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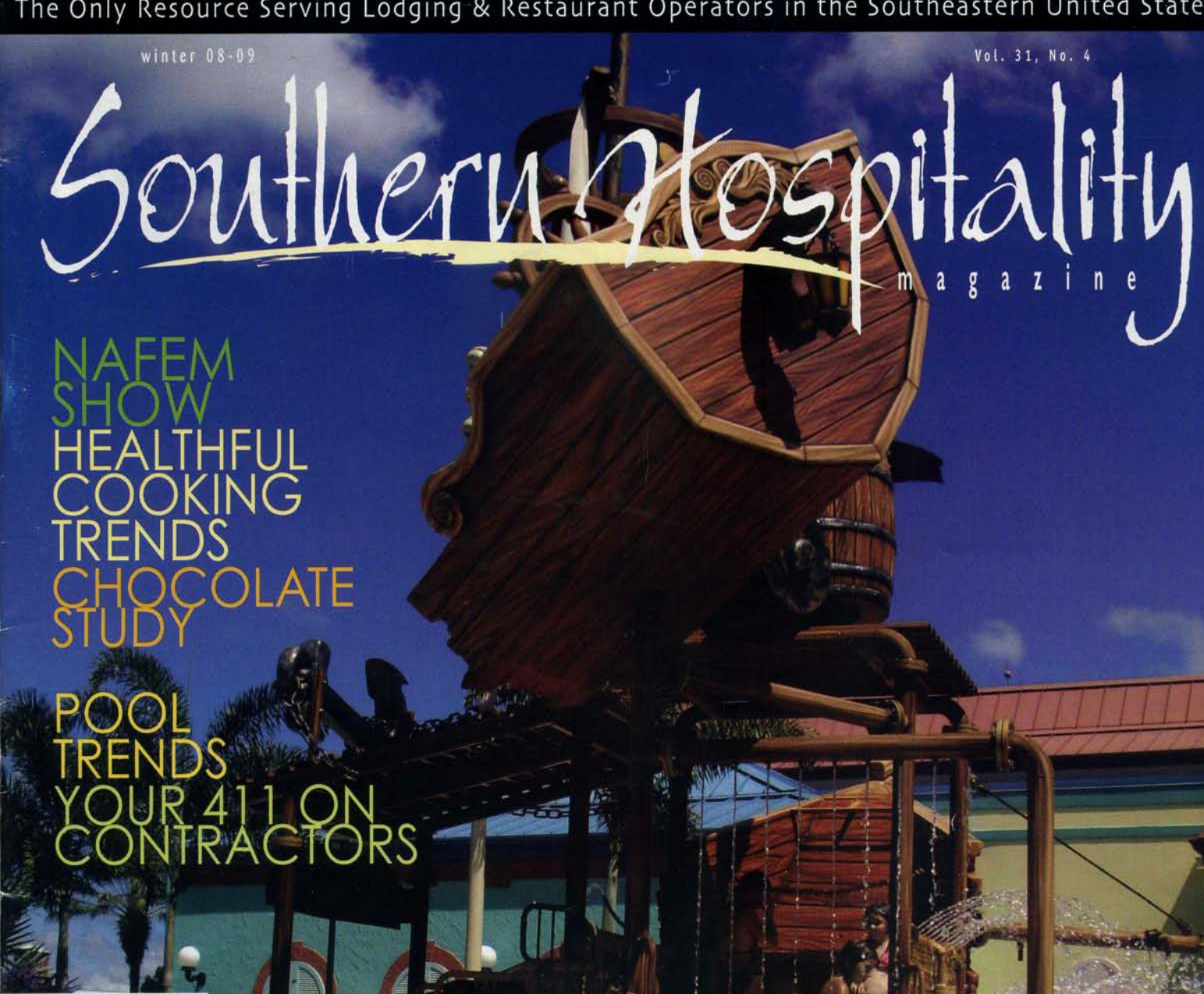
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# Southern Hospitality

magazine

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YOUR 411 ON  
CONTRACTORS



# Construction and Renovations: How to Save Money



your contractor bid your project to many subcontractors to ensure that you get the best price. If in the past you evaluated three bids, now get five or six. You could end up saving 20 to 30 percent by finding someone who needs the work and is willing to lower his or her bid without sacrificing quality.

## **Create powerful project teams up front.**

The time to evaluate savings potential is before beginning the construction process, not during it when changing course will pose its own problems and costs. This is why it is so important to create a team of experienced professionals who can work closely in the pre-construction phase. These professionals—including the GC, architect, engineers, interior designer, landscape architect, audio-visual and other consultants—should value engineer every step of your job to ensure successful coordination and to make sure there are no unnecessary costs or delays. Any costs incurred to you for such a pre-construction evaluation will be far exceeded by the long-term savings.

Make sure your GC involves your hotel's engineering and maintenance staff as part of the project team. This can minimize the need to outsource certain labor (cleaning, paint touchups, etc.), cutting down on some of the miscellaneous expenses associated with your project. Also, these are the people who have the greatest knowledge and understanding of the building systems, and that can save on research and unnecessary exploratory demolition.

## **Value engineer.**

As mentioned above, your GC and project team should value engineer every aspect of your job, suggesting ways to cut costs by substituting materials of a comparable look and quality for a lower cost. Aspects ranging from structural and MEP (mechanical, electrical, plumbing) trades to fixtures and finishes are areas where sound value engineering can produce impressive savings. By doing your due diligence, you

While one Miami Beach hotel has recently completed an impressive \$1 billion renovation, many others find themselves tightening their belts and facing much more modest construction budgets in the wake of the declining economy.

But even if you don't have \$1 billion to spare, take heart. You can still facilitate major improvements without breaking your budget. The trick is to find a general contractor (GC) experienced in the hospitality industry who can implement your vision while also keeping a keen eye on controlling costs.

Here are some tips for how you can turn

to your GC to minimize the costs of your construction or renovation project:

## **Make sure your GC is aggressive in the bidding process.**

Times have certainly changed. It used to be that subcontractors had GC's (and their clients) right where they wanted them—willing to pay anything just for the privilege of having them show up. No longer. In today's economy, subcontractors and vendors are hungry for work, which means that clients can benefit. If you structure your GC relationship properly, you can take advantage by requesting that

## HIRE YOUR CONTRACTOR BEFORE OR AT THE SAME TIME AS THE ARCHITECT AND THE STRUCTURAL ENGINEER.

This will help you meet—or possibly beat—your budget on the first set of drawings. When brought in at the beginning, the contractor can work together with the architect and the structural engineer to offer suggestions for saving time and money. For instance, we typically save a client 30 to 40 percent of the cost of the structural and mechanical systems when we're able to work together from the beginning and fine-tune the plans. Your contractor will also be a valuable resource for developing an accurate plan to ensure a profitable venture.

## FIND A CONTRACTOR THAT PRACTICES VALUE ENGINEERING PRINCIPLES.

Value engineering is a general contracting term for accomplishing the project's architectural plans and design intent while using cost-efficient methods. At our company, we manage the process of detailed estimating as if we are the owners of the project. When you operate as if the project's costs are coming out of your pocketbook, value engineering opportunities present themselves. You will benefit from your contractor's perspective if he or she practices this.

## WHETHER YOU NEED IT OR NOT, FIND A CONTRACTOR THAT CAN BE BONDED.

When the contractor has a longstanding relationship with a surety bond provider and has adequate bonding lines to get through a project, you know he or she is stable, secure and experienced. You may not need this guarantee for your particular project, but it's a good tool for identifying solid contractors and construction companies.

## MAKE SURE YOUR CONTRACTOR SPECIALIZES IN THE HOSPITALITY INDUSTRY.

While this may seem like a given, do your homework. Make sure the contractor truly specializes in hospitality and has a good understanding of the guest experience. Seek out recommendations online and through hospitality trade publications. Ask for references — and then thoroughly check them. Make sure your potential contractor has the same business philosophy and operating style that you do. When a client and a contractor mesh, it's seamless.

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should be able to find products and methods that can save you money without sacrificing aesthetics or performance—and input from the entire team will ensure that the final product is not compromised from the initial design intent.

Working closely with decorative finishes can also provide great opportunities for savings. You might love an expensive mosaic tile for a feature wall, but find that you can achieve a similar benefit with a tile made of different material that is a bit more cost effective. Other options may include a combination of accent paint colors, artwork you already have or intelligent lighting designs. If, however, you are set on one specific product, be sure to comparison shop for overstock or other promotions. A savings of even cents per square foot for a given material, for example, can really add up over a large space.

Be smart about where money is spent on your project. You can sometimes save 50 to 60 percent on a particular line item with creative value engineering.

### Project phasing.

One of the most important ways to keep a project's construction costs down is to create as little disruption as possible to the hotel's stream of revenue. Your contractor should make working around your schedule a top priority. If your establishment puts a heavy focus on weddings, for example, the bulk of the construction work should be performed during the early part of the week. On the other hand, if you concentrate on business meetings, you'll want to do most of the work on the weekends. Likewise, seasonal fluctuations can impact how busy the hotel is during different times of year.

Of course, some overlap is inevitable, but this can often be solved with some creative planning. Building temporary structures that can serve as a bar or a restaurant, for example, will keep those sources of revenues flowing while work is being completed. If time is of the essence, a tent or a temporary roof structure can be built to ensure that a pool renovation is completed without any weather-related delays and unnecessary downtime.

The construction process should be as invisible as possible. The less your guests notice it, the less disruption there will be to your normal income streams.

To successfully complete your project at the lowest possible price and without sacrificing quality, it is critical to find a contractor who is willing and able to implement the above suggestions for you. This person must also have experience and expertise in the hotel industry to understand its particular requirements.

Keeping costs down is something we all strive to do, especially in today's economy. We just don't want to compromise the end product while we're doing it.

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