



Agrotourism Training

Module 5: Business Planning



Trainer Manual

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Introduction to Business Planning

When thinking about starting any agrotourism venture, farmers need to do thorough business planning to ensure that the product that they are developing meets identified market needs and will be profitable and sustainable.

This module will address the steps to undertake in simple but effective business planning for agrotourism products.

The module will start with financial planning, then how the business will be marketed, then all those elements will be pulled together in a business plan.

Unit 1: Financial Planning

An agrotourism business can be made up of different products, not just a single product. Each product should be properly costed, tracked and managed to ensure maximum profit and minimum loss.

Once a product idea is formed, the farmer needs to conduct some financial planning for that product. This will include identifying costs, determining prices, projecting revenue and breakeven on the agrotourism product.

Financial planning is the process of determining how money flows into and out of the business so that the business can be profitable. The process includes:

- Identifying what the basic costs of the product are
- How to price the product
- How much product must be sold to make a profit
- How much money is needed to invest in the business to keep it going before it generates enough income to cover costs and start making profit

Financial Concepts

Revenue

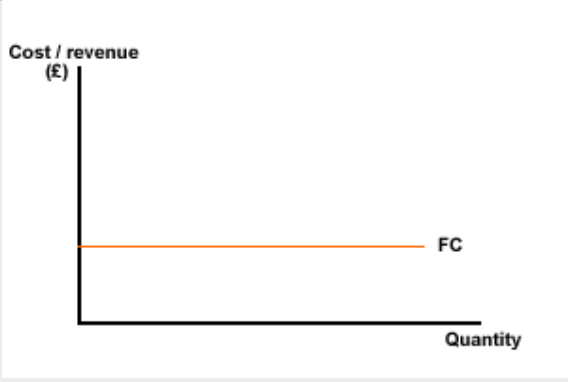
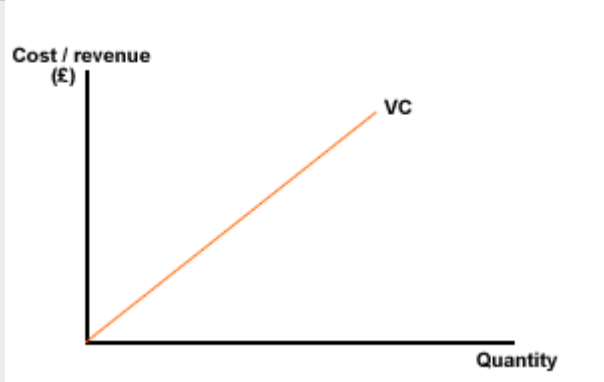
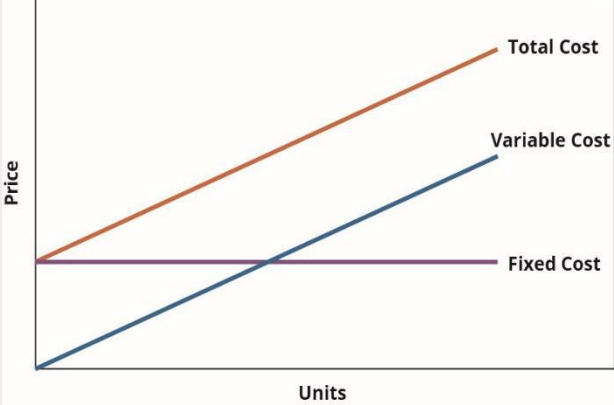
Revenue is the total income generated by sales of goods or services. Revenue is also known as *turnover*. Revenue is not profit! It is the money that comes into the business and goes towards paying all the business costs. If there is anything left after paying all the costs, then that is profit. Businesses should try to increase revenue while keeping costs low so that they can increase their profit.

Revenue is the money coming into the business. ***Revenue – Expenses and costs = Profit/Loss***

Costs

When a business spends money, it is called a 'cost'. There are different types of costs, and we need to understand these in order to plan properly for our agrotourism business.

Running costs are usually classified into two categories based on whether they are linked to the volume of sales or not. This means that some costs will be the same, no matter what the sales are, whereas others will go up based on sales. These are called fixed costs and variable costs.

Fixed costs	Variable costs
<ul style="list-style-type: none"> Stay the same even with different volumes of business These costs will be there even if you do not sell one single product 	<ul style="list-style-type: none"> Increase and decrease with the volume of business The more you sell, the higher the variable costs will be
Examples: <ul style="list-style-type: none"> Staff salaries Internet connection Loan/mortgage payments Insurance 	Examples: <ul style="list-style-type: none"> Direct labour e.g. tour guides, servers, cooks, farmhands Consumables: food ingredients, packaging, animal feed, herbicide/insecticide Utilities: electricity, fuel, water
Fixed costs look like this on a graph:	Variable costs look like this on a graph:
 <p>The graph shows a horizontal orange line labeled 'FC' on a coordinate system where the vertical axis is 'Cost / revenue (£)' and the horizontal axis is 'Quantity'.</p>	 <p>The graph shows a diagonal orange line labeled 'VC' starting from the origin (0,0) on a coordinate system where the vertical axis is 'Cost / revenue (£)' and the horizontal axis is 'Quantity'.</p>
Combined and with total cost:	
 <p>The graph shows three lines on a coordinate system where the vertical axis is 'Price' and the horizontal axis is 'Units'. A horizontal purple line represents 'Fixed Cost'. A diagonal blue line starting from the origin represents 'Variable Cost'. An orange line, parallel to the variable cost line and shifted upwards, represents 'Total Cost'.</p>	

To estimate total monthly expenses, work out the variable costs by estimating how many sales (visitors, tickets, meals, accommodation, etc) for the month, then add this amount to the fixed expenses for the month.

Profit and Loss

Good financial management focuses on more than just covering costs; the business needs to make a profit. To make a profit the revenue must exceed the total costs. This can be done in a few ways such as increasing prices or selling more of the product or service, in this case tours / accommodation / meals / activities. If the revenue does not exceed the cost, a loss is made. We can check this by doing a breakeven graph or calculation.

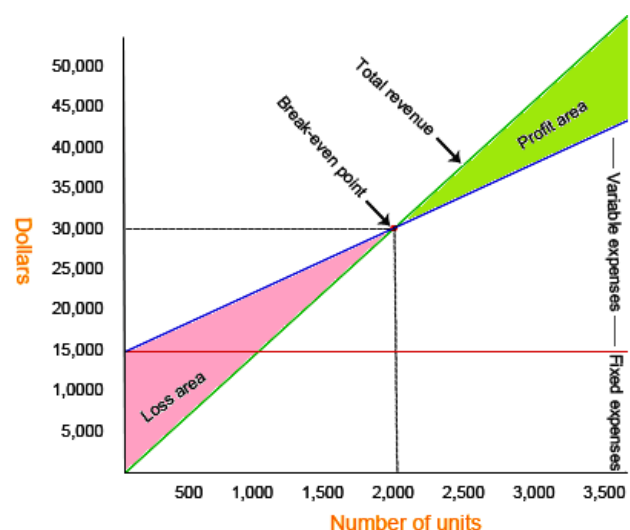
Breakeven

Breakeven graphs are used to find out how much revenue needs to be earned, or how many visitors must be hosted to cover the costs. E.g. if the total cost (fixed cost @ \$20 + variable costs @ \$8) for a single farm tour is \$28 the revenue needed to prevent a loss would be \$28. However, in order to make a profit, the price must be higher than \$28 (e.g. \$40) to make profit.

The vertical axis represents currency/money, and the horizontal axis represents sales units being the amount of product or service provided, e.g. number of tourists on a tour, or number of children participating in a children's activity, visitors at an attraction (daily/weekly/ monthly).

What does a breakeven graph look like and how do we read it?

Colour Code for Graph	
Heading	Line Colour
Total Revenue	Green
Total Cost	Blue
Fixed Cost	Red
Breakeven Point	Black



Note: flexibility

The breakeven calculation allows you to play with the numbers.

For example, the break-even point can be shifted if the price is changed or if a minimum number of people in a tour is set.

Breakeven calculation

Firstly, the farmer must calculate the costs and revenue per unit. Then plot the variable, fixed and total costs, and the total revenue on the graph or in the calculator under the relevant headings. Where total costs and total revenue intersect is the breakeven point. Anything below the breakeven point is a loss, anything above the breakeven point is a profit. Businesses should aim for the breakeven point as a minimum goal of doing business. Anything less than this means that the business is not viable.

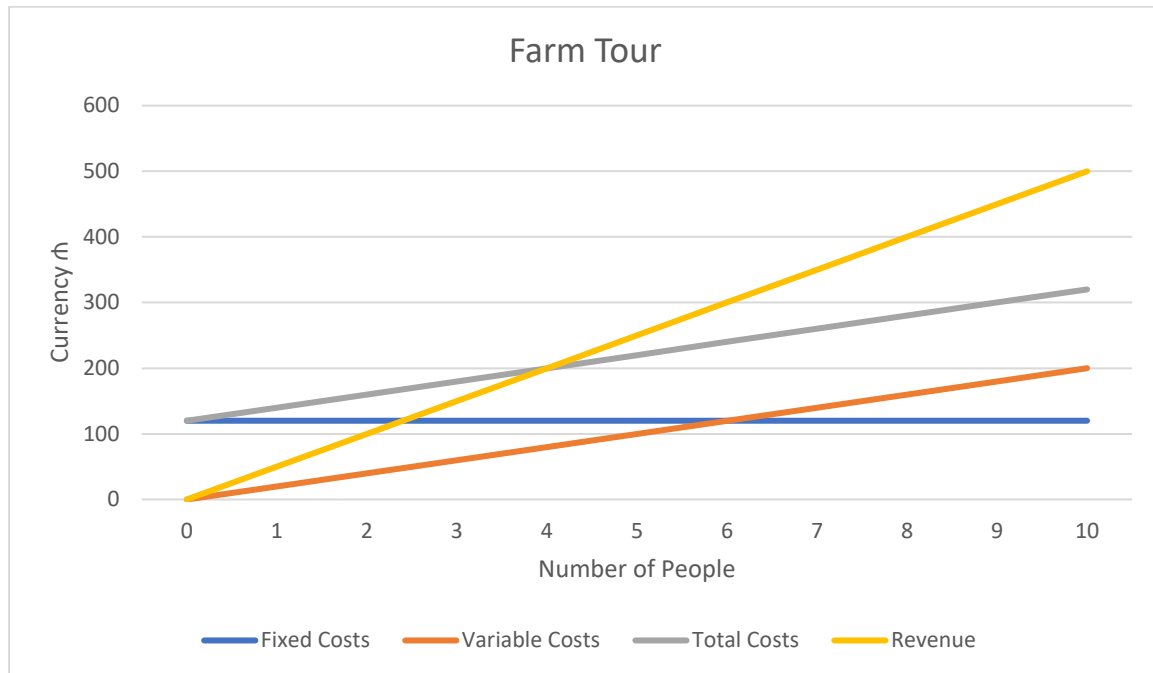
Here is an example of tour costing which was calculated on Excel. The fixed costs and variable costs were identified and listed. The revenue is the price the farmer plans to charge, multiplied by the number of visitors. These figures were entered into the Excel sheet as per the table below to generate a breakeven chart.

Fixed Costs	Amount	Variable Costs	Amount
Tour guide	100 \$	Farm tour per person	8 \$
Tractor @ \$10per Km x 2 km	20 \$	Lunch	7 \$
		Entry ticket: petting zoo	7 \$
		Branded water bottle	2 \$
Total	120 \$	Total	20 \$

Pax	Fixed Costs	Variable Costs	Total Costs	Revenue
0	\$120	\$0	\$120	\$0
1	\$120	\$20	\$140	\$50
2	\$120	\$40	\$160	\$100
3	\$120	\$60	\$180	\$150
4	\$120	\$80	\$200	\$200
5	\$120	\$100	\$220	\$250
6	\$120	\$120	\$240	\$300
7	\$120	\$140	\$260	\$350
8	\$120	\$160	\$280	\$400
9	\$120	\$180	\$300	\$450
10	\$120	\$200	\$320	\$500

These are the figures from zero persons per tour, to ten persons per tour. Where the grey and yellow lines intersect is where the breakeven point is.

The breakeven point is at four persons per tour and at a revenue of 200 \$. If the graph showed the breakeven as being a little below the four, we would round up to four, the number must always be rounded up otherwise it will generate an overall loss.



Startup costs

Capital and Startup costs: Nearly every business needs some money to get off the ground. Think about how much money you'll need and how you plan on using it.

Startup costs could include the cost of converting existing buildings into tourism-related facilities. Think of what you have, what you can use, what you need to fix, make or buy, and how much this would cost. Start small if needed e.g. only one room in a house, then slowly convert other rooms or buildings as the business demand grows.

You must list all expenses that will be incurred for starting the business including any planning, building, equipment, marketing, training, signage and other costs.

Example of startup (capital) costs for a U-Pick business:

Item	Quantity	Unit Price	Cost
Filling/fixing holes in entry road		xxxx	Xxxxxx
Parking area		xxxx	Xxxxxx
Entrance pathway clearing and tidying		xxxx	Xxxxxx
Collection containers: baskets	16	xxxx	Xxxxxx
Scale	1	xxxx	Xxxxxx
Cash register or cashbox	1	xxxx	Xxxxxx
Other...		xxxx	Xxxxxx
Other...		xxxx	Xxxxxx
Total			XXXXXX

Working capital: in any business, revenue should ideally cover running costs, with some left over for profit. However, in the beginning, when you are still becoming known and your business volumes are growing, you may not have enough revenue to cover costs. You will need some money (working capital) to cover the business costs until your revenue exceeds your expenses.

Revenue is the money coming into the business. ***Revenue – Expenses and costs = Profit/Loss***

Working Capital = Expenses – Revenue (for a number of months until revenue overtakes expenses)

To calculate the amount of working capital you need, start by listing your main revenue streams and your major expenses. As you learn more about the details, add estimates for how much sales will come in and what the actual expenses will be. Eventually, you'll expand these broad estimates into a more detailed forecast, but initially just stick to high-level estimates.

This can be done in a simple cashflow projection that tracks how much money needs to be spent in a business in the first few months, offset against rising revenue. This will indicate how much money you need to keep the business afloat for the first few months until it becomes profitable.

Net burn rate is an accounting method that offsets income against monthly expenses for the first few months of operation. For example, if your startup burns through \$10,000 per month but is generating \$5,000 per month through sales, your net burn rate is \$5,000.


Let's say you operate a tour, and you charge \$100 per person. You have calculated that your monthly cost is \$2000 by adding up all your expenses.

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Totals
Expenses	\$2 000	\$2 000	\$2 000	\$2 000	\$2 000	\$2 000	\$12 000
Sales projections	\$0	\$200	\$400	\$600	\$800	\$1 000	\$2 100
Burn rate	\$2 000	\$1 800	\$1 600	\$1 400	\$1 200	\$1 000	\$9 000

The monthly burn rate is **\$1 500** on average.

Your burn rate will help you calculate the amount of working capital you need to start with. On the example above, the total startup capital need is therefore **\$9 000** for a period of six months. This is the total amount of money you need to cover your costs for the first six months of operation. It is sensible to provide for more than this (e.g. \$10 000) in case of any unforeseen expenses or lower sales.

Cashflow projection

Key idea	Cashflow projections
	A cashflow projection is an estimation of how much money will come in and how much will go out in a period of time.

A cashflow projection is an estimation of how much money will come in and how much will go out of the business in a period of time. The reason cashflow needs to be projected is so that money comes in at the right time to cover costs. If there is a gap between money coming in and expenses that have to be paid, this is a cashflow problem.

Example: you provide a local cultural experience to a DMC (tour operator) whose tour group visits your town during their tour itinerary. The elements of your tour are a farm tour, and a traditional meal accompanied by traditional music. You can guide the tour yourself, but you have to pay for the catering and the music. You will not have the money to pay for

these until the DMC pays you. If the DMC delays paying you, but you have to pay local providers, you will have a problem meeting your payment obligations.

It is therefore important to plan what money is expected to come in and when and compare this to the money you have to spend on operating expenses. If expenses are due before income is received, this indicates a cashflow problem that you will have to manage.

The cashflow reflects two things:

- **Accounts receivable:** money coming in from customers, clients, sales
- **Accounts payable:** money being paid to suppliers, creditors, staff

There must be enough money coming in to pay the money that is going out.

Example: (it is best to do this on accounting software or on Excel)

Item	January	February	March	April
Money received				
Cash sales (FIT)	1323	450	295	580
Payments received on account (DMCs)	1642	430	2480	3250
Other income (T-shirts, water bottles)	175	220	135	190
Subtotal	2140	1100	2910	4020
Money spent				
Rent, utilities, etc	750	750	750	750
Payroll and taxes	900	900	900	900
Stock (T-shirts, water bottles, etc)	80	0	0	100
Vehicles and fuel	360	420	380	500
Subtotal	2090	2070	2030	2240
Cashflow	50	-920	-40	1730
Balance	50	-970	-930	800

Unit 2: Marketing Agrotourism Products, Activities and Services

Marketing includes all the activities that brings the agrotourism product to the attention of the market, and inspires them to try or buy the product.

Marketing includes promoting, selling, and distributing a product or service.

During marketing, you will be telling potential customers:

- about the product
- why they should choose the product
- where they can buy it
- where they can get more information



Marketing is both about informing and persuading.

Market segments and target markets

- The **market** consists of anybody and everybody who could potentially buy a product.
- A **market segment** is a group or cluster of customers with similar characteristics
- The **target market** is the specific market segment you select to focus your marketing as they seem most profitable and likely to buy your product

Some basic definitions in marketing are:

- **B2B** = Business to Business: Marketing the product or service to another business, e.g. a tour operator
- **B2C** = Business to Consumer: Marketing the product or service directly to the person who is going to use it
- **GIT** = Group Inclusive Travellers: Travelling on a package tour put together by a DMC / tour operator
- **FIT** = Free Independent Travellers: Make their own bookings and itineraries

Types of Visitors

There are two main sources of tourists:

1. **Domestic:** Kurdish people travelling in Kurdistan
2. **International:** foreign travellers to Kurdistan, including from neighbouring countries (regional tourists) and from further away like Europe.

Most tourism in Kurdistan is domestic and examples of domestic tourists include:

- Family travel
- School groups
- Youth groups

A few specific markets include:

- **Young travellers** – normally group of friends from 3 to 5 people, prefer to stay in the rental homes or cottages or hiking/camping/sport adventures at the weekends. They often stay in summer houses or kepir during spring, through summer and into late autumn.
- **Family holiday makers** – prefer to stay in self-catering rental houses, and choose places with entertainment or activities for children, normally when children are free from school (holidays, weekends, summertime).
- **VFR** – visiting friends or relatives in the regions (weekend or holidays). These visitors often use second home and spend money in the local economy on food, consumables, etc.

Travellers can also be classified according to how they book and pay for their travel products:

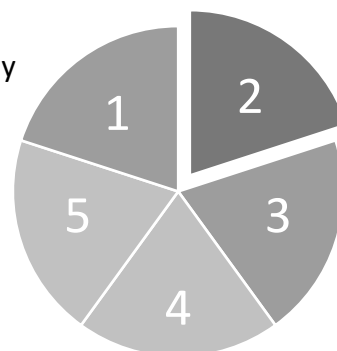
- **Group Inclusive Travellers (GITs):** they book a package with a tour operator/DMC and most of their costs are included in the tour package e.g. accommodation, transport, meals, entrance tickets, guides, etc.
- **Free Independent Travellers (FITs):** these travel on their own and make their own travel arrangements. They may self drive, self-cater or eat in local restaurants, and they book their own accommodation based on their needs and budget.

Target Markets

Begin to identify your ideal customers – your *target market*

The concepts of a ‘market’ are as follows:

- The **market** consists of anybody and everybody who could potentially buy a product. (*the whole circle with all segments in it*)
- A **market segment** is a group or cluster of customers with similar characteristics (*5 segments in our example on the right: →*)
- The **target market** is the specific market segment you select to focus your marketing as they seem most profitable and likely to buy your product (*segment No 2 is the one we think we should target: →*)



With many options to choose from, it is difficult to select the right type and option for marketing to the target market. The following factors will help to identify how to market to a specific audience:

- Target market characteristics
- Budget
- Distribution channel: how visitors access / buy / book the product.

Choose and target a customer sector within the agrotourism and nature tourism industry.

Study your target tourists:

- Where are they coming from?
- Where else are they going?
- What is their age range?
- Are they travelling as families, individuals or groups?
- Income range?
- What do they want?
- When do they want it?
- Who else offers what they want?
- What do you offer that is competitive or complimentary?
- What will keep them coming back for more?
- What do they like – what are their habits?

Different types of visitors will like and want different things. Their nationality, culture and religion, as well as family status will have a strong influence on what they enjoy as visitors. Families with young or teenage children will want family-friendly activities that will appeal to their children.

Target market examples	
Tourists from central and south Iraq and neighbouring countries	Tourists from Europe and non-Muslim countries
<p>Tourists coming from Arabic countries love nature, barbecuing, Muslim friendly (halal) foods, non-alcoholic drinks.</p> <p>Wine production destinations will not be attractive for the Muslim tourists.</p> <p>These visitors should be drawn to destinations which are rich in history and culture, and have interesting cuisine.</p>	<p>Tourists coming from Europe and Western countries love tasting different drinks such as wine and local beer, etc. Wine producing areas will be attractive to these visitors.</p> <p>History, culture and cuisine will also be of interest to these visitors.</p>

The Marketing Mix

The Marketing Mix is a model for planning how to market products or services. It consists of several different elements, each of which have sub-elements. Different elements of the Marketing Mix have been discussed in different modules of this course. The main elements of the marketing mix are:

- **Product (Modules 2, 3, 4)**
 - Physical product features
 - Unique Selling Point (USP)
 - Elements and services
- **Pricing (Module 5)**
 - Pricing Strategies
 - Commissions
- **Distribution** how tourism products reach the market **(Module 5)**
 - Tour operators (DMCs)
 - Travel agents
 - Online travel agents
 - Industry referrals
- **Promotion** how the market gets to know about the product
 - Print materials
 - Online / digital
 - Advertising



- Public relations
- B2B marketing

Product (Unique Selling Point)

Once you have identified your Unique Selling Point (USP) and focus on making your product special, you must do the following:

1. Sell it to your market through the right channels: distribution
2. Package it so that your target market can buy it easily
3. Promote it: tell your product story (information) using different tools and channels e.g. face to face, on Social Media, through photos, videos, posts.

Develop a short description of the product that you would tell someone in one minute and emphasise what is special about it.

Here is a statement example to use:

Our business is aimed at **young travelers** who enjoy **new and exciting adventure activities**. **ATBT Adventures** offers a **2-hour, fun, challenging outdoor experience and the opportunity to enjoy the beautiful mountain scenery of Choman**.

Place: Distribution

In tourism, 'distribution' refers to how a client/tourist or visitor can find and buy the tourism product. There are different ways to do this. Understanding how distribution works will help to identify where to do different types of marketing so that the right audience is reached.

Key tourism distribution channels

There are two main distribution channels that tourism product owners can use:

- **Channel 1: Direct sales** – the tourism operator directly promotes and sells to the consumer. This can be done for example, via a tour operator's website with booking platform, through 'walk-in' customer, selling via a farm stall, etc. This channel is most relevant for FITs who book and pay for their own tourism products like accommodation, tours, activities.
- **Channel 2: Indirect sales 1st level** – the tourism operator's product / service is promoted and sold to customers through a travel agent or Online Travel Agency (OTA) like Agoda or the tourism operator's product / service is promoted and sold to customers as part of a tour package that has been created by a tour operator / DMC. The tour operator / DMC may directly promote and sell to consumers or also work with travel agents who may sell their package tours for them. This channel is relevant to both GITs and FITs as the agents can support group booking as well as individual bookings.

How tourists buy the experience:

- **Direct at/from the farm:**
 - Visitors can purchase tickets/book on the farm website or at the farm doors
- **Online Travel Agentss:**
 - Web based marketplaces
 - Visitors can research and book travel products and services including flights, cars and tours
 - Visitors can book online from anywhere in the world
 - Listing is free
 - OTAs take commission on booking
- **Travel Agents:**
 - Located in international tourism source countries and local travel agents
 - Mostly relevant to GITs and international market
 - Help plan, choose and arrange their holidays
 - Take commission
 - Visitors can go directly to the travel agents or phone to book.
 - Email is also common
 - Visitors can do this from within Kurdistan or from other countries.
- **Tour Operators/Destination Marketing Companies:**
 - DMCs look for interesting things to offer tourists
 - They buy products at a discounted rate
 - The products are included in tour itineraries and sold to tourists
 - Visitors visit the farm as part of a tour package that gets sold to groups of tourists.

Pricing strategies

There are four pricing strategies that an agrotourism business could use to set prices for new products:

1. Cost plus
2. Competition-based
3. Dynamic
4. Wholesale

It is likely that a combination of these strategies may be used by the farmer when setting prices for an agrotourism product or activity.

1. **Cost plus** strategy is very simple. The total cost is calculated and then a markup is added to determine the final price. This is a good long-term plan and is very simple because one knows that the markup is equal to the profit.

Here's how cost-plus pricing works:

- Step 1: calculate the total cost for x units of product or service e.g. pax.

- Step 2: divide the cost by x units/pax to get unit/pax cost.
- Step 3: multiply unit cost by markup percentage. If unit cost is \$10 and markup percentage is 20%, then the profit margin is $\$10 \times (20/100) = \2 . The price of the product is \$12.

2. **Competition based** pricing uses a comparison between competitors' prices to set a starting price. This strategy relies on two elements: that there are similar products in the market, and that their prices are available or accessible to use as a benchmark.

If there are no similar products in the immediate area (e.g. the North-west Region), then some research will have to be done to see if there are similar product in other parts of the country (Azerbaijan) or in the region (Turkey, Georgia) or even further. The more unusual the product is, the less likely that competition pricing can be used. For example, there may only be one to three zipline operators in any medium-sized country.

3. **Dynamic pricing** is also known as flexible pricing. The price changes based on changes in time or market segments. In tourism and hospitality, we work on time-based changes, particularly seasonal tourism, monthly specials etc.

The service or product price varies based on what is happening in the market;

- there are more tourists in **summer** therefore **the price goes up**.
- when there are less tourists in **winter** the **price goes down** (unless the business hosts a winter activity).

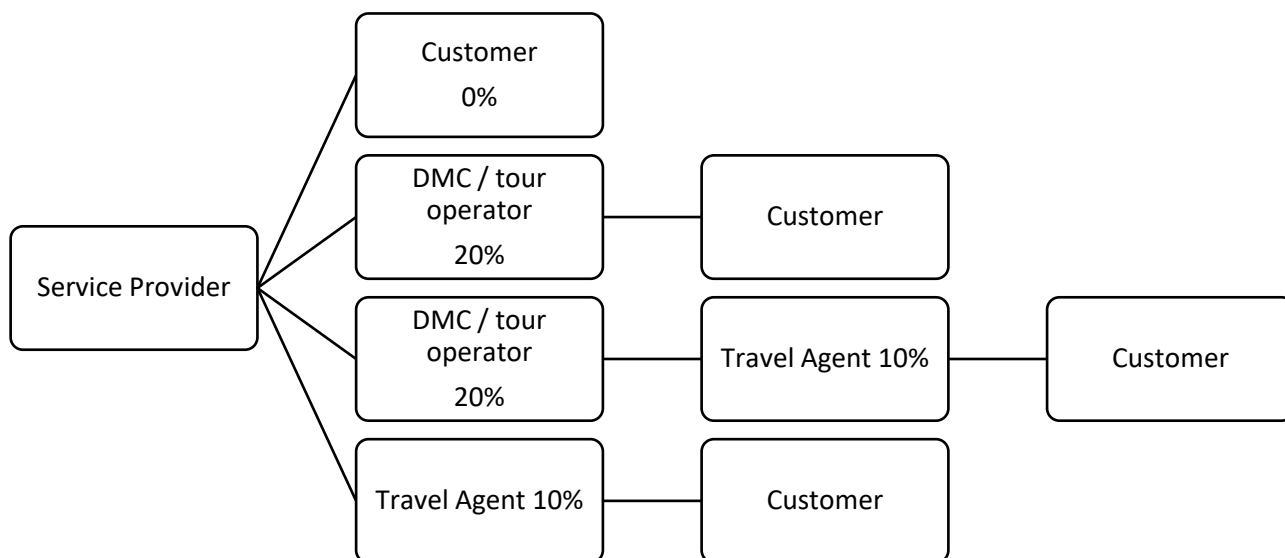
4. **Wholesale pricing**

Selling a product to a large organisation like a DMC, who packages it and sells it as part of a tour, is a *wholesale* method of selling the product, it is also known as B2B (Business to Business) sales. Because the DMC will buy the product in bulk, and will take on the marketing costs, farmers can afford to discount the price and provide the DMC with a lower price than they would to a direct customer (retail price).

Generally, wholesalers are charged 20% less than the retail rate (gross selling price), in other words they are given a commission of 20% in exchange for selling the product. This may seem like a large portion of earnings being given to tour operators/DMCs, however the level of business the DMCs can bring in must be considered.

Commission

Commission is an amount paid to an agency who buys the product with the intention of selling it on your behalf. It is calculated on gross selling price and needs to be calculated into selling price to ensure a profit is made. There are different commission rates depending on who you sell your product through/to.



There are advantages and disadvantages to commissions:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Product or service will be more likely to sell. • It reaches a wider market, often out of the country. • Low-cost way to market. • There will be a recognised, trusted brand behind your product or service. 	<ul style="list-style-type: none"> • The agent could be pushy and scare away customers. • There may be restrictive terms and conditions imposed. • You may need to find a way of managing room availability across a range of sales points. • Still need your own website with booking engine. • Still need to invest in a balanced multi-channel marketing strategy.

Having a portion of the sales made via travel agents or Tourism Information Centres (TICs), another via DMCs and the rest as direct sales means farmers can reach further into their market while minimizing how much of the sales go through expensive channels like DMCs.

5. Combination Pricing

A combination of strategies can be used to determine price:

1. Calculate costs and add a markup;
2. Compare that to competitor prices;
3. Adjust the price so it is not too low or high next to competitor prices, and
4. Adjust prices to allow for seasonal opportunities.



Price calculations

The final price for a product or service should consider the total costs and the minimum number of tourists needed to cover fixed costs, and the minimum number of tourists needed to break even.

Promotional Materials

Stories and content

The most important thing when promoting your tourism product with any tools, is that you have a clear story that you want to tell. For example:

- **What is your story:** what is the 'hero' element or hook: something interesting about your product, your USP. Something interesting that will Entertain, Engage or Educate.
- **Storytelling:** describe your business in a sentence or two and think about the different audience channels and mediums and how the story could be adapted for example from 'Fearless' to 'United'.

Stories need to entertain, engage and educate!

Introducing the product

There are many times when a (potential) customer contacts you, and this is an opportunity to introduce your product. How would you introduce your village, destination, experience, product, or service to a customer:

- **Face to face:** on arrival, during a welcome, at a product stall, at and information centre, craft demonstration
- **In writing:** email, booking enquiry, social media
- **Through pictures:** social media especially Instagram
- **Video:** Facebook, Instagram and TikTok

Call To Action (CTA)

Once you've been noticed (online, in advertisement, in destination), how to get your customers to do what you want them to do?

Call To Action examples:

- **special deal:** book now and get 5% off
- **food tasting:** try our tea, yoghurt, honey
- **visit:** come to visit us; for a meal, for an adventure
- **book now** button
- **discount** for a friend or referral reward
- enter our **competition**
- **post your photo**

Promotional Tools

There are many promotional tools that can be used to market a product. These can be categorised as follows:

Print materials	Online / digital	B2B marketing	Advertising
<ul style="list-style-type: none"> • Business cards • Brochures, flyers, leaflets • Publications, guides, maps, brochures of others 	<ul style="list-style-type: none"> • Social media (FB, Instagram, YouTube, TikTok, etc.) • Online travel resources (Google maps, Wikipedia, TripAdvisor) • Company website 	<ul style="list-style-type: none"> • Direct sales calls • Fam trips 	<ul style="list-style-type: none"> • Print media (e.g. newspapers, magazines) • Public spaces (e.g. posters, banners, billboards) • TV

For small agrotourism businesses, the top three promotional items to invest in are:

1. Business cards
2. A product leaflet or small brochure
3. A social media accounts

We will provide guidelines on all these below.

Print Materials

Business cards

A business card is a tool used to present the business in a quick way, giving the information the potential business partner or visitor will need when there is no time for long drawn-out conversations.

- **They are used for:**
 - Personal selling: B2B and B2C
 - Direct to visitors
- **Design guidelines:**
 - Simple design
 - Clear fonts
 - Good quality printing
- **Content:**
 - Business/product/farm name and logo
 - Your name

- Your contact number
- Your services
- Other contact details e.g. address

Tip: Farmers should make sure that they always have their business cards with them. They never know when they might meet someone interested in their product or service.

Mistakes to avoid on business cards:

- **Missing contact information:** remember to include the country dialling code +964 (0) XXX XXX XXX (space numbers out to make them easier to read).
- **Outdated information** – print new ones, don't just cross out and write the new details.
- Not highlighting the most important information – the information someone needs to contact the farmer.
- **Standard sizes:** most people use some form of holder to store their cards.
- **Spelling mistakes:** check and double check all copy before printing.
- Using any image that might be inappropriate to any audience.
- Using poor quality paper or not using cardstock (180gms).
- Poor print quality.
- Cluttered content and design.

Tip: Print on both sides of the card to add additional information or ***another language*** on the back.

Brochures, leaflets, flyers

Item	Leaflets	Flyers	Brochures
Descrip- -tion	<ul style="list-style-type: none"> ● An A4 sheet folded into thirds ● Full colour 	<ul style="list-style-type: none"> ● Usually single page ● Cheap to produce ● May be A5 ● Often one colour only 	<ul style="list-style-type: none"> ● A folded multiple page booklet ● Full colour
Use	<ul style="list-style-type: none"> ● General distribution ● Fits neatly into leaflet stands and racks at information centres, hotels, etc. 	<ul style="list-style-type: none"> ● Basic product information ● Distribute at hotels, TICs, DMOs, other tourism points, transport hubs – bus/train stations 	<ul style="list-style-type: none"> ● Provides more information ● Presenting to a more targeted audience e.g. DMCs ●

These printed items are used for:

- Personal selling e.g. when doing personal selling to a DMC.
- Direct to customers e.g. for them to find at tourism spots like Tourism Information Centres.



Design guidelines:

- Simple design – not crowded or overly ornate
- Clear fonts – easy to read
- Good quality printing
- Good quality images: focus and no distortion
- Standard sizes are cheaper
- DO NOT WRITE IN CAPITAL LETTERS AS THIS IS MORE DIFFICULT TO READ THAN NORMAL TEXT.

Content:

- Product name
- Communicate what the visitor / reader would want to know. For example, a walking tour brochure should include:
 - **Features:** You will visit the sheep pen and interact with lambs; learn to milk sheep, see how sheep milk yoghurt and cheese are made, and taste sheep milk yoghurt and cheese, enjoy a traditional farm meal.
 - **Duration** 2 hours
 - **Benefits / inclusions:** farmer guide, product tasting, traditional lunch, etc.

Images:

- Make it image heavy and not text heavy – ‘a picture tells a thousand words’.
- Use good, clear images from tourist experience perspective.
- Use appropriate to target market.

Contact details:

- Name
- Contact number
- Other contact details e.g. address, social media accounts, etc.

Tips:

- Businesses can make more than one brochure.
- Keep the most expensive brochures for very important clients like DMCs.
- Businesses can also make a brochure to give to customers on arrival – information such as maps, other attractions, etc.

Where to distribute leaflets and flyers

Leaflets and brochures should be placed where your target market can find them.

- Identify and use places where tourists and visitors congregate: local resorts and attractions.
- Ask these places if you can put your leaflets in their reception areas or rooms.
- Invite their reception staff to come to your agrotourism attraction so that they can experience and recommend it to the people staying at the resort.

Flyers vs Brochures

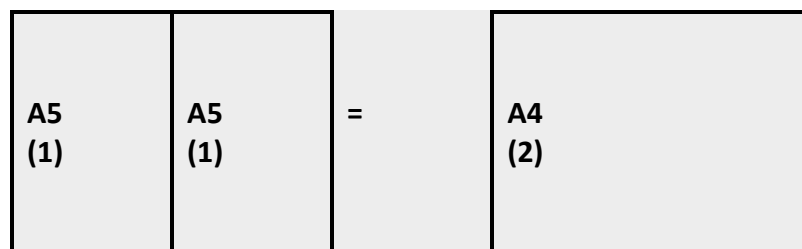
Flyers are usually single use and cheap to produce. Flyers give basic product information to a vast audience and can be distributed at hotels, TICs, DMCs, other tourism points, transport hubs, etc.

Brochures are folded, multiple page booklets. They can provide more information and can be presented to a more targeted audience.

Standard paper sizes

When designing and printing leaflets, stick to standard paper sizes as these are the cheapest options for printing.

Any version of the 'A' sizes will work – with the A5 and A6 being the most common.



A4 can also be folded into 3 sections which fits easily into a display stand at a TIC and has lots of print space for photos and information. Sometimes an A4 sheet can be cut into the 3 sections – these are called DL cards, and are also a good option for print materials.

The **DL format** is the most widely used leaflet format. DL stands for “Dimension Lengthwise”.

An A4 sheet folded into 3 lengthwise becomes a DL size. This is a very common form of business leaflets and flyers, and fits into most display racks.

The 1/3 A4 format (99 × 210 mm) is also commonly used as it can be printed on both sides and fits without folding into a DL envelope.

Paper quality

Normal typewriter and laser printer paper weighs 80 g/m² (or grams per square meter = gsm). Anything heavier than that is therefore thicker and usually more expensive. When planning and designing brochures, the type and thickness of the paper that you choose will influence the final quality and cost of your brochure or leaflet.

Publications

There are some local publications where information on your agrotourism product can be listed. The options include:

- **Maps:** The Kurdistan Tourism Board produces regional maps. Contact them to list your product in the next update of these.
- **Brochures:** local tourism authorities may produce brochures and magazines. Contact the DMO to list your product in the next update/edition of these.

Online/Digital

Social media marketing is the process of acquiring attention and sales using social media platforms such as Facebook, YouTube, Instagram and Tiktok. The popularity rankings of social media platforms from 2023 by Monthly Active Users: MAU¹:

#1	#2	#3	#4	#5	#6
					
2.96 billion MAUs	2.2 billion MAUs	2 billion MAUs	2 billion MAUs	1.2 billion MAUs	1 billion MAUs

Some of these applications are not social media sites, but instant messaging systems: **WhatsApp, Messenger, Telegram, Viber**, etc.

With so much social media activity, how will the business be noticed? The success of any social media marketing campaign depends on:

- understanding the online habits of the target market
- knowing why to communicate with them
- knowing what to communicate

Guidelines

1. Research the target market
2. See what social media platforms they use
3. Identify if it is possible to access those platforms – and in what language.
4. Focus on only **one** type of account most likely to be followed by the target market.
5. Become an expert in using that particular social media platform: posting, content writing, photos, managing statistics, etc.

¹ Stats from <https://buffer.com/library/social-media-sites/>

Different generations also use different platforms, for example:

- **Young travellers:** Instagram, TikTok
- **Families & Middle age:** Facebook, Instagram
- **VFR and all:** Facebook, Instagram; (TripAdvisor is slowly growing)

Decide where to focus most of the Social Media content, and 'specialise' in that platform, building friends and followers. Choose the right content and images to present on that platform.

Content development: the following content guidelines are useful:

- Use photos, captions and some explanations.
- Ongoing news and updates on products, activities, people. For example, photos of the staff and guests participating in the product e.g. a cooking class.
- Promotions, new products, product information, news

Different content can be posted for different reasons; use a mix of the ideas below:

Inspiration	<ul style="list-style-type: none"> ● Facts and achievements ● Stories of success
Education	<ul style="list-style-type: none"> ● Information on e.g. suppliers, links to partners or other local businesses ● Projects involved with ● News and events
Conversation	<ul style="list-style-type: none"> ● Questions ● Caption this photo
Connection	<ul style="list-style-type: none"> ● Behind the scenes ● New products / services and reviews of these products / services ● Employee or guest features (stories about them e.g. 'meet so-and-so, who grows our fresh vegetables', or 'look who came to stay')
Promotion	<ul style="list-style-type: none"> ● Guest feedback or reviews ● Product promotion – specials, events ● Discounts and promotions

Quality of images:

When selecting pictures and photos to post, ensure that they:

- Are good quality, high resolution
- Are in focus
- Have good lighting
- Have captions to explain them succinctly



- Do not have people's back to the camera or any 'photobombs'
- Are not distorted

Facebook

- **Facebook is the oldest and widest-reaching** social network
- It has nearly **2.9 billion monthly active users**
- When creating an effective Facebook marketing strategy, first understand who is on the platform and how they're using it
- **Important guidelines for business accounts:**
 - Separate a business page from a personal profile
 - Choose the right category for the business page
 - Choose 'local business' as it is possible to add a location
 - This is important for linking to Google maps

Getting noticed on Facebook

If a business posts something but no one responds, then Facebook won't show it to anyone. They're trying to keep people on their site, and they can only do that by showing posts and stories that people find interesting and respond to.

Get people to respond:

Ask questions and respond to the answers. Example:

- Post a picture of a lovely dish or meal with a caption about the dish, then ask, "what is your favourite local/traditional food?"
- When people answer, respond to comments e.g.
 - "We have that on our menu", or,
 - "That sounds great, maybe we should try it out".

Instagram

Instagram can be used to promote a tourism business, specifically using photos.

Post:

- Photos of ongoing activities on the farm.
- Photos of guests/visitors/tourist having fun and doing things – this will inspire other people to want to do the same.

There are various Instagram accounts where tourism products can be featured or linked, such as:

- Aspswar horse trails
- ATBT Safaris Kurdistan

Hashtags on Instagram are also great marketing tools. The tags can be used when business owners, staff or visitors post to the platform. These tags will come up in searches by users who will then see the content of the farm's page. The more a hashtag is used by the business the more likely it is that the page will be found.



Sharing from Instagram to other Social Media Platforms

Instagram can be a link to Facebook and Twitter. When posting to Instagram the option to share the post on a linked Facebook account or Twitter account will be given. The image and text will be posted to the selected platform exactly as it is on Instagram. This is a time saver but the difference in audience must be considered; Facebook audiences may prefer informational text over numerous images while Instagram audiences may prefer the images without a lot of text. If necessary, edit posts on Facebook after sharing from Instagram, to be more informative.

Websites

Not all businesses need websites. In many cases, for a small agrotourism business, a social media account that is current and well managed will be enough.

To help you decide if you should have a website for your own business, consider the following questions:

- Will it be a main sales channel for my product?
- Are there other ways for tourists to find my product e.g. social media (Facebook, Instagram, etc)
- Is this the best way to show potential customers what we are offering?
- Are there better ways to show information about our business?
- Can customers already find us on Google Maps?
- Can we afford a website?
- Do I have skills to run it or pay someone to do this for me?

Online Travel Sites promoting Kurdish tourism products

Visit Kurdistan

<https://visitkurdistan.krd>

Visit Kurdistan is a semi-governmental enterprise duly registered in the Kurdistan Region of Iraq. The organization's principal objective is to facilitate the arrival of foreign tourists to the region, ensuring that their journey is seamless, and they are provided with ample entertainment during their stay in Kurdistan. Visit Kurdistan assumes the responsibility of arranging a diverse range of events to promote entertainment, sports, and other interactive activities in the region.

Google Maps

Google maps is very important for domestic travellers who self-drive.

Pin on Google maps: www.omnicoreagency.com/how-to-get-listed-on-google-maps/

Go to: 'Google My Business' and sign up for a business account.



1. Choose the category e.g.
 - a. Storefront: where you actually serve customers – like a café or B&B
 - b. Service Area: where your service takes place e.g. a lakeside spot where you do your water activities (where do you want to direct pre-booked clients?)
2. Enter the business name and address.
3. Follow the rest of the instructions.

B2B

Two methods of marketing your business to other businesses are direct sales calls or FAM trips.

A **direct sales call** involves organising meetings with potential clients or partners e.g. DMCs, DMOs, etc. It is a chance to present your product to them with the intention of getting them to include your product in their tour itineraries and packages. It is important to be well groomed, well prepared and to have business cards, brochures and any other useful materials to give to them.

Step 1: Prepare for the meeting

1. Research DMCs and their target markets.
2. Email to introduce yourself and request a meeting.
3. Prepare for the meeting: short product presentation, brochure, business cards.
4. Dress neatly and semi-formally.
5. Double check time and place.

Step 2: During the meeting

1. Arrive early.
2. Start by asking about their business to show interest and gain understanding.
3. Present your product (with brochure and business card) and mention that it may fill a gap for a product that they need or have been looking for.
4. Discuss potential business opportunities.
5. Invite them to visit and experience your product (if possible).
6. Close meeting by thanking them politely.

Step 3: After the meeting:

1. Follow up with a 'thank you' email and any forward actions.

FAM trips (familiarisation trips) are trips organised by marketing organisations or groups of product owners to educate DMCs about the products and services offered by a destination. DMCs, travel agents and sometimes media will be invited to experience the property and its offerings at the cost of the host or service provider. The objective is to get these companies to promote the business in their tour itineraries.

A group of farmers can organize themselves into a collective, like a cooperative or a Route.

1. This collective can then invite a group of DMCs/tour operators to visit them.



2. Each farmer can contribute something – one offers accommodation, others provide meals, tours, etc., so that the DMCs get to experience the range of products that the farmers offer.
3. At the end, have a discussion with the participants to get their feedback on all the products, what works well, what could be improved, etc.
4. The DMCs can then start booking tour groups to use these products.

Advertising

Advertising can generally be expensive and difficult to know if it is working and you are getting customers from the amount you spend. If deciding to go this route, you need to choose an advertising option that is the best value for money, and reaches your specific target market effectively.

Options include:

- **Print media:** magazines and newspapers.
- **Posters** in tourism locations or facilities: coffee shops, transport hubs, hotel info desks.
- **Online:** e.g. Facebook.

Challenges

- How to track the return on investment? Is the money spent worth the business generated?
- Are you reaching the right target audience?

Tip: Facebook ads are affordable and easy to do!

Marketing Plan

Different strategies may be used to introduce a product into the market, and to keep the product visible once it is launched. These should be carefully thought about and budgeted, as well as specifically aimed at reaching the right target audience for the product. There is a process and recommended content for developing a simple marketing plan to pull all this together for your agrotourism business.

Marketing plans can be large and very sophisticated, including:

- **Product:** a good quality product with a Unique Selling Point that makes it stand out from any competitors.
- **Pricing:** different pricing structures for different markets, e.g. B2B, B2C, promotions, single supplements (from Unit 1)
- **Place:** where the product can be bought/booked e.g. Online Travel Agents (channels)
- **Promotion:** the tools that will be used to promote the product

For a startup, a simpler tool may be used, based on a small budget, a few marketing skills, and, very importantly, a good understanding of your target market and how to reach them! A simple planning tool can be one or two pages with the following planning done on it:

Target Market	Channel	Tool	Date	Cost

- **Step 1: Preparation**
 - **Planning:** developing the marketing plan
 - **Basic Tools:** getting the 3 most simple, effective elements ready:
 - Business card
 - Brochure/ leaflet
 - Social media account
- **Step 2: Launch**
 - B2B personal marketing meetings
 - Fam trip
 - Opening specials
 - Registration: TripAdvisor, Google Maps, OTAs
 - Networking
- **Step 3: Maintain and grow**
 - Website
 - Social media
 - TripAdvisor responses
 - Advertising
 - Networking

Unit 3: Business Planning

Business Model Canvas

The Business Model Canvas is a business tool used to quickly and easily define and communicate a business idea or concept. It helps to visualise all the building blocks to start a business. It explains who your customer base is, what you will offer them, who and what you will work with, and how you will make and spend your money.

It is a one-page document which works through the basic elements of a business or product, clearly structuring your business idea. The business model canvas lets you define these different components on a single page.

There are nine building blocks in the business model canvas, and they are

1. **Business activities:** what activities will support the business e.g. marketing, farming, guiding, adventures
2. **Partners and suppliers:** who are your key partners and suppliers and what do they provide.
3. **Key resources:** what resources do you need to make the business work: people, equipment, land, animals, etc.

4. **Products and services:** what will you offer your visitors e.g. meals, tours, farm produce, adventure activities, accommodation, a combination of these?
5. **Customer relationships:** how will you get, keep and grown your customers; how will you communicate with them?
6. **Tourism infrastructure:** what buildings or infrastructure will you need for your business
7. **Market segments:** who is your market? Do you have multiple markets e.g. families, couples, school groups, etc.
8. **Costs:** list the key costs that the business will have
9. **Source of revenue:** identify where the money comes from

When filling out a business model canvas, you will brainstorm and research on each of these elements and then fill in each relevant section of the canvas to form a complete 'at a glance' picture of the planned business.

Example of a Business Model Canvas for an overnight hike and camp:

Business activities <ul style="list-style-type: none">• Marketing• Purchasing• Logistical planning• Liaison with parks authorities• Etc...	Partners and suppliers <ul style="list-style-type: none">• Parks authorities• Grocery suppliers• Caterers	Products & Services <ul style="list-style-type: none">• Meals: snacks, lunch, dinner, breakfast, lunch• Guiding: safety briefing, nature guiding, birdwatching• Activities: swimming, caving• Transport: to and from	Customer Relationships: <ul style="list-style-type: none">• <u>Acquire:</u> new customers• <u>Keep:</u> existing customers• <u>Grow:</u> networking	Market Segments Families: domestic, CIS, NEMA Youngsters/ adventurers: domestic, Western Europe, CIS
	Key Resources <ul style="list-style-type: none">• Staff• Premises• Camping equipment• Cooking equipment		Tourism Infrastructure <ul style="list-style-type: none">• Hiking trail• Minivan hire for drop-off and collection	
Costs: <ul style="list-style-type: none">• Trail fees/park entrance fees• Guiding fee (daily rate)• Meal costs• Transport• Equipment			Source of Revenue: <ul style="list-style-type: none">• Per person hiking trail price• Add-on activity commissions• T-shirts, caps or souvenirs• Action photos	

Business Plan

The Business Plan is a formal document that banks, donors or other organisations may need to fund or support your business. The information learned in this course will contribute to being able to develop a simple business plan for the business idea.

- Section 1: Executive summary
- Section 2: Business description



- Section 3: Market analysis
- Section 4: Description of the product or service offered
- Section 5: Team structure
- Section 6: Financial plan
- Section 7: Marketing plan
- Appendices

Follow this format to write a simple business plan for your agrotourism business idea.

Cover or Title Page

- Name of the business
- Description of the product
- Owner's name
- Contact number
- Email
- Physical address
- Postal address (if different from physical address)
- Shareholders/members and shareholding %
- Date

Section 1: Executive Summary

This opening section starts your business plan and briefly outlines the key points of your plan. The goal here is to explain what your business does and why it will be successful. Include a company mission statement (i.e., what the ultimate goal of the business is in just a sentence or two.)

The summary is an overview of the entire plan and must contain the highlights of the business plan and summaries of each section. Therefore, although it is at the beginning of the document, it is usually written last to summarise the plan.

Section 2: Business Description

This section answers the question: what does your business do? Go into more detail on what your business is about and what solutions it will bring to the marketplace. Be specific and detail what product or services you're developing. Include a brief history of your company and mention any special skills you have in your team that will help your business to get going and be successful.

Describe your product or service and why it's better than the alternatives. In essence, if someone asked you what you sell, what would your answer be?

Make sure the Unique Selling Point of the product is clearly identified.

Example: Farmstay

We offer a traditional homestay experience for families, for friends or any groups to stay on and learn about traditional sheep farming in the Kurdish region.

Section 3: Market Analysis

In this section you will analyse and describe the following elements:

1. The 'marketplace' with a simple competitor analysis
2. What problem your product solves
3. What the solution to that problem is
4. Your target market

Marketplace: in this section, you will describe the **market** you will be operating in – in this case, the tourism market. This section usually includes a competitor analysis where you will identify your competitors, describe what they offer and how your product will be different to them. Your competitors might not be the exact same types of business as yours, but they could be similar e.g.:

Agrotourism product examples	Examples of similar competitors
Farmstay accommodation	Hotels, guesthouses, summer houses, keper sites
Farm shop	Town market, shops in town, other farm shops
Horseback riding	Other adventure activities such as ATV riding
Traditional meals	Restaurants and eateries in towns and villages

You need to think why your product is different, interesting or exciting, and the reasons why it will attract your target market away from competitors, and to your business.

Problem identification: you also need to think about your product: what **problem** does your product solve for your target market? Are they needing, for example, affordable holiday accommodation for a family; fun things to do for a group of young adventurers; fresh organic farm produce; an authentic traditional Kurdish experience, etc.

Identifying their problem, and offering a solution creates a space for you in your market. If you're not sure, try talking to your potential customers and ask them what they might like about your products or services.

Solution: your product should be the solution to the market need that you described in the previous section that delivers the value you described in your value proposition.

Our Opportunity	
Problems worth solving: 1. Families and other groups wanting	Our Solutions: Our farmstay is affordable for groups and

interesting, affordable places to stay and things to do.	includes fun experiences with the sheep and the dairy.
2. Lack of farmstay opportunities within a close driving distance of main cities.	We are located less than two hours from the nearest city.

Target market: Describe your ideal customer. Who are they? Be as specific as possible—age, gender, shopping habits, and so on. If you target different types of people, create market segments for each group. If you are targeting different market segments, list each segment and its approximate size.

For example, if you are targeting “young families” in addition to “older parents”, try and figure out how many people are in each group. For your initial plan, you don’t need to get too specific – you can always add more detail later as flesh out your plan.

Section 4: The Products or Services Provided

Describe the research that you have done to identify what you want to offer as the product. Provide some evidence that there is a demand for what you will offer. Describe your product or service in detail. Explain what it offers to the market. Describe the elements or components and a summary of what is required to deliver this product or service, e.g. infrastructure, equipment, staff, other inputs.

Section 5: Team Structure

Briefly describe the people that will be involved in the business, what their skills or knowledge are, and in what capacity they will contribute to the business.

Name	Name	Name	Name
Designation (e.g. Owner & Manager)	Designation (e.g. housekeeper & cook)	Designation (e.g. activity leader)	Designation (e.g. dairy operator)
Short description of key experience, skills and duties/ responsibilities in the business	Short description of key experience, skills and duties/ responsibilities in the business	Short description of key experience, skills and duties/ responsibilities in the business	Short description of key experience, skills and duties/ responsibilities in the business

Even if you’re starting out with just yourself as the only employee of your business, write a few lines about why you’re the right person to run this business. If you include other people in the future, list those positions as well, even if you don’t know who specifically will fill those positions right now.

Section 6: Marketing Plan

Briefly explain the pricing strategy, how the product will be sold to the market (the channel e.g. Direct sales in a shop, online bookings, through agents or to tour operators), what the channels may cost in terms of any commissions or discounts and how you will promote the product using a marketing plan.

Include a practical plan aimed at the target markets as identified in Section 3, using the template provided in Unit 2 Worksheet 2.

Section 7: Financial Plan

The financial plan of the business plan is where the whole planning process comes together. This is where the calculations are done to plan for the business to be a success.

In the financial plan you'll need to lay out your financial plans for your business. You will need to think about and plan for setting up the business and for future income and expenses.

- How much is it going to cost to set up your business (capital costs)?
- How much is it going to cost to run your business every month?
- How much money (revenue) would you need to generate in a month to cover your costs?
- What are your revenue projections?
- How much working capital will you need to finance running costs while the business gets going?

In previous sections of your business plan you indicated the start-up/running requirements of the following elements:

- Staff
- Supplies or stock
- Facilities and equipment
- Administrative expenses
- Operational expenses
- Marketing expenses such as e-marketing, commissions and advertising, etc.

You now need to attach a cost to each of these items. You may have to get quotes from suppliers and to negotiate prices with them.

To this you need to add the fact that you may be running your business at a loss for the first few months, as you wait for customers to become aware of your business. You therefore must calculate your electricity, rental, salaries and any other monthly expenses. Then you

have to multiply this by the number of months you expect to run at a loss. This amount must be added to your start-up costs.

Finally, you need to add a certain amount to your costs for items you did not think of. These are usually 10% of the costs that you did think of and are called **contingency costs**.

List your startup costs:

Costs may include:

- **Infrastructure:** access road, parking area, bedrooms, stables, toilets, etc.
- **Equipment:** e.g. beds, linen, cooking equipment, tents, shop shelving, fridges, etc.
- **Signage:** signs from the road, signs at the agrotourism attraction; information boards, etc.
- **Marketing startup:** logo, leaflet, business cards, packaging for farm produce, etc
- **Runway:** covering some operating costs until income = costs

Running costs: what will it cost to operate the business? Think of:

- **Salaries:** who needs to be paid, and how much?
- **Overheads:** energy, water,
- **Packaging:** jars, bottles, labels
- **Consumables:** food, drinks, etc. Note that these costs would be directly related to visitors; costs such as animal feed would come out of the farm budget, not the agrotourism budget.

Example of running costs for a farm shop:

Item	Number Needed	Cost Each	Total Cost
Facilities and equipment			
Rental of shop (if renting)	4 months	XXXXX	XXXXXX
Till/cash register	1	XXXXXX	XXXXXX
Counter	1	XXXXXX	XXXXXX
Shelves	15	XXXXXX	XXXXXX
Shop fittings	1	XXXXXX	XXXXXX
Security Door	1	XXXXXX	XXXXXX
Computer	1	XXXXXX	XXXXXX
Printer	1	XXXXXX	XXXXXX
Subtotal A			XXXXXX
Staff			
Shop manager	4 months	XXXXXX	XXXXXX
Cashier	4 months	XXXXXX	XXXXXX
Book keeper	4 months (part time)	XXXXXX	XXXXXX

Subtotal B			XXXXXX
Other Items			
Market research	1	XXXXXX	XXXXXX
Stock of souvenirs	Enough for shop	XXXXXX	XXXXXX
Utilities/energy/water	4 months	XXXXXX	XXXXXX
Subtotal C			XXXXXX
Total for A, B and C			A + B + C
Contingency allowance	10%		XXXX
Total start-up costs			XXXXXXXX

Appendices and Supporting Documentation

The following supporting documents, amongst others, should be included where applicable:

- CVs of the entrepreneurs and any relevant or key staff
- copies of qualifications or certificates
- newspaper clippings, promotional literature, product brochures, market research, trade and industry publications
- partnership, association or shareholders' agreements
- offers to purchase, purchase and sale agreements
- contracts, orders, letters of intent
- quotations for capital items to be purchased
- copies of identity documents and marriage certificates of the entrepreneurs
- copies of company registration documents
- drawings, work flow charts, plans, building layouts, maps, etc
- a list of persons to whom reference can be made regarding creditworthiness, product and service quality, and the skills, abilities and integrity of the entrepreneurs

Example: Business Plan for *Memories of Kurdistan*

Ahmed Mohammed
Mobile No: 123 456 789
Main Road, Choman, Kurdistan Region of Iraq

30 February 2032

Table of Contents:

1. Executive summary
2. Business overview
3. Management Plan
4. Marketing Plan

5. Financial Statements
6. Appendices and supporting documents

1. Executive Summary

The business concept of “Memories of Kurdistan” is to establish and run an upmarket curio and souvenir shop selling good quality but affordable locally made curios to international and local tourists visiting Kurdistan.

While there are existing curio shops in Stone Town, market research has shown that they are not of the same standard or quality as proposed in this business plan.

2. Business Description

Memories of Kurdistan is a new business, with one owner, namely Ahmed Mohammed. The business is a shop selling curios and souvenirs to foreign tourists. The business form is a company.

3. Market Analysis

The tourism industry to Tanzania and Kurdistan is growing at an annual rate of 5%. This indicates that there may be year on year business growth of 5% if these figures are used. However, it is the objective of Memories of Kurdistan to become the leading curio shop in Stone Town, and therefore a sales growth rate of at least 12% is anticipated in the first three years.

4. Product Description

Memories of Kurdistan will be a high-quality curio shop selling locally made, high quality curios and souvenirs to foreign tourists. Stock will meet quality standards both in design, manufacturing and must be original and interesting. The objective is to stock items that cannot be found elsewhere or that are of a better quality than items found elsewhere.

A broad range of interesting products will be sold, including but not limited to stone and wood carvings, woven items, painted art, ceramic / pottery art, clothes and jewellery, fabric items such as table cloths, napkins and mats, and so on.

The product emphasis is on quality, variety and interesting items not found elsewhere.

Additional edible items such as locally produced honey, tahini, nana quasi and such products will also be stocked.

4.1 Location, premises and facilities

Memories of Kurdistan has secured a shop premises within Mountainside Resort, the area's largest and busiest tourist resort. The shop has 100m² of floor space, with additional storage rooms at the back. These storage rooms may be converted to additional floor space in the future to meet growing demand, and there is room behind the shop to build additional storage space for stock, or for more floor space.

The shop will be fitted in traditional Kurdistan style, using local materials and finishes which are not expensive to obtain.

4.2 Operations Plan

The shop will require shop fittings, shelves, a till, security door as set out in the start up costs schedule provided in section 7.

Ahmed will be supported by one assistant who will serve customers, pack shelves, keep the storeroom tidy and make tea. The assistant will earn XXXX \$ per month.

The suppliers who will supply stock to Memories of Kurdistan are as follows:

Wood carvings	Would you?
Jewellery	Spoil Yourself
Paintings and art	Fine Art
Clothes	Kurdish Traditional wear
Cloths, mats, napkins, tableware	Fabulous tableware
Honey	The Bee Keeper
Nana quasi	Fruitopia
Tahini	Tahini Treasures
Fruit wine	Village Winery

All business activities will be handled inside the business by the owner/manager, and no activities will be outsourced.

5. Team Structure

Ahmed Mohammed has experience in the curio industry, having had an informal curio enterprise near the Citadel in Erbil for 12 years. Ahmed has concentrated on cultivating relationships with local artists and crafters to obtain specialised and high quality arts and crafts. In addition, he has studied a business management course part time, and is now qualified in small business management.

For further information please refer to his detailed curriculum vitae attached at the end of this plan.

Ahmed will manage the shop; he will earn XXXX \$ per month.

6. Marketing Plan

The main target market for the business is foreign tourists visiting Kurdistan/Stone Town and staying in hotels. Memories of Kurdistan has developed the following marketing plan:

Target market	Activity	Cost	By When
Resort guests	Print DL leaflet and request that these are included in guest rooms/service directories	xxxxx	30 Feb

	Invite hotel staff to tea to come see the new shop when it opens	xxxxx	Opening day
Regional visitors	Distribute DL leaflet to other hotels, talk to staff to tell them about new shop	xxxxx	Week before opening
Inbound tourists	Advertisement in Kurdistan tourism magazine	xxxxx	Month of opening for 3 months

The marketing budget for opening and the first 6 months of operation is therefore XXX IQ.

The pricing strategy for Memories of Kurdistan is to establish prices above the average street prices of arts and crafts. This is because the quality and uniqueness will be far higher than the average items to be found from street vendors.

7. Financial Plan and Projections

The following financial statements provide an overview of the financial plan for Memories of Kurdistan:

Statement of Start Up costs:

Item	Number Needed	Cost Each	Total Cost
Facilities and equipment			
Rental of shop	4 months	\$2 000	
Till/cash register	1	\$6 000	
Counter	1	\$5 000	
Shelves	15	\$1 000	
Security Door	1	\$4 000	
Computer	1	\$5 000	
Printer	1	\$1 000	
Telephone	1	\$500	
Shop fittings	1	\$5 000	
Sub total A			
Staff			
Shop manager	4 months	\$4 000	
Cashier	4 months	\$2 000	
Book keeper	4 months (part time)	\$1 000	
Sub total B			
Other Items			
Market research	1	\$8 000	
Stock of souvenirs	Enough for shop	\$15 000	

Operating costs (excl staff, inc electricity, etc)	4 months	\$3 000	
Sub total C			
Total for A, B and C			
Contingency*	10%		
Total start-up costs			

Cash flow statement:

	January	February	March
Opening balance	10 000	10 500	12 500
Cash sales (A)	6 000	8 000	9 500
Expenses:			
Stock purchases	500	1 000	1500
Rent	2 000	2 000	2 000
Electricity	500	500	500
Insurance	500	500	500
Staff salaries	2 000	2 000	2 000
Total expenses (B)	5 500	6 000	6 500
Cash increase/decrease (A-B)	500	2 000	3 000
Closing balance*	10 500	12 500	15 500

Income Statement:

Revenue/Income		
Sales		\$32 000
Less cost of sales:		
Opening stock	\$35 000	
Plus Purchases	\$7 000	
Less Closing stock	\$28 000	\$14 000

<u>Gross Profit</u>		<u>\$18 000</u>
Administrative and general expenses	\$750	
Administrative expenses	\$1 250	
Advertisements	\$195	
Insurance	\$3 000	
Rent	\$95	
Depreciations (shop fittings and equipment)	\$5000	
Staff salaries and wages		\$10 290
<u>Net profit/ (loss) for the year</u>		<u>\$7 710</u>

8. Appendices and supporting documents

- CV of Ahmed Mohammed
- Letter of approval to lease the shop premises from Mountainside Resort
- Plan of the shop
- Quotation for shop fitting