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NREI Readers Write

FOR A SUCCESSFUL RETAIL PROJECT, VALUE ENGINEERING IS CRITICAL

As the retail industry continues to shift toward growing revenue through online sales, many retailers have cut back on the amount of funds dedicated toward building or expanding upon physical store locations. According to estimates from The CoStar Group, only 21.4 million square feet of new retail space will enter the market in 2012 – a record low.

While these numbers may look grim, this changing paradigm creates both a challenge and opportunity for construction firms to implement value engineering practices. In today's economy, retailers, mall owners and contractors need to collaborate to make projects feasible, and value engineering is the key to success.

Set the Tone

Start by challenging the project specifications with well-thought-out questions. Retail project specifications are often general in nature, and can include standards that are costly and unnecessary in certain locations. For example, a retailer may have a bituminous asphalt specification that requests a mix design uncommon to the area. Questioning the use of a special mix design and recommending a switch to the local standard mix design could be superior for the local weather conditions, and less expensive because it eliminates the need for special batching requirements.

Seek the Change

The project specifications should be thoroughly reviewed for any outdated notes that may be unnecessarily increasing the costs of the project. For example, a specification for metal roof decking could be old, calling for a shape that isn't standard. "F" deck, also known as "intermediate rib" deck, was previously typical, but for years now, "B" deck has become industry standard. "F" deck is only beneficial when you have two inches or less of rigid insulation, but code requires more than two inches. There could be lead time and cost increases associated with the "F" deck because it's no longer standard.

Challenge the Status Quo

Another opportunity to seek value engineering within the specifications is the ability to challenge the certifications required for each trade. A retailer might have previously dealt with precast buildings and insisted that the precaster be PCI (Prestressed/Precast

Concrete Institute) certified. Since that time, the company's prototype may have changed to a brick building with precast sills. PCI certification, while also covering architectural precast, is mainly a structural certification that is no longer necessary for a simple precast sill. What they need now is APA (Architectural Precast Association) certification for non-structural architectural precast. The quality of the architectural precast sills will be the same or better with the APA certified precaster because this is their specialty. More importantly, the APA-certified precaster will likely be more affordable than the PCI-certified precaster.

Design the Space to Your Advantage

The largest opportunity for value engineering in a retail project is when the retailer is building out space within an existing building. This is an opportunity to make concessions in the prototype drawings and specifications, allowing you to work with the space given and allowing deviations that do not affect product branding, examples include wall locations, ceiling heights, ceiling types, light fixtures, restroom locations and configurations and storage needs.

Use What You Have

Another lesser-known way to achieve value engineering is a modified approach to the labor, scheduling and general conditions of a project. Take, for example, a proposed project that calls for the replacement of 15 large commercial air-handling units (AHUs). Since the units are hung from the main structure, with electrical, plumbing, and fire sprinkler lines running directly underneath, complete removal of the AHUs would require a major rework of other systems. By suggesting an alternate plan of stripping and rebuilding each unit in place, a construction firm could significantly reduce labor, material and general conditions costs, as well as inconvenience to the tenant.

Above all, value engineering comes from experience. When a general contractor is knowledgeable and understands both the project specifications and the retailer's needs, there are numerous opportunities to implement value engineering concepts into a project.