

# ETHICS AND THE BUSINESS OF DESIGN

## Interpreting the gray areas of ethics in residential design

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In light of recent corporate scandals, this seems an appropriate time to discuss the business side of residential interior design and more specifically, ethics.

A design student today could easily be frustrated by the nuances of the practice and the types of situations that could go awry. From designer knock-offs and licensing, to standards and practices for pricing, there is a world of interpretation that leaves many answers to questions in the proverbial "gray" area.

The levels of ethics vary greatly. What is questionable to one professional may be standard practice for another. Somewhere in between is where successful interior designers are working and thriving.

### DESIGNER AND CLIENT

In the world of residential design, the working scenario is typically one of designer and homeowner entering a contract, one on one. Designers in turn have multiple client relationships and each client has unique needs.

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versus politics, ideally quality would win because it is in the best interest of the client. Having a well thought out conversation with that vendor is the best way to preserve that relationship as well as acting on the clients' behalf. The best choice for the client is the right choice.

### THE ETHICAL DESIGNER

A key factor in residential design ethics has to do with a basic assumption: the client deserves to get what they're paying for. Numerous issues in practice can define an ethical designer. But what it really comes down to is the way a designer represents his or her clients. When clients entrust their home — one of their largest and most treasured investments — to a designer, their satisfaction and happiness is of the utmost importance.

The ethical designer may find that politics come into play. Say a long-term builder vendor forwards a designer a client referral. The designer then begins working with the client and designs a room addition into the plans. In this case, say the builder who referred the job is not the best candidate for the project. However, they referred the client, so do they deserve the job? In a choice of quality

There is also the issue of "knocking-off" furnishings and design. It's a fairly common practice because it is so difficult to monitor. Again, clients deserve to receive exactly what it is they were promised. Not to mention, it is just good business. The designer, showrooms and other vendors we deal with in this business have all strived to design product to assist us in our jobs. Stealing their work is completely unacceptable. Maintaining integrity as a designer will only benefit relationships with both vendors and desirable clients.

### LICENSED DESIGN

Regulation helps enforce ethical design. At this point in time, there are 23 jurisdictions in the United States and Puerto Rico that have interior design regulation on the books. These regulations are important because they insure the quality of interior design practitioners. With a law on record that has the ability to revoke the license of an



record that requires education, experience and examination requirements, or has the ability to revoke the license of an unethical or incompetent practitioner, the public image and the quality of the profession will continue to rise. Thus, for a designer in a Title or Practice Act state, licensure or registration is as important as industry affiliation to raise the bar for the profession; and for those states without legislation, professional affiliation is the only mark of a qualified interior designer. For a client interviewing designers, logistics of licensing and affiliations should factor into their decision-making process, just as much as synergy of personalities.

#### RATES

This is always a hot button in residential design — what is the most ethical way to structure fees? Every business runs on a multiplier in which the cost of an item is multiplied to determine rate. But that alone doesn't translate into a design fee. There is market demand to consider. And of course, talent, experience, education, skill and reputation must factor in. Ultimately it's taking a combination of all of those issues and then crunching them into a final fee structure. Of course, that structure over time will change and grow as experience and relationships are added to the equation.

As for the purchasing of furnishings and accessories, it is ideal for designers to make all purchases for their clients. That way, the designer takes total accountability for the process, start to finish. If something breaks or is incorrect with the order, the designer can step in to fix it, if possible, before the client even sees it. It all goes back to service. Most clients want everything handled for them. They're paying a designer so they don't have the burden of ordering, dealing with mistakes, scheduling, etc. By the same token, a designer taking on this responsibility is warranted in marking up the goods. Of course there are instances in which the client wishes to make his or her own purchases, but by and large, it should be an integral part of the design fee structure.

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#### MARK-UP

As for what the mark-up percentage should be, there is no industry-wide standard. Determining that number is a twofold process. First of all, provided you are concerned with being priced competitively, your markup should reflect a cost not greater than what the client could purchase that same item for directly. The key is determining how to set the contract with the client, and then following through with it.

Second, there are relationships that designers foster with vendors. Those take time, energy and savvy — and ultimately result in savings for the client. Good credit and frequent business is rewarded, sometimes with discounts as high or higher than 50 percent. This is an opportunity to provide greater profits for your company as well as a savings for your client.

#### MAKING GOOD

Eating the cost on mistakes is never easy. But clients are paying for professionalism and skill. If a designer is in error, then responsibility needs to be accepted. But determining who is in error can be tricky. If a client changes something or if a product comes in and the client disapproves, it becomes touchy. Is it just not sitting well with the client? Or, was it not properly presented to them? Did they accurately understand the finish, fabrics, etc.? A designer may eat a few thousand dollars each year on mistakes. That is just a cost of business that needs to be factored in. One of the seminars at NeoCon® this year — "When You Have to Eat it" — confirms the relevance of this issue in business. Client relationship plays into the process to a large extent. Hopefully the designer has laid the groundwork for open communication and fairness from the start.



#### PERMITS

This is another tricky issue, and the topic of permits comes up often on projects within our firm. It comes back to presenting a project to the client at face value. If a designer says he or she can handle gutting a client's master suite, then that designer better be able to handle it, and have the architectural and building resources to back it up.

Being familiar with the municipality in your area goes a long way to helping with the permit process. Having a structural engineer on your team, or an architect as a consultant is also a savvy move. In the end, if it's only construction work and if there are no structural changes, anyone can obtain a permit. Even a client can obtain one directly. But, if a designer walks into a situation and does not have the skill set to do the project as specified, then a consultant should be hired, or the project passed on.

#### AFFILIATIONS

It is vitally important to be a member of industry associations and organizations. Not only does it provide you with information and education, but it also gives you the ability to leverage industry relationships through the affiliations. Associations like IIDA and ASID allow designers access to priceless industry-based resources and sources for continuing education. Taking on a project out of state? Have no contacts there? Call on your Association to get references on contractors. Our firm does it all the time.

#### PROTECTING YOUR CLIENTS

The case of a designer stealing other designers' clients unfortunately does happen and it's terrible, particularly if it is done intentionally. There are of course instances in which a designer may have solicited another designer's client without knowing. Or there might be a case in which a client is unhappy with a designer's work, and then it's just good business to solicit that client.

## THE DESIGNER TAKES TOTAL ACCOUNTABILITY FOR PROCESS, START TO FINISH.

There is enough business to go around, even in this treacherous economic climate, so stealing clients simply shouldn't happen. It degrades the entire profession and is unbecoming of a professional. Designers don't have to cheat to win. Think of the opposite end of the spectrum. It's incredible to be able to get together with colleagues and share sources and ideas without the fear that comes with mistrust. It's good to have that community and it should be nurtured.

It's about selecting your clients wisely and trusting your instincts in practice. If you meet with a client and something doesn't feel right, that's probably a good indicator that there's trouble ahead. As hard as it may be to pass on a project, your best bet is to decline it if it feels off.

Despite all of the gray areas and levels of interpretation involved with ethics, it is possible to run a successful and thriving business in a scrupulous manner. And ultimately, it will be much more rewarding.

**For further information on IIDA's ethics policy, visit [www.iida.com/membership/ethics.html](http://www.iida.com/membership/ethics.html).**