

STEPS TO SUCCESS FOR RURAL ENTREPRENEURS: STARTING AN ECOTOURISM BUSINESS IN ALASKA

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ALASKA SEA GRANT MARINE ADVISORY PROGRAM

SCHOOL OF FISHERIES AND OCEAN SCIENCES

UNIVERSITY OF ALASKA FAIRBANKS

PREPARED FOR

U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION

MARCH 2008



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OTHER TITLES IN THE STEPS TO SUCCESS FOR RURAL ENTREPRENEURS SERIES

- Writing Your Small Business Plan
- Starting a Bed and Breakfast
- Starting a Fish Processing Plant
- Starting a Rural Alaska Lodge
- Starting a Small Rental Business
- Starting a Small Restaurant
- Starting a Small Engine Repair Shop

ACKNOWLEDGEMENTS

We appreciate and acknowledge the editing assistance of Christi Bell, Linda Ketchum, Ann Marbourg, and Will Fisher. Our gratitude also goes to Clemencia Merrill of the Institute of Economic and Social Research for her graphic design support.

We very much appreciate the financial support of our sponsor, the U.S. Department of Commerce Economic Development Administration, who made this project possible. The statements, findings, conclusions, and recommendations are those of the authors and do not necessarily reflect the views of the Economic Development Administration.

Foreword

Many rural Alaskans see tourism as a way to boost the local economy, as well as personal and family income. Ecotourism and its many variations, including nature tourism, adventure tourism, and cultural tourism, is a logical choice for rural tourism start-ups. Many ecotourism business opportunities require relatively little money to start up, place fewer demands on local services and resources, and have less social impact on the community than mass tourism would impose.

No business start-up is easy and ecotourism is no exception. Alaska's short tourist season makes it hard to turn a profit. Transportation and other costs are high. Weather often limits activities. Most rural residents lack experience running tourism businesses and market competition is fierce. It is important for would-be business owners to think through all the factors involved and make informed decisions about whether and how to go into the business.

This manual is intended to provide some basic information on starting and running a rural ecotourism business, and to outline some of the questions to be answered by anyone thinking of going into the business. The information provided comes from the author's more than 11 years of experience running Walrus Islands Expeditions, as well as from other Alaska ecotourism operators and many published sources.

A great deal of information is available to help a new business get started and this manual points the reader to some of them.

The author thanks the staff and volunteers of the Alaska Wilderness Recreation and Tourism Association and many speakers at AWRTA's annual conferences over the years for much of the inspiration and factual content of this text. He also sincerely thanks the following seasoned Alaska ecotourism business owners for reviewing the first draft of this manual and generously offering valuable suggestions:

Bob Dittrick, Wilderness Birding Adventures
Carol Kasza, Arctic Treks
Dan Oberlatz, Alaska Alpine Adventures
Gerry Sanger, Sound Eco Adventures.

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INTRODUCTION

Tourism is big business. By some estimates, it will soon be the world's biggest industry. Around 1.7 million visitors come to Alaska each year. At an average of \$934 per person, they spend more than \$1.5 billion in the state.¹

Most visitors come to Alaska as part of the *mass tourism* industry. The biggest component here is the cruise ship trade, which accounts for about two-thirds of all Alaska tourists. Fewer than ten percent of Alaska's tourists venture off the cruise ship and highway routes to the rural and remoter areas, and only about six percent visit western and northern Alaska.

Though fewer in number, visitors who do come to the Bush tend to spend more money, and they come for different reasons. According to a survey conducted by the state's Office of Economic Development in 2005, the average expenditure by a visitor to rural Alaska is \$1,767. While the most popular activity cited by Alaska tourists overall is shopping, the same survey found that the most popular activities among tourists to rural areas are fishing, wildlife viewing, and enjoying the outdoors and scenic beauty.²

Most rural tourists come for *consumptive* activities like sport fishing and hunting. Those who come for *non-consumptive* recreation, like wildlife viewing, photography, rafting, hiking, and observing local cultures—categories commonly lumped together and called *adventure tourism*, or *ecotourism*—still are quite few in number. This segment has grown rapidly in recent years, and has tremendous potential for further growth.

The purpose of this handbook is to help you think through the issues involved in starting an ecotourism business, and provide some tips for getting started. Based on the experience of others, it tells you how to:

- Describe ecotourism and how it differs from other kinds of tourism
- Identify ecotourism business opportunities in your area
- Recognize the advantages and disadvantages you have in starting a business
- Write a tourism business plan
- Develop a tourism business marketing plan
- Identify the necessary equipment, permits, insurance and more
- Understand how to ensure customer satisfaction
- Know where to go for financing
- Find assistance in developing your tourism business.

¹ Alaska Visitor Statistics Program, State of Alaska Department of Commerce, Community and Economic Development.

² Summarized in Profile of Visitors to Rural Alaska, presentation by Dru Garson, DCCED Office of Economic Development.

If you decide to start an ecotourism business in rural Alaska, you will find many people and organizations standing by to help you work out the details. But the first step is all yours. You need to inform yourself, consider all the factors, and make your decision.



STEP 1 – UNDERSTANDING WHAT ECOTOURISM IS

Ecotourism (short for *ecological tourism*) is a rapidly-growing segment of the global tourism industry. Ecotourism means different things to different people. To some, it is the general term that encompasses **nature-based, adventure, soft adventure**, and **cultural** tourism. We'll explore those terms below.

To others, the term ecotourism means *ecologically sustainable, low impact, culturally sensitive, learning-oriented, and community supporting* tourism. In other words, ecotourism is small-scale, compatible with the environment, educational, and provides benefits to the communities in or close to which it occurs. It is often contrasted with mass tourism.

Sustainable is defined as “meeting the needs of the present without compromising the ability of future generations to meet their needs.” Another view holds that *sustainable tourism* is “travel to natural areas that is beneficial to local economies, respectful of the environment, and sensitive to indigenous cultures.”

Organizations like The International Ecotourism Society (TIES) and Alaska Wilderness Recreation & Tourism Association (AWRTA) publish ecotourism guidelines to which their members are expected to adhere. These guidelines require that businesses billing themselves as ecotourism actually are ecologically sensitive. (See the AWRTA guidelines in Appendix A.)

Some go even further and conduct programs that **certify** tourism businesses as **ecologically sustainable** or **meeting prescribed requirements**. You may have heard of “green star” programs that award coded logos to companies that meet their standards. These logos, printed on certificates or decals incorporated into company brochures and websites, can be used in marketing and advertising. Many operators believe that potential customers select them in part because they are certified eco-friendly. At this writing, AWRTA is piloting its own voluntary eco-certification program, tentatively called Adventure Green Alaska.

Some businesses emphasize their eco-standing by committing to **contribute part of their income** to local communities or to environmental groups, or they offer clients an **opportunity to contribute money** to those causes during their trip. A program conducted by AWRTA is called Dollars a Day for Conservation.

A recent trend is so-called “carbon neutral travel”. Participating operators calculate how much climate-altering carbon dioxide the client released in the course of traveling to and participating in the company's activities. They then provide the client the

opportunity to contribute money to a program (planting trees, for example), which in theory would remove an equal amount of carbon dioxide from the atmosphere.

Although the green star concept hasn't really caught on yet in Alaska tourism, some companies are distinguishing themselves by taking the lead in environmental friendliness. If you're thinking of going into ecotourism, it would pay from the start to think about how to ensure that your operation will meet the definition of the term.

What kinds of ecotourism might succeed in rural Alaska?

The term ecotourism applies both to specific kinds of tourism activities and also to an ecologically sensitive approach to tourism. Here are a few ideas, and you may have others of your own.

- **Nature-based tourism** consists of taking visitors to see, photograph and experience natural features or wildlife. It's sometimes called wildlife viewing or **wildlife tourism**, or **geo-tourism**. Examples are bear viewing, bird watching, and glacier viewing.

Visitor surveys show that tourists come to Alaska to see mountains, glaciers and wildlife. Pristine lakes, rivers, coastlines, and even tundra also can serve as the basis for nature-based tourism businesses.

- **Adventure tourism** usually means activities that include an element of danger but are generally safe, that do not require special training on the part of the clients, and are not so physically difficult that most visitors would be unable to participate. **Extreme** adventure includes more demanding and hazardous activities like mountain climbing.

Adventure usually, but not always, implies non-powered travel. So examples would include hiking, canoeing, kayaking, and river rafting. Sailing, and low-speed motor boat cruises that involve shore hiking probably would be included. Motorized activities, such as ATV and snow machine riding, and jet boating, may be adventure tourism, depending on the way the trips are conducted.

- **Soft adventure** is a step down the ruggedness scale from adventure tourism. It may include some of the same activities, like wildlife and glacier viewing, but travel is by van or bus and overnights are in a hotel or B&B, rather than a tent.
- **Cultural tourism** is another form of ecotourism, and has plenty of potential in rural Alaska. It is also called **heritage** tourism. The 1995 White House Conference on Travel and Tourism defined it as "travel directed toward experiencing the arts, heritage, and special character of the place." Heritage or cultural tourism showcases

“tangible” (material) culture, such as handicrafts, and “intangible” culture such as subsistence activities and native dancing.

It is possible to engage in more than type of ecotourism at a time, but it may help to focus—and base your business identity on—just one to start. It could work against you to try and combine ecotourism with mass tourism or with some kinds of consumptive tourism like hunting, if your potential clientele sees conflicts with ecological tourism principles.

The steps that follow will provide some ideas about how to develop each kind of ecotourism.

What are the different types of rural ecotourism services?

Another way to ask this question is, “What kind of services could you offer to visitors?”

Let’s start with **nature based**, **wildlife tourism** or **geo-tourism**. Here are some examples:

- Wildlife, whale watching or bear viewing guide
- Birding guide
- Transporter (boat, ATV or aircraft) to get nature tourists out into nature
- Angling (especially fly fishing) guide.

What **adventure** or **soft adventure** tourism business could you create?

- River rafting tour
- Kayaking tour
- Mountaineering guide
- Hiking guide
- Small boat tours
- Horse, llama or reindeer packing
- Snow machine or dog sledding guide
- Equipment rental (rafts, ATVs, skiffs, camping gear, etc.).

Ideas for **cultural** or **heritage** tourism:

- Cultural tours and cultural interpretation
- Producing traditional handicrafts
- Demonstrating Native food gathering and preparation
- Conducting dance or musical performances
- Agriculture or subsistence/commercial fishing demonstrations

Services you could offer in **support** of any of the above:

- Lodging (bed & breakfast, lodge, or remote camp)
- Food service
- Transportation (in-town shuttles, remote drop-off and pick-up)
- Equipment maintenance and repair
- Trip planning and booking
- Arts, crafts, books, and souvenir sales.

This is just a partial list. Put yourself in the position of tourists who might want to visit your region and think about what kinds of help or service they might need. You can also ask yourself, what do **you** like to do? What are you interested in? What do you have experience in and knowledge of? If you give this serious thought, you might come up with a good business idea.



STEP 2 – IDENTIFYING ECOTOURISM OPPORTUNITIES IN ALASKA

So you think you want to start a tourism business in rural Alaska? The first question you might ask yourself is, “Why would anyone come here?” To put it another way, “What is the attraction, or mix of attractions, that would draw visitors to this remote, expensive, unfamiliar region or community?”

That’s an important question to answer, because the success of your enterprise depends largely on offering potential visitors an *experience* they can’t get elsewhere, one that is so appealing that they will choose it over all the other options. It’s not enough to say that some other region or village has tourism, so we want it too.

Because of the high costs and high visitor expectations associated with remote Alaska travel, competition includes some of the premium visitor destinations in the world. People who consider visiting rural Alaska could just as easily go to the Russian Arctic, the Galapagos Islands, Costa Rica, East Africa, Thailand, Nepal, or Antarctica instead.

Note the use of the word *experience* above. The traditional model of tourism, and one that still applies to mass tourism, is the visitor sitting passively on boat or bus, watching the scenery go by. But today’s ecotourist expects more—sometimes much more. Quality ecotourism not only involves the tourist in physical activity, it also engages the mind and the emotions. Ecotourists expect to be active, entertained, and informed, and they expect that, in some small way, their lives will be changed.

These experiences need to be based on exceptional attractions that draw visitors to the place. Here is a short list of some of rural Alaska’s special attractions.

Nature-Based Attractions



Photo by Craig Wiese

- *Superlative birding.* Western Alaska, in particular, has nesting grounds and migration corridors for a wide range of migratory birds. The YK Delta, Pribilofs, Aleutians, Alaska Peninsula and other coastal and interior areas are prestige destinations for serious birders.

- *Quality wildlife viewing.* Bear viewing and whale watching are huge industries now, and much of rural Alaska supports other attractive wildlife such as caribou, moose, wolves, walrus, musk ox, whales, fur seals, and other species that can't be seen elsewhere in the country.
- *Mountains and glaciers.* Tidewater glaciers are attractions all on their own. Hiking, skiing, climbing, small boat tours, photography and other activities connect visitors with these features.
- *Trophy sport fishing,* especially catch-and-release. There is particular interest in species which don't occur elsewhere in the country: Arctic grayling, Arctic char, and sheefish, for example.
- *Tundra and permafrost.* Visitors are overwhelmed by the beauty of tundra wildflowers, and stunned by the landscapes of seasonally or perpetually frozen ground. The attention paid by the international news agencies to the issue of global warming focuses new attention on Alaska's north. People want to see Arctic wildlife, such as polar bears, before their predicted disappearance, or they want to see climate-related processes such as melting permafrost and eroding beaches as they occur.

Adventure Attractions

- *Scenic and legendary waterways*—Yukon, Kuskokwim, Copper, Kobuk, Noatak, Koyukuk, Norton Sound or Lake Iliamna or anywhere on the North Slope. Ecotourists earn bragging rights just by going there. Kayaking, rafting, canoeing, and motor boat tours engage visitors in those fabled waters.
- *Sea kayaking* on tidal waters.
- *White water rivers* for adventure rafting and kayaking.
- *Unique landscapes* that can be appreciated by flightseeing, snow machine, ATV, tundra buggy or dog sled travel.

Cultural Attractions

- The Bering Land Bridge international park and related sites
- Remnants of Alaska's prospecting and gold mining history
- Reminders of the trapping, commercial fishing, and fur farming industries, of sub-arctic farming, ranching and homesteading, and other lifestyles unknown in most of America
- Virtually every part of Alaska Native life, including villages, subsistence activities, music and dance, foods, and so on.

Rural Alaska is rich in tourism attractions, although those assets are not evenly distributed, and some regions have less to sell than others. One key to success is to identify attractions in your region or village, and think about ways to make them appealing to visitors.

Challenges to Alaska Rural Ecotourism

The list above points out some very real opportunities in rural Alaska. But the situation is not all rosy. There are some challenges to overcome to be successful.

1. **The high cost of travel.** This isn't news. Air tickets, fuel, vehicle purchase and maintenance, overnight accommodations, restaurant meals—everything associated with traveling costs a lot more in the Bush than elsewhere. For the price of a ticket from one town in western Alaska to another you could fly from America to Europe. There are reasons, of course, but a lot of it has to do with carriers trying to make most of their income in the short summer season.
2. **Weather**, which is highly variable and frequently bad. The Aleutians are the “cradle of storms” and in summer those storms tend to sweep eastward and pummel western and southern Alaska, while the northern and northwestern parts of the state often get hit by weather off the mainland of Siberia and the coast of the Russian Far East. Visitors may be startled by how cold, wet, and windy summer in Alaska can be, and may be unprepared for the disruptions in flights and other transportation.
3. Rural **residents tend to be divided** on the subject of tourism. Some see it as an economic boon to the region and as providing opportunities to residents, while others see it as intrusion on their lives and competition for resources. A tourism entrepreneur who is not sensitive to community attitudes can encounter stiff resistance.
4. **Lack of financial resources.** New businesses usually need a mix of cash and credit to start up and to run until they become profitable, and lack of adequate funds (“under-capitalization”) can stop a new business cold.
5. **Lack of business expertise and managerial skill.** Business management skills can be acquired through formal training or hands-on experience, and many village residents don't have access to either.
6. **Inadequate visitor infrastructure.** Many ecotourism business rely on local providers of transportation, lodging, food service, and supplies, as well as airports, boat ramps or docks, roads, parking areas, sanitation services (restrooms and trash removal), and so on. When these are absent, tourism development may be impeded.
7. **Lack of knowledge of the region** on the part of tourism industry professionals and the traveling public. Much of rural Alaska is “a distant, difficult to reach land” in the minds of many tour agents, as well as visitors. The travelers, who are bombarded with

information and images of popular destinations paid for by the corporations that cater to mass tourism, often are reluctant to take a chance on going somewhere that is not well known.

If you can plan ways to overcome, or at least to operate despite these impediments, you are taking an important step toward developing a successful ecotourism business.



STEP 3 – DECIDING IF ECOTOURISM IS RIGHT FOR YOU

It's up to you to make this decision. Here are some ways to think it through: motivation analysis, personal resources inventory, and SWOT analysis.

What Is Your Motivation?

You probably have more than one reason for starting an ecotourism business. And some motivations may not match the reality of the situation. "To make money" might be your first response. But what do you mean by that? To make a living, enough to support your family, put your kids through college and take vacations in Hawaii? If so, your idea may be a little unrealistic, as few small, rural tourism businesses produce big profits, and those that do needed years to reach profitability. Other employment alternatives may be better for making a living. A rule of thumb is that any new business takes three to five years to become profitable.

Maybe by making money you mean to have a *positive cash flow*, which means taking in more than you spend, and maybe a few thousand dollars (or a few hundred) *net income* would be enough to pay for subsistence-related equipment and costs, finish off your house, or meet some other financial goal. If you make enough to buy a nice boat or truck or if, over the years, you could set aside enough for education expenses or your own retirement, it could be a big advantage.

You might be successful just breaking even if you provide some employment for family and neighbors, bring some cash to the community, and maintain your equipment.

What about other motivations? An active outdoor lifestyle, preserving local history and culture, exposing your kids and neighbors to other cultures, being part of the guiding and tourism fraternity; these are all potential motives.

There's no single right motive, but it is important to understand yours and to establish measures of success. These will help you determine your actions.



Personal Resources Inventory

If you are to succeed you will need certain things, such as:

- An attraction or mix of attractions to draw visitors (see preceding step)
- A clear idea of service(s) you can provide
- A site or general location which you can use
- Cash and access to capital (money for purchases and operating costs)
- Equipment and/or vehicles and/or facilities for conducting your operations
- Means of communication for marketing and contact with clients (phone, email)
- Infrastructure for visitors, such as air strip, lodging, food service that you can use
- Available facilities which are clean, attractive, and comfortable
- A detailed knowledge of the region and its resources.



There are questions you need to ask yourself about your situation:

- Do I enjoy meeting and talking to people?
- Do I like selling my services?
- Am I OK with providing personal service to strangers?
- Do I have, or am I willing to get, detailed knowledge of the topics?
- Do I have the skills to maintain and operate necessary equipment?
- Do I need a steady, predictable income, or can I live with uncertainty?
- Is my family supportive, and can they make the necessary changes in their lives?
- Is my community supportive; will they accept visitors in the village?
- Am I good at bookkeeping and paperwork?
- Am I good at taking care of details?
- Am I willing to do the physical work and put in the long hours?
- Do I like this kind of work well enough to do it day in and day out, all season, for years into the future?
- Would doing this as a business ruin my enjoyment of it?

Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

A SWOT analysis is an excellent tool to help you understand opportunities you can use, and to manage and overcome threats that might otherwise stop you. It's also useful for looking at your competitors and figuring out ways to distinguish yourself from them.

Anyone can use it; it requires no special training. It's simply a matter of filling in the blanks. Just think through the questions and answer as honestly as you can. A good way to think of it is that strengths and weaknesses are factors that are **internal** to you and your business, while opportunities and threats are **external** or factors that you can't control.

Here are some factors you might include in your SWOT analysis:

Strengths:

- Local resident, know the region well
- Have friends, family, neighbors who can help
- Own a suitable field gear, vehicles or boats
- Have plenty of experience in the field doing subsistence activities

Weaknesses

- Lack business and managerial experience
- Don't have much money for start-up
- Don't have required licenses

Opportunities

- Growing interest nationally in wilderness birding
- The state is providing loans, technical assistance, and mentoring
- Receptive (in-bound) agents are looking for new products to sell
- The Euro (currency of the European Union) is strong against the dollar

Threats

- Access to the community is very expensive
- Increased fuel prices are making bush air travel more expensive
- Several new remote birding/wildlife viewing businesses have started up
- Cruise lines, while increasing promotion, are keeping more tours in-house.

These examples are simply an indication of what factors you might need to consider. Take some time to complete the SWOT analysis worksheet on the following page. It will help you decide whether your business idea is realistic, what you have going for you, and what major obstacles you'll have to overcome.



SWOT ANALYSIS WORKSHEET

Strengths:

What useful connections do you have?

What equipment or facilities do you have?

What do you do well?

Opportunities:

What good opportunities do you see?

What trends are improving things for you?

How is your situation improving?

Weaknesses:

What resources do you lack?

What don't you do well?

What skills do you need to get?

Threats:

What is the competition?

What trends are working against you?

What challenges are you facing?



STEP 4 – MARKETING YOUR BUSINESS

For many tourism businesses, the hardest part is attracting enough customers to make the business profitable. “Build it and they will come” usually doesn’t work in the competitive tourism industry, particularly in remote locations where few people ordinarily would visit.

The process of attracting customers is called *marketing*, and it can be complicated, expensive, time-consuming, and frustrating. But it is essential. Every start-up business needs a marketing plan. It helps you figure out how to reach and sell to your customers, to be sure, but it does more.

It helps you define and *position* your business. It forces you to think about your competition and how to distinguish your product from theirs. It helps you think about your pricing. It makes you develop an image or identity that guides your operations.



What is marketing?

It is important to understand what the term *marketing* means. It does not mean sales, although sales is part of marketing. Marketing has several components:

- **Situation analysis** – Deciding who you are as a business and what you want to do and then figuring out how to accomplish it in the marketplace. Determining what image to project on your business card, in your brochure and in your advertising.
- **Market research** – Finding out who your customers are, their characteristics, and what they want. It also includes **competitive analysis** – finding out who your competitors are and what they do well and not so well, and how your business differs from theirs. **Pricing** is often part of market research.
- **Promotion** – PR (public relations) – getting your name out there through the press, community service, “fam” (familiarization) trips, or any other way you can.
- **Advertising** – Usually paid advertising – in newspapers and magazines, radio, TV, travel guides, brochures, and on the Internet.
- **Sales** – Taking bookings, collecting deposits and final payments, issuing Terms and Conditions and refund policies, and so forth.
- Post-season **evaluation** and **follow-up**. This conveys concern about the clients’ satisfaction, provides input for improving the service, and encourages word-of-mouth advertising by past customers.

Could you skip any of these components? Sure, but you would risk overlooking important factors in attracting customers. Could you get someone else to do your marketing for you? Probably not, unless you're big enough to hire a marketing staff (and some of your competitors are), but nobody else knows your business and can represent it as well as you.

Situation Analysis

In an earlier chapter we discussed SWOT analysis, or listing your strengths and weaknesses as well as opportunities and threats. Situation analysis takes this a step further. You need not only to list those factors but identify specific ways you will build on your strengths to take advantage of opportunities and to overcome your weaknesses to avoid or neutralize the threats.

This is where you decide what to call your business and how to phrase your **mission statement** or **defining statement**. In other words, you have to be able to put into (very) few words who you are as a business and what you do. Until you can explain it to yourself, family, and friends, you won't be able to sell it to strangers.

A mission statement sets out in factual language what your intentions are, whereas a defining statement is a brief, bright line that sums up in an attractive way what you can do for your clients.

For example, the mission statement for Joe's Birding Treks might be:



Photo by Craig Wiese

To provide safe, comfortable and informative walking excursions to prime migratory bird nesting and feeding locations in the Yukon Delta by skiff and four-wheeler and lodging visitors in a remote camp with modern conveniences.

Joe's defining statement might be "The Yukon Delta's bird watching experts."

Market Research

Corporations pay millions of dollars for market research that tells them who buys their products and why; who buys competing products and why; what consumers are looking for; how they make their buying decisions; how much they will pay, and so on. You need to do the same thing, only on a smaller scale.

A part of market research is consumer **demographics**. Fortunately, the state's Office of Economic Development and the Alaska Tourism Industry Association have already done some of that research for you. They can tell you where visitors to Alaska come from, what gender and how old they are, how much money they make, how much they spend in Alaska, what they do here, what they enjoy most, and more.

Another part is competitive analysis—that is, understanding who the competition is, what they offer, why people go to them, and what you can do to get some of that business.

It's important to understand that, in this business, the competition isn't just the ecotourism operator in the next village or even on the far side of the state. Your competition is every high-end (expensive), high-quality nature- or culture-based tour operator, anywhere in the world. Your competitive analysis should help you figure out how to convince clients to come to you rather than go to Antarctica, for example, or the Galapagos Islands or East Africa. Believe it or not, there are reasons they would.

Your market research should help you decide on *marketing objectives*; that is, ways of measuring the success of your marketing. In your first year you may simply want someone to come. After that your objectives may be to increase sales by a certain percent, fill in during slow periods, or produce a certain amount of revenue (income).

Pricing simply means deciding how much to charge for your product (in the tourism industry, "product" means what you are selling, which usually is a service and could include guided trips, transportation, lodging, meals, or whatever you offer). But your product may have several components (transportation, lodging, meals), and each could have its own pricing, or it all could be packaged into a single price.

Most businesses have multiple prices; trips may be longer or shorter, including or excluding certain add-ons, and there may be special prices for children, seniors, repeat customers, and so on.

There are two approaches to pricing: 1) decide how much you want to make per client, calculate costs, and then add the two; 2) find out what others are charging for similar products and then charge the same, more, or less, depending on your reasoning. In general, **pricing is not a good way to compete** in the tourism business, for two reasons. One is that if you charge a lower price than a competitor it can give the impression that your product is not as good. The other is that if competing businesses start lowering prices to get a bigger share of customers, they can quickly get into a *price war* and drive down the price to the point that no-one makes a profit.

Most experienced ecotourism operators would advise you to set your price at a level where you can make a profit and then stick with it. Compete on the basis of quality and service.

Along with pricing, market research will help you determine product **placement**, which means getting your product before the right audience. You may want to sell directly to the consumer, that is, the traveler. Or you may want to sell to travel *intermediaries* such as travel agents, tour wholesalers, tour packagers, or even to clubs, organizations, or corporations whose members or employees may become your clients.

There are advantages and disadvantages to both direct sales and intermediaries. The most obvious disadvantage of using agents is that they take a fee or a commission, which typically runs 10 to 25 percent.

Do you want to pay 25 percent of your trip fee to an agent for booking? Probably not, if that client was one who found you through your own advertising. But what if the agent brings you customers who previously had never heard of you? Remember, 75 percent of something is better than 100 percent of nothing.

Promotion

Promotion is every way of getting your business name and product before potential customers other than paid advertising. Promotion can include *publicity* (just getting your name and face out there) and *public relations* (creating a positive image of your business in the eye of the public). Here are some examples:

- Press releases to newspapers, magazines, radio stations
- Sponsorship of community events, public radio, conservation groups, etc.
- Familiarization trips, where you take tour agents or travel writers out on your trip so they know it and can talk or write about it
- Promotional items – pens, mugs, clothing with your company logo
- Public speaking and slide shows
- Brochures, business cards, and “rack cards”

- Magnetic signs on the side of your truck
- Listing in agency websites and service provider directories
- Exhibiting in trade shows.

“Guerilla Marketing”

Some forms of promotion are expensive, some inexpensive, some free. The current buzzword for inexpensive or free promotion is *guerilla marketing* and some people have become experts in it. Guerilla marketing can be described as employing unconventional ways of promoting a business on a very low budget.

There are books on guerilla marketing, also known as *viral marketing*, because word-of-mouth spreads like a virus, and every tourism association conference is sure to have a session on guerilla marketing.

Here are some approaches to guerilla marketing:

- Use your friends, relatives, community, and job connections to spread the word
- Guest-write or ghost-write newspaper travel or magazine columns or articles
- After collecting contact information on clients and persons who make inquiries for a season or two, send information on new products or new descriptions of existing products to the names on that list.
- Use the VIP (very important person) concept and reward past clients with price discounts, special treatment, or gifts like hats and tee shirts with your logo
- Send bulk mail fliers to travel agents
- Set up an “opt-in” email list or password-required website where previous clients can share stories and pictures
- Trade internet website links (more on websites to come)
- Offer cash “finders fees” or other awards to people who refer clients to you.

The only limits to guerilla marketing possibilities are your time, energy, and imagination.

Advertising

No distinct line separates guerilla marketing from advertising, but here we will define advertising as promotion in print (newspaper and magazine) or broadcast (radio and TV) media that you have to pay for. This includes use of the Internet.

Advertising can be expensive. A square inch or two in the back of a national photography or wildlife magazine can cost several hundred dollars *each month*; a half page or full page—several thousand. And most advertising professionals will tell you that a single ad is almost worthless; you need to conduct an *ad campaign* over a period of months or years.

If you consider buying paid advertising, and you almost surely will have to consider it, you need to determine a measure of **ROI**, or return on investment. If you spend \$1,000 on an ad campaign and you can trace \$5,000 worth of bookings to that campaign, then you have an ROI of \$5 per dollar invested. That may sound good but remember that's not profit; you still have all the other costs of your business. Besides, a return of \$5 is probably above average.

To determine your ROI, you need to track the sources of your customers. That can mean simply asking them how they found out about you (you'll be surprised how many can't remember). Or you can use various devices, such as email or mailing addresses or phone numbers that are coded to indicate where the *prospect* (prospective client) got your contact information.

Some magazines have *reader response cards* (known in the industry as "bingo" cards) which prospects fill out by checking boxes next to names of tours they are interested in, and send into the magazine. The publisher's service compiles the inquiries each month and sends you a printout of names and addresses, or sends you sheets of mailing labels with the names and addresses. You then send out your brochure or other promotional materials to those addresses. This makes it easy to keep track of the number of responses to your ads. But bingo cards tend to produce relatively few *conversions* (inquiries that result in purchases), and you may find you're sending out a lot of brochures to college dorms, prison cells, and other locations whose residents are unlikely ever to take your trip.

When buying advertising, the quoted rate usually is for the space (or air time in broadcasting), and you have to supply the content. This can be a significant additional cost if you have to hire someone to make up your ad, but it may be better to pay than to try to do it yourself unless you're already a pro at writing copy and doing layout.

Increasingly, businesses are buying small print ads simply to direct traffic to their websites. The ad needs little more than a catchy phrase (like your defining statement), and attractive photo or logo, and the website address. It's a lot more cost effective to put the content of your advertising into a website than to buy a huge ad to contain it all.

The Internet

The World Wide Web has fundamentally changed marketing, and studies show that 25 to 70 percent of travelers research and book all or parts of their trips on the Web. Many small businesses now devote most of their ad budgets to website design, optimization, and maintenance.

The Web is the great business equalizer; the number of pixels a viewer sees on a page of your website is exactly the same as on General Motors’.

Advantages

- Can be accessed by virtually any computer in the world
- Can be relatively low cost to set up
- Continues to do its job indefinitely rather than for a single day or month
- Can include large quantities of copy (words) and all the photos you want to post
- Can be made interactive and can be used to take bookings
- Can link and be linked to other websites.

Disadvantages

- Immense competition on the Web
- Most users only look at the first few sites that show up on a search
- Viewers scan quickly so they may miss important information
- Searchers must use the correct key words to find your site
- Websites must be maintained and must be supplemented with other kinds of advertising to be effective.

Effective Web advertising is a mixture of art and science. Unless you’re already an Internet techie, you’ll probably want to hire a pro at least to build and optimize your site. Keep in mind, however, that people who know how to create websites don’t necessarily know how to write great advertising copy, and more importantly, don’t necessarily know how to design *effective* websites. There are books, on-line sources, and consultants who can help you make your website work for you.



Here are some factors that make productive websites:

1. **Good site design.** Get your most important information up front, since people spend only a few seconds looking at a site unless it really grabs their interest. Ensure easy site navigation.
2. **Search engine optimization.** Websites only work, because people use search engines to find you, so your site has to be built correctly and include the right key words, page titles, and links to make it rank highly with the main search engines. The search engines change their ranking criteria from time to time so the optimization must be renewed at least yearly. Use links to other sites, but learn to use them correctly.
3. **Web analytics.** You can hire services that analyze your site and tell you how many “hits” your site is getting, where (what search engines) they are coming

from, what key words are drawing the hits, and so on. Most servers also provide an analysis if you learn how to use them.

4. **Great copy.** Define your service, state its location, highlight testimonials that indicate you are safe and know what you're doing. Use simple, clear language and leave out buzzwords. Provide what the customer wants to know. Develop a personality in the site and speak directly to the prospective customer. Put the reader into the experience rather than just list what you offer. Include a call to action (ask the reader to buy now). Be sure that the site tells the reader how to reach you by email, postal service, phone, and fax.

There is a great deal more to Internet advertising than can be covered here. Read up on it, talk to others in the business, or hire a consultant to help.

Sales

If you're lucky, your marketing efforts to this point will result in some people coming to you and actually buying your product. This can occur in several ways, and it's important to treat this step as carefully as all the others.

First, before taking your client's money, you should provide a statement of "Terms and Conditions." This is usually a one-page document stating what you provide and don't provide, when deposits and final payment are due, what your refund policy is, and so on. Take a look at the terms and conditions of other operators to see what they include.

You may want to recommend travel cancellation insurance, and you may want to warn prospects of potential physical demands or discomforts so that if they know they aren't up to your activities they can back off before money is exchanged and feelings hurt.

You may also want to include a *liability release* or *informed consent* form, which normally is signed by the client. The informed consent simply tells clients of the possible dangers so that they can't claim they didn't know, and so they can prepare with exercise and good equipment.

The liability release is a legal document in which, by signing, clients declare that if they get hurt, killed, or otherwise inconvenienced, they will not hold you *liable* (that is, they won't sue you for damages). Some people may refuse to sign, and you can refuse to take them on your trip. A good liability release reduces the chance of being sued, lowers the chance a suit would be successful, and lowers the award if a court rules against you. You may want to seek legal advice in developing these recommended documents.

Some insurance companies now require releases. A liability release doesn't protect you from lawsuits; you still need liability insurance. See a later section on insurance.

Here are some other issues pertaining to making sales:

- Payment – Well, there's cash, check, money order, or credit card.

Visitors coming from outside the country may pay with bank wire transfer, because it is faster, more secure, and cheaper than checks and money orders. However, to receive a bank transfer, you have to provide confidential account information so be sure you know who you're dealing with before sending them account codes.

Travel agents and tour packagers sometimes send *vouchers* which are like printed tickets or work orders, and you have to send them back to the agent for payment. Be sure to keep copies.

Most tour operators demand a deposit (10 to 15 percent) at time of booking, and the remainder within so many days of booking, or within so many days of the start of the trip.

The traveling (and buying) public has come to expect to use credit cards for all purposes, including making payments at remote locations. The cost of setting up to process credit card transactions (called a *merchant account*) may be more than your start-up business can justify; if so you need to **inform your clients ahead of time**. Otherwise you may have clients who show up with a card and no cash and there isn't much you can do but hope they pay you when they get home. Some don't.

Also be leery of taking checks, especially foreign checks, on site. It's fine to take checks if there is enough time for them to clear before your trip starts, but foreign checks can take weeks. Tourists who would cheat you are pretty rare, but there are some out there.

Be sure to provide or at least have handy receipt forms. Many people don't take them, but some need them for personal accounting or tax purposes.

The way you take people's money can tell them a lot about your personality, professionalism, and the quality of your business. Be businesslike but don't appear greedy, and at all times be gracious, polite, and appreciative. Your clients worked hard for that money, and you will too, but let them know you're glad they chose to spend part of their vacation with you.

Some clients leave generous tips at the end of a trip. Others leave nothing, and it's not an indication of how well they thought you did; some people only tip low-paid help and not business owners, so don't take offense. Some will leave a large tip with

the owner or chief of the workers with the expectation that it will be shared among all the employees.

See Step 10, Customer Satisfaction, to ensure that customers leave happy.

- **Scheduling** – Be sure your schedules are clear and understood by everyone and adhere to them. Visitors to remote ecotour destinations may be in the middle of a long, complicated travel plan, and delays or schedule changes can be very upsetting and expensive for them.

Publishing schedules on your website can help lure singles or couples who can fill out a trip that's mostly booked by other parties.

Get contact information for every client for the days prior to their arrival so that you can alert them as early as possible if you can foresee schedule changes due to weather, equipment breakdowns or other problems.

- **Taxes and Fees** – Some businesses advertise a price and then add fees (fuel surcharge, airport fees, land use fees, etc.) on top at the time of sale. This is pretty annoying to the public, but the seasoned traveler is used to it. It's best to quote all-inclusive prices, although that may make your product look more expensive than a competitor's.

Local sales tax may be included in the advertised price or may be added at the time of sale. Other taxes and fees, such as income tax, vehicle registration, launching ramp fees, and agents' commissions come out of the business' *gross receipts* (total income) and are not charged to the customer.

- **Commissions** – As stated above, travel agents and tour packagers make their money by putting buyer and seller together. Commissions can be as little as 10% for a domestic travel agency to 20-25% to an overseas tour wholesaler.

Ethically, an agent should either charge the client your advertised price and then pay that amount to you minus their commission, or charge the client a package price that includes the agent's fee for service and pay you your advertised price. Some, however, charge a fee and deduct a commission. This raises the total price of your trip, making it less attractive to prospects, returns less to you, and makes it look to the client like you're making more than you are. There is little you can do about this other than negotiate commissions.

Keep in mind that some trip sales may occur three times: an overseas broker advertises in Europe, for example, and sells your tour to a client there. After taking a commission, that broker sends payment to a U.S. or Alaska packager who maybe puts together in-country flights, lay-over lodging, airport transfers and so on, and takes another commission, and then sends you the remainder of the payment to conduct the tour. So you are essentially paying for the services of both agencies, as well as a portion of the cost of their web advertising, travel show exhibits, and expensive full-color catalogs. Your choice is to pay or do without their business.

Post-Season Evaluation and Follow-Up

It's great to see satisfied clients get on the plane and depart and not have to worry about them anymore. But, increasingly, ecotour businesses are following up with past clients weeks and even years later. Some send out trip evaluation forms. They ask a few questions with a check box system that allows the recipient to indicate how pleased or displeased they were with various aspects of the tour. If well designed, they help you identify strengths and weaknesses in your program so you can improve the product.

The questionnaire also expresses concern for the client's satisfaction and reminds them of their trip to encourage word-of-mouth referral.

Many operators go beyond evaluation forms. They might target past clients by:

- Sending personalized Christmas cards or greetings on birthdays
- Sending photos or CDs of photos of the clients on the tour
- Requesting written comments, which they then use in their advertising
- Entering them in drawings or raffles for prizes that may include more tours
- Sending them ads for VIP rates, companion rates, or finders fees for more clients
- Putting them on a print or email list for a regular on-going newsletter
- Giving them small gifts
- Referring them to other tour operators with similar tours.



Photo by Craig Wiese

A good move is to include a schedule for the coming season with any correspondence sent to previous clients; this often leads to repeats or referrals. There can be a fine line, however, between expressing concern and friendship for past clients, and blatant self-promotion.

A delicate issue can be the question of sharing client lists with other operators. In some cases, you are doing past clients a favor by putting them in touch with another operator who runs a similar tour in a different location. But people tend to be sensitive about having their contact information passed around. In general, it's better to tell your clients about other operators than to give other operators information about your clients.

Whether or not you conduct post-season follow-up, you may be surprised at how many past clients will write you, send you photos, even gifts, sometimes years after their tour with you. It's this kind of personal contact that can make the ecotourism business rewarding even if profits are modest at best. Just be sure to reply, quickly and graciously, to any correspondence from past clients. They are your best marketing tool.



STEP 5 – UNDERSTANDING LEGAL REQUIREMENTS

Ecotourism business operators must meet many requirements imposed by local, state and federal government agencies. Some of these agencies are tasked with ensuring the **safety and well-being** of the traveling public. Others are responsible for **protecting the wildlife and lands**. Some simply keep track of who is doing what and **ensuring that businesses pay** required fees and taxes.

Which agencies you need to satisfy depends on exactly what your business does.

Categories of legal requirements include:

- Business license
- Licensing and equipment requirements pertaining to providing transportation
- Licenses, permits, and registrations for particular guide activities
- Land use permitting
- Requirements pertaining to employers
- Licensing and inspections pertaining to lodging and food service
- Liability insurance, first aid training, and other qualifications for some of the licenses and permits listed above.

Alaska Business License

Every business in the state of Alaska (except commercial fishing businesses operating with a limited entry or interim use permit) must have a state business license, which is issued by the Dept. of Commerce Community and Economic Development (DCCED). Price currently is \$100 for one year or \$200 for two years. The application is available on-line at www.businesslicense.alaska.gov, and you can get more detailed information by email at License@commerce.state.ak.us or by phone from the Juneau office at 907-465-2550 or Anchorage office at 907-269-8173.

There are some tricks to getting a business license. You need to provide a business name (be sure it's not already owned by someone else—there is a registry you can check) and the type of ownership. Then you need to provide an NAICS business code. Follow the links on the website for the list of occupations and codes. It can be a perplexing task to find the right one, but here are some hints:

- Tourist guide and fishing guide – 713990
- Charter boat operator – 487210
- Scenic & sightseeing water transportation – 487210

- Scenic & sightseeing land transportation (bus, van, snow machine, etc.) – 487110
- Inland passenger (boat) transportation – 483212 and
- Coastal transportation – 483114
- Bed & Breakfast operator – 72119

The trick is to find the correct general business category (the first two digits of the code) and then scroll down to the description that best matches your business.

Note: Sport fishing guide and tourist guide both are 713990, as are many other recreation and entertainment related occupational categories. Unfortunately, so is hunting guide, and that is a professional category that requires separate certification, so the on-line license service will not accept an application for that code. You have to apply in person or by mail.

You need a separate business license for each category of business, so if you have a B&B, transport the general public to and from the airport in a van, and guide clients on wildlife watching tours, you will need three business licenses.

Transportation Licenses and Permits

Government agencies strictly regulate industries that transport people. You know, for example, that to carry paying passengers in an airplane, you need a commercial pilot's license (aircraft-related business is not covered in this manual); if you drive a bus, you need a **commercial driver's license (CDL)**. See the CDL section below.

If you want to carry paying passengers in a motor-powered boat on the sea or on certain lakes and rivers you need a **license issued by the U.S. Coast Guard**. In addition you must pass a drug test and be enrolled in a **random drug testing program**. Your boat must carry **certain safety equipment**, some of which is different from what's required for recreational and commercial fishing vessels.

You don't need a Coast Guard license to operate non-powered boats (canoes, kayaks, river rafts), nor for snow machines, four wheelers, dog sleds, horses, alpacas or reindeer.

See Appendix C for more information on boat operator licenses.

Commercial Drivers License (CDL)

If, in your business, you drive a bus capable of carrying more than 15 people (including driver), or if you drive large vehicles (over 26,000 lbs. gross vehicle weight) with or without a trailer, you need an Alaska CDL. If carrying passengers, you also need a passenger endorsement on the license.

To qualify for a CDL, you must be 18 years old, obtain a medical clearance, provide proof of Social Security card, have a valid medical card, pass a driving background check, and pass road, vision, and written tests. The basic fee for a CDL is \$100. No specific training is required, but you may take a course, and it's probably necessary to study a commercial driver manual to pass the written test.

Licenses, Permits, and Registrations for Guide Activities

In Alaska, guiding is a relatively unregulated occupation. There is one exception: big game hunting. Big game guides must work their way up through the ranks of Assistant Guide, Class-A Assistant Guide, Registered Guide-Outfitter and Master Guide-Outfitter, with a combination of years of field experience, testing, and recommendations. This manual does not discuss hunting guides.

There is no license or permit requirement for cultural, wildlife, birding, or sightseeing guides, other than the state business license mentioned above and any local business license requirements (see later in this chapter.) However, there may be permits required to conduct commercial guiding on federal, state, or private lands. See the following section on land-use permits.

All sport fishing guide businesses and sport fishing guides must obtain an annual license from the Alaska Department of Fish and Game (ADFG). The department issues two classes of license:

- **Sport Fishing Guide Business License** – is issued to businesses that provide sport fishing guide services. To qualify, the business must have an Alaska business license, a current sport fishing logbook (see below), and liability insurance in the amount of at least \$100,000 per incident and \$300,000 total per year. The business also must provide all guides copies of its business license and must ensure that guides correctly fill out logbooks.
- **Sport Fishing Guide License** – is issued to an individual guide who has a current Alaska sport fish license (and king salmon stamp if applicable), a current Coast Guard license, if required, a current first aid card, and citizenship of the U.S., Canada or Mexico.

In the field, the guide must carry his/her fishing license, a copy of the employer's sport fishing business license, a current sport fishing guide license, and a legal photo identification card.

Assistants, deckhands, and others who work on the same vessel and under direct supervision of a fishing guide do not need a sport fishing guide license.

A guide who owns his/her own business can get a combined guide/business license. Fees for the business license and the combined license are \$100 and for guide license is \$50.

The guide license must either also have a Sport Fishing Guide Business License or work for someone who does.

Note: At this writing ADFG is considering establishing a limited entry program for sport fishing guides. This could limit opportunities for new guides in the future, but no such program currently is in effect.

- **Vessel Requirements** – All vessels used for guided sport fishing (including charter boats) in either fresh or salt water must be registered with ADFG. This registration is free. A Commercial Fisheries Entry Commission (CFEC) registration is no longer required for guided sport fishing boats unless they are also used in commercial fisheries. Vessels become registered when the operator obtains a logbook.

To qualify, the vessel must have an AK number (be registered with the Department of Motor Vehicles) or a current vessel documentation certificate. ADFG issues a set of decals which must be prominently displayed on each side of the vessel.

- **Sport Fishing Logbook** – Separate logbooks are required for saltwater and freshwater guided sport fishing activities. It is the business owner's responsibility to obtain the logbook and ensure it is correctly filled out and submitted in a timely manner. It is the guide's job to fill it out each day. It calls for information on which vessel was used, the amount of fishing effort and catch, and location of the fishing. Requirements for obtaining the logbook include vessel registration or documentation number and ADFG guide business license.

Land Use Permits

All lands in Alaska are owned and managed by one of the following:

- Federal government - national wildlife refuges, national parks and preserves, national forests, and some lands not in protected status but managed by the Bureau of Land Management.
- State government – state sanctuaries, refuges, ranges and critical habitat areas (managed by ADFG), state parks, and other state lands managed by the Department of Natural Resources (DNR)
- Private owners – including individuals, Native allotment holders, Native corporations, and other corporations.

Commercial activities such as ecotourism and sport fish guiding are allowed on nearly all of these lands, but, in most cases, some form of permit is required. The regulations for conducting commercial operations often are quite different from those pertaining to personal recreational or subsistence use.

On some lands the managing agency or owner issues permits to anyone who applies and charges nominal fees. On others, there are complicated processes for allocating permits, including competitive bidding and steeper fee schedules.

In some cases the waters are considered to be part of the land and are managed by the same agency, and in others the manager of the *uplands* (usually defined as above mean high water) has no authority over the waterway or even the beach below the vegetation line.

It is important to know who owns and/or manages the lands where you want to operate and to be sure you have legal permission to do so. A guide who operates on lands without permission could be charged with criminal trespass and could lose all guiding privileges on those lands in the future. If in doubt, check with the local refuge office, Native corporation lands manager, or other authority who can determine ownership and explain permitting rules.

Federal lands – National parks, park preserves, wildlife refuges, and national forests all have some form of commercial use or *concessionaire* permit system. Generally, guiding of *non-consumptive* activities (that is, other than fishing and hunting) is open to all qualified operators, but there may be a complicated application process and both application and daily use fees.

Applicants may be required, for example, to provide copies of other licenses (business, Coast Guard, pilot's, etc.), current first aid/CPR cards, proof of insurance, registration numbers of all vessels, vehicles and aircraft used in the business, and so on.

In some cases limits are placed on the number of persons or units (like boats or rafts) allowed in an area at a time. Permit holders are generally required to file season-end reports on their activities. Additional terms of permits may include removal of all equipment and supplies and general cleanup of the camping or other sites they use.

Guided sport fishing on some refuges is allowed only under terms of multi-year permits that are issued on the basis of competitive bids.

Prospective guides need to check with unit managers early enough that they can meet all the application requirements well before the start of the season. Since there are many federal parks, forests, refuges, monuments, and reserves in Alaska, contact

information is not listed here. When you get the name of the federal unit where you want to work, either go to the local office or do an Internet search for contact information and inquire directly with the unit manager.

State lands – Alaska State Parks has its own commercial use permit system and anyone interested in operating in one of the parks should contact State Parks directly. Other lands are managed by DNR's Division of Mining, Land & Water (DMLW) or co-managed by DMLW and ADFG in the case of sanctuaries, refuges, ranges and critical habitat areas. ADFG establishes, in some cases through the Board of Game, use and access regulations, but DMLW writes commercial day use registration and land use permits for commercial operations.

- *Commercial Recreation Day Use Registration* is required of all commercial operators who conduct day use only of state lands, including tidelands and beaches below high water. Applicants must indicate Game Management Units/Subunits where the use occurs and estimate the number of clients per day and season. Paper application fee is \$50, and on-line application fee is \$25. Full information is at www.dnr.state.ak.us/mlw/commrec.
- *Commercial Recreation Permits* are issued for short-term portable (camping) operations and allow continuous occupancy of a site for up to 14 consecutive days, after which the camp must be moved at least two miles away. Numerous conditions apply. The fee is \$500 for a permit authorizing use over six months of the year and \$1,000 for use over all 12 months. In addition, there is a \$2/person visitor day fee. Liability insurance and a performance guarantee may be required on a case-by-case basis.
- *Land Use Permits* involve a more complex applicant and issuance process, and authorize the permit-holder to keep long-term base camps on state land, which may include tent platforms, wall tents, outhouses, cache boxes and such. Fees are also \$500 for six months and \$1,000 for year-around occupation, plus a \$100 filing fee, \$2 per day visitor-day fee, and there is also a \$250 cache fee for year-around storage of goods at a six-month permit site. Liability insurance coverage is required.

DMLW says that Commercial Day Use Registration and Commercial Recreation Permits can be issued same day that applications are received. Processing of Land Use Permit applications may require 90 days for review and issuance. Permits may be issued for up to five years. Further information on the permitting process is available at www.dnr.state.ak.us/mlw - click on Permits or on Factsheets and then on Permits for Commercial Recreation Activity.

Private Landowners – Much of the high-value recreation land, particularly on lakes, streams, rivers, and bays in western Alaska, is held by individual allotment holders or Native corporations and village corporations. Some property owners prohibit commercial use on their lands, and others issue leases. Check with local owners for details. Be especially careful not to trespass on private *inholdings* such as Native allotments without permission of the owner.

See Appendix D for Alaska DNR web links.

Employment

If you hire employees to work in your ecotourism guide business, you take on the responsibility to meet many requirements under state and federal law – even if your employees are part-time or work only occasionally.

For example, you must comply with:

- Equal Opportunity laws
- Worker’s Compensation requirements
- Labor standards and wage and hour pay requirements
- Occupational Safety and Health standards
- Unemployment Insurance requirements

In addition you are responsible for unemployment insurance tax, reporting wages, and withholding and paying income taxes.

The best source for information on all these issues is **Alaska Employer Resource Manual** which is available at <http://jobs.alaska.gov/handbook/AERM.pdf>.

Lodging and Food Service

This manual does not address the specifics of lodging and food service. Both are highly regulated industries. If your guiding business also includes providing lodging or feeding clients other than lunches in the field, study the companion handbook in this series, *Starting a Lodge in Rural Alaska*.

Americans with Disabilities Act

The ADA is a federal law that requires that “public accommodations” be accessible to all persons, regardless of handicap. Public accommodations include most forms of lodging, food service, transportation, and facilities that provide access to them that are open to the public. Handicap includes physical and mental handicap and includes conditions such as diminished ability to see or hear.

Some familiar results of the ADA include wheelchair ramps to building entrances, handicap parking spaces, and bathroom stalls with handhold bars. But the ADA is far reaching and can be applied to virtually every aspect of business. The law requires businesses to remove “barriers” that prevent access by people with handicaps.

The act allows you to use measures that are “readily achievable” to make older buildings and facilities more accessible; the standards are higher for new construction, and alterations.

A committee of the federal access board for some years has been drafting and revising specific accessibility standards for vessels and boat loading facilities. Other committees have developed guidelines for buildings and other facilities.

ADA enforcement usually comes when a person feels he or she has been denied access to a facility or activity because of handicap and files a complaint. So far, relatively few ADA enforcement actions have occurred in remote locations, simply because relatively few people with handicaps select those kinds of activities, and those who do go are prepared to overcome the challenges. However, the law applies whether there have been previous complaints or not.

Business owners are advised to go to the U.S. Department of Justice ADA website at <http://www.usdoj.gov/crt/ada/> or call their information line at 1-800-514-0301 for more details about ADA compliance. You may also find information that pertains to your kind of business at the Small Business Administration, libraries, charter boat associations, ecotourism associations or other sources.



STEP 6 – DETERMINING EQUIPMENT AND OTHER SUPPORT NEEDS

For many ecotourism businesses, buying equipment is the biggest start-up expense. You might need a boat, truck, cabin, ATV, snow machine or camping gear for use on the tour in the field. In addition, you might need a new computer, a printer, binoculars, a good digital camera, and so on.

Resist the temptation to buy all your equipment up front because this could use up your cash and leave you without enough operating funds. **Conserving cash is one of the keys to surviving your early years in business.**

Before you figure out *how* to get what you need, you should determine *what* you really need and what you just want.

Making a Capital Goods Assessment

Capital goods are things that cost capital (a lot of money) to buy and which presumably will last at least a few years. A truck is a capital good, a tank of gas to run it isn't.

Start by making a list of all the things you might need to run your business. List everything from a warehouse down to pots and pans if they apply. Take your time and be thorough.

Now, check off everything that you already have that's in useable condition. If it works, check it, even if it's old. We'll come back to that later.

Next, take the items remaining on the list and rank them:

1. Absolutely can't do without
2. Necessary, but I could get started without
3. Desirable but not necessary.

The items listed under #3 you can put aside until you've closely calculated your available money and run through your operating plan carefully or, better yet, have some operating experience.

Focus your planning on items under #1 and #2.

Buying What You Need

Now, for each of those items, think about where you could get one to use, at least temporarily. Could you borrow from friends or family? Could you rent, or trade something you have, or offer something else for its use?

If not, you have these options:

- Pay cash from your own resources
- Finance through the seller or by use of a credit card
- Take out a personal loan
- Take out a business loan

The last three entail paying interest to the lender (unless you pay off your credit card bill with the first payment), and those interest charges will eat deeply into your business income.

Taking a loan brings the risk of failure to make payments, which can ruin your credit record and can cost you not only the items you bought with the loan, but other assets you may have pledged to the lender as collateral.

Paying cash has costs, too. First, it reduces your *liquidity* (amount of money you have available to meet unanticipated expenses) and your operating funds. It increases the risk that you'll either fail outright or will be forced to borrow at high interest rates. It also takes money out of savings or investments where it could be earning interest or dividends.

Once you decide how to finance your purchase, you can begin shopping. It pays to shop around. You may find a difference of as much as 30 percent from one dealer to the next for the same item.

In rural Alaska a lot of purchasing is from catalogs, and prices between catalogs tend to be similar. You may receive “bargain” or “sale” catalogs with apparently discounted prices, but you have to compare closely to ensure you're really getting a bargain.

“Commercial” Pricing

Many equipment and gear dealers have several price categories, and, as a commercial operator, you may qualify for unpublished prices 30 to 40 percent lower than the full retail listed in the catalogs or showrooms. It never hurts to ask for the “commercial” or “guide” price when shopping for equipment and field gear. It's good to have a business card, letterhead stationery, or brochure to back up your claim that you represent a business.

You may even be able to establish a commercial account for buying groceries and other consumables at a discount.

Dealers of expensive items, like trucks and boats, have an incentive to make you a deal to get your business. Get quotes from several dealers and try to get each to beat the best price of the others.

Just be sure you have cash or financing arranged. Otherwise the dealership may try to incorporate financing into the negotiation and this reduces your bargaining power.

Getting It to You

If you live in the Bush, you know that purchase price is only part of the cost. Shipping, particularly of big items like boats and trucks, can add thousands of dollars to the final cost. Check shipping costs before making a deal on an item and count shipping in your calculations of purchase price.

Remember also that purchase price for most vehicles and equipment like boats includes only the base unit, and you may need to spend quite a bit more before the rig is ready for use. A good example is a boat: along with the motor you may need a trailer, steering, extra fuel tanks, fuel filter, radio, depth sounder, life jackets, anchor and line, tools and spare parts, tie-up lines, fire extinguishers, fenders, life ring, and maybe a canvas top and storage cover.

See the page 73 for Coast Guard requirements for carrying passengers for hire.

Again, it pays to shop around. You may save money by buying a package from the dealer, or you may do better buying individual items from catalogs or stores.

Old Equipment

Remember above, we said to use the things you have, even if they're old. There are three important provisions:

1. It has to be reliable. You can't use it in business if you can't depend on it. If it doesn't start easily or quits while in use, repair or replace it. In our own lives, we may be able to tolerate temperamental equipment but don't expect tourists to be tolerant of balky machines.
2. It has to be absolutely safe. No bad brakes, exposed belts, or broken cowlings that could hurt people. It's not worth the risk.

3. It has to look pretty good so that it doesn't downgrade the image of your business. If you take other commercial tours, you'll see that operators tend to replace equipment every few years so that everything their clients get their hands on looks nearly new. You don't need a new boat and motor or truck every two years, but yours should be clean and in good repair and should make your guests confident.



Photo by Craig Wiese

It can be a difficult decision to spend scarce money to replace working equipment you already own. Just remember: don't buy it because you want it, buy it only if it is safer, more reliable, or if it's necessary to show your clients that you are a quality operator.

Here's an example of a situation where you might need to replace good equipment:

A guide who conducts tours in buggy country tells how mosquitoes often enter clients' tents as they come and go through the zippered entries. When clients are inside, the bugs feast on the visitors. Later, the campers notice the mosquitoes and squish them against the fabric, leaving dozens of little blood splotches all over the inside of the tent. The blood doesn't wash out, but is dried and dark rust colored.

Should the outfitter/guide replace expensive and completely serviceable tents, or let subsequent parties live with the splotched ones? In this case the tents were replaced. The operator wanted to maintain a reputation for high quality in all aspects of his business. Furthermore, people increasingly are fearful of anything to do with blood because of growing awareness of blood-borne diseases.



STEP 7 – TRAINING, EDUCATION, AND SKILLS

Training

No specific training or education is required under law to be an ecotourism guide. However, tour booking agents, land management agencies, and companies that employ guides may require certain kinds of training in certain situations.

For example:

- Basic first aid and CPR is required for sport fishing guide licenses, Coast Guard licenses, and some commercial use permits.
- Many companies that hire or contract wilderness guides require a higher level of first aid training, usually Wilderness First Responder or Wilderness Emergency Medical Technician (Wilderness EMT).
- Some employers require guides to be trained in boat handling, firearms safety, or other specific skills.
- Some guide employers require guides to have specific certification. For example, wilderness guides may be expected to have completed a course, such as Wilderness Leadership Training from the **National Outdoor Leadership School** (NOLS) or other program. Kayak or canoe guides may have to show that they are certified by **American Canoe Association** or other organization that trains guides and instructors. Some companies want guides or naturalists who are certified by the **National Association for Interpretation**.

In addition, to pass the tests for Coast Guard licenses, a commercial driver's license or other certifications, a course or structured self-study may be necessary.

The State of Alaska provides a short course for anyone in the visitor industry called **AlaskaHost** that provides a good grounding in the principles of hospitality and customer service. This is available at <http://www.dced.state.ak.us/oed/alaskahost/home.htm>.

Prince William Sound Community College has developed a course and a companion training manual called **Tourism in Rural Alaska**. The 440-page manual by Katrina Church-Chmielowski contains many specific references to the Copper Basin, but most of the topics covered would be helpful to guides and business operators anywhere in the state.

As an independent business operator, you are not required to adopt any of these non-mandatory training standards or take any of this training, but you may find some of it valuable. First aid training, for example, might make your business a better insurance risk, might make you an easier sell to agents and tour companies, and most importantly, might help you save a life in an emergency.

General tourism and hospitality training not only familiarizes you with visitor expectations and provides guidelines for good operational practices, it also provides the benefit of experience in running and managing a tourism business.

Education

Ecotourism is a service industry, and one important service is providing good information. Clients expect a high level of knowledge in their guides, generally more than a person is likely to acquire just by being out on the land.

A degree in biology, ecology, or a related natural science is a definite asset for nature and wildlife tourism guides. Guests expect guides to know the common and often the scientific names of the wildlife and plants they see, as well as a lot about the habits, life histories, migration, and ecological niche. Likewise, a background in geography, geology, history, anthropology, or other science is helpful in geo-tourism, soft adventure, and cultural tourism.

Birding guides have to “really know birds,” says the owner of one of the state’s premier birding companies.

Not everyone has the opportunity to take a degree in these fields, but everyone can take courses, read books, and enhance their knowledge in other ways.

The Alaska Naturalist is a program offered in person and via distance delivery by the University of Alaska Southeast; it provides a quick introduction to the physical and cultural highlights of Alaska.

Birding programs, such as the correspondence course offered by the **Cornell Ornithology Lab**, would be helpful to a birding guide

You can even find schools on sport fishing. The **Kenai Fishing Academy** in Soldotna offers a very Alaskan perspective on the angling arts, and others, sponsored by national tackle companies, offer in-depth instruction in the sought-after skills related to fly-fishing and other aspects of the sport.



Skills, Personal Traits, and Experience

The specific skills and personal traits required for running a successful ecotourism business vary to some extent with the kind of operation. But there are some qualities that are important to every tourism business, such as:

- **Communication** – The ability to connect with clients, to convey information effectively, and to enjoy an interactive relationship with all guests. One seasoned guide says that the business is about “expectation management” or making sure that the experience lives up to the promotion. The ability to modify client expectations in the face of adversity is an important skill to have, he says.
- **Judgment and decision-making** – The ability to quickly anticipate or perceive threats to safety, comfort, and enjoyment and to decide how to remedy the situation.
- **Situational awareness** – Another way of saying the ability to see danger or discomfort and avoid it.
- **Behavior management** – The ability to bring out the best in trip participants and to halt unacceptable behavior without appearing heavy-handed.
- **Vision** – Recognizing opportunities to enhance visitor experience and acting on those opportunities.
- **Patience** – The ability to tolerate the shortcomings of clients, to listen to their stories, and to put up with bad weather and other kinds of adversity without showing your own unhappiness or anger.
- **Business management skills** – All of the above amounts to nothing if you can’t manage the business to make a profit.

Some people seem to have been born with all of the above. Most, however, have to learn and develop these skills and traits over time. Some can be learned in school or through a training session. In some cases, an internship or employment under a skilled manager is the best method.

In all cases, the value of education, skills, and personal traits is greatly enhanced by experience. Clients have a right to expect that their guides have been through it all many times before and have dealt with everything that can come up. Furthermore, experience gives depth and richness to the guide’s observations, explanations, and stories. There is no substitute for experience, and there is no way to get experience except to get out there and do it.

Interpretation

Interpretation, be it nature or cultural interpretation, means more than just presenting the facts. It means telling a story that brings the facts to life. It should encourage the visitors to broaden their interest in the subject and to gain a greater understanding of it. It should be interactive, providing the visitors an opportunity to ask questions, make observations, and offer their own opinions or interpretations. To do this effectively requires that the interpreter learn something about the individuals he or she is addressing, which can be difficult with a large group, but is easy when the audience is only a few people.

For most guides, interpretation is not intuitive, and good interpretation doesn't come easily. You can read books or take courses on interpretation and can join organizations such as the National Association for Interpretation (<http://www.interpnet.com>). NAI offers training, certification, conferences, and other services to help professional nature and cultural interpreters develop and improve their skills.

Whether you take formal training or simply develop your own skills, good interpretation is part of your ecotourism "product" and will lead to consumer satisfaction, positive referrals, and more financial success for you in the long run.



STEP 8 - FINANCING

It's an old story: "The only people who can qualify for a loan are those who don't need one." It's true that it is hard to get a loan to start a business unless you already have a proven track record in business. Lenders want to see a history of success in that kind of operation before they are willing to take a chance.

Furthermore, ecotourism start-ups typically need *working capital* rather than money to buy durable goods that could serve as *collateral* on a loan. If a tourism operator were to fail to make payments, there wouldn't be much a lender could seize and sell to recover what it loaned.

Land (that has *clear title*), buildings, and similar assets may be used to collateralize a tourism business loan. Skiffs, vehicles, camping gear, and the like have little or no value as collateral, even if altogether they cost a lot to buy.

So, what's a small tourism business start-up operator to do? Here are some possibilities:

- Go to a lender who understands or specializes in tourism. For example, the Alaska Commercial Fishing and Agriculture Bank (CFAB) lends to charter boat operators and others in tourism.
- Go to a commercial bank, credit union, or finance company and offer property you already own, such as real estate, as collateral.
- Check all the available government programs for small business development.
- Self-finance using savings, or by cashing in stocks or retirement funds.
- Borrow from friends or relatives.
- Make all your purchases on credit and conserve your cash for emergencies.

All these options have advantages and disadvantages, and a start-up business may find that none of them works. A business development consultant can help you decide which approach is right for you.

If you decide to accept financing, pay close attention to factors such as:

- Repayment schedule
- Interest rate
- Penalties for late payment
- Insurance and other conditions of a loan.

Sometimes a *line of credit* that you can borrow against is better than an outright loan, since you only pay interest on money you actually use, starting when you use it. In some cases low-interest credit cards can be helpful in the short term. Introductory offers of less than five percent (or even zero percent for a limited period) can help get a season started during the cash-poor time of the year, provided that the borrower has a definite source of money for repayment and makes payments on time to avoid penalties and additional interest. The so-called “convenience checks” that credit card companies send their customers are treated like cash advances on a card, so check the fine print for the true interest rate.

Financing a small business can be difficult and frustrating, and, if things go wrong, you can lose assets that you currently own, even your house. It pays to get professional assistance.



STEP 9 – OPERATIONS AND SAFETY

It goes without saying that safety comes first in an ecotourism business. First of all, you simply don't ever want to hurt a visitor. Your guests have entrusted their precious vacation time, their money, and their lives to you.

Furthermore, bad news travels quickly, and an injury or fatality could not only wreck your prospects for future business, but it could cripple the whole industry in your region or across the state.

Remote wilderness tours probably have the greatest physical dangers, but every kind of tourism business has its own risks.

You should act on three elements of safety:

1. Perception of safety
2. Actual safety—that is, prevention of death, injury, and damage to property
3. Response to an emergency if, despite your best efforts, an incident does occur.

It's not enough that **you know** that your operation is safe. Your **clients must feel that they are safe**. Many of them will be in a very unfamiliar situation—it could be the first time they've been in the wilderness—and they may be apprehensive, even frightened. This uneasiness (being “out of their comfort zone”) will detract from their enjoyment of the trip and could cause them to behave in ways that may actually increase the risk of accident. It is important that you present yourself and your tour in such a way that they immediately trust you and feel secure in the field.

Conveying a Sense of Safety

A tourism operation is no place for macho behavior by guides and tour operators. Inappropriate actions like stunt driving (vehicles, ATVs, boats) or showing off with guns would not impress visitors with the guide's skills; instead they would convey the impression that he/she is reckless and insensitive.

There are several easy steps you can take to convey a sense of safety. For example:

- In **vehicles** – Ensure that everyone buckles up each time before moving, stay within speed limits.
- In **boats** – Make sure everyone dons a life jacket before boarding any open boat or going on deck aboard a covered boat unless it has adequate safety rails. (This is a legal requirement for children under 13.) Be sure to give the Coast Guard-required safety briefing, point out the required safety information placard, and

show the location of safety and survival equipment. Instruct passengers to sit down and hold onto something before the boat hits rough water.

- **ATVs and snow machines** – Start with a safety briefing explaining operation of the machine. Require all riders to wear helmets and prohibit unsafe riding practices such as overloading and doing stunts.
- In **camps and lodging** – Give a brief orientation explaining any dangers, such as low overheads or hot stoves; show escape routes, locations of fire extinguishers, first aid kits, and emergency response equipment.
- Before entering country where there is a chance of encountering **bears** and other potentially dangerous wildlife – give a safety lecture, preferably with reading material clients can study on their own. Provide clear instructions on what to do in the unlikely event of a confrontation.
- Generally **in the field** – Set a pace based on the slowest member of the group or have an assistant stay with the slowest member(s). Point out hazards before clients reach them. Ask often how they are doing, offer plenty of opportunity to rest, drink liquids, eat snacks, add or remove clothing, and so on.
- In **deteriorating weather** conditions – Ensure clients adjust clothing appropriately. If necessary, stop the trip, set up camp early, or take whatever steps necessary to prevent hypothermia and related problems.
- On **any kind of tour**, explain in advance how you will deal with any emergency. Do you have radio/cell/satellite phone contact? Can you pinpoint your location with GPS or other device?
- **Remain calm**, decisive, and in control if conditions turn bad or something starts to go wrong.

All these steps will put your clients at ease and convey a sense of security. It may not hurt to tell a true story or two (if you have them) about situations that started to go bad but which you were able to resolve without injury or loss. Beware of telling tales that may exaggerate the dangers of your trip.

As you study the above list of things you can do to make your clients feel safe, you will realize that the same steps will help keep them safe.

Ensuring Safety

It's not enough, however, to promote a perception of safety; your responsibility as guide is to ensure safety. That requires planning and strictly practicing safe operations.

The first step is to do a **hazard analysis**. Think out all the things that could go wrong, and what you can do to prevent them. Use your imagination: it's amazing the different ways people find to get hurt and lose or damage their expensive equipment.

The most common injuries are of the **trip, slip, and fall** type. Elderly people with slow reflexes and diminished flexibility and people who are overweight are the most common victims. These two groups are likely to make up much of your clientele. The slightest misstep can cause a sprained or broken ankle, wrenched back or neck, or—heaven forbid—an extremely serious injury like a broken hip.

Injuries commonly involve the use of motor vehicles, especially ATVs and boats. The patterns of motion of those two methods of transportation are different from those (car, subway train, jet plane) that most people regularly experience. It is surprisingly common that visitors fall on or off boats, hit their heads, break bones, wrench backs, and so on.

Tourists are also extremely adept at stepping in holes, banging their heads on low overheads, touching hot stoves and mufflers, cutting and scraping themselves on sharp corners and rough rocks, getting stuck by spiny plants, and being stung by bees and wasps.

Remember, many people develop serious allergies as they get older, and a bee sting or bug bite can be a life-threatening emergency if the allergic reaction causes a constricted airway.

Rural residents know to avoid chained sled dogs but tourists may not. Furthermore, any dog, cat or wild animal that can bite, scratch, or maul can transmit diseases.

In addition to personal injury, it's your job to keep people from dropping their cameras off cliffs, setting fire to their clothing, dunking or splashing expensive optics and electronics, and losing personal items overboard or along the trail. It doesn't matter how enjoyable the trip, it will be spoiled if the treasured photos are inside an expensive camera that is lost along the way.

After you've thought out all the threats to visitor safety, **develop a safety plan** to ensure they don't happen. Write it down and make copies. This is particularly important if you have employees or, for some other reason, won't be personally accompanying every visitor or group.

Better yet, incorporate your safety plan into the materials that you provide your clients prior to or at the start of the trip. It will contribute to their sense of security and help them to understand why you do what you do on the trip.

Remember, it doesn't have to be elaborate. There's no standard format. Simply write down procedures that, if followed, will prevent as nearly as possible all potential accidents.

Then you need to follow your plan. Don't deviate from it. Usually visitors are happy to comply. After all, it makes them feel safer.

If you have a client who resists, don't waver. Simply say, "Sorry, but the policy here is that every person wears a life jacket" or whatever the issue is. It's important that the guides do just as they expect the clients to do. You can even fib a little and say your insurance company requires it. But be firm and, if a client refuses, calmly inform the person that he/she will not be allowed on the tour. Since they should already have paid for the trip, they will have good reason to go along with the rules. If they still refuse, stand firm and leave them behind.

You may decide to refund their money as a goodwill gesture, but it's better than exposing them and your other passengers to a potentially dangerous situation.

Contingency Planning

This means planning a response to anything that might go wrong. Your plan should include injuries and medical emergencies, and could also include bad weather, mechanical breakdown, discord among trip participants, or even just a poor showing of the wildlife or whatever your visitors came to see.

Most essential is a plan for dealing with injury and medical emergency. First, make a list of all the things that can go wrong, from sprained ankles to heart attack, insulin shock (diabetics), and severe allergic reaction to bee stings or certain foods.

Next, inventory your resources. You (and your employees, if you have any) should have current first aid and CPR training, and carry at least one fresh and well stocked first aid kit with you at all times. If you're in a relatively populated area, you should have a cell phone or VHF radio and, in more remote locations, a satellite phone, HF (single sideband) radio, and EPIRB (emergency position indicating radio beacon) or PLB (personal locator beacon) for calling for help. (The EPIRB and PLB are similar in function to the emergency locator transmitter – ELT – carried aboard aircraft. They broadcast a coded message containing your identity on a 406 MHz signal that can be picked up by satellite and relayed to a rescue center. The satellite can determine your location fairly accurately, and many of the newer beacons contain a GPS unit and broadcast position in the coded signal.)

If venturing out much beyond town limits you should also carry a basic survival kit with sound and visual signaling devices (whistle, flares, strobe, mirror, etc), extra clothing (including hats and socks in a waterproof bag), some kind of sheltering material like space blanket or tube tent, water, high energy snacks, and whatever else is appropriate to your location. This kit should only weigh a few pounds and occupy less than half the space in a standard rucksack.

In addition to the survival kit and first aid kit, when going into the field you should always carry a good quality knife or, better yet, a folding “pocket tool,” matches or storm-proof lighter and fire starter materials, a compass, a small flashlight, some strong nylon parachute cord or similar twine, a simple sewing kit, and any other items that may fit your situation.

Memorize the “seven steps to survival” (see sidebar). If you should ever get lost or stranded they will help you manage your survival until help arrives.

Your emergency response plan should include provisions for **evacuation**. In most of remote Alaska a rescue helicopter (probably a Coast Guard, Air Force, or National Guard aircraft) can be several hours away, assuming that you can contact one and that the helicopter crew can find you.

You should learn the essentials of safe helicopter *MEDEVAC* (medical evacuation). The crew needs to be able to locate the scene of the incident and must have a clear space to land or an unobstructed area in which to hover and hoist a victim. Learn how to clear the area of debris which could foul the rotors to get sucked into the engines, how to ground the rescue basket to prevent static electric shock, and be sure you never tie off a grounding strap or hoist cable.

If you can't reach a helicopter or if you feel the situation is best handled locally, be sure you have a plan for transporting the casualty by skiff, vehicle, or small plane. Remember, many of your clients are likely to be quite large and heavy. Furthermore, seriously injured people cannot be safely moved on vehicles like ATVs or even cars. Think how you would deal with every kind of injury.

Response in an Incident

An injury accident, death, or damage to equipment could be very stressful to you, but



Photo by Craig Wiese

remember it is likely to be much more so to any clients involved. No matter what happens, remain calm, polite, cheerful, and optimistic. The clients' wellbeing has to be your main concern. In the case of even a very minor injury, pay full attention to the injured person, make sure they receive immediate treatment, and are as comfortable as conditions allow.

In the case of any but the most minor injuries, offer (sincerely) to get them immediately to medical treatment and offer to pay the bill. Your insurance should cover your cost, and the goodwill is very important. Not only does it make people feel better about you and your service, it can also prevent a lawsuit

and show good behavior on your part if there is a lawsuit. These behaviors can result in a jury ruling in your favor or awarding a smaller settlement if you are found to be liable.

Seven Steps to Survival

An ecotour shouldn't end in a struggle for survival. A careful guide assures that safety is the highest priority. Occasionally, however, something goes wrong. A boat motor quits, a skiff capsizes, or a storm or avalanche strands a party.

The Alaska Marine Safety Education Association has developed the Seven Steps as a mental device for helping persons in distress organize their activities to ensure survival and rescue.

1. **Recognition** – Admit that you are in a dangerous situation and act appropriately.
2. **Inventory** – Take stock of what you have with you that you can use to help your survival. Also take stock of what you don't have or what is working against you.
3. **Shelter** – Your primary shelter is your clothing, but that's usually not enough. Construct a simple shelter to get you out of wind and weather and to conserve body heat.
4. **Signals** – Your best bet for survival is to get rescued quickly. Do all you can to make your position visible. Help rescuers find you.
5. **Water** – You need two to four quarts a day of safe, clean water.
6. **Food** – After you are certain to be warm and hydrated, food will help you maintain strength and will raise your spirits.
7. **Play** – Keep busy and maintain a good attitude. A little amusement will keep you alert and optimistic.

Other Operational Tips

- Always operate completely legally and ethically. Don't encourage or allow guests to get too close to wildlife, to collect artifacts, or in other ways violate laws or terms of your permit. Explain the reasoning behind the rules; this will help to encourage willing compliance.
- Always be polite and respectful on your trips, both to clients (with whom you may not always agree) but also to others you meet along the way. That means if you meet other people while in the field, give them space, greet them cheerfully, and never try to defend your territory.
- If you can capture nice pictures of your clients with a digital camera, send them later by email or mail a CD. Even though your clients are taking their own pictures, you're sure to get a shot they don't have.

Remember, as an ecotourism guide, your business is personal service, education, and entertainment. Even if a particular day is not going well, always be friendly, enthusiastic, and take every opportunity to be helpful and informative.



STEP 10 – ACHIEVING CUSTOMER SATISFACTION

Because rural Alaska tourism businesses have high operating costs and because they offer high quality experiences, they attract sophisticated tourists who have plenty of money. That's good, but it means that Alaska ecotour operators are competing for business with some of the best tours in the world.

The competition of Alaskan tour companies is not only other Alaskans, it's East Africa, Costa Rica, the Galapagos Islands, the Russian Arctic, Antarctica, and other premium tour destinations.

Our scenery, wildlife, and cultures sell themselves, but visitors expect a lot more than just great sights to see. Each tour operator and guide has to do everything possible to ensure that customers have the experience they expect.

Seven Components of Visitor Satisfaction

1. Safety and the perception of safety – As explained in the preceding chapter, visitors have to be safe, and they have to feel safe. Nothing takes the fun out of a trip like worrying about getting hurt or killed. Since the Alaska wilderness is an unfamiliar environment for most visitors, they can imagine dangers much worse than what really exist. It's important for the guide constantly to take steps to ease those fears.
2. Comfort – Visitors can easily become chilled, dehydrated, exhausted, or simply uncomfortable from sitting or standing. Make sure that they have plenty of opportunity to sleep, that they eat well, and that they have enough chance to attend to personal hygiene. Older people, in particular, need to use the bathroom more frequently and like to bathe and change clothing more often than younger people.
3. Food – Older people also are more sensitive to the food they eat. Many have allergies or special dietary requirements. Many have developed strong preferences and simply cannot enjoy an experience unless they get the foods they like. It pays to ask ahead of time about food preferences and prohibitions. At the very least, the food has to be good quality (fresh, good ingredients and properly prepared). Forget about canned stew and packages of macaroni and cheese. And there has to be plenty of food. You don't want people hungry on your trips. Always provide snacks between meals.

4. Convenience – This translates to personal service. Even before the trip starts, you can help them work out their travel plans, provide clothing and equipment lists, and answer all questions quickly and enthusiastically. On the tour, expect to carry luggage and gear and help them set up fishing tackle or camera equipment. You may even have to help them dress. As the guide, you're the expert – and it's all part of the job.
5. Outstanding Experience – You need to provide an attraction that separates your tour from all the others, and it's up to you to make it memorable. Remember, visitors want to “experience” and “do,” not just “see.”
6. Interpretation – Your job is not just to get them to an interesting place, it's also to help them understand what they are experiencing. It's important to know and to be able to explain the local *natural history*. That means know the species of birds, animals, and plants (common and scientific names are a help), and to be able to talk about the *ecological niches* (how all the species live together and relate to one another). If you are doing cultural tourism, interpretation is just as important. Talk about the place, the people, the history, and how people live their daily lives.
7. Entertainment – It helps to be both a story-teller and an activities director. You don't want clients to be bored on your trip. Tell jokes (careful here, avoid off-color, political, or culturally insensitive humor), tall tales, or whatever it takes to keep smiles on your clients' faces. Remember the description of the fishing guide – his job is not to catch fish, but to help anglers have fun while fishing.



Some Additional Visitor Satisfaction Tips

- **Time** is very important to people on vacation or planning a vacation:
 - Respond promptly to calls and emails
 - Adhere strictly to your departure and return schedules.
 - Aside from departure and return, try to minimize apparent scheduling and allow plenty of time for activities, as well as for dealing with problems that may arise.
- Maintain **highest possible standards** in every part of your operation, including:
 - Clothing and personal grooming – Be neat and clean.
 - Maintenance of vehicles, equipment, and facilities.
 - Personal conduct and speech – No smoking, drinking, swearing, or rough language around guests.

- Learn to be a **good listener**. Visitors love to talk about themselves, their families, their homes, their jobs. They love to talk about the other places they have visited, and compare other tours with yours. Ask lots of questions and appear interested in the answers. Never argue with clients about politics, religion, or anything else.
- **Pay close attention to children** if any are on the trip. Parents will not be happy if their kids are unhappy. Parents must know at all times that the kids are safe, comfortable, and entertained. For parents, the value of a trip is measured by their children's enjoyment.
- Adhere to the **principles of ecotourism**. Get a copy of the guidelines from the Alaska Wilderness Recreation and Tourism Association (AWRTA) or other recognized organization, and do your best to follow them. You may not be able to meet all of their standards but do what you can. You'll feel good about it and your guests will feel that your performance matches the image you project in your marketing materials.
- **"Under-promise and over-deliver."** Give your guests a better experience than they expected.

One final tip: Be a tourist yourself. Go on trips, not just in Alaska, but in other parts of the country and world, to see how other operators do it. You'll probably pick up some useful tips, and you'll feel good about being part of a global industry.



STEP 11 – BUSINESS PLANNING AND MANAGEMENT

Whether yours is a one-person guiding business or an eco-lodge with dozens of employees, you need a business structure, and you need to develop a **business plan**. At one extreme is a thick volume of details written by a business consultant. At the other is a document you type up yourself with a few pages describing your purpose, your intended market, your resources, your marketing and operating plans, and how you intend to bring it all together.

Business Plan

For more detailed information about business planning and management, see the companion guide in this series, *Writing Your Small Business Plan*.

A business plan does several things for you:

- It helps you organize your thoughts about factors such as business structure, employees, financing, equipment, insurance, and marketing.
- It can be used to develop applications for financing (loans or grants).
- It can help you identify risks you face, as well as strengths to emphasize.
- You can use it to describe and explain your business concept to potential partners, regulators, employees, and so on.
- It should serve as a working plan to help you make operational decisions.

Of course, a business plan can—and should—be modified as you gain experience in the business.

Here are the elements of a basic business plan:

- Business structure – Will you be the only owner (sole proprietorship) or a partner, or will your business be incorporated? Most small, start-up businesses are sole proprietorships or partnerships, and that is probably the simplest way to start, but there may be advantages to having investors and more complex ownership structures.

You may need to get the advice of a business consultant or lawyer if you plan other than an individual- or family-owned operation.

- Sources of financing – Do you have enough cash to start and run your business, or will you have to borrow money (get financing)? It is critically important to ensure that you have sufficient *start-up and operating capital* and that you get that money on agreeable terms.

A commercial lender, such as a bank, will want to see a revenue *pro forma* (a projection of income and expenses) that shows you at least will be able to make your payments.

Keep in mind that it's hard to get start-up financing for small businesses, particularly if the owners have little or no business experience. That's why most are self-financed or develop on money borrowed from friends and family.

- Means and schedule for repayment – Getting the start-up and operating money is one thing, paying it back is another.

Lenders require a schedule for repayment. That usually means monthly payments, but some types of lenders accept seasonal or annual payments on certain kinds of loans. Generally, go for the most liberal terms (smallest monthly or annual payments) you can at the start. You can always pay down your loan more quickly if you find you have the money.

Be sure terms are clear in the loan agreement, including what the penalties are for non-payment. Generally, lenders want you to succeed and will work with you to meet your obligations, but the burden of making the payments still lies with you.

Spell out in your business plan how much money you expect to have coming in, what the sources are, and how much of that will be available for *debt service* (making loan payments). Only after you have paid all your operating expenses, covered debt service, and set aside money to cover start-up costs for the following season and *depreciation* of equipment do you have any profit.

- Risk Assessment – Tourism businesses confront two serious and very different kinds of risks. One is the physical or operational risk that confronts the operator and clients; the other is the financial or business risk.

Physical or operational risk includes issues of safety, reliability of equipment, and concerns about loss or damage to clothing, equipment and other goods. Tourism businesses confront a range of physical risks, from bear attacks and airplane crashes to bad weather and mechanical breakdowns.

Business risks include unreliable partners or cooperating businesses, lack of adherence to schedules, unreliable transportation links, unforeseen jumps in operating costs (like fuel or insurance), changes in regulations, and unexpected competition.

Probably the biggest business risk lies with marketing and the inability of a start-up business to meet its targets for bookings and revenues.

A good business plan includes a list of the risks facing the business, along with strategies for avoiding or responding to them. A bear attack, for example, can almost always be prevented by good bear-country behavior; unreliable transportation links might be addressed with a written agreement between the tour operator and the transportation provider spelling out terms and penalties for non-compliance.

To be useful, business risk assessment has to be thorough and realistic. It shouldn't only identify the risks but should also prescribe steps for minimizing and responding to them.

Business Management

This handbook does not address the broad topic of business management. You can find many books on the subject, as well as courses in local community colleges. In Alaska, several non-profit organizations offer business management assistance to small businesses.

The key components of small business management are **planning** (see above in this section), **marketing** (see Step 4), **operations** (see Step 9), and **accounting or bookkeeping**.

Most small business owners either contract out to a bookkeeper or accountant to "do the books," or they do the job themselves manually using a *general ledger* (a large book of blank columns and lines that can be labeled by expense and income category for entering expenses and income) or computer accounting software like QuickBooks and Quicken.

Lessons from Interviews with Rural Business Owners

Interviews with rural Alaska business owners show some common business management problems, and offer tips for newcomers. In 2007, the University of Alaska Anchorage's Institute of Social and Economic Research (ISER) interviewed owners of almost 200 rural small businesses in 19 communities across the state.

Most frequently listed challenges:

- Assessing demand and identifying markets
- Getting the necessary licenses, permits and insurance
- Getting training in business and financial management
- Learning effective operations, including customer service, hiring employees, etc.
- Obtaining capital.

Among the tips they offer:

- Get assistance from experts
- Find out about grant programs that may be available to help new businesses
- Grow slowly and borrow money cautiously
- Get training in business management
- Include your family in the running of the business
- Get the support of the community, hire locally, and maintain good relationships with other local businesses.

Source: Sharman Haley, Ginny Fay, Jane Anvik and Cami Woolam, Executive Summary, *Viable Business Enterprises for Rural Alaska: What Works?* ISER Oct. 2007

Even those who “do their own books” often take their records to an accountant or tax preparer to do their income tax. Tax laws are so complex and change so often that many people feel it’s best to let a specialist handle the job to ensure that they get all the deductions to which they are entitled. Others use tax preparation computer programs, which are supposed to be updated annually to incorporate changes to the tax code.

Just as accountants can help you prepare your income tax returns, other business specialists can help with different aspects of your business management. You can get assistance with marketing, training, business planning, financing, safety and risk management, and general business management by going to one of the business assistance services in Alaska.

See Appendix B for an outline of an ecotourism business plan.



STEP 12 – INSURANCE, BONDS, AND LIABILITY RELEASES

Every tourism business needs insurance and, in most cases, several kinds of insurance. Regulatory and land management agencies may require insurance and, even if not, you need it to protect your personal assets and provide some peace of mind.

Here is what insurance can do for you:

- Repair or replace lost, stolen, damaged, or destroyed business property and equipment, including buildings, vehicles, boats, and field gear.
- Pay for medical treatment, emergency evacuation and other care if any customers are hurt while on one of your trips. Some insurance will replace lost or broken personal items.
- Pay for a lawyer to defend you in case you are sued as result of injury, death, or inconvenience resulting from being on one of your trips.
- Pay the *award* (the amount of money the court might order you to pay to the person who sues you) if a lawsuit against you is successful.

In other words, the purpose of business insurance is to:

- Get you back into business quickly if you suffer a loss
- Provide treatment and compensate clients if they are injured or suffer a loss
- Defend you in the case of a lawsuit and protect your home, family possessions, and future income if a court issues a judgment against you.

Property insurance protects “things” that the policy holder may own, including buildings, vehicles, boats, and equipment, against financial loss due to *perils*, which could include accident, break-down, theft, fire, flood, and so on.

Casualty insurance protects the policy holder from loss due to *legal liability* that can result if a client or other person not the policy holder is killed, injured, or emotionally harmed or suffers loss or damage of property or possessions.

Several kinds of business insurance may help a small ecotourism operator.

Commercial General Liability

This is a class of liability insurance that provides protection from financial loss from a range of different kinds of claims. **Bodily Injury and Property Damage Liability**, as the name suggests, compensates persons other than the insured if they are hurt or suffer property losses due to actions (or inaction) of the insured.

This is similar to the mandatory liability insurance the State of Alaska requires of all drivers, but it applies to the whole business, not just the automobiles.

Personal Medical or **Medical Payments** compensates an injured person for medical-related expenses if they are injured on or as part of the insured's trip or activity. The payments are made without any determination of whose fault caused the injury.

Personal Injury coverage may compensate for losses due to injury other than physical, such as *invasion of privacy* or *libel* (false harmful statements).

A General Liability policy may have various **supplemental** coverages attached, such as motorized (ATVs), camping activities, ocean tours, equine (horse activities), business automobile, hunting and fishing, river operations, winter operations, liquor liability, etc.

The application for a General Liability policy may include pages of questions pertaining to the business such as:

- Length of season
- Locations of activities
- Types of activities
- How often equipment is inspected and serviced
- If any equipment is rented
- What first aid and rescue equipment is carried
- How many employees are involved and their ages and training
- How many participants are expected and their ages
- What kinds of preparation you provide or expect of participants
- Your guide/client ratio
- Your emergency procedures
- Claims and loss history
- Anticipated gross receipts (income) from the business.

It may also require that you submit copies of your brochure, your liability release form (see below), and pertinent licenses and permits.

Also available is *personal umbrella liability* which covers the policy holder for claims outside those normally included in a General Liability policy and for larger amounts. For example, while the largest sum many liability policies are written for is \$1 million, an umbrella policy can be written for as much as \$10 million. An umbrella policy may be either part of General Liability policy or a separate policy. Usually personal umbrella is reasonably priced, despite its high claim limit, because claims for amounts greater than \$1 million are fairly rare so the likelihood of it being used is low.

Some kinds of policies are written for specific classes of activities and include most of the features of a General Liability policy.

Guides and Outfitters (G&O)

This type of insurance, as the name implies, is for commercial operators who take paying clients into the wilderness, or at least the outdoors. It is a form of liability insurance that covers adventure, soft adventure, and ecotourism activities that have some element of risk beyond that of more conventional business. It is used to cover sport fishing and hunting guides, river rafting, kayaking, mountaineering, birding, wildlife viewing, dog mushing, ATV tours, hiking and camping, and so on.

Some activities, such as SCUBA diving, may not be insurable on a Guides and Outfitters policy. Check with a broker early in your planning process to be sure your business can be covered. G&O will cover boat operations in rivers and lakes where value of boats is relatively low, and the perils of sea operations are minimal, but charter boat operators usually purchase vessel insurance offered by specialized marine insurance brokers.

A land management agency or a tour agent may require you to have Guides and Outfitters insurance, and, furthermore, they may require that you list them as an *additional named insured*. In other words, to get a commercial operator permit to run trips in National Wildlife Refuges, for example, your policy must state that it protects both you and the Fish & Wildlife Service.

(A municipality or port also may require commercial operators to name them as additional named insured if the commercial operator does business on property owned or managed by the municipality or port.)

Applications for G&O policies require that applicants state in detail what they do with their clients, activity locations, seasons, number of operating days, and total number of clients. Premiums are based on the answers to those questions. A base rate (something over \$1,000) applies to all policies, and the premium increases as risk and the number of clients increases.

The broker may require that you get a *liability release* signed by every client as a condition for coverage. See the section below on liability releases.

Vessel Insurance

There are two components of boat insurance:

- Hull and Machinery, which corresponds to property damage, or to collision and comprehensive in car insurance. This repairs or replaces your boat or parts of it in the case of sinking, fire or other loss. Premium for a hull and machinery policy usually is a percentage (1.5 to 2.5 percent) of the value of the boat.

Hull policies are issued either for *named hazards* – meaning you are only covered for specific kinds of losses—or *all risk*—meaning losses due to any cause, except

those specifically excluded. They pay on *actual value* (“book” value as determined by use and depreciation), or *agreed value*, which is the full amount agreed upon at the time of purchase of the policy, usually determined by a marine survey. In general, all risk and agreed value policies are better for the vessel owner, but they are likely to be more expensive.

- Protection and Indemnity (P&I) – the marine equivalent of liability insurance. It covers injury and damages to others either on or off your boat, as well as the costs of cleaning up pollution if fuel or oil leaks, removal of the hulk in case of grounding, and even wake damage to docks or other boats, if you don’t operate responsibly.

A normal boat P&I policy covers passengers only as non-paying guests; if you operate for hire you need an additional coverage for paying passengers. Premiums are calculated by the *underwriter* (the company that provides the coverage), based on the perceived risk involved.

Vessel P&I only covers passengers **while actually on the boat**. If you take them ashore or put them off the boat onto other craft, such as kayaks, you probably need an additional policy for that. A separate Guides and Outfitters policy may be required. Neither policy covers passengers who are dropped off or left unsupervised.

If you have **employees** or **crew** on the boat, you also need crew coverage on your P&I policy, and it must be written for the actual number of crewmembers you carry.

If you’re buying marine insurance, pay special attention to *lay-up* periods and *limits of navigation*. Failure to honor lay-up periods and navigation limits can invalidate your policy.

Keep in mind that marine insurance policies assume full compliance with all pertinent Coast Guard regulations, including license requirements, navigation Rules of the Road and other laws and that all information on the application is current and correct. Any exceptions can make a policy invalid.

Commercial Vehicle Coverage

If you operate a commercial vehicle or even use your personal car to transport paying clients, you should look into business automobile or commercial vehicle coverage. Commercial activity is likely to invalidate your personal vehicle insurance, which was issued on your car for use as “commuting” or “pleasure.”

You may be given a form that asks you to describe all vehicles and equipment, whether you have a vehicle maintenance program, if the vehicles have been modified or customized, whether vehicles are garaged every night, how many days, trips and miles are driven, and how you recruit and screen prospective employees.

Coverage for **ATVs and other non-street-legal vehicles** is likely to be on a separate policy from automobile, truck and bus coverage. You may need to describe your risk management program and provide answers to questions concerning multiple riders, helmet usage, maintenance schedules, safety briefings, and so on.

Workers' Compensation

All states require employers to provide workers' compensation insurance that covers employees for loss that may occur as result of physical injury while on the job. The insurance covers workers for both medical expenses and lost wages.

Every business owner who hires help must carry worker's comp on employees, regardless of how much or little the employees work or the kind of work they do. If they are "compensated" for their work, either with money or with non-monetary benefits such as items or trips, they are included. The exceptions are volunteers and crewmembers on boats as long as they are working in service to the vessel. Business owners may purchase worker's comp coverage on themselves but are not required to do so.

Some employers try to get around the requirement by hiring "contractors" whom they consider to be independent businesses and exempt from workers' comp requirements. However, the legal definitions of contractor are very specific and the state's Department of Labor does not allow employers to use the claim that workers are contractors to avoid employer responsibilities except in certain cases.

Rates are determined by the state and based on a schedule of occupations. Nearly all jobs relating to guiding, including fish and hunting guides, mountaineers, wildlife guides, and so on are all in the same occupational category. Also included are cooks, drivers, and others who support guides in the field.

Premiums are based on payroll, and in 2007 the guide's rate was \$11.66 per \$100 in payroll. However, there is a minimum fee of \$750 for the business to apply for coverage.

Bonds

A bond is a credit relationship between the *principal* (the person or company that buys the bond) and the *surety*, or bonding company. It guarantees to the government agency, or other authority requiring it, that the principle will do as promised in a lease agreement or other contract. An example would be to clean up a campsite at the end of the season.

The bond provides the money to pay for needed actions if the principal fails to do as promised. However, a bond is not insurance, and, if the bond company suffers a loss because the principal fails to perform, the bonding company can demand repayment from the principal.

The same agencies that sell insurance may also provide bonds. Rates vary widely with the nature of the activities being bonded.

Informed Consent and Liability Waivers

Also known as *waivers of subrogation*, liability waivers are agreements which clients sign to indicate they *waive* the right to sue for damages in the case of injury, death, or other serious inconvenience.

Many insurance underwriters now require a signed waiver from each client. Some insurers provide the waiver form or a sample waiver form, others require the operator to have a lawyer draft a waiver specific to that business. The company in that case would require a copy of the document in their file.

Some attorneys claim it is easy to “pierce the veil” of liability waivers and say they “aren’t worth the paper they’re written on.” But recent court experience has shown them valuable if used correctly.

Ideally, once a trip participant signs the waiver, he or she can’t sue, no matter what happens on the trip. Legal matters are rarely that simple, however, and often the waiver is used in court to support the business operator’s defense that the client knew that the activity was dangerous. The waiver might not prevent a lawsuit but might cause the court to limit the amount of damages awarded.

A feature of a good liability waiver is *informed consent*, meaning the client acknowledges that he or she understands the full range of risks involved in the activity. Sometimes an informed consent document is used instead of a liability waiver. Usually, guides require the waiver and turn away would-be participants if they refuse to sign.

Three factors go into making an effective liability waiver:

- It must be well-written **by a lawyer** to ensure it covers all the bases.
- The intent must be very clear and written in language a normal person can understand. The guide should go over it verbally with the client to assure understanding.
- It must be presented for signing prior to the start of the trip and in circumstances that do not make it appear that the client is being compelled to sign against his or her will. The client must be free to decline and have an alternative to taking the trip.

A liability waiver is never a substitute for liability insurance. Furthermore, a liability waiver provides no protection in the case of **gross negligence**.

If you use liability waivers, be sure to set up a file system to keep them so you can find them if needed.

Some Insurance Terms and Tips

It pays to know a little about the insurance industry so you can be an informed buyer and get the best deal. Here are some terms and tips:

- *Underwriters* are the companies that provide the financial basis of the insurance. They make their money by taking your *premiums* and investing them in the stock market. The proceeds from those investments are used to pay claims and pay the company *overhead* (operating costs) and profits. When the investment climate is good and claims are down, the underwriters offer attractive rates and seek new business; when the reverse occurs, they raise rates and may refuse certain kinds of business or certain operators they consider high risk.
- *Brokers or agents* are the individuals or companies that sell policies. They take applications and submit them to the underwriters for *quotes*. When a client accepts a quote, the broker *binds* the policy and collects the premium payment. In some, but not all, cases, the broker or agency also investigates, settles, or *adjusts* claims.
- *Direct writers* are agencies that sell policies for a single underwriter. They may be employees of the underwriting company. *Independent* brokers or agencies are private businesses that sell the insurance products offered by several underwriters. An independent often can tailor a better policy and get more competitive rates by shopping around among underwriters than can a direct writer. On the other hand, a direct writer may work for a big company that offers many lines of insurance and may be able to package several lines—home, auto, life—and get a favorable rate. Most businesses, however, buy business insurance through independents.

Liability insurance, including Commercial General Liability, Guides and Outfitters, and Marine P&I, is written to provide specific *limits of liability* by *per act* and *aggregate* or *per person/per act/aggregate*. Sums are in increments of \$50,000, \$100,000, \$250,000 or \$300,000, \$500,000, or \$1 million.

So, for example, a minimal policy might pay up to \$50,000, if one person is injured in one accident and up to \$100,000, if more than one person is injured or if more than one accident occurs in one year.

A better policy would be \$300,000 per person/incident and \$1 million aggregate. That sounds like a lot of money, but, if a skiff hits a log and six passengers are knocked off their feet and suffer head or back injuries, a million dollars may not be enough. Some land management agencies require \$300,000/1 million minimum for their commercial permit holders.

You can probably buy *supplemental* coverage, either from your primary underwriter or from another underwriter that specializes in that kind of business. Supplemental provides backup coverage in case an award is made for a sum greater than the limit of the original policy. Many underwriters buy *reinsurance* coverage from other underwriters—that is, they sell part of their policy to another company—as a way of spreading the risk. If you have a dangerous kind of trip or have a lot of personal assets (property, wealth) to protect, ask your broker about supplemental coverage.

Once your policy is written, you may receive a bill from your agent/broker (“agency bill”) or from the underwriter (“direct bill”). In either case, it’s important to pay before the deadline, or your policy may be cancelled. Some agencies have provisions for paying half before the season and the remainder after the season begins, and clients start arriving. Others offer financing options, but these normally are arranged through a finance company which charges their normal finance interest rates.

Remember, brokers can customize policies for particular needs. And remember too that rates (premiums) vary from one underwriter to another and sometimes can be negotiated. It pays to shop around.

It’s very important to read the policies carefully and understand what you are buying. If one underwriter’s policy is significantly cheaper than another’s, look closely to ensure that it provides the same protection.



STEP 13 – CONCLUSIONS

Tourism is one of the world’s biggest industries. In Alaska, tourism generates about \$1.5 billion per year, but most of the industry is concentrated on the cruise ship routes and on the road system.

Ecotourism is a rapidly-growing component of the world tourism industry, but still remains relatively small in Alaska. There appears to be opportunity for growth.



Benefits of Rural Tourism and Ecotourism

- Tourism can bring much-needed cash to individuals and communities.
- It can increase urban dwellers’ understanding of rural life.
- It provides a chance for young people to learn work skills and become part of the bigger state and world economy.
- It can increase environmental awareness and clients’ desire to help protect the resources and environment.

Disadvantages of Rural Tourism and Ecotourism

- It may create conflict within the community over privacy, resource use, and cultural identity.
- It inevitably changes the character of a community.
- It creates “haves” who benefit from it and “have-nots” who don’t.
- People may lose money and opportunity on unsuccessful tourism ventures.

Advantages and Opportunities in Rural Alaska

- Alaska has a clean, un-crowded environment with abundant wildlife.
- Native cultures are largely intact.
- Visitors find novelty value in going where their friends and neighbors haven’t gone.
- Rural Alaska is a domestic destination where most people speak English, the U.S. dollar is used, and communities are perceived as relatively safe from crime and terrorism.

Difficulties or Impediments to Tourism Business Development in Rural Alaska

- Access and operation costs are high. Air travel, in particular, discourages visitors.
- A low volume of visitors raises costs and keeps business income low.

- Rural and remote parts of Alaska are little known by visitors and by the agents who might send them there.
- Frequent bad weather discourages some visitors.
- Rural residents tend not to have much money for business start-up and operation and tend to have less access to the financing they may need.
- Residents have few opportunities to get the training and experience they need to run a successful visitor business. They tend not to be familiar with tourism industry standards and practices.

Requirements for a Tourism Business

- A marketable attraction, something that will draw visitors.
- Meeting all legal requirements.
- Capital – enough money to buy equipment and supplies and to operate a couple of years before the business becomes profitable.
- Management and labor – people who know how to run a business, and people who have the skills, knowledge, and interest to serve visitors.
- A marketing plan. Tourism is a competitive industry and potential visitors have many options. Business owners have to get the word out and to make it clear how their tours are different from and better than the others.

Some Emerging Opportunities in Rural Alaska

- There is a growing interest in cultural tourism.
- The Bering Sea and the Bering Land Bridge (Beringia) region are becoming focal points of scientific and environmental interest.
- Concern about global warming is spurring interest in visiting the North.
- Wildlife viewing, photography, and bird watching are growing in popularity.
- Educational travel package programs, such as Elderhostel, can provide marketing and booking services which makes it easier for rural partners to get started in the business.

Some Lessons Learned from Small Ecotourism Businesses in Alaska

- The hardest part is to develop a successful marketing program.
- There is plenty of well-financed competition, in Alaska and abroad.
- Small capacity (boats, lodges, etc.) limits potential for profit.
- Travelers who take this kind of trip are sophisticated, well traveled, and have high expectations.
- Visitors report high levels of satisfaction with their experience.
- It usually takes several years to build a business to a level of profitability.
- Ecotourism is an enjoyable business and many operators continue to conduct tours year after year despite small profits because they like the life and like to see their clients leave with good memories.

APPENDICES

Appendix A - Ecotourism Guidelines

Alaska Wilderness Recreation and Tourism Association

1. Businesses seek environmentally sustainable economic growth while minimizing visitor impacts on wildlands, wildlife, Native cultures, and local communities by offering literature, briefings, leading by example, taking corrective action or other appropriate means.
2. Travel modes and facilities used maintain a low impact on the natural environment; tour use is sustainable over time without significantly altering the resource or negatively affecting the experience.
3. Businesses provide direct benefits to the local economy and local inhabitants, thereby providing an incentive for local support and preservation of wild areas and wildlife habitat.
4. Businesses seek appropriate means to minimize their effects on the environment in all phases of their operations, including office practices.
5. Businesses ensure that managers, staff and contract employees know and participate in all aspects of company policy to prevent impacts on the environment, Native cultures, and local communities.
6. There is an educational emphasis and purposeful desire for travelers to learn about the natural and cultural history of the places they visit.
7. There is a formula for the business and guests to contribute to local non-profit efforts for environmental protection.
8. The travel is in the spirit of appreciation, participation, and sensitivity. At some point, a tour group becomes too large to be considered "ecotourism."

Appendix B - Business Plan Template

Rural Alaska Ecotourism Business

Cover sheet

Title page with business name and contact information

Executive Summary

Describe in one to two pages the purpose of the business plan and summarize its main points.

Business Description

- Description of the business, location, physical features
- Form of business (sole proprietorship, partnership or corporation)
- Personnel (managers and employees)
- Operation description

Market Analysis and Marketing Information

- Brief summary of marketing plan
- Target market/market niche
- Pricing

Personnel and Management

- Descriptions of employee positions, and required qualifications
- Employee wages, benefits and other costs

Financial Data

- Pro-forma income/expense projections (cash flow)
- Break even analysis

Supporting Documents

- Any which may be required, such as tax returns for loan applications.

For more detailed information, see the companion handbook in this series, *Writing Your Small Business Plan*.

Appendix C - USCG Requirements for Carrying Passengers for Hire

Under federal law, persons who operate motor-driven boats that carry passengers for hire upon the navigable waters of the United States must be licensed by the Coast Guard. "Passengers for hire" includes guided anglers, whether they hire the guide directly or are on a fishing outing provided by a lodge. "Upon the navigable waters" means on all tidal (ocean, bays, and the lower reaches of some rivers) plus certain lakes and rivers as specifically identified by the Coast Guard. Examples are the Yukon, Kuskokwim, and Nushagak rivers, and Lake Iliamna. The list of navigable lakes and rivers in Alaska is included in the license application issued by the Regional Exam Center in Anchorage.

Note: Some Coast Guard officials now claim that the published list of navigable non-tidal waters is incomplete. They interpret the statute to mean that any waterway that drains into the sea is by definition navigable. If this sweeping re-interpretation is enforced, and stands up in court, it will mean that everyone carrying passengers for hire on virtually every lake and river in Alaska will have to be licensed.

The Coast Guard issues various classes of licenses, depending on the area of operation, number of passengers, and design of vessel.

Master, Six-Pack, and Limited Scope Boat Operator Licenses

The Coast Guard issues several different licenses for operating small passenger vessels, and some come with particular endorsements that limit their use. For example:

- Master of Steam or Motor Vessels of not more than 25, 50 or 100 gross registered tons. The tonnage is determined by the size of vessels on which the applicant has acquired sea service time, not on the amount of time. Holder of a Master license may operate *inspected* vessels (so-called Subchapter T vessels) that are certified to carry more than six passengers. They may also operate *uninspected* passenger vessels. Master licenses are endorsed for Inland, Near Coastal or Ocean service.
- Operator Uninspected Passenger Vessel (OUPV), commonly known as "six-pack", is the most common license for sport fishing guides and small charter boats. Its holder can carry no more than six passengers at a time, and can use any legal boat up to 100 g.r.t. Since very few vessels in rural Alaska meet Subchapter T construction and inspection requirements, the OUPV is the most practical license. It is issued with Inland or Near Coastal endorsement.
- OUPV Limited Scope, sometimes known as Remote Waters or Western Rivers, is an OUPV "six-pack" license but is valid only on non-tidal waters. The sea service and testing requirements are less than for a standard OUPV. Because this license is valid only on lakes and rivers, the Limited Scope license is not appropriate for all

situations. If you want to operate on one of those lakes or rivers, however, the Limited Scope is a good deal as well as required.

Not everyone can qualify for a Coast Guard license. Those who can have to put some real effort into getting it.

For any license an applicant must meet certain basic requirements, plus specific experience requirements for the endorsement sought. Basic requirements include:

- Age at least 21 (18 for Rivers)
- Birth certificate or proof of citizenship (citizenship not required for OUPV)
- Recent physical, vision and hearing exam, and drug test
- Proof of currently valid first aid/CPR
- Original Social Security card
- Clean criminal and motor vehicle record
- Payment of fees (currently \$190-240 depending on license)
- At least 360 *days* of certifiable sea service (90 for Rivers) including 90 days (“recency”) within the last three years (30 days for Rivers), and greater numbers of days for higher level endorsements. Endorsement issued depends on the location, number of days, and size of vessel on which sea service (operating experience) was obtained.
- A passing score on a written test issued for the particular license sought.

Once a completed application form, accompanied by all required documents and fee payments, has been submitted to the REC and evaluated, the applicant will be given an extensive written test.

The test is not easy, and experience alone will not prepare an applicant sufficiently. Some people successfully study license-prep books or computer tutorials, but most people need to take a course. Courses for Limited Scope licenses commonly run three days. Courses for OUPV and Master take at least two weeks full time, and some take six weeks or more. Night school and correspondence courses are longer.

Courses are offered through community schools programs, by Alaska Vocational-Technical Institute (AVTEC in Seward), and by commercial license-prep training schools. The Coast Guard does not provide license prep training, although some instructors may be Coast Guard Auxiliary members or off-duty Coast Guard personnel.

Some of the license-prep schools, now have “**Coast Guard-approved**” programs. That means that if you pay for and attend their course you will be taught “to the test” and immediately following the end of instruction the school will administer the test. This is a big advantage since there is no time delay between course and test during which you can forget material, the test will cover the material you’ve just been taught, and you don’t have to travel to a Regional Exam Center or arrange your test to accommodate the

schedule of the Coast Guard examiners. While this raises some ethical questions, there is no doubt that for anyone who can afford the fee, attending an “approved” school makes it much easier to pass the test and more convenient to meet all the requirements for a license.

The burden is on the applicant to provide documentation of sea service time, so if you think you may want to apply for a license, start collecting documentation from owners or skippers of boats you’ve worked on and document your own time on your own boat. Check with the Coast Guard for details on documenting sea service time and for an application package with complete information on licenses required for carrying passengers for hire. The Alaska Regional Exam Center phone is at (907) 271-6739 and rec@cgalaska.uscg.mil.

Other Passenger-Carrying Boat Requirements

In addition to a Coast Guard license, you must meet other requirements to carry passengers for hire. For example:

- The boat must carry current registration (“AK”) numbers, issued by the state Dept. of Motor Vehicles. U.S.-built vessels over five net tons must have a federal documentation number instead of state registration.
- The boat must carry certain safety equipment, some of which is different from that required for recreational boats. The main difference is the requirement for Type I PFDs (personal flotation devices – life jackets). The Type II or III vests popular with commercial fishermen and recreational boaters do not meet the standard.
- The boat must carry posted emergency instructions, and the operator must conduct a safety briefing before getting underway.
- The operator is required to maintain valid first aid and CPR certificates and to be enrolled in a random drug testing program. The operator must have on board an alcohol testing kit and must perform a test on himself or any crew members within two hours of a serious accident.

All passenger-carrying vessel and operator requirements are listed in the **Code of Federal Regulations 46 CFR Subparts 25 and 26**.

The Coast Guard in Alaska has a “5-Star” safety program for uninspected passenger vessels that, based on an inspection by a member of the Auxiliary, issues stars for safety equipment and training of boat and operator.

Appendix D - Alaska DNR Commercial Recreation Permit and Registration Website Links

- The general site for accessing DNR information is:
<http://www.dnr.state.ak.us/>
- The site for accessing DNR land use permits is:
http://www.dnr.state.ak.us/mlw/permit_lease/index.cfm
- The site for accessing the Division of Mining, Land, and Water is:
<http://www.dnr.state.ak.us/mlw/index.htm>
- The site for accessing the Division of Mining, Land, and Water Commercial Day Use Registration is:
<http://www.dnr.state.ak.us/mlw/commrec/>
- The site for accessing the Division of Mining, Land, and Water “forms” is:
<http://www.dnr.state.ak.us/mlw/forms/index.htm>
- The site for accessing the Division of Land “forms” is:
<http://www.dnr.state.ak.us/mlw/forms/index.htm#land>

Appendix E – Sources of Tourist Business Funding, Financing, Training, and Business and Technical Assistance

Current and prospective tourism business operators have access to many sources of funding, financing, training, and business and technical assistance. As the agencies, personnel and offerings frequently change, what follows is just an outline of some of the options. Call or follow the web links to find out what is currently available.

Alaska’s business development “mega-site” is the **Small Business Development Center**, at www.commerce.state.ak.us/oed/smallbus/home.cfm. This is the website of the Office of Economic Development and it has a menu of hotlinks to many useful events, sources of financing, informational and educational materials for small businesses, licenses and permits, tax-related information, marketing research, marketing information, and much more. Links go to other agencies of the Alaska state government, as well as to federal agencies like the Internal Revenue Service, the Small Business Administration, Occupational Safety and Health Administration, Department of Transportation, and to non-governmental agencies that provide assistance services. For more information contact:

Development Specialist, Office of Economic Development
550 West 7th Avenue, Suite 1770, Anchorage, AK 99501
907-269-8104

For tourism industry specific information, see the **Alaska Office of Tourism Development (OTD)**. Home page is www.commerce.state.ak.us/oed/toubus/home.cfm. Main office phone number in Juneau is 907-465-5478. OTD provides a variety of services, including business publications, databases, resource guides and handbooks, and links to other tourism-related agencies and organizations.

OTD is home to **Developing Alaska Rural Tourism (DART)** which has projects underway in Southeast, Southwest, the Yukon-Kuskokwim Delta, the Seward Peninsula, and the Copper Basin. www.commerce.state.ak.us/oed/dart/home.htm.

OTD also runs the **Tourism Mentorship Assistance Program**, which matches new tourism entrepreneurs with experienced operators who provide advice and technical assistance. www.dced.state.ak.us/oed/TMAP/home.cfm.

Another OTD program is **AlaskaHost**, the tourism and hospitality industry training program. Read about it at www.commerce.state.ak.us/oed/alaskahost/home.htm.

The **Alaska Travel Industry Association (ATIA)** is a trade group that promotes member interests through marketing, lobbying, research, and other services. For more information, go to www.alaskatia.org/contact.asp. Phone: 907-929-2842. Address is 2600 Cordova Street, Suite 201, Anchorage, AK 99503.

For information on hiring, meeting legal obligations to employees, worker safety, unemployment insurance and similar issues, see the **Alaska Department of Labor & Workforce Development**. The main website is <http://labor.state.ak.us/>.

For authoritative information on hiring workers, meeting legal obligations of an employer, labor standards and safety, unemployment insurance, and related issues, see the **Alaska Employer Resource Manual**. It's available for download at: <http://jobs.alaska.gov/handbook/AERM.pdf>.

The best source for information on funding and financing programs for the Alaska tourism industry is **Tourism Funding Programs**, published by the Alaska Division of Community and Business Development. The 34-page publication is available from the division's Juneau office at 907-465-2012 at on the web at www.dced.state.ak.us/oed/toubus/pub/fundingprogramsweb.pdf.

A handy guide to ecotourism-related services is called the **Small Business Quick Reference Guide – Ecotourism**. Only nine pages, it has references to business licenses, insurance information, land management agencies, ecotourism-related books, training, market data and industry associations. It is available on the Web at www.commerce.state.ak.us/oed/toubus/pub/ResourceGuide.pdf.

Alaska Community Tourism Handbook is a publication intended to help communities think through considerations related to starting up tourism businesses. The 40-page book is published by the state's Office of Economic Development, and is available on the web at: www.dced.state.ak.us/oed/toubus/pub/ruraltourism.pdf.

Several institutions and programs in Alaska offer ecotourism-related courses, workshops and degrees.

- **Alaska Pacific University** in Anchorage offers a bachelor's degree in Outdoor Studies. Learn about it at www.alaskapacific.edu/depts/os/.
- The **National Outdoor Leadership School (NOLS)** has a base in Palmer and offers field courses in backpacking, mountaineering, sea kayaking, rafting, and canoeing. For more information, see www.nols.edu/courses/locations/alaska/.
- The University of Alaska Southeast at Sitka offers both in-community and on-line versions of the **Alaska Naturalist** program, which teaches basic natural history of Alaska's wildlands. For more information, call 1-800-478-6653 or see www.uas.alaska.edu/sitka/NATURALIST.html.
- **AlaskaHost** is a statewide customer service training program that was developed through a partnership of several tourism-related agencies. Classes are held at numerous locations around the state. For information, see www.dced.state.ak.us/oed/alaskahost.home.htm.

Appendix F – Tourism Industry Glossary³

ABBREVIATIONS

AAA	America Automobile Association
ABA	America Bus Association
ACOA	Alaska Campground Owners Association
AIAS	Alaska International Airport System
AIDEA	Alaska Industrial Development & Export Authority
AIATMC	Alaska International Airport Tourism Marketing Council
ADA	Americans with Disabilities Act
ALMF	Alaska Land Mangers Forum
AMHS	Alaska Marine Highway System
APLIC	Alaska Public Lands Information Center
ARR	Alaska Rail Road
ARTA	Association of Retail Travel Agents
ASCVB	Alaska Society of Convention & Visitors Bureaus
ASMP	American Society of Media Photographers
ASTA	American Society of Travel Agents
ATIA	Alaska Travel Industry Association
AVSP	Alaska Visitors Statistic Program
AWRTA	Alaska Wilderness Recreation & Tourism Association
BRC	Business Reply Card
CRM	Customer Relationship Management
CVB	Convention & Visitors Bureau
DCCED	Division of Commerce, Community, and Economic Development
DMO	Destination Marketing Organization
FIT	Foreign Independent Travel or Foreign Individual Travel
IACVB	International Association of Convention & Visitors Bureau
KPTMC	Kenai Peninsula Tourism Marketing Council
LOS	Length of Stay
NTA	National Tour Association
OTD	Office of Tourism Development
PWSTC	Prince William Sound Tourism Coalition
RMO	Regional Marketing Organization
RTO	Regional Tourism Organization
SATC	Southeast Alaska Tourism Council
SATW	Society of American Travel Writers
TAC	Tourism Action Committee
TIAA	Travel Industry Association of America
TTRA	Travel & Tourism Research Association
USTDC	US Travel Data Center
VFR	Visiting Friends and Relatives

³ Based on glossary of Alaska Office of Economic Development.

DEFINITIONS

- Add-ons** Optional tour arrangements the customers may choose to partake.
- Affinity group** Members of an organization, club, or association formed for purposes other than travel.
- All inclusive** The price includes the features specified (hotel, meals, entertainment, etc.).
- Allotment** A certain number of rooms, cabins or other items held by an operator to sell, usually by a certain date.
- Amenities** Services and facilities.
- Attraction** Anything a visitor might be interested in seeing.
- Authenticity** Authenticity is a measure of the extent to which an event or experience occurs naturally, rather than being artificially constructed or created.
- Blitz** See “MISSION” or “TRADE MISSION.”
- Brand** The attributes that define an identity and embody a market position. The brand for a area as a whole can be different from its brand as a holiday destination.
- Brand mark** A name, sign, symbol, music, sound, or design, or some combination of these which recalls the brand personality (emotional, tonal, verbal, etc.) and differentiates one product, service, or destination from its competitors.
- Brochure** Printed literature on products or services.
- Browser (web)** A computer program used to view, download, upload, surf, or otherwise access documents on the World Wide Web.
- Check-in time** Time when an accommodation is ready to be occupied. Also the time by which passengers should register with a carrier to be transported.
- Check-out time** Time by which guests are expected to leave or be charged additional monies.
- Collateral material** Printed promotional pieces, such as brochures, sales letters, catalogues, etc. that are used to supplement print, broadcast, and internet advertising efforts.
- Commission** An amount, which may vary, that a travel agent receives from a supplier for marketing/selling transportation, accommodations, or other products or services.
- Community** A unified body of individuals or people with common interests living in a particular area (Source: Webster’s Dictionary).
- Comp** Complimentary, free of charge.
- Concessionaire** Those firms under special contract rights to provide for another party, food, beverage, lodging facilities, and/or services on-site at an attraction.
- Confidential tariff** A schedule of wholesale rates distributed in confidence to travel wholesalers and travel agents.

Co-op advertising Advertising that promotes and is sponsored by two or more companies or governmental agencies. A great way to get more bang for minimal bucks.

Consolidator A person or company which forms groups to travel on air charters or at group fares on scheduled flights to increase sales, earn override commissions, or reduce the possibility of tour cancellations.

Consortium A loosely knit group of independently owned and managed companies such as travel agencies, tour operators, hotels, etc. with a joint marketing distribution process.

Corporate rate A special rate offered to business clientele or a rate negotiated upon by a supplier and company.

Deposit Partial payment to hold space, usually refundable if cancellation is made enough in advance.

Destination (1) The place to which a traveler is going. (2) In the travel industry, any city, area, or country which can be marketed as a single entity to tourists.

Destination marketing Destination marketing includes all the planned activities by tourism businesses and organizations that are designed to increase intent to travel to a destination by increasing awareness of the destination's attributes and the benefits of a visit. It includes strategic activities such as brand building and product development as well as sales-related activities such as trade relation management and providing information about products and prices.

Destination management Management of the tourism destination elements related to the tourism environment and setting – e.g. land management, tourism environment and providing information about products and prices.

Destination marketing organization A marketing organization for a city, state/province, region, or area whose primary purpose is the promotion of the destination.

Distribution channels The systems used by tourism operators to take their products and services to potential consumers with the purpose of generating sales. The distribution channel may involve one or more intermediaries.

Domain name The "address" or URL of a particular site on the internet. The domain name precedes the @ symbol in the internet address.

E-commerce E-commerce means conducting business online or on the internet. E-commerce usually includes the display of products or services on the internet and the ability of the consumer to purchase the product on the internet.

Ecotourism A form of tourism that protects and enhances the environment and culture, while educating visitors and residents about the appropriate use of resources. Five goals of ecotourism include protection of the environment, economic sustainability, cultural integrity and enhancement, and education.

Elderhostel A travel company that provides budget-priced educational tours for grandparents (over 55 years old) and their grandchildren.

Escort (1) A person, usually employed by a tour operator, who accompanies a tour from departure to return as a guide or trouble-shooter. (2) A person who performs such functions only at the destination. The terms host-escort or host are often used, and preferred, to describe this service. (Also Tour Director or Tour Manager).

Escorted all inclusive tour An escorted tour offering all or most services for a pre-established price.

Escorted tour A pre-arranged travel program, usually for a group, with escort service. Fully escorted tours may also use local guide services.

Ethnic tour A tour designed for people of the same heritage traveling to their native origin or to a destination with ethnic relevance.

Event An event is an occurrence that attracts tourists and can include events of all sizes from major national or international events to small, local events and activities that occur only once or on a regular basis. Also included are conferences and meetings.

Familiarization tour (FAM Tour) A complimentary or reduced rate travel program for travel agents, tour operators, airline employees and travel writers to acquaint them with a specific destination and to stimulate the sale of travel.

Fly-cruise package A vacation package that includes the air transportation to the port of embarkation and the cruise itself.

Fly-drive package A vacation package that includes the air transportation and automobile rental/use.

Focus group A research interview format in which a trained, objective moderator facilitates respondents' discussion of a given topic. Focus groups are useful for examining subjects' responses to concepts and strategies, such as advertising campaigns.

Free-sale Allowing the reservationist freedom to make reservations without checking the availability.

Fulfillment gateway Responding to requests for information from potential visitors. City, airport or area from which a flight or tour departs.

Gateway City, airport or area from which a flight or tour departs.

Ground or land operator A company that provides local travel services.

Group leader An individual, frequently acting cooperatively with a tour operator, designated to handle tour and travel arrangements for a group. In some cases may also serve as the escort.

Guaranteed reservation Used with hotel reservations to mean the room will be held all night in the case of late arrival of passengers.

Guaranteed share A rate confirmed even if the supplier does not obtain a roommate.

Heritage tourism Traveling to experience the places and activities that authentically represent the stories and people of the past.

Highway neighbors Loose knit group of Alaska communities and businesses situated along the road system.

Home page The first page on a web site that serves as the starting point for navigation that is also known as the welcome page.

Hospitality industry The industry segment pertaining to guests and entertainment, such as hotels, restaurants, attractions, etc.

Hostel Accommodations where the facilities may be similar to dormitories.

Hub and spoke tours Tours which utilize a central destination with side trips of varying length to nearby destinations.

Inbound tourism Business coming into an area from another location.

Incentive travel A trip offered as a prize, particularly to stimulate the productivity of employees or sales agents.

Inclusive tour A tour in which specific elements such as transportation, transfers and accommodations are offered for a flat rate. An inclusive tour rate does not necessarily cover all costs, but only those specified in the contract.

Independent tour An unescorted tour sold through agents to individuals. For one price, the client receives air travel, a hotel room, attraction admissions, and typically, an automobile rental.

Inter modal A tour that combines more than one mode of transportation (air, rail, boat, ship, bus, etc.).

Internet A system of linked computer networks, international in scope, that facilitates data communication services such as remote login, file transfer, electronic mail, and newsgroups.

Itinerary The travel schedule provided by a travel agent or tours operator for their clients. A proposed or preliminary itinerary may be rather vague or specific. A final itinerary, however, provides all details such as flight numbers, departure times, etc., and describes planned activities. It should be delivered shortly before departure.

Land/cruise package A vacation package that includes cruise and hotel accommodations at or near the port of embarkation.

Leisure travel Vacation travel or travel other than for business purposes.

Market position The way a product or service or destination is perceived by the market in relation to competitors.

Market segmentation The division of the overall market into groups of potential customers with common characteristics.

Marketing The process of putting a product or service into the hands of consumers, that includes market research, advertising, pricing, promotion, product placement, and sales.

Meet & greet The service of meeting and assisting a client or group upon arrival in a destination, usually at the airport, train, terminal, etc. Also called meet and assist.

Meeting planner Someone who plans meetings and conventions for an organization/business.

Mission motor coach A large highway passenger vehicle used to perform any travel service other than scheduled transportation for individually ticketed passengers, usually with toilet facilities on board.

Net rate A rate to be marked up for eventual resale to the consumer.

Operator Referring to a tour operator. A person who puts the product together then markets it to trade consumers. Responsible for advertising, selling and operating the tours. Can be “outbound” or “inbound.” Also the person or company that conducts actual tour operations.

Outbound Product that leaves from a destination to another.

Outbound operator A company that takes groups from a destination to another destination.

Outfitter A business providing the equipment necessary for some adventure or activity, such as white-water rafting.

Override An extra commission. Airlines pay overrides in conjunction with volume bookings. Wholesalers pay them as bonuses for volume business. Suppliers pay them to provide a profit margin for wholesalers. Hoteliers pay them as volume incentives to wholesalers. Advertising agencies charge them on final products, such as an advertisement or printed product.

Package tour A saleable travel product which offers an inclusive price with several travel elements which would otherwise be purchased separately. Usually has a predetermined price, length of time and features, but options can be offered.

Packager Anyone who organizes a tour that includes prepaid transportation, lodging, meals, attractions and travel services, usually to more than one destination.

Partnership A relationship that reflects a significant and on-going commitment to work together to achieve long term aims.

Peak season Season when travel traffic is heavy or busy, also called high season. Rates are normally higher during this time.

Porterage The service of handling baggage.

Positioning The development of a service and marketing mix to occupy a specific place in the minds of potential customers.

Pre- and post-tours Optional extension or side-trip package before or after a package tour, cruise, meeting, gathering, or convention.

Pre-formed group A tour group in existence prior to the tour, the members of which share a common bond, interest, or organizational affiliation. Also referred to as an **Affinity group** Examples include civic clubs, senior citizens groups and alumni associations.

Property In the hospitality industry, any lodging facility, such as a hotel or motel.

Quality mark A recognizable symbol that provides an independent endorsement of quality.

Rack rate The official tariff as established and posted by a business; however, not usually used by tour operators.

Receptive ground operator A tour operator or travel agent that specializes in services for inbound tours in a specific city or area. They may handle any or all components of a tour package. (See inbound tour operators).

Recreation The activities that people pursue in their leisure time.

Retail/travel agent A company or individual engaged in selling transportation and other travel services and products directly to the public.

Shell See Tour Shell.

Shore excursion Land tours, usually available at ports of call, sold by cruise lines or tour operators to cruise passengers.

Shoulder season The period on either side of “prime” or “high” tourism season when there is lower demand for a particular destination. In Alaska, this is usually the spring/fall seasons.

Special interest group tour A tour designed to appeal to clients with curiosity or concern about a specific subject. Most such tours provide an expert tour leader and usually visit places or events of special interest to the participants. Examples include those featuring a particular industry or historical itinerary.

Special interest group A tour for clubs, societies, and organizations whose members share a common interest.

Step-on guide A freelance guide (who usually comes aboard a Motor Coach) who gives an informed overview of a city or attraction to be toured.

Supplier Those who supply travel trade with product. In the broadest sense, this could also include DMO’s.

Sustainability The intergenerational management of the physical, natural and social environmental and economic factors that make Alaska unique, for the enjoyment of Alaskans and visitors, both for the present and the future.

Target market A segment of people selected by a hospitality and travel organization for marketing attention.

Terms and conditions Paragraph detailing the liability and specifics of the product or service being offered.

Themed/special interest tour A tour designed around a specific theme or special interest of the participants, such as fall foliage.

Tour basing fare A reduced rate excursion airfare available only to those who buy prepaid tours or packages. Inclusive tour, group inclusive tour, incentive group, contract bulk inclusive tour, tour basing and group round-trip inclusive tour basing fare are all tour basing fares, as is any fare offered by a carrier on which a travel agent may claim a higher commission if they sell specified ground arrangements at the same time.

Tour guide The leader of a guided tour who possesses in-depth knowledge of an area's attractions.

Tour leader A person who accompanies a tour group, usually with particular knowledge of the destination.

Tour manager A person who supervises an escorted tour to oversee the group and to make sure that everything runs smoothly.

Tour operator or land operator A company that creates and/or markets inclusive tours and/or performs tour services and/or subcontracts their performance. Most tour operators sell through travel agents and directly to clients.

Tour shells or shell Brochure or flyer containing artwork, graphics and/or illustrations with room available (called bare of copy) for travel agencies to place their own contact information or stamp.

Tour wholesalers A company that contracts with hotels, transportation companies, and other suppliers to create a tour package and then sells that package to the consumer through a retail travel agency.

Tourism The business of providing and marketing services and facilities for travelers.

Tourism north Joint highway travel marketing program conducted by Alaska, the Yukon, and northern British Columbia.

Tourism product The package of activities, experiences and services at one location or comprising one journey that it sold to the consumer.

Tourist or visitor Usually defined as someone who has traveled at least 100 miles from home, or a temporary visitor (staying at least 24-hours at a destination away from home).

Trade mission Group tour with a business rather than vacation purpose. Usually planned for business or government representatives traveling overseas to secure new business in foreign markets for their product, city or other entity.

Trade show An exhibit or presentation of products and services, usually in conjunction with an industry's conference, and generally not open to the public. It may also be called a vendor show, or trade fair.

Transfers The service of transportation from the mode of transportation (air, rail, bus, ship, boat) terminal to the accommodation.

Travel writers Publication staff or free-lance writers who describe travel experiences or destinations.

Turnaround time Time required to clean, disassemble and/or remove objects from a function/guest room and reset it for another function/guest.

Twin A room for two people who want separate beds.

Seasonality The tendency of visitor flows to be concentrated into specific periods of the year. This can be caused by climatic, cultural or institutional factors in either the destination or origin market or both.

Social environment Social environment comprises communities and individuals and their cultures, infrastructure and interactions.

Visitor See Tourist.

Visitor expenditure The amount of money spent by a visitor.

Voucher Document to be exchanged for goods or services, substantiating that payment has already been made. Also called an exchange order.

Waitlist List established when there are no more ready available spaces; names waiting for cancellations.

Walked Terms used when a traveler arrives at a hotel with a reservation but no rooms are available, so the hotel pays for the traveler's accommodation at another hotel.

Web page An individual page located on the internet than can be a home page or any other page within a web site.

Web site A homepage or other location on the internet. A web site is usually made up of multiple individual pages on the internet. In contrast, a "home page" is usually the front door or entrance to a "web site."

Wholesaler A company that usually creates and markets inclusive tours and FITs for sale through travel agents. Often used interchangeably with tour operator, but several distinctions might be drawn: (1) A wholesaler presumably sells nothing to retail; a tour operator often does both; (2) A wholesaler does not always create their own products; a tours operator virtually always does; (3) A wholesaler is less inclined than a tour operator to perform local services. Industry reportage often fails to make distinctions, and to compound things further, many travel companies perform any or all of the functions of travel agent, contractor, tour operator and wholesaler.

Appendix G – References

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