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Maximizing revenue: Tips for a successful hotel renovation

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Today's sophisticated and demanding travelers are spending time researching hotels that not only fit their budget, but will provide them with the nicest rooms, the best service and all the amenities they expect. Properties must stay fresh and current to attract them.

Today's slowed economy makes now an ideal time for hoteliers to renovate. Periods of lower occupancy result in disruptions due to renovations being less impactful. In addition, construction costs are lower than they are during boom times. Several hotel brands are also offering franchisees incentives to encourage renovations.

Renovations and improvements to a hotel can trigger immediate increases in average daily room rates, will most likely result in higher occupancy rates and ensure that it is strongly positioned for the economic upturn. Prior to embarking on a renovation project, however, it is important to ensure that every aspect is properly addressed in order to ensure its success.

Keys to a successful renovation

The keys to a successful renovation project involving one or more hotels are:

- * Having a clear vision and objective for the project.
- * Defining standards for the time, cost and quality of the project.
- * Outlining scopes of work and linking them directly back to the objective and performance standards.
- * Detailing a well-conceived and reliable schedule that integrates operations and construction in order to ensure a smooth transition when it comes to moving rooms in and out of service during the renovation process.
- * Involving qualified contractors who truly understand the work they are undertaking, have the resources necessary to meet the schedule and budget, and the experience to deal with unexpected challenges.

Project Team

One of the best ways hotel owners and investors can ensure that projects are completed within a defined budget is to pull together a team of professionals who have extensive hotel experience and will work together to oversee the entire renovation process. Core team members should include owners/investors, operators, designers and contractors.

Objective / Vision & Performance Standards

A clear vision and objective are critical elements to keeping renovation projects on track. Standards must be defined regarding time, cost and quality prior to starting a project.

Time:

- * Time standards include the time allotted for assessing a property, designing the renovation, bidding the work and completing the work.

Cost:

- * Clearly define the investment limits for the project and break them down into the most relevant factors, i.e. design costs, construction costs and operating costs.

Quality:

- * Be clear and committed to what you see the product being.
- * Quality considerations include the level of construction drawings to be completed, the level of accountability, outlining current conditions; identifying the type of contractors needed and the methods of qualifying them prior to bidding; and detailing the condition and appearance of the property that must be maintained during construction.

Design

Once the standards of the renovation project are established, the exact condition of the property must be determined. This is done via a highly accurate building engineering and status report, which serves two purposes. The first is to identify existing conditions, which enables the designers and constructor to address and mitigate their potential impact on the project. The second is to identify all building code issues that a municipality may require action on.

Construction

Three of the most demanding elements of a renovation are bidding the job, scheduling and the actual work.

Bidding:

- * Take the time to qualify all bidders.
- * Never risk your property to an inexperienced contractor.

Schedule:

- * A well thought out renovation timeline that accounts for the entire scope of a project is critical because it will minimize the impact on guests and operating staff. It is crucial to incorporate the operations tasks within it.
- * Whenever possible, renovate one typical room before starting the entire renovation process. Doing this will answer 90% of potential questions and enable contractors to fine-tune processes.

The Work:

- * Make sure you have a team of experienced professionals in place who can quickly answer and address issues during the initial days of a project.
- * Ensure that the process for ordering and receiving materials is clear and that all necessary materials are readily available prior to starting work.
- * Have a clear and agreed upon process for reviewing and accepting completed rooms.

While renovating a hotel can be challenging, proper planning and being prepared for the unexpected makes the process smoother and helps maintain positive guest relations. The ROI is well worth it.

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