Hospitality Business Plan

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# Executive Summary

One of the key things for the hospitality management business is to make sure that they have an insight about their target market and what is the prospective business solution that they are going to be offering to their customers at the particular point of time. The clearer they are about their objective, the greater is the likelihood that the particulars of the plan are going to turn out well. On the other hand, if there is lack of clarity regarding what is the niche or market segment they are serving and what are soing to be the range of services, the ambiguity that is going to exist would eventually mean that the business is not going to be able to make the most of the resources at their disposal.

Hospitality Business Plan

# Introduction

The idea behind this paper is to make sure that some sort of perspective is developed when it comes to making sure that how the particulars of the business are supposed to work out and how the long ranging business facilities are supposed to be turning out. The Ski Lodge is going to be the resort that is going to provide common area outdoor range of activities to the people. As the location is near a resort, there are large number of people who tend to visit the location and the idea is to ensure that the food, accommodation and other recreational activities are being provided to people. The idea is to look at the range of operational, marketing and financial strategy that is going to be adopted by the business (Nath & Raheja, 2018).

# General Strategy for the Business

The idea at the moment is to ensure that the smaller number of units are being prepared but the objective setting is done in the manner that the complete solution is being provided to the customer at the particular point of time (Russell et al, 2018). Thus, there are going to be bedroom units that are going to be offered to the customers at the given point of time. These units are going to be equipped with all the facilities such as kitchens, laundry and stone fireplace (Russell et al, 2018). Not only that, the location intends to offer common area outdoor to the people as well as making sure that the onsite service and facilitation is being provided to people at the particular point of time. Some of the range of services that the business intends to provide are as followed.

* Food Store
* Ski Rental and clothing shop
* Front desk services

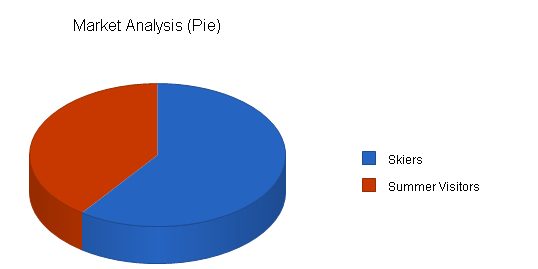
The reason that the idea of the resort has resonated well among the local populace is due to the fact that the economic upturn has allowed people to make sure that they allocate their expenses appropriately and have enough time for leisure activities. The other major reason that the idea of the business is going to be a good prospect is due to the fact that how the market share of the incumbent has increased with the passage of time and thus making sure that how the proper arrangements are going to be taken care off at the given point of time. So, all these elements are needed to be kept in mind when the broader operational strategy and the viability prospect of the business are going to be turning out (Victorino et al, 2018). Now some insight is developed about how the particulars of the business are supposed to worked out and the basic rationale is developed. In the next section, the analysis of the marketing strategy is going to be carried out. A review of competitors' marketing strategies reveals no one targeting this market segment. Hotel and lounge is a referral-driven business—new business can be obtained by encouraging and rewarding present guests to refer future guests. Networking within business and civic groups is important; even if the business results are not immediately felt, it is an excellent public relations opportunity.

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# Marketing Strategy

One of the first thing that the business needs to do is that it should be making sure that how the allocation of the customer base and grouping of the customer are going to be done. Predominantly there are going to be two consumer groups that are going to be witnessed here.

* Skiers: The intent is to make sure that the skiers are the ones that are being targeted. The close proximity to the airport and the easy logistical access make sure that this population segment is going to be served well at the particular moment of time.
* Summer Visitors: These are the visitors that are going to be visiting the resorts during the course of the summer. The beautiful wilderness that surrounds the location and the major hiking trails that are witnessed in the place are such that they give great opportunity to nature enthusiasts to take advantage of the place.



The other thing that is quite important is to make sure that the determination of the Unique Selling Point is being created. It is going to allow to make sure that all the stakeholders that are involved at the decision making in the organization are working in the manner that it make sure that the ski lodging facilities are going to be taken care off at the particular point of time as far as the allocation of the resources is supposed to be done. The location of the resort is going to be a big selling point due to the fact that how close it is the airport and thus making the access quite easy as far as the broader decision making is supposed to be carried out. It is important for the business to make sure that they are able to create a touch point that is going to allow them to interact with the customers. The vivid social media account has to be to be the starting touch point but one major thing that has to be taken care off on that social media is that effort must be made to ensure that this social media account should be linked and leading to the website. The creation of the website is going to be an important determinant in terms of how the marketing strategy is supposed to be done. The lodging and the service options are needed to be available easily at the website so that the customer is able to make sure that they have the range of options when it comes to how the decision making is needed to be done at the particular point of time regarding how they are going to be staying there. Not only that, the other important dimension that is needed to be added here is to make sure that the promotional piece is needed to be added to make sure that the people are able to relate and are coming to the location for the creation of the experience at the given place. The same thing has to be done in terms of how the placement of the advertisement is needed to be done at magazines and other areas where it is going to go a long way towards making sure the successful buss about the event is going to be created. The nature of the business is such that the above the line marketing mediums are not going to be used due to the fact that the travellers and tourists are not using it extensively for their experiences and it would not really add value for all the stakeholders in terms of how the broader decision making is supposed to be done at the given point of time. A direct marketing (direct mail) package consisting of a tri-fold brochure, letter of introduction, and reply card will be sent to a list of potential guests. This list can be obtained from International Business Lists, Inc. (Chicago, IL) and is compiled from tax records (by upper-income geographical areas, Secretary of State incorporation registrations, business license applications, and announcements from newspaper clippings). The brochure and letter introduces Seven Elms Resort, stresses the importance of having a good time in comfortable surroundings, provides information on our resort services, and describes what sets us apart from other area hotel and lounge properties. The initial mailing may contain a promotional offer: the opportunity to receive a 10% discount on the first night's room rate.

# Operational Strategy

One major determinant of the operational strategy is that how the personnel management is going to be done at the place. To make sure that the location has all the arrangements in terms of the human resource, it is quite important to make sure that the plan has to be there in terms of how the personnel management is going to be carried out. Following is going to be the personnel plan that is going to be adopted during the course of the first two years of the business.

|  |  |  |  |
| --- | --- | --- | --- |
| **PERSONNEL PLAN** | | | |
|  | **YEAR 1** | **YEAR 2** | **YEAR 3** |
| Manager | $34,200 | $37,050 | $39,900 |
| Assistant Manager | $39,900 | $42,750 | $45,600 |
| Lodge Staff | $104,500 | $114,000 | $119,700 |
| Food Store Staff | $37,050 | $40,850 | $43,700 |
| Ski Rental/Clothing Store Staff | $33,250 | $37,050 | $39,900 |
| Maintenance Staff | $45,600 | $49,400 | $52,250 |
| Cleaning Staff | $68,400 | $72,200 | $75,050 |
| **TOTAL PEOPLE** | **9** | **22** | **22** |
| Total Payroll | $362,900 | $393,300 | $416,100 |

It has to be noted that this personal plan is bound to change. The nature of the business is such that the adaptation is always needed to be there. The other important aspect is that how the resource allocation is going to be done. The idea for the business is that they should take advantage of the peak seasons but during the season when the activities are on the lower side, then effort is needed to be made to make sure that the air of consolidation. To make sure that it happens, al the heavy equipment and the machineries that are going to be used during the course of the different activities of the resort should be such that they must be outsourced so that there is not much of a financial burden and obligation for the business. The real time environment has to be created when it comes to the way provision of the services are needed to be carried out and one important element of the whole thing is to make sure that the distribution centres are needed to be managed in the manner that the services must be made available to all the stakeholders at the particular point of time in terms of how the potential guests are going to be treated at the given point of time (Lee-Ross & Lashley, 2014). The front office staff is going to be managed that would brief the visitors about some of the risks that are going to be faced during the course of the different activities that are carried out during the course of the business. Effort is also needed to be made to make sure that the real time helpline and security staff has to be there as well so that it can be made sure that the facilitation is going to be created for the people in terms of how their range of activities are needed to be managed at the particular point of time (Kozak & Rimmington, 2018). Not only that, the major component of the hospitality business is to make sure that people are provided with the all the necessary help and a system is needed to be developed for them to access. The usage of the technology is quite important in this regard and an android application can be created to make sure that the users are facilitated with login credentials shared with the users when they have made their reservation. The cross functional team is going to be developed that is going to oversee the whole set of activities that are going to be planned at the particular point of time so that the sense of insight is there among the users in terms of how the major decisions are needed to be taken by the users at the given point of time (Hassanien et al, 2017). The fluid approach has to be adopted when it comes to the overall operations of the organization so that the management of the resources is being done in an appropriate manner as far as the way broader decision-making rationale is adopted by all the stakeholders at the given point of time. Now some sense of insight is developed about the operational plan, the final piece of the jigsaw is that how the financial planning for the business is going to be done for the given point of time (Getz & Carlsen, 2018). Unlike products that are produced, then distributed, and sold, hotel and lounge services are produced and consumed simultaneously in a real-time environment. Thus, distribution issues center on making the services available in a convenient manner to the greatest number of potential guests. Seven Elms Resort will maintain a front office staff member throughout the night so guests are able to get answers to any question or service when they need it. This flexibility is especially attractive to the business traveler.

# Financial Planning

One of the key determinant of how the financial planning is being done at the level of the entity is to make sure that how the respective allocation of the resources is done and how the scale wise increase in the size and the scope of the business is compensated by the financial planning (Edelheim & Ueda, 2017). The first thing that is going to be looked at the cash flow statement of the business.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Current Year |  | Last Year |  |
|  |  | $ |  | $ |
| **Cash Flows from Operating Activities** |  |  |  |  |
| Guest Receipts |  | 514,057 |  | 542,116 |
| Other Receipts |  | 0 |  | 0 |
| Payroll Disbursements |  | 204,018 |  | 256,252 |
| Interest Paid |  | 83,057 |  | 96,499 |
| Income Tax Paid |  | 0 |  | 0 |
| Other Operating Activities |  | 170,602 |  | 173,091 |
| **Net Cash Provided By (Used In) Operating Activities** |  | **56,380** |  | **16,274** |
|  |  |  |  |  |
| **Cash Flows from Investing Activities** |  |  |  |  |
| Capital Expenditures |  | 0 |  | 0 |
| Other Investing Activities |  | 0 |  | 0 |
| **Net Cash Provided By (Used In) Investing Activities** |  | **0** |  | **0** |
|  |  |  |  |  |
| **Cash Flows from Financing Activities** |  |  |  |  |
| Proceeds from Debt or Equity Financing |  | 0 |  | 0 |
| Debt Repayments |  | 34,216 |  | 34,216 |
| Dividends Paid |  | 0 |  | 0 |
| Other Financing Activities |  | 0 |  | 0 |
| **Net Cash Provided By (Used In) Financing Activities** |  | **-34,216** |  | **-34,216** |
|  |  |  |  |  |
| **INCREASE (DECREASE) IN CASH** |  | 22,164 |  | -17,942 |
| **Cash Balance, Beginning of Period** |  | -4,441,399 |  | -5,152,358 |
|  |  |  |  |  |
| **Cash Balance, End of Period** |  | **-4,419,235** |  | **-5,170,300** |
|  |  |  |  |  |
| **Loan at Start of Period** |  | 2,960,016 |  | 3,404,824 |
| **Proceeds from Outside Borrowing** |  | 0 |  | 0 |
| **Debt Service (Principal)** |  | 34,216 |  | 34,216 |
|  |  |  |  |  |
| **Loan at End of Period** |  | **2,925,800** |  | **3,370,608** |

It has to be noted that when it comes to the cash management, effort has to be made that the credit management policy has to be created (Andersson et al, 2016). All the vendors from which the business is working must be made aware that how the cash disbursement is going to be made after 45 days of the transaction and at the same time, they have to share their invoices so that the degree of control is there as far as the cash expenses are there for the business. One interesting thing that can be seen from the cash flow statement is that how the cash flow from the guest receipts and this indication is important as it goes to show that how the operational capacity for the location has increased during the course of the last two years (DeFranco & Lattin, 2017).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Current Year |  | Last Year |  |
|  |  | $ |  | $ |
| **Revenue** |  |  |  |  |
| Rooms |  | 358,051 |  | 368,472 |
| Food & Beverage |  | 130,775 |  | 152,874 |
| Other Operated Departments |  | 40,882 |  | 42,903 |
| Other Revenue |  | 0 |  | 0 |
| **Total Revenue** |  | 529,708 |  | 564,249 |
|  |  |  |  |  |
| **Expenditure** |  |  |  |  |
| Rooms |  | 105,021 |  | 120,672 |
| Food & Beverage |  | 96,296 |  | 112,925 |
| Other Operated Departments |  | 28,268 |  | 36,094 |
| Administrative & General |  | 78,607 |  | 98,761 |
| Sales & Marketing |  | 11,322 |  | 14,153 |
| Property Operation & Maintenance |  | 41,754 |  | 44,612 |
| Utilities |  | 11,709 |  | 12,506 |
| Property Taxes & Insurance |  | 16,268 |  | 16,024 |
| Bank Charges |  | 1,405 |  | 1,554 |
| Interest Expense |  | 83,057 |  | 96,499 |
| Depreciation |  | 81,444 |  | 87,367 |
| **Total Expenses** |  | 555,151 |  | 641,167 |
|  |  |  |  |  |
| **Income before Income Taxes** |  | -25,443 |  | -76,918 |

One thing that is quite important in terms of how the management of the business is supposed to be done is to have a fair idea about how the projects are going to be turning out. One has to be realistic when it comes to the nature and scope of such businesses that it takes time for the revenue prospects to be of such scale that they are contributing towards the bottom line in a positive manner (DeFranco & Lattin, 2017). One good thing that is happening here is that how the interest expense is declining along with the depreciation expense (Cline & Warner, 2018). The strategy going forward has to be to make sure that the right dynamic is developed in terms of the financial management of the business.

|  |  |  |  |
| --- | --- | --- | --- |
| Current Year |  | Last Year |  |
|  | $ |  | $ |
| **Current Assets** |  |  |  |
| Cash at Bank | -4,419,235 |  | -5,170,300 |
| Accounts Receivable | 227,386 |  | 236,754 |
| Inventories | 540 |  | 828 |
|  |  |  |  |
| **Total Current Assets** | **-4,191,309** |  | **-4,932,718** |
|  |  |  |  |
| **Property & Equipment** |  |  |  |
| Net Property & Equipment | 13,880,463 |  | 14,889,957 |
|  |  |  |  |
| **TOTAL ASSETS** | **9,689,154** |  | **9,957,239** |
|  |  |  |  |
|  |  |  |  |
| **Current Liabilities** |  |  |  |
| Accounts Payable | 392,457 |  | 411,135 |
| Carbon offset receipts | 0 |  | 0 |
| Income Tax Payable | 0 |  | 0 |
| Dividend Owed | 0 |  | 0 |
| Current Maturity of Long-term Debt | 444,858 |  | 444,851 |
|  |  |  |  |
| **Total Current Liabilities** | **837,315** |  | **855,986** |
|  |  |  |  |
| **Long-term Liabilities** |  |  |  |
| Long Term Debt | 2,480,942 |  | 2,925,757 |
|  |  |  |  |
| **Owners' Equity** |  |  |  |
| Share Capital | 8,750,000 |  | 8,750,000 |
| Retained Earnings | -2,379,103 |  | -2,574,504 |
|  |  |  |  |
| **Owners' Equity** | **6,370,897** |  | **6,175,496** |
|  |  |  |  |
| **TOTAL LIABILITIES & OWNERS' EQUITY** | **9,689,154** |  | **9,957,239** |

The same reflection is witnessed from the balance sheet, as discussed in the operational plan, effort is needed to be made to make sure that the leasing options are needed to be explored rather than creating an asset base (Becton & Graetz, 2017).

# Conclusion

In the hindsight, it can be said that the allocation of the resource is going to be one of the biggest challenges during the course of the whole activities that are carried out by the business at the given point of time (Becton & Graetz, 2017). As is the case with any hospitality business, it is imperative to make sure that how the operational and financial strategy should be such that should allow business a leeway in terms of how most can be made with the lower revenue prospects that are shared by the business during the course of its first couple of years so that they are clear regarding what they want (Becton & Graetz, 2017).

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