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PROJECT REPORT

ON

HOW TO START UP

A REGIONAL TOURS & TRAVELS AGENCY

SUBMITTED IN PARTIAL FULFILLMENT OF REQUIREMENT

FOR

BACHELOR OF BUSINESS MANAGEMENT

BY

AFU NYESASE Y. JANA (B1500037)

SHILLONG COLLEGE

LAITUMKHRAH

SHILLONG-793003

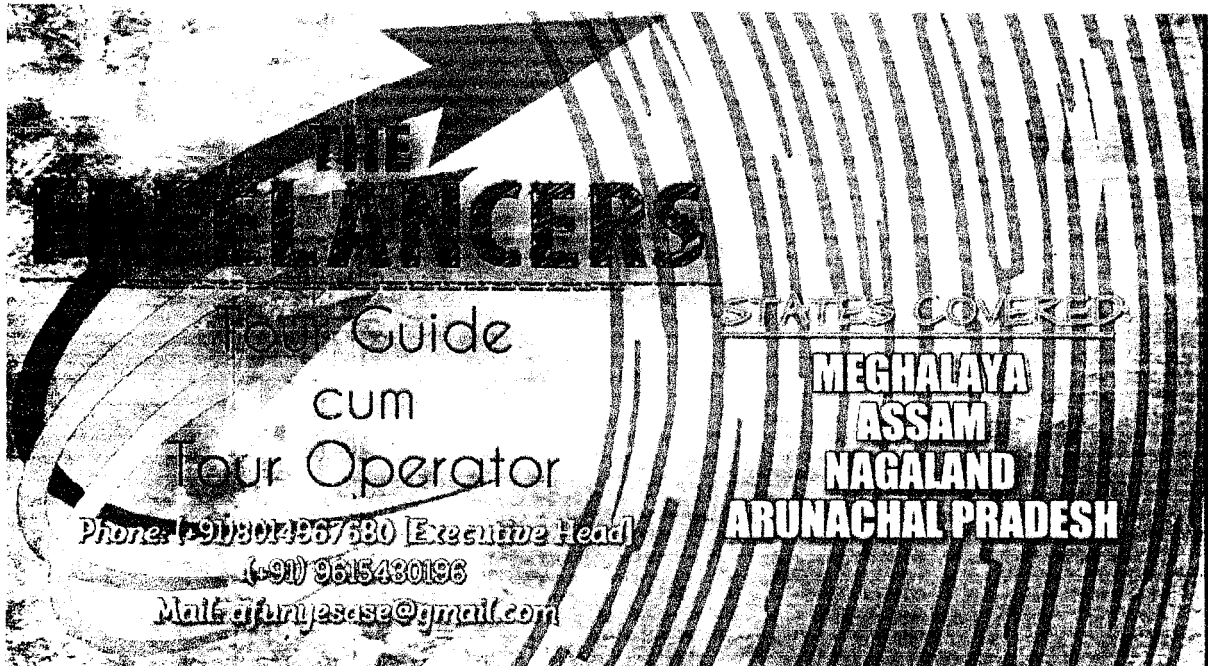
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BUSINESS PLAN
OF
THE FREELANCERS
(Tour Operator/Tour Guide)



OWNERS

Business Name: The Freelancers Tour Operator/Tour Guide
Address: Mawla, Shillong, Meghalaya, 793022
Telephone: (+91) 96154 30196
Fax: 111-222-3333
Email: afunyesase@gmail.com

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Executive Summary

The tourism industry has undergone rapid growth of unsurpassed nature over the last several decades. This has mainly been due to the advent of a 'borderless' world and increased information dissemination about the majestic sceneries throughout the world, with the North Eastern Indian region being no exception.

We are on the brink of penetrating a lucrative market in a rapidly growing industry. The current trend towards an increase in the number of tourists entering the country presents an opportunity for The Freelancers Tour Operator/Tour Guide to penetrate the market. An opportunity for The Freelancers Tour Operator/Tour Guide' success exists because the national tourism industry is growing at a rapid pace annually. The Freelancers Tour Operator/Tour Guide is poised to take advantage of this growth and moderate competition in the city travel portion of the industry, with a dedicated and experienced staff, excellent networking, and effective management and marketing. The Freelancers Tour Operator/Tour Guide intends to provide travel and adventure packages to tourists primarily in the Southern region, but also the whole of North East India. Services and products provided by The Freelancers Tour Operator/Tour Guide will initially include pre-arranged tours, custom packages according to clients specifications, travel consultation, and as time progresses making reservations for lodging amongst other related services. The Freelancers Tour Operator/Tour Guide seeks to differentiate itself as the premier adventure mobile operator in the North East Indian area.

Our services will be positioned very carefully: they will be of extremely high quality, comfortable, informative and tailored to the clients needs such that they will enable individuals to have a greater appreciation of the natural environment and its intricacies.

Our marketing strategy will be based mainly on ensuring customers know about our existence and the service(s) we fulfill. Hence our intention is to make the right information available to the right target customers. This will be done through implementing a market penetration strategy that will ensure that we are well known and respected in the tourism industry. We will ensure that our prices take into consideration peoples' budgets, that these people appreciate the service(s), know that it exists, and how to contact us. The marketing will convey the sense of quality in every picture, every promotion, and every publication. Our promotional strategy will involve integrating advertising, events, personal selling, public relations, direct marketing and the Internet, details of which are provided in the marketing section of this plan.

In a nutshell, we do not just intend to market and sell our service, but to market and sell travel solutions and a total-quality environment. This will ensure we establish a reputable corporate image.

1.1 Objectives

Our business strategy will revolve around the need to provide quality service to our various target customers, in the process fully satisfying their needs. This shall be undertaken through recruitment of a professional team and the provision of good quality custom-designed travel packages, catering to the client's particular needs.

With time our marketing campaign will increase the awareness of our services in the various market segments we shall be targeting. This is particularly so with the organization looking at establishing a clear advantage(s) in an increasingly competitive market. We will provide clients with the opportunity to focus on their core activities whilst their transportation side needs are fully satisfied. Marketing material shall be professionally done so as to be reflective of our intended image and reputation. We shall position ourselves as a quality commercial transportation operator that provides customer-need fulfilment, enjoyment, reliability and a good image. We intend to establish a good rapport with all the relevant stakeholders, especially hotels and travel agents.

We also intend to have well-designed brochures and other promotional material that will enable clients to have an understanding of the types of services we offer and advantages of utilizing them. In addition well-done, informative brochures, fact sheets and business cards often have a triggering effect on clients contemplating utilizing our services. Hence this will undoubtedly generate increased sales of our service.

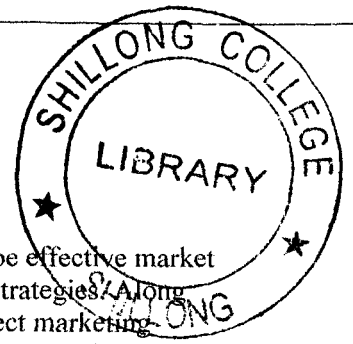
In summary we intend to attain the following objectives:

- Continuously provide enjoyable quality excursions/trips on time and on budget.
- Develop enthusiastically satisfied customers all of the time.
- Establish a market presence that assures short-term and long-term profitability, growth and success.
- We are fully committed to supporting growth and development in the tourism and overall economy of North East India.
- Contribute positively to our communities and our environment.

1.2 Mission

Internally we intend to create and nurture a healthy, exuberant, respectful, and enjoyable environment, in which our employees are fairly compensated and encouraged to respect the customer and the quality of the service we intend to provide. In addition follow-up will be mandatory so as ensure customer satisfaction and make any improvements as recommended by the customers in future. We seek fair and responsible profit, enough to keep the company financially healthy for the short and long term, and to fairly remunerate employees for the work and effort.

1.3 Keys to Success



The keys to The Freelancers Tour Operator/Tour Guide success will undoubtedly be effective market segmentation through identification of several niche markets and implementation strategies. Along these lines the company intends to implement advertising, personal selling and direct marketing strategies to the target markets. Our personal selling marketing strategies will rotate around keeping in touch with hotels and travel agencies for major customers, and advertising for more individual customers. Hence our key success factors will include the following:

1. **Excellence in fulfilling the promise:** We intend to offer completely enjoyable, comfortable and informative travel excursions that will ensure that travelers are thoroughly satisfied and appreciative at the end of their trip.
2. **Timely response to customers' requests:** We cannot afford to delay our clients for whatever reason, as this will have a negative bearing on our image and reputation, including future business. Hence we need to be continually communicating with the client, including hotels and lodges so as to ensure that we are constantly available to the client meeting their expectations.
3. **Solid and fruitful strategic alliances:** Considering the nature of our services and our relative infancy on the market, we realize the importance of establishing and maintaining fruitful strategic alliances with various stakeholders, including hotels, lodges, and travel agencies, amongst others, so as to be assured of a constant flow of customers, fulfilling their needs at every opportunity.
4. **Marketing know-how:** As a relatively new company on the market there will be a need to aggressively market our business and the services we provide so as to be continuously at the top of our prospective clients minds. This will also act as a temporary deterrent for companies contemplating entering our market. Advertising shall be undertaken on a regular basis.

Company Summary

The Freelancers Tour Operator/Tour Guide intends to provide individual and group travel to leisure clients. Services and products provided by The Freelancers Tour Operator/Tour Guide will initially include pre-arranged tours, custom packages according to clients specifications, travel consultation, and as time progresses making reservations for lodging amongst other related services. The Freelancers Tour Operator/Tour Guide seeks to differentiate itself as the premier adventure travel company in the North Eastern region of India.

As it grows it will take on people and expand into related markets and services. It will also look for additional leverage by establishing relationships and representations with appropriate strategic allies.

Services

The Freelancers Tour Operator/Tour Guide is a travel company that intends to deliver leisure travel excursions to customers. The Freelancers Tour Operator/Tour Guide intends to guide customers in selecting a trip(s) based on pre-defined vacation criteria. This analysis will be based on user profiles, set by the consumers, which includes preferences such as:

- Budget
- Activities sought
- Destination, and
- Time of Travel

A traveller will hence be able to select areas of interest based on their preferences and subsequently identify destinations to visit. The intention is to provide customers with access to exclusive travel destinations, service to fully appreciate destinations through information packages, not just sight-seeing, and access to special interest travel according to the group's/individual's preferences.

3.1 Competitive Comparison

There are presently few competitors offering services similar to ours. However considering the pace of change and current growth rate of the tourism industry luring many companies into the sector, this may be short-lived. Hence there will be a need to not only firmly establish ourselves on the market, but also strongly differentiate ourselves from these other businesses. However on a broader scale our competition comes in several forms:

1. The most significant competition are hotels and travel agencies offering travel excursions to their clients. They undertake this service in order to establish a competitive advantage over their competitors. However, instead of directly competing with them we intend to establish good working relationships in the form of strategic alliances such that we are able to offer the service for their clients and thus enabling them to concentrate on their core activities whilst ensuring customers are fully satisfied. Our key advantage in this regard will be our specialty of the service and hence wide knowledge ensuring customer satisfaction at all times as well as flexibility in providing the service.
2. Existing hotels, lodges and travel agencies may identify the opportunity to diversify into our intended services utilizing their current client database. Naturally, existing clients will be inclined towards utilizing these familiar companies due to the fact that a good relationship may have already been nurtured over the years during their business dealings. This presents a potential challenge to us, as we need to aggressively market our services and expertise in the field.
3. Existing tour operators that mainly focus on the remote environs are at times able to compromise, offering excursions in and around The North Eastern region of India, though very rare. Hence we intend to focus on this market.

Market Analysis Summary

We are today experiencing a rapid growth in the economy of unsurpassed nature. This has been brought about by, amongst other things, the relaxation of foreign exchange policies and macroeconomic policies geared towards attracting foreign investors into the country. The fiscal and monetary policies of the government geared towards maintaining growth with social justice have largely contributed towards this, evidenced by our economy averaging a growth rate of 12% since 1990 - very high by international standards.

The current drive and emphasis by the government on diversification of the industrial base away from the minerals sector presents an opportunity for The Freelancers Tour Operator/Tour Guide to make a valuable contribution towards achieving this goal. Having undertaken a thorough and comprehensive research of the market we realized that there was a need for a tourist transport company that focuses on providing leisure excursions to tourists. Though there are mobile operators currently on the market, some of whom have been in existence for a relatively long period of time, we believe that there is a market need for one that specializes on providing comfortable and enjoyable transport to tourists and visitors. This, also considering the fact that, potentially North East India's richest natural resource, the tourism industry is becoming an increasingly important player in the economy and may in the long term prove even more valuable than mineral resources in earning foreign exchange. Aware of the fact that operating in such a market is largely dependent on good networking, we intend to establish networks and strategic relationships with various hotels, lodges and travel agents to ensure a steady stream of clients. However in so doing we intend to ensure that the service we provide is of extremely high quality and comfortable. Our initial overall target market share shall be of a small proportion of the market, mainly focusing on the North Eastern region of India, which include the states of Arunachal Pradesh, Nagaland, Assam and Meghalaya.

4.1 Market Segmentation

We will be focusing on those foreign tourists seeking leisure travel and excursions whilst on vacation in North East India, with the intention of letting them see and appreciate the numerous attractions in our country. Though we realize that the majority of our tourists come from Mainland India we shall be mainly targeting those from Europe and the Americas who often do not have transport or adequate knowledge about the country, unlike their Mainland Indian counterparts who often do. Hence we shall be mainly targeting those who are not that mobile but wanting to see as many sites as possible. These people often do not want to waste their money on hiring vehicles to move about by themselves, but instead want to be escorted around places of interest by a reliable source. Hence the need to professionally market ourselves and the services we provide, offering a service of uncompromised nature.

Strategy and Implementation Summary: Initially The Freelancers Tour Operator/Tour Guide will focus on the local market in the adventure travel sector. The target customers will mainly include foreign tourists intending on sightseeing various attractions. Our marketing strategy will emphasize focus. We are a relatively new company on the market and hence must focus on certain kinds of services with certain kinds of clients. Initially the business will focus on the local market, expanding into the regional market as time progresses, and as we gain the necessary experience. Therefore the initial aim will be to instill awareness and confidence in our services in order to achieve its goal of becoming the premiere mobile operator.

5.1 SWOT Analysis

We intend to enter a highly lucrative market in a rapidly growing economy. We foresee our strengths as the ability to respond quickly to the market's changes and to provide custom designed travel excursions to travellers. Our key personnel will have a wide and thorough knowledge of the areas we intend to take travellers, which will go a long way towards penetrating the market. Below are the summarized strengths, weaknesses, opportunities and threats.

1.1 Strengths

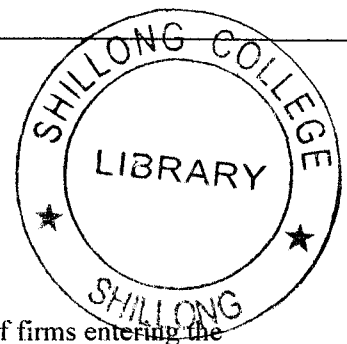
- **Diversified client base:** This will reduce our dependency on one particular market.
- **Combination of skills in employees:** The directors intend to engage well-qualified and experienced employees to jointly develop business strategy and long-term plans, so as to attain company objectives.
- **Extensive advertising and marketing:** The company will undertake extensive advertising and marketing, promoting both its name as well as service/product awareness. Hence an aggressive and focused marketing campaign with clear goals and strategies shall be one of our mainstays.

5.1.2 Weaknesses

- Lack of a reputation in comparison to our competitors. This is due to the fact that we are still new on the market. However this shall be addressed as shown in the marketing section of this plan.
- The introduction of new organizational practices and personnel who have not previously worked together presents a challenge to the organization.
- A limited financial base compared to the major players in the industry.
- Lack of clear strategic allies.

5.1.3 Opportunities

- Current drive by government towards encouraging the participation of indigenous entrepreneurs in tourism presents an opportunity which we may fully utilize.
- Current growth rate of tourism presents an opportunity for ourselves which we may take advantage of. This is further supported by the current marketing campaigns by both the government and regional tourism body, the Regional Tourism Organization of Southern Africa - RETOSA, aimed at promoting tourism into the region.
- Presently there is no reliable public transportation company to take tourists to areas of interest.
- International tourism trends indicate that today's traveler wants a more enriching experience than that provided by conventional 'sun and sea' vacations.



5.1.4 Threats

The present growth in the tourism sector may result in an increasing number of firms entering the market. This may lead to increased competition emerging from a variety of given sources including:

- Established travel agencies, hotels and lodges may look at the development of new lines and vertically integrate transportation so as to provide additional services to clients.
- New marketing strategies and tactics by established companies aimed at providing excursions of our intended nature.
- Existing competition.
- Other start-up travel companies generated by healthy nationwide economic and tourism growth.

5.2 Marketing Strategy

One core element of our strategy will be that of differentiation from our competitors. In terms of marketing we intend to ensure that our name and services are marketed on an extensive basis so that customers are aware of our existence. In price, we intend to offer reasonable and competitive prices in comparison to competition and we need to be able to sustain that. Our service marketing will strive to ensure that we establish long relationships with clients.

Marketing Expenses: Initial marketing and training expenses will be relatively high as we seek to become known on the market and staff get trained in the professional provision of our services. This will be brought about by the development of sales literature and advertising expenses. As our market share increases and capital is generated, further marketing programmes and the expansion of those in existence at the time will be undertaken, to ensure market development. However with time these programmes will start generating revenue for the business, which we shall in turn reinvest.

5.2.1 Pricing Strategy

The Freelancers Tour Operator/Tour Guide will be competitively priced in relation to the dictates of the market. Due to the introductory nature of our services we intend to implement a penetration pricing strategy which will ensure that potential customers are not frightened away by our prices, up until our services are appreciated and fully operational. However this will dictate that our costs are prudently kept so as to ensure our financial goals come to fruition. This is reflected in our prices as stated in the services description of this plan charging close to PX per kilometre per person. Each trip will include an average of eight to ten persons. We intend our income structure to match our cost structure, so as to ensure that the salaries we pay to our employees to assure good service are balanced by the cost we charge to the customer.

5.2.2 Promotion Strategy

This strategy will be based primarily on informing potential customers of the existence of our services and making the right information available to our target customer. In such a market we cannot afford to appear in or produce second-rate material with poor labels that make our services look less than they are. Hence we intend to leverage our presence using quality brochures and other sales literature, including promotional material such as pens, complimentary slips and pads. We intend to spread the word about our business through the following:

1. **Advertising:** This shall be undertaken through trade and industry publications, which are read by tourists, as well as the local newspapers. A constant look out will be made of any special editions in the local newspapers, which may provide an opportunity for us to advertise our services and business name.

The Freelancers Tour Operator/Tour Guide will also be advertised through professionally done brochures, and other such sales literature, which allow enough detail to be communicated about the services offered by the company. This literature will be mainly targeted at potential clients and placed or made available at strategic points, such as travel agencies. With time we also intend to utilize billboards to advertise ourselves, likewise located at strategic points. Hence we intend to design and put up posters communicating the services we provide located around hotels, lodges, airports and other such areas where tourists typically pass by. However in doing so we always intend to obtain the consent of the respective authority.

2. **Personal Selling:** Undoubtedly customer solicitation face-to-face will be a powerful form of promotion mainly due to the fact that its flexibility will enable us to match the customer's needs to specific attributes of our services as well as giving concise details of what we have to offer. Another important determinant in utilizing personal selling is the fact that we are relatively new on the market. As such, potential customers/clients will, to a certain degree, be skeptical towards the intended service(s) and how they are able to benefit from them.

In cases where the opportunity of obtaining a large order exists it may be necessary for the top management to go out personally, especially considering the fact that we are still a relatively new firm on the market. However this shall be the situation in the majority of cases due to our relative infancy.

3. **Direct Marketing:** This will be used but only to a limited extent in the form of telemarketing and informing potential customers and obtaining referrals where possible. In the case of telemarketing it will involve our targeting potential customers of our services and informing them of our existence and destinations. We may then arrange for an appointment with the respective decision-maker, with the intention being to lure them into utilizing of our services.

4. **Events:** These are increasingly becoming important as more firms establish in the country and hence the need to be known. The organization aims to promote itself through attending trade shows and expositions. Not only will these increase awareness of our services and business name, but also enable us to interact with potential clients who may decide to utilize our service. Trade shows that come to mind include the various trade fairs & expos organised annually.

5. **Internet Marketing:** The increasing growth of the Internet as an information source provides an opportunity for ourselves that we may exploit. This is particularly so in view of the increasing dissemination of information over the World Wide Web, as individuals and groups look at obtaining the best deal possible. More often than not these individuals and groups seek out information over the Internet due to its relatively low cost and ease of use helping to minimize time wasting. However this will require adequate planning so as to ensure that all information on the website is accurate and up-to-date, ensuring we market a professional image. This will mainly serve foreign tourists and other interested stakeholders.

In all the above we intend to communicate our ability to deliver a good service that will satisfy the customers needs. Hence our messages will influence the engagement decision of prospective customers by emphasizing our customer focus and, persuade prospective clients that we are different from our competitors. All the above promotional tools shall be well integrated and utilized in tandem so as to maximize their effect.

5.2.3 Positioning Statement

The Freelancers Tour Operator/Tour Guide intends to offer a unique service to all of its customers, primarily travelers, so as to position itself as the premier travel provider in North East India. This shall be undertaken through provision of affordable, comfortable and luxurious transport as well as informative insights about the various sights and areas. These excursions will be tailored to the individuals'/groups' interests and thus providing enjoyment and satisfaction. Our competitive advantage shall be our customer orientation and friendly staff who shall go at lengths to ensure the customer is served and fully satisfied.

Through our reasonable charges and satisfying excursions we intend to attract a large portion of the market, both directly and indirectly. Hence all promotional material and campaigns shall be directed to fulfilling our intended positioning on the market.

5.3 Sales Strategy

For the short term at least, the selling process will depend on personal selling/networking and advertising to lure and inform potential customers about the services we offer and the benefits of utilizing our services. Our marketing does not intend to affect the perception of need as much as knowledge and awareness of the service category.

5.4 Strategic Alliances

In today's competitive environment it is becoming increasingly essential for organizations to concentrate on their core activities so as to gain and maintain a competitive advantage. This brings out the advantage of undertaking strategic alliances with organizations that the firm may benefit from and

visa versa. The Freelancers Tour Operator/Tour Guide intends to establish strong partnerships with several hotels, lodges and travel agencies so as to be able to deliver customer wants. These alliances will assist in ensuring that we obtain a regular stream of customers from various establishments. At this writing, strategic alliances with several companies are possibilities, given the content of existing interest and discussions. However ultimately it is the quality of our service(s) and the skill and experience of the staff that will attract customers. During the start-up phase word-of-mouth from satisfied customers will play a large part in increasing awareness and gaining exposure for our services.

5.5 Corporate Social Responsibility

The Freelancers Tour Operator/Tour Guide recognizes the fact that as it is involved in the tourism sector of the overall economy there is need to be involved in a wide range of social responsibility engagement programmes so as to invest back into the community in which we operate. We believe that through our social responsibility programme we can indeed assist in improving people's lives. We believe that if we are to contribute to development in a sustainable way, we need to support numerous projects. However; before we commit ourselves to projects we intend to ensure that they will be beneficial to the community, particularly in the long term. We know that we cannot address all the development needs of our society. Where we can, we assist and sometimes may form partnerships so as to increase capacity. One of the ways the company intends to be involved in corporate social responsibility is through organizing cleaning campaigns with various communities. Basically this will involve briefing the community on the advantages of having a clean environment, now and in future. In order to entice the community to get involved in these campaigns, as well as to increase awareness about our business and services we intend to give out T-shirts and caps with our company name. These campaigns will also assist in us being perceived and appreciated as a good corporate citizen.



Financial Plan

The financial plan shall be essential if we are to meet our objectives. The intention is to finance growth through cash flow and equity.

One of the most important factors will be the payment terms as agreed between the client or customer. We can't push our customers hard on collection days, because they are extremely sensitive and will normally judge us on our terms. Therefore there is need to develop a permanent system of receivables financing systems mutually agreed between both parties. Hence in the financial plan we intend to have the following:

1. A fundamental respect for giving our customers value, and for maintaining a healthy and congenial workplace.
2. Cash flow as first priority, growth second, profits third.
3. Respect for realistic forecasts, and conservative cash flow and financial management.

PRO FORMA PROFIT AND LOSS

	YEAR 1	YEAR 2	YEAR 3
Sales	Rs.3,50,000	Rs.5,56,500	Rs.6,30,000
Direct Cost of Sales	Rs.70,000	Rs.1,11,300	Rs.1,26,000
Other	Rs.0	Rs.0	Rs.0
TOTAL COST OF SALES	RS.70,000	RS.1,11,300	RS.1,26,000
Gross Margin	Rs.2,80,000	Rs.4,45,200	Rs.5,04,000

Gross Margin %	80.00%	80.00%	80.00%
Expenses			
Payroll	Rs.1,12,800	Rs.2,66,400	Rs.2,89,200
Sales and Marketing and Other Expenses	Rs.23,700	Rs.27,163	Rs.29,879
Depreciation	Rs.0	Rs.0	Rs.0
Miscellaneous	Rs.2,400	Rs.2,640	Rs.2,904
Leased Equipment	Rs.0	Rs.0	Rs.0
Rent	Rs.14,400	Rs.15,840	Rs.17,424
Travel	Rs.1,800	Rs.1,980	Rs.2,184
Insurance	Rs.12,000	Rs.13,200	Rs.14,520
Maintenance	Rs.12,000	Rs.0	Rs.0
Payroll Taxes	Rs.0	Rs.0	Rs.0
Other	Rs.0	Rs.0	Rs.0

Total Operating Expenses	Rs.1,79,100	Rs.3,27,223	Rs.3,56,111
Profit Before Interest and Taxes	Rs.1,00,900	Rs.1,17,977	Rs.1,47,889
EBITDA	Rs.1,00,900	Rs.1,17,977	Rs.1,47,889
Interest Expense	Rs.0	Rs.0	Rs.0
Taxes Incurred	Rs.16,799	Rs.20,056	Rs.26,743
Net Profit	Rs.84,101	Rs.97,921	Rs.1,21,146
Net Profit/Sales	24.03%	17.60%	19.23%

7.4 Break-even Analysis

Our break-even analysis will be based on running costs, that is costs we shall incur in keeping the business running, including salaries and wages, rent, vehicle and computer maintenance costs, water and electricity, insurance amongst others. Hence many fixed costs shall be included in these costs. We will thus ensure that our sales levels are running comfortably above break-even.

DISCLAIMER

The use of real-life agency names such as competitor's entity names has been denounced in this report.

They have simply not been mentioned herein.