

Example of business plan on modern hotel and restaurant

[Business](#), [Marketing](#)



- Executive Summary

Modern Hotel and Restaurant will be set up as a limited company in Calgary City Canada due to the City's huge population that can sustain business operations. The business, will provide accommodation service as well as food and beverages within the restaurant and outside the restaurant through a mobile van that will deliver foods and drinks to the customers who cannot reach the restaurant. The businesses target markets comprise of the Calgary City visitors for accommodation while the restaurant foods and beverages focuses on the youthful segment aged between 25 and 35 years and an old segment aged 55 years and above both of which have significant income. Calgary's market trends are also identified hence explaining the suitability of the target market and the products and service features that the business will deliver in order to ensure that the customers get value. Further, the marketing plan uses ATAR model to estimate the market share as well as sales providing a basis for income statement as well as balance sheet and Cash flow statements forecasts. Finally, the business establishment is scheduled to begin in June 2013 to December after which the business will be ready for a launch in January 2014 with a total capital budget of \$ 710, 000, 000.

- Business

- Description

- Type

The business will be a Hotel cum restaurant providing accommodation, restaurant services and outside catering for food and beverages.

- Nature

The business will be run like a limited liability company registered in Alberta Canada.

- Ownership and financing

Modern Hotel and Restaurant will be owned by partners who will contribute the startup capital and have proportionate equity shareholding. This is a suitable ownership model and finance sources given the complex model of raising funds from the public. (Fred, 2011)

- Mission & Vision

The business's mission is to become the leading hotel and restaurant service provider in Calgary city. This will be achieved through delivery of added value service and utilization of innovative technology for efficient service delivery. (Kotler & Armstrong, 2004)

- Market

- Trends

- Economic

The economy experiences increasing employment as the level of unemployment declines hence an increasing level of income that translates to high disposable income for consumers hence increased demand in the market. (CIA, 2013)

- Social

There are increasing concerns by the customer about the quality of food and

beverages that they get from restaurants. This is as a customer increasingly become aware of the health affects of the foods and beverages hence a growing demand and need for healthier foods that are made to address such concerns.

- Technological

Canada is one of the most technologically developed countries with the increasing technological advance presenting numerous opportunities for businesses by availing new innovative ways of doing business and developing products and services. The advance is also increasing use and popularity of the online platforms in form of social media where the young generations that is technologically savvy can be easily reached. (Porter, 1980)

- Demographic

Canada and Calgary in specific is having a trend of an ageing population with 40% of the population being aged above 55 years while those aged between 25 years to 54 accounting for 41%. This situation presents a suitable segment that the business can serve. (CIA, 2013)

- Legal and regulations

With increasing concerns over the foods and beverages that customers get, there is increasing legal and regulation frameworks seeking to ensure that products meet health standards. In addition, there are law as and regulations that are being set to address ethical issues in the business landscape like advertising which bans some adverts to children.

- Political

In a bid for governments to enhance international relations and trade in

accordance with the WTO requirements, Canada government has embraced free trade and policies that favor foreign direct investments. This has implications of increasing competition as multinational set up businesses in Canada as well as more investors come in. (Porter, 1980)

- Target market

Target markets can be defined as the specific segment of the entire market that a business wants to focus its products and services to. Therefore, a target market is defined by its suitability to the business products and services. Thus, for Modern Hotel and Restaurant, the target markets can be defined as follows. (Kotler & Armstrong, 2004)

- Definition

Hotel: The hotel operations will target people who visit the city and would want to have accommodation. Being a busy city in Alberta, Calgary has a significant number of visitors who forms the key target market for accommodation services.

Restaurant: The restaurant will target two main segments whose traits suits the products and services . The two include those aged people who have health concerns of the foods and beverages that they buy while the second segment is one of the youthful generation aged between 25 to 35 years.

(CIA, 2013)

- Traits

The three target markets can be defined by traits including the following

Visitors: Mainly tourists and business people who have a significant income.

Youth: Technologically savvy and are employed.

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Aged: Have health concerns, Have significant income. (Kotler & Armstrong, 2004)

- Product research, design and development

Modern hotel and Restaurant will be established on the basis of a hotel and a restaurant that delivers products and services to its clients to serve emerging and unique needs and at a fair pricing. In this respect, the establishment will involve research and development on the most suitable food products and beverages in order to incorporate those features that serve the unique needs. Such features for the products will involve.

- Health food contents.

- Nutritious foods and beverages.

In addition packaging will be done to reflect the brand's image in order to build a brand that customers can recognize.

On the other hand, services will be designed in order to deliver value to customers and create a brand image that the customers will want to identify with. Services will include, room service, restaurant service and outside catering that will be used to attend to clients who needs the products but cannot get to the restaurant. This will be done by having a mobile food van that will deliver customers orders. Therefore, the business will have an online system through which customers can access the menu and order for food to be delivered to their destinations within the Calgary city. (Porter, 1980)

- Operations segment

- Location

Description

The business will be located in Calgary City Alberta Canada.

Rationale

With a population of 1, 096, 833 by of the 2011 census statistics from 592, 743 people in 1981, the city has a significantly population to support business sustainability. (Canada, 2013)

Production facilities and equipment

The business will have a hotel for accommodation with 200 rooms which will be equipped with modern communication equipments for guests comfort and entertainment. On the other hand, the restaurant will have an open restaurant and a barbeque. The kitchen will be equipped with modern kitchen equipments for efficiency purposes. (Kotler & Armstrong. 2004)

- Management

- Key employees

Management

Chief Operations officer: Will be the hotel manager responsible for the overall running of the company overseeing the other management officers operations. The position will be filled by a person with business education background and one who have had experience running a similar business model

Marketing manager: Will be responsible for the marketing operations for the business including liaising with the marketing consultants in order to devise appropriate marketing strategies to enhance competitiveness.

Finance manager: Will be responsible for the financial operations and

ensuring that the business has appropriate finance systems to operate the business effectively and account for funds in the most suitable manner. The person filling the position will need to have a background in finance as well as appropriate experience in a similar position.

Operations manager: Will be responsible for the hotel and restaurant operations ensuring that services and products are delivered according to the business specifications and meeting the customer needs. The operations manager will have the supervisory authority over the restaurant and hotel staff. The position will be filled by a person with a background in hotel and catering services and suitable experience. (Fred, 2011)

- Compensation methods

As a result of the different types of tenures for different employees, the business will have various compensation methods including wages, salaries as well as bonus.

- Wages will be paid on a daily basis for the casual workers who will be hired on demand basis. This is because of the seasonality nature of the hotel and restaurant business that has peak and off peak seasons hence varying labor demand.

- Salaries will be paid to all permanently employed employees of the company. The salaries will be paid at the end of each month and will be commensurate of every position's contribution hence varying by skills and experience.

- Commissions will be paid to the sales staff depending on their delivery and sales. This will be used as a means of motivating them to deliver more sales that will translate to high commissions. The commissions will be paid at the

end of each month in order to ensure that the appropriate accounting has been done and appropriated.

- Bonus will be paid at the end of the year when the business sales and profits have been established. Bonus will be paid to call employees as a percentage of the business profit. This will act as a motivation for effective and efficient operations making each and every employee responsible and committed towards achieving cost efficiency and enhanced sales.
- Stocks options will be provided for the top management depending on the business performance. This will be done at the discretion of the business owners at the end of the year as a means of increasing the top managements' commitment and loyalty to the business. (Fred, 2011)
- Independent advisors
- Accountants and auditors will be responsible for preparing the business accounts reports as well as tax reports.
- System experts who will be responsible for installation and maintenance of the necessary technology systems that the business will use.
- Marketers will be responsible for planning and executing the business marketing campaigns including promotions. (Fred, 2011)
- Critical risks

In its operations, it is identified that the business will face some threats that present risks to its operations and performance. The risks are defined by external factors that require appropriate strategies to mitigate against them as discussed below.

- Possible problems/Threats
- Increasing competition with increased entry of foreign investors and

multinationals in the market

- Environmental regulations that may affect sourcing or raw materials and inputs
- Changing customer needs may result to obsolete products hence poor performance.
- Business seasonality due to the fluctuating demand may result to overcapacity and inefficient operations when demand falls during off peak seasons for accommodation and hotel operations. (Porter, 1980)
- Solutions to mitigate against risks
- Differentiation strategy will be applied in order to establish a competitive advantage over the competitors. This will be done by providing foods and beverages that have unique features.
- Suitable pricing will be used as a competitive tool as well as a way of addressing possible inflation risks which may result to customers demanding for cheaper services.
- Cost management will be applied due to the seasonality nature of the business to ensure that there is no unnecessary cost during the low demand seasons. This will be done by having a system where some employees will be hired on part-time and seasonal nature as need arises. (Fred, 2011)
- Financial forecasting
- ATAR model

The business's market share and sales are calculated as below with the application of the ATAR model. Where:

- Awareness is assumed to be 60% given the extensive promotion campaign that will be undertaken

- Trial is assumed to be 50% with the suitability of the hotel positioning in the market
- Accessibility and availability of the hotel services and the products is assumed to be 55% given its suitable location.
- Repeat purchases are assumed to be 45% given the good value that the brand will deliver to the target segment

Also, it is assumed that Canadians will patronize a restaurant at least 4 times in a month hence 48 times in a year which with a population of 1, 096, 833 people in Calgary translates to 52, 647, 984 of units of sales. (Canada, 2013)

Therefore the market share and sales are estimated as follows

Thus sales equals 7.43% of 52, 647, 984 hence being $0.0743 \times 52,647,984 = 3,911,745$ units (Kotler & Armstrong, 2011)

- Forecasted Income statement
- Forecasted Balance sheet
- Forecasted cash flow statement
- Harvest Strategy

In order to capture the benefit of the investments, the investors who will be the shareholders will have a divided payment of 5% of the profit after tax each year. It is also expected that the business will be sold after a period of ten years when the investors will receive back their invested capital as well as the gains. Thus the Hotel and Restaurant sale will be the exit strategy. (Fred, 2011)

- Milestones Schedule

Actions plan, Budget and timeline

The business establishment process will begin with the business incorporation in June 2013 and complete in January 2014 with the launch of the operational hotel and restaurant. Throughout the process, different operations will be carried out by different stakeholders and business departments as indicated on the table. The total estimated budget for the establishment is expected to be \$ 710, 000. (Kotler & Armstrong, 2004)

Conclusion

In consideration of the significant population in Calgary and the suitable business environment in the City, Modern Hotel & Restaurant which will be a limited company owned business located in the City with a hotel and restaurant services. In addition, the market trends identified have been shown to be significant in defining the young generation, Calgary visitors and the aged as the suitable target market for the business. In conclusion, the plan indicates the projects as being in need of \$710, 000, 000 for the business establishment whose initial development will begin in June 2013 and will be completed in December 2013 as the hotel and the restaurant launches its operations in January 2014.

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