**INTERNATIONAL BUSINESS PLAN EVENT**

**The Marriott Ritz Carlton**



Ardrey Kell High School DECA

Ardrey Kell High School

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January 30th, 2015**Table of Contents**

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**A. Company Information**

 The Marriott Ritz Carlton is a brand chain that is known for its upscale atmosphere as well as luxurious and commodious offerings. The Marriott has had a long relatively long history, having been founded in 1983 and striving its way to the top of the hotel industry as one of the most esteemed hotel chains worldwide. What started as a small hotel business has now turned into a multi-million dollar corporation that has spanned several continents and is now looking to reach out into the beautiful country of Australia.

**B. Location**

 Australia is a booming country and has been for many years. Deemed the eleventh best country to do business in by Forbes magazine, Australia has a very strong economy supplemented by a high GDP per capita, large educated work force and a wide consumer base. Australia’s government is very stable being one of the countries with the lowest amount of corruption. It has also placed few trade barriers with other countries and has even created the AUSFTA - Australian United States Free Trade Agreement- allowing for fluid flow of goods to be shipped to and from each nation.

**C. Planned Operation**

In order to secure a successful position in the Australian market, The Marriott Ritz Carlton will need to implement a fail-proof plan and the plan we have created ensure success in the market we are targeting. We will submit the proper documentation to legally become a part of the franchise and will adopt all policies that are required by Marriott International in starting up a business and use a vertical integration method to oversee all work. Our staff will be extensive due to the size of the facility we have, including around twenty housekeepers, sixty miscellaneous workers around the hotel and four concierge desk workers.

**D. Product**

 Although we are not strictly offering a product, many services can be enjoyed as a result of staying at the Marriott Ritz Carlton Australia. As we are a beach-front property, several water activities will be made available such as parasailing, water-skiiing, jet skiing, banana boating, snorkeling and most importantly, scuba-diving. We will give direct access to open portions of the Great Barrier Reef and will have experienced tour guides show guests the path to a successful venture into the gorgeous oceans of Australia.

**E. Pricing and Promotion**

 The pricing of each room will vary based upon which amenities will be available in each room. A single bed room with one bath will be $90 per night, a two room suite with bath will be $130 per night and the master suite with three rooms, three bath and kitchen/utilities will be for $200 per night. A promotion plan will be launched as of five months before the opening due to the fact that many people book international or vacation tickets well in advance of their stay.

**F. Projected Income and Expenses**

Due to large start up costs, the first year will not be very profitable, making around $120,000 AUD, but each year going forward will be increase revenue and gross profit. A markup of about 10%-15% can be seen each year going forward.

**II. Introduction**

Welcome to paradise, where the sun shines in December, the accents of the local people entice you, the food is delicious and where the warm breeze caresses your skin. Imagine yourself stepping out onto the balcony of your spacious room to a beautiful sunrise right on the beach, which is teeming with diverse life and also holds the magnificent, world-famous, Great Barrier Reef. Welcome to the grand hotel of Marriott Ritz-Carlton at Townsville, Australia.

At this luxurious hotel, we will provide our guests with outstanding services including a 5-star restaurant with an exotic menu and bar, a family friendly waterpark, beach access and view, and commodious living accommodations with full amenities. Some specific amenities we will provide are shuttles transporting guests from the international airport to the hotel, as well as customer service, concierge, and guest services. The layout of the suites will be up to standard high-class room styling of The Ritz-Carlton Marriott with a touch of Australian authenticity. Our perfect beachfront location allows us to provide other water-related services such as snorkeling, scuba diving, parasailing and banana-boating to name a few. These activities are in high demand due to the proximity to the Great Barrier Reef, the largest coral reef in the world. Other non-water activities we will offer are ATV riding, biking and horseback riding along the shoreline. The Marriott Ritz-Carlton will be located in the northeastern part of the Queensland region of Australia, more specifically in the city of Townsville. This location has been chosen due to its close access to Townsville International Airport. Townsville is the largest city in the Queensland region and is considered its capital. Townsville is in the dry tropics region of Australia, which is the perfect climate for beach and other outdoor activities. This is a benefit for the hotel because humidity can deteriorate the paint and inside of the hotel at a quick rate.

This location is crucial because the Great Barrier Reef is a large tourist attraction and tourists have to travel many miles to find a good hotel. Also, access to this beautiful reef is restricted in some areas due to conservation efforts. Therefore, many vacationers will have to come to this region of Australia if they would like to see the reef itself. If we can intercept this influx of tourists, we could draw in many more guests at our hotel to guarantee a successful business. The target market will consist of affluent families who come from within Australia as well as different nations to tour and vacation, hence the title of the Marriott we are proposing to set up. This target market is the best because our hotel is on the more expensive side of the pricing scale and many families have the propensity to visit foreign beaches and relax during school vacation seasons.

Australia is an ideal location for this type of business for many social as well as economic reasons. The official language is English and their dominant religions match the United States’ allowing for a smooth assimilation into their society. Australia has virtually no social class system so marketing strategies can be aimed at a broader market spectrum. Australia has been established as a large tourist attraction for years allowing for hotels to be successful there for many years. Australia has been named the eleventh best country to do business in by Forbes magazine and continues to show signs of strong economic development. Australia has a high gross domestic product per capita meaning customers will be willing to pay the higher price in order to achieve a nice vacation. Although Australia has a high unemployment rate, their work force is skilled and educated with a literacy of 99%. We can use this to our benefit because we will need a large work force to ensure that the business is running efficiently and that all our customers are satisfied. We will train the work force rigorously so customers will attain the perfect getaway. Training seminars will be required of every new employee and no employee will be allowed to work without first attending five of these seminars. A customer-oriented service approach is a crucial part of managing a hotel business and in order to maintain customer satisfaction, these seminars must be attended.

Although Australia may seem like the perfect place to start a business, we will have to combat several obstacles to instigate this business plan. One such obstacle will be creating the financing to start up a 5 star hotel in Australia, where there are already many successful hotels. We will need to to extensive research on established hotels in the area and the major factors that have led to their success. We will also need to find several investors as well as research different loans that can be applied for to obtain sufficient funding needed to start up the business. Other such obstacles more dependent on the country will be language and cultural barriers. Our hotel will also need funding for promotion to customers to beat the competition around us.

To start up and run this business, we will use several different resources to obtain information. One major resource we will use is a current hotel owner, Nita Shah. She is the manager and owner of 3 different hotels located near an international airport in Charlotte, North Carolina. She is a primary source of information that will give us unique insight into the hotel industry, that she has been a part of for 14 years, thus allowing us to make well-informed decisions. She will be an advisor for the start up of this particular hotel. Another resource we will capitalize on is the countless books in the public library as well as government websites such as www.SBA.gov.

**III. ANALYSIS OF THE INTERNATIONAL BUSINESS SITUATION**

1. **Economic, political, and legal analysis of the trading country**

 1. Economic System

Australia has a capitalist, free market economy that allows businesses to grow to their full potential. Being the 3rd ranked on the 2014 Index of Economic Freedom, Australia’s economy is one of the top ten most improved economies among developed countries. Also, according to Forbes magazine, Australia is also ranked eleventh in the world to open a business in. The relatively small population of 22 million, combined with a high gross domestic product of $970 billion allows for a high GDP per capita of $42,640 per capita. The labor work force consists of 12 million people, over half of its population, and allows for easy access to workers. The relatively high unemployment rate of 11.7% combined with its high literacy rate of 99% creates a larger opportunity to hire more skilled workers with ease. To create this business, we will need a variety of resources. Australia, being a developed country, will have an abundant amount of technological resources such as computers, software for check-in/check-out and appliances for the eating areas. The population rate that lives under the poverty line is 12.8%, which is lower than the United State’s population under the poverty line. This indicates that Australia is developed economically and at the very least equal to the United States. Also, because the official language of Australia is English, communication will not be hindered. The exchange rate of the currencies of the US and Australia is 1 Australian Dollar is equivalent to .88 US Dollars. Due to the fact that the American Dollar is valued more than the Australian dollar, more goods/services can be obtained with less amount of American currency. The working conditions are also very worker-friendly, allowing for a smoothly run business because of the worker rights enforced, as well as high wages. Being a developed country, they are able to use the telephone to communicate with the United States, so we will be able to stay in touch with them. Some major imports to Australia are machinery, transport equipment, and computers from which Australia imports to China, US, and Japan. Some major exports are coal, iron ore, and gold from which Australia exports to China, Japan, and South Korea. According to the CIA World Factbook, Australia has the thirteenth largest amount of stock of direct foreign investment at a value of $661 billion American dollars. This suggests that industries within Australia are very developed and are stable, therefore attracting many foreign countries to invest. The major contributors to foreign investment in Australia are the United States, United Kingdom, Singapore and Hong Kong. These countries are extremely powerful and wealthy further increasing the power and wealth of Australia.

 2. Government

Australia’s full formal name is the Commonwealth of Australia due to the form of government being a constitutional monarchy. Thus, meaning that that the powers and procedures of the Australian government are defined by a written constitution. However, t their government structure mirrors that of the United States in that they have a legislature, executive, and judiciary branch. The two houses (House of Representatives and Senate) are mainly made up of individuals form the two major parties of the Coalition National Party and the Australian Labor Party. The role of the local government lies with the state and territory governments, therefore the local government differs from state to state. According to the Australian Trade Commission, Australia is ranked ninth as one of the most politically stable nations. The United States and Australia established The US – Australia Free Trade Agreement (AUSTFA) in 2005 effectively removing 99% of tariffs off of imports and exports, lifting any trade restrictions that may have been in place previously and eliminating any quota or embargoes. By implementing this trade agreement, goods and services can be exported and imported with ease and at cheaper prices. In addition, the Australian government has adopted the Business Innovation and Investment Programme. This certain program is designed to encourage successful business people to settle in Australia and use their proven skills to develop business activity in Australia. Business is encouraged by Australia by allowing for easy access to permanent visas and to extend provisional visas. Certain state and federal governments offer subsidies to international businesses that want to enter the Australian market. However, one obstacle we will encounter in our endeavor to create a hotel is the relatively high business tax of 30% per year.

 3. Trade Laws

Fair Work Australia (FWA) is a government industry that protects industrial relations and employees in a work setting. The United States has in place the Occupational Safety and Health Act, Civil Rights Act of 1964, Fair Labor Standards Act, and National Labor Relations Act. These acts protect workers from employment discrimination, on grounds of race, gender, religion, natural origin, and age.

1. **Trade Area and Cultural Analysis**
2. Geographics and Demographics

 Having knowledge of the demographic and geographic markers of a country is crucial to the creation of a successful business plan. A marketer needs to take into account cultural differences that may set the target market apart from the marketer’s home country. This way, a company can avoid offending its target market and successfully capture the attention of its targeted market. The major language spoken in Australia is English, therefore making it relatively simpler to assimilate our service into Australia’s market. The dominant religion in Australia is Christianity and its strongest denominations are Anglican and Roman Catholic. Australia’s birth rate is 13 births per 1000 people and its death rate is 7 deaths per 1000 people. Its relatively low birth and death rate indicate that it’s a developed country good for business. The mean household income in Australia is $60, 278. The obesity rate of Australia is 27%, just a few percentage points lower than the United States’ obesity rate. The literacy rate of 99%, higher than the United States’, shows a very high level of development. An average citizen of Australia is expected to live an approximate 82.7 years, an age also significantly higher than the US’ life expectancy. Life expectancy, literacy rates, and obesity rates are all in better standing than the United States making them appealing factors for our hotel & our international expansion.

 Geographic indicators of Australia are important to understand to be able to strategically place our service to maximize profits and customer and employee satisfaction. The population of Australia is 22.5 million and its growth rate is 1.09%. The climate of Australia is temperate in the south and the east while tropical in the north. Our market potential is large because Australia’s population is growing, its climate is stable and leads to a lot of tourism, and the citizens of Australia have a higher standard of living than many countries which partners well with the hotel industry.

 Members of developed countries are more likely to spend and contribute to the economy. The capital city of Australia is Canberra, which is located in the south east. Airports are located around the coasts in the large cities, accumulating to 12 in total. Tourist attractions include the city of Sydney, the Great Barrier Reef and the ‘outback.’

Some customs and traditions that Australia has is celebrating New Years Day, Christmas, Easter, Australia Day (anniversary of the founding of the first settlement) and Boxing Day (the day after Christmas). Many Australians value equality and the qualities of humbleness, dignity and freedom. This is why despite our high prices and good quality, it is necessary not to ornately and elaborately furnish the hotel and to treat all our guests and visitors with the utmost respect and equality. Australians are also considered a ‘sporting-culture.’ They value sports highly so we will offer a lounge and bar where men and women alike can get together to watch sports together.

 Some competitive advantages we have are that the languages and the religions of the United States and Australia are very similar. Also, the AUSFTA (Australia United States Free Trade Agreement) lifts all hindrances companies might have when trading. Some disadvantages we will have are language barriers. Although Australia predominately speaks English, their use of slang and cultural phrases are a concern for us. Working in the service industry where customer communication is optimal; it is imperative that we not only understand their cultural language and context, but also use it appropriately and are aware of the possible misunderstandings that might exist. The colloquial language of Australia will need to be carefully studied in order to avoid offending the public and in order to attract the general population. Other disadvantages we have come from more established hotels and hotel chains in the area. Hotels with the same target market as our chain will have already dominated the market and it will be difficult to sway the consumers to choose our hotel over theirs.

 2.Market Segment Analysis

Our target market will consist of upper middle class families. These families will range from young couples with young children to middle aged couples with teenagers or young adult children. The people in this target market will like vacationing on the beach and like to be outdoors and like being adventurous. The people in this target market will consider brand carefully and appreciate the high quality brands. Also, people in this target market travel frequently, around 1-3 times a year, and expect a certain level of service for what they pay.

 3. Analysis of Potential Location

The Australia-United States Free Trade Agreement allows the United States to trade with Australia without many restrictions or limitations. Therefore, no heavy documentation is required to trade with Australia. A basic document stating the company’s origin as the United States or Australia is all that is required in order to trade freely with the other country. When trading, the Australian Customs Service may ask for this documentation, so these documents need to be in order to

In order to fully understand what is required the importer, not the exporter, is required to make a claim of preferential tariff treatment under the U.S.-Australian Free Trade Agreement (U.S.-Australia FTA) on the basis that the good is U.S. originating. This is what the Australian Customs Services requires in order to trade with the United States.

**IV.** **PLANNED OPERATION OF THE PROPOSED BUSINESS / PRODUCT / SERVICE**

1. **Proposed Organization**

The Ritz-Carlton will have a matrix global organization structure because it will have various different reporting lines. This means that employees will have more than one formal boss. An image below depicts an example of how a matrix organization system works. 

Utilizing this system, the hierarchy of command will allow for smooth functioning and a check of work ethic so that quality of service is not hindered as time goes on.Therefore, no discrepancies will come forward in the daily routine of the hotel. However, even though there will be various managers and people in charge, this will not take away from the General Manager’s post. He/she will still have the most authority of all, and will be in the position to make most of the decisions. The decision-making will be centralized to the head manager so that there is not any crossover in decisions and conflict can be avoided. The country organizer will be a contributor to the decision making process by giving advice that is particular to Australia. This person will most likely be a knowledgeable local who has experience in doing business in the area we are proposing to build our hotel. This person will be able to help the hotel in multiple different aspects including menu choices, decorations, and even nonverbal communication between staff and guest. He/she will not be considered a leader because a leader is someone who holds much power and this is what we are trying to avoid. Making the country organizer a contracted employee allows the hotel to run smoothly (without an imbalance of authority) and gain a local perspective. The head manager will have a significant amount of authority, having the power to make decisions that affect the hotel. However, we don’t want it to be that the head manager is a dictator, so we will enact a more bureaucratic/formal aspect of control. This will allow the employees to have a say, but not gain too much power. Thus, keeping everybody in check, this structure has the most potential for success within the workplace hierarchy.

 We are planning to use franchising to expand into the international market because it will allow us to operate under the Ritz-Carlton brand image. This name is what will attract the tourist population and the people of Australia because it is a well-known brand known for its high-end quality and excellent customer service. Another benefit of franchising is that the hotel room reservation system will be more simplistic. Following the already established Marriott policy, we will be required to use the Marriott brand’s online reservation database/system to check in guests efficiently. This way, we will be less dependent on the word-of-mouth advertising, because we will be placed on Marriott’s corporate website for viewers worldwide to see. Although we will not have to worry about publicity, several promotion plans will be implemented in order to attract tourists to our resort. One of the major ways in which we will attract attention will be to contact various popular travel agencies and create contracts with them that state that the agencies will receive 10% of the total profit made by each client they send to our facility. We will also be holding a large grand-opening ceremony in which guest stars and celebrities will be featured to attract public and media attention to our hotel to increase publicity.

Steps to follow to create the hotel:

1. Decide whether the hotel business will provide rooms-only service, or whether additional amenities including a restaurant, conference hall, swimming pool, and beauty spa or fitness center will be included.
2. Write a business plan. Because many hotel businesses will require initial outside financial backing, it might be a good idea to work with a professional consultant when composing our business plan. The Small Business Administration recommends that business plans include a summary of the company’s offerings, market analysis, operating procedures outline, long-term goals statements and an appeal for financial investment. Visit competitor hotels and summarize how our services will coincide or differ with their strategies for room amenities, restaurant services or niche offerings, and include this information here so that our hotel is depicted with a clear competitive advantage.
3. Apply for permits and licenses. To start a hotel as a business, you’ll need to apply for a business license and tax identification number. Many cities have additional permitting requirements, including a permit to operate, manager’s license for the person working behind the front desk and licenses for selling food and alcohol. Hotels offering beauty spa services or a swimming pool will need to acquire additional licenses for those amenities. Liability insurance is a must.
4. Model and Furnish . After securing our hotel location, we’ll likely want to remodel and refurbish the building to distinguish the business from its predecessor. Make sure that electricity, plumbing and cable function seamlessly. Consider hiring an interior design firm to assist in color choices for carpet, walls, and bedding and lobby areas.
5. Advertise and market. Register with travel agencies, travel websites, national reservation systems and tour leaders. Invite travel professionals for a courtesy stay at the hotel business so that they’re familiar with your offerings. Invest in a professional, attractive website with photos, video tours and technology for booking rooms online.

We would need approximately 200 employees because of the grandeur resort that we plan on opening would need assistance of every form. All employees would need to be an expert in customer service relations because that is the main job in the hotel industry. Without it the hotel cannot ~~even~~ function because we wouldn’t be gaining an income without our guests. The following are the job descriptions for the Ritz-Carlton:

**Attendant Housekeeping**: Responds promptly to requests from guests and other departments. Fill cart with supplies and transport cart to assigned area. Enter guest rooms following procedures for gaining access and ensuring vacancy before entering. Replace guest amenities and supplies in rooms. Replace dirty linens and terry with clean items. Make beds and fold terry. Clean bathrooms. Remove trash, dirty linen, and room service items. Check that all appliances are present in the room and in working order. Straighten desk items, furniture, and appliances. Dust, polish, and remove marks from walls and furnishings. Vacuum carpets and perform floor care duties (e.g., in guest rooms and hallway)

**Cook:** Prepare ingredients for cooking, including portioning, chopping, and storing food. Wash and peel fresh fruits and vegetables. Weigh, measure, and mix ingredients. Prepare and cook food according to recipes, quality standards, presentation standards, and food preparation checklist. Prepare cold foods. Operate ovens, stoves, grills, microwaves, and fryers. Test foods to determine if they have been cooked sufficiently. Monitor food quality while preparing food. Set-up and break down work station. Serve food in proper portions onto proper receptacles. Wash and disinfect kitchen area, tables, tools, knives, and equipment. Check and ensure the correctness of the temperature of appliances and food.

**Engineer:** Respond and attend to guest repair requests. Communicate with guests/customers to resolve maintenance issues. Perform preventative maintenance on tools and equipment, including cleaning and lubrication. Visually inspect tools, equipment, or machines. Carry equipment (e.g., tools, radio). Identify, locate, and operate all shut-off valves for equipment. Maintain maintenance inventory and requisition parts and supplies as needed. Record information for unfinished calls prior to shift change.

**Front Desk**: Process all guest check-ins by confirming reservations, assigning room, and issuing and activating room key. Process all payment types such as room charges, cash, checks, debit, or credit. Process all checkouts including resolving any late and disputed charges. Answer, record, and process all guest calls, messages, requests, questions, or concerns. Coordinate with Housekeeping to track readiness of rooms for check-in. Communicate parking procedures to guests/visitors and dispatch bell staff or valet staff as needed. Supply guests with directions and information regarding property and local areas of interest. Run daily reports (number of arrivals, departures), identify any special requests, and check reports for accuracy. Complete designated cashier and closing reports in the computer system. Cash guests' personal checks and traveler's checks. Count bank at the beginning and end of shift. Balance and drop receipts according to Accounting specifications.

 **Valet:** Open doors and assist guests/visitors entering and leaving property. Monitor and direct personal and commercial vehicle traffic on property, including guest vehicles, taxi cabs, limousines, and buses, to ensure vehicles are legally parked and to maintain a smooth and efficient flow of traffic. Supply guests with directions and information regarding property amenities, services, and hours of operation, and local areas of interest and activities. Monitor and maintain safety, security, and cleanliness of parking areas/levels, and report any vehicles/safety hazards, unauthorized personnel, or potential security problems to the manager/supervisor. Maintain security of vehicles and vehicle keys. Communicate parking procedures to guests/visitors.

 **Spa Manager:** Position has responsibility for supervising and coordinating activities of employees delivering spa services, including salon, skin care, program coordination, reservations, reception desk, massage and locker room areas. Position focuses on ensuring guest and employee satisfaction and achieving the operating budget.

 **General Manager:** The General Manager oversees all aspects of the hotel operations including: guest relations, front desk, housekeeping, maintenance, finances, team building, and staff development. The General Manager must possess strong communication skills, both verbal and written, and demonstrate outstanding leadership. The manager must be able to delegate responsibilities, organize complex projects, and establish priorities consistent with hotel objectives.

 **Assistant General Manager:** The Assistant General Manager position will support the General Manager with all aspects of the hotel operations. The Assistant General Manager must also demonstrate strong communication skills and superior leadership abilities.

 **Front Office Manager:** The Front Office Manager is responsible for all duties of the front desk operation which includes: staff training, inter-department communications, and staff scheduling. The FOM usually works a regularly scheduled front desk shift and must be available to work any shift as needed. The Front Office Manager should possess strong communication skills and demonstrate leadership abilities.

 **Night Auditor:** Night Auditors are responsible for the front desk operation during the overnight shift. Primary responsibilities include: registering guests, making reservations, preparing daily reports, balancing transactions, and conducting security walks. Night Auditors must be able to work independently and with minimal supervision. They must also be able to problem solve and troubleshoot in order to resolve guest issues that may arise and respond to emergency situations.

**B. Proposed Product/Service**

 1. Products/Services Offered

 The type of business that we are presenting is a high end hotel service located on the beaches of Townsville, Australia. Our Ritz Carlton property comes equipped with easy access to the beautiful and enchanting Great Barrier Reef. In addition to offering a beautiful back drop and strong brand image; we will supply customers with a variety of services and amenities that make their stay relaxing and luxurious. Each hotel room with be equipped with a soft bed and high quality bedding (1000 count thread bed sheets and blankets) to provide a strong night’s sleep for guests. In addition, we will offer room service free of charge for a value of up to $100 AUD. We will provide access to entertainment options such as a private beach, banana boating, parasailing, scuba-diving lessons, scuba diving, and snorkeling. A wide array of cabanas, snack and drink huts, and other small huts will be set up along the beach for the enjoyment of our guests. We are choosing to have a snack and hut bar in order to better align with our family friendly atmosphere. Each snack and hut bar, will include a variety of local dishes and snacks that will help acquaint guests with Australian culture and give them a chance to fully enjoy the areas authentic food.

* + We are going to take the original Ritz Carlton hotel plan and apply Australian customs and values to this original model. We will add their values of the need to be humble and their large culture geared towards sports to attract more people.
	+ To provide this service to our consumer base we will be an appointment only hotel, where guests call ahead in order to reserve a hotel room. If rooms are available, guests will be more than welcome to come in and rent a hotel room for the amount of stay they require.

 2. Product Transportation

Another thing we will have to take into consideration is the inventory of different supplies that are needed in order to sustain a hotel. These things include personal hygiene items such as shampoo, lotion, conditioner, hand soap, toilet paper, toothbrushes and toothpaste. Additionally, we will need other items such as bedsheets to replace ones that have been dirtied beyond repair, as well as spare blankets, towels and kitchen utensils. These will be ordered from local Marriott storehouses once a month. Inventory will need to be regularly check by employees to see how many are need of each item for the upcoming month. These Marriott storehouses will be established because other Marriott hotels have been active in the area and have these areas allocated exclusively for Marriott products. This is a great advantage because then we don’t have to worry about costs of transportation from different countries, but only how much it will cost us to transport the products from the warehouse to the hotel.

**C. Proposed Strategies:**

1. Proposed Pricing

Our pricing will be at the higher end of the range because of the wide array of activities and services offered at our hotel. However, in the beginning, we will start with lower prices in order to gain an advantage over already established hotels. We will have a lower amount of sales in our first year due to our being new to the area and having to compete with longstanding hotels. However, as time goes on, we will start to see an influx of customers, and then we can start to steadily raise room rates to the high prices that characterize the Marriott Ritz-Carlton. Our prices, when compared to the competing higher end hotels, will be lower in order to get access to a large market share. We plan on having one bed and bath rooms costing $90 per night and two bed and bath rooms costing $130 per night. Three room suites with full kitchen and two and half baths will cost $200 per night.

 2. Proposed Promotional Program

 We will use a plethora of promotional programs in order to foster awareness of this new chain hotel opening in Australia. Several methods of communicating our messages to our target market will include billboards, internet, trade show, word of mouth, travel agencies, Personal selling will be a component of our promotional plan by allowing for customers to take tours of our hotels before deciding to stay there and allowing for these guides to answer questions and to introduce them to our hotel. Also, all customers will have encountered a concierge desk worker who will show nothing but respect and kindness towards newly arrive customers.

 Non personal promotional activities will include bill board advertising throughout the Townsville International Airport. International or domestic tourists can be made aware of this hotel and therefore may be more inclined to come to our hotel. Also, we will contact travel agents who will let their clients know about our hotel and recommend it to them in order to gain more customers for us. A contract will be made with several popular travel agency firms such as Hotwire, Travelocity and Expedia, where each agency will be given 30% of the profit made off of each client they book on our facility. This way, international tourists who are not within the range of word-of-mouth promotions, will also be made aware of the spectacular amenities our resort has to offer. The next page shows a chart of the promotional activities that will be taking place during and after the building of the hotel to spread awareness of our new upcoming hotel.

| Promotional Activity  | Date |
| --- | --- |
| Social Media CampaignTwitter, Instagram and Facebook accounts will be created and will share updates and pictures of upcoming events | July 1st, 2017- |
| Magazine Shoot and Spreada photoshoot will be held at the hotel displaying the new amenities and showcasing the rooms. These photos will be used in tourist magazine articles. | October 1st, 2017  |
| Billboard promotion at Airport and near all major tourist areas | October 1st, 2017- March 1st, 2017 |
| Guided tours of hotel and amenities | December 1st, 2017- January 10th, 2017 |
| Priceline PushUse third party websites to purchase rooms during our slow season | March 1st, 2017 |
| Grand-Opening CeremonyThis event will feature a performance by Sia | January 15th, 2017 |
| Social Hour Summer SaleAll outdoor activities are half off during happy hour | January 15th, 2017 - March 1st, 2017 |

**V. PLANNED FINANCING**

A. First Year Cost-Expense Chart by Quarter

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | Ritz-carlton by Marriott |  |
|  |  | 25% | 30% | 36% | 40% |
|  | 2014 | Quarter 1 | Quarter 2 | Quarter 3  | Quarter 4 |
| Sales | $2,249,192.28 | $343,745 | $446,868.50 | $607,741.16 | $850,837.62 |
| Costs/Goods Sold ( 30%) |  $ 674,757.68  |  $ 103,123.50  |  $ 134,060.55  |  $ 182,322.35  |  $ 255,251.29  |
| Gross Profit |  $ 1,574,434.60  |  $ 240,621.50  |  $ 312,807.95  |  $ 425,418.81  |  $ 595,586.33  |
|  |  |  |  |  |  |
| Expenses |  |  |  |  |  |
| Management ( 5%) |  $ 112,459.61  |  $ 17,187.25  |  $ 22,343.43  |  $ 30,387.06  |  $ 42,541.88  |
| Other Salaries ( 30%) |  $ 674,575.68  |  $ 103,123.50  |  $ 134,060.55  |  $ 182,322.35  |  $ 255,251.29  |
| Advertising (3%) |  $ 67,475.77  |  $ 10,312.35  |  $ 13,406.06  |  $ 18,232.23  |  $ 25,525.13  |
| Supplies/Postage(.05%) |  $ 11,245.96  |  $ 1,718.73  |  $ 2,234.34  |  $ 3,038.71  |  $ 4,254.19  |
| Utilities (3.2%) |  $ 71,974.15  |  $ 10,999.84  |  $ 14,299.79  |  $ 19,447.72  |  $ 27,226.80  |
| Insurance (.05%) |  $ 11,245.96  |  $ 1,718.73  |  $ 2,234.34  |  $ 3,038.71  |  $ 4,254.19  |
| Payroll Tax and Benefits (7.8%) |  $ 175,436.99  |  $ 26,812.11  |  $ 34,855.74  |  $ 47,403.81  |  $ 66,365.33  |
| Misc. (.009%) |  $ 202.43  |  $ 30.94  |  $ 40.22  |  $ 54.70  |  $ 76.58  |
| Loan (5%) |  $ 112,459.61  |  $ 17,187.25  |  $ 22,343.43  |  $ 30,387.06  |  $ 42,541.88  |
| Credit Card Fees (.05%) |  $ 11,245.96  |  $ 1,718.73  |  $ 2,234.34  |  $ 3,038.71  |  $ 4,254.19  |
| License/ Fees(.3%) |  $ 6,747.58  |  $ 1,031.24  |  $ 1,340.61  |  $ 1,823.22  |  $ 2,552.51  |
| Debt (.005%) |  $ 112.46  |  $ 17.19  |  $ 22.34  |  $ 30.39  |  $ 42.54  |
|  |  |  |  |  |  |
| Total Expenses |  $ 1,255,182.16  |  $ 191,857.86  |  $ 249,415.19  |  $ 339,204.67  |  $ 474,886.51  |
|  |  |  |  |  |  |
| Net Profit |  $ 39,252.44  |  $ 48,763.64  |  $ 63,392.76  |  $ 86,214.14  |  $ 120,699.82  |

B. Three Year Cost-Expense Chart

|  |  |  |  |
| --- | --- | --- | --- |
|  | Year 1 | Year 2 | Year 3 |
| Sales | $2,249,192.28 |  $ 2,766,506.50  |  $ 3,458,133.13  |
| Costs/Goods Sold |  $ 674,757.68  |  $ 678,131.47  |  $ 682,878.39  |
| Gross Profit |  $ 1,574,434.60  |  $ 2,088,375.03  |  $ 2,775,254.74  |
|  |  |  |  |
| Expenses |  |  |  |
| Management |  $ 112,459.61  |  $ 138,325.33  |  $ 172,906.66  |
| Other Salaries |  $ 674,575.68  |  $ 885,282.08  |  $ 1,106,602.60  |
| Advertising |  $ 67,475.77  |  $ 55,330.13  |  $ 65,704.53  |
| Supplies/Postage |  $ 11,245.96  |  $ 165,990.39  |  $ 224,778.65  |
| Utilities |  $ 71,974.15  |  $ 96,827.73  |  $ 124,492.79  |
| Insurance |  $ 1,124.60  |  $ 1,659.90  |  $ 2,247.79  |
| Payroll Tax and Benefits |  $ 175,436.99  |  $ 215,787.51  |  $ 27,154.38  |
| Misc. |  $ 202.43  |  $ 276.65  |  $ 518.72  |
| Loan |  $ 112,459.61  |  $ 138,325.34  |  $ 172,906.66  |
| Credit card Fees |  $ 11,245.96  |  $ 13,832.53  |  $ 17,290.67  |
| License/Fees |  $ 6,747.58  | N/A | N/A |
| Debt |  $ 112.46  | N/A | N/A |
|  |  |  |  |
| Total Expenses |  $ 1,245,060.80  |  $ 1,711,637.59  |  $ 1,914,603.45  |
|  |  |  |  |
| Net Profit |  $ 329,373.80  |  $ 376,737.44  |  $ 860,651.29  |

C. Brief Summary

 The first three years of a business usually don't see too much profit. However, growth can be seen and utilized in the following years. At this hotel we expect that the first year’s revenue will be minimum, but each year forward will see a noticeable increase in revenue and profit. This profit can be attributed to sound promotional activities and the years of experience and establishment going forward.

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