

The british columbia
a respected
destination in



**ASSIGN
BUSTER**

The tourism industry in British Columbia has been growing rapidly over the past years thus making it quite possible for hotels within the hospitality industry such as Cortes In to enjoy more commercial success.

As of the year 2000, the region had over 22 million visitors who raked in an amazing \$ 10 billion. Additionally, the tourism mix of the district of British Columbia did not only come from locals but also from foreigners ensuring that demand is stable. Despite the fact that business opportunities did present themselves for those within the hospitality industry in Cortes Island, it apparently became difficult for those within the tourism industry especially inns such as The Inn on Cortes Island due to the threats on tourism industry that were brought by the 9-11-01 attack by terrorists that reduced tourist traffic. Issues of human resource availability and skill levels of those employees expected to serve within the industry also made it hard for the industry to flourish due to the perception jobs within that industry did not pay well. Additionally, the outbreak of SARS and the west Nile virus made it hard for the tourism industry to flourish. The Task environment within the Island was suitable and good for business considering that the industry raked in over \$ 10 billion annually. Vancouver was well known for its business expos and this had made British Columbia a respected destination in the tourism industry attracting millions of people especially during expos which brought the society together. The only form of political hostility arose from terrorism activities that followed 9-11 bombings.

The availability of websites, DVD/CD technology available to customers meant that the customer experience was maximized. The task environment was thus highly favorable due to the fairly good political, economic and

socio-economic culture that was good for tourists arriving from local and international destinations. The Hotel and hospitality industry within British Columbia was a free and fair industry in accordance with the principles of free market economy, meaning that just as Jonathan Armitage entered the industry since he had the capital, any other participant could to enter the industry. This fact made the threat of entry quite high within the market. Due to the fact that there were other many similar Inns and resorts in the region, some of which were in the high end and low end of the market this meant that consumers had a wider range from which they could choose from. Thus, making the business environment even more competitive. Hollyhock retreat resort is one such resort that offered camping facilities which can serve as a substitute for hotel rooms.

Despite the unique ambience of the ICI, the presence of camping sites and Rustic dorm rooms have in some way increased the threat from substitute products because individuals who don't opt to sleep in rooms may go to tents hoping to get close to nature.

The product and service

The Inn at Cortes Island is an establishment that targeted mainly middle income earners who paid somewhat average fees to enjoy their services (the average fee per room is \$ 225 and \$ 110 per cabin). These prices were found to be suitable for middle income earners who frequently toured the Inn and recommended it to others.

The problem is that the price is too high for some target customers turning them away. The Inn had both rooms and cabin spaces facing the beach,

Jacuzzi tubs, fireplaces, DVD/CD players for entertainment, and high quality linen in rooms, that were suitable for couples, tourists and even wedding events. Additionally, apart from offering sleep facilities the Inn also provides local gourmets and exclusive food. The product design should also be differentiated for high end customers. The design of the room was quite cool because it was done by artists who ensured that earth tones were used to create an atmosphere of relaxation which was expected by the customers. In addition, the rooms and furniture were fitted with high quality linen to ensure that the place looked good. The design of place has no weakness. The Inn used its website as part of their promotion tool and thus designed it properly.

Additionally, the hotel depended upon word of mouth to promote its brand. ICI management also hired a media consultancy firm to create publicity for them occasionally. The current promotion efforts are not enough and should be more vigorous.

Market segment

The intended market of The inn Cortes Island was tourists and locals who especially fell under the middle class bracket of the economy who were searching for a unique spot that had the best ambience. The segmentation is good and highly attractive having no weakness. Other competitors within the Island were Hollyhock Retreat Resort and April Point, which provided high end services; also there were other many resorts and Inns in the Island which could provide services similar to ICI's thus making competition stiffer.

Because the Inn did not offer high end services it is bit of a disappointment for customers with high end needs. The competitive advantage of ICI was the Inn had unique ambience and design, a good website and world-class cooks

together with the availability of capital to expand the business. The Inn serves the affluent middle class who need to run away from the busy urban environment and go to the Island to watch and enjoy nature. Customers visiting this inn usually wish to have some peace and spend time with their loved ones.

The technology

The availability of a beautifully designed website has made it quite easier for the Inn to access its clients and serve them better.

Also other technologies such as the availability of DVD/CD players for entertainment have ensured that guests who visit the place are well catered for in terms of entertainment.

Management

Jonathan is the sole shareholder and CEO the Inn. He decided to hire someone who would take the position of a general manager to ensure a smoother day to day running of the organization. ICI has its organizational structure divided into four main functional divisions, which include the front desk, housekeeping, maintenance and grounds, and food services each of this functional area is headed by an individual manager. At the beginning, the owner had decided to hire a mother and son team with the mother serving as the general manager while the son serving as the chief chef but the decision turned out to be a bad one the forcing the owner to employ a more experienced and professional general manager, Edward Bourgogne.

Upon his arrival the general manager put in place new systems and brought in a new chief chef Jackie Newcome, a move that saw improvement in the relationship and quality of work in the Kitchen.

Investment-Pay Back Exit Plan

The construction of the Inn was made possible by the help of loans and the forecasted Revenues are expected to assist the shareholder to repay the loans. The management forecast expects that approximately 70% occupancy rate of the Cabin throughout the year will be needed in repaying the loan. The bank current total loans have accumulated to \$4. 8 million, with the latest loan awarded to ICI being \$1. 8 million the current twelve-monthly principal and interest payments are expected to be around \$38, 700 per month, which will be spread across loan repayment schedule of 240 months.

The business expects to make revenues of \$2. 2million and this is expected to increase by 10% within the following year although no profits are expected in first two years as the company is expected to start breaking even in the third year of its operations. This will ensure that the company repays its loans comfortably.

Table

1. The Business Environment