

Right Team = Right Results

Choosing the best team for CapEx (PIP, Conversion or Reposition)

By Paul Breslin and Helen Yibing Sun

Proper execution of capital expenditures is one of the most important roles and responsibilities of the owner, asset manager and/or consultant.

Before diving into the CapEx process, the asset manager or consultant will have a clear vision, specific achievable goals and carefully assess who will lead the process. The very best of the best know the “who” matters most.

The Importance of the Right Team

Vision / Goals: The leadership and passion to effectively participate in setting clear vision and goals and achievable measurable outcomes.

Scope: Knowledge, experience and ability to set the right scope to meet the objectives. The better the game plan, the better results. The right team establishes enough of a scope to achieve the goal.

Quality: The quality of the team has a direct correlation to the product delivered. The better the team better the results.

Risk: Effective teams and teamwork mitigate risk. Safety, sustainability, and property conservation are top priorities and come as second nature to the industry leaders.

Execution: The hardest part of the project is the actual implementation of the work; the right team will synergistically deliver the outcomes on time and on budget.

Results: Quality teams deliver the best results; the outcome will last far longer than any short-term savings of doing it on the cheap. Poor quality equals poor results. The leaders use innovation, technology and best practices to streamline the workflow and improve efficiencies while keeping high standards of quality.

Return on Investment: The ultimate measurement of the teams’ effectiveness is measured in the financial return. High standards and effective results are the foundation of higher profits, sustained earnings and a positive internal rate of return for the owners.

Documentation: The best of the best knows the importance of proper documentation and record keeping of the work completed.

The Fundamentals of Choosing the Right Team

The foundation of choosing the most qualified team begins with;

- Setting very high standards for each professional, build the expectations of required experience and qualifications into the RFP, if possible start with an “RFQ,” a Request for Qualification, to ensure only qualified firms are given the RFP.
- Choose only those who are highly skilled, experienced and talented with the very best industry experience and proven results.
- Meet with the finalists to ensure the prospective team members fully understand the owner’s vision, expectations of quality, budget and timing.

- Establish expectations of the team with regards to commitment, synergy, innovation, collaboration, meeting the deadlines and being within budget.
- Be fair, playing nice in the sand box may sound like fluff, but it can be the key to a successful project. Every project has problems; the best find solutions not fault. Leaders think of problems as opportunities or as hurdles to overcome not walls.
- Team members must deliver, be cooperative and collaborative, yet driven and results oriented.
- Leaders must lead, require good communication flow, openly discuss and resolve problems, offer encouragement and show recognition.
- The right players are experts with a balanced approach to quality, budget and timing. They value the other experts on the team and have a way to bring the best out in each other.

“In undertaking an effective role as an Owner’s representative, or any part thereof providing P.M., Cost Consultancy and Advisory, the PM needs to have the mindset that the client is the “Project.” Notwithstanding all peripheral events, the approved scope as it relates to a successful project is the safe, timely and cost-effective delivery of the “Project.” Someone on the team needs to have their hair on fire and have total commitment and it is often the PM. No excuse or time for saying, “That’s not my responsibility.” You become the advocate for the client.”

Ruben Rodriguez | Director | Gleeds

Who the Asset Manager should have on the Team

Project Manager (PM)

Be selective and use a proven professional PM with the ability to give real-time construction cost estimates, manage the logistics and handle the numerous problems that projects usually have. A detailed budget and extensive references are a must when creating the RFPs.

Project Executive and On-site Superintendent

Ensure your agreement with the project management company allows input and approval of both the positions. Be highly selective of the Project Executive and On-site Superintendent. Understand the span of control and who is taking on what risk. Require a “not to exceed” or cap, as well as a detailed construction schedule to complete the project. Expect push back if you cannot commit to a schedule. The PM must have relevant experience and proven results in similar chain scales.

Architects and Interior Designers

Use the PM to lead this process and participate in the RFQ and RFP process—be selective. Price matters but so does the quality of the team, so seek those with proven results in the class of hotel projects you are completing. Innovation, experience and leadership is top of the list when selecting the right architect or design firm. Only consider an architectural firm that specializes in hotels like yours with positive references. Set parameters on reasonable fees that include a role to lead the entire design team on the project.

Construction Company

Local, best in class with references from an unbiased source should be the top considerations in the selection process. Ultimately, quality of workmanship, on time and within budget, risk

mitigation and durability are some critical factors. Price is always a priority. It's in the owner's best interest to hire a construction firm with proven results with similar hotels.

Procurement

Selection of the FF&E and OSE for most Capex projects are one of the most important selections you will make. Ensure the proposals include everything from selection, transportation, freight, installation and remedies for problems. Take extra time to know the insurance coverages and who will cover what in case of damaged goods and/or issues related to procurement and product liability.

Management Company

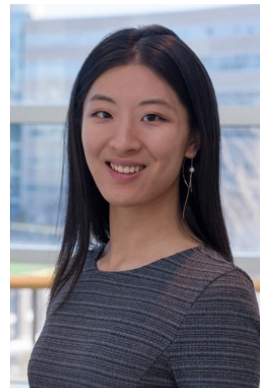
The operator plays a critical role in all Capex projects, they can make or break the project. Expect management to participate and take a leadership role, so keep them at the center of all communications and decisions. The best in the business have first-hand experience in setting the right goals. They understand the necessary scope of the projects and will be onboard with every improvement project while contributing its views on operations.

Conclusion

Capex is teamwork. The very best companies in the industry work as a unit with a superior level of collaboration in executing the owner's vision and achieving the desired outcomes on time and on budget. Having the right people means achieving the right results, which equates to a positive return on investment for the owners.



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