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GROWTH STRATEGIES

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Scott (left) and Barry Bannett inspect the progress at Hartford Corners in Delran, Burlington County, recently.

Building by design

ADAM STONE
SPECIAL TO THE BUSINESS JOURNAL

CHERRY HILL — It seems fitting that an entrepreneur whose business is planning should now see his own firm's planning efforts pay off.

As a design/build firm, The Bannett Group plans all phases of a construction project, including both the design and engineering elements, as well as the construction itself. Seven years ago the firm began an aggressive program of planning for its own future, laying the groundwork of a multipronged marketing effort that now is bearing fruit, with revenues that soared from $11.6 million in 2000 to $22.6 million last year.

"In this work you have to be focused on how you are going to get from point A to point B," said President Scott Bannett. "You have to set your goals and objectives both in the short term and in the long term."

The Bannett family has an extensive track record in South Jersey. Joseph Bannett was a successful builder in the 1950s and '60s. His son Barry went on to establish his own architecture practice, which in 1999 took on its current name. As CEO, Barry handles much of the sales and administrative work these days, while Scott, who is Barry's son, manages the day-to-day operations.

The firm has landed some major projects in recent years, including work on about a third of the 400,000-square-foot Hartford Corners retail center in Delran, interior renovations at the Voorhees Pediatric Hospital, and construction of a new sanctuary for the Fellowship Baptist Church in Mount Laurel.

Bannett got much of this work through its reputation as a design-build shop. Unlike traditional construction

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Bannett: Reputation aided growth

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processes, in which the architect and the contractor win their parts of the work through separate bids, the design-build paradigm puts the entire project from design through completion under the authority of a single supervisory body.

At Voorhees Pediatric Health System, where Bannett is working on an extensive overhaul of the medical daycare program, CEO Carl Underland said the design-build way of doing business offered an appealing means of attaining the desired end product in this case.

The space in question needed an extensive redesign, "and having that done by one entity, having a single source of accountability, is a more efficient approach for us," Underland said. "You don't have the architect saying one thing and then the general contractor saying something else."

While the growing popularity of design-build in recent years has been a boon to Bannett, it also has created a more competitive landscape for such services. That's where the aggressive marketing program comes into play.

In the mid-1990s the senior leadership of the company focused its efforts on relationship marketing. They worked their contacts in the industry, drawing work from friends of friends. As those efforts began to bear fruit, the company hired its first marketing director three years ago, along with two full-time staffers supporting that role.

"Now we spend a lot of time and effort on marketing," said Scott Bannett. "We do direct mail, for instance. We sent 2,500 mailers to religious institutions last spring, which resulted in 30 job leads, which became 11 proposals, and we closed four projects from that one mailer."

Even with that kind of success, the heart of the marketing program still is the one-on-one touch. "In the old days it was Barry's contacts and the guys that Barry knew. Now we have Barry and myself and my director of marketing and my vice president of construction. We are all selling," said Scott.

The marketing effort has been successful in part because the company leadership has taken a highly targeted approach to their efforts. "We saw the office market slowing up, and at the same time we saw the retail market continuing to expand, we saw the religious market continuing to expand, and so we focused our marketing efforts on those sectors where we saw the best chance for future growth," said Vice President of Marketing Tom Viviano. "After all, there are only so many hours in the day."

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Barry Bannett and son Scott have seen revenue double in two years.

So now the contracts are rolling in, but Scott does not kid himself. This still is a tough business, even when business is booming.

"A project comes in and the owner wants to build, but we get half way through and then the owner wants us to slow down because he doesn't know what is going to happen with the war. He won't table the project, but he will put in on hold for six months," Scott lamented.

By the same token, the eternal bugbear of township approvals has only gotten more tenacious in recent years. "In the heart of the South Jersey market, a lot of townships feel that things are overdeveloped right now," he said. "There were always some projects that could have gotten through in 60 or 90 days, but that is just impossible now."

Faced with these challenges, Scott takes a sober view of short-term success. "If there are 15 balls in the air, five of them are going to fall down," he said.

As a result, he has learned to take a conservative view toward management issues, especially when it comes to human resources. He wants to ramp up the headcount to handle incoming work, but he also wants to be careful not to overshoot the mark.

"We have weekly discussions about it," Scott said. "We don't want to be overstaffed, and I guess at times the staff that we have are overworked. Then as the projects come in and get more viable, then we will hire more people — but only as we need them." •

THE SHORT OF IT

Company: The Bannett Group Ltd.
Location: 1998 Springdale Road, Suite 101 Cherry Hill, N.J. 08003
Owners: Barry and Scott Bannett
Type of company: Full-service design/build organization
2000 revenue: $11.6 million
2001 revenue: $15.0 million
2002 revenue: $22.6 million
Source: Company