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# The value of an Owner's Representative

*About Project Management in the  
Hospitality Sector*

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## The value of an Owner's Representative

**A prospective client asked us recently: “why do I need to appoint you, and what can you do for me that the team of project consultants I’ve already assembled cannot?”**

The prospect concerned was in the process of putting together a resort development and he had already appointed a strong project team, which included a high-profile architect, a preferred brand-name operator, a leading local contractor and various other specialist consultants (e.g. structural engineer, landscape etc.). Additionally, both the architect and the engineer had expressed an interest in managing the delivery of the project for him.

The above question is something that we are invariably asked sooner or later, and in this instance our answer was that “although the client had indeed recruited an impressive group of soloists, he still needed someone to conduct his orchestra”.

Furthermore, we offered to perform a role for him that is best defined as “Owner’s Representative” during the development of the project.

### What is an “Owner’s Representative”?

The client in the above example had reasoned that the combined input of his architect and preferred operator would more than adequately address any issues that might arise during the detailed design development process. However, even the most commercially astute architect can be blind to alternatives and more financially responsible creative solutions (having invested their souls in the current proposal). Similarly an operator’s primary allegiance will be to the maintenance of their brand standards and, consequently, they may be inclined to push the (financial) envelope.

Also, and with the best will in the world, project participants cannot objectively assess their own performance or independently manage the activities of other members of the same project team.

Meet the Owner’s Representative; who, although sympathetic to the objectives of the various individual project stakeholders, will first and foremost protect the client’s (owner’s) interests – free from any potential conflicts – and perform an independent key co-ordination role to ensure that all members of the project team are working towards a common goal.



Such an individual, or organisation, not only needs to be totally conversant with the language and vocabulary of design, and be capable of leading the creative process, but also needs to be completely at home in a construction environment. Accordingly, the Owner's Representative should be able to 'translate' the objectives of the design consultancy team to the construction managers, and vice versa, whilst mediating any conflicts that might occur between the two 'sides'.

The Owner's Representative should maintain an independent overview of the detailed design development process and ensure that the project does not depart from the model that has been found to be market supportable and financially viable. He (or she) should provide creative and strategic input throughout the project process – whilst maintaining an appropriate degree of detachment – and integrate the works of the various specialist consultants; which does not ordinarily happen, un-aided, by itself.

### **Primary benefits of appointing an “Owner's Representative”**

The early appointment of an Owner's Representative has a number of significant benefits: -

- Because the Owner's Representative should have an in-depth understanding of the operational and 'standards' requirements of hotels, any design issues, which will inevitably arise, can be resolved without the need for the client to have made a premature commitment to a specific operator.
- The value engineering process and the allocation of the project budget in the most effective way will be co-ordinated by an unbiased and experienced professional.
- Any necessary additional specialist consultants that should be brought onto the project team (e.g. Kitchen Planner, Lighting, Graphics/Signage, Disabled Access etc.) will be identified and appointed in a timely manner, thereby minimising costly “afterthoughts”.
- The burden of the project development and delivery process can be removed from the client's shoulders – thereby enabling the client to pursue other opportunities.
- And, most importantly, potentially expensive mistakes can be avoided.

The appointment of an Owner's Representative should not increase overall project costs. Instead, under such an arrangement, costs would be redistributed with reduced professional, construction and FF+E costs resulting from a more transparent, focused and efficient process. Therefore an Owner's Representative can be somewhat self-financing.



## Case Study

On a recent new-build project that we were involved with, the project team was struggling to make the proposed detailed design solution fit within the established project cost limit.

However, the architect was determined that 'his' building should be clad with granite panels from top to bottom in order for it to become a prominent local landmark. The interior consultant was maintaining that a special emphasis should be placed on items that guests could see and touch, and that it was therefore important for adequate funds to be appropriately allocated in the detailed cost plans. Meanwhile the structural engineer was pushing for a complex and relatively expensive (diaphragm wall) solution to the site's sub-soil conditions.

Consequently project meetings were tending to become increasingly confrontational.

As the Owner's Representative, I took the view that since the client's principal objective was to develop an up-market hotel it was fundamental that the project should work as such. The site was located in the flood plain of a major river and so it was determined that it would not be possible to compromise on the sub-structure requirements, but the importance of developing the interiors with the quality of the guest experience in mind was also considered to be of paramount importance.

As the external building cladding above the level of the podium was unlikely to contribute to the 'guest experience' it was decided that granite panels should only be used on the lower floors and that the guestroom tower should be clad in significantly less expensive materials.

The budgetary deadlock was broken and the project development process was able to move forward again.



### About the Author



Bryan Abbott is a director of Sydney based HVS Project Services (HVS-PS) – a specialist consultancy whose core competency can be summarised as Complete Project Co-ordination for hotels, resorts and related developments; from concept inception through to the delivery of the built facility.

HVS-PS focuses exclusively on the hospitality industry and its professional services are built upon a unique understanding and approach to development projects in this increasingly complex sector.

Furthermore, HVS-PS fully understands that its clients are not just investors in, or operators of, hotel property, that their projects are more than just construction exercises and that they are committed to developing and managing hospitality businesses.

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