



**Cihan University -
Business Administration**

Development Management

second semester

Stage-4- Evening class

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fourth stage**

- **Project Development Management**

Development management is the strategic planning, administration and controlling of a project during its development life cycle, from project planning through to construction completion and project exit. It is performed to minimize project and financial risk while maximizing profit for the developer.

- A *development manager (DM)* is the project developer's agent and construction manager. The development manager is assigned overall responsibility for project planning, project management, financial management, and project delivery through all development phases, until project exit.

Comprehensive Hotel Development Management Services



Strategic Consulting



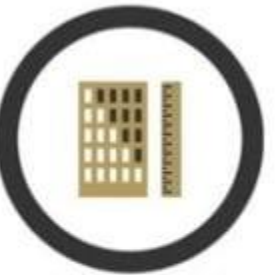
Hotel Development



Asset/Performance Management



Destination Management



Planning and Construction Services



Transaction Support

Source: mrp hotels (Image: Pecunica)

- Development managers are commonly appointed to identify and acquire suitable sites, inspect and appraise new land opportunities, review and advise on redundant land, and complete land acquisitions. They also liaise with local authorities to obtain permits and authority approvals.
- The development manager undertakes the feasibility analysis of the project and provides the business plan, budget plan, and schedule of works. They are responsible for progress through the legal, technical and financial stages of development projects and monitor progress to project completion.

- Development managers are responsible for overall project delivery, contractor tendering, and design management. They work closely with the architects, engineers, interior designers and general contractors to ensure that all the specific requirements (specs) of the project are met and represent the developer on-site towards construction and operator personnel.
- Development managers evaluate and manage the budget and ensure that the correct financing is in place. They are responsible for completing the project according to budget and the development program.

- Development managers also coordinate the marketing, leasing or sale of the developed properties and are often responsible for facilities and asset management post-construction. They collaborate with the developers to scope services, create proposals, and close opportunities.
- The roles, responsibilities and expectations of development managers vary according to each project's organizational structure, project and exit strategy, complexity and size. These issues are defined for each project in the development management agreement (DMA).

- **Development Management Agreement (DMA)**
A development management agreement (DMA) assigns overall management responsibility for a development project to an independent development manager as the developer's agent. Through the DMA, the development manager assumes responsibility on the developer's behalf for the management and administration of the project.
- The development manager is engaged for the planning of the project's strategic planning until construction completion and the developer exits from the project. A detailed scope of services is usually included as a schedule or an appendix to the DMA.

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The CAM2P™ Project Development Management Model



Source: SUKAD (Image: Pecunica)

- The DMA sets out the development manager's role, responsibilities and obligations, the services to be provided, contract suspension and termination, including reporting obligations. The DMA also provides for a business plan, budget plan and the schedule of works.
- A DMA will usually provide for the development manager to represent the developer toward the project team in all project meetings and negotiate contracts on the developer's behalf. Developers usually retain an element of control over their projects by requiring DMs to obtain consent or approval for important decisions, processes and procurement.

- Developer consent will also be required where services would cause a financial threshold of a certain value to be exceeded. However, contracts below the threshold can be entered into directly by the manager through *delegated authority*.
- A *development management fee* is paid to DMs commonly based on a percentage of the project's total development cost and capital expenditure. Alternative fee models are common.
- A DMA may also be subject to *construction KPIs*. Meeting the KPIs of construction may entitle the development manager to a success fee, while failure to meet them may trigger DMA termination.
- The DMA will effectively govern the relationship between the parties, minimize the risk, and increase the efficiency and quality of the project. It should identify project risk exposures and call for risk management and contingency plans to reduce and/or eliminate the risks.

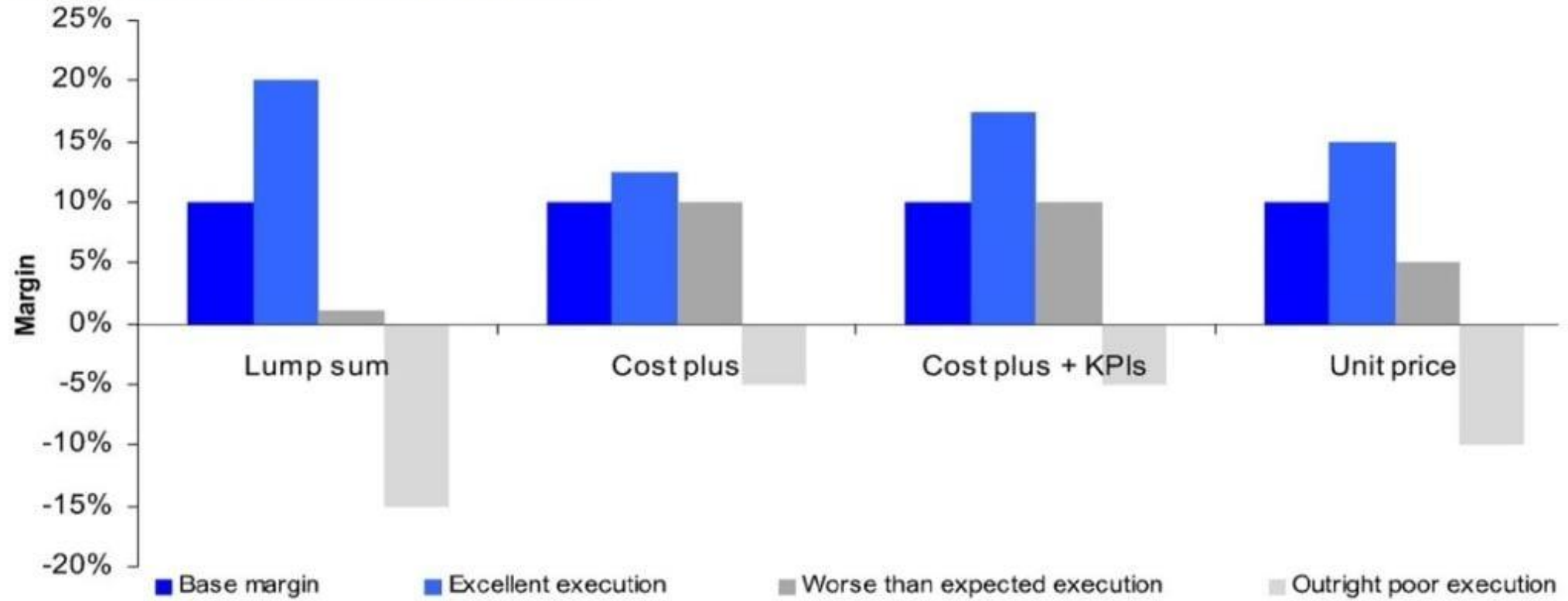
- **Costs and Fees in the DMA**

The development management agreement (DMA) clarifies what constitutes development costs and assigns responsibility for incurring them. *Total development costs*, which are borne by the developer, include construction costs and other development/project costs.

- Broadly, *construction costs* are those costs incurred through the actual construction of a built asset, including *building design and construction fees*. The costs are often determined by the value established in the construction contract.

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Construction Contracting Fee Example



Source: Patricia Galloway (Image: Pecunica)

- Other development/project costs are those costs not directly associated with constructing but form part of the total development cost. Examples of such costs incurred for land acquisition, marketing, and planning permits.
- The calculation of the development management fee is one of the most important DMA provisions. The development management fee can be calculated in various ways, including:

- *Percentage of development costs* - A percentage of the actual costs incurred in the development project;
- *Fixed fee* - A lump sum fee payable on key dates or upon completion of construction milestones;
- *Percentage of development income* - A proportion of the proceeds of sale and/or other sums of the capital or income received by the developer from the project; or
- *Success fee* - An amount of construction KPIs, usually only when a certain threshold or hurdle rate has been achieved.

- Development managers may undertake the construction themselves or appoint contractors to carry out the works. When acting as contractor, the development manager earns the respective fee.
- *Profit sharing programs* may be used to incentivized the development managers and the developer's management team, including the CEO, CFO and chief estimator. External project managers and contractor's would only profit from the process of carrying out the works, not from the project itself.
- To achieve the maximum sustainability of development projects, knowledgeable and experienced development managers must be engaged and paid a commensurate development management fee. Their managerial skills greatly influence the success of sustainable development projects.

- Definitions of growth management have changed over time with each representing a different epoch and planning philosophy. The early definitions were related to emerging growth policies of the 1970s. Growth management was defined as a more effective means to time, regulate, or even halt an increase in population. During the 1990s, growth management definitions added governance, institutions, and incentives as growth management posed an ideological obligation on governments to establish institutional arrangements for utilizing taxes, expenditures, and regulatory powers to influence the distribution of land-using activities in a community. At the same time, more emphasis was put on collaboration and regional initiatives. Undergrowth management, local governments would aspire to contain a community's development in ways that balance competing land uses and coordinate inter local benefits

Smart Growth

- -Another policy shift took place in the 1990s with the move toward the new and highly celebrated trend of ‘**smart growth**’.
- The term is grounded in participation in planning and an emphasis on the rediscovery of ‘small scale’ development.
- The approach is similar to ‘**growing smart**,’ a registered term of the American Planning Association, and the ‘**livable communities**’ movement.

- - حدث تحول آخر في السياسة في التسعينيات مع التحرك نحو الاتجاه الجديد المشهور للغاية المتمثل في "النمو الذكي". يركز المصطلح على المشاركة في التخطيط والتأكيد على إعادة اكتشاف التنمية "الصغيرة". النهج مشابه لـ "النمو الذكي" ، وهو مصطلح مسجل لجمعية التخطيط الأمريكية ، وحركة "المجتمعات الصالحة للعيش".

- Both sustainable development and smart growth rely on the three principles of **economy, environment, and social equity**.
- Compared to previous growth management approaches, the social equity component is new. Unlike sustainability, however, smart growth does not explicitly consider the requirements of future generations and growth is still the primary concern.

• تعتمد التنمية المستدامة والنمو الذكي على المبادئ الثلاثة للاقتصاد والبيئة والعدالة الاجتماعية.

• بالمقارنة مع مناهج إدارة النمو السابقة ، فإن عنصر العدالة الاجتماعية جديد. ومع ذلك ، على عكس الاستدامة ، لا يأخذ النمو الذكي في الاعتبار بشكل صريح متطلبات الأجيال القادمة ولا يزال النمو هو الشاغل الأساسي.

- Other definitions of smart growth include diversity, density, and design as sub-goals.
- They point to a quality of urban development that reaches beyond a focus on regulating growth, as was done by the earlier growth management approaches with growth 'caps', staging, and urban growth boundaries.

- تشمل التعريفات الأخرى للنمو الذكي التنوع والكثافة والتصميم كأهداف فرعية.
- وهم يشيرون إلى جودة التنمية الحضرية التي تتجاوز التركيز على تنظيم النمو ، كما حدث من خلال مناهج إدارة النمو السابقة ذات "حدود" النمو ، والتخطيط المرحلي ، وحدود النمو الحضري.

Difference Between Growth and Development

- Growth and development both pertain to a positive change or increase. The former is purely quantitative, while the latter is mostly qualitative. يرتبط النمو والتطور بتغيير إيجابي أو زيادة. الأول هو كمي بحت ، في حين أن الأخير نوعي في الغالب.
- In the economy, growth relates to the real output, GDP for instance. Development pertains to improved standards of living, more employment opportunities, better saving capacity, and the like.
- في الاقتصاد ، يرتبط النمو بالنواتج الحقيقي ، الناتج المحلي الإجمالي على سبيل المثال. تتعلق التنمية بتحسين مستويات المعيشة ، وزيادة فرص العمل ، وتحسين القدرة على الادخار ، وما شابه.
- In enterprises, to grow is practically to increase earnings, while to develop is to improve the corporate environment through pro-employee programs, social welfare initiatives, eco-friendly processes etc.
- في المؤسسات ، النمو يعني عملياً زيادة الأرباح ، بينما التطوير هو تحسين بيئة الشركة من خلال البرامج المؤيدة للموظفين ، ومبادرات الرعاية الاجتماعية ، والعمليات الصديقة للبيئة ، إلخ.

- What Is Business Growth?
- Think about business growth as a tree. A tree will start out as a simple seed, then it grows roots, then a trunk grows leaves, then pollinates spreading its seeds. and each year it will grow taller with more leaves than last year. An organisation can grow in various ways; increase its profits, open new locations, adding new staff and looking for new revenue streams.
- فكر في نمو الأعمال كشجرة. تبدأ الشجرة كبذرة بسيطة ، ثم تنمو الجذور ، ثم ينمو الجذع الأوراق ، ثم يقوم بتلقيح بذورها. وكل عام سيزداد طوله مع زيادة عدد الأوراق عن العام الماضي. يمكن للمؤسسة أن تنمو بطرق مختلفة ؛ زيادة أرباحها ، وفتح مواقع جديدة ، وإضافة موظفين جدد والبحث عن مصادر دخل جديدة.

But that doesn't answer how a business can grow. Normally there is a form of catalyst that triggers growths. A significant trigger for Enterprise Made Simple has been our fully funded training in the past and present. Doing this has allowed us to take on more trainers and admin staff to process paperwork and put on more workshops for our learners. These are impacts of growth but growth can't measure development.

- لكن هذا لا يجيب عن كيفية نمو الأعمال التجارية. عادة هناك شكل من أشكال المحفز الذي يؤدي إلى النمو. لقد كان تدريبنا الممول بالكامل في الماضي والحاضر من العوامل المهمة وراء Enterprise Made Simple. لقد سمح لنا القيام بذلك بتلقي المزيد من المدربين والموظفين الإداريين لمعالجة الأوراق ووضع المزيد من ورش العمل للمتعلمين لدينا. هذه آثار للنمو ولكن النمو لا يمكن أن يقيس التنمية.

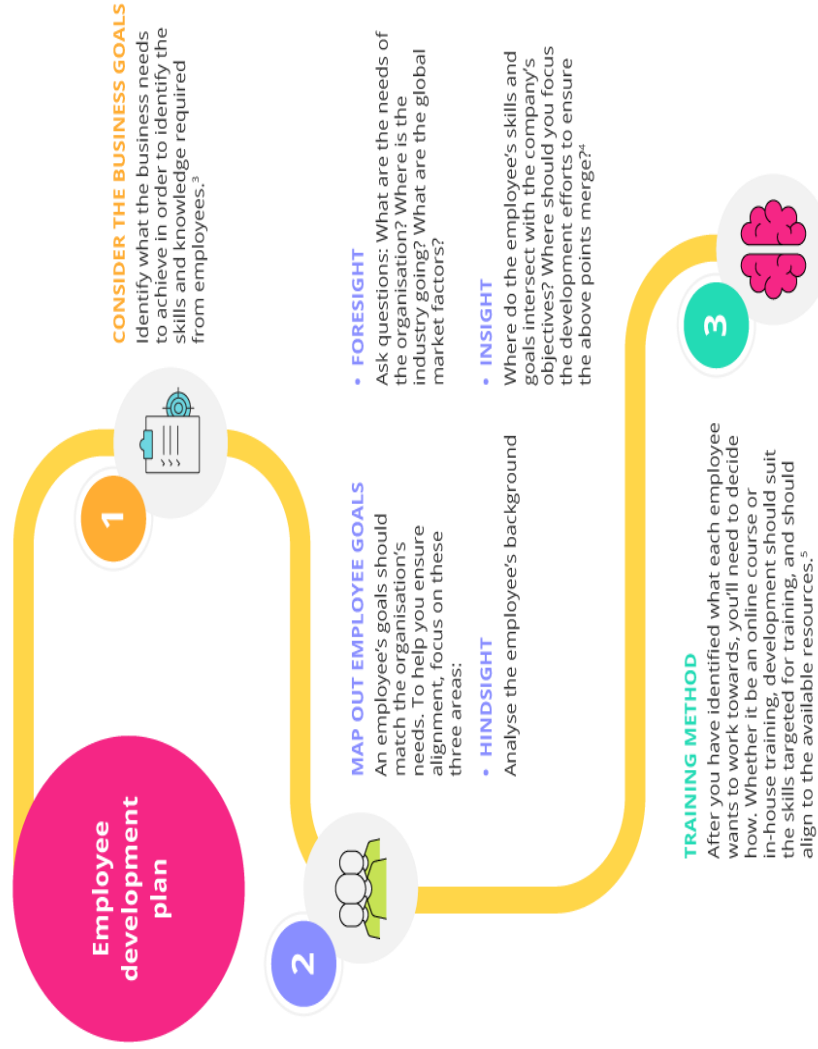
What Is Business Development?

- Business development happens at various stages and should always be happening. يحدث تطوير الأعمال في مراحل مختلفة ويجب أن يحدث دائماً.
- Do you remember that Catalyst I was talking about earlier? Development within the business can cause this triggering a reaction and growth but it isn't dependent on it.
- هل تتذكر ذلك المحفز الذي تحدثت عنه سابقاً؟ يمكن أن يتسبب التطور داخل الشركة في حدوث رد فعل ونمو ولكنه لا يعتمد عليه.
- If a business develops itself it may improve its interactions with its clients, the quality of products or services, it's business process model may become more streamlined.
- إذا طورت شركة ما نفسها ، فقد تحسّن تفاعلها مع عملائها ، أو جودة المنتجات أو الخدمات ، وقد يصبح نموذج عملية الأعمال التجارية أكثر بساطة.
- These developments can have significant impacts on a business.
- يمكن أن يكون لهذه التطورات تأثيرات كبيرة على الأعمال التجارية.

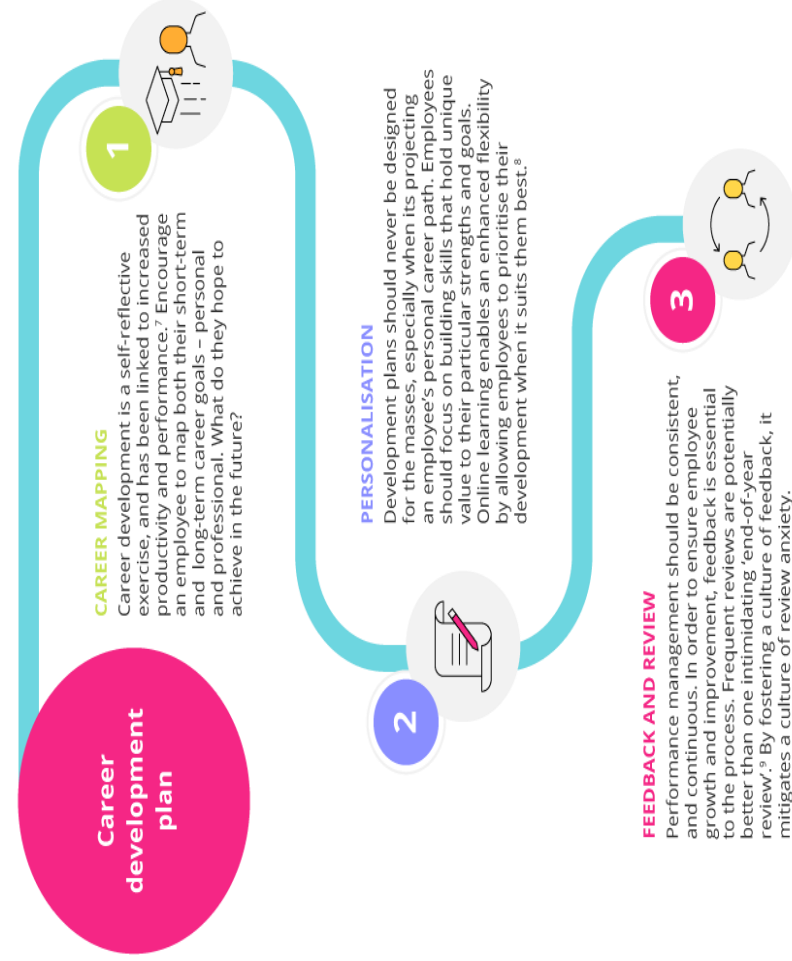
- Even though you want business growth and business development to happen, they are to actions that can affect one another but aren't reliant on each other. Business growth can happen naturally with no need for development. Similarly, Business development can happen with no growth occurring or being needed. But without one another, your business could be left in the past.

• على الرغم من أنك تريد أن يحدث نمو الأعمال وتطوير الأعمال ، إلا أنها تتعلق بالأفعال التي يمكن أن تؤثر على بعضها البعض ولكن لا تعتمد على بعضها البعض. يمكن أن يحدث نمو الأعمال بشكل طبيعي دون الحاجة إلى التطوير. وبالمثل ، يمكن أن يحدث تطوير الأعمال دون حدوث نمو أو الحاجة إليه. ولكن بدون بعضنا البعض ، يمكن أن يترك عمالك في الماضي.

Key steps for creating each plan



Development plans, and skills improvement programmes, are often used within recruitment strategies and a company's emphasis on such can improve overall employee retention and satisfaction.⁶



Understand the difference between an employee development plan and an employee career plan

- Although similar, these two plans have distinctly different methods and purposes. An [employee development plan](#) focuses on the development of an employee's skills, and is often aligned to larger business growth and goals. This plan is more focused on skills gain, identified by the talent developer according to hiring needs or business skills gaps.¹
- A [career development plan](#) is a personalised plan that targets a specific employee's aim of learning and developing new skills, for the purpose of advancing their individual career path.² It's less managed by company talent developers and more aligned to the personal efforts of the employee.

- Although both plans function by establishing set goal objectives, **an employee development plan is more commonly fuelled by company incentives**. As employees improve, so does the company. Training is an effective way of preparing future organisation leaders, by relying on internal talent resources.¹⁰
- **Career development has a much greater emphasis on the individual's personal career objectives**, that may not necessarily be related to an organisations larger goals. Ideally, career development will benefit both employee and business, as the one naturally influences the other. By way of training, employees should become more promotable, more highly skilled, engaged, and loyal to the company that has invested in them.¹¹

future development trends

- Despite the digital revolution and rise of disruptive technology, **the number one priority for talent development is training for soft skills.**¹² Here are some of the top trends for learning and development (L&D):¹³

Top trends for learning and development

1



Talent developers and executives **identified leadership as the most important skill** for employees to learn from L&D programmes.

2



When employees were asked how they learn best, **58%** prefer to learn at their own pace.

3



Online learning solutions are becoming increasingly common in the workplace, with **90% of companies offering digital learning opportunities.**

4



Manager relationships are crucial to creating a learning culture and engagement; **58%** of employees identified they would spend more time learning if their manager suggested a course to enhance their skill set.

- Both an employee development plan and a career plan need to **hold the specific employee accountable** for their own progression and development.¹⁴ Before general career expansion or targeted skill improvement training can occur, managers need to ensure that the employee is prepared and capable of achieving the projected plan. Often the incentive of development is advancement, whether that be a title change, a salary increase, or a step forward within your 10-year plan.

- Whatever the motivation, performance improvement consultant Julie Giulioni says managers need to be realistic when “inviting new responsibilities and activities into someone’s role. They have to figure out how to offload other things to make room for it so it doesn’t become punitive”.¹⁵ Managers should guide and support employee plans by encouraging growth and providing opportunities, but avoid ‘owning’ the plan; an employee’s development depends on their own commitment.