

BUSINESS PLAN

A TRAVEL WEBSITE

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1.0.Executive Summary

The company will provide a website for tourists for Iran which will be a one-stop solution for all travelers' needs.

The website services are free to users.

The website business model is based on a combination of commission from hotels and income generated from advertising spaces. Although for the first year it will be solely depending on the commission receiving from hotels and the paid-in capital.

The company will use its sales strategy and marketing resources to define a new niche in Iranian tourism market. This niche focus will include domestic tourists who need a one stop shop solution for all their travel needs. We will then define ourselves as the leader in this niche.

It is recommended that the company will be established in the form of an LLC in Mashhad.

The company needs to have a registered office, in which customer services officers will be working at least in two shifts, morning/afternoon and afternoon/evening.

Out of several services offered by the company, hotels reservation facility is the main product of the company which will be the only revenue generation vehicle for the beginning. Other services such as flight information, weather information, events information, etc. are the by-products of this service which will generate traffic for the website.

The website development, including testing and launching will take 4 months.

The company will use its marketing resources to define a new niche in the Iranian tourism market. This niche focus will include Iranians families who visit touristic cities such as Mashhad, Tehran, Isfahan, etc. However, despite the young population of Iran, the following characteristics of tourists' behavior, make it challenging for the company to make profits:

- A large portion of tourists prefer to stay in families' and friends' house or in rental apartments. Just as little as 10% stay in hotels.
- The education of heads of family is typically high school diploma or lower, which makes it less likely to use modern tools such as the Internet to book rooms.
- A large portion of tourists for Mashhad are from working class families, which makes them less likely to use hotels or apartment hotels. Instead, they usually use local people houses and rooms which are available for rental.
- A study shows that a majority of Mashhad visitors choose to find their accommodation on spot by visiting local houses available for short term stay.
- A very small portion of tourists for Mashhad use the airplane to travel. It makes it difficult to generate revenue from online flight reservation.

The following characteristics of the business environment in Iran in general and in tourism industry in particular, make it also challenging to establish this website:

- Although establishing an LLC in Iran is not difficult, getting the required license for working in tourism industry and satisfying the conditions outlined in the law is a major barrier.

- The director needs to assign the Technical Manager who needs to be qualified and also trustworthy, because he or she will have the ultimate power in the company.
- Getting the license in tourism industry does not seem to be easy and it is recommended to purchase this license from the individuals who have already obtained it.
- The technical manager needs to be graduate of a college or educational institute in a course related to travel and tourism industry. He also needs to have minimum of 3 years of experience in a related field.
- The director can be non-resident, however, the technical manager needs to be resident of Iran and based on the recommendation by law, and he or she cannot have another job which might affect his or her role as the technical manager.

The summary of important financial tables comes below:

Start-up Expenses	
Total Start-up Expenses	8,025
Start-up Assets	
Cash Required	25,000
Total Requirements	33,025

Sales Forecast			
Commission from Sales	Year 1	Year 2	Year 3
Total Sales	32,506	67,304	98,180

Personnel Plan			
	Year 1	Year 2	Year 3
Total Payroll	22,220	31,640	34,760

Pro Forma Profit and Loss			
	Year 1	Year 2	Year 3
Sales	32,506	67,304	98,180
Total Cost of Sales	-	-	-
Gross Margin	32,506	67,304	98,180
Gross Margin %	100%	100%	100%

	Year 1	Year 2	Year 3
Sales	32,506	67,304	98,180
Total Operating Expenses	54,068	71,804	75,642
Profit Before Interest and Taxes	-21,562	-4,500	22,538
Net Profit	-21,562	-4,500	22,538
Net Profit/Sales	66.33%	-6.69%	22.96%

Cash Flow			
Cash Received	Year 1	Year 2	Year 3
Cash from Operations			
Subtotal Cash Received	32,506	67,304	98,180

Cash Flow			
Cash Received	Year 1	Year 2	Year 3
Cash from Operations			

Cash Flow			
Cash Received	Year 1	Year 2	Year 3
Cash from Operations			
Subtotal Cash Received	32,506	67,304	98,180

Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Subtotal Spent on Operations	54,068	65,654	69,492
Subtotal Additional Cash Spent	-	-	-
Subtotal Cash Spent	54,068	65,654	69,492
Net Cash Flow	-21,562	1,650	28,688
Cash Amount	25,000	3,438	5,088
Cash Balance	3,438	5,088	33,776

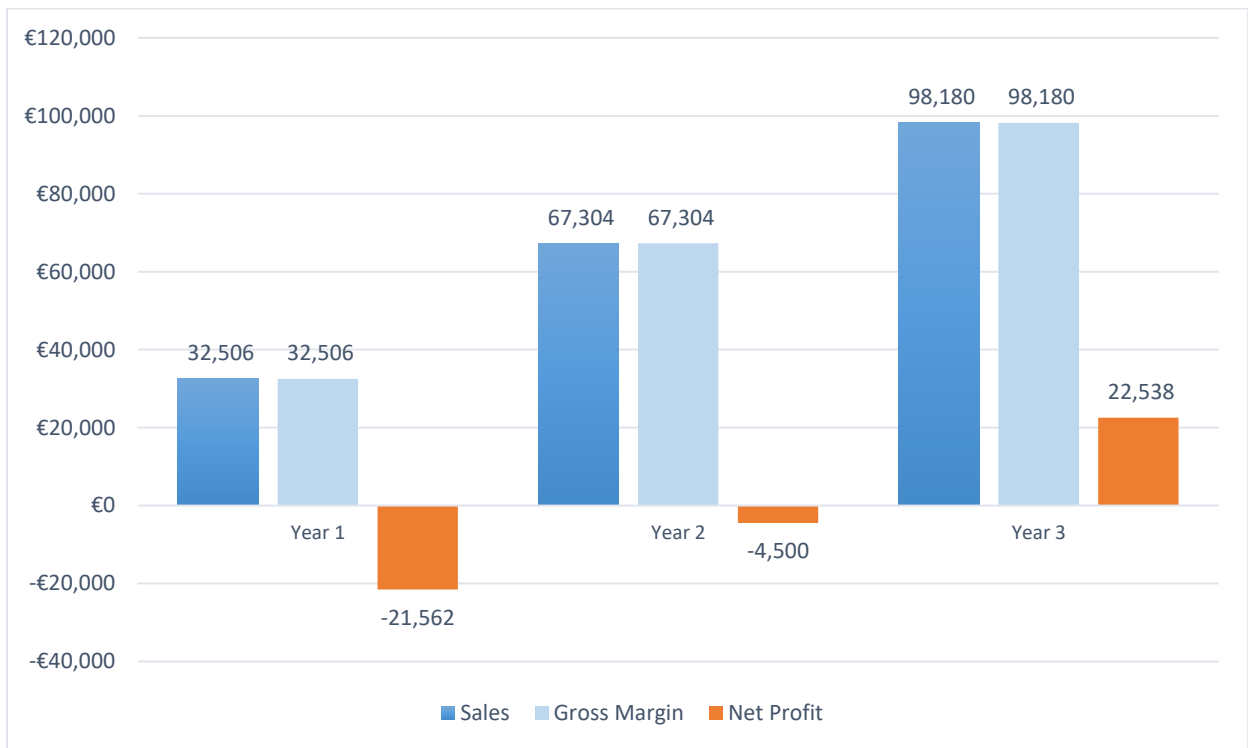
Pro Forma Balance Sheet			
Assets	Year 1	Year 2	Year 3
Current Assets			
Total Current Assets	3,438	5,088	33,776
Long-term Assets			
Total Long-term Assets	-	-	-
Total Assets	3,438	5,088	33,776

Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Subtotal Current Liabilities	-	-	-
Long-term Liabilities	-	-	-
Total Liabilities	-	-	-

Paid-in Capital	25,000	25,000	25,000
Retained Earnings	-8,025	-29,587	-34,087
Earnings	-21,562	-4,500	22,538
Total Capital	-4,587	-9,087	13,451
Total Liabilities and Capital	-4,587	-9,087	13,451
Net Worth	-4,587	-9,087	13,451

From the tables above, the following observations can be made:

- The paid-in capital is 25,000 EUR which will be injected in the beginning.
- The sales in the 3rd year is almost trebled compared to the 1st year, while the operating expenses, including the personnel expenses, has increased in a much lower pace.
- The large proportion of the Operating Expenses is the Personnel Expense.
- The company makes profit in the 3rd year.



1.1. Objectives

The main objectives of the company by the end of first year of operation are:

- 1- To be established as one of top 5 hotel reservation websites in Iran in terms of Alexa ranking
- 2- To offer reservation services for 120 hotels in Mashhad each hotel has full features described in Chapter 3.

1.2. Mission

Travel Site will remove the technology barriers to travel related businesses in Iran such as hotels and restaurants for their domestic customers and also the language barriers for them in dealing with foreign customers.

Success of business requires following actions:

- Establishing a user-friendly multi-lingual website offering a one-stop solution for domestic and international travelers.
- Establishing a well moderated community of users providing genuine reviews about their experience.
- Creating a strong and loyal client base across the country and in the region.
- Building a dynamic Business to Business relationship with owners of hotels, restaurants, event organizers, cinemas, etc.