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Shawmut takes aim at NY-area institutional market

New market presents opportunities and plenty of risk

Premium content from Boston Business Journal - by Keith Regan

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Shawmut Design & Construction is taking aim at the multibillion-dollar institutional market in the New York area, hoping to give its top line a \$100 million boost by leveraging a reputation forged on New England college campuses.

Shawmut appointed **Les Hiscoe**, who previously oversaw Shawmut's retail construction business, to oversee the institutional, cultural, educational and historic preservation niche as it seeks to move into those markets in the highly competitive New York marketplace.

"This is going to be a growth year for us, and we're making a couple of strategic moves to help make that happen," said Shawmut President **William Hughes**. After shedding workers in 2008 and enduring one of the industry's worst years on record in 2009, Shawmut had a comparatively stronger year last year — and the company's long-range strategic plan envisions more expansion.

"In the face of a couple years of bad news, we think our industry could use some optimism," Hughes said.

Shawmut has moved from its roots in the Boston area, where it was founded in 1982 and where it worked extensively on the MIT and Harvard campuses, into Providence, where Brown University became a repeat customer, and then into Connecticut, where its work includes the LEED Platinum Certified Sculpture Building on the campus of Yale University in New Haven, Conn.

"We sort of marched south by leveraging what we'd already done," Hughes said. "It only seems natural to come into New York now."

The move comes at a time when three Big Apple schools — Columbia, NYU and Fordham — have announced expansion master plans worth a combined \$10 billion.

Moving into new markets always poses risks and challenges, and New York City is probably one of toughest nuts of all to crack, said **Peter B. McGlynn**, a construction industry attorney with [Bernkopf Goodman](#) LLP in Boston.

"The old Sinatra song is true for construction companies — if you can make it there, you can make it anywhere," McGlynn said.

Working in the city comes with a host of unique hurdles, from extra layers of bureaucracy, including one of the country's only municipal building codes, which is updated every three years, to higher labor and materials costs and logistical challenges. "The bureaucracy alone can be staggering."

Entering new markets too aggressively has led contractors to dire consequences in the past.

"It is one of the major reasons for bankruptcy, along with self-performing work that had previously been subbed out," McGlynn said. "When you are a Boston company looking to get into New York, you have to ask yourself what you can bring to the table that others can't. Shawmut must feel they have a good answer to that question."

Hiscoe said the company's portfolio from New England includes hundreds of projects from dormitories and dining halls to science labs and complex historical preservation projects. "Those are exactly the kind of projects that are starting to be advanced through the pipeline in New York," he said.

Looking ahead, Hughes said other expansions may be led by the company's retail and hospitality divisions, which are strong in established Shawmut markets such as Boston, New York and Las Vegas.

"Boston is still our home," said Hughes, adding that more than half of the projected \$625 million in revenue in 2011 — up from \$560 million in 2010 — will come from the local market.