

ELITE BUSINESS PLAN

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Course/Module Title

Date of Submission

EXECUTIVE SUMMARY

Elite Bed and Breakfast will be a beautiful facility located in Shell Cove area Australia. Elite Bed and Breakfast will offer seven furnished rooms with each room having its own different theme. In addition to the room service, Elite Bed and Breakfast will also provide complimentary breakfast at no added costs to all guests each morning. Elite Bed and Breakfast target market strategy is to position the facility as the ultimate destination point for couples within the Shell Cove area. In addition, the facility will also be advertised to the newly wedded couple who will be seeking honeymoon venues with break taking views of the ocean. Moreover, there will be van services available to guests who might want to visit attraction sites within a 30 mile radius.

The business will be part owned by James and Irene Bar who are a couple and have raised the required money after selling two rental apartments that they owned in Sydney about two years ago. The couple will adopt hands on approach and will be responsible for the day to day running of the business. The other staff will be made up of a cook and a maid. The cook will work on an average of 20 hours a week and will be responsible for breakfast preparation where as the maid will be responsible for ensuring that the rooms are in good conditions at all times. In addition, at times when James and Irene are not around, the maid will be responsible for managing the operations of the facility.

Elite Bed and Breakfast aims at offering peaceful settings for the guests to be able to enjoy the breathtaking views of the sea from the rooms. The success of the business will be depended on how well the establishment manages to offer high class facility with each guest feeling that he/she is the firm's top priority. The main objective of the business plan is to be able to generate a 90% rate of customers who are satisfied, generate revenue of \$ 30,500 every month and ensure that an 85% occupancy rate is achieved every month.

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1 BACKGROUND INFORMATION

Elite Bed and Breakfast will be an attractive facility that will be located on a prime location that overlooks the ocean in Shell Cove. Elite Bed and Breakfast is a new start up venture that will provide seven magnificently furnished rooms to customers who are looking for something more from bed and breakfast facilities in Shell Cove area. Each room will be uniquely furnished with various antiques as well as been equipped with a hot water tub that will overlook the ocean. Every morning, Elite Bed and Breakfast will provide a full breakfast to the guest. Elite Bed and Breakfast target market will be mainly made of honeymoon seekers as well as other couples residing within the Shell Cove area.

1.1 Ownership of Elite Bed and Breakfast

Elite Bed and Breakfast will be owned and operated by James and Irene Bar. The couple (James and Irene) has converted an old restaurant to accommodate 14 visitors at any given time in the seven rooms. The bed and breakfasts will be a start up venture for the couple who will each have equal ownership of the business. The couple bought the property about two years ago and have been saving towards the project.

1.2 Start up Summary

Since the property has already been acquired, the total start up costs will add up to \$ 45,000 which will be contributed by the couple. The couple has already raised \$ 20,000 and is thus seeking \$ 25,000 from any potential investors. The renovations and conversions costs of the property added up to \$ 18,000. The property was bought by the couple two years ago with the sole aim of starting a bed and breakfast venture after they sold two rental apartments that they had in Sydney.

The following are the start up requirements

Figure 1: Start up requirements

Legal expenses	\$ 1,000
Stationeries	\$ 1,000
Insurance Cover	\$ 1,500
Renovations	\$ 18,000
Cash Required	\$ 7,000
Other Current Assets	\$ 10,000
Long Term Assets	\$ 350,000
TOTAL	\$ 385,000

Figure 2: Funding for the start up

Start up expenses to fund	\$ 25,000
Start up assets to fund	\$ 350,000
TOTAL FUNDING REQUIRED	\$375,000
ASSETS	
Non cash Assets from Start up	\$ 360,000
Cash required after startup	\$ 7,000
Any other available cash	0
Available cash in starting Date	\$ 7,000
TOTAL ASSETS	\$ 374,000

Figure 3: Capital required

James and Irene Bar	\$ 25,000
Additional Investment Required	\$ 20,000
Total Planned Investment	\$ 45,000

1.3 Services

Elite Bed and Breakfast will offer four star services on the breathtaking Shell Cove coast. Elite Bed and Breakfast will be a fully pledged bed and breakfast that will offer free complimentary breakfast every morning to the guests. In cases where guests are interested, Elite Bed and Breakfast will in addition to the lodging services provide van trips.

1.4 Objectives

The objective of this business plan is:-

- i. Achieve 85% occupancy rate throughout the year.
- ii. Generate an average of \$ 30,500 every month adding up to \$ 365,000 annually.
- iii. Ensure that 90% of all customers are satisfied customers.

2 MARKETING PLAN AND EVALUATION

Elite Bed and Breakfast target market strategy will be based on position of the lodging as the ultimate place where the residents of the greater Shell Cove region looking for an ideal place to relax can visit and enjoy the peaceful environment offered. The main target market that Elite Bed and Breakfast aims at attracting is made up of couples who are looking for honeymoon venues and vocation destinations. The beautiful advertising that will be elected on the highway is expected to bring majority of the drop in business. Elite Bed and Breakfast aims at experiencing 10% increase in the number of customers served on yearly basis.

2.1 Situational Analysis

Situational analysis as expounded by Kotler & Keller (2011) involves evaluating the external and internal forces that can have effects on the operations of the organization. Elite bed and breakfast will offer its customers high level of services that will be unrivalled in the market.

2.1.1 Market Demographics

The customers served by Elite Bed and Breakfast will be both male and females who are professionally employed and like to go for short vocations outside their hometowns. The couples are expected to be earning more than \$ 60,000 every year together.

2.1.2 Market trends

Information obtained from Yahoo (2012) shows that there is an increase in the number of Australians taking short vocations. The Australians taking short vocations are the ones that Elite Bed and Breakfast intends to serve since the increasing number of short holiday makers implies that there is an increased demand for hospitality services.

2.2 Market Segmentation

Market segmentation as discussed by Kotler & Keller (2009) is a process through which the Kotler & Keller (2009) argues that the segmentation process normally entails two major phases with the first phase entailing selection of segment variables where as the second phase involves profiling the segments.

Elite Bed and Breakfast aims at serving the residents of Shell Cove area as well as numerous tourists that visit Shell Cove for the beautiful beaches and breathtaking coastline. The target customers are both male and female who are either married or single with each couple estimated to be earning an average of \$ 60,000 per annum.

2.3 Target market segment strategy

Elite Bed and Breakfast target market strategy will be based on positioning Elite Bed and Breakfast as the ultimate destination for people who are aiming at getting away for a couple of days to the beautiful Shell Cove. Positioning as discussed by Baines et al (2011) is not what a company does to a product or service offering, but how the company presents the product or service offering in the mind of a prospective customer. The bed and breakfast marketing strategy will be based on ultimate service offering on quality facilities, beautiful location, and customer service. As already highlighted, the target market will be divided into three main segments that will be made up of people going for vocations, honeymoon and drop-ins. Information obtained from Trip Advisor (2012) shows Shell Cove is mainly frequented by people who are holiday makers or looking for honeymoon venues. Honey mooners will like the facility since it is beautiful and located within breathtaking site where as the drop-ins will prefer Elite Bed and

Breakfast services since it provides rooms where the guests can rest at night. The vacationers on the other hand will prefer Elite Bed and Breakfast since the facility is located in Shell Cove area that is unique and beautiful to vacationers who wish to get away from their normal environment without necessarily having to travel too far.

3 SWOT ANALYSIS

SWOT analysis as described by Bensoussan & Fleisher (2008) is carried out when a business wants to examine the internal and external environment in which it operates in.

The figure below presents a SWOT analysis Elite Bed and Breakfast.

Figure 4: Elite Bed and Breakfast SWOT analysis

STRENGTHS	WEAKENESS
<ul style="list-style-type: none"> • Elite Bed and Breakfast is located in a great location as Shell Cove area offers great beaches as well as breathtaking views. • The property to be used as bed and breakfast will have fantastic facilities. • The management team is made up of the owners who are passionate about their work. 	<ul style="list-style-type: none"> • The name Elite Bed and Breakfast has brand equity • The limited number of rooms (only seven) implies that there is a limit to the number of sales that can be made at any given time. • The fact that costs have to be kept as low as possible might imply quality will be compromised.
Opportunities	Threats
<ul style="list-style-type: none"> • There seems to be an increase in the number of people engaging in short holidays • Successful operation in a couple of years could result to expansion to other towns 	<ul style="list-style-type: none"> • Stiff competition from existing bed and breakfast as well as newly established bed and breakfasts. • Low economic growth will at the end result to low sales as Australians spending power will be minimized.

4 SERVICE BUSINESS ANALYSIS

Elite Bed and Breakfast is a seven room facility that will offer over bed and breakfast services in a high setting on the breathtaking Shell Cove Coast. Currently, there are other various bed and breakfasts, inns and motels in the Shell Cove Coast. Majority of people who use these kinds of services usually tend to make their bookings in advance so that they are sure that they have rooms allocated to them. The main competitors' to Elite Bed and Breakfast will thus be two already established bed and breakfasts in the region, The Bay inn and Ripshore Inn.

4.1 Competition and buying patterns

As explained by Salerno (2004), in this kind of industry, customers do not only look for somewhere where they can sleep but for a facility that can offer some kind of home touch to them. According to Salerno (2004), customers tend to be interested in facilities that are unique and provide personalized services to them. Since majority of the competitors provides something different to their customers, high customer service as well as high standard facilities is paramount in order for success to be guaranteed in this sector. In addition, the breathtaking scenes are also important with competitors offering ocean view been at an advantage even though the limited number of rooms on offer by competitors with ocean view means that the other competitors also have enough number of guests.

Elite Bed and Breakfast will not compete on pricing since the price of a room charged will actually be on a high end. As a matter of fact, Elite Bed and Breakfast customers will be paying for more than the guest room since they will receive high quality services that cannot be matched by any of the competitors. The table contained in the next page gives an overview of the two main competitors to Elite Bed and Breakfast as well as the various strategies adopted by the competitors.

	Monteclare B & B	Premier Inn
Reputation / Image	Highly reputable as a value for money	Reputed as a budget option for customers who are conscious about the money they spend.
Pricing Policy	\$ 214 per night	\$ 125 per night
Product / Service Range	Bed and Breakfast services	Bed and Breakfast Services
Product / Service Quality	Very high quality, 6 Star rating	Low quality
Customer Loyalty	Very high customer loyalty as majority of customer keep coming back and are happy to recommend the facility to their friends	Very popular among budget travelers
Brand Recognition	High recognizable	Well known
Length of Time Established	Has been established for more than 5 years ago	In operation for the last three years
Premises / Location	Shell Cove area	Shell Cove area
Positioning	Positioned as the ultimate Bed and Breakfast in the region	Positioned as the best value for money Bed and Breakfast in the region
Sales Tactics	Emphasizes of the high quality services offered	Emphasis on the value for money offered

Figure 4: Competitor characteristics

Source: Information adopted from Trip Advisor.

5 STRATEGY AND IMPLIMENTATION

The main sales and marketing strategy for Elite Bed and Breakfast will be to provide bed and breakfast facility that will be attractive to the target market, to offer unrivalled customer services to the customers and to concentrate the marketing efforts in the Shell Cove area. In addition, Elite Bed and Breakfast will offer van services to any guests interested to visit local attraction sites.

5.1 Competitive Edge

Elite Bed and Breakfast will differentiate itself in three fronts namely the location, the type of rooms offered and the level of customer service provided. The breathtaking view of the facility will be a big plus since some of Elite Bed and Breakfast competitors do not have similar views. Each guest room will be uniquely decorated with antiques that are attractive. Elite Bed and Breakfast will take customer service very important where guests will be offered the highest customer service available in the market.

5.2 Marketing Strategy

Elite Bed and Breakfast marketing strategy will be based on positioning the Elite Bed and Breakfast as the ultimate destination for vacationers and honeymooners who are seeking for breathtaking views at high quality lodgings. With the main target been located in the Shell Cove area, Elite Bed and Breakfast will use various different advertising strategies to advertise the service offering of the facility. Among others, Elite Bed and Breakfast will use the Yellow Pages to advertise the firm's service offering where as a user friendly web site that will show case the beautiful Elite Bed and Breakfast facilities will also be developed. In addition, Elite Bed and Breakfast will elect an eye catching a noticeable sign that will inform potential drop in customers about the existence of Elite Bed and Breakfast in the Shell Cove area. Elite Bed and Breakfast is convinced that once customers have visited the facility for the first time, they will recommend Elite Bed and Breakfast to their friends which in return will help to eventually build up to full capacity.

5.3 Sales Strategy

Elite Bed and Breakfast will be located in a prime location in the Shell Cove region that boasts a beautiful ocean view implying that potential customers will prefer Elite Bed and Breakfast over other competitors. As earlier noted, every room will be uniquely decorated with antiques and high quality furniture that will make customers feel as if they are in their homes even though they will actually be miles away from their homes. Some of the service offering that will make the Elite Bed and Breakfast appeal to the customers will include the hot tub on the deck that will be overlooking the sea, high quality breakfast that will be served every morning free of charge to all customers where the guests will be able to choose from a variety of menu. In addition, Elite Bed and Breakfast will offer van services to any guests who might want to visit the local neighborhood and other sceneries. All services offered will be aimed at making the customers feel pampered and at home.

5.3.1 Sales projections

The sales projections contained in the table below are from two main revenue streams namely the drop-ins and the reservations. The projections for the first one year are based on the assumption that there will be a 10% increase in the direct sales. Elite Bed and Breakfast will offer seven rooms to the guests at a cost of \$ 200.00 every night. As days goes by, the rate of occupancy in the facility is expected to increase as word spreads about Elite Bed and Breakfast superb service offering. Even though the Australian economy is currently at a very low economic growth rate, the projections are still attainable.

Figure 5: Year 1 Sales Projections

Sales	
Reservations	\$ 300,000
Drop In customers	\$ 60,000
SALES TOTAL	\$360,000
Direct cost of sales	
Reservations	\$ 80,000
Drop in Customers	\$ 15,000
Total Direct Costs of Sales	\$ 95,000

5.4 Milestones

The table below illustrates the main activities that will have to be followed in order for Elite Bed and Breakfast to be successful.

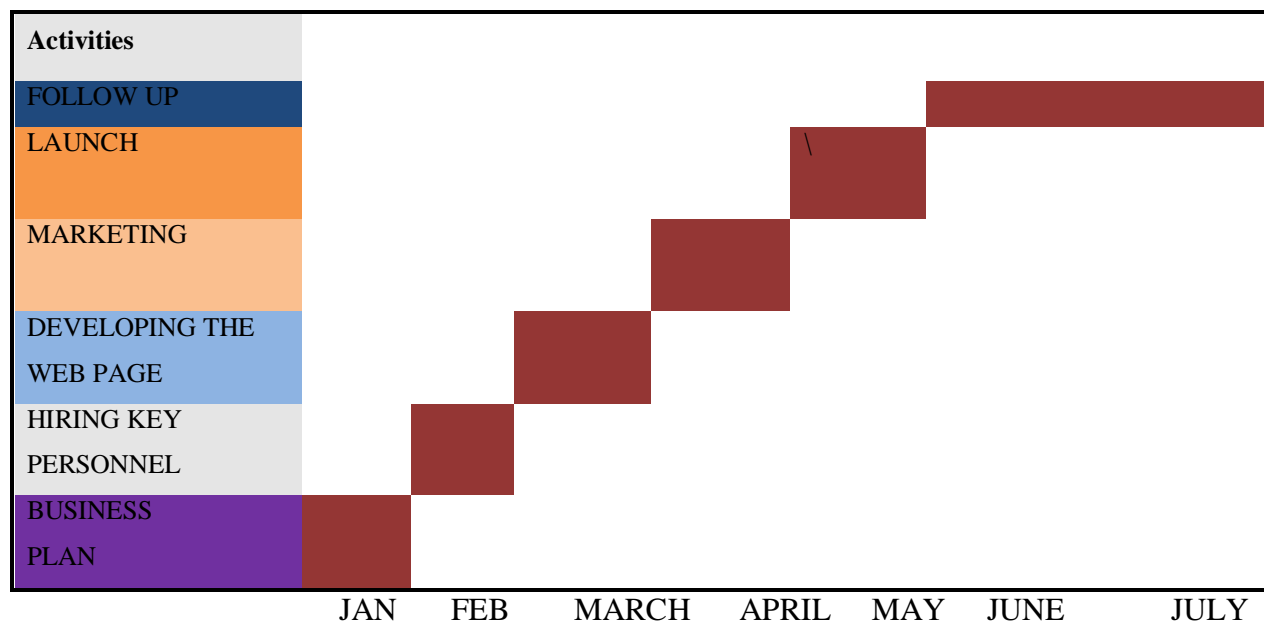


Figure 6: Milestones

Activity	Start Date	End Date	Budget	Person In Charge
Business Plan	1.1.2013	30.1.2013	\$ 350	James & Irene
Hiring Key Personnel	1.2.2013	26.2.2013	\$ 500	Irene
Web Page Development	15.02.2013	30.03.2013	\$ 1200	James
Marketing	23.03.2013	30.04.2013	\$ 3500	James
Launch	01.05.2013	01.05.2013	\$ 500	James & Irene
Follow up	01.05.2013		0	James & Irene

6 SUMMARY OF THE WEBSITE STRATEGY

Elite Bed and Breakfast website will put more emphasis on the services that will be offered. Photos of all the seven rooms will be on the website as well as the surrounding breathtaking view that can be seen from the rooms. In addition, the website will also have the breakfast menu as well as photos of the various foods in the dining room. Link to Google Maps will be given so that customers can be able to get directions to the inn from the Google Maps. Various attractions

located within a radius of 40 miles will also be included with customers been able to make reservations online.

6.1 Website marketing strategy

The Elite Bed and Breakfast website will be targeted on professional couples seeking a vocational 'hide away' that is close and offers high quality services. The Shell Cove area will be the main area of focus where the website will be promoted by applying use of detailed photos of Elite Bed and Breakfast as well as the surrounding areas, having the price list and menu of the website and having Google Maps integrated to the website so that customers can be able to get directions to the Elite Bed and Breakfast.

6.2 Development Requirements

As already highlighted, James will be in charge of website development as he has previously worked as a website developer for a web design company. The site will take an approximate of one and half months to complete even though new information will constantly be updated on the webpage. Since James holds a Degree in Information Systems and has extensive knowledge on webpage development, he will be solely responsible for every aspect of the webpage including the design of the logo, website design and general maintenance of the webpage. The webpage will be hosted by Go daddy (2012) hosting services.

7 MANAGEMENT

James and Irene Bar will be the sole owners of Elite Bed and Breakfast inn. In addition to the two (James and Irene) a small team made up of a cook and a maid will also work at the facility. The majority of the other tasks will be mainly done by James and Irene. James will be in charge for the up keep of the outside of the facility and the chauffeuring duties when need arises from any guests who might want to visit the neighboring attraction sites. Irene on the other hand will be responsible for the day to day operations of the facility as well as managing the reservations. Both James and Irene as already highlighted will be responsible for marketing the business using the various marketing strategies outlined earlier on. As the operations manager, Irene will work

in coordination with the cook to make sure that all the required items to make breakfast for the guests are available at all times.

7.1 Personnel Plan

James and Irene sold two rental apartments that they owned with the aim of investing in hospitality sector particularly the bed and breakfast sector. The personnel stall is made up of James and Irene as well as the staff. The cook who is yet to be hired will mainly work for twenty hours a week though will be requested to work overtime when need arises. The other staff who is the maid and can also be referred to as the house keeper will work full time and will be responsible for making sure that all the rooms are in good conditions at all times. In addition, the maid will also help in reservations as well as overall operations of the facility at times when Irene and James are not around. James and Irene will within their own quarters located inside the compound of the facility. Irene and James will each draw a salary of \$ 3000 every month where as the maid will be paid \$ 1800 each month and the cook \$ 900 each month.

8 FINANCIAL PLAN

Elite Bed and Breakfast expects business to grow fast until when an 85% occupancy rate is achieved. Expenses will be well managed so that Elite Bed and Breakfast would still be able to make profits even at times when occupancy rate falls to about 45%.

8.1 Important Assumptions

The success of the business is based on the assumption that the Australian economy will keep improving meaning that customer spending power will increase as time goes by thus making customers afford to take vacations. In addition, success of Elite Bed and Breakfast will also be dependent on the ability of the management to keep operating costs to the minimal so that that they business can still be able to make money even at times when the occupancy level are still low.

8.2 Break Even Analysis

Elite Bed and Breakfast fixed costs will be \$ 18,000 per month at the time of starting meaning that break even point can be achieved within the first few months of operation.

8.3 Projected Profit and Loss

Figure 7: Pro Forma Profit and Loss

Sales	\$ 360,000
Direct costs of sales	\$ 95,000
Other Costs of Sales	\$ 60,000
Total Costs of Sales	\$155,000
Gross Margin	\$ 205,000
Other Expenses	\$ 85,000
Net Profit	\$ 120,000
Net Profit/Sales %	33.33%

9 CONTINGENCIES AND RISK

The three main risks that Elite Bed and Breakfast might experience are lack of customers during the first few months, low numbers of customers and worsening economy. If such situations were to be experienced, Elite Bed and Breakfast will adopt a different strategy that will aim at positioning the facility as a budget bed and breakfast provider. If such a strategy is implemented, the rooms' capacity will be increased to 21 beds as less will be charged for the services. Worst case scenario will be determining that the venture cannot sustain itself on an ongoing basis.

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