

Ali Mikail Gençalioğlu

PLANNING AND IMPLEMENTATION OF A BUSINESS PLAN  
- PRIVATE ACCOMMODATION

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## PLANNING AND IMPLEMENTATION OF A BUSINESS PLAN – PRIVATE ACCOMMODATION

Gencalioglu, Ali

Satakunnan ammattikorkeakoulu, Satakunta University of Applied Sciences

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The purpose of this thesis was to create and implement a business plan including a small marketing plan and investigate financial forecasting of future revenue and profits. The feasibility of the project was researched, while looking in to how to create a business plan and a marketing plan that is relevant to the business.

The scope of this thesis was limited to a business plan made in the Aegean coast of Turkey. In order to be able to complete business plan, primary and secondary sources were used, and a small-scale research was made in to investment, costs, revenue and profit. By this, it was possible to understand the issues needed to be looked in to.

The collected theory was used as the main part of the business plan. The research part involved an interview and information about costs of investment in plots of land, construction, fixed costs such as electricity, water, advertisement and employee salaries, and business law.

The objectives of this thesis were met. The research proved useful in creating a feasible business plan, the marketing plan, financial forecasting and learning about business law. Based on the research, this plan is implementable in the near future, taking in to account the tourism sector of Turkey. Based on the research suggestions for improvement were made also.

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# 1 INTRODUCTION

The purpose of this thesis is to create and implement a business plan about a secluded, private accommodation service located in nature, away from traffic and civilisation to offer a new, unique perspective to holiday goers from Europe in Turkey.

Turkey has been a popular spot for European holiday goers since the 1980's. Turkey has an authentic mixed culture of the West and East, where the Anatolian peninsula connects Europe and Asia together. Along with its easily accessible location, the weather, food, people and experiences to be had in Turkey are different from anything in Europe. This is what makes Turkey somewhat exotic, affordable and intriguing for Europeans who are open to have a non-European holiday experience.

In the business plan, Turkey's positive or negative sides as a touristic hotspot will not be discussed. Instead, a solid, implementable business plan will be created, along with a small marketing and financial plan, along with information on legalities concerning such a business.

## 2 PURPOSE, OBJECTIVES AND CONCEPTUAL FRAMEWORK

### 2.1 The purpose and objectives of the thesis

This project is done in order to find out if a business plan regarding accommodation in a secluded area of Turkey, Muğla, Marmaris is viable, feasible, implementable, profitable and successful in the long term.

There are not many such businesses, which makes this thesis pave the way for the author and perhaps, others. It is considered a niche market, so focusing on particular areas of business planning, marketing, and financials is necessary.

## 2.2 Research questions

The main research problem of this thesis is creating a business plan for a private accommodation business, secluded from the city. This objective engulfs topics such as, creating a business plan, implementing a business plan, what are accommodation businesses, how to keep it private and secluded from the city. These topics will be covered in the business planning part of this thesis.

The research problem consists of the following sub-problems:

- Creating a cost and profit analysis of running the business, as well as forecasting the revenue
- Creating a small online marketing plan to attract customers from Europe and select which marketing tools to use.
- 
- Researching the relevant legal procedures in creating such business in Turkey.

## 2.3 Conceptual framework

Figure 1 presents the conceptual framework of the thesis. The purpose of the conceptual framework is to visualize the topics that will be discussed in the theory part of the thesis, to meet the purpose and the goals of the research more fluently.

As can be seen from the conceptual framework, there are three phases to the business planning, marketing, financial analysis and business law. They are; research, planning and implementation. Taking these four key concepts to the thesis, and researching, planning, implementing is necessary for the completion of the thesis.

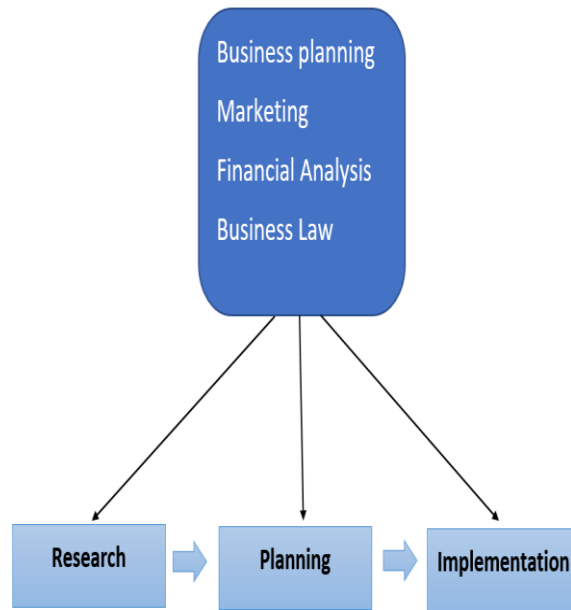


Figure 1. The conceptual framework

#### 2.4 Boundaries and limitations

Along with writing any thesis, or doing any type of research, there are boundaries and limitations that arise from the tools, methods used. Each tool and method of research, have boundaries that make the research not hundred percent reliable or applicable in every situation. Therefore, it is important to point them out and be clear about them.

This thesis, business plan, is focusing on a business in the country of Turkey. Where the finances will lead different results than if done in another country. The currency of Turkey is Turkish Liras. At the time of this thesis, one Euro equals around 4.45 Turkish Lira. Again, for the same reason, the business law and implementations of such a business regarding the law will be in the confines of the Turkish legal system. Implementing it in another country is not correct.

Other boundaries that are present are perhaps ethical boundaries. To create a land for construction in the forest, sea side, beach etc., there requires to be partial deforestation and urbanisation of said natural premises. This issue in Turkey can be tackled by planting the same number of trees in a barren area, in another part of the country.

### 3 BUSINESS PLANNING

#### 3.1 Definition

A business plan is an outline, a path you create as an entrepreneur, to plan on how to implement the goals and details of your business, both in the long and the short term, along with the most important details. Without a business plan, a business cannot flourish, start up, and continue. Business plans must be a flexible guide that allows the entrepreneur to adapt to the external factors while keeping control of the internal factors of the company.

There are questions to ask to identify the business at the very start; *What is the business? What products or services the business offers? What markets the business intends to service, the size of those markets and expected share? How can the business service those markets better than the competition? Why has the business chosen this particular location? What management and personnel are available and required for the operation of the business? Will debt or equity investment make the business more profitable?* (H. Bangs, BPG: CWPS). Answering these questions makes the business already much more concrete without any physical progress. They are a sort of policies of the business and following them must be the priority.

*“Deciding what your business is— and what it will be in five years— is the most important single decision you have to make. Any business will be involved in more than one activity. Your judgment of what the central activity is (or what the central activities are) is crucial. Your entire planning effort is based on your perception of what business you are in. If you make a serious error at this point, your chances of*

*success will be sharply diminished. So be sure to think this decision through” (H. Bangs, BPG: CWPS).*

### 3.2 Building Blocks of a Business Model

Just as the business strategy is important, having concrete products and services, marketing tools, an implementation method and financial plan are crucial also. The Business Model Generation and Value Design book by Alex Osterwalder and Yves Pigneur has created nine building blocks to simplify and clarify the components of a plan.

**Customer segments** are needed to identify the target customers. *“Customers comprise the heart of any business model. Without (profitable) customers, no company can survive for long. In order to better satisfy customers, a company may group them into distinct segments with common needs, common behaviours, or other attributes. A business model may define one or several large or small Customer Segments. An organization must make a conscious decision about which segments to serve and which segments to ignore. Once this decision is made, a business model can be carefully designed around a strong understanding of specific customer needs.” (Osterwalder/ Pigneur, BMDVD)*

**Value proposition** seeks to solve customer problems and propose value to satisfy customers. *“The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need. Each Value Proposition consists of a selected bundle of products and/or services that caters to the requirements of a specific Customer Segment. In this sense, the Value Proposition is an aggregation, or bundle, of benefits that a company offers customers.” (Osterwalder/ Pigneur, BMDVD)*

**Channels** are the logistics involved in delivering value propositions. *“Communication, distribution, and sales Channels comprise a company's interface with customers. Channels are customer touch points that play an important role in the customer experience.” (Osterwalder/ Pigneur, BMDVD).* There are also several

functions to channels such as; Raising awareness, helping customers evaluate, allowing customers to purchase, delivering value, providing customer support after purchase.

**Customer relationship** are developed and maintained with each customer segment for clear communication. *“A company should clarify the type of relationship it wants to establish with each Customer Segment. Relationships can range from personal to automated. Customer relationships may be driven by the following motivations; Customer acquisition, customer retention; boosting sales”* (Osterwalder/ Pigneur, BMDVD)

**Revenue streams** are created from successfully offering the value propositions to customers. *“If customers comprise the heart of a business model, Revenue Streams are its arteries. A company must ask itself, for what value is each Customer Segment truly willing to pay? Successfully answering that question allows the firm to generate one or more Revenue Streams from each Customer Segment. Each Revenue Stream may have different pricing mechanisms, such as fixed list prices, bargaining, auctioning, market dependent, volume dependent, or yield management.”* (Osterwalder/ Pigneur, BMDVD)

**Key resources** are assets required to deliver the previously mentioned elements. *“Every business model requires Key Resources. These resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Different Key Resources are needed depending on the type of business model. A microchip manufacturer requires capital-intensive production facilities, whereas a microchip designer focuses more on human resources.”* (Osterwalder/ Pigneur, BMDVD)

**Key activities** are the most important actions a company must take in order to make its business plan work. *“Every business model calls for a number of Key Activities. These are the most important actions a company must take to operate successfully. Like Key Resources, they are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships, and earn revenues. And like Key*

*Resources, Key Activities differ depending on business model type” (Osterwalder/ Pigneur, BMDVD)*

**Key partnerships** are the networks and connections the company makes to efficiently run the business. *“Companies forge partnerships for many reasons, and partnerships are becoming a cornerstone of many business models. Companies create alliances to optimize their business models, reduce risk, or acquire resources.”* (Osterwalder/ Pigneur, BMDVD). There are four different partnership types, strategic, cooperation, joint ventures, and buyer-supplier partnerships. Respectively they are between non-competitors, between competitors, to develop new businesses, and to assure reliable supplies.

Lastly, the **cost structure** regards all costs the company deals with to operate the business. *“This building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. Such costs can be calculated relatively easily after defining Key Resources, Key Activities, and Key Partnerships”* (Osterwalder/ Pigneur, BMDVD)

Each of these nine building blocks will be implemented to an extent and used as a guide in the business plan of this thesis.

### 3.3 The Reasons for Business Planning

The main point of creating a business plan is to convey the theory to practice. It is important and necessary to predict and evaluate the success or failure of the business before implementing the idea in to reality. Otherwise, just like trying to navigate without a map, the entrepreneur will come across unexpected or unplanned issues regarding the business, will have to make reactive, haste decisions that may and can jeopardize the business. This sort of, unpreparedness and being hastily reactive will eventually put the business in a place of either struggling to make profits, or bankruptcy.

Along with the business plan, marketing plans, financial analysis plans, researching business law and any other prerequisites are crucial to convey from idea to concrete writing and planning. The research part of this thesis will be conveying the idea of the business plan to writing and planning.

## 4 MARKETING

### 4.1 Definition of Marketing

Marketing has many definitions by many authors, economists and entrepreneurs alike. What they all have in common is that a product is being sold through convincing the customer. Robert Grede, the author of *Naked Marketing*, describes marketing as; *“Marketing is the offering of something for sale we told everybody we had with strength and conviction, so that everybody trusts us, and we arranged for the physical distribution of the product in a timely manner at a price everybody could afford in sizes and colours they wanted.”* (Robert Grede, *Naked Marketing*).

As Grede puts it, there are many elements in to marketing than only selling and changing the perception of the customer on the product. The customer has to receive the information of what you are selling, they have to trust you as a seller, the logistics and channels of distribution must be in place to deliver the product in good time, has to be relatively affordable, and augmented to varieties customers want.

All these factors make marketing the most important tool to make sales, profit and keep a company functional in the long term. Grede describes it even more simply, through different words by saying; *“Marketing is the satisfaction of needs and wants through the sales of your products and services.”* (Robert Grede, *Naked Marketing*). This is the essence of marketing; providing the availability of products and services of yours to satisfy the needs and wants of your customers.

### 4.2 Marketing type used

Digital marketing is a type of marketing where the channel to reach consumers is through virtual means. In our day and age, this means through digital media such as

Television, radio and computers. This thesis focuses on the computer, using online marketing as a channel to reach audiences, consumers and potential customers. There will be a few different means used of online marketing such as; company website, online advertisement on travel agency websites, and using ‘socially connected customers’.

A company website, according to Annie Tsai, the author of *The Small Business Online Marketing Handbook: Converting Online Conversations to Offline Sales*, a minimum threshold must be met to make a website worth seeing. “*The business website should have a clean, modern feel that serves the primary purpose of delivering to the casual browser the information they need to become a buyer...basics like business hours, physical address, phone number, and contact email address.*” (Annie Tsai, TSBOMH).

As she puts it, as long as there are the most basic, necessary information, in a fashionable, modern layout that is easy to use and access, a website is worth seeing and deemed worthy of visiting. “*Your website is your homestead on the web. It needs to be an effective advertisement on its own for your business. Even if you never post a single promotion on your website, you still need to provide enough relevant content, business information, your story, product and service highlights, and so on, to convert browsers to customers on the merits of your business alone.*” (Annie Tsai, TSBOMH).

The second tool used for online marketing, are various travel agency websites, like; booking.com, tripadvisor.co.uk, ownersdirect.co.uk, Airbnb.com and so on. These websites are free to use and can promote your property through a membership fee. Many travellers use these websites, and according to consumeraffairs.com, they are in the top 20 best rated travel websites. People use these websites as an alternative to reach house owners directly to avoid direct fees from multi-national travel corporations, to avoid higher fees and be in touch with the owners personally.

Annie Tsai states that there are two types of ‘connected consumers’. It depends on how well informed they are with technology. “*These individuals typically browse for products and services on their mobile devices and frequently consume media through several outlets at once. They also have a tendency to search for prices on their mobile devices before they buy a new product, potentially while they’re staring at the product while in the store. The Connected Consumer’s opinion tends to hold more weight within social circles. He or she is often the first person his or her friends approach for an opinion on whether they should buy a given item, or for a*

*recommendation on a good service provider.” (Annie Tsai, TSBOMH).*

As she says, there consumers play a role in advertisement as well, but more importantly, there is a second type of consumer. These second type of people, she calls ‘socially connected consumers’, and describes them as; “... *Combined with his or her willingness to share through online social platforms, this person takes pictures of his or her purchases to share with friends online and isn’t afraid to let the world know what he or she is doing right now, and with whom. Socially Connected Consumers don’t just “check in” somewhere; they’re likely also telling their friends about their absolute favourite dish at your restaurant or a to-die-for hair treatment from your salon that they can’t live without. Socially Connected Consumers use their social networks to actively volunteer information about businesses where they spend their money. As a result, they can become activists for your business after just one purchase experience.*” (Annie Tsai, TSBOMH).

Along with having a well-adjusted website with all the necessary information, sharing advertisements of the company on the most popular travel websites, and being in touch and pleasing these new types of ‘socially connected consumers’ are the stepping stones of online marketing. In this day and age, the concept of ‘word of mouth’ has evolved in to social media, and small businesses like the one this thesis is planning, need to take advantage of it as much as possible to achieve success in the future.

## 5 FINANCIAL FORECASTING

### 5.1 Definition

Financial forecasting is a tool used to predict the future related to company data. It is done to increase the chances of assuming the correct numbers like sales expenses, revenue and sales. In the book of Michael Samonas, *Financial Forecasting, Analysis and Modelling: A Framework for Long-Term Forecasting*, it describes forecasting as; “*The objective of a forecast is to predict or estimate a future activity level such as demand, sales volume, capital expenditure, inventory levels, and so on based on the analysis of historical data.*” (Samonas, FFAM).

Forecasting is almost always wrong, but there is still a point in doing it. Even though the exact figures reached through the forecast are wrong, being as close as possible to

them is extremely helpful. Companies that have customer order fulfilment times shorter than production lead time, can't add or reduce capacity of output efficiently, and publicly traded stocks need to have financial planning and forecasting, it is a must. Otherwise external factors will render these companies redundant and outcompeted.

## 5.2 Techniques of Forecasting

There are three different techniques in forecasting. These are statistical in every way. **Extrapolation** techniques “... such as time series analysis, implicitly assume that the past will be a reasonable predictor of the future. This assumption may be valid for mature and stable businesses.” (Samonas, FFAM).

**Causative** techniques “... such as regression analysis, attempt to understand the fundamental relationships that determine the dynamics of a market. This understanding, combined with a set of assumptions about the future, provides the basis for the forecast. Because the underlying relationships are often estimated from historical data, these techniques are useful when only small, incremental changes in assumptions are expected in the future.” (Samonas, FFAM).

**Judgemental** techniques “...modellers may often be asked to produce a forecast for a new product or market where there is no available historic data. In these cases, forecasting can become judgemental and highly subjective. Although the forecasts can be refined through studying the results of market research and by examining the experiences of similar or related products in other markets and countries, the task of forecasting becomes more like an art than a science.” (Samonas, FFAM).

These three techniques are not used independently but together to gain the most possible information, hence predict the future as closely as it can be predicted.

## 6 CASE COMPANY

### 6.1 Villas

The case company is what the thesis hopes to create. By achieving a complete business plan, the first steps of the case company have been taken. Along being a thesis, it does strive to achieve a real business plan to an extent, try to create a

feasible method to apply the idea of the case company to reality.

The business provides private accommodation to tourists. Secluded from civilization and its noises, pollution and mental stresses it brings along it. Ideally located on a higher altitude than the sea level, but also having a view to the sea. This creates a pleasurable view to the stayers and adds to the holiday experience. Having no visible neighbours to worry about will add to the experience as well.

The villas will be in close vicinity of each other, but by the use of altitude and carefully planted pine trees, a completely secluded feeling will be created. Pine trees naturally grow nearly everywhere in south-west Turkey, hence planting the pine trees. The volume of noise created by the holiday goers is something that will not be a problem since the business will be marketed as a relaxing, peaceful repose holiday. Loud music and having many people over to party with is not the objective of this accommodation which will be clear to the customers.

The villas will include three buildings, each one of different size. One for two, another for four, and another for five. The smallest one will be marketed for couples. The middle sized one for either two couples or a family of two children. The bigger one, ideally also for families, but depending on the choice, both the medium and large size villas can be rented by two couples.

Each villa will be similar in the facilities provided. A kitchen, living room, bedrooms and a toilet including a bathtub. Each villa will have its own private swimming pool, sun beds, a smaller sized pool connected to the pool but used instead as a jacuzzi by placing water pumps. Going with the idea of a peaceful holiday, there will be no other outside entertainment facilities provided. Living in a time where monitors are very hard to let go, cable television and internet connection will also be available as WIFI. In case of emergencies, the provided mobile phone with emergency lines on speed dial, and a note explaining the use of the phone is available in each villa.

Every morning hired personnel will need to clean the pools to keep the hygiene. This is done quietly and does not affect the sleeping of customers. Depending on the

customers' choice, a set number of times a week hired personnel may enter the accommodation to clean needed areas, change bed sheets etc. It is also up to the customers to decide to do it themselves to keep the feeling of seclusion ongoing. There will be provided many extra bed sheets, linings and cleaning products just in case.

The transportation to the Villas will be handled by a shuttle service which can be outsourced. The distance from the nearest airport to Marmaris is 90 km, a one and a half hour with automobile transport. In figure two, the road map can be seen from Dalaman airport to Marmaris. As can be seen, it is 94,5 kilometres and takes around one hour and a half to reach.

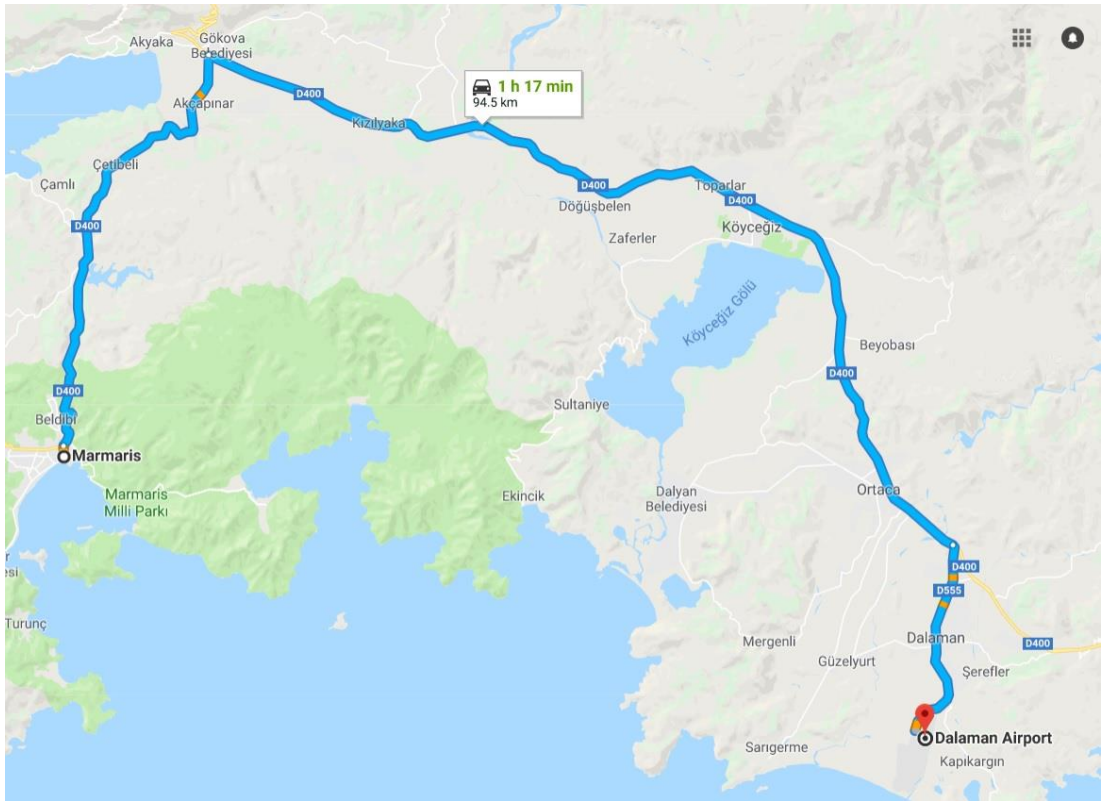


Figure 2.

The customers may choose to rent a car to travel between the airport, see the city, and do their shopping. A service of grocery delivery can be arranged for those customers that demand it in their accommodation.

## 6.2 Service management

According to Frances X. Frei, the author of the article *The Four Things a Service Business Must Get Right*, service offering, employee management, funding mechanism and customer management are important. A service business must consider and implement these in the correct way to succeed.

Service businesses must focus on the experiences the customers have rather than what the product designers focus on. *“To create a successful service offering, managers need to determine which attributes to target for excellence and which to target for inferior performance. These choices should be heavily informed by the needs of customers. Managers should discover the relative importance customers place on attributes and then match the investment in excellence with those priorities.”* (Frei, FTSBMGR). In the case of the villas, the customer experience and their low stress levels, not having cares is the priority along with a comfortable, clean accommodation experience.

When it comes to funding, the business must have a way to fund itself and invest in the business to keep it self up to date and competitive. One and simple, common way of doing this is having the customer pay for the funding. This is not done by charging every little detail separately but having all expenses already paid for in the price tag of the accommodation, during their stay. Another method is to charge the least demanded services only to those that need it. In the case of the villas, it may be charging for the service of grocery shopping or cleaning if the majority of the customers prove that these services are not required often, but only by a low percentage of customers. A third method mentioned by the article is to have customers share the labour. If the customers are doing a part of the work the employees do, their costs can decrease. An example of this could be the cleaning done indoors before leaving the villas or daily pool cleaning. Considering these are luxury villas, this type of price reduction method should not be available to the customer since it would have a very low demand and may damage the brand’s image by having these cost reduction options available.

In service businesses, employees are the face of the company and nearly provide the complete experience through their sociability and expertise in their job. *“Companies often live or die on the quality of their workforces, but because service businesses are typically people intensive, a relative advantage in employee management has all the more impact there. Top management must give careful attention to recruiting and selection processes, training, job design, performance management, and other components that make up the employee management system. More to the point, the decisions made in these areas should reflect the service attributes the company aims to be known for.”* (Frei, FTSBMGR). In the case of the villas, the face of the company is most likely the owner that greets the customers on their arrival to the villas, conveys the necessary information and learns if there are any extra demands the customers have. A human resource manager may be hired in the case that the owner is not fit for the job. Even though this increases the wage costs, it may be necessary for the betterment of the company and its image. In general, managing employees requires having control of employee satisfaction, motivation and what tools the employees need to provide customer satisfaction.

Customer management aspect of a service business is more complicated and may not relate to the business as much. It mentions having the customer involved in the creation of the service and value process. *“Employees and customers are both part of the value-creation process. A main benefit is that customer labor can be far less expensive than employee labor. It can also lead to better service experiences.”* (Frei, FTSBMGR). This is something that may be considered through customer reviews and collecting information from the customer after their holiday experience is over, through questionnaires of sorts.

## 7 RESEARCH

### 7.1 Research background

The research in creating the business plan includes mostly financial data such as the price of the plot of land, the size needed to construct three accommodations, the costs of building the three accommodations, the fixed costs per month arising from

electricity, water and personnel. Marketing wise, creating a website and using travel agency websites will be looked in to too. The legal parts of creating such business will be looked in to as well.

These costs will determine how viable the plan is and how long the business needs to operate in profit to repay itself back and start making profit after the costs have been regained. Most likely, a bank credit application is needed to be done and that also is a part of the research. Many businesses' start up with a bank credit and it is a faster process even though is considered riskier.

## 7.2 Research methods

The gain the mentioned information, real estate agents will be contacted as well as having an interview with a business person who has already created such a business. Contacting such people who already have a similar business will give good data concerning the fixed costs like electricity, water and personnel. Using both primary and secondary data will be helpful. In this case the anonymity of the interviewee is to be kept upon their request. The interview is held as a questionnaire, which is in the appendix.

## 7.3 The Research

Before contacting various real estate agents and real estate sell sites, the plot of land's dimensions need to be clear. A clear idea of each buildings acreage should be gotten. Villasepeti.com is a website renting similar Villas, but not as a business, only for rent. The size of the houses are given on each listing, but not the acreage of plots of lands. I have contacted one of the owners through making inquiries on renting the Villas, and asked the acreage of land too as well as conductin the interview with them. In some cases, It wasn't possible to get a clear answer, but out of the six Villas contacted, an average of 1800 m<sup>2</sup> was acquired. Considering all the previous knowledge of the buildings' purposes and their design, 1800 m<sup>2</sup> is enough to house three buildings, pools and garden areas. Mind that the buildings need to be separated from each other by a distance, landscape and vegetation to offer the private and

secluded feeling to the customers.

Upon contacting a real estate agent and browsing real estate sell sites, for a 1700 m<sup>2</sup> sized land, various prices are available, depending mostly on the location. Sea sided plots of lands are more expensive in Marmaris than neighbouring village areas. But having a location that has a sea view, not being on the sea side is more affordable and still offers an experience to the customer. These prices vary between 300 thousand and 600 thousand Turkish Liras. In Euros, with the current conversion rate of 4,68 lira per Euro, it is between 60 thousand and 130 thousand Euros. The business owner the interview conducted with acquired their plot of land for 50 thousand euros around ten years ago.

The construction costs are another addition to the final costs on top of acquiring the plot of land. These figures were also received from the interview. With the idea behind the accommodations in mind, 800 thousand Lira was what was found to be the cost of construction, around 170 thousand Euros.

As mentioned, the marketing costs are different than of an ad campaign. In this case, the only costs involved are having an internet site operational and having free ads on the mentioned sites. The interviewee used three sites mainly, along with their own website; ownersdirect.co.uk, holidaylettings.co.uk and Tatilvillam.com. Their costs of ads per year reached to around 3700 Lira per year, 790 Euros. Along with a 50€ website hosting fee per year, that is 840€ per year. The websites will promote the business and have it available to more customers. Owners Directs' website has a yearly membership fee while Holiday Lettings charges the customer with 2% of the rent fee. Tatil Villam takes a commission from the customer also, which amounts to no fees for the business owner.

Costs of such business are higher compared to a household. The biggest extra cost is having the pools operational during the work season. On average, three pool costs 900 Lira to maintain per month. Over 5 months, it equals to 4500 Lira, 960 Euros. Also, the total costs of the buildings, including the electricity, water, internet and maintenance cost average to 20% of the revenue, which is around 8400 Lira per month, 1800 Euros. Over a season of five months, the fixed costs add up to an

average of 22500 Lira per year, which is 4800 in Euros. There are also maintenance costs of furniture, electronic devices and outer parts that may occur over time, which are included in the costs

When it comes to employees, one for house cleaning upon request of the customers, and another acting as a grocery deliverer. This would imply the company owns a car, which will be added to the costs. A cleaner would be paid based on the times she works. Assuming that the person would clean a Villa twice a week at most, and three Villas being present, that is six visits a week. This adds to 3000 Lira per month for the cleaner at most, a total of 24 visits a month for all Villas, which is 645 in Euros. By not employing a cleaner officially, not paying employee taxes, this number is reduced to a bit over half. In Turkey, cleaners are most often not working for a company, but housewives bringing home extra income.

When it comes to financial forecasting, it is very important to know the price charged for customers. On average Villas that only are rented cost 600 Euros per week. This price changes over months from May being nearly at half price than in August. This is regarding the demand being less, less customers, tourists arriving in Marmaris. Considering this business plan offers more than a merely rented villa, the prices will be set accordingly. Each Villa will be priced differently according to the size. In relation to this, the price will increase with the amount of people staying, but not in unison. From every villa, base price will be charged that is for one or two people. For every extra person, 100 Euros will be charged in all months besides August, 150 Euros will be charged in August. Reminding that the small villa is for three, medium for four, large for five people, a price table can be seen in Figure 3. This Price chart shows the base price for one or two people renting a certain sized Villa in a certain month of the season for one week. Figure 4 shows the maximum number of people staying at each villa, which are three, four and five people, respectively.

	<b>Villa Size</b>	Small (Price per week)	Medium	Large
<b>Months</b>				
May		€ 550	€ 600	€ 650
June		€ 650	€ 700	€ 750
July		€ 650	€ 700	€ 750
August		€ 800	€ 850	€ 1,050
September		€ 650	€ 700	€ 750
October		€ 550	€ 600	€ 650

Figure 3

	<b>Villa Size</b>	Small (Price Per Week)	Medium	Large
<b>Months</b>				
May		€ 650	€ 800	€ 950
June		€ 750	€ 900	€ 1,050
July		€ 750	€ 900	€ 1,050
August		€ 900	€ 1,050	€ 1,350
September		€ 750	€ 900	€ 1,050
October		€ 650	€ 800	€ 950

Figure 4.

As can be seen from figure 3 and 4, the minimum price for a stay for one person in the small villa is 550€ in May, and the maximum price for one person to stay in the largest villa is 1050€ per week.

As the price is set, a forecast must be made also about the number of weeks and average customers the Villas receive per season. This is very hard to guess as this number will increase and decrease over time. For research purposes, a fully booked

business and only half booked business will be compared. A fully booked business over 5 months equal to an amount of 45 thousand Euros. Half booked would equal to around 50% of this price, so 22 thousand euros. This is the revenue. Once we subtract the fixed costs, we have around *36 thousand and 17 thousand Euros per year as profit*. The costs were calculated to be around twenty percent of the revenue, according to the interview. Most likely, the costs are higher than twenty percent of the revenue in seasons that are half booked. So, *the profit would not be high as 17 thousand Euros, but closer to 13 thousand euros*.

In this case, finding the cheapest land for 60 thousand Euros and construction costs of 170 thousand euros, add up to a 230 thousand Euro investment in minimum, which can be inflated up to 300 thousand Euros depending on the price of the plot of land. In any case, this 230 thousand Euro investment, with profits of half booked seasons of 13 thousand euro per year, would take up to *17 years* to repay itself. With profits of 17 thousand Euro per year, up to *13 years*. With profits of full booked seasons, 36 thousand Euros, only *6 and a half years*. Profits are used to repay the debt or investment back in to the pocket of the owner because the revenue decreases from yearly costs as mentioned before. These figures are only assuming none of the profits are gone as salary to the owner. If we subtract the minimum wage salary of Turkey to be paid to the owner until the investment is paid off, which is around 4100 Euros per year, the figures of gaining back the investment would increase accordingly; *from 17 years to 25 years, 13 years to 18 years, 6 and a half years to 7 and a half years*.

As perfect scenarios of consecutive fully booked seasons are not likely in any start up business, it is best to consider the average and assume this investment would take up to 18 years to repay itself at most. This figure is reached under the assumption each season, out of possible 5 months, 2 and a half months are fully booked. And that the owner receives only the minimum wage of 350 euros per month. If this research also goes as far as to state that the business owner already owns a house, and not has to pay rent, the wage received from the Villas can decrease to as little as 250 euros per month on the basis of living a conservative lifestyle. This would increase the rate in which the investment is paid off by twenty five percent.

## 7.4 Business Law

Just like anywhere, when starting a business, the correct legal requirements must be met. In Turkey there are some to follow that will allow a business to be legally recognised. Turkey's foreign direct investment law is based on principles that allow both nationals and foreigners the equal right when investing. *“International investors may establish any form of company set out in the Turkish Commercial Code (TCC), which offers a corporate governance approach that meets international standards, fosters private equity and public offering activities, creates transparency in managing operations, and aligns the Turkish business environment with EU legislation as well as with the EU accession process.”* (<http://www.invest.gov.tr/en-US/investmentguide/investorguide/Pages/EstablishingABusinessInTR.aspx>).

Because the company created will be a non-corporate one, there are two different types of company. Under the Turkish Commercial Code, there are two types; Collective Company and Commandite Company. In Turkey, the most common ones are Joint Stock Companies and Limited Liability Companies.

When establishing a company there are rules and regulations that must be followed. Firstly, submitting the memorandum and articles of association online at MERSIS. Trade registry regulations must be fulfilled through MERSIS. *“MERSIS is a central information system for carrying out commercial registry processes and storing commercial registry data electronically on a regular basis. A unique number is given to legal entities that are actively involved in business. Online establishment of new companies is possible on MERSIS, and already-established companies may operate through the system after the transfer of their records.”* (<http://www.invest.gov.tr/en-US/investmentguide/investorguide/Pages/EstablishingABusinessInTR.aspx>).

Secondly, executing and notarizing company documents. Here is the list of documents required for registry at the trade registry office;

- Notarized articles of association
- If any shareholders, copies of passport
- Notarized signature declarations

- Notarized identity cards of the company managers
- In case the foreign partner is a legal entity many more documents are to be presented. (Because it is irrelevant to the thesis, these documents are left out)

It should be noted that, if the documents are issued and executed outside of Turkey, they must be notarized and apostilled or ratified by the Turkish consulate. The original documents must be translated and notarized officially by a Turkish notary.

Thirdly, obtaining a potential tax identity number. These documents are required by the tax office are as follows.

- Petition requesting registration
- Notarized articles of association
- Copy of tenancy contract showing the registered address for the company
- If the process is going to be followed by a proxy, a power attorney must be issued.

Fourthly, depositing a percentage of capital to the account of Competition Authority. This amount is 0.04 percent of the company's capital. The bank receipt for this transfer is needed. Also depositing at least 25 percent of the start-up capital in a bank and obtaining proof of it. The 25 percent of the capital firstly, and the remaining 75 percent of the subscribed share capital must be paid within two years. (<http://www.invest.gov.tr/en-US/investmentguide/investorguide/Pages/EstablishingABusinessInTR.aspx>).

Fifthly, applying for a registration at the trade registry office. Many documents are needed for this;

- Petition requesting registration
- Copies of incorporation notification form
- Copies of notarized articles of association
- Bank deposit receipt of the payment made to the Competition Authority
- Company founders' and the people representing the company's signature

declaration

- Chamber of Commerce registration form
- A written statement of non-shareholder members of board of directors that states the acknowledgement of this duty
- Bank certificate of the capital deposit of 25 percent of the capital. (<http://www.invest.gov.tr/en-US/investmentguide/investorsguide/Pages/EstablishingABusinessInTR.aspx>).

Lastly, certifying the legal books by a public notary and following up with the tax office on the trade registry office's company establishment notification. *"The Trade Registry Office notifies the tax office and the Social Security Institution of the company's incorporation. A tax officer comes to the company headquarters to prepare a determination report. There must be at least one authorized signature in the determination report. Trade Registry Officers send the company establishment form, which includes the tax number notification, to the tax office. Issuance of signature circular: After the company has been registered before the Trade Registry the signatories of the company must issue a signature circular."* (<http://www.invest.gov.tr/en-US/investmentguide/investorsguide/Pages/EstablishingABusinessInTR.aspx>).

As can be seen, there are many steps to take before establishing a legal company. These must be taken with care for ensuring reliability of the legality of a company.

## 8 SUGGESTIONS FOR IMPROVEMENT

Many improvements can be made when it comes to the research and planning of this thesis. The business plan has been done from a simple angle, with limited research in to areas of the subject may prove useful. Delving more deeply in to different sources of business planning would have widen the perspective of planning. The researched building blocks of a business plan were not also implemented directly in to the research, but only used as a tool to consider and guide the plan.

The marketing plan was not done in practice but in theory only. Presenting only the options and costs of marketing, as well as the style may not prove useful if not done in practice. Stronger measures may have to be taken to create a more reliable and useful marketing strategy to attract more customers which in turn may increase the success and profits of the business.

Financial forecasting does not take in to account changes in political and social aspects of the environment in Turkey to predict the tourism trends of the future. If this were done, an analysis could have been conducted more in depth. So far, the financial analysis looks only to predicted revenues and profits derived from half booked and full booked seasons. And it does not go in to detail of receiving a bank credit, and its interest.

The business law of Turkey is only researched from the perspective of a foreigner trying to establish a business in Turkey, and its requirement documents. Any business need to abide by many more laws when creating any business, usually by the help of firm lawyers. In this case of the thesis, there may be environmental laws concerning the wildlife, deforestation, road construction to secluded areas which were not researched.

## 9 SUMMARY AND CONCLUSIONS

The purpose of this thesis was to create a business plan that can be implemented after the proper research was done. Regarding an accommodation business, the necessary research has been done, and business vision has been explained; to offer a secluded, private accommodation holiday to foreigners visiting Turkey, its hot weather and authentic nature along the Aegean coast. Even though the marketing was focused on Europeans, any other foreigners and also Turks from other areas of Turkey can take part in this holiday, to experience a relaxing and calming holiday experience, in contrast to the crowded, polluted, noisy hotel experiences in metropolitan areas.

The necessary investments were researched and received from the anonymous interviewee, who has been in the business for over a decade. This primary source

was a big part of the research part of the thesis, without it, assumptions were needed to be made which may have made the research unreliable and the business plan aiming for false financial results.

## 10 FINAL WORDS

The idea for this thesis originated from the thesis authors', my own ambitions in his future careers. As working in the tourism sector in the summers during university studies, having done my practical training in a hotel as a receptionist and in a textile trading firm dealing with foreigners, I've gotten to know the people who work with Turkey, and their needs. After hearing many complaints about the hotel environment and the needs of our customers, I've considered this business plan to be a more stress free and enjoyable environment to work in and offer to tourists. Now that a rudimentary business plan has been created, these future plans of mine have become more concrete and feasible to achieve

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Interview conducted on 09.02.2018

**Interview with the anonymous Villa owner that has his/her business in Marmaris.**

**Q1:** How many metre squares of plot is needed for three villas with swimming pools to be constructed.

Around 1800m<sup>2</sup> is enough to house three buildings and three pools with garden space. Just like my own business.

**Q2:** How much did a plot of land cost that has a view to the sea with that many metre squares of plot.

Back when I bought it, over ten years ago, it costed me 50 thousand Euros. Now they are as high as 130 thousand, but for 60 thousand Euros, plots of land can be found from village areas that still have a view to the sea.

**Q3:** How much capital is needed to construct the three villas?

Well, I could say It cost me around 170 thousand Euros, the prices are still quite the same despite the inflation.

**Q4:** How much per year is spent on your internet advertisement, including a website?

It's 790€ for websites I host my ads and internet hosting is only a cost of 50€. The sites I host my ads are ownersdirect.co.uk, Holidaylettings.co.uk where I pay 2% of the rent fee to them per customer and, Tatilvillam.com where they take commission from the customers, which makes it free for me.

**Q5:** How much are your fixed costs? Pools, electricity, water, internet, ads, maintenance cost, cleaning? Overall a season?

I cannot recall all individual costs, but every year around %20 of the revenue goes to these extra costs.

**Q6:** Pool cleaning costs and cleaning costs?

Pools cost me 900TL per month, and the cleaning is only around 1000 TL per month because I outsource and don't employ these people officially.

**Q7:** Prices during different months?

In May and October, the prices are 550 Euros per month in the small Villa, 600 in the middle sized, and 650 in the large villa. These prices are for one or two people. June, September, July 650, 700, 750, Euros respectively. August 800, 850, 1050 Euros. I charge an extra price of 100 Euros per person, and 150 Euros in August.

**Q8:** How much revenue per year do you acquire?

The revenue changes each year, on a good year, I've even had 50 thousand Euros per season. But the worst I had was 21 thousand Euros. Normally, I total around 45 thousand Euros per season, this is an average number, but my business has been doing well compared to others, it's more than half booked almost every year.

Figure 1. The conceptual framework

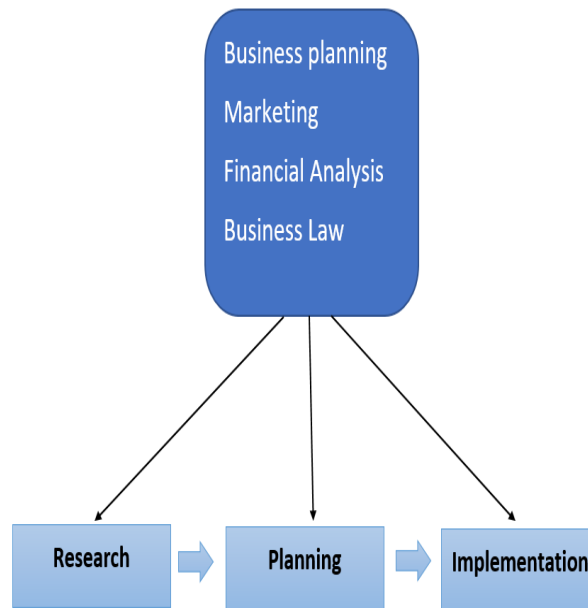


Figure 2. The map of directions, distance and time from closest airport to Marmaris

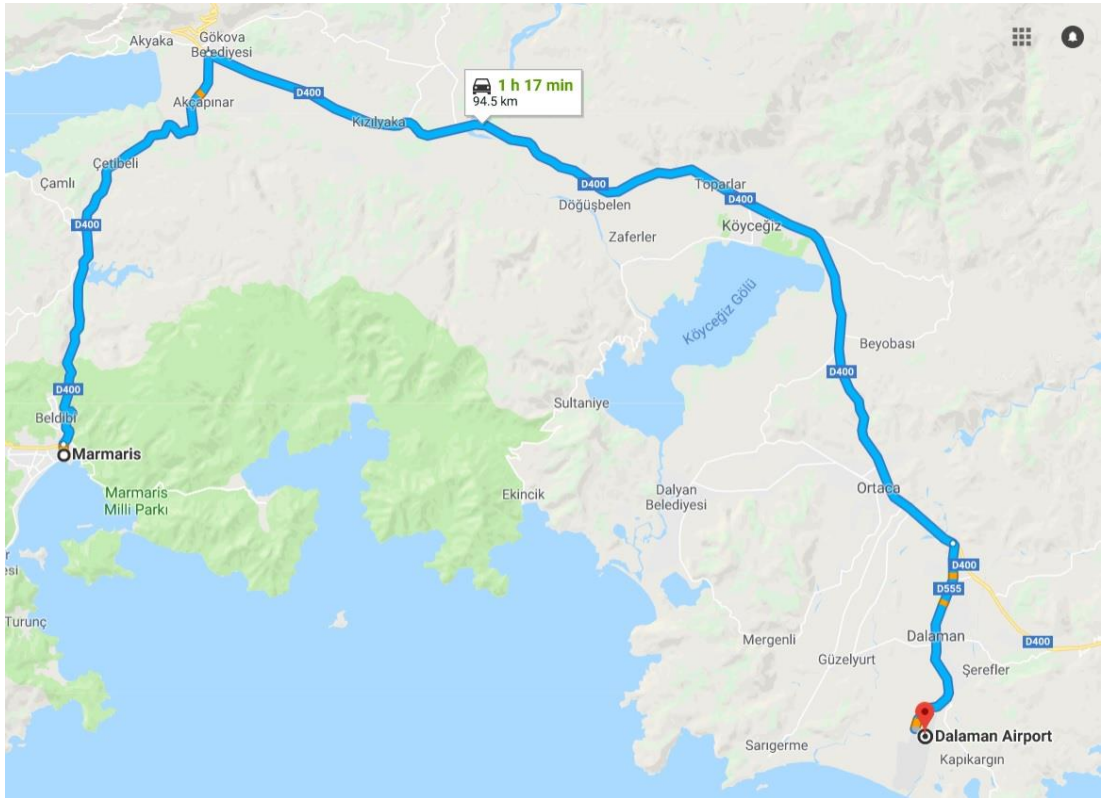


Figure 3. Price chart of Villas for the minimum price of 2 people.

	<b>Villa Size</b>	Small (Price per week)	Medium	Large
<b>Months</b>				
May		€ 550	€ 600	€ 650
June		€ 650	€ 700	€ 750
July		€ 650	€ 700	€ 750
August		€ 800	€ 850	€ 1,050
September		€ 650	€ 700	€ 750
October		€ 550	€ 600	€ 650

Figure 4. Price chart of Villas for maximum number of people

	<b>Villa Size</b>	Small (Price Per Week)	Medium	Large
<b>Months</b>				
May		€ 650	€ 800	€ 950
June		€ 750	€ 900	€ 1,050
July		€ 750	€ 900	€ 1,050
August		€ 900	€ 1,050	€ 1,350
September		€ 750	€ 900	€ 1,050
October		€ 650	€ 800	€ 950