

Process: Openings

Subprocess: PCE_Planning and Approvals Projects

Process Owner: Jacobo San Nicolás López-Bosch

Proces Leader: Raúl Francisco Ara Fernández

Author	Miguel Pérez Bernal
Date	10/01/2017
Last modification date	10/01/2017
Document version	1

NH Approvals

Name	Function	Date	Comments
Jacobo San Nicolás López-Bosch	Process Owner		
Raúl Francisco Ara Fernández	Process Leader		

Modification History

Document Version	Date	Modified by	Comments

NH HOTEL GROUP		Corporate IT & Organization Department				
Process: Openings						
Subprocess: PCE_Planning and Approvals Projects						
Process Owner: Jacobo San Nicolás López-Bosch			Proces Leader: Raúl Francisco Ara Fernández			
Order	Task	Task Description	When	Responsible	Frecuency	Tools 📄
1	EXP01-Expansion Opportunities Projects process	<u>EXP01-Expansion Opportunities Projects process</u> : 1.- Prepare the initial Business Plan with main terms received from the 3erd party, including feedback from Operations, Comercial, Finance (accounting impact) Revenue, and Construction Departmet (if any CAPEX condition is required). 2.- Financial analysis review BP, profitability of the Project and sensibility analyses to variations in ADR/Occupancy - NPV of the project>0 - Debt ratio: (NPV Fixed rent + Investment) /EBITDAR <5,6x - IRR>Discount rate - Rent ratios: GOP/Fixed rent and Adjusted GOP (GOP – Internal management fees)/Fixed rent >1,5x 3.- Review and approval of the Business Case and Business Plan by the Expansion Committee: a.- Accept or not to the Business Case and their main conditions. b.- Approval with some limitations for further negotiations. c.- Approval of extra budget if the new project requires. d.- Approval in the project initial phase (if applicable).	Ad-hoc	Expansion, Operations and other Departments	Ad-hoc	N/A
2	EXP02-Expansion Lease Management Contracts process	EXP02-Expansion_Lease Management Contracts process	Ad-hoc	Expansion, Legal and other Departments	Ad-hoc	N/A
3	CPX01 - Capex Budget Definition and Approval process	CPX01 - Capex Budget Definition and Approval: Strategic 5 Years Plan	Ad-hoc	Steering and Capex Committee	Ad-hoc	N/A
4	Feasibility analysis of the investment	Prepare a Feasibility Report (Project Charter) based on three different Scope Valuations: Hard / Medium / Soft: - HARD scenario will be considered as the one that values all the necessities of the hotel according to BU PCE Director criteria. - MEDIUM & SOFT scenarios will be an adjustment of the 'Ideal' one. Feasibility report figures will be aligned with figures within Business Plan / Case approved by Expansion and / or Capex Committee during the <i>EXP01-Expansion_Opportunities Projects process</i> and <i>CPX01 - Capex Budget Definition and Approval process</i>	Before starting the projected work	PCE Department	Ad-hoc	Feasibility Report document
5	CPX02 - Capex Approval Request process	CPX02 - Capex Approval Request process	Ad-hoc	Capex Committee / Capex Controller	Ad-hoc	N/A
6	CPX03 - Non-Budgeted Capex Approvals process	CPX03 - Non-Budgeted Capex Approvals process	Ad-hoc	Capex Committee	Ad-hoc	N/A
7	Appoint the Project Manager	Appoint the Project Manager who will be in charge of the project, works and follow up: - Internal - External (Project Management Office) by means of tendering procedures.	Before starting the projected work	HQ / BU PCE Department	Ad-hoc	N/A
8	Launch the tendering process (find more details in NH Hotel Group Procurement Policy)	Launch the tendering process together with the Procurement Department if required: All those contracting needs that meet all of the following requirements will be automatically delegated to the PCE department, with no need to submit any request to the Procurement Department. 1. There are no nominated alternatives for the requested good or service. 2. The good or service requested is for one hotel only or department within NH Hotel Group. 3. The contract is valid for 1 year or less. 4. The contract does not exceed the following economic limits: - At hotel level: €10,000 of the annual turnover per contract. - At business unit level: €30,000 of the annual turnover per contract. - At corporate level: €60,000 of the annual turnover per contract. The SVP Procurement and/or the local Procurement Director may exceptionally and expressly delegate the contracting even if the requirements for delegation are not met, in case of an occasional, relevant, urgent or strategic need, or for any other justifiable reason.	Before starting the projected work	HQ / BU PCE Department SVP Procurement	Ad-hoc	NH Hotel Group Procurement Policy

8.1	LEGAL_Contract signature process by Attorneys in fact process	LEGAL_Contract signature process by Attorneys in fact process	Before signing the purchase contract	HQ / BU PCE Department SVP Procurement HQ / BU Legal Department	Ad-hoc	LEGAL_Contracts review.doc
9	Tendering process (if contracting does not meet the delegation limits): Main tasks (find more details in NH Hotel Group Procurement Policy)	1.- Tendering process through E-Sourcing Tool of NH Hotel Group 2.- The buyer request general information with <i>Request for Information Form (RFI)</i> : - Qualification Envelope: Questionnaire related to the characteristics of the supplier's activity. - Technical Envelope: Questionnaire related to specific information regarding the category, activity, good or service under tender. 3.- Evaluation of the RFI: By accessing to the platform and starting the evaluation of the Technical Envelope. 4.- Configuration and publication of the RFQ (Request for Quotation). 5.- Evaluation of the RFQ. 6.- Prepare the awarding proposal after "n" RFQ or negotiation rounds. 7.- Final decision on the awarding of the Contract: - If the contract < €300,000 / year: Decision will be taken jointly by the person in charge of the negotiation and the SVP Procurement. - If the contract > €300,000 / year: Decision will be taken by Awarding Committee. 8.- Formalization of the awarding contract and required internal authorizations and approvals.	Before starting the projected work	HQ / BU PCE Department SVP Procurement Legal Department Awarding Committee	Ad-hoc	NH Hotel Group Procurement Policy
10	Update the Economic Feasibility report with figures according to prices and works quoted by suppliers	Update the Economic Feasibility report with figures according to prices and works quoted by suppliers. See NH_HOTEL_GROUP_PROCUREMENT_POLICY in order to get more information about this process: - Nominated suppliers - Request of the need of an external contract - Tendering Process - Internal Authorization. - Contract Signature.	Before starting the projected work	PCE Department Project Manager Procurement Department	Ad-hoc	NH_HOTEL_GROUP_PROCUREMENT_POLICY document
11	Preparation of Economic Summary	This document will be automatically filled out from the Economic Feasibility report	Before starting the projected work	Project Manager	Ad-hoc	Economic Summary template
12	Preparation of Scope Summary	Informative document must be filled when the final valuation has been agreed with BU Operations and the scope of the works is completely defined	Before starting the projected work	Project Manager	Ad-hoc	Scope summary template
13	Approve the Economic Feasibility report figures	Approve the Economic Feasibility report according to the figures previously approved in Expansion and Capex Committee. - If Feasibility report is not approved for any reason but initial investments figures approved by Expansion and Capex Committee have not increased: Project Manager will modify the feasibility report as many times as necessary. - If the new figures in feasibility report represent an increase of the approved initial investment cost, SVP PCE must escalate this change to the Expansion / Capex Committee for approval	Before starting the projected work	SVP PCE SVP Operations Capex Controller	Ad-hoc	Document
14	OPEN_PCE02 - Project execution and follow Up process	OPEN_PCE02 - Project execution and follow Up process	Ad-hoc	PCE Department	Ad-hoc	N/A