



Small Business  
Competitiveness

## GUESTHOUSE AND SMALL HOTEL MANAGEMENT GOOD PRACTICE GUIDE

*ILO - ASEAN Small Business Competitiveness*

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# Introductions

# Introduction

## About C-BED

Community-Based Enterprise Development (C-BED) is a low cost, innovative training programme designed by the International Labour Organization (ILO) to support skills development and empowerment in local communities for improvements in livelihoods, productivity and working conditions.

As an approach to training, C-BED is unique in that the programme is built around peer-to-peer, activity based learning methods with no role for teachers, experts, or external consultants specialised in the skill area. Instead, C-BED participants work together through a series of activities and discussions guided only by simple step-by-step instructions in the training manual. New knowledge, skills and competencies are developed through the interactions between participants and sharing of existing local knowledge and experience. In this way the programme is a low cost, sustainable option for any organization or community.

The C-BED programme is structured around two core training packages designed to develop competencies for business start-up and operation through a focus on marketing, financial management, and action planning. These are the C-BED for Aspiring Entrepreneurs and C-BED for Small Business Operators. Additionally, a growing suite of tools to strengthen business competencies and enhance skills for specific sectors is in continual development. These packages can be implemented as either stand-alone trainings or integrated in modular format into existing programmes.

## Guesthouses

Guesthouses are a type of lodging and accommodation for tourists, both local and international in their various destinations. Good guesthouse management ensures the provision of clean, safe and comfortable accommodation that satisfies the needs of their guests. Good guesthouses and lodging are an important part of a tourist destination.

## The Guesthouse Management Package

### **The Training:**

The guesthouse management packages should be used to help aspiring and current guesthouse managers and owners improve the management of their guesthouses. It focuses on key management principles to build on from what participants already know from managing their guesthouses and helps them to learn more. It can also build on from the learning in other C-BED tools namely SBO or AE. Participants bring

experience to share and leave with a priority action plan (at least 3 actions to introduce improvements to their business). At the end of the training participants will have:

- Enhanced and advanced existing knowledge on guesthouse management
- Strengthened critical competences to analyse aspects of guesthouse management
- Affirmed the potential of enterprise development
- Identified steps and actions to improve their guesthouses
- Decided on actions for the future
- Where applicable, started planning effective collaborations and associations

### **The Good Practice Guide (GPG):**

This GPG is designed to help all guesthouse managers improve their businesses. Those who take part in the training day will be introduced to and become familiar with the GPG on the day. However, those who have not attended the training can also use the GPG. The GPG contains a number of practical tools, tips and exercises to help guesthouse managers and owners.

## **How to Use The Good Practice Guide**



Good practice tools



Exercise



Case studies



Definitions



Tips



Extra information for you to take note of



# Good Management and Systems

# 1. Good Management and Systems

**OBJECTIVES:**

Gives an overview of good management and systems in a guesthouse  
Includes a number of tools and checklists

**TRAINING GUIDE:**

This section was covered in session 2

What would happen in your guesthouse if you took time off work? Putting in place good management systems can help your guesthouse run smoothly and see what practices work best. Involving your staff in creating and using systems will encourage them to buy into the method and help them work more effectively. This section provides a template for you to brainstorm on systems in each area of your guesthouse. The rest of the good practice guide goes into further detail on systems for the functional areas of your guesthouse.

## 1.1. Systems

A management system is a step-by-step set of processes and procedures for your business. It is used to help you run day-to-day activities smoothly and meet your business goals. Benefits of using systems include:

- Using your resources more efficiently;
- Happier guests as you consistently have the same standards and quality;
- Staff understand clearly what they are expected to do;
- Staff need less supervision and improves their skills.

## 1.2. How-to Guide

Use the management systems checklist to keep track of what systems you have, what systems you need and areas for improvement.



### To fill in the checklist:

- List systems in each area of your guesthouse.
- Identify systems you either have, don't have or which need improvement.
- Identify who will work on the system and make sure they understand their role.
- Rank the systems you identified by importance.
- Set actions with deadlines to create or improve your systems.

**Table 1.2: Systems checklist**

	System	Yes/No/Needs improvement	Who is responsible	Action (date)
Guesthouse area				
Health and safety				
Housekeeping and maintenance				
Accounting and finance				
Problem solving				
Improving service				
Staff relations				
Other areas (reservations, front office, food and beverage)				

## 1.3. Maintaining Appearances

Maintaining and improving the appearance of your guesthouse creates a good first impression for your guests and contributes to their enjoyment during their stay. This section provides information on systems you can use to keep up the appearance of the exterior and interior of your guesthouse

### What systems?

- Maintenance systems to keep your guesthouse in a good state of repair
- Housekeeping systems to ensure all areas outside and inside are cleaned regularly

### Standard consistency systems

To give your guests a good first impression of your guesthouse, it is important that the outside and entrance are consistently well maintained. The guest rooms and common areas also need to be of a good standard so your guests feel comfortable and at home.

You can keep up a consistent level of quality, style and cleanliness by creating systems for your different maintenance and housekeeping activities. Involving staff in the development and use of your systems will encourage them to follow your plan and improve your standards.



### TIPS

Keep a maintenance request logbook that includes:

- Details of the maintenance request
- Date the request was made
- Date maintenance was completed

### Improvement systems

- To help your guesthouse grow and attract new customers, it is important to continually improve your quality and service standards
- Look at the quality and services offered by your competitors and listen your guests' feedback to target areas for improvement
- Maintain a list of possible improvements you could make them and when you would like to make them



## STANDARD CONSISTENCY AND IMPROVEMENT

- Owner or staff walk around the guesthouse once a week and check if anything needs to be repaired or could be improved
- Owner or staff check guest rooms when guests check-out to see if anything is broken or damaged
- Decide what needs immediate action, consideration, or no action
- Make a list of items to check regularly (use the following and your findings as a starting point)

**Table 1.3.1: Maintenance and housekeeping checklist**

Front garden: plants tidy and watered  
Front stairs clean and swept  
Light bulbs entrance and hallway all work  
Check napkins and tablecloths clean

✓

**Table 1.3.2: Improvement ideas checklist**

Add safe deposit boxes in rooms  
Add hair dryers to rooms  
Mirrors in bathrooms  
Lay bathrobes on beds  
Provide soap in rooms

Date

**Marketing**

## 2. Marketing

### OBJECTIVES:

- Give an overview of how to set prices
- Includes a number of survey tools and checklists

### TRAINING GUIDE:

This section was covered in session 3

Charging the right price will allow you to attract guests, and your guesthouse to make a profit. Therefore, pricing is an essential part of marketing. To set your prices you need to know your costs and know how much guests are willing to pay. Budgeting goes hand-in-hand with this process and will be covered in the next section.

This section provides some good practice tools on how to set room prices.



### ESTABLISHING PRICE

**Table 2.1: How to set your price**

#### Tool 1

#### 1. Know your room costs

Type of cost	Example	Action
<b>Direct</b>	Cleaning, maintenance, supplies, labour	Calculate total direct cost each month
<b>Overhead/ fixed</b>	Rent, utilities, sales and marketing, insurance, debt repayment	Calculate total overhead cost each month
		Allocate a % of overhead costs to rooms in proportion to the size of your room income compared to food and beverages and other services
<b>Total</b>	Direct plus overhead costs	Work out total costs per month/day (divide costs by number of months/day)
		Work out total costs for each room (divide total costs per month/day by number of rooms)

#### 2. Know how much guests will pay

<b>Ask your guests</b>	Ask guests what they are willing to pay
	Quote a price to potential guests, if they are price resistant find an acceptable price
<b>Check the competition</b>	Call competitors to find out about their room rates
	Check competitors advertisements and online postings

**3. Make your prices attractive: Use a price management strategy to attract more guests**

<b>Offer the same price in all your sales channels</b>	Give special offers e.g. buy two nights get a third free
<b>Offer lower prices in off-season</b>	Offer package rates e.g. bed and breakfast
<b>Offer group discounts</b>	Offer add-ons e.g. upgrades, discounts on bike rentals



**MARKET SURVEY**

**Table 2.2: Market survey results**

**Tool 2**

	Price		
	Single room	Twin room	Extra bed
Similar accommodation <1km from your business			
Similar accommodation <5km from your business			
Similar accommodation close to rail/bus/airports			
Smaller accommodation <5km from your business			
Average price from customer survey			