of the master plan were outsourced. But the contractors began to fail, and Smolenskaya hired several engineers. The number

of orders grew, despite the absence of a website and advertising: word of mouth and low prices at which students worked were saved. But by the end of 2009, the white streak ended: the crisis hit the architectural market, the flow of orders abruptly stopped, some clients did not even pay for the work performed. The bureau's already small revenue - about 2.2 million rubles. per year - decreased several times, Smolenskaya could not pay salaries to 12 employees and could not cope with rent. To stay afloat, I had to urgently invent something.

To begin with, the bureau moved out of the office on 4th Tverskaya-Yamskaya Street, which cost 80 thousand rubles. per month. The decision was not easy. "Usually an office for architectural firms plays the role of a portfolio - it is the embodiment of the creative method that the architect professes, self-realization, expression. Clients understand this and attach more importance to the look of the office than to the completed orders, "explains Olga.

#### Control stripping

"For a designer and architect, now the business card is the implemented projects and the frequency of mention in the media. For five years of practice, not a single customer came to my office, all negotiations were conducted outside the offices. Therefore, the transition to a remote model is a solution in the spirit of the times, "says Nikita Malikov, owner of the Nikita Malikov Architectural Bureau. Working without an office is not know-how in the architectural market, but a bold step - for many customers the presence of a representative office turns out to be critical, says Maxim Aronov, Managing Partner of Rost Fond Group of Companies: "Investors are unlikely to give large contracts for 30-40 thousand sq. ... m, meeting somewhere in the "Shokoladnitsa".

During the search for a new office, Smolenskaya dismissed all staff to work from home, and this was a turning point in the business. "I found that while sitting at home, some of my employees complete their tasks three to four times faster," says Olga. - The rest of the time, apparently, they just sat out their pants, worked out their hacks, drank tea. I realized - here it is, my black hole. " She abandoned the sales director, office manager and tendering specialist, and transferred the remaining five employees to a remote location, having established a piece-rate payment system: fixed 15-30 thousand rubles. per month and bonus part.

Then she decided to take one more non-standard step - to make the pricing process for the bureau's services transparent. "Ordering the design of a building is scary - you never know how it will turn out for you. The market is not transparent, the pricing of a project often occurs according to some unknown laws, "says Smolenskaya. For several months, she monitored the pace and productivity of each employee and entered these indicators into the CRM system: in this way, she managed to calculate how much time different types of tasks take and calculate the average rate for designing 1 sq. m building. "There are two extremes - some kind of warehouse shed, which is being built as God puts it on his soul, and a luxurious house with angels and baroque ale

ntami. And between these poles there is a huge field of more or less typical objects, which we are dealing with, "says Smolenskaya. Comparing the lead time for standard orders and internal costs, "Unicum" received the cost of the design and posted the calculations for free access. So, prepare a project for a building with an area of up to 500 sq. m office is ready for 1.5 thousand rubles. for 1 sq. m, from 10 thousand sq. m - for 300 rubles. for 1 sq. m, from 20 thousand sq. m - for 150 rubles. for 1 sq. m.

# Bureau office in Moscow (Photo: "Unicum")

For Moscow, this is an unprecedentedly low rate, says Malikov, but in the regions such prices will surprise no one: against the backdrop of the crisis, many dumping players have appeared who reduce

profitability to zero in order to get at least some work. "The quality of such organizations is at a very low level, so the main issue is not the price. As far as I understand, "Unicum" copes with the task of finding worthy outsourcing specialists, which allows you to keep quality at a reasonable price. This is an evolutionary step that keeps them on the market, "Malikov said.

After this reform, the company managed to gain profit - the profitability reached 10%, but there were no more orders. Then Smolenskaya switched to working with the state. Thanks to its business model, "Unicum" learned to reduce the starting price several times, winning tenders not only in Moscow, but also in Tver, Ryazan, Kaluga, Obninsk. The new 18-storey RUDN University hostel "Unicum" was designed for 3.8 million rubles. instead of starting 21.7 million rubles, the courthouse in Sevastopol - for 950 thousand rubles. instead of 2.9 million rubles.

# Dumping or New Economy?

"If a company specializes in standard construction, this is smart automation and this business model is real. However, it cannot be applied to something more ambitious, such as industrial construction, "says Olga Belousova, chief project engineer at Serkons Group (industrial and civil design). Smolenskaya, however, says that she did not even aim at complex architectural objects. Among the buildings that Unicum designed for government orders are kindergartens, schools, urban background buildings, which are often created according to a single template without developing a project. "There is no super object in our portfolio, we work with unitary orders, which require, first of all, a rational approach," explains Olga. "But we still try to make even the simplest and most inexpensive things to sell unique, modern and stylistically pleasing."

## Olga Smolenskaya (Photo: Arseny Neskhodimov for RBC)

By the end of 2013, many private orders appeared in the bureau again, and Smolenskaya gladly switched to them: "it's still more difficult to work with the state". Now the bureau designs mainly large residential and office complexes, as well as public buildings, participating in state tenders only occasionally. The main strategy is economies of scale: the bureau tries to collect as many inexpensive orders as possible in order to ensure a continuous flow of work (the bureau has completed more than 200 works in total). This allows us to get rid of another problem of the architectural market - long downtime in anticipation of "big fish". In addition, about 30% of orders come to Unicum in the form of subcontracts from larger bureaus.

Two-thirds of orders come from Moscow, and a third from other cities. There could have been more regional clients, Smolenskaya believes, but the mentality gets in the way: "In the regions, they still do a lot out of habit: someone from the old design institute was drinking tea, so the whole city goes to this architect". She is confident that the business model she has developed can serve as the basis for the economy of small architectural firms across the country. "Most often, architects are people cut off from reality, creators. Thinking about such little things as office expenses, handouts - God forbid. Because of this, large companies with a staff of economists are on a horseback, and small architectural businesses are forced to balance on the brink of payback, constantly refinancing, "says the entrepreneur. Not everyone in the market thinks her approach is realistic: "Many colleagues accuse me of dumping and even just lying. They believe that it is impossible to work honestly at such prices. But I am ready to reveal my cards and show that my business is based on a well-thought-out scheme that takes into account all the nuances."

"I don't think that in the case of the Unicum bureau we are talking about banal dumping," says Maxim Aronov. "This form of motivation and piecework salaries is being actively implemented in various sectors, and we ourselves practice similar schemes in our vendor companies." "Competently structured outsourcing allows us to solve most of the project tasks, but in this situation, much stricter control over the quality of work is needed. It is an incredibly difficult task to create such algorithms,

"says Nikita Malikov.

#### Architectural Uber

Smolenskaya plans to use her approach to business as a basis for new forms of development in the architectural market. For example, he wants to create a "project Uber" - a platform that will become an aggregator for the region

performers and will allow you to control the quality of project services rendered on freelance.

"Freelancing is the new lifeblood of the economy, which is seriously cutting costs. But this is also a lottery: many customers are reasonably afraid to attract one-time performers, the risk of being thrown is too great, and the word "freelancer" is almost abusive, "Olga admits. She plans to create a consolidated database of "clean" freelancers, take over the verification of their documents and portfolios, and provide the performers with a guarantee of payment. To work as an aggregator, Smolenskaya plans to create a CRM system with the ability to provide a bank guarantee and take a small commission for the role of the "invisible hand of the architectural market."

Sanatorium complex in the city of Apsheronsk, st. Komarova, d. 133 (Photo: "Unique") Today, Unicum has 24 full-time employees and eight freelancers who live not only in Moscow, but also in St. Petersburg and the regions: this is how it is possible to save on salaries without losing quality. The company still has an office for meetings with clients and storage of documents - 60 sq. m on Derbenevskaya street Smolenskaya rents for 30 thousand rubles. per month. Olga takes care of all the operational management herself. "I meet with every customer, you can call me directly - the number is published on the website. It's not easy, but it helps build trust with customers, "she says. Vyacheslav Doronin, who stood at the origins of the company, quit in 2011: according to Olga, now he draws comics and illustrates children's literature.

All areas of work in 2017 brought Unicum about 10 million rubles. revenue and about 3 million rubles. net profit. "It's not a lot of money - many colleagues in the market say they could make the same amount with their left heel lying in a hammock in the Maldives. But my interest is not only financial: I am glad to make the urban background better, - says Smolenskaya. - If we stamp typical objects like schools and hospitals without projects, one picture of the world will be formed, rather dull. And if you approach this task in a creative manner in the face of a limited budget, as we do, it is completely different. "

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