

This Old Hotel

Your group just bought an old hotel on e-Bay for a really good price. When you show up at the front door of the hotel, though, you realize why (let's just say it needs some work). The good news is that it's in a good location and has some real potential.



- 1** The first thing that you need to do as a group is figure out what improvements (capital projects) you want to make to the hotel. You should be creative with this project ... YOU pick the location, the name, the amenities that you want to have (restaurant, pool, etc). Think about who you want to market the hotel to (families, couples, young people, old people, students, business people, etc.) and what types of activities/services you could offer to them.
- 2** Make sure that your capital projects include at least one of EACH of the types of capital projects – Replacement, Cost-Saving, New Product/Market, Government-Required, Social Benefit. Again, be creative.
- 3** Once you have an idea of what you want the hotel to be like, and have listed out the capital projects you will need to make it into your ideal hotel, you'll need to think about getting the money to pay for all of this. Prepare a PowerPoint presentation for the local bank with all of your plans. Assume that you are requesting a loan to pay for these projects. You should make a reasonable (very rough) estimate of how much you think the renovations will cost.
- 4** Finally, provide the reasons why you feel this will be a successful opportunity for the bank to finance. Include an assessment of the possible risks (see CFIN 6), and why you feel that your plans can succeed despite these risks.

The bank is only willing to finance one of these hotels. You will present these plans in class and we will vote on which plan deserves the financing. Have fun ... this should be a good way to review the material in CFIN 6.

**FINISHED PROJECTS ARE DUE NEXT MONDAY 3/8
GROUPS WILL PRESENT THEIR PROJECTS TO THE CLASS!**