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**YOUTH HOSTEL  
BUSINESSSS PLAN  
May 2010**

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## Executive Summary

### **Business Description**

COMPANY is a youth hostel establishment that is scheduled to begin operation June 1, 2010. COMPANY youth hostel will provide high quality accommodation and full breakfast for traveling students, families of patients traveling to Baltimore for medical care and other budget-conscious travelers. At the five-year mark, COMPANY will begin expansion to Philadelphia, New York, Ontario, Puerto Rico and other locations throughout the world.

At the Baltimore location of COMPANY, accommodation will consist of 9 comfortably furnished rooms, with a selection of dormitory style beds or double bed private rooms. The larger dormitory style rooms (12 and 8 bed dorms) will have a bathroom located in the room with the two private rooms sharing a hall bath. Full breakfast will be served according to menu selections provided by COMPANY, LLC a local caterer specializing in locally sourced food, vegetarian, vegan and other dietary conscious dining styles.

### **Ownership and Management**

COMPANY will be a Limited Liability Corporation, owned by OWNER. Management of COMPANY will be handled by OWNER. There is no plan to formally hire any staff at the moment. Mr. OWNER has spent the last 5 years operating a property management and real estate investment firm.

One of the goals here is to transition into a cooperative 'business model', a 100% worker-owned and collectively-managed enterprise. In a cooperative, different members may have more power over the governing of the company depending on how much work they perform, or based on what kind of capital they contributed to the cooperative upon joining.

### **Key Initiatives and Objectives**

1. Obtain financing of \$50,000.00 (conventional bank or venture capital) to cover selected renovations, start-up and initial operating costs for COMPANY.
2. Achieve 15% return visits and 25% guest referrals.
3. Achieve profitability by the second year of operation.
4. Expand to three locations by the fifth year of operation.

### **Marketing Opportunities**

In light of market research, the target market consists of single travelers with low to moderate incomes between the ages of 25 and 55. Three quarters of the guests will have booked accommodations before leaving home and will stay for a minimum of two nights. In addition, there is potential to target self-employed travelers and freelance artists as well as families of patients traveling to our locations for medical treatment and

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care. With the recent boom on medical tourism, this category of traveler could be a niche that has, up until this time, been underserved.

### **Competitive Advantages**

Baltimore is located with a major center of population, and within driving distance to another high-density population – Washington D.C. The Baltimore-Washington corridor enjoys a larger potential consumer market than other sites in the region. It is also located in close proximity to several International Airports. COMPANY has been designed to provide the comfort of a home with the option to participate in on-site activities (live music, open-mic, wine tastings, do-it-yourself workshops, gallery exhibitions) partake in the company of like-minded fellow travelers or retreat to the seclusion of a clean and comfortable room.

The idea of being a member in a global village and conscious consumerism has grown from the early days of businesses such as Whole Foods, Tom's Shoes and One Laptop Per Child. The time is now, for travel accommodations to reflect the changes in purchasing habits of the 25 to 55 year-old market segment.

### **Marketing Strategy**

Our promotional strategy includes membership in local, national and global industry associations, this provides inclusion in their registry and guidebooks. Similarly, ensuring a listing in the major travel publications such as Rough Guides, Frommer's, Hostelling International, Trip Advisor and Budget Traveler is a top priority. Distribution of marketing media through social networking websites such as MySpace, Facebook, LinkedIn, Twitter and 600Block as well as through arts and culture magazines – CityPaper, Liberator Magazine, AFRO, Chesapeake Family, Baltimore's Child and others will guarantee thorough dissemination of marketing and advertising efforts.

The COMPANY website will accept online reservations and payments, a full color photo gallery of rooms and common areas as well as a calendar of events.

Return customers and referrals constitute a valuable source of revenue in the travel and tourism industry. We will encourage repeat visitors by maintaining a customer database and offering impeccable service, sparkling clean facilities and a la carte guest services (wifi, room service, picnic lunches, laundry service, etc.). We will offer special promotions and rates for loyal customers.

Pricing will be set competitively with a similar business during the first year of operation. Subsequently, rates will be raised 2.5% per year over the next two years to reflect improvements in location and expansion of services. Our rooms will be available for booking through our website, via telephone, fax and in person. We will provide a market comparable commission to travel agents that book guests to our hostel.

### **Summary of Financial Projections**

An investment of \$50,000.00 will be used to finance renovations to the existing property, resulting in nine guest rooms. Direct cost of sales is projected to be 15% in the first year, dropping to 6% and 5% over the next two years, respectively. The relatively high cost of

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sales in the first year reflects startup costs incurred in the month before operation. The cost of sales in Year Two and Three are low in comparison to industry averages because the partners plan to rely to other income rather than draw a wage from the hostel. We project that our income will increase from a loss of \$6,468.00 in 2010 to a profit of \$21,508.00 in 2012.

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## Confidentiality and Recognition of Risks

### **Confidentiality Clause**

The information included in this business plan is strictly confidential and is provided on the understanding that it will not be disclosed to third parties without the expressed written permission of BLANKmond or BLANK OWNER.

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## Business Overview

### **Business History**

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BLANK and BLANK have traveled extensively with their family to youth hostels around the country. The trip to a youth hostel in Martha's Vineyard, when BLANK was only a young girl has made this type of travel a first choice for this family.

### **Vision and Mission Statement**

The mission for COMPANY is to successfully build and promote quality culturally-aware and budget-conscious accommodations for travelers to the Baltimore Region.

The vision is to see this mission duplicated at COMPANY hostel locations

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throughout the world.

### **Objectives**

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2. Achieve profitability by the second year of operation.
3. Expand to three locations by the fifth year of operation.

### **Location and Facilities**

The Baltimore location of COMPANY hostel is located at AVE CITY STATE ZIP. The house is a six unit apartment building with nine bedrooms total. This house was acquired at public auction. ZONING: Multi-Family Residential, REAL ESTATE TAXES: \$1,931.75 (2009 -2010), TITLE: Fee Simple. Sold Free and Clear of All Liens.

Renovation plans include new bathrooms and fixtures, new flooring, installation of wireless internet, electronics charging stations in each room, and the expansion of two rooms to allow for private bathrooms. The two ground floor units will be made wheelchair accessible. The ground floor will see expansion off of the rear of the building for a common room. This room will house the reception area, a fireplace, bookshelves and two small desks.

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