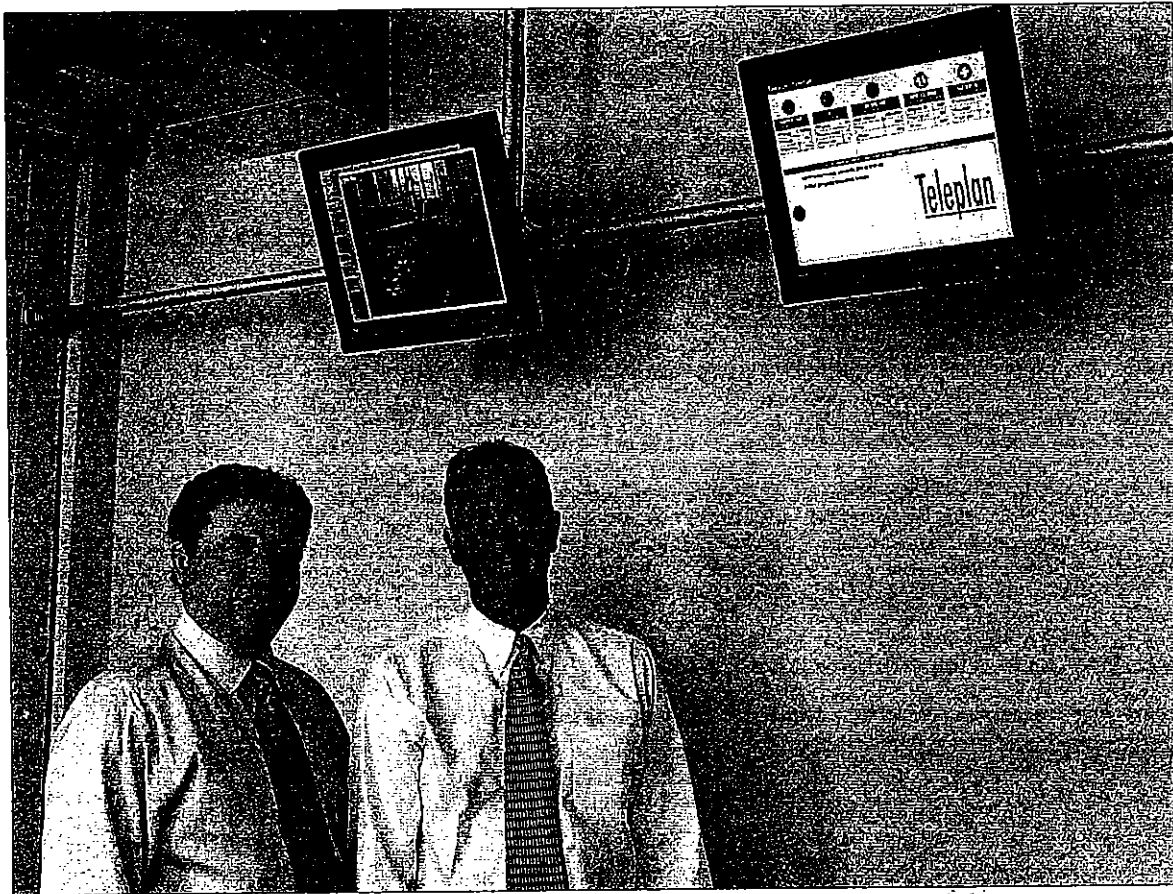


Bringing latest in IT to construction field



JOHN H. WHITE/SUN-TIMES

B2BILT executives Tom Herskovits (left) and John McLinden think information technology is just what the building trades need to better coordinate the overlapping of so many different tradespeople.

B2BiT helps builders coordinate schedule

By HOWARD WOLINSKY
BUSINESS REPORTER

The construction industry is the land that information technology largely has forgotten.

"This is an \$800 billion industry, with \$140 billion attributed to overruns and delays," said Tom Herskovits, chairman of B2BiT, a Chicago-based start-up that uses technology to streamline commercial construction. "B2BiT is showing technology can change that."

Herskovits, 55, who has a degree in architecture and is former president of Specialty Foods and Kraft's dairy/frozen business, said two-year-old B2BiT has taken a manufacturing approach to construction that keeps projects on schedule and on budget.

B2BiT's clients include Sabre Holding Corp., the travel technology company, and Dunkin' Donuts Trombo franchises and has been the general contractor on several condominiums.

John McLinden, 42, B2BiT's chief executive and president, who was a general contractor, said the company's projected revenues this year are between \$35 million and \$40 million, up from \$8 million last year.

He and Herskovits are projecting growth to an astonishing \$1.5 billion in revenues in seven years. McLinden insists this can be attained in the fragmented construction industry through an aggressive plan to buy out contractors.

"We're going to the next level through acquisitions," he said.

"There are a lot of 65-year-old, 75-year-old guys who have \$100 million businesses, and no way out. We're providing them with an exit strategy."

Working from architect's drawings, B2BiT's system creates plans on putting up a building, including a schedule for tradesmen and the ordering and scheduling delivery of materials.

B2BiT had the opportunity to compare its approach with traditional methods when it was hired to build a new office for GetThere, a Sabre subsidiary that makes Web-based travel management software for major corporations.

Dean Sanderson, Sabre's vice president of real estate, said he thought the first office for GetThere could have been built more efficiently. "Unfortunately, it's not unusual for these projects to be overbudget and late," he said.

Sanderson had worked with McLinden on some projects in the Chicago area and decided to give B2BiT a shot on building a \$2.5 million, 65,000-square-foot building in 56 days in Irving, Texas.

B2BiT develops cost estimates, lists of materials and labor requirements, a schedule and work plan.

McLinden, who met Herskovits in 1993 while helping to save on remodeling the executive suite at Specialty Foods, said, "We take a 4D, manufacturing approach. Our plans give the length, width and depth plus the time it should take to build. The carpenters, for example, get just-in-time information

telling them what they need to do and when."

He said workers at a construction site rarely follow a strict schedule.

To help keep the client, subcontractors and Chicago B2BiT staffers informed about progress, a Web portal was established for the project. The project manager at the site provided a daily video report online.

Sanderson said he appreciated a Webcam that enabled him to zoom in from his desk or on the road and see how the project was doing. B2BiT has monitors in its lounge indicating customer satisfaction with ongoing projects—from a green smiley face reflecting satisfaction through yellow for potential problems and a red frowning face for a major issue.

Team members who failed to meet a deadline were placed online in a "dog house" until they resolved the problem.

"Problems were identified early and addressed quickly," said Sanderson, who recently hired B2BiT for another project.

Compared with the earlier GetThere project, B2BiT's construction was completed 43 percent faster and at 19 percent lower cost, McLinden said.

B2BiT, which has 20 staffers and is adding about three a month, charges a flat, negotiated fee of 4 percent to 8 percent.

He said that unlike typical contractors, B2BiT opens its books to its clients to show the cost of tiles, nails, fixtures and lumber.

McLinden said, "We are pushing for a major change in the construction industry."

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