



Manola Inn


Relax. You're at Manola Inn.


BUSINESS PLAN


2020 - 21

 John Doe

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Executive Summary

Business Overview



TIP

The Manola Inn is a beautiful facility that sits atop a bluff overlooking the Pacific Ocean in scenic Half Moon Bay California. The Inn offers seven individually furnished rooms, each with its own antique theme.

The Magnolia will have an eye-catching sign that will alert potential customers and drop-ins of our existence. The Company's rooms will feature modern furniture, high-end technology, and modern accessories.

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TIP

The Manola Inn will offer all of the standard Bed and Breakfast services including daily room cleaning, free local calls, cable TV, a free wireless network, and various other amenities. Additionally, the Bed and Breakfast will include a restaurant lounge serving breakfast, lunch, and dinner, as well as Afternoon Tea and Cocktails.

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Services

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TIP

The Manola Inn will primarily serve leisure travelers who seek comfort, necessary amenities, and simplicity of services. In general, the market for the bed and breakfast segment tends to be relatively affluent and well educated.

- The single largest segment which uses bed and breakfasts are guests on vacations/pleasure trips. These tend to be short, weekend trips to relieve work-related stress. Special events, such as weddings,

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Customer Focus

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TIP

The Manola Inn is led by John Doe who has been in the Bed and Breakfast industry for 20 years. While Doe has never developed a Bed and Breakfast from the ground up, he has worked in the Bed and Breakfast industry most recently as a general manager and has held various different positions in the management chain over the last 20 years. As such Mr. Doe has an in-depth knowledge of the Bed and Breakfast business including the operation

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Management Team

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Keys to Success



TIP

The Manola Inn is uniquely qualified to succeed due to the following reasons:

- There is currently no Bed and Breakfast in the community we are entering. In addition, we have surveyed the area and determined that they have frequent visitors who would use our Bed and Breakfast location when launched.

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Objectives



TIP

- Generate a customer satisfaction rate above 90%.
- Generate an average of \$26,000 in sales each month.
- Stay above 90% occupancy each month.

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Financial Overview

The Manola Inn is currently seeking \$3,000,000 to launch. Specifically, these funds will be used as follows:

- Bed and Breakfast design/build: \$2,500,000
- Working capital: \$500,000 to pay for marketing, salaries, and land costs until [Company Name] reaches break-even.

Topline projections over the next five years are as follows:

	Year1	Year2	Year3	Year4	Year5
Revenue	\$1,980,125	\$2,832,031	\$3,409,160	\$3,783,447	\$4,100,713
Total Expenses	\$1,375,530	\$1,561,763	\$1,866,977	\$2,027,436	\$2,107,349
EBITDA	\$604,595	\$1,270,268	\$152,183	\$1,756,011	\$1,993,364

	Year1	Year2	Year3	Year4	Year5
Depreciation	\$372,760	\$372,760	\$372,760	\$372,760	\$372,760
EBIT	\$231,835	\$897,508	\$1,169,423	\$1,383,251	\$1,620,604
Interest	\$164,782	\$144,184	\$123,586	\$102,988	\$82,391
PreTax Income	\$67,054	\$753,324	\$1,045,837	\$1,280,263	\$1,538,213
Income Tax Expense	\$23,469	\$263,663	\$366,043	\$448,092	\$538,375
Net Income	\$43,585	\$489,661	\$679,794	\$832,171	\$999,839

Company Summary



The Manola Inn is a beautiful facility that sits atop a bluff overlooking the Pacific Ocean in scenic Half Moon Bay California. We are a new start-up enterprise that will offer seven wonderfully furnished rooms to guests who want to get away from the ordinary.

Each room is individually furnished with antiques and there is a large

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Who is The Manola Inn?



The Manola Inn, located in California, is a new, small Bed and Breakfast focused on providing rooms with a clean and modern character that is attractive to visitors to the area. The Company's rooms will feature modern furniture, high-end technology, and modern accessories.

The Manola Inn was founded by John Doe. While John Doe has been in the Bed and Breakfast industry for some time, it was in Jan 2012 that he de

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Manola Inn's History



Upon returning from Madison, surveying the local customer base and online market, estimating travel growth, and finding a potential Bed and Breakfast location, John Doe incorporated The Manola Inn as an S-Corporation on Jan 2011.

The Bed and Breakfast development operations are currently being run from the John Doe home office. Once the land rights have been purchas

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Manola Inn's Services



TIP

Below is Manola Inn's initial service offerings and amenities provided.

1. Single Rooms
2. Studio Apartment Style VIP Rooms for long-term stays
3. Restaurant Lounge

Single Rooms

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Bed and Breakfast Design



TIP

The Manola Inn will develop a 20,000 square foot Bed and Breakfast with key elements that will include the following:

- Upper and Lower Floors with 18 Single rooms



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Industry Analysis



TIP

Manola Inn directly or indirectly competes with all Bed and Breakfasts nearby our Bed and Breakfast locations. The competition will come from inns, motels, and hotels.

The Manola Inn's target market strategy is based on becoming a destination choice for people in the greater San Francisco Bay region who are looking for a place to relax and recharge.

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Industry Statistics & Trends



TIP

The Bed and Breakfast and Hostel Accommodations industry is expected to perform at a slightly slower rate over the five years to 2021 than the past five-year period. The resurgence of travel rates since the recession is expected to continue, while travel spending is projected to increase over the next five years as the economy improves. Consumer spending is expected to increase by 2.4% per year on average over the next five years. IBISWorld estimates that the industry will grow at a slower rate than the overall economy.

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Market Segmentation

The profile of our customer consists of the following geographic and demographic information.



TIP

Our immediate geographic market is the San Francisco Bay area with a population of over one million people.

A 200-mile geographic area would want to use the kind of services we offer. The total target area population is estimated at two million people.

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Geo-graphics

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TIP

- Male and female.
- Married and single.
- Combined annual income in excess of \$75,000.
- The age range of 25 to 65 years. with a median age of 40.
- Work in a professional business setting.

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Demographics

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Target Market Segment Strategy



TIP

Our target market strategy is based on becoming a destination for people who are looking to get away for a few days, on the beautiful California coast. Our marketing strategy is based on superior performance in the following areas:

- Quality facilities.
- Beautiful location.

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TIP

The most dominant segment of the three is comprised of the San Francisco Bay and the surrounding area. Half Moon Bay is approximately a 45-minute drive for Bay area residents.

Half Moon Bay can seem like a different world and this is attractive for those people who have the need to get away but do not have the time to go

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Vacationers

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TIP

Because of the beauty and location of our Inn, we will be a very attractive choice for people looking for a honeymoon location.

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Honeymooners

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TIP

When rooms are available we will welcome the drop-in customer who is looking for a place to stay for the night. Our sign can be seen from Highway 101 and we expect to get quite a few drop-ins.

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Drop-ins

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TIP

The Manola Inn is a seven-room facility that provides overnight lodging and breakfast in a luxurious setting on the beautiful California Coast. There are several other Inns in the area as well as motels. Most people who need lodging in the area make reservations in advance to assure room availability. Two other Bed and Breakfast Inns, the Riptide Inn, and the Bayshore Inn are our main competitors.

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Service Business Analysis

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Customer Analysis

Profile of Target Market



TIP

The Manola Inn will serve the leisure travel market of California and its immediate surrounding area.

The market we serve is value-conscious and has a desire for high comfort and basic amenities geared towards the family and comfort travel.

U.S. leisure travelers are more likely to book a trip this year, relying

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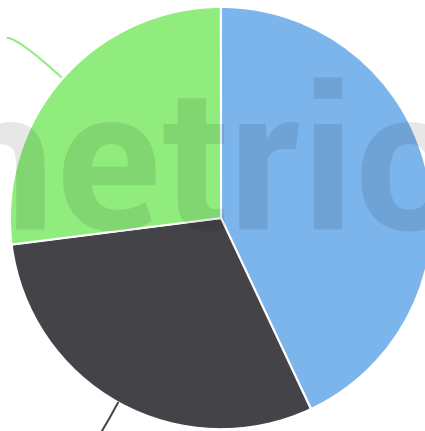
Customer Segmentation

We will primarily target the following three market segments:

International Tourists: 27.0 %

U.S. Leisure Travel Market: 43.0 %

U.S. Business Travel Market: 30.0 %



TIP

Travelers to California tourist attractions such as the Museum of Fine Art and the Annual Film Festival, as well as visitors to social events such as weddings.

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The U.S. Leisure Travel Market

Start Writing here...



TIP

Travelers to California for corporations and events

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The U.S. Business Travel Market

Start Writing here...



TIP

Last year, there were over 903 million international tourist arrivals worldwide, with a growth of 6.6%. International tourist receipts were \$856 billion, according to tourismrout.com.

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International Tourists

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Competitive Analysis

Direct & Indirect Competitors

The following Bed and Breakfasts are located within a 10-mile radius of The Malone Inn, thus providing either direct or indirect competition for customer acquisition:



TIP

The Madison Concourse Bed and Breakfast is Madison's leading Bed and Breakfast and has been in business for 20 years. The Bed and Breakfast offers a wide array of services and amenities that you typically find at a Bed and Breakfast.

The Madison Concourse offers luxury amenities, many of which are

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The Madison Concourse Bed and Breakfast

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TIP

The Edgewater Bed and Breakfast has been in business for 15 years. The Edgewater Bed and Breakfast offers a variety of services and amenities all typical of the Bed and Breakfast and hospitality industry.

However, The Malona Inn has several advantages over The Breakers Bed and Breakfast including:

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The Edgewater Bed and Breakfast

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TIP

Doubletree Bed and Breakfast Madison is located four miles to the East of our intended location. Doubletree Bed and Breakfast Madison has been in business for the past 10 years and is part of the Hilton family of Bed and Breakfasts, allowing it to use centralized booking with Hilton and the Hilton loyalty points system.

The Malona Inn has several advantages over Doubletree Bed and B

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Doubletree Bed and Breakfast Madison

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Competitive Pricing



TIP

	Madison Concourse	Edgewater Bed and Breakfast	Doubletree
King Room	\$150-\$200	\$200-\$225	\$235-\$265
Executive suite	\$250-\$325	\$375-\$400	\$325-\$430

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Competitive Advantage

The Malona Inn enjoys several advantages over its competitors. These advantages include:



Location

The Malona Inn's location in the downtown area, gives the best access to the airport, tourist attractions, corporate center, downtown, shopping and restaurants. The Company also offers adequate parking making it easy for customers to relax upon arrival.



Business Amenities

Wi-fi throughout the Bed and Breakfast will make working remotely simple for business visitors.



Management

Our management team has years of business and marketing experience that allows us to market and serve customers in the same manner as our most sophisticated competitors.



Relationships

Having visited the community for a number of years, John Doe knows all of the local leaders, newspapers and other influences. As such, it will be relatively easy for us to build the brand and awareness of the Bed and Breakfast.

Marketing Plan



TIP

The Marketing Plan describes the type of brand The Malona Inn seeks to create and the Company's planned promotions and pricing strategies.

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The Malona Inn Brand



TIP

The Malona Inn brand will focus on the Company's unique value proposition:

- Offering rooms suited for families and business travelers and services
- Offering a central location in the downtown area
- Providing excellent customer service

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Promotions Strategy

The Malona Inn expects its target market to leisure travelers mainly from the U.S and surrounding locations in the Midwest. The Company's promotions strategy to reach these individuals includes:



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The Malona Inn will assign salespeople to contact area corporations to arrange for bulk corporate rates for their visitors depending on the volume of visitors they will have.

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Phone Prospecting

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TIP

We will contact all local and regional area newspapers and television stations to tell them about the Bed and Breakfast opening and unique value proposition of The Malona Inn.

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Public Relations

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TIP

The Malona Inn will initially advertise on travel websites, which are frequently being used these days to book travel due to their ease of use and reviews.

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Advertising

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TIP

The Malona Inn will maintain a website and publish a monthly email newsletter to tell local corporations and past customers about promotions and events.

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Ongoing Customer Communications

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TIP

Before opening the Bed and Breakfast, The Malona Inn will organize pre-opening events designed for prospective national customers, local customers, and press contacts. These events will create buzz and awareness for The Malona Inn in the area.

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Pre-Opening Events

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Pricing Strategy



TIP

The Malona Inn's pricing will fluctuate based on the season and occupancy percentages using a computerized yield management system, but pricing will always place the Bed and Breakfast in the mid-range, below luxury offerings and above Bed and Breakfasts and motels in the area. Customers will feel they receive great value when patronizing the Bed and Breakfast.

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Operations Plan

Functional Roles

In order to execute on The Malona Inn's business model, the Company needs to perform many functions including the following:



TIP

- General & Administrative functions including legal, marketing, bookkeeping, etc.
- Sourcing and storing supplies for the Bed and Breakfast and conference space
- Hiring and training staff
- Corporate sales to individuals and groups

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Administrative Functions

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TIP

- Housekeeping
- Check-in focused on customer service
- Janitor/maintenance personnel to keep the Bed and Breakfast clean and in working order

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Bed and Breakfast Services

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Milestones

The Malona Inn expects to achieve the following milestones in the following 5 months:

Date	Milestone
[Date 1]	Finalize Land Rights
[Date 2]	Design and build out [Company Name]Bed and Breakfast
[Date 3]	Hire and train initial staff
[Date 4]	Launch [Company Name]Bed and Breakfast
[Date 5]	Reach break-even

Management Team



JOHN DOE

CEO & Founder john.doe@example.com

The Malona Inn is led by John Doe who has been in the Bed and Breakfast Industry for 20 years.

While Mr. Doe has never developed a Bed and Breakfast from the ground up, he has worked in the Bed and Breakfast industry most recently as a general manager and has held various different positions in the management chain over the last 20 years. As such John Doe has in-depth knowledge of the Bed and Breakfast business including the operations side (e.g., running day-to-day operations) and the business management side (e.g., staffing, marketing, etc.).

John Doe has also worked real estate consultant on a part-time basis over the past 10 years. Specifically, he has worked in contracting positions to help real estate developers with their Bed and Breakfast launch plans, as well as their operations, plans once the Bed and Breakfast have been launched.

John Doe graduated from the University of ABC where he majored in Bed and Breakfast and Restaurant Management.

Hiring Plan



TIP

The Malona Inn will serve as the Bed and Breakfast president. In order to launch our Bed and Breakfast, we need to hire the following personnel:

- Housekeeping staff (5 to start)
- Bed and Breakfast Manager (will manage day to day operations of the Bed and Breakfast)

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Financial Plan

Revenue and Cost Drivers



TIP

The Malona Inn's will come from Bed and Breakfast room occupancy and food and beverage.

The major costs for the company will be the salaries of the staff and cost to maintain the standard of the Bed and Breakfast. In the initial years, the company's marketing spend will be high, as it establishes itself in the market.

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Capital Requirements and Use of Funds



TIP

The Malona Inn is seeking total funding of \$3,000,000 to launch the Bed and Breakfast. The capital will be used for funding capital expenditures, manpower costs, marketing expenses, and working capital.

Specifically, these funds will be used as follows:

- Bed and Breakfast design/build: approximately \$2,500,000

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Key Assumptions & Forecasts

Below please find the key assumptions that went into the financial forecast and a summary of the financial projections over the next five years.

Date	Milestone
[Date 1]	Finalize Land Rights
[Date 2]	Design and build out [Company Name] Bed and Breakfast
[Date 3]	Hire and train initial staff
[Date 4]	Launch [Company Name] Bed and Breakfast
[Date 5]	Reach break-even

Income Statement (5 Year projections)

	Year1	Year2	Year3	Year4	Year5
Revenues					
Product/Service A	\$151,200	\$333,396	\$367,569	\$405,245	\$446,783
Product/Service B	\$100,800	\$222,264	\$245,046	\$270,163	\$297,855
Total Revenues	\$252,000	\$555,660	\$612,615	\$675,408	\$744,638
Expenses & Costs					
Cost of goods sold	\$57,960	\$122,245	\$122,523	\$128,328	\$134,035
Lease	\$60,000	\$61,500	\$63,038	\$64,613	\$66,229
Marketing	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Salaries	\$133,890	\$204,030	\$224,943	\$236,190	\$248,000
Other Expenses	\$3,500	\$4,000	\$4,500	\$5,000	\$5,500
Total Expenses & Costs	\$271,850	\$412,775	\$435,504	\$454,131	\$473,263
EBITDA	(\$19,850)	\$142,885	\$177,112	\$221,277	\$271,374
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
EBIT	(\$56,810)	\$105,925	\$140,152	\$184,317	\$234,414
Interest	\$23,621	\$20,668	\$17,716	\$14,763	\$11,810
PRETAX INCOME	(\$80,431)	\$85,257	\$122,436	\$169,554	\$222,604
Net Operating Loss	(\$80,431)	(\$80,431)	\$0	\$0	\$0
Income Tax Expense	\$0	\$1,689	\$42,853	\$59,344	\$77,911
NET INCOME	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Net Profit Margin (%)	-	15.00%	13.00%	16.30%	19.40%

Balance Sheet (5 Year projections)

	Year1	Year2	Year3	Year4	Year5
ASSETS					
Cash	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389
Accounts receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$21,000	\$23,153	\$25,526	\$28,142	\$31,027
Total Current Assets	\$37,710	\$113,340	\$184,482	\$286,712	\$423,416

	Year1	Year2	Year3	Year4	Year5
Fixed assets	\$246,450	\$246,450	\$246,450	\$246,450	\$246,450
Depreciation	\$36,960	\$73,920	\$110,880	\$147,840	\$184,800
Net fixed assets	\$209,490	\$172,530	\$135,570	\$98,610	\$61,650
TOTAL ASSETS	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066
LIABILITIES & EQUITY					
Debt	\$317,971	\$272,546	\$227,122	\$181,698	\$136,273
Accounts payable	\$9,660	\$10,187	\$10,210	\$10,694	\$11,170
Total Liabilities	\$327,631	\$282,733	\$237,332	\$192,391	\$147,443
Share Capital	\$0	\$0	\$0	\$0	\$0
Retained earnings	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
Total Equity	(\$80,431)	\$3,137	\$82,720	\$192,930	\$337,623
TOTAL LIABILITIES & EQUITY	\$247,200	\$285,870	\$320,052	\$385,322	\$485,066

Cash Flow Statement (5 Year projections)

	Year1	Year2	Year3	Year4	Year5
CASH FLOW FROM OPERATIONS					
Net Income (Loss)	(\$80,431)	\$83,568	\$79,583	\$110,210	\$144,693
Change in working capital	(\$11,340)	(\$1,625)	(\$2,350)	(\$2,133)	(\$2,409)
Depreciation	\$36,960	\$36,960	\$36,960	\$36,960	\$36,960
Net Cash Flow from Operations	(\$54,811)	\$118,902	\$114,193	\$145,037	\$179,244
CASH FLOW FROM INVESTMENTS					
Investment	(\$246,450)	\$0	\$0	\$0	\$0
Net Cash Flow from Investments	(\$246,450)	\$0	\$0	\$0	\$0
CASH FLOW FROM FINANCING					

	Year1	Year2	Year3	Year4	Year5
Cash from equity	\$0	\$0	\$0	\$0	\$0
Cash from debt	\$317,971	(\$45,424)	(\$45,424)	(\$45,424)	(\$45,424)
Net Cash Flow from Financing	\$317,971	(\$45,424)	(\$45,424)	(\$45,424)	(\$45,424)
SUMMARY					
Net Cash Flow	\$16,710	\$73,478	\$68,769	\$99,613	\$133,819
Cash at Beginning of Period	\$0	\$16,710	\$90,188	\$158,957	\$258,570
Cash at End of Period	\$16,710	\$90,188	\$158,957	\$258,570	\$392,389