



PROJECT PREPARATION AS A FACTOR FOR SUCCESS

IS COST-EFFECTIVE SPORTS FACILITY CONSTRUCTION FEASIBLE?

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Successful construction projects benefit from a deliberately implemented concept phase in which project goals are defined, risks are minimized, and informed strategic decisions are made. The project preparation outlined here gives an insight into the factors essential for the success of sports venue development.



Five Phases of Project Preparation

Bigger, more expensive and more time-consuming – inevitably?

Large-scale projects such as stadiums and arenas are often initiated without a detailed preliminary design, without any cost considerations, or primarily for political reasons, although the legal requirements in the construction industry and European procurement law have become considerably more complex and restrictive in recent years.

To prevent such projects from repeatedly exceeding their time- and cost-frames, the relevant structural and operational challenges of modern, flexible and sustainable sports facilities should be identified and coordinated at an early stage. The five phases outlined here are intended as the best-possible preparation for the redevelopment of existing or development of new sports venues in order to make construction economic and efficient.

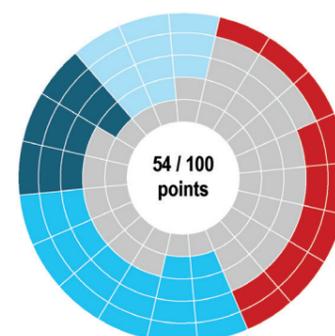
Project objectives: needs assessment and sport development strategy

At the beginning of each construction project it is essential to carefully specify the goals. To determine the

quantity, quality and implementation conditions, an iterative communication process should be defined. This yields a detailed survey of demand for an evaluation of current and future trends and the identification of strategic targets. For sports clubs with several locations as well as for cities and municipalities, a long-term sports development strategy is highly recommended. When we consider that sport is highly important for a location and its economy and plays a major role in society, the issues of professionalisation, the relationship between the individual and organised sport, the future of mass and elite sport, and the associated functional and construction challenges need to be discussed and coordinated with their respective needs.

Risk management: test planning and site potential analysis

To reduce project uncertainty, the surveyed demand should be converted into a planning study to verify the functional and structural specifications. For new construction projects, a site potential analysis should be carried out in parallel. On the basis of a general methodological approach – such as a weighted evaluation matrix



Example of a weighted evaluation matrix as part of a site potential analysis



Profitability analysis: examples of expenditure and revenue

– general, spatial and structural criteria are discussed to yield a transparent recommendation for an optimal new construction site.

Cost and revenue potential: profitability analysis

A project's economic viability is crucial in addition to its technical feasibility. In a profitability analysis, the expenditure generated should be set against the anticipated revenue in order to identify surpluses or shortfalls. Complemented by risk surcharges due to the early project phase and estimated increases in the construction price up to the time of contract award, the results provide a first insight into the economic viability of a project and allow critical feedback with the project objectives previously defined.

For public projects, an indirect profitability analysis is also recommended. Hence, all cash inflows and outflows triggered by the project can be compared, including measurable non-monetary effects that nevertheless have an effect on the project, such as its image, public awareness and its identity.

Models and funding: project financing

As sports venues are usually publicly funded, specifications and restrictions of EU state aid law and European public procurement law apply in most projects. The latter in particular has a direct effect on project financing. In addition to the possibility of financing and operating a project in the conventional way, the

project's realisation as a public-private partnership should also be assessed. In addition, funding or donors must be identified and contacted.

Involved parties: tendering, implementing and operating model

Project financing has a direct effect on the tendering, implementing and operating models. Publicly financed projects with a certain project volume generally need to be tendered in single-contract awards on a national or European level. However, in exceptional cases the award of all services to a so-called general contractor can also be considered. Compared to conventional single-contract awards, this option is associated with higher financial expense, as significant cost and deadline risks are transferred to the general contractor. On the other hand, it provides the client with a single contractual partner who is responsible for project coordination.

Cost-effective construction is possible!

With consistent consideration of the above-mentioned elements, it is possible to realise construction projects economically and on time. For the outlined concept phase, the involvement of a project manager is recommended for expert advice at an early stage. Usually a period between six and twelve months is needed for project preparation – a wisely invested effort to order to stay on target with construction costs and deadlines.