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Entrepreneurship & Innovation
SBS-MBA / MSC
ASSIGNMENT – KSA - 2020
A BUSINESS PLAN
OF
“TARGET LAUREL HOTEL” A 3-STAR HOTEL
IN DUBAI CITY

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1. Executive Summary

Dubai has drastically developed into a global hub of several kinds of businesses. This city is strategically located, has high-end infrastructures, and many other factors that attract visitors from all over the world. Welcoming these visitors is the hospitality industry that has increasingly presented a lot of investment opportunities in this city. It is under insights that this project aims at creating a strategically positioned three-star hotel in the city of Dubai, herein, the *Target Laurel Hotel*, through renting existing business premises in the outskirt of Dubai city.

The primary goal of *Target Laurel Hotel* is to provide suitable accommodation and breakfast services at reasonably competitive prices. The principal target customers will be international and domestic tourists who value superior centrality of accommodation and breakfast. Specific target customers are mainly leisure tourists, business tourists, and job seekers visitors. Target laurel hotel will use a competitive pricing model as significant market penetration and leadership strategy. The projected sales, gross margin, and net will increase as per the below graph representation.

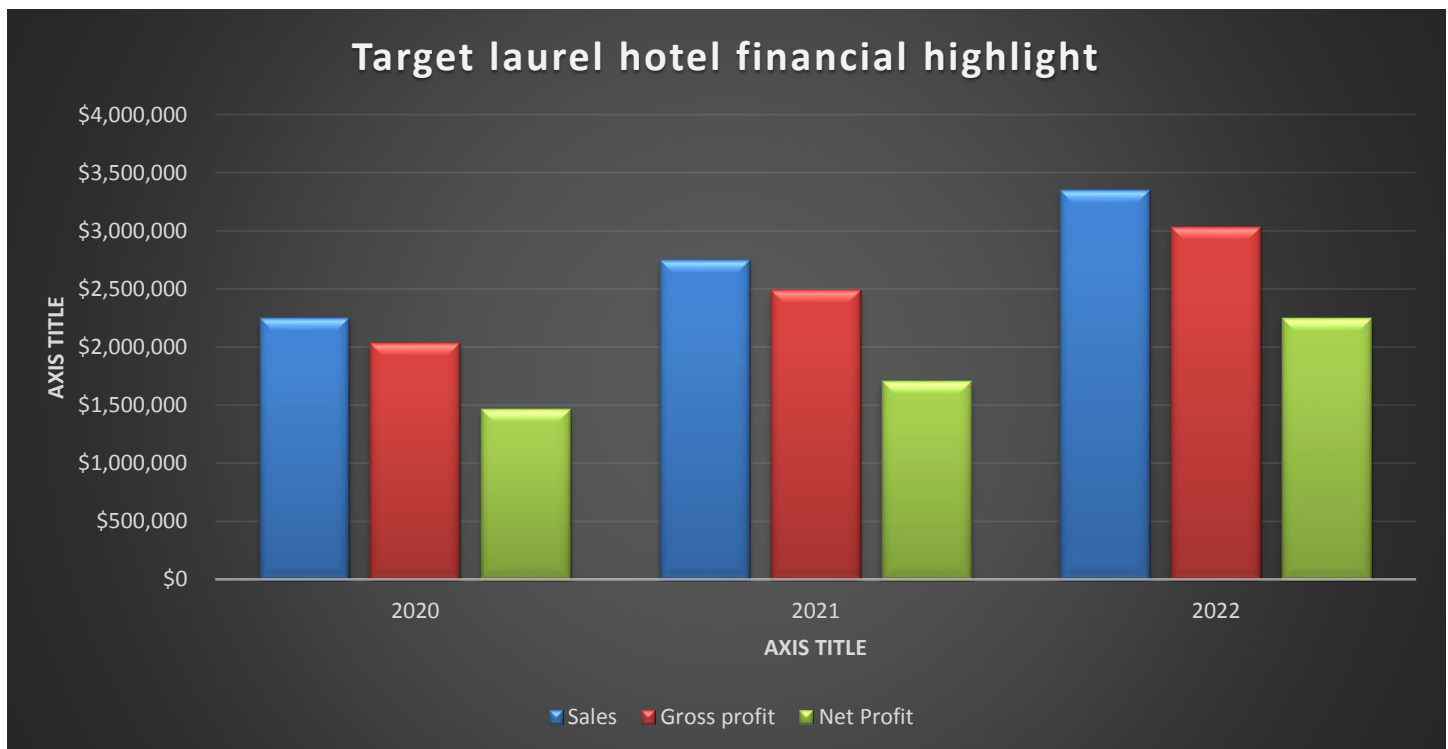


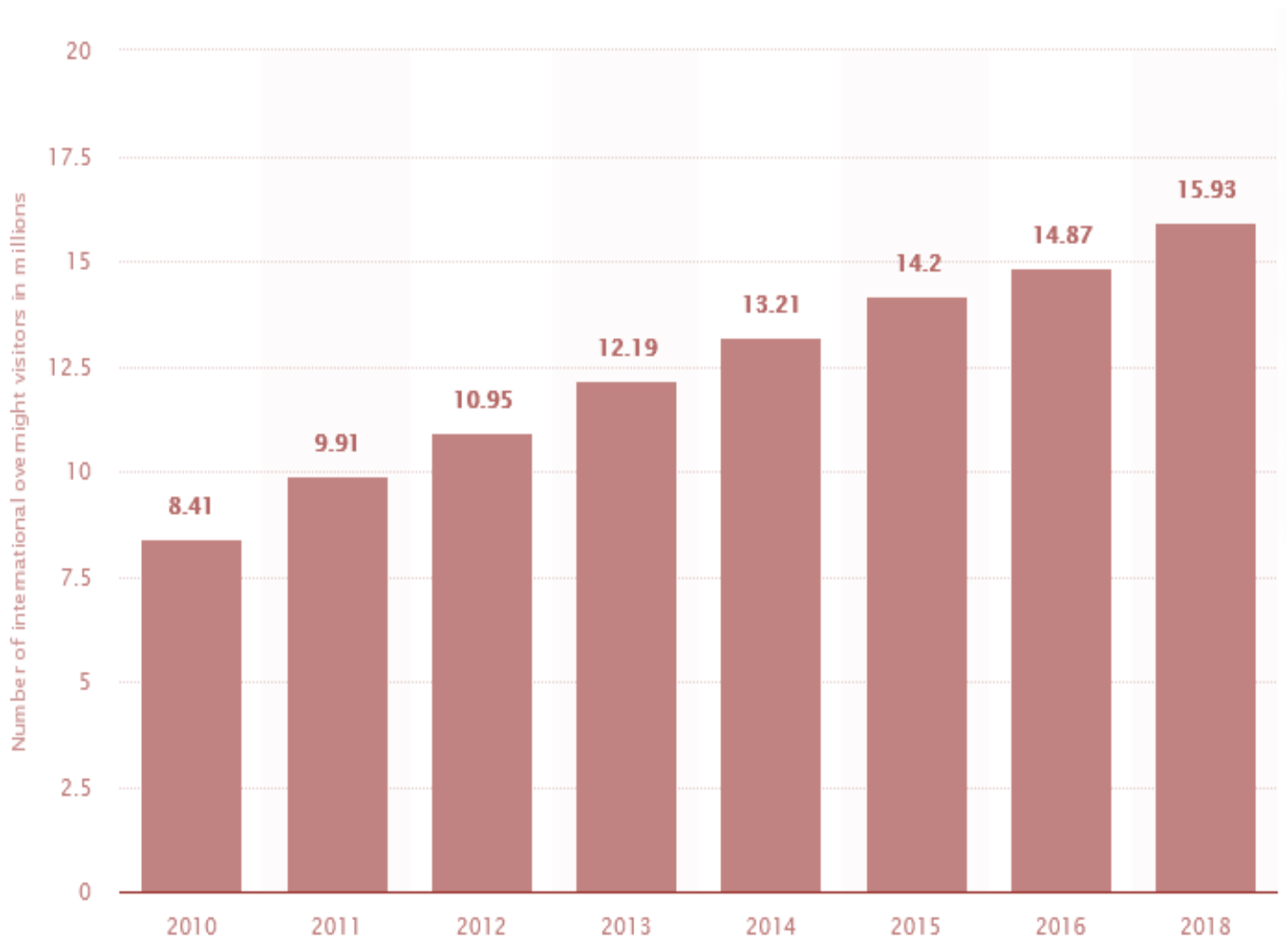


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2. Introduction

Tourism has increasingly become one of the most critical industries across the globe and is characteristic of a constant change and more opportunities for improvement. The changes that occur in the tourism industry usually relate to the appearance of a new offer of services, although sometimes these changes may happen because of other issues like globalization. Increased globalization not only increases the volume of tourists but also acts as an essential factor for changing both their motivations and behaviors. In this regard, it is vital for any business that needs to tap the benefit of tourists to develop a concise business strategy that will, in return, assist it to grow after gaining a competitive advantage.



Dubai Tourism: Number of visitors 2010-2018: Source (Puri-Mirza, 2019)



According to Puri-Mirza (2019), the number of visitors who frequents Dubai has been increasing exponentially. In a span of about of eight years, Dubai city has recorded an increment of tourists by about 65%. The increase in tourist's visitations in this city, in return, expands the opportunities for the hotel industry in this region.

However, competition in this line of business is also high, meaning that the hotel owners should consider thinking more about budget-friendly accommodation over the provision of high-end services. In other words, a balance of quality and price will attract more customers as opposed to the inclination of high-end services alone (Global Hospitality Portal, 2020). This project aims at creating a strategically positioned three-star hotel in the city of Dubai, herein, the Target Laurel Hotel, through renting existing business premises in the outskirts of Dubai city. The primary goal of Target Laurel Hotel is to provide proper accommodation and breakfast services at reasonably competitive prices. The principal target customers will be international and domestic tourists who value the superior and centrality of housing. The vital services for Target laurel hotel will be a full package of accommodation and breakfast. Other services like lunch will be available to the guests on a request basis. The competitive pricing model will follow a cost leadership strategy through process and service optimization.

The scope of this business plan endeavors to explain why Target laurel hotel project implementation is worthwhile. In the plan are aspects like company analysis summary, market analysis, business competitor analysis, business project implementation, management structure, and the financial Forecast of income and loss statement. All these aforementioned key areas get support from a well-thought insight analysis about the project implementation.

2.1 Objectives

Target laurel hotel will be guided and motivated by the following objectives in its first three years after launch, which is the financial year 2020, 2021, and 2022 respectively.

- a) Sales of \$ 2,800,000 in the year 2020 and \$ 3,700,000 by 2022.
- b) A gross margin of over seventy percent
- c) High brand image by 2021



2.2 Mission Statement

Mission: *“To provide top-notch quality and affordable bed and breakfast to tourists, both domestic and international, who value centrality and superior accommodation.”*

2.3 Vision statement

Vision: *“To be the leading hotel company in the provision of the best and affordable family, business, and vacation accommodation experience in our country.”* In other words, although the hotel industry in Dubai is already highly competitive, we purpose to compete until we emerge the industry leaders in this region.

2.4 Core values

Humility:

Target laurel hotel understands that it though humility is fundamental to excellent customer service, and so all our employees will be humble to our guests. Target laurel hotel will treat all customers irrespective of race, religion, origin, lifestyle, and others with the utmost respect

Winning together:

Target laurel hotel will uphold a culture of teamwork in its business operations because "united we stand, separated, we fall."

Loyalty to customers:

By exceeding our expectations, Target laurel hotel will be a better position to develop high customer loyalty

Employee appreciation:

Employees' satisfaction is a significant priority for Target laurel hotel because they are relevant stakeholders of any business. In this regard, Target laurel hotel will endeavor to create a pleasant environment for its employees so that they feel protected, respected, and appreciated.

Innovation:

Target laurel hotel envisions remaining technology consciousness. The innovation will assist in realizing efficient processes and perfecting the marketing model, the hotel facilities, and staff management, among others.



2.5 Keys to Success

The critical success factors (CFS) in the hotel business are many and targets different outcomes. In the case of Target laurel hotel, the following are its major guiding CFS:

- High customer satisfaction through proper management and surpassing customer expectations
- Balancing expert views with considerate care for the customer's needs and preferences
- Demonstrating professionalism in all business processes
- Marketing strategy
- Technological consciousness
- Target marketing
- Loyalty program

Target laurel hotel keeps will keep all those CFSs in mind in its business undertaking so that it will make it possible to realize its strategic goals.

3.0 Company Summary

Target laurel hotel is a local three-star hotel company that will be serving both domestic and international customers in Dubai town and its environment. The hotel will be offering decent hotel accommodation services at affordable and highly competitive prices. However, the primary focus for this project is the clients who travel to Dubai city for various business and professional reasons, meaning they require hotel services for a few hours or days. More so, Target laurel hotel will target internal tourists and leisure seekers who visit Dubai for a couple of days and require an affordable and strategic place to camp. That way, Target laurel hotel will manage to record an uninterrupted occupation year-round.

As a bonus to a superior bed and breakfast, Target hotel will offer free Wi-Fi to its guests. The competitive pricing model will follow a cost leadership strategy through process and service optimization of the hotel operations to reduce costs and usage of resources. The hotel will also keep close monitoring of competition so that it will be possible to maintain a competitive offer at all times. Strategic location is also another plus for this project because it will rest in the significant commercial area of Dubai city that has excellent access to major public transportation networks.

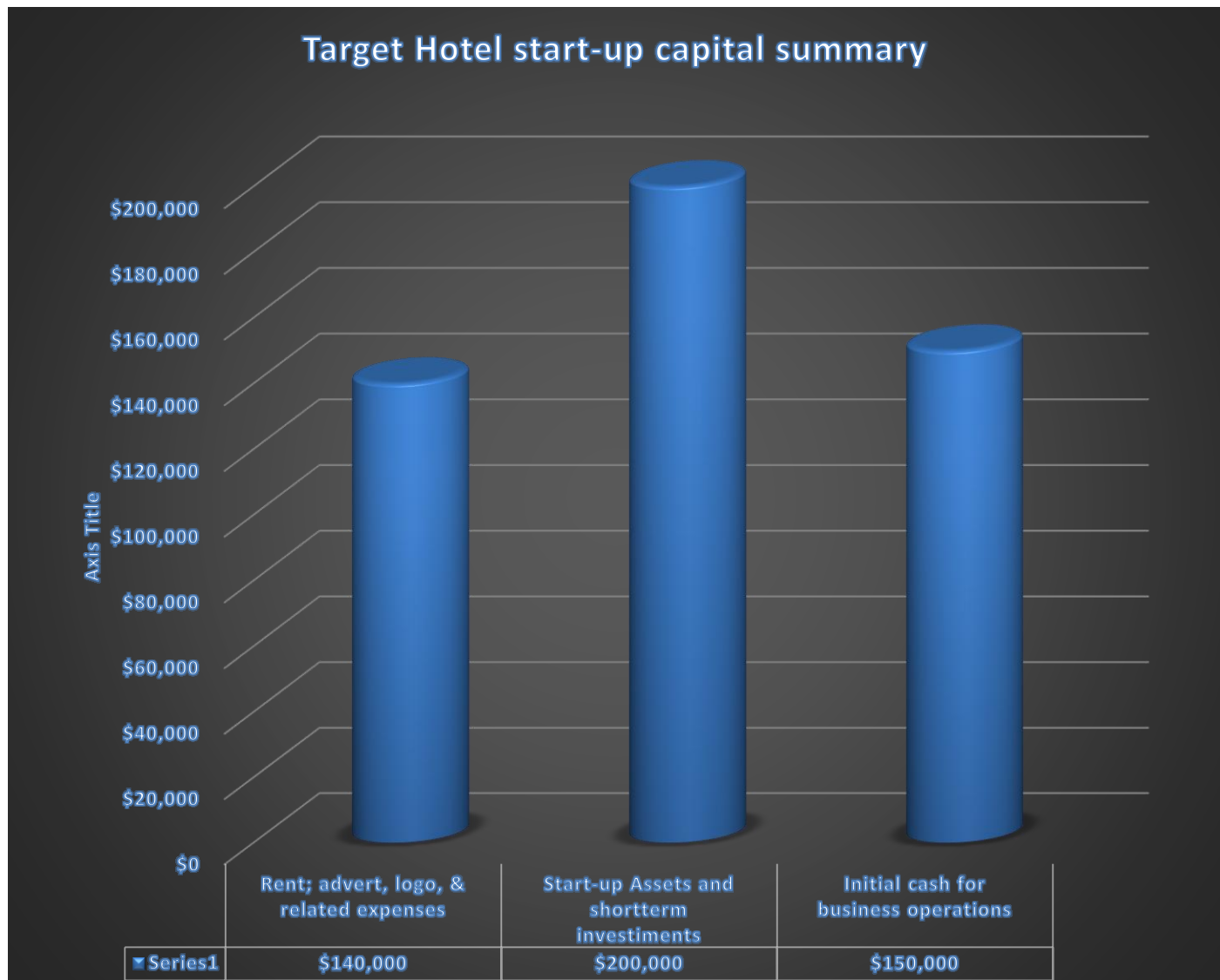
With time, as this hotel grows, it will open other branches in various countries of the United Arab Emirates. Target laurel hotel will also consider diversifying its product and services basket as it grows to accommodate services like lunch, supper, and recreational facilities like swimming pools and others.

3.1 Company Stakeholders and Ownership

The founders of Target laurel hotel will establish it as a “Limited liability company” (LLC) based in Dubai City. The initial ownership will consist of primary investors and operators. At the moment, Target laurel hotel is yet to receive legal authorization but is on track regarding the same.

3.2 Start-up Capital

The initial capital expense for rent and other closely related expenditures totals \$ 140,000, which includes lease down payment for up to twelve months. The startup assets for furniture and other short term investments total to \$ 200,000. The \$ 150,000 will be standby as operating cash during the first three few months after opening the business.



3.3 Location and facilities

It is fundamental to consider elements like centrality and convenience for Target laurel hotel to record success. In this regard, location is one of the major critical components of the target laurel hotel. This project considered two broad factors and several micro factors while coming up with the best location that will enable its target is customers effectively.

The vital macro factors attributable to this project include transport, leisure, and business reasons. Consequently, the micro factors include building construction, subway stations and centrality, and place of interest. Guided by those factors, the initial premise for Target laurel hotel will be located on the outskirts of Dubai city, one of the UAE emirates that receive a lot of business and leisure tourists. The following factors informed the decision to implement this project at these locations:

3.3.1 Means of transport

Dubai city has abundant means of transport that are diverse. This diverse transport network will allow target guests to access the hotel and, after that, move on to other areas of interest without much struggle.

3.3.2 Leisure tourism

The number of places of interest directly impacts the influx of visitors. In other words, the more the areas of interest, the larger the number of guests will visit that region. Dubai city consists of numerous leisure tourism sites, including Burj Khalifa, the world's tallest building, magnificent attraction sites, Dubai museum, Green planet indoor rainforest, and many others (Lee, 2019).

3.3.3 Business tourism

Dubai city is also significant in matters related to occupations and business factors. This city hosts many people who are business-related events, conferences, and meetings.

3.3.4 Business premises

A vital principle of the business strategy revolves around cost containment so that it becomes easy to put up good competition and, at the same time attracting customers. Guided by that insight, the project considered that it is good to minimize initial investment capital. In this regard, renting a business premise is the best option at the moment because it will reduce the costs of the purchase of land and construction.

3.3.5 Subway stations and centrality

In the hotel industry, strategic location is very significant. Dubai city is the central hub for various means of transport, including air and railways transport. This entire diverse transport network serves as opportunities for Target laurel hotel to get clients.

3.3.6 Place of interest

In addition to the elements mentioned above, location attractiveness is a very crucial factor customer that customers consider when making decisions. In this regard, Dubai city, being super attractive, serves as the best place to set up this project.

3.4 Services

Target laurel hotel will be offering the following services

- Accommodation and Breakfast
- Other facilities on customer request

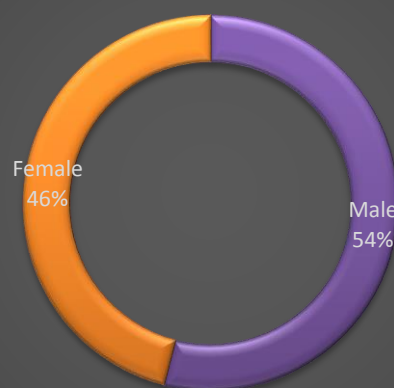
4.0 Market Analysis Summary: Segmentation, Targeting, and Positioning (STP)

4.1 Market segmentation

The market of any industry does not exhibit similar characteristics; hence it is prudent to perform market segmentation. Market segmentation divides an existing market into various groups with homogenous characteristics of preferences, behaviors, motivations, and such (Wedel & Kamakura 2012). Different market segmentation variables segment a consumer market following aspects of demographic, geographic, social, and behavior criteria. To fully understand the multiple profiles of the visitors who visit Dubai, Target laurel hotel conducted a thorough satisfaction and motivational survey for numerous tourists that visit this region. The results indicated that most visitors in this region are falling between ages twenty-five to forty-five years.

The number of male and female tourists in this region is almost the same, recording a percentage of fifty-four and forty-six percent, respectively.

Visitors by Gender

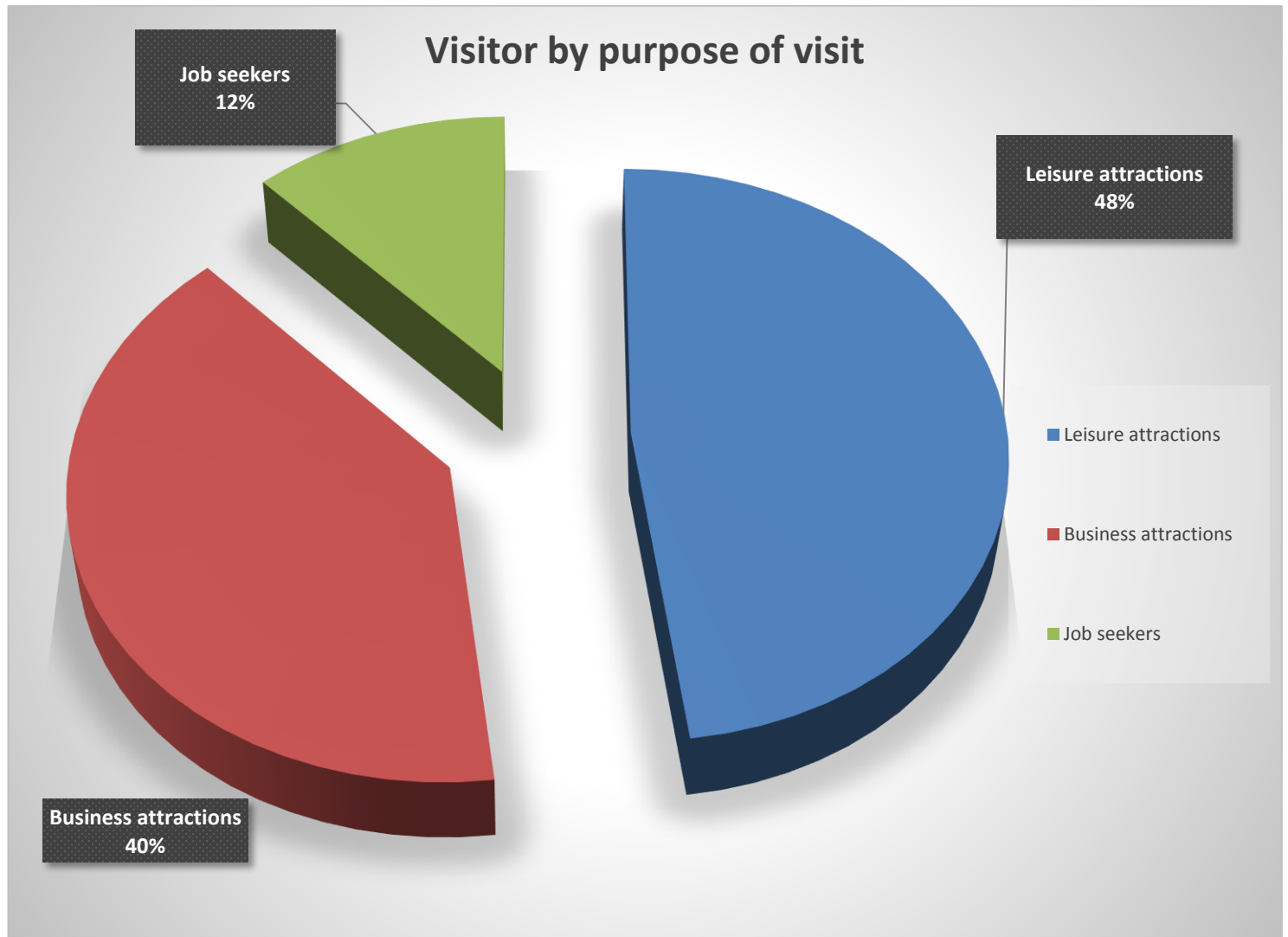


Gender of visitors

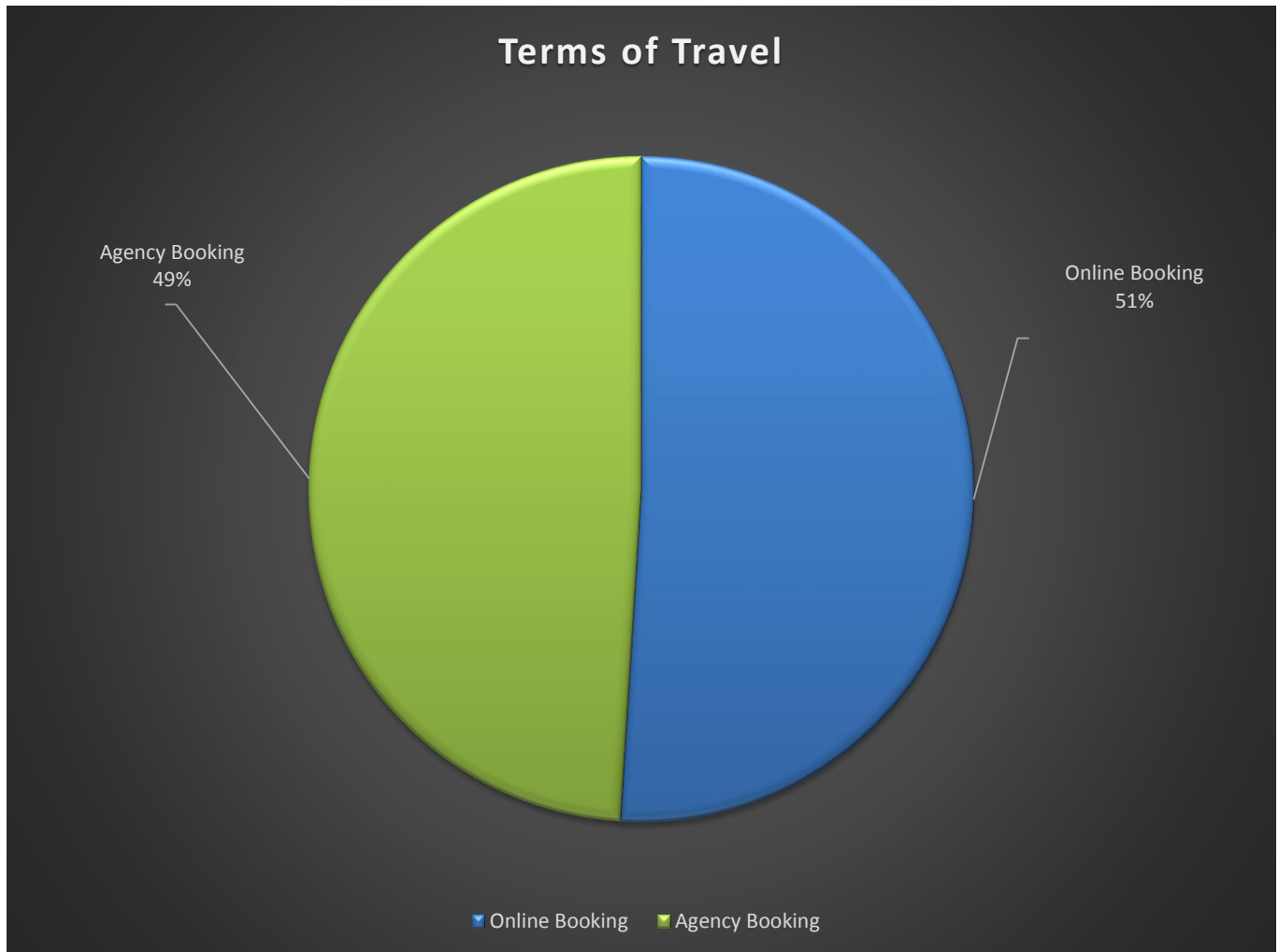
Male

Female

Besides, most of the tourists travel for leisure purposes, business undertakings, and job seekers' mission. There was no significant indication of the country of origin because the distribution for the state of origin was normal. The percentage of leisure purpose of tourists visit recorded the highest at 48%, followed by business purpose at 40% and finally job-seeking meaning at 12%.



Additionally, regarding terms of travel, there is an almost equal percentage of the Dubai tourists who arrange for their journey using the internet and those who arrange using travel agencies, the figure standing at 51% (web), and 49% (travel agencies). In this regard, Target laurel hotel will maximize on e-marketing and development of a good relationship with the several travel agencies in Dubai and other tourists origin countries



Regarding the period of stay, most leisure and business travelers spend up to about five days in hotels. Those who are job seekers stay for up to an average of two days. The leisure tourists consist of an average of 1.9 persons per trip or booking, meaning most of the tourists come as partners. The business tourists, on average, record a lower figure of about 1.4 persons per trip or booking. The job seekers, on average, record the lowest number of people per booking, of about 1.1 per booking. There exist significant differences in the country of origin of the tourists who visit Dubai for leisure purposes.

4.2 Target Marketing

Guided by the market segmentation analysis, Target laurel hotel will concentrate on three target customers, including leisure tourists, the business tourists, and the job seekers tourists. There will make no preference for any gender because the segmentation analysis indicated that the number of female tourists almost equals that of the male tourists. There is also a need to provide good numbers of family suite accommodation to that of single rooms because the number of leisure tourists who come as pairs are many.

4.3 Market positioning

The positioning of Target laurel hotel will mainly follow the inclination of how the clients will perceive its brand and overall service delivery. However, this project will endeavor to ensure that it distinguishes itself as a three-star hotel at the heart of Dubai city. It will also purpose to differentiate itself through strategic location, and offering quality accommodation and breakfast are highly competitive prices. Target laurel hotel also promises to provide to its customers with free Wi-Fi, good shower, and such, all at affordable prices.

5.0 Competition

Competition is one of the driving forces in any market (Medlin &Ellegaard, 2015). Business competition analysis is an essential tool in the development of an impactful business plan. Following the various levels of competition that exist in the market, it is essential to pinpoint the competitions that exhibit close characteristics to the proposed Target laurel hotel. In this analysis, the major variables of competition include location, level of service, price range, and the number of stars. The price range charged by these types of hotels is also not very significant. In this regard, easy and convenient access to the hotel can bring about considerable advantages over other related businesses.

However, considering the attributes that most Dubai's customers value when selecting a hotel, it is important to delve more on price, location, and notoriety factors in the determination of Target laurel hotel competitive situation.

5.1 Price

The analysis indicates that price has a major weight regarding customer selecting between two or three-star accommodations. When the product or service offering is almost similar, the customer uses price as the major comparison factor between or among the hotels (Rosenthal, 2018). More so, analysis indicates that customers for these categories of hotels are usually price-sensitive, mainly because their worry is to get reasonable charges for accommodation and not about personalized service. Hence, price is a major differentiating factor, and with a bonus for high-quality service, then Target laurel hotel will compete effectively.

5.2 Location

Localization is another critical factor that influences customer's decisions when looking for a city hotel to board. Clients tend to book hotels that are near tourist attraction sites and businesses. In this regard, customers tend to prefer those hotels near the city centers so that they maximize on transport and time.

5.3 Notoriety

The reputation of a hotel is another very fundamental factor to consider when analyzing the competitive situation. Customers highly consider the recognition or brand name of a hotel in any market when making their decision. In this regard, Target laurel hotel will endeavor to create a brand name of high-quality hotel accommodation and the most affordable prices.

5.4 SWOT Analysis

SWOT analysis is a critical tool that assists businesses in identifying the significant issues that characterize their strategic position, both favorable and unfavorable. This following part consists of a highlight of Target Laurel Hotel's internal strengths and weaknesses and the opportunities and threats that face this company externally. This project hotel will endeavor to improve the weaknesses. At the same time, leverage the strengths so that it will be possible to capitalize on the opportunities as they arise. The contingency plan will deal with the threats presented by the external environment.



Fig 5.4 Target Laurel Hotel SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Low price/competitive price advantage • Strategic location and easy accessibility • Quality Free Wi-Fi • A strong and highly participative culture of style • Highly motivated and skilled staffs 	<ul style="list-style-type: none"> • Low prices may make customers associate the hotel to low quality • Absence of Notoriety/ Brand association/Awareness • High initial capital investment
Opportunities	Threats
<ul style="list-style-type: none"> • Motivations for the establishment of new touristic investments • Upsurge low-cost connections • Brand of Target laurel Hotel as tourists destination • The ripe market for target customers • Staff and supplies available locally 	<ul style="list-style-type: none"> • Stiff competition from the existing and highly knowledgeable related businesses • Challenge of coming up with competitive prices • Highly informed and demanding customers.

5.4.1 Strengths

- **Low pricing strategy:** This pricing strategy will be highly competitive and allows the project hotel to penetrate the market easily.
- **Strategic location:** The hotel is strategically located and with easy accessibility made possible by diverse means of transport connection
- **Free Wi-Fi:** Quality free Wi-Fi is a strength of Target Laurel Hotel that will attract people
- **Culture of customer service:** Target laurel hotel high customer service is well established in its mission, vision and core values
- **Experienced Staff:** Staffs have got required experience so that they provide the required service to customers

5.4.2 Weaknesses

- **Low prices:** The low prices may communicate to the customers that Target laurel Hotel services are of low quality
- **Absence of Notoriety:** Since it is a new business, it might take time for the hotel project brand association and awareness to get accustomed to customers
- **High initial capital investment:** Huge capital investment at the start that might take the company considerable energy to break-even

5.4.3 Opportunities

- **Ripe tourists market:** This constitutes the biggest motivations for the establishment of new touristic investments
- **Upsurge low-cost connections:** Strategic location means that guests will access the hotel at low costs
- **Brand of Target laurel Hotel as tourists destination:** The brand will be low prices and high-quality service
- **Staff and supplies available locally:** All supplies and staffs are readily available

5.4.4 Threats

- **Stiff competition:** There is a possible rivalry from the existing and highly knowledgeable related businesses
- **Challenge of coming up with competitive prices:** Heavy capital investments and use of low pricing strategy poses a significant challenge to come up with optimal prices
- **Highly informed and demanding customers:** Customers are increasingly becoming more informed and hence Target laurel Hotel Requires high brand awareness for it to compete favorably

6.0 Strategy and implementation

As the study has already indicated, Target laurel hotel will focus mainly on the Dubai city market and its environment, with a more precise customer target being and in limited market segments of leisure tourists, business tourists, and job seekers tourists. The end of May will complete the acquisition of the business premises and other relevant documents. After that, business renovations and furniture and fittings will carry as soon as possible. Other crucial functions like staff recruitment, training, and marketing will carry immediately the furnishing are complete.

6.1 Pricing strategy

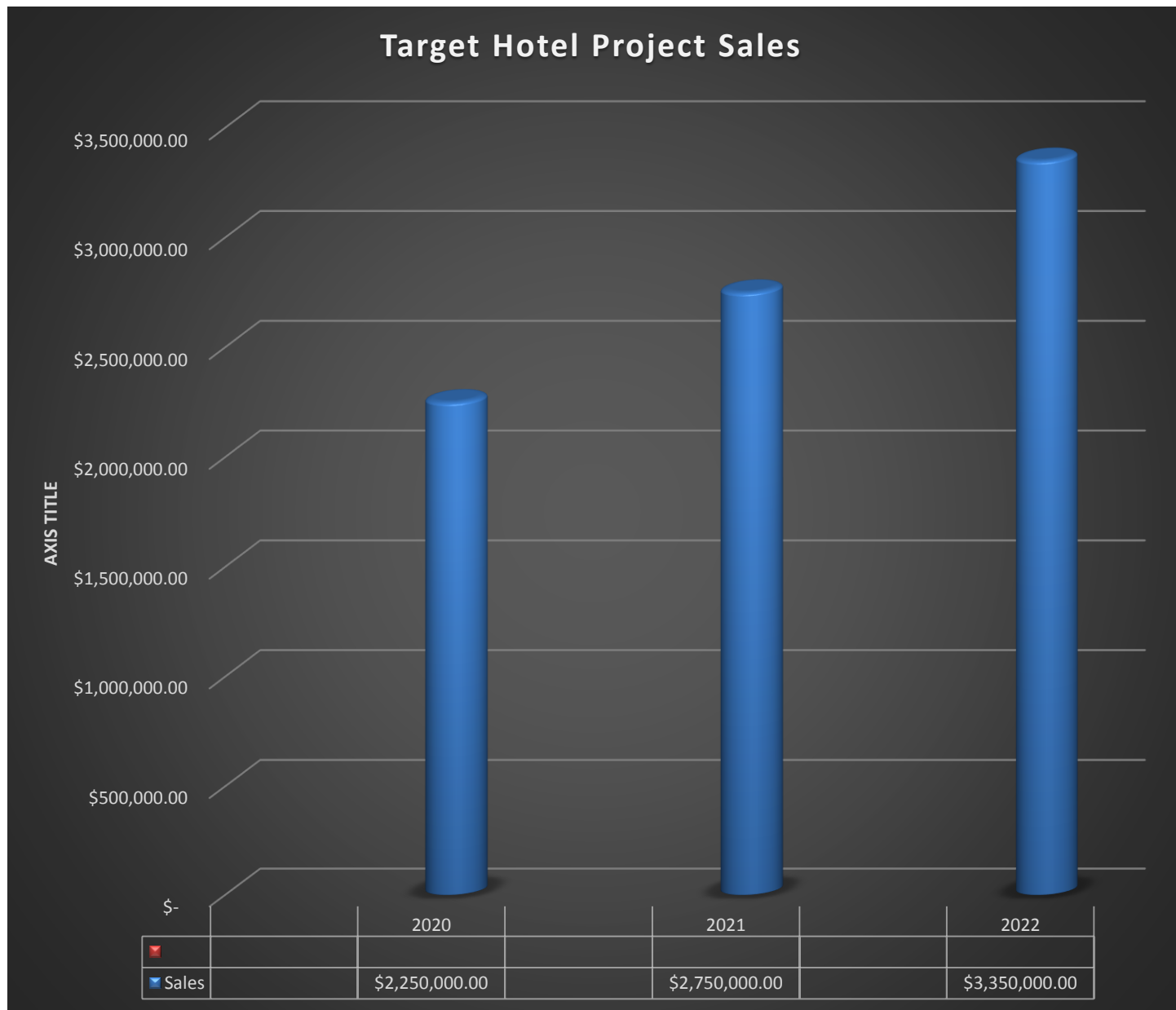
In the beginning, Target laurel hotel will adopt a market penetration pricing strategy, whereby it will charge slightly lower than the one charged by direct competitors. It will employ this strategy to attract customers and sell its high service brand fast. After about five years, Target laurel hotel will have established a good flow of customers. It will thus adjust the prices at about one percent to cater for inflation. Following the price offered by the direct competitors, Target laurel hotel will charge at \$20 per double room and \$15 per single room. The price is competitive, and it will attract a lot of customers. Target laurel hotel will also offer free parking.

Table 6.1 Direct Competition average price per double room

Hotel	Average Price per Double Room
Arabian Park Hotel	\$31
Premier Inn Dubai	\$33
City Star Hotel	\$38
Mayfair	\$20
Delmon Palace	\$20
Aldar Hotel	\$25
Emirates Grand Hotel	\$37
Average Price for Direct competitors	\$22.67

6.2 Sales strategy and Forecast

This section provides the annual sales projections. Target laurel hotel will be offering two, single, and master bedroom accommodation accompanied by breakfast. Extra services will be available to the customer on request. Notably, all the income from Target laurel hotel will purely depend on occupation level and pricing. The forecast income from the business is as below. The projected sales are \$ 2,250,000, the year 2020, \$2,750,000, year 2021, and \$3,350,000 year 2022. Other information regarding the sales forecast is available in the next chapter for financial analysis and the appendix as projected income (profit/loss) statement.



7.0 Management Summary

The following section explains the management summary of Target laurel hotel, including organization structure, management team, and personnel plan.

7.1 Organization structure

Target laurel hotel will operate under a functional organization structure so that it will be possible and easy to record fast and efficient response to the customer needs. More so, a functional organizational structure allows better control and management of strategic decisions and efficient communication in the entire company (Ho, Lai & Lee, 2011). Based on the size of the proposed business, the founders recommended the following organizational chart:

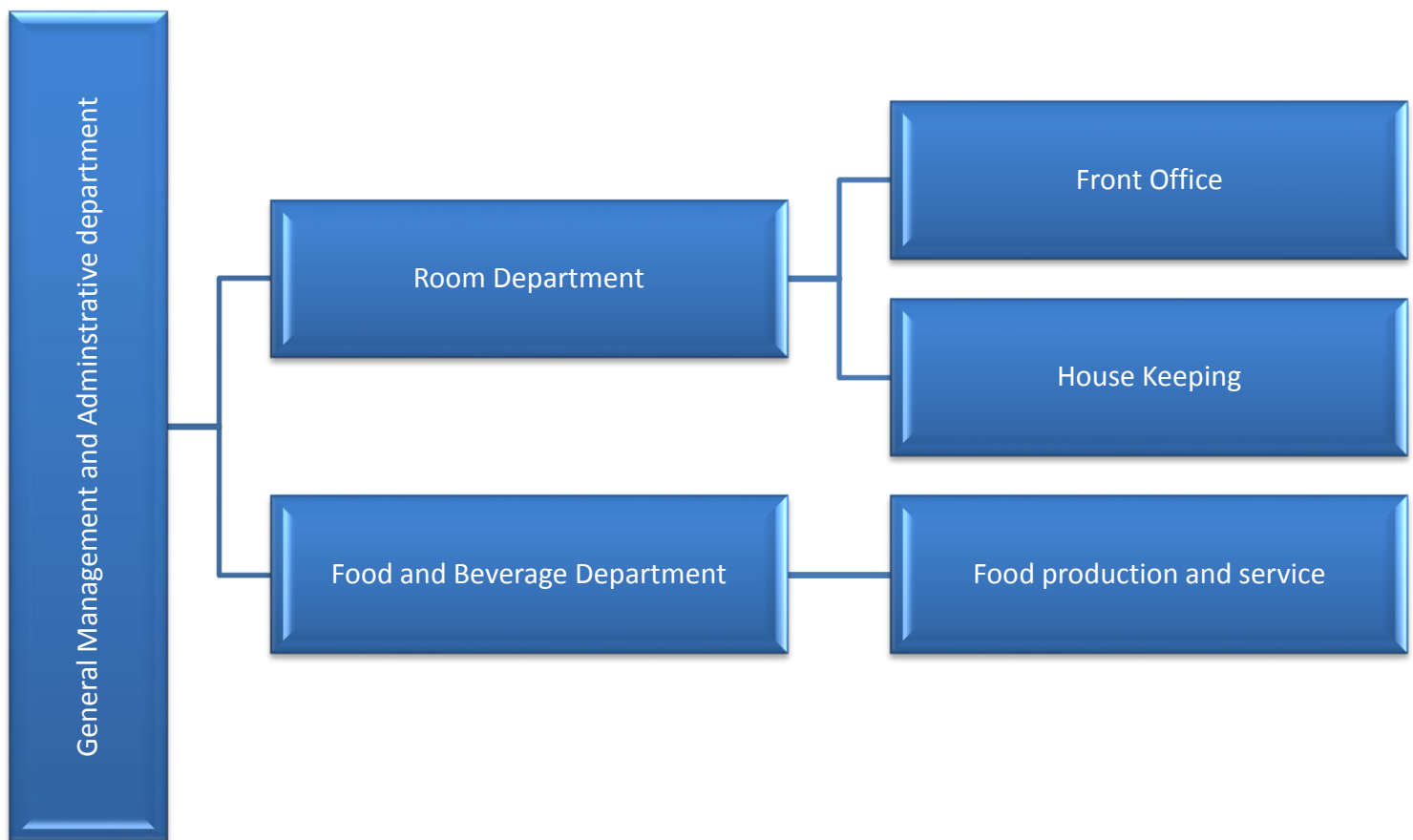


Fig 7.1 Target laurel hotel organizational chart



Per the Target laurel hotel organization, every staff will work for forty hours per week and thirty days for leave every year. The hotel will also adopt two significant types of employment contracts, including permanent and part-time contracts. Another work contract, like internship arrangements, will also be available on a request basis.

The support structure will consist of general management and administrative department. The general manager will spearhead the entire running of the business. The executive department will consist of permanent employees. The room department will include being open 24/7 and will be managed by front office receptionists who will be working on a shift basis. The shifts will be three per day; two during the day and one during the night. In this regard, the total number of receptionists will be five.

Housekeeping is the most vital function of an accommodation hotel business because the quality of accommodation is the core of the company. This means that it is crucial to consider this department with a lot of care. For Target laurel hotel to maintain the quality of housekeeping at high levels all the time, it will sign a contract for housekeeping services with an outsourcing company. While signing the contract, Target laurel hotel will ensure to keep the optimal number of the housekeeping staff at any given time.

The food and beverage department will be spearheaded by two permanent employees who will serve in the kitchen and two more on the service. These staff will also increase on an on-demand basis.

7.2 Management team

Target laurel hotel will initially require professionals to kick off the business and run without challenges. The topmost level will consist of a trained manager, preferably with great experience in the hotel and catering industry. The assistance manager will also ideally have related experience. The chefs, receptionists, the service employees, and housekeepers should also have experience. However, as the company grows, it Target laurel hotel will allow the novice employees.



7.3 Workforce plan

The below table details the personnel plan for the project hotel for three years.

Table 6.3 Personnel

Workforce plan	2020	2021	2022
Chefs/Cooks	\$10,000.00	\$14,000.00	\$18,000.00
Service attendants	\$90,000.00	\$111,000.00	\$116,000.00
General Manager	\$15,000.00	\$18,000.00	\$20,000.00
Front Office/Receptionists	\$25,000.00	\$28,000.00	\$32,000.00
Housekeeping	\$20,000.00	\$25,000.00	\$28,000.00
Assistant manager	\$10,000.00	\$13,500.00	\$15,000.00
Sales	\$0.00	\$10,000.00	\$12,000.00
E-commerce and marketing	\$0.00	\$14,000.00	\$16,000.00
Other	\$0.00	\$0.00	\$0.00
Total people	13	16	20
Total Payroll	\$170,000.00	\$233,500.00	\$257,000.00



8.0 Financial Plan and Projections

This section illustrates the financial plan for funding the growth of Target Laurel Hotel. The initial capitalization is about \$ 490,000 that is expected to be availed by owners and private investors.

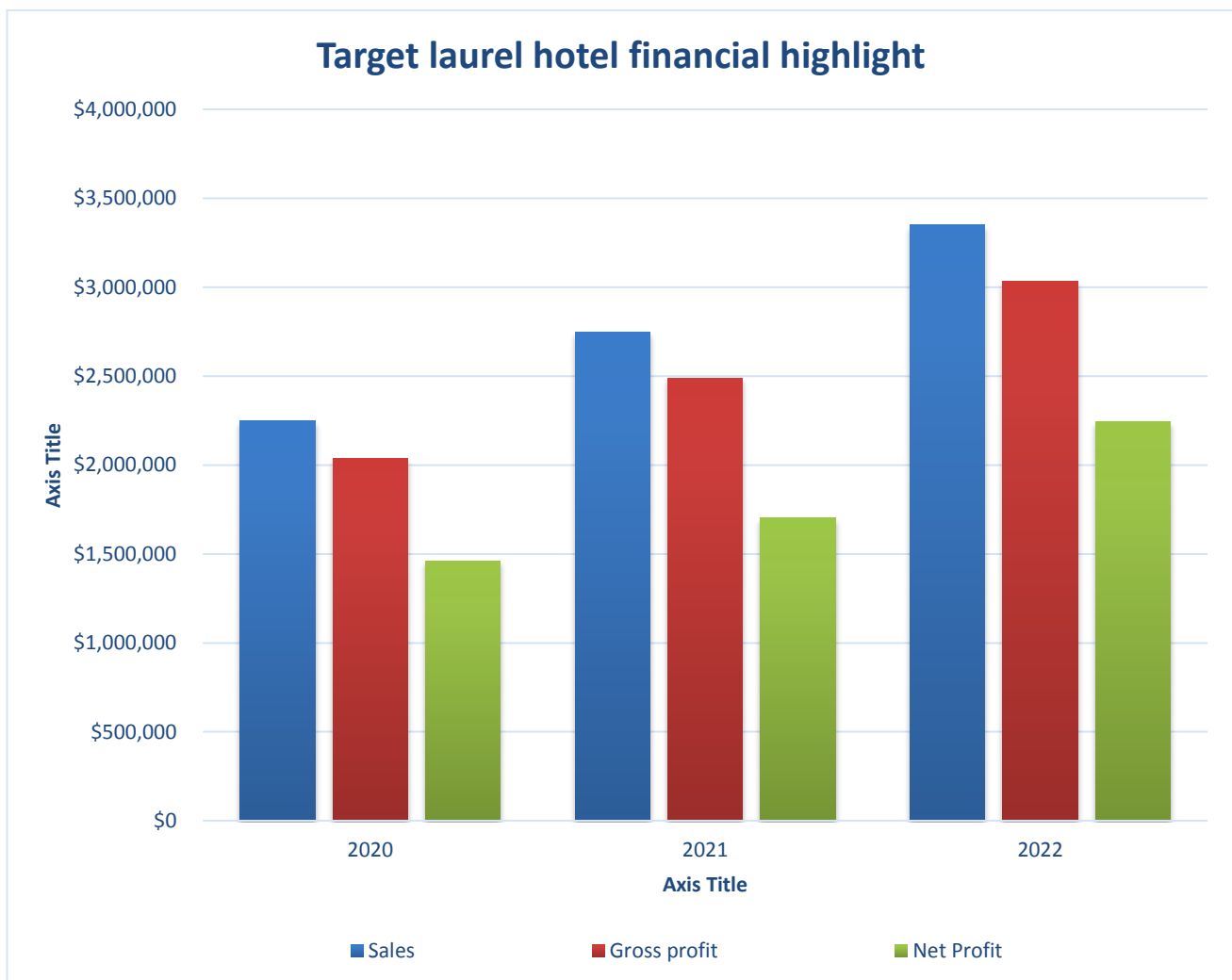
8.1 Target Laurel Projected Income Statement

*Target Laurel Hotel
Projected Income
Statement*

	Year 2020	Year 2021	Year 2022
<i>Sales</i>	\$ 2,250,000.00	\$ 2,750,000.00	\$ 3,350,000.00
<i>Less: Cost of Goods Sold</i>	\$ 215,000.00	\$ 261,000.00	\$ 316,000.00
GROSS PROFIT	\$ 2,035,000.00	\$ 2,489,000.00	\$ 3,034,000.00
Operating Expenses			
<i>Salary (Office & Overhead)</i>	\$ 170,000.00	\$ 233,500.00	\$ 257,000.00
<i>Payroll (taxes, etc.)</i>	\$ 27,200.00	\$ 37,360.00	\$ 41,120.00
<i>Outside Services</i>	\$ -	\$ -	\$ -
<i>Supplies</i>	\$ 50,000.00	\$ 72,000.00	\$ 94,000.00
<i>Repairs & Maintenance</i>	\$ -	\$ 5,000.00	\$ 8,000.00
<i>Advertising</i>	\$ 40,000.00	\$ 50,000.00	\$ 54,000.00
<i>Car, Delivery, Travel</i>	\$ 50,000.00	\$ 65,000.00	\$ 80,000.00
<i>Accounting Expenses</i>	\$ 10,000.00	\$ 10,500.00	\$ 11,000.00
<i>Legal Expenses</i>	\$ 4,000.00	\$ 4,100.00	\$ 4,200.00
<i>Rent</i>	\$ 140,000.00	\$ 140,000.00	\$ 140,000.00
<i>Telephone</i>	\$ 2,000.00	\$ 2,500.00	\$ 3,000.00
<i>Utilities</i>	\$ 3,000.00	\$ 3,500.00	\$ 4,000.00
<i>Insurance</i>	\$ 8,000.00	\$ 8,600.00	\$ 8,900.00
<i>Taxes (real estate, etc.)</i>	\$ 21,000.00	\$ 22,000.00	\$ 24,000.00
<i>Interest</i>	\$ 18,000.00	\$ 19,000.00	\$ 21,000.00
<i>Depreciation</i>	\$ 8,500.00	\$ 9,500.00	\$ 11,000.00
<i>Other Expenses:</i>	\$ 10,000.00	\$ 12,000.00	\$ 14,000.00
<i>Miscellaneous</i>	\$ 6,400.00	\$ 7,200.00	\$ 8,500.00
TOTAL OPERATING EXPENSES	\$ 568,100.00	\$ 701,760.00	\$ 783,720.00
NET PROFIT/LOSS BEFORE TAXES	\$ 1,466,900.00	\$ 1,787,240.00	\$ 2,250,280.00
<i>Income Taxes</i>	\$ 5,000.00	\$ 6,200.00	\$ 7,400.00
NET PROFIT/LOSS AFTER TAX	\$ 1,461,900.00	\$ 1,781,040.00	\$ 2,242,880.00
<i>Owner draw or dividends</i>	\$0	\$0	\$0
RETAINED EARNINGS	\$ 1,461,900.00	\$ 1,781,040.00	\$ 2,242,880.00

As already mentioned, the primary income line for Target laurel hotel will be the provision of accommodation and breakfast. The significant sources of income will be from investors. Herein, most important is that the financials as on conservative estimates. This part explains the tentative profit and loss statement only. Further financial information, including balance sheet and ratio analysis and such, will be available when the project ascertains the source of income. However, as per now, the projected income-earning is okay and confirms that Target Hotel has the potential to bring forth good revenue to the investors. Worth sharing is that the sales, the gross margin, and net profit for Target laurel hotel will increase over time as per the below chart.

Fig. 8.2 Target Laurel hotel financial highlight for year one through year three





8.3 Projected balance Sheet

Target Laurel Hotel Projected Balance Sheet

ASSETS	Year 1	Year 2 (Projected)	Year 3 (Projected)
Current Assets			
Cash & Cash Equivalents	\$25,293.00	\$26,265.00	\$27,275.00
Accounts Receivable	\$26,305.00	\$27,318.00	\$27,370.00
Inventory	\$13,147.00	\$13,633.00	\$14,138.00
Other current assets	\$7,074.00	\$7,317.00	\$7,570.00
TOTAL CURRENT ASSETS	\$71,819.00	\$74,533.00	\$76,353.00
FIXED ASSETS			
Furniture & Fixtures	\$200,000.00	\$200,000.00	\$200,000.00
LESS: Accumulated Depreciation - Furniture & Fixtures	\$15,000.00	\$25,000.00	\$45,000.00
Leaseholder Improvements	\$100,000.00	\$150,000.00	\$200,000.00
LESS: Accumulated Depreciation - Leaseholder Improvements	\$20,000.00	\$25,000.00	\$50,000.00
Other Fixed Assets	\$75,000.00	\$75,000.00	\$75,000.00
LESS: Accumulated Depreciation - Other Fixed Assets	\$18,000.00	\$22,000.00	\$34,000.00
TOTAL FIXED ASSETS (net of depreciation)	\$322,000.00	\$353,000.00	\$346,000.00
TOTAL ASSETS	\$393,819.00	\$427,533.00	\$422,353.00
LIABILITIES & EQUITIES			
Current Liabilities			
Accounts Payable	\$121,000.00	\$151,000.00	\$201,000.00
Interest Payable	\$6,050.00	\$7,550.00	\$10,500.00
Taxes Payable	\$18,150.00	\$22,650.00	\$30,150.00
Other Accruals	\$55,227.00	\$5,360.00	\$11,180.00
TOTAL CURRENT LIABILITIES	\$200,427.00	\$186,560.00	\$252,830.00
TOTAL LONG-TERM DEBT	\$0.00	\$0.00	\$0.00
TOTAL LIABILITIES	\$200,427.00	\$186,560.00	\$252,830.00
Owner's Equity	\$490,000.00	\$490,000.00	\$490,000.00
Common Stock	\$0.00	\$0.00	\$0.00
Retained Earnings	\$0.00	\$0.00	\$0.00
TOTAL OWNER'S EQUITY	\$490,000.00	\$490,000.00	\$490,000.00
TOTAL LIABILITIES & EQUITIES	\$690,427.00	\$676,560.00	\$742,830.00



8.4 Target Laurel Hotel

Projected Cash flow

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Item Estimate
Cash Receipts													
Cash Sales/Revenues	\$122,450	\$122,450	\$122,450	\$122,450	\$122,450	\$122,450	\$133,050	\$133,050	\$133,050	\$133,050	\$133,050	\$133,050	\$1,655,450.00
TOTAL CASH RECEIPTS	\$122,450.00	\$122,450.00	\$122,450.00	\$122,450.00	\$122,450.00	\$122,450.00	\$133,050.00	\$133,050.00	\$133,050.00	\$133,050.00	\$133,050.00	\$133,050.00	\$1,655,450.00
Total cash available	\$272,450.00	\$272,450.00	\$272,450.00	\$272,450.00	\$272,450.00	\$272,450.00	\$283,050.00	\$558,050.00	\$558,050.00	\$558,050.00	\$558,050.00	\$558,050.00	\$4,980,450.00
Expenses													
Costs of Good Sold	\$8,650	\$8,650	\$8,650	\$8,650	\$8,650	\$8,650	\$8,650	\$24,040	\$24,040	\$24,040	\$24,040	\$24,040	\$189,400.00
Gross Wages	\$14,167	\$14,167	\$14,167	\$14,167	\$14,167	\$14,167	\$14,167	\$19,458	\$19,458	\$19,458	\$19,458	\$19,458	\$210,626.00
Repairs & Maintenance	\$50	\$50	\$50	\$50	\$50	\$50	\$75	\$75	\$75	\$75	\$75	\$75	\$800.00
Advertising	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$11,050.00
Rent	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$11,700	\$152,100.00
Telephone	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$150	\$150	\$150	\$150	\$150	\$1,550.00
Delivery \$ Transportation	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$1,120	\$1,120	\$1,120	\$1,120	\$1,120	
Utilities	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$750	\$750	\$750	\$750	\$750	\$5,350.00
Insurance	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,250.00
Other Expenses	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$500	\$500	\$500	\$500	\$500	\$5,300.00
SUBTOTAL	\$36,367.00	\$36,367.00	\$36,367.00	\$36,367.00	\$36,367.00	\$36,367.00	\$36,392.00	\$59,293.00	\$59,293.00	\$59,293.00	\$59,293.00	\$59,293.00	\$587,426.00
Total Cash Paid Out	\$36,367.00	\$36,367.00	\$36,367.00	\$36,367.00	\$36,367.00	\$36,367.00	\$36,392.00	\$59,293.00	\$59,293.00	\$59,293.00	\$59,293.00	\$59,293.00	\$587,426.00
Cash Position	\$236,083.00	\$236,083.00	\$236,083.00	\$236,083.00	\$236,083.00	\$236,083.00	\$246,658.00	\$498,757.00	\$498,757.00	\$498,757.00	\$498,757.00	\$498,757.00	\$4,393,024.00



Conclusion

Tourism is among the most prominent industries worldwide. In the UAE, the tourism sector has an unmatched strategic significance because of increasing tourist pull, job creations, and other competitive advantages. Dubai has been attracting many tourists for various reasons, but mostly on leisure, business, and job-seeking purposes. Those characteristics added to other significant factors like a sound transport system motivated the project business plan in this prime city for a three-star hotel business. Although competition is high, Target laurel hotels will exist by offering high-quality accommodation and breakfast services and a very competitive process. Target laurel hotel will also exploit online marketing together with establishing good relationships with travel agencies. Economies of scale will compensate some. The overall result for this project is a viable business, and no investor should shy away from investing.



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