

Study on the Cost Control of Hotel Construction Projects Based on Full Life Cycle

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Abstract: In today's era, various emerging disciplines have been developed, and project management theories and cost control methods therein have become increasingly mature in this context. Many scientific methods and theories have been gradually applied in practice. However, many scholars have focused their attention on the construction side in their research, but not on the user side. As we all know, most engineering construction companies are oriented to target profits, and the final user is passive in project control. When both parties deliver, they mostly focus on ex-post accounting and emphasize cost targets in isolation, which leads to Overflow, therefore, project users must not only strictly supervise and review the budget and quotation form of engineering construction enterprises, but also form their own project cost control system, thereby reducing investment costs and reducing operating pressure after commissioning.

1. Introduction

Since the beginning of the 21st century, with the rapid development of China's economy, tourism consumption has gradually become a major consumption hotspot in China. As one of the three pillars of tourism, the hotel industry, especially high-star hotels, has continuously increased its contribution to the national economy. According to relevant data, from 2000 to 2008, the compound annual growth rate of hotels in the country was 13%. From the overall development perspective, the construction of China's hotel projects has entered a peak period. The hotel project has the characteristics of large investment, long life cycle, many participants, and high project risk. For hotel investors, in the process of hotel construction, how to effectively realize the commercial value of the hotel project and how to recover the initial investment of the project as early as possible in the future operation, how to control the construction cost of the hotel project and shorten the capital recovery period become Many hotel investors are most concerned about.

2. Contents of Project Cost Management

Project cost management runs through the entire project. From the initial establishment of the project to the end of the final completion, it is a project that combines systematic, diverse, long-lasting, and comprehensive aspects. In general, the scope of project cost management involves all aspects, including all kinds of project work. Specifically, project cost management consists of planning resources, forecasting costs, combining actual cost planning, and implementing management and control of all aspects of a specific project.

The basic goal of project cost management is to provide effective data and reference information to participate in project implementation management. According to different levels, the project cost management goals can be divided into specific goals and overall goals. The overall goal of project cost focuses on the overall operation and management of service projects, specifically to provide detailed cost information for internal and external stakeholders related to enterprise projects, making it a basis for decision-making by stakeholders, and then use economic means With advanced technology and organizational optimization methods to control costs within a

predetermined range. It is worth noting that under the various influencing factors in the current different economic environments, the overall objectives of project cost management will also be changed to varying degrees in terms of performance and implementation form. Under the current situation, in an increasingly fierce market competition environment, with the different competitive strategies adopted by projects or enterprises, the overall objective of project cost management will also change. Under the situation of reducing project costs as a guiding management concept, reducing the project implementation costs as much as possible is the most original policy guideline of the entire project management; however, if it is not just to reduce project costs, the second is to consider more comprehensive , More specifically, considering the different attributes of project management, the ultimate goal of project management is positioned on the difference between the project and the final service object, and then on the basis of considering the cost of the project, then the project cost management at this time The purpose of the project will be clearer. Specifically, project cost control includes not only cost control objectives but also cost calculation objectives.

3. Problems in Cost Control of Hotel Construction Projects

Investors generally attach importance to cost control during project implementation, ignoring cost control during project decision-making and design; attach importance to project construction cost control, and ignore hotel operating expense control. Because investors failed to control the overall system cost of the project from the perspective of the hotel's entire life cycle, the current hotel construction cost management model pursues one-sidedly low construction costs, and the operation and maintenance costs are high after the project is completed.

Hotel managers rarely participate in the preliminary planning and engineering construction. After the hotel is completed, it will be delivered to the management side for management by the construction side. On the one hand, it will cause the hotel construction party to proceed from the standard. When setting the target cost of the project, it only focuses on the one-time investment during the construction period, and less considers the operating cost of the hotel project management; on the other hand, the construction party The operation of equipment and repair and maintenance costs are generally not well understood. This will lead to excessive costs in the hotel operation stage.

Investors have vague definitions of the quality requirements, quality objectives, and technical requirements of hotel projects, lack systematic and complete technical standards and cost evaluation methods, and often use the "low price" principle in hotel planning and design, project bidding, and procurement of goods. , Resulting in low prices but not high quality. In the course of hotel operation, problems such as the hotel's design, system and equipment materials are difficult to meet the hotel's use needs or the facility equipment update cycle is short, and the operation energy consumption is high.

In the construction of domestic hotel projects, investors often enter two misunderstandings in terms of capital and resource investment: on the one hand, they focus on appearance and light on the inside; heavy decoration and light on electromechanical; heavy construction and light design, behind the magnificent decoration are frequent failures Facilities that are inconvenient to use or use. On the other hand, the investment is loose and tight before the investment. In the early stage of the project, blindly pursue high-end quality and increase investment; later in the project, the budget was found to be over budget, and the cost was blindly compressed. Such unreasonable resource allocation will inevitably cause the hotel to be unable to provide guests with a comfortable environment and high-quality services during the operation period, making it difficult to realize its due value.

4. Cost Control of Hotel Construction Projects Based on Full Life Cycle

LCCA (Life Cycle Cost Analysis) is a theoretical system that minimizes the total cost of the full life cycle of the project, including the pre-construction period, construction period, operation period and demolition period. The LCCA method is an important analysis tool for project investment

decision-making. It is used to guide the selection of design options, system configuration comparison, and equipment material selection in the pre-project decision-making, design, and implementation process. It can help investors consider cost savings from the scope of the project life cycle, to minimize the total cost of the project throughout its life cycle, so that the project has a higher value. As mentioned above, the full life cycle cost analysis system for hotel construction projects can be understood as: plan and collect step by step, organize the life cycle cost data of each stage of hotel project design, implementation and operation, and pass a complete set of life cycle cost. The analysis process is processed to optimize the value of the hotel project. The core of the project life cycle cost analysis is to identify the cost items in each stage of the life cycle, and to quantitatively estimate and analyze the cost according to a certain cost estimation model and method, and finally obtain the life cycle cost of the project, and carry out on this basis Project decision. The technical framework of construction project life cycle cost estimation and analysis is shown in Figure 1. First, determine the evaluation scope of the project and define the assumptions, limitations, and constraints that are the basis of the analysis. Secondly, within the determined evaluation scope, identify the cost of each stage of the project, and build a life cycle cost breakdown structure (Cost Breakdown Structure, CBS) of the project on this basis. For all costs incurred in each stage of the project life cycle, determine the types of costs and categorize and summarize them according to categories. Expense types should be broken down into independent expense elements required by cost analysis to ensure the ease of cost analysis. Again, choose the appropriate cost estimation model. The construction of the model is based on life cycle cost analysis. The selected model may be one or more. These models should consider the time value of money. At this stage, it is also necessary to determine the basic data required by the estimation model. The cost elements involved in the model should meet the output requirements of hCC estimation to provide guidance for the optimization of the project's life cycle. Finally, the project cost analysis. Through the project's cost breakdown structure, analyze the related cost elements and the relationship between each element, and explore the impact of each stage of the project life cycle on the cost of each element on the project day.

5. Lifecycle Cost Control System and Measures of Hotel Construction Projects

Hotel cost control system. The goal of hotel construction project cost control is to analyze, optimize, and refine project costs at different stages according to the development process of the project, and take corresponding control measures to control costs within a reasonable range, and ultimately meet the functional value of the hotel. Under the premise, the cost of the project can be controlled. Because the cost control of a hotel project runs through the entire process of the project, there are many control points, and the cost, quality, and schedule of the project are interrelated, so hotel cost control should not simply reduce costs, but need to maximize cost-effectiveness. , Focus on the key links that affect the cost, through the system's cost control system to achieve the project's cost goals. Target cost control system. The cost control system is a macro-framework system for enterprises to implement process control over project costs. It stipulates the content, methods and processes of cost control. In recent years, the target cost management system has become a commonly used cost management method in engineering construction project management. The target cost of a hotel is based on the cost level of the industry, combined with the company's competitive strategy, and based on the overall goal of the hotel to determine in advance the cost indicators to be achieved through hard work. The management of the target cost needs to decompose the target layer by layer through the cost decomposition structure, turn the target into an executable action plan, and compare the actual result with the target during the execution process, analyze the deviation, improve it, and finally achieve the cost control goal . Target cost management is divided into three stages: pre-planning, in-process control and post-assessment. In Figure 6, pre-planning is the process of forming and revising the target cost, and in-process control is the process of executing the target cost.

The key links of the development value chain and the target cost control elements. Effective hotel cost control needs to determine the key links of the hotel development value chain and the

core factors that affect costs, and clarify the focus of cost control (see Figure 7). In the hotel development value chain, the closer to the front end of the value chain, the higher the risk. The higher the value contribution and cost impact, it is also the core section of hotel cost control. The middle end of the value chain is the hotel product realization section. Product quality is the influencing factor of product value. The focus of cost control is dynamic cost control. The back end of the value chain has an important impact on the hotel brand and customer value, and is greatly affected by the hotel delivery standards. One is an effective decision-making mechanism. The effective implementation of the project cost control system first needs to establish a scientific decision-making mechanism to ensure the accuracy and rationality of decision-making, reduce decision-making errors, and improve decision-making efficiency. The second is a clear workflow. The clear work process is the basis for the effective implementation of the cost management system. It takes the cost management business as the center and regulates the operation content and information flow of cost management. The third is a reasonable division of powers and responsibilities. Reasonable division of power and responsibility and resource allocation are the guarantee for the effective implementation of the cost management system. Hotel cost management requires the participation of various departments of the company. Through the division of powers and responsibilities, the cost control responsibilities are implemented to specific responsible departments and positions, which can strengthen the cooperation and communication between different professions and different processes, and form an organic and coordinated cost management control system. To ensure the realization of cost targets.

6. Conclusion

In an increasingly standardized and perfect market environment, China's investment in the protection of construction projects is increasing, but there is no doubt that the competition it faces is increasingly fierce. Nowadays, there is a general situation in the construction industry that is relatively immature in terms of project cost management, and the operation mode and control means are relatively single. There are four main influencing factors: the relevant economic policies issued by China, the current fierce market competition environment, macroeconomic environment and the characteristics of the construction industry itself, and with the greater opening of the national market, powerful foreign construction giants have also successively entered the Chinese market, which has caused certain threat. To the degree of threat, the requirements for project cost management are getting higher and higher. Therefore, in order to achieve their own sustainable development, more construction and construction project teams have become the main guarantee for the project to resist internal and external pressures.

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