

## ACCOMMODATION BUSINESS PLANNING

Here is an overview of the items that should feature in your plan (inspired by the Queensland Bed & Breakfast Association's excellent industry booklet '*Guidelines for Operating a B&B in Queensland*').

Gathering the following information will **help you set goals**, identify strengths and areas for improvement – and best of all, help you best fit your resources and accommodation to your future paying guests, to generate profits.

### Marketing Plan

Helps you identify your market (visitors most likely to be attracted especially where wine may not be the main attractor)

#### Components include:

- Describe your market
- How can you best reach them?
- Who are your competitors?
- What are the major opportunities?
- What market research is available?
- What marketing materials are needed?

### Operating Plan

Helps achieve daily running efficiencies.

#### Components include:

- Identify required service delivery levels (for staffing, room cleaning, laundry, etc)
- Learn what your competitors are doing
- Choose production and control systems (for managing running costs, etc)
- Choose suitable reporting systems (for guest service, supplies, finances, etc)
- Identify relevant training programs
- Set clear targets (well defined, specific, measurable, time-phased and realistic)

### Management & Personnel Plan

Helps organise your most important resources (you and your team)

#### Components include:

- Time management functions
- A performance appraisal process
- Recognise skills levels and gaps
- Identify training needs and ways to motivate staff
- Know your legal obligations

### Finance Plan

Working in conjunction with your accountant, prepare 2-year projected financial statements and sales forecasts

#### Components include:

- Prepare cash flow forecasts.
- Understand performance of your business across two years
- Identify likely contingencies and plan for updating profit and loss statements.
- Talk to your accountant about operating margins and how to maintain a regular review of performance

## Action Plan

Bringing it all together by setting goals, responsibilities and timelines to achieve agreed plans. This will help provide a realistic way forward based on resources (time, staff, finances) to hand, future opportunities and required formal, legal and marketing steps.

### Components include:

- Listing all key objectives
- Linking to person responsible for carrying out actions
- Reviewing outcomes with professional advisor
- Contingency plans to address risk factors

## Questions, Questions

Here are some questions to ask yourself as you prepare your plans:

### 1. Business Planning

- It might be a good idea, but how will it work?
- What research do I need to undertake?
- What are the strengths, weaknesses, opportunities and threats to my ideas?
- How and where will I market my business?
- How will this fit with regional development and tourism plans for the area?
- How does this idea fit with my overall brand image?
- What impact is an accommodation facility likely to have on my other facilities (cellar door, restaurant, etc)?

### 2. Finances

- Can I make this a genuine business or is it a hobby?
- How much money do I need to invest before I get a return?
- When will I get a return and how do I survive until then?
- What are the running costs and tax implications likely to be?
- How can I calculate the correct charge for my accommodation?

### 3. Formal Requirements

- How does my proposal fit local council plans?
- What building codes and fire safety regulations apply?
- What health, safety and food standards will apply?
- What first aid skills do I or my staff require?
- What emergency and evacuation plans for guests are required?

## Establishing the Market Mix

There are four broad market segments:

1. **Recreational or tourist** (Includes subdivisions like Family, FIT (Fully Independent Travellers), Empty Nesters, Romantic Getaway Couples, etc)
2. **Convention or group** (Delegates focused on their event plus groups with special interests in things like food and wine, arts and culture, etc)
3. **Locals** – (A potentially loyal and regular market that includes visiting friends and relatives, wedding/ birthday functions, etc, plus valuable 'word of mouth' promoters)
4. **Commercial, government or professional business** (Usually in transit or with a business meeting/ dining focus)

You will usually need to promote and cater to at least two of these groups. It is also important to consider these groups in relation to the following:

- ❑ **Seasonality** – Regions can be prone to falling visitor numbers at certain times of the year, so find out what seasonal patterns exist.
- ❑ **Weekday/ weekend characteristics** – When do these people travel and what are their expectations/ needs?
- ❑ **Price-sensitivity** – Most markets are price-sensitive and any financial projections must compare this with the sustainable room rate (to ensure you actually make money while being price-competitive).  
Note: If you can build a recognised niche property and premium experience, you can then charge a premium price. It is always better to 'value add' than to discount (the effect on pricing and profit goes up with the former and down with the latter).
- ❑ **Bed occupancy** as opposed to room occupancy. A high bed occupancy rate will indicate opportunities to add extra services, such as a restaurant. (See Accommodation Revenue Calculator)
- ❑ **Anticipated growth** in each market sector over 5 years.

Your ability to arrange your resources and services to meet the demand of these segments is fundamental to your success.

## What Do Guests Want?

Feedback on your accommodation and overall experience from your guests is a great way to help direct your marketing strategy and improve your products.

U.S. researchers ran a survey of guest preferences over two decades and found the responses to be consistent. Some common requirements that emerged were:

- ❑ Reassurance – the property must be clean and efficient, but home touches are very welcome
- ❑ A call from Reception soon after checking in, to inquire whether everything is satisfactory. After that, no intrusions
- ❑ Generous-sized soaps and towels
- ❑ A well-positioned clock in the room
- ❑ Sound-insulated rooms (guests don't like to share their neighbours' conversation or activities)
- ❑ Comfortable chairs and lounges
- ❑ Touches, but not imposition, of flair in design/ decoration
- ❑ Prints and mementos to reflect locality
- ❑ Good map of area
- ❑ Personal and customised approach by management and staff
- ❑ Accessibility to self-service. Guests enjoy the option of preparing small snacks, preferably in their room
- ❑ Some personality shown by owner/manager – but not Basil Fawlty's!

(Source: Peter Andersen and Virginia Bowe, Gull Publishing Tourism Management Series)

Make sure you have a feedback mechanism in the form of a **questionnaire** for guests to fill in before leaving or to mail back. It needn't be long, just ensure it covers all the areas you would like to have comments or ratings on.

## BUSINESS READY CHECKLIST

Now that you have completed all of your planning, established your accommodation and are almost ready to open the doors, use this Business Ready Checklist to make sure you have considered everything and are maximising your chances of success.

### Legal Responsibilities

- Business is registered and all Permits and Occupancy approvals are complete
- All other licensing and business compliance requirements are in place
- Code of Conduct contains a Privacy Policy
- Appropriate Public Liability, Work Cover, Business and all other Insurance is in place

### Business & Marketing Plan

- Business Plan is detailed and includes environmental, regional, and human resource elements as well as detailed financials
- A Marketing Plan has been created including:
  - Ethical marketing policy
  - Competitor analysis
  - Target market analysis
  - Marketing objectives, strategies and evaluation procedures
  - Identification of marketing opportunities
  - Media communication strategy, including regional networks strategy
  - Marketing budget established
  - Research and implementation plan

### Policies & Procedures

- A Customer Service policy is in place including:
  - Catering for people with special needs,
  - Collection and analysis of customer feedback
  - Handling customer complaints
  - Taking bookings and cancellations
- A Risk and Emergency Audit has been undertaken and Management Policies are in place including:
  - Emergency and evacuation procedures
  - Emergency contact numbers
  - Incident report form
  - Accident handling procedure
  - Risk assessment procedure
  - Hazardous chemical storage
- Cleaning and daily maintenance procedures are in place
- Qualified first aid personnel and a comprehensive first aid kit are on hand
- Financial Policies are in place including:
  - Commission policy
  - Payment policy for creditors
  - Procedure for outstanding payments (debt recovery)
  - Credit references checks
  - Credit card and refund policy
- Environmental impact assessed and policy established including:
  - Energy and water conservation
  - Recycling and customer environmental education

### General

- All staff and associated personnel are fully briefed, understand the brand proposition and associated image and are ready to welcome guests
- Appropriate signage, access and parking to meet customer needs (day and night)
- Property is fitted out with appropriate fixtures, fittings and ancillary items