

Executive summary

This is to bring to your attention that Motel 6 is flying higher than before and it is venturing more. This is after a turnaround in our fortunes. You can remember in 1990 when the chain based in Dallas was sinking after its acquisition by Accor S.A. of France from Kohlberg Kravis Roberts & Company, the leveraged buyout firm, for \$2.3 billion. Again in 1993, we lost \$40 million. However, we are standing tall today for a turnaround. In 1996 after the big blow, the company made modest profit of \$75 million before taxes but this year the company expects \$ 100 million. We can affirm that it has not been easy. However we are here for the long term.

Motel 6 is now selling franchises. We are not just selling; we are progressing in buying it. This is the most significant change for Motel 6. It is almost a year since we bought it but in a nice strategy of marketing from our qualified marketing staff. We are now using franchising to expand quickly. At the same time, we are spending \$ 600 million to renovate our 850,000 rooms which are in our 781 motels in existence. We are also considering venturing into the extended stay market which will see us offer cheap-priced rooms with separate areas for cooking, sleeping and even working. We understand our reputation and we know because this move has come as a surprise, some people in the hotel industry are now covering. We have remained steadfast in our services and in our brand for 36 years. So we will maintain.

Motel 6 has strategically purchased smaller hotels in smaller towns and communities to add on profits. The company also gets 4% of all franchise properties with the name and the logo of motel 6. In bettering our services in our hotels, we have purchased 27 properties featuring central heating, air conditioning, bathtubs and showers.

People should not think that Motel 6 does not have money to invest in extended stay property. We are just playing cool as we study the market. Last year, m6 sold 288 properties at \$ 1.1 billion. The company also raised \$325 million in 1996 as part of a consortium with financial companies like Chase bank and Merrill Lynch. This consortium created a holding for purchasing of 65 California hotels which motel 6 leased at \$ 270 million. These saw the growth

of our balance sheet and revenues without addition of the real estates. Motel also sold 100 properties that it deemed

unsafe and used the money in beefing up security.

On our strategies, we still aim at attracting new guests, retaining the loyalty of our 33 million customers. We should maintain keeping their motels clean and comfortable at affordable prices. Our customers trust us to continue providing them with the best.

Lastly, we cannot forget our dedicated staff for excellent work all these years. Motel 6 emphasizes more on cleanliness,

condition of the properties, attention to complaints and employees attitude towards guests.

However, for all these years, all this work and with that enormous expansion, it is still a single brand; motel 6.

God bless motel 6 fraternity.

Mission statement

Motel 6 exists to provide feasible solutions for our customers, Staff, Shareholders and Society by becoming their motel of choice through the ages.

Works cited:

McDowell, E. New York Times: Not Just Leaving the Light On; Motel 6 Is Still a Cheap Sleep, but With New Strategies. Published October 28, 1998