

Build it (properly) and **THEY WILL COME**

Delivering successful capital projects



Tom Merchant is a senior associate consultant with Locum Destination Consulting, and a highly experienced developer and manager of world-class capital projects in the international leisure sector. In 2002, Tom acted as interim CEO of one of the UK's biggest Lottery-funded visitor attractions, and led a team of Locum consultants that delivered a range of improvements to the organisation's structure and business plan, bringing it a much more sustainable outlook. Here, he reflects on the main strategic challenges facing developers of new destinations, and outlines his own recipe for a successful outcome.



Tom Merchant – Career Background

As a chartered engineer and with an MBA degree from Cranfield School of Management, Tom has been responsible for the concept, evaluation, detailed design, construction and operation of destination projects of all types and ranging in value from £1m to over £500m in capital value.

Selected projects

Emirates Towers, Dubai: Tom led the team in the development of this major mixed-use destination project comprising retail, hotel accommodation and office space.

The Jumeirah Beach Resort and Burj Al Arab hotel, Dubai: As adviser to the Crown Prince of Dubai on his commercial property developments. The result was the new icon of Dubai, the five-star 600-bedroom 'wave' hotel and the 321m tall Burj al Arab set on a man-made island 300m off the beach.

Wild Wadi, Dubai: Tom conceived the idea for this state-of-the-art water park, also part of the Jumeirah Beach Resort, and was responsible for developing the rides with US specialist suppliers.

Glasgow Science Centre, Scotland: Tom was the acting interim Chief Executive of the Glasgow Science Centre from May to December 2002, taking the Centre out of crisis and into a new period of stability.

What is it that transforms a routine project into a successful one? Is there a single magic ingredient that draws the crowds and has them coming back for more? Or is it rather a mix of factors such as location, content, a good business plan, service and style?

A successful project feeds on its own success. It is vital, therefore, not only to create success but also to understand how it was achieved.

Today's leisure and hospitality market is dominated by 'cloned' products. In the case of branded chains of restaurants and pubs, for example, the founding principles of success are consistency of physical appearance, service and customer experience. The vast majority of major destination projects, however, are conceived as one-off operations, with their own look, identity and relationship with visitors. There will be sufficient points of difference from inherently similar projects to ensure that such destinations are, in fact, unique.

By definition, all promoters of big destination developments believe that their project will be nothing other than a great success, even from the earliest moments, when it is nothing more than a twinkle in

the eye. As a scheme progresses through the concept stage into feasibility studies and beyond, this belief is only likely to grow stronger. After all, more and more people are taking the idea seriously, and by this stage somebody may have committed funds, even if they have been to cover initial consultancy fees to test viability.

Managing the process

Flushed with the initial 'success' of clearing the hurdle of viability, the promoter may be prepared to take a step back from the forthcoming development process. Indeed, it could be argued that the person who conceives a project should not be the one who takes it all the way down the long road of development - market analysis, sourcing of funding, design briefing, selecting the route for supplier procurement, appointment of operators, the building process, post-development snagging, final fit-out, marketing and operation.

Reading through this list of activities, one is reminded of the complexities of the process and the need for a logical progression. You cannot complete the detailed design process, for example,



Above: Jumeirah Beach Hotel, Dubai

without the eventual operators on board. How the project is managed from the outset will determine whether the new destination will be delivered on time, in budget and to the satisfaction of funders and visitors alike. Some argue that the greater the number of people involved, the greater the pool of experience that can be applied in delivering the project, while others believe that the bigger the team, the more likely the project is to diverge from the initial objective. It is up to the overall project director to make this judgement at the very beginning of the process.

Projects come under stress almost as soon as they are conceived. There is pressure to change from every quarter, with political pressure often being a major consideration. What needs to be done to get the planners to agree? Then there are the designers who, possibly subconsciously, are out to create monuments to themselves rather than following the project brief. They may persuade the client to enhance the project's scope. Consequently there is an increasing likelihood that costs will be revised and, perhaps too late, urgent cost reduction will become a big driver in completing the project.

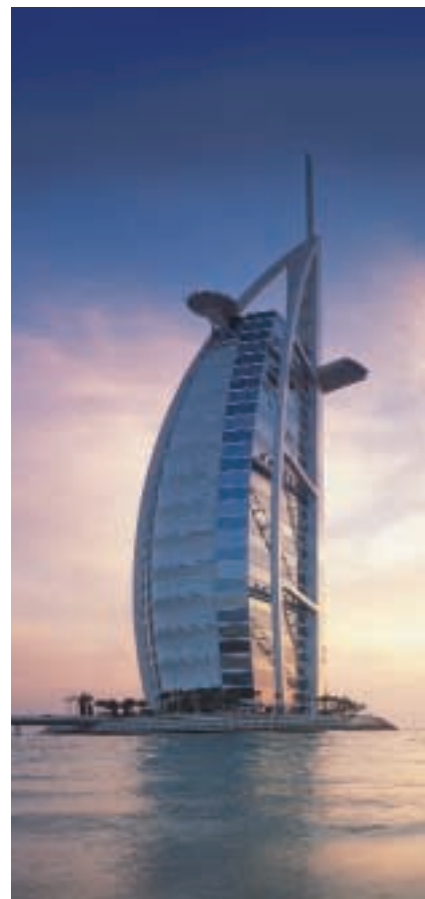
With all this going on, it is possible to lose sight of the end objective and in particular the fundamentals that ensure the success of the project.

Avoiding pitfalls

Success can be judged in many ways - public perception, architectural awards, critical acclaim in the media or hitting the original estimates for visitor numbers.

Financial return on investment is arguably the most rigorous measure of success. It indicates that the confidence of the funders in making their investment has been borne out by sufficient numbers of customers paying for the experience. It also means that the operation of the attraction has been structured in a way that allows a reasonable margin to drop to the bottom line.

But many projects on which the media heap critical acclaim fall short of their business plan targets and fail to make an acceptable return on investment. In such cases, was the business plan wrong, over-egged in order to secure the funding, or has the concept simply been allowed to drift away from the plan?



Burj Al Arab hotel, Dubai



Emirates Towers, Dubai



Wild Wadi, Dubai

The art of success lies in balancing the various elements of projects – demand by potential customers, design (including functionality), capital cost, procurement, operational considerations and the standing of the project in the public realm.

There is an old joke about the 'seven stages' of a project. The fact that this has been around so long is testimony to its validity.

Stage 1: Uncritical acceptance.

Stage 2: Wild enthusiasm.

Stage 3: Dejected disillusionment.

Stage 4: Total confusion.

Stage 5: Search for the guilty.

Stage 6: Punishment of the innocent.

Stage 7: Praise for the non-participants.

So what is the truth behind the joke? Many projects seem to get into desperate difficulties, which, even to the lay person, seem obvious and highly avoidable. Is it just the high profile projects that have difficulties or do more human-scale projects suffer the same fate?

The Millennium Dome proved so unpopular with the media that it continues to provide journalists with an instant frame

of reference for projects that have gone badly wrong – we still see projects being described as 'the Dome of' wherever they happen to be located. In the UK, we are all aware of the national media's voracious appetite for failure, particularly in the public realm, and new destination projects are a major focus of press speculation. This goes not just for destinations themselves but also the personalities with whom they are inevitably connected. And the higher the profile of those figures, the more the media will attempt to bring them down to earth with a bump. When a project is seen to be failing, it is also inevitable that the more basic the problem, the more ferociously the press will go after it and its champions, stressing the inherent avoidability of the situation. Although this is understandable, such attacks by the press can often turn a bad situation into a crisis. The solution is simple: swift remedial action, calling upon specialist advice if necessary, in order to transform the operation itself and, in turn, its media profile.

Of course not every project has gone wrong. The Eden Project is generally regarded as the current classic example of one that has got it right. The media will tell

you that it is too successful for its own good and that it is swamped with visitors at peak times. That, however, is a problem that most operators would cheerfully exchange for the more familiar problem of over-estimated visitor numbers.

What is there to be learnt from this? Or is every project indeed unique to the extent that previously learnt lessons do not apply?

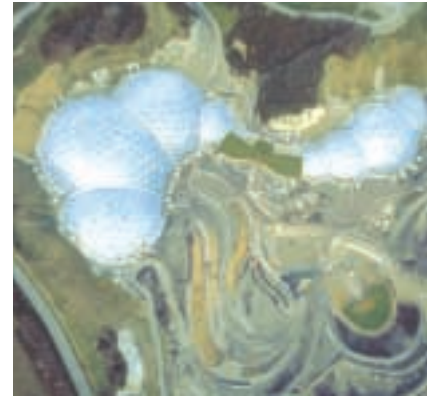
Where that old project joke is accurate, of course, is that every project has a number of distinct stages. It is often where the control of the project passes, or should be passed, from one stage to the next that things go awry. Have those distinct points of difference, which were fundamental to the promoter's original concept, been lost along the way? Have they been properly articulated or were they perhaps swamped by architectural considerations over-riding practical operational planning?

The keys to success

Consider for a moment another type of large-scale project: Ellen McArthur's round-the-world voyage. This hugely complex operation was logistically challenging, and fiendishly open to all sorts of disruption,



The Millennium Dome



Above and below: The Eden Project

particularly weather, beyond the control of the project promoter. But there were three key aspects to this venture which augured well for success from the outset - the fundamentally clear primary objective of the venture (to sail around the world as fast as possible), a plan of campaign, and the single-mindedness of the individual to achieve that objective. It seems to me that when projects are successful, this trio of factors is always present: a clear goal, a detailed strategy for delivery, and an absolute determination to stick with it.

The Eden Project is a destination project that exhibits these three features. It is essentially simple to comprehend: a world-scale, world-class greenhouse. The project promoter, Tim Smit, is well known as being single-minded in achieving his goals. And he was involved from start to finish to safeguard his plan and vision.

The London Eye also fits this model of simplicity of concept. What you see is what you get: a wonderfully designed giant Ferris wheel. Technical difficulties were well reported upon but the essential purity of the concept won the day along with the drive and determination of the promoters. Compare and contrast this with the

Millennium Dome. What was it? You might have visited the Dome, even enjoyed the experience, but try to describe it in a few succinct words. Not possible. And the project promoter? There was certainly no single person or even coherent team that ran the project from inception to completion. Political interference was legendary. There may have been a plan or perhaps a series of plans but there was no single-mindedness of objective.

Refinement and iteration of the initial vision is a process that takes place to a greater or lesser extent on every destination project. Vision can be articulated in the purest clarity - 'I want to build the world's tallest and best hotel', for example. But there are many layers of detail that by necessity must be added. The concept needs to be refined in the light of market testing and a business plan prepared which encapsulates the vision, or at least a version of the vision that is bankable. The operation needs to be determined, refined and tested against the concept. The promoter (or his successor in title) must be the guardian of that vision and be relentless in ensuring that the vision and the business plan are not compromised. This guarding of the

vision and adherence to the business plan must continue through to the launch phase and beyond to the operational era of the project.

Visitors vote with their feet, and the most successful destinations are those which are instantly and thoroughly comprehended by the visitor. Given that visitors must be able to understand the concept of a destination, protecting the purity of the original idea is vital as it moves through its many stages and finally into the public arena.

The concept must be clearly articulated at the outset, and the project driven forward purposefully with that single goal in mind. The result will inevitably be success.

