

# Chapter 8

## Project Management of New Hotel Openings

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### ABSTRACT

*This chapter introduces hoteliers to the importance of effective project management in their professional lives. It summarizes key concepts in project management, especially as they relate to opening new hotels and other hospitality-related activities. Firstly, the nature of projects is explained, and they are contrasted to ongoing business operations with regards to how they are planned and controlled and how performance is measured. Then, project-specific planning methods are considered, and the risks involved in successfully completing projects are analyzed and managed. Next, the research on how to improve the chances of successfully completing projects is discussed, and how this relates to opening new hotels. Finally, sources of further information on becoming a successful project manager or researcher in this field are identified.*

### INTRODUCTION

At their most basic, projects are sets of tasks that must be completed to achieve a specific goal. A project begins with the commencement of the first task and finishes when the last task has been completed and, hopefully, the goal has been achieved. Examples of projects include opening a new hotel, launching a new food and beverage concept, renovating a restaurant, hosting a conference or event, or making operational changes, such as upgrading a hotel property management system to improve its performance.

The authors view project management as a core competence for hoteliers, especially in Asia, where many new hotels will be opened in coming decades (Noordzy & Whitfield, 2014; Noordzy 2014). They expect that most future Asian hoteliers will be involved in opening new hotels. And even if this is not the case, hoteliers can use the knowledge and methods of project management in hotel improvement projects and in daily operations.

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Project management is a well-regarded discipline in many industries, with a comprehensive body of knowledge and mechanisms for practitioners to gain professional recognition. Unfortunately, project management is not well understood in the hospitality industry, even though it is highly applicable to new hotel openings and other hospitality activities.

After completing this chapter, readers should be familiar with the body of knowledge underpinning the project management discipline and understand its importance and relevance to careers in hospitality. Readers should also know how to find out more about this important field of study and how to get certified as a project management professional.

## **THE NATURE OF PROJECTS AND PROJECT MANAGEMENT**

This first section considers the differences between business projects and operations, the special characteristics of projects, their life-cycle and the different parties involved.

### **Projects and Operations**

Projects are often described as temporary activities carried out to achieve a specific result. They are started, work is done, and they are finished successfully or unsuccessfully. Historically, constructing a building or road, developing a new product, and military campaigns have always been project-oriented. However, it was only at the beginning of the 20th century that Taylor (1911) started to systematically investigate management and Gantt (Bourne, 2012), Fayol (Webster, 1999) and others started to shape and define the body of knowledge and practice that we now call project management. Research in this field expanded during and after World War II, and by the 1970's international professional associations devoted to project management, such as the Project Management Institute (PMI) and Association for Project Management (APM) started to emerge.

According to the Association for Project Management (2014a), projects are characterized by their uniqueness, their transience and the common requirements for them to be completed within fixed time, cost and quality constraints. Projects generally involve drawing together a team of people and other resources to create something new and unique, and when their work is done the project team disbands. Thus, the work effort involved varies greatly over the duration of a project. Typically, the team only has limited time and money to complete the work to create the desired project outcome. And finally, if the project outcome performs acceptably, the result is a successfully completed project, but it is also possible for projects to end in failure (and this often happens). Furthermore, project management generally involves:

- Understanding the needs of project stakeholders and the outcomes to be delivered by the project.
- Planning what needs to be done, when, by whom and to what standards.
- Building and motivating the team.
- Coordinating the work of different people.
- Monitoring work being done.
- Managing any changes to the plan.
- Delivering successful results.

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