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RCT Hospitality Consultants, LLC: The Making of the Business Plan

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RCT HOSPITALITY CONSULTANTS, LLC
THE MAKING OF THE BUSINESS PLAN

by

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1990

A professional paper submitted in partial fulfillment
of the requirements for the

Master of Hospitality Administration

Graduate College
University of Nevada, Las Vegas
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Part One

Introduction

Owning a small business is the dream for many Americans. Now more than ever this is true as many people have been laid off and are looking to utilize their skills while being their own boss. The focus of this paper is to determine if the author should start a consulting company full-time.

A hospitality consulting business with a focus on sales and marketing has been a goal of this author's and as we emerge out of a recession. As possibility of a double-dip recession exists it is important to have a business framework that leads a small business owner to success. This paper will provide a guide for this author's company (RCT Hospitality Consultants LLC) to grow. The business plan will emphasize a traditional business model and determine the profitability of adding a non-traditional revenue source. It will include a sales and marketing plan to attract new clients as well as include a pricing module that will help determine the most profitable and desired business clients whether they are consultants and/or companies.

Purpose

The purpose of this paper is to develop a business plan for a sales oriented hospitality consulting organization that is alliance/franchise focused.

Statement of Problem

A consulting company provides a service to an outside client and the number of clients and pricing determines the success of the business. In the current economic environment when companies are not purchasing additional services, companies need a plan to increase revenue and stay competitive. Also, businesses must be open to operate differently and seek ways to provide revenue streams that are not outlined in the traditional business model.

Justifications

RCT Hospitality is an operating as a part-time consulting company and future growth is tied to its ability to find additional revenue streams. Upon completion of this paper this author will determine if RCT Hospitality moves forward to full-time consulting with using sales consulting alliances.

Constraints

Due to the limited number of sales hospitality consulting companies that have only a traditional business model and may not include a version of alliance/franchise consulting, determining the profitability of the alliance/franchise consulting stream will be difficult using a traditional business plan's financial analysis.

PART TWO

Introduction

The success or failure of a business often is determined in a company's business plan or lack of one. A business plan is not only the basis for deciding if one should start a business but is also the primary source of information for funding (Hindle and Mainprize, 2006). This literature review focused on providing guidance to RCT Hospitality's as completion on the type and scope of a sales oriented business plan.

Literature Review

The question is often asked, "What is a business plan?" According to MacKintosh (1999), it helps a business define its goals and inform the public of who it is. Having a proven systematic approach to the plan is critical for the outcome of the company. One of the first things that an organization must do is determine what type of business plan will meet with their entrepreneurial needs. Also, determining the audience of the business plan and whether it is self-funded or externally funded is one of the first decisions that need to be made (MacKintosh, 1999). When the audience is self-funded then the business plan becomes a guide post for management and will provide clear and concise messaging. If the business plan is for external funding then the plan must provide in detail overall profitability of the company and the steps it will take to get to profitability (MacKintosh, 1999). For the purpose of this Literature Review the emphasis has been placed on a self-funded business plan.

Once the audience has been determined then establishing goals and expectations are what steps that are needed for the desired outcome (King, 1985). These goals and expectations is the guide in creating the business plan.

Executive Summary

The executive summary is the first part of the business plan. Accordingly, Thompson (2007) says a lengthy executive summary is not needed unless the business will be for sale or seeking outside funding only one or two pages in length. Elkins (1996) also agrees that a business plan should be kept short and no more than 2 or 3 pages. The Executive Summary should be concise and speak in clear (non-jargon) English and be able to capture the reader's attention and interest while standing on its own (MacKintosh, 1999). It must in a few short words provide an overview of what will be sold, the money needed, and what makes the business venture special (Elkins, 1996). Also, it should effectively communicate the 4 key concepts of the Executive Summary (King, 1985). There are four main key concepts within the executive summary these concepts are

- (1) *Description of the business* – speaks to the product/service offered and which market segment it will serve and how it business will have a competitive advantage in the market-place.
- (2) *Financial requirements* – speaks to the important points of the company from funding (initial capital) to sales, operations budget and obtaining a return on investment.
- (3) *Market-place analysis* -Provides a detail summary of the competitive landscape and the targeted audience/customers.
- (4) *Company Specifics* – A listing of anything that will set the business apart on the services that were provided. Also, it speaks to the background of the management team and the qualifications they bring to the organization.

Both Brown (1996) and Farey (2008) list the executive summary as the first section that a financier will review and each state that it should be the last section written because the information is derived from different parts of the business plan.

Company Overview

Directly following the business plan is the company overview. The section of the business plan provides specific information of the product or service being offered for a least a year in the future (Farey, 2008). It speaks to the type of operation of the company from a legal entity as well and a market segment. Also, the company overview answers the question of the purpose of the product and/or service (Bulger, 2006). According to MacKintosh (1999), this is business philosophy section and is where the mission statement and strategy is outlined. The mission statement should answer how the company wants to be defined (Brown, 1996). Also, it should provide an insight into the vision of the company in its business philosophy. The company overview should also list the objectives and goals of the company. The goals and objectives should define its annual or company revenue target or market share (Brown, 1996). Also, it should provide the financial description of the company including break-even and an exit strategy if needed (Farey, 2008).

Market Plan

The market plan provides the reason for the business plan. In detail it describes the product and/or services to sell as well as defining its customers (King, 1985). It provides an assessment of the business's current and future position (Link, 1993). The market plan delves in detail to the Marketing Mix – Product, Price, Promotion and Place. The market plan begins with a description of the product or service (Link, 2003). It should be thorough and descriptive of the

product or service. In Brown (1996) the market plan should include segment trends, target market demographics, competitors and overview of the future.

Once the product or service is clearly defined, an explanation of the pricing of the product and how it compares to the competition should next be discussed (Farey, 2008). This can be covered in the marketplace overview as it would provide the landscape in which the business will be working. This would include a market analysis which will help determine for the business owner if the product or service can be supported in the marketplace (Farey, 2008). Link (2003) concluded at minimum the market analysis should include demand generators and market characteristics. This would assist in answering the questions of “Who are my targeted customers and how large of the market do they represent?” (MacKintosh, 1999). The target customers and market-size information comes from outlining in a geographical format, traits of customers or through current/past competitors offering the same or similar service (MacKintosh, 1999). After determining the market share of the customer base, King (1985) concluded that establishing the businesses fair share (what they can expect to receive) is crucial. Finally, a market analysis should include any barriers of entry and what the product or service will do to overcome the marketplace barrier (Fisher, 2005).

Next, a determination should be made on which product or service(s) will be sold and how many will be sold at a particular price. In pricing, the breakdown of the customer segments should be made to determine if they will be a new customer, existing and/or repeat customer. Calculation of price may be different for a new customer versus a repeat customer. The emphasis on the repeat customer should be noted as they typically are about 20% of the business but comprises about 80% of the profit (MacKintosh, 1999). Also, calculation of price/fees should be made with extensive research in the particular market, industry and/or trade.

Market Strategy

The Market Strategy is the final part of the market plan that must be defined. It is the plan for attracting and keeping customers (Farey, 2008). In MacKintosh (1999) the market strategy is the part of the business plan that focuses on the advantages of the product or services. It includes the opportunities and tactics for the business (Link, 1993). The strategy should contain all potential sources of business by market plan. It helps to create a competitive point of entry and ways to maintain its competitive advantage. The development of the marketing strategies will clearly speak to the market mix of the 4 P's (product, price, promotion and place) where the product and/or service will be sold (King, 1985). As well as list the ways to attract and maintain the business through marketing initiatives, public relations and action plans (Link, 1993). Farey (1996) also agrees that a strategy should be compiled listing both internal and external marketing. This section will also provide actionable goals and activities. The sales activities are related to direct sales efforts or to promotion of the service of goods. Also, listed in the plan is a measurement tool for evaluating the activities.

Competition Analysis

A detailed review of the competition should be included in every business plan. The competitive analysis is the business strategy for the competition. Also, the competition analysis will provide a detailed list of strengths and weaknesses of the competitors. Both Brown (1996) and Farey (2008) concluded that considerable research needed to be given in the areas of service, location, expertise and image. In detail the competition analysis will determine if the product or service will have a competitive advantage in the market place. Also, as mentioned earlier barrier to entry to marketplace should be thoroughly researched and evaluated during this section of the plan as well (Fisher, 2005).

Management Team

A business plan is only as successful as the team that executes the plan (Brown, 1996). The Management team and their credentials are important to providing confidence to the audience who seeks to invest. An average product or service can make a business successful with a good management team (Elkins, 1996). The beginning of a good management structure starts with a description of the entity (sole proprietor, corporation, LLC, etc.) and provides a listing of the principal members and their percentage of ownership in the business (Farey, 2008). This section should also provide a complete resume of the team's experience, education and any certifications related to the industry and/or product or service (MacKintosh, 1999). Brown (1996) also agrees that prior work experience, certifications, relevant skills and degrees should be listed. In Farey (2008) listing of the main advisors and business resources demonstrates a core internal and external support base. Also found in the management section is an organizational chart listing the responsibilities of each team member (King, 1985). In Brown (1996) an organizational chart is needed only if a business has five or more team members. Positions listed in the organizational chart should have a job description that outlines the scope of the job and its requirements. Also, management should be aligned to the job description and/or role. For a start-up company at least 3 to 4 main areas need to be covered with personnel (1) Management (2) Accounting (3) Sales and Marketing (4) Research and/or Quality Assurance (King, 1985) (MacKintosh, 1999). Each position should be created based on the function of the task and revenue that can be created by completing the function. Forecasting of personnel needs for up to 3 years should be included in the plan with a complete listing of compensation levels and descriptions (Farey, 2008). Operational levels need to be kept at a minimum until the

product/service ramps up to the required level and it is consistently maintained (Anonymous, 2004).

Financial Analysis

The financial analysis is the determining factor of the business plan. It provides an insight of the successfulness of the business (Brown, 1996). This part of the plan should provide financial projections for the next 3 to 5 years. These projections should consist of a cash flow, income (profit and loss) statement and balance sheet (King, 1985). Both Brown (1996) and Farey (2008) concur that the core financial documents needed in a business plan are balance sheet, profit and loss statement and cash flow. Also, in Brown (1996) businesses that are operating need to include a balance sheet in their financial section.

The profit and loss (income) statement provides the results of a business over a period of time by comparing revenue by operating costs (Brown, 1996). The cash-flow forecast describes the in and out of money in the company. It helps to forecast the amount of money and/or credit will be needed for the business. Brown (1996) describes the balance sheet as the financial snapshot of a business. It consists of a statement of assets, liabilities and ownership. It should be updated annually to reflect any change in the business's assets, liabilities and ownership. For a start-up organization these projections are estimates that are based on researched from competitors and the market analysis. For a business that is operational the inclusion of a breakeven analysis is crucial. It determines when a company will become profitable (Brown, 1996).

The financial plan should be tailored to the type of financial capital needed. It should be clear and objective (Beagrie, 2007). There are two types of financing (debt and equity). Debt is incurring a loan while equity is gaining money through a percentage of ownership (Brown,

1996). Either lender or investor wants the financial analysis to demonstrate its success and how profits will be created (Fraser, 1999).

Summary

Some of the high rate of business failures for start-ups as defined from (Taylor, 2004) include insufficient business capital, lack of planning and lack of business management skill. Fraser (1999) and Anonymous (2005) state that well-researched information is the key to a good business plan. Also, Fraser (1999) concludes that the ability to answer hard questions about the business is a good basis for writing a business plan. The blueprint for a business plan that has all parts is to find examples and ask for assistance (Beagrie, 2007). Fraser (1999), Brown (1996) and Farey (2008) also list that there are services (non-profit and for-profit) organizations that will provide assistance on creating a successful business plan). It should be viewed and critiqued by as many mentors as possible (Anonymous, 2005).

In conclusion, a business plan should be considered as a living document, something that is reviewed and updated when needed (Beagrie, 2007). It should be used as a guide for the year that the business is working within (Brown, 1996).

PART THREE

Introduction

The business plan is the final research process in determining if RCT Hospitality should move forward with a full-time consulting business. Part one discussed the objective of starting the company while providing why it would be successful. Then in part two an in-depth literature review helped determine the areas needed to create an effective business plan. Part Three a business plan model was created to complete the research on viability of a sales consulting business.

Methodology

The business plan format used was developed by SCORE, a mentoring organization funded by the U. S. Small Business Association (SBA). It encompasses a detailed format that includes the following sections:

- Executive Summary
- Company Description
- Product and Services
- Marketing Plan

- Operational Plan
- Management and Organization
- Personal Financial Statement
- Start-up Expenses and Capitalization
- Financial Plan

The business plan was designed to determine if RCT Hospitality Consultants could be operational and profitable for at least three years.

Results

The consulting business for RCT Hospitality was found to be a viable and profitable business. The success of a new start-up business there must first be a need and then a good niche (King, 1985). The business plan presented that there was a need for sales consultants in the limited –service segment due to the economy and lowering the cost of a limited-service hotels overhead.

The market and operational plan provided insight into an internet heavy marketing plan with an emphasis on relationship management to provide the one-two punch needed create new business and maintain existing business. Also, the creation of the fee-based structure of adding additional consultants created more revenue and visibility of the RCT Hospitality consulting name.

From a financial perspective, having the consulting company created as home-based business. It proved to keep the start-up cost at a minimum and provide a greater profitability in year one. Also, with only the owner working in year one and bringing on one staff member in year two and three it provided a greater source of revenue stream and profitability. The overall financial plan is only successful in year one because the primary member/owner has 100% self-funded the company, resulting in a very low debt service.

Overall, it was determined RCT Hospitality Consultants can be successful being a small business as long the sales are focused in finding new clients that have long-term sales consulting needs. While adding a fee-based sales alliance structure is profitable it does not cover the overhead and could take longer than predicted to get to the desired number of allied sales consultants.

Recommendations for Future Research

Action Plan

1. Research the calculations for the return on investment in internet based marketing (Social Media)
2. Determine the effectiveness of key word search marketing on websites such as Google.
3. Research the effectiveness of having a pay for performance sales team
4. More detailed analysis on creating sales consultation packages and pricing

Recommendations

The following are recommendations to moving forward with the full-time sales consultation business.

1. Establish RCT Hospitality Consulting as an LLC in the state of residence of the primary member
2. Establish a federal tax employer identification number (EIN)
3. Get a business license that meets all state, city, local and county requirements
4. Contact the local SCORE office and get assigned a mentor
5. Contact the insurance company of the primary member and ascertain what if/any additional insurance is needed to operate a business in the home
6. Order internet and phone service in the name of the business
7. Secure the name of RCT Hospitality Consultants, LLC on the world wide web (domain name)
8. Get an accountant and a lawyer
9. Purchase accounting management software (example: QuickBooks)
10. Open an operational and savings account for the business
11. Create company logo
12. Create company website
13. Create company paper collateral (business cards, stationary, computer templates, folders, etc.)

Conclusion

Starting a business is a dream of many but few understand what it truly takes to make that dream not only come true but be successful. Those who succeed have a detailed plan of action and have researched what it will take to make their dream come true. In most cases companies it is a business plan. A business plan is the universal way a financial organization determines if a company should and can get off the ground and possibly be successful. Therefore, having a sound and well researched plan that includes projected financials is a must before anyone takes the leap of becoming a self-employed owner of a small business.

As an industry that is slow to adapt to change and trust new ways of doing business. A small business owner in this environment must provide the business acumen and ensure its prospective customers that their new company is financially sound and will be around to do business with them in the future. The business plan provides these answers and gives the prospective customers the information on what to expect from this company in the future.

Overall, the business plan is a must if a person and/or a company wants to know if their dream of a business is just only a dream or a profitable endeavor waiting to happen.

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Appendix A

Business Plan

OWNERS

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I. Executive Summary

RCT Hospitality Consultants LLC is a sales and marketing company specializing in providing customized sales solutions for small to medium sized (50 to 120 rooms) lodging establishments. The company is poised to position itself as premier provider in the Southeast for lodging support services.

As the economy begins its rebound, the lodging industry has forecasted marginal growth in 2012 but increased revenue much of it attributed to higher average daily rates. This provides a need for high-level sales professional to provide detailed guidance on attracting the right customers at the right rate for hotel operators who do not have a sales person on-staff or need additional directional assistance. Currently, the marketplace is ideal for a small, specialized consulting company that works with independent limited service owners.

RCT Hospitality will seize the opportunity to utilize its relationships with several Franchise Sales members of within many franchise organization to gather referrals and meeting new independent franchise owners. Also, relationships with Industry veterans Mike Leven and Roy Flora will provide new insight, introductions into additional franchise organizations.

The management team of industry veterans Rachel Tyler and Ann Palermo provide a solid operational support and sales expertise. Tyler has been at the helm of two different national sales organizations with major brands and Palermo comes with the combined street level and corporate sales background that give any company she works with a competitive edge.

The start-up cost will be 100% financed by the single member owner of the LLC – Rachel Tyler. The company is poised to have over \$300,000 in sales and show a profit in the first year of 34%. In the consecutive two years to follow, it will remain stable at a 34% profit margin.

II. General Company Description

RCT Hospitality Consultants, LLC is a hospitality sales consulting company designed to serve small to medium size lodging establishments. The company is designed to provide a-la-carte sales services to becoming the actual sales organization for a lodging establishment.

Mission Statement:

Our mission is to provide our customers a level of service and expertise that results in our clients achieving and/or exceeding their revenue projections.

Company Goals and Objectives:

Our goal is to have a successful sales consultation group that is a leader in the limited service sector and that has a loyal customer base.

We strive to exceed our annual revenue projection and to grow our consulting alliance partners by 10% annually. Also, we are committed to converting 75% of new customers to recurring customers.

Business Philosophy:

RCT Hospitality will market its services to the Franchisees of limited-service hotel brands and independent owners of small to medium size lodging establishments.

The Sales Consultation industry has grown over the last few years due to the economic recession. Many talented sales professionals were down-sized which provided an attractive talent pool. Furthermore, during this time period hotels need additional revenue to stay competitive and meet their revenue goals with having less people on their staff. This is a trend that will continue for years to come as small to medium size hotels will try to limit the employment overhead. RCT Hospitality Consultants will be able to provide them with just the

service they need and be able to provide it as if it is one of their team. This service can be provided remotely as well as on-site.

Core Strengths and Competencies:

RCT Hospitality Consultants will be successful due to the flexibility of the organizational structure of allied consultants which makes it be able to tailor their services to the needs of the customer. Our strengths lie in our long-term experience in both lodging operational management as well as sales organization management. We are well versed in Corporate and Government Sales at the Fortune 1000 level. In addition, our consultants all have extensive ground level to management sales experience with multiple franchise organization. Also, our membership and participation in the trade organizations provide additional contacts and services that will help our customers meet their projections more quickly.

RCT Hospitality Consultants will be a single member limited liability company. It will allow the organizational structure to grow at the allied level while providing a managing Executive Director to oversee the business development of the company while limiting member's personal liability.

III. Products and Services

RCT Hospitality Consultants will provide hospitality lodging consulting services. The services will range from pre-opening sales assistance to full blown on-site sales operations management. With a variety of sales consultants located nationwide with a varied level of expertise there is a consultant nearby most prospective clients to be on-site quickly. Also, with a dedicated office team to assist in answering and booking all sales leads as if they were one of the staff. Weekly to monthly sales meetings with the hotel management will provide specific guidance to meet revenue goals. Finally, for long-term clients RCT Hospitality will provide Sales Management – CRM Software for each of its clients so it will be able to manage and update client database remotely. The software will remain the clients' proprietary software. Services will be priced in a bundled manner and a premium will be placed at an hourly rate for any additional hours required more than the original scope of work.

Services

Sales Consultation Package 1 – Pre-Opening and Opening Sales

- Implement effective sales tools
 - Design and complete informative sales collateral for distribution at welcome centers to attract new transient guest to the hotel.
 - Display and attend 2 days at local welcome centers designated by owner. One day at each to be conducted on Friday and Saturday.
 - On-going identification of demand generators for potential new corporate business.
 - Review current sales system for reporting and following up of potential new customers, or set up and implement one if needed (including all necessary sales call report forms; telemarketing forms and continuous call report forms).

- Tele-market potential new corporate accounts.
- Insure all applicable franchise-related PMS and sales and marketing programs are being optimally utilized and all brand resources are being leveraged.
 - Review reports to identify causes of lost revenue and potential sources of new revenue
 - Implement Travel Agency promotions to stimulate additional GDS business.
 - Ensure all brand special rate plans are active to stimulate new business.
 - Contact Brand Group and Tour Department for advertisement and leads
 - Contact Brand Global Sales Department for CLC/Creative Lodging and crew/retail rooms
- Review brand and third party web sites for content and presentation. Work with on-line travel agency market managers to optimize exposure and take advantage of promotions.
- Identify local business opportunities:
 - Investigate leads through www.bidclerk.com and Dodge Report for new construction leads.
 - Work on acquiring CSX business currently using your competitors.
 - Investigate new business opportunities with local CVB and Chamber of Commerce
 - Review competition and hotel's comparative strengths/weaknesses
 - Prospect and attempt to penetrate competitor top accounts.

- Provide training
 - Train General Manager (GM) on prospecting, qualifying, selling and closing.
Techniques will be reviewed and implemented.
 - Make joint sales calls with GM to review sales abilities and selling techniques.
 - Provide tips on shopping the competitor for corporate and Social, Military, Economic, Religious and Fraternal (SMERF) leads, including online research as well as competitive intelligence.
 - Mentor and manage sales activity through bi-monthly conference calls with GM.

Sales Consultation Package 2 – Monthly Sales On-going Package

- Monthly Sales Items
 - Conduct weekly calls with GM and operational team providing guidance on the weekly sales action plan.
 - Weekly review in-house guest and reservation list to determine new clients.
 - On-going identification of demand generators for potential new corporate business.
 - Review current sales system for reporting and following up of potential new customers, or set up and implement one if needed (including all necessary sales call report forms; telemarketing forms and continuous call report forms).
 - Telemarketing to potential new corporate accounts.

Sales Social Media and Request for Proposal (RFP) Management

- Weekly Sales Items

- Monitor social media sites established by hotels. Track click-through and penetration of these sites. Also, create promotional marketing pieces and loyalty blasts to the returning customers.
- Weekly review and complete any open RFP's. Also, complete all negotiations on behalf of the hotel. Once accepted into a corporation's travel program ensure hotel is properly rate loaded and is viewable by the client.
- Search for new social websites for hotel to participate.

Independent Sales Consultant – Management Fee

- Monthly
 - Provide Web presence – Website
 - Provide Sales Consulting tools to include and not limited to laptop computer, printer, business cards, folders, letterhead template and envelopes.
 - Access with GotoMeeting website, constant contact newsletters and Hoovers corporate database
 - Review and forward all contracts to clients
 - Process payment and bill collection
 - On-going sales professional training.
 - Attendance at one of the four major conventions
 1. Global Business Travel Association – GBTA
 2. Association of Corporate Travel Executives – ACTE
 3. Hotel Sales and Marketing Professionals International – HSMIAI

4. Society of Government Travel Professionals - SGTP

IV. Marketing Plan

Industry Research

The Hospitality industry is a cycle of recovery. 2011 has had a steady pace to recovery and in that is to be continued in 2012 according to Price Waterhouse Coopers (2011) lodging forecast. Also, the marked road to recovery will be led by 7% increase in Revenue Per Available Room (RevPar) in 2012 with a balanced average daily rate (ADR) and occupancy. However, with little new supply growth in the Industry, RevPar will be emphasized with a focus on the ADR (PWC, 2011). With Occupancy stabilizing in 2012 at 60.6% having an increase of only .08% hotels will need to have a sustained focus on finding the right customers to meet the revenue goals.

Upon researching the number of limited service sales consultants very little information was found. This is mainly due to most of these companies are small and have a single owner/operator and garner business through word of mouth advertising. The total size of the market varies as RCT Hospitality will be working in a niche section of the consulting world (limited-service) in the Southeast. Currently, there are about 50 competitors that are listed on the various websites such as Linked-in, HSMAI, and Google.

RCT Hospitality will have about 5% of the market due to the start-up size of the company and the types of consultation projects. In the Southeast there is a demand for part-time sales managers and/or consultants as limited-service operators are trying to trim the payroll overhead and implement a pay-for-performance model for sales. This enables sales consultation companies to be more desirable because during this economic downturn many qualified sales persons are looking for full-time sales positions.

RCT Hospitality Consultants can grow in two ways. First, revenue will be generated through the annual consulting contracts provided by its owner/member and the executive director of business development. Secondly, revenue will be generated by adding additional independent sales consultants to the company. RCT Hospitality would receive 10% of the actual consulting fee for providing accounting, sales and marketing tools as well as comprehensive consulting training.

Barriers of entry into the marketplace for RCT Hospitality Consulting include brand recognition (new to the market) and high marketing costs. Brand recognition can be overcome by word-of-mouth marketing, industry association participation, social media presence and consumer newsletter. To create a lower cost marketing strategy an emphasis will be placed on internet marketing via social media, industry websites and email marketing blasts.

The future of RCT Hospitality can be affected in a positive and/or negative way with a change in the economic forecast of the Country emerging out of the recession. Also, as the economy gets stronger hotels are looking to employ more sales and marketing professionals. Technology will provide assistance to the business as limited-service operators must keep up with changing and emerging technology related to the internet sales.

Benefits

RCT Hospitality Consultants major service includes– Pre-Opening & Opening Sales, On-going monthly Sales, Social Media and RFP Management, and Independent Contractor Management Fee. Benefits that surrounding the Pre-Opening & Opening Sales consultation is comfort in knowing that the hotel will open with reservations on the books as well as the hotel is marketed successfully on-line. On-going sales provides a sense assurance for the operator that

hotel is operating as smoothly as if it had a sales person on-staff. In the ever changing world of the Internet and websites having a presence and being monitored weekly keeps the operators knowing they are at the cutting edge of technology. The independent contractor management fee provides security and support to a consultant.

Customers

The target customers are small to medium size hotels (50 to 120 rooms) that have limited or no food and beverage. Also, these operators would be affiliated with a brand and can be independent operator. More importantly, these operators do not have a sales professional on-staff.

Competition

The following major competitors provide services similar to the services offered by RCT Hospitality Consultants. Also, they are similar in size and work with the limited-service market.

List your major competitors:

Select Hospitality – Atlanta, GA

InnCredible Hospitality – Atlanta, GA

KRB Training Solutions – Middletown, MD

Table 1: Competitive Analysis

Factor	RCT Hospitality Consultants	Strength	Weakness	InnCredible Hospitality	Select Hospitality	Importance to Customer
Products	4	x		5	3	High
Price	5	x		4	4	High
Quality	5	x		5	4	High
Selection	3		x	4	3	Low

Factor	RCT Hospitality Consultants	Strength	Weakness	InnCredible Hospitality	Select Hospitality	Importance to Customer
Service	5	x		5	4	High
Reliability	5	x		5	5	High
Stability	5		x	5	5	Moderate
Expertise	5	x		5	4	Moderate
Company Reputation	N/A		x	5	5	Moderate to High
Location	3		x	4	3	Low
Appearance	4	x		4	4	Moderate
Sales Method	4	x		4	4	Moderate
Credit Policies	5	x		4	4	High
Advertising	3		x	3	3	Low
Image	3	x		5	4	High

Now, write a short paragraph stating your competitive advantages and disadvantages.

Niche

The most productive Niche for RCT Hospitality Consultant is the small limited service franchise hotel without a sales team/manager.

Promotion

RCT Hospitality Consultants will utilize word of mouth marketing as well as entering in prospective agreements with Franchise Sales for Hotel brands to market to their new Franchisees.

Advertising will be conducted using Email Blast, Social Media with Constant Contact Program Manager. Email blast and Social Media promotions will be conducted Monthly offering a different service at a discount.

Annual attendance at GBTA and at least two limited-service chains conventions is a must. RCT Hospitality Consultants will promote a professional small business owner image offering the amenities of a larger company but the one-on-one service everyone expects.

Website, Logo, business cards and letterhead design has been developed in support of the brand image RCT Hospitality Consultants, LLC wants to present.

Promotional Budget

The start-up budget is \$9,249 and on-going promotional budget is \$1800 monthly. Specific details are provided in the provided in the financial section of the business plan.

Pricing

The method for setting prices is based on the number of hours required work on a consulting project. Each Consultant is paid a predetermined hourly rate and bundled preset prices are based on the basic hourly rate of \$80 per hour. Any additional hours over the bundled pricing will incur a standard \$100 hourly fee. With the a-la-carte/hourly services RCT Hospitality Consultants is competitive with other companies. The pre-opening/opening package and recurring monthly service is designed to attract new customers. It slightly below the competitor's pricing. Customers purchasing over \$50,000 of services will receive a 10% preferred customer discount.

Proposed Location

RCT Hospitality Corporate Offices will be run out of the home of its primary member due to the independent contractors working out of their home or the client's hotel. Clients will be met at an off-site (REGUS office facilities) when needed or at a restaurant. Some of the competitors are located out of their home and others office out of small suites in a business establishment.

Distribution Channels

The services provided by RCT Hospitality Consulting LLC will be sold by the independent representatives and the executive director. They will communicate the services via word-of-mouth and the RCT Hospitality website. Also, with the agreement of specific limited service brands direct mail will be sent to their franchisees.

Sales Forecast

The Sales Forecast projects an overall 5% to 10% growth in years two and three. The first year is a ramp-up year therefore the projections are low.

Operational Plan

Each RCT Hospitality Consultant will receive a laptop and printer so they may complete their work either at a customer's site and/or in their office.

Location

RCT Hospitality Consultants, LLC will operate out of the home of its principle member. Consultants will be based out of their home office as well.

Physical requirements:

Each consultant should have about 300 to 400 square feet dedicated in the home for an office space.

Zoning

Due to the independent consultants workspace is maintained in the home as a consulting company there is not any specific zoning required.

Power and other utilities

Electrical and Internet service is paid by the member and/or consultant. The electric bill portion should be maintained in the personal electrical bill.

Access

The consultant's office should be located within an hour of the Airport within their city and if needed, within public (tax and/or car service) to the airport.

Cost

Occupational Cost of the home office (including maintenance) should be included in the Consultant's monthly mortgage and/or rent. Per the IRS requirements this must be a dedicated part of the house used exclusively for business. Total monthly expenses for maintaining a home office will range from \$425 to \$500 a month based on a consultants location. The principal location of RCT Hospitality will have an on-going monthly occupational cost of \$425.

Business Hours:

RCT Hospitality will be available to work with customers Monday – Friday from 8:30am to 6:00pm Eastern Standard Time. Also, consultants may work weekends as deemed by a client and/or if needed to complete an assignment.

Legal Environment:

RCT Hospitality is required to have a state business license in the state that it is registered (Georgia). There will not be any need for additional permits (including zoning), health and/or workplace regulations. Currently, the state of Georgia does not require any special licensing for a consulting company. Also, there are not any Trademarks, copyrights or patents on the business. Consideration should be given to copyrighting the RCT Hospitality logo and website.

The business will require business interruption services as well as an additional policy on the basic home owner's policy to cover having a business in the home.

Personnel

RCT Hospitality has only one full-time employee and that is the primary member of the company. Also, it has one professional sales consultant on its team. Additional Consultants when needed will be found through Industry accredited sales organizations such as Hospitality Sales and Marketing Association (HSMAI), Global Business Travel Association (GBTA), Society of Government Travel Professionals and the Association of Corporate Travel Professionals (ACTE).

The existing sales professional on-staff is multi-faceted with both operational and sales experience with limited and full-serve hotels. Also, this professional has extensive corporate brand level sales experience.

Sales Consultants receive the 90% of the Consulting fees and RCT Hospitality Consultants receives a 10% for being a part of the consulting alliance and handling administrative tasks.

Sales Consultants are provided an intensive four week training session. Week one includes an overview of the company, completion of HR functions (W-9, company handbook and Job Descriptions), issuing of company laptop and printer, ordering of business cards and stationary, training on all programs and outside tools used to assist them in the client engagement. Week two consist of negotiation skills and contract negotiation as well as a presentation skills seminar. Week three and four are assisting the managing director in completion of a client engagement (s).

At RCT Hospitality the principle member (owner) of RCT Hospitality is responsible for final contract review, vendor relations, billing and collections. Also, she is responsible for

the overall sales and marketing of the business. The member also serves as additional part of the Consultants sales when needed for closing a sale to a large client and/or corporation.

The managing director of business development is responsible for finding new clients and consultants for RCT Hospitality. Also, she is responsible for the training of the consultants and determining the assignments that are being provided to each consultant.

Inventory and Suppliers

RCT Hospitality Consultants have a limited supply of printed promotional product in-house. The majority of the tools and supplies are on-line and can be purchased on demand basis. Most costs are based on annual purchase price. Some items such as promotional are based on the cost of the item at the time (including sales). These suppliers are also primary because they provide a quick turn-around feature. Also, they are able to edit and produce quality product on demand.

Credit Policies

Upon the signing of a contract with RCT Hospitality the first month's service is required. Thereafter, monthly the payment will be made via check or credit card. If upon payment via check, RCT Hospitality will have a client's credit card number stored and in compliance with PCI Regulations to use a secondary form of payment. Payment is typically net 30 and all payment due upon receipt of completion of the agreement. New clients will have credit of \$1500 a month for services and existing customers will have credit of \$2500 a month for services. Loyal customers will receive up to a 10% discount on all new services if all agreements are paid in-full and on time.

Account Receivables:

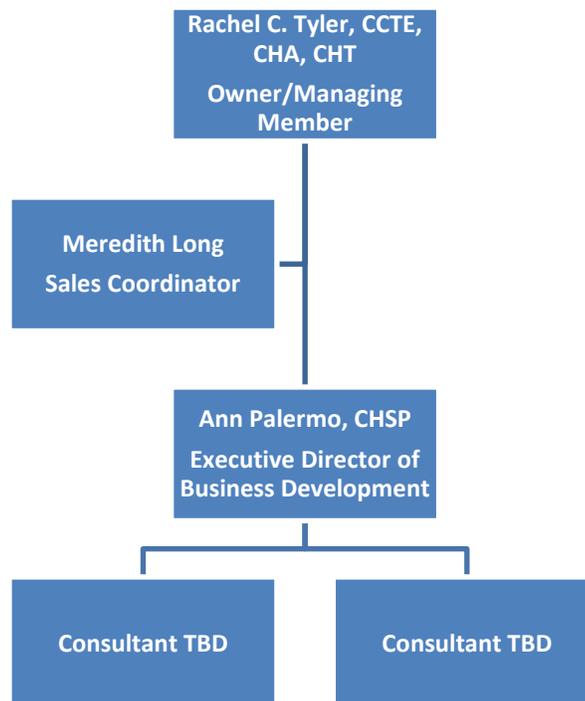
Monthly all clients receive invoices and must stay current on their accounts and anytime they do not pay within 30 days then they are past due. At 45 days the accounts consultant will contact them via email, letter and phone call to provide an additional invoice and inform them that RCT Hospitality will be billing their credit card on file for amount due and 5% late charges if the client fails to pay via cash and/or credit cards within 15 days. On day 60 the credit card will be billed for the amount. If the credit card is not valid or will not accept the amount the account immediately goes into collection and/all services the client is currently receiving will cease.

All aging will be maintained in QuickBooks and will be reviewed monthly with the principal member, managing executive director and company accountant.

V. Management and Organization

The single owner member will manage RCT Hospitality on a day-to-day basis while the managing executive business development manager will manage the consultants and bring in new clients. Each of these professionals has extensive business acumen in management, sales and operations. The single member owner Rachel Tyler is certified as corporate travel executive, hospitality trainer and a hospitality manager. Also, she is certified to present DISC which provides organizations work style business management information on their employees. The managing director Ann Palermo is also a certified sales professional. If at any point the single owner member becomes incapacitated or unable to perform any duties then the managing director will take over the day-to-day management responsibilities.

Organizational Structure



Single Owner Member Resume

Rachel C. Tyler Vice President of National Sales Hospitality industry veteran Rachel Tyler created and heads up the company's in-house national sales team for its Microtel Inns & Suites and Hawthorn Suites hotel brands. The department, divided into two groups - Group & Tour Sales and Business Travel Sales - provides franchisees with corporate and group accounts assistance, both nationwide and globally. Key areas of focus include transient and extended stay national accounts, government, travel agency, transportation and group/tour accounts. Tyler has extensive property level operations and sales experience.

With USFS for more than 10 years, she has directed field support, training, reservations and sales account management, marketing the brands at the regional and national levels, and building the company's participation in tradeshow, association, travel agent and industry events across the country. She has also held positions with Executive Hotel Management of Farmington Hills, MI and with Days Inn Learning Center in Knoxville, TN and Atlanta, GA, where she worked for seven years as a training specialist, quality assurance representative and sales development supervisor of the reservations center. She served as sales manager of the Holiday Inn University Center in Knoxville, TN for two years. Active in the community; Tyler started the Ronald McDonald House program at USFS, and places an emphasis on active participation in accessible issues.

She holds a BA in Speech Communications from University of Tennessee at Knoxville and is currently in the Masters Program at UNLV for Hospitality Administration.

Managing Business Development Member Resume – Ann Palermo

Ann Palermo has been a successful and a well known hospitality veteran on the southern and east coasts for 15+ years. Her sales and marketing career spans over 20+ years having a extensive background in advertising, direct B2B sales to fortune 5000 companies across the United States and then pursued a career in the Hospitality industry.

She started her successful hospitality career with Drury Hotels. Ann's hospitality sales career then blossom into an Area Director of Sales position with Noble Hotels out of Atlanta. She managed the sales and marketing efforts for several hotels under the Noble management umbrella. The brands included Marriott's Springhill Suites, Hampton Inn, Holiday Inn Hotel & Suites, Holiday Inn Express. Ann's career then grew to Regional Sales Manager for Sholodge Inc. the Shoney's Inn brand. She had hotels in Virginia and Georgia. She also spent time with LaQuinta Corporation as a Regional Sales Manager.

Ann Palermo joined the USFSI / Microtel Inn & Suites family in July of 2005 as a Regional Manager of Sales and Operations. She traveled extensively managing the operations of 43 hotels located in the south east United States for 4 years after which time Wyndham Hotel Group acquired the Microtel Inns & Suites brand. At Wyndham, she was Director of Operation and Support for the Southeast providing support in operations, quality assurance, sales and marketing.

In 2010 Ann was approached to design and head up the sales and marketing division for Essex Hotel Management. She successfully managed and mentored the sales and marketing for their portfolio of 7 hotels located in New York, Georgia, Virginia and Alabama.

Professional and Advisory Support

Management Advisory Board

- Mike Wien, Founding Partner, Wien & Associates, Atlanta, GA
- Russell Haynes, Dean of Retention Cedar Valley Community College, Dallas, TX
- Teri Fox, General Manager Microtel Inns & Suites Atlanta, GA

Accountant

- Paul A. Hawkinson, CPA, PC

Banker

- Richard Carswell, BB&T Financial Services

Insurance agent

- Shannon Patterson, BB&T Insurance Lines

Mentors and key advisors

- Roy Flora, Brand President, Wyndham Worldwide – Microtel Inns & Suites, Hawthorn Suites
- Mike Levin, President and COO of Sands Corporation

VI. Personal Financial Statement

Personal Financial Statement of:

Rachel C. Tyler

10-Nov-11

<u>Assets</u>	<u>Amount in Dollars</u>
	\$
Cash - checking accounts	3,500
Cash - savings accounts	45,500
Certificates of deposit	10,000
Securities - stocks / bonds / mutual funds	-
Notes & contracts receivable	-
Life insurance (cash surrender value)	-
Personal property (autos, jewelry, etc.)	5,000
Retirement Funds (eg. IRAs, 401k)	55,000
Real estate (market value)	-
Other assets (specify)	-
Other assets (specify)	-
	<u>\$</u>
Total Assets	<u>119,000</u>

<u>Liabilities</u>	<u>Amount in Dollars</u>
	\$
Current Debt (Credit cards, Accounts)	12,700
Notes payable (describe below)	-
Taxes payable	-
Real estate mortgages (describe)	161,000
Other liabilities (specify)	46,000
Other liabilities (specify)	-
	<u>\$</u>
Total Liabilities	<u>219,700</u>

Net Worth	<u><u>\$</u></u>
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(100,700)

Signature: Rachel C. Tyler

Date: 10-Nov-11

Personal Finance Statement of:

Rachel Tyler

10-Nov-11

Details

1. ASSETS - Details

Notes and Contracts held

From Whom Owing	Balance Owing	Original Amount	Original Date	Monthly Payment	Maturity Date	History / Purpose
	\$ -	\$ -		\$ -		

Securities: stocks / bonds / mutual funds

Name of Security	Number of Shares	Cost	Market Value	Date of Acquisition
		\$ -	\$ -	

Stock in Privately Held Companies

Company Name	No. of shares	\$ Invested	Est. Market Value

		\$	-	\$

Real Estate

Description / Location	Market Value	Amount Owning	Original Cost	Purchase Date

2. LIABILITIES - Details

Credit Card & Charge Card Debt

Name of Card / Creditor	Amount Due
Capital One Visa	\$ 5,000
Household MasterCard	\$ 1,000
Discover	2,500
Citibank Visa	4,200

Notes Payable (excluding monthly bills)

Name of Creditor	Amount Owning	Original Amount	Monthly Payment	Interest Rate	Secured by (Lien)
Department of Education	\$ 22,000	\$ 26,000	\$ 248	6.00%	No
Lexus	14,000	36,000	546	4.00%	No
Citi Financial	10,000	13,000	313	10.00%	No

Mortgage / Real Estate Loans Payable

Name of Creditor	Amount Owing	Original Amount	Monthly Payment	Interest Rate	Secured by (Lien)
Wachovia Mortgage	\$ 161,000	\$ 172,000	\$ 1,327	6.78%	No

VII. Startup Expenses and Capitalization

RCT Hospitality Consultants will be a single-member owner financed entity. All monies needed for the start-up of the business will be provided from the owner's financing. The basic start-up expenses are budgeted on the assumption that RCT Hospitality Consultants would be operated out of the home of the owner and its consultants.

Startup Expenses

RCT Hospitality Consultants, LLC

Sources of Capital

Owners' Investment (name and percent ownership)

Rachel Tyler - 100% Ownership	\$	25,000
Other investor		-
Other investor		-
Other investor		-
Total Investment	\$	25,000

Bank Loans

Bank 1	\$	-
Bank 2		-
Bank 3		-
Bank 4		-
Total Bank Loans	\$	-

Other Loans

Source 1	\$	-
Source 2		-
Total Other Loans	\$	-

Startup Expenses

Buildings/Real Estate

Purchase	\$	-
Construction		-
Remodeling		-
Other		-
Total Buildings/Real Estate	\$	-

Leasehold Improvements

Item 1	\$	-
Item 2		-
Item 3		-
Item 4		-
Total Leasehold Improvements	\$	-

Capital Equipment List

Furniture	\$	250
Equipment		1,500
Fixtures		-
Machinery		-
Other		-
Total Capital Equipment	\$	1,750

Location and Admin Expenses

Rental	\$	-
Utility deposits		500
Legal and accounting fees		1,500
Prepaid insurance		1,200
Pre-opening salaries		-
Other		-
Total Location and Admin Expenses	\$	3,200

Opening Inventory

Category 1	\$	-
Category 2		-
Category 3		-
Category 4		-
Category 5		-
Total Inventory	\$	-

Advertising and Promotional Expenses

Advertising	\$	250
Signage		-
Printing		3,500
Travel/entertainment		2,500
Website and Logo Design		2,999
Total Advertising/Promotional Expenses	\$	9,249

Other Expenses

Business License	\$	200
Other expense 2		-

Total Other Expenses	<u>\$ 200</u>
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<u>Reserve for Contingencies</u>	\$ 5,000
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<u>Working Capital</u>	\$ 5,000
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Summary Statement

Sources of Capital

Owners' and other investments	\$ 25,000
Bank loans	-
Other loans	-
Total Source of Funds	<u>\$ 25,000</u>

Startup Expenses

Buildings/real estate	\$ -
Leasehold improvements	-
Capital equipment	1,750
Location/administration expenses	3,200
Opening inventory	-
Advertising/promotional expenses	9,249
Other expenses	200
Contingency fund	5,000
Working capital	5,000
Total Startup Expenses	<u>\$ 24,399</u>

Owners

Rachel Tyler

Loan Guarantors (other than owners)

N/A

VIII. Financial Plan

The financial plan consists of a [12-month profit and loss projection](#), a four-year profit and loss projection (optional), a cash-flow projection, a projected balance sheet, and a break-even calculation. These documents provide a detailed analysis of the projected success and/or failure for RCT Hospitality Consultants, LLC and are in the attached Appendix for review.

Appendix B. Financial Analysis of RCT Hospitality

See attached Excel Spreadsheets

Appendix C: Lodging Growth

Table 1

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Occupancy	63.2%	59.7%	59.0%	59.3%	61.3%	63.0%	63.1%	62.8%	59.8%	54.5%	57.6%	59.8%	60.6%
ADR Growth	5.5%	-1.2%	-1.3%	0.2%	4.2%	5.6%	7.5%	6.6%	2.9%	-8.6%	-0.1%	3.7%	5.5%
RevPAR Growth	6.2%	-6.7%	-2.4%	0.7%	7.7%	8.6%	7.7%	6.1%	-2.0%	-16.6%	5.5%	7.6%	7.0%

Source: PwC (2011 and 2012) and Smith Travel Research (2000 to 2010).