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How to avoid 'white elephants'! When good design doesn't start with design – Part 1... the importance of business case

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How to avoid 'white elephants'! When good design doesn't start with design – Part 1... the importance of business case



Architects and Interior Designers love designing. It's our passion, and it's what we're good at.

But more often than not 'good design' doesn't start with design, drawings or pretty pictures!

Good design is only as good as the design brief, and the design brief is only as good as the business case that has informed it.

Sometimes the business case comes from venue management – they know their customers and their demographic, and they know what's going to work. Other times external advice needs to be sought – particularly when considering diversified operations such as accommodation, gyms, commercial offerings or seniors living.

Either way, whether the business case is being prepared by internal management or an external consultancy, research needs to be undertaken to understand the market that's being targeted.

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What is the optimum product or service?

What will the market pay for the product or service?

What is the likely volume of sales?

These are just some of the questions that need to be answered so that a trading forecast can be prepared. Together with an understanding of the cost associated with a development, the Return on Investment (ROI) can be determined.

What a failed business case looks like...

One topical example of an ill-advised briefing process which followed an imprudent business case is that of the development of the Sydney Football Stadium in the late 1980s. The brief envisioned a stadium that seated 'sports fans' as close as possible to the action in steep grandstands. The Architect interpreted this brief as a "stadium for the people – egalitarian but monumental design".

The result was a famous Architectural landmark within the Sydney urban landscape. Unfortunately, however, soon after it was finished its shortcomings were realised. Home TV and entertainment systems and broadcasts were becoming more accessible and more sophisticated – 'sports fans' were staying at home to watch the footy. It became

evident that the live sports market was just as much about networking and socialising as it was about the sport itself – the market wanted corporate boxes, and premium entertaining areas and they were prepared to pay premium prices for it.

Unfortunately, the 'stadium for the people' was lacking in these premium offerings. Sub-standard retrofitting was attempted but it never really worked.

Put simply, the 'product mix' was wrong – it just didn't cater to current or future market demands.

After barely 20 years in operation, the calls to demolish and replace the stadium began in the late noughties with the Berejiklian State Government finally pulling the trigger recently.

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How to determine what *will* work...

Great business opportunities in the hospitality world always start as 'ideas' based on a 'gut feeling' that 'something will work'. But 'projects' should proceed based on an understanding of the market and the numbers.

For example, just because another Pub or Club has successful accommodation like a motel, it doesn't necessarily mean that accommodation is going to work at your venue. Any such venture should be thoroughly researched to understand the metrics of accommodation in that particular location. Maybe accommodation 'will' work at your venue – but more often than not the 'product mix' (i.e. the room style, size, configuration and level of amenity) will be unique to your location based on local market drivers.

This concept of 'product mix' applies to any venture whether it be a diversified opportunity such as accommodation or traditional hospitality offering such as speciality food or beverages.

What's the unique product mix that will drive your venue in 2019?

When it comes to an entertainment and lifestyle venue the takeaways are clear: know your market; conduct demographic, and market research and analysis to gain an understanding of 'if', and 'how much', of your proposed product will sell; prepare a trading forecast; and calculate ROI.

Grand visions are great... but at the end of the day they need to be market responsive, and there needs to be a return!