



**Arctic Development
Library**

**Bed & Breakfast - A Business Plan: Tourism
Business Opportunities Study, Fort Mcpherson
(2 Copies)**

**Type of Study: Plans/strategies Tourism,
Tourism - Inuvik Region**

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BED & BREAKFAST

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

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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
BUSINESSPLAN "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?

#5 BED & BREAKFAST

EXECUTIVE SUMMARY

With increasing popularity of Bed and Breakfast's - commonly known as "B & B" combined with an immediate need for additional and alternative options for accommodation in MacPherson the establishing of at least one "B & B" seems to have excellent potential.

Although a new concept for the community there is an opportunity to offer quality economical accommodation with a strong cultural appeal.

PROJECT DESCRIPTION

To provide a "Bed and Breakfast" facility in the community.

Bed and Breakfast's are usually found in a family home, operated by a member(s) of the family on a part time or seasonal basis. Spare bedrooms, or small additions to the home are frequently utilized.

Due to the friendly family atmosphere, quietness, privacy as well as the usually lower cost, B & B's can become popular, even in small northern communities such as Ft. McPherson.

Basic requirements of a Bed and Breakfast include:

1. A spare bedroom(s), apartment or "out building" for guests to sleep and a common eating/relax area.
2. Building to meet some basic Tourism, Fire and Safety, Health Dept. Requirements.
3. Generally clean, neat and orderly.
4. Access to phone, toilet facilities.
5. Friendly, courteous helpful host(s).
6. Able to provide a breakfast; can be light; wholesome: cereal, toast (with local jams,), coffee or tea, muffins, fruit.
7. A change of linen, pillow cases, towels.
8. A strong and appealing cultural component is suggested. Decor including snowshoe, traps, historical photos; examples of craft work (display and or "For Sale") moccasins, jackets, trapping trail maps, beadwork on clothing,; country foods; a sampling of pounded meat, dry meat and fish, local berry bannock, berry jams.
9. An informational brochure or sheet and/or welcome card explaining what is included/not included and at what cost.

COMPETITIVE FACILITIES AND SERVICES

Arctic Red River has a transient centre with capacity for 8 and Eagle Plains has a motel capacity 12.

Inuvik has 4 hotels with a combined capacity of 306. Four years ago Inuvik had no B & B and now has 3 with capacities for 2 to 4 each.

As there are no "B & B's" in MacPherson, the only "true competition" is the Coop Hotel. There have been numerous instances over the last 2 years that people wanting to overnight in McPherson have had to travel further to Arctic Red, Inuvik, or Eagle Plains as the hotel has been full. Hotel management has gone out of their way to accommodate guests but some are less than satisfied with over crowding. Potentially increased spin off benefits from hotel quests ie: gas sales, arts & craft sales, store sales, canvas shop sales as well as non-economic benefits such as meeting residents and gaining a better understanding of life in McPherson are lost as they overnight in another community.

The Chart below "B & B Competition" compares prices of "B & B's" in Yellowknife, Inuvik, and Dawson. B & B rates in these Centres run from \$55.00 to \$70.00 single and \$70.00 to \$88.00 double (1992). Rates in other N.W.T. Centres for "B & B's" run from \$37.50 to \$150.00 single and \$55.00 to \$175.00 double.

Hotel rates in Yellowknife, Inuvik, and Whitehorse run from \$60.00 to \$115.00 for single and \$70.00 to \$140.00 for doubles. Ft. MacPherson Hotel rates are \$100.00 plus \$35.00 for three meals (single, double, or triple).

B & B PRICE COMPARISON

	SINGLE	DOUBLE
<u>INUVIK</u>		
Gardiner's Guest House	\$75.00	\$80.00
Outlook Bed & Breakfast	\$75.00	\$80.00
Robertson's Bed & Breakfast	\$75.00	\$80.00
<u>YELLOWKNIFE</u>		
Arctic House Bed & Breakfast	\$60.00	\$70.00
Blue Raven Bed & Breakfast	\$55.00	\$70.00
Captain Ron's Bed & Breakfast	\$70.00	\$88.00
Eric & Eva's Bed & Breakfast	\$60.00	\$70.00
Jennifer Collins	\$65.00	\$85.00
<u>DAWSON</u>		
5th Avenue	\$55.00	\$65.00
Bonanza	\$55.00	\$65.00
Dawson City	\$59.00	\$69.00
Northern Comfort	\$55.00	\$65.00
White Room Manor	\$35.00	\$70.00
Whitehorse Cabins	\$60.00	\$70.00

Services and features of existing Yukon and N.W.T. "B & B's" may include airport pick up, private bath, continental or full breakfast, non-smoking, use of kitchen, bicycle or canoe use, tourist information, northern books, large screen VHS and cable, Bar-Ba-Q, parking, laundry/kitchen facilities.

As the nature of B & B operations can be seasonal depending on either market demand or family activity and interest McPherson could, we suggest, accommodate more than one B & B. One may for example be open year round and one or more for the busiest Dempster Tourist traffic or heavy construction periods.

MARKET ANALYSIS/MARKET CONSIDERATIONS

Over the past few years "B & B's" have become a viable alternative to hotel/motel accommodation, primarily in larger N.W.T. Centres. B & B have long been established in Europe and only recently (last 10 years) have become more popular in North America.

"Home-stay" Program similar to "B & B" is active in Whitehorse and apparently very popular with Japanese tourists who will go on a home stay holiday each year in a different country - collecting souvenirs and photos of their home stay holidays. The idea is to stay in someone's home as a guest, usually in a spare room and to join a family in their everyday activities and meals to experience a typical family lifestyle. The guest will bring a gift from his or her country and will expect to receive a souvenir gift in exchange.

Regardless of whether the hotel in MacPherson is full or not, many Dempster Travellers - particularly Tourists, would prefer a non-hotel type accommodation - especially if they can meet with a Gwich'in Family and learn more of the culture.

From our research we find an increasing number of professionals, Government employees and business people are seeking the quiet and more personable "B & B's" type accommodation.

OWNERSHIP, MANAGEMENT, HUMAN RESOURCES & TRAINING

Anyone with a home and not bound by restrictive regulations or policies (ie: obtaining revenue if you own a H.A.P. house or are in Government subsidized housing) could operate a "B & B".

A "B & B" is very conducive to an individual and or family operation who with little outlay can benefit financially and otherwise from this small business.

Before anyone starts to develop a community B & B they first must clearly understand what a B & B is. We suggest the best awareness program is to sample, first hand, the services of a "B & B". Most "B & B's" hosts would be happy to show their facilities to potential guests while an indepth feel for a "B & B" can only be obtained by staying as paying guests. Inuvik, Yellowknife, Whitehorse and Dawson have a number to choose from. Any ideas gained from the experience of staying at these competitive "B & B's" can be formulated into plans for ones own "B & B".

Management requires a minimum of record keeping and bookwork making it ideal for elders or those not confident with complex paperwork requirements.

Small business assistance may be available in McPherson - from other businesses, Band, Dept. of Economic Development and Tourism. Tourism Awareness, Hospitality Programs or introduction to Tourism programs would all be an asset.

OPERATIONS

Both the quest and the "B & B" operator must know and understand what is expected of each other. A promotional brochure as well as a "welcome card" would assist with communications and understanding between operator and quest.

Some visitors particularly southern tourists would be very interested in staying at a B & B hosted by an elderly Gwich'in couple. Language in very few cases may be a problem.

A "welcome card" available to visitors on check in would include additional helpful hints, House rules, introduction to the house ... reading area, T.V., radio, breakfast and details, phone numbers, payment details and suggestions not found in the promotional brochure.

This welcome card will alleviate most of the potential problems and any guests remaining longer in the community have the opportunity to learn more about McPherson, the people, culture, history, crafts.

Guests must be made well aware of your rules, ie: no smoking, alcohol, excessive noise, guests after 10:00 p.m. etc.

A bulletin board with information on local services, events, attractions, tourist information # and location of outfitters names and phone numbers, map of town, tours of operation of stores, post office etc. is appreciated by visitors.

MARKETING

The following is marketing program for a new "B & B" which could be implemented for a minimum of \$400.00.

	BUDGET MIN.	MAX.
<ul style="list-style-type: none"> Once the B & B is licensed the following potential <u>sources of business or referrals should be personally met</u> with, when possible, and information/brochures left with them or letters mailed; a potential list might include: <ul style="list-style-type: none"> Coop Hotel manager, front desk staff, coffee shop staff Government and Band offices All private businesses in town Tourist information centres in McPherson, canvas shop, campground, Dawson, Eagle Plains, Whitehorse, Inuvik, Yellowknife, Alberta/NWT border, R.C.M.P., Nursing station, Ferries (MacKenzie River, at Arctic Red and Peel River) W.A.V.A. (Western Arctic Visitors Association), Present and future contractors with work in McPherson. 	50.00	200.00
<ul style="list-style-type: none"> Review, revise where necessary, and <u>finalize the marketing plan and budgets end of Year #1.</u> 	n/a	n/a
<ul style="list-style-type: none"> Seek <u>financial assistance</u> via Economic Development and Tourism's Business Development Fund under their Marketing Program. (90% of an approved marketing program to a maximum of 15,000 may be available.) 	n/a	n/a
<ul style="list-style-type: none"> <u>Complete a black and white brochure or information sheet</u> Describing your facility and services, costs, what is included and not included, terms of payment, address, phone number; type up and photocopy or <u>have</u> printed. Both sides of 3.5" x 8^{3/4}" or 8^{1/2} x 11" printed on medium bond is adequate. 1 - 2 photos of your facility will benefit but are not essential. 	200.00 - 750.00	
<ul style="list-style-type: none"> <u>Signage</u> - in front of the house and at 3 - 4 main traffic points - visitors information in town and the camp ground; canvas shop; hotel. 	100.00 - 800.00	
<ul style="list-style-type: none"> <u>Advertising</u> - local radio, Inuvik papers. 	50.00	250.00
<ul style="list-style-type: none"> <u>Longer term agreements</u> could be sought with contractors, sub contractors. The B & B would provide breakfast while guests could eat lunch and dinners at the Coop coffee shop. 	n/a	n/a
TOTAL	400.00	2000.00

FINANCIAL ESTIMATES

- Based on the Chart "B & B Price Comparison" on page #4 we suggest 1st year rates of \$55.00 single and \$70.00 double plus G.S.T. For purposes of forecasting reviews we use an average price per person per day of \$45.00.
- We assume a B & B may have room for two people in one room and be open four months (seasonally) in scenario (A) with 100% occupancy of 240 Bed nights Scenario (B) open for 8 months with 100% occupancy being 480 person bed nights.
- If a B & B facility has capacity for more than two, potential revenue, and in turn expenses go up accordingly.

<u>CAPITAL COSTS</u>	<u>MINIMUM</u>	<u>MAXIMUM</u>
Linen, Towels, face clothes	150.00	500.00
Beds	0	750.00
Upgrade	0	5000.00+
Dishes, cutlery, table clothes	50.00	400.00+
Decor, interior decorating, northern library, crafts	100.00	1000.00+
Upgrade to meet Tourism Fire & Safety, Health Regulations. May include items such as a 2nd exit door, fire extinguisher, smoke detectors	200.00	5000.00+
"Awareness Training"- Sampling operational "B & B" in Yellowknife, Dawson, or Inuvik. May be part of other purposes for visiting that community. Costs two separate "B & B" x 2 days each plus food.	<u>400.00</u>	<u>750.00</u>
	900.00	13400.00

SCENARIO (A) FOUR MONTH OPERATION

<u>OPERATING REVENUES</u>	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
(4 months 120 nights)	@ \$45.00	@ \$50.00	@ \$55.00
% Occupancy	40%	60%	80%
Bed nights	<u>96</u>	<u>144</u>	<u>192</u>
Total Revenue	4320.00	7200.00	10,560.00
 <u>EXPENSES OPERATING</u>			
Marketing (Minimum)	400.00	500.00	600.00
Food (\$8,\$9,\$10 per person per bed night for breakfast only)	768.00	1296.00	1920.00
Cleaning	500.00	800.00	1100.00
Maintenance & Repair	200.00	300.00	375.00
Insurance	100.00	120.00	135.00
Replacement Linen, Towels	50.00	75.00	100.00
TOTAL EXPENSES	2018.00	3091.00	4230.00
 TOTAL OPERATING PROFIT	2302.00	4109.00	6330.00

SCENARIO (B) EIGHT MONTHS OPERATION

OPERATING REVENUES (8 months 480 nights)	YEAR 1 @ \$45.00	YEAR 2 @ \$50.00	YEAR 3 @ \$55.00
% Occupancy	40%	60%	80%
Bed Nights	<u>192</u>	<u>288</u>	<u>384</u>
TOTAL REVENUE	8640.00	14400.00	21120.00
OPERATING EXPENSES			
Marketing (Minimum)	600.00	700.00	800.00
Food @ \$8, \$9, \$10 per person per bed night for breakfast only.	1536.00	2592.00	3840.00
Cleaning	900.00	1500.00	2000.00
Maintenance & Repair	350.00	550.00	700.00
Insurance	100.00	120.00	135.00
Replacement Linen, Towels	<u>90.00</u>	<u>135.00</u>	<u>180.00</u>
TOTAL EXPENSES	3576.00	5597.00	7655.00
TOTAL OPERATING PROFIT	5064.00	8803.00	13465.00

POTENTIAL ECONOMIC BENEFITS

A family run B & B at 40% capacity year #1 may expect to generate \$4,320.00 in revenues and \$1,792.00 in profits from the first year of operation if operated for four months or \$8,640.00 in revenues and \$4,154.00 in profits if operated for eight months. This assumes the minimum amount of capital costs are spent with monies available by the owner ie: without financing.

- At 100% occupancy for 12 months (30 days x12 months = 360 nights with two people per room at \$70.00 double; \$35.00 each total revenue = \$25,200.00 100% occupancy is however highly unlikely.
- The profit figures must take into consideration time and effort of the owner/operator and family members who may help out.

Spin off economic benefits to the family may include sale of crafts, home made local berry jams, muffins and/or bannock, dried meat or dried fish.

FINANCING

If an interested individual or family has an available room, suite or "outbuilding" in good condition, extra household linen, towels and dishes a "B & B" could be operational with little or no expense. For our capital cost estimates we have used a minimum requirement of \$900.00

Once capital expenditures are completed, operational expenses can be kept to a minimum.

Dedicated time is however, required regardless of financing.

Commercial banks may loan money as a "home improvement" loan using the house/property as collateral.

Labour for any additions or upgrade can be done locally and in many cases by family members.

We recommend using available space in existing houses at least until the business is "tested" instead of spending a sizeable amount of dollars to build an addition(s).

LEGAL, LICENSING, INSURANCE

The simplest form of business is sole proprietor which requires registration.

A business licence is required by the Hamlet of McPherson while liability and fire insurance can be an addition to the existing homeowners policy.

Up until now, only the Hamlets have been responsible for licensing and regulating B & B with input from the Dept. of Health and Dept. of Fire Safety. The Territorial Dept. of Economic Development and Tourism should also now be consulted. As the public will be housed regulations are more stringent than personal residences but not as stringent as those for hotels, motels where more people are regularly accommodated. The building should be built to N.W.T. "home occupancy" codes.

The house should be inspected and approved by the health, Fire Safety and Tourism Departments before formally opening for business.

SOCIAL CULTURAL IMPACT

- There is no foreseen negative social cultural impact if care is taken to market to and select guests complimentary to the owners lifestyle and expectations.
- Ensuring a guest understands what is included and not included in B & B services is important.
- New friendships - meeting people from other countries and exchanging ideas and information is a rewarding personal experience.

ENVIRONMENTAL CONSIDERATIONS

- No negative environmental effects if various Health, Tourism, and Fire Safety Regulations followed.

IMPLEMENTATION/TIME FRAME

Potential is immediate. If time could be dedicated to licensing, promotional material, minor facility upgrade and inspection etc. (See business plan "To Do") a B & B could be operational within 3 - 6 weeks.

If the choice was to add an addition to an existing house construction would likely begin late spring/early summer and may be ready for the summer tourist and construction season.

BUSINESS PLAN "TO DO": B & B

1. Describe what you plan to have included in your service, what is not included, costs, etc.
2. Discuss overall plan, suitability of your home, upgrade required etc. with Economic Development and Tourism - or Band Office - Economic Development officer.
3. Visit/experience 1-2 operating "B & B's".
4. Initiate a Business Licence application process with Hamlet of Ft. McPherson and Dept. of Economic Development and Tourism.
5. Apply for upgrade assistance (if required).
6. Receive licence to operate.
7. Complete upgrade/renovations.
8. Facility checked by Fire Safety and Health and Tourism Departments.
9. Initiate the marketing plan including your information sheet/brochure.