

10 Essential Steps to Business Plan Development for 2016

by Robert Rauch - November 4, 2015

Before we complete our business plans for 2016, a review of macroeconomic data is in order. China's growth is slowing but we do not anticipate a downturn in the U.S. economy in 2016. According to **Bernard Baumohl, Economic Outlook Group**, our favorite and most accurate economist, there will be no downturn in the U.S. but we will slow to about a 2.5 percent GDP growth rate over the next three years. He feels we are in the middle of this cycle and that the consumer will drive the economy despite weak jobs reports and the recent Q3 slowdown.

Unemployment is low, the Conference Board says consumer confidence is the second highest in 8 years, consumers are buying cars and homes, applications for mortgages for new homes are up markedly and household spending is strong. **Baumohl's** forecast is for interest rates to go up and business confidence to stay strong. He forecasts that housing will stay strong, commercial construction will continue to grow, oil prices will be in the mid-40s or slightly higher and there will be an oil surplus here that will shrink due to output.

All of this information bodes well for the hotel market in the U.S. which should lead to our estimate of continued 6 percent RevPAR growth in 2016. In 2013, we predicted four straight years of RevPAR growth of six percent or more and we stand firmly behind that forecast again for next year. Naturally, the caveat is that unexpected "event" that could stimulate a precipitous decline in demand. We believe that can be averted in 2016 despite the craziness in the Middle East and the turbulent economies abroad.

As we are now in the final quarter of 2015, this means budget and market planning time is running out. While many operators merely look at last year's numbers to budget and forecast, the only meaningful way to budget is

to analyze the market thoroughly. Whether you are opening a new business or getting ready for 2016 budgeting, now is the last time to complete the planning process.

The following action needs to be taken:

- Review trend report and competitive set information from STR. This will provide a baseline. Ghost call primary and secondary competitors to obtain price points, features and benefits. Obtain sales collateral and start a competitive information file. The process of "elicitation," coined by John Nolan in "Uncover Your Competitors' Top Business Secrets Legally and Quickly-And Protect Your Own" discusses the importance of this area.
- Meet with general managers and marketing team members of primary and secondary competitors. Site tour each business and establish a referral program. Coordinate a market review with your franchise marketing manager if appropriate; obtain a franchise national media schedule. Discuss opportunities for digital advertising to promote your business with your extended marketing team.
- Develop a 2016 sales and marketing budget; do not assume growth from last year. Review the STR report and other market intelligence and market pace reports carefully. Review quality and quantity of sales collateral and ensure your email lists are updated for newsletters and blasts.
- Review customer information guides whether electronic or printed. Plan a sales blitz. Order blitz giveaways and mementos with your logo, address, web site and phone numbers. Choose items that will stay in contacts office such as candy jars, post-it notes or coffee mugs. Review central reservation database property information file. Forward to central reservations database supervisor.
- Meet with key contacts at your Convention and Visitors Bureau and Chambers of Commerce. Obtain a list of advertising and trade show opportunities for budgeting. Contact local Chambers of Commerce and obtain lists of your area's top businesses and employers. Qualify key companies and individuals to create or update your own emailing or mailing lists/labels. Business Journals also have great lists.
- Contact guest loyalty rewards program administrators at franchise headquarters to arrange to promote your business in the next member newsletter. Solicit articles on your business as a feature story. Develop possible press releases for the coming year along with a public relations plan

and contact each segment specialist for the franchise worldwide sales staff to see what opportunities are available to promote your business at upcoming trade shows, future segment specific directories or sales missions.

- Create a strong database for electronic mail promotions and ensure your website is not a brochure but rather a focused, customer-acquisition medium. Create website awareness, i.e., create some "buzz" via pay per click and unique offerings. And if your website is not mobile optimized by now, this needs to be corrected immediately.
- Continuously create and deliver "can't-resist" content. Traditional advertising is rapidly losing out as marketing professionals realize the advantages and effectiveness of digital content marketing. Marketing's new mantra of "brands must now act as publishers" has arrived in part because of social media and its potential to engage in meaningful conversations with their loyal fan base and potential clients alike.
- Develop a permission based electronic marketing program. This is a type of marketing whereby the target audience is solicited by e-mail and his or her approval is sought before marketing to them. By investing in the sharpest media tools like blogs, social media, newsletters, webinars, e-books, photo-sharing or videos and shared media, you will drastically reduce the hefty investments in traditional paid media that are becoming substantially less effective with modern consumers. Simply put, you need to create and share content while being of interest to lots of people to be a player
- Calculate the lifetime value of a new customer. As an example, if a traveler stays with you two nights per month at \$150 per night for 5 years, that is \$18,000 in today's dollars. This data is helpful in determining the value of a new customer. Include calls to action in all advertisements and measure the result of every email marketing blitz and test new approaches periodically.

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