Project Charter – Waftly Towers Hotel Rehabilitation

Date/version   :   1 Jun 2011 / Version 1.0
Approved by   :   Manuel Iknno – CEO and Chairman, Melbury Investments Ltd.

Background

Melbury Investments has recently acquired the Waftly Towers property at 16 Elwood Avenue, Torquay. An existing hotel, the property is currently in poor state of repair and due to poor management has an attained a reputation for poor service, both within the local community and with its guests.   Waftly Towers is Melbury Investment's first hotel acquisition and the property is to become the flagship in a chain of Melbury Hotels that Melbury plans on developing over the next five years. Melbury 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 Waftly Towers rehabilitation project will be undertaken in order to rehabilitate and reopen the property using the Melbury Hotel brand. As well as returning the Waftly Towers property to profitability, the Waftly Towers rehabilitation project will provide a platform for the subsequent launch of the Melbury Hotel chain.

High level Project Approach

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.

Business Goals

Melbury's overall business objectives for the Waftly 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 Torquay
7. Establish the hotel as the preferred location in Torquay for events with up to 100 guests
8. Lay the foundation for the creation of a brand image for a chain of Melbury Hotels

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Comments:

Robert 09-3-9 2:24 PM
Comment: Document is dated and versioned to allow different versions to be identified, thereby preventing confusion from people having different versions

Robert 09-3-9 2:50 PM
Comment: Charter's should be approved at a very high level within the organization to ensure the project team will have sufficient authorities to proceed and to ensure sufficient support

Robert 09-3-9 2:51 PM
Comment: Background gives the overall context within which the project is being initiated. It identifies the event that triggered the project (the purchase of the hotel), the current state (the hotel is in poor shape) and the longer term business strategy (to develop a chain of hotels)

Robert 09-3-9 3:22 PM
Comment: The relationship between this individual project (the rehabilitation of Waftly Towers) and Melbury Investments longer term strategy is established

Robert 09-3-9 2:29 PM
Comment: Charter provides a very high level view of how the project is to be structured. In this case two phases are to be used.

Robert 09-3-9 2:22 PM
Comment: At this early stage in the project wording about schedule are presented as "estimated" rather than being presented as "firm" commitments.

Robert 09-3-9 3:49 PM
Comment: The point at which the project will be closed is defined.

Robert 09-3-9 2:42 PM
Comment: Given that Melbury Investments is a commercial organization, objectives are stated in business terms which clearly tie to the desired business benefits, such as making money, developing a market, satisfying customer needs, etc. Note the logical progression from the strategy outlined in the Background section and the details in the Business Objectives section.

Project Objectives

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 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 Torquay 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

> **R Goatham 11-8-12 1:07 PM**
> **Comment:** To ensure the context for subsequent project related decision making is set and to provide a basis for tracking progress towards those goals, both short and long term goals are established in clearly measurable terms.

> **Robert 11-8-12 1:15 PM**
> **Comment:** All desired outcomes are expressed in measurable terms (SMART Objectives)

> **Robert 09-3-9 3:30 PM**
> **Comment:** The longer term goals may beyond the end of the project timeframe. Ownership of these longer terms objectives would remain the responsibility of the Project Sponsor after the project is formally closed.

Initial Statement of Work

In line with achieving Melbury's business objectives, the Waftly 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 Melbury Hotels

> **Robert 09-3-17 4:17 PM**
> **Comment:** Note setting of expectations by list information as "initial" rather than implying details have been finalized. As the Charter comes very early in the lifecycle information is generally presented as "subject to confirmation during detailed planning)

> **Robert 09-3-9 2:45 PM**
> **Comment:** Note in the following list that full details are avoided. Instead the list focuses on establishing the "structural level" scope of the project. Full details will follow in later documents such as the "Scope Statement"

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 Melbury
    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

Key Personnel and Stakeholders

1. Melbury Investments
    a. Executive Sponsor – Mr Manuel Iknno – CEO and Chairman, Melbury Investments
    b. Project Sponsor – Ms Polly Mansher – VP Business Development, Melbury Investments
    c. Mrs Pauline Onzi – VP Finance, Melbury Investments
    d. Mr Steven Mooze – VP Marketing, Melbury Investments
2. External parties
    a. Mr Benjamin There – Manager Torquay Tourist Board
    b. Ms Sheila Bismark – Director Hotel Sales, On-Line Sales Are Us ltd
    c. Mr Peter Aperboy – Torquay City Planning Department
    d. Residents of 14 and 18 Elwood Avenue (neighbouring buildings)

Special Considerations and Constraints

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, Melbury has agreed to assist these guests with finding alternative accommodations
3. Waftly Towers is a grade 2 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

Robert 09-3-9 3:33 PM
Comment: In this case executive responsibility is assigned to the highest level of the organization. This would help give sufficient priority to the project

Robert 09-3-9 3:33 PM
Comment: The Executive Sponsor would assign operational responsibility for the Sponsorship role to a senior level manager. The Project Sponsor will be accountable for the project objectives and oversee the work of the Project Manager to ensure the success of the project

Robert 09-3-9 2:36 PM
Comment: Stakeholders include external parties who have an interest in or would be affected by the project or have an interest in the project. The list of external stakeholders will be used for a number of purposes in the project, including providing the basis for developing an appropriate communications plan

Robert 09-3-9 3:12 PM
Comment: Constraints (as with all other sections of the document) are specified succinctly and clearly

Budget Allocation

A budget of $4 million has been allocated to complete phase one of the project. An additional $400,000 is allocated as a budget reserve which will be under the control and administration of Ms P Mansher without whose direct and written approval contingency money can neither be spent, nor committed.

A further $1M is allocated to support the development of the business during phase two of the project. The $1M phase two budget allocation is allocated to the control of Ms P. Mansher. There is no contingency in the $1M phase two budget allocation at this point.

Note that the budget for the project will not be finalized until the project planning has been completed.

Assignment of Accountabilities and Authorities

Mrs Chen Wai Fong is appointed as overall Project Manager for the project. Mrs Chen 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 Chen 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 $50K per invoice line item

VP Finance is authorized to

1. Allocate $4M of Melbury 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 $50K
4. Approving all change requests to the project

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.

Comments (right margin):

Robert 09-3-9 3:36 PM
Comment: Budget figure is clearly established

Robert 09-3-9 4:06 PM
Comment: Note that at this point the budget represents an "allocation" and may be subject to change once later planning is complete. Although putting the budget allocation in the Charter is common practice, it represents a significant problem for Project Managers because at this point only a very high level picture of the project is available. Project Managers need to be careful to avoid committing to firm budgets and schedules before proper planning has been completed. Even once full planning has been completed making firm commitments may be difficult. See later section titled "Priorities" below to see one example of how the Project Manager may provide a mechanism that will allow them to meet their budget commitment.

Robert 09-3-9 3:21 PM
Comment: The size of the contingency is clearly established

Robert 09-3-9 3:21 PM
Comment: Ownership of the contingency is clearly established

Robert 09-3-17 4:18 PM
Comment: Again Charter acknowledges that adjustments to the budget may be required as planning proceeds. Again use of language helps set expectations.

Robert 09-3-9 3:49 PM
Comment: To ensure continuity in achieving the stated business objectives, the transition from the Project Manager to the operational team is established.

Robert 09-3-9 3:54 PM
Comment: Note focus on specifically allocating authorities for activities that involve interacting with external parties

Robert 09-3-9 3:54 PM
Comment: Note limits on spending authorities are established

Robert 09-3-9 4:10 PM
Comment: Responsibility for entering into contracts is established

Robert 09-3-9 4:10 PM
Comment: Responsibility for approving change requests is assigned

Robert 09-3-9 3:38 PM
Comment: Charter establishes the priorities which again will set the context within which subsequent project related decision making will take place.

Robert 09-3-9 4:04 PM
Comment: Note in this sample the charter provides two ways for the Project Team to make adjustments in order to keep the project on budget. They could adjust the scope, or they could use lower grade fixtures and furnishings to bring the project in on budget. Other projects may ma ... [1]

Reference Documents

For additional supporting documentation please read;

1. Waftly Towers - Melbury Investments purchase agreement version 1.3
2. Melbury Investments market research (Torquay) version 2.1
3. Waftly Towers Business Case & Risk Assessment version 1.8
4. Waftly Towers East wing extension approved architectural drawings version 3.6

> **Robert 09-3-9 3:16 PM**
> **Comment:** Rather than repeating information or providing too much detail, reference is made to the supporting documentation