Jones Development’s relationships, notably FedEx, deliver industrial results

BY ROB ROBERTS | STAFF WRITER

Kevin Jones married his high school sweetheart, and he and Nancy raised their family within the same one-mile radius where he has lived his entire life.

“Life just doesn’t change very fast for us,” said Jones, who 18 years ago founded Jones Development Co. LLC in Kansas City.

The same can’t be said anymore for Jones’ industrial development firm. Valuing his business roots and relationships has helped Jones build one of the region’s fastest-growing companies.

Now with a track record of 90 building projects in 28 states, Jones Development has grown from three employees and $2 million worth of projects in 2002 to a staff of 23 and $180 million in projected 2008 development volume.

The short explanation for that boom: Jones Development was able to cultivate package-delivery giant FedEx Corp. as its primary client.

“If you have been successful with a brand name like FedEx, it opens other doors,” said Bob Gude, Jones’ vice president of pre-development.

But the deeper explanation goes back to building relationships and sticking with what you know.

Jones began learning the ropes in the early 1980s as an industrial broker for Jones & Co. — no relation — and then a spinoff, Kerr & Co. Founder Whitney Kerr Sr. said Jones gained an understanding of all sides of real estate deals, complementing his strong work ethic and aggressive but fair nature. Jones employed those tools in his business after a 1990 foray into property ownership made him his boss’s landlord.

Kerr & Co. was based in the Brookfield building in downtown Kansas City, Jones said, and when Unitog Co. sold the building, Jones and a partner bought it and gave Kerr & Co. the management contract.

Jones lists Whitney Kerr Sr. among the many mentors, lenders, clients and co-workers to whom he attributes his success. But “real estate’s not always love and kisses,” Jones said, so he struck out on his own before any conflicts arose.

Jones and an early development partner, Blue Ridge Mall developer Bill Dietrich, then sold the Brookfield, investing the proceeds in a Grandview shopping center. But Jones’ development career wouldn’t take off until he found a way to return to his industrial roots.

“We put every bit of money from the Brookfield deal into that shopping center, then spent five years trying to figure out how to get out of it,” Jones said.

Fortunately, Jones had forged a relationship...
with FedEx Corp. during his brokerage career, putting FedEx into a local distribution facility off Front Street after a 1985 cold call. Shortly thereafter, FedEx asked for Jones’ help in developing a building in Topeka, which Jones and Kerr partnered to deliver.

That project helped Jones Development secure one or two small FedEx deals in the Midwest each year through the late 1990s. But Jones knew that to really hitch his wagon to the rising delivery star, he needed to understand FedEx as if it were his company.

“They deliver packages on time and on budget, and I knew they expected their buildings to be delivered the same way,” he said.

“I also got to know their people and worked hard to understand what all their issues, problems and needs were.

“Today, we know more about high-tech conveyor systems, dock equipment and over-the-road trucks than you can imagine because what’s important to them becomes important to us.”

That attitude began paying off in 1998, when Jones Development was chosen to do four larger FedEx projects all at once, Gude said. That’s when he left what is now ProLogis, the world’s largest industrial developer, to join Jones Development, expanding its workforce to two.

“We’ve worked with them now for about 10 years,” said Jim Maxwell, managing director of real estate for FedEx Ground Package System Inc., one of three FedEx Corp. business units. “They’ve been one of our most reliable developers.”

FedEx Ground deals with a dozen developers, Maxwell said. But Jones Development is one of only about six that will take on “any project of any size anywhere,” he said.

That flexibility has helped Jones Development graduate from FedEx projects like the 39,000-square-foot facility it completed in Clarksburg, W.Va., a couple of years ago to the 220,000-square-foot distribution center it’s finishing in Trenton, N.J. The quality of construction the company gets from general contractors doesn’t hurt, either, Maxwell said.

Jones said he considers construction to be a local business, so he works hard to select top contractors in each project’s vicinity. For instance, the company recently selected Kansas City-based JE Dunn Construction for a Colorado Springs, Colo., project in part because Dunn has an office in Colorado Springs.

Jones Development project managers, and often Jones himself, spend a lot of time reviewing plans and specs with the contractor before work starts. And once it begins, the developer monitors progress on a frequent and detailed basis.

“We’ve done more than 25 projects with them,” Maxwell said, “and I always hear lots of compliments from our engineering people who do the final walk-throughs.”

Cynthia Morgenstern, executive vice president of Monmouth Real Estate Investment Corp. in Freehold, N.J., said Jones Development sells most of the buildings it develops to third parties that lease the buildings to tenants. Monmouth has bought several in the nine years Morgenstern has worked with the company, so she feels qualified to say Jones Development builds “a heck of a nice building.”

“One benefit of their (small) size is that they’re hands-on from beginning to end on every deal,” Morgenstern said. “And whenever there are unforeseen circumstances, they always fix anything that goes wrong.”

Tom Turner, an executive vice president with Grandbridge Real Estate Capital’s office in Mission Hills, said the firm provides long-term debt for buildings Jones Development retains. The company has been a good risk, Turner said, because its founder knows how to keep tenants happy and sticks to what he knows, the build-to-suit industrial realm.

Jones Development has stuck its toe in the speculative market recently. Early this year, it completed a 520,000-square-foot spec warehouse and is preparing to start an 800,000-square-foot spec warehouse — both in south Dallas. In both cases, Turner said, the company has limited its risk by finding a large industrial partner — USAA Real Estate Co.

Meanwhile, the company has been diversifying its build-to-suit clientele by “constantly calling on brokers, who control the bulk of the deals,” Jones said.

Jones Development recently was named as developer for a 210,000-square-foot O’Reilly Automotive Inc. warehouse in Kansas City’s East Bottoms. It also has completed projects for Sherwin-Williams Co., Reynolds Metals Co. (now part of Alcoa Inc.) and Bunzl Plc.

The company, which includes two in-house architects and eight project managers, also has diversified its work force, adding two brokers. And it may expand into third-party building management.

Meanwhile, the “next generation” of the business has been established. Jones’ sons, Nick and Chris, have joined up and already are familiar with the mottoes of self-reliance it was built on.

“I always say, ‘If you can’t get in the front door, go in the back door,’” Kevin Jones said, “and if you can’t get in the back door, get a ladder and go in the upstairs window.’ The other quote for our team is, ‘Look in the mirror, and you will see who is responsible.’”

Look in the rearview mirror, and you’ll see something else: Jones Development has come a long way.

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