



The surge continues

Executives anticipate more big things for 2016

They are building. Renovating. Branding. Expanding. These are the buzzwords that commercial construction say you will continue to hear heading into the New Year. These sentiments, and more, were discussed during the roundtable discussion held during the Commercial Construction & Renovation Retreat in Houston in October.

To a person, the prospects of bigger and better things are looming ahead for an industry that continues to rise above and beyond the challenges posed by the recent recession. From retail, to restaurants and hospitality, the executives in attendance said each sector continues to show marked improvements.

The roundtable discussion was part of a three-day event at Houston's Hotel Derek, which featured a series of networking opportunities, including a skeet shooting competition at the American Shooting Center.

Following is the first installment of our Retreat coverage, including a look at our Friday afternoon forum. For more information, visit us at www.ccr-mag.com.



Jon Armour
Project Manager
JLL



Jermaine Brown
Construction Mgr
Francesca's



Darrel Chaney
Consultant
Prime Retail Services



Albert Chincuanco
Sr. Director of Construction
Francesca's



Sean Coakley
Director Store Facilities
ANN INC.



Grace Daly
Shoptalk 360



Steve DeBerardino
National Accounts
Cosentino NA



Richard Flores
South Region PM-Store
Development Team
Whole Foods



Brad Gaskins
Principal
The McIntosh Group



Mike Gordon
Facilities Manager
South Region
Einstein Noah



Sara Korvi
Interior/ Procurement
specialist
H&M



Christine Mastandrea
VP of Corporate Strategy
Whitestone REIT



Jan McKenzie
National Accounts
Assa Abloy



Mike Morelli
National Accounts
Signage Solutions



Patrick Ringlever
Bus Development
Interplan LLC



Roz Strapko
Account Executive
Exclusive Retail Interiors



David Tanner
Architecture/Planning
Steak 'n Shake
Enterprises, Inc.



Chris Varney
Principal/SVP
EMG



Julia Versteegh
Director of Marketing &
Business Development
Storefloors



Tom Walsh
Sr. Dir, Global Store
Development
Under Armour



Joe Wegrzyniak
Sr VP of Construction
Jersey Mike's



CCR: What's the biggest thing on your to-do list?

Steve DeBerardino, Cosentino North America:

My job is to grow the corporate account business. One thing we want to do is leverage the fact that we have fantastic logistics in place in North America. My customer base can take advantage of the logistics we have both in terms of products and services for countertops, and other surface needs.

David Tanner, Steak 'n Shake: My to-do list currently is filled with refining our prototype and enhancing, what we refer to as, the preferred vendor programs which we provide to support franchise growth.

Mike Morelli, Signage Solutions:

We are sensitive to the greatest concern voiced by the industry, that project management is the weakest link in the branding process. We have responded by investing in our team and making sure their knowledge is unparalleled with our training and continued education incentives. The size of our team has increased to assist our new clients who have struggled with the same issue. Our biggest "to do" now is to evangelize the retail and restaurant industry and provide solutions.

Tom Walsh, Under Armour: As the company continues to grow globally, the major focus on my job right now is around building our International development team and processes to sustain the future. We are expanding in Latin America, China, Europe and Southeast Asia. In North America, we are focused on building our portfolio in Brand House and Factory House doors.

Mike Gordon, Einstein Noah Restaurant Group:

One of our main focuses right now is working with Caribou Coffee. We're doing a co-branding to offer the best coffee and bagels in the world. We're in the process of doing about 20 co-brand stores this year. They are existing stores. They're actually going in, scraping those stores, and doing a whole new look. We



"Project Management is typically viewed as an added cost, so it's educating customers on how we strive to remain cost neutral or cost indifferent by creating value. If we don't create value and act as an extension of their staff, people do not need our services."

— Chris Varney, EMG



plan on rolling that out more in the future. We want to make the initial roll out of co-brand stores a success.

Jan McKenzie, ASSA ABLOY: The focus is always on updating specifications and educating customers to new products and innovations. There's a lot of narration in that. It's hard to get that message out, so we need to be focused on innovation and ease of doing business.

Brad Gaskins, The McIntosh Group:

One of the big things we have going on right now is a program to educate architects and clients — retailers, restaurants and bankers — as to some of the practical applications of how to comply with the ADA versus just reading what the ADA Standards say. We have learned a lot about what's going on in actuality in the field, where we see failures, and how to help contractors be successful, as opposed to giving them basically what we call "CYA garbage" from the architects that is difficult for them to follow and comply with. By doing so, we believe that it makes it easier for contractors and therefore clients to be successful in the long-term.

Jon Armour, JLL: I have a cost save initiative that I am trying to drive. It's an interesting architectural tax law that the IRS has approved over the last few years in construction. It allows deconstructive drywall systems in new construction. The initiative is intended to capture depreciable savings over a five-year period for our clients that could compound over all the various project types, into millions of dollars of tax savings.

It's a pretty big initiative that could ultimately result in a best business practice and standards implementation across these projects. The method of construction came from an Architect that worked with a large firm in Houston. His product was sanctioned by the IRS and several major tax accounting/auditor firms for a special private letter ruling. It allows a depreciable tax saving over four to five years for the use of the product to create a demountable wall system.

He's driven the product through several large organizations, including hotels, large oil and gas companies, administrative spaces, large re-stacks, etc. Anywhere you have a drywall system going in, this wall system can be built deconstruct-able. The product has been featured in several Architectural publications, won awards for innovation, and is EPA sanctioned, UL listed, and is a licensable use.

It's a different kind of cost save. Project managers are always looking for cost saves. Usually project managers capture boots-on-the-ground type of cost saves on a project. I'm trying to drive this initiative from a life-cycle point of view through the executive level and a couple different prototype situations from actual construction. It is a huge savings for clients that no one has really captured to its full potential in a multiple project environment.

Hawaii, so we will be licensed in every state. Overall, we've been focusing on ADA compliance and recruiting.

Sean Coakley, ANN INC.: For us it's typical stuff. Do it faster, better, for less money. I have an open position in my department so we are using that as an opportunity to rework our setup internally. We are going to be creating a new position that will focus more on data analytics, and how we leverage that to improve our processes. Also with my external service providers, who are really an extension of my department, we are trying to hone our standard processes to make them more efficient. That way, we can continue to do what we're asked, or even more, without changing our administrative makeup or having our quality drop.



Roz Strapko, Exclusive Retail

Interiors: Exclusive Retail Interiors: We partner with fabricators to source fixtures and furnishings domestically and abroad for retail, hospitality and restaurant interiors. We've been experiencing growth over the last couple of years. One area of focus this year is LED lighting for our fixtures. We've been identifying companies to partner with because in 2016 LED lighting will be required. It's both a green sustainability movement as well as an area for cost-savings.

Chris Varney, EMG: In September 2014, QPM merged with EMG and as of October 1, QPM has officially become the Project Management Division of EMG. My to-do list is focused on educating people on how we can support clients through the entire life cycle of Real Estate. We assist clients in the Real Estate due diligence phase by

Patrick Ringlever, Interplan: With the economy stronger then it has been in several years, we are seeing an increase in the number of emerging brands. Many are regionally based, but are quickly expanding their footprint. While we still continue to work with our more established national clients, we are also focusing more effort on the needs of these emerging concepts. In an effort to appeal to the Millennials and a more food conscious customer, these newer concepts often have more unique offerings, and more customized designs for each location. As a result, we are enhancing our design and 3D rendering capabilities in order to clearly convey the project design to our clients.

Darrel Chaney, Prime Retail Services: We have had some significant growth over the past five years. We recently brought on board a director of recruiting to help us focus in that area. Our president and CEO is taking the test to get a GC license in

providing Site Investigation Reports (SIRs), Property Condition Assessments (PCAs), Phase I Environmental assessments all the way through new store construction, remodels, program roll-outs, and capital programs.

The other item on my to-do list is educating customers on how we can provide value with our project management services. Project Management is typically viewed as an added cost, so it's educating customers on how we strive to remain cost neutral or cost indifferent by creating value. If we don't create value and act as an extension of their staff, people do not need our services.

Sara Korvi, H&M: What we're focusing on right now is building and developing our teams. We are expanding, too. We are not only H&M, but also introducing other brands into their estates. That's what we're working toward right now. Another thing that we are working with is lean construction, just focusing on sustainability and lead.



Julia Versteegh, Storefloors: We've recently signed up six new national accounts, so we're gearing up to handle the extra work. I'm also working on finalizing our new website. We're adding product to it, which we've never done before. I'm thrilled to be able to show our clients and potential clients what products we have to offer them. We're really good at talking about logistics and how we save clients money, but now I think it'll help with getting our message to designers. We will be able to show them what we sell. They can see the breadth of our products.

Joe Wegrzyniak, Jersey Mike Subs:

Time and money are the two things we've been working on in 2015. At this point, we've been successful at both. We've reduced overall development cost in the construction-related areas by a few percentage

Jersey Mike's Wegrzyniak: It's directly out of construction.

Anne Taylor's Coakley: In terms of direct construction costs... to reduce by a few percentage points is significant for a 700 to 1,600-square-foot store.

Jersey Mike's Wegrzyniak: It is. One of the best ways we've accomplished that is training our contractors. About six years ago, we established a certified contractor's program. We have all our GCs go through a day and a half certification course which is required in order for them to bid and build the stores.

We've recently required our architects go through similar training, although only a half-day process. From a corporate standard, they know exactly what we are looking for. When we have the opportunity to value engineer something, we can get it over to our contractors and architects pretty seamlessly because of the connection we have with them.

CCR: What type of trends are you seeing out there today?

Storefloors' Versteegh: There are a couple of flooring trends I'll mention. The wood look continues to be extremely popular in retail and hospitality, whether it's actual wood, LVT or porcelain plank. In addition, herringbone and chevron patterns are popular. We may typically think of these patterns in wood floors but now you will find them on floors and walls and in wood and other materials as well.

H&M's Korvi: We work a lot with trends, not only when it comes to our garments, but also when it comes to our store interior. We change up a lot of the items seasonally in the interior in the stores. What we're seeing now when we go to maintain the stores, after many seasons of change, is that we're maybe 10 seasons ahead. It's hard to go back and maintain and upkeep that old material. That's something we're working toward.

Interplan's Ringlever: One of the trends we are starting to see is with Millennials.

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— Sara Korvi, H&M



points per project, and we've taken a 71-day build-out schedule, and reduced it to about 67 days at this.

This year has been successful. Our growth rate has increased from 155 new locations in 2014 to almost 200 new stores in 2015. I have been eight years with the brand. When I came, there were 300 stores and I am excited to say we have now hit our 1,000 stores (as of the second week of October).

We started with a small staff and now have a team of about eight in my department, which encompasses design, construction and construction related procurement. It has been awesome. Hopefully in the next five years, we're looking to double those numbers.

ANN INC.'s Coakley: Of your cost reduction per project, what percentage does that represent out of the total?

For example, we are seeing a lot of our clients, particularly in the restaurant sector, who are looking to rebrand themselves because they realize that people want to eat healthier. Many of the established restaurants brands out there do in fact cook their own food fresh, from scratch, every day, but they don't convey that in their brands necessarily. They are realizing that in order to compete with the some of the newer trendy concepts, they are going to have to reposition themselves. The Millennials are seeking freshness out in the restaurants they go to and many of the newer restaurants, whether casual dining or even fast food concepts are providing that, and providing it very well.

EMG's Varney: There are two things we are seeing. The first is that clients are spending money, but they lack the resources or subject matter experts to execute those programs. Many clients have been tasked with a larger workload, but they cannot hire additional internal staff to manage the increased volume of work. Our challenge is the find the right skill set and personality to match the client's needs.

The other component is the people that execute the work the work in the field – whether that's sub-contractors or contractors. Sourcing contractors who can fully staff projects with good, quality people to meet the

accelerated construction times has been challenging. Having the right partners executing your work is critical.

The other piece of that is time. Everybody is looking to cut time out of the development cycle. Our challenge is to find creative solutions to do things quicker. Clients want to spend money, but they also want a quicker return. We need to show them how they can do that well.

“We’re really good at talking about logistics and how we save clients money, but now I think it’ll help with getting our message to designers. We will be able to show them what we sell, because the product is actually the floor. They can see the breadth of our products.”

– Julia Versteegh, Storefloors

Exclusive Retail Interior's Strapko:

One of the trends we've noticed recently, as we've been getting big packages in retailers, is a lot of them are on the higher end. Retailers are going back to more of a '80s look, which is a lot of the very bright chrome. They are getting away from some of the wood looks. That was a little surprising to us, but that trend is coming back into play. As they say, everything kind of comes around again.

We're seeing more brands incorporating LED lighting. Since we are a one-stop shop, we've partnered with companies to offer a total solution. There's a lot of misinformation about it and we are positioning ourselves as subject matter experts

ANN INC.'s Coakley: I think there's going to be an increased use of technology to be able to control things remotely, where things can only be controlled locally now. In terms of actual site initiatives, we're rolling out an EMS system that really empowers us to support the store, and help them to understand how we are supporting them. Many times stores get uneasy when you start to talk about EMS systems and remote monitoring. They feel like they are losing control. That's not the way we look at it. Instead we look at how having the EMS system allows us to validate what they are telling us. After opening a work order, a store might call the service center and say they are uncomfortable, that the space is hot. With the EMS system the service center can go into the system and look at their space temperatures and then confirm what the store team is telling them. They can tell the store, “we are seeing the same thing; your discharge temperature is 77 degrees. When you can validate what they are “feeling” you



have an opportunity to really reinforce the sense of partnership that we work so hard to foster with the field.

Another benefit to the system is that when the issue can't be resolved remotely, and it is necessary that a tech visit the site, that tech is going in fully informed of the onsite conditions, and is positioned to bring the issue to resolution faster and more efficiently. This reinforces the sense of partnership with our service providers as well.

I think the increased use of technology is putting even more emphasis on partnerships, and I'm huge on partnerships and relationships. So being able to leverage the subject matter expertise that the service center, and my service providers possess, that my team might not possess, is really key and important to our success in being able to manage them, and provide the best possible service for our client, the stores.

Prime Retail Services' Chaney: We're seeing a continual release of capital for construction projects, refreshes and re-models. The challenge for us is that when those monies are released, to make sure that we have the personnel and skill sets to provide resources to get the job done on time and within budget.

Steak 'n Shake's Tanner: One thing we're continuing to see, which seems to be a growing trend, like back in the late '80s and early '90s, when the NFPA came out with their numerous new title changes and redirections. And, the local reviewer for most fire departments seemed to always be educated kids out of school, knowledgeable in hydraulics, and knowing all the parts and pieces for big box retail. Yet, no one really seemed to understand how best to protect the 100,000 square foot stores like Wal-Mart, Home Depot, Lowes. They tried different heads and many other things. Then you had the local fire marshal to inspect the project before opening, and that was just like having a kid in a candy shop.

Today, with Title 24 and the various adoptions of code requirements in the IBC, you're getting educated young



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— Roz Strapko, Exclusive Retail Interiors



professionals who have been trained in city development and city planning. They once again know the books like the back of their hand. They know the NEC. They know the old Southern Building Codes. Yet, they're starting to interpret and say, "Change, change, change."

Where we have made the attempt today, and in the past is with the NFPA, and trying on the initial submission to get things right, but to your point, it still cost money. You spend more money up front, and still you try to negate the additional spend at the end. If you didn't challenge these adds, you'd spend even more. So it's back to damned if you do and damned if you don't.

JLL's Armour: One of the industry trends is an initiative to reduce client footprint and leverage technology to create more density in transactions. If the client is looking to reduce a large portfolio of space down to a postage stamp, they will want to increase the density of transactions through various new technologies, new customer interface's, reductions in people and in bricks and mortar service features. Perhaps more online functions, and things like that.

There seems to be a trend for more outsourcing. Clients tend to want to outsource a lot of services and high-level functions that traditionally have been done in-house. They're outsourcing to facility partners, which gives the partners greater flexibility to make decisions for the client on their behalf. Previously, they wanted the design, construction and financial decisions close to their belt. Basically, they standardized what they wanted.

Now they've moved into a trend to assign more of that responsibility in projects and the entire life cycle of the construction project to a facility partner. It's a more holistic approach to the client in providing project management encompassing everything from real estate all the way through project renewal.

The McIntosh Group's Gaskins:

Clearly, the trends and challenges we're seeing continue to be more accessibility,

“One of the trends we’re starting to see is Millennials. For example, we’re seeing a lot of our clients, particularly on the restaurant end, looking to rebrand themselves because they realize that people want to eat healthier.”

– Patrick Ringlever, Interplan LLC

ADA complaints and lawsuits. The numbers are up again. This is the 25th anniversary of the ADA signing law, and there are a lot more people out there pointing to this as something they want to see happen.

Based on what we’re seeing with these complaints and lawsuits, we’re getting brought into the room a lot later into the situation. Therefore, some attorneys who don’t have experience with ADA issues are pushing forward with things they think are right,

various ways. Usually it is incumbent upon the client to want to reduce risk and liability in these conditions. They entered a program with the government to bring these facilities complaint over a period of time. They continue to push. There are so many of them, there’s no way to get them all done in this timeline. I see a trend in pushing these projects out. Is there a government drop-dead tape of all this stuff or does it just continues to keep pushing?



The McIntosh Group’s Gaskins:

What the law actually requires is that a facility has a plan to bring their facilities into place. The timeframe we generally see is somewhere between three, five and seven years for compliance. The issue you have with that is there are always going to be differences. You have to consider resources. Companies just didn’t have profits to spend on it.

I think it has to be what’s reasonable. This is the unfortunate thing about the ADA. It’s all designed to be enforced through lawsuits. There is no enforcement of ADA without a lawsuit. Therefore, there are no finite answers. I can’t give you an absolute answer to what the ADA says. The Department of Justice can’t give you a finite answer to what it says. Legislators can’t give you a finite answer.

but may not be right. There’s either a lot of misinterpretation or just the simple fact that people who file complaints think it should be a violation and it’s not.

Based on that, we prefer to see clients get experienced attorneys in lawsuits earlier, and then bring accessibility experts earlier to help with that. Of course, that goes back to the thing that maybe we should be there before you get the complaints and lawsuits, because once that happens, you’ve lost a lot of control as well.

JLL’s Armour: Large clients typically have thousands of older facilities out there that were not ADA compliant, in

the ADA says are the courts. Hence, everything ultimately has to come down to what’s defensible, and what does the particular entity want to be able to challenge? Are they willing to take the risk? Are they willing to go all out and say, “I’m not taking any risk at all?”

Based on that, I guess it’s not as simple as just it’s this long. It’s what can you justify as a large company that you have the resources to do. They’re not out to put you out of business. I might question that sometimes. The government is not out to make money off business, but obviously a mom and pop organization has a lot less resources than a large retailer such as Wal-Mart or Home



Depot. There are just a lot more resources available to do things.

That doesn't mean you can do it all. Because you have more resources, you have more facilities. What is reasonable? That is the problem. What is reasonable? If you don't have the money today to do something, where do you think you're going to have money to defend a lawsuit? A lot of mom and pops have the money to do a small thing. It's going to cost \$5,000 to defend the lawsuit. Either way, you're in a Catch 22. That's the unfortunate part of it.

JLL's Armour: I'm seeing, when we complete a facility, the jurisdictional third party inspector seems to have been a little more flexible recently. They've allowed a little bit less stringent

Also, some of the people at the access board are starting to announce that this is not supposed to be a "got-you" thing. It's supposed to be about accessibility. You have to explore it from a situation. A 16th of an inch. Does that really affect accessibility or are they trying to do that "got-you"? I think that's part of what you're seeing.

Under Armour's Walsh: I just had a follow-up question. I agree with what you're saying. ADA is obviously very important. I'm curious though. Are there white papers that architects can use, engineers can use, to allow them to start looking at some of the top offenses, challenges or issues that are in the industry today?

The McIntosh Group's Gaskins: The simple answer to that is probably yes because we write a lot of those. We get specific requests from some of our clients who brought those for them. A lot of trainings that we do deals with the issues we see in the field that are easily correctable during the construction phase if everybody understands what the issues are as opposed to just trying to read something in black and white, and say, "This is what it says." What are we really trying to accomplish here? We try to point out things we see that are most common misses out in the field.

Under Armour's Walsh: What about from an architectural standpoint? Is there a list of common misses that an architect may or may not see? They're looking at clearance rules, heights of cash wraps and countertops, or bathroom clearances but what else is there?

The McIntosh Group's Gaskins: Yes. We train a lot of architects on that exact subject. We tend to think of a range like 33 to 36 inches. Does the architect tell the contractor 33 to 36 or does the architect tell him 36? What we're trying to teach architects to do is tell them 35. Now you've got a specific number for the contractor to hit. If he misses that, he's still has a chance to be within that range.

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— Brad Gaskins, The McIntosh Group



application of the ADA code to various projects. Do you see that?

The McIntosh Group's Gaskins: Because lawsuits are an actual precedence to what the courts are accepting, I've been surprised in what has been accepted. I think it's very reasonable. I was surprised. I don't want to say it was immediate, but it was more immediate than what we were expecting to see. I think that helps.

One of our clients has situations that have come up that nobody saw. It's simple — concrete slabs. Concrete slabs move. You have expansive soils in Phoenix when there is a temperature difference January through July. We're talking about movements of a 16th to an 8th of an inch. It's not unlikely that that's going to happen. People are starting to see that as reasonable. You can't meet perfection.

If I've got a range for a water closet that has to be 16 to 18 inches, I tell him to put it at 17 inches. By trying to get the architects to think out of a different paradigm matters. It's one of the things we're pushing for — one of the things we're trying to teach them to do.

The other thing we talked a lot about is the ADA is not building code. It is a Civil Rights law. As such, it is so different than a building code. If you look at it as any able-bodied individual who can do something can make a person with disabilities accomplish the same thing as independently as possible. There are a lot of things that aren't actually covered under the ADA that could end up being a violation if you don't think about that paradigm.

We're trying to change that paradigm. We're trying to change the way architects look at things and focus on that, as opposed to just as a building code, because you can't get waivers. It's not going to work with the ADA,

“I'm seeing, when we complete a facility, the jurisdictional third party inspector seems to have been a little more flexible recently. They've allowed a little bit less stringent application of the ADA code to various projects.”

— Jon Armour, JLL

but you can with building codes. A lot of building codes look exactly like the standards that are in the ADA.

ASSA ABLOY's McKenzie: In doors and hardware, trends and challenges are tracked diligently. But to keep it pretty local here in the retail world, this is not a door-dense environment. Even though electromechanical hardware is the fastest-growing trend in the world, the U.S. retailers are trailing behind in the acceptance of this innovation.

We keep talking about education and resources. This is one of my favorite statistics, and it is fairly shocking. In retail, the spend for doors and hardware is between 1 and 3 percent on new construction. That's very small. The punch list, however, is reported to be as low as 40, and as high as 80.

The good news is that more people are inclined to call us in sooner, and let us write a hardware specification. We make sure it's code compliant. We also review for cost savings and that you understand the difference between the good, the better and the best.

I guarantee if you studied closers in the good, better, best category that product experts would have a hard time picking out the right one. But when you have a trusted hardware consultant or specification assistant, you can get fantastic hardware scheduling that would ensure compliance. Then you put a leverage-buying program in place to meet your goals.

You can see that people are getting smarter and smarter because of their limited resources, and because architects would struggle to know which of our 30,000+ SKUs is right for the application. How would you possibly know which ones to put this together? You have to ask somebody who lives and breathes that, and writes it specifically to meet your goals.

CCR: You are talking about something that I don't know if a lot of construction people pay much attention to. It's a small percentage of the



“Today, with Title 24 and the various adoptions of code requirements in the IBC, you’re getting educated young professionals who have been trained in city development and city planning.”

— David Tanner, Steak ‘n Shake Enterprises, Inc.

program, but at that big orange box, and there are 49 doors, three hinges, one handset, a closure, a tick plate and a threshold. Given that you have all the right components for doors in a particular build, what portion of that is, in the right circumstances, for an installation?

ASSA ABLOY’s McKenzie: It’s a pretty high percentage. I think the industry has done a much better job over the last few years to improve that specifically. It used to be you’d buy a nice device like this with an alarm, and there would be 18 wires, and about 100 other components to install. If it isn’t installed right, something goes wrong. Some manufacturers have done a great job of minimizing the number of pieces and simplifying installation. There’s no such thing as installation proof but there are great improvements in the spirit of innovation and cost containment that are worthy of review.

ANN INC.’s Coakley: You can mention value engineering from a facilities standpoint. I get construction wants to lower their total construction cost, but I think of total life cycle costs. When you don’t buy the right things, it costs me more money in the long run, so I’d rather them spend the money upfront and buy something that’s really durable.

ASSA ABLOY’s McKenzie: That’s a great point. If you do it right on the front end, you nail it. It’s a huge sustainability issue as well when it comes to life cycle cost and disposal of failed product.



Under Armour’s Walsh: Some of the issues right now are around lack of education on value engineering. Twenty years ago, value engineering meant something very different, something more than just saving a few dollars. Today, with store development we should be talking about the life cycle cost and consider all the information required to make an educated decision. I think we have an opportunity to get back to the science of Value Engineering and its original intent.

Storefloors’ Versteegh: I think part of the problem is the way a lot of retail companies are set up. Individual departmental goals don’t always add up to what’s best for the company overall. The purchasing department for example, may have strict budgets that don’t allow for consideration of quality, need for repairs, and long term cost-savings. Some companies account for this but many do not.

Under Armour’s Walsh: One anecdote that might help is to use Service Channel as a tool to collect data. At UA the development team sits right next to the design, construction and maintenance teams. As our maintenance team is discovering trends in existing stores, they’re talking to the design and the construction team to determine the best solution available for now and into the future. We are making decisions in real time that are affecting what’s coming up next. Everybody has different motivations and someone on the team has to pull it together — that’s development. **CCR**