



## **Planning and Development Briefs – ‘The Missing Link’**

### **Business advisory means adding value by going beyond “the study”**

It is a surprising observation that more projects fail because of incomplete development programme definition than from any other cause. Note: many financial failures can be tracked to that error source. To avoid that risk, sufficient space should be allowed between the establishment of a ‘Highest & Best Land Use Assessment’ (HBU) - including a full Market & Financial Feasibility Study (MFFS) - by the Business Advisors, and the beginning of the creation of ‘concepts’ by the designers.

Based on the developer’s intended target markets and product positioning, it is essential for the developer to reach agreement / consensus with the designers on the definition of the development programme. In technical terms, that definition encompasses every planned structure and land use intended for the site to be developed. This is essential for the designers, since they cannot develop concepts of site and development component designs without a clear programme definition.

But first, the principle of ‘Business led Design’ requires that the developer ensures the solid ‘business case’ first –before giving ‘green light’ for any design activities. The business case is best established by Business Advisors carrying out the HBU land assessment, followed by a fully-fledged MFFS.

The outcome of the HBU assessment is a set of development options, including recommendations to the developers. At this stage already, good Business Advisors will be in the position to provide guidance to the developer as to which development options to prefer – based on initial key findings from market research as well as an initial investment appraisal. In the subsequent MFFS stage, the Business Advisors will assess the agreed development mix in terms of overall ‘fit’ in terms of target markets and segments, product mix and positioning, as well as detailed financial viability statements, investment analyses and a bankable report.

The above will result in a set of solid development recommendations, providing the developer with the necessary levels of confidence that the intended development mix is at optimum levels in terms of market and financial feasibility – the Business Case. At this stage, also the overall permissible Development Cost Budget (or ceiling) should be identified – setting the financial framework for the project, and thus minimising risk.

So far, so good... but what next? To 'fill the gap' between 'Business Case' and 'Design', there needs to be a 'briefing' document that clearly communicates to the designers and the technical team:

- **PROJECT VISION, BACKGROUND AND HISTORY** – a section that helps the designers to understand the overall development intention, environmental conditions and implications resulting there from; and introduces them to the intended project development mix, key design criteria and philosophy – but also to the 'Business Case'. In this section, it is important to capture the owner's intent and vision for the project. Many projects in the region are iconic projects i.e. the project owner desires their project to be a statement. An owner may desire the design to make a statement regarding a commitment to social responsibility reflected through sustainable design elements (e.g. the integrated wind turbines in Bahrain Financial Harbour); he may develop the project to make a statement regarding the overall aspiration of a city or country e.g. the vision for the Burj Dubai is not simply to be the world's highest building but to "embody the world's highest aspirations...it is a shining symbol – an icon of the new Middle East: prosperous, dynamic and successful." This is reflected in a unique design taking the symmetry of an indigenous flower, the Hymenocallis, adding dynamism through spiralling setbacks and cladding the tower in shining silver to mirror the prosperity and success of the city of Dubai. The end product is a gleaming space needle that is a triumphant declaration that Dubai will reach for the stars (as per HH Sheikh Mohammed bin Rashid's vision) and achieve it.
- **SITE ANALYSIS AND DESCRIPTION** – a detailed analysis of the selected project site for the proposed project. Several factors need to be considered at this stage, such as 'On-Site Factors' (including elevations, natural resources, eventually existing infrastructure and constructed elements and other site characteristics); as well as 'Off-Site Factors' potentially affecting the site positively / negatively. Incorporating as much of the site's natural features, cultural and historical elements (if any) is essential not only to create authenticity but to proactively engage the local population and get them on board with the development.
- **OVERARCHING DESIGN CRITERIA** – this section should include guidance to the designers in terms of creating a 'sense of place', establishing a 'sense of authenticity', environmental restrictions and sustainability, uses based on target segments, market and product positioning, etc. Overarching design criteria are specified in terms of themes, "look and feel" and other design language. Design language should reflect the motivational and aspirational needs and wants of the target market while maintaining the "sense of place". An example of a poor choice of theme, is a resort in the Seychelles which incorporates a Balinese theme. While the resort is a beautiful hideaway getaway, the steep pitch of the thatched villa roofs make them stand out when viewed from afar creating an eyesore and alienating the native Seychellois who prefer buildings to blend in to the lush natural landscape.
- **COMPONENT BRIEFS** – short but detailed briefs for each of the proposed development components, including statements about intended quality levels, individual uses and functionalities required, information about the intended 'massing & sizing', approximate programme area schedules, etc. This is perhaps the most important section of the planning brief because it lays out in succinct tabular format unit types,

mix and areas which the designer should incorporate into the concept design / master plan.

- **DEVELOPMENT SCHEDULE** – a schedule setting out the overall timing and phasing for the project and time required for the design programme, project procurement, as well as for the base-build and fit-out programmes. Phasing needs to be approached both from the “business case” as well as from a “planning” perspective. The “business case” for phasing may be dictated by the owner’s equity funding capability and / or market considerations (the supply - demand dynamic, hence the ability of the market to absorb the product on offer). Planning considerations are equally important to ensure that the development of future phases causes minimal disruption to the residents and/or tenants of preceding phases.
- **BUDGET** – the (prudently) assessed outline development cost (not construction cost) for the overall project broken down in several dimensions (by component, by category of cost, etc.) to provide a clear planning and design ceiling to the planner. The role of the “Business Advisor” is to promote “business led design” and not the other way around. Notwithstanding the owners prerogative to build a loss leader to promote a greater good (e.g. subsidised housing, a cultural project such as the Louvre Abu Dhabi or a landmark project to create publicity and visibility for a city e.g. Emirates Palace), most real estate projects are developed to generate a return on investment. As such, the business advisor needs to establish a development budget (including all soft costs such as design fees, permits and utility connections, project management costs and contingencies) that allow the designer / planner enough room to create a master plan and / or concept design that will suitably meet the project’s vision, stand out from competition and appeal to the target market, while at the same time ensuring the project’s feasibility. Careful modelling of contingencies (design changes, risk items) and expected cost escalations mean that a maximum design budget can be established to ensure that not only is the project feasible but that it generates the desired level of return on investment expected by the investors.
- **SYNOPSIS** – ‘Bringing it all together’. The use of visual ‘land use / bubble diagrams’ illustrating their intended location, massing and sizing as well as showing the functional relationships between project components can help to understand the linkages and dependencies of these components.

The below process flowchart briefly illustrates the critical steps and stages in their sequence:



It is therefore of utmost importance for the success of any developer’s project that the Business Advisors add value not only by ‘delivering a study’ and / or the initial ‘Business

Case'. It is even more important that they are capable of establishing 'the missing link' towards the development of concepts by the designers – the 'Planning & Development Brief'.

Only when the Business Advisors have briefed the designers in sufficient detail, and only when the designers have clarified all outstanding questions as to the above should the developer give 'green light' for the Concept Design Phase.

This may take some time; however, it helps the developer to avoid the risk of his project developing in the wrong direction, with delays or in the worst case failing because of one 'missing link' – a complete and sound Project Planning and Development Brief.

Too many 'Study Consultants' do not appreciate the importance of that 'link', the relevance of the 'brief', as well as the potential negative impact an incomplete brief represents in terms of overall 'risk' to the developers project and too many owners underestimated its importance and opt for a "quick fix" approach.

#### LESSONS LEARNT, CONCLUSIONS AND RECOMMENDATIONS

It is therefore advisable for any developer to:

- Carefully select your Business Advisors. They are the ones that will establish the initial 'Business Case' for you, identify the optimum component mix, as well as the overall project viability in terms of markets, finance and profitability. This base case has a long life-span and will influence everything until completion and beyond.
- Don't go for 'cheap & cheerful' studies or the famous "pre-feasibility" to save money – they tend to contain 'recycled' materials from previous studies. Each project is different and deserves an individual and tailor-made approach.
- Select Business Advisors that have the calibre, experience, expertise and levels of skills and knowledge that are required to 'get the job done'.
- Be prepared to keep your business advisors around for at least as long as the architects and planners are active – there will be modifications and therefore the need to adapt, update or re-assess the business case – also, good business advisors will bring a lot of creative power, market understanding and innovative product thinking to the party!

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