



Tourism Investment Pre-Feasibility Assessment: *A Community Workbook*



McSweeney & Associates
MANAGEMENT CONSULTANTS



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Forward

"Tourism Investment Pre-Feasibility Assessment: *A Community Workbook*" was created for the [Ontario East Economic Development Commission](#) (OEEDC) by [McSweeney & Associates](#), with assistance from Market Research Corporation. The workbook was a concept of the Tourism Committee of OEEDC comprised of representatives from the Counties of Frontenac, Hastings, Peterborough and the Municipality of Trent Hills, and was prepared under their guidance and direction. The project was funded by the [Eastern Ontario Development Program](#) (FedNor funding), managed by the Eastern Ontario CFDC Network Inc., the 15 CFDCs of Eastern Ontario. The [Ontario Ministry of Tourism](#) has supported OEEDC with funding to sponsor workshops in Eastern Ontario, one of which was to evaluate and refine the draft of this workbook.

Disclaimer:

This workbook is intended to assist communities in determining the pre-feasibility of capital investments related to tourism. There is no guarantee of success in attracting investment as a result of utilizing this workbook, nor should any investor rely on the results of analysis conducted utilizing this workbook to make investment decisions. Each investor is advised to conduct their own due diligence and feasibility analysis. While every effort has been made to ensure accuracy of the information contained in this workbook at the time of preparation (March 2008), references, contact information, web sites, and market conditions change rapidly, and users are advised to seek out up to date information to aid in accuracy of decision-making.

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Introduction

What is this workbook about?

This self-guided community workbook is a tool to:

- Help communities understand the nature of capital investment¹ decision-making in tourism related facilities;
- Provide communities (particularly communities with limited resources) with a resource to help them measure their own level of investment or market readiness for particular types of capital tourism investment;
- Provide an understanding of how a community's tourism related investment readiness can be improved;
- To assist communities in selecting the capital investment opportunities that have the greatest chance of achieving success;
- To assist communities in determining that some "investment opportunities" are in fact not feasible before they commit to the expenditure of considerable time and resources to market an opportunity that is not financially viable; and
- Provide an understanding of the types of data and information required to successfully market a tourism related investment opportunity.

Why was it prepared?

Over the past several years, OEEEDC has been a strong supporter of the development of several different industry sectors within Eastern Ontario. In 2006, OEEEDC took the initiative to support the development of the tourism sector, much like it has supported the development of the food processing sector, auto parts manufacturing, or logistics sector. A difficulty was encountered however, in that the tourism sector is harder to define, and is less well understood than other industrial sectors. While there was, and still is, strong interest and support by communities in tourism development, ideas on how to actually go about attracting tourism investment are much more vague and scattered. The Tourism Investment Pre-Feasibility Assessment: *A Community Workbook* is one in a series of endeavors designed to improve the competitiveness and investment readiness of the region and support the objectives of attraction and development tourism assets in Eastern Ontario.

Who would use this workbook?

This workbook has been prepared for communities and groups at various stages of development from "first timers" to those that are almost ready to go. It is intended for:

- Local community groups with an interest in economic development;
- Tourism Destination Marketing/Management Organizations (DMO) interested in product development pre-feasibility²; and

¹ This workbook is designed for assessing the pre-feasibility of investment tourism opportunities that require financial capital such as a hotel or ski hill. For community tourism projects that do not require a substantial capital investment (such as events and festivals), other workbooks and resources (i.e. Pageantry Template Resource Manual) may be more useful. Please see Appendix 3 for a list of various workbooks and resources.

- Local community/economic and tourism development officers.

It is anticipated that the workbook would be most frequently utilized by a committee established to investigate the pre-feasibility of an intended or proposed tourism capital investment project. The “responsibility matrix” was developed to assist the committee to assign leadership responsibilities for various aspects of the pre-feasibility analysis.

How long will it take to complete the workbook?

The time commitment varies depending on the resources available and the complexity of the intended tourism investment project. It is estimated that a committed community or group with access to the needed resources could complete this workbook upwards of 60 person-days. A community or group that is just beginning the process and has access to limited resources may need many months to complete.

Quick Preliminary Assessment:

If you are short on time or resources, you can postpone completing certain templates until after a preliminary assessment of the pre-feasibility of your tourism investment project has been done. To do a quick preliminary assessment, follow the steps outlined below.

1. Read through the entire workbook before filling out the templates.
2. Complete templates 1D, 2C, 2D, 2F, 2G, 3G, 3L, 3Q³, 4B, 5A, 5B, 5C, 5D, 5E, and review Section 6.
3. If the project appears to be feasible in this first round assessment, complete all remaining templates, review/update the previously completed templates, and draw final conclusions.

If it is apparent that the project will not be feasible after making any adjustments as noted in Section 6, you may wish to consider the pre-feasibility of alternative tourism opportunities.

How to use this workbook

Please note that prior to using this workbook, your community should have already identified tourism product gaps and potential opportunities, and is now ready to assess the pre-feasibility of one particular tourism product opportunity before marketing it to potential investors. To see where this workbook fits into the overall process and which workbooks to use prior to this one, please review *Positioning this Workbook amongst other Tourism Workbooks/Resources* in the following pages.

This workbook is comprised of a series of templates that will assist in determining the pre-feasibility and financial viability of a proposed tourism investment project. The actual templates for your use are contained within the appendices, while the workbook itself illustrates the use of these templates with an example tourism investment project – the “Snowy Owl Visitor Centre”. The templates are generalized to meet the needs of as many types of tourism investment projects as possible. When the template questions do not fit or work well for your potential opportunity, please utilize the concepts underlying the questions to adapt the questions to meet the needs of the particular project type. Please consult a professional if in doubt.

² We utilize the term “pre-feasibility” as it is intended that communities will utilize this workbook before marketing an investment opportunity. However, private sector investors will also conduct their own due diligence and investment analysis (or feasibility) after the opportunity is brought to their attention.

³ Complete template 3Q only if your tourism project provides accommodation and/or meeting space (campgrounds included).

Briefly, this workbook is structured as follows:

- Section 1: Will assist you to prepare a clear definition of what exactly the tourism investment opportunity is.
- Section 2: Will assist you in preparing an assessment of community support for the project, and an action plan to overcome obstacles and constraints.
- Section 3: Will assist you in preparing a market analysis that examines your competition, the target market, and an estimate how many visitors per year you will receive. The completion of this section is necessary to determine financial feasibility in Section 5.
- This section also provides optional templates to be utilized in preparing the market analysis of meeting space or accommodation demands. If you are completing the optional templates 3 O-Q (accommodations), you do not need to complete the templates in Section 5.
- Section 4: Will assist you in preparing a location analysis that examines the peculiarities of your site (or to help you select the best alternative amongst various site location options), identify any required site improvements, and how your site compares to the competing facilities in terms of its relationship with the target market.
- Section 5: Will assist you in preparing a financial feasibility analysis that accounts for all but the depreciation and tax situation of equity investors (which is an individual situation with each investor). This analysis is driven by both the market and location analysis and produces a good indication as to whether or not the intended project might be financially viable.
- Section 6: Provides you with an opportunity to review your completed work, draw pre-feasibility conclusions, and suggests how you might tweak your investment opportunity to improve its viability.
- Section 7: Suggests your next steps after successfully determining you have an investment project that you may wish to take further.

It is recommended that you carefully read the entire workbook before attempting to fill out the templates and that you utilize the *Responsibility Matrix* at the beginning of Appendix 4 to assign the persons/leaders responsible for completing each section or template.

When completing templates, do not get discouraged or hung up not if you are not able to complete all questions in a template; move forward, and return later to fill in missing information. After the initial completion of the templates required for your project, review your work on all templates, as some may require further refinement after completing later stages of the pre-feasibility.

Because there are many terms used in the tourism industry that define the same thing or concept, you do not have to adopt the terminology used in this workbook to complete the worksheets and are welcome to use the terms that you prefer. A Glossary of Terms can be found in Appendix 1.

When to hire a consultant

It is not necessary to hire a consultant to complete the work described in this workbook – in fact, it has been designed to allow communities to determine the project pre-feasibility without the expenditure of funds on consultants. The tradeoff however, is a greater level of effort on the part of the community. For communities not prepared to dedicate the full effort required, or for communities with funds and that are prepared to engage a consultant to assist in completing the pre-feasibility, there is an option that would benefit both community and consultant.

One difficulty faced by consultants when engaged very early in the process, is that a lot of billable time can be spent simply defining what the opportunity is, and attending meetings where not all community stakeholders agree on the vision for the project. The option therefore is for the community to expend effort at both the beginning of the process described in this workbook, and then in marketing the opportunity once pre-feasibility has been determined. In this scenario, the community would complete the first two sections of this workbook, which would then provide any consultant engaged to complete the remaining pre-feasibility steps with a much more concrete starting point. This would also allow limited financial resources to be expended most efficiently, obtaining the greatest value for the consulting budget.

Positioning this Workbook amongst Other Tourism Workbooks/Resources

Phases in Tourism Product Development	Available Workbooks and Tools ⁴	Who is involved
Identifying tourism assets, opportunity(ies) and gaps.	<ul style="list-style-type: none"> • Premier-ranked Tourist Destinations: A Self-guided workbook • Pageantry Template Resource Manual • Market Analysis for Horticultural Tourism in Ontario • First Impressions Community Exchange 	Community groups All levels of Government
Tourism Strategy	<ul style="list-style-type: none"> • Making the case for Tourism – A Toolkit 	
Product Pre-feasibility Assessment	<p>⇒ This Tourism Investment Pre-Feasibility Assessment Workbook</p> <ul style="list-style-type: none"> • A Development Manual for a Community-based ATV Tourism Product • Sport Tourism Planning Template • Partnering for the Future – Public-Private Partnerships in Tourism Development 	
Determining regional economic impact of tourism spending	<ul style="list-style-type: none"> • The Ontario Ministry of Tourism provides the web based TREIM model to determine the economic impact of visitors' and businesses' spending on the local and provincial economies. 	
Marketing of Investment Opportunity	<ul style="list-style-type: none"> • Contact the Ontario Ministry of Tourism Investment and Development Office to submit your investment business case. The Ministry provides a section on their tourism investment portal for Regional Investment Opportunities http://www.2ontario.com/tourism/regionalinvest.asp. 	
Business Plan	<ul style="list-style-type: none"> • Business Planning Guide for Resource-based Tourism Operators 	Investor & Partners
Product Development	<ul style="list-style-type: none"> • Francophone Tourism Product Development Guide • The Management Guidelines for Forestry and Resource-Based Tourism • Defining tomorrow's Tourism Product – Packaging Experiences 	Investor & Partners Levels of Government
Product Marketing	<ul style="list-style-type: none"> • Understanding and Attracting the R.V. Tourism Market to Northern Ontario • Understanding and Attracting the Motorcycle Tourism Market to Northern Ontario 	Investor & Partners Tourism suppliers Tourism Marketing Associations Private Consulting Firms

⁴ See Appendix 3 for the web addresses of each workbook/tool

Section 1: Defining the Tourism Opportunity

Section 1 will assist you to prepare a clear definition of what exactly the tourism investment opportunity is.

Template 1A – Describing the Opportunity

Next to each question, provide a brief answer. If needed, refer to the Glossary of Terms in Appendix 1 for definitions to some of the terms used in the questions. As well, you may find it helpful to refer to the Tourism Resource/Opportunity Matrix located in the Step 1 section of [Premier-Ranked Tourist Destinations: A Self-Guided Workbook](#) for a more complete listing of types of tourism resources and opportunities.

Example:

Questions to help articulate the tourism investment opportunity:	Record your answers here:
Briefly, what tourism investment opportunity is being considered?	Snowy Owl Park Visitor Centre with a meeting room, gift shop, basic food service and interpretive displays on the park.
How was this opportunity identified?	Identified based on customer feedback from the park.
Is this a natural tourism resource?	No
Is this a built and/or managed tourism resource?	This would be a tourist-serving facility located in a managed municipal natural resource park.
Is it some other form of tourism investment opportunity that is not mentioned above?	No
Is it a core attraction ?	No. The Snowy Owl park is the core attraction; the visitor center is more of a supporting attraction.
Is it a supporting attraction ?	Yes, it is an additional reason to come to the park.
Is it a tourist serving facility ?	Yes, the gift shop and food services would serve the park and the center visitors.
Where exactly is the investment to be located?	At the park entrance on highway 5
What facilities, services and/or amenities for visitors will the attraction provide?	Meeting room, food service, interpretive displays, and gift shop

TIP

If you can't easily fill in all the boxes, it doesn't mean you don't have an opportunity. Continue with the process, and later come back and review your templates for missing information. Definitions of core attraction, supporting attraction, and tourist serving facility may be found in Appendix 1.

Template 1B – Distinctiveness & Success of Attraction

Provide a brief answer next to each question.

Example:

Describe what makes this opportunity or attraction distinctive	Answer
What is it about this investment or attraction that will make it stand out in the marketplace as: e) Unique? f) Superior? g) Attractive?	The park currently receives tourists all-year round to walk the trails along the streams and observe the abundance of wildlife. Unique to the park is the migration of a large population of Snowy Owls that arrive in the late fall. Unlike other parks, Snowy Owl Park attracts a good number of snowy owls in the winter months. The Visitor Center will provide experiences and education unique to the area and to the Snowy Owl, similar to a natural history museum. The center will have meeting rooms equipped with up-to-date A-V equipment to facilitate educational programming and meetings; a gift shop/gallery displaying art and aboriginal arts & crafts from local artists; a basic lunch counter offering sandwiches, beverages and snacks and catering services for meeting rooms; and a display of significant and valuable natural history artifacts with multi-media presentations.
Why would people be attracted to this facility or attraction versus other facilities or attractions?	Currently there is no similar facility near the park. Other parks in neighboring counties have interpretative centres but no meeting space with state of the art A-V equipment and food services. This park offers a better opportunity to see snowy owls in their natural environment than any other location in North America.
Will this investment eventually be described as: d) Basic or average? e) High end? f) World class?	It could be described as a "state-of-the-art" visitor centre.
What are the minimum standards of facility and service currently expected by patrons, visitors/tourists to this type of facility?	The minimum that visitors expect is an educational centre with interpretive displays and seating.
What are the key strengths of the proposed attraction?	Unlike other interpretative centres, it offers meeting spaces, a gift shop with local arts and crafts, and food services on-site with catering services for functions.
What are the key weaknesses of the proposed attraction?	The number of tourists decline in winter months
What are the key success factors?	The new facility must attract year-round visitors to be economically viable. The visitor centre must therefore be located on the main highway to serve park visitors but also local residents and passing traffic all year round.

Template 1C – Preliminary Customer/Tourist Profile

This template aims to provide a preliminary overview of the anticipated visitor. Further in the manual, you will be given an opportunity to provide more detail of the visitor's profile.

Example:

Questions to help describe the expected customer/tourist profile	Answer
Who will come to this attraction? What are the characteristics of the people that will be attracted?	We expect that the visitor center will attract the current Snowy Owl Park visitors, local residents, and passer by traffic, as well as naturalists with a specific interest in the snowy owl. We anticipate that the meeting spaces will be used by businesses, government, schools, and various community groups for training, educational programs, and small functions. The gift shop and food services will be used by all guests to the Visitor Centre.
Where will they come from?	We anticipate that the guests of the Visitor Center will come from within the municipality, the adjacent counties, and Toronto.

Template 1D – Tourism Investment Opportunity Statement

Provide a succinct summary of the opportunity based upon questions answered in Section 1.

Example:

Tourism Investment Opportunity Statement:

The Town of Gabriel boasts a unique 300 acre wildlife park – the Snowy Owl Park – winter home to over 100 migrating Snowy Owl birds. A potential opportunity exists to develop a state-of-the-art Visitor Centre on highway 5 at the entrance of Snowy Owl Park. A centre that has an AV equipped meeting space; a gift shop and gallery displaying arts and crafts from local aboriginal and non-aboriginal artists; a food counter offering visitors light snacks and refreshments; interpretive displays with multi-media presentations describing the park and its inhabitants; and an exhibit of valuable natural history artifacts.

Section 2: Community Support

Section 2 will assist you in preparing an assessment of community support for the project, and an action plan to overcome obstacles and constraints.

Community support and engagement is vital to successfully attracting tourism investment for several reasons:

- Potential investors will shy away from any investment opportunity that is not well received by the community.
- Key stakeholder groups who do not support the idea can stop the tourism opportunity in its tracks.
- For buy-in – and more importantly lock-in or commitment – to the potential development of a tourism product to happen, the community must be engaged right from the start.
- The contribution in time, knowledge, and resources from community volunteers, stakeholders, and champions can be significant key to the success of a project.

The following is a list of the types of stakeholders that should be identified in the following template.

Organizations	Government
<ul style="list-style-type: none"> ▪ Business Groups (i.e. Chamber of Commerce, BIA, Tourism Association) ▪ Recreation groups ▪ Sports associations ▪ Transportation interests ▪ Food Services, restaurants ▪ Arts/Culture Community/groups ▪ Community, Ratepayer, Cottage Owner Groups ▪ Environmental Groups ▪ Labour Organization ▪ Hospitality/accommodation interest groups ▪ Special Interest Groups ▪ Destination Marketing/Management Organizations (DMO) ▪ Destination Marketing Fund Organization (DMF) 	<ul style="list-style-type: none"> ▪ Federal Government & MP ▪ Ontario Government & MPP ▪ County/Regional Government(s) ▪ Municipal Government(s) ▪ First Nations Communities ▪ Land Use Planning Committee ▪ Conservation Authority ▪ Community Futures Development Corporation (CFDC) ▪ Local Architectural Conservation Advisory Committee (LACAC) or Municipal Heritage Committee ▪ Conservation Authority ▪ Crown corporations ▪ Joint Services Board

Template 2A – Tourism Organizations

List the various local or regional tourism departments or organizations that have a direct interest in tourism, and describe their potential role in making your investment project a reality.

Example:

Tourism Organizations	Type of support/role
Gabriel department of Tourism	Assistance with tourism development and investment attraction
Ontario Ministry of Tourism - IDO	Development and investment attraction
The Coyote Trails and Tours Network	Advice and assistance
Parks Canada	Financial assistance
Coyote Conservation Authority	Information and assistance

TIP

Marketing of a tourism product or opportunity is done at a much later stage. For this template, include only organizations that can help you through the development stage of your tourism project.

Template 2B – Identification of Community Champions

All community-based projects need “champions” to succeed. From the list of stakeholders, identify potential community “champions” and the particular role in “championing” the project they would be best suited for. For example, a community champion might be identified who would be in a good position:

- to work with the local MPP;
- to work through the municipal approvals process; or
- to be the project spokesperson during public consultation.

Example:

Name of Community Champion	Type of support/role champion can provide
Bob Smith	Bob originally donated the land for the Snowy Owl Park and sees this project as contributing to the Smith Family's legacy of support for the development of Gabriel. Bob could be our key spokesperson when presenting to Council, etc.
Alisa Chamberlain	Is a naturalist and best known local photographer of the Snowy Owl. Alisa could write and design all communication material and include some of her photographs in the layout.

Template 2C – Identification of Potential Project Partners

Based on the nature of the project, identify potential linkages/partners or other external organizations that would have an interest in the project succeeding, or that could provide information, assistance or direction for the development of this tourism opportunity. A partner could be considered to be any person or organization with the interest, capability and desire to help you make the project a reality by contributing their time, expertise or resources.

Key Question: *Does your community have an approved tourism strategy? If so, is the proposed tourism opportunity identified as a priority in the Strategy?*

Example:

Name of organization	Potential Assistance or Partnership Role
Municipality of Gabriel	Need to transfer, at a cost \$1, 0.5 acres of land at designated location for the Visitor Center.
Coyote Lake First Nation	Encourage First Nation local artisans to sell their crafts/art at gift shop.
Chamber of Commerce	Agree to fund a summer student to staff the Visitor Center information counter during the summertime, and during peak winter visiting periods.

TIP

Finding partners at the start of a project is valuable as they can help get the project off the ground. A partner could be considered to be any person or organization with the interest, capability, and desire to help you make the project a reality by contributing their time, expertise and/or resources.

Template 2D – Identification of Potential Local Investors

Most community-based projects require local investment to succeed. Identify a list of potential community investors who will be approached with respect to potential support and investment in the project.

Example:

Name of Potential Local Investor	Person Assigned to contact Potential Local Investor
Fred Lachance	Bob Smith
The Donnelly Family	Bob Smith
Ash Development Corporation	Bob Smith

TIP

If you are not sure how to identify potential local investors, brainstorm with your working committee.

Template 2E – Stakeholders and Assessing the Importance of their Support

The following is a list of the types of stakeholders that will help you complete the template.

Organizations	Government
<ul style="list-style-type: none"> ▪ Business Groups (i.e. Chamber of Commerce, BIA, Tourism Association) ▪ Recreation groups ▪ Sports associations ▪ Transportation interests ▪ Food Services, restaurants ▪ Arts/Culture Community/groups ▪ Community, Ratepayer, Cottage Owner Groups ▪ Environmental Groups ▪ Labour Organization ▪ Hospitality/accommodation interest groups ▪ Special Interest Groups ▪ Destination Marketing/Management Organizations (DMO) ▪ Destination Marketing Fund Organization (DMF) 	<ul style="list-style-type: none"> ▪ Federal Government & MP ▪ Ontario Government & MPP ▪ County/Regional Government(s) ▪ Municipal Government(s) ▪ First Nations Communities ▪ Land Use Planning Committee ▪ Conservation Authority ▪ Community Futures Development Corporation (CFDC) ▪ Local Architectural Conservation Advisory Committee (LACAC) or Municipal Heritage Committee ▪ Conservation Authority ▪ Crown corporations ▪ Joint Services Board

In a brainstorming exercise:

1. Identify major stakeholders and stakeholder groups;
2. Identify each stakeholder's initial anticipated level of project support (high, medium, low, opposed);
3. Rate how critical the support of each stakeholder is to the successful attraction of the potential tourism investment. Is the stakeholder support:
 - Critical: without the stakeholder's support, the investment will not be attracted;
 - High: without the stakeholder's support, the investment will be very difficult to successfully attract;
 - Average: stakeholder support would be desirable to the successful attraction of the investment;
 - Low: stakeholder support is not critical to the successful attraction of the investment.
 - Opposed: stakeholder will likely oppose the project or attempt to impede its development.
4. Rate how they will likely view the project (at least initially) and why their level of support is important.

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Example:

Name of Stakeholder or Stakeholder Group	Initial Expected Level of Support	Importance of Support	Initial main perspectives and why level of support is important
Friends of Snowy Owl Park	High	Low	Feel it is needed to educate people.
Municipality of Gabriel	High	Critical	Good for the economy. Concern about being asked to financially support it. Concern about long-term viability.
Chamber of Commerce	Medium	Med	Could feel that the gift shop and food service will be in competition with nearby businesses outside of park who are current Chamber members.
Coyote Lake Cottagers association	Low	High	Concern that it will increase traffic to the area and scare off wildlife; although some feel educating people on the natural habitat of the Snowy Owl and other animals will protect the area. They could slow the process down with complaints.
Residents of Gabriel	Med	Average	Some may feel the centre will be too costly, others may feel it is good for tourism.
Deerskin Products Manufacturing	Low	Low	Concern that education and awareness on the White Tailed Deer will decrease their sales of deerskin products.
Coyote Lake First Nation	Med	High	Concern about increase in but like traffic but like the educational component of project.

TIP

Stakeholder groups may differ in their views and level of support relating to the potential tourism opportunity. It is important to identify, assess, and monitor the factors that concern them in order to maintain and increase the level of support or diminish the level of opposition. Use the Obstacles/ Constraints and Action Planning template.

Template 2F – Identification of Neighbors Adjacent or near Potential Site(s)

Complete this template only if a potential site is known. Identify the existing neighbors such as businesses and institutions, and indicate their initial anticipated level of support on the project support (high, medium, low, opposed).

Example:

Subject Site Name/Location: On Highway 5, east corner of park road entrance.	
Name of Neighbor	Perceived Current Level of Support
Coyote Lake cottagers and residents	Low
Coyote Lake First Nation community	Medium
Blue Jay Wood Products Manufacturing	High
Appleby Greenhouse Farm	Medium

Template 2G – Obstacle/Constraints and Action Planning

Use the following template to plan communication and consultation activities associated with garnering community support and overcoming obstacles, constraints or negative forces that could act against the project. Estimate the potential for negative impact (high, medium, low).

Example:

Constraint/obstacle	Potential Impact	Actions that can be carried out	Desired Outcome	Name of person assigned	Finish By
Donation of Land by Municipality	High	Bob Smith to contact Mayor to discuss and request Mayor's support to brief Councilors	Understand concept of what would be expected of them and their support	Bob Smith	Jan
Land use zoning	High	Larry to meet with CAO and Director of Planning	Zone to allow for proposed uses	Larry Lapointe	Feb
Support of Coyote Lake First Nation	High	Bob to meet with Band Chief Coyote Lake First Nation	Band Council support for project	Bob Smith	Mar

Section 3: Market Analysis

Template 3A – Market Segmentation

Check the boxes that best describe the potential market segments of your tourism product. At the end of each row and column, indicate the percentage share that segment is likely to represent based on your knowledge of the intended tourism product's visitor profile; if unknown, simply indicate major or minor share.

Please note that there are many specific market segments in tourism. Those listed in the template will help you create a preliminary profile of your market segments. If there are other significant segments that aren't captured in this matrix (i.e. Girlfriend Getaways, LGBT⁵) simply indicate it in the rows "Other".

Example:

Market Segment	Escapists (looking to getaway)	Indulgers (want pampering/ luxury)	Learners (want learning & enrichment)	In Transit (stopping while en route to another destination)	VFR (here visiting friends & relatives)	Other	% Share
Teenagers	√		√		√		minor
Families	√		√	√	√		major
Seniors	√		√	√	√		major
Single or two person professional households	√		√	√	√		minor
Corporate/ Business						√	minor
Government						√	minor
Students/ School groups			√				major
Special groups (i.e. sports teams)			√				minor
Other							
% Share	Major		major	minor	minor	minor	

TIP

For more information on the profiles of Ontario's current target market segments visit [Ontario Tourism Marketing Partnership 2008-09 marketing](#).

⁵ Lesbian, Gay, Bisexual, and Transgender (LGBT) people

Template 3B – Target Market Areas

Identify target markets your visitors are most likely to come from (i.e. city, region, province, country), the population and the estimated distance from the potential site.

Example:

Target Areas	Name of Area	Population Total	Distance from Site (km or time)
Target Area 1	Region (3 Counties)	120,000	.5 to 1.0 hr
Target Area 2	Toronto and GTA	5 million	1.5 to 2.5 hrs drive
Target Area 3			

Template 3C – Visitor Length of Stay

Prior to completing the matrix, indicate whether or not your tourism opportunity would be seasonal. If seasonal, specify the months for low, peak, and shoulder periods.

For this matrix, indicate the anticipated length of stay for each market segment identified in template 3A.

Example:

Is your tourism product opportunity seasonal?	No
Will attendance vary throughout the year?	Possibly yes – hard to say because the snowy owl does attract visitors in winter
If yes, identify peak and low periods:	
Peak months:	July, Aug, Sept, Nov, March, June
Low months:	Dec, Jan, Feb
Shoulder season months:	Oct, April, May

Market Segment	Less than a day	Overnight	A few days	A week or more
Teenagers	√			
Families	√	√		
Seniors	√	√		
Single or two person professional households	√			
Corporate/Business	√			
Government	√			
Students/School groups	√			
Sports Teams or other Special Groups	√			
Other				

Template 3D – Major Local Economic Generators

Identify the top tourism economic generators that draw tourists or visitors to your **local** area (i.e. museums, theater, sport venues); and, in a separate section, list all other major economic generators (i.e. major companies, hospitals, college). This information is particularly important for meeting and accommodation type projects.

Example:

Type	Name	Size (# of employees, tourists or other)
Tourism Economic Generators		
Natural resource	Snowy Owl Park	21,645 visitors
Festival	Wild Turkey Festival	5 000 total visitors
Spa resort	Coyote Lake Resort and Spa	18 employees, 25 rooms
Other Economic Generators		
Health Care	General Hospital	125
Manufacturing	Blue Jay Wood Products	125
Pulp and Paper Mill	Lawrence Paper	200
Packaging company	Calca Packaging	85

Template 3E – Major Regional Economic Generators

Identify the top tourism economic generators that draw tourists or visitors to the **regional** area (i.e. casino, convention centre); and, in a separate section, list all other major economic generators (i.e. major companies, hospitals, college). This information is particularly important for meeting and accommodation type projects.

Example:

Type	Name	Size (# of employees, tourists or other)
Tourism Economic Generators		
Natural resource	James River White Water Rafting	5,000 visitors
Event	Weatherington Classic Car Show	4,000 visitors
Other Economic Generators		

Template 3F – Current Number of Visits

For the 3 most recent years available, provide the number of overnight visits and the number of total visits (day + overnight) originating from each target area. Your DMO may have this information, or you can retrieve Census Metropolitan Area data at

<http://www.tourism.gov.on.ca/english/research/rtp/index.html>.

Example:

Area	2002		2003		2004	
	Total visits	Overnight	Total visits	Overnight	Total visits	Overnight
From target area 1: Region (adjacent 3 Counties)	16,256	2,458	15,654	1,895	15,444	1,674
From target area 2: Toronto	32,512	9,131	30,935	8,692	28,877	7,813
From target area 3:						
Total	48,768	11,589	46,589	10,587	44,321	9,487

TIP

Remember to indicate the source of your data when completing a template.

Template 3G – Visitor Attendance Projections to the Proposed Project

Based on the figures in the previous template as well as other surveys and studies (see Appendix 3 or contact your Destination Marketing/Management Organization (DMO)), provide a conservative estimate of the anticipated number of visitors per year, and if possible per target area. In preparing your projections, please consider:

- attendance at other similar facilities;
- competing facilities, where these other facilities are located in relation to the target market and your intended facility, whether customers will be loyal to the existing facilities;
- obtaining advice from Provincial Tourism Investment and Development Office;
- Re-visit and review your initial projections after completing the remainder of the templates in sections 3 and 4 of this workbook.

Example:

Area	Estimated attendance per year	Estimated attendance per year (%)
From within the Municipality	2,500	13.9 %
Target Area 1:	6,500	36.1 %
Target Area 2:	9,000	50.0 %
Target Area 3:		
Total	18,000	100 %

TIP

There are a number of resources that provide information on tourism profile, trends, and forecasts. Check with your local tourism association and the list of tourism research and survey links provided in Appendix 3 of this workbook.

Template 3H – Socio-Demographic Profile

The data needed to complete this template can be found at [Statistics Canada 2006 Community Profiles](#) webpage. Completing this data template for the local area and target markets will provide a necessary understanding of the socio-demographic make-up of the anticipated visitors.

Example:

Characteristic		Local Area	Ontario	Region	GTA	Target Area 3
Total population (%)	under 19 years	19.6	24.5	20.1	24.9	
	20-29 years	8.3	12.4	9.1	13.5	
	30-49 years	27.5	29.6	28.4	32.9	
	50-64 years	20.5	17.9	20.0	17.1	
	65-74 years	9.5	6.9	9.2	6.3	
	75+ years	10.0	6.2	9.0	5.4	
Mother Tongue (%)	1-English	88.3	85.9	87.0	60.0	
	2-French	2.2	12.1	2.0	0.1	
	3- Italian	0.4	3.8			
	4- German	1.8	2.2			
	5-					
	All others					
Educational Attainment (%)	Trade/College Diploma	19.6	27.4	20.1	26.3	
	University Below Bachelor	2.9	7.1	2.9	2.2	
	Univ. with Bachelor or Higher	4.0	5.0	4.0	7.8	
Household Size (%)	Single Person	2.5	3.1	2.8	3.3	
	Two Persons					
	Three Persons					
	Four+ Persons					
	Average Size (persons)					
Housing (%)	Owned Units	2,560				
	Average Value (\$)	151,000				
	Rental Units (%)	2,185				
	Average Monthly Rent (\$)					
Income	Average Household Income (\$)	42,241	71,171			
	Median Household Income (\$)	33,007	60,919			
	Earning More than \$100,000 (%)					
	Low Income Families (%)					
	% Income from Employment	56.0	60.	70.0	71.0	
Employment (%)	Participation Rate	56.0	68.0	60.0	69.4	
	Unemployment Rate	8.5	6.8	8.1	6.5	
	Employment Rate	51.4	63.0	55.0	64.9	
Major Occupations (%)	Primary	1.5	2.5	1.6	0.6	
	Manufacturing & Construction	25.0	22.0	26.0	20.8	
	Health Care & Education	12.2	15.1	12.1	13.4	
	Knowledge-based					
	Hospitality Services	5.0	6.3	5.0	5.6	
	Government	3.1	5.1	3.6	3.5	
	All others					
	Work within					
	Work outside					

0

Template 3I – Socio-Demographic Forecasts

If no forecast figures are available to complete the table below simply “guesstimate” whether the population segment will likely increase (↑), decrease (↓), or remain unchanged (Ø), and attempt to validate at a later date.

Example:

Population Segment	Municipal Area			Target Area 1			Target Area 2			Target Area 3		
	2006	2011 (f)	2016 (f)	2006	2011 (f)	2016 (f)	2006	2011 (f)	2016 (f)	2006	2011 (f)	2016 (f)
Total Population	↓	↓	↓	↓	↓	↓	↑	↑	↑			
0-4	↓	↓	↓	↓	↓	↓	↑	↑	↑			
5-9	↓	↓	↓	↓	↓	↓	↑	↑	↑			
10-14	↓	↓	↓	↓	↓	↓	↑	↑	↑			
15-19	↓	↓	↓	↓	↓	↓	↑	↑	↑			
20-24	↓	↓	↓	↓	↓	↓	↑	↑	↑			
25-29	↓	↓	↓	↓	↓	↓	↑	↑	↑			
30-34	↓	↓	↓	↓	↓	↓	↑	↑	↑			
35-39	↓	↓	↓	↓	↓	↓	↑	↑	↑			
40-44	↓	↓	↓	↓	↓	↓	↑	↑	↑			
45-49	↓	↓	↓	↓	↓	↓	↑	↑	↑			
50-54	↓	↓	↓	↓	↓	↓	↑	↑	↑			
55-59	↓	↓	↓	↓	↓	↓	↑	↑	↑			
60-64	↓	↓	↓	↓	↓	↓	↑	↑	↑			
65-69	↓	↓	↓	↓	↓	↓	↑	↑	↑			
70-74	↓	↓	↓	↓	↓	↓	↑	↑	↑			
75-89	↓	↓	↓	↓	↓	↓	↑	↑	↑			
80-84	↓	↓	↓	↓	↓	↓	↑	↑	↑			
85+	↓	↓	↓	↓	↓	↓	↑	↑	↑			
Total Households												
Single Households												
2 Persons Households												
3 Persons + Households												
Average Household Income												
Total Employed												

Template 3J – Complementary Tourism Products

List the existing tourism products that complement your tourism opportunity in which visitors of those existing products would likely visit your potential tourism product as well. Provide the tourism product name, a brief description and the distance to your potential site.

Example:

Name of Complementary Tourism Product	Description of product	Distance from potential site (in km or time)
Snowy Owl park trails	20km of walking trails through various eco systems	A few meters away
Coyote lake resort and spa	A full service resort and spa	15km

Template 3K – Location Analysis of Competition

List the competing tourism products in close proximity and indicate for each:

- 1- Whether it is in direct competition or a substitute (not the same activity, but could be substituted for)
- 2- The approximate distance from the potential site
- 3- And where it is geographically positioned in relation to the target market and the potential site:
Intervening: the competition is placed in between target market and site.
Non-intervening: the competition is further from the target market compared to the site.

Example:

Name of Competing Tourism Product	Direct	Substitute	Distance from Target Area			Position in relation to Target Market and Site
			Region	GTA	Area 3	
Groundhog Bog Conservation	✓ Intervening		75km further	80-100km		½ hour closer to GTA but further from Region

Template 3L – Analysis of Competition

Complete an *Analysis of Competition* template for each competing tourism product (direct and substitute) listed in the previous template. Answer each question to the best of your knowledge.

Example:

Name of Competing Tourism Product: Groundhog Bog Conservation	
Question	Answer
What is the organizational type or structure?	Registered non-profit society
What do they offer?	Trails and interpretive centre
What's unique about their product?	Bog trails are interesting and unique
What are the advantages to their clients?	They are closer to GTA
How successful are they?	Draws 20,000 visitors/yr
What are their strengths?	Inexpensive and good for young kids because programming is usually held outdoors
What are their weaknesses?	No gift shop, no food services, only one meeting room, basic multi-media
How does our product compare to theirs?	Top-notch meeting facility, food services
How do our prices compare to theirs?	Ours would be more expensive
Who are their clients?	Schools and various children/youth groups

Accommodation and Meeting Space Guidelines & Templates

If your tourism investment project does not involve meeting space or accommodation, skip to Section 4.

Here are helpful guidelines and information related to the accommodation industry provided by Market Research Corporation and McSweeney & Associates:

- The overall trend in the accommodation industry is a shift from independent and small to chain and large hotels/motels.
- Hotels with 100 or more rooms, luxury hotels, and suite hotels typically enjoy higher occupancy rates than the overall average in any given area. They generally are chain hotels/motels that offer many services and amenities including on-line reservations, and participate in CAA, Diners Club, AAA and many other such organizations.
- Average hotel occupancy of 65% used to represent the break-even point for hotels/motels. Since 9/11/2001, and also due to the loss of American tourists, many hotels/motels have been surviving with occupancies hovering around 60% or even less. In most cases, this has been due to increased efficiencies. In some other cases, however, hotels/motels have been operating at a loss, hoping that it would be a “temporary” situation.
- Two other important financial measures are used to measure accommodation performance:
 - Average Daily Rate (ADR): Total room revenue divided by rooms sold. Also sometimes referred to as Average Daily Rate per Occupied Room.
 - RevPAR (Revenue Per Available Room) – which is often utilized as a primary statistic indicating the overall financial performance of an accommodation property. RevPAR is calculated by dividing room revenue by rooms available. A close approximation can be arrived at by multiplying the ADR times the occupancy rate (or percentage of rooms sold). RevPAR does not include revenue from other hotel services or facilities. RevPAR is often used in quick rules of thumb calculations of hotel values.
- For small hotels (typically motels with fewer than 50 rooms), average occupancies can be as low as 50% and still be viable. This is due to low labour and other costs, including older buildings with no mortgage left. A new hotel/motel with approximately 50 rooms is generally not financially viable, primarily due to the capital costs and higher building, fire, and other standards.
- Small hotels are generally owner operator, large and/or chain hotels tend to be owned by investors (individuals or companies), and operated by corporations, franchisees, and in some cases, by individuals. There are companies that specialize in the operation/management of hotels without necessarily owning any hotels/motels. The investment and profit-loss dynamics of the hotel industry are not necessarily always the same for owners and operators (e.g. it is possible that a hotel/motel may be losing money while its operator makes good profits from the agreed upon fees he receives from the owner).
- The cost for the construction of hotels/motels depends on many factors. If up to four levels, the structure can be a wood frame, whereas five+ storey buildings are typically based in concrete and/or steel. The cost for one or two level motels would be lowest in the range of \$200 to \$350 per sq. ft., including leasehold improvements. A luxury five star high rise hotel, on the other hand, can cost in excess of \$1,000 per sq. ft. As a general guideline, a 50-room new motel with a small lobby and coffee shop, is likely to cost at least between \$2.0 to \$2.5 million. A turn key mid-level franchised hotel costs approximately \$100,000 per room, including franchise fees. A five star high rise 200-room hotel on the other hand, is likely to cost well over \$20 million. Not many hotels are truly five stars, despite their own or the area’s tourism office claims.
- Hotels and motels often provide some meeting space, typically starting at 200 sq. ft. Large hotels provide several meeting rooms and one or two banquet halls.

- Hotel/motel rating is often between one to five stars, and some are super luxury with no star ratings. There are however, no accepted rating standards, and the promotional claims by hotels/motels are often exaggerated. A five star hotel has to have room service, restaurant(s), bar(s), meeting room(s), banquet hall(s), an ample number of service employees (e.g. bellhops), and leisure and recreational facilities, amenities and services.
- Convention centres are a special facility and construction costs are from \$500 per sq. ft. and up, depending on size, amenities, and other factors. For example, the City of Ottawa approved its financial participation in a proposed 220,000 sq. ft. Congress Centre at a total cost of \$160 million (\$727 per sq. ft.) on November 28, 2007.

The following templates are designed specifically for the market analysis of meeting space and accommodations, and need to be completed only if the potential tourism opportunity includes meeting space and/or accommodations.

Template 3M – Current Supply of Meeting Space

To determine the current market supply meeting space, you can visit the website of each existing facility which may provide the number of spaces and their capacity. If the information is not available online, call the facility manager to validate supply. It is advisable to compile supply and demand data at the same time. For each type of facility, please provide:

- The business name;
- Some notes on the overall quality of the meeting spaces;
- The number of meeting spaces;
- The range of maximum capacity (e.g. if the smallest room holds a maximum of 20 guests and the largest holds a maximum of 250 guests, the range would be 20-250); and
- The total number of people that all the meeting spaces in one facility can hold.

Example:

Facility Type	Name of Business	Notes on Quality of meeting rooms	# of Meeting Rooms	Range of Capacity	Maximum Total Capacity
Hotels/Resorts					
Motels	Comfort Inn	Good except no view, no outside sitting area for breaks			
Community, Sports, Recreational and Other Facilities	Gabriel Community Center	1940s building, insufficient power, cold, posts in middle of hall			
Convention Centres					
Educational Facilities					
Other facilities	Christine's B&B	No catering, no A-V			

Template 3N – Current Demand for Meeting Space

To determine the current market demand for meeting space, indicate by event type and size (the number of guests), the number of times in one year each meeting space was booked in your area. To get these figures, you will need to survey all the meeting space facilities (to validate supply and estimate demand). Be sure to ask the facility manager if they have requests for space that cannot be met, and if so the nature and frequency of this demand, and where they believe this demand is being accommodated.

Example:

Source of Demand	Annual Frequency by # of Persons				
	Less than 50	50-100	100-200	200-500	500 +
Corporate/Business	10	2			
Government	7	3			
Family Related Events	14	8	2		
Sports, Cultural, and Recreational Events	18	10	3		
Political and other Special Events	6	2			
Other					

Supply vs. Demand

After documenting supply and demand, an assessment of demand in excess of supply (or vice versa) must be made based upon the information gathered, thereby generating size and frequency demand projections. These projections will then be used to create revenue estimates.

TIP

Providers of accommodation and/or meeting space may be hesitant to provide current demand figures (and financial information), particularly if they know it will be used to attract competitors. Confidentiality of individual facility information must be assured. Cooperation can sometimes be gained by promising to provide a summary of data gathered. EDOs and DMO staff are in a better position to obtain this information; or, if necessary, you can hire a consultant. Guidelines on hiring a consultant can be found in the Appendices section of this manual.

Template 3O – Current Supply of Accommodation

To determine the current market supply of accommodation, you can begin by visiting the website of each facility to gather basic information on each accommodation facility. More detailed information will be required however, particularly related to recent market demand and financial performance.

Provide the name, number of rooms, location and rating of each accommodation facility in your area. If no existing third party quality rating exists, please provide an estimate. All estimated ratings should be done by the same individual or committee to ensure consistency in ratings.

Example:

Accommodation Type	Name of Accommodation	# of Rooms	Location	Quality Rating
Hotels/Resorts	Best Eastern	47	Smithville	Fair to good
	Comfortable Inn	35	Grangeville	Very good
Motels				

Template 3P – Locally Generated Demand for Accommodation

Communities that are assessing the pre-feasibility of an investment in visitor accommodation generally do so because there is a general belief that there is an unmet demand. The extent of the local demand must be documented however, and compared against the local accommodations supply, and the market performance of existing accommodations. The following template therefore builds on information identified in Templates G and H. Local managers of organizations that generate demand for room nights need to be interviewed to gather information for this template.

Example:

Name/Contact Business Type	Annual Demand Generated: Room nights, weekdays	Annual Demand Generated: Room nights, weekends	Seasonality Trends in Generated Demand	Where is this Demand currently being met? (where do people stay now?)	Knowledge of Convention/ Meeting Demand
General Hospital: Mr. Efficient Administrator, 613-xxx-xxxx	100 room nights annually, conservative estimate	Roughly a third of those above (35) are on weekends	Summer and December are down periods	People are travelling to Attawa, approximately one hour away.	Generators of small seminars, however there is a large gap. They use ABC Resort in Nearby, On as a site for seminars. Staff seminars are taken off-site, but would like to have meetings in town. Would use local space (if available) roughly every two weeks.
Blue Jay Wood Products: Steve Smith, GM 613-xxx-xxxx	50-60	1 - 2	No	People are travelling to Attawa, approximately one hour away.	Rented space in the past from a financial building in town; presently, built own board room to satisfy conference/ meeting demand
Total	150 - 160 room nights/year	36 - 37		Attawa	Summary here.

TIP

Festivals and recreational activities, such as snowmobiling and boating, also generate demand for accommodation; include them in the template as well.

Template 3Q – Local Accommodation Market Performance

For each accommodation facility identified:

- Provide the market area served (as identified by manager), number of rooms;
- Obtain the Average Daily Rate (ADR), and if possible, ADR by peak and off-peak seasons;
- Source of business/room sales by approximate percentage;
- Peak and off peak occupancy rate by time of week;
- Ideally, calculate Revenue Per Available Room based upon occupancy rates and ADRs. You must obtain the approximate number of days in the peak and off-peak seasons to calculate RevPAR. These calculations may be different for each facility as the seasonality will vary from facility to facility.

Example:

Name of Accommodation	Market Served	# of Rooms	ADR		Source of Room Sales			Occupancy Rates: Peak Season		Occupancy Rates: Off-Peak		RevPAR
			Off-Peak	Peak	% Tourists	% Business	% Groups/meetings/conventions	Week days	Week ends	Week days	Week ends	
Best Eastern	Smithville	47	\$68	\$99	65	30	5	79%	100%	23%	56%	
Comfortable Inn	Grangeville	35	\$76	\$120	20	65	15	97%	73%	75%	63%	

Assessing Demand for New Local Accommodation

Investment decisions on new accommodations facilities are strongly based upon the area's current occupancy rates, ADR and RevPAR. Local and regional demand generators (Templates 3G & 3H) will be closely examined and room nights generated need to be quantified (Template 3P). Hotel chains have many competitive opportunities to invest, and therefore an area must represent a better than average prospect in terms of occupancy rates, strength and nature of demand generated, ADR, and RevPAR. Local investors may have less rigorous minimum market conditions requirements.

Keep in mind that a 100-room hotel has 36,500 room-nights available annually. An occupancy rate of 70% (to be viable) would suggest that 25,550 room nights of unmet local market demand must be present in order to justify a new 100-room hotel.

Compare your local market performance with average hotel market performance - data is available from [HVS/Smith Travel Research](#) and [PKF Consulting](#).

If your community's market demand is low, and local market performance is significantly below average, then new investment in accommodation is not likely feasible. Upgrades or expansion of existing facilities may be viable however. Small communities could encourage B&B operations, or small inns to meet smaller demand levels.

If your community's market demand is high, and local market performance is above average, then new investment in accommodation may indeed be feasible. The completion of Section 5 is not required.

Section 4: Location Analysis

Section 4 will assist you in preparing a location analysis that examines the peculiarities of your site (or to help you select the best alternative amongst various site location options), identify any required site improvements, and how your site compares to the competing facilities in terms of its relationship with the target market.

Location analysis determines how well the site or location will support the success of the intended tourism investment. The ideal locational attributes differ depending upon the type of tourism investment, but here are a few typical attributes:

- size and shape of site is sufficient for the intended use;
- sufficient site improvements such as access and egress, parking, landscaping, and other site amenities;
- convenient access for the intended target visitors;
- highway or main thoroughfare visibility;
- transportation linkages, time and distance factors from the intended target market.

A potential tourism investment in search of a site (such as a hotel) will utilize a location analysis to determine the site (amongst alternative sites) that best suits the location needs of the hotel. Location analysis will examine the relationship of the site to target markets (and how clients will access the location). After alternative sites are chosen, market analysis is utilized to estimate capture rates and visitation/income.

A fixed or predetermined site in search of an investment (such as a ski hill) will utilize location analysis to identify linkages to the potential target market and to other supporting or complementary activities. The location analysis would also consider how the particular investment opportunity compares to other competing sites.

Template 4A – Subject Site Attributes

Every potential site can be described by attributes specific to the property itself (on-site) and attributes located off the property (off-site). For the proposed tourism investment:

- describe the ideal site location attributes that are necessary or desirable to the success of the particular type of investment to be considered;
- the relative importance of the attributes to the success of the particular type of investment (very important, important, somewhat important, somewhat unimportant);
- rate the subject site in relation to the ideal site location attributes (excellent, very good, good, fair, poor, unacceptable);
- list actions that should be taken to improve the site location attributes.

The following three templates can also be used to rank alternative locations for the investment if several site locations are possible, as well as to assess competing locations.

Tourism Investment Pre-Feasibility Assessment: A Community Workbook

Example:

Subject Site Name/Location: Highway #5 at Park Entrance					
Location attributes for this type of tourist investment	Description of Ideal	Importance	Description of Subject Site	Subject Site Rating	Actions that should be taken to improve location attributes
On-Site					
Size and shape of site	Approximately 0.5 to 1 acre, rectangular	Med.	0.5 acre, rectangular	Very good	Nil
Frontage	Approximately 200 feet	Med – high	200 feet on highway	Very good	Nil
Topography	Flat	Med.	Flat, treed lot	Very good	Some tree clearing will be required
Load-bearing capacity of soil	Sufficient for one story building	Low	Expected to be sufficient	Very good	Nil
Geological features	None	Med.	None	Very good	Nil
Ownership of property	Willing seller, private or public	High	Municipally owned	Excellent	Nil
Zoning, Official Plan, or other legal constraints	Zoned to permit proposed uses	Med.	Zoned for recreation/open space	Fair	Requires re-zoning
Environmental constraints	No constraints	Med.	No known constraints.	Good	Nil
Other important site attributes and amenities	Exposure to sufficient road traffic to maintain year round economic viability	High	On County highway	Good	Nil

Example:

Location attributes for this type of tourist investment	Description of Ideal	Importance	Description of Subject Site	Subject Site Rating	Actions that should be taken to improve location attributes
Off-Site					
Access to the site	One or two access points directly from main road.	High	One or two access points are possible	Very good	Obtain municipal approvals
Visibility of the site from passerby traffic	Clear visibility from main road to a site in close proximity to road	High	Clear visibility	Very good	Nil
Traffic counts at the site	5,000 vehicles/day	Med.- high	3,000 vehicles/day	Good	Nil
Proximity to tourist and other economic generators and tourist serving services	Ideally “clustered” with other generators and services	Med.	Not near other generators or services	Fair	Nil
Location relationship of site to other competing sites/ attractions and the target area	Close to target market, with no “intervening opportunities” by other competing sites/attractions	Med.	Site is closer to GTA market than competitor.	Good	Nil
Availability of utilities to the site	Full services available: water, sewer, gas, electricity, high speed internet, cable.	Med. – high	Site would require private services (water & septic). Electricity on site. High speed not available.	Fair	Determine availability and <u>potability</u> of ground water
Surrounding land uses	No neighbouring land uses that might find the use objectionable or would give rise to conflict	Med.	No conflicting uses	Good	Nil
Neighbors of site	No neighbours that might find the use objectionable or would object	Med.	Four neighbours with various levels of support	Fair – good	Work to ensure support from neighbours
Nuisance factors from other nearby uses	None	Low	None present	Very good	Nil
Other					

Template 4B – Site Improvement Costs

The following template is provided to aid in documenting costs of various required site and/or location improvements as indicated in the location analysis. The estimated cost of improvements can be provided by a local contractor.

Example:

Site or location attribute that requires improvement	Estimated cost of improvements
<i>Improvement 1:</i> The site will need to be partially cleared of trees, shrub, and graded	\$8,000.00
<i>Improvement 2:</i> Installation of well and septic systems	\$5,000.00
<i>Improvement 3:</i> Site improvement costs such culverts, parking, and signage.	\$10,000.00
<i>Improvement 4:</i> Landscaping, minor site amenities.	\$10,000.00
<i>Improvement 5:</i>	
<i>Improvement 6:</i>	
<i>Improvement 7:</i>	
<i>Improvement 8:</i>	
Total:	\$33,000.00

Template 4C – Transportation Analysis

Name every public transportation infrastructure that tourists would use to get to the subject site.

- Indicate the approximate distance from site (can be obtained using <http://maps.google.ca/maps?hl=en&tab=wl>); and
- the Annual Average Daily Traffic (AADT), (can be obtained at <http://www.ragsb.mto.gov.on.ca/techpubs/TrafficVolumes.nsf/tvweb?OpenForm&Seq=1>)

Please note that:

- A map of VIA Rail routes and stations can be found at http://www.viarail.ca/trains/en_tra_i_tous.html.
- A list of intercity bus terminals and bus stops can be found at <http://www.greyhound.ca/>.

Example:

Transportation Type	Name	Average Daily Traffic Volumes	Distance from Subject Site
Provincial Highways	Provincial highway #71	35,000/day	10 km.
County/Regional Highways	County Road #5	3,000/day	At site
International/ Regional Airports (name three closest)	Montreal Dorval	N/A	3.0 hrs.
	Ottawa International	N/A	2.0 hrs.
	Toronto Pearson International	N/A	2.5 hrs.
	Peabody Regional	N/A	0.5 hrs.
Railway Stations	Attawa Train Station	N/A	0.5 hrs.
Inter-city Bus Stations	Beauville	N/A	0.25 hrs.
	Trent Mills	N/A	0.5 hrs.
Marine/Port facilities	Nil		
Other	Nil		

Section 5: Financial Feasibility Analysis

Section 5 will assist you in preparing a financial feasibility analysis that accounts for all but the depreciation and tax situation of equity investors (which is an individual situation with each investor). This analysis is driven by both the previously completed market and location analyses and produces a good indication as to whether or not the intended project might be financially viable.

Template 5A - Identification of Capital Costs

Utilize the following table to identify capital costs. All templates in this section are available in spreadsheet format for ease of calculations. Spreadsheet templates in this section are linked so that you do not have to re-enter values in subsequent tables. Fill in the grey underlined cells; the remaining cells are calculated by embedded formulas. Be sure to enter the % of total capital investment to be made by owner(s).

Example:

Hard Costs			
Land acquisition cost	\$	<u>1</u>	
Site improvement costs (on-site)	\$	<u>33,000</u>	
Off-site improvement costs	\$	<u>0</u>	
Building/facility construction costs 2,300 sq. ft.	\$	<u>345,000</u>	
Fit up costs	\$	<u>25,000</u>	
Equipment costs	\$	<u>10,000</u>	
Other hard costs	\$	<u></u>	
Total Hard Costs			\$413,001
Soft Costs			
Legal fees	\$	<u>3,000</u>	
Land transfer tax	\$	<u>0</u>	
Real estate commissions	\$	<u>0</u>	
Other closing costs	\$	<u>500</u>	
Architectural, engineering, related fees	\$	<u>25,000</u>	
Project/construction management fees	\$	<u>0</u>	
Franchise costs (if applicable)	\$	<u>0</u>	
Development fees:	\$	<u></u>	
OP &/or zoning amendment	\$	<u>1,000</u>	
Site plan fees	\$	<u>500</u>	
Building permit	\$	<u>5,000</u>	
Development charges	\$	<u>0</u>	
Other municipal fees	\$	<u>500</u>	
One time start-up costs	\$	<u>10,000</u>	
Working capital	\$	<u>10,000</u>	
Other soft costs	\$	<u>0</u>	
Total Soft Costs			\$55,500
Total Capital Investment Required			\$468,501
Source of Capital			
		% of Total Capital Required	
Total capital required			\$468,501
Owners equity	(Enter % here)	<u>50</u>	\$234,251
Debt Financing		50	\$234,251

TIPS

Fund raising and funding from government sources can be counted as “owner’s equity” (when the \$ are in the bank!).

For an expansion or addition to an existing facility with strong financial performance, the owner’s equity can typically be less than on a brand new facility. 30% owner’s equity is not uncommon in this kind of situation.

Template 5B – Debt Financing Calculations

The principal amount to be financed is derived from the previous template. This template is available in spreadsheet format for ease of calculations. Enter the amortization period and annual mortgage interest rate in the grey shaded area.

Example:

Mortgage Payment Calculator		Monthly Payment	Total Annual Payments
Principal to be financed	\$234,251		
Amortization (Years)	30.00		
Annual Rate (%)	6.50%	\$1,467.35	\$17,608.20

Source of Capital		% of Total Capital Required	
Total capital required			\$468,501
Owners equity	50		\$234,251
Debt Financing	50		\$234,251

Template 5C – Initial Estimate of Revenues

The first table in this template provides one common model of estimating visitor expenditure revenues, but is not suitable for all types of projects. If the first table does not work for your project (revenue/visitor estimates), go directly to the second table and estimate enter estimated revenues (or prepare an alternate first table that more accurately meets the needs for your particular project).

From the market analysis section, enter the expected number of visitors per year, for year 1, year 2, and year 3. Remaining year visits will be calculated using a percentage increase on the year 3 figure.

Each tourism investment or facility usually has several revenue sources associated with it. For example, a ski resort might typically have the following revenue sources:

- Ski operations;
- Ski school.
- Rental shop;
- Pro shop/retail store;
- Repair shop;
- Food & beverage operations;
- Bar operations.

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Each will likely be operated as a separate profit centre, with revenues and expensed tracked for each profit centre. Name each revenue source (such as ski operations, rental shop, etc.) and estimate both the revenues and expenses based upon total number of visitors.

Revenues in the following template will be estimated from the template based upon number of visitors, and estimated revenue/visitor for each profit centre/revenue source.

Note: Revise templates as required to suite your project.

Example:

Assumptions:	1st Year	2nd Year	3rd Year
Number of visitors:	12000	18000	19800
Meeting room rental (assumes \$100/rental)			\$
Revenue/visitor for food service			\$ 1.50
Revenue/visitor for gift shop			\$ 2.50
Revenue/visitor for Profit centre 4			\$
Revenue/visitor for Profit centre 5			\$
Revenue/visitor for Profit centre 6			\$

Revenues	Year 1	Year 2	Year 3
derived from:			
Meeting room (\$100/rental)	\$3,000	\$4,000	\$5,000
Food service	\$18,000	\$27,000	\$29,700
Gift shop	\$30,000	\$45,000	\$49,500
Profit centre 4	\$0	\$0	\$0
Profit centre 5	\$0	\$0	\$0
Profit centre 6	\$0	\$0	\$0
Total Revenue all sources	\$51,000	\$76,000	\$84,200

Template 5D – Initial Estimate of Expenses

Estimate expenses associated with each profit centre/revenue source in the following template. Depreciation, marketing, and other expenses must be entered.

Example:

Expenses	Year 1	Year 2	Year 3
Meeting room rental			
Cost of goods sold	\$0	\$0	\$0
Personnel costs	\$0	\$0	\$0
Administrative costs	\$0	\$0	\$0
Other costs	\$0	\$0	\$0
Total costs	\$0	\$0	\$0
Food service			
Cost of goods sold	\$7,200	\$10,800	\$11,880
Personnel costs	\$8,000	\$8,000	\$8,000
Administrative costs			
Other costs			
Total costs	\$15,200	\$18,800	\$19,880
Gift shop			
Cost of goods sold	\$15,000	\$22,500	\$24,750
Personnel costs	\$17,000	\$17,000	\$17,000
Administrative costs			
Other costs			
Total costs	\$32,000	\$39,500	\$41,750
Assumptions:			
Meeting room rentals:			\$100/rental
Food service cost of goods sold:			40% of revenue
Gift shop cost of goods sold:			50% of revenue
One person full time for gift shop & food			\$25,000/yr
Bldg. Maintenance & operating costs	\$3,000	\$3,000	\$3,000
Mortgage payments	\$17,608	\$17,608	\$17,608
Marketing & Promotion	\$0	\$0	\$0
Other Expenses	\$0	\$0	\$0
Total Expenses all sources	\$67,808	\$78,908	\$82,238
Net Earnings (Total Revenue - Total Expenses)	-\$16,808	-\$2,908	\$1,962

Template 5E – Statement of Operations, Long Term

Example:

Inflation Assumptions	
Revenue inflation after year 3	3 % annual inflation
Expense inflation after year 3	3 % annual inflation

Revenues	Year	1	2	3	4	5	6	7	8	9	10
Meeting room		\$3,000	\$4,000	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149
Food service		\$18,000	\$27,000	\$29,700	\$30,591	\$31,509	\$32,454	\$33,428	\$34,430	\$35,463	\$36,527
Gift shop		\$30,000	\$45,000	\$49,500	\$50,985	\$52,515	\$54,090	\$55,713	\$57,384	\$59,106	\$60,879
Total Revenue		\$51,000	\$76,000	\$84,200	\$86,726	\$89,328	\$92,008	\$94,768	\$97,611	\$100,539	\$103,555
Expenses											
Meeting room		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Food service		\$15,200	\$18,800	\$19,880	\$20,476	\$21,091	\$21,723	\$22,375	\$23,046	\$23,738	\$24,450
Gift shop		\$32,000	\$39,500	\$41,750	\$43,003	\$44,293	\$45,621	\$46,990	\$48,400	\$49,852	\$51,347
Total Expenses/rev. sources		\$47,200	\$58,300	\$61,630	\$63,479	\$65,383	\$67,345	\$69,365	\$71,446	\$73,589	\$75,797
Building maintenance & op costs		\$3,000	\$3,000	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690
Mortgage Payments		\$17,608	\$17,608	\$17,608	\$17,608	\$17,608	\$17,608	\$17,608	\$17,608	\$17,608	\$17,608
Marketing & Promotion		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses		\$67,808	\$78,908	\$82,238	\$84,177	\$86,174	\$88,231	\$90,350	\$92,532	\$94,780	\$97,095
Net Earnings		-\$16,808	-\$2,908	\$1,962	\$2,549	\$3,154	\$3,776	\$4,418	\$5,079	\$5,759	\$6,460

(Total Revenues - Total Expenses) This template does not account for depreciation or the tax situation of equity investors

TIP

Equity investors will expect a percentage return on the equity they have invested in a project. The anticipated rate of return on investment (or %) will be a critical in their decision to invest or not. Most investors will be interested in the return of return on investment calculated on the cash flow after taxes to be paid by the investor. Each investor's tax position is different, and therefore these templates cannot take into account the specific tax position of any individual investor. The important thing to keep in mind is that the net earnings on this template are BEFORE taxes are paid by the investor

Section 6: Pre-Feasibility Conclusions

Section 6 provides you with an opportunity to review your completed work, draw pre-feasibility conclusions, and suggests how you might tweak your investment opportunity to improve its viability.

At this point, you will have completed a thorough analysis, including:

- A clear definition of what the tourism investment opportunity is, and you will likely have refined that definition as a result of the entire analysis;
- An assessment of community support for the project;
- A market analysis that examines your competition, the target market, and estimates how many visitors per year you will receive;
- A location analysis that examines the peculiarities of your site (or selected the best alternative amongst site location options), identified any required site improvements, and how your site compares to the competing facilities in terms of its relationship with the target market;
- A financial feasibility analysis that accounts for all but the depreciation and tax situation of equity investors (which is an individual situation with each investor). This analysis is driven by both the market and location analysis and produces an estimate as to whether or not the intended project might be financially viable.

Frequently, the financial pre-feasibility will reveal a less than desirable financial feasibility. In this case, it is advisable to review and confirm all assumption to ensure validity of assumptions. The financial feasibility spreadsheets are linked and allow you to easily change assumptions to see how the outcome changes. You might consider some of following to improve financial viability:

- changing the size or scope of the project;
- validate revenue and expense projections;
- reducing the size/scope non-revenue producing areas of the project;
- examining the possibility of more revenue producing activities (while remaining realistic in revenue projections);
- having a knowledgeable third party or consultant or developer of similar projects examine your pre-feasibility study;
- seek external funding or grants to offset the capital costs of construction.

Remember that there are no programs that exist that will offset a projected long term operating loss on a facility. Programs can however, assist with the “one-time” capital costs of developing the facility (which reduce the carrying costs). If the proposed project is not financially viable even after a rigorous financial review and with programs to offset the capital costs, it would be prudent not to proceed with the marketing of the potential investment opportunity.

The next section provides you with an opportunity to develop an Executive Summary of your potential investment project.

Section 7: Next Steps

Section 7 suggests your next steps after successfully determining you have an investment project that you may wish to take further.

It is recommended that if public consultation has not been undertaken during the pre-feasibility analysis process, that this be completed before beginning to market the tourism investment opportunity.

Assuming that financial viability is indicated, much of the analysis undertaken will provide a very useful foundation for marketing of the investment opportunity. A one page Executive Summary using Template 7A will be very valuable in providing a capsule summary to potential investors or project funders. An example Executive Summary follows on the next page.

TIP

The templates in this workbook are meant as a pre-feasibility assessment tool for your community and should not be given to potential investors. If you do provide any of the templates, such as the Executive Summary, please be sure to add a disclaimer to protect against legal liability.

Template 7A – Executive Summary

Below is an example of a completed Executive Summary.

<i>Snowy Owl Visitor Centre</i>
<p>Description of Investment Opportunity:</p> <p>The Municipality of Gabriel boasts a unique 300 acre wildlife park – the Snowy Owl Park – winter home to over 100 migrating Snowy Owl birds. A potential opportunity exists to develop a state-of-the-art Visitor Centre on highway 5 at the entrance of Snowy Owl Park. A centre that has an AV equipped meeting space; a gift shop and gallery displaying arts and crafts from local aboriginal and non-aboriginal artists; a food counter offering visitors light snacks and refreshments; interpretive displays with multi-media presentations describing the park and its inhabitants; and an exhibit of valuable natural history artifacts.</p>
<p>Location: Highway # 71 at Snowy Owl Park entrance.</p>
<p>Community Profile: The Municipality of Gabriel is a largely rural community in close proximity to the City of <u>Attawa</u>, with a 3 County population of 120,000. It is approximately a two hour drive from the Greater Toronto Area (GTA), with a population of 5 million.</p>
<p>Tourism Profile and Outlook: Tourist visitor statistics for the last years <u>available indicating a declining number of visitors to the area.</u> In 2004, the last year of available statistics, there were approximately 44,300 visitors, of which 9,500 were overnight stays.</p>
<p>Target Market(s): It is anticipated that approximately 18,000 visitors per year will be drawn to the Visitor Centre: 2,500 from within the municipality; 6,500 from elsewhere within the 3 County district; and 9,000 from the GTA.</p>
<p>Market Analysis: Currently over 40,000 visitors per year are visiting within the municipality. Major tourism generators are the <u>Weatherington Classic Car Show (4,000 per year)</u>, and James River White Water Rafting (5,000 per year). There are currently no major tourism generators during the winter months. The nearby Groundhog Bog Conservation draws 20,000 visitors <u>during three seasons/year.</u></p>
<p>Competition: There is no direct competitor, although the nearby Groundhog Bog Conservation draws 20,000 visitors <u>during three seasons/year.</u></p>
<p>Partners: This project is supported by the Municipality of Gabriel, the Coyote Lake First Nation, and the Gabriel Chamber of Commerce, as well as a number of prominent community leaders. There are a number of local investors willing to consider an investment in this project.</p>
<p>Constraints: There have been no major constraints identified through the pre-feasibility analysis.</p>
<p>Financial Feasibility: The estimated capital costs are approximately \$470,000, including a land contribution from the municipality. While revenues are expected to exceed expenses after three years, the net earnings before depreciation and taxes are insufficient to provide a competitive return on investment for investors (assuming 50% debt/ 50% equity). A capital grant or adjustments to the size, scope and/or nature of the visitor centre is likely required to provide a reasonable return on investment for local equity investors.</p>
<p>Key Contact: Bob Smith, 613-444-1919, BobSmith@snowyowl.ca, fax: 613-444-1920. www.snowyowl.ca</p>

Appendix 1: Glossary of Terms⁶

General:

Core attractions: Core attractions act as a primary motivator for tourists to travel to your area “from away” (e.g. Thousand Islands). A core attraction could also be part of a regional complex of resources, or part of complex of like attractions in other destinations. A good core attraction can generate other tourism opportunities.

DMO: A Destination Marketing/Management Organization – a generic term for any agency with a mandate to promote and develop tourism in a geographic area.

EDO: Economic Development Officer – a professional involved in economic development.

Owners Equity: Total assets minus total liabilities for an individual or company.

ROI: Return on investment (ROI) measures how effectively the capital in a business will generate a return on the investor’s equity. The higher the ROI, the more attractive an investment opportunity becomes.

Supporting attractions: Supporting attractions act as secondary motivators for tourists to travel to your area “from away” (e.g. Boldt Castle in the Thousands Islands).

Target market area: The geographical area that an operator is targeting (i.e. Toronto, Province of Quebec, USA, China)

Tourism economic generators: A tourism resource that generates visitor traffic.

Tourism market segments: The segmentation of the tourism industry, globally, into a number of distinct markets that assist operators in developing targeted products (i.e. aboriginal tourism, culinary tourism, spa tourism).

Tourist-serving facility: Tourist serving facilities do not typically act as motivators for tourists to travel to your area “from away”, but provide services and facilities to make the visits by non-residents more comfortable or pleasant. Tourist serving facilities (i.e. hotels, restaurants) typically serve the local population and business traffic as well as tourists.

Tourism resources: A tourism resource can be natural (i.e. beaches, lakes, mountains, caves), or built/managed (i.e. antique shops, shipwrecks, Conservation area, motels)

VFR: Visiting friends and relatives.

⁶ Many of these terms and their definition have been taken from the Ministry of Tourism and Recreation *Premier-ranked Tourist Destinations: A Self-guided Workbook*

Hotel and Meeting/Convention Terminology⁷

Accommodation: includes hotels, motels, hostels, convention centres, B&Bs, campgrounds, cabins, resorts, lodges, etc.

Average Daily Rate (ADR): Room revenue divided by rooms sold. Also sometimes referred to as Average Daily Rate per Occupied Room.

License/lease agreements: Documents identifying the services, responsibilities and expectations of owners/operators of meeting/convention facilities.

Occupancy rate: Rooms sold divided by rooms available as a percentage. The number of room-nights sold in a year, divided by the total number of available room nights, times 100. In a 100-room hotel/motel, if 20,000 room nights in a total have been sold in one year, its occupancy rate for that year is 54.5%

Peak night usage: The night(s) within a block of time when all/most of the group's/event's participants stay at the hotel/motel.

Rack rate: Posted room rental rate in a hotel/motel.

RevPAR (Revenue Per Available Room) – which is often utilized as a primary statistic indicating the overall financial performance of an accommodation property. RevPAR is calculated by dividing room revenue by rooms available. A close approximation can be arrived at by multiplying the ADR times the occupancy rate (or percentage of rooms sold). RevPAR does not include revenue from other hotel services or facilities. RevPAR is often used in quick rules of thumb calculations of hotel values.

Room nights: The number of times rooms in a hotel/motel have been sold. Each room provides 365 available room nights per year. A 100-room hotel therefore, has an 36,500 room-nights available annually.

Room rate: Rental rate of meeting rooms and/or convention space.

Surcharges: Additional charges for arranging a meeting room/convention as a “classroom” rather than “theatre” or “board room” styles (note pads, pens, linens, screens, and other such products and services vary from one style to another).

Scheduling policies: Refer to priorities given to meetings and conventions based on the number of participants, type, costs, local, national, or international events.

Vacancy rate: Occupancy rate deducted from 100%. In the above example, the vacancy rate would be 45.5%.

Wash factor: It refers to dilution/loss of revenue when a block of rooms has been reserved but not all are ultimately sold due to no-shows and/or last-minute cancellations.

⁷ Smith Travel Research provides a more complete glossary of terms at <http://www.smithtravelresearch.com/SmithTravelResearch/misc/GlossaryAds.aspx>. The other recognized industry source of information is PKF: <http://www.pkfc.com/en/>

Appendix 2: Engaging the Services of a Consultant

The Introduction to this workbook provided information on when to hire a consultant. Completing the templates of this workbook properly is a time intensive process – and is a process that most consultants will follow closely. Should your community decide to engage the services of a consultant you may use the content of this workbook to describe the outcomes and tasks you expect of the consultant.

In hiring a consultant, please consider the following:

- If the first sections of this workbook have been completed, provide them, or access to them;
- Specify what your expectations of the consultant are:
 - A report;
 - What is to be included in the report;
 - Number and location of stakeholder meetings consultant is expected to attend;
 - What the community will provide or do (organize logistics of meeting, supply information, etc.).
- Request that each consultant provide:
 - the qualifications of the firm;
 - the qualifications of the specific consultants to be assigned, and their respective roles in completing the work;
 - experience with similar assignments and references for those assignments;
 - methodology.

For more specific information on hiring consultants, please refer to:

http://www.reddi.gov.on.ca/track_consultant.htm and
<http://www.omafra.gov.on.ca/english/rural/facts/98-053.htm>

Appendix 3: Resources

Federal Government

www.industrycanada.gc.ca

www.strategis.ic.gc.ca

www.corporate.canada.ca

Provincial Government

Tourism Investment in Ontario

<http://www.2ontario.com/tourism/home.asp>

Ministry of Tourism

<http://www.tourism.gov.on.ca>

Investment and Development Office

<http://www.tourism.gov.on.ca/english/ido/index.html>

Tourism Inc.

http://www.tourism.gov.on.ca/english/IDO/tourism_inc.htm

Ontario Ministry of Government Services

<http://www.mgs.gov.on.ca>

Ministry of Northern Development and Mines

http://www.mndm.gov.on.ca/MNDM/nordev/redb/resources_e.asp

Various Tourism Organizations

Canadian Tourism Commission

<http://www.corporate.canada.travel/en/ca/index.html>

Ontario Tourism Marketing Partnership Corporation

<http://www.tourismpartners.com/TcisCtrl?site=partners&key1=home&language=EN>

The Travel Industry Council of Ontario (TICO)

<http://www.tico.on.ca>

The Canada Ontario Business Service Centre

<http://www.cbcs.org/ontario>

Various Tools and Guides

Premier-ranked Tourist Destinations – A Self-guided Workbook:

<http://www.premier-ranked.ca/2004/login.php>

Making the Case for Tourism – A Toolkit:

[http://www.tourism.gov.on.ca/english/IDO/mtcweb/Part1-Introduction_to_the%20 Toolkit.pdf](http://www.tourism.gov.on.ca/english/IDO/mtcweb/Part1-Introduction_to_the%20Toolkit.pdf)

Pageantry Template Resource Manual:

http://www.tourism.gov.on.ca/english/IDO/IDO_images/pageantry.pdf

Sport Tourism Planning Template:

http://www.tourism.gov.on.ca/english/IDO/IDO_images/csta-template.pdf

Partnering for the Future – Public-Private Partnerships in Tourism Development:

<http://www.tourism.gov.on.ca/english/IDO/PPPs%20in%20Tourism%20.pdf>

Francophone Tourism Product Development Guide:

http://www.tourism.gov.on.ca/english/IDO/IDO_images/gdpt_e.pdf

Market Analysis for Horticultural Tourism in Ontario:

http://www.tourism.gov.on.ca/english/IDO/IDO_images/market_analysys_horticulture.pdf

Developing Shore Excursions for Great Lakes Cruises — A Workbook:

http://www.tourism.gov.on.ca/english/IDO/IDO_images/shore_excursions.pdf

The Management Guidelines for Forestry and Resource-Based Tourism:

http://www.tourism.gov.on.ca/english/tourism/rbt_management_guidelines-e.pdf

A Development Manual for a Community-based ATV Tourism Product:

<http://www.atvontario.com/pdf/ATV%20brochure%20Eng.pdf>

Business Planning Guide for Resource-Based Tourism Operators:

http://www.mndm.gov.on.ca/MNDM/nordev/redb/documents/business_planning_guide_e.pdf

Understanding and Attracting the R.V. Tourism Market to Northern Ontario:

<http://www.tourismpartners.com/publications/IndustryResources/RVReport.pdf>

Understanding and Attracting the Motorcycle Tourism Market to Northern Ontario:

<http://www.tourismpartners.com/publications/IndustryResources/MotorcycleTouring.pdf>

First Impressions Community Exchange Team Member's Guide Booklet:

<http://www.reddi.gov.on.ca/firstimpressions.htm>

Defining tomorrow's Tourism Product – Packaging Experiences:

<http://www.tirc.gov.yk.ca/pdf/TommorowsTourismProductPackagingTAMS.pdf>

Ontario Regional Investment Opportunities – Submit your tourism investment opportunity

<http://www.2ontario.com/tourism/regionalinvest.asp>

Research and Statistics

Quarterly reports on the accommodation industry:

http://www.tourism.gov.on.ca/english/research/business_outlook/index.html

Travel patterns of Ontario's Foreign Visitors:

<http://www.tourism.gov.on.ca/english/research/tpofv/index.html>

TAMS survey:

http://www.tourism.gov.on.ca/english/research/travel_activities/index.html

Economic impact model: Ministry of Tourism and Recreation TREIM model:

<http://www.tourism.gov.on.ca/english/research/treim/index.html>

Travel Patterns of Ontario's Foreign Visitors:

<http://www.tourism.gov.on.ca/english/research/tpofv/index.html>

Ministry of Tourism - Tourism Research:

<http://www.tourism.gov.on.ca/english/research/index.html>

Ontario Tourism Network – Misc. Research:

<http://www.ontournet.com/pages/gtlinks4.html>

CTC - Research and Statistics:

http://www.corporate.canada.travel/en/ca/research_statistics/index.html

CTC – Markets:

http://www.corporate.canada.travel/en/ca/markets_products/index.html

Statistics Canada – 2006 Community Profiles

<http://www12.statcan.ca/english/census06/data/profiles/community/Index.cfm?Lang=E>

Appendix 4: Blank Templates

Responsibility Matrix

Phases of the Pre-feasibility Assessment	Templates	Lead Role	Supportive role
1- Concept Articulation	1A		
	1B		
	1C		
	1D		
2- Community Support	2A		
	2B		
	2C		
	2D		
	2E		
	2F		
	2G		
3- Market Analysis	3A		
	3B		
	3C		
	3D		
	3E		
	3F		
	3G		
	3H		
	3I		
	3J		
	3K		
	3L		
	3M		
	3N		
3O			
3P			
4- Location Analysis	4A		
	4B		
	4C		
5- Financial Feasibility	5A		
	5B		
	5C		
	5D		
	5E		
6- Pre-feasibility Conclusions			
7- Next Steps	7C		

Template 1A – Describing the Opportunity

Questions to help articulate the tourism investment opportunity:	Record your answers here:
Briefly, what tourism opportunity is being considered?	
How was this opportunity identified?	
Is this a natural tourism resource? If so, what type?	
Is this a built and/or managed tourism resource? If so, describe:	
Is it some other form of tourism investment opportunity that is not mentioned above?	
Is it a core attraction?	
Is it a supporting attraction?	
Is it a tourist serving facility?	
Where exactly is the investment to be located?	
What facilities, services and/or amenities for visitors will the attraction provide?	

Template 1B – Distinctiveness & Success of Attraction

Describe what makes this opportunity or attraction distinctive	Answer
What is it about this investment or attraction that will make it stand out in the marketplace as unique, superior, and attractive?	
Why would people be attracted to this facility or attraction versus other facilities or attractions?	
Will this investment eventually be described as: a) Basic or average? b) High end? c) World class?	
What are the minimum standards of facility and service currently expected by patrons, visitors/tourists to this type of facility?	
What are the key strengths of the proposed attraction?	
What are the key weaknesses of the proposed attraction?	
What are the key success factors?	

Template 1C – Preliminary Customer/Tourist Profile

Questions to help describe the expected customer/tourist profile	Answer
<p>Who will come to this attraction?</p> <p>What are the characteristics of the people that will be attracted?</p>	
<p>Where will they come from?</p>	

Template 1D – Tourism Investment Opportunity Statement

Tourism Investment Opportunity Statement:

Template 2A – Tourism Organizations

Tourism Organizations	Type of support/role

Template 2B – Identification of Community Champions

Name of Community Champion	Type of support/role champion can provide

Template 2C – Identification of Potential Local Investors

Name of Potential Local Investor	Person Assigned to contact Potential Local Investor

Template 2D – Identification of Potential Project Partners

Name of organization	Potential Assistance or Partnership Role

Template 2F – Identification of Neighbors Adjacent or near Potential Site(s)

Subject Site Name/Location:	
Name of Neighbor	Perceived Current Level of Support

Template 3A – Market Segmentation

Market Segment	Escapists (looking to getaway)	Indulgers (want pampering/ luxury)	Learners (want learning & enrichment)	In Transit (stopping while en route to another destination)	VFR (here visiting friends & relatives)	Other	% Share
Teenagers							
Families							
Seniors							
Single or two person professional households							
Corporate/ Business							
Government							
Students/ School groups							
Special groups (i.e. sports teams)							
Other:							
Other:							
% Share							

Template 3B – Target Market Areas

Target Areas	Name of Area	Population Total	Distance from Site (km or time)	Estimated % of Visitors from Target Area
Target Area 1				
Target Area 2				
Target Area 3				

Template 3C – Visitor Length of Stay

Is your tourism product opportunity seasonal?

Will attendance vary throughout the year?

If yes, identify peak and low periods:

Peak months:

Low months:

Shoulder season months:

Market Segment	Less than a day	Overnight	A few days	A week or more
Teenagers				
Families				
Seniors				
Single or two person professional households				
Corporate/Business				
Government				
Students/School groups				
Sports Teams or other Special Groups				
Other				

Template 3E – Regional Major Economic Generators

Type	Name	Size (# of employees, tourists or other)
Tourism Economic Generators		
Other Economic Generators		

Template 3F – Current Number of Visitors

Area	2002		2003		2004	
	Total visits	Overnight	Total visits	Overnight	Total visits	Overnight
Local Area						
Target Area 1:						
Target Area 2:						
Target Area 3:						
Total						

Template 3G – Visitor Attendance Projections to the Proposed Project

Area	Estimated attendance per year	Estimated attendance per year (%)
From within the Municipality		
Target Area 1:		
Target Area 2:		
Target Area 3:		
Total		100%

Template 3H – Socio-Demographic Profile

Characteristic		Local Area	Ontario	Target Area 1	Target Area 2	Target Area 3
Total population (%)	under 19 years					
	20-29 years					
	30-49 years					
	50-64 years					
	65-74 years					
	75+ years					
Mother Tongue (%)	1-English					
	2-French					
	3-					
	4-					
	5-					
	All others					
Educational Attainment (%)	Trade/College Diploma					
	University Below Bachelor					
	Univ. with Bachelor or Higher					
Household Size (%)	Single Person					
	Two Persons					
	Three Persons					
	Four+ Persons					
	Average Size (persons)					
Housing (%)	Owned Units					
	Average Value (\$)					
	Rental Units (%)					
	Average Monthly Rent (\$)					
Income	Average Household Income (\$)					
	Median Household Income (\$)					
	Earning More than \$100,000 (%)					
	Low Income Families (%)					
	% Income from Employment					
Employment (%)	Participation Rate					
	Unemployment Rate					
	Employment Rate					
Major Occupations (%)	Primary					
	Manufacturing & Construction					
	Health Care & Education					
	Knowledge-based					
	Hospitality Services					
	Government					
	All others					
	Work within					
	Work outside					

Template 31 – Socio-Demographic Forecasts

Population Segment	Municipal Area			Target Area 1			Target Area 2			Target Area 3		
	2006	2011 (f)	2016 (f)	2006	2011 (f)	2016 (f)	2006	2011 (f)	2016 (f)	2006	2011 (f)	2016 (f)
Total Population												
0-4												
5-9												
10-14												
15-19												
20-24												
25-29												
30-34												
35-39												
40-44												
45-49												
50-54												
55-59												
60-64												
65-69												
70-74												
75-89												
80-84												
85+												
Total Households												
Single Households												
2 Persons Households												
3 Persons + Households												
Average Household Income												
Total Employed												

Template 3L – Analysis of Competition

Name of Competing Tourism Product:	
Question	Answer
What is the organizational type or structure?	
What do they offer?	
What's unique about their product?	
What are the advantages to their clients?	
How successful are they?	
What are their strengths?	
What are their weaknesses?	
How does our product compare to theirs?	
How do our prices compare to theirs?	
Who are their clients?	

Template 3M – Current Supply of Meeting Space

Facility Type	Name of Business	Notes on Quality of meeting rooms	# of Meeting Rooms	Range of Capacity	Maximum Total Capacity
Hotels/Resorts					
Motels					
Community, Sports, Recreational and Other Facilities					
Convention Centres					
Educational Facilities					
Other facilities					

Template 3N – Current Demand for Meeting Space

Source of Demand	Annual Frequency by # of Persons				
	Less than 50	50-100	100-200	200-500	500 +
Corporate/business					
Government					
Family related events					
Sports, cultural, and recreational events					
Political and other special events					
Community organizations					
Other					

Template 30 – Current Supply of Accommodations

Accommodation Type	Name of Accommodation	# of Rooms	Location	Quality Rating
Hotels/Resorts				
Motels				
Bed and Breakfasts				
Youth Hostels				
University dormitories				
YMCA/YWCA				
Camps/ lodges				
Other facilities				

Template 3Q – Local Accommodation Market Performance

Name of Accommodation	Market Served	# of Rooms	ADR		Source of Room Sales			Occupancy Rates: Peak Season		Occupancy Rates: Off-Peak Season		RevPAR
			Off-Peak	Peak	% Tourists	% Business	% Groups/ meetings/ conventions	Week days	Week ends	Week days	Week ends	
Hotel 1												
Hotel 2												
Hotel 3												
Hotel 4												
Motel 1												
Motel 2												
B&B 1												
Other facilities												
Total/Averages		Total Rooms	Avg.	Avg.	Avg.	Avg.	Avg.	Avg.	Avg.	Avg.	Avg.	Avg.

Template 4A – Subject Site Attributes

Subject Site Name/Location:					
Location attributes for this type of tourist investment	Description of Ideal	Importance	Description of Subject Site	Subject Site Rating	Actions that should be taken to improve location attributes
On-Site					
Size and shape of site					
Frontage					
Topography					
Load-bearing capacity of soil					
Geological features					
Ownership of property					
Zoning, Official Plan, or other legal constraints					
Environmental constraints					
Other important site attributes and amenities					

Tourism Investment Pre-Feasibility Assessment: A Community Workbook

Location attributes for this type of tourist investment	Description of Ideal	Importance	Description of Subject Site	Subject Site Rating	Actions that should be taken to improve location attributes
Off-Site					
Access to the site					
Visibility of the site from passerby traffic					
Traffic counts at the site					
Proximity to tourist and other economic generators and tourist serving services					
Location relationship of site to other competing sites/ attractions and the target area					
Availability of utilities to the site					
Surrounding land uses					
Neighbors of site					
Nuisance factors from other nearby uses					
Other					

Template 4B – Transportation Analysis

Transportation Type	Name	Average Daily Traffic Volumes	Distance from Subject Site
Provincial Highways			
County/Regional Highways			
International/ Regional Airports (name three closest)			
Railway Stations			
Inter-city Bus Stations			
Marine/Port facilities			
Other			

Template 4C – Site Improvement Costs

Site or location attribute that requires improvement	Estimated cost of improvements
<i>Improvement 1:</i>	
<i>Improvement 2:</i>	
<i>Improvement 3:</i>	
<i>Improvement 4:</i>	
<i>Improvement 5:</i>	
<i>Improvement 6:</i>	
<i>Improvement 7:</i>	
<i>Improvement 8:</i>	
Total:	\$0.00

Template 5A - Identification of Capital Costs

Hard Costs			
Land acquisition cost	\$	<input type="text"/>	
Site improvement costs (on-site)	\$	<input type="text"/>	
Off-site improvement costs	\$	<input type="text"/>	
Building/facility construction costs	\$	<input type="text"/>	
Fit up costs	\$	<input type="text"/>	
Equipment costs	\$	<input type="text"/>	
Other hard costs	\$	<input type="text"/>	
Total Hard Costs			\$0
Soft Costs			
Legal fees	\$	<input type="text"/>	
Land transfer tax	\$	<input type="text"/>	
Real estate commissions	\$	<input type="text"/>	
Other closing costs	\$	<input type="text"/>	
Architectural, engineering, related fees	\$	<input type="text"/>	
Project/construction management fees	\$	<input type="text"/>	
Franchise costs (if applicable)	\$	<input type="text"/>	
Development fees:	\$	<input type="text"/>	
OP &/or zoning amendment	\$	<input type="text"/>	
Site plan fees	\$	<input type="text"/>	
Building permit	\$	<input type="text"/>	
Development charges	\$	<input type="text"/>	
Other municipal fees	\$	<input type="text"/>	
One time start-up costs	\$	<input type="text"/>	
Working capital	\$	<input type="text"/>	
Other soft costs	\$	<input type="text"/>	
Total Soft Costs			\$0
Total Capital Investment Required			\$0
Source of Capital		% of Total Capital Required	
Total capital required			\$0
Owners equity	<i>Enter % here</i>	<input type="text"/>	\$0
Debt Financing		100	\$0

Template 5B – Debt Financing Calculations

Mortgage Payment Calculator		Monthly Payment	Total Annual Payments
Principal to be financed	\$0		
Amortization (Years)	30.00		
Annual Rate (%)	6.50%	\$0.00	\$0.00

Template 5C – Initial Estimate of Revenues

Assumptions:	1st Year	2nd Year	3rd Year
Number of visitors for profit centre 1:			
Number of visitors for profit centre 2:			
Number of visitors for profit centre 3:			
Number of visitors for profit centre 4:			
Number of visitors for profit centre 5:			
Number of visitors for profit centre 6:			
Revenue/visitor for Profit centre 1		\$	
Revenue/visitor for Profit centre 2		\$	
Revenue/visitor for Profit centre 3		\$	
Revenue/visitor for Profit centre 4		\$	
Revenue/visitor for Profit centre 5		\$	
Revenue/visitor for Profit centre 6		\$	

Revenues	Year 1	Year 2	Year 3
derived from:			
Profit centre 1	\$0	\$0	\$0
Profit centre 2	\$0	\$0	\$0
Profit centre 3	\$0	\$0	\$0
Profit centre 4	\$0	\$0	\$0
Profit centre 5	\$0	\$0	\$0
Profit centre 6	\$0	\$0	\$0
Total Revenue all sources	\$0	\$0	\$0

Template 5D – Initial Estimate of Expenses

Expenses	Year 1	Year 2	Year 3
Profit centre 1			
Cost of goods sold			
Personnel costs			
Administrative costs			
Other costs			
Total costs	\$0	\$0	\$0
Profit centre 2			
Cost of goods sold			
Personnel costs			
Administrative costs			
Other costs			
Total costs	\$0	\$0	\$0
Profit centre 3			
Cost of goods sold			
Personnel costs			
Administrative costs			
Other costs			
Total costs	\$0	\$0	\$0
Profit centre 4			
Cost of goods sold			
Personnel costs			
Administrative costs			
Other costs			
Total costs	\$0	\$0	\$0
Profit centre 5			
Cost of goods sold			
Personnel costs			
Administrative costs			
Other costs			
Total costs	\$0	\$0	\$0
Profit centre 6			
Cost of goods sold			
Personnel costs			
Administrative costs			
Other costs			
Total costs	\$0	\$0	\$0
Maintenance & operating costs			
Mortgage payments	\$0	\$0	\$0
Marketing & Promotion			
Other Expenses			
Total Expenses all sources	\$0	\$0	\$0
Net Earnings (Total Revenue - Total Expenses)	\$0	\$0	\$0

Template 5E – Statement of Operations, Long Term

Revenues	Year	1	2	3	4	5	6	7	8	9	10
Profit centre 1		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 2		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 3		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 4		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 5		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 6		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expenses											
Profit centre 1		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 2		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 3		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 4		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 5		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Profit centre 6		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses/rev. sources		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance & op. costs		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mortgage Payments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Marketing & Promotion		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Earnings		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(Total Revenues - Total Expenses) This template does not account for depreciation or the tax situation of equity investors

Template 7A – Executive Summary

<i>(Write title of tourism Investment opportunity here)</i>
Description of Investment Opportunity: <i>(Write Tourism Investment Opportunity Statement from Section 1):</i>
Location: <i>(address and important attributes of suggested site)</i>
Community Profile: <i>(brief outline of socio-demographic profile and trends, top economic generators, and transportation infrastructure)</i>
Tourism Profile and Outlook: <i>(brief description of profile with current and forecasted numbers)</i>
Target Market(s): <i>(indicate who and from where based on Section 3)</i>
Market Analysis: <i>(indicate current supply and demand)</i>
Competition <i>(indicate main competitors)</i>
Partners: <i>(list important supportive organizations, potential investors and partners)</i>
Constraints: <i>(list the major community support constraints and site constraints)</i>
Financial Feasibility: <i>(provide estimated total costs, revenues, expenses, and net earnings)</i>
Key Contact: <i>(name, telephone, email, fax, website, etc.)</i>