



ALASKA  
NATIVE  
HERITAGE  
CENTER

# Cultural Tourism Business Plan Model

## Example: Driving Tour

December 31, 2021

*\*Disclaimer: The information and data reflected in this business plan is fictitious and is not meant to represent accurate information about any particular business or community. It is intended to serve as an example of a business plan for a potential cultural tourism business. Any reference to an existing business or organization is for illustrative purposes only. Users of this template should not rely on the information in this document to be accurate. Users should do their own research to determine the best data for their unique business plans.*

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## Executive Summary

Indigenous Alaska Tours, LLC, located in Fairbanks, Alaska, is a newly operational business established in 2019, owned by husband and wife duo Joe and Jane Doe, both Koyukon Athabascan. They offer cultural sightseeing tours to visitors interested in learning more about the Athabascan culture. Their primary customers are visitors who have been fascinated by the wonders of Alaska and want to experience the magic of this Indigenous place.

Indigenous Alaska Tours serves these customers through 4-hour driving tours originating in the city of Fairbanks. The tours feature one-of-a-kind cultural experiences, exposing visitors to the rich songs, languages, and stories of the people who have inhabited this place since time immemorial. The driving tour takes up to 12 guests per van through the rolling hills, featuring countless scenic spots, wildlife viewings, and even natural hot springs.

As the only tour of its kind in the community of Fairbanks, Indigenous Alaska Tours is well positioned to attract customers looking for more authentic cultural experiences in Alaska. Demand for cultural tourism experiences is growing globally, with the largest demand coming from travelers from Asia and North America<sup>1</sup>.

The research and projections reflected in this business plan indicate that the demand for sightseeing tours in and around Fairbanks is sufficient to provide the company with revenues of \$1,344,000 next year with a projected net income of \$552,702. The company is seeking financing of \$283,839 in the form of a five-year loan to purchase additional equipment and vehicles, finance operating and payroll startup costs, and pay for marketing and advertising.

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<sup>1</sup> Visitors Guide to the World 2020.

## Section 1: The Foundation

### Background/History

Indigenous Alaska Tours, LLC, located in Fairbanks, Alaska, is a newly operational business established in 2019. They offer cultural sightseeing tours to visitors interested in learning more about the Athabascan culture. There are many guided tours operating out of Fairbanks, but none offering authentic, Alaska Native-guided tours that explore the rich, living culture and history of the people who have stewarded this place since time immemorial. The owners are husband and wife duo Joe and Jane Doe, both Koyukon Athabascan, who have grown up in the culture and have a combined 15 years of experience working in the tourism industry. The business was born out of the clear gap in the cultural tourism industry and the desire to teach visitors about the authentic and rich culture that is often overlooked by the mainstream sightseeing tourism market.

### Values

Indigenous Alaska Tours, LLC is guided by four core values:

- **Quality:** *In everything they do, they seek to provide high-quality experiences to Alaska's visitor industry.*
- **Respect for Knowledge and Wisdom:** *By educating visitors, they increase visitor's knowledge about Indigenous peoples and encourage them to learn more about the Indigenous peoples and places everywhere they go.*
- **Humor:** *Laughter is core to being an Indigenous person and they share this aspect of their culture through their business operations and in every interaction with customers.*
- **Respect for the Land and Nature:** *They want all visitor experiences to leave the environment and community in a healthy place for future generations*

Joe and Jane Doe are Athabascan and have both been raised learning their language and traditional ways of life. Joe and Jane are the primary decision makers and operators of the business. The core values of their business will drive every decision and will be integral in making the business successful.

### Community

A key distinction of the business is sharing about Indigenous cultures. For the owners, it is important to maintain a connection to the community and make sure they are representing the community accurately in their tours.

The business will be committed to 100% local employment. This means that every employee who is trained will also be learning more about the Athabascan culture and

history of the place. This is one way the business will contribute to strengthening the community. Each employee will continue to spread the knowledge and strengthen the community through the information they learn as employees of Indigenous Alaska Tours.

The community's elders have expressed the importance of telling their story, and telling it accurately. This falls on Joe and Jane as a people, to make sure they aren't letting others tell their story for them. Joe and Jane participated in the community planning process this past year and many community members expressed a strong desire to increase cultural awareness and cultural tourism activities in the area. In fact, a goal for the borough is to change wayfinding to include Indigenous place names, and make changes to the museum to tell a more accurate account of the community's history that is centered on the Indigenous history of this place.

## Culture

Sharing Indigenous knowledge and culture cannot be taken lightly. There are protocols to be followed and it takes a well-informed individual to understand the significance and responsibility they carry when sharing about their culture. The business will conduct an annual elders tour, where they will invite community elders and culture bearers to witness their tour operations and provide any feedback they may have for the business.

The tour itself was developed through a focus group approach. The owners brought together community members to conduct a brainstorm on history, stories, and other information that could be included on the tour. This approach helped to ensure broad acceptance in the version of history and the aspects of the culture that they decide is appropriate to share with visitors.

The business and its employees will continue to share their rich history with the next generation. The increased awareness of the tours will also help to instill a sense of pride for the culture amongst its people. The branding and ethos of the business will accurately represent the culture. They will partner with the Fairbanks North Star Borough School District to provide the tour as a part of the Indigenous Studies unit for 3rd grade students.

Finally, ancestors have paved the way for this business to exist, and there are already great educational materials that have been developed. Indigenous Alaska Tours will be sourcing the majority of information from existing publications that have been reviewed by the Tribal Council.

## Environment

The business relies primarily on *transportation* (fuel), *materials* (food, umbrellas, coffee, pamphlets, etc.), and *time* as the main inputs. We are committed to being environmentally responsible which means every input will be sourced using environmentally sustainable products and practices.

As part of the tour, guests are educated on the importance of the natural environment and the diversity of the ecosystem. The operators also share stories about local hunters, the guests leave the tour with a good understanding of how Indigenous people rely on the land for food and medicine, and the shared responsibility we all have to steward the land for future generations.

## Section 2: The Opportunity

### Value Proposition

Indigenous Alaska Tours gives visitors a unique look into the rich culture and history of the native people of Fairbanks Alaska, known as Dënëndeh and Tanana land.

### Target Market

The ideal customer is a visitor who has been fascinated by the wonders of Alaska and wants to experience the magic of this Indigenous place. They are between 30-60 years old, avid travelers, and are always seeking new experiences in the places they visit. They understand that every place has a unique story and feel more satisfied when their travels result in stronger connections to the people and the places they visit. Indigenous Alaska Tours' target market can be broken down into the following segments:

- Independent travelers
- Cruise ship passengers continuing to Fairbanks via bus or train

### Competition

Main competitors in the Fairbanks sightseeing market are:

- **Interior Adventure:** Alaskan Adventure is a multi-use tour business, which has been in business for 15 years, and are the largest tour excursion operator in the area. They have four 10-passenger vans and two 15-passenger vans and six dune buggies. One of their three tours on offer is very similar to ours, and stops at both the cultural center and the hot springs. Very few of their employees are local. Customers love the fun, adventurous Alaskan vibe of these tours and book based on ease and reviews. *Cost: \$175 per person for a 3 - 3.5 hour tour on a similar route to that of Indigenous Alaska Tours.*

- **Moose's Tooth Tours:** MTT has been in operation for 7 years. Their three, 12-passenger vans were purchased within the last few years. They mostly hire locals, usually between 18-25 years old. Their tour route does not include the cultural center, and instead focuses more on local wildlife (especially moose). Customers that book with MTT because of their interest in moose and other wildlife, and because they advertise day-of tours downtown and at many visitor hubs through their rack cards. *Cost: around \$150 per person for a 3 - 3.5 hour tour on a similar area but without the stop at the cultural center.*
- **Glacier Camp Lodge:** GCL has been operating for 3 years. They provide lodging, a curated Alaskan art collection with mini-tours by the owners when available, and they have two vans for their Fairbanks tours, including a visit to Chena Hot Springs. The lodge is close to the museum and other attractions in Fairbanks. The vehicles for the tours are older, and do not have cell phone boosters, limiting guest's access to the internet while on their tour. Customers typically choose GCL because they are lodging there, and want easy access downtown, and also because of the art collection and beautiful photos of the lodge (it has a 4.9 star rating on AirBnB). *Cost: about \$215 per person for 3 - 3.5 hours.*

Indirect competitors:

- **Museum:** The museum is the main attraction for visitors wanting to learn about the community, history and culture. The hours of the museum are limited and there are no on-staff Indigenous interpreters. Staff are knowledgeable but typically stay clear of going very deep into Indigenous ways of life, and instead refer visitors to the museum guide materials. *Admissions price: \$9-\$16 per person, free for students and children under four.*
- **Wildlife Tours:** There are several wildlife tours in Fairbanks, which guarantee that visitors will see wildlife. Indigenous Alaska Tours does not make such a guarantee, as it is not the central theme of our tour, but more often than not, various wildlife make appearances as well. *Average cost: \$100-\$150 per person.*
- **Downtown walking & shopping:** Some visitors will arrange independent travel and will walk around the downtown area on their own. *Average cost: \$3-15 for transport.*

## Product and Services

Indigenous Alaska Tours will provide two 4-hour sightseeing tours and charter services each day of the tourist season (late April to mid-October) in Fairbanks, Alaska. Their local drivers have a depth of experience in leading sightseeing tours, and are extremely knowledgeable on the area's wildlife, environment, culture and history on the road system. The tours highlight the community of Fairbanks as well as the scenic beauty,

rich culture, stories and natural environment that can be found on the surrounding road system.

The tour kicks off as guests are greeted at the point of departure and welcomed into the mini lounge room where they are provided coffee, tea, and light snacks while they wait for the tour to start. Once in the vans, the tour winds through town and the drivers share the history of the community on the way northeast of town, towards Chena Hot Springs.

Along the way, the guests will stop at the Culture Center where they are greeted by a local dance troupe. The group will dance and sing and welcome them into the community house. The Culture Center is the longest stop of the tour. Following the dance performance, guests will learn more about the culture through language, stories, and music. The dance group will also talk about their traditional regalia and the meaning behind each song. The show lasts approximately 30 minutes. The visitors will next have an opportunity to stop in the gift shop where local artisans sell traditional crafts such as birch bark baskets, leather, and beadwork. As the time at the Cultural Center comes to an end, guests gather at the fire pit outside. Here, they are invited to toss a wood chip into the fire as a signal of their desire to contribute to the perpetuation of the culture and people of this place. This is a favorite moment for many guests as they find the time at the Cultural Center to be full of generosity, and meaningful culture sharing.

Next, the journey continues north, towards traditional hunting grounds, and guests watch out the window at the changing landscape. The driver shares stories of the land and how people continue to live in a close relationship with the land to this day.

The driver will make two more stops. The first is at a look-out point where they will offer guests a snack and beverage that they can enjoy on park benches or inside the warm van as they take in the beautiful scenery. The final stop will be at Chena Hot Springs. Here, visitors will have the opportunity to relax in the hot springs, visit the gift shop, and learn about the healing significance the hot springs have held for the area's people. Guests will have one hour to enjoy the hot springs and explore the resort.

Soon, it will be time to depart, and the final hour will be spent driving back to the point of embarkation. Guests will be asked to complete a feedback form on the bus, and encouraged to follow and share about their experience with Indigenous Alaska Tours on social media. Guests will have had a unique experience seeing the local landscapes through the eyes of the Indigenous people who continue to inhabit this place. No other tour can offer this type of guided experience in our community. It is not easily replicated because it requires an Indigenous guide who has been properly trained.



In addition to the two guided tours daily, Indigenous Alaska Tours will also offer regular shuttle service between Fairbanks and Chena Hot Springs for locals and visitors throughout the year. This service will bring in additional year-round revenue and allow for full use of the four company vehicles.

## Comparative Advantage

Customers will choose Indigenous Alaska Tours because of positive customer reviews and online testimonials. Past visitors will see that no other tour is Alaska Native-owned and operated, and offers cultural tourism experiences in the area.

## Regulatory or Policy Constraints

The only regulatory needs include a business license from the State of Alaska which was obtained in late 2019. There are no pertinent policy constraints as long the guided tour stays within the planned areas.

## Section 3: Execution

### Marketing Plan

Tourists visiting Fairbanks are often either independent travelers, or come on a multi-day tour from the Anchorage area.

Independent visitors want something cheaper, more independent, or authentic. These customers often do their own online research about Alaska, and they often rely on other customer's reviews on websites like TripAdvisor. They book experiences online, through the company's website or through a third party website. Positive customer reviews are an important factor for these guests when deciding what activities to book. These customers are the primary target market for Indigenous Alaska Tours. In the near future, our website will enable these customers to book directly online.

Tourists coming up through multi-day tours are directly marketed to by the large-scale cruise and tour companies. These customers look for pre-made, easy excursions, even if it means paying extra for the convenience. Indigenous Alaska Tours primarily markets to these travelers through the local hotels, the Visitor's Center, and Google My Business. These travelers don't often plan ahead for what activities they will do on their day in Fairbanks, so direct marketing channels (rack cards, the Visitor's center, SEO & Google Maps) are most appropriate for these groups. They will also be introduced to our product through pamphlets at transportation hubs (like airports), at local downtown shops, or at local convention centers.

Both independent travelers and multi-day group travelers will also be marketed to as they wander around the community, especially in the central downtown area. A sign with our company logo at our tour departure location, decals on our vans, and support from staff at the Visitor's Center will all encourage bookings. Visitor's Center staff are familiar with the tour and can direct people looking for a cultural tourism experience to make a booking. The importance of maintaining a good relationship with the Visitor's Center cannot be overstated.

Marketing channels used for each target market segment are as follows:

#### Online Channels

- **Website:** An updated website is currently under development. Once finished, it will be used for online bookings, informational videos, and business contact information. It will also be used for additional retail sales for company-branded merchandise as well as artisan gifts that past customers are able to find again if they liked a product they found during their tour. The website will also feature a blog, where photos will be shared and linked to social media posts.
- **Instagram:** Indigenous Alaska Tours just surpassed 1,500 followers on Instagram. This platform is where customers interact with the business the most, and the goal is to post three times per week. Posts mostly focus on educational content, natural beauty, and any messages that emphasize the values of the company. There will also be advertisements to new and existing customers, driving them to the website.
- **Yelp:** Customers looking to book a tour often use the mobile Yelp app to see previous reviews and find the highest-rated options in the area. This drives many independent travelers to the website. Staff actively manages the Yelp account by posting high-resolution photos of the tour, and responding to all customer inquiries and reviews (positive or negative).
- **Google My Business:** The most common search engine for finding Indigenous Alaska Tours is through Google. The company is working to optimize the website for driving search results that include the following keywords: Athabascan, Tanana, Indigenous, Cultural Tours, Alaska Native, Fairbanks Tour Company, Driving Tour, Guided Tour, and Fairbanks. There are also high-resolution images and a tailored tour description on the Google My Business page.

#### Print Materials

- **Rack Card:** Custom-designed rack cards are stocked at all major rack card locations including the local Visitor's Center, hotels and B&Bs, the museum, and grocery stores.

- **Sandwich Board Sign:** Many tourists walking in the main downtown area will pass by the tour's departure point, where a sandwich board with tour information will be displayed.
- **Wrapped Vans:** Each van will be wrapped with the company name, logo, website, phone number, and branding images to attract customers that may see vehicles in passing.

## Logo & Branding

The name of the business is straightforward and appeals directly to those looking for a cultural tourism experience, yet know very little about the Athabascan language and culture. The owners considered using a business name in the Athabascan language, they recognized the importance of attracting clients easily, and aim to share the language with them while they are on the tour. The name should not confuse visitors and prohibit them from easily understanding the nature of the business.

Fairbanks-based creative firm, Native Design, is currently performing the following services for Indigenous Alaska Tours:

- Build an accessible, easy-to-use website with strong SEO, with a Square purchasing platform. It is also important that it prevents glitches that could cause overbooking and that it protects against customer security breaches. The website will also have a page for merchandise sales which also connects directly to a single POS system.
- A creative logo and brand guide that is in line with the company's core values.
- Take high-resolution photos that will accurately reflect what visitors can expect from the experience.
- Create the company's Yelp and Google My Business pages so customers are ready to add reviews, and will integrate basic SEO through Google My Business.
- Schedule out two months-worth of content for three weekly posts to the company's Instagram page.
- Develop an outline of core marketing messages to share on the website and social media pages.
- Design rack cards, signs, and van decals, linking to the company's website and social media feeds whenever possible.

Overall, the marketing firm will help the company develop messaging that promotes learning about the language and cultures of the Fairbanks area as fun and exciting. As our team has little experience creating websites and doing graphic design, paying for a contractor to assist with developing these assets will provide significant assistance to our business development, and is well worth the price, especially considering the importance of a strong marketing plan in the tourism industry.

## Core Marketing Messages

**Value Proposition:** Alaska Indigenous Tours gives visitors an authentic and unforgettable experience through an Alaska Native lens in the rugged and majestic wilderness. Visitors are able to connect with local people and immerse themselves in an understanding of Athabascan culture, past and present.

### **Customer Expectations:**

- Professionalism: Customers will be greeted with professional demeanor and get a strong sense of pride from all interactions with the business and its employees.
- Relationships: Through their interactions with staff, customers will feel they have built a relationship with the company that will last long after their tour has ended. This will be reflected in social media messaging, and in responses to customer reviews.

### **Supporting Community:**

- Customers will know that by choosing Indigenous Alaska Tours, they are supporting a small, local, family-owned business that operates in the community and provides jobs year-round.
- Throughout the tour, the company shares the culture as it is expressed through arts, crafts, dance, and food. Customers are connected with Alaska Native artisans and makers.
- Each year, Indigenous Alaska Tours provides transportation to local sports teams for free. This is important for the community, because sports are at the center of youth's lives, and traveling for sports is a key need in many communities.

## Visual Marketing

Being Indigenous shows up in all of the company's print materials. An important message that is shared with customers is the way Native groups historically bordered one another, and it was common for members of one group to speak the language of their neighbors as well. For example, even though Koyukon and Kutchin are extremely different languages, many people near their border have always been able at least to understand and often to speak their neighbors' language through trade, intermarriage, and ceremonial gatherings. Koyukon words feature prominently in print materials, especially in place names. Additionally, Athabascan art is central to the company's visual marketing.

## Distribution Plan

Tours will be sold directly on the website. Research has shown that there is not a single tour operator in Fairbanks currently selling their tours directly through the large-scale tour booking companies. This is because these larger companies take 40% of gross sales.

Tour operators can also choose to use smaller booking agents, but these often take 20% of the booking price, so the Indigenous Alaska Tours website will serve as the primary distribution channel.

Given the large market size, it is likely that full capacity will be reached using this distribution model. However, if it proves difficult to fill the seats, the company will engage Alaska Shore Excursions to assist in managing bookings. Although they retain 20% of the gross sales, they are available should additional support be needed. In addition to the website, sales will also be accepted at the point of embarkation.

## Pricing Plan

Tours run 4 hours, and are priced at \$200.00 per person (+ 6.5% City Sales Tax). Those interested in reserving an entire van or having a private tour may book the 12 seats with a 5% discount.

## Sales

The reservations page on the website that will enable customers to book tours without leaving the site. This service is integrated with the Square Point of Sale system. Reservations made will be charged in full, and funds automatically deposited to the company's bank account at the end of each day. This will be integrated with any reservations made over the phone or in-person. A total of \$335 is budgeted to purchase the Square equipment for collecting payments as part of our start-up supplies list.

## Section 4: Operations

### Locations & Facilities

Indigenous Alaska Tours operates from the owner's home residence, where the vehicles reside when not in use.

During the operating months, drivers and vans will wait at the driveway in front of the point of embarkation, which is leased for \$200/month. A mobile mini-lounge room has been placed there and serves as a comfortable waiting area for guests before the tour. This is an important facility for guests to wait out of the elements, enjoy refreshments, and use the restrooms as guests gather and remaining seats are sold. Once all of the guests have gathered, the driver will gather them in front of the van to collect tickets and welcome them aboard.

Each van is a customized, 2021 Mercedes-Benz Sprinter with space for up to 12 passengers. They are brand new, and will be purchased with loan funds at \$47,000 each. The business is hoping to decrease repairs and maximize customer satisfaction with these vehicles, which are common in the driving tour industry.

## Manufacturing & Production

As mentioned in the section above, the tours begin at the mini-lounge at the point of embarkation, where guests gather and load into vans. The tour will vary slightly each time, as the driver takes advantage of their own favorite stops or as they avoid traffic.

A typical day for Indigenous Alaska Tours staff may be as follows:

- Receptionist prints a guest list for each driver, identifies empty seats for real-time sales, brews coffee and sets out signs at 6:00 AM.
- **First van tour departs at 7:00 AM**
- Receptionist answers phones and greets walk-in customers throughout the day, and takes a 1-hour lunch break at 11:00 AM.
- Guests from the first tour return to the point of departure at 12:00 PM. Drivers collect feedback surveys and guests depart.
- Vans are cleaned by drivers from 12:00 - 1:00 PM with an hour lunch break at 1:00 PM.
- Receptionist continues to assist guests and gathers the group for the second tour at 2:00 PM.
- **Second tour departs at 2:00 PM**
- Receptionist enters survey responses into the database while manning phones and responding to customer inquiry emails.
- Receptionist cleans up the coffee and snacks and prepares the lounge area for the next day, departing by 3:00 PM.
- The second tour group returns by 6:00 PM. Drivers collect feedback surveys and guests depart.
- Drivers finish the day by filling them with gas, returning the vehicles to the owner's residence, cleaning them, performing a safety check.

Joe plans to assist with many of the daily tasks for the business, especially in filling in for drivers, assisting in emergencies, and selling available last-minute seats. During busy days, Joe assists the receptionist, especially during their lunch break. Drivers will typically work from around 6:30 AM - 6:30 PM with a 1-hour, unpaid lunch break, earning approximately 3 hours of overtime per day. The receptionist is estimated to work from 6:00 AM - 3:00 PM with a 1-hour, unpaid lunch break.

Business merchandise is sourced through a local apparel screen printing company. All other inputs are sourced locally when possible and environmentally-friendly solutions are always sought. These items are sold at the departure point, and online. The receptionist assists with sales at the lounge, and also prepares online orders to be mailed out. Joe or the receptionist take these to the nearby post office on a daily basis.

The drivers and receptionist will be trained in early April, and 15 administrative days have been budgeted for this purpose. Only one day will be needed to train the receptionist, and should additional training be needed, it may happen through the season. Five full days of driver training will be scheduled in April before the season begins. During this training, drivers will learn their routes, practice their tour “script”, perform safety checks, and get acquainted with their vehicles. The 10 additional administrative days will be used throughout the year as needed for additional training, administrative tasks, or as contingency should any unforeseen circumstances arise.

## Operations Equipment, Tools & Technology

The most important technology for Indigenous Alaska Tours will be the booking and payment systems, as well as the website host. The aim for our booking and payment systems to work seamlessly across all platforms.

Vans are the company’s primary equipment. All of them will have cell phone boosters (enabling better guest connections to social media and friends), and intercom systems, which enable guests in the back of the vans to better hear the driver. Additionally, the drivers will all have VHF radios to communicate with one another, and with the base operations. The mini-lounge will have a computer, printer, phone, and Square payment system.

## Partners & Resources

Important partners to Indigenous Alaska Tours include the following:

- **Visitor’s Center:** this organization is of primary importance to the success of the business, mostly because they will be an important middle man, connecting visitors with the business.
- **Culture Center and Chena Hot Springs:** both of these facilities are featured as stops on the tours. Permissions and good relationships with these businesses are critical for the delivery of the company’s products and services.
- **Alaska Tourism Industry Association (ATIA):** this is the primary marketing and industry development organization for the state of Alaska. They have a broad, out-of-state reach. It is important to build a reputation through membership and regular attendance of events/conferences.

- **Alaskan-based travel agencies primarily located in Anchorage:** relationship-building with key industry players around the state is important. Owners plan to attend annual ATIA conferences in order to facilitate this networking.
- **Other resources** include the Alaska Native Heritage Center, which provides workshops on cultural heritage, and is the premier organization in the state with access to knowledge, art, culture, and all things Alaska Native. They are also an advocate for Native voices and businesses in Alaska.
- **Elders** are the most precious resource. Indigenous Alaska Tours always has, and always will continue to foster relationships with, and look to elders for guidance.

## Language & Culture

Language and culture are integral to the Indigenous Alaska Tours experience. Guests will have the opportunity to be taught some of the language by the dance group at the Culture Center. Guides will also integrate language throughout the tour. The goal is to teach each guest how to say at least two words in the Koyukon language by the end of the tour.

## Indigenous Education for Customers

The drivers will tell the origin story of the Athabascan peoples as they drive towards Chena Hot Springs. At the culture center, there are displays, artifacts, and audio/visual stories for guests to peruse at their leisure. The dance group will also provide introductions to each song and weave in traditional stories throughout their performance. The local hunters and drivers will each have their own stories to share about the Athabascan ways of life.

## Risks & Mitigation

In the event that a driver is sick, both Joe and Jane will serve as back-up. In this small community, word of mouth will serve to recruit part-time, back-up drivers. As longtime residents, the owners have many local connections to help them find the right person.

By purchasing new vehicles, the company hopes to avert many breakdowns, however, it will likely occur at some point. When this occurs, the company will divert its customers to competitors and/or secure transportation via a shuttle or taxis back to the departure location. For those that miss a significant amount of their tour, a refund will be offered.

The risk of another pandemic, or the continuation of the current one, is a likely scenario. To combat this, the business has low overhead costs when not operating, and can pause operations until tourism resumes. Additionally, vans can be used as a shuttle between



Fairbanks and nearby communities, which could help to offset rent and other overhead costs, should the company need to pivot and earn revenues another way.

Prioritizing the repayment of the small business loan is a short-term priority to help mitigate risk in the meantime. The owners may have sufficient cash flow to pay the loan even with no revenues for the business. However, if the owners are unable to make the monthly loan payments, they will have to close the business and sell off the vans and other equipment to repay the loan.

## Section 5: Company Description

### Ownership & Structure

The business is structured as a Limited Liability Corporation (LLC). Joe and Jane Doe are the owners of the business, each owning a 50% share of the company.

### Management Team

#### **The Owners**

Joe is the operations manager and has extensive experience in managing construction projects, specifically in overseeing the schedules and needs for large vehicles and equipment on each job. He excels in scheduling, communication, and safety.

Jane has worked for local tour operators for over 15 years, her strengths include customer satisfaction, basic social media posting, knowledge of the local tourism industry, and organizing administrative projects. Jane oversees the overall organization, implementation of the brand, and management of HR and financial management functions.

#### **The Staff**

*Drivers (3):* Drivers deliver the tours, and are central to the customer's experience. Their primary responsibilities are in preparing the vans, providing the tours, and then readying the vans for the next day.

*Receptionist (1):* This person will be based at the departure point. Their primary responsibilities are to greet guests, direct them to the vans at the start of their tour, and to provide high-quality customer service to current and potential guests.

Indigenous Alaska Tours is committed to 100% Alaska Native hire whenever possible. Hiring local, year-round residents is also a top priority. The business currently employs three Alaska Native drivers who have seasonal jobs in the winter months, and are

excited to work for the company in the foreseeable future. A receptionist has not yet been identified.

## Section 6: Financial Analysis

### Revenues and Expense Projections

Indigenous Alaska Tours estimates that it can generate approximately \$1,344,000 in gross sales in year 1, and \$552,702 in net income by operating 3 vans, twice per day, with 8 of its 12 seats filled for 25 days per month in May - September and with 1 operational day in April and 14 operational days in October.

In year 2, the business estimates it can capitalize off of its more robust marketing presence to fill 10 of the 12 seats on each tour, and that by operating at the same number of days as year 1, can generate \$1,680,000 in gross revenue and \$749,215 in net income.

The marketing start-up expenses will be \$30,000. They will provide the assets listed in the marketing section of the plan, and set the company up for success. The business will contract them to continue annual marketing, website maintenance, and other minor updates to the above-mentioned materials (including new photos) for \$10,000 per year, with staff managing daily social media posts.

### Sales Projections

Projections show that for each van, 8 of the 12 seats will be filled (roughly 67% of capacity) for each of the three vans, operating two tours per day. The expected number of bookings will increase to 10 of the 12 seats in Year 2. Operating days are estimated at 25 days per month (being closed roughly one day per week) from May - September. In April, the business will only be open one day (as the tourism season hasn't fully started) and will operate for 14 days in October. The sales projections come from two sources:

- **Tour Operator Data:** Other tour operators in the Fairbanks area have said that, on average (including 2021), they filled their vans to 95% capacity. Estimating 67% would keep projections on the conservative side for a new company in Year 1, and that would increase to 83% in Year 2, still well below that of experienced companies in the area.
- **Fairbanks Visitor Data:** Prior to COVID-19, Fairbanks typically saw between 350,000 - 400,000 visitors per year. Although data is not yet available for 2021 or 2022, initial estimates from local economic development organizations indicate that travel is likely going to rebound to past levels. The hope is to capture 6,720 guests in our first year, and 7,020 in our second year.

As Fairbanks has a robust winter tourism season (thanks to the *Aurora Borealis*), it is anticipated that guests will be interested in continuing these tours well into mid-October. Should demand continue after mid-October, Joe could operate one of the vans or could speak with staff about staying on for a longer season. Given that this business is in its early stages, operations are currently only planned during the summer season.

### **Variable costs:**

Variable costs include **gas**, **credit card processing fees**, and **USFS road fees**.

- **Gas:** Based on early driving tours, the vans will be driven approximately 100 miles per tour. The vans average 14 miles per gallon, and although current gas prices are around \$3.69/, conjectures around inflation in 2022 have increased the estimate to \$4.00/gallon, with an estimated gas expense of  $((100 \text{ mi}/14) * \$4.00 =)$  \$28.57 per tour.
- **Credit card processing fees:** are estimated at around 2% per sale. This is included in the variable expenses at \$5.80 per person per tour.
- **USFS Road Fees:** The USFS requires companies selling tours and using their roads to have a special use permit, and to pay \$6.50 per person (not including staff). This has also been included in the variable costs.
- City tax is **not** included in the variable costs. This will be paid directly by the consumer (added on) at the point of sale. Currently, the city tax rate is 6.5%.

### **Funding Needs**

The company will need \$283,839 in start-up capital for the purchase of the 3 new vans, a \$30,000 marketing package, \$15,457 for starting supplies, and \$97,382 of working capital (for the equivalent of May's operating expenses). The owners have saved \$50,000 that they will contribute to the starting capital, leaving \$283,839 to be financed by a lender. They are currently working with several lenders, and hope to secure a 5-year loan at 8% interest or less.

As collateral, the owners are willing to list the three vans, and their personal residence which was recently valued at \$559,000 with \$412,115 of equity.

Jane will continue to be employed full-time, and Joe will be receiving retirement contributions. Their current monthly income (combined) is \$13,540. Should the need arise, they would likely be able to continue to make payments on the loan without income from the business.

## Projected Income Statement

	April	May	June	July	August	September	October	November	December	January	February	March	Totals
<b>Income</b>													
Sightseeing Van Tour	\$ 9,600	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 134,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,344,000
<b>Total Income</b>	\$ 9,600	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000	\$ 134,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,344,000
<b>Cost of Sales</b>													
Sightseeing Van Tour	\$ 1,962	\$ 49,046	\$ 49,046	\$ 49,046	\$ 49,046	\$ 49,046	\$ 27,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,656
<b>Total Cost of Sales</b>	\$ 1,962	\$ 49,046	\$ 49,046	\$ 49,046	\$ 49,046	\$ 49,046	\$ 27,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,656
<b>Gross Profit</b>	\$ 7,638	\$ 190,954	\$ 190,954	\$ 190,954	\$ 190,954	\$ 190,954	\$ 106,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,069,344
	79.6%	79.6%	79.6%	79.6%	79.6%	79.6%	79.6%	0.0%	0.0%	0.0%	0.0%	0.0%	79.6%
<b>Owners and Employees</b>													
Owner Compensation	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ 11,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000
Wages	9,463	25,563	25,563	25,563	25,563	25,563	14,315	-	-	-	-	-	151,590
Payroll Taxes and Benefits	2,187	3,853	3,853	3,853	3,853	3,853	1,482	-	-	-	-	-	22,935
<b>Total Salaries and Wages</b>	\$ 23,316	\$ 41,082	\$ 41,082	\$ 41,082	\$ 41,082	\$ 41,082	\$ 15,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,525
<b>Fixed Business Expenses</b>													
Advertising and Promotion	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 833	\$ 10,000
Automobile Expense	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Commissions and Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer and Internet Expenses	111	111	111	111	111	111	111	111	111	111	111	111	1,332
Credit Card and Bank Charges	10	10	10	10	10	10	10	10	10	10	10	10	120
Insurance Expense	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	14,000
Accountant Fees	117	117	117	117	117	117	117	117	117	117	117	117	1,404
Telephone Expense	60	60	60	60	60	60	60	60	60	60	60	60	720
Travel Expense	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Legal Fees	416	416	416	416	416	416	416	416	416	416	416	416	4,992
<b>Total Fixed Business Expenses</b>	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 3,534	\$ 42,408
<b>Other Expenses</b>													
Depreciation	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	2,350	28,200
Interest													
Commercial Loan	1,559	1,538	1,516	1,495	1,473	1,451	1,429	1,407	1,385	1,363	1,340	1,318	17,275
Taxes	-	29,832	35,618	35,623	35,629	35,634	20,956	(1,823)	(1,817)	(1,812)	(1,806)	(1,800)	184,234
<b>Total Other Expenses</b>	\$ 3,909	\$ 33,720	\$ 39,484	\$ 39,468	\$ 39,452	\$ 39,436	\$ 24,736	\$ 1,935	\$ 1,918	\$ 1,901	\$ 1,884	\$ 1,867	\$ 229,709
<b>Net Income</b>	\$ (23,121)	\$ 112,618	\$ 106,854	\$ 106,870	\$ 106,886	\$ 106,902	\$ 62,868	\$ (5,469)	\$ (5,452)	\$ (5,435)	\$ (5,418)	\$ (5,401)	\$ 552,702
	-240.8%	46.9%	44.5%	44.5%	44.5%	44.5%	46.8%	0.0%	0.0%	0.0%	0.0%	0.0%	41.1%

Note: Statement does not include loan principal payments  
(23,121) 142,450 142,472 142,493

Year one principal payments \$ 39,622