



## Starting an architectural firm

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Starting your own firm means taking a leap of faith. In the first instance, an architect is trained as a technician and designer. The architect as entrepreneur must also possess perseverance, as well as commercial, organisational and administrative abilities.

Starting a business requires insight into the market, the financial possibilities, and the feasibility of plans and objectives. You gain that insight by systematically listing a number of facts in a business plan. The business plan is also important in order to be able to provide other people, such as financial backers, with good information about the business activities.

### The start

It could be that an assignment or winning a competition may lead to setting up your own business. In that case, you will devote a lot of attention to executing the assignment as well as possible. However, it is also important to immediately work on the continuity of the new company.

It could also be that you switch from employment to your own practice. You will have already gained practical experience and contacts in that case. There are also points to consider: instead of carrying out instructions, you have to make all the choices yourself. And instead of receiving a salary regularly, money will probably have to be spent before something is earned.

### Personal situation and abilities

Are you considering starting your own firm? Check then whether you have the necessary abilities and if you would be able to run a business. Questions that could help with that:

- Why do I want to start my own business?
- Does my partner or my family support my plans?
- Am I willing to limit private expenditure in order to strengthen the financial position of the company?
- Do I have sufficient knowledge and relevant practical experience?
- Should I start as a sole proprietorship or together with a colleague/an experienced colleague?

### Forms of collaboration

You don't always have to start alone: a collaboration with an experienced colleague, for example, may offer security. That is not only fine for yourself, but also for a client. Such a collaboration may vary from intensive to noncommittal, from structural to a one-off project.

It is also possible, of course, to start part-time. Taking time and building slowly could increase the long-term viability of the business. You could, for example, start your own business while employed. In that case, be sure to make clear agreements with your employer, in particular to prevent overlapping activities and conflicts about copyrights.

Finally, there is the possibility to execute assignments for fellow architects, for example, as a self-employed professional. A characteristic feature of this working relationship is that your perform



work independently as a freelancer and there is not, therefore, a relationship of authority with the client.

### **Seeking advice**

You can bring in advisers for specific questions about financial or legal matters. In addition, professional organisations, such as the Royal Institute of Dutch Architects (*Branchevereniging Nederlandse Architecten (BNA)*), Professional Association of Dutch Urban Designers and Planners (*Beroepsvereniging van Nederlandse Stedebouwkundigen en Planologen, BNSP*) and the Netherlands Association for Garden and Landscape Architecture (*Nederlandse Vereniging voor Tuin- en landschapsarchitectuur, NVTL*), offer lots of information, advice, lectures, networking events and courses. The Dutch Chamber of Commerce (*Kamer van Koophandel*) and the Tax and Customs Administration (*Belastingdienst*) have extensive information for start-ups. Contact with fellow architects about how they set about starting their business could also be very useful.

### **Positioning**

If you start your own firm, it is important to clarify what you want and how you will position yourself to the outside world. The starting point for that is to set your mission, vision and strategy.

Determine your mission: What is your *raison d'être* as an architect? What is your identity? What do you do? Who are your clients? These are timeless statements, but they can be applied to the present moment. Your vision relates to your long-term ambitions. What direction do you want to take? Which skills do you need? What is your dream situation? And your strategy: How are you going to achieve your objectives? Which measures are necessary? How are you going to communicate that? You therefore look outside and ahead.

### **Regulations**

An architect needs a permit to set up a practice. You are required to register your business with the Dutch Chamber of Commerce.

#### **Architects register**

You can only call your firm an 'architectural firm' if you are an officially registered architect/ In order to register, you must meet specific educational requirements. It is forbidden to use the title 'architect' without registration in the architects register. The register is managed by the Architects Registration Bureau (*Bureau Architectenregister*) in The Hague. The use of word combinations in which the title or an abbreviation occurs is also reserved by law to persons who are in the register.

#### **Tax**

Architects who perform their work as a self-employed professional have to deal with income tax and VAT. Architects who perform work on the basis of having a private limited company (*besloten vennootschap, bv*) must also deal with corporation tax. And an architectural firm with employees is also required to withhold payroll taxes and employee insurance contributions. The payroll taxes consist of wage tax and national insurance contributions.

In the case of (beginning) entrepreneurs, there are a number of specific deductible items for the income tax, such as the private business ownership allowance (*zelfstandigenaftrek*), tax relief for new companies (*startersaftrek*), working partner's abatement (*meewerkaftrek*), investment allowance (*investeringsaftrek*) and retirement reserve (*oudedagsreserve*)

### **Administration and insurance policies**

An orderly administration is necessary for your business operations. Moreover, from a legal point of view an entrepreneur must always be able to show the accounting records of their company immediately. It is therefore advisable as a starting entrepreneur to set up and keep proper records.



### **Accounting (bookkeeping)**

The accounting is relatively simple and limited in scope. The aim of this administration is insight into the financial situation and the income and expenditure of the firm.

### **Project administration**

In the project administration, you note down the costs and revenue per project per (partial) phase. Because projects are the reason for profit or loss, monitoring the costs and revenue is essential. Registration of hours and costs underlies the project administration. Examples of this include a clear method of calculating the cost.

### **Payroll records**

This is only applicable to firms with staff under contract. The gross and net salaries are included in the payroll records. You will also find the calculation of various payments herein. Examples include the wage tax, national insurance contributions and any contributions for a pension fund.

### **Insurance policies**

It is risky to run a business. Identifying and listing those risks is therefore important. You can insure against most risks. You can make a distinction between necessary (or strongly recommended) and useful insurance policies.

Liability insurance is usually compulsory for architects. You should take out other necessary insurance policies for: buildings, machinery and equipment, car costs and medical expenses. Useful insurance policies include: consequential loss insurance, invalidity insurance, legal expenses insurance and life insurance. Architectural firms with staff can also take out insurance that pays out in the event of illness of the employee.

### **Planning and forecast**

The projects which architects work on are often subject to dynamic processes relating to the project itself. Examples include market conditions, opportunities for the public to comment, legal proceedings and lots of consultation.

Good planning is therefore extremely important and simultaneously difficult to make. It is smart to regularly update the planning of your workflow (how many people are needed to complete the work) and your liquidity (when will you receive income) in order keep a grip on your company and projects.

### **Accommodation**

When starting an architectural firm, you often don't need so much space yet; a desk and a place to unfold drawings is sufficient. However, at a given moment the need may arise for a model workshop, filing space, meeting room or several workplaces.

Many architects seek a workspace in a multi-tenant building where facilities are shared. The size of an architectural firm may fluctuate, and also therefore the need for a certain type of accommodation. You should therefore look for a workplace where you are not bound by a long-term contract, so that you can shrink or expand relatively fast.

You also project an image of what you stand for as an architectural firm, of course, through your workplace. Your workplace can even be part of the marketing of your firm.

### **Contracts and terms and conditions of employment**

Most architects work with the standard contracts that have been developed by the BNA: The New Rules 2011 Legal relationship client-architect, engineer and consultant DNR 2011 (*De Nieuwe Regeling*, DNR-2011) for larger assignments and the Consumer Regulation (*Consumentenregeling*,



CR-2013) for smaller assignments. You will also find general terms and conditions and a standard job description on the BNA website.

### **Terms and conditions of employment for employees**

A collective labour agreement (*collectieve arbeidsovereenkomst*, cao) applies to employees of architectural firms. The appointment, job classification, salary, holiday entitlements and other terms and conditions of employment are laid down herein. Every employer in this industry is required to apply this collective labour agreement.

### **Pension fund**

The architecture industry has the *Pensioenfonds Architectenbureaus* (Pension Fund for Architectural Firms) and the *Stichting Fonds Architectenbureaus* (Netherlands Foundation for Architectural Firms, SFA). Employee are required in the collective labour agreement to pay a pension contribution for each employee and to give a contribution to the SFA. The SFA informs and helps employers and employees from architectural firms with questions about terms and conditions of employment, the labour market and working conditions.

### **More information**

- Visit [BeroepKunstenaar.nl](https://www.beroepkunstenaar.nl) for more information about law and contracts, legal forms and liability, income and tax, social security, writing a business plan and marketing.
- [BNA](#): Royal Institute of Dutch Architects (*Branchevereniging Nederlandse Architecten*)
- [BNSP](#): Professional Association of Dutch Urban Designers and Planners (*Beroepsvereniging van Nederlandse Stedebouwkundigen en Planologen*)
- [NVTL](#): Netherlands Association for Garden and Landscape Architecture (*Nederlandse Vereniging voor Tuin- en landschapsarchitectuur*)
- [Stichting Fonds Architectenbureaus \(Netherlands Foundation for Architectural Firms, SFA\)](#)
- [Pensioenfonds Architectenbureaus \(Pension Fund for Architectural Firms\)](#)
- [Chamber of Commerce \(Kamer van Koophandel\)](#)
- [Dutch Tax and Customs Administration \(Belastingdienst\): business, starting or discontinuing a business](#)