

IRISH CONSTRUCTION MARKET REPORT

Royceton & Danninger

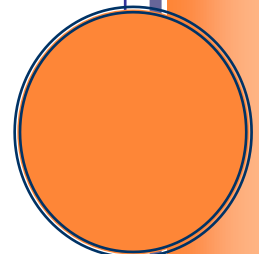
(Of the Zoë Group)



The Alliance, The Gasworks, South Lotts Road, Ringsend, Dublin 4

Sinéad Reynolds

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INTRODUCTION

Task Given

For my Construction Management class I have been given a report to do on a company within the Irish Construction Market. The purpose of this project is to learn about how a construction company is structured in the Industry at present. The objective of this project is to identify the decision making and the procedure/process management performance measurements and to provide a supported commentary on my own opinion. I have chosen to write my report based on Royceton (formally Zoe Developments) which is a sister company of Danninger and other companies which make up the Zoë enterprise. Together they are a very successful Development company and construct a vast variety of mixed use, residential and commercial developments in Dublin and surrounding areas. Royceton is the design company, encompassing the architectural design team, the structural engineering team and the Quantity Surveyors. They deal with design and design based construction management. Danninger is principally the construction company, although they also act as the development company on some of the developments.

How Task's Undertaken

In my Report on Royceton & Danninger in the Irish construction Market I am going to look into how the company works through the structure of the organisation, the market position, the fundamental key financial figures, the company focus and strategy, the plant and resource strategy, the contract strategy, the type of projects undertaken, the diverse business interests, entrepreneurship and my recommendations for future business developments. I am intending to identify the decision making in this particular company and I aim to see how the process is managed and performed. I hope to have a full understanding of how management is implemented and how it affects each person involved within the company.

THE MARKET POSITION

Current Market Position in the Irish Construction Industry

Mr. Liam Carroll, the founder of Zoë Developments (Now known as Royceton & Danninger) is one of the few thriving Property Developers of his time. He started his career as a Mechanical Engineer working for Jacobs International after graduating from UCD. He has now become one of Ireland's corporate leaders. He has epitomized the Celtic Tiger in the last 10 years by going from constructing small apartment developments to major mixed use office and retail units to very presently owning a massive stake of 29.5% in Greencore which is valued at approximately €262 million. This particular landmark of 900 acres, mainly in Carlow and Mallow Co. Cork, once occupied by sugar factories and owned by the state are now to be totally redeveloped. This shows how far Liam Carroll has come from a young Developer to a Property Tycoon in such a short space of time.

ENTREPRENEURSHIP

Entrepreneur; Mr. Liam Carroll

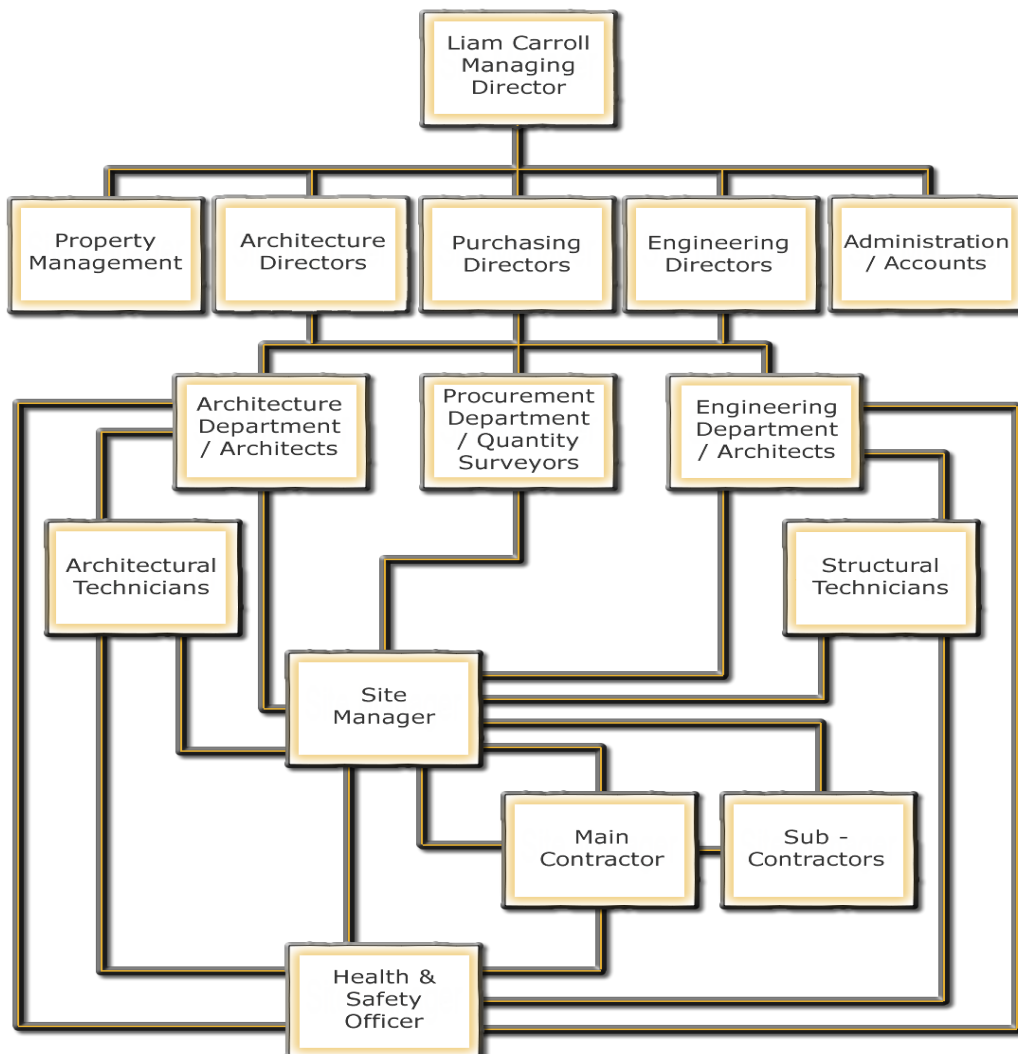
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A good example of how cleverly the companies are run is the fact that the head office and Design Centre (Royceton) is above Penneys on Mary Street. This office was acquired by buying the Sony Centre on Parnell Street and by obtaining the air rights over the Penneys land to the rear and side of the site. A deal was made with Penneys that the air rights were obtained by offering to construct shell and core and a ground floor extension to Penneys existing Mary Street store and giving Penneys use of the basement car park. The offices were constructed as a commercial office block. In 2004 the head office of the Zoë Group moved from their office in Rathmines to occupy the second floor of this building as they had reached capacity and needed more office space. The head office of Royceton has over 100 employees spread over it with room to expand further. The headquarters of the entire Penneys/Primark Company is on the first floor of their Mary Street premises and to accommodate their own expansion they rented the first floor offices from Liam Carroll and this now houses their purchasing department. The rest of the building which consists of the Third, Fourth and fifth floor are let out to numerous other companies.

STRUCTURE OF THE ORGANISATION

Structure of how Royceton & Danninger Operate

Royceton & Danninger are structured very differently to any other construction companies in Ireland at present because of the fact that the entire design team of Architects, Engineers, Purchasing, Administration and the Contractors are all in-house and are run from the head office on Parnell Street. This results in nearly all sites under construction are generally on a Design and Build basis. Sub-Contractors are then taken on board by Danninger depending on how big the project is at the construction stage of the project on board. The head office (Royceton) consists of approximately 100 employees and is divided into five sections; Architectural, Engineering, Purchasing, Property Management and Administration/Accounts. After that depending on projects on hand there can be up to 300 people working over the Danninger construction sites. There are also other companies in the Zoë Group, some are used as development companies and some are financial vehicles. There are only two share holders, Liam Carroll and Roisin his wife. Liam generates all the ideas himself, and manages all aspects of the company himself.



FOCUS AND STRATEGY

Royceton & Danninger Expansion Strategy

Royceton's focus and strategy is to set up companies to run each area of the company. Within the head office there is a separate branch to run the letting of the commercial developments and property management. Because of the national development plan the company has now built crèches, retail units and hotels within each residential development. The aim of the company is to build town centres on the outskirts of Dublin to lessen the daily commute into the City Centre. The best example of this is what is planned out in Cherrywood Science and Technology Park. Over the next ten years or so Cherrywoods 412 acres will be totally developed into 22,000 residential units (houses and apartments), hotels, retail and commercial units, crèches and an industrial estate which is bigger than Sandyford Industrial Estate. It lies in between the M50 and the N11, about a kilometre north of where they fork from the M11. It is divided by the R118 regional road which runs northeast to southwest through the area, crossing the N11 at Wyattville Road and joining the M50 at Junction 16. The Business Park lies south of this road and a residential zone to the north. It is proposed to extend the Sandyford (Green) LUAS line to Cherrywood. Construction started in February 2007 and the line should be operational in 2010.

The company has expanded from property developers to property management and maintenance, infrastructure (e.g. investment in Luas lines etc.) and redevelopment of Rejuvenation Areas. The company now specialises in all aspects of construction and still expects to expand further into more high profile projects such as State Street Bank, Sir Roberson's Quay.



CHERRYWOOD, SCIENCE AND TECHNOLOGY PARK, DUBLIN 18



CONTRACT STRATEGY

Royceton & Danninger Contract Strategy

The contract strategy of Royceton and Danninger is very simple compared to most building contractors. All the land is already owned by the company and is waiting to be developed. Because of this, all projects are Design and Build. With nearly all the Design Team working in house it is just a matter of getting a design team together for the new project. Liam Carroll identified that there were huge efficiencies to be achieved by the development company being the construction company. He can then retain full control over the entire process. The entire company is owned and run by Liam Carroll himself. The entire enterprise is a private company. There is no client/builder (Main Contract) contract required.

- A small number of Liam Carrolls trusted people discuss with him and make a client decision about how a site should be developed.
- The design team is instructed to obtain planning permission for the most suitable configuration of the particular development. This might be done by the in-house architectural team but sometimes by an outside architectural firm but in general all the structural engineering design is kept in-house.
- When planning permission and a fire safety certificate are obtained, the operation moves immediately to the construction phase. A management company manages a number of key sub-contracts: site excavation, concrete sub-structure works, structural works (steel or concrete), roofing works, fit out works and services.
- Each sub-contract is tendered and an appointment made. The construction management team generate an initial programme for the work.
- There is no main contract so a series of separate contracts with all the other companies help to construct the new development.
- Problem solving is the consuming driving force of the operation.
- The nature of a Main Contract is that it is a contract to build a defined building (defined by the design drawings) for an agreed cost, to be completed in an agreed time.
- There is neither an agreed final cost nor an agreed final time.
- A programme is set out at the beginning for the shortest contract period possible within safe working limits, balancing economics against time.
- Royceton and Danninger have built up an expertise in designing and building economically from research of available technologies etc. The initial design is usually economical and straight forward to build.
- The same design team are in place from project to project, and they have the same client from development to development so there is a great deal of on-going feedback into the design process.
- Often the design is tailored to produce details geared specifically to the construction programme.
- This makes the Zoë Enterprise unique in the construction industry.

PLANT AND RESOURCE STRATEGY

Royceton & Danninger own most Plant and Equipment

Most plant equipment and vehicles are bought by the company and used on site. Danninger own a number of cranes, vehicles and plant machinery and has set up a subsidiary companies with crane drivers and people qualified to manage plant equipment and to run the on site plant in general. The company runs a regular service on all vehicles and machinery on site as required depending on the job on hand and methods of construction. One for example (Bronzone) is the company that purchases and supplies all the cranes for the sites (Liam Carroll owns all his own tower cranes). The company is almost self sufficient in plant equipment and vehicles but in the case of overflow plant machinery may be rented out.

FUNDAMENTAL KEY FINANCIAL FIGURES

Royceton & Danninger Develop mostly Commercial Projects

The main fundamental key financial figures for the Zoë Group are the fact that the companies are not very affected by the present fall in the residential market. This is because 80% of the developments under construction are commercial buildings and only 20% is residential. All the offices built are totally fitted out and completed to a very high spec and are then rented out. This will shelter the company in any down turn in the construction market.

It is necessary for Royceton to ensure day to day cash flow to keep the company in credit and development is a continuous process. Each project is an extension of the previous construction site, the personnel and equipment move from site to site, leaving a built product behind. There is an income from the product produced which is enough to keep funding Zoë Enterprise through the whole operation.

DIVERSE BUSINESS INTERESTS

Royceton & Danninger Build and Manage Hotels

Royceton in recent years have looked into diverse business interests. They have built and opened the Fels Point Hotel, Tralee, Co. Kerry along side an extensive site along the south side of Dan Spring Road. There has been a subsidiary company set up to run this hotel through Royceton and it is intended that a branch of hotels will open in the near future and be run in the same way. Sites previously considered for residential developments are presently in discussion to be built as hotel developments instead. The fact that Royceton let all the office buildings and retail units they construct also shows diversity in Business Interests.



FELS POINT HOTEL, TRALEE, CO. KERRY



TYPE OF PROJECTS UNDERTAKEN

Royceton & Danninger Recent Projects

The Zoë Group has a vast portfolio of Residential, Commercial and protected structures. Some of the most famous projects to date would have to be the Millennium Tower at Charlotte Quay, The Gas works, Ringsend, and The Millennium Walk Way.

MILLENNIUM TOWER, CHARLOTTE QUAY, DUBLIN CITY CENTRE

This is a mixed use development consisting of 16 floors on the dockside of the Grand Canal Docks. This waterside site is located at a focal point in the Grand Canal Docks Rejuvenation Area. This project was selected as one of the Irish entries for the Mies Van der Rohe prize for 1998. The 16 storey corner block is the tallest Residential building in the country.



MILLENNIUM WALKWAY, ITALIAN QUARTER, DUBLIN CITY CENTRE

Dublin's new cultural quarter consists of a mixed development at Abbey St located on a on the south section of Jervis St. nearest the river. The residential part of the development consists of 66 apartments ranging from one to three bedrooms. The commercial features include offices with a restaurant at first floor as well as a bar/restaurant at ground floor. The development connects Temple Bar and the Jervis St. shopping centre via the new pedestrian route.



THE GAS WORKS, SOUTH LOTTS ROAD, RINGSEND, DUBLIN 4.

The once bleak Barrow Street, filled with its disused warehouses, was arguably one of most neglected streets in Dublin. The commercial and apartment development known as 'The Gasworks' has become the natural link between the established Baggot Street and Burlington Road office areas and the new docklands developments in Grand Canal Harbour, south of the Liffey. The project as a whole includes a mix of apartments, duplexes, townhouses, retail units and offices. But one of the most striking features of this regeneration is the clever utilisation of a familiar sight on the Dublin skyline, the former gasometer in Barrow Street. This proud old structure has become the focal point of The Gasworks development and the former gasometer frame itself – which is listed for preservation – has become home to a cylindrical, nine-storey apartment block, known as the Alliance.



GASWORKS, SOUTH LOTTS ROAD, RINGSEND, DUBLIN



RECOMMENDATIONS FOR FUTURE BUSINESS DEVELOPMENTS

My Recommendations for Royceton & Danninger Future Projects

Royceton get many phone calls every week to the head office from mainly Portugal and Dubai asking for their expertise on building development due to their vast experience in residential and commercial developments in Dublin City Centre. If I was to recommend future business development I would advise Royceton to open a branch abroad and look into bigger infrastructural projects and different styles of architecture which are to European styles and become a global company.

CONCLUSION

What I learnt in my Research

I have learnt a lot in my study and in my research for this project on the Irish Construction Market. I found it to be very informative on how the company management is implemented through time management along with health and safety, being the major factors in the industry at present. I believe that because of this project that in future I will be more aware of each area associated with the present construction market. I understand how important it is for every staff member in a construction company to be aware of their role in construction. I believe that because of this project study that my own future decision making will be strongly thought out and management in general will always be a consideration in relation to the industry in which I am presently employed.

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- Lecturer's notes and hand outs.
- Two years of work experience in the Architectural Department, Royceton.

