



Michigan's Great Haven Resort Business Plan

MGT312

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Executive Summary

Michigan's Great Haven is a premier resort combining the enjoyment of a natural wooded setting with the relaxation and amenities of highly rated hotels. Guests will enjoy year round outdoor activities on our private land (zoned for commercial use), featuring 160 acres of wooded landscape and 4 small lakes (one stocked with fish). After enjoying the outdoor activities, the resort's 180 rooms afford amenities designed to cater to our guests' every need. Package pricing will be used to provide three choices on the level of resort features guests can enjoy.

This unique resort integrates the outdoors feel and closeness of a campground, with features that only upscale hotels can boast. The central location, just northwest of Clare, Michigan, offers easy access from all of Michigan's major interstates and highways. Over 5.9 million urban Michigan residents are within a 2½ hour drive of the resort (State of Michigan Census, 2002).

The expert management team is headed by a limited-liability corporation (LLC) of six persons, whom will oversee the operations of the resort. This LLC has invested one million dollars into the startup cost; additional funding of seven million dollars is sought to complete the resort, and make this dream a worthwhile and prosperous reality.

Mission and Vision Statements

Mission Statement

Provide for the enjoyment and relaxation of our guests, using the many amenities of our location. We value the contributions of our employees and stakeholders, and work towards the promotion and preservation of our locale's natural resources. Our team is dedicated to delivering unparalleled service and superior hospitality, to meet and exceed our guests' expectations and satisfaction.

Vision Statement

To be the premier vacation destination in the Midwest, with a reputation based on distinction, and built on excellence. To continuously expand upon the opportunities and experiences that we offer our guests, through the use of our natural resources/location and interaction with our team of quality professionals.

Business Objectives/Goals

The primary goals and objectives of this company are to:

1. Obtain a seven million dollar bank loan to cover building costs, land development, salaries, advertising and initial start up expenses. Additionally, this loan will provide extra operating capital in the approximate amount of one million dollars, to be used for the first 2-3 years while the resort becomes known and its reputation established.
2. Hire, train and maintain a staff of qualified professionals that share the Ownership's vision of providing the highest levels of service and quality to each and every guest.
3. Design and implement a cost-effective marketing/promotions plan to maximize awareness and interest with prospective guests.
4. Establish a strategic alliance with Central Michigan University, to provide: (1) Student-guided nature tours at the Resort; and (2) summer interns and temp positions (Central Michigan University, 2002).
5. Establish a strategic alliance with Snow Snake Golf and Ski resort in Harrison, for referral business between the two companies.
6. During the first year of operations, achieve an average summer weekday occupancy rate of 35%, weekend occupancy of 65%; and Winter weekday occupancy rate of 20%, weekend occupancy of 45%. Develop and maintain a 15% rate of repeat and referral visits.

Description of Business

Michigan's Great Haven Resort is an upscale hotel and nature preserve scheduled to begin operations in May, 2003. The twelve-story resort, *uniquely designed in the shape of the Lower Peninsula of Michigan*, features 180 rooms (10 handicapper-accessible) with the following three levels of comfort:

- Standard (120 rooms, priced \$120 - \$160): Two queen-size beds, or one king-size bed and one deluxe sofa sleeper.
- Efficiency (48 rooms, priced \$160- \$200): Two queen-size beds, or one king-size bed and a deluxe sofa sleeper; in-room whirlpool or kitchenette with microwave and refrigerator.
- Two-Room Suites (12 rooms, priced \$200 - \$250): Two king-size beds plus in-room whirlpool and kitchenette with microwave and refrigerator, DVD player (free movies) and a fireplace.
- All rooms include satellite TV with remote control and alarm clock radio.

Two on-premise restaurants are available; the first is "Piece of Haven," a buffet style eatery (where complimentary continental breakfasts will be served). The other is "7th Haven," an upscale restaurant showcasing fine food and Michigan wines. Both restaurants are located at the top of the resort, with a great view of the resort property.

Other amenities include indoor and outdoor heated pools, whirlpool, sauna, exercise room, the "Made in Haven" country store, a sports/arcade center, and a toddler's activity center.

The resort's natural setting allows for both challenging and relaxing forms of entertainment. In the warm months, hiking, fishing, disc golf, paddleboats, tennis, volleyball, basketball, shuffleboard, and horseshoes will be available. On the weekends, there will be nightly bonfires with free refreshments. During the colder months skating, cross-country skiing, ice fishing, snowshoeing and sledding take hold. Afterwards guests will enjoy hot beverages and fresh-made cookies around the fireplace in our lobby.

Our affiliation with Central Michigan University provides the resort with nature experts studying for majors in the Recreations, Parks and Leisure Administration curriculum, and summer temporary positions and a talent base for future resort positions from the Hospitality Services Administration curriculum.

Ownership Team

Our ownership team has created a limited liability company named G.R.A.N.D.E. (Gateway Resort and Nature Development Enterprises), led by the following individuals:

- Brian is our Chief Executive Officer and Chief Information Officer. Brian has worked for two prominent Banks in the Financial Services field for 18 years, including 11 years in various technical and management positions. He also has 7 years of restaurant and bar experience.
- Roy is our Chief Operations Officer. Roy has 19 years of Financial Services experience both in Operations and Customer Service areas. Previously, he has worked in the retail industry for 10 years.
- Lisa is our Chief Finance Officer. Lisa was appointed City Treasurer for the City of DeWitt, Michigan in October, 2000. Previously, she was the Deputy Treasurer for Meridian Charter Township for five years, and has worked in the accounting field since 1986.
- Karol is our Human Resources and Benefits Director. Karol has 12 years of financial and benefits administration experience, including 4 years in the Hospitality Industry while employed at the University Club of Michigan State University. Karol comes to us from Nursepro, Inc. where she was the Director of Finance and Human Services.

Competition

At Michigan's Great Haven Resort, our combination of features and amenities are unique; our closest competitors based on distance (within 100 miles) and features/offerings are:

Cadillac area:

McGuires Resort - A variety of rooms-some w/whirlpools (\$99-\$199 for two people), one bedroom suites (\$159-\$199), tennis, heated indoor pool, sauna, whirlpool, snowmobiling, tobogganing, basketball, horseshoes, shuffleboard, volleyball, golf, cross country skiing, game room, gift shop, valet laundry, conference facilities, Lighted Nordic ski trails, Terrace Room Restaurant, Curly's Bar & Grill

Camp Cadillac - 65 acres, camping, camping cabins, open 4/15 to 10/15, groceries, coin laundry, outdoor pool, fishing, hiking trails, playground, rec. room, basketball, horseshoes, volleyball

Mt. Pleasant area:

Soaring Eagle Casino & Resort- rooms some w/whirlpools (\$119-\$209 for two), one bedroom suites (\$299-\$369), heated indoor pool, whirlpools, steam rooms, children's program, playground, spa & salon packages, conference facilities, 2 restaurants, deli, cocktails

Deerfield Nature Park - 591 acres, accessible by boat or trail, camping, river access, swimming, fishing, cross country skiing, sledding, nature trails

Ludington area:

Mason County Campground - 300 acres, camping, beach, swimming, 18 hole disc golf course, hiking trails, playground, radio-controlled flying field

Vacation Station Park - 25 acres, camping, wooded, groceries, laundry, heated outdoor pool, whirlpool, children's program, playground, recreation room, basketball, horseshoes, volleyball

Houghton Lake area:

Holiday on the Lake - room (\$60-\$120), one bedroom vacation rental (\$100-\$110), restaurant, cocktails, boat dock, fishing, snowmobiling, playground, basketball, horseshoes, shuffleboard, volleyball, dinner cruise boat, video games, sports bar, meeting rooms

Best Western Beachfront - rooms w/whirlpools (\$89-\$169), heated indoor pool, whirlpool, boat dock, fishing, snowmobiling, exercise room, game room, valet & coin laundry, meeting rooms

Gaylord area

Marsh Ridge Resort - rooms (\$129-\$159), secluded, wooded grounds, some rooms have two-person whirlpool tubs, one bedroom and two bedroom units, one and three bedroom suites (\$115-\$135), restaurant, cocktails, heated outdoor pool, sauna, whirlpool, golf-18 holes, cross country skiing, hiking trails, driving range, gift shop, meeting rooms

Gaylord Michaywe Wilderness Resort KOA - 77 acres, camping, north branch of Au Sable River, open 4/26 to 10/12, groceries, coin laundry, heated outdoor pool, golf driving net, playground, rec. room, basketball, horseshoes, shuffleboard, volleyball, kayak, miniature golf

Traverse City area

Bayshore Resort - rooms (\$149-\$215), one bedroom suites (\$180-\$320) with whirlpools, heated indoor pool, whirlpool, exercise room, game room, coin laundry, meeting rooms, free continental breakfast, jet boat, jet skis

Grand Traverse Resort & Spa - rooms (\$235-\$255), one, two and three bedroom suites (\$265-\$825), honor bars, restaurants, 2 heated outdoor pools, 2 heated indoor pools, sauna, whirlpools, paddleboats, fishing, cross country skiing, snowmobiling, ice-skating, children's program, recreation program, social program, bicycles, hiking trails, jogging, playground, basketball, volleyball, charter fishing, golf, tennis courts, game room, gift shop, massage, valet laundry, conference facilities, business center

Crystal Mountain - rooms (\$70-\$280), scenic year-round resort, two bedroom suites (\$110-\$350), three bedroom vacation rentals (\$250-\$840). Restaurant, deli, heated outdoor pool, heated indoor pool, whirlpool, cross country skiing, snowmobiling, ice skating, children's program, hiking trails, exercise room, golf-36 holes, golf equipment rental, golf instruction, practice center, family golf clinic, junior golf privileges.

Applicable Laws and Regulations

The following licensing, permits and legislation apply to the development and ongoing operations (Small Business Administration, 2002):

Business Licenses:

- Application for Registration of Domestic Limited Liability Partnership, obtained and filed through the Secretary of State.
- Assumed Name Certificate, as we're conducting business under the Partnership's name. This is issued by the County Clerk's office.
- Certificate of Occupancy: Needed as we will be occupying a new building for a new business. Obtained from a city or county zoning department.

Trademarks: Register our company logo, through the Federal Registration of Trademark and Patent (U.S. Department of Commerce, Trademark Office 2021 Jefferson Davis Highway, Arlington, Virginia 22202)

Liquor License: For use with the "7th Haven" restaurant. Obtained from the State Liquor Control Commission

Taxes: Business owners are required to withhold the following from employee wages: federal and state income taxes and FICA (Social Security) Insurance. Income taxes will also be assessed by the federal and state governments on earnings of any business, and each business must file an income tax return with both agencies. Businesses may be required to file estimated tax returns and pay estimated taxes on a quarterly basis.

Business Insurance: Business Insurance to protect the contents of our business against fire, theft and other losses; Liability Insurance to protect us from incurring various forms of liability while we conduct normal business activities. Property Insurance to cover property and insure the continuation

of our business and the amount of insurance needed to rebuild. Business Interruption Insurance to pay our taxes, utilities and other continuing expenses during the period of time when your business is not operational.

Sales Tax Number: Due to our business' retail purchases. Required before opening, and will be obtained from the Michigan State government.

Unemployment Insurance Tax: Required by the State to pay unemployment insurance tax, since our company will have one or more employees for 20 weeks in a calendar year. This must be reported and returns made to the state.

Immigration Act: The Federal Immigration Reform and Control Act of 1986 requires us to verify the employment eligibility of new employees.

Health and Safety: OSHA outlines specific health and safety standards we must provide for the protection of employees.

Workers' Compensation: Must be carried to provide protection to those injured in on-the-job accidents.

Minimum Wage: Subject to the federal minimum wage, overtime and child labor laws.

Americans with Disabilities Act: Provide accessible rooms and common areas

Marketing Plan

The Michigan Great Haven Resort will use a diverse strategy to attract and retain customers, as follows:

Advertising: Television, radio, and print media will all be incorporated into the strategy of Michigan's Great Haven Resort to develop customer awareness pertaining to location, amenities, and features. Over \$210,000 will be spent on advertising during the first year; and it will be focused in the major metropolitan areas of the central and southern portions of lower Michigan.

Association membership(s): Many guests will look to regional and national hotel and lodging associations for information. Michigan's Great Haven Resort will be listed in these guides. Another perk of membership is visibility on the associations' web sites with a link to ours. Michigan's Great Haven Resort will also be a member of the Clare County Chamber of Commerce.

Referrals: Michigan's Great Haven Resort will allow for discounts to current and perspective customers. The amount of the discount will depend on the length of stay and the cost of the room. Strategic relationships: Michigan's Great Haven Resort will develop a partnership with the State of Michigan and predominant regional businesses; when groups are in need of finding rooms for conferences and retreats they will use Michigan's Great Haven Resort.

Web site: The MGHResort.com web site will be a full-service web site that allows visitors to view the Resort, see specific amenities it offers and to review rates/book a reservation. Approximately \$40,000 will be invested into registering our site and integrating the online and resort reservation systems.

Marketing Mix

The marketing mix of Michigan's Great Haven Resort is comprised of the following approach to price, advertising, and customer service:

Price: Pricing is based on a room rate. The rate is arrived at in terms of its market value based on size, amenities, view and time of year.

Advertising: The most successful traditional advertising will be with the media. The web site will also be used in marketing activities.

Customer Service: Obsessive customer attention is the standard. In the long run, this investment will pay off with fierce customer loyalty.

Research

During the initial phase of plan development, focus groups were held to gain insight into a variety of Resort patrons. These focus groups provided useful information into the decision-making processes of consumers. In the final phase of plan development, family, friends and former associates will be brought in to enjoy the Resort and provide feedback and constructive criticism. Then the media will be invited for a complimentary weekend, in exchange for published reviews in their respective media area.

Target Market Share

Our primary target segment is individuals and families from Michigan's major cities in the Lower Peninsula, with medium to upper-level incomes. Prospective customers will be age 21-60, and located within a 2½ hour drive time from the resort (primarily from cities to the south of our location). These guests desire a serene and relaxing locale, with posh amenities, which is located within a convenient drive timeframe.

The secondary target segment are business people and vacationers from throughout the Midwest. These people are either specifically headed to the Resort for scheduled retreats or conferences, or are passing through Clare whom prefer to stay at a Resort instead of a hotel.

We aim to be the premier resort of choice within a 100-mile radius of our location, attracting a 30% market share from existing upscale resorts and hotels within this radius, and 10% market share from new business (those persons that normally wouldn't have looked to stay in an upscale resort, but find the location to be ideal and price to be competitive).

Financials

Initial financing will be provided by a business loan in the amount of \$7,000,000.00 from Standard Federal Bank. This loan will have an interest rate of 5.50% and will be payable over the next thirty years. The first year of business will have the largest expenses with the purchasing and development of the land, construction of the resort, and supplying the resort with the necessary interior furnishings. After all expenses, the Resort will still have a positive estimated cash balance of roughly 1.35 million dollars for year end 2003 (see Figure 1).

A five-year budget is also included (see Figure 3); this budget includes a major renovation of the land, hotel and equipment in fiscal year 2008 of \$1,000,000.

References

- Central Michigan University (2002), *Major: Hospitality Services Administration*. Retrieved November 9, 2002 from the World Wide Web: http://mkt.cba.cmich.edu/degrees/major_hsa.htm
- Central Michigan University (2002), *Outdoor and Environmental Recreation*. Retrieved November 9, 2002 from the World Wide Web: http://rpl.cmich.edu/undergrad/major_outdoor.htm
- Michigan Census (2000), *Profile of General Demographics Characteristics: 2000*. Retrieved November 15, 2002 from the World Wide Web: http://www.michigan.gov/documents/MSA_28070_7.pdf

Figure 1: Estimated Income Statement, for 12 months ending December 31, 2003

Revenues		
Room Rental	\$4,563,600.00	74.99%
"7th Haven" Restaurant	\$710,000.00	11.67%
"Slice of Haven" Restaurant	\$740,000.00	12.16%
"Haven Sent" Store	\$58,425.00	0.96%
Resort Rentals	\$13,300.00	0.22%
Total Revenues	\$6,085,325.00	100.00%
Cost of Goods Produced	\$870,000.00	
Total Cost of Goods Produced	\$870,000.00	6.84%
Gross Profit	\$5,215,325.00	
Expenses		
Salary-Full Time	\$1,240,000.00	9.74%
Salary-Part Time	\$1,099,500.00	8.64%
Social Security	\$178,972.00	1.41%
Health/Dental/Life	\$376,800.00	2.96%
Retirement	\$54,000.00	0.42%
Uniform Purchase	\$24,560.00	0.19%
Insurance	\$10,400.00	0.08%
Advertising	\$250,000.00	1.96%
Utilities	\$824,800.00	6.48%
Capital Outlay-Building	\$6,225,000.00	48.91%
Capital Outlay-Land	\$399,000.00	3.14%
Capital Outlay-Equipment	\$647,000.00	5.08%
Loan	\$490,200.00	3.85%
Property Taxes	\$25,000.00	0.20%
Telephone	\$12,000.00	0.09%
Total Expenses/COGS	\$12,727,232.00	100%
Net Income (Loss)	\$(6,641,907.00)	
Add Initial Investment	\$1,000,000.00	
Add Loan	\$7,000,000.00	
Ending Cash Balance	\$1,358,093.00	

Figure 2: Estimated Balance Sheet, as of January 1, 2004

ASSETS

Current Assets

Cash-Partners Invested	1,000,000.00
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Cash- Loan	7,000,000.00
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Total Current Assets	8,000,000.00
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Property and Equipment

Land	399,000.00
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Buildings	6,225,000.00
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Equipment	647,000.00
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Total Property and Equipment	7,271,000.00
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Total Assets	15,271,000.00
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LIABILITIES AND CAPITAL

Long-Term Liabilities	7,000,000.00	
	<hr/>	
Total Long-Term Liabilities		7,000,000.00
		<hr/>
Total Liabilities		7,000,000.00
Capital	8,271,000.00	
	<hr/>	
Total Capital		8,271,000.00
		<hr/>
Total Liabilities & Capital		15,271,000.00

Figure 3: Five Year Estimated Budget, Years 2004 through 2008

EXPENSES	2004	2005	2006	2007	2008
DESCRIPTION	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
Salary – Full Time	\$1,302,000	\$1,367,100	\$1,435,455	\$1,507,227	\$1,582,588
Salary – Part Time	\$1,132,485	\$1,166,460	\$1,202,455	\$1,238,530	\$1,275,685
Social Security	\$186,238	\$198,817	\$201,800	\$210,050	\$218,658
Health / Dental	\$414,480	\$459,928	\$501,520	\$551,672	\$606,839
Retirement	\$54,000	\$205,065	\$215,318	\$226,084	\$237,388
Uniform Purchase	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Insurance	\$11,440	\$12,584	\$13,842	\$15,226	\$16,749
Telephone	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Advertising	\$125,000	\$75,000	\$50,000	\$50,000	\$50,000
Utilities	\$907,280	\$998,008	\$1,097,808	\$1,207,589	\$1,328,348
Maintenance	\$25,000	\$25,000	\$25,000	\$25,000	\$250,000
Operating Supplies	\$913,500	\$959,175	\$1,007,133	\$1,057,489	\$1,110,363
Miscellaneous	\$5,000	\$5,000	\$5,500	\$5,500	\$5,800
Capital Outlay - Building	\$0	\$0	\$0	\$0	\$250,000
Capital Outlay - Grounds	\$25,000	\$25,000	\$25,000	\$25,000	\$250,000
Capital Outlay – Equipment	\$0	\$0	\$0	\$0	\$250,000
Loan Repayment	\$490,200	\$490,200	\$490,200	\$490,200	\$490,200
Property Taxes	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Expenses	\$5,615,623	\$6,011,337	\$6,295,031	\$6,633,567	\$7,946,618
REVENUES					
Rooms	\$5,019,960	\$5,521,956	\$6,074,151	\$6,681,566	\$7,349,722
7th Haven Rest.	\$781,000	\$859,100	\$945,010	\$1,039,511	\$1,143,462
Slice of Haven	\$814,000	\$895,400	\$984,940	\$1,083,434	\$1,191,777
Haven Sent Store	\$61,500	\$64,575	\$67,803	\$71,193	\$74,752
Resort Rentals	\$14,000	\$14,700	\$15,435	\$16,206	\$17,016
Total Revenues	\$6,690,460	\$7,355,731	\$8,087,339	\$8,891,910	\$9,776,729
Estimated Net Income	\$1,074,837	\$1,344,394	\$1,792,308	\$2,258,343	\$1,830,111