

Before You Budget the Project, Test the Premise

A practical approach to testing ambition, capital, and context before detailed estimating begins

By Rob Wyatt

Capitol Theatre | Fort Edmonton Park, Edmonton, Alberta

Over more than 30 years developing themed attractions, museums, entertainment destinations, and complex guest experiences, I have seen projects begin in remarkably similar ways.

There is an idea. There is a site. And there is a number.

“We have \$50 million. What can we build?”

It sounds like a budgeting question. At this stage, however, it really is not.

The more important question is: Does the premise make sense?

TESTING AMBITION AND CAPITAL

A Budget Is Not Yet a Project

Early in development, there often is not enough information to create a meaningful detailed estimate. The architecture may barely exist. Ride and show systems may not be selected. Area development is conceptual. Back-of-house requirements are evolving. Technology has not been defined. Procurement strategies have not been established.

Yet important decisions are already being made based on the project's headline investment.

That is why I approach the earliest budget exercise differently. I am not trying to determine exactly what the project will cost. I am trying to determine whether the project's ambitions and its available capital are reasonably aligned.

There is an important distinction.

What Does 50 Million Dollars Actually Buy

A \$50 million project does not mean there is \$50 million available to create the guest experience.

Before a guest ever walks through the door, that investment may need to support development costs, professional services, architecture and engineering, project management, permitting, infrastructure, facilities, back-of-house spaces, pre-opening expenses, owner costs, contingency, and dozens of other requirements.

Only a portion ultimately becomes the physical and experiential product the guest sees, touches, and remembers.

How much of the available capital can realistically reach the guest experience?

Once you begin asking that question, you can start testing the premise.

DEVELOPMENT MODELS AND ESTIMATING

Start With a Development Model

At Creative Delivery Group, we use an early development model as a litmus test, not as a substitute for professional cost estimating.

We begin by allocating the total investment across the major categories that experience tells us the project will eventually require. The percentages themselves are not sacred. A theme park, museum, family entertainment center, resort attraction, and highly technical immersive experience will all behave differently.

Geography changes the equation. So do schedule, technology, and procurement.

The objective is not to produce a deceptively precise answer. It is to expose the assumptions.

If the preliminary development model suggests that the amount of capital actually available for the attraction, facility, show systems, and guest environment is fundamentally incompatible with the creative ambition, that is something the owner needs to understand before significant design dollars are spent.

Finding that disconnect early is inexpensive. Finding it after design development is not.

This Is Not Cost Estimating

This distinction is important. Professional estimators and quantity surveyors perform a critical role in project delivery.

As scope becomes defined, they can evaluate quantities, specifications, systems, labor, market conditions, escalation, procurement strategy, and other increasingly detailed information to establish and manage project cost.

What I am describing happens upstream of that process. At the beginning, we may not yet have quantities to measure. Instead, we have assumptions to test.

An estimator may eventually answer: "Given this defined scope, what should it cost?"

During early development, I am asking: "Given this amount of money, what kind of project can we responsibly promise?"

Those are related questions. They are not the same question.

THE NUMBER NEEDS CONTEXT

The Number Needs Context

Even the best historical benchmark becomes dangerous when separated from context.

A project developed in Orlando cannot simply be transplanted to Abu Dhabi, Saudi Arabia, China, or Europe and be expected to behave the same way financially. Labor changes. Logistics change. Codes change. Import requirements change. Climate changes. Local fabrication capabilities change. The availability of specialty vendors changes. Schedule and procurement strategy can change everything again.



Capitol Theatre interior | Fort Edmonton Park, Edmonton, Alberta

A LESSON FROM EDMONTON

I learned this firsthand while developing the Capitol Theatre at Fort Edmonton Park in Edmonton, Alberta.

I was responsible for preparing the initial ROM budget and presenting it to the client. As the project developed, I spent considerable time working through the project with PCL, the construction team.

There was one significant condition I had not adequately accounted for in my original ROM: winter.

In Edmonton, frozen-ground conditions can affect construction for four to six months of the year. For portions of the work, the project site would need to be tented and the working environment heated so concrete could be placed and properly cured.

That was not a minor line item. It affected temporary works, energy consumption, construction methodology, productivity, schedule, and ultimately the project budget.

My original model was not necessarily wrong because it did not predict every eventual cost. It was incomplete because there was a project-specific condition we had not yet incorporated.

And that is precisely the point of early-stage budgeting. A ROM is built with the information available at the time. The discipline is not pretending that you know everything. The discipline is identifying what you do not know and continuously replacing assumptions with project-specific information.

Had I simply relied on historical costs from projects in more temperate climates, the benchmark might have looked perfectly reasonable on a spreadsheet while being wrong for Edmonton.

That experience reinforced something I have carried into every project since:

Never ask only, “What did the last project cost?” Ask, “What is different about this project?”

Geography matters. Climate matters. Logistics matter. Schedule matters. Procurement matters. Context matters.

FROM ASSUMPTIONS TO INFORMATION

Replace Assumptions With Information

At the beginning of a project, the model contains a lot of assumptions. That is perfectly acceptable, as long as everyone knows they are assumptions.

As development progresses, those assumptions should systematically disappear. An assumed ride allowance becomes a vendor proposal. An assumed building area becomes an architectural program. An assumed show package becomes defined systems and quantities. An assumed schedule becomes an integrated project schedule. An assumed contingency becomes a more sophisticated understanding of identified risk.

The project moves progressively from hypothesis to information.

At the appropriate point, professional estimating and cost control take over with increasingly detailed data. That is exactly how it should work.

The Spreadsheet Is Not the Intelligence

Anyone can build a spreadsheet. The spreadsheet is not the intelligence. The intelligence is knowing which questions to ask.

After decades of developing projects, I have learned that some of the most valuable questions are often asked before there is much to look at.

- Does the budget support the ambition?
- Where is the money actually going?
- What percentage is reaching the guest experience?
- What assumptions are we making?
- What have we not accounted for?
- What happens if we are wrong?

Are we designing the project the owner can afford, or designing a project and hoping the budget eventually catches up?

A good early development budget does not tell you exactly what the project will cost. It tells you whether you should keep going in the direction you are headed.

Sometimes that may be the most valuable number you produce.