



Hotel Beach Resort & Spa in Panama Business Plan

Entrepreneurship

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Mission & Objectives

- The Palms Resort & SPA will be dedicated to provide its guests with the highest quality of service in a luxury still modest environment. It will value the place in the community within it will operate and will work to develop those relationships and to respect and protect the environment.
- The marketing strategy's objective is to communicate the unique set of products and services that we will offer to the hotel's guests. Attempt to direct the focus of the customers to the issues of quality and value for the money as opposed to simply the bottom line costs associated with their staying time in the hotel.
- The marketing strategy will allow to communicate the brand values, develop close working relationships with the creditors, customers and suppliers and to manage the needs of the guests in an effective manner. Continued differentiation and growth are two goals they have set for themselves. Growth will take place by targeting new areas of business within both local and international communities

Proposed Business Ratios

- Profitability Ratios: Gross Margin and Net Profit Margin indicate that the hotel will generate profit from year #1. Percentages of gross and net margin (related to gross revenue) are in line with the local industry. Return on assets (ROI) and Return on Equity (ROE) indicate that significant earnings will be generated from the investments in assets and as a result an efficient usage of the owners' equity is expected.
- Activity Ratios: AR and AP Turnover suggest a good management of the balance sheet plus the Inventory Turnover that also indicates an excellent rotation of the inventory. Collection days (only 8) represent a business risk in the balance sheet since most of the credit card service providers will require more than 30 days to pay back. Potential increase in the AR could generate some pressure in the cash flow.
- Debt and Liquidity Ratios are very low. It is an indication of the required initial capital funding required from the owners' equity. A negative working capital represents an area of concern. The large amounts in the total current liabilities versus the total current assets suggest that the hotel will be under pressure to cover its debts during the first years of operation. This situation should become under control by significantly reducing the amount of the debt after the 5th year of operation.

Proposed Action Plan and Timeline

- The marketing director will lead the hotel Public Relations and Marketing team of all advertising, promotional and public relations related activities. He/She will work closely with the members of the team, specially the Sales and Finance Directors to implement and monitor the effectiveness of the marketing plan and evaluate the quarter results.
- • The Palms Resort & SPA will adopt a cross –functional team work approach to manage not only the day to day hotel activities but also current and new product service package developments. Having representatives from various departments clearly has its advantages; but most important, effective teams must have the nurture and support of the management team.



Sales Forecast

- This is based on the number of pre-contracted corporate rooms, and an anticipated return to business levels projected (conference room activities, SPA package, restaurant another room services). Revenues for subsequent years will be based on an average growth rate of 4%.
- Marketing expenses are projected to be approximately 5.3% (average) of overall annual revenue . The marketing expense is structured to reflect the hotel strategy differentiation. Quarterly travel trade publications and interim monthly press ads will communicate the message to key corporate clients in one of the most significant target markets.
- Monthly Internet advertising expenses include banner ads, and strategic links with car rental, airline and destination management companies' websites to drive business to the hotel. Direct mail activity will support to build the targeted customer database, not only in terms of improving the quality of the data but also on increasing the size of the database with prospective customer information.
- Public relations expenses cover PR events, participation at local functions and sponsorship funds. Overall, the percentage of total revenue required to support the marketing expense could be considered a moderate amount.

Target Market Analysis

- The Hotel is a beach & resort 5*+hotel comprising 15-20 luxury guest rooms and specializing in servicing tourists and corporate clients. It serves the business community, and visiting business travellers, in the city of Panama, Panama.
- • Key to the business success is the level of customer loyalty and repeat business they will receive on an annual basis. The resort offer the guests the most up-to-date technical business facilities, both inside the rooms and within the hotel's conference facilities.
- • Also, the resort offer excellent SPA facilities for relaxation and body treatments. The guests feel that they can conduct their business from within a less austere atmosphere than can be experienced in the competitive properties, where there is less personal recognition. They will appreciate being called by name when they arrive, and having the staff remembers their specific requirements, time and again. This is key in developing the relationship beyond an initial stay and evidences our added value in relation to competitive properties in the vicinity.

Competition analysis

- Although no direct competition exists, in terms of the five stars plus SPA Package facilities, other five star hotels and serviced apartments do compete for the same corporate business sectors. Key competitors have been identified as:
- •Hilton: 5 star city hotel, room rates on par with Hotel's rate.
- •Marriott: 5 star city hotel, room rates approximately 10% higher Hotel's facility and it only four years old.
- •Intercontinental: 5 star city hotel, daily rates 15% higher than Hotel's double deluxe rates.
- •Country Inn Apartments: 4 star furnished apartments, daily rates vary between Hotel's double deluxe and suite rates. They are two current facilities: one is located within the city perimeter and the other is closer to the Panama Canal area.



References

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