



**Hospitality and tourism**  
**Guide to doing business in tough times**

# Want to make sure your business stays on track?

## Business Link can help so you don't have to go it alone



A **FREE** Business Review from Business Link can help you tackle the challenges and opportunities of running a business.



An experienced adviser will help you step back and take stock of your situation, focus on your priorities and create a **Business Action Plan** that will take you forward.

To arrange a meeting with a **Business Link Adviser** contact us now on:

**0845 600 9 006**

**[info@businesslinksoutheast.co.uk](mailto:info@businesslinksoutheast.co.uk)**



# Introduction

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**Business Link provides support to businesses in all situations and in all industries.**

**To specifically support the hospitality and tourism industry during these tough times, Business Link has partnered with Tourism South East to bring you this guide full of practical information to help your business succeed. It focuses on the key areas of managing costs, marketing, selling and beating the competition.**

**Each section starts with things that can be done today – these are simple short term actions with long term benefits. It then looks at longer term actions designed to help you respond to the economic downturn.**

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All the support in this guide can be accessed on the Business Link website at **[www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)**

For further support and to arrange a free meeting with a Business Link Adviser who can help you review your business and create an action plan, please contact us on **0845 600 9 006**.

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# Foreword



The tourism and hospitality sector in the South East of England is an integral and successful part of the wider economy. The industry currently generates £10.5 billion in expenditure for the region and creates 302,000 jobs.

The businesses that make up the sector have consistently achieved high levels of quality which have enabled them to take advantage of the region's undoubted natural, historic and cultural assets.

During a period of challenging economic conditions the strengths of our sector will be vital to ensure our continued success. These circumstances present challenges and opportunities in equal measure.

To assist all businesses in the sector to recognise how you can counter the challenges and take advantage of the opportunities, Tourism South East has worked with the team at Business Link to prepare this guide.

I commend this excellent guide to businesses in the tourism and hospitality sector. It will serve as a concise manual that gives you all of the information necessary to take decisions on how to advance in these uncertain times.

**Michael Bedingfield**  
**Chief Executive**  
**Tourism South East**

[www.industry.visitsoutheastengland.com](http://www.industry.visitsoutheastengland.com)

**TOURISM**  
**SOUTH EAST**

# 1. Managing costs

Running a business at any time is a challenge. In a recession there is less margin for error and so it is even more important to be on top of things.

## Things to do today...

- Project your future cashflow using Business Link's worksheet
- Identify where you can save money on basic energy costs using the Business Link interactive tool
- Reduce operating costs by downloading a copy of Tourism South East's 'Sustainable Tourism for Dummies'

### Keep a close eye on cash

Ensuring a steady flow of cash into the business is crucial. Include cashflow statements in your monthly financial reporting and project cashflow requirements three to six months in advance. If you foresee a blip visit your bank immediately to keep them informed of your situation – showing you are in control makes them more inclined to offer credit. A free cashflow planner is available from [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)

Be pessimistic about how quickly you will get paid – even with 30 day credit terms average debtor days in UK businesses is 57 days. With credit control ensure you have a speedy system for issuing invoices and chasing late payment.

If you have outstanding loans, talk to your lenders about negotiating some more favourable terms. It's a competitive market for them too, and they'd rather have a customer that is still in business.

## 1. Managing costs

### Take advantage of Government help

A number of initiatives have been introduced in the last year that will help with cashflow. These include the **Business Payment Support Service** which was designed to give viable businesses the opportunity to defer income and corporation tax or pay instalments by direct debit. This has been extended to support businesses currently making losses. Visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

From April 2009 there is a temporary increase in the **main rate of first-year capital allowances** to 40 per cent for expenditure over and above the annual investment allowance on plant and machinery.

From 2009/2010 the limit of the **Three Line Account has been raised to £68,000** for self employed and trading income. Small businesses can restrict the information they provide in their tax return to just their turnover, total allowable business expenses, and

net profit or loss, rather than having to provide a detailed breakdown of their expenses, so saving accountancy fees.

Through the **Trade Credit Insurance Scheme** UK businesses are now able to purchase six months' 'top-up' insurance from the Government if credit limits on their UK customers are reduced. The qualifying window will be backdated to include any reductions since April 1 2009. The scheme is operational from 1 May to 31 December 2009.

In October 2009 the counting of tips to supplement employee pay is to be banned. Tips, gratuities, cover charge and service charge all fall under an update to the National Minimum Wage (NMW) guidelines. Plan ahead and consider the implications this will have for your cashflow.

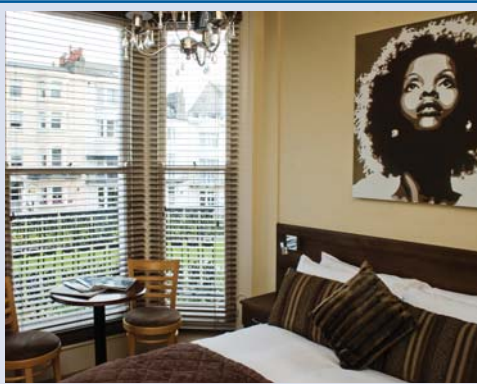
### Reduce operating costs

Make efficiency savings on basic energy costs – light, heat, water – and at the same time reduce your

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carbon footprint. Use the Business Link interactive tool to identify where you can save money and how sustainable practices can improve your bottom line at

**[www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)**



### **New Steine Hotel**

Herve Guyat, proprietor of the New Steine Hotel in Brighton, has benefited from improving his company's environmental performance. After a free audit arranged by Business Link, changes included installation of energy efficient lighting, which will save £1360 and eight tonnes of CO<sub>2</sub> a year. "We've also insulated the properties and put in place training for staff," he says. It is anticipated this activity will save an additional £830.

The Carbon Trust is an independent, not-for-profit company set up and funded by Government to help the UK meet its international climate change obligations. Carbon Trust offer small businesses a £5k-£200k interest free loan for improvements in energy efficiency. The Carbon Trust also works with the hospitality industry through the hospitable climates advice service. For more information visit **[www.hospitableclimates.org.uk](http://www.hospitableclimates.org.uk)**

Green Energy tariffs enable businesses to support the environment by purchasing energy generated from renewable sources such as hydro-electricity, wind or solar power. A benefit of going green is that your business may become exempt from paying the Climate Change Levy (CCL). If your business normally has to pay CCL you will actually make a small saving overall.

By making your business more environmentally-friendly you may also find ways to market your business to more customers.

## 1. Managing costs



### Rose & Crown

Simple energy saving measures have helped the Rose & Crown pub, Faversham make major economic and 'eco' savings. After signing up to the Green Tourism Business Scheme, owners Tim and Vanessa Robinson implemented an 'energy awareness' campaign amongst their staff.

"We only turned appliances on when required and defrosted freezers more regularly. We changed to energy efficient lighting and switched to a green tariff where the supplier matches our annual spend and puts this into developing more green energy."

You can give customers reassurance of your green credentials by becoming part of an assessment scheme, such as the Green Tourism Business Scheme. Comprehensive advice on this and all aspects of sustainability, including the 'Sustainable Tourism for Dummies' guide, offering a range of cost-effective tips, is available from Tourism South East at [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)

Tourism South East offers a 'Green Advantage' training course, to help businesses improve both their general and environmental performance and reduce costs. It covers how to save money; buy local; create customer advantage; develop an environmental policy; communicate your credentials and stay ahead.

You can also get help identifying environmental skills gaps within your business via Enviroskills, a service accessed through Business Link. Enviroskills offers short bite-sized, often subsidised, courses on a range of environmental themes

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including food waste and creating an environmental management system. Details of the Enviroskills and Tourism South East courses that are available can be found at [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)

### Review supplier agreements

Review arrangements with existing suppliers and have a general look at alternative suppliers – remember you are not the only business that is being affected by the recession; it is very competitive out there! But don't change lightly – reliability, credit and quality still matter.

### Invest in your business

If despite of, or because of, the recession you identify opportunities to invest, SEEDA, the South East England Development Agency, is offering grants for business investment. These are to help businesses increase productivity by funding capital investment in equipment and technology. The scheme is for businesses seeking to expand, modernise, rationalise,

diversify and increase productivity in order to maintain or establish sustainable growth and provide skilled jobs. Take a look at [www.seeda.co.uk/Global\\_Competitiveness/Funding\\_&Advice](http://www.seeda.co.uk/Global_Competitiveness/Funding_&Advice)

The current national Government-support schemes on offer include:

- Enterprise Finance Guarantee (EFG)
- Capital for Enterprise Fund

Find out what is on offer by contacting Business Link on **0845 600 9 006**.



# 2. Smarter marketing and selling

**Don't stop marketing – during lean times you need to work harder and smarter to generate sales so be creative and focus on what works best.**

## Things to do today...

- Get up-to-date market intelligence from Tourism South East
- Check your website is performing in search engines
- Make sure your local Tourist Information Centre (TIC) is familiar with your facilities and knows your availability

### Research your market

In a fast changing environment it is hard to keep up with the latest trends – and yet with tight budgets every decision you make needs to be based on good information. Use the free resources of Tourism South East and VisitBritain to get the latest statistics, research, and market intelligence at [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)

### Review your marketing material

With less money to spend, visitors are doing much more research

before they buy. Ask a friend to look critically at your brochure and website. People want information and reassurance that their money will be well spent. Are all their questions answered? Can you include any quotes from happy customers? Have you featured any awards you have won? Can they see why you are better than the rest?

### Attract new customers

People are still spending, but are more discerning about what they spend their money on. How can you bring your product into their price range? Can you offer off peak/last minute/all inclusive deals? Can you

rethink your rules to be more flexible? For example breaks of one night are on the rise – if you have always insisted on two night stays at weekends is it time to reconsider? The key is to find ways of enabling potential customers to afford your product whilst enhancing the standard of the product.

### **Work with other businesses**

Look around for businesses that you can work with. Is there anyone that you are happy to recommend that can recommend you? Can you operate a referral scheme? What about a joint promotion? A complementary business with a different customer base can double the reach of any promotion. Start small and see how it goes.

### **Identify 2012 opportunities**

CompeteFor is the chosen site of London 2012 for the publication of Games-related contract opportunities. Register at **[www.competefor.com](http://www.competefor.com)**

## **2. Smarter marketing and selling**

### **Turn problems into opportunities**

When a customer complains about something the work you do to solve that problem can help you to find a new business opportunity. A long queue at visitor attractions might mean timed tickets or a premium price for busy periods. Some hotels have introduced a charge for early check in which some customers are willing to pay.



## 2. Smarter marketing and selling

### Generate press coverage

A cost-effective way of promoting your business and its activities is getting local press coverage by writing and submitting a press release. Why not create an editorial to express the personality of your venue or service? You may be able to enlist the assistance of Tourism South East to receive coverage as they publish a number of special supplements for the media.

### Improve e-marketing

New technology can help you reach, manage and keep customers.

E-marketing is flexible, cost-effective and can produce great results. If you already have a website, keep the content fresh and up to date. Change the information and price as often as you like, depending on demand.

If you don't already, give serious consideration to online booking and placing your availability with bookable websites.

Now could be the time to integrate social media into your marketing strategy – including blogs, forums, social networks or SMS.

To find out about search engine optimisation and the range of e-marketing training courses that are available from Tourism South East visit [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)

### Introduce sales promotions

Good marketing is about conversion to a sale. Brief all your staff on any promotions that you plan and get their ideas. Let them know how well an idea works and see if you can reward staff that bring in extra business. Find out what customers are saying if they don't buy and see what you can learn for next time.

## 2. Smarter marketing and selling

### Build customer relationships

Your existing customers are your hottest leads so building a customer database and keeping in touch is essential. E-newsletters and promotions can be done very cost effectively but don't forget the personal touch. A call to a customer to ask them what they thought can give you great feedback and lets them know they are important.

### Use your Tourist Information Centre

The South East's network of 74 Tourist Information Centres plays a vital role in promoting to both visitors and local residents. They can also be a great barometer of what customers are saying. Make sure your local Tourist Information Centre is familiar with your facilities and knows your availability.

### Ask the experts

Don't be afraid to ask for advice and keep up to date with any promotions being planned by Tourism South East, VisitBritain, VisitEngland and your local authority. Find their contact details at the end of this guide.



# 3. Beating the competition

In a recession tourism consumers will become more value-oriented and will seek benefits such as reliability. Moreover, satisfied customers cost less to service, are less price-sensitive and recommend you to others.

## Things to do today...

- Get involved in local networking groups
- Book a Welcome to Excellence customer care course with Tourism South East
- Book a free Business Review to understand your strengths and weaknesses as a leader

### Join a quality assurance scheme

As people have less money to spend they are thinking hard about what they buy and are looking for confirmation that the treat they are planning will be special.

Membership of a quality assurance scheme provides reassurance to your customers. There are a number of quality schemes open to tourism and hospitality businesses and Tourism South East runs free workshops on the quality schemes.

For more information visit [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)

### Keep an eye on the competition

Know who your competitors are – and if you don't, ask your customers. Customer review sites are a wonderful source of information about what your competitors are doing and what visitors think. Decide which businesses are better than you and make a plan to become better than them.

### 3. Beating the competition

#### Join networking groups

Woody Allen said, “80% of success is showing up”. Make time to go to networking events, voluntary groups, the occasional conference. Showing up is not just about being there, it is also about replying to emails, returning phone calls and reminding people that you are in business and ready to do business.

#### Assess your leadership skills

In tough times strong leadership will help your organisation succeed. Be honest with yourself and consider getting some help with developing your skills. You may be eligible for up to £1000 towards Leadership & Management development so call Business Link on 0845 600 9 006 to find out about available training. Read more about leadership skills at [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)

#### Focus on customer service

Raising the level of the customer service that you and your staff provide is increasingly being

recognised as the most important way to improve quality. Excellent customer service will be the key determinant in the ongoing success of tourism and hospitality businesses as we recover from recession.

The ability and willingness of customers to look elsewhere for better customer service is higher than ever before. Personal recommendations and repeat business will be the vital aspects for gaining a competitive edge in the tourism and hospitality sector.

Effective call handling, strong communication and interpersonal skills are essential to ensure that your customers stay loyal. The Welcome to Excellence suite of training courses offered by Tourism South East should be part of your business planning. Find out more about customer training courses at [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)

### 3. Beating the competition



#### **The Enchanted Manor**

Ric and Maggie Hilton, owners of The Enchanted Manor, place customer service high on the list of priorities and consequently were worthy recipients of a 2008 AA B&B Award and Tourism ExSEllence Award. Buying and restoring the unique hotel has been a labour of love peppered with pitfalls, which the couple's Business Link Adviser has helped them overcome.

“Together we've battled through the difficulties, and the results have exceeded our wildest expectations. We are now inundated with people coming to see – and share the joy of – our magical creation.”

Engaging your staff in changing the way the business works will also make them feel involved, motivate them and improve morale. A commitment to training and development will ensure your most valued people stay with you. Over 45% of staff say they would feel more motivated if their employer invested in their skills. (Research conducted on behalf of Learning & Skills Council, Dec 2007)

Working out training needs, researching courses, and finding the right providers in budget is a time-consuming process – Business Link can do this for you. Contact us now to find out what funding and support is available to help you train.

#### **Refurbish and invest**

Now could be a good time to refurbish if you have the funds and want to stay ahead of the competition. Many businesses are waiting for an upturn before they make capital purchases.

### 3. Beating the competition

If your business is cash rich, now could be a very good time to make major purchases while excellent deals are on the market.

To stimulate capital expenditure, the Government has extended its Capital Expenditure Allowance from April 2009. For more information contact your accountant or visit [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

#### Adapt your premises

With little or no cost you can make your premises into a disability-friendly environment giving you access to a wider market. For more information about this market, subsidised Access Audits, and support schemes visit [www.businesslink.gov.uk/southeast/hospitalityandtourism](http://www.businesslink.gov.uk/southeast/hospitalityandtourism)



#### Hooley Sha-Mooli

Joanna Brown recognised the importance of training when setting up her Southampton-based outside catering company Hooley Sha-Mooli.

Joanna took the Business Link Start-up workshop on book-keeping and the Women in Business course.

“These provided me with the initial tools and, most importantly, the necessary confidence to start up my business,” she said. Hooley Sha-Mooli has since gone on to win a three-year contract, an impressive achievement for a sole trader in a competitive market sector.

## 4. Useful contacts

Organisation	Tel no.	Website
<b>Tourism South East</b>	023 8062 5400	<a href="http://www.industry.visitsouth-eastengland.com">www.industry.visitsouth-eastengland.com</a>
<b>British Hospitality Association</b>	0207 404 7744	<a href="http://www.bha.org.uk">www.bha.org.uk</a>
<b>VisitBritain</b>	020 8846 9000	<a href="http://www.tourismtrade.org.uk">www.tourismtrade.org.uk</a> <a href="http://www.visitbritain.com">www.visitbritain.com</a> <a href="http://www.visitengland.com">www.visitengland.com</a>
• <b>VisitEngland</b>		
<b>Quality in Tourism</b>	0845 300 6996	<a href="http://www.qualityintourism.com">www.qualityintourism.com</a>
<b>Tourism Information Centres</b>		<a href="http://www.enjoyengland.com">www.enjoyengland.com</a> <a href="http://find-tic/south-east.aspx">find-tic/south-east.aspx</a>
<b>Institute of Hospitality</b>	020 8661 4900	<a href="http://www.instituteofhospitality.org">www.instituteofhospitality.org</a>
• <b>Hospitable Climates</b>		<a href="http://www.hospitableclimates.org.uk">www.hospitableclimates.org.uk</a>
<b>Institute of Travel and Tourism</b>	0870 770 7960	<a href="http://www.itt.co.uk">www.itt.co.uk</a>
<b>Green Tourism</b>	01738 632162	<a href="http://www.green-tourism.co.uk">www.green-tourism.co.uk</a>
<b>Tourism for All</b>	0845 124 9971	<a href="http://www.tourismforall.org.uk">www.tourismforall.org.uk</a>
<b>The Carbon Trust</b>	0800 085 2005	<a href="http://www.carbontrust.co.uk">www.carbontrust.co.uk</a>
<b>HMRC</b>		<a href="http://www.hmrc.gov.uk">www.hmrc.gov.uk</a>
• <b>Working for yourself</b>	0845 915 4515	
• <b>New Employers Helpline</b>	0845 607 0143	
• <b>Employers Helpline</b>	0845 714 3143	
• <b>VAT</b>	0845 010 9000	
<b>BIS – Department for Business Innovation &amp; Skills</b>	020 7215 5555 020 7215 5000	<a href="http://www.dius.gov.uk">www.dius.gov.uk</a> <a href="http://www.berr.gov.uk">www.berr.gov.uk</a>

# Working in the South East's interests...

Tourism South East is a partnership of the private sector and both local and regional government. As the strategic tourism body for the South East of England, our aim is to support and assist a competitive, growing, profitable and sustainable tourism industry in the region.

Our principal public funder is the South East England Development Agency along with a range of other private and public sector funding partners. As a membership organisation we lobby at national level as well as offering businesses a range of opportunities.

Here are just some of the membership benefits:

- Exclusive entry to regional marketing campaigns
- Great discounts from Barclaycard, BUPA, Argos, RAC and more
- Early access to the latest market intelligence and industry insights
- Priority participation in subsidised and free training courses
- Link in to regional network of tourism businesses and industry leaders



TOURISM  
SOUTH EAST

SEEDA  
SOUTH EAST  
ENGLAND  
DEVELOPMENT  
AGENCY  
Working for England's World Class Region



FIND OUT MORE BY VISITING:

[www.industry.visitsoutheastengland.com](http://www.industry.visitsoutheastengland.com)  
or contact [membership@tourismse.com](mailto:membership@tourismse.com)

# Contact us

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This guide has been produced in conjunction with:

**TOURISM**  
**SOUTH EAST**