



Innovation, Business and Rural Development

Business Retention & Expansion (BR&E)

Accelerated Market Readiness (AMR) Program

2013.01.08

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INTRODUCTION

Background

Business Retention and Expansion (BR&E) is an internationally recognized economic development tool. It is an economic development strategy that focuses on the retention and expansion of existing businesses. Local businesses are visited and interviewed by economic development practitioners to identify and address issues that may result in relocation, downsizing, or closure or limit expansion. BR&E is based on the philosophy that existing businesses are the key to regional economic prosperity, as they contribute up to 85 per cent of economic activity in a region. The BR&E program benefits businesses as they obtain a free confidential analysis to assist with their future planning and provided an option to receive a follow up on any identified issues. At the same time, the program benefits the municipality, industry, etc, as it links them to local business concerns.

Project Background

Hospitality Newfoundland and Labrador (HNL), the tourism industry association in Newfoundland and Labrador, represents tourism and hospitality operators in all sectors of the industry throughout the province. Formed in 1983, HNL is dedicated to the development and promotion of the tourism industry in all regions of Newfoundland and Labrador. The association works with its members to articulate issues and concerns and to develop recommendations for industry related policy.

As part of its mandate, HNL offers career awareness, seminars, workshops, and training to all tourism sector and regional organizations. Whenever possible, HNL works with regional partner organizations to identify professional development needs and involves regional partners to assist in the delivery of professional development initiatives.

To this end, HNL took the lead in piloting the Tourism Atlantic's Advanced Market Readiness (AMR) Program in Newfoundland and Labrador, to bridge current service gaps and build capacity among tourism operators and experience providers. The AMR program was designed to ensure that tourism stakeholders are collectively striving to offer consistent and high quality products and service.

A fundamental understanding, knowledge and implementation of standard business practices are essential before market readiness standards can be enhanced and focused upon. It is understood that many tourism operators require more guidance in basic business skills and practices that will enhance their competitiveness in the current business environment. To this end, the Department of Innovation, Business and Rural Development's Business and Retention Expansion (BR&E) Program was proposed as a pre-requisite to the AMR program for tourism operators to access and use as a means to addressing issues they are facing.

HNL & Adventure Central

The Central region was selected as the pilot area for AMR. As such, HNL delivered the AMR Program in partnership with the Central Region Destination Management Organization (DMO) – Adventure Central. Adventure Central provided the “on the ground” coordination, knowledge and support for the program. The DMO possessed the necessary capacity and cohesive networks to support the program logistically, with consulting services provided by the Department of IBRD.

Pilot Program Overview

This pilot program took place in conjunction with the timing of the AMR program and helped to inform discussions with the AMR program consultant. Participants for the AMR program were required to participate in the BR&E program as a prerequisite for acceptance into the AMR program.

The BR&E program is implemented in phases including team development, orientation and training, business visitation and follow-up, data analysis and report compilation. During all phases, team meetings were held for the purpose of collaboration, monitoring and evaluation.

Phase 1 – Preparation, January – February 2012

During the Preparation Phase the Steering Committee and Interview Team were assembled and businesses were invited to participate in the program.

Phase 2 – BR&E Interviews, February – June 2012

The interview teams scheduled visits with the participating businesses to conduct the BR&E Interview. During these 60-90 minute interviews, team members asked the questions and recorded the responses, using the BR&E Interview Guide (IG).

Phase 3 – Follow Up, April – August 2012

Following the visitations, the interview team met to discuss the responses, and collaborated with the business owners on developing immediate action plans to be provided to the business during the follow-up sessions. A copy of the IG, including the responses the specific business provided, was given to each business as part of the follow-up.

Phase 4 – Data Gathering, Input and Analysis, September – November 2012

Once all visitations were completed, the responses were provided to IBRD for data input and analysis. A summary final report was produced for HNL.

METHODOLOGY

Project Objectives

The purpose of this pilot project was to determine the feasibility of implementing the AMR program on a long-term basis across the province from a regional approach. The program focused on:

- Improving the overall quality of the tourism product in Newfoundland and Labrador to better meet the needs of the consumer
- Increasing the level of professionalism in Newfoundland and Labrador
- Increasing commercialization and marketability of tourism products in Newfoundland and Labrador
- Increasing revenues and profitability for tourism operators
- Improving regional capacity by facilitating development of a competitive and strategic tourism sector

Project Consultant

IBRD's role as BR&E Project Consultant was to provide: ongoing project consultation, interviewer and visitation training, visitation support, data entry and statistical analysis and financial support for visitation travel.

Project Coordinators

Several IBRD BR&E program staff acted as the Project Coordinators. The BR&E Analyst was responsible for overseeing and coordinating the project and communicating with stakeholders. The BR&E Coordinator-Central Region was responsible for organizing visitation with businesses and coordinating follow-up activities.

Steering Committee & Interview Team

The Steering Committee was responsible for project implementation and included representatives from Hospitality Newfoundland & Labrador, Adventure Central, Atlantic Canada Opportunities Agency, Department of Tourism, Culture & Recreation and Department of Innovation, Business & Rural Development.

The BR&E Interview Team was responsible for conducting the interviews with the business operators and holding follow up meetings to discuss issues. The BR&E Interview Team was made of staff from IBRD corporate and regional offices. Steering Committee and Interview Team members included:

Steering Committee

Name	Organization
Carol Ann Gilliard	Hospitality Newfoundland and Labrador
Lisa McDonald	Hospitality Newfoundland and Labrador
Juanita Ford	Hospitality Newfoundland and Labrador
Shannon Pinsent	Adventure Central
Betty Rumboldt	Atlantic Canada Opportunities Agency
Carmela Murphy	Department of Tourism, Culture & Recreation
Chris Tuck	Department of Tourism, Culture & Recreation
Linette Moores	Department of Tourism, Culture & Recreation
Scott Andrews	Department of Tourism, Culture & Recreation
Gillian Skinner	Department of Innovation, Business & Rural Development
Kevin Hartley	Department of Innovation, Business & Rural Development
Chris Temple	Department of Innovation, Business & Rural Development

Interview Team

Name	IBRD Office Location
Kevin Hartley	Corporate, St. John's
Chris Temple	Central, Gander
Gail Hoskins	Central, St. Alban's
Rick Goudie	Central, Springdale
Lloyd Hayden	Central, Baie Verte
Brian Baker	Central, Grand Falls-Windsor
Don Frampton	Central, Grand Falls-Windsor
Richard Phillips	Central, Gander
Sheila Boutcher	Central, Gander
Stewart Read	Western, Corner Brook
Dwight Oates	Avalon, St. John's
Miranda Maddox	Corporate, St. John's
Brent Decker	Corporate, St. John's

Targeted Businesses

While the targeted number of participants for this pilot project was 20 operators/organizations, 18 businesses directly participated in the BRE process.

The criteria were as inclusive as possible with no restrictions on entrants based on minimum industry grading or line of business. Selection criteria included proposed provincial quality assurance standards. The following prerequisites were required:

- Be in operating for at least two years and open at least 90 consecutive days per year
- Be licensed and graded (if applicable) or adhere to any other specific regulatory items
- Be members of both Adventure Central and Hospitality Newfoundland and Labrador
- Have liability insurance and safety procedures, policies and equipment (as appropriate)
- Have a staffed storefront location or welcome area
- Be accessible by roads suitable for motor vehicles and provide site-based parking or parking in close proximity
- Have suitable on-site signage/interpretation
- Be accessible year-round through the following communication tools: phone, e-mail, website, fax
- Have public restroom facilities
- Have a brochure and market their product or service

Contracts were established for each participant outlining their requirement to participate in all program components and pursue all recommendations and opportunities for their business as identified by their mentor.

Introductory Letter/Process

A Call for Interest letter was sent to Adventure Central members in January 2012. This letter introduced the project and outlined the process and commitment of the interest operators. A copy of the Call for Interest Letter is attached in Appendix B.

Interviews and Confidentiality Agreement

The heart of BR&E is the interview with business owners by members of the team. During the interviews, key business issues were uncovered. In addition to demonstrating a pro-business attitude and an appreciation of each business' contribution to the community, the visits allowed for specific business follow-up action if requested.

The interview guide contained 75 questions that addressed the following topics:

- General Business Information
- Marketing and Sales
- Operations
- Current Location
- Finance and Accounting
- Human Resources and Management
- Future Plans
- Conclusion
- Follow-Up Meeting
- Interview Comments

Businesses were encouraged to ask questions and, if they wanted to skip a question at any time, they could do so without explanation.

To further protect privacy, all team members completed a *Confidentiality Agreement* before joining the team and again with each business before conducting the interview. By doing this, they committed to the principle of confidentiality and to keep individual responses confidential. Businesses also signed an agreement to participate.

Steering Committee Meetings

The Steering Committee team held regular status meetings every 4-6 weeks during the process, including both face-to-face and conference calls. During these meetings, the team discussed contact made with businesses, as well as interviews and follow-up meetings scheduled and completed. When required, they assisted each other in determining appropriate recommendations for follow-up action.

Data Entry, Analysis & Final Report

IBRD staff completed all data entry, data analysis and prepared a final report related directly to the BR&E process. All partners will be invited to post the report on their websites. Participating and targeted companies will be notified of where the final report can be viewed. Participating businesses are to be sent a thank-you letter. Sub region groups, local partners and municipalities will also be notified via Hospitality Newfoundland & Labrador.

RESEARCH FINDINGS SUMMARY

The details of Research Findings can be reviewed in Appendix A. Not all responses to questions total 100%, as not every business answered all questions. In some cases rounding of figures or multiple answers to the same question will show a discrepancy. It should also be noted that 18 respondents is a small sample size and is not statistically representative of the entire tourism industry in the region. Therefore, general conclusions about the tourism industry in the region should not be drawn. The research findings represent the responses of the participants in the project at the time the BRE interviews were conducted.

General Business Information

The demographics of the tourism businesses that participated in this project were quite varied. Of the 18 businesses interviewed, 9 (50%) indicated that they had been in business for more than 10 years, 4 (22%) had been in operation for 5-10 years, 2 (11%) had been in business 2-4 years and 3 (17%) had been in business for only 1 year. A majority of businesses, 59%, indicated they were incorporated, 35% operated as sole proprietorships and one venture operated as a non-profit. It is not surprising that 89% of respondents (16) indicated that their primary industry sector was Tourism, 1 indicated it was primarily involved in manufacturing and 1 did not reply. Main product offerings included accommodations (61%), tours (22%), retail/gift shop (22%) and entertainment (11%). Additionally, 44% (8) of businesses were women owned.

Marketing and Sales

Marketing and sales is vitally important to the success of any business operation. With regard to Marketing and Sales, respondents indicated that, overall, they are somewhat optimistic in regards to sales. Nearly 65% said that total gross dollar **sales** have been increasing over the past 3 years and 24% indicated that this sales level has been about the same of that period. Approximately 47% of respondents indicated that last years sales were under \$100,000, 35% were under \$500,000 and 18% were under \$1 million. Looking to the future, 77% of respondents felt that current sales **projections** were expected to be higher than last year and 18% felt that they would be about the same over the next 12 months.

Markets for the respondents were wide and varied as several businesses indicated they get customers from all over including locals, other parts of the province, Atlantic Canada, the rest of Canada, the US and even international. Approximately 44% of the operators indicated they were **exporting** or preparing to export and 64% of respondents said they wanted to learn more about exporting.

Nearly 65% of respondents indicated that they do receive market trend information for their industry and a variety of methods are used to identify customer needs. These include customer comments (including cards and informal), customer surveys, marketing/trade publications and general internet web searches.

Also, 72% of operators indicated they could identify their **Unique Selling Proposition** (USP). These include the location, high quality accommodations, excellent customer service, and unique, non-traditional experience being offered. Nearly 65% of respondents said they needed to expand their product line and no one felt they needed to decrease.

Over 61% of respondents felt that Location was their main **competitive advantage**, while more than 50% felt that Branding and Customer Service were keys to their business success. A variety in the services being offered was felt to be a main advantage to nearly 39% of the respondents while 22% felt that Price was a main competitive advantage.

With regard to the **promotion** of the businesses, a website is utilized by 83% of operators, flyers and word of mouth are used by 78% and e-mail and business cards are made use of by 67% of those responding. Advertising from time to time is used by 50% of the businesses and 39% of the respondents participate in trade shows. Other tactics used include sponsorships, point of sale, radio and TV advertising.

The business **distribution** method for these operators is either done Direct to Consumer (72%) or through a Third Party Agent/Broker (39%). Based on the nature of their tourism operations, very few use Distributors or Retailers. Similarly, only 50% felt there were packaging issues with their product, again, due to the nature of the tourism operation.

With regard to **pricing**, these operators are primarily using a competitive pricing strategy with 61% pricing at market rates. Only 22% are using premium pricing (above market), while 33% are using a cost-plus (margin) approach to some of their services/products.

A number of issues were identified related to marketing and sales. Over 70% indicated that they do not currently have a **marketing plan** and 88% indicate that the number of customers they have is an issue. Only 35% of the businesses conduct regular **competitive analysis**, and only 25% offered a warranty or guarantee with their product offering. Over 47% of respondents do not have a **branding** strategy for their business and nearly 67% indicated they do not feel they have any intellectual property (**IP**) in their venture.

Operations

Business operations include all processes that business undertake in order to get its' products/services into the hands of its customers. With regard to effective and efficient operations 63% of the respondents indicated they did have some sort of **quality management** program in place, however nearly 79% of respondents indicated they did not have a productivity improvement program. In terms of major operational challenges, website development was the only area with a majority of businesses (58%) expressing a concern, while purchasing and inventory management was only a concern for 28% of respondents. Only 22% of the businesses felt that software and e-commerce were major issues.

In terms of **green energy** concerns, only 12.5% of the respondents have had an energy audit, however, 60% of them plan to take measures to reduce energy costs.

Compliance with federal, provincial, municipal and other various organizations (i.e. WHSCC) does not appear to be an issue for the tourism operators who responded.

Current Location

The location of a business can be a critically important factor in determining success, especially within the tourism sector. Over 88% of respondents said they own their facility and 61% indicated that the size of the **location** appears to be the only major facility limitation. Other minor limitations include geographic location (42%), parking (40%) and property tax (39%) according to responses.

With regard to location issues or barriers that are impacting productivity and/or competitiveness, the only major challenge is related to market access, as indicated by 67% of respondents. Other minor location issues for 33% of respondents include road quality, transportation costs, supplier access and availability of warehousing.

Finance and Accounting

Proper **financial management** is incredibly important for any business. A majority (67%) of respondents indicated they used financial reports, including balance sheets, income & cash flow statements, to assist in decision making. Only 47% of the businesses engage the services of a professional to advise on tax planning, while 72% of the businesses do regular financial planning.

The main financial issues currently facing these ventures include preparing a proposal for funding (40%), managing cash flow (31%), determining working capital position (23%), and securing a short-term line of credit (23%).

Human Resources and Management

HR and management is probably one of the most challenging parts of operating a business and this is demonstrated in the fact that nearly 88% of operators responding indicated they do not have a human resources plan for their venture. Additionally, 56% do not have an employee incentive program, 59% do not have a HR policy manual and 29% do not have job descriptions for all positions.

The number and type of **employees** varies greatly amongst operators ranging from zero full time employees to 30 seasonal employees. It would appear that most respondents have a few full time employees with more part time or seasonal employees and this seems consistent with the nature of tourism operations in rural areas.

Most business owners indicate they are actively engaged in the day to day operations of their venture. These range from direct tourism operations, financial management, customer service, HR management and marketing. Some businesses also indicated they are less “hands on” and have hired a management team/person to run the operations on a daily basis.

Staffing for these operators appears to be very positive with all operators indicating that staff levels have increased or remained consistent in the past two years and they also expect the number of staff to increase or remain the same in the next two years. Staff **vacancies** are fairly low including 55% of respondents with zero vacancies and 90% with less than 2 vacancies. Similarly, 40% of the operators responding indicated they do not anticipate any vacancies in the next 3 years. This is also consistent with the fact that 80% of respondents do not have difficulty **retaining** employees.

With regard to **recruiting**, only 29% indicated they had difficulty with this, while 47% felt it was not a challenge and 23% said it was not applicable to their particular circumstances. Techniques for recruiting varied with “word of mouth” being the most popular amongst 56% of businesses, while 44% use the internet and 28% use newspaper advertising.

Employee and management **training** is critically important for a business to be competitive and productive. Over 44% of these operators indicate they determine their training needs based on mandatory requirements, while 39% of operators indicate management makes the training decisions and 28% indicate training needs are determined through performance reviews of employees.

Over 82% of respondents felt their management and employees required training in areas such as housekeeping, cultural tourism, first aid, and accounting. Nearly 78% of the tourism operators indicated they would consider using trainees and/or apprentices.

Workplace essential skills provide the foundation for all other skills and enable employees to perform and excel in their positions. It is important for employers to **assess** their employees in these areas and unfortunately, 75% of respondents indicated they do not assess skills such as reading text, document usage, mathematical skills, and writing skills, while 60% do not assess thinking skills. It was felt that some of these workplace essential skills can negatively impact business competitiveness. Lack of computer skills is an issue for 60% of respondents, oral communications impacted 45% of the ventures and mathematical skills is a concern for 40% of operators.

Future Plans

The key to success is proper planning. Having a sense of where you want the business to go will obviously help determine decisions that business operators make about the future of their businesses.

It is very important to note that nearly 78% of respondents indicated they do not have a current business plan that is used to guide operations. Equally important is the fact that 57% of respondents do not have a current succession plan.

Despite not utilizing these basic planning tools, 67% of respondents said they do plan on expanding their business in the next 3 years. The nature of these expansion plans include market expansion (45%), increase staff and services (39%), investing in equipment/technology, increasing floor space (28%) and additional product lines (22%).

With regard to expansion, 71% of respondents indicated they were experiencing challenges in this area. They felt that assistance in areas such as financing, cash flow management, training and website development would help deal with their expansion issues.

Collaboration and partnerships can be an effective way to grow your business. The operators indicated that the most popular forms of collaboration would be around cooperative marketing (89%), product or service distribution (82%), joint staff training (82%) and association memberships (73%). Related to this collaboration and sharing, 72% of the businesses expressed an interest in receiving mentoring.

Conclusion Comments

The businesses were given an opportunity to provide any final comments. Most of those comments reiterated the issues or comments already expressed during the interview. Some other comments about the process in general included:

- It is difficult keeping on top of government programs;
- Looking forward to the follow up meeting;
- Mentoring would be helpful;
- Would be open to accounting training and mentoring; and
- What's next, where is the help coming from?

Additionally, some specific feedback for HNL and Adventure Central was gathered from participants. These comments were concerning membership services and will be forwarded to HNL and Adventure Central directly for consideration.

BR&E CLIENT FEEDBACK

Summary of Feedback

To help assess the success and effectiveness of the BR&E process, clients were asked to return a feedback form after the completion of their follow-up meeting. Seven of the eighteen participating businesses (approximately 40%) returned a completed feedback form.

There were seven questions asked. The first asked, "How would you rate your overall satisfaction with the BR&E interview and follow-up meeting on a scale of 1 to 10, with 10 representing high satisfaction and 1 representing low satisfaction"? *An average response of 9.8 was indicated.*

The second and third question asked, "Do you feel the BR&E program met its objectives of addressing barriers to a businesses survival and growth" and "did the BR&E process yield meaningful or tangible solutions towards growing your business in the future"? *In each case, all responded Yes for both questions.*

The fourth and fifth questions were open ended. Clients were asked what did you like most and what did you like least about the BR&E process? Clients made the following statements about what aspects of BR&E they **liked most**:

"Real solutions for real problems"... "it was personal"... "evaluation was comprehensive"... "Interview was informative"... "(helped obtain) financial assistance for training"

"Made me aware of many programs available...knowledge and information will benefit and help owner be successful"

"The BR&E process forces you to look at your business more from an outsiders perspective. It is easy to become complacent in business so I believe anything that makes you stop and focus is good. Then the information it provides you with to do with the issues you uncover is very important"

Some comments that clients **liked least** included:

"Confused by acronyms and process and challenged by the (AMR) fee to continue while struggling in start-up"

"Might have been better to have information sheet showing the timelines for activities such as initial interview, second interview and final report"

"I would have preferred it to take place either before or after our busy season (Phase II) - being a small business it was hard to free up time to really focus"

In another question, clients were asked how they anticipate the BR&E interview and follow-up action plan will impact their business" based on three categories. 86% of respondents said they anticipate increases in profitability, while 100% anticipate increases in both productivity and competitiveness.

Finally, clients were asked to provide additional comments or suggestions for the BR&E program which included. Comments from two clients included:

“Believe that interview and follow-up will help and assist me to "make a go of it" rather than close my doors in despair. The suggestions and recommendations are helpful and I assume a further follow-up to the implementation will be considered”

“Show on computer how to access Stats Can data. I knew but would guess most do not”.

Overall, the BR&E experience was deemed beneficial to the clients. There was a high level of satisfaction and clients felt the recommendations were meaningful to addressing barriers and issues in their business. IBRD will use the above findings, along with informal discussions with clients and other stakeholders, to inform further discussions with Adventure Central and Hospitality Newfoundland & Labrador on possible future partnerships and how the approach can be improved.

APPENDIX A

RESEARCH FINDINGS

NOTE: Not all responses to questions total 100%. This may be due to not every business answered all questions. In some cases rounding of figures or multiple answers to the same question will show a discrepancy.

GENERAL BUSINESS INFORMATION

The first section of the interview covers background information on the business and its products and services.

1. In what year did your business begin operations in Newfoundland and Labrador?

Summary of answers show businesses:

<i>Less than 1 year old</i>	17%
<i>2- 4 years old</i>	11%
<i>5-10 years old</i>	22%
<i>More than 10 years old</i>	50%

2. What is the legal form of your organization?

<i>Corporation</i>	59%
<i>Sole Proprietorship</i>	35%
<i>Non Profit</i>	6%

3. What do you consider the primary industry sector for your business?

<i>Tourism</i>	89%
<i>Manufacturing</i>	6%
<i>No Reply</i>	6%

4. What are the main products and/or services provided by your business?

<i>Accommodations</i>	61%
<i>Tours</i>	22%
<i>Retail/Gift Shop</i>	22%
<i>Entertainment</i>	11%

5. Business owners in certain categories may be eligible for targeted programs and services. Do you fall within any of the following categories?

<i>Women in Business</i>	44%
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MARKETING AND SALES

6. A marketing plan details the necessary actions to achieve one or more marketing objectives. Does your business have a current marketing plan?

<i>Yes</i>	29%
<i>No</i>	71%

7. Do you receive market information and/or trend information regarding your industry?

Yes	65%
No	35%

8. Do you consider the number of customers you have an issue for your business?

Yes	88%
No	12%

9. How do you identify your customers' needs?

Customer Surveys	39%
Comment Cards	33%
Customer Database	0%
Customer Complaints	33%
Sales Calls	6%
Informal Customer Comments	50%
Focus Groups	6%
Trade Publications	28%
Internet	23%
Marketing Publications	28%
Do NOT identify customer Needs	0%

10. Competitive analysis is an assessment of the strengths and weaknesses of current and potential competitors. Do you conduct regular competitive analysis?

Yes	35%
No	65%

Who are your main competitors? - *Because information collected for this question could identify specific businesses involved in the BR&E program, this information is not made public. The details are not provided to ensure confidentiality.*

11. Competitive advantage is your strength(s) relative to your competition. What is the competitive advantage of your business?

Price	22%
Customer Service	50%
Branding	56%
Variety	39%
Efficiency	11%
Transportation Links	6%
Location	61%
Low carbon footprint	6%
Other	22%

12. Do you need to expand, decrease or maintain your business product line?

Expand	65%
Maintain	35%

13. A unique selling proposition is an aspect of a product or service that differentiates it from similar products or services. Can you describe the unique selling proposition(s) of your product(s) or service(s)?

Yes	72%
No response	28%

14. Is there a warranty or guarantee associated with your product(s) and/or service(s)?

Yes	25%
No	63%
No Response	12%

15. A brand strategy creates a solid brand identity for your company which will differentiate you from the competition. Do you have a brand strategy?

Yes	53%
No	47%

16. Intellectual property includes trademarks, patents and copyrights. Does your business have any intellectual property registered?

No	67%
No Response	33%

17. How do you set the price for your product(s) and/or service(s)?

Above Market	22%
Below Market	11%
At Market	61%
Margin	33%
Would like more Info	6%
Other	6%

18. Do you have any packaging-related issues?

Yes	50%
No	35%
No Response	15%

19. How do you promote your product(s) and/or service(s)?

Periodical Ads	50%
Radio Ads	28%
TV ads	22%
Website	83%
Flyers	78%
Trade shows	39%
Sponsorship	33%
Word of Mouth	78%
Email	67%
Point of Sale	33%
Business Cards	67%
More information	17%

20. How do you distribute your product(s) and/or service(s)?

<i>Direct to customer</i>	72%
<i>Third-party</i>	39%
<i>Partnership</i>	17%
<i>Distributor</i>	11%
<i>Retailers</i>	6%

21. During the past 3 years, what has been your total gross dollar sales trend?

<i>Increasing</i>	65%
<i>Decreasing</i>	6%
<i>About the same</i>	23%
<i>Uneven</i>	6%

22. What were your gross sales last year?

<i>\$0-\$29,000</i>	23%
<i>\$30,000-\$99,999</i>	23%
<i>\$100,000-\$499,999</i>	36%
<i>\$500,000-\$1,000,000</i>	18%

23. What are your sales projections for the current fiscal year as compared to last year?

<i>Higher</i>	76%
<i>About the same</i>	18%
<i>Lower</i>	6%

24. Please indicate the approximate percentage of your business' total current sales in each of the following markets:

Markets	Percentage of total sales					No Response
	0-19%	20-39%	40-59%	60-79%	80-100%	
<i>Within the Community</i>	22%	-	11%	11%	6%	50%
<i>Within the Province</i>	33%	28%	17%	6%	6%	11%
<i>Within Atlantic Canada</i>	50%	17%	-	-	-	33%
<i>Rest of Canada</i>	22%	22%	-	22%	6%	28%
<i>Within United States</i>	39%	6%	-	-	-	55%
<i>Within Other Countries</i>	45%	-	-	-	-	55%

25. Exporting is defined as sending or transporting a product or service to another country or province for trade or sale. Which of the following best describes your current exporting status?

<i>Currently Exporting</i>	39%
<i>Preparing to export</i>	6%
<i>Not applicable</i>	5%
<i>Do not know</i>	5%
<i>No Response</i>	45%

26. If applicable, can you describe any export-related issues you have had or are currently experiencing?

- *Cost of boat/gulf crossing should be lower* (1 response)
- *Cost to export(marketing/advertising)* (1 response)
- *Moving information out* (1 response)
- *Products are shipped on demand* (1 response)
- *Would like to reach a broader market* (1 response)

27. Does your company have a product or service that could be exported?

Yes	64%
No	18%
No Response	18%

28. Are you interested in learning more about exporting or growing your existing export markets?

Yes	64%
No	22%
No Response	14%

OPERATIONS

29. Quality management programs ensure that all the activities necessary to design, develop and implement a product or service are effective and efficient. Do you have a quality management programs?

Yes	63%
No	31%
Do not know	6%

30. Do you have any productivity improvement program(s) in your business?

Yes	14%
No	79%
Do not know	7%

31. Do you currently face major operational challenges with any of the following:

Inventory Mgmt	Yes	29%	No	71%		
Purchasing	Yes	27%	No	73%		
Workplace health	Yes	9%	No	73%	Do not know	18%
Overtime	No	61%	No Response	39%		
Research/development	No	91%	Do Not Know	9%		

Tech. Improvements	Yes	33%	No	58%	Do Not Know	9%
Computer software	Yes	36%	No	64%		
Website development	Yes	58%	No	42%		
Electronic commerce	Yes	33%	No	67%		
Transportation	Yes	18%	No	82%		
Production	Yes	8%	No	92%		
Plant layout efficiencies	Yes	9%	No	82%	Do Not Know	9%
Energy use	Yes	25%	No	67%	Do Not Know	8%
Branch sales office	No	90%	Do Not Know	10%		
Franchise Issues	No	90%	Do Not Know	10%		
Risk Management	Yes	9%	No	82%	Do Not Know	9%
Other	Yes	11%	No	67%	Do Not Know	22%

Comments:

- Can't book online, no electronic software
- Lean process for kitchen
- website open to suggestions
- Primarily uses social media
- informally incorp customer feedback
- Staffing has become an issue

32. Have you completed an energy audit for your business?

Yes	12.5%
No	87.5%

33. Do you plan to take measures to reduce energy costs for your business?

Yes	60%
No	40%

34. Does your organization participate in any of the following Workplace Health, Safety and Compensation Commission programs? *Early and Safe Return to Work, PRIME, etc*

Yes	72%
No Response	28%

35. Eligibility for funding requires good standing with various organizations. Is your business in compliance with the following?

<i>Workplace compensation</i>	88%
<i>Federal/Provincial permits/regulation</i>	100%
<i>Municipal permits/regulations</i>	100%
<i>Revenue Canada</i>	94%
<i>Other</i>	100%

CURRENT LOCATION

36. Does your business own or lease the facility?

<i>Own</i>	88%
<i>Lease</i>	12%

37. Do you anticipate any problems renewing the lease?

<i>No</i>	17%
<i>No Response</i>	83%

38. Which, if any, limitations exist with your current facility?

<i>Size</i>	<i>Yes</i>	62%
	<i>No</i>	38%
<i>Inadequate Utilities</i>	<i>Yes</i>	22%
	<i>No</i>	78%
<i>Energy Consumption</i>	<i>Yes</i>	30%
	<i>No</i>	70%
<i>Property Taxation</i>	<i>Yes</i>	38%
	<i>No</i>	62%
<i>Geographic Location</i>	<i>Yes</i>	42%
	<i>No</i>	58%
<i>Bldg. Condition</i>	<i>Yes</i>	27%
	<i>No</i>	73%
<i>Inadequate Services</i>	<i>Yes</i>	22%
	<i>No</i>	78%
<i>Parking</i>	<i>Yes</i>	40%
	<i>No</i>	50%
	<i>Do Not Know</i>	10%
<i>Inadequate Land</i>	<i>Yes</i>	20%
	<i>No</i>	80%

39. Is your organization experiencing any location issues or barriers that impact the productivity and/or competitiveness of your firm?

<i>Zoning Regulations</i>	Yes	11%	No	89%
<i>Municipal Permits</i>	Yes	11%	No	89%
<i>Water/Sewer Capacity</i>	Yes	22%	No	78%
<i>Road Quality</i>	Yes	33%	No	67%
<i>Transportation Costs</i>	Yes	30%	No	70%
<i>Quality of Life</i>	Yes	11%	No	89%
<i>Signage</i>	Yes	12%	No	88%
<i>Access to Markets</i>	Yes	67%	No	33%
<i>Access to Suppliers</i>	Yes	33%	No	67%
<i>Availability of Warehousing</i>	Yes	33%	No	67%
<i>Waste Disposal</i>	Yes	14%	No	86%

NOTES:

- Issues regarding town council
- No power, no washrooms, operated in a gated area

FINANCE AND ACCOUNTING

40. Which of the following financial reports do you use to assist in making business decisions?

<i>Balance Sheet</i>	Yes	50%
<i>Income Statement</i>	Yes	50%
<i>Cash Flow</i>	Yes	39%
<i>None</i>	Yes	33%

41. Do you conduct regular financial planning for your business?

Yes	72%
No	28%

42. Do you receive professional advice regarding tax planning for your business?

Yes	47%
No	53%

43. Do you conduct regular research and development within your business?

Yes	36%
No	64%

44. Do you currently face challenges with any of the following:

<i>Determining working capital position</i>	Yes	23%
<i>Managing cash flow</i>	Yes	31%
<i>Liquidity</i>	Yes	25%
<i>Collecting receivables</i>	Yes	0%
<i>Preparing proposal for funding</i>	Yes	40%
<i>Securing short-term line of credit</i>	Yes	23%
<i>Securing long-term financial capital</i>	Yes	15%

HUMAN RESOURCES AND MANAGEMENT

45. A human resources plan contains information regarding strategies, plans and programs required to attract, motivate, develop, reward and retain the best people to meet organizational goals and objectives. Does your business have a human resources plan?

<i>No</i>	88%
<i>Yes</i>	6%
<i>No Response</i>	6%

46. How many employees fall into each of the following categories?

<i>Full-time</i>	15
<i>Part-Time</i>	37
<i>Seasonal</i>	134
<i>Contract</i>	2

47. Please briefly describe the role of each business owner?

Because information collected for this question could identify specific businesses involved in the BR&E program, this information is not made public. The details are not provided to ensure confidentiality.

48. Please briefly describe the role of the key management team

Because information collected for this question could identify specific businesses involved in the BR&E program, this information is not made public. The details are not provided to ensure confidentiality.

49. How did the number of staff change, if at all, in the past two years?

<i>Increase</i>	31%
<i>Remain the Same</i>	69%

50. How do you expect the number of staff to change, if at all, in the next two years?

<i>Increase</i>	53%
<i>Remain same</i>	42%
<i>Do Not Know</i>	6%

51. How many vacant positions are there at your current location?

<i>Zero</i>	54%
<i>One</i>	28%
<i>Two</i>	9%
<i>Five</i>	9%

Please list any vacant positions.

Because information collected for this question could identify specific businesses involved in the BR&E program, this information is not made public. The details are not provided to ensure confidentiality.

52. How many vacant positions or new positions do you anticipate at your current location in the next three (3) years?

<i>Zero</i>	40%
<i>One</i>	20%
<i>Two</i>	20%
<i>Five</i>	10%
<i>Six</i>	10%

Please list any jobs for which you anticipate vacancies or new positions.

Because information collected for this question could identify specific businesses involved in the BR&E program, this information is not made public. The details are not provided to ensure confidentiality.

53. Overall, does your business have difficulty recruiting new employees? If Yes, for which positions?

<i>Yes</i>	29%
<i>No</i>	47%
<i>Not Applicable</i>	24%

54. How do you recruit new employees?

<i>Newspaper ad</i>	28%
<i>Radio</i>	0%
<i>Word of Mouth</i>	56%
<i>Personal</i>	22%
<i>Employment</i>	11%
<i>Career Fairs</i>	0%
<i>Internet</i>	44%
<i>Government</i>	22%

55. Overall, does your business have difficulty retaining employees? If Yes, for which positions?

Yes	13%
No	80%
Not Applicable	7%

56. How are employee and/or management training needs determined in your business?

Employee Survey	11%
Mandatory Requirements	44%
Employee requests	11%
Management decision	39%
Performance reviews	28%
Do Not Know	6%
Would like to know more	0%

57. Do your employees and/or management require training?

Yes	82%
-----	-----

If Yes, specify which areas (responses recorded).

- Accounting software
- Beverage Industry
- OHS
- Cultural Tourism
- First Aid
- Theatrical Training
- Food Safety
- Housekeeping
- Boating Safety

58. Would you consider using trainees and/or apprentices?

Yes	78%
No	5%
Not Applicable	17%

59. Do you currently have an employee incentive program?

No	56%
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60. Do you have human resource policy manual for employees?

No	59%
----	-----

61. Do you currently have job descriptions for all positions?

No	29%
Yes	53%

62. Workplace essential skills provide the foundation for learning all other skills and enable people to evolve with their jobs and adapt to workplace change. Do you currently assess the following workplace skills of your employees?

<i>Reading Text</i>	No	75%	Yes	25%
<i>Document Use</i>	No	75%	Yes	25%
<i>Math Skills</i>	No	75%	Yes	25%
<i>Writing</i>	No	75%	Yes	25%
<i>Oral Communications</i>	No	29%	Yes	71%
<i>Working with others</i>	No	29%	Yes	71%
<i>Continuous Learning</i>	No	40%	Yes	60%
<i>Thinking Skills</i>	No	60%	Yes	40%
<i>Computer Skills</i>	No	43%	Yes	57%

63. Which, if any, of these workplace essential skills negatively impact the productivity and/or competitiveness of your firm?

<i>Read Text</i>	No	75%	Yes	25%
<i>Document Use</i>	No	86%	Yes	14%
<i>Math Skills</i>	No	60%	Yes	40%
<i>Writing</i>	No	75%	Yes	25%
<i>Oral Communications</i>	No	55%	Yes	45%
<i>Working with others</i>	No	58%	Yes	42%
<i>Continuous Learning</i>	No	88%	Yes	12%
<i>Thinking Skills</i>	No	78%	Yes	22%
<i>Computer Skills</i>	No	40%	Yes	60%

FUTURE PLANS

64. A business plan is a formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals. Does your business have a current business plan that is used to guide operations?

No	78%
Yes	22%

65. A succession plan includes the process of: (a) identifying and preparing employees to fill key positions within an organization before the positions are vacant and/or (b) planning for transfer of ownership. Does your business have a succession plan for: (a) Employees (b) Ownership

No	57%
Yes	22%
Not Applicable	21%

66. Within the next three years, which of the following do you plan to do? (Red flags)

<i>Expand in Current location</i>	Yes	67%
<i>Remain the same</i>	Yes	28%
<i>Downsize</i>	Yes	0%
<i>Relocate</i>	Yes	6%
<i>Close</i>	Yes	0%

67. Why do you plan to downsize, relocate or close?

- More rooms

68. What assistance, if any could help prevent the downsizing, relocation or closure of your business?

- *No responses recorded*

69. What challenges, if any, will result in your business staying the same over the next three years?

- Having steady customer base
- Run out of space

70. What assistance, if any, could help your business overcome challenges resulting in your business staying the same over the next three years?

- Financial assistance
- Discussion on enhancing rooms
- Reduction of overhead
- Economical way of financial help in upgrading

71. If you plan on expanding your business, what is the nature of the expansion?

<i>Increase floor space</i>	Yes	28%
<i>Additional services</i>	Yes	39%
<i>Market expansion</i>	Yes	44%
<i>Increase staff</i>	Yes	39%
<i>Additional product Line</i>	Yes	22%
<i>Invest in equip/technology</i>	Yes	33%

72. Is your business currently experiencing challenges with expansion plans?

Yes	71%
No	29%

73. What assistance, if any, could help your business overcome challenges with its expansion plans?

- *Crown lands – long time to get results*
- *Financing*
- *Grants & low interest financing*
- *Sales training assistance*
- *Short term cash flow*
- *Website development*

74. If you are interested in pursuing opportunities or addressing challenges in collaboration with other businesses, please indicate in which areas?

<i>Cooperative marketing</i>	Yes	89%
<i>Product or service distribution</i>	Yes	82%
<i>Joint Staff training</i>	Yes	82%
<i>Staff sharing</i>	Yes	50%
<i>Joint tendering</i>	Yes	38%

<i>Group purchasing</i>	Yes	50%
<i>Equipment sharing</i>	Yes	44%
<i>Assoc. membership</i>	Yes	73%

75. Mentoring involves receiving advice and guidance from experienced people involved in business or business development. Would you be interested in receiving mentoring?

Yes	72%
No	22%
Do Not Know	6%

CONCLUSION

76. Do you have any other comments? (responses recorded)

- Difficult keeping on top of government programs
- Happy with product
- Improve quality improvements
- Increase entertainment value
- Looking forward to follow up meeting
- Mentoring would have been helpful
- Open to accounting training, mentoring
- Rack cards; shoulder season
- Tour – 2 nights in St. John's
- What's next; where is help coming from?

Appendix B

Call for Interest – Market Readiness Project in Central Tourism Region

- Are you a tourism operator interested in growing your business but not sure where to begin?
- Do you want to increase your profits but you're not sure where to invest resources for the biggest return?
- Are you interested in becoming more competitive but need professional guidance?
- Would you like to increase the marketability of your tourism product but are unsure of your market/product match?

If you answered 'yes' to any of these questions, you need to read on about how a new initiative can help you get beyond these questions and help you achieve your business goals!

The Central Region Market Readiness Project

Hospitality Newfoundland and Labrador (HNL), Adventure Central Newfoundland, the Department of Innovation, Business and Rural Development (IBRD), the Department of Tourism, Culture and Recreation (TCR), and the Atlantic Canada Opportunities Agency (ACOA) are partnering to offer twenty (20) tourism operators in the Central Region an opportunity to participate in a pilot market readiness initiative aimed at improving their competitiveness.

The initiative will provide business development resources and supports to tourism operators in two phases:

Phase 1 – Business Retention and Expansion Diagnostic

Phase 2 – Accelerated Marketing Readiness Evaluation and Mentoring Support

Phase 1 - Business Retention and Expansion Diagnostic

For the first phase, operators will work one-on-one with an IBRD Economic Development Officer (EDO) to look holistically at their business operations and uncover those issues that may limit future plans and overall growth and success.

Tourism operators will receive:

- One-on-one, on-site consultation sessions with the EDO regarding marketing and sales, operations, finance and accounting, human resources and management and future plans
- A report provided by the EDO including a prioritized action plan, developed with the operator (this can also be used to inform Phase 2)
- Follow up care, if required, by the business specialist to provide the operator the opportunity to share ideas or feedback

Phase 2 – Accelerated Marketing Readiness Evaluation and Mentoring Support (\$450 for operator; valued at \$5000)

The second phase, pending funding approval, will focus specifically on tourism market readiness and enabling tourism operators to increase their market readiness standards and become more competitive in the tourism industry.

Tourism operators will receive:

- One-on-one mentoring session with an independent qualified tourism expert to determine operations market readiness, specifically focused on product development and marketing
- Property site visit by a qualified tourism expert to evaluate service standards
- A report and support framework identified and provided to the operator by the tourism mentor

Project Eligibility

The Central Region Market Readiness Project is ready to proceed with Phase 1 and is currently accepting applications from tourism operators in the Central Region.

Twenty (20) tourism operators will be selected on a first come-first served basis showing interest and meeting the defined selection criteria as outlined below. Please note that the Selection Committee reserves the right to ensure equal representation of business types and geographical location.

Selection Criteria for Tourism Operators

Interested operators will submit the attached application form and demonstrate that they meet the project selection criteria as outlined below.

Operator must:

- Be members of Hospitality Newfoundland and Labrador and Adventure Central Newfoundland
- Have operated for at least two years and be open at least 90 consecutive days a year.
- Meet all regulatory requirements.
- Have liability insurance and follow safety procedures and policies.
- Be accessible year-round through the following communication tools: phone, e-mail, website, fax.
- Have a brochure and market their product or service.

Physical premises must:

- Have a staffed storefront location or welcome area.
- Be accessible by roads suitable for motor vehicles.*
- Provide site-based parking or parking in close proximity.
- Have suitable on-site signage/interpretation.

*Some operators may be exempt from this criteria item

Project Timelines

Space is limited for this project - only 20 existing tourism operators will be accepted. The anticipated start time will be January 2012 running through until January 2013.

By participating in this exciting market readiness initiative, operators will be equipped with the knowledge, tools and guidance they need to achieve their organizational goals. Phase 1 is offered at no cost to operators and Phase 2 is being offered at \$450, a service that is valued at \$5000.

For more information on eligibility and other program details, please contact Shannon Pinsent, Executive Director, Adventure Central Newfoundland at spinsent@AdventureCentralNewfoundland.ca or 709.489.9887

Apply now! You will be provided with real solutions to your specific business concerns.