

PROCUREMENT RETAIL DELIVERY

The successful fitting out of a major retail scheme owes a lot to effective retail delivery management. **Simon Rawlinson** and **Nick Clare** of **Davis Langdon** lift the lid on the processes involved

01 / INTRODUCTION

This year will mark the highpoint of the current retail cycle, with eight major shopping centres opening in cities such as Liverpool, Leicester and London. These centres will boast fit-outs that will set new standards for quality and innovation. The mix of tenants, quality of the stores and overall atmosphere are all differentiators in creating a competitive offer. High footfall, driven by repeat visits, will support sustained turnover for tenants, rental growth and enhanced capital values for the developer.

Through their retail delivery management

programmes, developers try to secure the best possible fit-out from their tenants, to provide a great experience for shoppers and raise the bar against competitors.

Shopping centre developers and their tenants must be fully focused on the opening date. Although shopping centres themselves will have taken more than a decade to get from site assembly to completion, retail unit delivery is usually squeezed into the back end of the programme, with only 12 months to do the design, fit-out and merchandising of multiple retail units.

The typical rush to complete the fit-out emphasises the fact that retailers value flexibility. The ability to delay decision-making until the last minute is very important – enabling, for example, the latest trends to be incorporated into a store’s design, or units to be let at short notice. Shopping centre developments, by contrast, rely on tight control and effective management to achieve trading dates. The retail delivery manager provides a single point of contact that balances the needs of retailers alongside the discipline required to meet the opening date.

02 / THE QUALITY AGENDA

Securing the appropriate quality of fit-out is a key role of the retail delivery manager, who must ensure that retailers provide only the best quality fit-out proposals. Whereas most aspects of the design of a shopping centre are under the direct control of the developer, the design and delivery of fit-out is necessarily the responsibility of the retailer.

Each retailer is usually concerned with a national or international fit-out programme, and may not necessarily share the developer’s perception of the importance of a particular centre. For example, many retailers have units in high street locations that are not centrally managed as retail destinations and so are used to having their own way with respect to their fit-out solutions. Retailers also have standard, brand-consistent formats that they aim to roll out as efficiently as possible.

The developer can exert some indirect control through the use of design guides, but in the end it is direct negotiation by the retail delivery team, working alongside the letting agents, that will make the case for quality in securing an optimal fit-out proposal. Persuading a retailer to deliver a premium quality fit-out in a particular location demands strong negotiation skills and a creative approach to identify solutions that



The Apple store on Regent Street, central London – a good example of a high concept fit-out

are acceptable to the incoming tenant as well as the centre management.

Arguably, it was the developer Lend Lease that pioneered the drive for premium quality fit-out at its first UK development at Bluewater in the nineties. It insisted that all retailers delivered a premium quality “concept” store that represented a retailer’s latest and best quality fit-out. Bluewater has been very successful and the approach taken in assuring retail delivery has subsequently

been adopted by most UK developers.

The greatest challenges often come when negotiating with high street multiples moving into second-tier centres, where the incentive for a retailer to invest in quality is much harder to demonstrate. By contrast, the fit-out team for a high fashion store in a top class retail scheme is more likely to understand the opportunity and respond positively to a centre’s objective in setting the highest standards of quality and originality.



03 / THE RETAIL DELIVERY MANAGER

A retail delivery manager's principal role is to act as the single point of contact between a developer/centre manager and retailers, in everything from lease negotiation to final trading. This involves supporting the letting team and then taking each retailer through a consistent briefing, approval and handover process.

Although anchor stores such as John Lewis or Marks & Spencer have their own standards and deal directly with the developer, all other tenants, including large high street multiples such as Primark will be managed through retail delivery.

Effective retail delivery requires a balance of strong interpersonal skills to get the right design solution and rigid adherence to a simple process to make sure it is delivered on time. During the fit-out works themselves, the delivery manager is also responsible for the co-ordination of the works of the tenants' fit-out specialists with the centre's principal contractor, which in turn is required to manage access and deliveries to the site and provide limited support to contractors.

A retail manager's main areas of responsibility include:

■ Maintaining consistent fit-out standards

In addition to quality, consistency is very important to developers. The degree to which flexibility is offered to retailers varies from centre to centre. Some developers encourage "organised chaos" in an effort to reproduce the variety of a typical high street, whereas other centre managers will enforce, through the delivery manager, tight control over aspects of fit-out that affect the public spaces, including shop fronts and signage.

■ Planning the approvals and fit-out sequence

Thorough planning of the retail delivery process is vital, driven by immovable trading dates, the achievement of which depends on a sequence of landlord's approvals, local authority consents and witness testing (a form of on-site testing). Retailers' start-up activities in their units, such as merchandising and training, cannot occur until their interfaces with key centre-wide

life safety systems such as fire alarms and sprinkler systems are tested and certified. Given that all retail units aim to trade on the opening day, co-ordinating the testing programme requires a robust and detailed work schedule which is also responsive to change.

■ Management of risk

Retail fit-out, particularly in smaller units, involves relatively simple construction. As a result, site management practices may not aspire to the highest industry standards. However, should a problem occur on a fit-out – a fire for example – the opening date for the centre could be put in jeopardy, with very serious consequences for the developer and other retailers.

For shopping centre developers, complexity and risk comes from the sheer number of units being completed, and from the limited control of the fit-out works. Risk is also increased by having tenants' contractors working in a building that is still not complete – involving further aspects of health and safety and security management.

Mitigation of risk by the retail

delivery team is provided by co-ordinating and controlling the work of retailers' fit-out contractors. This involves providing a constant on-site presence, working side by side with the developer's project managers and the main contractor.

The objective is to respond quickly to any problems that occur on site, and to prevent fit-out contractors causing problems themselves. The role requires vigilance, tenacity and the ability to agree solutions with contractors at short notice.

Other qualities that are invaluable for effective retail delivery include negotiation skills, excellent awareness of emerging trends in retail design, and technical knowledge of construction that is sufficient to enable approvals to be given without total reliance on a developer client's design team. Delivery managers can also be highly effective in supporting the work of agents – ensuring that the developer's promises are met while also articulating the practical requirements of the lease.

04 / THE RETAIL DELIVERY PLANNING PROCESS

Most retail delivery specialists have adopted a four-stage process to get tenants from sign-up to start on site. The key activities in this process are as follows:

Briefing

This is the stage where the delivery manager aims to influence the tenant's design proposals, stating centre standards and encouraging a high quality proposal from the tenant's team. The briefing stage is also

where the full details of the developer's approvals and construction management process is introduced. Other issues discussed during the briefing stage include:


■ The overall development programme, including key dates

■ Agreement of changes to the developer's shell.

For some of the larger occupiers who may require modifications to their retail shells, the briefing process can commence well

ahead of opening. For late lettings with simple requirements, although the same process will be followed, the programme can be compressed to a couple of months.

Concept approval

This stage is based on a review of the retailer's initial design proposals, covering layout and services. The key issue for extended discussion is usually the proposal for the shop front. Once designs are 

© approved by the centre owner, an on-site start date can be fixed.

Detailed approval

This stage requires the developer or centre owner to sign-off the detailed proposals. This includes interfaces with the shopping centre and landlord's installations including life safety systems and the building management system. This stage also requires confirmation of local authority approvals. While in a traditional enclosed shopping centre these approval requirements are limited, in the case of the new generation of open malls, planning consent must be obtained for shop fronts and signage.

Owing to the high number of retailers involved in a typical shopping centre launch,

the approvals process can be subject to workload peaks and troughs. Advance planning of the sequence of approvals will help to ensure that the approvals process keeps up with the overall development programme.

Conclusion of this detailed consent will enable a retailer to commence their fit-out procurement. However, the retailer will not typically have the opportunity to confirm critical dimensions such as the shop front opening until they take possession of the unit.

Commencement

The pre-start stage is used, on the one hand, to confirm that all the centre owner's requirements have been met and, on the

other, to transfer formally the retail shell to the tenant. Key items to be covered include:

- Confirmation that all necessary approvals and notices are in place, including those related to the tenant's responsibilities under the CDM regulations
- Completion of the tenant's briefing about site working practice
- Acceptance of the shell by the tenant, including defects, and on-site confirmation of critical dimensions.

Retail units will usually be handed over at different times as various sections complete, meaning that the principal contractor is likely to be completing works in the landlord's areas while the retailer remains wholly responsible for the management of the works within their demise.

05 / MANAGEMENT OF RETAIL DELIVERY ON SITE AND AT COMPLETION

Once on site, the delivery manager's role involves a combination of co-ordination and approval activities. Retail fit-out is a specialist field and the major contractors will be familiar with the disciplines of working through the completion phase of a major development. However, smaller players will need more support, and there will be specific areas where the fit-out contractors will have to liaise with the principal contractor and other specialists. These include:

- The enforcement of site management rules
- Progress monitoring requirements, including testing, commissioning and handover inspections
- Co-ordinating access requirements, such as the booking of materials deliveries and craneage
- Adherence to the site waste management plan, including the use of centralised waste removal and good recycling practice.

Developers tend to be fairly prescriptive in their management of on-site activity within the tenant's demise. Safety and programme-critical aspects of a fit-out, such as requirements for hot works permits and the co-ordination of witness testing, are typically managed centrally. Central co-ordination is also essential for logistics and information exchange. Fit-out specialists will be required to use designated delivery booking systems, project extranets and information exchange standards.

The final set of delivery management



Here's one that's just been completed: Paradise Street, Liverpool

responsibilities is focused on completion testing and the issue of permits to trade – managing the transition from construction to trading. Shopping centre completions are always high pressure moments, because of the competing activities of programme catch-up, testing and commissioning and preparations for actual trading. The delivery manager's programme, co-ordinating the completion of the landlord's systems, tenants' completion works and inspections is critical in meeting this deadline. Completion activity also requires the compilation of the tenants' as-built documentation.

Retail delivery is a very distinctive and specialist procurement activity, unusually combining aspects of client design advocacy with the ability to enforce a highly structured design, approval and construction process. The objective of raising tenants' quality expectations transforms the retail delivery role into a management role, particularly as most of the action occurs while racing against the clock. Value is added by maximising the number of units trading at opening, by securing the best possible fit-out proposals from retailers, and by managing risk proportionately and effectively.

06 / ACKNOWLEDGMENTS

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