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7 DREADFUL RECIPES for a Poor Restaurant Renovation

Knowing what not to do will
help you choose the right
ingredients for your new look.

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The 4935-square-foot Luna C Grille, previously a neighborhood restaurant, was converted into a more modern sport's bar and renamed the River Hill Pub and Grille. By avoiding the typical pitfalls, the project team was able to meet the new owner's vision and complete the renovation project in eight weeks.

7 Dreadful Recipes for a Poor Restaurant Renovation



The project team for the River Hill Pub and Grille renovation was able to avoid the pitfalls that occur on many projects because the owner's vision was clear from the beginning, and the team worked together through the due diligence and design processes. The results exceeded the owner's expectations for cost, timeliness and quality.

Knowing what not to do will help you choose the right ingredients for your new look.

By John Klakamp

The success or failure of any renovation project is determined long before any work has begun. There are thousands of decisions that go into planning a successful renovation project. From conception to completion, having a well-thought-out plan and avoiding these renovation pitfalls will determine your project's ultimate success.

RECIPE #1

NOT TAKING THE LONG VIEW

There are many reasons that can drive the need to renovate. When business is good, you need to expand to better serve your customers and maximize profitability.

At other times, it may be a requirement of your lease. Whatever the reason, this generally will be the foundation from which all decisions will be made.

Don't just consider immediate goals when planning a renovation – take the long view. This will be one of the few times you will have a chance to make improvements that can improve your bottom line. Adding or replacing equipment, using better materials or improving the work flow of your workers can drastically lower labor costs. Improving the look and image of your facility and/or adding additional seating can increase revenue. When you factor in your long-term goals, you'll be able to

7 DREADFUL RENOVATION RECIPES TO AVOID

1. Not taking the long view
2. Not performing due diligence
3. Choosing the wrong team
4. Not realizing how long the preliminary work takes
5. Choosing the wrong type of construction contract
6. Leaving contract administration to an amateur
7. Failing to follow a systematic approach

develop a vision for your project, a key element that should be in place before you even hire a contractor. Going back to add new elements during or after the renovation is a costly process, but having this long-term vision can help you avoid this pitfall.

RECIPE #2

NOT PERFORMING DUE DILIGENCE

Once your basic vision for the project has been established, it's time to perform your due diligence. This task takes time

– lots of time – and it's tedious. It's also where you start spending money. But skipping this step is one of the biggest pitfalls and it can doom your project before a single nail is hammered into place.

"There is nothing more important to your project and to your business than performing due diligence and doing a thorough job during this process," said Joe McCafferty, vice president of Construction at Encore Construction. "This is where, before you make any legally binding commitments, you determine whether or not the project is buildable and fiscally sound. It's where you put checks and balances in place, start assembling the project team and really do your homework."

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RECIPE #3 CHOOSING THE WRONG TEAM

To get started with the due diligence process, you need to select an architect and an attorney. It's also a good time

to start looking for a contractor. If you don't have strong relationships with professionals in these fields in place, solicit referrals with firms that have restaurant-specific experience.

Selecting the professionals you're going to work with is a critical decision. "You should have a level of comfort that is absolute," explained Chris Sutherland, vice president of Operations, Encore Construction. "After all, these are the guys who are going to get you across the finish line."

Your architect will research a range of items, including municipal codes and regulations such as zoning and parking, Americans with Disabilities Act (ADA) codes, etc. Your architectural team and contractor also will provide their proposals for design, mechanical, electrical, plumbing and structural engineering costs, as well as soft costs and contract management. A construction budget is usually developed during this time, sometimes with the help of a general contractor. Your attorney will handle a number of duties, including

- reviewing the terms and conditions in your lease or proposed lease
- assisting the architect if legal issues arise
- and reviewing any contracts with equipment vendors, architects, engineers and your general contractor

Once your due diligence is complete, 99 percent of potential surprises will be discovered. You will now be well-prepared to decide if your project can be built, what it will cost and if it makes sense to proceed.

RECIPE #4 NOT REALIZING HOW LONG THE PRELIMINARY WORK TAKES

The design stage and the groundwork for the rest of the project, such as decisions about delivery method, bonding, insurance and so on can now begin. The duration of the design and permitting process is generally between 12 to 22 weeks, depending on the complexity of the project.

You will meet to discuss your vision in greater detail with your architect and go through the preliminary design process, including layout, material selections and more. Once all of these decisions are made, the architect will complete the design documents and file them for permit. This is not a process you want to rush. This is the foundation of your project and you want it to be sound.

RECIPE #5 CHOOSING THE WRONG TYPE OF CONSTRUCTION CONTRACT

You need to decide what delivery method (type of contract) works best for you. There are numerous types of construction

contracts available from several different sources. Contract types include

- design build
- stipulated sum
- and cost of work plus a fee (with and without guaranteed maximums)

Different contracts represent different levels of risk for the owner and contractor. "The American Institute of Architects (AIA) has an entire family of contracts. I believe these are the best and fairest contracts available and they've stood the test of time," said McCafferty.

Each contract type has advantages and drawbacks. **Design build contracts**, while they offer a "one-stop shop," have the significant drawback of eliminating the owner's normal system of checks and balances. In essence, the architectural oversight for maintaining the intent of the design and quality assurance is performed by the contractor. Design build firms often try to be all things to all people, which is just not a good idea. You should have an architect with restaurant-specific experience as your advocate during the construction process.

The **stipulated sum contract** is an excellent contract, with the contract duties and responsibilities for all parties spelled out clearly. The architect becomes an agent of the owner, which provides the owner with qualified oversight for the project. The stipulated sum contract is primarily used when a project is bid to several contractors. The contractor's fee is generally 1 to 2 percent higher than another popular contract, the cost plus contract, because stipulated sum represents more risk to the contractor.

Cost plus contracts are great contracts if you have a strong relationship in place with a competent contractor. These contracts lower the contractor's fee by 1 percent or 2 percent because more risk is shifted to the owner. The accounting/bookkeeping on these contracts is "open book" for the owner to see. There is an important caveat, however. If your contractor lacks experience, this type of contract could inflate costs. It's also a problem if you

PRE-RENOVATION CHECKLIST

Before you commit to renovating, you need the answers to these key questions.

1. What are the existing conditions of the space? Will any of the following items need to be upgraded or replaced?
 - mechanical equipment
 - electrical service
 - structural condition
 - water service
2. Is the team I have put together well qualified?

3. Have I set the bar for expectations with all team members?
4. Will I be able to monitor my project's progress in order to hold all team members accountable?

Finding the answers to these questions helps you identify the major costs and pitfalls you will encounter and helps you create a realistic budget and timeframe.

end up having to invest too much time in managing the contractor. Contractors will tell you that most of their work is performed on a cost plus (or negotiated) basis. The truth is they would like this to be the case, but you need to be a bit wary. Only use a cost plus contract if you're sure you are working with a highly competent contractor with an impeccable reputation.

RECIPE #6 LEAVING CONTRACT ADMINISTRATION TO AN AMATEUR

Depending on your choice of delivery method, you will obtain bids from multiple contractors or have your contractor obtain bids from his or her subcontractors. You and your attorney, contractor and architect will then finalize the contract. Once the permits are issued, you will then start the project.

During the construction process, there are a multitude of tasks that need

to be performed in order to successfully manage the project. Some of these tasks are

- schedules
- phasing
- requests for information
- shop drawings
- submittals
- change orders
- and payment applications

Having the architect perform the contract administration is the best option. Often, owners will hire a construction manager to take on some of the duties or try taking on some of these complex and time-consuming duties themselves. On restaurant renovations, the best person to administer the contract is the architect who designed the project. There is no one better suited to oversee the integrity of the design, contracts, quality, administration and all the other factors and details that can impact the ultimate success of your project.

RECIPE #7 FAILING TO FOLLOW A SYSTEMATIC APPROACH

Project planning is a complete, complex, proven process that expedites results, manages cost


and reduces risk. Every step in this process is dependent on a previous activity and project planning is based on the relationships between all these activities. Any deviation or omission of any part of the process can have far-reaching effects. The success of your project comes down to following this systematic approach.

John Klakamp is the president of Encore Construction and oversees all facets of the firm's operations. With more than 30 years' experience in commercial construction, John brings a wide range of expertise to Encore and its customers. If you have questions about this story, contact John at jklakamp@encoreconstruction.net or 410-573-5050, or visit www.encoreconstruction.net.

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