

Executives' to-do lists show signs of an industry bouncing back

There is a light at the end of the tunnel. The one common theme surfacing from the **2012 Commercial Construction & Renovation Retreat** was that companies across all sectors – restaurant, retail and hospitality – have been moving the dial forward, a sign that there may be more good news ahead.

In an industry battered by a sluggish economy, executives representing all sectors of the commercial construction industry were optimistic about where the year has taken them – and where it may lead. While there still is much work to do, there are signs of life.

The executives were part of the Retreat, held at the **Epic Hotel** in Miami, Sept. 27-30. *Commercial Construction & Renovation* sponsored the event.

Following is the first installment of

our event coverage, including the wrap up of our Friday afternoon open-forum. For more coverage, join us online at www.ccr-mag.com.

CCR: What's the biggest thing on your to-do-list these days?

Gina Noda, Sargenti Architects: I would have to say my biggest challenge right now is to revamp our website, because as an architectural firm, we should have an outstanding website with an awesome design. We have been growing and picked up many new accounts this year, so we have to make sure we have enough teams in place, and that the teams are staffed accordingly to handle the workload. This year has been extremely busy for us. I feel it will be the same for 2013.

Mark Ganter, Total Wine & More: The big push in our department right now is managing a very fluid prototype. We're in the midst of going back and introducing a number of new prototype elements into three or four existing projects, turning the design upside down and adding things as we go to market.

Steve DeLisle, Jeta Builders: The first thing that comes to mind is employee training. With the recent recession, like everybody else, we had to downscale. So, with the little growth spurt we're experiencing, we're bringing in new staff and getting everybody up to speed with new methods of client document/information management through FTP and internet-based programs.

It's much different than it was 10 years ago, our industry doesn't pick up the phone and explain or notify you. Project management must be on top of surfing the information avenues for critical communication updates. There are different policies and procedures internally that we are constantly implementing to keep us up to date. There is a different software and training with almost every new client.

Larry DeBerry, Fast-Fix Jewelry and Watch Repairs: Currently, all of our stores are franchises, but unlike a typical franchisor, we sign all landlord leases corporately, and then sublet to the individual franchisee. Since our stores are all mall-based, this provides a tremendous level of credibility and comfort to the landlords. Additionally,





Participating Retailers, Restaurateurs, Hoteliers

Amscot Financial
Bob's Stores
Converse
Desert Diamond Casinos
Fast-Fix Jewelry and Watch Repairs
Liberty Group
Rolling Stone LA Restaurant & Lounge
Spartan Stores
Stuart Wietzman
Total Wine & More
Tourneau
Wyndham Vacation Ownership

Sponsoring Companies

American Project & Repair, Inc.®
BrandPoint Services
Georgia-Pacific Gypsum
Global Union/Danze, Inc., Global Plumbing Fixtures
Lido Lighting
Jeta Builders
Quality Project Management
Sargenti Architects
The Beam Team
The McIntosh Group
Walton Signage



we control and project manage all the store design and construction, both initially, and for remodels. We basically offer a turnkey opportunity for the franchisee. While this makes for a win-win situation for everyone, it does present certain challenges for us. We

must adhere to stringent FDD rules and regulations. That translates to lots of due diligence on our part. We follow a well-regulated process.

So for us, our to-do list has to start with looking for ways to simplify and speed up this process. Our growth plans are pretty aggressive, so the better we can streamline the process, the smoother our ability to streamline roll-outs. We are currently incorporating a new project management system and anticipate this will help considerably.

We are also exploring more bulk production options on certain consistently used items like showcases, signage and flooring.

Jim Erickson, Walton Signage:

There are two things that come to mind. First and foremost would be energy. Everyone in our industry is working on new solutions to this growing issue. We are trying to make everything more efficient, last longer and light brighter. Then, make it cost



We're also doing a new flagship in Milan, which will have one of the largest storefronts in the Milan Fashion District.

— Gary Rissler, Stuart Weitzman



Joe Maynard
Director of
Construction
& Facilities
Amscot Financial



Jim Harte
Construction &
Facilities Manager
Bob's Stores



Bob Bedard
Manager of
Store Planning
Converse



Randy Howe
Construction
Manager
*Desert Diamond
Casinos*



Larry DeBerry
VP of Real
Estate, Leasing
& Store
Development
*Fast-Fix Jewelry
and Watch Repairs*



Punit Shah
President
Liberty Group



Helen Bromfield
Creative
Development -
Sales, Marketing,
& Entertainment
*Rolling Stone
LA Restaurant
& Lounge*



Art O'Strander
Director, Design
and Construction
Spartan Stores



Gary Rissler
Director of Store
Planning,
Construction and
Facilities
Stuart Wietzman



Mark Ganter
Senior Project
Manager
*Total Wine &
More*



Bill Matias
VP of Store
Development
Tourneau



Gary Rall
Vice President
Resort Renovation
& Design
*Wyndham Vacation
Ownership*



Sponsors



Ted Mastrucci
President
*American Project
& Repair, Inc.®*



Matt Mercer
National Accounts
BrandPoint Services



Alan Zeedyk
National Accounts
*Georgia-Pacific
Gypsum*



Gary Cardono
Director of
Hospitality Sales
*Global Union/
Danze, Inc., Global
Plumbing Fixtures*



Steve DeLisle
President
Jeta Builders



Bill Pierro, Jr.
President
Lido Lighting



Ron Stupi
President
*Quality Project
Management*



Gina Noda
Marketing
Manager
Sargenti Architects



Rick Hall
President
The Beam Team



Brad Gaskins
President
*The McIntosh
Group*



McIntosh



Jim Erickson
Regional VP
of Sales
Walton Signage



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half as much as it did two years ago. Secondly, most are doing a lot of employee training, as the economy continues to grow. As the economy starts growing, we're bringing new people on to handle these (anticipated) projects. Companies that are stagnant or waiting to see what happens with our economy, are going to find themselves unprepared to manage your programs.

Helen Bromfield, Rolling Stone LA Restaurant & Lounge: Since I'm rolling out a new concept, there are a lot of things on our to-do-list. We have staff training, branding Rolling Stone LA model, and then identifying other markets that will best suit the brand. It is about truly creating a living embodiment of the magazine.

Ron Stupi, Quality Project

Management: We have two primary things we are working on. One is that client expectations have changed for us a little bit. The models fall from less new-build construction to more remodels catching up on deferred capital. I think our employee base, much like everybody else, is changing a little. We have evolved from relying on a very high level of construction knowledge, to more of communication-based project management and a lot of coordination, and how we handle multiple phases in an open facility, whether it's a restaurant or a store. I think the skill set of our project manager is changing

as the market continues to grow and evolve.

The second thing will be to continue to develop our project management software, which is a web-based, collaborative system. All the customer programming is done in house. The software is something we developed six years ago to improve our internal processes. Over the last three years it has taken off. So we are continuing to find a niche in the market place.

Punit Shah, Liberty Group: Our hotels are branded as Intercontinental, Hilton, Starwood or Marriott properties – and each brand has different challenges and requirements. One of my team's priorities is to identify efficiencies for operations that will work across all the different platforms, in terms of vendors, suppliers and even

standardized systems. It actually is a pretty challenging task. If you consider all the materials and items in a particular hotel, from notepads, to sheets, and pillows, finding one supplier that can standardize those across all our hotels is a pretty challenging test. But I think there could be a lot of savings there. So we have put a task force together to examine this.

Matt Mercer, Brandpoint Services:

We have been investing in technology and systems development. With projects to coordinate across two countries, its important we have efficient means of communication and real time data transmission. It's what our customers are demanding these days. Even with these tools in place, communication is driven by people, and we are constantly striving to improve our communication, both internally and externally.

Jim Harte, Bob's Stores: We recently completed a new prototype store design that won a number of awards. As we move forward, our goal is to continuously value-engineer our new

Right now, we have about 1,700 condominium units under active renovation; we're in the purchasing phase for our 2013 projects, and we're in the design phase for our 2014 projects."

— Gary Rall, Wyndham Vacation Ownership

We're doing a lot of employee training as we continue to grow. As the economy starts growing, we're bringing people on to handle all the new projects.

— Jim Erickson, Walton Signage



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design so that build-out SF costs decrease. This will support increasingly profitable new store openings. Bob's is excited to include this store design as part of our anticipated growth plans.

Brad Gaskins, The McIntosh

Group: Our biggest challenge right now is trying to spread the word and the emphasis between the truth and the myth of the ADA (Americans Disability Act). There are a lot of misperceptions out there. Some of them can get our clients into a lot of trouble, and some will cost them a lot of money. Everybody is very afraid of the ADA. They like to keep everything close to the vest. We'd like to get them to open up and talk to us – let us guide them in a very real world way. We want to help them understand how to make their businesses compliant without costing a lot of extra money.

Bill Matias, Tourneau: The biggest initiative we've taken on is our cus-

tomers' experience in our stores, especially as retail changes cycle every seven years. It's all about the customer experience. On the design side, we're reformatting our stores at the customer counters. For example, we're taking away the typical type of selling, where the customer gets behind the counter and the salesperson is on the other side. We're trying to take that barrier away, moving some prototype stores in that direction.

We're also experimenting with brand boutiques within our stores. We probably sell more than 100 different type of watch brands within our stores, (although not in every store), but most of them. The newest thing we're doing is that all the watch brands want their own presence – not just a case, but a small build-out within our stores (boutique). We're not really expanding; we're refurbishing and rebuilding with a new direction of demand.



Currently, we developed our own software in 2006. It is quite an undertaking, but at the end of the day, it will make us more efficient.

— Ted Mastrucci,
American Project
& Repair, Inc.®

Meet me up on the roof

What Miami rooftop dinner would be complete without the excitement of a helicopter battle in the airspace above the city? Yes, that actually happened. Thanks to a movie crew filming scenes in and around the downtown area, attendees of **2012 Commercial Construction & Renovation Retreat** received a little added bonus to the night's agenda. The air show, cocktail party and rooftop dinner were part of the first night festivities of the Retreat, held at the **Epic Hotel** in Miami in September. *Commercial Construction & Renovation* sponsored the event.



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We have been growing and picked up many new accounts this year, so we have to make sure we have enough teams in place, and that the teams are staffed accordingly to handle the workload.

— Gina Noda, Sargenti Architects



BOM's (Bill of Materials), which saves big money.

Rick Hall, The Beam Team: Our biggest initiative is improving our proprietary software system that we've built over the last 10 years for our project management. It is designed to manage people. It is getting older and we are trying to take our business to the next level. Constantly using technology to drive efficiency is the only real way we can drive down costs. As an execution company, with a national work force, it's very difficult to man-

age people across the country, and manage them well. Technology helps us do that, especially with all the great things happening with phones, iPads (tablets) and laptops. They all really allow us to drive a lot of information and gather information. We have some incredible survey technology we use in the stores. We have been able to build surveys in such a way that the data is super clean. Clean data makes for better decisions and very accurate

Randy Howe, Desert Diamond Casinos: From a day-to-day standpoint, from the three properties we have within Indian country, gaming technology is growing at such a rapid pace that our properties can't supply the power these games need. Our biggest issue is converting our properties to where we can do data centers off site, which ultimately can support three properties and run huge, mas-

Excuse me, could you pass the alligator...?

So, did you hear the one about the construction executive who went on an gator excursion and ...? We'll stop right there. Remember: "What happens in your airboat, stays in your airboat."

At least that's the story attendees of our **2012 Commercial Construction & Renovation Retreat** can share following their networking trip through the Florida Everglades. Aboard a private airboat, attendees toured one of the last remaining wetlands in North America, complete with some up-close-and-personal alligator time (you were able to hold a little fellow for a donation toward the reserves).

The adventure was part of the three-day Retreat, held at the **Epic Hotel** in

Miami in September. *Commercial Construction & Renovation* sponsored the event.



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As a mall-based service retailer, we thrive in both an up economy and a down economy. We are now entering a new era of expansion where our goal is to have over 500 stores within the next five years.

— Larry DeBerry,
Fast-Fix Jewelry and Watch Repairs



stores be LEED certified. That's being pushed down to the affiliates.

We're doing more collaborations with Nike: Where there would typically be project managers for each individual affiliate working on the projects. We're going to share project managers, so one person would manage the Nike build-out, Converse build-out, the Hurley build-outs. We will evaluate how all of this works out; how the collaboration works. Doing this it allows us to leverage all the consultants, vendors and GCs. Everybody who is not working specifically for me will still have to respond to my needs and Converse's needs, as I'm still ultimately responsible for getting the Converse stores done.

sive gaming devices. We're working to convert all of the properties to a property, where we can have the infrastructure, the server, IT and the power requirements together, which will help move us into the next generation of gaming.

Alan Zeedyk, Georgia-Pacific Gypsum: Our primary goal is to promote Georgia-Pacific Dens® Brand products as the proven fiberglass mat technology in the construction industry. The market place has become increasingly competitive, so it's para-

mount that we emphasize our 25-year history as the technology leader, and continue to innovate with new product introductions.

Bob Bedard, Converse: We have a few things going on that present quite a number of opportunities for us. We're finally seeing an uptick in the number of stores we're building. We've been waiting to do that for a long time. We've also decided to do store expansions, as well as do LEED-certified stores. Our parent company, Nike Inc., has mandated that all future

One-on-one time pays off for attendees

After two days of networking and roundtables, attendees were able to put all of those connections and information to use during our one-on-one meetings. The session enables end users and vendors some quality face-to-face time (15 minutes, to be exact). One of the industry's best business opportunities, the

one-on-ones were part of the **2012 Commercial Construction & Renovation Retreat**, sponsored by Commercial Construction & Renovation magazine.



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Ted Mastrucci, American Project & Repair, Inc.®: Currently, we developed our own software in 2006. We're kind of at a crossroads where we have to decide if we want to do our internal software which, basically, controls all of our work orders, manages out in the field and internally, or put it on the Cloud. We're wrapping it up and getting down to the final decision process. It is quite an undertaking, but at the end of the day, it will make us more efficient. It becomes a business decision as to whether we want to redo it all or find an easier solution.

Art O'Strander, Spartan Stores: Our company, which is nearly 100 years old, has been a grocery wholesale distributor. We service about 350 independent grocers in Michigan. But since the late 1990s, we've opened retail stores of our own, mostly through acquisition. For the first time, we're developing a new store banner of our own. We have four open now, with three more planned by the end of this

year. Our plan is to roll out eight to 10 a year after that. It's a whole new value format for us, something we haven't had in any of our corporate stores before. The new value formats are 18,000 to 20,000 square feet, where our traditional supermarket is about 50,000 square feet.

Bill Pierro, Jr., Lido Lighting: Something that's always on my to-do list is staying at the forefront of new lighting technology. My customers count on me to be in the know of every new item available. Our biggest challenge is deciphering the difference between the technology and the sales pitch. People will tell a retailer that the technology is the greatest thing in the world, but they really don't know. You have to be able to test it and see if it works out. If you are going to roll it out nationally, it'd better be tested and rugged.

Gary Rall, Wyndham: Wyndham Vacation Ownership has more than



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— Bob Bedard, Converse

Italian style – Attendees wind down with downtown dinner

On the block or so walk to dinner on night two of our **2012 Commercial Construction & Renovation Retreat** in Miami, attendees were treated to a little extra treat. Docked at the harbor was the **Seven Seas**, the yacht owned by director **Steven Spielberg**. Only in Miami, right?

The final destination for the evening was **Scalina**, one of Miami's best Italian restaurants. Defined by its Venice-like view of Brickell key and overlooking the Miami river, attendees were treated to a taste of old Italy.

The dinner was part of the second day of our Retreat, held at the **Epic Hotel** in Miami in September. **Commercial Construction & Renovation** sponsored the event.



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190 resorts across North America. Right now, we have about 1,700 condominium units under active renovation; we're in the purchasing phase for our 2013 projects and we're in the design phase for our 2014 projects. In addition, we are installing nearly 200 pool lifts to meet ADA compliance standards by Jan. 31, 2013. We also have four resorts that sustained damage from Hurricane Isaac, where some units are out of service. We are anxious to get those back up and running.

Gary Cardono, Global Union/Danze, Inc., Global Plumbing

Fixtures: We're always trying to stay in the forefront of water conservation, so we're designing new products to use less water and be ADA compliant.

Danze is looked at as the new player in the market and is only about 11 years old. Globe Union is one of the largest brass plumbing fixture manufacturers in the world with a large private label business. Danze is our own plumbing fixture brand. We are trying to get the hotel brands and the multi-family building companies out there to recognize who we are. Globe Union acquired Gerber Plumbing Fixtures in 2005 on the brink of bankruptcy and we became the third largest manufacturer of Vitreous China in the United States this year. Gerber is known for its professional brand amongst the plumbing trade. Right now, we're planning our budgets and action plans for next

year. There is a lot going on. It will be a busy time of year.

Joe Maynard, Amscot Financial: We have 180 stores open in Florida, mainly in the Tampa and Orlando markets. We currently have plans to double that footprint in the South Florida area. That includes opening about 30 stores per year. We're on track to open one every two weeks. So my time revolves around growth, managing the design, permitting and construction process to feed that beast. We're also opening some new stores throughout our existing markets and investing in some of our current properties. We have about three or four remodels going on at a time. Our new and existing locations are mainly in-line spaces, some are free standing. To accommodate our expansion, we are staffing up at a corporate level and opening a new regional warehouse.

Gary Rissler, Stuart Weitzman: We're developing a web based software to manage our construction, renovations and facilities maintenance.



We recently completed a new prototype store design that won a number of awards.

— Jim Harte,
Bob's Stores

Since I'm rolling out a new concept, there are a lot of things on our to-do list. We have staff training, branding Rolling Stone LA model, and then identifying other markets that will best suit the brand.

— Helen Bromfield,
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Restaurant & Lounge

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— Brad Gaskins, The McIntosh Group





nance, while creating a permanent data base. In addition, we're developing three levels of prototypes. I've been doing that and trying to use my years of experience to develop ways to change the existing prototype look of the white Corian look you may have seen in the stores around the world. I'm putting together an international book so I can help our international partners implement it.

We're also doing a new flagship in Milan, which will be one of the biggest storefronts in the Milan Fashion District. We hired Zaha Hadid to be the designer. She doesn't do a lot of retail, but she's going to do ours. She is, without a doubt, the most famous woman architect in the world. We are doing five or six flagships with her.

CCR: What have been some of the surprises you've seen in 2012?

Rissler: I've been very involved with listening to our teams talk about sales, shoe sales, global sales and the economy. One day it's gloom and doom, and the next it's great. One thing that has continuously amazed me is that people are continuing to buy high end products like our shoes. Our average shoe price is just under \$400, with some shoes and boots all the way up to \$2,700. That is somewhere in the middle for the luxury line. So people who were buying \$3,000 shoes are now buying our shoes.



Maynard: The biggest surprise I've seen over the last 12 months is the difference in markets, even within my own state of Florida. It's just totally different. The pricing and demand for real estate in one area of the state versus somewhere that is four hours away is eye opening.

Cardono: I think the biggest surprise is that over the past two years, Gerber has increased 25 percent. Every year we try to do over 25 percent. I think the reason for the success is that we went after more of a niche market. We went after the professional plumber with a professional performance product. And they liked it. They don't have to compete with retail. So we have found success with that. It is a shocker that you are in that market and still doing good business. It is all in how you go to market. A lot of companies have to sit back and take a hard look at what they do and find a niche. The ones that did succeeded. The ones that didn't sit there and found themselves in a difficult situation.

Rall: 2012 has been a very strong year for Wyndham Vacation Ownership. We've been fortunate to have exceeded projections each quarter. In fact, we recently acquired Shell Vacations, adding 19 resorts and approximately 115,000 owners. Our renovation and refurbishment projects continue to be busy due to the fact that our funding is not driven by revenue, but instead is funded from a percentage of the maintenance fees paid by our owners.

We have planned renovations for each unit at our resorts every five to six years, in addition to lobby renovations, exterior coating, food and bev-



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— Bill Pierro, Lido Lighting

erage outlets and other site amenities. However, we also have unplanned projects that come up due to regulatory requirements such as ADA Title III compliance. We also manage unplanned projects as a result of various disasters such as fire and storm damage like Hurricane Isaac.

Pierro: The biggest surprise I see is trying to match all the restrictions around the country. We have ways to get creative. We deal with a variety of engineers, so there are different levels of talent and creativity. Sometimes you

We're seeing good news, but it is hurry up and spend money as fast as you possibly can. The bad news is that it stops.

— Ron Stupi, Quality Project Management



have to go back and find wattage. I think the energy codes are getting so strong that the lighting hasn't caught up yet. Certain applications have more allowable wattage than others. Overall, I believe the "Standard Light Level" we have come accustomed to is going to be reduced in general. The benchmark will be lowered unless we do more with less. I think it's going to force lighting companies to push it. In Europe they are there. We haven't caught up yet.

O'Strander: Being from Michigan, the recent economy has been hard. But things are starting to turn around for us. We're staying positive in our stores. We're starting to add more and more projects out on the street. Our vendors and contractors are a little reluctant to keep up the pace because they don't believe it's true.

Bedard: We are taking a look at remodels. That's historically the last place we're looking to spend money, as we have been focused on new store rollout, but we're going to go through that first generation of our stores and remodel. We are not just looking at doing this as a phased-in thing, picking so many stores per year. We are considering doing half the fleet in one year. That was a little unexpected on the top of everything else we are planning. It's good news,

but it is also just a whole other level of challenge.

Zeedyk: I would say we've been somewhat surprised by how some markets have seen such fast construction recovery and others still continue to struggle.

Howe: The one thing I found interesting over the past 48 months is how many large architects and general contractors are willing to do business in Indian country. When we put together our first property in 2007, we probably had half a dozen architects answer the RFP for that particular casino. When we sent out our recent RFP for the property in Glendale (Arizona), 22 (out of 47) architects bid on the design process. It is different than a lot of the things you have to deal with. So we were fortunate. There are a lot of hungry companies out there finally willing to work in Indian country or sign a contract with a Native American tribe.

Hall: The biggest thing I see is that when we build our pipeline in six months, everything looks great. But, throw out any kind of bad news and retailers turn around and cancel projects or push them back. We're trying to deal with the volatility of this entire situation. Will it start to smooth out eventually? Right now we're looking at a great fourth quarter. It's looking like a really good first quarter. Who knows how it will end up? How many customers will pull the plug? When you have a mobile work force like we do, we try to move



With the recent recession, like everybody else, we had to downscale. So, with the little growth spurt we're experiencing, we're bringing in new staff and getting everybody up to speed.

— Steve DeLisle, Jeta Builders

resources around. It's tough on our employees because it can be so volatile. So we're working really hard to get more customers to fill in the gaps this volatility creates.

Matias: It's funny you should say that, because I'm surprised and confused on the retail side because. We know the economy is bad to a certain point. We're not expanding; we're just renovating just to stay up to par. And on



I have my team working on finding efficiencies for operations that will work across all the different platforms, in terms of vendors, suppliers and even standardized systems.

— Punit Shah, Liberty Group



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the other side of this world, take the Asian culture, they're buying like crazy, especially our product. On the West Coast, we can't keep enough of it. On the East Coast, we can't sell enough of

Riding Millionaire's Row

If any of our attendees and families from the **2012 Commercial Construction & Renovation Retreat** were looking for the homes of the incredibly rich and famous in Miami, we set them up. The **Island's Queen Tour** rolled through the **Port of Miami, Fisher Island** (think movie stars), **Miami Beach** and the vaunted **Millionaire's Row**. The 90-minute cruise offered something for every star seeker. The excursion was part of the three-day Retreat, which was held at the **Epic Hotel** in Miami, in September. *Commercial Construction & Renovation* sponsored the event.



it. So it's a little confusing trying to see where everything is going. One day is positive, and the next it stops. We started products; we stopped products. There's money out there. It's just not being distributed right. It impacts how we do our construction design.

Noda: I was surprised on how we have grown in this economy by the amount of projects that we have been doing in Canada and internationally. Their economy was not affected like ours here in the United States. We have been doing a lot of CD sets internationally for various retailers and the work in Canada has been booming compared to ours. Our office is located in New Jersey and we are licensed in 48 states, but most of our work has been out on the West Coast the last few years.

Gaskins: What hasn't surprised us? What is going on out there? What we have faced still shocks us. Our business has tripled over the past year, and it's all related to ADA. A number of people we visit with still want to stick their heads in the sand and wait until they get sued before doing anything about ADA and accessibility. It doesn't need to be that way. You can do it on your terms or theirs. One of the biggest secrets of accessibility is that it can be done on your terms. With an economy like this, you don't have to do as much as you do when things are good. What you need to do is find out what is not in compliance and develop a plan to become compliant. The ADA is just difficult to understand; it's not always black and white. Removing barriers has been part of



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**— Rick Hall,
The Beam Team**

the requirements for the last 20 years. Take a step back and look at the number of ADA lawsuits filed, which have gone up 10 to 15 percent each year the last seven years. ADA compliance is where the industry needs to be heading and where businesses need to

Right now, we're planning our budgets and action plans for next year. There is a lot going on. It will be a busy time of year.

**— Gary Cardono, Global Union/Danze,
Global Plumbing Fixtures**

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go to be protected from lawsuits. We use the term “lawsuit repellant.”

Harte: I’m surprised that the economy hasn’t recovered to the point where additional retail growth can happen. We all know that there is not a lot of construction going on. Based on this slow construction market, I am continuously challenged with the question of why contractors aren’t willing to work for less? Most contractors gave everything back that they could a few years ago. They don’t have any staff and the owners are doing what used to be done by a project manager. It is difficult for those outside the industry to accept this premise.

Mercer: I’ve been a little confused by this part, too. This is normally when we start seeing things slow down for us, but this fourth quarter will be our busiest time. We probably did more in the fourth quarter than we did the whole year. A lot of that is attributed to Canada. Our Dollar Store customers are making a big push in Canada right now, which is helping quite a bit. Bidding projects is very painful because you’re asking us to cut more. But there’s just nothing left. Being a smaller contractor, we’re seeing opportunities on remodels. There are pretty good opportunities out there for companies like ours.

Shah: I’m surprised to see that the consumer has traded down. A guest



who would typically stay at this hotel (Epic Hotel in Miami) during the peak-market has now traded down and may likely stay in select-service properties such as ours. As a result, their expectations for what they demand in our hotels are tremendously higher given their prior hotel stays. So, instead of spending \$400 per night, they’re spending \$200 per night. But they still demand the \$400 quality of stay. That puts some pressure on us. Also, the FF&E lifecycle in our hotels is generally seven years, before we just gut everything from lobby carpets, to shower fixtures, and everything else.

The hotels we developed in 2005, which were state of the art at the time, have to be revisited today. So in 2012, we’re looking at renovating these properties. And our cost of renovation has gone up significantly on technology and FF&E items because that \$400 per night customer demands a pillow top bed with six pillows instead of two. That’s just one example, but it goes all the way through the construction material and finishes. Unfortunately, we’re forced to spend more money on things that a guest doesn’t ever see behind the scenes, which requires us to spend a little bit less on the tangible.

Stupi: We’re seeing good news, but it is hurry up and spend money as fast as you possibly can. The bad news is that it stops. So instead of having a long-term plan, it seems like you are going quarter by quarter in a lot of situations. So it has been good and bad, and it has



What we are driving into everybody’s head right now is to communicate, communicate, communicate.

— Matt Mercer, Brandpoint Services

been less predictable and more volatile. On the flipside, we’ve been able to leverage that. When someone needs it done, they need it done now, and not over the course of time. So that has helped our business a little.

It comes back to people. Our business started to turn around over the last couple of years. We started hiring people in 2010 and 2011. We were able to find a lot of qualified people who were willing to do whatever it took. Now, as we move into 2012, we continue to grow and look for people who are willing to change and adapt. That has become more difficult for us. Finding qualified people who are willing to accept some change and a new

We’re working to convert all of the properties to a property where we can have the infrastructure, the server, IT and the power requirements together, which will help move us into the next generation of gaming.

— Randy Howe, Desert Diamond Casinos



Open Forum

culture has been more of a challenge than we thought.

Bromfield: When you're creating a new concept and new venues from the ground up, what isn't surprising? We're picking out vendors and targeting consumers. This is a completely new plan.

Rissler: It's very spotty.

Shah: The average guest's check is down.

Bromfield: It's about sharing meals. On top of that, if you have a great Friday and Saturday night, what happens Monday through Thursday, and Sunday? People aren't going out five times a week like they used to.

Erickson: And they're using coupons now more than ever.

Bromfield: In my world, it is great to go out and do those marketing programs with the Groupons of the world, but the trade off question is, are you cheapening your brand by offering these types of discounts? You're giving 50 percent off of a meal to get you in. Where is the ROI? It has been tough. You have to target the local demographic? And in Hollywood (where the first restaurant is located), that's tough.

CCR: Is a place like Orlando a consideration? That's touristy.



Bromfield: Yes. It's a brand that's going to speak to the tourism market. But the live entertainment and the high-end atmosphere – great food and the live entertainment – will appeal to most local markets. When you are rolling out those kind of venues, you're looking at Orlando, New York, Dubai. It's definitely a tourism market-based brand that I believe will be very successful. We'll also have some great opportunities in other cities.

Shah: One of the things that really shocks me is the usage and incorporation of social media into our businesses. It has created a level playing field. And it's exhausting. Before we used to have the occasional hotel or food critic. Now, everyone is a hotel and food critic. Every person every night is a critic for the world to see. In our world, it's Trip Advisor. Every guest in our hotels is a critic.

Stupi: And as customers, we all read them.

Shah: One bad review disqualifies 25 great ones.

Bromfield: And the damaging reviews are posted faster than the praises. The hardest part, in today's social media and internet world, is that magazine reviews are now read as often as Yelp. You're going to spend a lot of money with a PR firm to bring in all the biggest critics for an extravagant meal and it doesn't do me as well as training my team to service my tables as if everybody was a critic. My money is better spent there right now. I'm



For the first time, we're developing a new store banner of our own. We have four open now, with three more planned by the end of this year. Our plan is to roll out additional stores in other markets on a go-forward basis.

— Art O'Strander, Spartan Stores

adding Facebook to my marketing budget. Things have changed.

CCR: Do the hospitality companies spend a lot of time training their staffs to make sure everything, from towels, to soap, and air conditioning are all working perfectly?

Shah: All of our brands have 100 percent guarantees. So if they're missing

We have 180 stores open in Florida, mainly in the Tampa and Orlando markets. We currently have plans to double that footprint in the South Florida area. That includes opening about 30 stores this year.

— Joe Maynard, Amscot Financial

Open Forum

one towel I'm refunding a \$200 room. People know how to work that system pretty well – and they do. They use it as a threat, "We'll just post a review on TripAdvisor." What's your recourse? You give them a discount. They have immediate access to social media. There is no filter.

Bromfield: None.

Shah: We teach our staff to respond in a positive manner. We make sure our sales managers aren't negative in response. They work to resolve every situation. It's all in public. It gets indexed on Google and every other search engine.

Bromfield: It's part of your SEO.

Shah: Those immediate responses and reviews are one of the biggest challenges we face today in the hospitality industry.

Ganter: And you get the most exposure.

Pierro: You're talking about hiring different levels of talent, and you're even counting on the person putting towels in 2,000 rooms. They don't always have the same passions as you do at that level. And yet that's the person who is responsible for your representation. That is a challenge.

Shah: We've had to hire a director of

social media who basically oversees our Twitter, Facebook and Tripadvisor sites for each property now. We didn't have that overhead burden a couple of years ago. Now it's a full-time job.

Bromfield: They're more educated on that right now. You can get an entire education on social media marketing. What your teenagers do on Facebook somebody is getting paid \$65,000 to \$100,000 a year. I'm not only a restaurant; I'm a nightlife venue, too. So I don't know if anybody has seen it, but you're inundated with nightlife, Facebook, social media invites.

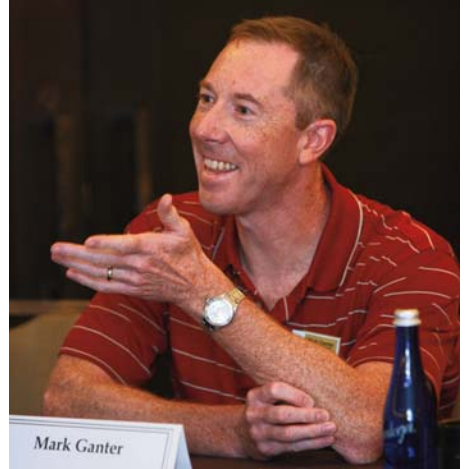
CCR: Do you feel like you're being held hostage?

Shah: I think this industry is. Think about it. We have thousands of people who stay every night in my hotels. The reality is that something might happen, just by sheer the volume something of people and circumstances. We have no recourse, none whatsoever.

Bromfield: Nothing has to actually happen. It could be perception, and perception is reality.

Noda: I think it is only going to get worse. The generation behind us is constantly online, I don't even think they know how to speak on the phone

Shah: As of January 1, virtually all the TripAdvisor reviews on our properties will be integrated into our hotel websites. That's how normal it's getting.



Mark Ganter

We are, barring another prohibition, largely recession proof. We have not seen any downturn. We've grown steadily adding 10 to 12 stores annually.

— Mark Ganter, Total Wine & More

Bromfield: That's when it's good to have your social media director.

Shah: If you go to Hilton.com, and you want to stay in Miami, you can pull up a hotel of mine. Every review on TripAdvisor will show up, as opposed to you having to go their site and find it. We're just incorporating it on the sites. The brands are doing that because it allows them to focus on the good of the hotel. Most brands are franchised, right? So the burden is not on them. They're not losing money. The Owner is. **CCR**

Our biggest initiative we've taken on is our customers' experience in our stores, especially as retail changes cycle every seven years. It's all about the customer experience.

— Bill Matias, Tourneau

