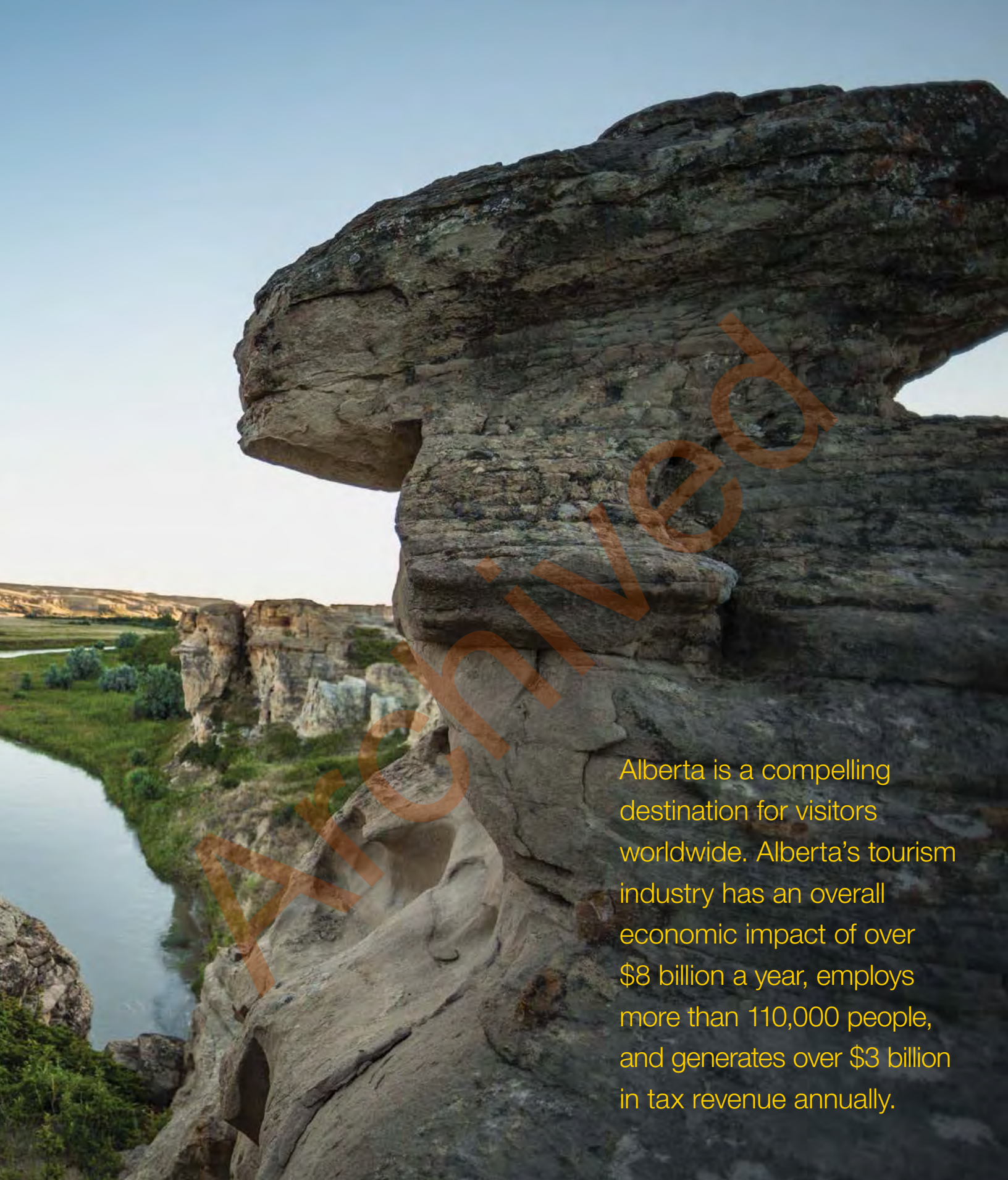




TOURISM BUSINESS PLANNING GUIDE

A guide to assist new and experienced entrepreneurs to develop a business concept





Alberta is a compelling destination for visitors worldwide. Alberta's tourism industry has an overall economic impact of over \$8 billion a year, employs more than 110,000 people, and generates over \$3 billion in tax revenue annually.

PUBLISHING HISTORY

The *Tourism Business Planning Guide* was last updated in 2009. This 2015 edition updates that edition and incorporates information previously presented in the *Tourism Funding Sources Guide*.

This guide complements the *Tourism Development Guide*, which describes the steps and contacts required to gain government approvals for land-based tourism developments.

Web-based and hardcopy versions of these guides are available. Please refer to www.culture.alberta.ca/tourism for more information.

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OPPORTUNITIES IN ALBERTA'S TOURISM INDUSTRY

Since the first travellers visited the Banff hot springs in the railway era of tourism, Alberta has been a compelling destination for visitors worldwide. Over 100 years later, Alberta is an established four-season destination with much to offer: the iconic Canadian Rocky Mountains, the alluring Canadian Badlands, peaceful prairies, placid lakes, a diverse cultural history and vibrant urban and rural centres.

Alberta is part of an international tourism industry that is growing at five per cent annually – one of the fastest growing industries in the world. The business volume of tourism worldwide equals or even surpasses that of oil exports, food products and automobiles. Tourism has become one of the major players in international commerce, and represents at the same time one of the main income sources for many developing countries.¹

Alberta's tourism industry has an overall economic impact of over \$8 billion a year, employs more than 110,000 people, and generates over \$3 billion in tax revenue annually. Only 25 per cent of tourists to Alberta come from outside of Canada. Most tourists are Alberta residents, with 22 per cent coming from other provinces. While tourism is a mature industry in Alberta, there remains tremendous potential for new development and services to entice tourists to the province.

Types of opportunity within the scope of this guide include, but are not limited to:

- **Accommodations:** hotels, motels, bed and breakfasts (B&Bs), recreational vehicle (RV) and tent campgrounds, resorts, specialty lodges, inns, cabins, four-season resorts, and any other place tourists stay while travelling.
- **Attractions:** ski resorts, golf courses, zip lines, horseback riding, wildlife viewing, and fishing lodges.
- **Guided tours and tour guides:** informative and entertaining tours of an area's local attractions.
- **Hospitality:** any food or beverage establishments that tourists may frequent, including mobile offerings such as catering.
- **Transportation:** services to, from and around the tourist destination.
- **Travel agencies and intermediaries:** typically a one-stop shop for everything involved with visiting a place, including transportation, accommodations and attractions. Increasingly, specialized tourism intermediaries provide new offerings for booking travel and making travel decisions, incorporating opinions and ratings.

The common objective of both government and industry is to meet the needs and exceed the expectations of visitors through market-driven tourism development. The *Tourism Business Planning Guide* is intended to support entrepreneurs in doing exactly that.

¹World Tourism Organization: www2.unwto.org/content/why-tourism

WHO SHOULD USE THIS GUIDE AND WHY

The *Tourism Business Planning Guide* is written for both prospective and current tourism entrepreneurs. While reference is made to “tourism businesses” in this guide, the same basic business planning principles have relevance to communities and non-profit organizations undertaking tourism development projects (e.g., local museums, interpretive centres).

The *Tourism Business Planning Guide* is based on the simple principle that planning leads to more successful outcomes. Forecasting the future is always uncertain, but those who engage in the exercise of thorough, well researched business planning will make better informed decisions – that can increase the odds of developing a successful tourism business.

The 2015 edition of the *Tourism Business Planning Guide* includes new sections on whether the tourism industry is a good fit for you personally, and whether entrepreneurship itself is a good fit for you. Also included are actual Alberta tourism business experiences to highlight some of the concepts presented throughout the guide. It is hoped that these new features provide motivation for thorough and successful planning.

It should be noted that this guide complements the *Tourism Development Guide*, which describes the steps to be taken, timeframes for review, and the places to go for government assistance to gain approvals for land-based tourism developments. Such developments may involve either federal or provincial Crown lands or land within the jurisdiction of a municipal government or a First Nation. Large developments may involve all of them.

The business planning process can be compared to preparations for a long journey. Those travellers who are best prepared are more likely to adapt to the unexpected and still achieve their intended goals. Those without a plan may be more flexible, but the unexpected may take them to places they never intended to go.

WHAT THIS GUIDE PROVIDES

The *Tourism Business Planning Guide* is designed to assist you in developing a business concept that will lead to the launch of a successful business. Therefore, you are encouraged to work through all the steps in the guide. When completed, you will have the basis of a solid business plan including an understanding of:

- the business opportunity
- the market
- the value proposition and type of business
- the sources of revenue and associated costs
- how to reach your visitor segments
- management and operations
- the financial plan

The business planning process has important benefits for the entrepreneur:

- It helps you determine whether or not your business is likely to be viable. A campground development might be feasible once the land is purchased and the development permits are secured. But to be viable and maintain and grow the business, the project must be financially sufficient. In other words, it must demonstrate a specified level of profit, return on investment and healthy level of cash flow to service any debt and operating costs.
- It provides a roadmap for your business, both in its creation and in its ongoing development and operations.
- It helps you assess your business progress. The causes for any variance between projected and actual business performance can be identified, and immediate action can be taken to correct the situation.
- It develops the key assumptions upon which your business is created and the basis of your unique business. These assumptions will drive your financial plan and forecasts, your assessment of the market, the development of your experience or product, and your plan to reach visitor segments.
- It helps you secure loans and investment, if required.



There are a number of government departments and agencies that provide support for tourism entrepreneurs. They are noted throughout this document and in its appendices, and in the *Tourism Development Guide* that complements it. Key departments and agencies, and supporting strategic plans are listed below.

ALBERTA CULTURE AND TOURISM

The Tourism Division supports the development of tourism experiences, products, and destinations throughout the province that attract millions of visitors each year. This creates jobs and diversifies the Alberta economy.

A key function of the division is to encourage entrepreneurial investment in the tourism industry. The division provides advisory services and business information, including the latest tourism statistics and research reports. This information is available to prospective entrepreneurs who are interested in developing new or expanded products, such as: hotels, resorts, golf courses, guest ranches, ski hills, ecotourism and tourism-related events. The division is also available to guide entrepreneurs through the regulatory processes involved in such projects.

Prospective entrepreneurs should contact the Tourism Division directly to explore the many ways it can provide support:

Alberta Culture and Tourism
Tourism Division
6th Floor, Commerce Place
10155 - 102 Street
Edmonton, Alberta T5J 4L6
Tel: (780) 422-4991 or (780) 415-1319
Toll-free by first dialing 310-0000 (Alberta only)
Fax: (780) 422-1759
Email: tourism.entrepreneurship@gov.ab.ca

QUICK LINK:

www.culture.alberta.ca/tourism

ALBERTA'S TOURISM FRAMEWORK

A Pathway to Growth: Alberta's Tourism Framework 2013-2020 identifies tourism as an economic pillar of the Alberta economy, both in terms of diversification and rural economic growth. The province has set a revenue target of \$10.3 billion by 2020.

A Pathway to Growth has five priorities, any and all of which could benefit new tourism developments: innovation and development; accessibility to Alberta and its tourist regions; marketing to high potential markets; alignment of industry organizations and government; and research.

QUICK LINK:

**A Pathway to Growth:
Alberta's Tourism Framework 2013-2020**
[www.culture.alberta.ca/tourism/
albertas-tourism-framework](http://www.culture.alberta.ca/tourism/albertas-tourism-framework)

TRAVEL ALBERTA CORPORATION

Travel Alberta is a provincial Crown corporation that markets Alberta as a tourism destination regionally, nationally and internationally. It also assists tourism operators to market their businesses, and it provides research, branding and business development support.

QUICK LINKS:

Travel Alberta

www.travelalberta.com

Travel Alberta Industry Website

<http://industry.travelalberta.com>

Travel Alberta Business and Marketing Strategy

<http://industry.travelalberta.com/about-us/business-strategy>

ALBERTA'S SMALL BUSINESS STRATEGY

Building On Our Entrepreneurial Spirit: A Small Business Strategy For Alberta gives small businesses a stronger voice in government, easier access to information, regulatory guidance, and entrepreneurship support.

A new streamlined website provides small businesses with a one-stop shop for information about government services, while a new advisory service at the Business Link helps small businesses navigate government business programs, find regulatory information, and locate services to support new venture development and growth.

QUICK LINKS:

www.smallbusiness.alberta.ca

www.businesslink.ca

RURAL ALBERTA ECONOMIC DEVELOPMENT ACTION PLAN

The *Rural Alberta Economic Development Action Plan* works to support the development of entrepreneurs and their ability to access capital.

QUICK LINK:

[www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/All/csi15118](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/All/csi15118)



Photo credit: Jeff Bartlett @photojbartlett



WINTER SWIMMING IN HEATED POOL AT FAIRMONT JASPER PARK LODGE, JASPER NATIONAL PARK

THE TOURISM INDUSTRY IS DIFFERENT: IT MARKETS EXPERIENCES

You may already know what type of tourism business you want to start, or you may still be exploring opportunities. Regardless, it is important to recognize that tourism businesses provide *experiences*. While tourists do purchase products (souvenirs, meals) and services (transportation), their major purchase is that of an experience.

Because the tourist's primary motivation is to acquire a memorable experience, you must describe your product, visitors and competition in terms of the experience provided. In fact, to preserve this distinction, this guide will strive to not talk about customers, but rather visitors.

Out of this central concept comes many of the unique things about tourism that entrepreneurs must embrace. These include:

- Seasonality of demand: high and low seasons.
- The weather – always unpredictable.
- Changing trends in the market.
- Varying expectations of visitors.
- High fixed costs, such as property, land and equipment, may require large up-front capital investment.
- Single-use nature of assets: accommodation facilities in particular have limited alternative uses – but the creative entrepreneur may identify others.
- Longer-term market development: very few new tourism businesses sell to maximum capacity in their initial years of operation.
- Co-operative nature of competition: businesses often work collaboratively with others to promote their destination and business – especially if it offers something unique or if demand exceeds availability.

Also unique to the tourism experience is that many developments take place in less accessible locations or less populated areas to take advantage of local attractions and scenic beauty. This means that an entrepreneur must often evaluate unusual access or servicing requirements. An entrepreneur may also have to obtain approvals related to the environment, historical resources or uses by First Nations. The *Tourism Development Guide*, a complementary document, is intended to help address these matters.

Basing your business on the delivery of an experience also has implications for raising external funds from investors. These types of businesses may be more difficult to scale,² given their unique location or experience being offered. Investors typically seek businesses that have high growth potential – the ability to increase their customer base and operations in a large market. Similarly, banks seek collateral for their loans as a secondary source of repayment, favouring tourism businesses that possess valuable assets, such as property that can generate sustainable cash flow to service debt repayment. Banks therefore may be conservative in the magnitude of debt financing they provide a tourism business. Different types of business financing are described in Appendix A.

If you've decided a tourism business is for you, there are a number of things to consider.

²Scalability is the ability of a business to handle a growing amount of demand in a capable manner or its ability to be enlarged to accommodate that growth.

LIFESTYLE OR GROWTH?

Tourism businesses can be categorized as lifestyle businesses or growth businesses. Lifestyle businesses are primarily created for personal reasons – the main focus is not necessarily on profit but sustaining the owner's particular lifestyle. In many cases, there are no other shareholders, leaving the owners with more control over the business.

Growth businesses, on the other hand, are primarily built for profit. They usually require investors who desire revenue growth. Entrepreneurs often develop growth businesses for eventual sale, while lifestyle entrepreneurs tend to keep their businesses over the long term.

As such, the scales of tourism developments are diverse, from small owner-operated boat rentals or bed and breakfasts, to multimillion-dollar four-season resorts. Entrepreneurs need to decide what type and size of business they want.

ONE BUSINESS OR MANY?

Most tourism businesses that offer an experience also sell a product or provide a service, and this can grow over time. Secondary activities are influenced not only by what happens in the tourism industry, but by developments in other industries (e.g., changes in food service regulations). In Alberta there are different licensing and approvals required, depending on the scope of business activities. As previously mentioned, the *Tourism Development Guide* is available to help in these areas.



QUICK LINK:

Tourism Development Guide

www.culture.alberta.ca/tourism/programs-and-services/investment/regional



An Alberta Experience

MODEL TRAIN SHOWS AND OTHER SPECIAL EVENTS

"On May 1, 2004, I started Aspen Crossing, 60 kilometres southeast of Calgary, as a tree nursery and garden centre. While studying horticulture, I learned that the railways and horticulture were combined to prove to early prairie settlers that the land was fertile. This encouraged settlers to come to these areas. Train stations were to be indicators of towns and developed areas. That's when I decided to build our 'train station.' We noticed that 80 to 90 per cent of plant sales were on impulse, so we began holding

events for people to stop in here – model train shows, spring flings, ladies' nights, and overnight camping. Lots of people came from Calgary more than 20 minutes away, and they said they wanted snacks, and when a dining rail car became available in 2006, we pursued it... We now have four or five businesses out here. It's confusing at times."

—Jason Thornhill, Operator, Aspen Crossing

Aspen Crossing

www.aspencrossing.com

DOMESTIC OR INTERNATIONAL TOURISM?

You will need to determine whether you want to attract domestic visitors or international visitors, or both. International visitors may differ from domestic visitors in the following ways:

- Monetary exchange rates influence where they travel.
- They usually travel for longer and spend more money than domestic visitors.
- They have more complex travel itineraries.
- They may book through travel agents and tour companies.
- They typically have less knowledge and familiarity with Alberta and Canada than domestic travellers.
- Language barriers and cultural differences are more likely to influence their tourism experience.

International tourist markets are highly competitive – in addition to competing against operators offering similar experiences, you will be competing against other international destinations. It costs more to market to international tourists than to domestic tourists. International tourists can also be more discerning and demanding than domestic tourists, given their lack of familiarity with local provisions, standards of service and more.

Many Alberta tourism businesses start by developing their domestic market. Once they have secured a domestic foothold and fine-tuned their offering, they are ready to expand internationally. Selling your region and educating travellers about your destination – its attributes and benefits – is often the first step in selling your tourism experience.

In general, domestic markets are easier to enter and generate a quicker return on investment; however, this depends on the type of business and the visitor segments being targeted. Some of the trends in tourism, described below, may allow certain tourism businesses to “go global” without progressing through the domestic market.

GLOBAL TRENDS: ARE YOU READY TO REACH NEW KINDS OF TOURISTS?

The globalization of tourism has changed consumer expectations. More people are travelling to more destinations and acquiring more information about travel. For tourism businesses, this means that visitors are very likely to be more perceptive about their options and have a better understanding of value for money.

Travel Alberta has identified a number of international travel trends that impact Alberta:

- The five per cent annual growth in global tourism is a long-term trend that is anchored in the leisure market, and this leisure growth is higher than business travel or visits to family and friends.
- Travel closer to home is a ubiquitous travel trend, so these markets are worth pursuing.
- Fluctuating exchange rates: for example, the U.S., our largest international market for visitors, is currently benefitting from a more favourable exchange rate and tourism from the U.S. is starting to increase.
- China continues to be a driving force of tourism with a 26 per cent increase in its population travelling internationally in 2013 and a similar increase in 2014.
- A rebound in travel from Europe is being led by the United Kingdom and Germany.

A detailed assessment of Alberta's comparative and competitive advantages can be found in the SWOT analysis (strengths, weaknesses, opportunities and threats) of *A Pathway to Growth: Alberta's Tourism Framework 2013-2020*.

QUICK LINK:

**Competitive Assessment
(Alberta's Tourism Framework)**
[www.culture.alberta.ca/tourism/
albertas-tourism-framework/pdf/
Tourism-Framework-full-ver.pdf](http://www.culture.alberta.ca/tourism/albertas-tourism-framework/pdf/Tourism-Framework-full-ver.pdf)

CAN YOU KEEP UP WITH TOURISM TRAFFIC ON THE INTERNET?

Many of the above trends in global tourism have been influenced by the Internet and information and communication technologies (ICTs). With technology convergence into single devices such as smart phones and tablets, consumers have instantaneous access to information including:

- flight schedules and check-in applications
- 'geo location' based travel information and map updates
- virtual reality views of locations and hotel rooms
- user profile preferences that can alert consumers to restaurants, shops, galleries or special events in real-time; and social media sites

Thus, consumers using the web are offered credible information and engaging tools to help them create the ideal trip. They can cross-check travel information on different websites, and connect directly with tourism operators to customize and confirm offerings.

Entrepreneurs must also recognize the rise of user-generated content (UGC) such as review websites and blogs, as consumers increasingly rely on these tools to make travel decisions. Reaching large audiences quickly, UGC sites are often considered more credible than official travel sites. As any experienced tourism operator can tell you, word of mouth remains a trusted source of information for tourists and business travellers.

This guide presents further information on using social media for your tourism business in the section on marketing (see page 38). Appendix B lists websites that are currently popular with tourists and business travellers. Travel Alberta also assists industry operators in use of technology and tapping into online markets.

QUICK LINK:

[http://industry.travelalberta.com/
resources/marketing-insights](http://industry.travelalberta.com/resources/marketing-insights)



What does it take to start a new business? What is your role as the entrepreneur? This section provides a holistic picture of the process of forming a new business. It gives you the opportunity to reflect on your personal commitment to starting a business before progressing to the actual business planning activities described in the following sections.

WHAT IT MEANS TO FORM A NEW BUSINESS

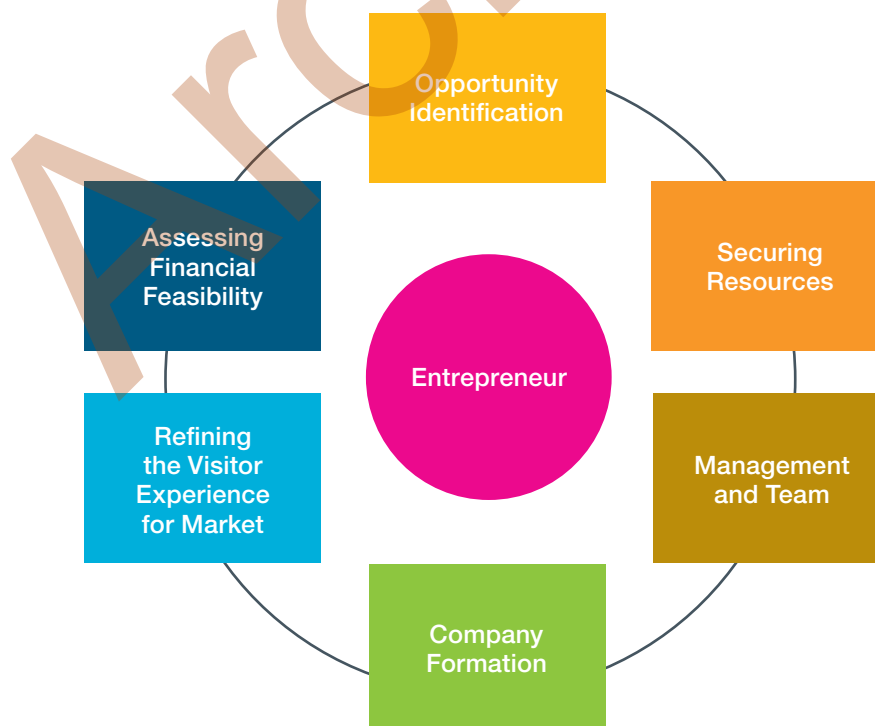
As an entrepreneur, you are the central figure when forming a new business. In this guide, we adopt the term “entrepreneur” to acknowledge the opportunistic

and risk-taking behaviour and actions required to start one’s own business. The entrepreneur is also described as founder and small business owner – and commonly referred to as an *operator* in the tourism industry.

The entrepreneur who starts a new business must overcome a different set of challenges than those with established businesses. Any new business has a degree of the unknown and a market value that’s unproven – making its survival, let alone prospects to thrive and grow, highly uncertain.

Most entrepreneurs engage in six key business formation activities, as suggested in Figure 1, and described on the following pages.

Figure 1: New Business Formation Activities³



³Gregson, G. (2014) Financing New Ventures: An Entrepreneur’s Guide to Business Angel Investment, Business Expert Press, New York.



An Alberta Experience

WHAT VALUES OR VISION WILL SHAPE YOUR NEW BUSINESS?

To preserve the natural state of its attraction, Canmore Cave Tours follows the caver's motto: take nothing but pictures; leave nothing but footprints; and kill nothing but time. It has become one of the top-rated attractions in Alberta according to TripAdvisor, appealing to the FIT segment – Free Independent Travellers. About 4,500 people visit annually.

Canmore Cave Tours

www.canmorecavetours.com

Opportunity Identification

New businesses are typically formed when an entrepreneur or founding team applies their know-how to offer an improved tourism experience, often based on previous experience. In these cases, an event may compel the entrepreneur to leave a salaried position and venture out on his or her own. This trigger could include the desire to work for oneself or pursue an undeveloped business opportunity.

Securing Resources

To pursue an opportunity requires resources, such as funding, land or property, specialized equipment, skills and capabilities that may not be possessed by the entrepreneur, along with critical partnerships or agreements. Resources may be required to align with regulations or to secure permits that are also needed.

New businesses are challenged by a lack of legitimacy in the market. The role of third-party referrals can be valuable, particularly when attempting to secure resources and financing. Identifying a promising opportunity and having a strong business plan certainly improve your chances.

Management and Team

For larger, growth-oriented tourism businesses, there may be a requirement to complement the entrepreneur's skills with a wider management skill set. Studies show that new businesses founded by a team tend to be more successful than those founded by a sole entrepreneur.⁴

A complementary balance of skill sets, capabilities and experiences forms the knowledge base of the business from which competitive advantages arise. Running a four-star resort, for example, requires a strong team with capabilities in finance and accounting, operations, management, and marketing and sales.

⁴Birley and Stockley (2000) *Entrepreneurial teams and venture growth*. In: Sexton, D.L., Landstrom, H. Eds. The Blackwell Handbook of Entrepreneurship. Blackwell Publishers, Malden, MA.

Many tourism businesses, such as B&Bs, are sole proprietorships with one or two people, often a married couple sharing responsibilities. Many such businesses are lifestyle oriented, and requirements for additional management capabilities are not always necessary.

Company Formation

Company formation refers to formal registration for legal and tax purposes, as well as securing approvals and permits. One option is to form a sole proprietorship or partnership. In a larger venture, rights are allocated through an incorporated or limited company, and owners receive shares or an ownership stake to compensate them for the knowledge and assets brought to the company. These are called founder shares. If the business requires external investment, the subsequent investors represent another type of share ownership, investor shares, which are directly related to the capital invested.

Refining the Visitor Experience for Market

Entrepreneurs typically refine the primary tourism experience as they engage their first visitors, as the feedback from visitors can strengthen the business offering. Refinement can also relate to growing an existing business by targeting new visitor segments. Businesses with equity investors need to build business value, which often equates to market growth or expansion, and may ultimately lead to sale of the business. Similarly, lenders may want to see growth and stability in cash flow to ensure debt repayment.

Assessing Financial Feasibility

Arriving at an objective assessment of your tourism business opportunity is often difficult, given the level of emotional, intellectual and financial capital that may already be committed. It is often the case that the process of generating a business plan clarifies the financial feasibility of the opportunity.

Summarizing Business Formation

The company formation process shown in Figure 1 is iterative in nature, as there is no single best method for creating a new business. Although opportunity identification is likely a first step in the process, some entrepreneurs may form a company prior to building a team, or refine their services for the market only after securing resources.

New business formation is very much a learning process, particularly for first-time entrepreneurs. Each of the activities in Figure 1 generates new information and insights that informs the viability of the opportunity. This learning process will be very much evident as you proceed through the business planning process that follows in the next section of the guide.

HOW MUCH MONEY DO YOU NEED?

Entrepreneurs usually need to spend money before they make money – to cover expenses in the absence of any sales revenues. Such expenses may include purchasing, renting or leasing property or buildings, construction of facilities, paying suppliers, and paying staff salaries. This investment is known as startup capital or seed funding.

The level of startup capital required is influenced by the nature of the market and industry, including:

- *Capital intensity* of the particular business sector. Capital costs to launch a mountain bike rental operation are significantly less than developing a luxury mountain lodge. High startup costs, along with the need for specialized know-how, licences, permits, property or locations can be significant entry barriers for new ventures.
- *Size and growth of the market.* A large market of visitors with a similar profile may allow a new tourism business to gain rapid market share; however, this usually requires an exceptional visitor experience, secured channels to sell to them, and money spent on marketing.



An Alberta Experience

ON DECIDING TO BECOME AN ENTREPRENEUR: “YAGOTTAWANTA”

“My grandfather was a great motivator for our family. He would take us on family vacations in a 1940s Greyhound bus, and at the head of the bus the destination sign read: ‘Yagottawanta.’ So now our family motto is ‘Yagottawanta.’

“I have passion, and I work hard. The number one thing is to make sure it’s something you want to do. I worked an 18-hour day yesterday to set up a baggage car, but it didn’t feel like work.”

— Jason Thornhill, Operator, Aspen Crossing



Aspen Crossing

www.aspencrossing.com

Market and industry factors also affect the level of external financing sought by the business. External equity investors usually expect the entrepreneur to treat their investment as growth capital rather than business development funding. For example, funding requests to increase sales, such as hiring an extra sales person or acquiring a new property to expand operations, will be favoured over requests to pay higher salaries, upgrade office facilities or buy out the shares of a business partner.

ARE YOU READY TO START A TOURISM BUSINESS?

Starting your own tourism business, as any experienced entrepreneur will tell you, is a highly personal choice. For some, it is the logical choice, but for others it is a much more measured decision, influenced by personal circumstance, career alternatives, and perceptions of opportunity. Different market conditions influence your ability to develop a new venture and to secure external funding. Your perception of risk should not exceed your personal threshold.

Before making a significant investment, ask yourself?

- Why do I want to start my own business?
What are the key drivers? What skills do I bring?
- What outcome do I want to achieve?
- What are the financial goals for the business?
 - » Is it to replace a salaried position, suggesting a lifestyle business?
 - » Is it to achieve a more substantial financial reward, suggesting a growth business?

Working through the business planning process in the following sections should further assist you in making decisions for your tourism business.





In the previous section we used the term “entrepreneur” to acknowledge the *opportunistic* and *risk-taking* behaviour and actions required to start one’s own business. But remember that new businesses are just as risky for those providing funds, contributing resources, or joining the business. The one thing that a new business has plenty to share is risk. Your success as an entrepreneur will reside largely in your understanding and management of risk.

RISKS YOU MUST MANAGE – AS AN ENTREPRENEUR

So what does entrepreneurial risk consist of? Figure 2 presents five common areas:

Figure 2: Key Risks Facing a New Tourism Business⁵



⁵Gregson, 2014.

As an entrepreneur, you can address these risks through business planning. Business planning helps to clarify your business goals and business ideas in relation to local, regional and international tourism markets. Business planning can incorporate a detailed financial analysis, including cash flow forecasts, projected income statements and pro forma balance sheets. It can demonstrate to your equity investors, lenders and partners the viability of your business, or at what point that viability can be expected.

At the same time, a regimented, analytical approach to business planning doesn't suit most new businesses. Entrepreneurs also need to be able to "roll with the punches" – to be able to accept and adapt to changing market conditions that no business can control. Business planning, in response to changing conditions, involves a continuous questioning and refinement of the *business model*.

Every business operates using a particular business model. The following section presents a way for you to create or understand your business model, using the Business Model Canvas. This exercise will assist you in crafting a business plan, which is usually required when seeking external financing for your business.

BUSINESS MODEL CANVAS

The business model should address the risks described in Figure 2: it should explain the logic of the business; it should describe how your business will deliver on its specific promise; and it should validate the level of demand or interest by prospective visitors. Although this is something essential in building business value, validation of market demand is sometimes neglected by first-time entrepreneurs.

The Business Model Canvas provides a simple but effective approach to developing a model for your business⁶. The building blocks of the canvas, shown in Table 1, provide a balanced approach to building the case for your tourism business.

⁶Alexander Osterwalder & Yves Pigneur, 2010.

Table 1: Business Model Canvas

Building Block	Key Questions
1 Visitor Segments	Who are the primary visitors for your business? What are their wants and needs? What are they willing to pay for? How will your business offer align with their needs?
2 Value Proposition (the Experience, Product or Service)	What compelling experience does your business provide to the visitor? What tourism-related needs are satisfied? E.g., convenience, novelty, risk or cost reduction, adventure, performance, flexibility, design, brand, etc.
3 Marketing Plan (Channels to Your Visitor Segments)	How is your value proposition sold and delivered? Will your business directly control the channel to the visitor (e.g., promotion, sales, transactions, etc.) or use partner channels (e.g., tour companies, travel agencies, booking engines, intermediaries)?
4 Key Partnerships	Are you partnering to deliver your experience? Are some business activities outsourced? Can you reduce costs and increase efficiencies, enhance reputation by using partners? How can you optimize partnerships to extend business capabilities and attract new visitors?
5 Visitor Relations	How will your business interact with visitors? What relationship does the visitor expect with you and your business? How important are visitor relations to the value of the experience? How will visitor relations be integrated into the experience, and how much will it cost your business?
6 Revenue Streams	What are visitors willing to pay? What do they currently pay (what are the competitive offerings)? How will your business generate revenue?
7 Cost Structure	What are the cost drivers of your business? E.g., fixed vs. variable costs, economies of scale (cost advantages as you increase business size) and economies of scope (cost advantages of providing different, but compatible, offerings).
8 Key Resources/ Activities	What resources must your business own (or control) to make the business model work? E.g., intellectual (partnerships, industry contacts), human (know-how, specialized skills), physical (location, logistics), and financial (cash, lines of credit, etc.). How does your business deliver its experience? E.g., superior service, transactional efficiencies, novel visitor experience, new knowledge related to service or product, design, repeatable set of business activities and processes.

PLANNING WITH THE BUSINESS MODEL CANVAS

Before we begin, have you already identified a particular segment of the tourism market that appears most attractive? As discussed earlier, you may have spotted an opportunity for a new business based on a number of factors, such as an identified weakness in current offerings, access to a superior location to set up a business, insights from your own experiences, or your changing personal circumstances.

Common tourism business segments include:

- **Accommodations:**
Hotels, motels, bed and breakfasts (B&Bs), recreational vehicle (RV) and tent campgrounds, resorts, specialty lodges, inns, cabins, four-season resorts, and any other place tourists stay while travelling.
- **Attractions:**
Ski resorts, golf courses, zip lines, horseback riding, wildlife viewing, and fishing lodges.
- **Guided Tours and Tour Guides:**
Informative and entertaining tours of an area's local attractions.

- **Hospitality:**
Any food or beverage establishment that tourists may frequent, including mobile offerings such as catering.
- **Transportation:**
Services to, from and around the tourist destination.
- **Travel Agencies and Intermediaries:**
Typically a one-stop shop for everything involved with visiting a place, including transportation, accommodations and attractions. Increasingly, specialized tourism intermediaries provide new offerings for booking travel, making travel decisions, incorporating opinions and ratings.

Once you've identified your business opportunity, it is time to work through the following eight building blocks of the Business Model Canvas. The information you compile will form the foundation of your business plan.



1

Visitor Segments

Who are your primary visitors?

What are their needs and wants?

What are they willing to pay for?

Visitors are the core of your new business. Without enough visitors, your business cannot survive. Yet many business owners make the mistake of not knowing who their visitors really are and what experiences they are seeking.

Know that not everyone will be your visitor. Your business will attract only a portion or segment of the total population. Those individuals within the population that have the greatest potential to visit must be identified and their characteristics well defined. This information will be used to project the demand for your business, to develop the channels to reach your visitors, and to project revenues and costs. Your projections will only be as good as your understanding of your visitor segments.

Alberta's Targeted Markets

Travel Alberta has partnered with Destination Canada to determine what types of travellers will be most interested in the Alberta experience. It uses the Explorer Quotient™ (EQ) and the Market Portfolio Analysis system to identify country markets and EQ segments that are best matched to Alberta's current tourism experience.

Across all domestic and international markets, Travel Alberta primarily targets two groups:

Free Spirits

Free Spirits are Alberta's primary target market outside of Alberta. This segment is receptive to marketing/advertising messages. They are significantly more likely to visit many locations in a single trip, and share their travel experiences, both online and offline.

Free Spirits come from all demographic groups (age, income, education) and represent 13 per cent of global travel markets. They are youthful adventurers that come from all over the world, and they are also represented in Alberta's domestic and regional markets. They research their travel destinations, seek trustworthy marketing sources, and plan trip itineraries around Top 10 or "best of" lists.

Cultural Explorers

Cultural Explorers represent 12 per cent of global markets. They are always planning for their next trip and are likely to travel with friends and family. They want to immerse themselves in the culture, people and settings of the places they visit. They enjoy the history, but also look to experience modern culture. Prior to every trip, they research their destination to better understand it, and once they are there, they prefer to let things unfold spontaneously. They want their trips to go beyond just seeing the tourist sites, so they strive to leave the beaten path and explore out-of-the-way places. As such, they are considered most likely to visit a rural location in Alberta.



Travel Alberta also uses research and statistics to target markets and people from countries with the greatest potential for travel. Its goal is to inspire Albertans to keep travelling in Alberta while also drawing in long-haul and international travellers, including those from other Canadian provinces; the United States; the United Kingdom; Germany; Netherlands; Australia; Japan; China; and South Korea.

Those interested in starting a tourism business will want to consider how their business relates to these and other demographic and geographic segments. This includes travel for leisure and business, to visit friends and relatives, to attend to personal business, and for professional events like meetings and conventions.

QUICK LINKS:

Travel Alberta

www.travelalberta.com

Travel Alberta Industry Website

<http://industry.travelalberta.com>

Travel Alberta Business and Marketing Strategy

<http://industry.travelalberta.com/about-us/business-strategy>

Alberta Culture and Tourism has pages of research and statistics online

www.culture.alberta.ca/tourism/research-and-statistics/

Determine Your Visitor Segments

Define your project:

- What are the components of your tourism business (e.g., is it a 70-site campground complete with boat-docking facilities, restaurant and mini-golf or a historical museum with no other amenities)?
- What additional services will you offer (e.g., guided tours, sport equipment rentals, a centralized reservation system)?
- What other facilities and infrastructure need to be in place for your project to succeed (e.g., local housing for staff, emergency/first responder services, upgraded access roads, power, water, sewage/garbage removal)?
- Most importantly, what unique tourism experience(s) will you provide?

Determine demand:

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



- What are the historic, current and projected characteristics of tourists purchasing similar experiences? Do these differ from those of tourists that currently visit your area? Where do you expect tourists will come from? Alberta, Canada, or the international markets targeted by Travel Alberta?

When answering the above questions, remember to document the sources used in deriving your estimates, for example, government statistics, publications, telephone or online surveys, or historical occupancy rates. Your research must provide useful information, and it can range from a series of short phone calls to hundreds of hours analyzing technical information.

What are your visitors' needs and wants?

- What experiences are being sought by tourists currently visiting your area? What are the historic and projected trends?
- What else is being sought by tourists purchasing similar experiences?

Visitors can be described by their geographic, demographic and psychographic characteristics:

- **Geographic** – rural or urban; local, regional; national or international.
- **Demographic** – age; sex; marital status; family size; income; race; religion; occupation; education; social class.

- **Psychographic** – adventure seekers; status oriented; price conscious; decision maker; environmentally conscious. As noted, Destination Canada's Explorer Quotient identifies several psychographic segments, including Free Spirits and Cultural Explorers. These are two high-yield market segments that Travel Alberta is targeting.

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

- What are your primary and secondary visitor segments?
- What percentage of these markets can you reasonably expect to attract? How will these change as your business becomes more established?
- What are the spending patterns of your potential visitors? How much do they spend and what do they spend on? How sensitive are they to price increases or decreases?
- Will you be able to develop sufficient off-season demand, or will you scale down or close operations during these periods?
- What is the demand for your experience during the first three years of operation? List the assumptions that you have made in making these projections.
- Is the project feasible, or do you need to revise certain aspects of the initial proposal in light of this demand analysis?



An Alberta Experience

PROJECT DEFINITION AND PROJECTED DEMAND

Aspen Crossing, 60 kilometres southeast of Calgary, started as a tree nursery and garden centre. In response to its evolving visitor segment, it expanded into a dining/theatre facility, campground, gift store and touring railway.

“Now, 11 years after Aspen Crossing opened, our rail line will be operating this summer of 2015. We looked at the railway in Stettler, where 20,000 per year rode on it, from a population of 450,000 within 150 kilometres. But within 150 kilometres of our location in Mossleigh, there is a population of 1.8 million. We project to exceed 51,000 visitors in 2015 for Aspen Crossing.”

—Jason Thornhill, Operator, Aspen Crossing



Aspen Crossing
www.aspencrossing.com



2 Value Proposition (the Experience, Product or Service)

What compels the visitor to buy from you?

What visitor needs are satisfied?

For the purposes of this document, the value proposition refers to the visitor's perception of the experience, product or service you are offering. The proposition can be qualitative (e.g., design, aesthetics, etc.) or quantitative (e.g., price, speed of service, reduced transportation time, etc.). In the tourism industry, the proposition is typically a mixture of the two.

Successful businesses design their experience to be unique or different from the competition. Without any differentiation, businesses in similar locations typically compete on price.

Developing Your Value Proposition

When developing your value proposition, you should:

- Consider the experience from your visitors' point of view and focus on the benefits for them.
- Adjust your experience or offering according to sub-segments within your larger visitor segment (e.g., more luxurious accommodations for more money).
- Describe how you are different from the competition, focusing on features and benefits. Your unique features should be included in all of your marketing material, online or in print.

If you are entering a market where there is existing competition, the questions below will help you craft your value proposition; some of which you may have considered earlier in defining your visitor segments:

- Is your business targeting a visitor segment currently served by existing businesses? What evidence is there to suggest that visitors want a *better* experience or *different* service?
- What are visitors experiencing from you that they can't get elsewhere? Can you quantify or qualify the level of improvement they get from buying from you?
- How can you demonstrate visitors will want your offering – before you commit to serving this visitor segment?
- How big is the market? Is there room for new entrants, given size or growth of the visitor segment?



An Alberta Experience

THE VALUE PROPOSITION: AN EXPERIENCE OF BEAUTY

“When I moved my Segways tours to Louise McKinney Park in Edmonton, it became all about showcasing our beautiful river valley. So we rented out bikes, bocci, croquet, frisbee, and even snow shoes in the winter. We’ve added a café. We’re looking now at ways to get

people onto the water... One fellow, after his tour, got choked up. He said he had lived here 70 years, couldn’t walk that much anymore, and had never seen the valley like this.”

—Chris Szydlowski, Operator, River Valley Adventure Tours



River Valley Adventure Tours

www.rivervalleyadventure.com



Business Location

Location can be key to business success in the tourism industry (for a more detailed discussion of location, please refer to the *Tourism Development Guide*). Some of the things to consider are as follows:

- **Physical Location**

Is your business a primary destination for your visitor segment, such as a luxury wilderness resort? If it is a secondary destination, are there attractions and facilities nearby which will draw visitors to your business?

- **Facility Considerations**

Does your facility provide adequate space and meet the expectations of your potential visitors? Does it provide adequate space for any expected business growth in future years?

- **Accessibility**

How easy or convenient is it to access your location? What modes of transportation will visitors use (e.g., car, air, motorcoach, RV, recreational vehicle-ATV/snowmobile). What transportation is available to your region and site? Does your business coincide with peak seasonal arrivals of visitors? How easy is it for visitors to book or reserve? Is access of visitor information convenient for tourists – and value chain partners (those complementary businesses that offer services to the same visitor segments)? Is the location compatible with transport times and visitor arrivals and departures? How do they fit into an international travel itinerary? Do visitors miss out on other attractions if they visit you? Do travellers need to stay overnight? Will tour operators/travel trade be receptive to your location?

- **Traffic Flow**

If your business is dependent on pedestrian traffic, is there sufficient traffic flow? If visitors arrive primarily by vehicle, you may want to consider:

- » Visibility and location along major tourism routes.
- » Ease of access for motor vehicles (e.g., cars, motorcoaches, RVs) both entering and leaving your business.
- » Ample parking on your business site or at convenient parking lots.

- **Complementary Businesses**

Does your business benefit from being located in the same area as other tourism businesses? Location near complementary businesses can provide traffic flows and reduce expenses of advertising and other promotion necessary to bring visitors to you.

- **Price**

It has some bearing on purchase decisions, but only if there is more than one business in the same area offering a similar experience. For example, a tourism area with six hotels offering similar services will compete on price. A luxury eco-lodge in a remote, pristine location will command a premium price based on its exclusivity and the services it offers.

Summarizing: Visitor Segments and Value Proposition

Let's consolidate our discussion by answering some key questions. Try to be concise and brief:

1. Define your visitor segments.
2. How does your value proposition (experience) satisfy their particular needs?
3. What are the features and benefits that make you different from the competition?



3 Marketing Plan: Channels to Your Visitor Segments

How is your experience sold and delivered?

The means by which your business reaches its visitors are described as visitor channels (which often fall under the general heading of marketing). Channels are where you make first – and ongoing – contact with visitors.

Brand

Every action within a visitor channel serves to develop the brand of your business. Brand is very much about visitor perceptions of your business – positive, negative, or indifferent. The perception you want to create can be captured in your company's name, design, messages, or other features that distinguish you from the competition.

You can build your brand by setting a standard, and then consistently achieving that standard in all forms of engagement and communication with your visitors. Brand can also address some of the risks listed earlier in Figure 2, particularly if your brand is associated with a new standard of quality or experience.

There are several ways of developing your brand, five of which are discussed here:

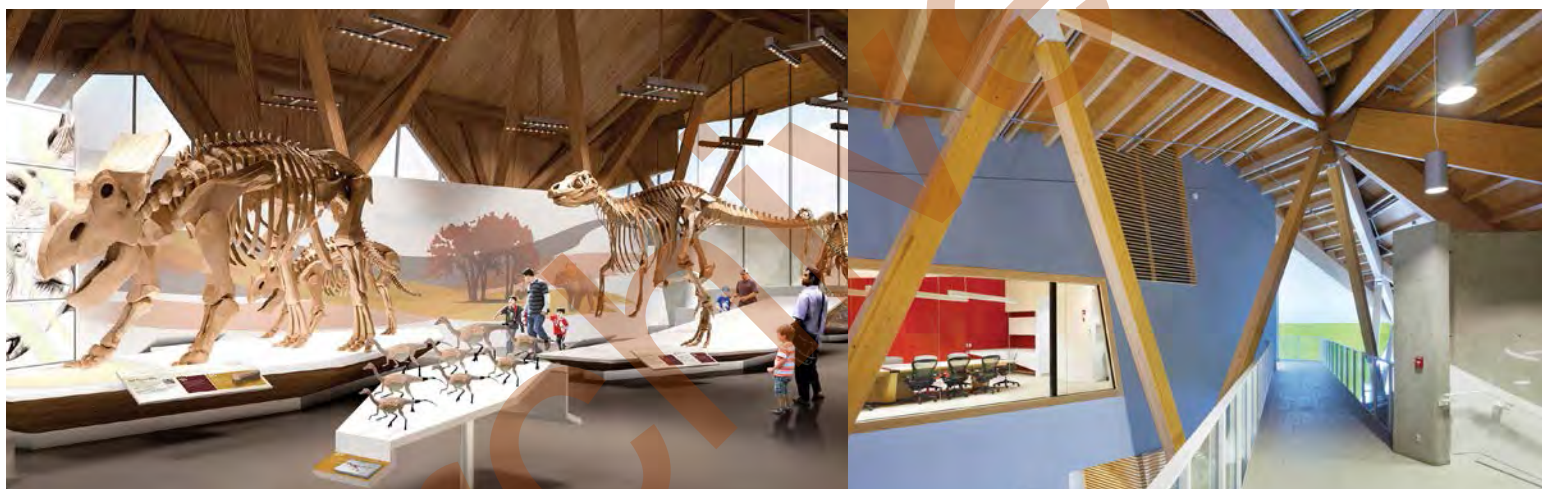
1. Raise awareness.
2. Identify the best strategies and tools to attract your visitor segments.
3. Enable visitors to purchase from you.
4. Deliver your offering.
5. Offer post-purchase visitor support and follow-up.

Brand ties into the most effective and cost-efficient marketing channel: *word of mouth*. This includes visitors, of course, but also locals – getting them aware of your business and on your side. They should be encouraged to talk positively about you – in person and on social media. Brand also leads to compatible partnerships as a channel to reach visitors; partnerships are discussed in the next part of the Business Model Canvas.

A global study by Neilson's found that the top four most trusted forms of advertising, in order of importance were:

1. Recommendations from people I know.
2. Branded websites.
3. Consumer opinion posted online.
4. Editorial content such as newspaper articles.

Global Trust in Advertising, 2013.



An Alberta Experience

PHILIP J. CURRIE DINOSAUR MUSEUM AND ITS BRAND

Experiential learning dedicated to Alberta's palaeontological heritage is at the core of the brand offered by the Philip J. Currie Dinosaur Museum located in Wembley. Entry into the museum itself evokes the palaeontological excavation experience, as visitors encounter two massive retaining walls of poured concrete and gabions pushing back the earth to reveal the main gallery that descends two levels taking visitors through a 360 million year journey from palaeo to petroleum. Beetle-pine timber trusses angle over faceted roof

surfaces adding to the volumetric space. The brand extends outdoors with a discovery fossil walk, helicopter palaeo tours to the densest bone-bed site in the world at Pipestone Creek. It also is the only partner with National Geographic Films in Canada. The museum is working with regional, national and international partners for education and outreach, in conjunction with Travel Alberta on promoting its brand.



Philip J. Currie Dinosaur Museum
www.dinomuseum.ca



1. Raise Awareness

Visitor experience is an intangible; much more difficult to market than items like clothing or souvenirs.

Commonly, entrepreneurs are tempted by a “scatter-gun” approach to marketing (as opposed to a brand approach). Attempting to be all things to all people weakens your marketing message, resulting in no clear measurement of a return on investment.

You need to focus your limited resources on activities that bring you the best return on your investment – activities that are seen as most trustworthy by visitors. Highlighting your unique experience is a powerful selling tool, if you communicate it in a way that speaks directly to your visitor segments.

Here are some effective ways of reaching your visitors, including some of the most popular social media sites:

- *Website*

For most tourism businesses, an online presence and website are essential. Your website can be one of the most effective ways of reaching your visitors. It should reflect the personality of your business, and clearly describe what you have to offer.

The number one rule is to have a website that works. Here are some tips:

- » The website copy should be clean and simple; and your website domain name should be easy to remember.
- » Ensure your website is quick to load and easy to use and that it re-sizes to fit any screen size. Similarly any photos, video, video-casts/podcasts or live images need to be of high quality and functionality (i.e., doesn’t slow down the website).
- » Visitors should find navigation through the site easy, with little difficulty in sourcing the information they need.
- » Information must be up to date and accurate. Show clear validity dates on your rates – especially if they are seasonal or variable.
- » Use a mapping program to assist the visitor to find your location.
- » Offer simple booking processes and secure payment technology, so visitors feel comfortable entering their payment details.
- » Provide links to your site from major tourism organizations, dedicated travel websites and complementary sites in your region.

You may want to use a search engine optimization service to improve your visitors’ ability to find your website when using search engines such as Google. You may also consider engaging in social media, which has become an important channel for the tourism industry.



- *Social Media*

Social media cannot be ignored. If you are offering a tour or other experience, it is very likely that someone has written about you. Social media allows you to view what visitors think about your business and also allows you to respond to negative feedback that could hurt your business reputation.

Many businesses link their websites to social networking sites, blogs or discussion sites to develop a two-way rapport with their visitors. This can provide an interactive way for visitors to review and discuss your offering; it allows you to generate user feedback; and it allows you to build or maintain your reputation. Over time, it gives you the ability to reach more visitors worldwide.

See Appendix B for a more complete discussion of social media and online tools, including Facebook, Twitter, and Google Analytics.

- *Other Media*

Don't forget traditional media. Paid broadcast and print advertising, billboards, and outdoor signage can all make a big impact and spark interest. New or exciting offerings may also get you free media coverage in your local newspaper, or on news shows, talk shows, or community channels.

- *Signage*

Good signage can keep visitors from becoming lost and late for events; poor or missing signage, the opposite. Signage comes in all shapes and forms – from road signs, to your name sign, to directional signs. Signage is crucial if you are located in an isolated or developing area, one where maps may still be confusing for those new to the area. The Government of Alberta has developed a Tourism Highway Signage Program that provides signing opportunities for tourism businesses classified as attractions and for those providing traveller-related services (e.g., gas, food and lodging) in rural areas.

QUICK LINK:

Tourism Highway Signage Program

www.signupalberta.com



- *Brochures*

Brochures can reach visitors, particularly those who book tourism products when they are in your region or those who are not strong users of social media. However, brochure design, printing and distribution can be a major promotional expense. To determine the return on investment of a brochure, you can include a tracking code or launch a promotional offer that can be redeemed online or in person. You could also ask visitors how they heard about your business – a common strategy used for online promotions as well.

Below are some considerations for a brochure:

- » Ensure that your brochure is created in a format that suits your visitor segments. Consider where it is to be distributed (brochure racks, trade shows, travel agencies, visitor information centres) as this affects the size and layout. Unique shapes, sizes or layouts are appealing, but may limit your display and distribution options.
- » Place your company name at the top of the front cover so it is clearly visible in brochure racks.
- » Include contact details such as physical address, email address, website address and phone and fax number, including international dialling codes.
- » Include any industry accreditations.

- » Use a map to illustrate the location of your business.
- » Pricing details may restrict the shelf life of your brochure. Clearly state validity dates and related terms and conditions. You can also direct visitors to your website, which is easier to update.
- » Combine effective design with enticing pictures and a concise, factual description of your unique selling proposition. Highlight the experience in short sentences and plain language.
- » Determine whether your brochures need to be printed in other languages to cater to foreign market segments.
- » Make sure you carefully proofread a draft of the brochure before it goes to print.
- » Remember the importance of selling the experience. Use quality images of people enjoying the experience you offer. Many tourism organizations, including Travel Alberta, provide access to their image library.

QUICK LINK:

Travel Alberta Multimedia Library

<http://multimedia.travelalberta.com>



- *Promote within Your Community*

Make sure your community knows about your business. They will be a good source of referral and support. If you have an attraction that appeals to youth, leave information where families can access it.

- *Partnerships*

Cooperative promotional efforts involving specific complementary tourism businesses and/or the establishment of destination marketing consortia can be very effective. Your business may benefit from pooling of marketing resources, which allows for packaging of tourism product experiences which appeal to specific target markets.

2. Identify the Best Ways of Attracting Your Visitor Segments

Not every method of promotion will work for your business. Think back to your visitor segments. If your business is largely targeted at young people, you may want to focus most of your promotional efforts on social media. Likewise, if you have a business that attracts couples or older individuals, you may need to look at a combination of traditional and social media marketing channels to promote your business.

Answers to the following questions will help you identify the best ways of reaching your visitors, as well as the best opportunities for visitors to book your services:

- How do your visitor segments typically research their travel – websites, traditional travel agencies, travel intermediaries, guide books, etc.?
- Are your visitors booking before they travel or are they booking when in your region? Ensure information about your product reaches potential visitors when they are evaluating choices. Visitors may purchase well in advance of their travel dates or at the last minute. How would they find out about your offerings? Where are they likely to buy them?
- If visitors book when in the region, are there distribution points where your potential visitors are likely to seek information about your business, such as visitor information centres or hotel concierges?
- Are visitors comfortable booking directly with you or do they seek assistance in organizing their holiday package? Having a secure website for bookings is essential if they book directly with you.

If you establish other distribution channels, you can set up a system to identify where your bookings come from. You can monitor how each of your distribution partners are performing to maximize your marketing expenditure. It also allows you to strengthen your relationships with any partners or agents who are performing well for you – and make decisions on those who are not.



3. Enable Visitors to Purchase from You

How do your visitor segments purchase your offering?
Some common purchasing options include:

- Visitors may find you on the Internet, in a guide book or through a recommendation from a friend via social media.
- International visitors may buy a vacation package from a travel agent or tour operator before leaving home, or they may book at their hotel's tour desk following their arrival.
- The booking may be channelled through an inbound tour operator or conference organizer. Some tour operators specialize in presenting local experiences, something which could add value in rural Alberta, which may be unfamiliar for many visitors from urban or international markets.
- Less independent travellers are more likely to go through traditional travel distribution channels. Some experienced travellers might organize the bulk of their arrangements once they arrive in Alberta.

If you decide to sell your services/products through third party distributors, there are a number of questions to ask yourself first:

- Which outlets will act as intermediaries for your visitors to purchase your offerings? Why is this important for your business?
- How will you distribute your offering through those outlets?
- What are the costs involved?
- Have you set goals for your distributors?

- Are they trained in selling your product?
- What feedback do you expect from distributors? How frequently?
- How can you work with provincial, regional and municipal destination marketing organizations to improve your access to distribution channels?

If you plan on marketing your business internationally (e.g., UK, Germany, Japan and China), you must ensure you can meet their diverse needs and expectations, and you must be aware of subtle cultural nuances – this means you must become “export ready.” Travel Alberta provides an excellent checklist to help you determine whether you are ready to take that step. They also offer an experiential development program to assist those operators wishing to become export ready.

QUICK LINK:

Experience Development Program

<http://industry.travelalberta.com/news/5d6ddf090e284df9bc88fdb7ba6b74ba/travel-alberta-launches-experience-development-program>

Export Ready Checklist

<http://industry.travelalberta.com/marketing/selling-internationally/export-ready-checklist>



4. How Will You Deliver Your Offering?

How will you deliver your experience, product or service to visitors? Many tourism businesses operate out of a fixed location, such as:

- A store-front where tourists physically purchase merchandise, rent equipment, pre-book or book on-site tours, excursions, etc.
- Accommodation and property businesses: where tourists are guests in your facilities and engage directly with your services.
- Some operators have a “store-front” or accommodation base (e.g. guest ranch or eco-lodge), and then offer guided experiences in remote locations.

Your business may deliver offerings to visitors through other channels. We discuss later the role of partnership channels.

5. Offering Post-Purchase Visitor Support and Follow-Up

We discussed earlier the impact of social media on business, good or bad, resulting from independent visitor opinions. Make sure you ask visitors what they liked, what they didn't like, and what additional services or products they would like to see in the future. Encouraging feedback from your visitors allows you to develop a better visitor experience and assess the effectiveness of your marketing activities.

One more point

Unforeseen events – such as changes in consumer preferences, a downturn in the economy, major currency fluctuations or new competitors entering the market – can affect your business.

For your business to remain competitive in the long term, you should incorporate marketing research as an integral part of your strategy, which includes continuous assessment of feedback.

Marketing research can be used to:

- Identify new markets.
- Improve an existing service/experience.
- Reveal the attributes and characteristics of a service/experience that appeals most to your visitors.
- Analyse the effectiveness of promotions and advertising.
- Assess the reputation or image of your company, in comparison to similar businesses, and assist in positioning your value proposition relative to competitors.
- Assess the potential impact of a change in pricing strategy.
- Predict the impact of a new competitor entering the marketplace.
- Predict the impact a downturn in the economy or a change in the value of the Canadian dollar will have on your business.



Summarizing: Marketing Plan

Let's consolidate our discussion about marketing by answering some key questions. Try to be concise and brief:

1. *What are the key channels for your services/products to your visitor segments?*
2. *What is the current state of your website, social media and other promotional tools (e.g., brochures)? What areas for development or refining did you identify in this section?*
3. *What market research activities would help you evaluate ways of reaching your visitor segments?*
4. *Who will be responsible for undertaking and managing these activities?*
5. *Who would make good partners to bundle services/products to your visitor segments?*
6. *How will you monitor feedback?*
7. *What is your budget available for these activities? (See Appendix D for a sample promotional budget).*
8. *Overall, how would you describe the strengths and weaknesses of your strategy to reach potential visitors?*



4 Key Partnerships

What network of partners and suppliers will make your business model work?

The value of partnerships depends on the nature of your visitor segment and the type of business you are operating. A common feature is being part of a value chain of different services and products that target the same visitor segment. A range of partnerships is possible:

- Simply having links to other websites on your website.
- Resource pooling – where you share a channel to promote different offerings to the same visitor (e.g., tourism association websites).
- Bundling – where you bundle different services together to sell to the visitor.

Bundling

Bundling is sometimes referred to as “packaging” – where a tour company packages a combination of transportation, accommodation, food and beverage services, attractions, events and entertainment. Often packages have different features to attract different visitor segments. The key to bundling is in cross-promoting like-minded experiences to enhance the overall visitor experience.

Bundling can also be undertaken by complementary tourism businesses in a community or region working in cooperation with a provincial or district marketing organization; or by a tour operator who specializes in presenting local experiences. Advantages of bundling include:

- Enhanced market appeal resulting in new visitors, lower marketing costs and additional profits.
- Improved regional visitation and visitor revenue – through multiple suppliers offering complementary experiences and services.
- A stronger commissionable proposition for distribution partners to sell your experiences and services along with those of others.

Related to partnerships are media tours and “fam tours,” which familiarize tour operators, travel trade and media with tourism offerings. Given that Alberta offers unparalleled diversity, yet is known by only a relatively few iconic attractions, these tours – and those by receptive tour operators – offer significant potential to reaching new visitors.



An Alberta Experience

MAKING AN EXPERIENCE LOCAL AND AUTHENTIC

Partnering helps both parties, so the Rocking R Guest Ranch (50 kilometres east of Calgary) does a lot of it: “We are marketing to the high-end adventure traveller. Many come to experience the mountain parks, but we believe it is important to create new experiences for returning visitors, so we are working hard with other tour operators in the Canadian Badlands to create a new iconic Alberta destination.”

One of the businesses Rocking R Guest Ranch partners with is the Rosebud Theatre, 58 kilometres away. Patrons of the theatre can enjoy the ranch’s accommodations and spa services, as well as first-class entertainment.

—Terri Kinsman, Operator, Rocking R Guest Ranch



Rocking R Guest Ranch
www.rockingrguest ranch.com



5 Visitor Relations

How will your business interact with visitors?

What relationship does the visitor expect?

How important are visitor relations to the overall experience?

Strong brands consistently and repeatedly communicate their brand message. How your business interacts with visitors will likely be the most enduring demonstration of your brand. Management of this interaction is worthy of your utmost care. Different types of visitor relationships include:

- Self-service: Your business provides the tools for visitors to serve themselves (e.g., property-based businesses that allow visitors to check in and out at their convenience, continental breakfasts).
- Automated services: offers convenience (if reliable), but may be too impersonal for your visitors.
- Personal assistance: very common with B&Bs, for example.

- Dedicated personal assistance: more common with luxury resorts. The most intimate and hands-on visitor relationship is when someone is assigned to handle all visitor questions and needs.
- Co-creation of service: The visitor provides direct input and works with your business to create a customized service, like a special meal.

Here are some questions to help you assess the visitor relations for your business:

- What type of relationship do your visitor segments expect you to establish and maintain?
- What types of relationships have you established?
- How are they integrated into your business model?
- How costly are they? Different types of visitor relationships have different cost implications for your business.



6 Revenue Streams

How will you set pricing and generate revenue?

The price of your product should reflect the assumptions you make about your ideal visitor. Some visitors identify price as an important indicator of quality; i.e., “you get what you pay for.” Your offerings must be priced consistently, accurately and competitively to be successful in the marketplace.

An accurate profile of your visitor segments must support your pricing strategy. For example, some visitors will expect to pay \$500 per night for luxury accommodation, others only \$100. What do your visitors expect to pay?

Prices must be set high enough to cover expenses and generate an adequate rate of return, yet low enough to stimulate purchases and to prevent competitors from increasing their market share by undercutting your price. Price is something that should be reassessed regularly, as the marketplace is continually changing.

Pricing requires a clear understanding of each individual cost component, including commissions and their impact on the total price of the offering. Commissions are the fees paid to online and retail agents or tour operators to market, distribute and sell your offering. Typical rates for tour operators and online travel agents are between 20 to 30 per cent, while retail travel agent rates are less, around 10 per cent. If the price of your offering does not cover these commissions, you will find it difficult to market your product through an agent and/or make a profit.

When it comes to generating maximum profit for your business, no third party distributor can offer a higher percentage profit than what you can generate by selling directly to visitors. However, direct selling depends upon careful review of the markets targeted and how easily they are accessed.

The simplest and most cost-effective way to take bookings on your website is to sell via an online booking engine. This keeps your business open 24/7 and allows you to generate sales while you sleep.



You should consider the following points when setting the price for your experience or product:

- Your competitors' pricing.
- The price your targeted visitors are prepared to pay. This influences the profits you can make. New or unique offerings can also attract a premium price – especially if they are difficult for competitors to imitate.
- Will you offer different prices to different visitor segments (e.g., seniors, children) or different seasonal rates? This influences profits.
- Will the cost of distribution (i.e., commissions) be built into the overall price?
- What are the fixed and variable costs related to delivering your experience to a visitor? Fixed costs are those incurred regardless of number of sales (e.g., monthly mortgage payments). Variable costs vary in proportion to an increase in sales; staffing is a common variable cost.

Sales Projections

Sales projections require the following information, backed up by reliable market research and sound assumptions:

- What is the size of the tourism market in the region and its growth projections?
- How big are your visitor segments?
- What is the number or percentage of visitors from this segment that your business has a good chance of attracting?

Use this market information and the determined price to project sales revenue. Sales projections should be made on a monthly basis and completed for each separate experience. Most business plans generate sales projections for at least three years.

For each offering, you would indicate:

- total number to be sold
- price per unit
- total corresponding revenue on a monthly basis

The assumptions used in making your sales projections need to be stated clearly. For example, for a bed and breakfast, you would show the total room nights available for sale, the projected occupancy, the room rate and the total revenue on a monthly basis. The projected occupancy rate should derive from credible data from your market research.

Sample Assumption:

Revenue Formula for Fixed-Roof Accommodation

Available rooms x 365 days x
projected occupancy rate % x average daily room rate
= Gross Room Revenue

For example:

100 rooms x 365 days = 36,500 annual available rooms
x 60% occupancy rate = 21,900 occupied rooms
x \$100 daily room rate = \$2,190,000 gross revenue



7 Cost Structure

What are the costs and cost drivers of your business?

When defining the cost structure of your business, you need to identify the most important costs associated with delivering your experience, product or service. These costs may be attributed to any number of things, including: wages, marketing, utilities, equipment, taxes, insurance, and borrowing.

Fixed costs are those costs which occur regardless of the level of sales generated. Rent, mortgage, interest expenses and property taxes are examples of fixed costs. Costs of goods sold, such as food and beverages, are variable expenses. Some expenses, such as utilities and salaries, have both a fixed and variable component.

As your company grows, your costs are likely to reduce. This is due to “economies of scale” (the more you buy, the cheaper it becomes) and “economies of scope” (you can achieve cost advantages by using existing inputs – staff, infrastructure, and marketing – to expand your offerings and lower your per unit cost).



8

Key Resources/Activities

How will you structure your business?

What resources must be in place to successfully deliver your offering?

In this building block, we look at four key activities:

- business structure
- operational plan
- human resources
- green plan

Business Structure

You need to determine how you will structure your business. For tax and legal purposes, you may want to get assistance from a lawyer or accountant.

Business structures include:

- **Sole Proprietorship** – owned and operated by one person with no legal distinction between the owner and the business, although some may wish to register a trade name (e.g., Jane Doe operating her business as Jane's Whitewater Rafting Adventure).
- **Partnership** – an association of two or more persons in a business in which the profits and losses are shared proportionally. A written partnership agreement is suggested.
- **Cooperative** – a jointly owned enterprise engaging in the supply of services, operated by its members for their mutual benefit.

- **Limited Company/Corporation** – an individual or group of people authorized to act as a single corporate entity (a legal entity) and recognized as such in law.
- **Not-for-Profit Organization** – a group organized exclusively for social welfare, civic improvement, pleasure, recreation or any other purpose except profit; it does not distribute its income for the personal benefit of a member; it does not offer or assign shares; nor is it a charity.

Ask yourself:

- What is the ownership structure of your business?
- What is your rationale for choosing this particular structure?
- What are the costs associated with registering and establishing your business? A sole proprietorship is relatively easy to set up, whereas a limited company/corporation is more costly to establish.

QUICK LINK: Business Link

www.businesslink.ca/choosing-business-structure



Operational Plan

In establishing your business, consider the physical necessities of the operation, such as the location, facilities and equipment. Also consider inventory requirements, suppliers and partnerships/alliances. Consider the following questions in developing your operations plan:

- What outside expertise will you use (e.g., accountants, lawyers, consultants)?
- Hours of operation – What days of the week will your business be open? Is the business seasonal?
- Cash and Credit Handling – How will you collect revenues – cash, cheques, debit cards, all or only certain types of credit cards?
- Insurance – What types of insurance will your business have (e.g., property, liability, business interruption)?
- Risk Management Practices – How do you plan on mitigating risks, such as an unexpected change in the weather, visitor issues, or other problems?
- Procurement – What equipment and supplies do you need? What will your buying policy be with your suppliers?
- Quality Control and Operating Procedures – Do you need an operations manual to guide staff in carrying out their roles and responsibilities?

Your operational plan should include a project schedule for your proposed tourism business. Starting a new business is a complex task. It is not enough to simply set the completion and opening dates for your business.

Because components of the project are inter-related, establish intermediate check points for each stage of development. A continual comparison of cost versus technical performance is essential to sound control of business operations.

Gantt Charts

Gantt charts can be an effective planning tool for setting operational checkpoints. Each activity or component is assigned a block of time for completion and is monitored within that segment. The start and completion of each activity is time-related to the other functions to be performed. Progress can be monitored easily allowing for quick responses when corrective action is required.

Human Resources

Many tourism businesses begin as a sole proprietorship. However, a new entrepreneur often does not possess the experience or complete skill set to operate a successful business. An accountant, lawyer, business consultant, insurance agent and enterprise support advisor are normally part of an entrepreneur's business team.

Appendix C provides a comprehensive checklist to identify what internal knowledge is available and where outside expertise is required. This checklist may be more relevant to a larger tourism development.

When generating a business plan, you are required to present a description of the background of the company founder(s) and current management team. If raising external investment, you must acknowledge where new skills need to be brought into the company.



Staff

Tourism is a service-oriented industry, with success in many segments dependant on the ability to provide excellent service. Many tourism businesses are labour intensive and require experienced managers, customer service staff, guides, general labourers, and more.

As the business grows beyond the entrepreneur or small founding team, human resources becomes a key cost driver for the business. For tourism operators in remote or rural areas, attracting, training and retaining quality employees can be an ongoing challenge.

Very good staff can make a difference to your bottom line. It is important to share your visitor service philosophy with all staff members. Job descriptions are written statements delineating the tasks, duties, activities and desired outcomes associated with a given job.

Many job descriptions include job specifications such as skills, training or attributes required as well as information about hours of work, salary and other benefits. Job descriptions should be established for each staff and management position. Table 2 outlines four common areas of staffing requirements for a business intent on hiring new staff.

Table 2: Staffing Requirements

Recruitment and Selection

- Procedures must be based on job-related standards.
- Selection criteria must be related to job performance.
- Need to orientate and properly train staff. Outline responsibilities and instil ethos and values of company.

Compensation and Appraisal

- Need to regularly assess performance, provide feedback, and implement compensation policies.
- Offer opportunities to develop as an employee.
- Reward superior performance.
- Offer profit sharing opportunities.

Training and Development

- Range from providing training for specific skills such as bartending to assisting with career planning.
- Designed to increase abilities, performance and satisfaction.

Company Culture

- Establish written key values that guide staff behaviours and actions.
- Be a role model. Provide consistent messaging, team-building, retreats, etc., to develop a nurturing work environment.



Use the following questions to develop your human resource requirements:

- How many staff members do you need in total?
How many of these are full-time, part-time, seasonal, supervisors and office staff? How will this change over the next three years?
- What are the skills, training and education requirements for each of these positions?
What other qualities are required or desired for each position? For example:
 - » Front line staff: outgoing personality, ability to perform well in a fast-paced environment, and desire to work directly with the public.
 - » Maintenance supervisor: mechanical aptitude and strong problem solving skills.
- Will the local job market be sufficient for all of your staffing needs? If not, how do you plan to attract staff from other locations?
- How will you recruit staff (e.g., newspaper ads, family members, college campuses)? What are the costs associated with recruitment?
- Does the local community have adequate housing, transportation, medical, financial, educational and recreational facilities for your employees?
- How will you orient employees to your business goals, objectives and values as well as their specific roles and responsibilities?
- How will you evaluate employee performance?
How often will employees be evaluated, both informally and formally?
- How will you compensate your employees (salary, hourly wage, profit sharing, bonuses, staff discounts)?
- What training and development policies will you implement?
- What career opportunities will you offer your employees?
- What is the annual cost of salaries and other compensation? What are your costs associated with recruitment, training and development?
What salary will you be drawing? What are the total human resource costs?

Green Plan

Is environmental sustainability part of your value proposition? A green plan may make good sense and have a positive effect on your bottom line. Different reasons for implementing a green plan are suggested below:

- Reduce Costs – You could cut operational costs through waste prevention, recycling, reuse and water and energy conservation.
- Good Environmental Stewardship – Environmental efforts help promote clean air, clean water and less dependence on landfills.
- Good Publicity – This may result in increased business from a growing visitor base seeking to patronize environmentally friendly businesses.
- Good Business – This allows you to communicate to your staff, visitors and local citizens where you stand on your environmental and community obligations.

FINANCIAL PLAN

Once you've worked through the building blocks of the Business Model Canvas, it is time to consider the matter of finances. Effective management of finances is the cornerstone of every successful business. The lack of financial expertise is commonly cited as a reason for the failure of new businesses.

Your financial plan should include the following:

- Set of financial goals and objectives for a specified time frame.
- Financial projections for the construction/ startup phase.
- Financial projections for the operating phase.
- Plan of action to accomplish goals and objectives.
- Contingency or alternative plans.
- Procedures for monitoring and evaluating results.

You should also employ the services of a qualified accountant and/or business consultant to supplement your knowledge. A good resource for financial plans is the Business Link.

QUICK LINK:
Business Link
www.businesslink.ca

Financial Projections for Startup

Projections for a startup are different from an existing business because a new business owner typically needs to spend money before making money. Startup costs usually include such one-time costs as major purchases, construction, deposits, and more: registering the business; purchasing property or leasing space; purchasing computers, mobile phones, and business-related software; refining the product or service; paying suppliers; and paying staff salaries. Initial marketing costs related to items like signage and website development must also be considered.

The amount of startup capital required is also influenced by the nature of the market and the type of tourism business. Costs reflect:

- *Capital intensity* of the particular tourism business. Capital costs to launch a guiding business or bike rental service are significantly less than a property-based tourism business such as a lodge or cabin development. High startup costs, along with the need for specialized facilities or prime locations, can be a significant barrier for new businesses.
- *Size and growth of the market.* A large visitor segment can allow a new business to gain rapid market share; however, this usually requires a superior location, a highly innovative or unique service or product, secured channels to sell to visitors, and strong sales support and marketing.

Financial Projections for Operating Phase

Financial projections are an approximation or model of the future based on a set of well researched and reasonable assumptions. They are management's best estimate of the operations and financial position for a forecast period.

The assumptions used in developing your projections should be the same as those in your business and financial plans. Be realistic – base them on the results gathered from your market research, pricing and assessment of revenues and costs. Make sure you can back up your projections with reliable data.

Projections should be presented on a month-by-month basis for at least the first three years, or until you achieve a positive cash flow, and annually thereafter. The more seasonal your business, the more critical this becomes.

By preparing monthly projections, you can determine whether the expected cash position at the end of each month is enough to meet the cash requirements for the following month. A projected cash shortfall indicates a need to obtain financing or additional equity capital. Remember “cash is king” relative to starting a new tourism business and expanding an existing one.

How to Develop Financial Projections

Establishing sound hypotheses for your financial projections is critical. There are two approaches:

The first is a straight-line approach, which assumes a flat increase of a certain percentage each year in expenses and revenues. This approach is simplistic in that it assumes that history repeats itself. It is useful only when the company's activities remain relatively constant from year to year.

The second approach is more applicable to new businesses. It acknowledges that business activities may change dramatically during the first few years of operation: expenses and revenues may vary. It considers the future unknowns of a new business, including the success of marketing activities, the progress of expansion plans, and the impact of changing seasons on visitation.

In this second scenario, projections should be completed for three types of financial statements – income statement, cash flow statement and balance sheet. For the capital development or construction and startup phase of operations, a summary of the source and use of funds should also be included. A brief description of each of these statements is provided, and templates for them are found in Appendix D.

Income Statement

The income statement is a presentation of the revenues and expenses incurred by the business during a given period. The income statement uses accrual accounting in order to best represent the current state:

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

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

- **Operating Income**

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.

Cash Flow Statement

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

The cash flow statement is the **most important forecast for a new business** because it demonstrates whether or not you have the actual cash on hand required to meet your financial obligations when they come due. Cash on hand is equal to total cash receipts less total cash disbursements for the given time period.

- Cash receipts are cash inflow from cash sales, collections of accounts receivable, loan advances, owner's contributions and sales of fixed assets.
- Cash disbursements are cash outflows for operating expenses, payments to suppliers for inventory purchases, 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. A hotel, for example, may collect cash for sales:

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

A hotel's linen supplies may be:

- Prepaid in full.
- Paid for in equal monthly instalments.
- Paid for within 60 days of receiving an invoice.

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

Balance Sheet

The balance sheet is a snapshot of the financial condition of the business at a fixed point in time. It shows what the firm owns (assets), which equals what it owes (liabilities) plus the 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 excess of assets over liabilities represents the net worth of the business.

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

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

Please see Appendix D for examples of the statements.

QUICK LINK:

**Canada Business Network,
Budgeting and Forecasting**

www.canadabusiness.ca/eng/page/2642

NEXT STEPS

Congratulations! You've done a lot of work to get this far. Now it is time to consider whether your business is really viable. Up until this point, the primary focus has been on determining the feasibility of your proposed tourism project. However, to be viable the project must also demonstrate independence; it must survive and be self-sufficient.

The following questions are designed to assist you in assessing viability:

- Did the initial market research reveal sufficient demand for the experience you have to offer?
- Will your marketing plan successfully capture this demand? Are projected sales sufficient to cover projected expenses? Can your business generate profits and positive cash flow over the long term?
- Are the projected profits, cash flow and demands on your time and resources compatible with your personal and business goals? Will the business generate a sufficient return on your investment?
- Do you and your management have the necessary expertise to successfully operate a business? If not, have you obtained commitments from outside professionals to supplement management skills? Are experienced, trainable staff readily available for non-management positions?
- Can you secure the necessary debt and or equity financing for your project?
- Do you have the necessary cash equity to meet your lender's requirements?
- Are your revenue and expense assumptions realistic and achievable?

After answering these questions, do you still feel your business can be a success? If so, you should now take a hard look at the potential risks to your operation. Outline the critical risks, estimate the probability of their occurrence, and describe what contingency plans you will adopt to mitigate the negative impact of these risks. Once you have identified the risks, you are better able to develop tools to reduce, prevent, control, eliminate, or transfer risk and manage change. Outline contingency plans for your marketing strategy, and establish which plans will be adopted if your goals and objectives are not being met (e.g., if your competition significantly alters its marketing strategy or if a measurable change in consumer behaviour is identified).

The results of your business and market research can now be consolidated and presented in a formal business plan. The formal business plan serves two main purposes:

1. As a roadmap for your business that outlines goals and details your plan to achieve them.
2. As the basis of any funding request to lenders and investors. For the latter, the business plan gives them the information they need to assess the risk-return profile of the business and to compare it with other businesses they may be considering for funding.

Table 3: Example of a Risk Assessment

Potential Risk	Probability (High-Medium-Low)	Mitigation Strategy
Inability to attract enough staff during peak seasons.	Medium While the labour pool is quite large in your area; there are few people with the specific skills you need (e.g., experienced guides).	<ul style="list-style-type: none"> • In the off-season, provide training to individuals interested in assuming guide positions. • Work with professional recruiters to attract specialized staff.
A new competitor opens in your area.	High There is a growing demand for similar services in your area.	<ul style="list-style-type: none"> • Promote the value-add your business offers (e.g., you own a bed and breakfast and you are also a trained chef). • If your offering is almost identical to that of your competitors, consider packaging your offering with that of complementary businesses to make it more attractive.



Below are suggested guidelines in formulating a business plan which address common areas of investor/lender uncertainty, some of which were identified in Figure 2. Primary funding sources for tourism businesses are described in Appendix A. More extensive information on funding sources for both private businesses and non-profits can be found in Appendices E and F.

EXECUTIVE SUMMARY

The executive summary is the most important section of a business plan and is usually written after all other components are completed. It fulfills two functions:

1. Stimulate interest in the business plan.
2. Present a clear and recognizable investment or funding opportunity.

A strong executive summary should answer the following questions:

- What does the business do or plan to do?
- What is the experience/product/service offering, why is there a need for it, and how big is that need?
- Who are the visitors for the tourism experience?
- What are the competitive advantages of the business – the unique selling proposition?
- What is the business model? How will the business make money, when will it become cash flow-positive, and what are the growth aspirations?
- Who will make this happen?
- What funding is being requested, and what will it be used for? How much is the owner investing in the business?

The executive summary should also provide a brief description of projected sales, expenses, and net profit for the first three years.

BUSINESS GOALS AND OBJECTIVES

This section should include a description of your business goals/objectives:

- Projected targets for sales, market share and profitability.
- Projected visitation targets for identified visitor segments.
- Growth targets for specific revenue streams.
- Other identified targets relative to workforce attraction/retention and sustainability measures (e.g., recycling of waste or water).

MARKETING APPROACH

The marketing approach should include a description of the tourism experience offered and an analysis of the market, trends, competition and identification of your visitor segments. It should also highlight your sales and promotional strategy. You may choose to do a more detailed marketing plan to supplement the business plan.

Key questions to consider are:

- What experience are you offering?
- Who is the competition? And how will you competitively position your business?
- Who are your targeted visitor segments?
- Other than visitors, who do you depend on for success? Do you depend on particular resources or suppliers?
- What is your pricing strategy?
- What promotional tools can you use to market your experience? Will you participate in joint marketing or partnerships?
- How can you monitor results and what are your contingency plans?

- Who will do your marketing?
- What are the tourism market trends – locally, nationally and internationally? How do they impact your business proposal?
- What assumptions have you made in your projections?

A common cause of business failure is not being able to reach visitors at a cost low enough to make a profit. Entrepreneurs may be familiar with the phrase “a good product does its own marketing,” but what is required to complete a sale? The marketing section of the business plan should clarify how the concept translates into sales:

- Are revenues to be generated via outright sale (e.g., gate admissions; RV site rental – daily, weekly or seasonal rates; food and beverage sales; accommodation – weekday and weekend rates; retail sales and seasonal rates (peak, shoulder, and off-season)?
- How big is the profit margin on each revenue stream? For example, if what you offer is better than the competition, why not charge more? Is there high net value for the services? If so, does the profit margin reflect this high net value?
- How are revenues to be apportioned among others contributing to the success of the business (i.e., channel partners)? Have you factored in commissions payable to travel agents, tour operators and booking engine sources to sell your product?
- How many visitors do you need to make your forecasted profit? And how much do you expect them to spend?

The business plan should make clear the logic and justification for pricing decisions. For example, does the value of the experience warrant the price? Can your targeted visitor segments afford what you are charging?

A further consideration relates to marketing channels. For example, does the entrepreneur create and directly control the channel to market (e.g., develop a sales force, web sales, etc.) or use partner channels (e.g., tour operator, travel agent or booking engine)?

Control of distribution channels addresses one of the key uncertainties within a business plan and may contribute to a higher valuation when raising equity investment. Some business plans present plans to sell products and services through different sales channels – which can increase operational complexities, in addition to costs.

The decision on channels may be influenced by the availability of existing channels. For example, are there existing marketing channels that can reach the intended visitor segments, allowing for immediate sales generation? If so, are they willing to partner? What percentage of sales or margin on sales will they demand? How does this affect your pricing model? Many resellers won't commit to selling others' products until they see clear visitor demand.

ENTREPRENEUR AND TEAM

This section of the business plan should convince the investor or lender that the entrepreneur or founding team is able to execute the plan and deliver on critical targets. Ideally, the entrepreneur should possess capabilities and experiences that are well aligned to the requirements of the business. The business plan should convey a strong match and fit between the experiences, skills, traits, and capabilities of the team and the opportunity. Previous individual achievement is known to be a good predictor of future achievement, and many business plans highlight individual achievements and previous business successes.

The entrepreneur should also acknowledge in the business plan (and when pitching for financing) any skill or capability deficiencies that may need to be filled in the management team. Some entrepreneurs may strengthen their team with experience from an advisory board, board of directors, and external consultants before raising equity investment or debt. This may also identify for the investor the extent of the entrepreneur's networks or relationship-building capabilities that benefit the business.

Most business angel investors⁷ quickly determine whether they could work with the entrepreneur. The entrepreneur must not only appear capable but trustworthy. For some investors, the entrepreneur must be perceived as coachable; this requires a willingness to accept advice from the investor.

Some investors may be reluctant to invest in a one-person startup, particularly if it is founded on a new or unproven offering. A founding team can offer more capabilities, knowledge, and collective energy to build a new business. It has been shown that entrepreneurs working with a new venture team are more likely and willing to re-examine their assumptions, revise their plans, and set a new course of action than those who have been working alone. Note that investors may ask for a shareholder agreement before committing.

⁷A business angel investor refers to high net-worth individuals who invest their own money, and make their own investment decisions, in support of promising business opportunities (Gregson, 2014).

FINANCIALS

A credible case for funding should already have been established by the time the investor or lender begins to read the historical or projected financial statements in your business plan. The financial model should align with the business model and reasonably represent the future business activities of the venture.

The financials should be prepared according to generally accepted accounting principles (GAAP) and be presented in a conventional format, which allows for easy analysis. The financials should include projected income statements, cash flow statements and balance sheets that provide detailed monthly operating forecasts for at least the first three years of operation and annual forecasts thereafter (including an opening balance sheet and statement of construction/startup costs and sources of financing). The assumptions you used to arrive at your sales expense projections will be required, as will a discussion of debt and equity financing sources and a corresponding ratio analysis.

You should also include financial statements with the previous year's balance sheets and income statements (for an existing business) prepared by an accountant. You may also want to include personal net worth statements of the shareholders. (Pro forma templates for the statements are included in Appendix D.)

In addition to the above information, the capital structure of the business should be described. This identifies to a potential investor the funds that have been paid into the company to date by founders, other investors, or lenders. Financiers will want to see a comprehensive listing of the company ownership and existing shareholder agreements to understand who is making claims of ownership.

The financial section, along with the other sections of the business plan, should suggest to the investor that the entrepreneur/team is capable of adhering to budgets and targeted timelines. The length of time to achieve break-even, for example, where sales revenues equal costs, is a critical milestone for the entrepreneur and for those investing in the entrepreneur's business.

Financial uncertainty for the investor is reduced if the venture is already generating revenue and can demonstrate good cash flow management. A high proportion of new ventures fail because of poor cash flow management. Given the usual timing difference between accounts receivable and accounts payable, the entrepreneur must ensure that sales cycles are understood. The ability to demonstrate effective financial management of the business is also critical in securing additional rounds of investment and debt financing if the company expects to continue to grow.

The financials section of the business plan is usually the most overly optimistic section, as the prospect of securing sizable investment provides a large incentive for entrepreneurs to "over-forecast." In some cases, entrepreneurs may benefit from having their financial projections verified by a third-party business consultant, accountant, or professional investor. The intention is to avoid presenting investors and lenders with financials that increase, rather than reduce, uncertainty about the business.

OTHER PLAN COMPONENTS

You should also address these items in your business plan:

- The organizational form and structure of the business.
- Operational parameters that include hours of operation, insurance, risk management practices, cash/credit handling, procurement, and staff training.
- A project schedule covering government and financial approvals, construction period and preparation time before the development opens its doors.
- A staffing plan based upon detailed human resource requirements.
- Your environmental/green position. Outline how you will address social and environmental obligations in your area, such as volunteerism, recycling and alternative energy sources.
- A critical risks and assumptions analysis should outline your underlying assumptions in support of the business plan. The major risks facing your proposed business operation should also be summarized with contingency plans you will adopt to mitigate the negative impact of these risks.

COMMON PITFALLS IN BUSINESS PLANS

Table 4 identifies some common pitfalls of business plans, organized around key areas of uncertainty for lenders and equity investors: the market, value proposition, channels to market, and financial forecasts.⁸

In some cases, the entrepreneur can make refinements, for example, by providing more evidence on the competitive environment, strengthening the management team, or strengthening the financial model.

However, some pitfalls might not be easily correctable. For example, although a value proposition might be well developed for a visitor segment, is the segment simply too small to generate a healthy return on investment? Another common pitfall in business planning is assuming market conditions that do not actually exist.

For private investors, financial forecasts should demonstrate that the business is scalable; can achieve positive cash flow shortly after investment; and can generate high and sustainable growth. The investor should see a clear path to profitability and be able to visualize a profitable exit strategy for their investment when examining the financials of a good business plan.

Lenders will want to see that the business can generate sustained cash flow to support debt repayment, while allowing the business to flourish. They will also assess the collateral that the business can pledge as a secondary source of repayment.

Table 4: Common Pitfalls for Business Plans to Secure Financing

Market
<ul style="list-style-type: none"> You see an opportunity because there is no competition for what you offer. However, the lack of competition is indicative of little or no demand. You've done a good job identifying the opportunity, but your assessment of the visitor segments is weak. Your sales projections are weakly defined. (e.g., only using a percentage of overall market to project earnings).
Value Proposition
<ul style="list-style-type: none"> What you present is not a significant opportunity for private investment, but more suitable to a lifestyle business (e.g., B&B). Your business model tries to do too much; it is unfocused and overly ambitious. You are unable to distinguish the experience you offer from that of existing competitors.
Channels to Market
<ul style="list-style-type: none"> You have no clear marketing channels; significant resources must go into developing channels to market. Your market entry strategy is unrealistic; it is not novel enough to stimulate interest in the experience you offer. You have no strategy for business growth.
Financial Forecasts
<ul style="list-style-type: none"> Your financial assumptions are not clear or realistic (given market conditions). You forecast growth in margins which is unlikely if market is highly competitive and price sensitive. To produce growth in sales you will need to invest first. You haven't accounted for increased borrowing costs.

⁸Gregson, 2014.



In addition to the website links noted throughout this document, further information and resources are included in the appendices of this guide. For information related to land-based tourism development, please consult the *Tourism Development Guide* – a companion document to this one.

CAUTIONARY NOTE

Users of the *Tourism Business Planning Guide* take full responsibility for interpreting the information contained in the guide in developing their business. They are encouraged to undertake their own research and feasibility assessments to ascertain the viability of their specific projects.

Archived



TYPES OF FUNDING SOURCES FOR YOUR BUSINESS

Personal Sources

Personal sources refer to personal, readily accessible financing available to the entrepreneur. They are the most significant source of money for new businesses.

The term “bootstrapping” is used to describe all personal means available to the entrepreneur to fund the business without resorting to external investment. Bootstrapping sources include personal capital such as accessing savings, extending overdrafts on bank accounts, and extending credit limits on existing credit cards and securing new ones.

Bootstrapping also refers to all available options undertaken by the entrepreneur to minimize the costs of starting the business. Bootstrapping activities include:

- Working from home or accessing rent-free office space.
- Borrowing or leasing equipment.
- Seeking free support and advice from individuals, institutions, and other sources (e.g., Internet resources, free public programs, open-access courses).
- Leveraging personal networks of contacts – and those of others – to gain access to resources to start the business.

The primary advantage of bootstrapping is that the entrepreneur usually does not give up any ownership or equity in the business in return for such funds. One limitation of bootstrapping is that business growth must be held in check, to avoid expanding beyond what the entrepreneur can afford and control.

Bootstrapping can also be a risky (and expensive) approach to starting a new venture, as suggested below:

- Credit card and overdraft debt can build up quickly, and incur high interest rates.
- Default on monthly payments can have a damaging effect on credit ratings. This may constrain the entrepreneur’s ability to secure bank financing in the future.

Family and Friends Funding

Personal sources of finance may be available from family, friends or colleagues. Such sources can complement the entrepreneur's personal capital and increase the overall amount of funds available. This combined source of personal funding is referred to as "3F funding" (founder, family, and friends).

Much 3F financing is informal and unstructured. The motivation for such funding is usually to support the entrepreneur unequivocally; hence, the term "love money" is commonly associated with 3F funding. Parents or close family members are more likely to provide funding without expectations of being repaid.

However, 3F funding from friends or colleagues may be in the form of a personal loan, where repayment is expected. This might include repaying the principal only within an agreed time period, or include repaying the principal plus an agreed rate of interest.

An entrepreneur should be cautious about 3F financing when considering the consequences of not paying back family or friends, particularly when there is an expectation of repayment. An important question for the entrepreneur is, "If my business fails and I cannot pay back this money, what effect will this have on these relationships?" For some entrepreneurs the trade-off is too high, and other sources of funding should be sought.

The entrepreneur should also consider the implications of 3F funding on the business itself. For example, are friends and family members expecting to be on the management team? What level of influence will they have on negotiations with potential external investors?

Business Angels and Venture Capital

Most tourism businesses do not have a scalable business or growth potential sufficient enough to attract private investment from business angels (or on rare cases, from venture capitalists).

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

Bank Debt Financing

Banks lend (rather than invest) money, are typically risk adverse, and are primarily concerned with repayment of loans. Lenders rarely become involved in the management of the company. Understanding how a lender conducts business can assist you in preparing your loan application. When considering a loan proposal, lenders undertake a risk assessment related to debt financing:

- The amount and type of security available to the lender is a determinant of risk. Lenders look for both a primary and secondary source of repayment for loans.
- The primary source of repayment is the cash generated from normal business operations. Secondary sources of repayment would include the sale of fixed assets (such as equipment) or personal resources of the owners. This would be relied upon in the event that loans cannot be repaid from the primary source of repayment.
- Lenders are bound by lending guidelines established by their organizations. However, they do have a considerable degree of flexibility in the terms and conditions of the loans they approve.

Beyond the requirement for security over the assets being financed and, in most cases, a personal guarantee from the owners, all terms and conditions of the loan package are negotiable. Levels of service, specific loan requirements and attitudes towards specific lending situations vary among lending institutions. It is important that you investigate the products and services offered by several banks, trust companies and other lending institutions prior to making commitments.

Lenders often consider the Five C's of Financing:

1. **Credit** score which is calculated from the applicant's credit history.
2. **Capacity** to repay the loan which is determined by percentage of debt to income.
3. **Collateral**, specifically the property or assets that can be used to secure debt.
4. **Capital** or net worth.
5. **Character** of the applicant, including willingness and capacity to repay the loan.

Opportunity Development Cooperatives

Opportunity Development Cooperatives (ODC) are registered with the provincial government as for-profit cooperatives, often with the aim of developing rural economies. Local entrepreneurs can approach them with a business opportunity in need of investment. Members of the ODC review the business plan, provide advice, and determine whether to provide debt or equity financing. If supportive of the opportunity, the ODC members sell memberships and investment shares to those in the community. The ODC, as a community organization, can also provide the entrepreneur support in every aspect of the business plan, including developing visitors and marketing. In Alberta ODCs have been established in Sangudo and Crowsnest Pass.

QUICK LINK:

Opportunity Development Cooperatives
www.acca.coop/unleashing/odc/

Crowdfunding

Crowdfunding is an emerging alternative financing vehicle that is increasingly used by businesses and investors. It involves the practice of funding a project by raising many small amounts of money from a large number of people, typically via the Internet. To raise money you need a solid business plan and some public support. A number of Canadian-based crowdfunding platforms have emerged, and discussion has been abundant among regulatory and industry bodies regarding how crowdfunding fits into Canada's current legal, regulatory and funding environment.

QUICK LINK:

National Crowdfunding Association of Canada
www.ncfacanada.org

SOCIAL MEDIA

These social media tools may be useful to tourism entrepreneurs.

Facebook

Facebook is the world's most influential social media platform, with over one billion users worldwide. There is a good chance that your visitor segments are on Facebook. Facebook is a free service that can be used as a platform to interact with visitors, obtain feedback and provide updates on your product.

As a business owner, Facebook allows you to set up a fan page – a place to post all pertinent information about your company, and you can update this information regularly. Consider the demographic makeup of your visitor segments: Facebook has a large demographic that is 35 years old and older.

Twitter

With Facebook and LinkedIn, Twitter is one of the top three most used social media platforms. It is a social networking and interactive micro-blogging service. It allows people to send short character messages using a web or phone interface. If people are interested in a user's messages (aptly named 'tweets'), they may decide to follow this user – and are informed every time that user sends a new tweet.

Twitter is a casual social media platform that facilitates real-time information. This 'on-the-go' feature makes Twitter a popular social media platform for the tourism and hospitality sectors.

As a tourism business, you could use Twitter to keep abreast of industry news, develop and maintain industry contacts, monitor your online reputation, and share stories of the day's events with visitors.

What are people saying about you?

To monitor what is being said about your business use:

- www.google.com/alerts
- www.twitter.com/search-home
- www.socialmention.com

TripAdvisor

The TripAdvisor travel site has had a mixed reception amongst tourism businesses because it relies on visitor ratings, or word-of-mouth marketing, to rank tourist-related services. It leverages the trust factor, one of the most powerful forms of advertising. TripAdvisor offers potentially valuable benefits for your business:

- Your visitors can rate and review your business for free, and if you provide good value, your business can reap the benefits of free advertising.
- TripAdvisor requires your business to be transparent – the things you don't do well are exposed to a global audience. This makes businesses more accountable for their value propositions.
- TripAdvisor provides an external viewpoint on the quality of your services and products – to identify potential areas for improvement for your business.
- The way your business handles negative reviews or criticism can improve the level of trust in your business and identify that your business cares and takes visitor feedback seriously.

For your business, we would encourage you to manage comments about your company on TripAdvisor, rather than ignoring them and risking your business reputation. TripAdvisor also offers paid business listings for tourism businesses.

Blogging

A blog is simply an area on your website where you regularly add new information. This information could be written articles, photos and videos. Blogging is not particularly difficult – the challenge is to keep it concise, informative and interesting.

You can share blogs via social media and email, encouraging visits to your website. Blogs can increase your rankings on search engines. You also own and control your blog content on your own website – unlike content that you create on social media sites.

Google Analytics

Google Analytics is a free website measurement and analysis tool which allows you to analyze the number of people visiting your site, how they found your site and what they do when they visit your site. Note that your competition has access to your information and you have access to their information.

Google Analytics allows you to see:

- Who are the main referrers to your website (measured by inbound links).
- The most popular or common 'landing pages' on your website, as directed by search engines.
- Which search engines are finding your site.
- The popularity of your site compared to others by comparing common search keywords.
- What 'paths' people use to navigate your site and what devices they are using to view your site.

Google Analytics

<http://analytics.google.com>

Embedding HTML code into your website template allows you to track actions on each website page and link to search engine optimisation and other tools. You can monitor and measure the value derived from your website.

APPENDIX C

MANAGEMENT SKILLS SELF-ASSESSMENT

For the self-assessment, check the management skills below that are applicable:

Management Skills	Adequate Internal Knowledge	Outside Knowledge Required	Required Education, Specialized Knowledge
Skill Example	✓	✓	✓
Analyze financial performance			
Collect past-due accounts			
Compile financial statements			
Control & pay accounts payable			
Delegate work to others			
Determine credit worthiness of visitors			
Establish & maintain financial records			
Hire & train employees			
Install quality control methods and evaluate			
Manage time/scheduling			
Market development (domestic and international)			
Meet basic legal requirements			
Meet payroll & sales tax requirements			
Monitor & evaluate marketing & advertising			
Monitor employee performance			
Motivate employees; build and lead a team environment			
Negotiate agreements/contracts			
Other skills			
Prepare operating budgets			
Price product/service			
Project & control cash flow			
Promote product/service/business			
Public & political relations			
Purchase & manage inventory/supplies			
Put together a loan proposal			
Quality control, operational process and staff procedure manuals			
Schedule production work			
Strategic planning (vision for business growth)			

PRO FORMA BUSINESS PLAN TEMPLATES

Promotional Budget

Marketing Activity	Budget Year One	Budget Year Two	Budget Year Three	Total by Activity
Development and maintenance of website/ ongoing social media	\$	\$	\$	\$
Print advertising in local media, tourism guides, business cards, and partnership ads	\$	\$	\$	\$
Signage on business and along regional and provincial roads	\$	\$	\$	\$
Direct marketing: attendance at local events, schools, business meetings	\$	\$	\$	\$
Writing, design and printing of brochure	\$	\$	\$	\$
Attendance at trade shows	\$	\$	\$	\$
Media relations/other	\$	\$	\$	\$
Total by Year	\$	\$	\$	\$

Summary of Startup Costs

Startup Costs (Pre-Opening)	Amount	Timing (Month)
Land	\$	
Building	\$	
Equipment	\$	
Renovations	\$	
Furniture/Fixtures	\$	
Vehicles	\$	
Utility Hook-up	\$	
Inventory	\$	
Phone/Cell	\$	
Contingency	\$	
Marketing (exterior/road signs, website)	\$	
Operating (insurance and utility deposits)	\$	
Total	\$	

Startup Costs and Financing Summary

Startup Costs (Pre-Opening)	Amount
Land, building, equipment, etc.	\$
Operating	\$
Total*	\$

Sources of Financing	Amount	%
Owner's Equity	\$	%
Bank	\$	%
Total*	\$	100%

***Please Note**

The total startup costs (pre-opening) should be equal to the total source of financing amounts.

Bank Financing

Traditionally, bank policies limit financing of up to 50% of the capital costs for a tourism-based business due to the high risk nature of the industry. However, this will vary from bank to bank depending on the financial institution you deal with. Some financial institutions may go as high as 65% of the capital costs.

Monthly Cash Flow Statement

Item	Pre-Opening	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Opening Cash Balance (A)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Receipts:														
Site Rental	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Store/Laundry	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Bicycle/Boat	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Lodge Rental	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Equity	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Bank	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Cash Receipts (B)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Disbursements:														
Salaries & Benefits	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Owner's Salaries	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Marketing	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Office Supplies	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Insurance	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Bank Charges	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Utilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Professional Fees	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Repairs/Maintenance	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land Improvements	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Vehicles	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Inventory/Supplies	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Phone/Cell	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Loan Interest	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Loan Principal	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Cash Disbursements (C)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ending Cash (A + B - C)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Projected Income Statement

Item	Year 1	Year 2	Year 3
Sales:			
Site Rental	\$	\$	\$
Store/Laundry	\$	\$	\$
Bicycle/Boat	\$	\$	\$
Lodge Rental	\$	\$	\$
Gross Profit (A)	\$	\$	\$
Expenses:			
Salaries & Benefits	\$	\$	\$
Owner's Salaries	\$	\$	\$
Marketing	\$	\$	\$
Office Supplies	\$	\$	\$
Insurance	\$	\$	\$
Bank Charges	\$	\$	\$
Utilities	\$	\$	\$
Property Taxes	\$	\$	\$
Professional Fees	\$	\$	\$
Repairs/Maintenance	\$	\$	\$
Land Improvements	\$	\$	\$
Vehicles	\$	\$	\$
Inventory/Supplies	\$	\$	\$
Phone/Cell	\$	\$	\$
Loan Interest	\$	\$	\$
Total Expenses (B)	\$	\$	\$
*Depreciation (C)	\$	\$	\$
Net Profit (A - (B + C))	\$	\$	\$

*Depreciation recognizes that the value of most assets will decrease over time. It allows a business to reduce its taxable income by the amount of the depreciation of the asset. For example, if a business purchases a tour bus for \$100,000 and expects to use it for 5 years, the business might have a depreciation expense of \$20,000 in each of five years (this is an example of straight line depreciation).

Balance Sheet

Current Assets	Year 1	Year 2	Year 3
Cash	\$	\$	\$
Prepays	\$	\$	\$
Inventory	\$	\$	\$
Other Current Assets	\$	\$	\$
Total Current Assets (A)	\$	\$	\$
Fixed Assets			
Land	\$	\$	\$
Building	\$	\$	\$
Equipment	\$	\$	\$
Vehicles	\$	\$	\$
Furniture & Fixtures	\$	\$	\$
Other Fixed Assets	\$	\$	\$
Total Fixed Assets (B)	\$	\$	\$
Less Depreciation (C)	\$	\$	\$
Net Fixed Assets (D = B - C)	\$	\$	\$
Total Assets (A + B + D)	\$	\$	\$

Current Liabilities			
Accounts Payable	\$	\$	\$
Current Portion of Long Term Debt	\$	\$	\$
Total Current Liabilities (E)	\$	\$	\$
Long Term Liabilities			
Mortgage	\$	\$	\$
Shareholder Loans	\$	\$	\$
Long Term Debt	\$	\$	\$
Total Long Term Liabilities (F)	\$	\$	\$
Owner's Equity			
Share Capital	\$	\$	\$
Retained Earnings	\$	\$	\$
Total Owner's Equity (G)	\$	\$	\$
Total Liabilities & Owner's Equity (E + F + G)	\$	\$	\$

APPENDIX E

CONTACTS AND RESOURCES

The following are key contacts and resources related to business planning. Readers will find others embedded as quick links throughout the document.

Government of Alberta

For all inquiries about the Government of Alberta programs and services, contact the telephone call centre at:

Tel: 310-0000 (toll-free anywhere in Alberta)
(780) 427-2711 (outside of Alberta)
www.servicealberta.ca/contact.cfm

Alberta Culture and Tourism – Tourism Division

The Government of Alberta provides information and advisory services on tourism business development and regulatory approvals, as well as path-finding assistance to financing resources and investment through the Tourism Division:

Alberta Culture and Tourism
Tourism Division
6th Floor, Commerce Place
10155 - 102 Street
Edmonton, Alberta T5J 4L6
Tel: (780) 422-4991
Fax: (780) 422-1759
Email: tourism.entrepreneurship@gov.ab.ca
www.culture.alberta.ca/tourism

Travel Alberta

Travel Alberta is the tourism marketing agency of the Government of Alberta. Industry-related information can be found here:

<http://industry.travelalberta.com> (for industry)
www.travelalberta.com (for consumers)

Calgary Office

Travel Alberta
400, 1601 - 9 Avenue SE
Calgary, Alberta T2G 0H4
Tel: (403) 648-1000
Fax: (403) 648-1111
Email: info@travelalberta.com

Edmonton Office

Travel Alberta
1900, 8215 - 112 Street NW
Edmonton, Alberta T6G 2C8
Tel: (403) 648-1000
Fax: (780) 784-0065
Email: info@travelalberta.com

A full list of destination marketing organizations and other national/provincial/regional associations and marketing groups can be found here:
<http://industry.travelalberta.com/about-us/about-albertas-tourism-industry/tourism-organizations>

Agriculture Financial Services Corporation

Tel: 1-877-899-2372

Fax: 1-855-700-2372

For a full list of regional offices:

www.afsc.ca/Default.aspx?cid=6-68

Alberta Agriculture and Forestry

For information related to the *Rural Alberta Economic Development Action Plan*:

[www1.agric.gov.ab.ca/\\$Department/deptdocs.nsf/All/csi15118](http://www1.agric.gov.ab.ca/$Department/deptdocs.nsf/All/csi15118)

Alberta Innovation and Advanced Education

For information related to provincial and regional economic development:

Tel: (780) 422-5400

www.eae.alberta.ca/economic-development.aspx

Alberta Office of Statistics and Information

2nd floor, 10808 - 99 Avenue
Edmonton, Alberta T5K 0G5

Tel: (780) 427-2071

Fax: (780) 638-1191

Email: osi.support@gov.ab.ca

www.osi.alberta.ca

Alberta Communities

For individual community profiles:

<http://albertacommunityprofiles.com>

Business in Alberta

For information and resources about doing business in Alberta and moving to Alberta:

www.albertacanada.com

Government of Canada

All Government of Canada programs and services can be contacted toll-free anywhere in Canada by calling 1-800-O-Canada (1-800-622-6232) or by linking to www.canada.ca.

Business Development Bank of Canada

The Business Development Bank of Canada provides financing and consulting services to small and medium-sized enterprises.

For services in Alberta, please contact one of the offices listed here:

www.bdc.ca/EN/business-centres/alberta/

Community Futures Alberta

The Community Futures Alberta Association works to foster sustainable small businesses and rural communities.

Community Futures Alberta
#3209, 2nd Floor, Building B
101 Sunset Drive
Cochrane, Alberta T4C 0B4
Tel: (403) 851-9995
Toll-free: 1-855-857-1846
Fax: (403) 851-9905
www.albertacf.com

Industry Canada

Industry Canada focuses on improving conditions for investment and innovation, and nurtures an efficient marketplace.

www.ic.gc.ca

Calgary Office

Industry Canada
Suite 400, 639 - 5 Avenue SW
Calgary, Alberta T2P 0M9
Toll-free: 1-877-376-9902
Fax: (403) 292-5188

Edmonton Office

Industry Canada
Suite 725, 9700 Jasper Avenue
Edmonton, Alberta T5J 4C3
Toll-free: 1-877-376-9902
Fax: (780) 495-2466

Statistics Canada

Statistics Canada provides statistical information and analysis about Canada's economic and social structure to develop and evaluate public policies and programs, and to improve public and private decision-making for the benefit of all Canadians.

Statistics Canada
Western Region and Northern Territories Office
820, 9700 Jasper Avenue
Edmonton, Alberta T5S 4C3
Toll-free: 1-800-263-1136
Fax: (780) 495-3026
Email: infostats@statcan.ca
www.statcan.gc.ca

Transport Canada**Civil Aviation Branch**

Prairie and Northern Region
344 Edmonton Street
Winnipeg, Manitoba R3C 0P6
Tel: (204) 983-3152
Fax: (204) 984-8125
Email: casprnr-sacprn@tc.gc.ca
www.tc.gc.ca/eng/civilaviation/opssvs/regions-139.htm

Other Key Business Development Resources**Alberta Women Entrepreneurs**

Alberta Women Entrepreneurs supports women to build successful businesses.
www.awebusiness.com

Calgary Office

Alberta Women Entrepreneurs
370, 105 - 12 Avenue SE
Calgary, Alberta T2G 1A1
Toll-free: 1-800-713-3558
Fax: (403) 777-4258
Email: info@awebusiness.com

Edmonton Office

Alberta Women Entrepreneurs
308, 10310 Jasper Avenue
Edmonton, Alberta T5J 2W4
Toll-free: 1-800-713-3558
Fax: (780) 422-0756
Email: info@awebusiness.com

Business Link

Business Link is a non-profit organization that helps entrepreneurs start their own business.

Business Link
10160 - 103 Street
Edmonton, Alberta T5J 0X6
Tel: (780) 422-7722
Toll-free: 1-800-272-9675
Email: askus@businesslink.ca
www.businesslink.ca

Aboriginal Business Development Services:
1-800-272-9675

Futurpreneur

Futurpreneur is the only national, non-profit organization that provides financing, mentoring and support tools to aspiring business owners aged 18 to 39.

Alberta Regional Office

Futurpreneur
Suite 418 Willow Park Centre
10325 Bonaventure Drive SE
Calgary, Alberta T2J 7E4
Tel: (403) 265-2923
Toll-free: 1-800-464-2923
www.futurpreneur.ca

Other Important Contacts**Alberta Bed and Breakfast Association**

www.bbalberta.com

Alberta Country Vacations Association

Toll-free: 1-866-217-2282
www.albertacountryvacation.com

Alberta Chambers of Commerce

1808, 1025 – 102A Avenue
Edmonton, Alberta T5J 2Z2
Tel: (780) 425-4180
Toll-free: 1-800-272-8854
Fax: (780) 429-1061
www.abchamber.ca

Alberta Hotel and Lodging Association

2707 Elwood Drive SW
Edmonton, Alberta T6X 0P7
Tel: (780) 436-6112
Toll-free: 1-888-436-6112
Fax: (780) 436-5404
www.ahla.ca

Alberta Museums Association

404, 10408 - 124 Street NW
Edmonton, Alberta T5N 1R5
Tel: (780) 424-2626
Fax: (780) 425-1679
Email: info@museums.ab.ca
www.museums.ab.ca

Alberta Outfitters Association

Box 277
Caroline, Alberta T0M 0M0
Tel: (403) 722-2692
Toll-free: 1-800-742-5548
Email: aoa@albertaoutfitters.com
www.albertaoutfitters.com

Alberta Professional Outfitters Society

#103, 6030 - 88 Street
 Edmonton, Alberta T6E 6G4
 Tel: (780) 414-0249
 Fax: (780) 465-6801
 Email: info@apos.ab.ca
 www.apos.ab.ca

Alberta Local and Regional Airports

An inventory of Alberta local and regional airports can be found here:

www.transportation.alberta.ca/
 Content/docType54/Production/
 ASAGAssessmentoffacilitiesFinalReportFeb0803.pdf

Calgary Airport Authority

2000 Airport Road NE
 Calgary, Alberta T2E 6W5
 Tel: (403) 735-1200
 Toll-free: 1-877-254-7427
 Fax: (403) 735-1281
 Email: calgaryairport@yyc.com
 www.yyc.com

Edmonton Regional Airport Authority

Edmonton International Airport
 #1, 1000 Airport Road
 Edmonton, Alberta T9E 0V3
 Tel: (780) 890-8900
 Fax: (780) 890-8520
 Email: info@flyeia.com
 www.flyeia.com

Fort McMurray International Airport

300 – 100 Snowbird Way
 Fort McMurray, Alberta T9H 0G3
 Tel: (780) 793-8979
 Toll-free: 1-855-435-9966
 Email: info@flyymm.com
 www.flyymm.com

Canadian Tourism Research Institute

c/o Conference Board of Canada
 255 Smyth Road
 Ottawa, Ontario K1H 8M7
 Tel: (613) 526-3280
 Toll-free: 1-866-711-2262
 Fax: (613) 526-4857
 Email: contactcboc@conferenceboard.ca
 www.conferenceboard.ca/topics/economics/ctri/

Destination Canada**(formerly Canadian Tourism Commission)**

Suite 1400, Four Bentall Centre
 1055 Dunsmuir Street
 Box 49230
 Vancouver, British Columbia V7X 1L2
 Tel: (604) 638-8300
 http://en.destinationcanada.com

Recreational Vehicle Dealers**Association of Alberta**

(represents private campground operators)

10561 - 172 Street NW
 Edmonton, AB T5S 1P1
 Toll-free: 1-888-858-8787
 Email: rvda@rvda-alberta.org
 www.rvda-alberta.org



INFORMATION ON FUNDING SOURCES FOR PRIVATE FOR-PROFIT BUSINESS, NON-PROFITS/COMMUNITIES AND INVESTORS

The following lists information on funding sources for private for-profit business, non-profits/communities and investors.

PRIVATE FOR-PROFIT BUSINESS

Federal Government Programs	Program Description	Criteria/Eligibility
Apprenticeship Job Creation Tax Credit	Helps employers offset the cost of hiring and training employees who have entered into an apprenticeship contract.	Credit is given when eligible apprentice is hired. Eligible apprentice is someone who is working in a prescribed trade in the first two years of their apprenticeship contract. Contract must be registered with the federal or provincial government.
Community Futures Development Corporations (CFDCs) – Western Economic Diversification Canada	Community Futures Development Corporations take a grassroots approach to community and economic development and focus on creating jobs outside major urban centres. The mandate of the corporations is community and business development.	Each CFDC delivers a variety of services to businesses and entrepreneurs including economic planning, technical and advisory services, loans, self-employment assistance programs, and services targeted to youth and entrepreneurs with disabilities.
Entrepreneurs with Disabilities Program	This program is funded in part by Western Economic Diversification and delivered through Community Futures Development Corporations in rural areas. The program provides business information, training and development, mentoring and one-on-one counseling services to entrepreneurs with disabilities.	The program provides business loans to entrepreneurs with disabilities who are unable to obtain financing from a traditional financial institution.
Export Development Canada (EDC) – Export Guarantee Program	Export Development Canada (EDC) is a federal Crown corporation that operates as a Canadian financial institution. The Export Guarantee Program provides guarantees on loans from financial institutions which, in turn, gives them the confidence they need to provide access to more working capital and term financing.	Small- and medium-sized companies in most sectors. Ability to obtain credit arrangements with a financial institution. Financial institution must be willing to participate.

Funding Amounts	Website	Contact Information
Non-refundable tax credit equal to 10 per cent of the eligible salaries and wages paid to apprentices during their first two years.	www.cra-arc.gc.ca/tx/ndvds/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins409-485/412/jcto-eng.html	Toll-free: 1-800-267-6999
Community Futures offers different loans products, specifically designed to support small business growth, ranging from \$10,000 to \$150,000. Loans can be used for startup cash, responding to increased demand, expansion, or updating of technology and processes.	www.albertacf.com	Toll-free: 1-877-482-3672
Loan terms are flexible and designed to meet individual needs.	www.canadabusiness.ca/eng/program/2365/	Toll-free: 1-888-576-4444
The export guarantee coverage is typically 75 per cent of the amount of the loan your financial institution provides; however, higher coverage is possible for small loans or investments outside of Canada.	www.edc.ca/EN/Our-Solutions/Financing/Pages/export-guarantee-program.aspx	Toll-free: 1-800-229-0575

PRIVATE FOR-PROFIT BUSINESS

Federal Government Programs	Program Description	Criteria/Eligibility
Farm Credit Canada (FCC)	Loans may be available for agri-tourism, e.g., wineries.	FCC considers credit history, repayment ability and security.
Futurpreneur Canada	Through a number of programs, Futurpreneur Canada supports young entrepreneurs with financing, mentoring, and resources to plan, manage, and grow a business.	For entrepreneurs aged 18-39.
Industry Canada	Website provides business information including advice on starting and financing a business.	Small and medium-sized enterprises.
Industry Canada – Canadian Small Business Financing Program	The Canada Small Business Financing Program seeks to increase the availability of loans for establishing, expanding, modernizing and improving small businesses. It does this by providing loan guarantees to eligible financial institutions, subject to standard credit due diligence being exercised by them.	Small businesses operating for profit in Canada, with gross annual revenues of \$5 million or less are eligible for the program.
Scientific Research and Experimental Development Tax Incentive Program (SR&ED)	Federal tax incentive program, administered by the Canada Revenue Agency (CRA), encourages research and development (R&D) in Canada.	For Canadian businesses of all sizes, and in all sectors.
Western Economic Diversification Canada – Western Canada Business Service Network	Western Economic Diversification Canada's (WD) Western Canada Business Service Network consists of several integrated organizations that provide entrepreneurs with services and resources to help Western Canadians start, grow and expand their businesses.	Entrepreneurs with additional support for Aboriginals, women, and Francophones.

Funding Amounts	Website	Contact Information
Not specified.	www.fcc-fac.ca/en/we-finance/agribusiness-and-agri-food.html	Toll-free: 1-888-332-3301
Up to \$45,000 in financing.	www.futurpreneur.ca	Toll-free: 1-800-464-2923
Varies by project and sector.	www.ic.gc.ca	Toll-free: 1-866-959-1699
Up to a maximum of \$500,000 for any one borrower, of which no more than \$350,000 can be used for purchasing leasehold improvements or improving leased property, and purchasing or improving new or used equipment.	www.ic.gc.ca/csbfp	Toll-free: 1-866-959-1699
The SR&ED Program gives claimants cash refunds and/or tax credits for their expenditures on eligible R&D work done in Canada.	www.cra-arc.gc.ca/txcrdt/sred-rsde/menu-eng.html	Toll-free: 1-800-267-6999
Provides a variety of services including information, counselling, referrals and more.	www.wd-deo.gc.ca	Toll-free: 1-888-338-WEST (9378)

PRIVATE FOR-PROFIT BUSINESS

Provincial Government Programs	Program Description	Criteria/Eligibility
Agriculture Financial Services Corporation (AFSC)	A provincial Crown corporation that provides access to capital through lending products and services primarily, but not exclusively, focused on agriculture.	Commercial Loan Program – this loan is available to Canadian citizens or landed immigrants who meet Alberta residency requirements. Companies must be incorporated in Canada and registered to conduct business in Alberta. Capital Sourcing Program – AFSC works with other financial institutions that are able to provide financial support to business owners in order to ensure their clients get the capital they need to develop or expand their business. Specific Loan Guarantee Program – Any primary producer, agricultural or commercial enterprises are eligible.
Alberta Culture & Tourism – Heritage Preservation Partnership Program	The Heritage Preservation Partnership Program provides financial assistance to initiatives that preserve and interpret Alberta's heritage through conservation, heritage awareness, publications, research grants, and scholarships.	Eligible applicants include individuals that reside in Alberta or have a permanent Alberta address; and registered organizations in Alberta. These include non-profit organizations, corporations, municipalities, churches, schools and other educational institutions, First Nations and Métis Settlements.
Alberta Women Entrepreneurs (AWE)	Provides unique programs and services to women in business through mentoring, advising, financing and skills and network development.	Must be: a legal entity, of legal age, a woman or an operation that is owned or controlled by women, a Canadian citizen or landed immigrant, operating or ready to open in Alberta.
Alberta Women Entrepreneurs (AWE) – Next Step for Aboriginal Women	Offers mentoring and coaching, and access to learning opportunities related to owning a business.	Business must be at least 50 per cent owned by an Aboriginal woman, 18 years of age or older. Business location and residence must be in Alberta.

Funding Amounts	Website	Contact Information
The maximum loan to an individual or any group of connected individuals or companies is \$5 million.	www.afsc.ca	Toll-free: 1-877-899-2372
The maximum grant per application per year for a Provincial Historic Resource is \$100,000, for a Municipal Historic Resources is \$50,000, and a Local Historic Resource may qualify for a one-time matching grant of up to \$5,000.	www.culture.alberta.ca/heritage-and-museums/grants-and-recognition/	Government of Alberta toll-free: 310-0000 or (780) 431-2305
Can provide repayable loans of up to \$150,000 for startup or expansion of existing businesses.	www.awebusiness.com	Toll-free: 1-800-713-3558
Aboriginal women are eligible for same funding as non-Aboriginal women – up to \$150,000 in repayable loans.	www.awebusiness.com/programs/	Toll-free: 1-800-713-3558

PRIVATE FOR-PROFIT BUSINESS

Provincial Government Programs	Program Description	Criteria/Eligibility
Business Management Skills Development Program (Government of Alberta)	Applicants are eligible for reimbursement for 75 per cent of eligible costs for approved business skills development training courses.	Established agriculture producers, new producers, agri-processing industry staff and producer groups are reimbursed for 75 per cent of tuition fees or the cost to hire an instructor for a group skill training course.
Business Opportunity Program – Growing Forward 2 (Government of Alberta and Government of Canada)	Reimbursement between 50-75 per cent of certain non-capital costs related to researching and planning a new business venture.	Established producers and processors will be reimbursed for 50 per cent of eligible consulting fees to a maximum of \$5,000 per activity to a maximum of \$30,000 for the life of the program. New entrants are reimbursed for 75 per cent of eligible consulting fees to a maximum of \$5,000 per activity to a maximum of \$30,000 for the life of the program. Producer groups and agri-industry associations are reimbursed for 75 per cent of eligible consulting fees to a maximum of \$30,000 for the life of the program.
Tax Exempt Fuel User Program	To provide tax exemptions or rebates on fuel consumed for commercial purposes at off-road locations in Alberta.	Eligible vehicles or equipment.
Tourism Business Development and Investment Forum	This annual event showcases a variety of land-based, for-profit tourism development opportunities ranging from concept/startup opportunities to existing businesses seeking additional investment. The event also features keynote speakers and panelists, including some that provide feedback on proposed business ventures at the event.	The event gives communities interested in diversifying their local economies an opportunity to showcase local opportunities to potential investors. Featured projects will be shared with investors in advance and will be featured in other promotional materials.

Funding Amounts	Website	Contact Information
<p>Maximum payments: Individuals can apply for multiple projects to a maximum of \$10,000 per individual for the life of the program. Groups can apply for multiple projects to a maximum of \$20,000 per application and a maximum of \$40,000 for the life of the program.</p>	<p>www.growingforward.alberta.ca/programs/</p>	<p>Government of Alberta toll-free: 310-FARM (3276)</p>
<p>Life time maximum of \$30,000.</p>	<p>www.growingforward.alberta.ca/programs/</p>	<p>Government of Alberta toll-free: 310-FARM (3276)</p>
<p>Based on program criteria.</p>	<p>www.finance.alberta.ca/publications/tax_rebates/fuel/overview.html</p>	<p>Government of Alberta toll-free: 310-0000 or (780) 427-3044</p>
<p>Benefits are in the form of access to a large number of high-net worth tourism investors, developers and hotel franchisers that are actively investing in Alberta's tourism industry.</p>	<p>www.culture.alberta.ca/tourism/events-and-conferences/</p>	<p>Government of Alberta toll-free: 310-0000 or (780) 638-1220</p>

PRIVATE FOR-PROFIT BUSINESS

Lenders/Investors	Program Description	Criteria/Eligibility
Alberta BoostR	Website where local businesses can get funding from their supporters. Businesses can tell their story, set funding goals and offer rewards for a boost.	Alberta owned small- to medium-sized businesses.
Alberta Business Loans Inc.	Loans and financial and advisory services for small business.	This commercial lender responds to presented opportunities.
Alberta Community and Cooperative Association – Unleashing Local Capital	An Opportunity Development Cooperative (ODC) is a for-profit cooperative that raises capital (locally) to invest in a local business. The local capital the ODC collects can be invested in any viable business idea in the community. Investments may be RRSP eligible. ODC provides fee-based support with a range of resources.	Not specified.
Alberta Indian Investment Corporation	Financial and general business assistance to First Nations entrepreneurs on or off reserve.	Must be a Status Indian who has resided in Alberta for one year. If a corporation or partnership, a Status Indian must own at least 51 per cent of shares, participate in more than 51 per cent of profits, and be active in company management. Head office must be in Alberta.
Apeetogosan (Métis) Development Inc. – Edmonton	Provides a range of support including small business loans, support service programs, and business advisory services.	Clients must be individuals of Canadian Aboriginal heritage — Status or Non-status Indian (on or off-reserve), Métis or Inuit — or a majority-owned Aboriginal business, or an Aboriginal community and/or development corporation. To be eligible for support, clients should also be involved full-time with the proposed business in a management capacity and must be able to provide some level of cash equity to support the project.

Funding Amounts	Website	Contact Information
\$2,000 - \$10,000	www.albertaboostr.ca	N/A
N/A	www.albertabusinessloans.com	Toll-free: 1-888-888-0308 Edmonton: (780) 469-3669 Calgary: (403) 407-7711
Varies but typically under \$1 million.	www.acca.coop/unleashing	(780) 963-3766
General loan limit of \$250,000. Consideration of loan requests up to \$480,000 within specific criteria. Equity investments in First Nations businesses.	www.aiicbusiness.org	Toll-free: 1-888-308-6789
Individual Aboriginal entrepreneurs may receive up to \$99,999 in grant assistance. For community-owned businesses, the maximum grant is \$250,000 for community-based projects. The grant could contribute up to 30 per cent of eligible capital, 60 per cent of marketing costs and 75 per cent of business support costs.	www.apectogosan.com	Toll-free: 1-800-252-7963 or (780) 452-7951

PRIVATE FOR-PROFIT BUSINESS

Lenders/Investors	Program Description	Criteria/Eligibility
Business Development Bank of Canada (BDC)	BDC provides business loans for projects and working capital to protect cash flow; and advisory services and specialized financing to small and medium-size businesses. It provides venture and growth and transition capital.	BDC provides funds for startups, upgrading, expansion, ownership change or other business purposes to firms unable to obtain financing from other sources on reasonable terms and conditions.
Business Development Bank of Canada (BDC) – Growth Capital for Aboriginal Business	Access to capital for Aboriginal entrepreneurs to expand or start a new business, on or off reserve.	Applicants must: <ul style="list-style-type: none"> • Have a commercially viable business proposal. • An acceptable level of management expertise. • Demonstrate financial commitment. • Take part in a mentorship program.
Canada Business Network	Can help locate traditional or alternative sources of small business financing. Website has an extensive directory of Canadian financial providers, information on different types of financing, and tips to help you secure financing.	N/A
Indian Business Corporation	Direct and indirect financing for First Nations entrepreneurs.	Alberta treaty individuals or groups.
Indiegogo	Crowdfunding platform where people can create fundraising campaigns by telling their story and getting the word out.	A valid bank account.
Kickstarter	Crowdfunding platform for creative projects. No charities, websites, apps, or self-help manuals. Staff filters projects and gives advice to creator.	Permanent resident in Canada 18 years of age or older, creating a project in your own name or on behalf of a legal entity with a business number. Requires a Canadian address, Canadian bank account, a major Canadian credit card and government-issued ID.

Funding Amounts	Website	Contact Information
BDC offers long-term business financing with flexible and customized repayment terms (of interest and principal).	www.bdc.ca	Toll-free: 1-877-BDC-BANX (232-2269)
For Aboriginal businesses, BDC also offers up to \$100,000 in unsecured financing.	www.bdc.ca/EN/i_am/aboriginal_entrepreneur/Pages/growth_capital_financing.aspx	Toll-free: 1-877-BDC-BANX (232-2269)
Varies by type of business and sector.	www.canadabusiness.ca	Toll-free: 1-888-576-4444
Varies. The minimum equity requirement for all loans is 20 per cent, half of which must be in cash.	www.indianbc.ca	Toll-free: 1-800-387-4813
Varies.	www.indiegogo.com	N/A
Up to \$8,000	www.kickstarter.com/canada	N/A

PRIVATE FOR-PROFIT BUSINESS

Lenders/Investors	Program Description	Criteria/Eligibility
Momentum/Thrive – Disabled Entrepreneurs	For entrepreneurs with a permanent disability. Character-based loans that provide financing where banks and lending institutions will not.	Have a reasonable business idea, live in Calgary, no undischarged bankruptcies, completed one of Momentum's business training programs, are an owner/operator with at least 51 per cent ownership.
Momentum/Thrive – Micro Business Loans	Loan to help start a business. Character-based loans that provide financing where banks and lending institutions do not.	Calgary residents. No undischarged bankruptcies. Have completed a Momentum business training program. Owner/operator with at least 51% ownership.
Settlement Investment Corporation (Métis)	Commercial debt financing and development of management skills.	Must be a resident of a Métis settlement, or a partnership or corporation in which at least 51 per cent is owned by a Métis settler.
Social Enterprise Fund (SEF)	SEF lends money to social enterprises that want to make things better in the community and in the world. Acts as a patient lender through loans big or small.	Case by case assessment.
Treaty Seven Economic Development Corporation	Assists economic development of Treaty Seven members. Loans are provided to establish or expand a business.	Businesses must be 51 per cent owned by a Treaty Seven member. Loans provided to businesses located on and off reserve.

Funding Amounts	Website	Contact Information
Up to \$10,000 for a first time loan and more after successful repayment.	www.momentum.org/fundability	(403) 204-2671
Up to \$7,500 for a first-time loan, and more after successful repayment.	www.momentum.org/microloans	(403) 204-2671
Loans of up to \$250,000 – minimum cash equity of 10 per cent.	www.settlementinvestcorp.com	Toll-free: 1-800-661-9902
Varies.	www.socialenterprisefund.ca	(780) 756-0660
Loans up to \$25,000 – 10 per cent equity required.	www.t7edc.com	(403) 251-9242

NON-PROFITS/COMMUNITIES

Federal Government Programs	Program Description	Criteria/Eligibility
Canadian Heritage	Canadian Heritage offers a variety of funding programs for non-profits and communities.	Non-profits and communities seeking funding for arts and culture, heritage programs and attractions, youth programs, and international activities.
Community Futures Development Corporations (CFDCs) – Western Economic Diversification Canada	Community Futures Development Corporations take a grassroots approach to community and economic development and are primarily focused on creating jobs outside major urban centres. The mandate of the corporations is community and business development.	Each CFDC delivers a variety of services ranging from strategic economic planning, technical and advisory services to businesses, loans to small and medium-sized businesses, self-employment assistance programs, and services targeted to youth and entrepreneurs with disabilities. It applies to startups, expansions and acquisitions.
Farm Credit Canada (FCC) – AgriSpirit Fund	The FCC AgriSpirit Fund funds capital projects like emergency services, libraries, equipment, playgrounds, food banks and recreation centres.	Must be a registered charity, agricultural society, First Nation, municipality or partner with a municipality.
Invest Canada-Community Initiatives (ICCI)	The Invest Canada-Community Initiatives program provides support to Canadian communities seeking to improve their capacity to attract, retain and expand foreign direct investment.	The program encourages applications from regional groups of communities. Cooperation between different levels of government is encouraged in applications.
Infrastructure Canada – New Building Canada Fund	The New Building Canada Fund is a \$14-billion fund to support projects of national, regional and local significance that promote economic growth, job creation and productivity.	A province or territory, community under 100,000, municipal or regional government, a public or not-for-profit post-secondary body, First Nation, public sector body, not-for-profit, or private sector body in conjunction with a not-for-profit.

Funding Amounts	Website	Contact Information
Please refer to each program for funding.	www.pch.gc.ca	Toll-free: 1-866-811-0055
At the local or regional level, Community Futures organizations play a key role in working alongside community leaders and other stakeholders for the development of a strategic vision for the community's future. Community Futures offers different loans (up to \$150,000) and products, specifically designed to support small business and community growth	www.albertacf.com	Toll-free: 1-877-482-3672
If your organization is raising money for a capital project and your city or town has less than 150,000 people, you may qualify for a donation between \$5,000 and \$25,000.	www.fcc-fac.ca/en/in-your-community/giving-back/fcc-agrispirit-fund	Toll-free: 1-888-332-3301
Non-repayable contributions range from \$3,000 to \$300,000, and agreements are made for a one-year period, from January 1 to December 31. ICCI provides reimbursement of up to 50 per cent of eligible expenses. If an applicant accesses other federal government support, the total federal support cannot exceed 50 per cent.	www.tradecommissioner.gc.ca/eng/funding/icci/home.jsp	Toll-free: 1-888-306-9991
Projects are selected through an application-based process and evaluated on their merits. A P3 screen will be applied to projects with capital costs of more than \$100 million submitted by provinces, territories and municipalities for funding under the New Building Canada Fund.	www.infrastructure.gc.ca	Toll-free: 1-877-250-7154

NON-PROFITS/COMMUNITIES

Provincial Government Programs	Program Description	Criteria/Eligibility
Alberta Historical Resources Foundation	The Alberta Historical Resources Foundation (AHRF) is a public trust foundation supported by the Alberta Lottery Fund. The <i>Historical Resources Act</i> mandates its activities and focus.	The AHRF provides financial and technical assistance for initiatives that preserve and interpret Alberta's heritage through the Heritage Preservation Partnership Program, Alberta Main Street Program and the Municipal Heritage Partnership Program. It provides funding to several provincial heritage organizations and ensures curatorial care and public access of provincial collections through funding provided to the Glenbow Museum. It provides funding for the installation of provincial heritage markers, makes decisions on geographic names, and accepts representations regarding historical designations.
Alberta Lottery Fund – Community Facility Enhancement Program	Community Facility Enhancement Program (CFEP) provides financial assistance to build, purchase, repair, renovate, upgrade or otherwise improve sports, recreational, cultural or other related family and community wellness facilities.	Generally, any outdoor or indoor facility used for sports, recreation, culture or other family and community wellness purposes will be considered. Only one application can be submitted for a specific facility in each fiscal year.
Alberta Lottery Fund – Community Initiatives Program	The Community Initiatives Program (CIP) provides funds to enhance and enrich project-based community initiatives throughout Alberta.	Funding is based on local needs and priorities. Community not-for-profit groups, municipalities, First Nations and Métis Settlements may be eligible.
Alberta Sport, Recreation, Parks, and Wildlife Foundation	The purpose of the Alberta Sport, Recreation, Parks, and Wildlife Foundation is to provide support to Albertans working in the areas of sport, recreation, parks and wildlife for project and program related endeavors.	The Initiatives Program is eligible to community non-profit groups, municipalities, First Nations, Métis Settlements, educational institutions and individuals.

Funding Amounts	Website	Contact Information
<p>The Heritage Preservation Partnership Program offers matching grants to conserve historic places, undertake historical research, produce local history books and install interpretive markers:</p> <ul style="list-style-type: none"> • The scope of studies grants (maximum of \$25,000) and conservation grants (maximum of \$50,000 and \$100,000). • Heritage awareness grants – up to \$15,000. • Publication grants – up to \$10,000. <p>The Municipal Heritage Partnership Program will contribute on a 50/50 cost-shared basis to municipal heritage planning projects.</p>	<p>www.culture.alberta.ca/heritage-and-museums/grants-and-recognition</p>	<p>Government of Alberta toll-free: 310-0000 or (780) 431-2300</p>
<p>Normally, the maximum level of funding for any facility is \$125,000 per fiscal year. Grant requests of more than \$125,000 will be considered if a special need can be shown and strong community support demonstrated. CFEP funding is approved on a matched-grant basis. Organizations must contribute an amount equal or greater than the grant they receive.</p>	<p>www.culture.alberta.ca/forms/LFP0072_Program_Guidelines.pdf</p>	<p>Toll-free: 1-800-642-3855</p>
<p>The funding limits are:</p> <ul style="list-style-type: none"> • Project-Based Grant – maximum \$75,000. • Operating Grant – maximum \$75,000. • International Development Grant – maximum \$25,000. 	<p>www.culture.alberta.ca/community/community-grants/community-initiatives-program</p>	<p>Toll-free: 1-800-642-3855</p>
<p>Typical grants range up to \$5,000.</p>	<p>www.albertalotteryfund.ca/applyingforagrant/AlbertaSportRecreationParksandWildlifeFoundation.asp</p>	<p>Government of Alberta toll-free: 310-0000 or (780) 427-6549</p>

NON-PROFITS/COMMUNITIES

Provincial Government Programs	Program Description	Criteria/Eligibility
Alberta Transportation – Municipal Grants Program	Alberta Transportation administers a number of municipal grant programs in partnership with Alberta's cities, towns, villages, summer villages, rural municipalities and Métis settlements.	The grant programs provide financial assistance to municipalities for capital-related transportation, water/wastewater systems and core municipal infrastructure needs.
Municipal Sustainability Initiative	The Municipal Sustainability Initiative (MSI) provides municipalities with sustainable funding to assist them in meeting the challenges of growth and enhancing their long-term sustainability.	Each year, municipalities are advised of their annual MSI grant allocation following approval of the provincial budget. Amounts are formulated based on municipal populations, education property tax requisitions and kilometers of local roads. They include base funding for all municipalities and sustainable investment funding for municipalities with limited local tax bases.
Tax Exempt Fuel User Program	To provide tax exemptions or rebates on fuel consumed for commercial purposes at off-road locations in Alberta.	Applicants may receive a rebate for Alberta tax paid fuel consumed in an off-road capacity for commercial purposes in eligible vehicles or equipment.
Other Programs	Program Description	Criteria/Eligibility
Association of Fundraising Professionals	A non-profit association dedicated specifically to advancing philanthropy through education, training, advocacy and certification programs. They also offer a database of certification programs. They also offer a database of fundraising consultants.	N/A
Charity Village	This non-profit sector website contains links to online databases and directories of funding agencies and foundations.	N/A

Funding Amounts	Website	Contact Information
The per capita grant program applies to cities, towns, villages, summer villages, municipal districts, specialized municipalities, improvement districts, special areas, and Métis Settlements. Provides financial assistance for sustainable capital municipal infrastructure projects.	www.transportation.alberta.ca/5399.htm	Government of Alberta toll-free: 310-0000 or (780) 427-2731
Of the total MSI funding allocated each year, \$50 million is provided to municipalities in the form of conditional operating funding.	www.municipalaffairs.alberta.ca/msi.cfm	Government of Alberta toll-free: 310-0000 or (780) 427-2225
Varies by project and sector.	www.finance.alberta.ca/publications/tax_rebates/fuel/forms/IN342.pdf	Government of Alberta toll-free: 310-0000 or (780) 427-3044
Funding Amounts	Website	Contact Information
N/A	www.afpedmonton.ca	Edmonton: (780) 960-4188
N/A	www.charityvillage.com	Toll-free: 1-800-610-8134

INVESTORS

Programs	Program Description	Criteria/Eligibility
Canada's Venture Capital & Private Equity Association (CVCA) –Venture Capital	The association represents the majority of private equity companies in Canada, with over 1700 members.	CVCA is a leading source for advocacy, networking, information and professional development for venture capital and private equity professionals.
Capital for Aboriginal Prosperity and Entrepreneurship (CAPE) Fund	The fund supports Aboriginal entrepreneurs with equity and quasi-equity instruments.	A \$50 million private sector investment fund that focuses on projects which are linked, either through ownership, employment or geographic proximity, to an Aboriginal group or community.
Citizenship and Immigration Canada – Immigrant Investor Venture Capital Pilot Program	Business immigrants can invest in or start businesses in Canada. Through their business investment, they support the development of a strong Canadian economy.	Business immigrants must make an investment of \$2 million for a period of approximately 15 years and have a net worth of \$10 million. They are required to meet certain program criteria related to language and education, and have proven business or investment experience.
Export Development Canada (EDC) – Financial Solutions for Buyers of Canadian Goods and Services	EDC has developed a number of innovative ways to support foreign buyers of Canadian goods and/or services through loans, guarantees, lines of credit, and inventory insurance for export goods.	EDC can provide financing to international customers for purchases of capital goods and/or services from Canada which can be financed over a two to five year period. EDC requires financial information on the international customer and other documentation.
Foreign Affairs, Trade and Development Canada – The Canadian Trade Commissioner Service	Helps potential investors find information about how to invest in Canada.	Detailed information related to investment, immigration, and Canadian laws and taxation is available on the website.
Government of Alberta – Alberta's International Offices	The Government of Alberta currently operates international offices in various locations throughout the world.	Alberta companies seeking to develop international business connections.

Funding Amounts	Website	Contact Information
N/A	www.cvca.ca	(416) 487-0519
Amounts in the range of \$1,000,000 to \$7,500,000. On average, the investments will be held from 5 to 7 years.	www.capefund.ca	(514) 982-3905
N/A	www.cic.gc.ca/english/immigrate/business/iivc/index.asp	Toll-free: 1-888-242-2100
Competitive rates are available to borrowers based on the amount borrowed, credit quality, general market conditions, and the length of repayment terms being considered.	www.edc.ca/EN/Country-Info/Pages/country-companies.aspx	Toll-free: 1-800-229-0575
N/A	www.international.gc.ca/investors-investisseurs/iic-iac/establish-etablir.aspx?lang=eng	Toll-free: 1-888-306-9991
N/A	www.international.alberta.ca/933.cfm	Government of Alberta toll-free: 310-0000 or (780) 422-1510

INVESTORS

Programs	Program Description	Criteria/Eligibility
Industry Canada – <i>Investment Canada Act</i>	Non-Canadians who acquire control of an existing Canadian business or who wish to establish a new unrelated Canadian business are subject to this Act, and they must submit either a notification or an application for review under the Act.	For the purposes of the Act, a non-Canadian includes any entity that is not controlled or beneficially owned by Canadians.
The National Angel Capital Organization	The National Angel Capital Organization (NACO) accelerates a thriving, early-stage investing ecosystem in Canada by connecting individuals, groups, and other partners that support angel-stage investing. Members network and learn from one another.	Membership is open to both accredited and non-accredited investors.
Tourism Business Development and Investment Forum	This annual forum is an opportunity for communities to promote market-ready tourism development opportunities like hotels, resorts, golf courses and marinas to investors, developers and hotel franchisors. The event also features key note speakers and panelists, including some that provide feedback on proposed business ventures at the event.	A community will gain valuable exposure among investors who are actively investing in Alberta's tourism industry. Not only will projects be shared with investors in advance, projects will be featured on the department's website.
Travel Alberta Corporation	Travel Alberta Corp. is the official destination marketing organization for Alberta. It also provides marketing support for the six tourism destination regions: Alberta Central, Alberta North, Alberta South, Calgary and area, Canadian Rockies, and Edmonton and area. It offers seminars, workshops and a speaker series on tourism marketing, and it holds the annual Travel Alberta Fall Conference in October.	Travel Alberta offers a variety of services to Alberta's tourism industry including assistance with marketing, packaging, and training.

Funding Amounts	Website	Contact Information
<p>Starting 2015, the review threshold is \$600 million in enterprise value for investments to directly acquire control of a Canadian business by: WTO investors that are not state-owned enterprises; and by non-WTO investors that are not state-owned enterprises where the Canadian business that is the subject of the investment is, immediately prior to the implementation of the investment, “controlled by a WTO investor.” Starting 2019, the review threshold will be \$1 billion in enterprise value. Starting 2021, and for subsequent years, the threshold level will be adjusted annually based on growth in nominal GDP.</p>	<p>www.ic.gc.ca/eic/site/ica-lic.nsf/eng/home</p>	<p>(613) 954-1887</p>
<p>N/A</p>	<p>www.nacocanada.com</p>	<p>(416) 581-0009</p>
<p>N/A</p>	<p>www.culture.alberta.ca/tourism/events-and-conferences/</p>	<p>Government of Alberta toll-free: 310-0000 or (780) 638-1220</p>
<p>N/A</p>	<p>http://industry.travelalberta.com</p>	<p>(403) 648-1000</p>

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