

CONSTRUCTION EXECUTIVE

In-depth Profiles of Chicago Area Construction Executives & Projects



**BUILDING ON
REPUTATION:
Commitment to
customers makes
Peak Construction
tops in the suburbs**

Peak Construction builds a national reach

BY JEAN MURPHY

When designing and constructing a building, every decision — no matter how seemingly minor — is important because each decision wrongly made can cause a project to go off track and spiral into added time and expense.

That is why the executive team at Peak Construction Corp., based in Des Plaines, prides itself on questioning every aspect of the projects it tackles. Members consider themselves “thinkers” and use their expertise in architecture, engineering, civil engineering and construction to examine every aspect of every project in minute detail, suggesting alterations they believe will benefit their clients during the construction process and for years to come, said Peak Construction President John Reilly.

“We put our clients’ investment goals first when considering the budget, schedule and quality of a construction project and we have been successful at that because we have lots of horsepower in our organization to apply our knowledge and experience,” he said.

When Peak was building the Marriott Hotel in Naperville, for instance,

On the cover

Michael Sullivan Jr., CEO of Peak Construction Corp., stands with John Reilly, president, at the job site of the new national headquarters of Sunstar Americas Inc., slated to open in 2015.

the company took the opportunity to properly apply Marriott’s international design principles calling for “great rooms” at all of its full-service properties. Peak executives felt the great room planned for the Naperville hotel was entirely too large and costly and that the money Marriott was planning to spend there could be better spent in other areas of the hotel or not spent at all, Reilly said.

“The owners agreed and we reallocated that savings to the places where guests would actually spend the most time — their rooms,” he said.

With revenue of \$60 million per year, Peak is particularly well-known for designing and constructing industrial, office, hospitality and health care facilities, although they have also dabbled in multifamily residential and specialty construction like clean rooms



Michael Sullivan Jr.

Founder and CEO,
Peak Construction Corp.

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(630) 737-1500

www.peakconstruction.com

Education: Lake Zurich High School, engineering degree from the University of Illinois and an MBA from Northwestern University.

Career: Started at Opus Corp. Former president of McShane Construction. Founded Peak Construction in 1997.

Company: Design/build firm delivers office, industrial, hospitality, health care, retail, multifamily and specialty commercial construction projects for high-profile clients.

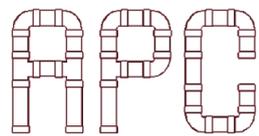
and freezer buildings that have special characteristics and don’t fall into a core market.

“We are best known for our work in industrial and hospitality construction, which is interesting because those are completely different markets,” Reilly said. “In fact, they are diametrically opposed because hotels involve restaurants, banquet rooms and guest rooms with bathrooms, while industrial buildings are very engineering focused with large, clear spans of open

space. The fact that we are known for both speaks to the engineering and architectural background and expertise our people have.”

The builder also has extensive experience in constructing medical offices and assisted living facilities for seniors and Peak executives expect to do more of that kind of construction in the near future.

“There are a lot of similarities between health care and hospitality construction,” Reilly said. “A number



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of us on the executive team also have individual experience in building acute care (hospital) facilities, but not while we were with Peak. We constantly focus our efforts on work where we can add the most value long term and this focus certainly applies to certain segments of the health care market, as well. We closely watch the kinds of jobs we pursue.”

Multifamily (apartment and condominium) residential construction also has many similarities to hospitality construction, so the team at Peak is considering doing that more often, as well, as opportunities present themselves.

“Our strike zone is in the complex or time-sensitive projects. Those are the things that we do extremely well,” Reilly said. “The more detailed, complicated, regulated and challenging a project is, the better it is for us.”

Peak designed and built a new 240,700-square-foot headquarters in Mount Prospect for Rauland-Borg Corp. and, according to Reilly, it presented a puzzle for the 23-member Peak team to solve.

“They needed to stay operational during the move, so we had to get the building ready and move them, department by department, into a new building that included offices, manufacturing, training facilities, a showroom, full-service cafeteria, fitness center and (the move) had many



MARK WELSH/mwelsh@dailyherald.com

Ray Solis of Peak Construction Corp. puts in a waterline while working on the new national headquarters for Sunstar Americas Inc.

information technology challenges,” he said.

The company is also known for its expertise in energy-efficient, Leadership in Energy and Environmental Design construction, or LEED-certified buildings, like the Westfield Ford dealership in Countryside and NOW Foods in Reno, Nevada.

In the early years after Peak was founded in 1997 by Michael Sullivan Jr., the company did much of its work

in Kansas City and Indianapolis, as well as Chicago.

Sullivan, a licensed professional engineer, is a product of an Illinois education, beginning with Lake Zurich High School, an engineering degree from the University of Illinois and an MBA from Northwestern University. With the strong foundation, Sullivan began his career working for one of the pioneers and development tycoons in design/build construction,

the late Gerry Rauenhurst, and later became president of the very well-known and highly respected McShane Construction.

Sullivan then followed the American dream by starting his own firm, which he named Peak Construction Corp., where he applied the fundamental principles he had learned in both of his previous organizations — “doing the right thing” and accepting responsibility for both the success and failure of decisions made to pursue client objectives.

Thanks to his strong reputation in the field, Peak immediately had a loyal following of national clients who sought out the new design/build firm because of its emphasis on value and careful consideration of all aspects of each project.

“Annually, about 10 (percent) to 25 percent of our work is done out of state and can be as high as 40 percent,” Reilly said. “We go where our clients need us to be, with most of our work being done in Illinois, Indiana, Wisconsin and Iowa. All of our work is done in the United States.”

Among its most notable out-of-state projects are the George Butler Associates headquarters in Lenexa, Kansas; the Amorim Cork headquarters in Napa, California; a facility for NOW Foods in Reno; an Arbonne

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Peak's work begins long before ground is broken

International building in Greenwood, Indiana; and the Copart Inc. headquarters in Fairfield, California.

Its first residential complex, McCormick Place Apartments, was built in West Lafayette, Indiana.

Within Illinois, Peak's achievements are just as impressive. Reilly said the company is particularly proud of the Easton-Bell Sports Inc. headquarters in Rantoul, the Naperville Marriott Hotel, CareFusion in Vernon Hills and the still-under-construction Sunstar Americas (dental hygiene products) corporate headquarters in Schaumburg.

Client focused

"We have a reputation for doing the right thing. It is part of our core values to work on the owner's behalf first because we see ourselves as a service business. We are a design/build firm that also does construction management and, unlike traditional general contractors, we always look at a project in terms of how it will impact the client's bottom line before we look at how it will affect Peak. We don't want to put a client in the position that they won't be able to sell or lease a building later because of a decision made



Peak Construction Corp. executives Michael Sullivan Jr., right, and John Reilly check progress on the Sunstar Americas Inc. headquarters.

MARK WELSH/mwelsh@dailyherald.com

during construction," Reilly said. "That has been a great strategy for Peak."

From the outset, Sullivan, now Peak Construction's CEO, strategically developed a network of alliances that allows Peak to bring in experts and partners from a wide spectrum of fields and roles. These include not just design specialists and subcontractors selected for their ability to execute the most technologically sophisticated

operations, but also financial investors and lenders who help make projects happen.

Peak is capable of bonding projects in excess of \$50 million.

"At Peak, we see ourselves as the quarterback on the team or the center of the wheel," Reilly said. "We can help with site selection, land development, entitlement work with municipalities for incentives, financing and,

finally, the actual architecture, engineering and construction. We make sure everything stays on track and can even provide our clients with a guaranteed price.

"We take projects from ideas to paper to completion, taking on all the inherent problems for the client, because we realize errors will eventually cost the client and we work to make sure that doesn't happen. On some projects we are even responsible for stocking the kitchen with pots and pans," he said.

Surviving the recession

"We actually got stronger between 2008 and 2013 with growing revenues and profitability," Reilly said. "We built our hospitality business during the recession and won General Contractor of the Year in both 2012 and 2013 from NAIOP (formerly the National Association for Industrial and Office Parks, but now the 15,000-member Commercial Real Estate Development Association)."

During those difficult years, Reilly, Sullivan and the other Peak executives also came to recognize the unequalled importance of reputation.

"Reputation is all you have during

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the tough times," Reilly said. "No one had any money for marketing in those years so all you had was your reputation among clients, brokers and developers. We counted on those people to recommend Peak to potential clients who needed a design/build firm that could solve unique problems."

During the recession, Reilly and his team learned the overriding importance of how you treat everyone from your clients to your employees.

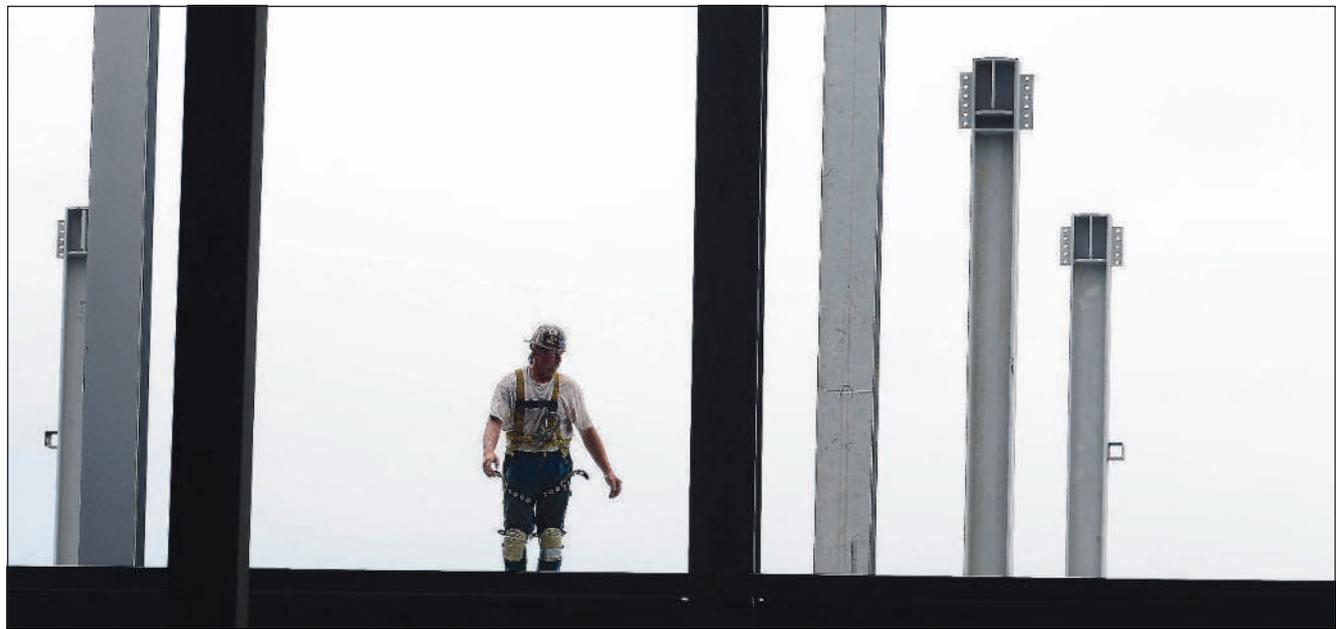
"Ninety-five percent of business is communication. Many people underestimate the importance of how you interact with everyone. I learned that you have to treat each meeting like an interview. You have to assign a high level of importance on everything you do," Reilly said.

"In addition, you engender loyalty from your employees when you treat them with respect and like they are members of your family. When you do that, employees will act as if the money they are spending is their own and that is what you want."

Challenges and changes

Navigating a market that has been terribly depressed for a number of years is a challenge to Peak and its competitors alike.

"Labor and material costs have been depressed but now we are seeing a large amount of growth, with prices



A construction worker balances on beams at a Peak Construction Corp. job site.

MARK WELSH/mwelsh@dailyherald.com

escalating quickly. Understanding that kind of market, and predicting where it will go so that we can guide our clients' decisions, is a challenge," Reilly said.

"We have to keep our fingers on the pulse of the market so that we know which prices are going up and can mitigate some of the risk for ourselves and our clients," he said. "The timing of decisions becomes very important. Changes in the overall market and the economy can quickly impact

the dollars involved in a project if you aren't vigilant."

This becomes even more challenging with out-of-state work, Reilly acknowledged, because costs and markets differ and no one can know everything about every market.

"But Kansas City and Indianapolis are like our second homes. We know those markets well."

The fact that zoning and regulations change almost every year is another

challenge, particularly with energy efficiency related regulations. While increased energy regulations can have a substantial impact on upfront costs, they do come with a reasonable long-term payback for the client, he said.

Financing and on-the-job safety are the areas where Reilly admits to having seen the biggest changes since he entered the construction field in 1990.

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"It is a different world today in terms of how projects are funded and how that financing is scrutinized. It is a lot more challenging than it used to be because you have a lot more people looking at the dollars," Reilly said.

"I am happy to say that there is also a much higher appreciation for job-site safety than there was in 1990. Peak has always been focused on safety, but that was not true of all companies," he said.

"I care more about Peak's success in serving our clients and our reputation than I do about the size of our company," Reilly said. "In five or 10 years I want to see more clients looking for our services because of the reputation and brand name we have created and maintained. I expect the other benefits of success in this regard, such as sustained long-term company performance, to naturally follow from year to year. That is the company that I want to pass along to the next president."

Smart growth is foremost to Reilly. For instance, he said the company may engage in more multifamily residential construction if the market is there for such projects.

"We will never get into single-family home construction. But I can see us doing multifamily projects. We

certainly have the pedigree to do it," he said. "The important thing is that we aren't afraid to question our choices and turn away if we don't think they are smart."

Executive background

Reilly, a licensed architect in the state of Illinois, holds three degrees from the University of Illinois at Urbana-Champaign. He earned his bachelor's degree in architecture and then two master's degrees — one in architecture and the other in civil engineering, with an emphasis in construction management.

After completing his schooling, Reilly went to work for McClier Corp., a Chicago-based design/build firm with a national presence, so that he could get some experience in the field, learning the practical side of the business as a construction superintendent and project engineer. After building facilities in the Chicago area at O'Hare International Airport, the Brookfield Zoo and the Shedd Aquarium, he traveled the country, building newspaper printing plants, primarily, and working his way up to project manager, then senior project manager, and finally vice president over a period of



MARK WELSH/mwesh@daillyherald.com
Bill Nielsen of Peak Construction, left, talks with Chuck Young, sewer foreman at the Sunstar Americas Inc. job site.

13 years.

His next stop was with Power Construction, a Chicago-area general contractor, where he helped to build Advocate Lutheran General's Center for Advanced Care (a cancer-care facility) in Park Ridge. Reilly was with Power from 2004 to 2006, when he left to join Peak Construction as vice president of operations. He then helped Peak build its health care and hospitality market segments.

Reilly was named president of Peak in 2012 when Mike Sullivan moved up to CEO. Sullivan is still an actively

involved, integral part of the Peak team, Reilly said.

"I am a person who likes to be able to measure results but I also enjoy being creative. That is why I love building. When you construct a building, it is there forever. You can drive by something you created for years to come and you know it will have a lasting impact on people's lives," he said.

Peak Construction is headquartered at 1011 E. Touhy Ave., Suite 100, Des Plaines. The company can be reached at (630) 737-1500 or through www.peakconstruction.com.

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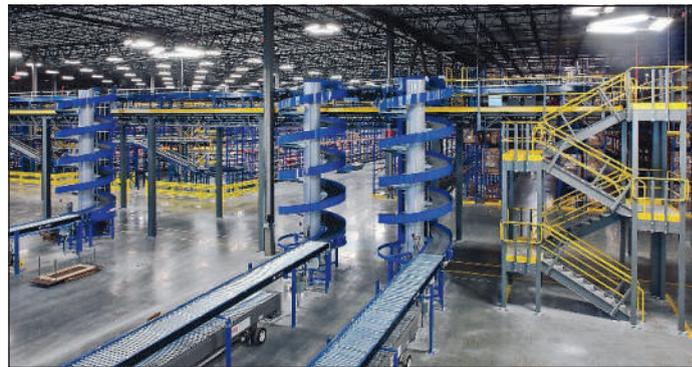
Naperville Marriott



Easton-Bell Sports

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Sunstar Americas Inc. construction site.



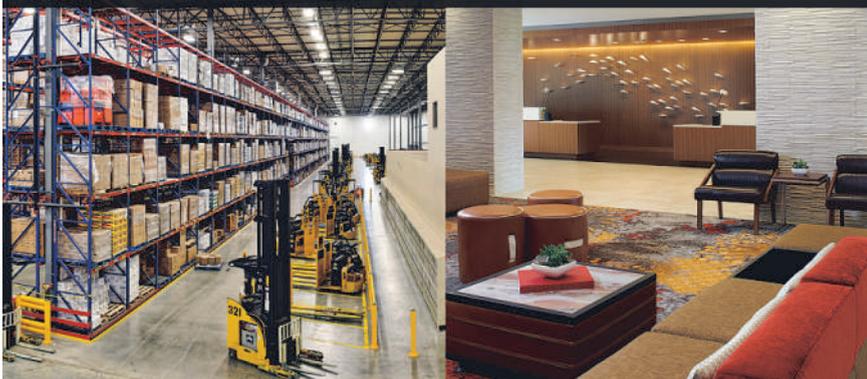
Easton-Bell Sports warehouse interior.

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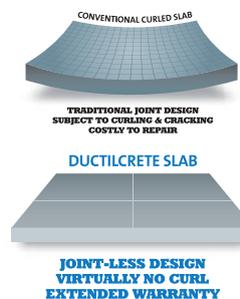
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