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What's in Store for Retail?

Retail Construction Services knows Anne, Ralph, Tommy, Liz and many more top-drawer retailers. The company keeps its customers happy by focusing less on money, and more on doing what is right.

By Dave Gehman

Down at your local mall, doubtless you've heard the nail guns and the saws behind those temporary storefronts that read, "A New Shopping Experience for You – Soon!" Retail Construction Services has been bringing that new experience to customers since it first began specializing in store construction in 1984.

The Twin Cities-based contractor employs more than a hundred directly, and has worked with many thousands of subs coast to coast. The closely held company does not talk about revenues, but it works with the best: Anne Taylor, Ralph Lauren, Mikasa, Movado, Tommy Bahama, Liz Claiborne and even PGA Tours. Crews are currently redoing a number of Gap stores as that chain retools its brand.

"We don't focus on money," says CEO and founder Steve Bachman. "I actually listened to my father when he told me, 'Find something you like, work your tail off, and the consequence will be money.' The focus is on the wild mix of construction and

design elements in retail today, and we really enjoy it."

That focus has led the company to treat subs unusually well. "The best retailers know that there's an entertainment factor, a dream factor in their world," says Bachman. "The skills needed to create over-the-top, or ultra-posh, or totally-exciting spaces are not easily developed, and we do just about anything to keep subs coming back."

One tactic is to pay 100 percent in 30 days, even if Retail Construction's customers are not paying. "If you sign up with us, you get your rewards on time," Bachman explains. "And we are known to treat people better than we ourselves are treated."

"We've even had a couple of chains go under during projects, and the subs got dollar for dollar on their contracts. We take the position that the subs didn't make a business mistake, we did, and they shouldn't be penalized."

Jumping Through Hoops

The result is predictable: Subcontractors are happy to work for the company. "We have 9,200 contractors across the U.S. who will jump through hoops for us," Bachman says. "And

Retail Construction Services
www.retailconstruction.com
 2004 sales: Less than \$100M
 HQ: Lake Elmo, Minn.
 Employees: 100

Service: Commercial contractor
 Steve Bachman, CEO: "We do just about anything to keep subs coming back."

that's extremely important for our projects." Retail may be show business, he explains, but unlike movie sets, the construction has to be strong enough to stand the day-to-day knocks of customers and store employees.

With Retail Construction's attitude, it is no surprise that, on occasion, the company does not make its margins. "Basically, we will spend whatever it takes to make it right," Bachman says. "The customer might not even see it, but, at the end of the day, if they're happy, they will want us to do their work again."

Repeat Business

As a result, repeat business is the mainstay of the company. "Two-thirds of our business volume is negotiated," Bachman states. "Considering that we build 350+ projects a year, that represents a lot of happy customers."

The site workday presents both challenges and smooth spots. Most of the challenges are around adopting more-or-less standardized designs to specific site and code variations. In addition, it can be tough to handle the mix of flawless – or

at least close-tolerance – finish with extra-solid interior construction.

On the other hand, weather is rarely a problem, and the basic shell is almost always done by the time Retail Construction moves in, leaving – relatively speaking – light work to be done.

Enthusiasm is Back

The company is enjoying good times after several years of belt-tightening. "The retail economy was robust through the middle '90s," Bachman says, "but tapered off after 9/11. Fortunately, we see a great deal of enthusiasm growing in the business now and there's a general feeling among top retailers that the future looks good."

The nature of the work dictates intensive training. Where homebuilders might be hanging essentially the same kinds of windows and doors day-in and day-out, retail builders face endless custom work. There's nothing routine about custom sand pits with palm trees, or detailed walnut paneling that looks hundreds of years old, or any of the hundreds of other, out-of-the-ordinary effects.

"To help with development of skills, we

developed something that's extremely effective," Bachman says. "At the end of key projects, we gather everyone in the space and go back and break it apart – conceptually, that is. Supers and project managers look at what went well, what worked and what didn't. We solicit input from customers on a regular basis."

Listening to Their Elders

With the project steps still clear in their memories, supervisory personnel can ratify their experience in these post-mortems – and modify approaches, if things were less than smooth. Junior-level people see how more-experienced personnel handle things, in effect borrowing the experience of the senior people to speed their own development.

"It's a proactive development program," Bachman says, "and it's working extremely well. We've made great headway in building up the company knowledge base and passing along hints and tips."

The company's reason for success? "We take care of people," Bachman says. "We hire good people and we take extra care of people subbing for us." ■