

## **Lairigian Bike Adventures - Draft Business Plan**

### **Executive Summary**

This draft business plan concerns Lairigian Bike Adventures, a new-start business that will offer its customers guided tours on mountain bikes. The company will be run by John McLean as a sole-trader and will be based in Achiltibuie. It will operate mainly in Ross & Cromarty and Sutherland in north-west Scotland. The Adventure Travel market in Scotland is investigated and opportunities in the market are identified. The management and operation of the business are described.

The financial plan shows the start-up costs, and the running costs and earnings for 2018 and 2019. With start-up costs estimated at £34500 and capital of £18500 available, a business loan of £16000 is required for April 2018. Net pre-tax profits of £9900 (2018) and £28400 (2019) are forecast.

### **Opportunity**

The adventure tourism sector in Scotland is growing rapidly (HIE, 2015), and many businesses are taking advantage of the recent promotion of the “North Coast 500” route round much of the north of the Scottish mainland. This area has some extraordinary landscapes and offers excellent opportunities for adventure tourism, including mountain bike tours.

(In a real business plan more details would be required here including up-to-date figures on the adventure tourism sector: where people come from, what they do, how much they spend etc.)

### **Market Analysis Summary**

Mountain biking and mountain bike touring are popular and growing activities in Scotland (Developing Mountain Biking in Scotland, 2018). While several organisations offer bespoke mountain bike tours, none is based in Ross & Cromarty and Sutherland.

(In a real business plan more details would be required here. For example, on competitors - which companies are involved in mountain biking? Where are they based and what do they offer? Any knowledge on what’s happening locally? Potential customers: where from?)

### **Execution**

1. The business would operate from premises at ...
  
2. Services offered include:
  - Guided one-day and multi-day mountain bike tours in Ross & Cromarty and Sutherland
  - Self-guided one-day and multi-day mountain bike tours
  - Mountain bike hire
  - Transfers to railway station and airports
  - Multi-activity holidays, including sea-kayaking and mountaineering (in cooperation with other locally-based companies).
  - Accommodation (in cooperation with local providers).

### 3. Marketing

- Internet based with online booking, social media etc.
- Distribution of information through tourism offices and local businesses
- Industry organisations such as Developing Mountain Biking in Scotland

### 4. Pre-start activities and requirements

- Preparation of detailed route plans, including maps, photographs, GPS coordinates
- First-aid training for guides
- Purchase and preparation of bikes, accessories and riding equipment
- Preparation of bike storage and maintenance facilities
- Purchase of transport for clients and bikes
- Establish contact with local organisations such as hotels, B&Bs and tourism companies
- Ensure all legal requirements are met, including insurance

### 5. Business development opportunities

- Guided tours in other areas, including the Western Isles and Caithness
- Multi-activity holidays including kayaking, coastering, hill-walking and mountaineering
- Cooperation with schools, universities and youth organisations

(These activities will require additional manpower and other resources, and it is not anticipated that they would take place until after the first two years of the business.)

## Company Management

The business will be run by John McLean as a sole trader. People will be employed as the need arises for specific tasks such as leading tours, website development and book-keeping.

## Financial Plan

Start-up costs:

Item	Amount
Insurance and other costs	£ 2 000
Vehicle	£ 12 000
Bike trailer	£ 5 000
Website development	£ 3 000
Mountain bikes (10)	£ 8 000
Helmets and other equipment	£ 1 200
Shed and workshop tools	£ 1 300
Contingency fund	£ 2 000
Total	£ 34 500

Capital available: £ 18 500

Capital required (loan): £ 16 000

Expenditure & Revenue (2018):

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Costs	£550	£600	£650	£750	£700	£700	£600	£500	£500
Clients	12	20	25	30	60	30	35	0	0
Revenue	£900	£1500	£1875	£2250	£4500	£2250	£2625	£0	£0
Profit	£350	£900	£1225	£1500	£3800	£1550	£1625	£-500	£-550

Net profit for 2018: £9900

Expenditure & Revenue (2019):

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Costs	£550	£550	£1250	£800	£900	£2050	£2350	£2250	£950	£750	£550	£650
Clients	0	10	25	50	65	80	80	80	65	50	0	20
Revenue	£0	£800	£2000	£4000	£5200	£6400	£6400	£6400	£5200	£4000	£0	£1600
Profit	£-550	£250	£750	£3200	£4300	£4350	£4050	£4150	£4250	£3250	£-550	£950

Net profit for 2018: £28400

(In a real business plan more details would be required here. For example, a breakdown on expenditure showing costs for bank loan repayments, fuel, bike maintenance, admin etc. Also earnings: how much are clients charged? These details might be placed in an appendix to the plan.)

## References

*Adventure Tourism in Scotland* (2015), Highlands & Islands Enterprise

*Developing Mountain Biking in Scotland* [online]. Available from <<http://www.dmbins.com/>> [25 June 2018]