

Retail Asset Management

A significant number of under-performing malls across the cities are a rising concern.

Siddharth Sahgal's Managing Director, Beyond Squarefeet, a boutique advisory company talks to **Buildotech** about the challenges and the success ingredients of the Indian retail establishment.



How important is it to plan mall management during its design phase

Many a times one walks into a shopping mall and comes across housekeeping equipment lying in the passage and long queues outside toilets or parking. This happens because of lack of developer/ mall owner or architect understanding of the importance of mall management planning during the designing of the project. It is a science to plan and design a mall management

system, which cannot be replicated across different projects and has to be customized depending on the demographics of the catchment, topography of the location and positioning of the mall, in terms of the kind of customers it plans to cater to.

Internationally, councils/ municipalities hold joint meetings with architects once the plans of a mall are submitted, so as to design traffic routes as per the size of the mall, width of the road depending on



There is a vast difference between a Facilities Management company and a Mall Management company, the latter being overall responsible for the growth of the asset in valuation and as a brand, while former is restricted to technical and at times involving security and housekeeping as well.

the foot traffic/ car count forecasted by the mall and fly overs and walk-over bridges which land straight into the malls. This helps keep the traffic clear off the streets while, providing ease of entry to cars and customers to enter the mall.

Is there adequate awareness among architects about facility management (FM)?

Architects endeavour is to convert client's dream into reality. In the bargain, they sometimes forget about building user's comfort and ease of maintenance. These aspects are best understood by the Operations teams (Security, house-keeping, loss prevention, health & safety and disaster management team) & the Facility Management team (All plant, equipment and technical related areas).

Although architects & planners are aware about FM, they tend to ignore involving them during the planning stage. At times, even MEP (Mechanical, Electrical & Plumbing) consultants overlook the facility management or even operations, to understand the practical challenges their design might impact over the years.

What are the pros & cons of Outsourcing and in-house FM

The subject has always been a matter of debate. What needs to be understood is that, this is a specialized field and it makes financial sense to employ a FM company who has trained professionals, rather than building one's own and making mistakes to learn. This learning at times can come at a huge cost for the developer/ mall owners. Also, the speed at which a facilities company can replace a skilled employee, might not be achievable by an in-house FM team. It causes harm to the whole system, by either doubling up someone who will burn out or hiring someone inexperienced who will take months to learn.

Also, by sheer economics, FM companies, dealing in multiple malls, stand a better chance to negotiate a better pricing with vendors, at a local or national level, unlike an in-house facilities management team. Not to forget, they attract better talent in specialized functions. In some instances, there might be a lack of ownership seen from FM Company, but this depends on the reputé of the company, how this FM Company values its brand in the market and how the mall owner supports the FM Company. Also, for developer owning multiple malls, building their own in-house team makes sense. Finally, it's all about expertise, efficiencies of money and resources and the ability to hire and retain talent of experienced and passionate experts.

How critical is the correct tenant mix in a mall

Mixed planning requires detailed research across the catchment/ customers and target audience to devise the mix. An extended step of this research is mall architecture and facilities planning, which are aligned to the positioning of the mall. An extension to that is, the materials used in the finishes depending on the positioning and the class of audience the establishment caters to.

My stint of planning the mix at GVK/ Mumbai International Airports, was a learning experience on how lack of planning or misalignment of the target customer can cause huge losses to an establishment and the investor, which in turn impacts the overall asset valuation. Another airport under the PPP model brought in an international chain of a popular Resto-bar, which everyone involved with the project was excited about. Now whether this was a case of over excitement or lack of tactical planning/ research or simple failed observation - when the airport opened to public, the Resto-bar was right in the middle of the gates, servicing the Middle East/ Gulf flights wherein, 80% of the passengers flying were teetotalers. Imagine, not only the monetary losses, but also the time and effort consumed to plan and build the same, with no takers at all.

Similarly, I come across malls with Italian marble flooring, but catering to value formats. Not only is Italian marble impractical and expensive to maintain, but what people and architects forget is, that it intimidates customers making them perceive the mall as expensive. So they stop coming, although the shops are still selling budget value merchandise. In contrast, some malls that are positioned to cater to the premium customer, install Italian Marble on the ground floor and then cut corners with cheap tiles on higher floors and the lower ground visible from the atrium. Thus, the mall has successfully confused the customer. The tenant mix is not only all important, but can work in the benefit or its downfall. Hence, apply the science and tools available with the experts and plan intelligently.

Steps to optimize operational cost of a shopping mall

FM primary job is to run the establishment in a cost efficient manner, optimize operational costs, waste management, energy management and conservation. Managing the

Every mall owner's dream is to fit everything under one roof so as to satisfy a larger width of demographics amongst customers. Is this the right approach??

Not always. It is about building the mall, positioning it and devising the tenant mix as per the requirement of the immediate, primary, secondary and tertiary catchment of the building. In different countries this is defined by either number of kilometres or drive time in minutes, depending on the road and traffic conditions.

AMCs (Annual Maintenance Contracts) to ensure PPM (Planned Preventive Maintenance) is also part of the responsibility. For retailers, smooth running of these functions is important so as to provide non-stop services. For instance, continuity of all electrical and HVAC systems is key to businesses like F&B and Cinema. For owners, the PPM and timely maintenance will prevent any major breakdowns, which in turn will save cost, immediate monetary losses and longevity of the expensive equipment.

Mall operations costs can also be optimized by using BMS (Building Management System) for monitoring the building for any emergencies and system failures. If integrated well and all essential modules installed in the system, it can save upto 20% of running costs in power and HVAC consumption, by automatically driving efficiencies. Safety is a major feature where an integrated fire alarm system can be early warning for saving major disasters and prevent damage to expensive plant & Machinery. VFDs (Variable Frequency Drive) installed in pumps and other equipment, not only save power but also prevent wear and tear of equipment, converting to an over operational saving of another 15% to 20% depending on the usage. In addition, optimum manpower deployment and usage of technologies for house-keeping and electronic monitoring and access control in restricted areas, can be huge cost savings in recurring costs.

How does inefficient building design & services impact the FM operations?

We often see chipped flooring, peeling paints, fungus on building facades on humid/ monsoon rich locations, dragging escalators, leaking flushes & washroom taps and elevators that cause palpitations to the elderly. FM or the Mall Management Company is usually held responsible, without accounting for the design flaws during construction.

I have come across lift rooms that barely have access, elevator machinery rooms, under direct sunlight and scorching temperatures, without any ventilation or air-conditioning. In spite of range of anti-fungal paints/ enamels available in the market, developers still use cheap exterior paints which are not durable and long lasting. Many a times, the leaky toilets are the result of the plumbing lines, choked during construction because the plumbing contractor was not efficient.

So while few of the challenges are design oriented due to unpractical approach by architects or should we say non focus on operational matters- a large part of the problem is poor workmanship which is either due to hiring a cheap contractor or poor monitoring by the PMC (Project Management Company). Until developers/ owners and their teams realize that this is not a residential building which they can get away with poor quality, by selling the building or shop to someone - these challenges are here to stay.

Some of the recent innovations in the Mall FM

Innovations have been aplenty in the last couple of years and lot of these are available in India, but might not be viable due to high costs of duty on imports or the lack of technical expertise to manage or run them. Few malls employ solar cells that are widely used in other countries for driving air-conditioning, hot water for restaurants and steam for generating electricity to be used for cleaning and housekeeping of the mall. Water harvesting too is implemented by few malls in the country. Sadly, even sewage treatment plants which are now mandatory and can generate cheap water for use in various applications besides drinking water, are installed at sub-standard costs, just to satisfy the authorities. Lighting sensors and light reflecting louvers which move with the direction of the sunlight to provide optimum light are implemented in malls internationally but, we are yet to hear about such implementations in India.

What's more, from a Mall management perspective, there are infrared equipment available to scan through walls to study customer movements and integrated cameras to provide a colour coded chart of busy and lean areas of the mall. These charts in turn integrate with software to send out e-coupons and discounts to customers to drive them to these pockets which are lean, thereby increasing efficiency of all areas of the mall.

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