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Mike Sullivan's Travels: From Boutique to Big Box to Downtown Re-Development, Peak Construction Charts an Ambitious Course in 2007 Lisle Design/Build Firm One of Eight Firms Chosen to Re-build Downtown Gary, Indiana

The price of raw goods continues to soar – delays in the production and delivery of specific shapes of structural steel reap havoc for project managers. The cost of insurance is always a variable, and local builders say the Chicago market is volatile. Given the daily challenges facing the construction industry, when does a boutique design-build firm sense that the time is right to expand?

The issue boils down to one of resource deployment, explains Michael Sullivan, president and founding partner of Peak Construction Corporation, a privately-held design-build construction and construction management firm celebrating its 10th year anniversary and has just completed its move into 4200 Commerce Court in Lisle from its former location in Downers Grove.

Sullivan, who launched Peak in 1997, has completed projects in 13 states in the last decade, it is through his understanding of the perils and pratfalls facing the boutique entrepreneur who grows “too fast, too soon” that has led the firm to continued success.

“The temptation to expand outside of your local market is always there. But from the per-



Michael Sullivan, President and Founding Partner, Peak Construction Corp.

spective of staffing and resources it's easy to get stretched too thin opening offices in new cities,” Sullivan explains, adding that the key to sustainable growth in the construction industry is diversifying services – not haphazard expansion.

Up until last year the firm was active in Kansas City and Indianapolis, but Sullivan pulled back when he realized that his local operations in the Western Suburbs were not being properly served.

And while out-of-market expansion remains a near-term goal, Sullivan's firm has broadened and expanded its service platform by building a network of alliances that allows Peak to recruit experts and partners from varying fields and backgrounds.

Mike Sullivan honed his strategy by working with some of the

best in the industry. He acquired an early taste for the business by accompanying his grandfather, a sheet metal contractor in Omaha, NE, on job sites. “I was just nine, maybe 12 years old at the time, but I knew then that this was something I always wanted to do,” he said.

After graduating with a degree in civil engineering from the University of Illinois, Sullivan went to work as a project engineer for Rauenhurst Corporation a Minneapolis-based corporation with an office in Rosemont. Jim McShane, who launched McShane Construction Companies in 1984 and has since expanded into six satellite offices in the south and southwest, ran the local office.

In the 1980's, Sullivan worked on a number of noteworthy design/build projects like the Kensington Corporate Center in Mount Prospect and the Rockwell International building in Downers Grove. Later, Sullivan went to work for McShane on the Mullins Food Products project in Broadview, a supplier to McDonald's and Arby's, where he helped Jim build the project management team. It was just the two of us, working side-by-side,” Sullivan recalled. “We had 150 people and were doing \$50 million a year when I left.”

But as he candidly admits: “to live the American dream I needed to start my own firm.” In 1996, Mike joined Phil Adamski's team at LDAS Services; organized and incorporated in Indiana. But from a marketing/branding standpoint, the name LDAS Services didn't cut it. “For the entity to have its own personality, it needed its own name,” Sullivan adds. “Pinnacle was our first choice, but it was already taken. So Geri Brukoff of Brukoff-Chaffee Marketing Communications came up with our yellow triangle logo and the company name, Peak.”

Sullivan's success stems from a set of five business principals that has guided his decision



Peak Construction headquarters, 4200 Commerce Court, Lisle, IL

making since the beginning. It begins with “Being honest to a fault. Walk away from business rather than telling a client what he wants to hear,” he said. “Never over-promise anything. Treat people on a relationship basis to achieve workable solutions to their problems. Recruit people who are good listeners, and build a broad platform of services – “big-box” warehousing, retail, corporate headquarters, multi-family, specialty commercial construction projects and health-care.”

In the past several years, Peak Construction has been an active player in the burgeoning medical field with multiple projects.

“It’s a great opportunity,” Sullivan explains. “Physicians no longer want to work off-site from the large healthcare centers they serve,” he said. “The trend is to office in adjacent facilities connected to the hospital by bridges and walkways. Practitioners are benefiting from lower rents when they lease directly from the hospital.”

It is the most important trend in the healthcare industry in recent years – the on-going effort to increase efficiency of service delivery by removing lost time from the process. Treatment spaces are being designed to maximize the number of patients a physician sees in a given day and to reduce the distances patients travel (within the treatment space) to receive care. As hospital administrators have come to view real estate as a strategic asset, they are addressing the demand for “medical malls,” designed to house primary care physicians, as well as imaging and lab with time-shares for specialists.

According to a joint study conducted by Ross Mullner of the University of Illinois at Chicago and Kyusuk Chung at Governors State University in conjunction with the American Hospital Association, there has been a decline in the total number of hospitals and beds in the Chicago Metro area from 64 to 42 since 1980, but over the next decade as the Baby Boom population ages, the healthcare industry will undergo remarkable expansion vis-vis:

- Growth of multi-hospital systems or net-

works of hospital care;

- Increase in the number of hospitals owned by “for profit” corporations;
- Modernization and replacement efforts of existing hospitals. Northwestern Memorial and Cook County Hospital (now the John H. Stroger Hospital) are recent examples of this trend.

Creating and implementing “smart” building practices, allowing for growth, adaptability, convertibility, and durability are the critical issues in modern healthcare design-build, and the challenge for companies like Peak that have remained focused and ahead of the curve in the delivery of end product. Recently Sullivan and his team designed and constructed a 16,000-square-foot podiatric out-patient surgery center in Mokena that included four operating rooms, a procedure room, and expansion capabilities for a future recovery care center. Boulder Architects, specializing in medical centers partnered with Peak in the delivery of this state-of-the art facility.

Another medical office project for Peak in the village of Bolingbrook (a 70,000-square-foot facility) for the Adventist Hospital Group is scheduled for completion at the end of the year.

John Reilly, a Peak Construction vice president overseeing the functions of estimating, recruiting, financial reporting, and operating procedures agrees that the commitment to diverse market deployment (one being healthcare), is key. Reilly joined Peak in 2006 after running the Lutheran General Hospital Cancer Care Center project.



John Reilly

“The medical office market was hot in the early 1990’s, but now it has come around again, primarily due to the new technologies, MRI, CT, mammography, nuclear medicine – existing facilities simply don’t have adequate space. Accommodating changing demographics, these

are the market drivers today,” he said.

Reilly says “design-build starts with the owner(s) and what there needs are. Clients are much more knowledgeable these days, and it is our ability to be truly nimble on how we attack a problem. We step in and add immediate value to projects that benefit clients well down the road.”

An active player in industrial markets and big-box construction in the suburbs and out-of-state markets, Peak built a new 682,500 square foot, two-warehouse distribution facilities for Trammell Crow Companies completing the project in 24 weeks for possible tenant occupancy in Crest Hill, Ill.; Peak worked for USAA Realty to deliver an 850,000 square-foot warehouse/packing and conveyor distribution center for Kraft in Aurora, Ill., to facilitate a 24-hour multi-shift environment for its fully automated picking, packing operation; Peak delivered a 450,000 square foot, cross-docked warehouse and distribution facility in Minooka, Ill., for Alberto Culver; and designed and constructed Arbonne International’s space inside the Precedent South Distribution Center (LINK), comprising roughly half of a 442,737 square foot in Greenwood, IN.

In 2007, the “jewel-in-the-crown” project for Peak, one that was unveiled at a press conference on February 8th will likely be the New Gary Development Group (NGDG) – a master plan to redevelop a two-block stretch of Downtown Gary, IN. The ambitious four-phase project will bring additional office space for city agencies, a new hotel, restaurants, city hall plaza, retail/residential-housing center, and the re-development of the old Sheraton Hotel and Plaza. The Marriott Corporation and other lodging chains have expressed interest, but so far no commitment has been reached with regard to the new hotel.

The final two phases of the development project will bring a big box retailer to the new lifestyle center. An estimated 1,500 housing units will be erected along with gas stations, fast food restaurants & small businesses. Peak Construction is one of eight firms selected in the RFP process to deliver to the residents of Northwest Indiana the “New Gary,” an aesthetically pleasing “town center” concept envisioned by Mayor Rudolph Clay. According to Clay, “it will become a destination place where residents and tourists will enjoy city living, dining & shopping.” Initial costs are pegged at \$60 million dollars.

It is the kind of business opportunity that most appeals to Mike Sullivan; a legacy-building project for the common good; one that realizes the promise of the “American Dream,” a dream he has shared since he was a boy poking around construction job sites and piles of dirt with his grandfather in Omaha.

Arbonne International Project Profile
208,737 square feet • Distribution facility
Precedent South Business Park, Greenwood, Indiana

▲ **Solution:** Peak took on the welcomed challenge of designing and building Arbonne International’s space inside the Precedent South Distribution Center, also constructed by Peak. Peak needed not only to design and construct an aesthetically pleasing interior and exterior office space, but the requirements also called for the creation for multiple-level work areas to accommodate Arbonne’s sizable work force.

The interior and exterior improvements included office space, conveyors, mezzanine and multiple level picking and sorting stations. The work included increasing the electrical service size; increasing parking space areas; and, modifying the office entry and window features.

▲ **Challenge:** Design and construct office space, conveyors, mezzanine and multiple level picking and sorting stations operated by a multiple shift workforce of 150 employees.