## Hosp. 603 Facilities Design & Development

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# Assessment 2

# Hosp. 603 Facilities Design & Development

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The purpose of this report is to show learning and knowledge gained during the first assessment of the HOSP 603 Facilities Design & Development paper being developed and implemented further. It allows for the assessment of various aspects of the paper including design & décor elements, sustainability, depreciation and legal considerations.

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#### 1.0 Introduction

The purpose of this report is to show learning and knowledge gained during the first assessment of the HOSP 603 Facilities Design & Development paper being developed and implemented further. It allows for the assessment of various aspects of the paper including design & décor elements, sustainability, depreciation and legal considerations.

The project for this assignment is to provide comment on Café Massimo as is, then provide a breakdown of the changes that we would make to the décor, design & flow and use of colour, and rationalise why. Other elements include purchasing considerations and preferred suppliers depreciation and legal issues.

As a change in the style and décor would fundamentally change the café, it was decided that a new name should be given to the establishment. The new name was chosen to be Undergrinds.

#### 1.1 Overview of the space

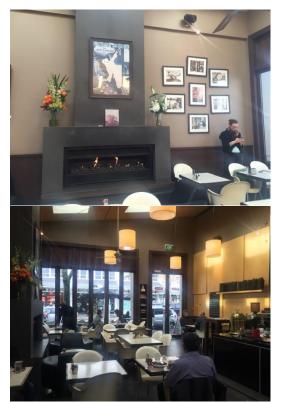
Using the course material supplied, the internal dimensions of the café can be approximated to 23.8 meters long by 6.9m wide, with an additional frontage of 1.8 meters before encroachment onto the footpath. Entry to the building is through the door on the front left of the building as it is approached, or through the bi-fold doors to the right, if they are open or not already blocked by patrons. There is also a second entry/exit point at the rear of the building. Currently the floor is a single, sealed, concrete slab throughout, with differing floor covers in specific areas, mainly behind the service counter where there is a vinyl covering, and in the toilets and under the coffee roaster, where ceramic tiles have been laid.

The service counter, kitchen, store areas are all on the left hand side, with offices and staff rest areas situated in a small upper area that sits over the kitchen/store area. The coffee roaster sits at the rear of the building, on the right hand side.

The front of the building has ample natural light, especially when the bi-fold doors are open. This is augmented with 9 skylights fitted into the roof of the building, six of which are over the front end of the space, with three further back. There is also one large window over the service area. Artificial light is supplied by twelve large downlights with yellow lampshades, and there are extra spotlights fitted mainly to highlight the artwork. The kitchen is fitted with fluorescent lighting. Currently it is not known if the building is fitted with a central heating system or heat pump, but it does have a faux fireplace with an electric fire.

The internal décor is mainly dark colours. The walls are a light chocolate brown colour with the faux fireplace being a shade darker than that. The left hand wall does have some light wood panelling at the entrance with some floating shelves in the same material. Along the right hand side are long bench seats covered in a dark brown PVC material. Other furniture includes plastic injection moulded chairs and

standard "no frills" tables. In front of the fireplace are a couple of big armchairs, with a low coffee table between them. Finally, next to the service counter is a large heavy wooden table with four bar stools.



Styling within the café is very eclectic. The concrete floors and geometric shape of the fireplace are modernist, as are the bi-fold doors at the front of the café. The dark panelling and flower vases give it a Victorian flavour, with picture layouts in an Art Deco style and their content being more Avant Garde.

The light wood panelling and floating shelves are indicative of European styling (Scandinavian).



The Counter seems cluttered, (a la Victorian ornamentation style) with the golden coloured item being both Art Deco shaped and Victorian styled, with the "bird in flight" handle.



Furniture is of the mass produced variety, and has no particular styling characteristic beyond a passing resemblance to modernism.

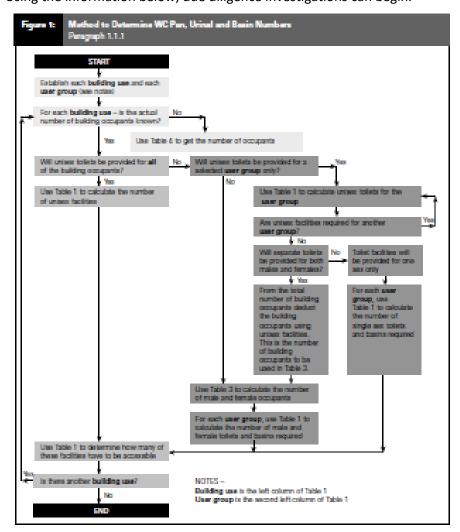
#### 1.2 Outline of utilities

Due diligence can be defined as "...the investigation or exercise of care that a reasonable business or person is expected to take before entering into an agreement or contract with another party..." (Wikipedia, 2018). Thorough due diligence will allow a person to make an informed decision on any given situation. The utilities for the café include the obvious, such as gas, electricity and water, but also the not so obvious, including foul water, sanitation and solid waste.

Below is an example of due diligence on some of the utilities of the café. Looking at the sanitation (Personal Hygiene) regulations we can carry out due diligence on the toilet facilities of the café to ascertain if they are adequate. Building Code G1 details in depth the requirements for the sanitation of any particular space.

Looking at the cafe floor plan we can see the unit currently has two toilets (1 female, 1 male). To carry out due diligence, it needs to be determined if this number is acceptable, or whether it needs to be altered.

Using the information below, due diligence investigations can begin.



(Department of Building and Housing, 2011)

Firstly, we establish the building use – Café.

Next, establish our user groups – Male & Female.

Is the number of occupants known? - No - Use Table 4 and Note 1

Table 4 below shows:

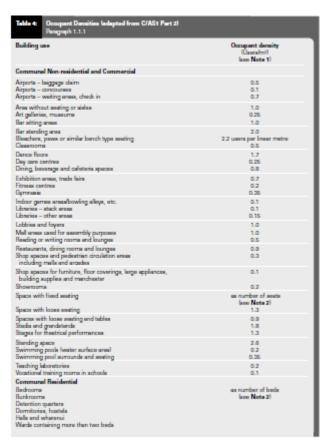
Dining, Beverage and Cafeteria spaces have an occupant density of 0.8 Users/m<sup>2</sup>

Restaurants, Dining Rooms and Lounges have an occupant density of 0.9 Users/m<sup>2</sup>

#### Note:

The floor area to be used shall be the total building use floor area including that occupied by internal partitions and
fixtures. The occupant densities in this table already allow for a proportion of floor area, appropriate to the activity,
being occupied by furniture, partitions, fixtures and associated equipment.

(Department of Building and Housing, 2011)



(Department of Building and Housing, 2011)

As the total building use floor area is known to be approx. 23.8m x 6.9m (164.22 m<sup>2</sup>) and the requirements are for 0.8 or 0.9 people per square meter, we can now work out the amount of people for the flowchart above.

 $164.22 \times 0.8 = 132$  persons (including staff), or on the bigger figure:  $164.22 \times 0.9 = 148$  persons (including staff)

				Commo	rcial (see						
Building use	User group	Separates Combination of WC para and unimbs WC para Unimbs			sex tollet fac WC pa	ilities ins only	Das	Dooins		Unisex tollet facilities	
		Design Occ.	Number	Design Occ	Number	Dealign Occ.	Number	Design Occ.	Number	Design Occ.	Number
taff facilities for: offices, anks, stops, hotels, bars nd any other building use	Formb staff					1-10 11-50 51-90	2 2	1 - 70 71 - 250	2	1-5	1
Refer Note 5						>00	add 1 per 60	>210	add 1 per 200		
	Malestat	1 - 10 11 - 60 61 - 120	2	151 - 550	2	1-10 11-50 51-110	2	1-70 71-250	2	6-30	2
		>120	add 1	>80	add 1 per 450	>110	add 1 per 70	>250	add 1 per 200	>30	add 1 par 40
	Staff with disabilities. Note 6				par - 1.1.	> 300	2	1-300 ×300	2		, , ,
Amusement parks, slepping placs, libraries, temport terminals * Refer Note 5	Fermie patrons					1 - 50 51 - 240 341 - 480 491 - 750	2	1 - 350 361 - 1160	2	1 - 35 36 - 145	1 2
						5780	add 1 per 250	>1160	add 1 per 950		-
	Male patrons	1 - 50 51 - 250 251 - 500 501 - 800	2	1 - IDO 501 - 1700	1	1-76 76-330 331-660	2 2	1 - 280 281 - 960	2	166 - 300	1
		> 900	add 1 per 360	>1700	add 1 per 1400	>850	add1 per350	>950	add1 per700	>320	add 1 per 200
	Patrons with disabilities. Note 6		10 20		Jan 1400	1 - 300 >000	2	1-300 >000	2		per 210
Coffee bars, toe rooms, rediacrants, bars, sight dubs	Permie petrons					1-16 16-90 91-170	2	1-120	2	1-5	1
night dubs *Refer Note 5						>170	add 1 per 100	>380	add 1 per 290	6-40	2
	Male patrons	16 - 80	2	1 - 60 101 - 340 341 - 600	2 2	1 - 15 16 - 65 66 - 135 136 - 300	2	1-70 71-250	2	41 -80	1
		>90	add 1	> 000	add 1 per 200	>200	add 1 per 60	×250	add1 per 200	>90	add 1 per 50
	Patrons with disabilities. Note 6		24 00		Jan 200	1 - 300 >000	2	1 - 300 >000	1 2		, er so

(Department of Building and Housing, 2011)

Using Table 1, it can be determined that for 132 persons, based on a demographic split of 50/50 (66 male/66 female) the café would need a total of 2x pans and 1x basin for the ladies, and 3x pans and 1x basin OR 2x pans, 1x urinal and 1x basin for the gents. If the larger figure was used, there would be no change for the ladies, but an increase of 1x basin in the gents would be required.

If the occupancy rate was determined off the seating plan as shown on the floor plan, then the occupancy would be 75 patrons + 5 staff (estimated), totalling 80. At a 50/50 split the charts show the requirements for 80 people are the same for 131 people.

After carrying out due diligence on the personal hygiene area of the café, it can be noted that any renovation may well require an increase in the toilet facilities and this would add an unexpected cost to the project. To complete due diligence in this area professional advice should be sought to clarify the findings prior to any contract being signed.

For due diligence to be carried out on the Gas or Water systems, then it would be beneficial to call in a plumber & gasfitter to inspect and report back on the condition of the current install. It would also be prudent to contact the council and determine who is responsible for the supply line to the building, and also the age of the underground pipe. Carrying out due diligence may well uncover problems that could be costly to fix and that may not be covered under business insurance schemes.

#### 1.3 Outline of design theme

The new design theme for the café is Modern. The rationale for this decision is driven by elements that are currently already present in the building and can be developed, such as;

The concrete floor – The concrete floor could be restored and polished to become a feature of the café.

The fireplace – The fireplace is a very geometric based shape and certainly not out of place in a Modernist design.

Natural light – There is plenty of natural light at the front end of the café, supplied by the bi-fold doors that span the entire width of the building, nine skylights in the roof and the window on the left hand wall, so well placed mirrors will allow the light to be spread around to the rear of the building.

The glass awning at the front – This feature already suggests Modernist as you approach the building.

Items that would be installed to project the modern theme further would be white subway wall tiles (to also help reflect the light) to just over half way up the wall, lighting with a more modernist feel and an art piece that featured the cafe logo on the wall. Overall, the idea is to give it a flavour of a London underground station, which in themselves, are modernist designs (Abbot, n.d.), hence the play on words for the new name; Undergrinds. Moving the coffee roaster from the back, to the front will allow it to become a prominent feature and allow the ducting of the smell of roasting coffee beans to outside the front of the café, to allow the aroma to help attract the customers.



New café logo is the work of the authors.

#### 1.4 Purchasing

Jagels(2007) states that items purchased for a business (in this case, the café) will fall into one of three categories.

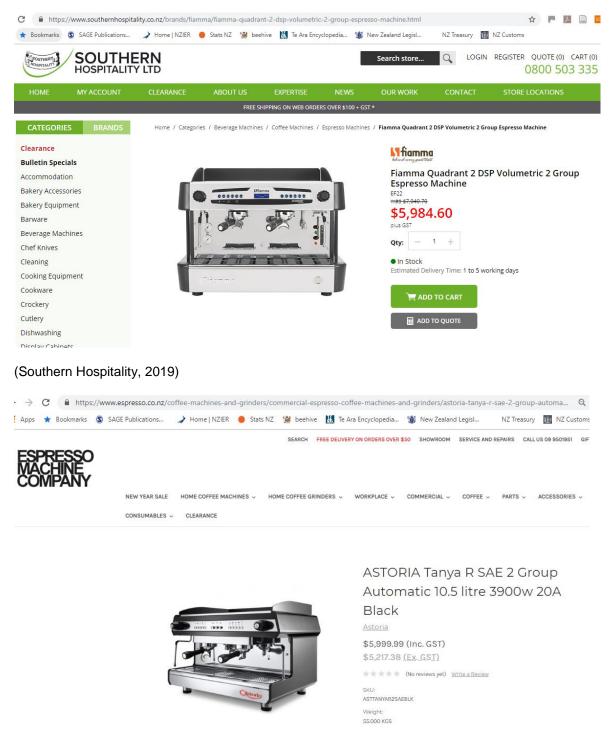
- 1. Fixed assets Those items that are designed to support the business. They have longevity and are of a permanent nature, such as kitchen equipment, tables & chairs or the coffee roaster for example.
- 2. Current assets Items bought by the café for the purpose of re-sale, such as food or beverages.
- 3. Non-current assets such as glassware, tableware, china, linen & uniforms.

Because purchases will therefore create a financial impact on the business, there needs to be a strategy in place with regard to purchasing (Farmer, 1972). When initially selecting a supplier consideration may be given to any or all of the following supplier characteristics; Technical ability, geographic reach, product development (Thorelli, 1986), service expectations in quality, flexibility and customisation (Florida & Kenney, 1991) and operational performance in terms of cost, quality, delivery and flexibility performance (Naira, Jayaramb, & Dasc, 2015), or minimum order quantities (Smith & Smith, 2014). Operational performance can be measured against metrics such as cost and quality of goods, lead times, on-time deliveries, stock turns or the ability to respond quickly to changes (Krause, Pagell, & Curkovic, 2001). According to Halley and Nollet (2002) a preferred supplier is "...the one who is in the best position to respond to the strategic aspirations of the buyer and who is capable of taking the pressure for enhanced supply chain flows." (Halley & Nollet, 2002)

When purchasing goods, due diligence also needs to be applied to ascertain information on questions such as is it/can it be branded? Will it fit with the décor? What is the warranty period? Is it repairable? Is there an obsolescence factor? What else do they supply? What benefits can they offer to the business? All of these questions will guide a decision as to whether a purchase is a good investment or not. Once all of the above factors have been considered, it is likely that there will be a decision on a "preferred supplier".

Examples of purchasing considerations and preferred suppliers can be demonstrated in the following scenarios.

#### Example 1: A new coffee machine.



(Espresso Machine Company, 2019)

By comparing the products, and the websites of our suppliers, some of the fundamental questions (from above) can be answered (see table below).

Table 1: Comparison between Southern Hospitality and Espresso Machine Company.

Consideration	Southern Hospitality	Espresso Machine Company
Technical ability (Warranty & repair)	There is a warranty process.	Can come out and repair/service.
Geographic reach	Covers Auckland (10 stores)	Covers Auckland (1 store)
Delivery	Free over \$100+GST, 1-5 days	Free delivery over \$50, Next working day
Min Order Quantity	No	No
Other benefits	Very large stock range Fits with Modernist theme as it is stainless	Speed of repair, on-site servicing, can repair various makes of machines. Fits with Modernist theme as it also comes in stainless

(Southern Hospitality, 2019) & (Espresso Machine Company, 2019)

In this case, it may be that the preferred supplier will be Southern Hospitality, due to the fact that their stock range probably encompasses almost everything needed to furnish the café. Establishing a preferred supplier relationship with either company would be beneficial as they both have the capacity to fit strategically with our business. In this case the supply of the coffee machine would be from Espresso Machine Company, due to their enhanced ability to repair and service on-site.

#### Example 2: Food suppliers

The companies Bidfood and Gilmours are both wholesale food companies to the F&B trade. To possibly select one as a preferred supplier we can compare their websites and enter the findings into the table below, to see how they may fit strategically with the café.





Table 2. Comparison between Bidfood and Gilmours

Consideration	Bidfood	Gilmours
Technical	Online ordering.	Online ordering.
ability	App ordering.	Social media footprint.
	Menu costings per serve function	
	through MyRecipies page.	
	Product filters include allergen &	
	dietary information.	
	Social media footprint.	
Geographic	Nationwide with 30 locations	North Island with 7 stores.
reach		Has sister company on
		South Island
Delivery	Cost not stated but available.	Cost not Stated but
	Delivery only.	available.
		Store hours 8am-4pm.
Min Order qty	Not stated.	No MOQ, but discounts on
		bulk purchases.
Stock range	10000 stock lines.	12000 stock lines.
Cost sample	Unable to get prices without signing	Prices available from
	up.	website.
Other	Reduced price entry to trade shows.	Airpoints or Flybuys points.
benefits	Prepared (convenience) food	Prepared (convenience)
	available.	food available.
	Has a café catalogue already	Is a New Zealand company.
	produced. Have their own rewards club.	
	AA Smartfuel rewards. (5c/pl per \$500 spend).	
	Industry sponsors.	
	Associated with various	
	organisations, including Hospitality	
	NZ.	
	Extensive environmental policy.	
	(O'lease as 2040)	

(Bidfood, 2019) & (Gilmours, 2019)

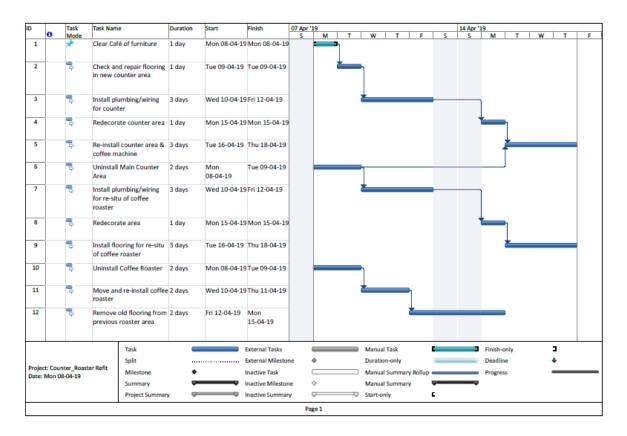
In the case above it is obvious Bidfood offers a lot more technical functionality than Gilmours, but as we have previously stated strategic purchasing is important, so the mere fact that Gilmours is a New Zealand company and Bidfood is not, may well be the deciding factor in a preferred supplier decision. It was certainly a dominant factor in selecting Gilmours to be the preferred supplier for the café.

#### 1.5 Gantt Chart

The project management tool known as a Gantt Chart, is named after one Henry Lawrence Gantt (Wilson, 2003) and originated over 100 years ago (Gantt, 1903). According to Geraldi & Lechter (2012), the current version of a Gantt chart didn't

appear until 1944, where they cite Muther (1944) as the first source of Gantt charts as we know them, being used as project management tools.

Gantt charts are read from left to right, top to bottom, with the x-axis being time, and the y-axis being tasks. Below is a simple Gantt chart for the movement of the coffee roaster in the café, from the back to the front of the café. (This sample chart only shows the physical move. It has been presumed that any required legal or resource consents have been met prior).



When using a Gantt chart as a project management tool, the big advantages are that it allows the user to schedule tasks sequentially, add dependencies (tasks which must be completed prior to the next one starting) and allocate resources to any or each task. Gantt charts are simple to use and relatively easy to understand, although they do have some disadvantages too. Ballesteros-Perez, Larsen, & Gonzalez-Cruz (2018) described 3 major problems. First, the precedent relationship between tasks are harder to appreciate than some other project management tools (ably illustrated above as the coffee roaster cant be reinstalled until the new flooring is laid). Second, A Gantt chart will only show one scenario per chart, and thirdly, because items such as costs and durations are intrinsincally variable, and the task bar on the Gantt chart is fixed, these variations cannot be captured or accounted for as each variable would have different costs/durations (Ballesteros-Perez, Larsen, & Gonzalez-Cruz, 2018).

#### 2.0 Design and Flow

#### 2.1 Basic Flow Characteristics

Within the hospitality business, the flow theory is a crucial component, as a number of tangible and intangible elements have an effect on the flow of the business. The flow concept has two key elements, which are flow of people and flow of product, respectively.

In order to run a business successfully, it is necessary to control the basic flow of people around the business. So long as control is successful, it leads to efficiency and an increase of the satisfaction of customers. Effective controls such as staff allocation and functional sectioning can promote those features, as both customers and staff need to negotiate the "servicescape". One very good example of this is by the furniture company lkea, as illustrated in an example of one of their stores floorplan.

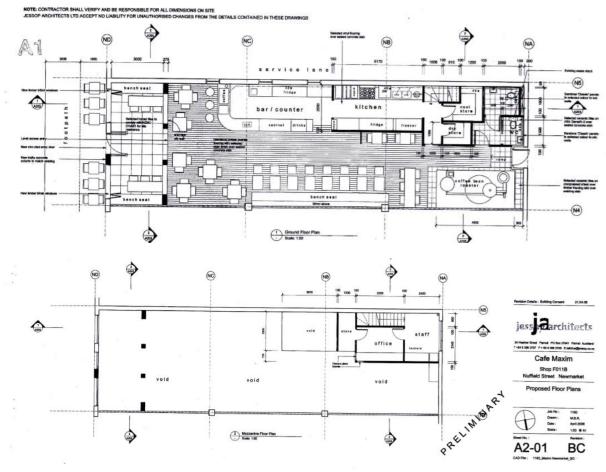


(Roberts, 2016)

The flow of product requires efficiency and primarily impacts of staffs. Every business needs to consider elements that regards to flow of product for its business so that it can bring it to effect on revenue and increase of people (Malekshahi, 2013) (Lin & Mattila, 2010) (Lin, 2004).

For instance, the kitchen should be located close to the bar as it can promote flow of product and staff efficiency. It should be separated from storage but not too far, in order to keep raw materials raw, and avoid cross-contamination between foods.

#### 2.2 Integrates Basic Flow Characteristics



One of positive features noted from original Cafe Massimo floor plan is that staff area and customer area are well comparted. Sectioning is done well and functional.

Counter and kitchen are separated and fridges are next to the kitchen. Storage areas are located next to the kitchen and the aisle is big enough to allocate staff and deal with customers` needs and wants.

However, for better business operation, improvements should be made and a redesign of the front house space is necessary. For functional purposes and to meet the customers` expectations, small changes are inevitable.

Once the redesign of the front of house space is made its function and flexibility will increase. Basically, front of the house is the place where customers and employees interact each other and employees deal with customers` need (Lin & Mattila, 2010).

The new change will bring a positive effect on the overall flow by improving the function and flexibility of front of the house. On top of that, staff allocation and efficiency of product become more enhanced.

#### 2.3 Integrates Design Flexibility

Having a flexible front of house design space is crucial. It is a basic component that can be used to develop a range of target markets and competitive advantages from other business.

For the UNDERGRIND café, these renovation and changes below are required:

New space design can enhance the number of tables, increasing the flow of customers and rotation of the cafe, which, relates to the flow of products.

Move the coffee bean roaster from the back, to the entrance of the café and install ventilation that can help duct the roasting smell outside. This is to help attract people passing by the front of the cafe. Also, because it can now be seen from the street it is now a prominent feature and can increase the interest and number of people who flow into the cafe. In the long run, the revenue of the cafe will go up.

Remove the seats next to the firewall and install leaner tables instead, for the customers who wait for takeaway coffee. More people can then enjoy the warmth near the firewall.

Move the counter nearer to the entrance so that customers can pay easily, pick up coffee and go.

Extend the number of bath rooms. The current number of toilet facilities may be insufficient for customers.

#### 2.4 Balance Customer / Employee Design Perspectives

In the servicescape, both customers and staff have their own role and space. For the customers to enjoy the service being provided they will want to have a comfortable flow. On the other hand, what is good for the guest may not be good for staff. Staff will require a clean and effective working environment. Thus, it is important for the business to make sure they meet expectations from both staff and customers. In order to achieve expectations, designing flow is necessary.

For customers' comfortable flow, staff should not need to crowd one guest while serving others. Staff should have plenty of space to serve customers without encroaching on the customer's space or on each other. Once customers have left, tables should be turned over and ready to go again. This keeps the area tidy and provides an efficient working environment.

#### 3.0 Décor

#### 3.1 Clear Rationale for Décor

The choice of a modernist design café and the décor chosen to style it, is a two pronged attack at attracting customers, mainly that this is a place to stop, and have coffee.

The modernist design style allows for the basic form follows function idea discussed in Report 1 (Humby, 2019) to be used to strip away any unnecessary furnishings and allow the café to be seen as a modern café, with shiny clean lines and an air that it is doing exactly what is expected.

The décor of the white subway tiles is to give the cafe the flavour of an underground station and enhance the idea that it is a place to stop whilst on a journey, and possibly make connections, or act as start or finish point for the day. The logo would be there to help enforce this notion to the customers. Artwork would include scenes









from London, Paris & New York & Hong Kong to further suggest travel and also because all four locations have world class underground transport systems. They would be hung on the walls, at the same height, equally spaced, in the order (front of café to rear) Hong Kong, New York, Paris and London to mimic the distance each is away from the café.

All pictures available from Ikea (Ikea, 2019)

Outside, the café would have new signage and umbrellas. The entrance would have little in the way of seating but would have tables for people to stand at while they are waiting for their takeaway orders. Further in, there would be the furniture expected of a café, in the form of square tables and chairs. Towards the back would be softer seating in the form of booths, each capable of seating six people at an individual booth. These would also be moveable so that large groups can be seated if required. Booth tables would be covered with tablecloths and have salt & pepper shakers and menus, indicating that orders are expected. All other tables will be bare, and would be set by the wait staff, according to the customers' order, and then cleared on their departure.



of Newmarket has less than 1% (2958) of the total population of Auckland (1,415,550). Of these, over 80% are in the 15-64 years age bracket. The majority ethnic group is Asian (47.7%) closely followed by European (46.3%). The workforce in Newmarket stands at 13040, of which more than 50% (7270) work in Professional, Scientific and Technical services or Retail or Financial and Insurance (Statistics New Zealand, 2013). As there is a big retail presence in Newmarket, Shoppers should be expected to be a big part of the clientele.

According to the 2013 census, the suburb

Suburb of Newmarket (Google Maps, 2019).



Although the volume of people living in Newmarket is small, the volume of people living in Remuera is not. Remuera borders the suburb of Newmarket and the café is less than 200m away from a densely packed populace.

Suburb of Remuera, Map view Google Maps (2019)



This picture shows Newmarket (on the left) and some of the housing of Remuera (approximately 1.2km across). Interestingly, the Statistical Area map (shown below) shows different borders to the suburbs map. It is also worth noting that the three orange pins on the left of the picture are competing cafes. The red pin is Undergrinds.

Suburb of Remuera, Satellite view (to show housing) Google Maps (2019).



According to the 2013 census, the suburb of Remuera West has less than 1% (3351, 493 more than Newmarket) of the total population of Auckland. Of these, just less than 70% are in the 15-64 years age bracket. The majority ethnic group is European (70.4%), then Asian (20.4%). The workforce in Remuera West is just 490 and 20% of that figure is in Healthcare & Social Assistance. (Statistics New Zealand, 2013)

Map of the statistical suburbs of Newmarket and Remuera West, as per the 2013 census (Statistics New Zealand, 2013).

With this information, the target markets would need to be aimed at people who shop and/or work in or around Newmarket, and European & Asian residents. The minimal amount of furniture around the counter allows for customers in a hurry to come in and not feel like they are crowding, while they wait for their order. Shoppers can have tables to sit at, while workers can use the booths for meetings whilst having lunch.

#### 4.0 Colour

#### 4.1 Outline of Basic Colour Characteristics

According to Morton (1995) colour can be broken down into three primary colours, Red, Blue and Yellow. Secondary colours are those colours that can be made by mixing the primary colours to get Green, Orange and Purple. Lastly Tertiary colours are a mix of a primary and secondary colour and are expressed as a two word hue e.g. Blue-green. The colours are best represented on a "Colour Wheel" (Morton, 1995).



Primary Colors



Secondary Colors



**Tertiary Colors** 

Colour wheels from Morton (1995)

Morton also goes on to state that colour harmony can be achieved in many ways, but the two easiest are Analogous (where any three colours that are side by side) and Complimentary (where the colours are directly opposite each other on the wheel).

#### 4.2 Link of Colour to Concept

Because Undergrinds is a modernist design, the colour palette can be reasonably simple and based mainly on the primary colours (BBC Homes, 2014). It is envisaged that the right hand wall would be painted red above the tiles, starting as the same colour as the logo and gradually changing in an ombre, to a light red at the far end of the café.

#### 4.3 Integrates Psychology of Colour Use

Because colour can affect the appetite, the colours in use in the restaurant should not be left to chance or whim. As red and yellow are deemed to be appetite stimulants (Breyer, 2015), The New York picture with the yellow taxis, would be over the table seating area and the London picture, with the red bus, would be over the booths. The red painted walls are designed to lighten up the back of the restaurant to match the front, and give the appetite that boost so customers feel like ordering food as well. Menus would also be subtle red and yellow for the same reason. It is envisaged that because blue is an appetite suppressant, the only blue in the café would most likely be part of the new logo.

#### 4.4 Integrates Texture / Colour Dynamic

Being a modernist design means there will be a lot of concrete and chromed steel in the café. The white subway tiles will also be quite hard. To break these hard areas up, the four wall pictures will be in wooden frames of a light colour, which will also contrast nicely with the red wall. Dark brown Kelim rugs around the booths will give an earthy feel to the area and because this is a warm colour, it will add to the appetite stimulant effect. Chairs in the café would be cushioned and the tables would have wooden tops. The booth tablecloths would be linen. Salt and pepper shakers would also be wooden and the cutlery would be selected to not seem flimsy or flex when used on the crockery. Crockery its-self would be stoneware and square in shape. If the budget allows, then the glassware would also be crystal cut glass.

#### 5.0 Legal Considerations

#### 5.1 Outlines Rationale for BP & E Health

When a business owner opens a new business, or makes some changes for renovation, he/she is required to apply for building consent to make sure the safety, health, durability and fitness of the building is not compromised. Failure to do so can result in the business not operating, getting fined or shut down. For successful building process application, the owner should meet the specific building code requirements to get consent from council.

To get consent from Auckland Council, the owner should follow application process below:

- Collect information and data for application
- Prepare required information and document deposit fee.

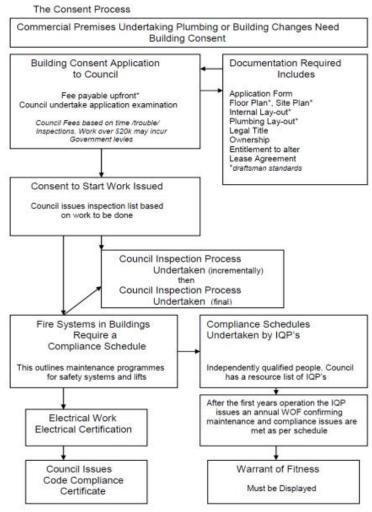
- Apply online or through Council
- Once it has reached its decision, the council will send invoice
- Pay and take receipt
- The building consent will be issued
- Once it is issued, the building work should commence within 12 months.

#### The building consent process

- Applicant lodges building consent application including all required information, documentation and lodgement deposit fee.
- Council issues project information memorandum (PIM), if requested, advising if there are any site-specific hazards, and whether resource consent is needed.
- If development contributions apply, a contributions information sheet is sent to the applicant outlining what charges could apply.
- Council has 20 working days to process the building consent application during which time further information may be requested; if further information is requested the clock is stopped.
- After processing has been completed and a technical decision reached, the clock is stopped.
- 6. The applicant is advised of the outcome along with an invoice for any outstanding fees and charges
- 7. If a development contribution applies, this fee will be invoiced and is payable as follows:
  - a. for residential construction on the 20th of the month following invoice
  - for non-residential construction upon application for a code compliance certificate or certificate for public use.
- 8. Following receipt of payment, the building consent is granted and issued.
- Once the building consent is issued, the building work must commence within 12 months, unless an extension is agreed to between the parties.
- 10. Inspection requirements are listed and attached to the conditions of building consent.
- On conclusion of the building work, the applicant applies for a code compliance certificate (CCC) in the prescribed form.
- Council must decide whether to issue a CCC, within two years of granting of the building consent for the particular building work.

Tip: To avoid delays consider attending a pre-application meeting <a href="http://www.aucklandcouncil.govt.nz/en/ratesbuildingproperty/preapplicationadvice/pages/preapplicationmeetings.aspx">http://www.aucklandcouncil.govt.nz/en/ratesbuildingproperty/preapplicationadvice/pages/preapplicationmeetings.aspx</a> before you lodge your consent application.

The building consent process (Auckland Council, 2019)



Note: Electrical Work is exempt from the Building Act regulations. Electricians self-certify work and Council requires electrical certification BEFORE issuing a Code Compliance Certificate.

There could be potential issues once it is decided that a hospitality business is going to be opened. In this area number of residents and businesses are co-existing. Construction of building or renovation can cause noise, waste, smell and number of uncomfortable issues. These potential components can cause not only negative effect, but also complaints from residents. In order to manage these potential issues well, the business owners have to consider environment health.

When it comes to environmental health, within hospitality businesses which treat food relation, the businesses should follow specific Food Act 2014. The environmental health is a critical issue for customers and business owners as it directly links to illness and health of people. Environmental health can cause potential problems and should be controlled well. Thus, the Food Act is designed to make sure the product the business is providing is of a high standard and fit for human consumption.

For the Food Act, there are three options:

- National Programme
- A custom-made food Control Plan (FCP)
- A template Food Control Plan

#### **5.2 Outline of Building Act**

The buildings in New Zealand are under the structure of, and supported by the Building Act 2004. This act designed to set out the rules for construction, alteration, demolition and maintenance of new and existing buildings all over New Zealand. The BA 2004 ensures greater assurance, design and construction and improvement of buildings to customers (Auckland Council, 2019)

The buildings in New Zealand should be built and renovated following this act, otherwise the council will not approve the building consent.

According to Building Act 2004, the renovation of the **UNDERGRINDS** café should follow its instruction. For the change of the café, it is necessary to comply with three codes that are relevant to the renovation plan of **UNDERGRINDS** café (New Zealand Govt, 2017).

The relevant building codes are below:

#### Code 1: G4 (Ventilation)

To protect people from potential illness or loss of amenity because of lack of fresh air.

To provide and maintain fresh air purity.

To dispose and release contaminated air by avoiding nuisance or hazard to people and other property.

#### Code 2: G10 (Pipe services)

To safeguard people from injury or illness caused by extreme temperatures or *hazardous substances* associated with *building* services.

Pipes should be protected against corrosion.

Piped systems shall have isolation devices which permit the installation or individual items of apparatus to be isolated from the supply system, for maintenance, testing, fault detection and repair.

#### Code 3: G12 (Water supplies)

To avoid water contamination.

Water supply taps must be accessible and usable for people with disabilities.

#### 5.3 District Licensing Authority and the Sale of Liquor Act

What are the DLA and SOL?

In terms of Alcohol Act, there was a big change; District Licensing Committee (DLC)'s previous form was District Licensing Authority (DLA). DLA has big changes by adapting one more step into decision making from DLA, it has become DLC.

The Sale of Liquor Act 1989 (SOL) was replaced by the Sale and Supply of Alcohol Act 2012 (SSA). This act is designed to control safe and responsible sale and supply of alcohol and to minimize harm of overdose and abuse of alcohol consumption.

The UNDERGRIND café should apply for a Liquor licence with this process below:



### What you need to apply for building and planning certificates for an alcohol licence

If you have questions, contact your local building or planning helpdesk on 09 301 0101.

To support your building and planning certificate application, supply two copies of:

- drawings:
  - produced to scale on white A3 paper minimum font size of 10 or if CAD 2.5
  - produced in black ink only (no coloured or freehand drawings)
- documents including:
  - an up-to-date Certificate of Title for property (less than three months old)
  - a copy of the most recent resource consent or any previous alcohol planning certificates for the premises, if relevant
- · site plan showing:
  - the location of the building or tenancy licensed area in relation to the whole site or building on-site
    parking spaces including accessible car parks
  - full floor plan.

# Apply for alcohol licensing building and planning certificates Back to guide start page 1. What you need to apply for building and planning certificates for an alcohol licensing building and planning certificates for an alcohol license

# Apply and pay alcohol licensing building and planning certificate

Application fees for alcohol licensing building and planning certificates

Type of certificate	Fee
Alcohol licensing building and planning certificate	\$935

#### 6.0 Capex/depreciation

#### 6.1 Overview and Rationalisation of Depreciation

According to Jagels (2007), depreciation is "the systematic expensing of the cost of a long-lived physical asset that provides economic benefits in excess of one year". (Jagels, 2007)(p.27)

In other words, depreciation allows a business to downgrade the value of an asset as it is used in accordance with accounting laws. Whilst being accounted for, an asset will have a book value. This is the cost that is shown on the account after depreciation has been applied. At the end of the depreciation period any remaining value is known as the residual value. If an asset is sold or disposed of, the actual value realised on the account will be recorded as either a gain or a loss.

#### 6.2 Depreciation (5 year) / Excel

Although there are a few methods to account for asset depreciation (Jagels, 2007), we are only looking at the Straight Line method. For a five year period, this method works by using the original purchase price to and a given percentage value to depreciate the item, to work out a depreciation value. That value is then used every year, for the next five years. The examples below show items being depreciated at 14.25% over a five year period.

Item		Coffee Machin	ne		Item		Display Cabin	et		Item		Convection Ov	en	
Purchase/St	art Date	01-Apr-19			Purchase/Sta	rt Date	01-Apr-19			Purchase/Sta	art Date	01-Apr-19		
Purchase Cost \$5,217.38		Purchase Cos	Purchase Cost \$7,194.0				Purchase Co:	st	\$9,166.32					
Depreciation	n Type	S/L			Depreciation	Туре	S/L			Depreciation	Туре	S/L		
Year ending	Opening	Depreciation	Depreciation	Closing	Year ending	Opening	Depreciation	Depreciation	Closing	Year ending	Opening	Depreciation	Depreciation	Closing
31 March	Value	Rate	for Year	Value	31 March	Value	Rate	for Year	Value	31 March	Value	Rate	for Year	Value
2020	5217.38	14.25%	743.48	4473.90	2020	7194.01	14.25%	1025.15	6168.86	2020	9166.32	14.25%	1306.20	7860.12
2021	4473.90	14.25%	743.48	3730.43	2021	6168.86	14.25%	1025.15	5143.72	2021	7860.12	14.25%	1306.20	6553.92
2022	3730.43	14.25%	743.48	2986.95	2022	5143.72	14.25%	1025.15	4118.57	2022	6553.92	14.25%	1306.20	5247.72
2023	2986.95	14.25%	743.48	2243.47	2023	4118.57	14.25%	1025.15	3093.42	2023	5247.72	14.25%	1306.20	3941.52
2024	2243.47	14.25%	743.48	1500.00	2024	3093.42	14.25%	1025.15	2068.28	2024	3941.52	14.25%	1306.20	2635.32
Item		Undercounter	Dish Washer		Item		Double Door R	efrigerator						
Purchase/St	art Date	01-Apr-19			Purchase/Sta	rt Date	01-Apr-19	_						
Purchase Co		\$5,690,60			Purchase Cos		\$7.133.19							
Depreciation	n Type	S/L			Depreciation	Туре	S/L							
Year ending			Depreciation	-	Year ending		Depreciation		_					
	Value	Rate	for Year	Value	31 March	Value	Rate	for Year	Value					
2020		14.25%		4879.69	2020		14.25%							
2021		14.25%		4068.78	2021									
2022		14.25%		3257.87	2022									
2023		14.25%		2446.96	2023	4083.75								
2024	2446.96	14.25%		1636.05	2024	3067.27	14.25%	1016.48	2050.79					

#### 6.3 Durability, Rationale / Discussion

Durability in hospitality is very important and requires consideration in all areas of the business. From a FOH perspective, worn servicescapes (worn carpets, faded linen, bent cutlery, scratched glasses etc.) can lead to a negative experience for the customer, especially if it is coupled with a negative service experience (Namasivayam & Mattila, 2007).

If we take a specific look at glassware, it is obvious that glasses usually break when dropped, but they are extremely robust at resisting the commercial environment when handled with care. A more durable replacement would be glasses made from plastic, which is far less likely to break if dropped, but how long can it withstand the rigours of a commercial life, before it looks worn? Plastics can look bad in a short period when exposed to cleaning chemicals and high wash temperatures.

Another example of a worn servicescape is the soft chairs currently in Café Massimo. A field trip to the café revealed that they are worn and in need of replacing.



When purchasing soft furnishings it needs to be the standard of the product needs to be considered to be commercial grade, i.e. that it can stand up to the rigours of constant daily use or the period of its life. For the soft furnishings, they would need to be resistant to tears, spills, and general wear and tear. Commercial grade furnishings such as sofas can be tested by manufacturers on testing machines to give accurate item longevity information, whereas domestic grade sofas may not have this information available.

Sofa testing machine (Haida International, 2017)

#### 6.4 Sustainability, Rationale / Discussion

In terms of sustainability and global warming, both are closely related. Sustainability can be simply defined that whether the future generation is able to achieve a level of utility at least the same to that current generation (Woodward & Bishop, 1995). Low levels of sustainability causes a number of environmental issues such as increase of temperature, which negatively impacts on the planet. It brings about changes in physical, biological and human systems, not only as environmental issues, but also economic issues happen if the level of sustainability is low.

Today, in hospitality business, sustainability is one of the most important and sensitive components. For the last few decades, hospitality businesses have been focusing on the importance of sustainability due to its environmental, economic and social impact (Stottler, 2018). Hospitality industries generate huge amounts of waste with the consumption of consumable and durable goods through operation. Water is a source that is not reusable when used for commercial purposes such as washing, irrigation and cleaning. Also there are some recyclable sources such as appliance batteries and disposal of papers which are available as an alternative to single-use products. Many hospitality industries strive to keep high sustainability levels because it leads to cost savings, economic incentives and enhancement of brand images (Stottler, 2018).

Numerous markets have demand for green services. Sustainable businesses in the long run save money by going green. The recent trend is that many people are seeking eco-friendly places as a preference. In addition, as time goes by, with the increase of importance on environmental issues, regulations and policies are strengthened. However, being green can enforce the regulation and contribute to being sustainable (Hydrofinity, 2019).

In New Zealand, most hospitality organisations have a Qualmark rating at their front office, entry of building or other public area. Qualmark takes an important role in that it evaluates businesses in sustainable perspectives and awards a mark on the businesses. It has a 3 tier rating; Gold, silver and bronze, respectively. It also has 5 grades of stars from 1 to 5. These factors show whether or how the businesses are sustainable in terms of economic, social, environment and health and safety (Qualmark, 2017).

#### 6.5 Replacement and Maintenance

The replacement of items in the restaurant needs to be carefully considered. The main assets used in the running of the business (including FOH furnishings), should be expected to have a life span of at least 10 years to allow the café to fully promote and trade successfully on its' new image. To that end, due diligence needs to be carried out prior to purchase, that the furniture being procured will still be available in years to come, to prevent mismatch in the restaurant. A different strategy may be to purchase several different furniture styles and replace all the items of a style, completely when required.

Maintenance of equipment should also be considered at the point of purchase. We have already looked at the purchasing of a new coffee machine and determined that the repair ability of the supply company was a key technical ability when choosing that company to supply. Any warranty periods, extended warranties and free servicing should also be considered prior to purchase, as these may well extend the life or resale value of assets.

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