

TEXAS TECH UNIVERSITY

ZALE CORPORATE HEADQUARTERS COMPLEX  
ARCHITECTURAL THESIS PROGRAMMING - 422  
DECEMBER 11, 1979  
KIRBY CHADWELL

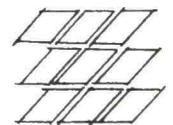
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INTRODUCTION

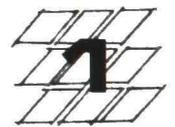
The following written program is the result of four months of work during the fall semester of 1979. This program is intended as a basis for the design solution of a new headquarters complex for the Zale Corporation.

The design process for this proposal will begin in the spring semester of 1979, to complete requirements for a Bachelor's Degree of architecture from Texas Tech University.

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**BACKGROUND**



## SUMMARY OF OVERALL CORPORATE GROWTH

The Zale Corporation in its first fifty-five years of growth has grown from a few employees to approximately 18,500 employees today.

Annual revenues have risen to a billion dollars (\$904,464,000) in 1979, while earnings also have increased substantially during the half-century of growth.

Capitalization of the company at the outset was approximately \$35,000, of which \$15,000 was due to store fixtures. Presently Zale's shareholders' investment exceed \$360,000 compared to \$260,000 only five years ago.

Since its beginning in Wichita Falls with one jewelry store, Zale today has become an international corporation with close to 1,700 specialty retailing units.

For the Corporation, the transition from a small, single store to a major corporation came in distinct phases.

From Wichita Falls, the corporation expanded to several other cities. The corporation's growth slowed during the depression, but emerged after World War II as a solid, prosperous, retailer with a proven method of expansion.

The next phase included more rapid expansion with a transition into diversification. Zale began to diversify in the jewelry market by moving into different types of stores catering to different needs of different classes of consumers within society.

Diversification then took the form of moving into other areas of specialty retailing such as drug stores, home furnishings, budget fashions, footwear and sporting goods.

Throughout these diversification steps, the company stayed close to the fundamentals of its founding jewelry business.

Over the years, the corporation has mastered all aspects of the complex business of diamonds. It has increased its proficiency at both the buying and selling levels. The corporation also began engaging into areas of cutting and polishing its own stones and manufacturing its own pieces of jewelry to give the best value possible to the consumers. In doing this, the corporation established itself as one of the world's leading retailers of diamonds and jewelry.

From the outset, the corporation has been conscious of the needs and desires of its customers. This sensitivity led Zale to offer credit to its customers at a time when it as not a widely accepted retailing function, particularly in the retail jewelry field.

The fundamentals of specialty retailing, as created by Zale in its jewelry stores, applied as well to specialty retailing in other areas. By retaining the feel for how a relatively small specialty store should relate to its customers, Zale has created a major corporation based on that concept.

The final phase of Zale's growth came as the company began to develop the control systems necessary to allow a large corporation to remain flexible and responsive as a small store to customer demands in the community it serves. With these control systems, corporate management committed itself to sophisticated personnel development programs aimed to stay responsive to individual customers.<sup>1</sup>

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<sup>1</sup> Zale Corporation Annual Report - 1979, pp. 4-5.

## HISTORY OF: ZALE JEWELRY DIVISION

The Zale Jewelry Division got its beginning from M. B. Zale in 1924 upon his opening a jewelry store in Wichita Falls, Texas. Mr. Zale was a Russian immigrant, his family arriving in the United States in 1908. Mr. Zale got started in the retail jewelry business in 1922 by renting spaces in jewelry showcases in a local drug-store. With the profit from these sales, Mr. Zale purchased a store in Wichita Falls from his uncle. Business started out slow but Mr. Zale never experienced a losing year, except possibly in 1932 or 1933.

By 1945, the Zale Jewelry Company operated three stores in Wichita Falls and 17 in the Southwest. Mr. Zale managed the first store through 1943 and then in 1946 relocated in Dallas.

During World War II an office was established in New York and by 1958 the company began the operation of cutting its own diamonds.

Today the Zale Jewelry Division is the primary retail division of the corporation. At fiscal year end 1979, the Jewelry Division along with other smaller Jewelry Divisions accounted for approximately 60% of the total retail sales of the corporation and approximately 70% of the corporate assets.

The policy of operation for the Jewelry Division is to fulfill and satisfy demands for fashion jewelry among middle and upper-middle-income consumers. This strategy has led to the rapid growth of the division and this policy will continue to be maintained in the future.

The Zale Jewelry Division employs approximately 6,000 people in all areas of its retail stores. At fiscal year's end on March 31, 1979, the Jewelry Division operated 722 stores in 48 states and Puerto Rico. During the year, the division opened 59 new retail outlets and closed 29. During fiscal year 1980, the Division plans to open 57 new stores<sup>2</sup>.

## FINE JEWELERS GUILD DIVISION:

In 1944, the Zale Jewelry Company purchased a small jewelry store in Houston, Texas under the name, Corrigan's. Other family-owned fine jewelry stores were purchased and by the mid-1950's they became a separate division (under the name Fine Jewelers Guild Division). Today, 174 fine jewelry firms (directed at upper income consumers) make up the Guild Division.

The oldest jewelry firm in the division is Stowell's of Boston, with a history dating back some 150 years. Stowell's jewelry stores began in 1822 in Boston. Another member of the Guild Division, Bailey, Banks and Biddle was established in 1832, by Joseph F. Bailey. It was the first retail jewelry store in Philadelphia. Bailey, Banks and Biddle are well-known for their design and production of military insignia for the U. S. Government and Armed Forces; for example the Congressional Medal of Honor, Distinguished Service Cross, and many others.

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<sup>2</sup> Ibid pp. 4-5

Among the other members of the Guild Division are:

- o Wiss Jewelry Stores - Began in 1848, specializes in cutlery, watches, clocks, silver goods, optical goods, and diamonds. The store joined the Guild Division in 1962.
- o Hausmann's and Griswold's - Began in 1924
- o Granat Brothers - In San Francisco, well-known for outstanding jewelry design, the store has received numerous diamond international awards for design of diamond jewelry pieces.

In 1972 the Division went outside the United States for the first time in purchasing Dobbins Jewelers in Guam.

These stores reflect the operating policy of the Guild Division. The division purchases an operation with a quality reputation in a certain area, then expands in that market, keeping the original name of the store.

The Fine Jewelers Guild Division employs approximately 3,000 people in its retail stores.

At fiscal year end in 1979, the division operated a total of 261 outlets in 37 states and Guam. This is an increase of 16 new stores from 1978. During fiscal year 1980, the Division plans to open 18 new stores. The Division plans its growth on internal expansion and external acquisition.

The Guild Division primarily caters to upper-middle and upper-income consumers.<sup>3</sup>

#### LEASED JEWELRY DIVISION:

Zale Corporation began leasing jewelry departments within discount department stores in 1960 and by 1962 was operating 34 Leased Jewelry Departments.

The Corporation's Leased Departments are ones that are wholly-owned and operated by Zale (including fixtures, merchandise, advertising, management and personnel), however the Leased Departments assume the identity of the store in which they are located for the purpose of serving those customers.

During the early 1970's the Leased Jewelry Division established an immediate goal to develop "Professionalism through the Leased Operation to maximize volume and profit." At the end of fiscal 1979, the division, in coordination with this established goal, completed its plan to decrease involvement in the discount-store market and to increase involvement with department stores.

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<sup>3</sup> Zale Corporation Observer Magazine - May 1974, p. 6.

As a result of this strategy, during fiscal 1979, the division closed 84 outlets in discount stores and opened 32 department-store outlets. Of the outlets closed, most were in the Woolco store chain. The Division made a significant entry into the desired department store market through the Dillard's department store chain. At fiscal year end 1979, the division operated departments in 25 Dillard's stores and plans to open 12 more departments in Dillard's stores during fiscal 1980.

The Leased Division employs approximately 1,000 people in its retail outlets.

For fiscal 1980, the division plans to open 16 new outlets and explore new opportunities with department stores.<sup>4</sup>

#### CATALOG DIVISION:

The Catalog Division was formed in 1969 with the purchase of three O. G. Wilson stores in Kentucky.

By the end of 1973, the division was operating twelve stores in six states. The stores offer jewelry merchandise, plus a variety of self-service departments at competitive catalog-store prices. The stores also feature a centralized warehousing system, and computerized cash register system for easy, fast customer service.

In fiscal 1979, the division opened a new 60,000 square foot outlet in Louisville, Kentucky. This outlet is located near a regional shopping mall, and is intended to be a direction for further expansion by the division. Another similar outlet will open in 1980 in Colorado.

The Catalog Division employs approximately 1,000 people in its retail outlets.<sup>5</sup>

#### DRUG DIVISION:

Just prior to 1900, Mr. J. A. Skillern opened a small drug store in Lewisville, Texas, dealing in a variety of general store items as well as drugs. Ten years later, Skillern opened a drug store in Dallas, which evolved to be the number one store in the chain, as other stores were opened in the downtown area and later in the suburbs. By 1908 the company was known as Skillern and Sons.

Skillern's first warehouse and office of any size remained open through the fall of 1958 and included a kitchen, bakery, photo finishing plant, print shop, and display department.

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<sup>4</sup> Ibid, p. 7.

<sup>5</sup> Ibid, p. 7.

Under the direction of Rae Skillern, who became the first President and General Manager of the chain, Skillern's continued to expand throughout the North Texas area.

Zale Corporation purchased the chain in 1965, consisting of 45 stores in Dallas, Fort Worth, and other North Texas towns.

Since that time, Skillern's has more than doubled in size and has become the largest drug retailer in Texas.

During fiscal 1979, the Drug Division made a significant acquisition in the purchase of the Gunning-Casteel Drug Store chain. This chain consisted of 22 stores in the West Texas and New Mexico market.

This achievement is in line with the major operating strategy set out by the division; that is to acquire companies that are prominent in their operating market.

The acquisition of the Gunning-Casteel chain signified the first time the division had expanded outside of Texas. The Skillern's drug store chain, not only is the largest in Texas, but now has become the second largest drug store chain in the Southwestern United States.

The Drug Division as of 1979 accounted for approximately 15% of the total sales of the corporation and approximately 6% of the total assets of the corporation.

At fiscal year end 1979, the Division employed approximately 1,000 people in its 157 retail outlets. Future growth of eight new outlets is planned for fiscal 1980.<sup>6</sup>

#### SPORTING GOODS DIVISION:

The Sporting Goods Division has become one of the company's fastest growing divisions. It was acquired in May, 1969, through the acquisition of two Albuquerque sporting goods stores under the local name of "H. Cook Sporting Goods". H. Cook originated in 1939 and since that time has been the leading sporting goods merchandiser in New Mexico.

In 1969, the division acquired two Dallas stores, retaining the locally-known retail name, "Cullum and Boren". By early 1971, expansion reached eight stores in the Dallas-Fort Worth area.

Continuing its pattern of expansion, the division purchased three Zinik Sporting Goods stores located in Utah in 1971.

The next major growth step came with the purchase of three Honolulu sporting goods stores in Hawaii in 1972 bringing the number of outlets of the division to 15.

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<sup>6</sup> Ibid, p. 10

Six new stores opened in 1973 and six in 1974 bringing the number of outlets to 27, by the end of 1974, in nine states.

During fiscal 1979, the division began a new direction in merchandising, aimed at "contemporary lifestyles for leisure-time activities". The major objective was to acquire a distinctive merchandising identity that would appeal to upper and upper-middle income consumers. That identity is reflected in effective displays stressing particular sporting activities (jogging, tennis, racquetball, etc.) within the larger context of a full-line sporting goods store.

Another major objective during 1979 was to strengthen divisional management. This was accomplished by appointing three new Vice Presidents to "initiate new controls and directions in the areas of store operations, merchandising and finance".

The division operates over 30 outlets with approximately 1,000 employees in nine states. During fiscal 1980, the division plans to open five new outlets.<sup>7</sup>

#### WATCH DIVISION:

The Watch Division is responsible for the assembly, manufacturing, and distribution of watch products to all jewelry outlets.

The Ross Watch Case Company, purchased in 1971, located in New York, supplies watch cases and other watch products to the Dallas-based Watch Division for assembly and distribution. The watch division in Dallas supplies all of Zale's jewelry outlets.<sup>8</sup>

#### INTERNATIONAL OPERATIONS:

During World War II Zale established a New York Office to facilitate the company's merchandising programs. In 1969 operations that were housed in five separate locations in New York were consolidated within a single facility.

Today some 600 people are responsible for the varied services which support Zale's Jewelry Operations worldwide.

Centered in the New York Office are the International Diamond Division, Jewelry Manufacturing and Jewelry Products, Watch Products, Planning and Operations, Inventory Control, Quality Control, Accounting and General Services.

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<sup>7</sup> Ibid p. 14-15  
Annual Report - 1979, p. 10

<sup>8</sup> Observer Magazine, p. 12

Also operating under the jurisdiction of New York are the corporation's foreign offices in London, Tel Aviv, San Juan, Antwerp, Hong Kong and Bevaix, Switzerland.

The company's Leslie Davis stores in London are coordinated by the New York Operating Division. Zale acquired the Davis chain in 1968. Leslie Davis is the leading jewelry chain in England with 150 employees at over 20 locations. In addition to the Davis chain, Zale operates several jewelry stores in the London area under its own name (Zales Jewelers).

Since 1958, the corporation has been in the business of cutting its own diamonds, first in Tel Aviv and later in San Juan, Puerto Rico.

The office in Puerto Rico houses the Zale Diamond Cutting Company, and Jewelry Manufacturing operation. More than 200 people are employed in the plant which supplies the New York Office with polished stones and finished jewelry pieces.

Zale also maintains a partnership with a plant in Bombay, supplying the company with rough diamonds in return for polished goods.

The company also has buying offices in Tokyo and Hong Kong.

Through these operations and facilities Zale is in a position to fulfill a major portion of the jewelry supply requirements of 1,100 plus retail jewelry outlets.<sup>9</sup>

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<sup>9</sup> Ibid, pp. 12-13

## GENERAL MERCHANDISE/OTHER DIVISIONS

## FOOTWEAR DIVISION:

Butler Shoe Company opened its first store in 1926 in Florida. Two years later a second unit was opened in Miami, which served as the company's headquarters until 1939.

Butler's acquired Pollacks, Inc. A 25-store chain based in in North Carolina, this was Butler's first major acquisition. Also Butler's moved its headquarters to Atlanta.

In 1955, the company merged with the Marilyn Shoe Company of Augusta, Georgia. This established Butler as a chain of 132 stores in 14 states.

Another major acquisition was in 1961 with the purchase of the discount shoe chain, JTS, Inc. of Rhode Island, consisting of 25 leased shoe departments in the Northeast United States.

Butler's joined the Zale Corporation in 1969. The Butler's chain today has expanded to a total of 359 Butler stores and 45 self-service footwear outlets. The footwear group operates in 32 states and Puerto Rico. During 1980, 39 new outlets are planned to be opened.<sup>10</sup>

## LEVINES GROUP:

The Levines chain began in 1946 and joined the Zale Corporation in 1966. The chain now comprises some 140 stores.

In 1972 the chain began restructuring its Dallas and Fort Worth stores changing from its dry goods image to a budget fashion style center. This changeover was completed during 1977.<sup>11</sup>

## HOME FURNISHINGS GROUP

Karotkins Furnishings Store began in 1882 in San Antonio. In 1969, Zale Corporation purchased Karotkins and it became part of the company's Home Furnishings Division.

Zale acquired three stores in San Antonio and one in Austin during 1969. Later that year five other stores were added in Galveston, Texas City and Waco.

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<sup>10</sup> Ibid p. 8  
Annual Report - 1979, p. 9

<sup>11</sup> Observer Magazine, p. 11

Blum's Furniture Company in Beaumont joined the division in 1972.

The division now includes some 15 stores and warehouse/showrooms throughout Texas.<sup>12</sup>

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<sup>12</sup> Ibid, p. 15

**RELOCATION:**

Zale Corporation is presently a billion dollar corporation. The company is the world's leading retailer of jewelry merchandise, and is one of the country's largest diversified specialty retailing firms.

Retailing comprises the majority of the corporate business, however Zale also participates in diamond cutting, polishing and processing; jewelry manufacturing; and the wholesaling of precious gems internationally.

The corporation today is headquartered in Dallas, Texas and operates 1704 retail outlets in 49 states, Guam, Puerto Rico, and The United Kingdom.

The proposed new corporate headquarters office park complex will consist of the following major areas:

- o Headquarters/Main Offices
- o Watch Division Warehouse
- o Drug Division Warehouse
- o Sporting Goods Warehouse (General Supply Warehouse included)
- o Printing/Graphic Arts Division Office
- o Distribution Center Warehouse

PRESENT HEADQUARTERS LOCATION:

Dallas has been the center of Zale Corporation's corporate activities since 1946 when it was moved from Wichita Falls.

In 1970, the corporation vacated its downtown offices for its present headquarters, an 18-story structure.

Housed in the Headquarters Building are corporate offices, eight divisional offices and various departmental services.

The corporate personnel of Dallas supports the company's some 1,600 stores through important back-up services such as Personnel, Training, Employee Benefits, Mail Room Services, Quality Control, Sales Promotion and Display, Printing and Graphic Arts, Forms Control, Real Estate, Corporate Credit, Accounting and Legal.

Every phase of store operation from Store Design and Construction to Purchasing and Distribution are handled predominantly by Dallas personnel. A General Office and Warehouse staff of more than 800 has the responsibility of synthesizing all aspects of the Corporation to work efficiently and productively.

The present 18-story Headquarters in Dallas consists of 560,000 square feet. It is presently 60% occupied by the Zale Corporation. The remainder of the space has been leased out to other companies.

In 1977 the Board of Directors of the corporation adopted a policy to disengage from Real Estate ownership (except in situations directly necessary for operations) and then if Zale was the only occupant.

In accordance with this objective during 1979, the Headquarters Building and adjacent properties were sold to the John Hancock Mutual Life Insurance Company, for approximately 38.2 million dollars.

This transaction resulted in a net gain after tax of approximately \$16.4 million. Of this, \$7.6 million was recorded in fiscal 1979. The balance of \$8.8 million will be recorded over the next five fiscal years beginning in 1980.

The Corporation will continue to occupy the building under a five-year lease arrangement until construction of a new Headquarters is completed.<sup>13</sup>

The problems with the existing Headquarters leading to reasons for relocation are:

- o Different facets of corporation located in different areas, Sporting Goods and Drug Warehouses located in different areas of Dallas other than Headquarters Building. This causes: communication problems between divisions, the loss of time traveling from one place to another for business purposes, lack of cohesion between divisions of corporation.

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<sup>13</sup> Annual Report 1979, pp. 2-4

- o Zale presently is very crowded in the space it occupies. Because they have leased all remaining spaces in the main building, there is no room for expansion. The leases existing are long term leases (for the other companies occupying the building).
- o When the design was begun on the existing building, there was no building program as a basis for design. The building was built as a "shell" with no consideration given to interior functions and activities. This obviously has led to many difficulties in the allocation of space requirements, the use of spaces, and any need for future growth.
- o With a new complex, the corporation is working towards its objective of "organized planning and design of office spaces". Unlike many corporations, Zale Corporation offices have never been clearly defined as to: title of space, number of employees, function of each employee, etc. This is one reason why a design program was not written previously for the existing building. The corporation has just recently begun laying out space requirements and growth expectations for areas of corporate headquarters (this has never been done before). This planning and requirements of spaces will be discussed fully in the Space Summary Chapter.

STEMMONS FREEWAY

COMMONWEALTH DR.

DIAMOND PARK DR.

IRON RIDGE ST.

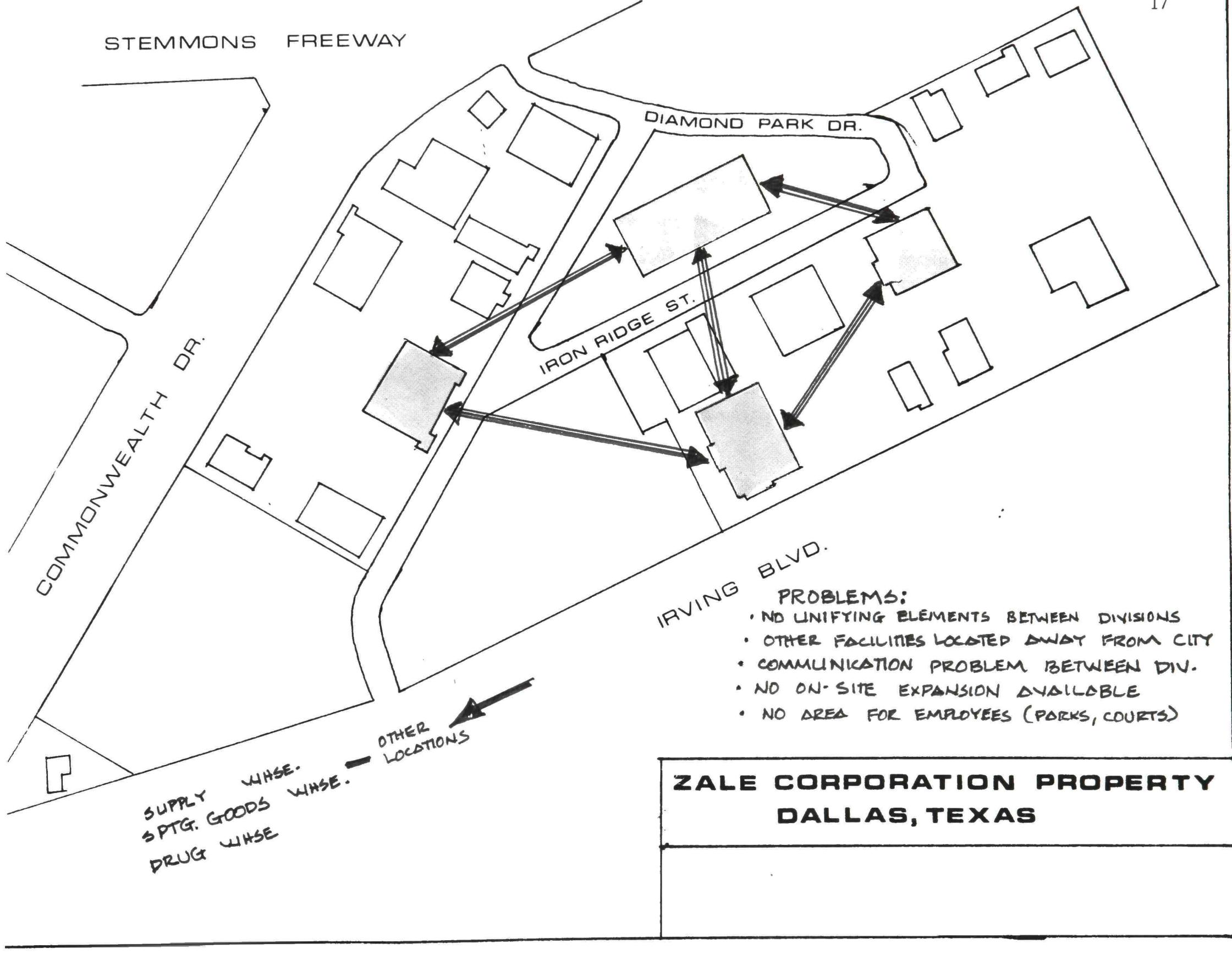
IRVING BLVD.

SUPPLY WHSE.  
SPTG. GOODS WHSE.  
DRUG WHSE

OTHER LOCATIONS

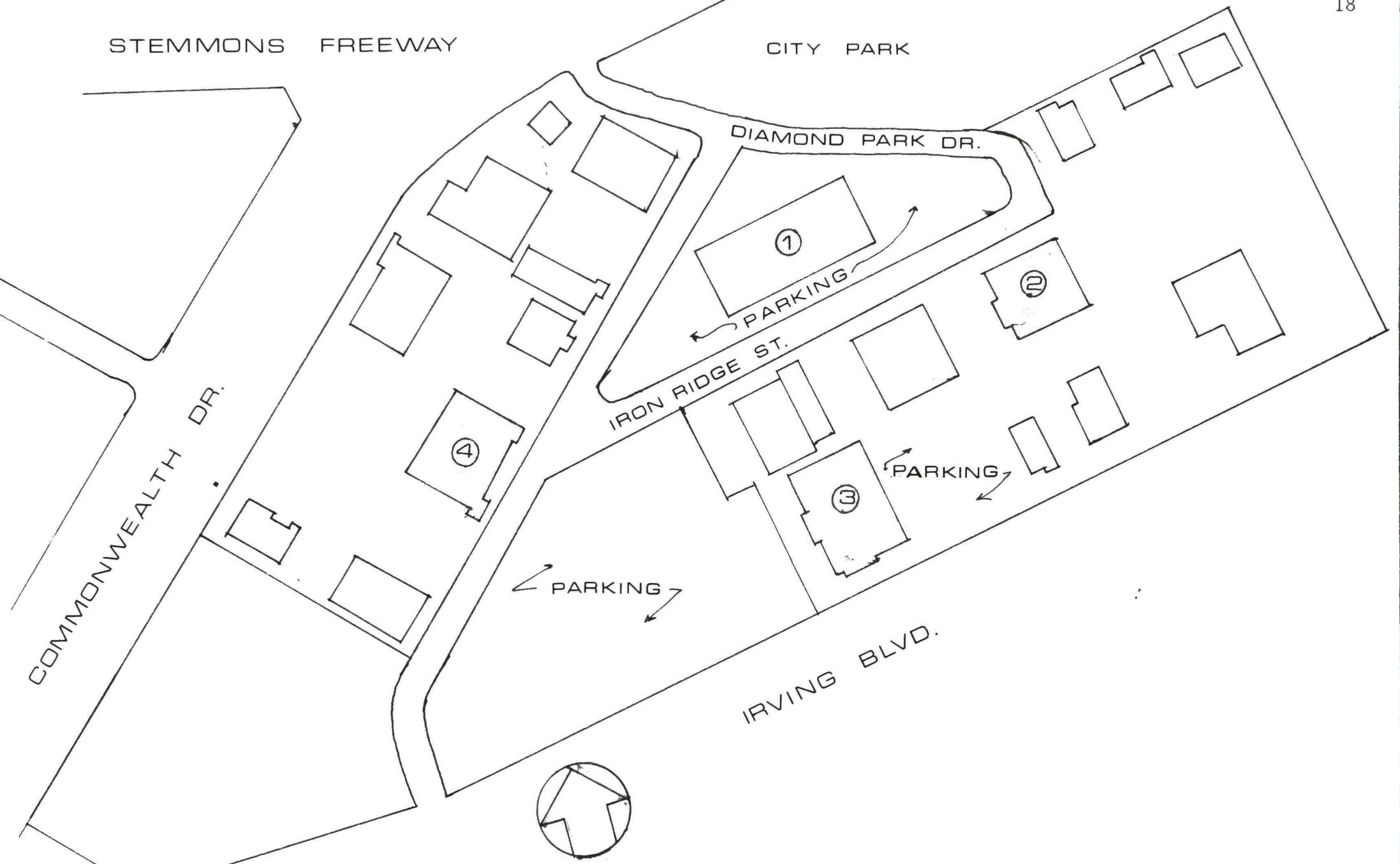
- PROBLEMS:**
- NO UNIFYING ELEMENTS BETWEEN DIVISIONS
  - OTHER FACILITIES LOCATED AWAY FROM CITY
  - COMMUNICATION PROBLEM BETWEEN DIV.
  - NO ON-SITE EXPANSION AVAILABLE
  - NO AREA FOR EMPLOYEES (PARKS, COURTS)

**ZALE CORPORATION PROPERTY  
DALLAS, TEXAS**



STEMMONS FREEWAY

CITY PARK



LEGEND

- ① MAIN BLDG - 560,000 SQ. FT. (ZALE-60%)
- ② WATCH DIVISION WHSE - 15,500 SQ. FT.
- ③ DISTRIBUTION CENTER - 30,000 SQ. FT.
- ④ PRINT/GRAPH. ARTS DIV - 30,000 SQ. FT.

**ZALE CORPORATION PROPERTY  
DALLAS, TEXAS**

EXISTING FACILITIES

## FACTORS INFLUENCING RE-LOCATION

The Corporate Board of Directors expressed the desire of moving into a more suburban setting with an office/business park, for exclusive use by the Corporation. Some of the factors influencing the decision for an office park were:

- o Would allow all facets, operations and divisions of the corporation (those based in Dallas) to be located within one complex instead of spread out over several locations (allowing more control over operations).
- o Purchase of land in suburban areas (not in downtown area) would be somewhat less expensive, thus allowing the purchase of a larger tract of land.
- o Allow more space for future expansion and parking facilities.
- o Create pleasant environment and exceptional degree of amenity for employees.

Specific advantages of office parks are:

- o Comprehensive protective planning and zoning.
- o Availability of utilities, access roads, parking and no congestion (off-street loading).
- o Controlled landscaping and architecture, good appearance.
- o Taxation advantages: lower insurance rates, easier financing, more investment protection.
- o Good accessibility for employees, rural atmosphere, less employee turnover.

## NEEDS OF CORPORATION/EMPLOYEES

- Establish an organized system - work towards (of spaces, departments) a more highly organized corporation.
- A new complex to house all facets of corporation.
- Consolidate all areas of corporation.
- A unified development for employees.
- A need to feel they have their own environment.
- Interaction between employees of different divisions.
- Open, recreational areas - parklike areas to create pleasant environment.
- Creation of a better environment for employees, increase attitudes concerning corporation and work duties, increase work flow.

The new complex will largely consist of largely open-planning office space. This was decided on by the Board of Directors of the corporation. They felt it would be:

- Better utilization of spaces.
- Allow for changes within corporation.
- Allow better work flow and communication through areas of corporation.

After examining activities and organization of the corporation, this looks to be the best approach to office planning and design.

**GOALS & OBJECTIVES**



## GOALS:

- Provide a future complex to house all functions of the Zale Corporation: Corporate Headquarters and Warehouses within one unified development.
- Utilize the most contemporary urban design and planning principles for the entire site.
- Analyze current and future requirements of the corporation into a logical building program.
- Develop design criteria based on business functions, relationships, expandability, flexibility, retention of the natural environment, corporate image, and regional character.
- The entire complex needs to be designed based on the human being. It should cater to employees and provide special areas for them.

## OBJECTIVES

- Provide a people-oriented environment for all employees to encompass different types of activities.
- Develop an alternative approach of office building design (office park) compared to the present high-rise building.
- Analyze important factors concerning suitability of the site; vehicle access, zoning restrictions, and environmental characteristics.
- Analyze different solutions (as seen in case studies) of planning and design concepts: "Radical concept", "Campus or Cluster Concept", "Spine Concept".
- Provide utmost in flexibility (re-arrangement of spaces, arrangements) of open-office planning.
- Acoustical treatment of building materials will be critical especially due to the use of the open-office concept. (Less interior walls - structural - to reduce noise transmission, partitions need acoustical treatment.)
- Arrange work areas for efficient movement and work flow.
- Adequate security for the complex as a whole.
- Provide special accommodations for elderly and handicapped.
- Allow safe pedestrian traffic on the site not in conflict with vehicular traffic.
- Landscaping shall be designed, controlled and a major integral part of the complex.

# ACTIVITY ANALYSIS



## ACTIVITY ANALYSIS

The Zale Corporation has just recently completed preparing organizational charts for the major areas of the Corporation. These have not been available prior to this time.

These charts will form the basis for the activity analysis of the corporation as it is the best evidence of work flow and analysis of business functions.

The retail divisions, as discussed in the background chapter, operate fairly independently within the Corporate Headquarters. These are as follows as noted on the "Corporate Master Chart".

### RETAIL ACTIVITIES

- o VICE PRESIDENT OF GENERAL MERCHANDISE AND DRUGS
  - Responsible for:
 

- Skillern's Division		All retail outlets
- Sporting Goods Division		report directly to
- Sugarman Division		Corporate Office
  
- o VICE PRESIDENT OF JEWELRY MARKETING GROUP
  - Responsible for:
    - Guild Division
    - Zale Division
    - Catalog Division
    - Leased Jewelry Division
  
- o VICE PRESIDENT OF JEWELRY MERCHANDISING
  - Responsible for:
    - New York Operations
    - Puerto Rico Manufacturing
    - Ross Watch Case
    - Watch Division (Buying for Guild, Zale, Catalog, Div.)
    - Swiss Office
    - Tokyo Office

#### GENERAL MERCHANDISING DRUG GROUP

This group is responsible for all retail outlets in the Skillern's Division, Sugerman Division and Sporting Goods Division. This has been one of the problem areas in the past. Allocation of spaces for future expansion has not been enough, more space was needed but was not available.

This group presently consists of approximately 140 employees in about 10% of the total net square footage of the Corporate Headquarters.

Within a year, the number of employees is expected to increase by over 20 people and the space requirements by about 60%. This large increase in space is due to the rapid growth of all the retail divisions. The space for the offices within the corporate framework has up to now been "cramped" and no room for expansion.

These offices will need a direct communicational relationship with the specific warehouses of the division. In the present situation, the warehouses not being located near the Corporate Headquarters has been a problem. Circulation patterns between the offices and warehouses should be well designed and although they will be separate buildings, the transition or circulation between them should be one of ease.

## JEWELRY/MANUFACTURING GROUP

This group is responsible for the majority of the retail jewelry outlets; Fine Jewelers Guild, Zale Store Division, Catalog Division, Leased Jewelry Division. These divisions comprise the majority of Zale's retail business. These divisions have also been the fastest growing ones among the corporation's divisions.

Presently this group accounts for approximately 14% of the total number of employees within the Corporate Headquarters and 18% of the net square footage area. Within a year the number of employees will increase to 20% of the total and the area to 22% of the total. This reflects the rapid growth of the divisions and the great need for expansion area in the future for the divisional offices.

These divisional offices as all other retail divisional offices will relate directly to the divisional management offices and the specific warehouses.



## EXECUTIVE OFFICES

## - Activity Priority

1. Private Offices - Operational, Administrative, Activities
2. Waiting/Reception
3. Secretarial
4. Conference
5. Access to Other Areas

Interaction between senior officers and employees of corporation as well as the general public is to be carefully controlled.

- Public to circulate freely unless otherwise designated.
- The staff (secretaries) as well as the senior officers can go about their normal work assignments without any general public distraction.
- Access from employees can be achieved through designed and planned routes.
- Receptionist/Secretary control entrance of visitors.
- Conference room located just off main circulation route. Receptionist able to give easy directions (to visitors coming into the offices for meetings).

## ADMINISTRATION AREAS

Included in the Administrative areas are the following major departments:

- Administrative Services
- Personnel
- Property Development
- Property Management

Presently the Administrative areas account for approximately 15% of the total number of employees and 18% of the spatial area. These figures are expected to increase by 10% in the employee count and 8% in the area requirements within a year.

These areas do not grow or expand as rapidly as the retail divisional offices. Their present space is crowded and the expansion planned for the next year is adequate to relieve the crowded conditions.

These areas need to be highly flexible in terms of arrangements of people and spaces. Also, due to the fact that these departments serve all areas of the corporation, accessibility to areas for employees needs to be clear and well-defined to eliminate confusion.

These areas relate directly to the Vice President Administrative Office. Secondary relationships with the Finance Department and the Retail Divisional Offices are also important.

## ADMINISTRATIVE AREAS - Major Activity

Administration of all areas of corporation

## SECONDARY:

\*PROMOTIONAL SERVICES

- Advertising
- Design
- Purchasing Forms and Control

Contributing to Promotional Services

- Coordinate retail divisions - Advertising/Promotion  
[Zale, Lease, Guild, Sporting Goods, Skillerns, Sugerman]
- Corporate Creative Department
  - Art Director
  - Coordination Training
  - Photography
- Printing/Graphic Arts - Supply all areas of corporation
  - Word Processing
  - Typesetting
  - Printing
  - Bindery
  - Shipping/Receiving

\*PERSONNEL SERVICES - Supply People for Corporation

- Supplemental Activities
  - Counseling
  - Child Care
  - Recruiting for Corporation
  - Training
  - Management Development
  - Educating/Company Policy-Benefits

\*PROPERTY DEVELOPMENT

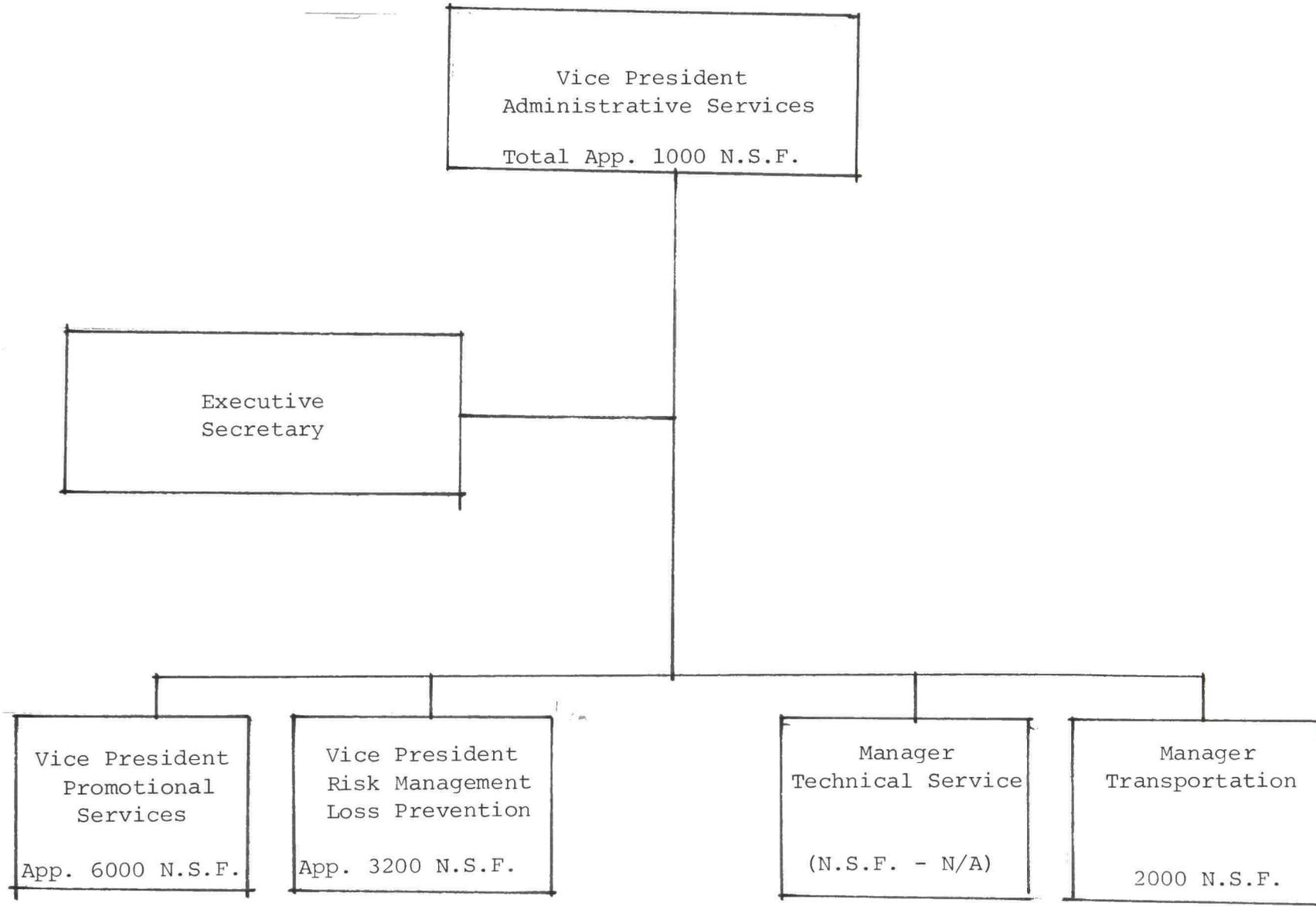
- Controls all corporate owned property and facilities
- Critical inter-relationship with Divisional Management and Real Estate Department
- Designs all retail outlets
- Executes Construction

\*PROPERTY/BUILDING MANAGEMENT

- Oversees all operational and maintenance activities of Corporate Headquarters Building

\*TRANSPORTATION

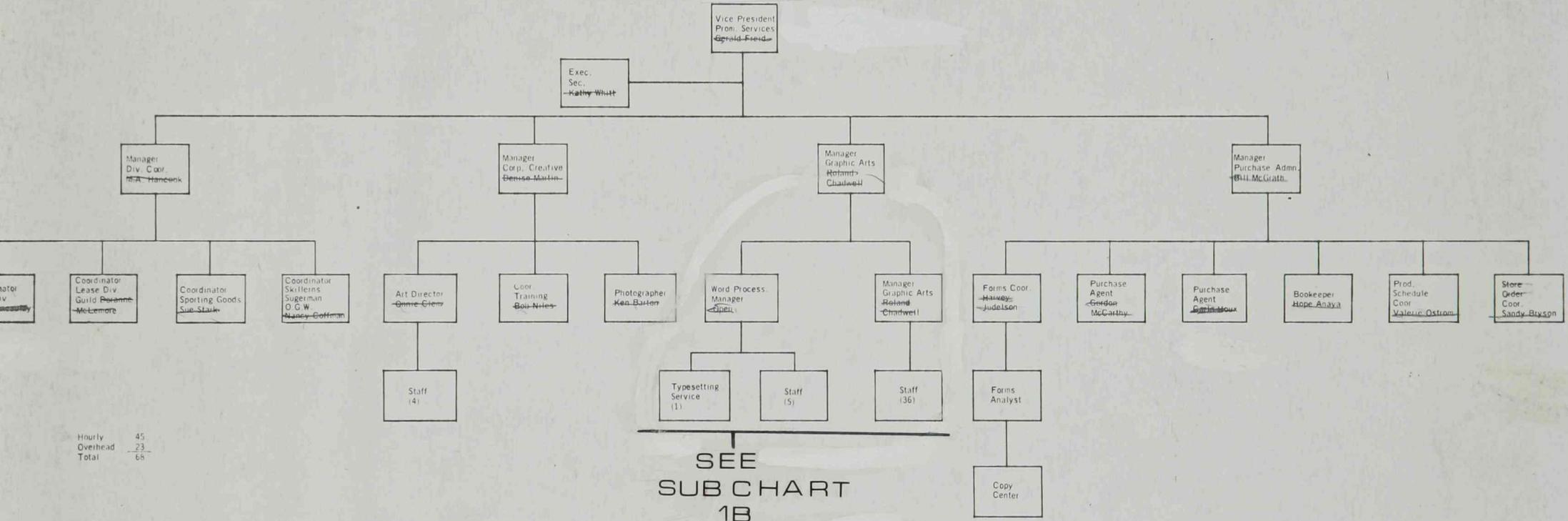
- Monitors all shipping/receiving activities of corporation
- Critical relationships with warehouses and retail divisional offices



# SUB CHART 1A

Promotional/Graphic Services  
TOTAL  
6000 N.S.F.

April 1, 79

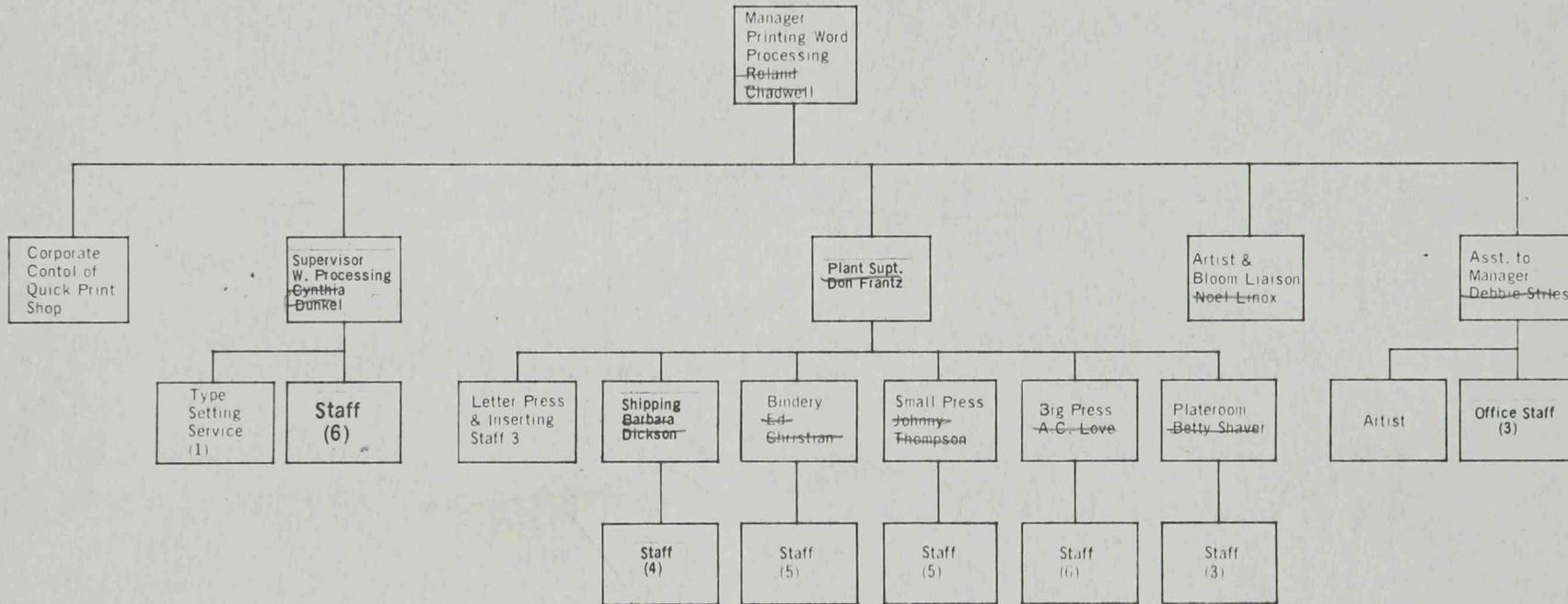


SEE  
SUB CHART  
1B

Hourly	45
Overhead	23
Total	68

# SUB CHART 1B

## GRAPHIC ARTS DEPT.



Hourly 43

Overhead 3

Total 46

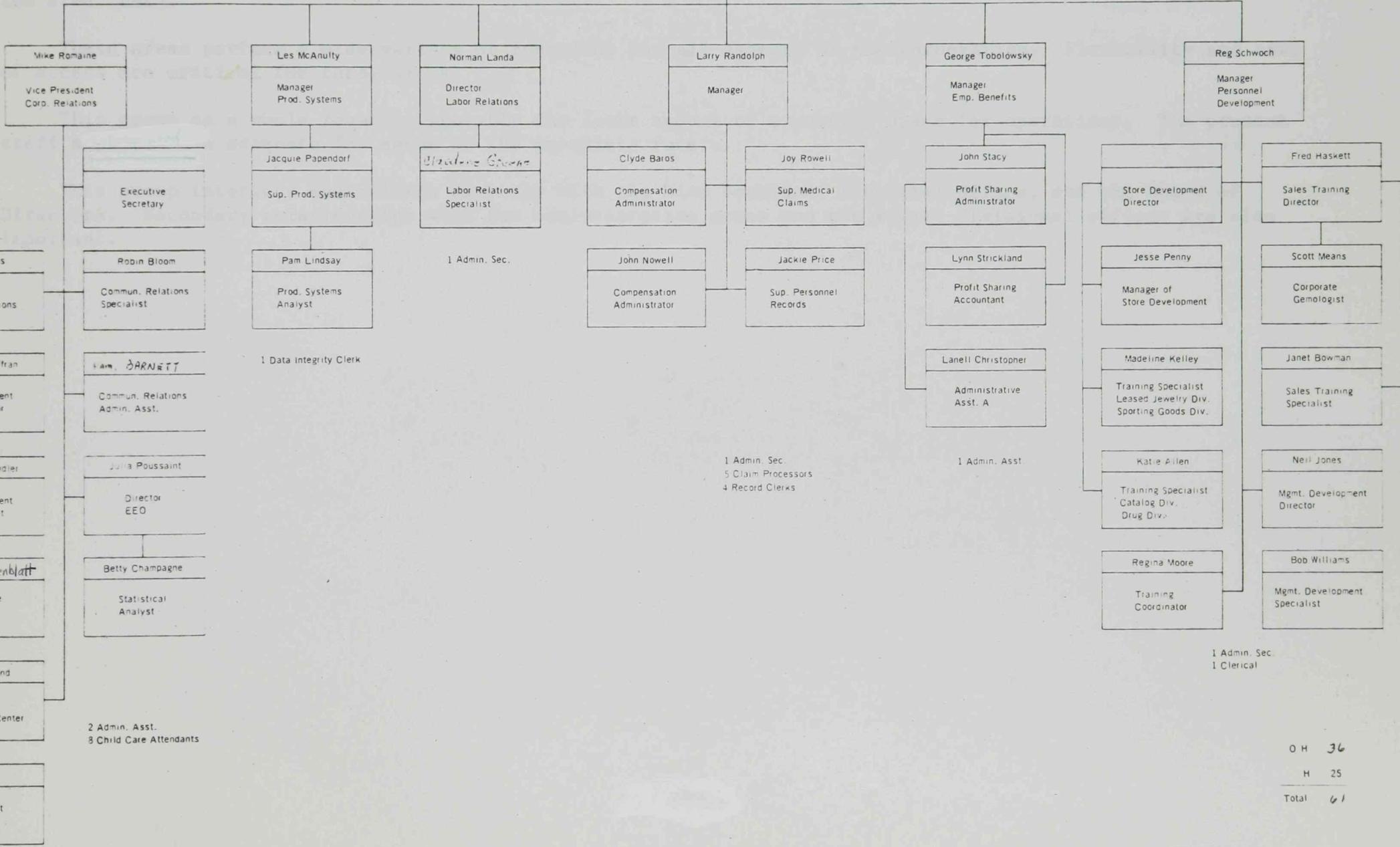
# SUB CHART 2

# PERSONNEL - 800 APP. N.S.F.

TOTAL APP. 8000 N.S.F.

Jerry Daws  
Vice President  
Personnel

Rita Aaron  
Executive  
Secretary



O H 36  
H 25  
Total 61

## FINANCIAL GROUP

This group contains the following major areas: Audit Control, Corporate Development, Credit, Management Information Systems, Public Relations, Treasurer, Zale Indemnity, Zale Life Insurance.

These areas account for approximately 45% of the employees within the Corporate Headquarters and 35% of the area (net).

These areas perform a wide variety of functions for all aspects of the corporation. Flexibility and ease of access are critical for these areas.

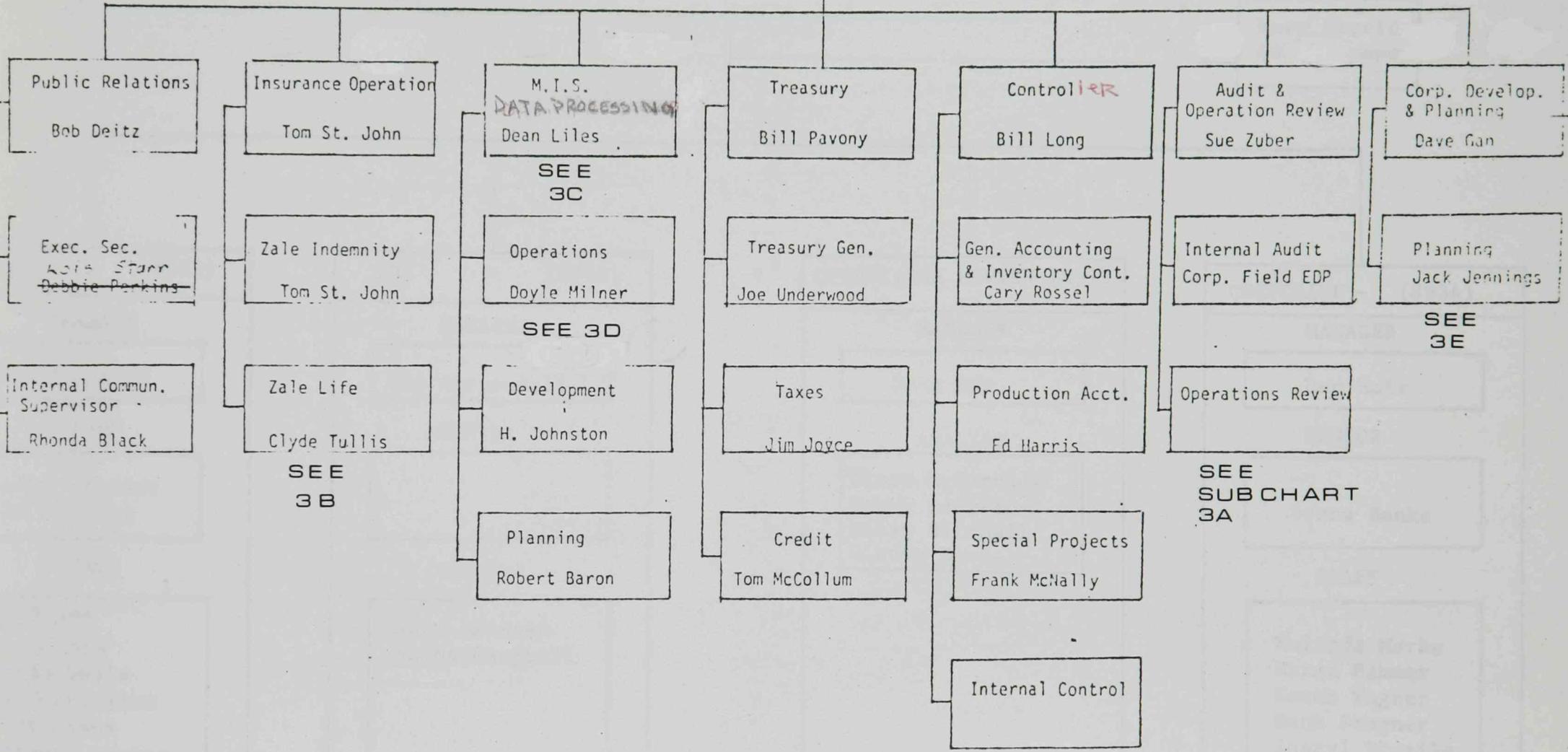
This group as a whole requires probably the least amount of expansion space for operations. The present staff and area are adequate for needs of the immediate future.

This group interacts and relates directly with the Vice President Financial Office, and the Board of Directors. Secondary relationships with the administrative areas and the retail divisional offices are also important.

# SUB CHART 3 FINANCE

APP. 60,000 N.S.F.

Richard Mitchell



INTERNAL AUDIT & OPERATIONS REVIEW

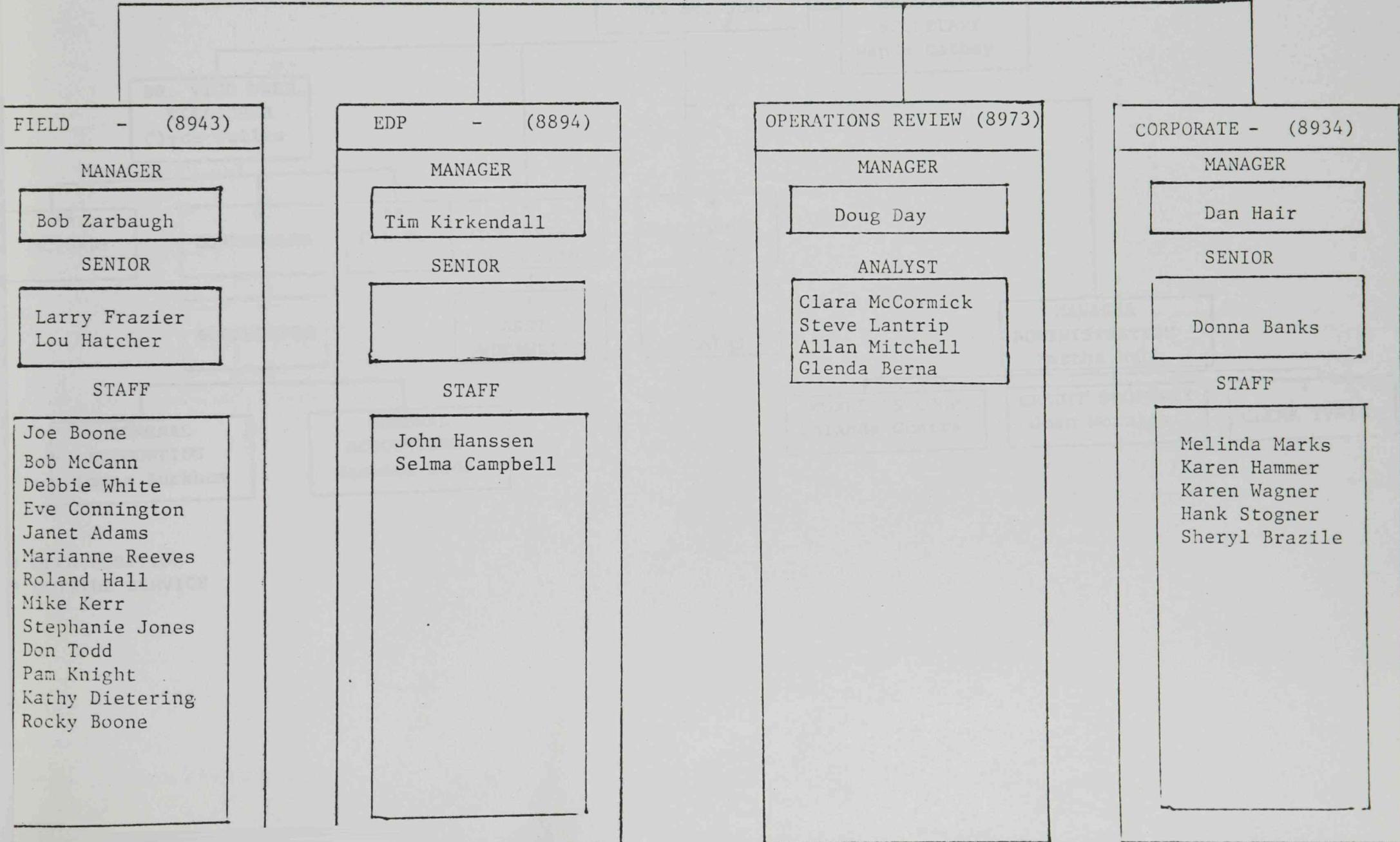
TOTAL APP. 5000 N.S.F.

VICE-PRESIDENT

Sue Zuber

Admin:  
Assistants

Mary Steele  
Cissy Draper



FIELD - (8943)

MANAGER

Bob Zarbaugh

SENIOR

Larry Frazier  
Lou Hatcher

STAFF

Joe Boone  
Bob McCann  
Debbie White  
Eve Connington  
Janet Adams  
Marianne Reeves  
Roland Hall  
Mike Kerr  
Stephanie Jones  
Don Todd  
Pam Knight  
Kathy Dietering  
Rocky Boone

EDP - (8894)

MANAGER

Tim Kirkendall

SENIOR

[Empty Box]

STAFF

John Hanssen  
Selma Campbell

OPERATIONS REVIEW (8973)

MANAGER

Doug Day

ANALYST

Clara McCormick  
Steve Lantrip  
Allan Mitchell  
Glenda Berna

CORPORATE - (8934)

MANAGER

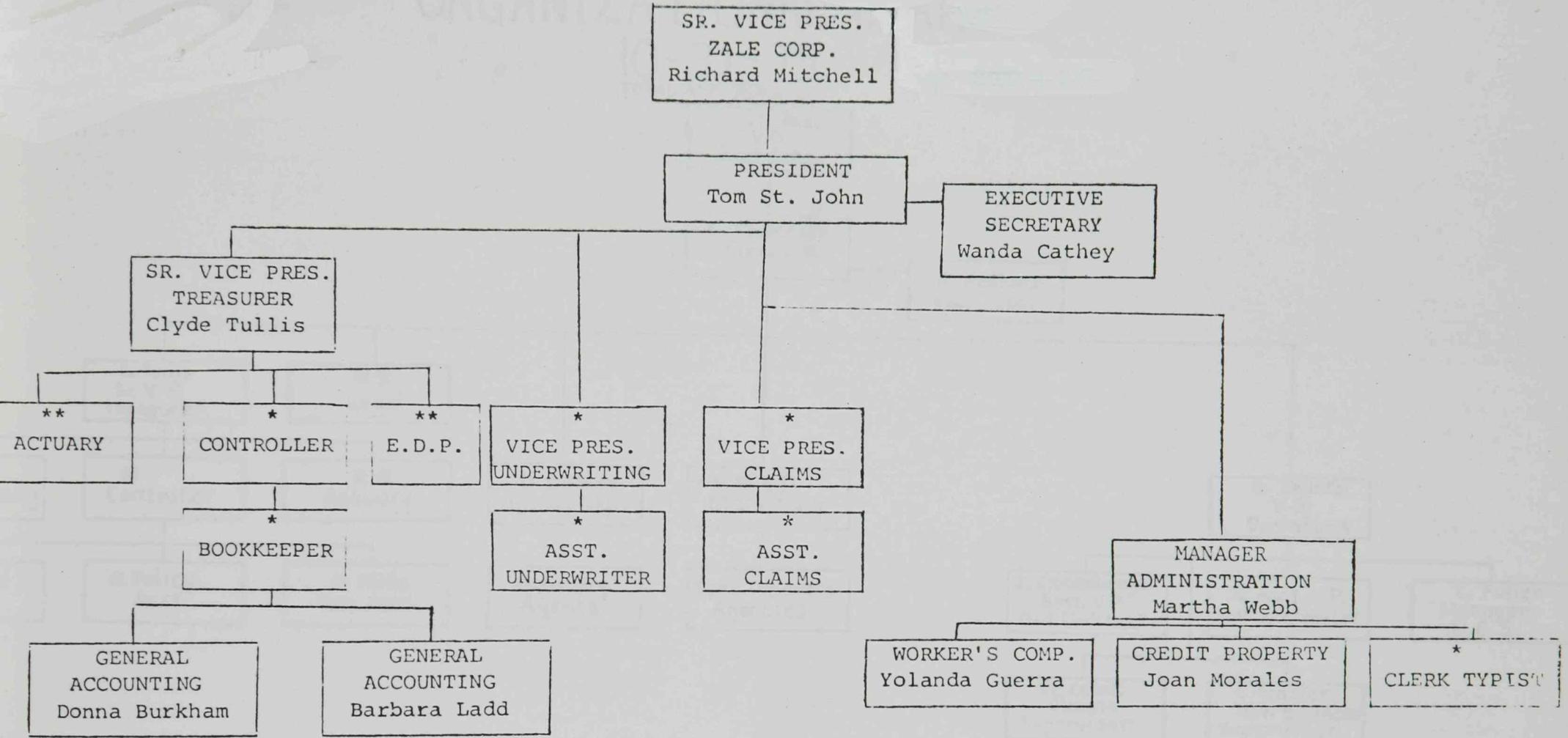
Dan Hair

SENIOR

Donna Banks

STAFF

Melinda Marks  
Karen Hammer  
Karen Wagner  
Hank Stogner  
Sheryl Brazile

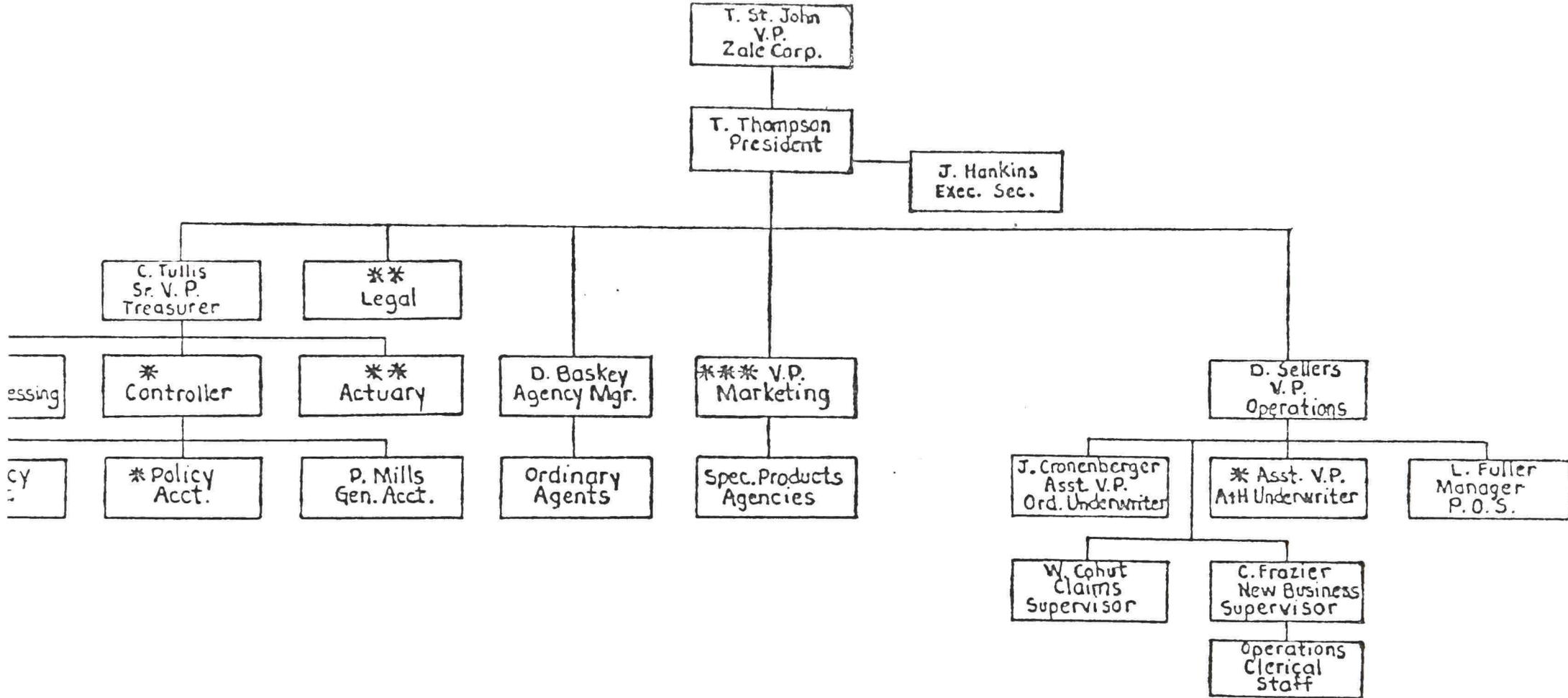


OPEN POSITION  
OUTSIDE SERVICE

# ZALE LIFE INSURANCE COMPANY ORGANIZATIONAL CHART

10-31-79

TOTAL APP. 2500 N.S.F.

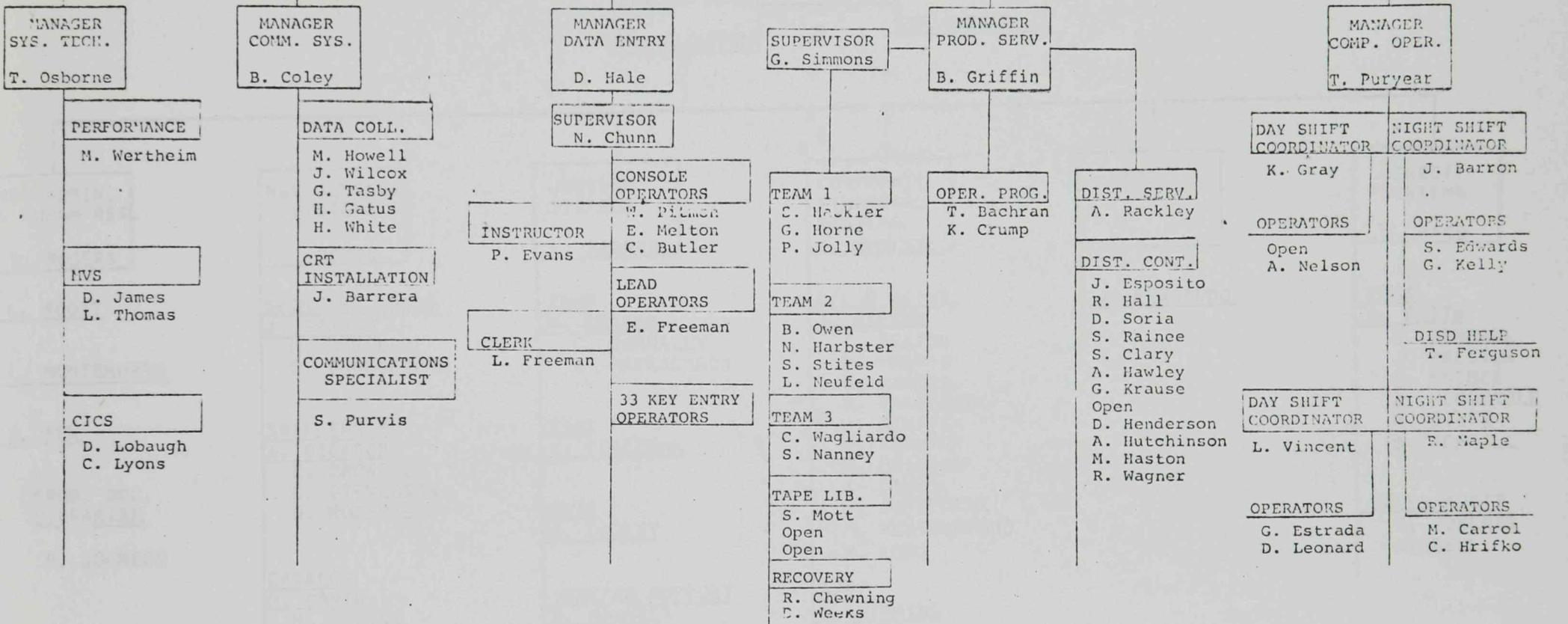
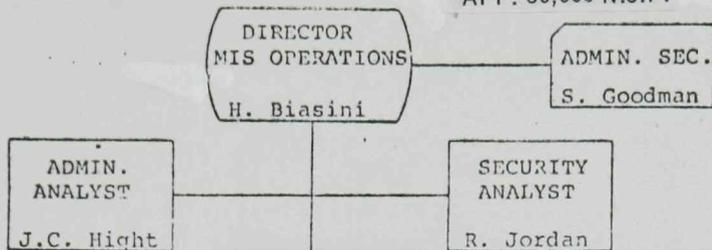


Open position  
 Outside position  
 Open position to be filled by early 1981

ORGANIZATION CHART  
MIS OPERATIONS DEPARTMENT

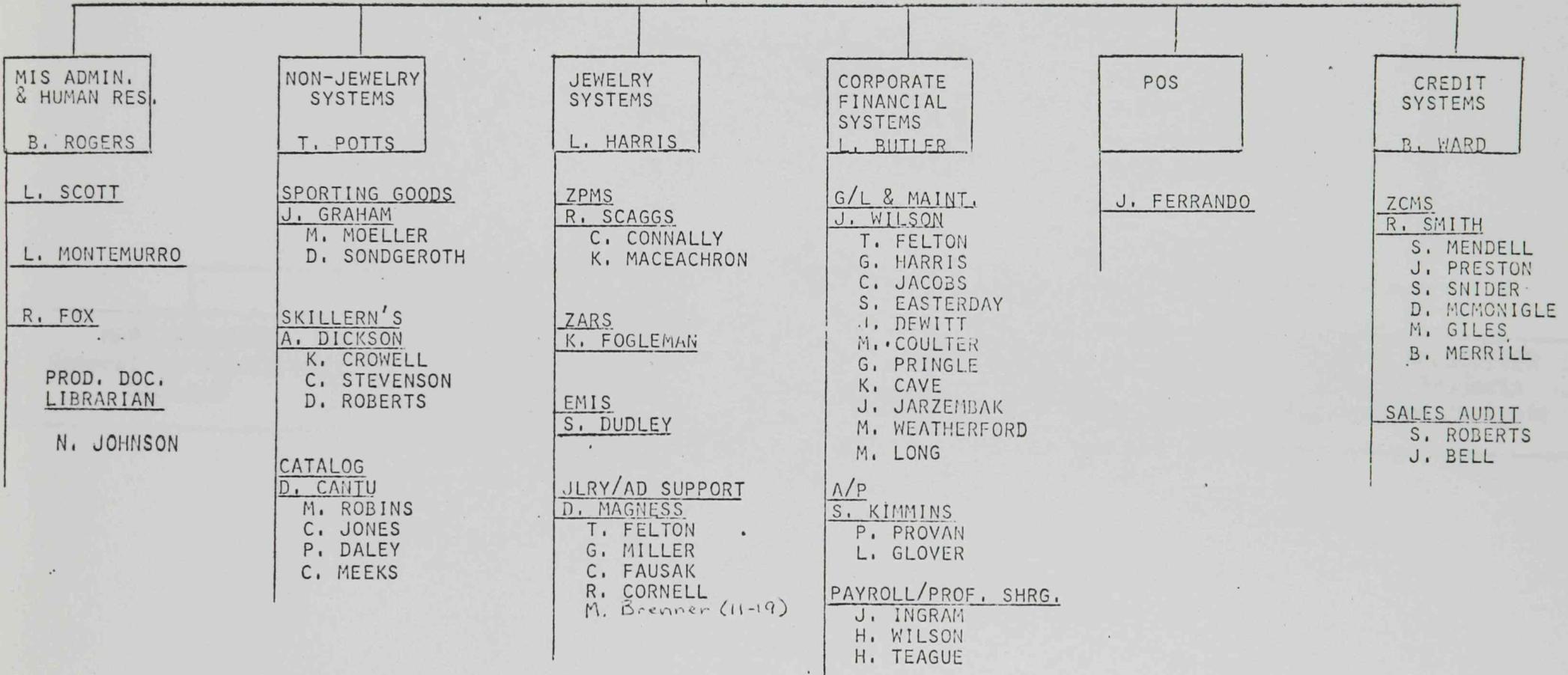
APP. 30,000 N.S.F.

10/30/79



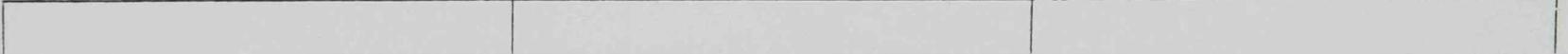
DIRECTOR OF DEVELOPMENT  
H. JOHNSTON

ADM. ASST.  
N. SHULTZ



DAVE GAN  
Vice President  
Corporate Development

JACK JENNINGS  
Manager  
Planning and Analysis



MARK HOGEBOOM  
General Merchandising  
Footwear

HOWARD FEINBERG  
Jewelry

ED SWIATOCHA  
Corporate Overhead

BARBARA HOFSCHEIER  
Special Projects  
Acquisition Analysis

SITE ANALYSIS

Statistical functions office facilities and those requiring only

# SITE ANALYSIS



tively static functions, office | cilities and those requiring ca-



# COLDWELL BANKER

42 2514

## QUORUM PROP.

LEWISVILLE

PLANO

MURPHY

★ Plano Regional  
Pallasades  
Research &  
Development  
Park

COLLI  
DALLA

RICHARDSON

★ Prestonwood

CARROLLTON

COPPELL

★ Richardson  
Square

FARMERS  
BRANCH

★ Valley  
View

Valwood Park  
Valley View  
Place #1

ROWLETT

GARLAND

★ North  
Town

★ Northpark

★ Irving

★ Irving  
AIRPORT

HIGHLAND  
PARK

★ Town  
East

GRAND  
PRAIRIE

★ Big  
Town  
MESQUITE

★ Wynnewood

★ Central  
Cedar Crest

Dallas Naval  
Air Station

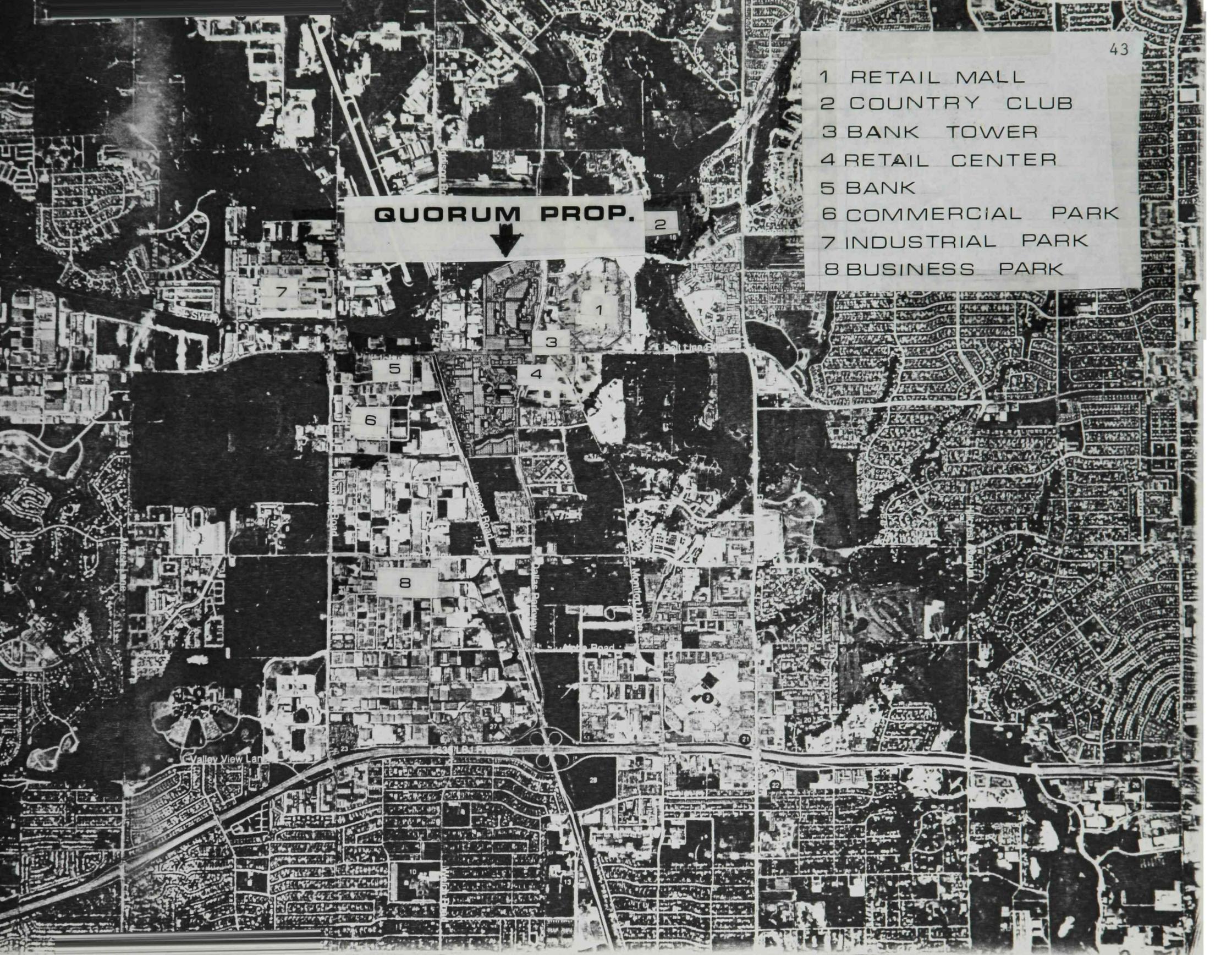
BALCH

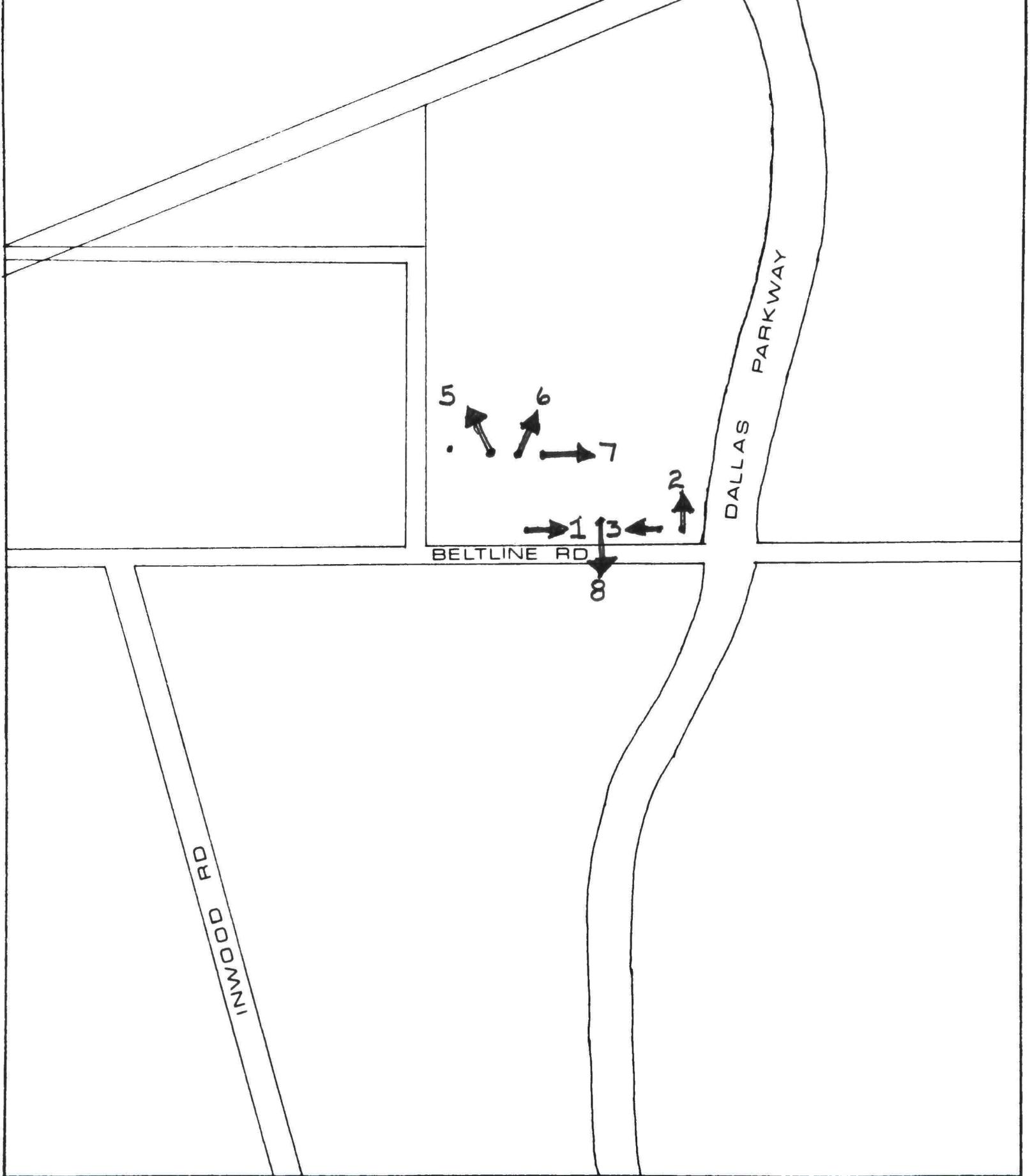
- 1 RETAIL MALL
- 2 COUNTRY CLUB
- 3 BANK TOWER
- 4 RETAIL CENTER
- 5 BANK
- 6 COMMERCIAL PARK
- 7 INDUSTRIAL PARK
- 8 BUSINESS PARK

**QUORUM PROP.**



2





**QUORUM PROPERTIES**

KEY TO SITE PHOTOS

**SITE PHOTOS**



**1**

**2**



**3**

**4**



**5**

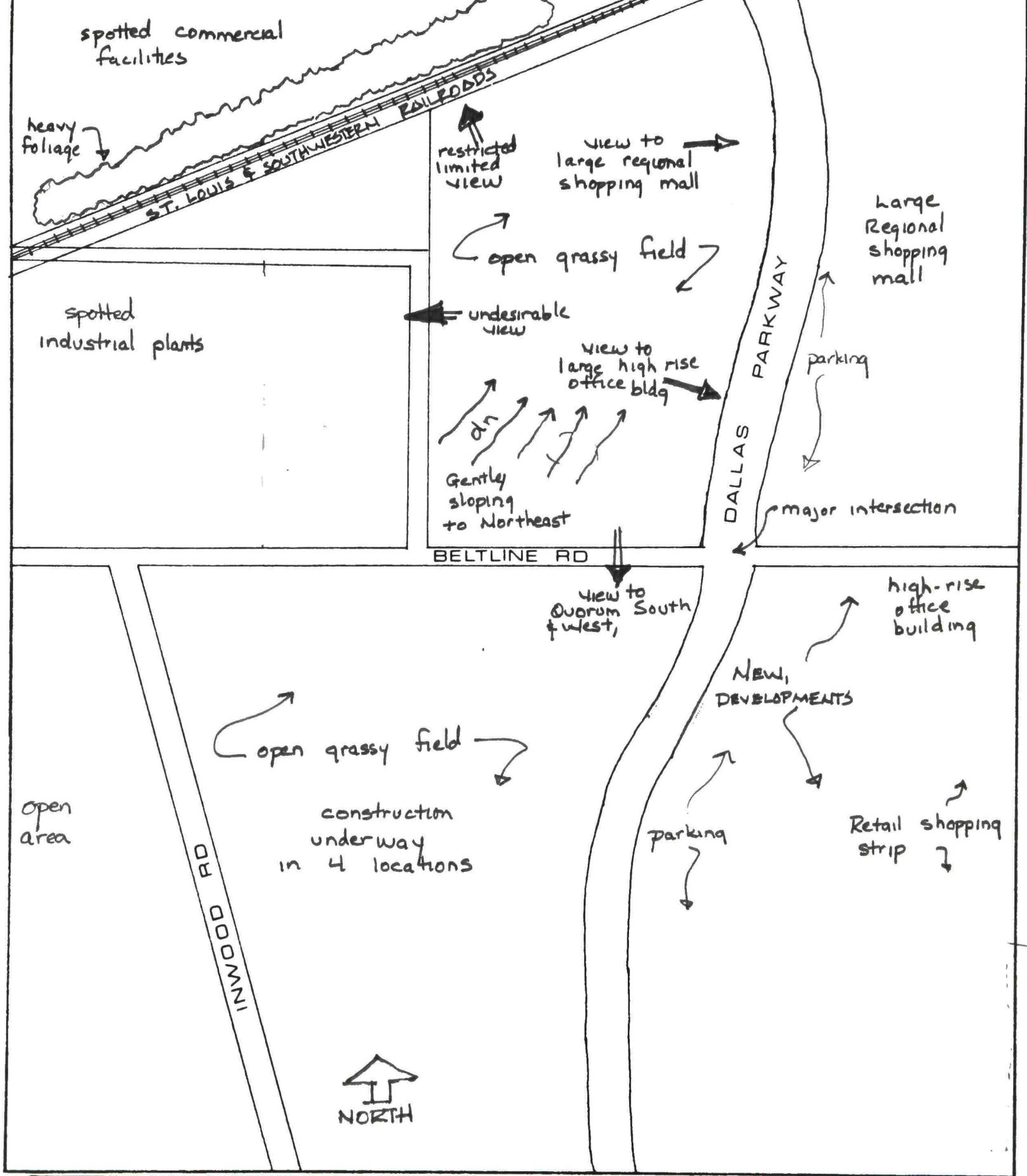
**6**



7

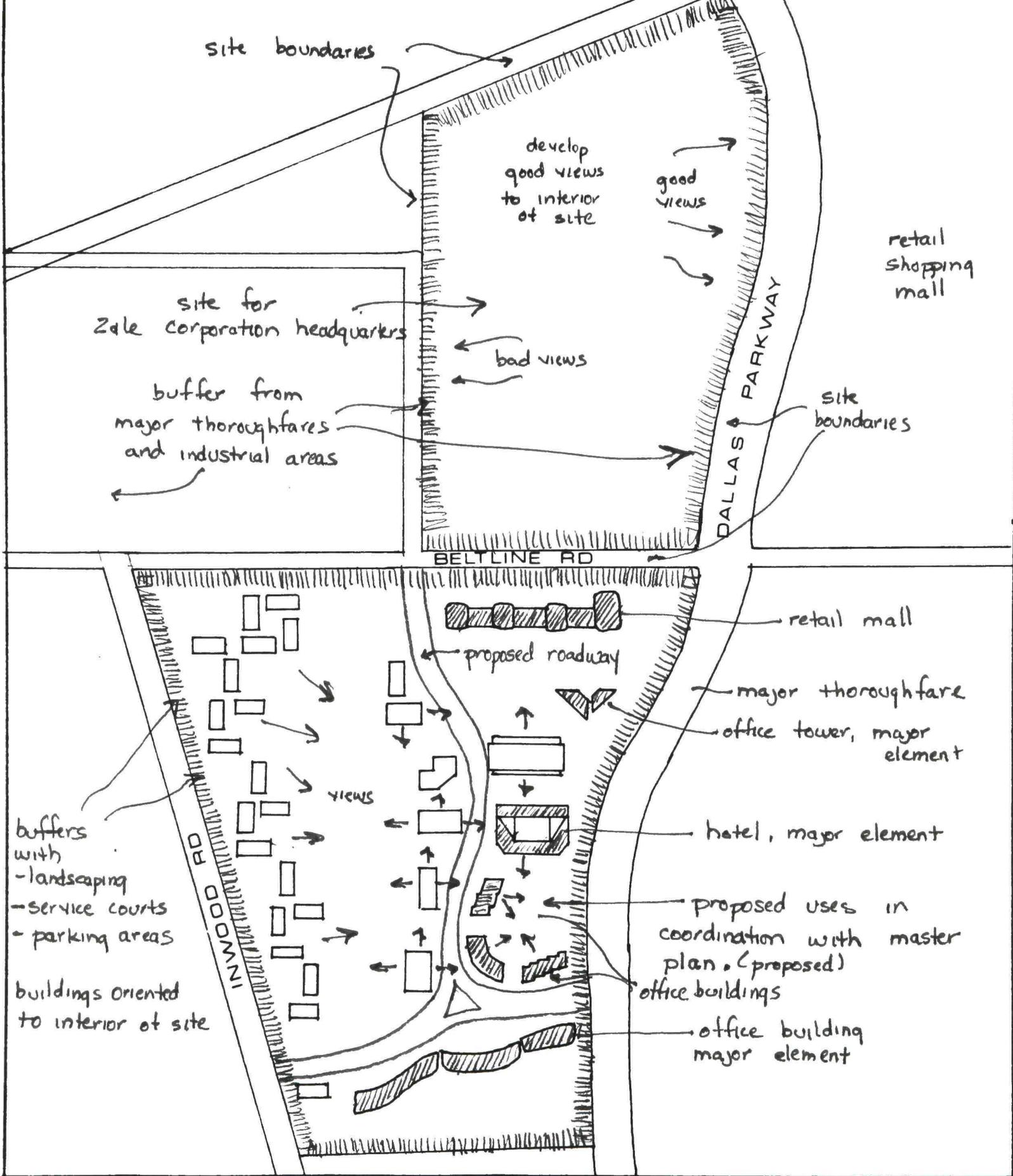
8



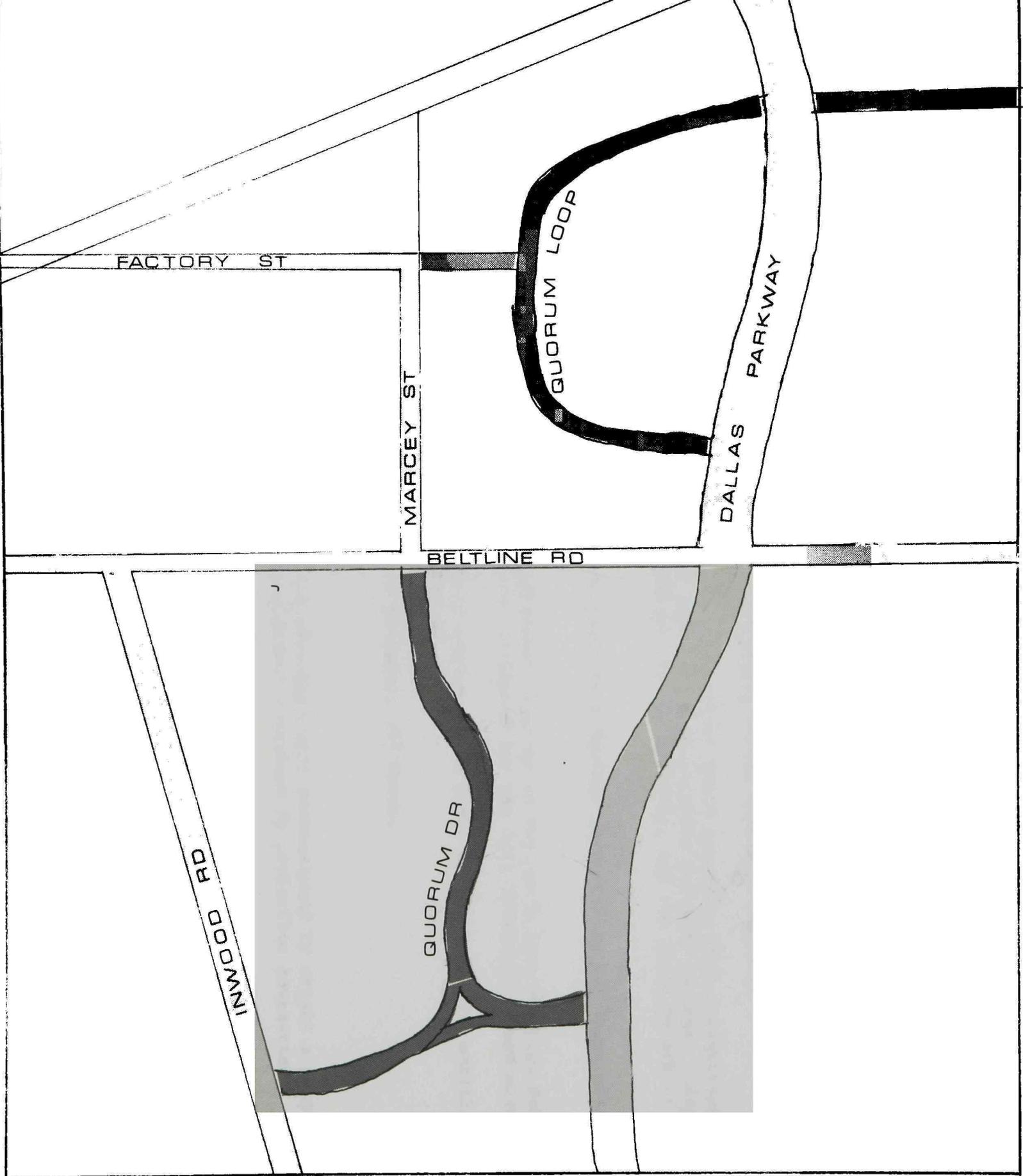


## QUORUM PROPERTIES

EXISTING SITE CONDITIONS



**PROPOSED ZALE CORP. HDQTRS.  
OFFICE PARK AT QUORUM PROPERTIES**



**QUORUM PROPERTIES**

STREETS

EXISTING



PROPOSED



## SITE ANALYSIS

The site selected for the proposed Zale Corporation Headquarters is a large office park development in North Dallas. It is a 167 acre tract of land entitled Quorum Properties. The area to be used is entitled Quorum North.

## HISTORY OF DEVELOPMENT

Daon Southwest, a division of Daon Corporation, whose interest include: industrial and commercial complexes, office parks, shopping centers, condominium conversions and master-planned communities throughout the west and southwest. Daon Southwest operates controlling interests in the Quorum properties.

Daon Southwest made its first purchase in the Dallas-Fort Worth metroplex with acquisition of a 72-acre tract of land (now entitled Quorum South). This land is a very good location for many reasons: large amount of recent development in the immediate area, location on major traffic arteries, and the rapid growth of surrounding communities.

Daon Southwest purchased the land from Electronic Data Systems Corporation, and began completing a master development plan.

In June, 1979, the company purchased an additional 64 acres to the north from Oklahoma Publishing Company, now entitled Quorum North. This is the site to be developed for the Zale Corporation Headquarters.

Later in June, 1979, the company purchased an additional 31 acres to the west, now entitled Quorum West. This land was purchased from Henry S. Miller Company.

This brought the total Quorum Properties to encompass 167 acres.

## MASTER PLAN

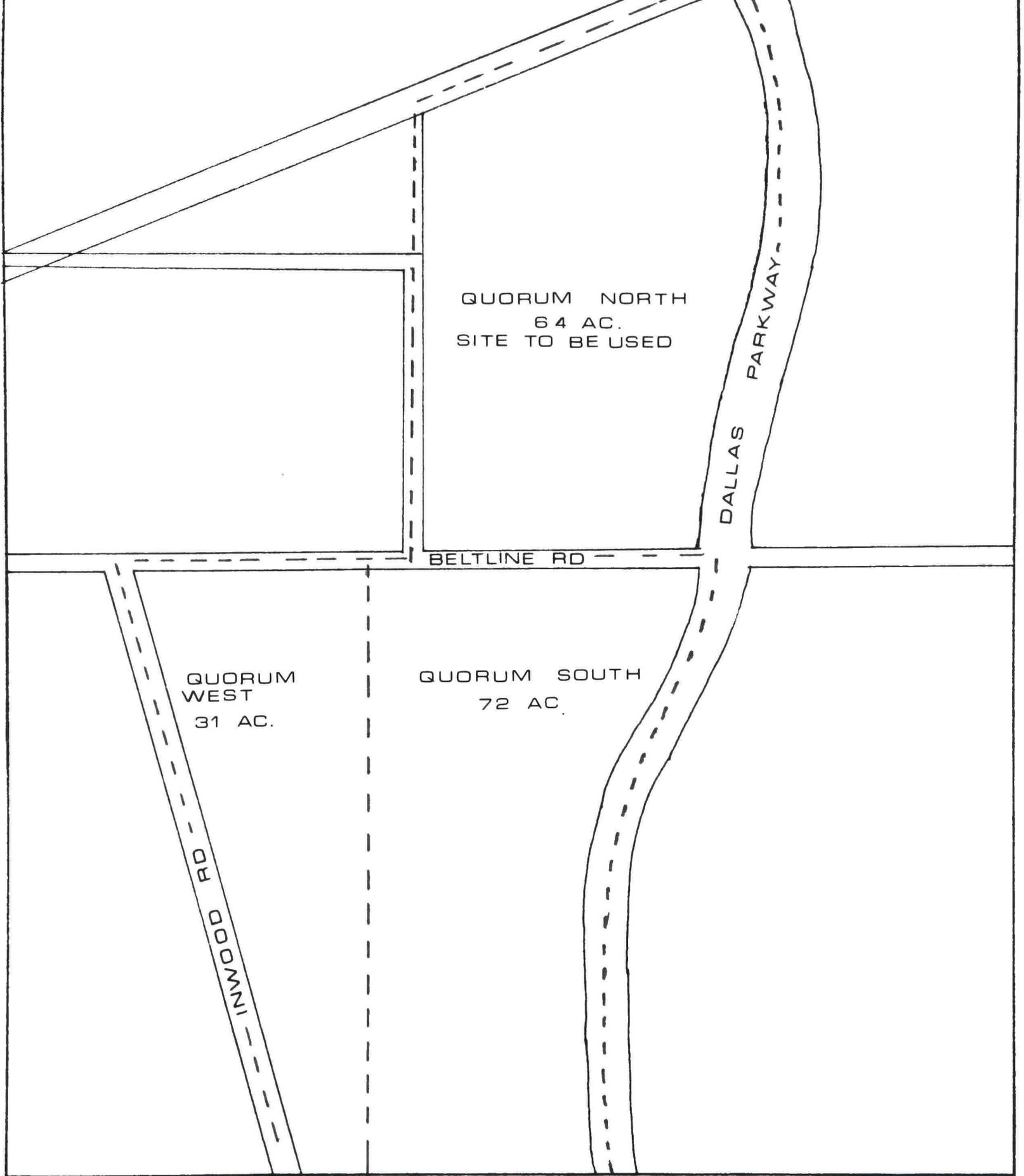
Helmuth, Obata and Kassobaum (architects and planners) were commissioned to create a master plan for Quorum. The result achieved was a mixed-use development goverened by protective covenants.

To ensure harmony of the overall environment, guidelines have been set up to regulate: architecture, building materials, and landscaping within the development.

Each building's design and placement will serve to contribute to the overall environment. Height restrictions call for mid-rise structures of 3 to 10 stories, while the exterior color treatment will consist of mid-range earth tones and sign control will reinforce compatibility between buildings.

Around the perimeter of the site, there are proposed service and parking areas. These will provide buffers between the offices and the surrounding major thoroughfares. Daon Southwest and developer, Luedtke, Aldridge, and Pendleton, have provided an extensive landscaping budget to help contribute to a "parklike setting".

NOTE: The above information was obtained from the Quorum Property Publications, courtesy of Coldwell-Banker Brokerage Company.



**QUORUM PROPERTIES**

PARTS OF QUORUM

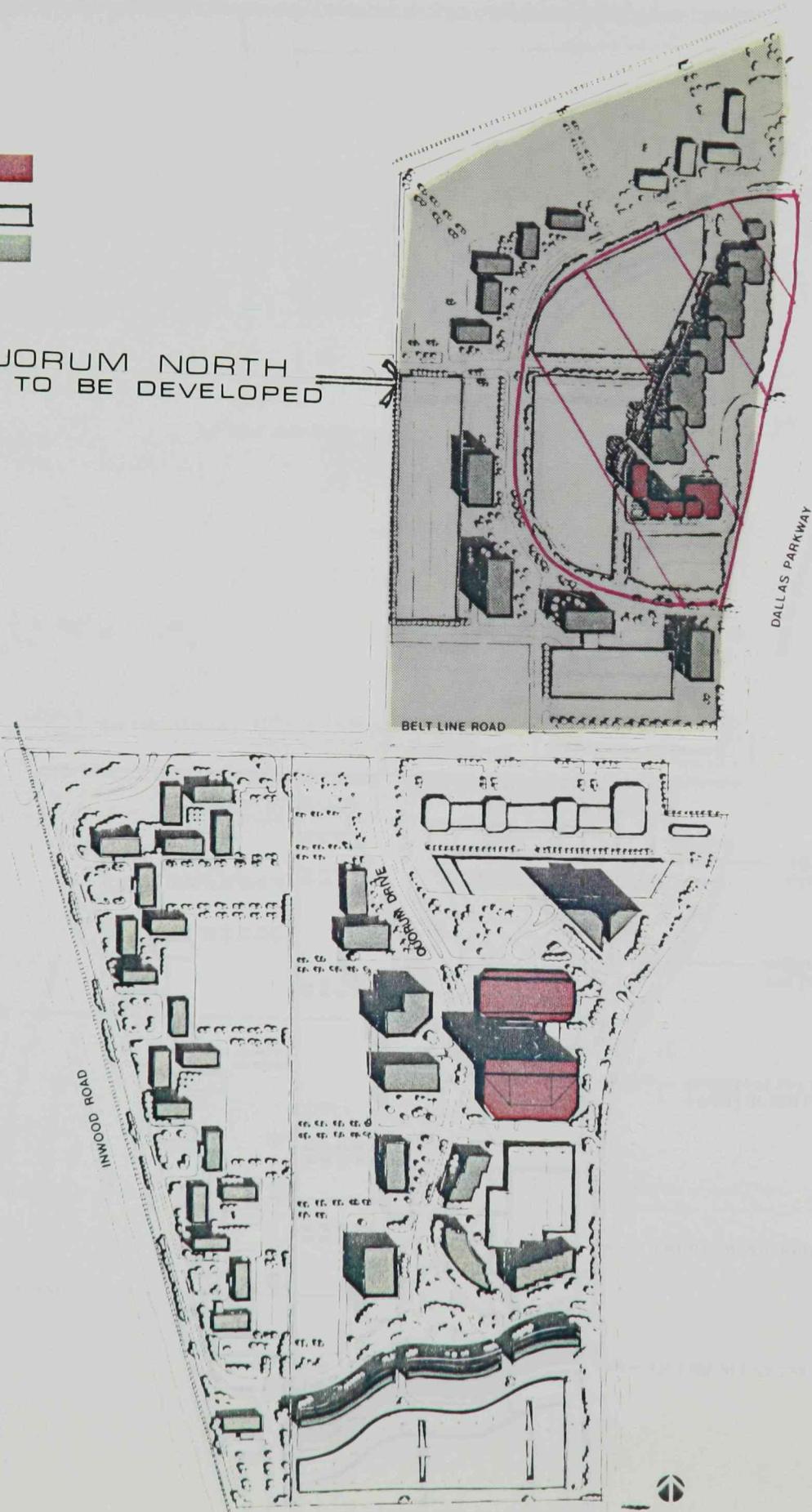
# QUORUM MASTER PLAN PROPOSED

The Site

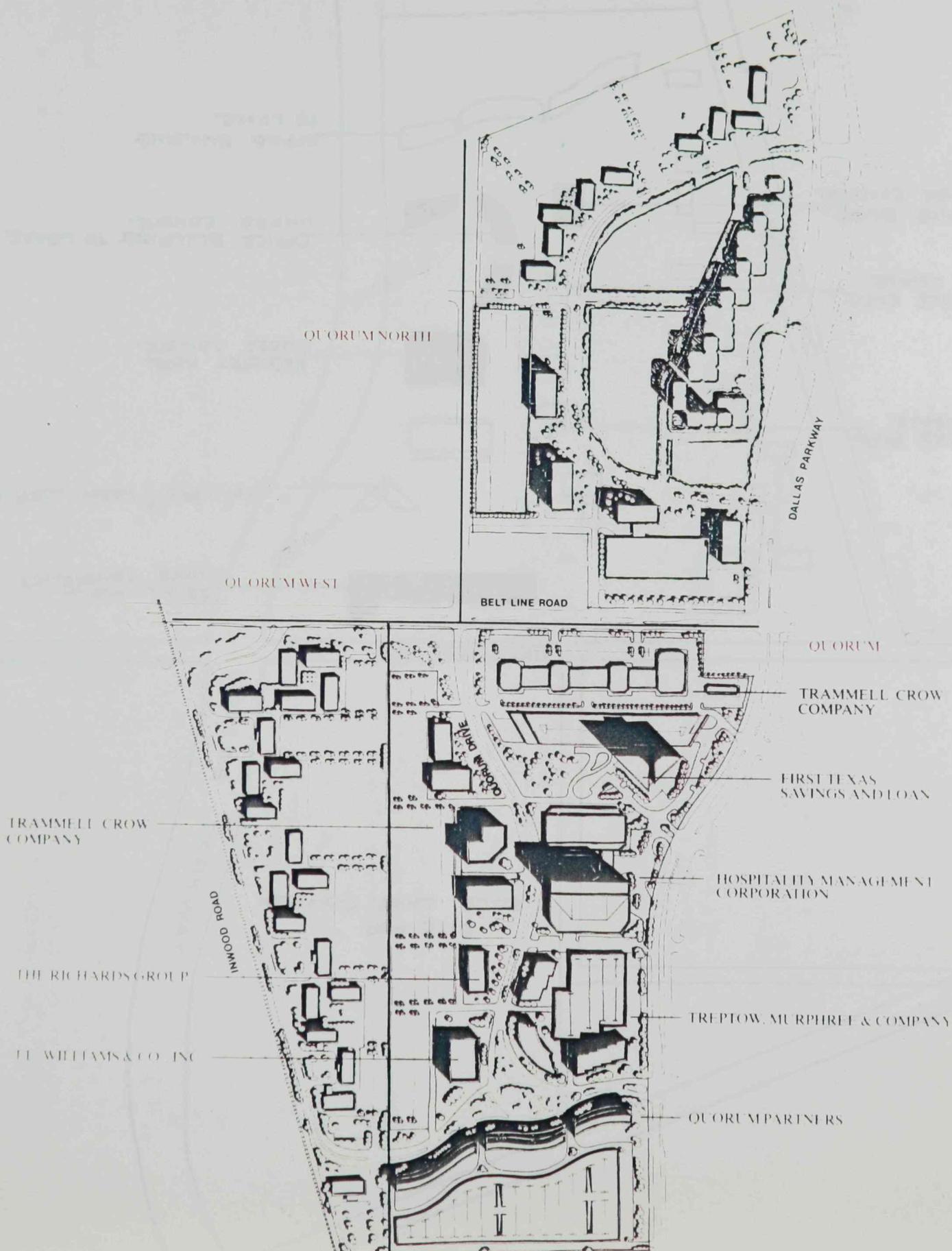
- Hotel
- Retail Commercial
- Office



QUORUM NORTH  
SITE TO BE DEVELOPED



# CLIENTS OF FUTURE CONSTRUCTION



TRAMMELL CROW COMPANY

THE RICHARDS GROUP

E. WILLIAMS & CO., INC.

QUORUM NORTH

QUORUM WEST

BELT LINE ROAD

DALLAS PARKWAY

QUORUM

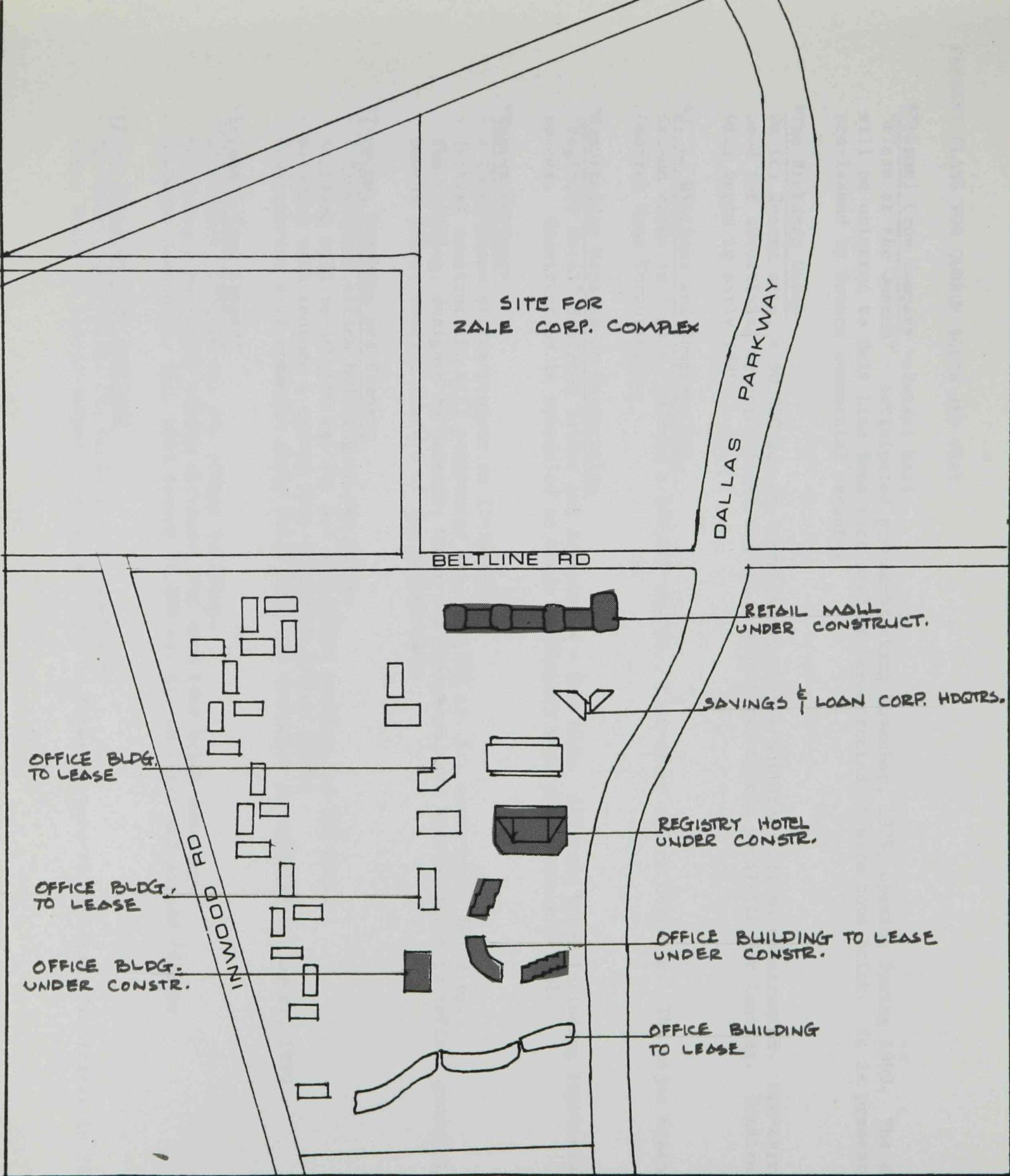
TRAMMELL CROW COMPANY

FIRST TEXAS SAVINGS AND LOAN

HOSPITALITY MANAGEMENT CORPORATION

TREPTOW, MURPHREE & COMPANY

QUORUM PARTNERS



**PROPOSED ZALE CORP. HDQTRS.  
OFFICE PARK AT QUORUM PROPERTIES**

MASTER PLAN  
 ADJACENT SITE  
 EXISTING CONSTR. UNDERWAY   
 PROPOSED CONSTR. 

## PRESENT PLANS FOR QUORUM SOUTH AND WEST:

\*Trammel Crow Company - Retail Mall

"Plaza at the Quorum" - anticipated ground-breaking November, 1979, opening Spring 1980. The center will be oriented to Belt Line Road (see map) and constructed of warm tone brick. It is presently 50% pre-leased by future commercial tenants.

\*The Richards Group

On its 2-acre site, a 50,000 sq. ft. three-story office building will be constructed. One-third will be used for advertising agency offices and the remaining two-thirds available for leasing. Construction will begin in early 1980.

\*J. L. Williams and Company, Inc.

Ground broke in August, 1979 on a 100,000 sq. ft., five-story office building. The major tenant will be Control Data Corporation.

\*Hospitality Management Corporation

"Registry Hotel" designed Tabler and Associates - New York. 550 room hotel including impressive public spaces. Construction is scheduled to begin in January with completion mid-1981.

\*Quorum Partners

- A three-phase office project on 13-25 acres.
- Initial construction will comprise app. 138,000 sq. ft. seven-story building.
- The building, designed by Helmuth, Obata and Kassabaum, has been designed to reflect gracefully winding Quorum drive, central feature of the master plan.

\*Treptow, Murphree and Company

- A five-level office building on two acres.
- Building will be 100,000 sq. ft. and structured parking for 350 cars.
- Building will feature a curved face following Quorum drive.
- Construction will commence early fall, 1979 and occupancy is expected by August, 1980.

\*Trammell Crow Company

- Nine-story, 185,000 sq. ft. office building.
- Featuring a two-story atrium entrance, and warm tone brick exterior.
- Commerce Southwest, Inc. will occupy 36,000 sq. ft. on first and second floors.

\*First Texas Savings and Loan

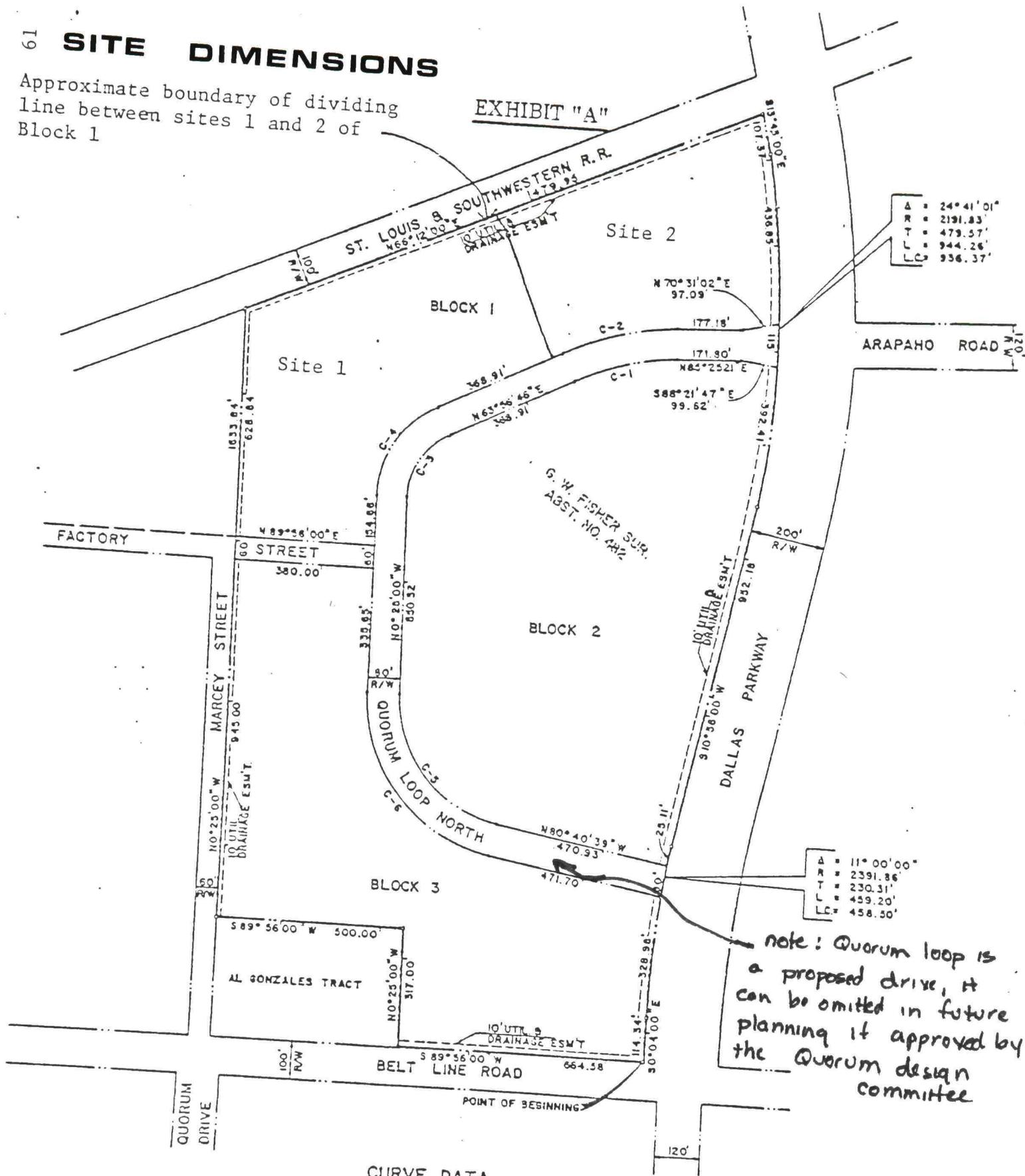
- Ten-story, 200,000 sq. ft. Corporate Headquarters
- First Texas is second largest savings and loan in Texas; assets 1-5 billion, 58 offices in 26 cities.

## ADDED FEATURES OF QUORUM PROPERTIES

- Three minutes from Addison City Airport (Southwest's largest private airport)
- Dallas Love Field Airport - twenty minutes drive away
- Dallas-Fort Worth International Airport - 25 minutes away
- International Hotels are proposed for future construction within Quorum
- Numerous nice residential areas in surrounding areas (less traveling time to work)
- Dallas Public Transportation will serve area
- Across the street from Dallas-Fort Worth's largest regional shopping mall

# 61 SITE DIMENSIONS

Approximate boundary of dividing line between sites 1 and 2 of Block 1



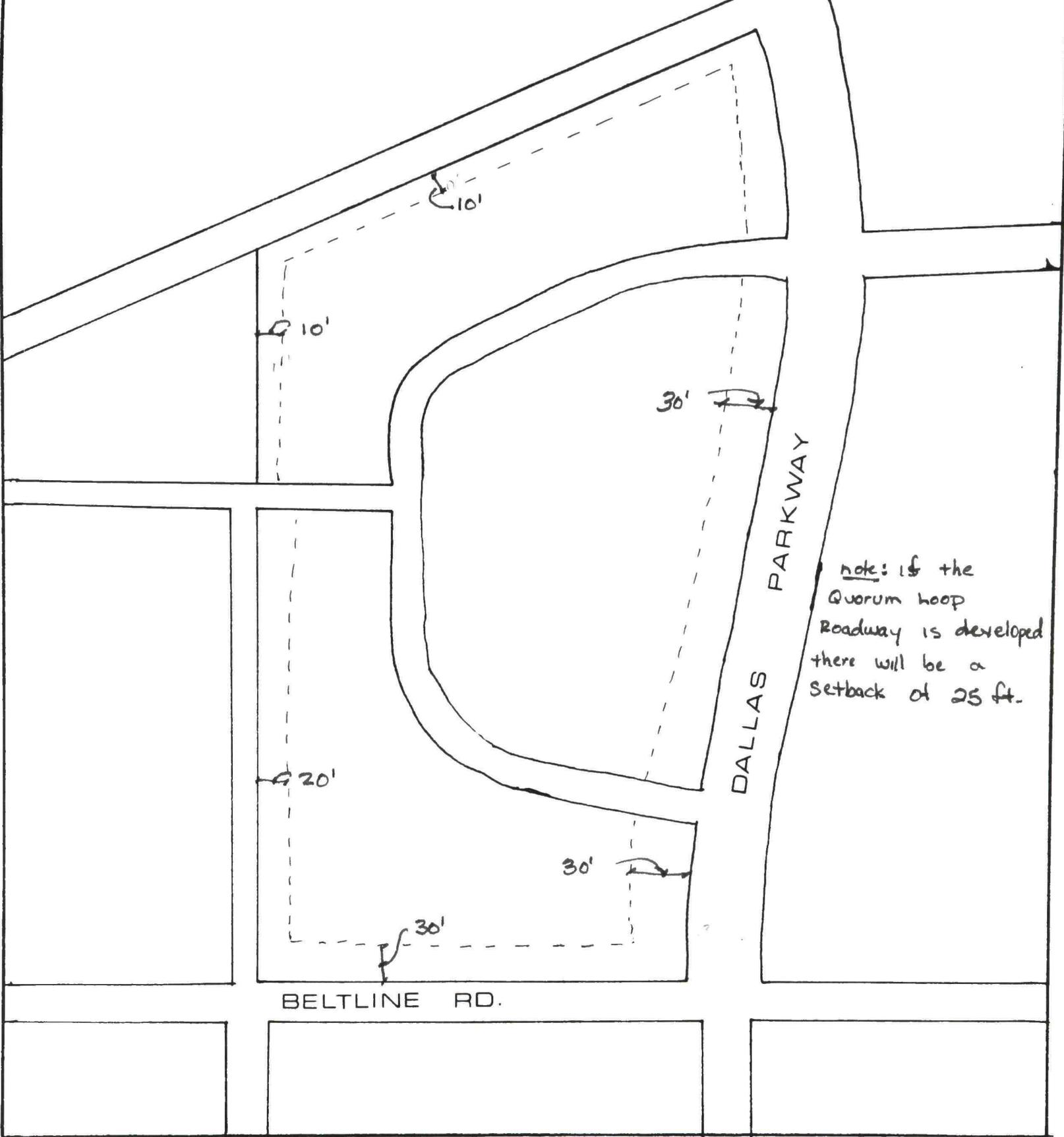
$\Delta = 24^{\circ}41'01''$   
 $R = 2191.83'$   
 $T = 479.57'$   
 $L = 944.26'$   
 $LC = 936.37'$

$\Delta = 11^{\circ}00'00''$   
 $R = 2391.86'$   
 $T = 230.31'$   
 $L = 459.20'$   
 $LC = 458.50'$

note: Quorum loop is a proposed drive, it can be omitted in future planning if approved by the Quorum design committee

## CURVE DATA

Curve	Delta	Radius	Tangent	Length	LC
C-1	$21^{\circ}28'35''$	750.96'	142.41'	281.48'	279.94'
C-2	$21^{\circ}28'35''$	830.96'	157.59'	311.46'	309.65'
C-3	$64^{\circ}21'46''$	190.42'	119.83'	213.90'	202.83'
C-4	$64^{\circ}21'46''$	270.42'	170.17'	303.77'	288.05'
C-5	$80^{\circ}15'39''$	335.19'	282.56'	469.53'	432.08'
C-6	$80^{\circ}15'39''$	413.19'	350.00'	581.60'	535.20'



**PROPOSED ZALE CORP. HDQTRS.  
OFFICE PARK AT QUORUM PROPERTIES**

**CODE SETBACKS**

## SPECIAL DESIGN CONSIDERATIONS OF PROTECTIVE COVENANTS

- All service and sanitation facilities must be enclosed within fences, walls, or landscaping so as not to be directly visible from Quorum Loop, Dallas Parkway, Belt Line Road or adjacent lots.
- No aerial utility facilities (except meters, risers, transformers or other devices needed to maintain underground facilities).
- All utility service facilities shall be buried underground unless otherwise required by a public utility.
- No temporary structure of any kind may be erected or placed on any lot.
- All garbage shall be kept in sanitary containers in appropriate locations.
- All buildings, structures, walls, etc. shall be approved by the Architectural Control Committee, basis of approval.
  - o Quality of workmanship and materials
  - o Proper facing of main elevation with respect to nearby streets
  - o Conformity and harmony of external design, color, type and appearance of exterior surfaces and landscaping
  - o Accomplish purposes and goals of mater plan

All Submitted Plans and Specifications to the Committee Must Include:

- o Topography Plot
- o Elevations
- o Landscaping Plan
- o Parking Areas and Driveway Plans
- o Screening of Service and Parking Areas
- o Utility Connections
- o Exterior Illumination Plan

## SETBACK LINES

- 25 ft. from Quorum Loop right of way lines
- 30 ft. from Beltline Road and Dallas Parkway right of way lines
- 20 ft. from any other public street right of way line
- 10 ft. from side lot lines

All driveways shall be minimum 24 ft. width, not to exceed 48 ft.

## LANDSCAPING

- Minimum 20% of lot shall be landscaped.
- Include one tree for every 2,000 sq. ft. of surface area between building line and Quorum Loop right of way.
- Buffer landscape strip - 30' width along Belt Line Road and Dallas Parkway.

## CONSTRUCTION

- Exterior walls of buildings: brick, exposed aggregate concrete, glass, metal panels, stone or pre-cast concrete.
- Exterior use of stucco, simulated stone or wood - prohibited.
- All buildings on project site for office purposes - minimum three floors.

Additional general restrictions and sign restrictions will be located in Appendix.

## DALLAS CLIMATIC SUMMARY

Temperatures range in the Winter from

Low - 30's and 40's

High - 40's and 50's

Summer -

Low - 70's

High - 90's

Wind -

From the North, Northwest in the Winter - 10-15 mph. avg.

From the South, Southeast in the Summer/Spring - 10-20 mph.

Humidity - Averages 50% to 60%

% of Possible Sunshine - predominantly 60-70% in Spring and Summer; 50% in Winter

## IMPLICATION OF CLIMATOLOGY OF PROJECT SITE

- Due to summer heat and cold winters, shade in summer and sun in winter will need to be maximized to the fullest effect possible.
- Shading of outdoor areas and possibly part of building itself will need to be shaded both in the late morning and afternoon.

- Deciduous trees are very desirable for the south side of the pedestrian paths (shading in summer).
- Utilize cooling summer breezes from the southeast and protect against northwesterly winter storm winds.
- Outdoor areas are recommended for orientation to the south.
- Access routes should generally be on east/west axis.
- Protect any entries with a northern exposure.
- Southern exposures - warmest in summer.
- Northeast exposures - coolest in summer.

#### SITE PLANNING CONCEPTS

The following is a discussion of three widely used and accepted site planning philosophies in projects of the proposed nature. They are the "Campus/Cluster Concept", "Spine Concept", "Radical Concept".

#### CAMPUS CONCEPT

This concept features locating all central services in the center of the developed site under some type of central plaza. All structure for the corporation (offices, warehouses) would act as separate buildings clustered around many open spaces. These spaces could serve as courtyards, plazas, pedestrian areas, etc.

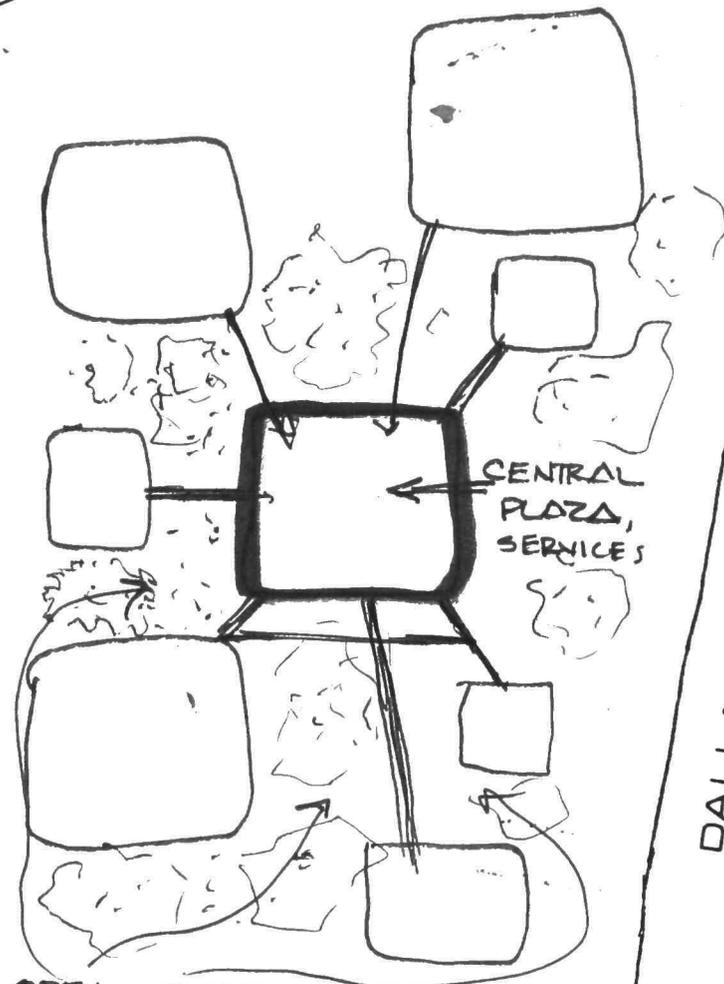
##### Possible Advantages:

- Nice landscaped areas, good atmosphere for employees.
- Provides total development of site, utilize its possibilities.
- Provide low key atmosphere, low rise buildings.

##### Disadvantages:

- Circulation could be problem between structures if not properly designed.
- Dictates the use at several separate buildings, would not allow for two or three unified buildings.

INDEPENDANT  
SEPORATE  
BUILDINGS AROUND  
CENTRAL PLAZA



OPEN SPACES FUNCTION AS  
COURYARDS, PLAZA AREAS

BELTLINE RD.

DALLAS  
PARKWAY

**PROPOSED ZALE CORP. HDQTRS.  
OFFICE PARK AT QUORUM PROPERTIES**

"CAMPUS CONCEPT"

## "RADICAL CONCEPT"

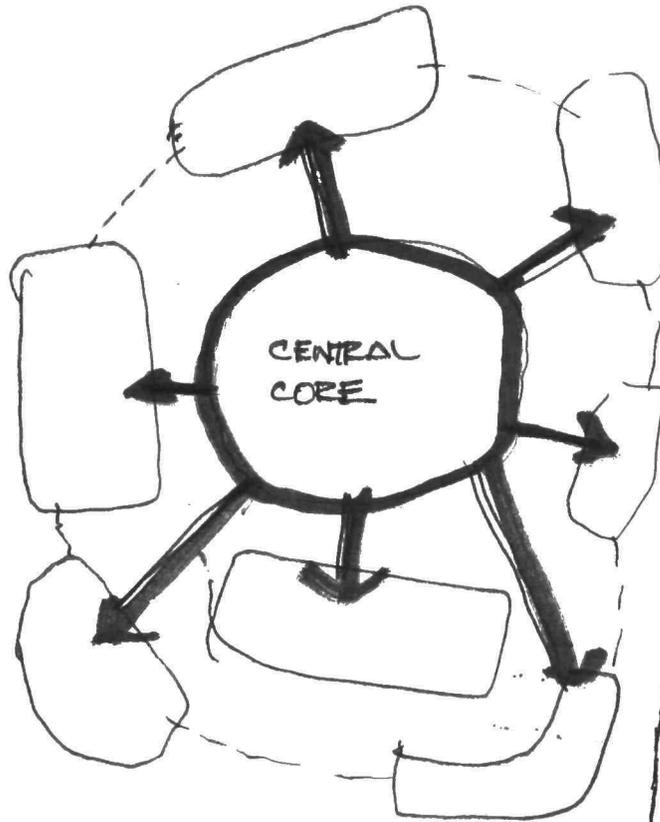
This concept is basically a concentric type of design pattern. All central services (mechanical, utilities, supplies, maintenance, etc.) act as a central core to the corporate administrative, operational and warehousing activities which would surround it. The open spaces between the central core and outside areas would consist of courtyards and plaza areas.

### Advantages:

- Provides ample outdoor, landscaped areas.
- Because of concentric pattern, all buildings relate to each other; all focus to interior of site; able to develop interesting interior site areas.

### Disadvantages:

- Concentric pattern not really conducive to site configuration.
- Does not allow for site development outside pattern of structures.
- Location of parking facilities could be interesting problem.



CONCENTRIC  
DESIGN PATTERN

BELTLINE RD.

DALLAS  
PARKWAY

**PROPOSED ZALE CORP. HDQTRS.  
OFFICE PARK AT QUORUM PROPERTIES**

"RADICAL CONCEPT"

## "SPINE CONCEPT"

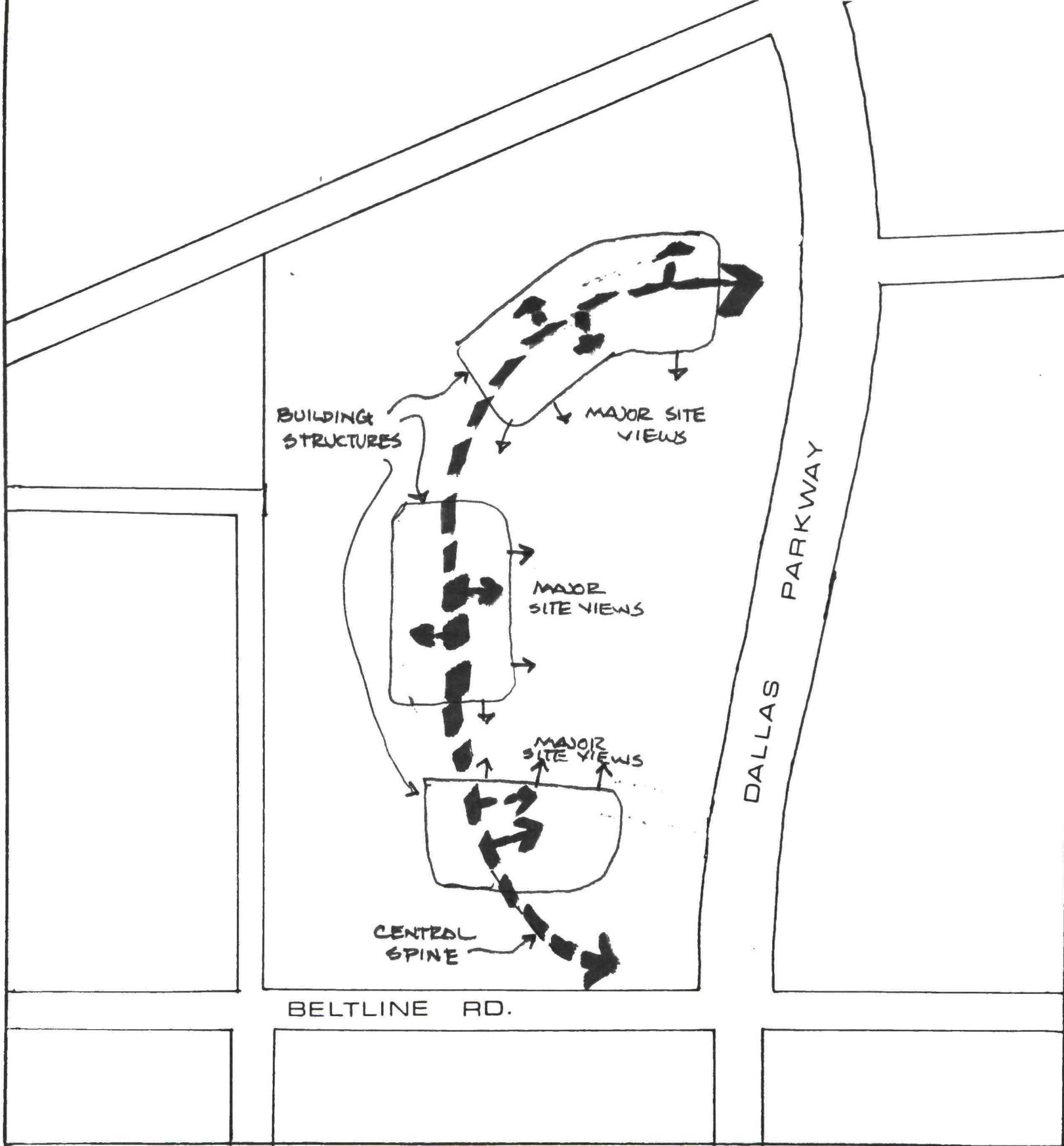
This concept features a central element called the spine, from which all components are inter-related with and oriented along. The spine would contain circulation, utilities, pedestrian elements, etc. Each building could be designed (for its specific function) and then would tie in with the spine for its utilities, services, people, etc.

### Advantages

- Orientation of spine could take fullest advantage of best views on site.
- Allows for expansion of spine in many directions.
- Spine assures unified well-organized development.

### Disadvantages

- In a way dictates a linear alignment with slight variations.
- On given site, unless spine is placed in middle of site, views to the west side could be a problem (undesirable direction of view).



**PROPOSED ZALE CORP. HDQTRS.  
OFFICE PARK AT QUORUM PROPERTIES**

"SPINE CONCEPT"

**SYSTEMS PERFORMANCE**



## SYSTEMS PERFORMANCE CRITERIA

STRUCTURAL:

- In Corporate Headquarters, should allow for large spans to accommodate open-office planning. (Need to be free of interior walls and columns as much as possible.)
- The warehouses should be fast construction and also economical.
- Exterior of Corporate Headquarters - warm earth tones, "good taste, low-key, modern materials".
- Design should be energy-conscious.
- Structure of Corporate Headquarters Building should be able to facilitate open office space planning.
- Corporate Headquarters - multi-story, but still low key, keep low profile.

MECHANICAL:

- Modular ductwork systems, allow for flexibility of office design.
- Allow control over thermostats and settings in different zones within Corporate Headquarters Building.
- Each Warehouse and Corporate Headquarters could have its own mechanical equipment or the whole complex could be served from one central facility.

(One system controlling all buildings or series of separate multi-systems within each building.)

ELECTRICAL:

- In Corporate Headquarters will need outlets for 110V in all work stations, additional 220V outlets may be required in Data Processing, Word Processing, Property Development.
- Allow for flexible electrical and telephone outlets within open-office spaces, probable location (under floor arrangement).
- Lighting, integrate with ceiling system, flexible systems, should handle lighting requirements of all arrangements of office furniture.
- In private offices/conference rooms allow for different lighting levels within spaces.

### MECHANICAL TRANSPORTATION

- In Corporate Headquarters Building will need vertical means of moving people (due to multi-levels).
- For movement over several levels, high-speed passenger elevators, amply handle present loading capacity.
- For transportation between levels (one to two levels) well-designed stairways, ramps. Possible escalator systems.

### LIFE SAFETY SYSTEMS

- Allow for safety of all occupants.
- All exitways and paths, clearly marked. Exitways should be marked in some way on floors in high ceiling areas. Often, smoke restricts vision to ceiling-mounted exit signs (applicable to warehouses and possibly large lobby spaces, also).
- Structural elements require minimum 4 hour fire rating.
- Exit, stair and elevator shafts - 2 hour rating.
- Loudspeaker warning system in warehouses.
- All partitions in open-office need to be fire-resistant.
- Sprinkler system for fire control.
- Fire dampers in mechanical ductwork.

### SECURITY SYSTEMS

- Control entry/exit from complex among visitors.
- Warehouses/loading dock areas - high security area.
- All doorways/openings will need security measures.
- Zale will commission security company to provide security protection.
- Security will allow employees to have their own environment, their own surroundings (privacy).
- Guards/alarm systems - after hours in all areas.

GENERAL CONSIDERATIONS

Ceiling Heights - Private offices - 9 ft.  
 Corridors - 8 ft.  
 General Offices - 10-15 ft.

By varying ceiling heights in general and private offices:  
 - Relieve visual monotony  
 - Solve unusual lighting and acoustical problems  
 - Control and influence use of spaces.

Electrical:

Lighting:

Recommended Lighting Intensities:

Type of Work	Foot-Candles
* Cartography, designing, detailed drafting	200
* Accounting, Auditing, Bookkeeping, Bus. Machine Operation, Rough Layout Drafting	150
* Regular office work, active filing, mail sorting, reading good reproductions	100
* Reading or transcribing handwriting on good quality paper, intermittent filing	70
* Reading high-contrast/well-printed material, conferring, interviewing, washrooms	30
* Corridors, elevators, stairways	20

For general office areas - 100-150 maintained foot-candles of lighting in all areas.

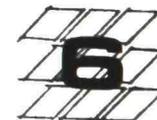
Private offices - 40-50 maintained foot candles for general areas, supplementary lighting may be required over work area.

Recommended type of lighting - fluorescent recessed fixtures, integrate with ceiling systems.

Lighting systems must be highly flexible, allow for changes within spaces.

Power: Offices require only conventional 110V outlets, must be flexible for different fixture arrangements. Computer and machinery areas require 110V and 220V outlets. Cafeteria/kitchen areas require 110V and 220V.

# **COST ANALYSIS**



## COST ANALYSIS

The following cost information was based on:

- A/A Guidelines
- Dodge's Cost Analysis Guidelines
- Case Studies
- Information Furnished by Client

Gross Floor Area:

- Total area of building is sum of all floors, including any basement or mezzanine levels, measured from exterior walls or from center line of walls separating buildings.

Cost Data:

Corporate Headquarters (Main Building)

Total Gross Sq. Ft. 336,000 sq. ft. (Recommended by client, allowed for future expansion)

Cost = 30.325 per. sq. ft.

---

Base Cost = \$10,189,200

A/A Guidelines - x 2.097

Location Factor

Dependent on city,	
state of project,	
function of regional	
building cost	\$21,366,752 TOTAL COST

Cost Breakdown - Corporate Headquarters  
336,000 Gross Sq. Ft.

SYSTEM	TOTAL COST	% OF TOTAL
Foundations	85,467	.4
Floors on Grade	85,467	.4
Superstructure	4,914,353	23.0
Roofing	42,733	.2
Exterior Walls	4,145,150	19.4
Partitions	1,410,206	6.6
Wall Finishes	555,535	2.6
Floor Finishes	747,836	3.5
Ceiling Finishes	534,169	2.5
Conveying Systems	1,367,472	6.4
Fixed Equipment	854,670	4.0
HVAC	3,461,413	16.2
Plumbing	1,004,237	4.7
Electrical	<u>2,158,042</u>	<u>10.1</u>
TOTALS	21,366,752	100%

## WATCH DIVISION WAREHOUSE

Construction - Conc. Tilt-up Panels/Metal Building  
- Fast, easy construction

Total G.S.F. = 15,500 sq. ft.

15,500	
x 5.32	Cost per sq. ft. (From Dodge's Cost Estimating Manual)
82,460	Base Cost
x 2.097	Local Cost Multiplier (A/A Guildlines Location Factor)
<u>172,981.62</u>	

Round to \$173,900

Cost Breakdown

	TOTAL COST	% OF TOTAL
Foundation	7,999.4	4.6
Floors on Grade	17,563.9	10.1
Superstructure	50,778.8	29.2
Roofing	7,825.5	4.5
Exterior Walls	26,258.9	15.1
Partitions	5,043.1	2.9
Wall Finishes	2,608.5	1.5
Floor Finishes	1,043.4	.6
Ceiling Finishes	1,565.1	.9
Fixed Equipment	2,086.8	1.2
HVAC	11,999.1	6.9
Plumbing	7,303.8	4.2
Electrical	<u>30,606.4</u>	<u>17.6</u>
TOTALS	\$173,900	100%

Cost breakdown by % - above - typical of all warehouses.

DISTRIBUTION CENTER WAREHOUSE  
30,000 G.S.F.

30,000	
<u>    x 4.93</u>	Per sq. ft. (From Dodge's Cost Manual)
147,900	Base Cost
<u>    x 2.097</u>	L.C.M. (From A/A Guidelines)
310,150	Total Cost

DRUG DIVISION WAREHOUSE  
50,000 G.S.F.

Figure 2 levels at 25,000 sq. ft.

25,000 x 5.035	= 125,875 (From Dodge's Cost Manual)
125,875 x 2.097	= 263,959.87 (From A/A Guidelines)
<u>    x 2 levels</u>	
527,919	
= 527,900	Total Cost

SPORTING GOODS/SUPPLY WAREHOUSE  
75,500 Sq. Ft.

75,000	sq. ft.
<u>    x 5.25</u>	Per sq. ft.
393,750	Base Cost
<u>    x 2.097</u>	L.C.M. (From A/A Guidelines)
825,693.75	

PRINTING GRAPHIC ARTS DIVISION - Warehouse with limited office space, cost per sq. ft. is from guidelines published by A/A, (For Comb. Office/Whse. Structures). Cost per sq. ft. is for overall structure.

30,000	sq. ft.
<u>    x 15.44</u>	Cost per sq. ft. (From Dodge's Cost Manual)
463,200	Base Cost
<u>    x 2.097</u>	L.C.M. (From A/A Guidelines)
971,330	Total Cost

## SUMMARY OF BASE/UNIT COSTS

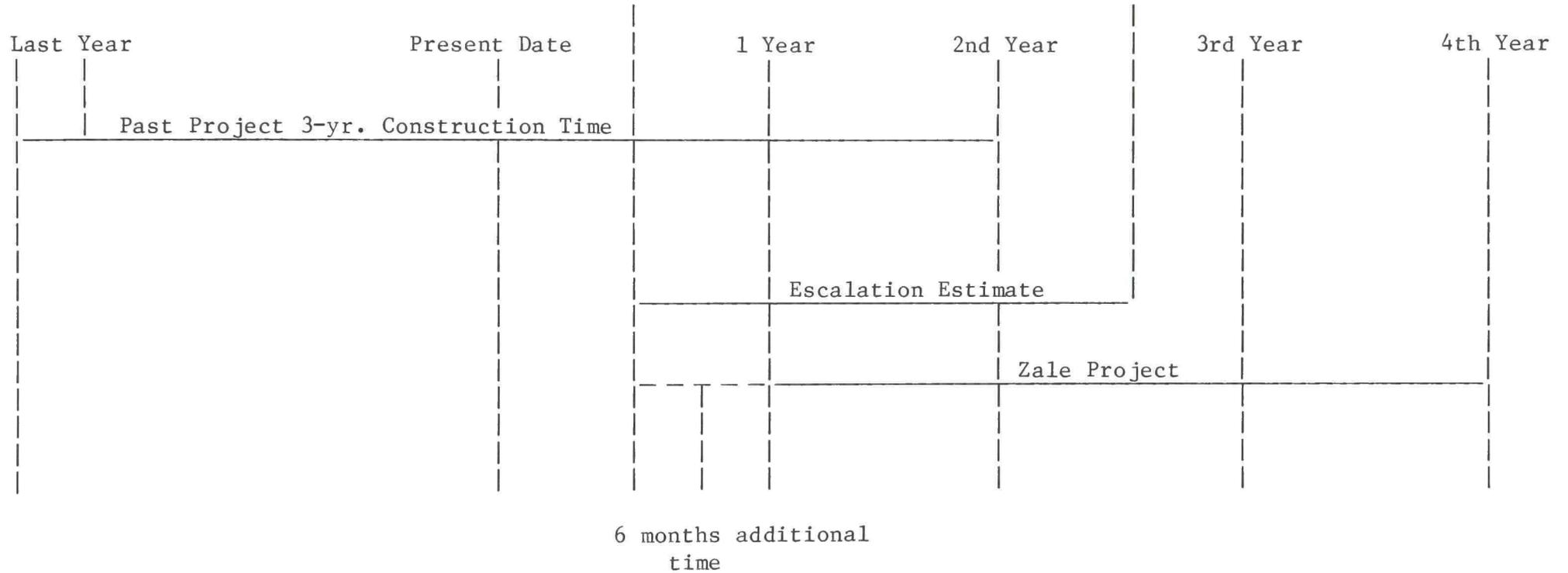
Corporate Headquarters	\$21,366,752
Watch Division Warehouse	\$ 173,900
Distribution Center Warehouse	\$ 310,150
Drug Division Warehouse	\$ 527,900
Sporting Goods/Supply Warehouse	\$ 825,693
Printing/Graphic Arts Warehouse	<u>\$ 971,330</u>
TOTAL	<u>\$24,175,725</u>

COST ESCALATION

Construction time for this project is estimated as three years. This is based on case studies of similar projects and advice from the client.

The previous building cost estimates were based on material and labor costs as of the mid-point of construction.

An escalation calculation will be based on an example of a similar project a year ago, with a three-year construction time.



Total Time = 37 Months

Escalation Rate = 1% / Month = 37%

Base/Unit Cost = \$24,175,725  
Escalation                      .37

8,945,018.2 Increase

Adjusted Total      \$33,120,743

Cost Estimate  
Due to Escalation

**DETAILED SPACE REQUIREMENTS**



Room Number 101 M.I.S. - Management Information Systems (Data Processing)

Occupancy 200 People 1979

Area 29,291 sq. ft. - presently  
30,971 sq. ft. - 1980 Requirements

Function Provides communication systems, analytical analysis, production, technologies for corporation. It is a fairly independent department and largely self-contained (as far as relationships with other departments).

Architectural Planning of office space will be open office plan. Ceilings should be minimum 10 ft. height. Ease of circulation is important in this area, all phases of M.I.S. work with and depend on other areas.

Environmental General Office lighting will be required, should be consistent illumination level for machinery (keypunch, data processing, etc.) operation. Acoustical treatment in walls, floors and slabs should absorb vibrations and noises of small computers and machinery.

Furniture/Equip. Numerous convenience outlets will be required for machinery.

Equip - Work Tables/Layout Tables  
- Open Office Partitions  
- Work stations/desk - file cabinet arrangements  
- Flexible system of power supply for all phases of office, should facilitate rearrangement of furnishings in future.

Room Number 102 Planning and Analysis

Occupancy 6

Area Present space - 1650  
Reduce in 1980 to 1250 sq. ft.

Function A senior planning group, reports directly to the President, consider it part of the Executive Offices.

Architectural Small offices in combination with Executive Offices, will need a few conference rooms/board rooms, should have a degree of privacy away from open-General Offices.

Environmental General Office lighting in offices, may require additional spot/track lighting in conference rooms, acoustical separation from other areas, a quiet semi-private area.

Furniture/Equip. Office units with 1-2 conference rooms.

Offices - Large desk, couches, comfortable seating areas.  
Conference Room - Large table, chairs, media presentation facilities (screens for slides, etc.)  
Wall outlets on every wall for projectors, etc.

Room Number 103 Senior Executive Offices

Occupancy 1 - Chairman  
 1 - Vice Chairman  
 1 - President  
 4 - Senior Vice President  
 5 - Secretaries

Area Offices vary from 200-300 sq. ft. each, total app. 1,800 N.S.F.

Function Office space for Executive Officers of Corporation.

Architectural Well-designed, private offices (spacious), should symbolize furnishings and design of office of leaders of a billion dollar corporation, located in somewhat centralized location to all corporate activities, good views from offices desirable. Should include secretary and small waiting areas.

Environmental General and spot lighting, utilize natural lighting, offices acoustically separated from secretary waiting areas, offices should be private (in terms of noise and activity of other areas).

Furniture/Equip. Each Office - 1 large desk, filing cabinets, chairs/couches (for 3-4 people), 1 telephone, wall outlets-every wall.

NOTE: Chairman, Vice Chairman, President - each with private secretary. Senior Vice Presidents share two secretaries.

Room Number 104 Cafeteria

Occupancy 20 employees

Area Not determinable as yet by corporation

Function Eating facility for employees of Corporate Headquarters

Architectural Centralized location, nice views to outside desirable, easy to clean wall and floor surface s. Moderate ceiling height (10-12 ft.), general lighting, provide food prep. and clean-up area.

Environmental Well-ventilated spaces (especially in kitchen), high level at noise should be contained within space, not disturb other areas.

Furniture/Equip. Tables and chairs (amount to be determined), kitchen equip-ovens, sinks, refrigerator/freezer units.



<u>Room Number</u>	105-108 111, 116, 118 Retail Divisional Offices [Guild Division, Zale Division, Catalog Division, Corporate Jewelry Divisional Management, Skillern Division, Sporting Goods Division, Leased Jewelry Division]
<u>Occupancy</u>	Total Present Occupancy - 297 1980 Occupancy - 404
<u>Area</u>	Present - 47,384 N.S.F. 1980 Area - 64,918 N.S.F.
<u>Function</u>	<ul style="list-style-type: none"> <li>- Most independent retail divisions report directly to their own divisional management.</li> <li>- Sporting Goods and Skillern's Divisions have their own divisional management contained within</li> <li>- Jewelry Divisions - report directly to the corporate jewelry divisional management office.</li> </ul>
<u>Architectural</u>	<ul style="list-style-type: none"> <li>- Divisional offices shall be large open office areas, open-office system to be used for ease of flexibility, minimize wasted space. Offices with nice views would be desirable. Circulation patterns should contribute to the ease of circulation between different areas of each division, communication between divisions very important.</li> <li>- Jewelry divisional management office should be easily accessible by all jewelry divisions, one secretary and a small waiting area will be needed. Lower ceiling height desired than in general office areas. Good views very desirable.</li> </ul>
<u>Environmental</u>	<ul style="list-style-type: none"> <li>- Partitions in open office plan will need special acoustical attention to reduce transmission of high noise levels, in the divisional general offices - general, constant lighting system.</li> <li>- Management offices - acoustically separated from work areas, general and supplemental task lighting desirable.</li> </ul>
<u>Furniture/Equip.</u>	<p>Divisional Offices</p> <ul style="list-style-type: none"> <li>- Open plan work stations to accommodate given number of employees.</li> <li>- Each station: Desk, telephone, chairs (1-2, waiting/conversation), filing cabinets, typing desk, flexible convenience outlet locations to accommodate change in space usage.</li> </ul> <p>Management Offices</p> <p><u>          </u> - Desk, chair/couches (2-3 people), telephone, wall outlets, filing system.</p>

## GENERAL OPEN-OFFICE AREA

109 PROMOTIONAL SERVICES

Occupancy - 23            Occupancy-1980 - 29  
 Area - 6,160            Area-1980 - 6,635

Function

Central Purchasing and Forms Control and Design Group, also has an "in-house" advertising agency.

110 PERSONNEL

Occupancy - 49            Occupancy-1980 - 61  
 Area - 7,725            Area-1980 - 10,455

Function

Typical Personnel Department at any large corporation handles employment, development and training of all employees for all areas of corporation.

111 CENTRAL CREDIT

Occupancy - 103            Occupancy-1980 - 163  
 Area - 8,464            Area-1980 - 12,418

Function

Location of all Central Credit activity; for example, Billing, Customer Accounts, Operational Expenditures, etc.

112 WORD PROCESSING

Occupancy - 7  
 Area - 840

Function

Service function dealing with majority of departments and divisions of corporation. Centralized typing and telephone dictation center.

113    CREDIT UNION

Occupancy - 11  
Area - 1840

Function

Serves all general office employees and employees in the retail outlets as well. Provides credit union/savings facility within corporate framework.

114    PROFIT SHARING

Occupancy - 3  
Area - 714

Function

Like Credit Union, functions as a service for well-being of all corporate employees.

115    PUBLIC RELATIONS

Occupancy - 3  
Area - 714

Function

Reports to senior financial management and interacts mostly with senior corporate executives and senior financial personnel concerning any corporate public relations matters.

116    INTERNAL AUDIT

Occupancy - 36	Occupancy-1980 - 46
Area - 4,864	Area-1980 - 4,819

Function

Reports to senior financial management but also in involved with auditing activities of all general office departments and divisions.

117    LOSS PREVENTION

Occupancy - 15	Occupancy-1980 - 18
Area - 3,296	Area-1980 - 3,759

Function

Inter-relates with all divisions of corporation, functions as corporate's own internal police force. Also contains risk management area which is corporate's internal insurance company.

118    ZALE INDEMNITY

Occupancy - 8	Occupancy-1980 - 13
Area - 1,644	Area-1980 - 2,709

Function

Small division of Loss Prevention area, extension of corporate internal insurance company, deals with various high risks of large corporation.

119    ZALE LIFE

Occupancy - 16	Occupancy-1980 - 23
Area - 2,506	Area-1980 - 4,132

Function

Corporate life insurance company, deals with all employees of corporation at all levels. It also sells a substantial amount of business to the general community.

120    LEGAL

Occupancy - 9	Occupancy-1980 - 7
Area - 2,736	Area-1980 - 1,956

Function

Reports to the president of corporation and interacts mostly with senior executives and financial group, handles major legal matters for corporation.

121    REAL ESTATE

Occupancy - 13            Occupancy-1980 - 20  
 Area - 3,212            Area-1980 - 4,201

Function

Responsible for investigating new building/store sites and negotiating leases for potential purchases of sites. Inter-relates very closely with Property Development Area.

122    BUILDING MANAGEMENT

Occupancy - 4  
 Area - 890

Function

In charge of operation and maintenance of Corporate Headquarters Building.

127    FINANCIAL - SPECIAL PROJECTS

Occupancy - 8  
 Area - 1,365

128    ACCOUNTS PAYABLE

Occupancy - 131  
 Area - 11,420

129    PAYROLL

Occupancy - 16  
 Area - 2,035

130    INVENTORY CONTROL

Occupancy - 14  
 Area - 1,880

132 AUTOMATED CONTROL

Occupancy - 29  
Area - 2,590

133 CONTROL GROUP

Occupancy - 19  
Area - 2,988

134 TREASURY/TAX

Occupancy - N/A  
Area - 3,096

OPEN-OFFICES  
GENERAL REQUIREMENTS  
FOR THE PRECEDING AREAS

Architectural

- Large open sapce, free of interior structure walls, arrangement of partitions and work stations shall be highly flexible and able to be changed in future.
- Combine color of carpeting with colors of partitions and furnishings for interest and aesthetics.
- For flexibility, there should be variations in height of partitions surrounding work stations as well as size of furniture and station itself.
- Allow for different grouping of employees within work stations (small and large groups).
- Work stations for each area to accommodate number of employees listed for each department.

Environmental

- General lighting systems.
- Flexible mechanical supply - to facilitate different arrangements of spaces/furnishings.
- Panels - acoustical treatement - critical - reduce noise transmission between major areas.

Furnishings/Equip.

- Modular partitions/work stations - easily interchangeable.
- Flexible power supply - allow different arrangemnts of equipment requiring power (under floor).
- Durable materials used.
- Some areas may require full height partitions but they need not be permanent.

Room Number 123 Mail/Supply Room

Occupancy 4-5 employees

Area 2,985

Function Handle incoming and outgoing delivery of mail services for all areas of corporation, handle general supplies for major areas of corporation.

Architectural Small support area for corporation, should be easily accessible from all areas of corporation. Mail area will need access to outside. Ceiling height should be 8 ft. (lower than offices). Durable, easily cleaned surfaces.

Environmental Lighting requirements will be rather minimal spot, indirect lighting, should be well ventilated, doorways 3'-6" to accommodate large parcels/supplies.

Furniture/Equip. Storage/shelving cabinets - supplies, mail processing equipment, sink - clean-up area, storage area for parcels. Ample wall outlets in mailrooms, 1-2 in supply room.

<u>Room Number</u>	124	Transportation
<u>Occupancy</u>	10	
<u>Area</u>	1,836	
<u>Function</u>	Fairly independent department - monitors all of company's department's shipping activities.	
<u>Architectural</u>	Should be located near areas with incoming/outgoing merchandise, located near mail rooms, near access to outside, general, constant level of lighting needed, maximum view of operations required (inside and outside), durable wall and floor materials.	
<u>Environmental</u>	General lighting system, acoustically treated ceilings, walls and slabs to absorb any machinery noise.	
<u>Furniture/Equip.</u>	Flexible power supply, accommodate computer machinery (viewing, monitoring, operations), desk and phone arrangements to accommodate 10 employees.	

Room Number 125 PROPERTY DEVELOPMENT

Occupancy 50 1980 - 50

Area 9,800 1980 - 9,800

Function Inter-relates with division management and Real Estate Department. Responsible for designing all new stores, re-furbishing old stores. Employs construction managers, purchasing people, architects and draftsmen.

Architectural Will need 1-2 secretaries, small waiting area, areas for drafting, reproduction, small offices for Prop. Dev. Admin. - personnel, architects, good views desirable. General office ceiling height, easy to clean, durable floor and wall surfaces.

Environmental General lighting levels, may need additional lighting over drafting areas.

Furniture/Equip.

- Secretary - Desk/typing area
  - Phone, filing cabinets
- Drafting - Drawing areas, tables and stools
  - Reproduction equipment and power outlets to accommodate lay-out tables
- Offices - Desk units
  - Large storage cabinets (drawings)
  - Supply storage area for draftsmen and blueprint machine

Room Number 126 Medical Center

Occupancy 2

Area 500

Function Serve minor medical needs of employees of corporation, contain nurse and one assistant.

Architectural Small examination/treatment rooms (2) located in central area, easily accessible, easily cleaned, durable surfaces, contain sink/lavatory units

Environmental General and task lighting, well ventilated

Furniture/Equip.

- Minor medical equipment
- Wall outlets - every wall
- Storage area for medicine and supplies
- Bed (exam. table) - (2)
- Chairs/waiting

## SUMMARY OF SPATIAL AND EMPLOYEE REQUIREMENTS

## CORPORATE HEADQUARTERS

Total Net Square Feet	-	173,715
(offices previously described)		

Total Employees	-	1,121
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**CASE STUDIES**

# LOCAL FACTORS AFFECTING PLANNING - SITE PLANNING CONCEPTS

1. Area With Most Desirable View
2. Development to Have Interior View
3. a. Land Reserve  
b. Potential Water-Oriented Recreational Facilities
4. Existing Facilities to be Retained
5. Major Utility Run
6. Landscape Buffer
7. Wooded Area
8. Nearest Off-Ramp and On-Ramp Access to and From Site
9. Existing Roads
10. Existing Barns to be Removed



master planning

Recognizing the problems inherent in having their organization occupying space in several widely separated locations, USAA initiated action to develop a comprehensive study to define their growing needs through 1980. In December of 1969 Benham-Blair & Affiliates, Inc. and Howell Design Corporation were retained to study and analyze the current and future needs of USAA and to develop and translate these requirements into a logical long range space and building program.

A primary consideration to permit the logical development of the building program was identifying and selecting a suitable site. There were many factors to be examined to assure that the long range and immediate requirements would be fulfilled. Some of the major factors examined were availability of utilities, vehicle access, topography, zoning restrictions, and environmental characteristics.

# SPINE CONCEPT



A 285 acre rolling terrain site was selected in the Northwest section of San Antonio, Texas. The site is bounded on two sides by major highways with the South Texas Medical Center to the south and the San Antonio Campus of the University of Texas located to the north. The site had been a ranch used for raising and training race horses with several buildings suitable for modernization and retention. Much of the area remained in its natural wild state.

Concurrent with the site selection, investigations, and studies, project goals and design criteria were being developed. Considerations in development of the design criteria were business functions, relationships of these functions, expandability, flexibility, retention of the natural environment, corporate image, compressed construction schedule and regional character. The goals for the project included utilization of the most contemporary urban design and planning principles for the entire site. It was designed to conserve energy

and provide a total environment for employees including social spaces, modern cafeteria facilities, training facilities, recreational and meeting areas and health facilities.

Before starting conceptual studies it was necessary to develop a broad program of the basic space needs to meet USAA requirements. To develop this program a preliminary study was made to determine square footage requirements for the initial phase of construction with a projection for probable long range needs in terms of building area requirements. Functional relationships studies were made of all of the organizational units and specific requirements of each unit were identified. During this development period, visits were made to over 40 other company facilities, to examine their solution of comparable needs and to determine in their opinion if these needs could have been satisfied in a better manner.



Based on the established criteria many possible solutions were studied and evaluated. As a result of these studies three basic planning and design concepts were chosen for detailed studies.

The "Radial Concept" solution consisted of a concentric design pattern with all central services, such as, mechanical systems, utilities, maintenance, supplies and communications acting as a central nucleus to the executive, administrative and operational activities which would surround it. Landscaped courts and plazas would be located in the open spaces between the core and outside rings.

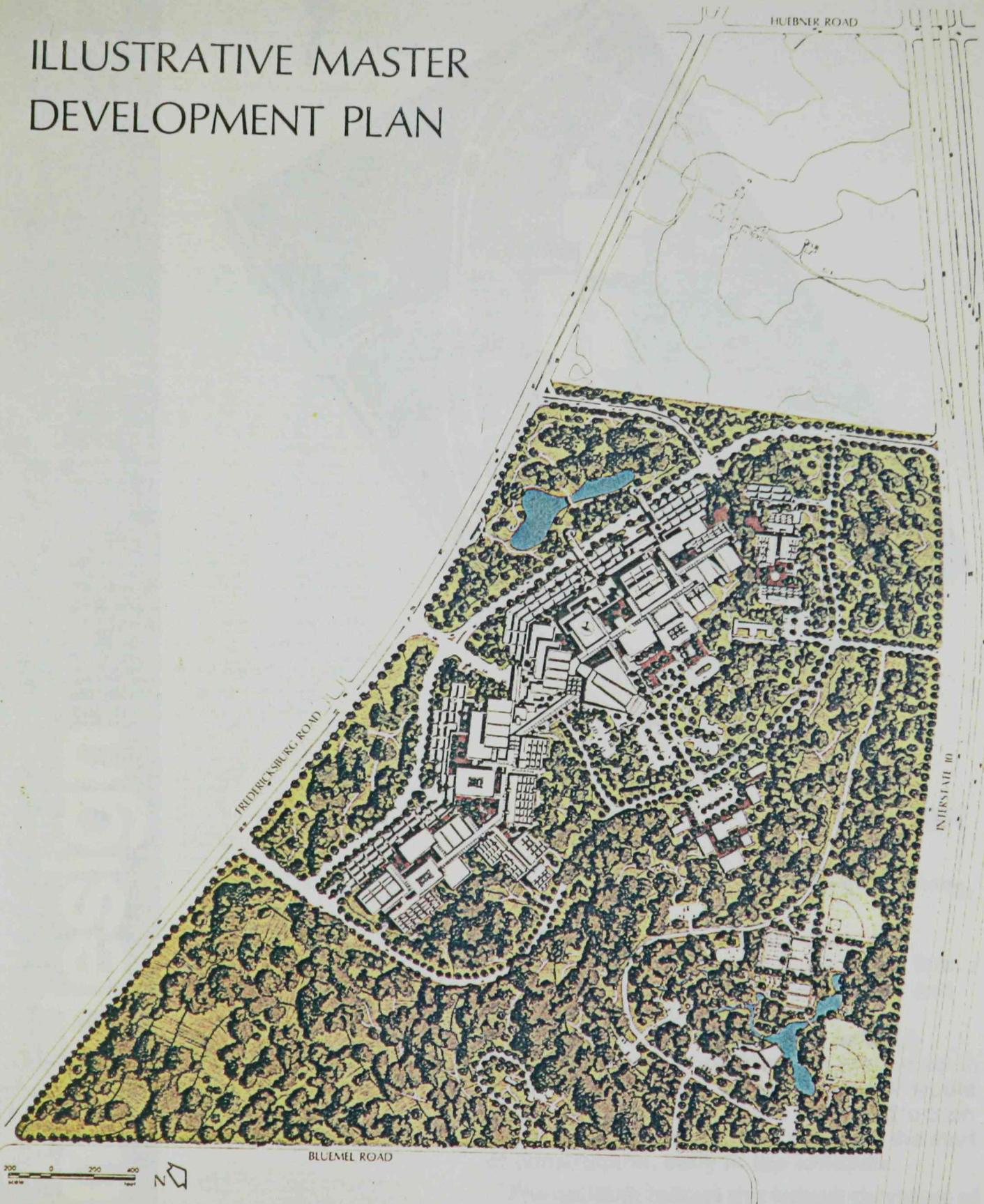
The "Campus or Cluster Concept" solution visualized the location of the central services concentrated in the center of the development located under a central plaza. The office structures for all support and operational units would function as separate buildings clustered around a series of open spaces.

The "Spine Concept" solution was selected as the solution to best meet USAA requirements. In this concept the functional components are interrelated and oriented along a distribution element called the spine. The spine contains circulation, utilities, pedestrian walkways, plazas, and central pedestrian function. The spine allows each unit within the building to be designed for its specific function and then connected to it for distribution of utilities, supplies, and personnel. The complex can be expanded in multi-directions in the future, yet is a complete, unified, and comprehensive system at any increment of its development.

Concomitantly the space planning program was being expanded and refined. In developing this program three primary criteria were considered. First, the nature and function of the organizational units of USAA and its subsidiaries; second, determination through analysis of the size and type of space required for these units; third, the relationship of these units to each other and to the total organization. The ability to process efficiently the customer's telephone, mail and in-person inquiries were basic requirements. An area of 150 square feet of working space for each employee provided for their requirements.

With the completion of these studies the information was assimilated and published in November, 1970, as **The Facilities Master Development Plan**. It contained USAA background information, detailed site analysis, planning objectives concept studies, program criteria, schematic plans, a schedule, and phasing information.

# ILLUSTRATIVE MASTER DEVELOPMENT PLAN





In February, 1971, Benham-Blair was authorized to proceed with final design. With a central theme established, final design and construction documents production proceeded simultaneously. The detailed design work was done from the ground up in much the same order as the contractor would build the facility. This produced construction drawings at an early date and allowed the start of construction, early in the schedule.

The building follows the natural curvature of the topography on the northwest slope of the central plateau. The major view, focusing on the Texas Hill Country, looks away from the city and should remain unspoiled well into the future. Every effort was made to preserve the natural landscape and utilize the larger existing trees to provide the most effective scale for the large building complex.

After final concept selection and schematic design completion, the building was designed



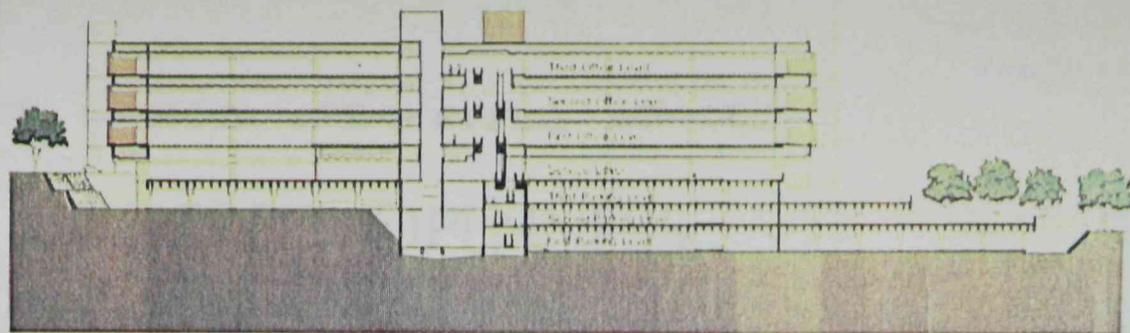
by extensive use of models in addition to drawings. The numerous models provided the client with a three-dimensional "picture" of how the building would appear when completed. The scale of the models became progressively larger as the building developed, which permitted study of the office areas, escalators, elevator interiors, courtyards, mechanical piping and duct layouts as well as exterior elements.

During finalization of design and material selection, mock-up panels were constructed to demonstrate desired textures and finishes. This provided examination of different methods of concrete form finishes and construction techniques to best achieve the desired results. This also provided the contractor with a control sample for uniformity of quality. Test panels were made of all concrete finishes, exterior aluminum siding, stone work, pebbled concrete decks and

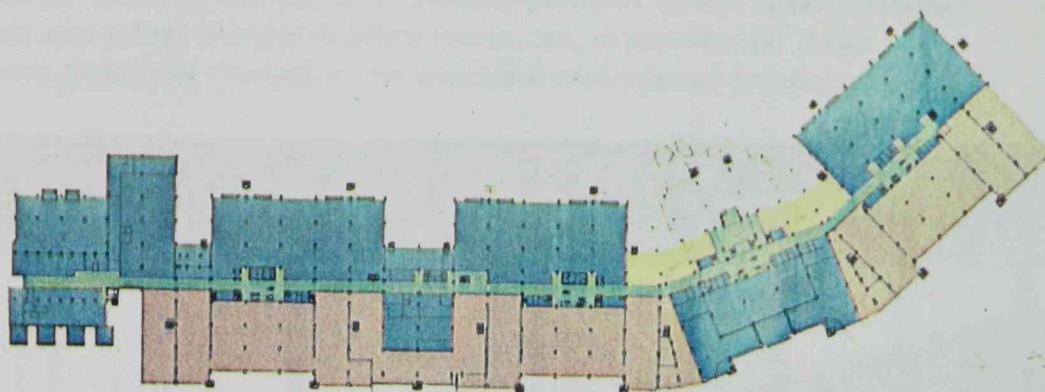
interior office areas to examine floor, ceiling and demountable partition systems.

Interdepartment communication requirements are minimized resulting in low personnel circulation within the building. Departments too large for one office block and departments with potential cross communication needs were stacked vertically. Primarily vertical personnel circulation is served by forty-eight high speed escalators equally spaced along the spine. Elevators are available for the handicapped and a pedestrian concourse with comfort facilities runs the full length of the building.

The lower three levels of the building are entirely for parking with the fourth level divided between additional parking, supply, and building services separated by a service corridor. The top three levels house the office spaces and related functions. A large utility



Typical Building Section



- Circulation
- Building Services
- Offices
- Parking

Service Level



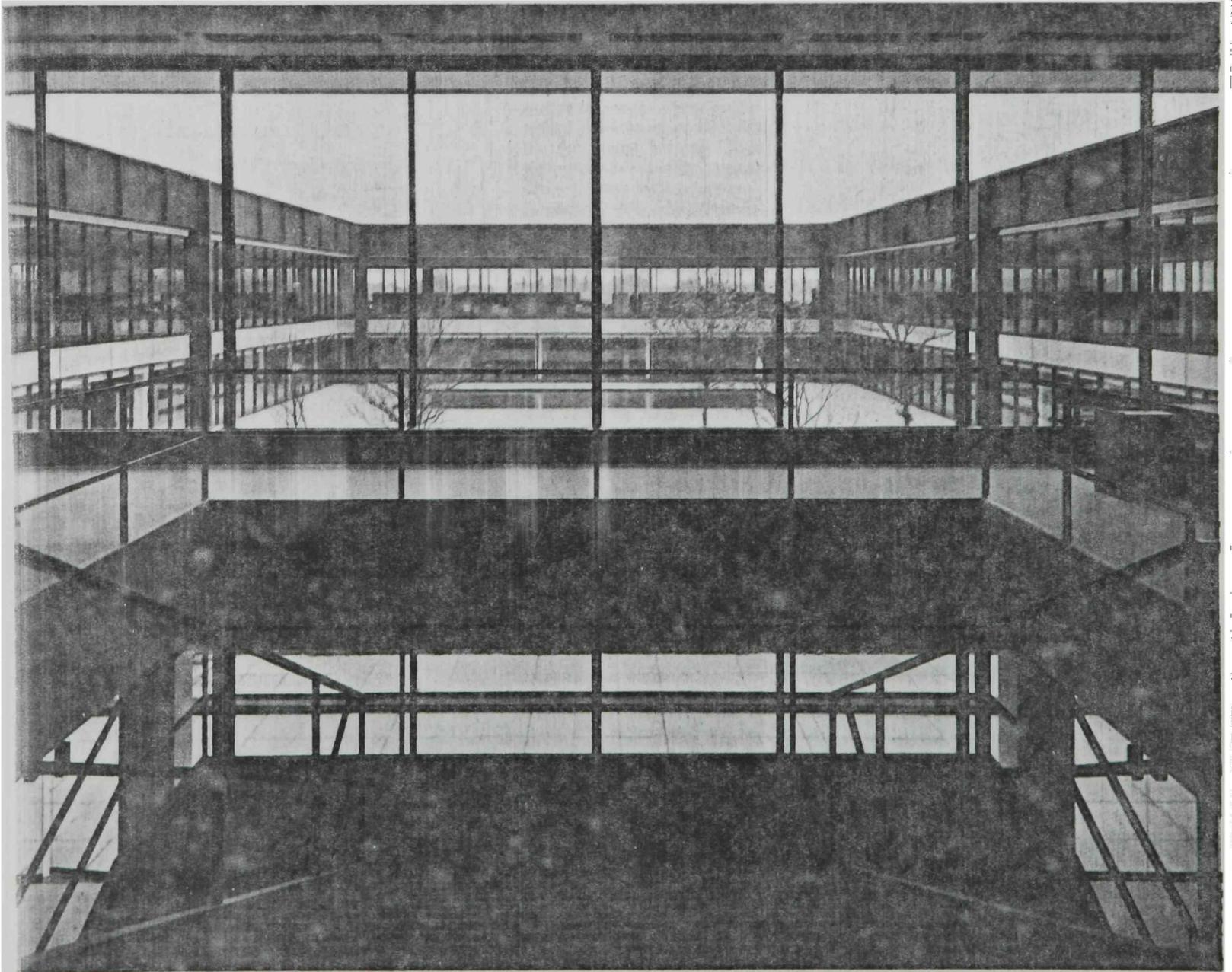
tunnel extends full length of the building connecting with the central plant and major mechanical systems at the north end.

The building contains over 3 million gross square feet with 1,379,000 square feet devoted to parking and 1,736,000 square feet to office space. Over one-third mile long (1,790 feet), the building has an average width of 300 feet. The seven major levels attain a height of 104 feet. The base building cost, excluding land, landscaping, decor and furnishings, was about \$100 million. This reflects a cost of about \$33.00 per square foot, well below average cost for similar quality buildings during this time period.

The building contains over 125,000 cubic yards of concrete, 8,500 pieces of precast concrete, 10,450 tons of structural steel and 10,000 tons of miscellaneous steel. Site preparation required 700,000 cubic yards of excavation.

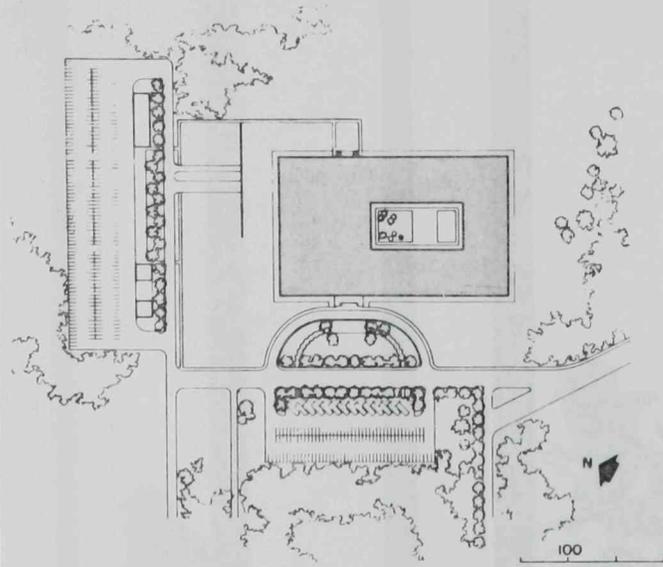
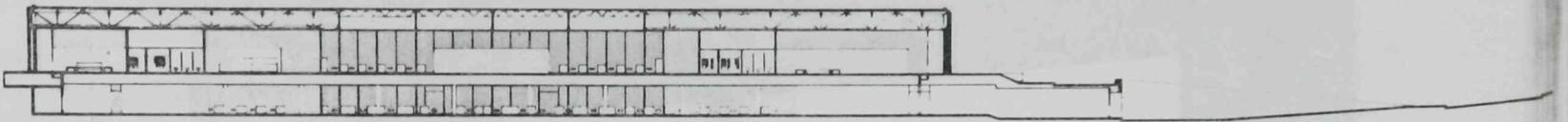
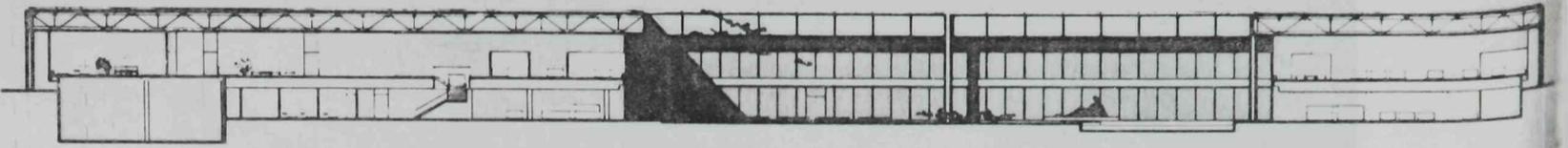
## ORDERED OPENNESS FOR CORPORATE OFFICES

In this boldly elegant headquarters building for an English pharmaceutical firm, Skidmore, Owings & Merrill (Chicago), with London architects York Rosenberg Mardall, temper with discipline the freedom of plan organization demanded by a company in rapid transit from quill age to computer age. Within the open spaces provided for ready response to predictably unpredictable shifts in office needs, SOM partner Bruce Graham has imposed order by painstaking coordination and detailing of all building elements—from a structure which matches spans to the degree of flexibility desired, to a furniture-partition system whose movable, interchangeable parts assure that changes in office layout can, in practice, be made without accompanying disruptive changes in the over-all environmental envelope.

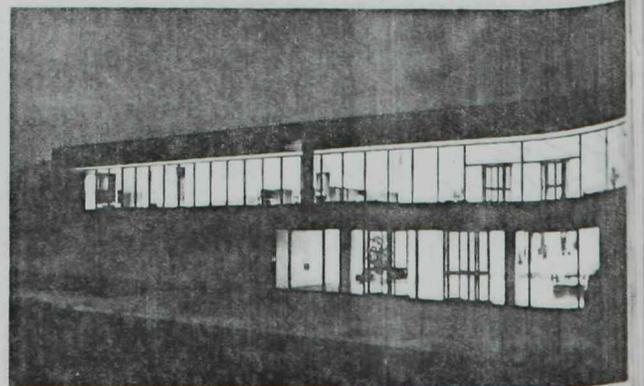
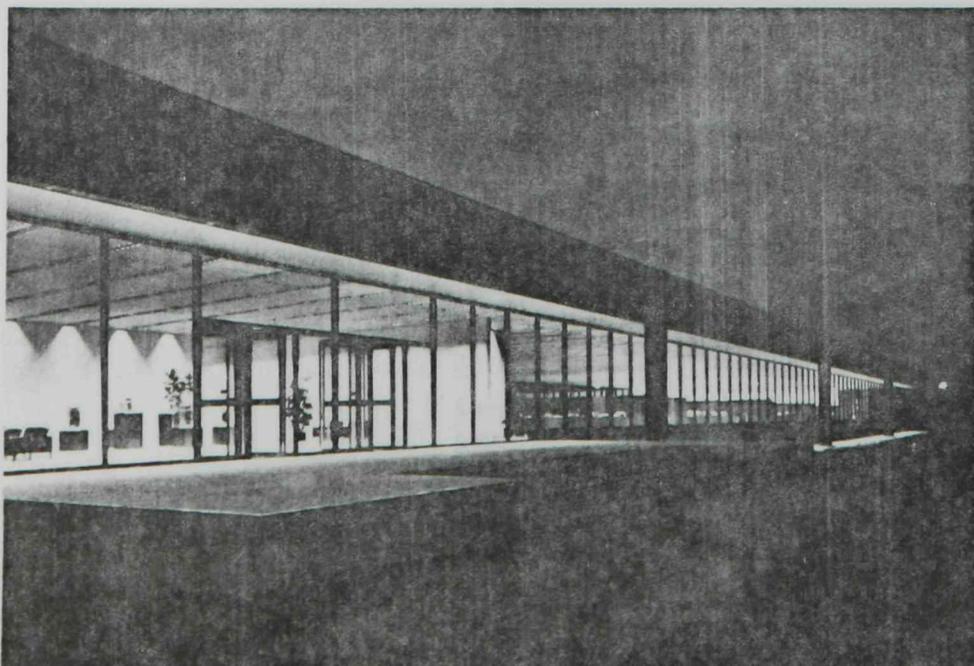


In keeping with the Boots Pure Drug Company's dual plan requirement for readily mutable space allowing maximum flexibility in the layout of individual departments, plus more conventional spaces for relatively static functions, office areas are disposed on two levels around a sunken central courtyard (above). Wholly open, column-free space is concentrated on the upper, first-floor level, while the below-grade main floor, which receives natural light from the interior court, houses fixed facilities and those requiring only limited possibilities for rearrangement.

© Ezra Stoller (ESTO) photos



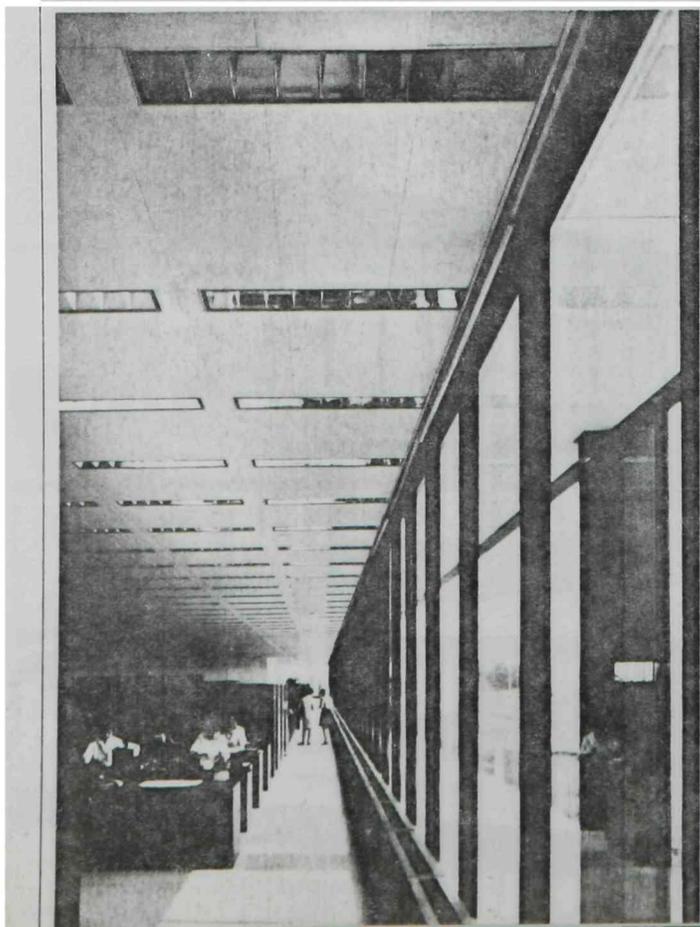
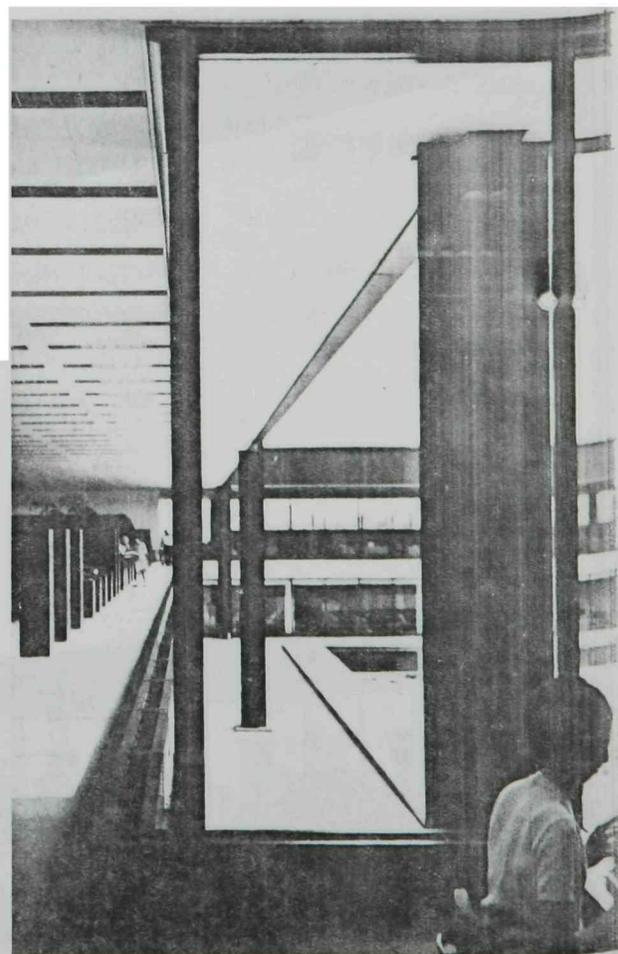
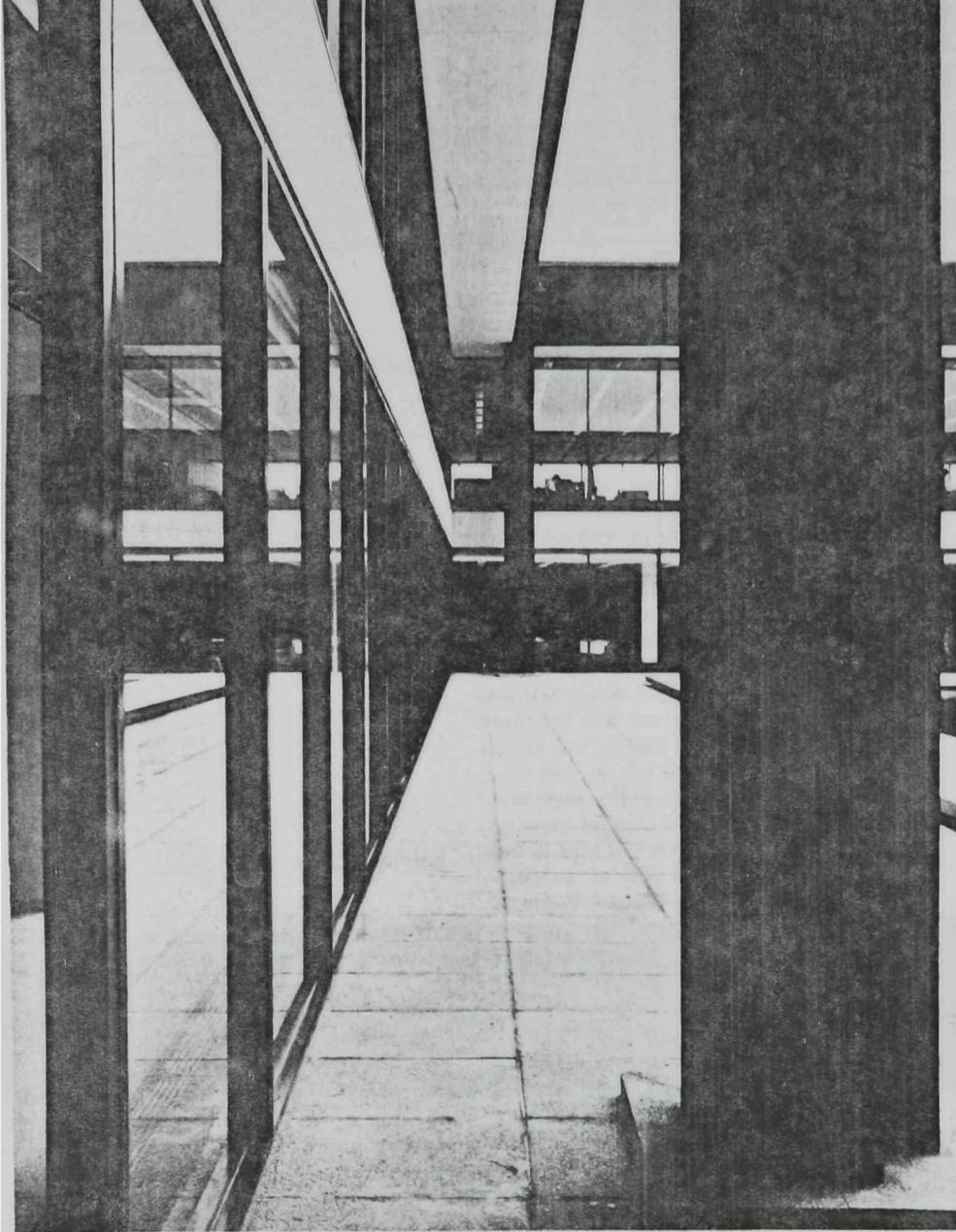
Though two-storied, the building reads from the outside as a low-slung, single-story mass. Soil from excavation was graded up around the concrete-walled main floor so that only the first floor emerges from the ground. Visually scaling down the 480- by 288-foot mass to compatibility with its meadowland setting, this solution also conforms to the practical plan requirements of the building, and the structure devised to meet them. The below-grade main floor, needing less flexibility, is reinforced concrete with relatively small (24-foot) column bays within the perimeter retaining wall, while the upper floor owes its 120,000 square feet of unimpeded space to steel columns and girders with 96-foot clear spans. Only at the main entrance are both floors open to the outside, allowing employees to enter and leave the building at the level where they work. Thus, most vertical traffic circulates on the exterior, and the need for vertical access within the building is kept to a minimum.



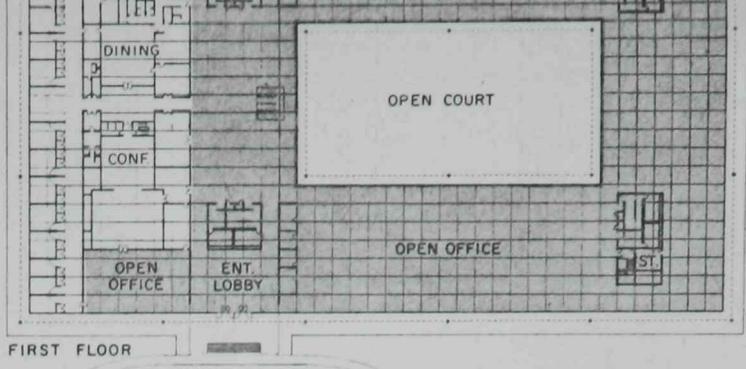
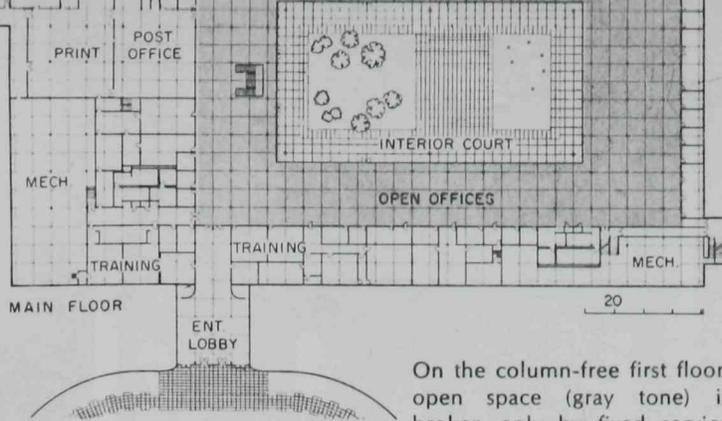


Rising some 2½ feet above grade, the visible upper portion of the main-floor retaining wall forms a recessed base for the open first-floor level, which is enclosed by a crisply detailed bronze-anodized aluminum window wall with spandrels that repeat the pale gray granite used for the entrance

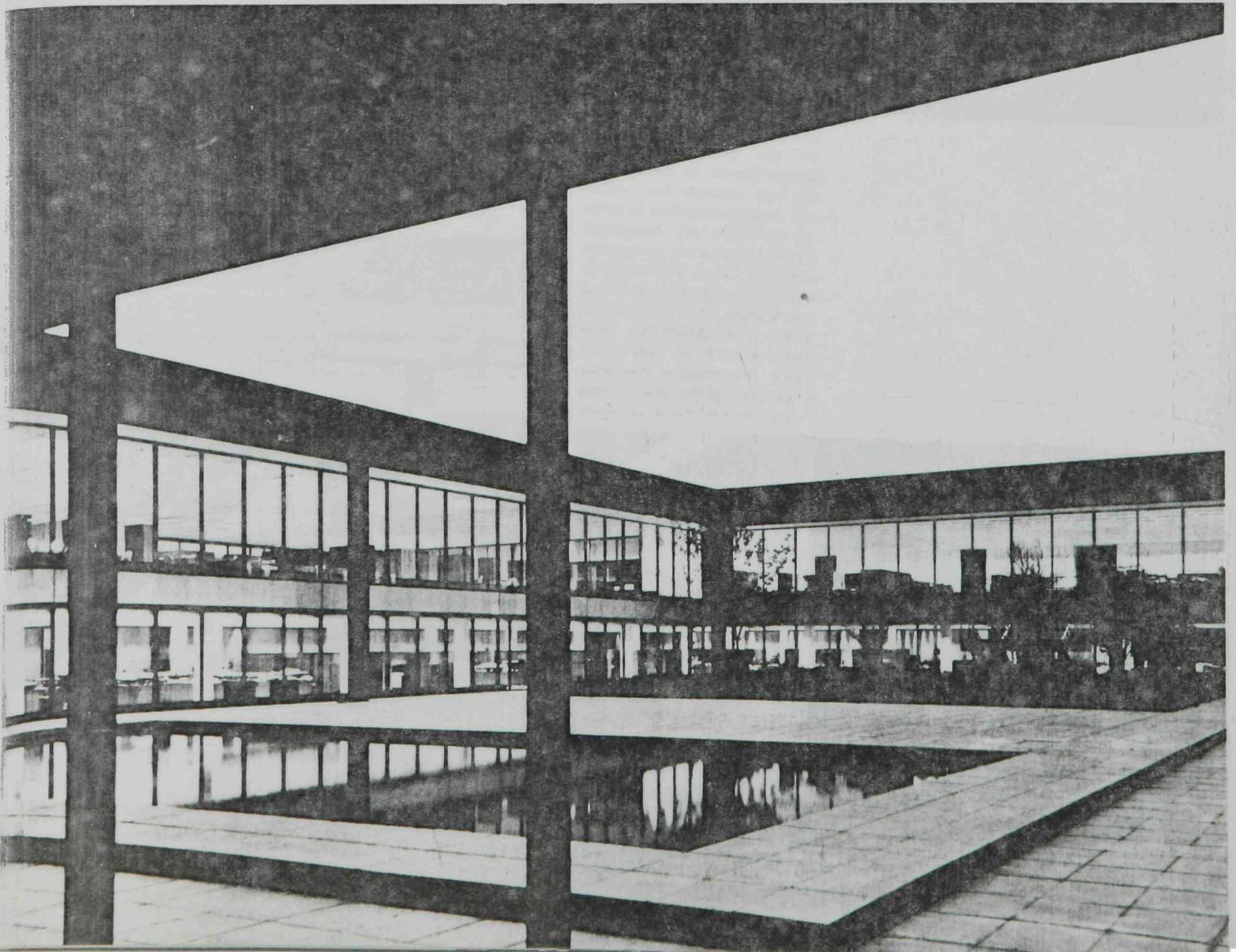
steps. The freestanding structural frame is of black-painted steel, with cruciform columns shaped for unambiguous definition at building corners, and proportioned (at 30 inches across) to support visually as well as actually the massive (6-foot, 3-inch) girders required to bridge the 96-foot bays.

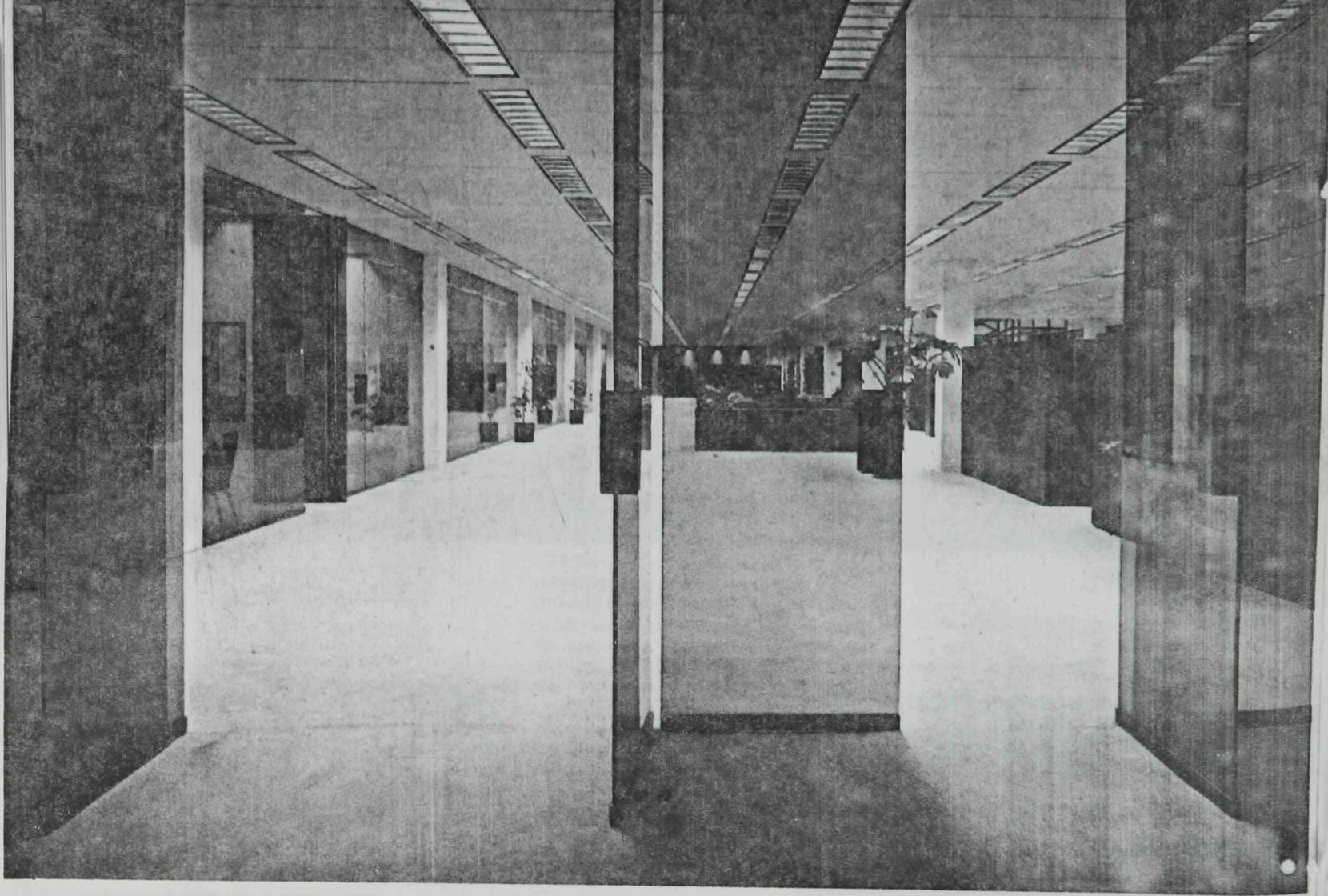


The central courtyard functions on the most prosaic level as a light well—and, because of its 100- by 200-foot expanse, also reinforces the building's pervasively open quality, affording workers stationed in "interior" areas the same sense of space-extended enjoyed by their counterparts with views to the outside landscape (left). While fully reflecting the building's formidable size and almost equally formidable precision of finish, the court is yet an urbanely human space, livened by the play of natural elements—the water of the reflecting pool, the greenery of the planted area—and by the color and movement of people glimpsed behind its transparent enclosure.

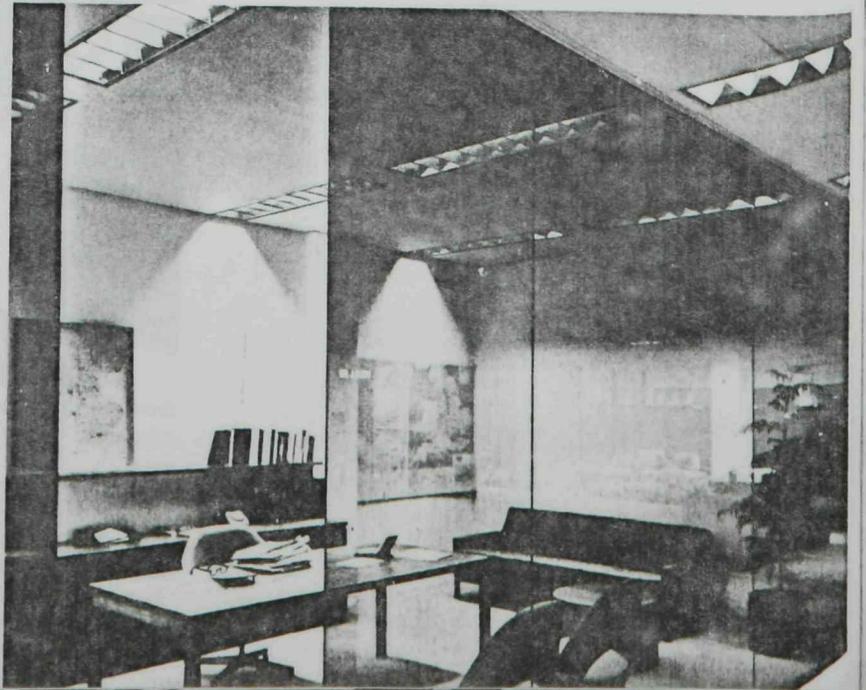
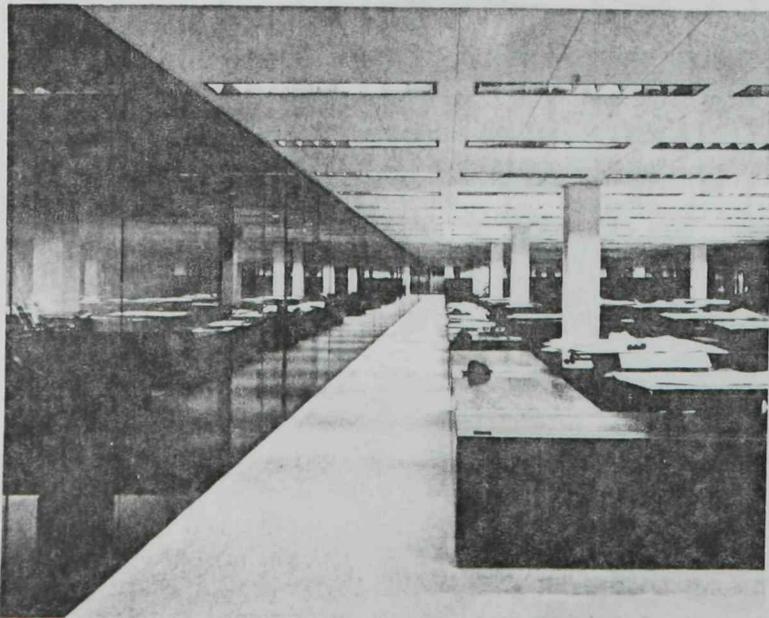


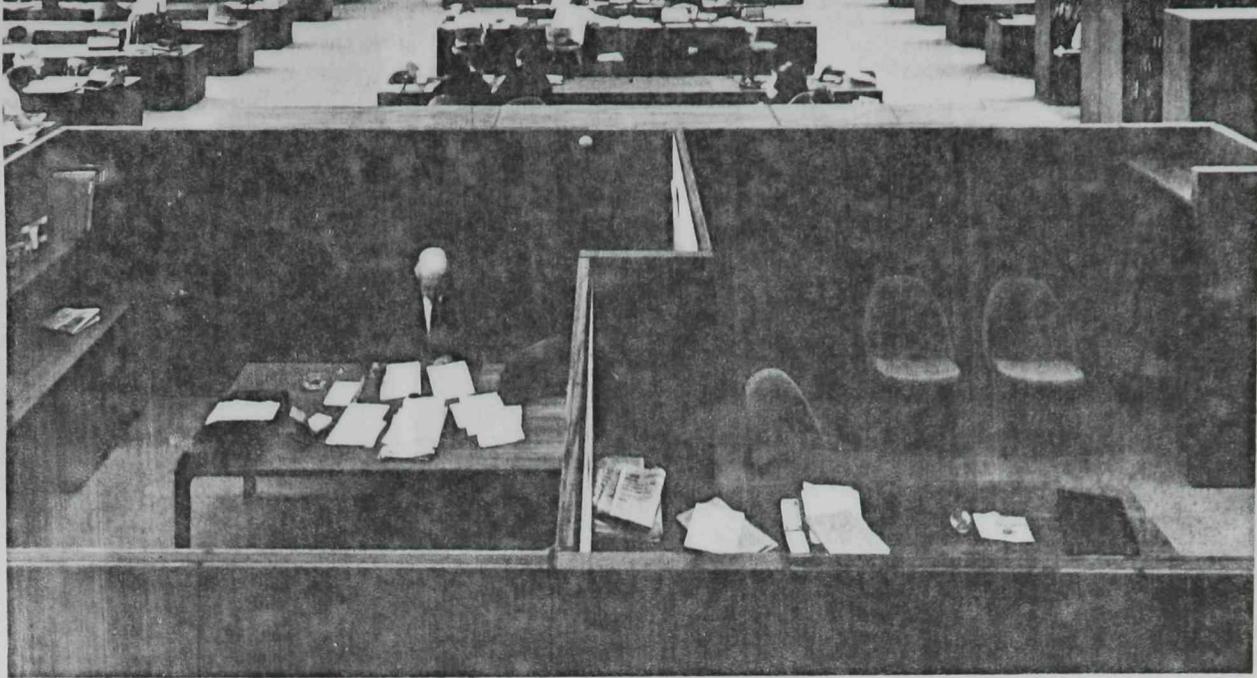
On the column-free first floor, open space (gray tone) is broken only by fixed service elements (stairs, toilets and cloakrooms). Executive offices, the only conventional offices in the building, lie along the north wall, separated from the rest of the floor by such support facilities as private dining and board rooms. Specialized functions (data processing, training, conference, printing, postal, and storage facilities, and mechanical space) that need little flexibility and no outside exposure are ranged around the perimeter of the below-grade main floor; office areas requiring more latitude in layout, as well as light and view, are concentrated in the open space around the central court.



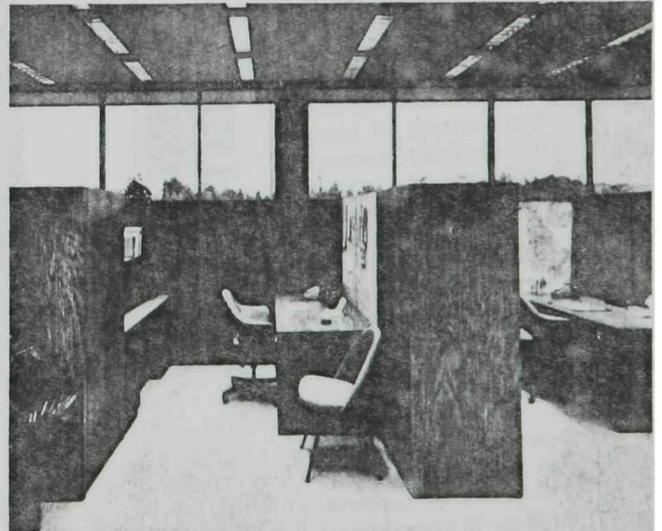
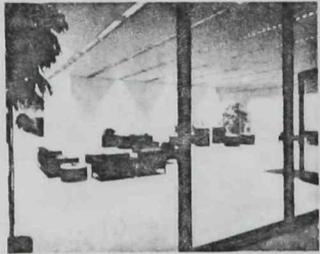


Entrance to main floor lobby (above) introduces the restrained use of warmly neutral colors and textures, and the sense of uncluttered space, that distinguish the building's interiors—all designed by the architects. *Cafe au lait* carpeting and richly grained natural oak finishes are used throughout, with additional, still subtle, color lent by bronze-tinted-glass office partitions, which admit light while assuring a measure of acoustic privacy.

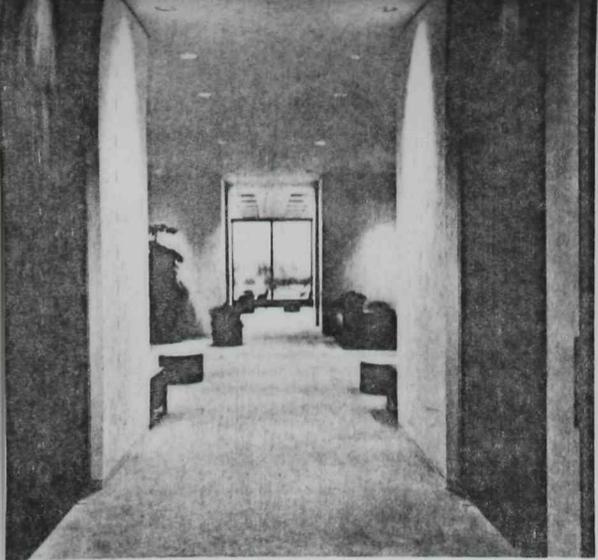




The 5-foot, 8-inch-high natural oak carrels which replace standard office cubicles in all open areas may be three-sided (right) or four-sided, depending on the occupants' need for privacy and/or wall space. Made up of interchangeable components, carrels, like unpartitioned work stations, may be dismantled and rearranged at will to meet changing departmental needs—but always within a discipline established by the architects in advance and in absentia.

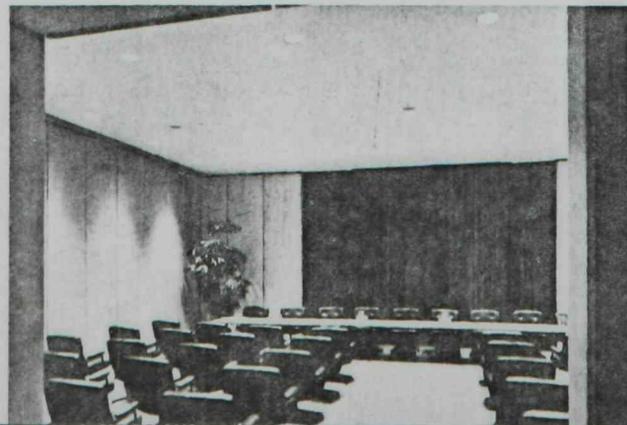
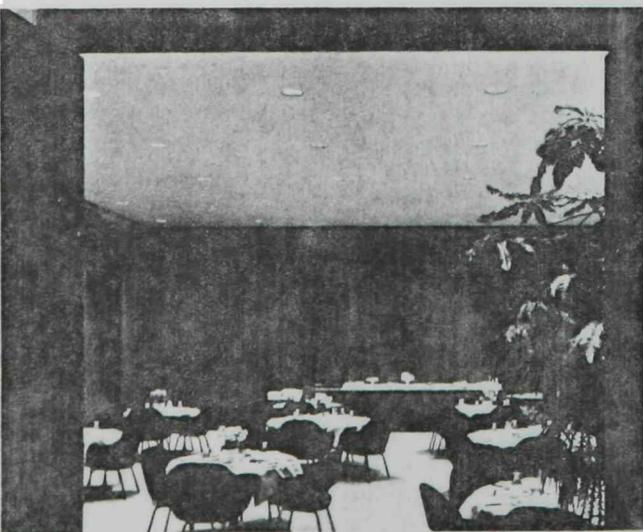


Alternate placement of work stations within the open plan is gently but effectively controlled by the need to conform to the pre-set pattern dictated by an underfloor grid of power and telephone raceways. This feeds required services to desktop outlets through access panels built into pedestal units.



The quietly imposing corridor (top left) which links the directors' office wing with the main office area widens invitingly to a lounge-reception space with direct access to executive conference and dining facilities (below and left).

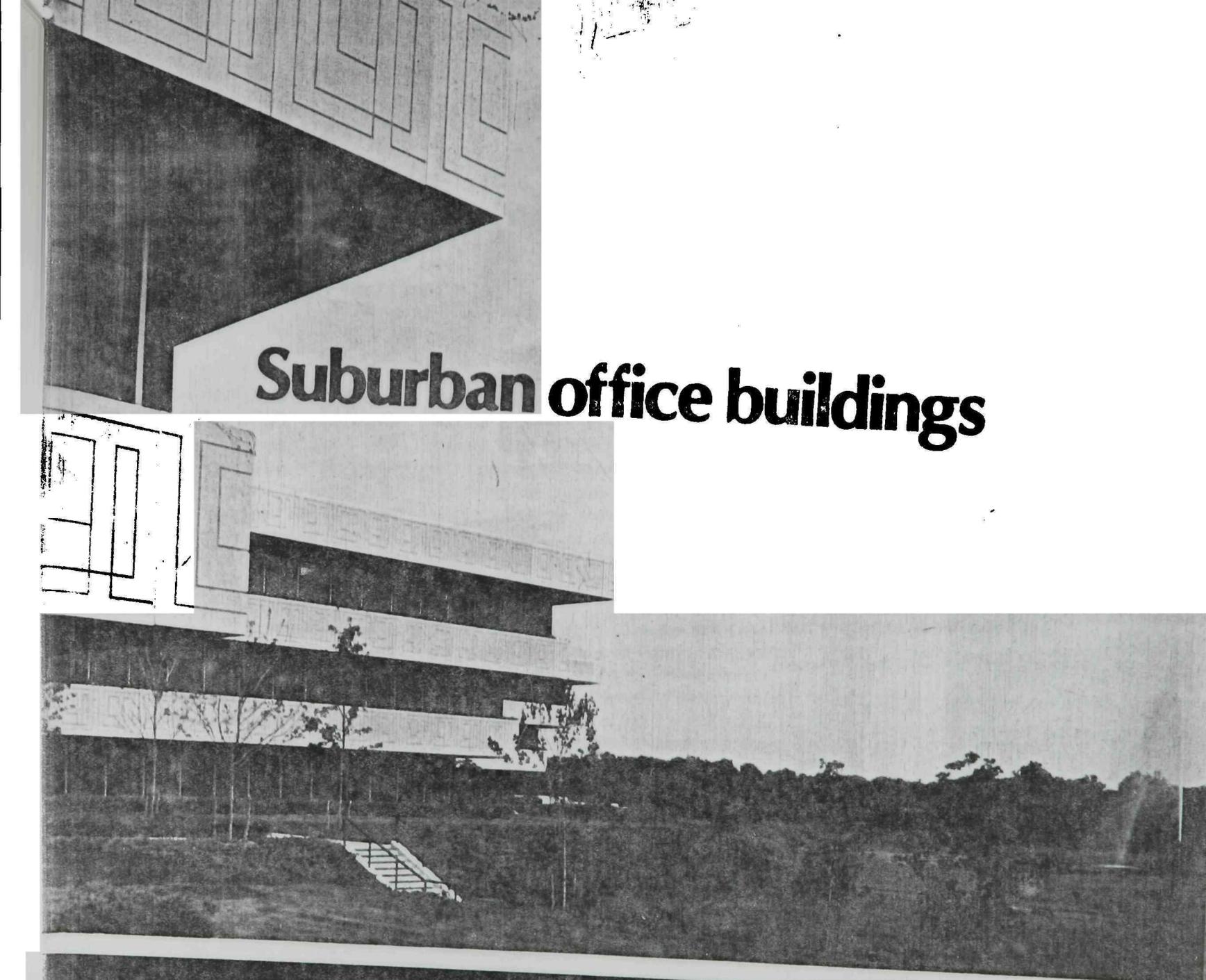
Equipped, like all other spaces, with architect-designed fittings, and finished in the same richly simple materials, the executive wing essentially repeats and elaborates on the over-all interior scheme. Corridor "walls" enclosing directors' offices are outside storage units which define secretarial work stations within a modified open office.



**A NOTE ON THE INTERIORS.** Given the opportunity—and challenge—of designing interior furnishings and fittings capable of fully exploiting the flexibility of space arrangement inherent in the open plan, the architects steered a deft middle course between rigidity and license. As shown on page 147, key elements of Boots' open offices are free-standing carrels made up of easily dismantled oak partitions. The two basic carrel types—a 12- by 12-foot four-walled version, and an open-ended 7½- by 9-foot unit—are each assembled from a kit of interchangeable parts, including the same plug-in pedestal desk units that control placement of all work stations on the 6-foot module set by the underfloor utility grid. Groupings of unenclosed work stations are delineated by carrels, or by banks of filing cabinets of the same height.

Since carrels stop well shy of the ceiling, and conform to the basic building module, their relocation poses no problems in adjusting light or air supply, and these systems could be designed simply for optimum environmental conditions in the space as a whole. Primary air supply is through the lighting fixtures, with a supplementary induction system along perimeter window walls. The light fixtures themselves were specially designed with parabolic reflectors to give controlled work surface illumination without annoying ceiling bright spots. Natural light, too, is carefully regulated by electrically-operated venetian blinds that move in unison for each elevation. The light fixtures also support an acoustic ceiling which, with the carpet, controls noise throughout the building.

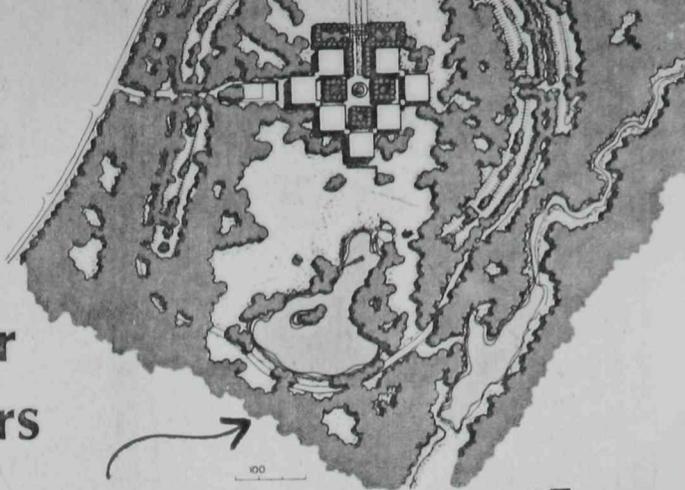
**GENERAL OFFICE BUILDING, THE BOOTS PURE DRUG COMPANY LTD., Nottingham, England.** Architects and engineers: *Skidmore, Owings & Merrill (Chicago)*—William Hartmann, partner-in-charge; Bruce J. Graham, partner-in-charge of design; Philip W. Thrane, project manager; associate architects: York Rosenberg Mardall—Brian Henderson, partner-in-charge; John Vulliamy, project manager; structural engineers: Felix J. Samuely and Partners; mechanical engineers: Matthew Hall Mechanical Services Ltd.; quantity surveyors: Gleeds; landscape architect: Kenneth Booth; general contractor: Taylor Woodrow Construction (Midlands) Ltd.



## Suburban office buildings

Suburban sites for office buildings—particularly for corporate headquarters offices—have advantages that make them unusually attractive to many, but not all, kinds of companies. Less expensive land (and therefore the capability to buy a larger tract), more space for expansion and for parking, an exceptional degree of amenity for employees are the obvious advantages. All four of the companies whose suburban offices are involved in this study wanted and needed more space for immediate and future needs, and were seeking to provide their employees with better working conditions. Each got what it wanted—and more, economically and psychologically, and the sites they found are not only spacious and beautiful, but they are within an hour's travel, or less, of the downtown business district. Although the communities to which they have come may be concerned about the additional public services to be provided, communities can count as benefit extraordinary the preservation by such companies of open spaces on their outskirts.—E.K.T.

# From Park Avenue to an old polo field: a lush new setting for PepsiCo's headquarters



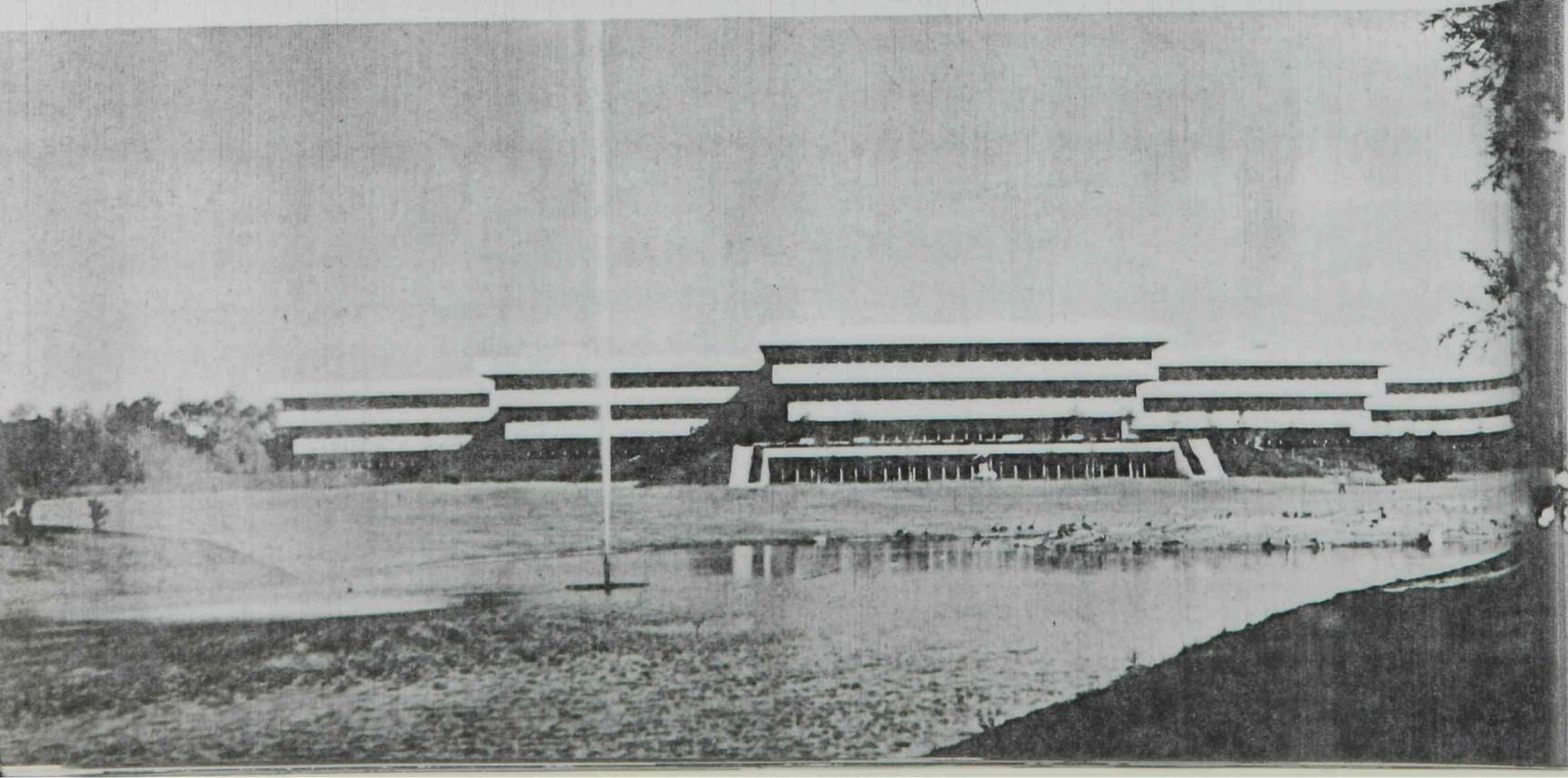
VARIATION OF CAMPUS SITE  
PLANNING CONCEPT

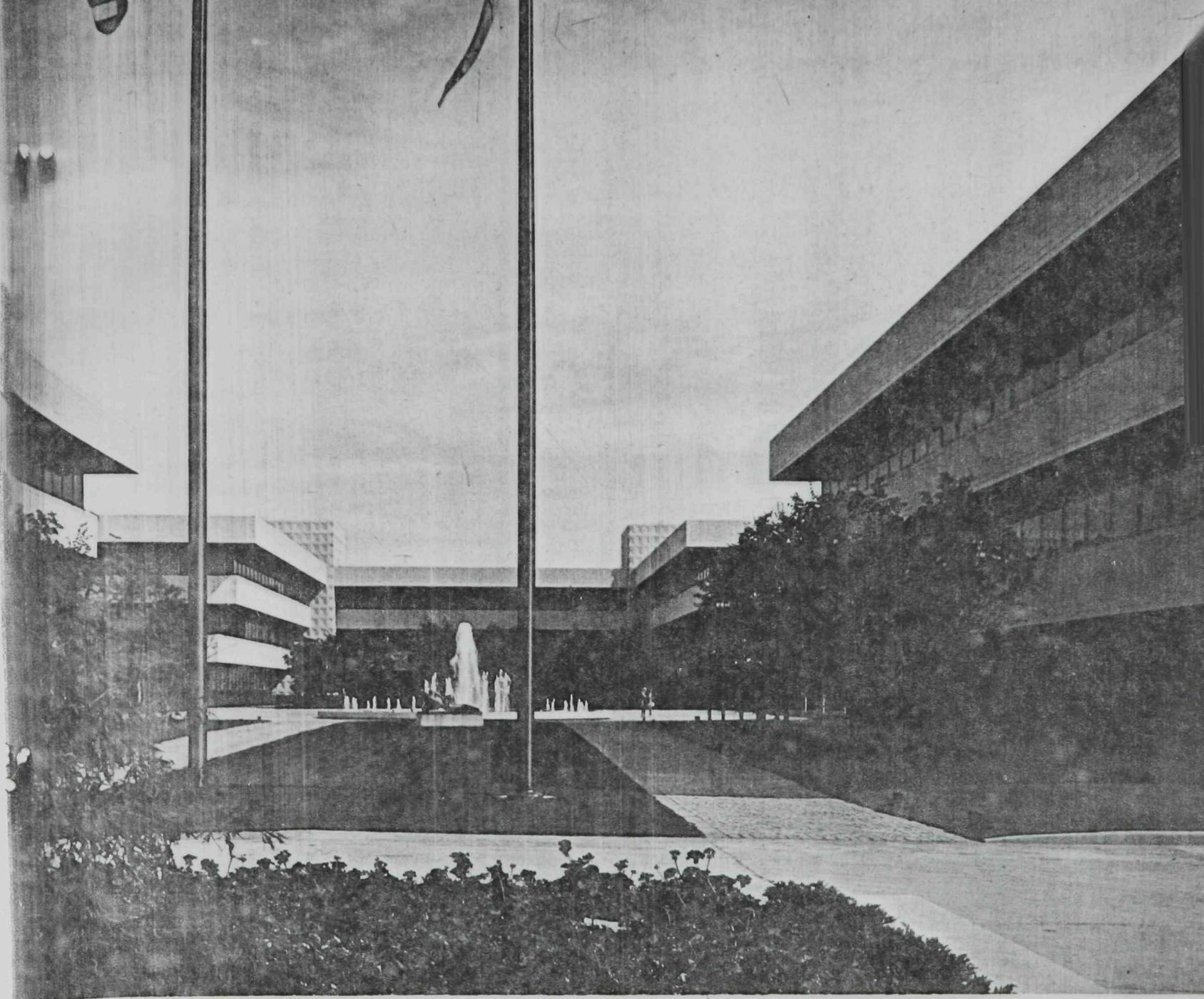
PepsiCo's move from New York City to Harrison, 30 miles north, was conditioned by its need for more space—difficult to find and expensive in the city—and by its decision to house most of its divisions in one location. The company was fortunate in the property it acquired, a 112-acre site ringed with woods and easy to build on, that had been a polo club. The size and character of the site, reinforced by the local zoning code restricting building heights to 40 feet, suggested a low building or buildings rather than one tall building. Edward D. Stone Associates developed a series of seven three-story buildings which were set on a mounded site to give the complex prominence in the otherwise flat landscape. The buildings are arranged in stepped formation along a great formal entrance court off which open smaller courts, sunken between each group of three buildings. This skillful interplay of buildings and open spaces, of created and natural areas, blends formal and in-

formal, urban and rural, in a worthy setting for a company's world headquarters offices. Each building is connected with its neighbor, but barely so: the buildings touch only at corners where towers containing elevators, stairs and corridor, accent the point of contiguity. Patterned precast concrete panels are used to enrich the exterior walls of the towers and fascias of the building overhangs. In addition to meeting current needs of the company, the seven-building complex provides a pleasant means of expanding office spaces. The ultimate development allows for addition of similar structures to all but the central building, creating also additional courts.

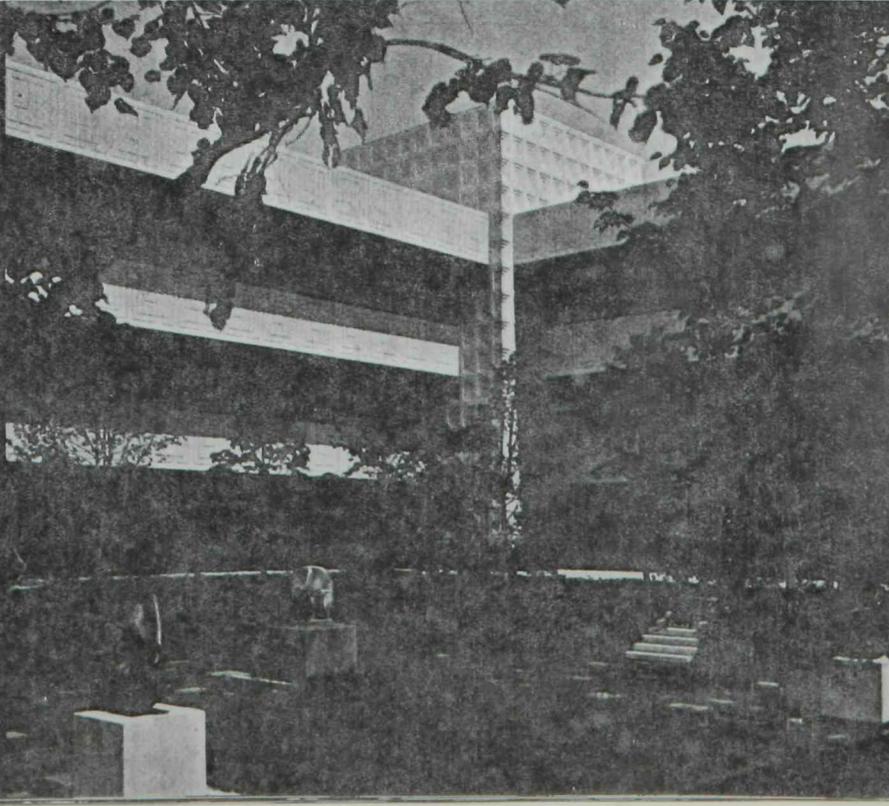
PEPSICO, INC., WORLD HEADQUARTERS, Harrison, New York. Architects: Edward Durell Stone & Associates. Engineers: Fraioli, Blum & Yesselman, structural; Jaros, Baum and Bolles, mechanical/electrical; Segner & Dalton, site mechanical and electrical; Goodfriend-Ostergaard Associates, acoustical consultants. Landscape architects: Edward D. Stone, Jr., & Associates. General contractor: Turner Construction.

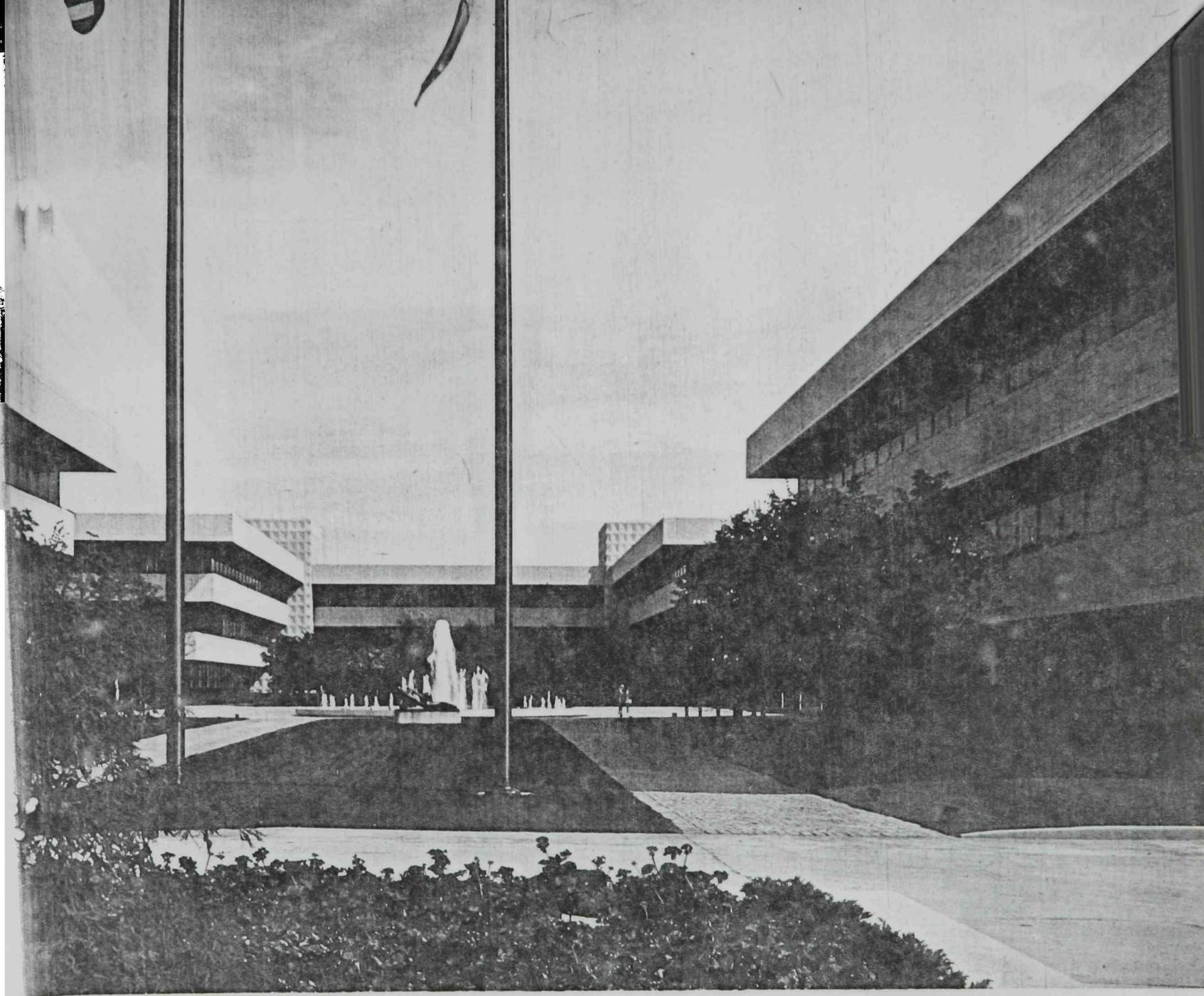
Ezra Stoller © (ESTO) photos



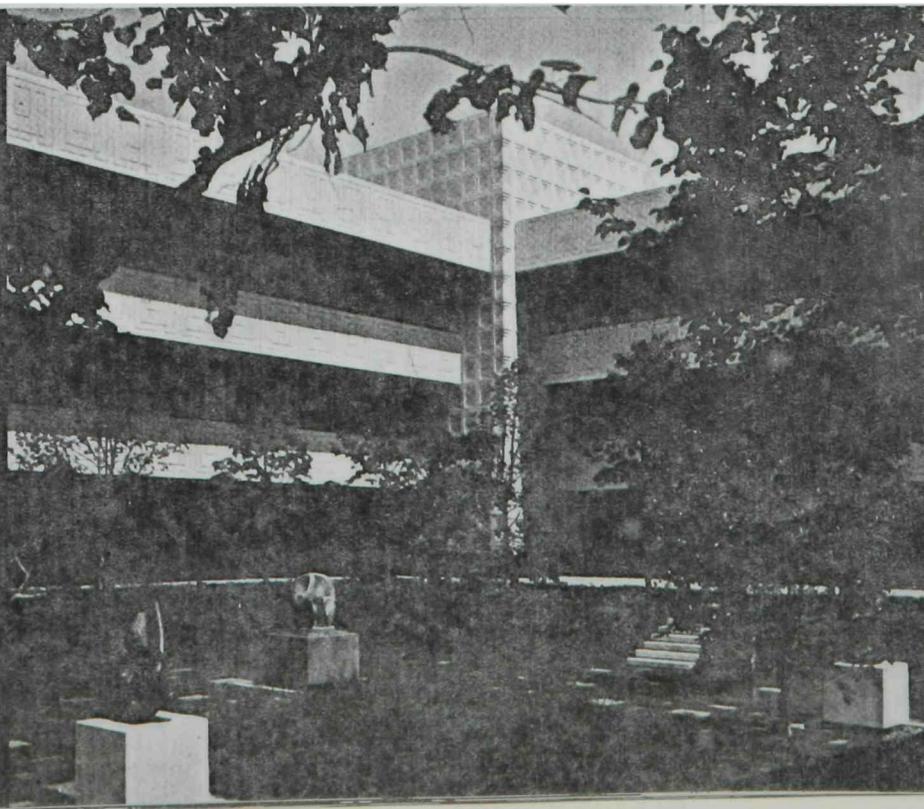


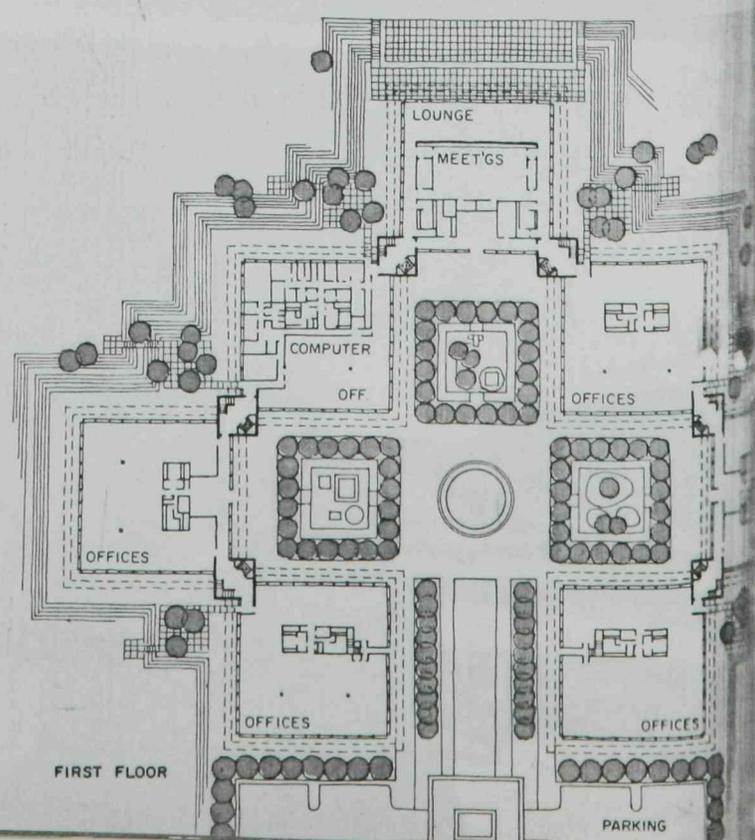
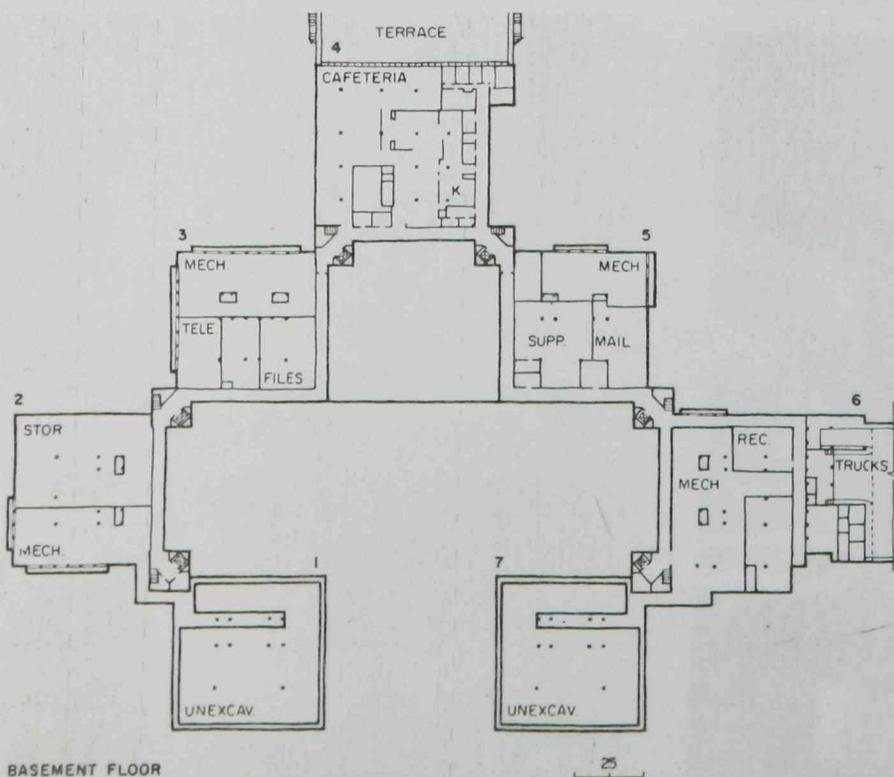
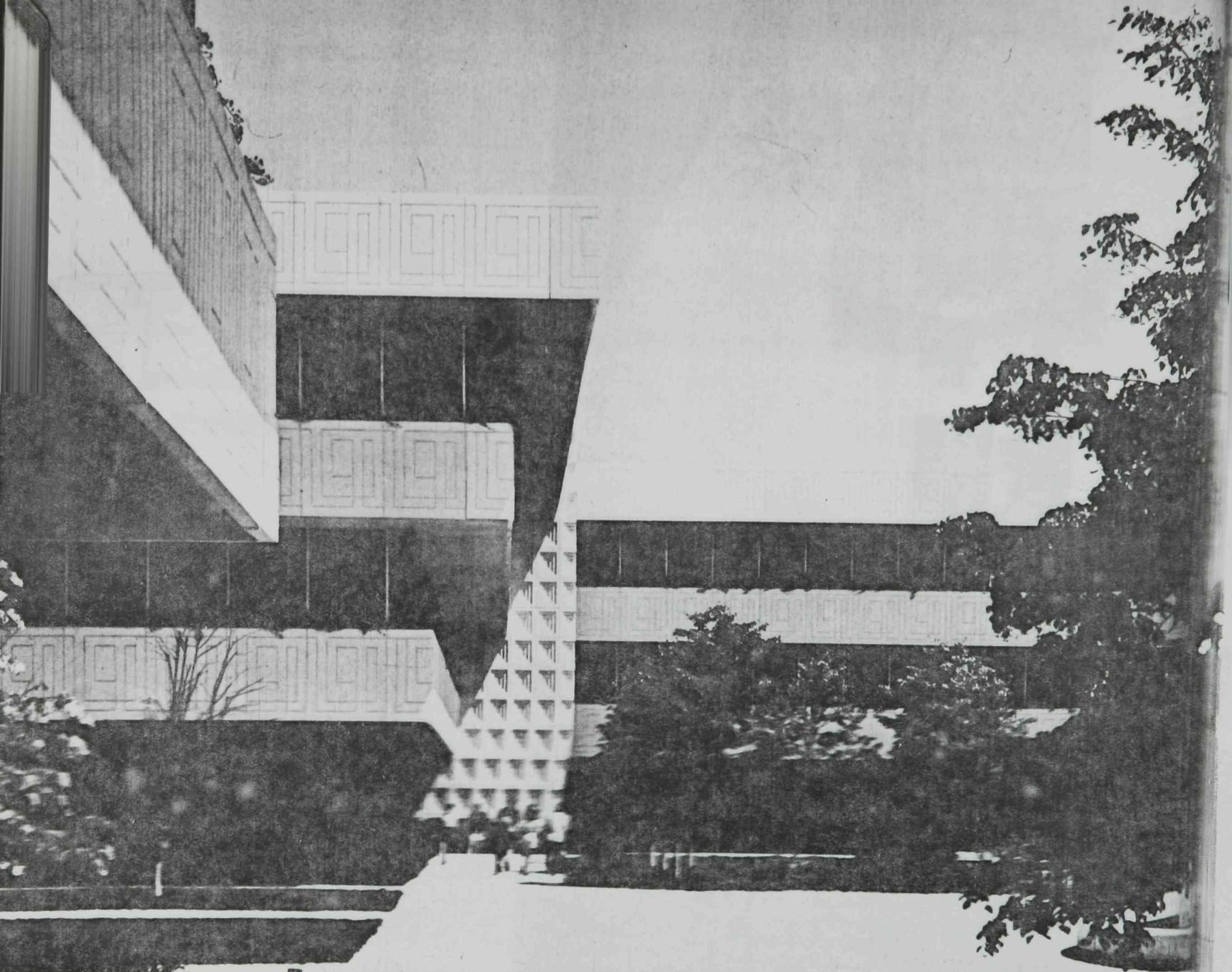
The building complex occupies only 10 of the site's 112-acre site. The only other development on the site is a 4.5-acre lake with a Geneva-like jet of water shooting vertically from the still water. The woods surrounding the site screen the parking areas (for 1,000 cars) provided at four points along the perimeter road. Visitor parking is located at the entrance to the great court. The small courts are sculpture gardens with works by Moore, Smith, Lipschitz, Lipton, Pomodoro and Giacometti. A large Calder stabile stands in the open field (page 113).

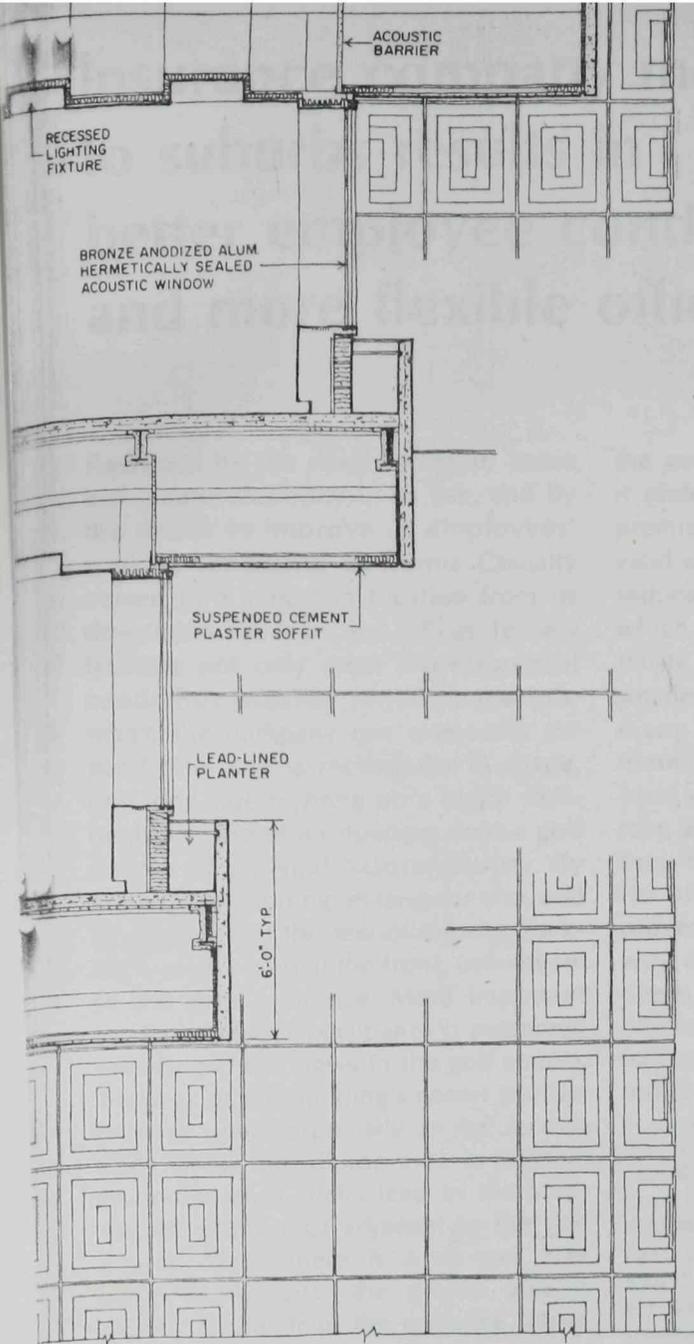




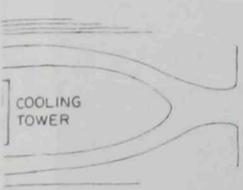
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Circulation—from building to building and from floor to floor within each building—is concentrated in towers placed at points where buildings touch each other. At each floor a pleasant lobby is developed with stairs, elevator, and corridor connecting buildings. The area of each succeeding floor is increased, producing a protective overhang (detail, left) above each band of windows. Dining rooms (below) on the basement floor open onto a large terrace from which stairs lead down to the park. All furnishings in public spaces (including dining rooms) were architect-designed.

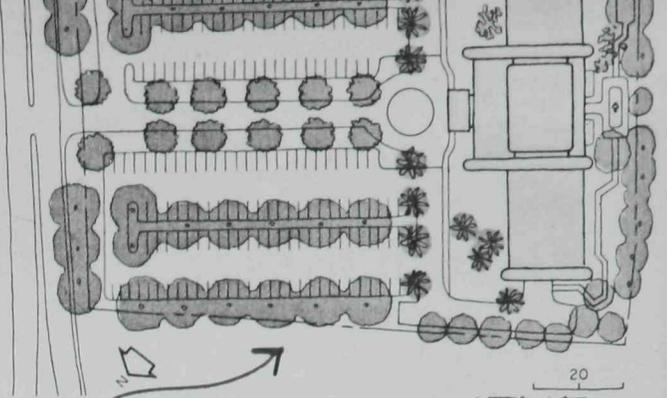


# Insurance company move to suburbs results in better employee conditions and more flexible office space

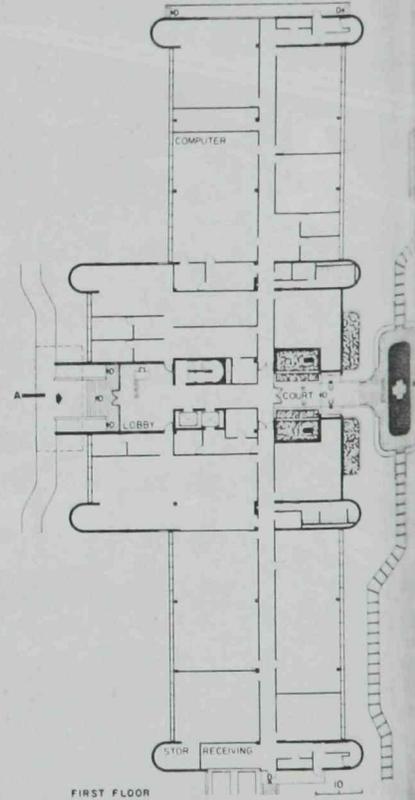
Prompted by the need for more space and greater flexibility in its use, and by the desire to improve its employees' working conditions, California Casualty moved to a suburban location from its downtown San Francisco offices. Its new facilities not only meet those essential needs but provide rental space into which the company can eventually expand. The site is rectangular in shape, one long side fronting on a major thoroughfare, the other opening onto a golf course of unusual natural beauty. By making the building rectangular also, and by placing it at the rear of the site, parking was provided at the front, convenient to the street entrance. More important to the building's occupants, it preserved unimpeded the views to the golf course. The rear of the building's center portion is quite open, especially at the second floor where the dining area is located. From this level, stairs lead to the landscaped sitting area adjacent to the golf course. Since there is a six per cent slope to the site, the garden area is slightly higher than the entrance lobby, to which it is connected by a corridor. The building was initially envisioned by

the owners as almost twice as large as it ended up being. The original design premises, however, were found to be valid when the sizes were proportionally reduced. The rounded towers or "pods" which break the building length into thirds, were retained even though the smaller floor area did not require so many support facilities (contained in these towers), since they repeat on the front an important design element on the rear, and they provide interesting variations in office space. Large open spaces for office use, with central corridors, proved the simplest and most effective way of providing for the company's needs and for rental space. Executive offices on the fourth floor include a balcony in the rear center portion, sheltering the dining terrace.

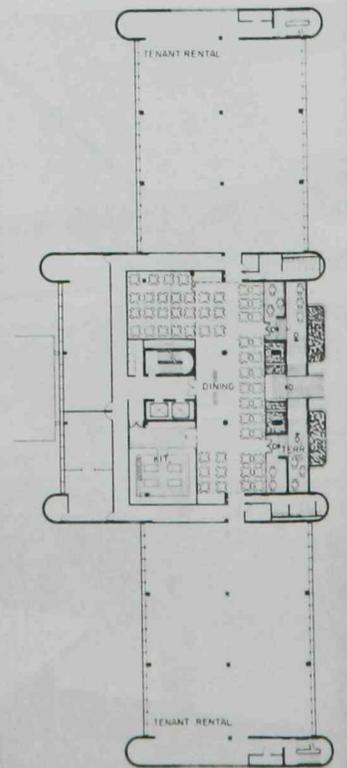
HOME OFFICE FOR CALIFORNIA CASUALTY INSURANCE GROUP, San Mateo, California. Owner: California Casualty Indemnity Exchange. Architects: John Carl Warnecke and Associates, John Carl Warnecke, director of design; Carl Russell, partner in charge; Ronald Rossi, project architect. Engineers: Wildman and Morris, structural; Ralph E. Phillips, Inc., mechanical/electrical. Landscape architect: Michael Painter. General contractor: Cahill Construction Co.



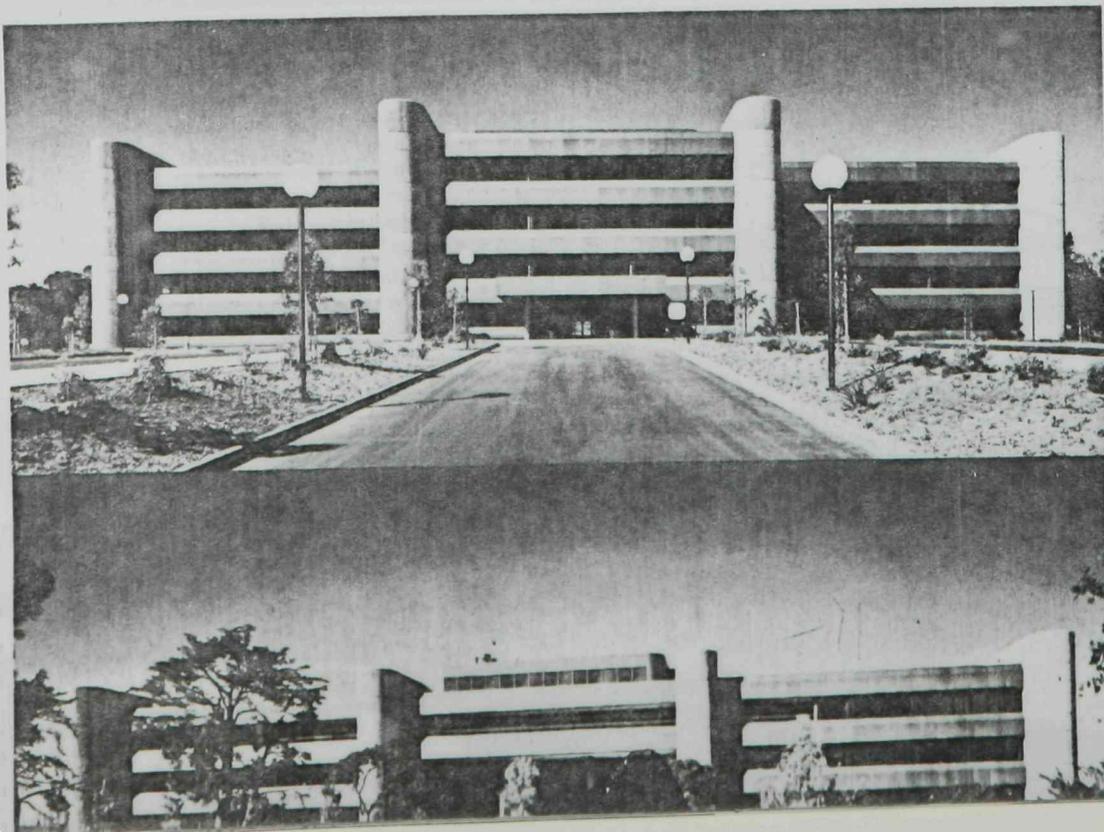
FLEXIBLE OFFICE SPACE WITHIN ONE LARGE STRUCTURE



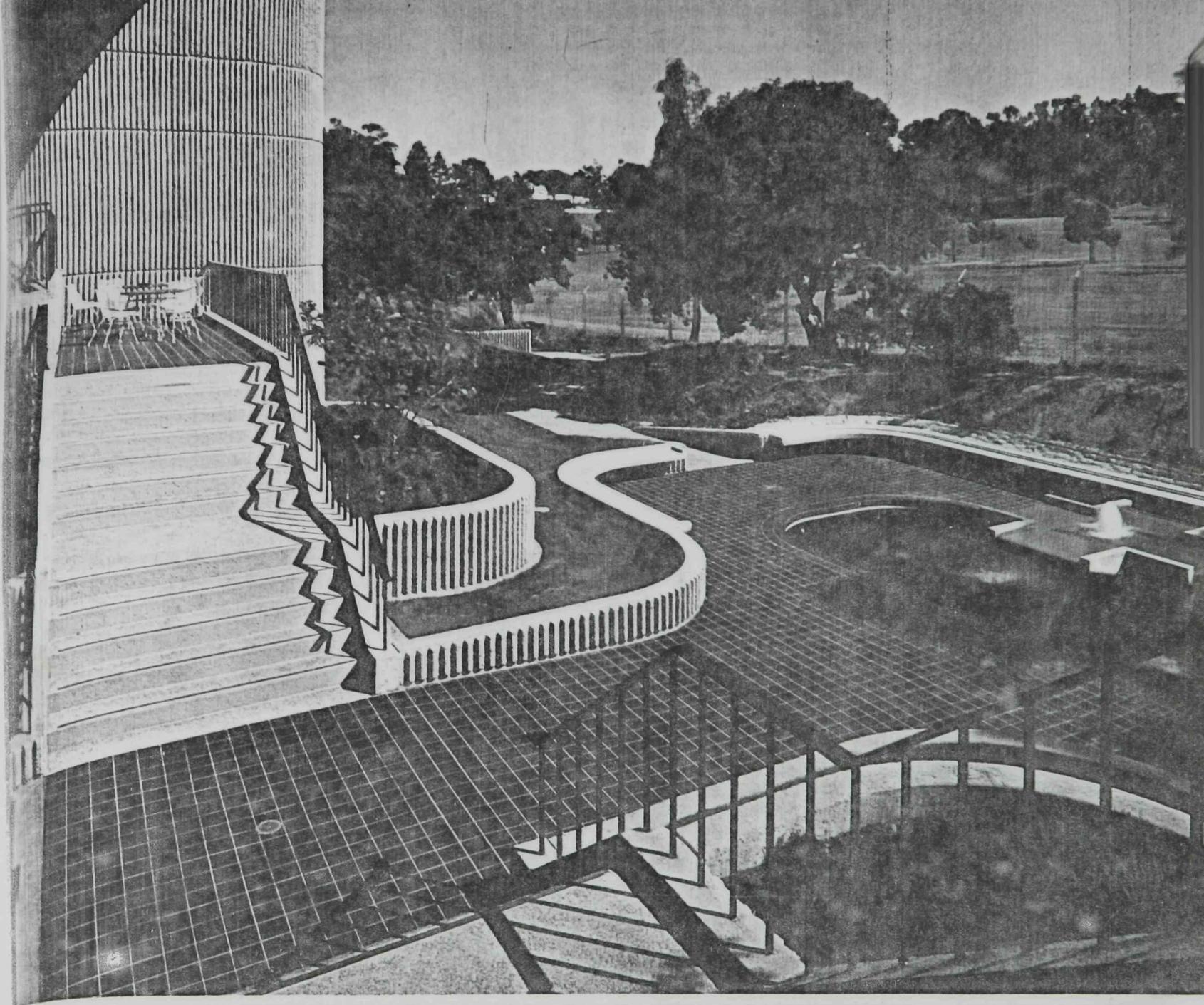
FIRST FLOOR



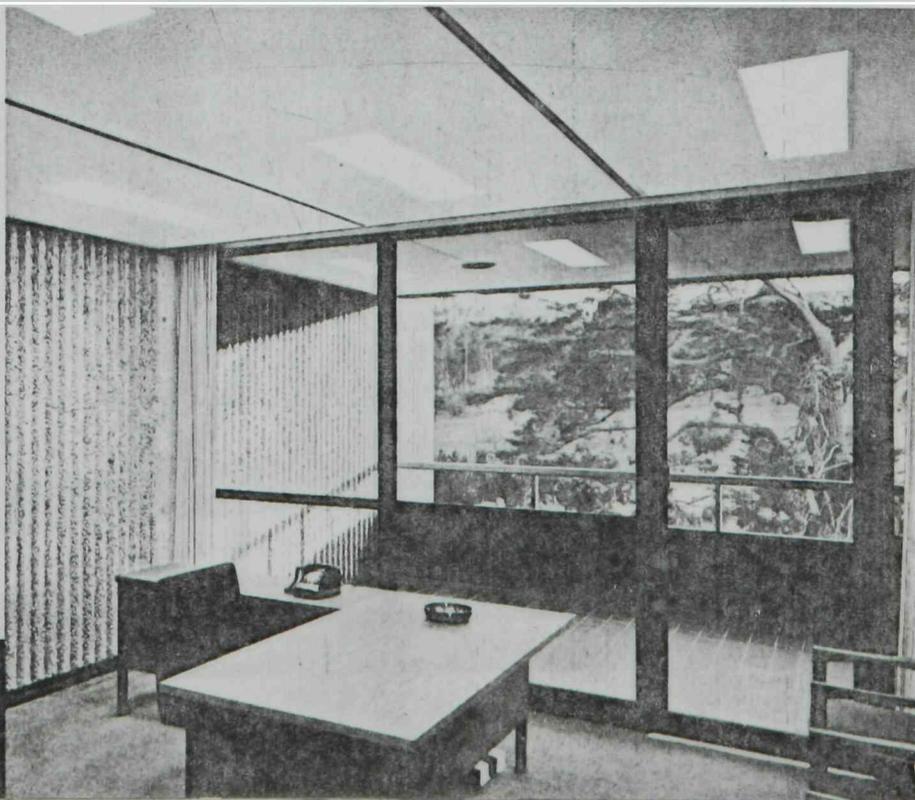
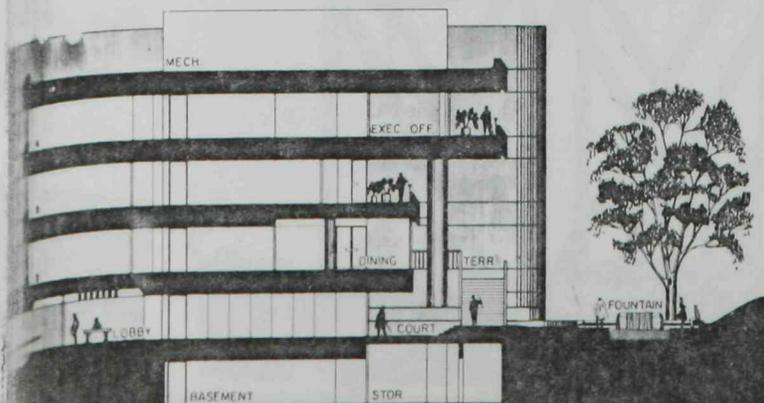
SECOND FLOOR



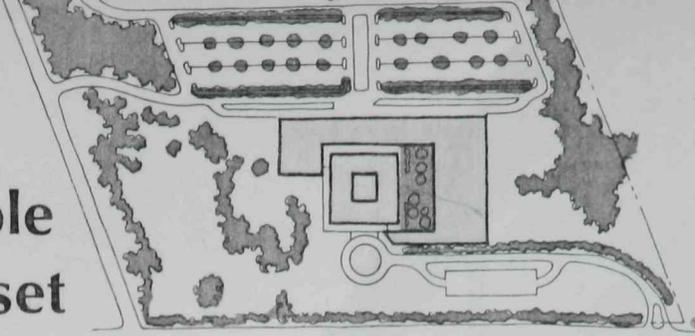
Robert Brandeis photos



Broad stairs and a series of terraces lead from the second floor dining room and its terrace to the informally landscaped sitting area, a pleasant place for noontime relaxation. The building exterior is buff colored concrete with deep vertical ribs, and anodized aluminum spandrels. At night strip lights under each spandrel emphasize horizontality.



# World headquarters on former estate is close in, expandable and a community asset



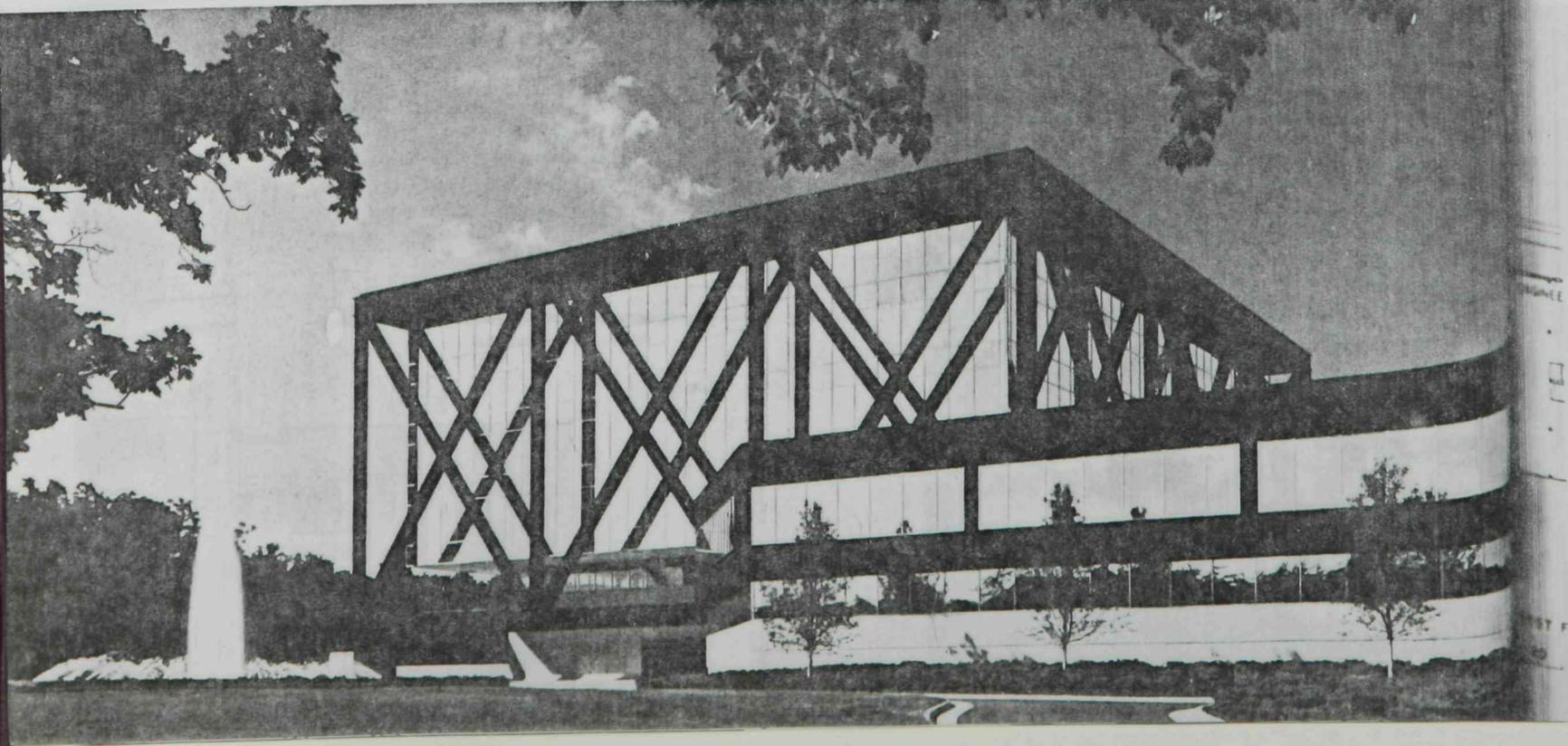
ONE CENTRAL STRUCTURE  
ON LARGE SITE

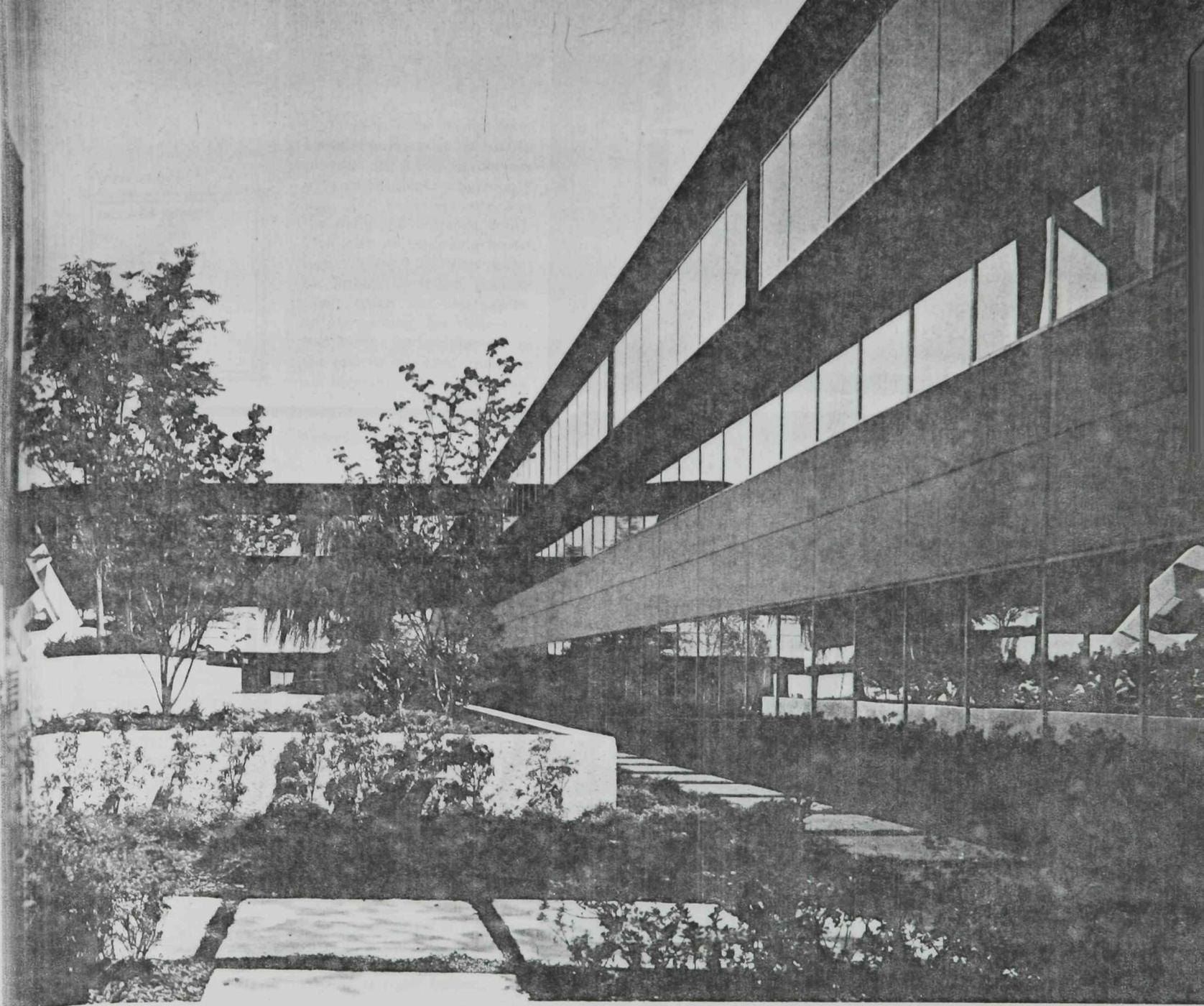
This handsome corporate headquarters complex for the world's largest textile manufacturer unites in one location its various divisions, formerly scattered around Greensboro, North Carolina. The site for the new complex, a 34-acre former estate, is within that city's limits and near its downtown, but it has all the advantages of a more suburban location. The principal requirements given the architects were to design a building that would project the company's image and would provide flexibility and expandability for its future needs. The resulting building is actually two structures, separate but joined by bridges at three points. The six-story tower houses executive and personnel offices; a two-story (plus one floor below grade) building which surrounds the tower on three sides, contains divisional offices, meeting rooms and cafeteria. The most dramatic feature of the complex is the exposed steel frame of the tower with its six-story-high trusses. Within this frame, reflective glass walls—170 feet wide on each face—mirror the huge trusses in a pattern that appears to double their number. The frame achieves a four-hour fire

rating by virtue of a seven-foot separation from the walls of the building, and the installation of a ring of sprinklers in the soffit offers protection from heat build-up due to possible upward radiation of flames. All exposed steel is shop-painted with a long-life coating except for the roof grid frame which is of weathering steel. The low building also uses reflective glass for its bands of windows, combining this with plate steel spandrels and fascia. The entire design is based on a five-foot module: this is used for the structure, the integrated lighting pattern, air conditioning and heating distribution and controls, power and communications facilities, partitions, and built-in and movable furnishings. The buildings were constructed in 20 months on a CPM schedule, with design, fabrication of steel components and actual construction paralleling each other.

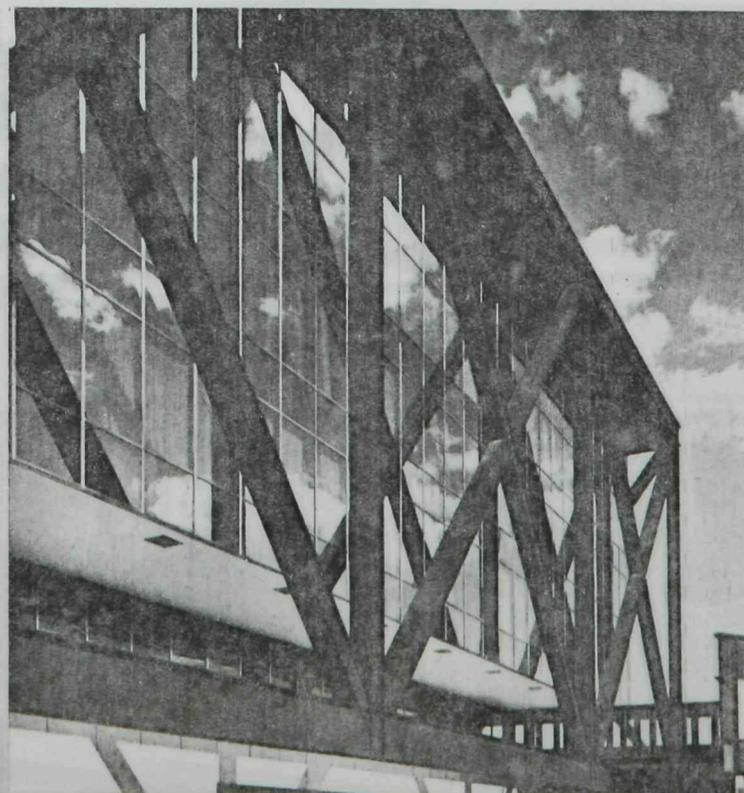
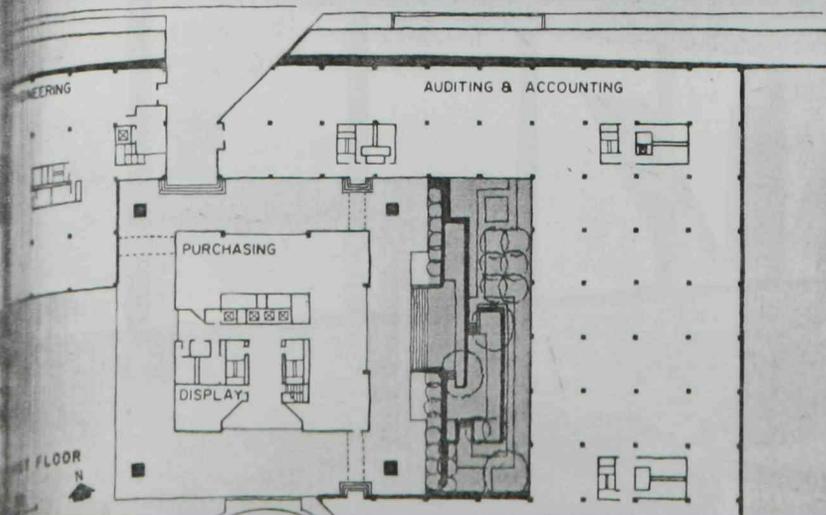
BURLINGTON CORPORATE HEADQUARTERS, Greensboro, North Carolina. Owner: *Burlington Industries, Inc.* Architects and engineers: *Odell Associates Inc.* Interior design: *Odell Associates Inc.* Landscape architects: *Odell Associates Inc.* General contractor: *Daniel Construction Company.*

Gordon H. Schenck, Jr. photos

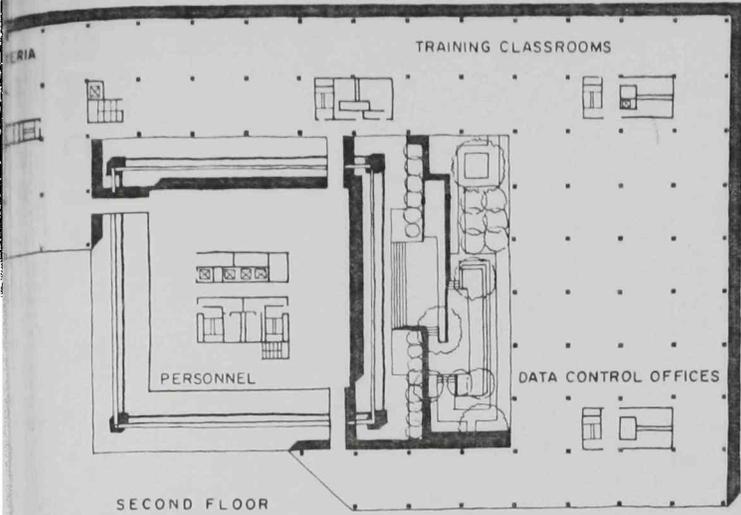
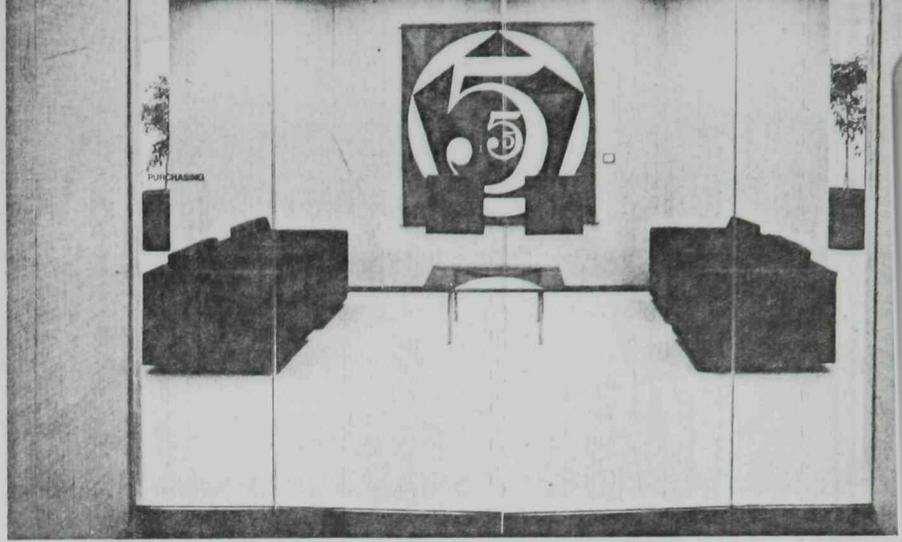
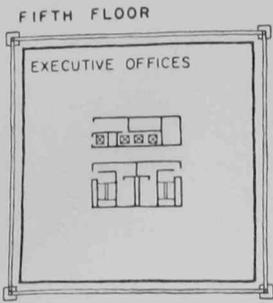




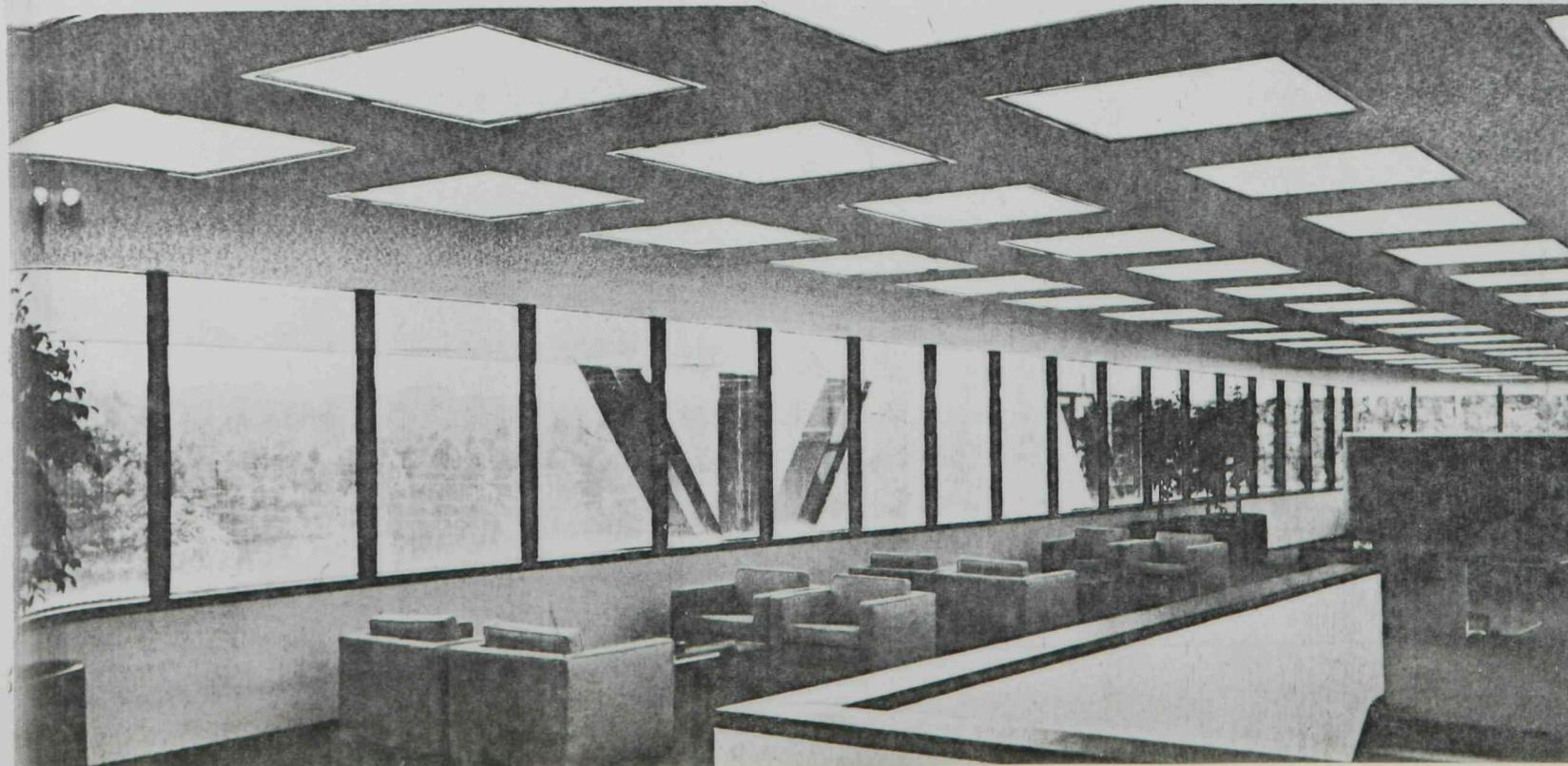
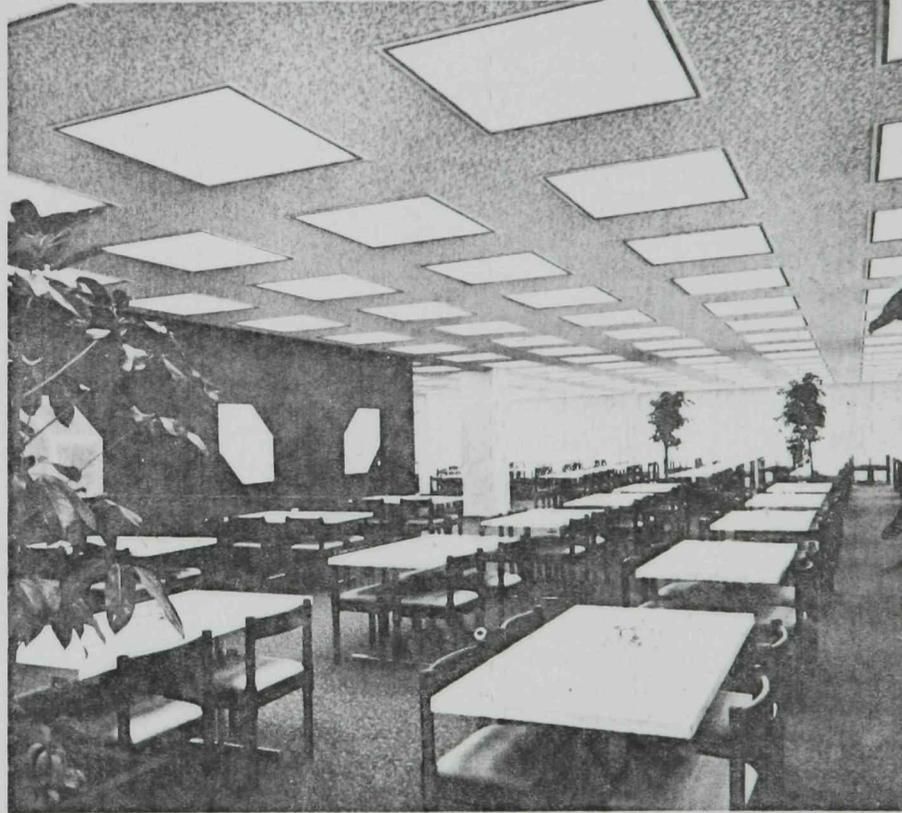
The entrance road circles a large fountain with a 70 foot diameter pool and jets that go up to 35 feet. The tower building is entered through a richly landscaped and terraced court between the tower and the low building. Three bridges connect the buildings.



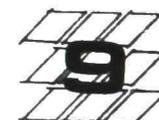
Burlington made its move to a suburban location in part to provide its 1,000 employees with more pleasant surroundings. The expansive site and the delightful entrance courtyard with its intriguing sculpture, "Mayo," by Irish sculptor Robert Costelloe, provide open space on two scales. Ample parking, for visitors at the front, for employees at the rear, is provided. Interiors are pleasant in their own way,



enhanced by works of art in various media: paintings, banners, prints are used in reception areas (top right), cafeteria (center), and in offices. In the tower, all vertical transportation is centralized in a 60-foot core, with open stairs for between-floor communication (shown at right, below).



**APPENDIX**



	1979	1978	1977	1976	1975
<b>Operating Results</b>					
Sales Growth (Year to Year Change)	14.4%	16.6%	13.8%	7.6%	7.8%
Gross Margin Percent (Sales Less Cost of Sales)*	33.6%	33.2%	35.9%	35.7%	36.6%
Operating Expense Ratio (Percent of Sales)	25.4%	25.3%	25.8%	24.7%	24.8%
Return on Sales*	4.8%	3.6%	4.9%	5.4%	5.0%
Earnings Per Share*	\$3.21	\$2.11	\$2.48	\$2.44	\$2.11
<b>Asset Management</b>					
Accounts Receivable Turnover	2.1	2.3	2.4	2.1	2.4
Inventory Turnover*	1.9	1.8	1.7	1.7	1.6
Capital Expenditures (in Millions)	\$25.3	\$14.9	\$20.8	\$17.4	\$15.5
Long Term Debt (in Millions)	\$55.0	\$54.7	\$57.8	\$20.9	\$23.9
Long Term Debt Percent to Total Capital	13.0%	13.8%	15.1%	6.4%	7.8%
<b>Investment Performance</b>					
Dividends Per Common Share	\$ .98	\$ .91	\$ .86	\$ .79	\$ .76
Average Market Price	17½	15½	16	20	13¼
Average Yield	5.6%	5.9%	5.4%	3.9%	5.7%
Price/Earnings Ratio*	5.5	7.3	6.5	8.2	6.3
Return on Shareholders' Investment*	12.1%	8.5%	10.5%	11.0%	10.1%

\*Statistics for Fiscal 1979 and 1978 are not comparable with prior years due to the Company's adoption of the last-in, first-out (LIFO) method of accounting for certain inventories. In addition, in Fiscal 1979, the Company sold its corporate office building (see Notes 2 and 3 to Consolidated Financial Statements).

Zale Corporation's financial objectives are to produce quality earnings and a conservative balance sheet for our shareholders. We strive for balanced performance in three key areas: Operating Results, Asset Management, and Investment Performance.

**Operating Results:** Sales growth maintained an acceptable rate of increase over an exceptionally strong year in Fiscal 1978. Gross margins and the operating expense ratio varied only slightly from prior years. Earnings per share increased dramatically, up 52.1 per cent from \$2.11 in Fiscal 1978 to \$3.21 in Fiscal 1979. Our return on sales improved substantially, from 3.6 per cent of each sales dollar to 4.8 per cent. The high quality of these earnings is underscored by the fact that they were achieved under the LIFO accounting method, and in Fiscal 1979 Zale Corporation's LIFO return on sales regained levels reached in prior years under the first-in, first-out (FIFO) accounting method.

**Asset Management:** Inventories are our most significant asset and, at March 31, 1979, represented 53 per cent of total assets. Also, the extension of the LIFO accounting method this year to non-diamond jewelry and drug-store inventories means that now fully 77 per cent of all inventories are valued in this manner. The accounts receivable turnover rate remains within the traditional parameters of acceptable performance. Long-term debt remains relatively low in comparison with total capital.

**Investment Performance:** The most striking improvement in this area was the rise in return on shareholders' investment, from 8.5 per cent in Fiscal 1978 to 12.1 per cent in Fiscal 1979. As with the return on sales, this is an especially significant improvement, since the Company now uses the LIFO accounting method for all jewelry and drug-store inventories. Also, the strength of performance in recent years permitted increasing the dividends paid per common share from \$0.91 in Fiscal 1978 to \$0.98 in Fiscal 1979, a level which maintained the traditional yield on invested capital.

However, the other "key variables" under Investment Performance — average market price and price/earnings ratio — are subject to external factors that often ignore the strength of business performance. The vagaries of the stock market are frequently induced by an emotional perception of economic and political developments. In these instances, corporate managements have limited opportunity to influence the behavior of these variables.

Nevertheless, Zale Corporation will continue to seek a fair market valuation of our stockholders' investment by openly communicating, on a timely basis, with the various publics which we serve, so that our total corporate performance can be objectively evaluated. We believe this is in the best interests of our shareholders, and represents the best ultimate approach to influencing the investment performance of our common stock in the marketplace.

Year Ended March 31	1979	1978	1977	1976	1975	1974
<b>Sales and Earnings (\$000 omitted)</b>						
<b>Sales</b>	\$904,464	\$790,556	\$677,827	\$595,802	\$553,613	\$513,535
<b>Costs and Expenses:</b>						
Cost of goods sold (including buying and occupancy expenses)	600,856	527,939	434,712	383,368	351,016	328,611
Administrative, publicity and selling	229,304	200,283	174,657	147,111	137,160	122,641
Interest	9,398	7,173	5,747	4,997	9,140	5,022
	839,558	735,395	615,116	535,476	497,316	456,274
<b>Gain on Sale of Corporate Office Building</b>	10,549	—	—	—	—	—
<b>Earnings from Continuing Operations</b>						
Before Income Taxes	75,455	55,161	62,711	60,326	56,297	57,261
Income Taxes	32,450	26,808	29,518	27,939	28,583	27,660
<b>Net Earnings from Continuing Operations</b>	43,005	28,353	33,193	32,387	27,714	29,601
<b>Discontinued Operations, net of income tax effect</b>	—	—	(5,292)	397	(1,574)	(791)
<b>Net Earnings</b>	\$ 43,005	\$ 28,353	\$ 27,901	\$ 32,784	\$ 26,140	\$ 28,810
<b>Earnings (Loss) Per Share:</b>						
Continuing operations	\$3.21	\$2.11	\$2.48	\$2.44	\$2.11	\$2.27
Discontinued operations	—	—	(.40)	.03	(.12)	(.06)
<b>Net Earnings per Share</b>	\$3.21	\$2.11	\$2.08	\$2.47	\$1.99	\$2.21
<b>DIVIDENDS:</b>						
Total Cash Dividends (\$000 omitted)	\$ 10,851	\$ 10,206	\$ 9,630	\$ 8,857	\$ 8,467	\$ 6,472
<b>Dividends Per Share:</b>						
Cash Dividends —						
Common	\$ .98	\$ .91	\$ .86	\$ .79	\$ .76	\$ .71
Class B Common	\$ .47	\$ .44	\$ .41	\$ .38	\$ .37	—
Series A Preferred	\$ .80	\$ .80	\$ .80	\$ .80	\$ .80	\$ .80
Stock Dividends — Class B Common	1/36	1/36	1/36	1/57	1/56	1/31
Common and Common Equivalent Shares Outstanding (000 omitted)	13,400	13,426	13,358	13,295	13,128	13,054
Average balance	13,375	13,421	13,442	13,356	13,187	13,134
At year-end						
<b>Balance Sheet Information: (\$000 omitted)</b>						
Working Capital	\$331,208	\$288,400	\$274,257	\$213,168	\$210,696	\$199,297
Current Ratio	2.9	3.1	3.2	2.5	2.5	2.5
Capital Expenditures	\$ 25,291	\$ 14,938	\$ 20,796	\$ 17,429	\$ 15,452	\$ 16,403
Property, plant and equipment — net	\$ 82,448	\$ 87,919	\$ 88,212	\$ 77,536	\$ 71,018	\$ 64,500
Shareholders' Investment:	\$369,571	\$340,662	\$324,785	\$307,104	\$282,356	\$264,888
Book Value Per Share	\$27.61	\$25.38	\$24.16	\$22.99	\$21.41	\$20.17
Percent Return on Shareholders' Investment	12.1%	8.5%	10.5%	11.0%	10.1%	11.6%
<b>Stores, Employees, Shareholders:</b>						
Number of stores	1,704	1,680	1,645	1,572	1,504	1,487
Stores opened	175	92	221	154	145	145
Stores closed	151	57	148	86	128	75
Number of employees	18,200	17,400	17,100	16,000	15,600	16,600
Contribution to Employee Profit Sharing Fund (\$000 omitted)	\$ 6,400	\$ 5,300	\$ 4,288	\$ 4,350	\$ 4,166	\$ 4,421
Number of Common Shareholders	11,415	11,759	12,294	11,619	11,171	10,890

**Notes:**

- A. In 1978, the Company changed its method of pricing substantially all diamond merchandise inventories from the first-in, first-out (FIFO) method to the last-in, first-out (LIFO) method. This change had the effect of reducing 1978 net earnings by \$14,073,000 or \$1.05 per share. In 1979, the Company adopted the LIFO method of pricing substantially all other jewelry and drug merchandise inventories. This change had the effect of reducing 1979 net earnings by \$1,846,000 or \$.14 per share.
- B. In 1979, the Company sold its corporate office building (see Note 3 to Consolidated Financial Statements).
- C. See Note 5 to Consolidated Financial Statements for discussion of federal income taxes.
- D. Discontinued operations relate to the liquidation of the Levine Store Division in Fiscal 1977.

The following paragraphs contain a comparative analysis of Zale's financial and operating results for Fiscal 1979 compared with 1978, and for 1978 compared with 1977.

### Sales

**1979 vs. 1978** Sales for Fiscal 1979 reached a record \$904,464,000, an increase of \$113,908,000, or 14.4%, over Fiscal 1978. Sales increases were led by the Jewelry segment with an increase of 19.7%, with Drug reporting a 13.2% increase and Footwear sales up by 5.3%. The General Merchandise segment reported a sales decrease of 3.2%.

The Jewelry sales increase was primarily due to strong demand for gold fashion jewelry and diamond merchandise, higher retail prices and sales growth in existing stores. Drug sales were up due to the acquisition of the 22 store Gunning-Casteel chain in September, 1978, the addition of 5 new stores and sales increases in previously existing stores. Footwear sales growth was attributed to an aggressive marketing and merchandising program that successfully offset the lack of an Easter selling season in Fiscal 1979 versus two Easter selling seasons in Fiscal 1978.

The sales decrease in General Merchandising was due to the net effect of the sale of the Home Furnishings division in October, 1978 and the resultant absence of such sales for the last six months of the fiscal year, which more than offset sales gains in the remainder of this segment.

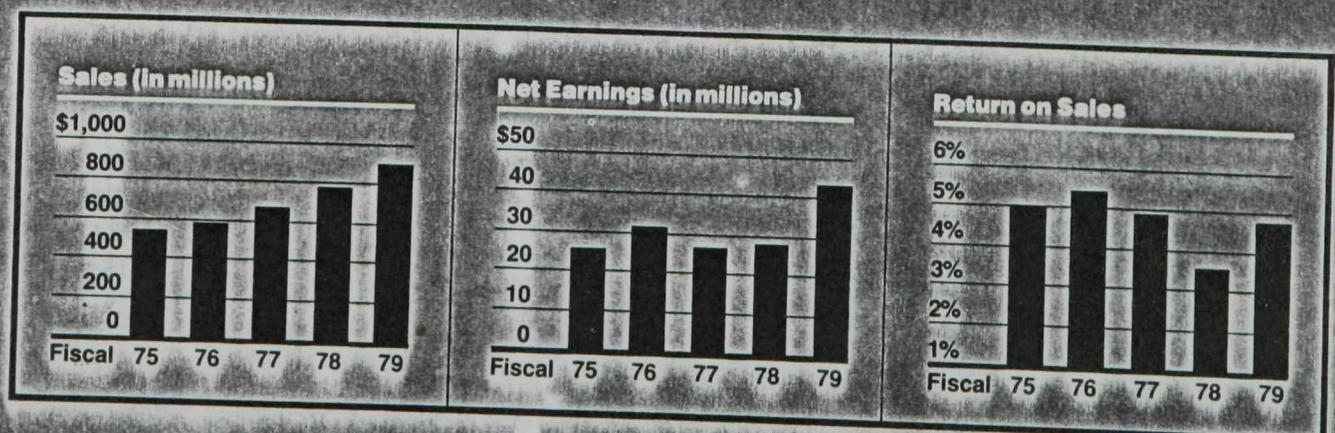
**1978 vs. 1977** Sales for Fiscal 1978 increased by \$112,729,000, or 16.5% over Fiscal 1977, with increases reported in all segments.

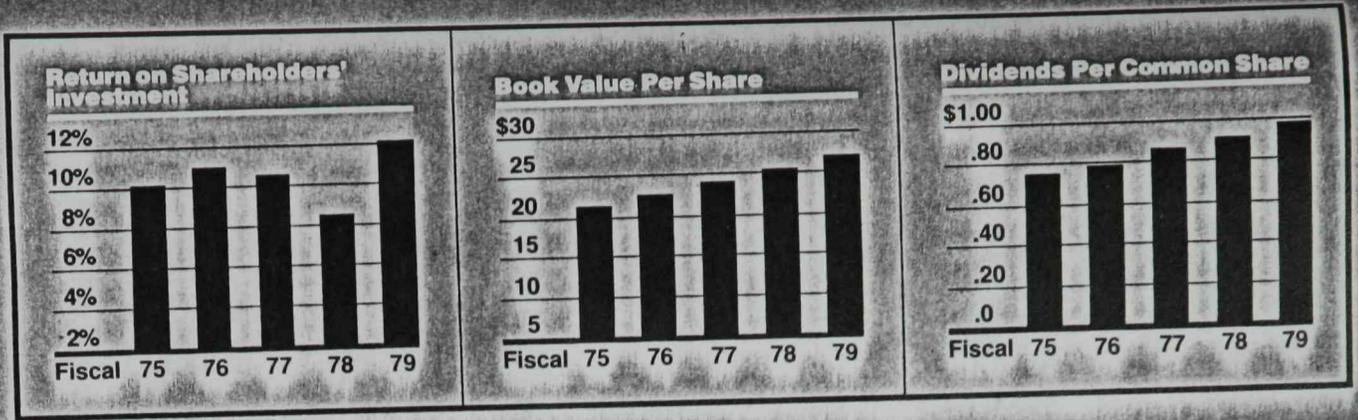
Jewelry sales growth of 18.2% was attributable to the same factors which continued in Fiscal 1979, as well as the addition of 31 new stores. Footwear sales growth of 19.3% resulted from the combined impact of strong volume in new fashion trend footwear, slightly higher retail prices, the addition of 55 retail shoe stores purchased in August, 1976 and the two Easter selling seasons that fell in Fiscal 1978. The 14.5% increase in Drug sales was due to the opening of 11 new stores, increased promotional activity and intensified merchandising. General Merchandise sales increased by 7.1%, with growth reflected in all divisions.

### Costs and Expenses

**1979 vs. 1978** Costs and expenses declined as a percent of sales by .2% from the previous year. This cost reduction was primarily the result of a decrease in cost of goods sold of .3% of sales, offset by an increase of .1% of sales in interest expense. The reduced cost of goods sold was primarily due to the improved sales mix of the more profitable Jewelry segment (contributing .7% of sales), partially offset by the adoption of the last-in, first-out (LIFO) method of accounting for drug and certain other jewelry inventories in Fiscal 1979 (increasing costs by .4% of sales). The increase in interest expense was attributable to higher average short term borrowings at higher average interest rates.

**1978 vs. 1977** Costs and expenses increased as a percent of sales by 2.3% versus the prior year. This increase was the net effect of the adoption of the LIFO method of accounting for diamond merchandise in 1978, which increased cost of goods sold by 3.5% of sales and higher interest expenses, offset in part by higher store markups, lower buying and occupancy expenses and reduced administrative, publicity and selling expenses.





### Gain on Sale of Corporate Office Building

In March, 1979, the Company sold its corporate office building and certain other adjacent properties, as more fully described in Note 3 to the Consolidated Financial Statements.

### Income Taxes

**1979 vs. 1978** The Company's effective tax rate decreased from 48.6% in Fiscal 1978 to 43.0% of pretax earnings in Fiscal 1979. This decrease was primarily attributable to increased tax exempt income from Puerto Rican subsidiaries, the effect of the lower capital gains tax rate on the sale of the corporate office building referred to above, and the decrease in the federal statutory tax rate. The provision for income taxes increased by \$5,600,000 for 1979 versus 1978 as a result of substantially higher pretax earnings.

**1978 vs. 1977** The increase in the effective tax rate from 47.1% for Fiscal 1977 to 48.6% for Fiscal 1978 was due to a higher effective tax rate on foreign operations.

### Discontinued Operations

During the fourth quarter of Fiscal 1977, the Company discontinued the operations of the Levine division. This division had been engaged in budget fashion merchandising through 103 retail stores.

### Net Earnings and Earnings Per Share

**1979 vs. 1978** Net earnings for Fiscal 1979 increased by 51.7% from the previous year to \$43,005,000, and earnings per share reached \$3.21, the highest in Zale's history. While net earnings benefited from the gain on the sale of the corporate office building, the major factor in this performance was the continuing strong growth of Zale's jewelry operations.

**1978 vs. 1977** Net earnings for Fiscal 1978 were up by 1.6% over the prior year to \$28,353,000, and earnings per share increased to \$2.11. While Fiscal 1977 net earnings were reduced by \$5,292,000 due to the discontinued operations of the Levine division referred to above, Fiscal 1978 earnings were reduced by \$14,073,000 due to a change to the LIFO accounting method for substantially all diamond inventories. Excluding these factors, Fiscal 1978's net earnings would have been substantially higher, primarily attributable to the strong growth of both jewelry and footwear operations.

(in thousands except per share amounts)

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	1979	1978	1979	1978	1979	1978	1979	1978
Sales	\$188,245	168,117	195,659	164,585	347,738	305,990	172,822	151,864
Cost of Goods Sold	\$121,549	113,677	135,317	113,186	216,471	196,060	127,519	105,016
Net Earnings (Loss)	\$ 8,100	4,176	2,746	1,880	29,349	22,563	2,810	(266)
Net Earnings (Loss) per Share	\$ .60	.31	.20	.14	2.20	1.68	.21	(.02)
Dividends per Common Share	\$ .23	.22	.25	.23	.25	.23	.25	.23
Dividends per Share of Series A Preferred	\$ .20	.20	.20	.20	.20	.20	.20	.20
Market Price of Common Shares								
High	\$ 18¼	16⅞	21⅞	15⅞	19⅝	17¼	17½	16¾
Low	\$ 16¼	12⅞	16⅞	13⅞	15½	15¼	15½	14⅞
Market Price of Series A Preferred Shares								
High	\$ 14½	13½	17	12¾	15⅞	13½	13½	13¼
Low	\$ 12¾	11¾	13	11½	12½	11	12½	12½

Note A. During Fiscal 1978, the Company adopted the last-in, first-out (LIFO) method of accounting for substantially all diamond inventories. In the fourth quarter of Fiscal 1979, the Company retroactively adopted the LIFO method of pricing substantially all other jewelry and drug inventories as described in Note 2 to the Consolidated Financial Statements. This change in accounting method reduced Fiscal 1979 Net Earnings by \$1.8 million or \$.14 per share.

Cost of goods sold, net earnings, and net earnings per share for Fiscal 1979 as shown in the above summary have been restated to reflect the change to the LIFO method of inventory pricing for these merchandise inventories as shown below:

	First Quarter	Second Quarter	Third Quarter
Cost of Goods Sold:			\$215,132
As Previously Reported	\$120,836	\$134,636	216,471
As Restated	121,549	135,317	
Net Earnings:	\$ 8,489	\$ 3,117	\$ 30,080
As Previously Reported	8,100	2,746	29,349
As Restated			
Net Earnings per Share:	\$ .63	\$ .23	\$ 2.25
As Previously Reported	.60	.20	2.20
As Restated			

Note B. During the year, the LIFO provision must be based upon various assumptions, including projected year-end inventory levels, annual gross margins and annualized inflation rates. As a result of differences between the actual year-end LIFO calculation and previous estimates, cost of goods sold was increased approximately \$3,000,000 in the fourth quarter of 1979 and net earnings were reduced by approximately \$1,600,000, or \$.12 per share.

During the year, the Company calculates the interim tax provision using an estimated annual effective tax rate. As a result of differences between the actual year-end effective rate and that previously estimated, net earnings in the fourth quarter were increased approximately \$1,600,000 or \$.12 per share.

Note C. In the fourth quarter of Fiscal 1979, the Company sold its corporate office building which resulted in an increase in net earnings of \$7,592,000 or \$.57 per share (See Note 3 to the Consolidated Financial Statements).

Note D. In the fourth quarter of Fiscal 1979, the Company adopted a fully vested vacation and holiday plan. This resulted in a charge to net earnings of \$3,207,000 or \$.24 per share.

Note E. In 1979, Class B Common Shareholders were paid a cash dividend of 47 cents per share plus a stock dividend of one new Class B share for every 36 shares owned, and in 1978, were paid a cash dividend of 44 cents per share plus a stock dividend of one new Class B share for every 36 shares owned.

The activities of the Company are conducted primarily in the United States and consist of retail operations in the jewelry, footwear, drug and general merchandise business segments.

The Company's business segments are composed of the following divisions:

- Jewelry — Zale Jewelers, Fine Jewelers Guild, Leased Jewelry, Catalog, Ross Watch Case, International Diamond and Zale Jewellers Ltd. (United Kingdom) Divisions
- Footwear — Butler and Self Service Shoe Divisions
- Drug — Skillern Drug Division
- General Merchandise — Sporting Goods, Home Furnishings and Sugerman Divisions.

Corporate assets consist primarily of cash, notes receivable, the corporate office building, related furnishings and computer equipment. In 1979, the Company sold its corporate office building (see Note 3 to the Consolidated Financial Statements).

The only classes of similar products sold by the Company which contribute in excess of 10% of total sales are footwear and jewelry items as indicated below. While the Skillern Drug Division sales account for approximately 12%-14% of total sales, no class of similar drug products accounts for more than 10% of sales.

Business segment data for the five fiscal years ended March 31 is shown below:  
(amounts in thousands)

	1979	1978	1977	1976	1975
<b>Sales:</b>	(Note A)	(Note B)			
Jewelry	\$581,318	\$485,778	\$411,156	\$359,832	\$332,828
Footwear	123,089	116,927	98,001	80,487	76,863
Drug (Note C)	126,257	111,568	97,445	86,830	76,092
General Merchandise (Note D)	73,800	76,283	71,225	68,653	67,830
	<b>\$904,464</b>	<b>\$790,556</b>	<b>\$677,827</b>	<b>\$595,802</b>	<b>\$553,613</b>
<b>Operating profit:</b>					
Jewelry	\$ 80,932	\$ 61,820	\$ 65,938	\$ 62,435	\$ 62,219
Footwear	15,486	15,696	11,499	8,580	7,349
Drug (Note C)	543	2,462	4,659	4,552	4,101
General Merchandise (Note D)	(788)	1,163	2,949	2,934	1,434
	<b>96,173</b>	<b>81,141</b>	<b>85,045</b>	<b>78,501</b>	<b>75,103</b>
Interest expense	(9,398)	(7,173)	(5,747)	(4,997)	(9,140)
Gain on sale of corporate office building	10,549	—	—	—	—
Unallocated corporate expenses	(21,869)	(18,807)	(16,587)	(13,178)	(9,666)
	<b>\$ 75,455</b>	<b>\$ 55,161</b>	<b>\$ 62,711</b>	<b>\$ 60,326</b>	<b>\$ 56,297</b>
<b>Assets:</b>					
Jewelry	\$450,352	\$388,039	\$359,584	\$324,935	\$311,180
Footwear	47,850	41,382	36,669	27,824	27,243
Drug (Note C)	38,393	33,714	31,183	24,716	22,064
General Merchandise (Note D)	25,589	35,387	38,263	38,684	37,525
Corporate	47,682	35,644	40,653	55,096	52,746
	<b>\$609,866</b>	<b>\$534,166</b>	<b>\$506,352</b>	<b>\$471,255</b>	<b>\$450,758</b>

**Notes:**

- A. Operating profit and assets of the Jewelry and Drug Segments at March 31, 1979, reflect the change in pricing certain jewelry and drug merchandise inventories from the FIFO to LIFO method. This change had the effect of reducing operating profit and merchandise inventories by \$2,004,000 and \$1,379,000 for the Jewelry and Drug Segments, respectively (See Note 2 to Consolidated Financial Statements).
- B. Operating profit and assets of the Jewelry Segment at March 31, 1978, reflect the change in pricing of substantially all diamond merchandise inventories from the FIFO to LIFO method. This change had the effect of reducing operating profit and jewelry diamond merchandise inventories by \$27,379,000 (See Note 2 to Consolidated Financial Statements).
- C. In September, 1978, the Company acquired Gunning-Casteel, Incorporated, a 22-store retail drug chain located in El Paso, Texas, in exchange for approximately 105,000 shares of the Company's common stock having a fair value that approximated the fair value of the net assets acquired. Sales and net earnings of the purchased company are not material to the Consolidated Financial Statements of the Company.
- D. During October, 1978, the Company sold the inventory, receivables and certain other assets of the Home Furnishings Division at a loss of approximately \$700,000. Sales and net earnings of this division were not material to the Consolidated Financial Statements of the Company during Fiscal 1979 and 1978.

The following landscape materials are approved for use in the Quorum North and will be included in landscape design work installed by building developers.

LANDSCAPE MATERIALS LIST  
LARGE TREES - EVERGREEN

Scientific Name

Common Name

Magnolia grandiflora  
Quercus virginiana

Southern Magnolia  
Live Oak

MEDIUM TREES - EVERGREEN

Eriobotrya deflexa

Loquat (bronze)

SMALL TREES - EVERGREEN

Ilex vomitoria  
Ligustrum texanum

Yaupon tree  
Wax leaf Ligustrum (tree form)

LARGE TREES - DECIDUOUS

Liquidambar styraciflua

American Sweetgum

Quercus falcata  
Quercus nigra  
Quercus phellos  
Quercus shumardi  
Taxodium distichum

Southern Red Oak  
Water Oak  
Willow Oak  
Shumard Oak  
Common Baldcypress

MEDIUM TREES - DECIDUOUS

Fraxinus velutina  
Koelreuteria piculata  
Morus alba  
Pyrus calleryana "Bradford"  
Ulmus crossifolia

Arizona Ash  
Golden Raintree  
White Mulberry  
Bradford Callery Pear  
Cedar Elm

SMALL TREES - DECIDUOUS

Cercis canadensis  
Lagerstroemia indica

Eastern Redbud  
Crape myrtle

Scientific Name

Ligustrum texanum  
Nerium oleander  
Photinia "Froseri"  
Photinia serrulata  
Pittosporum tobira  
Viburnum japonicum  
Viburnum odoratissimum  
Viburnum suspensum

Common Name

Waxleaf Ligustrum  
Oleander  
Redtip Photinia  
Chinese Photinia  
Pittosporum  
Japanese Viburnum  
Sweet Viburnum  
Sandankwa Suspensum

SHRUBS - MEDIUM AND SMALL

Ilex "Burfordii"  
Nandina domestica compacta  
Nerium oleander (Petite)  
Pittosporum tobira "Whelleri"  
Raphiolepis indica

Burford's Holly  
Compact Nandina  
Dwarf Oleander  
Dwarf Pittosporum  
Ballerina or Enchanted

GROUND COVER AND VINES

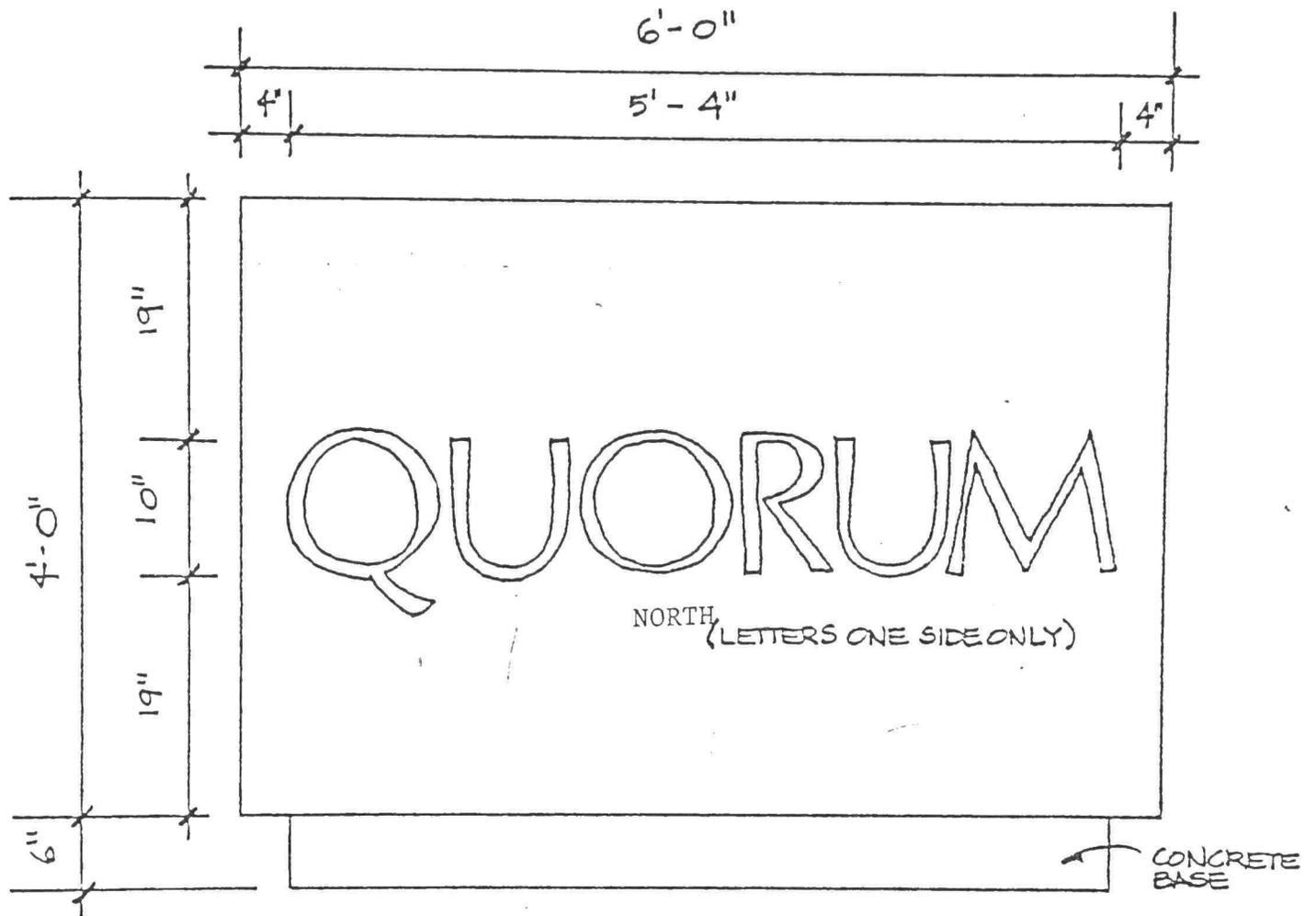
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Euonymus fortunei "coloratus"  
Hedera helix "Hahn's"  
Hedera Helia  
Hermerocallis species  
Liriope muscari  
Ophiopogon japonica  
Trachelospermum asiaticum  
Vinca minor

Carpet Bugle  
Purple leaf Wintercreeper  
Hahn's self-branching Ivy  
English Ivy  
Daylily  
Bigblue Liriope  
Lily Turf Monkey Grass  
Japanesestar Jasmine  
Littleleaf Periwinkle

GRASSES

Cynodon dactylon

Common Bermuda grass

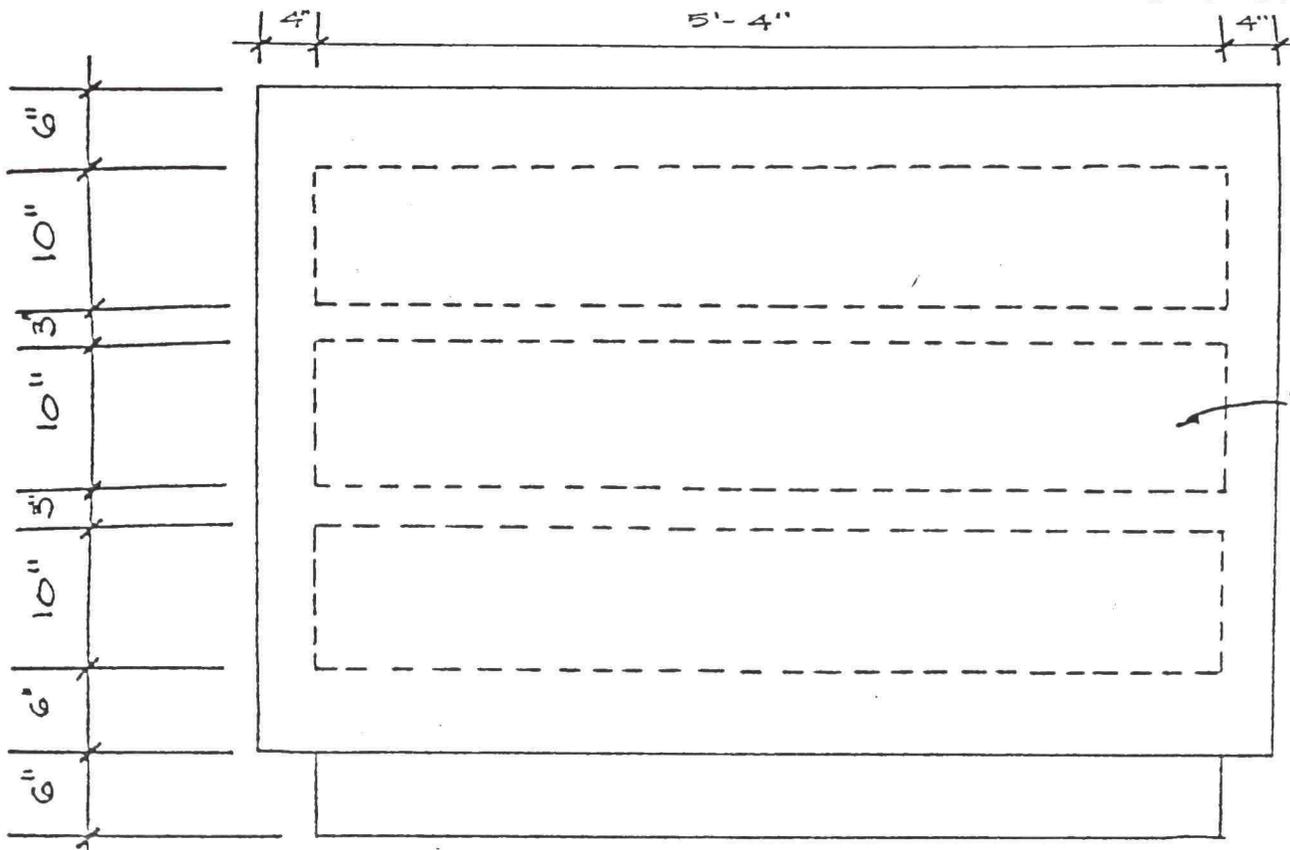


SIGN CONSISTS OF .090 ALUMINUM WITH A DARK BRONZE DUREPOX FINISH. ALL SEAMS ARE TO BE WELDED AND SANDED. LETTERING IS OPTIMA, ALL CAPITALS. LETTERS ARE MIRROR FINISH STAINLESS STEEL WITH REVERSE CHANNEL WHITE NEON LIGHTING. ALL LIGHTING EQUIPMENT IS TO BE CONCEALED INSIDE SIGN. SERVICE PANEL IS TO BE LOCATED ON TOP OF SIGN. CONCRETE BASE IS TO BE PROVIDED BY THE SIGN CONTRACTOR.

SCALE:  $\frac{3}{4}'' = 1'-0''$

EXHIBIT G

PROJECT ENTRY SIGN

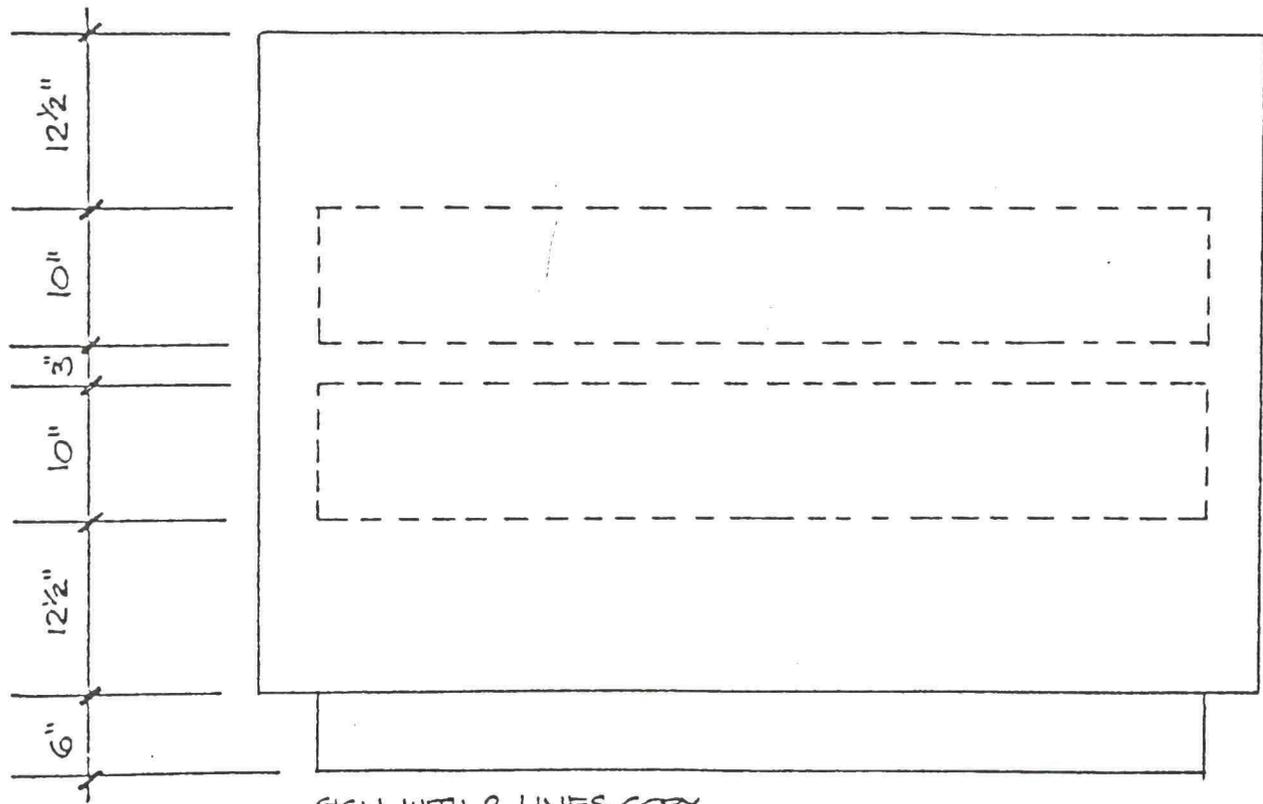


SIGN WITH 1 OR 3 LINES COPY

IF 1 LINE OF COP  
CENTER IN MIDD  
LINE

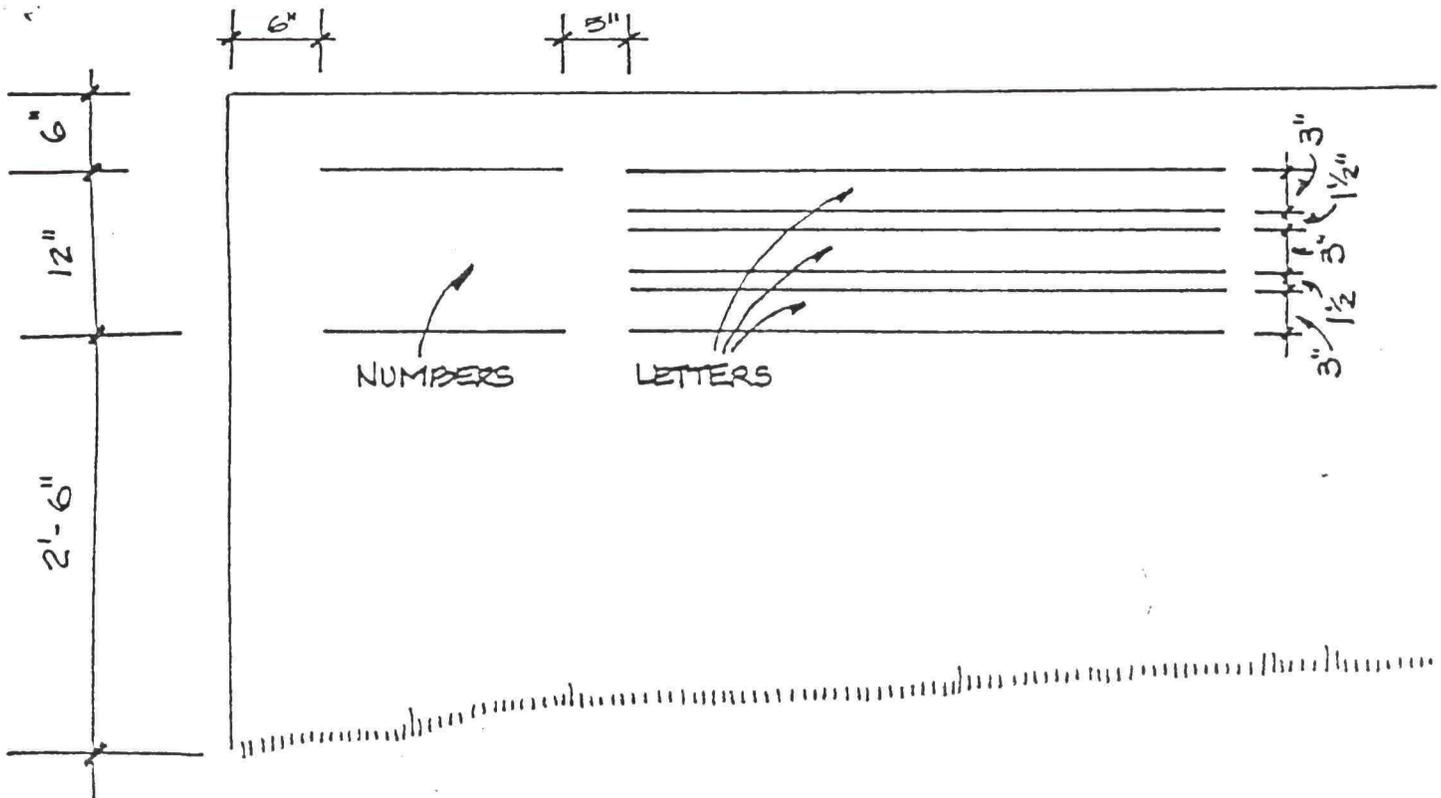
TYPESTYLE MA  
BE CONSISTENT  
WITH OWNER LOG  
BUT CANNOT BE  
LARGER THAN  
INDICATED

LETTERING IS TO  
BE MIRROR FINISH  
STAINLESS STEEL;  
REVERSE CHANNEL  
WHITE NEON  
LIGHTING.



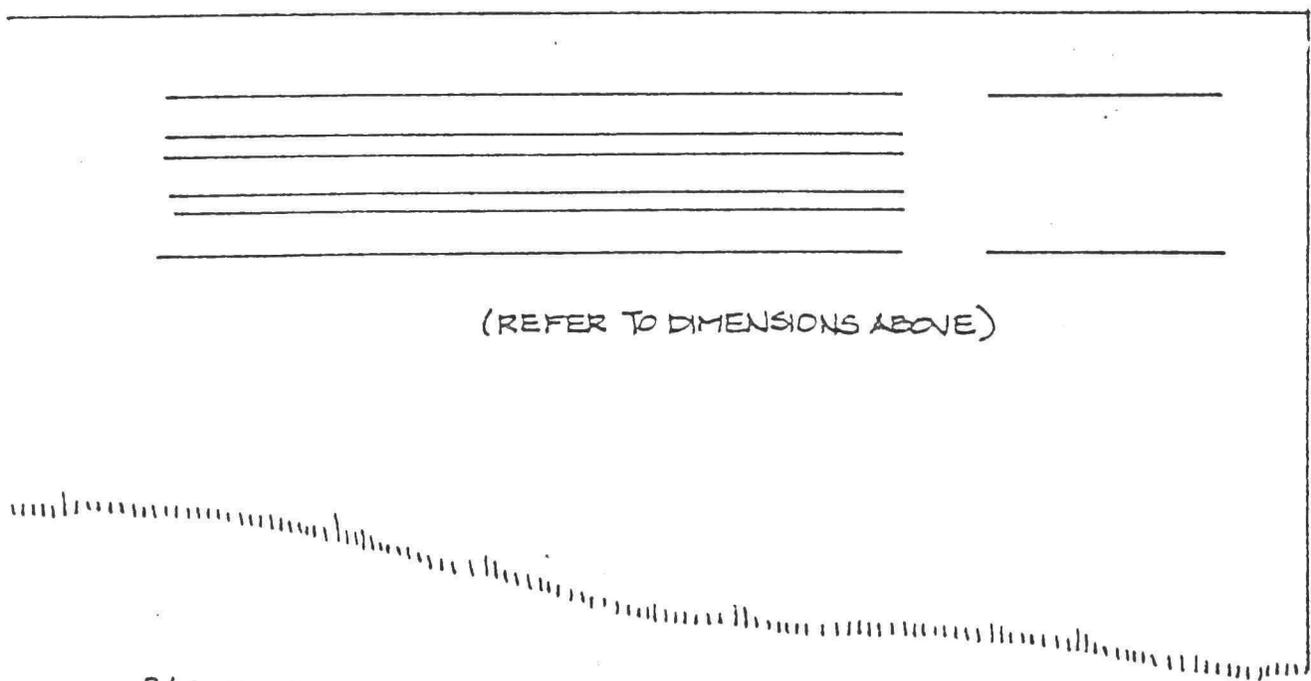
SIGN WITH 2 LINES COPY  
SCALE  $1\frac{3}{4}'' = 1'-0''$

EXHIBIT G  
PROJECT ENTRY SIGN  
ALTERNATIVE IDENTITY FOR OWNERS



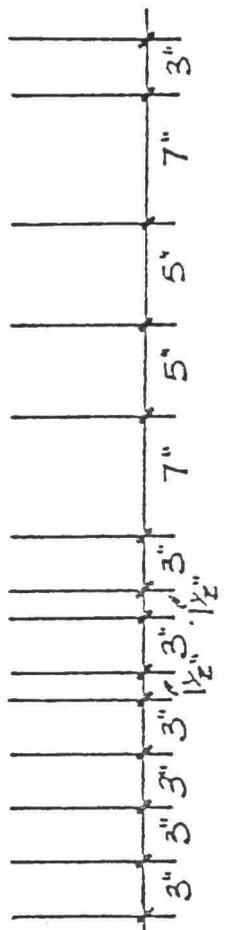
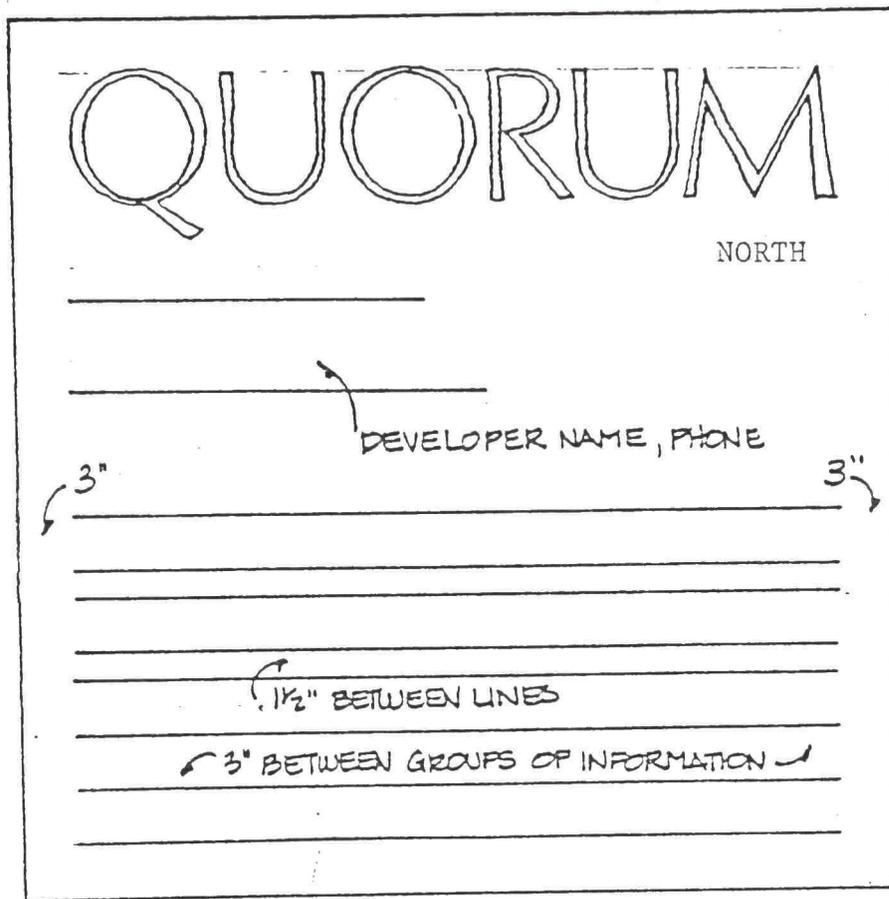
LETTERS AND NUMBERS ARE CUT ALUMINUM WITH A DARK BRONZE DURANODIC FINISH IN SIZES AS SHOWN ABOVE. LETTERS AND NUMBERS ARE STUD MOUNTED FLUSH WITH SURFACE OF SIGN. SIGNS ARE CONCRETE. NUMBERS ARE OPTIMA; LETTERS ARE HELVETICA MEDIUM, CAPITALS AND LOWER CASE (3 LINES MAXIMUM).

SIGNS ARE NON-ILLUMINATED



SCALE: 3/4" = 1'-0"

EXHIBIT H  
ENTRY AISLE SIGN

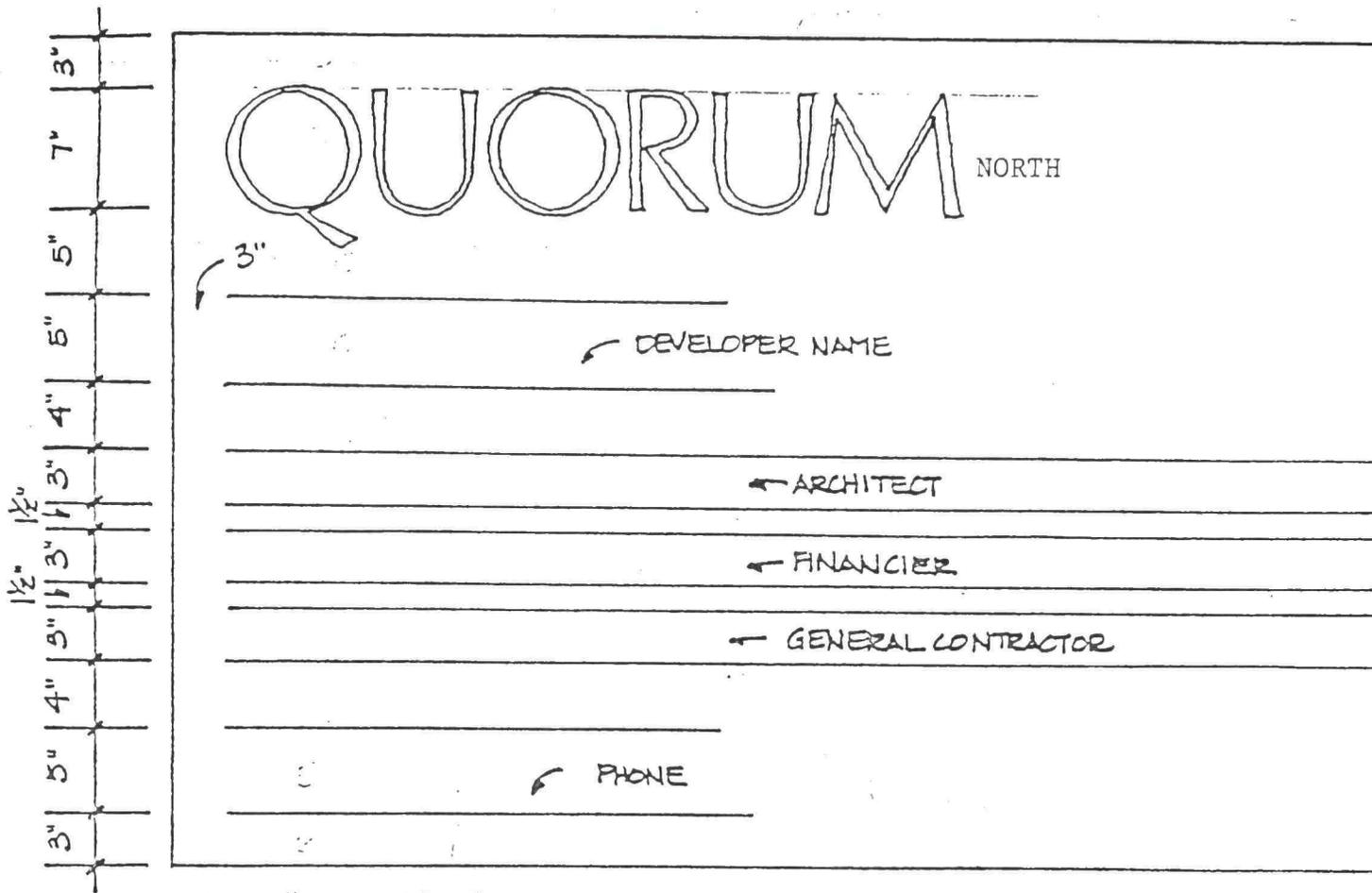


SIGN IS EXTERIOR GRADE PLYWOOD WITH SUPPORTS BEING 6'-6" TALL. PAINT COLORS ARE TO MATCH PANTONE MATCHING SYSTEM COLORS AS FOLLOWS:

- BACKGROUND: PMS 405C
- "QUORUM": PMS 401C
- ALL OTHER LETTERING: WHITE
- TRIM OR DIVISION LINES: PMS 174C

SCALE: 1" = 1'-0"

EXHIBIT I  
FUTURE USE SIGN



SIGN IS 4'-0" H x 8'-0" W

SIGN IS EXTERIOR GRADE PLYWOOD WITH SUPPORTS BEING 6'-6" TALL. PAINT COLORS ARE TO MATCH PANTONE MATCHING SYSTEM COLORS AS FOLLOWS:

BACKGROUND: PMS 405C

'QUORUM': PMS 401C

ALL OTHER LETTERING: WHITE

TRIM OR DIVISION LINES: PMS 174C

SCALE: 1" = 1'-0"

EXHIBIT I

CONSTRUCTION/LEASING SIGN

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My thesis proposal consists of a proposed Zale Corporate Headquarters/Warehouse complex within a developed Master Plan. This complex consists of the Headquarters building itself (with offices for all divisions of the corporation), and warehouses, along with some office space for the Sporting Goods Division, Drug Division, Distribution Center, Jewellery Division, and the Printing/Graphic Arts Division.

The scope of my thesis will be to develop a master development plan for the entire site, develop a building design for the headquarters building(s), and to locate the warehouses in coordination with the master plan.

The site is a 66 acre relatively flat area in north Dallas. A railroad borders the site on the north side, industrial areas on the west side, and major access routes on the south and east sides.

The basis of my design was to utilize the whole site and to design a low key rambling exterior, with a clean and modern exterior appearance. I wanted to develop a park-like atmosphere, for a more human and intimate feeling, with the low-key building and an abundance of landscaping and trees.

The warehouses have been located on the north edge of the site. The northern and western edges of the site, due to facing railroad tracks and industrial areas, cater to this type of land use. Access for trucks and delivery is provided on the western edge of the site.

The headquarters building has been divided into wings or sections due to functional aspects. The different sections consist of 6 wings or building sections joined by circulation elements. Round circular shafts are used to house restrooms and stairways. At the ends and middles of the building pattern, additional circulation is achieved with elevators and escalators in the central atrium lobby areas between each wing or building section. These lobbies are open with an abundance of glass for natural light. Longitudinally through each wing there are light wells through each floor covered by a barrel vaulted skylight. These skylights bring natural

light into the office spaces, as well as defining a circulation link through each building. Glass walls compose the walls of each building. These walls are protected on the south and west sides by 5 foot overhangs at each floor level.

The executive offices are located on the top floor of the Administrative Building. There is a skylight roof over the Executive Club/Restaurant. There are also two covered outdoor areas (terraces) at the two major junction points of the building wings. These areas could serve a variety of functions: outdoor meetings, lectures, conversation areas, etc... The Financial Building ( in the middle of the series of buildings) has an employee cafeteria on the ground floor with a covered outdoor eating area. There is a large landscaped plaza area with a fountain in the southeast area of the site. These connect to both major parking areas.

The major access to the site is off Dallas Parkway (on the east ). The entrance drive winds around and through the entire site and eventually exits to Beltline Road on the south edge of the site. This road provides additional access to the truck/delivery drive at the rear of the warehouses as well as provides for access to parking areas for all the warehouses and the two major parking areas for the Headquarters Buildings.

There is room for future building expansion, if ever needed, to the south. The building forms easily lead to expansion with the addition of wing(s) joined by additional circulation elements and lobbies.

The complex, I believe, is a realistic expression of a suitable Headquarters of a large billion dollar corporation with a clean modern, well-designed architectural expression.