



TOURISM BUSINESS PLANNING

Workbook

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Introduction

This Workbook accompanies the Tourism Development Handbook (TDH) for the Northwest Territories.¹ The Workbook guides the reader through a step-by-step process for developing a business plan for a tourism business.

In the Workbook, information taken from the TDH is combined with a series of worksheets to produce the information needed for writing a formal Business Plan. The worksheets may be completed independently or in a workshop or tutorial setting. Consultants are available who may use the filled in worksheets to prepare a formal Business Plan.

Business or economic development officers are available to guide you. Contact your regional office of Industry, Tourism and Investment.

Contacts and Resources are listed in Section 16 of the TDH.

¹ Hereafter abbreviated as TDH

Preparing to Plan Tourism in the NWT

Tourism is an important part of the NWT economy and generates more revenue today than all other renewable resource industries combined. The NWT receives around 60,000 non-resident visitors each year who contribute on average over \$110 million to the territorial economy.

*A carefully developed
Business Plan is an
essential step in the
creation of a
successful tourism
business in the
Northwest Territories.*

The Government of the NWT (GNWT), through the Department of Industry, Tourism and Investment (ITI), provides resources and support to the NWT tourism industry for tourism marketing, research, training, and product development. NWT Tourism (NWTT), on behalf of the GNWT, delivers the marketing functions and is designated as the Destination Marketing Organization (DMO) for the NWT.²

The tourism industry in the NWT is made up of a number of businesses including big game outfitters, fishing operators, outdoor adventure providers, as well as related sectors including transportation, accommodation and foodservices. Tourism is an experience composed of a variety of elements, any and all of which will contribute to the overall satisfaction (or lack of satisfaction) of the traveler.

There are many types of travelers, including vacation travelers, people visiting friends and family, and people traveling on business. Worldwide, and particularly across North America, leisure travel has been changed by the growth of affluent, well-educated adult travelers and the decline of middle-income family travelers. Extensive, quantitative research indicates that the Northwest Territories' current and highest potential 'best' audiences are:

The upscale North American 'Boomer' Audience: affluent, well educated Canadians and Americans, 40 – 60 yrs old, who regularly spend \$6 - \$8k per person on travel, annually.

Sector specific audiences for hunting, lodge fishers, Japanese Aurora and 'outfitted' outdoor adventure enthusiasts.

German touring audience, (the Dempster Highway and the Deh Cho Travel Connection).

These priority audiences prefer 'off the beaten path' escapes from the stress of daily life for travel experiences that are rejuvenating and intellectually stimulating. They look for a sense of awe and wonder in natural environments.³

² See TDH p. 108 for a list of NWT Tourism responsibilities

³P.1 Guide to Proposal Submissions: Tourism Product Diversification and Marketing Program, ITI, 2007

The elements of a tourism business plan

The business plan is the basis of your submission to lenders and investors and will contain the summary of all your financial research. The plan describes your business goals and the business concept in relation to local/regional and 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. Your business plan will guide you, as well as others, as to what your business can be expected to achieve. It should contain these elements:

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 the organizational form of the business that highlights the skills, experience and responsibilities of the owner and 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.

A description of your business and its goals/objectives, including needed resources, anticipated sales volume, market share estimates, visitor satisfaction goals, and repeat visitation and/or other similar targets relevant to a tourism business.

A marketing plan based on a description of the products (or services) that you will market with a discussion of trends, competition, and identification of your target markets and how you will market your product.

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 operations, including location, travel and supply logistics, times of operation, insurance, risk management practices, cash/credit handling, hiring and training of staff.

A discussion of regulatory requirements, covering government and financial approvals, construction period and preparation time before the business begins operations.

The worksheets that follow will help you develop these elements in order to satisfy the unique requirements of a business plan for a tourism business in the NWT.

We have very little product and product packages oriented toward our priority market audiences: those travelers seeking rejuvenating experiences. Our Aurora viewing sector, which relies almost entirely on a Japanese market, is facing stiff competition from Alaska.

(Guide to Proposal Submissions: Tourism Product Diversification and Marketing Program, ITI, 2007)

Business Plan Worksheets

This section of the Workbook consists of seven steps with worksheets for you to complete. The completed worksheets will enable you to produce a formal Business Plan, possibly with the help of a consultant.

Step One – Overview of Your Business Experience (Worksheets 1, 2)

What is your business idea?

We begin the planning process with some information about yourself and the business you want to develop. The goal for this step is to introduce yourself and give an overview of your business concept that you can present to interested parties such as potential partners, banks, government agencies, investors, regulators and community and tourism groups.

There are two worksheets to complete in this step. The first worksheet requests information that identifies you and describes your business concept in general terms. Begin by choosing a product name for your business activity.

Product name

The product name sets the tone for the entire consumer experience. It originates with the focus of the package. But, it also needs to consider factors like accommodation, transport mode and activities. The right product name can have considerable impact on the consumer, from the initial consideration of the package, to its purchase and finally the experience itself.

Consumers are not likely to understand or buy a product whose theme can't be expressed in a few words. One word is best. However, it may be necessary to use five or six words. If you can't do that you need to sharpen your focus. This doesn't mean that all of the elements in your package have to be the same.

A package with the theme, "Experience the Best of the North", is short and to the point. The package could include many different experiences – so long as they all tie back to a truly northern experience. On the other hand a package that tries to combine golf, canoeing and bird watching – all of which are done in the North - will lack consumer appeal.

The second worksheet requests information about your background, including qualifications, skills, and experience that support your business concept. You need to be able to show how your qualifications and business experience equip you to understand your market and demonstrate that you have a combination of characteristics, skills, qualifications, and experience that will enable you to successfully develop and market your product.

By completing these worksheets you begin to explain who you are, what your business concept is, and what you bring to the task of developing the business. You will be able to provide interested parties with some of the information they need in order to assess your ability to succeed. You will also provide yourself with information that will help you to focus on the development of your business concept in the remaining steps of this workbook.

Example: "Close to the Land: The Way of the Dene."

A package could consist of visits to smaller Dene communities with an opportunity to see traditional tanning, making arts and crafts, sharing country foods, a visit to a special/historical site and, depending on the weather and the insects, a night sleeping in a tipi. In naming such a product, there is a great deal of difference between the titles "Visits to NWT Communities" and "Close to the Land: The Way of the Dene."

Worksheet #1 - General Information, Qualifications, Experience

Business Name: _____ Business Address: _____

Product Name: _____ Telephone: _____

Fax: _____ Email: _____

Owner(s): _____ Contact Person: _____

Business structure (Sole proprietor, partnership, limited company, cooperative, corporation)

1. Type of tourism business

(Your business concept may combine several of the following five types of tourism businesses and experiences. Check the types that apply to you and provide details that describe your business activity.)

Accommodation

(Bed & Breakfasts, Hotels, Motels, Lodges, Cabins, Campgrounds)

Transportation

(Rental Cars, Taxis, Charters – Airplanes and Boats, RV’s, National and Local Airlines)

Tour Operators

(Fishing, Hunting, Aurora, Local Sightseeing, Local Flightseeing, Adventure, Aboriginal Culture, Northern Heritage, Winter Activities, Canoeing/Kayaking, Wildlife/Bird watching, Hiking, River and Lake Cruises)

Road Touring

(Dempster Highway, Waterfalls Route, Heritage Route, Great Slave Gateway, Frontier Route, Ingraham Trail, Wood Buffalo Route, Liard Trail)

Events and Attractions

(National Parks, Territorial Parks, Caribou Migration, Mountains/Trails, Waterfalls, Mackenzie Delta, East Arm, Pingos, Aboriginal and Northern Culture, Historical Sites, Communities, Great Northern Arts Festival, Caribou Carnival, Folk on the Rocks, Snow King Winter Festival, Sunrise Festival)

2. Qualifications and Experience

(Complete for yourself and members of your management team if applicable)

- a. Degrees, certificates, diplomas (Example: B.A. in hotel management, Aurora College Tourism Certificate program, Standard first aid certificate)

b. Training completed (Example: SuperHost program, Aurora College 2003)

c. Licences held (Example: Pilot)

d. Relevant skills (Example: Hunting and Tracking, Bookkeeping and Computer Skills)

e. Positions held (Example: Manager of a Fishing Lodge, NWT Fish and Wildlife Technician)

- f. Business experience (Example: Owned and operated an expediting business in the NWT, managed skiing equipment department in a Yellowknife store)

- g. Business and credit related references

Worksheet #2 - Self Assessment

The answers to the following questions will help you explain how your qualifications and experience equip you for success in your proposed tourism business.

1. What entrepreneurial characteristics do you have?

2. What skills do you have that will enable you to succeed?

3. What have you learned from your experience that will help you to succeed?

4. Does your project reflect market demand and consumer preferences for your proposed facility or service? What do you base this assessment on?

5. Does your target area need a business like yours? Why?

6. How will you generate community support for your business?

7. What share of the tourism market do you think the proposed project could capture? Why?

8. How do you intend to attract these markets?

9. What other business ventures have you been involved in? What is your track record in business?

Step Two – Your Business Idea (Worksheets 3-6) What will your business look like?

In this step you will develop, define, and package your tourism product by explaining what you are trying to accomplish and how you will approach the task of building or expanding a tourism business in the NWT.

The worksheets for this step explore your product's main selling features in relation to different target markets. You will have a clear understanding of the demographics of the target market and how to sell to your market after completing these worksheets. You will explore the level of risk associated with developing the product in terms of market acceptance. You will identify and describe the intended consumer experience as participatory or passive, and you will describe the degree of experience, skill and any risk associated with the use of your travel product.

The following resources may be useful for completing the product development worksheets in Step Two.

Your challenge is to identify the goals of your business in relation to local/regional tourism markets in order to develop a unique tourism product that can be defined in terms of main selling features and competitive advantages.

The most difficult product development strategy, and the highest risk strategy, is to develop new products for new and/or existing customers.⁴ The Canadian Tourism Commission book *Passages to Innovation* provides one tool to support a strategy that includes the development of truly innovative and new products.

Tourism and Parks Division

Tourism and Parks is a division of the Department of Industry, Tourism and Investment of the Government of the Northwest Territories, Canada. Tourism and Parks provides support for tourism marketing, research, training, planning and product development. The division is responsible for developing, operating and maintaining facilities that include parks, visitor centres and interpretive displays.

Contact Information:

Coordinator, Research and Planning

Ph: (867) 920-3245

Website: www.iti.gov.nt.ca/tourismparks/tourismresearch.shtml

NWT Tourism⁵

NWT Tourism was established in 1996 as the collective voice of the Northwest Territories tourism industry and the destination marketing organization (DMO) for the NWT.

Contact Information:

NWT Tourism

Ph: (867) 873-5007 Fax: (867) 873-4059

Website: www.spectacularnwt.com

⁴ See pps. 21 – 25 in TDH for a discussion of product development, innovation, and market acceptance risk levels.

⁵ See Appendix One for Schedule 1: Guide to Proposal Submissions: Tourism Product Diversification and Marketing Program

Publications that may help you complete this step include:

Canadian Travel Survey/International Travel Survey – Statistics Canada’s Canadian Travel Survey and International Travel Survey, www.statcan.ca/english/Dli/Data/Ftp/cts.htm, www.statcan.ca/english/Dli/Data/Ftp/its.htm

Travel Exclusive – A bi-monthly newsletter for members of the Canadian Tourism Research Institute that keeps travel and tourism suppliers and executives up to date on the latest trends in the industry. Available through the Institute. (Note: Must apply for membership that involves a fee. Other travel research reports are also available from the Conference Board of Canada with a membership.) www.conferenceboard.ca

National Tourism Indicators – Quarterly statistics on Canada’s tourism sector including; trends, numbers of trips, visitor origins, expenditures and destinations. Available from Statistics Canada. www.statcan.gc.ca

Canadian Tourism Exchange – This is an internet site operated by the Canadian Tourism Commission. Through it, you can access a range of statistics and research reports. www.canadatourism.com

Other information sources:

World

World Tourism Organization – Is the leading international organization in the field of travel and tourism. It serves as a global forum for tourism policy issues and statistics. www.unwto.org

World Travel and Tourism Organization – WTTC's mission is to raise awareness of the full economic impact of the world's largest generator of wealth and jobs. www.wttc.travel

Canada

Statistics Canada – Maintains and interprets statistical data. www.statcan.ca/start.html

Canadian Tourism Commission – Provides a variety of publications and market research on the tourism industry in Canada. (Note: You must apply for a login & password to access the site.) www.canadatourism.com

Canadian Tourism Research Institute – Provides members with information and analysis on the Canadian tourism industry. This research organization is part of the Conference Board of Canada. (Note: You must apply for a membership, and this involves a fee.) www.conferenceboard.ca/ctri/default.htm

Tourism Industry Association of Canada – Encourage the development of tourism in Canada as the national private-sector advocate for this industry, representing the interests of the tourism business community nation-wide. Its activities focus on legislative and regulatory barriers to the growth of Canadian tourism. www.tiac-aitc.ca.

Lists of territorial tourism related organizations, tourism destination regions, etc., can be found on the NWT Tourism website at www.spectacularnwt.com.

3. Is this business new or existing? (If already operating, indicate when it started and describe the ownership of the business, current operations, current products, and location.)

4. When and where do you want to start this business or this expansion?

5. Who will be on your management team? (Describe who is involved in management along with a description of the roles and responsibilities.)

6. What resources you will need?

Financial Resources:

Human Resources:

Physical Resources:

7. What results do you expect to achieve based on your goals? (Identify business objectives in short and longer term.)

Worksheet #4 - Who will buy Your Product?

This worksheet will help you develop a detailed profile of your target market(s).

1. Identify the type of visitors you will serve

- Hikers
- Hunters
- Wildlife and Bird Watchers
- Fishermen, Anglers
- Photographers
- Shoppers
- Sports Teams and Spectators
- Conventioneers (and Spouses)
- Government Employees
- Bus Tour Participants
- Overseas Business Visitors
- Overseas Package Tour
- Participants
- Educational Tour Participants
- Work Crews
- Commercial Travelers

The tourism developer must respond to emerging trends. Your task is to clearly define the market for your tourism business so that you can determine your marketing objectives. If the proposed service or facility is intended to capitalize on an innovative new trend in the industry, the developer must research consumer appeal to be assured that there are enough people interested in the new concept, that they have enough money to spend on it, and that they are willing to spend their money on it.

2. Answer the following questions for each type of visitor you will serve:

Why do they travel?

When do they travel?

How often do they travel?

How do they travel?

How do they spend their money?

How price-sensitive are they?

Who are they are (age, family types, income, marital status, education and lifestyle patterns)?

How many are expected?

What interests them?

Where do they come from?

3. How many of the tourists in each category could potentially use your service or facility? (Consider the proportion of tourists that require accommodations and preferences that have been shown for hotel, motel, bed-and-breakfast or campground accommodations. Is this pattern changing? How does your business concept respond to this pattern?)

4. What do you estimate the demand for your business to be for the next five years? (Consider the nature of the tourist traffic in the area - who visits, how long do they stay, what services do they use? Has tourist traffic to the area been increasing, decreasing or holding its own over the last several years? What share of the tourist market do you think your business will capture?)

Worksheet #5 - Selling Features of Your Product

1. What are the selling features of your product? (Consider bundling, luxury and standard packages, flexible itineraries, vouchers and coupons, etc.)

2. Is the product passive or participatory? (Explain how this aspect of the product will appeal to each of the target groups identified in worksheet #4)

3. The Competitive Advantage of your Product. If similar products are offered by a number of suppliers in your area, describe your competitive advantage. It is not enough to describe your product as the “best”. It is important to tell exactly what advantage your product offers over competitive products.

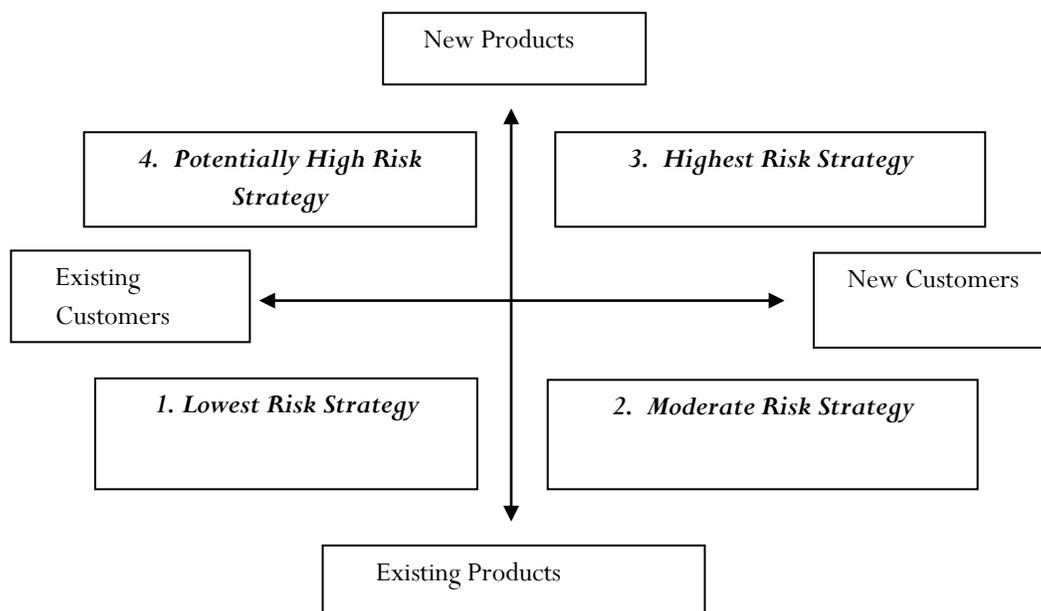
Worksheet #6 – Level of Risk and Market Acceptance⁶

1. Circle the quadrant number from the diagram that best describes your strategy's risk level:

1. 2. 3. 4.

Examples:

1. **Lowest Risk:** A caribou hunting operation that attracts 50 male hunters to its barren ground location each year.
2. **Moderate Risk:** The NWT Aurora viewing market has determined that upscale Americans are interested in Aurora viewing and they could be a potential market if some adjustments are made to the product in the NWT.
3. **Highest Risk:** A NWT fishing lodge that wishes to change its product from fishing to wildlife viewing, and is going after a younger European market.
4. **Potentially High Risk:** A fishing lodge that retains fishing as a base product, but adds peripheral products such as fish preparation and cooking instruction, fly-fishing lessons or fishing competitions.



⁶ pps. 21 – 23 TDH

Step Three – Your Business Environment (Worksheets 7-9)

What do you know about the environment you will operate in?

In this step you will complete three worksheets to identify social, legal, environmental, economic, and political realities that may have an impact on your business. Detailed information on travel industry trends, demographics, visitor spending habits, means of transportation and destination is readily available. Both the Department of Industry, Tourism and Investment and NWT Tourism can be important sources of information as well as the publications listed for Step Two.

The results of Step Two and the following information taken from TDH will help you complete worksheets 6-8.

Legal and regulatory requirements

Tourism Operator Licence

In the Northwest Territories, tourism licensing applies to **guided, commercial tourism activities** only. Operations such as hotels, resorts and equipment rental companies that do not offer these types of activities do not require a licence. Staff at any regional ITI office can explain in detail what types of business require a licence and the process through which a licence can be obtained.

Regional staff will guide you through completing an application, describing activities you will offer and the area in which business will operate, payment of fees, and a mandatory consultation period with Aboriginal organizations and other stakeholders. They can also explain circumstances under which a license application may be refused.

In addition to the tourism operator licence, there are other business related licences that a new business venture may require before operating. To start a new business, there are a number of government regulations and legal requirements to fulfill. The following agencies should be contacted to ensure compliance.

Workers' Safety & Compensation Commission (WSCC)

If you employ workers or carry on a business in the Northwest Territories you must register with the WSCC regardless of your home jurisdiction. All employers who carry on business in the Northwest Territories even temporarily must register within 10 days of commencing operation. No industries are exempt from WSCC requirements. The WSCC can also provide guidance on issues regarding Occupational Health and Safety.

Business Licence

If you intend to establish your business within a community that issues its own business licences, you must obtain a business licence from the local municipal office. These same offices also administer permits for bingos, lotteries, casinos and raffles. If you intend to establish a business in a community that does not have municipal by-laws requiring a business licence, you may still require a business licence from the Department of Municipal and Community Affairs (MACA). MACA also administers permits for bingos, lotteries, casinos, raffles, direct sellers and collection agents for communities without a municipal office. Note that MACA's legislation provides that holders of a Tourism Operator Licence are exempt from requiring a business licence.

Registering Your Business

All businesses, societies and cooperatives operating in the Northwest Territories must be registered with the Department of Justice. A business from outside of the NWT must also register an Extra-Territorial Business Registration. Business Number (BN) The Business Number is a numbering system that simplifies and streamlines the way businesses deal with government.

Not all businesses require a BN. You only need a BN if you require one of the following accounts:

- GST
- Payroll
- Corporate Income Tax or
- Import/Export
- Other (registered charity, excise duty, excise tax, insurance premium tax, air traveler's security tax.)

More information on obtaining a business number can be found by contacting the regional ITI offices.

Most tourism projects will require **development permit approval**. It is prudent to be aware of the procedures involved in obtaining approvals for a development on a land base in that “perfect” location. The Land Administration office of Indian and Northern Affairs Canada (INAC) is responsible for managing Crown land throughout the NWT. Land Use information is available from the INAC regional office in Yellowknife. Visit their website at [http://nwt-tno.inac-ainc.gc.ca/la_e.htm](http://nwt.tno.inac-ainc.gc.ca/la_e.htm) or call (867) 669-2500.

General information on land use planning approval process for Commissioner's land is available from Lands Administration Office in the Department of Municipal and Community Affairs (867-873-7569 or www.maca.gov.nt.ca/lands/index.html).

Within city or community limits, land use planning, subdivision and development control are the responsibilities of NWT municipalities. For municipal government contact links, visit www.maca.gov.nt.ca/governments/index.asp.

For Aboriginal-owned lands, it is necessary to identify in which land claim area the site is located and approach the correct Aboriginal organizations to discuss plans for potential tourism development. There are four (4) settled land claims in the NWT. Refer to the map on p. 34 in TDH for land claim boundaries and settlement status. For Aboriginal organizations contact information and information about land claim agreements, visit the following links:

Settled Land Claims

- Tlicho: www.tlicho.com
- Sahtu: www.sahtu.ca/landclaims.html
- Gwich'in: www.gwichin.nt.ca/LCA
- Inuvialuit: www.irc.inuvialuit.com/about/finalagreement.html

Unsettled Land Claims

- Akaitcho: www.akaitcho.info
- Dehcho: www.dehchofirstnations.com/negotiations.htm

Other land use considerations include environmental and heritage or historical assessments. As part of the information collection and evaluation stage, there are two assessment processes the proponent may be asked to participate in. The Environmental Impact Assessment process is legislated by the Mackenzie Valley Resource Management Act (MVRMA) or the Canadian Environmental Assessment Act (CEAA). The Prince of Wales Northern Heritage Centre is responsible for Heritage Impact Assessments.⁷

⁷see p.67ff in TDH for more information on the environmental impact assessment process

Worksheet #7 - Legal and Licensing Requirements

1. Check the permits and licenses that apply to your business concept and provide details (Identify the requirements that apply to your business and provide details on how you will satisfy them.)

Tourism Operator's Licence Details

Business Licence Details

Business Number (Business Registration) Details

Development Permit Details

Environmental Impact Assessment Details

Heritage Impact Assessment Details

Workers' Safety & Compensation Commission (WSCC) Details

Worksheet #8 - Your Business Environment

1. How many tourists visit the area you will operate in during the regular and off-seasons? (Identify the demand that you will address. Use recent surveys or market studies that have been done for this area or market component.)

2. Are there any land, environmental or socio-cultural issues that could pose a problem? (Consider the Environmental Impact Assessment Process, land claims, permits and approvals, and explain how you plan to address these problems.)

3. What trends will have an impact on your business? (Consider social, legal, environmental, economic, and political trends, and explain how your business concept responds to these trends.)

Social/Cultural Trends

Legal/Regulatory Trends

Environmental Trends

Economic Trends

Political Trends

Worksheet #9 - Competition

1. How have other businesses similar to yours performed over the past five to 15 years? (Steady growth, no growth or negative growth?)

2. Identify businesses that will compete with you.

- a. What competing facilities or services are in your area?

- b. How many are there? Are they full-time or seasonal operations?

- c. Have these operations been successful?

- d. Which of these do you consider to be your primary competitors?

3. Are any other directly competitive operations planned for the area? (If so, how will this affect your business? How will you respond?)

4. What share of the market can you expect to capture? (Will your project attract customers away from existing facilities? Why? What are your competitive advantages?)

Step Four – Developing and Marketing Your Product (Worksheets 10-13)

How will you develop and market your product or service?

In this step you will complete worksheets that detail your plans for site development, tour operation, and other tourism services in your business concept.

Site development (Worksheets 10, 11)

The land base of Northwest Territories is a mix of Crown, Commissioner's, Municipal and Aboriginal-owned lands. There are a number of procedures for gaining lease rights to land and these will affect the length and complexity of the overall development process.

It is a good idea to have alternative locations for your project in mind, particularly if you are looking at developing a land-based project such as a fishing lodge or a wildlife viewing area.

People must be able to reach the site. The converse is also true: the site must be within a reasonable or conveniently accessible distance of the anticipated target market group(s). Also, the developer should have some understanding of the nature of the area.

You will need to obtain the following information on a potential site and related maps and drawings:

- Suitability of the physical environment, including soils, slopes, water quality and quantity, tree cover, shoreline access, views, amount of snowfall, prevailing winds
- Status of the site including land ownership, land use bylaw classification, easements, long-term planning projections, caveats, restrictive covenants
- Servicing and utilities – water, power, sewer, telephone, natural gas⁸
- Access - availability, special facilities needed, responsibility for maintenance
- Land development requirements – clearing, grading, reclamation, engineering
- Location analysis – does the site meet the needs of the target market?

The contact sources for answers to these questions about a proposed site can be found in TDH p.53ff. Use this information to help you complete the worksheets for this step.

Don't base your site development evaluation on guesswork or one price quote – these capital costs are vital to your success.

When evaluating a proposed site, the developer must carefully look at land development costs and the types of buildings and facilities needed. If the proposal involves purchasing or upgrading an existing facility, costs of renovation and meeting building codes must be carefully assessed. Professional help is recommended at this stage – architects, engineers, building – or land development contractors can help provide accurate cost estimates to help determine the feasibility of the site.

⁸ See p.59ff. TDH for water supply, sewage, garbage, health regulations information

Packaging your tourism product⁹ (Worksheet 12)

Travel Mode(s)

Travel modes will be influenced by the type of package offered. Large group tours will almost always use a highway coach for ground transport or a commercial air carrier for air transport. On the other hand smaller group tours may involve chartered aircraft, mini-bus and even watercraft. Consider the comfort of those being transported, the reliability, safety and quality of the transportation services.

Consumer Time Commitment

Consider the length of time that your package will take. This is particularly important if the tour package is being combined with other packages. For example, if the tour operator already has a popular four-day package, they may be looking for an additional three-day package to round out the total consumer time commitment to one week.

It may be important to consider how much time the consumer will need to get from their starting point to the place where the tour package begins. Travel agents and tour operators can be of considerable assistance in making sure the time commitment required by the consumer will fit the needs of the market.

Itinerary Importance

There are certain marketplaces that provide insurance against misleading information provided on an itinerary. If a guest arrives and does not receive what they were promised they are entitled to a full refund on their package. It is very important to guarantee only what you can provide. It is equally important to be very upfront with all possibilities of a tour being cancelled.

Itinerary/Specific Activities

Work out a detailed itinerary for your product. This needs to be very precise, so that both the consumer and suppliers of services to you know exactly what is promised and what is expected. You will need to allow some time to accommodate unanticipated delays.

Where start times of a tour involve the prompt arrival of scheduled aircraft and the recovery of checked baggage, a single local activity or package orientation session may be used as insurance against delayed flights. Always remember that flights arriving later in the day may be somewhat more likely to have delays.

Generally, there should be reference in your itinerary for every couple of hours of time. Where an activity lasts more than a couple of hours it is acceptable to restate the activity title with the word “continues.” The itinerary reference should tell what is happening, what the consumer will experience and any demands this may place on the consumer. Allow for breaks to accommodate the personal needs of consumers.

*For example:
A day tour in the Nahanni is very weather dependant. Mr. Smith is booked to go into the Nahanni on Tuesday June 15th. He arrives on Tuesday June 15th, a beautiful sunny day in Fort Simpson, and is advised his tour has been postponed by a day due to weather. You can well imagine how upset he would be. Due to bad weather on Monday June 14th all flights were cancelled and rescheduled for Tuesday. That is exactly how it works in the Nahanni as well as many other areas of the NWT. So it is very important to advise Mr. Smith of this possibility and actually suggest visitors allow an extra day on the itinerary for this possible scenario.*

⁹ p.95ff TDH

Be clear that schedules will be followed and that it is the responsibility of the consumer to be available at the specific times noted in the itinerary. Check the sequence of activities, each element of the package should flow naturally from one to the next.

Bundled Services

Sometimes it will be advantageous to have one supplier “bundle” a number of services together. For example, a hotel may wish to include meals that are selected from a predetermined menu. Or, a charter aircraft company that is providing a day trip to a scenic area may supply food and guiding services. In the case of buying bundled services, you may have another negotiating point to use in determining the price that you pay the supplier of the services.

Market Position

Market position most often refers to the demographics of your target market. Is this a luxury package or a standard package? Meeting the consumer’s expectations with respect to hotel rooms, meals, travel mode, guiding and other quality-sensitive services is very important. The consumer should not be surprised by substitutions that are not in line with those described in the marketing promotions. Do not exaggerate.

Market Ready

There are many factors that need to be considered before you can go out and offer your product as “Market Ready.” It is important to make sure that your product works for you, the consumer and the distribution organization that will market your product.

Have You Market Tested The Product?

Before you attempt to promote your product to the travel trade, it is essential that you market test it. There are a number of reasons for this. First, very few products are ever developed without the need for some significant adjustment. This could be a break-even cost issue, a supplier challenge, an activity sequencing issue, a transportation or accommodation issue, a pricing issue or a commission issue. Market testing your product will allow you to make needed changes before you offer it to the travel trade outside your area.

Pricing the Product

Pricing is the most challenging part of the process for many tour operators – particularly for those who are new at tour packages. At the end of the process you want something to show for all your efforts. There are no exact pricing guidelines but we can offer you an example, using the most common guide. All pricing is negotiable between you and the trade.

Published Prices versus Net Prices

To begin, there is a lot of confusion about “Net Pricing”. Net pricing is any price below your published price. Your published price is what you advertise, and what visitors would pay if they were to buy the package directly from you. But before you price your product, you need to determine your break-even cost. This must include all your costs. That is your time, gasoline, insurance, and meals, anything that is going to cost you money. Once you have determined your break-even cost then you add your profit margin, in most cases that will be 10 to 25%. This is often called the “base price”.

Commissions

To show how the pricing works with all levels in the travel industry we have developed an example.

If a tour operator prices their product at \$100 per person (including their profit margin), the following commissions will have to be added to the base price depending on who is selling the product.

- Travel Agent Commission 10% – \$10.00 travel agent has no middle person they will keep the 10%
- Wholesaler Commission 20% – \$ 20.00 the wholesaler will sell to the travel agencies, they will keep 10% for themselves, they will pay the travel agency 10%
- Booking Agent Commission 15% – \$15.00 the booking agent will keep 15%
- Inbound Agency Commission 30% – \$30.00 the inbound agency can have various middle people. They will pay the wholesaler 20%, they will pay the travel agency 10%, and the amount they earn will depend on whom they sell to.

If you decide to partner with all sectors you need to mark up your price between 30% and 40%. This will provide enough for all the proper commissions. So in the case of a tour that costs the tour operator \$100 (including profit margin) the following prices would apply:

- Partner with travel agency only – your published price would be \$110
- Partner with wholesaler only – your published price would be \$120
- Partner with booking agents only – your published price would be \$115
- Partner with an inbound agency – your published price would be \$130

If you chose to partner with all sectors your Published Price is \$130.00

Your net price will now vary with each supplier:

- Your travel agent net price is \$120.00
- Your booking agent net price is \$115.00
- Your wholesaler net price is \$110.00
- Your Inbound Agency net price is \$100.00

If you sell directly to a customer, your price would be the published price, which could be one of the above, depending on who you have partnered with to sell your product.

It is very important that you hold to your published price. For example if you advertise your product at the \$130.00 level and turn around and charge the visitor \$100.00, the travel trade regards this as completely unethical and will not want to deal with you in future.

More detailed information is available through on-line Internet courses and tourism reference books.

Block Space/Release Dates

Block Space means that a supplier (generally a hotel or a transportation company) allocates an inventory to a tour operator. If the tour operator does not sell the inventory by the date that the supplier has set, they must release any un-booked space back to the supplier. Blocking space is essential when planning group tours.

Vouchers

Vouchers are documents that tour operators provide to their fully independent travelers (FIT), which they turn in to the suppliers of services that have been pre-booked by the tour operator. The client has generally prepaid for these services.

Insurance and Liability

You will need insurance to cover the consumers who are on the tour. This will need to be negotiated with an insurer who can assess the degree of risk and recommend an insurance package. Rates and assessments vary. It is always good to shop around.

You also need to be aware of your liability to ensure that travel arrangements made at the time of booking are delivered to the traveler, exactly as sold. The Package Travel Regulations of the European Union set the standard. If a European consumer believes an outbound tour operator has not delivered what was promised when they made their booking, the tour operator may be legally required to make financial restitution to the consumer.

Suppliers may then be asked by the outbound tour operator to either provide the refund or share in the cost of the refund. It should also be noted that an upgrade provided to a consumer (better car, bigger room) may also result in a complaint that the exact contracted services were not supplied. If the consumer can give a reason why this was not acceptable, a refund may be required. Any changes from the package contract need to be agreed with the consumer, in writing, at the time of the substitution.

Marketing your Product (Worksheet 13)

After developing and packaging your product, you will need to reach your target market with information about your product that is appealing to your customers. In the NWT, you will be part of a community of tourism operators. Across the whole territory, NWT Tourism is responsible for tourism marketing activities, working on behalf of the Government of the Northwest Territories (1-867-873-5007) or visit the web site at www.spectacularnwt.com. At a national level, the Canadian Tourism Commission promotes Canada and its tourism to other countries.

The Internet is a very important marketing tool in addition to more traditional methods such as advertising on television, radio and in publications, newsletters, signs and flyers. Resources that can help you explore the internet as part of your marketing plan include:

- Internet Marketing for Your Tourism Business, by Susan Sweeney, C.A., Maximum Press, 2000.
- Internet Opportunities Kit, NWT Tourism, Outcrop Communications, 2007.

Worksheet #10 - Site Evaluation¹⁰

1. Who lives there?

2. What are the municipal development plans for the area?

3. What are the attitudes towards your proposed development?

¹⁰ See p. 65 ff in TDH

4. Is the long-term future of the site reasonably secure?

5. How does the customer get there? How far is the site from the customer? (Consider roads, air transport, public transportation (bus). Identify the current and nearest transportation services. Identify the costs of scheduled services.)

6. Does the developer need to provide or build access to the site? (If access is by private plane or helicopter service, can the proper licenses be obtained?)

Worksheet #11 - Building and Land Development Requirements

1. Do the existing building(s) meet your immediate needs?

2. What is the structural condition and life expectancy of existing buildings?

3. Do the current structures meet building, health and safety codes?

4. What renovations or upgrading of existing buildings or utility infrastructure is required?

5. What are the estimated costs?

6. What new buildings are needed for the development? What are the estimated costs?

7. What special facilities are needed for this site? Can they be accommodated, and if so, what are the costs? Are they technically feasible? (Especially for marinas, helicopter pads, boat launches, etc.)

8. What land development is needed?

9. What are the estimated costs for clearing, grading and providing roads and parking, landscaping, and hooking up to or providing services and utilities?

12. Complete the checklist for each site being considered. Use it to compare sites.

	Excellent	Suitable	Needs Work	Not Suitable	Notes
General Location					
Visibility					
Adjacent Land Uses					
Property Land Use Bylaw Classification					
Scenic Views					
Water Supply					
Land Tenure/Ownership					
Drainage, Watercourses					
Power Supply					
Existing Buildings					
Local Attitudes Towards Development					
Proximity to Market					
Current Land Use					
Access					
Long-term Outlook					
Soils and Topography					
Sewage Disposal					
Clearing, Site Preparation					
Environmental Quality					
Shoreline or Water Access					
Local Labour Supply					
Archaeological Concerns					

Worksheet #12 - Packaging the Product

1. How will your product/service transport customers? (Give details on the reliability, safety and quality of the transportation services.)

2. How long will your package take? (Give details on the time commitment required by the consumer and how this fits the needs of your target market.)

3. What will your itinerary look like? (Give details on what you will provide and how you will ensure accuracy by guaranteeing only what you can provide and by anticipating delays.)

4. Have You Market Tested The Product?

5. How will you price the product? (Give details on how you will negotiate and with whom. Consider commissions, your break-even cost, and your mark-up.)

6. How will you insure the consumers who are on the tour? (Give details on how you will negotiate with an insurer who can assess the degree of risk and recommend an insurance package.)

Worksheet #13 – How will you Market your Product?

This worksheet will help you develop a marketing plan for your target market(s).

Identify the strategies you will use to reach your target market and provide details on how you will appeal to your target market with each strategy you select for inclusion in your marketing plan.

Internet

(Corporate websites, blogs, forums, photography, online booking systems and online advertising.)

Tradeshows

Publications

More than 80% of travelers do their research online. A website is your primary point of presence for the rest of the world.

(Internet Opportunities Kit, NWT Tourism)

Media

Partnerships

Direct mail and Newsletters

Other

Step Five - Risk Management (Worksheet 14)

Identify your major risks and develop plans to mitigate or avoid these risks, for example by including safety and first aid training and certification for staff, equipment and building standards, and equipment handling standards and training

Provide proof of all insurances required for proposed operations, or identify timelines to obtain such insurances

An important next step in your business start-up is to ensure that your investment is protected against various risks. Your insurance company or broker can guide you on the insurance coverage needed to safeguard your tourism business.

Worksheet #14 - Risk Management

1. Identify your major risks and your plan for managing each risk. (Example: Risk: injuries to clients while hunting; Plan: safety and first aid training and certification for staff)

2. Provide proof of all insurances required for proposed operations, or identify timelines to obtain such insurances.

Step Six – Financial Planning (Worksheets 15-18)

What are your financial plans?

An early look at financing is also critical to the success of a development. It is wise to examine the financial requirements of the total project as well as the current economic health of the community in which the project will operate.¹¹

A general idea of financial requirements should lead to an investigation into sources of financing. Information can be obtained through a number of methods and from a variety of sources, but a good place to start is with the Economic Development Officer (EDO) for your community. Attention to this area will help you realistically assess the feasibility of undertaking your proposed project.

Steps in financial analysis

1. Determine Capital Costs (Worksheet 12)
2. Determine Profitability, Cash Flow and Working Capital (Worksheet 13)
3. Prepare Pro Forma (Projected) Financial Statements (Worksheet 14)
4. Identify Financing Methods (Worksheet 15)
5. Evaluate Rate of Return and Feasibility (Step Six)

The NWT Business Development and Investment Corporation (BDIC) promotes financial independence, assists communities in capturing economic development opportunities, and helps develop a diverse and viable northern economy. The BDIC provides a range of programs and services to help northern business succeed. For more information about financial analysis, visit the website for the Department of Industry, Tourism and Investment for their list of business assistance programs (www.iti.gov.nt.ca/businesseconomicdevelopment/bdic.shtml).

Developers must also make a realistic assessment about the ability to finance initial (legal, banking) capital development costs with debt financing, equity financing and/or a combination of the two methods.

As a general rule, a new operation should have working capital equal to projected expenses for at least six months.

For more information on the types of financing methods, visit the website for the Department of Industry, Tourism and Investment for their list of business assistance programs (www.iti.gov.nt.ca/businesseconomicdevelopment).

Projected income statements

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:

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

¹¹ see p. 72ff in TDH

Typically, the income forecast should cover these points:

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

Notice that the last item on the income statement is your projected net profit for the year. This forecast figure will be kept for comparison to the actual net profit figure. At the end of each year, a condensed income statement should be prepared. It will be similar in appearance to the projected income statement, but will be actual rather than estimated numbers.

This is a valuable summation, as it will allow you to determine your projected and actual break-even points. Income Statement forecasts should be prepared for at least the first three years of operation. They will likely need revisions as the business situation changes. If the forecasted figures vary considerably from the actual, some changes in operation or financing may be necessary.

The Pro Forma Balance Sheets are 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, liabilities and equities.

Assets represent the total resources of the firm stated in dollar terms. Claims against these assets are the liabilities and equity. 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".

Projected cash flow and working capital needed

The cash flow statement records actual timing of cash receipts and disbursements. 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 inflows from cash sales, sales of fixed assets, collections of accounts receivable, loan proceeds, and the owner's contributions. Cash disbursements are cash outflows for operating expenses, payments to suppliers, repayment of loans and the acquisition of fixed assets.

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. The most important function of a written cash flow is its ability to provide an estimate of the amount of money required to finance day-to-day operations. It will forecast money coming in and money going out.

It is also recommended that three types of financial statements (budget, income statement and balance sheet) also be prepared for the construction/start-up phase prior to the venture opening for business.

To aid you in preparing your financial statements, visit the website for the Department of Industry, Tourism and Investment for their list of business assistance programs (<http://www.iti.gov.nt.ca/business-economic-development>).

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Financing methods

In order to determine the best financial arrangement possible, an entrepreneur must consider all potential sources of financing including:

- Owners' investment
- Outside investment sources
- Loans from banks
- Other private lenders

The interest costs from each source must be calculated into the projected income statement, and the proposed scheduling of repayment must fit into the cash flow forecasts.

Worksheet #15 - Estimate your Capital and Start up Costs

Check the cost categories that apply to your business and provide details and estimates.

Land acquisition

Cost:

Surveys

Cost:

Utility infrastructure

Cost:

Engineering

Cost:

Architectural design work

Cost:

Professional fees

Cost:

Insurance

Cost:

Resource assessment fees

Cost:

Fees, appraisals and permits

Cost:

Site preparation

Cost:

Landscape work

Cost:

Building construction

Cost:

Renovations

Cost:

Access road:

Cost:

Furnishings, fixtures, equipment

Cost:

Other leasehold improvements

Cost:

Vehicle requirements

Cost:

Other

Cost:

Worksheet #16 - Forecast your Income

1. **Revenue** (Estimate income generated from the sale of the company's product or service.)

Year one

Year two

Year three

2. **Other Income** (Estimate income earned from other activities, e.g. interest earned on bank deposits.)

Year one

Year two

Year three

3. **Costs of Goods Sold** (Estimate expenses directly related to the production of goods and services including purchases of materials, freight and labour.)

Year one

Year two

Year three

4. **Gross Profit** (Estimate your Revenue minus Cost of Goods Sold)

Year one

Year two

Year three

5. **Operating Expenses** (Estimate all selling, administrative and depreciation expenses.)

Year one

Year two

Year three

6. **Operating Profit** (Estimate your Gross Profit less Operating Expenses)

Year one

Year two

Year three

7. **Interest Expense** (Estimate your expenses resulting from debt financing.)

Year one

Year two

Year three

8. **Net Profit Before Tax** (Estimate your Operating Profit less Interest Expense)

Year one

Year two

Year three

Worksheet #17 - Projected Balance Sheet

Balance Sheet (Projected)

Enter your Company Name here

	Beginning as of mm/dd/yyyy	Projected as of mm/dd/yyyy
Assets		
Current Assets		
Cash in bank	\$ _____	\$ _____
Accounts receivable	_____	_____
Inventory	_____	_____
Prepaid expenses	_____	_____
Other current assets	_____	_____
Total Current Assets	\$ _____	\$ _____
Fixed Assets		
Machinery & equipment	\$ _____	\$ _____
Furniture & fixtures	_____	_____
Leasehold improvements	_____	_____
Land & buildings	_____	_____
Other fixed assets	_____	_____
(LESS accumulated depreciation on all fixed assets)	_____	_____
Total Fixed Assets (net of depreciation)	\$ _____	\$ _____
Other Assets		
Intangibles	\$ _____	\$ _____
Deposits	_____	_____
Goodwill	_____	_____
Other	_____	_____
Total Other Assets	\$ _____	\$ _____
Total Assets	\$ _____	\$ _____

Liabilities and Equity**Current Liabilities**

Accounts payable	\$	\$
Interest payable		
Taxes payable		
Notes, short-term (due within 12 months)		
Current part, long-term debt		
Other current liabilities		
Total Current Liabilities	\$	\$

Long-term Debt

Bank loans payable	\$	\$
Notes payable to stockholders		
LESS: Short-term portion		
Other long term debt		
Total Long-term Debt	\$	\$

Total Liabilities	\$	\$
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Owners' Equity

Invested capital	\$	\$
Retained earnings - beginning		
Retained earnings - current		
Total Owners' Equity	\$	\$

Total Liabilities & Equity	\$	\$
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Worksheet #18 - Potential Sources of Financing

Check each source that applies to your business plan and indicate the amount and purpose of the loan, the term, and the type of security offered for the loan. (Note: The interest costs from each source must be calculated into the projected income statement, and the proposed scheduling of repayment must fit into the cash flow forecasts.)

Owners' investment

Amount

Purpose

Term

Type of Security offered for the loan

Outside investment sources

Amount

Purpose

Term

Type of Security offered for the loan

Loans from banks

Amount

Purpose

Term

Type of Security offered for the loan

Other private lenders

Amount

Purpose

Term

Type of Security offered for the loan

Step Seven – Will Your Business Be Successful? (Worksheets 19-20)

How do you know you can succeed?

The work you have completed up to this point provides most of the information required for a formal Business Plan. In this step, you will summarize the reasons that make your plan feasible and convincing. Begin with an assessment of the risks you will be assuming. Now that you have developed your business concept in some detail, it is possible to accurately examine your risks and develop your risk management strategy as well as your business strategy. The following are the most commonly required types of insurance for the tourism industry.

Commercial General Liability (CGL) Insurance insures you and your business against claims made against you by third parties that may arise out of your activities or operation.

Property Insurance covers losses from damage to or destruction of business property.

Accounts Receivable Insurance insures up to 90% of your receivables if a tour operator does not pay because of insolvency or default. For further information, visit Export Development Canada at: www.edc.ca.

To find out more about insurance requirements and insurance brokers, visit the Insurance Bureau of Canada website at: www.ibc.ca.

Outdoor and adventure tourism operators in all Canadian provinces and territories can now access the favourable insurance coverage and premium rates currently enjoyed by businesses in British Columbia.

Thanks to a partnership between the Tourism Industry Association of Canada and the Council of Tourism Associations of British Columbia (COTA), the Tourism Industry Risk Management and Insurance Program is being extended to tourism operators across the country.¹²

Evaluate rate of return and feasibility

Break-Even Analysis shows the level of income needed to meet all expenses (variable and fixed). Sales above the break-even point will show a profit.

Return On Investment is expressed as a percentage and is the ratio of profitability to owners' equity over one year. It is often used for comparing investment opportunities. If the return on investment is too low, investors may decide against the project and opt for investment opportunities that have higher returns.

¹² p.92 TDH

The Canadian Tourism Commission has published two excellent resources to assist you with developing your risk management strategy:

Risk Management Guide for Tour Operators

Risk Management and Insurance Guide for the Adventure, Ecotourism and Alpine Skiing Industries.

These in-depth resource guides can be ordered by emailing the Canadian Tourism Commission at: distribution@ctc-cct.ca and quoting #C50128E.

Debt to Equity ratio is a measurement used to compare the amount of debt to the financial risk assumed by the owner(s). Usually, a ratio of \$1 or \$2 borrowed for every dollar invested is viewed as acceptable (a ratio of 1: 1 or 2: 1); however, the acceptable ratio may vary by industry sector. This is one of the ratios of particular interest to lenders.

Useful Publications

In 2003, the Canadian Tourism Commission published a study called Insurance Issues and Alternatives in the Outdoor Tourism Sector in Canada that explored a variety of issues and made a number of recommendations.

(www.corporate.canada.travel/en/ca/research_statistics/productknowledge/product_research/adventure_outdoor/adventure_outdoor.html)

The CTC also produced a Risk Management Guide for Tourism Operators that contains industry-specific management tools that can be practically applied by businesses in all tourism sectors, and provides risk management best practices for the tourism industry (available for download at www.tiac-aitc.ca/english/insurance.asp).

Worksheet #19 - Evaluate Financial Feasibility

1. Break-even Analysis

What level of income will be needed to meet all expenses (variable and fixed)?

Company Name: _____

Cost Description	Fixed Costs (\$)	Variable Costs (%)
Variable Costs		
Cost of Goods Sold		0.0%
Inventory		0.0%
Raw Materials		0.0%
Direct Labor (Includes Payroll Taxes)		0.0%
Fixed Costs		
Salaries (includes payroll taxes)	\$	
Supplies	\$	
Repairs & maintenance	\$	
Advertising	\$	
Car, delivery and travel	\$	
Accounting and legal	\$	
Rent	\$	
Telephone	\$	
Utilities	\$	
Insurance	\$	
Taxes (Real estate, etc.)	\$	
Interest	\$	
Depreciation	\$	
Other (specify)	\$	
Other (specify)	\$	
Miscellaneous expenses	\$	
Principal portion of debt payment	\$	
Owner's draw	\$	
Total Fixed Costs	\$	
Total Variable Costs		0.0
Break-even Sales level	0	

2. **Profit Estimate** (Sales above the break-even point will show a profit - what is your profit estimate?)

Year one

Year two

Year three

3. **Return on Investment** (What is the ratio - expressed as a percentage - of your profit estimates to owners' equity over one year?)

4. **Debt To Equity Ratio** (Amount owed divided by amount invested)

Year one

Year two

Year three

5. **Repayment Plan** (How will you repay what you borrow? Provide details on the basis of your cash flow projections)

Worksheet #20 - Supporting Documents

Identify supporting documents (résumés, certificates, diplomas, letters of reference, equipment quotes, letters of intent, maps, photos, samples of work, and other documents that support your plan)

Check the items that can be included in your business plan and give details.

Brochures and advertising materials

Industry studies

Blueprints and plans

Maps and photos of location

Magazine or other articles

Detailed lists of equipment owned or to be purchased

Copies of leases and contracts

Letters of support from future customers

Any other materials needed to support the assumptions in this plan

Market research studies

List of assets available as collateral for a loan

Appendix: GNWT Industry, Tourism and Investment - Guide to Proposal Submissions: Tourism Product Diversification and Marketing Program

Schedule 1: Business Planning and Transition Assistance

Purpose of Funds:

Funds may be applied toward development of business plans intended to enhance existing product or develop new product with the intent of increasing revenues to tourism businesses and/or attracting new visitors to the NWT.

Eligible activities could include:

- Costs associated with consulting related to obtaining Tourism Operator License; and
- Consulting fees and costs for development of a business plan.

The business plan:

Clearly articulate project goals and objectives and how the business plan will achieve these:

- Describe the purpose to which the funds will be applied;
- Demonstrate how the project will attract new visitors to the NWT, and/or increase spending within the NWT by visitors (including markets, such as business travelers, which may be induced to spend on activities not related to their main purpose of travel);
- Identify local benefits in terms of jobs created for residents and revenues flowing to NWT businesses providing goods and services to the project;
- Provide profile(s) of the target market(s);
- Describe the product/market match;
- Describe marketing strategy and tactics;
- Provide pro forma financial projections over a 5 – year forecast period, including cash flow projections (these projections must include the volume of expected clients or visitors over the forecast period);
- Identify any spending flows to other NWT businesses; and
- Identify current project assets the applicant will bring to the project.

Funding Limits:

The maximum available per applicant is \$25,000.

Equity Requirements:

The equity requirement under this Schedule is 15 percent of eligible project costs, including sweat equity.

Proposal Requirements and Evaluation Criteria:

For all purposes, the applicant must indicate which markets and products the plan will target. Priority will be given to applications that target high yield growth markets for experiential non-consumptive tourism products.

Applications under this Schedule should include a proposal from a qualified consultant solicited in response to a Terms of Reference that describes the scope of work. The proposal must include a price quote broken out by task. A sample Terms of Reference is attached as an Appendix to this Guide which you are encourage to use to obtain proposals and quotes.

All applications will be evaluated to assess the degree to which, if any, the project will adversely affect currently operating NWT businesses competing for the same market. The current size of the market and the degree to which the tourism industry has penetrated this market will be considered in evaluating proposals for market disruption.