



Tourism Business Planning Guide

A guide to assist with the preparation of a
business plan

Alberta 

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Acknowledgement

This guide has been in existence since 1991 and has been through regular updates during this time.

This guide is designed as an aid to writing a business plan for an existing or prospective tourism project. This guide is not meant to stand on its own as a complete guide to writing a business plan but, rather, is meant to be used in conjunction with other information sources including those available through Alberta Tourism, Parks and Recreation (ATPR).

The guide serves merely as an information guide, and prospective developers are encouraged to undertake their own independent research and feasibility assessments to ascertain the viability of their specific projects.

The Tourism Business Planning Guide is part of a series of guidebooks prepared by Alberta Tourism, Parks and Recreation (ATPR). The other two documents are:

- **Tourism Development Guide**
- **Tourism Funding Sources Guide**

The three resources are meant to be used together. Web-based, DVD and hardcopy versions of these guides are available. Please refer to our website: www.tpr.alberta.ca for more information.

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Introduction

A Business Plan is a tool used by entrepreneurs and operators to logically and systematically plan all aspects of their business. Writing a business plan is an important step in the development of a successful business. There are several reasons why an existing or a prospective tourism operator should take time and effort to prepare a business plan.

- Completing a business plan enables you to determine whether or not your proposed tourism business will be both feasible and viable. To be feasible, a project must be possible and workable. A campground development might be feasible once the land is purchased and the development permits are secured. To be viable, a project must survive and be financially self-sufficient. A campground development might not be viable until a specified level of profit, return on investment and/or cash flow are demonstrated.
- Business plans are used by management to monitor progress and identify flaws in the business operation. You can assess the project's progress by comparing actual results to the projections contained in the business plan. The causes for any variances between projected versus actual performance can be identified and immediate action can be taken to correct the situation.
- Business plans are used when securing new or additional investment and financing for your tourism business. You should provide potential investors and lenders with a copy of your business plan.

In the absence of provincial grants for tourism businesses, it's even more important for entrepreneurs to ensure they have a well conceived concept for their business. As well, the concept must be properly documented in a business plan in order to capture the interest of lenders and/or investors.

This Tourism Business Planning Guide outlines twelve “tasks” to address as part of your business planning efforts.

When using this document to complete your business plan, it is important to consider the following:

- Each section of the guide builds on material presented in the previous section. It is recommended, therefore, that you complete each task in the order presented.
- Each task begins with a statement of purpose and some background information, followed by questions designed to lead you through the process of writing a business plan. The results of marketing research studies conducted for similar product experiences and geographical locations should be used in answering these questions. This is secondary research. Interviews with tourism industry experts can be another valuable source of information, as well as telephone or mail surveys that you may undertake (primary research).

Business planning is undertaken in an environment plagued with uncertainties. General economic conditions, consumer preferences and actions taken by the competitors, for example, cannot be predicted with 100% accuracy. Educated guesses or assumptions must be made when developing forecasts. Throughout the business plan, the underlying assumptions used in developing forecasts must be outlined for the reader.

To assist you in preparing your concept and business plan, a comprehensive list of contacts and information sources is provided in the appendices of the guide.



In the absence of provincial grants for tourism businesses, it's even more important for entrepreneurs to ensure they have a well conceived concept for their business. As well, the concept must be properly documented in a business plan in order to capture the interest of lenders and/or investors.

The Alberta Tourism Industry

Tourism is both an important and growing industry. It is becoming increasingly sophisticated, as evidenced by the varied segments and products that comprise the industry. The Canadian Tourism Commission reports that in 2007, tourism generated \$70.8 billion in tourism expenditures in Canada, which supported numerous large and small businesses. The importance of tourism to the Alberta economy is illustrated by the fact that in 2007, tourism expenditures accounted for \$5.64 billion, of which 53% was from Alberta residents, 22% from other Canadian provinces and 25% from international visitors. In Alberta the tourism industry employs over 111,000 people and attracts millions of visitors each year.

To encourage growth in this important industry, ATPR is committed to facilitating the profitability and sustainability of existing tourism operators, as well as the entry of new operators into the tourism sector. We encourage the development of new destinations and tourism products by positioning land for tourism development, providing assistance with the regulatory processes, encouraging a supportive policy environment, and actively promoting tourism investment in Alberta. We also encourage visitation to Alberta through the provision of tourism information and travel counseling.

The tourism industry is largely comprised of facilities, attractions and events designed to interest traveling Albertans and the many non-resident visitors who come to our province each year. It includes a transportation infrastructure capable of moving people efficiently from their place of residence or business to their desired destination. The common objective of both government and industry is to meet the needs and exceed the expectations of visitors through market driven tourism development.

The tourism industry must respond to the changing wants and needs of consumers and stakeholders, and operators must be responsive to trends. Successful business models today reflect a holistic approach to development and governance. With your business philosophy and model, consider the effect your concept may have on the environment and community, and what is your social obligation to positively work within these boundaries.

Tourism represents an area of significant business opportunity in Alberta. This planning guide is designed to help you formulate your tourism development plans, whether you are a for profit business, community or non-profit organization.

While reference is made to “tourism businesses” in this guidebook, the same basic business planning principals have relevance to communities and non-profit organizations undertaking tourism development projects (e.g. museums, interpretive centres).

ATPR – Overview

Alberta Tourism, Parks and Recreation - Tourism Division, offers services designed to facilitate tourism development. The programs and services are delivered through three Branches of the Department:

- Tourism Business Development, Research and Investment Branch
- Tourism Development Branch
- Tourism Services Branch

Information on the three Branches can be accessed through the website: www.tpr.alberta.ca.

Tourism Business Development, Research and Investment Branch

The Tourism Business Development, Research and Investment Branch is focused on the following business priorities:

Tourism Business Development

- Provide business information and advisory services to clients who are developing new or expanded tourism products, such as: hotels, resorts, golf courses, guest ranches, ski hills, ecotourism and tourism related events.
- Offer financial advice and facilitate client/entrepreneur access to capital.
- Guide clients through the regulatory processes involved in tourism development projects.
- Work with other government departments in an advocacy role to represent the interests of the tourism industry in key policy areas such as improved air access, development on Crown land and product development.
- Provide advice on tourism-related economic impact assessments.

Tourism Research

- Conducts research and provides timely, relevant information that enhances understanding of market and consumer trends. Also measures Alberta's tourism industry performance.

Tourism Investment

- Work with investors, developers, and the financial community to encourage and facilitate investor interest and involvement in Alberta's tourism industry.
- Assessment and linking of investor interests and financial resources with appropriate tourism investment opportunities.
- Maintain a database of domestic and foreign investor leads and key contacts. Organized site visits to review investment opportunities based on investor requirements and resources.

- Generate investor interest through investment attraction activities such as: the annual Tourism Investment Symposium, the tourism investment section of the Alberta Tourism, Parks and Recreation website, participation at key tourism investment conferences and events, and organizing tourism investment attraction missions.
- Proactively work with Alberta International Offices in Beijing, Tokyo, Hong Kong, Munich, Mexico City, Taipei, Seoul and London to distribute information on tourism investment opportunities in Alberta, with the goal of attracting foreign investment.
- Links to the Business Immigration Program within Alberta Employment and Immigration.



Tourism Development Branch

Resource Management and Development

- Work with federal and municipal jurisdictions and Alberta provincial departments to promote tourism as an appropriate use of public and private land.
- Work with industry stakeholders to develop and represent tourism positions during land and resource management policy, planning and implementation processes.
- Identify and position Crown land for future tourism development, including promoting the designation of land for sustainable tourism development.
- Provide industry with information on leasing of Crown land for tourism development through the Alberta Tourism Recreational Leasing (ATRL) process.
- Work with provincial land managers, municipalities and trail groups to encourage trail and recreational corridor development.
- Consult with Parks Canada on items of importance to Alberta's tourism industry.

Destination Development and Product Enhancement

- Work with Alberta municipal, not-for-profit, private sector and Aboriginal partners to identify, develop and position new tourism product lines and destinations.
- Supply expertise and information to tourism sector partners to support the development of new and expanded tourism products.
- Partner with the Canadian Tourism Commission, other provinces and territories on product development research and convey the results to our clients.
- Work with Parks Canada, Alberta Tourism, Parks and Recreation - Parks Division and Alberta Cultural Facilities and Historical Resources to encourage appropriate, quality tourism experiences at these important Alberta destinations.

ATPR encourages the development of new destinations and tourism products through positioning land for tourism development, providing assistance with the regulatory processes, encouraging a supportive policy environment and actively promoting tourism investment in Alberta.

Aboriginal Tourism

Aboriginal tourism is a sector of tourism that deals specifically with culturally reflective tourism activities by First Nations, Métis and Inuit people. Aboriginal tourism operators can range from an individual start-up entrepreneur, to a large community-based installation like a museum or cultural centre. Aboriginal tourism activities span a diverse spectrum from individual arts, to large events like pow-wows, gatherings or rodeos. Aboriginal cultural tourism can benefit all community members by:

- Protecting and providing opportunities for community members to connect to cultural practices in a manner that reflects honour and distinction.
- Encourages sharing local cultural perspectives with the rest of the world, while dispelling stereotypes of Aboriginal people.
- Allows for new partnerships with neighbours, businesses and governments.
- Provides wide ranging employment opportunities within the community that reflect and build on that community's cultural heritage.
- Gives specific skills development opportunities for support staff, front-line staff and management.

Tourism Services Branch

- Supporting Travel Alberta's tourism marketing efforts through the management of the Contact/Distribution Centre, Visitor Information Centres, and the Tourism Information System (TIS).
- Supporting community and regional visitor information centres through the Alberta Visitor Information Providers (AVIP) program.
- Providing tourism information and travel counseling to consumers.
- Providing training opportunities for visitor information centre travel counselors and managers.

Another important source of assistance available to a prospective developer is Travel Alberta Corporation. Travel Alberta is a legislated corporation that markets Alberta as a tourism destination regionally, nationally and internationally. Visit the Travel Alberta industry website, www.industry.travelalberta.com to learn about the marketing programs available to support tourism operators.

What's Unique about Tourism Development

Developing a tourism business differs significantly from developing a more typical retail or service operation. Some of the unique things about tourism development are:

- The target market is more difficult to define because it is subject to changing trends.
- Seasonality of demand. Peaks and troughs; high and low seasons.
- The weather. Weather is always unpredictable.
- The varying expectations of consumers.
- Longer-term market development. Very few new tourism businesses achieve maximum capacity usage in the first years of start-up.
- High fixed costs. Many tourism businesses have a high fixed cost component.
- Co-operative nature of competition. Because tourism businesses are often located in a tourism destination region, they often work collaboratively to promote their destination.
- Single use nature of assets. Accommodation facilities in particular have limited alternative uses for the asset.
- Highly capital intensive. Many tourism businesses require large up-front capital investment.

Tourism products are also extremely diverse. They may involve extensive land development and the construction of several buildings such as for a resort hotel. At the opposite end of the spectrum are those tourism businesses which own no land and few, if any, buildings (e.g. heli-skiing, river rafting and horseback riding operations). The scale of tourism developments is equally diverse, from a small owner operated boat rental outfit to a multi-million dollar four-season resort.

A final aspect that is unique to tourism development is that many developments take place in less accessible locations or less populated areas in order to take advantage of Alberta's scenic beauty. This means that a developer must often evaluate unusual access or servicing requirements. This guidebook will help you assess, plan and implement your tourism project.

Why a Business Plan is Needed

The first step towards establishing a viable tourism operation is planning. A clearly defined, properly researched and evaluated project has a much greater chance of success.

Here are some other benefits in developing your business plan:

- A business plan demonstrates your business idea is a viable concept, not only to yourself and your team but to others (lenders, investors, regulatory agencies, etc.).
- Demonstrates that your business is sustainable over a period of time and when the operation will reach break-even.
- Investors and lenders will want to see a business plan to understand your business and ask questions about areas that are of interest to them, particularly as it relates to target markets, management, debt repayment and return on investment.

- The information in your business plan will provide a basis for information that you need to supply to regulatory authorities for licenses, permits and approvals.
- Once your business plan is complete, you can evaluate and update it annually so it will remain an important and relevant management tool for your business.

The Role of the Business Plan in Funding Your Tourism Business

The summary of all your market and financial research will be encompassed in your business plan. The plan describes your business goals and the business concept in relation to local, regional and international tourism markets. It outlines the way in which you intend to finance and manage your project. It incorporates a detailed financial analysis, including cash flow forecasts, projected income statements and pro forma balance sheets. The business plan is the basis of your submission to lenders and investors; be sure to present estimates of future profitability based on research and sound assumptions. This plan is also your own guide to what you expect your business to achieve. It should contain:

- A **summary of your proposal**, the intended product/service and target market group(s), a description of industry trends, your competitive positioning, management highlights and the financing request at hand.
- A **description of your business goals/objectives**, anticipated sales volume, market share, visitor satisfaction, repeat visitation and/or other similar targets.
- A **marketing plan** that includes a description of products/services to be offered and an analysis of the market, trends, competition and identification of your target markets. It should also highlight your sales and promotional strategy. You may choose to do a more detailed marketing plan to supplement the business plan.
- A **financial plan**, that includes *projected income statements, cash flow statements and pro forma balance sheets* that provide detailed monthly operating forecasts for the first year of operation and annual forecasts for the next two to three years (includes opening balance sheet and statement of construction/start-up costs and sources of financing). A discussion of debt and equity financing sources and the corresponding ratio analysis are required. Include financial statements with previous year's balance sheets and income statements (for an existing business). May also include personal net worth statements of the shareholders.
- A **management plan** which will set out the organizational form and structure of the business. It should highlight the skills, experience and responsibilities of the management team. (This section should contain a discussion of the **developer's background** - who is involved, what other business ventures is he/she involved in and what is his/her track record in business).
- An **operations plan** discussing operational parameters such as hours of operation, insurance, risk management practices, cash/credit handling, procurement, staff training, etc.

- A **project schedule** covering government and financial approvals, construction period and preparation time before the development opens its doors.
- A **staffing plan** based upon detailed human resource requirements. Summarize duties, responsibilities and reporting relationships. You may choose to do a more detailed human resource plan to supplement the business plan.
- Your **environmental/green position**. Outline how you will address social and environment obligations in your area, such as volunteerism, recycling and alternative energy sources.
- A **critical risks and assumptions** analysis should outline your underlying assumptions in support of the business plan. The major risks facing your proposed business operation should also be summarized with contingency plans you will adopt to mitigate the negative impact of these risks.

Bottom Line: You need a well-conceived business concept that is both feasible and financially viable. Private investors and lenders will require a well prepared business plan to assess the merits of your project, and to determine whether they are interested in considering financing for your business.

For additional information on funding, please refer to **Tourism Funding Sources Guide** available through ATPR at: www.tpr.alberta.ca

Detailed examples and worksheets for business plans can be obtained from The Business Link (Canada-Alberta Business Service Centres): www.canadabusiness.ab.ca or 1-800-272-9675

You can also find an interactive business plan at: www.canadabusiness.ca/ibp



Private investors and lenders will require a well prepared business plan to assess the merits of your project, and to determine whether they are interested in considering financing for your business.

Business Plan Presentation Tips and Organization

The final draft of your business plan should be organized as follows:

- Title Page
 - 1) Table of Contents
 - 2) Executive Summary
 - 3) The Company

- a) Goals and Objectives
- b) Products and Services
- c) Management Team
- d) Human Resource Plan
- 4) Industry and Market Analysis
- 5) Project Schedule
- 6) Operations Plan
- 7) Green Plan
- 8) Marketing Plan
- 9) Financial Plan and Projections
- 10) Critical Risks and Assumptions
- 11) Appendices

Your business plan should be a maximum of thirty pages in length. Background and supplementary materials should be located in appendices. Appendices may include photographs, site plans, appraisals, permits, resumes of key employees, personal financial statements, organizational charts, market analysis data, letters of intent and legal agreements.

Each section should start on a new page. Use words that are familiar and concrete so that readers can read at their normal pace. Avoid vague or abstract words, which are open to interpretation. Be careful with abbreviations and acronyms, be sure to define them in your document, if you decide to use them. The style should be direct, brisk and relaxed. Writers who are brief are perceived to be more decisive and confident than those who are verbose.

Ensure that your project is presented in the best possible manner. Be positive: highlight the strong points and downplay the weaker ones. Ignoring weaknesses is not recommended, as this gives the reader the impression that you don't have the capacity to identify shortcomings. Describe the weaknesses and critical risks that you have identified and immediately afterward, outline the steps that you will take to minimize their effects.

It will take more than one draft to produce a satisfactory product. When reviewing your drafts, edit for the following:

- **Content**

Is the document complete and accurate? Are the points adequately developed? Is all non-essential supplementary information included in the appendices?

- **Organization**

Are the ideas presented logically?

- **Style and Tone**

Is the tone and language used appropriate for a business document?

- **Mechanics**

Is the document free of grammar, spelling and punctuation mistakes?

- **Consistency**

Is the style consistent throughout? Is the information presented in the financial section, for example, consistent with that presented in the marketing section?

- **Footnotes/References**

Do you support statements about the industry and market with credible third party sources? (e.g. tourism statistics from ATPR, citing an interview with an industry association representative).

Understanding the Funding Sources You Approach

Business plans are used when sourcing and securing additional funding from lenders and investors. The presentation of a comprehensive business plan instills a sense of confidence in the lender and/or investor's mind.

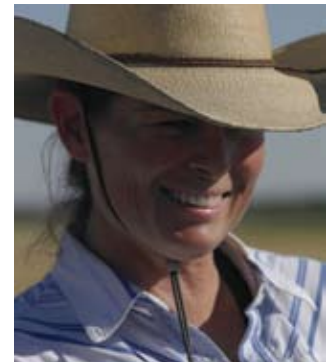
Investors may take an equity position in a business venture offering an attractive rate of return; however these same investors may wish to be involved in the management of the business. The prospective investor will rigorously evaluate the abilities of the management team, the financial strength of the company structure and principals, and the commercial viability of the project as to the risk factors portrayed in the projected financial statements.

On the other hand, banks lend money (rather than invest it), are risk adverse, and are primarily concerned with repayment of loans. Lenders rarely become involved in the management of the company.

Understanding how a lender conducts business will assist you in preparing your loan application. When considering a loan proposal, lenders undertake a risk assessment while taking the following areas into consideration:

- **Length of time in business**

Because the majority of small-business failures have traditionally occurred during the first few years of business, lenders consider start-up and young companies to be riskier clients than established firms.



In seeking active investors (venture capital) for a project, look first within the industry. They will understand the industry and have knowledge of networks and contacts.

- **Industry**

Industries characterized by low profit margins, high bankruptcy rates, intense competition, cyclical and/or seasonal businesses, and frequent technological changes are perceived to have more risk.

- **Management**

The depth and experience of the management team, including specific skills required to efficiently and effectively run a successful company, are of prime importance to all lenders.

- **Equity**

The level of financial commitment made by the owners is another major component of the lenders' risk assessment. Generally, the higher the equity, the lower the risk for the lender.

- **Collateral**

The amount and type of security available to the lender is a determinant of risk. Lenders look for both a primary and secondary source of repayment for loans. The primary source of repayment is the cash generated from normal business operations. Secondary sources of repayment would include the sale of fixed assets (such as equipment) or personal resources of the owners and would be relied upon in the event that loans cannot be repaid from the primary source of repayment. In order to secure a secondary source of repayment, lenders require collateral for loans.

Lenders are bound by lending guidelines established by their organizations. However, they do have a considerable degree of flexibility in the terms and conditions of the loans that they approve. Beyond the requirement for security over the assets being financed and, in most cases, a personal guarantee from the owners, all terms and conditions of the loan package are negotiable. Levels of service, specific loan requirements and attitudes towards specific lending situations vary among lending institutions.

Investigate the products and services offered by several banks, trust companies and other lending institutions prior to making commitments.

The remainder of this guide outlines twelve tasks that will facilitate the completion of a business plan for your tourism business.

- Task 1: Conduct Initial Market Research
- Task 2: Develop Goals and Objectives
- Task 3: Develop an Organizational Form and Human Resource Plan
- Task 4: Develop a Project Schedule
- Task 5: Develop an Operations Plan
- Task 6: Develop a Marketing Plan
- Task 7: Develop a Green Plan
- Task 8: Develop a Financial Plan
- Task 9: Assess the Project's Viability
- Task 10: Outline Critical Risks and Assumptions
- Task 11: Write an Executive Summary
- Task 12: Edit and Organize the Business Plan

Business Planning Tasks

Task #1 - Conduct Initial Market Research

The purpose of this task is to establish a clear understanding of the following:

- your proposed product experience
- your potential customers
- your business environment

Consumers make purchases to satisfy needs and wants. Successful businesses design their products to meet these requirements and then describe and market these products as being able to fulfill consumers' needs and wants. A service or facility can be successfully positioned in the marketplace by offering benefits that are important to a particular customer group and yet different from those benefits offered by competitors.

Most consumer purchases are for tangible products (cars, shoes) or specific services (haircuts, medical care). While tourists do purchase products (souvenirs, meals) and services (transportation, entertainment), their major purchase is that of an experience. Because the tourist's primary motivation is to acquire an experience, you must describe your product, customers and competition in terms of the experience being provided.

Marketing research is the systematic gathering, recording and analyzing of data about problems and opportunities relating to the marketing function. Research is designed to provide useful information and it can range from a series of short phone calls to hundreds of hours analyzing technical information.

The following five steps should be undertaken when conducting your marketing research:

1. Clearly define the problem to be researched and establish the need for information

Market research costs money. There must be a high probability that the value of the information obtained will justify the costs incurred. The costs of research generally increase with both the amount of information gathered and its availability. The value of research, however, is related to the proportion of information, which is useful in solving the problem.

2. Determine sources of data

There are two types of data: primary data and secondary data. Primary data are collected directly from customers, wholesalers, salespeople and/or competitors.



Personal interviews, telephone surveys, mail surveys and panel or focus group interviews are all examples of survey research methods.

Often, much of the data required already exists in an acceptable form and merely has to be located and analyzed. This secondary data may be found in company records (sales reports, advertising expenditures), from competitive and complementary enterprises (historical occupancy rates, special studies) or through other organizations (ATPR, consulting firms, academic studies). Because secondary data was collected for a variety of reasons and under a variety of conditions, it must be evaluated for relevance, impartiality, validity and reliability.

3. Design research strategy and collect data

Examine all internal company records and exhaust all sources of secondary data prior to conducting primary research. Primary data can be collected using the following three methods:

direct observation

The actions and response of customers and competitors can be observed without actually controlling or manipulating their behaviors (e.g. observe customer movements, record sales techniques of competitors).

experimentation

Selected changes can be introduced into a controlled environment to determine their effects on consumer or competitor behavior (e.g. measure the impact of an ad campaign on sales, record the reactions of competitors to price changes).

surveys

Survey research involves interviewing a target group, such as potential customers, in order to obtain the desired data. Personal interviews, telephone surveys, mail surveys and panel or focus group interviews are all examples of survey research methods. Normally a questionnaire is used to systematically collect the desired data. Additional information on the design of surveys should be obtained prior to conducting survey research (e.g. post-departure surveys designed to measure customer satisfaction, feedback forms included in newsletters). Special Note: You can obtain travel related reports and statistics at ATPR's web site at: www.tpr.alberta.ca

4. Analyze data

Process and analyze data to generate useful information for decision-making purposes.

5. Develop conclusions

Develop conclusions from the analyzed data and use this information to make informed decisions.

Define the Project

- What are the components of your tourism business (e.g. is it a 70 site campground complete with boat docking facilities, restaurant and mini-golf or a historical museum with no other amenities)?
- What additional services will you offer (e.g. guided tours, skiing lessons, centralized reservation system)?
- What other facilities and infrastructure will need to be in place for your project to succeed (local housing for staff, medical and financial services, upgraded access road)?
- What unique product experience(s) will you provide to the consumer?

Determine Demand

How many? When do they come? Who are they? Where do they come from? What are their needs and wants? What is the nature of the demand for your tourism business?

Not everyone will be your customer. Your product experience will attract only a portion or segment of the total population. Those individuals within the population or market segments that have the greatest potential must be identified and their characteristics well defined. This information will be used to:

- project the demand for your product.
- develop a marketing strategy to actively target these segments and convince them to become your customers. When answering the following questions, state the sources used in deriving your estimates, e.g. publications of ATPR, telephone survey, historical occupancy rates.

How many? When do they come?

- How many tourists travel in the vicinity of your proposed site? What are the seasonal variations in this travel? What changes have there been in these travel patterns over the past few years? What are the projected trends for this travel?
- How many tourists purchase similar product experiences in other geographical areas? What are the historical and projected trends for these purchases?

Who are they? Where do they come from?

Tourists can be described by their geographic, demographic and psychographic characteristics.

Geographic - rural or urban; local, regional, national or international

Demographic - age; sex; marital status; family size; income; race; religion; occupation; education; social class

Psychographic - adventure seekers; status oriented; price conscious; decision maker; environmentally conscious

- What are the historic, current and projected characteristics of tourists currently visiting your area?
- What are the historic, current and projected characteristics of tourists purchasing similar product experiences? Do these differ from those tourists that currently visit your area?

What are their needs and wants?

- What experiences are being sought by tourists currently visiting your area? What trends have occurred during recent years and what are the projected trends?
- What experiences do tourists purchasing similar product experiences want? What are the historic and projected trends?

What is the nature of the demand for your tourism business?

- What are your primary and secondary target markets?
- What percentage of these market segments can you reasonably expect to attract? How will these change as your business becomes more established?
- What are the spending patterns of your potential customers? How much do they spend and what do they spend it on? How sensitive are they to price increases or decreases?
- Will you be able to develop sufficient demand for off seasons or will you scale down or close operations during these periods?



Research is designed to provide useful information and it can range from a series of short phone calls to hundreds of hours analyzing technical information.

- What is the demand for your product experience during the first three years of operation? List the assumptions that you have made in making these projections.
- Is the project feasible or do you need to revise certain aspects of the initial proposal in light of this demand analysis?

Analyze the Business Environment and Competition

- Does the local community support tourism in general and your proposal in particular? How will you secure and maintain support from local residents, businesses and municipal officials?
- Does your proposal fit within existing bylaws and other planning regulations? If not, what is the probability that these regulations can be amended in order for your proposal to proceed?
- What local, regional or international interest groups will be concerned with your proposal? Are there any potential environmental, legal, human rights or quality of life issues that may be raised in connection with your business? If so, how do you intend to deal with these issues?
- What other outside influences will affect the viability of your business (e.g. general state of the economy, gas prices, interest rates, taxation levels, consumer preferences, level of airline service to your area, legislation, scarce resources, political factors)?
- What complementary facilities exist in the immediate area (e.g. hotel, restaurants and service stations)? What are the capacities of these facilities? Will they be sufficient to serve the volume of tourists that you will be attracting to the area?
- What is the nature of your competition? Do they have an established reputation in the marketplace? How many are there? What are the features of their product experiences? What are their prices? How do they promote their products? How does the customer find out about their products (e.g. word of mouth, internet research, tourism guides)? What market segments are they targeting? Are they new ventures or well-established businesses? How successful are these competitors?
- Are there any similar projects planned or proposed for the area in the near future?
- How will you differentiate your product experience from those of your competition? Can you differentiate on the basis of price or product characteristics?
- What are the distinct advantages and disadvantages of your product versus those of your competition? What assumptions have you used in this analysis?
- What aspects of your proposed business need to change as a result of this analysis of your business environment and your competition?

After completing your initial market research, do you still feel that your original proposal is feasible? If so, proceed to: **Task #2 - Develop Goals and Objectives**

Task #2 - Develop Goals and Objectives

The purpose of this task is to:

- establish realistic, achievable goals and objectives for your tourism business
- assess the feasibility of your project in relation to stated goals and objectives

The terms “goals” and “objectives” are often used synonymously. However, there is a subtle difference in meaning. Goals are long-term, open-ended results which a business seeks to achieve. Objectives are immediate-term targets to be achieved within a specific time frame. Outlined below are examples of business goals and some of the objectives necessary to achieve them.

Goal	Objective
<i>Maximize Profits</i>	<ul style="list-style-type: none"> • Increase sales by 10% per annum. • Maintain expenses at 2009 levels.
<i>Minimize Environmental Impacts</i>	<ul style="list-style-type: none"> • Reduce waste by 15% in 2009 and 10% in 2010. • Increase use of recycled paper products starting in 2010.
<i>Increase Customer Satisfaction</i>	<ul style="list-style-type: none"> • Reduce staff turnover by 20% this year. • Match competitor’s price for boat rentals immediately.

- What are your business goals and objectives?
- Are any of these goals and objectives contradictory? Can you maximize profits and minimize environmental impacts at the same time?
- Are these goals and objectives consistent with your personal goals and objectives?

Your goals and objectives should be specific, measurable and realistic. Once you have completed the first draft of your business plan, assess the viability of your project given your stated goals and objectives. Make the following decision:

Should I:

- proceed with the proposal in its present form;
- revise my project in order to achieve my goals and objectives; or,
- abandon the venture, choose another career and invest my savings where they can earn a more acceptable rate of return?

Task #3 - Develop an Organizational Form and Human Resource Plan

The purpose of this task is to:

- establish a legal business form or entity for your business
- establish a human resource strategy for your venture

Develop An Organizational Form

There are several types of business organizations, including the following:

- sole proprietorships
- partnerships
- co-operatives
- limited companies
- not-for-profit organizations

If you are not familiar with the advantages and disadvantages of these various types of business organizations you should seek additional information. Refer to The Business Link at: www.canadabusiness.ab.ca or calling toll-free 1-800-272-9675 for information on business structures. You may require the assistance of a lawyer or an accountant to determine the entity which best suits your needs from a legal and tax perspective.

- Which organizational form are you considering for your proposed tourism project?
- What was your rationale for choosing this particular organizational form?
- What are the advantages and disadvantages of this organizational form?
- Do you have plans to change your business form as the enterprise grows?
- What is the ownership structure of your business?
- Will the business form chosen be acceptable to lenders or investors?
- What are the costs associated with registering and establishing your business?
- What are the annual costs associated with maintaining the status of your business?

Develop a Human Resource Plan

Human resource requirements must be considered in the early stages of writing a business plan. Tourism businesses are service-oriented businesses. Success depends on their ability to provide excellent service. Most tourism enterprises are labour intensive, and as a result, personnel costs are significant. One of the problems that tourism operators encounter, particularly in rural areas, is a lack of experienced staff. Attracting, training and retaining quality employees is an ongoing challenge for tourism operators.

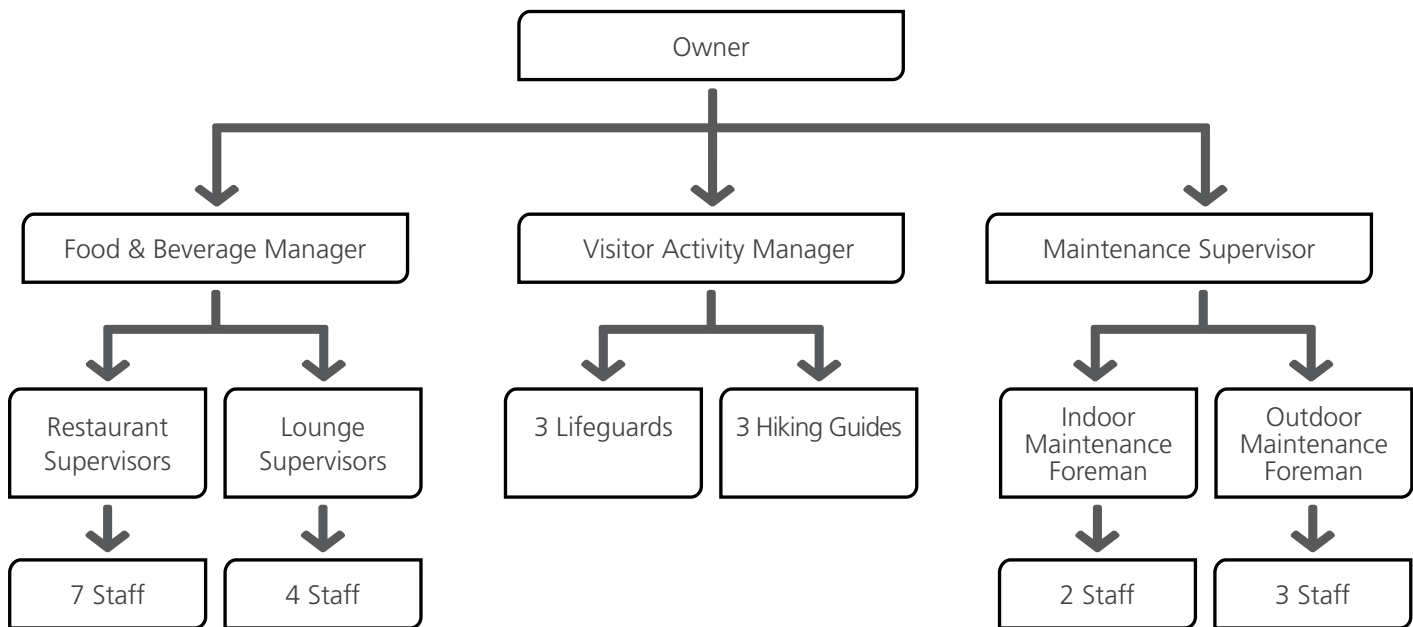
A sound human resource plan should include strategies for the following:

Planning Human Resource Requirements

Planning and forecasting the organization's short-term and long-term needs should be based on the goals and objectives established in Task #2 and be consistent with the project schedule, operations, marketing and financial plans developed in Tasks #4, #5, #6 and #8. Amendments to previous steps, in light of the analysis conducted in later steps, is an integral part of the process of writing a business plan.

Organizational charts are used in determining staffing requirements. An example of an organizational chart for a sole proprietorship appears below:

Organizational Chart For A Sole Proprietorship



Job descriptions are written statements delineating the tasks, duties, activities and desired outcomes associated with a given job. Many job descriptions include job specifications such as skills, training or attributes required as well as information about hours of work, salary and other benefits. Job descriptions should be established for each staff and management position. An example of a simple job description appears on the following page.

Staff Requirements

Position _____ Number of Staff Needed in this Position _____

Job Responsibilities _____

Work and Educational Experience Required _____

Work Experience _____

Education Required _____

Hours of Work
Days _____
Working Hours
Number of _____
Hours Per Week _____

Salary Range _____

Benefits _____

Paid Holidays _____

Other Time Off Allowed
(e.g. sick time, overtime, etc.) _____



Success depends on you and your staff's ability to provide excellent service. The best people will make a difference to your bottom line, helping to raise your service and quality level.

Staffing the Organization

Recruitment and selection procedures must be based on job-related standards. All selection criteria used must be related to job performance and result in a match between candidate ability and the abilities required by the job. Avoiding discrimination and other violations of laws and regulations is obviously an essential requirement of recruitment and selection procedures.

Orientation and training of new employees are designed to reduce turnover, clarify roles, responsibilities and expectations, and provide an understanding of goals, objectives and values held by both the employees and the organization.

Appraising and Compensating Employees

Once employees are on the job, it becomes necessary to assess performance and implement compensation policies. If employees are not performing well, it becomes necessary to determine if expectations or the reward structure need to be changed, if training is required or if disciplinary action is needed.

Training and Developing Employees

Training and development activities range from providing training for specific skills such as bartending to assisting with career planning. Both training and development initiatives are designed to increase the abilities of employees in order to enhance employee performance and satisfaction.

Improving and Analyzing the Organizational Environment

Analyzing the work environment through observation, interviews, surveys and education is used to improve the physical/sociopsychological work environment and evaluate existing human resource policies and procedures.

A separate section on the background of your management team should be included in your business plan. Highlight those educational and work related achievements which relate directly to your existing or proposed tourism business. Include pertinent information on accountants, lawyers, consultants and other professionals who will be used to supplement management's skills. Detailed resumes and personal financial statements of owners and management may be required by lenders or investors. These should be included in an appendix or provided separately upon request.

Use the following questions in developing your human resource plan:

- How many staff members do you need in total? How many of these are full-time, part-time, seasonal, supervisors and office staff? How are these requirements projected to change over the next three years?
- What are the skills, training and education requirements for each of these positions?
- What other qualities are required or desired for each position? (e.g. you may determine that required qualities for waitresses and waiters are an outgoing personality, ability to perform well in a fast-paced environment and desire to work directly with the public, while your maintenance supervisor requires a mechanical aptitude and strong problem solving skills).
- Will the local job market be sufficient for all of your staffing needs? If not, how do you plan to attract personnel from other locations?
- How will you recruit staff (newspaper ads, family members, college campuses)? What are the costs associated with recruitment?
- Does the local community have adequate housing, transportation, medical, financial, educational and recreational facilities for your employees (remember to include the needs of family members)? If not, how will you ensure that staff remain employed with you?
- How will you provide employees with an orientation to the organization's goals, objectives and values as well as their specific roles and responsibilities?
- How will you evaluate employee performance? How often will employees be evaluated both informally and formally?
- How will you compensate your employees (salary, hourly wage, profit sharing, bonuses, staff discounts)?
- What training and development policies will you implement?
- What career opportunities will you offer your employees?
- What are the strengths and weaknesses of your staff? What are your own strengths and weaknesses?
- What outside expertise will you use (e.g. accountants, lawyers, consultants)?
- What is the annual cost of salaries and other compensation for your employees? What are your costs associated with recruitment, training and development? What salary will you be drawing? What are the total human resource costs?
- What aspects of your original proposal need to be modified as a result of completing this action step?

After completing your human resource plan, do you still feel that your project is feasible? If so, proceed to: **Task #4 - Develop a Project Schedule**

Task #4 - Develop a Project Schedule

The purpose of this task is to establish a timed plan or project schedule for your proposed tourism business.

Starting a new business is a complex task. It is not enough to simply set the completion and opening dates for your tourism business. Because all components of the project are inter-related, intermediate check points for each stage of development must also be established. Continually monitoring progress will minimize cost overruns and ensure that your project is completed on time.

A continual comparison of progress versus cost versus technical performance is essential to sound control of project operations.

Gantt charts are a basic planning tool for setting these checkpoints. Each activity or component is assigned a block of time for completion and is monitored within that segment. The start and completion of each activity is time-related to the other functions to be performed. Progress can be monitored easily allowing for quick responses when corrective action is required. An example of a Gantt chart follows on the next page.

After you have completed your project schedule, do you still feel that your project is feasible? If so, proceed to: **Task #5 - Develop an Operations Plan**



A continual comparison of progress versus cost versus technical performance is essential to sound control of project operations.

ACTIVITY	YEAR ONE												YEAR TWO											
	MONTH												MONTH											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Business Plan:																								
Define Project – Market Research																								
Develop Goals & Objectives																								
Form Legal Entity																								
Develop Human Resource Plan																								
Develop Site Plan																								
Develop Financial Plan																								
Develop Marketing Plan																								
Source Capital Financing																								
Assess Viability																								
Development:																								
Secure Site																								
Obtain Development Approvals																								
Secure Financing																								
Start Construction																								
Implementation:																								
Secure Staffing																								
Complete Construction																								
Advertise																								
Commence Operations																								

Task #5 - Develop an Operations Plan

The purpose of this task is to describe the physical necessities of your business operation, such as the physical location of your business, facilities and equipment that you require.

The operations plan may also include information about inventory requirements, suppliers and partnerships/alliances.

Consider the following questions in developing your operations plan:

- What outside expertise will you use (e.g. accountants, lawyers, consultants)?
- Hours of operation: Outline what days of the week you will be open. Is the business seasonal?
- Insurance: List the types of insurance your business has. Include both property and liability insurance.
- Risk management practices: How do you plan on mitigating risks such as an unexpected change in the weather or if a customer is injured?
- Cash/credit handling: Will you be accepting all of the major credit cards? Will you accept debit cards? Cheques? Cash?
- Procurement: What will your buying policy be with your suppliers?

After completing your operations plan, do you still feel that your project is feasible? If so, proceed to: **Task #6 - Develop a Marketing Plan**



Task #6 - Develop a Marketing Plan

The purpose of this task is to:

- complete a comprehensive marketing plan for your tourism business
- project the costs associated with your marketing efforts and project sales revenues

Marketing is often cited as a major factor separating successful from unsuccessful businesses. Successful companies are those that make the customer the focal point for all basic business-planning and decision-making. Objectives should be established and the business operated with the sole purpose of making and selling what the customer wants, in the way they want it, when and where they want it, and at the price that they are willing to pay for it. This is especially important for tourism businesses as the experience is so often the product.

A marketing plan or marketing strategy integrates all your great ideas and relates them to the goals and objectives of the company, its strengths and weaknesses, the way in which the customer buys, the nature of the competition and the company's resources.

A marketing plan is designed to provide the following:

- a set of marketing and financial objectives for a specified time period.
- the marketing activities necessary to meet these objectives.
- a detailed plan of action to put the program into effect.
- contingency or alternative plans in the event that the marketing environment or the firm's resources change.
- procedures for monitoring and evaluating results.

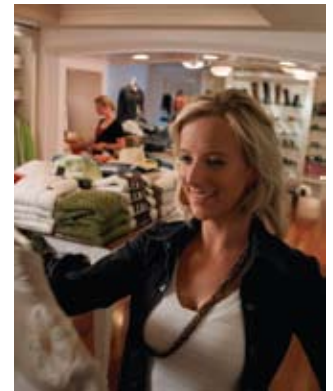
To develop a marketing plan or strategy, follow these steps:

Select Your Target Markets

In **Task #1 - Initial Market Research**, you selected your primary and secondary target markets based on your analysis of customer's needs and purchasing behavior. Ensure that you have selected the appropriate target markets in light of the additional analysis that you have done on the business environment and your competition.

Establish A Marketing Program

Tourism businesses often refer to eight elements of a marketing program: product, price, promotion, partnerships, place, packaging, programming and people. These are often referred to as the "marketing mix".



A marketing plan or marketing strategy integrates all your great ideas and relates them to the goals and objectives of the company, its strengths and weaknesses, the way in which the customer buys, the nature of the competition and the company's resources.

- **Product**

In **Task #1 - Initial Market Research**, you defined your product in terms of the product experience(s) provided to the customer. Refinements should now be made to the initial product concept in light of your analysis of customer needs, the business environment, your competition, your goals and objectives, and your human resource plan. Limit the number of products offered to those that can be effectively managed given your financial, marketing, and human resource capacities.

- **Price**

Pricing methods contribute directly to the success or failure of a business. Price must be set high enough to cover expenses and generate an adequate rate of return, yet low enough to stimulate purchases and prevent competitors from increasing their market share by undercutting your price. There are a variety of pricing methods and strategies that can be used by a tourism business.

Many consumers fall back on price as the best indicator of quality. Price is easy to determine, and it ties in with the belief that you get what you pay for.

Different prices can be charged for different market segments (e.g. seniors) and for use of the product at different times (e.g. off-season).

- **Promotion**

To generate more than just walk-in sales, you must develop an effective program of communication and promotion of your product. The selection of promotional forms which will reach the greatest portion of your target markets at the lowest cost is critical. Use the results of your market research to determine which forms of promotion and advertising will effectively reach your target market.

Many purchases take several months or more from the point where the idea first occurred, to an active search for choices, and even more months before the purchase is made. The timing of your promotional activities should ensure that information about your product reaches potential customers when they are evaluating choices.

Word-of-mouth advertising is by far the least expensive and most effective promotional tool. Encourage satisfied customers to tell their friends and relatives about their experience with your product/service.

- **Partnerships**

Co-operative promotional efforts involving specific complementary tourism businesses and/or the establishment of destination marketing consortia can be very effective. Such ventures benefit from pooling of marketing resources and allow for packaging of tourism product experiences which appeal to specific target markets.

- **Place**

For many tourism businesses, the physical site is an integral part of the product experience being offered to the consumer. Hours and days of operation should relate

directly to the customer's needs and wants. Many tourism businesses are reliant on the internet to communicate information regarding their location. Ensure your website communicates to your target market.

- **Packaging**

A popular business strategy is to package your offering with other complementary products that create value-added experiences for specific target markets. Customers are looking at tourism packages as a convenient and cost saving way for purchasing holiday vacations or business travel.

Packaging can enhance your market appeal resulting in new business, lower marketing costs and additional profits. Typical packages may include a combination of transportation, accommodation, food and beverage, attractions, events and entertainment. Many tourism businesses develop packages with other complementary services or products in their region.

- **Programming**

Programming can enhance your product experience by adding activities that are innovative, experiential, and provide a learning opportunity for your customers. Programs can be developed in-house to complement your offering or through partnering with other tourism operators.

- **People**

Success depends on you and your staff's ability to provide excellent service. The best people will make a difference to your bottom line, helping to raise your service and quality level. It is important to share your customer service philosophy with all staff members. Laying out this foundation provides a clear guideline of performance, and it sets the foundation for delivering exceptional customer experiences.

Outline contingency plans for your product, price, promotion, partnerships, place, packaging, programming and people, and establish which plans will be adopted if your goals and objectives are not being met, if your competition significantly alters their marketing strategy or if a measurable change in consumer behaviour is identified.



It is important to share your customer service philosophy with all staff members. Laying out this foundation provides a clear guideline of performance, and it sets the foundation for delivering exceptional customer experiences.

Establish Sales Projections

In **Task #1 - Conduct Initial Market Research**, you established the demand for your product experience. Use this information and the prices established in this section to project sales revenue for each of the next three years of operation. Projections should be made on a monthly basis and should be completed for each separate product experience. For each product line, indicate the total number of units to be sold, the price per unit and the total corresponding revenue on a monthly basis.

The assumptions used in making these projections should be stated clearly. (e.g. in the case of a fixed roof accommodation facility, you would show the total room nights available for sale, the projected occupancy, the room rate and total revenue on a monthly basis. The projected occupancy rate should tie back to your market research). The results of this step will be used in **Task #8 - Develop a Financial Plan**

Monitor Results

Even sound marketing plans are at risk. Poor implementation is one reason for failure. Unforeseen events such as changes in consumer preferences, a downturn in the economy, changes in the weather or technological changes can also effect your ability to achieve your marketing goals. You must continually monitor results against established goals and objectives. Inadequate financing (i.e. working capital) can also lead to failure in your ability to implement your marketing plan.

Determine how you are going to monitor marketing activities before you open for business. One of the best sources of information are your customers themselves. Ask them what they liked, what they didn't like and what additional services or products they wish to see added to your tourism business. Answers to these questions will allow you to assess all of the components of your marketing plan. By asking your customers how they came to hear of your tourism business (e.g. brochure, television advertising, friends, website, etc.), you can begin an evaluation of the effectiveness of your promotional tools.

By encouraging feedback from your customers, you will learn more about their needs and wants. This knowledge will assist you in developing a better product experience. Keep track of these responses and compare them to your marketing goals. You should also compare the results of your marketing efforts to the costs incurred.

Take Corrective Action

To remain competitive, you must implement contingency plans immediately, if desired results are not being met.

To remain competitive over the long term, you should incorporate marketing research as an integral part of your marketing plan. Marketing research is designed to solve or anticipate marketing problems, thereby increasing the efficiency and effectiveness of

your business. Marketing research can be used to help identify a new market for an existing product experience, help develop or improve product characteristics, determine unique/important characteristics of specific target markets, help decide how a product experience should be presented to potential customers (positioning), reveal the attributes and characteristics of a product experience that appeal most to your customers, analyze the effectiveness of a consortium advertising campaign, assess the reputation or image of your company and its product experiences, determine the impact of a change in pricing strategy, and predict the impact of a new competitor entering the marketing place.

Answer the following questions prior to completing your marketing plan:

- What are your primary and secondary target markets?
- What product experiences will you be offering?
- How will you differentiate your product from those of your competitors?
- What are the elements of your pricing strategy?
- Which promotional tools will you use in marketing your product? In what joint marketing efforts will you engage in?
- Where will your product experience be located? What hours and days will you be open?
- Who would make good partners in your area to offer a variety of different packages to your customers?
- What are your sales projections? What assumptions have you used in making these projections?
- How will you monitor marketing results?
- What are your contingency plans?
- What on-going marketing research activities will you undertake?
- What are your annual costs?
- Who will be responsible for the marketing function?
- What aspects of your proposed business needs to be changed as a result of the development of your marketing plan?
- What are the strengths and weaknesses of your marketing plan?
- What are the strengths and weaknesses of your competition?

After completing your marketing plan, do you still feel that your project is feasible? If so, proceed to: **Task #7 - Develop a Green Plan**

Task #7 - Develop a Green Plan

The purpose of this task is to develop a green or sustainable tourism plan for your business.

With a focus on the environment, how we protect it and our social obligations in a community, a green plan for tourism businesses makes good sense and is an opportunity to outline your sustainable tourism practices. Developing and implementing a successful green plan can have a very positive affect on your bottom line.

In the green plan section of your business plan, outline how you will address social and environment obligations in your area, such as volunteerism, recycling and alternative energy sources.

Savings in energy consumption, water use, and waste handling can amount to thousands of dollars annually. There are simple things you can do to run an environmentally friendly business. Similarly, there are various things you can do to show your community spirit.

There are many good reasons for implementing a green plan:

- Reduce costs: You could cut operational costs by thousands of dollars through waste prevention, recycling, reuse and water and energy conservation.
- Good environmental steward: To preserve valuable community resources. Environmental efforts will help promote clean air, clean water and less dependence on landfills.
- Good publicity: May result in increased business from a growing customer base seeking to patronize environmentally friendly businesses.
- Good business: Communicates to your staff, customers and local citizens where you stand on your environmental and community obligations.

A successful green plan will identify and evaluate opportunities to improve your operation's green performance such as:

- Waste reduction efforts could include an extensive recycling program for office paper, telephone books, plastic bottles, aluminum and steel cans, grease, corrugated cardboard, glass bottles and newspapers.
- Excess prepared food can be donated to shelters and non-profit agencies.
- Guests can be asked to help in the implementation of your green plan by re-using linens and towels during their stay, turning off the lights and television when they leave their room, and use only the water they need.

Ask yourself the following questions as you work through your green plan for your tourism business:

- How will you communicate your green plan to your employees and guests/customers?



Developing and implementing a successful green plan can have a very positive affect on your bottom line.



You should develop a working understanding of financial management techniques including financial planning, projections, analysis, monitoring and evaluation prior to making commitments.

Task #8 - Develop a Financial Plan

The purpose of this task is to:

- establish financial projections for the construction and operating phase of your project
- establish a financial plan for your tourism business

A common reason cited for the high failure rate experienced by new ventures is a lack of financial expertise. You should develop a working understanding of financial management techniques including financial planning, projections, analysis, monitoring and evaluation prior to making commitments. You should also employ the services of a qualified accountant and/or other financial experts to supplement your knowledge. Refer to The Business Link's website at: www.canadabusiness.ab.ca

The basic purpose of financial planning is to ensure that the business' resources are used wisely. A financial plan should include the following:

- a set of financial goals and objectives for a specified time frame.
- financial projections prepared separately for the construction/start-up phase and the operating phase.
- a plan of action to accomplish these goals and objectives.
- contingency or alternative plans.
- procedures for monitoring and evaluating results.

Develop Financial Projections

Prior to describing the process of developing a financial plan, some background information on the nature and types of financial projections is required.

Projections are an approximation or model of the future based on a set of hypotheses or assumptions. Establishing sound hypotheses or assumptions is critical. There are two approaches to establishing these assumptions: The first is a straight-line approach which assumes a flat increase of a certain percentage each year in expenses and revenues. This approach is simplistic in that it assumes that history repeats itself. It is useful only when the company's activities remain relatively constant from year to year. For new ventures, business activities change dramatically during the first few years. The second approach is based on different scenarios of future events and is more applicable for new companies because expansion plans and the results of previous marketing activities, for example, can be taken into consideration.

Projections should be completed for the three types of financial statements - income statement, cash flow statement and balance sheet. For the capital development or construction and start-up phase of operations, a summary of the source and use of funds should also be developed. A brief description of each of these statements is provided.

Summary of Construction/Start-Up Costs and Sources of Funds

Construction and start-up costs and sources of funding, in terms of both dollar amounts and timing, are determined and recorded. A contingency figure (a certain % of total construction costs) should be included to cover cost overruns. Potential sources of funding should be investigated early on in the process by making contact with lenders and investors with the view to determining the feasibility of eventually securing the required funds. Please refer to ATPR's tourism funding sources guide available at: www.tpr.alberta.ca

Income Statement

The income statement is a presentation of the revenues and expenses incurred by the business during a given period. The income statement uses accrual accounting where:

- Revenues are recorded at the time that the sale is made even though payment of cash for these sales may occur earlier or later; and,
- Expenses are recorded at the time that their corresponding revenue was recorded regardless of when the actual outlay of cash was made.

Revenues and expenses are projected based on the results of previous action steps. Income, expenses and profits are categorized in the income statement as follows:

<i>Operating Income</i>	Income generated from the sale of the company's product or service.
<i>Other Income</i>	Income earned from other activities (e.g. interest earned on bank deposits).
<i>Costs of Goods Sold</i>	Expenses directly related to the production of goods and services including purchases of materials, freight and labour.
<i>Gross Profit</i>	Revenue minus Cost of Goods Sold.
<i>Operating Expenses</i>	All selling, administrative and depreciation expenses.
<i>Operating Profit</i>	Gross Profit less Operating Expenses.
<i>Interest Expense</i>	Expenses resulting from debt financing.
<i>Net Profit Before Tax</i>	Operating Profit less Interest Expense.

Cash Flow Statement

The cash flow statement records actual timing of cash receipts and disbursements. It is not based on accrual accounting methods and does not include non-cash items such as



Potential sources of funding should be investigated early on in the process by making contact with lenders and investors with the view to determining the feasibility of eventually securing the required funds.

depreciation or amortization. The cash flow statement is the most important forecast for a new business because it demonstrates whether or not you have the actual cash on hand required to meet your financial obligations when they come due.

Cash receipts are cash inflow from cash sales, collections of accounts receivable, loan proceeds, owner's contributions and sales of fixed assets. Cash disbursements are cash outflows for operating expenses, payments to suppliers, repayment of loans and the acquisition of fixed assets. Cash on hand at the beginning of the period plus total cash receipts less total cash disbursements equals cash on hand at the end of the period.

Not all sales are collected in the month in which they are made, and not all expenses are paid for in the month that they are incurred.

A hotel, for example, may collect cash for sales:

- in advance by requiring a deposit when the reservation is made.
- when the sale is actually made to the consumer.
- after the sale is made through invoicing the business traveller's employer.

A hotel's linen supplies may be:

- prepaid in full.
- paid for in equal monthly installments.
- paid for within 60 days of receiving an invoice.

Extended payment terms granted to consumers and by suppliers must be built into the cash flow projections.

Balance Sheet

The balance sheet is a snapshot of the financial condition of the business at a fixed point in time. It shows what the firm owns (assets) and what it owes (liabilities and owner's equity). The balance sheet has three major sections: assets – listed on the left hand side; liabilities – listed on the right hand side; and equities – also listed on the right hand side. Assets represent the total resources of the firm stated in dollar terms. Claims against these assets are the liabilities and equity. If the two sides of the balance sheet equal each other, they balance. The excess of assets over liabilities represents the net worth of the firm's owners.

Assets are listed in order of liquidity, or nearness to cash. Thus, cash, being the most liquid asset, is listed first, followed by other "current assets". Current assets are assets which will be turned into cash within one year and include cash, marketable securities, inventory, accounts receivable and prepaid expenses. Long term or fixed assets are those which are not intended for conversion into cash within one year. Fixed assets include land, buildings, equipment, furnishings and long term investments.

Liabilities are also classified as being either current (due within one year) or long term. Current liabilities include accounts payable, accrued wages and current portion of long term debt. Current liabilities are recorded first, followed by long term liabilities.

Examples of these financial statements follow on the next four pages.

Summary Of Construction/Start-Up Costs			
CONSTRUCTION COSTS	AMOUNT	TIMING	SOURCE
Land	\$		
Land Improvements	\$		
Utility Servicing	\$		
Buildings	\$		
Marina	\$		
Equipment	\$		
Furniture and Fixtures	\$		
Vehicles	\$		
Licenses and Permits	\$		
Professional and Consulting Fees	\$		
Contingency	\$		
Total Construction Costs	\$		
START UP COSTS			
Pre-opening Market Costs	\$		
Pre-opening Human Resource Costs	\$		
Pre-opening Operating Expenses (rent, insurance, utilities, etc.)	\$		
Office Supplies	\$		
Other Start Up Costs	\$		
Total Start Up Costs	\$		
TOTAL CONSTRUCTION AND START UP COSTS	\$		

Pro Forma Monthly Income Statement

MONTH	J	F	M	A	M	J	J	A	S	O	N	D	TOTAL
Total Sales													
Cost of Goods Sold													
Gross Profit													
Operating Expenses:													
Rent													
Salaries & Benefits													
Owners Salaries													
Marketing													
Office Supplies													
Insurance													
Bank Charges													
Depreciation													
Property Taxes													
Professional Fees													
Repairs/Maintenance													
Vehicles													
Travel													
Utilities													
Other													
Total Operating Expenses													
Operating Profit													
Interest Income													
*Interest Expense													
Pre-Tax Profit													
Income Taxes													
Net Profit (Loss)													
*Includes interest on short and long term debt.													

Pro Forma Monthly Cash Flow Statement													
MONTH	J	F	M	A	M	J	J	A	S	O	N	D	TOTAL
Opening Cash Balance (A)													
Cash Receipts:													
Owners Contribution*													
Vehicle Loan Proceeds													
Term Loan Proceeds													
Interest Revenue													
Total Cash Receipts (B)													
Cash Disbursements:													
Land													
Land Improvements													
Building Construction													
Equipment & Vehicles													
Furniture & Fixtures													
Licenses & Permits													
Professional/Consulting													
Contingency													
Term Loan-Interest													
Vehicle Loan-Principal													
Term Loan-Principal													
Vehicle Loan-Interest													
Inventory													
Marketing													
Human Resources													
Management Salaries													
Office Supplies													
Bank Charges/Short Term Interest													
Insurance													
Utilities													
Property Taxes													
Total Cash Disbursements (C)													
Ending Cash (A+B-C)													

*May come in the form of debt or equity financing

Pro Forma Balance Sheet

Current Assets:		Current Liabilities:	
Cash	\$	Accounts Payable	\$
Marketable Securities	\$	Current Portion	\$
Inventory	\$	Long Term Debt	\$
Other Current Assets	\$		
Total Current Assets	\$	Total Current Liabilities	\$
Fixed Assets:		Long Term Liabilities:	
Land	\$	Mortgage	\$
Land Improvements	\$	Long Term Debt	\$
Building	\$		
Equipment	\$	Total Long Term Liabilities	\$
Vehicles	\$		
Furniture & Fixtures	\$	Owner's Equity:	\$
Other Fixed Assets	\$	Shareholders Loans	\$
		Share Capital	\$
		Retained Earnings	\$
Total Fixed Assets	\$	Total Owner's Equity	\$
Less Depreciation	\$		
Net Fixed Assets	\$		
Total Assets	\$	Total Liabilities & Owner's Equity	\$

To illustrate the process, financial projections will be developed for a new fictional campground development. Details of the project are as follows:

- 100-site destination campground complete with laundry facilities, boat dock, store, showers, flush toilets and a complete range of outdoor and indoor recreational activities.
- Located adjacent to a major tourist attraction, within 1 ½ hour drive of a large urban center.
- 60 sites serviced (power, water hook-ups, etc.) in the first year, and an additional 20 sites will be serviced in the second year.
- Construction and start-up costs have been projected based on firm quotes.
- A \$451,035 term loan at 12% amortized over 25 years, five-year term, has been approved in principal.
- Owners will contribute \$603,693 in cash during the construction and start-up phase from the sale of an existing business, \$527,364 and cash deposits/GICs \$76,329. \$603,693 of the owner's contribution is loaned to the company by way of a non-interest-bearing shareholders loan with no fixed terms of repayment. This sum is formally postponed to the bank and is thus classified as equity on the balance sheet.
- Marketing, human resources and operating expenses have been projected for three different scenarios for the construction and operating phases.
- Opening date is scheduled for June 1, 2010.
- The proposed campground does not conflict with any existing land use planning documents and no environmental or historical resources impact assessments are required.

Based on this information, the following are projected:

- Construction /Start-Up Costs and Sources of Funding
- Monthly Income Statement – Construction/Start-Up Phase
- Monthly Cash Flow Statement – Construction/Start-Up Phase
- Opening Balance Sheet

Note: The effects of taxes, with the exception of property taxes, have been excluded from these financial statements for a fictional company. Tax planning issues are an important consideration and you should endeavor to seek additional information or advice prior to undertaking major commitments.

The reader is cautioned that the figures used for construction are fictional. The reader is advised to get updated/current cost quotes should they be considering a campground development. The same cautionary note applies equally to the figures presented in the income statement, cash flow statement and balance sheet.

Summary Of Construction/Start-Up Costs

CONSTRUCTION COSTS	AMOUNT	TIMING	
Land	\$108,248	10% May 2009, Balance Nov 2009	\$69,390 Term Loan, \$38,858 Cash
Land Improvements	\$252,580	25% end Feb, Mar, Apr, May 2010	\$131,841 Term Loan, \$120,739 Cash
Utility Servicing	\$81,159	50% Apr 30, 50% May 2010	\$18,040 Term Loan, \$63,119 Cash
Buildings	\$237,808	\$20,817 Jan, \$31,919 Feb, \$72,166 Mar, \$90,207 Apr, \$22,699 May 2010	\$181,802 Term Loan, \$56,006 Cash
Marina	\$51,570	\$10,352 Mar, \$41,218 Apr 2010	\$36,083 Term Loan, \$15,487 Cash
Equipment	\$48,323	Apr 2010	\$34,000 Bank Loan, \$14,323 Cash
Furniture and Fixtures	\$7,078	\$2,914 Apr, \$4,164 May 2010	Cash
Vehicles	\$36,360	\$13,878 Feb, \$22,482 Apr 2010	\$25,674 Bank Loan, \$10,686 Cash
Licenses and Permits	\$1,249	Dec 2009	Cash
Professional and Consulting Fees	\$4,996	\$2,775 Jun, \$1,388 Sept, \$833 Nov 2009	Cash
Contingency	\$107,774		Cash
Total Construction Costs	\$937,145		
START UP COSTS			
Pre-opening Marketing Costs	\$3,955	Jan 2010	Cash
Pre-opening Human Resource Costs	\$19,984	Approximately \$4,000/month Jan-May 2010	Cash
Management Salaries	\$5,690	\$2,780 Apr, \$2,910 May 2010	Cash
Office Supplies	\$1,804	May 2010	Cash
Utilities	\$5,135	\$2,500 Apr, \$2,635 May 2010	Cash
Inventory	\$2,220	\$2,220 May 2010	Cash
Property Taxes	\$9,159	May 2010	Cash
Insurance	\$2,109	Nov 2009	Cash
Pre-paid Insurance	\$4,302	May 2010	Cash
Financing Costs	\$19,500	\$9,021 Oct, \$139 Nov to Feb, \$1,527 Mar, \$3,192 Apr, \$5,204 May 2010	Cash
Total Start Up Costs	\$73,858		
Total Construction And Start Up Costs	\$1,011,003		

Notes to the Summary of Construction/Start-Up Costs and Sources of Funding:

- Construction and start-up projected costs must be based on firm quotes when available and supplemented through discussions with the trade.
- A 12-month option to purchase on the land is currently being negotiated.
- A \$451,035 term loan at 12% amortized over 25 years, five-year term, has been approved in principle.
- A \$59,675 vehicle and equipment loan at 12% over five years has been approved in principal.
- Owner's contribution of \$603,693 will be available during the construction and start-up phase, as outlined in the cash flow projection.

The monthly income statement and monthly cash flow statement are projected next. Because the income statement is based on accrual accounting while the cash flow statement records actual timing of cash receipts and disbursements, you will notice the following differences between these two statements.

- Prepaid insurance: In this example annual insurance payments are prepaid.
 - On the income statement, insurance is recorded in equal monthly amounts.
 - On the cash flow statement, insurance is recorded in the actual month in which payment is made.
- Depreciation, a non-cash item, appears on the income statement only.
- Inventory totaling \$5,829 is purchased in May 2010. Payment terms are \$2,220 on delivery and \$3,609 by June 30, 2010. Inventory payment of \$2,220 is recorded on the cash flow statement on May 2010. The balance of \$3,609 is recorded as accounts payable on the balance sheet.

The final statement to complete is a balance sheet as at opening day, June 1, 2010. The balance sheet is also based on accrual accounting. Keep the following points in mind when projecting a balance sheet:

- Fixed assets are recorded at cost.
- Net fixed assets = fixed assets - accumulated depreciation.
- Total assets = liabilities + owner's equity.

Pro Forma Monthly Income Statement Construction/Start-Up (in thousands)

May 1, 2009 to May 31, 2010

MONTH	M	J	J	A	S	O	N	D	J	F	M	A	M	TOTAL
Sales														0.00
Cost of Goods Sold														0.00
Gross Profit														0.00
Operating Expenses:														
Salaries & Benefits									4.02	4.30	4.30	4.02	3.33	19.98
Owner's Salaries												2.78	2.91	5.69
Marketing									3.96					3.96
Office Supplies													1.80	1.80
Insurance							2.11						4.30	6.41
Bank Charges						9.02	0.14	0.14	0.14	0.14				9.58
Depreciation													6.73	6.73
Utilities												2.50	2.64	5.13
Property Taxes													9.16	9.16
Licenses & Permits								1.25						1.25
Professional Fees		2.78			1.39		0.83							5.00
Total Expenses		2.78			1.39	9.02	3.08	1.39	8.12	4.44	4.30	9.30	30.88	74.69
Operating Profit		-3.54	-0.76	-0.76	-2.15	-9.78	-2.08	-2.51	-9.30	-5.55	-5.57	-10.55	-18.61	-74.69
Interest Income			0.47	0.47	0.47	0.46	0.39	0.58	0.58	0.58	0.69	0.46	0.54	6.16
Interest Expense											1.53	3.19	5.20	9.92
Pre-Tax Profit		-3.07	-0.31	-0.29	-1.68	-9.33	-1.69	-1.93	-8.72	-4.97	-6.40	-13.28	-23.27	-78.45
Income Taxes														
Net Profit		-3.07	-0.31	-0.29	-1.68	-9.33	-1.69	-1.93	-8.72	-4.97	-6.40	-13.28	-23.27	-78.45

Pro Forma Monthly Cash Flow Statement Construction/Start-Up (in thousands)
 May 1, 2009 to May 31, 2010

MONTH	M	J	J	A	S	O	N	D	J	F	M	A	M	TOTAL
Opening Cash Balance (A)	0	70.92	68.61	69.07	69.54	68.63	60.06	85.96	85.02	88.44	100.26	69.01	78.97	
Cash Receipts:														
Owners Contribution	83.27						138.78		34.70	138.78		208.17		603.69
Vehicle Loan Proceeds												59.68		59.68
Term Loan Proceeds											138.78	104.09	208.17	451.04
Interest Revenue		0.47	0.46	0.47	0.47	0.46	0.39	0.58	0.58	0.58	0.69	0.46	0.54	6.16
Total Cash Receipts (B)	83.27	0.47	0.46	0.47	0.47	0.46	139.17	0.58	35.28	139.36	139.47	372.39	208.71	1120.57
Cash Disbursements:														
Land	10.82						97.42							108.25
Utility Servicing												40.58	40.58	81.16
Land Improvements										63.14	63.14	63.14	63.14	252.58
Building Construction									20.82	31.92	72.17	90.21	22.70	237.81
Marina											10.35	41.22		51.57
Equipment & Vehicles										13.88		70.80		84.68
Furniture & Fixtures												2.91	4.16	7.08
Licenses & Permits								1.25						1.25
Professional/Consulting		2.78			1.39		0.83							5.00
Contingency	1.53						12.77	0.14	2.91	14.16	19.24	40.11	16.93	107.78
Term Loan-Interest											1.53	2.63	4.58	8.74
Vehicle Loan-Principal												0.97	0.97	1.94
Vehicle Loan-Interest												0.56	0.62	1.18
Inventory													2.22	2.22
Marketing									3.96					3.96
Human Resources									4.02	4.30	4.30	4.02	3.33	19.98
Management Salaries												2.78	2.91	5.69
Office Supplies													1.80	1.80
Bank Charges						9.02	0.14	0.14	0.14	0.14				9.58
Insurance							2.11						4.30	6.41
Utilities												2.50	2.64	5.13
Property Taxes													9.16	9.16
Total Cash Disbursements (C)	12.35	2.78			1.39	9.02	113.27	1.53	31.85	127.54	170.73	362.43	180.06	1012.95
Ending Cash (A+B-C)	70.92	68.61	69.07	69.54	68.63	60.06	85.96	85.02	88.44	100.26	69.01	78.97	107.61	107.61

Pro Forma Balance Sheet
June 1, 2010

Current Assets:		Current Liabilities:	
Cash	\$ 3,284	Accounts Payable	\$ 3,761
Marketable Securities	\$ 104,085	Current Portion Vehicle/Equipment Loan	\$ 11,935
Inventory	\$ 5,829		
Prepaid Expenses	\$ 4,302	Current Portion Term Loan	\$ 18,041
Total Current Assets	\$117,500		
		Total Current Liabilities	\$ 33,737
Fixed Assets:			
Land	\$ 108,248	Long Term Liabilities:	
Land Improvements	\$ 252,580	Vehicle/Equipment Loan	\$ 45,752
Utility Servicing	\$ 81,160	Term Loan	\$ 432,994
Building	\$ 237,808		
Marina	\$ 51,569	Total Long Term Liabilities	\$ 478,746
Equipment	\$ 48,323		
Vehicles	\$ 36,360		
Furniture & Fixtures	\$ 7,078	Owner's Equity:	
Contingency	\$ 107,774	Shareholders Loans	\$ 603,593
		Share Capital	\$ 100
Total Fixed Assets	\$ 930,900	Retained Earnings	(\$74,504)
Less Depreciation	(\$6,728)	Total Owner's Equity	\$529,189
Net Fixed Assets	\$924,172		
Total Assets	\$1,041,672	Total Liabilities & Owner's Equity	\$1,041,672

A set of financial projections, complete with explanatory notes, have been completed for the construction/start-up phase of our fictional campground development. These projections have been established based on a certain set of assumptions which must be outlined for the reader:

- Long term financing will be arranged in the amount of \$451,035 at 12% amortized over 25 years, five year term, secured by a General Security Agreement providing a first charge over all of the company assets.
- Vehicle/equipment financing will be arranged in the amount of \$59,675 repayable over five years at 12% secured by a fixed charge over equipment.
- Financing will be arranged by September 30, 2009.
- Construction will commence November 1, 2009 with a completion date of April 30, 2010.
- Staff will be hired and trained by May 2010.

These assumptions appear to be reasonable. However, as the foregoing are by no means certain events, alternative sets of projections should be developed based on different sets of assumptions. It is particularly important to develop different scenarios for operating phase projections because of the magnitude of events, which can influence the company's performance. Some of these events include changes in consumer preferences, interest rates, competitor's behaviour and environmental or other regulations.

In addition to the five assumptions (fictional) used in the preceding projections, operating phase financial projections are based on the following assumptions.

- Above average per capita expenditures by Albertans on camping will continue for the duration of this plan (source: Campground Study).
- Aggressive, joint-marketing efforts with the new major tourist attraction, local Chamber of Commerce and regional fairgrounds will attract out-of-province campers. Percentage of revenue generated from out-of-province campers projected to increase by 8% per annum (source: in-house marketing research).
- No new environmental, legal or human rights legislation will be passed during the time frame of these projections (source: discussions with Chamber of Commerce and the provincial government).
- Revenue generated from laundry facilities and grocery/souvenir store will be 25% of total site rental revenue. Bicycle and boat rentals will be 45% of total site rental revenue during peak seasons and 25% during shoulder season. (Source: Campground Study, discussions with Campground Owner's Association).

- Day lodge/picnic site rental will be \$75 per day. The projected annual rental schedule will be:
 - 2 days per week (June 20 through September 7);
 - 1 day per week during shoulder season (May 20 through June 19 and September 8 through September 31); and,
 - 1 day per month during the winter season (October – May).

(Source: discussions with Campground Owner's Association)

- Site rental revenue projections are based on the following:
 - Full-service site rental \$25; unserviced rental \$16.50.
 - 65% occupancy during peak season: June 20 through September 7; 35% occupancy during shoulder season: May 20 through June 19 and September 8 through September 31; 10% occupancy during winter season.
 - Cost of goods sold calculated at 30% of revenue.

*Note: The preceding assumptions were developed for the fictional campground facility. Developers and entrepreneurs are cautioned to obtain updated data in relation to assumptions they form for a similar type of development.



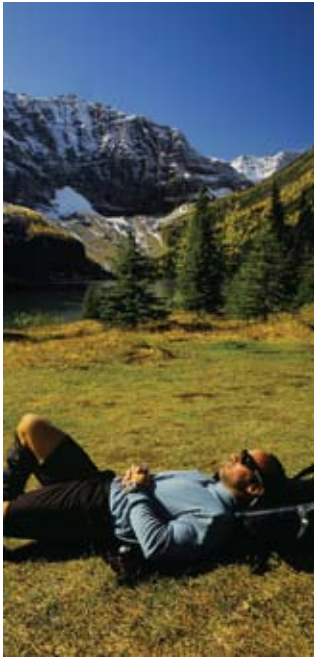
Pro Forma Monthly Income Statement (in thousands)													
June 1, 2010 to May 31, 2011													
MONTH	J	J	A	S	O	N	D	J	F	M	A	M	TOTAL
Sales													
Site Rental	29.81	43.52	43.52	27.97			2.08	2.22	2.22	2.22		25.28	178.84
Store/Laundry	7.45	10.88	10.88	6.99			0.52	0.56	0.56	0.56		6.32	44.71
Bicycle/Boat Rental	10.54	19.58	19.58	8.96								6.32	64.99
Lodge Rental	0.60	0.60	0.60	0.45			0.08	0.08	0.08	0.08		0.45	3.02
Total Sales	48.40	74.58	74.58	44.37			2.68	2.86	2.86	2.86		38.37	291.56
Cost of Goods Sold	14.52	22.38	22.38	13.31			0.80	0.86	0.86	0.86		11.51	87.47
Gross Profit	33.88	52.21	52.21	31.06			1.88	2.00	2.00	2.00		26.86	204.09
Operating Expenses:													
Salaries & Benefits	3.47	3.75	3.75	3.33		3.89	0.37	0.37	0.39	0.39	0.69	3.33	19.85
Owner's Salaries	3.89	3.89	3.89	3.89		0.33	4.16	3.89	3.89	3.89	3.89	3.89	46.91
Marketing	0.33	0.33	0.33	0.33		0.07	0.33	0.33	0.33	0.33	0.33	0.33	4.00
Office Supplies	0.42	0.21	0.21	0.28		0.36	0.07	0.07	0.07	0.07	0.69	0.14	2.36
Insurance	0.35	0.36	0.36	0.36		0.14	0.36	0.36	0.36	0.36	0.36	0.36	4.30
Bank Charges	0.14	0.14	0.14	0.14		3.40	0.14	0.14	0.14	0.14	0.14	0.14	1.67
Depreciation	3.40	3.40	3.40	3.40		0.56	3.40	3.40	3.40	3.40	3.43	3.51	40.94
Utilities	0.28	0.28	0.28	0.42		0.76	0.56	0.56	0.56	0.56	0.56	0.42	5.55
Property Taxes	0.76	0.76	0.76	0.76		0.28	0.76	0.76	0.76	0.76	0.76	0.76	9.16
Repairs/Maintenance	0.42	0.42	0.42	0.69		0.28	0.28	0.14	0.14	0.14	2.91	2.50	8.60
Professional Fees													1.67
Vehicles	0.14	0.14	0.14	0.14		0.03	0.03	0.03	0.03	0.03	0.03	0.08	0.83
Total Operating Expenses	13.59	13.67	13.67	13.74		9.81	10.46	10.05	10.06	10.06	13.79	15.46	145.83
Operating Profit	20.30	38.54	38.54	17.32		-9.81	-8.59	-8.05	-8.06	-8.06	-13.79	11.40	58.26
Interest Income	0.86	0.87	1.07	1.21		1.18	1.15	1.04	0.97	0.87	0.69	0.28	11.45
Interest Expense	5.07	4.95	4.94	4.90		4.86	4.83	4.80	4.79	4.76	4.73	4.70	58.22
Pre-Tax Profit	16.09	34.46	34.67	13.63		-13.49	-12.26	-11.81	-11.88	-11.95	-17.83	6.97	11.49
Income Taxes													
Net Profit	16.09	34.46	34.67	13.63		-13.49	-12.26	-11.81	-11.88	-11.95	-17.83	6.97	11.49

Pro Forma Monthly Cash Flow Statement (in thousands)

June 1, 2010 to May 31, 2011

MONTH	J	J	A	S	O	N	D	J	F	M	A	M	TOTAL
Opening Cash Balance (A)	107.61	127.79	170.04	212.49	234.98	221.55	210.38	199.77	190.64	181.45	158.30	116.53	
Cash Receipts:													
Site Rental	29.81	43.52	43.52	27.97			2.08	2.22	2.22	2.22		25.28	178.84
Store/Laundry	7.45	10.88	10.88	6.99			0.52	0.56	0.56	0.56		6.32	44.72
Bicycle/Boat	10.54	19.58	19.58	8.96								6.32	64.98
Lodge Rental	0.60	0.60	0.60	0.45			0.08	0.08	0.08	0.08		0.45	3.02
Interest Revenue	0.86	0.87	1.07	1.21	1.25	1.18	1.15	1.04	0.97	0.87	0.69	0.28	11.44
Total Cash Receipts (B)	49.26	75.46	75.46	45.58	1.25	1.18	3.83	3.90	3.83	3.73	0.69	38.65	303.00
Cash Disbursements:													
Salaries & Benefits	3.47	3.75	3.75	3.33			0.37	0.37	0.39	0.39	0.69	3.33	19.85
Owner's Salaries	3.89	3.89	3.89	3.89	3.89	3.89	4.16	3.89	3.89	3.89	3.89	3.89	46.91
Marketing	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	0.33	4.00
Office Supplies	0.42	0.21	0.21	0.28	0.07	0.07	0.07	0.07	0.07	0.07	0.69	0.14	2.36
Insurance	0.35	0.36	0.36	0.36	0.35	0.36	0.36	0.36	0.36	0.36	0.36	0.36	4.30
Bank Charges	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	1.67
Utilities	0.28	0.28	0.28	0.42	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.42	5.55
Property Taxes												9.16	9.16
Professional Fees					1.67								1.67
Repairs/Maintenance	0.83	0.42	0.42	0.69	0.28		0.42				3.05	2.50	8.60
Land Improvements										13.88	15.54	16.10	45.52
Vehicles				0.28								0.56	0.83
Inventory/Supplies	11.80	16.38	16.38	5.97			0.71				9.99	9.52	70.74
Loan Interest	5.07	4.95	4.94	4.90	4.89	4.86	4.83	4.80	4.79	4.76	4.73	4.70	58.22
Loan Principal	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	29.98
Total Cash Disbursements (C)	29.08	33.21	33.20	23.09	14.68	12.35	4.83	13.02	13.02	26.88	42.47	53.64	309.36
Ending Cash (A+B-C)	127.79	170.03	212.49	234.98	221.55	210.38	199.76	190.64	181.45	158.30	116.52	101.53	101.25

Pro Forma Balance Sheet			
May 31, 2011			
Current Assets:		Current Liabilities:	
Cash	\$101,260	Accounts Payable	\$3,640
Marketable Securities	\$ 27,756	Current Portion Vehicle/Equipment Loan	\$11,935
Inventory	\$11,658	Current Portion Term Loan	\$18,041
Prepaid Expenses	\$ 4,302		
Total Current Assets	\$144,976	Total Current Liabilities	\$33,616
Fixed Assets:			
Land	\$108,248	Long Term Liabilities:	
Land Improvements	\$298,047	Vehicle/Equipment Loan	\$33,817
Utility Servicing	\$81,160	Term Loan	\$414,952
Building	\$237,808		
Marina	\$51,569	Total Long Term Liabilities	\$448,769
Equipment	\$48,323		
Vehicles	\$36,360		
Furniture & Fixtures	\$7,078	Owner's Equity:	
Contingency	\$107,774	Shareholders Loans	\$603,593
Total Fixed Assets	\$976,367	Share Capital	\$100
Less Depreciation	(\$40,940)	Retained Earnings	(\$5,675)
Net Fixed Assets	\$935,427	Total Owner's Equity	\$598,018
Total Assets	\$1,080,403	Total Liabilities & Owner's Equity	\$1,080,403



Projections should now be completed for the following two years of operation. Your completed set of projections should contain:

- Summary of construction/start-up costs and sources of funding;
- Monthly income statement – construction/start-up phase;
- Monthly cash flow statement – construction/start-up phase;
- Opening balance sheet;
- Monthly income statements for the first three years of operation;
- Monthly cash flow statements for the first three years of operation; and,
- Balance sheets for the first three years of operation.

Three different scenarios should be developed based on three separate sets of assumptions. These are normally titled worst, average and best-case scenario. The underlying assumptions used in developing projections together with the sources of information employed must be outlined for the reader.

Three different scenarios should be developed based on three separate sets of assumptions. These are normally titled *worst, average and best-case scenario*.

Analyze Financial Projections

Once your financial statements have been projected, they need to be analyzed and interpreted. The tools of financial statement analysis are used to develop an understanding of the numbers and to form the basis for informed decision making. Ratio analysis, common size analysis and break-even analysis are three of the tools commonly employed in financial statement analysis.

Ratio Analysis

Ratios are used to compare one company's actual or projected performance to that of other companies of the same size in the same industry. They are also used to compare trends over time for a particular company. There are four categories of ratios. A few examples of the types of ratios that can be employed are outlined below.

It is important to remember that ratios in and of themselves are of limited usefulness. Ratios must be relevant to your specific business, must be compared to performance in other time periods and to appropriate industry standards to be useful financial tools.

- **Profitability Ratios**

- Return on Assets (ROA) relates after-tax earnings to the company's total asset base.

$$\text{ROA} = \frac{\text{Earnings After Tax}}{\text{Total Assets}}$$

- Return on Equity (ROE) relates after-tax earnings to the owner's equity.

$$\text{ROE} = \frac{\text{Earnings After Tax}}{\text{Total Equity}}$$

- **Liquidity Ratios**

- Current Ratio measures the relationship between Current Assets and Current Liabilities.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- Quick Ratio measures the relationship between assets which can be quickly turned into Cash and Current Liabilities.

$$\text{Quick Ratio} = \frac{\text{Cash} + \text{Marketable Securities} + \text{Accounts Receivable}}{\text{Current Liabilities}}$$

- **Operating Efficiency Ratio**

- Sales to Inventory compares Sales to Inventory levels.

$$\text{Sales to Inventory} = \frac{\text{Net Sales}}{\text{Inventory}}$$

- **Leverage Ratios**

- Leverage refers to the extent to which the firm employs debt capital to finance its operations. The higher the debt level, the more highly leveraged the company is.

$$\text{Debt to Equity} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Common Size Analysis

Common size financial statements express all accounts on the balance sheet and income statement as a percentage of some key figure. Net sales are set at 100% on the income statement and all other items are expressed as a percentage of net sales. On the balance sheet, total assets are set at 100% on the left hand side while total liabilities and equities are set equal to 100% on the right hand side.

All asset accounts are listed as a percentage of total assets, and all liability and equity accounts as a percentage of total liabilities plus owner's equity.

The common size income statement shows the proportion of the sales or revenue dollar being absorbed by the various cost and expense items. The common size balance sheet focuses on the internal structure and allocation of the firm's financial resources. The choice of distribution between current and fixed assets and between long and short term debt are outlined in the common size balance sheet. Again, the relationships portrayed by common size statements is meaningful only when compared to trends or to industry standards.

Break-Even Analysis

Break-even analysis investigates the relationships among sales, fixed costs and variable costs. A firm's break-even point occurs when total revenues are exactly equal to the total of fixed and variable costs. Above this point a profit is generated, and below this point a loss is incurred.

Fixed costs are those costs which occur regardless of the level of sales generated. Rent, depreciation, interest expenses and property taxes are examples of fixed costs. Variable costs are those expenses which vary depending on the level of sales. Costs of goods sold are variable expenses. Many other expenses such as utilities and salaries have both a fixed and a variable component.

The first step in calculating the break-even point is to determine the total fixed and total variable costs. Next we solve for the following:

$$\text{Break-Even Revenue} = \text{Fixed Costs} + \text{Variable Costs}$$

For more information on funding sources, please refer to ATPR's **Tourism Funding Sources Guide**.

Complete a Financial Plan

The goals and objectives established for the company in **Task #2**, the organizational form and human resource plan established in **Task #3**, the project schedule developed in **Task #4**, the operations plan developed in **Task #5**, the marketing plan developed in **Task #6** and the green plan developed in **Task #7**, must be taken into consideration when developing your financial plan. Your financial plan, objectives, projections, action plans, contingency plans, and procedures for monitoring and evaluating performance must flow logically from, and be consistent with, the analysis prepared in previous sections. Only then will you be in a position to determine the feasibility and viability of your proposed tourism business.

To develop a financial plan, follow these steps:

- Establish your financial goals and objectives.
- Develop financial projections for the construction/start up phase of your business.

- Develop financial projections for the operating phase.
- Analyze the financial statements.
- Develop a plan of action to accomplish these goals and objectives.
- Establish procedures for controlling, monitoring and evaluating results.
- Answer the following questions prior to finalizing your financial plan:
 - What are your financial goals and objectives? Are these consistent with those developed in Task #2? If not, what changes need to be made to achieve consistency?
 - Who will be responsible for controlling, monitoring and evaluating financial operations?
 - What are the strengths and weaknesses of your financial plan?
 - Do you have sufficient cash equity to invest in the business to meet the requirements of your banker and or other equity investors?
 - What aspects of your proposed business need to be changed as a result of the development of your financial plan?

Note: Please refer the The Business Link's website or toll-free business information line for more information on financial projections for your business. Detailed examples and worksheets for business plans can be obtained from The Business Link (Canada-Alberta Business Service Centres)

Toll-free Business Information Line: 1-800-272-9675 or www.canadabusiness.ab.ca

You can also find an online interactive business plan at: www.canadabusiness.ca/ibp

After completing your financial plan, do you still feel that your proposal is feasible? If so, proceed to: **Task #9 - Assess the Project's Viability**

Task #9 - Assess the Project's Viability

The purpose of this task is to:

- determine whether the business is really viable
- whether changes are needed – either to the initial concept or to the financing arrangements

Up until this point, the focus has been on determining the feasibility of your proposed tourism project. As stated in the introduction to the Guide, to be viable the project must also demonstrate independence; it must survive and be self-sufficient. Viability is determined by comparing the results of each task and, most importantly, to the goals and objectives outlined in **Task #2**.

The following questions are designed to assist you in making this viability assessment:

- Did the initial market research reveal sufficient demand for your product experience? Are future trends and changes in technology indicating a continuing interest in your product/service?
- Will your marketing plan successfully capture this demand? Are projected sales levels sufficient to cover projected expenses? Can your business generate profits and positive cash flows over the long term?
- Are the projected profits, cash flow and demands on your own time and resources compatible with your personal and business goals? Will the business generate a sufficient return on your equity investment?
- Does management have the necessary expertise to successfully operate this business? If not, have you obtained commitments from outside professionals to supplement management skills? Are experienced, trainable staff readily available for non-management positions?
- Can you secure the necessary debt and or equity financing for your proposed project? Do you have the necessary cash equity to contribute towards the project to meet your lender's requirements?

After assessing your project's viability, do you still feel that your proposal is feasible? If so, proceed to: **Task #10 - Outline Critical Risks and Assumptions**



To be viable, the project must also demonstrate independence; it must survive and be self-sufficient.

Task #10 - Outline Critical Risks and Assumptions

The purpose of this task is to:

- Outline the opportunities and successes, as well as the risks and weaknesses in the market
- Develop contingency plans within your marketing strategy

Throughout the Guide you have been requested to outline the assumptions underlying your projections together with the rationale for using these assumptions. The rationale is often simply reliance on reputable sources such as published third party studies by consultants, Statistics Canada, ATPR or other reliable organizations. The underlying assumptions used in your business plan should be summarized for the reader in a separate section.

Risk is the probability of the occurrence of unfavourable outcomes. The major risks facing your proposed business operation should also be summarized in a separate section. Outline the critical risks (e.g. competitor's actions), estimate the probability of their occurrence, and describe what contingency plans you will adopt to mitigate the negative impact of these risks.

Once you have identified the risks, you are now better able to develop tools to reduce, prevent, control, eliminate, or transfer risk and manage change. Outline contingency plans for your marketing strategy (product, price, place, promotion, partnership, etc.), and establish which plans will be adopted if your goals and objectives are not being met (e.g. if your competition significantly alters their marketing strategy or if a measurable change in consumer behaviour is identified).

Please proceed to: **Task #11 - Write an Executive Summary**



Once you have identified the risks, you are now better able to develop tools to reduce, prevent, control, eliminate, or transfer risk and manage change.

Task #11 - Write an Executive Summary

The purpose of this task is to develop a summary of your tourism project that previews the main points of your business planning for the reader.

An executive summary is an integral part of any business plan. Potential investors or lenders often use the executive summary as an initial screening tool when evaluating a project. A well written, concise executive summary, highlighting all the salient points contained in the business plan, can serve as a valuable marketing tool when approaching lenders or investors.

The executive summary should be completed as the last step in the process and appear at the front of the business plan. The content of the summary should be presented in the same order as in the business plan itself. Keep the executive summary short – at the most, three pages in length.

Please proceed to: **Task #12 - Edit and Organize the Business Plan**



Potential investors or lenders often use the executive summary as an initial screening tool when evaluating a project.

Task #12 - Edit and Organize the Business Plan

Your business plan should be organized as follows:

- Title Page
- Table of Contents
- Executive Summary
- The Company
 - Goals and Objectives
 - Products and Services
 - Management Team
 - Human Resource Plan
- Industry and Market Analysis
- Project Schedule
- Operations Plan
- Green Plan
- Marketing Plan
- Financial Plan and Projections
- Critical Risks and Assumptions
- Appendices

Review the results of each task and correct any inconsistencies among the plans. Write the first draft of your business plan keeping in mind the editing and presentation tips contained in the introduction section of this Guide. A second, third or even fourth revision may be necessary to produce a satisfactory business plan. Consider having someone else review your business plan to catch any errors.

Remember to review and update your plans on an annual basis.



Write the first draft of your business plan keeping in mind the editing and presentation tips contained in the introduction section of this Guide.

Appendix: Sources of Information

Provincial Agencies

For all inquiries on Government of Alberta programs and services, contact the Programs & Services Call Centre:
Telephone: 310-0000 (toll free anywhere in Alberta)
(780) 427-2711 (outside of Alberta)
www.programs.alberta.ca/contact_us.aspx

Alberta Finance and Enterprise

(This website has provincial economic and community development related information and statistics)
www.finance.alberta.ca or www.albertacanada.com

4th Floor Commerce Place
10155 - 102 Street
Edmonton, Alberta T5J 4L6
Telephone: (780) 427-6787

Regional Development Offices:

Calgary Regional Office
3rd Floor Standard Life Building
639 - 5 Avenue SW
Calgary, Alberta T2P 0M9
Telephone: (403) 297-8906

Camrose Regional Office
5005 - 49 Street
Camrose, Alberta T4V 1N5
Telephone: (780) 679-1235

Edson Regional Office
111 - 54 Street
Edson, Alberta T7E 1T2
Telephone: (780) 723-8229

Grande Prairie Regional Office
Box 20 3rd Floor Provincial Building
10320 - 99 Street
Grande Prairie, Alberta T8V 6J4
Telephone: (780) 538-5636

High Prairie Regional Office
4723 - 53 Avenue
High Prairie, Alberta T0G 1E0
Telephone: (780) 523-6564

Lethbridge Regional Office
105 Provincial Building
200 - 5 Avenue South
Lethbridge, Alberta T1J 4L1
Telephone: (403) 381-5414

Medicine Hat Regional Office
1st Floor Provincial Building
346 - 3 Street SE
Medicine Hat, Alberta T1A 0G7
Telephone: (403) 529-3630

Peace River Regional Office
Bag 900 - 3 Provincial Building
9621 - 96 Avenue
Peace River, Alberta T6S 1T4
Telephone: (780) 624-6113

Pincher Creek Regional Office
Box 2813
1st Floor Provincial Building
782 Main Street
Pincher Creek, Alberta T0K 1W0
Telephone: (403) 627-1165

Red Deer Regional Office
2nd Floor Provincial Building
4920 - 51 Street
Red Deer, Alberta T4N 6K8
Telephone: (403) 340-5300

St. Paul Regional Office
 3rd Floor Provincial Building
 5025 - 49 Avenue
 St. Paul, Alberta T0A 3A4
 Telephone: (780) 645-6358

Alberta Tourism, Parks and Recreation

www.tpr.alberta.ca

Tourism Division:

Tourism Business Development, Research and Investment Branch

6th Floor, Commerce Place
 10155 - 102 Street
 Edmonton, Alberta T5J 4L6
 Telephone: (780) 422-4991
 Fax: (780) 427-6454

Tourism Development Branch

6th Floor, Commerce Place
 10155 - 102 Street
 Edmonton, Alberta T5J 4L6
 Telephone: (780) 422-6544
 Fax: (780) 427-0778

Alberta Tourism, Parks and Recreation (Library Resource)

5th Floor, Commerce Place
 10155 - 102 Street
 Edmonton, Alberta T5J 4L6
 Telephone: (780) 427-4957 or Government of Alberta toll-free at 310-0000.

Travel Alberta Corporation

www.industry.travelalberta.com

Travel Alberta - Marketing Information

#500, 999 - 8th Street SW
 Calgary, Alberta T2R 1J5
 Telephone: (403) 297-2700
 Fax: (403) 297-5068
 E-mail: info@TravelAlberta.com

Travel Alberta (In Province)

10949 - 120 Street
 Edmonton, Alberta T5H 3R2
 Telephone: (780) 732-1625
 Fax: (780) 423-6722
 E-mail: inprovince@travelalberta.com

Travel Alberta - Visitor Information

P.O. Box 2500
 Edmonton, Alberta T5J 2Z4
 Toll free: 1-800-252-3782
 Fax: (780) 427-0867
 Email: travelinfo@TravelAlberta.com

Alberta Tourism Destination Regions (TDR):

Alberta Central

#303A, 4406 - 50 Avenue
 Red Deer, Alberta T4N 3Z6
 Telephone: (403) 309-9412

Alberta North

#2, 4907 - 51 Street
 Athabasca, Alberta T9S 1E7
 Telephone: (780) 675-3744

Alberta South

3096 Dumore Road SE
 Medicine Hat, Alberta T1B 2X2
 Telephone: (403) 526-6355

Canadian Rockies

Box 520
 Banff, Alberta T1L 1A6
 Telephone: (403) 762-0279

Calgary and Area

www.tourismcalgary.com
 120 - 9th Ave SE
 Calgary, Alberta T2G 0P3
 Telephone: (403) 218-7892

Edmonton and Area

www.edmonton.com/tourism

5th Floor, World Trade Centre Edmonton
9990 Jasper Avenue
Edmonton, Alberta T5J 1P7
Telephone: (780) 917-7662

Edmonton Office

Suite 725, 9700 Jasper Avenue
Edmonton, Alberta T5J 4C3
Telephone: (780) 495-4782
Toll Free: 1-800-461-2646
Fax: 780-495-4780

Federal Government Agencies

Community Futures Network of Alberta

www.cfna.ca

PO Box 184
#4, 205 First Street East
Cochrane, Alberta T4C 1A5
Telephone: (403) 851-9995
Fax: (403) 851-9905

Industry Canada

www.ic.gc.ca

Industry Canada Web Service Centre

Industry Canada
C.D. Howe Building
235 Queen Street
Ottawa, Ontario K1A 0H5
Toll-free: 1-800-328-6189
Fax: (613) 954-2340

Calgary Office

Suite 400, 639 - 5th Avenue SW
Calgary, Alberta T2P 0M9
Telephone: (403) 292-4575
Fax: (403) 292-4295

Statistics Canada

www.statcan.gc.ca

Statistics Canada Prairie Regional Office

Toll free: 1-800-263-1136
Fax: 1-877-287-4369
Email: infostats@statcan.ca

Calgary Office

Harry Hays Building, Suite 686
220 4th Ave SE
Calgary, Alberta T2G 4X3
Toll free: 1-800-263-1136

Edmonton Office

Suite 900, 10909 Jasper Avenue
Associated Engineering Plaza
Edmonton, Alberta T5J 4J3
Toll free: 1-800-263-1136

Other Important Contacts

AlbertaFirst.com

www.albertafirst.com

Box 71
Okotoks, Alberta T1S 1A4
Phone: (587) 888-4602
Toll free: 1-866-209-5959
Email: info@albertafirst.com

Alberta Bed & Breakfast Association

www.bbalberta.com

Alberta Country Vacations Associationwww.albertacountryvacation.com

Toll free: 1-866-217-2282

Alberta Chambers of Commercewww.abchamber.ca

1808, 10025 - 102A Avenue

Edmonton, Alberta T5J 2Z2

Telephone: (780) 425-4180

Toll free in Alberta 1-800-272-8854

Fax: (780) 429-1061

Alberta Hotel & Lodging Associationwww.ahla.ca

#401 – Centre 104, 5241 Calgary Trail

Edmonton, Alberta T6H 5G8

Telephone: (780) 436-6112

Toll free: 1-888-436-6112

Fax: (780) 436.5404

Alberta Museums Associationwww.museums.ab.ca

9829 - 103 Street

Edmonton, Alberta T5K 0X9

Telephone: (780) 424-2626

Fax: (780) 425-1679

Email: info@museums.ab.ca**Alberta Outfitters Association**www.albertaoutfitters.com

Box 277

Caroline, Alberta T0M 0M0

Toll free: 1-800-742-5548

Email: aoa@albertaoutfitters.com**Alberta Professional Outfitters Society**www.apos.ab.ca

#103 6030-88 St.

Edmonton, Alberta T6E 6G4

Telephone: (780) 414-0249

Fax: (780) 465-6801

E-mail: info@apos.ab.ca**Alberta Women Entrepreneurs (AWE)**www.awebusiness.com**Calgary Office**

610, 736 8th Avenue SW

Calgary, Alberta T2P 1H4

Telephone: (403) 777-4250

Toll free: 1-800-713-3558

Fax: (403) 777-4258

Edmonton Office

100, 10237 104 Street NW

Edmonton, Alberta T5J 1B1

Toll free: 1-800-713-3558

Fax: (780) 422-0756

The Business Linkwww.canadabusiness.ab.ca**Edmonton Office**

100, 10237 - 104 Street NW

Edmonton, Alberta T5J 1B1

Telephone: (780) 422-7722

Toll free: 1-800-272-9675

Fax: (780) 422-0055

Calgary Office

250-639 5 Avenue SW

Calgary, Alberta T2P 0M9

Telephone: (403) 221-7800

Toll free: 1-800-272-9675

Fax: (403) 221-7817

Calgary Airport Authoritywww.calgaryairport.com

2000 Airport Road NE

Calgary, Alberta T2E 6W5

Telephone: (403) 735-1200

Fax: (403) 735-1281

Email: calgaryairport@yyc.com

Canadian Restaurant and Foodservices Association

www.crfa.ca

Western Canada Office

Suite 2410 – 555 West Hastings Street
PO Box 12125
Vancouver, British Columbia V6B 4N6
Telephone: (604) 685-9655
Toll free: 1-866-300-7675
Fax: (604) 685-9633

Canadian Tourism Commission

www.canadatourism.com
Suite 1400, Four Bentall Centre
1055 Dunsmuir St./Box 49230
Vancouver, British Columbia V7X 1L2
Telephone: (604) 638-8300

The Conference Board of Canada

Canadian Tourism Research Institute

www.conferenceboard.ca/topics/economics/travel.aspx
255 Smyth Road
Ottawa, Ontario K1H 8M7
Telephone: (613) 526-3280
Toll free: 1-866-711-2262
Fax: (613) 526-4857

Edmonton Regional Airport Authority

www.flyeia.com
P.O. Box 9860
Edmonton, Alberta T5J 2T2
Telephone: (780) 890-8900
Fax: (780) 890-8329
Email: info@flyeia.com

Niitsitapi Tourism Society of Alberta

Suite 310, 6940 Fisher Road, SE
Calgary, Alberta T2H 0W3
Telephone: (403) 212-6685
Email: niitsitapi@treaty7.org

World Tourism Organization

www.unwto.org
Capitán Haya 42
28020 Madrid, Spain
Telephone: +34 91 567 81 00
Fax: +34 91 571 37 33
Email: omt@unwto.org

World Travel & Tourism Council

www.wttc.org
1-2 Queen Victoria Terrace Sovereign Court
London E1W 3HA United Kingdom
Telephone: 44 (0)870 727 9882 or 44 (0)20 7481 8007
Fax: 44 (0)870 728 9882 or 44 (0)20 7488 1008
Email: enquiries@wttc.org

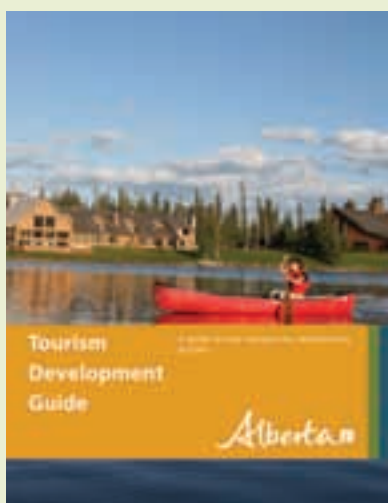
OTHER ALBERTA TOURISM DEVELOPMENT GUIDES:



Tourism Funding Sources Guide

A guide to funding and business advisory sources

Providing an overview of federal, provincial, and other agencies and institutions that have funding programs for a range of tourism development projects. This guide has been developed for for-profit businesses, non-profit organizations/communities and tourism investors.



Tourism Development Guide

A guide to help navigate the business development process

This guide examines Alberta's tourism industry and provides a thorough analysis of tourism development in the province. The information abides by the regulations set by municipal, provincial and federal governments, making it a practical tool for the first-time tourism developer.

Government of Alberta ■

Tourism, Parks and Recreation Tourism Business Development, Research and Investment Branch

6th Floor, Commerce Place
10155 – 102 Street
Edmonton, Alberta T5J 4L6
Telephone: (780) 422-4991
or 310-0000 (toll free anywhere
in Alberta)

www.tpr.alberta.ca

Tourism Business Planning Guide

The Business Plan is a tool used by entrepreneurs to logically and systematically plan all aspects of their business. Writing a business plan is an important step in the development of a successful business. This guide is designed as an aid to writing a business plan for an existing or prospective tourism project.