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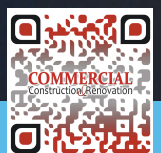
Defining the most misunderstood
department in retail

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Design, construction and store planning

Why is it the most misunderstood
department in retail

By Gary Rissler



Are you frustrated with trying to get your job done in one of these departments, or perhaps you are getting your job done, plus some, and nobody seems to notice? Don't feel alone – I hear this same story over and over about all kinds of national and global store chains, from discounters to the highest end luxury brands out there.

Let me add a bit of a disclaimer; what I speak of is generic in nature and, the extent that it is applicable varies greatly from one retail store chain to the next. But, in general, it applies to some extent or another to most. What the in-house departments and teams responsible for store planning and design and store construction have to do in order to succeed is a mystery to management.

When I use the term “management” this could be anyone from a store manager, to the vice president of store operations to the CEO and many others in between. The process impacts every person, and many have direct oversight of these departments, yet have little understanding of what it takes to get the job done.

Why are these departments so misunderstood?

Upper management typically comes from a retail background with extensive knowledge of the product, store operations, sales, etc. Perhaps their climb to the top has even given them some experience in site selection and lease negotiations,

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but it's unlikely they understand what all goes into taking a design concept and from there complete a set of construction documents you actually can use to build the store. Let alone do they understand what items have the largest impact on the cost per square foot and ultimately whether or not the project will meet the proforma.

Management's lack of understanding of the design process is only second to its lack of knowledge for the procurement of construction materials; the manufacturing of custom items such as trade fixtures or the actual store construction processes itself.

That said, many times the design and construction department heads don't necessarily understand the rest of the formula either. I recall when I learned what the impact of construction cost had, or did not always have, on the proforma. In the late 1980s, a couple years into my time at Pier 1 imports, the senior vice president of operations taught me a valuable lesson.

Up to that point, a big part of my job had been to survey and report on potential locations and advise on any issues that might prevent us from building our standard store at a typical cost per square foot. This meant reporting things like zoning issues that would prevent the size of sign we wanted or long permit processes that could effect the opening target date and, most of all, unusual issues that would drive up the cost of construction.

In the case of this store Pier 1 store we wanted to open in San Francisco, it had all kinds of issues. We had to take the store “as is.” The main electric service to the building was too small and would have to be replaced. New structural support on the roof would have to be installed to support the HVAC. A fire pump now was required by the city and the list went on. I tried to convince my real estate counterpart to forget it, but he kept insisting the store was worth presenting to committee.

I went in, guns loaded, prepared to kill the deal. The proforma was put up on the overhead and I started explaining the high number for construction when the senior vice president interrupted me and said, “Look at the first year sales projection number. You can't spend enough on construction to keep this store from being profitable.”

That was the day I learned what the first of the three most important things in opening retail stores was: location, location, location.

All things working together

My point in bringing this into the picture is that when you have a mutual respect and knowledge of all aspects of what makes retail work, as a team you can accomplish almost anything. Without it, there is chaos and frustration, which typically leads to employee turnover, vendor/contractor turnover, high development costs and stores that aren't what anyone really wanted.

I remember one company I was with many years ago that operated several national chains. This company totally got it. Recently, I was able to meet with the president of one of those chains after 20 years and I asked him what he thought made the difference. “We all started at the bottom and worked our way up through every step,” he said.

Back in those times, when chain stores were just started to blossom, you went from stock person, the sales, to assistant manager, and manager. Many times, as a manager or regional manager, you had to find new locations. You were involved in the lease negotiation process. Hopefully corporate would help you with the design, get the construction documents completed and get the building permit. You probably had to find a local general contractor and, at the very least, manage him on a daily basis.

You learned enough about design and construction that when corporate developed a full design and construction department you knew what it took for them to get their jobs done. You had respect for them. A long-time friend once told me, “None of us could do your job the way you did, but we all understood what you had to do to accomplish these challenging goals of opening many stores, on tight timeframes while maintaining the budgets. You respected our needs and we respected the challenges you faced.”

Unfortunately, it's a different world today.



Education is key

The key is that we must work together to make it as workable as possible. The answer is to find ways to educate management as much as possible. You do this by making them partners. Learn all you can about their jobs and challenges. Learn about the products that are sold in the stores you build. Learn what goes into the manufacturing and purchasing of these items.

Sit down with the marketing team so that you can understand their needs. Find ways to help all of these other departments where possible so they know you're a team player. Engage them in your process, so they can learn more about what all it takes to design, complete construction drawings, order materials and complete the construction and renovations projects on time and under budget.

Everyone on the team must understand that the key to developing successful stores is functionality and proper operation of a store versus aesthetic and pleasing design versus constructability and budget.

Outlining these and giving them a written description, with firm time lines, all in lay terms is very important. Outside architects, designers, construction managers and other outside consultants can be great partners in this effort. Because upper managements see them as relatively high paid "experts," they respect their opinions. Partner with them, make

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sure you're singing the same song and let them help deliver the message. Also, make operations at all levels a part of this process so they have an opportunity to give their input, especially on the functionality piece.

I have worked with a large general contractor that has one of the best training programs for young interns that I have ever seen. Every person in the program must work as an assistant projects manager in the office, an assistant superintendent in the field and in the estimating department as a part of his training. While the process seems out there, wouldn't it be great if every in-house member of the design, construction and store planning departments had to do something similar? Conquering that thought is a topic for another time.

In the meantime, you will get resistance. Upper management, quit honestly, usually will not have time to understand what you do. In many cases, they really don't care. They just want results and the ringing registers. As the old saying goes, "Don't tell me about the pain, just show me the baby."

And so, design, construction and store planning departments will continue to be misunderstood, but we also can continue to do all that's possible to improve the mutual understandings. **<CCR**

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