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**Banksland Naturalist Expeditions - Business
Plan - 1993 - 1996 (sachs Harbour - Banksland
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**BANKSLAND NATURALIST
EXPEDITIONS
BUSINESS PLAN 1993-1996
(Sachs Harbour-Banksland
Tourism Strategy 1993-1996, Part 2**

BANKSLAND NATURALIST EXPEDITIONS BUSINESS PLAN

1993-1996

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1.0 INTRODUCTION

This business plan is prepared as an outline and may be adopted by one of the three existing licensed outfitters in Sachs Harbour or alternatively by a new licensed tourism outfitter. The business plan is designed to improve business profits, and long term employment and labour income benefits to the community. Planning activities are scheduled for a three year period. Because this is a public document, there is no specific historical or corporate information regarding existing operations. However, since there are active licensed outfitters in Sachs Harbour there is a historical context or "track record" for naturalist tours on Banksland. We do make broad reference to recent trends for the naturalist tour product, while respecting the confidentiality of the licensed existing outfitters and tour operators.

The business plan follows the format prescribed in the guidelines to the Business Development Fund (BDF) of the Department of Economic Development and Tourism. Adjusted for a specific tourism outfitter's operation it may accompany an application for funding to the BDF or other banking institution. The business plan focuses on the planned activity, it's cost, how the business will pay those costs and the long term effect on the profits of the. business. The plan details:

- Opportunity Summary
- Corporate Status and History
- Financial Information about the Business and the Planning Opportunity
- The Effects of the Opportunity on Market and Product Development
- Operations
- Benefits

For many businesses, business planning often occurs periodically when a longer term strategic need is identified requiring significant investment. Preparing an annual business plan may help a business operator focus on a range of funding resources which may be available for supporting ongoing business development.

1.1 Opportunity Summary

This business plan is in keeping with the community's goals to increase tourism revenues and improve control over and access to tourism resources on Banksland. This plan identifies activities which community outfitters and tour

operators may wish to implement over the next three years to improve their market share of the naturalist \photographic market. Currently,

- Naturalist\photography touring is offered by three outfitters in Sachs Harbour. Two of the outfitters have been in-active in recent summer seasons (one of the two indicating they will no longer pursue outfitting) while one outfitter has been aggressively marketing trips in the summer and spring. The most popular trips extend between the Monday and Friday scheduled flights into the community and are packaged with accommodation in Sachs Harbour and scheduled air travel from Inuvik. Many of these trips are booked by a tour agent in Inuvik.
- Naturalist visitation has been growing in recent years and is estimated at about 140 visitor days annually, concentrated in July. The present capacity to expand naturalist touring expeditions in the Sachs Harbour area using the community as a base camp, is restricted by the unavailability of longer stay vacations, multi-season tour options, equipment and skilled human resources,

Outfitting should remain small business in Sachs Harbour and concentrate on lower volumes, quality products and higher prices. This business opportunity expands the range of tours for naturalist/photography markets. The naturalist/photography tour product now available includes natural sightseeing and interpretation within one or a few days travel (by boat, snowmobile or four wheel all terrain vehicles) from Sachs Harbour. The tour package offers spring and summer 3-5 day itineraries (shorter duration than the average NWT Arctic naturalist/photographic tour) and are priced at under \$300 per person per day. (This opportunity may be altered and packaged for shoulder-season outdoor adventure travelers by offering a dog team package tour to view and photograph muskox and birdlife, and experience the camp life of local people.)

This opportunity should not jeopardize but rather complements and supplements the existing tour product. There are however modifications which could be implemented by the existing outfitter and tour operator, or a new operator. These modifications should increase the duration of the tour, provide a more varied itinerary of in-town and on-the- land activities and presumably increase the selling price of the product. It is noted that it is not unusual for an established product to be offered to different markets by more than one agent.

Equipment can depreciate quickly under heavy use and must be kept in good condition as it is vital to providing a quality experience. Assuming a tour capacity of 4-6 guests per trip, investment activities should include:

1. equipment (camping, clothing, snowmobile and 4 wheel ATVs);
2. market planning and implementation;
3. product development-tour guide training;
4. human resource development for marketing, outfitter administration, tour guide training, and booking.

Investment activities should be phased in during a three year time frame.

To improve the market share and revenue potential for the Sachs Harbour naturalist/photography and adventure travel products, improvements and expansion to the existing accommodation should be planned and implemented within the next three years.

1.2 Corporate History or Suggested Ownership

An existing Sachs Harbour outfitter choosing this business opportunity should provide the following detail to a funding/financing institution regarding his/her business:

- . who owns the business; how long it has been in operation; the level of experience and skills offered to the business by the owner/s; and tourism trade memberships and affiliations,
- status of outfitting licenses and any significant changes in licensing including location of activities, and capacity;
- status as a sole proprietorship, limited company, co-operative or partnership (as the business expands the owner should seek a legal opinion regarding the appropriate business structure to cover all liabilities to the owner),
- a summary of the infrastructure/equipment owned by the business and a review of how the business was able to purchase the equipment, and
- the profitability of the existing outfitting business.

A new entrepreneur would be required to detail to a financial institution or funding agency:

- level of experience and skills he/she brings to the business opportunity including training, guiding, business administration and management background,
- the equity the individual is prepared to invest in the new business,
- the type of business structure is proposed (eg. development corporation, limited company, sole proprietorship, co-operative or partnership), and

- how the business will blend with other work **activities** and the reasons for the **decision** to become a tourism outfitter.

Updated resumes of business owners should be appended to the business plan.

2.0 FINANCIAL IN Formation

2.1 Source and Application of Funds

To increase the number of bookings for naturalist and photographic touring near Sachs Harbour, and/or upgrade aging equipment, the following investment program is suggested. An existing operator may have substantial equipment and may eliminate some of the equipment list. A new operator may wish to invest some equipment in the new business as equity. The operator should consider however, that tourism outfitting will be the primary use for the equipment once it has been invested in the new business.

Application of Funds

1. Equipment: The equipment list is basic requirements for the operation of a tour for 4 guests, Spring and summer tours are available, thereby necessitating transportation on the land and by water. This example assumes that guides will supply their own boats and motors. Although guests may bring their own winter clothing and sleeping bags, it is recommended that an outfitter build an inventory of basic winter clothing and sleeping gear.

2 long track snowmobiles	\$12,000.
4 4 wheel ANs & accessories	\$32,000.
2 Komatiks (handmade)	\$1,200.
3 12'x14' Wall Tents	\$1,050.
1 Radio, crystals and antenna	\$2,500.
4 Sets winter clothing	\$3,200.
4 5 Star sleeping bags & mattress	\$2,600.
Cooking/Dining equipment, stove	\$ 700.
Misc. first aid kit, maps, fire ext.	\$400.
Total Year 1	\$55,650.

2. Market Planning and Implementation (see 3.4 Market Planning)

Totals:	Year 1 \$10,500	Year 2 \$16,500	Year 3 \$8,000
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3. **Product Development-tour** guide training (see 4.1 Management, Staffing and Training);

4. Human Resource Training - Marketing, Outfitter Administration, tour guide training and booking (see 4.1 Management, Staffing and Training);

5. Start-up/Expansion Costs

Start-up or expansion costs may include:

- Legal costs of incorporation,
- Accounting services for a new bookkeeping system, or development of financial projections from an existing business and set of financial statements,
- Insurance (Banks require that they be paid first in the event of an insurable loss and the GNWT requires proof of liability insurance to secure an outfitters' license),
- Operating Losses (if a small loss is forecast in the first operating year the outfitter may choose to include it in the working capital required for start-up of the business. The business, however must demonstrate significant growth potential and a positive financial position for the remaining forecast years.

Total:	Year 1 \$7,500	Year 2 N\C	Year 3 N\C
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Source of Funds

An investment scenario for the above capital (equipment and start-up) and marketing costs:

Business Investment Program (BDF) = 70% of \$63,150 = \$44,245

Minimum owner equity investment = 10% of \$63,150 = \$6,315
(The outfitter may consider a proposal to the regional CEDO for equity investment assistance if short of the equity limit.)

Bank Financing = \$12,590

Marketing for Year 1 \$10,500, Year 2 \$16,500, Year 3 \$8,000

Market and Product Development (Business Development Fund\ GNWT) is based on a 90940 contribution to a maximum of \$15,000 per year for three years.

BDF Investment (90%)	Year 1 \$9,450	Year 2 \$14,850	Year 3 \$7,200
Operating Capital	\$1,050	\$1,650	\$800

2.2 Pro Forma Statements and Business Viability

Is it feasible for a business to implement the planning activities suggested here? The three year pro forma statements (three year forecast of income and expenditures presented in Appendix C) indicate that the business can be viable. In the case of a new outfitter the business should operate for 10 weeks and reach 70% occupancy in three years. Beyond a blend of bank financing and grant contributions for equipment, the business will also require grant contributions for start-up and marketing. These contributions will see the business through its' expensive formative years.

If an active licensed outfitter implements some or all of the above expansion programming, there is greater opportunity for business viability. The potential to achieve the increased sales suggested in the pro forma statement, could result from increased flexibility to offer a wider range of tours to different tour agents. In addition there would be no need to pay for some services again which were already paid for by the business.

In the case of an active licensed outfitter, a lending institution will require the past two or three years of financial statements. Forecasts of sales, expenses, assets and liabilities should be adjusted to reflect the performance of that business. Historical financial statements should be appended to the business plan.

2.3 Disclosure of Gov't Assistance in Last 3 Years

Some government funding agencies have limitations on available funding based on previous government assistance, The notes to financial statements for an active licensed outfitting business will detail some of this information, however the active business should include a list of all government assistance received in the past three years outlining the program and allowable contribution.

2.4 Loan Security, Bank Financing, and Statements of Net Worth of Owners

Government and banking institutions will require an active licensed business to summarize bank financing, security against those loans (personal guarantees and collatarel) and updated statements of personal net worth. In the case of a new business updated statements of personal net worth will be required, Most banking institutions will supply personal net worth forms.

3.0 MARKET AND PRODUCT DEVELOPMENT

3.1 Current Market

The naturalist\ photography market for guided trips on Banksland has been steadily growing in recent years and growth is expected to continue, This visitor growth is largely due to at least one aggressive Sachs Harbour outfitter and tour agent in Inuvik. To make Banksland outfitting easier to sell to competitive markets, a package tour has been developed for either 3-5 days with transportation to and from Inuvik. The package is priced at approximately \$280 per day including airfare. Accommodation may be in a basic licensed bed and breakfast establishment or with guides.

There are however a few itinerant visitors who travel to Sachs Harbour on the scheduled flight from Inuvik and realize when they get there, that there are more touring options available to extend their stay. If Sachs Harbour is developed as a destination stop for cruise ships, outfitters may be able to offer day or shorter duration tours around town or possibly to see muskox (if they are within viewing range of the community) thereby generating extra sales.

In the Western Arctic travel zone, there are three tour companies listing naturalist/photography tours and two companies listing water adventure tours. In comparison with other travel destinations in the NWT (particularly Baffin), the Western Arctic is very much under-represented by package tour operators (less than 7% of these types of operators) listing naturalist, water adventure, wilderness/outdoor and historical/cultural tours, There is however, a high concentration of general touring operators offering tour packages to the Western Arctic.

3.2 Competition

Excluding other northern destinations in Alaska, Greenland and Yukon, there is growing competition to attract visitors to the Northwest Territories for a variety of naturalist/photography, water adventure, wilderness/outdoor and historical cultural tours. A total of close to 100 tour operators are now listing tours in the N.W.T.

Natural ist/Photography Touring

30-35 tour operators offer tours in six NWT travel zones but business is concentrated in the Baffin (12-15 tour operators). Trip duration varies from 3-14

days however a reasonable average is 7-9 days. Trips are priced from about \$250 per day to as high as \$578 per day and pricing may vary depending on where packaged transportation originates. Some tours use a naturalist lodge as a base camp, or combine community and on-the-land camping activities. For the better established tour product or natural resource destination (for example Mackenzie Mountains, Auyuittuq National Park Reserve or Panguit Pass), there may be more than one agent packaging and selling a tour product at very different tour prices.

Water Adventure (Rafting, canoeing and sea kayaking)

35-40 tour operators offer tours in all the travel zones. Trips are generally longer than naturalist\ photography touring averaging 14-15 days, but may be as long as 23 days. Trips are priced from \$150 per day to \$525. The more easily accessed sub-Arctic rivers are priced below \$200 per day while barrenlands and Arctic water destinations range between \$200 and \$300 and the very remote high arctic Ellesmere/Grise Fiord destination is sold for \$525. Pricing is based on accessibility, competition for the same resource and length of trip.

Wilderness Outdoor Adventure (Dog sledging, hiking/backpacking,

cross-country)

20 tour operators offer tours throughout the NWT with concentration in the Baffin (12-13 operators). Trip duration is 3-15 days. Hiking and backpacking trips usually last from 10-14 days and are priced at \$200 per day or less, while dog sledging trips may range from \$200 to \$400 and last from 7-10 days. At least one exclusive wilderness outdoor adventure tour to the North Pole is priced at \$1400 per day.

Historical/Cultural

10 tour operators are offering tours primarily in the Baffin. Multiple community/country tours of arts and crafts operations, museums, and/or camp/traditional Inuit life highlight this tour product. Trips are 6 to 11 days long and while there are a few priced below \$250 per day, they are typically priced above \$400 per day. (Northwest Territories Explorers' Guide, 1993)

3.3 Market Potential and Share

There is considerable competition in the NWT naturalist market, however with few tour operators offering tours in the Western Arctic there is potential to develop a quality longer duration and more expensive guided naturalist viewing and photographic tour product. There is an excellent opportunity for naturalist tour, wilderness/outdoor, cultural/historical tour operators to feature the Western

Arctic and its abundant resources. There is no reason why the quality tour cannot feature the abundant resources of the Sachs Harbour area and southern Banksland and "piggyback" on the intrigue created by and promotion of Aulavik National Park. The tour should continue to use the community as a base camp, and focus on spring and summer itineraries for greater market potential. Basing operations in the community may broaden the appeal, attracting those who are not interested in the rigours of camping.

Seven or nine day tours should continue to fit into the flight schedule to Sachs Harbour. Offering 10 spring and summer tour dates with added capacity of 4 guests per tour will increase the maximum capacity to 280 guest days. Tour pricing should be competitive and reach \$325 per day. A market share of 70% of capacity in the first three operating years will produce revenues slightly less than \$65,000 annually.

3.4 Market Planning

The business must develop and implement a marketing plan. The marketing plan should have a mix of advertising, media relations/travel trade, direct mail, and other marketing aids. Market penetration into the highly competitive naturalist/photography market will be required. As indicated, there is a growing list of tour operators/wholesale agents already offering tours in the NWT. A suggested marketing plan to include (If a plan exists already, it should be attached in an appendix to the business plan.):

A. Advertising

An annual print advertising campaign should include advertising in various naturalist publications-examples include:

- Audubon Magazine, Northwest Explorer, Up Here, Nature Canada, Equinox, Natural History, Outdoor Photographer, Borealis, Photo Life, and Buzzworm. Alternatively advertisements may be placed in special interest publications such as Sierra, Smithsonian, Travel Holiday, Canadian Geographic, Harrowsmith, Saturday Night and Western Living.

The Cooperative Advertising Campaign sponsored by the Department of Economic Development and Tourism may be able to assist the operator in choosing magazines with distribution and ratings suited to the tour. (Note: **Although magazine advertising has traditionally been a good way to generate inquiries, it is now becoming very expensive and with questionable leads. We suggest that the outfitter cooperate with other**

operators, tour wholesalers, booking agents or the NWT Cooperative Advertising Campaign to reduce costs.)

NWT Air "Touch the Arctic" Adventure Tour Program is a good opportunity for the operator to be involved with the Western Arctic Travel Zone, a northern airline and possibly a booking agent. Involvement with this program would certainly mean that air travel on NWT Air from Edmonton would be packaged and costed into the tour, the publication and advertising would be distributed to NWT Air agents and all NWT Air aircraft. NWT Air agents actually book the tour packages.

Annual tour listings should appear under naturalist and/or wilderness/adventure categories for the Western Arctic in the Northwest Territories Explorers' Guide. The Explorers' Guide has a wide distribution and is the main information source provided to Arctic Hotline inquiries. Advertising is also available in this publication.

A further option for print advertising is in the travel and leisure section of large circulation newspapers in western Canada (eg. The Edmonton Journal or The Province). The outfitter should budget for advertising in the fall as most advertising should be placed by this time of the year.

Total Budget: Year 1\$4,500 Year 2\$4,500 Year 3\$4,500

B. Media Relations/Travel Trade

For the media and travel trade, **familiarization tours** are a very practical marketing tool. Over a three year period the outfitter should host "fare tours" with wholesalers/tour agents, and freelance travel writers. If the outfitter is dealing with overseas or U.S. agents or writers, the Canadian consulate in the nearest city will assist in checking credentials and possibly offer some financial support. It is recommended that at least two "fare tours" are conducted hosting 3-4 agents and/or writers per year. (Assistance for media relations/travel trade can be obtained from airlines - airline passes, the Western Arctic Travel Zone, and the Department of Economic Development and Tourism.)

The outfitter should be very clear as to what is being offered in the tour package, and how much the outfitting services will cost. Some agents may wish to package air travel, and accommodation outside of Sachs Harbour with the tour. **A written agreement with the tour wholesalers, and booking agents is necessary.** For booking agents, the outfitter should build into the selling price, a sales commission of at least 15%.

“Media relations/travel trade fam tours” can be taken when there are guests. Paying customers should be informed of the “fare tour” participants. “Fare tour” participants may be booked on a “space available” or “back-to-back” basis with paying guests.

Total Budget: Year 1\$3,000 Year 2\$3,000 Year 3\$3,000

It is essential that the outfitter generate a **photo library**. The photos should focus on the natural features of the area but also document guests, the outfitter and gear, the community and other features. These photos can be duplicated and used to support travel agents, for use at wholesaler/tour conventions (Rendezvous Canda), in the development of an outfitter brochure, and on video discs when they are installed at visitor centres (eg. Dawson, Northern Frontier and Inuvik).

The professional photographer should be on a tour with either paying guests or a media/travel trade “fare tour”. The outfitter should have a list of photo opportunities which he and the photographer agree on. The outfitter must seek a release from the photographer and from guests who shoot pictures, for ownership of the photographic materials. Photo shoots should occur in the spring and summer season.

Total Budget: Year 1\$2,000 Year 2\$2,000 Year 3 NIC

C. Marketing Aids

A **product brochure** will be useful to the outfitter in terms of selling the tour directly to customers, and attracting wholesalers and agents. An information package including a brochure should go out to each inquiry. Brochures should also be distributed to visitor centres in the Yellowknife, Dawson and Inuvik. Three fold 8.5” x 11”, or four fold 8.5” x 14” are the most economical and full colour is the most effective, however black and white will be the most economical.

The outfitter should begin the brochure after the photo shoot and it will take two to three months for copy, layout and printing delivering. Typically higher volumes (an inventory of 3,000-5,000 copies should last 3 years) will be more economical. A black and white rate card printed annually will allow the outfitter to change outfitting and tour rates, and pricing/deposit policy. The outfitter should provide

the Arctic Hotline, the Visitors' Centre in Inuvik and Dawson, and ED&T with the brochures.

Total Budget: Year 1 N\C Year 2 \$4000 Year 3 \$500

If the outfitter is interested in attending consumer shows, a **portable display** will be required. A display may also be used at regional events such as the Great Northern Arts and Crafts Festival in Inuvik, and in visitor centres. The display should be portable, easy to put up and allow for flexibility in changing photos and information. The overall display may include additional photoboards, maps, videos (if machine available) and photo binders. The outfitter should use professional photographs or good photos taken and released by guests.

Total Budget: Year 1 N\C Year 2 \$3000 Year 3 N\C

Signage or decals may be optional, however may be useful in identifying the outfitter in Sachs Harbour and as a backdrop for client photos. Decals may be affixed to business equipment for identification purposes.

Total Budget: Year 1 \$1000 Year 2 N\C Year 3 N\C

During the first three operating years the total budget for marketing should be:

Year 1 \$10,500 Year 2 \$16,500 Year 3 \$8,000

4.0 OPERATIONS

4.1 Management, Staffing and Training

Staff and the management of staff is very important to the success of a small business. For the business which chooses to expand using this business plan, it may simply mean increasing the pool of trained guides readily available for the increased guests. Guiding is the critical element in delivering the tour package. The outfitter should clearly inform guests in promotional materials and subsequent correspondence about the tour/guiding service. The outfitter should have an agreement with guides to undertake a set of duties in the delivery of the tour package. If the tour is well organized; everyone is informed; and there are contingencies in place for weather conditions or natural viewing; the customer should be satisfied. **A satisfied customer can be an outfitter's best marketing agent.**

Level 1 Guide training will be delivered in Sachs Harbour in 1993. The outfitter should develop a hiring policy that all guides will have a minimum level of guide training. As a tourism zone or community tourism association member, the outfitter may continue to push for regular guide training sessions to be held in the region. The outfitter may also acquire funding assistance through EIC's training programs.

The outfitter must be able to manage and make changes in operations. Feedback from guests is essential and can either be done formally with the use of a questionnaire or by outfitter interaction with guests. Whether or not there is a questionnaire, the outfitter should try to spend valuable public relations time with each of the guests.

The outfitter must also be in control of the administration of the business and an office or administrative system should be in place for the outfitting business. This does not have to be complicated but should include who and how staffing and training; market planning, marketing and booking; expediting, communications and travel arrangements; and financial administration/bookkeeping will be done. The outfitter may acquire these skills or services by:

- 1. attending the 10 month Tourism Training Program in Yellowknife or requesting that specific courses of the program be delivered in Sachs Harbour. The outfitter should contact either the Tourism Training Group

in Yellowknife or the Yellowknife Campus of Arctic College for more details

- 2. purchasing these services,
- 3. hiring skilled office staff, or
- 4, making an agreement with a professional to provide on-the-job training.

The Tourism Training Program may not fit the timetable for aspiring outfitters and the option of hiring skilled office staff may be too expensive. Perhaps the best option if the outfitter cannot do everything himself is to combine purchasing services with on-the-job professional training. In practical terms, outfitting is a seasonal business, and most tourism outfitters combine some other employment with it. As the outfitting business expands it will be exceedingly difficult for the outfitter to manage all aspects of the business without staff.

The Canadian Executive Service Organization (CESO) may be accessed through the Department of Economic Development and Tourism, This agency will supply professionals, usually on a short term basis at no cost to a Canadian aboriginal business. It would be expedient for Sachs Harbour tourism outfitters and possibly sport hunt outfitter, to cooperate and have a professional in the community for an extended stay of 4-6 weeks. Considering the remoteness of Sachs Harbour, there may be some accommodation and travel costs, however assistance should be available from either the GNWT, the Pathways Board or the Hamlet. (Communities may apply to the Economic Development Cooperation Agreement category 3,0 Community Sponsored Development/3.2 Business Services for assistance to conduct training and business counseling sessions, and facilitate business access to community financial services).

In April 1993, the GNWT announced the NWT Workers Training Fund. This program is for one year only ending March **31, 1994** and may be used to pay for work projects in the community, The Hamlet Council approves and administers the \$29,000 community allocation. An existing licensed outfitter may consider approaching the Hamlet with a proposal to be a sponsor providing practical on-the-job training for naturalist tour guides. For application information contact Municipal and Community Affairs or the Department of Education, Culture and Employment Programs.

4.2 Licensing, Professional Services and Affiliations

If the user of this business is not licensed, they will require an *outfitter* license. Application will be to the Department of Economic Development for the license

and if approved should designate the type of tourism activities and area of operation for the outfitter. Annual renewal of the license is necessary and approval will be based on good standing with the companies registrar (if incorporated), compliance with Worker's Compensation and sufficient liability insurance (\$1,000,000) to cover any legal action resulting from a negligent mishap. A copy of the actual outfitting license should be included in an appendix to the business plan.

A growing outfitting operation may wish to incorporate to offer some limited liability for the outfitter. Retaining the services of a lawyer, and accountant and establishing a relationship with a bank will help with financial and legal matters undertaken by the business. The business plan should identify professionals serving the business.

Affiliation with the Western Arctic Tourism Zone may offer some benefits to the outfitter. Membership may offer cooperative marketing, business networking, and human resource development opportunities.

5.0 BENEFITS

5.1 Environmental Considerations

Bankers and government funding agencies are increasingly concerned about potential environmental impacts from business operations and the costs of cleaning-up or mitigating the impacts. The outfitter should develop and implement a policy indicating how the business will cope with solid and human wastes. The outfitter may contact the Environmental Health Officer at the Inuvik Regional Health Board, or alternatively contact the nurse at the Sachs Harbour community health centre. The policy might also demonstrate how the outfitter uses the land and its resources in an environmentally conscious manner.

5.2 Economic, and Social Benefits

Some funding programs are directly linked to employment creation. An outfitter applying for this type of funding will be required to demonstrate how many jobs there are in the business and how many more might be created due to the opportunity identified in the business plan. Correspondingly labour income for these jobs should be documented.

APPENDIX C: FINANCIAL **AND** PRO FORMA STATEMENTS

NOTES TO PRO FORMA STATEMENTS:

1. Revenues are calculated on a percentage (60%-70%) of full occupancy for 10 tour departure dates, seven day tours, four guests per tour, and \$325 per day. Other income included in the first three operating year revenues are grant contributions from BDF to offset marketing (90%) and start-up/expansion (70%) costs.
2. Guiding, office wages and benefits are costed at 25% of sales. The outfitter may pay his own wage from this or leave some of the money in the business to cover expenses.
3. Transportation is costed for each guest at the regular scheduled rate, increasing annually at 5%, and discounted at 25% for prompt payment (negotiable).
4. Marketing expenses are listed in the marketing campaign 3.4.
5. Commissions are based on agents selling 60% of the tours at a 15% commission rate.
6. Assuming country foods (muskox, and Arctic char are used liberally) supplies, food, and fuel is based on 10% of sales.
7. Repairs and maintenance is 2.5% of sales.
8. Office expenses include telephone and office supplies @ \$100 per month.
9. Professional fees include legal fees for incorporation, registration of loan debentures and guarantees, preparation of minutes of board of directors annual general meeting (if incorporated), development of a bookkeeping system, and preparation of annual financial statements.
10. Insurance policy for \$1 million liability and a broad policy to cover damage to equipment.

11. Interest charges for a \$13,000 bank loan for a five year term at 9.75% plus additional bank charges.

12. Depreciation on equipment at 20% of purchase value.

13. Income taxes at 22% applicable in those profit years adjusted for loss carry forwards.

14. The cash reserve is the total amount of actual cash which may build up in the business between year one and year three.

Naturalist Tours
Proforma Income Statements
Three Years of Operations

Sales	Yr.1	Yr.2	Yr.3
Sales	54600	59150	63700
Marketing & Product Dev.-BDF	9450	14850	7200
Business Investment-BDF	5250		
Net Sales	64050	74000	70900
Expenses			
Wages/Benefits (Guiding & expediting)	13650	14788	15925
Transportation	9619	11163	13395
Marketing	10500	16500	8000
Commissions (15% of 60% of sales)	4914	5324	5733
Supplies, Food, Fuel	5460	5915	6370
Repairs/Maintenance	1365	1479	1593
Office (phone, supplies)	1200	1260	1323
Prof. Fees Legal/Acct	2500	1300	1435
Licenses, Memberships	250	250	250
Insurance	2200	2310	2426
Int. (9.75% 5 yr. term/\$13000)/Bk. Ch	1571	1359	1125
Depreciation (20% of Equipment)	11130	11130	11130
Operating Expenses	64359	72777	68705
Net Income Before Tax	-309	1223	2195
Income Taxes @ 22%		201	483
Net Income	-309	1022	1712
Add Depreciation	11130	11130	11130
Less Principal Payments	2125	2337	2571
CASH RESERVE	8696	18511	28783