

# Is it still possible to achieve a £3m saving on your retail roll out programme in a recession?

**The changing financial environment has pushed demand for cost savings to the forefront of every client's mind. Mace Retail has responded by offering tailored solutions and cost saving initiatives to leading high street retailers, across multiple store roll-out programmes and stand-alone projects. One recent success story shows how Mace Retail achieved a £3m reduction in programme spend from £16m to £13m.**

How did the team effectively produce these savings without compromising on quality? Read on...

By adopting a multi-disciplinary approach and incorporating value engineering services to the programme of works from the outset, savings were delivered by improving building functionality and reducing capital costs, such as:

#### **6% savings on all contractor costs**

The programme of works was implemented through a framework procurement strategy with local contractors. Mace Retail negotiated new and more favourable rates on the behalf of the client, successfully realising significant savings on all associated contractor costs.

#### **1.5% savings on construction cost**

A new tender system was implemented with all consultants to achieve better value and consistency from its service providers. For example, changing how the M&E design was procured was one factor that resulted in a more efficient service, saving costs and providing a single point of responsibility for the client.

#### **25% reduction in costs against back of house systems**

By convincing the client to use local rather than nominated suppliers, the level of cost saving varied across each project and programme on fixtures such as furniture, counters, signage, lighting and security. The re-use of existing M&E systems in back of house areas, avoiding the implementation of completely new systems, resulted in substantial savings.

To provide further cost efficiencies, Mace Retail proposed that programmes be managed on a regional and sequenced basis. The phasing and 'batching' of these projects not only assisted the business functionality, but secured dedicated delivery teams from the contractors for each batch and region. This also resulted in efficiencies in management, supervision and 'on-site activity'.

#### **2% reduction in risk and contingency levels from 5% to 3%**

The team reviewed existing processes and associated budgets for the 2009 programme of works (feasibility stage 1 and fixed price stage 2). Through the improvement of these processes, such as establishing a well defined change management protocol and implementing 'design freeze' at an earlier stage, risk and contingency levels on each project were reduced by 2%.

These levels continue to be sustainable at post project completion and handover, due to the rigorous change-control system.

#### **2% reduction in fee levels**

When providing a multi-disciplinary service offer, the team regularly reviews and compares rates and fee proposals in view of possible changes in client requirements and budgets. Mace Retail has taken an aggressive view on fee levels in the past year, in light of the economic climate and its effect on retail clients. To this end, the standard percentage rate

has been reduced by approximately 2%. This fee reduction, together with the other measures implemented by Mace Retail, ensured the client benefitted from a total saving of £3m.

#### **Client satisfaction**

At project handover, the client acknowledged that Mace Retail added significant value to the commission and cited the following specific examples:

- The successful reduction of project mobilization periods
- The incorporation and use of distribution hubs
- Continuing focus on value management to drive value
- Achievement of a £3m reduction in the work-stream budget from an initial £16m

**By working with clients to implement tailored solutions and cost saving initiatives, Mace Retail continues providing its highest quality and best value service, against the tide of the recession.**

**To discuss how we could help you capitalise and achieve significant savings on your store development programmes please contact:**

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