

# Writing a business plan for an accommodation business

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# Writing a business plan for an accommodation business

We all know writing a business plan has huge benefits at the start of planning a new business. Sometimes it's just for yourself so you can understand your business better, sometimes you will have to do a business plan if you seek funding or finance. Importantly you need to write your plan with the reader and the purpose in mind, so before you start writing your plan ask yourself two questions:

## 1) Who are you writing the plan for?

- Yourself/your parents
- The bank/other lenders
- Grant applications

## 2) What is the purpose of the plan?

- To get a better understanding for your own use
- To persuade others to let you rent/loan/have an asset or resource
- To get a grant
- To source finance

## Structuring a written business plan – template

### a) Summary of the business

- An overall summary of your business – these are your first impressions on the reader, make it snappy and engaging.
- Make it concise, and easy to read. Try to imagine you are explaining your business to a stranger on the street. Would they understand it?
- Include a handful of your main goals or objectives, you may find it better to split these into short-term goals (up to a year), mid-term (1-3 years) and longer-term.
- Highlight key facts and figures including a financial summary which reflect your budgets.
- It should be no longer than two pages of A4, shorter is fine if it says it all.
- Because it is a summary, you should write this section after having finished the rest of your plan.

### Top tips when writing a business plan:

- If this is for the bank or other lenders make it look presentable
  - Put a front cover on
  - Write it in report format, and number your paragraphs for easy reference
  - If it is to be emailed, PDF it
  - If it is to be printed and posted, print on good quality paper and bind it if possible
  - Write a cover letter or email
  - Check for obvious things like spelling
  - Check the format. A good font like Arial in size 11, formatted with paragraphs and numbering
- Get someone you trust to read over it impartially, and for areas that are not understandable

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## b) About you/your situation/your farm

- This section is the opportunity to explain why you think you have the experience, ability, knowledge and commitment to be able to make this a successful business.
- You should set out your relevant experience and relevant qualifications. Experience doesn't have to be in the same sector, for example you could have customer relationships or sales experience from a different role.
- Provide some detail, avoid relying on particularly emotional reasons as to why you want to start your business.
- If you want to really impress you could also attach your CV.

## c) The business opportunity

- Describe the accommodation you are going to provide.
- How much of a service are you going to offer?
- How are you going to differentiate your accommodation from others locally?
- What is it about your site or your accommodation that will make people choose you?
- Include photographs or a site plan to show how and where you intend to locate your site.
- If you need planning permission, tell the reader where you are in that process.

## d) Who are your customers?

- This is your first opportunity to demonstrate you have really done your research and understand the market.
- Be specific and set out your target market, specifically the actual people you hope will be staying with you, not general commentary about those type of people.
- If your business has already started, include information about who and what you have let so far.
- When describing your customers, break them down into individual consumers. If they male/female, how old are they, why do you consider them your target market?
- Is your accommodation aimed at families, couples, groups? Are they long-stay or short-stay? How will your accommodation appeal to this market?



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## e) Industry knowledge

- This is your opportunity to demonstrate you understand how your offering fits into, and where within the wider industry.
- You should give an overview of the industry you are entering into and highlight any relevant facts and figures. Use economic facts and trends where available.
- You should set out the market research you have undertaken and what your conclusions are. This includes research on the internet, from industry sources and from your own research such as surveys.

## f) Sales and marketing plan

- Provide a detailed overview of your marketing and sales strategy. How are you going to inform your target market about your product?
- Are you going to use one or more third party booking platforms, AirBnB, agencies, Farmstay?
- Are you also going to have your own website? Will you be able to take bookings and payments online?
- Don't forget that whatever marketing you say you are going to do, the costs should then be included in the cash flow and budgets.

## g) SWOT analysis

- This shows you have considered the strengths, weaknesses, opportunities and threats that face your business.
- Strengths – good things about your business plan that gives you an edge on competitors.
- Weaknesses – anything that might affect how well your business will work. This could relate to the industry, the product or you as a person. Where you identify a weakness, put an action point of how you are going to address it.
- Opportunities – anything which poses you with an opportunity within the industry.
- Threats – what external factors could affect your business plan? For example, new regulation, your competitors.

### Your business plan should include the following information:

- A summary of the business
- Information about you
- The business opportunity
- Who your customers are likely to be
- A sales and marketing plan
- Industry knowledge
- A SWOT analysis
- Operations
- Financial budgets



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## h) Operations

- Outline how you are going to set up the site.
- Talk through who is going to undertake the work, who is going to host the site, manage the maintenance of accommodation, look after the facilities, the grounds, cleaning.
- What processes have you got into place to take bookings, card payments and online payments?
- Who are your staff, what are their skills?
- What legal or regulatory requirements or obligations are there and how are you going to deal with them?

## i) Financial budgets

- You should prepare a full set of budgets that accompany your business plan, including a list and amount of capital start up costs, cash flow forecasts and profit and loss forecast. For a new start up venture you should look at forecasting at least three years cash flow.
- In the main text of your business plan you should provide commentary on why you have used the figures you have and justify how you arrived at those figures.
- You have to undertake and then show detailed research on how you arrived at your forecast sales. Make sure you detail what percentage occupancy rates are you working on, are they realistic? Is your price per night competitive?
- Include any assumptions you have had to make.

And that's about it. If you are approaching the bank or a lender for a large amount of money they will expect your business plan to contain sufficient detail that they can make a decision on the risk involved, so your plan will need to be pretty robust and detailed. If you are starting a small business with little investment required you may not need to go into so much detail, but even just spending some time working through each section will help you question the business plan so you can get it right in your own mind.



## Author information



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Hannah and her team offer a wide range of rural professional consultancy services including; farm and rural planning, grant applications, BPS, cross compliance and budgeting. To find out more visit [www.mouleandco.co.uk](http://www.mouleandco.co.uk)



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