



Retailers' Expectations of General Contractors

Follow up to the RCA presentation in March of 2008

GEAR Management Group, LLC



Introduction....

GEAR Management Group would like to thank all the General Contractors and Retailers who participated during our presentation. We appreciated your candid comments and enthusiastic participation.

This document has been updated to include our discussions points from that day. We hope this document becomes a reference for your team.

It is our hope to continue this next year with new topics for open discussion. We welcome your continued feedback and ideas for topics.

Feel free to contact us at zcubas@gearmg.com or dgearing@gearmg.com.

Panel Participants



Belk

Clay Addison



Coldwater Creek

Allen Sandish



Todd Van Voast



Limited Brands

Ed Kunzelman
Tom McDermott



Longs Drugs

Wendy Defoe



WATERWORKS

Dennis Julio



Success Factors

- **Effective communication**

- Communicate in a timely fashion
 - No surprises at the last minute
 - Clearly present the whole story
- “We continue to educate our contractors and communicate how important the quality of the construction is and expect them to communicate to everyone involved in the project” – *Tom McDermott of Bath & Body Works*



Success Factors

- **Effective Communication** (cont.)
 - “We expect contractors to shoot straight and we will do the same” – *Clay Addison of Belk*
 - “Timely cost and schedule impact notification” – *Dennis Julio of Waterworks*
 - “Clear and quick decision making paths” – *Todd Van Voast of Starbucks*



Notes from Discussion

Communication

- **“Quality of Communication”**
 - Quality applies to entire process, not just the construction
- **Consistent in approach**
- **Make no assumptions**
 - Leave nothing unanswered, take nothing for granted
- **Establish protocol for enhanced communication process**
- **Timely**
 - Don't wait until the last moment
 - The client needs timely information to deliver communication through internal levels of management



Notes from Discussion

Communication (cont.)

- **Vehicle for communication**
 - Clarify and agree upon form of communication expected
- **General Contractor must have access to decision maker**
 - Web tools
 - Phone
 - E-mail
 - RFI/Written follow-up
 - Weekly/biweekly conference calls



Notes from Discussion

Communication (cont.)

- **Content**
 - Complete and direct
- **Open/honest**
 - Don't try to cover up the facts
- **Work through solutions together**
 - Help find resolution, provide solutions
 - Foster partnerships



Success Factors

Quality

- Quality is rated as the highest priority for *Allen Sandish of CWC*.
- “One of the most important aspects of the construction process is workmanship and quality” – *Tom McDermott of Bath & Body Works*
- In our experience “Quality can fluctuate depending on the area of the country, but Limited Brands looks for a GC that is putting forth the effort to provide a consistent high level finish” – *Ed Kunzelman of Victoria’s Secret*



Notes from Discussion

Quality

- **Throughout store delivery process**
 - Applies to construction, communication with operations, interaction with LL, etc
- **Brand Standards**
 - Start as soon as construction starts
 - GC and GC's subs represent the retailer from day 1.
- **Retailer should engage the GC**
 - General Contractor part of the store delivery team
- **Retailer should communicate the ultimate vision**
 - Lets GC get a feel for the overall picture



Notes from Discussion

Quality (cont.)

- **Project specific information**
 - Share so there is no guesswork
- **Brand priorities**
 - What is important to maintain/protect?
- **Share performance data**
 - Pushed down to GC/subcontractor level



Success Factors

- **Schedule**
 - “Contractors must understand that the single most important aspect of construction is the schedule. We can correct budget problems and we can correct quality issues, but we can’t go back and make up a grand opening date that we missed because a contractor was late.” – *Clay Addison of Belk*



Notes from Discussion

Schedule

- **Realistic expectations**
 - Client should be aware of trade-offs that (necessarily) exist
- **Communicate “known” obstacles**
 - Reinforces openness and honesty, and encourages teamwork
- **Commit resources**
 - GC has to recognize need and make commitment early in process
 - Better to load up on front end than to try to make it up on the back end



Notes from Discussion

Schedule (cont.)

- Assign the “right superintendent” for the job
 - Clients will make requests based on previous successes/failures with supers
 - Know which super will work in which situation, e.g. phased remodels
- OFI
 - Negative effects of schedule changes



Notes from Discussion

Schedule (cont.)

- **Impact to operations**
 - Hiring/training is set up based on published opening date
 - Merchandise is set up based on published opening date
 - One week push of schedule
 - Rent starts
 - Payroll is in motion
 - Team has been prepped and ready and now must be out off a week



Success Factors

Cost

- “GC should manage the quality and the schedule – the budget should be managed by the retailer” – *Ed Kunzelman of Victoria’s Secret*
- “Communicate potential change orders early” allowing the client to communicate internally, about unexpected cost overruns – *Megan Untiedt of Gap Inc*

*“Help me, so I can help you”***Jerry McGuire**



Notes from Discussion

Cost

- **RFI's – Early Communication**
 - Document
 - Maintain current
 - Signed approvals – work can proceed with “verbals” only when followed up immediately with signed approvals
 - Provide backup
- **Billing/Payment of changeorders**
 - Track during process
 - Paid with project closeout
- **Realistic change orders**



Success Factors

Value

- “Good money spent well, obtaining good quality for your spend” – *Mike Henry of NY&C*

Planning

- “Including the right resources in place at the right time in the early stages.” – *Dennis Julio of Waterworks*

Strong relationship building

- “When you build trust and clarify the goals you are trying to achieve, you both win” – *Tom McDermott of Bath & Body Works*



Success Factors

■ Integrity

- Act in best interest of the owner
- “Contractors should keep their commitments (promises) and deliver the agreed upon product, regardless of (reasonable) circumstances” – *Allen Sandish of CWC*

■ Commitment

- “I have found that in order to get the right level of commitment from a contractor, we must be one of their top 5 clients” – *Clay Addison of Belk*



Notes from Discussion

- **Integrity**

- Actions throughout the construction process and the final product both reflect the brand
- Always act with integrity
- Interests

- **Commitment**

- Need GC to be responsive
- If client is in top 5 of GC's customers, that GC will commit the resources necessary to get the job done



Success Factors

- “The GC must understand that the ultimate client is the **store operations** team” – *Mike Henry of NY&C*
 - Provide them with quality turnovers
- **Partnerships**
 - “Build ‘strategic partnerships’ within current stable of General Contractors” – *Todd Van Voast of Starbucks*



Notes from Discussion

Team Performance

- Internal/GC project managers
- Feedback to clients
 - Where are problems
 - Provide potential solutions
- Understand the culture
 - Internal
 - With GC



Success Factors

- **Retail experience**
 - Look for ‘Team members with experience in retail’ – *Todd Van Voast of Starbucks*
 - Team members that understand the complexities specifically related to retail roll-out



Notes from Discussion

- **Finish: 100% = success**
- **GC should invest in the project**
 - Ensure that all the ankle biters are resolved prior to turnover day
 - Do not leave small items undone near the end, tie up loose ends
- **Turnovers**
 - Communicate with operations
 - Escalate requests by operation to the client's project manager
 - Have quality teams in place



Success - GC Perspective

- Experienced project managers
 - Capable of providing or getting answers
 - Empowered to make decisions
 - Consistency in approach / processes from all PM's (in house or outsourced)
- General Contractor's Project Manager is made to feel like an integral part of the client's store construction team
 - Respected
 - Opinion is valued
- Loyalty
 - Once a relationship is established, the GC wants to feel that the client will value their commitment and performance



Summary

Communication = Partnership

- Communication
 - Common thread in success factors
 - Retailer communicates expectations
 - GC communicates obstacles
 - GC communicates schedule and cost impact
- Strong relationships and trust
 - Can only be built by communicating with your clients and ensuring they have complete visibility to project progress, on all levels

Summed up by Todd Van Voast - “Ideally we should “build open and transparent relationships.”