



How well is your park performing?



It can be all too easy to constantly be immersed in the day-to-day running of your park, yet taking the time to step back from the minutiae and evaluate your business's performance is crucial to its future success – especially in times of economic difficulty.

Even if your park is operating successfully, you should ideally conduct a performance review on a regular basis. A thorough evaluation will not only highlight the strengths that will drive your business forward, it will also expose the weaknesses that may hinder its development. Listed below are some key areas to consider.

Your business objectives

As your park grows and develops, so you should reassess your business strategies. Where is the business now? Where is it going and how will it get there?

Revisiting your original business plan (every good business should have one) is a good place to start. This will help emphasise areas

where your business may have evolved since its fledgling stages and thus enable you to revise your strategy accordingly.

Failures and successes

As part of your business review, you should analyse both what has and has not worked for the park, and use this knowledge when planning for the future. Consider all the possible reasons for both the successes and failures of your park's services, which may include: park refurbishment; site services; pricing structures; marketing; or customer service. Also remember to take into account which services offer you the highest profit margins, as well as the highest sales levels.

Your financial position

It is essential to review your finances regularly, and to look for new ways to increase profitability and reduce overheads. This should include an analysis of your current methods of finance, sales income and expenditure, profit margins, cash flow and credit procedures.

Sales and marketing

A business review offers you the opportunity to stand back from the activity outlined in your plan and look again at factors such as: changes in your market; new and emerging services; changes in your residents' needs; external factors such as the current economic situation which is encouraging more holiday makers to stay in the UK this year and changes in competitor activity.

Evaluate your efficiency

An analysis of your park's efficiency can help to eliminate superfluous costs and improve the performance of your business. Check whether machinery and equipment are continuing to meet your needs, or whether it might be time for an upgrade. Likewise, consider improving the energy efficiency of your premises and equipment. Analyse your materials and suppliers and your internal procedures to ensure that they remain cost-effective. And finally, ensure that your staff are motivated and have the skills to move your business forward.

We can help you in all areas of business planning and are currently offering a free recession proof health check for businesses. Please contact us for more information or to book an appointment.

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Options for exit



You have worked very hard to build your business but know that ultimately it will be time for someone else to take over the reins. All business owners at some time or other will need to consider the most appropriate exit route to suit their own and their family's future financial needs.

This article gives a brief overview of the options for home and holiday park owners exiting their business and the strengths and pitfalls of each route.

There are three principal ways of exiting a business:

1. Trade sale
2. Management buy out
3. Passing the business down to family

Trade sale

A well run, profitable park could realise a large cash lump sum in a trade sale and in spite of the downturn we are still seeing activity in the holiday and home park market. Location and size are, of course, key factors in the valuation and attractiveness to purchasers of both holiday and home parks. Other issues that make parks appealing to potential buyers include:

- A sustainable income stream from pitch fees.

- A well maintained, secure site.
- Future development potential.

Bank funding may have become increasingly difficult to obtain, however, parks that are fairly priced, with good management information and accounting systems and which are well marketed are still selling.

Management buy out

If your park is run by a management team, then this is certainly an option worth consideration. Selling to the existing managers is often considered a good way of securing the future of the operation and that of its staff because the existing management team are a known quantity and the owner trusts them to look after the business. That said, in the current climate it may be tough for managers to raise the required level of finance and vendors might have to settle for less cash on completion with the balance paid as and when the business can afford it.

Passing the business down to family

Passing the business down to your family might satisfy your desire to create financial security for the next generation, however, it may not necessarily provide you with the level of income you would like in retirement.

If you are intending to pass your business to the next generation then think carefully about whether this is really the best solution for all involved. Are the children really ready to take on the family business, do they actually want to? Being clear about everyone's expectations before embarking on a handover can make the whole process smoother and avoid unnecessary confrontation and upset.

If family members are not yet ready to run the park effectively then the timescale for your exit may be considerably more prolonged than with the first two options discussed above.

This route has its own set of tax implications. If you don't wish to leave your family with complicated inheritance tax and capital gains tax liabilities then advance planning is essential.

Seek advice

Any exit from a business must take into account individual circumstances and aspirations. The need to ensure your financial security (and your family's) cannot be ignored. A well thought through plan, put into place early enough can ensure the maximum value of your business is realised, that the transition to new owners is smooth and that the amount of tax paid is minimised.

Moore and Smalley has extensive commercial experience and practical expertise in all areas of business succession and related taxation planning. We would welcome the opportunity to assist you in formulating a strategy suitable for your own requirements.

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How online marketing can grow your business

DAVID POLLARD, HEAD OF BUSINESS DEVELOPMENT AT TOUCH MARKETING & DESIGN OFFERS ADVICE ON HOW TO IMPROVE YOUR ONLINE MARKETING.

The internet is now the shortest way between you and your customers and nobody can afford to ignore the impact it can have. Online marketing isn't a new phenomenon but a proven, multi-billion pound industry.

With the increase in internet usage for home buying, leisure and travel planning, coupled with the surge of foreign visitors to the UK, it is now more important than ever to ensure online marketing helps grow your business.

In 2008, 38 per cent of all holiday accommodation in the UK was booked online (up 12 per cent on 2006) and by 2010, it is estimated that over 50 per cent of all bookings will be made online with a further third of bookings influenced by the internet.

Can your business afford not to have a comprehensive internet marketing strategy to take advantage of this shift in consumer behaviour?

Make internet marketing a top priority for the remainder of 2009 – in fact, if you can implement just five of the following tips, you will see an improvement in your impact online:

Freshness

If your site isn't fresh and up-to-date it's time to consider a re-design. If your site is over 12-months-old, a website refresh is due but if your site is over two-years-old, a full website re-design is critical.

Book online

For holiday parks, ensure you offer the ability to book online – most parks do but ensure it is quick, easy and offers a selection of payment methods.

Promote your location

Push the local area and the convenience of your park. Selling location as much as accommodation / housing is crucial and it also assists in improving search engine performance.

Promote local events

Promote your park as an ideal base for local attractions and special events so that people looking for these events will also find your park.

Photography

Dated or poor photography can have a negative effect on the consumer in this high choice market.

Show off your assets

Make a feature of the most impressive elements of your park, be it your pub/club, gardens or leisure facilities.

Let people know what they get

Listing all available services and amenities you offer can tip the balance if a potential guest / buyer is deciding between two competing parks. Simply stating inclusive bills, a 52 week license etc, could ensure they sign with you.

Website statistics

Use website statistics to measure visits to your site, its effectiveness and conversion rates.

The power of search

Ensure your website is optimised for search engines such as Google and also consider additional services such as pay per click advertising.

Web 2.0

Social media sites such as blogs, wikis, Facebook etc are a modern, free way to contribute to the web. They can widen your reach and increase brand exposure.

Collect data

If relevant, ask for contact details of all guests / prospective buyers so you can communicate regularly through targeted email or direct mail campaigns.

Contact details

A key but often forgotten tip - make sure contact details are on every page and that people can easily complete a feedback form or find your email / phone number.

For further advice you can contact David Pollard on 01254 602260 or email david@touchmarketing.co.uk



Revenue change of heart on goodwill

Buyers could reduce the amount of tax paid when buying a holiday or home park in future thanks to a recent change in policy by HM Revenue and Customs (HMRC).

The Oxford English Dictionary defines goodwill as the "established reputation of a business regarded as a quantifiable asset". In other words, when selling a park, the value placed on goodwill is a reflection of the hard work and investment put in by the vendor and is therefore an asset that holds some financial value.

Up until the end of January 2009 HMRC argued that goodwill did not exist and as such, has a backlog of appeals on the matter. Until now the sum agreed between seller and buyer for goodwill was apportioned to the property and so Stamp Duty Land Tax had to be paid on that amount.

The good news for potential purchasers

On January 30 ,2009, HMRC published a new practice note setting out a change of

policy on the matter. This complex document sets out how a business should be valued and how goodwill should be calculated. The pertinent point being that HMRC now accepts that when a trade related property business, such as a holiday or home park, is sold as a going concern the price can include some element of goodwill.

This change now means that Stamp Duty will not have to be paid on goodwill and significant tax savings can be made. However, it is still important to ensure that goodwill is valued realistically.



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