

# Le Spa des Trois Essences

*"A healthy mind is the true key to success and happiness"*



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## EXECUTIVE SUMMARY

*Le Spa des Trois Essences* is a wellness luxury spa with a North African theme in its visual presentation and treatments. The spa will be located in Fez, an imperial city of Morocco that has preserved its rich culture and way of life. A two-floor riad of 800m<sup>2</sup> with a terrace in the medina will be renovated into a spa with six treatment rooms, two hammams, a small pool, a yoga room, and a health café.

The spa offers a North African concept as its unique sales proposition, through three different essences of North Africa. The three essences are the water of Tunisian oases and beaches, the Egyptian sun, and the diverse landforms of Morocco. There will be Moroccan, Tunisian, and Egyptian sections in the spa, each offering specialized techniques representing an essence of North Africa. These range from hammams of Morocco to thalassotherapy of Tunisia, and hot stone massages of Egypt. Each section will be decorated according to the country's traditions for the enjoyment of the customers.

As a wellness spa, *Le Spa des Trois Essences* will provide a supportive environment for those seeking peace with oneself spiritually and emotionally, and with one's surroundings. Two consultants, who speak English and French, will be staffed to listen and help our customers choose a treatment course that fit their needs. There will be a yoga room on the terrace that offers sessions in meditation, stretching, and yoga. A health café, also on the terrace, overlooking the city will offer simple but healthy food and drinks for the guests.

- **The mission statement** of *Le Spa des Trois Essences* is to provide a cultural escapade in tranquil and supportive environment that focuses on helping our guests reconnect with themselves and others around them.
- **Our vision** is the "Revitalization of the mind and the body of our customers through the wellness concept."

*Le Spa des Trois Essences* will be positioned as a "life experience and escape in search of the perfect balance between the mind and the body". We intend to be

perceived as high quality (luxurious) and with a high service portfolio. *Le Spa des Trois Essences* will face competition from two types of spas:

- Spas located inside hotels (*Riad Fes- Realais & Chateaux by Cinc Mondes, Riad Rcif, Le Spa du Palais Faraj, among others*)
- Day spas (*Nausikaa Spa, among others*)

Morocco is well known for their hammams and spas, especially in Marrekech. Fez is a city in which these kinds of businesses have been growing, so the competition will be fierce.

Our market would be tourists who have integrated wellness into their lifestyles that are also reflecting on these interests while traveling. Of approximately 425,000 tourists that visit Fez yearly, we aim to capture 4%. In this sense, our target market would be 17,020 customers yearly.

*Le Spa des Trois Essences* is looking to have an initial investment of €2,100,000 to start up the business. The business would present the following financial results:

- *Le Spa des Trois Essences* forecasts annual revenue of €802,161 for the first year with a net profit of €106,280 after deducting all legitimate taxes under Moroccan Laws and Regulations.
- The percentage of the net profit over sales would be about 13% for the first year and would maintain a double-digit increase over the next six years.
- The payback period to recover the initial investment is predicted to be 6.2 years from the launching of the operations based on cash flow analysis.

## INTRODUCTION

*A healthy mind is the true key to happiness. We spend so much energy on physical health and hygiene—but we need to spend more on mental hygiene and the 'hygiene' of emotion.<sup>1</sup>*

-Dalai Lama at the Global Spa and Wellness Summit

We would like to offer to our potential customers an escape from daily life and a therapeutic experience that fulfils the body, mind, and the spirit. We truly believe that good health, a clear mind, and a connection with oneself and those around them allow one to focus on what really matters to one's personal life but also in the professional life.

*Le Spa des Trois Essences* is a transformative concept of the wellness-themed luxury spa, representing the spa of the future. The spa will be small and upscale, and will provide an intimate experience with culturally rich regional theme of North Africa. It will offer elements of North Africa in its treatments and visual presentation. *Le Spa des Trois Essences* will create a supportive environment for those seeking peace with oneself and with one's surroundings.

Morocco, with long beaches, lush oases, mountain ranges, fortified fishing ports, and imperial cities, is a great destination for travelers young and old. Fez, the third largest city in Morocco, is the spiritual and cultural center of Morocco and the location for *Le Spa des Trois Essences*. The medieval capital, which dates back over 1,200 years, is one of the best-preserved old cities in the Arab world. Fez is also recognized as being one of the most romantic cities in world.

To be in Fez is truly a unique experience. Walking in the sprawling labyrinth of Fes el-Bali, one can feel the life and energy of an ancient Arabic city. Mules and handcarts still carry goods through narrow windy streets lined with souks selling exotic spices and local crafts. A magical city with rich and colorful surroundings, Fez is the ideal location for *Le Spa des Trois Essences* as a jewel of North Africa and the Arab world.

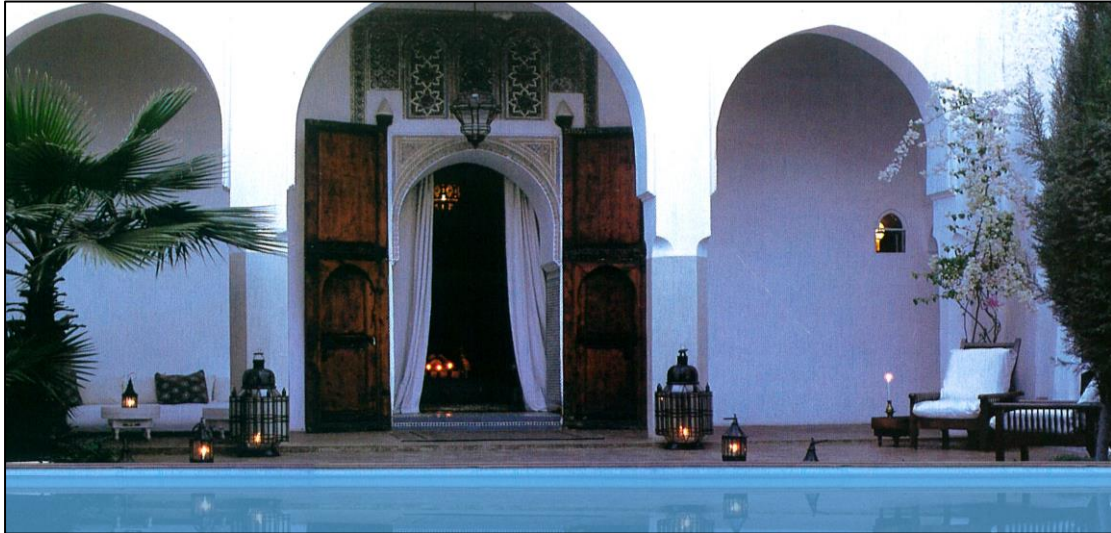
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<sup>1</sup> Taken from website: <http://www.spafinder.com/trends/2014/your-mind-is-what-matters.htm>, on June 22, 14.

The objective of *Le Spa des Trois Essences* is to promote North African wellness practices, and to create a spiritual haven. In an intimate and upscale setting, we will develop *Le Spa des Trois Essences* first in Fez, but it will be designed to be scalable for implementation in other cities and countries.

As part of our vision for the future, we will develop our brand to be synonymous with our wellness concept. This involves providing health consultation, providing meditation and yoga, and serving food and drinks all consistent with our concept.

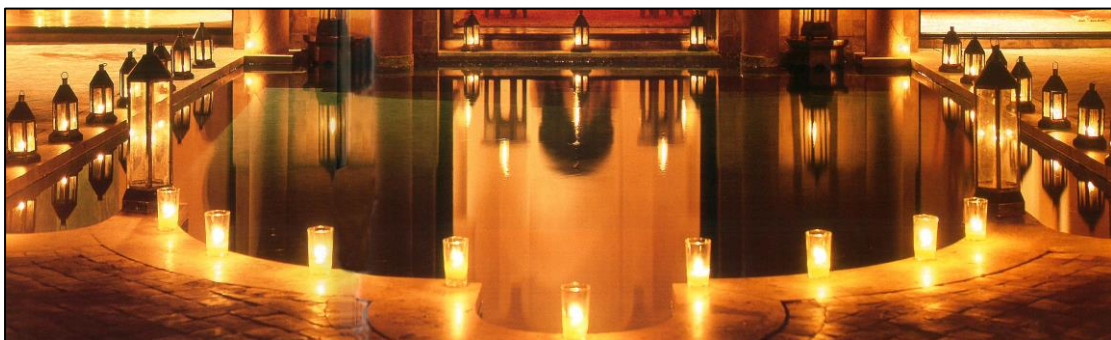
## THEME AND PLAN



A riad, traditional Moroccan house, will be renovated into a spa while maintaining the original personality of the house. Riads typically have a courtyard with a high ceiling. The second floor consists of rooms along the outer walls with a balcony overlooking the courtyard. The terrace on the roof can be used as place to eat or sleep during hot summer nights. For *Le Spa des Trois Essences*, we will invest in a two-floor riad of 800m<sup>2</sup> in the medina.

The riad will cost €400,000 according to estimation by Fez Real Estate. The renovation will be designed by D.L.2.A under the guidance of architect Mr. Didier Lefort, and will cost €1,600,000 at €2,000 per m<sup>2</sup>.

The maximum occupancy would be 90 guests per day. For the first year, we expect on average 34 customers per day, starting from 21 customers per day in the first month.





### ***Ground floor (Rez-de-chaussé)***



Key features:

- Reception room
  - Gift shop
- Back office
- Changing rooms
- Courtyard with pool
- Relaxation lounge
- Tunisian spa
  - Two treatment rooms
  - Hydro-jet pool
- Staff room
- Kitchenette
- Elevator
- Service elevator
- Storage

When a guest enters *Le Spa des Trois Essences*, he or she will first enter the reception room. Through the reception room, the guests will discover an open courtyard with a pool; sunlit during the day and warmly lit in the evening. There are changing rooms for men and women to the left where the guests would change into the spa garments. The changing rooms are equipped with showers, toilets, and lockers. At the relaxation lounge, our guests will have tea served to them before being escorted by a masseuse to the hammam or one of the treatment rooms.

*Le Spa des Trois Essences* will be wheel-chair accessible. There will be an elevator and the restroom will be wheel-chair accessible, and the passageways will be barrier-free.

The Tunisian spa will also be located on the ground floor. It will consist of two treatment rooms and a hydro-jet pool. Briefly, the Tunisian spa offers water-based treatments including techniques inspired by thalassotherapy. See [About Our Specialized Spas](#) section for more information on each of the specialty spas.

The spa is designed to minimize traffic and to preserve the tranquil atmosphere. There is a service entrance for the staff that leads to the staff room. In this



section of the spa is where dirty linen and waste will be collected. The service elevator will allow staff to move between floors without disturbing the guests.

A gift shop in at the reception room will sell massage and essential oils, Rhassoul clay, and other ingredients used in rituals at *Le Spa des Trois Essences*. Our guests will be able to take a part of their memorable experience from the spa to share with their loved ones at home.

For larger images of the floor plans, see the [Floor Plans](#) section of the Appendices (click on link).

### ***Second floor (Premier étage)***

Key features:

- Moroccan spa
  - Moroccan Lounge
  - Two hammams (men/ women)
  - Two scrubbing rooms
  - Rhassoul room
  - Shower rooms
- Egyptian spa
  - Egyptian Lounge
  - Treatment rooms (3 single/1 couple)
- Storage rooms



Located on the second floor are the Moroccan and Egyptian spas. The Moroccan spa consists of a lounge, two hammams (separate for men and women), scrubbing rooms and a Rhassoul clay treatment room. The lounge will be decorated in Moroccan style (left).

The Egyptian spa consists of a lounge and four treatment rooms. One of the treatment rooms is designed for couples. The design and décor of the Egyptian spa will be based on the salt-brick structures of

Siwa oasis in Egypt. See [About Our Specialized Spas](#) for more details about the services offered in the Moroccan and Egyptian spas.

### ***Terrace (Terrasse)***



Key features:

- Health Café
  - Open terrace
  - Covered terrace
  - Lounge
- Yoga room
- Changing room with shower
- Outdoor yoga terrace
- Kitchen
- Rest room

On the terrace, there will be a health café and an area to practice yoga and meditation. The health café will be made up of open and covered areas of the terrace and the lounge area with a capacity to serve 20 guests at once. The décor will be Arabic with white sofas, and the atmosphere will be very relaxing and tranquil. The café will offer light, simple, healthy food and drinks for our guests to enjoy in between massages. This will be a great way to enjoy the view of the medina while nourishing the body. A staff of three will operate the health café on the terrace serving from a simple, but healthy menu (see [Appendices](#) for the menu).

There is a yoga room that is temperature-controlled and an outdoor yoga terrace where the guests can practice yoga, pilates, or meditation in sessions guided by an instructor. This area is designed with wellness and relaxation in mind. A changing room with a shower by the yoga room is available for the guests. Two full-time instructors will be staffed.



Image taken from the internet to provide an illustration of the idea we want to transmit

## ABOUT OUR SPECIALIZED SPAS

### *Moroccan Spa*

**The Moroccan spa will offer hammam,** aromatherapy and massages using Rhassoul clay mined from the Atlas Mountains, oils extracted from rose and argan, and black soap. There will be separate hammam for men and women in line with the local practices. There will be room for women to socialize in the hammam or receive a scrub from a masseuse. Changing rooms for men and women are adjacent to their respective hammam rooms equipped with lockers.



Image taken from internet to provide an illustration of the idea we want to transmit

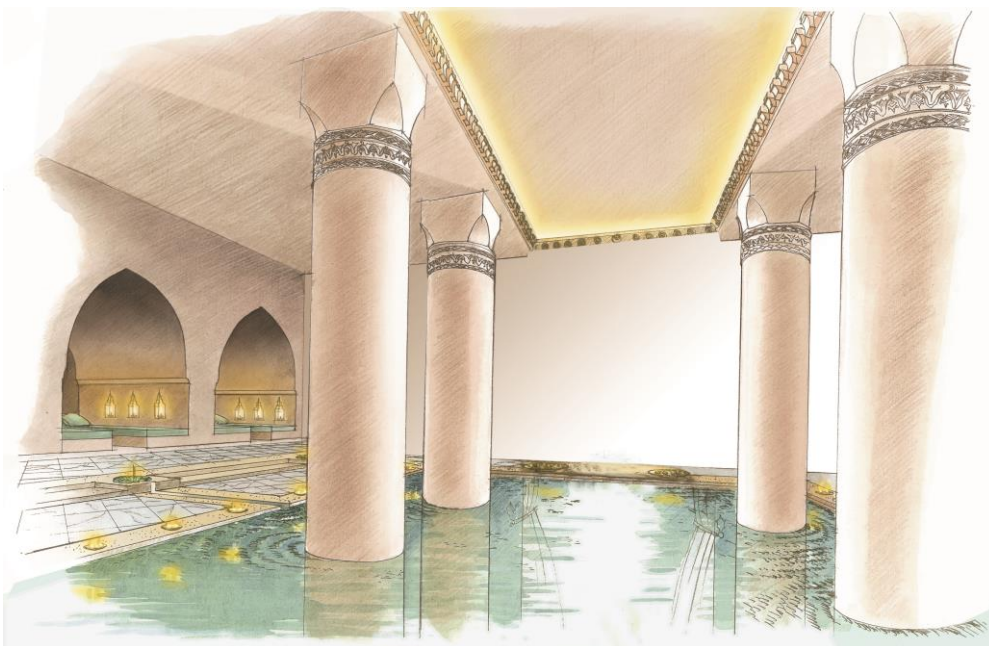
## *Tunisian Spa*

**The Tunisian spa emphasizes water-based techniques inspired by thalassotherapy.** Thalassotherapy, based on seawater and marine environment, has therapeutic value as preventative and curative treatment. Tunisia, after France, is the second destination for thalassotherapy. Its coastline and climate makes Tunisia abundant in seawater mud rich in minerals and restorative properties. Also seaweeds used for the treatments relieve muscular aches, pains and stiff joints. The experience is deeply calming and relaxing, which helps to achieve a good deep night's sleep.



Image taken from internet to provide an illustration of the idea we want to transmit

## *Concept sketch of the Tunisian spa pool*



Sketch by D.L.2.A



## ***Egyptian Spa***



The Egyptian spa represents the sun, the symbol of Egypt during the age of pharaohs. The sun will be reflected in our treatments using hot stones and lava shells. In contrast with the *Moroccan* and *Tunisian* spas that use steam and water respectively, **the Egyptian spa will focus more on dry techniques.**

The design of the Egyptian lounge and treatment rooms will be based on the translucent salt-brick structures of Siwa oasis in Egypt (left).



Image taken from the internet to provide an illustration of the idea we want to transmit

## **UNIQUE SALES PROPOSITION**

A wellness spa located in the medina of Fez, Morocco based on North African concept offering different spa treatments and techniques expressing three different essences of North Africa i.e. the water of Tunisian oases and beaches, the Egyptian sun, and the diverse colors and life of Morocco. Our offerings would also include a meditation, yoga and other respiratory and health activities, a health café, a variety of spa products in our in-house store, etc. In all, we aim to bring physical and mental self-awareness and balance to our guests.

### ***Our Specialized Spas and Therapies***

Our guests would experience the décor and wellness practices from three locations of North Africa: Morocco, Tunisia and Egypt. The scents of North African essential oils will permeate the sites with soft traditional music in the background. The traditional décor and art will be tastefully mixed with modern amenities.

In the Morocco spa, we will offer hammam rituals with Rhassoul clay. The Tunisia section will be water-based treatments, wherein we would offer sea salt infused steam massages and seaweed wraps. The Egyptian section of the spa would offer hot, dry techniques including stone and lava shell therapies. Our general treatment will include aromatherapy massage, deep tissue massage, and the craniosacral therapy (see [Appendix](#) for the spa menu).

### ***Wheel-chair Accessibility***

*Le Spa des Trois Essences* will be wheel-chair accessible. There will be an elevator for access to all floor levels of the spa, and all of the paths will be obstacle-free. We respect the rights of persons with disabilities to have equal opportunities to enjoy our services and treatments. We will make strong efforts to ensure that *Le Spa des Trois Essences* is accessible to everyone.

### ***Our Health Café***

There is an increasing trend in the café culture in Morocco. People are used to spending a long time in the cafes, sipping over a coffee or tea, having business meetings, etc. We also notice that there is an increased demand of health food in Morocco. As a solution, we plan to provide our guests a wide variety of healthy menu options. Our basic idea is to provide healthy food that our guests could enjoy while experiencing our café. We will serve variety of salads, smoothies, whole wheat/multigrain bread sandwiches, fruits and vegetable juice, and variety of coffees and teas, which would serve as full meals or in between snacks.





Image taken from the internet to provide an illustration of the idea we want to transmit

We expect that 22% of our total guests would use our café services and facilities. The café would have a seating capacity of 20 people.

The café operates from 11am to 7pm and are open to the spa guests only.

### ***Our Yoga Room and Terrace***

For a healthy body, a healthy mind is imperative. Our yoga room would help our guests rejuvenate and reconnect their body to their mind.



Image taken from the internet to provide an illustration of the idea we want to transmit

We plan to offer a range of relaxation activities that would not only help them keep physically fit, but also help loosen their mind and give them a positive feeling about themselves. The yoga room will have a capacity of five people. The schedule of the activities offered is as follows:

Time	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
08:00-9:00	Meditation	Meditation	Meditation	Meditation	Meditation	Meditation	Meditation
09:00-10:00	Yoga	Yoga	Yoga	Yoga	Yoga	Yoga	Yoga
10:30-11:30	Pilates	Flexibility	Pilates	Flexibility	Pilates	Flexibility	Pilates
13:30-14:30	Flexibility	Meditation	Flexibility	Meditation	Flexibility	Meditation	Flexibility
14:30-15:30	Power Yoga	Pilates	Power Yoga	Pilates	Power Yoga	Pilates	Power Yoga
16:00-17:00	Pilates	Yoga	Pilates	Yoga	Pilates	Yoga	Pilates
17:00-18:00	Meditation	Meditation	Meditation	Meditation	Meditation	Meditation	Meditation

### ***Our Therapists and Consultants***

We train our staff to deliver a personal and unforgettable spa experience to our guests. Our belief is that an excellent experience comes in the form of effective treatments and the services of well-trained professionals. Our therapists have studied and hold a diploma in the field of spa treatments and practiced various types of treatments over the years before being selected by us.

Our consultants would suggest the best suitable treatments for our guests, and help them with a suitable diet plan and guide them with a healthy lifestyle.

### ***Our Skill Development Program***

At *Le Spa des Trois Essences*, we believe in giving back to the society and hiring local talent. In order to give employment opportunities to the locally available manpower, we would operate a human resource development cell, wherein we would conduct training workshops in spa techniques for the local talents and hire them in case of vacancy with us or give them opportunity of self-employment.

### ***Shopping Experience***

The gift shop, located in the reception room, would bring our guests a range of North African products. Oils and raw materials used in the different specialized spas are going to be sold at the gift shop. Our products will provide a unique opportunity to experience the benefit of spa treatment in the comfort of one's home. See [Appendices](#) for more information.

## INDUSTRY AND MARKET ANALYSIS

### *Wellness Tourism*

Wellness tourism is an intersection between a growing consumer trend for healthier lifestyle and the growing tourism industry. Measuring the size and economic impact of the wellness industry is complicated, as the industry is not clearly defined. More recently, a study commissioned by the Global Wellness Institute and SRI International in 2013 showed that wellness tourism accounts for about 14%, (\$438.6 billion) of all tourism expenditures and 6% (524.4 million) of all trips. The study reported that the wellness tourism is projected to grow by more than 9% per year through 2017, nearly 50% faster than overall global tourism.

More and more consumers are now seeking better ways to take care of themselves, actively making lifestyle changes, and taking greater responsibility for maintaining good health. This trend is driving the growth of the wellness industry, including wellness tourism.

For more information regarding wellness tourism, see [Appendices](#).

### *Wellness Traveler Profile*



Consumers who have integrated wellness into their lifestyles are also reflecting these interests when they travel. They seek integrated wellness and prevention approaches to improve their health and quality of life<sup>2</sup>. Some travelers take a trip entirely for wellness purposes (primary-purpose wellness tourism), while others engage in wellness-related activities as part of a trip (secondary-purpose

<sup>2</sup> Figure from Global Wellness Institute

wellness tourism). Both cohorts represent important opportunities for *Le Spa des Trois Essences*.

Wellness travelers seek physical, mental, emotional and spiritual, fulfillment. They also seek synergy with the environment and with each other socially.

When it comes to spa services, wellness tourists are most interested in the *core* or *traditional* services according to industry members. These include massages, body treatments, meditation/spiritual/mind-body programs, facial treatments, and exercise facilities and programs.

As important as spa is to the wellness tourism, wellness is about much more and other services and activities must be provided to fulfill the needs of the wellness travelers.

### ***Local Customer Tendencies***

In Morocco, a visit to the spa is the exclusive domain of more affluent women. Those of lesser means visit the hammam on a weekly basis, but those who can afford it pay extra to spend a few hours in the numerous premium spas to be found in urban areas. The most common treatments include body or facial massages, facials, body wraps, and blood circulation treatments.

## **TARGET MARKET**

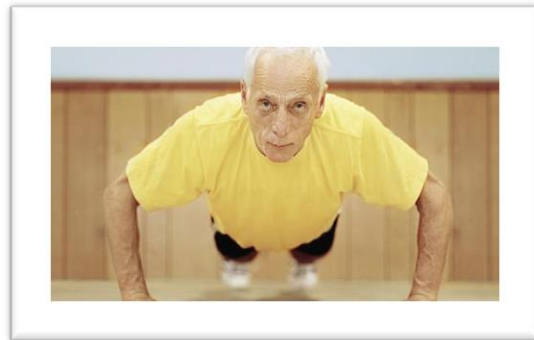
Our target Market is going to be tourists and would be composed of two groups: Later Lifers and Middle Aged Professionals. Of a total of approximately 425,000 tourists coming to Fez yearly, we would aim to capture 4% of this total. In this sense, our target market would be, 17,020 customers in one year, in average 46 customers per day.

### ***LATER LIFERS***

The global population of people over the age of 60, or Later Lifers, was at almost 880 million, or about 12% of the total global population in 2013. By 2020, this

demographic is expected to account for 14% of the total population with the number reaching 1.1 billion<sup>3</sup>. Growth in the share of Later Lifers is rapid, driven by falling fertility and increases in life expectancy. Global growth is forecast to be 26% between 2013 and 2020<sup>4</sup>. See [Appendices](#) for more information regarding later lifers.

**Antoine Laurent, 67 years old** used to exercise often. After a heart attack five years ago, he tries to take care of himself every day while enjoying his life. When choosing his vacations he prefers going to a place where he could relax and at the same time does not miss his daily routine of fitness activity such as yoga before starting his normal day. So while on his vacation in Fez he would be happy to visit *Le Spa des Trois Essences*, where along with the relaxing spa treatments, he could also maintain his daily routine of yoga.



**Mike and Patricia Donovan, 64 and 61 years old**, are Americans with an adventurous profile, and almost always spend their vacations as a couple. They are conscious of their health and the environment. They seek to integrate wellness and prevention approaches to maintain their good health and quality of life. For them, *Le Spa des Trois Essences* would be a nice option because it offers three essences and themes that appeal to their sense of adventure.



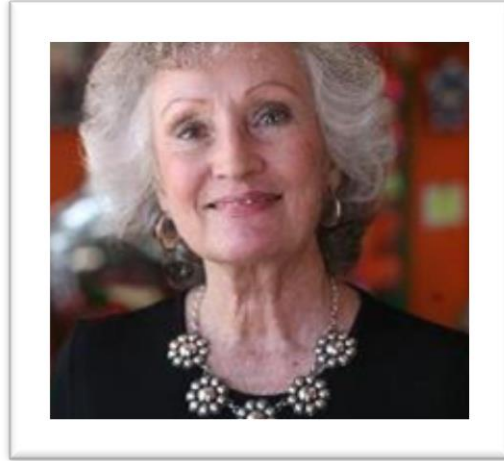
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<sup>3</sup> The Global Later Lifers Market: How the Over 60s are Coming into their Own. Euromonitor International.

<sup>4</sup> Ibid



**Dominique Cazalis is 67 years old,** and is French. She loves Morocco, and Fez specifically. She is convinced that life is only once and for that she makes a big effort in being healthy. After a lot of years of hard work they had decided to enjoy every day and to take care of her, that's why when choosing a destination for vacations, she prefers to choose a place where she could be away from the city pollution and experience different spa techniques. She is very delighted by the idea of *Le Spa des Trois Essences*, since she is a regular visitor to Fez and for her the whole idea of having an experience of three different spas in one is quite delightful. She would love to come and be one of the esteemed guests of our Spa.



## **MIDDLE-AGED PROFESSIONALS**

Currently, there are 720 million women aged 45 to 64 years in the world, representing a tenth of the global population. Midlife women account for 20.6% of the total female population. 26.5% of North American women and 25.7% of western European women are mid-lifers respectively. Midlife is often a time of reappraisal after family formation. There are fewer demands from family, and more money to save or spend. Holidays and leisure interests can become a higher priority and, it is a time of self-expression for those who are affluent.

These market segment consisting of men and women between 39-55, are customers who appreciate the most their time to relax and think on themselves, as routines between work and family usually occupied most of their lives. This market segment is able to make decisions on choosing their destination for vacations and clearly identify when they need to relax. Our spa targets this market segment by providing them a scape to tranquility and the different environments would help them to find the perfect balance between their mind and their body. See [Appendices](#) for more information.





**Barbara Atoui, 52 years old**, is a journalist and loves to enjoy time in finding the perfect balance in her life. She is mother of two children and is hoping to visit our spa in order to take time for herself. She saw our concept as a perfect place to relax and be treated medically and therapeutically.



**David Manca, 48 years old** is a chef and loves to travel all around the world and experiencing different cultures. He loves to visit different Spas and take care of himself. He was very impressed learning about *Le Spa des Trois Essences*, as he could experience three different kinds of culture and treatment in one spa. He would definitely go to the spa to enjoy the complete experience of the spa, including the treatments and health food.



**Sarah Arora, 41 years old, Indian**, has lived in Fez for almost two years, and finds *Le Spa des Trois Essences* as a very enjoyable place to spend her quality time with her friends, during which they relax and treat themselves. She would definitely be one of our most important guests.

## **MARKETING PLAN**

### ***Brand Awareness***

We estimate that brand awareness would be built from the first day of the opening. However, in order to be in the top of the mind of our potential customers, we estimate that it would take around five to six years from the launching of *Le Spa des Trois Essences*.

### ***Market Positioning***

Our marketing strategy is going to be based on the North African experience provided through the exotic techniques and visual presentation of the spa.

We are going to sell a complete experience through a circuit of the treatments. We intend to have a circuit offering a treatment from each of the specialty spas. In the circuit, we would focus our efforts on representing the color and life of Morocco, the beautiful beaches and oases of Tunisia and the rich history of Egypt, land of the pharaohs. This would provide an escape for our guests, offering a perfect balance between the mind and the body.

We would position *Le Spa des Trois Essences* as "A life experience and an escape to find the perfect balance between the mind and the body."

### ***Positioning Statement***

Our concept is all based on "A healthy mind is the true key to success and happiness." All of our services and product portfolio are going to be based on the best techniques to help our guests attain a clear and healthy mind. Bearing this in mind, our positioning statement is going to be our vision: "Revitalization of the mind and the body through wellness concept."

### ***Pricing Strategy***

We are going to base our price strategy according to our costs. As we are going to launch a new brand and new business we would like to be perceived as price affordable, while selling a high quality perception and a wide range of services.

## **POSITIONING STRATEGY**

### ***Positioning Statement***

The concept of *Le Spa des Trois Essences* is built on the idea that "a healthy mind is the true key to success and happiness." All of our services and product portfolio are going to be based on the techniques to help our guests attain a healthy mind. Bearing this in mind, our positioning statement is going to be our vision, "Revitalization of the mind and the body through wellness concept."

### ***Competition and Competitive Advantage***

We have two types of competition:

1. Spas inside hotels
2. Daily spas

### ***Spas Inside Hotels***

#### **Riad Fes - Relais & Chateaux by Cinq Mondes**



A full treatment of traditional hammam, or relaxing or tonic massage are offered at the Spa Riad Fes by Cinq Mondes. Created by the designer Christophe Pillet,

the Spa Riad Fes by Cinq Mondes invites the customers to enjoy a unique experience in luxurious and comfortable surroundings. With a selection of the some of the best treatments, massages and traditional formulas marked by quality, authenticity and ceremony designed and developed by Cinq Mondes, the spa will take customers on genuine sensorial journeys.<sup>5</sup>

### ***Our Competitive Advantage***

*Le Spa des Trois Essences* will offer hammam, but will also complement it with a variety of high quality massage treatment techniques from North Africa, more specifically Morocco, Tunisia and Egypt. We are going to be a solution for potential customers who seek a diversion from their daily life by providing three different essences of North Africa.

*Le Spa des Trois Essences* will also offer health and well-being consultation on diet, exercise, and lifestyle habits, or on medical issues, and would recommend natural treatments from the spa.

### **Riad Rcif**



Riad Rcif in Fes is one of the old grand buildings of Fez, located in Laayounne, an old area of the medina. Built in 1372 for the Pasha (governor) it has recently been restored by Fes local Hicham, who is passionate about preserving the history of his world heritage listed city.<sup>6</sup>

Riad Rcif has a traditional Moroccan décor, a hammam and a patio with a fountain. It is just an 8-minute walk from the ancient school, Bou Inania Madrasa. All rooms offer views of the patio or medina, a seating area and TV.

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<sup>5</sup> Taken from website, [http://www.tripadvisor.com/Attraction\\_Review-g293733-d2533953-Reviews-Spa\\_Riad\\_Fes\\_by\\_Cinq\\_Mondes-Fes\\_Fes\\_Boulemane\\_Region.html](http://www.tripadvisor.com/Attraction_Review-g293733-d2533953-Reviews-Spa_Riad_Fes_by_Cinq_Mondes-Fes_Fes_Boulemane_Region.html), on July 6<sup>th</sup>, 2014

<sup>6</sup> Taken from website, <http://www.riadrcif.com/en/>, on July 6<sup>th</sup>, 2014

Moroccan cuisine is served in the restaurant upon reservation. Cooking lessons are also available at the Riad and several seating areas are provided where guests can access free Wi-Fi.

### ***Our Competitive Advantage***

*Le Spa des Trois Essences* would offer a yoga room where our customers can practice yoga and meditation guided by an instructor. We truly believe that a healthy body is essential for a healthy mind. In addition to yoga and meditation, flexibility course based on respiration and stretching, pilates, and power yoga are activities that would loosen the minds of our customers and give them a positive feeling about themselves.

### **Le Spa du Palais Faraj**



The Oriental Spa of the Palais Faraj, is 450m<sup>2</sup> dedicated to well-being: Hammam, variety of massages and cares using natural cosmetic products and essential oils. Palais Faraj positions itself with a wide range of products at high prices. Offerings include courses of Fassi cuisine and natural Moroccan cosmetics. It is a luxurious space where workshops of brocade weaving, pottery, stucco and zellige are done as well.

### ***Our Competitive Advantage***

*Le Spa des Trois Essences* would offer products based on North African wellness tradition. Our products will provide a unique opportunity to experience the

benefits of a spa treatment in the comfort of one's home. See [Appendix](#) for more information regarding products offered.

## ***Daily Spas***

### **Nausikaa Spa**



Nausikaa Spa considers itself as having a unique global concept based on the idea of sports, beauty and relaxation. At Nausikaa Spa, a team of professionals (osteopaths, sports advisors, physiotherapists, beauticians, hydrotherapists dieticians, etc.) create a friendly atmosphere. The spa helps its customers improve their fitness and refine their silhouette. When the movement slows down, there is a steam room, whirlpool, and shower jets available. Nausikaa offers seaweed wrap and a range of massages, treatments and 100% organic natural cosmetics products.<sup>7</sup>

### ***Our Competitive Advantage***

The guests of *Le Spa des Trois Essences* can spend hours at the health café, where they can enjoy the scenery of the medina from the terrace and relax between treatments. As our guests enjoy the local tradition of the café, they could choose from a simple but healthy menu consisting of salads, smoothies, fresh squeezed juices and sandwiches.






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<sup>7</sup> Taken from website, <http://nausikaaspa.com/presentation.html>, on July 6th, 2014



## Summary Table

The table below summarizes the service offerings of the competition. The table also allows for a comparison between services offered by *Le Spa des Trois Essences* to its competition.

	Hamman	Thalassotherapy	Hot Stone Massage	Café/Restaurant	Gift Shop	Relaxation/Fitness Room	Health Consultation
	✓	✓	✓	✓	✓	✓	✓
	✓	✓			✓	✓	
	✓			✓	✓		
	✓			✓			
	✓			✓			

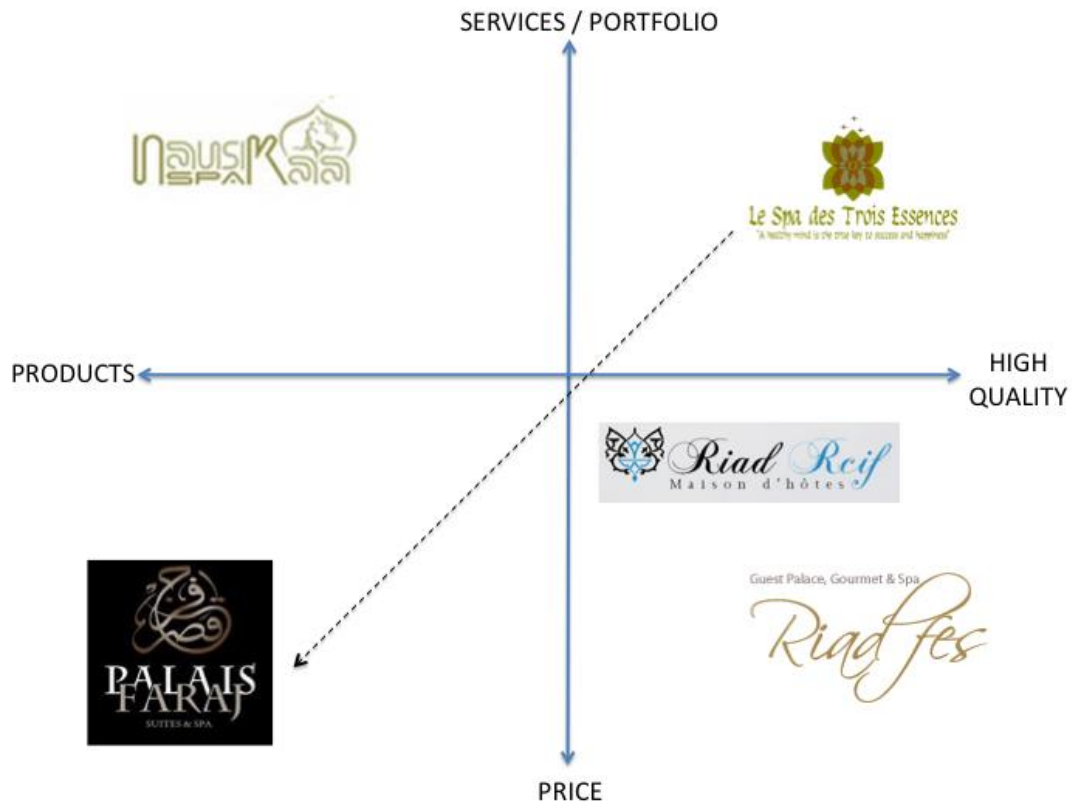
## POSITIONING MAP

In order to build an effective marketing strategy and understand where our competitions have positioned themselves in the market, we created a positioning map. The dimensions or axis of the map are determined by the Critical Success Factors (CSFs) of the different competitors in the market. The different competitors in the market are positioned according to their CSFs, which are: Service and Portfolio, Quality, Price and Product Offerings. By creating an accurate map of the competitive landscape, companies can also get everyone in the organization on the same page.<sup>8</sup>

*Le Spa des Trois Essences* plans to start its business through being perceived as a high quality, luxury spa with a high range of services portfolio. Also in the future, it plans to increase its product offerings at affordable prices. In the long-term, *Le*

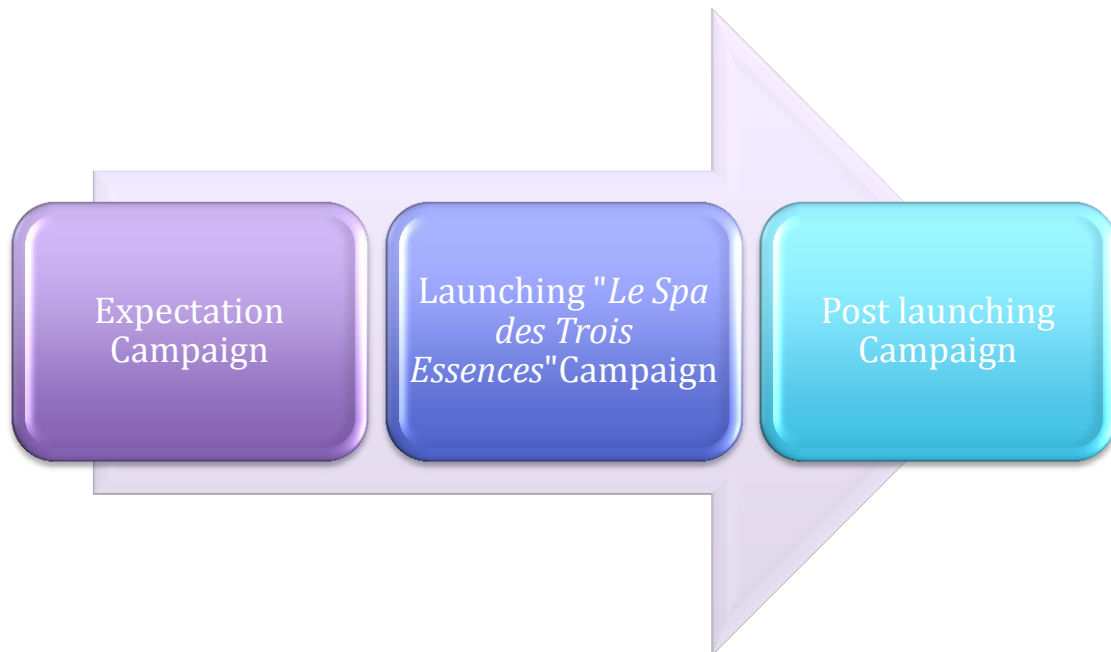
<sup>8</sup> Taken from website, <http://hbr.org/2007/11/mapping-your-competitive-position/ar/1>

*Spa des Trois Essences* plans to expand to other cities in Morocco, then to other cities worldwide.



## LAUNCH AND PROMOTION STRATEGY

Our launch and promotion strategy would be based on three phases. This would allow us to keep sending news to our potential customers before and after opening *Le Spa des Trois Essences*.



**1<sup>st</sup> Phase: Expectation Campaign:**

In this phase we would want to send an expectation message, under the premise that “A unique concept is coming to Fez”.

We would like to have:

- Air-time on radio
- Pop-ups on the internet
- A mailing campaign

**2<sup>nd</sup> Phase: Launching *Le Spa des Trois Essences***

During the second phase of the marketing strategy, we would launch our spa. We would market the spa in the following ways:

- *Le Spa des Trois Essences* **website**: We would share all the information of our spa, explaining the different themes and techniques, packages, and the benefits we would give to our customers.

- We would have a **soft opening event**. For the event, we would bring all the most important people of Fez to do a demonstration and to present our concept. These would help us as to do public relations, which would facilitate to spread the word.
- Having **exposure in the most important Moroccan airports** would also help us to promote our spa. The idea is to have billboards at the airports in Marrakesh, Casablanca and Fez in order to increase our brand awareness and start being an option for our potential customers. We would have brochures promoting our spa as well.
- We would do some **strategic partnership associations** with travel agencies, the Tourist Ministry, regional authorities, and other Riad hotels that don't have a spa inside so that they can offer as well something new and unique as an option to their guests.
- Our Spa is going to be exposed in the internet, including facebook, trip advisor, and spa finder. We would also have a twitter account from which we would reach out to potential customers.

### **3<sup>rd</sup> Phase: Post Launching Campaign**

The third phase is going to be the Post Launching Campaign. In this phase we would like to keep sending news to our potential guests, by writing blogs in our website.

## **LOYALTY PROGRAM**

*Le Spa des Trois Essences* would recognize the most important customers by giving them a special treatment with packages and deals. The Loyalty Program would be based on a **SPA MILES CONCEPT**, where miles are accrued by receiving treatment from the specialty spas of *Le Spa des Trois Essences*. The loyalty cards would be offered to the guests after their first experience at the spa.

### ***Categories:***

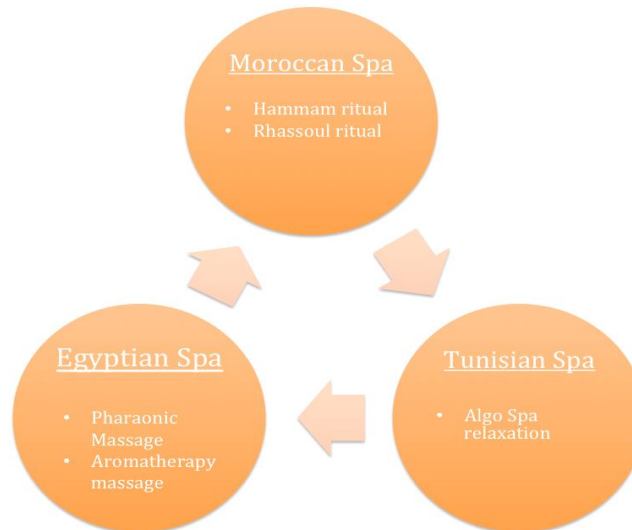
We are going to have four categories: Titanium, Gold and Silver, and Standard; with the Titanium being the VIP customer for our spa.



### **PACKAGES**

We intend to offer one day and three days packages to our guests. We would offer the choice of a full circuit of well-appointed treatments in our three different specialty spas. The guest could also decide to get one set of therapy from a particular “county” or could choose therapies on an à la carte basis. The packages would include the spa treatments along with the complimentary use of the yoga room, a beverage and a sandwich or a salad from the Health Café.

***Sample day Spa Package:***



**OCCUPANCY**

As we are completely new in the market we would work with projections on a time basis of 7 to 8 years. With all the marketing tools and making a big effort on increasing our brand awareness, we would work with the following numbers:

**Best Case Scenario:**

- By Year 1: 38% Capacity
- By Year 2: 46% Capacity
- By Year 3: 50% Capacity
- By Year 4: 58% Capacity
- By Year 5: 65% Capacity
- By Year 6: 71% Capacity
- By Year 7: 78% Capacity

**Worst Case Scenario:**

- By Year 1: 28% Capacity
- By Year 2: 34% Capacity
- By Year 3: 41% Capacity
- By Year 4: 47% Capacity
- By Year 5: 53% Capacity
- By Year 6: 58% Capacity
- By Year 7: 64% Capacity
- By Year 8: 70% Capacity



## UNIFORMS

### *Moroccan, Tunisian and Egyptian Spa Uniforms*

The uniforms would be comprised of short cream sleeve tunic, and long pants representing the color of the specific spa: Green for the Moroccan Spa representing the Atlas Mountains of Morocco; light blue for Tunisian Spa representing the beautiful oases and beaches of Tunisia; and khaki for the Egyptian Spa, representing the sand and the sun.



## HUMAN RESOURCES MANAGEMENT

### **Management Team**

Claudia Ordonez is a Global MBA graduate from ESSEC Business School and completed her undergraduate studies in Industrial Engineering. Over the years, she has gained experience in marketing and worked as Key Account Management at Coca Cola FEMSA.

Naoki Kitabayashi is a Global MBA graduate from ESSEC Business School and holds a Bachelor of Science degree in Biochemistry and Biophysics from Oregon State University. He is a Project Management Professional with seven years of professional experience in the field of prostate cancer research in the U.S.

Saurabh Sakhuja is a Global MBA graduate from ESSEC Business School. He has also completed a postgraduate program in Marketing Management and undergraduate in Hotel Management from India. He has worked in the hospitality sector for around 7 years before starting with his MBA.

### ***Contribution to Local Employment***

Travel and Tourism generated 814,000 jobs directly in 2013 (7.6% of total employment). The expectation is that this will grow by 6.1% in 2014 to 864,000 (7.9% of total employment).

This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists<sup>9</sup>.

*Le Spa des Trois Essences* will hire and train local staff.

### ***Our Recruitment***

We would carefully select our staff to deliver the best services to our guests. While selecting our managers and supervisors, we would take into consideration their knowledge, leadership skills, their communication skills and their training capabilities. Since our main focus point is the spa, a lot of emphasis would be placed on selecting spa personnel. Every masseur that we initially hire needs to have a diploma from an accredited institution and have a basic knowhow of the treatments in our menu.

The means of hiring the staff would be on the basis of applications received after our employment advertisement in the local newspapers, the online job portals and nevertheless the local talent acquisition firms. This would help us reach out to the best suitable employees.

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<sup>9</sup> WTTC Travel and Tourism Economic Impact 2014

Our therapists are our hands-on ambassadors for our brand, and we ensure that they are able to understand our clients' needs and provide service at the highest level.

We highly value our staff and nurture their development through on-going training. We believe in highly trained and well-rewarded staff who believe in making people feel good about themselves.

New staff members undergo rigorous training prior to starting their role with us:

- Company Induction - Consists of a thorough introduction to the company, our mission, vision and our values.
- Product Knowledge- All therapists are given training on product knowledge of all products used at the spa and our retail ranges.
- One to one treatment training: This is interactive and practical training whereby the staff will be trained on their treatment, service process and standards.

As part of the ongoing training, the staff will be imparted with continuous product knowledge, monthly training review meetings and cross-functional (therapy) training.

## **Salary and benefits**

### ***Salary Administration Program***

The objective of the program will be to attract, retain, and reward qualified employees at all levels of responsibility, obtain the highest possible degree of employee performance, morale, and loyalty through consistent and equitable salary administration.

Apart from the aforementioned objectives, it will also aim to provide recognition and reward for differences in individual ability and performance. We believe in the equality of pay for the kind of work performed, facilitate the employment, and promotion of employees. Last but not the least would be to comply with applicable state and federal laws.

## STAFFING

We would start our business with 23 employees, paying salaries totaling €119,207 yearly (5% increase per year).

	Yearly Salary (€)	# Employees	Total
Masseuse	€ 5,400	8	€ 43,200
Tellak	€ 2,852	4	€ 11,410
Spa Manager	€ 11,400	1	€ 11,400
Health Consultants	€ 7,680	2	€ 15,360
Spa Supervisor	€ 7,680	1	€ 7,680
Administration	€ 5,400	2	€ 10,800
Health Café staff	€ 2,852	3	€ 8,557
Yoga/fitness instructor	€ 5,400	2	€ 10,800
<b>TOTAL EMPLOYEES</b>		<b>23</b>	<b>€ 119,207</b>

### ***Paid Vacation***

Paid vacation time is available to each eligible employee to take time off from work during the year for rest and relaxation. The amount of vacation will be determined by the number of years of employment service.

### ***Vacation Schedule***

The following Vacation Time Earnings Schedule applies:

Years of Service	Vacation Weeks
After 1 year	2
After 2 years and above	3

### ***Insurance***

All employees would be registered with the National Fund for Social Security (Caisse Nationale de Sécurité Sociale CNSS).

All employees will be eligible for Pension Plan and Gratuity Fund Scheme.

### ***Employee Discounts***

All employees and their immediate family members are eligible for discounts on products and services provided by *Le Spa des Trois Essences* and the *Health Café*.

Family members eligible for discounts on products and services are defined as spouses, children, parents, brothers, sisters, and grandparents.

The following discount is available on regular prices:

For the services performed on employee or an immediate family member, the employee will receive a 50% discount on the retail price once every month.

A 40% discount will be given on the retail price of all products purchased by the employee for personal use for up to a discounted price of €50 every six months.

A 40% discount will be given to the employee at the Health Café for up to four family members once every month.

## **Working Hours**

Morning Shift (M) - 07:00- 15:00 hours

Afternoon Shift (A) – 13:00-21:00 hours

General Shift (GEN) - 09:00- 18:00 hours

## **JOB DESCRIPTIONS**

**Spa Manager** - He or she is responsible for the overall operations of the spa. He or she manages the duties performed by the employees.

In furtherance to above activities, the Center Manager is responsible to achieve marketing, sales, profitability and quality service goals for the Spa by developing and executing marketing strategies, preparing and executing the budget, providing quality service to the guests and employing leadership and managerial skills effectively.

He will maintain guest relations and feedback and will be also responsible for regular training of the staff and incumbents along with the Administration department.

Over and above the aforementioned duties, he would head the HRD cell and train

the trainees.

**Health Consultants:** He provides medical and dietary consultation to the customers and takes care of their basic requirements. He is also responsible for the regular training of the spa employees and the trainees appointed under the HRD cell.

**Spa Trainer/ Spa Supervisor:** He or she is responsible for the regular training of the spa employees and the trainees appointed under the HRD cell. He or she will maintain guest relations and feedback and will be also responsible for regular training of the staff and incumbents along with the Administration department. The Spa Supervisor is also responsible of the spa during the absence of the Spa Manager.

**Therapists/Masseurs:** These are the trained professionals who are responsible for delivery of the major services to our customers. They perform various treatments and therapies. They will also man the reception/ sale counter as and when required.

**Yoga room instructors:** They are responsible for conducting the scheduled workouts for the guests. During the hours when there are no scheduled workouts, they will also man the reception desk and perform basic treatments as and when required.

**Health café staff:** They are responsible for preparing the food, counter service and billing to the customers at the café.

**Administration:** They are responsible for the overall administrative nature work such as manning the reception, making reservations, Purchase, HR, Liaising with different authorities, etc and financial jobs of the spa resort including the counter sale of spa products.

## SKILL DEVELOPMENT PROGRAM

At *Le Spa des Trois Essences*, we believe in hiring local talent. In order to give employment opportunities to the locally available manpower, we would operate a Human Resource Development (HRD) cell comprising of the Spa Center

Manager, spa consultants and trainers and the senior masseurs, who would conduct the training workshops and guide the trainees during the course of one the job training.

### ***Target Group***

The training programs will be open to people in the age group of 18 to 28 years.

### ***Selection***

The HRD cell would select a maximum of 3-4 trainees every two months and the same would be done on the basis of the motivation of the trainees. The trainees would be charged a nominal fee as material cost for training supplies.

### ***Training Offered***

A six weeks full time course in Spa therapies

- 2 weeks: Theory Classes- Health and Safety, Spa Philosophy, Holistic concept of traditional treatments, Skin structure, Skin analysis, Disease and skin disorder, Spa equipment and ingredients, Guest relations and etiquette, Standard Operating Procedures, different Spa therapies, Hygiene and sanitation, Selling techniques, Physiology & Anatomy
- 4 weeks: On-the-job training (Therapy Sessions- These include massage sessions) Traditional massage, general massages, traditional body treatments, international body treatments, baths, etc.

During each course, we would emphasize on the overall personality development of the employees and grooming them in accordance to the industry standards.

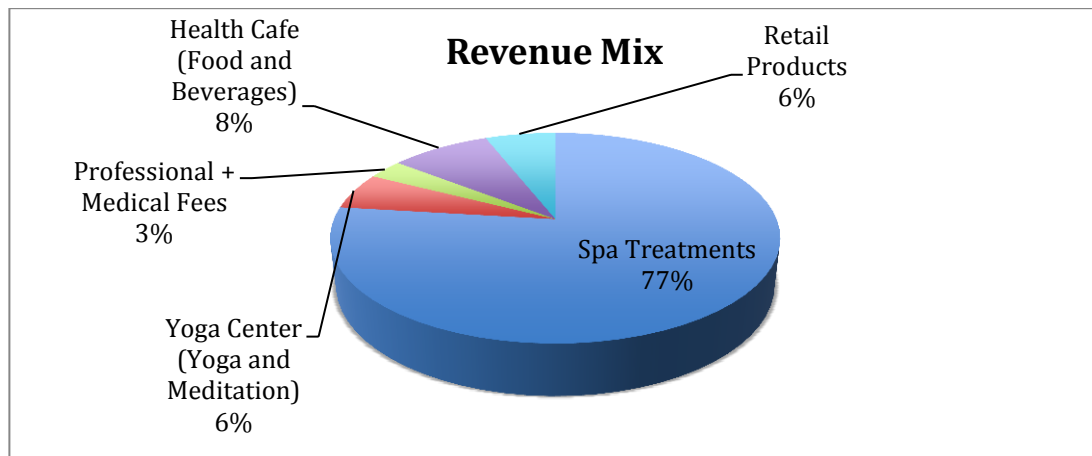
After the end of successful training, the trainees would get an experience certificate from us. The management could decide to absorb the trainees in case of a vacancy or the trainees could practice in their respective localities.



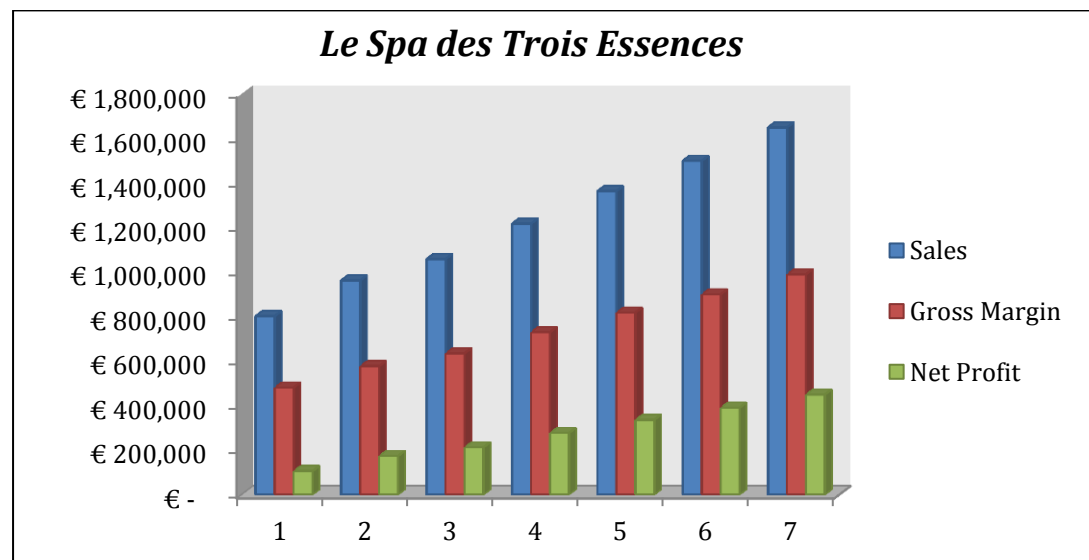
## FINANCIALS

The business would present the following financial results:

### REVENUE MIX

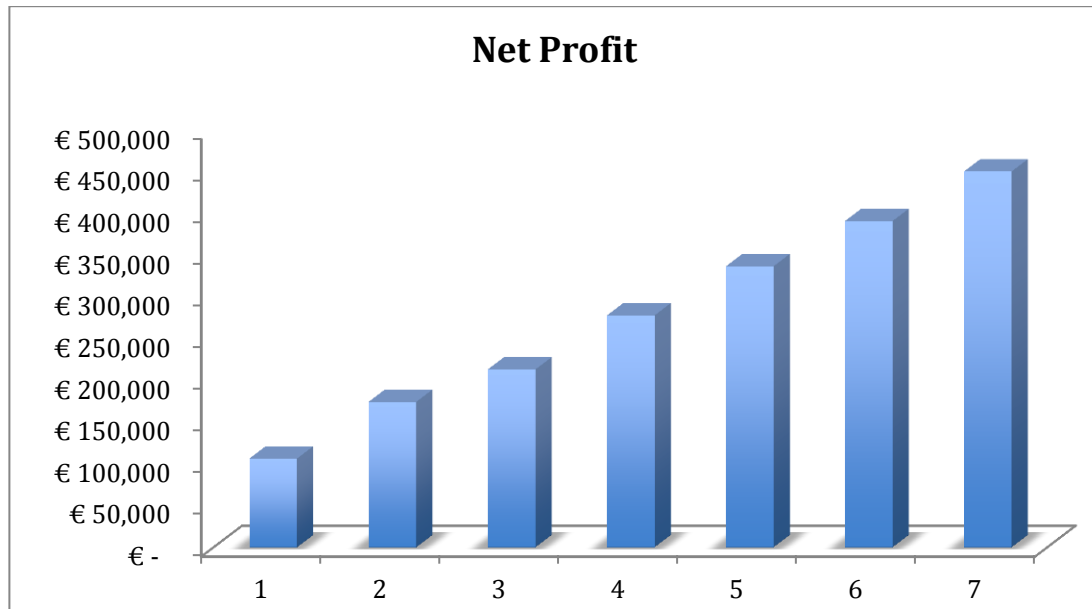


### SALES, GROSS MARGIN, AND NET PROFIT



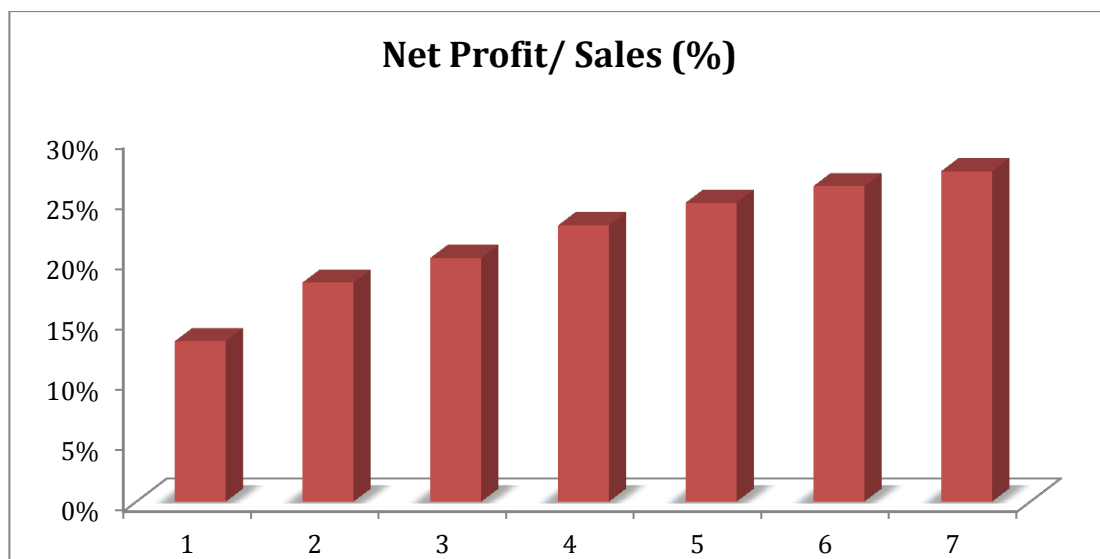
*Le Spa des Trois Essences* forecasts annual revenue of €802,161 for the first year with a net profit of €106,280. With the years the business would increase, reaching a net profit of €450,134 by year 7. This represents an increase of 324% from year 1.

## NET PROFIT



## NET PROFIT/ SALES

The percentage of the net profit over sales would be about 13% for the first year and would maintain a double-digit increase in percentage over the next six years.



## INCOME STATEMENT

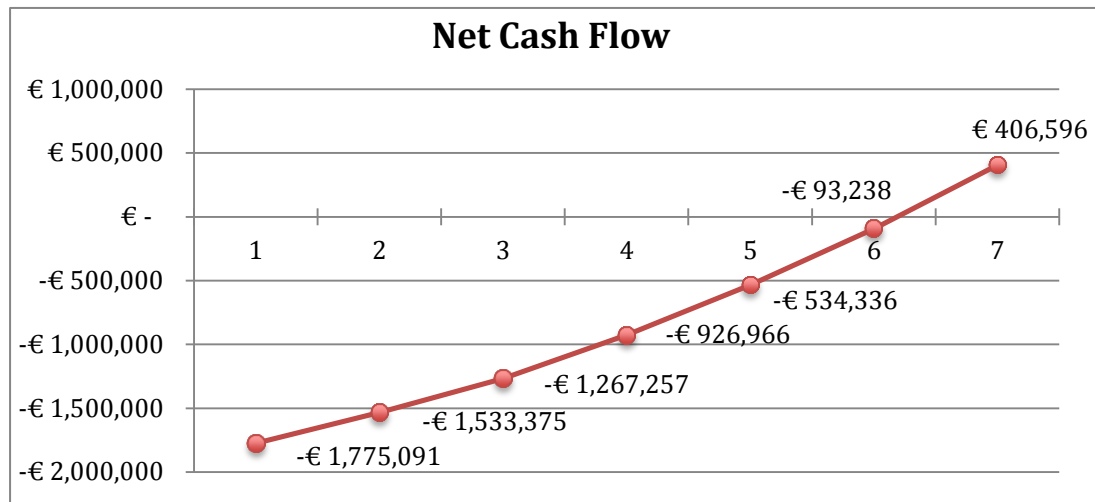
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>Sales</b>	€ 802,161	€ 962,594	€ 1,058,853	€ 1,217,681	€ 1,363,803	€ 1,500,183	€ 1,650,201
Direct Cost of Sales	€ 320,865	€ 385,037	€ 423,541	€ 487,072	€ 545,521	€ 600,073	€ 660,080
<b>Total Cost of Sales</b>	€ 320,865	€ 385,037	€ 423,541	€ 487,072	€ 545,521	€ 600,073	€ 660,080
Gross Margin	€ 481,297	€ 577,556	€ 635,312	€ 730,609	€ 818,282	€ 900,110	€ 990,121
Gross Margin %	60%	60%	60%	60%	60%	60%	60%
<b>Expenses</b>							
Payroll (Spa/Admin)	€ 119,207	€ 125,167	€ 131,425	€ 137,997	€ 144,897	€ 152,141	€ 159,749
Payroll (Training)	€ 3,500	€ 1,500	€ 1,575	€ 1,654	€ 1,736	€ 1,823	€ 1,914
Marketing/Promotion/Advertisement	€ 5,400	€ 6,210	€ 7,142	€ 7,856	€ 8,641	€ 9,505	€ 10,456
Uniforms for the Spa	€ 1,620	€ 1,701	€ 1,786	€ 1,875	€ 1,969	€ 2,068	€ 2,171
Other Uniforms	€ 880	€ 924	€ 970	€ 1,019	€ 1,070	€ 1,123	€ 1,179
Rent	€ -	€ -	€ -	€ -			
Utilities	€ 24,000	€ 25,200	€ 26,460	€ 27,783	€ 29,172	€ 30,631	€ 32,162
Cleaning + Laundry Expenses	€ 4,000	€ 4,400	€ 4,840	€ 5,421	€ 6,071	€ 6,800	€ 7,616
Loyalty Program	€ 1,050	€ 1,208	€ 1,389	€ 1,597	€ 1,836	€ 2,112	€ 2,429
Insurance	€ 4,500	€ 4,725	€ 4,961	€ 5,209	€ 5,470	€ 5,743	€ 6,030
Payroll Taxes @ 1.6%	€ 1,963	€ 2,027	€ 2,128	€ 2,234	€ 2,346	€ 2,463	€ 2,587
Phone & Internet	€ 1,800	€ 1,890	€ 1,985	€ 2,084	€ 2,188	€ 2,297	€ 2,412
Software Support	€ 240	€ 100	€ 100	€ 100	€ 100	€ 100	€ 100
Other	€ -	€ -	€ -	€ -	€ -	€ -	€ -
<b>Total Operating Expenses</b>	€ 168,160	€ 175,051	€ 184,761	€ 194,828	€ 205,497	€ 216,807	€ 228,805
<b>EBITDA</b>	€ 313,137	€ 402,505	€ 450,551	€ 535,780	€ 612,785	€ 683,302	€ 761,316
Depreciation @4.5 %	€ 91,307	€ 87,199	€ 83,275	€ 79,527	€ 75,949	€ 72,531	€ 69,267
<b>EBIT</b>	€ 221,829	€ 315,306	€ 367,277	€ 456,253	€ 536,836	€ 610,772	€ 692,049
Interest Expense @7%	€ 70,000	€ 66,500	€ 63,000	€ 59,500	€ 56,000	€ 52,500	€ 49,000
<b>EBT</b>	€ 151,829	€ 248,806	€ 304,277	€ 396,753	€ 480,836	€ 558,272	€ 643,049
Taxes Incurred (30%)	€ 45,549	€ 74,642	€ 91,283	€ 119,026	€ 144,251	€ 167,481	€ 192,915
<b>Net Profit</b>	€ 106,280	€ 174,164	€ 212,994	€ 277,727	€ 336,585	€ 390,790	€ 450,134
<b>Net Profit/ Sales (%)</b>	13%	18%	20%	23%	25%	26%	27%

## FORECASTED REVENUE (1<sup>ST</sup> YEAR BY MONTH)

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Spa Treatments	€ 31,176	€ 34,550	€ 41,298	€ 48,046	€ 54,794	€ 54,794	€ 55,889	€ 59,263	€ 59,263	€ 59,263	€ 59,263	€ 59,263
Relaxation Center (Yoga and Meditation)	€ 2,270	€ 2,516	€ 3,007	€ 3,499	€ 3,990	€ 3,990	€ 4,070	€ 4,316	€ 4,316	€ 4,316	€ 4,316	€ 4,316
Professional + Medical Fees	€ 1,216	€ 1,348	€ 1,611	€ 1,874	€ 2,138	€ 2,138	€ 2,180	€ 2,312	€ 2,312	€ 2,312	€ 2,312	€ 2,312
Healthy Cafe (Food and Beverages)	€ 3,446	€ 3,819	€ 4,565	€ 5,311	€ 6,057	€ 6,057	€ 6,178	€ 6,551	€ 6,551	€ 6,551	€ 6,551	€ 6,551
Retail Products	€ 2,432	€ 2,696	€ 3,222	€ 3,749	€ 4,275	€ 4,275	€ 4,361	€ 4,624	€ 4,624	€ 4,624	€ 4,624	€ 4,624
<b>Total Forecasted Revenue</b>	<b>€ 40,541</b>	<b>€ 44,928</b>	<b>€ 53,703</b>	<b>€ 62,478</b>	<b>€ 71,253</b>	<b>€ 71,253</b>	<b>€ 72,678</b>	<b>€ 77,066</b>	<b>€ 77,066</b>	<b>€ 77,066</b>	<b>€ 77,066</b>	<b>€ 77,066</b>

## PAYBACK PERIOD

We would have a payback period of 6.2 years from the launch of operations as seen from the net cash flow graph below.



X-axis = years

Year	Cash Flow	Net Cash Flow
0		(2,100,000)
1	€ 324,909	(1,775,091)
2	€ 241,716	(1,533,375)
3	€ 266,118	(1,267,257)
4	€ 340,291	(926,966)
5	€ 392,630	(534,336)
6	€ 441,098	(93,238)
7	€ 499,835	406,596

$$\text{Payback} = 6 + \frac{|(93,238)|}{499,835}$$

**= 6.2 years**

## BALANCE SHEET

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>Assets</b>							
<b>Current Assets</b>							
Cash/Bank	324,909	566,625	832,743	1,173,034	1,565,664	2,006,762	2,506,596
Other Current Assets	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Current Assets	344,909	586,625	852,743	1,193,034	1,585,664	2,026,762	2,526,597
<b>Long-term Assets</b>	2,029,054	1,937,747	1,850,548	1,767,273	1,687,746	1,611,798	1,539,267
(depreciation)	(91,307)	(87,199)	(83,275)	(79,527)	(75,949)	(72,531)	(69,267)
Total Long-term Assets	1,937,747	1,850,548	1,767,273	1,687,746	1,611,798	1,539,267	1,470,000
<b>Total Assets</b>	<b>€ 2,282,655</b>	<b>€ 2,437,173</b>	<b>€ 2,620,016</b>	<b>€ 2,880,781</b>	<b>€ 3,197,462</b>	<b>€ 3,566,028</b>	<b>€ 3,996,596</b>
<b>Liability &amp; Capital</b>							
<b>Current Liability</b>							
Account Payable	30,826	32,086	35,295	40,589	45,460	50,006	55,007
Current Borrowings	-	-	-	-	-	-	-
Tax payable	45,549	74,642	91,283	119,026	144,251	167,481	192,915
Other Current Liabilities	-	-	-	-	-	-	-
Subtotal Current Liabilities	76,375	106,728	126,578	159,615	189,711	217,488	247,921
<b>Long-term Liability</b>	1,000,000	950,000	900,000	850,000	800,000	750,000	700,000
<b>Total Liabilities</b>	1,076,375	1,056,728	1,026,578	1,009,615	989,711	967,488	947,921
<b>Total Liabilities and Capital</b>	<b>€ 2,282,655</b>	<b>€ 2,437,173</b>	<b>€ 2,620,016</b>	<b>€ 2,880,781</b>	<b>€ 3,197,462</b>	<b>€ 3,566,028</b>	<b>€ 3,996,596</b>
Paid-in Capital	1,100,000	1,206,280	1,380,445	1,593,438	1,871,165	2,207,751	2,598,541
Retained Earnings	106,280	174,164	212,994	277,727	336,585	390,790	450,134
Total Capital	1,206,280	1,380,445	1,593,438	1,871,165	2,207,751	2,598,541	3,048,675

## INITIAL INVESTMENT

In terms of the initial investment, *Le Spa des Trois Essences* would require a total investment of €2.1 million. For the same, €0.55 million would be invested by the Management; we would seek the same amount of investment from an Angel investor in return for 30% share of the business. The remaining €1 million would be taken as loan from the bank.

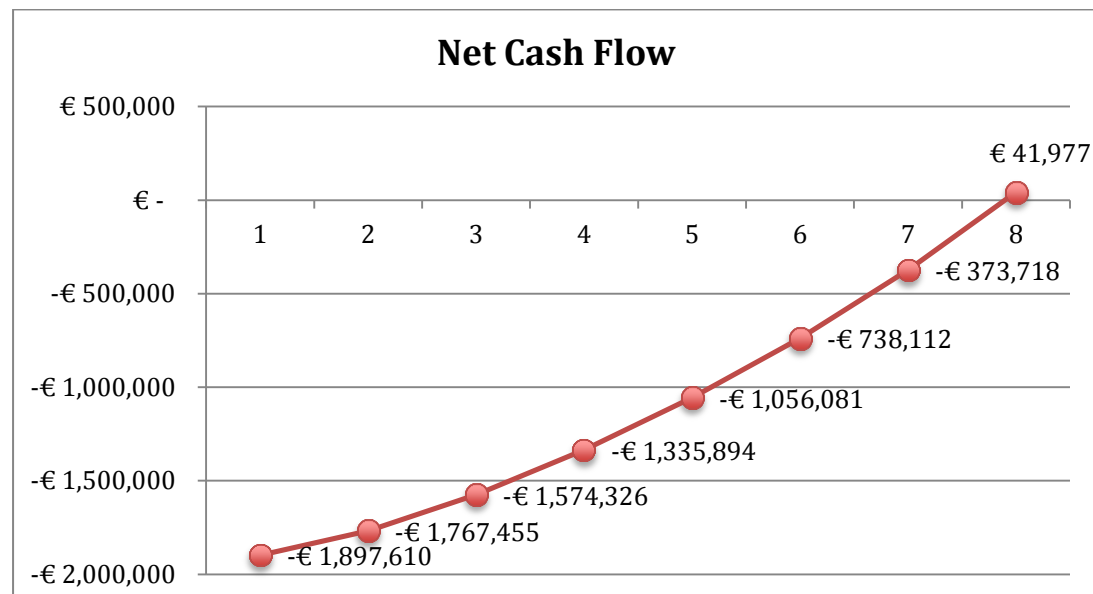
The profit made by the spa would be reinvested back into business and would be used for further expansion of the spa in other locations. *Le Spa des Trois Essences* would retain the management rights of the business and the investor would start receiving returns in the form of dividends after the 7<sup>th</sup> year of operations of the business.

## SCENARIO ANALYSIS

In order to determine how the payback period would be affected in the event that the number of visitors to *Le Spa des Trois Essences* is less than expected, we performed an analysis of the cash flow and the payback period for the business based on the occupancy numbers below. Based on these figures, the payback period would increase from 6.2 to 7.9 years.

Year	Cash Flow	Net Cash Flow	<u>Occupancy</u>	
0		(2,100,000)	• By Year 1:	28% Capacity
1	€ 202,390	(1,897,610)	• By Year 2:	34% Capacity
2	€ 130,156	(1,767,455)	• By Year 3:	41% Capacity
3	€ 193,128	(1,574,326)	• By Year 4:	47% Capacity
4	€ 238,432	(1,335,894)	• By Year 5:	53% Capacity
5	€ 279,813	(1,056,081)	• By Year 6:	58% Capacity
6	€ 317,970	(738,112)	• By Year 7:	64% Capacity
7	€ 364,394	(373,718)	• By Year 8:	70% Capacity
8	€ 415,695	41,977		

Payback period =  $7 + |(373,718)| / 415,695 = 7.9$  years





## APPENDICES

### Café Menu

#### Smoothies

#### Price (€)

BLUEBERRY BLAST <i>Blueberries, Nonfat Yogurt, Banana, Vanilla, Energizing Formula, Immune Formula and Protein</i>	5
BUFF AND BULK <i>Nonfat Yogurt, Banana, Honey, Vanilla, Weight Gain Formula and Protein</i>	4
BANANABERRY BLAST <i>Nonfat Yogurt, Strawberry, Banana and Kiwi</i>	4.5
BERRY NANA SLIM <i>Strawberries, Banana, Honey, Vanilla and Diet Formula</i>	4
PEACH AND PAPAYA <i>Peaches, Banana, Papaya Juice, Honey and Immune Formula</i>	5
ENERGY BURST <i>Oranges, Banana, Almond and Vanilla</i>	4.5

#### Soup & Salads

TRADITIONAL HARIRA SOUP (NV) <i>Lamb broth with chick pea puree, green lentils, onions and tomato juice.</i>	4
GREEK SALAD(V) <i>Fresh mix of lettuce, tomato, cucumber, red onions, bell pepper, feta cheese, olives and onions, tossed with a house dressing. Served with pita bread</i>	6
COUSCOUS SALAD(V) <i>Fresh mix of lettuce, tomato, cucumber, onion and olives, topped with a generous serving of couscous and our creamy garlic sauce</i>	6



	Price (€)
<b>TABOOLI SALAD</b> <i>Finely chopped tomatoes, onion, parsley, lettuce, and bulghur wheat, tossed with a house dressing</i>	6
<b>AHI-TUNA (NV)</b> <i>A sumptuous salad base of Napa cabbage with seared Ahi-Tuna, avocado, snap peas and our cilantro-ginger dressing.</i>	10
<b>CHICKEN CAESAR(NV)</b> <i>A classic Caesar with hormone-free chicken, mushrooms, Parmesan cheese and gluten free croutons with our low-calorie Caesar dressing.</i>	8
<b>Sandwiches</b>	
<b>ROASTED VEGGIE AND AVOCADO (V)</b> <i>Avocado, beets, carrots, cucumbers, roasted peppers, sprouts, tomatoes and hummus served on multi-grain or ciabatta bread.</i>	7
<b>PORTOBELLO MUSHROOM (V)</b> <i>A Portobello mushroom covered with Provolone cheese, lettuce, onion, tomato and whole grain mustard on Ciabatta bread.</i>	7
<b>TURKEY STACK (NV)</b> <i>Turkey with cucumbers, lettuce, onion, tomato, sprouts, Swiss cheese and our dill spread served on multi-grain bread.</i>	8
<b>PROTEIN MAX (NV)</b> <i>Hormone-free chicken, turkey, avocado, lettuce, Provolone cheese, tomato and whole grain mustard served on multi-grain bread.</i>	8



### **Fresh Fruit/Vegetable Juice**

**Price (€)**

Orange	3
Pineapple	3
Water Melon	3
Pomegranate	6
Carrot	3
Avocado	5
Beetroot	3
Celery	3

### **COFFEE/TEA**

Espresso	3
Double Espresso	5
Cappuccino	6
Latte	5
Americano	5
Moroccan Mint Tea	3
Egyptian Tea	3
Lemon tea	3
English Breakfast Tea	3
Earl Grey	3
Hot Chocolate	6



## Packages

**Price**

**1-day program:**

**225**



*Includes a session with the Spa Consultant, one day Experience of fitness room activities and a beverage with a salad/sandwich at the Health Café*

**3-day program:**

**415**



*Includes a session with the spa consultant, three day experience of yoga room activities and a beverage with a salad/sandwich at the health café each day.*

<b><u>Spa Menu</u></b>		<b>Price €</b>
<b><u>MOROCCO</u></b>		
<b>HAMMAM RITUAL (25 min)</b>		<b>35</b>
<i>A traditional Moroccan treatment experienced in the warmth of the Hammam. Your body is doused with warm water as a Tellak exfoliates away impurities using a Kessa glove and Savon Noir, a cleansing soap made from crushed olives, olive oil and Eucalyptus. For best results combine your ritual with a massage or facial.</i>		
<b>LUXURY HAMMAM RITUAL (60 min)</b>		<b>70</b>
<i>Your complete top-to-toe Moroccan cleansing experience begins with a mint leaf foot ritual before a bespoke blend of purifying Rhassoul clay and nourishing shea butter is applied to your body. The hair and face are also cleansed, combining the purest Moroccan remedies to restore a fresh complexion. The ritual finishes with a traditional dousing of orange blossom and rose water to leave you calm, revived and radiant. This treatment prepares the skin perfectly for a massage or facial.</i>		
<b>RHASSOUL RITUAL (40 min)</b>		<b>50</b>
<i>Self-administered Treatment Sourced from the Atlas mountains, it has unique active properties to draw out toxins and to soothe and nourish the skin. Apply the Rhassoul lava clay to your body and relax in the heat of the chamber with 15 minutes of steam to allow the lava clay to work. Finally, shower away the clay leaving skin soft, smooth and cleansed. Complete your treatment by applying one of our body oils or conditioning milk.</i>		
<b>MOROCCAN ROSE INDULGENCE (90 min)</b>		<b>80</b>
<i>Treat your senses with a full body exfoliation followed by a Moroccan rose cocoon. Whilst your body is enveloped, your face will be refreshed by a revitalizing and rejuvenating facial to leave you feeling radiant.</i>		
<b>MOROCCAN MAJORELLE (90 min)</b>		<b>80</b>
<i>Your body is cleansed from head to toe in the purifying Hammam, before rich honey is applied to the face. Rhassoul lava clay from the Moroccan Atlas mountains is lavishly applied to cleanse the hair and scalp, whilst you enjoy a relaxing head massage. Finally drift away with a signature massage to leave you feeling renewed from top to toe.</i>		
<b>MOROCCAN OIL SCALP RITUAL (40 min)</b>		<b>40</b>
<i>Our Moroccan Scalp Ritual begins with a nourishing scalp treatment combined with a hypnotic massage of the scalp, neck and décolleté. Complete your ritual with a choice of Intense Hydrating Mask or Moroccan Oil Treatment</i>		



	Price €
<b><u>EGYPT</u></b>	
<b>PHARAONIC (60 min)</b> <i>Once reserved for Egyptian royalty, this body massages uses Egyptian aromatic oils to release the tension in your body, and an application of heated poultices filled with chamomile and aromatic herbs is used to induce relaxation.</i>	50
<b>BIOENERGETIC MASSAGE (60 min)</b> <i>Working on the energy meridians along the body, this massage is designed to help eliminate toxins, release stress and increase blood circulation. It's a massage for complete well-being.</i>	50
<b>STONE THERAPY (60 min)</b> <i>This ancient healing art has been in practice for thousands of years. Heated lava stones and various massage techniques, including acupressure, deliver an incredible release of muscular tension, improving blood circulation. For many, this massage results in a blissful state that some describe as spiritual and mystic.</i>	45
<b>LAVA SHELLS MASSAGE (60 min)</b> <i>This unique massage technique uses warm tiger striped clam shells to instil a sense of deep relaxation, treat pains and depression, release stress, and provide relief from stomach cramps and tiredness.</i>	45
<b>THE AROMA MAGIC (60 min)</b> <i>A thorough body massage that incorporates 100% Argan oil with a touch of lavender, it's designed to promote well-being, relaxation and a complete release of stress.</i>	60
<b>EGYPTIAN RHASSOUL DELIGHT (Couple)</b> <i>Imagine, you and your painting mud on each other (or self-applying) in a steamy Arabian starlit mosaicked room. An infusion of steam fills the room softening the clay and then a gentle rain shower will wash away the clays to leave your skin beautifully cleansed and exfoliated. This ancient Egyptian mud bathing ritual is for two or more people to enjoy together.</i>	100



**Price €**

**TUNISIA**

**SALT INFUSED STEAM MASSAGE (60 min)**

**60**

*Salt helps the healing process of a variety of skin and respiratory conditions. The salt infused steam room is a hot humid chamber inspired by Arab culture that mimics the benefits of the sea air, producing negative ions to fight destructive free radicals. It draws out toxins, whilst soothing weary or aching muscles and joints to induce a state of deep relaxation..*

**SEA-SALT MUD APPLICATION (60 min)**

**70**

*This therapy involves the application of sea mud from Tunisia on the targeted areas (joints). It is useful for relieving muscle tension and joint pain. This is followed by massage by a hydrotherapist under a fine mist of saltwater giving you a moment of intense relaxation and circulatory stimulation*

**ALGO SPA RELAXATION (60 min)**

**70**

*Your body is wrapped in seaweed as you lay on a hot water bed (it is possible to enjoy a micro-massage throughout the wrap treatment). It helps you relax, remineralise, sooth the nervous system, relieve the muscular system and oxygenate the tissues of the body.*

**HYDRO-JET MASSAGE IN THERMAL WATER (30 min)**

**40**

*The treatment is indicated for resolving particular tension or for specific stimulation. It promotes and normalizes general circulation and helps to control anxiety and stress with stabilizing psychological effects.*

**Price €**

## **General Massage Menu**

### **THE ULTIMATE AROMATHERAPY MASSAGE (60 min) 50**

*Traditional aromatherapy massage techniques, involving carefully applied spinal pressures to target the autonomic nervous system and relieve stress-related symptoms. Choose your own oil to release tension and help to rebalance the body's systems leaving you feeling renewed and revitalised.*

### **MUSCLE RELEASE (60 min) 45**

*An intensive massage that works deep into stiff, tight, aching muscles to instantly release pain and tension.*

### **DEEP TISSUE (60 min) 50**

*Using a variety of techniques, this massage affects the deeper muscle fibres of the body, improving flexibility and enhancing muscle recovery after exercise. Mild soreness may result.*

### **FOOT SPA and REFLEXOLOGY (40 min) 40**

*Complete relief for tired feet , our foot spa and massage applies reflexology methods to relieve tension in the feet. Reflexology simulates strategic points located on the sole of the foot to rebalance the body system and is known to aid in the ongoing treatment of various illness*

### **SHEA BUTTER MASSAGE (60 min) 70**

*A blend of exotic Moroccan oils and heavenly Shea butter nourish and soften the skin, soothing tired aching muscles.*

### **CRANIOSACRAL THERAPY (CST) (60 min) 80**

*CST is a gentle, non-invasive hands on therapy that helps the body to restore its balance, harmony and vitality.*

*The focus of this work is on the cranium: the bones of the skull, face and mouth, down the back to the lower end of the spinal cord: the sacrum and coccyx . The health and balance of the CranioSacral system directly effects the brain and spinal cord. After stress, injury or illness your body needs the experienced hands of a CS therapist to guide it back into. It is used to alleviate.*

*Neck, shoulder, and back pain, headaches, migraines, old injuries, whiplash, brain and spinal cord injuries, Learning difficulties, ear and eye problems and many other health challenges.*

*diluted in water and serve different purposes depending on the objective to be reached.*

## Gift Shop



There will be a gift shop where our guests can purchase massage and essential oils, Rhassoul clay and other ingredients used in rituals at *Le Spa des Trois Essences*. It's a way for our guests to take a part of their memorable experience home to share with their loved ones. Our goal is to locally source the raw materials and work with local artisans to create the line of products.





## Floor Plans

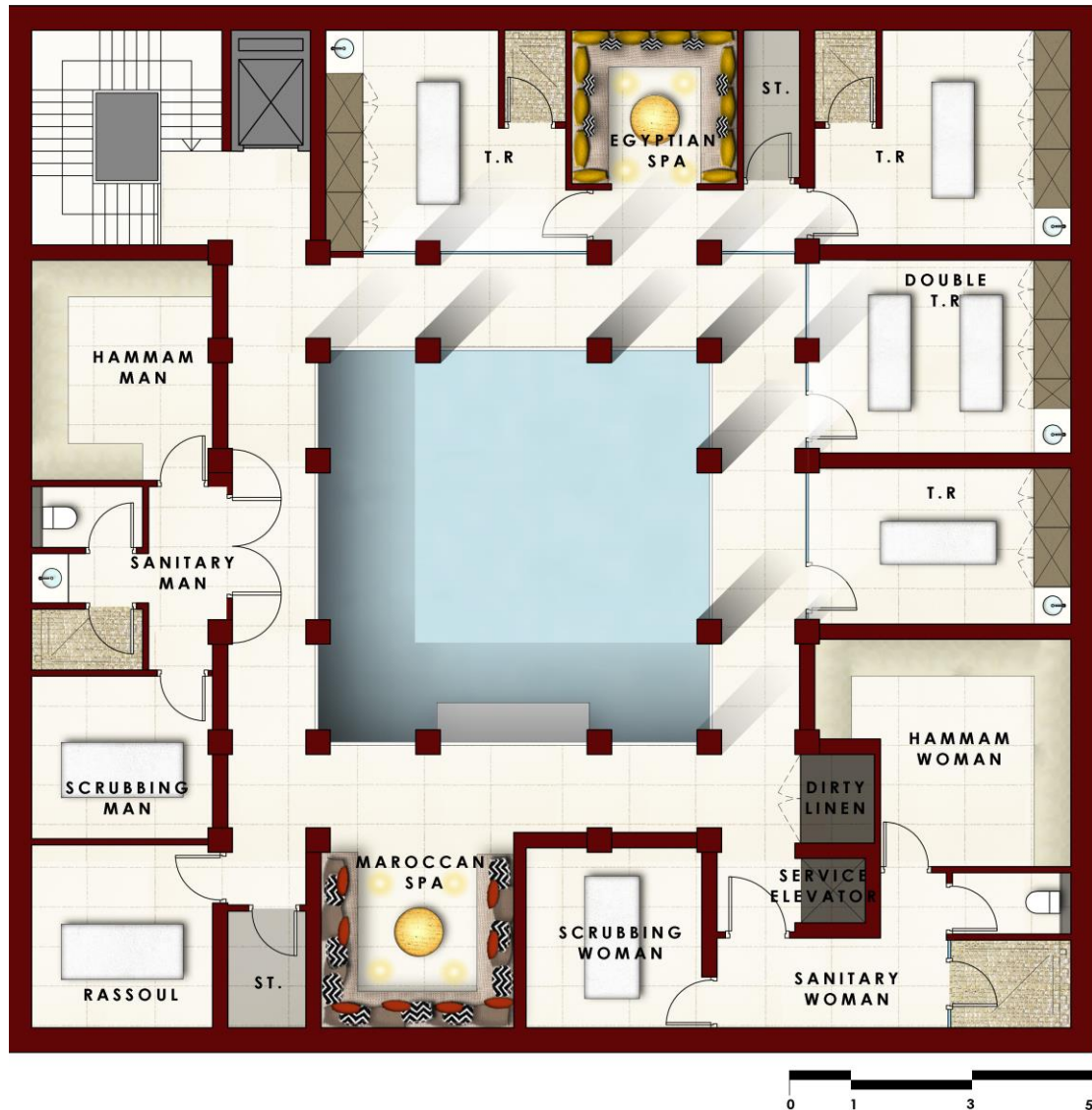
### Ground floor (Rez-de-chaussé)



#### Key features:

- Reception room
  - Gift shop
- Back office
- Changing rooms
- Courtyard with pool
- Relaxation lounge
- Wheel-chair accessible elevator
- Tunisian spa
  - Two treatment rooms
  - Hydro-jet pool
- Staff room
- Kitchenette
- Service elevator
- Storage

## Second floor (Premier étage)



Key features:

- Moroccan spa
  - Moroccan Lounge
  - Two hammams (men/ women)
  - Two scrubbing rooms
  - Rhassoul room
  - Shower rooms
- Egyptian spa
  - Egyptian Lounge
  - Treatment rooms (3 single/1 couple)
- Storage rooms

## Terrace (Terrasse)



### Key features:

- Health Café
  - Open terrace
  - Covered terrace
  - Lounge
- Yoga room
- Changing room
- Outdoor yoga terrace
- Kitchen
- Wheel-chair accessible restroom



## Wellness Tourism

Measuring the size and economic impact of the wellness industry is complicated, as the industry is not clearly defined. SRI International and the Global Spa Summit, in a 2010 study on the global wellness market, provided a rough estimation of the overall global market value (or revenues) of the global wellness tourism market at US\$106 billion annually.<sup>10</sup>

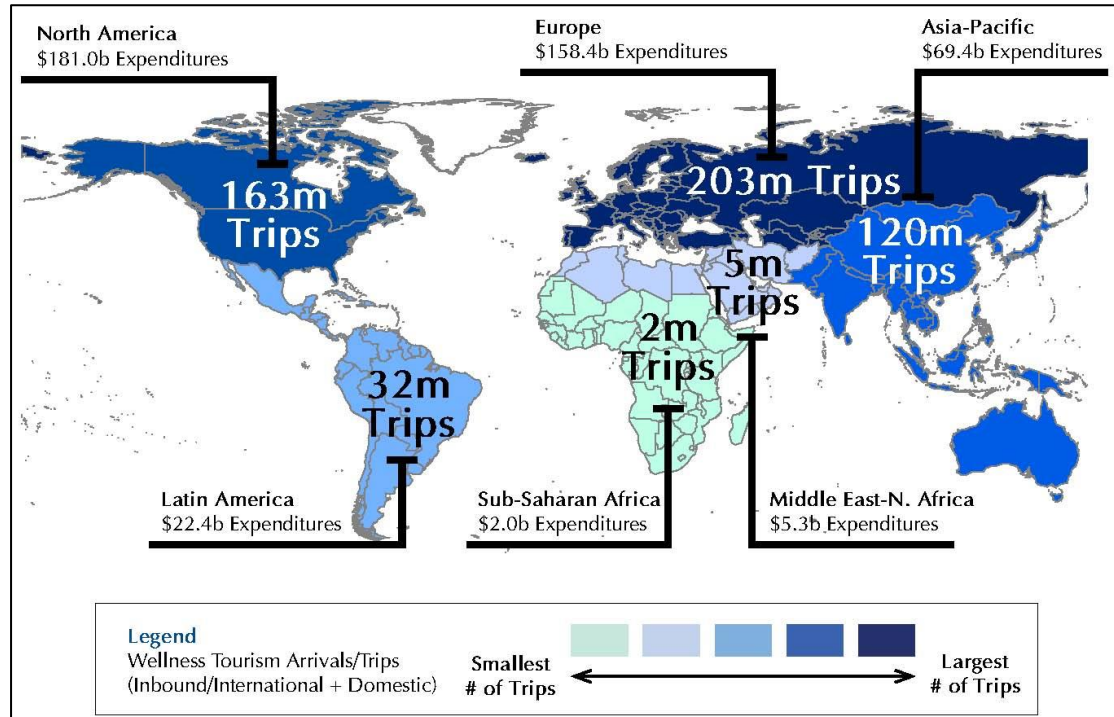


The examples provided in each sub-category are illustrative and not exhaustive.  
 Source: SRI International

As the figure above shows, lodging makes up only \$93.4 billion of the \$438.6 billion expenditures related to wellness. Food and beverages, shopping, and activities and excursions make up another \$198.1 billion of the expenditures.

<sup>10</sup> RESEARCH REPORT: GLOBAL SPA SUMMIT 2011. Wellness Tourism and Medical Tourism: Where Do Spas Fit?

## Wellness Tourism by Region (2012)



Source: SRI International

## **Morocco**

Although it is one of the smaller countries in northern Africa, Morocco is one of the most affluent. It has a long history of health and wellness tourism, part of the heritage left from the Roman era, when spas were built in cities such as Tamuda, Tingis, and Volubilis<sup>11</sup>. There are many ancient treatments and products at the foundation of the wellness tradition in Morocco, including henna, ghassoul clay, black soap, essential oils, the highly-valued argan oil, and others. Morocco has been promoting health and wellness offerings to tourists since the 1970's.

According to Morocco Tourism Observatory, data provided by professional tourist accommodations in Morocco show that total overnight stays in tourist accommodation establishments rose 14% between January 2012 and 2013<sup>12</sup>.

While majority of Moroccan tourist destinations saw increases in overnight stays, the two tourist centers of Morocco, Marrakech and Agadir saw the largest increases at 20% and 15% respectively. Casablanca and Ouarzazate also recorded increases (+3% and 7% respectively) while Rabat and Tangier were down -8% and -4% compared to 2012. Importantly, Fez, where *Le Spa des Trois Essences*, will be located saw a strong increase of 16% between 2012 and 2013.

While the number of overnight stays is increasing, the length of an average tourist stay is decreasing. An average tourist stays only three days and three nights as opposed to about five days and nights in 2008. This was an important factor in determining the length of packages to offer for *Le Spa des Trois Essences*.

**Average Tourist stay in Accommodation Establishment<sup>13</sup>**

Average Tourist Stay in Accommodation Establishments	2008	2009	2010	2011	2012	2013
Nights	4.8	4.3	3.7	3.5	3.2	2.9
Days	5.3	4.7	4	3.7	3.4	3.1

<sup>11</sup> RESEARCH REPORT: GLOBAL SPA SUMMIT 2011. Wellness Tourism and Medical Tourism: Where Do Spas Fit?

<sup>12</sup> Statistiques sur le tourisme au Maroc pour le mois de janvier 2013. Observatoire du Tourisme Maroc.

<sup>13</sup> Average Tourist Stay in Accommodation Establishment: Euromonitor International from World Tourism Organisation (WTO)

## Fez

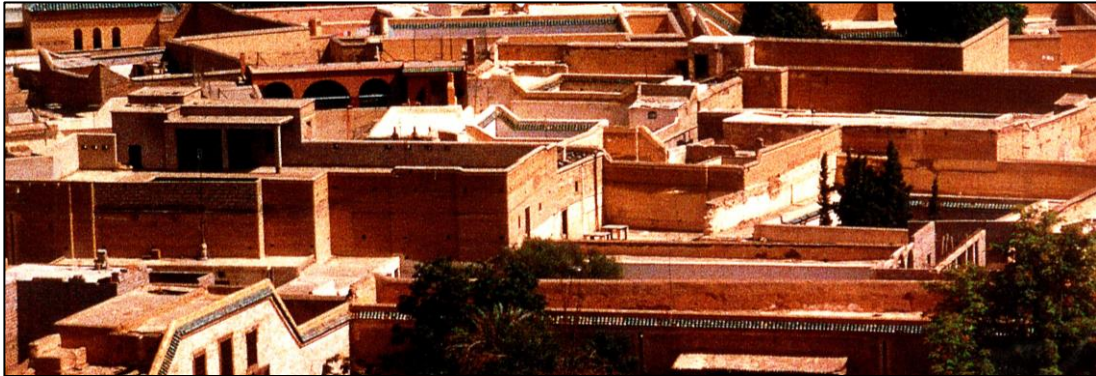
Fez is the medieval capital of Morocco and a great city of high Islamic civilization. Fez has one of the best-preserved medina (old city) in the Arab world, the sprawling medina of Fes el-Bali, which is also the world's largest car-free urban zone and an UNESCO World Heritage Site.

Fez is the capital of traditional Moroccan culture and a cradle of knowledge, for which its superb madrasas are a symbol. As you walk through this medina, you are literally walking through more than 1,200 years of Moroccan heritage that has only recently been touched by the advent of globalization and influx of tourists. Its charm is unique to the world and thus is the location of our spa.

Gentrification has become increasingly prevalent in most major metropolitan areas across the globe and affects mainly old and historic urban zones. In Morocco, gentrification can be observed in the medinas of its main cities. Its evolution and impact are as special as the environment where it takes place. Gentrification in Moroccan Medina's was triggered by foreign interest in well-preserved medieval architecture and a lifestyle deemed exotic and authentic. The impact of the settlement of foreign investors and intellectuals is even greater as different values, behaviors, and social codes enter in action. Gentrification is becoming a tool of economic development recognized and encouraged by new open tourism and investment policies.

This tendency escalated in the in the last fifteen years, as affluent European middle class foresaw potential business opportunities within the tourism sector. Investing time, money, and interest, the Europeans turned their properties in the medina into guest houses, restaurants, galleries, cafes and boutiques.

Amidst this trend, two destinations stand out: Marrakech and Fez. As of 2012, Fez counts sixty-five renovated guest houses, while Marrakech counts more than 680.



## **Target Market Information**

### **LATER LIFERS**

The Later Lifers fall into two clear categories: One group consists of those who are healthy and active, while the other group is made up of those who are unwell and rely on care. Improved medical care and awareness on wellness is increasing the life expectancies, but more importantly the healthy phase of the life expectancies.

Euromonitor International's consumer survey for 2013 found that Later Lifers considered good health to be the most important factor in a happy life. Health takes on greater importance as people age and become more acutely aware of their mortality, and wish to preserve their health and independence for as long as possible.

### **MIDDLE-AGED PROFESSIONALS**

The Middle East and Africa have the lowest proportion of mid-lifers in the world. The world is ageing and the proportion of midlife women is expected to continue to rise in developed and emerging markets.

In both mature and emerging markets, mid-lifers are more accepting rather than resisting of change as their lives have been transformed by greater economic independence and technology. Midlife is a time of confidence as mid-lifers feel less need to stand out from the crowd than younger people and are more inner-

directed. Midlife is also time when good health is no longer taken for granted. People know what they should be doing to maintain their health, even if they find it difficult to put into practice.

Although more people are living into old age, they are not necessarily doing so in good health. Affluence has brought chronic diseases. While there has been success in dealing with many acute conditions, chronic conditions are stressing healthcare systems. Treatments can be costly and many address symptoms rather than cure, thus making them burdensome long-term. Women's healthy life expectancy, according to Euromonitor International, is 60 years.

For midlife women, 95% rate good health as the most important contributor to happiness. Health, for these women, becomes as important as beauty. Many are taking an active interest in their health as an investment. However, knowing what should be done does not make it easy to put into practice. This is where spas such as *Le Spa des Trois Essences* can make an impact. Interest in looking good continues through life for many women, but at midlife, priorities change to include good health as an important part of happiness.

## CASH FLOW STATEMENT

Cash Flow Statement								
Cash at Beginning of Year	€	-	€ 324,909	€ 566,625	€ 832,743	€ 1,173,034	€ 1,565,664	€ 2,006,762
Operations	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Cash receipts from customers	✓	802,161	✓ 962,594	✓ 1,058,853	✓ 1,217,681	✓ 1,363,803	✓ 1,500,183	✓ 1,650,201
Cash paid for								
Inventory purchases	✓	(290,039)	✓ (352,951)	✓ (388,246)	✓ (446,483)	✓ (500,061)	✓ (550,067)	✓ (605,074)
Other Payables	✓		✓ (30,826)	✓ (32,086)	✓ (35,295)	✓ (40,589)	✓ (45,460)	✓ (50,006)
General operating and administrative expenses	✓	(43,490)	✓ (46,358)	✓ (49,632)	✓ (52,943)	✓ (56,518)	✓ (60,379)	✓ (64,556)
Wage expenses	✓	(119,207)	✓ (125,167)	✓ (131,425)	✓ (137,997)	✓ (144,897)	✓ (152,141)	✓ (159,749)
Interest	✓	(70,000)	✓ (66,500)	✓ (63,000)	✓ (59,500)	✓ (56,000)	✓ (52,500)	✓ (49,000)
Income taxes	✓	-	✓ (45,549)	✓ (74,642)	✓ (91,283)	✓ (119,026)	✓ (144,251)	✓ (167,481)
Other Expenses	✓	(5,463)	✓ (3,527)	✓ (3,703)	✓ (3,888)	✓ (4,083)	✓ (4,287)	✓ (4,501)
<b>Net Cash Flow from Operations</b>	✓	<b>€ 273,963</b>	✓ <b>€ 291,716</b>	✓ <b>€ 316,118</b>	✓ <b>€ 390,291</b>	✓ <b>€ 442,630</b>	✓ <b>€ 491,098</b>	✓ <b>€ 549,835</b>
Investing Activities								
Cash receipts from								
Sale of property and equipment		-	-	-	-	-	-	-
Collection of principal on loans		-	-	-	-	-	-	-
Sale of investment securities		-	-	-	-	-	-	-
Cash paid for								
Purchase of property and equipment	✓	(429,054)	-	-	-	-	-	-
Renovation	✓	(1,620,000)	-	-	-	-	-	-
Making loans to other entities		-	-	-	-	-	-	-
Purchase of investment securities		-	-	-	-	-	-	-
<b>Net Cash Flow from Investing Activities</b>	✓	<b>(2,049,054)</b>	✓ -	✓ -	✓ -	✓ -	✓ -	✓ -
Financing Activities								
Cash receipts from								
Paid up Capital	✓	1,100,000	-	-	-	-	-	-
Borrowing	✓	1,000,000	-	-	-	-	-	-
Cash paid for								
Repurchase of stock (treasury stock)		-	-	-	-	-	-	-
Repayment of loans		-	✓ (50,000)	✓ (50,000)	✓ (50,000)	✓ (50,000)	✓ (50,000)	✓ (50,000)
Dividends		-	-	-	-	-	-	-
<b>Net Cash Flow from Financing Activities</b>	✓	<b>2,100,000</b>	✓ <b>(50,000)</b>	✓ <b>(50,000)</b>	✓ <b>(50,000)</b>	✓ <b>(50,000)</b>	✓ <b>(50,000)</b>	✓ <b>(50,000)</b>
<b>Net Increase in Cash</b>	✓	<b>€ 324,909</b>	✓ <b>€ 241,716</b>	✓ <b>€ 266,118</b>	✓ <b>€ 340,291</b>	✓ <b>€ 392,630</b>	✓ <b>€ 441,098</b>	✓ <b>€ 499,835</b>
Cash at End of Year	€	324,909	€ 566,625	€ 832,743	€ 1,173,034	€ 1,565,664	€ 2,006,762	€ 2,506,596

