


Business Development Plan

ALDONA
PURE LINEN


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Summary


 has had a successful history of operating in the retail industry, serving prominent corporate and private clients from its store in Cape Town, South Africa. It now plans to enter the hospitality industry by establishing a luxury 14-room boutique hotel in the outskirts of Poland, being led by the CEO, Aldona Boldt, and her son, Nicolas Boldt, who acts as the operations manager for this project. This document aims to share the company's ethos, history, as well as its future strategic objectives.

In order to open such an establishment, the company requires PLN 4'500'000. The plan is that PLN 2'000'000 will be raised through private investment, while PLN 1'000'000 is to be sourced from state funds. The remaining PLN 1'500'000 is derived from self financed sources.

The existing business

 was founded in 2005, supplying the South African market with first class luxury, natural and eco friendly products from its showroom in Cape Town, South Africa. The product portfolio grew throughout the years, encompassing a wide range of pure linen textiles and crystal glasses. Some of these include, but are not limited to, bed linen, tablecloths, upholstery, children's toys and a clothing line. The company is known for its passionate CEO, Aldona Boldt, who places great emphasis on personal interactions between the company and its customers. As a result, she was able to establish strong long lasting relationships, attaining a customer retention rate of 80%. The majority of the clients are international, coming from countries such as Germany, France and the US. South Africans have shown to have a lower acceptance of the linen products and have often be deterred due to its premium price in a turbulent economy. Despite this, the



company has supplied top establishments in the country, including the Oppenheimer's renowned Tswalu Kalahari Game Lodge, Richard Branson's Ulusaba Game Lodge and the Private Bishops Villa. Simultaneously, publishers such as Conde Nast and Cape Town's Louis Vuitton City Guide have approached the company in order to have the firm's products featured in their publications.  is thus well established in the South African market and plans to expand into the hospitality industry.


Core Values

The firm has been operating on five distinct core values, which have created the platform of its operations. These are the commitments to:

- Passion
- Sustainability
- Excellence
- Luxury
- Polish history and the respective culture

These values will be the driving factors behind the boutique hotel, which is due to open by the first quarter of 2016, and have been adapted to the following Vision and Mission statements:

Vision

 aims to create a world-class hotel establishment by providing a unique experience for the world's most demanding customers. We have a passion for exceeding the expectations of our customers, seeing them as a part of a family in which a mutual long lasting beneficial relationship can be formed.


Mission

To provide a relaxing, passionate, luxurious and green hotel experience, which draws upon the Polish heritage and simple natural beauty, at every level.

Target Consumer


These statements provide direction to the company, aiming to target middle-aged (30 – 60 year olds) Polish and international consumers who are green minded, educated and who seek a luxurious family like hotel experience.

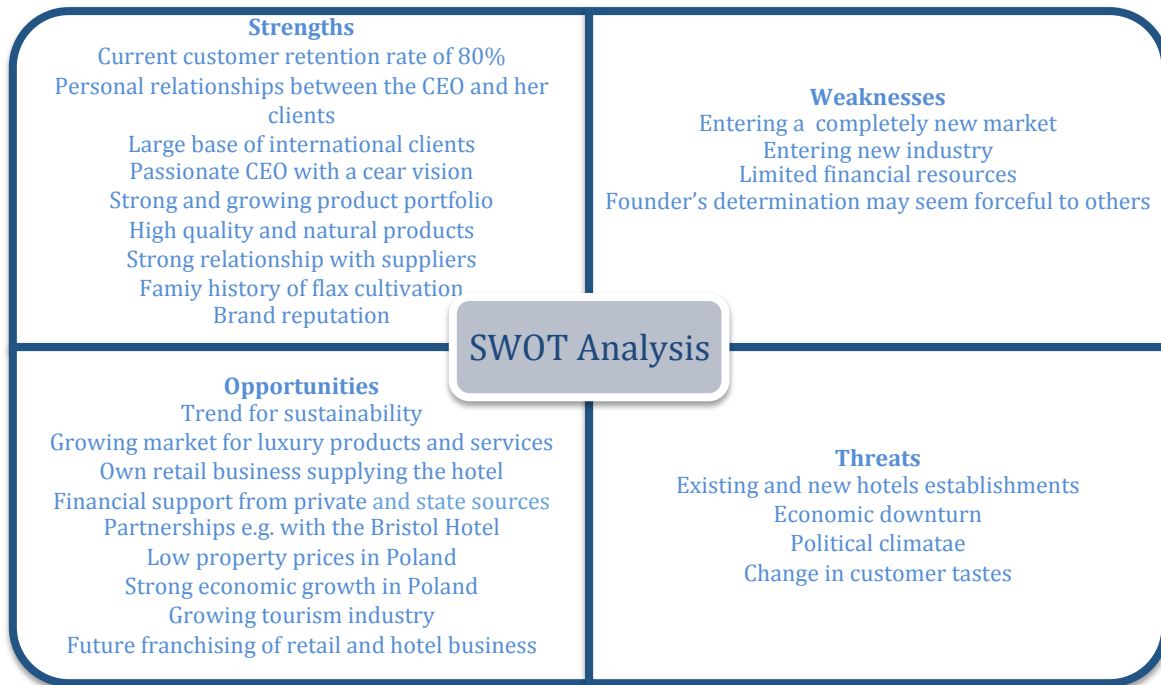
Objectives



 has set itself numerous objectives which act as milestones. These will not only give the company direction but will be seen as performance-based evaluations, which measure the success of the company. The company has identified its eight distinct objectives as follows:

- Continually finding new ways to add value for its guests
- Become the most sought after hotel in the city
- Maintain a high customer retention rate
- Continue to offer a personalized service
- Break even by year four
- Achieve a low labour turnover
- Focus all activities on the firm's core values
- Increase the product portfolio at the showroom

SWOT Analysis

The company is certain that the boutique hotel will prove to be a success. Despite not having been directly active in a company owned hotel, it has worked with numerous top establishments in the industry. Furthermore, it can draw upon numerous advantages from its existing retailing business, as there is a clear link between interior decorating and the hospitality industry. In order to get a better idea of whether a hotel fits in the business model of existing , we will apply a SWOT analysis.

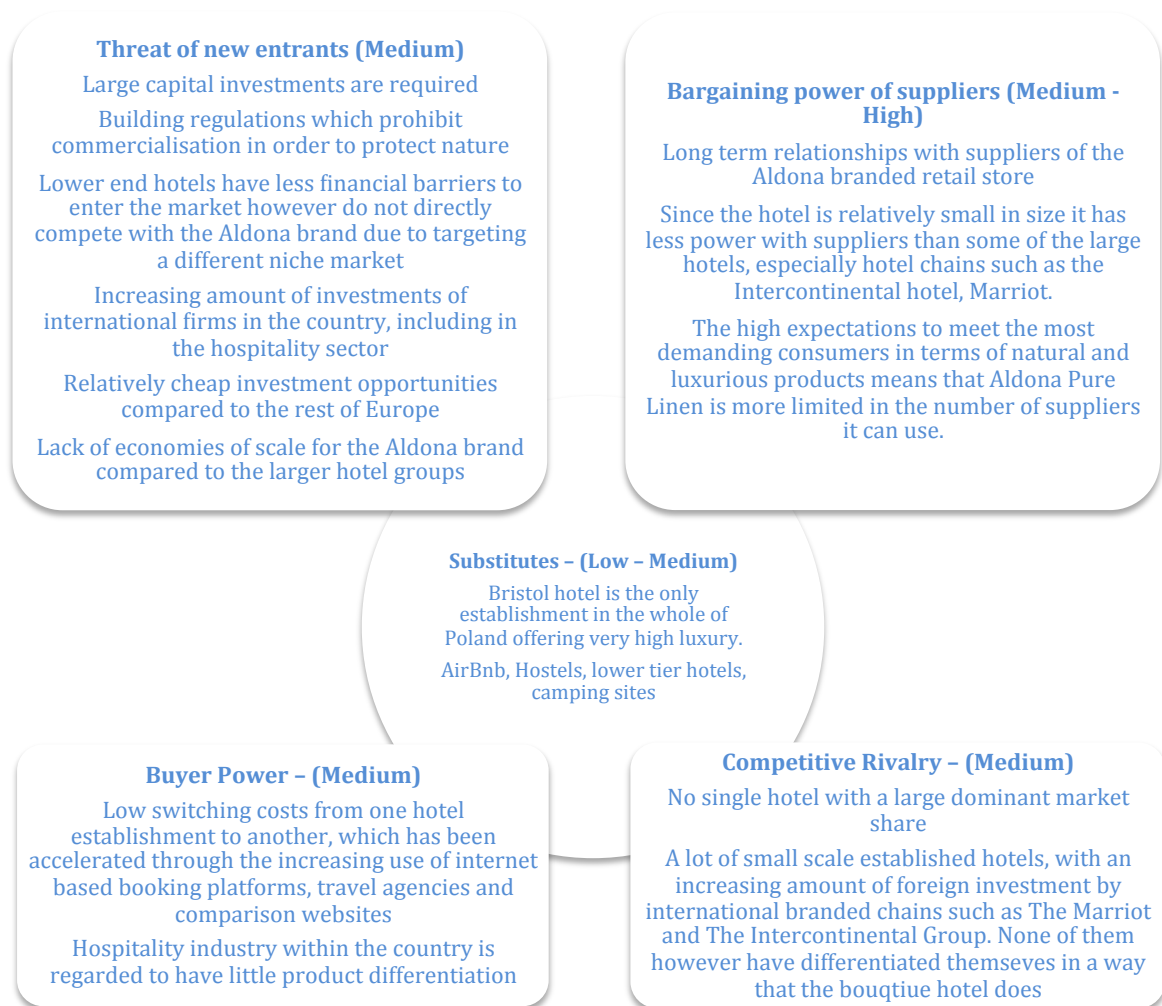



The SWOT analysis shows that the company's strengths and opportunities outweigh its weaknesses and threats. The largest form of weakness derives from the fact that the company will be entering a new industry. This risk is however limited as it has been working with hotel establishments in the past, and has been organizing diverse events in South Africa. The company will face competitors from high-class hotel establishments, especially international hotel chains such as the Radisson, Marriot and Intercontinental Groups. These are, however, located in the city centre and are not able to offer a relaxing experience outside of the fast paced city. Perhaps the biggest competitor is the Bristol Hotel, as it is a step above the five star hotel chains by focusing on a more customized service, however it too is situated in the city and  is determined to see them as a partner in order to have a mutually supportive relationship. In addition, the threat of the economic climate is very limited as Poland has been the EU member state with the most positive economic growth following the recession. The change in consumer taste is always a threat that faces companies, however  will constantly be engaging in market research in order to capture and adapt future trends. Lastly, there is an

uncertainty in the Political climate, especially due to the tensions between Russia and the West. This will, however, not affect the company significantly as it is a member state of the EU, thus backed by a powerful association, and not reliant on Russian customers.

Porters 5 Forces

The Porter's 5 Forces tool has been applied to the local hospitality industry as shown below. It provides us with greater insight into the five forces affecting the industry.



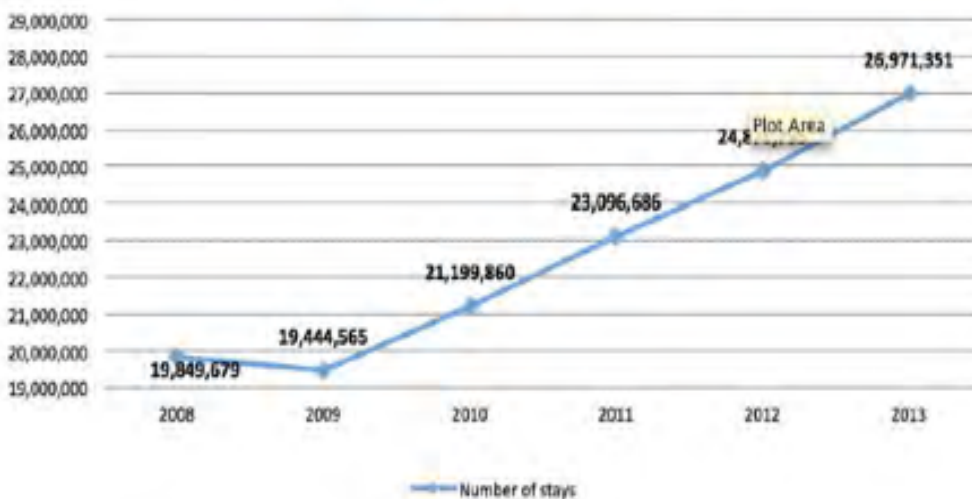
This diagram shows that the hospitality industry in Poland is an attractive market to enter for . The company has identified the Bristol Hotel to be biggest competitor. However, the establishment is not a direct competitor as it is located in the

city and does not offer the same relaxing amenities and features that offers. There is no hotel that combines nature with luxury, elegance and health.

Hospitality Industry Analysis

Poland has been experiencing a tourism boom over the past several years. This has been largely driven through media coverage of events such as the Chopin year in 2011, the Polish presidency in the EU council, the hosting of the Euro 2012 football championship, the FIVB Men’s volleyball championship in 2014 and the organization of the United Climate Change Congress. In addition, cities within the country are now more accessible than ever thanks to the large infrastructural investment funded by the EU. The central statistics office estimated that Poland welcomed 15.8mln tourists in 2013, continually increasing since 2009 as indicated below.

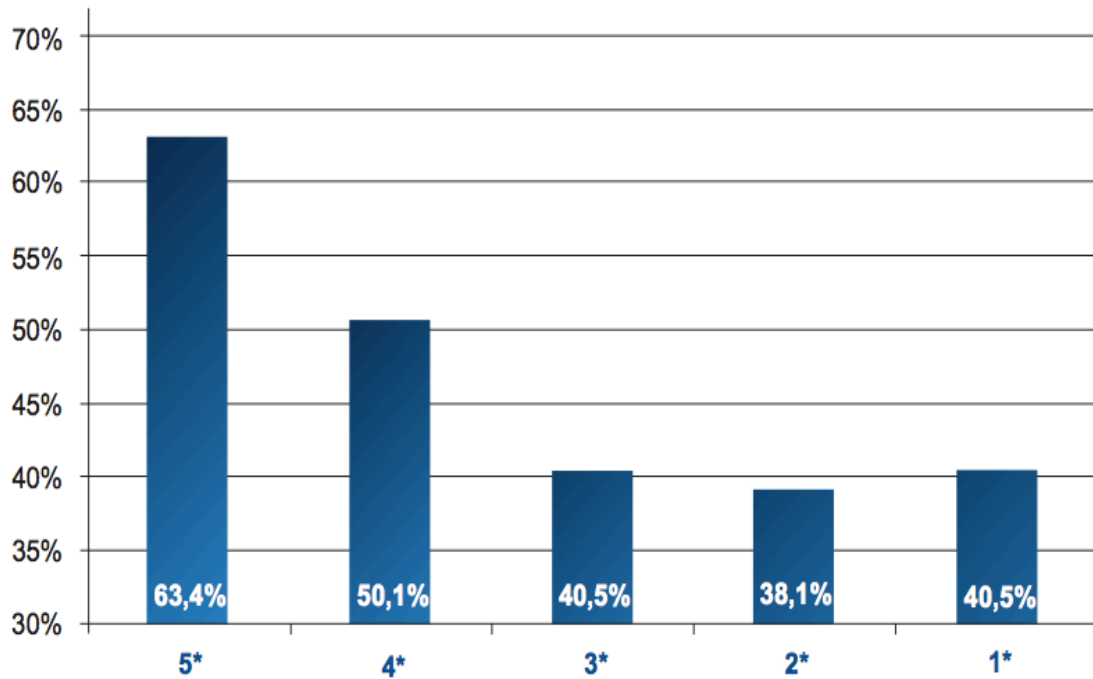
Number of overnight stays in Poland




Source: Central statistics office

Horwarth HTL (a reputable annual hotel analysis publication) mentioned in its 2013 annual report that Warsaw has the second highest agglomeration of hotels within the country at 75, heavily outnumbered by Krakow with 134. Despite this, Warsaw has been able to benefit from the highest room occupancy rate within the country at 63%, compared to the country’s average of 43.6%. In addition, five star establishments have


been in the greatest demand out of all the categories as seen below which, however, only make up 2% of the hotel industry.



These hotels have on average 139 rooms, which are much larger than Aldonas' 14-room boutique hotel and thus often lack the level of personalization and family feeling that the company seeks to offer. The majority of these establishments belong to hotel chains and are largely selected by guests due to their extensive amenities that they have to offer. The boutique hotel aims to offer the same level of facilities but at a consumer capped environment. Furthermore, there have been trends towards greater consumption of luxury goods and services, as well sustainable practices. This has been largely driven by rising incomes, in a city (Warsaw), which is already the wealthiest within the country.


Based on these indicators,  believes that its hotel establishment will be a success, especially as it will be focusing on numerous differentiating factors, which will set it apart from its competitors.

Business Model

The boutique's business model will focus on providing its customers with a family like environment, creating close relationships between the CEO and her clients. This has been one of the driving factors of success in its retail business, resulting in a customer retention rate of 80%. In addition, it will aim at fostering a green, sustainable living for its guests, without comprising on any form of luxury.  will focus on five distinct revenue streams, which are as follows:


- Hotel room bookings
- Showroom
- Spa
- Food and beverage
- Hosting/ organizing events

Hotel rooms


Each room will be priced at PLN 2'000 per night and is equipped with an en-suite bathroom and a king sized bed, allowing a maximum occupancy of two adults. There is a possibility for guests to request an additional bed for two children to accommodate families. The room limits have been created in order to sustain a relaxing environment without having it seem overcrowded. Tranquillity is key in order to ensure that the customers feel refreshed during their stay.  will act as the main supplier of the room's interior, which provides the company with an additional form of advertising.

Every textile will be washed and dried at the facility using the most ecological and sustainable methods. This involves using the company's own owned branded flax soap, drying the materials in direct sunlight and using a drying room in the winter season as shown in Appendix 1. These methods reinforce the traditional washing cycle for the textiles, being environmentally friendly and avoiding the use of chemicals in the process.





Thus, it contributes to a cleaner world, and a better self-being for the environment and health. In addition, it softens and prolongs the lifespan of the material, providing the user with the best possible  experience. The flax soap will be available for purchase in the very near future, allowing customers to enjoy sustainable and healthy washing practices in the comfort of their own home.

Showroom

Clients will be able to purchase  products at the company owned boutique showroom on the property. This provides the firm an additional retail space, and thus the opportunity to serve the Polish and European market. The assortment will include children's toys, blankets, table linen, bed linen, a clothing line and hygiene products.

SPA

Hotel guests and outside customers will have access to the spa. The latter will be capped with limited numbers, allowing a maximum of five guests on a given day, depending on the hotel occupancy. It will house a sauna, pool, gym and two dedicated massage rooms. One employee will be present at all times, providing clients with fresh towels, healthy foods, and respond to any requests they may have. SPA guests will be provided with  bathrobes. These amenities will be accessible by the end of 2016 and will either be connected to the main building or be housed separately but nearby, depending on the property to be selected.


In order to drive the demand for the spa services, the company aims to establish a partnership with the Bristol Hotel. This establishment focuses on sustainability and elegance, much like the Aldona brand. However, its central location (in the midst of Warsaw) does not give it the opportunity to provide a wellness area in nature. This provides  with the opportunity to engage in a contract whereby guests are

referred to use the firm's amenities.

Food and beverage

Food and beverages will be served in the restaurant, hotel rooms and the SPA. The wellness area will have a trimmed down menu focused on basic health foods such as salads and juices. The company will focus on providing high quality bio foods at every level, ranging from free ranged meat and fish, to organic ingredients. The kitchen will specialize in Polish, Italian and French cuisines, rotating the menu on a bimonthly schedule yet providing the opportunity to customize any dishes upon request. The hotel will try and use as many products as possible from its garden, as it plans to plant fruit trees and an herb garden. Priority is given to buy products from regional sources, depending on the availability, before reaching out to international suppliers. The company will have a wide assortment of alcoholic and non-alcoholic beverages to cater to its international clients. An experienced bartender will mix a variety of cocktails, using the best possible ingredients to meet the needs of the most demanding customers.

Hosting diverse events

 will provide its clients the opportunity to organize a diverse set of events, both for private and commercial purposes. These include but are not limited to business meetings, weddings and birthday parties, which meet 5 star international standards. This is not something that is new for the company, as it has been offering such a service in Cape Town, South Africa. The present success gives the company certainty that it can recreate it in the European market.

Property

The company plans to open its boutique hotel near the outskirts of Warsaw, Poland. It thus needs to find a property, which meets a number of criteria as follows:

- Located up to 90KM from Warsaw
- Good road network connecting the property to the city
- 10 hectares of land surrounded by nature such as forests and lakes
- Property price around PLN 5'000'000
- Possibility to use plot for commercial purposes
- Preference given to newly renovated property with a building that can house 14 guest rooms

Conducting research, the company found five properties, which meet the firm's required profile. These are summarized in Appendix 1.

Careful evaluation has shown that Trzianna is the best real estate option until now. The building has recently been renovated, has a good road connection to the city and a large piece of land. Even though it is located 80KM away from the capital, it can be reached in 40min by car due to a well-established road network. This provides guests and the firm the convenience of easy accessibility. The property has two small lakes and beautiful forests thus providing the idyllic environment, which it strives to offer. The only downfall is the current building size, which is too small to house the boutique showroom and the restaurant. The company would thus need to undertake one of the following decisions if it selects Trzianna as the operating premises:


1. Extend the existing building
2. Construct a new building at a location

The second option can be undertaken on a designated piece of land, which by law can be used for commercial purposes. This has a size of three acres and would thus provide the boutique hotel with ample opportunities to construct a restaurant, retail boutique and a spa.

The current property is being advertised at PLN 4'900'000, however can be purchased

for PLN 4'500'000 when excluding the furniture. Further property search will take place in order to make the best possible choice.

Financing


In order to purchase a property such as Trzianna,  needs to receive financial investment from private and state sources. PARP and FDPA are the two biggest state and EU funded organizations, which support entrepreneurial activities. The former (PARP) allows Polish citizens to secure state grants without needing to pay it back, whereas the latter carries an interest rate of 6.60% for a five year time period based on the amount borrowed. Both these sources of capital provides applicants up to PLN 500'000 each, thus providing the company the possibility to secure PLN 1'000'000 from state sources. In addition, PARP offers a service of linking entrepreneurs with potential investors, thus establishing a further method of finding a potential business partner. Moreover, there are possibilities for additional financial injections through town grants. In order to be eligible for such financial aid, the entrepreneur is required to have Polish citizenship, which the CEO is applying for based on her family roots. This process is to be completed by mid August.

Manpower

Once a property has been selected, the company will employ a workforce of 19 employees, three of which will take managerial positions. These are as follows:


Management

Aldona Boldt

Aldona Boldt is the CEO of . She will overlook the hotel's business development to ensure that the project is built upon the brand's core values, vision and mission. Throughout her lifetime she has been driven by her passion for quality, green


and luxurious products. In 2005, she opened her own boutique hotel in Cape Town, South Africa, after having worked for the fashion label Jil Sander in Berlin, Germany. Since the company's inauguration, it has been growing from strength to strength, attaining a customer retention rate of 80% and capturing renowned clients such as Oppenheimer's Tswalu Kalahari Game Lodge, Richard Branson's Game Loge and the Private Bishops Villa. This was partly driven by her strong communication skills, and willingness to establish strong relationships with her clients. It was thus not a rare occurrence for her to give or receive gifts from her customers. Aldona's multilingual skills were highly beneficial, especially with her large international client base; she is able to communicate in German, English, Polish, Russian and Italian. The CEO is certain that she will be able to transfer her success to the hospitality industry.

Nicolas Boldt

Nicolas Boldt is the son of the CEO, Aldona. He has completed both a Bachelor's and Master's degree at Franklin University Switzerland, having studied International Marketing and Management over a time period of five years.  has seen the education of Nicolas as an investment into the company's intellectual property as he is going to play a big part in the firm's expansion and take on the role of Operations Manager. He is able to communicate in Italian, German, English and Polish, which will be a vital asset as the company seeks to deal with an international spectrum of clientele. Currently he resides in Wroclaw, Poland and will thus be able to direct the project activities at a closer level, compared to the CEO who is located in Cape Town, South Africa.

Steward Figure

In order to deliver a highly personalized, consistent and professional service, the

 Boutique Hotel will employ a hotel steward. He/ she will overlook all

operations, ranging from organizing dining arrangements, staff and service activities.

Besides ensuring quality service, the figure will be required to partake in many activities prior the arrival of customers. This includes checking the conformity and style in the hotel rooms and the restaurant before the arrival of each guest. Since the steward figure will perform one of the most demanding tasks in the hotel, he/ she will be required to have a strong background in terms of work experience and education. The selected person will need to show passion for their work, have a mutual interest in the firm's core values, and be a good communicator and motivator.

Subordinates

The managers will provide the company a sense of direction, which the subordinates will need to follow. The table that has been included below briefly summarizes the additional personnel requirements:

| Position | Job Description |
|--|--|
| 2 Chefs | Prepare three meals a day, specializing in Italian, French and Polish cuisine. |
| 8 Waiters, four of which work one shift | Serve customers and clean the restaurant. |
| 2 Receptionists, one of which works one shift | Take and amends bookings. Provide room and property viewing upon request. |
| 2 Cleaning staff | Clean rooms and replace used products |
| 2 Gardeners | Maintenance of the garden. This includes planting plants, watering and cutting as necessary. |


It should be noted that the firm plans to employ additional staff as the demand for the hotels' services increases. Anticipated increases in the required personnel can be seen in the financial section of this document (page 28).



Recruiting and training process

The company is aware that its employees are the backbone of the company's success. It


has thus established a well thought out recruitment and training process in order to ensure that the hotel can reach its short term and long-term goals. These are divided into various sections below:

Recruiting

 will recruit its employees through two mediums. First, by using the websites called Pracamoney and Pracuj, which are two well-known platforms for free job postings. Secondly, the company will be holding presentations in the top three hospitality schools in Poland. These are the hotel school of Poznan, Gdansk and Warsaw.


 will be aiming to employ an educated and/ or an experienced workforce. One of the biggest elements that the company seeks in its employees is their passion for their job. The firm believes that good service comes from the heart and will not seek to employ workers who are solely motivated by financial reasons. They need to show that they are ready to breath and live the  philosophy. In addition, great importance will be placed on emotional intelligence, technical ability and the ability to be kind, passionate, supportive and professional.

Training

 will train its employees on site for six weeks as indicated on the external Gantt Chart that is available upon request. The company will start off with an orientation week, which will emphasize the following:

- The company's mission and vision
- Its history
- The members within the organization
- Each member's duties, objectives and standards
- Operations manuals for different parts of the hotel e.g. the kitchen
- Personnel rules and regulations

The only training costs that will be incurred are the food and beverage expenses, as meals will be provided to its staff free of charge. The CEO will train the workers herself, by separating them into two groups in order to have manageable group sizes, before handling the full workforce at a later stage. Meals will be eaten together in order to strengthen the relationships amongst employees and will provide them an opportunity to ask any questions they may have in a relaxed atmosphere. This should also be a vital contributing factor of fostering the family spirit that the company aims to have.

Throughout the training process,  will employ simulations and exercises in order to practice the firm's operations. These will be based on several key aspects as indicated below:

Communication

The company sees this element as one of the important factors in providing customer service. The way by which the workforce interacts with its guests will contribute to their experience with the Aldona brand. Employees will need to be trained to communicate effectively by choosing the correct communication channels and responding in an accommodating and supportive manner. In addition, staff members will be prompted to engage in cross communication. This will increase the levels of communication amongst departments and allow employees to share their knowledge and skills amongst each other. Simultaneously, it will lead to greater flexibility as staff members will be able to support each other and fill various positions as needed.

Body Language

Body language is often overlooked but the firm recognizes it as an important part of successful communication. Employees will be encouraged to be aware of sending the right messages and paying attention to the way in which they carry themselves in the company.

Department expectations

The employees will be given clear expectations of each role in the company. While staff members will be encouraged to go above and beyond their call of duty, each will be assigned various tasks that they should undertake on a daily basis. This allows employees to be aware whom to approach with certain questions or help to undertake certain tasks. This should lead to a better service and a more organized interaction amongst staff members.

Behavior management

Staff will be trained in behaviour management in order to identify consumer's needs and requests, as well as how to assess and assist each individual in order to ensure that their experience is memorable.

Family spirit

The company will place great emphasis on fostering a family like spirit. Relationships will be grounded on an emotional level, and each staff member will be treated alike regardless of their position. Two-way communication is key, and employees will be assigned mentors, which will be either the CEO or the Operations Manager, whom they will be able to approach at any time.

Knowledge of products and services offered

Every employee will need to have complete knowledge of the products and services offered. This includes the familiarity of various beverages, food, room operations, spa services, wellness area, as well as the opening and closing procedures.

Personalized service

Personalized service will be one of the driving factors of generating a high customer retention rate. Employees will thus be encouraged to take note of each individual, respond to their requests and anticipate their expectations. This involves greeting

returning customers by their name, as well as being aware of dining preferences.

Carry the firm's philosophy

Every element taught to the firm's employees will be based on the firm's core values.


The philosophy is one of the main differentiating factors in its operations and thus need to be instilled in all of the firm's actions and processes.

Advertising

In order to drive customer demand the company has identified the need to have online and offline visibility. These mediums are explained in greater detail below:

Online visibility

Internet usage in Poland and around the world has been increasing at a steady rate.

 thus wants to take advantage of this trend and have an online presence through two methods. Firstly, by using a company owned website. Hereby, the retail and hospitality business will be integrated into one. This will provide customers an outlet to make online bookings, search the company's philosophy, history, offered amenities and retail locations. Great focus will be placed on simplicity, which allows users to easily navigate through the website. The platform will be based on the company's colour scheme of having gold text placed on a white background.

The second online medium of communication is through the third party platforms Booking.com and Tripadvisor. These are the leading online booking platforms accessed by users from around the world and would thus allow the company to generate great exposure. In addition, they offer businesses and consumers alike with important features. These include hotel ratings, individual customer reviews and hotel while acting as a booking outlet. This will facilitate in generating new customers and is to be made available by February 2016.


In flight magazine on the Polish airline LOT

The in flight magazine called Kaleidoscope is able to offer a strong advertising platform for the company. It's released on a monthly basis, translated in English and Polish and is accessible on all operating flights. This allows the firm to reach a large audience. One junior page will be used twice a year, costing PLN 14'000 per issue to advertise.

Other magazines

The company has identified three further magazines as the best possible means to advertise its products and services. These are the Conde Nast Traveller Poland (aimed at travellers), Dom & Wnetrza, and Elle Decoration (interior decorating magazines). The prices for these are PLN 8'000, PLN 5'000 and 7'000 for a junior page per issue.

Catalogue

 has created a high quality A5 sized catalogue for its retail business. This showcases the firm's products, philosophy and history. It has been written in a way that tells a story, aiming to establish a personal connection between the readers and the company. The same technique will be carried over with a new catalogue that will integrate its hospitality and retail business into one. This will adopt the company's colour scheme of having gold text on a white background and be available in Polish, German, English and Arabic. It will include information about the hotel's location, plot, building, amenities and restaurant. This will be made in the beginning of 2016 in order to be ready for that year's summer.

Word of mouth

The Aldona retail business in South Africa has been heavily reliant on word of mouth advertising. It has achieved a customer retention rate of 80%, which reflects a positive image about the company's brand amongst existing customers. This success is to be repeated for the hospitality industry by exceeding customer expectations. The company

recognizes word of mouth advertising as the cheapest and one of the most effective forms of advertising, and will thus do anything to create an extraordinary experience for its guests.

Soft opening

In order to practice the firm's operations, the hotel will seek to host a soft opening. This will be spread over three stages. In the first stage, the restaurant will be open to its employees, whereby they will serve each other from a trimmed down menu (approximately half of the full menu). This provides them with hands on experience in a relaxed atmosphere while learning from their mistakes. Simultaneously, it will provide them with the opportunity to bond with each other and thus establish better relationships while having breakfast, lunch and dinner.

The second stage will involve overnight stays. Friends and family will be invited to test the rooms and the restaurant over a period of two days. The food and beverage menu will be expanded, encompassing the other half of the menu. Simultaneously, it will provide the opportunity to test out the room service.


The third stage will be a rerun of the second in which all activities will be checked. The slow rollout ensures that activities are up to the required standard before opening to the public. The practice runs are to commence one before the scheduled vernissage, allowing a total of six weeks of training before opening to the public.

The Vernissage

Following the soft opening, the company will seek to invite outside guests to a vernissage. This will be by invitation only in order to ensure exclusivity, while acting as a further advertising tool. It is set to start on May 20th 2016 and end on May 22nd 2016.

Invited guests will each be able to bring an additional person upon RSVP'ing. These invites will be sent out six weeks before the event in order to accommodate people's schedules. The guest list will include famous personalities, business owners, ambassadors and existing customers of the Aldona brand. A sample invitation can be found in Appendix 2.

Guests will have the luxury to book a chauffeur from the city (Warsaw), which takes them to the hotel and drops them off afterwards. This will be popular amongst international clients arriving to Warsaw via train or plane. In order to guarantee vehicle availability, the company will define a preferred customer arrangement with Europcar, one of the leading car rental agencies in Europe.


The lunch will be held on the lawn of the property, but will be moved inside in the event of bad weather. Tables and chairs will be fitted by  products, and will be stored inside over night before being brought out the following day. The company will hire a Jazz band and a pianist on the three days, who will perform on a stage. Event preparations (such as the preparing of the food, tables and chairs) will start at 8am on each day, and will end in the evening, after the last guest leaves.

The event will start on Friday 20th of May 2016 at 1PM. Guests will drive or be dropped at the property, before being individually greeted by the CEO of the company. Five waiters will be making their rounds in order to ensure that the guests are served snacks and beverages. In the background, a Jazz band will play soothing music whilst the guests socialize with each other. before taking their seats for the 2PM lunch.

Visitors will be asked to take their seats at 2Pm for the scheduled lunch. The CEO of the company will give a brief speech, thanking everyone for attending the vernissage. Guests at each dining table will be greeted by the head chef of the restaurant, who will introduce himself before giving a brief explanation of the dishes that are available to order. Guests will be able to choose between meat, fish and vegetarian dishes. Following the main course, a pianist will play classical music of the likes of, Chopin, Mozart and Beethoven while the guests indulge in their deserts. The lunch is expected to finish at 3:30PM after which guests will have the opportunity to view the rooms and make purchases at the retail store at a 20% discount. This is expected to last till 5PM. Once the last guest leaves, the waiters will start to clean the entire property and store tables and chairs before starting preparations the following morning for the second day.

Representatives of the newspapers, The Warsaw Voice and Gazeta Wyborcza, will cover the entire event. Any form of photos taken during the event, will be used to for future advertisement publications. Further information regarding the company's preparation activities and durations can be found on an external spread sheet, which is available upon request.

Financials

The following are five-year financial projections for the  Boutique Hotel in the Polish Zloty (PLN). Positive and negative cash flows have been indicated by their respective colors in order to ease the analysis of the created spreadsheet. Please note that a more detailed explanation is included in appendix 3.

| Figures in PLN (Polish Zloty) | Y1 | Y2 | Y3 | Y4 | Y5 |
|-----------------------------------|-----------------------|----------------------|----------------------|---------------------|----------------------|
| Cash at the beginning of the year | 4'500'000.00 | -7'372'777.50 | -5'842'510.50 | -2'343'840.10 | 3'035'789.38 |
| Property cost | 5'000'000.00 | 1'000'000.00 | | | |
| Employees | 1'764'000.00 | 2'088'000.00 | 2'208'000.00 | 2'328'000.00 | 2'328'000.00 |
| Cost of sales Food | 30'000.00 | 52'500.00 | 75'000.00 | 97'500.00 | 120'000.00 |
| Cost of sales Beverages | 15'000.00 | 26'250.00 | 37'500.00 | 48'750.00 | 60'000.00 |
| COGS for boutique store | 456'495.00 | 547'794.00 | 657'352.80 | 788'823.36 | 946'588.03 |
| Utilities | 100'000.00 | 110'000.00 | 121'000.00 | 133'100.00 | 146'410.00 |
| Sales and Marketing | 64'000.00 | 64'000.00 | 35'000.00 | 30'000.00 | 30'000.00 |
| Renovation costs | 7'000'000.00 | 15'000.00 | 15'000.00 | 15'000.00 | 15'000.00 |
| Outstanding fitting costs | 400'000.00 | 1'000.00 | 1'000.00 | 1'000.00 | 1'000.00 |
| Depreciation of assets | 20'000.00 | 20'000.00 | 20'000.00 | 20'000.00 | 20'000.00 |
| Total Cost | 14'849'495.00 | 2'924'544.00 | 3'169'852.80 | 3'462'173.36 | 3'666'998.03 |
| Revenues | | | | | |
| Rooms | 1'650'000.00 | 2'750'000.00 | 4'400'000.00 | 6'050'000.00 | 7'150'000.00 |
| Food and beverage | 165'000.00 | 288'750.00 | 453'750.00 | 589'875.00 | 798'600.00 |
| Spa (for outside guests) | 27'500.00 | 55'000.00 | 181'500.00 | 242'000.00 | 266'200.00 |
| Showroom | 1'134'217.50 | 1'361'061.00 | 1'633'273.20 | 1'959'927.84 | 2'351'913.41 |
| Total Revenue | 2'976'717.50 | 4'454'811.00 | 6'668'523.20 | 8'841'802.84 | 10'566'713.41 |
| Net profit/loss | -11'872'777.50 | 1'530'267.00 | 3'498'670.40 | 5'379'629.48 | 6'899'715.38 |
| Ending Cash | -7'372'777.50 | -5'842'510.50 | -2'343'840.10 | 3'035'789.38 | 9'935'504.76 |

Financial summary

The financial data shows that the company starts making a net profit from the second year. In the fourth year all initial expenses are covered, including the initial PLN 4'500'000 property cost as denoted with the green figure. The investor will receive a 35% stake in the company for a financial investment of PLN 2mln, which he/she can sell back to the company. Please note that the company is able to provide further information, including Gantt Charts describing individual project activities and stock lists upon request.

Appendices

Appendix 1





Appendix 2



ALDONA
PURE LINEN

Vernissage Schedule

1PM - 2PM

Guest Arrival

Snacks and drinks served

Live Jazz band

2PM - 3:30PM

Three Course meal

Vegetarian and Vegan options available

3:30PM - 5PM

High Tea

Room viewing


Official opening of the Pure Linen retail store


Classical music played by a pianist



Appendix 3

The table below shows the most suited properties for the firm's operations. These are based on several characteristics, which the firm has seen as most important for its operations.

| | Palac Na Mozowszu | Turzynek | Palac nad woda | Dom wolka | Trzianna |
|---|----------------------|--------------------|--------------------|--------------------|--------------------|
| Price (PLN) | 8'000'000 | 7'565'000 | 4'200'000 | 4'000'000 | 4'900'000 |
| Building size | 1500 | 2501 | 2000 | 450 | 750 |
| Plot size ha | 20.6 | 10 | 9.07 | 3 | 10 |
| KM from Warsaw | 75 | 170 | 80 | 70 | 81 |
| Nearby high way road connection to Warsaw | 16km from property | 35km from property | 20km from property | 15km from property | 10km from property |
| Possibility to increase plot | No | Yes | No | No | Yes |
| Forrest on property | Yes | Yes | Yes | Yes | Yes |
| Lake on property | Yes | No | Yes | No | Yes |
| Garages | Yes 1 for three cars | No | No | Yes 1 for two cars | 1 for two cars |
| Date it was built | 1840 | 1845 | 1844 | 1850 | 1820 |
| Floors | 2 | 3 | 2 | 2 | 2 |
| Buildings | 1 | 1 | 3 | 1 | 1 |
| Rooms | 20 | 18 | 25 | 9 | 16 |
| Seller | Private | Private | Private | Real estate agent | Private |
| Required renovation and investment | Very high | High | Medium | Medium | Low - medium |
| Garden condition | Very bad | Very bad | Bad | Good | Very good |

In order to make a better judgement,  created a further table with extended information. This lays out the advantages and disadvantages of each of the properties that have proven to fit the firm's required profile. The property Trzianna is the best suited as seen by the number of advantages seen in the table on the following page.

Further real estate research will take place in order to ensure that the company makes the best possible choice for its operations.  hopes to have property selected by the end of August.

| Property | Advantages | Disadvantages |
|--------------------------|---|--|
| Palac Na Mozowszu | <ul style="list-style-type: none"> • Biggest property providing ample opportunities for guests to relax and for future hotel expansions • Large building provides the opportunity to house a restaurant, conference and perhaps even basic spa facilities | <ul style="list-style-type: none"> • Too large of a plot as the company seeks to secure a property with half the size • Requires the highest initial and renovation investment out of all the mentioned options • Large investments mean that it would take a long time for the hotel to be operational • Garden in a very bad shape • No existing driveway • Least amount of financial support from the local council (50 000 PLN) |
| Turzynek | <ul style="list-style-type: none"> • Very large building and a good plot size • Possibility of purchasing a neighboring plot of 55 hectares, which however is not needed • Three story building means that the hotel could find it easier to divide up its sections in terms of the restaurant guest and conference rooms | <ul style="list-style-type: none"> • Suboptimal road connection as the nearest highway is far away • Located too far away from Warsaw • Large amount of renovations required which is costly in terms of time and money • Too large of a property price • Garden is in a bad shape • Bad electricity and water connections which would need to be improved • No garage • Bad current floor plan requiring a lot of internal changes to be made |
| Palac Nad Woda | <ul style="list-style-type: none"> • Large building size • Adequate plot size • Relatively low priced property | <ul style="list-style-type: none"> • High cost in relation to its property and building size • Property is too small to establish a proper  Boutique Hotel • Small building size means that the existing one would need to be extended or an additional building would need to be constructed • Real estate agent will take a certain percentage of the quoted price |
| Dom Wolka | <ul style="list-style-type: none"> • Good road connection to Warsaw • Highest financial aid from the council from all the selected properties • Garage present | <ul style="list-style-type: none"> • High cost in relation to its property and building size • Property is too small to establish a proper  Boutique Hotel • Small building size means that the existing one would need to be extended or an additional building would need to be constructed • Real estate agent will take a certain percentage of the quoted price |
| Trzianna | <ul style="list-style-type: none"> • Good property price • Good road connections • Possibility to increase the existing plot size by purchasing an adjacent one in the future • Good number of rooms available • Recently renovated building • Well-maintained garden • 3 hectares on the current plot can be used for commercial purposes in another location other than the main building • Best floor plan out of all the properties | <ul style="list-style-type: none"> • Relatively small building to house all the required amenities and rooms |

Appendix 4

Expenses

| Figures in PLN (Polish Zloty) | Y1 | Y2 | Y3 | Y4 | Y5 |
|-----------------------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| Cash at the beginning of the year | 4'500'000.00 | -7'372'777.50 | -5'842'510.50 | -2'343'840.10 | 3'035'789.38 |
| Property cost | 5'000'000.00 | 1'000'000.00 | | | |
| Employees | 1'764'000.00 | 2'088'000.00 | 2'208'000.00 | 2'328'000.00 | 2'328'000.00 |
| Cost of sales Food | 30'000.00 | 52'500.00 | 75'000.00 | 97'500.00 | 120'000.00 |
| Cost of sales Beverages | 15'000.00 | 26'250.00 | 37'500.00 | 48'750.00 | 60'000.00 |
| COGS for boutique store | 456'495.00 | 547'794.00 | 657'352.80 | 788'823.36 | 946'588.03 |
| Utilities | 100'000.00 | 110'000.00 | 121'000.00 | 133'100.00 | 146'410.00 |
| Sales and Marketing | 64'000.00 | 64'000.00 | 35'000.00 | 30'000.00 | 30'000.00 |
| Renovation costs | 7'000'000.00 | 15'000.00 | 15'000.00 | 15'000.00 | 15'000.00 |
| Outstanding fitting costs | 400'000.00 | 1'000.00 | 1'000.00 | 1'000.00 | 1'000.00 |
| Depreciation of assets | 20'000.00 | 20'000.00 | 20'000.00 | 20'000.00 | 20'000.00 |
| Total Cost | 14'849'495.00 | 2'924'544.00 | 3'169'852.80 | 3'462'173.36 | 3'666'998.03 |

*Please note that numerous predictions have been made based on the following sources:


Hvdesignservices – Polish cost estimator for properties

Howarth HTL – Cost estimator and market trend analyzer

Wynagrodzenie – Leading salary estimator in the Polish hospitality industry

Cash at the beginning of the year

Cash at the beginning of Year 1 totals PLN 4'500'000 and is positive due to the financial injections. This is through a mixture of self-financed and third party sources as identified below:

| Financial Sources | Value |
|---|---------------------|
| State Sources | |
| FDPA | 500'000.00 |
| PARPP | 500'000.00 |
| Private Sources | |
|  investment: | 1'500'000.00 |
| Private investment: | 2'000'000.00 |
| Total | 4'500'000.00 |

The values for the subsequent figures are calculated by transferring the ending cash of each year to the following year, i.e. the ending cash flow of Y1 is transferred to the beginning cash flow of year 2. From the expenses table we can see that the company predicts to achieve its first positive cash flow at the beginning of year five.

Property cost

Properties of the firm's required characteristics range from PLN 4'000'000 and PLN 6'000'000 as per real estate agents' predictions. The company has thus included an average price of PLN 5'000'000 in the financial projections. It should be noted that the property cost in the second year reflects the wellness area that is to be constructed on the plot. The expense of PLN 1'000'000 is based on the SPA costs that Hvdesignservices has released for a construction of a 600m2 SPA, with a Sauna, indoor pool, bar and massage area.

Employee cost

These are based on the average employee market prices in the Polish hospitality industry as per Wynagrodzenia, the leading salary estimator in the country and are as follows:

| Staff | Monthly expense | # Req. Y1 | Monthly Total | Yearly Total | # Req. Y2 | Yearly Total | # Req. Y3 | Yearly Total | # Req. Y4 | Yearly Total |
|--------------------|------------------|-----------|-------------------|---------------------|-----------|---------------------|-----------|---------------------|-----------|---------------------|
| CEO | 35'000.00 | 1 | 35'000.00 | 420'000.00 | | 420'000.00 | | 420'000.00 | | 420'000.00 |
| Operations manager | 25'000.00 | 1 | 25'000.00 | 300'000.00 | | 300'000.00 | | 300'000.00 | | 300'000.00 |
| Steward | 15'000.00 | 1 | 15'000.00 | 180'000.00 | +1 | 360'000.00 | | 360'000.00 | | 360'000.00 |
| Cook | 8'000.00 | 2 | 16'000.00 | 192'000.00 | | 192'000.00 | +1 | 288'000.00 | | 288'000.00 |
| Waiter | 5'000.00 | 8 | 40'000.00 | 480'000.00 | +2 | 600'000.00 | | 600'000.00 | +2 | 720'000.00 |
| Receptionist | 3'500.00 | 2 | 7'000.00 | 84'000.00 | | 84'000.00 | | 84'000.00 | | 84'000.00 |
| Cleaning staff | 2'000.00 | 2 | 4'000.00 | 48'000.00 | +1 | 72'000.00 | +1 | 96'000.00 | | 96'000.00 |
| Gardener | 2'500.00 | 2 | 5'000.00 | 60'000.00 | | 60'000.00 | | 60'000.00 | | 60'000.00 |
| Total | 96'000.00 | 17 | 147'000.00 | 1'764'000.00 | 21 | 2'088'000.00 | 23 | 2'208'000.00 | 25 | 2'328'000.00 |

The # Req. represents the amount of employees the company anticipates to recruit. We can therefore see that the firm anticipates an increase in its workforce as denoted in the + figures. The table excludes the fifth year as it predicts to have the same amount of manpower as in year four, thus incurring the same expenses. There will be no direct training costs, as the company will recruit highly qualified workers, which will be trained by the CEO.

Cost of sales for food and beverages

The cost of sales for food and beverages is based on estimates published by Hvdesignservices for a hotel with similar characteristics.

Cost of goods sold for showroom

The following table provides a brief breakdown of the costs, revenues and profits surrounding the products that are to be sold in the retail store.

| Product Categories | Total Cost | RRP | Profit |
|----------------------|-------------------|---------------------|-------------------|
| Children's Toys | 7'440.00 | 18'600.00 | 11'160.00 |
| Hygiene | 8'180.00 | 20'450.00 | 12'270.00 |
| Bathroom | 4'800.00 | 4'800.00 | 12'000.00 |
| Clothing | 284'400.00 | 711'000.00 | 426'600.00 |
| Bed linen & Blankets | 146'275.00 | 365'867.50 | 219'592.50 |
| Table linen | 5'400.00 | 13'500.00 | 8'100.00 |
| Total | 456'495.00 | 1'134'217.50 | 689'722.50 |

Please note that an extended stock list is available upon request in which individual product prices, descriptions and their quantities are described in greater detail.

Utilities

The costs of utilities are based on the estimates by Hvdesignservices for a boutique hotel with similar characteristics. They are forecasted to increase by 10% on an annual basis as indicated in the table with the adjusted figures.

Sales and marketing

The company will advertise its hotel most heavily in the first two mediums, being present in all of them as noted in the business plan. The objective is to raise awareness of its existence and to get customers to try out its services for the first time. The advertisement efforts are to vary throughout the years. The following table summarizes the predicted expenses in the sales & marketing the department:

| Advertising medium | Price per feature | # Req. Y1 | Y1 | # Req. Y2 | Y2 | # Req. Y3 | Y3 | # Req. Y4 | Y4 |
|-----------------------------|-------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| In flight magazine | 14'000.00 | 2 | 28'000.00 | 2 | 28'000.00 | 1 | 14'000.00 | 1 | 14'000.00 |
| Conde Nast Traveller Poland | 8'000.00 | 2 | 16'000.00 | 2 | 16'000.00 | 1 | 8'000.00 | 1 | 8'000.00 |
| Dom & Wnetrza | 5'000.00 | 1 | 5'000.00 | 1 | 5'000.00 | 1 | 5'000.00 | 0 | |
| Elle decoration | 7'000.00 | 2 | 14'000.00 | 2 | 14'000.00 | 1 | 7'000.00 | 1 | 7'000.00 |
| Catalogue | 1'000.00 | 1 | 1'000.00 | 1 | 1'000.00 | 1 | 1'000.00 | 1 | 1'000.00 |
| Total | 35'000.00 | | 64'000.00 | | 64'000.00 | | 35'000.00 | | 30'000.00 |

It should be noted that # Required. refers to the amount of advertisements that are to be carried out in a given year. Each of the column cost contain the total expense of a given advertisement From the table we can see that the inflight magazine, the Conde Nest Traveller and Elle Decoration will be present in two issues in year 1 and year 2. These mediums have the highest reach.

The first batch of these advertisements is due to be included in the February issues in order to raise awareness of the hotel before the official opening in May. The company may also run a competition for four people to win the chance to attend the vernissage and a shopping voucher for the retail store. The second exposure will take place in the June issue of the advertising mediums as this coincides with the tourist season within the country, thus allowing for the greatest potential reach. The company will use the Dom & Wnetrza publication for its March issue in order to avoid an overlapping of media time with the other advertising efforts. From the third year, the advertising involvement is expected to decrease, before stagnating. The reason for this reduced expenditure is the belief that the company will be able to generate a high customer retention rate as seen in its current business, and a great deal word of mouth advertising is set to take place, by providing customers with outstanding products and services.

Renovation costs

The renovation costs will be the highest in the first year as the company prepares the property for the public. The majority of properties that meet the firm's requirements (70% according to Horwarth HTL estimates) are in a run down state as they date back to the 1800's and early 1900s. Such real estate typically incurs high renovation costs, which is around 140% of the property value as per Horwarth HTL.

Outstanding fitting costs

The expense of PLN 400'000 is based on estimates by Hvdesignservices for a hotel of its size. Investments in these categories include but are not limited to TV's, computers, tables, chairs, carpets, lights, couches and various appliances.

Depreciation of assets

The depreciation of assets is computed using a 5% rate on the outstanding fitting costs and is assumed to remain constant. This value is common in the hospitality industry as stated by the Hortwarth HTL report.

Revenue streams

| Revenues | | | | | |
|---|-----------------------|----------------------|----------------------|---------------------|----------------------|
| Rooms | 1'650'000.00 | 2'750'000.00 | 4'400'000.00 | 6'050'000.00 | 7'150'000.00 |
| Food and beverage | 165'000.00 | 288'750.00 | 453'750.00 | 589'875.00 | 798'600.00 |
| Spa (for outside guests) | 27'500.00 | 55'000.00 | 181'500.00 | 242'000.00 | 266'200.00 |
| Showroom | 1'134'217.50 | 1'361'061.00 | 1'633'273.20 | 1'959'927.84 | 2'351'913.41 |
| Total Revenue | 2'976'717.50 | 4'454'811.00 | 6'668'523.20 | 8'841'802.84 | 10'566'713.41 |
| Net profit/loss | -11'872'777.50 | 1'530'267.00 | 3'498'670.40 | 5'379'629.48 | 6'899'715.38 |
| Ending Cash | -7'372'777.50 | -5'842'510.50 | -2'343'840.10 | 3'035'789.38 | 9'935'504.76 |
| Room Rate | 2'000.00 | 2'000.00 | 2'000.00 | 2'000.00 | 2'000.00 |
| Average rooms booked in a year | 825 | 1375 | 2200 | 3025 | 3575 |
| Days open in a year | 275 | 275 | 275 | 275 | 275 |
| Restaurant | | | | | |
| Total average meal price | 150.00 | 150.00 | 165.00 | 165.00 | 181.50 |
| Total average guests per year | 1100 | 1925 | 2750 | 3575 | 4400 |
| Days open in a year | 275 | 275 | 275 | 275 | 275 |
| Spa (for outside guests) | | | | | |
| Average spent per guest inc access fee | 200.00 | 200.00 | 220.00 | 220.00 | 242.00 |
| Total average of outside guests | 137.5 | 275 | 825 | 1100 | 1100 |
| Days open in a year | 275 | 275 | 275 | 275 | 275 |


Rooms

In the first year, the hotel believes that it will have on average three hotel rooms booked. Extensive advertising and a predicted successful vernissage will be the main factors driving its demand. The following year is predicted to have an occupancy rate of 67%, and a constant 75% thereafter. This is to be achieved through continuous advertising, a growth in tourism, a high customer retention rate and an increasing demand for luxury goods and services (as per the Howarth HTL report). This trend should allow the company to achieve a 13-room occupancy rate by year five. Throughout this time, the room rate is set to be at a constant PLN 2000.

Restaurant

The restaurant is expecting a customer growth of 75% on a yearly basis. This translates to an increase of three customers per day from one year to the next. This trend is to occur as a result of the same factors that are to fuel the demand for the rooms. The price of the average meal is set to remain constant in the first five years of operation. The company is not expected to fall to the threats of competitors, as the business will be located on the outskirts of the city.

The SPA

The SPA is predicted to have a low attendance from outside guests at first, as the Polish population is often reluctant to change their wellness habits. The company is certain that a partnership with the Bristol hotel will be one of the main factors driving the demand for this service. In the first year,  expects an average of 0.5 visitors per day. This is set to increase to one customer in year two, triple in year three and reach four in year four. This is set to remain constant, as the wellness cap (of four) is reached.

Showroom

ALDONA PURE LINEN believes that its showroom will receive a 20% growth on a yearly basis through a large amount of repeat customers, advertising and an increasing demand for luxury goods in the country. Through extraordinary product and service experiences, the company believes that it will be able to increase the value of the average spend per customer in line with the growth figure at 20%. It is certain that it will be able to replicate its strong customer retention rate of 80% as seen in its current store in Cape Town, South Africa.