

# **How to Buy and Manage your own Hotel**

**Fourth edition**

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# Contents

<b>1</b>	<b>Hospitality – what’s it all about?</b>	<b>1</b>
<b>2</b>	<b>Some basic facts</b>	<b>11</b>
<b>3</b>	<b>Franchising and branding: where the challenge lies</b>	<b>30</b>
<b>4</b>	<b>What kind of hotel will suit me best?</b>	<b>33</b>
<b>5</b>	<b>Location, location and location</b>	<b>46</b>
<b>6</b>	<b>Using the business agent</b>	<b>54</b>
<b>7</b>	<b>Is the business sound?</b>	<b>59</b>
<b>8</b>	<b>The importance of occupancy – and interpreting the accounts</b>	<b>79</b>
<b>9</b>	<b>Is the purchase feasible?</b>	<b>96</b>
<b>10</b>	<b>Raising the finance</b>	<b>122</b>
<b>11</b>	<b>Finding a good lawyer and some legal points</b>	<b>134</b>
<b>12</b>	<b>Taking over</b>	<b>139</b>
<b>13</b>	<b>Budgeting</b>	<b>142</b>
<b>14</b>	<b>Sole trader or limited company - and some legal points</b>	<b>151</b>
<b>15</b>	<b>Starting from scratch - some thoughts on conversion</b>	<b>157</b>
<b>16</b>	<b>Building up the business</b>	<b>161</b>
<b>17</b>	<b>Boosting your sales</b>	<b>171</b>
<b>18</b>	<b>Harnessing social media to your business</b>	<b>186</b>
<b>19</b>	<b>What to do about the restaurant?</b>	<b>197</b>
<b>20</b>	<b>You and your staff</b>	<b>210</b>
<b>21</b>	<b>Keeping up the investment</b>	<b>224</b>
<b>22</b>	<b>What of the future?</b>	<b>231</b>
	<b>Index</b>	<b>235</b>

*What is a customer?*

*"A customer is the most important visitor to our premises.*

*He is not dependent on us –*

*We are dependent on him.*

*He is not an interruption to our work –*

*He is the purpose of it.*

*He is not an outsider to our business –*

*He is part of it.*

*We are not doing him a favour by serving him –*

*He is doing us a favour by giving us an opportunity to do so."*

*- Mahatma Gandhi*

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## Introduction

Many people have a dream of owning their own hotel. This is a book about bringing that dream to reality.

Since the first edition appeared in 1979 there have been two further editions – in 1984 and 1996. Many of the general comments made in the previous editions still hold good today but the hospitality industry has changed significantly even since the last edition was published and there have been many new developments which are covered in this edition – the growth of franchising, the development of the budget hotel sector, the introduction of the internet and social media – the new economic power – are just four. They provide new challenges and opportunities for anyone wishing to buy and manage their own hotel.

Yet the principles of buying a hotel are constant. The difficulty of raising finance for all but the most promising purchase only re-emphasises the importance of accurately assessing the worth of a business and its potential earnings; this makes a sound business plan essential. Without a business plan, the dream will remain just that.

The book aims to take the reader step by step from the time of his initial interest in buying a hotel to the day he takes over – and beyond. The later chapters outline some of the most important challenges that a new owner will face.

Incidentally, throughout the book, we have referred to hoteliers in the masculine but this is only for reasons of literary convenience. Few industries offer so many opportunities to women entrepreneurs and there are many examples of hotels and restaurants which they own and operate very successfully. Long may this last.

After reading this book, some readers may be put off by the thought of buying their own hotel. Others may become more enthusiastic. In either case, the book will have achieved its purpose. Hotelkeeping is an arduous profession requiring considerable technical, managerial, marketing and economic expertise as well as total commitment. It is not for the slothful, the faint-hearted, the impatient or the unenthusiastic. If, after reading it, you still want to buy your own hotel – welcome!

But you have been warned.

Miles Quest

Peter Nannestad

June 2015

## Acknowledgements

After over 40 years' experience of the hospitality industry, it is impossible to thank all those who have consciously or unconsciously provided us with the information that has been used in this fourth edition, which has been very largely rewritten and expanded because of the economic and social changes and developments in the industry in the last 20 years.

While we need to thank all those who helped make the previous editions so informative, some specific acknowledgments for this fourth edition are required: Peter Hancock, chief executive of Pride of Britain, for permission to reproduce his article – *Why Become a Hotelier?*; Melvin Gold, hotel industry consultant, for his chapter on franchising and branding (Chapter 3), Adam Lansdown FRICS for his chapter on using the business agent (Chapter 6); and Caroline Murdoch, of Redworks PR, for the chapter on social media and Jeffrey Epstein who made some valuable additions to this chapter – Caroline's top ten PR tips will help guide many a budding hotelier through their press relationships. We must also thank Kumar Muthalagappan, proprietor of the Colwick Hall Hotel, Nottingham for his help and advice in Chapter 7 and for his invaluable Acquisition Check List. Martin Couchman, deputy chief executive, British Hospitality Association, offered much valued advice on legal issues and Barry Fogarty, of Fogarty and Co, advised us on Chapter 12. Bob Cotton, formerly chief executive of the British Hospitality Association, gave timely support.

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Needless to say, while the contributions generously made for this and previous editions have made the book a far more worthwhile project than would otherwise have been possible, any errors or omissions are entirely of our own making.