

# The Case for Strategic Program Management for Airport Concessions

By Dan Weiss

When constructing a new terminal, airports are laser-focused on one goal: achieving a fully operational facility by the date of their first scheduled flight. That includes all the concessionaires that line terminal corridors and pre-security spaces. A behind-the-scenes look at an airport's key management practices illustrates the value of a well-formulated strategy for concessionaire program management.



Just as an airport's function is unique compared to other facilities, a concessions program is unlike any of the other elements in a functioning airport. It requires sound program management practices adapted to the unique constraints of airport terminals, along with an understanding of the varied — and sometimes conflicting — needs of airport and concessionaire managers. Knowledge of the contract, procurement and security requirements under which these parties operate, as well as in-depth knowledge of design constraints, permitting requirements and construction logistics and coordination, are essential as well.

An experienced program manager can help an airport navigate this process, beginning in the early planning stages and continuing through construction to final commissioning and startup. The program manager serves as the intermediary between airport management and operating staff, concessionaires and contractors. By following program

management key practices, it is possible to minimize conflicts and anticipate the myriad of challenges that arise daily that can complicate build-outs in a terminal that is itself still under construction or remains a busy, active facility.

## Front-End Planning

### **Develop a concessionaire program and implementation plan.**

Airport concession operations are complex systems. A terminal program can contain dozens of concession spaces. Depending on the management model adopted by the airport, those spaces can be operated by a single master concessionaire or split among multiple operators. Each operator may retain multiple architects, engineers and builders for the design and build-out of each individual concept and space. The one thing concession operations have in common is the grand opening deadline when the terminal goes secure and passengers begin seeking their products and services.

This plan starts early and needs to incorporate an understanding of how the concessionaires do business: how they bring in personnel, how they bring in goods, and if any special infrastructure is needed (greasy waste lines, kitchen venting, etc.). By understanding how they ultimately will do business, the base building can be designed and constructed to accommodate these needs. Trying to accommodate these needs after base building construction adds significant complexity.

Given the number of parties involved and the many moving parts being managed, a concession implementation plan is essential to the program's success. Among other things, this plan should clearly spell out milestones in the schedule, including the dates when contractors will gain access to the site, utilities and other infrastructure needed to complete their work.

For example, an effective implementation plan will include the date when the building's freight elevator becomes operational — information that is valuable to contractors that must move large pieces of equipment into concessionaire spaces. Work hours, site maps, loading dock information, security details and other information can help concessionaires and their contractors shape their own schedules and work plans.

The program manager also needs a mechanism for tracking contractors' logistics plans and operational constraints. If dozens of vendors are scheduled to make deliveries in the early morning hours, the program manager can facilitate solutions that help mitigate potential bottlenecks.

#### **Identify restricted areas in construction drawings.**

By working with airport engineers to identify areas within a tenant's space where penetrations or certain types of infrastructure are undesirable, a program manager can help prevent potential construction conflicts, field modifications and unnecessary expense. These "no-fly zones," as well as clear lease boundaries, should be clearly indicated on terminal construction drawings and communicated to concession space designers before they plan their space layouts.

For example, designers who are aware of a computer server located beneath a section of a restaurant's floor would know early in the design process to place a floor drain in a more appropriate location. Conversely, contractors who discover unexpected plumbing or electrical conduit in the floor or ceiling during construction may face design modifications, construction change orders and disputes that impact both project costs and schedules.

## **Construction Requirements**

**Encourage all parties to review leasing contracts and program manuals carefully.** Planning discussions often focus on signage placement, store layouts and other aesthetic considerations. In these big-picture discussions, the details in the fine print can receive less attention. And that can create problems. The devil truly is in the details.

A program manager should clearly communicate all infrastructure located within the limits of the leased space. This includes everything from the cubic feet per minute and temperature of the HVAC supply and return, to the temperature and gallons per minute of chilled and hot water. Also vital is information on domestic water, greasy waste, sanitary laterals, IT pathways and intermediate distribution frame rooms, panels available for various power requirements, fire alarm and suppression integration, exhaust hood and cooking area fire suppression systems, metering and building automation system tie-in requirements and other infrastructure needs. A complete matrix outlining the responsibilities and expectations of all parties helps mitigate scope gap and prevents disputes from spilling into coordination efforts. Program management time can then be spent keeping the process moving forward to meet program goals.

**Educate contractors on how their actions could impact others.** Anytime multiple tenants occupy a space, there is a risk that one tenant's actions could impact the operations of other tenants or even the airport itself.

Consider, for example, a restaurant that requires an exhaust hood to remove airborne grease, fumes and smoke from the air. To comply with construction codes, a contractor will likely need to vent these emissions through the roof to the outside. What that contractor may not consider is the impact this work might have on another contractor's scope or on a roof warranty that may be voided by a hole cut to install the vent. To preserve the warranty and protect itself against a claim, the contractor may need to retain the original roofing contractor to complete the vent installation. An experienced program manager can help reduce risks like these with frequent and ongoing contractor and concessionaire communication.

Minimizing disruption demands careful planning. Upfront planning is critical to reducing the noise, dust and disruption of concession construction programs. This is particularly true when renovations are being conducted in an operating terminal. Both new and reconstruction projects should begin

with discussions with airport leadership to determine the inconveniences the airport owner is willing to accept. An experienced program manager can then develop protocols for completing the work. For example, construction activities during prime operating hours may be limited to defined noise levels, with louder activities reserved for hours when passengers are not present.

Front-of-house and back-of-house impacts also need to be assessed. Public-facing construction walls may require higher-level finishes for presentation to the traveling public, whereas back-of-house partitions may only need to provide a barrier between construction spaces and controlled access circulation. Requirements for negative air pressure may also be needed to minimize dust and airborne particles, depending on the nature of the work and potential impacts to the public, staff and tenants in adjacent spaces.

## Commissioning and Startup

**Allow sufficient time for commissioning, employee training and startup.** Bringing a retail store or food service online involves more than obtaining a certificate of completion and occupancy permit. A tenant must commission and test equipment, procure any necessary security clearances and badges, conduct employee training, and fully load its commissary or cold storage spaces. Each of these tasks takes time that must be factored into the implementation plan.

A program manager with knowledge of operational readiness activation and transition, an integrated approach to managing the transition of a new airport facility from project delivery into active operations, can be enormously helpful in this process.

### **Anticipate challenges during the startup process that can overwhelm the airport's day-to-day operating systems.**

An airport terminal's freight elevators, goods-in/waste-out infrastructure and general circulation are designed to accommodate day-to-day operations, rather than the extraordinary loads that are typical when dozens of tenants are stocking their shelves and storage areas for the first time.

During these periods, airport dumpsters fill quickly with shipping materials, and broken-down cardboard boxes can line terminal corridors in six-foot-high stacks. Likewise, freight elevators can become jammed, impeding operations

during the most stressful time of any startup operation. Overwhelmed by the volume of waste materials, cleaning and maintenance crews can become frantic and unable to manage the atypical volume of work that needs to be completed. The many challenges that accompany grand opening preparations can be magnified by the security protocols associated with making deliveries to a restricted airport environment.

A forward-thinking program manager will anticipate these and other possibilities and contract for the additional services and equipment needed to accommodate tenant and airport needs. Planning and coordination among tenants can also help facilitate the staging of deliveries with the goal of reducing bottlenecks, minimizing wait times and meeting move-in deadlines.

## The Bottom Line

Program management is a crucial component in successful airport terminal development. As the intermediary between airport management and other key players — operating staff, concessionaires and contractors — the program manager must be an innovative problem-solver. That applies to needs on the programmatic level, and for addressing the everyday surprises that are inevitable on every project.

Whenever possible, that means working within the confines of the airport-tenant agreement to find the right solution for each unique challenge. In areas not clearly defined on paper, it's the program manager's responsibility to develop workable solutions and reach consensus among all stakeholders. Above all else, the program manager does what it takes to get the job done and set up the airport and its concessions for success.

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