

THE KEY SUCCESS OF COMMERCIAL BUILDING CONSTRUCTION: A CASE STUDY ON CHACHARA RESTAURANT BALI

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ABSTRACT

This paper examines project success factors through a case study of the construction commercial building Chachara Restaurant in Bali. The focus of this paper is to identify and define project success, and think beyond the traditional project management theory, which focus on time, on budget and on quality, which is well known as “the iron triangle”. This paper will begin by discovering the theoretical background of the project success factors and how they influence the project process. It will be followed by a short description of case study in commercial construction project Chachara Restaurant Bali. Following that, this paper will evaluate and discuss the case study alongside the theoretical background qualitatively. The main purpose of this paper is to gain better understanding in discovering and analyzing project success, and how far the influence of project management and architect role on project success.

Keywords: *building construction, commercial building, restaurant, project management*

A. INTRODUCTION

Nowadays, many private organizations are searching for other perspectives to measure the success of their project in wider view. Nogeste and Walker (2005, pp. 55-68) state that “the iron triangle measures are lagging indicators because they measure what has happened; limiting the opportunities to take forward-looking corrective action”. This iron triangle tends to focus for short project run development; while in fact project success is more about long-term organization’s effectiveness. In addition, Shenhar et al. (2001) add not only client satisfaction but also include the project developer, project team and even the end users as the element of project success.

B. LITERATURE STUDY

Munns and Bjeirmi (1996) explain the relationship between project management and successful project management technique. The authors state that project management does not guarantee the success of a project; however, successful project management techniques contribute to the project achievements. It implies that project success does not depend on project management, but it has an indirect influence to project success and failure as

an effect of numerous outside project management factors. In addition, Munns and Bjeirmi (1996) identify that goal and the implementation process are two aspects of project which lie directly to project management scope.

“As we know that project success means different things to different people” (Shenhar et al. 2001, pp. 699-725). This implies that different parties have different success dimension to project success. Further, Munns and Bjeirmi (1996) explain that the parties who play important role to determine and define project success including client, project team, the parent organisation, the producer and the end users.

In order to measure project success, the understanding of the distinction success criteria and success factor is important. Cooke-Davies (2002, pp. 185-90) explain success criteria as “the measures by which success or failure of a project or business will be judge”, while success factors as “inputs to the management system that lead directly or indirectly to the success of the project or business. Furthermore, Zwikael and Globerson (2006) identify the six most vulnerable Critical Success Factors (CSF) that have greatest impact on project success during planning process. They are the following:

1. Definition of activities to be performed in the project
2. Schedule development
3. Organisational planning
4. Staff acquisition
5. Communication planning
6. Developing a project plan

The six CSF assists the project manager and project team allocating their effort to enhance the effectiveness of project planning.

In order to boost CSF application on assuring project success, Fortune and White (2006) integrate CSF with Formal System Model (FSM). FSM is an integrated approach which allows the advantage of the CSF application, whilst it helps to reduce the problems related with CSF at the same time. In addition, Hyväri (2006) asserts that different organisational conditions have different characteristic of critical success of failure. The different organisational conditions include company/organisation size, type of organisation and project manager work experience.

Shenhar et al. (2001) identify the four major dimensions in assessing a project success, which is a part of strategic activity to executed project to gain short and long term objectives. They are the following:

- Success dimension 1 – Project efficiency includes project goals/objective, time and budget constraints. It could be assessed only in the very short term, during the project execution and immediately after its completion.
- Success dimension 2 – Impact on the customer includes customer's satisfaction, meeting performance measures, functional requirements and technical specifications. It could be assessed after a short time, when the project has been delivered to the customer and the customer is using it.
- Success dimension 3 – Business and direct success includes commercial success and create a large market share. It could be assessed after a significant level of sales has been achieved.
- Success dimension 4 – Preparing for the future includes create a new market, new product line and develop new technology. It could be assessed after a longer time.

Shenhar et al. (2001) distinguish the project into two different types which are operationally (managed project focus on getting job done and meeting time and budget goals) and strategically (managed project focus on achieving business results and winning market place). In this term, Munns and Bjeirmi (1996) states that the project manager and project team during project execution typically put their focus on operational to deliver the job rather than on business aspect. It will boost them to work effectively in time and project budget.

C. CASE STUDY IN RESTAURANT CONSTRUCTION PROJECT

Chachara Restaurant Bali is a construction of Spanish restaurant, which is located in Jln. Raya Batubelig. The owners of this project are 5 European persons who have different business background. Two of them have business in garment, one is a Spanish chef, one has advertisement business and one is an architect.

The design of Chachara Restaurant is modern tropical building with industrial touch in finishing material and interior part. Most of applied materials are local material such as : Klating stone, karangsem stone and local wood. Chachara Restaurant Bali divides into three seating zone which are one indoor zone (fully air conditioner) one big roof terrace zone (with live DJ and combi van bar) and one outdoor garden zone (decking)

The promotion is started about 2 months before project handover from contractor via online media social (face book, instagram and path), Chachara website and local tourist newspaper advertisement. In addition, the restaurant operational including chef has been set restaurant operational trail and food test two week before soft opening by inviting friends and colleagues. The trail and test is to ensure the flow service, standard operational and find

The Chachara Restaurant Development Stages

Chachara restaurant is divided into four development stages as the following:

The Chachara restaurant project development is divided into 4 main stages as the following

1. Project start-up

During project start up (construction project type) the project team has to have clear

understanding about the project and how they have to manage project effectively to deliver project owners expectations. Turner and Cochrane (1993) states that the start-up stages should be focused on refining the definition of project goals and methods into low level.

Several aspects have been focused on start-up stages such as project brief design and feasibility design. In brief design short and long term goals have been clearly defined, which is also called project objectives. The Chachara project objectives were divided into three level which are procurement objectives (related with the completion of project within time, cost and quality), functional objective (the function that should do once it is completed) and strategic objectives (long term objectives of stakeholder being fulfilled with the project).

The owners have been conducted feasibility study during project start-up. The feasibility study is included the market analysis, property design that most market desirable, location analysis, marketing strategic, financial strategic and team forming. Feasibility study involved marketing team and restaurant operational team, which will take responsible for restaurant further operational. Refer to the CSF theory; in this stages project manager and architect play critical role to ensure the success of the project. The project manager has to place right person in right position. In addition, architect has to identify design idea on market desirable (what market love) and market accepted design.

2. Project design

The project design was the process of development document for the project execution, documentation and tendering process. During this stage there are several aspects that have to be focused such as: Project management plan, Architectural, Kitchen design, landscape design and Project cost estimation, while the tender phase was considered with tender document and contractor selection. Design and documentation of the project was undertaken by one of the project owner who is also an architect specialization in restaurants project. The goal of this stage was to come up with desirable design, within project limitation (time, cost and quality) on project brief.

Refer to the CSF theory; during the project design stage, the definition of activities to be performed and developing architectural design and kitchen were the critical success factors. Furthermore, the procurement management plan was a critical success factors in tendering phase. The requirements of qualifying contractors have been developed including experience, capability and resources, management system and methodology.

3. Project execution and control

This stage was undertaken by the principle contractor and controlled by the project manager and architect. The biggest cost expenditure and the majority of activities have been occurred through this stage. The project manager had to maintain communication to the client (related with reporting the project process) and to the principal contractor (related with measuring project outcomes against project budget expenditure and controlling the project schedule). In addition architect had to decide the variance and design change due to reduce project expenditure.

Refer to the CSF theory; the communication planning and time phased budget were the critical success factors in this stage. The project manager developed clear and short decision to avoiding delay on decision-making. In order to control the project cost, the project manager control cost expense every 14 days. Moreover, project manager also applied unit price due to volume variance and change in finishing material to reduce project cost.

4. Project handover

The Chachara restaurant project handover had been done after the project conducted inspection and the client accepted the completion of work. The project handover was delay for 60 days from its time schedule due to project scope changed and variance on building finishing.

In project handover, the contractor also had to transfer the As-built drawing to the client and restaurant operational. It is a precise drawing document as guidance for maintenance and future development. Moreover, the contractor also gave a warranty to cover of any defects that were occurred after the completion of construction, which was valid for 1 year.

D. RESULTS AND DISCUSSION

Tangible outcomes is defined as one that can be operationalised, measured, monitored and controlled, while intangible outcomes is defined as “satisfaction” as being operationalised on high or low perception scales (Nogeste & Walker 2005).

The completion of the construction of Chachara restaurant project was longer than its planning date. It was planned to operate in June 2017. In fact, the handover was been done on 18 August 2017. The delay was caused by some major factors such as adding/changing feature of design (scope change), finishing material change, and late sample approval. This delay occurred for about 2 months, and there was a significant cost variance, which was about 18% from the total estimated cost.

Although, the delay during project construction was occurred, there are other successes that have been achieved after its completion. Further analysis has been conducted to identify the other success dimension by applying Shenhar’s framework to the Chachara restaurant project.

1. Project efficiency

The first dimension relates to tangible factors, which measure scope of work, time and budget. The Chachara restaurant project did not fully achieve time success. The time plan had been design to allow for 3 weeks contingency, but in fact there was a delay for 2 months of the project completion. It caused business interruption and delay on restaurant grand opening. Penalties have not been given to the main contractor because the delay mostly was

caused by changing and adding design feature, which was not included in the scope of work plan such as gate work and landscape work.

In addition, the quality of the project outcomes performance was success. There were not discovered of any defects on construction and fixture after 2 months operation. In another hand, the project management was failed to control the project cost because there was about 18% cost increasing from the total project cost estimation.

2. Impact on customer

In first month of operational, the project team received very positive comments from restaurant operational team including chefs, waiters and client’s friends. Moreover, contractor achieved great success during 2 months operational, because there was no defect on restaurant building. Architect also gained massive success because during operational, the restaurant flow and circulation was very effective and efficient.

The involvement of restaurant operational management in project management contributed great success in this second dimension. The restaurant manager is an experienced person in managing restaurant and has been in this business field for 8 years. This success factor relates to the Cooke-Davies’s theory which emphasis the importance of co-operation between project manager, project team and operational management to enhance long-term success. The figure 1 shows their relationship within a project.

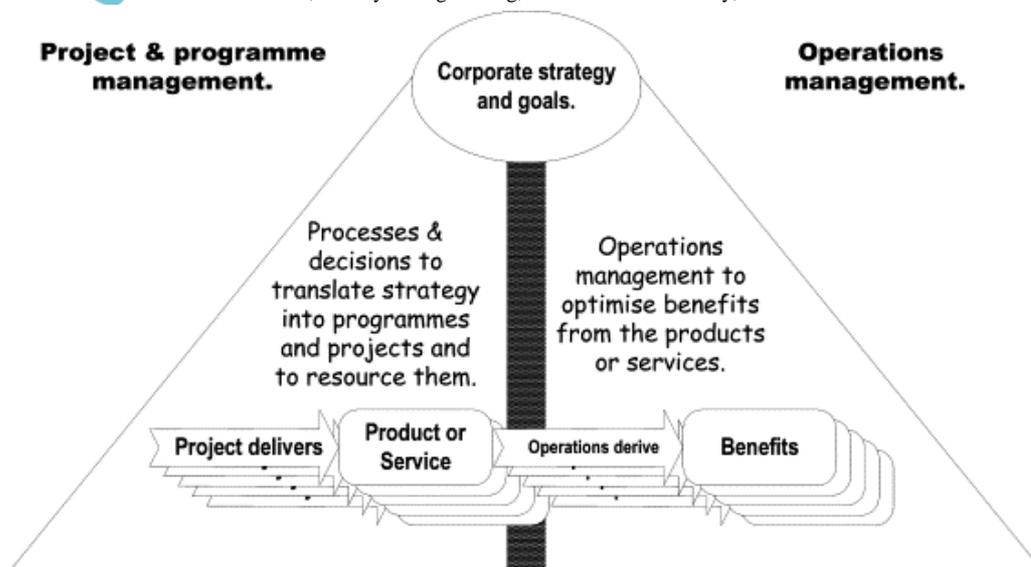


Figure 1. The importance of project management and operations management working together to deliver beneficial change from projects.

3. Business and direct success

Within 2 months operation, the restaurant operational management received positive feedback from the restaurant guests and there was an increase in restaurant reservation since its operation. Moreover, after 2 months operation, the Chachara restaurant served above 15% from their monthly target. It contributed significant benefit for financial return and investment. Long discussion and great effort between restaurant's owners, project manager, architect, restaurant operational management and marketing team was conducted during the project startup (concept). It was an effective strategy to determine further project direction and implementation. Nagoste and Walker (2005) describe that the discussion between the facilitator (client) and stakeholders help to reveal, identify, define, assume and prioritize outcomes that have to put into operational. Thus, well developed social, communication and relational skill is crucial in this stage.

4. Preparing for the future

In the case study, preparing for the future was classified as intangible outcomes. The Chachara restaurant project was a learning process to the clients. It was their first business on in Bali. Their experiences in this project will contribute a very valuable resource for next project in the future.

The Chachara restaurant project was a lesson learned to the project manager and team. It will increase their competencies and abilities to manage larger and more complex project

effectively in the future. Furthermore, their communication skill and teamwork have increased and bring them to the higher standard level.

In addition, the architect could utilize the Chachara restaurant project as his new project portfolio and reference for his future clients. It will boost his expertise as professional experienced restaurant architect.

E. CONCLUSION

This paper through the theoretical discussion and the analysis of case study has demonstrated that the project success is not depended on project management. However, the project management as one component of the project could enhance the project success. The paper also has demonstrated through the case study that the experienced of architect in one type of building have significant impact on its operational and utilization.

The increasing of global market and the project expectations require a project manager who has future direction and could responsible to the business results. As a strategic leader, the project manager have to have intelligent communication skill and facilitate discussion between client and project team to focus on both short and long term goals in the early project stage. In addition, the project manager and team have to be able to identify the critical success factor in different project stages to enhance its success. It is essential to reducing the impact of unseen problems to the project outcomes.

As a part of project I felt so frustrated during project execution. It is because there was various changing in finishing material, building features and scope of work. It required many rework in resources performance schedule and reorder the project material. My first opinion that it was unsuccessful project, however after the Chachara restaurant project has operated and measures in wider project context, my opinion is that the project achieved its real success. It should be noted that different stakeholders have different expectation and success measurement on the project. Thus, leadership and communication skills are crucial for project manager to maintain the project team performance.

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