

# Principles for Developing Your Ecotourism Business Plan<sup>1</sup>

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Florida is host to a variety of natural settings, which offer great potential to develop ecotourism businesses throughout the state. Developing such a business can provide countless benefits to individuals and communities such as generating incomes, providing jobs, developing new skills, and conserving natural areas. As with any business, an ecotourism business requires strategic planning to ensure effective delivery and sustainability. In particular, designing a strategic plan for business operations may prove advantageous in reducing future challenges. Current ecotourism business owners have expressed their lack of expertise in tourism operations as a challenge in managing their tourism businesses (Best and Stein 2007). This publication intends to provide those wishing to begin an ecotourism business or modify an existing business with a detailed description of the diversity in ecotourism business models and the components necessary to develop an ecotourism business plan.

## What is an Ecotourism Business?

Ecotourism is diverse in the benefits provided, business ownership types, and program delivery opportunities. Ecotourism is commonly understood as tourism that promotes environmental conservation and provides opportunities for communities to benefit economically and non-economically (Weaver 2001). These types of businesses are comprised of various ownership models that offer a range of services or products. In Florida, ecotourism

business models include private ownership, public agency ownership, and public-private partnerships (Wyman and Stein 2007).

Private ecotourism businesses are independent entities that have the natural, physical, and human resources needed to provide ecotourism services or products. For instance, individuals with private ownership of ecotourism businesses own the land and natural attractions needed to put their ecotourism activities in operation as well as those resources needed to accommodate visitors and manage the business (e.g., transportation, accommodations, food service, and human resources). Examples of these types of businesses in Florida include nature study areas such as DP Nature Tours (<http://www.dpnaturetours.com/>) and Florida Eco-Safaris (<http://www.floridaecosafaris.com/>); day and overnight experiences on working farms such as Long and Scott Farms (<http://www.longandscottfarms.com/>) and O'Toole's Herb Farm (<http://www.otoolesherbfarm.com/>); and water-based recreation attractions such as Ichetucknee Family Canoe and Cabins (<http://www.ichetuckneecanoe-andcabins.net/>) and Ginnie Springs Outdoors, LLC (<http://www.ginniespringsoutdoors.com/>).

Public agencies also participate in ecotourism businesses by providing visitor services within protected and conserved natural areas. For example, public agencies offer fee- and non-fee-based education and interpretation programs to visitors such as guided recreation trips (e.g., backpacking,

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canoeing) and Junior Ranger programs. In addition, public agencies operate ecotourism businesses under public-private partnerships. Such arrangements are often sought by public agencies lacking financial or physical resources to offer visitor experiences as directed in public agency legislation. Public-private partnerships often result in profit sharing between the private business owner and public land agency. These forms of partnership, as well as public-agency-driven ecotourism businesses, are common in the United States and Florida. Like private ecotourism businesses, public agency and partnership models offer a great range in tourism offerings. For example, businesses that have partnered with public agencies include Kayak Amelia ([www.kayakamelia.com](http://www.kayakamelia.com)), Blue Moon Outdoor Center ([www.bluemoonmiami.com](http://www.bluemoonmiami.com)), and Dragonfly Watersports ([www.dragonflywatersports.net](http://www.dragonflywatersports.net) [29 October 2012]). These privately owned and operated ecotourism businesses are the official service providers for Big and Little Talbot Island, Oleta River, and Rainbow Springs State Parks (<http://floridastateparks.org/>), respectively. Variety in ecotourism business ownership and tourism offerings makes strategic planning for business development or adjustment a necessity.

## What is a Business Plan?

A business plan is a strategic planning tool to provide communication, management, and planning (Cothran, Wysocki, and Mulkey 2005; Evans, 2008; U.S. Small Business Administration 2009). An effective business plan communicates to lenders, employees, and owners the potential problems and challenges associated with operating a business. A business plan also identifies potential alternatives. For instance, a business plan may consider strategies to secure funding, manage personnel, and market the business. A business plan also serves as a tool that guides the actions of your business to ensure competitiveness and sustainability (Goeldner and Ritchie 2009). Such a plan would prove useful to ecotourism operators who are planning to develop or alter an ecotourism business. In particular, a business plan provides:

1. a strategy to ensure streamlined efforts for effectiveness in tourism service or product delivery;
2. a strategy to develop a service or product meets the demands of a variety of consumers including tourists, local residents, and visiting friends and relatives;
3. the opportunity to communicate business objectives, chart the tourism service or product sales goals, and

pursue evaluation through research and development; and

4. descriptions of job positions to eliminate duplication of efforts and ensure clear communications between personnel.

## Components of an Effective Ecotourism Business Plan

A typical business plan includes descriptions of the business, marketing strategy, financial structure, and management (U.S. Small Business Administration 2009). Within each of these components are particular topics or plans that must be considered by ecotourism business owners in developing a business plan (see Table 1). The remainder of this publication provides a detailed discussion on each plan topic, written for ecotourism business owners intending to begin or change an ecotourism business.

### Business Description

In offering ecotourism services or products, you are providing people with unique experiences they cannot achieve in urban environments; however, careful consideration must be used in clarifying your business mission (i.e., the purpose of your business) and vision (i.e., description of how your business will achieve the mission). In most cases, ecotourism businesses are small operations on a landowner's property that complement other land management activities of nearby protected areas (Best and Stein 2007), but it is ultimately up to you to decide how large to make your ecotourism business. This section allows you to specifically define the size and composition of your business.

**Business description.** A business plan should include the structure of the ecotourism business (e.g., private, public-private partnership). In addition, this section would include identification of personal values, creation of a mission and vision statement, and development of goals and objectives (Goeldner and Ritchie 2009). For ecotourism businesses, this component of the plan is particularly important since ecotourism operations are often not totally driven by profit maximization. Ecotourism business goals often include environmental protection and improved quality of life in addition to economic profit.

**Internal resources.** Internal resources include human, financial, and physical resources available to assist in developing an ecotourism service or product. These may include personnel skills, existing finances to fund

ecotourism development (e.g., marketing and initial gear costs), existing infrastructure (e.g., passenger van for transportation, adequate space for lodging and food service), and natural resources to which there is direct access. A complete inventory of all such resources would be presented in this section of the plan.

**External resources.** Similar to internal resources, external resources are public agencies and other private tourism operators that are available to assist in ecotourism development. On a public level, these may include local convention and visitor bureaus, county Extension offices, tourism industry associations, and local parks departments for access to natural resources (e.g., municipal, county, state, federal lands).

## Marketing Description

Clearly defined marketing strategies are essential to the success of your ecotourism business. The marketing description of your business plan allows you to identify your intended customers, focus on their ecotourism demands (e.g., activities offered) and demographic needs (e.g., family-friendliness, cost-effectiveness, accessibility), as well as develop a plan to cater to this market group through service or product development and marketing techniques.

**Market analysis.** The market analysis identifies the target consumer market. To conduct an effective market analysis, you must measure the potential demand for the service or product you offer, identify the intended audience for the marketing plan, and analyze the segmentation of the target audience in order to effectively market program offerings to diverse subsets. For example, nature study is the fastest growing outdoor recreation activity in the United States (Cordell 2009); this demand should be considered in the market analysis of an emerging ecotourism business. In addition, consideration for the diverse demographic characteristics that support this activity and segmentation of the market into subsets for greater effectiveness of tourism delivery might also become part of the market analysis for this tourism offering.

**Competition.** Identifying other ecotourism operators in the surrounding area is critical for development of an effective business plan. This section identifies competition, similarity of service or product, as well as comparative advantages (e.g., resources) and competitive advantages (e.g., effectiveness in using resources) (Goeldner and Ritchie 2009). Private ecotourism business owners should consider other private business owners as well as publicly owned natural attractions (e.g., state parks, county parks, and national

forests) when identifying competition. Often entry to public nature-based recreation areas is either inexpensive or free, so you must determine the unique experiences you will offer if you are to compete with public entities. Through this type of analysis, you might discover working with your competition to be more beneficial. For instance, you might find that forming a partnership with a public entity is more attractive than beginning an independent business. You might also find that packaging your service or product with those of a competitor might provide greater business. For example, cave diving in north central Florida is a major local tourist industry because of the many springs and caves in the area with multitudes of dive operators providing such services. Packaging your tourism offerings with those of a competitor (e.g., establishing a cave diving trail) might provide for greater tourist opportunity, synergy of local business owners, and greater profits.

**Service or product development plan.** A service or product line development plan identifies ecotourism services or products to be offered to customers, describes how this supply will meet the identified demand, and offers guidelines for diversifying the service or product to meet changing demands. Consider contemporary economic, social, political, and technological dynamics (e.g., the economic recession, aging population with retiring baby-boomers, climate change and fuel consumption, and on-line social networking) that may influence purchasing of ecotourism services or products. Efforts to conduct research and development would also be identified in this section of the business plan.

**Marketing plan.** A marketing plan is devoted to identifying an effective marketing mix that unites customers with ecotourism services or products for the greatest profit, while providing environmental protection and quality of life opportunities. The marketing plan would identify the product, place, promotion, price, programming, people involved, and potential partnerships (Mill and Morrison, 2002; Perreault and McCarthy 2002). This would include the services or products being marketed, distribution channels through which the service or product will be marketed (e.g., travel agents), how the service or product will be promoted (e.g., newspaper, internet, television, radio), considerations for price (e.g., determination of user fees), activity programming (e.g., diversifying tourism offerings in an effort to expand services or products offered), steps to ensure customer satisfaction (e.g., quality control), and level of collaboration (if any) through partnerships with other agencies.

## Financial Description

When starting or modifying an ecotourism business, paying close attention to the financial organization of your intended business will prove profitable in achieving a successful business operation. For instance, ecotourism may often be considered a low expense option for landowners since it seemingly does not require much infrastructure or development; however, potential customers expect a certain level of comfort to aid them in experiencing the opportunities you provide. Such demands often dictate unexpected costs and expenses. For example, some private ecotourism operators who have opened to visitors their personal homes for use of restroom facilities have found this use to incur a cost to their privacy beyond what they expected. The financial description of the business plan allows you to take into consideration the capital costs associated with starting or altering your ecotourism business as well as the opportunity to project anticipated revenues/expenses and contemplate financing options.

**Capital costs.** An effective ecotourism business plan must consider all costs associated with launching a new or altered business. This section of the financial description is where you would identify your cash needs to put your ecotourism business into operation. Start-up cost estimations should be based on operation expenses for at least the first several months of business implementation. These expenses might include one-time costs prior to business implementation (e.g., land purchase and business incorporation fees) as well as ongoing fixed (e.g., utilities and insurance) and variable expenses (e.g., equipment purchasing and personnel for guiding tours) (U.S. Small Business Administration 2009).

**Revenue/expense projections.** A business plan must include clearly identified, itemized financials, including break-even analysis and projected cash flows. These projections include profit and loss statements based on a three-year projection with a current balance sheet.

**Financing.** If you require additional funding to start or alter your ecotourism business, you will need to seek and compare various options for financing the venture. Here is where you identify your financing preferences, including options for equity and debt financing as well as any applications to secure additional funding.

## Management Description

Managing an ecotourism business requires familiarity with ecological and social concepts and challenges. You must understand how to bring people into contact with nature without damaging the very attraction they are coming

to see and clearly communicate these practices to your front-line staff. This section of your business plan lays out the activities you will need to account for in managing your ecotourism business.

**Operating procedures.** This section explains the steps taken to operate the ecotourism business. For instance, this would include a detailed description of how the service or product will be offered to customers through practices that support ecotourism principles. Special considerations for ecotourism operators include regulatory policies that could influence your operation (e.g., permits, taxes, zoning, educating visitor code of conduct), service or product evaluation, and protection from risk and liability. For more information on: permits for public land use, see your public land agency representative; business permits/licenses and taxes, see U.S. Small Business Administration ([www.sba.gov](http://www.sba.gov)); zoning, see your county office; visitor code of conduct, see The International Ecotourism Society ([www.ecotourism.org](http://www.ecotourism.org)); and risk/liability, see U.S. Small Business Administration.

**Sales plan.** A sales plan includes a strategy for the sales team and sales activities (U.S. Small Business Administration 2009). The plan will define who will comprise the sales team, specify whether these individuals are internal or contracted agents, list any extra compensation provided, and identify all sales activities (e.g., teacher workshops to generate school group attendance, open house opportunities for community stakeholders to participate in ecotourism offerings, and membership with local travel associations). The plan will establish sales goals and a strategy to reach those goals.

**Management plan.** An effective management plan clearly identifies the organizational structure of the ecotourism business, profiles the management team, and provides a description of ownership (U.S. Small Business Administration 2009). The organizational chart should reflect the structure of the management team and personnel requirements and define roles of responsibility for each position. This will ensure every function within the ecotourism operation is covered and avoid duplicated activities. This section would also include a profile of the management staff, including a description of their backgrounds and skill sets. The management plan also must describe the ownership of the ecotourism business, such as incorporation, partnership, or independent proprietorship. More information on business ownership models can be obtained from U.S. Small Business Administration ([www.sba.gov](http://www.sba.gov)).

**Personnel plan.** The personnel plan describes the employee component of the business, including hiring, training, compensation/benefits, and volunteer program considerations. For an ecotourism business, some considerations might include specialized training and certifications needed by guide staff and business operations training for management staff. Clearly defined responsibilities can keep business owners from duplicating skill sets of employees and ensuring role responsibilities are clear.

## Conclusion

Natural resources available for ecotourism abound in Florida. However, before embarking on an ecotourism business venture, establish a business plan. A good business plan will provide a streamlined, profitable strategy for success. Developing a business plan that clarifies business, marketing, financial, and management considerations is integral to effective and sustainable ecotourism operations.

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Table 1. Business plan topics and questions for consideration

	Business Plan Topic	Questions for consideration
<b>Business Description</b>	Business Description	Where do I want my ecotourism business to go?
	What resources do I have at my destination that can assist with my ecotourism business development?	
	What resources are available to develop my ecotourism business?	
<b>Marketing Description</b>	Market Analysis	To whom will I cater my service or product?
	Will I be offering an ecotourism service or product similar to those other ecotourism operators are offering in my area?	
	What ecotourism service or product will I offer and how can I diversify them?	
	How can I market my ecotourism business?	
	Who are my customers and what do they want?	
<b>Financial Description</b>	Capital Costs	What costs will I sustain to start or modify my business?
	How much revenue and expense will my ecotourism business incur each year?	
	Will I require additional funding to start or modify my ecotourism business?	
<b>Management Description</b>	Operating Procedures	How will I implement my ecotourism business?
	What are my sales goals and how will I reach these?	
	What will my organization structure look like?	
	Who will assist me in my ecotourism business?	