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**Arts & Crafts - A Business Plan: Tourism
Business Opportunities Study, Fort Mcpherson
(2 Copies)
Catalogue Number: 11-52-11**

ARTS & CRAFTS

A BUSINESS PLAN:
TOURISM BUSINESS OPPORTUNITIES
STUDY
FORT McPHERSON, N.W.T.

May 1992

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BUSINESS PLANS - INTRODUCTION

The development of any of the five suggested business as documented in the "Tourism Business Opportunities Study" Fort McPherson, N.W.T. could bring **substantial economic** and other benefits to the community. Spin off economic benefits may include **Co-op** gas, grocery, hardware, coffee shop or hotel business; tire repair and sales; **craft sales**; canvas shop "awareness" and sales to name only a few.

Other benefits from development of these business may include:

- pride of accomplishment;
- setting a positive example for other businesses in the community;
- training and experience of owners and staff which can be transferred to other businesses;
- exposure to visitors....**a learning experience**;

FIVE BUSINESS PLANS ARE DETAILED AND BOUND SEPARATELY FROM THIS REPORT:

1. Arts & Crafts
2. Peel River Boat Tours
3. Dried Meat/Dried Fish
4. **Gwich'in** Cultural Camp
5. Bed & Breakfast

EACH BUSINESS PLAN IS DETAILED UNDER THE FOLLOWING HEADINGS:

EXECUTIVE SUMMARY
PROJECT DESCRIPTION
COMPETITIVE FACILITIES AND SERVICES
MARKET ANALYSIS/MARKET CONSIDERATIONS
OWNERSHIP, MANAGEMENT, HUMAN RESOURCES & TRAINING
OPERATIONS
MARKETING
FINANCIAL
LEGAL LICENSING, INSURANCE
SOCIAL CULTURAL IMPACT
ENVIRONMENTAL CONSIDERATIONS
COMMENTS/CONSTRAINTS
IMPLEMENTATION/TIMEFRAME
BUSINESS PLAN "TO DO"

APPENDICES

We suggest that before specific **Business Plans** are reviewed the main text of the "Tourism Business Opportunities Study Fort McPherson, N. W.T." be reviewed to gain an overall prospective.

In our detailing of the business plans we have attempted to strengthen the **viability** of each project through cooperation with one or more projects.

Some capital cost or marketing budgets may have a minimum and maximum. Money **actually** spent will then depend on the applicants own **resources**, **his/her seriousness** and available assistance.

At the completion of each Business Plan a "To Do" list suggests tasks to be completed in order of priority.

Brochures and related information on operations similar to the specific Tourism opportunities, where applicable, is found on the inside back cover of each Business Plan.

For any of these Business Opportunities we strongly suggest interested operators experience first hand, similar operations. Potential Bed & Breakfast operators to stay with Bed& Breakfast in Inuvik or Dawson; potential Gwich'in Cultural Camp developers to experience similar facilities (ie: Ste Marie among the Hurons in Ontario, Alaska Land in Fairbanks, Baker Lake N. W.T.)

For implementation of these projects assistance may be sought from one of a number of sources; refer to "Financial & Technical Resources."

IS THIS BUSINESS FOR ME?

Before entering into this business opportunity we must ask:

- Am I prepared to dedicate the time and effort to make it work?
- Do I have, or can I obtain the resources needed?
- Would I enjoy this type of business?
- Is this the type of business that I want?
- Would I gain more benefit and satisfaction from working as an employee... without the hardship and headaches involved with ownership?
- Am I qualified?
- Do I have the financial resources to provide equity?
- Will it compliment my lifestyle and other work activities?

#1 ARTS AND CRAFTS

EXECUTIVE SUMMARY

The further development of Arts/Crafts , for a number of reasons was selected by the community as the #1 Tourism Business Opportunity.

Arts/Crafts are an important Business Opportunity for McPherson because of the following:

- Production of crafts is an integral part of the **Gwich'in** culture and can be important not only Economically but socially as well.
- Crafts people of all ages from many families . . . teens to the **elderly** can be involved.
- Crafts can be produced on ones own leisure in his/her own home or in a social group setting.
- Can compliment all other identified business opportunities, # 4 "**Gwich'in** cultural Camp"; # 2 "Peel River Boat Tours";#5"Bed & Breakfast"; and # 3 "Dried Fish/Dried Meat.
- There is an established recognized national & international market for quality native crafts.
- Required capital outlay is minimal.
- Economic benefits increase with quality and Volume (# sold).
- People can be very proud of the quality of work in McPherson.

PROJECT DESCRIPTION

Due to the small individual "cottage **industry**" nature of crafts as a business **opportunity** there are two components suggested.

- A. To establish an active sales outlet;
- B. To encourage individual and "group" crafts production.

COMPETITIVE FACILITIES AND SERVICES

For Dempster Highway travelers who may buy crafts "competition" is wherever, along their total trip they can purchase crafts. Travelers may allot a % of their total travel/vacation budget for crafts or gift purchases. The competition for these travelers dollars is then any outlet or opportunity to purchase **crafts...from** B.C. to Whitehorse, Dawson, Eagles Plains, Arctic Red, **Inuvik** . . .

Crafts are now sold through a crafts room in the Hamlet **office** open part time on weekdays, the Northern Store, a display case **in the Co-op hotel/coffee** shop and by personal contact direct with the craft producer.

MARKET ANALYSIS/MARKET CONSIDERATIONS

The following provides some general comments regarding 'Arts and Crafts'. These comments are largely based on our previous experience and intuitive knowledge regarding this component of tourism in the N.W.T. and knowledge of the history and present Arts/Crafts situation in McPherson.

- Visitors to the NWT are largely comprised of Canadians, followed by Americans and overseas visitors. A higher proportion are male vs female and have household incomes over \$50,000.00. Traveling Canadians to the NWT bought 63% of all souvenirs sold. This is largely because they make up the majority of visitors.
- There is a general trend among travelers to prefer quality, locally produced souvenirs over "made in Taiwan" versions, although there continues to be a market for these latter 'copies' - especially among families and less frequent travelers.
- All too often crafts people make what they want to..not what the market wants! Current market research indicating what the market wants is important.
- The cost of traveling to and in the NWT is relatively expensive and may have some impact on discouraging excessive discretionary spending.
- Visitors on bus tours form a fairly captive audience for an arts and crafts outlet if visitors are brought there directly. The amount they are likely to spend will depend partly on the number of "shopping" stops they have already made as part of their tour as well as on the amount of time they have. Generally, however bus tour visitors are not known as big spenders. Choice of product to be produced must meet the market demand.
- By recognized research the bus tour market will buy items under \$20.00. Out of an average of 35 people per bus tour stopping in Ft. McPherson, fewer than 15 will buy anything at the canvas shop. However interest is high in looking, observing and experiencing how things are made. Average bus tour direct expenditures at the canvas shop \$15 average per person times 15 people = \$225.00.
- Part of the reason for these low sales may be lack of interesting unique items under \$20.00-\$25.00 combined with the fact that bus tour people are low spenders.
- Bus Tours to McPherson rarely visit the crafts outlet in the Hamlet Office with minimum sales.
- Both local, hand-made and copied, imported souvenirs tend to be more popular if they relate directly to the region - ie: examples of this are the hand knitted **Cowichan** Indian sweaters, scarfs, mitts etc. produced by the **cowichan** Band in Duncan B. C., birch bark baskets of Ft. Laird N.W.T. or porcupine quill work and moosehair tufting of Ft. Providence N.W.T. Developing 1 or 2 products, unique to Ft. McPherson would broaden sales appeal.
- Teachers and visiting friends and relatives are a small but important market.

- The 1989 Exit Survey published by NWT Economic Development and Tourism records that shopping for Arts and Crafts is a primary trip basis for only **0.3%** (.23°A for visitors to the Western Arctic specifically) although 43°A actually shop while they are there. These statistics would tend to indicate that there is more of a market for less costly, but still authentic, souvenirs than for very costly arts and crafts.
- Having demonstrations involving the actual making of **arts** and crafts by community crafts people would likely generate more sales but requires the willing, active involvement of these crafts people.
- Consignment sales may be preferred by a sales outlet as dollars are not tied up in excessive inventory. The craft producer however naturally prefers money up front. Assuming a quality marketable product, craft production would be encouraged if payment in full to the crafts producer up-front was possible.
- The market for high quality, costly arts and crafts is likely quite small but does exist. It is likely that visitors willing to spend larger sums on such items are looking for 'art' rather than souvenir. Having well-known artist(s) associated with the community or region could help create a demand for the work they produce.
- Mail order marketing should be reserved for high quality 'art' or "one of a kind" craft products as referred to above and advertising would have to be well targeted to ensure a good rate of return. It would probably be preferable to identify '**art**' and other appropriate shops in major urban centres such as **Yellowknife** and Vancouver, who are willing to promote a particular artist's work and sell on commission. However, this would require some effort in order to make appropriate contacts and arrangements. Often, these type of stores need to be assured of a steady supply.
- The exit survey notes that all categories of visitors to the Western Arctic identify the landscape, the people and the culture as the area's most interesting features. Although the suggestion is made to use these features as the focus of marketing activity, it is also appropriate to focus on arts and crafts which reflect these three facets of the region.
- One seasonally operated outlet or in conjunction with a year round facility (ie: Canvas shop) selling a mix of 'copied' and original but reasonably priced, quality products would likely generate the greatest return. This outlet could also promote regional artists by displaying some of their work, having them put on a demonstration, or having a **catalogue** available.
- There are upwards of 25 active crafts women producing moccasins, mitts, gloves, and beaded jackets. Interest seems to be very high increasing production and resulting sales. Many talented crafts people have, over the years, become frustrated with lack of sales and in turn production has diminished.

A summary of relative points as documented in a major national study in 1988 entitled "**National Indian Arts and Crafts**" and relative to Ft. McPherson include:

- Of all **arts** crafts related items purchased the main items were Footwear (32%), **Jewellery** (26%), Artwork (160A), Clothing (10076), and WoodCaving (10%);
- Items made by a native crafts person (40 to 830A) far outweighed those made by a non-native crafts person (5 to 20%) or these mass produced (4 to 400A);
- "When these surveyed were asked if they would be willing to pay more, if necessary for an authentic Indian craft over an imitation (at less cost) 80- **90%** said yes.
- Prices they paid for Indian crafts were considered reasonable.
- 540A said that a **label indicating** "authentic Indian craft" **is essential** while 3070 felt it was -necessary.
- In answer to the question "What would make it easier for you to locate and purchase the craft item you were looking for?", 14% said better marketing/publicity, 6% said specialty stores and **6%** said "logos" or **labelling**.

OWNERSHIP, MANAGEMENT, HUMAN RESOURCES AND TRAINING

- We suggest that a **sales outlet be operated** by a crafts person(s) employed by an "association" or "society" of crafts people or the newly formed "CHIITSALDIK Cooperative Arts and Crafts Ltd." with technical and management assistance. The day to day operation should be simple, straightforward, allowing selected crafts people, on a rotational basis to act as sales people.
- A **part time crafts manager** would be responsible for tasks such as recording crafts inventory, commissions, scheduling of crafts people, promotion opening/closing the facility, cleaning, sales, security of cash box and recording sales. The remainder of time could be spent producing crafts. This would become a "demonstration" component of the craft shop of high interest to tourists. To purchase an item crafted by someone you have met adds a personal touch!
- In most small **centres** ownership of a facility strictly as a craft shop is not viable. We suggest **renting** at nominal cost, or cost sharing operating expenses of a small **public-oriented sales/demonstration space**. (See operations).
- Specific training, and **further craft development** may be available through a C. E.S.O. consultant, Arts and Crafts officer of the Dept. of Economic Development and Tourism in Inuvik (or also through **Yellowknife**).
- General Awareness of other crafts production and marketing techniques is suggested. This is best achieved **through visiting** other craft **centres**, attending workshops, seminars or conferences relating to Arts/Crafts.

OPERATIONS

There is now one craft sales outlet open part time weekdays in the Hamlet office. It is not open weekends and is generally, not conducive to sales... being in the **Hamlet** "office. Financially it is difficult to afford a full time sales person whose sole task it is to sell crafts.

The crafts room presently has an active but unpaid manager, Rebecca Francis who administers a \$2,500 budget allocated from Dept. of Economic Development and Tourism. This is used primarily for a rotating stock of raw materials and purchases of completed crafts as budget permits. No rent is paid to Hamlet for the existing craft room.

Mrs. Francis, representing the 25+ active crafts women in McPherson suggests the following as required to stimulate increased production and sales.

- a new, larger crafts production area allowing room for their commercial sewing machine to be set up and a number of women to work comfortably in a pleasant social atmosphere;
- an improved "public front" sales area; could be in combination with a **production/demonstration** area;
- increasing funding to minimize work left on "consignment";
- increased stock and variety of raw materials;
- technical, management and marketing assistance;

A craft sales outlet for maximum exposure, management purposes, and cost effectiveness should be combined with an existing outlet. Options we suggest include:

1. The McPherson Canvas Shop (sales office);
2. ...e urist Information Centre;
3. The New Band Office;

Options #1, and #2 may be most appropriate as they could be open longer hours, evenings and weekends in peak season to service Tourists.

During most periods one person may effectively handle provision of Tourist Information, booking interested tourists on specific McPherson packages, crafts sales and Ft. McPherson canvas shop sales if under one roof. During busy periods (ie: one bus with 35 passengers for 2-3 hours) a 2nd **host/sales** person could assist.

If it is not feasible at this time to combine all of these components under one roof, we suggest at least the tourist information, booking for tourism activities and services, and crafts outlet be in one location and managed by one person.

The crafts group should be encouraged to work on their crafts in sales **display** area - possibly on a rotational basis - **3-4** at a time but dependent on space. Atmosphere should be conducive to socializing while producing crafts with crafts people being comfortable.

This cottage craft industry encourages primarily women, elders and in some cases teens to produce items for sale in their own spare time, thus supplementing other family incomes.

Crafts production and sales ties in very well with Business Plan#4 "Gwich'in Cultural Camp". If the camp did materialize with craft demonstrations, production, and sales, similar activities should also continue to take place in McPherson.

MARKETING

One of the biggest complaints of tourists has been lack of availability of crafts. The limited hours of operation and limited information as to where to view and purchase crafts are two main reasons for these complaints. By establishing a prominent sales outlet with hours flexible to demand and an assertive **information/marketing** campaign, sales should increase dramatically.

The Co-op coffee shop/hotel has some crafts for sale and could be encouraged to expand their display case. Local Art and Crafts can be on permanent display as part of the decor in the hotel/ coffee shop with reference made to the fact it or similar McPherson products, can be purchased at the **Co-op** office or at the crafts outlet.

Piet Van Loon has suggested an innovative joint council resolution stating that "a minimum of 1 % of public building budgets for upgrade or new construction be allocated for embellishment with locally produced arts and crafts". This was recorded in joint council minutes but we suggest it be put forward as a resolution and that provision be made for monitoring and ensuring local arts/crafts are purchased and displayed. This concept could be pursued at a regional and an **N.W.T.** wide level - encouraging Arts and Crafts.

Embellishment of new or recently completed buildings **ie:** "Band office" or "Health Centre" with quality McPherson Arts/Crafts could act as a "model test project" for the region... and the **N.W.T.**

From our research we feel there is good potential for crafts people to work in conjunction with the established and recognized Ft. McPherson canvas shop. Moose or caribou hide could be silk screened or "etched" and attached to canvas products creating a "value added" product.

There have been many problems with creating "value added" canvas shop products when the value added component was done in the south (**ie:** silkscreening)! Why not produce the "value added" product **in** McPherson with qualified and interested craft people.

Mini versions of the Ft. McPherson canvas shop teepee, with embroidery or bead work is another cooperative value added prod@ A table top 6" - 8" teepee selling at under \$20.00 is ideal for the highway traffic. A more detailed 12" - 16" teepee with design and/or **beadwork** would become more of a collectors type item... price range \$50.00-\$80.00. Poles and tent folds up ... for ease of packaging and shipping in a light canvas bag with caribou tie string!

A child's size 4'- 6' high play teepee with some design and **beadwork** with a booklet of traditional Gwich'in designs that children could draw or paint on themselves may be marketable through canvas shop sales outlets or specialty **catalogues**... price range \$120.00-\$160.00. Poles could be available separately.

These mini tents of various sizes could be made **form** canvas scraps, crafts people included in drawings, paintings, embroidery or **beadwork** on the canvas while canvas shop employees cut and stitch the final product

Specialized high quality "Mail Order" companies selling outdoor/travel items may be open to "value added" products. **Beadwork**, or embroidery for example may be done on moose or caribou skin and stitched onto jackets, blankets, quilts, sweaters;

"L. L. Bean", "**Tilley** Endurable" - and "Eddie Bauer" are examples of these mail order catalogues.

Large corporations are a market that seeks unique Northern crafted products for give away or promotion - usually-the \$20.00 to \$40.00 retail each. The Arts and Crafts section of Dept. of economic Development in Yellowknife may supply corporate contacts.

We suggest communication and sales arrangements be made with regular sales outlets such as "Treeline Trappings" in Yellowknife which is the commercial outlet for the "N.W.T. Native Arts and Crafts Society".

FINANCIAL ESTIMATE

A. TO ESTABLISH A SALES OUTLET

EXPENSES

• Rotating crafts person/sales (shared with Tourist Information/Booking Desk	7,500.00
• Rent (shared) \$500 per month x 12	6,000.00
• Part time crafts coordinator manager	15,000.00
• Share of heat, light 200 x 12 =	2,400.00
• Revolving raw materials fund	10,000.00
• Marketing (See Appendix #1)	20,000.00
• Remote display cases and samples of crafts 2,500 each x 3	7,500.00
• Purchase of completed crafts	<u>30,000.00</u>
TOTAL	96,400.00

REVENUE

• Sale of completed crafts	60,000.00
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SHORTFALL

38,400.00

B. ENCOURAGE INDIVIDUAL AND GROUP PRODUCTION

EXPENSES

• 2-3 training workshops per year for McPherson crafts people (Costs include crafts consultant, travel, accommodation, material). Workshops on quality control; product test-marketing, design, direct sales, @ 5,000 each	15,000.00
• Product test marketing 2-3 new products per year;	10,000.00
• Market research (specialty for Dempster Highway Traffic);	<u>10,000.00</u>
TOTAL	35,000.00

REVENUE

All revenue to individual crafts people selling improved marketable products, and/or channeled through sales outlet as above. With 25 experienced and active (part time) crafts people now we expect the numbers could easily double over 1-2 years with improved production and increased sales.

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SHORTFALL

35,000.00

Sources of financial and technical assistance for arts and crafts, includes the following:

- A.) The new Economic Development Agreement (E. D.A.) with funding for Marketing, Product Development and Raw Materials.
- B.) The Business Development Fund: NWT Government Department of Economic Development and Tourism Opportunity Identification and Research, Business Creation and Expansion, Business Skill Development, Market-Product Development.
- c.) N.W.T. Development Corporation with funding for capital projects and other assistance.
- D.) C.E.S.O. Canadian Executive Services Organization.
- E.) C.A.E.D.S. Project Development and 'After Care' Program.
- F.) E.D.A.

LEGAL LICENSING INSURANCE

- The advantage to individual crafts people selling crafts they produce is that a business entity, **licence** and insurance is not required. A society should be registered under the "Society's Act" while the newly formed "CHIITASALDIK Cooperative Arts and Crafts Ltd." should be a limited Company with liability insurance.

SOCIAL CULTURAL IMPACT

- Expansion of Arts and Crafts is the #1 **opportunity** as suggested by the community Social Cultural Impact can be most positive in a number of ways. The production and sales of quality Arts/Crafts is one way to express tradition and culture.

ENVIRONMENTAL CONSIDERATIONS

N/A

COMMENTS/CONSTRAINTS

- The price of Arts and Crafts must indicate a "Fair Market Value" ie: the experience, materials and hours of **labour** has to be recognized.
- Marketing is critical to success! A craft store full of beautiful quality hand made crafts at reasonable prices is of no value if there are no sales.

IMPLEMENTATION/TIME FRAME

- Establishing an active sales outlet - especially in preparation for the summer Dempster Highway Traffic should begin immediately.
- Encouragement of individual group production should also begin immediately and will be on going.

BUSINESS PLAN "TO DO"

Some of these may be done as individual crafts people, others are better completed as a recognized crafts - group, guild or **society**.

- **Solidify a formal Arts/Crafts group** in McPherson to actively lobby, seek training workshops, development of new marketable crafts and sales of arts & crafts.
- **To maintain an on going contact** with the **Inuvik** based arts and crafts officer (Economic Development and Tourism) and through establishing regular meeting to follow up on a business plan for further development of arts/crafts in McPherson.
- To become a **member of the "N.W.T. Native Arts and Crafts Society"**.
- After some preliminary market research, to establish 1-2 "Art" or "Craft" items which could be developed into a **unique Ft. McPherson product**.
- To establish **sales contacts with major N.W.T. sales outlets** such as "Treeline Trappings" in **Yellowknife**.
- **To meet with the Ft. McPherson Canvas Shop** management to consider mutual ways to cooperate including the production of "value added" products sales outlet, cooperative marketing, training etc.
- To **produce and "test market"** some new crafts products as identified by the Arts/Crafts division of the Dept. of Economic Development and Tourism as having some market potential.
- **Establish a permanent craft sales and demonstration outlet** in the community open on a regular basis including peak demand summer hours. Investigate combining with **Tourist information/booking** services, canvas shop or Band offices.
- **Implement marketing program** (as attached) for crafts outlet.
- To seek **further training and craft workshops** to be held, when possible in McPherson (C. E.S.O. Consultants specializing in Arts/Crafts may be contacted via Economic Development & Tourism).
- To conduct market -ch **on an ongoing basis** via Ft. McPherson canvas shop, Dempster Highway Road Surveys, questioning bus tour operators and tourists both locally and in conjunction with Arts/Crafts section of Economic Development&Tourism in **Yellowknife**.
- To **play an active role in organizing and participating in local** regional and where possible national arts/crafts festivals or exhibitions (ie: **Inuvik's** Northern Arts Festival, July 1992 Midway Lake Music Festival). Exhibition and sale of crafts.

SUGGESTED MARKETING PROGRAM - SALES OUTLET YEAR #1

ITEM	BUDGET
• Hosting of travel writers, crafts, sales outlet owners/agents;	\$ 500.00
• Remote display units with examples & description of McPherson Arts/Crafts 3 @ 1,500.00	\$4,500.00
• Signage; outside craft shop, Ferry crossing, Tourist information at Dawson, Inuvik, Campgrounds, Hotel and Band Office	\$2,500.00
• Cooperative advertising with canvas shop, "Treeline Trappings", N.W.T. Native Arts & Crafts Society; W. A.V.A.;	\$2,500.00
• Public Relations	\$ 500.00
• Professional Photographer; Specific photos of crafts, craft people;	\$1,000.00
• Colour poster I-3. quality photos of typical McPherson crafts and crafts people. Mailing, address and phone number of crafts outlet;	\$3,000.00
• Portable travel display with colour photo blow ups;	\$4,000.00
• Travel and meetings; 'Treeline Trappings' YK, and various other sales contacts. Sales display at events (ie: Inuviks Northern Arts Festival etc.)	<u>\$3,500.00</u>
	TOTAL \$20,000.00