

TOP 10

major concerns of hotel owners about their renovation projects

Hotel owners and managers have several concerns when they first contemplate any type of renovation or repositioning, no matter how major or minor. Cicero's Development has compiled a list of the "Top 10 Concerns" that the company has been asked consistently during its long history spanning almost five decades of hotel property renovations. Cicero's Development is a systems-oriented company that has developed and trademarked its Renovationomix® program, its coordinated system of renovation that consistently delivers projects on time and on budget while achieving project goals.

1. How will renovating my hotel increase its revenue?

- Renovation and modernization retain repeat guests and attract new guests as well as group business.
- Guests expect a clean, safe environment with proper lighting that is in compliance with current regulations and brand standards.
- In today's social media environment, updating improves ever-so-important online ratings with positive client feedback.
- Helps improve the stability of the property by complying with new governmental regulations and standards.
- Creates higher resale value of the property.

2. What repairs and upgrades are necessary to give owners their best return on investment (ROI)?

The best ROI comes from projects in areas that are visible to guests:

- Main guest entry areas
- Drive-up exterior areas
- Lobby and reception areas
- Common areas on first floor
- Meeting spaces
- Breakfast and eating areas
- Public restrooms
- Business center
- Fitness center
- Corridors
- Guestrooms and bathrooms
- Owners have an opportunity to significantly reduce ongoing, ever-increasing utility expenses. This is where property owners can choose which renovation projects and methods will increase their revenue and decrease operating expenses while maintaining a healthy environment. This is done mainly through water, sewer and energy savings along with uncovering any rebate or incentive programs available to them.



3. How much will these repairs and upgrades cost and how can I budget for them?

A three-level approach to estimating a renovation project is a good idea.

1. Topical or High-Level Estimate:

Clients produce a list of all documentation necessary to calculate this type of estimate. Pricing is usually taken from

historical data on similar past projects. All estimates should include a defined list of clarifications. This level of estimate can usually get a hotel owner within a budget range of 30% to 40% swing. It usually takes a shorter time to produce this type of estimate.

This Topical or High-Level Estimate carries a heavy contingency because field conditions, drilling down into the scope of work and actual subcontractors' input have not been included.

This is usually done at no charge to our clients, at our office, with no site visit or local subcontractor input.

2. Scope-Based Estimate:

This breaks down the project by area and scope. Limited drilling down is usually performed with some discussion of possible options. Costing is tunneled to specific scope items. All costing is based upon drawings and other types of information provided by owners along with historical data on similar past projects. This scope of work is broken down and parameters are discussed while considering some options and brand concessions. This Scope-Based Estimate requires a short site visit to view site conditions.

This usually takes a longer time to produce than the Topical or High-Level Estimate. No site meetings with subcontractors are usually included here. Estimate should again include a list of clarifications. This level of estimate usually



“Time after time, for more than 15 years Cicero’s has proven an unlimited ability to provide expertise in a variety of remodeling projects whether large or small and regardless of the project’s complexity in scope. The skills and abilities possessed by your staff are astounding. Your efficiencies involving systems of procurement, submittals, permit acquisition, project completion, project close out and post project follow up is phenomenal. Your organization understands that you are a part of the FelCor team and as such communicate well with architects, designers, procurement companies and general managers. It is a pleasure working with you and we thank you for your excellent service. We look forward to a continuing long partnership.”

Anne Darnaby, Vice President/Design & Construction,
FelCor Lodging Trust



The Wine Den at the DoubleTree Oakbrook Hotel in Oakbrook, Ill., was producing very little income. After removing the various levels and bar area, top photos, it became a highly profitable area used for large meetings, wedding receptions, parties and other functions, right.

“From our team to yours, thank you for your enduring relationship and commitment to renovation project excellence through the years. Your attention to detail and ability to get the job done on time and on budget, have made Cicero’s a trustworthy, stable and reliable partner through my 18 years of experience with the Cicero’s team. In particular, I’ve appreciated the honesty and clear communication Cicero’s brings to every project. Cicero’s “Best Value” approach is hands-on and meticulous on achieving every renovation objective.”

John B. Campbell, Jr., Vice President,
Director of Project Management, Omni Hotels

will get the owner within a 25% to 30% range and limits the amount of contingency considerably.

There is usually a minimum charge to owners to cover general contractor’s expenses. This should always be discussed and agreed upon prior to proceeding.

3. Detailed Estimate:

This level of estimate should drill into the heart and soul of the project and should be treated as if the general contractor was going to start the project. This always should include a



complete site visit with all of the necessary project team members. Key project details and all scope-of-work items should be discussed and consultation with the owner’s architect, designer and other necessary project professionals should be achieved. The general contractor should meet, on site, with major subcontractors and vendors so they can provide their project input, pricing and timing.

With this information, the process can be drilled down to get the tightest budget and time frame possible before final architectural and design drawings are completed and approved by the responsible individual(s). This Detailed Estimate is based on project complexity and availability of necessary information and usually takes a much longer time to process. This estimate should include a list of clarifications and exclusions. Usually with this Detailed Estimate, the owner should get a much better idea of timing to make monies available



based on a preliminary schedule provided. This should get the owner within 5% to 10% and drastically minimalizes the contingency.

There is always a charge to owners to cover trip expenses. This should, again, always be discussed and agreed upon prior to proceeding.

4. How can I put together an achievable scope of work that I can afford?

By selecting the project team early, during the concept stage of a project, the team should work together to help owners

create the proper scope of work and eliminate or minimize unnecessary work and “scope creep.” Utilizing this type of synergy, processes can be developed to help guide owners, step by step, to achieve a proper outcome and help schedule at what points funds will need to be available to efficiently move the project along at the predetermined pace.

5. How can I put together a realistic timeline without knowing all the lead times for receivables?

A good project team, working together, should be able to develop an entire schedule of construction activities that also reflects the project’s furniture, fixtures and equipment procurement along with creation and shipping time frames, and incorporates these into the project schedule. This type of schedule helps categorize and pinpoint potential risks to time frames and allow workaround plans to be developed should issues occur. This in turn, helps to minimize project delays and costly change orders.

6. How can I maintain my cash flow during my renovation?

Working along with an established project team during the early planning stages, a hotel owner usually understands the hotel’s high occupancy periods and works closely with the

“Thank you and your staff for a an exceptional job renovating the property...your ability to keep this project on schedule, while accommodating hotel client needs, overcoming hidden conditions, and delivering the product as designed, demonstrated outstanding knowledge, skill and initiative. We, at Thayer are involved in numerous renovations and it is always a pleasure to deal with a general contractor who possesses a myriad of resources. Your staff’s ability to assess changing requirements and their follow through ensured that the changes were completed to our satisfaction. Thank you for providing us with a wonderful experience and we look forward to working with you on future renovation projects.”

Katrina Arion, Vice President, Asset Management,
Thayer Lodging Group



project team to schedule various components, (noise, traffic flow, high occupancy, etc.) during off-peak times and key periods of the year to minimize impact to the hotel’s cash flow while keeping the project on schedule. Maintaining a good guest experience during the entire renovation project should always be in the forefront as plans are being created.

7. How can I identify hidden risks that create costly overruns before they occur?

As part of the project team’s responsibility, creating a major-risk-management plan is important. This list of major potential risks is identified and each individual potential major risk is assigned its own percentage of “likelihood of happening.” At this point a “what-if” scenario and workaround plan should be created for all potential high-risk items listed, should they happen. Then a person should be assigned to monitor this risk-management plan for this project with specific guidelines of where and when to alert project team should this risk occur. A good risk-management plan greatly minimizes costly overruns and change orders due to project delays.



“After 27 years in the hotel business I have gone through a few renovations and this one has been by far the best in terms of quality, timing and personnel. Your staff, especially “Newt”, (Bob Newberg), your main on-site superintendent, has “done what I consider a spectacular job and they should be commended for it. We want you to know how much we appreciate the level of care for the work that has been done and especially for our guests during this time. As you and I know, there is never a good time to do a renovation in a hotel due to the potential problems with noise and smell, but you pulled it off without a problem. I can’t remember a time when a renovation has looked so nicely and with the level of detail. Countless guests have commented on how nice things look and how smooth the renovations went. Thank you for your excellent service and quality....I wish you and your wonderful company continued success.

Alfred Matos, General Manager,
Wyndham Houston Medical Center, Houston TX.



8. How can I navigate through the various building and fire codes, ADA mandates and health department challenges that my renovation project may incur?

The project's architect and project manager, working together, are usually the people responsible for communicating with the various governing factions at each step of the renovation project and monitoring that all work is being performed in accordance with applicable codes.

9. How can I keep control of my renovation project's schedule, cost and quality?

Most established general contractors should utilize good project management software. It should be one that is designed to access project data by specific authorized project team members. It's usually set up so authorized members of the project team can access changes to documents, drawings, requests for information, submittals, daily logs, purchase orders, change orders, schedules, budgets, punch lists and even project progression photos and much more! It's used mainly by owners, architects, engineers, designers, procurement personnel, project managers and superintendents, just to name a few. Some of the most useful parts are:

1. Drawings can be split up into individual pages.
2. Revised pages can be updated with new revision numbers so the drawing set always shows the most recent.
3. Changes can be highlighted and clouded areas can be seen by all team members.
4. Progress photos should be accessible on a daily basis.
5. Scheduling updates are maintained.
6. All updated information should be immediately available to all authorized team members via the web.
7. All information should be accessed on all personal computers and laptops as well as all types of smartphones or tablets. The instantaneous access for project owners and all authorized project team members has proven to be a remarkable tool in keeping projects on schedule and on budget!

Case Study 1

FELCOR LODGING TRUST

Cicero's has completed nine projects for FelCor Lodging Trust, including major renovations and conversions. Anne Darnaby, FelCor's VP of design and construction, said Cicero brings value to the table from the very beginning.

"The Cicero's team has been very helpful in assisting with project budgeting on the front end, rather than waiting until consultants have completed work," she said. "No doubt that this has helped the renovation process with fewer change orders and redesign while the work is in progress."

Darnaby said one thing that sets Cicero's apart from other companies is site superintendent experience and skill, but it goes beyond that.

"More importantly, all of the site personnel that have worked on FelCor projects have maintained an open line of communication with hotel staff, to the point that no major conflicts were ever reported to me on any project."

Case Study 2

WYNDHAM INTERNATIONAL AND OMNI HOTELS AND RESORTS

Cicero's has completed a total of 9 renovation projects for Wyndham International and Omni Hotels & Resorts. John Boyd Campbell Jr., technical instructor for DULOS Project Management Training, has worked with Cicero's as VP and project manager for Wyndham International and Omni Hotels and Resorts.

"There is one trait that sets them aside from the rest—trust," he said. "I can leave Cicero's in charge of a project and trust that they will serve it as if they owned it themselves."

When the inevitable surprises crop up, Cicero's brings issues up as soon as they are discovered.

"Cicero's presents alternative solutions with impacts, if any exist to schedule and budget," Campbell said. "Also, if there are positive potential issues that may reduce the schedule or budget, without impacting quality they will bring those to the forefront as well. If Cicero's owns a problem, they have no problem bringing it to the forefront, owning it and developing solutions to correct it."

10. Who can I trust to work with to get through all these complex issues?

In the very beginning, take the necessary time to interview and choose the proper project team of professionals. Look for established, experienced professionals that have good communication skills and good workable systems in place, including team members that specialize in this particular type of project is imperative. Experienced people who perform this type of work on a daily basis usually have the answers to many of the day-to-day challenges that are sure to come up and this will help a hotel owner jump over the many hurdles that always seem to cost unnecessary money and waste time. Delivering a renovation project on time and on budget while meeting the owner's project goals is always a monumental task. Their experience usually proves to be a key part of the success of all renovation projects. Making sure you can all work together as a team is crucial because you will all be spending a lot of time together.

Remember, you can save yourself a lot of money and costly time if you work to assemble the right project team during the project's early planning stages and utilize the team's synergy!

Case Study 3

ONE HOSPITALITY GROUP

Cicero's has completed 6 renovation projects for One Hospitality Group. Using its extensive historical data and hotel remodel experience, Cicero's provides costs estimates, value engineering and scheduling during all phases of preconstruction, according to James Wheatley, director of construction for ONE Hospitality Group.

"Recently Cicero's helped identify expensive aspects of new PIP brand standard," he said. "Early identification of these items helped us negotiate a better hotel purchase price and a more favorable PIP scope."

Wheatley said he most appreciates the personal relationships developed while working with Cicero's.

"Not only are they professional in all of their business dealings, but they treat everyone with respect, honesty and kindness," he said. "You will never get more personal attention from a senior management group. They go out of their way to provide exceptional and personal service. They will become your go-to contractor and if you're lucky, somewhere along the way, they will also become your friends."



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