ISCTE Business School
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Business Plan:

CASAL DO VALE – RURAL TOURISM

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Project submitted as a partial requirement to obtain a Master's degree in Business Administration

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Abstract

The main objective of this master work is to study the financial viability of the transformation of a small country estate into a rural tourism accommodation. Therefore, this master thesis is presented in a business plan format.

Over the last years, the tourism sector has shown an increasing importance on the Portuguese economy, being verified a significant increasing of tourists' entrances among the Portuguese borders in the last decade. Allied to this positive scenario are the Portuguese economy perspectives which, according to *Banco de Portugal*, seem to be finally entering in a recuperation phase. Therefore, these forecasts are favourable to this business implementation.

In order to better understand the surrounding business environment for this project, the external and internal business analysis was made, as well as the market analysis. The crossing of this data and the literature review, which defines several management, tourism, sustainability and traveller experience concepts, are essential to this study. Since this is a new business, it is never too much to emphasize the importance of the marketing components, logistics, human resources management and financial viability study, for the success of the project.

Finally, based on this business plan and on the economic and financial viability study for the first five years of business operations, it is possible to conclude that there is no viability for the implementation of this project as it is presented.

Keywords: Business plan, Rural tourism, Entrepreneurship, Financial and Economic Viability

JEL Codes:

M – Business Administration and Business Economics; Marketing; Accounting

M1 – Business Administration

M10 – General; L8 – Industry Services: Tourism

Resumo

A presente dissertação de mestrado tem como principal objetivo estudar a viabilidade da transformação de uma pequena herdade de espaço rural num alojamento de turismo rural. Por este motivo, o presente trabalho é apresentado sob a forma de plano de negócios.

Nos últimos anos o setor do turismo tem apresentado uma crescente importância na economia portuguesa, verificando-se um aumento significativo das entradas de turistas nas fronteiras portuguesas na última década. Aliadas a este cenário positivo do setor, estão as perspetivas para a economia portuguesa, que de acordo com as previsões do *Banco de Portugal* parece estar finalmente numa fase de recuperação. Estas previsões apresentam-se então favoráveis à implementação deste negócio.

De modo a melhor compreender todo o envolvimento que este projeto implica, analisam-se os ambientes externos e internos ao negócio, bem como o mercado em que este se insere. O cruzamento destes dados e informações são imprescindíveis a este estudo, bem como a revisão de literatura, que aborda diferentes conceitos de gestão, turismo, sustentabilidade e toda a experiência que o viajante vive. Visto tratar-se de um negócio de raiz, nunca é demais salientar a importância das componentes do marketing, logística, gestão de recursos humanos e análise financeira, para o sucesso do projeto.

Tendo por base o estudo desenvolvido ao longo deste plano de negócios e a análise a avaliação financeira do projeto para os cinco primeiros anos de funcionamento, conclui-se que não existe viabilidade para o avanço do projeto apresentado.

Palavras-chave: Plano de Negócios, Turismo Rural, Empreendedorismo, Viabilidade Económico-Financeira

Sistema de Classificação JEL:

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Glossary

CIT – Corporate Income Tax

EBIT – Earnings Before Interest and Taxes

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortizations

IRR – Investment Return Rate

GDP – Gross Domestic Product

NPV – Net Present Value

PIT – Personal Income Tax

PP – Payback Period

ROA – Return on Assets

ROE – Return on Equity

ROI – Return on Investment

ROS – Return on Sales

SES – Supplies and External Services

VAT – Value Added Tax

WCN – Working Capital Needs

Executive Summary

Tourism has been an important booster for the Portuguese economy, which is now beginning to recover from the crisis felt in the last decade. Furthermore, there are several positive forecasts that show that Portugal is going to remain well classified among the preferred destinies for visitors.

Being the external context favourable, the objective of this business plan is to analyse the viability of the creation of a rural tourism project in Ventosa parish, located in Torres Vedras county. The aim is to recover the ancient facilities of a manor house, which counts with a manor house, a winery and other small houses that in the past supported the agriculture practice and the wine making process.

After recovered, this place named Casal do Vale, will be transformed into a rural tourism accommodation, where the visitors and guests will be able to stay in a traditional Portuguese manor, surrounded by 70 hectares of vines. Here they will have the opportunity to enjoy a quality service in an extremely quiet and peaceful place and they will also be able to feel the Portuguese roots in the practice of agriculture and wine making process.

In order to build a project of excellency, during the elaboration of this business plan, several areas were studied, namely, the internal, external and market analysis, the competition analysis of the tourism sector, the strategy analysis, formulation and implementation through a marketing mix plan, the resources structure and logistics and finally, the economic and financial viability study.

Focusing on this last topic, the economic and financial analysis was made based on the forecasted costs which are practiced among the sector and then adapted to the right number of bedrooms, guests and activities that Casal do Vale will host. Regarding sales prediction, these were made considering the occupancy rate of Torres Vedras region, of the competitors and the marketing strategy of the business.

Finally, with all the data analysed, it is possible to conclude that there is no viability for the implementation of this project as it was presented.

1. Literature Review

1.1. Entrepreneurship

The concept of entrepreneurship is still in consolidation. Everyone seems to know it but no one can really define it. This notion appeared for the first time between the 17th and 18th centuries, in France. Its first meaning was related to the commitment to act. According to Moura (2013), in these centuries, the contribution of the classic economic thoughts (such as Cantillon, Say, Marshall, Knight, Schumpeter and Kirzner) brought relevant ideas for the concept. Mentioning Baptiste Say (1816), Gonçalves & Pifano (2015) say that this author defines an entrepreneur as a person who combines economic resources, in order to generate value.

However, according to Shane (2012), entrepreneurship is closely related to the concept of innovation. Being an entrepreneur is about discovering business opportunities, so entrepreneurship is the process of discovery, evaluate and exploit opportunities (Shane, 2012). The same author, in 2000, mentioned that the set of individuals (entrepreneurs) who discover, evaluate and exploit these opportunities are also important in the concept (Shane & Venkataraman, 2000).

According to Casson (1982), entrepreneurial opportunities are essential in entrepreneurship. These opportunities can be defined as the process of introducing new goods, services and organizing methods, and sold them at a greater value than their cost of production (Casson, 1982). This process must involve profit generation and it should help entrepreneurs to build personal wealth (Oncer & Yildiz, 2010).

In Drucker (2014) study, it is possible to see how entrepreneurship was seen erstwhile in the United States. At this time, the entrepreneur was defined as a person who starts his own business, but in the author's opinion, not every new small business represents entrepreneurship. In Moura's (2013) opinion, this concept is strongly affected by the existent economic factors since it plays with the creation and development of new businesses and organizations.

To classify a business as entrepreneurial, it has to have something special, new or different. It needs to communicate and be based on innovative values (Drucker, 2014). It is like a new way of combining existing resources, which results in disequilibrium in the market. (Salavisa et al, 2008).

Silva (2011) deals with this concept in an interesting way. Its focus is on feminine entrepreneurship. According to this author, the business area still as a lot of gender stereotypes and it is not so easy for a woman to be an entrepreneur as for a man. This author also empathizes that entrepreneurship is not just innovation and creativity, but also the market application of all process.

Besides economical thoughts, other areas were used to conceptualize entrepreneurship, that's why it is such a complex and broad concept. According to De Oliveira (2012), the concept definition received strong contributions from psychology and sociology. This brings up a more human and social component of entrepreneurship.

In order to have a more reliable definition, it is necessary to focus not only on the occupational part of entrepreneurship (based on economic thoughts) but also on the behavioral part of the concept. After all, entrepreneurs are humans and all human beings have their own psychological and behavioral characteristics.

Therefore, it is useful to consider a more integrated perspective. According to Gonçalves & Pifano (2015), entrepreneurship is not something one-dimensional, but a set of individual, interpersonal and social processes and practices, which are related with decision-making. All of these processes are essentials to an organization’s growth and profitability. However, Geodon (2010) highlights that innovation, new opportunities exploitation and resources combination, need to be combined with factors such as risk-taking, appropriate personality characteristics, suitable social and cultural context and organizations' nature and structure.

Finally, in a more social perspective, entrepreneurship is highly related to a person's or a society's empowerment (Pernet, 2016). According to this author, in order to be successful, an entrepreneur needs to learn how to use all the tools stated above in this conceptualization and how to perpetuate its business, overcoming obstacles. He needs to

visualize opportunities, to be dedicated and tenacious in order to be successful (De Oliveira, 2012).

Entrepreneurship can be very helpful to the development of a community since it brings job creation and economic and social improvements. Therefore, it should be encouraged by the governs (Pernet, 2016). It is all a matter of business transformation, differentiation and future perspectives (Drucker, 1977).

1.2. Business Model

As many other concepts, this one is still not clear in the available literature and many famous researchers criticized the association of business models exclusively to the final goal of profit making.

However, nowadays, the concept is more developed and business models are no longer seen as simple operative plans but as an integrated presentation of the company organization (Wirtz et al., 2016). Zott et al. (2011) argue that business models are meant to explain how firms "do business" and how value is created.

Besides improving value creation, business models' development also improves business performance (Nenonen & Stobacka, 2010). According to Osterwalder (2004), business models work like a glue, since they create a common language inside the organization which helps to manage intern communication once people get to understand the fundamental questions of the business.

Aversa et al. (2015) underline that business models are not real but cognitive tools that help managers. Currently, managers know the importance of business models' approach. It is an added value in terms of the decision-making process since it helps to analyze the competitive structure and other essential business features. To sum up, it is an excellent tool for a company to use in the analysis of its competitive situation and interrelations (Wirtz et al, 2016).

According to Casadesus & Zhu (2013), a business model search for a company's new logic and new ways to create and add value for its customers, suppliers and partners. However, Osterwalder (2004) holds that business models are not a guarantee of success

but can really help a company in what concerns reducing complexity, reducing uncertainty and better adapting to change.

Nowadays, is more important than ever to be aware of these changes and to be prepared to deal with them. In a world where technology and innovation are two strong pillars, companies need to be flexible and according to Saebi & Foss (2015), business maturity is fundamental in what concerns adapting to new changes through business model development. Spieth, Schneckenberg & Ricart (2014) share the same opinion and state that business models cannot be developed without an overview of concepts like entrepreneurship, corporate strategy and innovation and technology management.

According to Stubbs & Cocklin (2008), business models are a work-in-progress inside a company (since it is not static). In spite of the present literature and research about the topic, the concept of business model still has potential to be further explored.

1.3. Business Plan

This is a concept that gathers the opinion of several authors in one idea: it is a very useful tool for managers to be aware of their business environment.

According to Nunes (2015), by making a business plan, managers can be aware of what is happening in the market, to check and watch the competition, the major players and their strategies. When a plan is defined, managers can take reliable decisions more quickly and with less error. The business plan is a helpful tool to turn abstract goals into concrete operational activities and in the majority of the cases, planning improves the business performance (Brinckmanna et al., 2008).

In what concerns the importance and the obvious need of it, it is plausible to say that business plans are even more important for companies which are starting its businesses (Delmar & Shane, 2003). However, a business plan is needed and helpful for every company. Honig & Karlsson (2004) hold that business plans should help new firms being more efficient and economically viable, providing them practical benefits, that might lead to higher profitability and long-term survival.

Through a well-defined business plan, it is possible to study the SWOT analysis and do market researches. Therefore, it is easier to project the future of the organization, since this plan covers important aspects, for instant financial aspects, that may help managers to decide if they want to expand or change something in the business (McKeever, 2016). According to Wade (2012), business plans should be flexible documents that change as the business evolves.

However, not all authors have a positive opinion about business plans in what concerns profitability, success and business prosperity. Mullins (2012) holds that a business plan is useless unless a proper context study and preparation is done. The author emphasizes that the period before the business plan writing is crucial since that's a perfect time to find fatal flaws and to deal with it. It is an opportunity to rethink the business idea, to lay a solid foundation for the venture and to strengthen the team members in order to have better results and to attract investors and benefit all stakeholders.

Although Chen et al. (2009) consider business plans as a crucial tool to attract investors, Karlsson & Honig's (2009) study shows that many firms write a business plan just to gain legitimacy in order to accomplish those resources and money. The majority of the companies that these authors studied don't even plan to put in practice the business plan they wrote.

As it is possible to see, there's a gap between what a business plan represents and what a business plan does in practice. According to Honig & Karlsson (2004), there are no statistics which may prove that planning affects directly survival of companies. It is more in an indirect way that business is affected by planning since entrepreneurs and managers learn with it, become more motivated and set goals more concretely. Mason & Stark (2004) add that business plans must be customized according to its goals, especially in what concerns funding. The purpose and target of the business plan must be defined since it is different to present it to suppliers, distributors, customers, board of directors or investors.

A business plan should not be just a symbol. It should be a plan for the future (Prosch, 1998) and be actually used to improve a company's performance, internal communication, future subsistence and success. As literature as shown, a business plan is useless if its

purpose is just to remain in paperwork. Companies would benefit if they updated their business plans as the business evolves, in order to correct flaws and set new goals.

1.4. Rural Tourism

Rural Tourism has been gaining importance in the economic sector of tourism. Basically, this concept is about tourism in rural settings, where are included several services, accommodation facilities and interesting activities for tourists, usually related to the environment, nature or agriculture.

According to Garau (2015), rural tourism encourages people to travel to places less known where tourism is not widespread. When tourists choose rural tourism, they are attracted by the authenticity of the experiences, they intend to feel and understand the culture, the traditions and the local communities. In the opinion of Daugstad (2008), when people book a rural tourism experience, they are looking for an escape from urban life.

An escape. That is what Casal do Vale and this project is meant to be. The purpose is to give life to a unique, traditional and peaceful place where the guests will feel welcomed and feel the authenticity not only of the site but also of the community.

Wilson's et al. (2001) study reveals that there are five required components for a rural tourism development to be successful. They are: natural and manmade attractions in the community; marketing promotion; tourism infrastructures (airports, transports, parking, facilities...); services to take care of tourists' needs; hospitality and the way tourists are treated among the community and in the rural tourism business. In reality, according to these authors, the community context and activities in the surroundings have a huge weight in the success and development of rural tourism enterprise.

Rural tourism is easily identified when it is possible to evidence three main features, such as integration, sustainability and endogeneity (Cawley & Gilmor, 2008). The link between these three characteristics only evidences the importance of rural tourism as a key strategy for regional development.

According to Garau (2015), planning and programming the development of rural tourism is an excellent way of stimulating places that would not be competitive if people hadn't invested in it. In Fleischer & Tchetchik's (2005) opinion, since rural tourism is many times associated with agriculture, there are a lot of benefits when the farmer runs the tourism enterprise. When this happens, tourists are willing to pay more for the services provided, since they feel to have a more genuine experience.

Regarding Casal do Vale, this is a very encouraging point, since the main activity of Quinta da Almiara is wine production. So, in this case, the rural tourism enterprise will be definitely associated with agriculture and will be managed by people who work, know and understand not only the wine making process but other branches of agriculture.

1.5. Sustainable Rural Tourism

According to Fun et al. (2014), sustainable tourism is a way of manage tourism that keeps it viable on the long-term perspective and does not damage the environment and other activities. Cawley & Gillmor (2016) also hold that sustainable rural tourism is closely connected with sustainable development since it looks for a sustainable and long-term productivity which enables future generations to enjoy natural systems, human heritage and biodiversity.

Several authors agree that there are four main dimensions correlated with sustainable rural tourism, which are: environment, economy, society and culture. By focusing on several dimensions, sustainable tourism aims to fight the threats that unmanaged tourism can carry out. It aims to minimize damages, optimize tourists satisfaction and potentiate a region's economic growth in the long term since rural tourism can definitely contribute to rural economic regeneration and conservation (Lane, 2005).

Another important aspect that several authors explore when talking about sustainable rural tourism is the importance of the local communities' involvement and relationship quality (Fun et al., 2014). Therefore, Calew & Gillmor (2016), analyse the concept of "culture economy", which argues that in order to a successful rural tourism enterprise, the owner must be a local, the business concept must be embedded locally in the four dimensions of sustainable rural tourism, the tourism enterprise must be a complementary

activity to more traditional sources of income and the scale of the business must be appropriate (small-scale). This should maximize sustainability and empowerment of local people.

Finally, Lane (2005) considers an important aspect of this concept, which is ambiguity and conflict of interests. In many situations, sustainability is associated with success. However, the ideas behind this concept are constantly discredited by people in a rush. These may be investors and developers who intend to invest in a rural tourism business and see short-term returns. Such strategy brings no positive outcomes in the long-term since the changes and developments should take an appropriate time. The tensions between all parties need to be solved, people should be elucidated and the change should occur gradually.

1.6. Wine Tourism

Wine tourism is an area of tourism that focuses on a niche market – tourists who are interested in wines and on its production processes. Mentioning Getz & Brown (2006), Schamel (2017) states the three critical features of a wine tourism experience, which are, core wine-product, the general destination appeal and cultural product.

In the same article, mentioning Quadri-Felitti & Fiore (2012), Schamel (2017) presents a four components model to understand wine tourism experiences. These features are entertainment, education, escapism and esthetics, since this niche market consists mostly in experiential and demanding consumers. Following these arguments, it is crucial to find the attributes of supply that provide these four components in visitors' experiences in order to increase service's value and customer satisfaction. Some examples of these activities can be wine seminars, guided tours to wineries and walks through the vineyards.

According to Pratt (2014), in wine tourism what sets the reason for the trip is the desire to visit wine producing regions and wineries. This can happen in an exclusive way (when visitors are looking just for this kind of trip) or in a random way (when tourists are visiting a region for other reasons and decide to visit a winery).

Wine tourism ends up being a very important regional developer, since it brings economic stimulus and makes the regions value and preserve their heritage.

1.7. Wine Tourist Profile

According to Pratt (2014), it is possible to define different profiles of the wine tourist. Since demographic criteria are not enough to define these profiles, they are defined also according to psychographic criteria, divided in six dimensions: motivation, involvement, attitudes, affect, personality and lifestyles.

As stated by Tourism Research Australia (2008), mentioned by Pratt (2014), the majority of wine visitors travelled with his or her spouse (adult couples). This research also concluded that wine tourists usually spend more than other tourists, the majority are aged over 45 years, work full-time and have a high annual income.

Based on wine tourists' motivations and involvement with wine, it is possible to distinguish three profiles: wine lover, wine interested and curious tourist (Pratt, 2014). The wine lover has experience visiting wineries, has knowledges in the subject and usually buys wine on the visits. The wine interested is also a person that enjoys wines and visiting wineries, however, the wine is not the core of the trip. Finally, the curious tourist has a moderate interest in wine, for him wine tours are just one attraction (Pratt, 2014). In spite of the distinction in three profiles, what wine tourists value more on a trip or activity like this is the wine experience.

1.8. Service Experience

Service quality is important in any service and very appreciated by customers. However, what is being defined in the following paragraphs is the concept of service experience, which is more subjective.

According to Chen & Chen (2010), service experience are the subjective personal reactions and feelings that the consumer feels when buys and consumes the service. It works as an evaluation and reflects the level of satisfaction of the customer to the service

that was consumed. Thus, service experience is something that service companies must pay attention to and be continuously improving its performance.

Framing this concept into tourism context, service experience is the set of psychological outcomes which result from customer participation in tourism activities. The way tourists feel welcomed, the way employees deal with them and care about their needs during the stay and the overall satisfaction (Chen & Chen, 2010, mentioning Chan & Baum, 2007).

2. Business Idea Presentation

2.1. The Problem - the need

In Torres Vedras and Mafra counties, it is possible to enjoy marvelous beaches, good food, to visit several wineries with exceptional wines, enjoy the peaceful countryside, take walks through beautiful landscapes and enjoy magnificent monuments. The problem is when visitors try to find accommodation.

Nowadays tourism is an economic sector of huge importance and increasing development. However, in Torres Vedras county, the offer does not match the demand. There isn't enough quality accommodation offer for the increasing tourist flow.

Currently, visitors don’t look just for a hotel, they look for a quality service with a good quality/price ratio that offers what they need and that respects the surrounded environment (local people and nature).

There are different types of tourism. In this region, the surfing tourism is already being well explored and developed. However, being a typical wine producer region, the activities related with the wine are well developed, but visitors need to be encouraged to stay over more than one day. Lisbon is becoming saturated and tourists are trying to escape from massive tourism, so here is a great opportunity to develop rural, environmental and wine tourism.

2.2. The Solution - what is been offered

The goal of this business plan is to create a rural tourism enterprise (Casal do Vale) on an agricultural property, which will offer quality accommodation along with activity programs related to nature and wine. The purpose is to recover an old manor house (along with its old winery and support facilities), located in Torres Vedras county, which is now abandoned, and turn it into a fine, cozy and quiet rural tourism accommodation spot. The purpose is to restore it to its ancient glory.

Since there aren't many similar offers in the surrounding area, this is a promising business opportunity. There is the need to fulfill, the lack of offer and the increasing tourism flow in Portugal, all favorable aspects to the creation of this new business.

The added value that this business intends to offer to consumers is the opportunity of having a peaceful vacation in an ancient manor house located in a wonderful region, along with the chance of getting to know our region's wineries, all the winemaking process and even to participate in some parts of the process (for example, in the harvesting season tourists could experience how wine was made from the beginning, from the picking to the stomp of the grapes).

The main purpose is to offer an exclusive and customized experience (since the house does not support many guests at once). The tourists should feel like they are part of the family and to feel welcome.

Tourists would have the chance to experience the typical tourism (visit monuments, enjoy the beaches and landscapes) but in a much customized way. This rural hotel intends to have a wide range of activities to offer to its customers, such as walking and biking tours, guided visits to places of interest and surrounding landscapes, relaxing activities and wine therapy (spa treatments that use the therapeutic properties of grapes).

3. Market Analysis

3.1. Contextual environment – PESTEL Analysis

Each business and each company are small pieces in a huge contextual environment. This context can affect the companies' strategies and their capacity to achieve goals, in the medium and long-term, which is why it is important to be aware of it. This contextual environment can be divided into six separate contexts, which are: political, economic, social, technological, environmental and legal contexts, meaning, the PESTEL Analysis.

According to Yüksel (2012), the PESTEL analysis, besides to identify the environment where the company runs, it provides data, which enables to predict situations that the company might face in the future. So, it is a good tool for faster response to future situations.

Although this business plan will be implemented in Portugal, nowadays the world is globalized. Therefore, the PESTEL analysis will consider both national and international relevant factors.

3.1.1. Political context

Portugal is a small country governed by democracy. Being small in a world of giants is not easy and the simplest change in one of the world powers can have a huge impact.

Since Portugal is a European Union (EU) member and as European politics seem to be crossing a "dark" period (for example with Brexit and with extreme right candidates almost taking place in Central Europe, it is possible to say that the European political context is a little bit unstable, which can affect Portugal.

Outside of Europe, for example, the election of Donald Trump for US president and, for instance, the tension between US and North Korea, can cause instability and insecurity.

Focusing on the national political context, it is possible to say that nowadays it seems stable and that some positive changes might occur. Now that Portugal has a more active

President, the national politics can finally be forwarded. Also, the Prime Minister and the present government seem to be stable in the near future. This will not affect negatively business expansion which will be positive.

However, in spite of this stability, Portugal keeps facing a corruption problem, both in public and private organizations. Although our President, Marcelo Rebelo de Sousa, claims that the majority of Portuguese politicians are not corrupt, what is shown in the news and social media is a constant revealing of corruption cases spread across several sectors. Instead of favoring new, dynamic and fare companies, the country is embedded in schemes that help other businesses and even individuals. In spite of this situation reflecting a positive editorial freedom, it conveys a very negative image to stakeholders and possible investors.

Since the interventions of European and international support funds (for example, TROIKA), the Portuguese government is committed to keep financial stability in Portugal. However, in order to achieve this goal, countless cuts were made which led to an increase of population discontentment. At the moment it can be witnessed fiscal restraint that affects Portuguese life quality (especially people in a more vulnerable situation).

Regarding trade control, it is fair to recognize that the responsible authorities (such as ASAE) have been working well. However, the system is not able to control everything, and sometimes it is difficult for the small and medium companies to survive when competing with big organizations. Again, it is hard to be small in a world of giants.

Another political issue that can affect the companies is the instability of regulation. In the Portuguese Constitution, there are a lot of laws that are an obstacle to business, due to excessive bureaucratic processes (it contributes a lot to conditionate the economy). These laws changes might chase away investors, not to mention the difficulties that this instability brings to companies and to their normal operation process.

A positive aspect in politics regarding the tourism sector are the incentive programs from the government. For example, the Program for Diversification of Activities in Agricultural Exploitation, supported by the PDR 2020 (a Rural Development Program

from 2014 until 2020), has recently launched a new project application phase, which may finance new projects with a rate of up to 50% in the lost fund.

3.1.2. Economical context

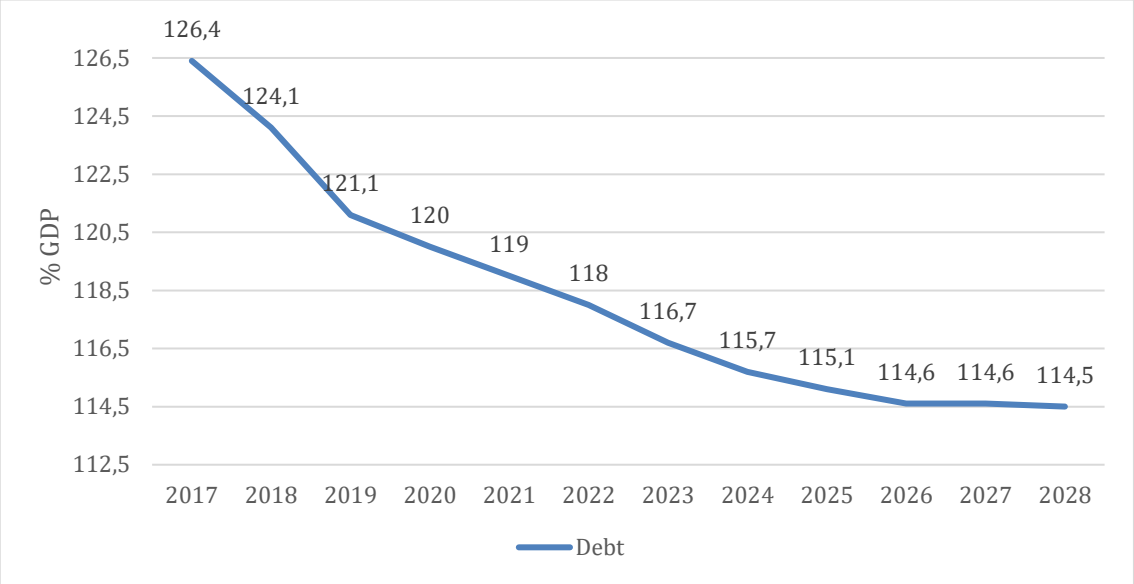
In the last years there was an intense economic crisis in the country and throughout Europe. Although its effects are beginning to be attenuated (a slight improvement began to be verified from 2013), Portugal is still in a recessive economic environment, which has hampered the business fabric.

Since companies are still recovering from the crisis, the credit access, in general, is not easy. Also, some of the largest Portuguese banks seem to be facing problems - the *Banco Esírito Santo* scandal with capital deviation is an example, that causes insecurity among the Portuguese population, the companies and its stakeholders. Another example, is the recapitalization of *Caixa Geral de Depósitos* (the biggest estate owned bank in Portugal). There are also very serious doubts about the creditworthiness and financial health of European banks.

If forecasts are correct and interest rates rise in Euro zone, Portugal needs to be very careful. If the rates rise high, the finances will be destabilized (there is a high risk and much uncertainty).

According to the analyzes of *Direção Geral dos Assuntos Económicos e Financeiros* in the report "Debt Sustainability Monitor 2017", Portugal is part of the group of countries whose public debt is at high risk. Chart 1 shows the forecasts for the evolution of the Portuguese public debt.

Chart 1: Projections of Portugal's Public Debt



Source: DG ECFIN in *Economia Online* (2018)

Regarding the normal operations of the companies, with the rise of the national minimum wage (5,1% rise), the companies will have an increase on its salary costs. The increase is good for the employees, but in the short term is not so positive for organizations.

This leads to a severe problem in Portugal, the high unemployment rate tendency. Currently, there is a huge real structural unemployment, that in its vicious cycle, affects negatively the consumer disposable income, the population's quality life and has negative consequences for the economy.

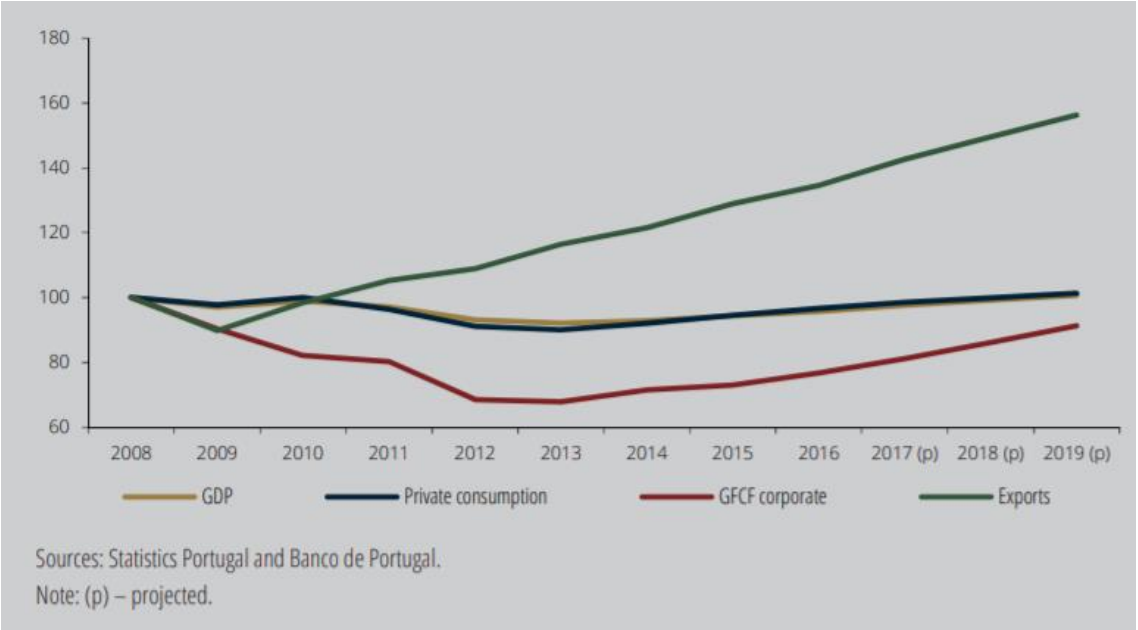
However, there are forecasts which indicate that employment will increase by 1 percent in 2018 and 2019. These values have implicit the recovery of the productivity (although it continues to show a low average growth).

Therefore, the actual government has been making efforts to reduce the tax burden on households, in order for them to be able to rise private consumption (however, it is still not possible to see the expected results).

Regarding the inflation rate, the forecasts from IMF (International Monetary Fund) reveal that in 2018 it will be between 1,6% and 2%. (*Jornal de Negócios*, 2017).

According to the "Projections for the Portuguese economy: 2017-2019" disclosed by *Banco de Portugal*, Portuguese GDP (Gross Domestic Product) is expected to grow 1,7 percent in 2018 and 1,6 percent in 2019 (Chart 2). This grow is sustained by strong growth in exports and business investment.

Chart 2: GDP and main components, constant prices | Index 2008 = 100



Source: "Projections for the Portuguese economy: 2017-2019" - *Banco de Portugal*, (2017)

This projections state that the private consumption will be conditioned by the low growth of real wages and the household savings rate should remain at historically low levels, due to the need to continue the process of household indebtedness reduction.

Summing up, *Banco de Portugal* projections suggest the continuation of the recovery of Portuguese economic activity in the period 2017-2019, characterized by a high dynamism of exports, business investment, increase of employment in the private sector and continued decline in the unemployment rate. Nevertheless, the projected economic growth rate is lower than what's necessary to meet Euro zone requirements.

3.1.3. Social Context

Portuguese society and culture have their roots in the several ancient peoples who once inhabited the Iberian Peninsula. Also, the great historical achievements of the Portuguese people (for instance, the Discoveries of the 15th century) left their marks on Portuguese people.

Despite the past, due to the economic crisis, it is possible to see a change in the Portuguese social and cultural habits. Nowadays, Portugal is a country with high average life expectancy at birth (80,78 years), which demonstrates the positive evolution of medical care and infrastructures, which led to the improvement of the population living conditions (INE, 2018). However, Portugal has very low birth rates (8,4‰), which coupled with the high life expectancy, leads to a negative population natural growth rate (-23%) and to an aged population (INE, 2016).

Also, the younger tend to study for more years and stay longer on its parents' house. All these factors have negative repercussions in the society since there are few people working (professionally active population) and more people depending on those who work and on the government subsidies and pensions.

Besides the above rates, it is possible to see and predict serious structural problems, since the society seems to be fractured (many single-parent families, low average size of the nuclear family, high family dependencies and several generations living in the same household).

In what concerns education, Portugal has a very high literacy rate. People invest more and more in their education and teaching in Portugal is recognized as high quality, especially, higher education (which is well rated worldwide).

Although education reaches everyone in the country, there are some problems in what concerns the consistency and the utility of it, since there are many dead-end professional courses. People invest in their education and many times need to search for work outside the country.

This leads to the emigration problem. Portugal always had high emigration rates, and nowadays the statistics indicate that the country continues to move in the same direction. Currently, there are 2,3 million Portuguese living abroad, which represents 22% of the total population. Every day people go abroad looking for work and for better living conditions, especially young people and recent graduates. This means that the skilled workforce is emigrating (which is not positive for the country).

In what concerns security, Portugal is a very safe and quiet country and people are calm and non-confrontational. Actually, according to international assessments, Portugal was considered the 3rd safest country in the world, which according to the Portuguese Minister of Internal Affairs, Eduardo Cabrita, brings positive outcomes, since it attracts tourists, investors and new populations. (*Observador*, 2017)

Portuguese people have positive and open-minded opinions in what concerns work, leisure, career and retirement. They also give importance to travelling. This, allied to Portuguese historical past, results in people who know "how to live well" (meaning in peace), respecting other cultures and who know how to welcome. Unfortunately, not everyone can afford to travel - Portugal is still a country where social inequalities are well demarcated.

In what concerns health awareness and concern, the Portuguese (as well as the world in general) are getting more conscious about health issues and wellbeing. In spite of being a country where childhood obesity is a serious problem, people are getting there and fighting against bad life habits and worrying about a healthy lifestyle (especially new generations).

Portuguese people give huge importance to consumption, they are consumers by nature, which can be a positive thing for the economy, but at the same time a negative thing for society, since people tend to value material goods and devalue human relations and socialization, which leads to isolation. This is also noticeable in the new generations that depend too much to the new technologies and distanced themselves from personal contact with their peers.

Unfortunately, in terms of consumption and products importation, a change of mentality is still necessary. People tend to value products that come from outside (either because of price competitiveness or because of the quality). Portuguese need to start giving priority to the purchase of national products and understand that sometimes a more expensive value compensates because it stimulates the national economy and sometimes the products have actually better quality.

3.1.4. Technological Context

Due to the explosion of technological innovation that began in the last century, there were strong changes in society. The exponential technological progress has led to a very significant improvement in people's life quality and company businesses. Thanks to new technologies, it is possible to achieve better results using less time with fewer costs, which means, better productivity.

Nowadays, companies have access to a better basic and communication infrastructure network, which are the crucial for a good performance. Another important improvement that radically changed the business world was the Internet. Now it is possible to have access to unimaginable amount of contents and everything became faster and easier (commercial transactions and information exchanges are just some examples).

Portugal has made some investment in Research & Development, however, there are still some problems when it is time to put the ideas in practice. Besides this, the technological incentives are not being successful - the success rate of Portuguese applications for the European Union support programs (for example, Portugal 2020 agreement), is low.

Technological innovations and employment have a very sensitive relationship once technological advances sometimes eliminate certain jobs. This has some paradoxical consequences since the population wants better living conditions but, understandably, does not like the idea of losing a job.

However, there is always a way to see things from another perspective. Due to this evolution, society changed in order to keep up with the progress. Nowadays, people are challenged to increase their flexibility and multidisciplinary, since it is now a requirement

in almost all professions. Extending knowledge is essential for career development (mainly in markets with a high level of technology). This turns out to be an encouragement to individual progress and self-empowerment.

3.1.5. Environmental context

Nowadays, people are increasingly giving importance to environmental valuation and protection. Human being impact in nature is more visible than ever and tends to intensify, so there is a greater environmental awareness.

More and more people look for different experiences, that are far away from the mass tourism concept. They seek for a "shelter", an escape from city stress and daily routine and so they seek it in activities related to nature. Some people even feel the need to re-encounter themselves, to be treated as a person, and so prefer the interaction with nature and enjoying quiet places with beautiful landscapes.

There are also a lot of nature sports enthusiasts, who prefer as destinations, rural areas with natural characteristics that challenge them. Some of these activities are surf, trail and hiking, and since Ventosa parish is so close to the sea, to pedestrian trails and mountains tracks, this can be a very positive factor for the business.

Beside nature sports, there are other tastes and preferences related to rural areas that might attract tourists, for example, experiences linked to the fruits that nature provides to man and the whole surrounding processes. Nowadays, there are a lot of people who seek for Agritourism and that are interested in learning and get their hands “dirty” in the farming.

These are all very positive factors for the type of business that is being presented on this Business Plan.

3.1.6. Legal context

Since Portugal is an EU member, it must follow the guidelines that come from Brussels, which sometimes limits the Portuguese government initiatives. Besides, the government is not always neutral and tend to benefit businesses that are related with party interests.

As stated before, it is not too much to reinforce the excess of bureaucracy. It is too much and the majority of the times it is unnecessary. It delays processes, discourages investment in Portugal and weakens the growth of small businesses. Also, the Portuguese legal structure has over-regulation that many times brings contingency for companies. Nevertheless, in Portugal it is still relatively easy to create a company.

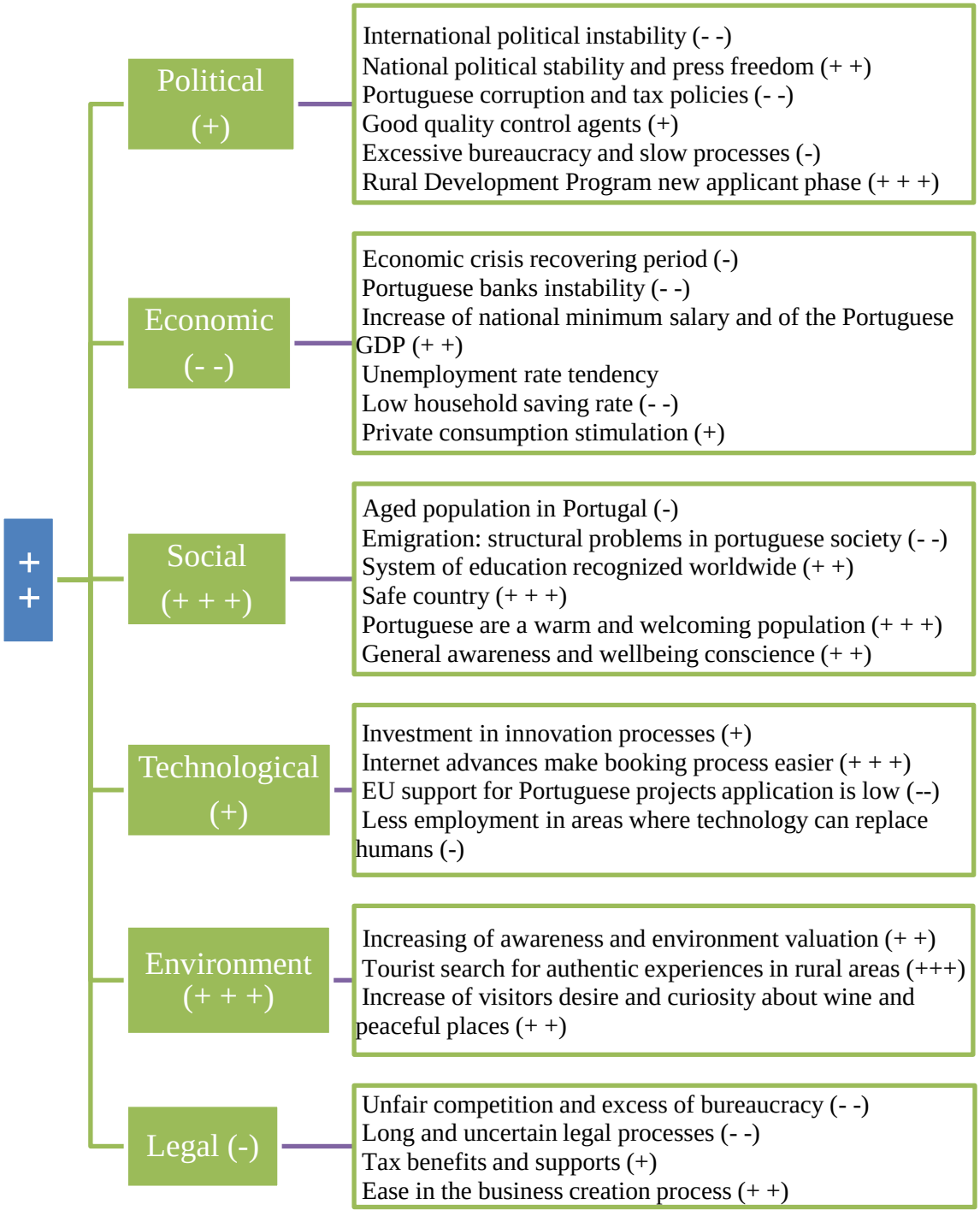
Regarding labour legislation, it has changed considerably over the years, however, it seems that new companies will have more flexibility from now on.

Another aspect that keep investors away from Portugal are the courts, since complex legal cases drag on for several years, there are innumerable possibilities for appeals and a great uncertainty about the outcome and final court decision.

In Portugal, the entity which is responsible for tourism is *Instituto do Turismo de Portugal (IP).* According to the Portuguese Constitution and to the government strategies, it is possible for tourism enterprises to have tax benefits and supports, where nature and rural tourism are included.

In Figure 1 there is a scheme that summarizes the main aspects from PESTEL analysis.

Figure 1: PESTEL mains aspects



Source: Made by the author

Despite PESTEL Analysis importance, Yüksel (2012) highlights some problems in the process. One of them is the way of measurement and evaluation since PESTEL factors are too qualitative and almost impossible to be quantified.

Therefore, it is important to analyze other important context factors for this Business Plan.

3.2. Transactional environment

By studying the transactional environment of a future business, the purpose is to analyze the different agents and factors that interact directly with the industry and that carry out transactions of various types with the company. These entities are: stakeholders, clients, suppliers and competitors.

3.2.1. Stakeholders

According to Mitchell et al. (1997), stakeholders are people, groups, organizations, institutions, and even the natural environment. Basically, any entity that has an interest in company activity, methods and results (for instance, suppliers, clients, associations, shareholders and regulatory entities).

Mentioning Freeman (1984), Mitchell et al. (1997) states that a stakeholder is anyone who can affect or be affected by the business process. Above all, it is essential to find balance and stability, so that everyone benefits from company's goal achievement.

Casal do Vale's stakeholders will be all its employees, clients, suppliers (of goods and outsourced services) and shareholders. Also, the local community, different kinds of associations (for example, environmental associations, and even the recreational and cultural association of the local community), regulatory authorities and entities that are in the distribution process of this market (for example, travel agencies and tour operators).

3.2.2. Clients

Since this business is going to be implemented in the future, it is not possible to talk about current customers, but about future potential customers.

In a business plan, it is important to define the market which the entrepreneur wishes to work with and the needs he will satisfy. According to the marketing plan, Casal do Vale's target will be people with different interests and needs - people who look for an escape in the middle of the countryside and nature.

The potential clients are foreign tourists, tour operators and people looking for an events place (e.g.: weddings, group parties and company parties).

3.2.3. Suppliers

Casal do Vale's suppliers will be the economic agents which will provide goods and services in order for the regular activity of the business.

Well-chosen suppliers can be a great source of competitive advantage and one of the main goals is to offer quality and traditional goods and services to the future clients. The aim is to choose the perfect suppliers to meet the customers' demands.

Casal do Vale's potential suppliers are local grocery stores (to purchase good food and maintenance products), local bakeries like "Pãozinho do Noé" (for the purchase of homemade bread and fresh quality pastries), catering services like "O Regional" restaurant (in order to be able to respond to requests of larger private events in the winery) and other partners in tourism sector, like "West Shuttle" (which provides transportation services for guided tours and airport shuttle).

Since the purpose is to keep everything as traditional as possible, one of the ideas is to do some self-supply, through own horticultural production and animal origin products production (for e.g.: seasonal vegetables, seasonal fruits and eggs).

3.2.4. Competitors

By competitors, it is meant entities who provide or may provide in future the same products and services or even substitutes in the same market which the company operates.

A very useful and relevant strategy is to know in detail the competition strategy, main goals and methods. Once the entrepreneur knows the competition, it is going to be much easier, faster and efficient to respond to market needs and expectations.

Regarding Casal do Vale's competitors there are different categories, like:

- Rural houses in the surrounding areas (like in Alenquer, Ericeira, Cadaval and Lourinhã);
- Spa, Nature and Surf tourism complexes (like "Areias do Seixo" and "Noah Surf House" in Santa Cruz beach);
- Vacation Houses to rent (Airbnb);
- Hostels and hotels close to Santa Cruz and Ericeira's shoreline, Torres Vedras city and surrounding areas (for example, "Stay Hotel Torres Vedras Centro", "Residencial Pátio da Figueira", "Hotel Santa Cruz", "Hotel Golf Mar" and "Dolce Campo Real").

4. Tourism sector description

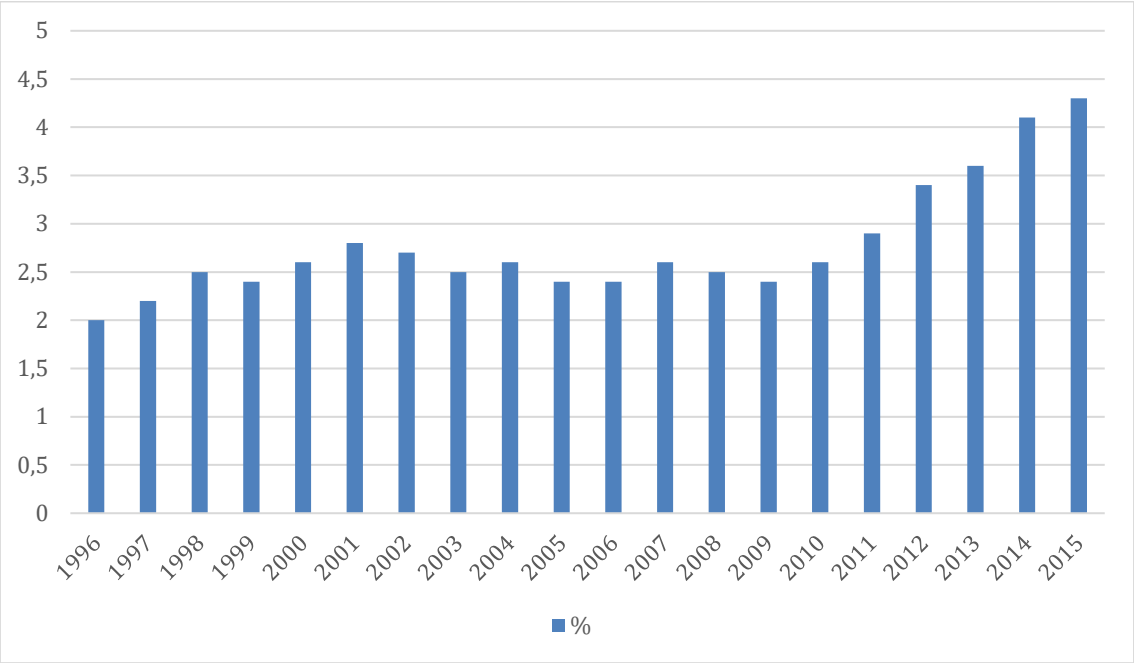
Another important contextualization is the study of Tourism sector situation, since Casal do Vale is a new business, managers and potential investors need to be aware of what is going on in the Portuguese market, in order to be able to make decisions.

As long as the years passed by, tourism went from being a luxury consumer product (consumed only by aristocrats and people who could afford expensive trips) to a current consumer product (it is much more accessible to much more people now).

Nowadays, a very large part of the world population travels, regardless of age or tastes. Thanks to the great evolution of tourism sector, there are now several conceptions of "traveling". It is possible to travel at low, medium or high cost, alone or in a group, to different places with different kinds of tourisms activities that will please to each type of visitor.

In terms of the evolution of tourism weight in the Portuguese economy, throughout this century, tourism has been increasing its importance in the national economy, mainly from 2010 as it is possible to see below in Chart 3. In 5 years, there was an increase of almost 2 percentage points, which is quite significant.

Chart 3: Evolution of tourism weight in the Portuguese Economy



Source: *Jornal de Negócios* (2017)

In 2016, Portugal registered about 18,2 million of tourist arrivals (who were not country residents) by air, road and sea (by this order of importance). Beyond these numbers, there were more 10,1 million of excursionists arriving in the same year. Despite being visits of one day only (without sleep), it turns out to be positive since more visitors mean more revenue. The total amount of tourists arriving in Portugal in 2016 was about 28,3 million. (INE, 2017)

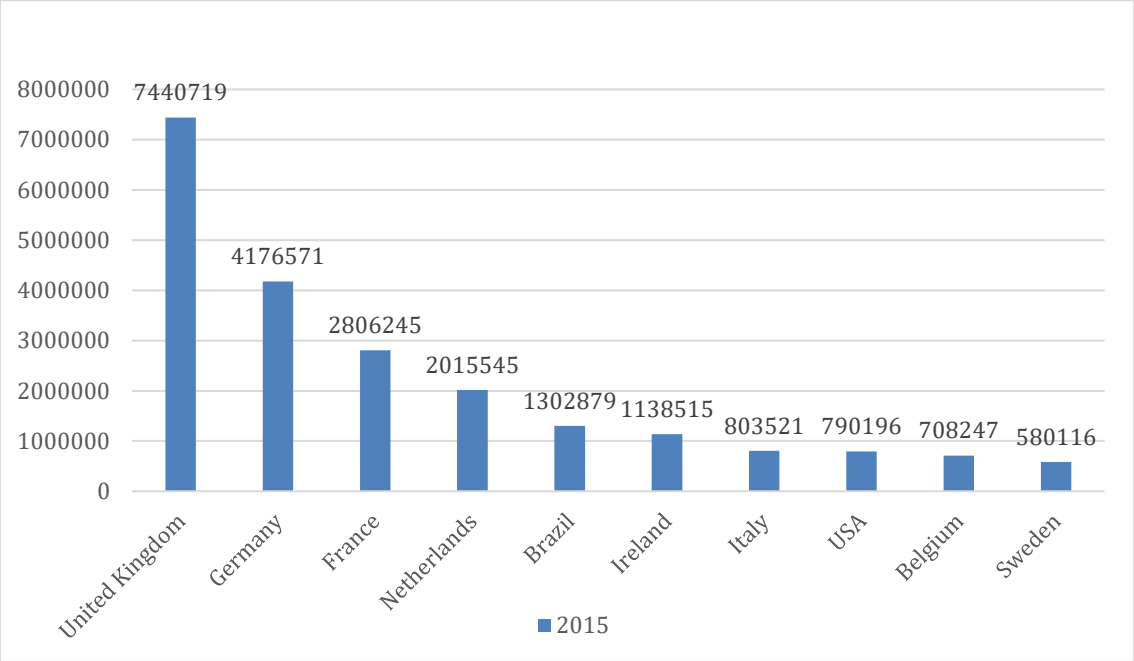
Air borders were the most used. In 2016, they opened the doors to 74% of the tourist arrivals, followed by road borders (26,8%). Sea borders were more significant in excursionists' entrances, however, the most commonly used way of entry by excursionists was by road. (INE, 2017)

According to the latest data released by INE, tourism sector generated more than 11 billion euros in Gross Value Added (GVA), which represents 7,1% of the total GVA of Portuguese economy (plus 9,9% in comparison with 2015). Tourism had also a

considerable impact on the employment of the Portuguese population, representing 9,1% of the total national employment. (INE, 2017)

Concerning the origin of the tourists who visited Portugal Center region (where Casal do Vale is located), in 2017, Spain continued to be the main source of tourists. This happens because of the proximity and easy access. Besides Spain, in Chart 4 it is possible to see the other countries where tourists came from (data from 2015).

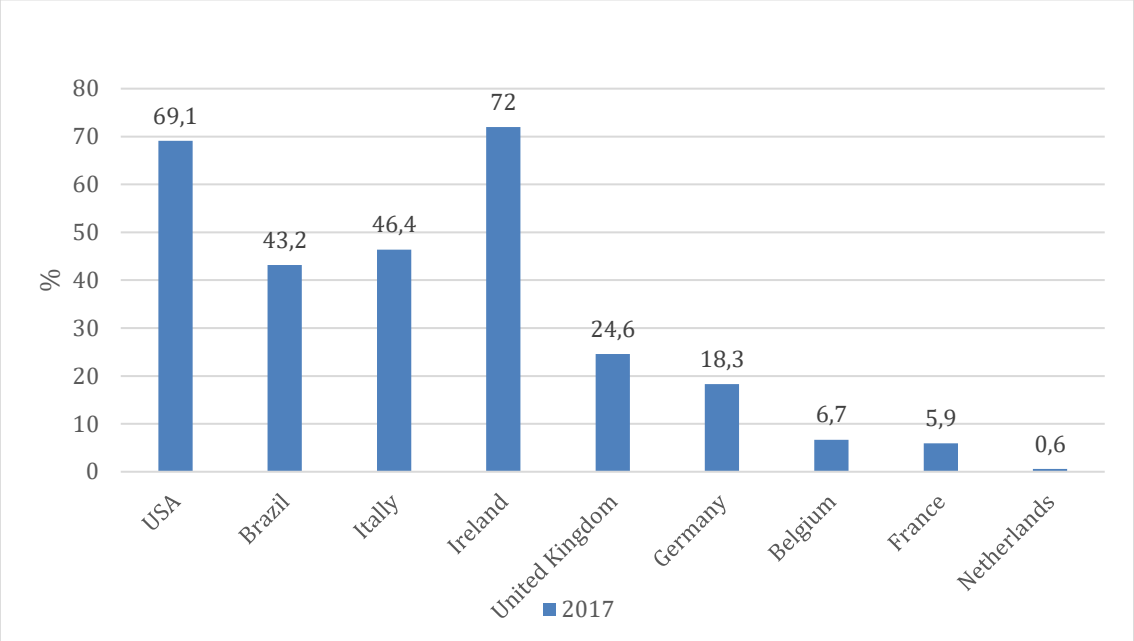
Chart 4: Number of tourists by country of origin



Source: INE (2017)

However, in 2017, there was an increase in tourism flows from the countries shown in Chart 5. Ireland and USA were the countries of origin with the highest increases (72% and 69,1%, respectively).

Chart 5: Increase of tourists considering country of origin (%)



Source: INE (2017)

According to *Turismo Centro de Portugal*, in 2017 there was an increase of interest from foreign tourists in visiting the central zone of the country. INE statistics indicate a growth of 14.52% in overnight stays in Portugal center.

Concerning the main reason for traveling, 70.3% of non-resident tourist arrivals were motivated by leisure, recreation or vacations, 19.9% by visits to relatives and friends, and 7.7% by professional reasons. (INE, 2017)

5. Casal do Vale – Rural Tourism

Casal do Vale is a property owned by Quinta da Almiara, SA, which belongs to the family Constantino. Currently, Quinta da Almiara takes care of the surrounding vineyards of the property and vivifies the grapes. However, the old buildings, such as the manor house, the old winery and the smaller support houses are not being used for any agriculture purpose nor are being exploited.

The purpose is to restore the buildings and to create a profitability project as a rural tourism enterprise, which is the main goal of this business plan. The recovering of the manor house will ensure that the accommodation facilities will correspond to high quality standards, and the guests will have the opportunity to participate in activity programs related to nature and wine.

Figure 2: Casal do Vale



Source: Photo by Paulo Caetano (*Foto Imaginativa*, *Torres Vedras*)

Besides the beauty and quality of the place, there are several practical aspects that are very positive to this business development. One of them is the location. Torres Vedras, together with Alenquer, were chosen to represent the European Wine Town in 2018, since it is a region with greater tradition on wine production and it has innumerable wineries and hundreds of hectares of vineyards, which produce millions of liters of wine.

The county has quality accesses, good support facilities, it is close to Lisbon (45km) and to the airport. Furthermore, Casal do Vale is located in the West region of Portugal, really close from good and reputable beaches and villages, also known by the excellent spots for the practice of activities such as surfing. Also, in the surroundings, there are nice pedestrian trails, wonderful landscapes, large extension of vineyards and several wineries.

Above all, Casal do Vale main goal is to offer its guests a place of election to rest in an exclusive and customized way, to have peaceful vacations, to be in contact with nature, to be an escape in the middle of a massified and stressful society life.

6. Internal Analysis

6.1. Value Chain Analysis

The Value Chain is an instrument of internal organizational analysis. It allows to analyze the added value that the company's main and support activities create and add to the final product or service.

Since tourism is not a palpable product (it is a service), it is necessary to adjust the analysis. It is not possible to classify the activity according to a Manufacturing Value Chain, but according to Service Value Chain.

As Yilmaz & Bitici (2006) stated, the tourism value chain should focus on the client, so it starts with the customer order. Nowadays, tourists can plan their trips buying travel packages from tour operators and travel agents or do it themselves. In this last case, all the trip logistics are planned by the traveler himself.

The primary activities of a value chain are the ones which allow adding value directly to the final product, such as marketing and sales, logistics, services provided at the destination and post-sale services. The secondary activities are the ones which allow adding value indirectly to the service, such as, infrastructures, new services development, human resources management, technology and procurement. The company should focus on the activities stated, in order to improve its performance and create competitive advantages.

Regarding Casal do Vale primary activities they are the following:

Inbound logistics: Here are included the activities that allow the company to acquire the supplies it needs in order to be able to carry out its activity of providing services. Also, the reception of the guests and the check-in are part of inbound logistics.

Services provided: Are all the services that the company provides to the tourists in its core operations, for example, accommodation, meals, client personalized assistance and service improvement.

Marketing and Sales: Usually it is easier and more successful to sell a product when the seller is face to face with the customer. However, in the tourism sector, it is unusual for such conditions to be, so a good dissemination and promotion of available packages, services and prices are crucial to being successful in this business. The website, Facebook, direct marketing and brochures distribution are possible means of communication.

Outbound Logistics/Post-sale services: Check-out process and evaluation. These activities are very important in any business and can be an incredible source of information, with regard to improvements on the services provided.

Concerning the support activities:

Infrastructures: Besides de acquisition of all necessary equipment to the normal operations of the house, there is also activities as accounting, finance, planning and implementation, management. These are considered more bureaucratic and less related to the operational practice of the business, however, they can also be considered as competitive advantage sources.

New services development: Tourism sector is a very volatile sector, always changing and developing. So, it is crucial that the business keep up with the market needs and be constantly updating and reformulating.

Human resources management: The employees are crucial in what concerns the success of a business. A happy and motivated employee is always a plus for the company.

Furthermore, in the tourism sector, employees are constantly in contact with the customers, so it is important that they give a good impression to the tourists. Since the interaction of the employees conditionate the feedback that the customer has from the service provided, it is essential a good recruitment and training process. It is also important that they remain motivated and that their needs are fulfilled, hence the importance of a good human resources management (hiring, training, salaries, vacations, motivation…)

Technology: According to Yilmaz & Bitici (2006), nowadays, the use of IT is increasing specially on the indirect travel model (when the tourist acquires himself the flights and accommodation). So, having a good web platform and giving the customer the possibility to book the services online will bring high value to the final product/service.

Procurement: Here are included the purchase of products by the company, in order to be able to deliver its service the best way possible. Since the politic of the owners is always to help their neighbors and friends' businesses, the local suppliers will be priority.

Regarding Casal do Vale's future operations, some of the activities which will be very strong and benefic for the business will be: post-sale service (in order to understand what is going well or wrong in the services providing), human resources management (since the workers will be the face of the business and the brand image intends to transmit confidence and a very well-marked sense of welcoming) and the quality of procurement (since a quality service has to be based on quality products).

7. Competition Analysis

7.1. Five forces of Porter

The Five Forces of Porter model allows to analyze the market based on the strengths and powers that act in the market of a certain industry. According to Porter (1980), the surrounding environment of a company has much influence on its structure and must be considered when developing strategies.

This framework has into account five aspects that affect the market and the buying behavior: the rivalry among competitors, the threat of new entrants, the threat of substitute products and services, the suppliers bargaining power and the customers bargaining power.

The main objective of the Five Forces of Porter framework is to gain an advantage in relation to competitors through strategy identification, formulation and planning.

7.1.1. Rivalry among competitors

The tourism sector is very competitive. An infinite number of tourism operators "fight" for clients' attention, in order to choose them instead of their competition, which leads them to offer lower prices for good experiences.

Nowadays, tourists can plan their trips by themselves on internet platforms and sometimes the differentiation of the offer is not clear and perceivable, which results in an enormous amount of "similar" offers.

Through Five Forces of Porter analysis (Appendix 1), it is possible to see that the rivalry among competitors prosecutes a medium force (3,1 in a scale from 1 to 5).

7.1.2. Threat of new entrants

Nowadays, the threat of new entrants is very high in the tourism sector, since practically anyone with a house located in a place close to some points of interest can run a business of accommodation and services provider.

Currently, there are customers for any type of tourism, from luxury tourism to rural, nature or agritourism, so there is not a strict way to provide these services.

The barriers for new entrants are few. Perhaps, the initial investment might be the only one that still really weighs, since companies don't even need an initial investment in marketing thanks to the development of online disclosure and booking platforms. Expertise could be considered a barrier for new entrants, but nowadays, employees can

acquire experience in one place and quickly move to another, so it cannot be considered as a barrier anymore.

The crucial point in what concerns the threat of new entrants is the capability of differentiating inside the industry, which is valid not only for the new agents but also for the ones who work in the sector for long. Providing a good service, with good amenities, in a special location have great potential to attract customers and make them loyal.

Therefore, in the Five Forces of Porter analysis (Appendix 1), it is stated that the threat of new entrants prosecutes a medium force in the sector (3,36 in a scale from 1 to 5). What mitigates this force is the great need of initial investment, otherwise the values would be much higher.

7.1.3. Threat of substitute products and services

The threat of substitute products and services is closely linked with the previous threat, since tourism sector is full of substitute and different offers. Again, the key is to get the customers to choose one's services instead of the competition.

Once again, the internet makes things easier for new substitution threats, at all prices, all service and infrastructures levels, so one of the keys to survive and be successful in the sector is to cling to an excellent web strategic plan.

As stated in the Five Forces of Porter analysis (Appendix 1), the threat of substitute products and services prosecutes a high force in the sector (4 in a scale from 1 to 5).

7.1.4. Suppliers bargaining power

Suppliers bargaining power doesn't have much coercion in the tourism sector. The costs of switching suppliers are low and therefore their bargaining power is low.

The most important supplies are the employees since professionals of excellence provide good services to tourists and benefit the company (here again the importance of good human resources management).

Regarding other supplies, since Casal do Vale will not deal with large chains of suppliers, but with small grocery stores and local shops, the suppliers bargaining power has no great impact and are not a real obstacle.

Therefore, in the Five Forces of Porter analysis (Appendix 1), the suppliers bargaining power prosecutes a low force in the sector (2,7 in a scale from 1 to 5).

7.1.5. Customers bargaining power

Customers bargaining power it is strong enough in the tourism sector since the customers are the major final consumers (tourists) of the products and services and they are increasingly buying directly from online platforms (there's an elimination of intermediaries).

This increases a lot their bargaining power and reduces considerably the customers switching costs, which decreases their loyalty to a single organization. The key is to impress and to perform the best way possible when the customer chooses the services (perhaps through differentiation), otherwise, the opportunity to build customer loyalty might be lost.

Therefore, in the Five Forces of Porter analysis (Appendix 1), it is possible to see that the customers bargaining power prosecutes a high force in the sector (4,43 in a scale from 1 to 5). Table 1 shows the conclusion of the all Porter's Five Forces analysis.

Table 1: Conclusion of Porter's Five Forces analysis

Force	Power	Attractiveness
Rivalry Among Competitors	3,1	1,9
Threat of New Entrants	3,4	1,6
Threat of Substitute Products and Services	4	1
Suppliers Bargaining Power	2,7	2,3
Customers Bargaining Power	4,4	0,6
Average Result	**3,52**	**1,48**

Source: Made by the author

After this analysis, it is possible to conclude that the major threats are the instability that all the five forces cause in a tourism business. The only aspect that is less worrying is the suppliers low bargaining power, because all the rest are strong aspects that might difficult the business of Casal do Vale. The competition is huge, the threat of new entrants is also big, the substitute products are a lot and the customers bargaining power is very high.

Therefore, it is of extreme importance to emphasize the strengths and to take advantage from all opportunities in the market, and to correct weaknesses and to be protected against the threats of the external environment. That is why is important to analyse the SWOT of the business.

7.2. SWOT Analysis

The SWOT analysis is an instrument that allows gathering information about the internal and external environment of a company. In order to study the internal environment, the strengths and weaknesses of the company are analyzed. According to Dincer et al. (2006), some companies give more focus to their external environment, meaning, to the opportunities and threats that the surrounding context provides to the company.

This analysis allows to understand which are the core competencies of the company, which are the points it should work on and improve, which are the strategies that it should follow in order to take advantage of the opportunities that come across its path, as well as to find faster and more efficient solutions to the threats that might be arise closer.

Table 2: Casal do Vale's SWOT Analysis

Strengths	**Weaknesses**
Investment on human resources training Recent house restoration (good infrastructures) Antique and beautiful countryside house Peaceful and good localization Welcoming and client focus Quality focus Initiatives for a green destination	New business New brand Lack of expertise Great need of investment Low marketing budget
Opportunities	**Threats**
Comfortable weather conditions Safety and quietness of the region Increasing of wine, agritourism and nature tourism Tourism market development Increasing of environmental awareness Incentive programs for projects in rural areas	High threat of new entrants High indirect competition High threat of substitutes Seasonality

Source: Made by the author

As Table 2 indicates, being a new business with few expertise and not having a great brand recognition neither a high marketing budget are strong weaknesses. Also, the high threats of competition, of substitutes and the risk of seasonality do not help. However, in spite of the weaknesses of the project and of the threats that might affect it, this business plan focuses on overcoming these gaps and to reinforce the strengths.

Hereupon, there are several opportunities that encourage the development of this business. These opportunities, together with the internal strengths of Casal do Vale's project, are a strong combination for the success of the business. The investment on human resources training, on the quality of the facilities and on the sense of welcoming are definitely key points. Also, the increasing tourists' awareness for the environment preservation, the choice of non-mass destinations and customized experiences are great opportunities that should not be wasted.

Once visitors get to know the quality and differentiation of the service, the struggles will be overcome, the word will be spread and more visitors will be curious about Casal do Vale.

8. Strategic Analysis

8.1. Business Analysis

In order to pursue its main goals, any company needs to plan a well-designed course with specific objectives and real ways of achieving and evaluating them. It is crucial to define which market the entrepreneur wants to satisfy and how is he going to do it. That is what is called a strategy.

8.1.1. Porter's generic strategies

According to Porter (1996), companies may adopt one or more of the following three generic strategies: cost leadership, differentiation, and specialization or focus.

The first one, as the name state, is about leading the market through cost reduction. This means the company should focus on production efficiency (productivity, economies of scale, efficient cost management and wise choice of suppliers and products). Sometimes, in order to achieve the goals of this strategy, it might be necessary to have a lower profit margin.

The second strategy is about offering different products or services from the rest of the competition. Most of the times, this is done through better quality (which is the opposite of the cost leadership strategy). In a differentiation strategy, the prices will be higher but so will be the quality, since companies invest more in their operations.

The last one, focuses on a specific target market, in a niche, which the competition is not able to satisfy. Usually, these type of strategy makes the product more expensive since it cannot be drained to other types of customers.

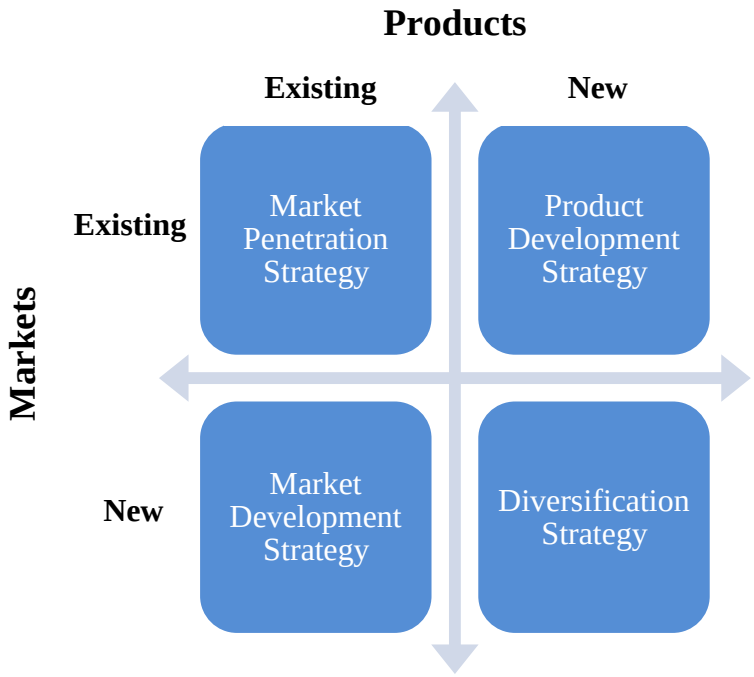
Regarding Casal do Vale, this will be based on two of the strategies described above: differentiation and specialization. The main goal is going to be to provide a quality service to the guests, in a unique way, mixing some luxury with the interaction with nature, viticulture and the wonderful surrounding landscapes. The purpose is to fulfill the needs of a niche - demanding visitors, nature lovers and wine lovers.

8.2. Corporate Analysis

8.2.1. Product-Market Analysis - Ansoff Matrix

Being Casal do Vale a future new business, it is important to understand and define how is it going to be launched. According to Ansoff (1965), there are four ways that a strategy can follow: Market Penetration, Market Development, Product Development and Diversification (these are the four quadrants of the Product-Market analysis, also known as Ansoff Matrix – Figure 3).

Figure 3: Ansoff Matrix



Source: Oxford College of Marketing – Ansoff, 1960

In Market Penetration strategy, companies work with existing products in existing markets; in Market Development they introduce existing products in a new market; in Product Development, companies introduce new products in an existing market; in Diversification, they introduce new products in new markets.

Casal do Vale's purpose is not easy to define in this matrix, since the market already exists and the product also exists. However, it does not exist in Torres Vedras region (the concept that mixes luxury and rurality) and so the market does not know the experiences that this place has to offer.

According to Ansoff matrix, Casal do Vale's strategy is a mix of Market Penetration with Product Development, because there is nothing similar in the surroundings.

8.2.2. Outsourcing

When a company is not able to give a response to every single activity its business needs to operate and to accomplish its main purpose, what companies do is outsourcing. Meaning, they seek to fulfill this task or activity, outside the company, despite continuing to be part of the company's processes.

According to Lopes da Costa (2012), to outsource a non-core activity is an advantage, since it can reduce fixed costs and it allows the company to manage its resources more efficiently, increasing the competitive advantages. Outsourcing is not an escape of work, it is a powerful tool which allows that managers have more time to focus on the core competencies of the business.

Regarding Casal do Vale, since it will not be able to guarantee all the activities it needs to its operations process, it intends to resort to outsourcing. Some examples of the activities which are going to be outsource are: the airport transfer and other local transportations.

9. Strategy Formulation

9.1. Mission, Vision and Values

One of the first steps to strategy formulation embrace the all organization on it. In order for that to happen, the company must define its mission, vision and values.

According to David et al. (2014), the mission statement is essential, since the lack of it may lead the company's short-term actions to be counterproductive to its long-term interests. A mission provides a direction to follow and it allows to spread to all the organization, from the top manager to employees and finally it will pass the message to the final customer.

Casal do Vale mission is to provide a unique experience in a wonderful ancient place, based on high quality standards and making visitors feel part of the family.

Regarding the vision of a company, Carton et al. (2014) stated that it is a trigger for employees to experience a shared sense of the company's ultimate goals. In this way, the vision helps workers to understand what's the purpose of their work, increasing its behavior, coordination and performance in the organization. The vision defines what the company wants for its own future.

Casal do Vale vision is to build a strong position as an exquisite tourism company, highlighting and preserving the heritage from our ancestors and transforming it into a quality experience for our visitors.

In what concerns the values, these are the image of the company, since they must be practiced by all employees in the exercise of their work. Casal do Vale values are excellence, respect (for the past), environmental concern, sense of welcoming and consistency.

9.2. Company goals

Define the company's main goals is a core process to a strong structure. According to Tagiuri & Davis (1992), create and communicate objective are among the most powerful means for handling people's behavior and motivation in the organization.

When the goals are well defined, it is easier to build an efficient structure, motivate and evaluate employees, check the organization's performance and provide strong leadership. However, according to the same author, sometimes this is a difficult task (especially for family businesses).

In management there are two types of goals: the big goals (which are more general ones and have a medium/long term achievement) and the SMART goals (more specific ones, measurable and real, which allow the company to reach the big goals).

Casal do Vale big goals are the following:

- Enter the market and be recognized as a quality service;
- Achieve return of initial investment and be profitable;
- Maximize operational efficiency;
- Invest in Marketing;
- Invest in infrastructures that support relaxation techniques based on the grapes and wine health properties (future partnership with *Caudalie Labs*);

Casal do Vale SMART goals are the following:

- Beginning restoration processes in July 2018;
- Beginning its activity on the 1st of August 2019;
- Reach around 500 guests in the first years of operation;
- Be able to rent the winery 80 times in the first years of operation.

9.3. Critical Success Factors

The critical success factors (CSFs) are the key areas of a business that, when are well performed, ensure a successful competitive performance for the company (Ab Talib & Abdul Hamid, 2014, mentioning Rockart, 1979).

According to Daniel (1961), in order to achieve success, a management approach must be in-line with the CSFs. Campos (2014), further adds that CSFs play a crucial role in the development of a total quality organization culture, which allows internal performance maximization, increasing stakeholder satisfaction and business competitiveness (leadership is one of the more important CSFs to achieve this).

Being a new business, Casal do Vale will not have CSFs like “expertise” or “market leading”, so it will have to take another path. Casal do Vale CSFs are expected to be the procurement quality, the welcoming and customer focus, and the preservation of the ancient infrastructure and local culture. These will help the business to accomplish its mission and vision and provide a best experience for its visitors. The main goal is that visitors feel part of the family.

10. Strategy Implementation/Marketing Plan

10.1. Objectives

The main goal for this strategy implementation or marketing plan, is to obtain the best results possible with the less associated costs.

The purpose is that people get to know Casal do Vale, that they develop enough curiosity to choose to stay there and that they trust on the services quality. Therefore, it is important to segment the market, in order to redirect the services to target visitors.

10.2. Target Market definition

It is impossible for a company to meet the needs of a wide range of customers and, in terms of strategy, it does not make sense and ends up being counterproductive.

Therefore, it is important to define a target market, which consists in breaking a market into smaller segments, in order to be able to concentrate the company's marketing efforts on it. This will lead to a range of customers that, within their heterogeneity, end up having tastes, consumptions, needs and preferences more homogeneous.

Somehow, the definition of a target market makes the marketing mix components (pricing, promotion and product distribution) easier and more cost-effective, since the efforts are being channeled to appropriate and specific groups of customers.

The first step of this process is to segment the market according to several criteria. In this case, there are going to be used demographic, geographic and psychographic segmentation. In order to specify the target market a target persona will also be defined.

10.2.1. Demographic Segmentation and Targeting

Casal do Vale will target its marketing efforts on both male and female visitors, aged up 40 years old, with a high average yield and high levels of education. The marketing strategy will focus on married middle-aged couples with small and grown up families and on individual travelers.

10.2.2. Geographic Segmentation and Targeting

Casal do Vale main target are the North and Central Europe residents, for example, from Norway, Finland, Sweden, Denmark, Netherlands, United Kingdom, Ireland, Swiss and Germany.

10.2.3. Psychographic Segmentation and Targeting

The main goal is to reach upper and upper middle class. The visitors' profession may or may not be related to the wine sector, however, the type of profession will correspond to high average incomes.

Regarding tastes and preferences, the target will be visitors who appreciate the beauty and quietness of countryside, wine lovers, demanding in terms of quality, and perhaps trekking lovers, who respect natural environmental and who value preservation and respect for cultural heritage.

10.2.4. Target personas definition

Anna is a 43 years old woman, who works in a bank in Germany. Since her life is very routinely, when she has free time, she likes to enjoy a good day in the countryside, recovering energies while enjoying a glass of wine. Her husband and children (16 and 17 years old) also enjoy the same programs.

Peter is a 54 years old Finnish gentleman. He is a lawyer and likes to visit different countries and to live experiences of quality which are distinct from the common mass tourism. Of course, that he does not travel to marvelous places without his beloved wife, Julia, who loves to do pedestrian trails.

Robert is a 72 years old gentleman, who worked in several hospitals in Denmark. He is currently retired, but he keeps to search and travel to places that delight him. Right now, he likes to travel alone and to look for a place where he can rest, enjoy the quietness and good wine, and write.

10.3. Marketing Mix Strategy

In a colloquial way, a marketing mix strategy is when a marketer "mixes" the several "ingredients" which allows his product to be known and reach the target audience. According to Grönroos (1997), the marketer projects several means of competition and mix them in order to get an optimized profit function.

The marketing mix strategy is a universal marketing model, however, there's a difference between strategy when applied to tangible goods and services. Grönroos (1980) states that the concept of perceived service quality is of extreme importance. On the literature review the importance of service experience on tourism sector was also emphasized.

Therefore, in service marketing mix, besides the first 4P's, product, price, place and promotion, there are three more aspects, people, process and physical evidence – 7P's.

10.3.1. Product

In the marketing mix strategy, the product is the good or service which is designed to satisfy a need and to provide benefits to who consumes it.

Instead of tangible goods, in service marketing mix, the product is intangible in nature, so it cannot be measured.

Casal do Vale's main service is the accommodation. However, the goal is to offer more than just accommodation. The purpose is to offer meals service, guided tours to our winery, relaxation programs (health & spa - in the future), trekking circuits around the vineyards, excursions around the area (beach, mountain, vineyards), depending on the visitors' preferences and wishes. During the grapes harvesting season, the visitors will have the opportunity to experience the grapes' picking and stomp (agritourism). In the future it might be possible to expand the services range by offering horse interaction activities. For now, visitors will be able to choose the weekend package or to buy the 4 or 7 nights packages.

When the restoration works are completed, there will be a total of nine bedrooms (five master suites and four smaller bedrooms), each one with its private bathroom and toilet, one living room, one dining room (for meals), one kitchen, one library, a reception "office" and a staff's room. Not forgetting the beautiful exterior garden, swimming pool, winery, spa, space for livestock and vegetable garden.

10.3.2. Price

The price is a more sensitive variable in the marketing mix strategy once customers have it in consideration in the purchase decision. It represents a cost for the consumer and it can generate profits to who provides the service.

This variable is flexible, since prices may go up or down, so, in order to calculate the prices, there are three different approaches: through costs margin determination, through customer value perception, or through competition comparison (between similar products).

In case of services is not so easy to determinate the price since it is more qualitative and subjective. For example, in order to provide a service, it is necessary to consider not only the infrastructure and the employees costs, but also the nice atmosphere built up for visitors and the maintenance costs of the beautiful surroundings.

In order to set Casal do Vale's service pricing list, it must be considered the labor, the procurement cost and overhead costs, adding posteriorly a profit margin.

In Figure 4 it is possible to see that the Price-Benefit Strategy for Casal do Vale will be "more for more", since its goal is to offer more benefits at a higher price (the strategy goes through differentiation). The prices will be quite higher than the competition and there will be different price ranges according to the bedrooms type, depending on each one's characteristics.

Figure 4: Price-Benefits Strategy Matrix



Source: Made by the author

The prices will fluctuate according to seasonality. There will be considered high season from the 15th of June until the 15th of October (due to summer time and grapes' harvesting season) and low season on the rest of the year. Table 3 shows the pricing table.

Table 3: Pricing table

Accommodation + Breakfast				
Price per room				
	Double room		**Master Suite**	
Number of days	**High season**	**Low season**	**High season**	**Low season**
Weekend pack	400€	300€	600€	400€
4 nights pack	800€	600€	1200€	800€
7 nights pack	1300€	1000€	2000€	1200€
Accommodation + Breakfast + Meals + Guided Tours + Full day programmes				
Price per room				
	Double room		**Master Suite**	
Number of days	**High season**	**Low season**	**High season**	**Low season**
4 nights pack	1200€	900€	1800€	1200€
7 nights pack	1800€	1400€	2500€	2000€
Winery Room Renting – for Events				
Price per day	2000€			

Source: Made by the author

10.3.3. Place

The place refers to the distribution of the product and all activities which are necessary to do so. This marketing mix variable is responsible for the decisions about the logistics, the intermediaries in the distribution process and the distribution channels. The goal is to put the product in the market.

Casal do Vale's service place is, firstly, the place where the service is located, meaning, in Ventosa parish, Torres Vedras county. Secondly, since Casal do Vale will not be able to have direct sales, it will rely on the online booking platforms and travel agencies, as distribution channels.

However, taking the target into account, the plan is to create partnerships with European travel agencies, since there are some people that still feel more comfortable in buying a trip from these tour operators.

10.3.4. Promotion

Promotion has become a crucial variable in the service marketing mix. Since in the services sector there are many similar economic agents, it is very important to communicate why the business is different from the competition (it is a matter of survival in the sector).

This variable focuses on the communication of the service, making it known to potential customers. Promotion stimulates the demand, it helps in the customer persuasion process and it tries to reach new clients.

The promotion can be done through a wide range of means. Regarding Casal do Vale's communication channels, they will be mostly "above the line" methods, what means that the promotion is going to be made through the media. The aim is to create a website for Casal do Vale, and spread it on social networks, such as Facebook and Instagram. These are means of dissemination which do not imply high costs, so are perfect for a new growing business.

In the future there is the possibility to advertise Casal do Vale in specialized European travel magazines and even to search for a partnership solution with a travel blogger. Also, the most reliable advertisement is through "woth-of-mounth" channel made by customers that had previous visited Casal do Vale.

Promotion is the last "P" of the product marketing mix, but the analysis continues on towards the extended service marketing mix.

10.3.5. People

When providing services, people are a decisive factor, since their knowledges, professionalism, empathy and behavior will define the service and the company responsible for it. A cheerful and well-presented employee causes a completely different impression on the customer than a demotivated employee.

Therefore, nowadays companies invest a lot on the choice and training of its staff, not only on their operational capacities, but also on their soft skills (for example, dealing with the customer in a correct and positive way). The main goal is customer satisfaction.

Since at Casal do Vale the purpose is to offer to the visitors the best, the staff recruitment will be very demanding and careful. The focus will be finding empathic people, who enjoy and know how to interact with other cultures, who have their roots preferably in Ventosa parish, who demonstrate professionalism and respect for the guests.

10.3.6. Process

The process in marketing mix strategy is about the way the service is "sold" and delivered to the final consumer. For example, some companies have as their core process goal, to deliver the product in a quicker way than its competitors, and for that to happen, they need to have confidence in their processes and be constantly improving them.

Among services, the delivery is mostly made with the customers present, so the way it is delivered influences their opinion about the company. The consumer is not just paying

for the service, he is also paying for the way it is delivered (which includes the activities established before and during the final service – the process).

At Casal do Vale, the way the service will be delivered to the visitors will be carefully performed, through a strict choice of quality products, a meticulous choice of employees and the attention to the guests welcomed and satisfaction.

10.3.7. Physical Evidence

Since services are intangible in nature, the service's physical evidence are the literal physical evidences that any service gives to its customers, such as invoices, contracts, and others.

However, physical evidences go beyond rules and bureaucracies. They meant to provide a better customer experience, through physical elements, for example, the pleasant surroundings and environment of interior and exterior spaces. These are characteristics that tangible elements add to the service (they work like a differentiator).

Casal do Vale's strategy goes through differentiation so physical evidences will be very important for the business. The goal is to preserve as much as possible of the ancient infrastructures, giving a cozy air to the rooms and living rooms, combining original objects from the house with recent ones, in order to provide more comfort to the guests.

Above all, the purpose is that visitors feel the roots of that place and so the original layout of the buildings will be kept, the exterior areas (like the garden) will be clean and organized, and a rustic atmosphere is going to be created at the place (for example, through activities that put the visitors in contact with chickens, orchard, winery and vegetable garden).

10.4. Control Plan

In order to control the service implementation, there is a control plan to evaluate it, that covers all the 7P's.

On product/service control the feedback and customers' satisfaction will be checked through small questionnaires at the end of the stay. The aim is to know if visitors liked the experience and what are the positive and negative aspects that they point.

In terms of price, the booking and sales will be controlled: checking and comparing the bookings, costs and profit amounts and checking the market reaction to the pricing policies. In the beginning the goal is to check this monthly and, after the first months, every trimester.

On place control, the aim is also to be aware of the booking rates throughout the year. Once Casal do Vale's place are its facilities, another important aspect in place control is to ensure that all road signs are correct and that visitors can easily find their way to Casal do Vale.

Regarding promotion control, the aim is to check the response to the social media and Casal do Vale's website, through the publications control and interactions. Another important checkpoint is to verify the brand awareness (through online questionnaires).

On people control, the goal is to check the satisfaction of the employees regarding work environment and work conditions. The satisfaction of visitors about the employees and their way of welcoming will also be measured through questionnaires and directly along the tourists stay.

Regarding process control, the purpose is to guarantee the quality of the all process, from the procurement to the stay and check-out. Besides checking the customers' satisfaction, the housekeeping will be registered on a daily basis and the food quality will be ensured by local and trustworthy suppliers.

Finally, the physical evidence control will start during the restoration works, once the aim is to preserve as much as possible from the original architecture and ornamentation. After the works, the control of interior spaces will be done in a daily basis and the control of outside spaces will be done monthly, by the responsible. In order to understand if the visitors are satisfied with the facilities, this topic will be included in the satisfaction questionnaires.

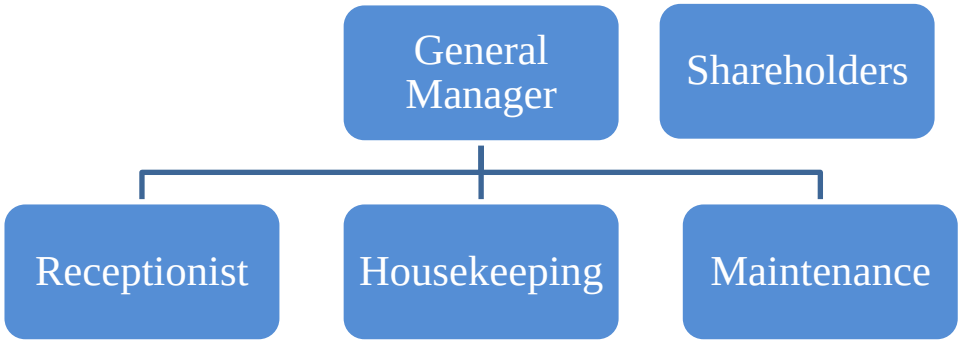
10.5. Resources

10.5.1. Organogram

The organogram is the hierarchical formal structure of an organization, which is divided according to the functions that each person or department has inside the company.

Being a small family business, there is no sense on drawing a big and complex organogram for Casal do Vale. Instead of departments the organogram will be based on the specific functions that the employees will perform.

Figure 5: Casal do Vale's Organogram



Source: Made by the author

Figure 5 shows that Casal do Vale business will have its support in different people with different levels of decision power. The property owners (Constantino family) will be the shareholders.

However, the goal is that the general manager has enough decision-making power so that it does not always have to appeal to shareholders opinion. The general manager will be responsible for the company's operational process and outsourcing coordination. It will perform functions related with Administration, Marketing and Sales. Its job will be to ensure that everything runs correctly.

The receptionist will be responsible for welcoming the guests and make sure that everything goes well during their stay. The receptionist will also be responsible for

visitors' activities scheduling and for contacting partners whenever the activity requires so (for example, transportation).

The housekeepers will deal with the cleaning and maintenance of the interior spaces (manor house and support buildings). The housekeepers will be hired according to the occupancy rate. Probably in the first year, it will be needed just one person for the job. However, in the following years there will be hired more housekeepers and a person responsible for the kitchen.

Regarding the maintenance, the person in charge will take care of everything related to the maintenance of all the facilities, for example, gardening, electrical and equipment maintenance. Besides, the person will be responsible for the maintenance of all the materials and tools.

10.5.2. Human Resources

Without human resources, companies could not perform its functions and achieve its goals. From the work they do to the work environment they create, employees are central pieces in any business.

It is extremely important that companies invest on human resources, since the employees' well-being and motivation influences several crucial aspects, such as, the productivity of the operational processes and the brand image.

In order to start up Casal do Vale project there will be hired four employees to perform the functions previously presented in the organization chart, a general manager, a receptionist, a housekeeper and a person for maintenance. These human resources will be enough for the first months of operation.

In a more positive perspective, where there would be a great customer acceptance and service demand, it would be necessary to hire more people to share and ensure the work.

Depending on the scenario, on the worker function and on the hours of work, the employees' wages might differ.

10.5.3. Material Resources

Physical Space – in order to offer the visitors all the services that Casal do Vale is planning to offer, the existing buildings need to be restored. This includes construction and restoration projects and respective materials. The budget is 605.927,39 € as described in Table 4. The budget was requested to a construction company which will be responsible for the building: *Empresa de Construções Duarte e Sales, Lda*.

Table 4: Construction and Restoration Budget Specifications

Designation	Budget
Architecture	
Construction Site	3.006,10 €
Demolition	33.976,89 €
Masonry	3.352,36 €
Thermic and Acoustic Insolation	9.352,37 €
Damp Proofing	1.733,08 €
Framing and Sheathing	36.942,21 €
Wall Sheathing (interior and exterior)	82.835,96 €
Roofing (interior and exterior)	22.884,90 €
Paving (interior)	35.727,27 €
Carpentry	49.004,34 €
Metalworking	6.012,20 €
Framing (wooden doors and windows)	84.763,56 €
Additional works	70.963,57 €
Architecture Sub-Total	**440.554,81 €**
Special Works	
Structure Reinforcement	58.361,76 €
Ground Floor	10.292,63 €
Water Plumbing (estimate)	8.495,50 €
Residual Water Plumbing (estimate)	9.149,00 €
Heating Equipment (estimate)	44.438,00 €
Gas Plumbing (estimate)	1.960,50 €
Electrical Facilities and Communications (estimate)	32.675,00 €
Special Works Sub-Total	**165.372,39 €**
Final Total	**605.927,20 €**

Source: Made by the author, based on the budget from *Empresa de Construções Duarte e Sales, Lda*, (2017)

It is also necessary to take care of the furniture and decoration of the nine bedrooms, bathrooms and toilets, kitchen, living room, dining room, library and reception. The aim is to invest on the restoration of some original furniture of the house and buy new pieces. For the acquisition of furniture, household appliances, mattresses, pillows, sheets, bath towels, bathrobes, tablecloths, dishes, glasses, cutlery and other equipment, the budget is 150.000€.

Still regarding the physical space, the gardens and other outside spaces need to be recovered. For support buildings' exterior walls painting, to reproduce the garden fence according to the original, to straighten the floor with Portuguese cobblestone, and to restore traditional tiles and other details, the budget is 10.000€.

Computer equipment – to be able to run the business it will be necessary to install a management software (300€) and to acquire a computer (600€), a small printer (100€), a landline phone (50€) and regular office supplies.

Transportation – a light vehicle (46.200€) is going to be necessary, for example, when buying and loading supplies, for guests' transportation and for other possible mobility needs. Table 5 shows the budget distribution by category, with no VAT included (except for the vehicle – explanation on Table 14).

Table 5: Furniture, Decoration and Equipment Budget Specifications

Designation	Budget
Furniture and Decoration	
Furniture, Decoration and House Equipment	115.500 €
Outside spaces	
Paintings, Garden Fence, Floor and Tiles	7.700 €
Computer Equipment	
Management Software	231 €
Computer, Printer, Landline and Phone	578 €
Transportation	
Vehicle	46.200 €
Others	
Solar Panels	3.850 €
Total	**174.059 €**

Source: Made by the author

10.5.4. Project Manager

The project manager is going to be the general manager of Casal do Vale. Besides its administrative, strategic and operational responsibilities, the person will be responsible for the decision-making.

At Casal do Vale, the project manager will be a member of Constantino family, who will plan, coordinate, execute and control all the activities of the business (material and human resources, organization politics, target market, services to be provided, marketing, financing options…).

Constantino family has experience in planning, set up and start a business. Such experience will be very useful and benefic for the first steps and growing process of Casal do Vale.

10.5.5. Sales Force

In a company that commercializes products, there is the option of hiring a seller in order to sell and promote the products. However, in this service, that is not an option.

The sales are going to be performed by online platforms and search engines, so the business volume will be uncertain.

The sales force will be performed through the marketing strategy, through the website and social media communication, and through the visitors' feedback (which when it is positive, it can attract other tourists). This will be the main way for capturing and maintaining Casal do Vale's customer relationships. Another important aspect is that every employee at Casal do Vale, knows how to deal properly with the tourists.

10.5.6. Accounting and Legal Support

Regarding Casal do Vale accounting and legal support, this will be an outsourced activity, for a monthly value of 180€.

10.6. Implementation Plan

In order to be successful in this business idea, it is crucial to define an implementation plan and be able to follow it as faithfully as possible. This can be done through a chronogram or Gantt chart (Figure 6).

Figure 6: Casal do Vale's Implementation Plan

	2018						2019							
	J	A	S	O	N	D	J	F	M	A	M	J	J	A
Business idea and market study														
Society constitution														
Brand registration														
Nomination of the manager/director														
Negotiation of financing														
Selection of suppliers and negotiation of prices														
Business opening request														
Favorable opinion of the project by Torres Vedras Town Hall														
Construction and Restoration														
Communication and Promotion														
Conclusion of agreements with regional partners														
Recruitment and selection of staff														
Casal do Vale - Rural Tourism, opening														

Source: Made by the author – Adaptation from Nunes (2015)

In this case, were considered the following topics:

- Planning activities: business idea and market research (where the business plan is included);
- Bureaucratic processes: society construction; brand registration; business opening request; favorable opinion of the project by Torres Vedras Town Hall; agreements with regional partners;
- Human resources activities: nomination of the manager/director;
- Investment and Financing activities: negotiation of financing;
- Procurement activities: selection of suppliers and negotiation of prices;
- Marketing activities: communication and promotion;

It is important to state that this is a hypothetical temporal schematization. Each topic may be concluded in more or less time. There are not fixed dates. In this chart the tasks are meant to be completed in that month and not in a specific day. The opening was chosen to be in August because it is the beginning of the grapes harvesting season, which is appropriate since Casal do Vale's concept is closely related with the wine making.

Regarding the timings set above in the chronogram, the first step of the implementation plan, the business plan making, is already completed. The next steps are the more bureaucratic ones, namely, the society constitution, brand registration, negotiations, business opening request and project approvals, which should take approximately two months to be finished.

After the project approval, the construction and restoration works will begin. Since the objective is to preserve as much as possible the original layout of the buildings, this stage will take approximately nine months (with the estimate of being finished in July, 2019).

Meanwhile, other tasks can be arranged, namely, the communication and promotion of Casal do Vale's opening among potential business partners and customers (tour providers, travel agencies, tourists, …), as well as the conclusion of agreements with the local partners and suppliers.

In the month prior to the opening, a very important stage will take place – the staff selection, recruitment and training. This is a crucial step, since one of the biggest concerns of this business is that the guests will feel welcomed, relaxed, happy and can feel and verify the quality of the service. Therefore, the appropriate selection of the staff is very important to achieve these positive results and feedback.

Finally, as stated above, in August Casal do Vale will open doors and welcome the first of many guests.

11. Economic and Financial Viability Study

A complete business plan cannot set only market analysis and marketing strategies. It is crucial to be aware of the future costs and sales, in order to know if the business will be able to produce profits. Basically, it is necessary to analyze if the project is economically and financially viable.

In order to be capable of taking decisions about project implementation, an economic and financial viability study needs to be done. Adapting Dias (2014) study, there are going to be build three possible scenarios, the pessimist, the realist and the optimist, and build its respective financial statements.

11.1. Assumptions

- Average Term of Payments and Receipts: Prompt Payment;
- VAT Exemption on construction assets investment (self-assessment VAT);
- VAT Exemption on vehicle purchase (non-deductible VAT);
- VAT rate of hospitality industry: 6%;
- Intermediate VAT rate: 13%;
- General VAT rate: 23%;
- Salary increase: 1,8% in the 2nd year, 2% in the 3th year, 2,2% in the 4th year and 2,4% in the 5th year of operations;
- Inflation Rate: 1,5%
- CIT + Municipal Tax: 22,5%
- There are considered current prices

11.2. Sales and Costs Forecasts

Regarding Casal do Vale clients, they will be mainly tourists and since it is a new business it is not possible to predict precisely the sales and costs. However, relying on the strategic and marketing plan the Occupancy Rate (Figure 7) of Casal do Vale will be different on the high season and on the low season.

Figure 7: Occupancy rate

$$Occupancy\ rate\ (\%) = \frac{Occupied\ rooms}{Total\ of\ rooms} \times 100$$

Source: *HospedIn* (2017)

Table 6, shows that in the high season, the occupancy rate will be 20% in the first year (2 rooms per week: 2 doubles), 40% in the second year (4 rooms per week: 4 doubles), 60% in the third year (5 rooms per week: 4 doubles + 1 suite), 70% in the fourth year (6 rooms per week: 4 doubles + 2 suites) and 80% in the fifth year of operations (7 rooms per week: 4 doubles + 3 suites). In the low season, the estimate is to have 10% in 2020 (1 double room per weekend), 20% in 2021 (2 double rooms per weekend), 30% in 2022 (3 double rooms) and 40% in 2023 and 2024 (4 double rooms per week). This represents a realistic scenario.

Table 6: Occupancy rate according to seasonality

Occupancy rate per Season					
	2020	**2021**	**2022**	**2023**	**2024**
High Season	20%	40%	60%	70%	80%
Low Season	10%	20%	30%	40%	40%

Source: Made by the author

According to these rates, Table 7 shows the annual average perspectives sales for the weekends in the low season (since these are the most likely to be occupied in the low seasons) and for a combination of weekends and four nights packages during high season. In the predicted annual sales table, the values for the winery space rental are also shown. These predictions were calculated based on the expected events number per year (the rental price is 2.000€ per day). For further information, please check Appendix 3.

Table 7: Predicted Annual Sales

Predicted Annual Sales – High Season (18 weeks)					
	2020	**2021**	**2022**	**2023**	**2024**
Packages	**20%**	**40%**	**60%**	**70%**	**80%**
Weekends	7.200 €	14.400 €	14.400 €	21.600 €	28.800 €
4 Nights Packs	21.600 €	43.200 €	75.600 €	86.400 €	97.200 €
Predicted Annual Sales – Low Season (34 weekends)					
	2020	**2021**	**2022**	**2023**	**2024**
Packages	**10%**	**20%**	**30%**	**40%**	**40%**
Weekends	10.200 €	20.400 €	30.600 €	40.800 €	40.800 €
Annual Winery Space Renting					
	2020 (44 events)	**2021 (48 events)**	**2022 (52 events)**	**2023 (60 events)**	**2024 (60 events)**
Winery renting	88.000 €	96.000 €	104.000 €	120.000 €	120.000 €
Total Predicted Annual Sales	127.000 €	174.000 €	224.600 €	268.800 €	286.800 €

Source: Made by the author

Regarding the Purchasing of External Services and Supplies, the values are annually estimated according to the occupancy rate. Table 8, shows the Specific Room's Costs (food, amenities and laundry) per room and per year.

Table 8: Specific Room's Costs per month and per year

Specific Room's Costs – High Season							
Item	**Per Room (Weekend)**	**Per Room (4 Nights)**	**2020 (20%)**	**2021 (40%)**	**2022 (60%)**	**2023 (70%)**	**2024 (80%)**
Food	40 €	80 €	2.160 €	4.320 €	5.760 €	6.480 €	7.200 €
Amenities	5 €	10 €	270 €	540 €	720 €	810 €	900 €
Laundry	5 €	10 €	270 €	540 €	720 €	810 €	900 €
Sub-Total	50 €	100 €	2.700 €	5.400 €	7.200 €	8.100 €	9.000 €
Specific Room's Costs – Low Season							
Item	**Per Room (Weekend)**		**2020 (10%)**	**2021 (20%)**	**2022 (30%)**	**2023 (40%)**	**2024 (40%)**
Food	40 €		40 €	80 €	120 €	160 €	160 €
Amenities	5 €		5 €	10 €	15 €	20 €	20 €
Laundry	5 €		5 €	10 €	15 €	20 €	20 €
Sub-Total	50 €		50 €	100 €	150 €	200 €	200 €
Total Specific Costs			2.750 €	5.500 €	7.350 €	8.300 €	9.200 €

Source: Made by the author

Besides these specific costs, it is possible to accurate the Supplies and External Services costs, which are also essential to the proper functioning of the service.

Over the next five years the values will be influenced by the inflation rate, which is estimated to be around 1,5%. Table 9 shows the values that will correspond to these costs.

Table 9: Supplies and External Services per month and per year

Supplies & External Services						
Item	**Monthly**	**2020**	**2021**	**2022**	**2023**	**2024**
Water	200 €	2.400 €	2.436 €	2.473 €	2.510 €	2.547 €
Electricity	600 €	7.200 €	7.308 €	7.418 €	7.529 €	7.642 €
Fuel/Gas	60 €	720 €	731 €	742 €	753 €	764 €
Insurances	100 €	1.200 €	1.218 €	1.236 €	1.255 €	1.274 €
Accounting	180 €	2.160 €	2.192 €	2.225 €	2.259 €	2.293 €
Publicity and Marketing	800 €	9.600 €	9.744 €	9.890 €	10.039 €	10.189 €
Communications	60 €	720 €	731 €	742 €	753 €	764 €
Housekeeping materials	50 €	600 €	609 €	618 €	627 €	637 €
Maintenance & Gardening materials	100 €	1.200 €	1.218 €	1.236 €	1.255 €	1.274 €
Total Supplies and External Services Costs	2.150 €	25.800 €	26.187 €	26.580 €	26.979 €	27.383 €
Costs per Room	239 €	2.867 €	2.910 €	2.953 €	2.998 €	3.043 €

Source: Made by the author

Regarding employees' remuneration, there are several aspects that must be noticed. The values were calculated according to the occupancy rate, meaning, in the first and second years there will be four employees, who are going to be flexible. However, when the rate starts to increase, two more people will be hired from the third year on (a receptionist and a housekeeper).

The wages vary according to the function of the employee. These values are stipulated by the wage scale of *Boletim do Trabalho e Emprego, nº4, 29/01/2004*. The social charges represent 23,75% of the annual remuneration of each employee. Besides, it will be paid a meal allowance of 4,77€ per work day. It is considered an average of 21 work days per month (Table 10).

Table 10: Monthly Remuneration by Position

Monthly Remuneration				
Position	**Remuneration**	**Social charges**	**Meal allowance**	**Total**
General Manager	1.045 €	23,75 %	100,17 €	1.393 €
Receptionist	804 €	23,75 %	100,17 €	1.095 €
Maintenance	600 €	23,75 %	100,17 €	843 €
Housekeeper	585 €	23,75 %	100,17 €	824 €
Total	3.034 €	720,58 €	400,68 €	4.175 €

Source: Made by the author

Over the years it is expected an increase of wages of 1,8% in 2021 and, 2%, 2,2% and 2,4% in the next years, respectively.

Table 11 shows the annual costs with the staff. It should be noticed that the annual remuneration and social charges were calculated for 14 months and the meal allowance for 11 months, according to *Lei Geral do Trabalho*, the Portuguese wage law specifications. Besides, there are included in the staff costs, the signatures for work accident insurance, official uniforms, business training, Employment Compensation Fund (ECF) and Emplyment Compensation Guarantee Fun (ECGF). The last two values are according to the Portuguese Law – *Lei 70/2013 de 30 de agosto*).

Table 11: Annual Staff Costs Specifications

Annual Staff Costs					
Item	**2020**	**2021**	**2022**	**2023**	**2024**
Annual Remuneration	42.476 €	43.241 €	61.922 €	63.284 €	64.803 €
Social charges	10.088 €	10.270 €	15.132 €	15.465 €	15.836 €
Meal allowance	4.407 €	4.487 €	6.611 €	6.757 €	6.919 €
Work Insurance	467 €	476 €	681 €	696 €	713 €
ECGF	393 €	400 €	573 €	585 €	599 €
ECF	32 €	32 €	46 €	47 €	49 €
Uniforms	500 €	500 €	750 €	750 €	750 €
Business Training	3500 €	3500 €	5250 €	5250 €	5250 €
Total	61.864 €	62.905 €	90.966 €	92.835 €	94.919 €

Source: Made by the author

Social charges represent 23,75% of the total remuneration. It should be noticed that there were applied medium rates in order to calculate the values of Social Security (SS) and Personal Income Tax (PIT), 11% and 10%, respectively (Table 12).

The values delivered to the State regarding the monthly employee charges are delivered in the following month, so Table 12 shows the values delivered to the State in the same year and the ones referring to a month of the beginning of the following year.

Table 12: Annual Amounts to be delivered to the State

Values to be delivered	2020	2021	2022	2023	2024
Company's SS on the year	9.367 €	9.536 €	13.656 €	13.956 €	14.291 €
Company's SS on the following year	721 €	734 €	1.050 €	1.074 €	1.099 €
Employee's SS holding on the year	4.339 €	4.417 €	6.325 €	6.464 €	6.619 €
Employee's SS holding on the following year	334 €	340 €	487 €	497 €	509 €
PIT retain from employee on the year	3.944 €	4.015 €	5.750 €	5.876 €	6.017€
PIT retain from employee on the following year	303 €	309 €	442 €	452 €	463 €
ECGF+ECF on the year	394 €	402 €	575 €	588 €	602 €
ECGF+ECF following year	30 €	31 €	44 €	45 €	46 €
Total	19 433 €	19 783 €	28 329 €	28 953 €	29 647 €

Source: Made by the author

Regarding Value Added Tax (VAT), on the first year, the company will be entitled to the VAT refund (29.408€ which will be received in the next year). From the second year of operations on, the company will start to pay the Value Added Tax.

Table 13 shows the net VAT that comes from the sales and the deductible VAT that comes from the purchases of consumables, supplies and external services.

Table 13: Annual Value Added Tax

Value Added Tax (VAT)							
	Rate	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
VAT paid							
Sales	6%	- €	2.340 €	4.680 €	7.236 €	8.928 €	10.008 €
Renting Sales	23%		20.240 €	22.080 €	23.920 €	27.600 €	27.600 €
Total VAT paid		0 €	22.580 €	26.760 €	31.156 €	36.528 €	37.608 €
Deductible VAT							
Initial Investment	23%	29.408 €	0 €	0 €	1.150 €	619 €	6.061 €
Purchases	23%	- €	633 €	1.265 €	1.691 €	1.909 €	2.116 €
External Services:							
Water	6%		144 €	146 €	148 €	151 €	153 €
Electricity	23%		1.656 €	1.681 €	1.706 €	1.732 €	1.758 €
Fuel/Gas	23%		166 €	168 €	171 €	173 €	176 €
Accounting	23%		497 €	504 €	512 €	519 €	527 €
Marketing	23%		2.208 €	2.241 €	2.275 €	2.309 €	2.343 €
Communications	23%		166 €	168 €	171 €	173 €	176 €
Housekeeping mat.	23%		138 €	140 €	142 €	144 €	146 €
Maintenance & Gardening material	23%		276 €	280 €	284 €	289 €	293 €
Total External Serv.			5.250 €	5.329 €	5.409 €	5.490 €	5.572 €
Total Deductible VAT		29.408 €	5.883 €	6.594 €	8.249 €	8.018 €	13.749 €
Total VAT		-29.408€	16.698 €	20.166 €	22.907 €	28.510 €	23.859 €
Monthly VAT			1.391 €	1.681 €	1.909 €	2.376 €	1.988 €

Source: Made by the author

11.3. Fixed Capital and Depreciations

In order to run a business like Casal do Vale, several assets are needed. Regarding fixed assets, since the main house already belongs to the family and it needs to be restored, the inside and outside restoration works will be considered as fixed assets.

Also, the furniture needs to be restored and some pieces need to be replaced. A computer, a software and other office equipment will be necessary, as well as a vehicle. Since the purpose is to build a sustainable and eco-friendly business, solar panels will be installed.

From 2022 on, some of the assets will be total depreciated, so there is a need for new investment in order to replace these assets. Table 14 shows the fixed assets and the respective values (no VAT included, except on the vehicle signature).

Table 14: Investment in Fixed Assets

Fixed Assets							
Fixed Assets	**Rate**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Restoration Works	0%*1	605.927 €					
Furniture:							
Furniture	23%	74.000 €					
Decoration Objects	23%	16.500 €					16.500 €
Mattresses	23%	5.000 €					
Linens & Towels	23%	5.000 €			5.000 €		5.000 €
Crockery	23%	2.000 €				2.000 €	
Cutlery	23%	1.000 €					1.000 €
Household Appliances	23%	12.000 €					
Exterior Restoration Works	23%	7.700 €					
Computer	23%	462 €				462 €	
Office Equipment	23%	116 €					
Vehicle	0%*2	46.200 €					46.200 €
Software	23%	231 €				231 €	
Solar Panels	23%	3.850 €					3.850 €
Total Fixed Assets		779.986 €			5.000 €	2.693 €	72.550 €
Deductible Investment VAT		29.408 €			1.150 €	619 €	6.061 €

Source: Made by the author

*1 - Regarding the restoration works, the VAT rate applied is 0% because it is a deductible VAT;

*2 – Since the vehicle has nine seats, the Portuguese Fiscal System does not allows to deduct the VAT, which is why it is considered a 0% VAT rate;

Different assets have different depreciation periods. The interior and exterior restoration works will be totally depreciated in 20 years, the furniture in 8 years, the household appliances in 7 years, the mattresses and office equipment in 5 years, the decoration objects, cutlery, vehicle and solar panels in 4 years, the crockery, computer and software in 3 years and the bed and bathroom linen in 2 years.

Table 15 shows the assets annual depreciation and the respective depreciation rates for the five years of the financial evaluation. The rates are according to *Decreto Regulamentar nº25/2009 de 14 de setembro*.

Table 15: Annual Depreciation of Assets

Assets Depreciation								
Fixed Assets	**Rate**	**Amount**	**2020**	**2021**	**2022**	**2023**	**2024**	**Res. Val.**
Rest. Works	5%	605.927€	30.296 €	30.296 €	30.296 €	30.296 €	30.296 €	454.445 €
Furniture:								
Furniture	12,50%	74.000 €	9.250 €	9.250 €	9.250 €	9.250 €	9.250 €	27.750 €
Decoration	25%	16.500 €	4.125 €	4.125 €	4.125 €	4.125 €	4.125 €	12.375 €
Mattresses	20%	5.000 €	1.000 €	1.000 €	1.000 €	1.000 €	1.000 €	0€
Linens & towels	50%	5.000 €	2.500 €	2.500 €	2.500 €	2.500 €	2.500 €	2.500 €
Crockery	33,33%	2.000 €	667 €	667 €	667 €	667 €	667 €	665 €
Cutlery	25%	1.000 €	250 €	250 €	250 €	250 €	250 €	750 €
Appliances	14,28%	12.000 €	1.714 €	1.714 €	1.714 €	1.714 €	1.714 €	3430 €
Exterior Works	5%	7.700 €	385 €	385 €	385 €	385 €	385 €	5.775 €
Computer	33,33%	462 €	154 €	154 €	154 €	154 €	154 €	154 €
Office Equip.	20%	116 €	23 €	23 €	23 €	23 €	23 €	0 €
Vehicle	25%	46.200 €	11.550 €	11.550 €	11.550 €	11.550 €	11.550 €	34.650 €
Software	33,33%	231 €	77 €	77 €	77 €	77 €	77 €	77 €
Solar Panels	25%	3.850 €	963 €	963 €	963 €	963 €	963 €	2.886 €
Total		779.986€	62.953 €	62.954 €	60.454 €	59.556 €	42.668 €	545.458 €

Source: Made by the author

11.4. Financing

The total amount of capital which is necessary to restore, renew and open Casal do Vale is 850.000€. This project will be financed in the following way: around 30% will come from non-repayable government investment programs (250.000€); about 25% will come from a bank loan (200.000€); the last 45% will come from Quinta da Almiara's owned capital (400.000€).

The company will apply for a bank loan at Caixa de Crédito Agrícola. According to a loan simulation, the terms will be the following:

- The amount will be of 200.000€ with a nominal rate interest of 3%;
- The refund will be in 12 years, with constant monthly installments of 1.667 €;
- The annual refund amount will be of 20.000€;

However, in the first two years there will be a grace period, which means that only the interests and current stamp duty percentage (4%) will be paid during that time. Table 16 shows the evolution of the bank loan over the 12 years.

Table 16: Bank Loan

Bank Loan					
Year	**Initial Debt**	**Interest**	**Stamp Duty**	**Amortization**	**Final Debt**
Year 0	200.000 €	6.000 €	1.240 €	0	200.000 €
Year 1	200.000 €	6.000 €	240 €	0	200.000 €
Year 2	200.000 €	6.000 €	240 €	20.000 €	180.000 €
Year 3	180.000 €	5.400 €	216 €	20.000 €	160.000 €
Year 4	160.000 €	4.800 €	192 €	20.000 €	140.000 €
Year 5	140.000 €	4.200 €	168 €	20.000 €	120.000 €
Year 6	120.000 €	3.600 €	144 €	20.000 €	100.000 €
Year 7	100.000 €	3.000 €	120 €	20.000 €	80.000 €
Year 8	80.000 €	2.400 €	96 €	20.000 €	60.000 €
Year 9	60.000 €	1.800 €	72 €	20.000 €	40.000 €
Year 10	40.000 €	1.200 €	48 €	20.000 €	20.000 €
Year 11	20.000 €	600 €	24 €	20.000 €	- €

Source: Made by the author

On the first year (year 0), the amount paid for stamp duty is higher since there is also paid the Stamp Duty on the loan (*ISUC – Imposto do Selo sob a Utilização do Crédito*).

Besides the bank loan, the family (through Quinta da Almiara shared capital) will contribute with an amount of 400.000€, which will help covering the initial investment, the losses from the first years of operations and the loan refunds. The main purpose of this supply is to boost Casal do Vale business, since the business diversification of Quinta da Almiara is important for the shareholders.

11.5. Financial Statements

Once the calculations are complete and the values were verified regarding Casal do Vale project, the next step is to present the Financial Statements of the business. Table 17 shows the Income Statement, Table 18 shows the Treasury Budget Statement and Table 19 shows the Balance Sheet.

Table 17: Income Statement

Income Statement						
Item/Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Sales revenues		127 000 €	174 000 €	224 600 €	268 800 €	286 800 €
Total operating revenues		127 000 €	174 000 €	224 600 €	268 800 €	286 800 €
Purchases Costs		2 750 €	5 500 €	7 350 €	8 300 €	9 200 €
External Services		25 800 €	26 187 €	26 580 €	26 979 €	27 383 €
Stamp Duty	1 240 €	240 €	240 €	216 €	192 €	168 €
Employees Costs		61 864 €	62 905 €	90 966 €	92 835 €	94 919 €
Depreciation		62 953 €	62 954 €	62 954 €	62 954 €	62 954 €
Total operating costs	1 240 €	153 607 €	157 787 €	188 066 €	191 260 €	194 625 €
EBIT	- 1 240 €	- 26 607 €	16 213 €	36 534 €	77 540 €	92 175 €
Financial Costs	6 000 €	6 000 €	6 000 €	5 400 €	4 800 €	4 200 €
EBT	- 7 240 €	- 32 607 €	10 213 €	31 134 €	72 740 €	87 975 €
Income before Tax	- 7 240 €	- 32 607 €	10 213 €	31 134 €	72 740 €	87 975 €
CIT + Municip. Tax				338 €	16 367 €	19 794 €
Net Income	- 7 240 €	- 32 607 €	10 213 €	30 796 €	56 374 €	68 181 €

Source: Made by the author

Table 18: Treasury Budget Statement

Treasury Budget Statement						
Item/Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Opening Balance		33 366 €	95 900 €	149 382 €	219 309 €	332 484 €
Operations Treasury						
Receipts						
Sales of the year		127 000 €	174 000 €	224 600 €	268 800 €	286 800 €
Sales' VAT		22 580 €	26 760 €	31 156 €	36 528 €	37 608 €
Other receipts		29 408 €				
Total Receipts		212 354 €	296 660 €	405 138 €	524 637 €	656 892 €
Payments of the year						
Investment Payments	779 986 €			5 000 €	2 693 €	72 550 €
Investment VAT	29 408 €			1 150 €	619 €	6 061 €
Supplies Purchases		2.750 €	5.500 €	7.350 €	8.300 €	9.200 €
Supplies' VAT		633 €	1.265 €	1.691 €	1.909 €	2.116 €
Employees		42 431 €	43 123 €	62 636 €	63 882 €	65 272 €
Other Supplies & Services		25.800 €	26.187 €	26.580 €	26.979 €	27.383 €
Other Supp. & Serv.'s VAT		5.250 €	5.329 €	5.409 €	5.490 €	5.572 €
Taxes paid (SS, PIT, …)		18 045 €	18 370 €	26 306 €	26 885 €	27 530 €
Taxes paid (VAT)		15 306 €	18 486 €	20 998 €	26 134 €	21 871 €
Payments previous year						
VAT			1 391 €	1 681 €	1 909 €	2 376 €
CIT					338 €	16 367 €
SS			1 054 €	1 073 €	1 537 €	1 571 €
PIT			303 €	309 €	442 €	452 €
FGTC + FCT			30 €	31 €	44 €	45 €
Total Payments	809 394 €	110 214 €	121 038 €	160 213 €	167 161 €	258 365 €
Operating result	-809 394€	102 140 €	175 622 €	244 925 €	357 476 €	398 527 €
Financing						
Receipts						
Bank Financing	200.000 €					
Non-repayable financing	250.000 €					
Shared Capital	400.000 €					
Total Receipts	850.000€					
Payments						
Bank Refund (L/T)		0 €	20 000 €	20 000 €	20 000 €	20 000 €
Financial charges (L/T)	7 240 €	6 240 €	6 240 €	5 616 €	4 992 €	4 368 €
Total Payments	7 240 €	6 240 €	26 240 €	25 616 €	24 992 €	24 368 €
Financial balance	842 760 €	-6 240 €	-26 240 €	-25 616 €	-24 992 €	-24 368€
Total balance	33 366 €	95 900 €	149 382 €	219 309 €	332 484 €	374 159€

Source: Made by the author

Table 19: Balance Sheet

Balance Sheet						
Item/Year	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Assets						
Long-term Assets						
Net Fixed Assets	779 986 €	717 033 €	654 078 €	596 124 €	535 862 €	545 458 €
Total Long-term Assets	779 986 €	717 033 €	654 078 €	596 124 €	535 862 €	545 458 €
Current Assets						
Accounts Receivable:						
VAT	29 408 €					
Available Cash Bank	33 367 €	95 900 €	149 382 €	219 309 €	332 484 €	374 159 €
Total Current Assets	62 774 €	95 900 €	149 382 €	219 309 €	332 484 €	374 159 €
Total Assets	842 760 €	812 932 €	803 460 €	815 433 €	868 347 €	919 618 €
Shareholders' Equity and Liabilities						
Shareholders' Equity						
Share Capital	400 000 €	400 000 €	400 000 €	400 000 €	400 000 €	400 000 €
Reservas			- 1 630 €	- 1 120 €	420 €	3 239 €
Resultados Transitados		- 7 240 €	- 38 216 €	- 28 514 €	743 €	54 298 €
Non-repayable financing	250 000 €	250 000 €	250 000 €	250 000 €	250 000 €	250 000 €
Net Income	- 7 240 €	- 32 607 €	10 213 €	30 796 €	56 374 €	68 181 €
Total Equity	642 760 €	610 153 €	620 367 €	651 163 €	707 537 €	775 718 €
Liabilities						
Long Term Liabilities:						
Financing (Bank Loans)	200 000 €	180 000 €	160 000 €	140 000 €	120 000 €	100 000 €
Current Liabilities:						
Bank Loan		20000 €	20000 €	20000 €	20000 €	20000 €
Taxes Payable (CIT+SS+PIT+VAT)		2 780 €	3 094 €	4 270 €	20 810 €	23 900 €
Total Liabilities	200 000 €	202 780 €	183 094 €	164 270 €	160 810 €	143 900 €
Total Eq. + Liabilities	842 760 €	812 933 €	803 460 €	815 433 €	868 347 €	919 618 €

Source: Made by the author

11.6. Project Evaluation

For this project to be successful, the economic and financial analysis is a crucial stage. Through this analysis, it is possible to check if the project is economically and financially viable. Above all, the entrepreneur needs to be sure that the net income will be enough to reimburse the financial investment.

Table 20, shows the main economic and financial ratios for the first five years of operations, which allows the entrepreneur to compare the data-flow through the several years.

Table 20: Economic and Financial Ratios

Economic and Financial Ratios					
	2020	**2021**	**2022**	**2023**	**2024**
Business Growth Rate		37,01%	29,08%	19,68%	6,70%
Net Return on Sales (ROS)	-26%	6%	14%	21%	24%
Return on Investment (ROI)	- 4,01%	1,27%	3,78%	6,49%	7,41%
Assets Turnover	15,62%	21,66%	27,54%	30,96%	31,19%
Return on Equity (ROE)	-5,34%	1,65%	4,73%	7,97%	8,79%
Return on Assets (ROA)	-3,27%	2,02%	4,48%	8,93%	10,02%
Financial Autonomy	75,06%	77,21%	79,85%	81,48%	84,35%

Source: Made by the author

The first ratio, Business Growth Rate, shows the sales evolution and how fast is the business growing, since it compares the sales between the years. Allied to this ratio is the Net Return on Sales ratio, which relates the net income with the sales of the year, evaluating the company's operational efficiency and matching production with sales.

Regarding the ROI – Return on Investment, this ratio relates the profit with the investment made. ROI indicate the success of the investment, since it shows how the investment is being used to generate profits and if it is done in an effective and efficient way. Casal do Vale's ROI shows very low values.

The next ratio, Assets Turnover, relates the sales with the assets, in the way that it measures the capacity of the business to deploy the assets in the revenues generating process.

Concerning the ROE - Return on Equity, it shows the percentage of the profit that is generated with the shareholders' invested money, so it relates the net income with the shareholders' equity.

The ROA – Return on Assets, relates the earnings before interests and taxes (EBIT) with the assets, meaning, it indicates how profitable and efficient a company is relatively to the management of its assets.

Regarding the Financial Autonomy ratio, this relates the equity with the assets, meaning, it indicates the equity's contribute in the business financing.

After this analysis, it is possible to calculate the Net Cash-Flow for the investment project, which is needed to reach the calculations of the Net Present Value (NPV), the Internal Rate of Return (IRR) and the Payback Period.

It should be noted that in the values referring to 2024, the residual value of the assets was also considered in the calculation. The Working Capital Need (WCN) is zero, since it is being considered the prompt payment method. Table 21, shows the net cash-flow calculation.

Table 21: Net Cash-Flow calculation

	2019	2020	2021	2022	2023	2024
Operat. Cash-Flow	33 366 €	62 533 €	53 482 €	69 927 €	113 175 €	41 675 €
WCN						
Residual Value						545 458 €
Fixed Capital	809 393 €			6 150 €	3 312 €	78 611 €
Net Cash-Flow	- 850 000 €	62 533 €	53 482 €	63 777 €	109 863 €	508 523 €

Source: Made by the author

Finally, it is possible to check if the project is viable. On a realist scenario, the Net Present Value (NPV) is negative (-268.773€), which means that the business will not be profitable and that it will result in a net loss. A negative NPV means that the investment should not be made since there will be no return.

Once the NPV is negative, there is no sense to calculate the Internal Rate of Return. According to the calculation, the payback period would far exceed the 5 years that are being considered in this study.

Table 22 shows the NPV, IRR and Payback Period, whereby it is possible to understand that the project is not viable in the way it is presented on this business plan.

Table 22: Net Present Value, Internal Rate of Return and Payback Period

	Realist
NPL	- 268.773 €
IRR	-
Payback Period	More than 5 years

Source: Made by the author

12. Conclusion

This business plan intends to study the possibility of diversification of a family business, Quinta da Almiara SA, a company that works in the wine sector. The objective of the project is to start a new business area, which will join the wine tourism with accommodation.

The aim is to restore an old manor house and its surrounding facilities and to transform it into a rural tourism complex, where the therapeutic properties of the wine and grapes are combined with the quietness of the countryside and with several agricultural experiences. This place is Casal do Vale, in Torres Vedras, Lisbon.

The internal and external environment analysis reached positive conclusions. The Portuguese economy is recovering and there are still governmental subsidies and supports for this kind of initiatives that aim to boost the rural area. Also, people are increasingly concerned about the accommodation's quality and about the excellence of client services. Besides, in Torres Vedras the offer is scarce and very limited, so there is the need to fulfill and the idea that can help with the solution.

Therefore, a market and business study of the sector suggests that a good market strategy can be to focus on differentiation. Nowadays people search for an escape from their routine and urban lives, they look for a genuine sense of welcoming and this is the aspect that Casal do Vale may have an impact and utility for its customers.

The economic and financial viability study is analyzed in a 5 years period. After the sales and costs estimation, the logistics procedures idealization and after the calculations and presentation of the financial demonstrations, the conclusion is that the project is not viable. The Net Present Value (NPV) is negative, and so the project will not be successful in the way it is projected.

This led me to think on alternatives, trying to find solutions and above all searching for the causes and problems of this project and business model.

The first big obstacle that we face is the great need for investment. Currently, the house needs major works of restoration which implies a big investment. This aspect has a great impact on the financial statements and on the business capacity to obtain the return on the investments. A solution could be to go for a more superficial restoration and less faithful to the original traces of the house, which would cost less. However, the essence of the house, the diversification aspect would be lost. Besides, that is not an eligible solution for the shareholders.

The second obstacle are the sales and revenues. Since we are talking about a house with ancient specific architectural features, there is not enough space to do much bedrooms (this project is for 9 nine bedrooms and the house does not support more). In this way, the sales referent to the 9 bedrooms would not be enough to support all the expenses with employees and the other associated costs to the business. Here we find a solution: to rent the ancient winery as an events space. This increased a lot the revenues and provided a more encouraging scenario, but even though, it is not enough.

A very pleasant solution for this last problem was to transform the surrounding facilities (which were in the past, support facilities for the agriculture and wine making activities), into small apartments or mezzanines. This would overcome the space problem and would bring more people at the same time to Casal do Vale. This way we would have an increase on sales and revenues. This option is a good start for a future business plan for this wonderful place.

For the shareholders, no is not an option, so I decided to extend the analysis up to 10 years. However, the NPV was still negative and so there was no sense on presenting that extension on this business plan. However, in future analysis on this project I advise that the viability study be carried out for 10 years, as it may have an influence on NPV, IRR and payback period results.

Finally, with this business plan elaboration, I increased several capacities and knowledge. Although the results and conclusions are not the most desired ones, I learned a lot and I worked different knowledges, such as analysis capacity, problem solving competencies and project idealization. Above all, I hope the shareholders do not give up on the project because it has a lot of potential, we just have to find out a profitable alternative way.

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14. Appendixes

Appendix 1: Five Forces of Porter Analysis

Industry Analysis		Contribution to the Force					
		Ver Low	Low	Medium	High	Very High	
Rivalry among competitors	**Low**	**1**	**2**	**3**	**4**	**5**	**High**
Number of direct competitors	Low	X					High
Number of indirect competitors	Low			X			High
Market concentration degree	Low		X				High
Market growth	Low				X		High
Fixed costs	Low			X			High
Differentiation product degree	Low			X			High
Costs of change for customers	High					X	Low
Possibility of capacity increase	Low			X			High
Market responsiveness	Low				X		High
Overall Force Value				**3,11**			
Threat of New Entrants	**Low**	**1**	**2**	**3**	**4**	**5**	**High**
Scale Economies	Low				X		High
Product Differentiation	Low					X	High
Brand Identification	Low				X		High
Costs Disadvantages	High				X		Low
Capital needs	High	X					Low
Costs of change for customers	High					X	Low
Difficulty accessing distribution channels	High					X	Low
Protectionist policies	Low			X			High
Experience effects	High				X		Low
Existing companies retaliation probability	Low		X				High
Overall Force Value				**3,36**			
Threat of Substitute Products	**Low**	**1**	**2**	**3**	**4**	**5**	**High**
Substitutes availability	Low					X	High
Costs of change for customers	High					X	Low
Substitute products suppliers rentability	Low				X		High
Substitute products suppliers aggressiveness	Low		X				High
Substitute products price/performance relation (in relation to the industry)	Low				X		High
Overall Force Value					**4**		
Suppliers Bargaining Power	**Low**	**1**	**2**	**3**	**4**	**5**	**High**
Number of suppliers in the industry	Low		X				High
Suppliers concentration degree and number	Low		X				High
Sector importance for suppliers	Low		X				High

Average volume of purchases from suppliers	Low			X			High
Cost of change of suppliers	Low	X					High
Products quality importance	Low					X	High
Differentiation degree of products	Low	X					High
Substitute products availability (supplies)	Low			X			High
Threat of vertical integration downstream by suppliers	Low			X			High
Suppliers information availability	Low					X	High
Overall Force Value			**2,7**				
Customers Bargaining Power	**Low**	**1**	**2**	**3**	**4**	**5**	**High**
Number of clients in the sector	Low					X	High
Average amount of money tourists spend by journey	Low			X			High
Cost of change for customers	High				X		Low
Products quality importance for customers	Low					X	High
Product differentiation degree	Low				X		High
Substitute products availability (for customers)	Low					X	High
Information availability for customers	Low					X	High
Overall Force Value					**4,43**		

Source: Made by the author

Appendix 2: Type and number of rooms occupied per week

Rooms occupied per Week - High Season						
		2020 20%	**2021 40%**	**2022 60%**	**2023 70%**	**2024 80%**
Weekend	Double Rooms	1	2	2	3	4
	Master Suites	-	-	-	-	-
4 Nights Package	Double Rooms	1	2	2	1	-
	Master Suites	-	-	1	2	3
Rooms occupied per Week - Low Season						
		2020 10%	**2021 20%**	**2022 30%**	**2023 40%**	**2024 40%**
Weekend	Double Rooms	1	2	3	4	3
	Master Suites	-	-	-	-	1

Source: Made by the author

Appendix 3: Occupancy rate and events alternative scenarios

Pessimist Scenario						
		2020	**2021**	**2022**	**2023**	**2024**
Occupancy Rate	High Season	20%	40%	60%	60%	60%
	Low Season	10%	20%	30%	40%	40%
Number of Events		24	26	30	30	30
Realistic Scenario						
		2020	**2021**	**2022**	**2023**	**2024**
Occupancy Rate	High Season	20%	40%	60%	70%	80%
	Low Season	10%	20%	30%	40%	40%
Number of Events		44	48	52	60	60
Optimistic Scenario						
		2020	**2021**	**2022**	**2023**	**2024**
Occupancy Rate	High Season	20%	40%	60%	70%	80%
	Low Season	10%	20%	30%	40%	40%
Number of Events		62	66	72	80	80

Source: Made by the author