



# WINDOW

NOVEMBER 2007

## ABOUT WESTWOOD

Westwood Contractors, Inc. is a national general contractor specializing in the construction of freestanding new developments and the finish-out of retail stores, restaurants and hospitality venues. We are headquartered in Fort Worth, TX, with satellite offices in Raleigh, NC; Tacoma, WA; and St. Paul, MN.

Westwood is legally qualified to perform work in all 48 contiguous states plus Alaska. Though our client list reads like a veritable “Who’s Who” in American business, we continually strive to better ourselves in every way to enhance our customer relationships.

## ABOUT WESTWOOD WINDOW

Our newsletter, the *Westwood Window*, is designed to provide our customers with timely information and useful insight into our industry and our business. The goal of our bimonthly publication is to share learnings and industry best practices that can benefit us all.

To that end, we encourage and welcome any and all feedback on *Westwood Window* to let us know how we can continue to create a “must-read” publication for all of our clients.

## INDUSTRY UPDATES, BEST PRACTICES AND UPGRADES

### FLEXIBILITY IN WORK ENVIRONMENTS

National General Contractors (GCs), by nature of their strategic intent, build wherever the client has a need, as long as the contractor is legally qualified to work in the particular market being served. Building across the United States can be difficult because regions and markets can vary greatly. One of the biggest challenges in serving multiple regions and markets is knowing whether a particular job market is traditionally considered “union” or “non-union.” To be successful, national GCs should be flexible geographically to meet the needs of their retail customers *and* flexible in the work relations within particular markets. All said, an experienced, national GC should know geographic differences and nuances by market, be unbiased toward union or non-union affiliations, know the pros and cons regarding either type of work environment and be able to work effectively within either group relation and in multiple markets.

Even though most major markets have unions, or at least some union representation, they still might not be considered stronghold union markets. As a result, they may not require union subcontractor employment or affiliation. Some areas and markets, however, are typically union strongholds that generally require subcontractors to have some sort of union affiliation. Typically, union markets include the majority of the Northeast (Boston, New York, Philadelphia, Baltimore and

Washington D.C.); certain Midwest areas and markets (Michigan, Ohio, Chicago and St. Louis); and isolated pockets in various locations throughout the United States, such as the Las Vegas strip, but not necessarily Las Vegas as a whole, which is more non-union. Since many union areas require affiliation or representation on projects, national GCs must understand and abide by union protocol and be adept at working within their realm if they want to build in these areas.

There are pros and cons to working with or without union representation. Although each market and subcontractor is different, we believe some general tendencies among the union and non-union groups exist. It should be noted, however, that the following pros and cons are only our thoughts regarding general tendencies and are by no means absolute. They are only meant to provide you with a general guide or expectation. While there are other pros and cons that are not on this list, we feel the following are the most important.

In our view, perhaps the biggest pro for unions is that subcontractors typically rise through apprenticeship schools associated with a union. As a result, you can expect the subcontractor to have a certain level of training. You can also count on union card-carrying subs



to have their licenses and insurance requirements in order and on-hand prior to stepping foot on the job site. If any problems arise during a project, GCs can complain to a union steward and have that subcontractor replaced as needed, or generally have some kind of recourse over the action or person(s) if liabilities are incurred. As such, hiring GCs can expect a certain level of comfort, professionalism and experience for whom they employ. They are not hiring a “mom and pop” shop; they are hiring a representative from an organization of professionals. Union subs will typically always show up as scheduled and perform at least to a minimal expected standard.

Employing union members does have its weak points, however, and these must be considered, as well. Most unions offer higher wages and benefits to their member associates, which is great for the members but may increase the overall cost of the work for each sub. If so, higher costs must be absorbed, potentially raising bid costs and, ultimately, the cost of each project. Workers must also pay union dues, so this expense is generally factored into the project bid price

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# THE WESTWOOD WAY

At Westwood, we receive the majority of our business from our current, repeat customer base. For our incremental business, most customer additions come through referral sources, one of the more productive being landlords who have worked with us previously. Nonetheless, all repeat business and referrals are gratifying and exciting to us.

While landlords do not usually provide us with direct work assignments, they do occasionally refer us to their tenants who may need a good GC. Landlords are witnesses to the quality of work being performed in their shopping centers, and they know multiple GCs who are experienced in their local marketplaces. So, to us, the mall owner referrals we get are exciting. Many times, mall owners refer us to potential customers with whom we have had no previous work relations. In effect, they give us opportunities to work with new clients and expand our existing customer base. The more mall owners we can satisfy, therefore, the more incremental business opportunities come our way. Even though we don't send customer satisfaction surveys to landlords, their referrals prove that they are satisfied with our services, and we thank them for their consideration and word-of-mouth comments.



Research suggests, word-of-mouth marketing is by far the most effective means of advertising.

Referrals and repeat business mean, at the very least, we are satisfying our customers in our efforts to continue to earn their business and relationship. Customer satisfaction is at the core and heart of our values. To that end, we are in the process of mailing our second annual overall client satisfaction survey. We will benchmark 2007 against 2006 results to gauge our performance for the year and, hopefully, achieve higher satisfaction levels. We always strive to do the best job possible for our clients, and all of us can always get better. We urge all those who receive our survey to complete and return it. We realize that a 100 percent response rate is probably not realistic, but it is our goal nonetheless.

The nucleus of our marketing efforts at Westwood is repeat business and referrals (word-of-mouth), so if you think we are doing a good job, tell someone. Furthermore, tell us—good, bad, or indifferent—in our Q4 Customer Satisfaction Survey. It will help us assess our strengths and improve upon our weaknesses, ultimately helping our customer base in the long run.

Sincerely,

Bob Benda  
Chairman, Chief Executive Officer

## WESTWOOD SAFETY TRAINING

On the cover of the last *Window* edition, we highlighted ClickSafety.com, including Limited Brands' customized training program. In that article, we also mentioned that Westwood is one of ClickSafety's customers. With that in mind, we felt inclined to describe how we use the service and why we like it.



ClickSafety.com is an OSHA-certified leader in online safety training programs for the construction industry. We use ClickSafety's online service to ultimately ensure that Westwood Superintendents meet and follow best safety practices at all times. To help us attain this goal, ClickSafety provides our Superintendents knowledge and continual education of safety practices about multiple facets of construction. Our General Superintendent acts as our program administrator, who sets up and monitors specific courses for each Superintendent's individualized, professional growth. Each Superintendent is required to take six to 10 safety training courses annually, most of which are new and different. Occasionally, however, some are repeated as refreshers. Westwood does not customize any of the courses. Instead, we make use of the

100+ standard courses available through ClickSafety.

What we like best is that the 24/7 online training allows our Superintendents to access courses and material whenever they want.

Superintendents can also take courses at their own pace. While some are quick to "whiz through" the courses, others may enjoy learning at a slower, deeper pace. This flexibility also allows Westwood to assign the courses at a time of year when our Superintendents are typically not as busy as at other peak times. Lastly, ClickSafety.com provides us with documented evidence of our Superintendents' course participation and performance, so the administrator can keep a log of individual course attainment.

All said, our customers can feel good about safety at every job site. Although knowledge, training, and precautions still cannot guarantee that accidents will not occur, they can and do guarantee a lower risk of potential occurrence. And that is a good thing. ♡

# CUSTOMER PROFILE

## CHIPOTLE

At SPECS in 2006, we met with Chipotle to discuss the company's upcoming growth plans and its need for an additional approved GC. Since that meeting, we have built multiple projects for the company, primarily on the East Coast, and Chipotle has turned out to be one of our most valued customers. Hopefully, by building many of Chipotle's new store locations, we have contributed, at least in a small part, to its recent overall successes.

Chipotle opened its first store in 1993 with the idea that food served fast could be high quality and set in an enjoyable atmosphere usually thought of for fine dining. Chipotle has a distinctive, inviting interior design that still allows the company, through efficiencies, to focus on high-quality ingredients and food-preparation techniques. Over the years, a new category of



dining, termed "fast-casual," came into being and today best characterizes Chipotle. Fast-casual has been the fastest-growing segment within the restaurant industry. In March 2006, Chipotle had about 500 restaurants. Today, that number has grown to 640, and the company's stock price has rocketed 137 percent in the past 12 months. Not bad for a company that boasts a menu of three items—on the other hand, those three items can be served thousands of ways to each customer's preferences.

According to GlobeSt. Retail, Chipotle's expansion goal in 2007 is 120 new locations. At Westwood, we anticipate continued solid growth for Chipotle for the foreseeable future. Our goal is to continue to be a part of Chipotle's continued success. In fact, we would love to be able to expand with the company into other U.S. regions. Hopefully, if we keep doing a good job, that transition will naturally occur.

We encourage you to visit Chipotle's Web site at [www.chipotle.com](http://www.chipotle.com), as it is both innovative and fun. Be ready, though, because once you visit the site, you might want to visit one of Chipotle's local restaurants. Chipotle's tacos, burritos and burrito bowl look great! Mmmm, mmmm. ♡

### *Flexibility, continued from page 1*

equation. Also, each sub must typically follow strict guidelines regarding what he may or may not do on the job. This can slow job progress and prohibit a "just get it done" attitude, which can be particularly troublesome if the pace of the work needs to be quickened to meet tight turn-over deadlines. Overtime is rarely free with unions (or with non-union subs for that matter); therefore, any additional hours, or hours extending beyond the 8 a.m.–5 p.m., Monday–Friday workday will be added to the original cost. Many times, however, non-union subs can pool their hours and work straight through, if needed, without incurring overtime charges. In addition, some union shops try to gain control of certain elements in a job, making it difficult for the GC to oversee his or her own project. This creates at least a partial loss of control. Lastly, and most concerning, if a non-union attitude is pervasive by the GC or client, or if non-union subcontractors are hired instead of union members, jobs can be "shut down" by strikes or subcontractor walk offs. This is rare, however, and would only happen if negotiations escalate to a breaking point. Nevertheless, unions can yield many positives, as previously mentioned, and are certainly not to be feared—just managed appropriately—like all projects.

In summary, good national GCs should have knowledgeable, understanding, and strong Project Managers and Superintendents who are able to work within either union or non-union job-relation environments in a seamless way. The affiliation chosen should be up to the clients and the particular market. At Westwood, we do not have a preference for either union or non-union relations, although we do need to make the determination up front for pricing and bid purposes. Most national GCs share our philosophy, or they would have difficulty being truly national. At the end of the project, it is not the affiliation that matters; rather, it is the quality and price of the project that matters most, and this is what will be remembered into the future. ♡

## NEW CLIENTS

### JONES LANG LASALLE

Over the years, we have had positive work relations with Jones Lang LaSalle, a leading real estate services and money management firm committed to delivering strategic, fully integrated services for property owners, investors and occupiers. They have called us from time to time typically with national retail rollout opportunities. Recently, they called us with an opportunity to bid on a few store renovations in Louisiana for a prominent global brand. We were awarded the jobs and, subsequently, we received another project award in Alabama. We're excited to have the chance to earn and, hopefully, impress this new client. As always, we thank Jones Lang LaSalle for the referral and continued confidence in us. ♡



### JAMBA JUICE

In talking with a prominent construction management services company a few months back, we asked if the company had any current GC needs for its client base. The company did, and it was for Jamba Juice, mainly in the Northwest region. Jamba Juice is a category leader in blended beverages, juices and healthy snacks. Founded in 1990 and based out of Emeryville, CA, there are now 670 Jamba Juice locations, two-thirds of which are company owned. We recently bid on a few projects, and we are now in the process of building for Jamba Juice in Oregon. Subsequently, we have received more bid opportunities, and we hope to turn at least some into project awards going forward. We very much thank our referral partner for the initial opportunity. ♡

# WESTWOOD NEWS

## EMPLOYEE PROFILE



**George Covarelli**  
*Project Manager*

George is a recent new hire for Westwood, bringing with him more than 25 years of construction industry and management experience. Not coincidentally, George's family has been in the floor covering business for three generations. In

fact, George owned his own business for 17 years. His extensive installation experience includes hotels, restaurants, offices, labs, hospitals and retail. Afterward, he moved into general contracting as a field superintendent for several years while specializing in tenant finish and retail work. Customer satisfaction through project performance is his stated forte.

George is married and has two boys and one daughter. He loves the outdoors where you will find him snow skiing, camping or barefoot waterskiing. ♡



**Basil Davis**  
*Superintendent*

Basil has been in construction for 30 years, starting in concrete and then progressing to other ground-up and renovation construction areas. For most of the '80s, Basil specialized in interior hotel renovation work and, for the last decade, he led

interior trim specialization teams. Since joining Westwood a year ago, Basil has had many client compliments regarding his work. He has become a great asset to Westwood.

Basil has a daughter who is currently in college. Away from work, Basil enjoys fishing, NASCAR, and watching the Green Bay Packers and Ohio State football. ♡

## PROJECT LIST

### NORTHEAST

Newington, NH	The Crossings at Fox Run Mall
Moorestown, NJ	The Moorestown Mall
Wayne, NJ	Wayne Town Center
Warrington, PA	Valley Square
Providence, RI	Euclid Avenue

### SOUTH

Huntsville, AL	Bridge Street Town Center
	University Drive
Baton Rouge, LA	South Sherwood Forest
Gonzales, LA	South Airline Highway
Houma, LA	West Tunnel Boulevard

### MIDWEST

Rochester, MN	Apache Mall
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### SOUTHWEST

Dallas, TX	Gaston Avenue
	Inwood & Lemon
Farmers Branch, TX	LBJ Freeway
Fort Worth, TX	South Polaris Drive
Frisco, TX	Preston Road & Gaylord
Garland, TX	North George Bush Freeway
Gun Barrel City, TX	Highway 334 & Pleasureland
Irving, TX	West Airport Freeway
San Antonio, TX	Bandera & West Loop 410
Sugarland, TX	First Colony Mall
Temple, TX	I-35 & 363 Loop
Waxahachie, TX	Highway 77 & Indian Drive

### WEST

Casa Grande, AZ	The Promenade at Casa Grande
Tempe, AZ	South Point Plaza
	Tempe Marketplace
Costa Mesa, CA	South Coast Plaza
La Quinta, CA	Highway 111 & Dune Palms
Mira Loma, CA	Limonite & Hamner
Palm Desert, CA	Monterey & Dinah Shore
San Gabriel, CA	Huntington & Rosemead
San Jose, CA	The Plant Mall
Boulder, CO	Boulder Plaza
Las Vegas, NV	Town Square-Las Vegas Boulevard
Portland, OR	Cascades Station
Issaquah, WA	Issaquah Commons

## DID YOU KNOW?

Once upon a time, Bob Benda (CEO and Chairman) and Mike McBride (Chief Operating Officer) were both retail executives before they came aboard Westwood, so they both similarly understand our client customer needs. In his last retail role, Bob was President of Bombay Company, and Mike managed the Construction and Maintenance Facilities departments for Zale's Corporation. Those were many moons ago, as Bob has been with Westwood for 20 years and Mike for 13. They both have an ideal background, as they understand the needs of both retailers and GCs, alike. ♡



*Bob Benda's first day at Westwood*

# CUSTOMER COMMENTS



“The way that Royce (Seawright, Superintendent) handles himself and the subs has been the critical piece of the project’s success. Thank you very, very much.”

– *Deborah Lisheid, Victoria’s Secret*

“The store manager of 1367 Village at Stone Oaks kept on boasting about how wonderful the GC was at this location. I had asked her how the store looks and asked if she had any construction call-outs, and she said the store looked perfect! She called him (Royce Seawright, Superintendent) a ‘phenomenon.’”

– *Sophanny Lam, Victoria’s Secret*



“You’re awesome, Ken (Masters, Supervisor). Thanks for all your help.”

– *Key Prestigious Customer*

## SECTOR PROFILE

### DIVERSIFIED BUSINESS

Throughout the 1990s and early 2000s, a majority of Westwood’s work was retail, but we also had significant work volume in hospitality, renovating hotel interiors and occasionally minor exterior work. Events of 9/11, however, dried up hospitality renovations across the United States for some time, and as a result, our business became almost exclusively retail. Recently, however,



*Retail*

we have consciously targeted the hospitality sector again for incremental business, to help us diversify both economically, and most important, seasonally. Retail building typically ends with Thanksgiving and starts again in February/March, while hotel renovation projects typically take place from November through February.

A recent emphasis on hotel branding has also surfaced: hotel managers now want to differentiate their hotels from others

more than ever before. As a result, hotel brand managers, top management and key strategists are now examining the “retail look” with amorous eyes. Moreover, hotel ownership and management companies have keen interests in having valued general contractors (GCs) build for them throughout the country. And as U.S. travel has once again boomed since 9/11, many

hotel companies have a dire need to quickly renovate tired and worn facilities, some of which are unchanged since 9/11.

At Westwood, our strategy is to remain, first and foremost, a national GC specializing in the build and finish-out for retail chains. Our secondary hedge strategy is to target a few key hotel and restaurant operators to form long-term relations and specific build opportunities. The seasonal time is right for us to re-establish ourselves

within the hospitality sector. Undoubtedly, this will provide a great opportunity to keep more of our Superintendents busy during the holiday season, and to keep us sharp and ready when retail building ramps up again in February. For us, a few key hotel relations are a synergistic win-win situation for all. ♡



## IN THE NEWS

The Retail Contractors Association (RCA) has developed a standardized customer satisfaction survey for GCs to send to clients at the end of each individual project to rate the GC's performance on the overall build, management, on-site supervision, quality, service, communication, pricing, paperwork, and close-out. We are particularly proud of a recent survey result, as it provided Westwood with our highest mark. In fact, 29 out of the 32 available rankings stated that we "Greatly Exceeded Expectations," and the remaining three stated that we "Exceeded Expectations." Since the lesser of the high marks came on paperwork, we know where there is room for improvement. This was the first project we built for this particular high-end customer. We now have more bid opportunities with the client, thanks, in part, to our team's outstanding performance. Congratulations to Tim Benson and Basil Davis for their project success. And congrats to our client for a store to certainly be proud of. ♡



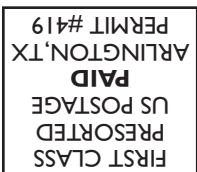
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