

BUSINESS PLAN-SMART WAY OF PLANNING AGRITOURISM BUSINESS

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Abstract: Agritourism activity is a possibility of capitalizing on the rural world, which is increasingly analyzed, and in this context the discussion of managerial tools for managing it, or the appropriate strategies that support its development is a necessity. The managerial approach of agritourism activity involves: establishing the systems that must be managed; establishing the component parts of each system; tracking data regarding the evolution of each system; analysis of this data; making decisions; identification of priorities; analysis of options for solving problems; drawing up an action plan and implementing it; measuring progress, all these aspects being included in the business plan.

Key words: agritourism, business plan, SMART planning

INTRODUCTION

The concept of business in rural environment on agritourism field must give importance to the foundation of the business; appropriate sizing of the necessary investment; sales market; necessary and possible services to offer; price formation policy; distribution channels; promotion of services; updating the farmer according to the requirements of the tourist market; the correlation of the agricultural field with the tourist field; correct and quick analysis of financial indicators. For efficiency, agritourism businesses must consider certain essential aspects: [12]

- exact knowledge of the capacity that can be used through agritourism activities. The farmer must be able to appropriately size the possibility of carrying out the activity by correlating the accommodation spaces with those intended for food and obviously with the leisure possibilities that can be offered to the tourist. In the situation in which the farmer cannot correlate his availabilities with the plan, resources are wasted or used improperly, and it is impossible to provide the requested services;

- proper estimation of investments. The fulfillment of the necessary conditions for the classification of the household/agritourism farm requires investments whose appropriate dimensioning is a necessity if we are talking about the future profitability of carrying out the activity;

- identifying the opportunities specific to the rural world necessary to diversify and support the quality of services. The ability of the farmer, future agritourism entrepreneur, to come up with specific elements of the rural world, original, with an old, ancestral character, is to be appreciated, but these specific elements of the old civilization must be optimally combined with specific elements of the modern civilization; [4,5,6]

- the agritourism activity can take unlimited forms, from offering only accommodation to the complex agritourism product, (assuming both accommodation, food and leisure), and the entrepreneur must have the ability to size the offer according to the existing capacities.

In order to carry out agritourism activity, two basic stages are completed: the beginning stage and actual development of the activity, each of the two stages having numerous particularities.

There are also certain ingredients that precede the debut stage, on which the success or failure of the activity depends. The future agritourism entrepreneur must, before starting the activity, find answers to a series of questions. The success of the entire activity will

depend on the "sincerity" with which the future agritourism entrepreneur finds answers in the two stages of starting the agritourism activity.

The prospects for the development and expansion of agritourism businesses can be influenced by several considerations (figure 1):

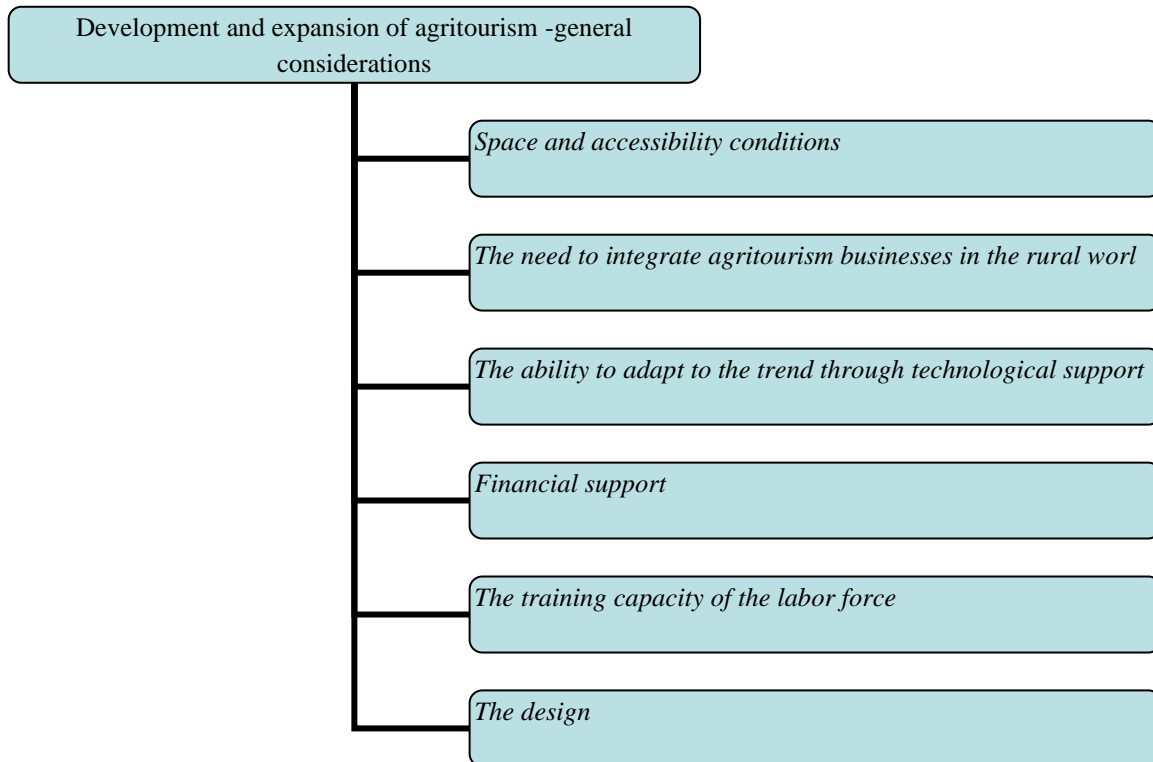


Figure 1. Development and expansion of agritourism - general considerations

Space and accessibility conditions. The rural environment is the carrier of some resources, either of natural origin or of anthropogenic origin, which can facilitate the entrepreneurial activity in the tourism field, but in many situations there is the problem of isolation and quite difficult access. Therefore, even if we are discussing about new resources that can be introduced in the agritourism product, the problem of access remains to be solved, and the extent to which the future entrepreneur manages to solve this minus is the measure that ensures the success of the activity.

The need to integrate agritourism businesses in the rural world. The agritourism field is one of the "allies" of agriculture, and at the same time one of the fields that can ensure the sustainable development of the entire community from rural world. [7,9,11] Thanks to the characteristics of the field, it is possible to ensure the preservation of the rural landscape, the revitalization of original activities on the way to extinction and at the same time their profitability. The need to integrate agritourism businesses in the rural world derives from the fact that the field involves a complex exploitation of the rural world. Thus, the socio-economic benefits of this field are important for the rural environment, but it is equally important to dimension directly proportional to the benefits and the effort that the inhabitants and the authorities must ensure to generate support for the field. Thus, the accommodation capacity, or the efforts of the villages to support tourist traffic, to ensure the necessary infrastructure for the development of tourist activity, in order to support the rural community in the long term, must be correctly dimensioned.

The ability to adapt to the trend through technological support. It is obvious that the development of the agritourism activity requires an adequate infrastructure, starting

with the access and continuing with the one that ensures the comfort that the tourist is used to at home. However, the limit up to which infrastructure is a necessity, and from where it becomes "harmful" for the attractiveness and originality of the area, must be carefully weighed. The ability to adapt to the trend is very important in ensuring the future success of the activity, and technological support is a "must" in the age of technology, when the tourist is used to "one click" to find all the information. It is an advantage for the future agritourism entrepreneur to have the necessary technological support and capacity to run the business, bringing him the opportunity to promote at his discretion, and if this is done conscientiously, it ultimately leads to increased sales.

Financial support. The need for financial support can be found in all fields of activity, even more in the field of rural tourism. It is very important for the future entrepreneur and for the local authorities to correctly identify in time the financing possibilities and ensure by all means the market for the rural tourism product. The existence of numerous funding lines, either European, state or private, is a positive aspect, but the inability of the farmer to succeed in reaching these additional possibilities of financing the activity is a minus, and here the farmer-local authority partnership is very important. Consultancy in this field from the authorities has proven to be a winning bet in many areas.

The training capacity of the labor force. The business field is a very complex one, which requires knowledge, trend identification and the ability to quickly adapt. If we add to these aspects the fact that the agritourism entrepreneur must at the same time carry out specific activities within two fields, then the complexity degree is high, and continuous training is a necessity, and by the workforce training level depends on the future success.

The design. Although it is not a factor with capital influence and design is important in the future development of the agritourism field. More and more the tourist demands the original, or "what is healthy", and agritourism has both aspects requested. What is important is how to "package" the original elements from the countryside, so as to satisfy the demands of the tourist, but also to ensure the protection and perpetuation of these elements.

MATERIALS AND METHODS

The research from this article has as purpose to underline the importance of business plan for agritourism activity. In this process the general considerations to ensure the development and expansion of agritourism activity are considered, essential aspects to guarantee the efficiency of agritourism businesses, the description of each chapter of the business plan and appropriate strategies that support its development. In the process of research are used materials from books, websites, article relevant for the field and as research method is used the qualitative method.

RESEARCH RESULTS

Business planning in tourist areas is one of the keys of success that allows the clear definition of goals and activities to achieve them, as well as the efficient management of the resources necessary to obtain the forecasted profit, as well as other financial indicators.

The need to develop a business plan for activities in tourist areas is one of the mandatory conditions, because: [10]

- it is impossible to start in "safe" mode of some complex investment activities without the existence of the business plan, this being a mandatory condition of the contemporary tourist market;

- the business plan is considered one of the effective tools, specific to the marketing field, on the basis of which the dimensions of the market segment and the forecast of the future evolution of the market are estimated;
- with its help, the information on the investment project, as well as on the investor's economic activity in a well-defined time horizon, is structured;
- the business plan is a control and management tool, which ensures the achievement of the tasks established in the business development strategy;
- this document is an effective tool in attracting financial resources, partners, investors and donors.

Therefore, being an element that ensures the "safety" of starting the business, all the component chapters should be taken into account: identifying the vision, the strategy; the ability to correctly analyze the market; cost analysis; the ability to make realistic financial projections. Each individual chapter of the business plan must be given importance, and each has certain particularities (figure 2):

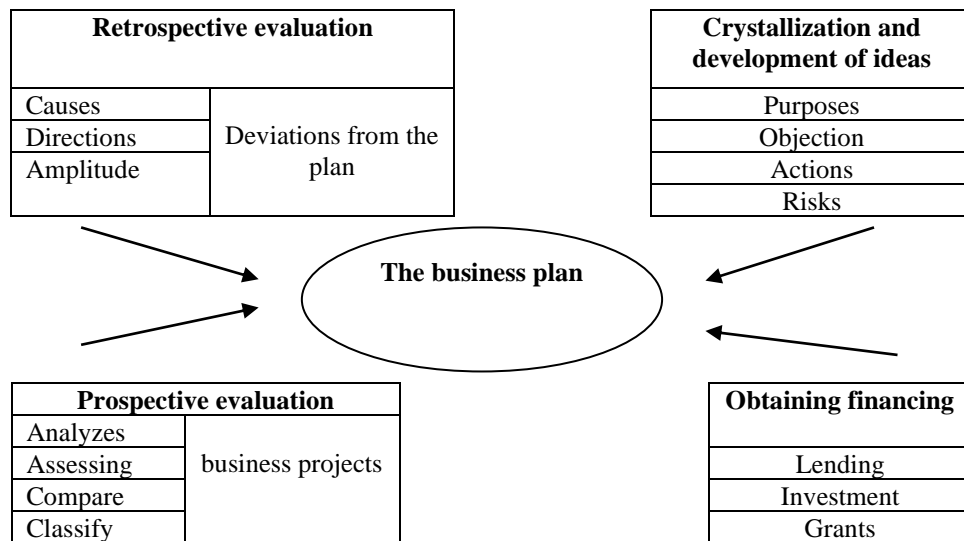


Figure 2. Business plan functions

a) Everything starts with the *vision*. When the entrepreneur has an idea/vision, in order to be able to decide the future direction to follow, he should find answers to several questions:

- what defines the business?
- where does the profit come from in the case of the new business idea?
- what exactly will the products/services generated by the new business look like?
- to whom will be addressed the products/services obtained?
- who are the competitors from the same field in the market?
- what is the future plan, meaning the ability to realize a strategy in the medium term at least?
- what are the strengths of the idea compared to others on the market?

b) Businesses are generated by *people*, they do not appear out of nowhere. Human resources are necessary for the good functioning of the business, and their organization requires:

- the existence/creation of an organizational chart;
- creating a team starting from the specific skills of each member, in this sense ensuring the future success of the business based on the contribution of each team member;
- establishing an own concept for customers, competitors, suppliers, etc.

The vision is not only manifested through the business idea, but also along the way. The entrepreneur is always in a position to create new products/services, to identify new markets, new promotion possibilities, and success depends on his ability to "foresee" and obviously on deciding anchored in reality and quickly.

c) **The market** is the "manifestation" place of the business, and future income depends on the entrepreneur's ability to make a realistic analysis and forecast of it. The market for household/agritourism farm services can be characterized depending on the location and could sell between 200 and 300 accommodations annually at a competitive price, recommended for start-up businesses in the first years of activity, until stability is created. The agritourism household/farm can provide the following types of services on the market:

- Accommodation;
- Food - dishes prepared from our own products offered in a complex menu;
- Leisure services;
- Making and/or selling souvenirs;
- Organization of local excursions and visits;
- Rental of tourist equipment;
- Maintenance services for clothes and other personal items;
- Other services (travel agent, telephone, etc.).

d) The ability to correctly and fairly assess **operational costs** not only guarantees the operability of the business, but also demonstrates the quality of a good entrepreneur, of knowledge of the field.

e) Sustaining the activity requires **investments**. The possible ways of financing investments would be:

- Self-financing, of at least one part of the investment, is the requirement of profitability. It is considered that self-financing, in the proportion of 20-30%, represents the minimum acceptable. Self-financing possibilities must be identified because this is a way to reduce risks.

- Loans are another way of financing. A good financing strategy must consider the risks of the tourist activity and the need to finance it for 2-3 years until a year of economic-financial balance is reached. Too much debt, however, can lead to bankruptcy. To finance operating expenses, long-term loans can be considered. In this way, the inclusion of the household/agritourism farm in debt will be avoided.

- The subsidies are intended to reduce loan expenses and to make the creation of tourist equipment in rural areas more attractive. These subsidies vary from one area to another and certain special criteria must be met to benefit from them.

- Fiscal facilities refer to exemptions or reductions of taxes and fees of agritourism households/farms for a period of 10 years, in order to develop tourist activity.

f) The entrepreneur's ability to **anticipate/planning the financial situation** of the business can contribute to future profitability.

As a rule, the management of an agritourist unity is a family business. The family members will be responsible for: business administration, accounting records, reception and assisting tourists, operational activities for the maintenance of the rented housing stock, and food for tourists.

The existence of appropriate strategies for the agritourism business is necessary as a result of market requirements, especially of the sales-purchase process. For this type of business, the appropriate strategies that support its development are:

- knowledge of the possibilities/resources that the area/local community has. Rural areas have numerous resources, with a novelty, originality, which can be used to attract tourists, and which tourists appreciate favorably if they are properly integrated and

presented in the tourism product. The tourist entrepreneur/farmer must know very well the resources, products and particularities specific to the area, or in other words what can be exploited easily and with as little cost as possible from the area and add these resources to the tourism product. All these resources, with local specificity, are recommended to be used for the leisure part, an area where the tourism product is deficient anyway.

- conscientious analysis of the quality of the services that will be offered. The tourist values the original, the authentic rural areas, starting from the specific elements of accommodation and ending with the elements of food and leisure, but he must be provided with the minimum of comfort, but without the appearance of kitsch.

- improving and diversifying the agritourism product and the conditions for its creation. In this sense, the existence of strategies for structuring/creating the product is required, starting from the "identifying" the consumer desires, [13] using some association where this aspect is possible, or a partnership and an outsourcing of some of the component elements.

- the price of the agritourism product must correspond to its quality level and the income level of the consumers.

- for the knowledge of the agritourism product, it is necessary to diversify promotional actions, especially with external addressability.

- the distribution of agritourism products will have to consider the organization of the market, the involvement degree of tourist structure and the existing logistics from rural areas. Even if the rural area has rustic, archaic characteristics, the distribution part must be "updated" to the specifics of the times, meaning the entrepreneur must ensure the distribution/reservation of the agritourism product with the help of the Internet.

- agritourism business incubators can be a solution and an assistance tool, especially during the stages of establishment and early activity. After perfecting the agritourism service, creating a customer database and improving the managerial activity, the incubator is left. The main purpose of the incubator is to offer free consultancy, to facilitate contact with banking bodies, to stimulate talent for the creation of agritourism services offered by the peasant household, and the examples from rural area where resources are capitalized through this activity are quite numerous. [1,2,3,8,14,15]

CONCLUSIONS

The basic idea and conclusion that emerges is that the agritourism structure can offer an original tourist product, and depending on the originality of its constitution, it has the ability to capitalize on all the elements of the agricultural field and not only that. But the "key to success" is represented by the location of the structure and the inventiveness and innovation of the entrepreneur. The ability of the entrepreneur to "charm the tourist" through the originality of the products and services offered together with the ability to achieve good communication with the tourist are the aspects that ensure or not the success of the business.

But any tourist entrepreneur from rural environment must pay attention to the possible traps, which lead to the failure of the activity. Whether it refers to: targeting oversized gains from the beginning of the activity, or the impossibility of making original and qualitative products, or the impossibility of successfully combining the two fields of activity (agriculture and tourism), or an incorrect assessment of possible opportunities, all are meant to bring the failure of the new business.

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