

**STORE PLANNING/CONSTRUCTION
PROJECT MANAGEMENT**

Butler Construction changed its name to BlueScope Construction in January 2008.

A Better Process

Cooperation facilitates fast-track expansion of Toys “R” Us DC

From earthwork to operational space, the expansion of Toys “R” Us’ regional distribution center in Mount Olive, N.J., was completed in just 107 days. The project nearly doubled the warehouse space, adding 519,420 sq. ft. to the existing 766,000-sq.-ft. center. Despite several challenges and the fast-track construction schedule, the project met its critical pre-holiday 2001 opening deadline.

Bill Johnsmeyer, president, Butler Construction, Kansas City, Mo. The construction-services subsidiary of Butler Manufacturing Co. served as general contractor for the Toys “R” Us warehouse.

The most important strategic alliance was the one between Butler and Toys “R” Us. The contractor provided a program manager for the project who acted on behalf of the retailer.

were consistent with the needs of the chain and suppliers and that they met state and local requirements.

“The program manager was the central contact for all major parties involved in the design and construction of the facility,” Johnsmeyer explains.

Typically, a program manager is supplied by the client, not the general contractor.

“It’s a role that involves a great deal of trust,” Johnsmeyer says. “Also, you need to be able to anticipate and understand the client requirements. Owing to our history with Toys “R” Us, we were able to supply someone who could fill that role.”

Arlin Pischke, national director of construction for Toys “R” Us, says the program manager made a big difference.

“It was a busy time for us,” he explains. “He managed the entire program and was critical to the process.”

There were other

changes as well. Typically, the owner hires the architect, has the architect develop preliminary plans, has key suppliers bid on the preliminary plans, awards contracts and then has the key suppliers try to fit their designs into the existing plans. It can be a time-consuming and labor-intensive process. Also, rework on the final drawings can result in expensive, last-minute design changes.



Toys “R” Us doubled the size of its distribution center in Mount Olive, N.J., with work completed in 107 days.

Two concepts—supply-chain integration and “lean” construction management—played key roles in the success of the project.

“Working closely with Toys “R” Us, we integrated the supply chain by forming strategic alliances and bringing together all key parties early on. That, combined with lean construction methodology, allowed us to compress the construction schedule,” says

The manager served as the liaison between the chain’s internal groups, including loss prevention, legal, risk management and construction, as well as with outside suppliers and state, county and city officials.

Among other duties, the manager acquired all necessary approvals and permits on behalf of Toys “R” Us and coordinated all construction documents and drawings, making sure they

Toys “R” Us and Butler, however, brought together all the key parties at the start of the process. The retailer formed partnerships with key suppliers, and the program manager coordinated all design needs for the architect, Casco Corp., St. Louis. The end result: Rework was minimized, and the schedule stayed on track, allowing for time and total project cost savings. Also, key building components and operating systems were able to be designed and detailed to facilitate a fast-track schedule once the building permit was received.

“On big projects, we try to include the entire team up front,” Pischke says. “Having everyone work in unison and understand the time frames and objectives is critical to success on fast-paced projects like this.”

Butler’s Johnsmeyer adds that bringing in the general contractor and designer and establishing the team early on is a good rule of thumb in general.

“Real success comes from up-front planning time,” he says,

Lean: To keep things on schedule and running as efficiently as possible,

Butler applied the principles of lean manufacturing (a process designed to drive out waste in the supply chain) to the project.

“In essence, this approach minimized waste and handling in the field and resulted in an incredibly efficient job site,” Johnsmeyer explains. “It meant, for example, that the materials needed on any given day were there as needed and that they were close at hand, not in some far-off staging area.”

To that end, the project team conducted short, daily update meetings to ensure that the needs of the day would be met and that the required resources were available. Pertinent quality issues were also raised at these meetings to avoid punch-list bottlenecks at the completion of each phase of the project.

Other “lean” activities included weekly scheduling meetings with all subcontractors at which time they agreed in very specific terms as to their work during the next week. In addition, the subcontractors participated in six-week “look-ahead” meetings.

“Having a real schedule that everyone is committed to is a big part of lean management,” Johnsmeyer says. “It does a lot for efficiency and provides a level of coordination that is missing from many job sites.”

To meet the tight deadline, the normal construction schedule had to be compressed. Construction was done in phases to allow stocking while work was done on other parts of the facility. The final areas were available for stocking Sept. 21, one week ahead of the compressed schedule.

“Toys “R” Us told us they wanted an operational distribution center that was ready to go at turnover, and that’s what they got,” Johnsmeyer says. “By the time the building was completed, it was fully functional. The strategic alliances formed early on in the project, combined with the lean activities applied at the job site, allowed us to do it.”

Toys “R” Us says the final results speak for themselves.

“The project came in under budget and well ahead of schedule,” Pischke adds. “That says it all.” ■

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