How to Start a Resort Business

By the BizMove.com Team

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A. Preliminary Analysis

This guide is a checklist for the owner/manager of a business enterprise or for one contemplating going into business for the first time. The questions concentrate on areas you must consider seriously to determine if your idea represents a real business opportunity and if you can really know what you are getting into. You can use it to evaluate a completely new venture proposal or an apparent opportunity in your existing business.

Perhaps the most crucial problem you will face after expressing an interest in starting a new business or capitalizing on an apparent opportunity in your existing business will be determining the feasibility of your idea. Getting into the right business at the right time is simple advice, but advice that is extremely difficult to implement. The high failure rate of new businesses and products indicates that very few ideas result in successful business ventures, even when introduced by well established firm. Too many entrepreneurs strike out on a business venture so convinced of its merits that they fail to thoroughly evaluate its potential.

This checklist should be useful to you in evaluating a business idea. It is designed to help you screen out ideas that are likely to fail before you invest extensive time, money, and effort in them.

Preliminary Analysis

A feasibility study involves gathering, analyzing and evaluating information with the purpose of answering the question: "Should I go into this business?" Answering this question involves first a preliminary assessment of both personal and project considerations.

General Personal Considerations

The first seven questions ask you to do a little introspection. Are your personality characteristics such that you can both adapt to and enjoy business ownership/management?

1. Do you like to make your own decisions?

2. Do you enjoy competition?

3. Do you have will power and self-discipline?

4. Do you plan ahead?

5. Do you get things done on time?

6. Can you take advise from others?

7. Are you adaptable to changing conditions?

The next series of questions stress the physical, emotional, and financial strains of a new business.

8. Do you understand that owning your own business may entail working 12 to 16 hours a day, probably six days a week, and maybe on holidays?

9. Do you have the physical stamina to handle a business?

10. Do you have the emotional strength to withstand the strain?

11. Are you prepared to lower your standard of living for several months or years?

12. Are you prepared to loose your savings?

Specific Personal Considerations

1. Do you know which skills and areas of expertise are critical to the success of your project?

2. Do you have these skills?

3. Does your idea effectively utilize your own skills and abilities?

4. Can you find personnel that have the expertise you lack?

5. Do you know why you are considering this project?

6. Will your project effectively meet your career aspirations

The next three questions emphasize the point that very few people can claim expertise in all phases of a feasibility study. You should realize your personal limitations and seek appropriate assistance where necessary (i.e. marketing, legal, financial).

7. Do you have the ability to perform the feasibility study?

8. Do you have the time to perform the feasibility study?

9. Do you have the money to pay for the feasibility study done?

General Project Description

1. Briefly describe the business you want to enter.

____

____

2. List the products and/or services you want to sell

____

3. Describe who will use your products/services

____

4. Why would someone buy your product/service?

____

5. What kind of location do you need in terms of type of neighborhood, traffic count, nearby firms, etc.?

____

6. List your product/services suppliers.

____

7. List your major competitors - those who sell or provide like products/services.

____

____

8. List the labor and staff you require to provide your products/services. _______________

____

B. Requirements For Success

To determine whether your idea meets the basic requirements for a successful new project, you must be able to answer at least one of the following questions with a "yes."

1. Does the product/service/business serve a presently unserved need?

2. Does the product/service/business serve an existing market in which demand exceeds supply?

3. Can the product/service/business successfully compete with an existing competition because of an "advantageous situation," such as better price, location, etc.?

Major Flaws

A "Yes" response to questions such as the following would indicate that the idea has little chance for success.

1. Are there any causes (i.e., restrictions, monopolies, shortages) that make any of the required factors of production unavailable (i.e., unreasonable cost, scare skills, energy, material, equipment, processes, technology, or personnel)?

2. Are capital requirements for entry or continuing operations excessive?

3. Is adequate financing hard to obtain?

4. Are there potential detrimental environmental effects?

5. Are there factors that prevent effective marketing?

C. Desired Income

The following questions should remind you that you must seek both a return on your investment in your own business as well as a reasonable salary for the time you spend in operating that business.

1. How much income do you desire?

____

2. Are you prepared to earn less income in the first 1-3 years?

____

3. What minimum income do you require?

____

4. What financial investment will be required for your business?

____

5. How much could you earn by investing this money?

____

6. How much could you earn by working for someone else?

____

7. Add the amounts in 5 and 6. If this income is greater that what you can realistically expect from your business, are you prepared to forego this additional income just to be your own boss with the only prospects of more substantial profit/income in future years?

____

8. What is the average return on investment for a business of your type? _______________

D. Preliminary Income Statement

Besides return on investment, you need to know the income and expenses for your business. You show profit or loss and derive operating ratios on the income statement. Dollars are the (actual, estimated, or industry average) amounts for income and expense categories. Operating ratios are expressed as percentages of net sales and show relationships of expenses and net sales.

For instance 50,000 in net sales equals 100% of sales income (revenue). Net profit after taxes equals 3.14% of net sales. The hypothetical "X" industry average after tax net profit might be 5% in a given year for firms with 50,000 in net sales. First you estimate or forecast income (revenue) and expense dollars and ratios for your business. Then compare your estimated or actual performance with your industry average. Analyze differences to see why you are doing better or worse than the competition or why your venture does or doesn't look like it will float.

These basic financial statistics are generally available for most businesses from trade and industry associations, government agencies, universities and private companies and banks

Forecast your own income statement. Do not be influenced by industry figures. Your estimates must be as accurate as possible or else you will have a false impression.

1. What is the normal markup in this line of business. i.e., the dollar difference between the cost of goods sold and sales, expressed as a percentage of sales?

____

2. What is the average cost of goods sold percentage of sales?

____

3. What is the average inventory turnover, i.e., the number of times the average inventory is sold each year?

____

4. What is the average gross profit as a percentage of sales?

____

5. What are the average expenses as a percentage of sales?

____

6. What is the average net profit as a percent of sales?

____

7. Take the preceding figures and work backwards using a standard income statement format and determine the level of sales necessary to support your desired income level.

____

8. From an objective, practical standpoint, is this level of sales, expenses and profit attainable?

____

ANY BUSINESS, INC.
Condensed Hypothetical Income Statement
For year ending December 31

Item	Amount		Percent
Gross sales	773,888		
Less returns, allowances, and cash discounts	14,872		
Net sales		759,016	100.00
Cost of goods sold		589,392	77.65
Gross profit on sales		169,624	22.35
Selling expenses	41,916		5.52
Administrative expenses	28,010		3.69
General expenses	50,030		6.59
Financial expenses	5,248		0.69
Total expenses		125,204	16.50
Operating profit		44,220	5.85
Extraordinary expenses		1,200	0.16
Net profit before taxes		43,220	5.69
taxes		19,542	2.57
Net profit after taxes		23,678	3.12

E. Market Analysis

The primary objective of a market analysis is to arrive at a realistic projection of sales. after answering the following questions you will be in a better positions to answer question eight immediately above.

Population

1. Define the geographical areas from which you can realistically expect to draw customers.

____

2. What is the population of these areas?

____

3. What do you know about the population growth trend in these areas? _______________
4. What is the average family size?

____

5. What is the age distribution?

6. What is the per capita income?

7. What are the consumers' attitudes toward business like yours?

8. What do you know about consumer shopping and spending patterns relative to your type of business?

9. Is the price of your product/service especially important to your target market?

10. Can you appeal to the entire market?

11. If you appeal to only a market segment, is it large enough to be profitable?

F. Competition

1. Who are your major competitors?

2. What are the major strengths of each?

3. What are the major weaknesses of each?

4. Are you familiar with the following factors concerning your competitors:

Price structure?

Product lines (quality, breadth, width)?

Location?

____

Promotional activities?

____

Sources of supply?

____

Image from a consumer's viewpoint?

____

5. Do you know of any new competitors?

____

6. Do you know of any competitor's plans for expansion?

____

7. Have any firms of your type gone out of business lately?

____

8. If so, why?

____

9. Do you know the sales and market share of each competitor?

____

10. Do you know whether the sales and market share of each competitor are increasing, decreasing, or stable?

____

11. Do you know the profit levels of each competitor?

____

12. Are your competitors' profits increasing, decreasing, or stable?

____

13. Can you compete with your competition?

____

G. Sales

1. Determine the total sales volume in your market area.

____

2. How accurate do you think your forecast of total sales is?

____

3. Did you base your forecast on concrete data?

____

4. Is the estimated sales figure "normal" for your market area?

____

5. Is the sales per square foot for your competitors above the normal average?

____

6. Are there conditions, or trends, that could change your forecast of total sales?

____

7. Do you expect to carry items in inventory from season to season, or do you plan to mark down products occasionally to eliminate inventories? If you do not carry over inventory, have you adequately considered the effect of mark-down in your pricing? (Your gross profits margin may be too low.)

____

8. How do you plan to advertise and promote your product/service/business?

____

9. Forecast the share of the total market that you can realistically expect - as a dollar amount and as a percentage of your market.

____

10. Are you sure that you can create enough competitive advantages to achieve the market share in your forecast of the previous question?

____

11. Is your forecast of dollar sales greater than the sales amount needed to guarantee your desired or minimum income?

____

12. Have you been optimistic or pessimistic in your forecast of sales? _______________

13. Do you need to hire an expert to refine the sales forecast?

____

14. Are you willing to hire an expert to refine the sales forecast?

____

H. Supply

1. Can you make a list of every item of inventory and operating supplies needed?
2. Do you know the quantity, quality, technical specifications, and price ranges desired?
3. Do you know the name and location of each potential source of supply?
4. Do you know the price ranges available for each product from each supplier?
5. Do you know about the delivery schedules for each supplier?
6. Do you know the sales terms of each supplier?
7. Do you know the credit terms of each supplier?
8. Do you know the financial condition of each supplier?
9. Is there a risk of shortage for any critical materials or merchandise?
10. Are you aware of which supplies have an advantage relative to transportation costs?
11. Will the price available allow you to achieve an adequate markup?

I. Expenses

1. Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc?
2. Do you need to know which expenses are Direct, Indirect, or Fixed?
3. Do you know how much your overhead will be?
4. Do you know how much your selling expenses will be?

Miscellaneous

1. Are you aware of the major risks associated with your product? Service Business?

2. Can you minimize any of these major risks?
3. Are there major risks beyond your control?
4. Can these risks bankrupt you? (fatal flaws)

J. Venture Feasibility

1. Are there any major questions remaining about your proposed venture?
2. Do the above questions arise because of a lack of data?
3. Do the above questions arise because of a lack of management skills?
4. Do the above questions arise because of a "fatal flaw" in your idea?
5. Can you obtain the additional data needed?

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2. Starting Your Business Step by Step

A. Things to Consider Before You Start

This guide will walk you step by step through all the essential phases of starting a successful service business. To profit in a service based business, you need to consider the following questions: What business am I in? What services do I provide? Where is my market? Who will buy? Who is my competition? What is my sales strategy? What merchandising methods will I use? How much money is needed to operate my firm? How will I get the work done? What management controls are needed? How can they be carried out? When should I revise my plan? And many more.

No one can answer such questions for you. As the owner-manager you have to answer them and draw up your business plan. The pages of this guide are a combination of text and workspaces so you can write in the information you gather in developing your business plan - a logical progression from a commonsense starting point to a commonsense ending point.

It takes time and energy and patience to draw up a satisfactory business plan. Use this Guide to get your ideas and the supporting facts down on paper. And, above all, make changes in your plan on these pages as that plan unfolds and you see the need for changes.

Bear in mind that anything you leave out of the picture will create an additional cost, or drain on your money, when it crops up later on. If you leave out or ignore enough items, your business is headed for disaster.

Keep in mind too, that your final goal is to put your plan into action. More will be said about this near the end of this Guide.

What's in this for Me?

You may be thinking: Why should I spend my time drawing up a business plan? What's in it for me? If you've never drawn up a plan, you are right in wanting to hear about the possible benefits before you do your work.

A business plan offers at least four benefits. You may find others as you make and use such a plan. The four are:

(1) The first, and most important, benefit is that a plan gives you a path to follow. A plan makes the future what you want it to be. A plan with goals and action steps allows you to guide your business through turbulent economic seas and into harbors of your choice. The alternative is drifting into "any old port in a storm."

(2) A plan makes it easy to let your banker in on the action. By reading, or hearing, the details of your plan he will have real insight into your situation if he is to lend you money.

(3) A plan can be a communications tool when you need to orient sales personnel, suppliers, and others about your operations and goals.

(4) A plan can help you develop as a manager. It can give you practice in thinking about competitive conditions, promotional opportunities, and situation that seem to be advantageous to your business. Such practice over a period of time can help increase an owner-manager's ability to make judgments.

Why am I in Business?

Many enterprising people are drawn into starting their own business by the possibilities of making money and being their own boss. But the long hours, hard work, and responsibilities of being the boss quickly dispel and preconceived glamour.

Profit is the reward for satisfying consumer needs. But it must be worked for. Sometimes a new business might need two years before it shows a profit. So where, then, are reasons for having your own business?

Every business owner-manager will have his or her own individual reasons for being in business. For some, satisfaction come from serving their community. They take pride in serving their neighbors and giving them quality work which they stand behind. For others, their business offers them a chance to contribute to their employees' financial security.

There are as many rewards and reasons for being in business as there are business owners. Why are you in business?

What business am I in?

In making your business plan, the first question to consider is: What business am I really in. At the first reading this question may seem silly. "If there is one thing I know," you say to yourself, "it is what business I'm in." But hold on. Some owner-managers go broke and others waste their saving because they are confused about the business they are in.

The changeover of barbershops from cutting hair to styling hair is one example of thinking about what business you're really in.

Consider this example, also. Joe Riley had a small radio and TV store. He thought of his business as a retail store though he also serviced and repaired anything he sold. As his suburb grew, appliance stores emerged and cut heavily into his sales. However, there was an increased call for quality repair work.

When Mr. Riley considered his situation, he decided that he was in the repair business. As a result of thinking about what business he was really in, he profitably built up his repair business and has a contract to take care of the servicing and repair business for one of the appliance stores.

Decide what business you are in and write your answer in the following spaces. To help you decide, think of the answers to questions such as: What inventory of parts and materials must you keep on hand? What services do you offer? What services do people ask for that you do not offer? What is it you are trying to do better, more of, or differently from your competitors?

How to Plan Your Marketing

When you have decided what business you're in, you have made your first marketing decision. Now you are ready for other important considerations.

Successful marketing starts with the owner-manager. You have to know your service and the needs of your customers.

The narrative and work blocks that follow are designed to help you work out a marketing plan for your firm. The blocks are divided into three sections:

Section One - Determining the Sales Potential

Section Two - Attracting Customers

Section Three - Selling to Customers

Section One - Determining the Sales Potential

In the service business, your sales potential will depend on the area you serve. That is, how many customers in this area will need your services? Will your customers be industrial, commercial, consumer, or all of these?

When picking a site to locate your business, consider the nature of your service. If you pick up and deliver, you will want a site where the travel time will be low and you may later install a radio dispatch system. Or, if the customer must come to your place of business, the site must be conveniently located and easy to find.

You must pick the site that offers the best possibilities of being profitable. The following questions will help you think through this problem.

In selecting an area to serve, consider the following:

Population and its growth potential

Income, age, occupation of population

Number of competitive services in and around your proposed location

Local ordinances and zoning regulations

Type of trading area (commercial, industrial, residential, seasonal)

For additional help in choosing an area, you might try the local chamber of commerce and the manufacturer and distributor of any equipment and supplies you will be using.

You will want to consider the next list of questions in picking the specific site for your business:

Will the customer come to your place of business?

How much space do you need?

Will you want to expand later on?

Do you need any special features required in lighting, heating, ventilation?

Is parking available?

Is public transportation available?

Is the location conducive to drop-in customers?

Will you pick up and deliver?

Will travel time be excessive?

Will you prorate travel time to service call?

Would a location close to an expressway or main artery cut down on travel time?

If you choose a remote location, will savings in rent off-set the inconvenience?

If you choose a remote location, will you have to pay as much as you save in rent for advertising to make your service known?

If you choose a remote location, will the customer be able to readily locate your business?

Will the supply of labor be adequate and the necessary skills available?

What are the zoning regulations of the area?

Will there be adequate fire and police protection?

Will crime insurance be needed and be available at a reasonable rate?

I plan to locate in ___________ because:

____

____

____

Is the area in which you plan to locate supported by a strong economic base? For example, are nearby industries working full time? Only part time? Did any industries go out of business in the past several months? Are new industries scheduled to open in the next several months?

Write your opinion of the area's economic base and your reason for that opinion here.:

____

____

Will you build? ________ What are the terms of the loan or mortgage?

____

____

Will you rent? _________ What are the terms of the lease?

____

____

Is the building attractive? _________ In good repair? _________

Will it need remodeling? __________ Cost of remodeling? __________

What services does the landlord provide?

____

____

What is the competition in the area you have picked?

The number of firms that handle my service _________

Does the area appear to be saturated? _________

How many of these firms look prosperous? _________

Do they have any apparent advantages over you? _________

How many look as though they're barely getting by? _________

How many similar services went out of business in the area last year? _________

Can you find out why they failed? _________

How many new services opened up in the last year? _________

How much do your competitors charge for your service? _________

Which firm or firms in the area will be your biggest competition? _________

List the reasons for your opinion here:

____

____

Section Two - Attracting Customers

When you have a location in mind, you should work through another aspect of marketing. How will you attract customers to your business? How will you pull customers away from your competition?

It is working with this aspect of marketing that many service firms find competitive advantages. The ideas which they develop are as good and often better, than those which large companies develop with hired brains. The workblocks that follow are designed to help you think about image, pricing, customer service policies, and advertising.

Image

Whether you like it or not, your service business is going to have an image. The way people think of your firm will be influenced by the way you conduct your business. If people come to your place of business for your service, the cleanliness of the floors, the manner in which they are treated, and the quality of your work will help form your image. If you take your service to the customer, the conduct of your employees will influence your image. Pleasant, prompt, courteous service before and after the sale will help make satisfied customers your best form of advertising.

Thus, you can control your image, Whatever image you seek to develop. It should be concrete enough to promote in your advertising. For example, "service with a smile" is an often used image.

Write out what image you want customers to have of your business.

____

____

Pricing

In setting prices for your service, there are four main elements you must consider:

(1) Materials and supplies

(2) Labor and operating expenses

(3) Planned profit

(4) Competition

Further along in this Guide you will have the opportunity to figure out the specifics of materials, supplies, labor, and operating expenses. From there you may want the assistance of your accountant in developing a price structure that will not only be fair to the customer, but also fair to yourself. This means that not only must you cover all expenses but also allow enough margin to pay yourself a salary.

One other thing to consider. Will you offer credit? __________ Most businesses use a credit card system. These credit costs have to come from somewhere. Plan for them. If you use a credit card system, what will it cost you? __________

Can you add to your prices to absorb this cost?

Some trade association have a schedule for service charges. It would be a good idea to check with the trade association for your line of business. Their figures will make a good yardstick to make sure your prices are competitive.

And, of course, your prices must be competitive. You've already found out your competitors' prices. Keep these in mind when you are working with your accountant. If you will not be able to make an adequate return, now is the time to find out.

Customer Service Policies

Customers expect certain services or conveniences, for example, parking. These services may be free to the customer, but not to you. If you do provide parking, you either pay for your own lot or pick up your part of the cost of a lot which you share with other businesses. Since these conveniences will be an expense, plan for them.

List the services that your competitors provide to customers:

____

____

____

Now list the services that you will provide your customers:

Service / Estimated Cost

_________________ _________________

_________________ _________________

_________________ _________________

_________________ _________________

Planning Your Advertising Activities

In this section on attracting customers, advertising was saved until last because you have to have something to say before advertising can be effective. When you have an image, price range, and customers services, you are ready to tell prospective customers why they should use your services.

When the money you can spend on advertising is limited it is vital that your advertising be on target. Before you can think about how much money you can afford for advertising, take time to determine what jobs you want advertising to do for your business. The work blanks that follow should be helpful to your thinking.

The strong points about my service business are:

____

My service business is different from my competition in the following ways:

____

My advertising should tell customers and prospective customers the following facts about my business and services:

____

When you have these facts in mind, you now need to determine who you are going to tell it to. Your advertising needs to be aimed at a target audience - those people who are most likely to use your services. In the space
below, describe your customers in terms of age, sex, occupation, and whatever else is necessary depending on the nature of your business. This is your customer profile of "male and female automobile owners, 18 years old and above." Thus, for this repair business, anyone over 18 who owns a car is likely to need its service.

The customer profile for my business is

____

Now you are ready to think about the form your advertising should take and its cost. You are looking for the most effective means to tell your story to those most likely to use your service. Ask the local media (newspapers, radio and television, and the printers of direct mail pieces) for information about the services and the results they offer for your money.

How you spend advertising money is your decision, but don't fall into the trap that snares many advertisers. As one consultant describes this pitfall: It is amazing the way many managers consider themselves experts on advertising copy and media selection without any experience in these areas.

The following blanks should be useful in determining what advertising is needed to sell your strong points to prospective customers.

Form of Advertising	Size of Audience	Frequency of Use	Cost of A Single Ad	Estimated Cost
________	________	________	________	________
________	________	________	________	________
________	________	________	________	________
________	________	________	________	________
			Total	________

When you have a figure on what your advertising for the next 12 months will cost, check it against one of the operating ratios (expenses as a percentage of sales) which trade associations and other organizations gather. If your estimated cost for advertising is substantially higher than this average for your line of service, take a second look. No single expense item should be allowed to get way out of line if you want to make a profit. Your task in determining comes down to: How much can I afford to spend and still do the job that needs to be done?

Section Three - Selling to Customers

To complete your work on marketing, you need to think about what you want to happen after you get a customer. Your goal is to provide your service, satisfy customers, and put money into the cash register.

One-time customers can't do the job. You need repeat customers to build a profitable annual sales volume. When someone returns for your service, it is probably because he was satisfied by his previous experience. Satisfied customers are the best form of advertising.

If you previously decided to work only for cash, take a hard look at your decision. Americans like to buy on credit. Often a credit card, or other system of credit and collections, is needed to attract and hold customers.

Based on this description and the dollar amount of business you indicated that you intend to do this year, fill in the following workblocks.

Fixtures and Equipment

No matter whether or not customers will come to your place of business, there will be certain equipment and furniture you will need in your place of business which will allow you to perform your service.

Parts and Material

You will probably need some kind of parts or material to provide your service.

I plan to buy parts and material from:

____

Before you make any supply arrangements, examine the supplier's obsolescence policy. This can be a vital factor in service parts purchasing. You also look at the supplier's warranty policy.

Now that you have determined the parts and materials you'll need. you should think about the type of stock control system you'll use. A stock control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, (3) what has been used. (Some trade associations and suppliers provide systems to members and customers.)

When you have decided on a system for stock control, estimate its cost. My system for stock control will cost me __________ for the first year.

Overhead

List the overhead items which will be needed. Examples are: rent, utilities, office help, insurance, interest, telephone, postage, accountant, payroll taxes, and licenses or other local taxes. If you plan to hire others to help you manage, their salaries should be listed as overhead.

____

Getting the Work Done

An important step in setting up your business is to find and hire capable employees. Then you must train them to work together to get the job done. Obviously, organization is needed if your business is to produce what you expect it to produce, namely profits.

Organization is essential because you as the owner-manager cannot do all the work. As your organization grows, you have to delegate work, responsibility and authority. A helpful tool in getting this done is the organization chart. It shows at a glance who is responsible for the major activities of a business.

As an additional aid in determining both what needs to be done and who will do it, list each activity that is involved in your business. Next to the activity indicate who will do it. You may do this by name or some other designation such as "worker #1", Remember that a name may appear more than once.

Activity / Name

_____________ _______________

_____________ _______________

_____________ _______________

_____________ _______________

_____________ _______________

How Much Money Will You Need

At this point, take some time to think about what your business plan means in terms of dollars. This section is designed to help you put your plan into dollars.

The first question concerns the source of dollars. After your initial capital investment, the major source of money is the sale of your services. What dollar volume of business do you expect to do in the next 12 months? __________

Expenses

In connection with your annual dollar volume of business, you need to think about expenses. If, for example you plan to do 100,000 in business, what will it cost you to do this amount of servicing? And even more important, what will be left over as profit at the end of the year? Never lose sight of the fact that profit is your pay. Even if you pay yourself a salary for living expenses, your business must make a profit if it is to continue year after year and pay back the money you invested in it.

The following workblock is designed to help you make a quick estimate of your expenses. To use this formula, you need to get only one figure - the cost of sales figure for your line of business. If you don't have this operating ratio, check with your trade association.

	Expressed in percentage	Expressed in dollars	your percentage	your dollars
1. Sales	100	100,000	100	$ __________
2. Cost of sales	-61.7	-61,700	________	-$ __________
3. Gross margin	38.3	38,300	________	$ ___________

Start-Up Costs

If you are starting a new business, list the following estimated start-up costs:

Fixtures and equipment	__________
Starting inventory	__________
Office supplies	__________
Decorating and remodeling	__________
Installation of equipment	__________
Deposits for utilities	__________
Legal and professional fees	__________
Licenses and permits	__________
Advertising for the opening	__________
Operating cash	__________
Owner's withdraw during prep-start-up time	__________
Total	__________

Whether you have the funds (savings) or borrow them, your new business will have to pay back these start-up costs. Keep this fact in mind as you work on the "Expenses" section, and on other financial aspects of your plan.

Break Down Your Expenses

Your quick estimate of expenses provides a starting point. The next step is to break down your expenses so they can be handled over the 12 months. Use an "Expenses Worksheet" form to make up an expense budget.

Matching Money and Expenses

A budget helps you to see the dollar amount of your expenses each month. Then from month to month the question is: Will sales bring in enough money to pay the firm's bills on time? The answer is "maybe not" or "I hope so" unless the owner-manager prepares for the "peaks and valleys" that are in many service operations.

A cash forecast is a management tool which can eliminate much of the anxiety that can plague you if your business goes through lean months. Use a worksheet, "Estimated Cash Forecast", or ask your accountant to use it to estimate the amounts of cash you expect to flow through your business during the next 12 months.

Is Additional Money needed?

Suppose at this point you have determined that your business plan needs more money than can be generated by sales. What do you do?

What you do depends on the situation. For example, the need may be for bank credit to tide your business over during the lean months. This loan can be repaid during the fat sales months when expenses are far less than sales. Adequate working capital is necessary for success and survival.

Whether an owner-manager seeks to borrow money for only a month or so or on a long-term basis, the lender needs to know whether the store's financial position is strong or weak. Your lender will ask to see a current balance sheet.

Even if you don't need to borrow, use it, to draw the "picture" of your firm's financial condition. Moreover, if you don't need to borrow money, you may want to show your plan to the bank that handles your store's checking account. It is never too early to build good relations with your banker, to show that you are a manager who knows where you want to go rather than a store owner who hopes to make a success.

Control and Feedback

To make your plan work you will need feedback. For example, the year-end profit and loss statement shows whether your business made a profit or loss for the past 12 months.

But you can't wait 12 months for the score. To keep your plan on target you need readings at frequent intervals. A profit and loss statement at the end of each month or at the end of each quarter is one type of frequent feedback. However, the income statement or profit and loss statement (P and L) may be more of a loss than a profit statement if you rely only on it. You must set up management controls which will help you to insure that the right things are being done from day to day and from week to week. In a new business, the record-keeping system should be set up before your business opens. After you're in business is too late. For one thing, you may be too busy to give a record-keeping system the proper attention.

The control system which you set up should give you information about: stock, sales, and disbursement. The simpler the system, the better. Its purpose is to give you current information. You are after facts with emphasis on trouble spots. Outside advisers, such as an accountant, can be helpful.

Stock Control

The purpose of controlling parts and materials inventory is to provide maximum service to your customers and to see that parts and materials are not lost through pilferage, shrinkage, errors, or waste. Your aim should be to achieve a high turnover on your inventory. The fewer dollars you tie up in inventory, the better.

In a business, inventory control helps the owner-manager to offer customers efficient service. The control system should enable you to determine what needs to be ordered on the basis of: (1) what is on hand, (2) what is on order, and (3) what has been used.

In setting up inventory controls, keep in mind that the cost of the inventory is not your only cost. You will also have costs such as the cost of purchasing, the cost of keeping control records, and the cost of receiving and storing your inventory.

Sales

In a small business, sales slips and cash register tapes give the owner-manager feedback at the end of each day. To keep on top of sales, you will need answers to questions such as: How many sales were made? What was the dollar amount? What credit terms were given to customers?

Disbursements

Your manager controls should also give you information about the dollars your company pays out. In checking on your bills, you do not want to know what major items, such as paying bills on time to get the supplier's discount, are being handled according to your policies. Your review system will also give you the opportunity to make judgments on the use of funds. In this manner, you can be on top of emergencies as well as routine situations. Your system should also keep you aware that tax moneys such as payroll income tax deductions, are set aside and paid out at the proper time.

Break-Even Analysis

Break-even analysis is a management control device because the break-even point shows how much you must sell under given conditions in order to just cover your costs with No profit and No loss.

Profit depends on sales volume, selling price, and costs. Break-even analysis helps you to estimate what a change in one or more of these factors will do to your profits. To figure a break-even point, fixed costs, such as rent, must be separated from variable costs, such as the cost of sales and the other items listed under "controllable expenses" on the expense worksheet, of this Guide.

The formula is:

Break-even point (in sales dollars) =

$$\frac{\text{Total fixed costs}}{1 - \dfrac{\text{Total variable costs}}{\text{Corresponding sales volume}}}$$

An example of the formula is: Bill Jackson plans to open a laundry. He estimates his fixed expenses at about $9,000, the first year. He estimates his variable expenses at about $700 for every $1,000 of sales.

$$\text{BE point} = \frac{\$9{,}000}{1 - \frac{700}{1{,}000}} = \frac{\$9{,}000}{1 - .70} = \frac{\$9{,}000}{.30} = \$30{,}000$$

Is Your Plan Workable?

Stop when you have worked out your break-even point. Whether the break-even point looks realistic or way off base, it is time to make sure that your plan is workable.

Take time to re-examine your plan before you back it with money. If the plan is not workable better to learn it now than to realize 6 months down the road that you are pouring money into a losing venture.

In reviewing your plan, look at the cost figures you drew up when you broke down your expenses for one year. If any of your cost items are too high or too low, change them. You can write your changes in the white spaces above or below your original entries on that worksheet. When you finish making your adjustments, you will have a Revised projected statement of sales and expenses for 12 months.

With your revised figures work out a revised break-even point. Whether the new break-even point looks good or bad, take one or more precaution. Show your plan to someone who has not been involved in working out the details.

Your banker, or other advisor outside of your business may see weaknesses that failed to appear as you pored over the details of your plan. They may put a finger on strong points which your plan should emphasize.

Put Your Plan into Action

When your plan is as near on target as possible, you are ready to put it into action. Keep in mind that action is the difference between a plan and a dream. If a plan is not acted upon, it is of no more value than a pleasant dream that evaporates over the breakfast coffee.

A successful owner-manager does not stop after he has gathered information and drawn up a plan, as you have done in working through this Guide. He begins to use his plan.

At this point, look back over your plan. Look for things that must be done to put your plan into action.

What needs to be done will depend on your situation. For example, if your business plan calls for an increase in sales, one action to be done will be providing funds for this expansion.

Have you more money to put into this business?

Do you borrow from friends and relatives? From your bank? From your suppliers by arranging liberal commercial credit terms.

If you are starting a new business, one action step may be to get a loan for fixtures, employee salaries, and other expenses. Another action step will be to find and hire capable employees.

In the spaces that follow, list things that must be done to put your plan into action. Give each item a date so that it can be done at the appropriate time. To put my plan into action, I must do the following:

Action / Completion Date

_______________ _______________

_______________ _______________

_______________ _______________

_______________ _______________

_______________ _______________

Keeping Your Plan Up To Date

Once you put your plan into action, look out for changes. They can cripple the best made business plan if the owner-manager lets them.

Stay on top of changing conditions and adjust your business plan accordingly.

Sometimes the change is made within your company. For example, several of your employees quit their jobs. Sometimes the change is with customers: for example, their desires and tastes shift. Sometimes the change is technological as when raw materials are put on the market introducing the need for new processes and procedures.

In order to adjust your plan to account for such changes, an owner-manager must:

(1) Be alert to the changes that come in your company, line of business, market, and customers.

(2) Check your plan against these changes.

(3) Determine what revisions, if any, are needed in your plan.

The method you use to keep your plan current so that your business can weather the forces of the market place is up to you. Read the trade papers and magazines for your line of business. Another suggestion concerns your time. Set some time - two hours, three hours, whatever is necessary-to review your plan periodically. Once each month, or every other month, go over your plan to see whether it needs adjusting. If revisions are needed, make them and put them into action.

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3. Complete Resort Business Plan Template

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1.0 Executive Summary

Introduction

The long-term goal of COMPANY NAME is to offer temporary lodging, hunting, and vacationers get-away from all of the hustle and bustle of everyday life. COMPANY NAME specializes in personalized service, the historical nature of Trenton, Mo, and its unique location is one of the most attractive parts of Trenton. We plan to be more than a great lodging, hunting, and vacationer's paradise. We plan to create an environment of leisure that surpasses the standard fare for Trenton and Jamesport. Expanding our exposure via the Internet and introducing Trenton and Jamesport to people that have not yet discovered this year-round paradise will allow us to maintain a higher than average occupancy rate and above average profits.

Location

COMPANY NAME is located in Trenton, MO. COMPANY NAME is just and hour away from Kansas City, Mo a vacationer has limitless vacationing option to please their palette.

The Company

COMPANY NAME is an established Motel Cabin, hunting resort, and has been in operation for the last six years. After taking possession and a brief period of getting established, we added a Ranch house to ensure a steady flow of patrons (hunters, tourists and locals) through its doors. The last owner purchased the property four years ago, and he wasn't operating the business at full capacity. The grounds were poorly maintained and were in need of renovating.

This summer we plan on adding two new cabins, renovate current cabins, and add a play area for families with children.

COMPANY NAME is a non-profit corporation under the INSERT NAME.

Our Services

COMPANY NAME was originally built in 2006. Each of our rooms is equipped with two double beds or a queen bed, and rooms with a second bedroom or kitchenette are available. The Ranch house also has on-site front desk service. A few of the buildings are currently being renovated with plans to complete and build two more cabins.

As the Ranch house gains recognition during the peak season, we plan to expand our services to the residents of Trenton and surrounding cities in time for the off-season. The large dance floor area is ideal for formal or informal gatherings (e.g. wedding receptions, club meetings, Christmas parties, family reunions, etc.).

The Market

COMPANY NAME target market strategy is based on becoming a destination of choice for people searching for a rustic place to relax or recharge. The target markets that we are going to pursue are people or families looking for a vacation destination, honeymooners, family reunions, hunters, and drop-in customers. Our country style setting and facilities are a natural choice for hunters or families to visit, what with the having so many outdoor things to do.

Our three major customer segments are tourists, locals, and hunters from all over the United States. Since the Trenton area is known for great hunting of elk and deer, and local patrons who need the facilities for various events. Subscriptions to various Web services will provide local and international exposure to potential customers for a nominal annual fees, plus we have a website www.COMPANY NAME.com The Ranch house would like to see a 30% increase in customers on a yearly basis for formal or informal gatherings (e.g. wedding receptions, club meetings, Christmas parties, family reunions, etc.).

Financial Considerations

COMPANY NAME will be acquired via a business grant with the new owner supplying and initial investment of 10% down. We are assuming an initial capital start-up, as shown in the Start-up table, for operating expenses which we have already contributed.

We estimate average monthly fixed costs, including operating expenses, as presented in the Financial Plan chapter below. Our peak and off-season traffic is fairly consistent and will not have a major impact on the monthly earnings as long as we maintain a 60% occupancy rate. As COMPANY NAME builds its market position among the local patrons, we anticipate that off-season revenues will be enough to break even during that season.

Chart: Highlights

1.1 Objectives

Objective of COMPANY NAME for the first three years of operation include:

- Open the COMPANY NAME "turnkey operation" with existing bookings from the previous owners, and new bookings under an increased rental rate after possession.
- Exceeding the customer's expectations for hunting and vacationing accommodations.
- Maintaining a 90% occupancy rate each month.
- Assembling an experience and effective staff.
- To increase the number of clients by 10% each year.
- Increase exposure and market using Internet technology and direct advertising.
- Through incentives and increased exposure on the Internet, we endeavor to increase off-season occupancy by 30% the first year.
- Increase off-season use by expanding into other uses for property (cater parties, receptions, weddings, etc.).

1.2 Keys to Success

The primary keys to success for COMPANY NAME will be based on the following factors:

1. Provide a facility that is first class with attention to detail.
2. Give each guest a sense that he or she is our top priority.
3. Retain our guests to ensure repeat bookings and referrals.
4. Renovate to main a high standard in amities for our guest.

1.3 Mission

The mission of COMPANY NAME is to become the best choice in Grundy County for temporary lodging by expanding our exposure via the Internet (with multiple networks and links), and introducing the area to market segments that have not yet discovered this year-round hunter's dream. We plan to be more than a great Cabin and Lodge. We plan to create an environment of conveniences that surpasses the standard fare for Trenton.

The guests will have every need met to ensure his/her comfort. For special occasions, catered meals, chilled wine, etc. can be provided for an additional fee.

As COMPANY NAME gains recognition through the peak season, we plan to expand our services to the residents of Trenton, Mo and neighboring cities in time for the off-season. The main area can convert into a large area, ideal for formal or informal gatherings (i.e. wedding receptions, family reunions, Christmas parties, etc.). The outdoors, with its access to the mountains, and added play area for children visiting with their parents will open several additional opportunities. The Ranch house will be used for catered reception inside; COMPANY NAME will make events smooth and easy for the guests. The owner intend to see that attention to detail, customer service, and good food will be followed by a staff dedicated to each guest.

2.0 Organization Summary

COMPANY NAME

OWNER'S NAME

INSERT ADDRESS

Phone:

Email:

COMPANY NAME is located in Trenton, MO it holds 6 lovely log cabins, nestled in the woods just miles from Jamesport!

2.1 Legal Entity

COMPANY NAME is a non-profit corporation; under the INSERT NAME , lists of the officers are as follows.

President - INSERT NAME

Secretary - INSERT NAME
Treasurer - INSERT NAME
Director - INSERT NAME

2.2 Start-up Summary

INSERT NAME (owner) has already made several small investments in the business. COMPANY NAME has acquired a lease option via a small personal loan with an option of owning the property once the grant funding is secured as part of her investment.

Table: Start-up Funding

Start-up Funding	
Start-up Expenses to Fund	$465,058
Start-up Assets to Fund	$43,033
Total Funding Required	$508,091
Assets	
Non-cash Assets from Start-up	$25,033
Cash Requirements from Start-up	$18,000
Additional Cash Raised	$16,152
Cash Balance on Starting Date	$34,152
Total Assets	$59,186
Liabilities and Capital	
Liabilities	
Current Borrowing	$4,500
Long-term Liabilities	$10,000
Accounts Payable (Outstanding Bills)	$9,000
Other Current Liabilities (interest-free)	$744
Total Liabilities	$24,244
Capital	
Planned Investment	

Grant Funding	$500,000
Investor	$0
Additional Investment Requirement	$0
Total Planned Investment	$500,000
Loss at Start-up (Start-up Expenses)	($465,058)
Total Capital	$34,942
Total Capital and Liabilities	$59,186
Total Funding	$524,244

Chart: Start-up

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Stationery etc.	$500
Brochures	$500
Property Down payment	$300,000
Lodge Setup	$50,000
Direct - TV	$308
Insurance	$1,200
Cabin Renovations	$12,550
Build 2 New Cabins	$50,000
Electrical	$15,000
Plumbing	$15,000
Furnishings	$20,000
Inserted Row	$0
Total Start-up Expenses	$465,058
Start-up Assets	
Cash Required	$18,000
Start-up Inventory	$0
Other Current Assets	$9,827
Long-term Assets	$15,206
Total Assets	$43,033

Total Requirements	$508,091

3.0 Services

COMPANY NAME will offer customers six 1-bedroom units and two 2-bedroom units. All units have a kitchenette and 2 of the new units will be utilized as suite. Each unit is equipped with a queen bed and two of the six units have an additional twin bed.

Trash and snow removal are optional and guest may request gift baskets for a small fee. A playground will be installed for families with children.

4.0 Market Analysis Summary

COMPANY NAME target market strategy is based on becoming a destination choice for families and hunters in the greater Trenton area who are looking for a place to relax, hunt, or recharge. The target markets that we are going to pursue are people searching for a vacation or hunting destination, and drop-in customers. We envision many hunters from all over the United States, as some do now, coming to stay and hunt in Trenton, Mo. The country setting and our facilities make COMPANY NAME a natural destination choice for people. COMPANY NAME will endeavor to produce a 30% increase in clientele on a yearly basis.

4.1 Market Segmentation

Our target market strategy is based on becoming a destination for people who are looking to get away for a vacation or an area to hunt in. Our marketing strategy is based on superior performance in the following areas:

- Quality facilities
- Beautiful location
- Customer service

The target markets are separated into three segments: "Vacationers," "Hunters," and "Drop-ins." The primary marketing opportunity is selling to these accessible target market segments by focusing on their vacation and recreational needs.

Vacationers
During the spring and summer months, COMPANY NAME is a beautiful wilderness retreat with an outdoor recreational area.

Hunters
COMPANY NAME majestic locale is one of the boast one of the best hunting areas in the U.S.

Drop-ins
When rooms are available we will welcome drop-in customer who are searching for a place to stay for the night. We advertise via Radio and internet ads.

Table: Market Analysis

Market Analysis							
		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Hunters	5%	25,704	26,989	28,338	29,755	31,243	5.00%
Drop-ins	2%	1,714	1,748	1,783	1,819	1,855	2.00%
Families	12%	137,088	153,539	171,964	192,600	215,712	12.00%
Newlyweds/Anniversaries	4%	6,855	7,129	7,414	7,711	8,019	4.00%

Total	10.65%	171,361	189,405	209,499	231,885	256,829	10.65%

Chart: Market Analysis (Pie)

4.2 Service Providers Analysis

COMPANY NAME is a six cabin facility that has full hook-ups that provides overnight lodging in a country setting in Trenton, Mo. Most people who need lodging in the area make reservations in advance to assure room availability.

The purchase of COMPANY NAME , and the reason INSERT NAME decided to take over the business; there was this family atmosphere and a since of belonging. She desired to invite people to experience why she was so in love with small country town.

Just and hour away from Kansas City, Mo a vacationer has limitless vacationing option to please their palette. Trenton, Mo has a very rustic feel, which invites families and hunters from all over to this plush country environment.

4.3 Alternatives and Usage Patterns

COMPANY NAME offers a unique country environment, which caters to an ever increasing group of travelers. Our cabins create a climate of home, where guests become temporary members of a larger family. The main Ranch house feel opens itself to guests, allowing them to participate and share in the richness of a community, while still allowing whatever degree of privacy is preferred.

A variety of settings are available in the Ranch House, situated to enable individuals or small groups to locate the perfect setting for whatever mood or activity one is pursuing (e.g. wedding receptions, club meetings, Christmas parties, family reunions, etc.). At the Ranch House, a guest is a guest in one's home, not a customer.

5.0 Strategy and Implementation Summary

Primary sales and marketing strategy for COMPANY NAME includes the following factors:

- To offer all inclusive cabins, hunting and social facility that will appeal to vacationer or hunter.
- To provide unmatched customer service to our guests.
- To concentrate our marketing in the greater Trento, Mo area.

5.1 Competitive Edge

COMPANY NAME sets itself apart from the competition in the following ways.

- **Location**: Having newly renovated cabins, Ranch house, playground, and hunting in this all inclusive facility is a huge plus, because guests never have to leave.
- **Our rooms**: Each room is individually decorated with a country setting that is tasteful and comfortable. You feel as if you have stepped back in time.
- **Customer service**: Customer service is our number one priority. COMPANY NAME will treat each guest as if they are family.

Another significant advantage for COMPANY NAME is its location. Being located in the Trenton, Mo area, the Cabins are uniquely positioned, centrally located to hunting areas, play area, and historical monuments.

5.2 Marketing Strategy

Our marketing strategy is based on becoming a destination of choice for vacationers and hunters who are searching for a truly beautiful and unique lodgings locale. With the greater Trenton area as our main target market COMPANY NAME will use several different approaches to advertise our cabins and facilities. We will use the Yellow Pages to advertise, as well as develop a web page that will show our cabins, Ranch house, playgrounds, and hunting area. On Highway 6 we will have an eye catching sign that will alert potential drop-ins of our existence. INSERT NAME is confident that it will not take long, with word-of-mouth recommendations from past customers, to build up to full capacity.

With the right exposure, we believe that an un-tapped market of vacationers and hunters can be enticed to Trenton and COMPANY NAME. Membership with www. COMPANY NAME.com (a local website for lodging) will put us in front of millions of computer screens on a daily basis.

All of this visibility is free, with the exception of a five to ten percent transaction fee for any booking made directly via the service and online; much less expensive, yet more comprehensive than traditional advertising. However, not all lodging patrons are computer savvy. Therefore, we will be placing seasonal specific advertisements in regional newspapers and major city magazines.

5.3 Fundraising Strategy

COMPANY NAME hired a Grand writing company to help with researching and finding grant funding available to support the Company's vision. With the anticipation of $500,000 for the purpose of purchasing the property, renovations, construction of two new cabins, and the hiring of three new employee's COMPANY NAME will be able to bring this dream of the great outdoors to vacationers year round.

COMPANY NAME will rent its rooms directly to repeat customers, as well as via traditional travel agents and through the Internet. All reservations will be handled by INSERT NAME. Repeat customers will have the privilege of priority reservations during the high season. As mentioned above, we will also list the Ranch house on www.COMPANY NAME.com which will make it available to millions of global606 tourists.

5.3.1 Funding Forecast

COMPANY NAME is initial seeking grant funding in the amount of $500,000 for the purpose of purchasing the property, renovations, construction of two new cabins, and the hiring three new employee's. COMPANY NAME will be able to bring this dream of the great outdoors to vacationers year round. COMPANY NAME will generate revenue from the rental of its 6 cabins. The sales forecast table is broken down into two main revenue streams: Reservations and Drop-ins. The sales forecast for the upcoming year is based on a 30% growth rate for direct sales. COMPANY NAME has six rooms to offer its guests at a rate of $75 - $85 per night. We expect the number of rooms occupied to increase as the year progresses. In spite of the economic recession the nation has experienced, these projections appear attainable and take the ever-increasing base into consideration. Growth rates for the years 2010 and 2011 are based on percentage increases as follows:

- Reservations: 30% growth rate per year.
- Drop-ins: 2% growth rate per year.

Table: Funding Forecast

Funding Forecast			
	Year 1	Year 2	Year 3
Funding			
Rooms	$140,817	$147,878	$158,229
Snow Removal	$36,556	$37,653	$38,783
Trash Hauling	$10,147	$10,451	$10,765

Laundry/Supplies	$45,854	$47,230	$48,647
Total Funding	$233,373	$243,212	$256,423
Direct Cost of Funding	Year 1	Year 2	Year 3
Rooms	$7,496	$7,721	$7,953
Snow Removal	$1,800	$1,854	$1,910
Trash Removal	$5,760	$5,933	$6,111
Laundry/Supplies	$600	$618	$637
Subtotal Cost of Funding	$15,656	$16,126	$16,610

Chart: Funding Monthly

Chart: Funding by Year

6.0 Web Plan Summary

COMPANY NAME website will focus on the features our hunting grounds offers. Each room with its different options will be on the site as well as pictures of the Ranch house and the facilities that it has to offer. Room rates will be given, with maps on how to get to here. Attractions within 30 to 100 miles will be on the site and other local color will be shown. Reservations can be made online if the consumer wishes to do so.

6.1 Website Marketing Strategy

Our website marketing strategy will focus on Vacationers & Hunters who are looking for a vacation or hunting destination that is both close and comfortably homelike.
The Trenton area will be our main focal point. COMPANY NAME will promote through our website by using:

- Detailed photos of the Ranch house and surrounding area.
- Price list of our rooms and hunting routes.

6.2 Development Requirements

COMPANY NAME will hire a developer to build our website. Our relationship with www.COMPANY NAME.com displays our cabins and hunting grounds and it will be an ongoing effort until completion of our permanent website. Every aspect of the website will be handled by the developer with a verbal calibration with the owner, and will include company logo, Web page format, and maintenance of the site.

7.0 Management Summary

COMPANY NAME will operate as an owner-occupied business. A small staff will be hired early this summer consisting of an assistant manager, maintenance, and a maid. The rest of the tasks will be done by INSERT NAME.

INSERT NAME right now is responsible for the outside maintenance of the grounds and cleaning of the motel rooms, and research of website developer.

INSERT NAME will be the general manger, organize and decide on any management ideas on the day-to-day operations on the inside. She will order product and food from the vendors, and both will handle reservations. She will promote COMPANY NAME through the advertising methods discussed in the marketing strategy section.

7.1 Personnel Plan

The personnel needed for COMPANY NAME are the following:

- Manager - INSERT NAME
- Assistant manager - To be hired in 2010
- Maintenance person - to be hired in 2010

- Cleaning person - to be hired in 2010

INSERT NAME will be paid a salary of $3,500 per month from the business.

Table: Personnel

Personnel Plan			
	Year 1	Year 2	Year 3
Manager	$42,000	$43,260	$44,558
Assistant Manager	$24,000	$24,720	$25,462
Maintenance Staff	$36,000	$37,080	$38,192
Cleaning Staff	$23,400	$24,102	$24,825
Total People	4	4	4
Total Payroll	$125,400	$129,162	$133,037

7.2 Management Information Systems

INSERT NAME will be maintaining financial and accounting controls the personal computer network provides the COMPANY NAME management with daily and weekly information regarding sales, cash receipts, inventory, and other controllable operating expenses. We use QuickBooks for tracking and doing all our financial reports that are required to operate a business.

7.3 Key Management

INSERT NAME is President, and principal owner of COMPANY NAME which owns and operates COMPANY NAME. She currently is leasing the business starting on January 1, 2010 until financing is completed, we have shown a profit. There is no historical data from the previous owners to compare it to. They will not release their tax returns during their ownership of the business; however different vendors and customers have stated that we are steadily maintaining a full occupancy rate, and word of mouth and advertising/promotions is putting us on the map.

Prior to buying the COMPANY NAME, INSERT NAME owned and operated a cell phone Company, opened and managed a café, and operated a direct sales business from home for 28 years.

8.0 Financial Plan

COMPANY NAME expects business to grow steadily and with maintaining a near 90% capacity for the year 2010 with a conservative capacity rate of 60% between guest rentals. In year 2011 we expect business to grow steadily until we are at an average of over 90% capacity. COMPANY NAME expects that with profits growing at a rate of about 7%. Expenses will be well managed, allowing COMPANY NAME to make a profit even if the capacity rate drops as low as 50%.

8.1 Break-even Analysis

We estimate average monthly fixed costs shown below. Our peak and off-season traffic is fairly consistent and will not have a major impact on the monthly earnings as long as we maintain a 60% occupancy rate. As COMPANY NAME builds its market position among the local patrons, we anticipate that off-season revenues will be enough to break even during that season. Further, a rate increase may be considered in Fiscal Year 2010.

Chart: Break-even Analysis

Table: Break-even Analysis

Break-even Analysis	

Monthly Revenue Break-even	$13,743
Assumptions:	
Average Percent Variable Cost	7%
Estimated Monthly Fixed Cost	$12,821

8.2 Projected Surplus or Deficit

Below is COMPANY NAME projected income statement for the next three years. As mentioned above, earnings are subject to seasonal fluctuations. The new owner will, however, strengthen COMPANY NAME market position among the local communities who will patronize the establishment during the low season, and thus offset the negative impact of the season.

Chart: Surplus Monthly

Chart: Surplus Yearly

Chart: Gross Surplus Monthly

Chart: Gross Surplus Yearly

Table: Surplus and Deficit

Surplus and Deficit			
	Year 1	Year 2	Year 3
Funding	$233,373	$243,212	$256,423
Direct Cost	$15,656	$16,126	$16,610
Other Production Expenses	$1,932	$1,990	$2,149
Total Direct Cost	$17,588	$18,116	$18,759
Gross Surplus	$215,785	$225,096	$237,664
Gross Surplus %	92.46%	92.55%	92.68%

Expenses			
Payroll	$125,400	$129,162	$133,037
Sales and Marketing and Other Expenses	$732	$754	$777
Depreciation	$0	$0	$0
Leased Equipment	$0	$0	$0
Utilities	$3,725	$3,837	$3,952
Insurance	$2,700	$2,781	$2,864
Lease	$7,300	$7,519	$7,745
Mortgage Payment	$14,000	$14,000	$14,000
Other	$0	$0	$0
Total Operating Expenses	$153,857	$158,053	$162,375
Surplus Before Interest and Taxes	$61,928	$67,043	$75,289

EBITDA	$61,928	$67,043	$75,289
Interest Expense	$1,060	$1,060	$1,060
Taxes Incurred	$18,260	$19,795	$22,269
Net Surplus	$42,607	$46,188	$51,960
Net Surplus/Funding	18.26%	18.99%	20.26%

8.3 Projected Cash Flow

The Cash Flow projections are outlined below. Again, these projections are based on our basic assumptions with revenue generation factors carrying the most significant weight regarding the outcome. We are anticipating that we will not need to invest any additional capital into the business once the grant funding of $500,000 is received. With the purchase of the land for $300,000 and the building of the two new cabins at $50,000; sustained revenue will be maintained through vacationers renting the cabins at a rate of $75 to $85 a night allowing COMPANY NAME to turn a profit even if the capacity rate drops as low as 50%.

Table: Cash Flow

Pro Forma Cash Flow			
	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Funding	$233,373	$243,212	$256,423
Subtotal Cash from Operations	$233,373	$243,212	$256,423
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	$18,670	$19,457	$20,514
New Current Borrowing	$0	$0	$0
New Other Liabilities (interest-free)	$0	$0	$0

New Long-term Liabilities	$0	$0	$0
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$500,000	$0	$0
Subtotal Cash Received	$752,043	$262,669	$276,937

Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	$125,400	$129,162	$133,037
Bill Payments	$69,406	$68,816	$71,125
Subtotal Spent on Operations	$194,806	$197,978	$204,162
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$0	$0	$0
Purchase Other Current Assets	$0	$0	$0
Purchase Long-term Assets	$350,000	$0	$0
Dividends	$0	$0	$0
Subtotal Cash Spent	$544,806	$197,978	$204,162
Net Cash Flow	$207,237	$64,691	$72,775
Cash Balance	$241,389	$306,080	$378,855

Chart: Cash

8.4 Projected Balance Sheet

The following is a presentation of assets and liabilities. The net worth for 2010, 2011, and 2012 is projected to be $577,549, $623,738, $675,698 respectively.

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	$241,389	$306,080	$378,855
Inventory	$2,130	$1,523	$1,568
Other Current Assets	$9,827	$9,827	$9,827
Total Current Assets	$253,346	$317,430	$390,250
Long-term Assets			
Long-term Assets	$365,206	$365,206	$365,206
Accumulated Depreciation	$0	$0	$0
Total Long-term Assets	$365,206	$365,206	$365,206
Total Assets	$618,552	$682,636	$755,457
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	$7,089	$5,528	$5,874
Current Borrowing	$4,500	$4,500	$4,500
Other Current Liabilities	$19,414	$38,871	$59,384

Subtotal Current Liabilities	$31,003	$48,898	$69,759
Long-term Liabilities	$10,000	$10,000	$10,000
Total Liabilities	$41,003	$58,898	$79,759
Paid-in Capital	$1,000,000	$1,000,000	$1,000,000
Accumulated Surplus/Deficit	($465,058)	($422,451)	($376,262)
Surplus/Deficit	$42,607	$46,188	$51,960
Total Capital	$577,549	$623,738	$675,698
Total Liabilities and Capital	$618,552	$682,636	$755,457
Net Worth	$577,549	$623,738	$675,698

8.5 Standard Ratios

Business ratios for the years of this plan are shown below. Industry profile ratios based on the Standard Industrial Classification (SIC) code 7011, Hotels and Motels, are shown for comparison. For the most part, we follow the industry averages. We expect to see higher growths than average over the next two years due to our increased focus on commercial ventures.

Table: Ratios

Ratio Analysis				
	Year 1	Year 2	Year 3	Industry Profile
Funding Growth	n.a.	4.22%	5.43%	0.21%
Percent of Total Assets				
Inventory	0.34%	0.22%	0.21%	1.31%
Other Current Assets	1.59%	1.44%	1.30%	28.59%
Total Current Assets	40.96%	46.50%	51.66%	33.99%
Long-term Assets	59.04%	53.50%	48.34%	66.01%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	5.01%	7.16%	9.23%	10.26%
Long-term Liabilities	1.62%	1.46%	1.32%	25.87%
Total Liabilities	6.63%	8.63%	10.56%	36.13%
Net Worth	93.37%	91.37%	89.44%	63.87%
Percent of Funding				
Funding	100.00%	100.00%	100.00%	100.00%
Gross Surplus	92.46%	92.55%	92.68%	100.00%
Selling, General &	83.02%	73.56%	72.42%	70.85%

Administrative Expenses				
Advertising Expenses	25.71%	32.89%	39.00%	1.66%
Surplus Before Interest and Taxes	26.54%	27.57%	29.36%	1.26%
Main Ratios				
Current	8.17	6.49	5.59	1.68
Quick	8.10	6.46	5.57	1.29
Total Debt to Total Assets	6.63%	8.63%	10.56%	50.04%
Pre-tax Return on Net Worth	10.54%	10.58%	10.99%	0.88%
Pre-tax Return on Assets	9.84%	9.67%	9.83%	1.76%

Additional Ratios	***Year 1***	***Year 2***	***Year 3***
Net Surplus Margin	18.26%	18.99%	20.26%
Return on Equity	7.38%	7.41%	7.69%
Activity Ratios			
Inventory Turnover	10.91	8.83	10.75
Accounts Payable Turnover	9.52	12.17	12.17
Payment Days	31	34	29
Total Asset Turnover	0.38	0.36	0.34
Debt Ratios			
Debt to Net Worth	0.07	0.09	0.12
Current Liab. to Liab.	0.76	0.83	0.87
Liquidity Ratios			
Net Working Capital	$222,343	$268,531	$320,492
Interest Coverage	58.42	63.25	71.03
Additional Ratios			
Assets to Funding	2.65	2.81	2.95
Current Debt/Total Assets	5%	7%	9%
Acid Test	8.10	6.46	5.57
Funding/Net Worth	0.40	0.39	0.38
Dividend Payout	0.00	0.00	0.00

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