

The background of the image is a collection of various wooden kitchen items, including spoons and bowls, some of which are placed in a woven basket. The items are made of light-colored wood and some have intricate carvings on their handles. A tablet is positioned in the upper right quadrant, displaying a logo that reads 'EUROPE TOUR' in blue capital letters over a white map of Europe. The text 'MODULE 8' and 'DEVELOPMENT OF A BUSINESS PLAN' is overlaid in white capital letters at the bottom center of the image.

**EUROPE
TOUR**

**MODULE 8
DEVELOPMENT OF A
BUSINESS PLAN**



CULTURAL TOURISM TRAINING COURSE MODULE 8 – DEVELOPMENT OF A BUSINESS PLAN

This Training Module is part of the Cultural Tourism Training Course which has been developed within the Erasmus+ Strategic Partnership EUROPETOUR, a European initiative aimed at unlocking the economic potential of Europe's outstanding cultural treasures and empowering rural areas to harvest the potential of cultural tourism.

You can find more information at the homepage: <http://www.europetour.tips>

Pictures: Karin Drda-Kühn, Wolfgang Eisenreich, Kees Grootswagers, Elena Paschinger

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1 Introduction

Why should you make a Business Plan for your cultural tourism activities? Well, of course you don't need a Business Plan if you volunteer for culturally interested guests in your region, if you work a few hours a week in the local tourism organisation or if you want to earn a little extra money as a guide. But if you want to earn income from cultural tourism and professionalize your cultural tourism products or services, you will hardly be able to avoid a Business Plan. And that is what the EUROPETOUR training modules are all about: How can cultural tourism generate income in structurally weak rural regions and what qualifications are required for this?

The following explanations and information will help you if you are thinking about or have already decided to make cultural tourism your profession. You will learn how to position yourself professionally in order to be an entrepreneur. You will recognize many things that you have already learned in the other EUROPETOUR Training Modules. The exercises shown in the modules are to a certain extent "finger exercises" for your future Business Plan.

Your Business Plan as entrepreneurial guide

What does "Business Plan" mean? This term, which originally comes from the USA, is used as synonym for "company concept" or "business concept". A Business Plan describes your business idea with the aim of implementing this idea in your cultural tourism project.

The Business Plan comprises two parts:

- Written formulation of your business idea with regard to your cultural tourism products, services, customers, and marketing (text section)
- Planning for financing, planned revenue and expenditure, (financial part).

The completed and printed Business Plan should comprise a maximum of 30 to 35 pages in total, so that it can be read by possible donors, such as banks or promotion agencies, in a short time!

The plan is to be written for three to five years into the future. You should plan in the first year on a monthly basis, in the following years you can also plan annually!

In the following pages, you will find a template for all the relevant aspects which a Business Plan for a cultural tourism enterprise should contain:

1. Confidentiality agreement
2. Executive summary
3. Description of your cultural tourism project
4. Market analysis
5. Marketing/sales strategy
6. Staffing and operations
7. SWOT and risk analysis
8. Financial projections



9. Funding requirements
10. Appendices

Please note: Contrary to the Modules 1 to 7, this Module does not contain exercises. The exercise for you is to write your own Business Plan, and if you have done it well, then it will soon become your own (and confidential!) good practice example!

However, at the end of this Module you will find two best practice examples which you may find helpful.

The language of the business plan

In the following chapters you will probably find many terms that you do not know or whose content may not be clear. Familiarize yourself with them, there are also numerous sources of information. Every Chamber of Commerce can and should help you, because it will continue to be an important contact for you in the future. When you start and run a business, you will always be confronted by these terms. The formulation of your business plan is an excellent opportunity to get to know them!.



2 Confidentiality Agreement

Your Business Plan should contain a confidentiality agreement. Use this or a similar text.

“The undersigned reader acknowledges that the information provided in this Business Plan is confidential; therefore, the reader agrees not to disclose it without the express written permission of <<Promoter>>.

It is acknowledged by the reader that information in this Business Plan is in all respects confidential in nature, rather than information that is in the public domain through other means, and that any disclosure or use of this confidential information by the reader may cause serious harm or damage to <<Promoter>>.

Upon request, this document is to be immediately returned to <<Promoter>>.

Signature

Name (printed)

Date

This is a Business Plan. It does not imply offering of securities.



3 Executive Summary

This section should not be completed until the Business Plan is written. It will highlight all milestones in your cultural tourism project development over the next five years. It should sum up the following areas:

- Purpose of the plan
- Your cultural product(s) and/or service(s) and their benefits
- Market opportunity
- Management team
- Financial projections
- Funding requirements

Financial projections should be summarised and highlighted. We suggest the following format:

	Year 1	Year 2	Year 3
Income			
Expenses			
Net Profit before Tax			
Equipment expenditure			
Net cash needed			
Cumulative net cash needed			
Number of people employed			
Employment in full time equivalent			

Remember that the reader of this Business Plan (sponsor, financing institution, potential investor, etc.) often makes a provisional judgement based on the executive summary, and that their decision to read the main body of the Business Plan will depend on the information presented here. The appendices at the back of the plan contain more detailed information to support the main text of the Business Plan.



4 Description of your cultural tourism project

Description of the people involved in starting your business

- Promoters
- Management structure and areas of responsibility
- Shareholders' names, percentage of shareholding
- cash investment to date

Advisors

Perhaps you are considering getting external help to draw up your Business Plan. Many countries provide financial and substantive support for this. There are many such offers on the market, but we make no secret of the fact that it is a market whose representatives have very different qualifications. We would therefore like to give you the following check-list when selecting an external consultant:

- The consultant should have already drawn up business plans in a touristic context. Please ask for relevant examples.
- S/he should have an understanding of culture and tourism proven by education or experiences.
- S/he should know which sources can be used to (co-)finance this advice for your start-up.
- S/he should be certified by a Chamber of Commerce or be a member of a pool of experts organised and/or funded by a public body.
- S/he should have accompanied start-up processes for several years.
- S/he should be willing to communicate his/her references in the field.
- S/he should have an extensive cultural touristic network and thus act as a "door opener" for your business.
- IS/he should be remunerated according to performance (e.g. by participation in a project to be applied for).
- S/he should give a binding statement about his/her available time and actively complete tasks instead of "just" advising.

Ultimately, you should formulate your Business Plan with passion and enthusiasm - for yourself and for other people who you can best infect with your enthusiasm for your idea.

In any case: Financial, legal, and other advisors should be listed, with names, addresses and contact details.



Products and services

Explain clearly what your cultural product or service is and what it does:

- Background to its development
- Benefits and features
- Unique selling points
- Advantages to customers and others
- Disadvantages or weak points
- Future developments

Long Term Aim of the Business

State the long-term aim of your (new) business.

Objectives

State the specific milestones to be achieved by your cultural tourism project over the next five years (sales, employment, product diversification, etc).



5 Market Analysis

This section covers your market research and competitor analysis. You must show that you have done the market research to justify the projections made in your Business Plan. You must demonstrate that there is a viable market and that you can beat the competition in the market.

Target Market

The market to which you are planning to sell the cultural tourism products or services. Analyse the segments of this market as follows:

- Size of each market segment
- Is this segment growing or declining?
- Characteristics of potential customers in each segment
- Special needs of potential customers

Total Market Valuation

Show the total potential value of the market for this type of product or service, in all your target market areas.

Target Revenue

These figures are the basis for the income figures in your financial projections and must be based on realistic assessments. Include average deal size, length of income cycle, recurring revenues

Market Trends

Analyse what is happening in the market:

- Recent changes (e.g. what does the European General Data Protection Regulation GDPR mean for your business?)
- Future predictions (e.g. how relevant will Intellectual Property Rights' issues be for your business?)
- Drivers such as demographic changes, economic and legislative factors (e.g. how will you consider the needs of disabled or elderly persons?)
- Implications for your product or service (e.g. will you guarantee barrier-free access?)
- Your plans to meet future demands and changes in the market
- ...



Profile of Competitors

Analysis of your competitors in the market:

- What are the competing products and services?
- Profile of key players (company size, turnover, profitability, etc.) and their market share
- Advantages and disadvantages of the competitors' offerings
- ...

Competitive Advantage

This is your assessment of why potential customers will choose to buy your cultural products or services in place of those profiled above. Advantages may include:

- Unique features
- Price
- New technologies or systems
- Better value for customers
- Include any independent validation or case studies
- ...

Benefits to Clients

This is what your cultural product or service provides to potential customers in terms of their expectations and needs. What will buying your product or service actually do for your customer?

This aspect maybe very important to certain clients, e.g. elderly persons, disabled persons, persons in wheel-chairs or young families with push-chairs. Explain what you will do specifically for them and demonstrate with supportive data.



6 Marketing/Sales Strategy

This section sets out your strategies for reaching your target market, raising their interest in your product or service, and actually delivering the product or service to them in sales.

Marketing Strategy

How you will position your product or service in the cultural tourism market and differentiate it from its competitors:

- Which segments of the market will be targeted?
- How will this be developed to reach the full target market?
- How will you differentiate your products or service?
- What key benefits will be highlighted?
- Which potential customers have you already targeted?
- What contacts can be used to generate market awareness and sales?
- Who will do the marketing: staff, agency, representatives?

Have a look at the EUROPETOUR Module 3 for information.

Revenue Sources

What contributions to revenue and profits will your business have?

Sales Strategy

How you will sell your product or your service to the target market?

- Directly
- Retail
- Agent
- Sales representatives
- Website
- Revenue sharing partners

Analyse for each method the costs involved, whether it will reach the intended market efficiently, the control you would retain over the pricing and positioning, the logistics, and the overall integration within your marketing strategy. State the advantages of the methods you have chosen to sell your product or service.

Have a look at the EUROPETOUR Module 4 for information.



Pricing

How you will set the price charged for your product or service. Considerations include:

- Competitors' prices
- Level of competition in the market
- Perception of quality/price relationship by customers
- Production costs and overheads
- Chain of distribution and the added value at each stage
- The extent to which the buyer can control the price

State how each product or service will be priced, referring to the income sources above.

Marketing and Communications Strategy

How you will promote your product or service in the market:

- Advertising – where, when, how, to whom
- Public relations
- Direct marketing
- Website and internet marketing
- Exhibitions and conferences
- Special groups (e.g. disabled persons)
- Word of mouth

Have a look at the EUROPETOUR Module 5 for information.



7 Staffing and Operations

This is where you will outline the intended structure of your cultural tourism project in terms of management, number of employees, their skills and qualifications, and the physical operational requirements to produce or supply your cultural products or services.

Management (including Board) Organisation Chart

Include a diagram of the way in which the management of your new venture will be organised. This should show the areas of responsibility of each manager and the employees to be taken on over the next three years.

Staffing

State what employees will be taken on over the next three years, with which skills, in which areas of the business. Describe your own qualification(s), skills and experiences as well.

Training Plans

Outline the planned employee and management development to be undertaken in order to maintain a skilled workforce. This should also tie in with future market developments and any new product or service developments.

Operations

State the physical requirements of the business:

- Premises
- Equipment
- Production facilities
- Infrastructure
- Communications facilities
- Costs involved
- Suppliers



8 SWOT and Risk Analysis

SWOT Analysis

The SWOT Analysis is one of several strategic planning tools that are utilized by businesses and other organizations to ensure that there is a clear objective defined for the project or venture, and that all factors related to the effort, both positive and negative, are identified and addressed. In order to accomplish this task, the process of SWOT involves four areas for consideration: strengths, weaknesses, opportunities, and threats. It should be noted that when identifying and classifying relevant factors, the focus is not just on internal matters, but also external components that could impact on the success of the project.

Analyse the strengths and weaknesses of your business and products or services, the opportunities that exist in the market, and the threats to the viability of the project.

- Strengths: attributes of your cultural tourism concept which are helpful to achieving the objective.
- Weaknesses: attributes of your cultural tourism concept which are harmful to achieving the objective.
- Opportunities: external conditions which are helpful to achieving the objective.
- Threats: external conditions which could do damage to your cultural tourism project's performance.

This is best done in a matrix diagram as follows:

Strengths • •	Weaknesses • •
Opportunities • •	Threats • •

Have a look at the EUROPETOUR Module 2 for further information.



Risk analysis

A systematic process is necessary to ensure that all relevant sources of risk are identified. Sources of risk might change, so an important part of the monitoring and review processes is to identify new hazards which might have emerged for your cultural tourism project. You should also indicate the potential to be affected by a risk (risk susceptibility) and how quickly your system can recover from failure (resilience).

The risk analysis should also contain a risk mitigation plan. Donors (or funding institutions) always ask for risk mitigation, because they do not fund or invest in a project that has no exit strategy.

Your risk mitigation plan should identify the objectives to be achieved, actions to be undertaken to achieve these objectives, timelines for these actions to be undertaken, person(s) responsible for each of these actions, and means to assess the success of this plan.

Have a look at the EUROPETOUR Module 2 and 3 for further information.



9 Financial Projections

Key Assumptions

This section reviews the key assumptions used in the financial projections. It is a guide to explain how key figures in the financial projections were arrived at. Included here should be items such as:

- Income sources
- Number of employees projected for each year and their intended salaries
- Projected investment in equipment and materials
- Depreciation allowed for
- Expected rent and rates charges
- Creditor days expected and debtor days allowed
- Expense calculations

This section should be brief and to the point. Further detail regarding these items can be placed in the Appendices.

Profit & Loss Accounts

Attach here projected profit and loss accounts for the first three years of the operation of your cultural tourism project.

Balance Sheets

Attach here projected balance sheets for the first three years of your cultural tourism project's operations.

Cashflow

Attach here a monthly cashflow prediction for the first two years of your cultural tourism project's operations.



10 Funding Requirements

State here the total funding requirements for your business, and how those are intended to be provided. You will also need to state the approximate breakdown of how these funds are to be spent.

Sources

- Promoters' funds
- Bank lending
- Grants or loans from agencies
- Investment already received
- Investment sought
- ...

Required for:

- Equipment
- Marketing
- Staffing
- ...

Have a look at the EUROPETOUR Module 7 for further information.

11 Intellectual Property Rights

Don't forget to discuss copyright issues in your Business Plan! In cultural tourism, copyright might touch your business life on a daily basis. Whether you create a cultural tourism guide or a video clip, transfer music to a film, or take a photo, copyright issues are ever-present. You have to consider the rights of other persons and you have to make sure that your own rights are not neglected.

An Intellectual Property strategy might open up a variety of possibilities to increase value, productivity, competitiveness and innovative capacity of your business. Your Chamber of Commerce can provide you with relevant information.



12 Appendices

This section is used to provide the detailed data on which the main text of the Business Plan is based, and to provide extra information of interest to the readers of the Business Plan. Items for inclusion in appendices vary depending on the nature of your cultural tourism business, but normally include some of the following:

- Promoters' CVs and qualifications
- Detailed financial assumptions
- Most recent audited accounts (if available)
- Share capitalization table and investment history
- Detailed market research findings
- Promotional literature
- Product or service information
- Details of your cultural tourism project website
- Testimonials or letters of intent from customers

Best practice: Support for start-ups in cultural tourism



Generally, support for tourism start-ups and their innovative ideas is provided everywhere in Europe, at local, regional, national and European level. Interested new entrepreneurs are strongly encouraged to check the opportunities that they are offering.

At regional level

The Chambers of Commerce are usually the first contact points for start-ups in tourism. Their advice is given at a regional level. It is mostly free.

At National level (examples from Portugal, Iceland and Italy)

There are also specialized initiatives, which provide support. E. g. the **RE-THINK initiative of Beta-I** is such an initiative. Based in Lisbon, Beta-I is a European entrepreneurship and innovation organization. They help new and established businesses grow the start-up way, by running acceleration and innovation programmes, organizing events, promoting investment and creating work spaces. The initiative has a focus on tourism businesses as well.

<http://rethink.beta-i.pt/2017/03/24/startups-tourism-heres-program-youve-looking/>

Another example is the Icelandic initiative **StartupTourism**, a mentorship-driven business accelerator for Icelandic companies in the tourism sector. Recent years have seen a steep increase in the number of foreign visitors travelling to Iceland. This has created challenges and opportunities for Icelanders. Improved infra-structure, private sector development and innovation is necessary to address these changes and create a sustainable future for tourism in Iceland. With that in mind, Íslandsbanki, Blue Lagoon, Vodafone, Isavia, Iceland Tourism and Icelandic Startups joined hands to create a programme for startups in Iceland. Startup Tourism is completely free and participants keep 100% of their company.

<http://startuptourism.is/en/>

The Italian **Foundation Eduardo Garrone** offers specialized support for cultural tourism start-ups in Italy.

<http://www.fondazione-garrone.it/en/what-we-do/our-startup/cultural-tourism>



At European level

Different funding opportunities for SMEs and start-ups are available from the European Commission. A very good overview is provided here:

<http://startupeuropeclub.eu/eu-funds-and-support/>



Best Practice: The Antonine Wall - UNESCO World Heritage



The UNESCO World Heritage Convention recommends the production of a Management Plan for every site that should be regularly reviewed, evaluated, monitored and updated, so that a site can demonstrate that it has adequate management mechanisms in place to ensure the site's conservation for future generations. However, management plans are not the same as Business Plans, but this is a development plan that stands as an example for a part of a Business Plan for the Antonine Wall. It is an inspiring example as it considers cultural tourism aspects as well.

This management plan acts as a kind of Business Plan for the Antonine Wall. It guides sustainable management to maintain the outstanding universal value of the heritage site. The plan includes additional guidance documents:

Supplementary Planning Guidance which has been produced and adopted by all five of the local authorities:

<http://www.antoninewall.org/sites/default/files/Antonine%20Wall%20SPGr2c-Final-combined%202.pdf>

An Interpretation Plan and Access Strategy that all partners and key stakeholders can use to deliver physical and intellectual access / interpretation projects:

<http://www.antoninewall.org/system/files/documents/Interpretation%20Plan%20and%20Access%20Strategy.pdf>

An Education Strategy

<http://www.antoninewall.org/sites/default/files/The%20Antonine%20Wall%203.1.pdf>

