**How to Buy a Motel Business :**

**Part 1**

**Conducting Market Research**

**1** **Determine where you'd like to locate your hotel.** Before worrying about exact locations, you'll have to think more broadly and decide what city or town you want your hotel in. At the minimum, you'll have to consider what the tourism industry in a given area is like. Since this is a small hotel or guest house and not a chain, you're probably catering to vacationers and sightseers instead of employees on business trips. Therefore you'll have to choose an area that people would want to visit. Check travel sites or books to find out some good destinations that vacationers frequent, and start searching around there for a good place for your hotel.[[1]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-1)

**2** **Decide if you will buy an existing hotel or build a new one.** This is the first decision you'll have to make when you settle on a town. You could either find a hotel that an owner is looking to sell, or you could build a new one from scratch. There are positives and negatives to each option that you should weigh carefully before making your decision.[[2]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-2)

* + If you buy an existing hotel it will probably be cheaper than building a new one, unless the property needs major renovations. You may also be able to keep some of the staff, which will simplify your employment hunt later on. However, if the hotel you're buying had a bad reputation, your profits may suffer. You'll have to work hard to advertise that the hotel is under new management.
  + If you build a new hotel, it will probably be more expensive. You will be able to build it however you want, though, which means you could design it for a specific niche or market. Also keep in mind that if you build a new hotel, you'll have to work hard to advertise your grand opening to get customers. Also make sure that when building a new hotel you check to make sure the area is zoned for hotels and guest houses.

**3** **Investigate other hotels, guest houses, and B&B's in the area.** You'll have to get a good feel for the competition you'll face and how you can successfully carve out a market for yourself. There are a number of things you should look for when you investigate potential competition. This will give you an idea of how you can make your hotel stand out.[[3]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-3)[[4]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-4)

* + Find out what competitors charge. Look at all the local hotels and find out their nightly rates. Remember that price isn't everything, though- if a hotel is cheap but all the reviews are terrible, you shouldn't try to drop prices to compete with it.
  + Read customer reviews online. This will give you an idea of praises or complaints customers have had. This way you can get an idea of what visitors are looking for in the hotels they stay at, which will allow you to cater to that market.
  + Look at what local hotels offer besides rooms. Do they have restaurants? Swimming pools? Gyms? Breakfast service?
  + Book a stay at some local hotels to really get a feel for what they offer. Staying over a night will allow you to closely investigate competition and get ideas for your own hotel.

**4** **Understand your primary market.** This will help you cater your services to your likely customers. Small hotels and guest houses usually attract vacationers who will stay for just a few nights. If your hotel is located in a rural area or small town, you'll probably see a lot of people from the city trying to get away from the hustle and bustle for a while. If this is the case, you should decorate your hotel with items that reflect simple, small town life.[[5]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-5)

**5** **Determine what extra services you'd like to offer with your hotel.** Customers at these establishments typically look for a great personal touch, so plan on offering services that will make their stay more personable and comfortable. Vacationers at small hotels typically look for relaxation, so you could establish a secluded outdoor area for guests to lounge. Smaller hotels usually don't offer things like gyms or restaurants, but you could include these as well. Just keep in mind that every extra service you decide to offer is an additional financial cost, both to build and maintain. Be sure to budget carefully to avoid losing money on these ventures.

[6][7]

**Part 2**

**Managing Your Hotel Finances**

**1** **Hire an accountant.** Even if you're starting a hotel because it's your life's dream, you have to remember that it is still a financial investment. Unless your hotel is very small or you're a trained accountant yourself, you'll probably need an accountant to help manage your finances. All hotels, even small ones, have many costs that you need to account for, like staffing, utilities, rent, taxes, and equipment, just to name a few. An accountant can help you navigate the complicated world of financing a hotel and help secure your financial future. The U.S. Small Business Administration recommends you take the following actions to find an accountant.[[8]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-8)

* + A personal referral is usually the best way to find a reliable accountant. Ask other local small business owners who their accountants are and if they're satisfied with their work. You could also see if your local Chamber of Commerce hosts networking events for small business owners where you could connect with potential accountants.
  + Schedule an appointment with potential accountants. Most accountants will offer a free introductory meeting for potential clients. When you compile a list of candidates, meet with them and discuss their experience and qualifications to see if they would be a good fit for your hotel.
  + Find out if a candidate has experience working with hotels. Hotels are unique businesses that require particular knowledge. It would be ideal if your candidate has worked with hotels before, preferably an independently owned one. This will ensure that he has experience with particular situations you could face.
  + Decide if the candidate is reliable. In addition to experience, you'll want an accountant you can work with long-term. If he is late for meetings, doesn't return calls, and does sloppy work, he is probably not the best partner for you, even if he has good experience. Remember, you're trying to form a long-term partnership with someone who will help you grow your business.

**2** **Draw up a business plan.** When opening your hotel, you'll probably need to get start up capital from either a bank or private investors. Either option will want to see a business plan to determine if your business is worth investing in. Additionally, a good business plan is beneficial for you to organize your goals for your hotel and get a clear picture of how to make it a success. A hotel business plan should at least include the following.[[9]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-9)

* + A description of the services your hotel will offer. Describe how these will set you apart from other hotels in the area. Will you offer better rates? More personal service? Investors will want to see what makes your hotel unique.
  + Who your potential market is. Explain what demographic you're catering to, and why they will pick your hotel over another.
  + A projection for your future earnings. Investors will want to see that your hotel will be profitable. With your accountant's help, calculate what you expect your annual revenue to be. Also state how long before you expect to start earning a profit, and where your hotel will be in the next several years.
  + A full breakdown of your costs. Between buying or leasing the property, renovating it, and furnishing it, you'll incur a lot of costs starting your hotel. Come up with as exact an estimate as you can for your total expenses when asking for loans. Also be sure to include a good estimate for your day-to-day operating costs. It may take several months for your hotel to start attracting enough customers to cover your expenses, so you'll need cash to stay open during that time.

**3** **Acquire start up capital.** When you've drawn up your business plan, present it to potential investors. With a good business plan, you'll be able to demonstrate that your hotel will be a profitable endeavor, which will convince investors to provide you with the money you'll need. You have two choices for acquiring capital, and will probably end up using a combination of both.

* + Banks. You can get a loan from a bank for a few months to a few years, depending on the type of loan. This can cover your opening costs and your first few months of operating expenses.
  + Private investors. These can be friends, family, or other business owners interested in making an investment. Make sure you define whether these people are just providing a loan that you will pay back with interest, or if they're actually buying into your company. It would be helpful to draw up a contract defining the terms of your agreement and having it notarized to prevent problems in the future.

**4** **Set your prices.** Once you've opened your hotel, your prices will determine your level of profit. Your nightly rates will vary depending on local competition, your operating costs, the season, and a myriad of other factors. The general rule when setting prices is to keep them low enough to attract customers and high enough to earn you a profit. There are a number of things to keep in mind when coming up with prices.[[10]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-10)

* + Know your costs. You should calculate exactly how much it will cost to keep your hotel open every day. Then multiply this to find out how much it will cost to run your hotel on the monthly basis. Your income will have to at least cover your monthly expenses or you won't be able to stay open.
  + Find out what customers are willing to pay. This will take some trial and error. When you're just starting out, your only guideline may be your operating costs. If after a few months you notice that your rooms are constantly booked, you can afford to raise prices. If you're having trouble getting customers, lower your prices. You can also survey customers after they stay and ask if they found the room rate fair.
  + Adjust prices based on the season. In your busy season, you can afford to make prices higher because more people are looking to go on vacation. In slower seasons, make your rates lower to attract off-season customers.

**5** **Cut costs when necessary.** Even with good financial management, your hotel will almost certainly experience slower times. You should analyze your costs regularly and decide which ones are necessary and which ones you can do without. In slow times, cut out unnecessary costs to save money. For instance, if you're having a slow week and only a few rooms are booked, you probably don't need to put someone on the front desk all day. Perform this duty yourself to cut costs and save the money you would've spent paying someone to stand at the desk.[[11]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-11)[[12]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-12)

**Part 3**

**Managing the Hotel Staff**

**1** **Hire all the necessary staff.** The size of your staff will vary depending on the size of your hotel. For a small bed & breakfast, you might be able to run the venue with just a few helpers. Hotels with multiple rooms, even small ones like yours, usually require a team of workers to keep them running smoothly. When looking for staff, you should consider at least the following positions.[[13]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-13)[[14]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-14)

* + Housekeepers. Cleanliness should be your number one priority when running your hotel. A dirty hotel will get a bad reputation quickly and customers won't come. Depending on the size of your hotel, you may need only one housekeeper or a team. A housekeeper can usually cover about 10-15 rooms per day, so keep this in mind when hiring.
  + Desk staff. Even small hotels are usually expected to have someone on the front desk at all times. You could do this yourself during some hours, but you'll need a team to staff the desk 24 hours a day.
  + A maintenance worker. One or two maintenance workers should be sufficient for a small hotel. They need to be general-purpose workers who can perform a wide range of tasks: plumbing, painting, repair work, electrical, etc. That way you can let your maintenance men take care of smaller tasks and if they can't handle something, you can hire a professional to do a comprehensive job.
  + A cook. If you plan on offering food at your hotel, you'll need at least one cook. Smaller hotels might only offer breakfast, so you may only need to have the cook in for a few hours a day.

**2** **Investigate all your applicants.** Interview all your potential employees thoroughly and talk to their references as well. You should also run background checks on them. Remember, your employees will have access to your guests' rooms and personal property. You'll want to make sure that all your employees are trustworthy before giving them this kind of access.[[15]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-15)

**3** **Produce a manual for all employees.** You should put specific systems in place for all your employees to follow. This way, you can guarantee a consistent level of service for your guests. Have all employees read this manual as part of their training. In the manual spell out exactly what you'll expect of each employee.[[16]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-16)

* + Stress that all guests are to be treated cordially. Without good service your customers will not come back, and your business will fail.
  + Also state what kinds of activities are prohibited on the premises, and spell out when termination is a possible outcome.

**4** **Hold regular staff meetings.** Weekly or monthly meetings will help you keep a good relationship with your staff. You should use these meetings to tell your staff if there is anything they can improve upon, and ask for suggestions on how to do so. Also be sure to praise good work so your employees feel like they're part of a team. Listen attentively when suggestions are given- even though you're the owner, your employees have experiences in the hotel that you may not, and they're in a good position to suggest changes.[[17]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-17)

**5** **Make yourself available to your staff.** Tell your staff that they can approach you at any time to talk about any problems or concerns they have, and listen if they do this. You should be on the hotel premises often and play an active role in management. This will make the staff comfortable with you and they will be more willing to open up. If you're never around, you'll seem distant and your staff may not be comfortable speaking candidly with you.[[18]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-18)

**Part 4**

**Marketing Your Hotel**

**1** **Design a website.** If your hotel isn't on the internet, it's basically invisible to your potential customers. You could design your own website, but it may be worth the investment to have a professional work on your site- cheap sites are often easy to spot. At the minimum, your site should have hotel's name, location, contact information, and nightly rates. Small hotels often attract guests looking for a more personal touch, so you can cater to this by adding some particular information to your site. Whatever you put on your site, make sure it is accurate and up to date. An outdated site will make your hotel look inactive or unprofessional, which could hurt your business.[[19]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-19)

* + Pictures of the property. Guests will want to see where they will be staying. Include pictures of rooms, as well as any scenic views that may be nearby.
  + Biographical information about you. Make your website more personal by placing yourself on the website. If staff are willing, you can include them as well. That will provide the kind of personal service that attracts guests to bed & breakfasts and guest houses.
  + A history of the hotel. Some small hotels are located in historic houses. If so, you'll attract a specific market of history enthusiasts, and you could cater to this by providing a full history of the building and surrounding area.
  + Any special sales or deals that your hotel is offering.
  + Lists and descriptions of nearby attractions. If you are nearby any tourist locations, advertise this information. It will make your hotel look like a convenient place to stay for travelers.

**2** **Place ads on travel sites like Expedia, Viator, or Hotels.com.** These sites and others are designed for people to find hotels and travel destinations. By placing ads on these sites, you'll attract guests from around the country, and possibly even from other countries.

**3** **Leave brochures at rest stops on interstates.** Most rest stops have areas with brochures and tourist information. Contact your local Chamber of Commerce to see how you can get your brochures in that pile. Small hotels are sometimes spur-of-the-moment decisions for travelers. By advertising this way, you'll capture this potential market.[[20]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-20)

**4** **Offer deals or specials.** Group discounts, free breakfast, and lower rates for several-day stays are a good way to attract customers on a budget. Make sure you advertise any deals you're offering on your website. Also be sure that you'll still be able to cover all of your operating costs when offering discounts.[[21]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-21)

**5** **Host events.** Events like weddings and business retreats will bring in a lot of guests for you. If you only have a few small rooms, this may not be possible. Even a small hotel, however, can have sufficient space to host these kinds of events. While you probably won't have space for a large business conference, it is becoming more common for businesses to send a few executives or managers on more intimate retreats. A guest house in a small town can be an ideal setting for this kind of event. Advertise on your website and other travel sites that you are open to hosting events and will offer special rates to participants.[[22]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-22)

**6** **Partner with local businesses.** Small hotels often operate near local attractions. Take advantage of this by having these attractions help you advertise. Contact the managers of local parks, historic sites, restaurants, and theaters and see if you can work out some kind of deal. Offer to place brochures for their attraction in your lobby if they recommend your hotel to travelers. That way you can pick up travelers in the area who may not have seen your other advertisements.[[23]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-23)

**7** **Make sure all guests have a great experience.** In addition to other methods of advertising, word of mouth will be crucial. All of your guests could potentially tell friends and family about your hotel, post about it on social media, and review it online. You'll want to do everything you can to make sure this feedback is positive. Even one disgruntled guest can hurt your business if he takes to the internet. If you commit to showing every guest a great time, you'll establish customer loyalty that will give you great advertising.[[24]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-24)

**8** **Cultivate repeat business.** Past guests who enjoyed their stay are a great source for future business. Besides showing them good service during their stay, there are several methods you can use to entice past guests to return.[[25]](https://www.wikihow.com/Run-a-Small-Hotel-or-Guesthouse#_note-25)

* + Set up an email list. With a mailing list, you can let past guests know about deals and specials you're offering. It is better to let guests sign up for this list, rather than just emailing everyone who has stayed. Otherwise, you risk annoying people and could actually drive repeat business away.
  + Reward repeat business by offering special deals to past guests. There are many ways to do this. You could give guests discounts on their second stay, or offer one night free after a set minimum of nights. You could also put a point system in place so guests can accumulate points and get deals this way.
  + Respond to customer feedback. Several travel sites allow hotels to respond to customer reviews. You should take advantage of this and answer both good and bad feedback. This will show guests that you've taken their opinions seriously and they may be more willing to return. It will also show potential guests that you're committed to good customer service.