

## Improving hotel performance through asset optimization



A hotel renovation marks a new beginning, which not only revitalizes the current operation, but also brings considerable profits. It should offer the possibility to increase the RevPar (guest rooms see the highest wear and tear) and to develop an attractive Food & Beverage offer (which increases internal guest expenses and brings external customers to the hotel) or to create co-working spaces in order to attract new customers. Therefore, it is important to evaluate the overall experience of existing guests before starting work in order to determine key points that need to be improved both aesthetically and functionally.

### PROGRAMMING ENOUGH TIME FOR PLANNING AND “ON SITE” INVESTIGATION

- Start developing your concept with Operations. For example, staff flow can significantly influence the feel and the functionality of hotel spaces. The purpose of a renovation, apart from the aesthetic renewal, is to increase the ease of service. We can help you to develop an integrated Concept & Operation Manual which gives an insight into the accommodation philosophy and the integration of staff within it.
- The Hotel Employees are the first that receive a feedback from the guests about their satisfaction at the hotel. Ask them to provide you all guests' feedback.
- Carrying out intrusive and non-intrusive surveys will identify potential risk items prior to construction which can therefore be addressed in order to mitigate delay, disruption and unwarranted additional costs. This will also provide a reliable basis upon which the Architect can develop the design.
- Investigation on site will also clarify if there is the necessity of a building permit, which, due to the current market situation in some countries, can take up to eighteen months.

### MINIMISING GUEST DISRUPTION

- Timing and sequencing of capital works should be orchestrated to minimise guest disruption and maximise revenue growth opportunities in order to aid the cashflow during the redevelopment.

- Ensure design team, programme, contract, procurement route and contractor are all fit for purpose: for example, ensure contractors have experience of delivering hotel refurbishments in operational assets, which is a world away from delivering a new-build hotel.
- Use of 'Just in Time' strategy for deliveries therefore reduces unnecessary storage costs and works to the advantage of the programme.
- Careful consideration of phasing of the works to minimise disruption to the business and aid the cashflow (lost room nights).
- Ensure all client direct supply items such as FF&E, OS&E and AV/IT are co-ordinated with programme requirements and respond to any changes in programme

### ALIGNING COST TO VALUE DELIVERED

- Best value for their assets by understanding the key drivers and constraints, to ensure that the guest experience is enhanced and the chargeable rates as well as the function and usage of the assets are improved.
- Make sure that there is time in the project to challenge the design and ensure it is aligned to the client's value aspirations – good design can significantly improve the guest experience at a hotel (and therefore revenue) – but need to ensure that the money is spent in the right areas – Arcadis uses an innovative 'cost/value heat map' to help clients visualise where to focus their investment.

## REDUCING RISK AND INCREASING CERTAINTY

- On refurbishment projects, liaise with maintenance and operational teams of the developments to understand historical issues which have occurred over the years in the buildings. Where these projects are currently operational, take off rooms which have had previous problems identified in specific locations.
- To achieve greater certainty of outcome during asset optimisation work with a diligent and thorough approach to risk identification and mitigation, rely also on real life delivery experience to add insight and increase certainty.
- The development of mock-up rooms is key to identify design and operational issues at an early stage (including input from hotel management team, housekeeping etc) and can also be used to aid in the tender process
- All refurbishment schemes will come across unknowns during the construction stage, it's important that clients are aware of this and retain an appropriate level of contingency.
- Correct use of Named Suppliers which is available in some contract forms can provide a client with significant cost and programme benefits as well as generating early cost certainty
- Ensure the number of rooms being refurbished is sufficient to give continuity of work to the contractor, as this will lead to a more cost-effective price.

## ATTRACT GUESTS WITH ADDITIONAL SERVICES TO INCREASE YOUR REVENUE

- While rooms are designed to guarantee the best stay for a guest, it is important not to forget that business travellers are still an opportunity. In Frankfurt for example, 75% of the hotel occupancy is from business travellers.
- Providing co-working spaces in the lobby with direct access on the Ground Floor, can generate additional income and visibility for your Hotel.
- The more your team is informed about the hotel facilities, the more they can guarantee a good service to the guests. Inform your team with the new hotel facilities and train them before re-opening your hotel.

## EMBRACING TECHNOLOGY FOR COMPETITIVE ADVANTAGE

- Identify and incorporate up-to-date technologies and processes to ensure operations are minimised, whilst productivity is increased.
- Data driven decisions, can be used to help inform clients– e.g. using data and analytics to better understand revenue drivers at their premises. Times of day a seat / table within the bar or restaurant generates the most revenue / hour.
- With the support of tools like the Internet of Things by adding internet connectivity to everyday devices and appliances, the hotel staff, for example, can be alerted if a radiator or light bulb starts to deteriorate.
- With a greater degree of personalization within hotels you can provide customers to control more appliances or services through a centralised device, such a tablet or a phone. By implementing internet-enabled heating, lighting and television, customers can turn them on and off from one place.

## GREEN EFFICIENCY OF THE BUILDINGS

- Guests are more and more conscious about the world climate challenges. While doing a refurbishment include the possibility to be climate friendly, which can attract guests and lead to savings on the operational costs.
- Within the hospitality sector, energy costs may only be a percentage of turnover but reducing them can directly increase revenue without the need to increase sales.
- Green Certifications are more and more becoming relevant for travellers. Sustainable tourism is not just a rising travel trend. It's also becoming a priority: tourism contributes about 5% of global greenhouse gas emission. Some key steps, that are easy to implement are, for example: cutting down on food waste, minimizing water usage beyond the hotel room, eliminating plastic, conserving energy, creating a paperless hotel and integrating sustainability into the hotel architecture.

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