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INTRODUCTION

Providing a standard frame to prepare the yearly operational business and marketing plan concept for the hotels and a basis for the operational budget preparation according to company requirements as described in [\(01.04.001\)](#)

Each hotel establishes a Business Plan following the subjects listed below. The Business Plan includes a Marketing section where the highlights of the "Marketing Concept" should be summarised.

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MODEL

This first chapter describes the TARGET SITUATION. After studying this chapter, the reader must be familiar with the hotel view of the optimum product, hardware and management procedures. The emphasis is on our unique sales argument and on other notable strength of the operation.

Mission

What is the concrete assignment given by the Board of Directors or management company and our fundamental task to achieve it.

Product / Profile

Here we list the product's components (the "hardware"), i.e. the number of rooms, restaurants, seats, opening hours, banqueting facilities, size of public rooms, ancillary operations, services.

Positioning (Target)

This section should describe in lavish terms what we would like our hotel to be. The more accurate this description is, the easier it will be to find any discrepancies when comparing it with the ACTUAL situation. After reading this positioning, the reader must know exactly how management sees the hotel operation. Additional software elements are the friendliness of the staff, the flexibility of the department heads, the customer-orientation of staff, etc.

USP – Unique Selling Point

The unique selling point, which singles us out from the competition, should be clearly described. Since it is "unique" there is only room for one sales argument.

Selling Points

Here follow any number of other advantages, which distinguish us from the competition (both hardware and software), divided into the services:

- a) rooms
- b) gastronomy
- c) conferences/banquets
- d) other services

In other words, a list of the facilities, activities, services and infrastructure which customers and guests specially appreciate and which management would like to emphasise during the sales discussion.

Basically two different kind of Sales Points shall be considered:

Selling Points "Benefits"

What are the benefits and advantages for the customer to choose our product? (e.g. service, friendliness, gastronomy, etc.).

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Selling Points "Features"

What are the characteristics of our product? (e.g. facilities, infrastructure, 24 hour food service, etc.).

Management

It takes more than chairs, beds and a switchboard to make a hotel. Under this caption a description of the soul of the hotel should be given. What kind of management is required? How should personnel, maintenance, purchasing and sales departments back up the efforts made by the operational departments? Once again, the description should relate to the ideal scenario, so that the TARGET/ACTUAL comparison immediately disclose any sore points.

ANALYSIS

Once management knows what it wants, it is a matter of determining where efforts have to be made. This chapter deliberately only covers weaknesses and risks; since the strengths and opportunities were, after all, already mentioned in chapter 1. Management shall repeat the subdivision made in chapter 1 and list in analytical form what is wrong about the ACTUAL situation and what the TARGET is. In this section the competition shall also be considered.

Operational TARGET – ACTUAL comparison

Do people react to the hotel positively? If not, why not? At this juncture management should refrain from comments on "how", "when", "is it possible at all" and "what does it cost". That would only prevent our making a truly critical TARGET – ACTUAL comparison.

This job can be handled by anyone who is fully familiar with the TARGET (chapter 1). In other words, also guests, staff members or the head of another department.

Weaknesses and risks connected with the positioning (1.3)

Do guests see the hotel as management sees it?

Weaknesses and risks compared to the USP

What causes the hotel USP to lose its appeal? What prevents it from strengthening even more? What risks lurking in the foreground or background could destroy the USP?

Weaknesses and risks compared to the main sales arguments (1.5)

Here management shall consider the same question, but in connection with the other sales arguments.

Weaknesses and risks compared to management (1.6)

Does the ACTUAL situation here matches the ideal situation described under 1.6?

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Actual Market Trends?

What are the actual market/customer trends and what does that mean for the product? How could the hotel get a profit out of it. Are there any risks?

Comparison with the competition

In making comparison with the competition, management shall want to concentrate on essentials:

- Evaluate only hotels, which constitute real competition. It is misleading to make comparisons with 2* or 3* operations and discover that the hotel does everything better.

It would be just as senseless to make comparisons with operations of a totally different size. Management must, however, recall that the partial product of a "non-competitor" (e.g. speciality restaurant) can certainly be a competitor. In this case, this partial sector must be compared with the hotel counterpart. Analysis of direct competitors should give the reader answers to the following questions:

- a) What does the hotel better than the others?
- b) What does the hotel less well than the others?
- c) What positive results of the analysis can be applied to marketing?
- d) Is it possible to assemble the arguments under point b (what does the hotel less well?) into a list, which can then be eliminated using an appropriate strategy?(exerting an influence under point 3, "Targets and Measures")?

TARGETS AND MEASURES

Which concrete goals need to be formulated in order to bring the ACTUAL situation as close as possible to the TARGET situation? Measures should be listed in the form of key words; no detailed list of measures with timing is needed at present.

MARKETING

This chapter deals with the question as to which markets seek our product at what time and at what price. It also describes measures needed to achieve optimum occupancy of bedrooms, restaurants and banqueting/Conference facilities.

This section quotes recorded figures (ACTUAL), budget forecasts for the coming year (budget) and the final target. These three concepts should be interpreted as follows:

The hotel's goal may be to achieve 85% occupancy (goal). The current occupancy is 68% (ACTUAL). Since it is unlikely that 85% could be achieved next year, the budget will probably be around 74%. This type of comparison of figures enables us to prepare a realistic budget whilst still keeping a longer-term goal in mind. It should therefore be easy for the reader to see where the biggest efforts still have to be made.

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Rooms

Statistical basis

The source of business (individuals, company rack, travel agencies, company agreements, seminars (companies), seminars (professional), airlines, groups, etc.). These data are based individually on each hotel's mix. The occupancy rate per source should also be included.

Target groups and market processing

What target groups benefit most from the hotel sales arguments under points 1.4 / 1.5; when is the hotel service required and when does the hotel becomes too expensive? It helps to arrange target groups according to priorities since this makes it easier to answer the question: whom should most money be spent on in the marketing sector? (Does the expense bear any relationship to the earnings achieved?).

Price policy

This includes a survey of the price policy for each department (summary only in respect of rooms. In the case of restaurants, a copy of the menu may perhaps be included. For conferences / banqueting, it is maybe of interest to indicate the costs incurred in preparing the function room for use. For resort hotels the rates of the different meal plans might interest).

Restaurants

Statistical data

It includes:

- Turnover per chair
- Average check
- Turnover according to time of day
- Turnover per customer per day

Target groups.

See 4.1.2.

Price policy.

See 4.1.3.

Conference / banqueting

Statistical data

Here could be included:

- F&B per sq. Meter
- Room rental per sq. Meter
- Conference room occupancy
- Turnover mix of seminar, banqueting, party service

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Target group and market processing.

See 4.1.2.

Price policy.

See 4.1.3.

Marketing strategy

On the basis of our findings in connection with the product, the markets and the marketing goals (4.), management formulates an operational marketing strategy. Here management also describes quite briefly whether the concentration of efforts towards the market goes on sales, advertising or PR (marketing mix).

Marketing Action Plan

Detailed goals and measures will be formulated for the partial sectors on the basis of the above strategy (refer to Action Plan within the sample Marketing Concept; [\(01.04.010\)](#)).

BUDGET AND BUDGET COMMENTS

This section contains the annual operating budget as prepared. Comments should be made per department wherever budgeted figures deviate substantially from the previous year's values or where changes in policy, laws, owners requirements, etc. will occur. Since the comments on revenue will mostly be done under point 4 it should be added here only other factors influencing revenue. Comment on expenses shall be made in a way as practically no additional questions will be asked during the budget discussion.

Executive Summary

The Executive Summary is an extract of the operating budget. It serves for quick overview to the presentation of the budgets to Regional and Head Office management.

Refer to related subject:	Tool: Sample Typical Business Plan Marketing Concept (strategic) Tool: Typical Marketing Concept	(01.04.003) (01.04.010) (01.04.011)
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