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Realistic planning and budgeting increases probability of your hotel opening well

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For many reasons there has been an unprecedented increase in hospitality "fast track" projects, both new build and renovation. Pressure from financing institutions to start cash flow early enough in the process to justify financing is only compounded by seasonal demands; both of which affect funding availability and ultimately influences demanding deadlines. Many experienced professionals are developing unrealistic project schedules by compressing planning, design and implementation into an unrealistic timeline, which adds to the project's direct costs.

I recently attended the HELP (Hotel Equity and Lenders Perspective) conference in Boston where an impressive group of hospitality executives from a cross cut of the industry assembled for a day and half to share market status, projections and trends. Senior VP of owner and franchise services for Starwood Hotel & Resorts Worldwide, Inc., Lynne Dougherty had an interesting qualitative comment in a recap of her panel discussion to encourage hotel owners to "Open Well." The long term goal of hotel owners is to have the guest experience reflect the perceived value. Perceived value encourages guests to return and to communicate to anyone who will listen regarding the stay. Social networking and Internet all power up the necessity to increase the value of the guest stay from the outset, otherwise risking the "review" power of the Internet savvy guest.

Now who among us does not like a good challenge? However, setting out a schedule that dooms the project from the start has long term ramifications that may never be recouped financially or from a PR perspective. There are no second chances; you open once. Realistic planning and budgeting increases the probability that a hotel opens well.

One recent project opening portrays how setting realistic schedules could have preserve budgets and ensured firsts guests' Tweets, Instagrams and posts communicated a positive experience. As none of the works on a new build hotel are completed in a vacuum, there was an intensive three day coordination meeting to establish milestone dates for deliverables of design documentation, construction milestones, owner provided art designs, and funding. As these milestones began to slip, our team dutifully advised the owners that the chances of meeting the deadline was in jeopardy. A second letter was sent a month later as more dates slipped. Three months before the scheduled opening, we happened to view a national television and Internet campaign announcing that the project was opening one month earlier than the original scheduled date. The owners had not advised the project team and suddenly scheduling crunches began wreaking havoc on budgets and project management. Referencing the missed milestone dates, plans were made for airfreight. Result? Damaged items. Compressed, frantic installation schedule. Under-trained employees. Blown budget. The hotel opened with partial room completion and the rectification team entered rooms occupied by guests to make final repairs, which resulted in guest dissatisfaction. The hotel opened at any cost, two months earlier than contract date, which should be good news, but the

lingering legacy is one of panic and failure. It did not open well.

Picture a project as a very large, extremely heavy ball. The project team works together to get the ball rolling. Once started it takes maintenance to keep it moving in the right direction. Stopping the ball takes tremendous effort. Restarting takes even greater effort. If the ball starts to go in the wrong direction the team can guide it back into the right direction, if it is caught early enough. If detected late and fast reaction is necessary, making right or left turns is very difficult and again slows the project. Syncopation is a necessary part of project implementation and there are necessary milestones that allow the consultants, trades and manufacturers to perform quality work. Early intervention on missed milestone dates enables the team to adjust as necessary to keep the schedule on track. Compressing the construction, manufacturing and installation schedules come at direct and indirect costs; these vendors need time to ensure quality products are produced and delivered. Ultimately the project needs to open well to allow turnover of areas from contractor to owner and owner to operator.

At the point when an opening date is determined and announced, the entire team should be on board with their combined focus on the target date. The date should be within the realm of possibility, making premium cost decisions that enable the hotel open on time and on budget, especially when there are other risk assessments to opening. In addition, the lingering legacy of a property that does not open well can impact the reviews of the hotel long after the opening. One simple negative Tweet can have far reaching consequences. Whether the property is developed to operate over the long term or developed to sell, the property's value can quickly be enhanced or diminished by guest satisfaction as it relates to room rates, event sales, and Internet reviews. Project agendas should include in its set of goals to "open well."

Gus Sarff, ISHC is president and owner of GS Associates, Inc., a procurement consulting firm providing FF&E and OS&E services locally, nationally and globally for luxury, convention, resort, limited service hotels, fractional ownership properties, restaurants, and function facilities. For over 25 years, GS Associates, Inc. has continued to develop procurement technology and creative sourcing to maintain its leadership in the industry. GSA's services are transparent, expert, and will make a positive impact on any project.

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