

Client – Arcadia Group plc
Contractor – Styles and Wood
Designer – V&A Design
Quantity Surveyor – Fitzsimon & Co.
Fitting Supplier – Alderman Tooling

Arcadia Group Southampton

Movement for
Innovation
M⁴I



Operation: BRANDMAX

Image is everything in fashion retailing. In early 2000, Arcadia Group launched BrandMAX, the programme to re-engineer the company's property portfolio including Top Shop, Top Man, Miss Selfridge, Burtons, Dorothy Perkins Wallis & Evans. Their mission was to refit 700 fashion retail stores in just nine months.

The success of BrandMAX builds upon the lessons learned in fitting out Arcadia's new 28,000 ft² stores in the prestigious Southampton West Quay. This project was the turning point in procurement practice for Arcadia, moving from tendered to negotiated contracts. The big benefit has been extending the typical contractor mobilisation period from three to 14 weeks, thus involving specialist contractors early enough to make substantial budget and programme improvements. In BrandMAX, Arcadia set up rolling contracts with selected suppliers working in integrated teams, region by region, and they ran a shop-fit forum. The contractors were cautious initially, but by the end they were all talking to each other. It has evolved into a network of suppliers and competitors are now supplying one another across regional boundaries.

Mission accomplished

BrandMAX has been a resounding success, contributing to Arcadia's improved profits. Comparing the trail blazing Southampton project with a similar but traditionally procured project at Milton Keynes, the reasons are obvious.

Cost – Early involvement of contractors empowered them to value-engineer solutions that reduced average unit costs by 8%. "We used the extra lead time to programme the work so that areas where we knew the supply chain could make a big difference in design were delayed," says Jeff Tonge of contractor Styles and Wood.

Time predictability – Shop fitting is possibly one of the most time sensitive construction processes, because store opening dates are sacrosanct. The Southampton project was ready for occupation dead on time and defect-free after its 12-week programme. But the Milton Keynes project was not fully desnagged until seven days after store opening. Prior to Southampton West Quay, about 5% of Arcadia's projects failed the 'open on time and defect-free' test but the failure rate has dwindled to just 0.5% in Brandmax.

Profitability – Arcadia's suppliers are generally finding the new approach makes for better business. Karen Friendship of shopfitting manufacturers Alderman Tooling says: "It has certainly benefited our relationship and applying the Rethinking Construction principles is more profitable. But competition means it is difficult to hold margins up for long."

- ▶ Retailers
 - ▶ Facility managers
 - ▶ Fitting out contractors
- Do you have problems with:
- Disruption due to late completion of fitting out?
 - Retaining competent contractors?
 - Unsatisfactory detail design?



Arcadia's store front at Southampton West Quay

Lessons learned

- Negotiating with selected contractors is producing better results than traditional tendering
- Early contractor mobilisation gives the project breathing space to optimise the design
- Specialist contractors and suppliers bring invaluable hands-on experience to the detailed design process
- Regulating the workflow to trade contractor and suppliers improves the consistency of the workforce and minimises cost and disruption.

Arcadia Group plc

Alderman
Tooling Ltd

S&W
STYLES & WOOD

V&A
design
FITZSIMON & CO
Construction Cost Consultants
London & Glasgow

The Rethinking Construction Strategy Model applied to this innovation

5 Drivers

Leadership
Focus on the customer
Product Team Integration
Quality driven agenda
Commitment to people

6 Processes

Product development	Production of components
Partnering the supply chain	Respect for people
Project implementation	Sustainability

10 Targets for improvement

Client satisfaction – product	Profitability
Client satisfaction – service	Productivity
Defects	Safety
Cost predictability	Cost
Time predictability	Time

Operation: BRANDMAX

The challenge

Arcadia Group decided on a complete makeover (and in some cases merging) of nearly two-thirds of their fashion stores across the UK. The procurement team realised that their traditional approach of full design by the client and tendered contracts with short lead times was unlikely to produce top quality results quick enough.

The solution

Arcadia had long standing relationships with many suppliers, so this formed a sound basis for negotiating contracts instead of tendering. This opened the door to Arcadia's designers producing schemes that were more conceptual and working with the supply chain to develop the details. Better design and eliminating the abortive costs of tendering reduced prices to Arcadia and improved profitability for suppliers.

This was successfully trialled in the new build Southampton West Quay project, confirming that this was the way forward for all shop fitting projects.

The BrandMAX programme was segmented regionally and contracts were negotiated with up to three main contractors in each region. Schedules of rates are now negotiated and used for all suppliers.

Arcadia regulates the work allocation to contractors to ensure continuity and to avoid overheating.

Transfer of knowledge between members of the supply chain is facilitated at forums and workshops. Arcadia managers realise that this knowledge migrates to their store competitors, but they accept this is the risk of being a pacesetter.

How problems were addressed

Early in the contract it was discovered that the area for unloading and temporary storage had been allocated to parking for the Southampton Boat Show. This prompted the adoption of a colour-coded delivery system to enable materials to be delivered exactly where needed. This was so successful that it has become standard practice.

Next steps

Contractors whose input is small do not always cooperate on site and are potentially very disruptive. Arcadia is seeking ways to motive these people. Arcadia is also considering whether cost plus contracts would be beneficial.

Project contact

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Our vision

is for the whole UK construction industry to create self-sustaining continuous improvement leading to **world class performance** and better profitability