

## **Background**

Mulberry Investments has recently acquired the Thompson Towers property at 16 Elwood Avenue, Bantry Bay. An existing hotel, the property is currently in poor state of repair and due to poor management has attained a reputation for poor service, both within the local community and with its guests. Thompson Towers is Mulberry Investment s first hotel acquisition and the property is to become the flagship in a chain of Mulberry Hotels that Mulberry plans on developing over the next five years. Mulberry Hotels are to be positioned towards the upper end of the hotel market and marketed as medium sized hotels in which personal service is a central theme.

As a first step in that longer term strategy the Thompson Towers rehabilitation project will be undertaken in order to rehabilitate and reopen the property using the Mulberry Hotel brand. As well as returning the Thompson Towers property to profitability, the Thompson Towers rehabilitation project will provide a platform for the subsequent launch of the Mulberry Hotel chain.

## **Goals**

Mulberry's overall business objectives for the Thompson Towers project are as follows:

1. Restore the property to profitability
2. Disassociate the hotel from its previously tarnished image
3. Restore the reputation of the property within the local community
4. Restore the reputation of the property in the eyes of the major sales channels
5. Provide guests with a welcoming environment that provides full 3-star service
6. Create a dining experience that is open to the public and viewed as one of the finest in Bantry Bay
7. Establish the hotel as the preferred location in Bantry Bay for events with up to 100 guests
8. Lay the foundation for the creation of a brand image for a chain of Mulberry Hotels

## **Scope**

The objectives for the project are as follows:

1. Complete renovation of the property and grounds as per the approved Architectural blueprints (version 3.6)
2. Hire staff and bring the property up to an operational level,
3. Reopen the hotel,
4. Manage the hotel for 1 year and achieve the goals defined in the short-term Key Success Indicators (see below),
5. The hotel is to be open for business by end the first day of Spring 2012

## **Key Stakeholders and personnel**

### **1. Mulberry Investments**

- a. Executive Sponsor – Mr Manuel Wilson – CEO and Chairman, Mulberry Investments
- b. Project Sponsor – Ms Polly Masher – VP Business Development, Mulberry Investments
- c. Mrs Pauline Onzi – VP Finance, Mulberry Investments
- d. Mr Steven Mooze – VP Marketing, Mulberry Investments

### **2. External parties**

- a. Mr Benjamin There – Manager Bantry Bay Tourist Board
- b. Ms Sheila Bismarck – Director Hotel Sales, On-Line Sales Are Us Ltd
- c. Mr Peter Aperboy – Bantry Bay City Planning Department
- d. Residents of 14 and 18 Elwood Avenue (neighbouring buildings)

## **Project Milestones**

The project will be divided into two phases:

- 1. Renovation and construction (estimated to be 9 months in duration)
- 2. Re-opening and business rehabilitation (to take 12 months following reopening)

Twelve months after reopening the hotel will be deemed fully operational and the project will be closed

## **Key Success Indicators**

### **1. Goals to be achieved within first year of opening**

- a. The property will achieve a 3 Star Michelin rating for both the accommodations and the restaurant within the first year of reopening
- b. The property will achieve an 95% satisfaction rating among guests completing and returning the guest survey forms
- c. The property will reach breakeven on a monthly basis
- d. Bookings of the hotel s meeting facilities are to average a 75% utility rate,
- e. Occupancy rates will be maintained at 85% throughout the year.

### **2. Longer term goals**

- a. The property will achieve a 30% gross profit margin on operational expenses and income within 2 years of opening

- b. The restaurant will achieve a top 3 place in the annual Bantry Bay Times best places to eat survey within 2 years of opening
- c. The returning visitor rate (the percentage of guests who have stayed at the property previously) will be 30% within 3 years of opening

### **Initial Statement of Work**

In line with achieving Mulberry s business objectives, the Thompson Towers property is to be rehabilitated. At a high>level the project is to encompass (subject to confirmation during detailed planning);

#### **1. Physical construction and renovation**

- a. Renovation of the existing 30 room property
- b. Restoration of the grounds and landscaping of the gardens
- c. Construction of a new east wing of the hotel, consisting of 40 additional rooms
- d. Construction of an enclosed, heated porch to allow the restaurant capacity to be increased to a capacity of 60 people

#### **2. Business development**

- a. Development and implementation of a marketing plan
- b. Establishing business relationships and partnerships with appropriate sales channels and the local community
- c. Creation of a brand image that will become the foundation for future Mulberry Hotels

#### **3. Information technology acquisition and development**

- a. To develop a website with online reservations capabilities
- b. To select and install a Property Management System that will automate billing, accounting and back office functions
- c. Addition of telecommunications infrastructure to allow high speed internet access for all new and existing rooms

#### **4. Staffing of the hotel**

- a. Recruitment of an experienced Hotel Manager who will be able to lead the hotel operations after opening and provide appropriate guidance in commissioning the hotel
- b. Retraining of existing staff so that they can work to within the standards set by Mulberry
- c. Recruitment and training of staff to fulfil the needs of the expanded property

#### **5. Commissioning of the hotel**

- a. To develop appropriate management policies and procedures for all aspects of the administration of the hotel and its operations

- b. Attainment of all required business licenses and permits
- c. Establishment of a supply chain for all goods and services needed to operate the hotel
- d. To stage an official opening
- e. To perform a transition of the hotel from the project team to the care, custody and control of the Hotel Manager once operational

### **Project Budget**

A budget of R4 million has been allocated to complete phase one of the project. An additional R400,000 is allocated as a budget reserve which will be under the control and administration of Ms P Masher without whose direct and written approval contingency money can neither be spent, nor committed.

A further R1M is allocated to support the development of the business during phase two of the project. The R1M phase two budget allocation is allocated to the control of Ms P. Masher. There is no contingency in the R1M phase two budget allocation at this point. Note that the budget for the project will not be finalised until the project planning has been completed.

### **Constraints, Assumptions, Risks and Dependencies**

1. The purchase agreement requires all existing hotel staff to be retained and retrained so that they can work at the hotel after reopening
2. Three elderly guests have lived in the hotel on a full-time basis for many years, Mulberry has agreed to assist these guests with finding alternative accommodations
3. Thompson Towers is a heritage building and all renovation work must be completed within the constraints of the applicable laws
4. All local and national level regulatory and building code requirements are to be satisfied
5. All physical redevelopment work is to be completed in the first phase of the project so that the hotel can be reopened without guests being inconvenienced by ongoing construction
6. All work is to be completed with as little disruption to neighbouring homes as possible

### **Priorities**

The spring opening date is considered vitally important to the success of the project due to the need to be operational in time for the busy summer period. As such, during the project's first phase primary consideration is to be given to meeting the required time deadlines. The

project team will work to maintain overall project spending to within the budget allocation and the scope of work and grade of finishing should be adjusted to maintain spending to within the budget allocation. All such adjustments to the agreed plan are to be made following discussion and approval by the steering committee.

### **Assignment of Accountabilities and Authorities**

Mrs Barbara Reynolds is appointed as overall Project Manager for the project. Mrs Reynolds will have full responsibility for project coordination and delivery up to the point of opening of the hotel. Once open, responsibility for the business development phase of the project will be assigned to the Hotel Manager.

Mrs Reynolds is assigned authority to:

1. Plan the project in detail and following approval from the Project Sponsor, execute the plan
2. Interact with local government to identify and secure grants that the project may be eligible for
3. Solicit bids from appropriate contractors and professionals needed to complete the project
4. Solicit bids for fixtures and furnishings
5. Initiate the process of identifying and recruiting a Hotel Manager
6. Approve budget allocations and spending up to R50K per invoice line item

### **VP Finance is authorised to**

1. Allocate R4M of Mulberry Investments capital funds to an account to cover the project

The Project Sponsor shall be responsible for

1. Entering into contracts with external parties for the provision of goods and services
2. Approving the overall project budget
3. Approving invoices over R50K
4. Approving all change requests to the project

### **Approval Signatures**

[Name], Project Client		[Name], Project Sponsor		[Name], Project Manager