

World Beat Tours

Dance the world with us!

871 Islington Street, Suite 9
Portsmouth, NH 03801
603-430-6868

Business Plan by Christine Johnson

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SECTION ONE: The Business

Statement of Purpose

World Beat Tour seeks investments totaling \$20,000 to purchase equipment; fund the initial marketing campaign; provide deposit monies for hotel and airline reservations; and maintain sufficient cash reserves to provide adequate working capital to successfully expand into a national tour operator. This sum will finance development through the expansion phase so that the company can operate at a high level of profitability. Initial investment plus a guaranteed 20 percent return will be repaid in full within 18 months of disbursement.

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Description of the Business

World Beat Tours is an exciting new company that provides clients with a travel experience that engages body, mind, and spirit and enhances awareness of different cultures through music. Both international and domestic full-service music tours will be offered to individuals and groups from specialty markets across the United States. Products will include travel packages from major U.S. cities to events such as the following:

- Reggae Sunsplash—Montego Bay, Jamaica—February
- New Orleans Jazz Festival—New Orleans, Louisiana—May
- Telluride Bluegrass Festival—Telluride, Colorado—June
- Montreux Jazz Festival—Montreal, Switzerland—July
- Beatles Tour—London, England—August
- Bumbershoot—Seattle, Washington—Labor Day Weekend

World Beat Tours may also sell concert ticket/bus ride packages via radio promotions to clients locally who don't have access to major concert events in nearby cities (such as the recent Rolling Stones concert tour). This could provide a more immediate source of cash flow because the above tours have deposit schedules that span longer periods of time.

World Beat Tours began in September 1997 as a sole proprietorship (with plans to incorporate within two years). The office is located at 871 Islington Street, Portsmouth, New Hampshire. Hours are Monday through Friday, 10 AM to 6 PM. Because this is not a venture that anticipates walk-in clients (our customers will access us through a toll-free phone number), we currently share office space rent-free with a related business, Big World Productions. Big World is a concert production company whose owner, Joe Fletcher, is on our advisory board. Our office rental agreement is secure for one year, at which time we will negotiate a lease or choose another Portsmouth location. At that time, we may also consider the feasibility of opening a satellite office on the West Coast.

World Beat Tours has a high probability of success due to current favorable trends in adventure travel (see Attachment A) and to projected demographic trends (see Attachment B). Success will be realized through well-executed niche marketing. Our heaviest travel season will be from May to September annually, with the remainder of the year spent on marketing and preparation for upcoming seasons.

The Market

Our company is designed to cater to the needs of music lovers who are interested in incorporating their passion for music into a travel itinerary and have the means to do so. Through researching mailing lists companies, we have determined the potential client and market size to be as follows:

Customer Profile: Jazz music enthusiast, frequent traveler, income over \$50,000 annually.

Metropolitan Area	# of Potential Clients
Boston	3,150
New York City	6,150
Seattle	1,950
Los Angeles	6,050
Total Sample Market	17,300

This is only a sample market size determined by selecting one musical genre preference and four major metropolitan areas. Market size can potentially be increased by thousands merely by adding other music preferences or cities. To keep growth manageable, only the above four cities will be initially targeted.

Marketing Plan

Our goal is to become the best music tour operator in the United States by providing a fully escorted adventure that will satiate all the senses and leave our clients feeling fulfilled, uplifted, and grateful for our services. We will offer this quality experience at an excellent value to our customers. The average price of a trip is \$1,000. The customer benefits include adventure, relaxation, musical education, and peace of mind—a wonderful respite from the stresses of daily existence.

We will market to targeted individuals in choice metropolitan areas (Boston, New York, Los Angeles, Seattle) who have the desire and the means to travel to these events. Our main marketing vehicle will be our compelling brochure, which will drive a direct mail/telemarketing campaign. We will supplement the mailings with print advertising in high-profile music publications such as *Rolling Stone*, special radio promotions (offer stations a trip to give away), and an Internet presence. We will also market to the general public through an existing national sales force of travel agents who sell our packages on commission and are educated about our company through familiarization trips. We will focus special advertising efforts on group travelers such as student or college music groups, fan clubs of festival featured artists, and groups of music industry professionals (i.e., record label executives). Of course, we will also use publicity tools as a way to raise awareness and incur sales of our tours.

Competition

Currently, the biggest source of competition comes from two sources:

1. **Festival Organizers.** Individuals call the promoter's office directly and are given information on where to secure lodging, purchase festival tickets, and so forth. The disadvantage to clients is that they still have to go to a travel agency to purchase their airline ticket. Also, they have to spend time and money on long distance phone calls and must work with more than one person. Unless they have personal experience with the area and the festival,

they are relying on a promoter (not a travel professional) to make recommendations on lodging and transportation.

2. **Travel Agencies.** Individuals compelled to attend a world music festival who are not familiar with the promoter would likely visit their travel agent for more information. Their travel agent (trained only in general leisure travel) would then call festival organizers and put the trip together, adding the air service for the client. Again, the disadvantage to clients is not having an expert assisting them with their very specialized tour package.

Currently, we are not aware of existing tour operators that specialize in this category of travel.

Business Risks

Risk	Minimizing Strategy
Cancellation from client	Nonrefundable deposits required; cancellation insurance offered
Limited hotel space	Reserve space early; hold with deposits
Fluctuating foreign currency	Build extra percentage into cost of sales on all international trips; put currency clause into literature
General liability issues	Purchase professional liability insurance; require all participating vendors to provide certificates of insurance; require clients to sign liability waivers

Management

Christine Johnson is a 1989 Babson College graduate with a dual degree in entrepreneurial studies and marketing. Her passion for and industry experience in the areas of both music and travel make her uniquely qualified for this venture. She possesses excellent management and organizational skills as outlined in her résumé (see Attachment D). Of course, Christine has personal experience with all of the products she offers.

Professional Relationships

World Beat Tours is advised by the following professionals:

- Cindy Vandewater, CPA
- Foy Insurance Group
- Lizabeth MacDonald, J.D.

Professional partnerships will be formed with a travel agency (to assist with airline ticketing) and a production/promotion company (to assist with ticket acquisition from festival promoters). These are:

- Glen Fouters, World Wide Travel
- Joe Fletcher, Big World Productions

Summary

World Beat Tours is a specialty tour operator servicing the needs of travelers attending music festivals worldwide. Christine Johnson, the owner, is seeking \$20,000 in outside investments to fund the start-up phase. The majority of the funds will be used for marketing expenses and for deposits required by the hotels and airlines. This investment will provide ample working capital to carry World Beat Tours through the first four months of operation until positive cash flows begin.

Careful analysis of the market has revealed that the travel industry is undergoing significant changes that favor this type of venture. More and more tour operators and agencies are being forced to specialize within specific markets. Travel consumers are significantly more sophisticated and expect an expert to assist them with their plans. Statistics show that over 6 million Americans now book their travel direct with suppliers via the Internet (See Attachment C). World Beat Tours will capitalize on these trends with a well-executed niche marketing plan that focuses strictly on the music enthusiast who is in the \$50,000+ annual income bracket and has a history of traveling more than three times a year.

Christine Johnson's knowledge and operational experience, combined with professional partnerships in both the music promotions and travel industries, will greatly increase the likelihood of success in this venture. The funds sought will result in a healthy financial beginning. An immediate client base will emerge as a direct result of initial expenditures on marketing. The remaining funds will be carried forward as reserve cash flow. Based on very conservative projections, the initial investment can be repaid during the 18th month of operations.