

This case was written by John Pliniussen and Bob Cairns for the purpose of entering the 1995 Aboriginal Management Case Writing Competition.

TITLE: NORTH WATERS FISHING SEMINARS

Ken Dokis had just finished reading his nephews first draft of a business plan. He had been asked to be an investor in the venture and Ken felt honored that Billy was asking for his advice. Ken had been involved with gaming and some trapping, guiding and fishing at Nipissing First Nations's for most of his 51 years. Billy's idea was to start a fishing business that would take advantage of the boom in sports fishing throughout northern Ontario.

Ken sat and reviewed the business plan again while Billy talked excitedly about all of the new ideas he had recently come up with. He was sure they would make his venture successful. He also realized that he would have to think carefully about how to respond to Billy's request for financial help and business advice. While Billy knew much about sport fishing, Ken sensed that it may be time for his 22-year old nephew to turn his hobby into a full-time occupation.

A) Billy's Idea

Billy Dokis hoped to establish North Waters Fishing Seminars as a mobile business catering to what he believed was a growing market. He would travel to numerous resorts in the North Bay area marketing his seminars and selling some fishing equipment. Seminars would include an information exchange between anglers and himself. He believed there was little competition in the area and that the potential for growth was only restricted by his own skills and the amount of money he could get to spend.

The size of the market that North Waters would promote to was projected at approximately 25,000 anglers, or just over half the total licensed anglers in Ontario. Billy felt that North Waters could be profitable if it competitively priced its seminars, promoted a professional image, catered to the appropriate resorts, and sold only top-quality products. Billy's estimated profits for his first three months of operation would be over \$20,000.

Billy hoped to travel to numerous resorts in the North Bay area (see Exhibit 1) setting up fishing seminars to market his seminars and sell fishing equipment. He wanted to display and sell the latest in fishing equipment at these seminars, teaching fishermen the latest techniques. Billy also wanted to show and sell tapes of Bob Izume at his seminars as another means of entertaining and providing valuable information. Bob Izume was a well-respected sports fisherman and television show celebrity. A full range of fishing equipment and supplies (except live bait) would be sold at the seminars.

North Waters would be organized as a sole proprietorship. The success of the business would be based on excess supply and demand for new and innovative fishing techniques and equipment. Billy told Ken that he had received encouragement from 19 potential clients and 11 resort owners he had contacted. They had told Billy that there was a need for marketed fishing equipment in the way he was proposing.

The short-term plans for North Waters Fishing Seminars was to open for business at the beginning of the fishing season in 1996. If the concept was successful in the North Bay area, the long-term goals of the business would then be to expand into other markets throughout Ontario. This growth would involve hiring and training skilled salespeople who would conduct seminars along with Billy. North Waters also intended to eventually expand into the growing ice-fishing markets. It was Billy's goal to get enough business to hire his two life-long friends, Brian and Sam Mawabe, who had fished with Billy for many years.

B) The Industry

With information Billy obtained from the Ministry of Natural Resources, he calculated that in 1994, the number of foreign licensed anglers in Ontario totaled 2,199,933. Of these, 62 percent fished primarily in Northern Ontario. Although the amount of anglers to increase was unlikely, Billy believed his plan had the potential to target a portion of them profitably.

With help from Jim Walpole, the Band's local Economic Development Officer, Billy discovered that of the angler resorts in Northern Ontario, 34 percent were domestic visitors and 66 percent were United States visitors. Canada represented 73 percent of the total, while foreign anglers represented 27 percent of the total.

The major businesses in the fishing industry included small sporting goods

stores, department stores, and companies that distributed catalogs. Through discussions with local business owners, Billy discovered that the majority of anglers from North Bay purchased their fishing equipment at department stores like Canadian sporting goods stores and convenience stores only had marginal sales of fishing equipment.

Billy felt that there was little hope of fast growth for the sports-fishing market in Northern Ontario. By researching statistics, Billy discovered that the number of tourist lodges in the region had not changed since 1989.

Also, the Ministry of Industry, Science and Technology predicted potential for further growth to be limited.

However, Billy believed the potential in the North Bay region was large enough to make it worthwhile to start his business. If properly regulated, Billy believed that fishing stocks in many lakes would improve thereby creating a greater demand for fishing products.

C) The Market Analysis

According to a 1994 sport-fishing survey, 83% of anglers were males with an average age of 46. The survey also found that the majority of fishermen that visited Northern Ontario were married and had an average household income of \$39,000. The survey results led him to believe that his typical customer would fish more than 10 times a year; own the latest in fishing equipment from boats to depth finders, and be willing to try new equipment innovations in order to improve their fishing (Exhibit 2 and 3).

According to the 1994 Ontario Exit Survey, anglers came to North Bay from the northeastern states (New York, Pennsylvania, Illinois) at least once every two to three years and stayed at resorts along the south shore of Lake 1. The majority of people that traveled to North Bay would fish for pickerel (walleye). Almost all the tourist anglers Billy interviewed purchased their equipment from local sporting goods stores at home prior to leaving on their vacations.

Billy believed this type of fisherman would purchase fishing equipment more frequently if someone knowledgeable about the industry was also using similar brand name equipment.

Billy's goal was to become well-known and respected; a professional that fishing hobbyists would refer to. In addition, his potential clients would also be encouraged if more-experienced anglers attending the seminars. Billy believed that tourists would pay a premium price for the personalized services that would accompany his products. According to four local bait stores, the average angler spends between \$30 and \$50 when purchasing fishing supplies and equipment. This indicated that the majority of the customers were tourists from outside the North Bay area and that they had either forgotten to buy equipment at home or were purchasing equipment recommended for the lake and type of fish sought.

D) The Trends

According to a December 1994 article in *Fishing and Hunting Lodges*, the main operating period for fishing is from May to October.

Resort operators in Ontario normally had occupancy rates between 60 and 70 percent. For peak seasons, they had 80 percent occupancy. The Northern Ontario Tourist Outfitters Association (NOTO) noted that while a resort with abundant natural resource could anticipate a healthy season of up to 16 weeks, a lodge with depleted resources may only be busy for 8 weeks. The winter season started on December 21 and ended March 21. Due to the nature of ice fishing, (where the only equipment was a fishing line) Billy felt that his concept would not generate enough profits to be feasible for the first two years.

After analysis of the operating capacity of area resorts and assuming pessimistically that they were operating at 70 percent occupancy, Billy estimated the size of the total potential market to be 1,557. This meant that at any given time in the peak summer season, there were 1,557 anglers staying at area resorts. Accordingly, the total size of the potential market for the entire region was estimated at around 25,000 anglers, assuming an average stay of one week per angler.

E) The Marketing Plan

i) Products

The type of anglers Billy would be catering to normally had most of their fishing equipment before they arrived at their resorts. Therefore, one product he planned to specialize in was fishing lures.

Through talking with many of his uncle's fishing friends, and reading many of the popular fishing magazines, Billy identified low-risk products to carry because they were impulse purchases; the markup on lures (up to 150%) was much higher than on other equipment (e.g. fishing poles and reels average 50 % markups); different lures worked in different lakes; and there were always new innovations and fads in the lure market.

An article in *Catalog Age* indicated that in 1994 fishing apparel accounted for more than one quarter of all the off-season sales in catalogs. Based on this information, Billy also planned to sell clothing such as hats and coats.

Finally, Billy planned to sell fishing knives, minnow buckets, gaffs, fishing nets, leaders, hucks, sinkers, fly dope, fishing rods, tackle boxes, and reels.

ii) Pricing

After a survey of retail businesses that sold fishing equipment, it was obvious to Billy that there were noticeable pricing differences among the different stores.

By visiting local merchants and talking with supplies distributors, Billy found out that fishing supplies mark-ups varied significantly.

percent at Luds Multi Mart to 28 percent at Canadian Tire. Part of this wide range was because lures generally had a 100 percent mark-up, and equipment such as rods and reels had less than a 20 percent mark-up. Since Luc's Multi Mart was the only store that carried lures, lines, and sinkers. Canadian Tire carried a full selection of lures and fishing equipment. Callander Bait and Tackle and Pro Hardware stores were found to have an average mark-up of 40 percent on their fishing equipment.

North Waters Fishing Seminars pricing strategy would be to have a 100 percent mark-up on lures (the average lure is approximately \$6.00) and a 25 percent mark-up on all equipment. Using Callander Bait and Tackle as a reference, North Waters Fishing Seminars net sales should be approximately 70 percent lures, lines and sinkers, and 30 percent equipment. Credit cards that would be accepted would include American Express, Visa, and MasterCard. Billy felt there should be no need to give discounts because the prices will be competitive.

North Waters Fishing Seminars would warranty their lures and all anglers would be encouraged to fill out the warranty card and contact the manufacturers if there were problems with the products purchased. This warranty card could also be used by Billy to send out flyers in the mail, to keep track of the items purchased, and to organize addresses. He was intending to use his database and word-processing software on his home computer system for these tasks. Billy had taken several computer courses at the local college during the past few years and wanted to use these skills in managing the seminars.

iii) Promotion

Word-of-mouth advertising by the resort operators should be the most effective means of promoting the seminars. Due to the nature of resorts, almost all resort operators and owners were in contact with all of the customers at least once during their stay.

In order to get the resort operators to promote the seminars, Billy thought it was important that the resort operators have the impression that the seminars would be rewarding and enjoyable for the anglers.

Billy had planned to have professional posters printed for the offices and main meeting areas in the resorts. The seminars would be clearly displayed on each poster. In the cabins and rooms of the resorts, Billy planned to have laminated brochures that would list the benefits of the seminars, the times of the seminars, and the products available for sale. A sign, similar in appearance to the brochures, would also be placed beside all boat launches and docks.

Another idea Billy had was to offer free freezer bags in the fish-cleaning shacks, with the same colors and design as the brochures. For those resorts that rented boats and motors to their customers, Billy would supply free anchors to use with the boats, with the colors and the North Waters name painted on them.

Professional looking displays, that would be easy to transport, set up and take down, were also planned to be put up in the resorts. The displays would have the North Waters Fishing Seminars name and colors; will be painted over the folding boards displaying the merchandise. A television set and videotape player would be needed to show fishing videos. Billy planned to always wear personalized clothing such as polo shirts that would be for sale. An overhead projector and a screen would also be needed to help display the lures and equipment for using them.

The formal presentations were planned to take about 20 minutes. Billy felt that a relaxed atmosphere would be important so that the anglers would relax, participate, and tell others about their good experience.

Billy had made small presentations over the past few years to small groups at other resorts and also talked to several groups about fishing. Last year, Billy had been interviewed three times on the local cable TV channel as part of a series of interviews about fishing.

programming that had focused on fishing.

iv) Distribution

Billy knew that the more resorts he could promote at, the better his chances for success were. And the more resorts the higher the attendance would be at each seminar. North Waters Fishing Seminars would try to cater mainly to resorts. As well, resorts that catered mostly to anglers would take priority over family-based ones.

The meeting rooms and special-function facilities at each resort were also important considerations for Billy's plan. Proper electrical outlets, that could hold at least 20 people, would be needed for each presentation.

Based on this criteria, Billy developed a list of the 12 following resorts that could host his seminars in his first year:

\$ in North Bay: Dolphin Motel, Sunset Park Motor and Cottages

\$ in Callander: Glen Echo Cottages, Green Road Cottages, Sandy Bay Cottages, Sunbeam Bungalows, Sure Strike Camp, Tama Kwa Vacation Land, Waltonian Inn

\$ in Astorville: Happy Holiday Camp, Big Mouse Cottages

Since there were also many other resorts in region, Billy knew he could also use these if he expanded into other areas.

In his discussions with several tourist anglers and owner/operators of the resorts Billy realized he may not be as marketable, as he had hoped. The anglers indicated that it was important that the seminars be hosted by a very knowledgeable person. Since the owners and operators knowledge of fishing was also very good, Billy decided that he would hire someone with excellent knowledge of both fishing and the North Bay lakes to co-host the seminars.

F) The Staff

Billy realized he lacked some of the experience needed to do everything required. Consequently, he felt it would be best to hire at least one experienced salesperson and seminar co-host immediately. Billy thought the ideal qualifications of this person would be someone similar to the anglers he was targeting: outgoing, knowledgeable, local, 46 years old, and who loves fishing.

Billy thought it would be fair to pay this person a commission of 15 percent of sales at each seminar. If Billy charged \$40 per seminar, and 20 people attended a seminar, the salesperson would earn \$60 for the two hours.

The Uncle's Next Step

Ken knew that there was a big difference between writing a business plan and putting it successfully into action.

Over the past few years, several Band members had opened their first businesses and always seemed to run into problems. Ken wanted to help his nephew and was proud of many hours of research Billy had already put into this project.

Ken wanted to give Billy ideas to make the transition from a hobby fisherman to a businessman easy. He knew that the transition was not complete yet, but needed to think carefully about what advice to give and how best to give it. Lastly, Ken thought that if Billy were successful he would serve as a role model for other Band members to consider starting businesses of their own.

Case Questions:

1. What are the strengths of Billy's plan?
2. Has he considered all of the costs he will likely incur?
3. What advice would you give to Billy?
4. Would you invest in this business? Why or why not?
5. If you invested, what would you want in return?
6. Assume Billy has six months before the fishing season of 1996 begins. What are all of the activities complete, and in what order should they be implemented?

EXHIBIT I

Regional Resorts and Room Capacities

Below is a list of motels and lodges that are within one hour of North Bay. All of the businesses listed advertise a No. Rooms. Included is an estimate of operation capacity based on the number of rooms and cottages available.

LOCATION	No.	LOCATION	No. Rooms
NORTH BAY		CAUANDER	
Ambassador Motel	24	Bayview Camp and Cottages	16
Holiday Plaza Motel	34	Bear Creek Cottages	26
Balsam Crescent Lodge	16	Cozy Cove Cottages	15
Laronde Creek Lodge	28	Glen Echo Cottages	35
Best Western Lakeshore	260	Green Road Cottages	25
Camp Conewango	15	Greening Bay Cottages	10
Dolphin Motel	40	Idle Tyme Fishing Camp	15
Sunset Park Cottages	42	Namark Cottages	18

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Prosperpine Camp	15		
FRENCH RIVER		Rockview Camp	15
Cranes Lodge	67	Sandy Bay Cottages	30
Dry Pine Camp	28	Sunbeam Bungalows	85
Fish Tale Lodge	18	Sunset Cove Lodge	34
French River Lodge	24	Sure Strike Camp	29
Green Bay Lodge	33	Tama Kwa Vacationland	28
Kagamaga Lodge	20	Waftonian Inn	90
Lift the Latch Lodge	59		
Loons Landing Lodge	24	SURGEON FALLS	
Lunge Lodge	45	Dutrisac Cottages	78
Meshaw Falls Cottages	29	Keystone Lodge	29
Pine Cove Lodge	68	Red Rock Motel	18
Prequ'ile Camp	27	Riverside Lodge	30
Sand Beach Lodge	29	Sandy Haven Camp	15
Schell's Camp	60	Sea Gull Lodge	15
Totem Point Lodge	34	Studholme Camp	15
Waverley Lodge	30	Tall Pines	15
Wolseley Lodge	69		
Yesterdays Resort	54	0 POWASSAN	
Booth Landing Lodge	24	Piper's Camp	9
CORBEII		Ruth Haven Camp	21
Big Mouse Cottages	40	Wasi Lodge	27
Cozy Camp Cottages	24	Bonneld	NA

Happy Holiday Camp	65
Quae Quae Camp	28
Sunnyside Camp	5
ASTORVILLE	
Birch Hill Camp	15

TOTAL POTENTIAL MARKET= 2,225 people staying at Wges and motels.

70 percent market = 1,557

EXHIBIT 2

Billy's First Survey

The survey below is the one Billy used to find out more information about people's reception to his ideas.

1 . How often do you go fishing?

2. When do you do most of your fishing?

Spring Summer Winter Fall

Where do you do most of your fishing?

Close to your home town

on fishing trips at resorts

on camping trips in underdeveloped areas

other

What type of fish do you fish for?

All fresh water varieties

salt water varieties

pike Pickerel(walleye) Bass

trout salmon Other

What kind of angler do you feel you are?

Below average

average

above average

Have you ever purchased fishing equipment before?

Yes or No

How much did you spend on fishing goods? \$

What fishing equipment do you presently own?

What type of equipment do you feel you would need that you do not presently own if you were to
week?

How much would you be willing to spend?

Where do you presently purchase fishing equipment?

At a department store, what section would you expect to find fishing equipment, and what other
expect to find alongside it?

How often, if at all, do you use live bait?

How often do you use lures?

EXHIBIT 3

Billy's Second Survey

Billy next described his idea of marketing fishing equipment using seminars at resorts, and then asked the following

- 1 . What is your reaction to the idea?
2. What advantages or disadvantages do you believe this method would offer?

3. What questions do you have?
4. What needs and uses do you have for a service like this, and would you attend the seminars?
5. What do you believe would be an acceptable mark-up? Similar to retail stores? Higher than retail stores? Low
6. What would you expect from the seminar itself? From the products you purchase?
7. Do you have any questions for making the seminar more interesting?
8. What other terms would you expect?
9. What competing services are you currently using and can you foresee any direct competition? Who you believe
10. Do you feel this marketing concept would work? Would you invest your own money in it?

EXHIBIT 4

The First Financial Plan

A) Start-Up Monthly Expenses:

Salary	\$3 840
Storage space	\$100
Promotion	\$2 400
Supplies	\$200
Vehicle	\$400
Telephone	\$100
Insurance	\$100
Travel	\$1 000
Displays	<u>\$400</u>
Total Monthly Expenses	

B) Sources of Estimates:

\$ Salary is based on 15 percent of sales. Billy will not require a salary for a few years.

\$ Storage space is based on a small amount of storage space rented to keep the inventory.

\$ Promotional expense is based on marketing to 12 busy resorts at a cost of \$200 per resort, for brochures, pos anchors.

\$ Vehicle expense will be for leasing a vehicle, perhaps a truck.

\$ Insurance expense will be for the truck per month.

\$ Travel expenses will include gas and maintenance of the vehicle.

\$ Display expenses will be for the display boards, rental of a television, VCR, and projector for three months.

EXHIBIT 5

Projected Income Statement for First 3 Months Operation

Net Sales		\$76 800
Less: Beginning Inventory	\$7 000	
Plus: Net Purchases	<u>\$24 720</u>	
Goods Available for Sale	\$31 720	
Less: Ending Inventory	<u>\$1 000</u>	
Cost of Goods Sold		<u>\$30 720</u>
Gross Margin		\$46 080
Operating Expenses		<u>\$25 620</u>
Net Profit		\$20 460

A) Break Even

The break-even sales will be \$42,700 and the sales necessary at each seminar will be \$222.39.

B) Estimation of Net Sales

This is based on 16 weeks operation, visiting two resorts a day selling \$400 worth of equipment at each seminar attending, 10 people purchasing and average of \$40 a sale) visiting resorts six days a week.

EXHIBIT 6

Sample of Contacts and References Used by Billy

Byron, Harlan, "Gander Mountain, Its Newest Marketing Site: The Great Outdoors." *Baffon's Investment News* 1993, pg. 37.

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